

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

- Applications for Federal Home Loan Bank of Des Moines Grants for 2018 Competitive Affordable Housing Program: Elevator Modernization at Exchange, Dunedin, Central and Neill Hi-Rises
- Declarations Of Trust; Public Housing Modernization Grant Projects; Amp 1, 2, 3, 4, 5, 6, 7, & 8
- Smoke-Free Public Housing Policy; Amendments to Admission & Occupancy Policies; Agency Plan Amendment
- Research on Child Poverty; Excluding Cash Grants from Income and Rent Calculations in Public Housing and Housing Choice Vouchers/Section 8; Amending Admission & Occupancy Policies and Requesting HUD Waiver; Amending Agency Plan
- Renew Blue Cross/Blue Shield Medical and Delta Dental Insurance Policies
- Resolution In Recognition Of Dedicated Service By Steve Johnson

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING Applications for Federal Home
Loan Bank of Des Moines Grants for 2018
Competitive Affordable Housing Program:
Elevator Modernization at Exchange,
Dunedin, Central and Neill Hi-Rises

DATE April 25, 2018

Staff recommends Board approval of Resolution No. 18-4/25-01 authorizing staff to apply for grants offered by the Federal Home Loan Bank of Des Moines (FHLBDM) under its 2018 competitive Affordable Housing Program (AHP) for the following projects and amounts:

- a. Exchange Hi-Rise Elevator Modernization, \$750,000
- b. Dunedin Hi-Rise Elevator Modernization, \$750,000
- c. Central Hi-Rise Elevator Modernization, \$750,000
- d. Neill Hi-Rise Elevator Modernization, \$750,000.

The Board's approval would also authorize the PHA to accept the grants, if awarded, including executing all required documents and providing all necessary reports to the FHLBDM. The final applications will be due in May of 2018 and selections are expected to be announced in December of 2018. The FHLBDM approved one of the PHA's three AHP applications in 2017, awarding a \$750,000 grant for the Montreal Hi-Rise plumbing replacement.

To meet the FHLBDM timetable, staff submitted pre-applications for the following capital improvements on February 27, 2018:

- a. Exchange Hi-Rise Elevator Modernization, \$400,000
- b. Dunedin Hi-Rise Elevator Modernization, \$400,000
- c. Montreal Hi-Rise Dwelling Unit Circuit Breaker Replacement, \$300,000
- d. Cleveland Hi-Rise Dwelling Unit Circuit Breaker Replacement, \$250,000
- e. Front Hi-Rise Dwelling Unit Circuit Breaker Replacement, \$250,000.

However, in late March staff received word from our FHLBDM contact that Montreal Hi-Rise was not eligible for another grant, having already received one for replacing the plumbing there.

The FHLBDM representative also said the PHA's applications do not score much higher with the PHA's commitment to match the FHLBDM grant with Capital Fund Program (CFP) grant funds. Unlike many other grant-makers, the FHLBDM welcomes grant requests that propose to pay the full cost of a capital improvement, up to the \$750,000 grant maximum. Matching funds are not required.

Given that new information, staff realized that requesting less than the grant maximum of \$750,000 "leaves money on the table" because the same building would not be eligible for a second grant. For that reason staff is requesting Board approval to apply for four grants, each for the maximum of \$750,000, for modernizing the elevators at each of the hi-rises listed above. Staff have confirmed with FHLBDM staff that the PHA can submit grant applications for projects and amounts that were not listed in its original pre-application submittal. The purpose of the grants remains the same, to help the PHA make urgently-needed capital improvements at public housing properties. The elevator modernization projects are priority needs identified in the PHA's Capital Fund Program Annual and Five Year Action Plans.

Since the FHLBDM requires a grant applicant to partner with a bank that is a member of the FHLBDM, staff has again asked Bremer Bank, BankCherokee and Sunrise Bank to be the PHA's partners on these applications. Staff will inform the Board which bank is partnering on which application(s) at a future Board meeting.

