



TACOMA HOUSING AUTHORITY

RESOLUTION 2013-7-24 (2)

Date: July 24, 2013
To: THA Board of Commissioners
From: Michael Mirra
Executive Director
Re: Fiscal Year 2013 Agency Budget Revision

Background

It is that time of year, half way through the budget year, for the board to review and revise the budget. This allows us to account for how the first part of the year unfolded and to update our look ahead for the second part of the year. On July 12th, the board met with staff in a study session for that purpose. The staff presented a proposal to revise the budget, which the board approved. I attach a copy of my July 10th memo to the board conveying that proposal. This resolution adopts that proposal formally.

This revision accounts for the factors new or newly urgent since the board adopted the 2013 budget last December. These include Congress's "sequestration" cuts of \$2.3 million, the loss of insurance coverage for our meth plan costs, and our need to reduce our reserves and to do that reduction in a way that gives us an income-producing property and strengthens our operations. The proposal continues the "sequestration" cuts the board chose earlier this year. The proposal does all this while allowing us to continue important initiatives the board and staff values very much (e.g. the HOP program, Hillside Terrace, improving our operations, asset-building initiatives, the Education Project.) The proposal leaves us with adequate reserves and a watchful anticipation of what congress will appropriate in 2014 and whether it will require further cuts in our recurring expenses.

This revision updates our estimate of the expected revenues and expenditures for each of THA's departments and major programs. The overall agency budget is based on individual department expense budgets for management purposes, with the expectation that each department director will manage and control their department budget in accordance with Federal, State and Local regulations.

Since this is a budget revision, we did not use a full budget development process; yet we consulted with staff, who provided substantial advice and suggestions.

Recommendation

Approve Resolution 2013-07-24(2) to formally approve THA's Revised FY 2013 Budget.



TACOMA HOUSING AUTHORITY

RESOLUTION 2013-7-24 (2)

FISCAL YEAR 2013 ANNUAL BUDGET REVISION

Whereas, The Board of Commissioners of the Housing Authority of the City of Tacoma ("Authority") approved the FY 2013 Budget on December 19, 2012.

Whereas, Authority staff determined that the FY 2013 Budget should be revised on updated information on funding and expenditure needs.

Whereas, Authority staff has prepared and the Board of Commissioners of the Housing Authority of the City of Tacoma as reviewed and provided input to the proposed Revised Fiscal Year 2013 annual budget:

Resolved by the Board of Commissioners of the Housing Authority of the City of Tacoma, Washington that:

1. The Board of Commissioners of the Housing Authority of the City of Tacoma adopts the Revised FY 2013 Budget and authorizes the Executive Director to implement and execute said document. Revised operating expenses and other cash outflows are projected as follows:

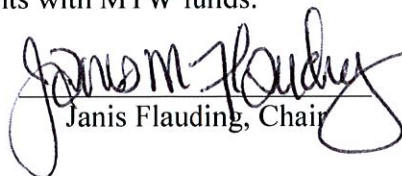
<u>Expenses</u>	
Executive	\$ 551,934
Human Resources	402,247
Finance	995,517
Administration	1,318,583
Development	2,116,067
Community Services	2,045,891
Real Estate Management Overhead	1,816,350
Rental Assistance	33,200,877
Property Management	<u>6,194,049</u>
Subtotal	\$ 48,641,515

<u>Additional Cash Outflows</u>	
Capital Expenditures	\$ 12,472,064
Debt Service	<u>558,753</u>
Subtotal	5,273,491

TOTAL APPROVED BUDGET \$ 61,672,332

2. The Board of Commissioners authorizes the payoff of the Salishan 7 WCRA loan of approximately \$2.8 million in principal payments with MTW funds.

Approved: July 24, 2013


Janis Flauding, Chair



TACOMA HOUSING AUTHORITY

To: THA Board of Commissioners

From: Michael Mirra
Executive Director

Date: July 10, 2013

Re: THA Operating Budget Revision – FY 2013

It is that time of year, half way through the budget year, for the board to review and revise the budget. This allows us to account for how the first part of the year unfolded and to update our look ahead for the second part of the year. For this purpose, the board is scheduled to meet in a study session on Friday, July 12th at noon at THA's main offices. The staff will present a proposed mid-term budget revision. I attach the updated budget documents reflecting the proposed revision. It provides a summary view in its first pages. Further detail is available in its following sections if you wish it. At the board's regular meeting on July 24th, we will present that proposal in a resolution, changed as necessary to account for the discussion this Friday.

I thank the staff, led by Ken, for very good and careful work in devising this proposal amid some challenging puzzles. It accounts some factors new or newly urgent since the board adopted the 2013 budget last December. These include Congress's "sequestration" cuts of \$2.3 million, the loss of insurance coverage for our meth plan costs, and our need to reduce our reserves and to do that reduction in a way that gives us an income-producing property and strengthens our operations. The proposal continues the "sequestration" cuts the board chose earlier this year. The proposal does all this while allowing us to continue important initiatives the board and staff value very much (*e.g.*, the HOP program, Hillside Terrace, improving our operations, asset-building initiatives, the Education Project.) The proposal leaves us with adequate reserves and a watchful anticipation of what congress will appropriate in 2014 and whether it will require further cuts in our recurring expenses.

We hope the board finds this proposal acceptable.

SUMMARY

In general, THA's finances remain in relatively good shape. When we write or rewrite budgets we try to conform to the budgeting principles that appear in the following table. We were partially successful. The revised budget balances with a combination of the cuts that the board approved in response to the "sequester" and a use of reserves. We judge that this proposed use of reserves conforms to the principles that govern reserves.

