

On July, 25, 2018, the Saint Paul Public Housing Agency (PHA) Board of Commissioners approved the following actions:

- Resolution in Recognition of Dedicated Service by Bob Bighley
- Agency Plan for Fiscal Year 2019; Version 2; Use of Operating Funds for Capital Activities; Third-Party Contracts
- Furnace Replacement at Roosevelt Homes; Contract No. 19-017
- Janitorial and Training Services at McDonough Community Center; Contract No. 19-018
- Plumbing Modernization at Montreal Hi-Rise; AMP 8; Contract No. 19-002
- Asbestos Abatement and Demolition at Montreal Hi-Rise; AMP 8; Contract No. 19-003
- HUD Section 32 Homeownership Program; Authorization to Begin Consultations with Potential Community Partners
- Fiscal Year 2019 Low Income Public Housing Operating Budget Revision No. 1
- Fiscal Year 2019 Section 8 Voucher Programs Operating Budget Revision No. 1
- Contract to Provide Housing Quality Standards (HQS) Inspection Services to Washington County CDA



RESOLUTION IN RECOGNITION OF DEDICATED SERVICE

By

BOB BIGHLEY

WHEREAS, Bob Bighley has served the people of Saint Paul as an employee of the Saint Paul Public Housing Agency (PHA) and its predecessor, the Housing & Redevelopment Authority (HRA), for over 46 years, from August 27, 1971 until his retirement on July 31, 2018; and

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

- Bob began working for the Agency in 1971 as a Tenant Aide, and displayed an aptitude for high performance and a great work ethic.
- In 1972 Bob was promoted to Janitor. In 1979 he was promoted again, to Laborer.
- Bob became a Maintenance Mechanic in 1981 under an Agency reorganization. He served the PHA in that capacity for the last 37 years.
- Throughout his 46+ years with the HRA and PHA, Bob demonstrated his commitment to the Agency's mission, residents and community by serving with professionalism and a consistent pursuit of excellence in all aspects of his work, which made him an invaluable member of the Maintenance Department.
- In all these ways, Bob contributed to building the PHA's national reputation for excellence in public housing administration.

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

July 25, 2018

Resolution No. 18-07/25-02

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR

REGARDING Agency Plan for Fiscal Year 2019;
Version 2; Use of Operating Funds for
Capital Activities; Third-Party Contracts

DATE July 25, 2018

Staff recommends Board approval of Resolution No. 18-7/25-01 to amend the Agency Plan for the current Fiscal Year (FY 2019) as directed by recent HUD notices, to include references to the following items:

- Agreements with outside entities for use of space, that generate revenue to the PHA; and
- Use of Operating Funds for Capital Activities.

These actions have been approved by the Board but without any specific mention of amending the Agency Plan. Staff is recommending approval of the attached resolution and draft addition to the Agency Plan, to make a clear record that a revised Plan will be submitted to HUD.

The Board approved the Annual Agency Plan for the PHA's Fiscal Year 2019 (Federal Fiscal Year 2018) on November 22, 2017. Staff submitted it to HUD's Minneapolis Field Office on the due date of January 16, 2018, which was 75 days before FY 2019 began on April 1, 2018. HUD staff did not specifically approve the Agency Plan, but since HUD did not issue a notice of disapproval within the 75 day review period, the Plan is deemed approved¹.

Third-Party Agreements/Rental agreements that generate revenue to the PHA:

On November 29, 2017, HUD issued a notice to Public Housing agencies (PIH 2017-24) "to provide guidance on third-party agreements encumbering public housing property". The notice states, "PHAs are required to include third-party agreements that generate non-rental income in their PHA Plan as a discussion of financial resources and planned uses of those resources."

¹ 24 CFR Sec. 903.23(c)(3)

The notice's definition of such agreements covers both the leases for hi-rise rooftop space for cellular communications antennas and the revenue-generating space agreements with service providers in the Community Centers. (The PHA has many other agreements with service providers and community partners that define the services and use of space, but those third parties do not compensate the PHA.) The types of agreements that will be reported in the Agency Plan are as follows:

Rooftop Antennas. The Board approved the PHA's current policy allowing rental of rooftop space on hi-rises for cellular antennas on January 15, 1997. That policy authorizes staff to negotiate and execute the leases without further Board approval. The revenue from the lease is projected to be almost \$700,000 in FY 2019, as included in the annual Operating Budget approved by the Board on March 28, 2018.

Community Centers. As reported to the Board on February 28, 2018, staff successfully negotiated and signed new lease agreements that require the two agencies that use the most space in the Community Centers to make monthly payments to the PHA.

