

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

FOR: Chairman Parrish and Members of the NVTA Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: May 1, 2020

SUBJECT: Monthly Revenue Report

- 1. Purpose:** To update the Northern Virginia Transportation Authority (NVTA) Finance Committee on monthly revenue receipts and 30% funds distributed to member localities. Due to the acceleration of the May Finance Committee meeting date, the numbers in this report are not reconciled. If any significant variances are discovered during reconciliation, they will be reported at the next Committee meeting.
- 2. Background:** The attached reports reflect funding received and distributed through April 2020.
- 3. Comments:**
 - a. FY2020 Revenues (Attachment A)**
 - i. The Authority has received approximately \$191.5 million through the April 2020 transfers from the Commonwealth.
 - ii. Actual April 2020 sales tax revenue (eight months of sales tax receipts annualized) compared to FY2020 budgeted revenue shows a 6.9% positive variance prior to the COVID pandemic. The budgeted revenue has approximately a 2.5% growth factor from the prior year.
 - iii. There is a two-month lag between a sales tax transaction and the receipt of sales tax by the Authority, therefore the actual impact of shuttered businesses and the deferral of sales tax remittances by the Governor will not be seen until June 2020, with the distribution of April's sales tax.
 - iv. The majority of the positive variance prior to COVID can be attributed to the newly taxed internet sales, but NVTA lacks the data to differentiate the internet sales from the annual growth experienced in the past.
 - v. As of April 2020, the Authority has received \$2 million in Heavy Truck Registration and Diesel Fuel (SB1716/I-81) receipts. This represents 8 months of receipts. Staff expects a further decline in this revenue source as a result of COVID.
 - vi. In March 2020, the Commonwealth issued revised revenue projections for the Heavy Truck Registration and Diesel Fuel revenue. The revisions resulted in a decrease in the FY2020 to FY2025 projected revenue of approximately 34%. VDOT's CFO discovered an error in the original projections as a result of NVTA's continued questioning of the receipts. The chart below summarizes the Commonwealth's original and revised projections.

Impact of Revised I-81 Related Projections				
(All \$ in millions, as of March 19, 2020)				
	Jun-19	Mar 2020	Chg in Projection	
	Est. *	Est. **	\$ Chg.	% Chg.
FY2020****	\$ 9.4	\$ 3.8	(\$5.60)	-60%
FY2021	13.8	5.4	(\$8.40)	-61%
FY2022	19.5	11.5	(\$8.00)	-41%
FY2023	19.7	11.9	(\$7.80)	-40%
FY2024	19.4	17.8	(\$1.60)	-8%
FY2025	19.6	17.0	(\$2.60)	-13%
Total FY2020-2025	\$ 101.4	\$ 67.4	(\$34.00)	-34%
FY2026	\$ -	\$ 17.8		
*Presentation by VDOT CFO Laura Farmer to the CTB - June 18, 2019				
**Presentation by VDOT CFO Laura Farmer to the CTB - March 17, 2020				
****No update provided by VDOT, Calculated as 60% reduction				

b. FY2020 Distribution to localities (Attachment B)

- i. All jurisdictions have completed the required annual HB2313 certification to receive FY2020 Local Distribution Funds (30%).
- ii. As of April 2020, all Local Distribution funds have been distributed to member jurisdictions. The Local Distribution to member localities has continued to be disbursed, for two monthly cycles while NVTA staff have been working remotely.

c. FY2015 to FY2020 Year over Year Revenue Comparison (Attachment C). This chart reflects a month-to-month comparison of sales tax revenue and a year-to-year comparison of fiscal year to date revenues received through April 2020.

d. Sales Tax Forecast Model V. Projection (Attachment D). This chart reflects tracking of current fiscal year revenue on an actual to projection basis. A statistical packet called Palisade’s Stat Tools is now used to improve the accuracy of the tracking. The reports from the tool are forecasting actual revenue to exceed NVTA projections prior to the COVID pandemic. However, the tool is unable to compensate for the loss of revenue resulting from the shuttering of businesses nor segregate usual annual growth in sales tax from the newly implemented internet sales tax receipts.

Attachments:

- A. Sales Tax Revenues Received Compared to NVTA Estimates, Through April 2020
- B. FY2020 30% Distribution by Jurisdiction, through April 2020
- C. Month to Month Comparison of Sales Tax Revenue and YTD Receipts for April 2015 to 2020
- D. Palisade’s Stat Tool Analysis of FY2020 Revenue Actual to Projections