



Positioned for the Future



Adopted Fiscal Plan and Capital Budget Fiscal Year 2014

**Serving Chesterfield, Henrico, and
Richmond, Virginia**



RICHMOND METROPOLITAN AUTHORITY

FISCAL PLAN AND CAPITAL BUDGET

Chesterfield, Henrico, and Richmond, Virginia

Fiscal Year 2014



This document was prepared by the Department of Finance, Richmond Metropolitan Authority, 919 East Main Street, Suite 600, Richmond, Virginia, 23219. For additional information visit our website at www.the-rma.org, or contact Greg L. Akers, Director of Finance, 804.523.3300 [or email at grega@the-rma.org](mailto:grega@the-rma.org).

RICHMOND METROPOLITAN AUTHORITY

FISCAL PLAN AND CAPITAL BUDGET

Fiscal Year 2014

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919 East Main Street, Suite 600, Richmond, Virginia 23219
Telephone 804.523.3300 • Fax 804.523.3330 • www.rmaonline.org



May 14, 2013

Board of Directors
Richmond Metropolitan Authority
Richmond, Virginia

Honorable Members of the Board:

Enclosed is the approved fiscal year 2014 fiscal plan and capital budget for the Richmond Metropolitan Authority (RMA or Authority) that was approved by the Board of Directors at the May 14, 2013 meeting. This document includes the following changes made by the Board to the General Manager's proposed budget presented on April 9, 2013:

- Additional description provided for new line items of "RMA Branding" and "Community Branding Awareness" in Central Administration Fund highlights at page 40.
- Expanded capital program cost estimates to include fiscal periods 2024-2035 at page 69.

I appreciate the efforts of staff and our Division Directors in the development of this budget. Please contact me with any questions.

Sincerely,

A handwritten signature in purple ink that reads "Angela Gray". The signature is written in a cursive, flowing style.

Angela Gray
General Manager



April 9, 2013

Board of Directors
Richmond Metropolitan Authority
Richmond, Virginia

Honorable Members of the Board:

Enclosed for your review and consideration is the fiscal year 2014 adopted fiscal plan and capital budget for the Richmond Metropolitan Authority (RMA or Authority). Plans are provided for each RMA facility, with comparative prior year amounts. This is my first budget cycle since being selected by the Board of Directors as RMA's general manager effective February 1, 2013. I have quickly gained an appreciation for the Authority's previous and current leadership. The strong foundation already in place provides more options to determine the best approaches to serve the region in the future. This plan is our next step to position the Authority for the future, and provides flexibility, as we work with the region to define our best direction forward.

Cooperation among the metro region jurisdictions makes the region more competitive economically. As we approach the Authority's 50th anniversary (1966-2016), we appreciate and honor the vision of our regional leaders in establishing an Expressway System that remains a vital transportation link for the region. The Authority was established by an act of the General Assembly in 1966, to plan, finance, build and maintain a much-needed Expressway System to relieve traffic congestion in the City of Richmond. The idea for an Expressway System dates back to the 1940's, as a solution to congestion on narrow City streets from increasing automobile use, the demise of the City's 70 year old street car system in favor of buses, and the rapid growth of the suburban area of Chesterfield and Henrico counties.

Since inception, the Authority has provided a forum for the three jurisdictions to work together for the benefit of the entire metropolitan area. The Expressway System has contributed to the region's continued economic strength, and illustrates the benefits of working together collectively. The City was allocated the majority of Board seats in 1966 when the Authority was formed in part because it agreed to back the Expressway financing. The City continued to contribute funding through 1992 when a financial restructuring allowed the Expressway System to become fully reliant on user fees. In 2012, the City's contributions to the Expressway were paid back by the Authority with interest (\$62 million).

The RMA can play an important role in the metro area's effort to create a new regional future, especially in the area of transportation. The RMA, a political subdivision of the Commonwealth, has statutory authority to build, own and operate roadways, limited-access highways and sporting facilities. However, to be better positioned to address future regional needs, there has been

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increasing momentum to equalize Authority Board representation among participating jurisdictions.

Multiple times since 2007, members of the General Assembly have introduced bills proposing RMA board reallocation to provide equal representation from each of the jurisdictions, with a goal to encourage greater regional collaboration. Each time these bills have failed, although the 2013 session proposed restructuring had support from all three jurisdictions.

The Authority is being more proactive in helping frame an environment for equalizing representation among jurisdictions. In March 2013, the Authority's Board unanimously authorized the General Manager to pursue negotiations to transfer City-funded assets to the City of Richmond and report results to the Board.

RMA facilities being considered for possible transfer to the City during the next year include:

- Expressway Parking Deck
- Second Street Parking Deck
- Carytown Parking Decks

All three parking facilities were constructed at the request of the City, and the other jurisdictions were not involved for their funding. Second Street and Carytown deck projects were undertaken with a plan the facilities would ultimately transfer to the City, and the City provided the financing for the Expressway Parking Deck.

The Diamond is also being considered for possible ownership transfer, or establishing a reversionary interest to the City. It was built in 1984 by the Authority at the request of the jurisdictions on land then valued at \$612,000, given to the Authority by the City. The Diamond was financed with combination of private funding and bonds issued by the RMA with the moral obligations of all three jurisdictions. The three jurisdictions have provided combined support of \$11 million for debt service and capital since 1985 for the facility. The original agreements for building the Diamond do not include a reversion clause to return the land beneath the stadium and easements for surrounding parking to Richmond if baseball were no longer played there. Establishing agreement between the jurisdictions on reversionary terms would provide greater flexibility for the City to consider potential new stadium options at another site.

At this point the evaluation and negotiation for facility transfers continues, with proposed transfer terms to be considered separately by facility for Board approval over the remainder of the 2013 calendar year. Based on the uncertainty of potential facility transfers, the 2014 fiscal year budget continues to include full fiscal year budgets for each existing facility. As negotiations proceed, this approach provides flexibility for full fiscal year operation if necessary.

The Authority can be a vehicle for future regional initiatives and the proactive steps taken by the Board this year demonstrate that RMA is committed to working with our jurisdictions collectively to meet the demands on transportation both today and in the future. Our hope is that

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the steps we take will help to pave the road to greater regional collaboration with our jurisdictional partners that make this a great place to work, live, and play.

Economic Environment

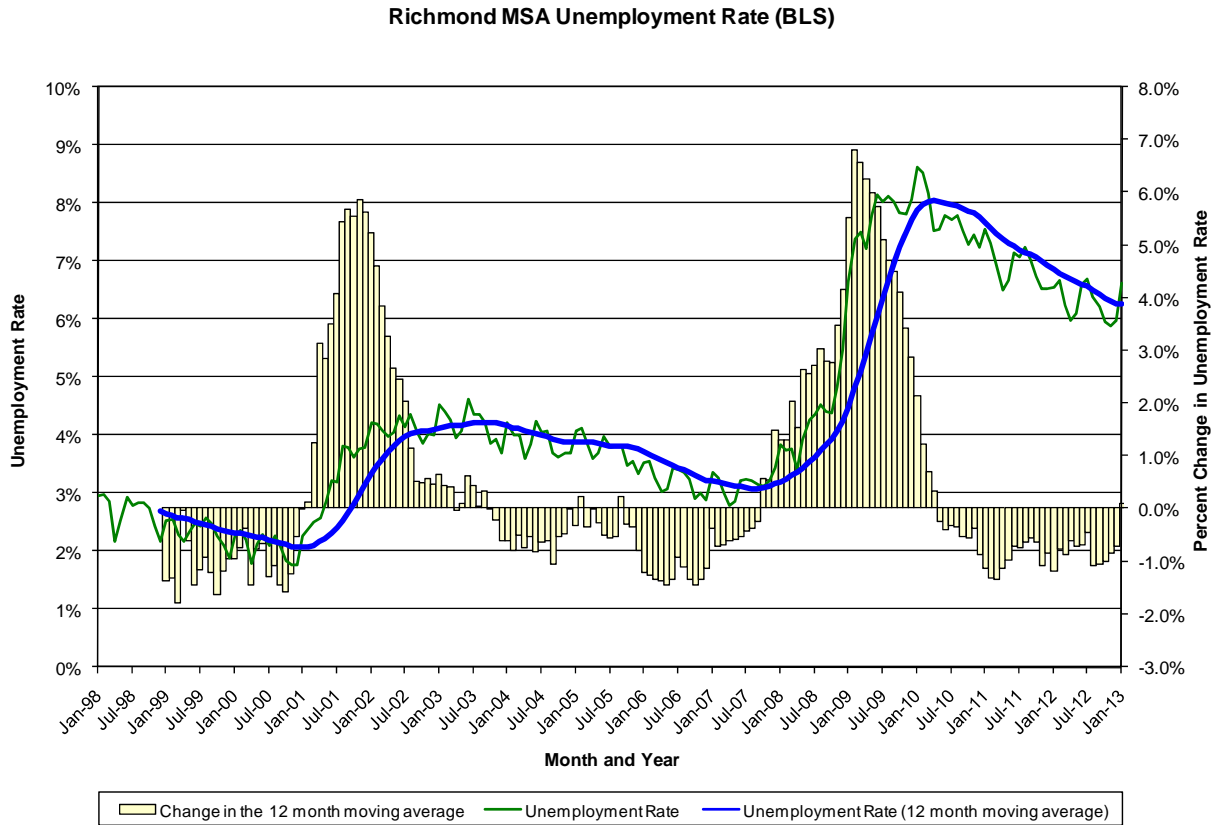
The Authority's interim financial reports through March place us on track to achieve fiscal year 2013 budget projections for Expressway revenue. RMA system traffic levels are closely related to area employment, which directly impacts the number of daily commuter trips. 2013 calendar year employment was stable in the Richmond Metropolitan Service Area (MSA), with the gradual improvement anticipated in the Authority's traffic and revenue consultant Jacobs, Inc. fiscal year 2013 forecast.

The unemployment rate for the Richmond MSA from the Bureau of Labor Statistics (BLS) from January 1998 to January 2014 is presented in **Figure 1** representing the most recently available data. The green line represents the unemployment rate by month with fluctuations based on seasonal variations of employment. The blue line is the 12-month moving average of the unemployment rate, essentially smoothing the curve to present a full picture of the Richmond economy while removing the seasonal movement. Since the beginning of 2010, the unemployment rate trend is a gradual decrease. The preliminary January 2013 rate of 6.6% continues to compare favorably to the national rate of 7.9%.

Jacobs advises "while the unemployment rate indicates the direction of the economy," the Richmond MSA employment levels (**Figure 2**) are a "more appropriate economic indicator" to correlate to RMA traffic. Employment levels stabilized for 2010, averaging 616,351 for the year. 2011 and 2012 average monthly employment improved to 628,514 (+2%) and 635,837 (+1.2%). In recent months the employment growth trend has flattened, with slight decreases in preliminary December 2012 and January 2013 levels of 629,227 and 623,175 respectively. "This emerging trend causes some concern of the future of the recovery for the Richmond region, specifically for the short term". Jacobs further notes "This being said, the Richmond region experienced a much more robust recovery than that of the Mid-Atlantic region and the nation as a whole so small dips 32 months into the recovery still place Richmond in a better position than both the larger region and the nation."

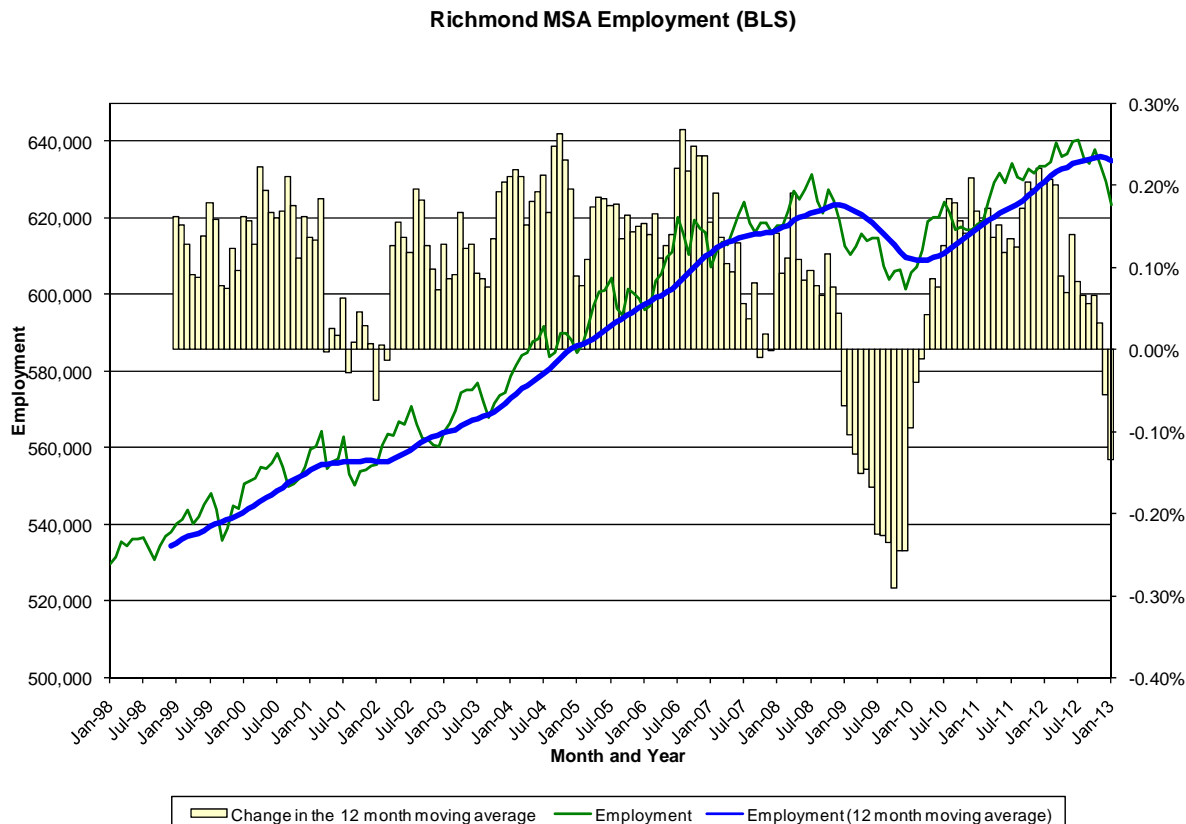
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Figure 1:



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Figure 2:



Credit Rating Update

The confidence of financial markets in the Authority's performance is best illustrated through our credit rating. In October 2011 the RMA received new and upgraded bond ratings on its Expressway revenue refunding bonds, series 2011-D, from the "Big Three" credit rating agencies -- Fitch Ratings, Moody's Corporation and Standard & Poor's (S&P). The ratings were in conjunction with a unanimous vote by the RMA Board of Directors to approve a financial restructuring to pay a \$62.1 million debt to the City of Richmond for monies provided to the RMA to fund debt service during the Expressway's formative years between 1975 and 1991. This was the first time the RMA sought credit ratings from all three major credit agencies. These ratings on the Expressway Revenue Bonds have since been affirmed by all three agencies during routine annual surveillance.

- On March 21, 2013, Moody's Investors Service affirmed the "A1 rating and a stable outlook," based on the mature, multi-asset regional toll facilities that largely serve commuters and have a track record of traffic and revenue growth, connectivity to major interstate highways around the City, and independent toll rate-setting ability combined with low toll rates provide flexibility for future rate increases.
- On December 6, 2012, S&P affirmed the A+, stable outlook rating noting a good competitive position for local and commuter traffic, strong historical liquidity levels and good

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performance, good upward rate-setting flexibility, and manageable capital needs that the RMA expects to undertake without additional debt.

- On October 3, 2012, Fitch Ratings affirmed the “A- rating, with a positive outlook”. Fitch had improved the Authority’s rating from stable to positive outlook during their prior evaluation in October 2011. Agencies usually monitor a positive outlook rating a couple years prior to making a rating improvement (i.e. to A or A+).

Comprehensive Annual Financial Report (CAFR)

When considering future financial plans, it can be helpful to consider past operating results. The CAFR illustrates results of the most recently completed fiscal year, and includes a statistical section with financial and operating trends for the past ten years.

The Authority’s fiscal year 2012 CAFR was completed on schedule and included an Independent Auditor’s Report with the desired unqualified opinion. In addition, there were no internal control or compliance findings that were required to be reported under *Government Auditing Standards*. The Authority’s CAFR is available on line at <http://www.rmaonline.org/news/annualreports.html>.

