

STAFF REPORT

Date: July 19, 2023

To: TRPA Governing Board

From: TRPA Staff

Subject: Approval of Fiscal Year 2023/2024 Annual Operating Budget

Summary and Staff Recommendation:

TRPA staff prepared this budget based on the guidance provided by the Governing Board at the April 2023 strategic planning workshop and May 2023 Governing Board meeting. It also reflects the work of our new executive team in implementing personnel and organizational changes.

The fiscal year 2023/2024 budget reflects the work of TRPA staff and Governing Board members to increase revenues in support of TRPA's mission to protect Lake Tahoe. The budget shows revenue increases from the prior year in several areas including the Nevada contribution, funds from the Lake Tahoe Restoration Act (LTRA), and a grant for housing policy work from California's Housing and Community Development agency. Fee revenue is up due to this being a lottery year for new buoys and lakefront structures. Those fees will support cost-recovery goals in the permitting department.

Funding the coming fiscal year's budget includes multiple revenue sources, drawing down on banked Shoreline fees from prior years, and spending out of the bond proceeds set aside for long-term deferred maintenance.

Staff recommends approval of the fiscal year 2023/2024 budget. Included in the action to approve the budget are the following items:

- Approval for the overall expenditures of the agency.
- Approval for the grant agreements incorporated in the budget.
- Approval of the contract expenditures included in this budget.
- Approval for the staffing levels identified in this budget.
- Approval for an average 5% salary merit review for staff.
- Approval of an inflation increase (budgeted at 6.4%) to current planning fees (subject to final review by the Operations and Governance Committee in October).
- Authorization for staff to make technical corrections to the final budget.

Required Motion:

In order to approve the fiscal year 2023/2024 operating budget, the Governing Board must make the following motion:

- 1) A motion to approve the fiscal year 2023/2024 budget.

In order for the motion to pass, an affirmative vote of any eight Board members is required.

Background:

This Budget and the associated Annual Work Plan support the three strategic priorities identified by the TRPA Governing Board at their April 2023 workshop and May 2023 board meeting.

- The Tahoe Living strategic priority specifies how we can work with local governments to create Complete Communities that provide housing for all, an appropriate mix of uses to support vibrant, walkable, transit-friendly neighborhoods, and the necessary infrastructure to protect our unique and precious environment.
- The Keeping Tahoe Moving strategic priority addresses the transportation system for “complete communities” and for the millions from outside the Basin who visit the Lake Tahoe Region annually.
- The Restoration and Resilience strategic priority continues and accelerates environmental improvement and transportation improvement programs to restore our environment and better prepare the region for extreme weather and climate change.

The budget also covers TRPA’s mandates from the Bi-State Compact and our other roles. TRPA is the Federal Metropolitan Planning Organization (TMPO) and California Regional Transportation Planning Agency (RTPA). The United States Environmental Protection Agency (EPA) has designated TRPA as the areawide planning agency under Section 208 of the Clean Water Act.

Executive Director Julie Regan, after taking on her new role, met with all staff members, and engaged in extensive community outreach to assess the Agency’s needs and opportunities. This work helped identify several areas for change including organizational structure, increasing staff in high-intensity areas, and future investment needs. This budget, restricted by available funding, begins to address those needs, and reflects the reorganization and a few added resources in critical areas.

The budget is balanced with funds carried over from prior years. The building repairs are funded by bond monies received three years ago when we refinanced our long-term debt tied to the building. Delays in construction contracting, endemic to the industry, resulted in the bulk of that work slipping from FY 2023 to FY 2023 and FY 2024. Separately, the Shorezone Fund has an existing balance from prior years. Those funds will be used to cover next year’s modest shortfall in that fund.

There are two areas that are not budgeted. Mitigation funds are received when the project is acknowledged, and disbursed when the receiving agency has a project ready to consume the funds. This is difficult to forecast and there is a considerable time lapse between the two events. Secondly, the California STA/LTF/State of Good Repairs funding is managed and budgeted by the recipients (Placer County and TTD). TRPA never receives the funding, but as the RTPA for the Basin is responsible for authorizing and coordinating its use. We record it as Revenue and Expenses during year-end close after receiving final numbers from the recipients.

