Thomas Jefferson Planning District Commission

Regional Vision ▪ Collaborative Leadership ▪ Professional Service

MEMORANDUM

To: TJPD Commissioners
From: Christine Jacobs, Executive Director
Date: May 1, 2025
Re: FY26 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, 2025, to June 30, 2026.

FY26 Budget Dates	
FY26 Projected Budget	Sept/Oct, 2024
FY26 Operating Budget	*May/June, 2025
FY26 Amended Budget	Feb/March, 2026

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. **Note:* Due to the ongoing Classification and Compensation study, the Operating budget was deferred to May and June of 2025 in order to allow for sufficient time to incorporate recommendations into the FY26 budget. 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 FY26 budget was approved by the Commission in October of 2024. The draft FY26 Operating Budget and Work Program is presented tonight at the May 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 June 2025 Commission meeting, if necessary, to amend the FY26 recommended Operating Budget and Work Program with Commissioner's feedback, for final presentation at the June Commission meeting for consideration/adoption.

WORK PROGRAM: The FY26 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. It includes the administration of the regional Blue Ridge Cigarette Tax Board and the Virginia Telecommunication Initiative broadband project. The work plan also includes activities reflected in the RideShare work plan and the Regional Transit and Regional Housing work programs. Continued programs for FY26 include the administration and close-out of a Regional Safe Streets and Roads for All Plan, a regional Mobility Management Program (pending Commonwealth Transportation Board approval), and the Watershed Improvement Program's scope of work. 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
Implementation of FY26-30 Classification and Compensation Study Recommendations
Transportation

Charlottesville-Albemarle Metropolitan Planning Organization (CA-MPO)
CA-MPO-Transportation Improvement Program (TIP)
CA-MPO On-Call technical assistance
Safe Streets and Roads for All (SS4A) Comprehensive Safety Action Plan (CSAP)
RideShare/TDM/Telework/AgileMile
Regional Transit Partnership/Charlottesville-Albemarle Regional Transit Authority (CARTA) (MERIT Technical Assistance grant pending award)
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
Central Virginia Regional Housing Partnership (CVRHP)
VA Housing PDC Development Grant administration
Regional Housing Study (Gaps and Needs Analysis and Strategies Development)
Environment
Watershed Improvement Program (WIP)
Solid-Waste Management Planning and DEQ Recycling Report
Rivanna River Basin Commission (RRBC) activity coordination
Hazard Mitigation Plan Kick-Off
IIJA Septic Pump-Out Pilot Program (pending contract), Rain Barrel Workshops
Regional Water Supply Planning (RPU1)
Broadband
2022 Virginia Telecommunications Initiative (VATI) administration
2024 Virginia Telecommunications Initiative (VATI) administration
Regional Tax Administration
Blue Ridge Cigarette Tax Board administration
Other
Legislative Services
TJPDC Corporation (501(c)3) Administration
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 FY26. This budget and work program incorporate changes to revenue and expense assumptions from the projected budget approved in October 2024. The draft FY26 Operating Budget is a balanced budget with projected revenues of $49,681,661 and projected expenditures of $49,681,661. An anticipated one-time transfer of capital reserve funds in the amount of $26,000 is budgeted for internal office building renovations (scope and cost to be reviewed and approved by the Buildings committee and/or full commission prior to work completion).