On March 26, 2013, for the nineteenth consecutive year, the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Richmond Metropolitan Authority for its fiscal year 2012 CAFR. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

Salary and Benefits

The Personnel Committee held two meetings in March to consider salaries and benefits, which represent a significant cost component of the overall RMA budget. The pay adjustments approved by the Committee increased the salary budget by \$88,500 or 1.4%. The Committee recommended a pay adjustment budget to include a 1.5% longevity performance program (LPP) for employees at top of pay scale who meet performance guidelines, and a merit matrix with an average of 3%. In addition, the committee recommended raising the pay scale ceiling by 6% to offset the impacts of General Assembly recent change to pension contribution requirements. As described in last year’s budget, effective July 1, 2012, Authority employees must pay their 5% member contribution to the Virginia Retirement System (VRS). This VRS member contribution was previously paid by the RMA, and the RMA was required to provide members in service at June 30, 2012 a 5% pay increase, to offset the employee paying their VRS member contribution. The Authority’s pay scales were not modified at that time.

The Personnel Committee also reviewed and made employee benefit recommendations for inclusion in the 2014 budget. Health care program management remains a key part of our cost containment efforts, with focused efforts to educate employees about the benefits of healthy lifestyles. At March 2013, there are 110 full-time positions eligible for medical coverage with 105 employees participating, with 65 selecting employee only plans. There are also 19 eligible retirees with coverage through our plans. There is good news that the RMA cost for employee

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medical premiums does not increase for the upcoming fiscal year, compared to local trends of 10% to 11% increases. In fiscal year 2013 RMA's premiums increased 8.3%. The Authority plans to continue to increase employee choices to manage their healthcare cost by offering a "high deductible" plan option in fiscal year 2014. High deductible plans combine lower premium with higher deductibles than traditional health plans. The Authority will continue to offer a variety of Anthem plans to current and retired employees and their families. Dental coverage will remain with Delta Dental. The Authority will also continue to offer health flexible spending accounts (FSA) successfully implemented in fiscal year 2013 with 22 participants. A FSA allows employees an option to manage medical expenses by setting aside pretax earnings (up to \$1,500 annual maximum) to pay qualified expenses.

VRS establishes required retirement contribution rates for two-year periods, as a percentage of salary, using an actuarial recommendation. The adopted budget continues to use the rates based on an actuarial valuation prepared as of June 30, 2011. The recommended VRS fiscal year 2013 and 2014 contribution is 12.24%, which was an increase from 9.18% for fiscal year 2012.

Based on state mandated pension plan changes, the 5% employee portion of retirement contribution above is withheld from their salary starting fiscal year 2013. Prior to 2013 the Authority paid the full pension contribution. The 7.24% employer portion continues to be budgeted separately from salary as "employer contribution-retirement" category. The premium for employee group life insurance remains 1.32% of salary for fiscal year 2014.

In accordance with GASB requirements, the fiscal year Central Administration budget includes \$314,700 for Other Post-Employment Benefit (OPEB) deposit. This is an increase of \$10,700 and 3.5% from the \$304,000 made for the prior year based on our January 2011 actuary study. Our Local Finance Board oversees and administers the investment of OPEB funds through a contractual arrangement with the VML/VACO Finance, Virginia Pooled OPEB Trust Fund. The \$314,700 budget is comprised of the actuarial computed \$477,400 ARC, reduced by actuarial estimate of \$162,700 for pay-as-we-go retiree benefits next fiscal year. The next triennial study will be completed in 2014.

Personnel cost is a significant portion of the RMA's operating budget. **Figure 3** has been included to illustrate the cumulative impact of anticipated salary and benefit budget changes for all funds combined. Using the adopted budget amounts, strong debt service coverage ratios are maintained as shown later at **Figure 5**.

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Figure 3:
Salary and Benefits All Funds, Change Between Years

	FY 2012	FY 2013	FY 2014	% Change FY14 vs. FY13	\$
Salaries	\$ 5,009,231	\$ 5,464,810	\$ 5,521,490	1.0%	\$ 56,680
FICA	372,751	404,422	415,566	2.8%	11,144
Retirement	488,221	439,781	413,404	-6.0%	(26,377)
Medical	995,400	1,111,797	1,187,797	6.8%	76,000
Group Life	11,993	61,218	61,683	0.8%	465
Disability	9,775	12,018	14,636	21.8%	2,618
OPEB	278,600	304,000	314,700	3.5%	10,700
	<u>\$ 7,165,971</u>	<u>\$ 7,798,046</u>	<u>\$ 7,929,276</u>	1.7%	<u>\$ 131,230</u>

Potential Future Pension Contribution rates

The Authority remains better positioned than most governments regarding our pension obligations. The Authority's pension obligation with the Virginia Retirement System (VRS) was "underfunded" (90.06% funded) at June 30, 2011 as reported in our 2012 Comprehensive Annual Financial Report (CAFR). The actuarial report provided to the Authority in December 2012 as of June 30, 2012 showed the position had declined slightly to 87.5% funded (\$14.8 million liability vs. \$13.0 million asset). Under government accounting requirements, as long as the Authority makes the actuarial determined annual required contributions this future obligation is reported in the notes to our financial statements, but does not go to our balance sheet.

The actuary report as of June 30, 2012 also provides estimated rates for future years for "informational purposes". The informational rate helps the Authority consider potential pressures on our fiscal year 2015 and 2016 VRS contribution rates that will be based on the upcoming June 30, 2013 actuarial study. The "informational" 2015 rate of 7.46% would be a 3.0% increase over the 7.24% fiscal year 2013 and 2014 rate. For perspective, if the higher 7.46% rate were required for fiscal year 2013, it would increase employer cost an additional \$10,400. The contribution rates above do not include the 5% required employee contribution.

The 2012 General Assembly approved pension plan changes to help contain future benefit costs. Changes included creating a mandatory hybrid retirement plan for employees hired on or after January 1, 2014 that combines a reduced defined benefit plan with a 401(k) style contribution plan. The existing defined benefit pension plans will continue for employees hired before January 1, 2014, with those plan members having the option to migrate to the hybrid plan. Over time, as more of our workforce is covered by the hybrid plan, it should reduce the future pension contribution required as compared to the existing plan.

Hybrid plan members are not eligible for the VRS disability retirement that is provided to existing pension plan members. Accordingly, the 2012 General Assembly created the Virginia Local Disability Program (VLDP) to provide short and long-term disability coverage for employees covered by the VRS hybrid retirement plan. The Authority intends to provide the

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VLDP or other similar coverage for hybrid retirement plan employees. The number of hybrid plan employees will vary depending on existing employees that opt for the new hybrid plan, and hiring volume after January 1, 2014. Cost for disability coverage of any hybrid plan members is not expected to exceed \$9,100 for fiscal year 2014, with a premium of 0.91% of their estimated pay.

Conclusions

This budget document provides one of the best means by which management can plan with the Board of Directors as to how we intend to carry out our mission. Descriptions are included with each fund budget to provide perspective and on-going reference. The budget not only creates a record of RMA revenue and expenses, but it offers the basis for an open dialogue between the staff and the Board. As a political subdivision with fiduciary responsibilities to our bond holders, customers and staff, the budget provides a very important check and balance which is an essential element in our management process. Communication between Board members and the staff has always been one of the greatest strengths of the RMA. We look forward to continuing to build on the foundation established by our past budgets.

Sincerely,



Angela Gray
General Manager

RICHMOND METROPOLITAN AUTHORITY **Principal Officials**

Board of Directors



Mr. Carlos M. Brown,
Chairman – City of Richmond



Mr. Darius A. Johnson
City of Richmond



Ms. Betty Jolly
City of Richmond



Mr. Michael Schewel
City of Richmond



Ms. Marilyn West
City of Richmond



Vacant
City of Richmond



Mr. A. Dale Cannady
Chesterfield County



Mr. Charles R. White
Chesterfield County



Mr. David A. Brat
Henrico County



Mr. Virgil R. Hazelett
Henrico County



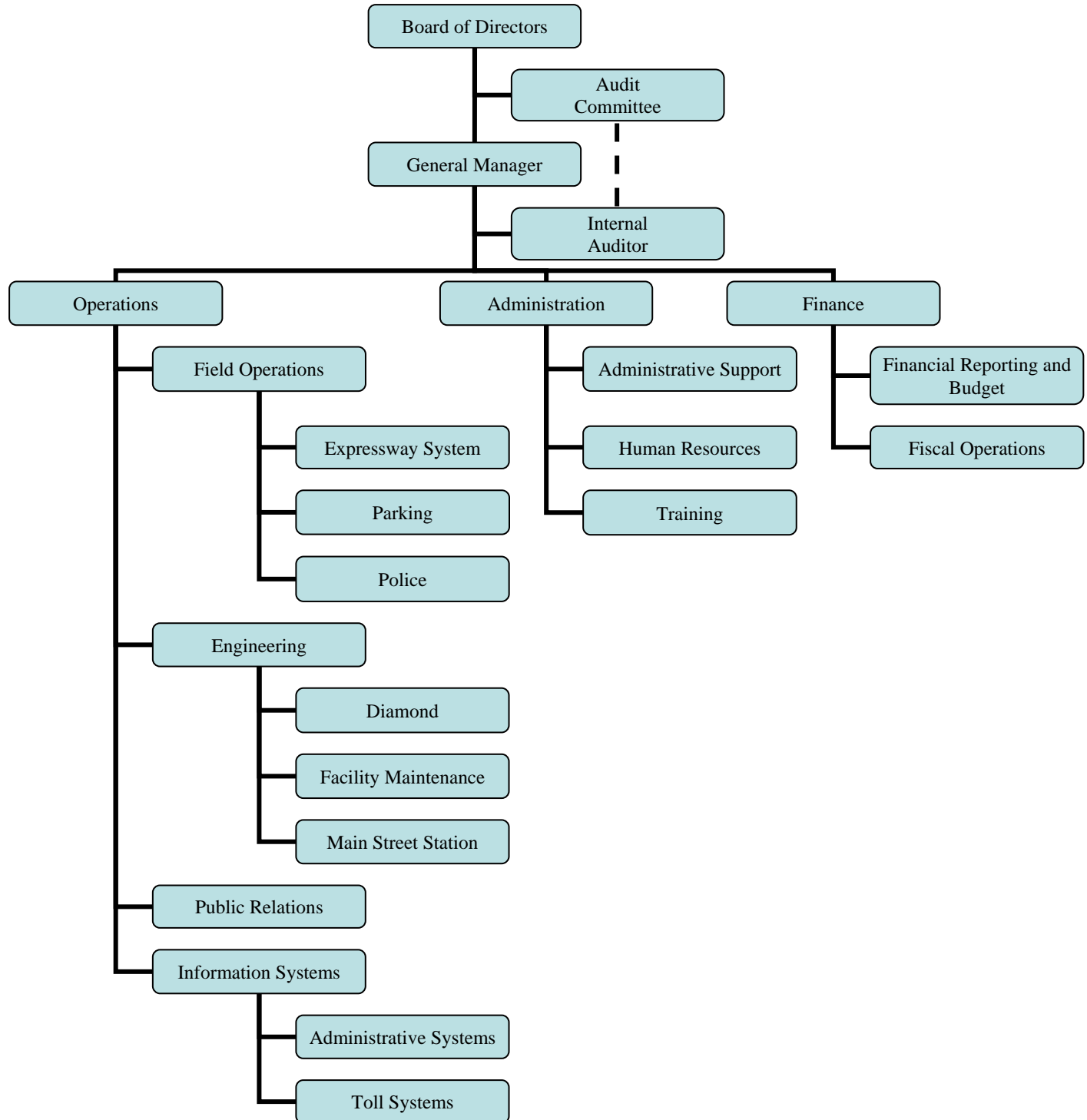
Mr. Roger Cole
Department of Transportation

Management and General Counsel

General Manager
Director of Operations
Director of Finance
Director of Administration
Secretary and General Counsel

Ms. Angela Gray
Mr. David T. Caudill
Mr. Greg L. Akers
Ms. Paulette S. Cook
Mr. Eric E. Ballou

Richmond Metropolitan Authority Organizational Chart





50th anniversary, 1966-2016

Positioned for the Future

The Richmond Metropolitan Authority (RMA) Board of Directors selected Angela L. Gray as RMA general manager effective February 1, 2013. She replaced Mike Berry who retired late last year after 26 years in the position.

Gray has more than 20 years of federal, state and local public sector experience, most recently serving as budget officer for the District of Columbia Department of Transportation. There she was responsible for the planning, development and execution of a \$128 million annual operating budget; leading policy planning and forecasting of the six-year capital forecast of revenues and expenditures; and coordinating policy and financial operations for major roadway construction projects. Gray has also held public sector leadership positions with the City of North Adams, Mass., and Belton, Texas.

As general manager, Gray develops and directs the Authority's long-range planning and development activities, including financial management systems, legislation, planning and design work, and construction activities. She also leads the organization's regional partnership with local government, civil and special interest groups.

"We are pleased to welcome Angela to the RMA organization," said RMA Chairman Carlos Brown. "She brings a wealth of finance and public administration knowledge that will assist us as we navigate through future projects, and continue to work with local jurisdictions on regional ventures for the benefit of the greater Richmond region. Her demonstrated record of success managing complex projects and responsiveness to the changing needs of citizens, elected officials and staff will be a significant advantage to the RMA and the region as a whole."

Gray holds a bachelor's degree from Park University, a Master's of Public Administration from Texas State University and an MBA from Georgetown University.



Angela L. Gray, General Manager

MISSION STATEMENT OF THE RMA

The mission of the RMA is to build and operate a variety of public facilities and offer public services, especially transportation related, within the Richmond metropolitan area, each of which is operated and financed primarily by user fees. Our efforts are dedicated to the following constituents:

To our patrons, we will provide safe, convenient, efficient facilities and excellent customer service while maintaining the lowest feasible costs.

To our employees, we will promote a safe and pleasant work environment, provide an opportunity to advance according to their abilities and fairly compensate based on performance.

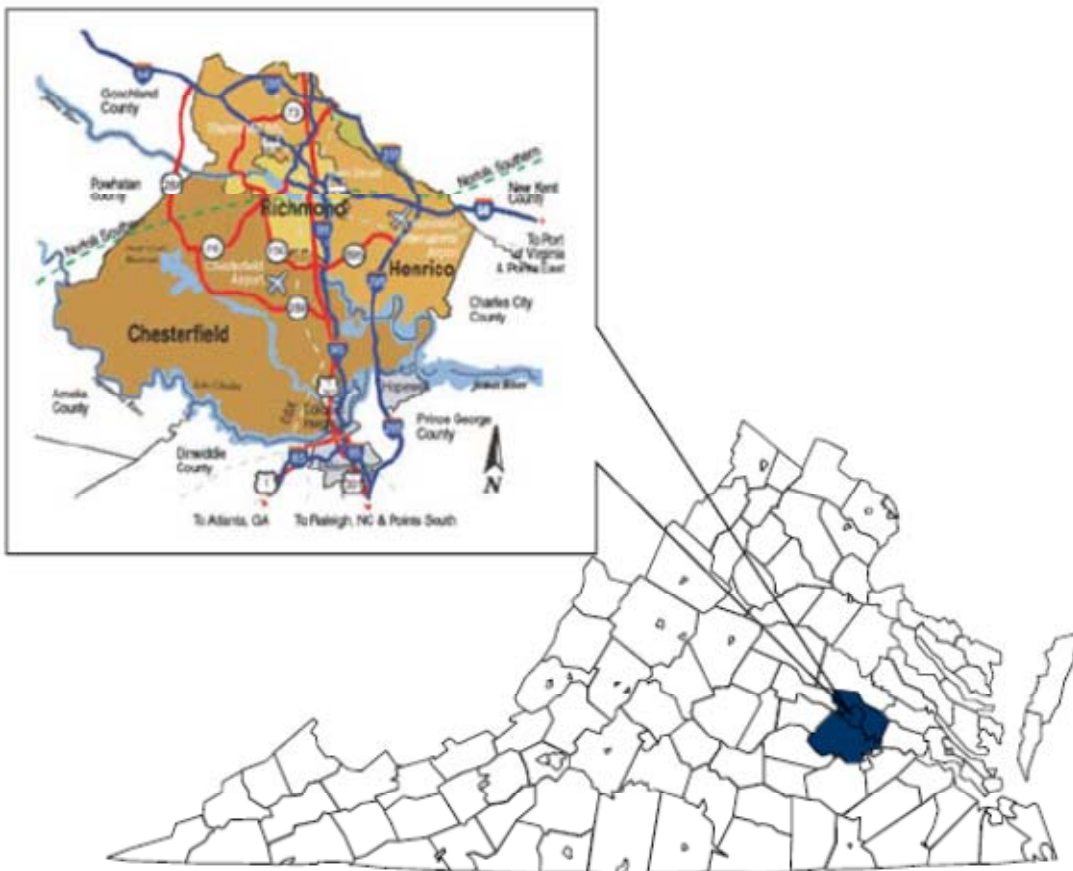
To our bondholders, we will operate in a financially sound and prudent manner and meet all debt payments and other legally imposed requirements to insure the protection of their interest.

