



# Northern Virginia Transportation Authority

The Authority for Transportation in Northern Virginia

**FINANCE COMMITTEE**  
**Friday, January 16, 2015 1:30PM**  
**3040 Williams Drive, Suite 200**  
**Fairfax, VA 22031**

## AGENDA

- I. Call to Order/Welcome** Chairman York
- II. Summary Minutes of the December 5, 2014 Meeting**  
*Recommended action: Approval [with abstentions from those who were not present]*

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## Information/Discussion Items

- III. FY2016 - Operating Budget Guidance** Ms. Backmon, ED
- IV. FY2016 - Regional Revenue Budget Guidance** Mr. Longhi, CFO
- V. FY2016 - 30% Revenue Budget Guidance** Mr. Longhi, CFO
- VI. NVTA Monthly Revenue Report** Mr. Longhi, CFO
- VII. NVTA Operating Budget Report** Mr. Longhi, CFO
- VIII. FY2015 Audit Planning** Mr. Longhi, CFO
- IX. Sole Source Report** Mr. Longhi, CFO

## Adjournment

- X. Adjournment**

**Next Meeting: February 20, 2015 1:30 PM**  
3040 Williams Drive, Suite 200, Fairfax, Virginia



# Northern Virginia Transportation Authority

The Authority for Transportation in Northern Virginia

**FINANCE COMMITTEE**  
**Friday, December 5, 2014 1:00 pm**  
**3040 Williams Drive, Suite 200**  
**Fairfax, VA 22031**

## MEETING SUMMARY

### **I. Call to Order/Welcome**

Chairman York

- Chairman York called the meeting to order at 1:07pm.
- Attendees:
  - ✓ Members: Chairman York; Board Member Hynes; Chairman Bulova; Mayor Parrish; Council Member Rishell.
  - ✓ Staff: Monica Backmon (Executive Director); Michael Longhi (CFO); Peggy Teal (Assistant Finance Officer), Camela Speer (Clerk).
  - ✓ Council of Counsel: Ellen Posner (Fairfax County); Steve MacIsaac (Arlington County).
  - ✓ Other Staff: Falayi Adu (Loudoun County); Noelle-Dominguez (Fairfax County); Carl Hampton (Prince William); Arthur Anderson (McGuireWoods); JoAnne Carter (PFM); Kristy Choi (PFM).

### **II. Summary Minutes of the October 3, 2014 Meeting**

- Chairman Bulova moved to approve the minutes of October 3, 2014; seconded by Mayor Parrish. Motion carried unanimously.

## Action Items

### **III. Establish Organizational and Financial Policies**

Mr. Longhi, CFO

- Mr. Longhi briefed the Committee on the establishment of the NVTAA Organizational and Financial Policies. He noted:
  - ✓ These are the first comprehensive set of NVTAA operational documents.
  - ✓ These are living documents that will be updated as necessary.
  - ✓ Authority's financial advisors, bond counsel and the Council of Counsels have reviewed.
  - ✓ Debt policy requires review in FY2015 and this will occur after January.
  - ✓ Procurement policy has been updated and includes one major change which is an increase of check signing duality from \$5000 to \$15,000.
- In response to Committee questions, the following clarifications were made:
  - ✓ The single signatory can be either the CFO or the Executive Director.

- ✓ The routine policies and the handbook were modeled after several jurisdictional and agency documents. The debt policy, while structured after jurisdictional policies, was modified by bond counsel for an organization that finances, but does not own or operate projects.
  - ✓ The Electronic Records section of Policy #6 will be modified to address the reference to “the above items”.
  - ✓ The Executive Director, CFO, Assistant Finance Officer and Program Coordinators will complete NVTA Conflict of Interest Statements. The elected officials will not need to complete these statements as they already complete statements for their jurisdictions. There was a discussion as to whether there was a need for a copy of these statements to be kept in the NVTA offices and there was general agreement that this is not necessary. It was noted that if a citizen were to request a copy of one of the member’s Conflict of Interest statements, it could readily be supplied by the appropriate body or found online.
- Chairman Bulova moved that the Finance Committee recommend to the Authority approval of the proposed Organizational and Financial Policies; seconded by Council Member Rishell. Motion carried unanimously.

**IV. Establish Employee Handbook**

Mr. Longhi, CFO

- Mr. Longhi briefed the Committee on the establishment of the NVTA Employee Handbook. He highlighted:
  - ✓ A variety of jurisdictional and agency handbooks were used in the development of the NVTA handbook.
  - ✓ Given the potential for state amendments, Council of Counsels suggests that edits may be made prior to the December 11, 2014 Authority meeting.
- There was a brief discussion as to whether to set an employee holiday schedule or to reference following the Commonwealth’s holiday schedule. It was agreed to leave it as is and allow the Executive Director the flexibility to add days that the State adds. It was suggested and agreed that reference to Christmas be dropped.
- Board Member Hynes moved that the Finance Committee recommend to the Authority approval of the proposed NVTA Employee Handbook, with modifications offered by the Committee; seconded by Chairman Bulova. Motion carried unanimously.

**V. Establish Tax Exempt Bonds Post-Issuance Tax Compliance Policies and Procedures**

Mr. Longhi, CFO

- Mr. Longhi briefed the Committee on the Tax Exempt Bonds Post-Issuance Tax Compliance Policies and Procedures. He noted that NVTA’s bond counsel, Mr. Anderson, is still working on this policy and would like latitude to make minor

changes prior to the December 11, 2014 Authority meeting. Mr. Longhi requested that the Committee approve the policy in substantive form.

