

On February 24, 2016, the Saint Paul Public Housing Agency (PHA) Board of Commissioners approved the following actions:

- Capital Fund Program: 2013, 2014 and 2015 CFP Budget Revisions; Initial 2016 Capital Fund Program Budget; Initial 2016 Replacement Housing Factor (RHF) Budget; and Agency Plan Amendment
- Congregate Housing Services Program (CHSP) Meals Contract with Presbyterian Homes and Services, Optage Senior Dining; Contract NO. 16-125
- ACOP Budget and Contract for FY 2017; ACOP Year 26
- Service Providers in PHA Community Centers; Operating Costs
- Audit Services; Contract NO. 15-112, Amendment NO. 1
- General Liability Insurance
- Fiber Optic Cable Installation at Mt. Airy; MN 1-3A; AMP 5; Contract NO. 16-096
- Language Interpretation and Translation Services; Contract NO. 16-099
- Furnishing General Electric (GE) Refrigerators and Ranges; Contract NO. 16-102
- FY 2017 Revenue Budget for Section 8 Moderate Rehabilitation Single Room Occupancy Project; Catholic Charities Mary Hall
- FY 2017 Revenue Budget for Section 8 Single Room Occupancy; Salvation Army Booth Brown Foyer
- Assistant Department Director Pay Grades
- Employee Handbook Amendment: Policy on Employee Recognition Program

Copies of these Board reports are available here.....

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING Capital Fund Program: 2013, 2014 and
2015 CFP Budget Revisions;
Initial 2016 Capital Fund Program Budget;
Initial 2016 Replacement Housing Factor (RHF)
Budget; and Agency Plan Amendment

DATE February 24, 2016

Staff requests Board approval of Resolution No. 16-2/24-01 approving the following budgets and amending the Agency Plan accordingly:

1. Initial budget for the 2016 Capital Fund Program (CFP) grant of \$7,118,173 (attached on green paper);
2. Initial budget for the 2016 Replacement Housing Factor (RHF) grant of \$11,317 (attached on yellow paper);
3. Revisions to the CFP Five Year Action Plan FFY2015 thru FFY2019 (attached on blue paper).
4. Revisions for the 2013, 2014 and 2015 CFP grants (attached on green paper);

The initial budgets reflect the PHA's actual grant amounts announced by HUD on February 11, 2016 for the 2016 Capital Fund Program and the 2016 Replacement Housing Factor (RHF). The 2016 CFP grant of \$7,118,173 is \$331,341 (4.88%) more than last year's grant of \$6,786,832.

Staff will submit the Annual Consolidated Contribution contract amendments (ACCs) accepting the 2016 CFP grant and 2016 RHF grant to HUD after Board approval. The revised budgets for the 2013, 2014 and 2015 CFP grants adjust line items to match actual obligations and expenditures but do not change the total amount of the grants. The Capital Fund Program Five Year Action Plan for FFY2015 thru FFY2019 has been revised to reflect the transfer of some work items to the PHA Operating Budget. This change allowed the funding of some work items that were not in the previously approved Capital Fund Program Five Year Action Plan.

The uses of the funding shown in the attached budgets are consistent with the draft CFP budget and CFP Five Year Action Plan that staff discussed with residents, presented at the Agency Plan

public hearing and included in the November 25, 2015 Board Report approving the Plan. Since the amount of the 2016 grant was not known at that time, staff used the lower amount of last year’s CFP grant in those draft CFP budgets. To match the higher grant award staff increased the funding for the Ravoux Hi-Rise plumbing replacement, as shown in the attached budget.

The FFY 2016 Replacement Housing Factor grant will be applied toward the construction costs for the new twelve-plex at McDonough Homes. Note that the FFY 2012 CFP grant and the FFY 2007 – 2014 RHF grants have been closed and are not attached.

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).

