

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

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

FROM: Michael Longhi, Chief Financial Officer

DATE: March 5, 2020

SUBJECT: Proposed FY2021 Operating Fund Budget

- 1. Purpose:** To seek the Northern Virginia Transportation Authority (NVTA) adoption of the proposed FY2021 NVTA Operating Budget and proposed budget initiatives as recommended by the Finance Committee and outlined below.
- 2. Suggested Motion:** *I move the Authority adoption of the proposed FY2021 Operating Budget as presented in Attachment 1.*

(ED. Note – The following **colored number** report sections tie to the Notes Column on Attachment 1.)

3. FY2020 Operations Base Budget Changes:**A. Personnel Expenditures:****1. Salaries-Regular Pay:**

- Staff compensation changes will be based on the average annual increases adopted in NVTA member jurisdiction and agencies FY2021 budgets.
- Member jurisdictions have not finalized their FY2021 budgets, therefore, a 4% increase is proposed to be programmed in the base budget for estimation purposes.
- Maximum average annual performance increases will be consistent with member jurisdictions. An analysis will be undertaken once jurisdictions have passed their FY2021 Operating Budgets.

2. Health & Dental Benefits:

- NVTA's benefit rate increases/decreases are based on the experience (claims) of the Commonwealth's, The Local Choice, participant pool of approximately 60,000 employees, retirees and family members.
- NVTA is projected to receive a 4.8% increase in benefit premiums for FY2021. Premiums did not increase during FY2020.
- For FY2021, staff members may elect NVTA coverage changes during the open enrollment period. Any elections are unknown at this time and not budgeted.

3. Retirement – Virginia Retirement System (VRS):

- Based on NVTA’s most recent VRS actuarial study, the FY2021 and FY2022 contribution rate is 7.50%.
- The VRS forward looking investment performance rate has been reduced. This reduction will lead to higher, but more predictable contribution rates.
- The Authority fully funds the annually required contribution for VRS each fiscal year.

4. Life & Disability Insurance:

- This insurance type is priced using salaries and age tiers, NVTA employees are moving into higher age tiers.

B. Professional Service Changes:

5. Insurance:

- NVTA’s general liability, causality, cyber, officers and director’s insurance renewal rates will not be available until after June 2020. The FY2021 base budget includes an estimated 5% increase above the FY2020 renewal.

6. Public Outreach & Regional Event Support:

- For FY2021, this line decreases by \$20,000 due to the one-time cost of the regional economic analysis being procured in FY2020. Contract escalations and projected inflationary increases of \$255 reduce the turnback on this line to \$19,745.

7. Legal Services/Bond Counsel:

- Bond Counsel is the only legal service currently obtained under this budget line.
- Based on prior experience, staff recommends a \$15,000 reduction in the budget.

8. Financial Advisory Services:

- Contract escalation of \$875.

9. Legislative Services:

- The current legislative service contract expires in FY2021. The current contract had no multi-year escalations, \$8,000 is added to the base budget in anticipation of a new multi-year contract.

Technology/Communications:

10. General Ledger/Financial Reporting & Investment Monitoring/Management Systems:

- On September 13, 2019, the Finance Committee recommended and the Authority approved a budget adjustment to transfer \$21,262 from the Operating Reserve to enable the implementation of portfolio management and monitoring services needed to pursue Direct (electronic) Purchases by adding a second Bloomberg Anywhere subscription and expanding the Inter-Continental Exchange (ICE) Best Ex Reporting Service Subscription.
- The FY2021 budget includes \$21,262 to replenish the FY2020 Operating Reserve.
- The annual ongoing costs of \$75,385 for the Bloomberg and ICE investment monitoring and management services has been included in the FY2021 budget.
- The \$12,716 is the net difference between the one time and on-going portfolio management expenses.
- The budget line also includes the annual costs for:
 - Black Mountain, the General Ledger/Financial Reporting System
 - Tracker, the Portfolio Management System.

11. Hardware, Software & Peripheral Purchases: Reduced \$5,600 for one-time purchases related to new staff in FY2020.

12. IT Support Service & Hosting: Contractual increase of \$921.

13. GIS/Project Monitoring & Management/Modeling:

- The FY2020 Budget included onetime funds of \$140,000 for Phase 2 of the Project Implementation, Monitoring and Management System (PIMMS).
- The FY2021 budget reduction of \$122,613 for this line item reflects a baseline increase of \$10,232 related to contractual and inflationary increases for website and PIMMS maintenance, hosting and data storage.