Modernizing the elevators at the Exchange, Dunedin, Central and Neill Hi-Rises was identified by consultants as a high-priority need. Staff hired Elevator Advisory Group to survey the condition of all PHA elevators in early 2018. Their report recommended modernizing the elevators at these four hi-rises due to their age and controller obsolescence. With only two elevators in each

building (194, 143, 144 and 104 units, respectively), reliability is essential to the comfort and safety of residents, staff and visitors.

In the grant pre-applications to FHLBDM staff had proposed replacing electrical circuit breakers in the Cleveland, Montreal and Front hi-rises, but since the cost is lower per building than elevator modernization, staff believes it would not be the best use of a FHLBDM grant. Instead adequate funds will be provided by the PHA Operating Budget and the Capital Fund Program (CFP) budgets to replace the circuit breakers at the three hi-rises as well as the Roosevelt A buildings. Two consultants have advised staff that those circuit breakers (Federal Pacific “Stab-Lok”) are unreliable and may fail to interrupt electrical power in the event of a short, which could lead to property damage and/or personal injuries. Staff are currently having prototype circuit breaker replacements done to confirm budget needs.

If awarded, the FHLBDM grants would provide a welcome supplement to the PHA’s Capital Fund Program grants, which have been approximately \$7 million per year. Staff are anticipating an increase in the 2018 CFP grants, based on the larger appropriation approved by Congress in the 2018 Omnibus Appropriations Act. However, the PHA’s aging housing inventory needs capital improvements far in excess of the amounts Congress is likely to provide this year or in the foreseeable future. Therefore staff will continue to seek outside funding from the FHLBDM and other potential sources.

JMG/DAL/FAH

**SAINT PAUL PUBLIC HOUSING AGENCY
RESOLUTION NO. 18-4/25-01**

**AUTHORIZATION TO ACCEPT GRANTS FROM
FEDERAL HOME LOAN BANK OF DES MOINES
FOR CAPITAL IMPROVEMENT PROJECTS**

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 a large unfunded need to make capital improvements to the PHA's public housing properties, which provide safe, affordable, quality housing for very-low income families in Saint Paul; and

WHEREAS, there is a critical need to modernize the elevators at the Exchange, Dunedin, Central and Neill hi-rises, which entails major demolition and reconstruction at a significant cost; and

WHEREAS, the PHA does not receive sufficient funding from HUD's Capital Fund Program (CFP) to keep pace with the capital needs of public housing properties; and

WHEREAS, the Federal Home Loan Bank of Des Moines (FHLBDM) makes subsidies and grants available to public housing agencies for capital improvements through its competitive Affordable Housing Program (AHP); and

WHEREAS, staff has requested approval by the Board of Commissioners to submit applications for FHLBDM AHP subsidies and grants, in partnership with banks that are members of the FHLBDM (requests pending), as follows:

- a. Exchange Hi-Rise: elevator modernization; \$750,000
- b. Dunedin Hi-Rise: elevator modernization; \$750,000
- c. Central Hi-Rise: elevator modernization; \$750,000
- d. Neill Hi-Rise: elevator modernization; \$750,000

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 is authorized to submit applications to the Federal Home Loan Bank of Des Moines (FHLBDM) for subsidies and grants under the FHLBDM's Affordable Housing Program as listed above; and
2. The Executive Director, or his duly authorized agent, is authorized to execute all documents required to accept any subsidies and grants which may be approved by the FHLBDM in response to these applications, and to execute any other documents and provide information that the FHLBDM may require to expend the grant.

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING Declarations of Trust; Public Housing
Modernization Grant Projects;
AMP 1, 2, 3, 4, 5, 6, 7, & 8

DATE April 25, 2018

Staff recommends Board approval of the attached Resolution No. 18-4/25-02 that authorizes staff to execute Declaration of Trusts (Public Housing Modernization Grant Projects) for Asset Management Projects (AMPs) 1, 2, 3, 4, 5, 6, 7 and 8 and record them with Ramsey County; and then to submit recorded copies of the declarations to HUD. At a future meeting staff will ask the Board to approve execution of a similar declaration of trust for AMP 9, which includes the 360 scattered sites.

