

FY 2011 Proposed Budget & FY 2010 Year End R&E Narrative
Rivanna River Basin Commission

PART 1: FY 2010 Year End Budget Revenue and Expense

1.1 BACKGROUND *(please see page 11 for financial statement)*

Fiscal year 2011 effectively marks the second year of the Commission operating with professional staff hired to transition the Commission into its own entity, separate from The Nature Conservancy (TNC), which provided initial programmatic and support staff. Thus, a large focus of activity during FY 2010 was to establish administrative, financial, legal, communication and programmatic accounting procedures necessary for the new organization.

1.2 INCOME

At almost the same time the Executive Director was hired, the Commission learned that it was to receive a \$725,000 “Stormwater” grant from the National Fish and Wildlife Foundation (NFWF), which serves as a granting agency for the EPA’s Chesapeake Bay Program. The grant proposal included sub-grants to each of the four localities (Albemarle, Charlottesville, Greene, and Fluvanna), as well as sub-contracts with partnering organizations (StreamWatch, Rivanna Conservation Society, Thomas Jefferson PDC, and the Center for Watershed Protection). In addition, this grant would provide about \$72K of funding to help cover payroll costs incurred in performance of grant management and execution.

Also prior to the start of FY2010, RRBC received two additional grants from the Virginia Department of Conservation & Recreation (DCR): the Healthy Waters Grant and a mini-grant to cover GIS mapping for Greene County (as part of the Rivanna-area Land Cover/Use Map). Each of these grants brought additional funding to help cover payroll for staff for grant program execution.

\$73,000 of start-up funding was transferred from TNC to the RRBC account in FY10. (These funds were raised from private donors, many of them who live in the Rivanna watershed, expressly for the founding of the Rivanna River Basin Commission.)

Discussion: The projected year-end Total Income (\$449,147) is \$50,599 less than the projected year-end total income. This is primarily due to \$54,414 in NFWF grant funding was not requested by staff (not needed in the current fiscal year) and additional funding of approximately \$5K of RRBC Start-up Funds (held by TNC) beyond what was projected due to cash flow needs. Thus, overall income is 90% of what was projected. However, most of this difference will be made up in income received in FY11 and FY12, for reimbursement of expenses for the NFWF stormwater grant projects and activities.

1.3 EXPENSE

During FY10, all RRBC financial reports categorized expenses as either “Program” (i.e. grant funded) or Non-Program. We are now using the terms “Grant Funded” or “Non-Grant Funded” for clarity.

1.3.1 Program Expenses (i.e. Grant –Funded Program Expenses)

Discussion:

DCR – Greene County Map - RRBC has completed all work on the DCR Greene County project, coming in at 100% of anticipated costs. This project has also been fully reimbursed by DCR.

DCR – Healthy Waters – RRBC, and its partners (Virginia Commonwealth University and StreamWatch), will complete all work on this grant by June 30, 2010, and will subsequently request full reimbursement (to total \$55K) when the final report is submitted in early July.

NFWF – The significant differences in projected year-end vs budget are due to:

- Less contractual expense due to the timing of executing contracts with partners (with work in many cases just commencing), though this has no overall financial or programmatic impact on RRBC
- Monitoring equipment costs 25% more than anticipated

NFWF allows for 10% under/over total project budget in each category without explanation. If larger changes in spending allocations are anticipated, NFWF requires pre-approval. We do not foresee this being an issue with the funder, partly because of the “demonstration” nature of the project and also based on staff experience with NFWF.¹

1.3.2 Non-Program Expenses (Non-Grant Funded or Grant Match)

Discussion: During FY10, all RRBC financial reports categorized expenses as either “Program” (i.e. grant funded) or Non-Program. We are now using the terms Grant Funded or Non-Grant Funded. Non-program expenses include two categories of spending:

1. Indirect or overhead costs (administrative payroll, meetings expenses, insurance, office expenses, rent, telephone, website expenses, etc.).
2. Program match expenses (payroll, supplies and equipment) expended in performance of the grant requirements.

While staff is tracking these program match expenses (for the purposes of grant reporting), these have not been detailed in the regular financial reports to the Commission (though are available should Commissioners wish to review them). Thus, it is important to recognize that consideration staff time was spent in conduct of grant projects, but charged (in part) as a non-program expense.

In addition, the two additional grants from DCR had inadequate funding for payroll for performance of the grant activities. However, each of these grants had positive programmatic consequences for RRBC (direct assistance to Greene County and laying the groundwork for future potential funding for “healthy waters” work in the watershed).

