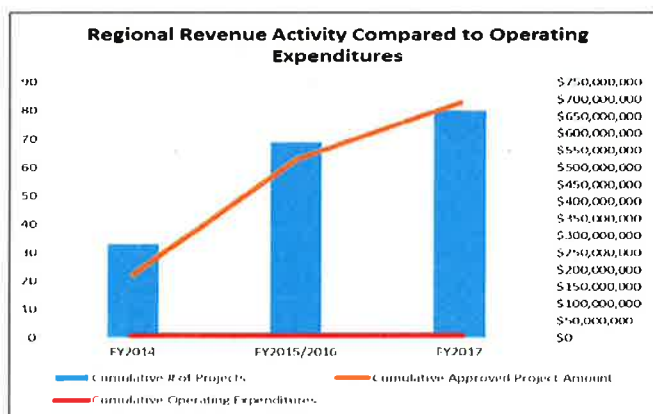


NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

TO: Chairman Martin E. Nohe, and Members Northern Virginia Transportation Authority
FROM: Mayor Parrish, Chair – NVTA Finance Committee
SUBJECT: Proposed FY2019 NVTA Operating Budget
DATE: May 4, 2018

- 1. Purpose: To seek the Northern Virginia Transportation Authority (NVTA) adoption of the Proposed FY2019 NVTA Operating Budget as outlined below.
2. Suggested Motion: I move Authority adoption of the Proposed FY2019 NVTA Operating Budget.
3. Background - Regional Transportation Planning and Project Programming. This function predominantly supports Regional Revenue Fund functions such as:
1. Regional Plans and Analysis (TransAction)
2. Program Development (Six Year Program)
3. GIS MAP/Data Analysis
4. Project Monitoring
5. Project Reimbursements
6. Transportation Modeling
7. RSTP/CMAQ
8. The Authority has adopted 3 programs since July 2013. Since the adoption of the FY2014 Program, the number of projects and value of those projects has grown substantially:



9. Comparing TOTAL operating costs to the value of the Project Programs shows the overhead costs have been restrained compared to the increasing level of funding programs as noted below:

Project Program	Operating Expenditures % of Approved/Potential* Projects
FY2014	0.28%
FY2015/2016	0.52%
FY2017	0.63%
FY2018/FY2019**	0.68%

* Potential Projects Assumes Full Use of FY2018/19 PayGo

**2 Year Portion of the SYP (Proposed)

10. With the Six Year Program adoption, NVTA staff will be responsible for nearly \$2 billion in multimodal regional transportation projects.
 11. Most project lifecycles will take three to over five years to complete, once started. The useful economic lives of the projects range from 10 to over 70 years. In accord with the Authority's Standard Project Agreement (SPA), projects must be monitored and tracked during the extent of their useful economic life.
4. **Background – Finance, Administration and Communications.** This function predominantly supports:
1. Authority and Committee Clerk legal requirements
 2. Annual Certifications for 30% Eligibility
 3. Monthly 30% Distributions
 4. Project Reimbursements
 5. Revenue Projection, Monitoring and Processing
 6. Financial Statements
 7. Human Resource, Benefits, Payroll Tax Compliance
 8. Legal, Regulatory and Tax Compliance related to prior and future debt issuances and borrowing.
 9. Website availability and content
 10. Public Outreach
 11. Jurisdiction/Agency message coordination (Public Events, Ground Breakings, Ribbon Cuttings)
 12. Investment Portfolio
 - i. Portfolio is currently \$860.4 million and is expected to grow to just under \$1 billion by the end of the fiscal year.
 - ii. FY2019 interest earnings are projected at \$10 million.
 - iii. These earnings are over 4.5 times greater than the proposed operating budget.
 - iv. Interest earnings must remain in the Regional Revenue Fund to be allocated to future projects.
 13. Operating Costs as a percentage of Local Distribution Funds, Regional Revenue Funds and the total of both are shown below:

