

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING Wide Area Network Communications
Contract No. 14-032

DATE August 28, 2013

Staff recommends awarding a three-year contract for wide area network (WAN) and internet communications to Integra Telecom for an amount not to exceed \$250,000. The contract provides for continuation of existing data communications links between the W. Andrew Boss Building and Agency's remote site offices as well as an Ethernet-based higher speed connection to the Internet. These data communications links are required for operations of PHA personal computers (PCs), desk phones, and the Energy Management System, as well as printers, security cameras, and the door access card systems.

The current contract with Integra Telecom (No. 10-049) was approved by the Board in February of 2010 for an amount not to exceed \$300,000, not all of which was expended under that contract. Based on the cost of various components in the new contract, staff expects that the Agency will pay about ten percent less during this contract period.

Staff published a Request for Proposals (RFP) in June 2013. Staff distributed the RFP to nine companies by electronic mail and also advertised in local papers. Five additional companies requested RFP packets. Five companies responded with proposals. Three staff from Finance-MIS evaluated the proposals independently and met to further analyze the proposals and discuss their ratings. The evaluation criteria stated in the RFP were quality and depth of solution, professional and technical competence, experience, service level agreements, cost, financial strength and stability, and MBE/WBE status and EEO efforts. The staff reviewers unanimously rated Integra

Telecom proposal the highest, based upon the stated evaluation criteria. Integra Telecom's solution has the lowest cost and will be the least disruptive to Agency operations.

Because this contract is primarily for leasing the vendor's communications infrastructure along with specialized professional services, it is not subject to the Section 3 Policy's requirement for contributing to the PHA's Section 3 Training Fund. Copies of the Employer Information Reports for Integra Telecom and the second highest rated proposer, TW Telecom Holdings, are attached.

RPM/RAJ

Attachment: Summary of Proposal Ratings
Employer Information Reports

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR

REGARDING Scattered Site Reconstruction
After Fire Damage; 14XX Wellesley;
Contract No. 14-040

DATE August 28, 2013

Staff requests approval to award a contract for reconstruction of a fire-damaged scattered site home at 14XX Wellesley Avenue to the lowest responsible bidder, Merit Building Company of Coon Rapids, Minnesota, for the bid amount of \$168,365. A copy of the August 15, 2013 bid tabulation is attached.

A lower bid in the amount of \$133,000 was submitted by Iyawe Construction but after consulting with General Counsel, staff is recommending that it be rejected. The low bid was significantly lower than the PHA's architect's estimate of \$150,000 - \$165,000. Some parties that the bidder listed as references did not give positive responses about the firm's performance on similar projects. Therefore staff is recommending that the bidder be deemed "not responsible" for the purpose of awarding this contract. General Counsel supported the decision to award the contract to Merit Building Company, as the lowest responsible bidder. Staff spoke to Mr. Iyawe about his firm's bid and encouraged him to submit bids on smaller PHA jobs and to explore subcontracting opportunities on larger PHA jobs as a means of establishing a positive track record with the PHA. He said he understood.

The contract work includes demolition of all interior surfaces on the first floor, removal of the second level and roof structure, reconfiguration of the first level walls, reconstruction of all interior surfaces and the replacement of the exterior concrete. Photos of the original house and an architect's rendering of the redesigned house are attached.

Merit Building Company has performed satisfactorily under previous PHA contracts for similar work and the references provided by the company gave positive responses. Copies of the Employer Information Report for Merit Building Company and the second lowest responsible bidder, Crossroad Construction, Inc., are attached. Merit Building Company is a Section 3, women-owned business enterprise (WBE).

There are sufficient funds available for this contract from insurance proceeds and the Operating Budget.

JPR/mlp

Attachments: August 15, 2013 Bid Tabulation
Employer Information Reports (EEO-1)
Photos and Architect's Rendering of House

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING Public Housing Agency Plan Version 2;
Annual Plan for PHA Fiscal Year 2014;
Mt. Airy Fourplex (AMP 5)

DATE August 28, 2013

Staff recommends approval of Resolution No. 13-8/28-2 approving Version 2 of the Annual Agency Plan for the PHA's Fiscal Year 2014 (Federal Fiscal Year 2013), to include the PHA's plan to build a new fourplex rowhouse at Mt. Airy Homes (AMP 5).

