

# **NVTA Financial Working Group**

Fairfax Department of Transportation

4050 Legato Road, Suite 400

Fairfax, Virginia 22033

Thursday, May 7, 2014

1:00 p.m.

- I. Introductions
- II. Approval of Summary of April 3, 2014, Meeting
- III. Status of Preparation for Sale of Bonds
  - A. Summary of On-going Activities
    - i. RFP for Line of Credit
  - B. Schedule for Future Activities
  - C. Status of Items Required from Jurisdictions/Implementing Agencies
- IV. Other Topics for Discussion
  - A. Projects Agreements between NVTA and Jurisdictions/Implementing Agencies
    - i. Status of Approvals of MOA for Transferring Funding to Local Governments and/or Implementing Agencies
    - ii. Status of Approvals of MOA between Counties and Towns
    - iii. Specific Project Agreements between NVTA and Implementing Agencies
      1. Preparation for May 8 NVTA Meeting
    - iv. Status of Discussions of MOA between VDOT/DRPT and NVTA
  - B. Discussions on Revenue Estimates for FY 2014, FY 2015 and FY 2016
  - C. Discussion of FY 2015 Budget
  - D. Planned Use and Commitment of FY 2014 Regional Revenue Balance
  - E. Status of Project Cash Flow Information
  - F. Update on Meeting to Discuss “Long-Term Benefit” Definition
  - G. Update on WMATA and VRE Subcommittee Meeting
  - H. Identification of Additional Items for Discussion
- V. Update on Revenues Collected
- VI. Items to Refer to Other Working Groups
- VII. Summarize Recommendations Made by Working Group for the May 8, 2014, NVTA Meetings; Additional Information Requirements; Persons Responsible for Securing Information; and Direction to Staff Coordinators
- VIII. Next Meeting
- IX. Adjourn

Northern Virginia Transportation Authority Financial Working Group  
April 13, 2014

Start Time -

- The meeting started at 1:10 pm. Minutes from the February 5, 2014, meeting were approved.

**Status of Preparation for Sale of Bonds:**

Summary of On-going Activities -

- Mike Longhi (NVTA) reported that the Authority is ready to initiate the line of credit, but has been waiting for the State budget to be finalized. He is still seeking ten-year tax revenue information from several jurisdictions.

Status of Project Cash Flow Information -

- Distribution of 30% funding has been made to three jurisdictions. Several others are nearly through the process.
- Mr. Longhi reviewed a table displaying the distribution of payments to jurisdictions

**Other Topics for Discussion:**

Project Agreements between NVTA and Jurisdictions -

- The Standard Project Agreement (SPA) was approved by the Authority. NVTC's SPA for the Route 7 Project will be concerned by the Authority in April.
- The SPA is designed as a fill in the blanks form. It should be completed according to each jurisdictions approval process. There is also an auto fill version.

Pay As You Go Projects -

- The Working Group discussed the status of the SPAs for the Pay-As-You-Go projects:
  - Fairfax County: Route 28 projects are a priority. Will also need to coordinate with Loudoun
  - NVTC's SPA is on the agenda for the Authority's April meeting.
  - Dash Bus Expansion is the priority for Alexandria
  - PRTC will be bringing their SPA to the Authority in May
  - VRE expects to bring their SPA forward in May
  - WMATA was not present to give an update
  - Falls Church was not present to give an update

A conference call will be held on Monday, April 7, 2014 to finalize the agreement between the Authority, VDOT and DRPT.

#### Revenue Estimates -

- The five largest jurisdictions have provided revenue estimates for FY 2014, 2015 and 2016.
- 3% variance between actual FY14 receipts and adopted estimates
- The Grantors Tax collections may have been affected by the snow
- Some adjustments have been made to the FY 2015 and 2016 estimates

#### Status of Project Cash Flow -

- Will be updating as SPAs are submitted for approval

#### Status of WMATA/VRE Subcommittee Meeting -

- The three dates for the meeting dates have been suggested. They are: 4/25/14 at 3:30, 5/1/14 at 1:00, and 5/14/14 at 9:30. Based on responses, Noelle Dominguez (Fairfax County) will be finalizing a date.

#### Long Term Benefit Definition -

- The date for the subcommittee meeting to discuss how “long-term benefit” is measured is 4/16/14 @10:30am. There will also be a conference call option for this meeting.

#### Revenues -

- \$166.1 Million have been collected so far in FY 2014.
- Receipts through March are based on transactions through February

#### Next Meeting-

- The next meeting will be Wednesday, May 7, 2014 at 1pm

#### Adjourn-

- The meeting adjourned at 1:46 pm

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~~4-24-14~~ 4-29-14

**MEMORANDUM OF AGREEMENT BETWEEN  
THE VIRGINIA DEPARTMENT OF TRANSPORTATION, THE VIRGINIA DEPARTMENT OF  
RAIL AND PUBLIC TRANSPORTATION AND  
THE NORTHERN VIRGINIA TRANSPORTATION AUTHORITY  
RELATING TO  
IMPLEMENTATION OF CHAPTER 766 OF THE 2013 ACTS OF ASSEMBLY**

**WHEREAS**, the 2013 Virginia General Assembly adopted and enacted into law House Bill 2313, 2013 Va. Acts of Assembly, Chapter 766 (“Chapter 766”); and

**WHEREAS**, Chapter 766 provides for imposition of certain state taxes and fees in localities comprising planning districts that meet certain criteria as specified in the Act,

**WHEREAS**, Planning District 8 meets the criteria specified in §§ 58.1-603.1, 58.1-604.01, 58.1-604.1, 58.1-614, 58.1-802.2, and 58.1-1742 of the Code of Virginia of 1950 (as amended) and the taxes and fee specified in those sections shall be imposed in the localities comprising Planning District 8; and

**WHEREAS**, Chapter 766, in § 15.2-4838.01, establishes the Northern Virginia Transportation Authority Fund (“NVTAF”) and specifies that all revenues dedicated to the NVTAF pursuant to § 58.1-638 (which includes revenues attributable to the taxes and fees imposed pursuant to §§ 58.1-603.1, 58.1-604.01, 58.1-604.1, and § 58.1-614), and §§ 58.1-802.2 and 58.1-1742, shall be paid into the state treasury, credited to the fund and the amounts so dedicated deposited monthly by the Comptroller; and

**WHEREAS**, Chapter 766, in § 15.2-4838.01, provides further that the amounts dedicated to the NVTAF shall be distributed to the Northern Virginia Transportation Authority (“NVTA”) for use in accordance with § 15.2-4838.1; and

**WHEREAS**, Chapter 766, in § 15.2-4838.1 provides, among other things, that all moneys received by the NVTA shall be used by NVTA solely for transportation purposes benefitting those counties and cities that are embraced by NVTA; and

**WHEREAS**, Chapter 766, in § 15.2-4838.1, also provides that 30 percent of the revenues received by NVTA shall be distributed on a pro rata basis to localities embraced by NVTA, with each locality’s share being the total of such fee and taxes received by NVTA that are generated or attributable to the locality divided by the total of such fee and taxes received by NVTA (“Locality Share”), to be used by the locality in funding certain transportation or congestion related projects or improvements or for public transportation purposes; and

**WHEREAS**, Chapter 766, in § 15.2-4838.1 provides further that the remaining 70 percent of the revenues received by NVTA (“Regional Funds”) shall be used by NVTA solely to fund mass transit capital projects that increase capacity; or transportation projects selected by NVTA that are contained in the regional transportation plan in accordance with § 15.2-4830 and, with the exception of those Regional Funds received in fiscal year 2014, that have been rated in accordance with § 33.1-13.03:1; and

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**WHEREAS**, § 15.2-4839 authorizes NVTA to issue bonds and other evidences of debt for any of its purposes, and on July 24, 2013, NVTA adopted a resolution approving the issuance of its initial series of bonds; and

**WHEREAS**, NVTA, the Virginia Department of Transportation (“VDOT”), and the Virginia Department of Rail and Public Transportation (“DRPT”) have determined that it is necessary for the three entities to enhance coordination of transportation planning and programming functions in order to ensure the most effective and efficient use of revenues deposited into the NVTAF and received by the NVTA pursuant to Chapter 766, in conjunction with other state and federal transportation revenues; and

**WHEREAS**, the Virginia Department of Taxation bears responsibility for collecting and depositing into the NVTAF all revenues associated with the additional taxes and fees imposed in Planning District 8 by Chapter 766 in §§ 58.1-638, 58.1-802.2 and 58.1-1742; and ~~neither VDOT nor DRPT bears any responsibility for the collection, deposit or expenditure of the aforementioned tax revenues; and~~

WHEREAS, the NVTAF revenues collected and deposited by the Virginia Department of Taxation are subsequently transferred to and treated as pass-through funds by VDOT, but neither VDOT nor DRPT bears any responsibility for the collection, deposit or expenditure of the aforementioned tax revenues; and

**WHEREAS**, NVTA is responsible for determining whether moneys distributed to it pursuant to §15.2-4838.01 exceed the amount required to meet the current needs and demands to fund transportation projects pursuant to §15.2-4838.1, and upon making such a determination, NVTA may invest such excess moneys to the same extent as provided in §33.1-23.03:5 for excess funds in the Transportation Trust Fund.

