



LAWRENCE-DOUGLAS COUNTY HOUSING AUTHORITY
BOARD OF COMMISSIONERS MEETING

November 23, 2009
5:45 p.m.

AGENDA

Babcock Place
Meal Site

1. Call of Roll.
2. Approve Minutes of the October 26, 2009 Board of Commissioners Meeting.
3. Receive Comments from Tenants and Public.

NOTE: The Chairman will take tenant and public comment on each agenda item following the staff report on the item. Tenants and public wishing to comment on a topic not included on the agenda may do so at this time.

4. FINANCIAL REPORTS
 - A. Receive October 2009 Public Housing Financial Reports.
 - B. Receive October 2009 Clinton Place Financial Reports.

NOTE: All matters listed below on the Consent Agenda are considered under one motion and will be enacted by one motion. There will be no separate discussion on those items. If discussion is desired, that item will be removed from the Consent Agenda and considered separately.

5. CONSENT AGENDA
 - A. Resolution 1044: Write-Off Tenant Accounts Receivables in the Amount of \$ 12,388.18.
 - B. Resolution 1045: Write-off Uncashed, Unclaimed Checks in the Amount of \$ 4840.93.
 - C. Resolution 1046: Approve 2010 Application for HOME Tenant Based Rent Assistance.
 - D. Receive Update Report on Implementation of the Homelessness Prevention and Rapid Re-Housing Program.
 - E. Receive Second Draft of Report on Historical Trends in Homelessness in Lawrence and its Implication for Future LDCHA Housing Programs.
 - F. Resolution 1048: Approve Application to HUD for 50 Units of Housing Assistance Under the Family Unification Program.

6. REGULAR AGENDA
 - A. Receive Debriefing on the November 10th Babcock Place Fire.
 - B. Receive Energy Audit Report from Siemens and Proceed as Appropriate.
 - C. Discuss Adopting a Policy to Prohibit Smoking in All Living Units Owned by the LDCHA where Oxygen is in Use.
 - D. Receive Report on 2009 Performance Awards Under the Employee Performance Incentive Fund and Take Action as Appropriate.

7. CALENDAR AND ANNOUNCEMENTS

8. Adjournment.



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

October 26, 2009
5:45 p.m.

Clinton Place
Meal Site

1. Call of Roll.

The meeting was called to order at 5:45 p.m. by Chairman Clark. Upon call of roll the following Commissioners answered present:

Charlie Dominguez
Brenda O'Keefe
William Fleming
David Clark

Commissioner Hack was absent with prior approval. Also present were Resident Association members Becky Leslie, Pat Benabe, and Lavenia Taylor, and LDCHA staff members Charlotte Knoche, Ruth Lichtwardt, and Barbara Huppee.

2. Approve Minutes of the September 28, 2009 Board of Commissioners Meeting.

Commissioner Dominguez moved to accept the September minutes as presented. Chairman Clark seconded. The motion passed unanimously.

3. Receive Comments from Tenants and Public.

Executive Director Huppee introduced the Resident Association members present. The Association is re-forming after being dormant for several years.

4. FINANCIAL REPORTS

A. Receive September 2009 Public Housing Financial Reports.

Executive Director Huppee reported that September brought the agency 75% through the budget year with total rental income continuing to run over budget projections at 79%. Interest income continued to run under budget projections at 20%. Other income from tenant work order damages and late fee charges were over budget projections at 88%. Other income sources were running 7% over budget projections at 82%. Operating subsidy shows the agency is at 82%. The final proration announced for cycle year 2009 is 88.42% of full funding eligibility or \$696,178.00. The amount of subsidy contained in the budget, upon which this report is based on is 86.2% of the initial 2009 operating subsidy calculation of \$738,822.00 (before HUD adjustments) or \$636,865.00. This final proration amount is \$59,313.00 more than what is contained in

the budget and will be included in the budget revision which is typically brought to the board in December. Total operating receipts are at 78% through the budget year.

On the expense side, total administrative expenses were running 1% under budget projections at 74%. Total utilities were running under budget projections at 61%. Total ordinary maintenance and operations were running under budget projections at 73%. Protective Services were 3% under budget projections at 72%. Total general expenses were running under budget projections at 65%. Total operating expenses were 6% under budget projections at 69%.

As of the September reporting period the agency showed a total of \$1,575,902.00 in operating income and \$1,288,220.00 in operating expenses with an operating surplus of \$287,682.00.

Commissioner O'Keefe moved to accept the Financial Report as presented. Chairman Clark seconded. The motion passed unanimously.

