Thomas Jefferson Planning District Commission

Regional Vision ▪ Collaborative Leadership ▪ Professional Service

MEMORANDUM

To: TJPD Commissioners
From: Christine Jacobs, Executive Director
Date: April 7, 2022
Re: FY23 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, 2022, to June 30, 2023.

BACKGROUND: The budget process for each fiscal year consists of three steps: 1) approval of the projected budget in September/October, setting the per capita rate, population basis, and amounts requested for specific programs, to serve as the basis for budget submissions to localities, 2) the operating budget adopted in May as prescribed in the TJPDC Bylaws, and 3) an amended operating budget approved in March, to serve as the budget for financial reports through the year. Each year, the Department of Housing and Community Development requires the submission of both the annual budget, the fiscal year work program, and an annual report.

FY23 Budget Dates	
FY23 Projected Budget	Sept/Oct, 2021
FY23 Operating Budget	April/May, 2022
FY23 Amended Budget	Feb/March, 2023

The projected FY23 budget was approved by the Commission in October of 2021. The draft FY23 Operating Budget and Work Program is presented tonight at the April Commission meeting for review. Review of the draft at this meeting will allow all Commission members to then offer input to the Executive Committee and/or TJPDC staff. The Executive Committee will meet prior to the May 2022 Commission meeting, if necessary, to amend the FY23 recommended Operating Budget and Work Program for presentation at the May Commission meeting for consideration/adoption.

WORK PROGRAM: The FY23 TJPDC work program incorporates the Scopes of Work for the CA-MPO and the TJPDC for the urban and rural transportation programs, as well as housing activities identified in the HOME Annual Action Plan and the USDA Housing Preservation Grant. The work plan also includes activities reflected in the RideShare work plan and the Regional Transit and Regional Housing work programs. New programs for FY23 include the administration of the Blue Ridge Cigarette Tax board and administration of the Virginia Telecommunications Initiative (VATI) broadband expansion grant. Key projects and programming highlights for FY23 include:

