



Northern Virginia Transportation Authority
The Authority for Transportation in Northern Virginia

FINANCE COMMITTEE
Wednesday, May 2, 2018 1:00PM
3040 Williams Drive, Suite 200
Fairfax, VA 22031

MEETING SUMMARY

I. Call to Order/Welcome

Mayor Parrish, Chairman

- Chairman Parrish called the meeting to order at 1:05pm.
- Attendees:
 - ✓ Members: Mayor Parrish; Mayor Rishell; Chairman Bulova (arrived 1:10p); Chair Randall; Mayor Silberberg.
 - ✓ Authority Members: Chairman Nohe; Chair Cristol; Ms. Hynes
 - ✓ Staff: Monica Backmon (Executive Director); Michael Longhi (CFO); Carl Hampton (Investment & Debt Manager); Peggy Teal (Assistant Finance Officer); Yolanda Thomas-Jones (Clerk); Sarah Camille Hipp (Communications & Public Affairs); Keith Jasper (Planning & Programming Principal).
 - ✓ Council of Counsels: Ellen Posner (Fairfax County); Steve MacIsaac (Arlington County); Rob Dickerson (Prince William County)
 - ✓ Other Attendees: Tom Biesiadny (Fairfax County); Penny Newquist (Loudoun County); Bob Brown (Loudoun County); Mesert Argaw (Loudoun County); Dan Malouff (Arlington County); Maria Sinner (VDOT); JoAnne Carter (PFM); Kristie Choi (PFM), Noelle Dominguez (FDOT); Paolu Belita (Prince William County); Richard Roisman (Arlington County).

II. Summary Minutes of the March 15, 2018 Meeting

- Mayor Rishell moved approval of the minutes of March 15, 2018; seconded by Chairman Parrish. Motion carried unanimously.

Presentation

III. 2018 Legislative Update

Ms. Backmon, Executive Director

- Ms. Backmon gave an update on the impact of the legislative changes.
 - ✓ Ms. Backmon reviewed the current revenue scenarios facing the Authority in light of HB 1539.
- Ms. Backmon acknowledged the Authority would lose two of three revenue streams. However, the Governor's amendments would have returned two thirds of the Authority's Grantor's tax.
- Ms. Backmon noted three of the Action Items on today's agenda, the Revised Revenue Projections as well as the Local Distribution Fund and Regional Revenue Fund Budgets are based on the repeal of:
 - ✓ Transient Occupancy Tax (TOT)
 - ✓ Grantor's Tax
 - ✓ Total \$75M in reduced revenue per year on average.

- Mayor Rishell inquired about a return mechanism to the three non WMATA localities (Prince William, Manassas and Manassas Park) for TOT and Grantor's Tax.
- Ms. Backmon responded that the repeal of the TOT and Grantor's Tax from the Authority, directs those funds to WMATA. For Non-WMATA localities, the monies go to the localities from the Commonwealth.
- Chair Randall mentioned she understood the Governor's proposed amendments will likely not restore the entire \$75M in lost revenue, but a lesser amount.
- Ms. Backmon noted, at this time, she does not know what amount of monies will be restored if any.
- Chair Randall wanted to confirm the contributions from the District of Columbia/ State of Maryland will not start until July 1, 2019, whereas Virginia starts July 1, 2018. She also noted it may be an adjusted amount of contributions the first year due to other jurisdictions not contributing.
- Ms. Backmon stated that she had spoken to Deputy Secretary Donohue regarding the varying contribution timelines; the Commonwealth would start collecting the revenues needed for WMATA on July 1, 2018, \$83 million would be used to meet Virginia's share. Deputy Secretary Donohue also conveyed to Ms. Backmon that it is anticipated that Virginia's share of the \$154M will increase to \$160M in 2020 when the Silverline opens. The surplus from FY 2019 will be used to pay the difference in costs due to the Silverline.