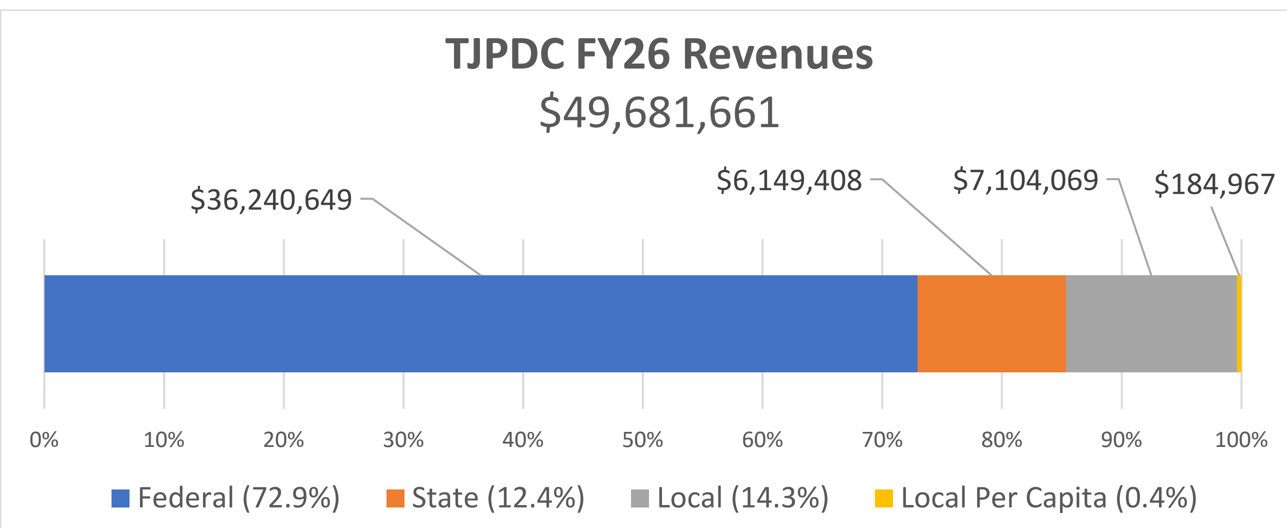
Staff applied for several grants for FY26 for which awards have, yet, been determined. The TJPDC staff continues to work with state and federal agencies to identify and apply for state and federally funded projects. For example, in February the TJPDC applied to the US Department of Transportation for a RAISE

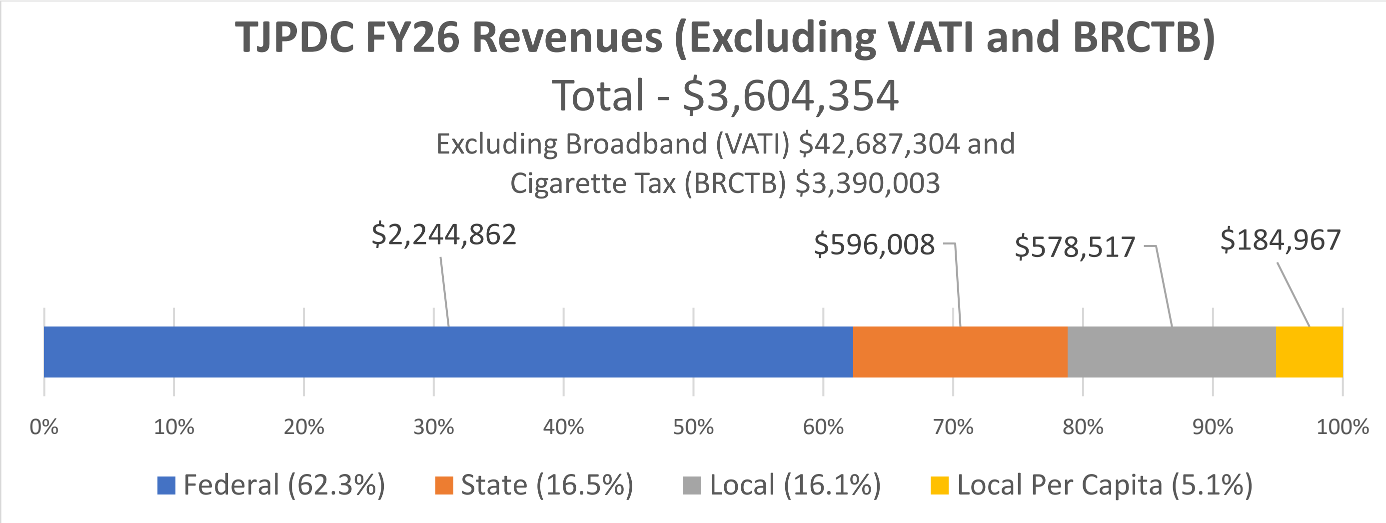
(Rebuilding American Infrastructure with Sustainability and Equity) to complete the preliminary engineering for the Rivanna Bicycle Pedestrian Bridge. Likewise, the TJPDC will apply for a Safe Streets and Roads for All supplemental planning grant to collect data on vulnerable road users. The PDC staff will submit an application to US Housing and Urban Development for FY26 HOME funds and to the VA Department of Emergency Management for the next five-year Hazard Mitigation Plan. Only pending awards that have a high level of confidence of materializing by December 2026 are included in the budget. Others, if awarded, will be added to the working budget for inclusion in the amended budget presented in February of 2026.

