



Cover Memorandum/Staff Report

File #: 18-0235 CRA

Agenda Date: 2/12/2019

Item #: 4A.

TO: CRA Board of Commissioners
FROM: Lori Hayward, Finance and Operations Director
THROUGH: Jeff Costello, CRA Executive Director
DATE: February 12, 2019

DISCUSSION - CRA A-GUIDE FUNDING

Recommended Action:

Review and provide direction.

Background:

The Community Redevelopment Plan provides the framework for projects and activities intended to accomplish the CRA's mission. The CRA cannot possibly accomplish the immense task of redevelopment on its own. Several of the Overall Needs identified in the Community Redevelopment Plan can more effectively be addressed through partnerships with other organizations. Three areas in particular- Affordable Housing, Recreation & Cultural Facilities and Economic/Business Development- have the potential to realize better results through alliances between the CRA and non-profits that have a demonstrated capacity to address those needs. The partners identified in the Community Redevelopment Plan as a program or project that addresses the needs in the CRA District include: Creative City Collaborative/Arts Garage (CCC), Delray Beach Historical Society (DBHS), Delray Beach Community Land Trust (DBCLT), Delray Beach Public Library (DBPL), Expanding and Preserving Our Cultural Heritage/Spady Museum (EPOCH) and Old School Square (OSS).

Since 1997, the CRA has provided significant funding to various non-profit entities, including those institutions located within City/CRA-owned facilities for capital projects and operations. In 2007, with the economic downturn, the CRA increased funding due to the City funding reductions to the various non-profit entities. In 2011, to better evaluate funding requests from the organizations and to measure the results of the activities supported by CRA funds relative to the CRA's goals and objectives, the CRA developed the Achieving Goals Using Impact Driven Evaluation (A-GUIDE) program. In FY 2016, the City requested the CRA provide additional A-GUIDE funding to the non-profit partners that also receive City funding (DBHS, DBPL, EPOCH and OSS) to enable the City to reduce their funding accordingly and address other needs.

A-GUIDE Eligibility

Organizations meeting the following criteria are eligible to apply for Non-profit Partner funding:

- Mission consistent with the mission of the CRA
- Classified as tax-exempt under IRS 501(c)(3)
- In good standing with the State of Florida
- Housed in City- or CRA-owned facilities located in the CRA district

- Serves residents of the CRA district and/or visitors that come to the district to participate in funded programs, projects, and events
- Demonstrated commitment by Board of Directors of the purpose and accountability for CRA funds

A-GUIDE Funding Amount

- CRA support may not exceed 25% of an organization's total operating budget for the year in which the grant is requested.
- CRA support for Non-profit Partners that received funding in prior years will not receive an increase in their funding. In fact, the amount of funding may be decreased according to availability of funds and the quality of their applications relative to these guidelines.
- The CRA Board makes the final decisions regarding the funding amount.
- A five-year transition plan was established in FY 2011-2012 for each Nonprofit Partners that received support in excess of 25% in prior years, to reduce CRA funding to not be more than 25% of their total budgets in FY 2015-2016. (Non-Profits that had transition plans included EPOCH & DBCLT, which have been completed.)

CRA staff met with A-GUIDE partners and a majority expressed concerns if the CRA was not able to continue funding the City portion to the A-GUIDE organizations. Other comments/inquiries included the following if the CRA continues to provide additional funding typically provided by the City:

1. Should they request the City funding portion in the A-GUIDE application which can result in an amount over the 25% of their budget which is the maximum amount of funding in the A-GUIDE lines?
2. Should they include the City funding amount in the project budget submitted in the A-GUIDE application?
3. The current City management/leasing agreements with the non-profits reporting requirements are inconsistent with the A-GUIDE reporting requirements and, in some instances, include additional reporting requirements.

Another concern related to affordable housing was that a line of funds is needed specifically for acquisitions and new development. An option to address this concern is to submit a request for an acquisition/construction loan through the CRA, separate from the A-GUIDE.

The intent has been for the non-profit partners to obtain other funding sources to become more self-sufficient and to reduce the amount of funding needed from the CRA. Potential legislative changes to Florida Statutes Chapter 163, may further restrict utilization of CRA funding for non-profit organizations and marketing programs. However, at this time, if the CRA is to continue to provide funding which normally is funded by the City, staff recommends the following options to consider determining funding amount going forward:

1. The A-GUIDE maximum funding remains at 25%.
2. The CRA Board determines a new maximum funding percentage (up to 35%).
3. The CRA Board determines a higher funding percentage (up to 45%) for organizations with a budget under \$400,000 (DBHS \$280,000 & EPOCH \$276,785).
4. Sliding scale funding percentage based on organizations total budget
 1. Under \$400,000 up to 45%
 2. Between \$401,000- \$1,000,000 up to 35%
 3. Between \$1,000,001 and above up to 25%
5. A combination of the above options.

Attachments: A-GUIDElines

CRA Attorney Review:

Reviewed by David Tolces, CRA Attorney

Finance Review:

Reviewed and prepared by Lori Hayward, CRA Finance & Operation Director.

Funding Source/Financial Impact:

N/A

Timing of Request:

N/A