Budget principle	Result for the FY 2013 Budget Revision
The budget should balance.	<p>Overall, for all sources and uses, we project a \$3,795 surplus. This is up from the \$2,683 the original budget projected.</p> <p>The overall operational budget by itself projects a deficit before Reserve Appropriations of \$430,446, up from the \$332,581 the initial budget projected. As with the initial budget, we balance this with a dip into reserves by that amount.</p>
We try to make recurring expenses fit within recurring income. Using reserves for recurring expenses is not sustainable.	<p>Overall, our recurring expenses exceed recurring income by \$488,000. The original budget contemplated a \$392,000 surplus, a swing of \$880,000. This is mainly a consequence of Congress's "sequester" cut of \$2.3 million. This bears watching and will be one of the notable issues for the 2014 budget.</p> <ul style="list-style-type: none"><li data-bbox="662 905 1406 1020">● The MTW recurring income exceed MTW recurring expenses to produce a surplus of \$74,000, down from the pre-sequester budget of \$975,000.<li data-bbox="662 1066 1414 1346">● The non-MTW recurring expenses exceed non-MTW recurring income to produce a deficit of \$562,000. Non-MTW operations have generally been difficult to fit annually into recurring non-MTW expenses. This is particularly true in the development area where expenses have generally been reliant on non-recurring and irregular sources of income, such as developer fees.

Budget principle	Result for the FY 2013 Budget Revision
<p>The best use of reserves is for nonrecurring expenses or purchases that: (i) make us money; (ii) save us money; (iii) make us more effective.</p>	<p>We propose to use reserves for some important activities, most of which were in the original budget, including:</p> <ul style="list-style-type: none"> • 902 South L Street continued remodel • FIC remodel • Wedgewood Apartments repair • purchase of New Look Apartments • pay off the \$2.8 million Salishan 7 loan • Several important new sunset positions (business process analyst and technical writer; warehouse process manager; applications architect; project manager for public housing conversion project.) <p>NOTE: This budget contemplates the purchase of New Look Apartments and due diligence costs for considering the Brown Star Grill, the Dome District Transit site, and the Winthrop properties. Also, it proposes using \$2.8 million to pay off the Salishan 7 loan. That pay-off achieves the same benefits we would hope to accomplish with a purchase: it gives us an income producing property; it gives us property we own free and clear that we could borrow against if necessary; it provides a safe place to “park” our reserves. While this proposal leaves adequate reserves for further purchases (and we continue to shop) it also anticipates the needs of Hillside Phase 2, which likely will be a priority in 2014.</p>
<p>We seek to lower our reserve levels to someplace between minimum and optimal levels. This will reduce our exposure to recapture even if it means having levels lower than what industry practices would recommend.</p>	<p>This proposal meets our goal of reducing our reserve levels reasonably to levels below out optimal but above our minimums. It reduces them from \$13,355,000 to \$6,639,424. This would still exceed our minimal levels by \$946,424. We get this done mainly by the following expenditures:</p> <ul style="list-style-type: none"> • \$1.45 million final payment to Citibank • \$2.8 million pay-off of Salishan 7 loan • \$1.46 million in capital improvements <p>NOTE: These reserve levels do not include the additional \$1.2 million we expect from HUD in settlement of our “benchmarking” dispute. We have not added this amount to the budget since we have not yet received the payment. We expect it any time now.</p>

- We do not have much of an operating cushion going into the uncertain congressional budget year for 2014. However, we anticipate \$150,000 in additional HAP savings in 2014 due to transitioning regular Vouchers to our HOP program.
- This revision continues some important THA projects or programs, such as:
 - ~ Housing Opportunities Program (HOP)
 - ~ asset building initiatives
 - ~ Education Project
 - ~ Hillside Terrace Phase 1 construction
 - ~ upgrades to Wedgewood, scattered site homes and Dixon Village
 - ~ planning for Hillside Terrace Phase 2, Salishan Core, Hillsdale Heights
 - ~ purchase of New Look Apartments, and due diligence for possible purchase or development of Brown Star Grill site, Winthrop, Dome District Transit Oriented Development project
 - ~ LASA Prairie Oaks development. It contemplates the payment the board has authorized of an additional \$300,000 in predevelopment funds. We will get that back upon financial closing this Fall, along with our initial advance of \$375,000. This budget also allows for a loan to the project of \$300,000 if necessary for closing. The project will repay THA out of its rental stream. THA would have a controlling interest in the project to make sure of this.
 - ~ public housing conversion project
 - ~ I.T. and business processes improvements
- The proposal honors our collective bargaining agreement with OPEIU that presumes upon a 3% wage increase. We also give this increase to THA's non-represented staff, according to our practice of using the OPEIU contract as a guide for them. The board's 2013 budget contemplated this increase. In my recent emails to the board, I confirmed our intention to do this and we have informed staff. The collective bargaining agreement does allow THA to withhold this increase if judge it to be unaffordable. As I stated in my email to the board, this increase is appropriate for three reasons. **First**, we do have the money this year. Next year is more doubtful. **Second**, the increase is a useful companion to the adjustments we made in the salary ranges that put most staff in the lower half of their ranges. This increase, along with our new variable pay program, helps staff advance through their ranges. The **third** reason for this increase is the most important. It recognizes some a hard-working and talented staff doing some very challenging work in fine style.