The declarations of trust state that HUD has an interest in the property that the PHA owns, and the PHA agrees not to transfer, convey, assign, lease, mortgage, pledge or otherwise encumber or transfer the property (with some exceptions) without HUD approval. Similar declarations of trust had been executed and recorded with the County for all PHA properties but they expired when all indebtedness associated with those declarations had been repaid. Because the PHA continues to receive Capital Fund Program (CFP) grants for those properties, HUD requires that new Declaration of Trusts be executed and recorded.

DAL/

Attachments: Resolution 18-4/25-02
Declaration of Trust AMPS 1, 2, 3, 4, 5, 6, 7 & 8

SAINT PAUL PUBLIC HOUSING AGENCY

RESOLUTION NO. 18-4/25-02

**RESOLUTION APPROVING AND AUTHORIZING
EXECUTION AND RECORDATION OF
DECLARATIONS OF TRUST
(PUBLIC HOUSING MODERNIZATION GRANT PROJECTS)**

WHEREAS, the Public Housing Agency of the City of St. Paul, (hereinafter called the “Local Authority”) and the United States of America (herein called the “Government”) previously entered into an Annual Contributions Contract as of September 29, 1980, and a Modernization Grant Amendment to the Contract with the effective date of August 16, 2017, relative to the Capital Fund Program grant MN46P00150117 for improvements to Asset Management Project (AMP) 1, 2, 3, 4, 5, 6, 7 & 8; and

WHEREAS, under the provisions of said Annual Contributions Contract, it is provided that promptly upon acquisition of any sites or receipt of modernization funding for improvements to such sites of any project, the Local Authority shall execute and deliver an instrument confirming and further evidencing among other things, a covenant of the Local Authority not to convey or encumber the projects and shall cause such instrument and all amendments thereto to be duly recorded and filed of record;

NOW, THEREFORE, BE IT RESOLVED by the Local Authority as follows:

1. The Declarations of Trust (Public Housing Modernization Grant Projects) hereinafter set forth are hereby approved and accepted, both as to form and substance, and the Chairperson or Vice Chairperson is hereby authorized and directed to execute said Declarations of Trust on behalf of the Local Authority, and the Secretary or Executive Director is hereby authorized to impress the seal thereon and to attest to the same, and thereafter the mentioned instruments are authorized to be recorded in the manner required under the laws of the State of Minnesota.
2. Said Declarations of Trust shall be in substantially the form attached hereto and made a part hereof.
3. This Resolution shall take effect immediately.

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR

REGARDING Smoke-Free Public Housing Policy;
Amendments to Admission & Occupancy
Policies; Agency Plan Amendment

DATE April 25, 2018

Staff recommends Board approval of Resolution No. 18-4/25-03 to adopt the attached “Smoke-Free Public Housing Policy” as an amendment to the Public Housing Admission and Occupancy Policies (AOP), to comply with a HUD regulation that prohibits smoking in public housing. HUD published its final rule on “Instituting Smoke-Free Public Housing” on December 5, 2016, requiring all public housing agencies to implement a smoke-free housing policy by July 30, 2018. The PHA previously adopted a Public Housing Hi-Rise Smoking Policy as Appendix H to the AOP in 2000, and the proposed policy is a revision to that policy. The attached copy shows the new language double-underlined and deleted language interlined.