**NOW THEREFORE**, in order to most effectively administer the expenditure of funds once deposited into the NVTAF, the Parties have deemed it necessary and prudent to identify their respective roles and responsibilities with regard to implementation of Chapter 766 by means of this Memorandum of Agreement (“Agreement”) and, accordingly, do hereby agree as follows:

**1. USE AND AVAILABILITY OF FUNDS:**

- a. Use of funds in the NVTAF shall be consistent with state and federal law. Further, availability of NVTAF funds is subject to appropriation by the General Assembly and NVTA for authorized purposes.
- b. Other than as expressly provided below, nothing in this Agreement shall be construed as charging or granting VDOT, DRPT, or any other state entity with authority over or responsibility for the NVATF not otherwise prescribed by state law.

**2. VDOT’S AND DRPT’S ROLE AND RESPONSIBILITIES:**

- a. VDOT will provide NVTA with the Department of Taxation’s estimates of NVTA revenues that will result from the state taxes imposed in Planning District 8 pursuant to Chapter 766, as they are made available for public distribution.

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b. VDOT will provide NVTA with monthly financial reports relating to the NVTAF in a form similar to the exemplar attached hereto as Exhibit A, and which will include the following information:

i. Income by revenue source as detailed by the collecting agency;

ii. Interest earnings; and

iii. Administrative costs charged to the NVTAF by the Department of Taxation and other departments and agencies of the Commonwealth, if any. [VDOT CHECKING]

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c. VDOT, as the department to which NVTA revenues are appropriated for Commonwealth budgeting purposes, and no other, shall make direct payment in monthly transfers to NVTA of all NVTA revenues in VDOT's possession. In so doing, VDOT shall not withhold any sums for administrative costs or other purposes, nor shall VDOT condition the transfer of NVTA revenues in any way.

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d. For all projects funded in whole or part with NVTAF funds that are requested to be administered by VDOT, said projects shall be administered using NVTA's standard project agreement. NVTA's standard project agreement is attached hereto as Exhibit B. [PENDING FURTHER DISCUSSION]

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e. VDOT and DRPT agree that moneys from the NVTAF are eligible and may be used to satisfy the local match requirement for a project that otherwise qualifies under the Revenue Sharing Program, established and administered by the Commonwealth Transportation Board ("CTB") pursuant to §33.1-23.05, or any other project that is funded by a program administered by VDOT or DRPT requiring matching funds from local sources, provided such use is not otherwise prohibited by state or federal law.

f. VDOT and DRPT agree to actively engage NVTA in the development of their recommendations to the CTB concerning Northern Virginia projects in the Six Year Improvement Program, and in NVTA's development of its own Six Year Plan and in other planning efforts undertaken by NVTA. This engagement will include discussions of ways to jointly fund projects to maximize resources and ensure that projects are implemented as efficiently as possible.

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g. VDOT agrees to work collaboratively with NVTA in the project rating process provided for in §33.1-13.03:1 by, among other things, developing a mutually agreed schedule for the process that allows sufficient time for meaningful review of, and comment by NVTA concerning, the process and the projects to be rated.

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h. VDOT and DRPT acknowledge that NVTA is empowered to issue bonds and other evidences of debt to carry to its purposes and that the continued appropriation of the [Chapter 766 revenues to the NVTAF] will be necessary to pay the debt service on such bonds and other debt.

i. Each year and in accordance with the schedule of the Virginia Department of Planning and Budget, VDOT and DRPT shall request that the Governor include in the budget to be delivered to the General Assembly during their next session a provision that there be appropriated all of the Chapter 766 revenues to the NVTAF during the next succeeding Fiscal Year or biennial period, as applicable.

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~~i.~~ ~~j.~~ VDOT and DRPT shall use their best efforts to have (a) the Governor include, in each biennial or any supplemental budget that is presented to the General Assembly, the amounts described in (i) above and (b) the General Assembly deposit, appropriate and reappropriate, as applicable, such amounts.

~~j.~~ ~~k.~~ VDOT and DRPT shall notify NVTA ~~and the Treasury Board?~~ ~~[NVTA TO RESOLVE]~~ promptly upon becoming aware of any failure by the General Assembly to appropriate for the next succeeding Fiscal Year or biennial period, as applicable, all of the [Chapter 766 revenues to the NVTAF].

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**3. NVTA’S ROLES AND RESPONSIBILITIES:**

- a. NVTA will obtain from VDOT, ~~and may request from~~ the Department of Taxation, estimates of the revenues that will be deposited in the NVTAF pursuant to Chapter 766 at or before the time they are made available for public distribution.
- b. NVTA will obtain from VDOT, ~~and may request from~~ the Department of Taxation, monthly financial reports relating to the NVTAF in a form similar to the exemplar attached hereto as Exhibit A, and which will include, but not necessarily be limited to, the following information:
  - i. Income by revenue source as detailed by the collecting agency
  - ii. Interest earnings
  - iii. ~~Administrative costs charged to the NVTAF by the Department of Taxation and other departments and agencies of the Commonwealth, if any.~~ ~~[VDOT CHECKING]~~
- c. NVTA will ensure that the NVTAF is administered in accord with the requirements set forth in §§ 15.2-4838.01 and 15.2-4838.1.
- d. NVTA will cooperate with VDOT, DRPT and other state entities in the review and reporting requirement set forth in the 17<sup>th</sup> enactment clause of Chapter 766.
- e. NVTA will actively engage VDOT and DRPT in the development of their recommendations to the CTB concerning the Six Year Improvement Program, and in NVTA’s development of its own Six Year Plan and in other planning efforts undertaken by NVTA. This engagement will include discussions of ways to jointly fund projects to maximize resources and ensure that projects are implemented as efficiently as possible.
- f. NVTA will work collaboratively with VDOT in the project rating process provided for in §33.1-13.03:1.

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**4. TERMINATION OF AGREEMENT**

This Agreement may be terminated by either Party upon ninety (90) days written notice of the Party’s intent to terminate.

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**5. SETTLEMENT OF DISPUTES**

Any disputes in connection with this Agreement not disposed of by mutual agreement between VDOT, DRPT and NVTA shall be transmitted in writing to the Executive Director of NVTA, the Commissioner of Highways, and the Director of the DRPT and a 60 day period provided for their review and attempted resolution. Exhaustion of the administrative procedure outlined herein above is a prerequisite to and not a substitute for the right of either party to seek judicial relief with respect to the dispute.

**6. LIABILITY FOR PLANNING PROCESS AND ADMINISTRATION OF FUNDS**

Nothing within this Agreement shall be deemed to waive NVTA’s, VDOT’s and DRPT’s defense of sovereign immunity applicable to any claims which might arise directly or indirectly from this Agreement.

**7. MODIFICATION OF AGREEMENT**

This Agreement may be modified only by written agreement duly executed by the Parties.

IN WITNESS WHEREOF, the Parties have caused this Memorandum of Agreement to be executed by their duly authorized representatives on the \_\_\_\_\_ day of \_\_\_\_\_, 2014, which shall be the effective date of this Agreement.

Northern Virginia Transportation Authority

Virginia Department of Transportation

By: \_\_\_\_\_  
[Printed Name]  
Chairman

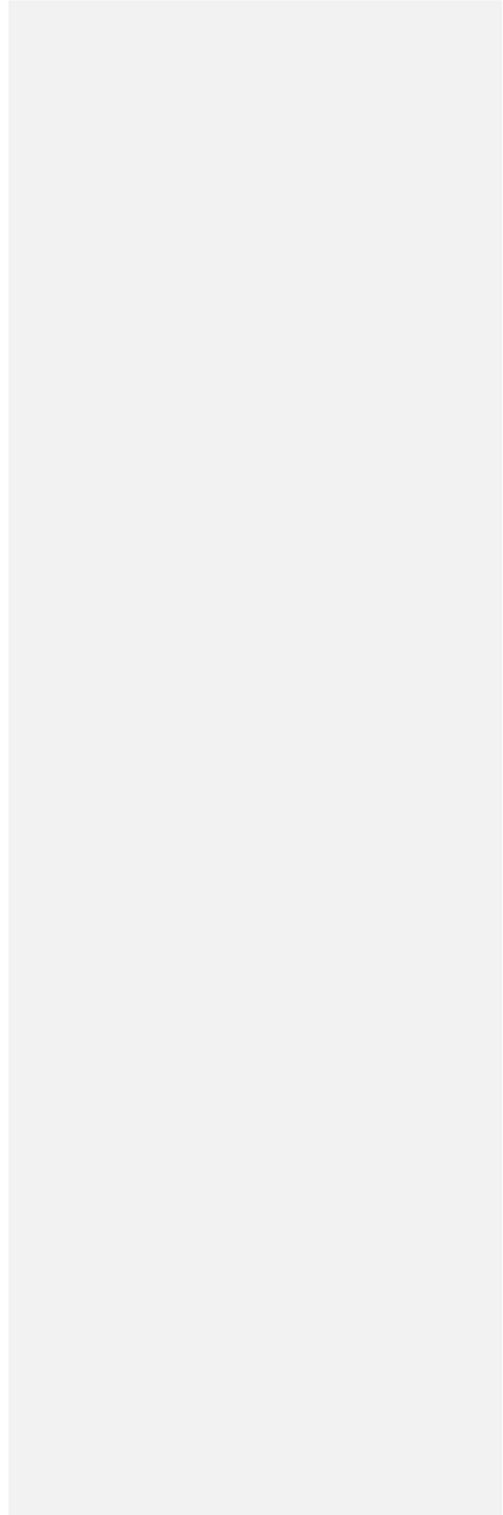
By: \_\_\_\_\_  
Charles A. Kilpatrick  
Commissioner

Department of Rail and Public Transportation

By: \_\_\_\_\_  
Jennifer Mitchell  
Director

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## NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

**TO:** Chairman Martin E. Nohe and Members  
Northern Virginia Transportation Authority

**FROM:** John Mason, Executive Director

**SUBJECT:** Status of Memoranda of Agreement

**DATE:** May 2, 2014, 2014

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1. **Purpose:** Update the status of the Memoranda of Agreement (MOA) and related HB2313 required documentation that provide for 30% local funds transfers.
2. **Background:** Each county and city is required to adopt a MOA as a preliminary step to receiving their 30% local funds. To execute the MOA in practical terms a questionnaire was included to exchange banking information, establish points of contact and cover other implementation issues. In addition, HB2313 requires the authority to ascertain the following:
  - a. Establishment of a special account (fund) on the books of the locality
  - b. The transfer of the C&I taxes to that fund
  - c. Determination of a matching C&I equivalency transfer or if a deduction from the 30% share is required and executed
  - d. Establish how each locality desires to pay its share of the Authority operating costs
3. **Status:** As reflected in the attached summary table, six jurisdictions are receiving 30% transfers.
  - a. Alexandria, Arlington, Fairfax County, Loudoun, City of Manassas Park and Prince William County have completed the MOA process and are receiving transfers.
  - b. All town MOAs have been received by the Authority.