On May 22, 2013 the Board approved applying to Minnesota Housing for a loan or grant of approximately \$360,000 to pay part of the cost to construct a new fourplex row-house at Mt. Airy Homes (AMP 5), and authorizing the submittal of a development application to HUD for this project. A copy of that report is attached. Neither Minnesota Housing nor HUD has responded to those applications yet.

Staff convened a special meeting of the Resident Advisory Board (RAB) on June 13, 2013 in the Mt. Airy Community Center to explain the Mt. Airy fourplex proposal and to ask for the RAB's endorsement of the project. Staff had discussed the possibility of this project in general terms during the previous round of RAB meetings in the fall of 2012 but few details were available then. At the June meeting the RAB members stated their strong support for the proposal.

Staff is recommending amending the Agency Plan for the current year to describe the Mt. Airy fourplex project, since HUD might not approve it if it is not in the Plan. Staff does not consider this Plan amendment to be significant enough to require public notice and a public hearing.

The PHA's Agency Plan is posted on the PHA's website, www.stpaulpha.org, and on HUD's website: <http://www.hud.gov/offices/pih/pha/approved> .

FAH/

Attachments:

Resolution 14-8/28-02 including HUD-50077, "Certifications of Compliance with PHA Plans and Related Regulations";

Agency Plan Version 2 and Attachments Excerpt

5/22/2013 Board Report: Mt. Airy Fourplex Funding Request

5/30/2013 Announcement of RAB Meeting 6/13/2013

**PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL
RESOLUTION NO. 13-8/28-2**

**PUBLIC HOUSING AGENCY PLAN FOR PHA FISCAL YEAR 2014
VERSION 2; MT. AIRY FOURPLEX**

WHEREAS, the Public Housing Agency of the City of Saint Paul (PHA) is required to prepare and submit to HUD each year an Agency Plan, which must include an Annual Plan and a Capital Fund Plan and other required attachments; and

WHEREAS, the PHA is required to prepare and submit to HUD a new version of the Agency Plan whenever there is a significant amendment to the Plan; and

WHEREAS, the PHA previously submitted Version 1 of the Agency Plan for the PHA FY 2014 (FFY 2013) and HUD approved that Plan on March 7, 2013; and

WHEREAS, on May 22, 2013 the PHA Board approved applying to Minnesota Housing for a loan or grant to pay part of the cost to construct a new fourplex row-house at Mt. Airy Homes (AMP 5), and authorizing the submittal of a development application to HUD for this project, which applications were subsequently submitted; and

WHEREAS, at a special meeting of the Resident Advisory Board (RAB) on June 13, 2013 in the Mt. Airy Community Center, the RAB endorsed the proposal to construct the fourplex at Mt. Airy; and

WHEREAS, the Board finds that it is necessary and appropriate to the administration of the PHA's programs to amend the Agency Plan to include specific mention the Mt. Airy fourplex proposal; and

WHEREAS, HUD requires each version of the Agency Plan to be accompanied by "Certifications of Compliance with the PHA Plans and Related Regulations" executed by the Board Chair; and

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

1. Version 2 of the Annual Agency Plan for the PHA Fiscal Year beginning April 1, 2013, including the Capital Fund Plan, budgets and Annual Reports, is hereby approved.
2. The Chair of the Board and the Executive Director or his designee are authorized to execute the "Certifications of Compliance with the PHA Plans and Related Regulations" in the form prescribed by HUD, and such other documents as may be necessary to complete the Agency Plan for submission.
3. The Executive Director or his designee is authorized to submit Version 2 of the Agency Plan and related documents to HUD.

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR

REGARDING Audit Report for FY 2013;
Financial and Compliance Reports
For the Fiscal Year Ending March 31, 2013

DATE August 28, 2013

Staff recommends that the Board receive and file the Comprehensive Annual Financial Report of the Agency's operations in Fiscal Year 2013, as completed by McGladrey, LLP. Corey Topp from McGladrey will explain the audit report at the Board meeting.

The audit report contains one finding of non-compliance with purchasing requirements, after fifteen years of "zero-finding audits". (The last finding was in the audit of FY 1997 financial records.) Staff agrees with the audit assessment and has already taken the necessary steps to correct the issue, as explained in the attached Corrective Action Plan that was submitted to the auditors.

