



City of Seattle
Office of Economic Development

Memo

Date: March 6, 2012

To: Council President Sally Clark, Chair of the Committee on Economic Resiliency and Regional Relations
Councilmember Tom Rasmussen, Vice-Chair
Councilmember Richard Conlin, Member
Councilmember Jean Godden, Alternate

CC: David Yeaworth, Legislative Assistant to Councilmember Sally Clark
Dan Eder, Council Central Staff
Kristi Beattie, City Budget Office

From: Steve Johnson, Director, Office of Economic Development

Subject: Financial Update to Bi-annual Rainier Valley Community Development Fund Report

This is an addendum to the 2011 bi-annual report submitted in November on the activities and progress of the Rainier Valley Community Development Fund (RVCDF). This addendum provides an update of financial activities through the end of 2011.

Financial Summary

Attachment A includes the following required reports:

- Table I. Summary of City Funding Appropriations and Disbursements for RVCDF Activities
- Table II. City Disbursements and Balances for RVCDF Activities by Fund Source
- Table III. The RVCDF Summary of Expenditures and Loan Activity as of December 31, 2011
- Table IV. The RVCDF Loan History as of December 31, 2011

Questions regarding this report or other activities of the RVCDF can be directed to Theresa Barreras in the Office of Economic Development, phone number 206-684-4505, email Theresa.barreras@seattle.gov.

Attachment A

Table I. Summary of City Funding Appropriations and Disbursements for the RVCDF Activities

Funding Appropriations ¹	Adopted										Projected		Total	
	2003	2004	2005	2006	2007	2008	2009	2010	2011	Total	2012	2013		
Finance General	\$300,000	\$700,000	\$1,676,200	\$1,886,150	\$1,479,850	\$921,400	\$836,400				\$7,800,000		\$7,800,000	
CDBG	1,912,500	2,400,000	2,400,000	2,500,000	4,350,000	4,330,000	4,330,000	4,230,000	3,230,000		29,682,500	\$3,317,500	\$2,000,000	35,000,000
		\$3,100,00									\$37,482,50			
Total	\$2,212,500	0	\$4,076,200	\$4,386,150	\$5,829,850	\$5,251,400	\$5,166,400	\$4,230,000	\$3,230,000		0	\$3,317,500	\$2,000,000	\$42,800,000
Disbursements	Actual										Projected			
Administration ²		\$(173,900)	\$(817,056)	\$(756,301)	\$(832,243)	\$(940,838)	\$(846,192)	\$(635,000)	\$(964,447)		\$(5,965,977)	\$(932,000)	\$(447,381)	\$(7,345,358)
Supplemental Mitigation ³			(674,635)	(2,753,528)	(3,287,760)	(2,392,889)	(17,077)				(9,125,889)			(9,125,889)
Community Development ⁴				(1,171,568)	(2,519,750)	(3,062,600)	(2,647,700)	(1,527,800)	(1,205,993)		(12,135,411)	(6,000,000)	(6,000,000)	(24,135,411)
Apprenticeship Program			(233,037)	(250,149)	(298,222)	(122,547)	(11,943)	(446)			(916,344)	-	-	(916,344)
Total Disbursements		(173,900)	(1,724,728)	(4,931,546)	(6,937,975)	(6,518,874)	(3,522,912)	(2,163,246)	(2,170,440)		(28,143,621)	(6,932,000)	(6,447,381)	(41,523,002)
Net Rolling Balance ⁵	\$2,212,500	\$5,138,60	0	\$7,490,072	\$6,944,676	\$5,836,551	\$4,569,077	\$6,212,565	\$8,279,319	\$9,338,879	\$9,338,879	\$5,724,379	\$1,276,998	\$1,276,998

1: **Total Finance General and CDBG appropriations** are based on the Council-approved Substitute Funding Agreement. Finance General Funds were planned to be appropriated from 2003 through 2009 and spent through 2012. This was originally designed to match appropriations to tax revenues generated by light rail construction. CDBG appropriations for 2011 – 2013 have been changed based on a modification to the Substitute Funding Agreement that was approved by Sound Transit and City Council in July 2011. This schedule does not include CDBG-R funds that were awarded to RVCDF in 2009.

