

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

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

FROM: Mayor Parrish, Chairman – NVTAF Finance Committee

DATE: March 4, 2016

SUBJECT: Proposed FY2017 Regional Revenue Fund (70%) Budget

1. **Purpose:** Presentment of proposed FY2017 Regional Revenue Fund Budget as outlined below. The Finance Committee Provided guidance in the formation of the budget and recommends adoption to the Authority.
2. **Suggested Motion:** *I move Authority adoption of the proposed FY2017 Regional Revenue Fund Budget.*
3. **Background:** Regional Revenues (70% funds) are largely programmed through the Authority's approval of specific projects on a PayGo basis, after all debt service and reserve funding obligations are met for a fiscal period. Any unused funds from one fiscal year are available for use in a future fiscal year. Finance Committee guidance is to conservatively estimate revenues. The details of the Proposed FY2017 Regional Revenue Fund Budget are presented in Attachment 1.
4. **Revenues:** The sales tax, transient occupancy tax and grantor's tax revenue amounts are consistent with the October 2015 Authority adoption of the FY2017 to FY2023 revenue projections. Additionally, estimates are included for projected interest earnings during FY2017. Total revenue shown on Attachment 1 is \$225,628,780.00
5. **Expenditures:** Prior to determining the funds available for projects, the annual debt service payment and reserve amounts must be budgeted. The Authority currently has two Regional Revenue Fund reserves as required in the adopted Debt Policy and a contingency for approved projects.
 - a. **Debt service principal and interest.** Total debt service for FY2017 is \$5,551,150.
 - b. **Debt Service Reserve.** This reserve was funded through bond proceeds and exists to protect NVTAF's bondholders.
 - c. **Working Capital Reserve (WCR).** The WCR must be equal to at least six months of budgeted regional revenue funds. The intent of the WCR is to protect approved projects from revenue disruptions. The WCR may be used to manage any mismatches in the actual receipt of revenue and the disbursement of funds for projects. The WCR may also be used for debt service. The WCR enables the Authority to respond to unforeseen

circumstances which disrupt revenue. Each year the WCR must be adjusted for projected increases in revenue. The WCR adjustment this year is \$3,706,879.40.

- d. Contingency for Approved Projects.** The Authority previously decided to adopt a contingency reserve for projects at 3.8% of estimated Regional Revenue Fund revenue. The policy for this reserve is in development. Based on the projected revenue for FY2017 \$257,353.48 needs to be added to this reserve.
- 6. Carry Forward/Released Project Funds.** This amount represents unassigned Regional Revenue Funds from prior fiscal periods and previously assigned project funds that have been released, typically due to the project being finished under budget. As shown on Attachment 1 this amount is projected at \$50,649,838.50 for FY2017.
- 7. Funding available for projects.** This is the amount available through the proposed FY2017 Regional Revenue Fund for PayGo projects. The actual amount programmed for projects will be determined when the Authority adopts the FY2017 Project Program. Total availability for FY2017 is \$266,763,235.62 as shown on Attachment 1.
- 8. Cumulative Regional Revenue Reserve Balances.** This section shows the reserve balances under the Proposed FY2017 Regional Revenue Fund Budget. Based on previous Authority direction the Contingency for Approved Projects is not available for use until a policy for the use of the reserve has been adopted.

Attachment 1: Proposed FY2017 Regional Revenue Fund (70%) Budget

VII. ATTACHMENT

Northern Virginia Transportation Authority Proposed FY 2017 Regional Revenue Fund (70%) Budget

	Original Budget FY2016	Revised Budget FY2016	Proposed FY2017	Notes
Revenue 70% Regional Funds				
Sales Tax	\$ 162,929,774.00	\$ 162,929,774.00	\$ 172,948,351.00	
TOT	17,942,679.00	17,942,679.00	20,210,798.00	
Grantor's Tax	26,041,735.00	26,041,735.00	30,499,631.00	
VA NVTA Fund Interest	-	\$ -	70,000.00	
Bond Proceeds	-	\$ -	-	
Reimbursable Expenditures	-	\$ -	-	
Interest Earned	70,000.00	\$ 70,000.00	1,900,000.00	
Revenue Variance (Regional Funds)	-	\$ -	-	
Total Revenue with Debt Proceeds	\$ 206,984,188.00	\$ 206,984,188.00	\$ 225,628,780.00	3
Expenditures				
Debt Service - Principal	1,504,739.14	\$ 2,310,000.00	2,405,000.00	4a
Debt Service - Interest	3,238,550.00	\$ 3,238,550.00	3,146,150.00	4a
Professional Services - Bond Issuance Costs	300,000.00	\$ 300,000.00	-	
Working Capital Reserve (WCR)	33,860,736.00	33,860,736.00	-	
WCR Required Incremental Adjustment	1,909,886.00	7,525,302.60	3,706,879.40	4c
TransAction Update	2,500,000.00	\$ 2,500,000.00	-	
Contingency for Approved Projects Adjust (3.8%)	7,865,399.14	\$ 8,316,540.16	257,353.48	4d
Transportation Projects Reserve	\$ -	-	\$ -	
Total Expenditures	\$ 51,179,310.28	\$ 58,051,128.76	\$ 9,515,382.88	
Current Year Available Balance For Projects	\$ 155,804,877.72	\$ 148,933,059.24	\$ 216,113,397.12	
Carry Forward/Released Project Funds	\$ 215,277,727.00	\$ 215,277,727.00	\$ 50,649,838.50	5
Total Available for Project Assignments	* \$ 371,082,604.72	\$ 364,210,786.24	\$ 266,763,235.62	6
Cumulative Regional Revenue Reserve Balances				
Working Capital Reserve	\$ 103,492,094.00	\$ 109,107,510.60	\$ 112,814,390.00	
Debt Service Reserve (Held by Trustee)	\$ 5,551,150.00	\$ 5,551,150.00	\$ 5,551,150.00	4b
Contingency for Approved Projects	\$ 7,865,399.14	\$ 8,316,540.30	\$ 8,573,893.78	
Transportation Projects Reserve	\$ -	\$ -	\$ -	
Cumulative Reserve Balances	\$ 116,908,643.14	\$ 122,975,200.90	\$ 126,939,433.78	7

* SPA Approvals will determine exact assignments by fiscal year