- HeadStart (Community Action Program of Ramsey & Washington Counties), operating at McDonough, Roosevelt and Mt. Airy Community Centers; and
- West Side Clinic (West Side Community Health Services) located at McDonough Community Center.
- Staff also signed a revised agreement with St. Paul Parks and Recreation for their space at McDonough Homes Community Center, which provides for a small payment to the PHA (\$500/month) for space the Parks and Rec subleases to a third party.

These three leases will generate revenues totaling \$83,000 annually to the respective AMPs. (McDonough is AMP 1; Roosevelt is AMP 4 and Mt. Airy is AMP 5.)

Use of Operating Funds for Capital Activities. The Low Income Public Housing Operating Budget approved by the Board on March 28, 2018 identified \$540,000 for "capital activities", as permitted in a HUD notice issued February 28, 2018 (PIH 2017-24). That notice states:

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING Furnace Replacements
Roosevelt Homes
Contract No. 19-017

DATE July 25, 2018

Staff requests approval to award a contract for Furnace Replacements at Roosevelt Homes (AMP 4) to the low bidder, Binder Heating and Air Conditioning, Inc, of South St Paul, Minnesota, in the total bid amount of \$516,621. A copy of the July 12, 2018 bid tab is attached. The contractor will remove the existing furnaces, which were installed in the 1980's, from 242 units and install new energy-efficient furnaces.

Staff solicited for bids by advertising in local papers and trade publications, sent bid documents directly to Minneapolis and St. Paul building Exchanges, and sent Invitations to Bid to several local companies that have expressed an interest in contracting with the PHA. Despite these efforts, only two Contractors submitted bids.

Binder Heating and Air Conditioning, Inc. will meet HUD's Section 3 requirement by subcontracting air duct cleaning to a Section 3 certified Minority-Owned Business Enterprise. Binder performed satisfactorily on their previous PHA contract work as the HVAC subcontractor for the McDonough 12-Plex. The Employer Information Reports for Binder and the second low bidder, Erickson Plumbing, Heating, Cooling, Inc., are attached. The bid amount is within staff estimates for the work.

There are sufficient funds available in the Capital Fund Budget for this contract.

JTL

Attachments

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR

REGARDING Janitorial and Training Services
At McDonough Community Center
Contract No. 19-018

DATE July 25, 2018

Staff recommends Board approval to award a contract to S & L Team Cleaning of Saint Paul, Minnesota to provide janitorial services, combined with training and employment programs for public housing residents at the McDonough Community Center. The monthly cost for these services is \$5,589 which is slightly less than the cost of the current contract.

Janitorial services under this contract will be provided Monday through Friday beginning on August 1, 2018. The contract will run for an initial period of one year with options to add additional years, up to a total of five years.

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 two firms.

Staff conducted pre-interview and post interview evaluations with the responding firms and 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 compliance, and general response to the RFP. S & L Team Cleaning' proposal was rated highest, as shown on the attached summary of the proposal evaluations. S & L Team Cleaning has not previously performed work for the PHA so Maintenance Contracts staff interviewed the contractor's representatives to verify their bid amount and their understanding of the work involved.

Maintenance Contracts staff also contacted references supplied by S & L Team Cleaning and received positive feedback on their past performance on similar type work.

Copies of the Employer Information Reports for S & L Team Cleaning and the second highest proposer, Linn Building Maintenance, 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.

Staff expects to spend approximately \$68,000 per year under this contract. Sufficient funding is available in the Operating Budget for this contract.

LAG

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

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING Plumbing Modernization at Montreal Hi-Rise **DATE** July 25, 2018
AMP 8; Contract No. 19-002

Staff requests Board approval to award a contract for plumbing modernization at Montreal Hi-Rise (AMP 8, MN 1-18), to the lowest responsible bidder, Frerichs Construction Company, St. Paul, Minnesota, for their bid amount totaling \$4,267,000. A copy of the July 12, 2018 bid tabulation is attached.

Staff believes the bid is reasonable and within the project cost estimate. The plumbing modernization work will consist of the following in each of the 185 apartments:

- Removing existing kitchen cabinets and countertops
- Replacing all hot and cold water supply piping
- Replacing vent stacks and waste lines
- Rebuilding walls and painting
- Installing new kitchen cabinets, countertops, sinks and faucets
- Replacing shower heads, mixing valves, toilets and lavatories
- Replacing select flooring
- Cleaning exhaust ducts

The contract also includes the following work in the common areas:

- Replacing hot and cold water supply lines and isolation valves
- Re-routing the kitchen waste to prevent backups into units
- Removing the laundry waste and supply from the unit stacks and re-routing on its own
- Replacing the waste and supply piping serving the tub rooms and janitor closets
- Cleaning the sanitary sewer lateral lines

Frerichs Construction Company has performed satisfactorily on other major PHA modernization projects, including the recently completed plumbing modernizations at Valley and Ravoux Hi-

Rises. Frerichs intends to subcontract approximately 6% of the contract work to minority business enterprises (MBE) and approximately 53% of the contract work to women-owned business enterprises (WBE). Frerichs will provide building trades pre-apprenticeship opportunities for PHA residents by participating in the “Step-Up” program. Copies of the Employer Information Reports for Frerichs Construction Company and the second low bidder, Reiling Construction Company, Inc. are attached.