TRPA staff recommends approval of the following budget for Fiscal Year 2023, broken down by Fund:

Tahoe Regional Planning Agency
Fiscal Year 2023/2024 Proposed Budget (\$K)

	Revenue	Expenses	Net
General Fund	8,540	7,660	881
Planning Fund	2,826	3,947	(1,121)
Shorezone Fund	347	427	(81)
Total General Funds	11,713	12,034	(321)
Special Funds			
AIS	7,592	7,592	(0)
EIP	4,086	4,086	0
Transportation	3,516	3,516	0
BMP	292	292	(0)
Total Grants	15,486	15,486	0
Total Agency	27,199	27,519	(321)

The following table breaks out revenue and expenditures by type:

Revenue Sources	\$	%
California	5,082	19%
Nevada	3,055	11%
Grants	14,211	52%
Fees for Service	4,070	15%
Other	781	3%
	<u>27,199</u>	

CA/NV Ratio 1.66

Expenditures by Type	\$	%
Contracts	16,870	61%
Compensation	8,901	32%
Financing	620	2%
Other	1,125	4%
	<u>27,517</u>	

Comparisons to Fiscal Year 2023 Budget

Revenue Projections:

Tahoe Regional Planning Agency

Fiscal Year 24 vs. FY 23 Budget

Revenues	FY 24	FY 23	Change
General Fund	8,540	7,296	1,245
Planning Fund	2,826	2,617	209
Shorezone Fund	347	440	(93)
Total General Funds	<u>11,713</u>	<u>10,353</u>	1,360
Special Funds			
AIS	7,592	8,082	(490)
EIP	4,086	707	3,380
Transportation	3,516	2,401	1,115
BMP	292	324	(32)
Total Grants	<u>15,486</u>	<u>11,513</u>	3,972
Total Agency	<u>27,199</u>	<u>21,866</u>	5,332

Overall, revenues are up \$5.3M from FY 2023's budget. The Nevada contribution to the agency increased by \$0.9M, bringing them up to the 1/3:2/3 ratio in the compact plus funds for staff salaries and a scanning project. Planning revenue will increase due to a shoreline permit lottery. AIS grants are down \$0.5M reflecting different contracting work activities in the Tahoe Keys Control Methods Test. EIP grants are up \$3.4M due to LTRA funding for forest health and fuels reductions projects as well as watershed restoration projects for various implementing partners. California REAP (housing) grants add \$0.8M to Transportation grants.

Confidence in grant revenue is high, as most grant agreements are either in place or being finalized. Grant revenue is based on cost reimbursement, where revenues match expenses, but both may fluctuate depending on associated expenditures and timing. LTRA funding is substantially higher for the coming year. Transportation Grants reflect the Overall Work Program negotiated with the funders (Federal Highway Administration, CalTrans, and NDOT) plus the REAP grants.

State revenue is largely set. There were no changes to our California contribution in the final budget, however we will be asking for additional funding in the fall. This is to match Nevada's contribution to funding staff salary increases at the same rate the states' employees receive.

Current Planning fees are running strong, but below budget. FY 2024 will include a biennial lottery for new piers and buoys. This should result in a significant increase in planning fees. We also believe the shortfall in FY 2023 was due to severe winter weather postponing projects. June planning fees increased, and we are seeing more leading indicators trending upward. The real estate market in Tahoe remains strong. We project an 8% increase from the budget for FY 24's projected planning fees due to the shoreline lottery and including an inflation-based fee adjustment of 3.5% effective at the end of January of 2023. The actual adjustment will be based on the Consumer Price Index for the Western Area, with a 3% minimum. The Operations and Governance Committee will review this change later in the fiscal year. Current Planning is not at full cost recovery for services and receives a transfer from the General Fund to balance revenues and expenses.

Shoreline fees are based on known moorings plus additional moorings and structures capped by the new shoreline regulations. The Shoreline fund shows a small deficit for fiscal year 2023/2024. Reserves are adequate to cover that deficit and leave a balance in the Shoreline Fund for future problems.

Budgeted Expenditures:

Expenditures are up \$4.9M with contracts increasing \$3.9M and labor up \$0.5M. Miscellaneous items account for the rest. Contracting increases are primarily in LTRA and Transportation (Housing) areas. Labor increases include salary increases and the addition of four new full-time employees.

The budget includes a total of 74 regular positions plus 4 seasonal boat crew members and 3 interns. Of the year-round positions, 72 are full time, and 2 are part time. Grant funding supports two of the new positions, one directly and one is backfill for existing employees who

will be spending more time on grants. Both of those positions are in Regional Planning as part of the housing grants. Total compensation will be \$8.9 M including a 5% merit pay cycle. This will not be a general increase for all but will be based on a multi-factor approach. We are assuming turnover equivalent to 1.3 FTEs. That is based on a 7% turnover rate with an average of 3 months to replace. TRPA salaries and benefits (retirement plan) remain below market.

Contracting expenditures are projected at \$16.9M. This is an increase of \$3.9M, driven by increased funding from the Lake Tahoe Restoration Act. TRPA is acting as a fiscal agent for a sizable portion of the LTRA program and most of this funding is disbursed to partner entities and contractors performing the work. A list of contracts over \$100K is attached.