2: **Administration** includes amounts provided to the RVCDF and Sound Transit, as well as amounts retained by the City to cover a portion of City administrative costs. This is shown in more detail on Table II. Since this is a table of City disbursements only, program administration funded directly by Sound Transit is not shown. Average annual spending on Administration from 2009 to the present is \$815,000. The 2010 disbursement shown of \$635,000 does not include a \$215,000 payment made in 2011. This payment also makes the total for 2011 appear higher than average. The amount projected to be spent in 2012 is based on the adopted budget. The projection for 2013 is the remaining amount of unspent appropriations.

3: **The Supplemental Mitigation program** provided reimbursements for losses caused by light rail construction and includes SDOT signal and software equipment shown on Table II. Since this is a table of City disbursements only, supplemental mitigation funded directly by Sound Transit is not shown.

4: **The Community Development program** is a revolving loan fund for business and real estate investments. The RVCDF has set a goal of \$6.8 million in lending in 2012, which includes both CDBG and revolved loan funds. This goal is much larger than any previous year's activity level. Thus, the 2012 and 2013 projections for CDBG disbursements are higher than average, yet would still not fully expend all appropriations.

5: **Net Rolling Balance** reduces the cumulative appropriations by disbursements to date to show a running total of funds available (or projected to be available) at the end of each year. In the years 2003 through 2008, many of these "available" funds were reserved for the Supplemental Mitigation program. Current projections assume that the RVCDF will fully expend all funds by 2013.

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Table II. City Disbursements and Balances for the RVCDF Activities by Fund Source

Note: This table displays the information provided in Table I with more details of the amount and type of funds that the City has disbursed to the RVCDF and for what purpose. It also shows the net rolling balances by fund source. **These are City disbursements only.**

	Adopted										Projected		Total
	2003	2004	2005	2006	2007	2008	2009	2010	2011	Total	2012	2013	
Finance General													
Appropriations	\$300,000	\$700,000	\$1,676,200	\$1,886,150	\$1,479,850	\$921,400	\$836,400	\$ -	\$ -	\$7,800,000	\$ -	\$ -	\$7,800,000
Disbursements	Actual										Projected		
RVCDF Program Admin.		(173,900)	(668,874)	(684,560)	(701,412)	(813,400)	(836,096)	(635,000)	(964,447)	(5,477,689)	\$(932,000)	\$(447,381)	(6,857,070)
Sound Transit Admin.			(148,182)	(71,741)	(80,831)	(77,438)	(10,096)			(388,288)			(388,288)
City of Seattle Admin.					(50,000)	(50,000)				(100,000)			(100,000)
Total Administration		(173,900)	(817,056)	(756,301)	(832,243)	(940,838)	(846,192)	(635,000)	(964,447)	(5,965,977)	(932,000)	(447,381)	(7,345,358)
Apprenticeship Program		-	-	(125,695)	(198,522)	(118,036)	(11,943)	(446)	-	(454,642)			(454,642)
Total Disbursements		(173,900)	(817,056)	(881,996)	(1,030,765)	(1,058,874)	(858,135)	(635,446)	(964,447)	(6,420,619)	(932,000)	(447,381)	(7,800,000)
Net Finance General Rolling Balance	\$300,000	\$826,100	\$1,685,244	\$2,689,398	\$3,138,483	\$3,001,009	\$2,979,274	\$2,343,828	\$1,379,381	\$1,379,381	\$447,381	\$ -	\$ -

