

MINUTES OF A REGULAR MEETING OF
LAWRENCE-DOUGLAS COUNTY HOUSING AUTHORITY
BOARD OF COMMISSIONERS MEETING

April 24, 2017
5:50 p.m.

Edgewood Homes
Conference Room

1. Call of Roll

The meeting was called to order by Chair Powers at 6:07 pm. Upon call of roll, the following Commissioners responded present:

Maria Duran
Sue Hack
Ellen Paulsen
Joshua Powers

Commissioner Star was absent by prior arrangement. Also present were members of the public Pat Benabe and James Dunn, and LDCHA staff members Beverly Hyatt, Ruth Lichtwardt, and Shannon Oury.

2. Approve Minutes of March 27, 2017 Board of Commissioners Meeting

Commissioner Paulsen moved to approve the Minutes as presented. Commissioner Duran seconded. The motion passed unanimously.

3. Receive Comments from Tenants and Public

Pat Benabe commented that she had recently done her recertification and that the new form says that, per an IRS rule, deductions for over-the-counter medications are no longer allowed even if prescribed by a doctor. She said that the biennial recertification was not helping her because medical costs were not being averaged over the two years and that many seniors survive on over-the-counter medications. Executive Director Oury explained that biennial recertification for seniors and disabled residents on a fixed income had been established because there was rarely any change in their income which would alter their rent from year to year. The agency has taken on several new programs over the last few years but has not increased staff, which has been made possible by the time and cost savings of changing to biennial certification. She explained that the hardship policy allows residents with a rise in medical expenses of 10% or more to request interim recertification to have their rent adjusted. Ms. Benabe asked if following the IRS rule regarding over-the-counter medications was a HUD requirement, and Ms. Oury answered that it was recommended by HUD but not required. She said the change had been brought to the Resident Advisory Council last year as part of the Admin/ACOP updates for discussion and approval. Ms. Oury also spoke about how residents had been bringing boxfuls of receipts in for office staff to sort through and that following the IRS rules to determine what was eligible saved time for the staff. Ms. Benabe made suggestions on how receipts should be organized and marked when they are turned in and spoke about how it was getting harder to live on a fixed income. Chair Powers thanked her for bringing this to the Board's attention and said it sounded like a resource issue.

James Dunn recommended that Ms. Benabe's suggestions on receipt organization should be incorporated into the Renter's Ed classes.

4. CONSENT AGENDA

- A. Receive March 2017 Public Housing Financial Reports
- B. Receive March 2017 Clinton Place Financial Reports
- C. Receive March 2017 Section 8 Financial Reports
- E. Resolution 2017-11: Approve 2017 Income Guidelines
- G. Resolution 2017-12: Approve Disposition of Obsolete Computer Monitors

James Dunn requested that Items 4D and 4F be removed from the Consent Agenda for further discussion.

Commissioner Hack moved to approve the Consent Agenda without Items 4D and 4F. Commissioner Paulsen seconded. The motion passed unanimously.

D. Receive Twelfth Year Progress Report on the HOPE Building Program and Approve Letter of Intent

Executive Director Oury explained the HOPE program, which is run in a building that is leased from James Dunn. The report gives the outcomes for the HOPE year, which ended March 31st. The letter is included in the packet for pre-approval by the Board since historically the grant has been announced with a very short deadline and not enough lead time to get the letter approved at the next Board meeting.

F. Receive LDCHA Quarterly Demographics Report

Executive Director Oury said the report is a breakdown of participant demographics using a wide range of statistics gathered as anonymous data from the housing software and presented in chart form for easier viewing. It allows a snapshot of the situations of current participants as well as tracking changes over time. James Dunn asked if it was connected with the Affirmatively Furthering Fair Housing mandate and Ms. Oury explained that the Demographics Report is separate and something the agency has been doing for a long time. Commissioner Duran asked where she would fall in the report in terms of race. Ms. Oury said that the category is voluntary and self-declared, the agency does not actually require participants to provide that information.

The Board accepted the two Consent Agenda items without a motion.

5. REGULAR AGENDA

A. Executive Director's Report

Executive Director Oury said she had written this report before she left for the MTW Conference in Washington DC at the end of last week, and that at the conference the financial news was no better. Congress has until Friday to pass one of several options to continue funding the government, and the news over the weekend that the President wants to make approval of the budget contingent on funding a border wall has complicated the issue. The word at the conference was that if a budget deal was not reached by Friday then a short-term funding resolution at 2016 levels would likely be passed. Since the agency is almost

halfway through the fiscal year with no idea of what the actual funding is going to be, it has not been possible to know whether to plan for a month or until the end of the year. However, there will be more news on Friday.

Clinton Place is the bright spot in the agency's financial picture. The Kansas Housing Resource Corporation has approved an automatic rent increase for Clinton Place. It does not affect what the tenants pay as their rent is income based, but HUD will send more subsidy to make up the difference. The prior Board Chair, Bronson Star, signed the request and the paperwork has been returned.