Agency-wide
Strategic Plan Update (FY24-28)
TJPDC Communications Plan Implementation– Newsletter
Equity – Implement Title VI Plan initiatives and integrate considerations for equity in TJPDC planning processes, projects, and programs
Staff Professional Development planning
Transportation
Charlottesville-Albemarle Metropolitan Planning Organization (CA-MPO) – SmartScale, North 29 Urban/Rural Corridor Study, Zion Crossroads Gateway Plan
CA-MPO – Office of Intermodal Planning and Investment project prioritization process for Unified Planning Work Program
CA-MPO-Transportation Improvement Program (TIP)
CA-MPO On-Call technical assistance
RideShare/TDM/Telework/AgileMile
Regional Transit Partnership

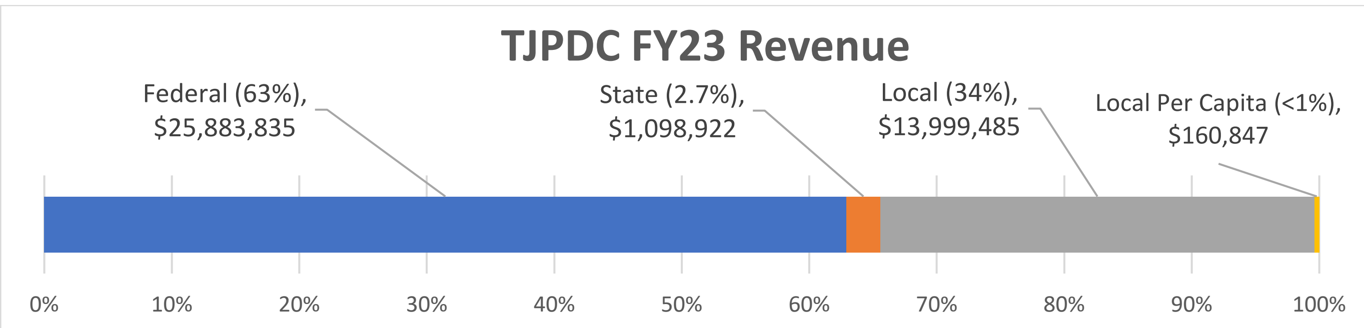
	Regional Transit Vision Plan
	Regional Transit Governance Study (if awarded)
	Regional Bicycle and Pedestrian Planning (OneMap)
	Rural Transportation Planning Program and Rural Transit Needs Assessment
	Stanardsville Transportation Alternative Program (TAP) administration
Housing	
	HOME Investment Partnership administration
	HOME-ARP administration
	Housing Preservation Grant administration
	Regional Housing Partnership
	Virginia Eviction Reduction Pilot Implementation Grant
	VA Housing PDC Development Grant administration
Environment	
	Watershed Improvement Program (WIP)
	Solid-Waste Management Planning and DEQ Recycling Report
	Rivanna River Basin Commission (RRBC) activity coordination
	Complete 5-year Hazard Mitigation Plan
Broadband	
	Virginia Telecommunications Initiative (VATI) administration
Regional Tax Administration	
	Blue Ridge Cigarette Tax Board administration
Other	
	Legislative Services
	Virginia Association for Planning District Commissions (executive Director)
	Central Virginia Partnership for Economic Development participation
	GOVa Region 9 Council participation
	Charlottesville Area Alliance participation
	Jaunt Board participation
	Grant Application and Administration services

