To: Thomas Jefferson Planning District Commission
From: Christine Jacobs, Executive Director
Date: February 6, 2025

Re: Draft Amended Operating FY25 Budget

Purpose: To present the Draft Amended FY25 Operating Budget, to be used as the basis for financial reports throughout the remainder of the fiscal year.

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 preceding the fiscal year as prescribed in the TJPDC Bylaws, and 3) an amended operating budget for approval in March, to serve as the budget for financial reports through the year. The budget presented tonight is in draft form. At the March 6, 2025, meeting, the Commission will be presented with the final amended operating budget for FY25 for consideration and approval.

In your meeting packet is the Draft Amended FY25 Operating Budget. For your reference, the FY22 Actuals, FY23 Actuals, FY24 Actuals, and the FY25 Amended Operating budgets are included. Staff operate from a detailed line item working budget by program that is available to you upon request.

Proposed Amended FY25 Operating Budget: The recommended Draft Amended FY25 Operating Budget incorporates changes to revenue and expense assumptions from the original FY25 budget adopted at the May 2, 2024, meeting and is adjusted to include changes that have occurred during the first half of FY25 and changes that are projected to occur during the second half of FY25. The amended budget includes total projected revenue of $48,257,467 and expenditures of $48,003,615 for an anticipated net gain of $253,852.

Changes to revenue in the Amended FY25 budget include, but are not limited to:

- **Federal Revenues:** Federal Revenues are amended to be $37,588,493 in the amended budget (compared to $37,894,825 in the original projected budget).
  - Projections for the FY22 VATI revenues are higher ($38,182,724 vs, $35, 201,556) due to an increase in pace in the completion of the VATI 22 project. $35,582,724 of that revenue is expected to be from a federal source and $2,600,000 is expected to be from a local source.
  - Due to the FY24 VATI award, additional revenues in the amount of $2,476,020 are included in the amended budget. $10,000 each from federal and local sources and $2,456,020 from a state source.

- The TJPDC was awarded a DEQ IIJA Implementation grant to manage a pilot septic program and rain barrel workshops. An additional $169,979 in federal funding is included in the amended budget.
- The TJPDC was awarded an FFY25 PATH/Mobility Management grant. Federal revenues for this grant include $139,227.
- Due to staff vacancies in the transportation department, MPO federal revenues are lower than additional projected, however, unspent funds will roll over into FY27.
- HOME-ARP revenues are lower than expected ($109,772 vs. $310,367) due to sub-recipients pooling resources for larger projects. Unspent funds in FY25 will roll into future fiscal years.
- Federal revenues for the Safe Streets and Roads for All grant are expected to be greater than originally forecasted ($612,890 vs. $514,560) to account for lower than expected spending in FY24 that rolled into FY25.
- Projections for the annual HOME pass through amounts are less than expected as sub-grantees are pooling their allocations for larger projects.

- **State Revenues:** State Revenues are amended to be $3,779,210 (compared to $1,117,209 in the original projected budget).
  - Due to staff vacancies in the transportation department, MPO state revenues are lower than additional projected, however, unspent funds will roll over into FY27.
  - Due to the FY24 VATI award, additional revenues in the amount of $2,476,020 are included in the amended budget. $2,456,020 from a state source and $10,000 each from federal and local sources.
  - The TJPDC was not awarded an additional year of Virginia Eviction Reduction Pilot (VERP) grant funding for CY2025, however, staff did not originally budget to include revenue for this program as it was an unconfirmed source at the time of the original budget’s development.
  - State revenues for the VA Housing Development grant are higher than expected ($730,657 versus $670,000) due to increases in sub-recipient spending. However, it is important to note that staff recently received a request for a project/budget extension. If VA Housing grants this, state revenues will be lower in this fiscal year and any unspent funds will roll into FY26 and FY27.
- **Local Revenues:** Local Revenues are amended to be $6,601,354 (compared to $3,427,608 in the original projected budget).
  - Local funds for the Regional Housing Summit and Regional Housing Study are included ($102,714) and come from sponsorships, local government contributions, and local foundations/grants.
  - The largest difference in local revenues is a result of larger than projected tax revenues for the Blue Ridge Cigarette Tax Board (BRCTB) ($3,397,871 versus $2,965,000). This increase is associated with the inclusion of cigarette taxes from sales in Rockingham and Mount Crawford, as new members of the BRCTB.
- Other Revenues:
  - Rental space projected revenue increased from $24,000 to $40,000 due to an increase in the rental rates to reflect the TJPDC’s increased rates. Additionally, all

available sub-tenant space is expected to be rented and the demand for meeting space in the Water Street Center has increased.
   - Interest income is expected to be $70,000 vs. $35,000 due to higher interest rates, larger FY24 net gains, and the use of the VIP Investment Pool for savings.

Changes to expenses in the FY25 Amended budget include:

- Slight decrease in salary and benefits. This is attributed to the net difference between reduced costs due to vacancies to include the Director of Transportation position (now filled), two transportation planners (now filled), one VATI Program Assistant (now filled) and the increase of costs due to bringing the Mobility Management transportation counselor and assistant in house rather than contracting it out. As originally budgeted, staff received a one-time bonus at the end of the calendar year. Staff will also receive an increased one-time bonus at the end of the fiscal year (to compensate for the additional staff workload related to the numerous staff vacancies listed above).
- Increase in Supplies/Cost of Goods Sold due to additional regional stamp rolls needed for the increased sales of cigarettes for the Blue Ridge Cigarette Tax Board.
- Decrease in contingency expenses. DHCD state contingency funds were allocated to specific programs for project/program costs.
- Decrease in Audit/Legal expenses due to fewer personnel-related legal expenses incurred than anticipated.
- Increase in meeting expenses due to space rentals and staff professional development /travel to Fluvanna/Louisa.
- Increase in Equipment/Data Use due to the purchase of needed computers that could not be allocated to specific programs, the purchase of an AED, replacement of broken office furniture.
- Decrease in Professional Development due to reallocating those costs to specific programs to be reimbursed by our grantors.

Overall, we expect revenues to exceed expenditures by approximately $253,852 for the year. Staff are working to prepare the FY26 budget to be delivered to you in April 2025. The excess revenues accumulated in FY25 may be required to balance the FY26 budget due to a lower-than-average calculated FY26 indirect cost rate (41% compared to 65%).

Recommended Motion by Commission: *None at this time. This is a draft of the amended FY25 operating budget. A final will be brought to the March 2025 meeting for consideration and approval.*