

**RRPDC EXECUTIVE COMMITTEE**  
**Minutes of Meeting**  
**November 8, 2018**

**Members Present**

Dorothy Jaeckle ..... Chesterfield County  
Susan Lascolette..... Goochland County  
Tyrone Nelson, Vice Chair ..... Henrico County  
Larry Nordvig ..... Powhatan County  
Patricia Paige, Secretary ..... New Kent County  
George Spagna, Treasurer..... Town of Ashland

**Others Present**

Mark Rhodes..... Dunham, Aukamp, and Rhodes  
Jill Swinger ..... Warren Whitney

**Staff Present**

Martha Shickle ..... Executive Director  
Julie Fry ..... Executive Assistant

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**Call to Order**

Vice Chairman Nelson called the regularly scheduled November 8, 2018, RRPDC Executive Committee meeting to order at approximately 8:20 a.m. in the RRPDC Board Room.

**Quorum**

Ms. Shickle, Executive Director, reported that a quorum of members was present.

**1. Minutes for the October 11, 2018 Meeting**

Vice Chairman Nelson said the minutes are included in the agenda packet under Tab 1. He said if there are no corrections, he'd ask for a motion to approve the minutes as presented. Dr. Spagna so moved and the motion was seconded by Ms. Paige. There was no additional discussion and the motion to approve the October 11, 2018 Executive Committee meeting minutes as presented carried unanimously.

**2. Review of Draft FY18 Audit**

Vice Chairman Nelson asked Ms. Shickle to introduce this item.

Ms. Shickle said Mr. Rhodes, with Dunham, Aukamp, and Rhodes, is in attendance this morning. She indicated he met with the newly formed Audit/Finance/Facilities Committee about three

weeks ago to review the audit with members of the committee. She asked Mr. Rhodes to review the report with the Executive Committee and suggested that Dr. Spagna report on the Audit/Finance/Facilities Committee's recommendation.

Mr. Rhodes said he'll provide a brief overview of the report and said if members have any questions, they should stop him to ask.

The first page of the report notes that the audit produced an unqualified opinion, meaning no significant errors were noted. On page 2, there is a correction of error as stated in Note 11 (page 33) to the financial statements, accounts receivable, accounts payable, and accrued salaries were under accrued for the fiscal year ending June 30, 2017. This corrected error does not change the final audit opinion.

Page 4 provides the Management Discussion and Analysis Report (MD&A) which gives an overview of events over the course of the fiscal year. The staff positions that had been billable were lost leaving more administrative positions that were not billable. This contributed to the overall shortage of revenue.

Page 9 in the packet shows the Statement of Net Position. There was an error in the math shown on the sheet, which has been corrected. Members should have a copy of the corrected page at their seat. The corrected balance is \$307,993. Page 11 has also been corrected to show reconciliation between the fund balance and net position. The amount now includes the difference in expected and annual earnings and changes assumptions that were not included in the formula. These new changes resulted from the retirement plan actuarial report. Each year the Virginia Retirement System (VRS) make changes based on last year's information. More detailed information on the change in the fund balance is shown on page 12.

Mr. Rhodes said footnotes begin on page 13. He said he would skip ahead to page 32, which highlights calculations for the fringe benefit and indirect rate. This has been slightly modified. The allocation for grants that allow both fringe and indirect costs will be a wash. The change relates to how leave hours are included as a fringe instead of indirect costs. Some grants will not allow for the indirect costs but will allow fringe costs. The fringe rate increased as a result and the indirect rate decreased. For the grants that accept both, for revenue purposes, it's a wash.

Page 36 shows that the audit was conducted according to auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*. The audit shows a clean opinion. Internal control compliance is discussed on page 38 and shows no findings during the audit. Page 41 shows the comparison of budget to actual revenues and expenses governmental fund.

Mr. Rhodes said he'd be glad to answer any questions.

Mr. Nordvig asked if the audit showed the need to make any substantial changes in the way the agency operates. Mr. Rhodes said some changes have already been made as a result of a personnel change. No other changes were recommended in practice or in control measures.

Mr. Nordvig asked if the RRPDC's personnel costs are in line with those of other PDCs Mr. Rhodes' firm audits. Mr. Rhodes said personnel costs are impacted by the grants that are awarded to the agency. He said these types of revenue sources can change from one PDC to the next. Some PDCs have access to local grants to help with personnel costs. Mr. Rhodes noted that RRPDC is larger than some other PDCs he works with.