**Attachment:** NVRTA Member Jurisdiction 30% Transfer Preparation Status, as of May 2, 2014

XV. ATTACHMENT

NVTA Member Jurisdiction 30% Transfer Preparation Status  
as of May 2, 2014

	MOA		MOA Questionnaire Complete	C&I Transfer/Match & Fund Documented	NVTA Operations		Date - NVTA		Date of Initial 30% Transfer
	Signed By Jurisdiction	Hard Copy Received By NVTA			Deduct From Transfer	Direct Payment Received	Signed / Returned MOA to Jurisdiction		
City of Alexandria	Yes	Yes	Yes	Complete	No	Yes	Feb. 20, 2014 / March 11, 2014	March 12, 2014	
Arlington County	Yes	Yes	Yes	Complete	Yes		March 13, 2014 / April 14, 2014	April 15, 2014	
City of Fairfax	Yes	Yes	Yes	Advised; in process	Yes		Feb. 20, 2014 /		
Fairfax County	Yes	Yes	Yes	Complete	Yes		Feb. 20, 2014 / Feb. 25, 2014	Feb 25, 2014	
City of Falls Church	Yes	Yes	Yes	Advised; in process	Yes		April 3, 2014 /		
Loudoun County	Yes	Yes	Yes	Complete	No	Yes	April 3, 2014 / April 10, 2014	April 9, 2014	
City of Manassas	Yes	Yes	Yes	Advised; in process	Yes		April 17, 2014 /		
City of Manassas Park	Yes	Yes	Yes	Complete	Yes		Feb. 20, 2014 / March 20, 2014	March 20, 2014	
Prince William County	Yes	Yes	Yes	Complete	Yes		March 7, 2014	April 23, 2014	
<b>Town MOA Status:</b>									
Fairfax County	Yes	Yes					April 10, 2014 / April 22, 2014		
Loudoun County	Yes	Yes					April 1, 2014 / April 10, 2014		
Prince William County	Yes	Yes					April 10, 2014 / April 28, 2014		

## NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

### MEMORANDUM

**TO:** Chairman Martin E. Nohe and Members  
Northern Virginia Transportation Authority

**FROM:** Scott York, Chair, Finance Committee

**DATE:** May 2, 2014

**SUBJECT:** Fiscal Year 2015 Revenue Estimates

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1. **Purpose:** Presentation of FY2015 revenue estimates. Estimates have been reviewed by the Finance Committee which recommends adoption.
2. **Suggested motion.** *I move that the Authority adopt the FY2015 revenue estimates.*
3. **Background:**
  - a. The Authority receives revenue for operations, projects and debt service payments from three sources: Sales Taxes, Grantors Taxes and Transient Occupancy Taxes. Fiscal year revenue estimates must be made for budgeting and planning purposes. Once approved by the Authority, these projections become the basis for future reserve calculations, project allocations and financing decisions.
  - b. A revenue estimate subgroup was formed from the Financial Working Group. All member jurisdictions were invited to participate in the subgroup. Fairfax County, Loudoun County, Prince William County, Arlington County and the City of Alexandria contributed information in the development of the updated Authority estimates. Revenues from these five member jurisdictions comprise approximately 95% of the Authority's total revenues.
  - c. The growth rates projected by the five largest jurisdictions were combined and weighted to reach a general growth factor. This growth factor was used to estimate revenue from the remaining jurisdictions. The general growth factor was only used for approximately 5% of the projected revenue.
  - d. FY2016 Revenue projections are presented for reference purposes only.
4. **Assumptions:**
  - a. Based on information contributed from member jurisdictions:
    - i. Sales tax rate of growth has slowed from prior projections to 1.01% for FY2015. Sales tax comprises approximately 78.8% of Authority annual revenue
    - ii. Transient Occupancy Tax (TOT) is projected to grow 5% in FY2015. TOT is approximately 8.6% of Authority annual revenue.
    - iii. Grantors Tax is projected to grow 7.8% in FY2015. Grantors tax is approximately 12.6% of Authority annual revenue.
  - b. The rates of growth currently projected for TOT and Grantors taxes will not fully compensate for the slower than earlier projected rate of growth for sales tax.

- c. The following table presents the proposed FY2015 revenue for the Authority. Adopted FY2014 and Projected FY2016 are shown for reference. Jurisdiction detail is presented in Attachment A.

<b>FY2015 Revenue Estimates</b>			
<b>(Accrual Basis)</b>			
	<b>Adopted FY2014</b>	<b>Proposed FY2015</b>	<b>Projected FY2016</b>
<b>Sales</b>	\$ 232,456,223	\$ 228,073,196	\$ 232,756,820
<b>TOT</b>	\$ 24,348,642	\$ 25,258,011	\$ 25,632,398
<b>Grantors</b>	\$ 34,676,790	\$ 36,903,666	\$ 37,202,478
<b>Total</b>	\$ 291,481,655	\$ 290,234,874	\$ 295,591,696
70%	\$ 204,037,159	\$ 203,164,412	\$ 206,914,187
30%	\$ 87,444,497	\$ 87,070,462	\$ 88,677,509

**Attachment A:** Proposed FY 2015 Revenues – Jurisdiction Detail

**Coordination:**

NVTA Finance Committee

Financial Working Group – Revenue Estimate Subgroup

XI. ATTACHMENT

Northern Virginia Transportation Authority				
Proposed FY 2015 Revenues				
Jurisdiction Detail				
		Adopted FY 2014	Proposed FY 2015	Projected FY 2016
Arlington	Sales	\$ 24,473,867	\$ 23,984,390	\$ 23,984,390
	TOT	\$ 8,890,830	\$ 8,890,830	\$ 8,890,830
	Grantors	\$ 4,574,287	\$ 4,574,287	\$ 4,574,287
	Total	\$ 37,938,985	\$ 37,449,507	\$ 37,449,507
Fairfax County				
Fairfax County	Sales	\$ 104,977,104	\$ 100,596,000	\$ 103,110,900
	TOT	\$ 9,984,936	\$ 8,965,800	\$ 9,234,774
	Grantors	\$ 15,169,980	\$ 15,169,980	\$ 15,169,980
	Total	\$ 130,132,020	\$ 124,731,780	\$ 127,515,654
City of Alexandria				
City of Alexandria	Sales	\$ 15,806,507	\$ 14,891,000	\$ 15,039,910
	TOT	\$ 3,570,388	\$ 3,364,000	\$ 3,397,640
	Grantors	\$ 3,391,565	\$ 3,195,000	\$ 3,226,950
	Total	\$ 22,768,460	\$ 21,450,000	\$ 21,664,500
Loudoun				
Loudoun	Sales	\$ 39,833,324	\$ 40,086,000	\$ 40,887,720
	TOT	\$ 806,445	\$ 2,020,000	\$ 2,040,200
	Grantors	\$ 6,093,105	\$ 8,466,000	\$ 8,635,320
	Total	\$ 46,732,873	\$ 50,572,000	\$ 51,563,240
Prince William				
Prince William	Sales	\$ 32,943,958	\$ 33,928,982	\$ 34,946,852
	TOT	\$ 530,452	\$ 1,446,000	\$ 1,488,946
	Grantors	\$ 4,476,903	\$ 4,521,672.00	\$ 4,612,105
	Total	\$ 37,951,313	\$ 39,896,654	\$ 41,047,903
City of Fairfax				
City of Fairfax	Sales	\$ 6,462,525	\$ 6,536,626	\$ 6,626,350
	TOT	\$ 345,984	\$ 349,526	\$ 354,803
	Grantors	\$ 289,079	\$ 290,799	\$ 292,916
	Total	\$ 7,097,588	\$ 7,176,951	\$ 7,274,069
City of Falls Church				
City of Falls Church	Sales	\$ 2,470,340	\$ 2,498,666	\$ 2,532,963
	TOT	\$ 141,857	\$ 143,309	\$ 145,473
	Grantors	\$ 261,761	\$ 263,319	\$ 265,235
	Total	\$ 2,873,958	\$ 2,905,294	\$ 2,943,671
City of Manassas				
City of Manassas	Sales	\$ 4,568,248	\$ 4,620,629	\$ 4,684,053
	TOT	\$ 77,750	\$ 78,546	\$ 79,732
	Grantors	\$ 271,303	\$ 272,917	\$ 274,904
	Total	\$ 4,917,301	\$ 4,972,092	\$ 5,038,689
City of Manassas Park				
City of Manassas Park	Sales	\$ 920,350	\$ 930,903	\$ 943,681
	Grantors	\$ 148,806	\$ 149,692	\$ 150,781
	Total	\$ 1,069,157	\$ 1,080,595	\$ 1,094,463
<b>Total NVRTA Revenue</b>				
Total NVRTA Revenue	Sales	\$ 232,456,223	\$ 228,073,196	\$ 232,756,820
	TOT	\$ 24,348,642	\$ 25,258,011	\$ 25,632,398
	Grantors	\$ 34,676,790	\$ 36,903,666	\$ 37,202,478
	Total	\$ 291,481,655	\$ 290,234,874	\$ 295,591,696
	70%	\$ 204,037,159	\$ 203,164,412	\$ 206,914,187
	30%	\$ 87,444,497	\$ 87,070,462	\$ 88,677,509

## NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

### MEMORANDUM

**TO:** Chairman Martin E. Nohe and Members  
Northern Virginia Transportation Authority

**THROUGH:** John Mason, Interim Executive Director

**FROM:** Michael Longhi, Chief Financial Officer

**SUBJECT:** NVTA Operating Budget

**DATE:** May 2, 2014

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1. **Purpose:** To update the Authority on the NVTA Operating Budget.
2. **Background:** NVTA is funded through the participating jurisdictions and interest earnings. The Memorandum of Agreement (MOA) between NVTA and the member cities/counties permits the appropriate jurisdictional share of NVTA operational costs to be deducted directly from the 30% distribution or to be billed to jurisdictions.
3. **Comments:** As of this report, the rate of NVTA expenditure is below projections. Current expenses of approximately \$543,300 include approximately \$156,093 in bond preparation expenses. This results in actual cost of operations being approximately \$387,200 or 43% of the budget through ten months of the fiscal year. Specific considerations include:
  - a. Interest income is tied to the projected rate of regional (70%) project funding utilized by member jurisdictions as well as market rates. Interest earned on the 30% funding will be remitted to the member jurisdictions.
  - b. A significant amount (\$156,093) of NVTA expenses to date is related to preparation for the first bond issuance (bond validation suit and development of debt policy). Some of these expenses are recognized as committed but are unpaid, pending receipt of additional cash related to the execution of the MOAs. Many of these expenses are eligible for reimbursement when the bonds are sold.
  - c. The rate of budgeted expenditures is increasing as we've hired staff, employee benefits are used, computer equipment purchased and other additional start-up costs have an impact.
  - d. Extensive research and analysis has been done with respect to an appropriate accounting system. Results are being shared with Finance Committee at its meeting today (May 2). Our prior estimate of system purchase in range of \$25,000 and annual costs at \$12,000 remain unchanged.
  - e. No changes to the operating budget are recommended at this time.

**Attachment:** NVTA Operating Budget for FY 2014 through April 30, 2014

XVII. ATTACHMENT

Northern Virginia Transportation Authority Proposed FY 2015 Operating Budget July 1, 2013 through April 30, 2014				
	Approved Budget	Received	Anticipated	Projected Revenue
<b>INCOME:</b>				
Cash on hand	\$ 212,117.00	\$ 212,117.36	\$ -	\$ 212,117.36
Interest (70% Regional Revenues)	\$ 100,000.00	\$ 42,790.52		\$ 42,790.52
Billed to Member Jurisdictions	\$ 591,595.00	\$ 572,071.88	\$ 19,523.12	\$ 591,595.00
Misc. Income		\$ 7,473.19		
<b>Total Income</b>	<b>\$ 903,712.00</b>	<b>\$ 834,452.95</b>	<b>\$ 19,523.12</b>	<b>\$ 846,502.88</b>
<b>EXPENDITURES:</b>				
	Approved Budget	Expended	Committed	Available Balance
<b>Professional Service</b>				
Legal	\$ 125,000.00	\$ 74,093.13	\$ -	\$ 50,906.87
Public Outreach	\$ 30,000.00	\$ -	\$ -	\$ 30,000.00
Financial Services	\$ 80,000.00	\$ -	\$ 82,000.00	\$ (2,000.00)
<b>Professional Subtotal</b>	<b>\$ 235,000.00</b>	<b>\$ 74,093.13</b>	<b>\$ 82,000.00</b>	<b>\$ 78,906.87</b>
<b>Operational Expenses</b>				
Start Up Expenses				
Office Space Build Out	\$ 4,000.00	\$ -	\$ -	\$ 4,000.00
One-time h/w,s/w	\$ 948.00	\$ -	\$ -	\$ 948.00
IT/Telecommunications	\$ -	\$ -	\$ -	\$ -
Computers/Installation	\$ 9,972.00	\$ 16,112.49	\$ 2,160.00	\$ (8,300.49)
<b>Start Up Subtotal</b>	<b>\$ 14,920.00</b>	<b>\$ 16,112.49</b>	<b>\$ 2,160.00</b>	<b>\$ (3,352.49)</b>
Annual Expenses				
Telephone Service	\$ 1,650.00	\$ -	\$ -	\$ 1,650.00
Copier/Postage	\$ 9,000.00	\$ 2,696.30	\$ -	\$ 6,303.70
Annual 3d party s/w costs	\$ 895.00	\$ -	\$ -	\$ 895.00
Monthly internet fee (Cox)	\$ 840.00	\$ 889.64	\$ -	\$ (49.64)
Cell phones	\$ 10,000.00	\$ -	\$ -	\$ 10,000.00
Lease Space	\$ 5,460.00	\$ -	\$ -	\$ 5,460.00
Mileage/Transportation	\$ 6,000.00	\$ 772.41	\$ -	\$ 5,227.59
Operating/Meeting Expenses	\$ 1,000.00	\$ 5,588.11	\$ -	\$ (4,588.11)
Insurance	\$ 3,000.00	\$ 2,673.00	\$ -	\$ 327.00
<b>Annual Expenses</b>	<b>\$ 37,845.00</b>	<b>\$ 12,619.46</b>	<b>\$ -</b>	<b>\$ 25,225.54</b>
<b>Operational Subtotal</b>	<b>\$ 52,765.00</b>	<b>\$ 28,731.95</b>	<b>\$ 2,160.00</b>	<b>\$ 21,873.05</b>
<b>Personnel Expenses</b>				
Salaries & Taxes	\$ 342,628.00	\$ 183,176.97	\$ -	\$ 159,451.03
Benefits	\$ 122,700.00	\$ 10,422.99	\$ 12,068.00	\$ 100,209.01
<b>Personnel Subtotal</b>	<b>\$ 465,328.00</b>	<b>\$ 193,599.96</b>	<b>\$ 12,068.00</b>	<b>\$ 259,660.04</b>
<b>Expense Subtotal</b>	<b>\$ 753,093.00</b>	<b>\$ 296,425.04</b>	<b>\$ 96,228.00</b>	<b>\$ 360,439.96</b>
<b>Operating Reserve (20%)</b>	<b>\$ 150,619.00</b>		<b>\$ 150,619.00</b>	<b>\$ -</b>
<b>Total Expenditures</b>	<b>\$ 903,712.00</b>	<b>\$ 296,425.04</b>	<b>\$ 246,847.00</b>	<b>\$ 360,439.96</b>
<b>Billed to Local Governments</b>	<b>\$591,595</b>			
	<b>2010</b>	<b>Billed</b>		
	<b>Population</b>	<b>Amounts</b>		
City of Alexandria	6.30%	\$ 37,270		
Arlington	9.40%	\$ 55,610		
City of Fairfax	1.00%	\$ 5,916		
Fairfax County	48.00%	\$ 283,966		
City of Falls Church	0.60%	\$ 3,550		
Loudoun	14.20%	\$ 84,006		
City of Manassas	1.70%	\$ 10,057		
City of Manassas Park	0.60%	\$ 3,550		
Prince William	18.20%	\$ 107,670		
	<b>100.00%</b>	<b>\$ 591,595</b>		

# IV.

## NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

### MEMORANDUM

**TO:** Chairman York and Members of the NVTa Finance Committee

**FROM:** John Mason, Interim Executive Director

**DATE:** May 2, 2014

**SUBJECT:** Proposed FY2015 Authority Budget

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1. **Purpose.** Presentation of proposed FY2015 Authority Budget to the Finance Committee for consideration of a recommendation to the Authority for approval.
2. **Suggested motion.** *I move Finance Committee recommend to the Authority approval of the proposed FY2015 Authority Budget comprised of the FY2015 Operating Budget, FY2015 30% Funds Budget and FY2015 70% Regional Revenue Budget.*
3. **Background.** The Authority budget is comprised of three segments; Operating Budget, 30% Funds Budget and 70% Regional Revenue Budget.
  - a. The Authority provided guidance for the FY2015 budget on April 17, 2014.
  - b. Projected Authority tax revenue for FY2015 is \$290,234,874.
  - c. Carryover from FY2014 is expected to be approximately \$270,000 (approximately 30% of the approved FY2014 budget).
  - d. Interest earned on 70% Regional Revenue for FY2015 is projected at \$52,500.
  - e. The Authority's operating budget, net of revenue and carryover, is allocated to and paid by member jurisdictions based on population.
  - f. The Authority is required under 15.2-4838.1 B. 1. to disburse 30% of revenues received to member jurisdictions. The projected 30% distribution for FY2015 is \$87,070,462.
  - g. The remaining 70% Regional Revenue must first be used to meet any debt service requirements, reserve requirements of the debt policy with the remaining balance available for projects to be approved by the Authority. The projected 70% regional revenue for FY2015 is \$203,516,912.
4. **Operating Budget.** The proposed FY2015 Operating Budget is presented on Attachment A. The attachment includes the approved FY2014 budget and a FY2016 projection for comparison purposes.
  - a. Revenue.
    - 1) Carry forward from FY2014. Unobligated/unexpended operating budget funds from FY2014 will be available for allocation to the FY2015 budget. This amount is projected at \$270,000.

