

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



SUPPLEMENTAL REQUESTS FOR FY 2013-14

DEPARTMENT OF LOCAL AFFAIRS

**JBC Working Document - Subject to Change
Staff Recommendation Does Not Represent Committee Decision**

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DEPARTMENT OF LOCAL AFFAIRS

Department Overview

The Department of Local Affairs is responsible for building community and local government capacity by providing training, technical, and financial assistance to localities. Major divisions include the Executive Director’s Office, Property Taxation, the Division of Housing, and the Division of Local Governments.

Summary: FY 2013-14 Appropriation and Recommendation

Department of Local Affairs: Recommended Changes for FY 2013-14						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
SB 13-230 (Long Bill)	\$302,416,196	\$15,059,717	\$208,770,557	\$8,629,582	\$69,956,340	164.3
Other Legislation	<u>2,788,851</u>	<u>2,638,851</u>	<u>150,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
Current FY 2013-14 Appropriation	\$305,205,047	\$17,698,568	\$208,920,557	\$8,629,582	\$69,956,340	164.3
Recommended Changes						
Current FY 2013-14 Appropriation	\$305,205,047	17,698,568	\$208,920,557	\$8,629,582	\$69,956,340	164.3
S1 Economic development assistance to rural communities	0	0	0	0	0	0.0
NP8 Annual fleet supplemental true-up	<u>13,208</u>	<u>11,887</u>	<u>0</u>	<u>1,321</u>	<u>0</u>	<u>0.0</u>
Recommended FY 2013-14 Appropriation	\$305,218,255	\$17,710,455	\$208,920,557	\$8,630,903	\$69,956,340	164.3
Recommended Increase/(Decrease)	\$13,208	\$11,887	\$0	\$1,321	\$0	0.0
Percentage Change	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%
FY 2013-14 Executive Request	\$305,218,255	\$17,710,455	\$208,920,557	\$8,630,903	\$69,956,340	164.3
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

Request/Recommendation Descriptions

S1 Economic development assistance to rural communities: The Department requests the FY 2013-14 Long Bill be amended to add a footnote on the Field Services Program line to allow the \$3.0 million General Fund appropriation, intended for rural economic development in communities reliant on one industry or employer, be available for three fiscal years through FY 2015-16. Additionally, the request includes a budget amendment to the FY 2014-15 request to reduce the General Fund appropriation in the Field Services line to zero.

NP8 Annual fleet supplemental true up: The request includes an increase of \$13,208 to the vehicle lease payments line item in the executive director’s office. Staff recommendation is pending Committee approval of common policy supplementals.

Prioritized Supplemental Requests

SUPPLEMENTAL REQUEST, DEPARTMENT PRIORITY #1 ECONOMIC DEVELOPMENT ASSISTANCE TO RURAL COMMUNITIES

	Request	Recommendation
Total	\$ 0	\$ 0
FTE	0.0	0.0
General Fund	0	0
Cash Funds	0	0
Federal Funds	0	0

<p>Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]</p>	YES
<p>JBC staff and the Department agree that this request is the result of data that was not available when the original appropriation was made. In December 2013, the Department became aware of the need for explicit intent, in the form of a footnote, as it was discussing the fiscal requirements related to the first phase of grant awards with the Office of the State Controller.</p>	

Department Request: The Department requests the FY 2013-14 Long Bill be amended to include a footnote allowing the appropriation of \$3.0 million General Fund to the Field Services Program line to be available until the completion of the Rural Economic Development Initiative (REDI) grant program. Further, the request includes a budget amendment to decrease the General Fund appropriation intended for REDI in the FY 2014-15 request to zero.

Last year, the Committee decided to grant the Department of Local Affairs’ request for \$3.0 million and 1.0 FTE for the REDI grant program. The purpose of the REDI program is to grow and diversify the economies of rural communities, with a strategic emphases on communities that are overly-dependent on a single large employer. The Committee decided to allow expenditure of these funds through FY 2014-15, however, the Office of the State Controller recently indicated that, based on state fiscal rules, clear legislative intent must exist to allow the program to operate as intended. For the Department to grant and oversee business development, job training, and infrastructure awards for projects that extend past the FY 2013-14 close, the Long Bill must be amended.