This audit report reflects the GAAP (Generally Accepted Accounting Principles) method of reporting, as required by HUD. Following GAAP makes public housing financial statements consistent with those of other governmental entities and similar to private business and corporate financial reports. This allows HUD and other entities to use standard financial ratios to judge the fiscal soundness of a housing agency. These ratios are the basis for the PHA's score on the PHAS (Public Housing Assessment System) Financial Condition indicator and measure the "quick ratio," "months expendable net asset ratio" and "debt service coverage".

HUD's Real Estate Assessment Center (REAC) is currently reviewing the Agency's unaudited Financial Data Schedule for the fiscal year ending March 31, 2013. Once REAC approves the

unaudited version, staff will submit the audited version of the Financial Data Schedule.

HUD/REAC will issue a final score for the PHAS Financial Condition indicator based on the audited report, perhaps several months from now.

RPM

Attachments

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING Capital Fund Program: 2010, 2011 and
2012 Budget Revisions;
Initial 2013 Capital Fund Program Budget;
Initial 2013 Replacement Housing
Fund Budgets; and Agency Plan Amendment

DATE August 28, 2013

Staff requests Board approval of Resolution No. 13-8/28-01 approving the following budgets:

1. Initial budget for the 2013 Capital Fund Program (CFP) grant of \$6,024,889;
2. Initial budgets for the 2013 Replacement Housing Fund (RHF) grants totaling \$49,970;
3. Revisions for the 2010, 2011 and 2012 CFP grants.

The revised budgets for the 2010, 2011 and 2012 CFP grants adjust line items to match actual obligations and expenditures but do not change the total amount of the grants. Since the CFP budgets are attachments to the Agency Plan, the resolution includes approval to amend the Plan.

The 2013 Capital Fund Program budget adjusts the funded items to match the \$6,024,889 actual funding amount that was announced by HUD on August 8, 2013. The actual grant is \$62,650 (1.05%) more than the \$5,962,239 that was requested in the initial application that was included in the Agency Plan that was approved by the Board at the December 19, 2012 meeting. The amount requested in the initial application matched the PHA's 2012 CFP funding of \$5,962,239. The additional grant amount (\$62,650) has been allocated to complete parking lot repairs at PHA hi-rises.

Staff submitted the Annual Contribution Contract (ACC) amendment for the 2013 CFP grant to HUD on August 16, 2013. Staff also submitted ACC amendments for a 2013 Replacement

Housing Fund (RHF) first increment grant in the amount of \$6,892 and a RHF second increment grant in the amount of \$43,078 to HUD on August 16, 2013. Budgets for the CFP grant and the two RHF grants are attached to this Board report. The 2013 RHF grants will be combined with the 2007 through 2012 RHF grants and used to fund the construction of the new six-plex at Roosevelt Homes.

The table below shows the CFP grant amounts, the dates when the PHA gained access to the funds (when HUD signed the ACC amendments), and the timelines for expenditure. The PHA routinely meets or exceeds all of HUD’s goals for timely obligation of CFP grant funds (90% obligated within 24 months) and expenditure (fully expended within 48 months).

	2010 CFP Funds	2011 CFP Funds	2012 CFP Funds	2013 CFP Funds
Grant Amount	\$7,791,240	\$6,499,693	\$5,962,239	\$6,024,889
ACC Date	7/15/10	8/3/11	3/12/12	9/9/13
Percent Obligated	100.00% (8/9/13) Met 90% goal by 7/14/12	94.43% (8/9/13) Met 90% goal by 8/2/13	58.03% (8/9/13) Goal: 90% by 3/11/14	0% Goal: 90% by 9/8/15
Percent Expended	95.19% (8/9/13) Goal: 100% by 7/14/14	77.92% (8/9/13) Goal: 100% by 8/2/15	26.64% (8/9/13) Goal: 100% by 3/11/16	0% Goal: 100% by 9/8/17

Summary spreadsheets of these budgets are attached for Board review.

HP/DAL/mlp

Attachments: Resolution No. 13-8/28-01
 Summary Spreadsheets of CFP Grant Budgets

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

RESOLUTION NO. 13-8/28-01

INITIAL 2013 CAPITAL FUND PROGRAM BUDGET, INITIAL 2013 REPLACEMENT HOUSING FUND FIRST AND SECOND INCREMENT BUDGETS, REVISIONS FOR 2010, 2011 & 2012 CAPITAL FUND PROGRAM BUDGETS.