SOME MORE DETAIL

Attachment A (enclosed) documents some detail of the budget revision. Here are some highlights:

- **Projected Year End Reserve Level:** Item 3, page 2 of Attachment A shows the different categories we used to come up with projected year end reserve levels. Significant items to note area as follows:
 - ~ The payoff of the Citibank loan is reflected in section 3h.
 - ~ We propose to spend \$2.8 million from our MTW reserves to pay off our WCRA loan for Salishan 7. The loan has a 7% interest rate, and matures in 2040. This pay-off will save THA \$3.5 million in interest over the life of the loan, and create \$200,000 annually in cash flow for THA. The payoff of the loan meets all the requirements of MTW use of funds. This proposal shows in 3i.
 - ~ LASA – line 3j: This reflects the maximum amount we will loan to the LASA project to ensure its success and, importantly, to ensure our recovery of the predevelopment loan we have made or will make (total between \$375,000 - \$675,000).
- **Non-Recurring Items;** Pages 4 – 7 of Attachment A provides a more detailed look at the Non-Recurring items for both operations and capital needs with a synopsis of the changes.
- **Staffing Changes Proposed;** Page 8. We propose 2 new regular positions that were in the original budget. We propose to do without a regular position that the original budget provided. We propose 8 sunset positions to complete important and specialized work: 4 of these 8 were in the original budget. The new sunset positions include a business process specialist, a project manager for our meth plan, and a warehouse process manager to help us improve our use of our warehouses, vans and related work flows.
- **Notable Initiatives;** Page 9. This section provides notable information about initiatives. In looking at our MTW reserve level, THA has made some non-recurring requests that will either make THA stronger or more efficient, with the expectation that current year expenditures will result in agency savings down the line. The

Finance Director has the detail of all the budget changes proposed in the mid-year revision by Line item and Department. He will make it available for your review if desired.

The attached Agency Wide budget shows the following details that might be of interest:

- The revision includes the reduced funding amounts from HUD due to sequestration (lines 3 – 5). It also removes the \$600K in 2012 Section 8 HAP cash reserves sitting at HUD and spends it during 2013. Line 10 increases the Investment income category to reflect the loan interest repayments from the Salishan Tax Credit properties in 2013. The Developer Fee Income category (line 12) is adjusted to reflect the amount received in the first payout for Hillside redevelopment versus the original budget. Other line items are adjusted based on current income projections where they differed from the original budget.
- The legal category (line 28) is increased to reflect the additional legal services that we have needed for our meth strategy, negotiating our Section 8 re-benchmarking issue, Citi loan negotiations, and lot sales, as well as budgeting for our upcoming RAD (Rental Assistance Demonstration) conversion and other assistance for our development department.
- The Administrative Contract category (line 28) is increased to reflect our contract for our Director search, and provides \$175K for PNA (Physical Needs Assessment) and other consultant needs for our upcoming RAD conversion.
- The Due Diligence line item (line 33) is adjusted to more accurately reflect the potential deals we believe require our attention in 2013. (6.3.c of Attachment A)
- The Tenant Services categories (lines 36-39) reflect the changes necessary to ensure the success of the HOP program, as well as reducing the amount of funding assistance for Homeownership, and a more realistic amount for Asset Building payouts. The relocation line item is adjusted to reflect continuing payouts for Hillside relocation.
- The Utilities category (lines 41-44) is adjusted to reflect utility costs paid on behalf of old Hillside before transitioning over to Absher. These costs were not in the original budget.

- In the maintenance area (lines 46-49), we are hiring additional maintenance staff (sunset) to assist in the backlog of unit turns due to meth contamination. We are also using reserves to do additional maintenance to our units, such as painting and window cleaning. A sunset Warehouse Process Manager has been budgeted and hired to organize our maintenance spaces.
- In the General Expense category, the largest change is in the Interest Expense category (line 55). It reflects the payoff of the Citi Loan for Salishan Area 3 lots, the rate modification for the Bond Financed properties, and the payoff of the Salishan 7 loan. Other categories are adjusted to better reflect projected expenditures for 2013.
- Line 59 – Extraordinary Maintenance – The increase in this category reflects the anticipated uninsured cost to turn meth-contaminated units in the THA PH portfolio once the insurance coverage ran out in the middle of June.
- Line 61 – HAP Payments – This reduction is due to the delay of the implementation of the HOP program until we had more of a feel for 2013 funding, the lower average HAP going into the year from what was budgeted, and the overall reduced utilization than the 100% that was projected.
- Total budgeted amount for Capitalized Items/Development Projects is \$12,472,064. The majority of this funding is for THA funds expended for the Hillside Terrace Redevelopment Project. The reduced funding amount reflects the delay in the start of the LASA redevelopment project. The majority of its costs will now occur in 2014, not 2013.
- The total budget surplus for THA in the budget revision is \$3,795.



Attachment A

BOARD OF COMMISSIONER DECISION POINTS: THA FY-2013 BUDGET Mid Year Revision
July 12, 2013



The green boxes below denote the main decisions for the THA Board. The contents of the green boxes are staff proposals.

The yellow boxes below and other text contain information and staff proposals that will help the Board decide.

1. AVAILABLE RESERVES

Type/Purpose of Reserves	Reserves 01/01/13
a. MTW Reserves	\$7,080,000
b. Business Activities (Non-MTW) reserves	\$1,725,000
c. Bond Financed Property Reserves	\$700,000
d. Citibank Guarantee	\$1,450,000
e. Salishan Lot set aside	\$2,400,000
Totals	\$13,355,000

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Minimum necessary and Optimal Reserves

Minimum	Optimal	Amount to Reserve
\$2,843,000	\$4,597,000	\$2,843,000
\$1,500,000	\$2,500,000	\$2,500,000
\$350,000	\$500,000	\$500,000
\$0	\$0	\$0
\$0	\$0	\$0
\$4,693,000	\$7,597,000	\$5,843,000

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Amount of reserves available to use in FY013
\$4,237,000
(\$775,000)
\$200,000
\$1,450,000
\$2,400,000
\$7,512,000

MTW Reserves

Section 8 HAP - Entry to MTW Program
Section 8 Administrative Expenses
PH AMP 1 - 6 Expenses

