Thomas Jefferson
Planning District Commission
Regional Vision ▪ Collaborative Leadership ▪ Professional Service

MEMORANDUM

To: TJPD Commissioners
From: Christine Jacobs, Interim Executive Director
Date: April 1, 2021
Re: FY22 Budget and Work Program Draft

Purpose: The Annual Operating Budget and Work Program sets forth the anticipated work, revenue and expenditures for the upcoming fiscal year, July 1, 2021 to June 30, 2022.

Background: The TJPDC Bylaws state that the "budget and work program for the ensuing fiscal year shall be approved by the Commission at or before the regular meeting in May." These documents are also required for submission to the Department of Housing and Community Development, along with the FY21 annual report. The draft FY22 Operating Budget and Work Program is presented at the April Commission meeting for review. The draft provided in April allows all commission members to offer input to the Executive Committee and/or TJPDC staff. The Executive Committee will meet prior to the May 2021 Commission meeting to select a budget to recommend an FY22 Operating Budget and Work Program to the Commission for adoption at the May Commission meeting. The budget may be amended by the Commission at any Commission meeting.

Issues: The Work Program incorporates the Scopes of Work approved by the MPO and the TJPDC for the urban and rural transportation programs, as well as the housing activities identified in the HOME Action Plan and USDA Housing Preservation Grant. The Scope of Work also includes activities reflected in the Ride Share Work Plan and the Regional Transit and Regional Housing Work Programs.

The impact of the Coronavirus did not result in any major financial expenditures for the TJPDC in FY21. Staff were able to work from home maintaining all committed workflow and program billing. We did incur additional IT maintenance/contractual expenses to mitigate minor software/hardware needs with all staff working remotely. Other expenses have been kept to a minimum with no travel, meetings or outside professional development costs incurred. Staff did not receive salary increases in FY21 due to the unknown impacts of the Coronavirus pandemic.

However, revenues in FY21 were larger than anticipated due to Federal CARES Act funding, particularly with the Emergency Rent and Mortgage Relief Program. FY21 budget projections suggest that the TJPDC will experience a sizeable net gain for FY21. Therefore, a recommended 3% salary increase for all staff is recommended in the FY22 budget. Additional excess revenues accumulated in FY21 are required to balance the FY22 budget.

The Coronavirus will continue to present an unknown impact on the TJPDC in FY22 with the potential for decreased local projects from the local governments as local governments adjust for revenue shortfalls or increased expenses. However, the anticipated Covid relief bill, the American Rescue Plan Act of 2021, may present opportunities at the federal, state, and local level. The TJPDC staff is working with state and federal agencies to identify and apply for state and federally funded projects. For example, the TJPDC may pursue state assistance for administration of VDOT Transportation Alternative Projects, CDBG projects, and additional Housing Preservation Grant and HOME funds. We will continue to pursue Virginia Housing (formerly VHDA) and DHCD grant opportunities to fund additional regional housing assistance, as well as re-submit a US Department of Transportation BUILD grant for the Amtrak station.

Attached is the recommended preliminary operating budget for FY22. An updated budget for planning purposes will be provided to the Executive Committee in November to assess new revenue projects. The final budget will be provided in early 2022 for Commission consideration at the March 2022 meeting, at which time we will have more definitive revenues identified for FY22. Should expected revenues not materialize in the first half of FY22, staff would present the Commission with a plan to decrease expenditures for the second half of FY22. Staff recommends continuing monthly Executive Committee meetings through FY22 or until a better financial position is obtained.

Projected revenues for FY22 are $2,376,683 and projected expenditures are $2,376,683. This budget and work program cover the period from July 1, 2021 to June 30, 2022. The perceived shortfall of $57,051 is partially filled with $17,000 in deferred revenue (money already received, but not yet earned) to complete the Solid Waste Plan and Rural Rivanna River Corridor Plan. The balance shortfall would require a reserve transfer of $40,051. One note of importance is that, while the balance shortfall is $40,051 for FY22, there are $60,000 in one-time expenses; a potential one-time expense related to the leadership transition and the one-time expense for the modernization of our financial operations, explained below. One grant or combination of additional grants equaling $41,000 to the TJPDC would place us back in the financial black and not require us to use reserve savings.

With the current level of staffing, 8 out of 11 staff are currently utilized above the goal of 90%, 6 of which are utilized at 97%-100%. If the TJPDC were to secure an additional grant/funding source, there would not be sufficient staff to do the required work. To alleviate this, the draft FY22 budget includes one additional planner position and incorporates an 'anticipated' $60,000 in revenue from a grant source yet to be determined. The TJPDC staff has a fair amount of confidence that a grant opportunity in this amount is realistic within the first quarter of the fiscal year. However, the planner position will not be filled until a revenue source is confirmed to cover the associated expense. Therefore, one grant or combination of additional grants equaling $101,000 would allow TJPDC staff to fill a planner position and not require a reserve transfer.