Our mission can be accomplished through the sound management of existing projects and consideration of additional projects as approved by the City of Richmond and the Counties of Chesterfield and Henrico. These projects are financed primarily through user fee schedules that offer the lowest possible costs to the public, fairly compensate employees, and offer financial safety to bondholders.

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History

The Richmond Metropolitan Authority was created on March 30, 1966, by an Act of the General Assembly of the Commonwealth of Virginia, for the initial purpose of constructing and operating a toll Expressway System to serve the Richmond region. In 1973, the Act was amended to authorize the Authority to provide vehicular parking facilities for the Richmond metropolitan area. An additional amendment in 1984 authorized the Authority to acquire land, to construct and own a baseball stadium, and to lease such land, stadium and attendant facilities. In 1992, another amendment authorized the Authority to own and operate sports facilities of any nature including facilities reasonably related thereto and to lease such facilities as the Authority may prescribe.

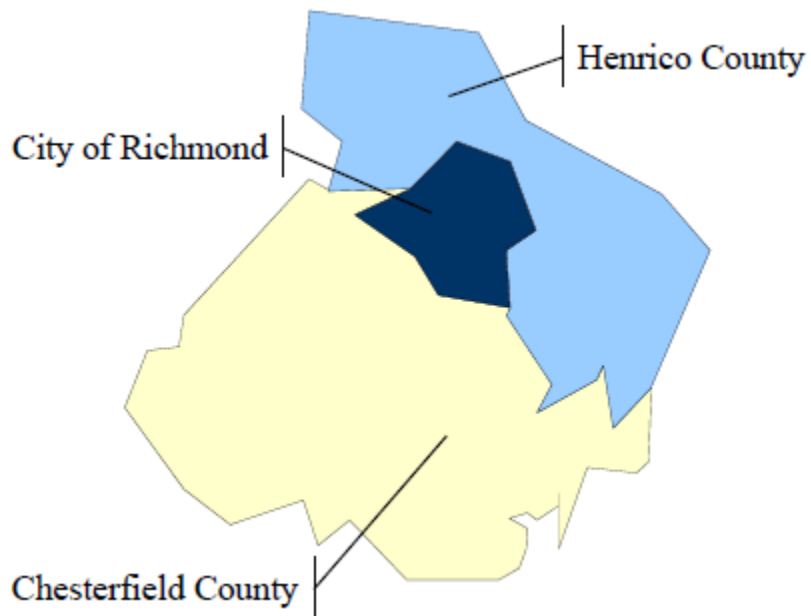
The resolutions authorizing the issuance of bonds prohibit the commingling of funds between the various enterprises for the Expressway System, parking facilities, Stadium and Main Street Station operation



In July 1973, the RMA introduced the Parham Express Bus Service. This pilot program was implemented via cooperation between the City of Richmond, Henrico County, and the Virginia Department of Highways. Full operation of this successful service was later passed on to the Greater Richmond Transit Company (GRTC). RMA and the Parham Express Bus Service was

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History

the first experiment with express transit in the Richmond area and became a model for future express bus services in the region.



The Authority is governed by a Board of Directors consisting of eleven members, six of whom are appointed by the Mayor of the City of Richmond, with the approval of the City Council, and two each by the Boards of Supervisors of the counties of Chesterfield and Henrico. The Commonwealth Transportation Commissioner appoints the eleventh member from the Commonwealth Transportation Board. The Directors each serve four-year terms. Reappointment is the sole responsibility of the aforementioned entities.

Participating jurisdiction 2012 credit ratings, and projected 2014 General Fund revenues:

<u>Locality</u>	<u>Moody's</u>	<u>S&P</u>	<u>Fitch</u>	<u>General Fund Projection</u>
Chesterfield	Aaa	AAA	AAA	\$736.1m
Henrico	Aaa	AAA	AAA	\$847.5m
Richmond	Aa3	AA	AA	\$760.5m



50th anniversary, 1966-2016

Positioned for the Future

As we position the Authority for the future, we acknowledge the past service that helped to establish the strong foundation we serve from today. In December 2012, Robert M. “Mike” Berry retired after 26 years as the Authority’s General Manager. Mike’s retirement was planned and well deserved. “I’m very fortunate in that I’ve been able to choose a time to retire where I think the RMA is in the strongest position it’s ever been,” Berry said. “It’s a good time for me to step aside and allow other people to pick the ball up and carry it further downfield.”

The Authority had an unexpected loss this year when James Louis Jenkins, a long-time Board member and immediate past-chairman, died on January 26, 2013. Jim was appointed to the Board in 1972 and served as chairman from 1984 to 2012. Jim’s leadership and devotion to the community was widely known and respected. Board member Charles White noted “Jim set a standard for life and as a human being we should all endeavor to achieve.”



As they appeared in 1993, Robert M. Berry (left), General Manager 1986-2012 and the late James L. Jenkins, Board Chairman 1984-2012



1966

The RMA is created by an act of the Virginia General Assembly (1966)

1970

Powhite Parkway opens to Cary Street (1973)

RMA introduces the Parham Express Bus Service (1973)

1975

Enabling Act amended to authorize the RMA to provide parking facilities (1973)

Second Street Parking Deck opens (1975)

1980

Downtown Expressway opens to Seventh Street (1976)

Connecting ramps to and final portions of I-95 completed (1977)

1985

Tolls increased on Powhite Parkway from 20 cents to 25 cents, Downtown Expressway from 15 cents to 25 cents (1978)

Toll tokens introduced (1987)

1990

The Diamond opens (1985)

Tolls on Powhite Parkway and Downtown Expressway increased to 35, Boulevard Bridge to 20 cents (1988)

Carytown Parking Decks open (1991)

Powhite Parkway Bridge widened from six to 10 lanes; sections of Powhite Parkway widened by one lane (1987)

Enabling Act amended authorizing the RMA to construct and own a baseball stadium (1984)

Tolls on Powhite Parkway and Downtown Expressway increased to 50 cents; Boulevard Bridge to 25 cents (1998)

RMA token sales discontinued (1999)

2000

The RMA begins operation of Main Street Station (2003)

Tolls on Powhite Parkway and Downtown Expressway increased to 70 cents; Boulevard Bridge to 35 cents (2008)

2010

The Richmond Flying Squirrels make their debut at The Diamond (2010)

1995

Enabling Act amended allowing the RMA to build additional sports facilities (1992)

Downtown Expressway Parking Deck opens (1992)

Boulevard Bridge closes for major renovations (1992)

Boulevard Bridge reopens (1993)

RMA completes conversion to a computer-based toll system; introduces metal token (1994)

The RMA begins toll lane token sales (1994)

T.S. Gaston floods Powhite Parkway, Main Street Station (2004)

The RMA replaces the field and drainage system at The Diamond (2004-05)

Gaston repairs complete; Split Plaza project begins (2005)

The SmartTag name is changed to E-ZPass (2007)

The Powhite Parkway express lanes open (2008)

Connecticut, the large statue at The Diamond, is relocated to the Lucky Strike building (2010)

SmartTag introduced (1999)

2005



Richmond Metropolitan Authority
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Fund Overview and Budget Practices

Fund Overview

For financial reporting, the various individually budgeted funds are grouped under the six funds listed below. In addition to these listed funds, Central Administration fund costs are allocated to the other enterprise funds using estimates established during the annual budget process.

- Expressway System
 - Expressway
 - Expressway Capital, Repair and Contingency
- Downtown Expressway Parking Deck
- Second Street Parking Facility
- Carytown Parking Decks
- The Diamond Stadium
- Main Street Station

Budget Practices

At fiscal year end, funds committed by an approved purchase order and capital project budgets carry forward to the next fiscal year. In addition, upon request by a Division Director, the General Manager may approve carryover of an available balance for specific items or projects. The General Manager may also authorize adjustments requested by a Division Director between line items within the expense categories of personnel, operating, and capital. Board approval is needed to:

- Increase to total budgeted expense per fund, or
- Transfer budget authorization between expense categories of personnel, operating and capital.

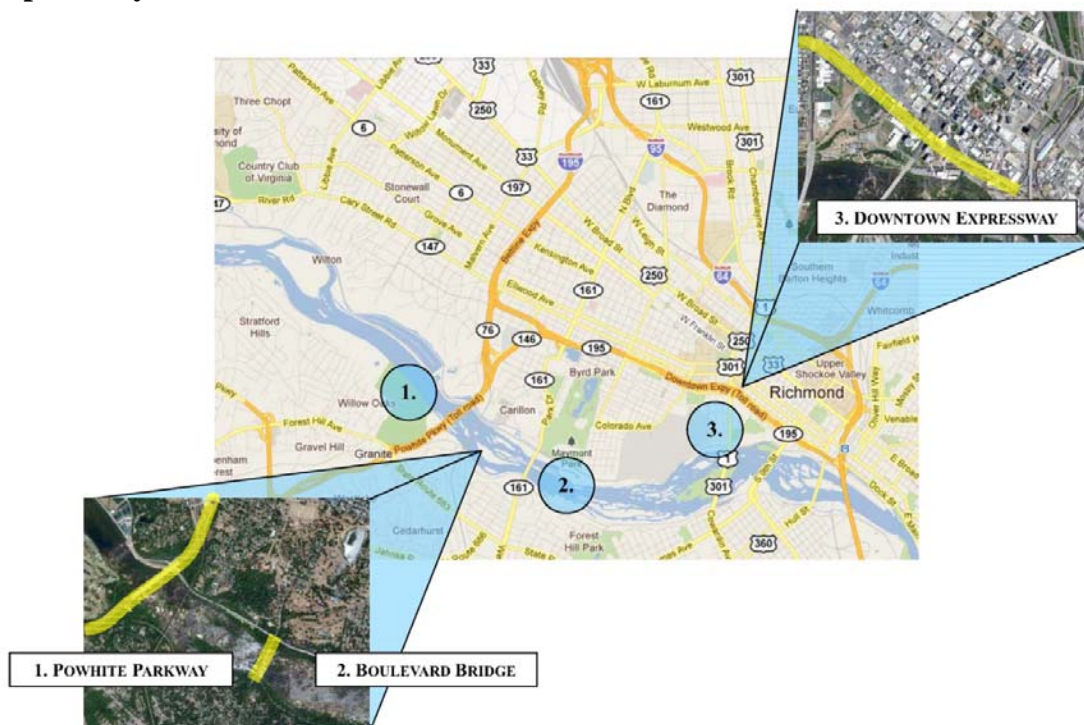
Richmond Metropolitan Authority
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Expense Summary by Fund

Fund	Fiscal Year 2011-2012 Adopted Budget	Fiscal Year 2012-2013 Adopted Budget	Fiscal Year 2013-2014 Adopted Budget	% Change FY 13 vs 14
Operating Plan:				
Expressway	\$ 11,976,693	\$ 12,189,816	\$ 12,771,574	4.8%
Expressway Deck	\$ 556,811	\$ 579,036	\$ 691,800	19.5%
Second Street Deck	\$ 88,619	\$ 93,051	\$ 90,718	-2.5%
Carytown Decks	\$ 62,698	\$ 67,988	\$ 79,588	17.1%
Diamond				
Stadium	\$ 254,119	\$ 253,049	\$ 363,081	43.5%
Parking	\$ 6,000	\$ 6,000	\$ 6,000	0.0%
Main Street Station	\$ 1,003,701	\$ 930,413	\$ 1,188,097	27.7%
Total Operating	<u>\$ 13,948,641</u>	<u>\$ 14,119,353</u>	<u>\$ 15,190,858</u>	7.6%
Capital Plan:				
Expressway R&C	\$ 20,312,767	\$ 11,988,300	\$ 10,275,646	-14.3%
Central Administration *	\$ 2,728,068	\$ 2,901,203	\$ 2,898,021	-0.1%

* - Central Administration fund expense is included in other funds above as administrative charges.

Richmond Metropolitan Authority
2014 Fiscal Plan and Capital Budget
Expressway Operating Fund

Expressway



Description

The Authority's toll Expressway System provides a vital urban transportation link comprised of the Boulevard Bridge acquired in 1971, the Powhite Parkway opened in 1973 and the Downtown Expressway opened in 1976. Together they provide 49.9 lane miles of roads and 36 bridges with traffic growing from 16.9 million transactions in 1976 to 56.2 million for fiscal year 2012.

The Powhite Parkway provides the only high speed crossing of the James River located in the geographical center of the region. It links Expressways running north-south and east-west through the heart of the metropolitan area. The Downtown Expressway connects the Powhite Parkway to downtown Richmond and Interstate 95. The Boulevard Bridge provides a two lane river crossing serving a residential area south of the James River.

Interstates 95 and 64, which cross at Richmond, are key transportation links for the Commonwealth of Virginia and the region. The Authority's Expressway System compliments and adds regional connectivity with these interstates. The Virginia Department of Transportation's Interstate 95 (I-95) restoration project of 11 Richmond area bridges started in 2010 and is scheduled for completion in 2014. This needed restoration extends the I-95 bridges life span by at least 50 years. Although this I-95 bridge construction temporarily disrupts Richmond area traffic patterns, it demonstrates the State's commitment to maintain the interstate system for future generations.

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Expressway Operating Fund

Express lanes with open road tolling (ORT) were added to the Powhite Parkway, with three ORT lanes in both the northbound and southbound directions in 2008. The design eliminated the need to reconfigure the plaza's lane assignments for directional flows with the morning and evening rush hours. The project has reduced rush hour traffic delays in both the northbound and southbound patterns. It is anticipated that this improvement will provide sufficient throughput capacity well into the future.

In 2012, three westbound ORT lanes were added to the Downtown Expressway. The project has similarly successful results as the Powhite Parkway ORT project, including a reduction of rush-hour back-ups, the elimination of reversible lanes and increased air quality.

The Repair and Contingency (R&C) sub-fund is used to account for Expressway construction and maintenance expenses. The bond indenture requires that the Authority maintain an R&C sub-fund for the purpose of accumulating funds, as determined by our consulting engineers, sufficient to maintain the assets of the Expressway System. Monthly, after satisfying operating and debt service requirements as specified by the bond indenture, the Authority transfers excess funds from the Expressway Revenue Account to the R&C sub-fund. All Expressway System maintenance and construction projects are accounted for in this sub-fund. See the separate Capital Budget section for additional information on the Expressway Capital Plan.

Expressway bonds and notes payable totaled \$183.5 million at June 30, 2012, maturing through July 2041. The Expressway bond resolutions provide that when all related revenue bonds and interest thereon have been paid, the facilities will be transferred to the City of Richmond.

Budget Highlights

	Fiscal Year 2012-2013 Adopted Budget	Fiscal Year 2013-2014 Adopted Budget	% Change FY 13 vs 14	\$ Change FY 13 vs 14
Expressway				
Salaries and benefits	\$ 4,994,839	\$ 5,211,586	4.3%	\$ 216,747
Operating	7,194,977	7,559,988	5.1%	365,011
Total	<u>12,189,816</u>	<u>12,771,574</u>	4.8%	<u>581,758</u>

The detailed line item budget is at the end of this section. Significant expense line items changes between years include:

- Expressway salaries and benefits increase of \$216,747 or 4.3% primarily consists of \$122,790 for salaries and \$70,000 for employer medical insurance.

Richmond Metropolitan Authority
2014 Fiscal Plan and Capital Budget
Expressway Operating Fund

- Maintenance of ORT and toll plaza equipment decrease a net of \$50,000, primarily savings resulting from new toll system implementation and the transition to the new service provider during fiscal year 2013. This fiscal year 2014 reduction is in addition to a \$299,850 reduction for this category in the fiscal year 2013 budget. The current TransCore ORT Powhite provider line item decreases \$170,000, based on the anticipated optional transition to TRMI during next fiscal year. The TRMI maintenance line item increases \$125,000 to begin including Powhite ORT during the year. In addition to cost savings, we gain efficiencies for contract management and traffic monitoring with a single toll system provider.
- Electronic toll collection cost of \$2.2 million decreases \$176,300. See EZPass and Express lanes section below for detail of projected transaction volume and cost changes between years.
- A \$375,000 contingency was added for fiscal year 2014 for potential cost impacts from a planned transfer of certain Authority facilities. At this point the evaluation and negotiation for facility transfers continues, with proposed transfer terms to be considered separately by facility for Board approval over the remainder of the 2013 calendar year. Based on the uncertainty of potential facility transfers, the adopted 2014 fiscal year budget includes this contingency to provide operating flexibility depending upon date of transfer. As facility transfers occur, Authority staff will update the Board on utilization of contingency. Without this contingency, total budget increase for fund would be \$206,578 or 1.7%.