In a separate report on this meeting’s agenda, staff is recommending approval to award a contract to another firm for asbestos abatement and demolition of walls and existing plumbing at this Hi-Rise, as part of the plumbing modernization project.

There are sufficient funds in the 2018 CFP grants to pay for this contract. The PHA has secured a \$750,000 forgivable loan from the Federal Home Loan Bank of Des Moines.

DAL/MIS

Attachments: Bid Tabulation
Employer Information Reports (EEO-1)

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING Asbestos Abatement and Demolition
At Montreal Hi-Rise; AMP 8
Contract No. 19-003

DATE July 25, 2018

Staff requests Board approval to award a contract for asbestos abatement and demolition at Montreal Hi-Rise (AMP 8) to the lowest responsible bidder, ECCO Midwest Inc., of Hastings, Minnesota, for the total bid amount of \$458,000. A copy of the July 12, 2018 bid tabulation is attached.

This contract includes asbestos abatement along with demolition of walls, floors and plumbing in 185 apartment units, as well as abatement and demolition of the piping in the first floor ceiling space of the hi-rise. This work is part of the plumbing modernization work at Montreal Hi-Rise, recommended for approval in a separate report on this meeting's agenda.

ECCO Midwest Inc. has not worked with the PHA previously. However, staff checked their references and received positive responses about their ability to complete the work on time and in a satisfactory manner. Copies of the Employer Information Reports for ECCO Midwest Inc. and the second lowest responsible bidder, Dennis Environmental Operations, are attached.

ECCO Midwest Inc. will fulfill their Section 3 participation through a contribution of 2.5% of the contract price as they are not able to hire additional workers for this work due to State of Minnesota licensing requirements for asbestos removal and remediation. ECCO Midwest will complete all of the work included in this contract with their own staff.

REPORT TO COMMISSIONERS – JULY 25, 2018
ASBESTOS ABATEMENT AND DEMOLITION AT MONTREAL HI RISE
PAGE 2 OF 2

There are sufficient funds available in the 2018 Capital Fund Budget for this contract.

DAL/MIS

Attachments: Bid Tabulation
Employer Information Reports (EEO-1)

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING HUD Section 32 Homeownership Program;
Authorization to Begin Consultations with
Potential Community Partners

DATE July 25, 2018

Staff requests Board authorization to begin consulting with potential community partners regarding a PHA “Section 32” Homeownership Program that would offer public housing scattered site homes for purchase by their current residents who are interested and qualified to own their own homes. If those consultations demonstrate that the necessary partnerships could be created to provide the required services for a successful homeownership program, staff would begin reaching out to scattered site residents and other stakeholders to assess their level of interest and support.

The 1998 Public Housing Reform Act (“Quality Housing and Work Responsibility Act”, or QHWRA) amended the U.S. Housing Act of 1937 by adding Section 32, which permits a PHA to sell all or a portion of a public housing development to eligible residents. In this case the portion of the development would be in the PHA’s Asset Management Project #9 (AMP 9), which includes 332 single family homes on scattered sites located throughout the City of St. Paul.

The PHA is permitted to use part of its Capital Fund Program (CFP) grants to develop a plan for a Section 32 Homeownership Program for HUD approval, and to provide assistance to a public housing family who wishes to purchase their home. A copy of HUD’s “Guidance for PHAs Implementing a Section 32 Homeownership Plan” is attached.

Staff proposes a pilot homeownership plan that includes offering the 332 detached single family homes for sale to the current residents, in the homes’ present condition (“as is”), and for fair market value as determined by third party appraisal (see attached Draft PHA Section 32

Homeownership Plan). The proposed plan does not include offering the 28 scattered duplex units and 58 congregate duplex units to the residents, for a variety of reasons. Based on staff's rough estimate that 10-20% of current residents may want to and be able to purchase their homes, a Section 32 Homeownership Program could include 33-66 scattered site homes. Since all of the homes would be occupied at the time of sale to their residents, the PHA would request and expect to receive a Replacement Voucher (Tenant Protection Voucher) from HUD for each home that is sold. If HUD cannot provide that many replacement vouchers (due to insufficient funding), the PHA would retain the public housing subsidies for re-use. Either way, we would ensure that there is no net loss in affordable rental housing opportunities the PHA can provide. In a separate action, staff would propose designating the replacement vouchers for use as Project Based Vouchers (PBV) within the City of St. Paul, in accordance with PHA policy.