	2013 CFP Funds	2014 CFP Funds	2015 CFP Funds	2016 CFP Funds
Grant Amount	\$6,024,889	\$6,725,092	\$6,786,832	\$7,118,173
ACC Date	9/9/13	5/13/2014	4/13/2015	4/13/2016
Percent Obligated	97.59% (2/2/16) Met 90% Goal by 9/8/15	90.99% (2/2/16) Met 90% Goal by 5/12/16	59.22% (2/2/16) Goal: 90% by 4/12/17	0% Goal: 90% by 4/12/18
Percent Expended	96.81% (2/2/16) Goal: 100% by 9/8/17	89.40% (2/2/16) Goal: 100% by 5/12/18	27.78% (2/2/16) Goal: 100% by 4/12/19	0% Goal: 100% by 4/12/20

DAL/mlp

Attachments: Resolution No. 16-2/24-01
 Summary Spreadsheets of CFP Grant Budgets

**PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL
RESOLUTION NO. 16-2/24-01**

**CAPITAL FUND PROGRAM (CFP) BUDGETS: INITIAL 2016 CFP BUDGET;
INITIAL 2016 REPLACEMENT HOUSING FACTOR BUDGET; REVISIONS FOR 2013,
2014 & 2015 CFP BUDGETS; REVISED FIVE YEAR ACTION PLAN FOR 2015 - 2019.**

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:

- FFY 2016 Capital Fund Program Grant No. MN46P00150116,
- FFY 2016 Replacement Housing Factor Grant No. MN46R00150116
- FFY 2015 Capital Fund Program Grant No. MN46P00150115,
- FFY 2014 Capital Grant Program Grant No. MN46P00150114, and
- FFY 2013 Capital Grant Program Grant No. MN46P00150113,

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, HUD requires the PHA to establish a Five Year Action Plan for the expenditure of Capital Fund Program funds, and

WHEREAS, staff drafted the attached Capital Fund Program, Replacement Housing Fund Program, and Revised Capital Fund Program Five Year Action Plan:

1. Initial Budget for the FFY 2016 Capital Grant Program Grant No. MN46P00150116
2. Initial Budget for the FFY 2016 Replacement Housing Factor No. MN46R00150116
3. February 2, 2016 Budget Revision for the FFY 2015 Capital Grant Program Grant No. MN46P00150115
4. February 2, 2016 Budget Revision for the FFY 2014 Capital Grant Program Grant No. MN46P00150114
5. February 2, 2016 Budget Revision for the FFY 2013 Capital Grant Program Grant No. MN46P00150113
6. Revised Capital Fund Program Five Year Action Plan FFY2015 through FFY2019

WHEREAS, the Board of Commissioners finds that these CFP, RHF grant budgets and Revised Five Year Action Plan 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 five budgets listed above and the Revised CFP Five Year Action Plan listed above are approved as presented;
2. Staff is authorized to execute and submit all required documents relating to these grants and budget revisions;
3. The Agency Plan is amended accordingly; and
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 Congregate Housing Services Program
(CHSP) Meals Contract with
Presbyterian Homes and Services, Optage
Senior Dining Contract No. 16-125

DATE February 24, 2016

Staff requests Board approval to execute a new contract with Presbyterian Homes and Services, for Optage, its “home and community services division”, to provide meals for participants in the PHA’s home services program, the Congregate Housing Services Program (CHSP). Because the previous contract’s end date was extended from December 31, 2015 to February 29, 2016, this contract will run from March 1, 2016 through December 31, 2018. The cost of meals to the PHA will be \$4.25 per meal, which staff believes is reasonable. The cost under the previous contract was \$4.10 per meal, which had not increased since January 1, 2013.

Approximately \$212,600 will be spent under this contract in 2016 (annual cost approximately \$255,150). Under the contract terms, Presbyterian Homes and Services may ask to negotiate an increase in the meal cost for the second and third years. The maximum negotiated increase for each year will not exceed 5% of the previous year’s cost per meal.

The PHA’s Executive Director, Hi-Rise Principal Manager and Contracting Officer have approved awarding this contract without competitive bidding because HUD directs CHSP programs to purchase the meals from a local provider funded under Title III of the Older Americans Act. Presbyterian Homes’ Optage is the only program in Ramsey County that receives Title III funds for congregate Senior Dining administered by the Metropolitan Area

Agency on Aging (MAAA). The MAAA selected Presbyterian Homes in 2009 as the provider by a Request for Proposals (RFP).