Staff Recommendation: Staff recommends approving the Department request.

Staff Analysis: The Department of Local Affairs and the Office of Economic Development and International Trade identify the Rural Economic Development Initiative (REDI) program as a top priority. The FY 2013-14 Long Bill included \$3.0 million and 1.0 FTE to develop and administer a grant program to grow and diversify the economies of rural communities with a strategic emphasis on communities that are overly-dependent on a single large employer, such as a prison. The intent of the Long Bill appropriation was to administer the program for two years, concluding in FY 2014-15, with a two-year temporary employee to manage the program.

The appropriation was made in anticipation of the release of the Prison Utilization Study, which ultimately concluded there was no need to shutter additional correctional facilities in Colorado at this time. This initiative recognizes the vulnerability of rural communities to losses of key industries and partners OEDIT with DOLA to assist eligible rural communities in the development of business opportunities and infrastructure projects that mitigate the economic impacts resulting from potential closure.

To date, no awards have been made, but, the Department is invested in the REDI grant program and has received a number of applications already. The Department hired the REDI program manager in August 2013 and the manager has been actively engaged with stakeholders to develop the program guidelines and the grant process. The REDI program was rolled out in October 2013 and the program is currently assisting sixteen funding applications totaling \$3.5 million. Indeed, current demand for grants exceeds the available funding for the program.

Initial grant awards are expected to be made by February 2014 and the Department anticipates \$500,000 to be expended on grants and incentives by the end of FY 2013-14. The remaining funding appropriated to the program is expected to be expended in FY 2014-15, however, the Department is requesting spending authority through FY 2015-16 for final program monitoring, project completions, and contract closeout. The reason for extending the funding into FY 2015-16 is because, in December, the Department learned from the Office of the State Controller that the program requires clear legislative intent, through a footnote, including the addition of a final closeout year. Further, the temporary position created to manage the program will terminate as originally requested at the end of FY 2014-15 and the Department determined that its base resources are sufficient to manage the program closeout during FY 2015-16. The closeout work is expected to be minimal since the project manager will conclude all work possible before the end of FY 2014-15. The manager will also prepare a transition document that explains the final closeout work that must be completed on any projects that remain active.

Staff contacted the Office of the State Controller to determine if the addition of the footnote is the best approach to ensuring the success of the REDI program. It is the position of the Controller that the addition of a footnote is the least administratively burdensome solution. Further, it is difficult to predict the start and end dates of the contracts to be entered into through the REDI program leading to the possibility of contracts bleeding into more than one fiscal year. Due to the nature of the contracts, the Controller supports including a footnote to ensure program viability.

The Department provided the following timeline which describes the functions of the REDI Program through its anticipated life cycle:

