

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

TO: Chair Phyllis J. Randall and Members
Northern Virginia Transportation Authority

FROM: Michael Longhi, Chief Financial Officer

DATE: March 5, 2020

SUBJECT: Proposed FY2021 Regional Revenue Fund Budget

1. **Purpose:** To seek the Northern Virginia Transportation Authority (NVTA) adoption of the Proposed FY2021 Regional Revenue Fund Budget as recommended by the Finance Committee.
2. **Suggested Motion:** *I move Authority adoption of the Proposed FY2021 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 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 PayGo amount for the SYP Update will need to be determined after the 2020 General Assembly (GA) concludes. The PayGo determination will require updated revenue estimates based on GA action.
 - e. The details of the Proposed FY2021 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. Future updates will adjust revenue estimates for any 2020 General Assembly action as part of the future PayGo recommendation.
 - b. **Truck Registration and Road Use – (I-81)** estimates are based on actual FY2020 receipt trends not projections made by the Commonwealth. Updates to the estimates will be included in the PayGo recommendation.
 - c. **CoVa interest** is earned on funds while they are processed by the Commonwealth and before arriving at the Authority.

d. Future Financing (if required due to cash flow.)

- i. This budget category reflects the FY2021 Revenue Fund Appropriations for the inaugural SYP (Attachment 2). 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 traditional project funding approaches.
- iii. The classification recognizes that if the majority of FY2019/23 SYP projects were to exceed their original cash flow projections, outside liquidity would need to be obtained.

e. Investment Portfolio Earnings reflects the NVTa portfolio interest earnings. Estimate is based on a month to month 10 basis point decline in portfolio earnings over the fiscal year as the portfolio return aligns with anticipated worse case market declines.

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 FY2021 budget.

- a. Debt service principal and interest.** Total debt service for FY2021 is \$5,548,450.
- b. TransAction Update (SYP/CRRC/LTB Tech Support).** This expense of \$160,000 provides technical support for SYP Congestion Reduction Relative to Cost and Long-Term Benefit analysis.
- c. Six Year Program PayGo Project Funding.** This represents the appropriation of project funding for the Six Year Program, as detailed in Attachment 2.

6. Transfers and Carryforward

- a. Transfer Out to the Operating Fund.** Utilizing the authorization provided in SB1468 (2019), member jurisdictions are relieved from the obligation of funding the NVTa Operating Budget from their own revenues (typically their 30% Local Distribution Funds).
- b. 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 FY2019 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. Future updates will adjust revenue estimates for any 2020 General Assembly action as part of the future PayGo recommendation.

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 NVTa's bondholders. It is required by the Authority's Debt Policy.

Attachments:

1. Proposed FY2021 Regional Revenue Fund Budget
2. FY2018 to FY2023 Six Year Program Appropriation Schedule

Attachment 1

Northern Virginia Transportation Authority Proposed FY2021 Regional Revenue Fund Budget			
	Adopted FY2020 Budget	Proposed FY2021 Budget	Notes
Revenue 70% Regional Funds			
Sales Tax	\$ 186,092,475	\$ 191,857,379	4a
Truck Registration & Road Use	-	1,750,000	4b
Grantor's Tax	-	-	
CoVa Interest	243,956	257,900	4c
Bond Proceeds	-	-	
Future Financing (if required due to cash flow.)	383,052,841	(35,462,132)	4d
Investment Portfolio Earnings	10,000,000	10,500,000	4e
Total Revenue	\$ 579,389,272	\$ 168,903,147	
Expenditures			
Debt Service - Principal	\$ 2,730,000	\$ 2,859,697	5a
Debt Service - Interest	2,819,950	2,683,450	5a
Professional Services - Bond Issuance Costs			
TransAction Update (SYP/CRRC/LTB Tech Support)	3,650,000	160,000	5b
Six Year Program PayGo Project Funding	570,189,322	163,200,000	5c
Total Expenditures / Six Year Program Commitments	\$ 579,389,272	\$ 168,903,147	
Transfers & Carryforward			
Transfer Out to Operating Fund	\$ (2,963,793)	\$ (2,859,220)	6a
Restricted Fund Balance - Carryforward to Six Year Program Update	12,857,991	38,438,712	6b
Total Available for Project Assignments/FY2024 Carryforward	\$ 9,894,198	\$ 35,579,492	6c
Cumulative Regional Revenue Reserve Balances			
Working Capital Reserve	\$ 120,000,000	\$ 120,000,000	7a
Debt Service Reserve (Held by Trustee)	5,551,000	5,551,000	7b
Cumulative Reserve Balances	\$ 125,551,000	\$ 125,551,000	

Attachment 2

NVTA FY2018 to FY2023 Six Year Program Appropriation Schedule (Update: 2/13/2020)

