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

MEMORANDUM

To: TJPD Commissioners
From: Christine Jacobs, Executive Director
Date: April 4, 2024
Re: FY25 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, 2024, to June 30, 2025.

FY25 Budget Dates	
FY25 Projected Budget	Sept/Oct, 2023
FY25 Operating Budget	April/May, 2024
FY25 Amended Budget	Feb/March, 2025

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 FY25 budget was approved by the Commission in October of 2023. The draft FY25 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 2024 Commission meeting, if necessary, to amend the FY25 recommended Operating Budget and Work Program for presentation at the May Commission meeting for consideration/adoption.

WORK PROGRAM: The FY25 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. Continued programs for FY25 include the administration of a Regional Safe Streets and Roads for All Plan, and a regional Mobility Management Program (pending recurring award). Key projects and programming highlights for FY25 include:

Agency-wide
Strategic Plan Implementation (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
Policy Audit/Review
Transportation
Charlottesville-Albemarle Metropolitan Planning Organization (CA-MPO) – On Call Consulting Program, Travel Demand Management Study, Multimodal Use in Innovative Intersections Resource Guide, Safe Streets and Roads for All Comprehensive Safety Action Plan
CA-MPO-Transportation Improvement Program (TIP)
CA-MPO On-Call technical assistance
Safe Streets and Roads for All (SS4A) Comprehensive Safety Action Plan (SAP)
RideShare/TDM/Telework/AgileMile

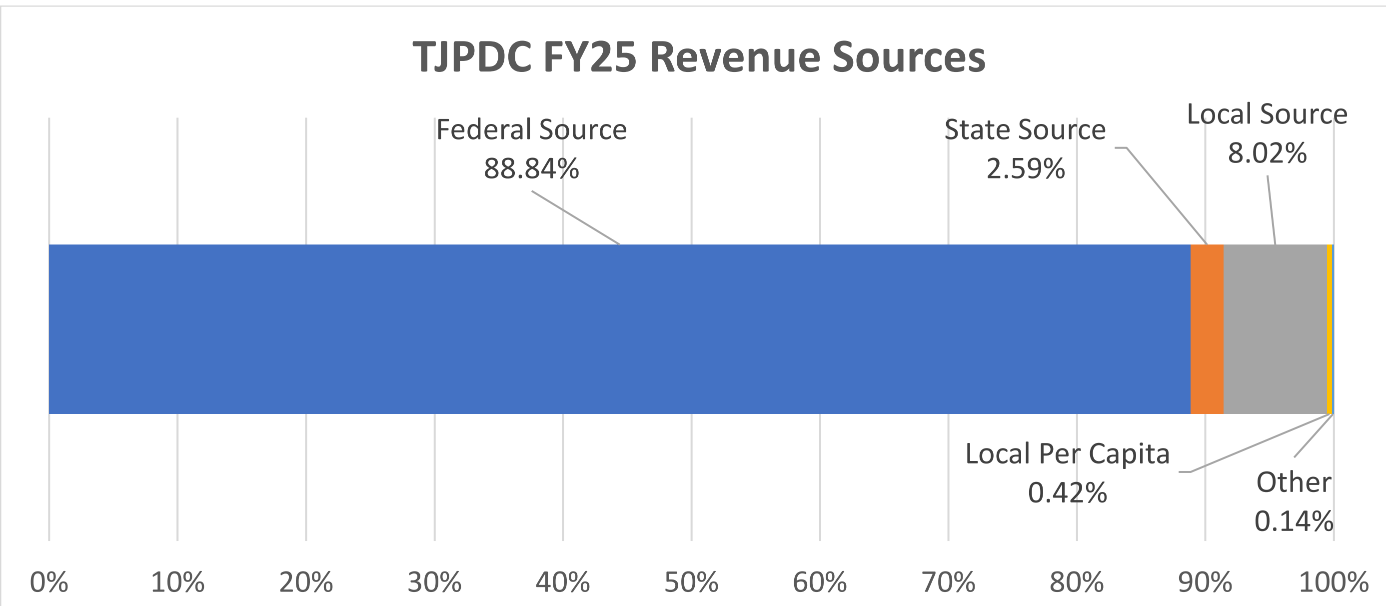
Regional Transit Partnership/Regional Transit Authority
Regional Mobility Management (if awarded)
Rural Transportation Planning Program and Rural Transit Needs Assessment Assistance
Housing
HOME Investment Partnership administration
HOME-ARP administration
Housing Preservation Grant administration
Regional Housing Partnership
Virginia Eviction Reduction Pilot Implementation Grant
VA Housing PDC Development Grant administration
Regional Housing Study (Gaps and Needs Analysis or Break Even Analysis)
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
2024 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, Comprehensive Planning
Southeast Crescent Regional Commission (SCRC) Participation
Virginia Association for Planning District Commissions (Executive Director)
Central Virginia Partnership for Economic Development (CVPED) participation
GOVa Region 9 Council participation
Charlottesville Area Alliance (CAA) participation
Jaunt Board participation
Center for Nonprofit Excellence (CNE) Board participation
Grant Application and Administration services

