

CVTA FINANCE COMMITTEE MEETING MINUTES

Wednesday, September 11, 2024, 9:00 a.m.

**PlanRVA James River Boardroom
424 Hull Street, Suite 300, Richmond, VA 23224**

Authority and Committee Members Present:

Jurisdiction/Agency	Member	Present	Absent
Chesterfield County	Kevin P. Carroll	X	
Hanover County	Sean Davis	X	
Henrico County	Tyrone Nelson	X	
Goochland County	Neil Spoonhower, Chair	X	
New Kent County	John Moyer	X	
City of Richmond	Kristen Nye	X	
Commonwealth Transportation Board	J. Rex Davis	X	

The technology used for the CVTA Finance Committee meeting was a web-hosted service created by Zoom and YouTube Live Streaming and was open and accessible for participation by members of the public. A recording of this meeting is available on our [Plan RVA YouTube Channel](#).

Call to Order, Welcome and Introductions

Chair Spoonhower called the CVTA Finance Committee meeting to order at 9:01 a.m.

Pledge of Allegiance

Chair Spoonhower led the attendees in the Pledge of Allegiance.

Certification of a Quorum

Janice Scott, PlanRVA, took roll call of attendance and certified that a physical quorum was present.

ADMINISTRATION

1. Confirmation of Member Participation from a Remote Location

Chair Spoonhower reported that there were no members participating remotely.

2. Consideration of Amendments to the Agenda

There were no requested amendments to the agenda.

3. Approval of August 14, 2024, CVTA Finance Committee Action Meeting Minutes

On motion by John Moyer, seconded by Kevin Carroll, the members of the CVTA Finance Committee voted unanimously to approve the meeting minutes as presented (voice vote).

4. Open Public Comment Period

There were no public comments received and no requests to address the committee.

5. CVTA Finance Committee Chairman's Report

Chair Spoonhower thanked committee members for electing him as Chair.

6. CVTA Executive Director's Report

a. Potential Causes for Tax Revenue Variation

Chet Parsons, Executive Director, reported that at its August meeting, the CVTA Finance Committee reviewed the monthly financial reports providing updates on tax revenues and distributions to member localities. There was a discussion and questions about the variability of the revenues, specifically the variations in the fuels tax revenues from month to month and the impacts of EV, hybrid, and fuel efficiency standards on the fuels tax revenues.

Staff consulted with VDOT, Virginia DMV, and the Department of Taxation and received the following reasons regarding the variability:

- DMV: Taxes for May activity are due the end of the following month, rather than the end of the second month, as is the case for August. This earlier due date can often lead to large June transfer amounts. Since May activity taxes are due just 10 days after the April filing deadline, some distributors will submit both months at the same time. Our system cuts off on the 20th of each month to capture returns that are due for the 20th filing period and will also pick up any early payments. It is not uncommon for a large percentage of the June transfer amount to be related to taxes on May activity.
- Dept of Taxation: The changes are due to seasonal, holidays and travel. We send VDOT the revenue the same month the tax return is filed by the taxpayer. As an example, December Sales tax are received by TAX in January and sent to VDOT in January.

7. CVTA Activities Report

a. Financial Activities and Investment Reports

Mr. Parsons gave an overview of the monthly financial activities and investment reports and offered to answer any questions. He noted that the investment report shows a cumulative amount, meaning the current report is only showing interest income for the month of July.

b. TAC Activities Report

Barbara Smith, CVTA TAC Chair, came forward and gave a report of the recent TAC and Fall Line Working Group meetings.

- The Fall Line Trail Working Group is reviewing the long-term management scope of work document.
- Trail maintenance is being explored by the FLWG and the TAC.
- A sub-committee will be reviewing the draft deallocation policy.
- A recommendation for use of the interest earnings has been made by TAC.
- The framework document and its remaining parking lot items have been reviewed and the TAC should be able to have a final report/recommendation on that next month.

OTHER BUSINESS

1. FY24 Annual Certification and FY25 Local Allocations Plan

Mr. Parsons reported on the year-end report of locality expenditures through the fourth quarter of FY 2024 and expected local allocations for FY 2025. This has been reviewed by the TAC and unless revisions are requested by the localities this will be the final report. He clarified that this report applies only to local funds; no regional funding information is included in the year-end report.

On motion by Kevin Carroll, seconded by Steve McClung, the members of the CVTA Finance Committee voted to forward all nine FY24 Annual Certification reports to the full Authority with a recommendation for approval of the (voice vote).

Kevin Carroll requested additional details be added to the allocation plan from Chesterfield County, specifically the

On motion by Kevin Carroll, seconded by Kristen Nye, the members of the CVTA Finance Committee voted to recommend full Authority approval of the FY25 Local Allocation Plan with the changes requested for the Chesterfield County plan (voice vote).

2. CVTA Regional Fund Interest Earnings - Options

Mr. Parsons reported that, at its August meeting, the CVTA Finance Committee discussed the excellent performance of the regional funds that have been reinvested while waiting to be programmed for project costs. Following guidance from the Executive Director, members discussed the opportunity to develop plans that could benefit from investment of the regional revenue interest income.

