

On April 26, 2017, the Saint Paul Public Housing Agency (PHA) Board of Commissioners approved the following actions:

- Renew Blue Cross/Blue Shield Medical and Delta Dental Insurance Policies
- Resolution In Recognition Of Dedicated Service By Mike McMurray
- Janitorial and Training Services; Central Administrative Office; Contract No. 17-100
- Funding Request to Minnesota Housing for Valley Hi-Rise Plumbing Replacement; AMP 5

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR

REGARDING Renew Blue Cross/Blue
Shield Medical and Delta Dental
Insurance Policies

DATE April 26, 2017

Staff recommends Board approval to renew the contracts with Blue Cross and Blue Shield of Minnesota (BCBS) for the Agency's medical insurance policy, and Delta Dental for the Agency's dental insurance policy, effective July 1, 2017 to June 30, 2018. Staff also requests Board approval of the medical insurance premium costs shown below for the Basic, Standard, Premium and High Deductible Plan options.

The sharing of the July 1, 2017 insurance premium costs between the Agency and the three employee groups (City Employees' Union Local 363, AFSCME Local 1854, and Supervisory and Confidential Employees) was discussed and finalized as part of the union contracts and Supervisory and Confidential Employee Policies approved by the Board in 2015 and 2016. The agreements in place call for a 3.5% increase in the Agency's portion paid toward employee medical insurance costs. This will be the seventh consecutive year the PHA has increased its portion towards employee medical insurance by 3.5%, following a strategy originally approved by the Board in 2011. The effect has been to level out the annual cost increases in the Agency's Operating Budget rather than changing each year as premiums changed by varying amounts. The attached chart shows the history of premium increases and PHA contributions since 1996. If insurance costs continue to remain low or the PHA's financial situation changes, the PHA will need to negotiate a lower employer contribution in future contract negotiations.

The current agreements in place for all three employee groups for dental insurance state the PHA

contributes the full monthly premium cost for single coverage for all eligible regular full time employees, and pays 60% of the monthly premium cost for dependent coverage for all eligible full time employees who qualify for and are enrolled in the plan.

In November 2016 Human Resources staff convened a Health Plan Task Force consisting of employees representing all three employee groups (AFSCME, Supervisory and Confidential employees, and City Employees Union Local 363). The task force was formed to allow representatives from each employee group to be involved in the process of meeting with the PHA's insurance consultants and recommending to the Executive Director the medical and dental insurance options that best suit the needs of PHA employees.

MEDICAL INSURANCE

Staff is recommending that the Agency's medical insurance plan continue to include the four levels of coverage (Basic, Standard, Premium and High Deductible). Both the medical and dental insurance plans include in-network and out-of-network coverage.

In February 2017 the Agency issued a Request for Proposals (RFP) for medical and dental insurance. Four proposals were received for medical insurance: Blue Cross and Blue Shield of Minnesota, Medica, HealthPartners and Public Employees Insurance Program (PEIP). At the recommendation of the consultants and with the PHA Contracting Officer's concurrence, Blue Cross and Blue Shield of Minnesota and Medica were asked to submit final proposals for the committee to evaluate thoroughly. (The other two proposals for medical insurance were clearly not competitive on premium rates or services covered or both.)

As shown on the following chart, Blue Cross and Blue Shield of Minnesota proposed a 3.0% rate decrease in 2017 with rate increase caps of 9% in 2018 and 10% in 2019. Medica proposed a

9.1% decrease in 2017, a rate cap for 2018 of 13.5% and no rate cap for 2019. The chart below details the difference in the 9.1% decrease offered by Medica in 2017 as compared to a 3.0% decrease offered from Blue Cross and Blue Shield of Minnesota. It also details the difference in totals, assuming insurance rates increase to the maximum of the rate cap guarantee in 2018.

Staff was unable to calculate the total cost for 2019 as Medica gave no rate cap.

Blue Cross			Medica		
Plan Year	Final Proposal	%	Plan Year	Final Proposal	%
2017-2018	\$ 2,870,600.00	-3.00%	2017-2018	\$ 2,689,363.00	-9.10%
2018-2019	\$ 3,128,954.00	9.00%	2018-2019	\$ 3,052,427.00	13.50%
2019-2020	\$ 3,441,849.00	10.00%	2019-2020	N/A	N/A

The PHA’s insurance consultants discussed and reviewed these proposals with the employee task force. The task force members rated the two proposals based on published criteria and unanimously rated Blue Cross and Blue Shield of Minnesota higher than Medica. The evaluation score sheet is attached.