Fiscal Year	Operating Expenditures	Local Distribution Revenues	Regional Revenues	% of Local Distribution Revenues	% of Regional Revenues	% of Total Revenue
FY2014	\$ 522,598	\$ 85,696,455	\$ 199,987,409	0.61%	0.26%	0.18%
FY2015	\$ 1,029,812	\$ 92,182,830	\$ 215,424,019	1.12%	0.48%	0.33%
FY2016	\$ 1,181,112	\$ 95,093,539	\$ 224,219,762	1.24%	0.53%	0.37%
FY2017	\$ 1,600,266	\$ 99,328,170	\$ 235,794,772	1.61%	0.68%	0.48%
FY2018 Budget	\$ 1,765,803	\$ 98,477,129	\$ 229,779,968	1.79%	0.77%	0.54%
FY2019 Projected*	\$ 2,153,190	\$ 77,677,868	\$ 181,248,358	2.80%	1.20%	0.83%

*FY2019 Projected Revenue has been reduced by \$76M due to the elimination of two revenue sources.

5. FY2019 Operations Base Budget Changes: The following Base Budget narrative is the same as presented to the Finance Committee in March.

A. Personnel Expenditures:

1. Salaries-Regular Pay:

- NVTA's Communication position was moved from Professional Services to Personnel in FY2018 in accord with a budget transfer approved by the Authority on February 1, 2018. This change is reflected in the Adjusted FY2018 Budget and the Preliminary FY2019 Base Budget (\$72,381).
- Staff performance based compensation changes will be budgeted based on the average of annual increases contemplated in NVTA 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 FY2019. Therefore, a 4% increase is proposed to be programmed in the base budget for estimation purposes.
- Maximum average annual performance increases will be in line with member jurisdictions. An analysis will be undertaken once jurisdictions have passed their FY2019 Operating Budgets.

2. Health & Dental Benefits:

- Last year NVTA experienced a 9% increase in health premiums after the adoption of the FY2018 budget.
- The renewal rates for the FY2019 Health Benefits Program resulted in an 11.4% increase in premiums. This line item has been updated since the Budget Guidance was shared with the Committee in February.
- Two additional staff members opted into the FY2018 Health Plan. These changes are carried forward to the FY2019 base budget.
- For FY2019, staff members may elect NVTA coverage changes during the open enrollment period, any elections are unknown at this time and not budgeted.

3. Retirement VRS:

- NVTA has received the updated actuarial study from VRS. For FY2019 and FY2020, NVTA's VRS contribution rate was reduced from 9.48% to 7.50%.
- The reduced rate has resulted in a 15% reduction in the Retirement VRS cost category.

4. Changes to Life & Disability Insurance:

- This insurance type is priced using salaries and age tiers, several NVTA employees have moved to higher age tiers.

B. Professional Service Changes:

5. Insurance:

- FY2018 experienced a 20% increase, after the operating budget approval. This increase was related to new cybercrime coverage and increased umbrella coverage. NVTA's insurance renewal will not be available until after April 2018. The FY2019 base budget includes an estimated 5% increase in the annual renewal.

6. Public Outreach & Regional Event Support: This category will increase a total of \$4,500 reflecting increased costs and activities related to:

- Design Support for Communication materials, \$3,000 such as brochures, fact sheet design, pop up banner and informational boards for public events.
- Graphic design and printing cost for the Annual Report is expected to increase \$1,500.

7. Legal Services/Bond Counsel: Bond Counsel is the only legal service obtained under this budget line. This line was reduced from \$50,000 to \$25,000 in FY2018 based on prior cost experience and the expectation any fees above the reduced level would be paid as a cost of a future debt issuance.

- The 2018 Legislative Session is requiring an unexpected level of consultation with bond counsel. Staff anticipates that the \$25,000 budget line to be exceed by \$20,000 or more in FY2018. Any out of budget FY2018 expenditures will be covered by the Operating Reserve. The FY2019 increase of \$40,000 will replenish the Operating Reserve from FY2018 and provide additional resources for FY2019, if needed.

8. Financial Advisory Services: The FY2019 base budget reflects a decrease in this category due to a reduction in the Financial Advisory Services contract. A portion of these savings were used to bring the Communications position to a full time status in FY2018.