CDBG	Adopted										Projected		Total
	2003	2004	2005	2006	2007	2008	2009	2010	2011	Total	2012	2013	
Appropriations	\$1,912,500	\$2,400,000	\$2,400,000	\$2,500,000	\$4,350,000	\$4,330,000	\$4,330,000	\$4,230,000	\$3,230,000	\$29,682,500	\$3,317,500	\$2,000,000	\$35,000,000
Disbursements	Actual										Projected		
Supplemental Mitigation Business Assistance			(674,635)	(1,891,872)	(2,219,454)	(2,383,288)	(17,077)			(7,186,326)			(7,186,326)
SDOT - Signal Software & Equipment			-	(861,656)	(1,068,306)	(9,601)	-			(1,939,563)			(1,939,563)
Community Development			-	(1,171,568)	(2,519,750)	(3,062,600)	(2,647,700)	(1,527,800)	(1,579,530) ¹	(12,508,948)	(6,000,000) ¹	(6,000,000) ¹	(24,508,948)
Apprenticeship Program			(233,037)	(124,454)	(99,700)	(4,511)	-	-	-	(461,702)	-	-	(461,702)
Loan Loss Reserve Returned									373,537	373,537			373,537
Total Disbursements			(907,672)	(4,049,550)	(5,907,210)	(5,460,000)	(2,664,777)	(1,527,800)	(1,205,993)	(21,723,002)	(6,000,000)	(6,000,000)	(33,723,002)
Net CDBG Rolling Balance	\$1,912,500	\$4,312,500	\$5,804,828	\$4,255,278	\$2,698,068	\$1,568,068	\$3,233,291	\$5,935,491	\$7,959,498	\$7,959,498	\$5,276,998	\$1,276,998	\$1,276,998

1: CDBG Disbursements for the Community Development Lending Program - The RVCDF has set a goal of \$6.8 million in lending in 2012, which includes both CDBG and revolved loan funds. This goal is much larger than any previous year's activity level. Thus, the 2012 and 2013 projections for CDBG disbursements are higher than average, yet would still not fully expend all appropriations. The RVCDF is updating its business plan, which will include an updated projection of activity levels and this report will reflect those updates once they have been finalized.

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Table III. The RVCDF Summary of Expenditures and Loan Activity as of December 31, 2011

Table III shows the RVCDF's expenditures and loan activity to date broken out by product and purpose. This includes activity funded by the City of Seattle and Sound Transit. There are often differences in the recording and timing of transactions between the City and the RVCDF and amounts shown in this table might differ from the disbursements shown in Tables I and II. This table shows the total of all Supplemental Mitigation payments made, including those funded by the City and Sound Transit.

	2003	2004	2005	2006	2007	2008	2009	2010	2011	Total
Program and General Administration	\$ 479,112	\$ 637,422	\$ 649,518	\$ 714,800	\$ 823,890	\$ 709,641	\$ 763,402	\$ 853,000	\$ 678,298	\$ 6,309,083
Community Development Program										
Real estate loans booked	-	-	-	1,087,185	2,050,000	2,250,000	1,850,000	2,618,050	3,152,770	13,008,005
Business loans booked	-	-	-	-	375,000	690,000	720,000	1,159,000	201,500	3,145,500
Business interest subsidy grants booked				40,897	-	-	-	-	-	40,897
Business technical assistance grants								3,000	-	3,000
Loan loss reserve funded	-	-	-	43,487	94,750	122,600	112,700	(373,537)	-	-
Subtotal	-	-	-	1,171,569	2,519,750	3,062,600	2,682,700	3,406,513	3,200,830	16,197,402
Supplemental Mitigation Payments to Businesses										
Re-establishment for relocating businesses	71,624	2,162,541	884,461	561,107	35,876	43,600	-			3,759,209
Business interruption caused by construction	-	1,328,406	1,538,533	2,065,564	3,169,214	2,939,652	17,077			11,058,446
Advances	95,000	179,048	-	-	-	-	-			274,048
Subtotal	166,624	3,669,995	2,422,994	2,626,671	3,205,090	2,983,252	17,077	-		15,091,703
Apprenticeship Program			267,319	277,909	225,284	71,742	12,047	446		854,747
Grand Total	\$ 645,736	\$ 4,307,417	\$ 3,339,831	\$ 4,790,949	\$ 6,774,014	\$ 6,827,235	\$ 3,475,226	\$ 4,259,959	\$ 3,879,128	\$ 38,452,935

Note: The Community Development Program was established to provide financing for real estate projects and businesses – 75% for real estate and 25% for businesses over the life of the program. So far, 20% of program funds have been used for business loans and grants and 80% for real estate loans.