B. Receive September 2009 Clinton Place Financial Reports.

Executive Director Huppee reported that September brought Clinton Place Apartments to 75% through the budget year. Total rental revenue from both income sources (tenant rental income and HUD operating subsidy combined) was 3% under budget projections at 72%, because there was a delay in the September HUD subsidy payment of \$16,872.00. The property was under contract renewal and has been approved by HUD. The September HUD subsidy will be reflected in next month's financial reports. Interest income was running over budget projections at 358%. Revenue from laundry income continues to show as running over budget projections at 84%. Other revenue was running under budget projections at 39%. Total operating income from all sources was running 3% under budget projections at 72% because of the delay in the September HUD subsidy payment.

On the expense side, office salaries show the agency at 3% over budget projections at 75% through the budget year due to overtime hours worked which was necessary for inventory purposes. Heating and cooling repairs were being over budget projections at 201% due to the replacement of a furnace and air conditioning unit in an apartment. This will be recoded to the replacement reserve account. Property and liability insurance was over budget projections at 117% due to an overall increase from the 2008 premium upon which the amount projected in this budget was originally based. Fidelity bond insurance was at 100%. This will come in line as we continue throughout the budget year. Total operating expenses were running 24% under budget projections at 51%.

As of the September reporting period Clinton Place showed a total of \$239,743.00 in operating income and \$140,990.00 in operating expenses with an operating surplus of \$98,753.00. However, when including the September HUD subsidy payment of \$16,872.00 the property would show an operating surplus of \$115,625.00.

Commissioner Dominguez moved to accept the Financial Report as presented. Chairman Clark seconded. The motion passed unanimously.

C. Receive Section 8 2009 Third Quarter Program Report.

Executive Director Huppee reported that income for the Section 8 through the third quarter totaled \$2,901,968.00. A total of \$55,383.00 has been received year-to-date for the Family Self Sufficiency and Homeownership Coordinator grants, which is a separate HUD allocation; the total amount of the 2009 award for both these grants was \$73,842.00. Interest earned on operating reserve investments was \$38,194.00. Total operating receipts earned through 09/30/09 was \$2,995,545.00.

On the expense side, a total of \$443,401.00 has been paid year-to-date for administrative expenses. These were for expenses directly related to the operational cost of running the Section 8 program.

The program had a total of 5,329 Section 8 units under lease through September, which was an aggregate total of 592 units under lease on the first day of each month. A total of \$2,181,601.00 has been paid year-to-date for Housing Assistance Payments (HAP).

Year-to-date a total of \$62,544.00 has been paid under the expanded RSO & Homeownership program; a total of \$40,375.00 under the Housing Connection program and \$2,901.00 under the Douglas County Prisoner Re-Entry Program. This is a total of \$105,820.00 for these three new initiatives approved in the 2009 MTW annual plan which are being paid for from MTW reserves.

Commissioner Fleming moved to accept the Financial Report as presented. Commissioner Dominguez seconded. The motion passed unanimously.

5. CONSENT AGENDA

- A. Receive Executive Director's Report.
- B. Receive Background Information on LDCHA Employee Performance Incentive Fund.
- C. Resolution 1042: Approve Submission of the Application to HUD for the Renewal of the HOPE Building Program.

- D. Resolution 1043: Amend Resolution 1032 LDCHA ARRA Procurement Policy to Include Other Special Provisions Required by the Program.
- E. Consider Approving December 24th as a Holiday for LDCHA Staff.

Commissioner Dominguez moved to accept the Consent Agenda as presented. Chairman Clark seconded. The motion passed unanimously.

6. REGULAR AGENDA

- A. Consider Changing Date of December 2009 Board Meeting.

Executive Director Huppee explained that the December Board meeting as currently scheduled would be on the Monday immediately after the Christmas holiday weekend. In the past the Board had usually changed the date of the December meeting when it occurred that close to the holiday.

Bill Fleming moved to change the date of the December 2009 Board meeting to Monday, December 21st. Commissioner O'Keefe seconded. The motion passed unanimously.

- B. Receive Cost Benefit Analysis of and Implications for Increasing the Agency's Share of Health Premiums from 50 to 60 percent.

Executive Director Huppee presented the report and a chart on the possible cost benefit analysis of raising the amount the agency pays for employee health insurance premiums. The conclusion of the report is that while the impact on the agency can be determined for this year, it is impossible to project the implications of this over time due to the rising cost of health care and the unknown impacts of the various reform bills before Congress.

