



Northern Virginia Transportation Authority
The Authority for Transportation in Northern Virginia

FINANCE COMMITTEE
Friday, January 16, 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 1:33pm.
- Attendees:
 - ✓ Members: Chairman York; Chairman Hynes; Chairman Bulova.
 - ✓ Staff: Monica Backmon (Executive Director); Michael Longhi (CFO); Peggy Teal (Assistant Finance Officer); Camela Speer (Clerk).
 - ✓ Council of Counsel: Ellen Posner (Fairfax County).
 - ✓ Other Staff: Noelle Dominguez (Fairfax County); Carl Hampton (Prince William).

II. Summary Minutes of the December 5, 2014 Meeting

- Chairman Bulova moved to approve the minutes of December 5, 2014; seconded by Chairman Hynes. Motion carried unanimously.

Information/Discussion Items

III. FY2016 - Operating Budget Guidance

Ms. Backmon, ED

- Ms. Backmon briefed the Committee on the FY2016 Operating Budget Guidance. She summarized the budget assumptions and asked the Committee for additional guidance. The following questions were asked/suggestions made:
 - ✓ It was asked if the estimated budget carryover of \$256K includes the operating reserve. Mr. Longhi answered that it does and that \$25K is carryover from the operating budget. He noted that there may be some additional carryover totals, such as the website and public outreach.
 - ✓ It was asked if location costs for public hearings and public input sessions had been included. Ms. Backmon responded that the intent is to do most at the NVTA office, but that there will need to be money included for video recording and advertising.
 - ✓ It was suggested that public outreach be done regionally for the convenience of citizens. It was further suggested this be discussed at the Authority level to see if there is consensus to do regional meetings.

- ✓ There was general agreement from the Committee that the Authority consider regionally located public meetings. Ms. Backmon agreed to look into Town Hall type meetings in each jurisdiction. It was suggested that jurisdictions could support these meetings.
- ✓ There was a general discussion regarding public outreach and the need to include this in the budget.
- Mr. Longhi reviewed the process of developing the budget.
 - ✓ Create budget guidelines (this meeting).
 - ✓ Present draft based on guidance to the Committee and Authority in February.
 - ✓ Present budget for adoption to Committee and Authority, in March or April.
- Chairman York requested more information be provided at the next meeting about the roadshow video that has been suggested.

IV. FY2016 - Regional Revenue Budget Guidance

Mr. Longhi, CFO

- Mr. Longhi briefed the Committee on the FY2016 Regional Revenue Budget Guidance. He highlighted:
 - ✓ Interest earnings will be estimated on a very conservative basis.
 - ✓ Will implement investment policy slowly and cautiously.
 - ✓ Interest rates will not have a meaningful impact on project funding.
 - ✓ Professional services such as bond counsel and financial advisory will be required in FY2016. To the extent allowable and appropriate these costs will be reimbursed through a future bond issuance.
 - ✓ Establishing a capacity for contingencies was discussed and the CFO was directed to prepare recommendations and a draft policy for the next meeting.
 - ✓ Guidance was provided to estimate Regional Revenues on an appropriately conservative basis, consistent with the original FY2016 estimates.
 - ✓ Three funding options for the estimated \$2.5 million cost of the TransAction Update were discussed.
 - 30% Funds – Staff does not recommend this as it directly impacts jurisdictions, increasing their annual support costs by 217%.
 - 70% Funds - Recommended by staff, due to no impact on member jurisdictions and minimal impact on funds available for projects. It was also noted that the update is required in order to utilize regional revenues for projects.
 - RSTP funds – Staff does not recommend this option as already assigned funds would need to be transferred in FY2016 and those jurisdictions losing funds may not be made whole until FY2021. Other issues were identified and discussed that make this option problematic
- Discussion followed regarding the various options.
 - ✓ The previous use of RSTP funds and the challenges it now presents.
 - ✓ If we use 70% Funds, the money would come off the top.
 - ✓ It was stated that staff is looking for initial recommendations from the Committee.
 - ✓ The TransAction 2040 plan update is necessary to disperse the 70% Funds, but not the 30% Funds.

- ✓ It was noted that if the plan is needed to be able to spend 70% Funds then the cost should come from that Fund, especially since other funds are already allocated.
- ✓ The cost of the update is anticipated to be \$2.5M. It was agreed that this is not much money for the amount of funds being programmed.
- ✓ It was agreed that CMAQ/RSTP funds should be used for other projects that Authority money is not available for.
- ✓ It was noted that there will be a legacy of technology, graphics, maps and promotional material that will last beyond the planning process.
- It was noted that the NVT A is required by State law to update TransAction every five (5) years and that this will be the first update since there is regional transportation funding available to the Authority. It was suggested that when looking at the next five (5) year update, if there are not significant updates from the jurisdictions, the Authority should consider how robust an update is needed at that time.

V. FY2016 - 30% Revenue Budget Guidance

Mr. Longhi, CFO

- Mr. Longhi briefed the Committee on the FY2016 30% Revenue Budget Guidance, noting that the Authority does need to budget and appropriate the 30% Funds, even though use is determined by HB2313. The Committee reinforced the importance of maintaining compliance with HB2313.

VI. NVT A Monthly Revenue Report

Mr. Longhi, CFO

- Mr. Longhi updated the Committee on the NVT A monthly revenues. He noted:
 - ✓ Revenues are tracking a little ahead of projections.
 - ✓ Not inclined to amend revenue projections at this time.
 - ✓ Six jurisdictions are now receiving 30% funds.
- There was a brief discussion regarding jurisdictions that are not receiving their 30% funds and the March 1st deadline.
- It was agreed not to amend or allocate additional revenue to projects at this time, but to carry over any remaining funds to next year. There was consensus to continue to be conservative in budget planning.

VII. NVT A Operating Budget Report

Mr. Longhi, CFO

- Mr. Longhi stated that as of the end of December, half way through the fiscal year, 43% of the operating budget has been utilized. He recommended no mid-year adjustments to the budget.

VIII. FY2015 Audit Planning

Mr. Longhi, CFO

- Mr. Longhi explained that the FY2014 audit was procured through a rider clause on the NVTC audit service contract. NVTC is currently putting this contract out to

bid. Mr. Longhi recommended maintaining consistency in audit services for two more years. The recommendation is based on:

- ✓ Current firm reviewed and advised NVTA in the development of the policies and financial processes.
- ✓ Current firm advised on the set up of the new general ledger accounting system being implemented in FY2015.
- ✓ Current firm professionally fulfilled its role in the Authority's inaugural bond sale.
- ✓ As a new entity, would like continuity for the next two years.
- ✓ Options exist to ride other contracts.
- ✓ At the end of two years the Authority will issue a RFP for future services.
- Consensus was that it is preferable not to change auditors. Staff will proceed with finding a suitable contract with an appropriate rider option.

IX. Sole Source Report

Mr. Longhi, CFO

- The procurement policy requires that a report be provided to the Finance Committee when a sole source procurement is used. Mr. Longhi advised that the Authority has entered into a sole source agreement with Kala Quintana, for public information services. The basis for the sole source determination was Ms. Quintana's in-depth knowledge of NVTA needed for the completion of the first annual report and communications plan. Time is of the essence with both projects and the cost to bring an outside party into the project would be excessive. He stated that the agreement is capped at \$12,500 and that any extension of the agreement requires additional notice to the Committee.
- It was suggested by the Committee that NVTA needs to be in position to manage the public communications of the Authority and the Executive Director should consider the resources needed as part of future budgets.

Adjournment

X. Adjournment

- Meeting adjourned at 2:34pm.