Tahoe Regional Planning Agency

FY 24 vs. FY 23 Budget (\$K)

Expenditures	FY 24	FY 23	Change
General Fund	7,660	7,214	446
Planning Fund	3,947	3,409	538
Shorezone Fund	427	502	(75)
Total General Funds	12,034	11,125	909
Special Funds			
AIS	7,592	8,082	(490)
EIP	4,086	707	3,380
Transportation	3,516	2,401	1,115
BMP	292	324	(32)
Total Grants	15,486	11,513	3,972
Total Agency	27,519	22,638	4,881

Major Program areas:

AIS Program:

	FY 24	FY 23	Change
Revenue			
Grants	5,945	6,550	(606)
Fees for Service	897	781	116
State Revenues	750	750	
Total Revenue	7,592	8,082	(490)
Expenditures			
Contracts	6,679	7,209	(529)
Compensation	463	525	(62)
Other	450	348	101
	7,592	8,082	(490)
Net AIS	(0)	0	(0)

The AIS fund saw a decrease in budgets between the two years. This is the result of significant major expenditures in FY 2023 on the Tahoe Keys Demonstration Program and in particular an elevated level of monitoring around the herbicide testing. While work in the Keys continues, there are no herbicide tests this fiscal year and that will reduce expenditures. TRPA acts as the fiscal agent for the program, so our headcount is 4.2 equivalent heads, most of the expenditures in the contracts area. Fees for service reflect revenues from the watercraft inspection and decontamination program. Both states contribute \$375K in earmarked spending for the AIS prevention program.

EIP Program

	FY 24	FY 23	Change
Revenue			
Grants	3,885	457	3,428
State Revenues	201	250	(49)
Total Revenue	4,086	707	3,380
Expenditures			
Contracts	3,957	575	3,382
Compensation	85	86	(0)
Other	44	46	(2)
	4,086	707	3,380
Net EIP	0	0	0

The EIP program is significantly increasing in size this fiscal year, because of the hard-fought LTRA funding which advances threshold standards in many areas. Two significant projects, one in forest health, and one to assist partner agencies with critical watershed restoration, drive this increase. Like the AIS program, most of the money will be awarded to implementing partners with only a modest amount of TRPA labor involved, roughly one equivalent head.

Permitting and Compliance Program

Combined Planning Shoreline Funds

	FY 24	FY 23	Change
Revenue			
Total Revenue	3,173	3,057	115
Expenditures			
Contracts	832	791	41
Compensation	2,208	1,918	290
Other	1,335	1,202	132
	<u>4,374</u>	<u>3,911</u>	<u>463</u>

Net Permitting & Compliance	(1,201)	(854)	(348)
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Current Planning is one of our core areas. It includes 21 equivalent heads including project review, customer service, code enforcement and shoreline permitting and enforcement activities. These numbers reflect a combination of the Planning Fund and the Shoreline Fund. The major changes in the Current Planning budget for next year reflect a bi-annual shoreline permit lottery, partially offset by reductions in traditional permitting. Staffing increases are also included to improve customer service and a project to improve productivity through process changes.

Transportation Program:

	FY 24	FY 23	Change
Revenue			
Grants	3,516	2,395	1,121
Expenditures			
Contracts	1,822	1,133	689
Compensation	1,178	813	365
Other	516	449	67
	<u>3,516</u>	<u>2,395</u>	<u>1,121</u>

Net Transp. & Planning	0	0
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Transportation includes both the traditional Transportation Overall Work Program (OWP) and new grants in the housing area (REAP). These funds account for 10.8 equivalent heads. Compensation is up due to adding staffing to support those housing initiatives and some impact from a reorganization. Contracting effort changes from year to year depending on priorities and funding availability. This budget includes over \$0.7M in housing related contracts. It also includes \$0.2M for the USFS Emerald Bay Corridor project, and \$0.1M for the Meek's Bay Restoration project EIS. The latter is a multi-agency process and TRPA is taking the lead on the environmental review.

Contact Information:

For questions regarding this agenda item, please contact Chris Keillor at (775) 589-5222 or ckeillor@trpa.gov.