Annual Amount	Minimum		Optimal	
	Period	Amount	A	Amount
\$29,035,000	1/2 month	\$ 1,210,000	1 month	\$ 2,420,000
\$3,141,000	3 months	\$ 785,000	4 months	\$ 1,047,000
\$3,390,000	3 months	\$ 848,000	4 months	\$ 1,130,000
Totals		Total \$ 2,843,000		Total \$ 4,597,000

2. RECURRING OPERATIONAL EXPENSES AND INCOMES FY-2013

Recurring Income	
MTW	\$40,639,000
Non-MTW	\$5,883,000
Total	\$46,522,000

Cost of Recurring operations (with proposed savings)	
	\$40,565,000
	\$6,445,000
	\$47,010,000

Surplus or (Shortfall) in recurring operations ¹	
	\$74,000
	(\$562,000)
	(\$488,000)

Original Budget Surplus/(Shortfall) in recurring operations	
	\$975,000
	(\$583,000)
	\$392,000

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3. BUDGET IMPACT - RESERVES - FY-2013 Mid Year Budget Revision

	MTW	Non-MTW	Bond Financed Properties	Citibank Guarantee	THA Additional Reserve- Salishan Lots	Total
Reserves - 01/01/13	\$ 7,080,000	\$ 1,725,000	\$ 700,000	\$ 1,450,000	\$ 2,400,000	\$ 13,355,000
Recurring Surplus/(Shortfall) ¹	\$74,000	(\$562,000)				
Contribution to Replacement Reserve Accounts						
Non-Recurring Income/(Expense)						Amount
a. Non Recurring Income - Operational ²	\$1,322,300	\$926,300				\$
b. Non Recurring Income - Capital ³	\$3,881,000	\$6,756,064				\$
c. Operations & Support Department Expenses - Operational ⁴	(\$845,410)	(\$476,230)				\$
d. Operations & Support Departments Expenses- Capital ⁵	(\$1,110,000)	\$0	(\$350,000)			\$
e. Development Department - Operational ⁶	(\$210,000)	(\$559,500)				\$
f. Development Department - Capital ⁷	(\$4,256,000)	(\$6,756,100)				\$
g. Citibank Interest for Salishan Lots				(\$99,000)		\$
h. Citibank Payoff		\$2,400,000		(\$1,351,000)	(\$2,400,000)	\$
i. Payoff of Salishan 7 loan	(\$2,800,000)					
j. Ownership Interest in LASA		(\$300,000)				
Projected Reserves - 12/31/13	\$ 3,135,890	\$ 3,153,534	\$ 350,000	\$ -	\$ -	\$ 6,639,424

4. FY-2013 END OF YEAR RESERVE LEVELS

Type/Purpose of Reserves	Projected Reserves 12/31/13	Minimum	Optimal
a. MTW Reserves	\$3,135,890	\$2,843,000	\$4,597,000
b. Business Activities (Non-MTW) reserves	\$3,153,534	\$1,500,000	\$2,500,000
c. Bond Financed Property Reserves	\$ 350,000	\$350,000	\$500,000
d. Citibank Guarantee	\$0	\$0	\$0
e. Salishan Lot set aside	\$0	\$0	\$0
Totals	\$6,639,424		

Amount to Reserve	Excess/(Deficit) Reserves Over Amount to Reserve
\$2,843,000	\$292,890
\$2,500,000	\$653,534
\$ 350,000	\$0
\$0	\$0
\$0	\$0
\$5,693,000	\$946,424

Back-up Detail

5. Non-Recurring Income: FY-2013

Sources of Non-Recurring Income	Original		Mid-Year Revision		Change	
	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW
Operational²						
Hillside Terrace Operating Subsidy - Projected at approximately \$270K for 2013. Will reduce by 33% annually.	\$90,000		\$90,000		\$0	
Section 8 HAP funds maintained at HUD - 2012 - Cash management			\$608,600		\$608,600	
c. Capital Funds Transfers to MTW					\$0	
1. Transfer to MTW over 10% admin amount	\$377,500		\$413,700		\$36,200	
2. PH Rental Assistance Demonstration (RAD) conversion costs			\$210,000		\$210,000	
d. Developer Fee Income						
1. Hillside Terrace Redevelopment (2500 Yakima)		\$240,800		\$379,700		\$138,900
2. LASA		\$57,200		\$57,200		\$0
Relocation costs for Hillside tenants will be sporadic in 2013 -						
e. Paid out of CBDG grant				\$40,000		\$40,000
f. NSP and Foreclosure Housing Program		\$103,300		\$72,400		(\$30,900)
g. Dome District Feasibility Grant				\$50,000		\$50,000
h. Loan Interest - Tax Credit Properties				\$327,000		\$327,000
Operations Subtotal²	\$467,500	\$401,300	\$1,322,300	\$926,300	\$854,800	\$525,000
Capital³						
a. Hillside Terrace Community Facility Grant		\$1,675,200		\$1,675,200	\$0	\$0
b. 2500 Yakima Redevelopment	\$3,400,000	\$4,300,000	\$3,400,000	\$4,300,000	\$0	\$0
c. CFP funds for PH capital work	\$1,020,000		\$481,000		(\$539,000)	\$0
e. LASA		\$3,018,400		\$780,864	\$0	(\$2,237,536)
f. Stewart Court Capital Improvements	\$135,000	\$189,500	\$0	\$0	(\$135,000)	(\$189,500)
Capital Subtotal³	\$4,555,000	\$9,183,100	\$3,881,000	\$6,756,064	(\$674,000)	(\$2,427,036)

