



TACOMA HOUSING AUTHORITY

RESOLUTION 2010-2-5 (1)

Date: February 5, 2010
To: THA Board of Commissioners
From: Michael Mirra
Executive Director
Re: Revised FY 2010 Agency Budget

Background

Each year, the Housing Authority of the City of Tacoma, (THA) prepares an annual budget for its upcoming fiscal year. The Annual Budget reflects an estimate of expected revenues and expenditures for each of its major programs. It is also detailed by department, with the expectation that each Department Director will manage and control their department budget in accordance with Federal, State and Local regulations.

The original FY 2010 Budget was submitted and approved by the Board of Commissioners during the July 2009 Board of Commissioners meeting. Based on the transactions that were recorded during the first six months of the fiscal year and other changed circumstances, THA staff has determined that certain budget adjustments were needed. Accordingly, THA is proposing the FY 2010 budget be amended to reflect these changes.

The changes are not all-encompassing but reflect areas where significant deviations from the original budget projections have been noted. Where such deviations in line items or between departments were noted but no overall increase in total budget projections for the agency were expected, no budget revision is being proposed.

Total budgeted Operating Expenses increased by \$791,300 from \$43,598,651 to \$44,389,951 and budgeted Reserve Appropriations increased by \$881,709 from \$4,399,008 to \$5,280,717. Total budgeted Agency reserves (not including HAP) dropped from \$6,344,455 to \$5,467,248. The major areas identified for the revision are in Real Estate Management/Property Management (REM/PM) and Real Estate Development (RED).

In the REM budget, there are two significant revisions:

1. Total maintenance expenses are expected to be higher than originally projected, with the most significant change in maintenance contract expenses. This change resulted from

increased costs for landscaping, boiler replacement, carpet replacement, and an increase of overall unit repair due to deferred maintenance. The deferred maintenance was the direct result of allocating large portions of the CFP funds to the Salishan Development instead of maintaining the existing capital assets during the past few years.

2. A new budget line item for the REM budget is for the repair of a landslide area in Phase 1 of the Salishan Development which will be paid out of PH Reserves.

In the RED budget, there are four significant revisions:

1. The interest for the Salishan Area 3 Citibank Loan will be paid out of THA funds rather than being rolled back into the loan effective March 1st.
2. The developer fee for Salishan 4 was reduced by WSHFC due to decreased overall construction costs for the project.
3. Program funds budgeted for transfer to Salishan 5 for construction costs were not needed due to lower construction costs. These funds were reallocated for completion of Salishan Area 2B infrastructure, along with approximately \$200K additional program funds since THA was not awarded NSP2 funds.
4. We reduced our budgeted Program Income transfer to the Education Training Center, as we will not be able to move forward with that project during this fiscal year.

A more detailed breakdown and explanation of the all proposed budget revisions is detailed in Document B – FY 2010 Budget Revision – Increases/(Decreases).

This budget revision does not include any changes to HUD program income for the areas of Section 8 HAP/Administrative Fee or Public Housing Operating Subsidy. Based on approved appropriations there is a good possibility that we will receive higher HAP and Operating Subsidy funding levels than in 2009. As final numbers will not be provided until the end of February, and HUD needs to analyze the needs of all Housing Authorities, we are being conservative and not budgeting any increases.

Even though there is good possibility that Public Housing funding levels will increase, HUD has revised the 2010 funding formula by using rental incomes of June 2009 instead of using the inflated frozen 2004 levels used in the past. Since THA's June 2009 average rental income is considerably higher than the 2004 levels (from approximately \$140 to \$210), this increase is expected to decrease the Operating Subsidy significantly. Additionally, THA received funds for Salishan 4 this fiscal year for initial subsidy going back to September 2008 that were not included in the original budget, increasing the total budget projections. These two opposing effects on subsidy numbers are likely to balance out for the entire fiscal year and therefore no budget revision is being proposed.

Recommendation

Approve Resolution 2010-2-5 (1) to formally approve THA's Revised FY 2010 Budget.