Staff's goal is to have positive net earnings each fiscal year and to have each fiscal year's budget stand alone with no use of prior year's retained earnings until our optimal retained earnings are reached. If the previous five fiscal years are an indication, we should be able, during this fiscal year, to balance our budget and not use prior years' reserves. A long-term goal is to build retained earnings, first to a safe level maintaining six months of average operating expenses available for immediate use if needed, and secondly to save for capital expenses such as toward the purchase of a future office building, and third to have resources available to take advantage of regional project grants that require a local match. Now that we safely have six months of operating funds in savings, using cash reserves is less risky. We are now at a point where we are concentrating on building capital reserves and funding regional projects instead of growing reserves beyond current amounts.

The immediate goal of the TJPDC management is to manage the staff leadership transition. The Chief Operating Officer role will continue to be vacant until the Commission determines the agency's needs for the Executive Director role. The Executive Director role will remain Interim until the point that the Commission determines the need to permanently fill the position. The current recommended budget includes funding for a one half-year administrative-level position, as well as funding for an executive search firm, should that be required by the Commission. Additionally, the TJPDC management's goal is to modernize and upgrade our financial management practices. The current recommended budget includes $35,000 in funding for an outside agency to provide temporary financial services on a trial basis for future agency needs.

A definitive goal of the TJPDC management is to retain all current employees through FY22 and beyond. Should new projects not materialize or have a high level of confidence of materializing by December, every effort would be made to cut direct expenses to include professional development, travel, technology upgrades, and advertising, and staff if preceding is not sufficient.

Revenue: The proposed budget reflects funding for the proposed work program, drawn from the documents identified above, with some figures included for potential projects not yet awarded or under contract. At this point in the year, TJPDC does not have a full commitment of local funding, awards or contracts for FY22. Funds included reflect recently awarded projects and estimates of potential projects that have a very high likelihood of being awarded. Staff includes only potential funding sources that we are very sure will be awarded.

<u>Federal Revenue:</u>

- Charlottesville-Albemarle MPO (CA-MPO) funding reflects federal allocations through FTA and FHWA of $256,633 (80%). The total budget for CA-MPO (including state and local match) is $320,789 (100%).
- Federal rural transportation funding (Federal Highway Research Funds) through VDOT for the Rural Transportation Plan total $58,000 (80%). The total rural transportation program budget is $72,500.
- Federal Emergency Management Agency (FEMA) funding for the Hazard Mitigation Plan is $26,000 with an additional state and local per capita match.
- The Housing and Urban Development (HUD) HOME Consortium funding totals $676,615.
- United States Department of Agriculture (USDA) Housing Preservation Grant funding totals have not been determined for FY22. Though not awarded yet, we have included Housing Preservation Grant for $117,821 (same as FY21). We have been awarded this program for four years and expect to receive it for this fifth year.
- Chesapeake Bay Watershed Improvement Plan funding reflect federal allocations through the Virginia Department of Environmental Quality (DEQ) of $58,000.

<u>State Revenue:</u>

- The General Assembly approved an FY22 increase of $14,000 in funding through DHCD for a total of $89,971 for FY22.
- The state match through VDOT for the CA-MPO is $32,078 (10%).
- RideShare funding of $139,358 (80%) reflects the state award through the Department of Rail and Public Transportation (DRPT). The total budget for RideShare is $177,170.
- Virginia Department of Emergency Management funding (state match) for the Hazard Mitigation Plan is $6,080.
- Anticipated state revenue of $60,000 from a yet-to-be-determined source.

Local and Local Per Capita Revenue

- The City of Charlottesville and the County of Albemarle are contributing a total of $152,148 in local match for the DRPT Albemarle Transit Expansion and Regional Transit Visioning Plans.
- At this time, all locally requested funds are included in submitted local budgets including RRBC, Legislative Liaison, Solid Waste, and Regional Transit Partnership ($50,000) funding.
- The local match from Charlottesville and Albemarle for the CA-MPO is $32,078 (10%).
- The local match for RideShare is $37,812. Per the Resolution date February 4, 2021, *"any participating local governments that do not match all or a portion of their prorated contribution may have their local per capita contribution to the TJPDC utilized to provide their match requirement."*
- The TJPDC continues to contract out 0.5 FTE for the Virginia Association of Planning District Commission Executive Director for $50,000 and 1.0 FTE (for an anticipated 6 months) for the Thomas Jefferson Community Land Trust Executive Director for $54,777.
- The TJPDC continues to administer a VDOT Transportation Alternative Project (TAP Grant) for Stanardville in Greene County. FY22 revenue totals $6,588.
- Local per capita revenue is shown based on member assessments adopted at the October 2020 Commission meeting and reflected in budget requests. Not all localities have taken action on budgets at this time.