The proposed policy closely follows the language of the HUD rule. The operative language in HUD’s Smoke-Free Public Housing rule is as follows:

PHAs must design and implement a policy prohibiting the use of prohibited tobacco products in all public housing living units and interior areas (including but not limited to hallways, rental and administrative offices, community centers, day care centers, laundry centers, and similar structures), as well as in outdoor areas within 25 feet from public housing and administrative office buildings (collectively, “restricted areas”) in which public housing is located. 24 CFR Sec. 965.653

The recommended policy adds “balconies” to HUD’s list of places where smoking is prohibited.

The HUD regulation defines “prohibited tobacco products” as follows:

1. Items that involve the ignition and burning of tobacco leaves, such as (but not limited to) cigarettes, cigars, and pipes; [and]
2. To the extent not covered by [the previous paragraph], waterpipes (hookahs).

This proposed policy does not include “Electronic Nicotine Delivery Systems” (ENDS) such as “e-cigarettes”, as explained below.

The PHA’s Legal Team will draft an addendum to the public housing lease, which residents will be required to sign at the time of their annual eligibility review (“Application for Continued Occupancy”/ACO) over the coming year. However, the proposed policy itself will be enforceable once it is approved, because the lease states that “[T]he Admissions and Occupancy Policies as approved and as amended by the PHA’s Board of Commissioners ... are made a part of this Lease by reference.” This is specifically recognized in HUD’s explanation accompanying the published rule, as follows:

[Public Housing] regulations permit PHAs to modify rules and regulations to be incorporated by reference into the lease form, as long as the PHAs provide at least 30 days’ notice to all affected residents (see 24 CFR 966.5), and allow resident feedback on the new lease language (see 24 CFR 966.3). *12/5/2017 Federal Register, p. 87439*

Staff have discussed the Smoke-Free final rule and the pending PHA policy with residents in a variety of settings, including the following:

- Resident Advisory Board (RAB) meetings in September 2017
- Public Hearing on Agency Plan on November 14, 2017
- Hi-Rise Presidents Council meetings
- City-Wide Residents Council meetings.

The Resident Initiatives (RI) staff has been especially active in this area, beginning several years ago with the first Statewide Health Improvement Partnership (SHIP) grants that included goals of reducing tobacco use by public housing residents. An extensive list of RI’s smoke-free initiatives with residents and partner agencies is attached. The partners include St. Paul-Ramsey County Department of Public Health, the American Lung Association, the Public Health Law Center and others.

“ENDS”: Staff is not proposing to include “Electronic Nicotine Delivery Systems” (ENDS) such as “e-cigarettes” in the smoke-free policy at this time. HUD leaves that decision up to local housing authorities, noting that,

Research to date on ENDS is still developing and lacks clear consensus, in contrast with research on the effects of cigarettes and other tobacco products.... PHAs may exercise their discretion to include a prohibition on ENDS in their individual smoke-free policies if they deem such a prohibition beneficial. In addition, if evidence in the future arises that banning ENDS will, for example, result in significant maintenance savings, HUD will reconsider including them in items that are prohibited inside public housing.

Enforcement: Responding to questions about enforcing the smoke-free rule, HUD offered the following explanation:

HUD believes that allowing a PHA to enforce its smoke-free policy through lease enforcement actions is the best way to ensure compliance with such policies. Upon successful implementation, smoke-free policies should be enforced similar to other policies under lease enforcement procedures. HUD does not expect the enforcement of smoke-free policies to be significantly easier or more difficult than other unit-focused policies PHAs have established. Based on experiences of the PHAs that have already implemented smoke-free policies, when there is resident engagement in developing the plan and an effective plan for implementation, policy enforcement is less likely to lead to evictions.

If a PHA pursues lease enforcement as a remedy, public housing residents retain their right to an informal and formal hearing before their tenancy is terminated. As currently written, the new regulations intentionally distinguish lease violations based on criminal behaviors from violations based on civil behaviors, and place smoke-free violations in the latter category to discourage overly aggressive enforcement approaches and decrease the potential of eviction and homelessness.

Termination of assistance for a single incident of smoking, in violation of a smoke-free policy, is not grounds for eviction. Instead, HUD encourages a graduated enforcement approach that includes escalating warnings with documentation to the tenant file.

