



STAFF REPORT

Date: June 15, 2022
To: TRPA Governing Board
From: TRPA Staff
Subject: Approval of Fiscal Year 2022/2023 Annual Operating Budget

Summary and Staff Recommendation:

The Fiscal Year 2022/2023 budget shows increases from the current year in funds dedicated to AIS treatment projects funded by the Lake Tahoe Restoration Act (LTRA). Fee revenue is up due to the high volume of permitting in Current Planning. EIP and Stormwater revenues are up slightly. Transportation grants are down due to phasing down of two projects.

Funding the coming fiscal year's budget includes carrying over underruns from the current year, 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 2022/2023 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 the contract expenditures that comprise this budget.
- Approval for the staffing levels included in this budget.
- Approval for a 5% salary merit review for staff.
- Approval of an inflation increase (budgeted at 8.3%) to current planning fees (subject to final review by the Operations and Governance Committee in November).

Required Motion:

In order to approve the Fiscal Year 2022/2023 Operating Budget, the Governing Board must make the following motion:

- 1) A motion to approve the fiscal year 2022/2023 budget.

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

Background:

The budget appears out of balance, but the agency has the resources required to fund the expenditures. The building repairs are funded by bond monies received two years ago when we refinanced the long-term debt. Delays in construction contracting, endemic to the industry, resulted in the bulk of that work slipping from FY 2022 to FY 2023. Work budgeted in FY 2022 has been delayed, and we propose carrying over the money set aside for that to fund the FY 2023 work plan. Finally, the Shorezone Fund has an existing balance from prior years. Those funds will be used to cover next year’s modest shortfall.

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

Tahoe Regional Planning Agency
Proposed FY 2023 Budget

Fund	Revenue	Expenses	Net
General Fund	6,506,422	6,181,632	324,790
Building	938,328	1,116,576	(178,247)
Other	3,000	68,022	(65,022)
TSAC	536,809	536,809	0
Eliminations	(688,980)	(688,980)	
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	7,295,579	7,214,058	81,521
Planning	2,313,642	3,099,171	(785,529)
Reimbursables	150,000	150,000	0
Settlements	153,600	159,593	(5,993)
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	2,617,242	3,408,763	(791,522)
Shorezone	440,000	502,183	(62,183)
Total General Fund	10,352,821	11,125,004	(772,183)
EIP	706,531	706,531	0
BMP	324,103	324,103	(0)
AIS	8,081,632	8,081,632	0
Transportation	2,401,088	2,401,088	(0)
Total Grants	<hr/>	<hr/>	
	11,513,354	11,513,354	0
Total TRPA	21,866,175	22,638,358	(772,183)

Overall, revenues are up \$2.9M from FY 2022’s budget, almost entirely due to additional LTRA funding for AIS projects. Expenditures are up \$3.1 M with contracts increasing \$2.5M and labor up \$0.6M. Contracting increases are primarily in the AIS area. Labor increases include salary

increases and the addition of four new heads, all funded by grants or fees for service. Eliminations back out rent TRPA pays to itself for the office building.

The following table breaks out revenue and expenditures by type:

Type	\$	% Total
State Revenue	7,431,010	34%
Grants	10,200,852	47%
Fees for Service	3,834,965	18%
Local Revenue	150,000	1%
Other Revenue	0	0%
Rent Revenue	249,348	1%
Total Revenue	21,866,175	
Compensation	8,228,734	36%
Contracts	12,936,317	57%
Other	820,485	4%
Rent	739,125	3%
Eliminate TRPA rent	(688,980)	-3%
Financing	617,450	3%
A&O/Transfers	(14,772)	0%
Total Expenditures	22,638,358	
Net	(772,183)	

Revenue Projections:

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 approved at last month’s Governing Board meeting and negotiated with the funders (Federal Highway Administration, CalTrans, and NDOT).

State revenue is set. There were no changes to our California contribution, and this is the second year of the approved Nevada biennial budget.

Current Planning fees are running ahead of budget. The real estate market in Tahoe remains strong, and the current year’s revenue will exceed the budget. We project a 5% increase from the budget for this year’s projected planning fees including an inflation-based fee adjustment of 8.3% 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. These increases are partially offset by a reduction in projected applications for new shorezone structures. New applications have slowed down since the initial year of the program. Current Planning is not yet

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 2022/2023. Reserves are adequate to cover that deficit and leave a balance in the Shoreline Fund for future problems.

