

**MINUTES OF THE WORK SESSION OF THE BOARD OF COMMISSIONERS
OF THE CHARLOTTESVILLE REDEVELOPMENT AND HOUSING
AUTHORITY**

March 4, 2009

The Board of Commissioners of the Charlottesville Redevelopment and Housing Authority (hereinafter “CRHA” or the “Housing Authority”) met in Work Session at 4:01 PM on March 4, 2009 in the City Hall Basement Conference Room.

I. CALL TO ORDER

Commissioner Jason Halbert called the meeting of the Board to order at 4:01PM on March 4, 2009.

II. ROLL CALL OF COMMISSIONERS

Present:

Mr. Jason Halbert, Chair
Mr. Hosea Mitchell, Vice Chair
Ms. Joy Johnson, Commissioner
Mr. Richard Jones Commissioner
Mr. Dave Norris, Commissioner
Mr. Bob Stevens, Commissioner

Absent:

Ms. Sherri Clarke, Commissioner

Staff Present:

Mr. Randy Bickers, Executive Director
Ms. Amy Kilroy, Redevelopment Director
Ms. Heather Jeffries, Asset Manager
Ms. Donna Evans, Accounting Manager
Ms. Deetra West, Administrative Assistant

III. OPERATING BUDGET

Mr. Bickers presented the Board with another draft of the budget. He noted two changes to this budget included additional IT costs and adjustments to maintenance costs which resulted in a small savings. Although these changes did not impact the budget significantly, it did decrease the budget deficit of \$355,885 to \$350,231. He stated the major assumptions in this year’s budget includes a 3.5% salary increase for all employees except the Executive Director, Maintenance Manager, and Capital Projects Manager; no additional hires or reduction in staff; and it assumes CRHA will receive grant revenue to cover all redevelopment costs including the Redevelopment Director’s salary and Master Planning costs. The budget includes 20% of the current year’s Capital Fund being transferred to Public Housing to cover operating costs and no change in the Auditor. As a result of some discussion at the finance committee meeting, Ms. Evans provided a

spreadsheet with a breakdown of the Public Housing Budget by AMP. Mr. Bickers noted maintenance costs as the significant difference in this year's budget compared to last year's. He explained that over the past few years the agency may not have been spending enough in maintenance to maintain projects according to HUD standards whereas this year the agency has spent a lot of extra money to try to pass REAC Inspections. Mr. Bickers stated the maintenance costs reported in next year's projected budget is a "middle ground" estimate. He added the agency does not know what a typical maintenance year looks like. It was suggested that he contact other agencies similar in size to CRHA to get an idea of what their costs are. Another suggestion was that staff analyze the past 10 years of maintenance spending to generate an estimate.

With most of the deficit coming from maintenance costs and salaries, Mr. Bickers identified some areas in which to make cuts. He stated shifting expenditures from the Operating Budget to the Capital Budget could decrease the deficit by \$59K, for instance \$10K for carpet replacement at Crescent Halls and \$49K for 14 hot water heaters (7 at South 1st St. and 7 at Scattered Sites). These costs were reflected in the budget as maintenance costs because materials are being ordered as needed and not in bulk. The commissioners agreed that CRHA should not use any operating expense dollars where capital money can be used. The commissioners also encouraged staff to look at changing the way it handles routine maintenance jobs. Mr. Bickers stated the deficit in the Section 8 Program is caused by employee salaries and a decrease in admin fees due to the lower number of vouchers issued. He stated that shifting what could be capital expenditures along with a restructuring of personnel will help cut the deficit by \$160K. The commissioners agreed that they would not have any conversation involving staff restructuring in a public forum. Commissioner Halbert suggested allocating some Central Office employee hours to other programs to help balance the Central Office budget.