Commissioner O'Keefe asked about a previously mentioned concern that staff would not favor paying a smaller share of the premium if it came at the expense of the employee incentive fund or a COLA. Ms Huppee reminded the Board that the incentive fund is decided on by the Board each year based on the performance of the agency and that it is not part of the employee benefits package and that the Board also decides whether there will be a COLA each year; however, the feeling of the staff was that they would indeed not prefer a reduced insurance premium at the expense of either a COLA or incentive fund.

Chairman Clark asked about the mention in the report of a possible impact that an increase in the agency's share of the premium payment might have in securing grants. Ms Huppee explained that most grants contained an administrative lid, usually 5% of all costs. If the cost of premiums pushed the agency's share of administrative costs above that then the agency would have to pay the difference. It is another unknown that could not be predicted in the report.

Commissioner Dominguez asked if the agency is within the average of other housing authorities on coverage. Ms Huppee said that she doesn't know. Mr Dominguez asked if

his recollection was correct that three employees were declining insurance coverage and were not insured elsewhere; Ms Huppee confirmed that and that per the survey taken, those employees would still decline the insurance if a 10% reduction in premium were offered. Mr Dominguez stated that it was his feeling that less than 10% of employees being covered was acceptable but that as costs continue to rise more employees were likely to drop out. Ms Huppee agreed that the agency wants to avoid shrinking the covered group as that would make it even more difficult to find insurance.

Ms Huppee explained that the official policy of the agency regarding the employee compensation package states that the Board will first give a COLA, then if there are sufficient funds that year, the Board will next consider funding the merit pools. This was adopted as the result of a wage comparability study.

Commissioner Fleming expressed concern that even with an increase in COLA this year, the rise in the insurance cost would cause their income to remain the same and that inflation in health care was running higher than any COLA, and that since health insurance premiums are tax-free it might be to the employee's advantage over a COLA. He suggested tabling the issue for now and examining it again when the agency is presenting the salaries and 2010 budget figures.

Commissioner Dominguez asked that staff be informed that the possibility existed that the Board might be considering the COLA and health insurance premium issues and that feedback be requested.

Commissioner Fleming asked what the impact on hiring might be with the agency's current 50/50 payment practice, and how it compares with the industry standard offer. Ms Huppee replied it was her understanding that it is generous compared to standard practice in the private sector but that the agency had not done a comparative survey of other housing authorities.

Commissioner Clark suggested bringing the issue back up with the 2010 budget. The Board concurred without taking a formal vote.

C. Receive Update Report on the Planned Operational Details of the Homeless Prevention and Rapid Rehousing Program.

Executive Director Huppee presented the report. Commissioner Dominguez asked the reason the grant had been funded at 29% of the requested amount. Ms Huppee explained that while the city's request for \$2.2 million reflected what was believed to be the need in Douglas County, the total amount available to the entire state was \$8.3 million. It was the goal of the state to serve all 105 counties with the funds and a network has been formed so a resident of any county can make an application to access the funds; the bulk of the funds are being spread across the state.

Staff attended a state-sponsored meeting to learn the requirements of the program. The state is committed to ensuring that only those people that can be stabilized in housing will receive this assistance. There will be a statewide central database (HMIS) for all agencies to report into for the program which will contain an application and eligibility

function. As information is entered into the form the HMIS system will determine whether the applicant is eligible. The target date to have it done is November 16th. A 3-month limit is being set for assistance beyond which a household cannot receive funds. They must have documentation for the aspects which will determine their eligibility. The chronically homeless are not eligible.

Commissioner Fleming inquired what measures would be taken to prevent families from falling into the same situation after the three months of assistance has ended. Ms Huppee replied that the program is designed to stabilize families in housing and to serve those families with the greatest chance of success. Many will not be eligible for the program because they won't meet the criteria demonstrating they can be stabilized. On the agency's end, good candidates for stabilization will be steered toward agency housing programs which can further assist them.

Mr Dominguez asked if persons who had been laid off and were collecting unemployment would be eligible. Ms Huppee replied that her understanding of the HMIS system is that it might determine them to be ineligible when that was included in the entered data but that she does not yet know all the factors that the system will use. It might still be possible to assist some of those applicants through other agency programs or the e-Housing Connection.

Mr Dominguez requested clarification on the numbers of families who can be served given the funds the agency received. Ms Huppee and Resident Services Director Lindsey said that Rapid Re-Housing is estimated to be able to assist 70 families over the two-year grant period and, Homelessness Prevention can assist approximately 178 families. Mr Dominguez expressed interest in the program being extended an additional three years after the original grant expires, using other sources of funds such as the agency's reserves, and inquired if the Board was within its rights to do so. Ms Huppee replied in the affirmative and gave several possible options for doing so, but stressed that HUD would need to approve it through the Annual Plan process.