Toll Revenue Projections

Tolls generated from the Expressway System are limited by law to only be used to support the Expressway System itself. No toll dollars are used to support the garages or any other Authority facilities, including the Diamond.

In accordance with Article VII, Section 708 of the 2011 bond resolution, the RMA is required annually to engage a revenue consultant for the purpose of preparing and certifying a schedule of tolls for the forthcoming budget year considered sufficient to pay operating expenses, debt service, and maintenance and repairs on the Expressway System as certified by the RMA's consulting engineers Howard, Needles, Tammen and Bergendoff (HNTB). The RMA has contracted with Jacobs to prepare and certify the aforementioned schedule of tolls as required by the bond resolution. Expressway tolls were last increased September 2008 and remain unchanged for next fiscal year.

Fiscal year 2014 toll revenues and traffic volume, as forecast by Jacobs, are projected to total \$35,985,000 and 56,520,000 respectively. This represents a \$385,000 (1.1%) increase over current year budgeted revenues of \$35,600,000. The 2013 revenue forecast is a 0.5% increase compared to Jacob's updated 2013 projection of \$35,818,000 and volume of 56,297,000 based on traffic data through February 2013. Projection factors considered include estimated impacts from regional transportation projects such as I-95

Richmond Metropolitan Authority
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Expressway Operating Fund

bridge construction, employment levels, fuel cost, economic development, and continued uncertainty regarding the economic recovery.

Remaining Expressway System revenues are budgeted for \$739,200, which is a decrease of \$294,018 (28.5%) from the prior year. This reduction is primarily due to lower investment return rates. Investments held under the bond indenture are limited to 5 year maturities. As prior investments mature, reinvestment options have been at lower rates since 2008. Revenues generated from various rental agreements relative to surface parking lots and easements have remained stable.

Debt Service Coverage Ratio

Debt service coverage, as required by the bond indenture, is an important consideration in our long range financial planning efforts. The bond indenture requires a debt service coverage ratio of 1.20. A ratio below this level could place RMA bonds in a default status. Management has worked closely with the Authority's financial advisor (Davenport), revenue consultant (Jacobs) and engineering consultant (HNTB) to develop long range revenue and expenditure forecasts that incorporate historical trends and assumptions regarding future traffic patterns, customer service demands, maintenance costs, debt requirements, and the impact of technology enhancements. These forecasts serve as the foundation for evaluating the Authority's ability to maintain safety, customer service and contractual commitments to our customers and bondholders. Forecasts are updated annually and presented to the Board of Directors at their annual retreat.

We project fiscal year 2013 coverage ratio of 1.97, which compares favorably to the 1.90 estimate against the adjusted 2013 fiscal year budget provided at February 13, 2013 Board meeting. The improvement is a combination of \$251,000 additional revenue, primarily from additional traffic volume growth, and current Expressway operating expense estimate at \$684,000 under budget. Current projections show savings of \$323,000 for salaries and benefits, \$170,000 for toll equipment maintenance, and \$184,000 for electronic toll processing.

The estimated fiscal year 2014 coverage ratio decreases to 1.86, and remains consistent with the 1.88 projection provided at February 13, 2013 board meeting. Jacobs indicates, based on total fiscal year 2014 estimated revenues of \$36.7 million and expenses of \$12.7 million, "all debt service coverage requirements will be satisfied and no additional toll increase will be required." Debt service relative to the Expressway System for fiscal year 2014 totals \$12,868,708.

The Authority requested Jacobs consider potential impacts of continued higher fuel prices since mid-2011 on traffic projections for fiscal year 2014. Fuel prices are illustrated for past 60 months at **Figure 4**. Jacobs estimated that gas prices would have to increase substantially higher than that of the summer of 2008 to have a negative impact on the forecast. Furthermore, those higher gas prices would have to be sustained for over the course of many months for people to begin changing behavior. If those two things occur, it is estimated that the Expressway System could lose between 5 and 10% of traffic as compared to what is forecasted. Even in the event of a 10% loss in traffic and toll

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revenue on the System (or a \$3.6 million reduction to \$32.4 million), it is projected by Jacobs that all debt service coverage requirements would be satisfied.

Figure 4:



Extending financial projections to future years, with an estimated 4% operating expense growth **Figure 5** demonstrates coverage is maintained without toll increase prior to 2018.

Figure 5:

Projected Debt Service Coverage and Potential Funding Available for Capital

	2013	2014	2015	2016	2017
Toll Revenue	35,818,000	35,985,000	36,190,000	36,429,000	36,708,000
Other Revenue	1,094,582	739,200	757,680	776,622	796,038
Total Revenue	36,912,582	36,724,200	36,947,680	37,205,622	37,504,038
Less Operating Expense	11,506,206	12,771,574	13,282,437	13,813,734	14,366,284
Net Revenue Available for Debt Service	25,406,376	23,952,626	23,665,243	23,391,888	23,137,754
Debt Service	12,866,646	12,868,708	12,870,808	12,871,883	12,866,408
Debt Service Coverage	1.97	1.86	1.84	1.82	1.80
Maximum Available for Capital Plan Contribution	12,539,730	11,083,918	10,794,435	10,520,005	10,271,346

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The amount by which our debt service ratio exceeds 1.0 illustrates the potential cash funding for the Expressway Capital Plan (Repair & Contingency Fund), minimizing the need for future debt issuance. Estimated capital cost averages \$9.5 million per year from 2013 to 2023, and increases to \$26.7 million per year between 2024 and 2035. This increase is consistent with certain facilities nearing the end of their life cycle and requiring replacement such as the Boulevard Bridge. The Authority's projected debt service coverage ratios (DSCR) above at **Figure 5** are comparable to other entities that rely on revenue bonds to fund their capital as shown at **Figure 6**.

Figure 6:
Comparable Entities, Debt Rating and Debt Service Coverage Ratio

<u>Revenue Bond Issuer</u>	<u>Ratings</u>			<u>DSCR</u>
	<u>Moody's</u>	<u>S&P</u>	<u>Fitch</u>	
Other local entities:				
Category Median	-	-	-	1.88
Capital Region Airport Commission	A2	NR	A-	1.88
Greater Richmond Convention Center	NR	NR	A+	1.82
Virginia Commonwealth University	Aa2	NR	NR	3.70
Participating jurisdiction, water & sewer utilities:				
Category Median	-	-	-	2.18
Chesterfield	Aaa	AAA	AAA	5.30
Henrico	Aa1	AAA	AAA	2.18
Richmond	NR	NR	NR	1.33
Toll Agencies:				
Category Median	-	-	-	2.10
Maryland Transportation Authority	Aa3	AA-	AA-	2.83
Massachusetts Department of Transportation - Metropolitan MA	Aa2	AA+	AA-	3.56
Bay Area Toll Authority CA	Aa3	AA	AA-	2.04
Ohio Turnpike Commission OH	Aa3	AA	AA	2.81
Florida Department of Transportation FL	Aa3	AA-	AA-	1.70
Illinois State Toll Highway Authority IL	Aa3	AA-	AA-	1.12
Maine Turnpike Authority ME	Aa3	AA-	AA-	1.71
New York State Bridge Authority NY	Aa3	AA-	AA-	1.72
Oklahoma Turnpike Authority OK	Aa3	AA-	AA-	1.64
Triborough Bridge & Tunnel Authority NY	Aa3	AA-	AA-	2.36
Kansas Turnpike Authority KS	Aa3	AA-	NR	2.13
West Virginia Parkways Authority WV	Aa3	AA-	NR	4.27
New York State Thruway Authority NY	Aa3	A+	AA	1.82
Pennsylvania State Turnpike Commission PA	Aa3	A+	A+	3.55
Harris County Toll Road Authority TX	Aa3	NR	NR	2.73
Delaware River Port Authority DE	A3	A-	NR	2.07

NR – not rated or unavailable

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Expressway Operating Fund

E-Z Pass and Express Lanes

E-ZPass is an electronic toll collection system that automatically deducts tolls from a customer's prepaid account. The RMA contracts with the Virginia Department of Transportation (VDOT) for the day-to-day operation of the E-ZPass Virginia program together with the Customer Service Center (CSC) for electronic toll transactions and violation processing. Funding of the CSC is accomplished through a fee structure tailored by VDOT to recover the costs of operations. The fee structure for toll facilities has two components: a percent of revenues which is being reduced from 1.808% to 1.478%, and a fixed fee per toll transaction processed to remain at \$ 0.0335. The percent of revenue fee reduction saves approximately \$75,000 compared to if rate had remained the same.

The Authority's Board approved an adjustment to increase fiscal year 2013 toll collection expense budget \$1,180,000 for the transaction fee re-established by VDOT. The Authority's fiscal year 2013 budget adopted in May 2012 had anticipated expense savings from VDOT's planned transaction fee elimination. VDOT planned to replace transaction fee to toll facilities by assessing a monthly fee to E-Z Pass customers. After public input the plan was revised in July 2012 to:

- Assess customers a monthly fee (50 cents to \$1) for any new transponders issued instead of applying fees to all existing customers.
- Continue charging a fixed fee to toll facilities, at reduced rate of \$0.335 per transaction compared to \$0.0426 during fiscal year 2012.

RMA's cost for CSC services is based on the volume of traffic and violations. We project fiscal year 2013 expense of \$2.1 million or 88% of budget. The \$2.2 million for fiscal year 2014 is a \$176,300 or 7.4% budget reduction. Most of reduction (\$126,600) is for video violation enforcement portion. The fiscal year 2013 budget allowed for a potential violation volume increase with the expansion of Open Road Tolling (ORT) to the Downtown Expressway. Fiscal year 2014 violation cost estimates were lowered based on the successful Downtown Expressway ORT operating results since the August 2012 opening. The toll processing expense estimate allows for up to a 2.5% volume increase and 3% additional customer shift to electronic toll payment.

RMA electronic toll collections will serve approximately 62% of customers in fiscal year 2013, up from 60% for fiscal year 2012. E-ZPass continues to enhance the RMA's ability to save our customers time and money as they travel the Expressway System. Electronic toll collection has experienced steady growth since it was first integrated into the RMA system in 1999. Before opening Powhite ORT in September 2008, our customers could not fully experience the promise of non-stop commuting due to the limitation imposed by barrier plazas. Since the opening of the ORT lanes, RMA customers enjoy the full benefits of E-ZPass as they travel the Powhite Parkway. ORT also increases throughput capacity to accommodate future traffic growth. The acceptance of E-ZPass, and the ORT environment, is reflected in the participation rates. During peak morning and afternoon hours on the Downtown Expressway and Powhite Parkway, E-ZPass usage exceeds 70%.

Richmond Metropolitan Authority
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Expressway Operating Fund

Through the years the RMA has taken advantage of technology to provide patrons with safe, convenient and efficient facilities. Looking to the future, it remains clear that technology will continue to play a significant role in the future design and construction of toll facilities throughout the world.

Richmond Metropolitan Authority
2014 Fiscal Plan and Capital Budget
Expressway Operating Fund Certification

	Year Ending June 30, 2013		FY 2013-14 Budget
	Original Budget	Current Estimate	
Operating Toll Revenues (1)	\$ 36,633,218	\$ 36,884,708	\$ 36,724,200
Operating Expenses	12,189,816	11,506,206	12,771,574
Net Available for Debt Service	<u>\$ 24,443,402</u>	<u>\$ 25,378,502</u>	<u>\$ 23,952,626</u>

- (1) Revenues include toll revenues as estimated by Jacobs Corporation, and other revenues provided by the Authority.

Approved as to Expenses
HNTB CORPORATION



Approved as to Revenue Estimates
Jacobs CORPORATION



Richmond Metropolitan Authority
2014 Fiscal Plan and Capital Budget
Expressway Operating Fund

	Fiscal Year Budget			
	2011-2012 Adopted	2012-2013 Adopted	2013-2014 Adopted	% Change
<u>ADMINISTRATIVE</u>				
Administrative Charges	\$ 2,079,478	\$ 2,105,462	\$ 2,230,363	5.9%
Insurance & Surety Bonds	305,000	335,500	352,275	5.0%
Dues	20,000	20,000	23,000	15.0%
Travel	15,000	15,000	25,000	66.7%
Publicity	500	250	-	-100.0%
Sub-Total	<u>2,419,978</u>	<u>2,476,212</u>	<u>2,630,638</u>	6.2%
<u>TOLL ACCOUNTING & AUDIT</u>				
Armored Car Service	104,200	100,000	100,000	0.0%
Coin Counting Expense	165,000	149,200	153,700	3.0%
Computer Software	2,800	6,600	4,600	-30.3%
Computer Hardware	16,150	22,400	34,000	51.8%
Computer Services Agreements	33,500	38,500	44,200	14.8%
Sub-Total	<u>321,650</u>	<u>316,700</u>	<u>336,500</u>	6.3%
<u>TOLL COLLECTION EXPENSES</u>				
Salaries	3,280,300	3,609,200	3,731,990	3.4%
Social Security Tax	250,900	276,100	285,497	3.4%
Employer Contribution-Retirement	279,900	243,700	256,573	5.3%
Group Life Insurance	7,500	38,600	39,858	3.3%
Employer Contribution-Medical	745,600	825,379	895,379	8.5%
Disability Insurance	1,550	1,860	2,289	23.1%
Uniforms & Personal Supplies	14,000	16,100	16,500	2.5%
Unemployment Contributions	9,000	9,000	7,500	-16.7%
Stationery, Printing & Supplies	17,000	14,000	14,000	0.0%
Telecommunications	24,700	21,200	16,800	-20.8%
Data Communications	32,100	26,000	40,000	53.8%
Heat, Light, & Power	160,000	160,000	160,000	0.0%
Office Equipment	5,000	6,000	5,000	-16.7%
Maintenance Of Office Equipment	5,000	5,000	5,500	10.0%
Building & Janitorial Services	14,500	14,500	16,000	10.3%
Banking Services	11,900	14,400	7,500	-47.9%
Miscellaneous Expenses	8,000	8,000	8,000	0.0%
Gate Claims	3,000	2,000	2,000	0.0%
Materials & Supplies	5,000	4,000	4,500	12.5%
Maintenance - Transcore ORT Powhite	206,850	275,000	105,000	-61.8%
Maintenance - TRMI Toll Plazas and ORT	918,000	550,000	675,000	22.7%
Parts & Supplies-Toll Collection Equip.	120,000	120,000	120,000	0.0%
Motor Vehicles-Operation & Maint.	63,000	81,000	83,500	3.1%
Motor Vehicles-Employee Mileage	24,200	24,500	25,500	4.1%
Sub-Total	<u>6,207,000</u>	<u>6,345,539</u>	<u>6,523,886</u>	2.8%

Richmond Metropolitan Authority
2014 Fiscal Plan and Capital Budget
Expressway Operating Fund

	Fiscal Year Budget			
	2011-2012 Adopted	2012-2013 Adopted	2013-2014 Adopted	% Change
<u>ELECTRONIC TOLL COLLECTION</u>				
VDOT - Tag Store Processing	1,935,800	1,712,600	1,662,900	-2.9%
VDOT - Video Enforcement/Open Road Tolling	450,000	666,600	540,000	-19.0%
Sub-Total	2,385,800	2,379,200	2,202,900	-7.4%
<u>TRAFFIC CONTROL</u>				
Supplies	3,500	5,000	5,000	0.0%
Sub-Total	3,500	5,000	5,000	0.0%
<u>MAINTENANCE OF ROADWAYS</u>				
Annual Road Maintenance (VDOT)	350,000	350,000	370,000	5.7%
Materials & Supplies	1,500	1,500	1,500	0.0%
Sub-Total	351,500	351,500	371,500	5.7%
<u>RADIO & TV SYSTEMS</u>				
Purchase of Equipment	4,000	2,500	5,000	100.0%
Equipment Maintenance	18,000	19,000	19,000	0.0%
Sub-Total	22,000	21,500	24,000	11.6%
<u>MAINTENANCE-GROUNDS & BUILDINGS</u>				
Materials & Supplies	22,000	45,000	45,000	0.0%
Equipment	1,500	1,500	3,500	133.3%
Contractual Services	45,500	47,500	69,500	46.3%
Sub-Total	69,000	94,000	118,000	25.5%
<u>OTHER SERVICES-PROFESSIONAL</u>				
Trustee Services	47,000	37,000	29,000	-21.6%
Traffic & Revenue Consultant	57,865	57,865	45,150	-22.0%
Legal Services	17,500	25,000	25,000	0.0%
Accounting & Audit Services	73,900	80,300	85,000	5.9%
Sub-Total	196,265	200,165	184,150	-8.0%
<u>CONTINGENCY</u>				
Facility Transfer Contingency	-	-	375,000	N/A
TOTAL EXPENSES	\$ 11,976,693	\$ 12,189,816	\$ 12,771,574	4.8%



50th anniversary, 1966-2016

Positioned for the Future



Downtown Expressway Opening Ceremony, 1976



Smart Tag (later renamed EZ-Pass) introduced 1999



*Westbound Express Lanes, Downtown Expressway
Opening Ceremony, 2012*

Richmond Metropolitan Authority
2014 Fiscal Plan and Capital Budget
Central Administration Operating Fund

Central Administration

Description

The Central Administration sub-fund is used to accumulate and allocate central administration expenses. Monthly, budgeted costs are allocated to the other enterprise funds based on a formula established during the annual budget process. At year-end, budgeted allocations are adjusted to reflect actual expenses for the year, which results in zero change in net position. Any cash remaining in the sub-fund at year-end is reflected in the Expressway System Fund totals.

