



Northern Virginia Transportation Authority

The Authority for Transportation in Northern Virginia

FINANCE COMMITTEE
Thursday, February 20, 2020 – 1:00 PM
3040 Williams Drive, Suite 200
Fairfax, VA 22031

AGENDA

I. Call to Order/Welcome

Mayor Parrish, Chairman

- Chairman Parrish called the meeting to order at 1:06 PM.
- Attendees:
 - ✓ Authority Members: Chairman Parrish, Mayor Rishell; Chair Randall, Chairman McKay, Board Member Cristol
 - ✓ Staff: Monica Backmon (Executive Director); Michael Longhi (CFO); Richard Stavros (Investment & Debt Manager); Peggy Teal (Assistant Finance Officer); Erica Hawksworth (Communications & Public Affairs Manager)
 - ✓ Council of Counsels: Ellen Posner (Fairfax County - DOT) Rob Dickerson (Prince William County); Steve MacIsaac (Arlington County)
 - ✓ Other Attendees: Rich Roisman (Arlington County); Jessica Futrell (Loudoun County); Sarah Sade (Loudoun); Marcus Wadsworth (Fairfax County) Brent Riddle (Fairfax County); Brittany Martin (Prince William County); Tyler Carey (Prince William County); Ben Carbajal (Prince William County); Ciara Williams (DRPT)

II. Summary Minutes of the January 16, 2020 Meeting

- Mayor Rishell moved the approval of the January 16, 2020, minutes; seconded by Board Member Cristol. Motion Carried with abstentions by Chair Randall and Chairman McKay.

Action Items

III. FY2021 Regional Revenue Fund Budget

Mr. Longhi, CFO

- Mr. Longhi sought Finance Committee recommendation of Authority approval of the Proposed FY2021 Regional Revenue Fund Budget.
- Mr. Longhi highlighted that the report sections are tied to the Notes Column on Attachment 1, and took the Committee through the various sections that cover Revenues, Expenditures, Transfer and Carry Forwards, and Cumulative Regional Revenue Reserve Balances.
- The Report also contained another attachment with the NVTA FY2018 to FY2023 Six Year Program Appropriation Schedule, updated February 13, 2020.
- Mr. Longhi noted, the budget would be revised through adoption of new revenue estimates pending legislative action.
- He added that in periods where there are updates to the Six Year Program (SYP), such as now, there will be a need to return to the Committee with a Pay-Go recommendation. The PayGo recommendation will quantify the amount of money available to the Authority for projects in the two-year update to SYP.

- Mr. Longhi reviewed the various Bills before the General Assembly with new potential revenue sources.
- With the Committee's agreement, Mr. Longhi outlined the timeline that the final budget would move forward to the Authority in March, noting NVTA's practice of submitting the budget before April 30th.
- Discussion on I-81 Revenue Shortfalls relative to VDOT Projections:
 - ✓ Mr. Longhi noted a blue sheet in the packet, which indicated declining FY2020 revenue projections to \$2.9 million from VDOT's original projections of \$9.4 million. Staff noted actual receipts of \$1.5 million with annualized Year To Date projections of \$4.7 million.
 - ✓ Board Member Cristol asked why the I-81 revenues are so much lower than expected, and whether it was true for the other regions.
 - ✓ Ms. Backmon answered that CTB and NVTA Member Mary Hynes, was able to talk to VDOT's CFO, Laura Farmer, and relayed that Ms. Farmer is watching the issue carefully, acknowledging the projections are not being met.
 - ✓ Ms. Backmon noted that she asked Mr. Longhi to send an e-mail to Ms. Laura Farmer, and her predecessor, John Lawson, now a Deputy Secretary of Transportation, with Ms. Hynes copied. Mr. Longhi noted that staff would be requesting more details on the three revenue components to better understand the reasons for the shortfall.
 - ✓ Ms. Backmon noted that the NVTA Finance team was preparing recommendations on the PayGo determination for the SYP update, and expressed concern about clarity of the I-81 revenues.
 - ✓ In response to a question from Chair Randall for more detail on truck registration fees, Mr. Longhi expanded there's two references to truck registration, domestic truck and international. He added that there's a rather complex formula based on data that is not readily available to NVTA staff, and reiterated the hope that the email staff is sending would lead to more transparency on how these calculations are being done.
 - ✓ Mayor Rishell asked whether the previous reason for the shortfall given, related to various tax platforms that were being revised to gather the fees, had been overcome. Mr. Longhi responded that hurdle was reportedly cleared, but it has not been reflected in the revenues received by the Authority at this time.
- Mr. Longhi reviewed budget line items (4c) CoVa Interest, (4d) Future Financing and (4e) investment portfolio interest, and then went on to review various budgeted expenditures, TransAction and project carryforwards, working capital reserve and debt service reserve, and noted that the budget is balanced.
- Chair Randall, Chairman McKay, Ms. Backmon and Mr. Longhi discussed the challenges of budgeting for future projects without protective language on future revenues. Mr. Longhi, highlighted the list of projects, in the current Six Year Program, and noted that in the event of a revenue cut, existing and future projects would have to be cut by any revenue shortfall.
- Mayor Rishell noted that new revenues being considered by the General Assembly would restore NVTA revenues previously diverted, not enhance funding. Chair Randall also noted the desire to work with jurisdictions and agencies to move projects toward completion.