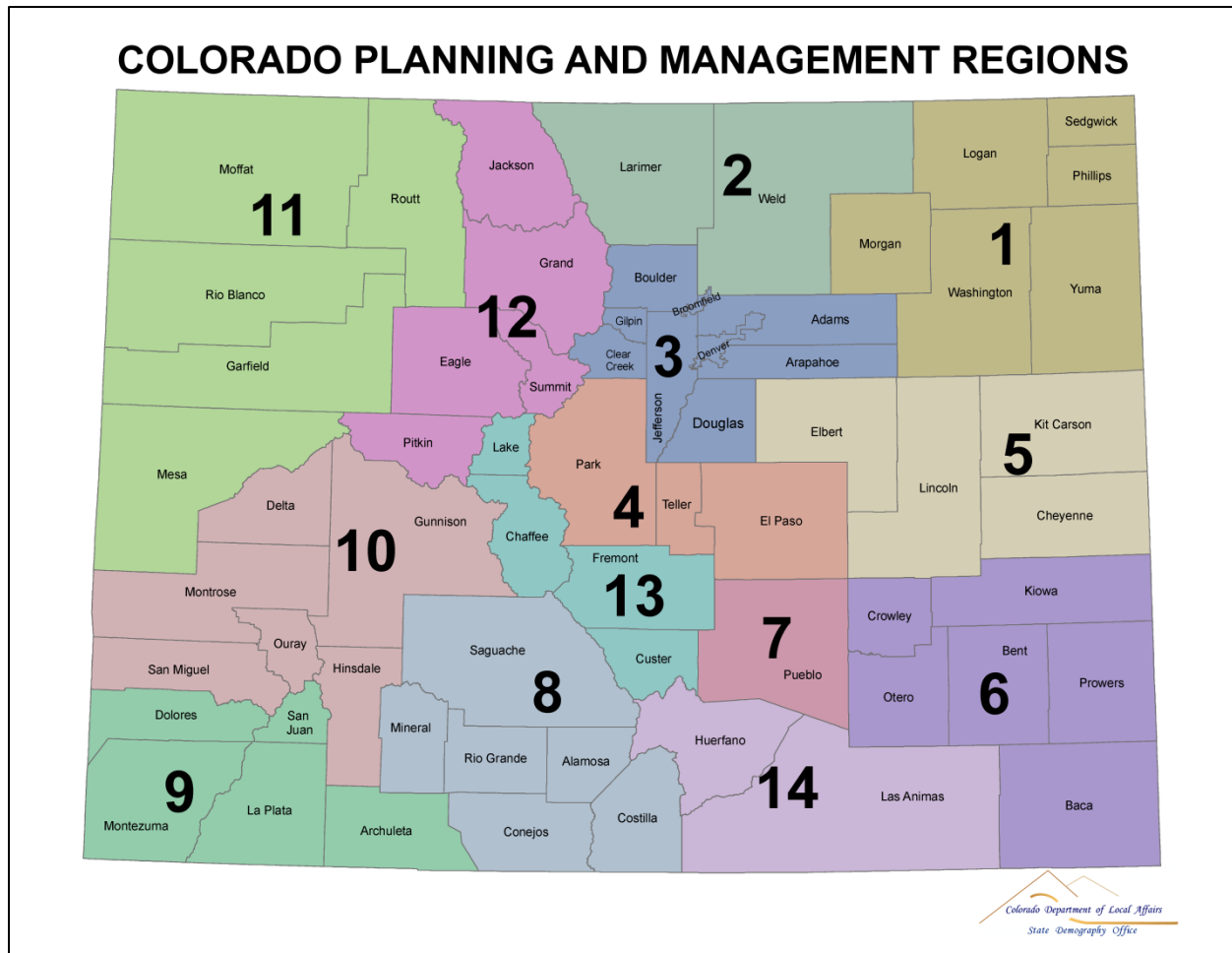
JBC Staff Supplemental Recommendations: FY 2013-14
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REDI Program Timeline	
August 2013	Program manager hired
September 2013	Established grant criteria, guidelines, processes, and materials
October and November 2013	Outreach to all rural communities with a corrections facility
November and December 2013	Follow up with rural communities and identify private sector and local government project opportunities and assist them with project developments
January through June 2014	Project development and consideration for funding; grant awards; program monitoring statewide analysis and outreach to communities reliant on a single major employer
June through December 2014	Interim program evaluation and project monitoring
January through June 2015	Course corrections as necessary; continued project development and awards; program monitoring
July 2015 through June 2016	Program monitoring, reporting, and close out

The Table below details the community grant applications for projects in development, grouping them by planning and management region. It includes both the applications and pre-applications received to date by the program manager.

Community Requests Under Consideration to Date for Multi-Year Projects, Grouped by Planning and Management Region		
Planning and Management Region	Number of Applications	Requested Funding
Region 1	3	\$ 875,000
Region 2	1	200,000
Region 5	2	250,000
Region 6	2	320,000
Region 10	2	260,000
Region 11	2	400,000
Region 13	3	945,000
Region 14	<u>1</u>	<u>250,000</u>
Total	16	\$ 3,500,000

Also included below is a map that illustrates the planning and management regions in the state.



