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MEMORANDUM

Date: June 4, 2015
To: Metropolitan Planning Commission Executive Committee
From: Jeff Welch, Interim Executive Director

Subject: Fiscal Year 2015-2016 Revenue and Expenditure Budget – Proposed

Please consider the proposed \$5.1 million budget for Fiscal Year 2015 - 2016 as detailed below.
Please see attached.

Revenue Assumptions:

1. Application fees are projected at \$504,000, or \$42,000 a month, which matches this year's trend of development services charges. Telecom tower fees projected at \$12,000 are paid by customers.
2. The anticipated appropriation from the City of Knoxville to MPC is \$985,000 which is approximately \$80,000 greater than last year which includes the increased Executive Director related expenses.
3. The anticipated appropriation from Knox County to MPC is \$666,250, an approximately \$20,000 increase over last year which includes increased Executive Director related expenses. Also Knox County proposes to reduce charges to MPC by \$33,000. Net increase to MPC is approximately \$53,000.
4. Transportation grant revenues for seven programs are projected at \$2.78 million. Approximately \$1.4 million is pass through funds to a variety of agencies.
5. Historic Preservation grants from the Tennessee Historical Commission (\$21,000) and the City of Knoxville (\$14,000) will provide an update to the Historic Resource Inventory.
6. Total projected revenues are approximately \$4.9 million and also use \$194,000 of reserve balance to support one time only related expenditures.

Expenditure Assumptions:

1. Salaries and benefits will cost \$2.84 million (\$40,000 less than last year). An Approximate 2.5% to 2.75% salary increase is included with a floor of \$1000. There will also be some minor salary alignments in a few positions. Grant reimbursed salaries, benefits and overhead are projected at \$1.06 million. The open Deputy Director, Web Master/Graphic Artist and a planning position are included in the budget.
2. Costs for operating contracts and services total \$347,500. Included is \$89,000 for office remodeling to be funded by the fund balance. A \$26,000 payment to ESRI for KGIS annual maintenance is included. There is also approximately \$45,000 for equipment rental, maintenance and software licensure.
3. Costs for other operating expenses total \$286,617, an increase of \$115,000 from last year. Indirect costs are included by Knox County for office space, financial and central services total \$146,017. General liability and worker's compensation policies with TML Insurance Pool are included at a cost of approximately \$30,000.

4. For the first time in several years expenses related to unemployment insurance are impacting MPC. A line item has been added, to be funded from the fund balance, in the amount of \$20,000 if unemployment expenses continue into next year.
5. We are also recommending using the fund balance (\$60,000) to purchase small equipment and to rewire the office area for IT updates.
6. Direct costs for grants including consultant fees and pass through expenses are approximately \$1.63 million.
7. Total expenditures are \$5.1 million or a funding shortfall of \$194,000.
8. The “shortfall” consists of the following capital and non-capital expenditures:

Capital Expenditures	Cost	\$1,089,670	Starting Fund Balance
IT wiring update	\$29,000		
Minor equipment	\$31,000		
Office remodel	\$89,000		
Non-capital Expenditures:			
Unemployment insurance	\$20,000		
Sick leave/retirement payout	\$20,000		
Foundation grant related expenses	\$5,000		
Total:	\$194,000	\$895,670	Ending Fund Balance

Unrestricted net assets (fund balance) for the fiscal year ending June 30, 2014 totaled \$1,089,670. Using fund balance to cover the shortfall leaves a balance of \$895,670. The balance would be sufficient to pay three months of MPC general operations averaging \$290,000.

Staff Recommendation: Use fund balance of \$194,000 and approve the proposed \$5,091,750 million budget.

MPC Executive Committee Recommendation: The Executive Committee will meet on June 9, 2015 to review the budget and make its recommendation to MPC for the June 11, 2015 meeting.

Attachment: MPC Fiscal Year 2015-2016 Revenue & Expenditure Proposed Budget and Line Item Expenditure Worksheet.

