



RESOLUTION NO. 39619

1 A RESOLUTION relating to community and economic development; approving
2 the 2017-2018 Administration and Operating Budget for the Tacoma
Community Redevelopment Authority.

3 WHEREAS the Tacoma Community Redevelopment Authority (“TCRA”) is
4 a public corporation, organized and existing pursuant to its charter, Chapter 1.60
5 of the Tacoma Municipal Code, and the laws of the state of Washington, and
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7 WHEREAS, every two years, the TCRA is required to present its
8 administrative budget for the upcoming biennium to the City Council for
9 consideration, and
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11 WHEREAS the Director of the Community and Economic Development
12 Department is recommending that the TCRA’s biennial administrative and
13 operational budget of \$363,918 for 2017 and \$345,676 for 2018, be approved,
14 all as more specifically set forth in the attached Exhibit “A,” 2017-2018 Budget
15 Proposal, and Exhibit “B,” 2017-2018 Budget Summary, and
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17 WHEREAS approval of the biennial budget will allow the TCRA to
18 maintain its operational effectiveness and support of affordable housing and
19 economic development activities through the administration of federal and state
20 funds awarded to the City, and

21 WHEREAS, on December 1, 2016, the TCRA Board approved the
22 2017-2018 Administration and Operating Budget; Now, Therefore,
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BE IT RESOLVED BY THE COUNCIL OF THE CITY OF TACOMA:

That the 2017-2018 Administration and Operating Budget for the Tacoma Community Redevelopment Authority, as set forth in the attached "Exhibit A" and Exhibit "B," is hereby approved.

Adopted _____

Mayor

Attest:

City Clerk

Approved as to form:

Deputy City Attorney

EXHIBIT A
Tacoma Community Redevelopment Authority
2017 - 2018 Budget Proposal

Account Title	2015	Actual	2016 Projected	2017 Estimated	2018 Estimated
Interest Income (Loans/Investments)	121,834		155,279	159,161	162,345
Grants - Administrative	190,552		201,601	181,116	159,219
Application/Loan Fees	8,370		23,113	23,575	24,047
Legal Fees	25		26	26	27
Miscellaneous Revenue	38		39	39	39
Total Revenues	320,819		380,058	363,918	345,676

Salaries & Wages	72,499		73,233	74,698	76,192
Employee Benefits	30,949		21,789	22,225	22,669
Non-TCRA Staff Reimbursement	17,032		21,593	22,025	22,465
Personnel Services	120,480		116,615	118,947	121,326

Pro Fees (Audit)	24,808		28,600	29,172	29,756
Pro Fees (Legal)	4,520		23,222	23,686	24,160
Pro Fees (Proj. Legal)	22,991		13,564	14,102	14,384
Pro Fees (Other) Studies	7,725		48,473	25,000	-
Supplies (Office)	315		623	635	648
Payment Processing Fee	-		-	-	-
Postage	630		423	431	440
Insurance	13,624		33,633	34,306	34,992
Staff Training	2,166		2,209	2,253	2,298
Home Repair Program	112,231		97,126	99,068	101,050
Advertising	3,071		5,295	5,401	5,509
Computer (Hardware, Software, Maint)	1,584		3,426	3,495	3,565
Miscellaneous Expenses					
TCRA Board Expenses	-		-	-	-
Subscriptions	1,560		1,591	1,623	1,655
Credit Reports	869		886	904	922
Homebuyer Education	-		-	-	-
LBP Inspections	-		-	-	-
Foreclosure Information	-		-	-	-
Memberships	731		355	362	369
Utilities (general)	316		555	1,000	1,000
Title Recording Fees	3,197		3,462	3,531	3,602
Supplies, services, & charges	200,339		263,443	244,971	224,350

Total Administrative Expenses	320,819		380,058	363,918	345,676
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Net Profit / (Loss)	0		(0)	(0)	(0)
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Lakewood Activities Administered By TCRA

Revenue Source 1 - Program Income	136,544		60,517	61,728	62,962
Revenue Source 2 - Grants	84,614		85,318	87,024	88,765
Total Revenues - Lakewood	221,158		145,835	148,752	151,727

Lakewood Expenses	221,158		145,835	148,752	151,727
Indirect costs & fees	221,158		145,835	148,752	151,727

Exhibit B

Tacoma Community Redevelopment Authority

2017–2018 Budget Summary

The Tacoma Community Redevelopment Authority (TCRA) is a municipal corporation created in 1973, originally as The Municipal Authority (MA), to facilitate the flow of federal funds through the City for housing, community and economic development activities. The City authorizes TCRA to budget its funds to perform defined duties, including certain administrative functions for which the TCRA is responsible. The following is an overview of the TCRA Budget line items for 2017 – 2018.