Central Administration includes cost associated with the General Manager and the Division Directors responsible for the following functions:

- Operations
 - Field Operations
 - Engineering
 - Public Relations
 - Information Systems
- Administration
 - Administrative Support
 - Human Resources
 - Training
- Finance
 - Reporting and Budget
 - Fiscal Operations

Operations Division Update

Operations is responsible for the efficient planning, management, maintenance and improvement of the Authority's physical assets including:

- Shaping and implementing organization's strategy.
 - Assess industry trends and identify potential opportunities
 - Convene internal staff and consultant team to discuss realistic initiatives
 - Develop implementation plan and metrics associated with success
 - Board presentations
- The development and maintenance of the capital improvement plan for all facilities through hands-on inspections, and subsequent reporting documents, tracking and prioritizing deficiencies.

Operations had a very busy and successful year. In August, the much anticipated opening of the westbound open road tolling (ORT) lanes on the Downtown Expressway occurred. A ribbon cutting ceremony was well covered by the media and attended by several of our Board members, RMA staff, a representative from VDOT and members of the design and construction teams. The new lanes were opened after the festivities concluded and had an immediate and positive impact on reducing evening rush hour delays.

The ORT project was only part of the overall contract with The Revenue Markets Incorporated (TRMI). The scope also included the replacement of the existing toll collection system associated with the conventional lanes. The transition from the old system to the new system

Richmond Metropolitan Authority
2014 Fiscal Plan and Capital Budget
Central Administration Operating Fund

included improvements in reporting capabilities, more up-to-date user interfaces, and the use of current computer hardware technology. This project also involved the transition of the contracted maintenance support staff. The new team has been extremely responsive and continues to improve their efficiency as their learning curve begins to flatten. All of this activity was scheduled during times that created little or no impact to our customers. In fact, it is safe to say that the entire process was transparent to our customers. By early February 2013, the transition of the conventional lanes was complete and in operation. We anticipate starting the 60 day performance evaluation phase of the contract by May 2013. After the performance is formally evaluated relative to the contract's requirements and, once all concerns have been addressed, the project will be officially accepted. The anticipated useful life of this effort is anticipated to be between 7 and 10 years. Also anticipated in the contract was an option for the RMA to pursue the replacement of the 2008 Powhite ORT system developed by TransCore with the exact system installed on the Downtown Expressway. As this highly sophisticated Powhite system begins to age, the maintenance of certain components are becoming more challenging. The violation cameras and certain electronic boards are no longer supported by the manufacturer. In addition, our third party maintenance support contract will conclude in the late summer of 2013. RMA staff will evaluate all of the appropriate paths forward and make a recommendation to the RMA Board.

Another project of significance was the award of the bridge latex overlay for southbound Powhite over the James River. The ten lane bridge (five lanes southbound and five lanes northbound) is the widest bridge crossing of the James for its entire length. The five southbound lanes carry approximately 1.3 million vehicles in any given month. The challenge will be to install the overlay with as little disruption as possible to traffic while ensuring that all debris runoff is kept from entering the river. The approach will be to perform most of the work on nights and weekends. The off-peak work will have its greatest impact when working in the center lanes. During this stage of the project, through public media outlets, updates will be provided to the public informing them of potential disruptions. Work will be expedited to limit, as much as possible, these work zone impacts. Typical useful expectancy for bridge latex overlays is fifteen years.

The City of Richmond completed its rehabilitation of the "RMA Park", located adjacent to the Downtown Expressway Parking Deck, restoring the structural integrity and making it less susceptible to reversible loads and displacements associated with earthquakes. Operations staff worked closely with the City and its contractor resulting in an expedited work effort and savings to the City.

The RMA Board formed a new Operations Committee to increase Board awareness and understanding on operation activities including, but not limited to, procurement and the Expressway capital program. The first meeting of the five member committee occurred in early February and was very interactive. Detailed information regarding the upcoming maintenance and capital procurements was provided along with historical SWAM statistics. Strategies were discussed to potentially improve contractor interest such as de-bundling the scope of some projects. This approach was effectively utilized on our annual Expressway maintenance project. Another agenda item considered by the committee was the "Blue-Light" legislation. Operations

Richmond Metropolitan Authority
2014 Fiscal Plan and Capital Budget
Central Administration Operating Fund

carefully evaluated the continued effort in pursuing legislation to establish a RMA police force made up of Law Enforcement Officers instead of Special Conservators of the Peace. Additional consultation with police advocates revealed an extensive list of training, equipment and facility requirements that not only represented a high initial cost but a substantial ongoing commitment. With the current primary mission of RMA police being one of toll enforcement and motorist assist, it was recommended by staff that pursuing legislation at the current time was not cost effective. If a need is identified where a Law Enforcement Officer is required, existing legislation allows for the contracting of State and local police which can readily be accomplished. The Operations Committee concurred with staff's recommendation.

As mentioned earlier in this budget document, long time general manager, Robert M. Berry retired in December. The Operations Division has been working closely with the new general manager, Angela Gray, as she becomes acclimated to her new role and look forward to supporting her future initiatives.

Administration Division Update

Several projects were undertaken to help the Authority remain competitive with both benefits and compensation in the past year. After studying benefit packages in both private and public sector groups, several decisions were made. First, it was approved to offer a Flexible Spending Account (FSA). During fiscal 2013 the Human Resources (HR) department rolled out this new benefit and the initial enrollment was a success. The second step of the plan included the roll out of a high deductible plan. Plans are underway to make a first offering of a high-deductible plan in fiscal 2014.

The latest triennial compensation study was also completed for inclusion in the fiscal year 2013 budget. The study found that overall compensation was competitive to the Richmond area and suggested some changes. These changes were implemented for fiscal year 2013 along with a merit matrix with an average of three percent.

Improved communication of RMA benefits and services has included distribution of a revised benefits booklet that provides general information about RMA benefits plans and policies. The new RMA intranet was introduced during fiscal 2013. This vehicle allows employees to have immediate access to pertinent forms, policies and benefit related links (i.e. VRS, medical and dental plans).

Realizing the importance of wellness programs to assist employees in developing good health habits, the Authority continued to fund the annual flu shot clinic for employees, continued promoting the health contract and sponsored a lunch and learn program. There will be an annual health fair to close out the year. We believe that the results from these efforts along with Health Care Reform enabled the Authority to have a favorable renewal.

The Training Coordinator and the Toll Road Operations Manager were recognized by Virginia Municipal League for their efforts to be certified trainers and in improving the RMA's "Where the Rubber Meets the Road" program for RMA drivers.

Richmond Metropolitan Authority
2014 Fiscal Plan and Capital Budget
Central Administration Operating Fund

Staff also began to learn the new TRMI toll system. The Training coordinator conducted supervisory and TCA Training as the project was phased in to operation.

Goals for the next fiscal year include:

- Positioning HR staff to assist with the changing organization. Helping RMA employees to be flexible as change is implemented.
- Provide skills training as needed to fulfill new assignments.
- Continue to promote strong customer service skills organization wide.
- Work with the finance department to research a consolidated finance, HR, and Payroll system.

Finance Division Update

Finance is responsible for the Authority's fiscal management and planning, including:

- Establishing and maintaining effective controls and compliance for the Authority's financial activities, including:
 - Bank, debt trustee, other post employment benefits (OPEB) trust, coin counting services for toll vaults, and administrative office space lease vendor relationships.
 - Accounts payable and payroll processing.
 - Monthly traffic volumes and revenue.
 - Investment.
 - Procurement guidance.
 - Debt management and compliance.
- Provide accurate and timely financial information including:
 - Monthly internal reporting.
 - Preparation of Comprehensive Annual Financial Report (CAFR).
 - Annual coordination with independent auditor for CAFR.
 - Quarterly OPEB trust reporting to Local Finance Board.
- Annual budget development coordination, including:
 - Coordination with traffic and revenue consultant for annual certification of bond resolution requirements for debt service coverage will be satisfied, and no additional toll increases is required for following budget year.
 - Coordination with financial advisor for long-term financial planning and funding available for capital plan.
- Managing relationships with financial service providers and consultants.
- Recommending financial policies to the General Manager and Board of Directors.
- Ensuring compliance with financial requirements for debt and other agreements.

Finance provided continued support on the Operations Division's projects for replacement of the traditional lanes toll system and Downtown Expressway ORT system implementation. During fiscal year 2013, as the new toll system became available for hands on testing, Finance evaluated that the system was functioning as intended. We also adjusted daily monitoring and balancing

Richmond Metropolitan Authority
2014 Fiscal Plan and Capital Budget
Central Administration Operating Fund

processes to take advantage of new toll system features. During transition to the new system we operated three toll systems. We now use the new TRMI system for all traffic reporting except for a separate system used for Powhite Expressway ORT lanes. Daily monitoring and reporting were temporarily modified to maintain financial controls as the transition to the new system occurred by plaza and by lane.

Finance continues to evaluate and define requirements to select and implement a new accounting system. Based on priority required for new toll system implementation, this project is being shifted to fiscal year 2014. Other future Finance Division goals include:

- Assist operations assessment of TRMI ORT performance for optional application to Powhite ORT lanes, with a goal of future operation under a single traffic system.
- Develop financial policies for consideration of Finance Committee and Board adoption, which ensure compliance with bond indenture requirements, and strengthen existing practices to maintain or improve the Authority's credit rating.
- Continue enhancing budget document presentation and submit fiscal year 2015 version to GFOA for Distinguished Budget Presentation Award consideration.

Budget Highlights

	Fiscal Year 2012-2013 Adopted Budget	Fiscal Year 2013-2014 Adopted Budget	% Change FY 13 vs 14	\$ Change FY 13 vs 14
Central Administration				
Salaries and benefits	\$ 2,351,970	\$ 2,254,261	-4.2%	\$ (97,709)
Operating	549,233	643,760	17.2%	94,527
Total	<u>2,901,203</u>	<u>2,898,021</u>	-0.1%	<u>(3,182)</u>

The Central Administration budget which totals \$2,898,021 decreased \$3,182 or 0.1%. The factors that significantly influenced the budget are detailed below:

- Salaries and benefits decreased a net \$97,709, or 4.2%, primarily a result of salary and pension savings related to executive position turnover.
- Legal services estimate was increased \$37,975 to allow for additional counsel as the Authority considers options to best position itself for the future.
- As described earlier in the transmittal letter, the triennial actuary study for the GASB 45 OPEB calculation recommends increasing the annual contribution from \$304,000 to \$314,700. This results in an increase of \$10,700 or 3.5%.

Richmond Metropolitan Authority
2014 Fiscal Plan and Capital Budget
Central Administration Operating Fund

- Accounting System Replacement – \$40,000 was set aside between fiscal years 2012 and 2013 to update the accounting system, last updated in 2006, to take advantage of new technologies. Starting fiscal year 2014 the budget has been reduced to reflect an ongoing maintenance level of \$5,000.
- In conjunction with positioning the Authority for the future, two new budget line items totaling \$44,000 have been added for RMA Branding and Community Branding Awareness.

Estimated cost for branding an entity our size was developed by contacting marketing specialists. There is no specific program to implement at this point. The new budget lines are to provide flexibility after the Board reaches consensus on strategic vision. After vision is formalized, staff will update the Board on potential branding strategies prior to implementation.

- A \$14,310 contingency was added for fiscal year 2014 for potential cost impacts for Board meeting and Employee parking from a planned transfer of the Expressway Parking Deck facility. At this point the evaluation and negotiation for facility transfer continues, with proposed transfer terms to be considered separately by facility for Board approval over the remainder of the 2013 calendar year. Based on the uncertainty of potential facility transfer, the adopted 2014 fiscal year budget includes this contingency to provide operating flexibility depending upon date of transfer. When facility transfer occurs, Authority staff will update the Board on utilization of contingency.

Richmond Metropolitan Authority
2014 Fiscal Plan and Capital Budget
Central Administration Operating Fund

	Fiscal Year Budget			% Change
	2011-2012 Adopted	2012-2013 Adopted	2013-2014 Adopted	
EXPENSES				
Salaries	\$ 1,395,110	\$ 1,495,147	\$ 1,424,577	-4.7%
Pay for Performance	10,000	10,000	10,000	0.0%
Social Security Tax	96,378	100,810	102,217	1.4%
Employer Contribution-Retirement	182,785	173,753	133,518	-23.2%
Employer Contribution-Medical	217,600	249,900	249,900	0.0%
Group Life Insurance	3,809	19,110	18,231	-4.6%
Disability Insurance	7,400	9,250	11,118	20.2%
OPEB Trust	278,600	304,000	314,700	3.5%
Unemployment Benefits	500	1,000	1,000	0.0%
Stationery, Printing & Binding	17,000	17,000	17,000	0.0%
Telecommunications	22,000	21,000	24,300	15.7%
Datacommunications	25,200	21,100	23,000	9.0%
Legal Services	41,000	42,025	80,000	90.4%
Directors Fees	8,000	8,000	8,000	0.0%
Payroll Systems & Services	16,574	16,900	16,900	0.0%
Office Equipment	2,000	2,400	3,600	50.0%
Repair & Maint.-Office Equipment	9,500	11,200	11,200	0.0%
Computer Hardware	23,400	17,000	19,000	11.8%
Computer Software	5,200	9,800	8,800	-10.2%
Accounting System Software Replacement	25,000	15,000	5,000	-66.7%
Computer Services Agreements	52,100	56,700	50,550	-10.8%
Banking Services	2,400	2,460	3,100	26.0%
Tuition Assistance	1,500	1,500	7,300	386.7%
Postage	6,000	6,000	5,000	-16.7%
Travel-Mileage Reimbursement	400	800	800	0.0%
Motor Vehicle Operations	500	500	500	0.0%
Data Communications	18,000	18,000	18,000	0.0%
Dues & Subscriptions	7,000	7,000	10,000	42.9%
Other Charges	7,300	7,300	7,300	0.0%
Personnel-Recruiting & Selection	5,500	4,800	4,800	0.0%
Personnel-Other	40,000	40,000	32,300	-19.3%
Personnel-Training	14,270	20,500	19,700	-3.9%
Personnel-Employee Relations	15,180	15,050	14,530	-3.5%
Rent-Building & Equipment	161,362	166,698	173,270	3.9%
Facility Transfer Contingency	-	-	14,310	N/A
Public Relations	9,000	9,000	10,000	11.1%
RMA Branding	-	-	40,000	N/A
Community Branding Awareness	-	-	4,000	N/A
Safety Program	500	500	500	0.0%
TOTAL EXPENSES	\$ 2,728,068	\$ 2,901,203	\$ 2,898,021	-0.1%

Richmond Metropolitan Authority
2014 Fiscal Plan and Capital Budget
Downtown Expressway Parking Deck Operating Fund

Downtown Expressway Parking Deck



Description

The Downtown Expressway Parking Deck was constructed by the Authority at the request of the City of Richmond, based on late 1980's feasibility studies for parking needs. The Expressway Parking Deck opened in 1992 and provides 991 parking spaces in downtown Richmond. Located in the City's financial district, the deck is within walking distance of historic Shockoe Slip and the State Capitol. During 2010, in accordance with a 1992 agreement relative to air-rights over the deck, developer Armada Hoffler completed the construction of Williams Mullens 16-story office building adjacent and over a portion of the existing Expressway Parking Deck.

Expressway parking deck rates were last increased based on an internal rate analysis and market study:

- Effective July 1, 2010, transient rate increased from \$2 to \$3 per hour, with the daily cap increasing from \$10 to \$15.
- Effective January 1, 2011, monthly rates of \$90 group and \$95 non-group increased to a single rate of \$100.

