



TO: Elizabeth Pauli, City Manager
FROM: Daniel Murillo, Housing Division Manager, Community and Economic Development Department
Jeff Robinson, Director, Community and Economic Development Department
COPY: City Council and City Clerk
SUBJECT: Tacoma Community Redevelopment Authority Administrative Budget 2019-2020
DATE: December 18, 2018

SUMMARY:

This memorandum requests City Council approval of the Tacoma Community Redevelopment Authority (TCRA) Administrative Budget for 2019 and 2020.

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 TCRA is required to present its administrative budget for the upcoming biennium to the City Council for review and approval. The budget, as presented, includes 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. The majority of the costs incurred by TCRA staff are paid through grant revenue that the City receives annually and that are part of the agreement between the City and the TCRA.

The anticipated budget for 2019 is \$329,187 and represents a decrease from the projected 2018 budget which totals \$439,291. This is in large part due to a budget line item that was not carried over from 2018. This line item paid for the completion of the City’s Affordable Housing Action Strategy and totaled over \$110,000 in 2018. However, other items will incur across the board increases in both Personnel and Non-Personnel services. Furthermore, the estimated budget for 2020 is \$338,534 will experience a modest increase on a year-over-year basis.

In both years, the three main revenue sources consist of: (1) a percentage of the Program Income received from project close outs, and refinancing of loans, (2) Interest Income derived from monthly repayment of loans and interest earned on cash investments, and (3) Grant revenue derived from a portion of yearly administrative funds available from federal grant allocations. The TCRA will hire a Financial Assistant full-time (instead of 50%) who will serve as the main staff person charged with loan servicing. As such, the TCRA anticipates modest increases in the Interest Income line item each year. Further, the TCRA expects small increases in grant revenue which will in turn increase the Grants Administrative line item.

On December 6, 2018, the TCRA Board reviewed and approved the Administrative Budget and authorized staff to forward it to the City Council for its consideration. Attached is 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 requires approval by the City



Council. In doing so, it will allow staff to continue administering the federal housing and economic development funds awarded to the City. This is especially important with the recent receipt by the City Council of the Affordable Housing Action Strategy (AHAS). The TCRA will play an integral role in achieving the goals set forth in the AHAS.

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 2019-2020 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, 2019.

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.