¹ RRBC staff is meeting with the NFWF Chesapeake Bay funding team in late June or early July to discuss changes in the project spending.

Notable differences can be found between year-end projections and FY10 budget in a number of line items, discussed below.

Payroll Expense. The total payroll expense (Non-grant funded or Grant Match) was \$3893 more than budgeted (or 20% over the budgeted amount).

Commissioner Expense. This is money allocated for expenses of Commissioners related to the conduct of the Commission, based on the Commission's policy. None was spent.

Conference Expense. This includes the cost of staff and Commissioners attending conferences and workshops for Commission business, including conference/workshop cost allocated to programs (grants). This was over by \$45 (or 145% budgeted amount).

Dues and Subscriptions. This category covers costs of membership in The Center for Non-profit Excellence and other organizations or subscriptions to facilitate the conduct of the Commission. We under spent by 60%.

Fees and Charges. This category covers miscellaneous fees (e.g. bank fees).

Grants to other organizations. This budget includes \$5,000 budgeted for grants to partner organizations to sustain watershed protection activities, possibility to be directed to StreamWatch Rivanna Long-term Monitoring Program or for the development of the Rivanna Data Center. We did not make such a “grant” this year. We will eliminate this category in FY11 and include this under Professional Services, Scientific & Technical Support.

Insurance (Business). This expense category covers the cost of Director and Officer's Insurance, Liability Insurance, and other policies as approved by the Commission. Due to the delay in obtaining coverage, \$575 represents the pro-rata amount for FY2010.

Meeting Expenses (Commission). This category is for costs associated with hosting Commission meetings, including Committee Meetings (Executive, Technical Advisory). It has been customary to bring morning snacks for the TAC meetings that are 3 hours long and start at 9 am.

Miscellaneous Expense. This category is to cover miscellaneous expenses. Only 3% of this line item was spent in FY10.

Office Expense and Non-capital Equipment. This category is for office supplies and expenses, and computer supplies. We were over by 63% in this category, largely due to the need to purchase software and computer peripherals for the staff.

Office Supplies. This is entirely operational (those supplies not provided by TJSWCD as part of the office sharing agreement). We were over by 15%.

Professional Services: Accounting, Audit, Legal, and Payroll. There are significant overages due to the difficulty in anticipating what the Commission's needs would be in any of these areas. The actual costs will serve as a reference for FY11 budget.

Rent. This is for the cost of shared office space (with telephone/DSL, some administrative support, and some office supplies) with the TJSWCD at 706 Forest Street. Note that \$4000 was erroneously budgeted and the cost was actually \$4800 (\$400/month times 12 months).

Telephone. This category covers the cost of installation of a separate phone line and system for the RRBC within the TJSWCD office spaces that will take place in late June as per the new lease agreement with TJSWCD.

Travel. This is staff travel in the ordinary conduct of the Commission business (e.g., Commission and TAC meetings) and other meetings (such as the Chesapeake Bay TMDL meetings in Richmond).

Web Expense. This covers the cost to complete the RRBC web site and purchase web-hosting services. Some of the web construction costs have been charged to "program expense." This is significantly over the anticipated amount.

1.4 CONCLUSION

It is important to note that Non-Program (Non-grant Funded or Grant Match) projected year-end total (\$50,087) is within 1% of the budgeted amount (\$50,350), which should be considered excellent, given that this was the first operational year of the Commission.

The major difference between Projected Year-End and Budget are a result of under-spending in the NFWF grant program during FY10. This has no programmatic or fiscal consequence except to increase the amount of NFWF grant funding available during FY11.

PART 2: Proposed FY 2011 Budget

2.1 BACKGROUND

Fiscal year 2011 effectively marks the second year of the Commission operating with professional staff hired to transition the Commission into its own entity, separate from The Nature Conservancy, which provided initial programmatic and support staff. The document entitled “Year End Projection (June 30, 2010)” reviews the FY10 budget versus year-end projections.

2.2 SUMMARY

The proposed FY11 budget is for \$451,148, which consists of \$336,114 in Grant Funded Expenses and \$115,034 in Non-Grant Funded Expenses and project Match.

The budget also includes \$114,784 from RRBC Start-Up Funding (held by TNC) for RRBC mission-related activities.