The Board reviewed ways of increasing revenue. Commissioner Halbert stated the original budget for redevelopment was proposed at \$300K (\$100K from CRHA reserves, \$100K from the City, and \$100K from private foundations). He stated that because of the state of the economy, getting \$100K from private foundations will be tough but he believes that it can be done. Ms. Kilroy stated that CRHA received \$200K in CDBG funds that have not been spent and will receive another \$200K in CDBG funds this year. Mr. Bickers stated CRHA will receive \$796,931 of stimulus capital money. He said HUD was not supportive of using stimulus money to fund the master planning process. The concept behind stimulus dollars is to filter the money back into the economy with a quick turnaround time and the master planning process would yield results too far in the future. He said HUD suggested using capital funds for this process. Commissioner Johnson stated that although she supports the master plan and recognizes the importance of the redevelopment process, capital funds should be used on fixing and repairing CRHA sites. Commissioner Norris stated that he has no problem making an argument to put the stimulus money into the capital budget and then reallocating some of it for the master planning. Mr. Bickers stated that HUD has no objection to the re-allocation of funds and that it was a suggested approach to help spend the stimulus funds.

The Board reviewed other ways to lower the deficit. Some of the suggestions were to increase the minimum rent to \$50/month. It was decided that this suggestion would not yield the results needed to impact the budget. Another suggestion was cutting back on the utility cost which makes up 15% of the budget. This would include weatherizing and insulating the units, using energy saving light bulbs, etc. Commissioner Halbert stated LIHEAP funds (Low Income Home Energy Assistance Program) are available. The contract for this fund is normally \$200K and this year it is \$1.1M. In the past CRHA did not qualify for these funds because it pays for some of the utility costs for its residents. He stated that he hoped that the program would change its eligibility requirements allowing CRHA to qualify for the program. Commissioner Norris suggested that CRHA look into approaching the City to seek money to train residents to do these jobs.

Commissioners agreed information was easier to understand once the costs were broken down by AMP. Commissioner Jones thanked Ms. Evans and Ms. Jeffries for the hard work put into gathering the information and putting together the reports. He stated reporting costs by AMP makes it easier to determine exactly which sites were making money and which had operating deficits. He noted that CRHA is spending a lot of money in dumpster/trash removal services. He suggested staff take another look at the trash removal contract to make sure CRHA is being charged a fair rate.

IV. **RESERVE FUND POLICY**

Commissioner Halbert created a draft policy for the Reserve Fund. He stated the document did not set forth any prioritization or restrictions of the reserve fund. The objective of the investment policy for the reserves is to maximize the return on the assets while serving the mission of the agency and generating income necessary to support CRHA's programmatic and operational needs. He added the idea is to not use the reserve funds unless there is an agreed upon need but rather to spend only the earnings. He recommended that the decision to spend reserve funds start as a proposal to the Finance Committee for recommendation to the full Board. A majority vote of the Board would then be required to expend the reserve funds. The policy would be reviewed annually at the finance committee level. There was a suggestion to combine the different reserve funds into one fund and after much discussion the Board decided to send the document to Ms. Manson-Davies to review it before making any final decision.

V. **CAPITAL BUDGET PLANNING**

Mr. Bickers stated that there is almost \$800K in stimulus money, \$400K plus dollars in CDBG funds, unspent capital funds from prior years, and CRHA will get another capital fund for FY09 in the range of \$630K. He asked the Board to think about what it wants to do with these capital fund dollars pending redevelopment. He added that time was an issue because the stimulus capital fund budget is due on April 10th. Mr. Bickers suggested that if the Board could pick a site that would not be demolished during the redevelopment process such as Crescent Halls (as endorsed by the Master Planning firm currently in negotiations) that site might be a good choice at which to use the funds. Another option to spend capital funds is to pick the priority projects at all the sites or pick

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a priority project that is needed for all the sites and pull it out of existing capital funds and use stimulus money to pay for it. Mr. Bickers was asked to provide the commissioners a list of projects that have been done by site. Due to time constraints the Board decided to have another meeting to discuss the Capital Budget on Wednesday, March 11th from 4pm-5pm followed by a closed session to discuss Mr. Bickers' restructuring ideas from 5pm-6pm.

VI. **ADJOURNMENT**

The Board meeting adjourned at 6:00 pm