The PHAS score has been received. It is a 92, which is the same as last year. The score is based on the evaluation of a large range of items. If LDCHA were not an MTW agency and were being scored as a regular housing authority, a 92 score would designate it as a High Performer agency. The LDCHA is very pleased with the score, and although the agency is automatically designated high performer status per the MTW Agreement, staff likes to operate in a manner that the agency is also independently meeting the criteria.

Ms. Oury informed the Board that Director of General Housing Eric Sader has resigned and was relocating to another city. Mr. Sader had been hired after an extensive search following the retirement of the long-time General Housing Director, and in fact the first search had failed and he had been hired after it was conducted a second time. The position is critical to the smooth operation of the agency. Mr. Sader has tried to make the transition as easy as possible. He wrote extensive documentation on succession planning and has trained staff on various aspects of his duties. Ms. Oury requested that the Board approve a consulting contract with Mr. Sader to assist the new Director when hired. She also requested that the Board approve a waiver to the personnel policy and allow her to hire the new Director at a greater level of compensation than is currently allowed. She feels this is necessary to attract a highly qualified candidate. The current pay grades are actually out of date, the last time a wage study was done was in 2006.

Chair Powers asked several questions about Mr. Sader's rate of pay. Ms. Oury explained that the proposed consulting contract would be at the rate of pay at which he was at when he left, and that she had received a waiver from the Board when he was first hired to start him at a higher level than policy allowed. Commissioner Hack asked if the agency could support the higher level of pay given the uncertainty of the budget, and Ms. Oury explained that the position was paid out of several budget lines and so could sustain it. If the position were paid primarily out of Section 8 then it would not be possible since that is the most problematic part of the agency budget right now. Ms. Hack said that she would prefer that the amount of hours in the consulting contract not be capped, since it is currently unknown how many consulting hours might be needed for the transition and issues might arise later which could require Mr. Sader's assistance. Mr. Powers suggested that perhaps the personnel policy should be re-evaluated and updated to allow the Executive Director more leeway in deciding compensation when hiring higher level positions.

Commissioner Hack moved to approve a consulting contract with Mr. Sader at \$34 per hour with no cap on the number of hours. Commissioner Paulsen seconded. The motion passed unanimously.

Commissioner Hack moved to approve offering the new Director of General Housing, once hired, compensation up to Step 11 rather than the lower step mandated by the personnel policy. Commissioner Paulsen seconded. The motion passed unanimously.

Ms. Oury gave a brief synopsis of the last item in her written report, on continuing education and vocational training that residents had received through LDCHA Resident Services in 2016, then walked on an additional item. She said the proposed Bert Nash Crisis Center is still being discussed and would probably be brought before the voters as a bond issue at some point, but that there is new urgency to the area of the project that the LDCHA would be involved in, the building of residential units adjacent to the center.

At the MTW Conference, the MTW HUD office was advising the agencies to, if at all possible, spend their reserves which had recently been transitioned to HUD. Ms. Oury had a conversation with County Administrator Craig Weinaug earlier in the day about moving forward on building the units, and would like the Board's permission to pursue the project whether or not the Crisis Center moves forward. There is an ongoing need for extremely low income affordable housing and the agency would always be glad of the additional units. Ms. Oury said that she would much rather put the HUD-held reserves to use locally than allow the accounts to be swept, and that to do so the agency would need to move ahead on the project as soon as possible, whether in conjunction with the Crisis Center or not.

The Board members unanimously gave their consent for Ms. Oury to begin the necessary conversations. She will report all progress back to the Board.

B. Receive Final 2016 Financial and Compliance Audit Report

Executive Director Oury informed the Board that the printed copies of the audit report which had been distributed to them at the meeting are the same as the electronic version which had been previously emailed. She reported that the audit contained one finding, which the agency is taking very seriously. It is highly unusual for the agency to receive a finding. The issue was that the fee accountant had performed several transactions incorrectly and the agency did not catch them. The ultimate responsibility rests with the agency.

Ms. Oury explained that the FDS (Financial Data Spreadsheet) was received from the fee accountant only 24 hours before it was due for submission. Finance Director Beverly Hyatt is the only staff member qualified to check the FDS and she did not have time to go over it as thoroughly as needed before the deadline. This has been an ongoing issue and Ms. Oury has had a discussion with the fee accountant on entering into a contractual agreement that the FDS would be completed and sent to LDCHA prior to February 15th. If they are not willing to do that, the agency will search for another fee accountant.

Additionally, there is a severe time crunch surrounding the beginning of each year which is especially hard on the Finance Department. It is due to the compressed deadlines of both the year-end budget reconciliations and financial reporting being due to HUD, and the new program budgets for the upcoming year being developed for approval by the Board. Ms. Oury asked for the Board's permission to bring future program budgets before the Board in February rather than January. This would allow staff time for better oversight.