Mr Fleming counseled caution in turning the primary mission of the agency from housing to homelessness prevention. Ms Huppee reminded the Board that the agency has reserves only because it is an MTW agency and that any programs undertaken have to meet the Congressional goals of the MTW program. Discussion ensued. The Board agreed to revisit the issue later after more data from the current program is available.

D. Receive Report on Historical Trends in Homelessness in Lawrence and its Implication for Future LDCHA Housing Programs.

Executive Director Huppee presented the report and explained some of the background information that had gone into it. She also explained that the original intent was to include the impact of homelessness issues on agency programs but the length of time necessary to research just the historical trends was greater than anticipated, so this version contained primarily local history involving poverty and homelessness issues. While the present report shows the agency has been very responsive to this

issue, it will be expanded to include the impact on LDCHA housing programs and families and presented again when more complete.

The Board expressed interest in seeing specific demographics on the success rates of transitional housing residents moved into permanent housing, and how those residents may have affected the availability of affordable housing for other low-income families.

7. CALENDAR AND ANNOUNCEMENTS

Executive Director Huppee announced that the Clinton Place Management Review is taking place on October 27.

Due to a prior conflict, Commissioner Dominguez will not be able to attend the November Board meeting.

8. Adjournment.

There being no further items of business, Commissioner Dominguez moved to adjourn. Commissioner Fleming seconded. The meeting was adjourned at 6:56 p.m.

Chairman

Secretary

Attest

LAWRENCE-DOUGLAS COUNTY HOUSING AUTHORITY
BOARD OF COMMISSIONERS MEETING
November 23, 2009

AGENDA ITEM 4A: Receive October 2009 Public Housing Financial Reports.

CURRENT ISSUE:

October brings the agency 83% through the budget year with total rental income continuing to run over budget projections at 88%. Interest income continues to run under budget projections at 23%. Other income from tenant work order damages and late fee charges are over budget projections at 93%. Other income sources (which include cell tower revenue, laundry commission, bus transportation donations as well as reimbursements for salary allocations under the Capital Fund grant) are running 17% over budget projections at 100%. Operating subsidy shows we are at 91%. Recall that the final proration announced for cycle year 2009 is 88.42% of full funding eligibility or \$696,178.00. The amount of subsidy contained in the budget, upon which this report is based on is 86.2% of the initial 2009 operating subsidy calculation of \$738,822.00 (before HUD adjustments) or \$636,865.00. This final proration amount is \$59,313.00 more than what is contained in the budget and will be included in the budget revision that will be brought to the board in December. Total operating receipts are at 88% through the budget year.

On the expense side, total administrative expenses are running 1% under budget projections at 82%.

Total utilities show we continue to run under budget projections at 67%.

Total ordinary maintenance and operations are running under budget projections at 81%.

Protective Services are 3% under budget projections at 80%.

Total general expenses (which include insurance, PILOT and collection losses) are running under budget projections at 73%.

Total operating expenses are running 6% under budget projections at 77%.

As of the October reporting period the agency shows a total of \$1,762,368.00 in operating income and \$1,431,774.00 in operating expenses with an operating surplus of \$330,594.00. .

BOARD ACTION REQUIRED:

Receive Report.

LAWRENCE-DOUGLAS COUNTY HOUSING AUTHORITY
BOARD OF COMMISSIONERS MEETING
November 23, 2009

AGENDA ITEM 4B: Receive October 2009 Clinton Place Financial Reports.

CURRENT ISSUE:

October brings Clinton Place Apartments to 83% through the budget year. Total rental revenue from both income sources (tenant rental income and HUD operating subsidy combined) shows as running 3% over budget projections at 86%. Interest income is running over budget projections at 189%. Revenue from laundry income continues to show as running over budget projections at 112%. Other revenue from tenant work order damages as well as late fee charges are running under budget projections at 40%. Total operating income from all sources shows as running 3% over budget projections at 86%.

On the expense side, office salaries (account 6310) show we are 2% over budget projections at 85% through the budget year. Recall this was due to overtime hours worked which was necessary for inventory purposes. This line will continue to run over budget projections throughout the budget year. Property and liability insurance (account 6720) is running over budget projections at 126% (recall this is due to an overall increase from the 2008 premium (upon which the amount projected in this budget was originally based). This line will also continue to run over budget throughout the budget year. Fidelity bond insurance (account 6721) show we are at 100%. This will come in line as we continue throughout the budget year. Total operating expenses are running 25% under budget projections at 58%.