- Mayor Parrish moved that the Finance Committee recommend to the Authority approval of the proposed Tax Exempt Bonds Post-Issuance Tax Compliance Policies and Procedures in substantially the form presented at this meeting; seconded by Chairman Bulova. Motion carried unanimously.

### **Information/Discussion Items**

#### **VI. Update on 2014 Bond Issuance**

Mr. Longhi, CFO

- Mr. Longhi updated the Committee on the 2014 Bond Issuance. He noted:
  - ✓ Well received by the market.
  - ✓ Oversubscribed by 2.5 times.
  - ✓ Good variety of bidders.
  - ✓ Very few questions on the credit picture of the Authority.
  - ✓ Well understood on the Street, which seems to be an indication of the outstanding presence of our member jurisdictions in the credit markets.
  - ✓ Ended with true interest cost of 3.09%.
- Ms. Carter briefed the Committee on the current market conditions and how NVTA bonds were received by the market. She highlighted:
  - ✓ The Authority achieved a good long term borrowing rate on the bonds, with the 30-year Treasury Bonds hovering around 3% currently. This indicates that the Authority bonds are perceived as pretty risk free.
  - ✓ Current rates are at or near the 30-year long term average, well below the 10-year average and well below the 30-year average. From a historical perspective, this is a good time for the Authority to be borrowing.
  - ✓ Have been in a declining interest rate environment leading into Authority bond sale.
  - ✓ Authority bonds were priced relative to the High Grade Index benchmark (MMD).
  - ✓ Explained the spread of NVTA's bonds relative to that Index and other comparable deals in the market the same week.
  - ✓ There was a \$1.6 billion deal sold by Texas DOT in the same week. This was an AAA rated bond and NVTA priced well compared to that transaction as well.

#### **VII. NVTA Receipts Report**

Mr. Longhi, CFO

- Mr. Longhi updated the Committee on the NVTA receipts report. He noted that to date \$79.2 million has been received from the Commonwealth. He recommended not changing the projected estimates at this time as we only have four (4) months of receipts data and would like to have a few more months to review trends. Mr. Longhi stated that currently \$23.8 million of 30% funds have been distributed or

are ready to distribute. He added that currently five (5) jurisdictions are receiving 30% funds.

- Discussion followed about reviewing the FY2016 revenue projections and looking forward to FY2017. The consensus was that projections should be conservative. Mr. Longhi noted that a 1.85% increase in revenues was projected in the FY2015/16 projections.
- Concern was expressed about the State appropriating HB 2313 revenues, in areas not directly related to the receipts received by NVTA. Ms. Backmon responded that all references to HB 2313 monies were removed from the State budget amendments.

#### **VIII. NVTA Operating Budget Report**

Mr. Longhi, CFO

- Mr. Longhi updated the Committee on the NVTA operating budget. He noted:
  - ✓ Have received all operating revenue.
  - ✓ Have utilized 28.9% of budget.
  - ✓ No budget changes requests are anticipated.

#### **IX. Meeting Schedule for 2015**

Chairman York

- Chairman York noted that with the NVTA meeting schedule will be changing to the 4<sup>th</sup> Thursday of the month and suggested the Committee discuss changing its meeting dates as well. He recommended moving the Committee meeting dates to the 3<sup>rd</sup> Friday of the month. It was suggested that this date would conflict with VRE Board meetings. Other dates and times were discussed.
- There was consensus to move the CY2015 Finance Committee meetings to the 3<sup>rd</sup> Friday of each month at 1:30pm.
- Discussion followed regarding the Federal Market Place Fairness Act vs. changes to the Commonwealth Gas Tax. Several questions were raised regarding the default increase in the Commonwealth Gas Tax if the Federal Market Place Fairness Act is not put in place. Council of Counsel will review legislation and report back to the Authority.

### **Adjournment**

#### **X. Adjournment**

- Meeting adjourned at 1:49pm.

## NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

### MEMORANDUM

**TO:** Chairman York and Members of the NVT A Finance Committee

**FROM:** Monica Backmon, Executive Director

**SUBJECT:** FY2016 Operating Budget Guidance

**DATE:** January 16, 2015

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1. **Purpose:** Discussion of FY2016 Operating Budget planning factors as outlined below.
2. **Background:** The NVT A Operating Budget is paid for by the Authority's member jurisdictions based on population. All unobligated/unexpended funds from FY2015 will be available for allocation to the FY2016 budget, thereby reducing the contribution required of the member jurisdictions.
3. **Assumptions:**
  - a. **FY2015 Year End Performance.** Carryover from FY2015 is expected to be approximately \$256,000. The carryover includes the Debt Policy required 20% operating reserve.
  - b. **FY2015 One Time Items.** One time expenditures related to the set up and equipping of the new office location, such as moving and furnishing, will be eliminated the FY2016 Operating Budget (approximately \$63,000).
  - c. **NVT A Staffing/Compensation.** No changes are anticipated to staffing levels. As occurred in FY2015, compensation changes based on the average of annual increases contemplated by NVT A member jurisdiction proposed budgets and take into account peer groups in Northern Virginia.
  - d. **Completion of Staff Benefit Package.** The Authority is still completing the staff benefit package to include a 457K type deferred compensation plan and disability benefits. If not completed in FY2015 these programs will be established in FY2016.
  - e. **Professional Development.** Several staff members have professional certifications requiring annual educational session/courses. Additionally, financing and investment activities require ongoing professional development for staff to stay current with regulatory requirements and professional standards.
  - f. **Public Outreach.**
  - g. **OTHER ITEMS?**
4. **Next Steps.** The guidance from the Finance Committee will be used to prepare a draft budget for committee review in February. The Committee can then present the draft budget to the Authority in either March or April for adoption.

## NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

### MEMORANDUM

**TO:** Chairman York and Members of the NVT A Finance Committee

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

**SUBJECT:** FY2016 Regional Revenue Budget Guidance

**DATE:** January 16, 2015

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1. **Purpose:** Discussion of FY2016 Regional Revenue Budget planning factors, not related to projects approved by the Authority, as outlined below.
2. **Background:** Regional Revenues (70% funds) are largely programmed through the Authority's approval of specific projects on a PayGo basis, after all debt service obligations are met for a fiscal period. Therefore, guidance is sought for expenditures outside of debt service and PayGo projects. Any unused funds from one fiscal year are available for use in a future fiscal year.
3. **Assumptions:**
  - a. **FY2015 Year End Performance.** Carryover from FY2015 is not available at this time as the project selection process for FY2015/16 has not occurred.
  - b. **Interest earnings.** Interest earnings will be estimated on a very conservative basis based on:
    - i. Low current market rates of return
    - ii. Conservative implementation of the Authority's recently approved Investment Policy
    - iii. Recognition that interest earnings at this time will not meaningfully impact projects undertaken by the Authority.
  - c. **Professional Services.** Professional services for Regional Revenues are related legal and financial advisory services for bond financing. The Authority requires ongoing consultation and support from Bond Counsel and a Financial Advisor. Where appropriate and possible we will convert any of these costs to the cost of issuance on future bond financings. Such conversion may not always be possible.
  - d. **Revenue Commitment Level.** The Debt Policy requires the establishment of a Working Capital Reserve (WCR) to be used in the event of mismatches between the actual receipt of revenue and disbursement of funds to implementing entities. The balance of the WCR will approach \$103.5 million at the end of FY2016. In addition to the WCR which supports already approved projects, the Committee can consider setting a commitment level for the use of funds for future projects.
  - e. **TransAction Update.** The Authority will be updating TransAction 2040. The current estimate for the update is approximately \$2.5 million. RSTP funds were used for the last update.
4. **Next Steps.** The guidance from the Finance Committee will be used to prepare a draft budget for committee review in February. The Committee can then present the draft budget to the Authority in either March or April for adoption.

## NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

**TO:** Chairman York and Members of the NVT A Finance Committee

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

**SUBJECT:** FY2016 30% Revenue Budget Guidance

**DATE:** January 16, 2015

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1. **Purpose:** Discussion of FY2016 30% Revenue budget planning factors as outlined below.
  2. **Background:** 30% Revenues are distributed in their entirety to member jurisdictions in accord with HB2313(2013). Any funds not eligible for distribution to a member jurisdiction would be transferred to the Regional Revenue Fund at the end of the fiscal year.
  3. **Assumptions:** The Authority will continue to follow HB2313(2013) in the distribution of the 30% funds.
  4. **Next Steps.** The guidance from the Finance Committee will be used to prepare a draft budget for committee review in February. The Committee can then present the draft budget to the Authority in either March or April for adoption.
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## NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

**TO:** Chairman York and Members of the NVTA Finance Committee  
**FROM:** Michael Longhi, Chief Financial Officer  
**SUBJECT:** Monthly Revenue Report  
**DATE:** January 16, 2015

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1. **Purpose:** Update of HB 2313 receipts, revenue estimates and distributions.
2. **Background:** The attached reports reflect funding received or in process through December 2014.
3. **Comments:**
  - a. **FY 2015 Revenues (Attachment A)**
    - i. The Authority has received approximately \$104.8 million through the December transfers from the Commonwealth.
    - ii. Actual to estimate comparison for revenues through December show a 17.97% positive variance in Grantors Tax receipts, a 2.50% positive variance in Sales Tax receipts and a 1.99% positive variance in Transient Occupancy Tax receipts.
  - b. **FY 2015 Distribution to localities (Attachment B)**
    - i. As of the preparation of this report, five jurisdictions had completed the HB2313 required annual certification process to receive FY2015 30% funds. Postponements of transfers have been discussed with jurisdictional staff where appropriate.
    - ii. Of the \$104.8 million received by the Authority for FY2015, approximately \$31.5 million represents 30% local funds.
    - iii. Of the \$31.5 million eligible to be distributed, \$23.9 million has been transferred, the balance is on hold pending certification from four jurisdictions.
    - iv. In December, the Authority received \$105,436 of interest earned from the Commonwealth NVTA Fund representing five quarters of interest earned since July 2013.
  - c. **FY2014 to FY2015 Year to date Revenue Comparison (Attachment C).**
    - i. This chart reflects a month to month comparison of revenue by tax type and a year to year comparison of total revenues received through December.
    - ii. While the chart reflects positive growth in the three revenue types the year to year history for the Authority is very limited.
    - iii. No changes to the FY2015 revenue estimates are recommended at this time.

