

# NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

## MEMORANDUM

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

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

**DATE:** April 5, 2019

**SUBJECT:** Proposed FY2020 Regional Revenue Fund Budget

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1. **Purpose:** To seek the Northern Virginia Transportation Authority (NVTA) adoption of the Proposed FY2020 Regional Revenue Fund Budget as recommended by the Finance Committee.
2. **Suggested Motion:** *I move Authority adoption of the Proposed FY2020 Regional Revenue Fund Budget, as presented in Attachment 1.*
3. **Background:**
  - a. Regional Revenues (70% funds) are largely programmed through the Authority's approval of specific projects in the Six Year Program (SYP) and subsequent updates, after all debt service and reserve funding obligations are met for a fiscal period.
  - b. Any unused funds from one fiscal year are accumulated as HB2313 Restricted Fund Balance and will be available for the FY2024/25 update to the SYP.
  - c. Finance Committee guidance is to conservatively estimate revenues.
  - d. The details of the Proposed FY2020 Regional Revenue Fund Budget are presented in Attachment 1.

**(ED. Note - The following report sections tie to the Notes Column on Attachment 1.)**

4. **Revenues:**
  - a. **Revenues** were adjusted for the 2018 legislative action to eliminate the Transient Occupancy Tax and Grantor's Tax as available revenue streams.
  - b. **CoVa interest** is earned on funds while they are processed by the Commonwealth and before arriving at the Authority.
  - c. **Future Financing (if required due to cash flow.)**
    - i. This budget category reflects the October 11, 2018, FY2019 Revenue Fund Appropriations for the inaugural SYP. As part of that adoption, the Authority implemented a project funding strategy which relies on the strength of the Authority's Balance Sheet to advance the timing of project funding.
    - ii. This strategy is saving the Authority approximately \$194 million compared to tradition project funding approaches.

- iii. The classification recognizes that if the majority of FY2019/20 SYP projects were to exceed their original cash flow projections, outside liquidity would need to be obtained.
- iv. As of the preparation of this report, FY2019 project appropriations of \$527 million have only resulted in approximately \$1 million in reimbursement requests. (All for the Loudoun County - Route 9 project in the Town of Hillsboro).
- d. **Investment Portfolio Earnings** reflects the NVTAs portfolio interest earnings. Currently actual earnings are trending at a level which will result in an \$8 million positive variance to budget. Any FY2019 positive variance will be programmed to the FY2024/25 SYP update as part of the FY2021 budget.

**5. Expenditures:** Prior to determining the funds available for projects, the annual debt service payment and reserve amounts must be budgeted. No additions to the reserves are required from the proposed FY2020 budget.

- a. **Debt service principal and interest.** Total debt service for FY2020 is \$5,549,950.
- b. **TransAction Update (SYP/CRRC/LTB Tech Support).** This expense of \$3,650,000 provides \$3,500,000 for the next update of TransAction and \$150,000 for technical support for Long Term Benefit analysis.
- c. **Six Year Program PayGo Project Funding.** This represents the appropriation of project funding for the Six Year Program.

**6. Transfers and Carryforward**

**a. Transfer Out to the Operating Fund.**

- i. Utilizing the authorization provided in SB1468 (2019), member jurisdictions are relieved from the obligation of funding the NVTAs Operating Budget from their own revenues (typically their 30% Local Distribution Funds).
- ii. Transferring the cost from the jurisdictions to the Regional Revenue Fund will increase the net available 30% Local Distribution Funds for FY2020 to member jurisdictions as noted below:

Jurisdiction	30% Fund Benefit
Arlington County	\$ 285,413
Fairfax County	\$ 1,374,312
Loudoun County	\$ 455,535
Prince William County	\$ 539,410
City of Alexandria	\$ 194,128
City of Fairfax	\$ 28,156
City of Falls Church	\$ 17,190
City of Manassas	\$ 50,681
City of Manassas Park	\$ 18,968

- b. **HB2313 Restricted Fund Balance - Carryforward to FY2024.** This amount reflects net positive variances in the Authority's revenue projections, interest earnings and released balances from completed or cancelled projects. It is based on FY2018 audited actual balances.

- c. **Total Available for Project Assignments/FY2024 Carryforward.** This amount reflects net positive variance in the Regional Revenue Fund. It is an accumulator for funds to be available for projects as part of the FY2024/25 two year update to the Six Year Program. Its basis is the net balance of the FY2020 Operating Budget and FY2018 HB2313 Restricted Fund Balance (FY2018 Audited Actuals). It does not include a projection for the ending positive variance for FY2019.

**7. Cumulative Regional Revenue Reserve Balances**

- a. **Working Capital Reserve (WCR).** The WCR is required by the Authority's Debt Policy. The Authority took action in June 2017 to cap the Working Capital Reserve at \$120 million.
- b. **Debt Service Reserve.** This reserve of \$5,551,000 was funded through bond proceeds and exists to protect NVRTA's bondholders. It is required by the Authority's Debt Policy.

**Attachment 1:** Proposed FY2020 Regional Revenue Fund Budget

# Attachment 1

Northern Virginia Transportation Authority Proposed FY2020 Regional Revenue Fund Budget			
	Adopted FY2019 Budget	Proposed FY2020 Budget	Notes
<b>Revenue 70% Regional Funds</b>			
Sales Tax	\$ 181,248,357	\$ 186,092,475	
TOT	-	-	4a
Grantor's Tax	-	-	4a
CoVa Interest	54,040	243,956	4b
Bond Proceeds	-	-	
Future Financing (if required due to cash flow.)	339,341,512	383,052,841	4c
Investment Portfolio Earnings	10,000,000	10,000,000	4d
<b>Total Revenue</b>	<b>\$ 530,643,909</b>	<b>\$ 579,389,272</b>	
<b>Expenditures</b>			
Debt Service - Principal	\$ 2,600,000	\$ 2,730,000	5a
Debt Service - Interest	2,949,950	2,819,950	5a
Professional Services - Bond Issuance Costs			
TransAction Update (SYP/CRRC/LTB Tech Support)	160,000	3,650,000	5b
Six Year Program PayGo Project Funding	524,933,959	570,189,322	5c
<b>Total Expenditures / Six Year Program Commitments</b>	<b>\$ 530,643,909</b>	<b>\$ 579,389,272</b>	
<b>Transfers &amp; Carryforward</b>			
Transfer Out to Operating Fund	\$ -	\$ (2,963,793)	6a
HB2313 Restricted Fund Balance - Carryforward to FY2024		12,857,991	6b
<b>Total Available for Project Assignments/FY2024 Carryforward</b>	<b>\$ -</b>	<b>\$ 9,894,198</b>	6c
<b>Cumulative Regional Revenue Reserve Balances</b>			
Working Capital Reserve	\$ 120,000,000	\$ 120,000,000	7a
Debt Service Reserve (Held by Trustee)	5,551,000	5,551,000	7b
<b>Cumulative Reserve Balances</b>	<b>\$ 125,551,000</b>	<b>\$ 125,551,000</b>	