The deck construction was funded by revenue bonds issued to the City of Richmond (\$16.5 million November 1990, payable through 2020 and \$2.5 million November 1992 payable through 2013). The revenues derived from the operation, ownership, and management of the Expressway Parking Deck are pledged to the payment of the bonds.

The Expressway Parking Deck reflected a deficit in net assets at June 30, 2012 of \$24.3 million which is due primarily to unpaid principal and interest to the City of Richmond relative to the Series 1990 and 1992 bonds that were issued for construction of the Expressway Parking Facility. At June 30, 2012, bonds payable to the City of Richmond totaled \$18.9 million, including \$6.9 million unpaid in prior years. Unpaid accrued interest at June 30, 2012 was \$14.5 million. The scheduled principal and interest payments on the 1990 and 1992 bonds of the Expressway Parking Deck were not made in full for fiscal years 1995 through 2012 due to insufficient cash flows. Annual interest payments to the City are applied to the outstanding balance of the 1990 bonds first, followed by the 1992 debt. Under the terms of bond indenture, a default on the 1990 and 1992 bonds has not occurred. The financing terms do not provide for a future ownership transfer of the facility.

Richmond Metropolitan Authority
2014 Fiscal Plan and Capital Budget
Downtown Expressway Parking Deck Operating Fund

The estimated value of the facilities and land was \$22.8 million per 2013 tax assessment. The facility is owned by the Authority, and is located within “air-rights” above the Downtown Expressway.

Budget Highlights

	Fiscal Year		%	\$
	2012-2013	2013-2014		
	Adopted	Adopted	Change	Change
Expressway Parking Deck	Budget	Budget	FY 13 vs 14	FY 13 vs 14
Salaries and benefits	\$ 300,239	\$ 311,247	3.7%	\$ 11,008
Operating	278,797	289,053	3.7%	10,256
Capital	-	91,500	0.0%	91,500
Total	<u>579,036</u>	<u>691,800</u>	19.5%	<u>112,764</u>

- As described earlier in the transmittal letter, the Authority is currently evaluating the transfer of the Expressway Parking Deck to the City of Richmond. At this point the evaluation and negotiation for facility transfers continues, with proposed transfer terms to be considered for Board approval over the remainder of the 2013 calendar year. Based on the uncertainty of potential facility transfer date, the adopted 2014 fiscal year budget continues to include the full fiscal year budget for this fund. As negotiation proceeds, this approach provides flexibility for full fiscal year operation if necessary.
- Expressway Deck revenues of \$1,293,752 reflect an increase of \$10,964 (0.9%). The RMA staff proposes maintaining current rates noted earlier above for fiscal year 2014.
- Expenses of \$691,800 increase \$112,764 (19.5%), primarily for increasing Consulting Engineers line item \$9,000 for triennial inspection required in calendar year 2013, and adding a specific line item for estimated capital maintenance of \$91,500. Annual capital maintenance was previously accounted for separately when determining amount available for debt service at fiscal year end. Other fund expenses combined increased by 12,264 or 2.1%.
- Fiscal year 2013 net operating income is expected to total \$601,952, a 14.5% decrease. Cash flows will remain insufficient to cover debt service. The summary above provides additional background for the debt, including amounts unpaid in prior years. Under the terms of the bond resolution, a default on the bonds has not occurred.

Richmond Metropolitan Authority
2014 Fiscal Plan and Capital Budget
Downtown Expressway Parking Deck Operating Fund

	Fiscal Year Budget			
	2011-2012 Adopted	2012-2013 Adopted	2013-2014 Adopted	% Change
<u>REVENUE</u>				
Transient Parking	\$ 105,000	\$ 120,000	\$ 130,000	8.3%
Monthly Parking	1,125,000	1,150,000	1,150,740	0.1%
Miscellaneous Income	2,500	2,500	2,500	0.0%
Non-Operating Revenue	9,544	10,288	10,512	2.2%
Total Revenue	<u>1,242,044</u>	<u>1,282,788</u>	<u>1,293,752</u>	0.9%
<u>EXPENSES-ADMINISTRATIVE</u>				
Administrative Charges	109,508	113,718	115,780	1.8%
Insurance	19,300	19,879	20,873	5.0%
Travel	1,000	1,000	1,000	0.0%
Dues	700	350	850	142.9%
Accounting & Audit Services	2,760	2,500	2,600	4.0%
Publicity	2,000	2,000	1,500	-25.0%
Sub-Total	<u>135,268</u>	<u>139,447</u>	<u>142,603</u>	2.3%
<u>EXPENSES-OPERATIONS</u>				
Salaries	231,270	250,083	253,917	1.5%
Social Security Tax	17,692	19,131	19,425	1.5%
Employer Contribution-Retirement	17,134	14,953	15,606	4.4%
Employer Contribution-Medical	11,900	13,173	19,173	45.5%
Group Life Insurance	462	2,365	2,420	2.3%
Disability Insurance	485	534	706	32.2%
Uniforms	100	100	-	-100.0%
Stationery, Printing & Supplies	3,500	3,000	3,000	0.0%
Computer Software	500	1,000	200	-80.0%
Computer Hardware	2,100	500	500	0.0%
Data Communications	2,650	2,900	3,800	31.0%
Banking Services	7,500	8,500	7,000	-17.6%
Motor Vehicle-Operations	1,200	800	800	0.0%
Motor Vehicle-Mileage	150	150	150	0.0%
Telecommunications	3,400	3,700	2,200	-40.5%
Datacommunications	5,500	4,800	6,200	29.2%
Utilities	60,000	60,000	60,000	0.0%
Maintenance of Equipment	500	600	700	16.7%
Consulting Engineers	6,000	3,000	12,000	300.0%
Legal Services	1,000	1,000	1,000	0.0%
Parts-Toll Equipment	4,000	4,500	4,500	0.0%
Maint. Of Toll Equipment	4,000	4,000	4,000	0.0%
Miscellaneous	500	500	600	20.0%
Sub-Total	<u>381,543</u>	<u>399,289</u>	<u>417,897</u>	4.7%

Richmond Metropolitan Authority
2014 Fiscal Plan and Capital Budget
Downtown Expressway Parking Deck Operating Fund

	Fiscal Year Budget			
	2011-2012 Adopted	2012-2013 Adopted	2013-2014 Adopted	% Change
<u>EXPENSES-GROUNDS & BUILDINGS</u>				
Maintenance Supplies	7,000	7,300	7,300	0.0%
Contractual Services	32,500	32,500	32,500	0.0%
Landscaping	500	500	-	-100.0%
Sub-Total	40,000	40,300	39,800	-1.2%
Additional capital maintenance	-	-	91,500	N/A
Total Expenses	556,811	579,036	691,800	19.5%
NET OPERATING REVENUE	<u>\$ 685,233</u>	<u>\$ 703,752</u>	<u>\$ 601,952</u>	-14.5%
<u>DEBT SERVICE, memo only:</u>				
Annual interest	1,278,853	1,278,853	1,278,853	0.0%
Deficiency to cover annual interest. See fund description on earlier page for additional information, cash flow is insufficient to fully pay debt service.	<u>\$ (593,620)</u>	<u>\$ (575,101)</u>	<u>\$ (676,901)</u>	17.7%

Richmond Metropolitan Authority
2014 Fiscal Plan and Capital Budget
Second Street Parking Deck Operating Fund

Second Street Parking Deck



Description

The Second Street Parking Deck, built at the request of the City of Richmond, opened in 1975. This facility provides 350 parking spaces in support of the retail and office market in the area. However, the Deck has struggled financially since 2001 with the decline in parking demand near this location. On August 31, 2001, the bond agreement was modified to defer the payment of principal during fiscal years 2003 through 2006 to a future period.

Since 2009, average monthly parkers have remained near 200, which provide sufficient cash flow to cover operating expenses and interest on the Series 1974 Parking Garage Revenue Bonds. However, it does not provide sufficient revenues to pay principal on the debt. As a result, transfers from the Expressway Parking Deck have been authorized by the City of Richmond to prevent a default on the 1974 bonds. These 1974 bonds were issued to a consortium of banks which provided the funds necessary to construct the parking deck.

The deck's 350 spaces provide additional capacity should economic conditions near the location improve. At current rates, approximately 335 monthly parkers are needed to cover operating cost and debt service. The debt service on the 1974 bonds is scheduled for completion in fiscal year 2015. Bonds and notes payable consist of:

- \$220,000 for 1974 Series Parking Garage Revenue Bonds, with debt service scheduled through July 1, 2014.
 - July 1, 2013 \$105,000 principal, with \$10,050 fiscal year interest
 - July 1, 2014 \$115,000 principal, with \$3,450 fiscal year interest
- \$409,500 subordinate note payable to the City of Richmond issued to the City of Richmond in December 1974 relative to the conveyance of land for the construction of the second street parking facility. Neither the principal nor the interest on this note may be repaid until the revenue bonds have been retired. Accordingly, no interest payments have been made on the note. The Authority has recorded accrued interest related to this note of approximately \$960,081 at June 30, 2012. The note is payable upon retirement of the Series 1974 Bonds, but not later than 50-years.

The Second Street Parking Facility reflected a deficit in net assets of \$950,533 at June 30, 2012. The deficit is primarily the result of accrued interest payable on subordinate note payable to the

Richmond Metropolitan Authority
2014 Fiscal Plan and Capital Budget
Second Street Parking Deck Operating Fund

City of Richmond. Agreements with the City of Richmond recognize and provide for any deficits resulting from the lack of revenue to cover operating costs and debt payments.

Estimated value of the facilities and land was \$5.6 million per 2013 tax assessment. Upon retirement of all outstanding obligations, including the note given the City of Richmond, or expiration of 50 years from the date of the deed of conveyance from the City to the Authority (1974), whichever shall first occur, property is to be conveyed by the Authority to the City.

Budget Highlights

	Fiscal Year		Fiscal Year	%	\$
	2012-2013	2013-2014	2013-2014	Change	Change
	Adopted	Adopted		FY 13 vs 14	FY 13 vs 14
Second St Parking Deck	Budget	Budget			
Salaries and benefits	\$ 24,700	\$ 22,754	-7.9%	\$ (1,946)	
Operating	68,351	67,964	-0.6%	(387)	
Total	<u>93,051</u>	<u>90,718</u>	-2.5%	<u>(2,333)</u>	

As described earlier in the transmittal letter, the Authority is currently evaluating the transfer of the Second Street Parking Deck to the City of Richmond. At this point the evaluation and negotiation for facility transfers continues, with proposed transfer terms to be considered for Board approval over the remainder of the 2013 calendar year. Based on the uncertainty of a potential facility transfer date, the adopted 2014 fiscal year budget continues to include the full fiscal year budget for this fund. As negotiation proceeds, this approach provides flexibility for full fiscal year operation if necessary.

As noted above, the Deck continues to struggle financially. During fiscal year 2013 monthly parkers declined approximately 10%. The Deck currently generates revenues sufficient to cover operating costs and interest expense on the Series 1974 debt, but will not provide adequate revenues for the payment of the July 2013 principal payment in the amount of \$105,000. The City has authorized the Authority to use surplus funds generated by the Downtown Expressway Parking Deck to pay principal debt service on the bonds due since July 2007.

If the facility is not transferred to the City prior to July 1, 2013, the Authority will submit a request to the City of Richmond for authorization to direct up to a \$75,000 portion of the June 30, 2013 projected operating surplus in the Downtown Expressway Parking Deck Revenue Account to pay principal debt service on the Series 1974 Revenue Bonds. Potential development, such as planned renovation of the nearby 23 story former Central National Bank building into apartments could increase future demand for parking.

Authorized amounts transferred for July 2009, 2010 and 2011 debt payments were \$85,000, \$40,000, and \$95,000 respectively. These 1974 bonds were issued to a consortium of banks

Richmond Metropolitan Authority
2014 Fiscal Plan and Capital Budget
Second Street Parking Deck Operating Fund

which provided the funds necessary to construct the parking deck. After the July 2012 payment, there are two more scheduled payments remaining through July 2014 on the Series 1974 debt.

The \$130,500 revenue budget reflects a decrease of \$17,200, or 11.6% based on a reduction in monthly parkers during fiscal year 2013. The \$90,718 expense budget reflects a decrease of \$2,333, or 2.5%. Based on fiscal year 2014 budget estimates, we expect the Authority will again need to request approximately \$75,000 authorization from the City to transfer funds from the Downtown Expressway Parking Deck Revenue Account to fully make the scheduled July 2014 principal payment of \$105,000.

Richmond Metropolitan Authority
2014 Fiscal Plan and Capital Budget
Second Street Parking Deck Operating Fund

	Fiscal Year Budget			
	2011-2012 Adopted	2012-2013 Adopted	2013-2014 Adopted	% Change
<u>REVENUE</u>				
Transient Parking	\$ 25,000	\$ 28,000	\$ 30,500	8.9%
Monthly Parking	115,000	119,700	100,000	-16.5%
Total Revenues	140,000	147,700	130,500	-11.6%
<u>EXPENSES-ADMINISTRATIVE</u>				
Administrative Charges	15,911	16,260	16,908	4.0%
Insurance	4,810	5,291	5,556	5.0%
Sub-Total	20,721	21,551	22,464	4.2%
<u>EXPENSES-OPERATIONS</u>				
Salaries	21,251	23,003	21,197	-7.9%
Social Security Tax	1,562	1,697	1,557	-8.2%
Stationery, Printing & Supplies	-	100	100	0.0%
Banking Services	2,955	3,600	2,200	-38.9%
Telecommunications	1,100	1,600	1,600	0.0%
Utilities	25,500	25,500	25,500	0.0%
Maintenance of Equipment	200	200	200	0.0%
Parts-Toll Equipment	300	300	400	33.3%
Miscellaneous	-	500	500	0.0%
Sub-Total	52,868	56,500	53,254	-5.7%
<u>EXPENSES-GROUNDS & BLDGS</u>				
Contractual Services	7,500	7,500	7,500	0.0%
Materials & Supplies	3,000	3,000	3,000	0.0%
Sub-Total	10,500	10,500	10,500	0.0%
<u>Data Communications</u>				
Trustee Services	1,100	1,100	1,100	0.0%
Legal Fees	3,000	3,000	3,000	0.0%
Accounting & Audit Services	430	400	400	0.0%
Sub-Total	4,530	4,500	4,500	0.0%
TOTAL EXPENSES	88,619	93,051	90,718	-2.5%
Change in net assets	\$ 51,381	\$ 54,649	\$ 39,782	-27.2%
<u>DEBT SERVICE REQUIREMENT (January 1st and subsequent July 1st), memo only:</u>				
Current year principal	105,000	105,000	105,000	0.0%
Current year interest	19,500	16,350	10,050	-38.5%
Total Debt Service	124,500	121,350	115,050	-5.2%
Remainder (deficiency) after debt service. See fund description on earlier page for additional information.	\$ (73,119)	\$ (66,701)	\$ (75,268)	12.8%

Richmond Metropolitan Authority
2014 Fiscal Plan and Capital Budget
Carytown Parking Decks Operating Fund

Carytown Parking Decks



Description

In 1991, the Authority signed two separate agreements with the City of Richmond for the rental and operation of the two Carytown Parking Facilities. Parking at these two facilities is free of charge, in accordance with an agreement with the City of Richmond. Since opening, these two parking decks have supported an increase in business activity in the Carytown area by offering 220 convenient parking spaces to shoppers and visitors. The City of Richmond provides funding to the Authority for the maintenance and operation of these decks.

The Authority constructed the facilities at the request of the City, funded by Parking Facility Lease Revenue Bonds of \$1,870,000 issued October 1991. Under the terms of the agreements, the Authority agreed to operate and manage the Carytown Parking Facilities, and the City agreed to provide the Authority with funds sufficient to carry out all responsibilities as defined in the two agreements. Annually, the Authority submits to the City estimates of costs to be incurred to operate and manage the facilities. The City pays the Authority one-fourth of the estimated amount for operations quarterly.

The bonds have been retired and there is no outstanding debt on the facilities. Estimated value of the facilities and land was \$2.2 million per 2013 tax assessments (\$1.1 million each). Within 30 days of a request by the City Manager, the decks are to be transferred by the Authority to the City.

Objectives

Provide quality cost effective administration of parking solution for Carytown visitors.