TACOMA HOUSING AUTHORITY

RESOLUTION 2010-2-5 (1)

FISCAL YEAR 2010 BUDGET REVISION

Whereas, The Board of Commissioners of the Housing Authority of the City of Tacoma (“Authority”) approved the FY 2010 Budget on July 22, 2009

Whereas, Authority staff determined that the FY 2010 Budget should be revised based 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 Tacoma has reviewed and provided input to the proposed Revised FY 2010 budget:

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

1. The Board of Commissioners of the Housing Authority of the City of Tacoma adopts the Revised FY 2010 Budget and hereby authorizes the Executive Director to implement and execute said document. Revised expenses and other cash outflows are projected as follows:

Expenses

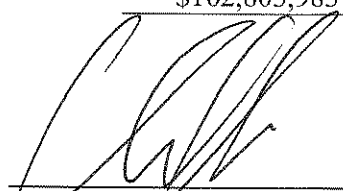
Executive	\$ 480,346
Human Resources	322,105
Finance & Administration	1,588,897
Community Services	1,810,237
Development	1,414,661
Rental Assistance	32,752,604
Property Management	6,021,100
Subtotal	\$ 44,389,951

Additional Cash Outflows

Capital Expenditures	\$ 58,253,603
Debt Service	160,429
Subtotal	\$ 58,414,032

TOTAL APPROVED BUDGET \$102,803,983

Approved: February 5, 2010



Kea Miller, Chairman

**2010 Tacoma Housing Authority Budget
Agency Wide**

	Original Budget	Revised Budget	Budget Adjustment
INCOME			
1 Tenant Revenue - Dwelling rent	\$2,418,379	\$2,418,379	
2 Tenant Revenue - Other	\$48,500	\$48,500	
3 HUD grant - Section 8 HAP reimbursement	\$30,388,758	\$30,388,758	
4 HUD grant - Section 8 Admin fee earned	\$2,362,681	\$2,487,681	\$125,000
5 HUD grant - Public Housing subsidy	\$2,533,140	\$2,533,140	
6 HUD grant - Community Services/HOPE	\$919,554	\$919,554	
7 HUD grant - Capital Fund Operating Revenue	\$354,203	\$339,203	(\$15,000)
8 Management Fee Income	\$1,809,846	\$1,734,846	(\$75,000)
9 Fee For Service Income	\$174,655	\$242,155	\$67,500
10 Other Government grants	\$146,320	\$97,000	(\$49,320)
11 Investment income	\$83,125	\$60,625	(\$22,500)
12 Fraud Recovery Income - Sec 8	\$17,500	\$17,500	
13 Other Revenue- Developer Fee Income	\$2,018,867	\$1,773,867	(\$245,000)
14 Other Revenue	\$185,980	\$320,980	\$135,000
15 TOTAL OPERATING RECEIPTS	\$43,461,508	\$43,382,188	(\$79,320)

OPERATING EXPENDITURES**Administrative**

16 Administrative Salaries	\$3,272,743	\$3,352,743	\$80,000
17 Administrative Personnel - Benefits	\$1,229,409	\$1,257,409	\$28,000
18 Accounting & Audit Fees	\$69,906	\$69,906	
19 Management Fees	\$1,597,349	\$1,522,349	(\$75,000)
20 Advertising	\$13,000	\$13,000	
21 Data Processing Expenses	\$244,701	\$244,701	
22 Office Supplies	\$107,962	\$107,962	
23 Publications & Memberships	\$39,625	\$39,625	
24 Telephone	\$104,500	\$104,500	
25 Postage	\$48,409	\$48,409	
26 Leased Equipment & Repairs	\$57,560	\$57,560	
27 Office Equipment Expensed	\$95,900	\$95,900	
28 Legal	\$69,600	\$92,600	\$23,000
29 Local Mileage	\$22,731	\$22,731	
30 Staff Training/ Out of Town Travel	\$179,275	\$179,275	
31 Contract Services	\$379,619	\$369,619	\$10,000
32 Other Administrative Expenses	\$113,150	\$133,150	\$20,000
33 Due Diligence - Development Proj Abandoned	\$100,000	\$50,000	(\$50,000)
34 Contingency	\$2,500	\$2,500	
35 Total Administrative Expenses	\$7,747,939	\$7,783,939	\$36,000

