Thomas Jefferson Planning District Commission

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MEMORANDUM

To: TJPD Commissioners
From: Christine Jacobs, Executive Director
Date: April 6, 2023
Re: FY24 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, 2023, to June 30, 2024.

FY24 Budget Dates	
FY24 Projected Budget	Sept/Oct, 2022
FY24 Operating Budget	April/May, 2023
FY24 Amended Budget	Feb/March, 2024

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 final 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.

The Projected FY24 budget was approved by the Commission in October of 2022. The draft FY24 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 2023 Commission meeting, if necessary, to amend the FY24 recommended Operating Budget and Work Program for presentation at the May Commission meeting for consideration/adoption.

WORK PROGRAM: The FY24 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 FY24 include the administration of a Regional Safe Streets and Roads for All Plan, a regional Mobility Management Program (pending award), and a Rideshare Commuter Assistance Program (CAP) Strategic Plan (pending award). Key projects and programming highlights for FY24 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

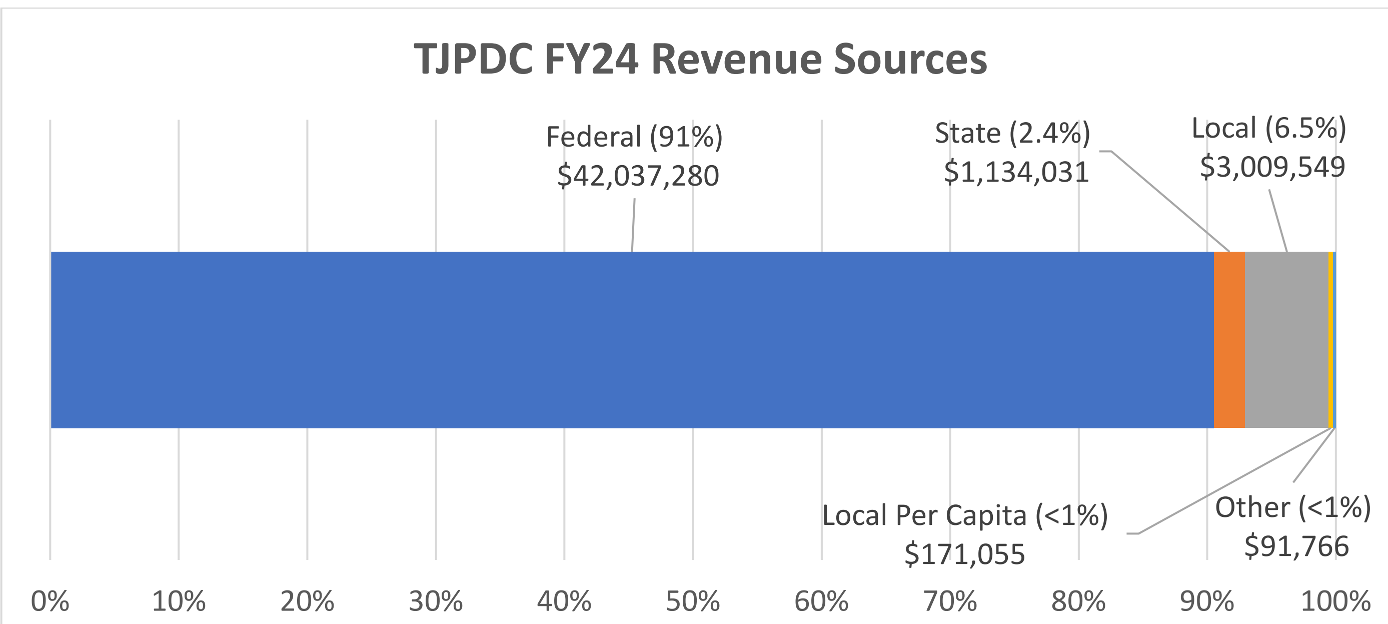
	Safe Streets and Roads for All
	RideShare/TDM/Telework/AgileMile
	Commuter Assistance Program (CAP) Strategic Plan (if awarded)
	Regional Transit Partnership
	Regional Transit Governance Study
	Regional Mobility Management (if awarded)
	Rural Transportation Planning Program and Rural Transit Needs Assessment
	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
Broadband	
	2022 Virginia Telecommunications Initiative (VATI) administration
	2023 Virginia Telecommunications Initiative (VATI) administration (if awarded)
Regional Tax Administration	
	Blue Ridge Cigarette Tax Board administration
Other	
	Legislative Services
	Local Technical Assistance, Land Use Planning
	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
	Center for Nonprofit Excellence Board participation
	Grant Application and Administration services

RECOMMENDED BUDGET: Attached is the draft recommended operating budget for FY24. This budget and work program incorporate changes to revenue and expense assumptions from the projected budget approved in October 2022. The draft FY24 Operating Budget is a balanced budget with projected revenues of $46,442,681 and projected expenditures of $46,443,681.