**NORTHERN VIRGINIA TRANSPORTATION AUTHORITY**  
**REVENUES RECEIVED, BY TAX TYPE AND JURISDICTION, COMPARED TO NVTA BUDGET**  
**Based on: Revenue Data Through December 2014**  
**FYE June 30, 2015**

Grantors Tax		Received		NVTA		Projected Variance
Transaction Months	5	To Date	Annualized	FY 2015 Budget	Annualized - Actual To Budget	
City of Alexandria		\$ 1,684,241	\$ 4,042,178	\$ 3,195,000	\$ 847,178	
Arlington County		\$ 1,695,274	\$ 4,068,658	\$ 4,574,287	\$ (505,629)	
City of Fairfax		\$ 117,233	\$ 281,360	\$ 290,799	\$ (9,439)	
Fairfax County		\$ 7,963,004	\$ 19,111,209	\$ 15,169,980	\$ 3,941,229	
City of Falls Church		\$ 126,800	\$ 304,321	\$ 263,319	\$ 41,002	
Loudoun County		\$ 3,999,684	\$ 9,599,242	\$ 8,466,000	\$ 1,133,242	
City of Manassas		\$ 120,728	\$ 289,747	\$ 272,917	\$ 16,830	
City of Manassas Park		\$ 81,887	\$ 196,528	\$ 149,692	\$ 46,836	
Prince William County		\$ 2,351,308	\$ 5,643,138	\$ 4,521,672	\$ 1,121,466	
<b>Total Grantors Tax Revenue</b>		<b>\$ 18,140,159</b>	<b>\$ 43,536,382</b>	<b>\$ 36,903,666</b>	<b>\$ 6,632,716</b>	<b>17.97%</b>
Regional Sales Tax*		Received		FY 2015		Projected Variance
Transaction Months	4	To Date	Annualized	Budget	Annualized - Actual To Budget	
City of Alexandria		\$4,456,092	\$ 13,368,277	\$ 14,891,000	\$ (1,522,723)	
Arlington County		\$8,079,297	\$ 24,237,890	\$ 23,984,390	\$ 253,500	
City of Fairfax		\$2,516,302	\$ 7,548,906	\$ 6,536,626	\$ 1,012,280	
Fairfax County		\$35,173,780	\$ 105,521,341	\$ 100,596,000	\$ 4,925,341	
City of Falls Church		\$777,380	\$ 2,332,141	\$ 2,498,666	\$ (166,525)	
Loudoun County		\$13,516,137	\$ 40,548,410	\$ 40,086,000	\$ 462,410	
City of Manassas		\$1,645,371	\$ 4,936,112	\$ 4,620,629	\$ 315,483	
City of Manassas Park		\$440,785	\$ 1,322,356	\$ 930,903	\$ 391,453	
Prince William County		\$11,321,058	\$ 33,963,174	\$ 33,928,982	\$ 34,192	
<b>Total Sales Tax Revenue*</b>		<b>\$ 77,926,202</b>	<b>\$ 233,778,606</b>	<b>\$ 228,073,196</b>	<b>\$ 5,705,410</b>	<b>2.50%</b>
Transient Occupancy Tax (TOT)		Received		FY 2015		Projected Variance
Transaction Months	3.00	To Date	Annualized	Budget	Annualized - Actual To Budget	
City of Alexandria	4.00	\$ 1,186,290	\$ 3,558,870	\$ 3,364,000	\$ 194,870	
Arlington County	4.00	\$ 3,174,407	\$ 9,523,220	\$ 8,890,830	\$ 632,390	
City of Fairfax	4.00	\$ 195,069	\$ 195,069	\$ 349,526	\$ (154,457)	
Fairfax County	1.33	\$ 2,641,104	\$ 7,943,169	\$ 8,965,800	\$ (1,022,631)	
City of Falls Church	4.00	\$ 17,959	\$ 53,876	\$ 143,309	\$ (89,433)	
Loudoun County	1.33	\$ 976,652	\$ 2,937,300	\$ 2,020,000	\$ 917,300	
City of Manassas	4.00	\$ 20,915	\$ 62,746	\$ 78,546	\$ (15,800)	
City of Manassas Park		\$ -	\$ -	\$ -	\$ -	
Prince William County	1.33	\$ 494,368	\$ 1,486,821	\$ 1,446,000	\$ 40,821	
<b>Total TOT Revenue</b>		<b>8,706,764</b>	<b>25,761,070</b>	<b>\$ 25,258,011</b>	<b>503,059</b>	<b>1.99%</b>
<b>Total Revenue Received</b>		<b>\$ 104,773,125</b>	<b>\$ 303,076,058</b>	<b>\$ 290,234,873</b>	<b>\$ 12,841,185</b>	<b>4.42%</b>