As of the October reporting period Clinton Place shows a total of \$285,856.00 in operating income and \$159,157.00 in operating expenses with an operating surplus of \$126,699.33.

BOARD ACTION REQUIRED:

Receive Report.

LAWRENCE-DOUGLAS COUNTY HOUSING AUTHORITY
BOARD OF COMMISSIONERS MEETING
November 23, 2009

AGENDA ITEM 5A: Resolution 1044: Write-Off Tenant Accounts Receivables
in the amount of \$12,388.18.

CURRENT ISSUE:

From time to time it is necessary to write-off tenant accounts that are uncollectible. This write-off represents individuals who are uncollectible or from whom we have tried to collect but without success. Even though these charges are written off, a former tenant owing a debt may not return to LDCHA programs until their debt is paid in full. Additionally, we still collect on accounts that have been written off. The write-off for 2009 which includes all projects is in the amount of \$12,388.18. This is the only TAR write-off for 2009.

BOARD ACTION REQUIRED:

Approve Resolution 1044.

LAWRENCE-DOUGLAS COUNTY HOUSING AUTHORITY
BOARD OF COMMISSIONERS MEETING
November 23, 2009

AGENDA ITEM 5B: Resolution 1045: Write-Off Uncashed, Unclaimed Checks
In the amount of \$4,840.93.

BACK GROUND:

The agency must periodically write off un-cashed, unclaimed checks beyond the 90-day negotiable time. Write-off of checks beyond the 90-day negotiable time will give a more accurate report of the LDCHA's financial position.

CURRENT ISSUE:

Attached is a list of non-negotiated checks by bank account in the amount of \$4,840.93. This is the only check write-off for 2009.

BOARD ACTION REQUIRED:

Approve Resolution 1045.

LAWRENCE-DOUGLAS COUNTY HOUSING AUTHORITY
BOARD OF COMMISSIONERS MEETING
November 23, 2009

AGENDA ITEM 5C: Resolution 1046: Approve 2010 Application for HOME Tenant Based Rent Assistance Funds.

BACKGROUND:

Since 1995 the Lawrence-Douglas County Housing Authority has been receiving HOME Tenant Based Assistance funding from the city to provide transitional housing assistance to the homeless and hard-to-house. The annual grants, which are for a two year period each, have ranged from \$150,000 to \$300,000. The program is operated similarly to the Section 8 Tenant Based Rent Assistance Program except that we are able to serve at-risk families and individuals in need of case management services. We operate this program in partnership with the following agencies which provide the support services: Salvation Army, Bert Nash, SRS OARS, Cottonwood, Catholic Charities, ECKAN and Independence Inc. We serve about 20 households per year with these funds. We maintain a separate waiting list for this program. In 2009 we received \$329,011. The program serves 20-25 households annually.

CURRENT ISSUE:

The application deadline is December 1. We will apply for \$300,000 to continue the transitional housing program.

BOARD ACTION:

Discussion. Approve Resolution 1046.

LAWRENCE-DOUGLAS COUNTY HOUSING AUTHORITY
BOARD OF COMMISSIONERS MEETING
November 23, 2009

AGENDA ITEM 5D: Receive update Report on Implementation of the Homelessness Prevention and Rapid Re-Housing Program.

BACKGROUND:

The LDCHA is the administering agency for the city's \$648,000 grant under the Homelessness Prevention and Rapid Re-housing Program. This two year program will provide rent and utility assistance to Douglas County residents who are under eviction for nonpayment of rent or utility arrearages, and rent, security and utility deposits to homeless Douglas County residents so that they can be rapidly re-housed. It is estimated that about 250 households will be served.

The board has been informed about the details on this program throughout its development.

CURRENT ISSUE:

The HPRP Program has been operational since November 12, 2009, when applications were made available to the public on-line at www.ldcha.org and at the LDCHA Administrative Offices.

As of November 18 nine applications have been received. Eight have been for homelessness prevention and one has been for rapid re-housing.

The first Housing Stabilization Course was conducted Wednesday, November 18th, and the first two families that met the eligibility requirements attended as a condition of eligibility prior to financial assistance being paid.

Training on the program was provided to LDCHA staff on Thursday, November 5th, and a second training session for partner agencies was held on Friday, November 13th.

Staffing for the program is in place with the exception of a part-time data entry clerk for the HMIS system. This will be done in coordination with the Resident Services Office which hopes to we can hire a public housing resident for this position.

A total of ten homelessness prevention funds applications will be funded each month and the application process will close once ten eligible applications have been received. This will be a total of \$15,000 per month potentially being spent on direct assistance for rent and utility arrearages per month.

