



**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**

**AGENDA**

**I. Call to Order/Welcome** Chairman York

**II. Summary Minutes of the September 18, 2015 Meeting**  
*Recommended action: Approval [with abstentions  
from those who were not present]*

**Action Items**

**III. FY2017 Program – First Project Draw Policy** Mr. Longhi, CFO  
*Recommended action: Recommend NVTA Adoption of Policy*

**Information/Discussion Items**

**IV. Transportation Project Reserve Advisory Panel Update**  
Mr. Biesiadny, Advisory Panel Chair  
Mr. Longhi, CFO

**V. FY2017 Operating Budget Guidance** Mr. Longhi, CFO

**VI. NVTA Monthly Revenue Report** Mr. Longhi, CFO

**VII. NVTA Operating Budget Report** Mr. Longhi, CFO

**VIII. Financial Activities Update – (no written report)** Mr. Longhi, CFO

**Adjournment**

**IX. Adjournment**

**Next Meeting: January Meeting to be Determined**  
3040 Williams Drive, Suite 200, Fairfax, Virginia



**Northern Virginia Transportation Authority**  
*The Authority for Transportation in Northern Virginia*

**FINANCE COMMITTEE**  
**Friday, September 18, 2015 1:30PM**  
**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 1:32pm.
- Attendees:
  - ✓ Members: Chairman York; Chairman Bulova; Chair Hynes.
  - ✓ Staff: Monica Backmon (Executive Director); Michael Longhi (CFO); Camela Speer (Clerk).
  - ✓ Council of Counsels: Ellen Posner (Fairfax County).
  - ✓ Other Attendees: Noelle Dominguez (Fairfax County); Peter Malgieni (Loudoun County); Kristy Choi (PFM).

**II. Summary Minutes of the June 19, 2015 Meeting**

- Chairman Bulova moved approval of the minutes of June 19, 2015; seconded by Chair Hynes. Motion carried with two (2) yeas and one (1) abstention [Chair Hynes as she was not at the June meeting].

**Action Items**

**III. Virginia Investment Pool Agreement**

Mr. Longhi, CFO

- Mr. Longhi briefed the Committee on the Virginia Investment Pool Agreement. He noted:
  - ✓ Project spending plans have been reviewed to determine that there are funds that will not be used for at least a year.
  - ✓ VIP is managed with a longer maturity horizon than LGIP. The longer maturity horizon results in a greater return on investment.
  - ✓ Many Northern Virginia jurisdictions participate in VIP and several jurisdiction staff members sit on the VIP Board of Trustees.
- Chair Hynes moved that the Finance Committee recommend to the Authority, approval of participation in the Virginia Investment Pool administered by

VML/VACo Finance through the adoption of resolution 16-01 in a form approved by legal counsel; seconded by Chairman Bulova.

- A question was raised as to how much funding we anticipate investing. Mr. Longhi noted the initial investment will be \$75 million. Mr. Longhi also explained that no bond proceeds are included in this amount as the Authority's debt policy requires those funds to be held with the State Non-Arbitrage Program. Other bond funds are held with a trustee bank as required in the bond indenture.
- Motion carried unanimously.
- Chairman York requested this item be placed on the consent agenda for the upcoming Authority meeting.

#### **IV. Revenue Estimates FY2017 to FY2023**

Mr. Longhi, CFO

- Mr. Longhi expressed appreciation for the jurisdictional support in preparing the FY2017-2023 revenue estimates and the CIP. He noted that seven jurisdictions had participated in this process.
- Mr. Longhi briefed the Committee on the revenue estimates for FY2017-2023. He noted:
  - ✓ New estimated revenue numbers were generated for FY2016, but that a budget adjustment would not be prudent at this time, due to uncertainty with the upcoming Federal budget.
  - ✓ Revenue estimates for FY2017-2023 were projected with a 2.4% growth rate, which while an increase from the FY2015-16 estimate of 1.85%, the new projection is still considered conservative by the estimation team.
  - ✓ Due to conservative estimates, it is expected that revenue will exceed budget estimates each year.
- Chairman Bulova moved that the Finance Committee recommend Authority approval of the FY2017 to FY2023 revenue estimates as outlined in the staff report; seconded by Chair Hynes. Motion carried unanimously.
- Chairman York requested this item be placed on the consent agenda for the upcoming Authority meeting.

#### **V. Budget Adjustment – Regional Revenue Fund**

Mr. Longhi, CFO

- Mr. Longhi briefed the Committee on the need for a budget adjustment on the Regional Revenue Fund budget. He stated that there was a \$16.9 million positive

variance in the FY2015 budget. Of the \$16.9 million, the 30% money has been distributed to the jurisdictions, as authorized in the FY2015 budget. The 70% money equates to \$11.9 million. Mr. Longhi highlighted the specific adjustments.

- ✓ Carryover amount, which allows the development of the FY2017 projections.
- ✓ Debt service – adjustment to correct a typographical error.
- ✓ Working Capital Reserve – to maintain policy compliance.
- ✓ The above adjustments of \$5 million, combined with \$25.1 million remaining after the FY2015-16 project funding decisions, result in a carryforward to the FY2017 budget of \$30.1 million.
- It was asked where left over 70% funds will go. Mr. Longhi responded that the left over 70% funds will go into the available funding for FY2017 projects next year.
- Chairman Bulova moved that the Finance Committee recommend Authority approval of the adjustments to the FY2016 Regional Revenue Fund budget as outlined in the staff report; seconded by Chair Hynes. Motion carried unanimously.
- Chairman York requested this item be placed on the consent agenda for the upcoming Authority meeting.

### **Information/Discussion Items**

#### **VI. NVT A Monthly Revenue Report**

Mr. Longhi, CFO

- Mr. Longhi briefed the Committee on the Monthly Revenue Report. He noted that:
  - ✓ The 30% funds to jurisdictions totaled \$91.3 million for FY2015.
  - ✓ Four (4) jurisdictions have completed their HB 2313 annual certification requirements for FY2016 and will continue to receive their 30% funding uninterrupted. He added that NVT A staff are working with those jurisdictions that have not completed their certifications and that funds for these jurisdictions will be held in escrow.
- It was asked if interest on the escrowed funds will go to the jurisdictions. Mr. Longhi replied that it will be proportionally split between the jurisdictions with funds in escrow.
- It was asked what will happen if a jurisdiction does not meet certification requirements. Ms. Backmon responded that those funds will go into the 70% regional fund, with Mr. Longhi noting that the deadline for jurisdictions to avoid that transfer is March 1, 2016.

## **VII. NVTA Operating Budget Report**

Mr. Longhi, CFO

- Mr. Longhi noted that the FY2015 Operating Budget is being closed out. He noted that the carryforward to FY2016 was projected to be \$121,805. Actual carryforward is \$122,890 and will roll into next year's budget.

## **VIII. Financial Activities Update**

Mr. Longhi, CFO

- Mr. Longhi updated the Committee on additional financial activities.
  - ✓ The FY2015 audit field work is complete. The financial statement preparation is almost complete and should be ready in November or December.
  - ✓ The Contingency and Transportation Reserves Advisory panel has been meeting and should have a report for the Finance Committee at the November meeting.
  - ✓ Loudoun County recently received the largest 70% project reimbursement to date of over \$5.7 million.
  - ✓ The Loudoun reimbursement is significant as it is based on early work with VDOT to utilize their current processes as much as possible, thereby eliminating the need to build special purpose reports and procedures.
  - ✓ Reimbursed the City of Fairfax for \$2.5 million on their bus purchase project. The City saved \$500,000 on the project. Those savings benefit the Regional Revenue Fund and are now available for future assignment by the Authority.
  - ✓ Rating agency update conference calls will be held in the December/January timeframe to update the three rating agencies on Authority activities such as revenue estimates, debt policy reserve funding status and the outlook for the FY2017 call for projects.
  - ✓ We are preparing to ask all active project holders to update Appendix Bs in order to get up-to-date financial information on projects. Now that we have an investment program, we need accurate information for cash flow purposes and this is a way to check on project progress.
  - ✓ Requesting documentation from the jurisdictions that shows the Authority named as additional insured on project insurance policies, as required in the SPAs. This insurance requirement protects the Authority.
- Chairman York stated that if the October Authority meeting is cancelled, the October Finance Committee meeting will be cancelled as well. He noted that in November the Authority is meeting prior to the Finance Committee's scheduled meeting on November 20, 2015. He suggested that if the only action for the Committee in November is the FY2015 audit, it be sent to the

full Authority for adoption in November as long as there is an unqualified audit opinion. Chairman York suggested that with this understanding, the November meeting of the Finance Committee may be cancelled.