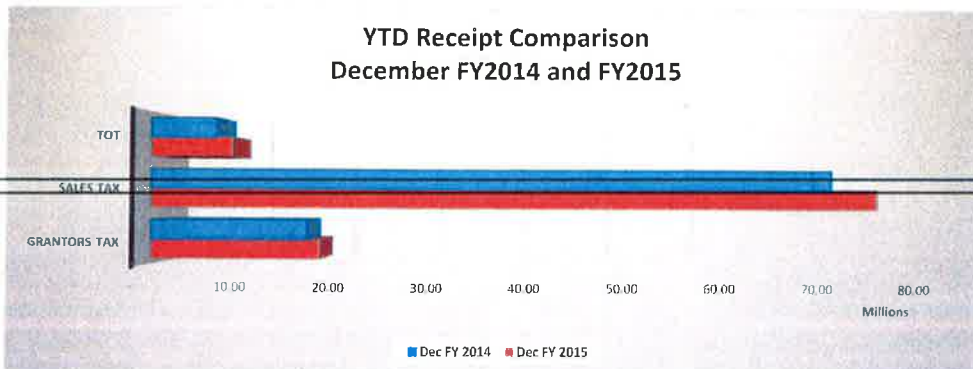
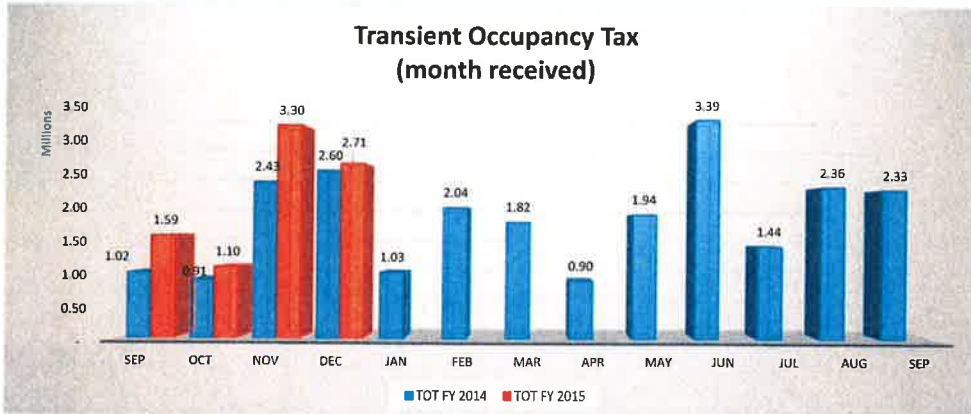
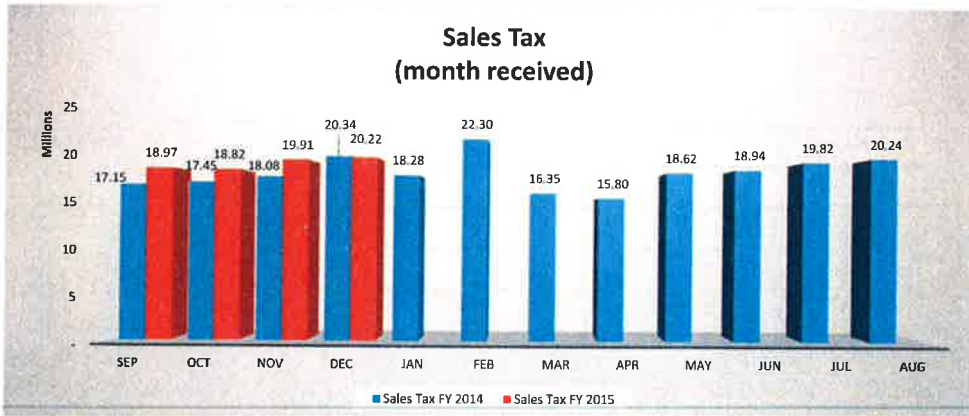
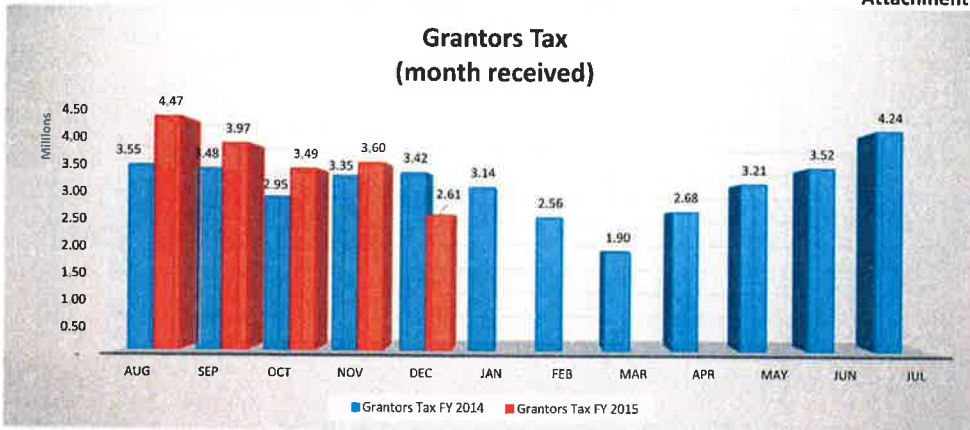
\*The Regional Sales Tax is reported net of the following fees:

August Receipt	\$ -
September Receipt	\$ -
October Receipt	\$ 22,065
November Receipt	\$ 1,035
December Receipt	\$ 22,310
	<u>\$ 45,410</u>

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY  
 FY 2015 30% DISTRIBUTION BY JURISDICTION  
 Based on: Receipts through December 2014