Mayor Rishell moved the Finance Committee recommend Authority adoption of the proposed FY2021 Regional Revenue Fund Budget as presented, Seconded by Chairman McKay. Motion passed unanimously.

IV. FY2021 Local Distribution Fund Budget

Mr. Longhi, CFO

- Mr. Longhi presented the Proposed FY2021 Local Distribution Fund Budget, noting;
 - ✓ Local Distribution Fund (30%) revenues are distributed in their entirety to member jurisdictions in accord with HB2313 (2013).
 - ✓ Mr. Longhi noted the budget included NVTAs staff's I-81 revenue projections.
 - ✓ Beginning with FY2020, the Authority elected to charge the operating budget contribution to the Regional Revenue Fund, which in turn resulted in an increase of 30% distribution to member jurisdictions.
 - ✓ Mr. Longhi noted in the Local Distribution Fund Report (line 5c) that since all prior fiscal year accruals and Commonwealth revenue adjustments of Local Distribution Fund revenues will be distributed to the appropriate jurisdiction in FY2021, in accord with the Code of Virginia, staff would not have to submit revised budget appropriation requests.

Board Member Cristol moved the Finance Committee recommend Authority adoption of the proposed FY2021 Local Distribution Fund Budget as presented, Seconded by Chair Randall. Motion passed unanimously.

V. FY2021 Operating Budget

Mr. Longhi, CFO

- Mr. Longhi presented the proposed FY2021 NVTAs Operating Budget, noting the colored number report sections tie to the Notes Column on Attachment 1.
- On Personnel Expenditures
 - ✓ Salaries & Pay
 - Mr. Longhi noted performance-based staff compensation changes will be budgeted based on average annual increases adopted by NVTAs member jurisdiction's FY2021 budgets and those of other Authorities and Commissions in Northern Virginia.
 - Mr. Longhi also noted that member jurisdictions have not finalized their FY2021 budgets. Therefore, a 4% increase is proposed to be programmed in the base budget for estimation purposes. The increase is later adjusted, once jurisdictional budgets are passed, and staff has reached out to regional HR directors, to stay within jurisdictional ranges.
 - Other Sections: Mr. Longhi reviewed Health & Dental Benefits (projected 4.8% increase in benefit premium), Retirement - Virginia Retirement System (VRS) (NVTAs contribution is 7.5% and the Authority fully funds the annually required contribution), Life & Disability Insurance (insurance is priced using salaries and age tiers, NVTAs employees are moving into higher tiers).
- On Professional Services Changes
 - Insurance: Mr. Longhi noted a small adjustment, estimating a 5% increase above the FY2020 renewal, though staff will not know until after June 2020, when renewal rates will be available for NVTAs general liability, casualty, cyber, officer's and director's insurance.