The committee identified opportunities including reinvestment of the funding, allocation of funds to existing regional projects, set-asides for working capital reserve, and establishment of a funding stream for Fall Line wayfinding maintenance needs.

The CVTA TAC was asked to provide input on a possible course of action and for the Executive Director to report back at the September Finance Committee.

Options for application of CVTA Interest Income – September 2024

1. Continued reinvestment of funds with the goal of interest earnings growth.
 - o Rely on guidance of the CVTA fiscal agent to identify the best short-term reinvestment options as needed.
2. Application of interest earnings to regionally-identified projects. With the current interest earnings at \$11.6 million (June 2024), multiple existing projects could be fully funded or partially funded.
 - o Existing CVTA Regional projects may include:

Project	Locality	Year of expenditure for allocated funds	Balance remaining
I-64 at Oilville Rd (Rte 617) Interchange	Goochland	2028	\$2,906,512
Route 360 (Woodlake Village Pkwy - Otterdale Rd) Widening	Chesterfield	2026-2030	\$6,552,148
Busy Street Extension	Chesterfield	2027-2029	\$6,805,496
Rt. 360/Walnut Grove Rd Intersection Improvement	Hanover	2028, 2030-2031	\$4,626,811
Rt. 1 and Ashcake Intersection	Ashland	2024	\$3,498,694

- o There are approximately two dozen additional projects that have a balance to complete larger than the available interest earnings. The interest earnings could be applied to reduce the outstanding need for one or multiple of these projects.
- o The Fall Line Wayfinding Plan identifies a need for committed funding that provides much-needed resources for maintenance, signage, and related infrastructure along the Fall Line corridor. This funding source has not yet been identified, but would benefit all seven jurisdictions impacted by the project. The dollar amount necessary to seed this funding source is \$1,500,000.

3. Set aside as the Working Capital Reserve identified in the CVTA financial policies and procedures. The policy requires three months of the budgeted annual CVTA Regional Funds to be included in this reserve. At this time there have been no funds set aside for the reserve.
 - o For 2024, the projected regional revenue funds provided by the Commonwealth equals \$71.9 million.
 - o Based on the 2024 annual funding, the reserve should be set to \$17.975 million.
 - o Begin the set-aside for the WCR using the interest income as seed money. Using the \$11.6 million reported for June 2024, the reserve would be 64.5% complete.

Potential Interest Income Scenarios were presented with six options for review. Following discussion, the TAC drafted a potential 7th scenario: fully fund the Fall Line Wayfinding Implementation in the amount of \$1.5 million and for consideration of seeding the Working Capital Reserve and/or reinvestment of funds using the balance of available interest reserves at the discretion of the Finance

Committee members had discussion and made several suggestions on the matter, including:

- The importance of building the working capital reserve.
- Suggestion and discussion on dedicating a fixed percentage of the monthly interest earnings for the working capital reserve fund.
- Suggestion that a policy on use of interest earnings should be incorporated into the CVTA financial policies, and that policy should allow for flexibility wherever possible.
- The need to be fair and equitable, keeping in mind that the Fall Line Trail will only be located in certain localities in the region.

On motion by John Moyer, seconded by Kristen Nye, the members of the CVTA Finance Committee voted to make the following recommendation the full Authority dedicate \$1.5 million of CVTA interest income to fund the Fall Line Trail Wayfinding Plan design and construction, dedicate one half of the CVTA interest income for Working Capital Reserve for reinvestment, and dedicate one half of the remaining CVTA interest income earnings fund regional projects; and instruct the Technical Advisory Committee the Technical Advisory Committee to develop recommendations on those regional projects (voice vote).

On motion by Kevin Carroll, seconded by John Moyer, the members of the CVTA Finance Committee voted to instruct staff to develop a fiscal policy to address use of interest earnings for the Finance Committee to review at its next meeting (voice vote).

3. CVTA Bond Finance Validation

Mr. Parsons reported that, at its August meeting, the Central Virginia Transportation Authority received a report on bond finance validation. This report was introduced by the Executive Director and led by bond counsel. The Finance Committee and TAC have discussed the bond validation process and feel that it is the appropriate next step in the process to prepare the CVTA to issue debt in the future.

Megan Martz Gilliland with Kaufman & Canoles, P.C., gave a presentation at the August meeting on implementing a legal structure for future bond financing. [The presentation can be viewed here.](#)

Sean Davis, Authority Chair, asked that the matter be further reviewed and vetted by the Finance Committee.

It was noted that the recommended action will position the Authority to issue debt but does not make it mandatory that debt be issued.

On motion by Kevin Carroll seconded by John Moyer, the members of the CVTA Finance Committee voted to recommend full Authority approval for the Executive Director to proceed with the bond finance validation process (voice vote).

4. CVTA Finance Committee Member Comments

John Moyer commented on activities scheduled for Colonial Downs in New Kent County.

5. Next Meeting

The next meeting is scheduled for October 9, 2024, at 9:00 a.m. in the PlanRVA James River Board Room, 424 Hull St., Suite 300, Richmond, VA 23224 and via Zoom.

6. Adjournment

The meeting was adjourned at 9:52 a.m.