Accordingly, staff will continue to work with residents and our Legal Team to establish procedures that are designed to maximize compliance with the new rule, without resorting to lease termination except in the most extreme cases.

As required for all policy changes, this PHA's Smoke-Free Public Housing Policy will be an amendment to the Agency Plan. Since staff and residents discussed the HUD smoke-free mandate at RAB meetings last fall and in the other activities listed above, no further RAB involvement is required at this time.

If the Board approves the proposed policy, staff will send notices to all public housing households, explaining the policy and giving them 30 days to submit written comments. Staff will report back to the Board if any significant comments are received.

As explained in HUD's announcement, "This rule improves indoor air quality in the housing; benefits the health of public housing residents, visitors, and PHA staff; reduces the risk of catastrophic fires; and lowers overall maintenance costs." Staff is cautiously optimistic that the long lead time and the extensive dialogue with residents and outside organizations will result in a smooth implementation of the policy. Staff will provide informational reports to the Board at future meetings.

LTS/FAH/ANH

Attachments: Resolution No. 18-4/25-03
Revised Admission & Occupancy Policies, Appendix H
Resident Initiatives Department Smoking Cessation & Rule Preparation Activities
Timeline of The American Lung Association's Outreach Activities to Support
St. Paul PHA Implementing the HUD Smoke-Free Rule
January 25, 2017 Informational Board Report on Smoke-Free Public Housing

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING Research on Child Poverty;
Excluding Cash Grants from Income and
Rent Calculations in Public Housing and
Housing Choice Vouchers/Section 8;
Amending Admission & Occupancy Policies and
Requesting HUD Waiver;
Amending Agency Plan

DATE April 25, 2018

Staff recommends Board approval of Resolution No. 18-04/25-04 to amend the Admission and Occupancy Policies for Public Housing to exclude research-related cash grants to public housing residents from income and rent calculations, for residents who may be randomly selected to participate in a three-year national research study on the effects of child poverty. The head of the research study recently asked the PHA to assist their study in this way (see attached letter from Dr. Greg Duncan to Jon Gutzmann). HUD regulations permit the PHA to exclude those amounts by adopting a “permissive deduction” from income calculations. The proposed policy language is attached, with new wording double-underlined and deleted wording ~~interlined~~. This would be an amendment to the Admission and Occupancy Policies for Public Housing and an amendment to the Agency Plan.

At the same time, staff is requesting Board approval to submit a request to the Secretary of the U.S. Department of Housing & Urban Development for a regulatory waiver to accomplish the same result (excluding the grants from income) in both Public Housing and the Housing Choice Voucher (HCV)/Section 8 Program. Although the HCV regulations, unlike the public housing regulations, do not explicitly authorize permissive deductions, HUD has suggested that waiver requests could be submitted for this purpose. In the attached letter dated April 25, 2016, an official in HUD’s Policy Development and Research (PDR) division told the head of the research

study that HUD could not grant a blanket waiver that would cover all participants in the study, but HUD could consider a waiver request submitted by an individual housing authority involved in the study. As with any regulatory waiver request, HUD would have to determine that the statutes do not prohibit the action, and that there is “good cause” to grant the waiver. After researching the federal statutes and the history of the regulation that allows permissive deductions in public housing, staff has concluded that there is no statutory bar to allowing the requested waiver in both public housing and Section 8. As explained below, staff believes that HUD could find “good cause” in facilitating this research.

The research study, titled “Income and the Developing Brain During the First Three Years of Life”, is designed to test the effects on child development of giving significant cash grants (\$4,000/year; \$333/month) to randomly-selected low-income new mothers. The outcomes in the sample group will be compared with those in a control group, where the participants will receive much smaller grants (\$240/year; \$20/month). The Minnesota Legislature and the Ramsey County Board have approved exceptions to the state and county assistance programs for low income families, so benefits under those programs will not be reduced for participants who may be selected for this research study. Ramsey County staff summarized the research in a report to the County Board that is attached to this report.