RECOMMENDED BUDGET: Attached is the draft recommended operating budget for FY25. This budget and work program incorporate changes to revenue and expense assumptions from the projected budget approved in October 2023. The draft FY25 Operating Budget is a balanced budget with projected revenues of $42,564,907 and projected expenditures of $42,564,907.

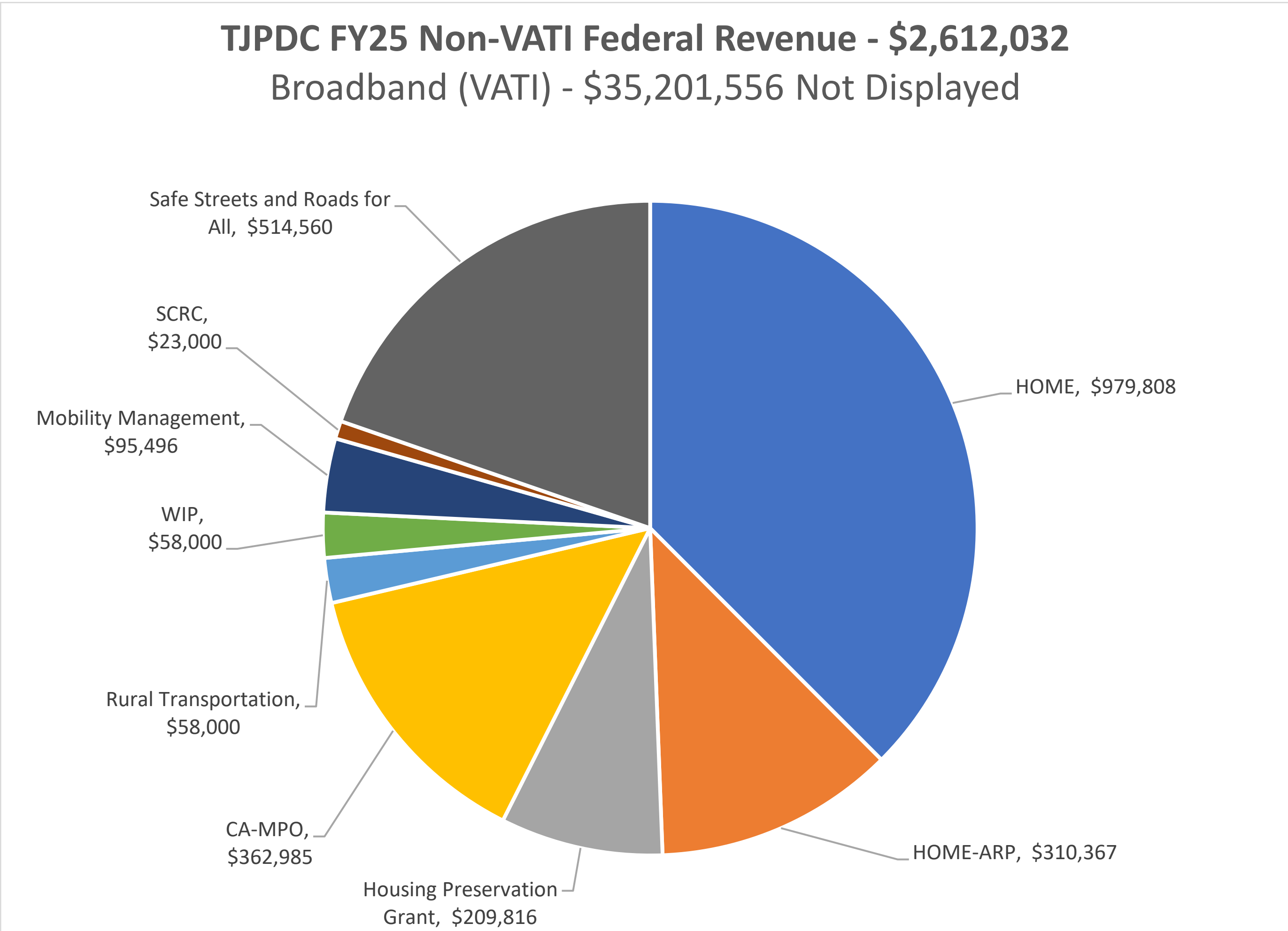
Staff applied for several grants for FY25 for which awards have, yet, been determined. The TJPDC staff continues to work with state and federal agencies to identify and apply for state and federally funded projects. For example, in March the TJPDC applied to the US Department of Transportation for a 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 2024 VATI Broadband Grant, submitted an application to the VA Department of Housing and Community Development for additional Virginia Eviction Reduction Pilot grant funds, and will submit an application to US Housing and Urban Development for FY25 HOME funds. Only pending awards that have a high level of confidence of materializing by December 2025 are included in the budget.