Revenues

Interest Income – This represents program income from the repayment or payoff of previously issued loans. The amount used for administrative activities represents only a fraction of the actual loan repayments received as the TCRA is statutorily limited in the percentage of program income that can be allocated to administration. The majority of the program income is redirected back to programs and projects.

Grant Administration – These funds are available to pay for administration of the grant and are derived from new allocations of grant funds each year. Typically, the amount of administration is capped at a predetermined amount, for example only 20% of new CDBG funds can be allocated to administrative activities and must be spent in the year it is received.

Personnel Services

Salaries and Wages (TCRA Accountant) – The TCRA Accountant is responsible for maintaining the financial records of the TCRA and its loan portfolio. The TCRA has assets in excess of fifty million dollars and more than 1,500 loans outstanding. The line item on the budget for this position includes the annual salary and benefit package. In January 2015, a Financial Assistant was hired at a 50% FTE basis to assist with maintaining the TCRA financial records, servicing the loan accounts, and paying bills. The other 50% of the time has been spent providing financial services to the Neighborhood and Community Services Department. The cost of paying for the Financial Assistant is borne by the City's Finance Department.

Non-TCRA Staff Reimbursement – Under the terms of its sub-recipient agreement with the City, TCRA agrees to reimburse the City for a portion of the salary and benefits of Economic Development staff and contracted services for business loan underwriting and processing. This includes the pay and benefits for a portion of one staff member and one contractor.

Supplies, Services & Charges

Audit Fees – Audit fees are paid annually to the State Auditor for audits mandated by federal and state laws and regulations. As the complexity of the TCRA accounting increases, the cost of the audit also increases. The exact cost of upcoming audits is difficult to determine, but the 2017 amount budgeted is expected to cover costs of \$29,172 with an applied inflation factor of slightly more than 1% per year.

Legal Fees – TCRA retains its own outside legal counsel (Eisenhower Carlson, PLLC). Legal fees are incurred for the preparation of contracts and attorney reviews. Litigation costs can only be estimated. With stepped up loan administration and proper enforcement of loan provisions, it is anticipated legal costs will continue to rise modestly in the coming two-year period. Legal costs incurred in the preparation of loan contracts and agreements, closings, collections, and other costs associated with specific projects are included primarily in the loan fees with a portion borne by the TCRA. This is reflected in a separate “Project Legal” line item.

Professional Fees (Other) – These fees consist of market feasibility, underwriting and related reports for specific projects the TCRA may be interested in funding or potentially supporting in the capacity of project sponsor and/or owner-developer.

Insurance – This line item covers the cost of the following insurance coverages: General liability, \$1,000,000 each occurrence/annual aggregate; Errors and Omissions, \$2,000,000 each occurrence/annual aggregate; Security Bond, Employee Dishonesty Coverage, \$100,000; and Property, needed on a site specific, case-by-case basis only.

Staff Training – A small training allowance is included to provide for training the TCRA staff when it is determined the training is specific to their duties and will result in improved job performance. Training is necessary to maintain proficiency in regulations applicable to loan programs and accounting.

Advertising – Program promotional materials are mailed on a regular basis to assure those citizens needing TCRA assistance are aware of the programs.

Computers (hardware, software, maintenance) – The TCRA accounting staff must maintain the highest quality computer hardware and software to insure the financial records and loan accounts are properly and correctly maintained. Upgrading the hardware and software on a regular and as-needed basis will be an ongoing cost of doing business.

Credit Reports – Many credit reports are paid for from loan proceeds, but many more credit reports are never reimbursed because the applicant does not take out a loan. Furthermore, the Economic Development Finance section also runs an annual report on its business borrowers.

Memberships – The majority of this line item relates to the Tacoma/Pierce County Affordable Housing Consortium, a network of affordable housing lenders, developers, agencies and

advocates, both public and private. The network provides policy direction, monitors changing federal and state fund requirements, and court decisions that could affect various affordable housing initiatives.

Title and Recording Fees – This line item covers the cost of filing and recording documents such as Deeds of Trust, Subordination Agreements, etc., with the title company. These fees are usually reimbursed by the borrower, but there is a float time between the point items are billed and the reimbursement is received. There are also circumstances when the borrower does not reimburse for certain costs. HUD recommends not collecting expenses incurred when providing services to low-income applicants who eventually withdraw their application. Costs typically forgiven under such circumstances include credit reports, preliminary title reports and appraisals.