2.3 WHAT IS DIFFERENT IN FY2011?

From a cost standpoint, the upcoming fiscal year will be different in several important ways:

1. There is no additional grant funding secured to help cover payroll and other legitimate programmatic (grant) costs. The additional funding, albeit small, in FY2010 from DCR grants coupled with low administrative staff costs ensured that a minimum of “TNC start-up funds” were necessary to help cover payroll expenses. Though staff has starting seeking grant funding for Rivanna watershed planning, the outcome of these efforts is uncertain at this time.
2. RRBC will continue sharing office space with TJSWCD. However, we are expanding the space we are using in order to adequately accommodate two staff members. This, along with the added cost of a separate phone line, voice mail, etc., will increase our office costs.
3. We plan to hire a Program Coordinator at $\frac{3}{4}$ time with some benefits by the end of June. This is a partial solution to the staffing issue – the workload is excessive for 1.5 staff persons and will continue to be so at 1.75 staff persons. The Executive Director would like to establish the RRBC as a good workplace and to attract excellent staff at reasonable cost to the Commission. Partial benefits are one way important way to do this. Overall, payroll costs will increase as well as some costs associated with “situating” a new employee.

The proposed budget reflects these changes, while based on the actual FY10 costs for running the office and administering the Commission’s operations. The proposed budget also includes the cost of administering the large and complex NFWF Stormwater Grant as well as staff time to support Commission meetings, provide technical assistance to Commissioners and localities, and strategically seek additional funding. These activities -- not currently funded by external grants -- will cost \$114,784, all of which will come from the start-up funds

held in reserve by TNC. This will draw down our start-up funding (\$269,363) to a balance of \$154,579.

If we are successful in securing funding through state and federal grants that are in alignment with our mission and have adequate funding for staff, we can adjust this balance and extend the “reserve.” Other sources of funding (especially for operations) that will be considered are direct payments from local governments and the State of Virginia (if economic conditions improve). Private funders may be approached, though these are less likely to fund “an entity of local government,” especially in these uncertain economic times. The key to seeking additional, unrestricted funds will be to demonstrate value to our member localities and the region at large. Thus, FY11 is an important time in the evolution of the Commission.

2.4 FY11 WORK PLAN

2.4.1 RRBC Mission. While much of the focus of the last year was necessarily organizational and structural, FY11 can be one in which the Commission starts to actively participate in the watershed community. Below, from the enabling legislation, is a review of the mission of the RRBC:

- *to provide guidance for the stewardship and enhancement of the water and natural resources of the Rivanna River Basin;*
- *to provide a forum in which local governments and citizens can discuss issues affecting the Basin's water quality and quantity and other natural resources;*
- *and through promoting communication, coordination, and education, and by suggesting appropriate solutions to identified problems, to promote activities by local, state, and federal governments, and by individuals, that foster resource stewardship for the environmental and economic health of the Basin.*

The following outlines the RRBC staff work plan for FY2011. An update to specific activities is included in the 2010 Work Plan for the Executive Director (dated 10Feb02), updated June 14, 2010.

2.4.2 Implementation of the NFWF Stormwater Grant. RRBC’s implementation of the NFWF stormwater projects with our partner localities is bringing resources to member localities for stormwater management in demonstration projects that are visible examples for citizens, builders, and elected officials of advanced practices for handling runoff. Successful execution of each of the grant components will strengthen our relationships with local governments and provide opportunities to identify additional joint projects and ways that RRBC can provide technical and programmatic support, where funding sources can be identified.

Focus of the NFWF project work in FY2011 will be:

- Complete cost-share projects with localities, including educational signage
- Establish BMP monitoring program at Charlottesville HS and Crozet wetlands and continue receiving stream monitoring at Fluvanna HS and Greene County Community Park
- Complete stormwater retrofit studies in Greene and Fluvanna counties

- Working with local staff and area builders and developers, identify impediments to and incentives for increasing the adoption of stormwater BMPs
- Working with state agencies, clarify guidance for rainwater harvesting
- Host watershed-wide symposium to focus on stormwater management and solutions

2.4.3 Communicating and coordinating Rivanna watershed activities with Commission partners, watershed stakeholders, and regional, state, and federal partners. Through the RRBC website, e-newsletters, and periodic presentations to local governments (Boards, Council, Planning Commissions, and staff), RRBC will continue to communicate about important issues affecting the watershed, including status and activities related to the Chesapeake Bay TMDL, stormwater regulations and MS4 requirements, nutrient trading, and management of pollution from all sectors. Through the activities of the RRBC Technical Advisory Committee, the Commission will maintain its focus on grounding watershed policy and recommendations in science and research.

