

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

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

FROM: Mayor Parrish, Chair, Finance Committee

DATE: January 6, 2017

SUBJECT: Proposed FY2018 Regional Revenue Fund Budget

1. **Purpose:** Seek Northern Virginia Transportation Authority (NVTa) approval of the proposed FY2018 Regional Revenue Fund Budget as outlined below. The Finance Committee provided guidance in the formation of the budget and recommends adoption to the NVTa.
2. **Suggested Motion:** *I move Authority adoption of the proposed FY2018 Regional Revenue Fund Budget.*
3. **Background:** Regional Revenues (70% funds) are largely programmed through the Authority's approval of specific projects on a PayGo basis, after all debt service and reserve funding obligations are met for a fiscal period. Any unused funds from one fiscal year are available for use in a future fiscal year. Finance Committee guidance is to conservatively estimate revenues. The details of the Proposed FY2018 Regional Revenue Fund Budget are presented in Attachment 1.
4. **Revenues:** The sales tax, transient occupancy tax and grantor's tax revenue amounts are consistent with Authority adopted FY2017 to FY2023 revenue projections.
5. **Expenditures:** Prior to determining the funds available for projects, the annual debt service payment and reserve amounts must be budgeted. The Authority currently has two Regional Revenue Fund reserves, as required in the adopted Debt Policy.
 - a. **Debt service principal and interest.** The total debt service expenditure for FY2018 is \$5,549,950.
 - b. **Debt Service Reserve.** This reserve of \$5,551,000 was funded through bond proceeds and exists to protect NVTa's bondholders.
 - c. **Working Capital Reserve (WCR).** The WCR must be equal to at least six months of budgeted regional revenue funds. The intent of the WCR is to protect approved projects from revenue disruptions. The WCR may be used to manage any mismatches in the actual receipt of revenue and the disbursement of funds for projects. The WCR may also be used for debt service. The WCR enables the Authority to respond to unforeseen circumstances which disrupt revenue. Each year the WCR must be adjusted for projected changes in revenue. The WCR level is adjusted down for FY2018 due to the FY2017 adjustments made by the Authority on at their October 2016 meeting.

- 6. Carry Forward/Released Project Funds.** This amount represents unassigned Regional Revenue Funds from prior fiscal periods and previously assigned project funds that have been released. As shown on Attachment 1, this amount is projected at \$16,811,934 for FY2018. This amount does not include the potential de-obligation of \$100 million in PayGo funding allocated to the FY2017 I-66/Route 28 Project. Likewise the previously anticipated \$200 million in debt financing to support the FY2017 program is not included in the proposed FY2018 budget.
- 7. Funding available for projects.** This is the amount available through the proposed FY2018 Regional Revenue Fund for PayGo projects. The actual amount programmed for projects will be determined when the Authority adopts the FY2018 Program. Total availability for FY2018 is \$248,842,468 as shown on Attachment 1.
- 8. Cumulative Regional Revenue Reserve Balances.** This section shows the reserve balances under the Proposed FY2018 Regional Revenue Fund Budget.

Attachment: Proposed FY2018 Regional Revenue Fund Budget

XI. ATTACHMENT

Northern Virginia Transportation Authority Proposed FY2018 Regional Revenue Fund Budget					
	Adopted FY2017	Budget Adjustment	Revised Budget FY2017	Proposed FY2018	Notes
Revenue 70% Regional Funds					
Sales Tax	\$ 172,948,351		\$ 172,948,351	\$ 177,595,889	
TOT	\$ 20,210,798		\$ 20,210,798	\$ 20,661,868	
Grantor's Tax	\$ 30,499,631		\$ 30,499,631	\$ 30,729,901	
VA NVT A Fund Interest	\$ 70,000		\$ 70,000	\$ 70,000	
Bond Proceeds	\$ -		\$ -		
Reimbursable Expenditures	\$ -		\$ -		
Interest Earned	\$ 1,900,000		\$ 1,900,000	\$ 5,530,000	
Revenue Variance (Regional Funds)	\$ -	\$ 14,948,530	\$ 14,948,530	\$ -	
Total Revenue with Debt Proceeds	\$ 225,628,780	\$ 14,948,530	\$ 240,577,310	\$ 234,587,658	
Expenditures					
Debt Service - Principal	\$ 2,405,000		\$ 2,405,000	\$ 2,500,000	
Debt Service - Interest	\$ 3,146,150		\$ 3,146,150	\$ 3,049,950	
Professional Services - Bond Issuance Costs					
Working Capital Reserve (WCR)					
WCR Required Incremental Adjustment	\$ 3,706,879	\$ 7,472,265	\$ 11,179,144	\$ (2,992,826)	
TransAction Update					
Contingency for Approved Projects Adjust (3.8%)	\$ 257,353	\$ (257,353)	\$ 0	N/A	
Transportation Projects Reserve	\$ -			N/A	
Total Expenditures	\$ 9,515,383	\$ 7,214,911	\$ 16,730,294	\$ 2,557,124	
Current Year Available Balance For Projects	\$ 216,113,397	\$ 7,733,618	\$ 223,847,015	\$ 232,030,534	
Available Project Expenditures (PayGo)	\$ 216,113,397	\$ 7,733,618	\$ 223,847,015	\$ 232,030,534	
Approved FY2017 Project Budget			\$ (266,043,951)		
Carry Forward/Released Project Funds	\$ 50,649,839	\$ 8,316,540	\$ 58,966,379	\$ 16,811,934	1
Total Available for Project Assignments	\$ 266,763,236	\$ 16,050,158	\$ 16,769,443	\$ 248,842,468	2 & 3
Cumulative Regional Revenue Reserve Balances					
Working Capital Reserve	\$ 112,814,390	\$ 7,472,265	\$ 120,286,655	\$ 117,293,829	
Debt Service Reserve (Held by Trustee)	\$ 5,551,150	\$ -	\$ 5,551,150	\$ 5,551,000	
Contingency for Approved Projects	\$ 8,573,894	\$ (8,573,894)	\$ -	N/A	
Cumulative Reserve Balances	\$ 126,939,434		\$ 125,837,805	\$ 122,844,829	

Date: 1/3/2017

- 1 Unassigned Regional Revenue funds from prior fiscal periods and previously assigned project funds that have been released.
- 2 SPA Approvals will determine exact assignments by fiscal year.
- 3 This amount doesn't include the potential de-obligation of \$100 million in PayGo allocated to the FY2017 I-66/Route 28 Project.