

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

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

FROM: Mayor Parrish, Chair, NVTA Finance Committee

SUBJECT: Proposed FY2018 NVTA Operating Budget

DATE: January 6, 2017

1. Purpose: Seek Northern Virginia Transportation Authority (NVTA) approval of proposed FY2018 NVTA Operating Budget as outlined below. The Finance Committee provided guidance in the formation of the budget and recommends adoption to the NVTA.

2. Suggested Motion: *I move Authority adoption of the proposed FY2018 NVTA Operating Budget.*

3. FY2018 Operating Budget Preparation - Budget Background

Member jurisdictions typically request their share of the Authority Operating Budget be deducted from their annual Local Distribution Funds or 30% funds. Most of the Operating Budget expenses of the Authority are related to the management and implementation of the region's transportation plan (TransAction). These efforts include project screening, evaluation and rating, as well as the monitoring of approved projects. Fiscal stewardship and management of the Regional Revenue Fund includes fund management, accounting and transparency as well as project reimbursements. Oversight of the Local Distribution Fund (30%) includes the annual certification process and monthly distributions to localities and is also funded from the Operating Budget.

For FY2018, the Authority is estimated to receive \$327.1 million in revenue. The Regional Revenue Fund will receive 70% or \$228.9 million of this revenue for debt service and PayGo projects approved by the Authority. Member jurisdictions will receive approximately \$98.1 million or 30% of the annual revenue for transportation projects. The following table shows the 30% funds estimated to be available to jurisdictions in FY2017 and FY2018.

30% Local Distribution			
Jurisdiction	FY2017 Estimate	FY2018 Estimate	FY2018 Increase
Arlington County	\$ 11,755,411	\$ 11,925,327	\$ 169,917
Fairfax County	43,308,359	44,398,323	1,089,964
Loudoun County	16,611,737	17,091,896	480,158
Prince William County	12,674,898	13,038,690	363,792
City of Alexandria	6,407,057	6,471,536	64,479
City of Fairfax	2,237,025	2,296,644	59,619
City of Falls Church	833,218	854,657	21,439
City of Manassas	1,590,794	1,613,899	23,104
City of Manassas Park	435,264	446,596	11,332
	\$ 95,853,763	\$ 98,137,568	\$ 2,283,805

4. FY2018 Base Budget Increases

The following changes to the FY2018 base budget are keyed to the expenditure categories in Attachment 1.

A. Staff Compensation Changes

Based on direction from the Finance Committee, staff performance based compensation changes are budgeted based on the average of annual increases contemplated in NVT member jurisdiction proposed budgets and those of other Authorities and Commissions in Northern Virginia. Member jurisdictions have not yet publicized a projected budget change for staff compensation for FY2018. Therefore, a 4% increase is programmed in the base budget for estimation purposes. The Finance Committee will receive an analysis of regional compensation changes as this information is made public. Changes in compensation impact almost all Personnel Expenditure categories as noted on Attachment 1.

B. Changes in the VRS Annual Required Contribution Rate

Every two years VRS revises the Annual Required Contribution rate (ARC) for the Authority. This rate is determined through an actuarial study conducted by an independent firm contracted by VRS. This is the 'off year' for the ARC calculation as such the budget change is based on overall compensation changes.

C. Change in Audit and Accounting

This change is triggered by an \$800 increase in audit fees. The audit fees increase as the size and complexity of the Authority's financial affairs increase.

D. Insurance

For FY2018 the Authority's liability and property insurance rates will increase by \$525 due to an increase in the cost of the umbrella policy.

E. Payroll Services

Payroll Services are projected to increase by \$350 for the contracted payroll service annual fee related to the implementation of the IRS Section 125 Plan.

F. Public Outreach

Public Outreach is increasing due to increased costs based on actual experience of \$1,500 related to the production of the Annual Report.

G. Legal Services/Bond Counsel

Bond Counsel fees are being reduced \$25,000 based on cost experience, and with the expectation that any fees related to a new bond issuance will be paid as a cost of debt issuance.