Jurisdiction	Grantor's Tax	Regional Sales Tax (1)	Transient Occupancy Tax (2)	NVTA Fund Interest	Total	30% Funds	Accrued Interest (3) (+)	Prior Distributions	Current Month Distribution	Total Funds Transferred
City of Alexandria	\$ 1,684,240.85	\$ 4,456,092.19	\$ 1,186,290.01	\$ 10,221.19	\$ 7,336,844.24	\$ 2,201,053.27	76.86	\$ 2,880,593.87	\$ 2,201,130.13	\$ 3,891,080.77
Arlington County	\$ 1,695,274.95	\$ 8,079,296.71	\$ 3,174,406.53	\$ 20,815.87	\$ 12,569,793.46	\$ 3,890,938.04	142.73	\$ 2,880,593.87	\$ 1,010,486.90	\$ 3,891,080.77
City of Fairfax	\$ 117,238.40	\$ 2,516,301.95	\$ 195,069.43	\$ 1,063.23	\$ 2,829,668.01	\$ 848,900.40	32.94	\$ 10,340,535.93	\$ 848,933.34	\$ 13,746,481.94
Fairfax County	\$ 7,963,008.80	\$ 35,173,780.30	\$ 2,641,103.70	\$ 42,144.96	\$ 45,820,032.76	\$ 13,746,009.83	472.11	\$ 4,264,426.66	\$ 3,405,946.01	\$ 13,746,481.94
City of Falls Church	\$ 126,800.45	\$ 777,380.17	\$ 17,958.71	\$ 609.46	\$ 522,748.79	\$ 276,824.64	10.98	\$ 4,264,426.66	\$ 276,835.62	\$ 5,553,578.24
Loudoun County	\$ 3,999,684.11	\$ 13,516,136.52	\$ 976,652.25	\$ 18,795.83	\$ 18,511,268.71	\$ 5,553,380.61	197.63	\$ 389,753.94	\$ 1,289,151.58	\$ 5,553,578.24
City of Manassas	\$ 120,727.95	\$ 1,645,370.70	\$ 20,915.18	\$ 886.38	\$ 1,787,900.21	\$ 536,370.06	21.96	\$ 120,336.53	\$ 146,638.08	\$ 536,392.02
City of Manassas Park	\$ 81,886.80	\$ 440,785.25	\$ -	\$ 373.25	\$ 523,045.30	\$ 156,913.59	-	\$ 120,336.53	\$ 36,577.06	\$ 156,913.59
Prince William County	\$ 2,351,307.59	\$ 11,321,058.09	\$ 494,367.84	\$ 10,525.70	\$ 14,177,259.22	\$ 4,253,177.77	142.73	\$ 17,995,646.93	\$ 4,253,320.50	\$ 23,884,446.56
<b>Total Revenue</b>	\$ 18,140,159.80	\$ 77,926,201.88	\$ 8,706,763.65	\$ 105,435.87	\$ 104,878,560.70	\$ 31,463,568.21	\$ 1,097.94	\$ 17,995,646.93	\$ 13,469,019.22	\$ 23,884,446.56

1 Net of Dept. of Taxation Fees  
 2 County TOT includes any town collections  
 3 Interest earned through 11/30/2014



# VII.

## NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

### MEMORANDUM

**TO:** Chairman York and Members of the NVTA Finance Committee  
**FROM:** Michael Longhi, Chief Financial Officer  
**SUBJECT:** NVTA Operating Budget  
**DATE:** January 16, 2015

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1. **Purpose:** To update the Finance Committee on the NVTA Operating Budget for FY2015.
  2. **Background:** The NVTA operating budget is funded through the participating jurisdictions. All jurisdictions have contributed their respective share of the FY2015 operating budget.
  3. **Comments:**
    - a. Operating Revenue at over 100% of estimate.
    - b. December represents 50% of the fiscal year. Through December, the Authority has utilized 43.01% of its expenditure budget.
    - c. No changes are expected to the Operating Budget.
- 

**Attachment:** FY2015 Operating Budget through December 31, 2014

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**Northern Virginia Transportation Authority**  
**FY 2015 Operating Budget**  
**December 31, 2014**

<b>INCOME:</b>	<b>Approved Budget</b>	<b>Actual Receipts</b>	<b>Remaining Budget</b>
Budget Carryforward	\$ 270,000.00	\$ 294,142.00	\$ 24,142.00
Billed to Member Jurisdictions	1,149,473.00	1,149,473.00	-
Misc. Income		2,929.09	2,929.09
Reimbursement -LOC Cost of Issuance			-
<b>Total Income</b>	<b>1,419,473.00</b>	<b>1,446,544.09</b>	<b>27,071.09</b>
<b>EXPENDITURES:</b>	<b>Approved Budget</b>	<b>Actual Expenditures</b>	<b>Remaining Budget</b>
<b>Personnel Expenditures</b>			
Salaries	\$ 611,290.00	\$ 312,772.20	\$ 298,517.80
Benefits	180,350.00	56,634.75	123,715.25
Taxes	48,100.00	21,775.81	26,324.19
<b>Personnel Subtotal</b>	<b>839,740.00</b>	<b>391,182.76</b>	<b>448,557.24</b>
<b>Professional Service</b>			
Audit/Accounting	27,500.00	27,369.00	131.00
Banking Services	1,000.00	129.57	870.43
Insurance	3,700.00	3,811.00	(111.00)
Payroll Services	2,000.00	451.90	1,548.10
Transaction Update Outreach	46,200.00	-	46,200.00
Public Outreach	23,800.00	10,069.40	13,730.60
<b>Professional Subtotal</b>	<b>104,200.00</b>	<b>41,830.87</b>	<b>62,369.13</b>
<b>Technology/Communication</b>			
Accounting & Financial Reporting System	25,000.00	5,031.25	19,968.75
Hardware Software & Peripherals Purchase	7,000.00	2,824.99	4,175.01
IT Support Services including Hosting	11,794.00	5,753.97	6,040.03
Phone Service	7,060.00	2,498.52	4,561.48
Web Development & Hosting	30,000.00	1,080.00	28,920.00
<b>Subtotal Technology/Communication</b>	<b>80,854.00</b>	<b>17,188.73</b>	<b>63,665.27</b>
<b>Administrative Expenses</b>			
Advertisements	6,000.00	-	6,000.00
Dues & Subscriptions	2,500.00	410.00	2,090.00
Duplication/Printing	15,000.00	3,033.35	11,966.65
Furniture/Fixtures	58,000.00	39,621.53	18,378.47
Meeting Expenses	3,600.00	3,689.74	(89.74)
Mileage/Transportation	7,200.00	632.62	6,567.38
Miscellaneous Expense (moving expense)	5,000.00	825.31	4,174.69
Office Lease	50,000.00	5,535.00	44,465.00
Office Supplies	5,200.00	3,205.80	1,994.20
Postage/Delivery	600.00	95.05	504.95
Professional Development/Training	5,000.00	1,459.88	3,540.12
<b>Subtotal Administrative Expenses</b>	<b>158,100.00</b>	<b>58,508.28</b>	<b>99,591.72</b>
<b>Expenditure Subtotal</b>	<b>1,182,894.00</b>	<b>508,710.64</b>	<b>674,183.36</b>
<b>Operating Reserve (20%)</b>	<b>236,579.00</b>	<b>-</b>	<b>236,579.00</b>
<b>Total Expenditures</b>	<b>1,419,473.00</b>	<b>508,710.64</b>	<b>910,762.36</b>
<b>Budget Balance</b>	<b>\$ -</b>	<b>\$ 937,833.45</b>	<b>\$ 937,833.45</b>
<b>Member Jurisdiction Support</b>			
<b>Jurisdiction</b>	<b>2010 Population</b>	<b>FY 2015 Support Amounts</b>	
City of Alexandria	6.30%	\$ 72,417	
Arlington County	9.40%	\$ 108,050	
City of Fairfax	1.00%	\$ 11,495	
Fairfax County	48.00%	\$ 551,747	
City of Falls Church	0.60%	\$ 6,897	
Loudoun County	14.20%	\$ 163,225	
City of Manassas	1.70%	\$ 19,541	
City of Manassas Park	0.60%	\$ 6,897	
Prince William County	18.20%	\$ 209,204	
		\$ 1,149,472	