14. Phone Service: Inflationary increase of \$420.

D. Administrative Expenses:

15. Duplication and Printing: Reduction of \$2,030 due to renegotiation of copier lease.

16. Furniture and Fixtures: Elimination of one-time expenses (\$8,100) due to FY2020 staff increase.

17. Hosted Meetings: Increase of \$1,220 due to increased size and frequency of Authority and committee meetings.

18. Office Lease: Decrease in lease cost of \$17,305, even with an increase of three offices, due to lease renegotiation. Without the lease renegotiation, FY2021 Lease costs would have increased \$38,500.

E. Operating Reserve:

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

C. Equipment Replacement Reserve:

20. Based on the life cycle of newly acquired and recently replaced equipment, no change to the equipment reserve is necessary. The equipment reserve level is a management recommendation based predominately on the equipment depreciation schedule and practical experience.

4. FY2021 Proposed Budget Initiatives: The proposed FY2021 Operating Budget includes four initiatives: Public Outreach/Communications, Contract Legal Services, PIMMS and Technology Licenses.

D. Initiatives:

21. Public Outreach & Regional Event Support: Staff is proposing increasing the budget from the proposed base by \$12,088 this will support the Authority's *Strategic Plan Goal I - Regional Prosperity; Advocacy/Education through increasing awareness and understanding of NVTA's multimodal transportation investments. This is to be accomplished by developing appropriate messaging to specific target audiences.* Increased technical tools for social and traditional media and the automation of currently manual monitoring and tracking processes will facilitate accomplishing these goals. The proposed tools will allow:

- Social media archive services to support transparency and FOIA compliance (\$2,868).
- Increased monitoring of references to NVTA in the press (including broadcast) and social media, responding to media and industry influencers' comments while protecting NVTA's image and increasing the accuracy and response time of NVTA's messaging. (\$6,000)
- Contract video capture and editing capacity (\$2,000).
- Increased social media presence tools (\$600).
- Software to allow NVTA to prepare script-writing and voiceovers to animation added to messaging (\$500).
- Software license to create social media content, simple animation, flyers and invitations (\$120).
- All costs noted above are on-going and will add to the base budget.

22. Legal Services/Bond Counsel: The Finance Committee discussed a staff initiative to procure contracted legal services. After discussion the initiative was tabled to a future year.

- E. GIS/Project Monitoring & Management/Modeling:** Two initiatives impact this budget line. Both initiatives presented below support the Authority's Strategic plan in areas of:
- *Goal I – Regional Prosperity; compile objective independent research.*
 - *Goal II – Mobility; performance dashboard, expanded analytical capabilities building to travel demand forecasting and model simulations.*
 - *Goal III – Innovation; plan for emerging transportation technologies and related trends.*
 - *Goal IV – Funding; ensure fulfillment of project scope, implementation of a project monitoring system, implementation of a cost-effective online project application system.*

23. Project Information Monitoring and Management System (PIMMS):

Enhancements to PIMMS are requested from NVTA staff as well as jurisdiction and agency staff. The cost of \$95,000 (with project contingency) is broken down as follows:

- Online Project Applications – Enhance the ability for jurisdictions to add maps to their applications, develop additional reports and application print options (optimized for PDF exports). \$31,000 Cost.
- Project/SPA Monitoring Tools – Modify the database and system for status versioning, add additional change request capacity for localities, develop additional reporting capacity (PDF capable), install a browser-based SPA Appendix update capability. \$41,000 Cost.
- Project Dashboard – Add additional data elements to project detail, improve user ability to toggle between project counts and dollar amounts with graphic pie chart presentation, create ability for custom icons, filter jurisdictional polygon on jurisdiction maps, increase capability for jurisdictions to complete the expected project completion date beyond NVTA funded phases, facilitate printing from the dashboard. \$23,000 Cost.
- All costs related to the PIMMS enhancements are one-time and will not add to the base budget.