6. Non-recurring Operational/Support Department Expenses

Operations & Support Departments

6.1 Operations & Support Department Non-Recurring - Operational⁴

	Original		Mid-Year Revision		Change	
	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW
a. Salaries						
1. Sunset positions identified in 8.1 k-q ⁸	\$32,800	\$6,700	\$287,960	\$58,980	\$255,160	\$52,280
b. Information Technology Expenses						
1. Website Development (Admin)	\$12,500	\$2,500	\$12,500	\$2,500	\$0	\$0
2. Sharepoint Consulting (Admin)	\$23,200	\$4,800	\$23,200	\$4,800	\$0	\$0
c. Legal						
1. Legal Fees for Bond Rate Modification (PM)				\$10,000		\$10,000
2. Legal Fees for Meth Testing Strategy (Admin)			\$8,300	\$1,700	\$8,300	\$1,700
d. Advertising - Marketing Reasonable Accommodations Software (Admin)						
e. Contract Costs						
1. Department Director Search(es) (Exec)				\$50,000		\$50,000
2. Leadership Team Development (HR)	\$41,500	\$8,500	\$20,750	\$4,250	(\$20,750)	(\$4,250)
3. Wellness - Biometric Testing (HR)	\$10,000	\$2,000	\$10,000	\$2,000	\$0	\$0
4. Evaluation of MTW program (REM&HS)	\$45,000		\$45,000		\$0	
f. Due Diligence						
1. Prospect of Marketing Reasonable Accommodations database (Admin)		\$15,000		\$15,000		\$0
2. Eastside Community Center Feasibility Study (Board Approved) (OS)				\$20,000		\$20,000
g. Community Services						
1. Homeowners Downpayment Assistance (Renegotiated Annually)	\$200,000		\$20,000		(\$180,000)	
2. Credit Counseling Contract for Tenants	\$15,000		\$30,000		\$15,000	
3. EOC Contract - Community Services	\$10,000		\$0		(\$10,000)	
4. Job Readiness soft skills training contract (\$50K annual contract)			\$10,000		\$10,000	
h. Relocation costs for Hillside tenants will be sporadic in 2013				\$40,000		\$40,000
i. Maintenance Materials - Reorganization of Maintenance Areas (REMHS)			\$41,500	\$8,500	\$41,500	\$8,500
j. Contract Maintenance						
1. Tree Maintenance (PM Overhead)			\$30,000		\$30,000	
2. Interior Painting - Senior Buildings (PM)			\$105,000		\$105,000	
3. Window Washing - Senior Buildings (PM)			\$7,000		\$7,000	
4. Scattered Site Window Replacement (PM)			\$21,000		\$21,000	
5. Additional Unit turn cost for Meth units while under insurance (PM)			\$60,000	\$55,500	\$60,000	\$55,500
6. Wedgewood Repairs - THA overseeing deferred maintenance needs				\$30,000		\$30,000
k. General Expenses						
1. Rate Modification Fee - Bond Property Refinancing (PM)				\$50,000		\$50,000
2. Severance Packages (HR)		\$20,000		\$50,000		\$30,000
l. Extraordinary Maintenance for Properties (Reviewed Annually)	\$91,000	\$25,000	\$0	\$0	(\$91,000)	(\$25,000)
1. Fence Extension Bergerson Terrace (PM)			\$10,000		\$10,000	
2. Water Main shutoff Repair - Stewart Court (PM)				\$15,000		\$15,000
m. Casualty Loss deductible for Contaminated units	\$31,400	\$15,700	\$34,200	\$27,000	\$2,800	\$11,300
n. Contingency will be reevaluated each year			\$69,000	\$31,000	\$69,000	\$31,000
Operational Subtotal⁴	\$512,400	\$100,200	\$845,410	\$476,230	\$333,010	\$376,030

6.2 Operations & Support Departments - Capital⁵

	Original		Mid-Year Revision		Change	
	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW
a. 902 South L - Continue renovation	\$350,000		\$500,000		\$150,000	
b. FIC & Maintenance Building Renovations (\$100K Carryover from 2012)	\$300,000		\$300,000		\$0	
c. Maintenance Vehicle Replacement with outfitting	\$120,000		\$180,000		\$60,000	
d. Articulated Boom Lift for Maintenance			\$35,000		\$35,000	
e. Security Cameras for 902, Bergerson & Wright St.			\$35,000		\$35,000	
f. Install Perimeter Fence - Dixon			\$10,000		\$10,000	
g. Security Gate - 6th Ave Apts.			\$10,000		\$10,000	
h. Document Management System	\$30,000		\$30,000		\$0	
i. IT Server Backup Equipment			\$10,000		\$10,000	
j. Wedgewood Capital Repairs (Bond Financed Property)		\$200,000		\$350,000		\$150,000
<i>Capital Subtotal⁵</i>	\$800,000	\$200,000	\$1,110,000	\$350,000	\$310,000	\$150,000

