Housing Authority of the City of Alameda

701 Atlantic Avenue - Alameda, California 94501-2161 - TEL: (510) 747-4300 - FAX: (510) 522-7848 - TDD: (510) 522-8467

IF YOU WISH TO ADDRESS THE BOARD:

1. Please file a speaker's slip with the Executive Director, and upon recognition by the Chair, approach the rostrum and state your name; speakers are limited to 5 minutes per item.

2. If you need special assistance to participate in the meetings of the City of Alameda Housing Authority Board of Commissioners, please contact (510) 747-4325 (TDD: 510 522-8467) or dconnors@alamedahsg.org
Notification 48 hours prior to the meeting will enable the City of Alameda Housing Authority Board of Commissioners to make reasonable arrangements to ensure accessibility.

**AGENDA** **REGULAR MEETING OF THE BOARD OF COMMISSIONERS**

**DATE & TIME** **Wednesday January 18, 2017 - 7:00 p.m. – CLOSED SESSION 6:45 p.m.**

**LOCATION** Independence Plaza, 703 Atlantic Avenue, Alameda, CA

Welcome to the Board of Commissioners of the Housing Authority of the City of Alameda meeting. Regular Board of Commissioners meetings are held on the third Wednesday of each month in the Ruth Rambeau Memorial Community Room at Independence Plaza.

Public Participation
Anyone wishing to address the Board on agenda items or business introduced by Commissioners may speak for a maximum of five minutes per agenda item when the subject is before the Board. Please file a speaker's slip with the Housing Authority Executive Director if you wish to address the Board of Commissioners.

PLEDGE OF ALLEGIANCE

1. ROLL CALL - Board of Commissioners

2. Public Comment on Closed Session Items (in Open Session)

3. CLOSED SESSION – 6:45 p.m. – Adjournment to Closed Session to Consider:

3-A. Conference with Real Property Negotiator – (Gov. Code Sec. 54956.8)
Agency Negotiator: Victoria Johnson, Director of Housing and Community Development
Property: APNs: 070-0156-021
070-0156-002
070-0156-023
070-0156-044-04 (portion)
Negotiating Parties: Housing Authority of the City of Alameda and the Murphy Trust

4. Adjournment of Closed Session

5. RECONVENE REGULAR MEETING – 7:00 p.m.

6. Announcement of Action Taken in Closed Session, if any.

7. CONSENT CALENDAR

- Consent Calendar items are considered routine and will be approved or accepted by one motion unless a request for removal for discussion or explanation is received from the Board of Commissioners or a member of the public.

7-A. Approve Minutes of the Board of Commissioners Regular Meeting held December 21, 2016. Page 5
7-B. Accept the Monthly Overview Report – Page 10
7-C. Accept the Budget Variance Report for November 2016– Page 24
7-D. Approve Outside Employment of Executive Director, Per 2014 Employment Contract between the Board of Commissioners and Vanessa Cooper – Page 41
7-E. Approval of Goals for the Executive Director's 2017 Performance Evaluation– Page 44
7-F. Accept Revised Holiday and Office Closure Schedule for 2017 – Page 47

8. AGENDA

8-A. Accept the Other Post Employment Benefit (OPEB) Actuarial Valuation Report for Fiscal Year Ending June 30, 2016 – Page 50

Presentation by Nicolay Consulting Group (NCG) for Other Post Employment Benefit (OPEB) Actuarial Valuations (30 Minutes) –

8-B. Accept the Annual Review of Investment Policy – Page 107

8-C. Accept the Five Year Cash Flow Report – Page - 119

8-D. Rosefield Village Project Update; Adopt a Resolution Authorizing the Submission of an Application to the State of California Veteran's Housing and Homeless Prevention Program; Authorize the Commitment of up to $4.3 million in AHA loan funds; Authorize the Executive Director to Execute Related Documents – Page 126

8-E. Adopt a Resolution to Adopt the Revised Schedule of Authorized Positions– Page 141

8-F. Accept a Schedule to Create a Strategic Plan: Create an Adhoc Committee of the Board to Support the Creation of the Strategic Plan; Nominate Two or Three Members to Serve on the Strategic Plan Adhoc Committee - Page 148

8-G. Discuss and Provide Direction to Staff Concerning Information About the Development Activities of AHA and Island City Development (ICD); Discuss Additional Commissioner Responsibilities in 2017 Including the Formation of a Standing Development Committee; If approved, Direct Staff to Return with a Proposed Scope of Work for the Development Committee No Later than the March Board Meeting. If Approved, Nominate Two or Three Members to Serve on the Development Committee – Page 152

9. ORAL COMMUNICATIONS, Non-Agenda (Public Comment)

10. COMMISSIONER COMMUNICATIONS, (Communications from the Commissioners)

11. ADJOURNMENT

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Note

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- Documents related to this agenda are available for public inspection and copying at the Office of the Housing Authority, 701 Atlantic Avenue, during normal business hours.

- KNOW YOUR RIGHTS UNDER THE Ralph M. Brown Act: Government's duty is to serve the public, reaching its decisions in full view of the public. The Board of Commissioners exists to conduct the business of its constituents. Deliberations are conducted before the people and are open for the people's review.

- In order to assist the Housing Authority's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the Housing Authority accommodate these individuals.

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Housing
Authority of the City of Alameda

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DRAFT MINUTES

REGULAR MEETING OF THE BOARD OF COMMISSIONERS
OF THE HOUSING AUTHORITY OF THE CITY OF ALAMEDA
HELD WEDNESDAY, DECEMBER 21, 2016

The Board of Commissioners meeting was called to order at 7:11 p.m.

PLEDGE OF ALLEGIANCE

1. ROLL CALL

Present: Commissioners Allen, McCahan, Rickard, Shipe, and Vice Chair Tamaoki
Absent: Commissioner Kay and Chair Kurrasch

3. CONSENT CALENDAR

- Consent Calendar items are considered routine and will be approved or accepted by one motion unless a request for removal for discussion or explanation is received from the Board of Commissioners or a member of the public.

Commissioner Rickard requested that the November 16, 2016 Minutes, (Item 8-B), be corrected to say that he is in agreement to purchase the property because we have the funds and we expect to get a positive return on the investment.

Commissioner Rickard commented that the Internship program is great and he is very excited about it.

Commissioner Rickard said that we were supposed to get comparison of returns from the LAIF versus the funds the financial management company is managing for us less their fee. He was hoping to see that in this report. Executive Director Cooper said that she would be meeting with PFM tomorrow and the Investment Policy would be covered. She will ask PFM to include this in the annual report due in January.

Commissioner McCahan commented on the Policy Report.

Commissioner Shipe moved to accept the Consent Calendar with the amended minutes and Commission Rickard seconded. The motion carried unanimously.

*3-A. Approve Minutes of the Board of Commissioners Regular Meeting held November 16, 2016. Page 3
*3-B. Amend the Property Management Policy – Page 8
*3-C. Accept the Holiday and Office Closure Schedule for 2017 - Page 13
*3-D. Approve A Short-term Internship Program to Provide Research and Analysis Support for Housing Authority Projects and Programs and Offer Professional Development Opportunities to Undergraduate and Graduate Students – Page 16
*3-E. Accept the Quarterly Investment Report – Page 18
*3-F. Accept the Quarterly Police Report – Page 40

4. AGENDA

4-A. Accept Changes to the Administrative Plan Revisions – Page 45

Lynette Jordan, Director of Housing Programs gave a brief overview of changes in the Administrative Plan. Ms. Jordan said that the changes were made to implement changes made by HUD.

Commissioner Tamaoki asked if we have any discretion in what rules we use. Ms. Jordan said a notice was given to us in September from the federal registry and we must accept the whole notice. Sometimes HUD may say you "may" adopt, but not in this case.

There was more discussion about changes to specific regulations.

Commissioner McCahan moved to accept the staff recommendation on page 48 and Commissioner Shipe seconded. The motion carried unanimously.

4-B. Presentation of Summary of Rent/Income Study at Independence Plaza – Page 83

Ms. Cooper said a few small changes have been made to the presentation based on the resident's feedback. Ms. Cooper said no decisions would be made tonight, and that we really wanted to report on the outcome of the rent study.

ZeeLaura Page, Management Analyst, and Lisa Caldwell, Director of Property Operations, gave a presentation on Independence Plaza 2016 Review of Income, Assets and Rents.

Ms. Page gave an overview of the process to complete the income certifications. There was some discussion about Regulatory Restrictions on Income and the Key Findings.

Ms. Caldwell reviewed Rent Levels and answered questions from the Board. Ms. Caldwell said that she would come back in 2017 with a proposal. Board members said they would be interested in seeing the capital improvement numbers.

4-C. Adopt the Resolution to Adopt the Revised Housing Authority's Employee Policies and Procedures Handbook - Page 98

Janet Basta, Director of H.R. & Operations, gave a brief overview of the changes and reformatting to the Employee Handbook. Of significance she noted the addition of a Change Log at the end of the handbook. This Change Log will be maintained going forward.

Vice Chair Tamaoki introduced speaker, DeeDee Adeosun. Ms. Adeosun is an employee of the Housing Authority of the City of Alameda. Ms. Adeosun shared her concerns about the Layoff and Outside Employment language in the Handbook and requested an amendment. There was discussion about the language.

Commissioner Rickard moved to accept the staff recommendation on page 101 now, but to have staff come back in January with alternatives to the language related to Layoff and Outside Employment.

Roll Call: Commissioner McCahan No, Commissioner Rickard Yes, Commissioner Shipe No, Commissioner Allen Yes, Vice Chair Tamaoki No.

Commissioner McCahan moved to accept the staff recommendation on page 101 with an effective date of January 8, 2017.

Roll Call: Commissioner Shipe Yes, Commissioner McCahan Yes, Commissioner Rickard No, Commissioner Allen No, Commissioner Tamaoki Yes

This motion was passed, but not unanimously.

4-D. Report to the Board of Commissioners on 2016 Pay & Benefits Survey - Page 185

Ms. Basta gave an update on the 2016 Pay & Benefits Survey. This information is presented for review and discussion only this month. A revised Schedule of Authorized Positions will be brought to the Board for approval in January.

4-E. Approve Out-of-State Travel - Page 189

Ms. Cooper talked about the out-of-state travel conferences coming up in 2017 and requested the Board recommendation.

Commissioner Rickard moved to accept the staff recommendation on page 189 and Commissioner Allen seconded. The motion carried unanimously.

