

**NORTHERN VIRGINIA TRANSPORTATION AUTHORITY****MEMORANDUM**

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

**FROM:** Mayor Jeanette Rishell, Finance Committee Chair

**DATE:** March 2, 2023

**SUBJECT:** Adoption of FY2024 Operating Budget

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1. **Purpose:** To seek the Northern Virginia Transportation Authority (NVTA) adoption of the proposed FY2024 Operating Budget as recommended by the Finance Committee.
2. **Suggested Motion:** *I move Authority adoption of the FY2024 Operating Budget as presented in Attachment A.*
3. **Background:**
  - a. **Operating Fund Budget:** The Operating Fund Budget is the central accounting point for operating and administrative expenses of the Authority. The Operating Fund and related budget can only be funded with resources in excess of those required or exempted from debt service obligations. Prior guidance for this budget has not changed. Current drivers of the Operating Budget are segmented into two categories. The first category is base budget escalations triggered by inflation, contract terms and required service extensions. The second category is for new initiatives.
  - b. **Operating Budget Carryover:** The FY2024 Proposed Operating Budget includes \$818,600 of budget carry forward resulting from the carryover balance of the Operating and Equipment Reserves.
4. **Operating Budget Base Budget Changes:**
  - a. **Personnel Expenses:**
    - I. 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 percentage increase that will not be exceeded and which may be modified based on member jurisdiction market and performance increases, once those budgets are passed. This year we propose the not to exceed percentage to be 5.0% based predominantly on current rate of inflation and announcements of jurisdiction proposed budgets.
    - II. 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. Disability Insurance decreased due to the declining average age of NVTA employees triggered by new hires.

- b. **Professional Services:** Professional Services shows a year to year decrease due to one-time expenses in FY2023 and seasonality of some functions such as the economic analysis study that occurs every two years. Individual line increases are due to contract escalations and inflation.
- c. **Technology/Communications:** All IT services are outsourced. This approach is the most cost effective and provides the greatest operational flexibility. In FY2023 the Authority implemented a suite of more advanced software modules. Those modules had one time startup costs. Web hosting had a one-time cost of \$125,000 reflecting splitting the web site refresh project over two fiscal years.
- d. **Administrative Expenses:** Over 74% of this expense category is office lease related. A new expense line was added to reflect office related expenses such as carpet cleaning and other maintenance type costs. Expense reductions are related to one-time expenses in FY2023.

## 5. New Initiatives:

- a. **Investment Consultant:** This proposal seeks to continue and formalize the use of an investment consultant, specifically the former Investment Manager for Fairfax County (retired from the County in July 2020). In 2021, this consultant was brought onboard to bridge the gap between the departure of NVTA's previous portfolio manager and refilling the position. Subsequently, the use of an investment consultant has produced benefits in terms of rapid training and experience gain of NVTA Investment and Debt Manager, who is working through an underfill program for the position.

**Onetime Costs:** Absorbed using used equipment, no office space or office overhead is utilized.

**Annual Costs:** \$69,500, includes \$27,500 in subscription services for the Bloomberg terminal and IT support.

- b. **Contracted Legal Services:** Create NVTA and regional efficiencies by using contracted legal services as the day-to-day advisor on legal matters and Authority meeting support. This follows the practice of other entities such as OmniRide, Northern Virginia Regional Commission (NVRC), Northern Virginia Transportation Commission (NVTC), Upper Occoquan Service Authority and the Town of Dumfries.

These efficiencies are gained in not having to convene a discussion with attorneys from four jurisdictions on each legal matter, then having that group weigh their individual perspectives and form a singular position. Any resultant questions or further discussion will require a reconvening and reassessment by the group. Members of the Council of Counsels on occasion need to recuse themselves if an issue under consideration involves the jurisdiction that employs them, or an agency to which they also provide professional services. Additionally, as NVTA grows and continues to invest regional revenues biannually along with other initiatives, the workload and potential need to seek legal counsel will increase requiring more time and effort from the attorneys. Contracted legal services for NVTA would handle the increased workload allowing the current members of the Council of Counsels to focus on their primary duty of working for the jurisdiction that employs them.