Development Department Activity

6.3 Development Department Nonrecurring - Operational⁶

	Original		Mid-Year Revision		Change	
	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW
<i>a. Legal</i>						
1. Citi loan renegotiation				\$22,000		\$22,000
2. DR Horton land sales				\$30,000		\$30,000
3. New Look Apts.				\$10,000		\$10,000
4. Stewart Court Apts.				\$10,000		\$10,000
5. Brown Star Grill				\$25,000		\$25,000
6. RAD conversion			\$35,000		\$35,000	
<i>b. Administrative Contracts</i>						
1. Consulting Services for Citi Loan Negotiations		\$25,000		\$25,000		\$0
2. Wedgewood PNA				\$10,000		\$10,000
3. Conversion Assistance, PNA for converting PH units to RAD.			\$175,000		\$175,000	
<i>c. Due Diligence - Development Opportunities</i>						
1. Brown Star Grill		\$75,000		\$75,000		\$0
2. Winthrop		\$95,000		\$50,000		(\$45,000)
3. New Look Apts.				\$25,000		\$25,000
4. Dome District Feasibility Study				\$35,000		\$35,000
5. Public Housing Conversion to RAD (Move to Contract Costs for PNA, conversion assistance)	\$125,000		\$0		(\$125,000)	
6. Hillside Redevelopment - Phase 2		\$100,000		\$75,000		(\$25,000)
7. Salishan Core Planning		\$70,000		\$70,000		\$0
8. Choice Neighborhoods Application		\$30,000		\$0		(\$30,000)
<i>d. Salishan/Hillside Heights Lot Holding Expenses</i>		\$120,000		\$80,200		(\$39,800)
<i>e. NSP and Foreclosure Housing Program - Direct Expenses</i>		\$23,300		\$17,300		(\$6,000)
<i>Development Activity - Operational - Subtotal⁶</i>	\$125,000	\$538,300	\$210,000	\$559,500	\$85,000	\$21,200

6.4 Development Department - Capital ⁷	Original		Mid-Year Revision		Change	
	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW
a. Dixon Village Renovations (CFP)	\$1,000,000		\$200,000		(\$800,000)	
b. Scattered Site (AMP 6) Upgrades (CFP)	\$20,000		\$281,000			
c. Stewart Court Renovations - Intent to complete as Tax Credit property	\$135,000	\$189,500	\$0	\$0	(\$135,000)	(\$189,500)
d. Hillside Terrace Redevelopment - All phases						
1. Hillside Terrace Community Facilities Grant		\$1,675,200		\$1,675,200		\$0
3. CFP RHF (Replacement Housing Factor) expenditures	\$2,300,000		\$2,300,000		\$0	
4. MTW funds to be reimbursed by Capital Funds	\$1,100,000		\$1,100,000		\$0	
5. City of Tacoma Bond Funds		\$1,400,000		\$1,400,000		\$0
6. Housing Trust Factor Funds (HTF)		\$1,900,000		\$1,900,000		\$0
7. TCRA		\$1,000,000		\$1,000,000		\$0
e. LASA		\$3,018,400		\$780,900		(\$2,237,500)
f. Purchase of New Look Apts. - (Carryover from 2012)	\$375,000		\$375,000			
<i>Development Activity - Capital - Subtotal⁷</i>	<i>\$4,930,000</i>	<i>\$9,183,100</i>	<i>\$4,256,000</i>	<i>\$6,756,100</i>	<i>(\$674,000)</i>	<i>(\$2,427,000)</i>

7. Reserve Appropriation Funding Requested

7.1 Operations	Original		Mid-Year Revision		Change	
	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW
a. Community Services expenses received Prior Year grants		\$65,300		\$65,300		\$0
b. MTW Reserve Appropriations for Mid Year PH Contract Repairs			\$143,000		\$143,000	
c. Legal & Contract Costs for sale of Salishan lots and loan payoff				\$77,000		\$77,000
d. Citibank Loan paid out of Guarantee		\$300,000		\$99,000		(\$201,000)
e. Costs for Rate Modification of Bond Properties Loan				\$60,000		\$60,000
<i>Operations Subtotal</i>	<i>\$0</i>	<i>\$365,300</i>	<i>\$143,000</i>	<i>\$301,300</i>	<i>\$143,000</i>	<i>(\$64,000)</i>

7.2 Capital	Original		Mid-Year Revision		Change	
	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW
a. 902 South L - Continue renovation	\$350,000		\$500,000		\$150,000	
b. FIC & Maintenance Building Renovations (\$100K Carryover from 2012)	\$300,000		\$300,000		\$0	
c. Maintenance Vehicle Replacement with outfitting	\$120,000		\$180,000		\$60,000	
d. Articulated Boom Lift for Maintenance			\$35,000		\$35,000	
e. Security Cameras for 902, Bergerson & Wright St.			\$35,000		\$35,000	
f. Install Perimeter Fence - Dixon			\$10,000		\$10,000	
g. Security Gate - 6th Ave Apts.			\$10,000		\$10,000	
h. Document Management System			\$30,000		\$30,000	
i. IT Server Backup Equipment			\$10,000		\$10,000	
j. Wedgewood Capital Repairs (Bond Financed Property)		\$200,000		\$350,000		\$150,000
k. Purchase of New Look Apts. - (Carryover from 2012)	\$375,000		\$375,000		\$0	
<i>Capital Subtotal</i>	<i>\$1,145,000</i>	<i>\$200,000</i>	<i>\$1,485,000</i>	<i>\$350,000</i>	<i>\$340,000</i>	<i>\$150,000</i>