Action Items

IV. Revised FY2019 to FY2023 Revenue Projections

Mr. Longhi, CFO

- Mr. Longhi presented the proposed revised FY2019 to FY2023 Revenue Projections.
 - ✓ Revisions are necessitated by changes to the NVTAs revenue stream enacted as part of HB1539.
- The Finance Committee recommended revenue estimates were adopted by the Authority in October 2017. The proposed legislation becomes effective in FY2019 and removes the TOT and Grantor's Tax.
- Mr. Longhi highlighted the revised revenue estimates in the Staff Report.
 - ✓ Elimination of TOT results in an overall \$163M reduction in revenue, \$114M reduction in funds available for the Six Year Program (SYP).
 - ✓ Elimination of Grantor's Tax results in \$232M reduction in revenue, \$162M in funds available for the SYP.
 - ✓ Total revenue reduction of \$394M, average reduction of \$79M or \$276M from funds available for the SYP.
- Mayor Rishell inquired if the revenue impact results in an impact to bond capacity.
- Mr. Longhi stated the impact on bonding would be a reduction. NVTAs debt capacity prior to the change was \$1.8B. Subtracting \$276M, averaging \$79M yearly for the next five years will definitely have a negative impact.
- Chair Randall moved the Finance Committee recommend Authority adoption of the revised FY2019-FY2023 revenue projections, consistent with further changes by the Governor of Virginia, Chairman Bulova seconded. Motion passed unanimously.

V. Proposed FY2019 Operating Budget

Ms. Backmon, Executive Director

- Mr. Longhi presented the proposed FY2019 Operating Budget.
- Mr. Longhi explained that the budget is split into two functional areas:
 - ✓ Regional Planning (TransAction, SYP, GIS Map/Data analysis, Project Monitoring, Project Reimbursements, Transportation Modeling, and RSTP/CMAQ).
 - ✓ Finance Administration (Clerk duties, 30% certification and distribution, project reimbursements, financial statements, human resources, legal, tax compliance, website, public outreach and investment activity).
- Mr. Longhi discussed the total operating costs relative to the value of Project Programs funded.
 - ✓ Overhead costs have been restrained compared to the increasing level of program funding.
 - ✓ The \$690M currently programmed for projects, combined with the potential for \$1.28B in the Six Year Plan, brings the total to close to \$2B in projects. These projects have to be monitored for their useful economic lives of at least 10 to over 70 years.
- The Committee reviewed and discussed the proposed base budget for FY2019.
- Mr. Longhi noted one of the three FY2019 budget initiatives has been dropped, specifically the Design/Engineering Contract Pool.
- Mr. Longhi advised that Fairfax County has issued a Request for Proposal (RFP) for a similar service and jurisdictions could ride these resulting contracts.
- Mr. Longhi discussed the two remaining FY2019 budget initiatives.
- The first initiative, Program Monitoring and Management System (PMMS) advances the NVTA Five Year Strategic Plan by:
 - ✓ Developing a regional performance dashboard capability for congestion trends, travel demand patterns, incident impacts, etc. that can feed into regional transportation planning and project development.
 - ✓ Protect the NVTA's regional transportation investments of approximately \$2B.
 - ✓ Build capacity to ensure fulfillment of project scope including implementation of a monitoring system.
 - ✓ Implement a cost-effective online project application system that reduces jurisdictional and NVTA staff time expended on preparing and reviewing responses to NVTA's calls for Regional Transportation Projects.
- Mr. Longhi discussed the components of PMMS:
 - ✓ SYP Application Automation (FY2019), estimated cost \$60k.
 - ✓ Project Status Monitoring, Online Dashboard(FY2020), estimated cost \$140k.
- Mr. Longhi noted that a split procurement is proposed, and if \$60,000 is approved for FY2019 it will indicate an openness to the remaining \$140,000 in the FY2020 budget needed to complete the project.
- Dedicated GIS Server, this proposal is \$6,500 in annual cost to acquire a cloud-base server capacity to move the GIS data functions off the NVTA administrative server to balance capacity.
- Chairman Bulova moved the Finance Committee recommend Authority adoption of the Proposed FY2019 NVTA Operating Budget, Mayor Rishell seconded. Motion carried unanimously.