- Chairman York asked Mr. Longhi to send an email officially cancelling the October and November Finance Committee meetings (based on the Authority decision on the October meeting).
- Chair Hynes asked how project reimbursement information is being reported to the Authority. Ms. Backmon responded it is reported as part of the monthly Executive Director's report.
- Ms. Backmon reminded the Committee members of the Ribbon Cutting Ceremony at the City of Fairfax City Hall on Monday. She added that the Authority's new website will be unveiled at next week's Authority meeting.

### **Adjournment**

#### **IX. Adjournment**

- Meeting adjourned at 1:53pm.

## NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

### MEMORANDUM

**TO:** Chairman York and Members of the NVT A Finance Committee

**FROM:** Michael Longhi, Chief Financial Officer

**SUBJECT:** FY2017 Program - First Project Draw Policy

**DATE:** November 30, 2015

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1. **Purpose:** The Authority commits current and projected financial resources from the 70% Regional Revenues upon project approval. The purpose of this policy is to provide a mechanism for the Authority to remove financial (funding) commitments for projects approved for funding in the FY2017 Program that are not advancing. These funds would be returned to the 70% Regional Revenue Fund for assignment to future projects.
2. **Suggested Motion:** *I move the Finance Committee recommend Authority approval of the draft FY2017 Program - First Project Draw Policy, in a form approved by legal counsel. (Attachment A.)*
3. **Background:**
  - a. The Authority assigns funding to a project with the clear expectation of progress as outlined in the Project Description/Scope of Work. Project funding is obligated at the point that the Authority approves the project. The Standard Project Agreement (SPA) provides details of expected utilization of the already obligated funds, specifically the cash flow summary detailed in Appendix B.
  - b. For the FY2017 Program, projects will be approved based, in part, on a commitment of project readiness. For the FY2017 Program, this commitment is that the first drawdown (initial reimbursement request) will be made to NVT A during FY2017, FY2018, or FY2019, regardless of when the SPA is executed.
  - c. If a project sponsor is unable to submit an initial reimbursement request by the end of FY2019 (June 30, 2019) – either due to circumstances within or outside of their control – the best interest of the Authority may be served by cancelling the project and de-obligating the funds.
  - d. This proposed policy specifically addresses projects approved for the FY2017 Program that are not advancing in accordance with their approved SPAs. This includes FY2017 Program projects with approved SPAs that experience delays due to procurement, funding, unforeseen construction-related events, or other issues.
  - e. The NVT A funds made available from actions taken under this policy will be returned to the Regional Revenue Fund available balance for future allocation by the Authority.

**4. Specific Provisions**

- a.** Specifically, if the project sponsor is unable to meet the commitment to submit the initial reimbursement request to NVTA by June 30, 2019, regardless of when the SPA is executed, the project shall be considered for NVTA action to de-obligate funds for the project.
- b.** In all cases, agreement will be sought with the implementing jurisdiction or agency. If agreement is not forthcoming the Executive Director may take a de-obligation request to the NVTA Finance Committee with a request for a recommendation to the Authority.

**Coordination:** PIWG, JACC and Council of Counsels

**Attachment:** Draft Policy Number 17, FY2017 Program – First Project Draw Policy



# **NORTHERN VIRGINIA TRANSPORTATION AUTHORITY**

## **Policy Number 17 – FY2017 Program First Drawdown Commitment**

- I. Purpose.** The Authority appropriates current and projected financial resources from the Regional Revenue Fund upon project approval. The purpose of this policy is to provide a mechanism for the Authority to remove appropriations for approved FY2017 Program projects that do not submit a first drawdown request by June 30, 2019. These appropriations will be returned to the Regional Revenue Fund for assignment to future projects.
- II. General.**
- A.** The Authority assigns funding to a project with the clear expectation of progress as outlined in the Project Description/Scope of Work. Project funding is appropriated at the point that the Authority approves the project. The SPA (covered in Policy 12) provides details of expected utilization and timing of the appropriated funds, specifically the cash flow summary included in Appendix B.
  - B.** For the FY2017 Program, projects will be approved based, in part, on project readiness. For the FY2017 Program, project readiness is assessed in part on the first drawdown (initial reimbursement request) being made during FY2017, FY2018, or FY2019, regardless of when the SPA is executed.
  - C.** If a project sponsor is unable to submit an initial reimbursement request by the end of FY2019 – either due to circumstances within or outside of their control – the best interest of the Authority may be served by cancelling the project and the appropriation.
  - D.** This policy specifically addresses projects approved for the FY2017 Program that are not advancing in accordance with their approved SPAs. This includes FY2017 Program projects with approved SPAs that experience delays due to procurement, funding, unforeseen construction-related events, or other issues.
  - E.** All NVTA funds made available from actions taken under this policy will be returned to the Regional Revenue Fund for future allocation by the Authority.
  - F.** Any project that is unable to meet the commitment to submit the initial reimbursement request to NVTA by June 30, 2019, regardless of when the SPA is executed, is subject to cancellation.
  - G.** At the request of a sponsoring jurisdiction or agency, NVTA may, refer the matter to the NVTA Finance Committee for recommended extension of the timeframe for submitting the initial reimbursement request.
  - H.** In all cases, agreement will be sought with the implementing jurisdiction or agency. If agreement is not forthcoming, the Executive Director may take a project cancellation recommendation to the Finance Committee prior to referral to the Authority for action.
  - I.** This policy will be in effect for all projects approved with FY2017 Regional Revenue Funds.
- III. Responsibilities.**
- A. Project sponsoring jurisdiction or agency**
    - 1. Submittal of first drawdown request by June 30, 2019.

2. Request cancellation of any projects for which the jurisdiction determines the submittal of first drawdown request by June 30, 2019 is not possible, or request an extension of the deadline. Any request for an extension must include:
  - a. Basis for current delay.
  - b. Action needed to resolve delay.
  - c. Schedule for completion of actions to resolve delay.
  - d. Revised SPA Appendix B.

**B. NVTA Executive Director**

1. Accept requests for project cancellation and forward with recommendation to the Finance Committee prior to referral to Authority with recommendation to accept or reject the request.
2. Receive notice from project sponsors of possible delays in submitting first drawdown request by the deadline.
3. If no submittal of first drawdown is requested by deadline or no notice of delay received, request information from project sponsor as to reason.
4. Request additional information, when required to evaluate project sponsor notice of delay or response to request for information on delay.
5. Evaluate requests for extension of time or other accommodation requested by project sponsor.
6. Make recommendation to the Finance Committee on action to be referred to the Authority.

**Approved by Northern Virginia Transportation Authority: TBD**

## NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

**TO:** Chairman York and Members of the NVTA Finance Committee

**FROM:** Tom Biesiadny, Chairman - Contingency and Transportation Projects Reserve  
Advisory Panel  
Michael Longhi, Chief Financial Officer

**SUBJECT:** Transportation Projects Reserve – Advisory Panel Update

**DATE:** December 1, 2015

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1. **Purpose:** Present Advisory Panel recommendations concerning a Transportation Projects Reserve within the Regional Revenue Fund. Specifically, the Advisory Panel seeks the Finance Committee comments on reserving debt capacity rather than PayGo capacity (cash) to accomplish the goals of the proposed Transportation Projects Reserve.
2. **Background:** The Finance Committee requested staff to research and report on the establishment of two reserve funds. One fund would be for project contingency (Contingency Reserve) and the other fund would set aside funds for future large scale projects (Transportation Project Reserve). The Executive Director established an advisory panel to examine and make recommendations on the establishment of both a Contingency Reserve and Transportation Project Reserve within the Regional Revenue Fund. Participation on the advisory panel was open to representatives of all member jurisdictions and sought the engagement of jurisdiction transportation and finance representatives.
3. **Comments:** The Finance Committee expressed an interest in establishing a cash reserve (Transportation Projects Reserve) within the Regional Revenue Fund to permit the Authority to set aside funds for future large scale projects. The Advisory Panel made the following observations related to such a reserve:
  - a. **Funding the Reserve** – The reserve would be funded through and accounted within the Regional Revenue Fund. The reserve can only be used for transportation projects or debt service payments, consistent with the provisions in HB 2313 (2013).
  - b. **Project Eligibility** - To ensure compliance with HB 2313 projects must undergo all required screening and ranking processes before funding from the reserve could be approved by the Authority.
  - c. **PayGo Impact** – while a prospective sizing of the reserve has not occurred, the Advisory Panel considered that an amount of \$100 million or greater would be required. Using FY2017 as an example, where our current estimate is that \$230 million will be available for PayGo after paying debt service on the Series 2014 Bonds and other obligations:
    - i. If the reserve were to be funded at \$100 million in 1 year, PayGo availability for that year would be reduced by approximately 45%.

