

Though publicly funded, Jaunt refuses to reveal former CEO's questioned travel expenses
written by Newspark Team | March 29, 2021



UPDATE: Since publishing this article, Jaunt Inc. responded to Charlottesville Tomorrow's Freedom of Information Act request for the questioned expenses made by its former chief executive officer Brad Sheffield. In Jaunt's response, the corporation estimated it would cost \$ to fill the request. This is a developing story. Despite being government owned, and almost entirely taxpayer funded, Jaunt Inc. says it will not release the "numerous expenses for goods, services and travel" that lead to the resignation of its former CEO. Jaunt's board of directors asked former CEO Brad Sheffield to resign in December after a financial audit discovered some of his purchases went "beyond ... reasonable business expenses." How much did he spend? What did he buy? "We haven't shared that information with anyone," said Jody Saunders, a spokeswoman for Jaunt. "We didn't feel like that was particularly germane." The question of whether Jaunt can withhold this information is now before the Charlottesville General District Court. Rob Schilling, a local conservative radio talk show host, sued the bus company in January after it refused to fill a Freedom of Information Act request for Sheffield's travel expenses. Jaunt said that as a private company, it does not have to follow the state's FOIA laws, which require government records remain open to the public. A similar request made by Charlottesville Tomorrow on March 17 has not been filled. If it were to follow state FOIA law, Jaunt has until Friday to fill the request. The case remains pending, and a hearing is scheduled for 1:30 p.m. Tuesday.

Public or private?

Ultimately, the court will decide whether the public has a right to know what "beyond ... reasonable expenses" Jaunt's former CEO made. To do that, it must determine whether Jaunt is a private agency or

a public one. According to FOIA, an agency is public if it is “supported wholly or principally by public funds.” Ninety-three percent of Jaunt’s budget comes from tax dollars, according to data it submitted to the city of Charlottesville when applying for funding in 2019.



A pie graph from Jaunt’s 2019 application for funding from the city of Charlottesville shows the breakdown of its annual revenues. Credit: Credit: Image provided by the city of Charlottesville

It also pays no taxes and, according to its website, it is a “publicly held corporation owned by [the] local governments” in the areas it serves. And yet, Jaunt has operated for years like a private corporation. None of the local or state officials interviewed by Charlottesville Tomorrow for this story could explain why. And many — including a member of Jaunt’s board — expressed confusion about what the bus service actually is. “A lot of the trouble is actually related to that question,” Saunders said. “We’re not a nonprofit and we are not a government entity, but we are not a private sector entity.”

‘A creature of history’

The confusion seems to stem from the historical way Jaunt was formed. Jaunt registered with the state in 1983 as a public service corporation. Those are unique kinds of private entities that are taxed at a different rate than other businesses because they provide public services. In Virginia, things like electric, gas and water companies can be public service corporations. “What that actually means and how FOIA is related and how funds are used, it’s all a little bit murky,” Saunders said. “That was part of the [motivation for] going to court with this FOIA request because there is really no other way to find out. Somebody has to tell us.” Jaunt’s situation becomes more confusing because the state no longer classifies bus companies as public service corporations. That stopped in the mid-1990s. “It’s sort of a creature of history,” said Ken Schrad, a spokesman for the State Corporation Commission, which oversees public service corporations. “It used to be transportation for hire companies were regulated as public service corporations. That’s all changed.” Today, Jaunt retains its public service incorporation, but it is not regulated as a modern public service corporation. The State Corporation Commission no longer oversees Jaunt — neither does the Virginia Department of Motor Vehicles, which oversees private bus companies. The DMV does not generally oversee “passenger carrier services owned and operated by government entities,” Jessica Cowardin, a spokeswoman for the DMV, said in an email.

Who oversees Jaunt now?

That leaves Jaunt under the authority of its local government owners — which are the Charlottesville City Council and the boards of supervisors for the counties of Albemarle, Louisa, Fluvanna, and Nelson. The direct involvement these governing bodies have in Jaunt is twofold. They appoint people from their respective localities to serve on Jaunt’s board of directors and they provide funding. In 2019, 56% of Jaunt’s projected budget came from local revenues. Fifteen percent came from the state, 24% from federal and 7% from the “farebox.” Beyond that, the local governments have limited involvement in Jaunt’s operations. Jaunt has not shared details of the questioned expenses with any of its local government owners, Saunders said. “We don’t know too much more than what is out there publicly,” said Charlottesville City Councilor Michael Payne. That will soon change, Payne quickly added. He and other members of council intend to ask Jaunt for more information about the former CEO’s expenses — and more broadly about how the corporation manages its money. This will happen at some point during the city’s upcoming budget talks, when Jaunt’s annual application for funding is discussed, he said. He could not say exactly when that would be. Overall, the council has an interest in maintaining Jaunt’s

public image, Payne said. The corporation has bus routes across multiple counties and gives rides to people with disabilities at a reduced rate. What's more, the council hopes to make Jaunt an important part of its future Regional Transportation Authority plans, which will create a more robust regional transit system. "We don't want a situation where the public has lost trust in Jaunt, or the public has questions about their fiduciary responsibility with the public money they've been receiving," Payne said. After Jaunt's former CEO resigned in December, the board appointed their former chief operating officer, Karen Davis, as interim CEO. Davis "began to identify and develop the internal controls necessary to ensure that Jaunt will have strict financial oversight going forward," Jaunt said in a statement. Those steps include changes to internal reporting structures and a requirement that the board "pre-approve executive expenses for training, conferences and travel" before payments are made. "From what we've heard from the Jaunt board, and the leadership there, they definitely want to ensure there is as much transparency as possible going forward," Payne said. "In terms of how it functions, it makes sense to think of Jaunt as a public body. It does seem that this happened because they were thinking of themselves more as a private entity."