WHEREAS, the U.S. Department of Housing and Urban Development (HUD) has awarded the Public Housing Agency of the City of Saint Paul (PHA) the following grants:

- FFY2013 Capital Fund Program Grant No. MN46P00150113,
- FFY2013 Replacement Housing Fund First Increment Grant No. MN46R00150113
- FFY2013 Replacement Housing Fund Second Increment Grant No. MN46R00150213
- FFY2010 Capital Grant Program Grant No. MN46P00150110
- FFY2011 Capital Grant Program Grant No. MN46P00150111, and
- FFY2012 Capital Grant Program Grant No. MN46P00150112, and

WHEREAS, HUD requires the PHA to establish a budget for the expenditure of funds under each grant provided under the Capital Fund Program, Replacement Housing Fund Program, and

WHEREAS, staff drafted the attached Capital Fund Program, and Replacement Housing Fund Program:

- Initial Budget for the FFY2013 Capital Grant Program Grant No. MN46P00150113
- Initial Budget for the FFY2013 First Increment Replacement Housing Fund Grant No. MN46R00150113
- Initial Budget for the FFY2013 Second Increment Replacement Housing Fund Grant No. MN46R00150213
- August 9, 2013 Budget Revision for the FFY2010 Capital Grant Program Grant No. MN46P00150110
- August 9, 2013 Budget Revision for the FFY2011 Capital Grant Program Grant No. MN46P00150111
- August 9, 2013 Budget Revision for the FFY2012 Capital Grant Program Grant No. MN46P00150112

WHEREAS, the Board of Commissioners finds that these CFP, RHF, grant budgets are necessary and appropriate to comply with HUD requirements and to best serve the needs of PHA residents;

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

1. The following budgets are approved as presented:
 - a. Initial Budget for the FFY2013 Capital Grant Program Grant No. MN46P00150113 is approved as presented;

- b. Initial Budget for the FFY2013 First Increment Replacement Housing Fund Program Grant No. MN46R00150113 is approved as presented;
 - c. Initial Budget for the FFY2013 Second Increment Replacement Housing Fund Program Grant No. MN46R00250113 is approved as presented;
 - d. August 9, 2013 Budget Revision for the FFY2010 Capital Grant Program Grant No. MN46P00150110 is approved as presented;
 - e. August 9, 2013 Budget Revision for the FFY2011 Capital Grant Program Grant No. MN46P00150111 is approved as presented;
 - f. August 9, 2013 Budget Revision for the FFY2012 Capital Grant Program Grant No. MN46P00150112 is approved as presented;
2. Staff is authorized to execute and submit all required documents relating to these grants and budget revisions; and
 3. The Agency Plan is amended accordingly.
 4. Pursuant to HUD notice dated January 11, 1990, the PHA certifies that no employee is serving in a variety of positions that will exceed 100 percent of his or her work time.

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING Employee Recognition

DATE August 28, 2013

Staff requests Board approval to award PHA employees a special one-half day off in recognition of the Agency's continued success on a national level and the hard work and accomplishments of over 232 dedicated staff members. If the Board approves this recommendation, a certificate for this time off will be given to employees at the annual recognition breakfast, which is scheduled for October 11, 2013.

The half-day off will be provided to all staff who were regular PHA employees as of October 1, 2013. The time off must be used by December 31, 2013 and must be taken on a single day. Regular part-time employees will be extended this recognition on a pro-rated basis. Use of the recognition time off will be subject to the same approvals as other vacation days and floating holidays, to allow supervisors to plan staffing and workloads.

MLM

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR

REGARDING Fire Alarm Component Replacement
At Front, Edgerton, Cleveland and
Montreal Hi-Rises;
AMP 2, AMP 3 and AMP 8

DATE August 28, 2013

Staff requests Board approval to award a non-competitive contract in an amount of \$127,960 to SimplexGrinnell of Plymouth, Minnesota to replace obsolete TFX Autocall fire alarm system components at four PHA Hi-Rises.

The contract work includes replacing fire alarm control panels, enunciators, remote power supplies, and alarm initiating devices at these four hi-rises. SimplexGrinnell is the sole provider of TFX Autocall fire alarm components and the related product line of new compatible components and factory-trained personnel necessary to update these fire alarm systems. No other contractors are able to provide the components and certified technicians required for this work. The PHA's Contracting Officer has approved awarding this contract without competitive bidding.

