



AGENDA ITEM #4

**TO:** Chairman Hudgins and NVTC Commissioners  
**FROM:** Rick Taube and Scott Kalkwarf  
**DATE:** August 26, 2010  
**SUBJECT:** NVTC Preliminary Budget for FY 2012

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Each year at this time NVTC staff proposes a preliminary budget for the next fiscal year to be used by its member jurisdictions in planning their own budgets for the succeeding year. For FY 2012, NVTC staff is proposing a reduction in overall spending by 2.2 percent, with total expenditures dropping to \$1.195 million from \$1.221 million in the FY 2011 approved budget.

This reduction is possible, despite anticipated significant increases in insurance and other costs, primarily by reducing NVTC's staff to six full-time and two part-time positions. This reflects a reduction of one full-time position, which is currently unfilled. Despite the reduction in staff, NVTC's workprogram contains all of the activities previously authorized as well as new projects anticipated for calendar year 2011. This will be accomplished with improved productivity made possible by NVTC's skilled and experienced staff. A trial period has demonstrated that NVTC staff can maintain its level of performance without refilling the vacant senior level position at this time, by existing employees taking on additional duties.

Given the reduction in total spending, total contributions from state and local governments will be reduced by 2.4 percent and 6.0 percent, respectively, reflecting equal absolute reductions of \$18,685 each.

Without objection, NVTC staff will forward the preliminary budget to the jurisdictions for their use in planning their FY 2012 budgets. NVTC will act on its final FY 2012 budget at its January, 2011 meeting.





**PRELIMINARY BUDGET**

**FISCAL YEAR  
2012**

**(July 1, 2011 – June 30, 2012)**

**--September 2, 2010 --**

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**BUDGETED FISCAL YEAR 2012 REVENUE**  
(Preliminary)

	<b>FY 2010 Actual</b>	<b>Approved Budget FY 2011</b>	<b>Preliminary Budget FY 2012</b>	<b>FY 2012-2011 Budget Increase (Decrease)</b>	<b>Percentage Change</b>
1 Commonwealth of Virginia	\$ 749,380	\$ 773,080	\$ 754,395	\$ (18,685)	-2.4%
2 Alexandria	38,513	35,105	35,243	138	
3 Arlington	62,573	62,152	59,458	(2,694)	
4 City of Fairfax	6,765	5,822	6,142	319	
5 Fairfax County	179,609	186,288	174,499	(11,788)	
6 Falls Church	3,042	2,595	2,716	121	
7 Loudoun	19,497	18,038	13,257	(4,781)	
Total Local Jurisdictions	<u>309,999</u>	<u>310,000</u>	<u>291,315</u>	<u>(18,685)</u>	<u>-6.0%</u>
8 Total Commonwealth of Virginia and Local Jurisdictions (Note 1)	1,059,379	1,083,080	1,045,710	(37,370)	-3.5%
9 Interest and Other Revenue	1,488	10,000	2,000	(8,000)	-80.0%
10 Project Chargebacks (Note 2)	70,000	70,000	70,000	-	0.0%
11 Project Grant Billings	11,939	-	-	-	0.0%
12 Appropriated Surplus (Note 3)	2,298	58,800	77,700	18,900	32.1%
Total Revenue	<u><u>\$ 1,145,104</u></u>	<u><u>\$ 1,221,880</u></u>	<u><u>\$ 1,195,410</u></u>	<u><u>\$ (26,470)</u></u>	<u><u>-2.2%</u></u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**SCHEDULE OF FISCAL YEAR 2012 BUDGETED EXPENDITURES**  
(Preliminary)

