

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

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

FROM: Mayor Rishell, Chair - Finance Committee

DATE: April 1, 2021

SUBJECT: Proposed FY2022 Regional Revenue Fund Budget

1. **Purpose:** To seek the Northern Virginia Transportation Authority (NVTA) adoption of the Proposed FY2022 Regional Revenue Fund Budget as recommended by the Finance Committee.
2. **Suggested Motion:** *I move Authority adoption of the Proposed FY2022 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 or excess revenue from one fiscal year are accumulated as Restricted Fund Balance and will be available for the FY2026/27 update to the SYP.
 - c. Authority adoption/programming of the FY2026/27 update to the SYP is currently estimated for summer of calendar 2022.
 - d. Finance Committee guidance is to conservatively estimate revenues.
 - e. The details of the Proposed FY2022 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 downward to capture the impact of the COVID-19 Pandemic and restrictions on the economy for FY2022. Sales Tax Revenues for FY2021 are lower than the previous year but revenues didn't decline as much as NVTA staff predicted in part due to the newly taxed internet sales tax which began in FY2020.
 - b. **Interstate Operations & Enhancement Program (IOEP) Transfer** – Formally referred to as I-81 revenues, this revenue source was changed as a result of the (HB1414/SB890, 2020) Omnibus Transportation Bill. The General Assembly moved this revenue from a monthly basis, based on revenues such as heavy truck registrations, highway use and diesel fuel taxes; to an annual allocation based on funds available for the Highway

Construction Program under the Interstate Operations and Enhancement Program. The revenue projection for FY2022 is based on estimates developed by VDOT.

- c. **Regional Congestion Relief Fee (Grantor's Tax):** The 2020 Omnibus Transportation Bill as amended, reinstated the Authority's Grantor's Tax receipts at a reduced rate of \$0.10/100. The Governor's one-time reduction, reduced the rate to \$0.05/100 through most of FY2021. NVTA's initial projections for Grantor's starting in FY2022 are set at \$30 million with reduction of 15% for the COVID-19 continued impact on the economy and assumes the tax will be increased to the originally proposed level in May 2021.
 - d. **Commonwealth of Virginia Northern Virginia District Transfer:** This revenue line is a \$20 million transfer from the Commonwealth's Northern Virginia Transportation District Fund to the NVTA.
 - e. **CoVa interest** is earned on funds while they are processed by the Commonwealth and before arriving at the Authority.
 - f. **Future Financing/Forward Appropriations (if required)**
 - i. This budget classification reflects the FY2022 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 and potential FY2024/25 forward appropriated projects were to exceed their original cash flow projections, outside liquidity would need to be obtained. This is a worst-case scenario which does not include the potential use of the \$120 million Working Capital Reserve.
 - g. **Investment Portfolio Earnings** reflects the NVTA portfolio interest earnings. Estimate is based on a month to month decline in portfolio earnings over the fiscal year as the portfolio return aligns with anticipated worse case market declines. With a sustained market decline in fixed income security, the portfolio return is expected to 'bottom out' at a 15 to 23 basis point level.
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 FY2022 budget.
- a. **Debt service principal and interest.** Total debt service for FY2022 is \$5,547,500.
 - b. **Modeling License & Support:** With the finalization of the TransAction contract that included in-house modeling, the Authority staff will be investing in modeling software during fiscal year 2022. Originally projected at \$25,000, but a more refined cost that was obtained through the TransAction Update procurement is \$29,150.
 - c. **TransAction Update (SYP/CRRC/LTB Tech Support).** This expense provides technical support for the Six Year Program (SYP), Congestion Reduction Relative to Cost evaluation, Long-Term Benefit analysis and in-house modeling development as adopted by the Authority in the FY2022 PayGo Analysis. The Call for Regional Transportation Projects for the next update to the SYP FY2026/2027 will occur in summer 2021, potential adoption in summer of 2022.

- d. **Six Year Program PayGo Project Funding.** This represents the appropriation of project funding for the Six Year Program, and staff recommended forward appropriations from the FY2024/25 Program to FY2022.