- The 2018 Legislative Session action is requiring an unexpected level of financial advisory services. Staff anticipates that the \$35,000 budget line to be exceed by \$20,000 or more in FY2018. Any out of budget FY2018 expenditures will be covered by the Operating Reserve. The FY2019 increase of \$40,000 will replenish the Operating Reserve from FY2018 and provide additional resources for FY2019, if needed.

C. Technology/Communications:

9. HW/SW (Hardware/Software) & Peripheral Purchases:

- This category will decrease due to the implementation of GIS and the elimination of one-time costs. GIS maintenance expense of \$2,800 will be reclassified into a new Cost Account, "GIS/Project Management/Modeling".

10. IT Support Svc & Hosting:

- The category includes NVTA's internet connection at \$185/mo. During FY2018, NVTA was required to increase the internet/network bandwidth to obtain adequate capacity to exchange data with member jurisdictions, agencies, and contractors as well as to meet the GIS needs. NVTA also added File Cloud Services at \$134/mo during FY2018 in order to simplify and improve the process of sharing information between NVTA and our member jurisdictions and agencies. These net increased costs are reflected in the FY2019 base budget.

11. Web Development & Hosting:

- This category has a net increase of \$200. It will be reduced by \$5,000 for the one-time cost of the web redesign that will be completed during FY2018. The category will be increased by \$2,700 for Social Media Services and \$2,500 to adjust the Website for expected changes.

D. Administrative Expenses:

12. Dues & Subscriptions, Professional Development, and Industry Conferences:

- Some costs are being re-categorized between these three accounts. Therefore, Dues and Subscriptions will experience a minor increase and the others reflect a minor decrease. Overall, there is a \$655 increase related to adding membership in the Virginia Transit Association and incremental dues increases.

13. Duplication & Printing:

- Small increase is expected due to contract increases.

14. Office Lease:

- This category reflects an increase due to the NVRC lease contract escalations.

E. Operating Reserve:

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

F. Equipment Replacement Reserve:

- 16.** 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.

FY2019 Proposed Budget Initiatives:

Attachment 1 shows the FY2018 adopted budget, the Base Budget for FY2019 and the Proposed FY2019 budget with the initiatives added. 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.

No additional personnel expenditure changes beyond the base budget adjustments above are requested.

17. GIS/Project Management/Modeling - Dedicated GIS Server Proposal

Advances NVTA Five Year Strategic Plan Goals of:

- ✓ ***Regional Prosperity - through the strategies of Regional Coordination and Advocacy/Education.***
- ✓ ***Mobility - through the strategies of Multimodal Regional Transportation Planning and Programming and Advocacy and Education.***
- ✓ ***Innovation - through the strategy of Regional Coordination***
 - **InfoStructures (NVTA's 3rd party IT vendor) has determined that running GIS from its current server location will cause increasing performance issues for the other applications such as Outlook.**
 - **Best practices recommend having major software applications, each requiring in excess of 8GB of RAM, to operate from separate servers to reduce performance issues and the impact to other application users.**
 - **Separating GIS from NVTA's administrative server also provides an additional layer of server security.**

Estimated Cost of Server Hosting and Managed Service \$6,500/year, this would be an ongoing cost.

Jurisdiction Share of Dedicated GIS		
	Allocation %	FY2019 Allocation
Arlington	9.63%	\$ 626
Fairfax	46.37%	\$ 3,014
Loudoun	15.37%	\$ 999
Prince William	18.20%	\$ 1,183
City of Alexandria	6.55%	\$ 426
City of Fairfax	0.95%	\$ 62
City of Falls Church	0.58%	\$ 38
City of Manassas	1.71%	\$ 111
City of Manassas Park	0.64%	\$ 42
	100.00%	\$ 6,500

18. GIS/Project Management/Modeling - Program Monitoring and Management System (PMMS) Proposal

Advances NVTA Five Year Strategic Plan Goals of:

- ✓ **Mobility - through the strategy of Multimodal Regional Transportation Planning and Programming. The following Action Steps are especially relevant:**
 - **Develop a regional performance dashboard on congestion trends, travel demand patterns, incident impacts, etc. that can feed into regional transportation planning and project development.**
- ✓ **Innovation - through the strategies of Regional Coordination, Multimodal Regional Transportation Planning and Programming**
- ✓ **Funding - through the strategies of Transparency/Stewardship/Accountability, Regional Coordination and Advocacy/Education. Specific Strategy/Action Steps noted in the Strategic Plan:**
 - **Protect the NVTA's regional transportation investments.**
 - **Streamline the SYP project application process.**
 - **Build capacity to ensure fulfillment of project scope of approved regional projects, including implementation of a monitoring system.**
 - **Implement a cost-effective online project application system that reduces jurisdictional and NVTA staff time expended on preparing and reviewing responses to NVTA's Calls for Regional Transportation Projects**
 - **Advocacy and education actions intended to protect and increase the Authority's fiscal strength.**

The proposed PMMS includes three components:

- A. SYP Application Automation (FY2019)
- B. Project Status Monitoring (FY2020)
- C. Online Dashboard (FY2020)

A. SYP Application Automation (Proposed for FY2019)

Six Year Program Application Automation is an automated and simplified approach expected to streamline the application process for future Six Year Program (SYP) cycles. The requested system is on par with what other regional entities use during their calls for projects.

- Previously, including the recent (October 2017) Call for Regional Transportation Projects (CfRTP) for the FY2018-23 SYP, jurisdiction/agency staff were required to complete a Word-based application form for each candidate SYP project.
- The current manual process is both inefficient and without any logic checks for data completeness, consistency, and accuracy which necessitates:
 - Extensive reviews.
 - Requests for clarifications.
 - Subsequent corrections requiring an extraordinary amount of NVTA as well as jurisdiction and agency staff time.
- With FY2019 funding, the proposed application process component of the PMMS could be implemented prior to the next CfRTP cycle for the SYP, tentatively scheduled for early CY2019.
- Jurisdiction/agency staff will be provided with log in credentials, ensuring easy and secure access.
- Applications submitted to the PMMS will greatly facilitate the evaluation of candidate projects, and the development of materials for public engagement.
- This component is a cornerstone of the PMMS.

Estimated Cost \$60,000 – this cost estimate is preliminary and expected to benefit from a competitive procurement.

Jurisdiction Share of SYP Application		
	Allocation %	FY2019 Allocation
Arlington	9.63%	\$ 5,778
Fairfax	46.37%	\$ 27,822
Loudoun	15.37%	\$ 9,222
Prince William	18.20%	\$ 10,920
City of Alexandria	6.55%	\$ 3,930
City of Fairfax	0.95%	\$ 570
City of Falls Church	0.58%	\$ 348
City of Manassas	1.71%	\$ 1,026
City of Manassas Park	0.64%	\$ 384
	100.00%	\$ 60,000

B. Project Status Monitoring (Proposed for FY2020)

This component of the PMMS will streamline and enhance critical programmatic responsibilities to ensure that NVTA's regional projects deliver their intended scope, with schedule and budget monitoring tools.

- The Authority has 79 total projects with 62 active projects, which NVTA staff is currently monitoring, with an additional 60 candidate projects under consideration for the FY2018-23 SYP.
- A simple Word based status report is included in the Executive Director's monthly report to the Authority. While lengthy, this report contains mostly 'static' information that changes little from month to month, together with some high-level schedule and percent drawdown information.
- Not having project information in a data base format limits transparency and project performance monitoring.
- In its limited format, monthly updates for the current report require several days of back and forth communication between NVTA and jurisdiction/agency staff.
- NVTA staff also prepares a more detailed internal quarterly status report.
- This quarterly report draws upon information included in the monthly project status report together with project reimbursement data, updated SPA Appendix A/B information, and other publicly available data.

The proposed Project Status Monitoring component will provide three major enhancements over current project status monitoring activities.

