



RESOLUTION NO. 39049

1 A RESOLUTION relating to community and economic development; approving
2 the 2015-2016 Administration and Operating Budget for the Tacoma
Community Redevelopment Authority.

3 WHEREAS the Tacoma Community Redevelopment Authority (“TCRA”)
4 is a public corporation, organized and existing pursuant to its charter,
5 Chapter 1.60 of the Tacoma Municipal Code, and the laws of the state of
6 Washington, and
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8 WHEREAS, every two years, the TCRA is required to present its
9 administrative budget for the upcoming biennium to the City Council for
10 consideration, and
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12 WHEREAS the Director of the Community and Economic Development
13 Department is recommending that the TCRA’s biennial administrative and
14 operational budget of \$276,223 for 2015 and \$282,498 for 2016, be approved,
15 all as more specifically set forth in the attached Exhibit “A,” 2015-2016 Budget
16 Proposal, and Exhibit “B,” 2015-2016 Budget Summary, and
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18 WHEREAS approval of the biennial budget will allow the TCRA to
19 maintain its operational effectiveness and support of affordable housing and
20 economic development activities through the administration of federal and state
21 funds awarded to the City, and
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23 WHEREAS, on November 6, 2014, the TCRA Board approved the
24 2015-2016 Administration and Operating Budget; Now, Therefore,
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BE IT RESOLVED BY THE COUNCIL OF THE CITY OF TACOMA:

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That the 2015-2016 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
2015 - 2016 Budget Proposal

Account Title	2013 Actual	2014 Projected	2015 Estimated	2016 Estimated
Interest Income (Loan Repayments)	174,470	128,454	134,877	141,621
Grant Administration	108,025	130,345	132,098	131,444
Application/Loan Fees	6,004	4,979	5,079	5,180
Legal Fees	0	4,051	4,132	4,215
Miscellaneous Revenue	12	37	38	38
Total Revenues	\$ 288,511	\$ 267,866	\$ 276,223	\$ 282,498
Salaries & Wages	126,928	72,608	74,060	75,541
Employee Benefits	54,398	31,118	31,740	32,375
Non-TCRA Staff Reimbursement	37,370	27,573	28,124	28,687
Personnel Services	\$ 218,696	\$ 131,299	\$ 133,925	\$ 136,603
Pro Fees (Audit)	22,572	21,569	25,000	26,250
Pro Fees (Legal)	10,230	19,521	19,911	20,310
Pro Fees (Project Legal)	10,357	9,981	10,181	10,384
Pro Fees (Other)	0	40,366	41,173	41,997
Supplies (Office)	600	762	777	793
Payment Processing Fee	109	197	201	205
Postage	3,205	3,319	3,385	3,453
Insurance	7,736	13,761	14,036	14,317
Staff Training	1,000	668	681	695
Home Repair Program	941	3,488	3,558	3,629
Advertising	1,615	583	595	607
Computer (hardware, software, maintenance)	2,805	2,256	2,301	2,347
Miscellaneous Expenses				
TCRA Board Expenses	0	38	39	40
Subscriptions	1,143	1,143	1,166	1,189
Credit Reports	962	2,063	2,104	2,146
Homebuyer Education	0	832	849	866
LBP Inspections	1,254	0	0	0
Foreclosure Information	0	1,400	1,428	1,457
Memberships	1,810	3,570	3,641	3,714
Site Specific Utilities	0	266	271	277
Title Recording Fees	3,476	10,784	11,000	11,220
Supplies, Services, & Charges	\$ 69,815	\$ 136,567	\$ 142,298	\$ 145,894
Total Administrative Expenses	\$ 288,511	\$ 267,866	\$ 276,223	\$ 282,498
Net Funds	\$ -	\$ -	\$ 0	\$ 0
Lakewood Activities Administered By TCRA				
Program Income	75,752	59,859	61,056	62,277
Grant Funds	0	10,546	10,757	10,972
Total Revenues - Lakewood	\$ 75,752	\$ 70,405	\$ 71,813	\$ 73,249
Lakewood Reimbursements	75,752	70,405	71,813	73,249
Indirect costs & fees	\$ 75,752	\$ 70,405	\$ 71,813	\$ 73,249

Exhibit B

Tacoma Community Redevelopment Authority

2015 – 2016 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 2015 – 2016.

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. Starting in January 2015, a Financial Assistant is expected to be 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 will be spent providing financial services to the Neighborhood and Community Services Department. The cost of paying for the Financial Assistant will be funded from the General Fund.

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 2015 amount budgeted is expected to cover costs of \$25,000 with an applied inflation factor of 1.5% per year.

Legal Fees – TCRA retains its own outside legal counsel (Eisenhower Carlson, PLLC and Joe Quaintance, Attorney-at-Law). 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 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.

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. The Economic Development 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.