



Northern Virginia Transportation Authority

The Authority for Transportation in Northern Virginia

FINANCE COMMITTEE

Thursday, February 9, 2023 – 6 p.m.

3040 Williams Drive, Suite 200

Fairfax, VA 22031

Meeting conducted in person and live streamed via YouTube.

MEETING SUMMARY

1. Call to Order/Welcome

- Mayor Rishell called the meeting to order at 6:05 p.m.
- Attendees:
 - Committee Members: Mayor Rishell; Council Member Snyder; Mayor Wood. Chair Wheeler (Appointed by Chair Randall as her temporary substitute).
 - Staff: Monica Backmon (Chief Executive Officer); Michael Longhi (CFO); Peggy Teal (Assistant Finance Officer); Dev Priya Sen (Investment & Debt Manager); Keith Jasper (Principal, Transportation Planning and Programming); Adnan Malik (Senior Accountant); Amanda Sink (Executive Assistant to CEO).
 - Council of Counsels: Daniel Robinson (Fairfax County); Robert Dickerson (Prince William County); Christina Zechman-Brown (City of Alexandria).
 - Others: Supervisor Alcorn (Fairfax County) arrived at 6:09 p.m.

2. Summary Minutes of the November 10, 2022, Meeting

Recommended Action: Approval of Minutes [with abstentions from those who were not present]

Mayor Wood moved approval of the minutes of the November 10, 2022, meeting; seconded by Chair Wheeler. Motion carried unanimously.

Action Items

3. CY2023 Finance Committee Meeting Schedule

Mr. Longhi, CFO

Recommended Action: Adoption of Meeting Schedule

- Mr. Longhi presented the Finance Committee meeting schedule, to match the Authority meeting schedule.

Mayor Wood moved the Authority approval of the Meeting Schedule for CY2023 and seconded by Chair Wheeler. Motion carried unanimously.

4. FY2024 Local Distribution Fund Budget

Mr. Longhi, CFO

Recommended Action: Recommend Authority Approval

- Mr. Longhi presented the FY2024 Local Distribution Fund Budget by noting Local Distribution Fund (30%) revenues are distributed in their entirety to member jurisdictions with revenues received from the Commonwealth.

- He noted that all Local Distribution Fund revenues are distributed each fiscal year resulting in a zero-carryforward balance and a zero-ending fund balance each fiscal year. The distributions to jurisdictions are based on the actual transactions conducted within the jurisdiction.
- Beginning with FY2020, the Authority has elected to charge the operating budget to the Regional Revenue Fund which in turn resulted in increased 30% distributions to member jurisdictions estimated at \$4 million in FY2024.
- Mr. Longhi further added that the total revenue for the proposed FY2024 Local Distribution Fund Budget will be approximately \$123 million, which will be distributed to the member jurisdictions.

Mayor Wood moved the Finance Committee recommend Authority adoption of the proposed FY2024 Local Distribution Fund Budget, as presented, seconded by Chair Wheeler. Motion carried unanimously.

5. FY2024 Regional Revenue Fund Budget

Mr. Longhi, CFO

Recommended Action: Recommend Authority Approval

- Mr. Longhi presented the proposed FY2024 Regional Revenue Fund Budget by noting:
 - The proposed budget provides funding for specific projects in the Six Year Program (SYP) and subsequent updates, after all debt service and reserve funding obligations are met for a fiscal period.
 - Any unused funds or excess revenue from one fiscal year are accumulated as Restricted Fund Balance and will be available for the FY2028/29 update to the SYP.
 - Funding level recommendations for the FY2028/29 update to the SYP will be presented to the Committee in the format of updated revenue projections. The Authority adoption/programming of the FY2028/29 update to the SYP is currently estimated for summer of calendar year 2024.
 - The Authority implemented a project funding strategy which relies on Balance Sheet strength to advance the timing of project funding referred to as Forward Appropriations. This strategy is saving the Authority approximately \$200 million in interest payments compared to a traditional 20-year debt funding approach.
 - Mr. Longhi reviewed the Regional Revenue Fund's six revenue categories, with a focus on the investment portfolio earnings. Investment portfolio earnings reflect interest earnings generated by NVTa's management of the \$1.5 billion in appropriated but unexpended funds assigned to projects. The earnings are expected to increase from \$20 million in FY2023 to \$35 million in FY2024.
- Factors impacting the FY2024 estimate includes:
- Positive monthly cash flows
 - Increased revenue
 - Impact of anticipated Federal Reserve action on interest rates
 - Positive inflationary pressures on the fixed income markets