The attached Homeownership Timeline shows estimated dates of preliminary activities and Board approval points leading up to submitting a formal Section 32 application to HUD. Staff envisions that the application would set a 24-month timeline for formally offering and selling the homes to residents, running from the date of HUD approval.

With the Board's authorization, staff would begin reaching out to potential community partners including homeownership counseling agencies that could provide services and education such as preparing for homeownership, obtaining a mortgage and closing, credit issues and credit repair, responsibilities of homeownership, maintenance procedures, family budgeting and finance, and establishing a maintenance reserve. The PHA's partners would also provide post-purchase counseling. The PHA's successful HOME Homeownership program provides a model for effective homebuyer/homeowner education and counseling. (The HOME program ran for 26 years and ended in 2014. It helped 302 families who previously lived in public housing or had Section 8 assistance buy their own homes.). The goal of the proposed Section 32

Homeownership Program would be the same as HOME, to ensure that purchasing residents enjoy successful homeownership, with the security of owning a good place to raise a family, and the ability to build wealth through equity in the property.

In addition to partnering with counseling agencies, with the Board's approval of this proposal staff would approach lending institutions about providing a mortgage product geared toward first-time homebuyers with limited resources. To facilitate the real estate transactions, the PHA would also explore partnerships with real estate agents, attorneys, title companies and other related community-based services.

If the PHA can secure commitments for the necessary community partnerships, staff would begin reaching out to residents and stakeholders by inviting them to informational meetings. There staff would present the homeownership plan and provide residents and stakeholders with opportunities to ask questions and receive responses, in accordance with HUD requirements (see attached draft Resident Information Letter). The resident and stakeholder consultations would occur in a variety of settings, including but not limited to scattered site resident information meetings at PHA community centers, City Wide and Presidents Council meetings, Resident Advisory Board (RAB) meetings (initiating the formal process to amend the Agency Plan), community meetings, etc. Staff would record all of the comments, provide comprehensive written responses to the comments, and report the findings at a later Board meeting. In addition to the informational meetings, staff would invite residents who are interested in participating in the program to request a formal meeting with a member of the PHA's homeownership team to assess the residents' eligibility for the homeownership program.

Following the informational meetings and formal resident meetings, staff would make a recommendation to the Board on whether to proceed to draft the actual application to HUD for a

Section 32 Homeownership Program. The application would include only the homes in which the current resident had expressed interest and met the minimum Section 32 eligibility requirements.

With the Board's approval to draft the application, staff would do so and bring the final application back to the Board for approval to submit it to HUD. Staff anticipates that the recommendation to submit the Section 32 application could occur in the spring of 2019 at the earliest. (See attached Draft PHA Section 32 Homeownership Timeline)

JMG/JTL/FAH

Attachments: HUD Guidance for PHAs Implementing a Section 32 Homeownership Plan
Draft PHA Section 32 Homeownership Plan
Draft Homeownership Timeline
Draft Resident Information Letter

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR

REGARDING Fiscal Year 2019 Low Income Public Housing
Operating Budget Revision No. 1

DATE July 25, 2018

Staff requests Board approval of Revision No. 1 to the Fiscal Year 2019 Operating Budget for Low Income Public Housing (FY 2019 LIPH), increasing operating revenue by \$434,320 and operating expenses by \$433,550.

On March 28, 2018 the Board approved the original FY 2019 LIPH Operating Budget with operating revenue totaling \$33,168,861 and expenses totaling \$36,658,105, resulting in a projected deliberate draw on reserves of \$3,489,244 by March 31, 2019. This budget revision request would decrease the projected reserve draw by \$680 to \$3,488,564. As more fully described below, this budget revision fully utilizes the projected additional revenue to support and enhance the mission-based business plan outlined in the original FY 2019 LIPH Operating Budget.

RESERVES

The original FY 2019 LIPH Operating Budget projected a contribution to reserves of \$1,328,191 at the end of FY 2018 (March 31, 2018), based on estimated year end activity. Now that the final fiscal year end accounting activities have been completed, it appears that the contribution to reserves will be more modest, \$355,808. (Staff does not close the books for the year until the final audit report is released in August.) This still keeps the PHA in excellent financial condition with a reserve balance at the close of FY 2018 of \$18,003,533 or 6.54 months of routine operating expenses.

PROPOSED REVENUES

The original FY 2019 LIPH Operating Budget HUD subsidy revenue amount was based on information available at the time that subsidy funding levels would be reduced, or “prorated” to 90% of total eligibility. After the Board approved the original FY 2019 Operating Budget, the PHA’s subsidy request was modified by HUD staff to increase eligibility by \$9,407 (mainly due to AMP 13 estimates being adjusted), and the national proration factor was decreased by 3.27%, meaning the reduction due to proration is now 6.73%, or 93.27% of total eligibility. The total effect of these two changes results in additional projected revenue for the PHA of \$434,230 in FY 2019.

