



TO: T.C. Broadnax, City Manager
FROM: Ricardo Noguera, Director, Community and Economic Development
Carey Jenkins, Housing Division Manager, Community and Economic Development
COPY: City Council and City Clerk
SUBJECT: Tacoma Community Redevelopment Authority Operating Budget 2015-2016, November 18, 2014
DATE: November 4, 2014

SUMMARY:

Resolution to approve the Tacoma Community Redevelopment Authority (TCRA) Administrative Budget for 2015 and 2016. Every two years the TCRA is required to present its administrative budget for the upcoming biennium to the City Council for consideration. In keeping with this administrative requirement please find attached the TCRA Budget for the period January 1, 2015 through December 31, 2016 (Exhibit “A”). The budget itself is very specific, taking into consideration only those costs associated with the operation of the TCRA which includes the cost of a full-time staff accountant, various third party professional services, office supplies and general expenses.

STRATEGIC POLICY PRIORITY:

Approval of the TCRA Administrative Budget is aligned with the following strategic policy priorities:

- Strengthens and maintains a strong fiscal management position.
- Fosters neighborhood, community, and economic development vitality and sustainability.
- Encourages and promotes an open, effective, results-oriented organization.

BACKGROUND:

The anticipated budget for 2015 is \$276,223 and represents a 3.1% increase from 2014. Financially, TCRA continues to capitalize on cost efficiencies gained by electing to not backfill a second full-time accountant position. Instead, it is anticipated TCRA will be allocated a Financial Assistant on a 50% FTE basis to oversee certain aspects of the TCRA loan portfolio and other specific accounting activities. The cost of maintaining the new position will be designated from the City’s General Fund. Furthermore, it is anticipated the budget for 2016 will be \$282,498, representing a 2.3% increase on a year-over-year basis.

In both years the two main revenue sources consist of: (1) a percentage of the Program Income received from project close outs, refinancing and interest income and (2) yearly administrative funds available from federal grant allocations. Because of the greater emphasis being placed on loan administration and collections, it is anticipated the Interest Income line item will gain 5% each year. Meanwhile reliance on the Grants Administration line item should remain the same or even decrease modestly.

On November 6, 2014, it is expected the TCRA Board will approve the Administrative Budget and authorize staff to forward it to the City Council for its consideration. Please find attached a budget summary that describes in detail certain TCRA budget line items (Exhibit “B”).

ISSUE:

In order to maintain its operational effectiveness and support important affordable housing and economic development activities, the two-year TCRA Administrative Budget needs to be approved by the City Council. In doing so, it will allow staff to continue administering the federal and state housing and economic funds awarded to the City.



ALTERNATIVES:

Presently, there are no other alternatives. The TCRA was established in 1973 specifically to administer federal housing and economic development funds on behalf of the City. Approval of the TCRA Administrative Budget will allow for the continued implementation of this long-standing policy objective.

RECOMMENDATION:

It is recommended the Tacoma City Council approve the proposed 2015-2016 TCRA Administrative Budget presented and attached to this report as Exhibit "A". By doing so, the City Council will allow the continued operation of TCRA housing and economic development initiatives. If approved, the Administrative Budget would become effective January 1, 2015.

FISCAL IMPACT:

There is no fiscal impact to the City. Funds used to operate the TCRA are provided by program income derived from loan repayments and the receipt of administrative funds from federal grants to operate various affordable housing and economic development activities.