RECOMMENDED BUDGET: Attached is the draft recommended operating budget for FY23. This budget and work program incorporate changes to revenue and expense assumptions from the projected budget approved in October 2021. The draft FY23 Operating Budget is a balanced budget with projected revenues of $41,143,088 and projected expenditures of $41,143,088.

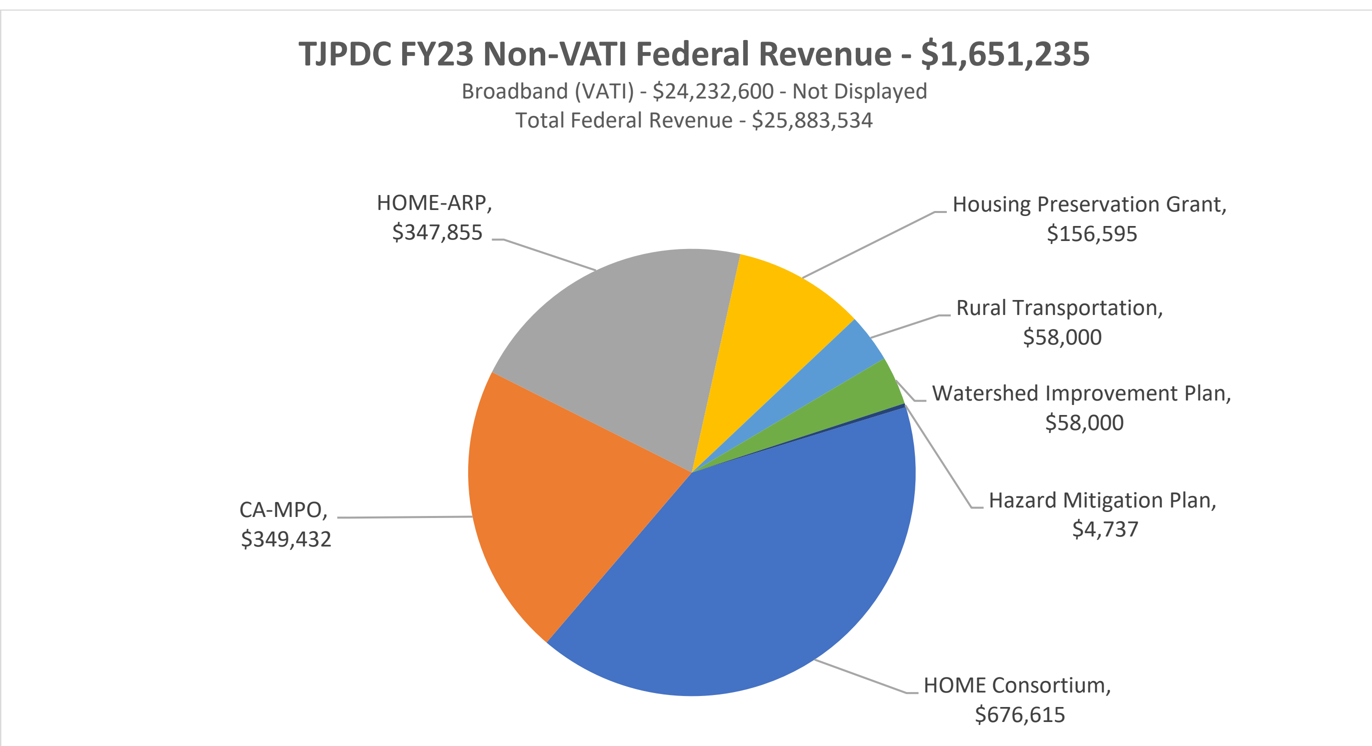
There is an anticipated budget shortfall of $71,420 which requires a reserve transfer. Staff has applied for several grants for FY23 for which awards have, yet, been determined. The TJPDC staff continues to work with state and federal agencies to identify and apply for state and federally funded projects. For example, in March the TJPDC applied to the Economic Development Administration for Economic Adjustment Assistance funding to complete a Comprehensive Economic Development Strategy. Similarly, in February, the staff applied to the Department of Rail and Public Transit for a Technical Assistance grant to complete a Transit Governance Study. One grant or combination of additional grants equaling $71,420 in revenue for the TJPDC would place us back in the financial black and not require us to use reserve savings. 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.