24. IT/GIS License Expansion: - With the FY2020 addition of two Transportation Planners, NVTA was able to recruit new staff with GIS, analysis and Big Data skills. Currently, NVTA uses a shared license approach for several licensed software packages, the licenses need to be expanded to increase staff productivity. The \$14,060 total cost includes \$11,500 of one-time costs and \$2,560 in costs that will increase the base budget

Attachments: Base/Proposed FY2021 Operating Budget

Attachment

Northern Virginia Transportation Authority Base/Proposed FY2021 Operating Budget						
INCOME:	Adopted Budget FY2020	Proposed Base Budget FY2021	Budget Note	Proposed Budget w/FY2021 Initiatives	Budget Note	Change \$
Budget Carryforward including Operating Reserve	\$ 444,138	\$ 665,477		\$ 665,477		\$ 221,339
330100 Contribution Member Jurisdiction						
330000 Other Income						
Total Income	\$ 444,138	\$ 665,477		\$ 665,477		\$ 221,339
EXPENDITURES:						
410000 Personnel Expenditures						
110 Salaries-Regular Pay	\$ 1,474,032	\$ 1,524,072	1	\$ 1,524,072		\$ 50,040
130 Health & Dental Benefits	243,109	247,968	2	247,968		4,859
131 Payroll Taxes	112,878	118,210	1	118,210		5,332
132 Retirement VRS	120,377	124,506	3	124,506		4,129
133 Life Insurance	19,223	20,331	4	20,331		1,107
134 Flex Spending/Dependent Care	874	881		881		7
135 Workers Comp	1,621	1,698	1	1,698		77
137 Disability Insurance	16,654	18,196	4	18,196		1,542
Personnel Subtotal	\$ 1,988,769	\$ 2,055,863		\$ 2,055,863		\$ 67,094
420000 Professional Service						
210 Audit & Accounting	\$ 29,500	\$ 29,500		\$ 29,500		\$ -
220 Bank Service	750	750		750		-
230 Insurance	6,081	6,385	5	6,385		305
240 Payroll Service	2,606	2,606		2,606		-
260 Public Outreach & Regional Event Support	66,750	47,005	6	59,093	21	(7,657)
261 Legal Services/Bond Counsel	25,000	10,000	7	10,000	22	(15,000)
262 Financial Advisor Services	35,000	35,875	8	35,875		875
263 Bond Trustee Fees	2,700	2,700		2,700		-
264 Legislative Services	62,000	70,000	9	70,000		8,000
265 Investment Custody Fees	25,000	25,000		25,000		-
Professional Subtotal	\$ 255,387	\$ 229,821		\$ 241,909		\$ (13,478)
430000 Technology/Communication						
310 GL Financial Reporting & Invest Monitoring/Mgt Systems	\$ 98,631	\$ 111,347	10	\$ 111,347		\$ 12,716
320 HW SW & Peripheral Purchase	5,600	-	11	-		(5,600)
330 IT Support Svc Incl Hosting	23,374	24,295	12	24,295		921
335 GIS/Project Monitoring & Management/Modeling	150,232	27,619	13	136,679	23/24	(13,553)
340 Phone Service	10,716	11,136	14	11,136		420
350 Web Development & Hosting	9,756	9,756		9,756		-
Subtotal Technology/Communication	\$ 298,309	\$ 184,153		\$ 293,213		\$ (5,096)
440000 Administrative Expenses						
410 Advertisement	\$ 1,500	\$ 1,500		\$ 1,500		\$ -
411 Memberships & Subscriptions	10,544	10,544		10,544		-
412 Duplication & Printing	16,640	14,610	15	14,610		(2,030)
413 Furniture & Fixture	8,100	-	16	-		(8,100)
414 Hosted Meetings	3,780	5,000	17	5,000		1,220
415 Mileage/Transportation	11,450	11,450		11,450		-
416 Misc Expenses	-	-		-		-
417 Office Lease	190,561	173,256	18	173,256		(17,305)
418 Office Supplies	8,065	8,065		8,065		-
419 Postage & Delivery	700	700		700		-
420 Professional Develop, Training & Conferences	23,650	23,650		23,650		-
Subtotal Administrative Expenses	\$ 274,990	\$ 248,775		\$ 248,775		\$ (26,215)
Expenditure Subtotal	2,817,454	2,718,612		2,839,760		22,305
Operating Reserve (20%)	\$ 563,491	\$ 543,722	19	\$ 567,952	19	\$ 4,461
Equipment Replacement Reserve	26,986	26,986	20	\$ 26,986	20	-
Reserve Subtotal	590,477	570,708		594,938		\$ 4,461
Total Expenditures	\$ 3,407,931	\$ 3,289,320		\$ 3,434,697		\$ 26,766
Transfer From Regional Revenue Fund	\$ 2,963,793	\$ 2,623,843		\$ 2,769,220		\$ (194,573)
				One Time Costs of Initiatives:		\$ 106,500
				Net FY2020 to FY2021 Budget Growth:		\$ (301,073)

Updated: 2/27/2020