				FY12 - FY11		
	FY 2010	Approved	Preliminary	Budget	Percentage	
	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>	<u>Increase</u>	<u>Change</u>	
		FY 2011	FY 2012	(Decrease)		
<u>Personnel Costs</u>						
1	Salaries	\$ 695,178	\$ 737,900	\$ 693,150	(44,750)	-6.1%
2	Intern	-	-	-	-	N/A
3	Temporary Employee Services	-	-	-	-	N/A
	Total Personnel Costs	<u>695,178</u>	<u>737,900</u>	<u>693,150</u>	<u>(44,750)</u>	<u>-6.1%</u>
<u>Benefits</u>						
Employer's Contributions						
4	FICA	47,431	52,400	48,250	(4,150)	-7.9%
5	Group Health Insurance	60,765	80,200	92,900	12,700	15.8%
6	Retirement	64,112	73,700	68,800	(4,900)	-6.6%
7	Workmans & Unemployment Compensation	1,531	2,950	3,100	150	5.1%
8	Life Insurance	3,796	4,300	4,000	(300)	-7.0%
9	Long Term Disability Insurance	3,247	3,950	3,650	(300)	-7.6%
	Total Benefit Costs	<u>180,882</u>	<u>217,500</u>	<u>220,700</u>	<u>3,200</u>	<u>1.5%</u>
<u>Administrative Costs</u>						
10	Commissioners Per Diem	16,200	16,850	16,850	-	0.0%
	<b>Rents:</b>	<b>188,288</b>	<b>182,180</b>	<b>185,100</b>	<b>2,920</b>	<b>1.6%</b>
11	Office Rent	178,972	170,980	172,900	1,920	1.1%
12	Parking / Metrochek	9,316	11,200	12,200	1,000	8.9%
	<b>Insurance:</b>	<b>5,595</b>	<b>4,100</b>	<b>5,600</b>	<b>1,500</b>	<b>36.6%</b>
13	Public Official Bonds	2,320	2,300	2,300	-	0.0%
14	Liability and Property	3,275	1,800	3,300	1,500	83.3%
	<b>Travel:</b>	<b>5,030</b>	<b>6,300</b>	<b>5,800</b>	<b>(500)</b>	<b>-7.9%</b>
15	Conference Registration	869	-	-	-	N/A
16	Non-Local & Conference Travel	822	2,000	1,500	(500)	-25.0%
17	Local Meetings & Related Expenses	3,264	4,000	4,000	-	0.0%
18	Training & Professional Development	75	300	300	-	0.0%
	<b>Communication:</b>	<b>8,127</b>	<b>10,200</b>	<b>9,900</b>	<b>(300)</b>	<b>-2.9%</b>
19	Postage	2,699	4,000	3,800	(200)	-5.0%
20	Telephone - LD	1,296	1,300	1,300	-	0.0%
21	Telephone - Local	4,132	4,900	4,800	(100)	-2.0%
	<b>Publications &amp; Supplies</b>	<b>15,561</b>	<b>13,500</b>	<b>15,100</b>	<b>1,600</b>	<b>11.9%</b>
22	Office Supplies	2,931	3,000	3,100	100	3.3%
23	Duplication and Paper	12,130	10,000	11,500	1,500	15.0%
24	Public Information	500	500	500	-	0.0%
	<b>Operations:</b>	<b>4,039</b>	<b>8,000</b>	<b>10,500</b>	<b>2,500</b>	<b>31.3%</b>
25	Furniture and Equipment (Capital)	-	-	3,000	3,000	N/A
26	Repairs and Maintenance	-	1,000	1,000	-	0.0%
27	Computer Operations	4,039	7,000	6,500	(500)	-7.1%
	<b>Other General and Administrative</b>	<b>4,554</b>	<b>5,350</b>	<b>5,350</b>	<b>-</b>	<b>0.0%</b>
28	Subscriptions	289	-	-	-	N/A
29	Memberships	1,474	1,300	1,400	100	7.7%
30	Fees and Miscellaneous	2,791	2,950	2,950	-	0.0%
31	Advertising (Personnel/Procurement)	-	1,100	1,000	(100)	-9.1%
	Total Administrative Costs	<u>247,394</u>	<u>246,480</u>	<u>254,200</u>	<u>7,720</u>	<u>3.1%</u>
<u>Contracting Services</u>						
32	Auditing	21,650	20,000	27,360	7,360	36.8%
33	Consultants - Technical	-	-	-	-	N/A
34	Legal	-	-	-	-	N/A
	Total Contract Services	<u>21,650</u>	<u>20,000</u>	<u>27,360</u>	<u>7,360</u>	<u>36.8%</u>
	Total Operating Program	<u>\$1,145,104</u>	<u>\$ 1,221,880</u>	<u>\$ 1,195,410</u>	<u>\$ (26,470)</u>	<u>-2.2%</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**Explanatory Notes to Fiscal Year 2011 Budget**

**1. Commonwealth of Virginia and Local Jurisdictional Contributions**

Each NVTC jurisdiction is assigned a share of the local portion of NVTC's administrative budget based on its share of revenue received by NVTC on behalf of jurisdictions from all sources in the previous year. This procedure is required by state statute and results in changes in contributions from one year to another that vary for each jurisdiction depending on relative shares of revenue received. The allocation in this FY 12 budget is based on the FY 11 Subsidy Allocation Model.

**2. Project Chargebacks**

This line consists primarily of charges for NVTC staff support for the VRE project and reimbursed from VRE's budget.

**3. Appropriated Surplus**

Included as a source of revenue in the FY 12 budget is a projected excess accumulated surplus that is available to offset the proposed operating budget expenses. This surplus is in excess of the commission's anticipated minimum operating requirements.

**4. Salaries**

Salaries assume the reduction of one full time position from the FY 11 budget.