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 not need to 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 $42,564,907. Nearly 89% of revenues for FY25 are from federal sources, 2.6% are from state sources, 8.0% are from local sources, and less than 1% are from local per-capita contributions from our member governments or other sources. 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 FY25. 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 FY25 revenue by source.



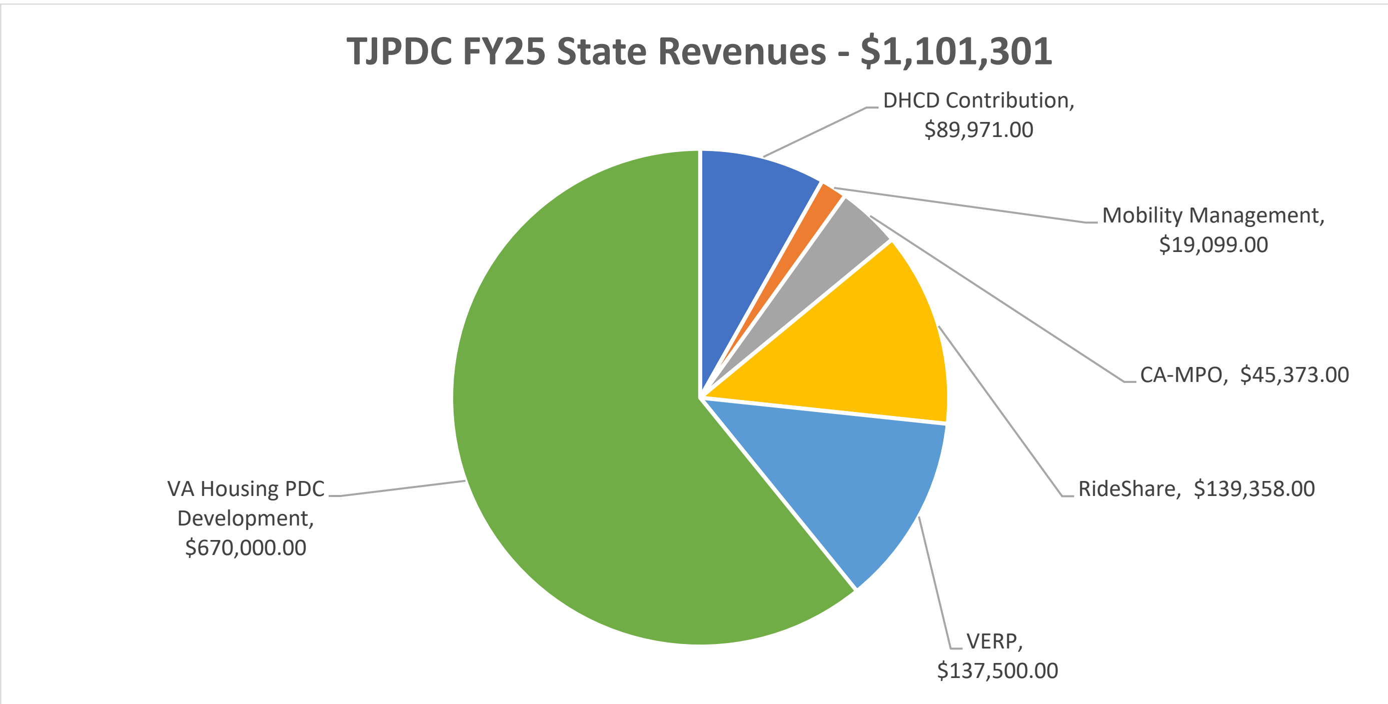
<u>Federal Revenue:</u> TJPDC revenues include $37,813,588 from federal sources. The largest federal program is the administration of the Broadband (VATI) grant. In order not to skew the data represented below, the VATI program is not displayed.