- It will allow jurisdictional/agency staff to log into the system (utilizing the same credentialing process described above for the SYP Application Automation component).
 - Upload more detailed and timely updates on project progress and completion/meeting dates, and to review the status information for their respective projects.
 - Increase efficiency and reduce potential errors and omissions.
- It will facilitate the capture of more detailed information than has hitherto been possible, e.g. photographic and video content, key milestone tracking, making the overall monitoring process more robust and valuable.
- Enable the quarterly status report to be shared with jurisdiction/agency staff, and communicated to Authority members and the public. This is consistent with NVTA's priority to be transparent in all of its activities.

C. Online Dashboard (Proposed for FY2020)

This will include all programmatic oversight details including project progress, fund utilization, public meetings, and other details including GIS-based reporting.

- The proposed 'customer-friendly' dashboard will be designed for the public to improve project transparency.

- Initially the dashboard will contain project status information. When more data become available (not as part of this PMMS), it is envisioned that this dashboard will be further enhanced to include congestion and other transportation information.
- An objective of this effort would be to provide an online tool similar to the Commonwealth’s Smart Scale dashboard.
- Other than the Authority’s annual report, NVTA provides limited visualizations of project status information. The NVTA website does provide an interactive mapping tool, containing some project status information. However, most information is historic and in a non-visual format (tabular or spreadsheet), with limited interactive capabilities.

Procurement Method Note:

- Following a competitive procurement, the proposed PMMS could be implemented over a 9 to 12-month period. Costs could be allocated over FY2019 and FY2020.
- Jurisdiction/agency staff would be invited to provide inputs to the functional specifications of the PMMS throughout its procurement and implementation.
- It is estimated that implementing all three components of the PMMS in a coordinated manner (single procurement expensed over two fiscal periods) will result in a cost saving of 15-20 percent, compared to implementing the three components separately. Assuming a single procurement expensed over two fiscal years, these savings are reflected in the estimated prices.

Cost Estimates for the Project Monitoring and Dashboard range from \$80,000 to \$115,000 (one-time). Annual Maintenance \$25,000/year

New Initiative Cost Summary		
Initiative	FY2019	FY2020
Dedicated GIS Server	\$ 6,500	
PMMS – SYP Application	\$ 60,000	
PMMS – Project Status Monitoring		\$ 57,500
PMMS – Online Dashboard		\$ 57,500
PMMS – Annual Maintenance		\$ 25,000
Total	\$ 66,500	\$ 140,000