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.

BUDGET REVENUES: The proposed budget reflects projected revenue of $41,143,088. 63% of revenues for FY23 are from federal sources, 2.7% are from state sources, 34% are from local sources, and less than 1% are from per-capita contributions from our member governments. At this point in the year, the TJPDC does not have full commitments of local funding or all state and federal awards or contracts for FY23. Funds included reflect recently awarded projects and estimates of potential projects that have a very high likelihood of being awarded. The chart below shows the TJPDC FY23 revenue by source.

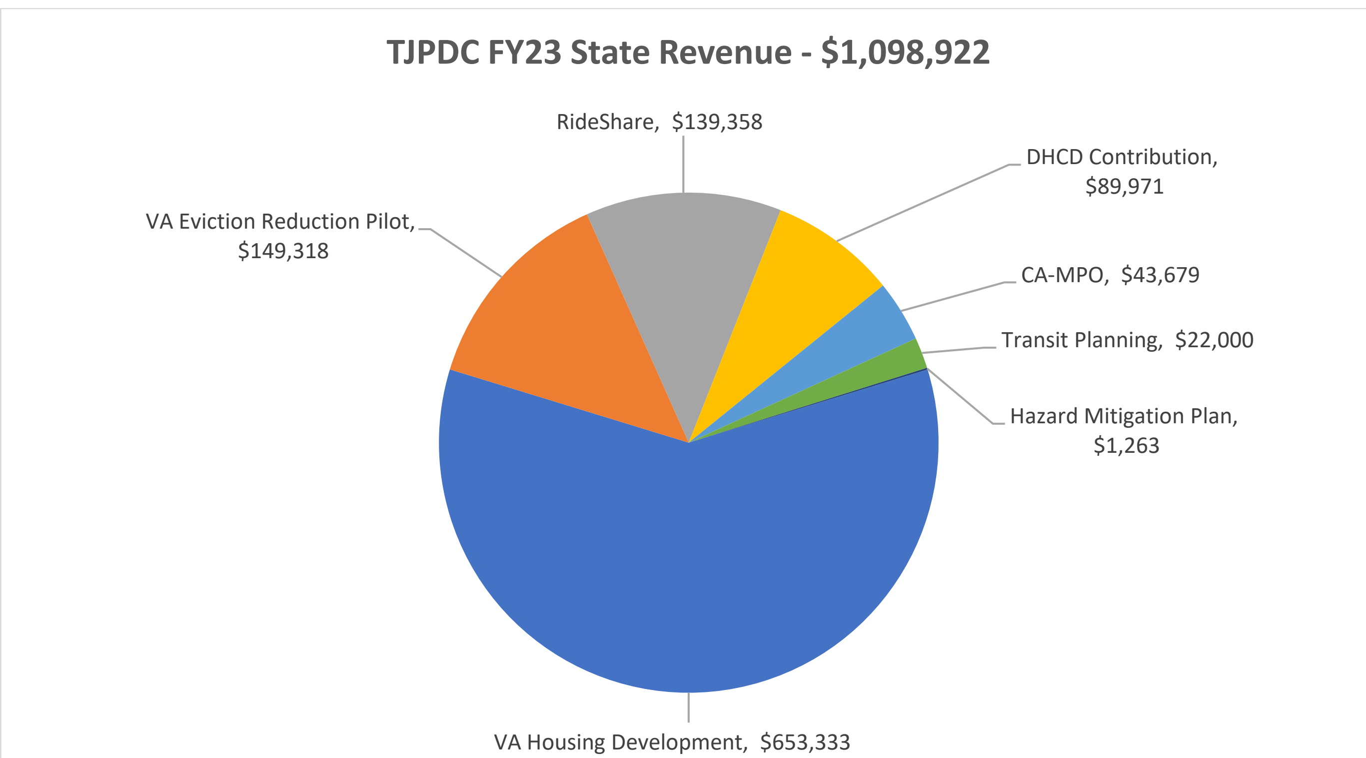


<u>**Federal Revenue:**</u> TJPDC revenues include $25,883,534 from federal sources. The largest federal program is the administration of the Broadband (VATI) grant. In order not to skew the data represented below, the VATI program is not displayed.



- Federal ARPA funding for the Virginia Telecommunications Initiative (VATI) Broadband Grant are received through the Department of Housing and Community Development. There is a local match provided by all 13 participating jurisdictions.
- Charlottesville-Albemarle MPO (CA-MPO) funding reflects federal allocations through the Federal Transit Administration (FTA) and the Federal Highway Administration (FHWA) at an 80% federal, 10% state, and 10% local per-capita match.
- The Housing and Urban Development (HUD) HOME Consortium and HOME-ARP funding is a 75% federal source with a 25% local match provided by sub-recipients of the funding.
- The US Department of Agriculture (USDA) Housing Preservation Grant (HPG) funding is 50% federal source with a 50% local match provided by sub-recipients of the funding.
- Federal Highway Research Funds for rural transportation funding are received through VDOT at an 80% federal, 20% local per-capita match.
- Chesapeake Bay Watershed Improvement Plan (WIP) funding reflects federal allocations through the Virginia Department of Environmental Quality (DEQ) at an 80% federal, 20% local per-capita match.
- Federal Emergency Management Agency (FEMA) funding for the Hazard Mitigation Plan has a 75% federal, 20% state, and 5% local per-capita source.