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Table IV. The RVCDF Loan History as of December 31, 2011

Real Estate Project Loans

Fund Source	Purpose	Date Booked	Loan Amount	Subtotal by Year	Year
CDBG	Mixed use project at former Chubby & Tubby site	Aug-06	\$ 1,087,185	\$ 1,087,185	2006
CDBG	Rose Street mixed use project in Rainier Beach	Dec-07	750,000		
CDBG	Housing project near Othello Station	Dec-07	1,300,000	2,050,000	2007
CDBG	Commercial development in North Rainier	Sep-08	2,250,000	2,250,000	2008
CDBG	Mixed use project on Rainier	Feb-09	865,000		
CDBG	Commercial development in Rainier Beach	Aug-09	850,000		
CDBG	Loan increase to accelerate mixed use project above	Aug-09	135,000	1,850,000	2009
Revolved	Columbia Motors Building in Columbia City	Apr-10	1,200,000		
CDBG	Oromo Community Center in Rainier Beach	Apr-10	904,800		
CDBG	Loan increase for pre-development on mixed use project	Aug-10	50,000		
Revolved	Site acquisition near Othello Station	Aug-10	463,250	2,618,050	2010
CDBG	Acquisition of adjacent property for Rose Street phase 2	Jan-11	148,030		
Revolved	Rose Street project commercial space	Jan-11	600,000		
CDBG	Commercial development in Rainier Beach loan increase	Jan-11	85,000		
Revolved	Site acquisition near Othello Station increase	Mar-11	62,800		
Revolved	Claremont Apartments commercial space	Apr-11	950,000		
CDBG	Acquisition of commercial space for private community center	Aug-11	1,261,500		
Revolved	Commercial development in Rainier Beach, loan increase	Oct-11	45,440	3,152,770	2011
Real Estate Total			\$ 13,008,005	\$ 13,008,005	

Business Loans

Fund Source	Purpose	Date Booked	Loan Amount	Subtotal by Year	Year
CDBG	Working capital	May-07	\$ 150,000		
CDBG	Community center and business expansion	Dec-07	225,000	\$ 375,000	2007
CDBG	Business expansion and job creation	Jun-08	200,000		
CDBG	Community center and business expansion	Jul-08	240,000		
CDBG	Business expansion and job creation	Jul-08	250,000	690,000	2008
CDBG	Business stabilization	Apr-09	35,000		
CDBG	Business stabilization and job creation	Apr-09	200,000		
CDBG	Business relocation and job creation	Jul-09	250,000		
CDBG	Business expansion	Sep-09	175,000		
CDBG	Business Retention and Expansion	Oct-09	25,000		
ARRA-Funded	Business Retention and Expansion	Dec-09	35,000	720,000	2009

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Business Loans

Fund Source	Purpose	Date Booked	Loan Amount	Subtotal by Year	Year
ARRA-Funded	Working capital	Feb-10	40,000		
ARRA-Funded	Equipment purchase & working capital	Feb-10	50,000		
ARRA-Funded	Microenterprise business acquisition	Mar-10	35,000		
Revolved	Refinance SBA loan	Mar-10	315,000		
CDBG	Equipment purchase & working capital	Apr-10	120,000		
ARRA-Funded	Equipment purchase & working capital	May-10	50,000		
Revolved	Inventory purchase & working capital	Sep-10	15,000		
CDBG	Inventory purchase & working capital	Oct-10	150,000		
Revolved	Working capital	Nov-10	9,000		
ARRA-Funded	Inventory purchase & working capital	Nov-10	25,000		
CDBG	Inventory purchase & working capital	Dec-10	250,000		
CDBG	Inventory purchase & working capital	Dec-10	50,000		
Revolved	Working capital	Dec-10	50,000	1,159,000	2010
Revolved	Working capital	Jan-11	8,500		
CDBG	Working capital, equipment purchase, refinance debt	Apr-11	85,000		
Revolved	Working capital, tenant improvements	Dec-11	108,000	201,500	2011
Business Loans Total			\$ 3,145,500	\$ 3,145,500	
Total Loan History			\$ 16,153,505	\$ 16,153,505	

Interest Subsidy Grants

Description	Date Booked	Loan Amount (Provided by CCD)	Interest Subsidy Grant (RVCDF)
Business working capital	Nov-06	\$ 50,000	\$ 6,794
Business working capital	Oct-06	100,000	34,103
Total Interest Subsidy Grants		\$ 150,000	\$ 40,897