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 seven 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 a minimum of 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.

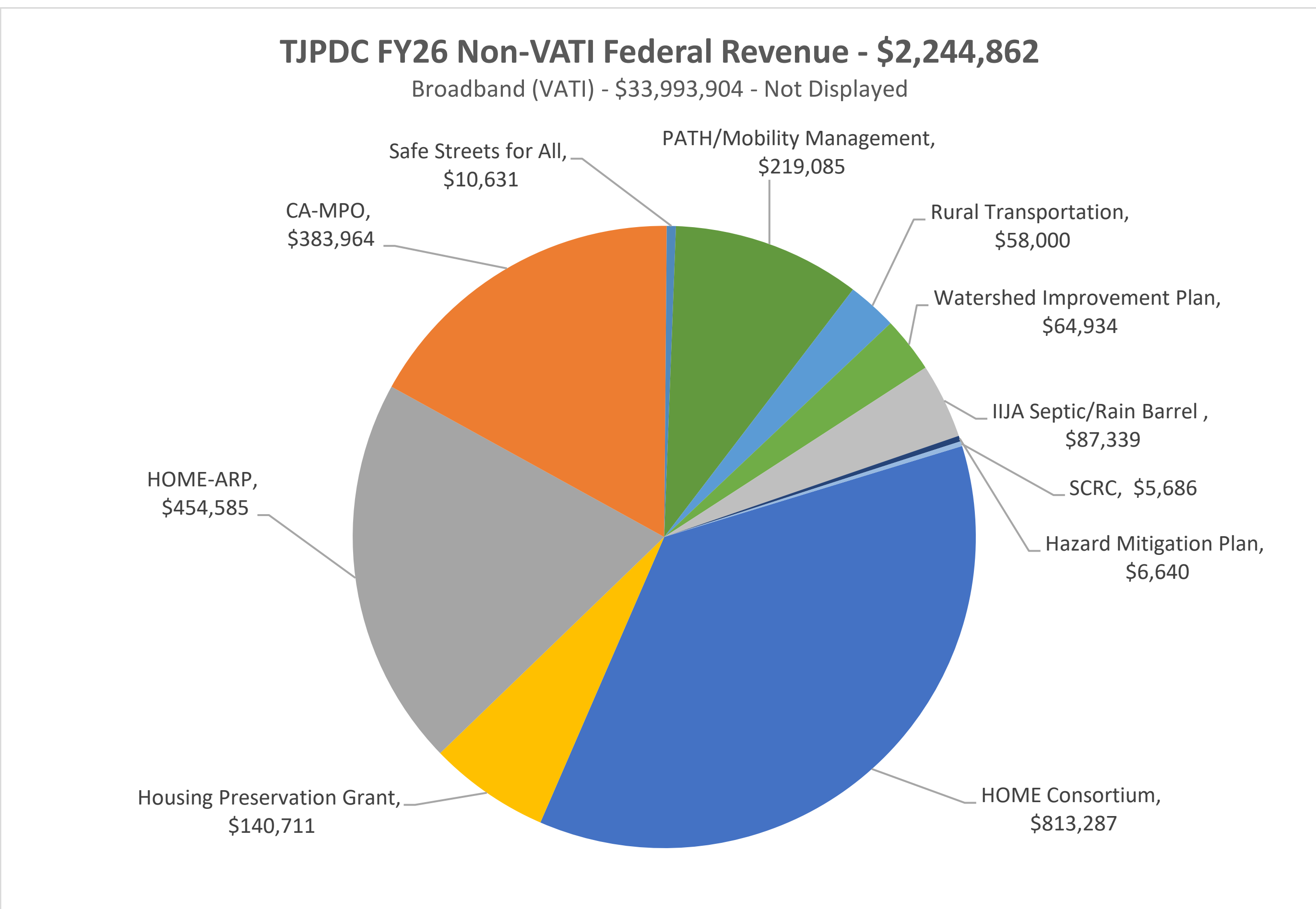
Special Note: The TJPDC's majority funding source is federal. With uncertainty surrounding the federal funding landscape, staff are contingency planning should there be a loss of federal funding. As noted above, the TJPDC is in a sound financial position to weather an immediate storm. However, any significant changes in federal funding that will impact programming, staffing, or financial security will be brought to the commission's attention immediately.

