

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY
MEMORANDUM

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

FROM: Mayor Rishell, Chair, NVTA Finance Committee

DATE: April 4, 2024

SUBJECT: Adoption of the FY2025 Regional Revenue Fund Budget

1. **Purpose:** To seek the Northern Virginia Transportation Authority (NVTA) adoption of the proposed FY2025 Regional Revenue Fund Budget as recommended by the Finance Committee.
2. **Suggested Motion:** *I move the Authority adoption of the proposed FY2025 Regional Revenue Fund Budget, as presented.*
3. **Background:** The Regional Revenue Fund Budget is the source for transportation project funding by the Authority. The budget details are contained in an attached report with indexing in the Notes column to this staff report.
 - A. **Revenue:** The Authority's principal four sources of revenue are shown at 70% of what is expected to be received. Additional revenues are:
 - I. **CoVa Interest:** This is interest earned on NVTA funds prior to their transfer to the Authority's investment and banking accounts.
 - II. **Investment Portfolio Earnings:** This is the estimated earnings (excluding unrealized gains or losses) from the Authority's internally managed investment portfolio.
 - B. **Expenditures:**
 - I. **Debt Service - Principal:** The principal payment required on the Authority's outstanding bonds.
 - II. **Debt Service - Interest:** The interest payment required on the Authority's outstanding bonds.
 - III. **Modeling License and Support:** Cost of the software licenses to support the Authority's computer modeling and geographic information system functions.
 - IV. **Recommended Project Appropriation Requests:** Starting in September of 2023, member jurisdictions and agencies were advised at least monthly of the opportunity to request FY2025 project appropriations. The deadline for requests was January 31, 2024. The total requested and NVTA staff recommended project funding is \$298,800,000. The requests received are:
 - a. **Loudoun County:** Construct Crosstrail Blvd, Sycolin Rd. to Dulles Greenway (2020-304-1) \$36,700,000.
 - b. **Loudoun County:** Evergreen Mills Rd. Widening Northstar Blvd. to Stone Springs Blvd. (2020-305-1) \$18,000,000.

- c. **Arlington County:** CC2DCA Intermodal Connector, Crystal City to Ronald Reagan National Airport (2020-311-1) \$18,000,000.
 - d. **Prince William County:** University Blvd. Extension: Devlin Rd. to Wellington Rd. (2022-322-1) \$53,000,000. Note: This is a forward appropriation from the FY2026-2027 program. Prince William County staff have determined the project timing can be accelerated.
 - e. **Fairfax County:** Rolling Rd. Widening: Hunter Village Dr. to Old Keene Mill Rd. (2020-014-3) \$27,700,000.
 - f. **Fairfax County:** Fairfax County Pkwy. Widening: Lee Hwy. (Route 29) to Nomes Ct. (2020-016-4) \$37,400,000.
 - g. **Fairfax County:** Fairfax County Pkwy. Widening, Nomes Ct. to Route 123 (2022-326-1) \$108,000,000. Note: This is a forward appropriation from the FY2026-2027 program. Fairfax County staff have determined the project timing can be accelerated.
 - h. **Note on Forward Appropriations:** As noted in previous budget discussions, forward appropriations use the Authority’s cash flow to advance project timing without issuing debt. Finance staff have worked closely with PBMares, LLC, the Authority’s independent external auditor, to develop a mechanism to ensure forward appropriations do not overcommit future revenues to current programs. This process would normally result in an amount in the Future Financing/Future Appropriation Finance (if required) budget category. Self-funding the advancement of projects is calculated to save the Authority approximately \$194 million over 20 years compared to traditional debt funding strategies. A consequence of this funding strategy is that any future revenue diversions will likely require project cancellations. Since sponsors of projects in the FY2024/25 Six Year Program Update have not requested the full amount approved for those fiscal years, no entry in this category is required.
- V. **Net Revenue-Restricted for the FY2020-FY2025 Six Year Program Commitments:** This represents funding approved in the FY2020/25 Six Year Program for which appropriations have not been requested. These are considered restricted funds which can only be used for the Authority approved projects.
 - VI. **Transfer Out to Operating Fund:** Transfer from the Regional Revenue Fund to support the Authority’s FY2025 Operating Budget, as permitted in the Code of Virginia, and in lieu of jurisdictions using their funds on a per capita basis.
 - VII. **Restricted Fund Balance - Carryforward to Six Year Program Update:** These funds represent positive revenue variances and investment portfolio income, which will be used in the PayGo determination for the FY2028/29 update to the Six Year Program.
 - VIII. **Working Capital Reserve:** This is a NVTa policy required, and credit rating agency noted reserve to insulate project and operational funding from variances and disruptions in revenues.
 - IX. **Debt Service Reserve:** This reserve is required by the Authority’s bond covenants.

Attachment: Proposed FY2025 Regional Revenue Fund Budget

**Northern Virginia Transportation Authority
Proposed FY2025 Regional Revenue Fund Budget**

	Adopted FY2024 Budget	Proposed FY2025 Budget	Notes
Revenue 70% Regional Funds			
Sales Tax	\$ 227,130,358	\$ 235,254,270	3.A.
Interstate Operations & Enhancement Program (IOEP) Transfer	13,757,213	14,933,244	3.A.
Grantor's Tax	33,174,079	36,248,882	3.A.
Commonwealth NVTD Transfer	14,000,000	14,000,000	3.A.
CoVa Interest	87,500	245,000	3.A.I.
Bond Proceeds	-	-	
Future Financing/Future Appropriation Finance (if required)	-	-	3.B.IV.h.
Investment Portfolio Earnings	35,000,000	35,000,000	3.A.II.
Total Revenue	\$ 323,149,151	\$ 335,681,396	
Expenditures			
Debt Service - Principal	\$ 3,255,000	\$ 3,405,000	3.B.I.
Debt Service - Interest	2,295,000	2,142,250	3.B.II.
Professional Services - Bond Issuance Costs			
Modeling License & Support	45,645	46,645	3.B.III.
TransAction Update (BRT-PDP, SYP/CRRC/LTB Tech Support)	2,000,000		
Recommended Project Appropriation Requests	19,874,000	298,800,000	3.B.IV.
Total Expenditures / Six Year Program Commitments	\$ 27,469,645	\$ 304,393,895	
Net Revenue-Restricted for the FY2020-FY2025 Six Year Program Commitments	\$ 295,679,506	\$ 31,287,501	3.B.V.
Transfers & Carryforward			
Transfer Out to Operating Fund	\$ (4,283,343)	\$ (5,025,647)	3.B.VI.
Restricted Fund Balance - Carryforward to Six Year Program Update	112,794,261	94,900,000	3.B.VII.
Total Available for Project Assignments Carryforward	\$ 108,510,918	\$ 89,874,353	
Cumulative Regional Revenue Reserve Balances			
Working Capital Reserve	\$ 120,000,000	\$ 120,000,000	3.B.VIII.
Debt Service Reserve (Held by Trustee)	5,551,000	5,551,000	3.B.IX.
Cumulative Reserve Balances	\$ 125,551,000	\$ 125,551,000	