PROPOSED EXPENDITURES

This recommended budget revision would increase spending during the year as follows:

Description	Amount
1. Administrative Salaries	\$230,360
2. Legal	\$64,320
3. Other Administrative Expenses	\$15,880
4. Tenant Services	\$3,000
5. Protective Services	\$51,400
6. Insurance	\$520
7. Benefits	\$68,070
Total Proposed Increase in Expenses	\$433,550

- 1. Administrative Salaries:** Administrative salaries include the salaries for the proposed addition of five new Assistant Resident Services Managers, as well as the salary for the new Construction Program Manager position approved in the original Operating Budget. The basis for these additional staff is more fully described below.
- 2. Legal:** Staff are proposing an additional \$64,320 for a part-time attorney to assist the current Legal team with its expanding practice. This part-time attorney will be expected to have

transactional experience to back up the General Counsel, as well as litigation experience in Ramsey County District Court, Federal Court and the appellate courts. This proposed staffing level is consistent with other housing authorities' legal teams. For example, Minneapolis Public Housing Authority expects to add a fourth full-time attorney to its current legal team that includes three attorneys, a paralegal, a law clerk, and an administrative assistant. With this proposed addition, the PHA's Legal team would include three full time attorneys, a part- time attorney, a part-time law clerk and secretarial assistance provided by the City.

- 3. Other Administrative Expenses:** Staff are requesting an additional \$15,880 for other administrative expenses. This amount is the net increase after adding \$35,880 IT-related expenses, partially offset by not spending \$20,000 that was originally budgeted for the Roosevelt office remodeling. (The estimate for rewiring the Roosevelt office was \$30,000, but the actual cost will be about \$10,000.) The IT-related expenses include additional costs for software conversion related to the pending RAD conversion and other minor expenses (\$7,000) related to improved data communications at McDonough and Roosevelt.
- 4. Tenant Services:** The \$3,000 requested for tenant services will provide additional stipends for PHA residents. The stipends (which do not count toward residents' rent calculations) help staff recruit and retain resident volunteers who commit to providing regular assistance with site-based activities such as the daily meal service at the Mt. Airy and Roosevelt family sites (through the PHA's partnership with Second Harvest and Youthprise), distributing fliers at all PHA sites, assisting with career and job fairs, and more.
- 5. Protective Services:** An additional \$51,400 is being requested for protective services to enhance the PHA's use of Off-Duty Police Officers and contracted private security guards. Staff learned that the "going rate" for off-duty police work has increased to \$60/hour, so the \$50/hour rate the PHA currently pays is not enough to attract the most qualified officers. To cover the higher rate and to pay for more hours, staff are requesting an additional \$30,000 for off-duty and/or overtime police work at PHA sites. Staff are also requesting an additional \$20,000 for contract security guard monitoring at the Hi-Rises due to increased criminal activities. Based on positive feedback from residents since we implemented the contract for private security guards, staff would like to expand the hours and locations in the contract.

The remaining \$1,400 requested in the \$51,400 total is an adjustment for the ACOP contract costs related to officers' salaries. The St. Paul Police Department's salary schedule for this year was not settled until after the Board approved the PHA's original FY 2019 budget.

6. **Insurance:** The requested \$520 increase in this expense corrects an oversight in the distribution between LIPH and Section 8 for Insurance expenses.
7. **Employee Benefits:** The proposed increase in employee benefits of \$68,070 is directly related to the increase in administrative salaries, after an offset for benefits budgeted for the Information Systems Manager position that was eliminated in the original FY 2019 budget.

ADDITIONAL STAFFING REQUESTS

Construction Program Manager/Project Leader. When staff prepared the original budget at the end of calendar year 2017, HUD funding was provided through a Continuing Resolution (CR) and there was uncertainty about capital funding in 2018. As it turned out, Congress approved an increase in the Capital Fund, so the PHA is receiving approximately \$3 million more than in the previous year. The original FY 2019 budget included funds for one new Construction Program Manager FTE, with the assumption that the Construction Program Manager position could be filled internally or staff turnover might make other funds available. That position was filled internally by a Project Leader. Given the additional \$3 million in the Capital Fund, rather than eliminate the now vacant Project Leader position, staff proposed funding to retain it. This cost increase is FTE neutral.