Expenditures:

The budget includes a total of 80 positions. Of these, 67 are full time, four are part time, seven are seasonal employees and there are two interns. There are four new positions. Grant funding is supporting three, one each in Transportation, Environmental Improvement and Finance. The shoreline program will be adding an additional head to work off the backlog of implementation items. Total compensation will be \$8.2M 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 one head. TRPA salaries and benefits (retirement plan) remain below market.

Contracting expenditures are projected at \$12.8M. This is an increase, driven by increased funding for AIS projects coming from the Lake Tahoe Restoration Act. TRPA is the fiscal agent for the AIS program and most of this funding is disbursed to partner entities and contractors performing the work. We are also increasing contracting in Current Planning to obtain outside contractor support to handle record levels of applications. A list of contracts over \$100K is attached.

Major Program areas:

General Fund

General fund expenditures are increasing. There are cost increases in two areas, staff salaries, and additional monitoring contracting as we prepare for the upcoming Threshold Evaluation. Budgets for miscellaneous costs, like travel, were reduced reflecting aggressive cost management and limited travel due to pandemic restrictions. Finally, our Administration & Overhead rate has declined, reducing the amount of General Fund expenses that get allocated to grants.

General Fund Account Type	FY 22	FY 23	Change
State Revenue	6,356,422	6,356,422	
Local Revenue	150,000	150,000	
Other Revenue			
Total Revenue	6,506,422	6,506,422	
Compensation	4,545,636	4,726,954	181,318
Contracts	1,789,805	2,143,147	353,342
Rent	694,807	691,554	(3,253)
Other	691,539	505,356	(186,183)
A&O/Transfers	(2,066,176)	(1,885,378)	180,798
Total Expenses	5,655,611	6,181,632	526,021
Net	850,811	324,790	(526,021)

AIS Funds:

The AIS fund saw the greatest increase in budgets between the two years. This is due to Lake Tahoe Restoration Act funding. TRPA acts as the fiscal agent for the program, so our headcount is less than five equivalent heads, most of the expenditures in the contracts area. Fees for service reflect revenues from the watercraft inspection and decontamination program.

AIS	FY 22	FY 23	Change
Grants	4,035,498	6,550,309	2,514,811
State Revenue	750,000	750,000	
Fees for Service	665,437	781,323	115,886
Total Revenue	5,450,935	8,081,632	2,630,697
Compensation	349,609	524,652	175,042
Contracts	4,811,805	7,208,640	2,396,835
Other	66,300	84,739	18,439
Rent	42,771	47,571	4,800
Financing	16,000	15,000	(1,000)
A&O/Transfers	164,450	201,030	36,581
Total Expenses	5,450,935	8,081,632	2,630,697
Net	0	0	0

Transportation Funds:

The Transportation Funds are our second largest fund grouping after AIS. These funds account for eight equivalent heads. Compensation is up due to adding staffing. Contracting effort is down due to winding up two major projects, the Meeks Bay Restoration project planning, and the Highway 89 corridor feasibility study.

Transportation	FY 22	FY 23	Change
Grants	2,808,765	2,401,088	(407,677)
Compensation	658,464	813,254	154,790
Contracts	1,583,071	1,132,139	(450,932)
Other		6,854	6,854
Rent			
Financing			
A&O/Transfers	512,046	448,841	(63,206)
Total Expenses	2,753,582	2,401,088	(352,494)
Net	55,183	(0)	(55,183)

Current Planning

Current Planning is one of our core areas. It includes roughly seventeen equivalent heads including project review, code enforcement and new mooring and shoreline structure permits. The major changes in the Current Planning budget for next year reflect the continued high volume of permitting activity, leading to additional outsourced project review costs. Revenue is projected to continue at an elevated level, reflecting the fact that the current year's revenue exceeded budget.