# VIII.

## NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

### MEMORANDUM

**TO:** Chairman York and Members of the NVT A Finance Committee

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

**SUBJECT:** FY2015 Audit Planning

**DATE:** January 16, 2015

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1. **Purpose:** Discussion of FY2015 audit planning options.
  2. **Background:** The Finance Committee is responsible for the selection of the audit firm for the required annual audit. For the FY2014 audit, PBMares was selected to provide the services through riding the Northern Virginia Transportation Commission (NVTC) procurement. NVTC is preparing to issue a new request for proposals (RFP) for audit services.
  3. **Discussion:** As NVTC's contract with PBMares will either end or be replaced with a new contract, the Authority will have the options listed below:
    - a. The Authority can issue its own RFP for audit services.
    - b. The Authority can ride the NVTC contract with whichever firm is selected from their RFP process.
    - c. The Authority can ride another qualified and appropriate procurement to acquire services from PBMares and issue its own RFP at a later date.
    - d. Other options as determined by the committee.
  4. **Considerations:** There are several factors for the Finance Committee to consider in determining how to move forward.
    - a. Transparency and Competition - Services obtained through public funds are most often best procured in a transparent and competitive environment.
    - b. Continuity – The Authority just completed its:
      - i. First audit of HB2313 funding and activities
      - ii. First debt issuance
      - iii. Establishment of Operating and Financial Policies
      - iv. Establishment of Employee Handbook
    - c. In Process Activities – The Authority is in the process of:
      - i. Installing a general ledger accounting system
      - ii. Developing office procedures based on the approved policies and employee handbook.
      - iii. Implementing required bond related continuing disclosure and post issuance compliance and tax procedures.
-

- d. **Current Investment:** PBMares has provided audit services for this past year. During that year, in addition to the independent audit work, the firm provided technical advice on:
  - i. Set up of the general ledger system chart of accounts structure.
  - ii. Review and comments on the Operating and Financial Policies
  - iii. Review and comments on the Authority payroll processes
  - iv. Comments for future procedures and protocols related to the newly adopted policies.
  - v. The above activities have a cost of approximately \$9,000, excluding the time commitment of NVTA staff.

- 5. **Next Steps.** The guidance from the Finance Committee will be used to prepare for the upcoming FY2015 annual audit.



## NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

### MEMORANDUM

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

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

**SUBJECT:** Sole Source Report

**DATE:** January 16, 2015

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1. **Purpose:** The Authority Procurement Policy requires all sole source procurements be reported to the Finance Committee at their next meeting.
2. **Background:** The Authority entered into a sole source agreement for public information services with Ms. Kala Quintana on December 16, 2014. A copy of the agreement is attached.
3. **Discussion:**
  - a. Since July 2014, the Authority had an agreement with the Northern Virginia Transportation Commission (NVTC) for public information services to support the NVTA Annual Report and the development/implementation of the NVTA Communications Plan.
  - b. The NVTC/NVTA agreement for public information services specifically required access to Ms. Quintana based on her extensive background in working on Authority matters.
  - c. By mutual agreement, the NVTC/NVTA agreement ended on November 30, 2014. The agreement termination was triggered by Ms. Quintana's departure from NVTC.
  - d. The Authority has the need to complete the on-going work on the NVTA Annual Report and the NVTA Communication Plan, both of which require an in-depth, active knowledge of NVTA activities.
  - e. Acquiring the services of an outside firm and bringing new resources up to speed on Authority affairs would entail significant additional costs and unacceptable delays to both projects.
  - f. The Council of Counsel reviewed the attached Professional Services Agreement and Sole Source Determination and supplied comments prior to their execution.
  - g. The agreement with Ms. Quintana has a compensation cap of \$12,500.00. Any extension of the agreement will require additional notice to the Finance Committee.

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**Coordination:**  
Council of Counsels - NVTA

**Attachments:** Attachment 1 – Personal Services Agreement  
Attachment 2 – Sole Source Determination



## Northern Virginia Transportation Authority

*The Authority for Transportation in Northern Virginia*

### Professional Services Agreement

This agreement summarizes the understanding of the agreement that was reached on December 1, 2014, by and between the Northern Virginia Transportation Authority (“NVTA”) and Kala Quintana (“Ms. Quintana”).