VI. Proposed FY2019 Local Distribution Fund Budget

Mr. Longhi, CFO

- Mr. Longhi presented the proposed Local Distribution Fund Budget noting, actual distributions to jurisdictions will be contingent on completion of the annual certification process and will be determined by the actual revenues based on transactions within the jurisdictions as reported by the Commonwealth.
- Chairman Bulova moved the Finance Committee recommend Authority adoption of the Proposed FY2019 Local Distribution Fund Budget, as consistent with further changes by the Governor of Virginia, Chair Randall seconded. Motion carried unanimously.

VII. Proposed FY2019 Regional Revenue Fund Budget

Mr. Longhi, CFO

- Mr. Longhi presented the proposed FY2019 Regional Revenue Fund Budget noting:
 - ✓ Revenues are adjusted for the 2018 legislative action to eliminate the TOT and Grantor's Tax as available revenue streams.
 - ✓ FY2018 revenue available for projects is \$229M.
 - ✓ There is an additional \$100M from the canceled I66/28 Interchange Project and \$11.3M in positive revenue variance.
 - ✓ Combining the \$340M FY2018 balance with FY2019 reduced revenue of \$185M, results in a Regional Revenue Fund Budget balance of \$526M for FY2019
- Chair Randall inquired about updated discussions with the bond rating agencies.
- Mr. Longhi responded that staff has communicated with two of the bond rating agencies. There is one additional agency to communicate with before the end of May 2018. He mentioned there has been no indication of changes in our rating thus far.
- Mayor Rishell motioned that the Finance Committee recommend to the Authority, adoption of the Proposed FY2019 Regional Revenue Fund Budget, consistent with further changes by the Governor of Virginia, seconded by Chairman Bulova.

VIII. FY2018-Six Year Program Funding

Mr. Longhi, CFO

- Mr. Longhi presented the FY2018-2023 Six Year Program Funding strategy for discussion.
- Mr. Longhi presented the typical cash flow for the three categories of projects the Authority funds:
 - ✓ Capital Asset Acquisition projects (dollar amount variability, short project duration, mid-length asset life).
 - ✓ Design/Engineering projects (lower cost than actual project, precludes larger project, sometimes included project cost, short shelf life).
 - ✓ Construction projects (high cost, lead time, Bell Curve spend schedule, long asset life).
- Mr. Longhi discussed the strategy of appropriating the full amount of the project in the first fiscal year the project requires reimbursements.
- This strategy is based on:
 - ✓ Best Practice.
 - ✓ Helping jurisdiction efforts in applying for matching and additional funds.
 - ✓ Protecting jurisdictions from appropriation risk.
 - ✓ Helping ensure started projects are completed.
 - ✓ Understanding by project sponsors.
 - ✓ Cementing NVTAs reputation as predictable long-term funding partner (Strategic Plan Goal).

- Ms. Backmon added that matching funds is important given SmartScale is starting it's next round. It is also important to encourage jurisdictions and agencies to seek matching funds, since the Authority is losing two revenue streams.
- Mr. Longhi presented the Project Cash Flow Estimates showing:
 - ✓ Annual revenue projections, not including carryover from previous years.
 - ✓ Positive cash flow in years of projected expenditure.

IX. Investment Portfolio Report

Mr. Longhi, CFO

- Actual interest earning continue to be ahead of budget.

X. Monthly Revenue Report

Mr. Longhi, CFO

- Monthly Revenues are on target.

XI. Operating Budget Report

Mr. Longhi, CFO

- The Operating Budget is on track with the exception the previously discussed unforeseen Bond Council fees.

XII. Other Finance Items (Verbal Report)

- Mr. Longhi announced the retirement of Carl Hampton, Investment and Debt Manager.
- Mr. Longhi announced the FY2018 Audit has begun.
- Mr. Longhi noted four laptops were being replaced due to age. The replacement is funded through the equipment replacement reserve.

Adjournment

- Meeting adjourned at 2:27pm.

Next Meeting: June 6, 2018