

Schedule 13

Funding Request for the 2013-14 Budget Cycle

Department: Department of Local Affairs

Request Title: Assistance to Rural Communities

Priority Number: R-2

Dept. Approval by: Michael Farley 11/01/2012

Date

OSPB Approval by: *Eric M. [Signature]* 11/1/12

Date

- ☒ Decision Item FY 2013-14
☐ Base Reduction Item FY 2013-14
☐ Supplemental FY 2012-13
☐ Budget Amendment FY 2013-14

Line Item Information		FY 2012-13		FY 2013-14		FY 2014-15
		1	2	3	4	6
	Fund	Appropriation FY 2012-13	Supplemental Request FY 2012-13	Base Request FY 2013-14	Funding Change Request FY 2013-14	Continuation Amount FY 2014-15
Total of All Line Items	Total	2,344,543	-	2,344,543	3,000,000	-
	FTE	27.9	-	27.9	1.0	-
	GF	-	-	-	3,000,000	-
	GFE	-	-	-	-	-
	CF	104,796	-	104,796	-	-
	RF	1,945,826	-	1,945,826	-	-
	FF	293,921	-	293,921	-	-
Division of Local Governments, (B) Field Services	Total	2,344,543	-	2,344,543	3,000,000	-
	FTE	27.9	-	27.9	1.0	-
	GF	-	-	-	3,000,000	-
	GFE	-	-	-	-	-
	CF	104,796	-	104,796	-	-
	RF	1,945,826	-	1,945,826	-	-
	FF	293,921	-	293,921	-	-

Letternote Text Revision Required? Yes: ☐ No: ☒ If yes, describe the Letternote Text Revision:

Cash or Federal Fund Name and COFRS Fund Number:

Reappropriated Funds Source, by Department and Line Item Name:

Approval by OIT? Yes: ☐ No: ☒ Not Required: ☒

Schedule 13s from Affected Departments:

Other Information:



DEPARTMENT OF LOCAL AFFAIRS

John W. Hickenlooper
Governor

FY 2013-14 Funding Request
November 1, 2012

Reeves Brown
Executive Director

Signature

Date

Department Priority: R-2
Economic Development Assistance to Rural Communities

Summary of Incremental Funding Change for FY 2013-14	Total Funds	General Fund	FTE
Economic Development Assistance to Rural Communities	\$3,000,000	\$3,000,000	1.0

Request Summary:

The Department of Local Affairs (DOLA) is requesting \$3,000,000 General Fund for two years beginning in FY 2013-14 for the administration of 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 state prison facility. A need for such strategies and diversification exists regardless of prison closure or loss of key industries to be as proactive as possible in ensuring the economic health of rural Colorado. DOLA will employ four strategies in this proactive effort: 1) Community asset analysis; 2) Stakeholder convening for solution development; and 3) Competitive grant funding to provide community infrastructure and job training to mitigate the economic impact and job loss of prisons closing; 4) Provide local community grants that local governments will deploy as income assistance vouchers to employees who have lost their job as the result of a prison closure.

Problem or Opportunity:

Colorado's prison population is declining and this decline may necessitate the closure of one or more additional prison facilities in the foreseeable

future. Industries such as prisons are foundational to the economy in which they are located and the economic hardship on the communities resulting from the closure of any institution or key industry in rural communities takes many forms, including not only the immediate loss of industry-related jobs, but also the loss of jobs held by the spouses of these employees, a reduction in tax revenues and school funding as these former employees relocate to other communities in search of other employment, and the resulting downward pressure on the local real estate market from the sale of additional homes. Communities recognize the important economic contribution of prisons and other industries. Few if any communities have adequately planned for a possible future without that large employer.

Brief Background:

In prior years, when the state's need for additional prison capacity was growing, the state strategically placed prison facilities in rural areas in order to contribute to rural economic development efforts. Today, with decreasing prison populations, the state is studying how to optimize its use of existing beds. It is possible that an existing prison could be decommissioned. Just as much as the placement of these prison

- Grant awards will be determined by a joint decision by DOLA and OEDIT. Grant funding amounts are not to exceed \$500,000. Higher funding amounts may be considered for significant job creation projects.
- Distribution of local community grants that local governments will deploy as income assistance vouchers to employees who have lost their job as a result of the loss of a large employer.
- Micro-loans will be considered if it better meets the objective of the project.
- Companies can take advantage of up to \$800 of training dollars per new job created.
- Points will be awarded for projects that lead to concrete results for a region based on the following key metrics:
 - Increase in new jobs for the region;
 - Increase in capital investment that benefits a rural key industry for such region;
 - Increase in average wages paid by a grant recipient; and
 - Collaboration and growth that benefits more than one community within a region.