The current fire alarm systems at Front, Edgerton, Cleveland and Montreal Hi-Rises were installed in 1999 thru 2001 under various building modernization contracts at a cost of approximately \$1.3 million dollars. In 2011 the PHA received a notice from SimplexGrinnell that all TFX Autocall fire alarm components are being discontinued and no longer manufactured for service. The PHA retained the services of an independent fire alarm engineer, R.J. Marvin and Associates, to review the manufacturer's notice and its impact on the PHA's inventory of fire alarm systems. The consultant determined that five PHA hi-rises are affected by this notice

and recommended replacement of the obsolete fire alarm system components with new components from the same manufacturer, as the most cost effective method to maintain serviceable fire alarm systems.

On January 23, 2013 the Board was informed that staff issued a non-competitive Purchase Order to SimplexGrinnell for the replacement of obsolete TFX Autocall fire alarm components at Mt. Airy Hi-Rise. The work under that Purchase Order was conducted as a prototype of the work required for the other four hi-rise buildings with similar fire alarm equipment. The work at Mt. Airy Hi-Rise was completed successfully by SimplexGrinnell and approved by the St. Paul Fire Department.

SimplexGrinnell has previously performed satisfactory work for the PHA. SimplexGrinnell intends to comply with the PHA's Section 3 Policy by contributing 2.5% of the contract amount to the PHA's Section 3 Training Fund.

SimplexGrinnell's proposal is below the PHA's consultant's estimate. There are sufficient 2011 Capital Fund Program funds available for this purchase.

TDA/

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING Approval of Contract Settlement
With Local 132 Construction and
General Laborers' Employees

DATE August 28, 2013

Staff requests Board approval of the tentative agreement on contract wages and language reached with Local 132, Construction and General Laborers' Union representing most of the PHA's maintenance staff (about 73 employees).

The tentative agreement covers three years (January 1, 2013 to December 31, 2015) and calls for a total wage and LIUNA pension contribution increase totaling 2.8 percent in the first year, 2.8 percent in the second year and 2.5 percent in the third year. The current contract expired on December 31, 2012 and the first year increase of 2.8% would be retroactive to January 1, 2013. The tentative agreement includes provisions merging the job classification of "Caretaker" and "Caretaker Assistant" into one classification of "Maintenance Technician" and language establishing the PHA's medical insurance contribution amounts effective July 1, 2013, July 1, 2014 and July 1, 2015.

The highlights of the tentative agreement recommended for approval are as follows:

WAGE RATE INCREASES

On January 1, 2013, January 1, 2014 and January 1, 2015 the salary schedule published in Article 11.1 will be adjusted according to the wage rates shown in the chart in Article 11.1 (attached).

The listed wage rate increases and the additional amounts contributed by the PHA toward the LIUNA (Laborers' International Union of North America) pension total 2.8% effective January 1, 2013, 2.8%

effective January 1, 2014 and 2.5% effective January 1, 2015 for all employees except those in the Caretaker classification (as discussed below).

The proposed Local 132 wage rate increases and Agency contributions to the LIUNA pension effective January 1, 2013 would increase the payroll by approximately \$57,290, for a new annual total of about \$3,660,250 for Local 132 covered employees. The recommended second year increases would add about \$21,140, for a new annual total of \$3,681,390. (The amount of the increase is lower due to the elimination of the mandatory overtime paid to the employees formerly classified as Caretaker.) The recommended third year increases would add about \$79,920 for a new annual total of \$3,761,310. The average hourly salary for a Local 132 covered employee would be \$22.53 in 2013, \$22.51 in 2014 and \$22.85 in 2015. (The average hourly salary goes down slightly in 2014 due to mandatory overtime no longer being in effect for the former Caretaker position.)

Staff conducted a survey of several local governmental organizations including the City of St. Paul and State of Minnesota. The average salary increases given by these entities in 2012, 2013 and 2014 are in the range of 2.0 – 5.0%. The wage increases proposed in this recommendation are in line with these averages.

