

BUDGET WORK SESSION
BASEMENT CONFERENCE ROOM
WEDNESDAY, FEBRUARY 4, 2015, AT 6:00 P.M.

Constance Dunn opened the meeting at approximately 6:08 p.m.

Commissioners and CRHA Staff Present: Keith Woodard, Chair; Julie Jones, Treasurer; Constance Dunn, CRHA Executive Director; Robin Munson, Finance Director; Heather Jeffries, Asset Manager; Amy Nofziger, CRHA Executive Administrator. Audrey Oliver, Resident Commissioner, arrived at approximately 6:20 p.m.

Ms. Dunn reported \$100,000 is the actual loss that impacts the reserves at the end of March versus the initial projected loss of \$365,000. Cost saving measures: cut payroll costs, reduce insurance and refuse costs, utilize free/lower cost advertising options, implement a campaign to remove air conditioner units during the winter months to reduce utility costs.

Assumptions factored into the FY 15-16 Budget:

- Increase Minimum Rent from \$25 to \$50 would generate approximately \$16,000 revenues.
- Increase Late Fee from \$10 to \$15 would generate approximately \$7,500 in revenues.
- Purchase Bed Bug Extermination Equipment and rebidding the Routine Extermination contract would generate approximately \$28,000 revenues.
- Rebid Cleaning and Painting Turnover Contract as one job would reduce cost by approximately 25%.
- Reduced security to Friday and Saturday nights only with approval of Camera upgrade at Crescent Halls.
- Reduction in elevator contract costs by \$7,800.
- IT Services to be contracted to Ricoh for an annual savings of approximately \$25,000.
- Removal of the cost of the Nursing Clinics costing \$22,000.

Ongoing Considerations:

- Review/Rebid Crescent Halls Chiller Preventative Maintenance contract.
- Explore Solar Panels and other means to reduce Electricity Costs.
- Implementation of Yardi Software will bring efficiency and management improvements not yet realized in financial terms.
- Purchasing Bed Bug Extermination Equipment and Vehicle out of Unrestricted Funds to be discussed during Capital Fund Meetings.
- Following other HA lead by billing for Bed Bug Preparation for Treatment after any unsuccessful initial treatments. HUD rules preclude billings for actual treatments.
- Consider discontinuation of televised meetings; savings of \$3,500.
- Negotiate Legal Counsel Fees with the City, which is budgeted at \$42,000 per year. Possibly procure.
- Sell Single Family Homes through partnership with Habitat or other non-profit agency.

Due to lower vacancy rates, CRHA is eligible for more Operating Subsidy than in 2014. However, lower proration again reduces the total operating subsidy for FY 15-16 by \$16,000.

HUD Departmental Enforcement Center (DEC) proposed recommendations in the HUD DEC Snapshot Report. These items were reviewed and discussed. In an effort to reduce maintenance call costs, there was conversation about providing plungers to all residents upon possession of the units so the resident can attempt to remove simple clogs before calling in a maintenance call. This would reduce expenses to the resident, as well, by not receiving a billable maintenance call charge if it was, in fact, something they can remedy themselves. HUD also wants CRHA to stop providing lawnmowers or start charging residents for the delivery/use of the equipment.

Budget Line Item Notes:

PUBLIC HOUSING

- **INCOME**

- Operating Subsidy – 83% of CY 2015 eligible amount (BDO advice of 82-84%) – Jan Mar 2016 estimated at same level as CY 2015
- Dwelling rental – pro-rated from 10 months actual + differential if all under \$50 rent was at \$50
- Excess utilities – actuals from CY 2014
- Investment income – based on Dec 2014 interest rate and principle amounts
- Transfer from Capital Fund – CY 2014 amount (BDO advice)
- Transfer from other sources – based on Dec 2014 interest rate and principle amounts
- ROSS Grant – LIPH FSS – FSS coordinator salary/benefits – matches expense – nets out to zero
- Maintenance charges – 10 months actuals pro-rated – with 15% increase
- Late fees – actuals pro-rated from 10 mos at \$15

- **EXPENSES**

Administrative

- Salaries – full benefit of reorganization realized this budget year
- Benefits – Health/Dental/Vision rates in effect at November 14 for three months, 5% increase for nine months
- Audit – RFP to go out
- Legal – allocated to Public Housing for the first time this year
- Insurance – based current premiums for three months – 7/1/15 renewal estimated with 5% - pro-rated by unit count
- PILOT – based on budget amounts for Dwell rent + excess utility income less all utilities less bad debt expenses times 10%
- Stormwater – 5% increase over actuals
- Bad debt – based on 6 year average
- Advertising – Ads for job openings
- Contractual Expenses – Criminal/credit check, copier, shredding, interpreting, drug testing
- Membership fees – e.g. NAHRO
- Office supplies
- Postage – meter rental, actual postage
- Printing – receipt books, envelopes, parking decal
- Professional meetings
- Publications, subscriptions
- IT support – based on RICOH proposal

