



Approved March 3, 2016

Northern Virginia Transportation Authority
The Authority for Transportation in Northern Virginia

FINANCE COMMITTEE
Friday, December 7, 2015 1:00PM
3040 Williams Drive, Suite 200
Fairfax, VA 22031

MEETING SUMMARY

I. Call to Order/Welcome

Chairman York

- Chairman York called the meeting to order at 1:15pm.
- Attendees:
 - ✓ Members: Chairman York; Chairman Bulova (arrived 1:17pm); Chair Hynes; Mayor Parrish; Council Member Rishell.
 - ✓ Staff: Monica Backmon (Executive Director); Michael Longhi (CFO); Peggy Teal (Assistant Finance Officer); Camela Speer (Clerk).
 - ✓ Council of Counsels: Ellen Posner (Fairfax County).
 - ✓ Other Attendees: Noelle Dominguez (Fairfax County); Mark Duceman (Town of Herndon); Peter Malgieri (Loudoun County); David Hodgkins (City of Fairfax); Joanne Carter (PFM); Kristy Choi (PFM).

II. Summary Minutes of the September 18, 2015 Meeting

- Chair Hynes moved approval of the minutes of September 18, 2015; seconded by Council Member Rishell. Motion carried with two (2) yeas and two (2) abstentions [Mayor Parrish and Council Member Rishell as they were not at the September meeting].

Action Items

III. FY2017 Program – First Project Draw Policy

Mr. Longhi, CFO

- Mr. Longhi briefed the Authority on the proposed First Project Draw Policy for FY2017 Program projects. He noted that:
 - ✓ The proposed policy has been coordinated with the PIWG, RJACC and the Council of Counsels.
 - ✓ Projects are approved with the clear expectation that they will progress swiftly and smoothly, as project readiness is part of the selection criteria.
 - ✓ If a sponsor is unable to submit an initial reimbursement by the end of FY2019, it may be in the best interest of the Authority to cancel the project and de-obligate the funds.

(Chairman Bulova arrived.)

- ✓ De-obligated funds will be returned to the Regional Revenue Fund for future allocation.
- It was asked what would happen to a project that has its funds de-obligated under this policy. Mr. Longhi responded that it would either find other funding or reapply for future NVTAs funding.
- It was asked why this policy is not being established as a general process, instead of specifically for the FY2017 Program. Mr. Longhi responded that the intent is to establish a broader policy, but that since the next funding program is unknown, there was a desire to address this specific year and look forward to a similar process for future programs. It was added that the PIWG was concerned about whether the amount of time agreed for this one year program was appropriate for a longer year program. It was also noted that this was a compromise in order to put a policy in place for the FY2017 Program.
- It was suggested that when reviewing a Six Year Program that includes one funded year, with the others unfunded, this policy could be used for the funded year.
- Chairman Bulova moved the Finance Committee recommend Authority approval of the draft FY2017 Program – First Project Draw Policy, in a form approved by legal counsel; seconded by Mayor Parrish. Motion carried unanimously.

Information/Discussion Items

IV. Transportation Project Reserve Advisory Panel Update

Mr. Biesiadny, Advisory Panel Chair
Mr. Longhi, CFO

- Mr. Longhi updated the Committee on the Transportation Project Reserve Advisory Panel, as Mr. Biesiadny was unable to attend the meeting. He stated that the original idea had been to set aside a cash reserve to fund future large projects and that the Advisory Panel was formed to examine this and make recommendations to the Authority. Mr. Longhi stated that the Advisory Panel has recommended setting aside a portion of debt capacity, instead of cash, as the funding basis for the reserve. He added that the Panel suggested a minimum funding amount of \$100 million. Mr. Longhi concluded that this is coming to the Committee for their opinion as the Panel continues to review this recommendation.
- The Committee agreed with the recommendation.
- It was asked what the anticipated maximum reserve would be. Mr. Longhi responded that the NVTAs has no experience on this yet, so the Panel will create a table for this that can be adjusted over the years.
- It was asked if the I-66 Outside the Beltway project was known at the time of the initial discussions of a Transportation Project Reserve. Mr. Longhi noted that these reserve discussions began early in 2015 and that the I-66 Outside the Beltway project had been unknown to the Authority at that time.

- It was asked if the establishment of this reserve may cause the State to come back to ask for more money in the future. Mr. Longhi answered that the State is aware of the Authority's debt capacity, which is approximately \$1.8 billion through 2037.
- Mr. Longhi concluded that the Panel will continue to review the Transportation Projects Reserve based on reserving a percent of its total debt capacity rather than cash as a funding basis. He added that this will come back to the Finance Committee when a recommendation for Authority action is ready.