BUDGET REVENUES: The proposed budget reflects projected revenue of $49,681,661. Nearly 73.0% of revenues for FY26 are from federal sources, 12.4% are from state sources, 14.3% are from local sources (to include Blue Ridge Cigarette Tax Board taxes), 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 FY26. 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 FY26 revenue by source.



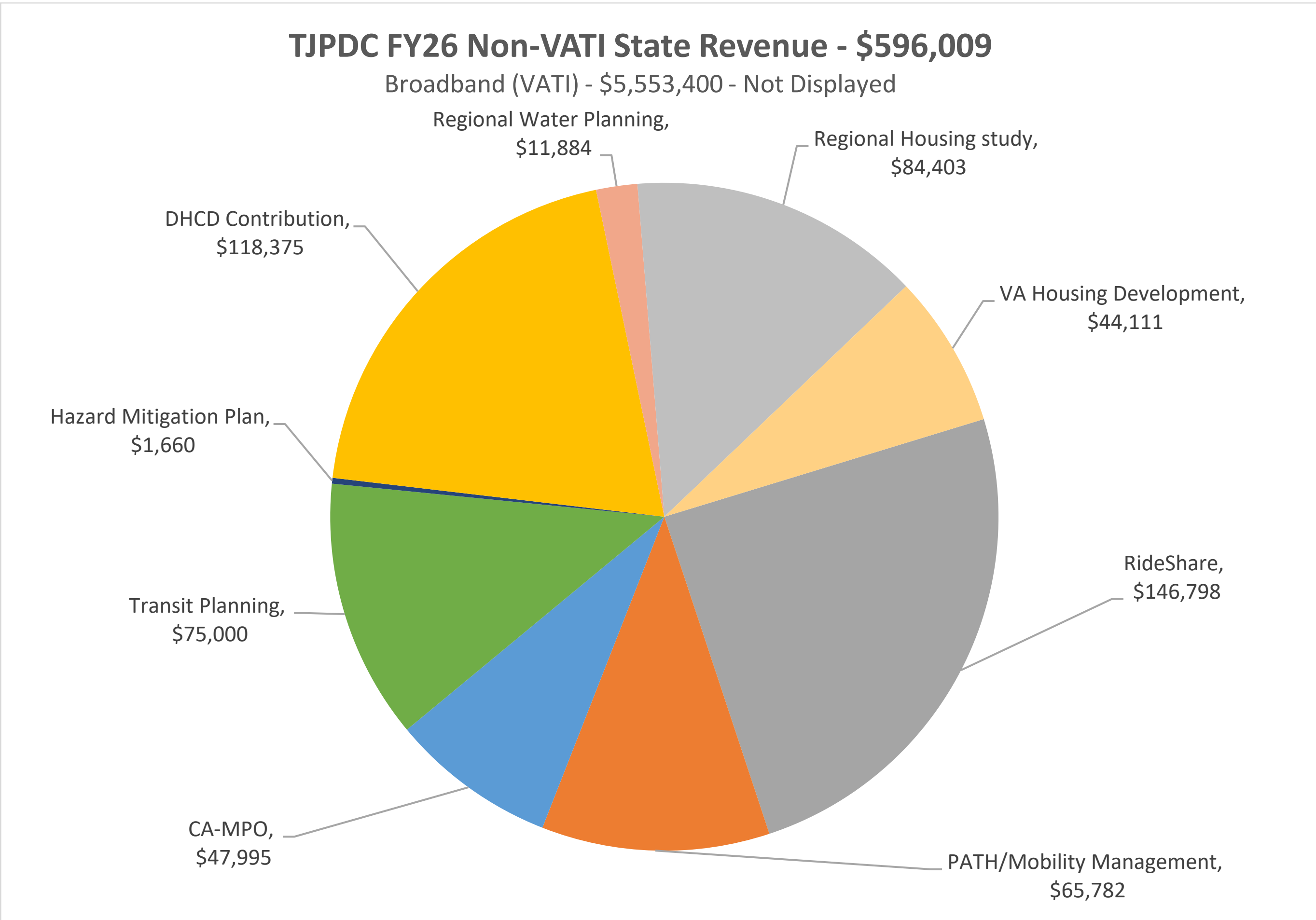


<u>Federal Revenue:</u> TJPDC revenues include $36,238,766 from federal sources. The largest federal program is the administration of the Broadband (VATI) grant. In order not to skew the data represented below, the VATI program is not displayed.



- Federal ARPA funding for the Virginia Telecommunications Initiative (VATI) Broadband Grant is received through the Department of Housing and Community Development. There is a local match provided by all 13 participating jurisdictions. Some VATI local match funding is coded as federal, where some are coded local, depending on the source the participating jurisdiction is using. The total federal funds for the VATI program are $33,993,904.
- The Virginia Department of Rail and Public Transit awarded an additional FY26 grant (pending approval by the Virginia Commonwealth Transportation Board) to continue the PATH/Mobility Management program. The program funding is 80% federal funding, 16% state, and 4% local.
- 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 FFY2022 grant will be closed out in FY26.
- Federal Highway State Planning and Research (SPR) 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.
- Additional US IIJA funds were awarded by DEQ (pending final contract) for a pilot septic pump-out program (100% federal) and to continue the Rain Barrel Program (100% federal).
- Southeast Crescent Regional Commission (SCRC) is 100% federal (with no more than 15% of the grant award allowable for indirect costs, requiring $1,719 in local per capita to cover the remaining balance)
- The required 5-year update of the Regional Hazard Mitigation Plan will be launched in FY26. The program is 75% federally funded, 20% state funded, and 5% locally funded (through per-capita contributions).
- 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.
- 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.

State Revenue: TJPDC revenues include $6,149,409 from state sources. The largest state program is the administration of the Broadband (VATI) grant. In order not to skew the data represented below, the VATI program is not displayed.