9. ORAL COMMUNICATIONS, Non-Agenda (Public Comment)
None

10. COMMISSIONER COMMUNICATIONS (Communications from the Commissioners)

Commissioner Rickard thanked staff for the Presentations. He said in the future he would like to be ahead of the game with regards to development. He is looking forward to seeing our development sites early and not be driven by financing considerations.

Vice Chair Tamaoki thanked staff for all their work and noted receipt of a thank you card received from a tenant.

11. ADJOURNMENT

There being no further business, Vice Chair Tamaoki adjourned the meeting at 9:12 pm.

____________________
Kenji Tamaoki, Vice Chair

____________________
Vanessa M. Cooper
Executive Director/Secretary

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Housing
Authority of the City of Alameda
701 Atlantic Avenue - Alameda, California 94501-2161 - Tel: (510) 747-4300 - Fax: (510)522-7848 - TDD: (510) 522-8467

To: Honorable Chair and
Members of the Board of Commissioners

From: Vanessa M. Cooper
Executive Director

Date: January 18, 2017

Re: Monthly Overview Report to the Board

## BACKGROUND

This memo provides a high level overview of agency activities in the prior month. Data is submitted by each of the key areas of operation.

## Operations/HR

Recruiting for the Asset Manager position began in December; we hope to have this position in place by the end of February. Temporary staff is being utilized to provide customer service at the front desk and property management services at Independence Plaza until permanent replacements can be secured for these positions. Additionally, the rental programs work is being conducted primarily with temporary staffing; once we know the results of the RFP process, we will look to fill those positions with regular staff positions should AHA be awarded the contract.

Our annual Fair Housing Training was completed in December, with a well-received three hour session provided by attorney Terry Kitay, followed by a holiday luncheon for staff and guests.

The new AHA website launched in November. Staff is continuing to work with the developers to ensure content and functionality is working well.

### Benefits Report

Open enrollment for 2017 benefits has concluded. The following is the report on the cost to implement the new benefits structure which was approved by the Board for 2017. As anticipated, staff (with one exception) that were enrolled in Kaiser elected to stay with Kaiser. As a result, little was seen in the way of changes in plan enrollment or costs. The following enrollment changes occurred:

- One employee elected a more expensive plan but dropped a dependent, resulting in a net savings to AHA
- One employee (with employee+1 coverage) opted for a more expensive plan

- One employee, who previously had employee only coverage, added 1 dependent and opted for a more expensive plan with some out of pocket costs
- One employee changed to a less expensive (non-Kaiser) plan to reduce out of pocket costs; this likely would have occurred regardless of benefits structure

The annual cost to the agency to make these changes to health insurance will be $19,709.74. This is offset this year by the reduction in Kaiser (AHA benchmark) rates; when these reductions are factored in, the net annual cost increase is $9,412.92.

By combining the dental and vision employer contribution, 30 employees (who have only themselves or themselves + one dependent covered on the dental plan) were able to have their vision insurance premium covered by the AHA dental/vision contribution. The annual cost to do so is $3,736.08.

Overall, the restructuring was a success. Employees appreciated the added flexibility, even if they didn't access it this year, which we were able to provide at a very reasonable cost to the agency. As benefits were budgeted at the full level of coverage in the current budget, it is anticipated that we will be under budget for the current fiscal year.

## Information Technology

During November, the e-mail platform for the Housing Authority was changed from G-mail to a different platform. The new platform allows for integration with our Yardi database and Laserfiche imaging system. It also allows for more control over user access afterhours and off-site. This was one of the recommendations from the IT review conducted a couple years ago. This is requiring on-site staff to learn to use Outlook rather than Google Chrome, but should increase efficiency over time as staff learn the additional functions in Outlook.

Staff is also working on implementing eLearning through Yardi for all staff, which we will kick-off in January by utilizing eLearning for staff training in the recently approved Employee Handbook, using Laserfiche Forms to allow for online forms completion starting with the employment application form, implementing Yardi Rent Café to allow participants in the voucher programs to complete their annuals online, and preparing for the major Yardi upgrade to 7S.

## PROPERTY OPERATIONS

### VACANCY – November

| Property | Unit # | Vacancies end of November | Rate |
|---|---|---|---|
| Anne B. Diament Plaza | 65 | 4 | 6% |
| China Clipper Plaza | 26 | 0 | 0% |
| Eagle Village | 42 | 0 | 0% |
| Esperanza | 120 | 3 | 3% |
| Independence Plaza | 186 | 4 | 2% |
| Parrot Village | 50 | 0 | 0% |
| Rosefield Village | 46 | 1 | 2% |
| Combined Smaller Sites * | 37 | 1 | 3% |
| **Total** | **572** | **13** | **2%** |

*Lincoln House (4), Lincoln/Willow (5), Parrot Gardens (8), Senior Condos (7), Sherman Street (9) and Stanford House (4)

In November there were three (3) units at Rosefield that were permanently offline due to the upcoming rehabilitation of the property, these units are not included in the vacancy number & rate listed above.

### VACANCY – December

| Property | Unit # | Vacancies end of December | Rate |
|---|---|---|---|
| Anne B. Diament Plaza | 65 | 1 | 2% |
| China Clipper Plaza | 26 | 0 | 0% |
| Eagle Village | 42 | 0 | 0% |
| Esperanza | 120 | 2 | 2% |
| Independence Plaza | 186 | 4 | 2% |
| Parrot Village | 50 | 0 | 0% |
| Rosefield Village | 46 | 1 | 2% |
| Combined Smaller Sites * | 37 | 0 | 0% |
| **Total** | **572** | **8** | **1%** |

*Lincoln House (4), Lincoln/Willow (5), Parrot Gardens (8), Senior Condos (7), Sherman Street (9) and Stanford House (4)

In December there were four (4) units at Rosefield that were were permanently offline due to the upcoming rehabilitation of the property, these units are not included in the vacancy number & rate listed above.

## RENT COLLECTIONS – November

| Property | ABD | China Clipper | Eagle Village | ESP | IP | Parrot Village | Rosefield | All Other Sites* |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | |
| GPR | 78,997.00 | 33,302.00 | 81,837.00 | 269,536.00 | 256,893.00 | 119,144.00 | 73,025.00 | 48,588.00 |
| Collected | 82,035.00 | 33,153.00 | 82,308.00 | 271,283.00 | 286,605.00 | 119,973.00 | 59,324.00 | 43,834.00 |
| | | | | | | | | |
| Collection Rate | 103.85% | 99.55% | 100.58% | 100.65% | 111.57% | 100.70% | 81.24% | 90.22% |

*Lincoln House (4), Lincoln/Willow (5), Parrot Gardens (8), Senior Condos (7), Sherman Street (9) and Stanford House (4)

These numbers include the permanently offsite units as the income was budgeted for. Rosefield Village fell below 90% collection due to the units being offline for the upcoming rehabilitation.

## RENT COLLECTIONS – December

| Property | ABD | China Clipper | Eagle Village | ESP | IP | Parrot Village | Rosefield | All Other Sites* |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | |
| GPR | 78,997.00 | 33,302.00 | 81,837.00 | 269,536.00 | 256,893.00 | 119,144.00 | 73,025.00 | 48,588.00 |
| Collected | 76,612.00 | 37,129.00 | 80,640.00 | 271,757.00 | 287,135.00 | 129,956.00 | 61,212.00 | 45,058.00 |
| | | | | | | | | |
| Collection Rate | 96.98% | 111.49% | 98.54% | 100.82% | 111.77% | 109.07% | 83.82% | 93.73% |

*Lincoln House (4), Lincoln/Willow (5), Parrot Gardens (8), Senior Condos (7), Sherman Street (9) and Stanford House (4)

These numbers include the permanently offsite units as the income was budgeted for. Rosefield Village fell below 90% collection due to the units being offline for the upcoming rehabilitation.

## MAINTENANCE

The Maintenance Department continues to work on the scheduled HQS preventative maintenance program, 58 units were inspected at Parrot Village / Gardens during the month of December. In addition follow up repairs for the HQS generated work orders at Anne B. Diament were also completed.

The Alameda Housing Authority has now vacated the City storage area at 397 Orion Street in Alameda. The storage area has been used by AHA for many years to store public surplus equipment, used appliances, discarded office desks, chairs and cabinets that are no longer serviceable. The City of Alameda recently rented out this location to a private contractor, and gave AHA one month's notice to find an alternative space. We are currently using a 1,000 square foot container located at Parrot Gardens.

Repairs have been made to the exterior lighting in the parking areas at Independence Plaza, Eagle Village, Rosefield, Esperanza and Parrot Village. Whenever possible old fixtures are being replaced with energy efficient LED equipment.

Replacement Batteries are being installed in all emergency exit Lights and emergency backup lighting at Independence Plaza, during the winter storms it is important to ensure that emergency lighting is available in case of power outages.

Improvements have been made to the directional signage at Independence Plaza, 3 new "You are here" signs have been installed in strategic places to help visitors find their way around the complex.

The work order report below shows the work orders completed calendar year to date.

**Year: 2016**

| Name | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1000 AHA OFFICE | 15 | 10 | 20 | 23 | 30 | 27 | 21 | 20 | 28 | 19 | 12 | 6 | 231 |
| 1110 SHERMAN STREET | 4 | 2 | 13 | 17 | 6 | 5 | 1 | 2 | 0 | 6 | 0 | 1 | 57 |
| 1120 LINCOLN HOUSE | 1 | 2 | 2 | 8 | 1 | 1 | 1 | 0 | 3 | 1 | 0 | 0 | 20 |
| 2100 ESPERANZA | 41 | 56 | 59 | 136 | 114 | 109 | 68 | 85 | 59 | 58 | 30 | 21 | 836 |
| 3100 PARROT VILLAGE | 62 | 61 | 38 | 23 | 27 | 54 | 29 | 29 | 42 | 24 | 45 | 11 | 445 |
| 6010 ANNE B DIAMENT PLAZA | 23 | 22 | 20 | 12 | 19 | 24 | 17 | 31 | 23 | 101 | 23 | 4 | 319 |
| 6020 ROSEFIELD VILLAGE | 16 | 24 | 89 | 26 | 23 | 21 | 20 | 22 | 24 | 21 | 12 | 6 | 304 |
| 6030 PARROT GARDENS | 1 | 18 | 4 | 4 | 0 | 3 | 7 | 5 | 2 | 2 | 3 | 1 | 50 |
| 6040 STANFORD HOUSE | 2 | 0 | 3 | 9 | 1 | 1 | 4 | 0 | 2 | 2 | 0 | 1 | 25 |
| 6050 LINCOLN/WILLOW | 1 | 1 | 9 | 12 | 1 | 2 | 1 | 0 | 2 | 2 | 0 | 1 | 32 |
| 6060 SENIOR CONDOS | 2 | 0 | 4 | 8 | 1 | 0 | 2 | 1 | 0 | 0 | 3 | 0 | 21 |
| 6070 CHINA CLIPPER PLAZA | 6 | 28 | 19 | 5 | 5 | 7 | 8 | 8 | 14 | 9 | 6 | 0 | 115 |
| 6100 EAGLE VILLAGE | 8 | 11 | 13 | 15 | 21 | 7 | 18 | 19 | 68 | 52 | 23 | 2 | 257 |
| 8100 INDEPENDENCE PLAZA | 55 | 53 | 62 | 46 | 104 | 101 | 65 | 56 | 48 | 49 | 46 | 10 | 695 |
| **Total** | **237** | **288** | **355** | **344** | **353** | **362** | **262** | **278** | **315** | **346** | **203** | **64** | **3,407** |

## HOUSING PROGRAMS

In November and December 2016, HPD worked on the following projects:

## OWNER OUTREACH AND INCENTIVE PROGRAM

The landlord leasing incentive program has been extended to May 1, 2017. In August 2016, a Landlord Incentive Program was implemented to encourage landlords currently participating in our Section 8 Housing Choice Voucher (HCV) program to add additional housing units for our voucher holders on our program. This outreach was also targeted at landlords currently not participating in our program, but who currently had available rental units in the City of Alameda.