Other

- $10,000 in deferred revenue (received but not yet 'earned') for the Rivanna River Basin Commission (RRBC) is budgeted to complete the Rural Rivanna River Corridor Plan.
- $7,000 in deferred revenue in local contributions is budgeted to complete the 5-year Solid Waste Plan update.
- Interest rates in the Virginia Investment Pool have declined dramatically resulting in a decrease in interest income to $2,000 (from $10,000 budgeted in FY21).
- Office and Water Street rental income is expected to decline to $10,000 (from $16,800 budgeted in FY21). Rent for the Thomas Jefferson Community Land Trust is included in the hourly rate for the contractual employee. We do not have available office space to rent at this time.
- Other possible funding sources not budgeted at this time include Amtrak Planning grant, Virginia Housing Program, Capacity Building, and Events Grants, Transportation Alternative Projects (TAP) grant for Lovingston Revitalization, as well as the potential for CDBG grant support for various localities.

Expenses: Staff estimates of expenses reflect retention of 11 full time equivalent staff/positions we expect will be in place on July 1, 2021 through June 30, 2022.

- Pass-thru expense increases are due to the Regional Transit Visioning Grant ($198,450) and Albemarle County Transit Expansion Study and Implementation Grant ($59,630) consultant costs.
- Agency expenses, excluding personnel and contracts with outside entities, are generally based on FY21 expenditures.
- FY22 Per Capita regional funding use of $25,000 toward Regional Housing Partnership. This is the last year of recommended per capita funding toward this program.
- $14,500 per capita regional match toward a federal funding of $58,000 for Chesapeake Bay Watershed Improvement Program

- This FY22 forecast budget includes 3% staff salaries increases.

- Contractual funding in the amount of $25,000 for an executive search firm, should the Commission require one for filling the permanent Executive Director position.

- Funding in the amount of $61,100 to hire an additional planner. This position will not be filled until a revenue source (or accumulation of sources) of at least $60,000 is confirmed.

- The TJPDC Retirement through Virginia Retirement System remains constant for FY22.

- Health Insurance Premiums will decrease by a nominal amount in FY22. The TJPDC continues to provide 100% of <u>individual</u> employee premiums only and except for 2 grandfathered employees who receive employer contributions toward spouse/family of 63% of premium.

- Current Indirect Cost Rates have increased from 62% is FY21 to 66% in FY22. This is attributed to the addition of a Chief Operating Officer administrative position. However, we anticipate to begin to experience a decreased indirect cost rate in future years. (This is a good thing) We have begun to charge staff time including indirect costs to per capita funding when the activity can be directly tied to a member government project or directly tied to a regional project. In the past, many of the activities were billed under general administrative duties, driving up our indirect cost rate. Current Indirect Cost Rates have decreased from 89% in FY14 to 66% in FY22.

- Increases of 4% are budgeted for rent.

FY 2022 Work Program Key Projects/Highlights:

- TJPDC Regional Housing Initiative & Regional Plan
- TJPDC Development of Regional Performance Measures
- TJPDC Regional Education Events
- TJPDC Assistance with Regional Broadband Service improvements
- TJPDC Regional Cigarette Tax Board
- TJPDC Charlottesville Area Alliance participation
- TJPDC Central Virginia Economic Development Partnership participation
- TJPDC GOVa Region 9 Council participation
- TJPDC Legislative Information and Direction
- TJPDC Agency Communications Plan
- TJPDC Rivanna Urban and Rural River Planning
- TJPDC Environmental Assistance for Chesapeake Bay Watershed Improvements (WIP)
- TJPDC Solid Waste Plan
- TJPDC Hazard Mitigation Plan
- TJPDC Lovingston Revitalization Study
- TJPDC Stanardsville TAP Management
- TJPDC/MPO and Rural Transportation - Zion Crossroads Small Area Plan and Corridor Study
- TJPDC/MPO and Rural Transportation - SmartScale Application Development and Submission
- TJPDC Services in post COVID-19 Environment
- TJPDC/MPO Route 29 North Urban/Rural Corridor Study

- TJPDC/MPO and Rural Transportation - Strategic Plan Development
- TJPDC/RTP Regional Transit Visioning Plan
- TJPDC/Albemarle Transit Expansion Study and Implementation Plan
- MPO Amtrak Station Development
- RTP Management and Data Analysis
- RideShare – Promotion of Telework through TeleworkVA
- RideShare – AgileMile Database Management
- RideShare – Master Marketing Plan and Guaranteed Ride Home Marketing