V. FY2017 Operating Budget Guidance

Mr. Longhi, CFO

- Mr. Longhi asked the Committee for guidance in preparing the FY2017 Operating Budget. He noted that there are no expected cost overruns or massive savings anticipated with the FY2016 budget. However, there are some costs that were anticipated to be funded from the Regional Revenue Fund that will now flow into the Operating Budget and will likely utilize a portion of the Operating Reserve. Mr. Longhi noted two new initiatives for the FY2017 budget.
 1. Additional Program Coordinator position. With the active project number increasing to no less than 85 projects with the FY2017 Program, the TransAction update and the Six Year Program, support is needed to address the enhanced project planning, evaluation and selection process. A starting salary of \$90,000/year is anticipated for a total cost of \$127,000, inclusive of insurance and benefits. First year costs for equipment and furnishings are \$12,500, with ongoing administrative costs of \$7,500/year thereafter.
 2. Senior Financial Manager position. As the number of active projects grow, expected reimbursements will begin to flow faster and additional financial transactional support will be needed. A starting salary of \$125,000/year is anticipated for a total cost of \$168,500 inclusive of insurance and benefits. First year costs for equipment and furnishings are \$12,500, with ongoing administrative costs of \$7,500/year thereafter.
- It was asked why the office lease costs are doubling when only adding two employees. Mr. Longhi responded that the NVTA acquired additional space in FY2016, which is why the FY2017 base increase is \$10,000.
- It was asked if there is an additional lease cost of \$10,000 for the space for additional personnel. Mr. Longhi responded that this was correct.
- It was asked if jurisdictional staff had reviewed the budget guidance yet. Mr. Longhi responded that they have not. It was added that based on the Committee guidance today proposed budgets will be prepared and reviewed with jurisdictional staff.
- It was stated that this guidance seems reasonable, that additional staff will be necessary and it is important to have reserves to replace technology needs.
- Chairman York stated that he approves of the budget guidance and directed staff to come back to the Committee with a budget proposal.
- It was asked if annual staff compensation increase percentages would be provided with the budget proposal. Mr. Longhi responded affirmatively.

VI. NVTA Monthly Revenue Report

Mr. Longhi, CFO

- Mr. Longhi reported that we are currently disbursing Local Distribution Funds to five jurisdictions. He noted that revenue receipts and disbursements are going smoothly. He added that we are seeing some fluctuation in transient occupancy tax and that this tax continues to be difficult to estimate, as payers can choose to pay monthly or quarterly.
- A question was raised about the jurisdictions who are not receiving their Local Distribution funds. Mr. Longhi responded that staff is in contact with all the jurisdictions and that starting in November reports were sent to all jurisdictions as to how much money they are receiving or is being held. He added that March 1, 2016 is the deadline for certification and if not complete at that time, the funds will be forfeited to the 70% Regional Revenue Fund.
- It was asked if this was a problem with the equivalency transfers. Mr. Longhi confirmed that equivalency transfer is an issue for some jurisdictions.
- It was noted that the revenue report shows who is accruing what and the total funds transferred shows who is not currently getting their funds. Mr. Longhi added that staff will stay on top of this.
- It was asked which departments NVTA staff are working with on the annual certification. Mr. Longhi responded that we are working with jurisdictional staff, but staying out of executive suite. It was suggested that NVTA staff might want to contact the executives and chief elected officials. It was further suggested that a letter from the Authority Chairman be sent to the jurisdictions not in compliance.
- It was clarified that the certification deadline to prevent the loss of funds for FY2016 is March 1, 2016. However, the actual certification deadline was August 1, 2015.

VII. NVTA Operating Budget Report

Mr. Longhi, CFO

- Mr. Longhi stated that the operating revenue is at 100% of estimate and that October represents 33% of the fiscal year. Through October, the Authority has utilized 32.7% of its expenditure budget. He concluded that no changes are anticipated to the Operating Budget at this time.

VIII. Financial Activities Update

Mr. Longhi, CFO

- Mr. Longhi stated that as a result of Ms. Teal finding a very large variance in one of the jurisdiction's sales tax reports, we were not able to make November's 30% distribution until December 2, 2015. He added that not catching this prior to disbursement would have created real challenges. Ms. Teal noted that the reported amount was about three times the amount that this jurisdiction normally reports.
- Mr. Longhi noted that he has been selected as a member of the board of trustees of the Virginia Investment Pool (VIP) and that this will allow him to work with other jurisdiction board members and have greater input and oversight of VIP activities.

Mr. Longhi noted the Authority had authorized an initial investment in the VIP of \$75 million.

Adjournment

IX. Adjournment

- As it was his last meeting, Chairman York thanked all the members of the Committee, noting that it has been a pleasure and an honor to work with all.
- Chairman Bulova thanked Chairman York for his service to the Committee, adding that she has enjoyed working with him. She stated that he is a rock on transportation issues with both the NVT A and the Dulles Corridor projects. Chairman Bulova added that all will miss Chairman York and thanked him for the time and talent he has shared.
- Mayor Parrish reiterated Chairman Bulova's sentiments. He added that he has enjoyed working with Chairman York and appreciates the business perspective and caring approach he brings to the discussion.
- Chair Hynes stated that she appreciates Chairman York's collaboration, even when they are not in agreement. She added that this is to the Authority's benefit.
- Chairman York commented that sometimes members agree to disagree, but that even those of different minds can move forward.
- Council Member Rishell echoed the other members' statements and added that she appreciates Chairman York's quiet style and good sense of humor.
- Chair Hynes stated that we are so lucky that the Authority is working with a regional focus and that she wishes that as members change, the same spirit of collaboration will continue.
- Council Member Rishell stated that she will miss Chair Hynes' articulateness.
- Ms. Backmon noted that the regional nature of Authority has really helped her to execute her job. She added that when others ask how the Authority works, she can truly respond, regionally. She stated that as an original member, Chairman York has helped keep this on this course.
- Meeting adjourned at 1:47pm.