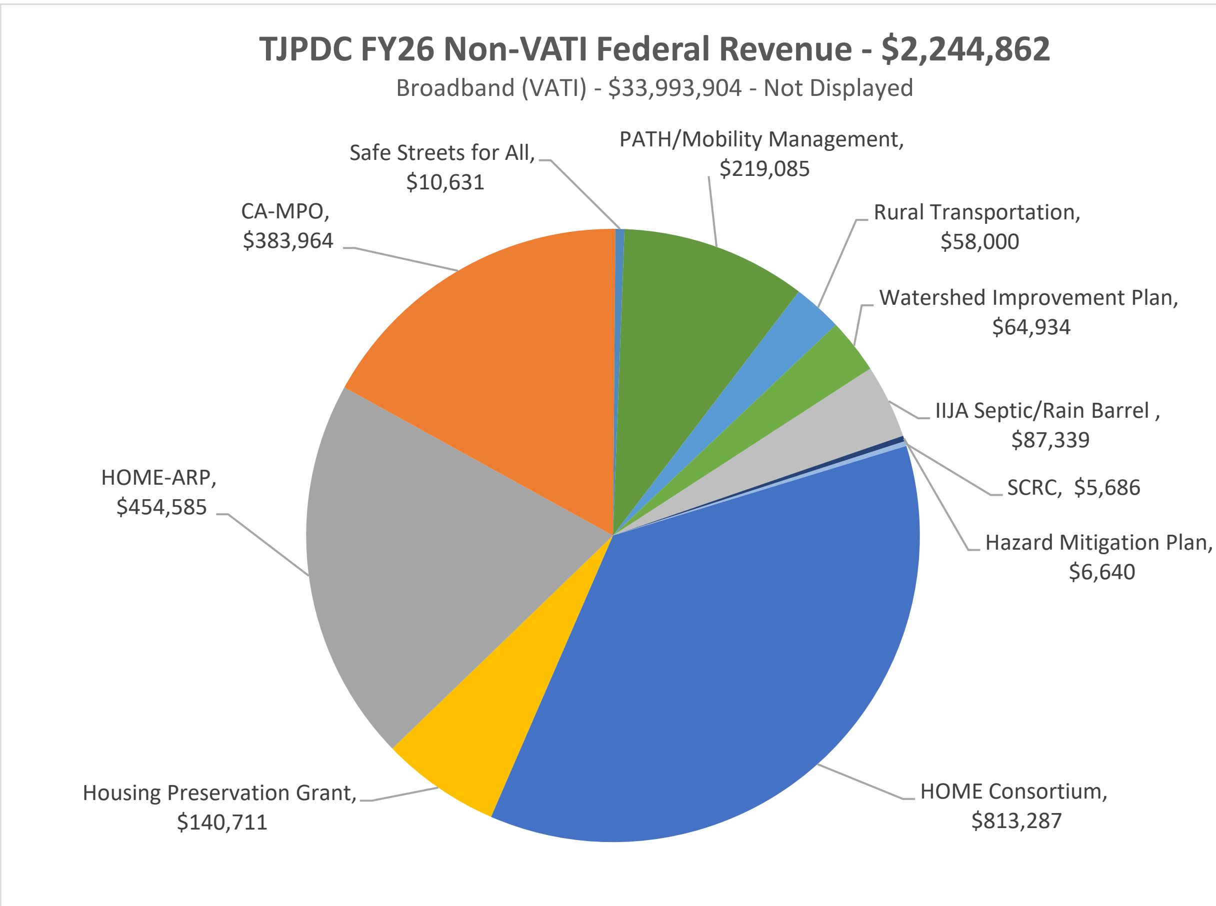


- The Virginia Department of Environmental Quality provides a 100% grant for the coordination of the Regional Water Supply Plan.
- Virginia Housing is providing a 100% state funded grant for a Regional Housing Study. Additional contributions were secured from state, local, and nonprofit sources to support the study.
- Virginia Housing provides 100% state funding for the VA Housing Planning District Commission (PDC) Housing Development grant program to develop affordable housing units in each of the six member jurisdictions.
- RideShare funding reflects the annual state award through the Department of Rail and Public Transportation (DRPT) at 80% state with a 20% local match (pending approval by the Virginia Commonwealth Transportation Board).
- 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 (pending approval by the Virginia Commonwealth Transportation Board).
- 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).
- A DRPT MERIT Technical Assistance transit planning grant was awarded to prioritize strategies identified in the Regional Transit Vision Plan for implementation by the newly formed Charlottesville-Albemarle Regional Transit Authority (CARTA). The grant is 50% state funding,

with a 50% local match requirement provided in equal parts by the City of Charlottesville and the County of Albemarle.

- The regional Hazard Mitigation Plan provides 20% of the funding from the Virginia Department of Emergency Management (VDEM) (with 75% federal and 5% local).
- The state budget includes an FY26 contribution to the TJPDC through the Department of Housing and Community Development (DHCD).