- ii. If the reserve were to be funded over three years, (\$33.3 million per year totaling \$100 million), PayGo availability would be reduced by approximately 15% for three years.
  - d. **Debt Capacity** – Debt financing is typically employed for projects which would either create too great a draw on current PayGo resources or for which PayGo resources are not available in a single year. As shown in the August 5, 2015 ‘Debt Scenarios and Capacity Analysis’ prepared for the Authority by our Financial Advisor PFM, the Authority currently has a significant amount of unused debt capacity.
  - e. **Reserving Debt Capacity** – Reserving a percentage of debt capacity for transportation projects would hold resources in reserve for future large scale projects.
    - i. Establishing this reserve by reserving debt capacity would eliminate any immediate impact on PayGo projects.
    - ii. As shown in the August 5, 2015 ‘Debt Scenarios and Capacity Analysis’ prepared for the Authority by PFM, the Authority’s estimated debt capacity through 2037 is approximately \$1.8 billion. For example, if the Authority were to reserve 5% of its total debt capacity for the reserve, that amount would equal to \$90 million. Any project under consideration would be required to go through the mandatory screening processes. Therefore, determining and executing a plan of finance for that project could be done concurrently with the project screening. The plan of finance would only be executed if the project received Authority approval.
    - iii. The long term impact on PayGo available funds for projects would be related to the annual debt service payments on future bond issuances.
4. **Advisory Panel Recommendation.** The Advisory Panel recommends proceeding with further review of a Transportation Projects Reserve based on reserving a percent of its total debt capacity rather than cash as the funding basis.

**Coordination:** Contingency and Transportation Project Reserve Advisory Panel

**Attachment:** Debt Scenarios & Capacity Analysis, prepared by PFM, August 5, 2015



# Debt Scenarios & Capacity Analysis

prepared for

## Northern Virginia Transportation Authority

I-66 Outside the Beltway Committee Meeting  
August 5, 2015

Presented by  
JoAnne Carter, Managing Director

Public Financial Management, Inc.  
4350 N. Fairfax Dr., Suite 580  
Arlington, VA 22203



## Key Assumptions

- Bond issuance in FY2018 (July 1, 2017 to June 30, 2018)
- Issuance of senior lien bonds with fully bond-funded Debt Service Reserve Fund (“DSRF”)
- 20 year amortization with a level debt service structure
- 20 year historical interest rates
- Adopted Budget Revenues for FY2015 and FY2016
- Revenue forecasts for out years reflect recent estimates being discussed with revenue estimation committee

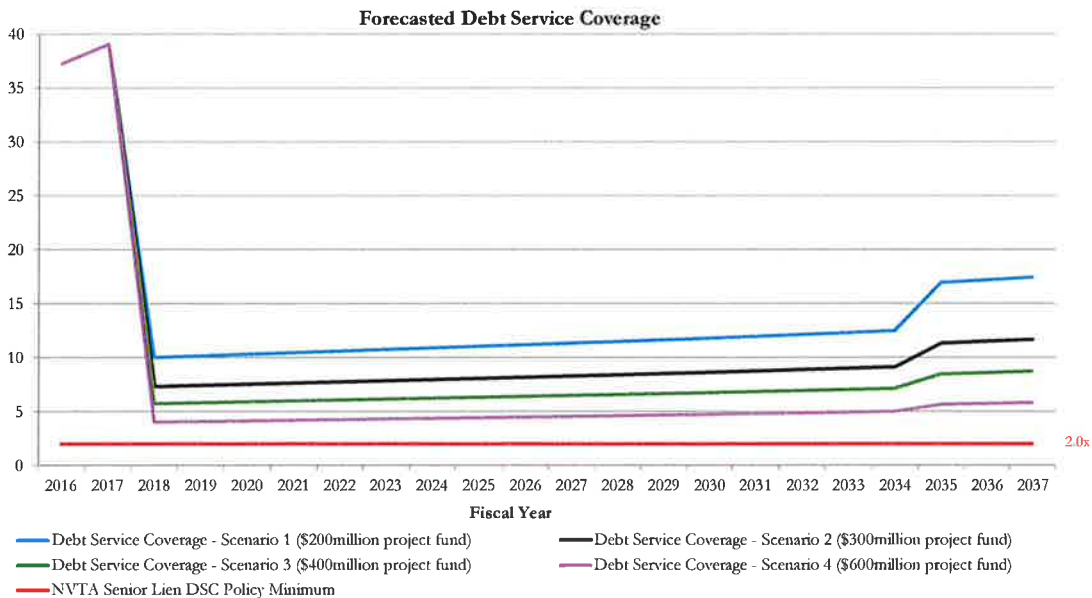
# Scenario Summary

*NVTA's debt policy uses debt service coverage ("DSC") as the primary metric for measuring the affordability of its debt and capacity for new debt.*

	Existing Only	Scenario 1 (\$200 million)	Scenario 2 (\$300 million)	Scenario 3 (\$400 million)	Scenario 4 (\$600 million)
Min DSC	37.29x	10.04x	7.31x	5.75x	4.03x
Avg DSC	43.91x	14.50x	11.36x	9.62x	7.74x
Max DSC	49.66x	39.11x	39.11x	39.11x	39.11x

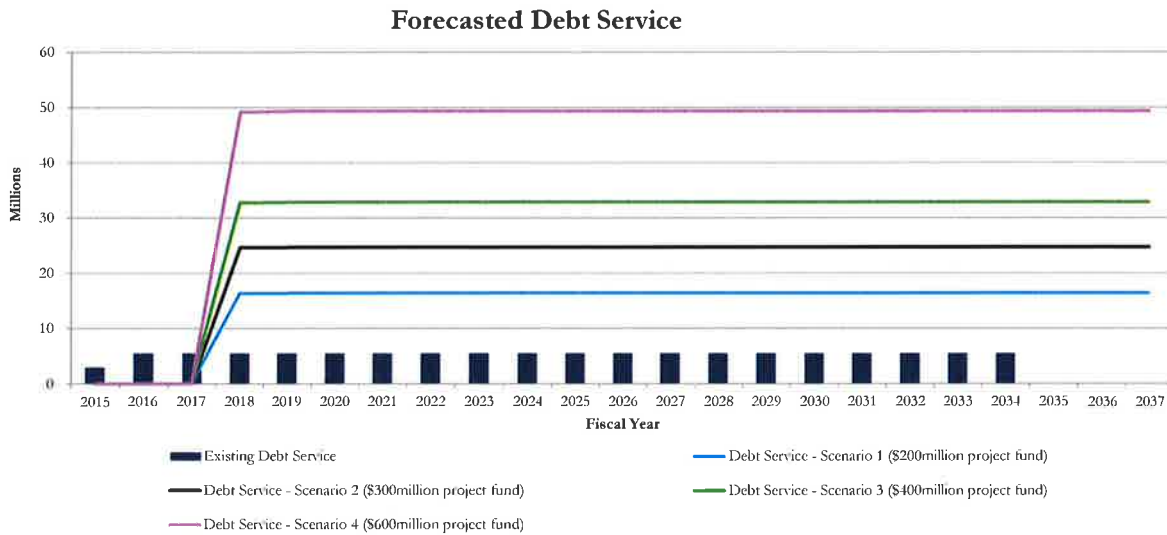
$$\text{Debt Service Coverage} = \frac{\text{NVTA Regional Revenue (70\%)}}{\text{Debt Service}}$$

## Forecasted Debt Service Coverage



Note: Assumes only the existing Series 2014 debt service and the assumed I-66 Project debt service (at varying project fund amounts). No additional debt is assumed beyond FY 2018.

# Forecasted Debt Service



Note: Assumes only the existing Series 2014 debt service and the assumed I-66 debt service (at varying project fund amounts). No additional debt is assumed beyond FY 2018.

# Estimated Debt & PAYGO Capacity

- Senior lien bonds with fully funded bond-funded DSRF
- 20 year amortization, level debt service structure
- 20 year historical average interest rates
- Next issuance in FY 2019 and assumed issuance every other year in equal amounts
- Debt service coverage maintained at or above 2.1x

	I-66 Bond Issue			Estimated Remaining Bonding Capacity through 2037	FY 2015-FY2037 Estimated Remaining PAYGO Capacity <sup>1</sup>	Estimated Biennial Issuance
	I-66 Project Fund	MADS	Min DSC			
Scenario 1	\$200 million	\$16.5 million	10.04x	\$1.6 billion	\$4.1 billion	\$160 million
Scenario 2	\$300 million	\$24.7 million	7.31x	\$1.5 billion	\$4.0 billion	\$149 million
Scenario 3	\$400 million	\$32.9 million	5.75x	\$1.4 billion	\$3.9 billion	\$138 million
Scenario 4	\$600 million	\$49.4 million	4.03x	\$1.2 billion	\$3.7 billion	\$115 million

<sup>1</sup> Total of 70% revenues remaining after debt service is paid.