**Annual Costs:** \$65,000, experience may show this cost can be reduced to \$45,000 or lower, based on discussions with other entities which contract for legal services.

- c. **NoVA Gateway Dashboard Enhancements:** The NoVA Gateway Dashboard has proved to be an invaluable tool for providing near-real time funding and status information for all 122 NVTA funded projects that use regional revenues. The dashboard is a key resource that enables NVTA to be transparent regarding the use of regional revenues. Additional functionality is needed to provide more detail on the regional funded projects and, for the first time, selected insights into the projects funded using NVTA's local revenues.

This new functionality is in response to repeated enquiries regarding the multimodal nature of all NVTA-funded projects, such as roadway lane-miles, extent of bike-pedestrian facilities, and dedicated right-of-way for transit. Currently, this information is either not publicly available or only available in a highly summarized form in NVTA's annual report and/or the annual NVTA report to the Commonwealth's Joint Commission for Transportation Accountability (JCTA). As such, there is no single location in which this information can be found and in many cases the detail of what is available is limited to just project number and project cost information.

**Onetime Costs:** \$150,000

**Annual Costs:** \$20,000 For ongoing external support and maintenance.

- d. **Website Modernization and Consolidation:** The NVTA websites have not had a full professional design review and are becoming increasingly difficult to update, maintain and improve and has shown system stability concerns. TransAction has a separate website as does the NoVA Gateway Dashboard. Expert advice is needed to determine if a consolidation is in order and if so, how it could be accomplished as well as the actual system refresh work.

**Onetime Cost:** \$125,000 in FY2023 and \$125,000 in FY2024.

- e. **Offsite Storage:** NVRC, the office space landlord, has advised it can no longer provide storage space due to space limitations. Space previously allowed at no cost for NVTA storage must be used by NVRC to store their records and material. Available space within the NVRC leased office area has increasingly been utilized by NVRC and NVTA staffing growth.