Since the Landlord Leasing Incentive Program was launched, we have successfully added ***10 additional units***, expanding our lease up rate for the Section 8 program. Originally, the Landlord Leasing Incentive Program was approved through November 1, 2016, but with Executive Director Approval has been extended until ***May* 1, 2017.** Hopefully, this program will continue to generate interest in the program and new units for voucher holders. The rules for payment are:

• A $500 leasing bonus for additional or new Section 8 units under contract and moved in by May 1, 2017.

• This must create new section 8 units, an existing landlord in our program would need to be adding to their number of section 8 tenants as of June 30, 2016.

• The bonus would be paid within 15 days of the move in.

• the landlord must sign a 12-month contract and the unit cannot have been in the Section 8 program in the last 4 months.

• This is first come first served, as funds are available. AHA reserves the right to cap the number of bonuses paid so landlords are encouraged to fill the units earlier rather than later to be eligible. • Current PBV, Mod Rehab/SRO and Shelter Plus units are excluded from this offer.

**<u>Rent Increase Workshops</u>**
In an effort to expend our HAP funds and educate our owners on the rent increase process we held rent increase workshops to offer information on how an increase impacts the landlord and the tenant, and the paperwork needed to make a request. Our final workshop for the year was held on Wednesday, November 2, 2016- 3:00-4:00PM.

Since implementing these educational rent increase workshops owners now have a better understanding of the payment standards and how and when they are applied, and the rent reasonable process. Owners are also submitting complete rent increase requests with all pertinent documents, which allows staff to process rent increases timely.

**<u>Outreach Activities for FSS Program</u>**
Active recruitment efforts have continued year round as we approach the end of our 2015 grant cycle year in the FSS program. Final interviews are scheduled for December 15, 2016 in an effort to increase our enrollment to compensate for the many graduates we had this year. Our FSS funding requires us to maintain a minimum enrollment of 25 participants. In November we had one FSS graduate and two new participant enrollments, which brought our current program enrollment to 24 participants.

Though we are actively recruiting new participants each month, we have lost participants as they complete their 5-year program. We are happy for our graduates; however, each graduate leaves a vacancy that must be filled through our constant outreach efforts.

**FSS Year End Survey**

We are currently compiling our end of the year FSS survey results of program participants which gathers data from our participants on the effectiveness of our FSS program. This data will be used to complete our FSS E-Logic Model which will be due to HUD on January 30, 2017 for our 2015 grant funding cycle.

**Bay Area Directors Meeting**

On Monday, December 5, 2016 the Housing Authority of the City of Alameda (AHA) hosted the first roundtable meeting of Section 8 directors in the Bay Area. Our goal is to develop a network of section 8 directors and policy staff working on the section 8 program so that we can collaborate on new regulations or notices from HUD, exchange ideas about current issues & best practices and have frank discussions about the challenges in this current market and regulatory environment.

The meeting was held at Independence Plaza and hosted by Lynette Jordan, Director of Housing Programs, and Tonya Schuler, our Senior Management Analyst. The agenda had specific topics that were relevant to all PHA Directors across the bay area such as:

- Managing your payment standards to maximize leasing but staying within your financial constraints
- Managing the program in times of falling or stabilizing rental rates
- Landlord incentive and retention techniques

The first meeting was well received with over thirty Directors and Analysts in attendance, coming from as far away as Monterey, Santa Cruz, and Fresno. We agreed to continue the meetings with a different PHA hosting each time. I'm pleased AHA led the way and established this very useful group.

**HPD Department Statistics**

The HPD department processed the following work in the month of November.

| Statistics | October | November | December |
|---|---|---|---|
| **Annual Re-examinations Processed** | 106 | 124 | 129 |
| **Rent Increases Processed** | 87 | 96 | 69 |
| **Interim Re-examinations Processed** | 24 | 44 | 27 |
| **HQS Inspections Conducted** | 44 non- AHA<br>76% pass rate | 59- non AHA<br>71% pass rate | 46- non AHA<br>53% pass rate |
| **AHA Owned** | 44 Eagle<br>57% pass rate<br>(2015)- 43% | Jack Capon &<br>Park Alameda<br>100%- pass rate<br>ABD-83% pass rate | None |
| **New Admissions** | 2 | 3 | 3 |
| **Port Move-In** | 1 | 2 | 3 |
| **Vouchers Issued** | 7 (HCV)<br>0 FUP | 13 (HCV)<br>1 FUPY | 22<br>4 FUPF |

**HOUSING AND COMMUNITY DEVELOPMENT**

Capital Projects

738 Eagle Avenue Substantial Rehab Project - Efforts to transform 738 Eagle Avenue from a single family home into two separate one bedroom units are ongoing. The project manual is complete and the invitation to bid has been posted. Replies are due early February. Construction will begin following bid review, Board approval and contract execution. Construction is projected to start on/around March 1, last approximately 12 weeks and allow for a late June tenant move in date.

Eagle Village Sub-Meter Installation - Staff is presently coordinating the installation of water sub-meters at Eagle Village. The purpose of the project is to conserve water by transferring the financial responsibility of the water supply from the Housing Authority to the individual tenants. Over time, the goal is for all tenants to be responsible for their own water bills and State law may require this. Tenants who participate in the voucher program will have their utility allowances and rents adjusted according to program rules. The service providers have been vetted and contracts executed. Scheduling efforts are in process.

1825 Paru Street – The home was purchased by AHA and a 12 month fixed term lease is in place. Staff is presently engaged in a renovation to the newly acquired property at 1825 Paru Street. The scope includes: ADA upgrades, window maintenance, plumbing upgrades, new paint and new floor installation. Work is projected to conclude on January 29.

Capital Improvement Projects: Three-Year Work Plan - The previously approved Capital Improvement Project (CIP) schedule has been revised to include priority items to ensure building integrity and address ADA and HQS matters. Please refer to attachments A & B for specifics on projects by property, as well as by activity (certain items have been bundled across properties in an effort to reduce costs and streamline administration services). Please note that the items listed were collected from the commissioned Capital Needs Assessment reports, as well discussions with executive staff, property managers, resident managers and the maintenance crew. Each of the current projects falls within the previously approved budget.

Attachment A: Project Summary by Property and Cost
Attachment B: Project Summary by Phase and Schedule

Inclusionary and Below Market Rate Programs
Alameda Landing: All 16 BMR homes have been sold. Thirteen homes have closed and the remaining three are scheduled to close within the next month.

Marina Shores Single-Family and Condos: Six homes have closed to date and the remaining ten homes are under contract.

The next homes to be sold in late 2017 are the seven homes at 2100 Clement including the four units that will be purchased by the Housing Authority.

Real Estate Development

The Housing Authority has made separate pre-development loans to Island City Development on behalf of three development projects. The original loan amount and unexpended balance as of November 30th, 2016 is shown below.

| Sherman And Buena Vista (Del Monte) | |
|---|---|
| Pre-development Loan | $1,000,000 |
| Usage through November | $ 850,085 |
| Balance | $ 149,915 |

| Everett And Eagle (2437 Eagle Ave) | |
|---|---|
| Pre-development Loan | $1,000,000 |
| Usage through November | $ 851,663 |
| Balance | $ 148,337 |

| Rosefield Village | |
|---|---|
| Pre-development Loan | $1,000,000 |
| Usage through November | $ 165,338 |
| Balance | $ 834,662 |

Portfolio Projects – Development and finance staff have prepared a long and short-term cash flow forecast that reflects prior Board direction regarding investment in new and rehabilitation development projects. A separate report is included in this agenda.

Stargell Commons - Staff continues to attend the monthly draw meetings. The project structures are nearing completion. The exterior building envelope is just about completed. Interior finishes are close to completed in most units and common areas, including flooring, cabinets, and appliances in some units. Site work is also in process but is somewhat behind schedule. Per the latest construction schedule, it is anticipated the project will be complete around the end of March 2017.

Del Monte Senior – The loan closing occurred on December 14th and all readiness documents were submitted to TCAC on December 19th. The notice to proceed was issued to Brown Construction on December 14th. Mobilization will occur the week of January 2, including the delivery of the project trailer. Construction is scheduled to be complete in 395 days, including 15 budgeted weather days. Beginning next month, a separate construction progress report including budget details will be provided to the Board.

2437 Eagle Avenue – Staff has received and is reviewing four responses to the RFP for a General Contractor from Arbor, Cahill J.H. Fitzmaurice, and Nibbi Brothers. The TCAC Carryover Allocation Agreement and supporting documents to update the status of the Everett and Eagle Project was submitted. TCAC has granted a blanket 60 day extension to 2nd round projects due to market disruptions, which extends the readiness deadline from March 15 to May 15 for Eagle Ave. The RFP for investors and lenders was re-issued the week of January 2nd There is still a fair amount of uncertainty related to tax credit investor pricing and staff is evaluating how to fill any funding gap that may occur if submitted prices are well below the projections. For example, if the corporate tax rate drops from 35% to 25% (all other factors equal) there would be a funding gap of approximately $1mm. Staff has spoken with Alameda County HCD staff about the possibility of securing County Housing Bond funds if needed. On January 23rd the Board of Supervisors will consider a proposal to make 'emergency' gap funding available to projects that are otherwise ready to close. The proposal will be based on the assumption that the emergency funds will come from each City's allocation of the total Housing Bond funds available. If this is approved, the local agency or the developer will need to provide short-term (construction phase) funds and the County funds would come in at conversion to permanent financing. Over the next few weeks staff will remain actively engaged working on this issue and will bring the Board an updated report next month.