Assistant Resident Services Housing Managers. Staff is recommending adding five Assistant Housing Managers to the current complement of eight Assistant Managers. Assistant Housing Managers are the front line staff in the fourteen PHA Hi-Rises that do not have a full management office. (Mt. Airy and Dunedin each have a full-time Housing Manager as well as Assistant Housing Managers and other full-time staff to manage the Hi-Rise and adjacent family units.) The Hi-Rise

Assistant Housing Managers are increasingly challenged to manage the large buildings (up to 220 apartments) with increasing numbers of residents with mental health issues.

The Hi-Rise Assistant Housing Manager position has evolved over the last several years. As shown in the report on Lease Terminations during FY 2018, the number of lease terminations for “drug use and illegal activity” declined from prior years, and “chronic late rent payments” became the most common reason for lease termination in the Hi-Rises. Staff have observed that mental health issues are often the underlying cause for a Hi-Rise resident paying rent late or not at all.

Residents’ mental health needs directly affect the Assistant Managers’ daily operations at their assigned Hi-Rises. The Assistant Managers must have the ability to handle multiple tasks of property management (new admissions, move-outs, transfers, inspections, pest control and other maintenance issues, Resident Council, etc.) at the same time they are responding to unpredictable needs and demands of residents with mental health needs or those residents’ neighbors. The Assistant Managers must make independent decisions without having other staff or a supervisor available for immediate assistance. The Hi-Rise Assistant Manager is often the only PHA Resident Services staff at a Hi-Rise; and therefore, she or he often must perform the duties of a Re-Exam Technician, Housing Manager and Administrative Support Technician. These administrative roles include communicating with Rental Office staff about move-outs and move-ins (Control Book), preparing and updating monthly reports, sending notifications of scheduled appointments and other urgent messages to residents or staff. In comparison to the Assistant Housing Managers at the family housing sites, the Hi-Rise Assistant Managers are responsible for more direct communications and decisions. The following are some examples:

- Hi-Rise Assistant Managers attend Resident Council meetings and help the Councils comply with HUD “resident participation” rules; they record meeting minutes and provide written

summaries of the meetings. In the family housing areas, the Human Services Coordinators conduct the meetings.

- Hi-Rise Assistant Managers conduct monthly building and grounds inspections. In family housing, the Housing Manager conducts inspections.
- For the past few fiscal years staff have issued more lease terminations in Hi-Rises than at family sites. For FY 2018, 36 Hi-Rise leases were terminated for cause, compared to 25 at family sites (including scattered sites).
- Hi-Rise Assistant Managers coordinate lease terminations with Re-exam staff, Finance staff and legal counsel independently.
- Assistant Managers in Hi-Rises are involved in more resident transfer requests (for Reasonable Accommodations, occupancy, and medical conditions) than at family sites.
- During FY18, our Legal team reviewed 140 Reasonable Accommodation Transfer Requests. From those numbers, 67 were from Hi-Rise and 30 from the Rental Office mostly due to mental health related issues.
- In FY18, Hi-Rise Assistant Managers submitted 218 referrals to the Human Services Coordinators, another indicator of residents requiring extra assistance to comply with lease requirements.
- Hi-Rise Assistant Managers review work order charges. In family housing, the Housing Manager conducts the review.
- Hi-Rise units have more “turndowns” (when re-renting vacant apartments) than at family sites; therefore, staff meets with more new applicants. In FY 2018, Hi-Rise had a 35% turndown rate compared to 28% in family housing.
- Hi-Rise files are not onsite and therefore are not readily available for staff review. Assistant Managers must travel to the Central Administrative Office to review the tenant files.
- Hi-Rise Assistant Managers work with Resident Initiatives staff to promote PHA programs that offer employment and training opportunities and distribute notices throughout the Hi-Rise building.
- Hi-Rise Assistant Managers work directly with maintenance contractors in any construction or renovation projects. In family housing, Maintenance Contracts staff work directly with the Housing Manager.
- Hi-Rise Assistant Managers meet directly with residents who grieve move out charges. In family housing, the Housing Managers handle those disputes.
- Hi-Rise Assistant Managers work directly with service providers and are in charge of maintaining those contracts. In family housing, the Housing Managers maintain contracts.

Separately, staff has made related procedural changes to provide more time for the Hi-Rise Assistant Managers to work with resident issues. Some examples are as follows:

- All after-hours biohazard calls will be handled by Maintenance staff.
- All bedbug notification, inspections, furniture removal, and treatments will be handled by Maintenance Contracts staff.
- All parking lot sweeping and snow removal postings/fliers along with physical presence will be handled by Maintenance Contracts.

Despite sharing these responsibilities with other staff, there is still a need to add more Assistant Housing Managers to the Hi-Rise team to allow staff to provide a higher level of customer-focused services to residents. Staff believe that residents’ needs related to mental health issues will continue to increase. Adding five Assistant Housing Managers to the Hi-Rise Management team will allow the team to provide excellent customer service, maintaining the Agency’s high standards (the “PHA way”) to continue the Agency’s High Performer status; and better meet the demands of all residents, not only those with mental health needs.

