

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

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

FROM: David Snyder, Chair, NVTA Finance Committee

DATE: March 5, 2026

SUBJECT: Proposed FY2027 Operating Budget

1. **Purpose:** To seek the Northern Virginia Transportation Authority (NVTA) adoption of the proposed FY2027 Operating Budget as recommended by the Finance Committee.
2. **Suggested Motion:** *I move the Authority adoption of the proposed FY2027 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, including prior one-time funding expenditure carryovers. The second category is for a new initiative for a Communications Manager position with supporting narratives and estimates. The attached budget report is indexed to this staff report by reference in the Budget Note column.

Notable in the development of the proposed FY2027 Operating Budget is the effort by staff to reduce the budget's cost to the Regional Revenue Fund. The proposed FY2027 budget transfers \$487,000 or 9% less from the Regional Revenue Fund than in FY2026. Even with the proposed addition of the communications position the transfer will still be \$287,000 or 5% less in FY2027 compared to FY2026.

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 5% including the cost of living and merit adjustments that will not be exceeded on a budget basis. The increase may be modified based on member jurisdiction market and performance-based increases once those budgets are finalized.
- II. **Taxes, Insurance, and Retirement:** 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:** Public Outreach will need to increase by \$21,440. Following the adoption of the FY2026-2031 Six Year Program, an independent external economic study will be conducted in FY2027 to assess the economic

impact of the transportation projects funded through the Authority's revenues. Unlike prior year studies, the FY2027 study will include an analysis of the Authority's Core Values. The remaining budget lines reflect contractually mandated adjustments.

- IV. **Technology/Communication:** Increases reflect annual contractually mandated adjustments. The \$27,115 under Web Development is a carryover of FY2026 funds to FY2027. It does not reflect new funding.
- V. **Office Lease:** The increase reflects annual contractually mandated adjustments under the lease agreement. The \$28,980 increase is because many tenant expenses in FY2026 were waived or prorated as part of the lease negotiations, making the escalation look larger. 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. Transactions occurred in FY2025, FY2026 and may move into FY2027. The reconciliation will be included in the Authority's annual independent audit.
- VI. **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:

Communications Insourcing: A typical employee will work 2,080 hours per year. The analysis below demonstrates that in-sourcing 660 hours from contractors will reduce contractor payments to provide funding for the salary of the new position, while also providing 1,420 additional hours for other duties.

- I. The Authority's TransAction, Six Year Program Update and other large contracts are budgeted in the Regional Revenue Fund. Funding for the Operational Budget is transferred from the Regional Revenue Fund to the Operating Fund.
- II. The Authority's large consulting contracts have significant communication and public engagement components. This initiative proposes less reliance on paid contractors for production oversight and creative tasks.
- III. This position is largely paid for through contract savings and other insourcing opportunities, while providing an additional 1,260 hours to provide excellent communications material to inform the public of the critical projects funded by the Authority and while also increasing the level of productivity for the communications team.

Attachments:

- A. Base/Proposed FY2027 Operating Budget
- B. Communication Manager Proposal Detail

Attachment B – Communications Manager Proposal

The Authority's large consulting contracts have significant communications and public engagement components. This initiative proposes less reliance on paid contractors for communications-related oversight and creative tasks with the savings being used to fund an additional communications staff person. Contracted public engagement, a communications subspecialty, will largely remain unchanged except general oversight to be provided through the new in-house resource rather than paid contractors.

- A. Experience indicates that while these contracts make provisions for prime and subcontractor oversight, in-house staff still invest significant unplanned time maintaining consistency in messaging, format and quality of all external deliverables. When contractors change, staff must reestablish these standards with each new team.
- B. As prime and subcontractors change, in-house resources must start over to ensure the messaging, format and quality standards are reintegrated with the new contractors.
- C. Unlike transactional or technical tasks that can be executed by established standards, communications work is an art that requires direct, hands-on oversight to ensure alignment with NVTA's vision and expectations.
- D. Bringing creative work and oversight in-house will reduce prime and subcontractor costs, while ensuring consistent, high-quality communications. A permanent NVTA Communication Manager will take on these responsibilities in addition to providing significant capacity to meet other demands on the current communications team.
- E. The Communications Manager will focus on quality control, proactive outreach and the execution of various external deliverables. Some of the deliverables will still be undertaken by contractors but with direct supervision of the new Communication Manager.
- F. This proposal recognizes that some contracted functions do not make economic sense for the Authority to staff internally. This is especially important in the areas of public outreach, mass public engagement, surveys, and certain graphic functions.

Attachment B – Communications Manager Proposal (Continued)

	Eligible Hours	In-souce %	In-source Hours	Hourly Billing Avg	Contract Savings
Creative Hours	2537.3	22.0%	558.20	\$ 130.00	\$ 72,565.35
Prime Oversight Hours	1857.5	3.5%	65.01	\$ 320.52	\$ 20,837.81
Sub Oversight Hours	370.8	10.0%	37.08	\$ 162.95	\$ 6,041.37
			660.28		\$ 99,444.53
FY2025 AR Insourcing					\$ 5,500.00
				Current Insourcing Savings	\$ 104,944.53
Prior Insourcing Examples:					
			Annual Board Photos	\$	2,350.00
			AR Design	\$	9,405.00
			Editing	\$	2,350.00
				\$	14,105.00

Communications Position	
Salary & Benefits	\$ 155,824
Recurring Costs	\$ 6,807
Onetime Costs	\$ 4,725
Total Cost FY2026 Budget	\$ 167,356

- G. This proposal allows NVTA to significantly reduce reliance on external contractor billable hours, while building internal capacity.