North Housing – Staff continues to work with the Navy, City staff and consultants in preparation for conveyance of the AHA parcel. The draft parcelization plan has been approved by the Navy. The surveyor has drafted legal descriptions for the conveyance parcel as well as the AHA and Habitat parcels. Staff expects a new schedule for the auction of the publicly available parcel. The insurance broker for the City has provided a quote for a Pollution Legal Liability policy. The Navy has issued a draft public offering of the auction parcel and staff will work with the Navy and City Staff to review and provide comment.

Rosefield Village – Staff continues to work with Landis Development LLC, our third party real estate development consultant. Dahlin Group Architecture Planning was selected as the Rosefield architect and hosted a discussion in December to receive preliminary design direction on the redevelopment project. A separate report on the Rosefield project is included in this agenda.

## RENT & COMMUNITY PROGRAMS

- **Rent Program:**

The December monthly program report is available to the public on the Rent Program website at www.alamedarentprogram.org. In the News and Notices Tab there is a reports section. The monthly report includes a detailed program update narrative, data chart and trend charts. Timely payment has been received for the all billing to date.
City Request for Proposal for Rent Program Administration: The City released a request for Proposal which is due on January 19th. The following is the schedule for submission and award of contract:

| | |
|---|---|
| RFP Issued | November 22, 2016 |
| Proposals Due | January 19, 2017, 4:00 p.m. |
| Selection and Notification (tentative) | February 9, 2017 |
| Award of Contract (tentative) | March 7, 2017 |

The response will include the following statements:

- AHA reserves the right to withdraw the application if funding does not support program administration of all activities required by the ordinance or as requested by the City.

- The AHA administration office has reached its office space capacity and will no longer be able to host the rent program due to its service level requirements for office space. The Rent Program will need to seek a new office space within the City of Alameda. It is essential that the office space be accessible to the public and near public transit. Establishing a new office space will require set up costs such as office furniture and cubicle set up, Information Technology, telecommunications and additional office equipment such as copiers. Costs have been estimated for the RFP submission. AHA expects that all actual costs will be reimburse accordingly.
- AHA is requesting the presence of the City Attorney's Office at each RRAC meeting to support the staff, the RRAC members and the participant landlords and tenants.

**Outreach Strategies**

Ongoing efforts include:

- 18 attendees at informational workshops or fair housing trainings
- Announcement in Alameda Sun "Local Happenings" for informational workshops and fair housing trainings
- Walk-in inquiries accepted at Program Administrator's office
- If a workshop is cancelled due to enrollment of 5 or less people, staff will contact registrants to offer a 1:1 appointment to provide information and answer questions as needed.

**Rent Increases**

RRAC case summary for December cases that will be heard at January RRAC meeting:

- 45 cases filed
- 41 cases resolved before RRAC meeting
- 5 cases on RRAC agenda (RRAC meeting rescheduled for 01/11/16 due to Holiday)
-

A Special meeting has been scheduled for 01/12/16 to provide the RRAC an opportunity to comment on the Ordinance and how it applies to the RRAC process.

**Terminations of Tenancy**

December notice submissions: 6

- Two (2) Invalid submission
- Four (4) total valid submissions
  - One (1) "Owner Move-in"
  - Two (2) "Notice to Vacate (No Cause)"
  - One (1) "Withdrawal from the Rental Market"
  -

**Capital Improvement Plans (CIP)**

December CIP filings: 0

➢ **CDBG/HOME Programs:**

January 3, 2016 Council approve the annual objectives and priorities for the Annual Action Plan FY 17-18. This will set the priorities for the Notice of Funding Availability/Request for Proposals (NOFA/RFP) which will be released in January.

**FINANCE**

Please see the Budget Variance Report.

**RECOMMENDATION**

For information only.

Respectfully submitted,

Vanessa Cooper

Vanessa M. Cooper
Executive Director

VMC/all

Attachment

## Attachment A: Project Summary by Property

| Property | Project Description | Prior Approved | Identified (approved) | Identified (Not yet approved) |
|---|---|---|---|---|
| AHA | ADA Automatic Door Installation | 5,000 | | |
| AHA | PVC Roof Installation | 40,000 | | |
| ABD | Roof Repairs | | 120,000 | |
| ABD | Radiator Replacements | | | 150,000 |
| CC | ADA Automatic Door Installation | 5,000 | | |
| CC | Unit Entry Door Replacement | 42,000 | | |
| CC | Cabinetry Replacement (Bath & Kitchen) | 100,000 | | |
| CC | Electrical Panel Replacement | | 60,000 | |
| CC | Water Heater Replacement | | | 30,000 |
| CC | Pool (Remove, Fill & Stabilize Soil) | | | 100,000 |
| CC | Soft Story Assessment/Structural Report | | | 50,000 |
| ESP | Clean Out Heater Vents | 40,000 | | |
| ESP | Gate Valve Replacements | 20,000 | | |
| ESP | Breaker Panel Replacement | 325,000 | | |
| ESP | Landscaping | 200,000 | | |
| ESP | Guardrails/Deck Repair | | 100,000 | |
| ESP | Furnace Replacements | | 350,000 | |
| ESP | Exhaust Fan Replacements | | 100,000 | |
| ESP | Roof Repairs | | | 450,000 |
| ESP | Furnace Replacement (Community Room) | | | 4,000 |
| EV | Interior Trim & Finishes | | 100,000 | |
| EV | MEP Repairs | | 200,000 | |
| EV | Exhaust Fan Replacements | | 25,000 | |
| EV | Vantiy/Sink/Countertop Replacements | | 100,000 | |
| EV | Electrical Repairs | | 25,000 | |
| EV | Roof Repairs | | | 170,000 |
| IP | Fire Alarm Panel & A/C Condensing Unit Replacement | 29,000 | | |
| IP | Wall Heater Replacement (Partial) | 200,000 | | |
| IP | ADA Automatic Door Installation (x6) | 30,000 | | |
| IP | Exhaust Fan Replacements | | 50,000 | |
| IP | Roof Repairs | | | 255,000 |
| IP | Water Heaters Replacements | | | 10,000 |
| IP | ADA Compliance Upgrades | | | 1,000,000 |
| PV | Angle Stop Replacements | 50,000 | | |
| PV | Wall Heater Replacements | | 210,000 | |
| PV | Water Heater Replacements | | | 54,000 |
| RV | Interim Repairs | | | 60,000 |
| SHM | Conduit Replacement (Sump Pump) | 26,000 | | |
| SHM | PVC Roof Installation | | 50,000 | |
| SHM | Wall Heater Replacements | | 45,000 | |
| SHM | Water Heater Replacements | | | 20,000 |
| | | **1,112,000** | **1,535,000** | **2,353,000** |
| | | | | **5,000,000** |

Property Code

| | |
|---|---|
| AHA | AHA Office |
| ABD | Ann B. Diamond |
| CC | China Clipper |
| ESP | Esperanza |
| EV | Eagle Village |
| IP | Independence Plaza |
| PV | Parrot Village |
| RV | Rosefield Village |
| SHM | Sherman House |

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Housing
Authority of the City of Alameda
701 Atlantic Avenue - Alameda, California 94501-2161 - Tel: (510) 747-4300 - Fax: (510)522-7848 - TDD: (510) 522-8467

To: Honorable Chair and
Members of the Board of Commissioners

From: Vanessa M. Cooper
Executive Director

Prepared by: Marie Wang, Finance Director

Date: January 18, 2017

RE: Budget Variance Report for November 2016

## BACKGROUND

On May 18, 2016 the Board of Commissioners approved a two-year operating budget for all programs covering the fiscal years July 1, 2016 through June 30, 2018. This Budget Variance Report covers preliminary unaudited financial operating results compared to the budget approved on May 18, 2016, for the five-month period of July 1, 2016 to November 30, 2016. Although the year-end financial data is accrued, the month-to-month financials are on a cash basis.

The format of this budget variance report is different from the report presented in FY 15-16. It is more compatible with the format of the FY 16-17 approved budget. It now presents a Housing Assistance Payments (HAP) Pass-through Budget and the HCV/Section 8 Operations Budget separately.

Please note this is for the period ending November 30, 2016. Financial reports going forward will report one month after the month end to allow for improved reporting.

## DISCUSSION

Overall operating income is more than the year-to-date budget by $233,316 (4%), mainly due to the higher year-to-date tax increment that we received from the City ($158,069) compared with the budget. The vacancy loss is $122,310 less than the year-to-date budget due to better than projected occupancy.

The operating revenue in the HCV Program is higher than the year-to-date budget by $109,451 (16 %). This is mainly due to the higher HUD's disbursement of the Administrative Fee revenue comparing with our budgeted revenue. There will be a year-end reconciliation to determine if there is any over or under payment to adjust at the end of fiscal year.

The other income including the professional service revenue is $263,122 less than the year-to-date budgeted revenue. This is mainly due to a time lag of billing for the CDBG program, and the services payment from ICD ($100,000), which has been paid in late December.

Agency-wide operating expenses are lower than the year-to-date budget by $801,769 (18 %). This is mainly due to the lower salary and benefit expenses by $561,166. There are currently 10 funded positions that are vacant (of these 5 are in the Rent Program. Both in the Rent Program and elsewhere, temporary staff has been utilized to provide assistance until permanent staff being placed to those positions. The other administrative expenses including the supplies, training, and administrative services are also lower than the year-to-date budget by $170,125. Generally these expenses, especially training, catch up later in the fiscal year.

Please note that the budgeted year-to-date salary expenses are calculated based on the 12 months basis, and the actual year-to-date salary expenses are calculated based on 26 payrolls. At the end of November, the year-to-date budgeted salary is 42% of the budget, and the year-to-date actual salary is 38% of the annual salary. The difference due to the time lag will be erased as time progresses.

Effective January 1, 2017, AHA will start contributing to the health insurance premium for the maximum of employees plus 2 dependents. The annual budget for the new benefit contribution is averaged out for 12 months since July 1, 2016. So the differences in between the year-to-date budgeted benefit expenses and the year-to-date actual benefit expenses will also be caught up by January 1, 2017.