By hiring five new Hi-Rise Assistant Housing Managers in addition to the current eight positions (two are now vacant), the Hi-Rise Management team will be able to provide a full-time Assistant Manager at 12 Hi-Rises. As mentioned the exceptions would be Neill and Wabasha Hi-Rises, which have the fewest units; they will be shared between one Hi-Rise Assistant Manager.

With the additional Assistant Housing Managers, the staff assignments would be as follows:

Central	Vacant position #1
Cleveland	Angela Louricas
Edgerton	Jessica Kroeger
Exchange	Vacant position #2
Front	New hire #1
Hamline	New hire #2
Iowa	New hire #3
Montreal	Brenda Hibbard
Ravoux	Julianna Quast

Seal	Larry Ros
Valley	New Hire #4
Wilson	Paul Jaeger
Neill & Wabasha	New Hire #5

RECENT HISTORY OF STAFFING LEVELS

	FY 2018 Approved	FY 2019 Approved	FY 2019 Rev 1 Proposed	Increase (Decrease)
Department	FTEs	FTEs	FTEs	FTEs
Executive	3.00	3.00	3.00	0
Human Resources	3.50	3.00	3.00	0
Section 8	22.00	22.00	21.00	(1.00)
Housing Policy	1.00	0.80	5.10	4.30
Finance	14.00	13.00	13.00	0
Maintenance	98.00	99.00	99.00	0
Resident Services	81.88	82.18	80.88	(1.30)
Resident Initiatives	2.00	2.00	2.00	0
TOTAL	225.38	224.98	226.98	2.00

Details of the FTE changes proposed in the FY 2019 Operating Budget revision are as follows:

PROPOSED INCREASES:

Executive

- + 0.25 FTE – Increase Administrative Support Technician

Housing Policy

- + 3.50 FTE – Increase Human Service Coordinator (reclassification)
- + 0.80 FTE – Increase Resident Services Manager (reclassification)

Resident Services

- + 5.00 FTE – Add Assistant Resident Services Managers

Maintenance

- + 0.20 FTE – Increase Project Leader

PROPOSED DECREASES:

Executive

- - 0.25 FTE – Eliminate Program Coordinator

Section 8

- - 1.00 FTE – Eliminate Section 8 Programs Manager

Resident Services

- - 3.50 FTE – Reduce Human Service Coordinator (reclassification)
- - 0.80 FTE – Reduce Resident Services Manager (reclassification)
- -1.00 FTE – Eliminate Rental Services Technician
- -1.00 FTE – Eliminate Administrative Support Technician

Maintenance

- - 0.20 FTE – Eliminate Procurement Manager

Staff believe this budget revision will further the Agency's mission by providing needed housing and services to residents while still preserving the physical assets and maintaining the financial stability of the PHA. Approval of the proposed budget revision would decrease the total expected draw on LIPH operating reserves by \$680 from \$3,489,244 to \$3,488,564 resulting in an ending reserve balance of \$14,514,969, or 4.89 months of routine expenses. Historically, the PHA's target reserve level agency-wide has been 6 months, which was considered safely within HUD's guidelines for maximum points on the PHAS scoring system. Changes to the PHAS scoring system (2011 Interim Rule) lowered the acceptable range for an AMP's reserves to 4 months.

This revision exceeds the acceptable reserve level established by HUD and provides sufficient reserves to support current operating activity. Staff will continue monitoring this reserve balance during the current fiscal year.

JMG/AJH

Attachments

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL**REPORT TO COMMISSIONERS****FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR****REGARDING** Fiscal Year 2019 Section 8 Voucher Programs
Operating Budget Revision No. 1**DATE** July 25, 2018

Staff requests Board approval of Revision No. 1 to the Fiscal Year 2019 Operating Budget for the Section 8 Voucher Programs, increasing operating revenue by \$18,619 and operating expenses by \$177,940.

On March 28, 2018 the Board approved the original FY 2019 Section 8 Voucher Programs Operating Budget with operating revenue totaling \$5,402,072 and expenses totaling \$5,368,296, resulting in a projected contribution to Unrestricted Net Position (UNP, or administrative fee reserves) of \$33,776. Staff propose a budget revision where expenses deliberately exceed revenues which results in a net draw on UNP of \$125,545.