A total of five rapid re-housing applications for case management and financial assistance will be found eligible. No applications will be accepted after five applications

LAWRENCE-DOUGLAS COUNTY HOUSING AUTHORITY
BOARD OF COMMISSIONERS MEETING
November 23, 2009

have been approved. This will be a total of \$10,000 per month being spent on direct assistance for rent, security deposits, and utility assistance.

BOARD ACTION:

Receive report.

LAWRENCE-DOUGLAS COUNTY HOUSING AUTHORITY
BOARD OF COMMISSIONERS MEETING
November 23, 2009

AGENDA ITEM 5E: Receive Second Draft of Report on Historical Trends in Homelessness in Lawrence and its Implication for Future LDCHA Housing Programs.

BACKGROUND:

At the September meeting the Board asked staff to research a report on homelessness in Lawrence and the impact of this on LDCHA housing programs. Staff presented a first draft of the report in October which included a detailed chronology of the issue of homelessness and homelessness concerns in the community over the past 25 years, and the LDCHA response. Left to be developed was an analysis of the effects of the LDCHA services to the homeless on the agency's general population including families.

CURRENT ISSUE:

Staff will present the second draft of the report to the Board at the Monday meeting.

LAWRENCE-DOUGLAS COUNTY HOUSING AUTHORITY
BOARD OF COMMISSIONERS MEETING
November 23, 2009

AGENDA ITEM 5F: Resolution 1048: Approve Application to HUD for 50 units of Housing Assistance under the Family Unification Program

BACKGROUND:

Since 2000 HUD funding for Section 8 assistance has targeted special populations, principally the homeless and disabled. Last year HUD announced a funding opportunity for additional units of Section 8 assistance under the Family Unification Program. Under this grant the eligible populations are 1. families with children in state custody who have family reintegration plans and for whom stable housing is the outstanding family goal that has to be achieved in order for the children to be released back into the household; 2. families who are at risk of having their children placed into state custody if and only if they do not secure stable housing; 3. children aging out of foster care.

The applications require the LDCHA to enter into a partnership with SRS to provide support services for these populations. SRS has developed a Memorandum of Understanding which we will finalize in the next week.

Last year the agency applied for these funds but was not selected for funding.

CURRENT ISSUE:

The agency will again apply for 50 units of assistance under this program. Applications are due December 3.

BOARD ACTION:

Approve Resolution 1048 if appropriate.

LAWRENCE-DOUGLAS COUNTY HOUSING AUTHORITY
BOARD OF COMMISSIONERS MEETING
November 23, 2009

AGENDA ITEM 6A: Receive Debriefing on November 10th Babcock Place Fire

CURRENT ISSUE:

Fire Marshal Rich Barr will debrief the Board on the cause and outcome of the November 10 fire. While the cause has not been released it is expected that it was due to smoking in an oxygen enriched environment. The tenant was a smoker and an oxygen user. The fire was in unit 507.

The damage from the fire itself was minimal. Most of the damage was due to water from the sprinkler system. The fire department did not have to use water. It was reported that the fire was out by the time the fire department arrived.

Twelve apartments and the hallways from the fifth floor to the second were affected, as were the tenant storage cages on the first floor. All-Pro was on the scene by 10 pm the night of the 10th. As of this writing, November 18, they still have equipment in the building. Most of the damage was to the interior of the walls. Water travelled across ceilings and through duct work down five floors. In several apartments water was still dripping 24 hours after the fire.

To dry out the hallway and apartments, baseboards had to be removed and holes bored into walls so that huge commercial fans could be positioned on the walls to dry the interiors. The moisture content in apartment 208 and the fifth floor hall is still too high for All-Pro to release them to us.

The insurance adjuster estimates the damage to walls and floors at \$18,000 before All-Pro's bill and the bill for telephone system repairs are received. We should have the final figure for the board at Monday's meeting.

The agency's insurance company is Housing Authority Insurance Group. We have a \$25,000 deductible.

Tenant Feedback

There are a number of tenants at Babcock Place who have openly expressed their concern about the tenant who caused the fire returning to the building. Under our current lease we cannot prohibit the tenant from returning. However the \$25,000 deductible and any expenses not covered by insurance will be charged to her under the

LAWRENCE-DOUGLAS COUNTY HOUSING AUTHORITY
BOARD OF COMMISSIONERS MEETING
November 23, 2009

lease as tenant caused damages. In addition she will receive a lease violation. Monday night's meeting is at Babcock Place. You may hear from tenants on their concerns.