Since the study will randomly select only 250 low income new mothers and their infants in Ramsey and Hennepin Counties to participate in the research, and only one-half of those families will receive the larger cash grants, few St. Paul PHA public housing residents and HCV participants are likely to be chosen for the study. Under a permissive deduction the PHA would have to bear the cost of disregarding the income from the research grants. (Without the

deduction or a waiver, \$333/month income = \$100 rent increase.) Therefore there would be some (small) financial cost to the PHA under a permissive deduction. If HUD grants the requested waiver, the public housing operating subsidy would absorb the cost of the disregarding the extra income. On the HCV side there would be no increase in the subsidy the PHA receives from HUD; the waiver would only provide the authorization that is lacking in the regulations.

As stated above, HUD would need to find “good cause” to grant a waiver. Staff believes that the attached summary of the research project provides sufficient basis to find good cause. The researchers explain the potential benefits in the final section of the summary, “Connections to Policy”, as follows:

Findings from our project will inform policy proposals across a host of federal and state programs. The Earned Income Tax Credit, SNAP, TANF and Housing Choice Vouchers are all fiercely debated in today’s budget battles. Our study’s \$4,000 annual payment is within the range of these benefits. Our study will be the first to provide definitive evidence on the extent to which young children’s cognitive, emotional and brain development is affected by increased income.

Because this research may yield important results (positive or negative) to support or revise rent subsidies and other public assistance programs, staff is recommending that the PHA assist the project by adopting the permissive deduction for public housing and request the HUD waiver for both public housing and HCV/Section 8.

FAH/

Attachments: Resolution No. 18-04/25-04
Proposed Policy Revision
Letter to Jon Gutzmann from Dr. Greg Duncan, dated April 17, 2018
Research Summary: Income and the Developing Brain During the First Three Years of Life
Letter to Dr. Greg Duncan from Todd M. Richardson, HUD Associate Deputy Assistant Secretary for Policy Development and Research, dated April 25, 2016
Ramsey County Board of Commissioners Report dated March 22, 2016
Minnesota Session Laws 2016 Chapter 189, Article 15, Section 29

**SAINT PAUL PUBLIC HOUSING AGENCY
RESOLUTION NO. 18-04/25-04**

**ADMISSION AND OCCUPANCY POLICIES FOR PUBLIC HOUSING;
APPROVE A DEDUCTION FROM “ANNUAL INCOME” TO EXCLUDE CASH
GRANTS RECEIVED BY PUBLIC HOUSING RESIDENTS WHO ARE
PARTICIPATING IN A RESEARCH STUDY ON CHILD POVERTY;
AND
REQUEST A HUD REGULATORY WAIVER TO EXCLUDE THE RESEARCH
GRANTS FROM “ANNUAL INCOME” IN BOTH PUBLIC HOUSING AND
THE HOUSING CHOICE VOUCHER/SECTION 8 PROGRAMS**

WHEREAS, the Public Housing Agency of the City of Saint Paul (PHA) has in effect Public Housing Admission and Occupancy Policies (“Policies”) dated February 23, 2000 as amended; and

WHEREAS, as required by regulations of the U.S. Department of Urban Development (“HUD”) the policies define “Annual Income”, which is the starting point for calculating a public housing resident’s rent payment to the PHA; and

WHEREAS, the HUD regulations establish certain mandatory deductions from annual income to calculate the “Adjusted Annual Income” which determines the public housing resident’s rent; and the regulations also permit the PHA to establish other deductions to exclude specific types and/or amounts of income (“permissive deductions”); and

WHEREAS, the PHA has been asked to participate in a national research study titled “Income and the Developing Brain During the First Three Years of Life”, which is designed to test the effects on child development of giving significant cash grants to randomly-selected low-income new mothers; and