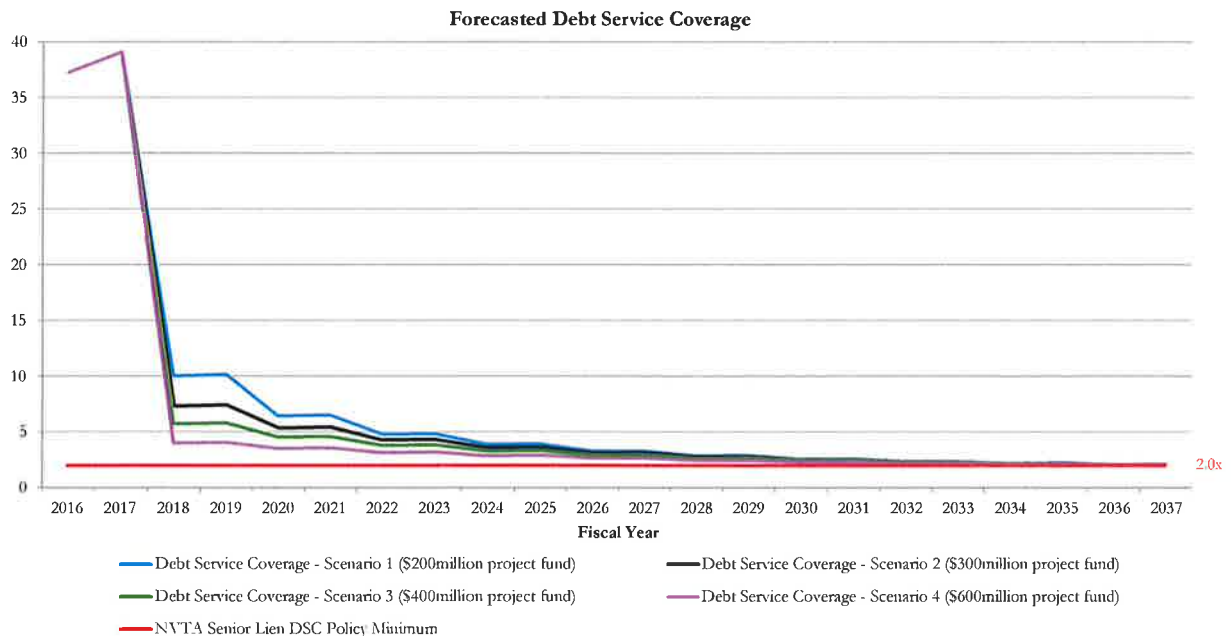
# Debt Capacity Summary

*Debt capacity analysis assumes NVTA remains above its 2.0x debt policy threshold for debt service coverage.*

	Existing Only	Scenario 1 (\$200 million)	Scenario 2 (\$300 million)	Scenario 3 (\$400 million)	Scenario 4 (\$600 million)
Min DSC	37.29x	2.10x	2.10x	2.10x	2.11x
Avg DSC	43.91x	7.20x	6.72x	6.41x	5.99x
Max DSC	49.66x	39.11x	39.11x	39.11x	39.11x

$$\text{Debt Service Coverage} = \frac{\text{NVTA Regional Revenue (70\%)}}{\text{Debt Service}}$$

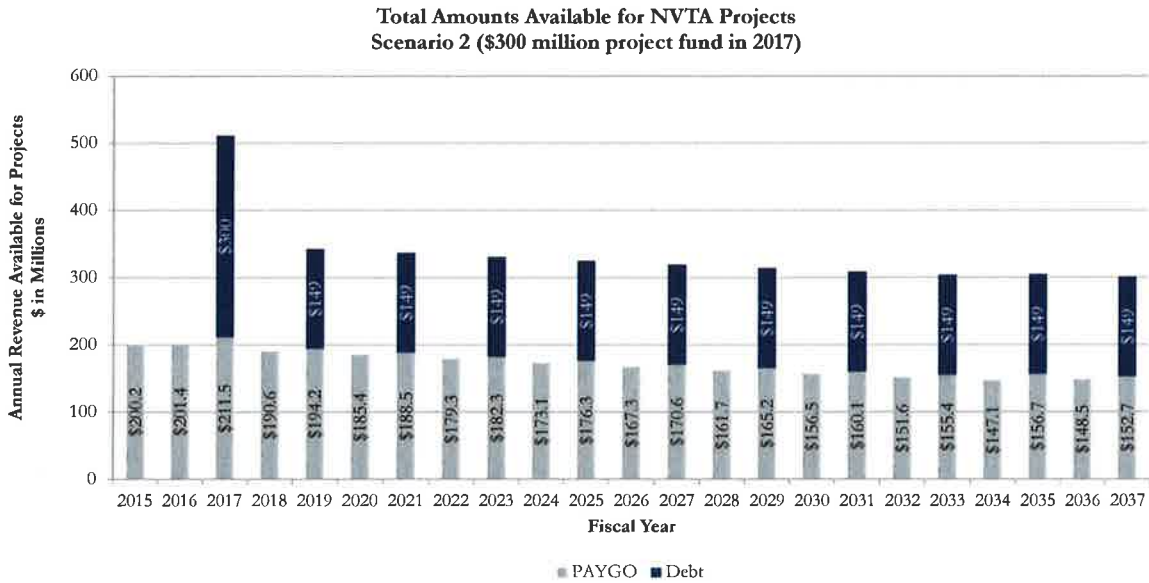
## Forecasted Debt Service Coverage Multi-Year Issuance



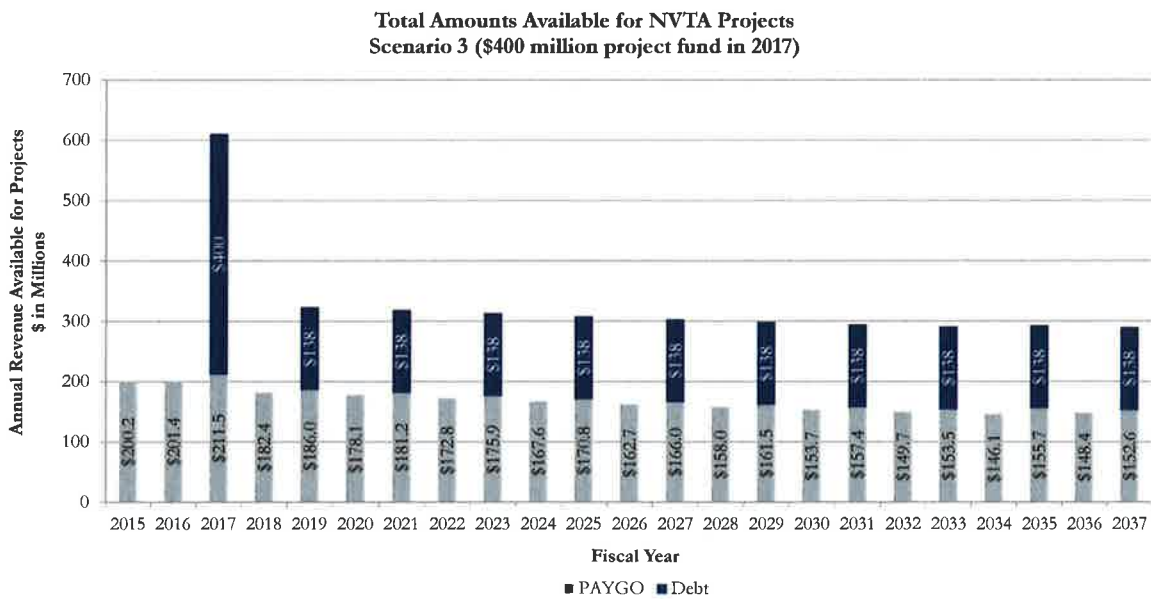
Note: Assumes bond issuance every other year between 2019 and 2037 (at varying project fund amounts).