H. Hardware/Software & Peripheral Purchase

This budget line is reduced for the one-time purchase of two laptops in FY2017.

I. IT Support Services and Hosting

Due to expansions in stored data and incremental increases in service fees a \$2,010 increase in support and hosting fees is anticipated.

J. Web Development and Hosting

The small incremental increase (\$50) in this category is the result of one time services in FY2017 being replaced by a potential (\$5,000) update to the web design for FY2018.

K. Dues & Subscriptions, Professional Development and Training, Industry Conferences

Increases of \$1,475 related to projected cost increases of memberships, certifications and subscription services.

L. Office Lease

Annual NVRC lease escalation of \$1,706.

M. Office Supplies

Budget reduction of \$480 related to removing one-time costs associated with the new positions established in FY2017.

N. Operating Reserve

The NVTA Debt Policy requires a 20% Operating Reserve. Changes in the base budget result in year to year changes in this reserve.

O. Equipment Replacement Reserve

Effective with the FY2017 Operating Budget the Authority approved an Equipment Replacement Reserve to be funded at \$4,500 per year. This reserve recognizes that virtually all

the Authority equipment and furnishings were purchased and placed in service at the same time. This reserve is designed to provide funding for replacements over time.

P. FY2018 Base Budget Cost Allocation

The base operating budget cost allocation (amount divided among member jurisdictions based on population) is projected to total \$1,730,675 for FY2018. A comparison of the FY2017 Adopted Budget and FY2018 Base Budget as well as FY2018 Proposed Budget is presented on the bottom of Attachment 1. The following table shows the jurisdiction share of the FY2018 base operating budget:

Jurisdiction Share of Base Budget		
	Allocation %	FY2018 Allocation
Arlington	9.63%	\$ 166,664
Fairfax	46.37%	\$ 802,514
Loudoun	15.37%	\$ 266,005
Prince William	18.20%	\$ 314,983
City of Alexandria	6.55%	\$ 113,359
City of Fairfax	0.95%	\$ 16,441
City of Falls Church	0.58%	\$ 10,038
City of Manassas	1.71%	\$ 29,595
City of Manassas Park	0.64%	\$ 11,076
	100.00%	\$ 1,730,675

5. Proposed FY2018 Budget Additions

As noted in the following proposals, the need for Communication / Public Outreach resources, Investment Management Services, Planning Technology and an Internship Program have been identified.

Attachment 1 shows the FY2017 adopted budget, Preliminary Base Budget for FY2018 and proposed additions to the FY2018 base budget. The proposed additions are detailed below and are keyed to the cost categories in Attachment 1. Additionally, the individual jurisdiction cost allocation impact of the proposed additions is presented as part of the narrative description.

A. Communication/Public Outreach - \$87,000.

For several years there has been recognition that the Authority needs to ‘control its message’. This includes written material for the Annual and JCTA reports, editorials, speaker notes and presentations for Authority members. Audiences have been members of the general public, interest and advocacy groups, media outlets, editorial screeners, as well as coordination with member jurisdiction and agency communication teams. This activity will include social media and website activities. This proposal would permit the option for the Executive Director to

resource this function through a competitive procurement contract with a communication firm or part time direct hire at an amount not to exceed \$87,000.

The NVTA Finance Committee discussed the options of obtaining contract services or a part time direct hire. The discussion included the different costs that make up a direct hire approach or contract approach and how they end up costing approximately the same. The Finance Committee agreed a direct hire approach may be preferable, if possible. With a direct hire the Authority will incur non-compensation costs of \$27,000 which includes office space, furnishings, equipment, technology services, taxes and supplies. Approximately \$6,000 of this amount represents one-time costs. If the proposal receives Authority approval, the Finance Committee requested the Executive Director to report on efforts to find a direct hire or use a contract service.