Project ID#	Jurisdiction / Agency	Project	Appropriated FY2019	Appropriated FY2020	Scheduled FY2021	Scheduled FY2022	Scheduled FY2023
2018-005-0	Arlington County	Intelligent Transportation System Improvements	10,000,000				
2018-004-0	Arlington County	Pentagon City Multimodal Connections and Transitway Extension		28,850,000			
2018-001-0	Arlington County	ART Operations and Maintenance Facilities	39,027,000				
2018-003-0	Arlington County	Crystal City Metrorail Station East Entrance & Intermodal connections		5,000,000			
2018-041-0	City of Alexandria	Alexandria ITS Projects		1,195,491			
2018-042-1	City of Alexandria	Alexandria Bus Network ITS	150,000				
2018-043-0	City of Alexandria	DASH Transit Service Enhancements and Expansion		11,933,161			
2018-040-1	City of Alexandria	West End Transitway: Northern Segment (Phase 1)			2,200,000		
2018-045-2	City of Alexandria	Alexandria Duke St Transitway		12,000,000			
2018-046-0	City of Fairfax	Jermantown Road Corridor Improvements Project	21,000,000				
2018-049-0	City of Fairfax	Roadway Network Northfax West	2,500,000				
2018-047-0	City of Fairfax	Intersection Improvements at Eaton Place/Chain Bridge Road				10,750,000	
2018-47-0	City of Fairfax	Old Lee Highway Multimodal Improvements Phase 1					5,000,000
2018-051-0	City of Falls Church	West Falls Church & Joint Campus Revitalization District Multimodal Transportation Project		15,700,000			
2018-017-0	Fairfax County	Rock Hill Road Bridge					20,604,670
2018-014-1	Fairfax County	Rolling Road Widening: Hunter Village Drive to Old Keene Mill Road		11,111,000			
2018-010-2	Fairfax County	Route 28 Widening: Route 29 to Prince William County Line			16,000,000		
2018-016-2	Fairfax County	Fairfax County Parkway Widening from Ox Road to Lee Highway w/separated interchange at Popes Head Rd					67,000,000
2018-007-0	Fairfax County	Richmond Highway Bus Rapid Transit - Phases I & II	250,000,000				
2018-006-1	Fairfax County	Route 1 Widening (Mount Vernon Memorial Highway to Napper Road)		127,000,000			
2018-012-0	Fairfax County	Richmond Highway (Route 1)/CSX Underpass Widening				12,000,000	
2018-009-1	Fairfax County	Frontier Drive Extension and Intersection Improvements#		25,000,000			
2018-024-0	Loudoun County	Route 28 Northbound Widening –between the Dulles Toll Road and Sterling Boulevard	20,000,000				
2018-021-0	Loudoun County	Route 15 Bypass Widening: Battlefield Parkway to Montresor Road			54,000,000		
2018-023-0	Loudoun County	Extend Shellhorn Road: Loudoun County Parkway (Route 607) to Randolph Drive (Route 1072)		16,000,000			
2018-022-0	Loudoun County	Northstar Boulevard - Shreveport Drive to Tall Cedars Parkway		64,805,000			
2018-026-0	Loudoun County	Prentice Drive Extension: Lockridge Road (Route 789) to Shellhorn Road (Route 643)		76,230,000			
2018-028-0	Loudoun County	Dulles West Boulevard Widening: Loudoun County Parkway to Northstar Boulevard	47,800,000				
2018-027-0	Loudoun County	Route 9 Traffic Calming	12,112,000				
2018-029-0	Loudoun County	Evergreen Mills Road Intersection Realignments – Watson Road and Reservoir Road	14,000,000				
2018-062-0	NOVA Parks	Falls Church Enhanced Regional Bike Routes (W&OD)	3,244,959				
2018-030-3	Prince William County	RT28 corridor improvements (Fitzwater Dr to Pennsylvania Ave)	15,000,000				
2018-039-0	Prince William County	Construct Interchange at Prince William Parkway and Clover Hill Road					1,900,000
2018-035-0	Prince William County	Construct Interchange at Prince William Parkway and University Boulevard	24,200,000				
2018-031-1	Prince William County	Route 28 Corridor Feasibility Study - Environmental Impact Statement (City of Manassas to Fairfax County)		3,500,000			
2018-032-1	Prince William County	Construct Route 28 Corridor Roadway Improvements			89,000,000		
2018-034-0	Prince William County	Construct Interchange at Route 234 and Brentsville Road	54,900,000				
2018-036-0	Prince William County	Summit School Rd Extension and Telegraph Rd Widening	11,000,000				
2018-053-1	Town of Dumfries	Widen Route 1 (Fraleay Blvd) to six lanes between Brady's Hill Rd and Dumfries Rd (RT234)					44,860,000
2018-054-2	Town of Leesburg	Construct Interchange at Route 7 and Battlefield Parkway		25,000,000			
2018-056-0	Town of Leesburg	Construct Interchange at Route 15 Bypass and Battlefield Parkway			2,000,000		
2018-055-2	Town of Leesburg	Interchange Improvements at Route 15 Leesburg Bypass and Edwards Ferry Road#					5,400,000
2018-057-0	Town of Vienna	Mill St NE Parking Garage					2,300,000
2018-058-1	VRE	VRE Crystal City Station Improvements					4,000,000
Total by Fiscal Year			\$ 524,933,959	\$ 423,324,652	\$ 163,200,000	\$ 22,750,000	\$ 151,064,670
Cumulative by Fiscal Year			\$ 524,933,959	\$ 948,258,611	\$ 1,111,458,611	\$ 1,134,208,611	\$ 1,285,273,281