Staff and the committee are recommending Blue Cross and Blue Shield of Minnesota as the proposal that best suits PHA employees’ insurance needs and the Agency’s financial situation. Staying with our current provider for medical insurance, with the rate cap guarantees offered by Blue Cross and Blue Shield of Minnesota, allows the PHA to be better prepared for long term cost changes. Blue Cross and Blue Shield of Minnesota is also more accommodating to all enrolled PHA employees, who can stay with their current in-network service providers. Medica’s proposal had restrictions on where an employee could receive service, if the service was still an in-network option, and how claims are processed.

Following are the current premium amounts and proposed new rates starting July 1, 2017 for the Blue Cross/Blue Shield Basic Plan, Standard Plan, Premium Plan and High Deductible Plan.

High Deductible Plan	SINGLE	TWO-PARTY	FAMILY
Current Total Premium	\$644.00	\$1,248.00	\$1,674.00
Proposed Total Premium	\$625.00	\$1,210.50	\$1,624.00

Basic Plan	SINGLE	TWO-PARTY	FAMILY
Current Total Premium	\$735.00	\$1,425.00	\$1,909.00
Proposed Total Premium	\$713.00	\$1,382.00	\$1,852.00

Standard Plan	SINGLE	TWO-PARTY	FAMILY
Current Total Premium	\$793.00	\$1,539.00	\$2,063.00
Proposed Total Premium	\$769.00	\$1,493.00	\$2,001.00

Premium Plan	SINGLE	TWO-PARTY	FAMILY
Current Total Premium	\$835.00	\$1,618.50	\$2,170.00
Proposed Total Premium	\$810.00	\$1,570.00	\$2,105.00

With various levels of coverage offered, employees can choose the one that best fits their financial and medical insurance needs. The co-payment for doctors' office visits remains at \$20; and the co-payment for prescription drugs remains at 20% of the cost, with a minimum cost to the employee of \$10 and a maximum of \$25.

DENTAL INSURANCE

Seven proposals were received for dental insurance: Delta Dental, MetLife, Mutual of Omaha, Ameritas, Humana, HealthPartners and Public Employees Insurance Program (PEIP). As with the proposals received for medical insurance, the PHA's consultants, Contracting Officer and the committee agreed that only two firms should submit final proposals, Delta Dental and Met Life. (The other five proposals for dental insurance were clearly not competitive on premium rates or services covered or both.)

Delta Dental proposed to keep the current PHA premium the same for the next three years 2017, 2018 and 2019. The other proposals offered premium reductions ranging from -1% to -13.8% in

the first year, but some proposals did not include a rate cap for the second or third years; and others offered rate caps as high as 7% for the second year (2018) and 8% for the third year (2019). Prior to last year's 7.81% increase in Delta Dental's insurance premium rates, the PHA had experienced either a decrease or no rate change for seven straight years. By choosing Delta Dental as the Agency's dental insurance provider, the PHA would experience either a rate decrease or no rate change in ten out of eleven years through 2019.

The PHA's insurance consultants reviewed and discussed these proposals with the employee task force. The task force members rated the proposals based on published criteria and unanimously rated Delta Dental highest. The evaluation score sheet is attached.

With Delta Dental, rates for dental insurance effective July 1, 2017 will remain the same as the PHA's current rates. The table below shows the premium amounts effective July 1, 2017.

Employees (30+ hours / week)

	SINGLE	SINGLE + 1	FAMILY
Current Total Premium	\$41.08	\$82.26	\$107.86
Proposed Total Premium	\$41.08	\$82.26	\$107.86

With the Board's approval of the recommended contracts and new premium costs with Blue Cross and Blue Shield of Minnesota and Delta Dental, an open enrollment period will be offered to employees to provide them the opportunity to choose between the four medical insurance options (Basic Plan, Standard Plan, Premium Plan and High Deductible), as well as make any needed changes to their medical and dental insurance coverage.