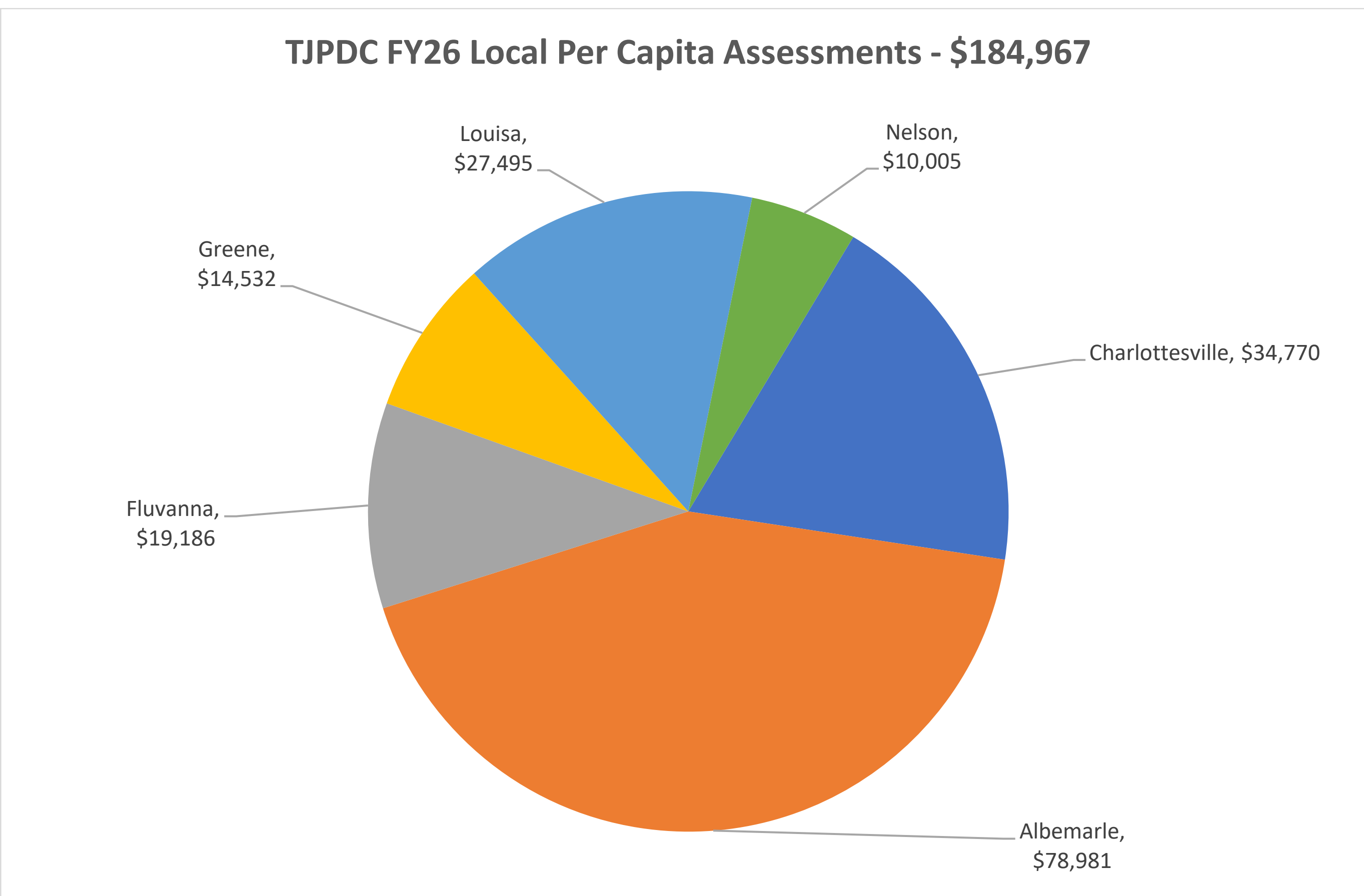
<u>Local Revenue</u>: TJPDC revenues include $7,108,519 from local sources. The largest local programs are the administration of the Blue Ridge Cigarette Tax Board (BRCTB) and local match for the Broadband (VATI) program. In order not to skew the data represented below, BRCTB's $3,390,003 and VATI's $3,140,000 revenues are not displayed.



- VAPDC funding is from a 100% local source.
- Other revenue received includes bank interest earned and rent revenue from tenants. We do not have office space available to rent currently.
- Regional Housing Partnership funding requested is from a 100% local source.
- Regional Housing Study funding is from a state grant, as well as local contributions from the participating jurisdictions.
- Regional Transit Partnership funding is a 100% local source.
- Local funding for Rideshare is provided from participating jurisdictions at 20% of the total program (federal 80%).