RRBC staff will continue to build partnerships with UVA's Stormwater team, VCU's Healthy Waters team, USGS monitoring professionals – and the “Rivanna consortium of interests” (Rivanna Conservation Society, TJPDC, StreamWatch, and RRBC). RRBC staff will also continue to participate on state advisory committees as invited.

2.4.4 Coordinating day-to-day operations of the Commission (including internal communications and personnel management). This is activity to support meetings of the Commission, TAC, Executive Committee, and other meetings associated with the conduct of Commission business. Administrative support (preparation for meetings, managing meeting materials online, maintaining commissioner contact) takes up a considerable amount of staff time. Most of this time cannot be charged to grant programs. The Commission will undertake a strategic planning process in late 2010, which will be helpful in clarifying roles and expectations between Commissioners, the Technical Advisory Committee, and staff.

2.4.5 Continue to build the administrative structure and processes of the RRBC. As a public body, RRBC must maintain records of business – and to do so, we are developing office policies and procedures to streamline these processes. In anticipation of continued Federal grant funding, we will be preparing for the required A-133 audit and lay the groundwork for establishing a federally approved indirect rate. We will be completing the RRBC Policy Manual and working with Commonwealth Attorneys and the state Attorney General to clarify legal issues with respect to our tax status.

2.4.6 Developing the Watershed Action Plan For The Rivanna. The Commission has been presented with the recommendation by staff that its primary focus looking forward should be to undertake the development of a watershed action plan for the Rivanna. This plan will include the following components:

- Update of the 1998 *State of the Basin* report and its 72 recommendations regarding land use, policy, monitoring, citizen engagement
- Analysis and compilation of all available water quality and land use data in the Rivanna River Basin Commission
- An up-to-date catalogue of BMPs and other management, conservation, and restoration activities in the watershed

- the design of a comprehensive monitoring program (for nutrients, sediment, flow, bacteria, and other components not presently being monitored)
- Coordination of activities of the various agencies and groups active in the Rivanna River Basin Commission
- Significant public and stakeholder input

The outcome of developing this action plan will be a guiding document for the Commission and the Rivanna watershed community for the next decade. This document will describe in detail the actions to be undertaken, answering in detail: Who? What? When? Where? How? and the all-important “How much?” This plan would be developed in conjunction with the Chesapeake bay TMDL and clean-up process and will build upon the several studies that will be completed soon (the RRBC Rivanna Healthy Waters Pilot Project and the StreamWatch Land Use Effects study). It may be used or referenced by localities in the development and updating of comprehensive plans.

Funding for undertaking this plan is being sought from federal sources and private foundation. To date, RRBC has submitted one grant proposal for \$100K to NFWF for watershed planning activity, with \$37K retained in-house for salary, benefits, and other costs (the remaining being contracted out to TJPDC, RCS, and StreamWatch as partners in the effort). Additional funding for watershed planning is being sought through a proposal to VEE (June 15) and through private funders. Outcome of these grant proposals may be known by September.

The FY11 budget has been prepared without the expectation that funding from outside sources will be received for the watershed action plan. However, staff will be presenting a detailed plan and cost estimate for developing the watershed action plan at the August 2010 RRBC meeting with a recommendation that “reserve” funds be allocated to start the watershed action planning process in the fall of 2010.

2.5 PROPOSED FY11 BUDGET DISCUSSION

The proposed budget is for \$451,148 to be received and spent in FY11.

2.5.1 INCOME

We are proposing \$114,784 to be derived from the start-up funds being held by TNC (RRBC Start-Up Funds) and the remainder derived from the NFWF Stormwater grant. If additional grant funding is received in FY11, the budget will be amended to reflect new income and expenses and may reduce the amount of RRBC Start-up Funds required. Note new line item (Govt & Other Grants – Watershed Planning) as a placeholder for this possibility.

We will receive \$336,114 from NFWF for the stormwater project in FY11. As per NFWF requirements, 10% of the total grant award is withheld pending receipt of all grant deliverables at the conclusion of the project. Thus, \$72,500 will be held back by NFWF. We expect to complete the NFWF project work in FY11, with final reporting and reimbursement in early FY12.

2.5.2 EXPENSES

Items of note:

Grant-Funded Expenses. These line items refer entirely to expenses incurred in performance of the NFWF Stormwater grant in Year Two. This is based on grant requirements as outlined in the grant proposal and award documents.