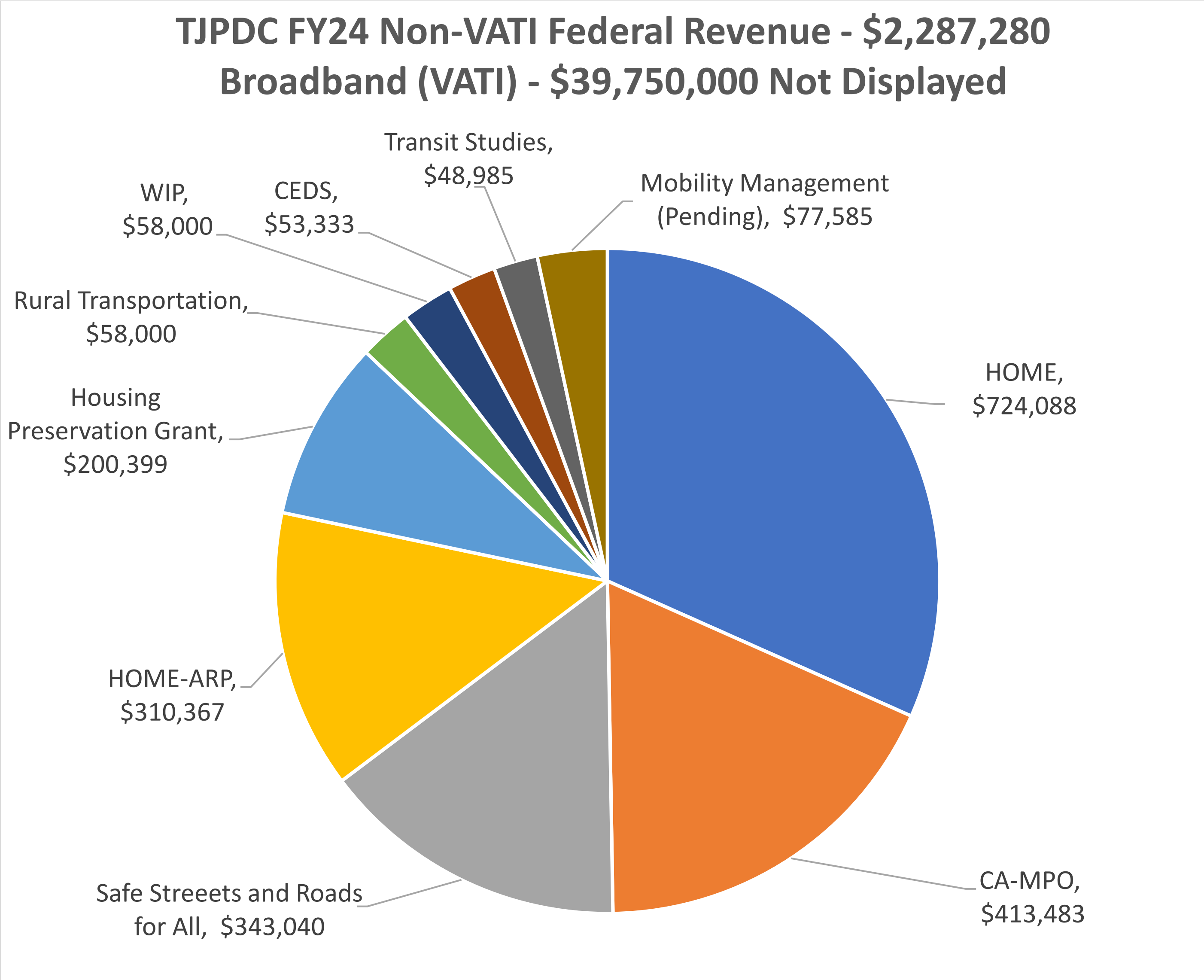
There is an anticipated budget shortfall of $51,766 which requires a reserve transfer. Staff applied for several grants for FY24 for which awards have, yet, been determined. The TJPDC staff continues to work with state and federal agencies to identify and apply for state and federally funded projects. For example, in March the TJPDC applied to the US Department of Transportation for a RAISE (Rebuilding American Infrastructure with Sustainability and Equity) to complete the preliminary engineering for the Rivanna Bicycle Pedestrian Bridge. Likewise, the TJPDC applied to the VA Department of Housing and Community Development for a 2023 VATI Broadband Grant and submitted applications to the VA Department of Environmental Quality for Best Management Practice (BMP) implementation grants. One grant or combination of additional grants equaling $51,766 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 six 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 $46,443,681. Nearly 91% of revenues for FY24 are from federal sources, 2.4% are from state sources, 6.5% are from local sources, and less than 1% are from local 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 FY24. 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 FY24 revenue by source.



