

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

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

FROM: Mayor Parrish, Chairman, Finance Committee

DATE: December 1, 2016

SUBJECT: Finance Committee Report of November 17, 2016 Meeting

1. **Purpose:** To provide a report of the monthly activities of the Northern Virginia Transportation Authority Finance Committee.
2. **Background:** The Finance Committee last met on November 17, 2016. The next meeting is scheduled for December 15, 2016 at 1:00pm. The following summarizes the November 17th meeting.
3. **Action Items:**
 - a. **TransAction Update (RFP 2015-01) Contract Change Order.**
 - i. The Committee reviewed and discussed the proposed contract change order, asking questions related to the changes in contract scope related to the HB 599 evaluation being incorporated into TransAction.
 - ii. The Committee unanimously agreed to recommend Authority approval of the contract amendment.
 - b. **Receipt of Funding – TransAction Contract Change Order**
 - i. The Committee reviewed and discussed the proposed receipt of funding from the Commonwealth of Virginia related to incorporating the HB 599 evaluation into the TransAction update.
 - ii. The Committee unanimously agreed to recommend Authority approval of the receipt of funding.
4. **Discussion Items:**
 - a. **FY2018 Budget Guidance.** The Committee reviewed and offered comments on potential initiatives in the Authority's three budgets.
 - i. **Operating Budget.**
 1. Communications / Public Outreach – The establishment of a formal communication function was discussed. Options for obtaining contract services or a part time direct hire were reviewed. Estimated cost is \$87,000. A supplement to the Authority's Annual Report to track multimodal trends in Northern Virginia was discussed. The estimated cost is \$10,000.

2. Investment Management – The requirements for Safekeeping and Custody Services was discussed. The Committee received a report on the negotiations for these services which will result in annual service fees of \$25,000. These fees are significantly reduced from the original proposals. NVTA staff is recommending the acquisition of investment tracking software at an annual fee of \$7,000. This software will ensure compliance with the Code of Virginia, the Authority’s Investment Policy and Government Accounting Standards Board (GASB) requirements.
 3. Planning Technology (Technology Plan) – Discussion of the formulation of a technology plan starting with Geographic Information System (GIS) mapping, modeling baseline and analysis system capability was discussed. NVRC and NVTA staff are in discussion on potential resource sharing, equipment and license transfers as well as space requirements. Estimated cost for this initiative is \$35,000.
 4. Establishment of an Internship Program – A potential internship program was discussed, with the Committee noting that it should produce a benefit to the Authority as well as the student while not being a drain on current resources. Estimated cost is between \$3,253 and \$9,759.
 5. Additional Guidance – Staff compensation, maintaining a fully funded retirement plan, inflationary increases, contract escalations (technology/lease) and technology maintenance were also discussed.
- ii. Regional Revenue Fund Budget**
1. The Committee reaffirmed standing instructions for this budget. The majority of the budget expenditure activity occurs with the adoption of a Project Program.
 2. Defeasance options related the Series 2014 Bonds were introduced and briefly discussed. The Committee will receive a full report in December.
- iii. Local Revenue Fund Budget**
1. The Committee reaffirmed standing instructions for this budget. This budget is exclusively used to receive 30% revenues from HB 2313 and process distributions to member jurisdictions.
 2. The Committee emphasized the presentation of the budget such that all 30% funds received from the Commonwealth are able to be distributed in accord with HB 2313 as promptly as practical.
- b. Acquisition of Investment Safekeeping and Custody Services.** The Committee received a staff update on the acquisition of these services. Significant discussion points were:
- i. Request for Proposals (RFP)** – A competitive procurement was used.
 - ii. Proposal Review and Negotiations** – In addition to NVTA staff, investment professionals from Fairfax County and Loudoun County participated on the RFP evaluation team. Investment staff from Arlington County and Prince William County assisted in the overall process. Negotiations resulted in a reduction in potential fees of over \$100,000.
 - iii. Investment Earnings** – Earnings (revenue) for FY2017 are budgeted at \$1.9 million. With the addition of the Investment and Debt Manager position in the

FY2017 budget this estimate was increased to \$3.5 million. The current estimate for FY2017 investment earnings is \$4.5 million. Investment earnings will likely increase further with the implementation of the Investment Safekeeping and Custody contract.

- iv. **FY2017 Implementation** – This service can be implemented in FY2017 through the use of unexpended Bond Counsel budget within the Operating Budget.
 - v. **Next Steps** – NVTA staff will present an Investment Safekeeping and Custody contract award recommendation to the Finance Committee in December. The Committee’s recommendation will be presented to the Authority in January.
- c. **Monthly Revenue Report.** The Committee received a report on Authority revenues for FY2017 and 30% transfers to member jurisdictions.
- d. **Monthly Operating Budget Report.** The Committee received a report on the Authority FY2017 Operating Budget.