- 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. At the start of the fiscal year, all VATI funding is coded as federal. If local governments indicate that their match is provided from a local source, this will be indicated in the amended budget in February/March 2025.
- 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.
- Southeast Crescent Regional Commission (SCRC) is 100% federal (with only 10% indirect costs allowable, requiring $6,692 in local sources to cover the remaining indirect costs)
- 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.
- 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 Highway Research Funds for Rural Transportation funding are received through VDOT at an 80% federal, 20% local per-capita match.

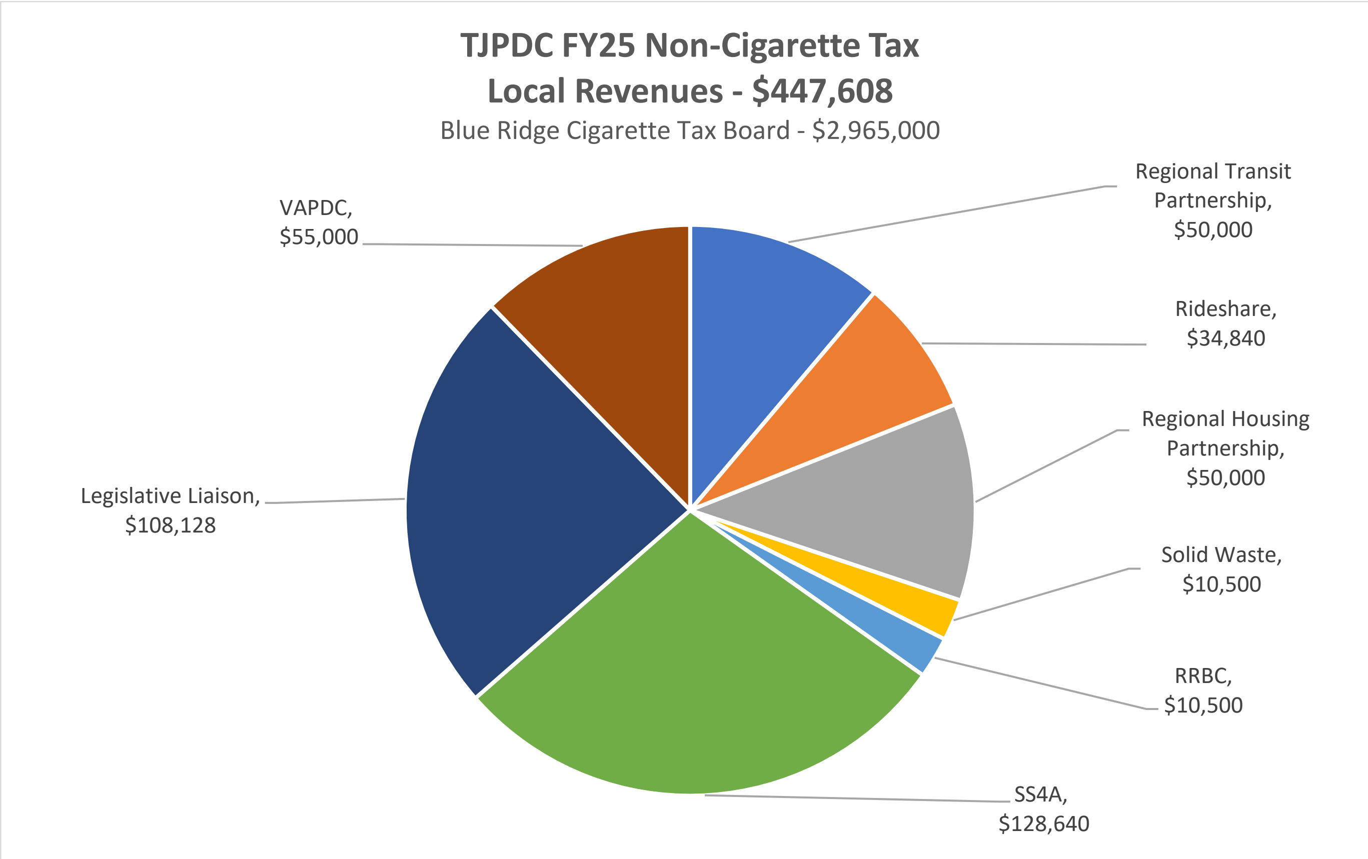
- Charlottesville-Albemarle MPO (CA-MPO) funding reflects federal allocations through the Federal Transit Administration (FTA) and the Federal Highway Administration (FHWA) at an 80% federal, 10% state, and 10% local per-capita match.
- The US Department of Agriculture (USDA) Housing Preservation Grant (HPG) funding is 50% federal source with a 50% local match provided by sub-recipients of the funding.
- 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.