Budget Highlights

	Fiscal Year		Fiscal Year		
	2012-2013		2013-2014		%
	Adopted		Adopted		Change
Carytown Parking Decks	Budget		Budget		FY 13 vs 14
					\$
Operating	\$	67,988	\$	79,588	17.1%
					\$ 11,600

As described earlier in the transmittal letter, the Authority is currently evaluating the transfer of the Carytown Parking Decks to the City of Richmond. At this point the evaluation and negotiation for facility transfers continues, with proposed transfer terms to be considered for

Richmond Metropolitan Authority
2014 Fiscal Plan and Capital Budget
Carytown Parking Decks Operating Fund

Board approval over the remainder of the 2013 calendar year. Based on the uncertainty of a potential facility transfer date, the adopted 2014 fiscal year budget continues to include the full fiscal year budget for this fund. As negotiation proceeds, this approach provides flexibility for full fiscal year operation if necessary.

The City of Richmond provides funding to the Authority for the maintenance and operation of the Carytown decks. The City's proposed 2014-2015 biennial budget includes \$75,009 for fiscal year 2014. Existing balances will allow the Authority to also maintain the required contingency reserve fund (25% of budgeted expense) to ensure funds are available for unanticipated capital expenditures.

The adopted Carytown Parking expense budget is \$79,588. The \$11,600 (17.1%) increase over the prior fiscal year budget consists primarily of a \$10,000 increase for performing the triennial facility engineering inspection, required in calendar year 2013.

Richmond Metropolitan Authority
2014 Fiscal Plan and Capital Budget
Carytown Parking Decks Operating Fund

	Fiscal Year Budget			
	2011-2012	2012-2013	2013-2014	%
	Adopted	Adopted	Adopted	Change
<u>EXPENSES</u>				
Administrative Charges	\$ 17,910	\$ 18,757	\$ 19,358	3.2%
Insurance	1,740	1,914	2,010	5.0%
Banking Services	1,100	1,275	400	-68.6%
Security	3,706	4,043	4,136	2.3%
Maintenance Salaries	27,022	29,799	31,284	5.0%
Supplies	1,000	2,000	2,000	0.0%
Contractual Services	2,500	2,500	2,500	0.0%
Triennial Inspection	-	-	10,000	N/A
Utilities	6,800	6,800	7,000	2.9%
Legal	500	500	500	0.0%
Accounting & Audit Services	320	300	300	0.0%
Miscellaneous	100	100	100	0.0%
Total Operating Budget	<u>62,698</u>	<u>67,988</u>	<u>79,588</u>	17.1%
Contingency Requirement (25% of Expenses)	\$ 15,675	\$ 16,997	\$ 19,897	17.1%

Richmond Metropolitan Authority
2014 Fiscal Plan and Capital Budget
Diamond Stadium Operating Fund

Diamond Stadium



Description

The Diamond Stadium, built in 1984 to replace the aging Parker Field, provides a home for minor league baseball in the metropolitan area. Prior to construction, the City of Richmond and the neighboring counties of Chesterfield and Henrico agreed to absorb any shortfall in operating revenue and debt repayment. The remaining funds were raised through private sector donations and lease of the facility. The Diamond is owned by the Authority. Currently, there is no outstanding bonded indebtedness on the facility.

Under the terms of a Moral Obligation Agreement with the City of Richmond, and the counties of Chesterfield and Henrico, the Authority submits information to each of the localities annually showing the estimated difference between net revenues available to the Authority from the Stadium Facility, and the operating cost and reserve fund requirements with respect to the Stadium. In addition, pursuant to the Moral Obligation Agreement, the City of Richmond may appropriate to the Authority the estimated total taxes payable with respect to admission tickets sold for events held at the Stadium Facility.

The Authority monitors day-to-day operations and coordinates with tenants to plan for seasonal operations, and control facility costs for the regional partners. After an absence of baseball for the 2009 season, RMA worked with our regional partners in 2009 to help return baseball to Richmond for the 2010 season. \$510,000 (\$170,000 each) was provided by the local jurisdictions in fiscal year 2010 to replenish the contingency reserve established for the Diamond Stadium fund and prepare the facility for occupancy by the new team. While a regional solution on a new or renovated stadium is yet to be resolved, the RMA continues to partner with the Richmond “Flying Squirrels” to provide a family friendly environment at the Diamond for baseball.

The Flying Squirrels continue to build a successful relationship with the community, as demonstrated by winning the 2012 season Eastern League attendance race with 438,002. The team has led the league in attendance for two of the past three seasons. The Authority’s lease agreement with the Flying Squirrels double-A minor league team is for the 2010 and 2011 seasons, with an option for three one year extensions. The club shall notify the Authority by April 1st of each year whether it intends to extend the term for the following year. The team has recently committed to the final option year for the 2014 season.

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2014 Fiscal Plan and Capital Budget
Diamond Stadium Operating Fund

The team is responsible for certain facility operations and expenses including concession sales, skybox leasing and rental, playing field maintenance, cleaning, certain equipment maintenance, and utility cost. The team also operates parking for games, with net parking revenues split evenly with the Authority. The Authority supplies certain equipment maintenance and maintains the structure in good repair. The Authority also retained use and associated rental revenue of one skybox.

The Authority also has a lease for the Diamond with Virginia Commonwealth University (VCU) as the Rams home field for Division I college baseball.

Budget Highlights

	Fiscal Year 2012-2013 Adopted Budget	Fiscal Year 2013-2014 Adopted Budget	% Change FY 13 vs 14	\$ Change FY 13 vs 14
Diamond - Stadium				
Operating	\$ 192,133	\$ 323,181	68.2%	\$ 131,048
Capital	60,916	39,900	-34.5%	(21,016)
Total	<u>253,049</u>	<u>363,081</u>	43.5%	<u>110,032</u>

Diamond - Parking				
Operating	\$ 6,000	\$ 6,000	0.0%	\$ -

As described earlier in the transmittal letter, the Authority is currently evaluating the transfer of the Diamond to the City of Richmond. At this point the evaluation and negotiation for facility transfers continues, with proposed transfer terms to be considered for Board approval over the remainder of the 2013 calendar year. Based on the uncertainty of a potential facility transfer date, the adopted 2014 fiscal year budget continues to include the full fiscal year budget for this fund. As negotiation proceeds, this approach provides flexibility for full fiscal year operation if necessary.

The adopted budget does not include a potential \$300,000 project to improve Stadium lighting to comply with minor league baseball requirements due to the fact that the RMA cannot certify funding until received or committed by the jurisdictions. The lighting improvement is a necessary capital project that was proposed in conjunction with a possible lease extension for the team beyond the 2014 season. In December 2012, the Authority requested jurisdictions to consider funding the project through locality contributions for stadium operation and maintenance. Local contributions were last requested in fiscal year 2010. In February 2013, Chesterfield County declined to participate in the proposed lighting improvement. Options for a potential lease extension with team beyond 2014 and the status of the lighting project continue to be evaluated in conjunction with the possible facility transfer to the City of Richmond described earlier.

Richmond Metropolitan Authority
2014 Fiscal Plan and Capital Budget
Diamond Stadium Operating Fund

The fiscal year 2014 revenue budget includes \$382,334 generated from operations. Since the Authority's June 30th fiscal year falls in the middle of the April through September baseball season, our budget includes halves for two "calendar" seasons. The \$20,147 or 5.0% revenue decrease from fiscal year 2013 is primarily from reduced parking demand. Notable revenue line items include:

- Diamond rental consists of \$152,500 for AA baseball, plus Virginia Commonwealth University annual rent of approximately \$19,800.
- Under the Stadium Agreement, the club will rent and retain all revenues relative to skyboxes, with the exception of one box reserved for the RMA. The rental income of \$22,000 represents rent of the RMA box.
- In accordance with the Stadium Agreement, the RMA and the club will split net parking revenues, with the RMA's share an estimated \$70,000 after cost paid by club.
- Admissions tax revenue of \$116,000 is estimated for fiscal year 2014. Under the terms of the 1984 stadium agreement, admissions tax is remitted by the City of Richmond the first of July following the calendar year in which it was generated. The City's proposed 2014-2015 biennial budget includes \$116,000 in fiscal year 2014 for this payment to the Authority.

Expenses of \$363,081 increase by \$110,032 or 43.5% over fiscal year 2013. This increase is primarily from \$119,000 for the cyclical budget impact of biennial roof inspection by a consulting engineer and any associated repairs. This inspection last occurred in fiscal year 2012 and is required for fiscal year 2014. Excluding the inspection, total expenses decrease by 3.5% (\$8,968).

Net operating revenues of \$59,153 and existing unrestricted balances will allow the Authority to maintain an appropriate balance in the contingency reserve fund to ensure that funds are available for unanticipated capital expenditures. Planned additional capital maintenance of \$39,900 can be funded from operating income.

The stadium budget also includes a separate section for parking lot use not associated with stadium events.

Richmond Metropolitan Authority
2014 Fiscal Plan and Capital Budget
Diamond Stadium Operating Fund

	Fiscal Year Budget			
	2011-2012	2012-2013	2013-2014	%
	Adopted	Adopted	Adopted	Change
STADIUM				
<u>REVENUE</u>				
Stadium Rental	\$ 163,992	\$ 169,481	\$ 172,334	1.7%
Superbox Rental-RMA Box	20,000	20,000	22,000	10.0%
Parking	90,000	90,000	70,000	-22.2%
Admission Taxes	121,000	121,000	116,000	-4.1%
Miscellaneous	2,000	2,000	2,000	0.0%
Total Revenues	396,992	402,481	382,334	-5.0%
<u>EXPENSES</u>				
Administrative Charges	91,830	96,764	97,994	1.3%
Insurance	14,700	16,170	16,979	5.0%
Banking Services	1,600	2,300	500	-78.3%
Utilities	1,400	1,400	7,900	464.3%
Telecommunications	450	600	400	-33.3%
Office Supplies	500	500	500	0.0%
Legal Services	10,000	10,000	10,000	0.0%
Accounting & Audit Services	2,280	2,100	2,150	2.4%
Miscellaneous	2,000	2,000	2,000	0.0%
Sub-Total	124,760	131,834	138,423	5.0%
<u>Maintenance</u>				
Biennial roof inspection	70,000	-	119,000	N/A
Salary allocation, maintenance and security	9,359	10,299	10,758	4.5%
General maintenance	50,000	50,000	55,000	10.0%
Sub-Total	129,359	60,299	184,758	206.4%
Total Operating and Maintenance Expenses	254,119	192,133	323,181	68.2%
Operating income (loss)	142,873	210,348	59,153	-71.9%
Additional capital maintenance	\$ -	\$ 60,916	\$ 39,900	-34.5%
Contributions - Jurisdictions	-	-	-	N/A
Change in net assets	\$ 142,873	\$ 149,432	\$ 19,253	-87.1%
Capital reserve requirement (75% expense budget, excluding additional capital maintenance), memo only	\$ 190,589	\$ 144,100	\$ 242,386	

Richmond Metropolitan Authority
2014 Fiscal Plan and Capital Budget
Diamond Stadium Operating Fund

	Fiscal Year Budget			
	2011-2012	2012-2013	2013-2014	%
	Adopted	Adopted	Adopted	Change
PARKING LOT (NON-STADIUM EVENT USES)				
<u>REVENUE</u>				
Rental of Parking Lot	\$ 20,000	\$ 20,000	\$ 20,000	0.0%
Total Revenues	20,000	20,000	20,000	0.0%
<u>EXPENSES</u>				
Contractual Services	6,000	6,000	6,000	0.0%
Total Expenses	6,000	6,000	6,000	0.0%
Change in net assets	\$ 14,000	\$ 14,000	\$ 14,000	0.0%



Main Street Station



Description

In June 2003, the City of Richmond completed the renovation of Main Street Station and related parking lots. Upon completion of the renovation, the RMA was requested by the City to provide management services for both the station and parking facilities. The City agreed to pay all operating expenses in excess of revenues associated with the RMA's management of the facility. The RMA is not responsible for any facility debt and the facility remains property of the City.

Operating revenue has consisted of parking, rental for events, and the office space lease (12,203 square feet). Starting May 2010, the City's Economic and Community Development Department began leasing available office space. During fiscal year 2013 the City elected to take control of facility parking and retain parking revenues. Redirecting parking revenue from the Authority, previously used to offset facility operating cost, increases the future financial support necessary from the City.

The Authority invoices the City for any operating and capital expenses not covered by revenues. Non-operating revenue for City support is recognized to the extent operating expenses exceed operating revenue. Additional funding received under the agreement with City to provide operating cash is shown as an advance, and accordingly there are no net assets for this fund. The Authority submits a budget and financial statements to the City annually. The Authority's operation of the facility is subject to annual renewals by the City of the operating agreement.

Objectives

- Provide the City of Richmond with facility management services that exceed expectations.
- Continue to manage operating budget so that expenses do not exceed necessity, and streamline and institute cost savings measures where possible.
- Utilize, whenever possible, minority business in the Central Virginia Area.
- Bring in maximum event revenue.
- Maintain facility in the best possible condition.
- Continue to increase Amtrak ridership.
- Provide exceptional customer service to tenants.
- Improve facility safety.

Richmond Metropolitan Authority
2014 Fiscal Plan and Capital Budget
Main Street Station Operating Fund

- Work closely with the City on shed renovations to minimize impact on head house operations.
- Meet Federal Transit Administration (FTA) and City maintenance expectations by adhering to the newly implemented Maintenance Oversight Plan.
- Work closely with the City's parking operations contractor.

Budget Highlights

	Fiscal Year 2012-2013 Adopted Budget	Fiscal Year 2013-2014 Adopted Budget	% Change FY 13 vs 14	\$ Change FY 13 vs 14
Main Street Station				
Salaries and benefits	\$ 126,298	\$ 129,428	2.5%	\$ 3,130
Operating	804,115	1,058,669	31.7%	254,554
Total	<u>930,413</u>	<u>1,188,097</u>	<u>27.7%</u>	<u>257,684</u>

Excluding the contribution from the City of Richmond, the fiscal year revenue budget is anticipated to decrease \$24,930 (10.8%) when compared to the current year budget. This decrease is primarily the result of planned construction by the City during the train shed renovation, reducing facility availability for event rentals.

The expense budget of \$1,188,097 increases by \$257,684 or 27.7%. Notable changes in line item budgets include:

- Increased utility cost per City estimates by \$175,000 (66.7%).
- Increased security coverage per City request by \$60,000 (54.5%).
- Contractual services, consulting engineer increases from zero to \$25,000. The triennial inspection last performed in fiscal year 2011 will next be required in fiscal year 2014.

Support from the City of Richmond of \$982,027 is a 40.4% increase over current fiscal year of \$699,413. The additional support is necessary based on decreased operating revenues and increased expenses as described above. This budget has been reviewed with representatives of the City of Richmond.

As reported in the fiscal year 2013 budget, RMA's Board was advised at their March 2012 Board meeting a \$28.9 million project is planned to renovate the attached train shed building. Construction is expected to begin in fiscal year 2014. Based on preliminary information, it is estimated annual utility costs for the completed shed and head house could rise by approximately \$1 million. The projected utility cost increase is based on the facility having five times the current conditioned building space after construction. It is unclear at this time if sufficient

Richmond Metropolitan Authority
2014 Fiscal Plan and Capital Budget
Main Street Station Operating Fund

additional revenue streams generated by the facility have been identified to offset this funding requirement. The additional utility expense along with expanded maintenance and operational expenses could require corresponding increases to on-going annual City support beginning in fiscal year 2015. This preliminary estimate assumes no additional tenant revenue, as the City is still in the process of finalizing construction plans and considering potential tenant space opportunities. When the City makes additional information available regarding potential tenant revenues, we will incorporate it into projections.