The Net Operating Income (NOI) before Debt Service is $2,319,075, which is $1,077,729 (87%) higher than the year-to-date budget. The Net Income is $1,848,141, which is $1,062,753 (133%) more than the year-to-date budgeted surplus.

**Capital Improvement Project**

CIP's totaled $383,738 for year-to-date through November 2016. The FY 16-17 annual capital budget is $3,771,718. The total budget for ABD 504 Project is $505,000, but it overlaps FY 15-16 and FY 16-17. The project is now complete.

| CIP expenditure from July to Nov, 2016 | |
|---|---|
| 1120 Lincoln House - ADA Modifications | $12,420 |
| 2100 Esperanza - Replace shower units | $7,580 |
| 6010 A. B. Diament - Section 504 Projects | $335,974 |
| 6020 Rosefield - For 738 Eagle Ave & 727 Buena Vista Project | $4,184 |
| 6100 Eagle - Replace tub & surrounding area | $23,580 |
| Total CIP Projects YTD November, 2016 | $383,738 |

HOUSING ASSISTANCE PAYMENTS (HAP) PASS-THROUGH

The Housing Assistance Payments (HAP) Pass-through budget includes all the Housing Choice Voucher/Section 8, Shelter Plus and Bessie Coleman (SRO) programs. The year-to-date revenue is $1,194,939 (10%) less than the budget. The HAP payments to landlords are $1,125,794 (10%) less than the year-to-date budget, resulting a net loss of $69,145 as of November 30, 2016. This amount will be recouped. From HUD The AHA staff submitted a request for additional HAP funding in October. HUD granted staff's request of additional $237,000.

A project reserve (or HAP funds Held by HUD reserve) whereby AHA can draw additional HAP funds if our HAP costs exceed any year's HAP budget has been established by HUD in lieu of significant RNP (Restricted Net Position) cash reserves held by AHA in the past. This HUD held HAP reserve has a balance in excess of $3.9 million dollars as of November 30, 2016. As the payment standard increases effective April and September 2016, and with the issuance of 50 new vouchers, the HUD held HAP reserve balance is expected to be fully utilized in the future.

Our November lease rate based on units is at 80.4 percent due to the tight housing market. The year-to-date lease rate is at 80.4 percent for the fiscal year ending November 30, 2016, and 81.3 percent for the HUD calendar year 2016 annual funding cycle, which began in January. The November utilization rate (based on funding) has increased to 98.3%. The year-to-date utilization rate of actual HAP expense has slightly increased to 96.0% of the HUD Budget Amount for the fiscal year ending November 30, 2016, and 93.8 % for the HUD calendar year 2016 annual funding cycle. This is due to the rising payment standards designed to help increase leasing. (See Attachment 2)

HOUSING CHOICE VOUCHER PROGRAM OPERATIONS

On May 26, HUD sent a letter to Executive Directors increasing the administrative fee proration for calendar year (CY) 2016 from 80 percent to 84 percent. The Department has allocated previously unused funds towards the administrative fee as the FY 2016 Appropriations Act allows it to do.

The operating (or administrative) portion of the Housing Choice Voucher program presented at this report also includes the administrative tasks of the Shelter Plus Program and ROSS/FSS Project Coordinator Programs

The operating revenue is higher than the year-to-date budget by $109,451 (16%). This is mainly due to the higher HUD's disbursement of the Administrative Fee revenue comparing with our budgeted revenue. There will be a year-end reconciliation to determine if there is any over or under payment to adjust at the end of fiscal year. The operating expenses are lower than the budget by $187,966 (20%), mainly due to the lower year-to-date salary and benefit expenses ($133,341) and lower other administrative expenses ($39,879).

Voucher administrative fee currently has an operating surplus of $38,019 compared to the year-to-date budgeted deficit of $259,398.

PROPERTY OPERATIONS

**PARROT VILLAGE AND EAGLE VILLAGE**

Total operating revenue for Parrot Village and Eagle Village properties is slightly over budget by $70,295 (7%). This is mainly due to the lower actual vacancy loss than the year-to-date budget by $32,239. The net tenant rental revenue is, therefore, $65,163 higher than the year-to-date budget.

The operating expenses are under budget by $82,591. This is mainly due to the lower salary and benefit expenses ($48,641) and lower maintenance cost ($22,371), resulting in a surplus of $484,627 versus the year-to-date budgeted surplus of $344,482. Maintenance expenses are expected to increase in coming months as the property is subject to HQS shortly.

**HOUSING AUTHORITY OWNED**

Operating revenue finished this month slightly over budget by $86,030 (4%). There were 15 vacant units in November, which includes Rosefield Village and A.B. Diament for a total of 10 units. Please note that the vacant units referred here means the unit is vacant at any time in the month, so these numbers may not match the property reports. Out of 15 vacant units in November, 3 units of these are permanently offline at Rosefield. The actual year-to-date vacancy loss is still lower than the year-to-date budget by $45,402. The net tenant rental revenue is, therefore, $73,091 higher than the year-to-date budgeted net revenue.

The operating expenses are under budget by $250,654 (15%). This is mainly due to the saving in the salary and benefit expenses of $155,505 and lower other administrative expenses by $33,117, resulting in a surplus of $730,541 versus the year-to-date budgeted surplus of $395,440.

**INDEPENDENCE PLAZA**

Operating revenue is over budget by $230,991 (19%), mainly due to the higher year-to-date tax increment revenue than the budget by $158,069. There will be a year-end reconciliation to determine if there is any over or under payment to adjust. There were 5 vacant units in November, which still resulted a saving in the year-to-date vacancy loss by $44,669, compared with the year-to-date budget.

The operating expenses are under budget by $48,944 (8%). This is mainly due to the saving in the salary and benefit expenses of $62,344, offset by higher maintenance contract cost due to higher unit turn around ($26,817), still resulting in a surplus of $743,580 versus the year-to-date budgeted surplus of $466,298.

Maintenance expenses are expected to increase in coming months as the property is subject to HQS.

**AHA/CDBG/HCD/OTHER MANAGED PROGRAMS**

This section includes Housing Community Development, CDBG, Successor Agency, Development and other Programs. The reimbursement programs are under contract with the City for CDBG, HOME and other affordable housing programs. Reimbursement billings are processed by the City. There is no any current revenue to cover the costs for the Successor Housing agency, so the funds received from the City in August of 2012 is utilized to fund the budgeted activities.

Operating revenue is under budget by $263,453 (63%). The professional service revenue ($100K) was paid by ICD in December. There is a time lag in the CDBG billing too. The operating expenses are under budget by $231,618 (43%). This is mainly due to the saving in the salary and benefit expenses for the amount of $161,262, and other administrative expenses of $74,801, resulting an overall deficit of $148,627, compared with the budgeted deficit of $161,436.

<u>OTHER FINANCIAL ISSUES</u>

**GASB-68**

As a local government agency, AHA has to maintain its books by standards set by the Government Accounting Standards Board (GASB). Each year the GASB sets guidelines for accounting practices, identified by number. Effective FY 2016, AHA must operate by GASB rule 68, which is commonly known as GASB-68. This new rule, GASB-68, requires all government agencies (States, Counties, Cities and Special Purpose Local Governments) to report pension liabilities which have historically been reported on a pay as you go basis by all government entities. Since AHA is a member of the CalPERS retirement system, AHA is required to report each year on any unfunded pension liability.

According to the CalPERS Actuarial Valuation Report as of June 30, 2014 for the Miscellaneous Plan of the Housing Authority of the City of Alameda, the estimated balance of Authority's Unfunded Accrued Liability (UAL) as of June 30, 2016 would be $1,600,594. This is lower than the previous estimate of $1,874,684. According to the Senior Pension Actuary at CalPERS Actuarial Office, there is no penalty if the liability remains unpaid, but the plan charges 7.5% on any existing unfunded liability.

Although the Board has approved a payment of $1,954,024 to pay down the liability, staff delayed the payment as previously reported in order to obtain further information from CalPERS. Staff made a payment of $1,000,000 on June 8, 2016 to avoid the 7.5% interest charge on outstanding liabilities. This partial payment was made due to the concern that if the Unfunded Accrued Liability (UAL) balance decreases more, as we have observed for the past year, by not making the full payment up front, we would not take the risk of overpaying the

UAL. The staff will continue monitoring the UAL balance to make recommendations of either paying down or paying off the balance. If the total amount recommended to pay off exceeds the previous approved pay off of $1,954,024, staff will return to the Board for approval.

CalPERS has released the actuarial valuations report with the measurement date of June 30, 2015 for the whole risk-pool, which they made available to everyone online. The difference this year is that they are not providing individualized reports with the required disclosures readily available (like they did last year.) The staff will review the report and make any new recommendations, if necessary, to the Board, once the updated balance of Unfunded Accrued Liability (UAL) is calculated and confirmed. For the audit of the current fiscal year, a third party consultant will be hired to calculate the GASB-68 Unfunded Accrued Liability and prepare the AHA individualized Actuarial Valuation report.

**GASB-45/OPEB**

The Government Accounting Standards Board (GASB) has mandated disclosure of other post-employment benefit (OPEB) liabilities for all government employers beginning in 2009. During fiscal years prior to 2012 the Authority's employees were actually employees of the City of Alameda and not employees of the Authority itself, therefore there was no OPEB obligation or expense recognized in fiscal years prior to 2012. During fiscal year 2015 the Authority administered this program on a pay-as-you-go basis and actual costs were expensed as incurred. To comply with GASB 45, the Authority estimated the present value of the projected benefits of the OPEB program using the Alternative Measurement Method as permitted by GASB Statements Numbers 43 and 45.

The goal of GASB 45 is to match recognition of retiree medical expense with the periods during which the benefit is earned. The entry age normal cost method effectively meets this goal in most circumstances. The plan currently has no assets.

AHA issued a Request for Proposal (RFP) for an independent assessment of OPEB liabilities for the analysis on the post-employment health benefits and make recommendations of possible improvements in regards to AHA Actuarial Funding Policy and the benefit structure of AHA. Nicolay Consulting Group (NCG) has been selected to provide the analysis and prepared the detailed actuarial report to be incorporated into the audited financial statement. Nicolay Consulting Group is presenting the Actuarial Valuations Report to Board of Commissioners at the January Board Meeting.

<u>OTHER ISSUES IMPACTING FINANCE DEPARTMENT</u>

AHA issued a Request for Proposal (RFP) for an independent assessment of financial systems and controls review. Nan McKay and Associates, Inc. has been selected to provide the comprehensive review of key financial systems and controls including: banking practices and controls, accounting practices and controls, financial reporting, software system, fraud prevention and controls, etc. Nan McKay will conduct an on-site review and face-to-face interview on January

10th to January 12th. The final written report including an executive summary, description of current systems and controls and prioritized recommendation will be available no later than 8 weeks after the site visit.

