

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY**M E M O R A N D U M**

TO: Chairman Martin E. Nohe and Members
Northern Virginia Transportation Authority

FROM: Mayor Parrish, Chairman – NVTA Finance Committee

DATE: October 5, 2018

SUBJECT: Finance Committee Report of the September 20, 2018 Meeting

1. **Purpose:** To provide the Northern Virginia Transportation Authority (NVTA) with a report of NVTA Finance Committee (Committee) activities.
2. **Background:** The Finance Committee last met on September 20, 2018. The next meeting is scheduled for October 18, 2018 at 1:00PM. The following summarizes the September 20th meeting:
3. **Presentation:** The Committee received a presentation from Richard Stavros – Investment and Debt Manager, on tools to advance the NVTA’s Investment Policy primary objectives of: Safety, Liquidity and then Yield. The presentation addressed the increasing size of the investment portfolio (approaching \$1 billion) and corresponding need to ensure suitable tools for safety and liquidity priorities. Additional analyses and recommendations are anticipated in October.
4. **Action Items:** There were no Action Items submitted for the agenda.
5. **Discussion Items:**
 - a. **Project Monitoring and Management System Update.** The Committee received a report on the procurement efforts of the Project Monitoring and Management System (PMMS).
 1. As part of the report it was noted that the first phase of the PMMS is Application Automation which will first be used by member jurisdictions and agencies in July 2019.
 2. It was noted that the Application Automation phase received funding of \$60,000 in the FY2019 Operating Budget and that the second phase (Project Status Monitoring and Online Dashboard) will require \$140,000 in funding in the FY2020 Operating Budget.
 3. There was recognition that the FY2019 Operating Budget was delayed due to revenue uncertainty created during the 2018 General Assembly Session. This delay postponed the public procurement activities for PMMS.
 4. The Committee discussed options and provided guidance to NVTA staff on steps to potentially reduce the procurement time and recommendation to the Authority by approximately 30 days.

5. The Committee will receive additional reports and recommendations from NVTA staff at the October meeting.

b. Review of NVTA Office Lease.

1. The Authority lease with the Northern Virginia Regional Commission expires in October 2019.
2. The current lease has the option to extend the current agreement for an additional five years.
3. Previously the Committee directed NVTA staff to examine lease options. The direction was driven solely by the lead time required for development of the Authority's FY2020 Operating Budget and the lead time to execute any lease with an entity other than the NVRC.
4. NVTA staff presented a lease and market analysis which showed the most economical and efficient option is to extend the current agreement with NVRC for an additional five years (starting in October of 2019).
5. The Committee directed staff to include the lease extension in the FY2020 Operating Budget Guidance and initiate negotiations for the extension with NVRC.

c. Draft Policy 29 – Project Activation, Monitoring and De-Appropriation. The Committee received a verbal report on the development of the draft policy. The current status is that comments from NVTA member jurisdictions and agencies have been received and are being consolidated. Once consolidated the comments will be communicated to jurisdictions and agencies for further discussion.

d. Investment Portfolio Report. The Committee received reports and provided comments on investment activity and performance.

1. NVTA staff certified that the investment portfolio is in compliance with legal and policy requirements and further noted performance is on target with budgeted revenue projections.
2. NVTA staff discussed the upcoming repositioning of funds currently invested in the VML/VACo VIP 1-3 Fund in order to improve returns on those funds.

e. Monthly Revenue Report. The report received by the Committee was effectively the unaudited revenue results for FY2018.

1. For FY2018 total revenues exceeded projections by 3.87% or \$12.7 million.
2. It was noted the Authority's revenue sources decrease from three to one in FY2019. This decrease in revenue sources makes the Authority more vulnerable to swings in the remaining revenue (sales tax).
3. The Committee requested that the Governance and Personnel Committee be made aware that the 2018 General Assembly action eliminated two of the three smallest, yet fastest growing revenues, as part of an annual fixed amount, dedicated to the Washington Metropolitan Area Transit Authority.
4. The reliance on a single revenue source (sales tax) will need to be considered when the FY2019 through FY2025 revenue estimates are prepared this Fall.

- f. NVTA Operating Budget.** The report received by the Committee provided the unaudited FY2018 Operating Budget results. The report indicated the Authority's revenue was at 100% of projections and expenditures had a \$19,158 positive balance on the \$1.9 million Operating Budget.
- g. Other Financial Activity Updates.** The Committee received verbal updates on:
1. FY2018 Financial statement Audit.
 2. Revenue Estimates for FY2019 through FY2025.
 3. FY2020 Budget Guidance starting in October.