- A significant change in the volume and frequency of project reimbursements
 - Mr. Longhi presented the attachment included in the staff report by noting that the budget includes an appropriation of \$19.8 million for two projects.
 - Mr. Longhi presented the expenditures by noting:
 - Debt service principal and interest
 - Modeling License & Support
 - Regional Bus Rapid Transit (BRT) Preliminary Deployment Plan (PDP)
 - Carry forward to Six Year Program PayGo Project Funding
 - Supervisor Alcorn acknowledged the coordination between Northern Virginia Transportation Commission (NVTC) and NVTA on BRT and further stressed that the collaboration and coordination should be continued between all jurisdictions. Ms. Backmon added that the BRT PDP is an extension of TransAction and NVTA's BRT Planning Working Group that comprises the member jurisdictions, transit agencies, Virginia Department of Transportation (VDOT), Department of Rail and Public Transportation (DRPT), NVTC, Omniride, the National Capital Region Transportation Planning Board (TPB), Washington Metropolitan Area Transit Authority (WMATA), Montgomery County and Prince George's County in Maryland, and the District Department of Transportation (DDOT) to develop integrate regional BRT systems crossing multiple jurisdictional boundaries.
 - Mayor Rishell stressed how important the BRT study is especially in light of the NVTA having already appropriated almost half a billion dollars for BRT projects and that they need to be tied together.
 - Mr. Longhi continued with the Transfers & Carryforward section by noting that \$4.3 million is proposed to be transferred out to support the Operating Budget.
 - Mr. Longhi concluded the presentation by presenting the Cumulative Regional Revenue Reserve Balances (Working Capital Reserve and Debt Service Reserve).
- Mayor Wood moved the Finance Committee recommend Authority adoption of the proposed FY2024 Regional Revenue Fund Budget, as presented, seconded by Chair Wheeler. Motion carried unanimously.

6. FY2024 Operating Budget

Mr. Longhi, CFO

Recommended Action: Recommend Authority Approval

- Mr. Longhi presented the proposed FY2024 Operating Budget by referring to the attached noting the budget is broken into two segments:
 - Base Budget Changes:
 - Annual performance-based salary increases for staff are targeted to be in line with member jurisdictions. The proposed 5.0% is based predominantly on the current rate of inflation and announcements of proposed increases in jurisdiction proposed budgets.
 - Professional Services shows a year to year decrease due to one-time expenses in FY2023 and seasonality of some functions such as the

economic analysis study that occurs every two years. Individual line increases are due to contract escalations and inflation.

- Under Technology/Communications, the Web hosting had a one-time cost of \$125,000 reflecting splitting the web site refresh project over two fiscal years.
- Under Administrative Expenses, over 74% of this expense category is office lease related.
- New Initiatives:
 - Investment Consultant
 - Contractual Legal Services
 - NoVA Gateway Dashboard Enhancements
 - Website Modernization and Consolidation
 - Offsite Storage

Mayor Wood moved the Finance Committee recommend Authority adoption of the proposed FY2024 Operating Budget, as presented, seconded by Chair Wheeler. Motion carried unanimously.

7. Policy 29 – Project Activation, Monitoring and De-Appropriation Changes

Mr. Longhi, CFO

Recommended Action: Recommend Authority Approval

- Mr. Longhi recapped the previous project reimbursement reports by referring to the project reimbursement levels table from the staff report by noting:
 - A sharp drop in FY2022 of the amount of project reimbursements submitted by project sponsors.
 - Staff recommended placing an 18-month deadline for project sponsors to submit invoices for reimbursement. The Committee endorsed this recommendation on September 8, 2022, and requested staff return with a policy update to implement the recommendation with an adequate notice period to project sponsors.
 - This proposed policy change has been discussed at the monthly Regional Jurisdiction and Agency Coordinating Committee (RJACC) meetings since September 2022.
 - The proposed policy change includes an opportunity to document why an exception to the 18-month limit is warranted.
 - The proposed change does not reduce the amount of funding approved by the Authority for a project.
 - There is a proposed three-month delay in the implementation of the policy change to allow project sponsors to continue to address older invoices.

Council Member Snyder moved the NVTAF Finance Committee recommend Authority approval of the proposed changes to Policy 29 – Project Activation, Monitoring and De-Appropriation identified in the attached draft, seconded by Chair Wheeler. Motion carried unanimously.

8. Monthly Investment Portfolio Report

- Ms. Sen reviewed the Monthly Investment Portfolio Report as provided in the packet by noting that the reports are based on investment activity through the end of December 2022.
- Ms. Sen noted that the current strategy is to keep the maturity durations within a one-to-two-year maturity profile when re-investing maturity proceeds and the monthly revenue. Staff anticipates the portfolio yield will track or exceed the benchmarks with the occurrence of instrument maturities and new cash being placed for investment.
- Ms. Sen further added that the repositioning of securities will be examined on an ongoing basis. In this current market situation, repositioning will improve the portfolio's reported rate of return but will incur losses which reduce the actual interest income.

9. Monthly Revenue Report

- Mr. Longhi reviewed and presented the Monthly Revenue Report as provided in the packet.

10. Monthly Operating Budget Report

- Mr. Longhi reviewed and presented the Monthly Operating Budget Report as provided in the packet.

11. NVTU Update (Verbal Report)

- Ms. Backmon noted in the interest of time, she will have comments at the Authority meeting that evening.

Adjournment

- Seeing no further questions, discussion and order of business, Mayor Rishell adjourned the meeting at 6:34 p.m.