WHEREAS, the PHA can support the study by adopting a permissive deduction to exclude from adjusted annual income the cash grants received by public housing residents who are selected to participate in the research study; and

WHEREAS, the PHA could provide greater support to the study if HUD would grant a regulatory waiver to allow the same exclusion from adjusted annual income in both public housing and in the Housing Choice Voucher (HCV/Section 8) program; and

WHEREAS, staff has recommended adopting the permissive deduction and requesting regulatory waivers from HUD for both public housing and Housing Choice Vouchers/Section 8, because this research may yield important results (positive or negative) to support or revise rent subsidies and other public assistance programs; and

WHEREAS, the Board of Commissioners finds that the proposed policy revision and regulatory waiver request are appropriate to the administration of the public housing and Housing Choice Voucher/Section 8 programs;

NOW THEREFORE BE IT RESOLVED by the Board of Commissioners of the PHA as follows:

**PHA BOARD RESOLUTION
EXCLUDING RESEARCH GRANTS FROM INCOME AND RENT CALCULATIONS
PAGE 2**

1. The Public Housing Admission and Occupancy Policies are hereby amended to exclude from adjusted annual income the cash grants received by public housing residents who are selected to participate in the national research study titled “Income and the Developing Brain During the First Three Years of Life”; and
2. The Executive Director or his designee are authorized to submit requests to HUD for regulatory waivers to exclude from adjusted annual income calculations the cash grants received by both public housing residents and Housing Choice Voucher/Section 8 participants who are selected to participate in the research study; and
3. The Annual Agency Plan is amended accordingly.

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 25, 2018

Staff recommends Board approval to renew the contract with Blue Cross and Blue Shield of Minnesota for the Agency's medical insurance policy, and Delta Dental for the Agency's dental insurance policy, effective July 1, 2018 to June 30, 2019. Staff also requests Board approval of the medical insurance premium costs of the Basic, Standard, Premium and High Deductible Plan options, and the dental insurance premium costs shown below.

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.

MEDICAL INSURANCE

The rates for medical insurance effective July 1, 2018 will increase by 9% in accordance with the proposed rate cap that the PHA received in 2017. In February 2017, the Agency issued a Request for Proposals (RFP) for medical and dental insurance. Blue Cross Blue Shield of Minnesota (BCBS) proposed a 3.0% decrease in 2017 with rate caps of 9% in 2018 and 10% in 2019. On April 26, 2017, the Board approved the Agency renewing its contract for medical insurance with BCBS.

Following are the current premium amounts and proposed new rates starting July 1, 2018 for the BCBS Basic Plan, Standard Plan, Premium Plan and High Deductible Plan:

High Deductible Plan	SINGLE	TWO-PARTY	FAMILY
Current Total Premium	\$625.00	\$1,210.50	\$1,624.00
Proposed Total Premium	\$681.00	\$1,319.50	\$1,770.00

Basic Plan	SINGLE	TWO-PARTY	FAMILY
Current Total Premium	\$713.00	\$1,382.00	\$1,852.00
Proposed Total Premium	\$777.00	\$1,506.00	\$2,019.00

Standard Plan	SINGLE	TWO-PARTY	FAMILY
Current Total Premium	\$769.00	\$1,493.00	\$2,001.00
Proposed Total Premium	\$838.00	\$1,627.00	\$2,181.00

Premium Plan	SINGLE	TWO-PARTY	FAMILY
Current Total Premium	\$810.00	\$1,570.00	\$2,105.00
Proposed Total Premium	\$883.00	\$1,711.00	\$2,294.50

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

The rates for dental insurance effective July 1, 2018 remain the same as last year. Delta Dental guaranteed in its 2017 contract proposal there would be no premium increases through June 30, 2019. By choosing Delta Dental as the PHA's dental insurance provider, the PHA has enjoyed flat or lower dental insurance rates in ten out of eleven years (2009 – 2019).