PHA CONTRIBUTIONS TO LIUNA NATIONAL PENSION FUND

On January 1, 2003 the PHA agreed to allow Local 132 employees to join the Laborers' International Union of North America (LIUNA) National Pension Fund, in addition to the PHA's standard pension plan. This arrangement provided employees with an additional benefit and the Union agreed that the cost of this additional benefit would be paid 100% out of the employee's normal salary increases in that year and future years.

The PHA's contributions to the LIUNA pension plan under this contract will be an additional 15 cents per standard work hour effective January 1, 2013, 16 cents per standard work hour effective January 1, 2014, and 18 cents per standard work hour effective January 1, 2015. This brings the total amount paid toward the LIUNA pension fund for all paid standard hours to \$1.58 effective January 1, 2013, \$1.74 on January 1, 2014 and \$1.92 on January 1, 2015. These amounts are included in the costs of the wage increases stated above.

PHA CONTRIBUTION TOWARD MEDICAL INSURANCE

Staff is recommending Board approval to increase the monthly PHA contribution amounts paid toward the cost of employees' medical insurance as shown below. These are the same benefit increases that the Board approved for AFSCME employees and the Supervisory and Confidential group on June 26, 2013. Blue Cross/Blue Shield increased the cost for medical insurance premiums by approximately 12% effective July 1, 2013.

- On July 1, 2013, the PHA will increase its employee contribution by 3.5%. This is added to the base amount the PHA paid effective July 1, 2012. (The dollar amounts are listed on the following page and on an attachment.)
- In addition to the dollar amounts shown in Article 12.24 for July 1, 2013 – June 30, 2014, the PHA will make an additional payment of \$1,200 for full-time employees (30-40 hours/week) applied \$100/month, or \$900 for eligible part-time employees (20-29 hours/week) applied \$75/month, for employees who carry health insurance coverage through the PHA. Those employees who pay zero after applying only a portion of the monthly contribution will receive the balance of the monthly contributions accumulated in a single lump sum payment in July 2014 (pro-rated if the employee leaves PHA employment prior to June 30, 2014).
- On July 1, 2014, the PHA will increase its employee contribution by 3.5%. This is added to the base amount the PHA paid effective July 1, 2013. The 3.5% increase does not apply to the one-

year additional contribution effective July 1, 2013 - June 30, 2014 of \$1,200 for full-time employees and \$900 for part-time employees.

- On July 1, 2015, the PHA will increase its employee contribution by 3.5%. This is added to the base amount the PHA paid effective July 1, 2014.

These recommended increases would continue the PHA's pattern of increasing its contribution to employees' medical insurance costs by 3.5%, which was first approved by the Board in 2011. Blue Cross/Blue Shield did not increase the insurance premiums that year but the PHA nevertheless committed to a 3.5 % increase in its contribution, with the intent of leveling out its annual cost increases rather than changing each year as premiums changed by varying amounts. The table at the end of this report shows the history of premium increases and PHA contributions.

Consistent with the approach approved by the Board on April 28, 2008, the Agency pays the same dollar amounts regardless of the level of coverage (High Deductible, Basic, Standard, Premium) chosen by the employee. Effective July 1, 2013, staff is recommending that those payments be raised to these amounts based on the 3.5% increase:

- \$677 for single coverage (up from \$654, with the exception that the Agency will pay the full amount for the Basic and High Deductible option because the total premium is less than \$677),
- \$1,065 for single plus 1 coverage (up from \$1,029), and
- \$1,215 for family coverage (up from \$1,174).

Effective July 1, 2014 staff is recommending that those payments be raised 3.5% to:

- Single: \$ 701.00
- Single +1: \$1,102.00
- Family: \$1,258.00

Effective July 1, 2015 staff is recommending that those payments be raised 3.5% to:

- Single: \$ 726.00
- Single +1: \$1,141.00
- Family: \$1,302.00

For employees who choose the High Deductible option (approved on April 24, 2013), the above amounts are divided between paying for the insurance premium and contributing the difference to the Voluntary Employee Benefits Association (VEBA) account that allows the employee to pay for out-of-pocket expenses with pre-tax dollars.

Using the July employee census, the annual cost of this July 1, 2013 increase for the Agency's contribution for the Local 132 employee group is approximately \$106,110, for a total Agency cost of \$822,066 for Local 132 employee medical insurance premiums from July 1, 2013 to June 30, 2014. Included in these costs are an additional one year only cost of \$88,800 (74 employees x \$1,200) for the additional \$1,200 payment for July 1, 2013 to June 30, 2014. Medical insurance cost increases during FY 2013 were included in the Operating Budget approved by the Board on March 27, 2013.

