

January 11, 2011

ITEM#: 6.E.2)

RE: REVIEW AND DISCUSSION OF REVISIONS TO REDEVELOPMENT AGENCY PROCEDURE CONCERNING THE RECEIPT AND PRIOTIZATION OF FUNDING REQUESTS

PROJECT AREA: All

PREPARED BY: Justin Belliveau

EXECUTIVE SUMMARY: The RDA Board meeting on December 14, 2010 included a discussion of the manner in which the RDA receives and prioritizes requests for funding allocations during the preparation of the Annual Implementation Budget. Members of the Board suggested that the RDA explore alternative methods for handling funding requests prior to the preparation of the budget for the 2011/2012 fiscal year.

FUNDING: The RDA procedure for the administration of funding requests will guide the preparation of the 2011/2012 Annual Implementation Budget.

REDEVELOPMENT ADVISORY COMMITTEE RECOMMENDATION: After a lengthy discussion, the Redevelopment Advisory Committee unanimously recommended that the RDA Board retain the existing procedure for processing funding requests. The concept of revising RDA procedures related to funding requests generated much discussion by the committee and raised a number of concerns about making any modifications, including:

- The budget process should involve a regimented, disciplined assessment of all foreseeable sources and uses of funds.
- Eliminating the evaluation of specific funding requests from the budgeting process would diminish the ability to accurately forecast what funds the RDA will have to spend on certain proposals throughout the year.
- That straying from the practice of prioritizing all funding requests at once would make it more difficult to ensure that resources are allocated to those projects that the RAC, Mayor, and Board perceive to be the most deserving.
- There is a benefit to making the difficult choices between numerous funding requests, and that in fairness to all applicants, this should be done concurrently.

- Spreading the allocation of resources throughout the year would diminish the budgeting process' function as a means for the RAC, Mayor, and Board to implement policy.

ALTERNATIVES:

- 1) Approve the revised procedure for processing funding requests.
- 2) Approve the revised procedure with revisions.
- 3) Retain the existing procedure for processing funding requests.

ANALYSIS AND ISSUES: At the meeting held on December 14, 2010, the Board requested that the RDA explore alternative methods for processing funding requests. Board members requested that we seek input from the Redevelopment Advisory Committee on revisions to our current practice, and they have recommended that we retain the existing procedure.

Each year, the RDA solicits and receives numerous requests for funding from the public and various departments of Salt Lake City Corporation. RDA Staff members also prepare funding requests for undertakings within the redevelopment project areas that advance the agency's goals and objectives. Typically, the RDA makes funding application materials available at the start of the calendar year (or as soon as the annual goals are adopted), and establishes a deadline by which all funding requests must be submitted for review. All requests for funding are submitted to the Redevelopment Advisory Committee for review prior to its budget ranking meeting in April. All funding applicants are interviewed by RAC and Board members prior to the ranking process. Once RAC and the Mayor have ranked the funding applications, the Board reviews the recommendations, and makes the final decision regarding the allocation of funds for the coming fiscal year. This forms the basis for the RDA budget, which must be adopted in June.

In an effort to streamline the budget process, specifically the prioritization of funding requests, the Board suggested that we consider changing this procedure to focus instead on considering requests that would be fewer in number and broader in scope. The initial allocation of funds would be based on the categories and projects that are outlined in the RDA goals. Once the budget is created, the RDA would then consider more the specific funding requests on a rolling basis throughout the fiscal year.

As an example of how this revised process might work, RAC, the Mayor, and the Board could prioritize setting aside funds to a general category such as "Public Infrastructure Improvements" within the Depot District Project Area, and the Annual Implementation Budget would then allocate a certain pool of funds to this category, with an indication of what funds will be reserved for RDA-managed projects, and what funds are available for

other requests. Subsequently, the Engineering department might submit a request to the RDA that we fund a specific street improvement project that would be consistent with the previously approved general project category. In this case, the RDA staff would bring the funding request to the RAC and the Board for consideration.

The RDA staff is prepared to administer funding requests as outlined above. If the revisions to this procedure were adopted, the process for establishing the Annual Implementation Budget for 2011/2012 would entail the following steps:

- 1) Adopt the RDA goals and project priorities
- 2) Determine the allocation of funds to priority projects and categories, and adopt the budget
- 3) Consider more specific funding requests on a rolling basis throughout the year

Advantages and Disadvantages.

The most apparent advantage to this approach is that funding applicants would know exactly how much funding is available for requests by category in each project area, and they could apply for those funds at any time throughout the year. The most apparent disadvantage is that the Board and RAC would no longer be able to evaluate all specific requests at once, and assign their funding according to priority.