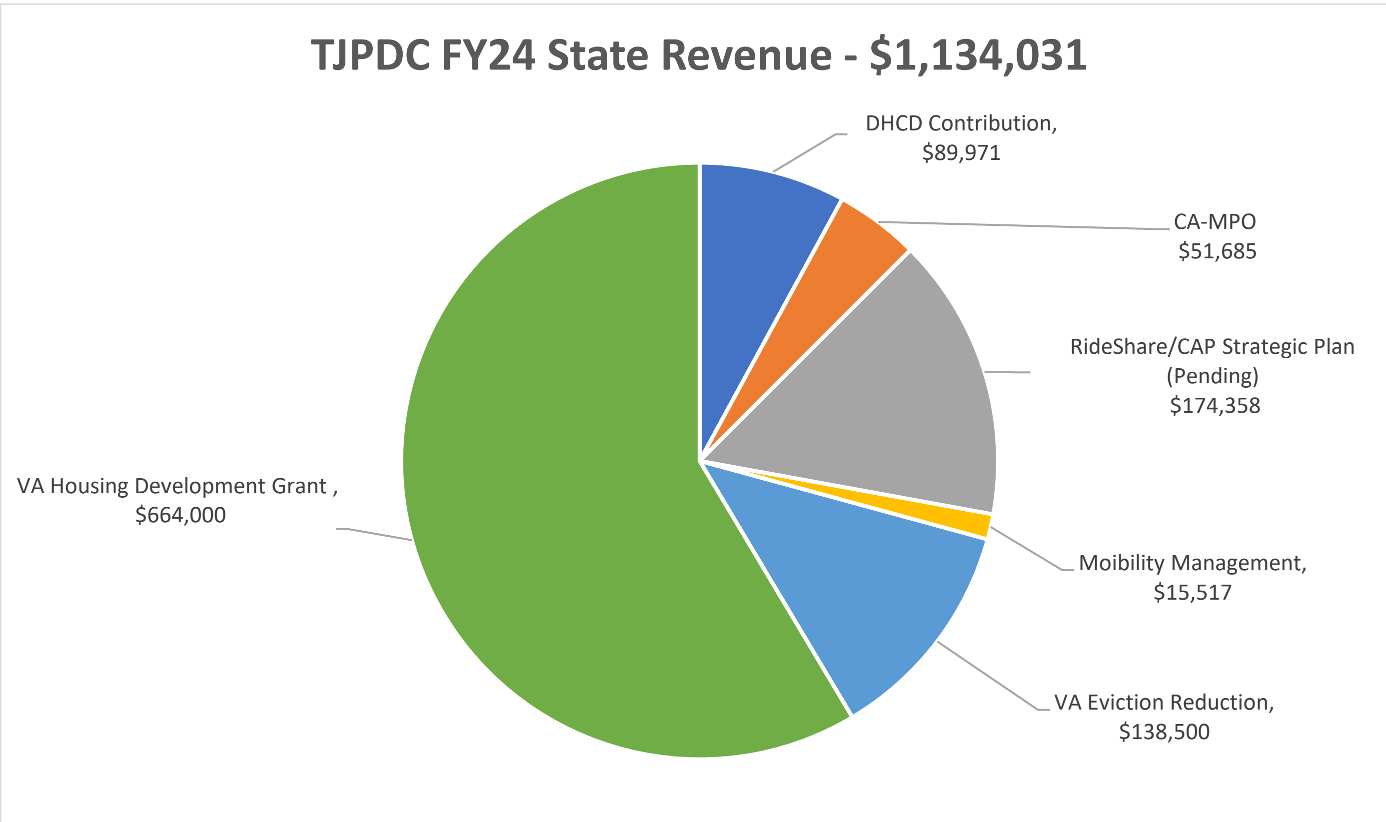
<u>Federal Revenue:</u> TJPDC revenues include $42,037,278 from federal sources. The largest federal program is the administration of the Broadband (VATI) grant. In order not to skew the data represented below, the VATI program is not displayed.