With its federal Title III funding, Optage provides one midday meal each weekday, at no charge to the PHA, to residents who are Title III-eligible (age 60 and older) at the five CHSP sites: Ravoux, Valley, Edgerton, Iowa, and Montreal hi-rises; and at three other non-CHSP hi-rises (Dunedin, Exchange, and Hamline). This contract pays Optage to provide the following meals that are not eligible for Title-III funding:

- A second (evening) meal to Title-III eligible CHSP participants on weekdays
- Two meals per day on weekdays for CHSP participants who are not Title-III eligible
- Two meals per day for all CHSP participants on weekends and holidays.

Under this contract Optage will provide approximately 60,000 participant meals to CHSP participants. The costs are paid by a combination of participant fees, the PHA's HUD grant for CHSP and some County funding on behalf of eligible participants (under Medicaid waivers). In addition to the meals/nutritional component, the other primary services of CHSP include case management and housekeeping services to assist residents who are elderly or disabled to remain as independent as possible.

Optage has a licensed nutritionist who will ensure that meals meet CHSP's daily dietary requirements and Title III program and nutritional standards. Each meal served must provide 33% of a participant's daily nutritional needs.

Sufficient funds are budgeted and anticipated from participant fees and the HUD CHSP grant to cover the meal expense.

MW/KNG/PJ

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR

REGARDING ACOP Budget and
Contract for FY 2017;
ACOP Year 26

DATE February 24, 2016

Staff requests Board approval to contract with the City of Saint Paul, through its Police Department (SPPD), for Year 26 of community policing services under ACOP (A Community Outreach Program) beginning April 1, 2016 and continuing until March 31, 2017, based on the attached proposed budget. Under the recommended one-year contract the PHA will pay SPPD an amount that will not exceed \$568,456. This reflects a 5.1% increase from Fiscal Year 2016, due entirely to police officers' salary increases negotiated by the SPPC and the union. Under the current ACOP contract and the recommended FY 2017 contract, the PHA will pay the actual salary of the officers assigned to ACOP. The actual cost of salaries during the year may fluctuate if currently-assigned ACOP officers are replaced by other officers with more or less seniority with the SPPD. A copy of the FY 2017 contract is attached, with deleted text ~~interlined~~ and new wording double-underlined.

Other than the salary increases, the terms and conditions of the proposed contract remain unchanged from the current contract. The PHA agrees to pay the salaries for six officers and two Community Liaison Officers (CLOs), and also \$1,500 for related supplies and miscellaneous expenses. The City agrees to pay the salaries for the police sergeant and three other officers; and pay the benefits and any overtime for the sergeant, all nine officers, and two CLOs; and provide squad cars and other equipment for use by the ACOP unit. With the Board's approval, the contract will be sent to the City Council for their approval.

ACOP is a community policing partnership program involving the City of Saint Paul, the Saint Paul Police Department, the PHA and public housing residents. The goals of the program are to improve the social conditions which foster drug use and abuse at the public housing sites, improve the level of trust and general relations between the residents and the Saint Paul Police Department, improve the delivery of police services to the community, and empower residents to be active in community safety issues. The main ACOP office is in the McDonough Community Center.

ACOP began in 1991 with a special HUD grant under the Public Housing Drug Elimination Program (PHDEP). The PHA received PHDEP grants almost every year until 2002, when Congress stopped providing special funding for the program. At the time HUD officials said that PHAs could continue PHDEP-funded programs in their budgets, but neither HUD nor Congress provided any more money in operating subsidies. At the urging of staff and residents, the PHA Board committed to keep funding ACOP at a reduced level after the PHDEP grants ended.

The ACOP officers provide invaluable services to the PHA and its residents. ACOP officers primarily serve the PHA's four family sites (McDonough, Roosevelt, Mt. Airy and Dunedin) and sixteen hi-rises. The ACOP officers respond to emergencies and reports of suspicious behavior, intruders and criminal activity; provide consistent monitoring and resolution of conflicts between residents, especially youth; mentor and serve as role models for youth; and respond to special circumstances.