- Public Outreach & Regional Event Support: Costs are decreasing as a result of a one-time expense (economic analysis performed last year), Mr. Longhi noted.
 - Legal Services & Bond Counsel: Staff recommended a \$15,000 reduction in this portion of the budget, and proposed the reduction be applied to another initiative.
 - Financial Advisory Services: Mr. Longhi noted a simple cost escalation of \$875.
 - Legislative Services: Mr. Longhi noted \$8,000 was added to the base budget in anticipation of a new multi-year contract (the current legislative service contract expires in FY2021 and does not contain escalations).
- Technology Communications
 - General Ledger/Financial Reporting & Investment Monitoring/Management Systems: These are ongoing expenses, hardware and software for accounting and investment management, that's replenishing the operating reserve, Mr. Longhi noted.
 - Other Sections: Mr. Longhi reviewed Hardware, Software & Peripheral Purchases (reduced \$5,600 for one-time purchases related to new staff in FY2020), IT Support Service & Hosting (contractual increase of \$921), GIS/Project Monitoring and Management/Modeling (one time cost of \$140,000 for Phase 2 of the Project Implementation, Monitoring and Management System (PIMMS)).
- Administrative Expenses
 - Sections Overview: Mr. Longhi reviewed Duplication and Printing (reduction of \$2,030 due to renegotiation of copier lease), Furniture and Fixtures (elimination of one-time expenses, \$8,100, due to FY2020 staff increase), Hosting Meetings (Increase of \$1,220 due to increased size and frequency of Authority and committee meetings), Equipment Replacement Reserve (equipment was replaced in FY19 and 20, no changes)
 - On the Office Lease, noting the office lease is showing a year-to-year decrease of \$17,000, Mr. Longhi thanked the Finance Committee on guidance on renegotiating that lease, as lease costs would have gone up by \$38,500 due to contract escalations and the addition of three more offices.
 - Chairman McKay asked about the reason for the increase in meeting costs and areas to streamline, noting that though the cost are minimal there is a concern over the correspondent increase in staff time on administrative duties.
 - Mr. Longhi responded that the increased costs were related to planning committees associated with the 2-year update to the SYP and TransAction updates.
- Proposed Budget Initiatives
 - ✓ Public Outreach & Regional Event Support:
 - Mr. Longhi reviewed a proposed base increase, ongoing expenses of \$12,088, which will support the Authority's Strategic Plan Goal 1 – Regional Prosperity; Advocacy/Education through increasing awareness and understanding of NVTA's multimodal transportation investments.

- The base increase, Mr. Longhi noted, would support technical tools for social and traditional media and the automation of currently manual monitoring and tracking processes that will facilitate these goals.
 - The proposed tools would allow a social media archive to support transparency and FOIA compliance, increased monitoring of references to NVTA in the media, contract video capture and editing, voiceover and script writing software, and purchase a software license to create social media content.
 - Board Member Cristol asked whether enough video capture and editing capacity had been contracted given that increasingly the public engage with video online.
 - Mr. Longhi responded that the proposals were reviewed by the standard of how much growth is likely to be scaled up in the first year.
 - Board Member Cristol added that one of the nice things about platforms such as Facebook is that you can capture rich data about how many folks are engaging online with NVTA, and how long, and in what way. She said it would be interesting to compare, the response to social media versus video relative to more static approaches and making a big impact.
 - Mr. Backmon noted that the other reason for the need for the increase is due to the update of TransAction, which has its own huge public involvement component.
- ✓ Legal Services/Bond Counsel
- Mr. Longhi presented a proposal to procure contracted legal services that would report to the Board. Contract services would include issues related to governance, policies, bylaws, procurement, employment, risk management, ethics and FOIA.
 - Consultative services from the current Council of Counsels would be expected to remain as an on-call source during the transition period, Mr. Longhi noted.
 - NVTA's proposed budget amount is \$70,000 which would be partially offset by a reduction in the bond counsel component of the current legal service budget of \$15,000, making the budget increase to support the initiative \$55,000.
 - Various points of view on the proposal were expressed, whereas Mayor Rishell noted a potential for a conflict with jurisdictional counsel (Council of Counsels) giving legal advice when the institution is also chaired by that legal counsel's elected officials, or where there may be a conflict between NVTA and the jurisdiction on a legal matter.
 - Chairman McKay noted that a conflict might or might not happen in the future adding the Council of Counsels or jurisdictional legal staff would be more committed and passionate than outside corporate counsel.
 - Chair Randall suggested the work could be spread among more county attorneys, though it was noted that some jurisdictions have fewer legal resources, and there was discussion on how many is too many.
 - Finance Committee members resolved there was a need to further discuss the need for contracted legal services.
- ✓ Project Information Monitoring and Management Systems (PIMMS)