**Knoxville - Knox County MPC Proposed
FY 2015 - 2016 BUDGET 6/1/15**

REVENUES AND OTHER FUNDING SOURCES	
REVENUES	Proposed
Appropriations	
City of Knoxville	\$985,000
Knox County *see footnote	\$666,250
Total Local Appropriations	\$1,651,250
Fees	
Application Fees	\$504,000
Cell Tower Fees	\$12,000
Total Fees	\$516,000
Contracts	
Knox County Schools - PEFA	\$7,500
TN Historic Commission and other City of Knoxville	\$35,000
Total Contracts	\$42,500
Grant Reimbursements	
TPO - FHWA/FTA	\$1,134,000
TPO - Car Share	\$30,000
TPO - Smart Trips	\$257,000
TPO - Bike Enhancement Program	\$10,000
TPO - Section 5310 Transit	\$1,044,000
TPO JARC	\$55,000
TPO New Freedom	\$148,000
USDA Food Hub Grant	\$10,000
Total Grant Reimbursements	\$2,688,000
From Unrestricted Fund Reserves	
SURDNA	\$5,000
Other Unrestricted fund balance	\$189,000
Total Unrestricted Fund Reserves	\$194,000
TOTAL REVENUES AND SOURCES	\$5,091,750

* In addition Knox County proposes to reduce charges to the MPC by \$33,000 in FY 2016

EXPENDITURES	
EXPENDITURES	Proposed
Salaries	
Full Time Staff	\$2,020,000
Contingency for Sick/Retirement Payout <i>Fund Balance</i>	\$20,000
Temporary Employees	\$10,000
Salary Increase Pool	\$57,000
Total Salaries	\$2,107,000
Benefits	
Social Security (7.65%)	\$161,186
Standard Retirement Match (6%)	\$126,420
Voluntary Retirement Match (.0248%)	\$56,889
Medical Insurance	\$360,188
Life Insurance	\$5,750
Auto Allowance	\$5,000
KAT Bus Passes	\$1,200
Other Benefits/Allowances	\$3,000
Total Benefits	\$719,633
Contracted Services	
Legal Services	\$42,000
Public Notices	\$25,000
Other Advertising	\$2,000
Audit	\$26,000
KGIS ESRI Fee contract	\$26,500
Equipment Rent, Repair, Maintenance	\$45,000
Vehicle Repair, Maintenance	\$2,000
IT Contracts	\$21,000
Office Remodel - <i>fund balance 89,000</i>	\$89,000
ET Index Update	\$28,000
Cell Tower Services	\$12,000
Daily Operations Services	\$15,000
Travel and Education	\$12,000
Contracts w/Other Agencies	\$2,000
Total Contracted Services	\$347,500

EXPENDITURES (Continued)	
Supplies and Materials	
Food	\$9,000
Utilities and Fuel	\$3,000
IT Wiring update - <i>fund balance</i>	\$29,000
Office Supplies/Minor Equipment - <i>fund balance 31,000</i>	\$36,000
Vehicle Supplies	\$1,000
Library/Education Materials	\$5,000
Other Materials (Signs)	\$1,600
Total Supplies and Materials	\$84,600
Other Charges (Insurance and Banking)	
Workers Comp. Insurance	\$7,000
Unemployment Insurance <i>fund balance</i>	\$20,000
Insurance	\$23,000
Trustee Commission (Banking)	\$6,000
Total Insurance and Banking Charges	\$56,000
Other Charges (To Knox County for Space and Central Services)	
Space Cost	\$58,455
Finance Services	\$40,000
Central Services	\$47,562
Total to Knox County	\$146,017
Grant Related Expenditures	
TPO - FHWA/FTA	\$183,000
TPO - Car share	\$30,000
TPO - Smart Trips	\$100,000
TPO - Bike Enhancement Program	\$10,000
TPO - Section 5310 Transit	\$1,000,000
TPO JARC	\$55,000
TPO New Freedom	\$148,000
UT Food Hub Study	\$10,000
Historic Properties Study	\$35,000
Local Match Requirements	\$60,000
Total Grant Related Expenditures	\$1,631,000
TOTAL EXPENDITURES	\$5,091,750