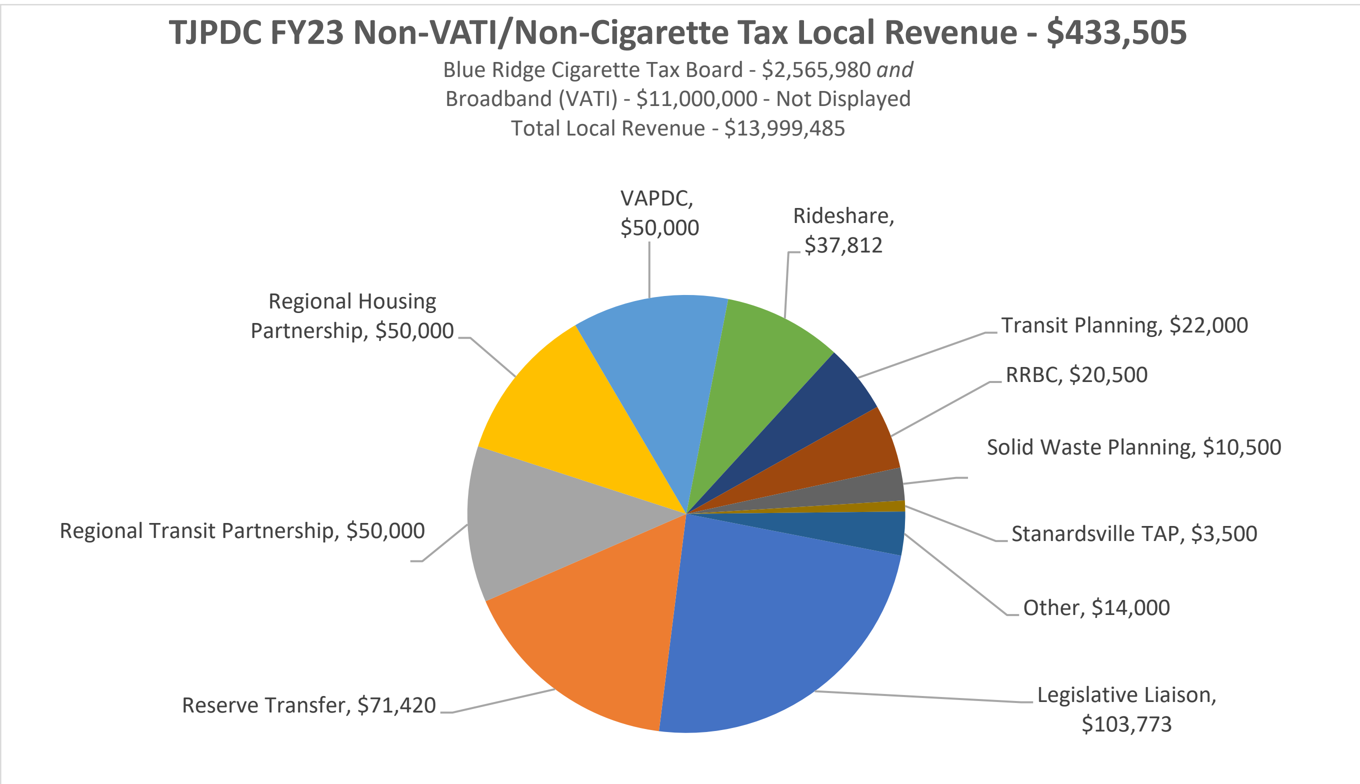
State Revenue: TJPDC revenues include $1,098,922 from state sources.



- The Department of Housing and Community Development (DHCD) funding for the Virginia Eviction Reduction Pilot Implementation program is a 100% state source.
- RideShare funding reflects the state award through the Department of Rail and Public Transportation (DRPT) at 80% state with a 20% local match.
- The state budget includes an FY23 contribution to the TJPDC through the Department of Housing and Community Development (DHCD).

- The state match through the Virginia Department of Transportation (VDOT) for the CA-MPO is 10% (with 80% federal and 10% local per-capita match).
- The Department of Rail and Public Transit (DRPT) state funding for the Regional Transit Vision plan is an 80% state/20% local match.
- The Virginia Department of Emergency Management (VDEM) state funding match for the Hazard Mitigation Plan is 20% (75% federal, 5% local per-capita).
- Virginia Housing provides 100% state funding for the VA Planning District Commission Housing Development grant program.