- The DRPT MERIT Technical Assistance transit planning grant requires a 50% local match provided in equal parts by the City of Charlottesville and the County of Albemarle.
- The Department of Rail and Public Transportation (DRPT) Mobility Management grant requires a 4% local match (80% federal/15% state).
- The US Department of Transportation's Safe Streets and Roads for all Grant requires a 20% local math (80% federal) 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.
- The TJPDC Corporation is 100% local source.
- Legislative services funding is 100% local source.
- 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 $130,467 with $3,259,537 in pass-through tax revenue to the participating local governments.
- The TJPDC anticipates completing building renovations (to include new flooring, window covering, and paint throughout). The cost of renovations will be spread across a new 5-year lease, with an anticipated $26,000 local reserve transfer anticipated in FY26 from the capital reserves fund.

Local Per Capita Revenue: TJPDC revenues include $184,967 from Local Per Capita member assessments ($0.68 per capita).



Local per capita revenue is shown based on member assessments adopted at the October 2024 Commission meeting and is reflected in FY26 budget requests. Not all localities have taken action on budgets at this time. Local per capita is $0.68.

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. $47,280,107 of the $49,681,661 (95.17%) in FY26 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 $42,432,402 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 $3,259,537 in pass-throughs to the 10 participating jurisdictions.
- Housing pass-through expenses include $780,731 in annual HOME funding, $410,324 in HOME-ARP funding, $120,342 in Housing Preservation grant funding, and $74,165 in Regional Housing Study funds. Pass-throughs are paid to identified sub-recipients for reimbursement for eligible housing activities or to contracted partners.
- DRPT MERIT TA transit planning ($120,000) and Mobility Management ($7,040) pass-through funds include payments made to consultants and contracted partners completing contracted work.
- The DEQ IIJA Septic Program and Rain Barrel Program ($75,053) pass-through funding to contractors and contracted project partners.

Other FY26 expenses include salary and fringe benefits ($1,830,399). Salary and fringe expenses make up 76.22% of the TJPDC's operating expenses ($2,401,107). Staff retention and recruitment are very important to TJPDC leadership. As such, in FY26, staff conducted a consultant-led class and compensation study. The study found that the TJPDC's base salary, on average, was below the market. The commission declared a compensation philosophy in which they wanted to 'lead' the market. In their April meeting, the Commission voted to direct the Executive Director to implement the recommendations in the preferred option in the study. The base salary increases included in the FY26 budget are:

Itemized Costs – Option 3b	Count	Cost ($)	% of Payroll
Adjustments to Minimum	13	$128,639	10.8%
Adjustments for Time in Seat	14	$104,811	8.8%
3% COLA Increase	18	$34,947	2.9%
Total Increase in Payroll Costs	**18**	**$268,397**	**22.5%**

Staff estimates of personnel expenses reflect the retention of 16 full-time and 2 part-time equivalent staff/positions.

The TJPDC now offers The Local Choice (TLC)/Key Advantage 1000 and 500 Health Insurance Plans. Health Insurance Premiums (KA1000) increased by 12.0% for FY26. The TJPDC continues to provide 100% of individual employee-only premiums, 54% of dual premiums, and 37% of family premiums. Employees that were previously grandfathered into previous insurance policies have elected to transition to the current policy effective July 1, 2025, with the delta in their premiums paid through a one-time payroll adjustment. Additionally, if a full-time employee elects to waive coverage and not participate in the group health insurance plans, the employee may request a stipend, not to exceed the individual-only premium, to secure coverage in the private market or through a spouse's insurance plan.

The FY26 rate on Virginia Retirement System Employer contributions is 0.85%, which amounts to approximately $12,000 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 56% in FY25 to 41% in FY26. Indirect Cost Rates have decreased from their high of 89% in FY14 to 41% in FY26 and are anticipated to increase slightly in FY25 (setting the FY27 rate). With the increased salary and fringe costs and the reduced indirect cost rate, commissioners should anticipate a much smaller net gain at the end of the fiscal year compared to the past several years.

Similar to FY25, the FY26 budget includes utilizing much of the DCHD annual contribution for contingencies ($91,087) 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.

Recommended Motion by the Commission: *No action is recommended at this time. This is a draft of the FY26 Operating Budget. A final will be brought to the June 2026 meeting for consideration and approval.*