- 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 Department of Rail and Public Transportation (DRPT) state funding for the Regional Transit Governance Study is 65.3% federal/32% local/2.67% local per capita match.
- The Department of Rail and Public Transportation (DRPT) Mobility Management grant is 80% federal/15% state/4% local per capita match and is a pending revenue source.
- The US Department of Transportation's Safe Streets and Roads for all Grant funding is an 80% federal source with a 20% required local match provided proportionately by the six participating member jurisdictions.
- 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.

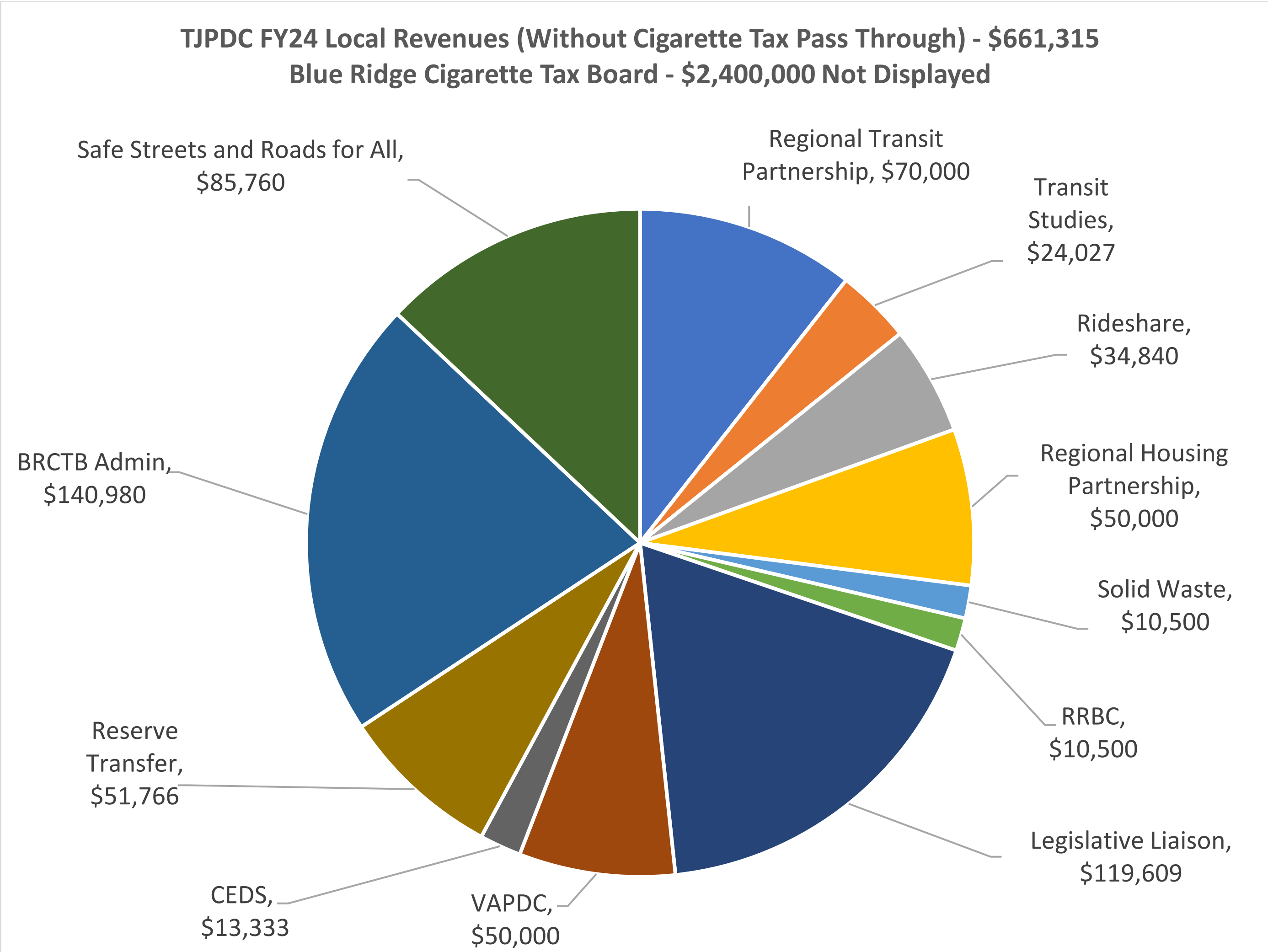
- Federal Highway Research Funds for rural transportation funding are received through VDOT at an 80% federal, 20% local per-capita match.
- Chesapeake Bay Watershed Improvement Plan (WIP) funding reflects federal allocations through the Virginia Department of Environmental Quality (DEQ) at an 80% federal, 20% local per-capita match.
- The US Economic Development Administration's Comprehensive Economic Development plan grant is an 80% federal, 20% required local match provided proportionately by the six participating member jurisdictions.