The following table shows the jurisdictional share of this proposal:

	Jurisdiction Share of Communication Svc	
	Allocation %	FY2018 Allocation
Arlington	9.63%	\$ 8,378.10
Fairfax	46.37%	\$ 40,341.90
Loudoun	15.37%	\$ 13,371.90
Prince William	18.20%	\$ 15,834.00
City of Alexandria	6.55%	\$ 5,698.50
City of Fairfax	0.95%	\$ 826.50
City of Falls Church	0.58%	\$ 504.60
City of Manassas	1.71%	\$ 1,487.70
City of Manassas Park	0.64%	\$ 556.80
	100.00%	\$ 87,000.00

B. Multimodal Transportation Trends in Northern Virginia, Supplement to the Annual Report- \$10,000.

This proposed supplement will summarize multimodal transportation trends in Northern Virginia. Initially it will draw upon publicly available data sources, e.g. VDOT, DRPT (potentially embracing NVTC, PRTC, VRE, and WMATA data), DMV, TPB*, RITIS, FHWA, Capital Bikeshare, member jurisdictions and others. The relevant data and analysis generated for TransAction will also be included, e.g. surveys, focus groups. Reporting will focus on the region as a whole, TransAction corridors, and member jurisdictions. The supplement as currently conceived will also include features such as evolving trends in travel options (such as connected/autonomous vehicles). The following table shows the jurisdictional share of this proposal:

Jurisdiction Share of Transp Trend Report		
	Allocation %	FY2018 Allocation
Arlington	9.63%	\$ 963.00
Fairfax	46.37%	\$ 4,637.00
Loudoun	15.37%	\$ 1,537.00
Prince William	18.20%	\$ 1,820.00
City of Alexandria	6.55%	\$ 655.00
City of Fairfax	0.95%	\$ 95.00
City of Falls Church	0.58%	\$ 58.00
City of Manassas	1.71%	\$ 171.00
City of Manassas Park	0.64%	\$ 64.00
	100.00%	\$ 10,000.00

C. Custody and Safekeeping Services - \$25,000

The Authority authorized an Investment and Debt Manager position as a component of the FY2017 Budget. A principal duty of this position is the implementation of the Authority’s Investment Program, consistent with the adopted Investment Policy. The Authority’s Custody Services contract will have safekeeping responsibilities for approximately \$600 million of Authority investments.

Investment earnings for FY2017 are budgeted at \$1.9 million. With the addition of the Investment and Debt Manager position this estimate increased to \$3.5 million and is now estimated at \$4.5 million for FY2017.

Investment earnings will increase further with the Custody Services agreement in place as this service must be in place to shift from depository based investments to Treasuries, Agencies and other high grade options permitted in the Authority’s Investment Policy. The following table shows the jurisdictional share of this proposal:

Jurisdiction Share of Custody Service		
	Allocation %	FY2018 Allocation
Arlington	9.63%	\$ 2,407.50
Fairfax	46.37%	\$ 11,592.50
Loudoun	15.37%	\$ 3,842.50
Prince William	18.20%	\$ 4,550.00
City of Alexandria	6.55%	\$ 1,637.50
City of Fairfax	0.95%	\$ 237.50
City of Falls Church	0.58%	\$ 145.00
City of Manassas	1.71%	\$ 427.50
City of Manassas Park	0.64%	\$ 160.00
	100.00%	\$ 25,000.00

D. Portfolio Tracking Software - \$6,000

This software is necessary to meet complex investment tracking and reporting requirements for the investment portfolio. These reporting requirements are set by the Government Accounting Standards Board (GASB) and will assist with audit as well as NVTAs Investment Policy compliance. This software will also assist with reporting transparency and meeting industry best practices. The following table shows the jurisdictional share of this proposal:

Jurisdiction Share of Portfolio Management SW		
	Allocation %	FY2018 Allocation
Arlington	9.63%	\$ 577.80
Fairfax	46.37%	\$ 2,782.20
Loudoun	15.37%	\$ 922.20
Prince William	18.20%	\$ 1,092.00
City of Alexandria	6.55%	\$ 393.00
City of Fairfax	0.95%	\$ 57.00
City of Falls Church	0.58%	\$ 34.80
City of Manassas	1.71%	\$ 102.60
City of Manassas Park	0.64%	\$ 38.40
	100.00%	\$ 6,000.00