The audit shows that all programs are in compliance and no money is missing, the issue is that some of the money was accounted for in the wrong places. The agency is pleased that there were no compliance issues. Apart from the audit, the agency has instituted more quality control measures within its departments, which Mr. Sader was instrumental in developing.

There was general discussion with the Board about historical and ongoing issues with Lindsey, both with their housing software which is inadequate for several MTW functions but which is embedded in almost everything the agency does, and having used their fee accountants for decades. Commissioner Hack said she recalled when the fee accountant had previously missed the deadline multiple times for financial statements to be prepared in time for the Board meeting. Ms. Oury said she believes the company is short staffed, and that she has spoken with other housing authorities that have a fee accountant who is not tied to their housing software. She will begin looking for another company to provide those services accurately and on time if Lindsey does not. Several Board members stated that the agency must get the services it is paying for.

The Board normally just receives the audit report but the Auditor said in his letter that the Board should vote to accept this report.

Commissioner Hack moved to accept the 2016 Audit Report as presented. Vice Chair Duran seconded. The motion carried unanimously.

C. Resolution 2017-13: Review Section 8 Funding Issues and Approve Implementation of Appropriate Cost Saving Measures

Executive Director Oury reported that the LDCHA is projecting a shortfall in the Section 8 budget. Part of it is due to a disagreement with HUD over how much has been transitioned to reserves, which appears to be an accounting error on HUD's part but possibly could result in a significantly reduced payment to the agency for May. Once that is resolved, however, staff is expecting a lower proration than even the agency's conservative Section 8 budget currently is based on. HUD is advising housing authorities to expect a 94% proration and the budget is based on a 95% proration. On top of this deficit, HUD has told agencies that the 2017 funding will probably not be available until July.

Due to sequestration and the federal budget crisis in 2013, LDCHA has had recent experience in implementing emergency cost-saving measures. Staff has already stopped issuing new Section 8 vouchers and is not allowing port-outs of current vouchers to jurisdictions that have a higher payment standard. Ms. Oury is asking the Board's approval of the measures on the attached document. Unfortunately this includes suspending the MTW activities which assist many participants with staying employed, including the vehicle repair program and child care. The agency is not going to suspend the homeownership matching grant since the LDCHA has a multi-year commitment with the residents on the homeownership program. She outlined more of the proposed cost-saving measures, including a hiring freeze and wage freeze. There are two open positions in the agency besides the ones discussed earlier in the meeting, one in Maintenance and one in General Housing, which will not be filled and which will require other staff to take on more work.

Chair Powers had some questions on the Section 8 reserves and the timing of the release of funding. Ms. Oury explained that the Section 8 budget as approved by the Board had projected a deficit which would have been covered by excess MTW reserves. Because the proration is now expected to be less, even when the funding is released the reserves will no longer be enough to cover the deficit, and spending will need to be cut in order to remain in the black. Mr. Powers asked what the scenario would be if the proration came in at 93%, and Ms. Oury replied that more radical measures, such as employee furlough days, would need to be considered. In 2013 other housing authorities had been forced to take such measures. The federal budget situation is so volatile that it appears likely it could be even worse in 2018. In that case, some major programs which do not pay staff costs and Resident Services might have to be cut. This would be Ms. Oury's last choice but the agency's largest cost is staff so it is the budget item with the most flexibility.

Commissioner Hack suggested a letter to the Congressional representatives pointing out that programs that assist residents to become economically self-sufficient is a very effective use of tax dollars as people who move off the program will become taxpayers. Commissioner Paulsen suggested that when the Annual Report is mailed to all the representatives that a cover letter signed by all the Board members be included. The Board members all concurred with that idea. Ms. Hack suggested asking all the City and County Commissioners to write as well. Mr. Powers spoke of his observation as a government employee as to how highly effective calls and letters to government officials are. Ms. Oury talked about the proposed federal "skinny budget" cutting HOME and CDBG funds and the tremendous ripple effect it would cause throughout the community. However, she said the word at the MTW conference was that the skinny budget had very little chance of passing. The Board and Ms. Oury discussed measures that would be taken to contact officials and representatives if the results of the Congressional budget vote on Friday went poorly.

Commissioner Paulsen moved to approve the cost saving measures outlined in Resolution 2017-13. Commissioner Hack seconded. The motion passed unanimously.

6. Calendar and Announcements

Executive Director Oury announced that the first smoking ban policy meeting had taken place at Babcock Place and another meeting is scheduled at Edgewood Homes for public housing and scattered sites. The comments will be reported to the Board. There is a study on implementation of the smoking ban which is being conducted through Harvard University and which LDCHA has been participating in. Representatives from the study will be on site tomorrow to speak with staff and residents.

7. Adjournment

There being no further items of business, Commissioner Hack moved to adjourn. Vice Chair Duran seconded. The meeting adjourned at 7:22 pm.

Chair

Secretary

Attest