

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

FOR: Chair Phyllis J. Randall and Members
Northern Virginia Transportation Authority

FROM: David Snyder, Chair, NVTA Finance Committee

DATE: April 3, 2025

SUBJECT: FY2026 Operating Budget

1. **Purpose:** To seek the Northern Virginia Transportation Authority (NVTA) adoption of the proposed FY2026 Operating Budget as recommended by the Finance Committee.
2. **Suggested Motion:** *I move the Authority adoption of the proposed FY2026 Operating Budget, as presented.*
3. **Background:** The Operating Budget is the central accounting point for operating and administrative expenses of the Authority. The proposed Operating Budget is presented in two categories. The first category is base budget escalations triggered by inflation, contract terms and required service extensions, less prior one-time funding. The second category is for new initiatives which will have supporting narratives and estimates. The attached budget report is indexed to this staff report by reference in the Budget Note column.
 - A. **Base Budget Escalations:**
 - I. **Salaries:** Annual performance-based salary increases for staff are targeted to be in line with member jurisdictions. Since jurisdiction budgets are concurrently in development, we present a budget increase of 6% that will not be exceeded on a budget basis, and which may be modified based on member jurisdiction market and performance-based increases once those budgets are finalized.
 - II. **Benefits:** Health insurance and other benefits are based on actual costs such as the Annually Required Contribution determined by the Virginia Retirement System (VRS) and the Commonwealth of Virginia - Local Choice Health Insurance rates.
 - III. **Professional Services:** Following the adoption of the FY2024-2029 Six Year Program, an independent external economic study was conducted in FY2025 to assess the economic impact of the transportation projects funded through the Authority's revenues. As a result, the FY2026 Public Outreach budget reflects a decrease of \$26,800, including a \$5,500 reduction in the cost of preparing the Annual Report and the removal of \$5,050 in one-time purchases. The remaining budget lines reflect contractually mandated adjustments.

- IV. **Technology/Communication:** Increases reflect annual contractually mandated adjustments, less one-time FY2025 expenses.
- V. **Office Lease:** The increase reflects annual contractually mandated adjustments under the lease agreement. As a reminder, the new lease for Park Tower Drive included a negotiated lease concession and a commitment to lease hold improvements. The allocation of these funds will not be fully determined until the Authority expends the remaining funds. Once the lease transition is complete and all related transactions are finalized, NVTA staff will present to the Finance Committee a final reconciliation of the Lease Transition account. The reconciliation will include a staff recommendation for the remaining balance. Transaction activity spans FY2025 and FY2026 will be included in the Authority's annual independent audit.
- VI. **Professional Development:** An additional \$5,000 has been allocated to this line item in the FY2026 budget to support enhanced training for the planning technology currently in use.
- VII. **Professional Outreach:** As part of the growing recognition of the Authority's impact on regional transportation issues and national recognition for innovation, the Chief Executive Officer and senior staff have more frequently been asked to provide presentations and participate in regional and national transportation venues.

B. New initiatives: Project delivery, demands of growth and in-sourcing opportunities are the drivers of the proposed initiatives for FY2026. Preparations for the next TransAction update will occur concurrently with the next Six Year Program update. Those two major events, combined with ongoing efforts to improve project delivery, make it necessary to increase capacity to accomplish the Authority's legislative mandates and provide proactive enhanced levels of coordination for NVTA funded multi-jurisdictional projects and current range of services.

In addition to traditional multimodal infrastructure improvements that reduce congestion, the Authority is increasingly being called upon to emphasize alternative/complementary congestion reducing solutions, creating more demands on staff time, to enable Northern Virginians to reduce their dependency on driving, particularly driving alone.

Details on each position are contained in attachments B, C and D. New initiatives are proposed to include:

- I. **Financial Accountant and Regional Transportation Planner:** The need for these positions is based on the increased workload driven in part by FY2025 Project Delivery initiatives, which are proving the need for advanced levels of coordination and further efforts in that area:

- a. The Authority has directed staff to analyze the execution of project agreements, progress, reimbursements, and other key aspects to enhance timely project delivery. The Project Information Management and Monitoring System (PIMMS) has enabled staff to conduct deeper analyses of project performance, and findings are now being shared with the RJACC, project sponsors and the Authority. Initial results indicate that further work and additional staffing are required to address delays and improve overall processes. However, the following results have been achieved in less than a year:
- Project Close Outs – Clearing up projects some of which have not had NVTAs related activity since 2017 is resulting in \$11.4 million being made available for the next Six Year Program Update.
 - Voluntary Project Withdrawals – Working through the practical aspects of nine projects we are anticipating \$65.1 million in voluntary withdrawals. Some of these projects date to 2018.
 - De-appropriations - \$32.6 million in projects whose timing is off relative to the ability of the projects to move forward at this time. De-appropriating does not cancel the project it essentially improves the accuracy of the Authority's financial statements, complies with audit standards on the obligation of funds, while providing the Authority greater flexibility to approve future forward appropriations for projects which can advance their schedules.
 - Of this \$109.1 million benefit, \$76.5 million has the result of essentially being new revenue going into the next two-year program update.
 - The Project Delivery effort has also identified projects with \$10.7 million in funding which NVTAs staff may have to recommend the Authority cancel.
 - The additional Planner resource will provide capacity to find ways to avoid a cancellation recommendation and resolve other budding project conflicts that are coming to light as our staff work cooperatively with project sponsors.
 - The above results do not include the pending Route 28 Bypass Project cancellation.
- b. To develop a more comprehensive understanding of the causes of project delays and reimbursement delays, staff will need to:
- Engage with project sponsors to identify challenges and potential solutions.
 - Assess administrative and staffing factors affecting project timelines.
 - Develop scorecards to track performance and accountability.
 - Implement a process to track the useful economic life of completed projects to ensure SPA compliance.