Sufficient funds will be recommended for approval in the FY 2017 Operating Budget for this contract.

JMG/MW/KNG

Attachment: Budget

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING Service Providers in PHA Community
Centers; Operating Costs

DATE February 24, 2016

Staff requests Board approval to approach the eight social service agencies leasing space in the PHA's community centers to ask them to cover the operating costs for the space they occupy. With the Board's authorization, staff will contact each of the agencies to explain the current costs and ask them to begin reimbursing the PHA for those costs.

The eight social service agencies are listed on the attachment, along with the amount of space each one leases and the PHA's cost for providing that space. The average cost to the PHA is approximately \$3.72 per square foot, and includes insurance, utilities, trash removal, janitorial, elevator inspections, and life safety systems testing. Currently the social service agencies pay nothing to the PHA toward these costs.

HUD's formulas for subsidizing PHAs' operating costs (and capital improvements) do not take into account the existence or absence of a community center, despite past assurances by HUD officials that the formulas would be modified to incorporate those costs. With ongoing reductions (prorations) of public housing operating subsidies, staff believes it is imperative to attempt to engage the social service agencies in this way now. The PHA greatly values their presence in the community centers, and the services they provide improve the lives of PHA residents and other community members. If one or more service providers responds that they would have to withdraw from the PHA community center, staff would seek further Board guidance before proceeding.

JMG/RPM/FAH

Attachment: Service Provider Rent Projection

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR

REGARDING Audit Services
Contract No. 15-112, Amendment No. 1

DATE February 24, 2016

Staff recommends approval of Amendment No. 1 to Contract No. 15-112 with Baker Tilly Vichow Krause LLP to add \$66,810 for audit services for FY 2016. The Board approved a one year contract on March 25, 2015, with options to renew for up to two additional years at rates to be negotiated. Amendment No. 1 is for the second year of general audit services (the first renewal year). The proposed contract amount is 2% higher than last year's amount of \$65,500.

The amendment sets the date for the FY 2016 audit presentation to the Board as August 24, 2016. The amendment also updates the contract Statement of Work to refer to "OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ('Uniform Guidance')", which superseded OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations".

The cost history of this contract, including amendments, is shown below.

Amendment Number	Amount of Add or (Deduct)	New Total	Audit Services for FY	New Completion Date
Contract 151112	\$65,500	\$65,500	FY15	08/26/15
Amendment # 1	\$66,810	\$132,310	FY16	08/24/16

Sufficient funds will be recommended in the FY 2017 Operating Budgets for this contract.

RPM

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING General Liability Insurance

DATE February 24, 2016

Staff requests approval to extend the contract with Housing Authority Risk Retention Group (HARRG), a component unit of Housing Authority Insurance (HAI), for general liability insurance coverage for one year. The annual premium is estimated to be \$158,776 with a \$25,000 deductible, for coverage limits of \$2 million per occurrence and aggregate limit. Coverage includes a lead-based paint endorsement for PHA-owned properties, a law enforcement endorsement related to our Officer in Residence and ACOP Programs, and an endorsement covering liability claims related to mold and other fungus.

The estimated premium represents an increase of \$1,557 (0.99%) from the current premium of \$157,219. Upon renewal of the liability insurance a dividend payment will be issued by HARRG for adopting and following a safety standards work plan. In the last three years, dividends associated with the plan have resulted in payments to the PHA of \$9,875, \$17,424 and \$12,479.

The PHA began buying its liability insurance from HARRG in 1995 after conducting the standard open bidding process. HARRG was formed for the purpose of providing liability insurance coverage to public housing authorities throughout the country. It qualifies under federal regulations as a “qualified PHA-owned insurance entity” and therefore is exempt from the competitive bidding requirement. HARRG has provided excellent claims service as well as risk management information and opportunities.

There are sufficient funds in the operating budgets for this contract.