Ms. Lascolette asked for clarification on fringe benefit calculations with regard to different programs. Mr. Rhodes said the calculations don't change between programs. This relates back to whether or not the grant will allow for reimbursement of indirect as well as fringe costs. The VDOT grant allows for both types of reimbursement. However, the grant from the Department of Emergency Management (VDEM) does not allow indirect costs to be reimbursed. He said the agency is losing funds because vacation and other leave time was listed as indirect costs. If the grant allows both, it's a wash. For grants that don't allow reimbursement of indirect costs, by adding the leave time to fringe, the funds can be reimbursed. He said this method is more in line with how other localities handle grant reimbursements.

Ms. Shickle added that this year the agency was required to pay back to VDEM \$31,000 in indirect costs that had been reimbursed on a 2015 grant. VDEM notified the agency that the indirect costs were not allowed and needed to be repaid. Ms. Shickle said this repayment initiated discussion with Ms. Swinger to see if there was a better method that could be used to capture all of the reimbursements possible.

Ms. Lascolette asked if staff was able to identify what each grant allows prior to accepting the award. Ms. Shickle said currently the agency is not allowed to ask for indirect cost reimbursements from any VDEM grant. The new method won't change the way other grants are handled, but it will help with VDEM grants and other similar grants.

Ms. Swinger said philosophically, this approach makes more sense since personnel costs are the highest ones the agency has. Benefits need to be attached to the person who is working on the grant-funded task.

Ms. Swinger asked Mr. Rhodes for clarification on why compensated absences and capital are included on the statement of net position and excluded on the government balance sheet. Mr. Rhodes said these are not considered current expenses but considered long term expenses.

Dr. Spagna said the Audit/Finance/Facilities Committee reviewed the audit report with Mr. Rhodes in October and asked many of the same questions. He said the committee was pleased to hear the agency had a clean audit. The committee also discussed the change to the fringe and indirect cost allocations. He said the committee recommends that the Executive Committee endorse the report and recommend approval by the full Board during this morning's meeting.

Vice Chairman Nelson said during the full Board meeting, he would ask Dr. Spagna to begin the discussion with a report from the Audit/Finance/Facilities Committee, followed by the report from Mr. Rhodes. Vice Chairman Nelson asked if there was a motion to accept the Draft FY18 Audit Report as presented and to recommend acceptance by the full Board during this morning's

meeting. Ms. Jaeckle so moved and the motion was seconded by Mr. Nordvig. There was no additional discussion and the motion carried unanimously.

### **3. Chair's Report**

Vice Chairman Nelson said he is substituting for Chairwoman Newbille this morning, who had a conflict and was not able to attend. He said he does not have a formal report but would like to point out that during the December meeting, Chairwoman Newbille and Ms. Shickle will report on a conference they both attended in October.

### **4. Executive Director's Report**

Ms. Shickle reported that Ms. Paige participated on an interview panel last week for the Director of Transportation position. There were several others on the panel, including representatives from partner agencies. Four candidates were interviewed via Skype. The panel has selected two finalists who have been invited to visit the RRPDC office on Monday, November 19. The candidates will be seated in separate rooms while members of the RRTPO Executive Committee and key staff move between the rooms to meet with the candidates. She invited RRPDC Executive Committee members to participate if they'd like to do so.

Ms. Shickle said the panel hopes to be able to make a final selection following that meet-and-greet. Ms. Shickle said the panel felt that either candidate would be a good addition to the agency as they are both very qualified. The panel felt it was important for the candidates to meet with the staff they will be working with on a daily basis.

Ms. Shickle said she is checking references currently and hopes to be able to make an offer that will allow a formal announcement to be made to members during the December meetings. She said the target start date will be on or before January 1, 2019.

Ms. Shickle also reported that there are additional planner positions being advertised. Two interviews have been held for a Planner I and Planer III positions. She said staff is working hard to fill vacancies that will allow additional hours to be charged back to grant-funded tasks.

Vice Chairman Nelson asked if the two candidates for the Director of Transportation position were local. Ms. Shickle said they are not. One is currently living in Washington state and the other is in West Virginia. Both have roots in Virginia and are interested in returning to the area. One candidate worked for RRPDC previously as an intern many years ago.