**Attachment A**

Northern Virginia Transportation Authority Proposed FY 2015 Operating Budget			
	Adopted FY2014	Proposed FY2015	Projected FY2016
<b>Operating Revenue</b>			
Carry Forward, Prior Fiscal Year	\$ 212,117	\$ 270,000	\$ 229,339
Interest on 70% Regional Funds	\$ 100,000	\$ 52,500	\$ 70,000
<b>Total Operating Revenue</b>	<b>\$ 312,117</b>	<b>\$ 322,500</b>	<b>\$ 299,339</b>
<b>Expenditures</b>			
<b>Personnel:</b>			
Salaries (FT/PT)	\$ 342,628	\$ 611,290	\$ 618,000
Benefits	\$ 122,700	\$ 180,350	\$ 181,400
Taxes		\$ 48,100	\$ 48,600
<b>Subtotal Personnel</b>	<b>\$ 465,328</b>	<b>\$ 839,740</b>	<b>\$ 848,000</b>
<b>Professional Services:</b>			
Audit/Accounting		\$ 27,500	\$ 17,500
Banking Services		\$ 1,000	\$ 1,000
Financial Advisory	\$ 80,000		
Insurance	\$ 3,000	\$ 3,700	\$ 3,700
Legal	\$ 125,000		
Payroll Services		\$ 2,000	\$ 2,000
Transaction Update Outreach		\$ 46,200	
Public Outreach	\$ 30,000	\$ 23,800	\$ 23,800
<b>Subtotal Professional Service</b>	<b>\$ 238,000</b>	<b>\$ 104,200</b>	<b>\$ 48,000</b>
<b>Technology/Communication</b>			
Accounting & Financial Reporting System		\$ 25,000	\$ 11,809
Hardware Software & Peripherals Purchase		\$ 7,000	\$ 2,000
IT Support Services including Hosting	\$ 16,655	\$ 11,794	\$ 11,794
Phone Service	\$ 11,650	\$ 7,060	\$ 7,060
Web Development & Hosting		\$ 30,000	\$ 5,500
<b>Subtotal Technology/Communication</b>	<b>\$ 28,305</b>	<b>\$ 80,854</b>	<b>\$ 38,163</b>
<b>Administrative Expenses</b>			
Advertisements		\$ 6,000	\$ 6,000
Dues & Subscriptions		\$ 2,500	\$ 2,500
Duplication/Printing	\$ 9,000	\$ 15,000	\$ 15,000
Furniture/Fixtures		\$ 58,000	
Meeting Expenses	\$ 1,000	\$ 3,600	\$ 3,600
Mileage/Transportation	\$ 6,000	\$ 7,200	\$ 7,200
Miscellaneous Expense (moving expense)		\$ 5,000	
Office Lease	\$ 5,460	\$ 50,000	\$ 100,000
Office Supplies		\$ 5,200	\$ 5,200
Postage/Delivery		\$ 600	\$ 600
Professional Development/Training		\$ 5,000	\$ 5,000
<b>Subtotal Administrative Expenses</b>	<b>\$ 21,460</b>	<b>\$ 158,100</b>	<b>\$ 145,100</b>
<b>Subtotal Operating Expenditures</b>	<b>\$ 753,093</b>	<b>\$ 1,182,894</b>	<b>\$ 1,079,263</b>
<b>Operating Reserve (20%)</b>	<b>\$ 150,619</b>	<b>\$ 236,579</b>	<b>\$ 215,853</b>
<b>Total Expenditures</b>	<b>\$ 903,712</b>	<b>\$ 1,419,472</b>	<b>\$ 1,295,115</b>
<b>Net Operating Costs/Member Jurisdiction Support</b>	<b>\$ 591,595</b>	<b>\$ 1,096,972</b>	<b>\$ 995,776</b>

Member Jurisdiction Support				
	2010 Population	FY 2014 Support Amounts	FY 2015 Support Amounts	FY 2016 Support Amounts
City of Alexandria	6%	\$ 37,270	\$ 69,109	\$ 62,734
Arlington County	9%	\$ 55,610	\$ 103,115	\$ 93,603
City of Fairfax	1%	\$ 5,916	\$ 10,970	\$ 9,958
Fairfax County	48%	\$ 283,965	\$ 526,547	\$ 477,973
City of Falls Church	1%	\$ 3,550	\$ 6,582	\$ 5,975
Loudoun County	14%	\$ 84,006	\$ 155,770	\$ 141,400
City of Manassas	2%	\$ 10,057	\$ 18,649	\$ 16,928
City of Manassas Park	1%	\$ 3,550	\$ 6,582	\$ 5,975
Prince William County	18%	\$ 107,670	\$ 199,649	\$ 181,231
	100%	\$ 591,595	\$ 1,096,972	\$ 995,776

## Attachment B

Northern Virginia Transportation Authority Proposed FY 2015 30% Fund Budget			
	Adopted FY2014	Proposed FY2015	Projected FY2016
<b>Revenue 30% Funds</b>			
Sales Tax	\$ 69,736,867	\$ 68,421,959	\$ 69,827,046
TOT	\$ 7,304,593	\$ 7,577,403	\$ 7,689,719
Grantor's Tax	\$ 10,403,037	\$ 11,071,100	\$ 11,160,743
Revenue Variance (Regional Funds)	\$ (3,390,431)	\$ -	\$ -
<b>Total Revenue</b>	<b>\$ 84,054,066</b>	<b>\$ 87,070,462</b>	<b>\$ 88,677,508</b>
<b>Expenditures</b>			
30% Distribution to Member Jurisdictions	\$ 84,054,066	\$ 87,070,462	\$ 88,677,508
<b>Total Expenditures</b>	<b>\$ 84,054,066</b>	<b>\$ 87,070,462</b>	<b>\$ 88,677,508</b>
<b>Ending Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

# Attachment C

Northern Virginia Transportation Authority Proposed FY 2015 70% Regional Revenue Budget			
	Adopted FY2014	Proposed FY2015	Projected FY2016
<b>Revenue 70% Regional Funds</b>			
Sales Tax	\$ 162,719,356	\$ 159,651,238	\$ 162,929,774
TOT	\$ 17,044,049	\$ 17,680,608	\$ 17,942,679
Grantor's Tax	\$ 24,273,753	\$ 25,832,566	\$ 26,041,735
State/Federal Grants	\$ -	\$ -	\$ -
Bond or LOC Proceeds	\$ 75,300,000	\$ -	\$ -
Reimbursable Expenditures	\$ -	\$ 300,000	\$ -
Interest Earned	\$ 100,000	\$ 52,500	\$ 70,000
Revenue Variance (Regional Funds)	\$ (7,911,004)	\$ -	\$ -
<b>Total Revenue with Debt Proceeds</b>	<b>\$ 271,526,154</b>	<b>\$ 203,516,912</b>	<b>\$ 206,984,188</b>
<b>Expenditures</b>			
Matching LOC/Debt Service Reserve	\$ 75,300,000	\$ -	\$ -
Working Capital Reserve	\$ -	\$ 66,028,434	\$ 37,463,660
PAYG Expenditures	\$ 122,058,000		
Bond Expenditures	\$ 73,935,000		
Debt Service	\$ 573,000	\$ 6,000,000	\$ 6,000,000
Bond Issuance Cost	\$ 792,000	\$ 300,000	\$ -
Interest Transferred to Operating Budget	\$ 100,000	\$ 52,500	\$ 70,000
<b>Total Expenditures</b>	<b>\$ 272,758,000</b>	<b>\$ 72,328,434</b>	<b>\$ 43,463,660</b>
<b>Ending Fund Balance</b>	<b>\$ (1,231,846)</b>	<b>\$ 131,188,478</b>	<b>\$ 163,520,528</b>
<b>Reserves</b>			
Working Capital Reserve (50%)	\$ -	\$ 66,028,434	\$ 103,492,094
Matching/DSR Reserve	\$ 75,300,000	\$ 75,300,000	\$ -
<b>Total Reserves</b>	<b>\$ 75,300,000</b>	<b>\$ 141,328,434</b>	<b>\$ 103,492,094</b>
<b>Closing Balance Including Reserves</b>	<b>\$ 74,068,154</b>	<b>\$ 272,516,912</b>	<b>\$ 267,012,622</b>

**Jurisdiction and Agency Coordinating Committee  
Northern Virginia Transportation Authority**

**MEMORANDUM**

**TO:** Christopher Zimmerman, Chairman  
Northern Virginia Transportation Authority

Members  
Northern Virginia Transportation Authority

**FROM:** Tom Biesiadny, Chairman  
Jurisdiction and Agency Coordinating Committee  
Northern Virginia Transportation Authority

**SUBJECT:** Approval of Procedures for Allocating NVTA Revenues (Agenda Item 6.B.)

**DATE:** January 4, 2008

Recommendation:

The Jurisdiction and Agency Coordinating Committee and the Financial Working Group recommend that the NVTA approved the Procedures for Allocating Revenues as shown in Attachment I.