2010 Tacoma Housing Authority Budget
Agency Wide

	Original Budget	Revised Budget	Budget Adjustment
Tenant Services			
36 Tenant Services - Salaries	\$728,688	\$728,688	
37 Tenant Service Personnel - Benefits	\$266,565	\$266,565	
38 Relocation Costs	\$55,000	\$95,000	\$40,000
39 Tenant Service - other	\$488,102	\$488,102	
40 Total Tenant Services	\$1,538,355	\$1,578,355	\$40,000
Utilites			
41 Water	\$99,513	\$99,513	
42 Electric	\$230,365	\$230,365	
43 Gas	\$78,843	\$78,843	
44 Sewer	\$270,504	\$270,504	
45 Total Project Utilities	\$679,225	\$679,225	\$0
Ordinary Maintenance & Operations			
46 Maintenance Salaries	\$647,798	\$699,798	\$52,000
47 Maintenance Personnel - Benefits	\$211,874	\$232,674	\$20,800
48 Maintenance Materials	\$150,745	\$170,745	\$20,000
49 Contract Maintenance	\$548,328	\$885,828	\$337,500
50 Total Routine Maintenance	\$1,558,745	\$1,989,045	\$430,300
General Expenses			
51 Protective Services	\$186,420	\$186,420	
52 Insurance	\$199,636	\$199,636	
53 Other General Expense	\$825,536	\$855,536	\$30,000
54 Payment in Lieu of Taxes	\$9,750	\$9,750	
55 Collection Loss	\$18,500	\$18,500	
56 Interest Expense	\$320,786	\$600,786	\$280,000
57 Total General Expenses	\$1,560,628	\$1,870,628	\$310,000
58 TOTAL OPERATING EXPENSES	\$13,084,893	\$13,901,193	\$816,300
Nonroutine Expenditures			
59 Ext Maint/Fac Imp/Gain/Loss prop sale	\$125,000	\$75,000	(\$50,000)
60 Casualty Loss	\$0	\$25,000	\$25,000
61 Section 8 HAP Payments	\$30,388,758	\$30,388,758	
62 Total Nonroutine Expenditures	\$30,513,758	\$30,488,758	(\$25,000)
63 TOTAL OPERATING EXPENSES	\$43,598,651	\$44,389,951	\$791,300
64 OPERATING SURPLUS/(DEFICIT)	(\$137,143)	(\$1,007,763)	(\$870,620)
65 THA Transfer to Development Projects/Capital Items	(\$4,261,108)	(\$4,250,400)	\$10,708
66 Reserve Appropriations	\$4,399,008	\$5,280,717	\$881,709
67 THA SURPLUS/(DEFICIT)	\$757	\$22,554	\$21,797

Document B
TACOMA HOUSING AUTHORITY
FY 2010 Budget Revision - Increases / (Decreases)

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#	Category	Revision Amount	Reason(s)	Amount	Department
INCOME					
4	HUD Grant Admin Fee Earned	125,000	HUD Adjustment - FY 2009, minor increase CY 2010		REM/RA
7	HUD Grant - Capital Fund Program (CFP) Operating Revenue	(15,000)	Admin Fee reduction for Replacement Housing Factor grant budgeted THA. HUD only used funds for debt service payments (Salishan). Will have to delete from THA budget (Also, see lines 8 & 19 for THA internal entries)	(75,000)	Development
			B. CFP reimbursement for AMP needs assessments charged to Operations. (Part of line 31E total cost of \$43K)	35,000	Development
			C. Relocation reimbursement for temporary housing for CFP work. (See line 38 for expense)	25,000	Development
				(15,000)	
8	Management Fee Income	(75,000)	CFP admin fee reduction (See line 7A, & line 19 for internal expense)		Development
9	Fee for Service Income	67,500	Landscaping Fee For Service - AMP's. (See line 49C for corresponding expense)		REM/COCC
10	Other Government Grants	(49,320)	Salishan Sound Families- 10 year grant. All funds received up front in 2005 and becomes a Reserve Appropriation. (See line 66)		Community Services
11	Investment Income	(22,500)	Budgeted at .75%. Due to Washington state restrictions, only receiving .5%		Finance
13	Other Revenue - Developer Fee	(245,000)	Reduction in Sal 4 Development fee due to WSHFC agreement. Total amount of \$625,000 in proforma received, but only \$380K developer fee. Remaining amount pays off portion of THA loan and goes back into Reserves. (See Line 20, Document C)		Development

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Revision

# Category	Amount	Reason(s)	Amount	Department
14 Other Revenue	135,000			
		A. HDC Fee earned for assuming admin function of loans	60,000	Finance & Administration
		B. Gates Foundation Donation - Education Program	50,000	Community Services
		C. Sequoia Foundation Donation - Education Program	25,000	Community Services
			135,000	