The six-month tenure of the temporary controller has come to an end and she has been reassigned to another employer. During this time she assisted with preparing the supporting schedules for FY 15-16 Audit and preparing the adjusted journal entries to support the FDS submitted to HUD. She also prepared the accounting procedures for financial month-end and year-end closing and audit; daily cash reconciliation and monthly bank reconciliation; new vendor set up and validation policy. In addition, she has worked with the Finance Department staff to expand the implementation of additional internal control procedures for the Finance Department's operation. Staff will be making a recommendation to the Board on permanent staffing for the Finance Department following the Nan McKay visit. In the meantime temporary staff will be used as necessary.

BUDGET CONSIDERATION/FINANCIAL IMPACT

At the bottom of each budget variance report, the balance is shown by either a surplus or deficit. An adjustment for any deficit is made by transferring from accumulated operating reserves. Generally, surpluses are added to operating reserves while deficits are reductions to operating reserves.

RECOMMENDATION

For information only.

Respectfully submitted,

Vanessa M. Cooper
Executive Director

VC/MW

Attachments: 1. Budget Variance Reports
2. Section 8 HCV Tracking Report

**INDEPENDENCE PLAZA (8100)**

## Budget Comparison

Period = Nov 2016

| | PTD Actual | PTD Budget | Variance | % Var | YTD Actual | YTD Budget | Variance | % Var | Annual |
|---|---|---|---|---|---|---|---|---|---|
| **Revenue** | | | | | | | | | |
| Gross Tenant Rental Revenue | 138,041 | 131,840 | 6,201 | 5% | 671,447 | 659,200 | 12,247 | 2% | 1,582,081 |
| Tax Increment Payments from the C | 156,667 | 125,053 | 31,614 | 25% | 783,333 | 625,264 | 158,069 | 25% | 1,500,633 |
| Gross Potential Rent | 294,708 | 256,893 | 37,815 | 15% | 1,454,780 | 1,284,464 | 170,316 | 13% | 3,082,714 |
| Vacancy Loss | -6,210 | -12,845 | 6,635 | -52% | -19,554 | -64,223 | 44,669 | 70% | -154,136 |
| Rent Free Unit | -1,893 | -1,893 | 0 | 0% | -9,465 | -9,465 | 0 | 0% | -22,716 |
| Write Off | 0 | -2,569 | 2,569 | -100% | 0 | -12,845 | 12,845 | 100% | -30,827 |
| Net Tenant Rental Revenue | 286,605 | 239,586 | 47,019 | 20% | 1,425,761 | 1,197,931 | 227,830 | 19% | 2,875,035 |
| Maintenance Charges | 140 | 333 | -193 | -58% | 3,906 | 1,667 | 2,239 | 134% | 4,000 |
| Late Charges | 30 | 54 | -24 | -44% | 190 | 271 | -81 | -30% | 650 |
| **Total Tenant Revenue** | **286,775** | **239,974** | **46,801** | **20%** | **1,429,857** | **1,199,869** | **229,988** | **19%** | **2,879,685** |
| Other Income | 1,028 | 1,586 | -558 | -35% | 8,933 | 7,930 | 1,003 | 13% | 19,032 |
| **Total Revenue** | **287,803** | **241,560** | **46,243** | **19%** | **1,438,790** | **1,207,799** | **230,991** | **19%** | **2,898,717** |
| | | | | | | | | | |
| Expenses: | | | | | | | | | |
| **Administrative** | | | | | | | | | |
| Administrative Salaries | 22,464 | 18,048 | -4,416 | -24% | 80,543 | 90,239 | 9,696 | 11% | 216,573 |
| Admin Employee Benefits | 5,933 | 7,462 | 1,529 | 20% | 26,553 | 37,314 | 10,761 | 29% | 89,554 |
| Temporary Help - Administrative | 1,394 | 605 | -789 | -130% | 11,966 | 3,025 | -8,941 | -296% | 7,259 |
| Legal Expense | 0 | 970 | 970 | 100% | 5,830 | 4,852 | -978 | -20% | 11,646 |
| Auditing Fees | 901 | 666 | -235 | -35% | 3,424 | 3,332 | -92 | -3% | 7,996 |
| Other Admin Expenses | 5,855 | 7,240 | 1,385 | 19% | 24,268 | 36,209 | 11,941 | 33% | 86,902 |
| Total Administrative Expense | 36,547 | 34,994 | -1,553 | -4% | 152,584 | 174,971 | 22,387 | 13% | 419,930 |
| | | | | | | | | | |
| Tenant/Social Services/Police | | | | | | | | | |
| Tenant Services - Salaries | 1,225 | 2,459 | 1,234 | 50% | 8,044 | 12,295 | 4,251 | 35% | 29,508 |
| Tenant Services Employee Benefits | 705 | 1,194 | 489 | 41% | 4,158 | 5,971 | 1,813 | 30% | 14,330 |
| Police Services | 3,062 | 3,062 | 0 | 0% | 15,278 | 15,312 | 34 | 0% | 36,750 |
| Tenant Services Activities | 2,922 | 4,471 | 1,549 | 35% | 12,210 | 22,356 | 10,146 | 45% | 53,655 |
| Total Tenant Services and Benefits | 7,916 | 11,187 | 3,271 | 29% | 39,690 | 55,935 | 16,245 | 29% | 134,243 |
| | | | | | | | | | |
| Total Utilities | 58,667 | 25,084 | -33,583 | -134% | 126,477 | 125,419 | -1,058 | -1% | 301,005 |
| | | | | | | | | | |
| **Regular Maintenance** | | | | | | | | | |
| Maintenance - Salaries | 15,679 | 26,462 | 10,783 | 41% | 103,666 | 132,312 | 28,646 | 22% | 317,549 |
| Maint Employee Benefits | 8565 | 12388 | 3,823 | 31% | 45,824 | 61942 | 16,118 | 26% | 148,662 |
| Maintenance Materials | 1,302 | 4,665 | 3,363 | 72% | 11,037 | 23,324 | 12,287 | 53% | 55,978 |
| Maintenance Contract Cost | 8,862 | 11,212 | 2,350 | 21% | 98,438 | 56,062 | -42,376 | -76% | 134,548 |
| Total Maintenance | 34,406 | 54,728 | 20,322 | 37% | 258,965 | 273,640 | 14,675 | 5% | 656,737 |
| | | | | | | | | | |
| General Expenses | | | | | | | | | |
| Insurance - Liability | 1,774 | 821 | -953 | -116% | 7,661 | 4,106 | -3,555 | -87% | 9,854 |
| Insurance - Property | 1,371 | 1,626 | 255 | 16% | 8,064 | 8,130 | 66 | 1% | 19,512 |
| Insurance - Vehicle | 231 | 268 | 37 | 14% | 1,155 | 1,339 | 184 | 14% | 3,213 |
| Total General Expenses | 3,376 | 2,715 | -661 | -24% | 16,880 | 13,575 | -3,305 | -24% | 32,579 |
| **Total Operating Expenses** | **140,912** | **128,708** | **-12,204** | **-9%** | **594,596** | **643,540** | **48,944** | **8%** | **1,544,494** |
| | | | | | | | | | |
| **NOI before Debt Services** | **146,891** | **112,852** | **-34,039** | **-30%** | **844,194** | **564,259** | **-279,935** | **-50%** | **1,354,223** |
| | | | | | | | | | |
| Debt Services | 19,856 | 19,592 | -264 | -1% | 100,614 | 97,961 | -2,653 | -3% | 235,106 |
| **Net Income** | **127,035** | **93,260** | **33,775** | **36%** | **743,580** | **466,298** | **277,282** | **59%** | **1,119,117** |

## HCD/CDBG/Successor Agency/DEV/Other Programs
### Budget Comparison - HCD/CDBG/Successor Agency
Period = Nov 2016

| | PTD Actual | PTD Budget | Variance | % Var | YTD Actual | YTD Budget | Variance | % Var | Annual |
|---|---|---|---|---|---|---|---|---|---|
| **Revenue** | | | | | | | | | |
| Interest and Investment Income | 0 | 782 | -782 | -100% | 1,147 | 3,910 | -2,763 | -71% | 9,382 |
| Land Fee/Ground Lease | 447 | 784 | -337 | -43% | 2,235 | 3,919 | -1,684 | -43% | 9,404 |
| Professional Service Revenue | 42,829 | 82,342 | -39,513 | -48% | 152,703 | 411,709 | -259,006 | -63% | 988,100 |
| Total Revenue | 43,276 | 83,908 | -40,632 | -48% | 156,085 | 419,538 | -263,453 | -63% | 1,006,886 |
| Expenses: | | | | | | | | | |
| **Administrative** | | | | | | | | | |
| Administrative Salaries | 18,057 | 55,793 | 37,736 | 68% | 186,810 | 278,965 | 92,155 | 33% | 669,516 |
| Admin Employee Benefit | 5,840 | 18,454 | 12,614 | 68% | 64,382 | 92,267 | 27,885 | 30% | 221,438 |
| Temporary Help - Administrative | 976 | 9,323 | 8,347 | 90% | 5,393 | 46,615 | 41,222 | 88% | 111,876 |
| Legal Expense | 0 | 1,626 | 1,626 | 100% | 11,085 | 8,129 | -2,956 | -36% | 19,510 |
| Auditing Fees | 563 | 417 | -146 | -35% | 2,139 | 2,083 | -56 | -3% | 5,000 |
| Other Admin Expenses | 16,631 | 22,202 | 5,571 | 25% | 36,211 | 111,012 | 74,801 | 67% | 266,428 |
| Total Administrative Expense | 42,068 | 107,814 | 65,746 | 61% | 306,020 | 539,071 | 233,051 | 43% | 1,293,768 |
| Total Utilities | 97 | 0 | -97 | 0% | 984 | 0 | -984 | 0% | 0 |
| Regular Maintenance | | | | | | | | | |
| Maintenance - Salaries | 0 | 47 | 47 | 100% | 163 | 236 | 73 | 31% | 566 |
| Maint Employee Benefit | 0 | 0 | 0 | 0% | 0 | 0 | 0 | 0% | 0 |
| Maintenance Materials | 9 | 0 | -9 | 0% | 12 | 0 | -12 | 0% | 0 |
| Maintenance Contract Cost | 221 | 0 | -221 | 0% | 510 | 0 | -510 | 0% | 0 |
| Total Maintenance | 230 | 47 | -183 | -389% | 685 | 236 | -449 | -190% | 566 |
| **Total Operating Expenses** | **42,395** | **107,861** | **65,466** | **61%** | **307,689** | **539,307** | **231,618** | **43%** | **1,294,334** |
| Other Expenses | | | | | | | | | |
| Pre-development Cost | 520 | 8,333 | 7,813 | 94% | -2,977 | 41,667 | 44,644 | 107% | 100,000 |
| **Net Income** | **361** | **-32,286** | **32,647** | **-101%** | **-148,627** | **-161,436** | **12,809** | **-8%** | **-387,448** |