E. Planning Technology (Technology Plan) - \$25,000

NVTA staff have started the formation of a technology plan starting with Geographic Information System (GIS) mapping to include limited modelling and analysis. Once the TransAction Plan update is complete and the data obtained through the update process is transferred to the Authority, subsequent capabilities and opportunities will be presented in future fiscal years. NVTA and NVRC staff are in discussion on resource, equipment and office

space sharing. The most significant part of these expenses are the software licenses. The following table shows the jurisdictional share of this proposal:

Jurisdiction Share of GIS Implementation		
	Allocation %	FY2018 Allocation
Arlington	9.63%	\$ 2,407.50
Fairfax	46.37%	\$ 11,592.50
Loudoun	15.37%	\$ 3,842.50
Prince William	18.20%	\$ 4,550.00
City of Alexandria	6.55%	\$ 1,637.50
City of Fairfax	0.95%	\$ 237.50
City of Falls Church	0.58%	\$ 145.00
City of Manassas	1.71%	\$ 427.50
City of Manassas Park	0.64%	\$ 160.00
	100.00%	\$ 25,000.00

F. Transportation Planning Intern Program - \$6,600

The proposed intern program is initially conceived for two semesters as noted below. If approved, NVTA staff will further design the program to ensure the Authority and students mutually benefit, and the program adds to staff functional capacity. NVTA staff is exploring the use of the Federal Work Study Program with George Mason University, which could significantly reduce or potentially eliminate the program cost. Descriptions for the Fall and Spring semesters follow:

Fall 2017 Semester (September – December)

- During this first half of this period, NVTA will progress through the final stages of public/stakeholder/jurisdiction/agency engagement towards adoption of TransAction (TA)
- During the latter half of this period, staff will ramp up the development of the Six Year Program (SYP) and develop the proposed Supplement to the 2017 Annual Report (AR2017)
- Intern workload is expected to include
 - supporting the activities of the TA Subcommittee, and RJACC with respect to SYP
 - Support activities for PPC, PCAC and TAC
 - processing, analyzing, and summarizing TA-related feedback
 - analyzing candidate projects/groups of projects for inclusion in SYP
 - supporting data gathering and analysis associated with the proposed AR2017 Supplement
 - maintaining and expanding social media in support of NVTA’s outreach

- supporting the tracking of projects funded with regional revenues, e.g. development of monthly/quarterly reports, monitoring of project websites, participating in site inspections, maintaining project tracking database, attending external public information meetings/hearings
- Real world experience for intern
 - Participation in transportation planning process; adoption phase of TransAction
 - Participation in the transportation programming process; initial development phase of SYP
 - Interactions with jurisdiction and agency staff in formal and semi-formal settings
 - Observation of the regional government process
 - Participation in project oversight activities

Spring 2018 Semester (January – April)

- During this period, NVTA will progress through the initial stages of public/stakeholder/jurisdiction/agency engagement towards adoption of the SYP
- During this period, staff will develop the proposed Supplement to the 2017 Annual Report
- Intern workload is expected to include
 - supporting the activities of the RJACC with respect to SYP
 - Support activities for PPC, PCAC and TAC
 - processing, analyzing, and summarizing SYP-related feedback
 - reviewing candidate projects/groups of projects for inclusion in SYP
 - supporting data gathering and analysis associated with the proposed AR2017 Supplement
 - maintaining and expanding social media in support of NVTA’s outreach
 - supporting the tracking of projects funded with regional revenues, e.g. development of monthly/quarterly reports, monitoring of project websites, participating in site inspections, maintaining project tracking database, attending external public information meetings/hearings
- Real world experience to intern
 - Participation in the programming process; development and adoption phase of SYP
 - Interactions with jurisdiction and agency staff in formal and semi-formal settings
 - Observation of the regional government process
 - Participation in project oversight activities