- II. **Communications Insourcing:** The Authority's large consulting contracts have significant communication and public engagement components. This initiative proposes less reliance on paid consultants for communications related creative, and oversight tasks with the savings being used to fund an additional communications staff person. This position is largely paid for through contract savings and other insourcing opportunities, while providing an additional 1,260 hours for Authority activities. Attachment D documents proposed savings and increased staff capacity.

- III. **Commuter Benefits:** The Authority's new office location has resulted in greater use of transit opportunities and has proven beneficial in recruiting new staff. The requested \$4,050 will further encourage transit use, including bike share services. The Authority was recently recognized with a Best Workplace for Commuters award.

- IV. **FY2026 Potential Mid-Year Requests:** The ongoing Preliminary Deployment Plan for a Regional Bus Rapid Transit System (PDP-BRT) progress is not at a point where work on the next phase can be reasonably scoped. The results of the current effort are anticipated to be presented to the Authority in the Spring of 2025. At that time, the Authority may decide to undertake additional work to advance deployment of interconnected BRT projects through additional out of cycle budget action.

Efforts to advance BRT deployments will continue to involve consultants and may require an additional Regional Transportation Planner. Any new staff member will also be utilized to advance the largely dormant transportation technology initiatives and re-energize the Transportation Technology Committee.

Attachments:

- A. Base/Proposed FY2026 Operating Budget
- B. Financial Accountant Proposal Detail
- C. Regional Transportation Planner Proposal Detail
- D. Communication Professional Proposal Detail

Northern Virginia Transportation Authority Adopted FY2026 Operating Budget & Proposed Budget Adjustments		
INCOME:	Adopted Budget FY2026	Proposed Regional Transp Planner
Budget Carryforward including Operating Reserve	\$ 1,132,440	\$ -
330000 Other Income		
Total Income	\$ 1,132,440	\$ -
EXPENDITURES:		
410000 Personnel Expenditures		
110 Salaries & Wages	\$ 3,067,669	\$ 100,000
130 Health & Dental Benefits	500,609	29,600
131 Payroll Taxes	239,781	7,893
132 Retirement VRS	232,987	4,229
133 Life Insurance	38,347	1,250
134 Flex Spending/Dependent Care	1,512	73
135 Workers Comp	3,376	110
137 Disability Insurance	33,026	1,000
138 Commuter Benefits	3,350	350
Subtotal Personnel Costs	\$ 4,120,656	\$ 144,505
420000 Professional Service		
210 Audit & Accounting	\$ 62,250	\$ -
220 Bank Service	750	-
230 Insurance	20,231	-
240 Payroll & Human Resources Service	11,640	1,040
260 Public Outreach & Regional Event Support	41,610	-
261 Legal Services/Bond Counsel	75,000	-
262 Financial Advisor Services	10,000	-
263 Bond Trustee Fees	2,900	-
264 Legislative Services	89,305	-
265 Investment Custody Fees	25,000	-
Subtotal Professional Services	\$ 338,686	\$ 1,040
430000 Technology/Communication		
310 GL Financial Rept & Invest Monitoring/Mgt Systems	\$ 85,950	\$ -
330 IT Support Svc Incl Hosting	57,327	2,357
335 GIS/Project Monitoring & Management/Modeling	39,125	1,710
340 Phone Service	20,105	900
350 Web Development & Hosting	10,950	-
940 HW SW & Peripherat Purchase	5,725	3,725
Subtotal Technology/Communication	\$ 219,182	\$ 8,692
440000 Administrative Expenses		
410 Advertisement	\$ 3,500	\$ 1,000
405 Building/Office Related Expenses	1,000	-
411 Memberships & Subscriptions	26,945	720
412 Duplication & Printing	15,672	-
414 Hosted Meetings	7,515	-
415 Local Travel	11,150	150
416 Misc Expenses	-	-
417 Office Lease	478,940	-
418 Office Supplies	7,015	250
419 Postage & Delivery	700	-
420 Professional Development	32,940	1,000
421 Professional Outreach	24,300	-
945 Office Furniture & Fixtures	-	-
Subtotal Administrative Expenses	\$ 609,677	\$ 3,120
Expenditure Subtotal	\$ 5,288,202	\$ 157,357
Operating Reserve (20%)	\$ 1,057,640	\$ 31,471
Equipment Replacement Reserve & Replenishment	50,000	-
Reserve Subtotal	\$ 1,107,640	\$ 31,471
Total Expenditures	\$ 6,395,842	\$ 188,828
Transfer From Regional Revenue Fund	\$ 5,263,402	\$ 188,828

* Revised adopted on September 11, 2025 with one more position