HMG/RPM

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING Fiber Optic Cable Installation at
Mt. Airy; MN 1-3A; AMP 5
Contract No. 16-096

DATE February 24, 2016

Staff requests Board approval to award a contract in the amount of \$119,700 for fiber optic cable installation to the Mt. Airy Hi-Rise and Community Center (MN 1-3A, AMP 5) to the lowest responsible bidder, Gopher LLC, of Saint Paul, Minnesota. The January 15, 2016 bid tabulation is attached.

Castrejon, Inc. of Blaine, Minnesota submitted a bid in the amount of \$53,000 but did not include an amount for the deduct alternate as required by the documents. After consulting with legal counsel staff rejected that bid as non-responsive. The bid amount submitted by Castrejon Inc. was also far below the staff estimate for this work.

The new fiber optic cable will connect to the existing District Energy fiber optic lines at their pump house on Mt. Airy Street, linking Mt. Airy Hi-Rise and Community Center to the PHA's main computer system at the W.A. Boss Central Administrative Office Building. The fiber optic cable will replace the current Wide Area Network (WAN) connection, providing much faster data transmission at a substantial cost savings. (Fiber is capable of sending data at one gigabit per second (1 Gbs), which is almost 100 times faster than the WAN speed to the offices in Mt. Airy Hi-Rise.) The PHA now pays \$1,038.66 every month to maintain the WAN, an ongoing cost that will end when the fiber optic cable is operational. As explained below, the PHA will pay no monthly fee to District Energy for connecting to their fiber optic system. Even with no

projected cost increase for the WAN, the full installation cost for fiber optic and related equipment will be recouped in about ten years.

District Energy signed an agreement allowing the PHA to extend and use their fiber optic cable system in exchange for the PHA allowing District Energy to install communication equipment on the roof of Dunedin Hi-Rise. To get the fiber optic connection at Mt. Airy, the PHA agreed to lease the Dunedin rooftop space at no charge, waiving the usual \$4,000 annual fee. (One could say that extends the payback time, but there's no assurance that District Energy would have leased our hi-rise rooftop – they might have gone elsewhere.)

Gopher LLC has not worked with the PHA in the past, so staff checked references provided by the bidder and received favorable reports. Copies of the Employer Information Report for Gopher LLC and the second lowest responsible bidder, Universal Services Inc, are attached.

Gopher LLC plans to subcontract approximately 40% of the total contract amount to a woman-owned business enterprise (WBE). Gopher LLC intends to hire new employees for the duration of the contract, of which at least 30% will be hired from qualified Section 3 residents. This will satisfy the Section 3 requirements of this project.

The low bid is under the staff's estimate. There are sufficient operating budget funds to accomplish this work.

MIS/vma

Attachments

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING Language Interpretation
And Translation Services;
Contract No. 16-099

DATE February 24, 2016

Staff requests Board approval to award a contract to University Language Center of Minneapolis, Minnesota to provide on-site spoken language interpretation, on-site sign language interpretation and written translation services for public housing applicants and residents and Section 8 applicants and participants at the rates stated in their proposals (\$45/hour for spoken interpretation; \$65/hour for American Sign Language; and \$35-60/hour for written translations, with the price dependent on the specific language requested). The contract will run for an initial one-year period with options to renew for a second and third year at the bid prices submitted. Staff estimates that approximately \$6,000 per month (\$72,000 annually) will be expended under this contract.

The PHA's spoken language needs include but are not limited to:

- Amharic
- Arabic
- Burmese
- Cambodian
- Chinese
- Cantonese
- Chinese -
Mandarin
- French
- Hmong
- Laotian
- Karen
- Nepal
- Oromo
- Russian
- Somali
- Spanish
- Swahili
- Thai
- Tigrinya
- Vietnamese

Services are needed to assist with the following activities:

- Interviews with applicants prior to their admission to the programs,
- Group orientation sessions,
- Lease signing, annual program re-certifications,
- Meeting with individual tenant families,
- Tenant-requested grievance hearings and lease termination actions,
- Resident workshops and other situations as needed.

