

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

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

FROM: Mayor Parrish, Chair, NVTA Finance Committee

DATE: October 6, 2017

SUBJECT: Finance Committee Report

1. **Purpose:** To provide the Northern Virginia Transportation Authority (NVTA) with a report of NVTA Finance Committee activities.
2. **Background:** The Finance Committee last met on September 21, 2017. The next meeting is scheduled for October 19, 2017 at 1:00PM. The following summarizes the September 21st meeting:
3. **Action Items:**
 - a. **Revenue Projections FY2018 through FY2023**
 - i. The Committee received a briefing on the preparations, jurisdictional coordination and participation in the FY2018 through FY2023 revenue projections.
 - ii. The Committee discussed that the revenue projections are the first step toward determining PayGo availability for the Authority's first Six Year Program.
 - iii. The Committee was informed that all jurisdictions participated in the revenue projection process. The resulting projections are largely the result of combining the individual jurisdiction projections.
 - iv. The projections for FY2018 through FY2023 result in:
 1. Total Revenue of approximately \$2.089 billion.
 2. Regional Revenue Fund (70%) revenue of approximately \$1.463 billion.
 3. Local Distribution Fund (30%) revenue of approximately \$627 million.
 - v. The Committee unanimously agreed to recommend Authority approval of the FY2018 through FY2023 Revenue Projections.
 - b. **Financial Advisor Service Agreement**
 - i. The Committee received a briefing on the open and competitive procurement process leading to the proposed service agreement with Public Financial Management (PFM).
 - ii. The procurement method employed was a Joint Procurement coordinated by Prince William County with participation by the NVTA, Potomac and Rappahannock Transportation Commission (PRTC) and the Virginia Railway Express (VRE).

- iii. The Committee was informed that in addition to the requirements of the Code of Virginia and the NVTA Procurement Policy requirements, the process also followed the requirements of the NVTA Debt Policy through consultation with financial staff from:
 - 1. Prince William County
 - 2. Loudoun County
 - 3. Arlington County
 - 4. Fairfax County
 - 5. City of Fairfax
- iv. The Committee unanimously agreed to recommend Authority approval of the proposed Financial Advisor Service Contract with PFM Financial Advisors LLC (PFM).

c. Graphic Design and Printing Service Agreement

- i. The Committee received a briefing on the procurement process leading to the proposed service agreement with HBP, Inc.
- ii. The procurement process used was a contract rider on an existing Fairfax County contract with HBP, Inc.
- iii. The contract rider allows the NVTA to take advantage of the considerable purchasing volume of Fairfax County; while also directly reducing the procurement and administrative costs of the NVTA.
- iv. The Committee unanimously agreed to recommend Authority approval of the proposed Graphic Design and Printing Service Agreement with HBP, Inc.

d. Contract Amendment - TransAction Update Contract for CRRC

- i. The Committee received a briefing on the proposed amendment to the TransAction Update contract with AECOM to permit the NVTA to access technical resources for the timely completion of project modelling necessary for the Congestion Reduction Relative to Cost (CRRC) analysis for the FY2018-23 Six Year Program.
- ii. In order to be eligible for HB 2313 (2013) Regional Revenues, projects must be in TransAction and are required to be evaluated for CRRC.
- iii. The attached contract amendment incorporates the CRRC process into the TransAction Update contract, to utilize the modelling processes already developed by AECOM for the NVTA.
- iv. Future TransAction Update contracts will include this function as part of the base contract.
- v. The cost of the CRRC analysis will be driven by the number, type and location of project applications received. However, the cost is not expected to exceed \$160,000.
- vi. The project budget has sufficient contingency to support the amendment without additional funding being required.
- vii. The Committee unanimously agreed to recommend Authority approval of the proposed TransAction Update Contract – Amendment 2.

e. Bond Counsel Service Agreement Extension

- i. The Committee received a briefing on the current agreement for bond counsel services with McGuireWoods LLP which was established in July 2013. The term of the July 2013 agreement extended into April 2017.
- ii. The NVTAs Council of Counsel, Executive Director and Chief Financial Officer conferred and recommend the existing agreement with McGuireWoods LLP be extended through 2019 with optional renewals for two additional years until 2021.
- iii. The proposed 'Terms of Engagement of Bond Counsel' serves to update and extend the existing agreement. The proposed fee structure is consistent with the Authority's adopted FY2018 Operating Budget.
- iv. The Committee unanimously agreed to recommend Authority approval of the proposed Bond Counsel Service Agreement Extension with McGuireWoods LLP.

4. Discussion Items:

a. Funding the Six Year Program. The Committee received a briefing and discussed guidance on funding the Six Year Program (SYP).

- i. The briefing included:
 - 1. The funding environment for the SYP.
 - 2. Benefits and options created through conservative revenue estimates and fiscal planning.
 - 3. Recognition that member jurisdictions and agencies often adjust their own Capital Improvement Plans through changing the scheduled timing of their own projects. The conservative planning for the Authority's SYP recognizes such adjustments would be more challenging when projects are awarded by a regional body to multiple jurisdictions and agencies over a continuing six year cycle.
 - 4. Benefits of establishing a reputation for 'reasonable expectation' that adopted future fiscal year project approvals will receive planned appropriations.
 - 5. A discussion of PayGo utilization, noting:
 - a. Timing of approval of the SYP in relation to actual revenue receipts.
 - b. Use of a declining amount of estimated revenue in the final three years of the SYP, referred to as a 'taper'.
 - c. Options created in addressing revenue changes, funding projects and/or utilizing debt that are afforded by not fully programming 100% of the estimated revenue in the last three years of the SYP.
 - 6. A discussion of Debt Capacity Utilization, noting:
 - a. Debt financing structures.
 - b. When to use debt financing.
 - c. Impact of debt financing on future PayGo availability.

- d. Debt financing relative to the Authority's current level of appropriated yet unexpended project funding approvals.

- b. **Investment Portfolio Report.** The Committee received FY2017 year-end report of investment performance noting: a significant increase in investment revenues as a direct result of implementing the investment program during the second half of FY2017.

- c. **Monthly Revenue Report.** The Committee received a report on Authority revenues for FY2017 year-end and 30% transfers to member jurisdictions.

- d. **Monthly Operating Budget Report.** The Committee received a year-end report on the Authority's FY2017 Operating Budget.