Background:

HB 3202 authorized NVTA to adopt up to seven taxes and fees to support transportation in Northern Virginia. NVTA adopted these taxes and fees on July 12, 2007, and they were implemented on January 1, 2008. HB 3202 includes fairly complicated language regarding the allocation of these revenues. This language can be interpreted several different ways. As result, it is important for NVTA to approve a single way to allocate these revenues. The attached document outlines the recommended approach for a policy to describe how the funds will be allocated based on HB 3202 and NVTA's actions on July 12, 2007. The proposed allocation procedures are based on the following:

- Each jurisdiction generally receives a benefit equal to the funding raised in that jurisdiction;
- 40 percent of revenues raised by NVTA are returned to local jurisdictions in which the funding was raised. Most jurisdictions must spend half of these funds on urban or secondary roads;
- NVTA retains the remaining 60 percent of the revenues for regional transportation projects, including the priorities of bond debt service, \$50 million per year for Washington Metropolitan Area Transit Authority (WMATA) capital expenses and \$25 million per year for Virginia Railway Express (VRE) capital and operating expenses;

Mr. Christopher Zimmerman, Chairman  
Members, Northern Virginia Transportation Authority  
Page Two  
January 4, 2008

- Funding for WMATA will be deposited at the Northern Virginia Transportation Commission in the name of the affected jurisdictions, proportional to the shares of the WMATA capital formula in the year in which the revenues are raised. WMATA will meet with affected jurisdictions and propose an annual spending program for these funds.
- Funding for VRE will be deposited at the Northern Virginia Transportation Commission or the Potomac Rappahannock Transportation Commission (as appropriate) in the name of the affected jurisdictions, proportional to the shares of the subsidy paid by each of affected jurisdictions in the year in which the revenues are raised. VRE will meet with affected jurisdictions and propose an annual spending program for these funds;
- Funding will be reconciled every six years to ensure that jurisdictions are receiving benefits approximately equal to the revenue raised in the jurisdictions;
- The commercial property tax for transportation and the local vehicle registration fee, if raised by a jurisdiction will be addressed as follows:

For any jurisdiction that adopts a commercial property tax for transportation or local vehicle registration fee, the amount raised will be added to the total revenue generated in Northern Virginia for purposes of this calculation. This will increase the jurisdiction's percentage share of funding, but will not reduce the actual funding received by any other jurisdiction. The total funding received by other jurisdictions will be unaffected.

The development of these procedures included a review by the Council of Counsels.

Jurisdiction and Agency Coordinating Committee members and I will be available at the January 10, 2008, NVTa meeting to answer questions.

Cc: Members, NVTa Jurisdiction and Agency Committee  
Members, NVTa Working Groups  
Members, Council of Counsels  
John Mason, NVTa Executive Director

## Procedures for Allocating Revenues Draft: January 2, 2008

### Background

On April 4, 2007, the Virginia General Assembly approved legislation, HB 3202, authorizing the Northern Virginia Transportation Authority (NVTA) to adopt seven taxes and fees for transportation purposes. These taxes and fees are:

A. Congestion Relief Fee (Grantor's Tax):	\$0.40/\$100 valuation
B. Motor Vehicle Rental Tax	2% of rental rate
C. Transient Occupancy Tax	2% of room rate
D. Safety Inspection Fee	\$10 per year
E. Initial Vehicle Registration Fee	1% of value
F. Auto Repair Sales and Use Tax	5% on labor
G. Annual Regional Vehicle Registration Fee	\$10 per year

On July 12, 2007, the NVTA adopted the seven taxes and fees and set a January 1, 2008, date for collection of the taxes and fees.

It is currently estimated that these taxes and fees will generate approximately \$280 million per year.

### Allocation

HB 3202 contains several provisions related to the allocation of the revenues generated by the seven taxes and fees. It includes a guiding principle that:

*"All revenues deposited to the credit of the Authority shall be used for projects benefiting the localities embraced by the Authority, with each locality's total long-term benefits being approximately equal to the total of the fees and taxes received by the Authority that are generated by or attributable to the locality divided by the total of such fees and taxes received by the Authority."*

HB 3202 requires 40 percent of the revenue raised by NVTA (an estimated \$112 million annually) be returned to the jurisdiction in which the revenue was raised. The jurisdiction must use these funds for transportation purposes. With the exception of Alexandria, Arlington County and Falls Church, the jurisdictions must use half of these funds for improvements to secondary and urban roadways. The remaining funds returned to these jurisdictions and all funds returned to Alexandria, Arlington and Falls Church *"as determined solely by the applicable locality, shall be used either for additional urban or secondary road construction; for other transportation capital improvements which have been approved by the most recent long range transportation plan adopted by the Authority; or for public transportation purposes."*

To accomplish this, NVTA will account for each revenue source individually. On the fifteenth day of each month (or closest business day), NVTA will evaluate each of the seven revenue accounts. Forty percent of the funding received during the previous month, will be wired to the individual jurisdictions in which the funds were raised as directed by each jurisdiction. For the first year (FY 2008), the percentage returned to each jurisdiction will be based on estimated approved by the NVTA by January 10, 2008, see Attachment \_\_. For each subsequent year, the allocation percentages will be based on actual collections from the previous year as adopted by NVTA at the beginning of the fiscal year and fixed for that fiscal year.

Of the revenues that NVTA retains (an estimated \$168 million annually), NVTA must first pay debt service on any outstanding bonds annually and then allocate \$50 million annually for Washington Metropolitan Area Transit Authority (WMATA) capital projects and \$25 million annually for Virginia Railway Express (VRE) capital and operating projects. The remaining funds can be used *“solely for transportation projects and purposes that benefit the counties and cities embraced by the Authority.”*

In order to ensure that each jurisdiction receives benefits proportional to the revenue raised in each jurisdiction, the debt service on any bonds issued will be allocated to the jurisdictions proportionally, based on the projects supported by the bonds (i.e., if NVTA issues bonds for projects in only two jurisdictions, the debt service on those bonds would be allocated to the revenues attributed to those two jurisdictions, rather than to the revenue attributable to all nine jurisdictions).

Similarly, the \$50 million for WMATA capital expenses will be attributed to jurisdictional members of these agencies, proportional to each jurisdiction's share of WMATA's annual capital budget (Virginia shares only) for the budget year in which the funds are being allocated. If these shares of the capital budget change, the attribution for these earmarks would be adjusted accordingly on an annual basis.

The \$25 million for VRE capital and operating expenses will be attributed to jurisdictional members of VRE, proportional to each jurisdiction's share of VRE's annual budget for these agencies for the budget year in which the funds are being allocated. If these shares of the subsidy change, the attribution for these earmarks would be adjusted accordingly on an annual basis.

As approved by NVTA in Resolution 18-08 on July 12, 2007:

Consistent with past practice, the annual earmarks for the Washington Metropolitan Area Transit Authority (WMATA) will be transferred to the Northern Virginia Transportation Commission (NVTC) to be held in trust for the WMATA jurisdictions, in an interest bearing account (with the interest retained by each individual account), to be used for capital improvements benefiting the area embraced by WMATA. These funds will first be used to provide such annual distribution as may be necessary under the requirements of Federal law for the payment of Federal funds to WMATA, but only if the matching Federal funds are exclusive of, and in addition to, the amount of other Federal funds appropriated for such purposes and are in an amount not less than the amount of such funds appropriated in the Federal fiscal year ending September 30, 2007. NVTC will allocate these funds to the WMATA jurisdictions' accounts based on the WMATA capital formula for the fiscal year in which the funds are received.

NVTA will allocate VRE funds to NVTC and the Potomac Rappahannock Transportation Commission (PRTC) based on the percentage of subsidy ridership attributable to each VRE jurisdiction that is also a member of NVTA. NVTC and PRTC will hold these funds in trust for these jurisdiction, in an interest bearing account (with the interest retained by each individual account), to be used for VRE operating and capital improvements, including, but not limited to, track lease payments, construction of parking, dedicated rail on the Fredericksburg line, rolling stock, expanded service to Prince William County, and service as may be needed as a result of the Base Realignment and Closure Commission's action regarding Fort Belvoir. NVTC and PRTC should allocate these funds to VRE and NVTA jurisdiction's accounts based on the percentage of ridership attributable to the jurisdiction for the fiscal year prior to the year in which the funds are received. VRE staff will meet staff from the NVTA jurisdictions that are also members of VRE annually while VRE's budget is being prepared to discuss how these funds could be spent during the upcoming fiscal year. The goal of this meeting is to prepare a recommendation for the VRE Operations Board, the local governments and NVTA that, if approved, can be included in VRE's budget.

(Note: Until the phase in of the new VRE formula, based on 100 percent ridership is complete, the annual allocation will reflect the annual shares of the VRE budget).

Such allocations of funds for WMATA and VRE will not eliminate the overall requirement that jurisdictions receive a proportional benefit from the funding raised by NVTA, based on the percentage of money raised in each jurisdiction.

The remaining funds can be used *“solely for transportation projects and purposes that benefit the counties and cities embraced by the Authority.”* NVTA will establish procedures for allocating these funds through development of the Six Year Program. This Program will be developed annual and begin with a Call for Projects. NVTA will hold a public hearing prior to annual the adoption of each Six Year Program.