The following table shows the jurisdictional share of this proposal:

Jurisdiction Share of Internship		
	Allocation %	FY2018 Allocation
Arlington	9.63%	\$ 635.58
Fairfax	46.37%	\$ 3,060.42
Loudoun	15.37%	\$ 1,014.42
Prince William	18.20%	\$ 1,201.20
City of Alexandria	6.55%	\$ 432.30
City of Fairfax	0.95%	\$ 62.70
City of Falls Church	0.58%	\$ 38.28
City of Manassas	1.71%	\$ 112.86
City of Manassas Park	0.64%	\$ 42.24
	100.00%	\$ 6,600.00

Summary – New Proposal Costs with Operating Budget Reserve

The table below shows the allocation amounts by member jurisdiction of each of the proposed additions, including the policy required increase to the Operating Budget Reserve.

Summary Proposed FY2018 Budget Additions With Operating Reserve										
	Allocation %	Transportation Internship	Transportation Trend Report	Communication Custody Svc	Communication Services	Portfolio Management software	GIS Implementation	Operating Budget Reserve	Total	
Arlington	9.63%	\$ 636	\$ 963	\$ 2,408	\$ 8,378	\$ 578	\$ 2,408	\$ 3,074	\$ 18,443	
Fairfax	46.37%	\$ 3,060	\$ 4,637	\$ 11,593	\$ 40,342	\$ 2,782	\$ 11,593	\$ 14,801	\$ 88,808	
Loudoun	15.37%	\$ 1,014	\$ 1,537	\$ 3,843	\$ 13,372	\$ 922	\$ 3,843	\$ 4,906	\$ 29,437	
Prince William	18.20%	\$ 1,201	\$ 1,820	\$ 4,550	\$ 15,834	\$ 1,092	\$ 4,550	\$ 5,809	\$ 34,857	
City of Alexandria	6.55%	\$ 432	\$ 655	\$ 1,638	\$ 5,699	\$ 393	\$ 1,638	\$ 2,091	\$ 12,545	
City of Fairfax	0.95%	\$ 63	\$ 95	\$ 238	\$ 827	\$ 57	\$ 238	\$ 303	\$ 1,819	
City of Falls Church	0.58%	\$ 38	\$ 58	\$ 145	\$ 505	\$ 35	\$ 145	\$ 185	\$ 1,111	
City of Manassas	1.71%	\$ 113	\$ 171	\$ 428	\$ 1,488	\$ 103	\$ 428	\$ 546	\$ 3,275	
City of Manassas Park	0.64%	\$ 42	\$ 64	\$ 160	\$ 557	\$ 38	\$ 160	\$ 204	\$ 1,226	
	100.00%	\$ 6,600	\$ 10,000	\$ 25,000	\$ 87,000	\$ 6,000	\$ 25,000	\$ 31,920	\$ 191,520	