The table below shows the Delta Dental Insurance premium amounts effective July 1, 2018:

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

AMOUNT PAID BY AGENCY AND BY EMPLOYEE

The PHA's share of medical insurance premium costs starting July 1, 2018 will increase by 3.5% for employees in two of the employee groups, City Employees' Union Local 363 and Supervisory and Confidential Employees (S&C Group). The Board approved this provision in the 2016 agreement with Local 363, and in the S&C Policies approved in 2015.

The sharing of health and dental insurance premium costs between the Agency and AFSCME District Council 5, Local 1854 (AFSCME) will be included in the contract for the period beginning June 1, 2018, for which negotiations are currently underway. That AFSCME contract will be brought to the Board for approval once the two parties reach a tentative agreement.

This will be the eighth consecutive year the PHA has increased its portion towards employee medical insurance by 3.5% with the intent of leveling out its annual cost increases rather than changing each year as premiums changed by varying amounts. This strategy was originally approved by the Board in 2011.

The current agreements with the Local 363 and S&C employee groups for dental insurance state that 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. The contract being negotiated with AFSCME will establish the terms for dental insurance for those employees.

The amounts the PHA pays toward employee medical and dental insurance premiums were included in the Operating Budget approved by the Board on March 28, 2018.

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

ANH/MGB/AAG

Attached: History of PHA Health Insurance Increases

HISTORY OF PHA HEALTH INSURANCE INCREASES

YEAR	PREMIUM INCREASE	PHA INCREASE	EMPLOYEE INCREASE
2018	9%	3.5%	Varies by option and type
2017	0%	3.5%	Varies by option and type
2016	0%	3.5%	Varies by option and type
2015	0%	3.5%	(3.5%)
2014	5%	3.5%	Varies by option and type
2013	12%	3.5% plus PHA to contribute one time only – July 1, 2013 – June 30, 2014 an additional \$100 per month for FT employees and \$75 per month for PT employees	Varies by option and type
2012	7.2%	3.5%	Varies by option and type
2011	0%	3.5%	(3.5%)
2010	9%	9%	9%
2009	13%	12%	14%
2008	7%	2.5%	Varies by option
2007	7.5%	7.5%	7.5%
2006	7.13%	7.13%	7.13%
2005	0%	0%	0%
2004	5.27%	4.99%	6.41% (\$330/60% dependent coverage)
2003	9.71%	5.82%	28.06% (\$315/60% dependent coverage)
2002	8.2%	8.2%	(\$315/60% dependent coverage)
2001	15.4%	15.4%	(\$295/60% dependent coverage)
2000	24.33%	24.33%	(\$255/60% dependent coverage)
1999	20%	20%	(\$245/60% dependent coverage)
1998	5.12%	5.12%	(\$225/60% dependent coverage)
1997	9.9%	9.9%	(\$215/60% dependent coverage)
1996	6%	6%	(\$215/60% dependent coverage)
Average Increase	7.86% 180.76/23 years	7.21% 165.89/23 years	



RESOLUTION IN RECOGNITION OF DEDICATED SERVICE

By

STEVE JOHNSON

WHEREAS, Steve Johnson 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 44 years, from July 31, 1973 until his retirement on May 11, 2018; and

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

- Steve began working for the Agency in 1973 as a Tenant Aide, and displayed an aptitude for high performance and a great work ethic.
- In 1975 Steve was promoted to Janitor. In 1978 he was promoted again, to Laborer. Steve became a Maintenance Mechanic in 1983 under an Agency reorganization.
- In 1987 Steve was promoted to Work Order Mechanic C Carpenter, a position he performed successfully until his final promotion to Maintenance Supervisor in 2000; and he served in that capacity for the last 18 years.
- Throughout his 44+ years with the HRA and PHA, Steve 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, Steve 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 Steve Johnson and we wish him well in his retirement.

April 25, 2018

Resolution No. 18-4/25-05