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 NVTAs Operating Budget from their own revenues (typically their 30% Local Distribution Funds). The Operating Budget is estimated to be 1.1% of the Regional Revenue Fund income for the fiscal year.
- b. **Restricted Fund Balance - Carryforward to FY2024.** This amount reflects net positive or negative variances in the Authority's revenue projections, interest earnings and released balances from completed or cancelled projects. Negative variances result from forward appropriating funding in the early years to the FY2018 to F2023 SYP. It is based on FY2020 audited actual balances.
- c. **Total Available for Project Assignments/FY2024 Forward Appropriation.** This amount reflects net positive or negative variance in the Regional Revenue Fund. When this amount is positive, it serves as an accumulator for funds to be available for projects as part of the FY2026/27 two-year update to the Six Year Program. When this amount is negative, it reflects the timing of recently adopted funding program updates net of immediately available (not future revenue). Future updates will adjust revenue estimates for any General Assembly action as part of the future PayGo recommendation. The next PayGo recommendations will be made in Spring 2022 as part of preparations for the FY2026/27 update to the SYP.

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

Attachments:

1. Proposed FY2022 Regional Revenue Fund Budget
2. FY2018 to FY2025 Six Year Program Appropriation Schedule

Attachment 1

Northern Virginia Transportation Authority Proposed FY2022 Regional Revenue Fund Budget			
	Adopted FY2021 Budget	Adopted FY2022 Budget	Notes
<u>Revenue 70% Regional Funds</u>			
Sales Tax	\$ 191,857,379	\$ 197,039,152	3a
Interstate Operations & Enhancement Program (IOEP) Transfer	1,750,000	9,310,000	3b
Grantor's Tax	-	17,850,000	3c
Commonwealth NVTD Transfer	-	14,000,000	3d
CoVa Interest	257,900	101,430	3e
Bond Proceeds	-	-	
Future Financing/Future Appropriation Finance (if required)	(29,956,829)	(59,270,665)	3f
Investment Portfolio Earnings	5,000,000	5,200,000	3g
Total Revenue	\$ 168,908,450	\$ 184,229,918	
<u>Expenditures</u>			
Debt Service - Principal	\$ 2,865,000	\$ 2,950,000	4a
Debt Service - Interest	2,683,450	2,597,500	4a
Professional Services - Bond Issuance Costs	-	-	
Modeling License & Support	-	29,150	4b
TransAction Update (SYP/CRRC/LTB Tech Support)	160,000	400,000	4c
Six Year Program PayGo Project Funding	163,200,000	33,300,000	4d
Total Expenditures / Six Year Program Commitments	\$ 168,908,450	\$ 39,276,650	
Net Revenue	\$ -	\$ 144,953,268	
<u>Transfers & Carryforward</u>			
Transfer Out to Operating Fund	\$ (2,769,220)	\$ (2,744,809)	5a
Restricted Fund Balance - Carryforward to Six Year Program Update	38,438,712	(142,286,859)	5b
Total Available for Project Assignments/FY2024 Carryforward	\$ 35,669,492	\$ (145,031,668)	5c
<u>Cumulative Regional Revenue Reserve Balances</u>			
Working Capital Reserve	\$ 120,000,000	\$ 120,000,000	6a
Debt Service Reserve (Held by Trustee)	5,551,000	5,551,000	6b
Cumulative Reserve Balances	\$ 125,551,000	\$ 125,551,000	