8. Position Changes - FY-2013

Position Changes	Amount of Savings				Comments
	Staff Positions			Change	
	Increase/ Decrease fm original budget	Original	Mid-Year Revision		
Currently Occupied					
a. Senior Office Assistant - (Exec/HR)		\$0	\$0	\$0	Transition from Sunset to Regular position - No \$ budget change.
b. Help Desk/Network Administrator (Admin)		\$9,000	\$9,000	\$0	Upgrade of Position.
c. Property Management Assistant (PM)	0.5	\$65,500	\$98,250	\$32,750	Over complement with Hillside Demo. Keep for continuity until Hillside comes online. In meantime, assists with transition to new lease, meth and Non Smoking policy.
d. Maintenance Specialist - Landscaping (PM)		\$0	\$0	\$0	Currently Temp crew. Benefits costly when temp. and would have to pay unemployment. Will assist in preventive maintenance during winter months.
Currently Occupied Subtotal		\$74,500	\$107,250	\$32,750	
New Positions					
e. Maintenance Specialist (PM) (THA Portion)	1	\$55,000	\$55,000	\$0	Increase complement to more adequately assist in unit upkeep.
f. Specialist - Asset Building (CS)		\$60,000	\$60,000	\$0	Funded by Gates Foundation grant. For new Scholars program.
g. Specialist - Asset Building (CS)	(1)	\$60,000	\$30,000	(\$30,000)	To assist in implementing and running adult asset building programs.
h. Help Desk Technician (Admin)	0	\$56,200	\$56,200	\$0	Budgeted original 2013 budget as sunset. Would like to transition to regular position at Mid-Year, as current position transitions to Systems administrator.
i. IT Manager (Admin)	1	\$231,200	\$59,500	\$59,500	Reinstitute Position effective Mid Year
New Position Subtotal		\$231,200	\$260,700	\$29,500	
Eliminated Positions					
j. Applications Architect (Admin)	0	(\$126,600)	(\$126,600)	\$0	Will initially contract desired work out through temp agency. This position had transitioned from IT Manager in 2012.
Sunset Positions (Non-recurring)					
k. Applications Architect (Admin)	1	\$100,000	\$100,000	\$0	Decision made as 2013 budget passed in Dec that this would be hired from Temp agency, and would be salary line item.
l. Technical Writer (Admin)	1	\$39,500	\$43,680	\$4,180	Assist in business process improvement plan into 2014.
m. Business Improvement Specialist (REM&HS)	1		\$45,360	\$45,360	Assist in LEAN assessment of dept. personnel
n. Project Manager (REM&HS)	1		\$43,750	\$43,750	Work on Contamination Project.
o. REM&HS Intern	1	\$12,000	\$24,000	\$12,000	Assist with GIS, social media, and MTW analysis of data.
p. Warehouse Process Manager (PM)	1		\$52,080	\$52,080	Assist in organization of Maintenance areas
q. Maintenance Specialist (PM) (THA PH portion)	2		\$38,066	\$38,066	Assist PM in deferred maintenance and backlog of unit turns that have occurred due to Meth contamination.
Sunset Position Subtotal ^a		\$151,500	\$346,936	\$195,436	
Totals	10	\$330,600	\$588,286	\$257,686	

9. Operations & Support Department - Notable Recurring Information

	Original		Mid-Year Revision		Change	
	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW
Fully Realized HAP savings from Occupancy Changes/Minimum rents instituted						
a. 2012	(\$850,000)		(\$850,000)		\$0	
b. 2013 HAP savings - Increasing Minimum rents from \$25 to \$75	(\$150,000)		(\$150,000)		\$0	
c. Special Program Assistance Payments						
d. 1. Child Welfare Vouchers	\$150,000		\$50,000		(\$100,000)	
e. 2. Rapid Rehousing for Homeless Families	\$150,000		\$80,000		(\$70,000)	
f. 3. Unaccompanied Youth Vouchers	\$150,000		\$250,000		\$100,000	
g. 4. TCC Homeless Students	\$150,000		\$50,000		(\$100,000)	
h. THA match for Scholars Incentive Program funded by Gates Foundation	\$150,000		\$50,000		(\$100,000)	
i. FSS paypoints - Replaces HAP FSS escrow amounts (Included with HAP)	\$30,000		\$0		(\$30,000)	
j. Contamination Testing & Remediation PH Units	\$126,000	\$43,000	\$234,500	\$96,900	\$108,500	\$53,900
k. Cold Fusion Development - Budgeted in Salaries	\$100,000		\$0		(\$100,000)	
l. Contingency - Move to Non-recurring area	\$69,000	\$31,000	\$0	\$0	(\$69,000)	(\$31,000)
Totals	\$75,000	\$74,000	(\$285,500)	\$96,900	(\$360,500)	\$22,900

10. A LOOK AHEAD TO FY-2014 (Additional Income, Savings, or Expenses to Expect)

10.1	Recurring FY014 Income	Recurring FY014 Expense	Amount
Fully realized HAP savings from increasing minimum rents from \$25 to \$75 in			
a. 2013 - HOP savings			\$350,000
b. Congressional FY-2014 Budget Appropriations			??????
10.2	Non-Recurring FY014 Income	Non-Recurring FY014 Expense	Amount
a. Developer Fee - 2500 Yakima Redevelopment - Remaining			\$1,139,240
b. Developer Fee - LASA			\$305,000
c. Developer Fee - Hillside Redevelopment - Phase 2			\$0

11. Emerging Needs and Opportunities

	MTW -CFP	Non-MTW
a. Purchase of Land at 11th and MLK		???
b. THA Contribution to Purchase of Market Rate Acquisition		???
c. Funds for transition of IT platform from Yardi/VisualHOMES	\$750,000	
Total - Emerging Needs and Opportunities	\$750,000	???

**FY 2013 Tacoma Housing Authority Budget - Mid Year Revision
Agency Wide**

	FY 2013	FY 2013	Difference
	Approved Budget	Mid Year Request	
INCOME			
1 Revenue - Dwelling rent	\$3,530,777	\$3,558,857	\$28,080
2 Tenant Revenue - Other	\$17,025	\$58,867	\$41,842
3 HUD grant - Section 8 HAP reimbursement	\$34,868,890	\$33,728,621	(\$1,140,269)
4 HUD grant - Section 8 Admin fee earned	\$2,789,629	\$2,453,872	(\$335,757)
5 HUD grant - Public Housing subsidy	\$2,319,224	\$2,140,491	(\$178,733)
6 HUD grant - Community Services	\$140,984	\$140,984	\$0
7 HUD grant - Capital Fund Operating Revenue	\$1,351,548	\$1,294,826	(\$56,722)
8 Management Fee Income	\$3,501,128	\$3,501,128	\$0
9 Other Government grants	\$231,432	\$241,432	\$10,000
10 Investment income	\$50,950	\$377,950	\$327,000
11 Fraud Recovery Income - Sec 8	\$60,000	\$30,000	(\$30,000)
12 Other Revenue- Developer Fee Income	\$298,000	\$436,200	\$138,200
13 Other Revenue	\$770,926	\$806,594	\$35,668
14 TOTAL OPERATING RECEIPTS	\$49,930,514	\$48,769,822	(\$1,160,692)