EXPENSES

16 Administrative Salaries	80,000	Technical Writer (6mos) Senior Accountant (9 mos)		Finance & Administration
17 Administrative Personnel - Benefits	28,000	Technical Writer (6mos) Senior Accountant (9 mos)		Finance & Administration
19 Management Fees	(75,000)	CFP admin fee reduction (See line 7 & 8)		Development
28 Legal	23,000			
		A. Habitat for Humanity Lot Sale Legal	18,000	Development
		B. ABHOW lease legal costs	5,000	Development
			23,000	
31 Contract Services	10,000			
		A. Performance Measures/Digital Dashboard	(100,000)	Executive
		B. Technical Writer hired as temp, not contractor	(40,000)	Finance & Administration
		C. Salishan HOPE 6 Closeout	50,000	Development
		D. Retainage costs closed Development projects (See line 66F)	57,000	Development - Reserves
		E. DLR Needs Assessment for properties (See line 7B for CPP income reimbursement)	43,000	Development
			10,000	
32 Other Administrative Expenses	20,000	Director REM Recruiting Expenses from Prior Year		Executive

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#	Category	Revision Amount	Reason(s)	Amount	Department
33	Due Diligence	(50,000)	Based on probability of new development requests until end of fiscal year. In future, THA will be requesting assistance in paying due diligence costs if not the initiating party for the request.		Development
38	Relocation Costs	40,000			
			A. CFP temporary housing	25,000	Development
			B. Reasonable Accommodation relocations	15,000	REM/PM
				40,000	
46	Maintenance Salaries	52,000	Additional Landscape Crew - Jul - Oct		REM/COCC
47	Maintenance Personnel - Benefits	20,800	Additional Landscape Crew - Jul - Oct		REM/COCC
48	Maintenance Materials	20,000	Additional Material Costs		REM/PM
49	Contract Maintenance	337,500			
			A. Salishan Area 3 Landscaping (Moved from Capital line item - See line 65C)	100,000	Development
			B. Heating & Cooling - AMP's	70,000	REM/PM
			C. Landscaping Fee For Service - AMP's (See line 9 income)	67,500	REM/PM
			D. Plumbing Contracts - AMP's	10,000	REM/PM
			E. Extermination Contracts - AMP's	10,000	REM/PM
			F. Routine Maintenance Contracts - AMP's	80,000	REM/PM
				337,500	
53	Other General Expenses	30,000	Admin Fees - Increase in fees due to higher number of Section 8 port out units leased		REM/RA
56	Interest	280,000	Area 3 Loan Interest Charged to Operations. Effective March 1st, cannot charge to Citibank Loan		Development - Reserves
59	Extraordinary Maintenance	(50,000)	Reduction due to increase in contract maintenance		REM/PM
60	Casualty Loss	25,000	Deductibles for Casualty Losses - AMP's		REM/PM

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FY 2010 Budget Revision - Increases / (Decreases)

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Revision

#	Category	Amount	Reason(s)	Amount	Department
65	THA Transfer to Development Projects/THA Capital Items	(10,708)			
			A. Salishan 5 - Construction costs came in significantly lower	(1,887,108)	Development
			Area 2B Infrastructure - Without NSP 2 Funds THA needs to provide funds to complete infrastructure so we can build Salishan 7	2,075,400	Development
			Salishan Additional Area 3 Costs (Grass Cutting (\$100K), and Sewer (\$40K) paid out of operations, not capitalized (See line 49A for grass cutting expenses)	(140,000)	Development
			D. Repair of Slide Area - Salishan Phase 1 (See line 66H)	100,000	REM - PH Reserves
			Education Training and Retail Center \$234K budgeted. Continuing to work on funding for project. THA funds will not be utilized in FY 2010. \$59K remains for contingency items.	(175,000)	Development
			F. A/C unit for 902 South L Computer Room	16,000	Finance & Administration
				(10,708)	
66	Reserve Appropriations	881,709			
			B. Salishan - Area 3 Loan Interest (See line 56)	280,000	Development
			C. Salishan 5 - Development (see line 65A)	(1,887,108)	Development
			D. Area 2B additional needed to complete (see line 65B)	2,075,400	Development
			E. THA transfer to Education Training Center (see line 65E)	(175,000)	Development
			F. Retainage Costs for Closed Development Projects (See line 31D)	57,000	Development
			G. Low Income Public Housing Operating Deficit	382,097	REM - PH Reserves
			H. Repair of Slide Area Area 1 - Salishan (see line 65D)	100,000	REM - PH Reserves
			I. Washington Family Funds- 10 year grant. All funds received up front in 2005 (See line 10)	49,320	Community Services
				881,709	