Current Planning	FY 22	FY 23	Change
Fees for Service	2,513,221	2,613,642	100,421
Grants	3,600	3,600	
Total Revenue	2,516,821	2,617,242	100,421
Compensation	1,555,080	1,651,882	96,802
Contracts	579,455	719,533	140,078
Other	31,911	34,135	2,224
Rent			
Financing	22,079	49,087	27,008
A&O/Transfers	1,174,397	954,127	(220,270)
Total Expenses	3,362,922	3,408,763	45,842
Net	(846,101)	(791,522)	54,579

Contact Information:

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

Attachment:

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

Attachment A

Major Contracts included in the Fiscal Year 2023 Budget

Attachment A

Major Contracts (>\$100K)

Organization	Purpose	Recipient	Rev Source	FY
EI-AIS	Tahoe Keys CMT	Blankinship & Associates	Grants	949,914
EI-AIS	Tahoe Keys CMT	Environmental Science Associates	Grants	879,601
EI-AIS	AIS Control	MTS - Taylor Tallac	Grants	839,571
EI-AIS	Tahoe Keys CMT	Environmental Science Associates	Grants	501,477
EI-AIS	AIS Control	MTS - Taylor Tallac	Grants	450,000
EI-AIS	AIS Prevention	Tahoe Resource Conservation District	Grants	375,000
EI-AIS	Tahoe Keys CMT	Blankinship & Associates	Grants	338,097
Current Planning	Project Reviews	Wells Barnett Associates	Fees	319,890
EI-AIS	IRI - UV Light Tahoe Keys	Inventive Resources	Grants	312,000
TSAC	TSAC Work Orders	Various Member Institutions	Grants	300,000
Research & Analysis	Annual Monitoring	UC Davis - Transparency/Atmos Dep/ Tributaries	Gen Fund	270,851
Research & Analysis	Scanning Project	TBD	Grants	250,000
Facilities	Roof Renovation	TBD	Bond Proceeds	240,000
EI-AIS	AIS Prevention	Tahoe Resource Conservation District	Grants	231,601
EI-AIS	AIS Prevention	Tahoe Resource Conservation District	Grants	228,858
IT	Outsource IT Support	Managed Services Provider/Xogenous	Gen Fund	228,000
EI-AIS	AIS Prevention	Tahoe Resource Conservation District	Fees	208,066
EI-AIS	Tahoe RCD - Keys Complex	Tahoe Resource Conservation District	Grants	200,000
EI-AIS	Tahoe RCD Surveillance	Tahoe Resource Conservation District	Grants	200,000
Transportation	Sustainability	NCE (USFS Hwy 89 Corridor Feasibility Study)	Grants	200,000
EI-AIS	AIS Prevention	Marina Contract Payouts	Fees	175,000
Transportation	WE108.6 (CA-RMRA) Sustainable Communities	Sustainable Funding Initiative	Grants	160,750
Research & Analysis	Process Improvement	Sitka New work	Gen Fund	150,000
Research & Analysis	Nearshore Algae	Nearshore Algae	Grants	150,000
Transportation	Sustainability	Ascent (USFS Meeks Bay Ecosystem Restoration Project Planning)	Grants	150,000
Research & Analysis	Annual Monitoring	USGS - LTIMP	Gen Fund	146,567
Facilities	Rock Wall	TBD	Bond Proceeds	140,000
Transportation	(CTC) LT Info Updates - Climate Resiliency Dashboard	TBD (RFP in July 2022)	Grants	135,000
EI-AIS	AIS Control	MTS - Taylor Tallac	Grants	125,000
Current Planning	Reimbursables	Applicants	Fees	118,000
Research & Analysis	Cador Fire Monitoring	UC Davis	Grants	116,000
Transportation	WE104 (CA-PL) Intermodal Planning	RTP/SCS and Transit Planning Support Contracts	Grants	114,809
EI-AIS	IRI - UV Light Keys Complex	Inventive Resources	Grants	104,000
EI-AIS	AIS Prevention	Tahoe Resource Conservation District	Grants	101,280
Research & Analysis	Annual Monitoring	AIS Lake Monitoring	Gen Fund	100,000
Research & Analysis	Process Improvement	Travel Demand Model upgrades and VMT Tools, e.g. Streetlight Subscription (General fund)	Gen Fund	100,000
EI-AIS	IRI - UV Light Tahoe Keys	Inventive Resources	Grants	100,000
EI-AIS	AIS Control	Ski Run Marina Oversight & Implement	Grants	100,000
EI-AIS	AIS Control	MTS - Taylor Tallac	Grants	100,000