Staff sent copies of the Request for Proposals (RFP) for this service to firms that have expressed an interest in working for the PHA and advertised it in three local newspapers, Asian American Press, St. Paul Legal Ledger, and Minnesota Spokesman-Recorder. The six proposals that were submitted were independently rated by PHA staff on the criteria stated in the RFP including related experience, technical competence, M/W/DBE participation, Section 3 status and cost. University Language Center received the highest overall evaluation score, as shown on the attached summary.

University Language Center has not provided any language services for the PHA in the past so staff checked references provided by the vendor and received satisfactory responses. Copies of the Employer Information Reports for the top two firms, University Language Center and A-Z Friendly Languages, Inc., are attached. Because this is a unit-price contract, it is not subject to the Section 3 Policy's requirement for contributing to the PHA's Section 3 Training Fund. The PHA includes all such contracts in reporting the total of contracting activity that is subject to Section 3.

Sufficient funds will be recommended in the PHA's Operating Budgets for this contract.

MLM/

Attachments: Evaluation Sheet
Employer Information Reports, EEO-1

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING Furnishing General Electric (GE)
Refrigerators and Ranges
Contract No. 16-102

DATE February 24, 2016

Staff requests approval to award a contract for furnishing General Electric (GE) refrigerators and ranges to the lowest responsible bidder, General Electric Company of Louisville, Kentucky for the bid prices indicated on the attached February 16, 2016 bid tabulation. Multipliers in the bid documents were used to calculate the total bid amount of \$12,252, as shown on an attachment. Using that method the second low bid was \$13,765. The PHA has standardized the use of General Electric refrigerators and ranges in order to promote efficiency in servicing appliances and ordering replacement parts. This is a unit price contract for furnishing refrigerators and ranges on an as-needed basis for all PHA sites.

General Electric has performed satisfactorily on previous contracts for furnishing refrigerators and ranges. The Employer Information Reports for General Electric and the second low bidder, MJ's Contract Appliances, Inc. are attached. Because this is a unit-price contract, it is not subject to the Section 3 Policy's requirement for contributing to the PHA's Section 3 Training Fund. The PHA includes all such contracts in reporting the total of contracting activity that is subject to Section 3.

The contract will remain in effect for one year with options for four additional one-year extensions if agreeable to both the PHA and the contract vendor. Staff anticipates spending approximately \$70,000 per year on this contract. Sufficient funds will be recommended in the Operating Budgets for purchases anticipated under this contract.

JTL

Attachments: Bid Tabulation
EEO Employer Information

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING FY 2017 Revenue Budget for Section 8
Moderate Rehabilitation Single Room
Occupancy Project; Catholic Charities
Mary Hall

DATE February 24, 2016

Staff requests Board approval of Resolution No. 16-02/24-02 approving the FY 2017 revenue budget for subsidies used for 75 Moderate Rehabilitation Single Room Occupancy (SRO) units at Mary Hall, 438 Main Street. Based on cost projections, the proposed funding request for FY 2017 is \$393,441, including both the Housing Assistance Payments (HAP) of \$318,600 (estimate \$354 per unit-month) to the property owner, Catholic Charities, and the PHA's administrative fee of \$74,511 (\$82.79 per unit-month).

HUD regulations require PHAs to submit "revenue budgets" prior to the start of each fiscal year for certain Section 8 programs created by separate Congressional authorizations. The complete budget for this program, showing both proposed revenues and proposed expenditures, will be presented at the March Board meeting. The revenue side of that budget will be based on this proposed figure, absent any information from HUD to the contrary.

Catholic Charities, the property owner, has requested a 3.0% increase in the contract rent, which is the same as HUD's published "operating cost adjustment factor" for Section 8 programs in Minnesota. However, HUD staff have not told the PHA how much the increase in budget authority may be for this year. To ensure that the budget authority will be sufficient to cover a contract rent increase, staff will wait to hear from HUD before deciding on the rent increase. Even with a 3% contract rent increase and higher budget authority, the proposed revenue request

would be 1.2% lower than last year (from \$398,320 to \$393,441) due to lower HAP expenses over the past year. Utilization has remained high (averaging over 99%) but HAP costs decreased, likely due to small increases in tenants' incomes. The revenue budget is cost-based, meaning the amount of revenue requested equals the projected program cost for the fiscal year.