Attachment: Proposed FY2018 Operating Budget

XV. ATTACHMENT

Northern Virginia Transportation Authority Proposed FY2018 Operating Budget					
INCOME:	Adopted Budget FY2017	Proposed Base Budget FY2018	Budget Note	Proposed Budget FY2018	Budget Note
Budget Carryforward including Operating Reserve	\$ 412,571	\$ 388,288		\$ 388,288	
330100 Contribution Member Jurisdiction					
Total Income	\$ 412,571	\$ 388,288		\$ 388,288	
EXPENDITURES:	Adopted Budget FY2017	Proposed Base Budget FY2018	Budget Note	Proposed Budget FY2018	Budget Note
410000 Personnel Expenditures					
110 Salaries-Regular Pay	\$ 943,126	\$ 1,001,653	4A	\$ 1,001,653	
110 Internship	-	-		6,600	5F
130 Health & Dental Benefits	115,200	115,200		115,200	
131 Payroll Taxes	72,258	76,735	4A	76,735	
132 Retirement VRS	93,561	98,622	4B	98,622	
133 Life Insurance	12,355	13,122	4A	13,122	
134 Flex Spending/Dependent Care	604	604		604	
135 Workers Comp	1,037	1,102	4A	1,102	
137 Disability Insurance	13,360	15,920	4A	15,920	
Personnel Subtotal	\$ 1,251,501	\$ 1,322,958		\$ 1,329,558	
420000 Professional Service					
210 Audit & Accounting	\$ 27,500	\$ 28,300	4C	\$ 28,300	
220 Bank Service	750	750		750	
230 Insurance	4,200	4,725	4D	4,725	
240 Payroll Service	1,300	1,670	4E	1,670	
260 Public Outreach	21,500	23,000	4F	33,000	5B
263 Bond Trustee Fees	2,700	2,700		2,700	
265 Investment Custody Fees	-	-		25,000	5C
266 Communication Services	-	-		87,000	5A
262 Financial Advisor Services	72,000	72,000		72,000	
261 Legal Services/Bond Counsel	50,000	25,000	4G	25,000	
264 Legislative Services	60,000	60,000		60,000	
Professional Subtotal	\$ 239,950	\$ 218,145		\$ 340,145	
430000 Technology/Communication					
310 Acctg & Financial Report Systems	\$ 10,000	\$ 10,000		\$ 16,000	5D
320 HW SW & Peripherals (Exchange upgrade)	5,030	3,620	4H	3,620	
320 HW SW & Peripheral Purchase Total GIS Costs				25,000	5E
330 IT Support Service and Hosting	14,150	16,160	4I	16,160	
340 Phone Service	7,300	7,250		7,250	
350 Web Development and Hosting	7,600	7,650	4J	7,650	
Subtotal Technology/Communication	\$ 44,080	\$ 44,680		\$ 75,680	
440000 Administrative Expenses					
410 Advertisement	\$ 1,500	\$ 1,500		\$ 1,500	
411 Dues & Subscriptions	3,710	4,290	4K	4,290	
412 Duplication & Printing	14,592	14,500		14,500	
413 Furniture & Fixture	6,000	-		-	
414 Meeting Expenses	3,600	3,600		3,600	
415 Mileage/Transportation	10,200	10,200		10,200	
417 Office Lease	116,059	117,765	4L	117,765	
418 Office Supplies	6,880	6,400	4M	6,400	
419 Postage & Delivery	700	700		700	
420 Professional Development & Training	13,750	14,065	4K	14,065	
421 Industry Conferences	6,420	7,000	4K	7,000	
Subtotal Administrative Expenses	\$ 183,411	\$ 180,020		\$ 180,020	
Expenditure Subtotal	\$ 1,718,942	\$ 1,765,803		\$ 1,925,403	
Operating Reserve (20%)	\$ 343,788	\$ 353,161	4N	\$ 385,081	
Equipment Replacement Reserve	4,500	9,000	4O	9,000	
Total Expenditures	\$ 2,067,230	\$ 2,118,963		\$ 2,310,483	
Cost Allocations	\$ (1,654,659)	\$ (1,730,675)		\$ (1,922,195)	
Member Jurisdiction Support	FY2017 Adopted Budget Amounts*	FY2018 Base Budget Amounts*	Budget Note	FY2018 Proposed Budget Amounts*	
Arlington County	\$ 159,344	\$ 166,664		\$ 185,107	
Fairfax County	767,265	802,514		891,322	
Loudoun County	254,321	266,005		295,441	
Prince William County	301,148	314,983		349,840	
City of Alexandria	108,380	113,359		125,904	
City of Fairfax	15,719	16,441		18,261	
City of Falls Church	9,597	10,038		11,149	
City of Manassas	28,295	29,595		32,870	
City of Manassas Park	10,590	11,076		12,302	
	\$ 1,654,659	\$ 1,730,675	4P	\$ 1,922,195	

***Source Weldon Cooper 2015 Population Estimate percentage:**

Cost Allocations are based on the 2015 Population Estimates published on January 27, 2016 by Weldon Cooper Center for Public Service