RESERVES

The original FY 2019 Section 8 Voucher Programs Operating Budget projected a contribution to UNP (admin fee reserves) at the end of FY 2018 (March 31, 2018) of \$329,301. Now that final fiscal year end accounting activities have been completed, it appears a slightly higher contribution to reserves in the amount of \$336,543 will be realized with an ending UNP balance of \$2,690,039 on March 31, 2018. The Section 8 Voucher Programs reserve balance continues to be healthy, and although HUD has not indicated these funds are subject to recapture, PHA staff are cognizant that too large a reserve may not be serving the needs of the program sufficiently. That is one reason this proposed budget revision makes a deliberate "draw on reserves" for important program activities.

PROPOSED REVENUES

On April 12, 2018, the PHA was awarded 25 additional VASH vouchers. Due to the timing of this award, the related administrative fees were not included in the FY 2019 Operating Budget. The additional revenue related to these units for twelve months after accounting for expected proration of 76% is \$18,619.

PROPOSED EXPENDITURES

This recommended budget revision would increase spending during the year as follows:

Description	Amount
1. Legal	\$16,080
2. Staff Travel	\$4,000
3. Other Administrative Expenses	\$171,120
4. Insurance	(\$520)
5. Benefits	(\$12,740)
Total Proposed Increase in Expenses	\$177,940

- Legal:** Staff are proposing an additional \$16,080 for a part-time attorney to assist the current Legal team with its expanding practice. This part-time attorney will be expected to have transactional experience to back up the General Counsel, as well as litigation experience in Ramsey County District Court, Federal Court and the appellate courts. This proposed staffing level is consistent with other housing authority’s legal teams. For example, Minneapolis Public Housing Authority expects to add a fourth full-time attorney to its current legal team that includes three attorneys, a paralegal, a law clerk, and an

administrative assistant. With this addition, the PHA's Legal would include three full time attorneys, a part-time attorney, a part-time law clerk and secretarial assistance provided by the City.

2. **Staff Travel:** The proposed increase of \$4,000 will allow two staff members to travel to the MRI Software Conference in October 2018. Attendance at this conference will allow staff members to gain more in-depth understanding of the new software, familiarize themselves with future improvements, and establish valuable professional relationships with other users of the software as well as MRI Software staff.

3. **Other Administrative Expenses:** Staff are requesting an additional \$171,120 for other administrative expenses. There are two significant items included in this total:
 - Software Conversion budget corrections – In the original FY 2019 Operating Budget, software conversion contract costs were distributed between LIPH and Section 8 Voucher Programs based on the standard unit-based allocation used for other overhead costs. This revision distributes the conversion costs based on software resources used.

 - Exploring a possible homeless services relationship with Ramsey County – In response to community conversations regarding homelessness in St Paul and winter safe spaces, PHA staff would like to explore opportunities to supplement existing HCV work by contracting additional administrative support. In PIH Notice 2013-15, HUD offers administrative guidance to those Low Income Public Housing and the Housing Choice Voucher programs who wish to serve more homeless families and individuals:

The purpose of this Notice is to provide strategies that PHAs can pursue to expand housing opportunities for individuals and families experiencing homelessness through the Public Housing and HCV programs.

Among many different ideas, they encourage the use of Project-Based-Vouchers where services are paired with housing, as we have in place at most of our PBV developments. They also encourage “establishing a strong outreach strategy through service providers” as a way to increase the access that homeless individuals would have to the program.

Staff are requesting up to \$100,000 to assist with activities related to this Notice, and would target those funds to eligible program expenses that would most effectively supplement our program needs, while leveraging other existing community resources.

4. **Insurance:** This is a minor adjustment to the original FY 2019 Operating Budget. This corrects an oversight in the distribution between LIPH and Section 8 for Insurance expenses.
5. **Employee Benefits:** The proposed decrease in employee benefits of (\$12,740) is due to a reduction for benefits budgeted for the Information Systems Manager FTE eliminated in the original FY 2019 budget.

The original FY 2019 Operating Budget projected an ending UNP balance of \$2,713,761. This budget revision projects an ending UNP of \$2,561,683 at the end of FY 2019 (March 31, 2019).

JMG/AJH/DJM

Attachments

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR

REGARDING Contract to Provide Housing Quality
Standards (HQS) Inspection Services to
Washington County CDA

DATE July 25, 2018

Staff requests approval to enter into a contract for staff to provide Housing Quality Standards (HQS) inspection services with the Washington County Community Development Agency (CDA). The Board previously authorized the PHA to submit a proposal to Washington County CDA for these services on May 23, 2018 (see attached). The PHA submitted the proposal on May 31, 2018, and staff were notified their proposal was accepted by the Washington County CDA on June 6, 2018. Staff have worked with the Washington County CDA staff to finalize the contract (see contract attached).

Entering into this contract will fulfill Agency Goals #8 and #12, by generating approximately \$6,000 dollars of revenue for the HCV Program, in addition to assisting a neighboring housing agency.

DJM/CMS

Attachments