State Revenue: TJPDC revenues include $1,101,301 from state sources.



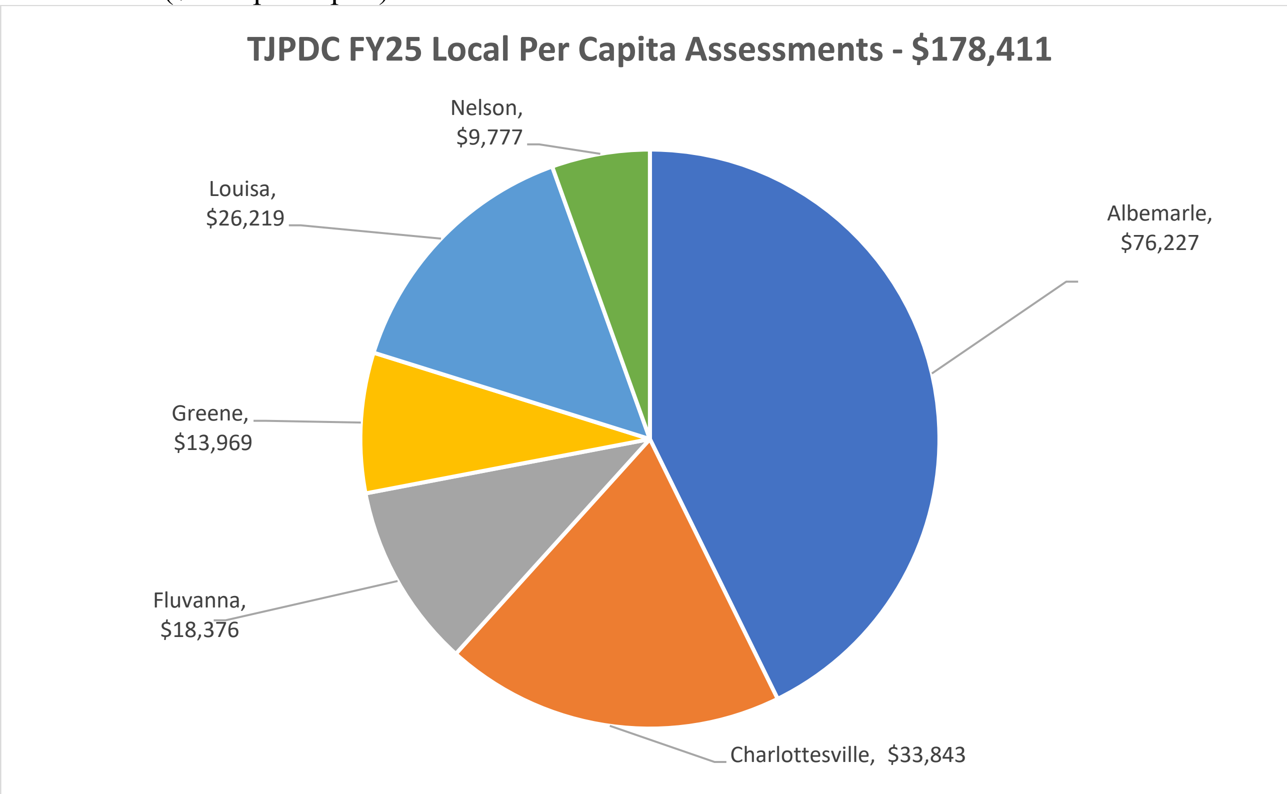
- Virginia Housing provides 100% state funding for the VA Housing Planning District Commission (PDC) Housing Development grant program.
- The Department of Housing and Community Development (DHCD) funding for the Virginia Eviction Reduction Pilot (VERP) Implementation program is a 100% state source.
- 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 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.
- The state budget includes an FY25 contribution to the TJPDC through the Department of Housing and Community Development (DHCD). An additional $25,000 is in the state's budget but has not, yet, been approved by the governor and is therefore not included in the state revenue projection.