Non-Grant Funded Expenses and Grant Match. These line items refer to costs incurred in the performance of RRBC mission-related and some costs (mostly payroll) that have been committed a “project match” for the NFWF grant.

Payroll Expense. This number increases substantially in FY11 due to less grant funding available to cover payroll. This represents non-grant funded expense for the Executive Director and 0.75 Program Director.

Conference Expense. This has been increased to reflect expenses for two RRBC employees.

Insurance. This reflects actual FY11 costs based on our policy agreement with VaCO.

Meeting Expense. This reflects an estimated \$2300 to cover costs associated with Commission strategic planning (professional facilitation services) and general meeting expenses (based on last year’s total).

Professional Services:

Accounting. This is best estimate based on FY10 costs.

Auditing. This is based on best estimate. However, a full A-133 may not be required in FY11 if our total expenditure of Federal dollars remains below \$500K.

Legal Services. We estimate our last determination process to cost \$1.8K if we have to retain legal counsel.

Payroll Processing Services. This is based on last year’s cost with slight increase for additional employee(s).

Scientific & Technical Support. This category is for consulting services of StreamWatch, Inc., Center for Watershed Protection, and others as needed to assist in technical issues. Since the RRBC presently has no technical staff, this number may be low compared to our needs.

Rent. This is based on the renewal of our lease with TJSWCD, upgraded to include more office space, but unlike FY10 will not include administrative support or use of telephone.

Telephone. This is the expected yearly cost of having our own telephone number and lines.

Web Expense. With the bulk of the work completed in FY10, we expect to spend considerably less on website costs. However, our Webmaster will still provide basic maintenance, and there are annual costs for web hosting.

Rivanna River Basin Commission			
Proposed FY 2011 Budget			
as compared with Projected FY 2010 Revenue and Expense			
	Proposed Budget 2011	Projected Year-End FY2 010	FY 2010 Budget
Income			
Govt Grants- DCR Greene County	\$0	\$4,993	\$5,000
Govt Grants- DCR Healthy Waters	0	55,000	55,000
Govt & Other Grants - Watershed Planning	0	0	0
NFWF Grant (Stormwater)	336,114	315,886	371,800
RRBC Funding Reserve (TNC)	114,784	73,000	67,936
Interest	250	268	10
Total Income	\$451,148	\$449,147	\$499,746
Expense			
Grant Funded Expenses			
Payroll Expenses - Grant Funded	\$31,441	\$61,124	\$60,200
Construction - Grant Funded	165,894	220,984	211,208
Contractual Expense - Grant Funded	98,767	86,335	131,615
Equipment - Grant Funded	0	23,000	18,600
Miscellaneous Expense - Grant Funded	4,671	3,029	4,500
Printing and Postage - Grant Funded	6,177	33	3,750
Supplies - Grant Funded	24,618	177	15,068
Travel - Grant Funded	4,545	2,066	4,455
Total Grant Funded Expenses	\$336,114	\$396,748	\$449,396
Non-Grant Funded Expenses & Grant Match - see note *			
Payroll Expense - Non-Grant Funded	\$70,604	\$23,696	\$19,800
Commissioner Expense	500	0	1,000
Conference Expense	500	145	100
Dues and Subscriptions	250	200	500
Fees and Charges	100	15	50
Grants to Other Orgs	0	0	5,000
Insurance (Business)	2,600	575	3,000
Meeting Expense (Comm. Mtgs)	3,000	738	600
Miscellaneous	2,000	50	2,000
Office Expenses & Non-Cap Equip	3,500	3,260	2,000
Office Supplies	1,500	1,148	1,000
Professional Services			
Accounting Services	5,460	6,313	5,500
Auditing Services	7,000	0	0
Legal Services	1,800	3,248	1,000
Payroll Processing Services	700	583	700
Scientific & Technical Support	5,000	0	0
Rent	4,920	4,800	4,000
Telephone	3,000	400	1,000
Travel	600	401	600
Web Expense	2,000	4,515	2,500
Total Non-Grant Funded Expenses & Grant Match	\$115,034	\$50,087	\$50,350
Total Expense	\$451,148	\$446,835	\$499,746
Net Annual Income	\$0	\$2,312	\$0
<p>* NOTE: Formerly called "Non-Program Expenses" but renamed to reflect the fact that some of these expenses (especially payroll) are used to "match" grant funds (and are a condition of the grant).</p>			