This request does not increase or alter the total appropriation for the project and makes the continuation funding contained in the FY 2014-15 budget request unnecessary. The \$3.0 million General Fund in continuation funding was necessary to allow for the continuation of the program over two years as initially approved by the Committee. However, if the Committee approves this request, it would extinguish the need for continuation funding.

The Department proposes the FY 2013-14 Long Bill be amended to include a footnote which allows the Department of Local Affairs spending authority of the \$3.0 million appropriated for the REDI program for three fiscal years through FY 2015-16. The Department requests the following footnote be added to the Division of Local Government, (B) Field Services, Program Costs line item that reads:

Department of Local Affairs, Division of Local Government, Field Services, Program Costs - \$3.0 million General Fund and 1.0 FTE – It is the intent of the General Assembly that the General Fund appropriation to this line item remain available until the completion of the grant program, or the close of the FY 2015-16, whichever comes first.

Statewide Common Policy Supplemental Requests

These requests are not prioritized and are not analyzed in this packet. The JBC will act on these items later when it makes decisions regarding common policies.

Department's Portion of Statewide Supplemental Request	Total	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
NP8 Annual fleet supplemental true-up	<u>13,208</u>	<u>11,887</u>	<u>0</u>	<u>1,321</u>	<u>0</u>	<u>0.0</u>
Department's Total Statewide Supplemental Requests	\$13,208	\$11,887	\$0	\$1,321	\$0	0.0

Staff Recommendation: The staff recommendation for these requests is pending Committee approval of common policy supplementals. Staff asks permission to include the corresponding appropriations in the Department's supplemental bill when the Committee approves this common policy supplemental. If staff believes there is reason to deviate from the common policy, staff will appear before the Committee later to present the relevant analysis.

JBC Staff Supplemental Recommendations - FY 2013-14
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Appendix A: Number Pages

	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2013-14 Requested Change	FY 2013-14 Rec'd Change	FY 2013-14 Total W/ Rec'd Change
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DEPARTMENT OF LOCAL AFFAIRS
Reeves Brown, Executive Director

S-1 Economic Development Assistance to Rural Communities

(4) DIVISION OF LOCAL GOVERNMENT

(B) Field Services

Program Costs	<u>2,271,628</u>	<u>5,344,543</u>	<u>0</u>	<u>5,344,543</u>
FTE	0.0	28.9	0.0	28.9
General Fund	0	3,000,000	0	3,000,000
Cash Funds	104,796	104,796	0	104,796
Reappropriated Funds	2,170,009	1,945,826	0	1,945,826
Federal Funds	(3,177)	293,921	0	293,921

Total for S-1 Economic Development Assistance

to Rural Communities	2,271,628	5,344,543	0	5,344,543
<i>FTE</i>	<u>0.0</u>	<u>28.9</u>	<u>0.0</u>	<u>28.9</u>
General Fund	0	3,000,000	0	3,000,000
Cash Funds	104,796	104,796	0	104,796
Reappropriated Funds	2,170,009	1,945,826	0	1,945,826
Federal Funds	(3,177)	293,921	0	293,921

JBC Staff Supplemental Recommendations - FY 2013-14
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	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2013-14 Requested Change	FY 2013-14 Rec'd Change	FY 2013-14 Total W/ Rec'd Change
Totals Excluding Pending Items					
LOCAL AFFAIRS					
TOTALS for ALL Departmental line items	220,095,031	305,205,047	0	305,205,047	
<i>FTE</i>	<u>92.8</u>	<u>164.3</u>	<u>0.0</u>	<u>164.3</u>	
General Fund	11,058,788	13,403,815	0	13,403,815	
General Fund Exempt	0	4,294,753	0	4,294,753	
Cash Funds	125,542,874	208,920,557	0	208,920,557	
Reappropriated Funds	11,279,405	8,629,582	0	8,629,582	
Federal Funds	72,213,951	69,956,340	0	69,956,340	