<u>Local Revenue</u>: TJPDC revenues include $3,412,608 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's $2,965,000 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 $149,237 with $2.815,763 in pass through tax revenue to the participating local governments.
- VAPDC funding is from a 100% local source.
- Legislative services funding is a 100% local 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.
- Rivanna River Basin Commission funding is a 100% local source.
- Solid Waste Planning funding is 100% local source.
- Regional Housing Partnership funding requested is from a 100% local source.
- Local funding for Rideshare is provided from participating jurisdictions at 20% of the total program (federal 80%).
- Regional Transit Partnership funding is a 100% local source.
- Other revenue received includes bank interest earned and rent revenue from tenants totaling $59,000. We do not have available office space to rent at this time.

Local Per Capita Revenue: TJPDC revenues include $178,411 from Local Per Capita member assessments ($0.66 per capita).



- Local per capita revenue is shown based on member assessments adopted at the October 2022 Commission meeting and is reflected in FY25 budget requests. Not all localities have taken action on budgets at this time. Local per capita is $0.66.

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. $40,561,569 of the $42,564,907 (95.29%) in FY25 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 $35,000,000 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 $2,815,763 in pass-throughs to the 8 participating jurisdictions.
- Housing pass-through expenses include $903,488 in annual HOME funding, $277,697 in HOME-ARP funding, $178,274 in Housing Preservation grant funding, $130,625 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.
- Safe Streets and Roads for All ($586,200) and Mobility Management ($65,711) pass-through funds include payments made to consultants completing contracted work.
- The Solid Waste ($1,000) pass-through reserves funding each year for the completion of the required 5-year plan.

Other FY25 expenses include salary and fringe benefits. Salary and fringe expenses make up 70.77% of the TJPDC's operating expenses. Staff retention and recruitment are very important to TJPDC leadership. As such, in FY24, staff conducted a class and compensation review. To get each staff member into the new salary bands, each staff member received a 7% salary increase and a one-time bonus of $2,000 (full-time) and $1,000 (part-time) in FY24. In FY25, leadership will work to get each staff member into the correct place within the salary bands based on education, experience, and tenure. The FY25 salary and fringe expenses include a base cost of living adjustment of 3.2%. Additionally, four staff members will receive a promotion, and merit increases will be given where deemed appropriate. Therefore, the draft FY25 budget incorporates an average salary increase of 7% (ranging from 4-9%) for full-time employees and no additional one-time bonuses. 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/state-government employers. Staff estimates of personnel expenses reflect both hiring and retention of 14 full-time and 3 part-time equivalent staff/positions. The TJPDC continues to recruit full-time positions in transportation planning and is anticipated to be fully staffed for a majority portion of FY25.

The TJPDC offers The Local Choice (TLC)/Key Advantage 1000 Health Insurance Plan. Health Insurance Premiums will increase by 6.49% for Employee only, 6.47% for Employee plus One, and 6.52% for Employee plus Family in FY25. The TJPDC continues to provide 100% of individual employee-only premiums except for 2 grandfathered employees who receive employer contributions toward dual/family of 77% for Employee plus One (6.47% increase) and 69% of Employee plus Family (6.52% increase) premiums. The new rate for FY25 and FY26 on Virginia Retirement System Employer contributions is 0.85%, which amounts to approximately $9,000 in additional fringe costs. We do not anticipate a change in the VRS Group Term Life Insurance rate.

Current Indirect Cost Rates have decreased from 74% in FY24 to 56% in FY25. Indirect Cost Rates have decreased from their high of 89% in FY14 to 56% in FY25 and are anticipated to increase slightly in FY24 (setting the FY26 rate).

Other notable changes in operating expenses between FY24 and FY25 include utilizing the DCHD annual contribution for contingencies rather than budgeting it to cover administrative expenses. This gives us flexibility should we need additional local matches or additional funding for a program without having to go to our local governments to seek additional funding. Additionally, an increase in audit/legal expenses is expected as we continue to utilize our legal counsel for sensitive personnel matters, procurement, and comprehensive contract review and compliance. Finally, with the anticipated increase in speed in completing the Virginia Telecommunication Initiative (VATI-22) project, pass-through amounts will increase from $21,000,000 in FY24 to $35,000,000 in FY25.

Recommended Motion by the Commission: *No action is recommended at this time. This is a draft of the FY25 Operating Budget. A final will be brought to the May 2025 meeting for consideration and approval.*