When the PHA budget authority exceeds the requested revenue, HUD holds the excess funds in a "project reserve". This reserve is available to the PHA to cover unexpected increases in program expenses, and is accessed through a year-end settlement process. At the end of Fiscal Year 2015, the project reserve balance for Mary Hall was \$185,133 and it would have grown during FY 2016, but HUD recaptured \$90,362 during the year.

The original ten year contract between the PHA and Catholic Charities for 75 SRO units expired in June 2001 and it has been renewed annually and funded by HUD since that time. Within the next few years or two the contract is likely to end, to be replaced by a new agreement between Catholic Charities and HUD to subsidize the same number of units for formerly homeless singles in a new complex called "Higher Ground St. Paul" as part of the "Dorothy Day ReVision" initiative. The first building is now under construction across Main Street from Mary Hall. With HUD's approval of Catholic Charities' application, the SROs will be located in a second Higher Ground building to be constructed on the current site of the Dorothy Day Center. Catholic Charities is in the process of submitting an application to HUD for 75 "project-based rental assistance" ("PBRA", which is different from project-based vouchers) under HUD's Rental Assistance Demonstration ("RAD") program. According to a HUD notice issued in June 2015, those conversions (Section 8 Mod Rehab SRO to PBRA) will be approved as a matter of course, outside of the usual competitive RAD program that is limited to 185,000 units.

Moderate Rehabilitation subsidies have been administered in much the same manner as the Housing Choice Voucher program, except they remain with the rehabilitated structure rather than move with the tenant. The residents pay 30% of their adjusted income for rent and utilities. Unlike tenants subsidized by regular project-based vouchers, a tenant moving out of a Mod Rehab SRO unit does not receive a tenant-based voucher. Mod Rehab SRO vouchers were originally authorized by the McKinney-Vento Homeless Assistance Act, reauthorized by the HEARTH Act. The funding comes through the “Continuum of Care”, not through the appropriations for Section 8 Housing Choice Vouchers.

AJH/FAH

Attachment: Board Resolution 16-02/24-02 – Moderate Rehabilitation Voucher Budget
HUD Form 52663 – Requisition for Partial Payment of Annual Contributions
HUD Form 52672 – Supporting Data for Annual Contributions Estimates
HUD Form 52673 – Estimate of Total Required Annual Contributions

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING FY 2017 Revenue Budget for Section 8
Single Room Occupancy; Salvation
Army Booth Brown Foyer

DATE February 24, 2016

Staff requests Board approval of Resolution No. 16-02/24-3 approving the FY 2017 revenue budget for six Section 8 Moderate Rehabilitation (Mod Rehab) Single Room Occupancy (SRO) Vouchers used for units at Booth Brown Foyer. The proposed revenue budget estimates the funding for FY 2017 to be \$30,007, including both the Housing Assistance Payments (HAP) of \$23,976 (estimate \$333 per unit-month) to the property owner, the Salvation Army, and the PHA's administrative fee of \$5,961 (\$82.79 per unit-month).

HUD regulations require PHAs to submit "revenue budgets" prior to the start of each fiscal year for certain Section 8 programs created by separate Congressional authorizations. The complete budget for this program, showing both proposed revenues and proposed expenditures, will be presented at the March Board meeting. The revenue side of that budget will be based on this proposed figure, absent any information from HUD to the contrary.

The FY 2017 budget is a decrease of 0.3% compared to the FY 2016 budget. The proposed revenue budget is cost-based, meaning the amount of revenue requested equals the projected program cost for the fiscal year. In FY 2016, utilization rates declined slightly resulting in a decrease of associated HAP costs. Due to the cost-based budgeting nature of this program, the decrease in HAP costs will require a decrease in budgeted revenue.