- Enhancements to PIMMS are requested from NVTA staff as well as jurisdiction and agency staff.

Chair Randall moved the Finance Committee recommend Authority adoption of the proposed FY2021 Operating Budget, less \$70,000 for outside legal services, Seconded by Chairman McKay. Motion passed unanimously.

Information/Discussion Items

VI. Policy 29 Report

Mr. Longhi, CFO

- Mr. Longhi noted that no new projects had been identified for Policy 29 discrepancies at this time, and reviewed the progress of jurisdictions that had previous compliance issues.
 - Mr. Longhi reported that an agreement had been reached with Arlington County, whereas the county would withhold submitting project reimbursements until such time there was a project coordination agreement (PCA) in place with WMATA.
 - Mr. Longhi highlighted Arlington’s proposed Ballston Schedule (including PCA and other milestones), which was added as a blue sheet to the report. Mr. Longhi noted the key piece is the WMATA PCA commits the agency to the support the project schedule.
 - Chairman Parrish noted his appreciation of NVTA and Arlington working towards this conclusion.
 - Mr. Longhi noted that Herndon was continuing to make progress on its projects, and that expenditure requests were coming in.
 - With respect to Fairfax County, compliance issues with the 12 noted projects had been cleared of largely administrative issues.

VII. Investment Portfolio Report

Mr. Stavros, Investment & Debt Manager

- The Committee received a report on the Authority’s Investment Portfolio, which is beating investment benchmarks even though the fixed income market has experienced significant rate declines over the reporting period.

VIII. Monthly Revenue Report

Mr. Longhi, CFO

- Mr. Longhi referred to the Blue sheet to point out that with the Wayfair decision the sales tax has significantly increased in what NVTA would typically report at this time, though NVTA lacks the data to differentiate the Internet sales from the annual growth experienced in the past.

IX. Monthly Operating Budget Report

Mr. Longhi, CFO

- The Committee received a report on the Authority’s Operating Budget. The report received and discussed the Operating Budget was within expected parameters.

Closed Session (Personnel Matter)

A motion was made by Chairman Parrish to enter closed session as authorized by Virginia Code Section Chapter 37, Title 2.2-3711.A.1 for the purpose of discussing a personnel matter.

Motion made by Chairman Parrish, seconded by Chairman McKay. Motion passed unanimously. (Enter closed session at 2.35 PM)

Chairman Parrish made a motion to reconvene from the closed session noting only matters lawfully exempted from the open meeting requirements under Chapter 37, Title 2.2 of the Code of Virginia and only those matters as were identified in the Motion by which the closed session was convened were heard, discussed or considered by the Committee.

Motion made by Chairman Parrish, seconded by Mayor Rishell, Motion passed unanimously. (Reconvened from closed session at 2:45 PM)

Adjournment: 2:46 PM

X. Adjournment

Next Scheduled Meeting April 16, 2020 at 1:00PM (Room B)

3040 Williams Drive, Suite 200, Fairfax, Virginia