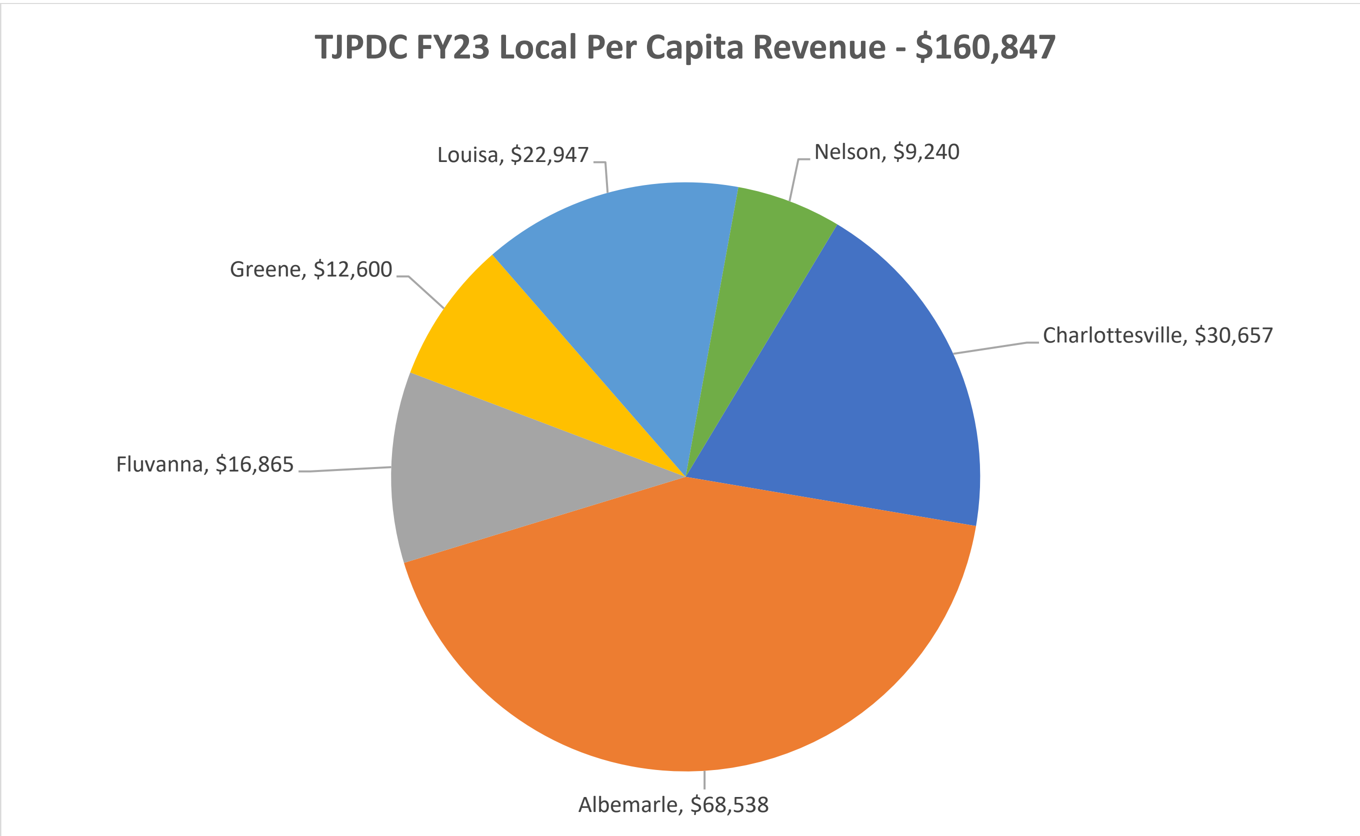
Local Revenue: TJPDC revenues include $13,999,485 from local sources. The largest local programs are the administration of the Blue Ridge Cigarette Tax Board (BRCTB) and the local match for the Broadband (VATI) program. In order not to skew the data represented below, the BRCTB and VATI revenues are not displayed.



- Local funding for the Broadband (VATI) program is budgeted from each of the participating 13 jurisdictions.
- Local funds for the Blue Ridge Cigarette Tax board include local taxes collected on behalf of the 8 participating jurisdictions (which they receive as a pass-through) as well as administrative fees paid by the local governments for TJPDC's administration of the program.
- Due to the revenue/expenditure gap, a reserve transfer is necessary to balance the budget.
- Regional Transit Partnership funding is a 100% local source.
- Regional Housing Partnership funding requested is from a 100% local source.
- VAPDC funding is from a 100% local source.
- Local funding for Rideshare is provided from participating jurisdictions at 20% of the total program (federal 80%)
- The local match for the Regional Transit Vision Plan is 20% (80% state).

- Rivanna River Basin Commission funding is a 100% local source.
- Solid Waste Planning funding is 100% local source.
- Stanardsville TAP funding is a 100% local source for the administration of the program.
- Other revenue received includes bank interest earned and rent revenue from tenants. We do not have available office space to rent at this time.
- Legislative services funding is a 100% local source.