State Revenue: TJPDC revenues include $1,134,032 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. TJPDC applied for funding to complete a RideShare Commuter Assistance Program (CAP) Strategic Plan with 50% state funds and a 50% local funding match and is a pending revenue source.
- The state budget includes an FY24 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 Transportation (DRPT) Mobility Management grant is 80% federal/15% state/4% local per capita match and is a pending revenue source.
- Virginia Housing provides 100% state funding for the VA Planning District Commission Housing Development grant program.

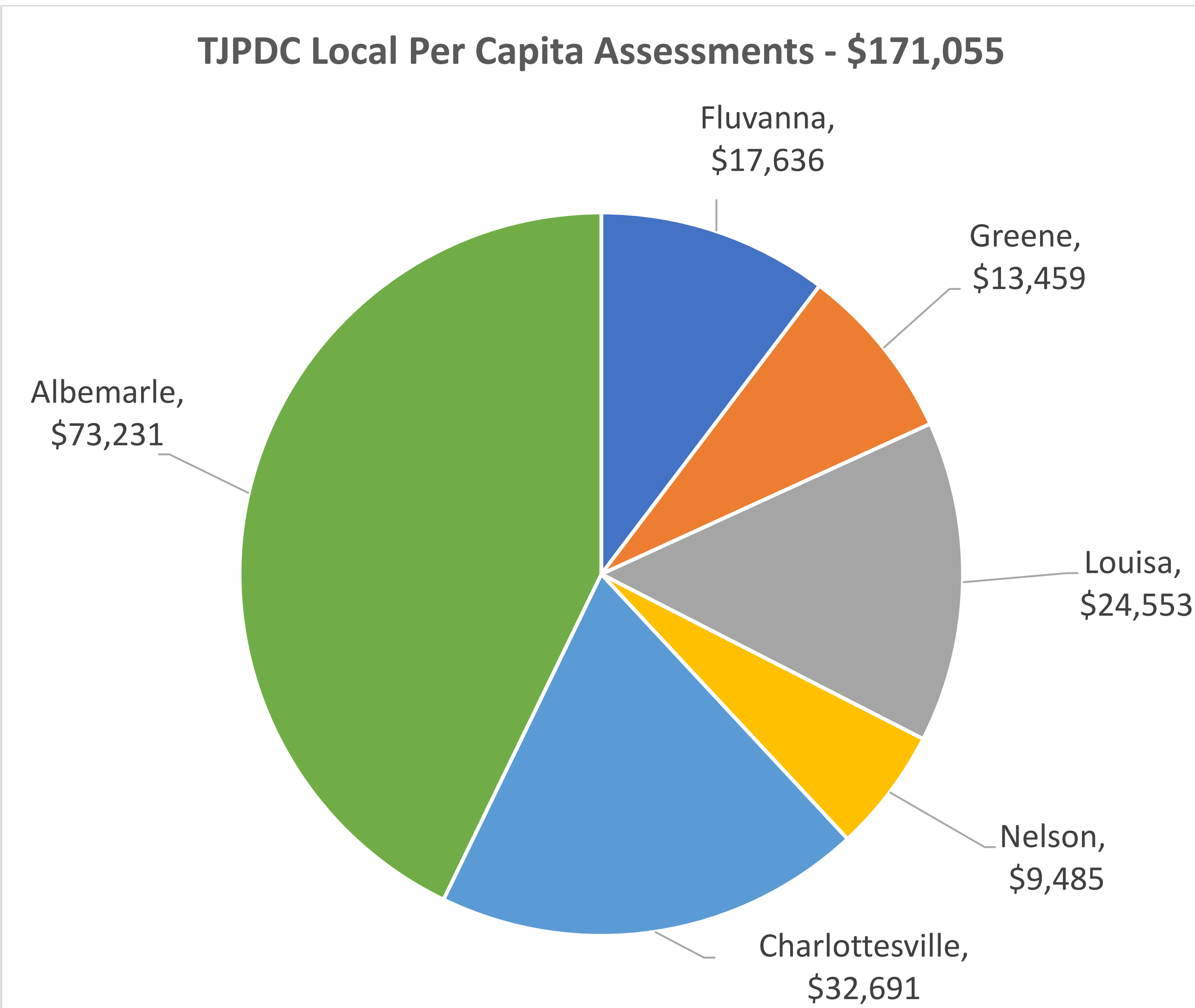
<u>Local Revenue</u>: TJPDC revenues include $3,061,315 from local sources. The largest local program is the administration of the Blue Ridge Cigarette Tax Board (BRCTB). In order not to skew the data represented below, the BRCTB is not displayed.