The PHA entered into an initial ten year contract with the Salvation Army on May 1, 2008 for these six units, which are part of the Salvation Army's Booth Brown House located at 1471 Como Avenue. These units are actually small efficiency apartments, each with its own bathroom and kitchen, unlike true SRO units with shared bathrooms and kitchens. The residents pay 30% of their adjusted income for rent and utilities. This valuable housing resource provides long-term housing options for homeless youth aged 18-21 who have disabilities. Mod Rehab SRO subsidies are administered in much the same manner as the Housing Choice Voucher program, except they remain with the rehabilitated structure rather than move with the tenant. Unlike tenants subsidized by regular project-based vouchers, a tenant moving out of a Mod Rehab SRO unit does not receive a tenant-based voucher.

AJH

Attachment: Board Resolution 16-02/24-3 – Moderate Rehabilitation Voucher Budget
HUD Form 52663 – Requisition for Partial Payment of Annual Contributions
HUD Form 52672 – Supporting Data for Annual Contributions Estimates
HUD Form 52673 – Estimate of Total Required Annual Contributions

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR

REGARDING Assistant Department Director Pay Grades

DATE February 24, 2016

Staff recommends Board approval to rate the Assistant Director of Maintenance and Assistant Director of Resident Services at the pay band/grade/subgrade of D61. These classifications are in the Supervisory and Confidential employee group.

Both Assistant Department Director classifications were approved by the Board on May 27, 2015 as part of the Fiscal Year 2016 Operating Budget Revision No. 1. The Board approval of these two classifications included a preliminary rating of pay band/grade/subgrade of D61 pending a review and pay determination by Fox Lawson. Staff wrote new class specifications for these two positions and Fox Lawson rated them at the D61 level. Fox Lawson is the consulting firm used by the Agency to evaluate, for pay purposes, new positions and those whose duties have substantially changed.

DMM/AG

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR

REGARDING Employee Handbook Amendment:
Policy on Employee Recognition Program

DATE February 24, 2016

Staff requests Board approval to adopt a formal policy authorizing the Employee Recognition Program described in the PHA's Employee Handbook, with minor revisions. The Board first approved the program in 1991, but it was not designated as a "policy" at that time, so this recommendation would establish it as an official Agency policy.

This is the third of an ongoing series of staff recommendations related to a comprehensive review and update of all of the policies in the PHA's Employee Handbook. Many of these policies were originally created and approved by the Board between 1980 and 2000. In the past, policy amendments have been brought to the Board for approval when federal and/or local laws changed, or when the policy was no longer aligned with the PHA's business practices. Staff has worked closely with the PHA's Legal department on all recommended policy revisions. The exact text of the recommended policy revision is attached, with deletions ~~interlined~~ and new language double-underlined.

The Employee Recognition Program includes formal and informal recognition. Formal recognition consists of "years of service" awards that are given to employees as they complete five year increments of employment with the PHA. Eligible employees receive a certificate of recognition in either paper or plaque form. Beginning at ten years of employment, employees also receive a gift card. (The amounts shown on the attachment have not changed since the program was first approved in 1991.) The proposed policy would add special recognition (a

plaque and a \$250 gift card) for retiring employees who qualify for retirement benefits under the terms of their union contract or group policies. (The retirement benefits consist of a partial cashout of accrued sick leave, with the amount depending on the years of service, and continued participation in the PHA's health insurance coverage until the retired employee turns 65. For example, a regular full-time employee in the AFSCME group qualifies for retirement at age 62 after ten or more years of PHA employment, or when the employee's age plus years of service equals 85 years (the "Rule of 85")).

Employees who have passed "years of service" milestones are recognized at an annual Agency-wide event which is typically held in October of each year. During that event the PHA also presents achievement certificates to individual employees and work teams for exceptional service during the year.

The Agency promotes informal recognition by encouraging supervisors to acknowledge staff's accomplishments in both intangible and tangible ways. Supervisors may use up to \$15 per employee per fiscal year to recognize and reward the good work of staff.

LTS/DMM/ANH/FAH

Attachments: Employee Recognition Policy (with and without changes highlighted)