Adopted: April 8, 2021

NVTA FY2018 to FY2025 Six Year Program & Update Appropriation Schedule

Attachment 2

SPA Number	Project ID#	Jurisdiction / Agency	Project	FY2019 Appropriation	FY2020 Appropriation	FY2021 Appropriation	Proposed FY2022 Appropriation	FY2023	FY2024 to FY2025
2018-001-1	1	Arlington County	ART Operations and Maintenance Facilities	39,027,000					
2018-003-1	3	Arlington County	Crystal City Metrorail Station East Entrance & Intermodal connections		5,000,000				
2018-004-1	4	Arlington County	Pentagon City Multimodal Connections and Transitway Extension		28,850,000				
2018-005-1	5	Arlington County	Intelligent Transportation System Improvements	10,000,000					
2018-040-2	40	City of Alexandria	West End Transitway: Northern Segment (Phase 1)				2,200,000		
2018-041-1	41	City of Alexandria	Alexandria ITS Projects		1,195,491				
2018-042-1	42	City of Alexandria	Alexandria Bus Network ITS	150,000					
2018-043-1	43	City of Alexandria	DASH Transit Service Enhancements and Expansion		11,933,161				
2018-045-1	45	City of Alexandria	Alexandria Duke St Transitway		12,000,000				
2018-046-1	46	City of Fairfax	Jermantown Road Corridor Improvements Project	21,000,000					
2018-047-1	47	City of Fairfax	Intersection Improvements at Eaton Place/Chain Bridge Road					10,750,000	
2018-048-1	48	City of Fairfax	Old Lee Highway Multimodal Improvements Phase 1					5,000,000	
2018-049-1	49	City of Fairfax	Roadway Network Northfax West	2,500,000					
2018-051-1	51	City of Falls Church	West Falls Church & Joint Campus Revitalization District Multimodal Transportation Project		15,700,000				
2018-062-1	62	City of Falls Church/NVRPA	Falls Church Enhanced Regional Bike Routes (W&OD)	3,244,959					
2018-006-2	6	Fairfax County	Route 1 Widening (Mount Vernon Memorial Highway to Napper Road)		127,000,000				
2018-007-1	7	Fairfax County	Richmond Highway Bus Rapid Transit - Phases I & II	250,000,000					
2018-009-2	9	Fairfax County	Frontier Drive Extension and Intersection Improvements#		25,000,000				
2018-010-3	10	Fairfax County	Route 28 Widening: Route 29 to Prince William County Line			16,000,000			
2018-012-1	12	Fairfax County	Richmond Highway (Route 1)/CSX Underpass Widening					12,000,000	
2018-014-2	14	Fairfax County	Rolling Road Widening: Hunter Village Drive to Old Keene Mill Road		11,111,000				
2018-016-3	16	Fairfax County	Fairfax County Pkwy Widen from Ox Rd to Lee Hwy w/ separated interchange at Popes Head Rd			67,000,000			
2018-017-1	17	Fairfax County	Rock Hill Road Bridge					20,604,670	
2018-021-1	21	Loudoun County	Route 15 Bypass Widening: Battlefield Parkway to Montresor Road					54,000,000	
2018-022-1	22	Loudoun County	Northstar Boulevard - Shreveport Drive to Tall Cedars Parkway		64,805,000				
2018-023-1	23	Loudoun County	Extend Shellhorn Road: Loudoun County Parkway (Route 607) to Randolph Drive (Route 1072)		16,000,000				
2018-024-1	24	Loudoun County	Route 28 Northbound Widening –between the Dulles Toll Road and Sterling Boulevard	20,000,000					
2018-026-1	26	Loudoun County	Prentice Drive Extension: Lockridge Road (Route 789) to Shellhorn Road (Route 643)		76,230,000				
2018-027-1	27	Loudoun County	Route 9 Traffic Calming	12,112,000					
2018-028-1	28	Loudoun County	Dulles West Boulevard Widening: Loudoun County Parkway to Northstar Boulevard	47,800,000					
2018-029-1	29	Loudoun County	Evergreen Mills Road Intersection Realignments – Watson Road and Reservoir Road	14,000,000					
2018-030-4	30	Prince William County	RT28 corridor improvements (Fitzwater Dr to Pennsylvania Ave)	15,000,000					
2018-032-2	31	Prince William County	Route 28 Corridor Feasibility Study - EIS (City of Manassas to Fairfax County)		3,500,000				
2018-032-3	32	Prince William County	Construct Route 28 Corridor Roadway Improvements			89,000,000			
2018-034-1	34	Prince William County	Construct Interchange at Route 234 and Brentsville Road	54,900,000					
2018-035-1	35	Prince William County	Construct Interchange at Prince William Parkway and University Boulevard	24,200,000					
2018-036-1	36	Prince William County	Summit School Rd Extension and Telegraph Rd Widening	11,000,000					
2018-039-1	39	Prince William County	Construct Interchange at Prince William Parkway and Clover Hill Road					1,900,000	
2018-053-2	53	Town of Dumfries	Widen Route 1 (Fralely Blvd) to six lanes between Brady's Hill Rd and Dumfries Rd (RT234)					44,860,000	
2018-054-3	54	Town of Leesburg	Construct Interchange at Route 7 and Battlefield Parkway		25,000,000			25,000,000	
2018-055-3	55	Town of Leesburg	Interchange Improvements at Route 15 Leesburg Bypass and Edwards Ferry Road				5,400,000		
2018-056-1	56	Town of Leesburg	Construct Interchange at Route 15 Bypass and Battlefield Parkway			2,000,000			
2018-057-1	57	Town of Vienna	Mill St NE Parking Garage					2,300,000	
2018-058-2	58	VRE	VRE Crystal City Station Improvements			4,000,000			
2020-063-1	63	Arlington County	Rosslyn Multimodal Network Improvements						11,874,000
2020-064-1	64	Arlington County	CC2DCA Intermodal Connector: From Crystal City to Ronald Reagan Washington National Airport						18,000,000
2020-073-1	73	Arlington County/NVPRK	Arlington W&OD Trail Enhancements						650,000
2020-045-2	45	City of Alexandria	Alexandria Duke St Transitway						75,000,000
2020-048-2	48	City of Fairfax	Old Lee Highway Multimodal Improvements						8,000,000
2020-049-2	49	City of Fairfax	Roadway Network Northfax West				2,500,000		
2020-069-1	69	City of Fairfax	Jermantown Road/Route 29 Intersection Improvements						700,000
2020-070-1	70	City of Fairfax	Government Center Parkway Extension						3,540,000