In 2000, before the sprinkler system was installed, we had a similar tenant caused fire due to smoking (that tenant was not on oxygen). The fire destroyed the unit and did over \$250,000 damage to the building. Twenty tenants on the third floor could not return to their units for a week. In that case tenancy was terminated because the unit was destroyed. The tenant was not permitted to return.

Lease Provisions

The agency's tenant lease contains a number of regulatory requirements that are not customary in the private sector. Among them is the requirement that the agency must renew a lease unless there is ongoing noncompliance with material terms of the lease. Our lease defines material noncompliance as three violations of a lease term except in cases where there is illegal drug or violent criminal activity. Independent of this situation, the staff has been reviewing the lease and making recommendations for revisions to bring before the Board in early 2010. Our attorney advises that the definition of material noncompliance which we currently employ needs to be revised. The Board will be hearing more on this in the coming months. Agenda Item 6C on adopting a no-smoking policy is related to the discussion on changes to the lease.

BOARD ACTION:

Discussion.

LAWRENCE-DOUGLAS COUNTY HOUSING AUTHORITY
BOARD OF COMMISSIONERS MEETING
November 23, 2009

AGENDA ITEM 6B: Receive Energy Audit Report from Siemens and Proceed as Appropriate.

BACKGROUND:

In August the board selected Siemens Building Technologies Inc., to conduct a comprehensive investment grade energy audit of the agency's public housing stock and common buildings under the HUD Energy Performance Contracting program.

Energy Performance Contracting is an incentive program for housing authorities to undertake comprehensive energy conservation improvements in order to eventually reduce the amount of operating subsidy that HUD pays housing authorities. About 20% of public housing operating subsidy goes to pay utilities. The amount attributable for utilities is based on a three year average of the agency's utility consumption. This three year average is called the "rolling base". If consumption goes down, HUD subsidy goes down.

Under Energy Performance Contracting HUD will freeze an agency's energy consumption rolling base and continue to pay the agency a higher subsidy. The amount of energy savings that the agency achieves pays for the energy improvements.

Most contracts are structured for a 15 year pay back. Therefore the improvements that are selected must have an aggregate payback equal to the contract term. Federal regulations limits energy performance contract to no more than 20 years. Once the contact terminates the rolling base is unfrozen and subsidy reduced based upon reduced consumption levels.

Upfront funds for the improvements are financed through a bank loan or municipal lending lease based upon standard industry terms. Interest rates for these projects are going at about 6%. The loan is paid back through the energy savings guaranteed by Siemens. If annual targeted savings are not achieved Siemens must pay the difference.

The Board has approved \$500,000 from public housing reserves toward this project.

CURRENT ISSUE:

John Hay of Siemens will present the energy audit report and go over their findings and recommendations. The report identifies all the Facility Improvement Measures (FIMS)

LAWRENCE-DOUGLAS COUNTY HOUSING AUTHORITY
BOARD OF COMMISSIONERS MEETING
November 23, 2009

that they have identified . However their recommendations only include the FIMS that have a payback that meets the criteria for energy performance contracting that HUD will approve and banks will be willing to finance.

BOARD ACTION:

At this point the Board only has a contract with Siemens to conduct the energy audit and HUD has not approved the LDCHA for Energy Performance Contracting. Upon receipt of the audit report the Board will have to decide if it wants to proceed with a contract with Siemens to carry out the energy improvements. If it does not then it will pay Siemens for the audit. (\$7,500)

It is important to note that the audit findings (FIMS), and guaranteed energy savings that Siemens reports are those of Siemens only based upon its analysis. HUD will only approve Energy Performance Contracting based upon the guarantee savings certified by a reputable Energy Services Company (ESC) and banks will only loan funds based upon the same. If the Board wishes to go forward with Energy Performance Contracting but not with Siemens it will have to do so with another ESC who cannot not be expected to certify and guarantee savings identified in the Siemens' report. The audit process can be expected to start over. The Board can pay for the audit and move forward with a contractor but it cannot do so under Energy Performance Contracting, must pay for the project itself and will not get the benefits of the frozen base so that as consumption goes down subsidy will go down as well.

At Monday night's meeting Siemens would like the Board to authorize the Executive Director to execute a contract with them to carry out the improvements, secure HUD approval for Energy Performance Contracting and financing. The contract would have to be submitted to HUD for pre-approval. If the Board does this it will do so under Resolution Number 1047.

STAFF RECOMMENDATION:

If the Board desires to go forward with the energy improvements staff recommends approving a contract with Siemens. This is the optimal time to go forward with a contract since it is the end of the agency's fiscal year and the best time to freeze the energy consumption rolling base.