We have agreed as follows:

**1. Agreement**

NVTA has reached the following agreement for public information services with Kala Quintana: Ms. Quintana has a background in Public Information and is familiar with the history and functions of NVTA. Ms. Quintana has agreed to work with NVTA providing public information services in connection with the development of the NVTA Annual Report and the implementation of the NVTA Communications Plan in accord with the NVTA Executive Director’s direction.

**2. Term**

The term of this Agreement (“Term”) will commence as of December 1, 2014, and will continue in effect until the projects listed above have been completed to the satisfaction of the NVTA Executive Director, unless the Term is terminated earlier by mutual agreement.

**3. Compensation**

NVTA agrees to compensate Ms. Quintana at a rate of \$57.21 per hour or \$457.70 per eight (8) hour day. A schedule of time worked signed by Ms. Quintana should be submitted to the Assistant Finance Officer weekly for processing. NVTA will issue payment to Ms. Quintana on a bi-weekly basis in conjunction with NVTA’s normal accounts payable processing. Ms. Quintana will be required to submit Federal Form W-9 (See Appendix A) for tax purposes prior to the disbursement of the initial payment. Compensation will not exceed \$12,500.00.

**4. Notice**

Any notices to be given under this Agreement by either of party may be effected either by personal delivery in writing or by mail to the addresses set forth in this Agreement or via email.

**5. No Other Agreement**

This Letter of Agreement contains the entire agreement between us. No part of this Letter of Agreement may be changed, modified, amended or supplemented except in writing, signed by both parties. Each party acknowledges and agrees that the other has not made any representations, warranties or agreement of any kind, except described in this Agreement.

**6. Governing Law**

~~The Agreement shall be interpreted in accordance with the laws of Virginia.~~ In interpreting this agreement, we each hereby acknowledge that we have mutually agreed to the terms contained herein. Further, we agree that in the event that any one or more of the provisions of this Agreement shall be found invalid, illegal, or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions contained herein shall not be in any way affected or impaired.

**7. Relationship of the Parties**

It is understood and agreed that this Agreement does not create an employment relationship, partnership, joint venture or any other long term relationship and that Ms. Quintana will be acting as an independent contractor with respect to NVTA. Ms. Quintana will not be deemed to be an employee of NVTA for any purpose. Ms. Quintana will not refer to herself or present herself as an employee of NVTA.

**8. Insurance**

Ms. Quintana acknowledges and agrees she will not be covered under NVTA's health, dental, life insurance, workers compensation or unemployment insurance and agrees to independently furnish her own insurance at her own expense.

**9. Taxes**

Ms. Quintana acknowledges and agrees that as she is not an employee of NVTA, the Authority will not withhold Federal or State payroll taxes and Ms. Quintana will be responsible for any and all tax declarations, filings and payments. NVTA will provide Ms. Quintana with an IRS 1099 form noting all compensation received directly by her from the Authority.

**10. Task Readiness/Equipment/Supplies**

Ms. Quintana acknowledges she is prepared and self-equipped (with IT equipment and software) to complete the tasks assigned. NVTA will provide access to appropriate and necessary computer files and routine supplies. NVTA at the sole discretion of the Executive Director may provide loaner equipment or reimburse Ms. Quintana for certain preapproved expenses.

**11. Intellectual Property/Records**

Ms. Quintana relinquishes all rights to any intellectual property developed as part of this agreement with NVTA and grants NVTA complete and permanent ownership of all work products whether or not actually used in the finished product.


**12. Termination**

Either party shall have the right, forthwith and without further notice, to terminate this Agreement by written notice to the other. In the event of termination NVTA will make a final payment to Ms. Quintana upon return of all NVTA property, data files and records within five working days.

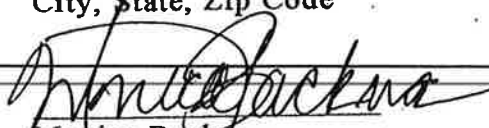
If the above correctly expresses your understanding of the terms of our agreement, please sign and date a copy of this Agreement and return the signed and dated Agreement to

  
Kala Quintana

12/16/14  
Date

  
Witness

5725 Wood Mouse Ct  
Address  
BORKE, VA 22015  
City, State, Zip Code

  
Monica Backmon  
Executive Director  
Northern Virginia Transportation Authority  
3040 Williams Drive Suite 200  
Fairfax, VA 22031

12/16/14  
Date

  
Witness

**Sole Source Determination**  
**Professional Services Agreement with**  
**Ms. Kala Quintana**  
**December 1, 2014**

The Authority is in the process of finalizing the NVTA Annual Report and NVTA Communications plan. Both of these projects are inaugural in that NVTA is completing their undertaking with the implementation of HB2313.

The Authority was receiving support on these two efforts through the Northern Virginia Transportation Commission (NVTC) until November 30, 2014. Specifically, this support took the form of professional services provided by NVTC through a subject matter expert in their employ namely Ms. Kala Quintana.

Ms. Quintana has supported NVTA's public information activities during the implementation of HB3202 in 2007 and through the implementation of HB2313 starting in 2013. Ms. Quintana's knowledge of the subject matter (public information services) and specific history of NVTA will allow her to provide public information services in connection with the completion of NVTA's first Annual Report and Communications Plan in the most expeditious and cost effective manner. Both projects have expected completion dates of early calendar year 2015. Therefore, in addition to the subject matter, time is of the essence in completing these projects.

This notice of sole source determination will be reported to the NVTA Finance Committee at their next regular meeting.

  
\_\_\_\_\_  
Michael Longhi, NVTA CFO

12/16/14  
Date