



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 Administrative Budget 2017-2018**
DATE: December 13, 2016

SUMMARY:

The purpose of this memo is to seek approval of the Tacoma Community Redevelopment Authority (TCRA) Administrative Budget for 2017 and 2018. 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, 2017 through December 31, 2018 (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 2017 is \$363,918 and represents a 4.25% decrease from 2016. The slight decrease is anticipated due to a moderation of funds needed to maintain administrative operations. This should free up administrative funds elsewhere for use within TCRA program operations. Financially, TCRA continues to capitalize on cost efficiencies gained by electing to not backfill a second full-time accountant position. Instead, the TCRA has benefited from the use of 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 position has been borne by the City's Finance Department. Furthermore, it is anticipated the budget for 2018 will be \$345,676, representing a decline of 5% on a year-over-year basis. This is due to an anticipated shift away from direct development activities that would otherwise require additional professional services such as feasibility studies and legal costs.

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 modestly each year. Meanwhile reliance on the Grants Administration line item should decrease somewhat over the same time period.

On December 1, 2016, the TCRA Board approved the Administrative Budget and authorized 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 2017-2018 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, 2017.

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.