Richmond Metropolitan Authority
2014 Fiscal Plan and Capital Budget
Main Street Station Operating Fund

	Fiscal Year Budget			
	2011-2012	2012-2013	2013-2014	%
	Adopted	Adopted	Adopted	Change
<u>REVENUE</u>				
Office Rent	\$ 105,000	\$ 105,000	\$ 145,000	38.1%
Event Rent	98,540	125,000	49,270	-60.6%
Monthly Parking	225,000	-	-	N/A
Hourly Parking	80,000	-	-	N/A
Miscellaneous & Interest	1,500	1,000	11,800	1080.0%
Subtotal	510,040	231,000	206,070	-10.8%
Contribution From City	493,661	699,413	982,027	40.4%
Total Revenues	1,003,701	930,413	1,188,097	27.7%
<u>EXPENSES - ADMINISTRATIVE</u>				
Administrative Charges	123,473	122,550	123,874	1.1%
Insurance	6,100	6,710	6,300	-6.1%
Travel	600	600	-	-100.0%
Accounting & Audit Services	5,430	4,900	5,100	4.1%
Publicity	3,550	3,800	4,000	5.3%
Sub-Total	139,153	138,560	139,274	0.5%
<u>EXPENSES - OPERATIONS</u>				
Salaries - Full Time	81,300	87,377	89,809	2.8%
Social Security Tax	6,219	6,684	6,870	2.8%
Employer Contribution - VRS Retirement	8,402	7,375	7,707	4.5%
Employer Contribution - VRS Life Insurance	222	1,143	1,174	2.7%
Employer Contribution - Medical Insurance	20,300	23,345	23,345	0.0%
Disability Insurance	340	374	523	39.8%
Uniforms	250	275	275	0.0%
Stationery, Printing, & Supplies	2,000	2,100	2,000	-4.8%
Office Equipment	500	-	-	N/A
Computer Software	200	1,200	1,000	-16.7%
Computer Hardware	500	800	500	-37.5%
Computer Services Agreements	1,400	1,100	1,150	4.5%
Event Security	13,000	16,000	6,370	-60.2%
Event Custodial	7,500	9,750	3,900	-60.0%
Banking Services	10,000	9,000	11,500	27.8%
Postage	50	55	-	-100.0%
Motor Vehicle Mileage - Operations	250	275	200	-27.3%
Telecommunications	2,500	2,400	2,300	-4.2%
Data communications	4,800	3,600	4,000	11.1%
Utilities	262,500	262,500	437,500	66.7%
Security & TV System Monitoring & Maint.	7,000	2,500	2,000	-20.0%
Legal Services	5,250	5,250	5,250	0.0%
Contract advertising	-	-	6,000	N/A
Parking Equipment	20,000	-	-	N/A
Miscellaneous	5,050	2,500	2,500	0.0%
Sub-Total	459,533	445,603	615,873	38.2%

Richmond Metropolitan Authority
2014 Fiscal Plan and Capital Budget
Main Street Station Operating Fund

	Fiscal Year Budget			
	2011-2012 Adopted	2012-2013 Adopted	2013-2014 Adopted	% Change
<u>EXPENSES - BUILDING & GROUNDS</u>				
Maintenance Supplies	3,000	3,150	3,300	4.8%
Janitorial Supplies	9,000	9,450	9,450	0.0%
Contractual Services - Consulting Engineer	-	-	25,000	N/A
Contractual Services - Landscaping	16,000	16,000	16,000	0.0%
Contractual Services - HVAC	37,000	38,850	41,000	5.5%
Contractual Services - Elevator	10,000	10,000	10,000	0.0%
Contractual Services - Generator	2,315	2,450	2,550	4.1%
Contractual Services - Pest Control	6,500	6,850	10,000	46.0%
Contractual Services - Sprinkler System	11,000	11,500	6,000	-47.8%
Contractual Services - Plants	1,200	1,250	800	-36.0%
Contractual Services - Security	170,000	110,000	170,000	54.5%
Contractual Services - Custodial-Mtn Gr Bldg	100,000	96,150	96,150	0.0%
On-Demand Services - Plumbing	3,000	3,500	3,500	0.0%
On-Demand Services - Electric	13,000	13,000	15,000	15.4%
On-Demand Services - Misc. (Carpet, Painting)	20,000	21,000	21,000	0.0%
Clock Tower Maintenance	1,000	1,000	1,000	0.0%
Contractual Services - Trash Removal	2,000	2,100	2,200	4.8%
Sub-Total	405,015	346,250	432,950	25.0%
Total Expenses	1,003,701	930,413	1,188,097	27.7%
Change in net assets	\$ -	\$ -	\$ -	

Richmond Metropolitan Authority
2014 Fiscal Plan and Capital Budget
Expressway Capital Plan, Repair & Contingency Fund

Expressway Capital Plan, Repair & Contingency Fund



Expressway Capital Plan Contributions

Expressway capital plan funding is accounted for in the Repair and Contingency (R&C) fund. Inspections through the consulting engineer, HNTB, identify and prioritize long-term maintenance needs. Recommendations and cost estimates are provided and discussed at the Board's annual retreat each October. This includes a progress update from the prior plan, and any adjustments to scope, timing, and cost. The resulting condition assessments for pavement and bridges from these independent inspections are also summarized through "Required Supplementary Information" in the Authority's CAFR (available at <http://www.rmaonline.org/news/annualreports.html>).

The engineer's capital cost estimates also provide a basis for recommended deposits to our Repair and Contingency (R&C) fund. The application of fiscal year Expressway System revenues to determine potential available for capital funding is based on bond indenture requirements. Revenues are applied with the following priority:

- Monthly transfer to Expressway operating fund sufficient for two months budgeted expense.
- Monthly transfer to Expressway Debt Service, monthly proration for next installment.
- Monthly transfer to fund Expressway capital requirements. Funds are accumulated in the fiscal year prior to expense, with a goal to fully fund the capital program by start of fiscal year.
- After above requirements are met, any remaining revenues at fiscal year-end are applied to the Excess Balances Fund.

The Authority's Director of Operations and Engineer also coordinate with HNTB throughout the year as the projects timing, scope, bids, and cost are finalized. Updates are provided to the Board during monthly meetings, and through on-going monitoring by the Board's operating committee. Moneys in the Repair and Contingency Fund are preliminarily earmarked for costs of capital improvements and routine maintenance expenses related to the Expressway (funds cannot be used on parking decks or sports facilities), but may also be used for other purposes permitted by the bond resolution if the Authority so elects. Capital plan estimates and prioritization are subject to change, with full updated and evaluation each October to:

- Report status for most recent fiscal year completed, summarizing impact of adjustments to plan during the year for timing, scope or cost.

Richmond Metropolitan Authority
2014 Fiscal Plan and Capital Budget
Expressway Capital Plan, Repair & Contingency Fund

- Evaluate status of the current fiscal year plan, and if necessary present any adjustments to adopted current fiscal year budget allocation for scope changes, or to replenish RC fund's \$2.5 million contingency.
- Update long-term financial forecast for revised capital estimates.

Fiscal year capital estimates through fiscal year 2023 included at page 68 were provided to the Board at the October 2012 retreat. The fiscal year 2014 estimated cash flow expense of \$11,679,301 requires certain adjustments, listed below, to determine the budget allocation needed for the upcoming fiscal year. In addition, the future year budget allocation must be compared to estimated available current fiscal year revenues to ensure that funding for adopted capital plan is sufficient. This evaluation is also incorporated into the long-term capital plan for projecting future debt coverage ratios, potential toll rates, and financing needs.

Estimated capital funding available at June 30, 2013 for future years	\$ 11,314,394
Fiscal year 2014 capital estimate (October 2012)	\$ 11,679,301
Less, project portion already funded by fiscal year 2012 plan	(1,809,225)
Addition to project list, Downtown Expressway tunnel lighting	<u>405,600</u>
Budget allocation 2014 plan (\$4,667,131 RC and \$5,648,545 projects)	<u>10,275,676</u>
Estimated Excess Balances fund contribution, end of fiscal year 2013	<u>\$ 1,038,718</u>

Estimated capital funding available at June 30, 2014 for future years	\$ 11,083,918
Fiscal Year 2015 capital estimate (\$3,068,758 RC and \$1,128,349 projects)	<u>\$ 4,197,107</u>
Estimated Excess Balances fund contribution, end of fiscal year 2014	<u>\$ 6,886,811</u>

The Authority's Excess Balance fund is currently \$14.6 million, and represents the only reserve available for the operation of the Expressway System with capital assets valued in excess of \$238 million. The Excess Balances fund also provides a manner to accumulate funding for long-term future capital needs associated with the Expressway and toll facilities. Fiscal year 2013 operation projection is the first time the following year's capital program was fully funded prior to start of the next fiscal year. As noted above, it is estimated \$1 million will be added to the Excess Balance fund at completion of fiscal year 2013. The estimate will fluctuate based on actual revenues and expenses over the remainder of fiscal year 2013. The Authority plans to work through the Board's Finance Committee in the year ahead to formalize policies for Excess Balances level targets to maintain for reserves and to support long-term capital plan.

It is further estimated fiscal year 2014 operation will provide \$11.1 million available for capital needs. Based on capital expense estimates, HNTB recommends a deposit of \$3.1 million to the R&C fund. These deposits will allow the Authority to continue our routine maintenance program as recommended by HNTB, and as required by the bond resolution. R&C items include protective coatings, inspections, signage, and routine annual maintenance of roads and bridges. Additionally, under our Repair and Contingency Fund, we will continue to make deposits to our "Project Account" in order to accumulate funds for future major capital improvement, such as the planned bridge overlay. HNTB also recommends deposits of \$1.1 million for projects, which

Richmond Metropolitan Authority
2014 Fiscal Plan and Capital Budget
Expressway Capital Plan, Repair & Contingency Fund

would provide a total R&C fund deposit \$4.2 million for fiscal year 2014. After fully funding the following year's capital plan, the remaining \$6.9 million estimated available from fiscal year 2014 operation would be added to the Excess Balance fund.

Fund	Fiscal Year 2011-2012 Adopted Budget	Fiscal Year 2012-2013 Adopted Budget	Fiscal Year 2013-2014 Adopted Budget	% Change FY 13 vs 14	\$ Change FY 13 vs 14
Capital Plan:					
Expressway R&C	\$ 20,312,767	\$ 11,988,300	\$ 10,275,646	-14.3%	\$ (1,712,654)

Budget Highlights

Expenses in the adopted budget can be categorized between inspections and projects. *Annual Facility Condition Inspections* by the Authority's consulting engineer (HNTB) identify maintenance needs and estimated cost. These projects primarily consist of:

- **Maintenance and Repair** for concrete, pavement, roadway joint, guardrail, retaining wall, medians, and signage.
- **Protective Coatings** to refurbish existing structural steel surface paint with a combination of zinc, epoxy, and urethane coatings.
- **Engineering Services** for non-project specific general services.
- **Administration** for internal administrative expense cost recovery, legal, and financial services.
- **Expressway Support Fleet** for vehicles and equipment to support Expressway activities.

Fiscal Year 2014	Engineer Capital Estimate	Scope and Timing Adjustments	Budget Allocation
Repair and Contingency:			
Facility Condition Inspections	\$ 162,240	\$ -	\$ 162,240
Maintenance and Repair	609,422	-	609,422
Protective Coatings	4,765,572	(1,809,225)	2,956,347
Engineering Services	345,280	-	345,280
Administration	496,082	-	496,082
Expressway Support Fleet	97,760	-	97,760
Subtotal	6,476,356	(1,809,225)	4,667,131
Projects:			
Powhite Bridge Overlay (NB)	3,979,456	-	3,979,456
Powhite Bridge Overlay (SB)	463,299	-	463,299
Chippenham Ramp Paving	545,777	-	545,777
Video Enforcement System	45,066	-	45,066
Powhite ORT Upgrade	169,347	-	169,347
Tunnel Lighting	-	405,600	405,600
Subtotal	5,202,945	405,600	5,608,545
Total Capital Plan	\$ 11,679,301	\$ (1,403,625)	\$ 10,275,676

Richmond Metropolitan Authority
2014 Fiscal Plan and Capital Budget
Expressway Capital Plan, Repair & Contingency Fund

Fiscal Year 2015	Engineer Capital Estimate	Scope and Timing Adjustments	Budget Allocation
Repair and Contingency:			
Facility Condition Inspections	\$ 108,593	\$ -	\$ 108,593
Maintenance and Repair	1,785,151	-	1,785,151
Protective Coatings	475,219	-	475,219
Engineering Services	108,160	-	108,160
Administration	515,923	-	515,923
Expressway Support Fleet	75,712	-	75,712
Subtotal	<u>3,068,758</u>	<u>-</u>	<u>3,068,758</u>
Projects:			
Powwhite Bridge Overlay	648,969	-	648,969
Chippenham Ramp Paving	479,380	-	479,380
Subtotal	<u>1,128,349</u>	<u>-</u>	<u>1,128,349</u>
Total Capital Plan	<u>\$ 4,197,107</u>	<u>\$ -</u>	<u>\$ 4,197,107</u>

Richmond Metropolitan Authority
2014 Fiscal Plan and Capital Budget

Expressway Long-Term Capital Maintenance, Cost Estimates and Schedule (From October 2012 Board Retreat)

FY	RC Expenses		Project Expenses		Expenses Total	Projects*
	Today Cost	Inflation Added @ 4%	Today Cost	Inflation Added @ 4%		
13	\$3,081,680	\$3,081,680	\$10,847,514	\$10,847,514	\$13,929,194	MR 2013, BrOverlay SB8, PW ORT, VES, Security Cam
14	\$6,227,265	\$6,476,356	\$5,002,832	\$5,202,945	\$11,679,301	MR 2014, BrCoat, BrOverlay NB8, Rt150 Ramp Paving
15	\$2,837,239	\$3,068,758	\$1,043,222	\$1,128,349	\$4,197,107	MR 2015, BrCoat, Lane signage, Submerged Piers, BrOverlay 63 64 65
16	\$5,284,525	\$5,944,372	\$3,744,272	\$4,211,797	\$10,156,169	MR 2016, BrCoat, PW Footing Epoxy, BrOverlays 66 67 68
17	\$2,574,229	\$3,011,484	\$4,106,348	\$4,803,846	\$7,815,330	MR 2017, DTE Overlay, City BrOverlays1
18	\$2,317,188	\$2,819,214	\$4,896,172	\$5,956,942	\$8,776,155	MR 2018, DTE Plaza Apron
19	\$5,582,226	\$7,063,297	\$2,810,000	\$3,555,546	\$10,618,843	MR 2019, City BrOverlays2
20	\$5,469,431	\$7,197,398	\$1,500,000	\$1,973,898	\$9,171,296	MR 2020, BrCoat
21	\$4,934,578	\$6,753,311	\$2,000,000	\$2,737,138	\$9,490,449	MR 2021, BrCoat
22	\$4,974,859	\$7,080,776	\$1,500,000	\$2,134,968	\$9,215,743	MR 2022, BrCoat
23	\$2,967,086	\$4,392,012	\$3,500,000	\$5,180,855	\$9,572,867	MR 2023, BrCoat
Total Estimated Expense		\$56,888,656		\$47,733,798	\$104,622,454	

* Projects listed in the fiscal year of the advertisement date. The duration of some projects may span multiple fiscal years.

Richmond Metropolitan Authority
2014 Fiscal Plan and Capital Budget
Expressway Long-Term Capital Maintenance, Cost Estimates and Schedule (From October 2012 Board Retreat)

FY	RC Expenses Inflation Added		Project Expenses Inflation Added		Expenses Total	Projects*
	Today Cost	@ 4%	Today Cost	@ 4%		
13-23	\$46,250,306	\$56,888,656	\$40,950,360	\$47,733,798	\$104,622,454	Total estimate for FY2013-2023 (detail by year p.68, FY14 Adopted Fiscal Plan and Capital Budget). \$9.5 million average annual expense, FY13-23
24	\$2,037,758	\$3,393,017	\$0	\$0	\$3,393,017	MR 2024
25	\$2,037,758	\$3,528,738	\$6,731,100	\$11,656,087	\$15,184,825	MR 2025, Forest Hill Superstructure, Toll Canopy & Bldg
26	\$2,213,630	\$3,986,623	\$20,254,056	\$36,476,411	\$40,463,034	MR 2026, PW Superstructure SB
27	\$2,583,604	\$4,839,042	\$20,094,000	\$37,635,685	\$42,474,727	MR 2027, PW Superstructure NB
28	\$2,037,758	\$3,969,350	\$0	\$0	\$3,969,350	MR 2028
29	\$2,037,758	\$4,128,124	\$0	\$0	\$4,128,124	MR 2029
30	\$2,037,758	\$4,293,249	\$29,580,000	\$62,320,599	\$66,613,848	MR 2030, Boulevard Br Replacement
31	\$4,800,048	\$10,517,496	\$23,937,400	\$52,449,791	\$62,967,287	MR 2031, I-95 Ramps (2) Superstructure
32	\$2,037,758	\$4,643,578	\$23,436,100	\$53,405,436	\$58,049,014	MR 2032, I-95 Ramps (2) Superstructure
33	\$3,453,458	\$8,184,415	\$0	\$0	\$8,184,415	MR 2033
34	\$2,862,758	\$7,055,884	\$0	\$0	\$7,055,884	MR 2034
35	\$2,862,758	\$7,338,120	\$0	\$0	\$7,338,120	MR 2035
24-35 Subtotal		\$65,877,636		\$253,944,009	\$319,821,645	\$26.7 million average annual expense, FY24-35
Grand Total, FY13-35		\$122,766,292		\$301,677,807	\$424,444,099	

* Projects listed in the fiscal year of the advertisement date. The duration of some projects may span multiple fiscal years.