- Bank fees – transaction fees/deposit slips
- Telephone – based on RICOH cost proposal, cell phones
- Administrative Reimbursement – based on 97% occupancy – bookkeeping, management and asset management fees paid to Central Office
- LIPH FSS Coordinator – salary/benefits
- Resident Participation fees
- Computer labs – based on RICOH cost proposal and internet service provider costs
- Utilities-Electricity, Gas, Sewer, Water
- Protective Services – Security guard Friday and Saturday nights, front door alarm panel

Maintenance

- Supplies
 - Plumbing/Heating/AC
 - Appliances/Equipment/Tools
 - Sanitary/Extermination
 - Building/Electrical/Painting
 - Grounds Supplies
- Vehicles – fuel, new vehicle
- Uniforms
- CONTRACTUAL SERVICES
- Plumbing/Heating/AC Contract – includes preventative maintenance contract for Crescent Halls chiller
- Elevator Contract – current contract price, annual inspection, estimated repairs
- TV Cable
- Grounds Contract – actual contract amounts include mowing, gutter cleaning, hedge trimming + REAC readiness
- Building/Devices/Electrical Contract – includes CH only monthly water treatment
- Maintenance Answering Service
- Flood Remediation
- Snow removal – ICE MELT and potential outside assistance
- Extermination Services – based on re-bidding of routine extermination and routine bed bug inspection
- Apartment Turnovers – based on re-bid cost per turn *expected number of
- Dumpsters/Trash Removal – based on current contract

SECTION 8

HAP - **Budget is based on the info on the Two-Year tool turned into HUD with the Nov 2014 VMS info**

• INCOME

- HAP Funding Income based on estimated CY 2015 budget authority from Apr-Dec plus estimated Jan-Mar 16 budget authority based on 2-yr tool submitted after Nov actual VMS reported – April to Dec 2015 from the amounts listed on the tool, Jan to Mar 2016 from the amount in Dec 2015 listed on the tool. Using Budget Authority amounts even though HUD now uses Cash Management System because CRHA has depleted its NRA and will need all of the budget authority to be drawn during the FY – Used budget authority because we have no NRA

and they will need to give CRHA funding every month. Automatic funding may not match what CRHA needs, staff will probably have to request more before the month ends so as not to go into negative NRA.

- No interest because it is paid to HUD
- Fraud – historical
- Carry over funds based on estimated CY 2015 BA worksheet. Mostly HUD-held funds

- **EXPENSES**

- HAP –Forecast amounts for CY 15 into CY 16 – includes FSS escrow

ADMIN

- **INCOME**

- Admin fees – CY2014 per unit rate, pro-rated to 72%, based on current number of vouchers
- Investment income – based on December 2014 interest rates and principle amount
- Fraud recovery – based on current repayment
- Carry over funding – FSS funding received in prior year
- Inspection fees – to be done by staff

- **EXPENSES**

- Salaries – full benefit of reorganization realized this budget year
- Benefits – Health/Dental/Vision rates in effect at November 14 for three months, 5% increase for nine months
- Training – based on current year actuals
- Travel – based on current year actuals
- Audit – Need to bid
- Legal – allocated to HCV for the first time this year
- Insurance – based on March 2014 premiums – 3 months current rate + 9 months current rate with 5% increase
- Vehicle – for HQS inspections
- Advertising – marketing to landlords
- Contractual services – copier and shredder/ ¼ of background checks, Fee Accounting
- Membership – Nelrod, others
- Office Supplies
- Postage – postage meter rental, actual postage
- Printing – Check stock, envelopes
- Professional meetings
- Publications/subscriptions
- Bank Fees – transaction fees, deposit slips
- IT support – based on RICOH proposal
- Telephone – based on RICOH proposal
- Admin Reimb – fee paid to Central Office based on current number of vouchers
- Outgoing Port Fees – based on current number of port outs

URBAN RENEWAL

- Transfer to other inter-funds
 - Full amount of interest received goes to Public Housing
 - Shortfall of S8 admin fee LESS amounts used for S8 FSS coordinator salary and benefits. They are paid from S8 FSS monies received in a prior year.

CENTRAL OFFICE

- **INCOME**
 - Admin Reimb – based on the expenses of PH and S8 – occupancy

- **EXPENSES**
 - Salaries
 - Benefits – Health/Dental/Vision rates in effect at November 14 for three months, 5% increase for nine months
 - Advertising
 - Audit – Need to bid out
 - Legal – City Attorney fee
 - Training – estimated
 - Travel – estimated
 - Contractual services – Payroll services, Copiers, Fee accountant
 - Member Dues
 - Office Supplies
 - Postage – meter rental, actual postage
 - Printing
 - Professional Meetings – Taping of board meeting, minutes transcriptions
 - Rent
 - IT Support – Based on RICOH proposal
 - Telephone – Based on RICOH proposal, cell phones

There was discussion about furloughs and energy conservation being other ways to plug the budget deficit. Mr. Woodard suggested at the next board meeting there be a resolution to sell a single family home at market value, provided the documentation proves the structure was not purchased with CDBG funds and proceeds could go toward redevelopment.

Meeting adjourned at 8:00 p.m.