# Future Debt & PAYGO Capacity under Scenario 2



# Future Debt & PAYGO Capacity under Scenario 3



## Credit Considerations

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- NVTAs additional bonds test in the Indenture and its debt service coverage threshold adopted debt policy protects NVTAs & investors from over-leveraging
- Rating agencies fully anticipated NVTAs to actively leverage its revenue stream in the future as its CIP evolves
  - Moody’s: “While coverage levels are expected to decline ...even if NVTAs fully funded 100% of projects that are currently under evaluation, debt service coverage would still remain a strong 3.1 times, exceeding NVTAs’s senior lien debt service target of 2.0 times.”
  - Fitch: “Risk to overleveraging is addressed through a fairly strong additional bonds test (ABT)...currently roughly \$840 million in projects identified for such review...if entirely bond financed, would result in MADS close to \$70 million according to Fitch estimates and DSC of 2.9x from fiscal 2014 pledged revenues...”
  - S&P: “...projects under consideration for funding in fiscal years 2015 and 2016 total \$769.6 million. If NVTAs were to fund 100% of currently identified projects in full with debt only, we understand projected DSC would remain more than 3.1x.”
- Project selection viewed as NVTAs’s prerogative & not a key credit criteria
- Communication with credit analysts later this year is important
- PFM believes no negative credit pressure exists based on preliminary analysis

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## Conclusion

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- NVTAs has debt capacity to fund project fund amounts up to \$600 million in FY 2018
- Even with a bond issue for I-66 project costs at various amounts contemplated, NVTAs would maintain debt and PAYGO capacity for future projects
- Debt service coverage would remain healthy above 2.0x under any scenario
- While communication with credit agencies is critical, PFM views no negative credit pressure based on range of current borrowing scenarios

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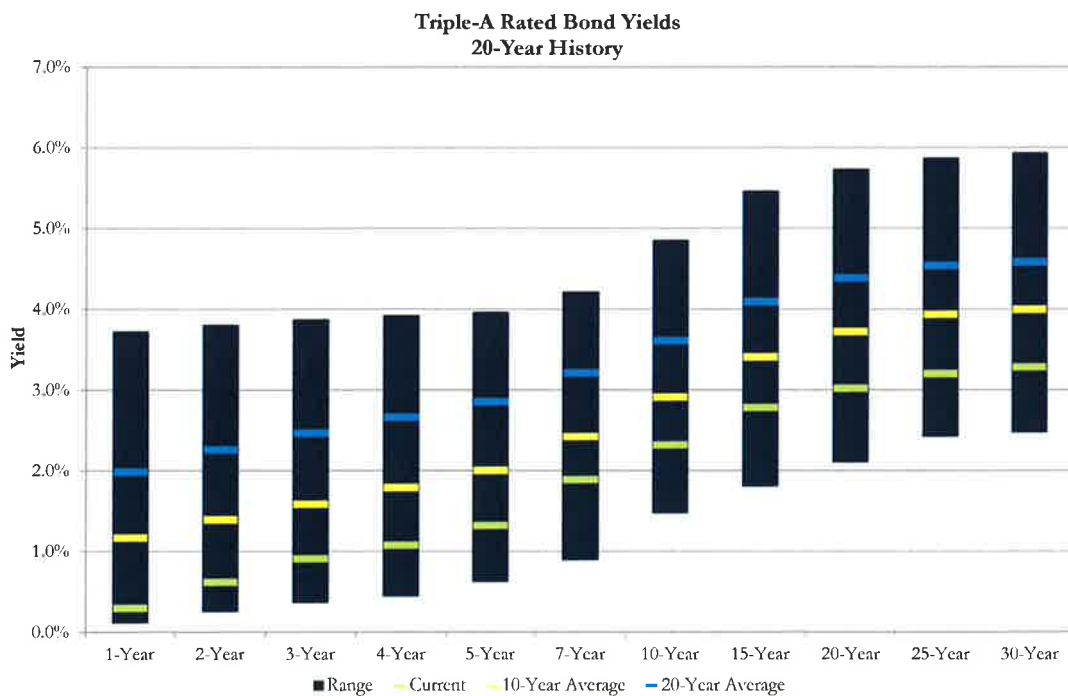
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# Appendix

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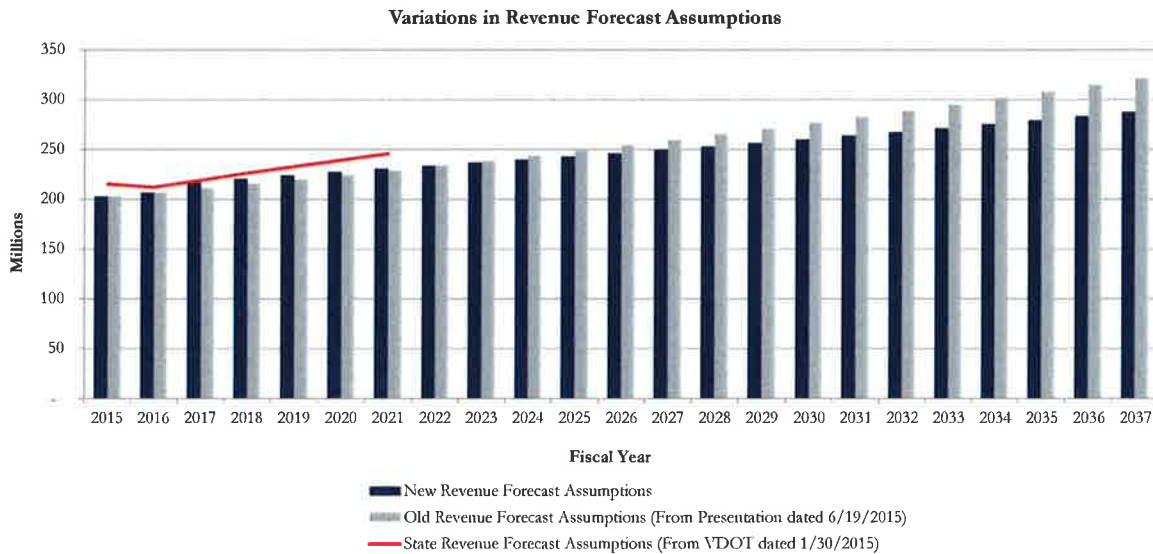
## Municipal Yield Curve Changes

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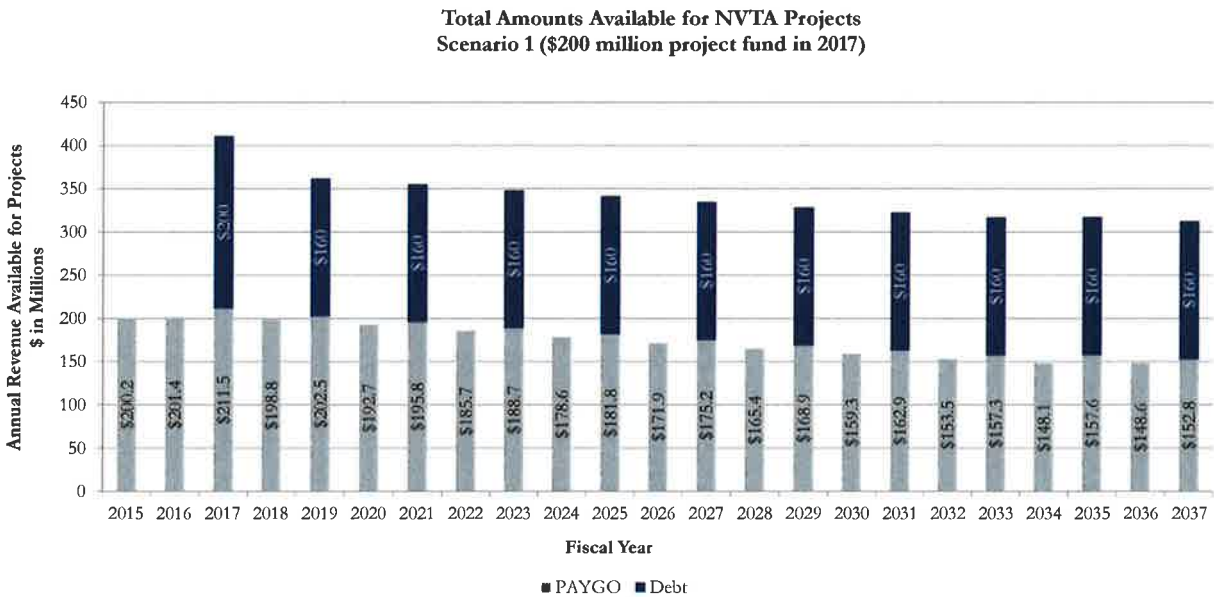


Note: Rates as of July 15, 2015

# Prior and Current Revenue Forecasts

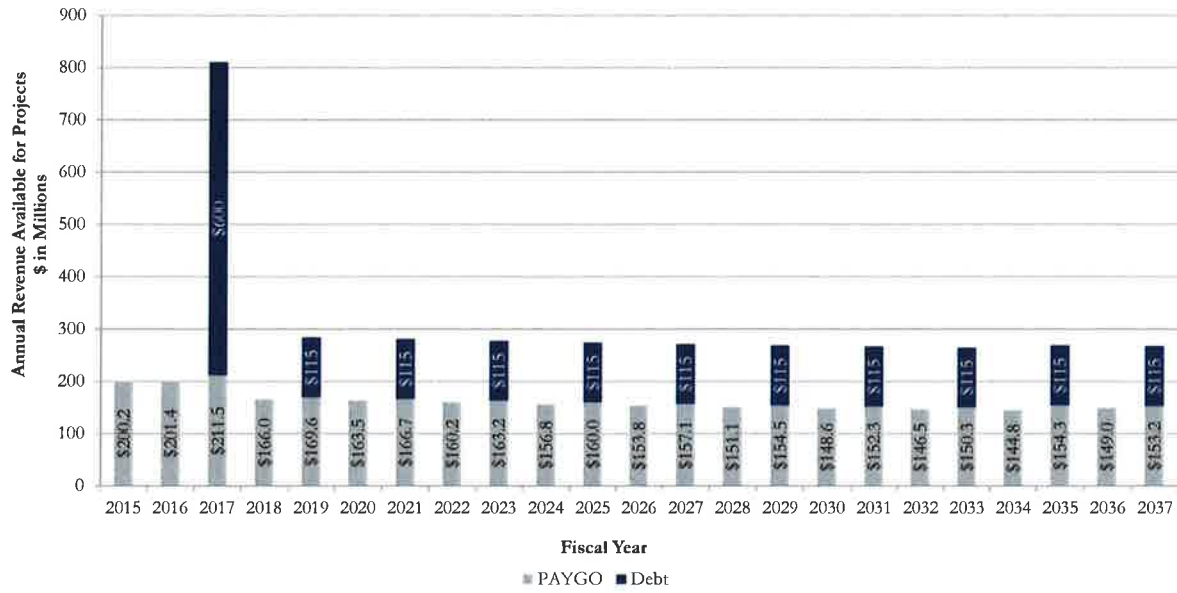


# Future Debt & PAYGO Capacity under Scenario 1



# Future Debt & PAYGO Capacity under Scenario 4

Total Amounts Available for NVTA Projects  
Scenario 4 (\$600 million project fund in 2017)



## NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

**TO:** Chairman York and Members of the NVTA Finance Committee

**FROM:** Michael Longhi, Chief Financial Officer

**SUBJECT:** Budget Guidance for the FY2017 Operating Budget

**DATE:** November 30, 2015

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1. **Purpose:** Receive guidance from the Finance Committee on planning factors for the FY2017 Operating Budget.
2. **Background:** The NVTA Operating Budget is paid for by the Authority's member jurisdictions based on population. In accord with the Memorandum of Agreement, member jurisdictions have the opportunity to elect to pay their portion of the Operating Budget directly or through accepting a reduction in their July 30% revenue distribution. The Operating Budget contains an Operating Reserve, which if used during the course of a year must be replenished the following year.
3. **Initial Assumptions:**
  - a. **FY 2016 Year End Performance.** The Authority ended FY2014 and FY2015 with positive ending balances through under spending of the Operating Budget. Due to transferring bond counsel and financial advisory expenses from the Regional Revenue Fund and other unanticipated expenses it is likely a portion of the Operating Reserve will be utilized in FY2016.
  - b. **FY2017 New Initiatives.** The Authority's Operating Budget has essentially seen one time (office move/set up) or incremental changes since the implementation of HB 2313 began in FY2014. To manage the Authority's planning and programming activities, the increasing number of funded projects, increased volume and complexity of financial activity, as well as to strengthen public outreach and engagement, several initiatives are needed for FY2017.
    - i. **Additional Program Coordinator position.** This position is needed to address the enhanced project planning, evaluation and selection process which includes the potential of incorporation of HB 599 in-house, the monitoring of an increased number of active projects which is anticipated to be no less than 85 with the adoption of the FY2017 Program, as well as the update to TransAction which is a two year process which will result in the development of the Authority's first Six Year Program. A starting salary of \$90,000/yr. results in a total cost of the position of approximately \$127,000, inclusive of insurance and benefits costs? First year costs for equipment and furnishings are \$12,500 with ongoing administrative costs of \$7,500/year thereafter.
    - ii. **Additional Senior Financial Manager position.** This position is needed to provide daily financial transactional support as well as long term depth to the management of the Authority's fiscal affairs. This position will be a key resource in providing the ability to sustain responsiveness to project reimbursement requests,

undertake complex financial analysis of current and proposed projects, investment and financing activities as well as post issuance compliance with bond regulatory requirements. As of October 2015, the Authority's Balance Sheet was \$522 million. Annual project reimbursements are expected to reach a high of \$242.7 million and monthly 30% distributions average \$7.7 million a month. The position will also assist with the investment of Authority funds. The interest earnings from those investments accrue in the Regional Revenue Fund not in the Operating Fund. A starting salary of \$125,000/yr. results in a total cost of the position of approximately \$168,500, which is inclusive of insurance and benefits. First year costs for equipment and furnishings are \$12,500 with ongoing administrative costs of \$7,500/year thereafter.

- iii. **Public Outreach/Engagement/Communication service.** Utilizing a competitively procured service to support and enhance public and media relations, branding and positioning, copy writing as well as advertising and sponsoring. This service will serve as a compliment to existing in-house efforts and will seek to expand and enhance the Authority's existing communications plan and social media efforts.
- c. **Budgeting of Financial Advisory and Bond Counsel Fees.** These fees are related to financial advisory and bond counsel services for bond financings. The Authority requires ongoing consultation and support from Bond Counsel and a Financial Advisor. Where appropriate and possible these fees will be converted to the cost of issuance on future bond financings and reimbursed to the Operating Budget. Such reimbursements will occur in the year of closing on future financings. Therefore, there will probably be several fiscal years between reimbursements. The reimbursements will decrease the operating cost share to jurisdictions in the fiscal year following receipt of reimbursement from a bond sale.

For FY2016, these costs were budgeted in the Regional Revenue Fund. A FY2016 budget adjustment, (to possibly include other mid-year adjustments) will be submitted to move these costs from the Regional Revenue Fund to the Operating Budget. It is expected this transfer will require the use of the Operating Reserve in FY2016. Use of the Operating Reserve in FY2016 will require replenishment through the FY2017 Operating Budget. In June of 2015 the Authority approved a contract for financial advisory services with Public Financial Management Inc. (PFM). Expenses for this service are \$72,000/yr. Bond Counsel fees are estimated at \$50,000/yr. These estimates relate to annual fees and do not include the additional costs associated with a debt issuance.

- d. **Staff Compensation.** As occurred in previous budget preparations, staff performance based compensation changes will be based on the average annual increases contemplated in NVTa member jurisdiction proposed budgets and take into account peer groups in Northern Virginia.
- e. **Office Lease.** The Authority has a five year lease with the NVRC. The contract lease increase for FY2017 is \$10,200. If the new positions listed above are approved, office lease costs would increase by an additional \$10,000.

f. **Equipment Replacement Reserve.** With the startup of funded operations in FY2014, the Authority has purchased all of its IT equipment, phones, furnishings and fixtures. Much of the IT equipment has a useful life expectancy of 5 years or less. The current value of the IT assets is \$18,000. Establishing an Equipment Replacement Reserve within the Operating Fund and budgeting \$4,500 per year to it will ensure funds are available for equipment replacement. Future contributions to the reserve can be adjusted during the annual budget process to reflect actual experience.

4. **Next Steps.** Guidance from the Finance Committee will be used to prepare a draft budget for committee review.



## NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

### MEMORANDUM

**TO:** Chairman York and Members of the NVTA Finance Committee  
**FROM:** Michael Longhi, Chief Financial Officer  
**SUBJECT:** Monthly Revenue Report  
**DATE:** November 30, 2015

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1. **Purpose:** Monthly report of revenue receipts and 30% funds distribution to member localities.
2. **Background:** The attached reports reflect funding received through November 2015.
3. **Comments:**
  - a. **FY 2016 Revenues (Attachment A)**
    - i. The Authority has received approximately \$81.4 million through the November transfers from the Commonwealth.
    - ii. Actual to estimate comparison for revenues through November show a 32.83% positive variance in Grantors Tax , a 2.84% positive variance in Sales Tax and a 1.05% negative variance in Transient Occupancy Tax compared to the adopted revenue budget. Due to the difference in business cycles amongst the jurisdictions, the Authority has not received a full quarter of Transient Occupancy Tax revenue, making comparison to budget unreliable.
    - iii. Overall revenue receipts are tracking at 6.28% above estimate. No changes to the FY2016 revenue estimates are recommended at this time.
  - b. **FY 2016 Distribution to localities (Attachment B)**
    - i. As of the preparation of this report, five jurisdictions have completed the HB2313 required annual certification process to receive FY2016 30% funds. Suspension of 30% transfers for FY2016 has been discussed with jurisdictional staff.
    - ii. Of the \$81.45 million received by the Authority for FY2016, approximately \$24.4 million represents 30% local funds of which \$12.02 million has been distributed.
  - c. **FY2014 to FY2016 Year over Year Revenue Comparison (Attachment C).**
    - i. This chart reflects a month to month comparison of revenue by tax type and a year to year comparison of total revenues received through November.
    - ii. While the chart reflects positive growth in the three revenue types the year to year history for the Authority remains limited.