The Six Year Program will include project implemented by jurisdictions with their 40 percent share of the regional revenues for information purposes only. In addition, HB 3202 requires that *“each locality shall provide annually to the Northern Virginia Transportation Authority sufficient documentation as required by the Authority showing that the funds distributed”* as required by HB 3202.

#### Local Commercial Property Tax and Registration Fee

HB 3202 permits each of the local governments to raise a commercial property tax of up to \$0.25 per \$100 valuation and a \$10 annual registration fee. It also says that *“solely for purposes of calculating the 40% of revenues to be distributed pursuant to this subsection, the revenue generated pursuant to”* (the commercial property tax and local registration fee) *“by the counties and cities embraced by the Authority shall be considered revenue of the Authority.”*

If enacted, revenue received from the commercial property tax for transportation and the local vehicle registration fee will be added to funds received by NVTA for purposes of the allocation of funds collected by NVTA; however, no funds raised by the commercial property tax for transportation or the local vehicle registration fee will actually be transferred to NVTA (other then by the specific direction of the local governing body for purposes of NVTA implementing a project or projects on the jurisdiction’s behalf). Under this option, total funding will be increased and the local jurisdiction’s percentage share will increase; but the actual funding received by any other jurisdiction will not be reduced. See attached example.

*Note:* It is possible for a jurisdiction to raise more revenue than their allocated share to the 40 percent money returned to the jurisdictions, although this is not anticipated initially. Should this occur in the future, the share of the 60 percent funding allocated to NVTA that is spent in this jurisdiction will be increased by an equal amount. The total funding received by other jurisdictions should not change. In no case will a jurisdiction be penalized for raised the commercial property tax for transportation or the local vehicle registration fee by receiving less NVTA funding for transportation projects in the jurisdiction than it otherwise would have received.

#### Reconciliation

NVTA’s Six Year Program should balance funding generated by each jurisdiction and the benefit received by each jurisdiction over the life of the program. At the end of each six year period, NVTA will summarize the projects funded by NVTA during the past six years and compare this amount to the amount of funds raised in each jurisdiction over the past six year period. If there is a difference between the amount generated by each jurisdiction and the amount received by each jurisdiction during the previous six year period, an adjustment will be made in the distribution of the revenue received during the first month of the new fiscal year to fulfill the NVTA’s guiding principle.

**EXAMPLE OF REGIONAL FUNDING ALLOCATION**

HB 3202 requires that “*All revenues deposited to the credit of the Authority shall be used for projects benefiting the localities embraced by the Authority, with each locality's total long-term benefits being approximately equal to the total of the fees and taxes received by the Authority that are generated by or attributable to the locality divided by the total of such fees and taxes received by the Authority.*” With this in mind, the following examples were developed to demonstrate this policy for distributing funding.

**WITHOUT Commercial/Industrial Real Estate Tax**

Hypothetical example of NVTA revenue distribution, not including the commercial/industrial real estate tax in the formula calculation:

\$300 m.      Assumption of annual NVTA Taxes <sup>1</sup>  
Assumption that approximately 40% of the regional taxes and fees will be collected in \_\_\_\_\_ County. **\$300 m x 40% = \$120 m**

Local Distribution

x 40 %      Formula distribution under HB 3202  
\$120 m.      NVTA revenue to be distributed to member localities

x 40 %      \_\_\_\_\_ County's estimated share under this scenario  
**\$48 m.**      NVTA local revenue distributed to \_\_\_\_\_ County under this example

Regional Distribution

x 60 %      Formula distribution under HB 3202  
\$180 m.      NVTA revenue to be distributed to regional projects

x 40 %      \_\_\_\_\_ County's estimated share under this scenario  
**\$72 m.**      NVTA regional revenue distributed to projects benefiting \_\_\_\_\_ County  
(may be either specific projects in \_\_\_\_\_ County or \_\_\_\_\_ County's share of regional projects, such as WMATA or VRE).

**Total Benefit to \_\_\_\_\_ County: \$48 m + \$72 m = \$120 m**

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<sup>1</sup> Includes Congestion Relief Fee (Grantor's tax); Transient Occupancy Tax; Sales Tax on Auto Repair service charges; Motor Vehicle Rental Fees; Vehicle Safety Inspection Fees; Annual Regional Registration Fee; Initial One-time Registration Fee.

**WITH Commercial/Industrial Real Estate Tax**  
**(Figures Rounded for Simplicity)**

Hypothetical example of NVTA revenue distribution, factoring in the commercial/industrial real estate tax in formula calculation:

\$300 m. Assumption of annual NVTA Taxes <sup>1</sup>  
 Assumption that approximately 40% of the regional taxes and fees will be collected in \_\_\_\_\_ County. **\$300 m x 40% = \$120 m**

**\$ 40 m.** \_\_\_\_\_ County C/I real estate tax  
**Total funding raised in \_\_\_\_\_ County: \$120 m + \$40 m = \$160 m**

Local Distribution

\$300 m. Actual NVTA revenues  
+ 40 m. C/I real estate tax  
 \$340 m. Total for purposes of calculation

x 40 % Formula distribution under HB 3202  
 \$136 m. NVTA revenue to be distributed to member localities

Revised \_\_\_\_\_ County share of total revenues = \$120 m + \$40 m = \$160 m  
 \$160 m/\$340 m = 47%

\$136 m. NVTA revenue to be distributed to member localities

x 47 % \_\_\_\_\_ County's estimated share under this scenario  
**\$ 64 m.** NVTA local revenue generated by \_\_\_\_\_ County under this example

**\$ 40 m** Local revenue already generated in \_\_\_\_\_ County

**\$ 24 m** Additional Local Revenue returned to \_\_\_\_\_ County

**Total Local Revenue Received by \_\_\_\_\_ County: \$40 m + \$24 m = \$64 m**

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<sup>1</sup> Includes Congestion Relief Fee (Grantor's tax); Transient Occupancy Tax; Sales Tax on Auto Repair service charges; Motor Vehicle Rental Fees; Vehicle Safety Inspection Fees; Annual Regional Registration Fee; Initial One-time Registration Fee.

Regional Distribution

\$300 m. Actual NVTA revenues  
+ 40 m. C/I real estate tax  
\$340 m. Total for purposes of calculation

x 60 % Formula distribution under HB 3202  
\$204 m. NVTA revenue to be distributed to regional projects

\$204 m  
x 47 %  
**\$ 96 m.** \_\_\_\_\_ County's estimated share under this scenario  
NVTA regional revenue distributed to projects benefiting \_\_\_\_\_ County  
(may be either specific projects in \_\_\_\_\_ County or \_\_\_\_\_ County's share of regional  
projects, such as WMATA or VRE).

**Total Benefit to \_\_\_\_\_ County: \$64 m + \$96 m = \$160 m**

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## NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

### TECHNICAL ADVISORY COMMITTEE

#### MEMORANDUM

**FOR:** Chairman Martin E. Nohe and Members  
Northern Virginia Transportation Authority

**FROM:** Randy Boice, Chair, Technical Advisory Committee

**DATE:** April 30, 2014

**SUBJECT:** Benefits

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1. **Purpose.** To share with the Authority our initial perspective on the “benefits” definitional challenge.
2. **Discussion.** At our April 16 meeting we had a focused discussion on the challenge of defining what is meant by “benefits” in the context of statutory mandate for jurisdictions to share benefits proportional to their revenue contribution over time. Key comments included:
  - Terms such as “benefit” and “long-term” are not defined in legislation.
  - TransAction 2040 does not provide a regional perspective; it’s an unconstrained list of jurisdictional “needs,” without an overall regional sense of complementary benefits.
  - Demographic forecasting consistently reflects population growth, especially in the outer suburbs.
  - Regional activity centers provide a good focus for transportation improvements.
  - Critical to demonstrate that projects selected for long range plan will benefit the region (not just particular jurisdictions). This suggests the need for an objective and robust methodology that estimates impacts and benefits, leveraging existing data sources and models. Methodology must embrace highway, rail and transit improvements.
  - Project development schedules and the slow rate of making changes in land use mean estimation of benefits should be made over a period of not less than six years; could be longer.
  - It is difficult to communicate the concept of transportation investments making traffic conditions better than they would have been, while not actually making conditions better than they are today.
3. **Principles.** As a preliminary perspective on addressing the “benefits” challenge, the Committee agreed these general principles:

- Benefits may have a positive impact on multiple jurisdictions.
  - Benefits to jurisdictions cannot be equated to revenues generated by, or attributable to, each jurisdiction.
  - The minimum time period for the estimation of benefit accruing to each jurisdiction should be at least six (6) years.
  - The estimation of benefits should take advantage of ongoing analyses and existing models.
4. **Next steps.** As we look forward to next meeting, I anticipate that our focus will be to continue the discussion on benefits. Specifically we will consider which measures are most appropriate for estimating congestion reduction and other project impacts, and the methodology/data sources associated with determining the scale and distribution of each of these measures.

In the longer term, we anticipate:

- Reviewing the findings of VDOT's HB599 study.
- Reviewing current practices for monitoring traffic congestion and other trends in Northern Virginia, and to suggest options for enhancing the state of the practice in support of NVTA's annual reporting obligations.
- Supporting the development of the scope of work for the update to the TransAction 2040 long range plan, with a specific focus on identifying projects with the greatest regional significance.

## NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

### MEMORANDUM

**TO:** Chairman Martin E. Nohe and Members  
Northern Virginia Transportation Authority

**THROUGH:** John Mason, Interim Executive Director

**FROM:** Michael Longhi, Chief Financial Officer

**SUBJECT:** Report of NVTA Receipts

**DATE:** May 2, 2014

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1. **Purpose:** Update of HB 2313 receipts, revenue estimates and distributions.
2. **Background:** NVTA receives funding through sales tax, grantors tax and transient occupancy tax (TOT). Revenues are received monthly from the Commonwealth for transactions that occurred in proceeding months.
3. **Status.** The attached reports reflect funding received or in process through April 30, 2014.
  - a. Revenue receipts (Attachment A)
    - i. The Authority has received approximately \$185.5 million through the April transfers from the Commonwealth.
    - ii. Actual to estimate comparison for revenues through April show a 4% negative variance of \$11.3 million. This is driven by lower than projected sales tax receipts.
    - iii. There are no recommended changes in the revenue estimates at this time in anticipation that some sales tax will rebound with improving weather. Even with a rebound, total revenue is still anticipated to be 3% or \$8 million lower than originally projected.
    - iv. The lower than anticipated revenue is not expected to impact projects with approved funding. Rather lower revenue at this level will only result in lower end of year balances.
  - b. Distribution to localities (Attachment B)
    - i. Of the \$185.5 million received by the Authority, approximately \$55.6 million in 30% local funds is allocated for distribution to localities.
    - ii. Alexandria, Arlington, Fairfax County, Loudoun, City of Manassas Park and Prince William are receiving regular 30% distributions.
    - iii. Once the 30% transfers commence they will occur monthly as funds are received from the Commonwealth.

**Attachments:**

- A. Revenues Received By Tax Type, Compared to NVTA Estimates, Through April 30, 2014
- B. Revenues Received With Pending 30% Distribution, Through April 30, 2014

# XVI.A

**NORTHERN VIRGINIA TRANSPORTATION AUTHORITY  
REVENUES RECEIVED, BY TAX TYPE AND JURISDICTION, COMPARED TO NVTA ESTIMATES  
JULY 1, 2013 THROUGH April 30, 2014**

Grantors Tax			Received		NVTA		Projected
Transaction Months		9	To Date	Annualized	FY 2014 Projection	Annualized - Actual To Projection	Variance
City of Alexandria			\$ 2,020,197	\$ 2,693,596	\$ 3,391,565	\$ (697,969)	
Arlington County			\$ 3,119,316	\$ 4,159,089	\$ 4,574,287	\$ (415,198)	
City of Fairfax			\$ 248,768	\$ 331,690	\$ 289,079	\$ 42,611	
Fairfax County			\$ 11,136,750	\$ 14,849,000	\$ 15,169,980	\$ (320,980)	
City of Falls Church			\$ 207,615	\$ 276,820	\$ 261,761	\$ 15,059	
Loudoun County			\$ 6,291,343	\$ 8,388,457	\$ 6,093,105	\$ 2,295,352	
City of Manassas			\$ 356,698	\$ 475,598	\$ 271,303	\$ 204,295	
City of Manassas Park			\$ 181,979	\$ 242,639	\$ 148,806	\$ 93,833	
Prince William County			\$ 3,477,175	\$ 4,636,234	\$ 4,476,903	\$ 159,331	
Total Grantors Tax Revenue			\$ 27,039,842	\$ 36,053,123	\$ 34,676,789	\$ 1,376,334	4%
Regional Sales Tax*			Received		FY 2014		Projected
Transaction Months (Retail Sales)		8	To Date	Annualized	Projection	Annualized - Actual To Projection	Variance
City of Alexandria			\$ 9,634,926	\$ 14,452,390	\$ 15,806,507	\$ (1,354,117)	
Arlington County			\$ 14,972,846	\$ 22,459,269	\$ 24,473,867	\$ (2,014,598)	
City of Fairfax			\$ 4,731,243	\$ 7,096,864	\$ 6,462,525	\$ 634,339	
Fairfax County			\$ 65,215,233	\$ 97,822,850	\$ 104,977,104	\$ (7,154,254)	
City of Falls Church			\$ 1,385,457	\$ 2,078,185	\$ 2,470,340	\$ (392,155)	
Loudoun County			\$ 25,000,017	\$ 37,500,026	\$ 39,833,324	\$ (2,333,298)	
City of Manassas			\$ 3,010,622	\$ 4,515,933	\$ 4,568,248	\$ (52,315)	
City of Manassas Park			\$ 694,194	\$ 1,041,290	\$ 920,350	\$ 120,940	
Prince William County			\$ 21,099,341	\$ 31,649,011	\$ 32,943,958	\$ (1,294,947)	
Total Sales Tax Revenue*			\$ 145,743,879	\$ 218,615,819	\$ 232,456,223	\$ (13,840,404)	-6%
Transient Occupancy Tax (TOT)			Received		FY 2014		Projected
Transaction Months		6	To Date	Annualized	Projection	Annualized - Actual To Projection	Variance
City of Alexandria			\$ 1,564,316	3,128,632	\$ 3,570,388	(441,756)	
Arlington County			\$ 4,781,150	9,562,301	\$ 8,890,830	671,471	
City of Fairfax			\$ 143,150	286,300	\$ 345,984	(59,684)	
Fairfax County			\$ 4,547,001	9,094,002	\$ 9,984,936	(890,934)	
City of Falls Church			\$ 39,675	79,350	\$ 141,857	(62,507)	
Loudoun County			\$ 1,036,694	2,073,388	\$ 806,445	1,266,943	
City of Manassas			\$ 34,692	69,385	\$ 77,750	(8,365)	
City of Manassas Park			\$ -	-	\$ -	-	
Prince William County			\$ 608,960	1,217,921	\$ 530,452	687,469	
Total TOT Revenue			\$ 12,755,639	25,511,279	\$ 24,348,642	1,162,637	5%
Total Revenue Received			\$ 185,539,361	\$ 280,180,220	\$ 291,481,654	\$ (11,301,434)	-4%
*The Regional Sales Tax is reported net of the following fees:							
				\$ 210,894			
				\$ 160,884			
				\$ 133,857			
				\$ 113,412			
				\$ 36,110			
				\$ 42,723			
				\$ 30,158			
				\$ 728,038			

# XVI.B

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY  
 PENDING 30% DISTRIBUTION BY JURISDICTION  
 JULY 1, 2013 THROUGH April 30, 2014

Jurisdiction	Grantor's Tax	Regional Sales Tax (1)	Transient Occupancy Tax (2)	Total	Pending Initial 30% Distributions	NVTA Operational Budget (-)	Accrued Interest (3)	Pending Distributions (-)	Actual Distributions
City of Alexandria	\$ 2,020,197.00	\$ 9,634,926.48	\$ 1,564,316.09	\$ 13,219,439.57	\$ 3,965,831.87	\$ 37,270.49	\$ 528.61	\$ 3,966,360.48	\$ 3,966,360.48
Arlington County	\$ 3,119,316.45	\$ 14,972,846.19	\$ 4,781,150.30	\$ 22,873,312.94	\$ 6,861,993.88	\$ 55,609.93	\$ 897.11	\$ 6,807,281.06	\$ 6,807,281.06
City of Fairfax	\$ 248,767.70	\$ 4,731,242.90	\$ 143,149.92	\$ 5,123,160.52	\$ 1,536,948.16	\$ 5,915.95	\$ 199.34	\$ 1,531,231.54	\$ 1,531,231.54
Fairfax County	\$ 11,136,749.75	\$ 65,215,233.38	\$ 4,547,001.07	\$ 80,898,984.20	\$ 24,269,695.26	\$ 283,965.60	\$ 3,207.78	\$ 23,988,937.44	\$ 23,988,937.44
City of Falls Church	\$ 207,615.30	\$ 1,385,456.99	\$ 39,675.19	\$ 1,632,747.48	\$ 489,824.24	\$ 3,549.57	\$ 62.97	\$ 486,337.64	\$ 486,337.64
Loudoun County	\$ 6,291,343.03	\$ 25,000,017.18	\$ 1,036,694.13	\$ 32,328,054.34	\$ 9,698,416.30	\$ 84,006.49	\$ 1,295.40	\$ 9,699,711.70	\$ 9,699,711.70
City of Manassas	\$ 356,698.35	\$ 3,010,621.94	\$ 34,692.26	\$ 3,402,012.55	\$ 1,020,603.77	\$ 10,057.12	\$ 127.46	\$ 1,010,674.11	\$ 1,010,674.11
City of Manassas Park	\$ 181,979.10	\$ 694,193.56	\$ -	\$ 876,172.66	\$ 262,851.80	\$ 3,549.57	\$ 35.74	\$ 259,337.97	\$ 259,337.97
Prince William County	\$ 3,477,175.32	\$ 21,099,340.61	\$ 608,960.39	\$ 25,185,476.32	\$ 7,555,642.90	\$ 107,670.29	\$ 1,019.37	\$ 7,448,991.98	\$ 7,448,991.98
<b>Total Revenue</b>	\$ 27,039,842.00	\$ 145,743,879.23	\$ 12,755,639.35	\$ 185,539,360.58	\$ 55,661,808.17	\$ 591,595.01	\$ 7,373.77	\$ 55,198,863.92	\$ 52,170,620.63

- 1 Net of Dept. of Taxation Fees
- 2 County TOT includes any town collections
- 3 Interest earned through 1/31/2014