- 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. Administrative expenses are projected to be $140,980 with $2.4 million in pass through tax revenue to the participating local governments.
- Due to the revenue/expenditure gap, a reserve transfer is necessary to balance the budget.
- The US Department of Transportation's Safe Streets and Roads for all Grant funding is an 80% federal source with a 20% required local match provided proportionately by the six participating member jurisdictions.
- 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 TJPDC applied for a DRPT Technical Assistance grant to complete a CAP strategic plan. The local match for that grant will include existing local per capita, pending award.
- 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.
- 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.

Local Per Capita Revenue: TJPDC revenues include $171,055 from Local Per Capita member assessments.



- Local per capita revenue is shown based on member assessments adopted at the October 2022 Commission meeting and is reflected in FY24 budget requests. Not all localities have taken action on budgets at this time. Local per capita is $0.64.

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. $44,583,596 of the $46,443,681 (96%) in FY24 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 $39,500,000 and will be reimbursed to a private-sector project partner based on contractual work completed.
- 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 $651,680 in annual HOME funding, $277,697 in HOME-ARP funding, $170,339 in Housing Preservation grant funding, $130,525 in Virginia Eviction Prevention Funding, and $600,000 in Virginia PDC Housing Development funding. Pass-throughs are paid to identified sub-recipients for reimbursement for eligible housing activities.
- Transit planning, Comprehensive Economic Development planning, Safe Streets and Roads for All, Regional Housing Partnership Strategic Planning, Long Range Transportation 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 FY24 expenses include salary and fringe benefits. Salary and fringe expenses make up 73.4% of the TJPDC's operating expenses. Staff retention and recruitment are very important to TJPDC leadership. As such, in FY23, each staff member received a 3% salary increase and a one-time bonus of $2,000 (full-time) and $1,000 (part-time). The draft FY24 budget incorporates a salary increase of 5% per employee and additional one-time bonuses, should the budget gap be closed successfully. Finally, TJPDC staff continue to follow 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 and/or bonuses, as necessary, into the amended budget in order to remain competitive with surrounding local/regional-government employers. Staff estimates of personnel expenses reflect retention of 13 full-time and 4 part-time equivalent staff/positions. The TJPDC is anticipated to be fully staffed for FY24.

Health Insurance Premiums will increase by 8.9% in FY24. The TJPDC continues to provide 100% of individual employee-only premiums except for 2 grandfathered employees who receive employer contributions toward dual/family of 63% of premium. Virginia Retirement System contributions include a nominal change.

Current Indirect Cost Rates have increased from 55% in FY23 to 80% in FY24. This is attributed to the significant staff transitions in FY22, most notably, that of the Executive Director and Chief Operating Officer and the associated reduction in salary and benefits expenses in FY21 (which set the FY23 rate). In FY22, vacant positions were filled. Upon returning to in-person work following COVID-19 in FY22, additional administrative expenses to ensure technology required for virtual meetings were incurred as well as technology and furniture purchases to accommodate increased staffing levels (impacting the FY24 indirect cost rate). Indirect Cost Rates have decreased from their high of 89% in FY14 to 80% in FY24 and are anticipated to fall in FY23 (setting the FY25 rate).

Other notable changes in operating expenses between FY23 and FY24 include an anticipated increase in audit expenses due to increased federal revenues for the VATI program and additional contractual expenses for the current retianed financial firm to train the new Finance Director.

Recommended Motion by the Commission: *None at this time. This is a draft of the FY24 Operating Budget. A final will be brought to the May 2024 meeting for consideration and approval.*