**Attachments:**

- A. Revenues Received By Tax Type, Compared to NVTA Estimates, Through November 2015
- B. FY2016 30% Distribution by Jurisdiction, through November 2015

C. Month to Month Comparison By Tax Type and YTD Receipts for November 2015, 2014  
and 2013

**NORTHERN VIRGINIA TRANSPORTATION AUTHORITY**  
**REVENUES RECEIVED, BY TAX TYPE AND JURISDICTION, COMPARED TO NVTA BUDGET**  
 Based on: Revenue Data Through October 2015  
 FYE June 30, 2016

Grantors Tax		3	Received		NVTA		Projected Variance
			To Date	Annualized	FY 2016 Budget	Annualized - Actual To Budget	
Transaction Months							
City of Alexandria			\$ 996,706	\$ 3,986,824	\$ 3,226,950	\$ 759,874	
Arlington County			\$ 1,901,157	\$ 7,604,628	\$ 4,574,287	\$ 3,030,341	
City of Fairfax			\$ 121,629	\$ 486,516	\$ 292,916	\$ 193,600	
Fairfax County			\$ 5,128,804	\$ 20,515,217	\$ 15,169,980	\$ 5,345,237	
City of Falls Church			\$ 75,293	\$ 301,170	\$ 265,235	\$ 35,935	
Loudoun County			\$ 2,424,156	\$ 9,696,622	\$ 8,635,320	\$ 1,061,302	
City of Manassas			\$ 152,454	\$ 609,817	\$ 274,904	\$ 334,913	
City of Manassas Park			\$ 54,156	\$ 216,625	\$ 150,781	\$ 65,844	
Prince William County			\$ 1,579,950	\$ 6,319,800	\$ 4,612,105	\$ 1,707,695	
Total Grantors Tax Revenue			\$ 12,434,305	\$ 49,737,219	\$ 37,202,478	\$ 12,534,741	33.69%
Regional Sales Tax*							
Transaction Months		2					
City of Alexandria			\$2,466,134	\$ 14,796,805	\$ 15,039,910	\$ (243,105)	
Arlington County			\$3,889,593	\$ 23,337,561	\$ 23,984,390	\$ (646,829)	
City of Fairfax			\$1,223,153	\$ 7,338,919	\$ 6,626,350	\$ 712,569	
Fairfax County			\$17,252,192	\$ 103,513,154	\$ 103,110,900	\$ 402,254	
City of Falls Church			\$359,635	\$ 2,157,811	\$ 2,532,963	\$ (375,152)	
Loudoun County			\$7,258,720	\$ 43,552,318	\$ 40,887,720	\$ 2,664,598	
City of Manassas			\$821,641	\$ 4,929,844	\$ 4,684,053	\$ 245,791	
City of Manassas Park			\$228,376	\$ 1,370,255	\$ 943,681	\$ 426,574	
Prince William County			\$5,832,960	\$ 34,997,760	\$ 34,946,852	\$ 50,908	
Total Sales Tax Revenue*			\$ 39,332,405	\$ 235,994,428	\$ 232,756,819	\$ 3,237,609	1.39%
Transient Occupancy Tax (TOT)							
Transaction Months							
City of Alexandria	Months	2.00	\$ 425,950	\$ 2,555,697	\$ 3,397,640	\$ (841,943)	
Arlington County	Months	2.00	\$ 1,485,327	\$ 8,911,964	\$ 8,890,830	\$ 21,134	
City of Fairfax	Quarters	0.00	\$ -	\$ -	\$ 354,803	\$ (354,803)	
Fairfax County	Quarters	0.10	\$ 266,864	\$ 10,674,559	\$ 9,234,774	\$ 1,439,785	
City of Falls Church	Months	1.00	\$ 14,296	\$ 171,554	\$ 145,473	\$ 26,081	
Loudoun County	Quarters	1.00	\$ 517,725	\$ 2,070,901	\$ 2,040,200	\$ 30,701	
City of Manassas	Months	2.00	\$ 12,312	\$ 73,871	\$ 79,732	\$ (5,861)	
City of Manassas Park	n/a		\$ -	\$ -	\$ -	\$ -	
Prince William County	Quarters	1.00	\$ 184,822	\$ 739,288	\$ 1,488,946	\$ (749,658)	
Total TOT Revenue			2,907,296	25,197,834	\$ 25,632,398	(434,564)	-1.70%
Total Revenue Received			\$ 54,674,005	\$ 310,929,481	\$ 295,591,695	\$ 15,337,786	5.19%
			\$ 54,674,005				

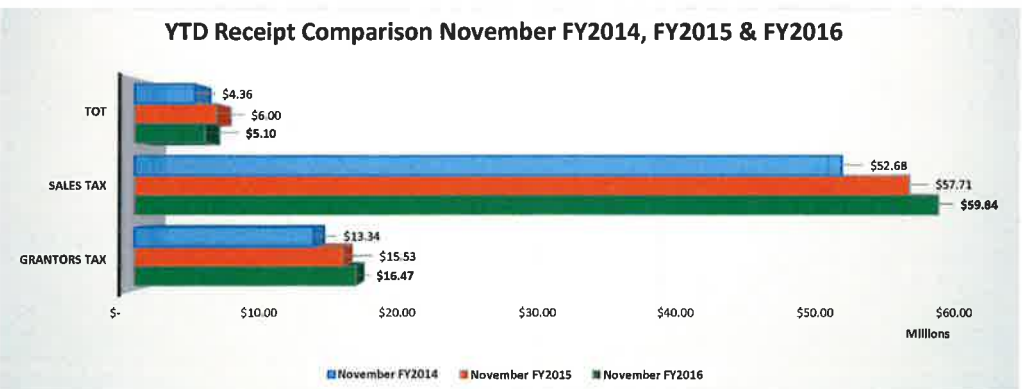
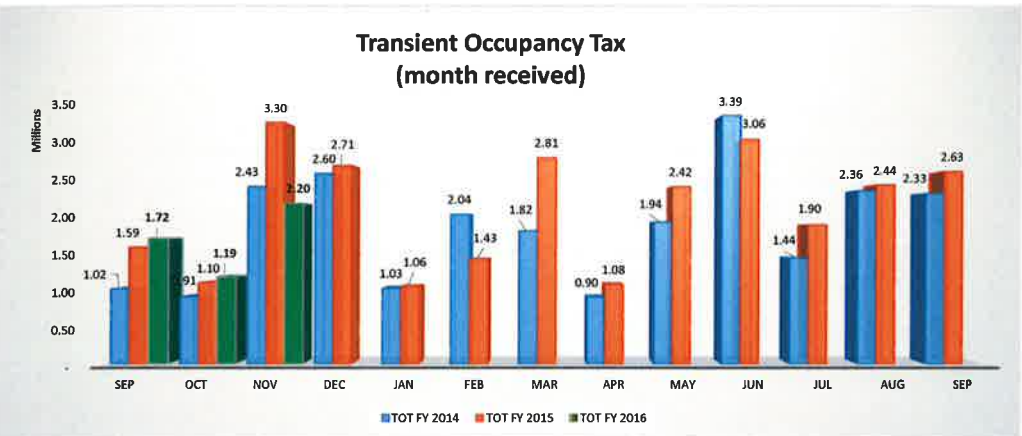
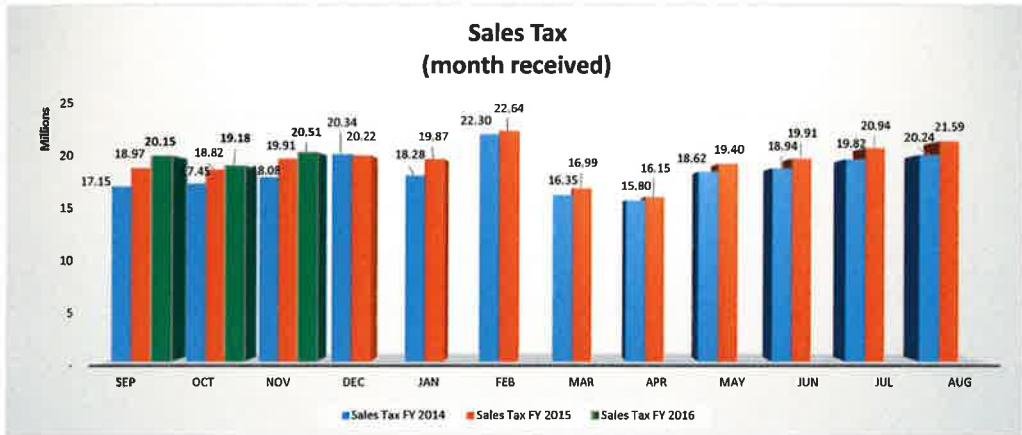
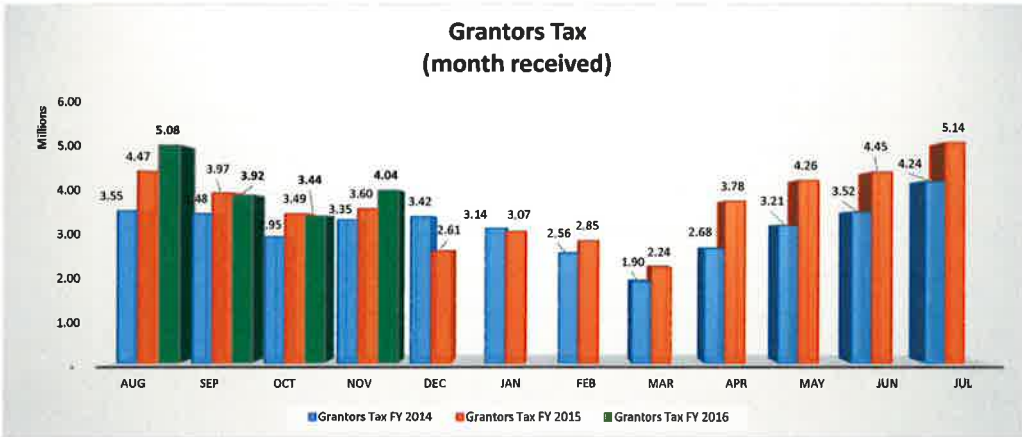
\*The Regional Sales Tax is reported net of fees when applicable.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY  
 FY 2016 30% DISTRIBUTION BY JURISDICTION