Ms. Lascolette asked if relocation costs will be paid. Ms. Shickle said the agency has paid these types of costs in the past, and she believes given the position, it would be appropriate to offer assistance with relocation. This is not a grant reimbursable expense. She noted that the Richmond region has a lower cost of living than either of the markets where the candidates are now located. She said this will keep the salary point at a good level for the agency.

Ms. Paige added the interview panel feels that both candidates are well qualified and the consensus of the panel is that either candidate will work well for the agency. The panel also felt it would be

in the agency's best interest to have the candidates visit the office and meet with staff and RRTPO Executive Committee members. The candidates have two different personalities, but either one will be a welcome addition to staff. Ms. Paige said the other two candidates might possibly be suitable for other future positions.

Ms. Shickle indicated she plans to contact one of the other two candidates to see if he is interested in other opportunities at RRPDC. She said the panel felt the two candidates were not quite ready for a Director of Transportation level position. Ms. Shickle said she thinks the one candidate she plans to contact could be a good addition at a level right below the Director.

Ms. Shickle said the panel felt it was important to emphasize with all of the candidates that the agency is going to focus on succession planning. Over the past two years, some of the staff members who have left indicated they did so because they felt there were no advancement opportunities in the agency. It will be important for director-level staff to be equipped to assist in the development of their staffs.

Dr. Spagna said to have two well qualified candidates speaks well of the agency's profile so that they applied for the position and are willing to make the move from their current locations.

Mr. Nordvig asked if there was a standard length of time in an employment contract that allows the agency to part ways with the employees should things not work out. Ms. Shickle said the agency has not typically had employment contracts unless the employee is being hired for a specific grant-funded position that will end the employment when the grant term ends. She said the current personnel policy has a six-month probationary period. Some localities have longer probationary periods. During this period, job performance can be evaluated and feedback from partner agencies and staff can be gathered. Ms. Shickle said benefits are not held during that six-month period. Employees are eligible for benefits on their first day of employment.

Ms. Lascolette asked if relocation expenses would be repaid to the agency if the employee does not work out. Ms. Shickle said when she was hired, there was a relocation package included. She will refer back to that package to see if there was any reimbursement clause.

Vice Chairman Nelson asked if Ms. Shickle will report the recruitment status during the full Board meeting. Ms. Shickle said she'll be glad to provide an update.

## **5. Other Business**

Dr. Spagna said he'd like to report that the Audit/Finance/Facilities Committee has met twice over the last month. During yesterday's meeting, the committee reviewed the changes to the audit report that Mr. Rhodes covered earlier. He said there was also discussion on the current budget status and where the agency hopes to be during FY20.

Dr. Spagna said some of the topics discussed yesterday included holding off on a mid-year budget review until after the close of the second quarter. The practice in the past has been to offer this review in December. During the December meeting, a balanced budget proposal for FY20 will be brought to members for their review.

Dr. Spagna said the committee had lengthy discussions on how to close the gap between revenue and expenses. One of the things the committee asked staff to research are other grants that fit into the Strategic Plan. There was also discussion on the need to address the amount of money used to pay for rent in the current location, including lease renegotiations and breaking the lease to move to another location. Dr. Spagna said in the current market, there should be other options for space in the \$15-\$20 per square foot range. He said staff has expressed dissatisfaction with the cleaning service contract included in the lease. Ms. Shickle said the cleaning service will not vacuum unless staff puts in a request. She noted that Ms. Fry is in regular contact with the building manager to have the service return to take care of various cleaning needs.

Ms. Jaeckle said one consideration is that any space the RRPDC considers needs to include a conference room that can accommodate the full Board. She asked if the room can be rented to other organizations. Ms. Shickle said there are other opportunities to bring to the Audit/Finance/Facilities Committee and to the Board. She said there have been suggestions that meetings could rotate locations or the agency could co-locate with other agencies to share a conference room. Ms. Shickle noted there is a requirement that the agency be located within the City of Richmond and it needs to be easily accessible to the public (bus line), in addition to the need for adequate conference space.

Ms. Jaeckle said it can be difficult to move locations.

Dr. Spagna said the committee also suggested that research be done on whether the agency can partner with a locality for healthcare coverage. Dr. Spagna said the committee will meet again in January to discuss options based on what staff can find.

## **6. Adjourn**

As there was no additional business to bring before the Executive Committee, Vice Chairman Nelson adjourned the meeting at approximately 8:55 a.m.

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Martha Shickle  
Executive Director

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Tyrone Nelson  
Vice Chair