# Housing Authority of the City of Alameda
## Unaudited Budget Variance Report
### For the four month Fiscal Period Ending November 30, 2016

Year - to-Date (YTD) Actual Income and Expenditures

| Description | Parrot & Eagle Village<br>YTD Actual | AHA Owned<br>YTD Actual | Independence Plaza<br>YTD Actual | HCV/Section 8 Operations<br>YTD Actual | HCD/CDBG/Successor Agency/DEV/Other Properties<br>YTD Actual | Year-to-Date<br>Total Actual | Year-to-Date<br>Budget | Year-to-Date<br>Variance | % at +/-<br>Variance | Annual Budget<br>FY 16-17 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Revenue** | | | | | | | | | | |
| Tenant Rent Received | 237,324 | 629,052 | 671,447 | | | 1,537,823 | 1,528,125 | 9,698 | 1% | 3,667,501 |
| Tenant HAP Subsidy | 790,455 | 1,890,702 | 0 | | | 2,681,157 | 2,653,217 | 27,940 | 1% | 6,367,720 |
| Tax Increment Payments from City | | | 783,333 | | | 783,333 | 625,264 | 158,069 | 25% | 1,500,633 |
| Gross Potential Rent | 1,027,779 | 2,519,754 | 1,454,780 | | | 5,002,313 | 4,806,606 | 195,707 | 4% | 11,535,854 |
| Vacancy Loss | $ (18,006) | $ (80,460) | $ (19,554) | | | $ (118,020) | (240,330) | 122,310 | 51% | (576,793) |
| Rent Free Unit | $ (13,195) | $ (28,395) | $ (9,465) | | | $ (51,055) | (51,055) | - | 0% | (122,532) |
| Write Off | $ - | $ - | $ - | | | $ - | (48,066) | 48,066 | 100% | (115,359) |
| Net Rental Income | $ 996,578 | $ 2,410,899 | $ 1,425,761 | | | $ 4,833,238 | 4,467,154 | 366,084 | 8% | 10,721,170 |
| Maintenance Charges | 8,356 | 11,520 | 3,906 | | | 23,782 | 5,958 | 17,824 | 299% | 14,300 |
| Late Charges | 680 | 1,530 | 190 | | | 2,400 | - | 2,400 | 100% | - |
| Commercial Rents | | 12,123 | 0 | | | 12,123 | 11,630 | 493 | 4% | 27,911 |
| Total Tenant Revenue | $ 1,005,614 | $ 2,436,072 | $ 1,429,857 | $ - | $ - | $ 4,871,543 | 4,484,742 | 386,801 | 9% | 10,763,381 |
| | | | | | | | | | | |
| HUD Grant & Administrative Fees | | | | 805,499 | | 805,499 | 695,862 | 109,637 | 16% | 1,670,068 |
| | | | | | | | | | | |
| Other Income | $ 2,288 | $ 33,089 | $ 8,933 | $ 19 | $ 156,085 | 200,414 | 463,536 | (263,122) | -57% | 1,112,486 |
| | | | | | | | | | | |
| **Total Revenue** | **1,007,902** | **2,469,161** | **1,438,790** | **805,518** | **156,085** | **5,877,456** | **5,644,140** | 233,316 | **4%** | **13,545,935** |
| | | | | | | | | | | |
| | | | | | | | - | | | |
| Expenses: | | | | | | | - | | | |
| **Administrative** | | | | | | | - | | | |
| Administrative Salaries | 81,510 | 260,216 | 80,543 | 429,791 | 186,810 | 1,038,870 | 1,281,139 | 242,269 | 19% | 3,074,733 |
| Admin Employee Benefit | 28,632 | 90,169 | 26,553 | 149,396 | 64,382 | 359,132 | 496,108 | 136,976 | 28% | 1,190,658 |
| Temporary Help - Administrative | 9,994 | 29,539 | 11,966 | 28,095 | 5,393 | 84,987 | 79,817 | (5,170) | -6% | 191,560 |
| Legal Expense | 4,398 | 16,237 | 5,830 | 21,910 | 11,085 | 59,460 | 61,398 | 1,938 | 3% | 147,354 |
| Auditing Fees | 2,782 | 7,938 | 3,424 | 2,717 | 2,139 | 19,000 | 18,495 | (505) | -3% | 44,387 |
| Other Admin. Expenses | 18,426 | 66,736 | 24,268 | 105,331 | 36,211 | 250,972 | 421,097 | 170,125 | 40% | 1,010,632 |
| Total Administrative Expense | 145,742 | 470,835 | 152,584 | 737,240 | 306,020 | 1,812,421 | 2,358,052 | 545,631 | 23% | 5,659,324 |
| | | | | | | | | | | |
| Tenant/Social Services/Police | | | | | | | | | | |
| Tenant Services - Salaries | 6,392 | 16,478 | 8,044 | 0 | | 30,914 | 53,123 | 22,209 | 42% | 127,495 |
| Tenant Employee Benefits | 4,030 | 11,601 | 4,158 | 0 | | 19,789 | 28,385 | 8,596 | 30% | 68,124 |
| Police Services | 12,320 | 41,895 | 15,278 | 18,008 | | 87,501 | 87,500 | (1) | 0% | 210,000 |
| Tenant-Relocation Costs | 315 | 3,644 | 0 | 0 | | 3,959 | 12,129 | 8,170 | 67% | 29,109 |
| Tenant and Social Services - Activities | 12,098 | 28,603 | 12,210 | 221 | | 53,132 | 70,141 | 17,009 | 59% | 168,338 |
| Total Tenant Services and Benefits | 35,155 | 102,221 | 39,690 | 18,229 | | 195,295 | 251,278 | 55,983 | 22% | 603,066 |
| | | | | | | | | | | |
| Total Utilities | 105,708 | 255,805 | 126,477 | 4,661 | 984 | 493,635 | 509,113 | 15,478 | 3% | 1,221,872 |
| | | | | | | | | | | |
| Regular Maintenance | | | | | | | | | | |
| Maintenance - Salaries | 72,904 | 202,995 | 103,666 | | 163 | 379,728 | 479,609 | 99,881 | 21% | 1,151,061 |
| Maint Employee Benefits | 30,737 | 85,912 | 45,824 | | 0 | 162,473 | 218,878 | 56,405 | 26% | 525,306 |
| Maintenance Materials | 12,793 | 30,227 | 11,037 | 364 | 12 | 54,433 | 99,803 | 45,370 | 45% | 239,526 |
| Maintenance Contract Cost | 69,638 | 233,008 | 98,438 | 5931 | 510 | 407,525 | 398,331 | (9,194) | -2% | 955,995 |

Housing Authority of the City of Alameda
Unaudited Budget Variance Report
For the four month Fiscal Period Ending November 30, 2016
Year - to-Date (YTD) Actual Income and Expenditures

| Description | Parrot & Eagle Village | AHA Owned | Independence Plaza | HCV/Section 8 Operations | HCD/CDBG/Successor Agency/DEV/Other Properties | Year-to-Date | Year-to-Date | Year-to-Date | % at +/- | Annual Budget |
|---|---|---|---|---|---|---|---|---|---|---|
| | YTD Actual | YTD Actual | YTD Actual | YTD Actual | YTD Actual | Total Actual | Budget | Variance | Variance | FY 16-17 |
| Total Maintenance | 186,072 | 552,142 | 258,965 | 6,295 | 685 | 1,004,159 | 1,196,620 | 192,461 | 16% | 2,871,888 |
| | | | | | | | | | | |
| General Expenses | | | | | | | | | | |
| Other Miscellaneous | 297 | 3 | | 18 | | 318 | - | (318) | 0% | - |
| Insurance - Liability | 1,670 | 10,837 | 7,661 | 910 | | 21,078 | 12,626 | (8,452) | -67% | 30,303 |
| Insurance - Property | 6,670 | 14,020 | 8,064 | 0 | | 28,754 | 29,321 | 567 | 2% | 70,370 |
| Insurance - Vehicle | 571 | 1,826 | 1,155 | 146 | | 3,698 | 4,118 | 420 | 10% | 9,882 |
| Total General Expenses | 9,208 | 26,686 | 16,880 | 1,074 | 0 | 53,848 | 46,065 | (7,783) | -17% | 110,555 |
| | | | | | | | | - | | |
| Total Operating Expenses | 481,885 | 1,407,689 | 594,596 | 767,499 | 307,689 | 3,559,358 | 4,361,127 | 801,769 | 18% | 10,466,705 |
| | | | | | | | | | | |
| Other Expenses | | | | | | | | | | |
| Pre-development Cost | | 2,000 | | | -2,977 | -977 | 41,667 | 42,644 | 102% | 100,000 |
| Total Other Expenses | | 2,000 | | | -2,977 | -977 | 41,667 | 42,644 | 102% | 100,000 |
| | | | | | | | | | | |
| **NOI Before Debt Services** | 526,017 | 1,059,472 | 844,194 | 38,019 | -148,627 | 2,319,075 | 1,241,346 | 1,077,729 | 87% | 2,979,230 |
| | | | | | | | | | | |
| Debt Services | 41,389 | 328,931 | 100,614 | 0 | | 470,934 | 455,958 | (14,977) | -3% | 1,094,298 |
| | | | | | | | | | | |
| **Net Income** | **484,628** | **730,541** | **743,580** | **38,019** | **-148,627** | **1,848,141** | **785,388** | **1,062,753** | **135%** | **1,884,932** |