OPERATING EXPENDITURES

Administrative

15 Administrative Salaries	\$4,277,385	\$4,458,235	\$180,850
16 Administrative Personnel - Benefits	\$1,745,985	\$1,795,167	\$49,182
17 Audit Fees	\$70,942	\$70,942	\$0
18 Management Fees	\$2,686,722	\$2,686,722	\$0
19 Rent	\$282,299	\$282,299	\$0
20 Advertising	\$18,650	\$18,650	\$0
21 Information Technology Expenses	\$276,227	\$276,227	\$0
22 Office Supplies	\$81,037	\$93,037	\$12,000
23 Publications & Memberships	\$54,265	\$54,265	\$0
24 Telephone	\$117,589	\$117,589	(\$0)
25 Postage	\$39,935	\$39,935	(\$0)
26 Leased Equipment & Repairs	\$50,085	\$64,335	\$14,250
27 Office Equipment Expensed	\$79,184	\$85,684	\$6,500
28 Legal	\$92,595	\$234,245	\$141,650
29 Local Mileage	\$15,383	\$15,383	(\$0)
30 Staff Training/ Out of Town Travel	\$201,616	\$201,616	\$0
31 Administrative Contracts	\$385,910	\$595,910	\$210,000
32 Other Administrative Expenses	\$94,270	\$94,270	\$0
33 Due Diligence - Perspective Development	\$510,000	\$365,000	(\$145,000)
34 Contingency	\$99,950	\$99,950	\$0
35 Total Administrative Expenses	\$11,180,030	\$11,649,461	\$469,431

Tenant Services

36 Tenant Services - Salaries	\$952,339	\$928,639	(\$23,700)
37 Tenant Service Personnel - Benefits	\$396,603	\$381,547	(\$15,056)
38 Relocation Costs	\$19,410	\$59,410	\$40,000
39 Tenant Service - other	\$508,225	\$213,225	(\$295,000)
40 Total Tenant Services	\$1,876,577	\$1,582,821	(\$293,756)

**FY 2013 Tacoma Housing Authority Budget - Mid Year Revision
Agency Wide**

		FY 2013 Approved Budget	FY 2013 Mid Year Request	Difference
Utilities				
41	Water	\$116,310	\$121,310	\$5,000
42	Electric	\$204,050	\$216,050	\$12,000
43	Gas	\$65,470	\$65,470	\$0
44	Sewer	\$346,825	\$360,125	\$13,500
45	Total Project Utilities	\$732,455	\$762,955	\$30,500
Ordinary Maintenance & Operations				
46	Maintenance Salaries	\$601,649	\$624,448	\$22,799
47	Maintenance Personnel - Benefits	\$183,822	\$191,005	\$7,183
48	Maintenance Materials	\$204,200	\$264,200	\$60,000
49	Contract Maintenance	\$853,002	\$1,039,552	\$186,550
50	Total Routine Maintenance	\$1,842,673	\$2,119,205	\$276,532
General Expenses				
51	Protective Services	\$143,400	\$148,900	\$5,500
52	Insurance	\$168,558	\$183,773	\$15,215
53	Other General Expense	\$1,097,281	\$1,123,740	\$26,459
54	Payment in Lieu of Taxes	\$14,461	\$14,461	\$0
55	Collection Loss	\$43,268	\$81,171	\$37,903
56	Interest Expense	\$914,486	\$640,753	(\$273,733)
57	Total General Expenses	\$2,381,454	\$2,192,798	(\$188,656)
58	TOTAL OPERATING EXPENSES (lines 35+40+45+50+57)	\$18,013,190	\$18,307,240	\$294,050
Nonroutine Expenses and Capital Expenditures				
59	Ext Maint/Fac Imp/Gain/Loss prop sale	\$121,000	\$361,329	\$240,329
60	Casualty Loss	\$47,050	\$61,182	\$14,132
61	Section 8 HAP Payments	\$31,542,010	\$29,911,764	(\$1,630,246)
62	Total Nonroutine Expenditures	\$31,710,060	\$30,334,275	(\$1,375,785)
63	TOTAL OPERATIONAL EXPENSES (line 58+ line 62)	\$49,723,250	\$48,641,515	(\$1,081,735)
64	OPERATING SURPLUS/(DEFICIT) (line 14 - line 63)	\$207,263	\$128,307	(\$78,956)
65	Debt Service Principal Payments	(\$539,844)	(\$558,753)	(\$18,909)
66	Surplus/Deficit Before Reserve Appropriations (line 64 + line 65)	(\$332,581)	(\$430,446)	(\$97,865)
67	Reserve Appropriations - Operations/Transfers	\$365,263	\$434,241	\$68,978
68	Surplus/Deficit Before Capital Expenditures (line 66+67)	\$32,683	\$3,795	(\$28,888)
69	Capitalized Items/Development Projects	(\$15,113,100)	(\$12,472,064)	\$2,641,036
70	Revenue - Capital Grants	\$13,738,100	\$10,637,064	(\$3,101,036)
71	Reserve Appropriations - Capital	\$1,345,000	\$1,835,000	\$490,000
72	THA BUDGET SURPLUS/(DEFICIT) (lines 68 thru 71)	\$2,683	\$3,795	\$1,112