Attachment:

- A. Major Contracts included in the Fiscal Year 2023 Budget

Attachment A

Major Contracts included in the Fiscal Year 2023 Budget

Attachment A

Tahoe Regional Planning Agency
Fiscal Year 2023/2024 Contract in excess of \$100,000

Purpose	Recipient	Gen Fund	Grants	Fees	Other
Environmental Improvement					
AIS Control	MTS - Taylor Tallac		699,943		
AIS Control - IRI - UV Light Keys Complex	Inventive Resources		550,000		
AIS Control	TRCD		508,308		
AIS Control	ESA		500,000		
AIS Prevention	Tahoe Resource Conservation District		375,000		
AIS Control Tahoe Keys CMT	Environmental Science Associates		324,785		
AIS Prevention- Meyers	Tahoe Resource Conservation District		299,957		
AIS Prevention	Tahoe Resource Conservation District			298,727	
MTS USFS Grant	Taylor Tallac		250,371		
AIS Prevention	Tahoe Resource Conservation District		231,601		
AIS Prevention	Marina Contract Payouts			175,000	
AIS Prevention	Tahoe Resource Conservation District		149,986		
AIS Control - Tahoe RCD Surveillance	Tahoe Resource Conservation District		141,089		
AIS Control Tahoe Keys CMT	Stratus Engineers Associates		125,000		
UV Light 2	IRI Tahoe keys Lagoons UV Light		103,902		
Ski Run Marina Oversight TRCD	TRCD		100,000		
AIS Control and Surveillance (Blanket Contract)	MTS		100,000		
AIS Control and Surveillance (Blanket Contract)	TERC		100,000		
AIS Control and Surveillance (Blanket Contract)	Hiuga		100,000		
AIS Control and Surveillance (Blanket Contract)	Infiniti		100,000		
AIS Control and Surveillance (Blanket Contract)	LTD&E		100,000		
AIS Control and Surveillance (Blanket Contract)	CUTL		100,000		
AIS Control and Surveillance (Blanket Contract)	Spatial Informatics Group		100,000		
AIS Control and Surveillance (Blanket Contract)	Restore the Lake Depth		100,000		

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Tahoe Regional Planning Agency

Fiscal Year 2023/2024 Contract in excess of \$100,000 (Continued)

Purpose	Recipient	Gen Fund	Grants	Fees	Other
USFS LTRA Forest Health	CA State Parks		1,099,909		
USFS LTRA BMP Watershed	City of South Lake Tahoe		724,962		
USFS LTRA BMP Watershed	CA State Parks		450,000		
USFS LTRA BMP Watershed	Nevada Tahoe Conservation District		275,000		
USFS LTRA Forest Health	CA Tahoe Conservancy		250,000		
USFS LTRA BMP Watershed	CA Tahoe Conservancy		250,000		
USFS LTRA Forest Health	Nevada Division of State Lands		200,000		
Prevention	Tahoe Resource Conservation District		200,000		
UV Light 2	Ski Run Lakeside UV Light		141,652		
BMP	BMP Ski Run Bijou Park		125,000		
Total EI Contracts >\$100K (includes page 1)			8,876,465	473,727	

Regional Planning		Gen Fund	Grants	Fees	Other
Tahoe Housing - CA HCD REAP 2.0 HIT - Regular	TBD		420,000		
Long Range Planning	TBD; Complete Communities contract	200,000			
USFS Emeral Bay Corridor Enviro Study	TBD		199,221		
USFS Meeks Bay Restoration	Ascent Environmental Inc		111,805		
Total Regional Planning Contracts > \$100K		200,000	731,026		

Transportation		Gen Fund	Grants	Fees	Other
WE104 (CA-PL) Intermodal Planning	TBD RTP/SCS and Transit Planning		203,643		
WE108.6 (CA-RMRA) Sustainable Communities	Sustainable Funding Initiative		161,696		
WE108.7 (CA-RMRA) Sustainable Communities	Sustainable Funding Initiative		160,750		
WE105 (CA-PL) Data Collection & Forecasting	TBD		117,631		
(CTC) LT Info Updates - Climate Resiliency Dashboard	Economic Consultants Oregon Ltd		101,250		
Total Transportation Contracts > \$100K			744,970		

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Tahoe Regional Planning Agency

Fiscal Year 2023/2024 Contract in excess of \$100,000 (Continued)

Purpose	Recipient	Gen Fund	Grants	Fees	Other
Research & Analysis					
Transparency/Atmos Dep/ Tributaries Scanning Project	UC Davis	258,249			
Annual Monitoring	SyTech Solutions		201,422		
Lakewide Survey - AIS	USGS - LTIMP	182,550			
Process Improvement	Marine Taxonomic Services		152,835		
	Sitka	125,000			
Total R&A Contracts > \$100K		565,799	354,257		

Other Contracts over \$100K					
Reimbursables	Applicants			150,000	
Project Reviews	Wells Barnett Associates			130,000	
Rock Wall	TBD				218,000
Outsource IT Support	Managed Services Provider/Xogenous	240,000			
TSAC Work Orders	Various Member Institutions		225,000		
TSAC Work Orders	Various Member Institutions		130,000		
TSAC Work Orders	Various Member Institutions		113,000		
Total Other Contracts > \$100K		240,000	468,000	280,000	218,000