Based on: Receipts through October 2015

Jurisdiction	Grantor's Tax	Regional Sales Tax (1)	Transient Occupancy Tax (2)	NVTA Fund Interest	Total	30% Funds	Accrued Interest (3)	Prior Distributions	Current Month Distribution	Total Funds Transferred
City of Alexandria	\$ 996,706.05	\$ 2,466,134.23	\$ 425,949.52	\$ -	\$ 3,888,789.80	\$ 1,166,636.94	42.75 (+)	\$ -	\$ 1,166,679.69	\$ -
Arlington County	\$ 1,901,157.00	\$ 3,889,593.49	\$ 1,485,327.36	\$ -	\$ 7,276,077.85	\$ 2,182,823.36	79.38	\$ 1,300,275.84	\$ 882,626.90	\$ 2,182,902.74
City of Fairfax	\$ 121,629.00	\$ 1,223,153.17	\$ -	\$ -	\$ 1,344,782.17	\$ 403,434.65	12.21	\$ -	\$ 403,446.86	\$ -
Fairfax County	\$ 5,128,804.20	\$ 17,252,192.41	\$ 266,863.98	\$ -	\$ 22,647,860.59	\$ 6,794,358.18	250.37	\$ 3,828,512.78	\$ 2,966,095.77	\$ 6,794,608.55
City of Falls Church	\$ 75,292.50	\$ 359,635.12	\$ 14,296.13	\$ -	\$ 449,223.75	\$ 134,767.13	6.11	\$ -	\$ 134,773.24	\$ -
Loudoun County	\$ 2,424,155.55	\$ 7,258,719.74	\$ 517,725.37	\$ -	\$ 10,200,600.66	\$ 3,060,180.20	116.02	\$ 1,730,934.65	\$ 1,329,361.57	\$ 3,060,296.22
City of Manassas	\$ 152,454.15	\$ 821,640.68	\$ 12,311.84	\$ -	\$ 986,406.67	\$ 295,922.00	12.21	\$ 154,839.79	\$ 141,094.42	\$ 295,934.21
City of Manassas Park	\$ 54,156.25	\$ 228,375.90	\$ -	\$ -	\$ 282,532.15	\$ 84,759.65	6.11	\$ 48,781.85	\$ 35,983.91	\$ 84,765.76
Prince William County	\$ 1,579,950.00	\$ 5,832,959.94	\$ 184,821.90	\$ -	\$ 7,597,731.84	\$ 2,279,319.55	85.49	\$ -	\$ 2,279,405.04	\$ -
<b>Total Revenue</b>	\$ 12,434,304.70	\$ 39,332,404.68	\$ 2,907,296.10	\$ -	\$ 54,674,005.48	\$ 16,402,201.66	\$ 610.65	\$ 7,063,344.91	\$ 9,339,467.40	\$ 12,418,507.48

- 1 Net of Dept. of Taxation Fees
- 2 County TOT includes any town collections
- 3 Interest earned through 9/30/2015



## NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

### MEMORANDUM

**TO:** Chairman York and Members of the NVTA Finance Committee

**FROM:** Michael Longhi, Chief Financial Officer

**SUBJECT:** NVTA Operating Budget

**DATE:** November 30, 2015

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1. **Purpose:** To update the Authority on the NVTA Operating Budget for FY2016.
2. **Background:** The NVTA operating budget is funded through the participating jurisdictions. All jurisdictions have contributed their respective share of the FY2016 operating budget.
3. **Comments:**
  - a. Operating revenue is at 100% of estimate.
  - b. October represents 33% of the fiscal year. Through October 2015, the Authority has utilized 32.7% of its expenditure budget.
  - c. No changes are expected to the Operating Budget at this time.

**Attachment:** FY2016 Operating Budget through October 31, 2015

1000 General Fund

Account Object	Description	----- Current Year -----				%
		Current Month	Current YTD	Budget	Variance	
Revenue						
330100	Contribution Member Jurisdiction		1,100,262.02	1,100,264.00	-1.98	100
						100
	Total Revenue	0.00	1,100,262.02	1,100,264.00	-1.98	100
Expenses						
410000	Personnel Expenses					
110	Salaries-Regular Pay	77,735.75	227,404.15	678,632.00	451,227.85	34
130	Health & Dental Benefits	5,342.12	30,802.36	82,752.00	51,949.64	37
131	Payroll Taxes	4,632.11	15,689.31	53,279.00	37,589.69	29
132	Retirement VRS	4,160.03	16,029.40	50,542.00	34,512.60	32
133	Life Insurance	668.28	2,664.27	8,076.00	5,411.73	33
134	Flex Spending/Dependent Care	26.25	78.75	478.00	399.25	16
135	Workers Comp	38.00	38.00	747.00	709.00	5
137	Disability Insurance	442.50	3,610.06	13,573.00	9,962.94	27
	Total Account	93,045.04	296,316.30	888,079.00	591,762.70	33
420000	Professional Services					
210	Audit & Accounting		18,000.00	27,500.00	9,500.00	65
220	Bank Service			750.00	750.00	
230	Insurance		4,510.00	3,900.00	-610.00	116
240	PR Service	36.77	294.16	1,300.00	1,005.84	23
250	TransAction Update Outreach			46,200.00	46,200.00	
260	Public Outreach		1,349.21	46,300.00	44,950.79	3
261	Legal Services	-6,333.01				
	Total Account	-6,296.24	24,153.37	125,950.00	101,796.63	19
430000	Technology/Communication					
310	Acctg & Financial Report System			12,000.00	12,000.00	
320	HW SW & Peripheral Purchase			4,000.00	4,000.00	
330	IT Support Svc Incl Hosting	933.99	4,279.96	10,420.00	6,140.04	41
340	Phone Service	80.00	1,483.28	7,680.00	6,196.72	19
350	Web Develop & Hosting	3,500.00	19,270.00	38,920.00	19,650.00	50
	Total Account	4,513.99	25,033.24	73,020.00	47,986.76	34
440000	Administrative Expenses					
410	Advertisement			1,500.00	1,500.00	
411	Dues & Subscriptions	150.00	180.00	3,000.00	2,820.00	6
412	Duplication & Printing	507.00	4,664.72	17,000.00	12,335.28	27
413	Furniture & Fixture			1,500.00	1,500.00	
414	Meeting Expenses	151.60	573.02	3,600.00	3,026.98	16
415	Mileage/Transportation	122.67	811.19	7,200.00	6,388.81	11
416	Misc Exp		5,117.57		-5,117.57	
417	Office Lease	8,675.36	42,830.09	93,900.00	51,069.91	46
418	Office Supplies	151.27	690.04	10,000.00	9,309.96	7

11/19/15  
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NORTHERN VIRGINIA TRANSPORTATION AUTHORITY  
Income Statement  
For the Accounting Period: 10 / 15

Page: 2 of 2  
Report ID: LB170A

1000 General Fund

Account Object	Description	----- Current Year -----				
		Current Month	Current YTD	Budget	Variance	%
419	Postage & Delivery	30.19	351.92	600.00	248.08	59
420	Professional Develop & Training	1,387.00	1,812.00	9,750.00	7,938.00	19
421	Industry Conferences	1,655.04	2,334.49	3,000.00	665.51	78
	Total Account	12,830.13	59,365.04	151,050.00	91,684.96	39
	Total Expenses	104,092.92	404,867.95	1,238,099.00	833,231.05	33
	Net Income from Operations	-104,092.92	695,394.07			
Other Expenses						
521000	Transfers					
820	Transfer to Operating Reserve			247,619.00	247,619.00	
	Total Account			247,619.00	247,619.00	
	Total Other Expenses	0.00	0.00	247,619.00	247,619.00	
	Net Income	-104,092.92	695,394.07			