**5. Temporary Employee Services**

This item has been eliminated with the FY 10 budget. The item was originally established to provide additional staff support if required due to project demands or staff turnover.

**6. Group Health Insurance**

NVTC's health insurance group rates increased about 19% for the current policy period ending April 30, 2010. The FY 12 budget is based on the current actual rates with a minimal provision for increasing rates. Staff has investigated alternative health insurance plans and has not identified any more cost effective plans at this time.

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**Explanatory Notes to Fiscal Year 2011 Budget**

**7. Retirement**

The budgeted amount of employer pension contributions for the target benefit pension plan is based on actuarial formulas using budgeted staff and salary levels for FY12. Because the formulas take into account factors in addition to payroll costs, such as years to retirement and investment return, changes in budgeted contributions do not necessarily change directly with budgeted payroll.

**8. Commissioners' Per Diem**

The FY 12 budget is based upon the regular meeting schedule, and includes per diems at the statutory rate of \$200 for senators and delegates, and \$50 for other commissioners, with a minimal contingency for increased attendance.

**9. Office Rent**

The administrative office lease expires December 31, 2010. Rent expense included in the FY12 budget is based upon the fixed costs included in the recently executed Letter of Intent for a new ten-year lease, with a provision for increases in common area expenses.

**10. Conference Registration**

This item has been eliminated with the FY 10 budget. Expenses charged to this item typically included the annual VTA and APTA conferences and a locally sponsored annual governmental accounting conference.

**11. Non-local and Conference Travel**

This item has been reduced to reflect the elimination of conferences in the budget.

**12. Local Meetings and Related Expenses**

NVTC hosts numerous regional meetings for the benefit of member jurisdictions. Costs of accommodating numerous meetings are the largest component of this line item, which also includes the costs of NVTC staff traveling to meetings elsewhere in the region. In prior budgets, this item is based on an average of previous year actual costs with an allowance for an increase in the number and cost of meetings. Effective with the FY 10 budget, the allowance has been eliminated and costs held below the average.

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**Explanatory Notes to Fiscal Year 2011 Budget**

**13. Training and Professional Development**

Actual expenditures fluctuate with the changing needs of staff. However, effective with the FY 10 budget, this item has been reduced to include only the minimum costs for required staff training in financial management.

**14. Postage**

This item is based on prior years' actual costs, and has been reduced slightly from the FY 11 budget which assumes a reduction in the volume of mailings with increased reliance on electronic communications.

**15. Telephone**

The provision for additional staff cell and data services for senior management has been eliminated effective with the FY 10 budget.

**16. Office Supplies**

The FY 12 budget for this item is below the average of prior years' actual costs.

**17. Duplication and Paper**

Duplication costs are budgeted based upon the estimated costs to be negotiated under a new five-year lease and maintenance contract that will become effective on January 1, 2011. The duplication expenses of paper and staples, which are not included in the present contract, have been budgeted based upon estimated usage levels and rising costs.

**18. Public Information**

In prior budgets this category was available to provide funding for larger public outreach projects, including meetings, media events, educational seminars, legislator tours, brochures and other communication tools. Except for the annual legislative tracking costs (Lobbyist-in-a-Box), funding for this budget category has been eliminated effective with the FY 10 budget. Incidental and limited costs for public outreach, such as copying, printing and supplies will be charged to those respective accounts.

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**Explanatory Notes to Fiscal Year 2011 Budget**

**19. Furniture and Equipment**

This budget category provides for the replacement and acquisition of office furniture and equipment, including computer hardware. The FY 12 budget includes a modest amount for the replacement of computer equipment, while the FY 10 and FY 11 budgets did not include any costs for this item.

**20. Computer Operating Expense**

Computer operating expenses include outside network consulting and services, software upgrades and supplies, web hosting fees, and a provision for disaster recovery efforts. The FY 12 budget is based on an average of prior year actual costs, with a small provision for disaster recovery costs.

**21. Advertising (Personnel/Procurement)**

The FY 12 budget includes a provision for personnel and procurement advertising. An average of prior years costs was used to develop the budgeted amount as this category fluctuates from year to year.

**22. Auditing**

NVTC entered into a three-year contract for auditing services beginning with the audit of FY 08, with two, two-year options. The budget is based on the costs assumed if the first option is exercised, which includes the cost of the bi-annual pension plan audit in FY 12.

**23. Consultants – Technical**

An allowance for non-grant funded technical assistance has been included in prior year budgets. Effective with the FY 10 budget, this allowance has been eliminated.

**24. Legal**

An allowance for legal costs has been included in prior year budgets. Effective with the FY 10 budget, this allowance has been eliminated. NVTC will rely entirely on donated legal services from its jurisdictions.