DMM/ANH/MGB/AAG/FAH

Attached: Health Plan Task Force Evaluation Forms
History of Health Insurance Premiums, 1996 – 2017



RESOLUTION IN RECOGNITION OF DEDICATED SERVICE

By

MIKE MCMURRAY

Whereas, Mike McMurray served the Saint Paul Public Housing Agency and its residents for over 30 years, from November 12, 1986 until his retirement on May 15, 2017; and

Whereas, he provided distinguished service in many ways, including the following:

- For his entire 30-year tenure at the PHA Mike served as the Agency's Human Resources Director (with the original title of Human Resources Officer).
- Mike led the Agency's commitment to high standards in recruiting, employee retention and training, personnel management, risk management, employee safety, benefits administration, and labor negotiations.
- Mike fostered positive working relationships with all of the PHA's employee groups, helping resolve employee grievances efficiently and achieve favorable and fair contract agreements, while complying with Minnesota's Pay Equity Act.
- In April 1999, Mike spearheaded the project of completely reviewing and improving the PHA's job evaluation and rating system.
- He chaired the Pension Plan Administrative Committee, leading that group's continuous efforts to maximize employees' options for retirement investments.
- Mike worked with the PHA's Workers Compensation insurance carrier and consultants to lower claims and help injured employees return to work quickly, benefiting both employees and the Agency.
- Mike led the PHA's efforts to meet the needs of the Agency and its employees for fair and cost-conscious health insurance coverage.

In all these ways, he contributed to the Agency's exemplary record that includes ongoing High Performer ratings from HUD, adding to the PHA's national reputation for outstanding administration of the Public Housing and Housing Choice Voucher programs.

NOW THEREFORE BE IT RESOLVED, that we, the Board of Commissioners of the Public Housing Agency of the City of Saint Paul, on behalf of the Board, the staff, and residents, do recognize and hereby acknowledge with deep appreciation, respect, and admiration for the services provided to the Agency and community by Mike McMurray and we wish him well in his retirement.

April 26, 2017

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR

REGARDING Janitorial and Training Services
Central Administrative Office
Contract No. 17-100

DATE April 26, 2017

Staff recommends Board approval to award a contract to ISS Facility Services of Roseville, Minnesota to continue providing janitorial services, combined with training and employment programs for public housing residents, at the W. Andrew Boss building. If approved, the contract will run for an initial period of two years with an option for a third year extension. The monthly cost for these services is \$6,650 plus \$28.15 per hour for additional work requested by staff.

Janitorial services under this contract will be provided Monday through Friday beginning on May 28, 2017. In addition to typical janitorial cleaning, the contract includes yearly washing of the exterior windows and cleaning of the site's stainless steel fences as a separate cost per cleaning.

A Request for Proposals (RFP) for these services was advertised in newspapers and trade journals, and sent to local janitorial firms that have expressed an interest in working for the PHA. Proposals were received from three firms. Staff contacted other firms that had expressed an interest in the work but had not submitted proposals. Among the reasons given for not proposing were: too busy, did not meet the experience requirements of the RFP, and were not comfortable with including consumable products in the monthly fee. The three responding firms were independently rated by PHA staff on the criteria stated in the RFP including related experience,

best cost value, M/W/DBE participation, resident training program, Section 3 status, and general response to the RFP.

The evaluation committee selected ISS Facility Services as the contractor best able to meet the PHA's janitorial needs. A summary of the proposal evaluations is attached. ISS Facility Services holds the PHA's current contract for janitorial services and they have performed satisfactorily.

A copy of the Employer Information Report for ISS Facility Services and the second highest-rated proposer, Perfection Plus Inc., are attached. The contractor will meet the PHA's Section 3 requirements by providing training and full-time employment for one PHA resident during the contract period. In addition they will be encouraged to employ public housing residents in their contract work at other locations.

Funding for this contract is split between the Operating Budget (for resident training) and the Building Fund (for the janitorial work). Sufficient funding is available in those two budgets for this contract.

SEA

Attachment: Equal Employment Opportunity Reports, EEO-1
Summary of Proposal Evaluations

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR

REGARDING Funding Request to Minnesota
Housing for Valley Hi-Rise
Plumbing Replacement; AMP 5

DATE April 26, 2017

Staff requests Board approval of Resolution No. 17-04/26-2 authorizing staff to apply to Minnesota Housing (Minnesota Housing Finance Agency, MHFA) for a loan of approximately \$2,000,000 to pay part of the \$3,829,000 estimated cost to replace the plumbing lines at the Valley Hi-Rise, 261 E. University Avenue. The loan would have 0% interest and re-payment deferred until the end of the 30 year term. The loan application would be submitted under Minnesota Housing's 2017 Consolidated Request for Proposals, in the category of preservation of affordable rental housing with "critical physical needs". The MHFA funds would be combined with the \$500,000 grant the PHA has received from the Federal Home Loan Bank of Des Moines and funds from the anticipated FFY2017 HUD Capital Fund Program grant. MHFA requires applicants to submit an "intent to apply" letter by June 1 and final application by June 15, 2017.