LAWRENCE-DOUGLAS COUNTY HOUSING AUTHORITY
BOARD OF COMMISSIONERS MEETING
November 23, 2009

AGENDA ITEM 6C: Discuss Adopting a Policy to Prohibit Smoking in All Living Units
Owned by the LDCHA where Oxygen is in Use.

CURRENT ISSUE:

This issue comes before the Board because of the November 10 Babcock Place fire. It is expected that the Fire Marshal will also address the safety hazards of smoking in an oxygen enriched environment in his comments. If local code prohibits smoking in an oxygen enriched environment, than it would be incumbent upon the agency to have a lease provision that meets this code.

The Board is being asked to take up discussions on approving a policy and lease revision that prohibits smoking in apartments by the tenant, the tenant's family or guests in units where oxygen is used or present.

There is a procedure that housing authorities must follow in amending the lease. We will first meet with the resident advisory councils to inform them of the proposed change and obtain their feedback. We will then notify residents of the proposed change and give them the opportunity to comment. The item will then go before the Board for action. The Board will receive the residents' comments. Residents will be notified of the meeting date and time. If the Board approves a lease change the residents must be given at least 30 days notice of the implementation date for the change. Tenants must sign a lease addendum with the change. They can refuse, however at the end of their lease term they must sign a new lease with the change or move.

Attached is a recent HUD notice encouraging housing authorities to adopt non-smoking policies for their public housing units. This notice is broader than what is being presented here. However, the Board may want to take up the broader issue.

BOARD ACTION:

Discussion. Provide direction to staff as to whether to proceed with the lease change. If the Board proceeds staff could have a policy statement for Board action at the December meeting.

LAWRENCE-DOUGLAS COUNTY HOUSING AUTHORITY
BOARD OF COMMISSIONERS MEETING
November 23, 2009

AGENDA ITEM 6D: Receive Report on 2009 Performance Awards under the Employee Performance Incentive Fund and Take Action as Appropriate.

BACKGROUND:

In 1999 the Board created the Employee Performance Incentive Fund to reward employees at the end of the year for the achievement of financial and program goals established in the annual public housing budget and written management performance standards. This program was also established to recognize the collective performance of staff. The amount of the award is determined by the amount of income that exceeds the residual receipts established in the public housing operating budget for the given year. This amount is then matched with Section 8 funds. The Board capped the amount of excess residual receipts for consideration into the fund in any given year at \$40,000.00. The maximum amount of the fund for consideration in any given year including the Section 8 match is \$80,000.00.

CURRENT ISSUE:

Attached is a budget worksheet of year end projections for the public housing program. This information compares the 2009 budget to year-end projections for income and expenses adjusted for final HUD approved subsidy. The year-end projections include 2009 accruals and anticipated year-end adjustments except for compensated absences and doubtful accounts.

The 2009 budget estimated that the agency would end the fiscal year with \$146,195 in income over expenses. Based on the year-end financial analysis the projected year end figure for income over expenses is \$279,198 or \$124,003 more than projected. This triggers the awards program.

The final proration for public housing subsidy was \$59,313 higher than projected. This is income over which the agency has no control. In years when subsidy is higher than projected staff reduces the year end projection by this amount. When this is done the amount is reduced to \$64,690. In the years when the subsidy was lower than projected no such adjustment has been made.

There are several things to point out for the Board's information. There were a number of external conditions that occurred this year that were different from previous years. The fact that the agency cannot set or control its rental income or operating subsidy are significant external conditions that affect the bottom line.

LAWRENCE-DOUGLAS COUNTY HOUSING AUTHORITY
BOARD OF COMMISSIONERS MEETING
November 23, 2009

Added to this, with the downturn in the economy and lowering of interest rates, interest income this year is \$39,220 lower than projected.

Another area where annual expenses fluctuate is utilities. Annual budget projections are based on historical trends applied to the new rate for each utility. Gas and electric rates vary monthly as do weather conditions making the accuracy of projections difficult. Most years the actual costs of utilities have exceeded budget projections. This year the costs are projected to be \$55,470 below budget estimates given the mild 2009 winter and summer.

If the Board approves awards, the amount will be matched by the Section 8 program. Last year, the Board approved \$40,000.00 from the public housing budget that was then matched by the Section 8 program for a total of \$80,000.00. A list of the history of the awards under this program is provided on page 3. The board has awarded the maximum allowed annually. Forty-one employees are eligible to receive awards.

BOARD ACTION REQUIRED:

Consider approving awards under the Employee Performance Incentive Fund. Determine the amount to be awarded.