NVTA FY2018 to FY2025 Six Year Program & Update Appropriation Schedule

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2020-071-1	71	City of Falls Church	West Falls Church Access to Transit and Multimodal Connectivity				6,900,000		
2020-072-1	72	City of Falls Church	Downtown Falls Church Multimodal Improvements				8,300,000		
2020-006-3	6	Fairfax County	Richmond Highway Widening From Route 235 North to Route 235 South						120,387,962
2020-014-3	14	Fairfax County	Rolling Road Widening: Hunter Village Drive to Old Keene Mill Road						27,700,000
2020-016-4	16	Fairfax County	Fairfax County Parkway Widening: Lee Highway (Route 29) to Nomes Court						37,400,000
2020-065-1	65	Fairfax County	Soapstone Drive Extension: Sunset Hills Road to Sunrise Valley Drive						15,000,000
2020-066-1	66	Loudoun County	Construct Crosstrail Boulevard (Route 653): Sycolin Road to Dulles Greenway (Route 267)						36,700,000
2020-067-1	67	Loudoun County	Evergreen Mills Road Widening from Northstar Boulevard to Stone Springs Boulevard						18,000,000
2020-036-2	36	Prince William County	North Woodbridge Mobility Improvements				8,000,000		
2020-068-1	68	Prince William County	Summit School Rd Extension and Telegraph Rd Widening						24,000,000
2020-053-3	53	Town of Dumfries	Widen Route 1 (Fralely Blvd) to six lanes between Brady's Hill Rd and Dumfries Rd (RT234)						78,000,000
2020-058-3	58	VRE	VRE Crystal City Station Improvements						15,800,000
2020-074-1	74	DRPT	Franconia-Springfield Passenger Rail Bypass						22,958,821
Total By Fiscal Year				\$ 524,933,959	\$ 423,324,652	\$ 178,000,000	\$ 33,300,000	\$ 176,414,670	\$ 513,710,783
Cumulative Total by Fiscal Year				\$ 524,933,959	\$ 948,258,611	1,126,258,611	\$ 1,159,558,611	\$ 1,335,973,281	\$ 1,849,684,064

Note: Denotes FY2024/25 Forward Appropriation