The annual cost for the July 1, 2014 increase for the Agency's contribution is approximately \$25,935 for a total of approximately \$766,949 and the annual cost for the July 1, 2015 increase for the Agency's contribution is approximately \$26,843 for a total of approximately \$793,792.

CARETAKER/ASSISTANT CARETAKER JOB CLASSIFICATIONS

History: The PHA has had the Caretaker job classification since 1977, when it was carried over from the Housing and Redevelopment Authority (HRA) organizational structure. A (Resident) Caretaker was assigned to each hi-rise building and was required to live in that building. The Caretaker's normal work week was 53 hours, including one hour of mandatory overtime (paid at one and one-half times the regular pay rate) every day from Monday to Friday and eight hours on every Saturday. These requirements were modified over the ensuing years through negotiated contracts between the PHA and the Union. Now Caretakers are not required to live in the hi-rise and their mandatory overtime is one extra hour each day Monday-Friday and eight hours every other Saturday.

Approximately ten years ago the Agency began supplementing and replacing Caretakers with the job classification of Caretaker Assistant, to provide more hours of maintenance services to residents at a lower overall cost to the PHA. The Caretaker Assistants assist the Caretakers and, as Caretaker employees left that position, they were replaced by lower paid Caretaker Assistants. The slightly lower pay for Caretaker Assistants was appropriate because they were not required to live in the building and were not required to work the mandatory overtime. In each of the hi-rises that still has a Caretaker, the “Caretaker’s unit” is reserved for their use and is therefore not eligible for the operating subsidy. In buildings without a Caretaker, the unit is now used for the Officer in Residence (OIR).

The Agency now has seventeen Caretaker Assistants and only five Caretakers. (One Caretaker retired at the end of June 2013 and one was recently promoted to Maintenance Mechanic.) Over time, the job duties of these two classifications have become blurred to the point now that many of the job duties are the same. Last fall, the Union filed a grievance stating the duties of the two job classifications were the same and that the two jobs should be merged. Both parties agreed that this issue should be resolved through the negotiation process with this contract, since the job classification titles and pay rates were negotiated in the past and are listed in the contract. The proposed language in this tentative settlement resolves this issue as follows:

- Effective September 1, 2013 the Caretaker Assistant classification will be re-titled Maintenance Technician.
- Also effective September 1, 2013 the Caretaker classification will be re-titled Maintenance Technician and all Maintenance Technicians will work a standard 40 hours per week.
- Effective January 1, 2013, Caretakers will have their hourly wage rate “red circled” at the rate of \$17.58 during 2013 and 2014 (minus the mandatory LIUNA pension contribution increase). On January 1, 2015 their wage rate will increase to the Maintenance Technician wage rate.

- Effective January 1, 2013 Caretakers will receive the 2.8% increase on base hours worked in 2013 in a cash lump sum paid in October 2013 (for base hours worked between January 1 – September 30, 2013) and a cash lump sum paid in January 2014 (for base hours worked between October 1 and December 31, 2013).
- Caretaker employees who have a PHA apartment unit must vacate the unit by December 31, 2013.
- Employees in the job classification of Caretaker and who have over 256 hours of accrued vacation time will be allowed to retain the current number of hours plus accrue additional vacation in accordance with Article 13.11 until December 31, 2014. Effective January 1, 2015 these employees will not be allowed to carry over earned vacation in excess of 32 days (256 hours).

The changes to the contract are attached, with new language underlined and deletions ~~interlined~~.

DMM/KJF

Attachment: History of Health Insurance Increases
Proposed Article 11.1: Job Classifications and Wage Rates
Proposed Local 132 Agreement

HEALTH INSURANCE INCREASES

Proposed

YEAR	PREMIUM INCREASE	PHA INCREASE	EMPLOYEE INCREASE
2015		3.5%	
2014		3.5%	
2013	12%	3.5%	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

Actual

YEAR	PREMIUM INCREASE	PHA INCREASE	EMPLOYEE INCREASE
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 1996-2015	166.76 / 18 years = 9.3%	155.39 / 20 years = 7.8%	