**Annual Costs:** \$2,000

**Attachment:** FY2024 Base/Proposed Operating Budget

Northern Virginia Transportation Authority Base/Proposed FY2024 Operating Budget						
INCOME:	Adopted Budget FY2023	Proposed Base Budget FY2024	Budget Note	Proposed Budget w/FY2024 Initiatives	Budget Note	Initiative+ Base Bdg Change \$
Budget Carryforward including Operating Reserve	\$ 1,114,202	\$ 818,600		\$ 818,600		\$ (295,602)
330000 Other Income						
<b>Total Income</b>	<b>\$ 1,114,202</b>	<b>\$ 818,600</b>		<b>\$ 818,600</b>		<b>\$ (295,602)</b>
<b>EXPENDITURES:</b>						
<b>410000 Personnel Expenditures</b>						
110 Salaries & Wages	\$ 2,102,061	\$ 2,178,795	4.A.i	\$ 2,220,795	5.A.	\$ 118,734
130 Health & Dental Benefits	375,414	383,809	4.A.ii	383,809		8,395
131 Payroll Taxes	169,702	171,171	4.A.i	171,171		1,469
132 Retirement VRS	177,451	193,402	4.A.ii	193,402		15,951
133 Life Insurance	28,168	30,656	4.A.ii	30,656		2,488
134 Flex Spending/Dependent Care	1,165	1,165		1,165		-
135 Workers Comp	2,312	2,397		2,397		84
137 Disability Insurance	30,619	22,388	4.A.ii	22,388		(8,231)
<b>Subtotal Personnel Costs</b>	<b>\$ 2,886,892</b>	<b>\$ 2,983,782</b>		<b>\$ 3,025,782</b>		<b>\$ 138,890</b>
<b>420000 Professional Service</b>						
210 Audit & Accounting	\$ 68,500	\$ 58,750		\$ 58,750		\$ (9,750)
220 Bank Service	750	750		750		-
230 Insurance	9,240	12,375		12,375		3,135
240 Payroll & Human Resources Service	3,283	5,920		5,920		2,637
260 Public Outreach & Regional Event Support	63,425	49,640		49,640		(13,785)
261 Legal Services/Bond Counsel	10,000	10,000		75,000	5.B.	65,000
262 Financial Advisor Services	36,955	36,955		36,955		-
263 Bond Trustee Fees	2,700	2,700		2,700		-
264 Legislative Services	80,420	85,000		85,000		4,580
265 Investment Custody Fees	25,000	25,000		25,000		-
<b>Subtotal Professional Services</b>	<b>\$ 300,272</b>	<b>\$ 287,090</b>	4.B.	<b>\$ 352,090</b>		<b>\$ 51,818</b>
<b>430000 Technology/Communication</b>						
310 GL Financial Reporting & Invest Monitoring/Mgt Sys	\$ 88,245	\$ 85,245		\$ 113,035		\$ 24,790
330 IT Support Svc Incl Hosting	46,220	46,220		46,220		(0)
335 GIS/Project Monitoring & Management/Modeling	32,800	33,300		183,300	5.C.	150,500
340 Phone Service	16,872	18,035		18,035		1,163
350 Web Development & Hosting	135,805	13,090		138,090	5.D.	2,285
940 HW SW & Peripheral Purchase	10,620	1,000		1,000		(9,620)
<b>Subtotal Technology/Communication</b>	<b>\$ 330,562</b>	<b>\$ 195,891</b>	4.C.	<b>\$ 498,681</b>		<b>\$ 178,738</b>
<b>440000 Administrative Expenses</b>						
410 Advertisement	\$ 4,000	\$ 3,000		\$ 3,000		\$ (1,000)
405 Building/Office Related Expenses	-	1,000		3,000	5.E.	3,000
411 Memberships & Subscriptions	15,992	20,725		20,725		4,733
412 Duplication & Printing	13,610	13,500		13,500		(110)
413 Furniture & Fixture	7,800	-		-		(7,800)
414 Hosted Meetings	5,000	5,500		5,500		500
415 Mileage/Transportation	11,000	11,000		11,000		-
416 Misc Expenses	-	-		-		-
417 Office Lease	236,695	244,409		244,409		7,714
418 Office Supplies	7,475	7,600		7,600		125
419 Postage & Delivery	700	700		700		-
420 Professional Develop, Training & Conferences	23,000	23,000		23,000		-
<b>Subtotal Administrative Expenses</b>	<b>\$ 325,272</b>	<b>\$ 330,434</b>	4.D.	<b>\$ 332,434</b>		<b>\$ 7,162</b>
<b>Expenditure Subtotal</b>	<b>\$ 3,842,999</b>	<b>\$ 3,797,197</b>		<b>\$ 4,208,987</b>		<b>\$ 376,608</b>
<b>Operating Reserve (20%)</b>	<b>\$ 768,600</b>	<b>\$ 759,439</b>		<b>\$ 841,797</b>		<b>\$ 73,197</b>
<b>Equipment Replacement Reserve &amp; Replenishment</b>	<b>50,000</b>	<b>50,000</b>		<b>50,000</b>		<b>-</b>
<b>Reserve Subtotal</b>	<b>\$ 818,600</b>	<b>\$ 809,439</b>		<b>\$ 891,797</b>		<b>\$ 73,197</b>
<b>Total Expenditures</b>	<b>\$ 4,661,599</b>	<b>\$ 4,606,636</b>		<b>\$ 5,100,784</b>		<b>\$ 449,805</b>
<b>Transfer From Regional Revenue Fund</b>	<b>\$ 3,547,397</b>	<b>\$ 3,788,036</b>		<b>\$ 4,282,184</b>		<b>\$ 745,407</b>
				<b>One Time Costs of Initiatives:</b>		<b>\$ 275,000</b>
				<b>Net FY23 to FY24 Base Budget Growth:</b>		<b>\$ 174,805</b>