<u>Local Per Capita Revenue:</u>



- Local per capita revenue is shown based on member assessments adopted at the October 2021 Commission meeting and reflected in budget requests. Not all localities have taken action on budgets at this time. Local per capita is $0.62 per capita and has not changed in 10 years, since FY13.

BUDGET EXPENDITURES: The largest TJPDC expenditures are pass-through expenditures, meaning that the TJPDC passes funds through to a sub-recipient, local government, or contracted partner. $39,423,296 of the $41,143,088 (95.8%) in FY23 budgeted expenses are pass-through expenses.

- VATI pass-through funds received by the Department of Housing and Community Development (DHCD) and the 13 participating local governments consist of $34,000,000 and will be reimbursed to a private-sector project partner based on contractual work completed (pending contract ratification).
- Local tax pass-throughs for the Blue Ridge Cigarette Tax Board include $2,400,000 in pass-throughs to the 8 participating jurisdictions.
- Housing pass-through expenses include $608,954 in annual HOME funding, $295,341 in HOME-ARP funding, $133,106 in Housing Preservation grant funding, $142,500 in Virginia Eviction

Prevention Funding, and Virginia PDC Housing Development funding. Pass-throughs are paid to identified sub-recipients for reimbursement for eligible housing activities.

- Transit planning and RideShare pass-through funds include payments made to consultants completing contracted work.
- The Solid Waste pass-through reserves funding each year for the completion of the required 5-year plan.

Other FY23 expenses include salary and fringe benefits. Salary and fringe expenses make up 75.8% of the TJPDC's operating expenses. Staff retention and recruitment are very important to TJPDC leadership. As such, in FY22, each staff member received a 3% salary increase and a one-time bonus of $3,000 (full-time) and $1,500 (part-time). Additionally, merit-based salary adjustments were made for several employees. The draft FY23 budget incorporates salary increases ranging from 3-6% per employee and additional one-time bonuses, should the budget gap be closed successfully. Finally, TJPDC staff are following the various compensation reviews and studies that are being conducted by our member governments. Should the TJPDC secure enough funding that an anticipated end-of-year net gain is evident, the executive director will evaluate compensation and incorporate additional recommended salary increases, as necessary, into the amended budget in order to remain competitive with surrounding local-government employers.

Staff estimates of expenses reflect retention of 11 full-time and 2 part-time equivalent staff/positions. Additionally, staff seeks to fill 2 full-time positions (Planner II/III and VATI support staff, if needed) and 1 part-time position (Cigarette Tax Compliance Agent). Finally, a full-time Finance Director position is currently listed to account for a staff retirement.

Health Insurance Premiums will increase by a 8.5% in FY23. The TJPDC continues to provide 100% of individual employee premiums only except for 2 grandfathered employees who receive employer contributions toward spouse/family of 63% of premium. Virginia Retirement System contributions include a nominal change.

Current Indirect Cost Rates have decreased from 66% is FY22 to 55% in FY23. This is attributed to the significant staff transitions, most notably, that of the Executive Director and Chief Operating Officer and the associated reduction in salary and benefits expenses. Other direct expenses were cut significantly during the past 2 years due to COVID-19, to include reduced travel, in person professional development, and copier/supplies need. TJPDC staff anticipates returning to previous administrative cost levels. Indirect Cost Rates have decreased from 89% in FY14 to 55% in FY23.

Other notable changes in operating expenses between FY22 and FY23 include an anticipated increase in audit expenses due to increased federal revenues due to the VATI program. Travel/Vehicle expenses are expected to increase for the anticipated purchase of a vehicle for cigarette tax compliance use. Janitorial expenses are expected increase as staff returns to more in-office work and in-person meetings resume. Finally, professional development expenses are expected to return to pre-COVID levels. Finally, there is an anticipated increase of 4% budgeted for rent.

Recommended Motion by the Commission: *None at this time. This is a draft of the FY23 Operating Budget. A final will be brought to the May 2023 meeting for consideration and approval.*