Assumptions for Calculations:

The Department is requesting an appropriation of \$3,000,000 to administer a grant program over a two year period: FY 2013-14 and FY 2014-15. Of the \$3,000,000 requested, the Department anticipates distributing 90%, or \$2,700,000, to local communities as grants in the manner described above, and using the remaining \$300,000 over the same two year period for costs related to grant administration, revitalization plan development and community assessments. The grant will be administered by 1.0 Program Manager FTE at the General Professional V classification at a total cost of \$81,590 including benefits and operating costs. The costs for this FTE will annualize to \$83,896 in FY 2014-15. This will be a temporary position for two years.

Other grant administration costs anticipated by the Department include infrastructure and redevelopment consultants, facility asset assessments, and travel expenses. Please see Table 1 for detailed cost assumptions.

Consequences If Not Funded:

If the request is not funded, the impacted communities will likely realize increased unemployment levels, and smaller rural communities could potentially see reductions in the local population as residents relocate for employment opportunities. In addition, there will be loss of tax revenue, hindering the ability of these communities to invest in local infrastructure. The lack of infrastructure could create a barrier for businesses that would otherwise choose to expand within or relocate to these communities.

Impact to Other State Government Agency:

The Governor's Office of Economic Development and International Trade (OEDIT) will be involved in administering the grant program, but their involvement will not drive an expenditure impact. However, their involvement will include providing project management and strategic execution through an FTE.

Relation to Performance Measures:

This request relates to the Department's performance measure to enhance local governments' community and economic development efforts, including land use planning and community revitalization, and resident employee retraining.

Current Statutory Authority or Needed Statutory Change:

Section 24-32-705 (h)(i), C.R.S. Current statutory authority is sufficient to administer this new grant program.

Table 1- Program Expenses for Communities Experiencing Prison Closure						
Program Expenses	Unit Cost	Units	Year 1 Amount	Year 2 Amount	Total	FTE
GP V- Program Manager (B)	\$ 5,841	12	\$ 60,287	\$ 65,772	\$ 126,059	1.0
Benefits (B)	\$ 1,304	12	\$ 15,650	\$ 17,264	\$ 32,914	
Infrastructure/Redevelopment Consultants (A)	\$ 80	1067	\$ 21,360	\$ 64,000	\$ 85,360	
Facility Asset Assessments (A)	\$ 50	500	\$ 25,000	\$ -	\$ 25,000	
Operating Costs for 1.0 FTE (B)			\$ 5,653	\$ 896	\$ 6,549	
Travel Expenses (B)			\$ 14,419	\$ 9,699	\$ 24,118	
Total Administrative Costs			\$ 142,369	\$ 157,631	\$ 300,000	1.0
Income Assistance Vouchers & Competitive Grants of various Denominations (Up to \$500,000 in size)			\$ 1,350,000	\$ 1,350,000	\$ 2,700,000	
Total Program Cost			\$ 1,492,369	\$ 1,507,631	\$ 3,000,000	1.0

(A) Hourly rates shown for consultants

(B) Detailed costs in FTE Calculations Table

Expenditure Detail		FY 2013-14		FY 2014-15	
<i>Personal Services:</i>		FTE	\$	FTE	
	Monthly Salary				
Position 1	\$ 5,481	0.9	60,287	1.0	65,772
PERA			6,119		6,676
AED			2,170		2,631
SAED			1,959		2,466
Medicare			874		954
STD			107		116
Health-Life-Dental			4,421		4,421
Subtotal Position 1, ## FTE		0.9	\$ 75,937	1.0	\$ 83,036
Subtotal Personal Services		0.9	\$ 75,937	1.0	\$ 83,036
Operating Expenses					
Regular FTE Operating	500	1.0	500	1.0	446
Telephone Expenses	450	1.0	450	1.0	450
PC, One-Time	1,230	1.0	1,230	1.0	
Office Furniture, One-Time	3,473	1.0	3,473	1.0	
4 Wheel Drive Vehicle	4,979	1.0	4,979	1.0	4,979
Travel Hotel (nights)	70	80.0	5,600	40.0	2,800
Travel Per Diem	48	80.0	3,840	40.0	1,920
Subtotal Operating Expenses			\$ 20,072		\$ 10,595
TOTAL REQUEST		0.9	\$ 96,008	1.0	\$ 93,631
<i>General Fund:</i>			\$ 81,590		83,896
<i>Cash funds:</i>					
<i>Reappropriated Funds:</i>					
<i>Federal Funds:</i>					

	FY 2013-14	FY 2014-15
PERA	10.15%	10.15%
AED	3.60%	4.00%
SAED	3.75%	3.75%
Medicare	1.45%	1.45%
STD	0.177%	0.177%
Health-Life-Dental	4,421.04	4,421.04