Valley Hi-Rise is an 11 story, 159 apartment hi-rise that was built in 1963. For several years it has experienced plumbing leaks and blockages that have become increasingly serious and frequent, causing inconvenience to residents and damage to the building. Staff awarded a contract (No. 17-060) in the amount of \$55,965 to Steen Engineering on November 16, 2016 to review the plumbing problems, recommend solutions, develop construction documents and oversee the construction work. Steen Engineering has determined it is necessary to replace all of the original copper water supply lines and the galvanized drain and vent lines throughout the building. The original copper hot and cold water supply lines are developing pinhole leaks and the joints and branches are covered with oxidation and a powdery crust on the pipe surfaces. The galvanized

drain and vent lines have exceeded their life span; and extensive corrosion on the surface and at the joints causes frequent leaks. A copy of the Steen Engineering March 29, 2017 report is attached. The costs for the Steen Engineering work are being paid from the PHA's FFY2015 CFP grant.

The planned work will include replacing the building's hot water storage tanks and replacing each apartment's kitchen cabinets when the existing cabinets are removed to access the plumbing lines in the walls.

Steen Engineering's recommendations confirm the findings reported by another consultant, Stanley Engineering, after they surveyed the plumbing in 15 of the PHA's hi-rises last year (Contract No. 16-065). As staff reported to the Board on August 24, 2016, Stanley Engineering identified plumbing replacement at the Valley Hi-Rise as the highest priority among the PHA's 15 hi-rises, after the total plumbing replacement at the Ravoux Hi-Rise that was recently completed.

The amount of the PHA's FFY2017 Capital Fund Program grant from HUD will not be known until Congress approves appropriations for this year. Staff hopes the CFP grant will be sufficient to pay approximately \$1,829,000 for this plumbing replacement work, supplementing the FHLBDM grant and the requested Minnesota Housing loan. If the PHA receives sufficient funding from MHFA and HUD, the work could start in early 2018 and be completed by early 2019.

DAL/BLA

Attachments: Resolution No. 17-04/26-2
Minnesota Housing Announces Funding Availability; April 17, 2017
Steen Engineering Report; March 29, 2017

SAINT PAUL PUBLIC HOUSING AGENCY

RESOLUTION NO. 17-04/26-2

**AUTHORIZATION TO SUBMIT FUNDING APPLICATION TO
MINNESOTA HOUSING FINANCE AGENCY;
MULTIFAMILY RENTAL HOUSING COMMON APPLICATION FOR
THE VALLEY HI-RISE PLUMBING REPLACEMENT (AMP 5)**

WHEREAS, the Public Housing Agency of the City of Saint Paul (PHA) administers a Public Housing Program under an Annual Contributions Contract with the U.S. Department of Housing and Urban Development (HUD), that currently includes 4,274 units; and

WHEREAS, there is an urgent need to completely replace the plumbing supply, drain and vent lines at the PHA's Valley Hi-Rise, 261 E. University Avenue (MN001000005) to insure the continued livability of the 159 public housing units there; and

WHEREAS, the estimated cost of the plumbing replacement is \$3,829,000, which greatly exceeds the PHA's resources; and

WHEREAS, the PHA has received a commitment of \$500,000 for this project from the Federal Home Loan Bank of Des Moines (FHLBDM) under their Affordable Housing Program; and

WHEREAS, Minnesota Housing (formerly known as Minnesota Housing Finance Agency, MHFA) has issued a Consolidated Multifamily and Single Family Request for Proposals (RFP) that offers various grants and loans to assist the construction, rehabilitation and operation of low income rental housing; and

WHEREAS, staff has recommended Board approval to apply to Minnesota Housing for a \$2,000,000 interest free loan to enable the PHA to complete the Valley Hi-Rise plumbing replacement, supplementing the FHLBDM grant and anticipated funds from HUD's Capital Fund Program (CFP) for 2017; and

NOW THEREFORE BE IT RESOLVED by the Board of Commissioners of the Public Housing Agency of the City of St. Paul as follows:

1. Staff are authorized to prepare and submit an application to Minnesota Housing under the 2017 Consolidated Request for Proposals, requesting funding in the amount of approximately \$2,000,000 for the Valley Hi-Rise Plumbing Supply, Drain and Vent Line Replacement; and
2. The Executive Director, or his duly authorized agents, are authorized to execute all documents required to request the Minnesota Housing funding, and
3. The Executive Director, or his duly authorized agents, are authorized to execute the Minnesota Housing grant and loan documents to accept and expend the Minnesota Housing funding if it is approved.