Attachment 1

Northern Virginia Transportation Authority Base/Proposed FY2019 Operating Budget

INCOME:	Adopted Budget FY2018	Adjusted Budget FY2018	Proposed Base Budget FY2019	Budget Note	Adopted Budget FY2019	Budget Note
Budget Carryforward including Operating Reserve	\$ 397,289	\$ 397,289	\$ 394,081		\$ 394,081	
330100 Contribution Member Jurisdiction	1,922,195	1,922,195				
330000 Other Income						
Total Income	\$ 2,319,484	\$ 2,319,484	\$ 394,081		\$ 394,081	
EXPENDITURES:	Adopted Budget FY2018	Adjusted Budget FY2018	Proposed Base Budget FY2019	Budget Note	Proposed Budget w/ Initiatives FY2019	Budget Note
410000 Personnel Expenditures						
110 Salaries-Regular Pay	\$ 1,008,253	\$ 1,080,634	\$ 1,151,522	1	\$ 1,151,522	
130 Health & Dental Benefits	115,200	121,126	160,224	2	160,224	
131 Payroll Taxes	76,735	82,672	88,241		88,241	
132 Retirement VRS	98,622	106,337	90,687	3	90,687	
133 Life Insurance	13,122	13,122	14,998	4	14,998	
134 Flex Spending/Dependent Care	604	604	685		685	
135 Workers Comp	1,102	1,187	1,267		1,267	
137 Disability Insurance	15,920	15,920	16,641	4	16,641	
Personnel Subtotal	\$ 1,329,558	\$ 1,421,602	\$ 1,524,265		\$ 1,524,265	
420000 Professional Service						
210 Audit & Accounting	\$ 28,300	\$ 28,300	\$ 28,500		\$ 28,500	
220 Bank Service	750	750	750		750	
230 Insurance	4,725	4,725	5,905	5	5,905	
240 Payroll Service	1,670	1,725	1,800		1,800	
260 Public Outreach & Regional Event Support	33,000	33,000	37,500	6	37,500	
261 Legal Services/Bond Counsel	25,000	25,000	65,000	7	65,000	
262 Financial Advisor Services	72,000	50,611	75,000	8	75,000	
263 Bond Trustee Fees	2,700	2,700	2,700		2,700	
264 Legislative Services	60,000	60,000	62,000		62,000	
265 Investment Custody Fees	25,000	25,000	25,000		25,000	
266 Communications Services	87,000	-	-		-	
267 RFP & Contract Preparation Services	-	-	-		-	
Professional Subtotal	\$ 340,145	\$ 231,811	\$ 304,155		\$ 304,155	
430000 Technology/Communication						
310 Acctg & Financial Report Systems	\$ 16,000	\$ 16,000	\$ 16,500		\$ 16,500	
320 HW SW & Peripheral Purchase	28,620	28,620	-	9	-	
330 IT Support Svc Incl Hosting (incl Admin incr data storag	16,160	16,930	19,631	10	19,631	
335 GIS/Project Management/Modeling	-	-	2,816		69,316	17 & 18
340 Phone Service	7,250	7,970	7,920		7,920	
350 Web Development & Hosting	7,650	7,650	7,897	11	7,897	
Subtotal Technology/Communication	\$ 75,680	\$ 77,170	\$ 54,764		\$ 121,264	
440000 Administrative Expenses						
410 Advertisement	\$ 1,500	\$ 1,500	\$ 1,500		\$ 1,500	
411 Memberships & Subscriptions	4,290	4,590	6,890	12	6,890	
412 Duplication & Printing	14,500	15,500	15,640	13	15,640	
413 Furniture & Fixture	-	-	-		-	
414 Hosted Meetings	3,600	3,600	3,600		3,600	
415 Mileage/Transportation	10,200	10,950	10,950		10,950	
416 Misc Expenses	-	-	-		-	
417 Office Lease	117,765	130,515	138,406	14	138,406	
418 Office Supplies	6,400	6,400	6,400		6,400	
419 Postage & Delivery	700	700	700		700	
420 Professional Develop & Training	14,065	14,065	12,920	12	12,920	
421 Industry Conferences	7,000	7,000	6,500	12	6,500	
Subtotal Administrative Expenses	\$ 180,020	\$ 194,820	\$ 203,506		\$ 203,506	
Expenditure Subtotal	1,925,403	1,925,403	2,086,690		2,153,190	
Operating Reserve (20%)	\$ 385,081	\$ 385,081	\$ 417,338	15	\$ 430,638	
Equipment Replacement Reserve	9,000	9,000	13,500	16	13,500	
Reserve Subtotal	394,081	394,081	430,838		444,138	
Total Expenditures	\$ 2,319,484	\$ 2,319,484	\$ 2,517,529		\$ 2,597,329	
Cost Allocations	\$ -	\$ -	\$ (2,123,448)		\$ (2,203,248)	
Member Jurisdiction Support	FY2018 Adopted Budget Amounts*	Adjusted Budget FY2018	FY2019 Base Budget Amounts*		FY2019 Proposed Budget Amounts*	
Arlington County	\$ 185,107	\$ 185,107	\$ 204,488		\$ 212,173	
Fairfax County	891,322	891,322	984,643		1,021,646	
Loudoun County	295,441	295,441	326,374		338,639	
Prince William County	349,840	349,840	386,467		400,991	
City of Alexandria	125,904	125,904	139,086		144,313	
City of Fairfax	18,261	18,261	20,173		20,931	
City of Falls Church	11,149	11,149	12,316		12,779	
City of Manassas	32,870	32,870	36,311		37,676	
City of Manassas Park	12,302	12,302	13,590		14,101	
	\$ 1,922,195	\$ 1,922,195	\$ 2,123,448		\$ 2,203,248	

Adopted: Northern Virginia Transportation Authority, May 10 2018

*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