

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

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

FROM: Mayor Jeanette Rishell, Finance Committee Chair

DATE: May 5, 2022

SUBJECT: Regional Revenue Funds Available for FY2026/27 Programming-PayGo

1. **Purpose:** To seek Northern Virginia Transportation Authority (NVTa) adoption of proposed Regional Revenue Funds Available for FY2026/27 Programming-PayGo.

Suggested Motion: *I move the Northern Virginia Transportation Authority adoption of the PayGo Funding recommendations detailed in Table 1:*

Table 1

Projected FY2026/27 PayGo			
	FY2026 Projection	FY2027 Projection	FY2026/27 Total
Regional Revenue (Gross)	\$ 308,578,737	\$ 314,205,987	\$ 622,784,724
Investment Earnings (Net of Unrealized +/-)	\$ 25,000,000	\$ 25,000,000	\$ 50,000,000
Taper Release	\$ 20,000,000		\$ 20,000,000
-Existing Debt Service	\$ (5,547,000)	\$ (5,548,250)	\$ (11,095,250)
- SB1468 Operating Budget Transfer (Eff FY20)	\$ (4,411,418)	\$ (4,631,989)	\$ (9,043,407)
-SYP/CRRRC Tech Support	\$ (80,000)		\$ (80,000)
-LTB Interim Tech Support	\$ (75,000)		\$ (75,000)
Modeling Software			\$ -
Modeling Licenses & Support	\$ (50,000)	\$ (50,000)	\$ (100,000)
'Big Data' Sources	\$ (50,000)	\$ (50,000)	\$ (100,000)
-TransAction Update		\$ (4,500,000)	\$ (4,500,000)
Subtotal	\$343,365,319	\$324,425,748	\$ 667,791,067
Taper Factor	95%	93%	
-Adopted Taper	\$ (17,168,266)	\$ (24,331,931)	\$ (41,500,197)
PayGo Amount Available	\$ 326,197,053	\$ 300,093,817	\$ 626,290,870

2. Discussion:

- a. The PayGo determination process refines the gross amount of Regional Revenue funds projected to be available in future years to the amount of funds available to support Authority determined regional transportation projects.

- b. NVRTA planning staff will develop funding recommendations for the FY2022-2027 Six Year Program (SYP) to present to the Technical Advisory Committee, Planning Coordination Advisory Committee and the Planning and Programming Committee for consideration. Authority adoption of the FY2022-2027 SYP Update is anticipated at the July 14, 2022, Authority meeting.
- c. Supporting the prior SYP project commitments during COVID necessitated the temporary suspension of certain prior practices such as:
 - i. Release of Taper Funds.
 - ii. Use of projected (unaudited) versus Audited Fund Balance.
 - iii. Earlier use of prior Audited Fund Balance.

All prior practices have been re-established in the preparation of the FY2026/27 PayGo recommendation.

3. PayGo Estimation Analysis:

- a. Refining gross Regional Revenue Fund amounts to PayGo involves 11 calculation steps. Some of these steps are based on currently known data points, and some are based on estimates extended over a six-year horizon.
- b. Known data points are:
 - i. Audited Fund Balances
 - ii. Proposed Taper Release
 - iii. Debt Service
 - iv. Proposed Taper Reinstatement
- c. Estimates include:
 - i. Portfolio interest earnings (adjusted for COVID-19 and financial market turmoil)
 - ii. Future TransAction Update costs
 - iii. Technical support costs (Long Term Benefits, Congestion Reduction Relative to Cost (CRRC), SYP Updates) – These estimates have been reduced based on the recently adopted FY2023 Operating Budget.
 - iv. Regional modeling and data initiatives
 - v. Operating budget transfer estimates

4. Risk Mitigation:

- a. No use of the Working Capital Reserve (WCR) of \$120 million is proposed.
- b. NVRTA staff can use Standard Project Agreement (SPA) Appendix B approvals to manage liquidity demands.
- c. Authority credit ratings, the WCR, new revenue sources, and long project horizons provide strong fundamentals for the use of short-term financing, if required, to support project commitments.