## AHA Owned
### Budget Comparison
Period = Nov 2016

| | PTD Actual | PTD Budget | Variance | % Var | YTD Actual | YTD Budget | Variance | % Var | Annual |
|---|---|---|---|---|---|---|---|---|---|
| **Revenue** | | | | | | | | | |
| Gross Tenant Rental Revenue | 127,825 | 125,307 | 2,518 | 2% | 629,052 | 626,535 | 2,517 | 0% | 1,503,684 |
| Tenant HAP Subsidy | 378,140 | 378,140 | 0 | 0% | 1,890,702 | 1,890,702 | 0 | 0% | 4,537,685 |
| Gross Potential Rent | 505,965 | 503,447 | 2,518 | 1% | 2,519,754 | 2,517,237 | 2,517 | 0% | 6,041,369 |
| Vacancy Loss | -10,658 | -25,172 | 14,514 | -58% | -80,460 | -125,862 | 45,402 | 36% | -302,069 |
| Rent Free Unit | -5,679 | -5,679 | 0 | 0% | -28,395 | -28,395 | 0 | 0% | -68,148 |
| Write Off | 0 | -5,034 | 5,034 | -100% | 0 | -25,172 | 25,172 | 100% | -60,414 |
| Net Tenant Rental Revenue | 489,628 | 467,562 | 22,066 | 5% | 2,410,899 | 2,337,808 | 73,091 | 3% | 5,610,738 |
| Maintenance Charges | 0 | 612 | -612 | -100% | 11,520 | 3,062 | 8,458 | 276% | 7,350 |
| Late Charges | 260 | 0 | 260 | 0% | 1,530 | 0 | 1,530 | 0% | 0 |
| Commercial Rents | 2,460 | 2,326 | 134 | 6% | 12,123 | 11,630 | 493 | 4% | 27,911 |
| **Total Tenant Revenue** | **492,348** | **470,500** | **21,848** | **5%** | **2,436,072** | **2,352,500** | **83,572** | **4%** | **5,645,999** |
| Other Income | 13,079 | 6,126 | 6,953 | 113% | 33,089 | 30,631 | 2,458 | 8% | 73,515 |
| Total Revenue | **505,427** | **476,626** | **28,801** | **6%** | **2,469,161** | **2,383,131** | **86,030** | **4%** | **5,719,514** |
| | | | | | | | | | |
| Expenses: | | | | | | | | | |
| **Administrative** | | | | | | | | | |
| Administrative Salaries | 67,730 | 59,814 | -7,916 | -13% | 260,216 | 299,071 | 38,855 | 13% | 717,770 |
| Admin Employee Benefits | 18,404 | 24,740 | 6,336 | 26% | 90,169 | 123,697 | 33,528 | 27% | 296,871 |
| Temporary Help - Administrative | 3,986 | 2,019 | -1,967 | -97% | 29,539 | 10,093 | -19,446 | -193% | 24,224 |
| Legal Expense | 180 | 3,239 | 3,059 | 94% | 16,237 | 16,194 | -43 | 0% | 38,865 |
| Auditing Fees | 2,089 | 1,546 | -543 | -35% | 7,938 | 7,729 | -209 | -3% | 18,550 |
| Other Admin. Expenses | 17,012 | 19,970 | 2,958 | 15% | 66,736 | 99,853 | 33,117 | 33% | 239,645 |
| Total Administrative Expense | 109,402 | 111,327 | 1,925 | 2% | 470,835 | 556,635 | 85,800 | 15% | 1,335,925 |
| | | | | | | | | | |
| Tenant/Social Services/Police | | | | | | | | | |
| Tenant Services - Salaries | 3,442 | 6,099 | 2,657 | 44% | 16,478 | 30,496 | 14,018 | 46% | 73,190 |
| Tenant Svcs Employee Benefit | 2,264 | 3,392 | 1,128 | 33% | 11,601 | 16,958 | 5,357 | 32% | 40,698 |
| Police Services | 7,910 | 7,910 | 0 | 0% | 41,895 | 39,550 | -2,345 | -6% | 94,920 |
| Tenant-Relocation Costs | 900 | 2,426 | 1,526 | 63% | 3,644 | 12,129 | 8,485 | 70% | 29,109 |
| Tenant Service Activities - Contr | 5,156 | 7,068 | 1,912 | 27% | 28,603 | 35,338 | 6,735 | 19% | 84,810 |
| Total Tenant Services and Benef | 19,672 | 26,894 | 7,222 | 27% | 102,220 | 134,470 | 32,250 | 24% | 322,727 |
| | | | | | | | | | |
| Total Utilities | 116,348 | 54,179 | -62,169 | -115% | 255,805 | 270,897 | 15,092 | 6% | 650,153 |
| | | | | | | | | | |
| **Regular Maintenance** | | | | | | | | | |
| Maintenance - Salaries | 31,838 | 51,307 | 19,469 | 38% | 202,995 | 256,533 | 53,538 | 21% | 615,679 |
| Maint Employee Benefit | 16,414 | 23,113 | 6,699 | 29% | 85,912 | 115,567 | 29,655 | 26% | 277,361 |
| Maintenance Materials | 4,806 | 10,803 | 5,997 | 56% | 30,227 | 54,017 | 23,790 | 44% | 129,640 |
| Maintenance Contract Cost | 24,679 | 49,754 | 25,075 | 50% | 233,008 | 248,769 | 15,761 | 6% | 597,045 |
| Total Maintenance | 77,736 | 134,977 | 57,241 | 42% | 552,143 | 674,885 | 122,742 | 18% | 1,619,725 |
| | | | | | | | | | |
| General Expenses | | | | | | | | | |
| Other Misc. Expense | 0 | 0 | 0 | 0% | 3 | 0 | -3 | 0% | 0 |
| Insurance - Liability | 2,168 | 1,298 | -870 | -67% | 10,837 | 6,490 | -4,347 | -67% | 15,576 |
| Insurance - Property | 2,804 | 2,570 | -234 | -9% | 14,020 | 12,850 | -1,170 | -9% | 30,841 |
| Insurance - Vehicle | 365 | 423 | 58 | 14% | 1,826 | 2,116 | 290 | 14% | 5,078 |
| Total General Expenses | 5,337 | 4,291 | -1,046 | -24% | 26,686 | 21,456 | -5,230 | -24% | 51,495 |
| | | | | | | | | | |
| Total Operating Expenses | 328,495 | 331,668 | 3,173 | 1% | 1,407,689 | 1,658,343 | 250,654 | 15% | 3,980,025 |
| Pre-development Cost | 0 | 0 | 0 | 0% | 2,000 | 0 | -2,000 | 0% | 0 |
| | | | | | | | | | |
| **NOI Before Debt Services** | **176,932** | **144,958** | **-31,974** | **-22%** | **1,059,472** | **724,788** | **-334,684** | **-46%** | **1,739,489** |
| Debt Services | 65,042 | 65,870 | 828 | 1% | 328,931 | 329,348 | 417 | 0% | 790,436 |
| Net Income | 111,890 | 79,088 | 32,802 | 41% | 730,541 | 395,440 | 335,101 | 85% | 949,053 |

## Budget Comparison - Housing Assistance Payments ( HAP) Pass Through budget

Period = Nov 2016

| | PTD Actual | PTD Budget | Variance | % Var | YTD Actual | YTD Budget | Variance | % Var | Annual |
|---|---|---|---|---|---|---|---|---|---|
| Total HUD Grant | | | | | | | | | |
| HUD Operating Grants | 2,292,324 | 2,321,521 | -29,197 | -1% | 10,412,665 | 11,607,604 | -1,194,939 | -10% | 27,858,249 |
| | | | | | | | | | |
| Other Expenses | | | | | | | | | |
| Rent to Owners - Bessie Coleman | 15,140 | 17,222 | 2,082 | 12% | 76,737 | 86,110 | 9,373 | 11% | 206,664 |
| PORT-In (A/R Billings) | -8,447 | 0 | 8,447 | 0% | -41,646 | 0 | 41,646 | 0% | 0 |
| Housing Assistance Payments - Landlords | 2,137,512 | 2,304,299 | 166,787 | 7% | 10,404,399 | 11,521,494 | 1,117,095 | 10% | 27,651,585 |
| Housing Assistance Payments - FSS | 5,875 | 0 | -5,875 | 0% | 27,448 | 0 | -27,448 | 0% | 0 |
| Utility Allowance to Tenants | 3,278 | 0 | -3,278 | 0% | 14,872 | 0 | -14,872 | 0% | 0 |
| Housing Assistance Payments | 2,153,358 | 2,321,521 | 168,163 | 7% | 10,481,810 | 11,607,604 | 1,125,794 | 10% | 27,858,249 |
| | | | | | | | | | |
| **Total Expenses** | 2,153,358 | 2,321,521 | 168,163 | 7% | 10,481,810 | 11,607,604 | 1,125,794 | 10% | 27,858,249 |
| **Net Income** | **138,966** | **0** | **138,966** | **0%** | **-69,145** | **0** | **69,145** | **0%** | **0** |

**Parrot and Eagle Village**

**Budget Comparison**

Period = Nov 2016

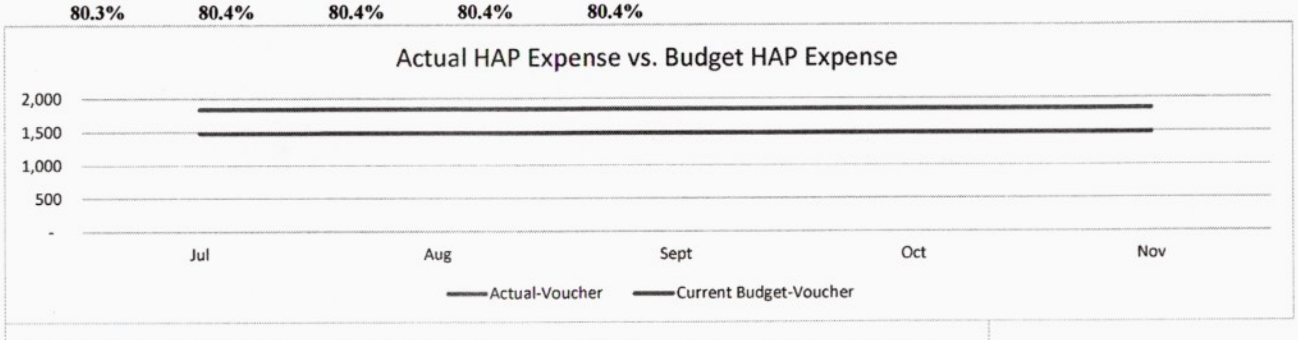
| | PTD Actual | PTD Budget | Variance | % Var | YTD Actual | YTD Budget | Variance | % Var | Annual |
|---|---|---|---|---|---|---|---|---|---|
| **Revenue** | | | | | | | | | |
| Gross Tenant Rental Revenue | 43,732 | 48,478 | -4,746 | -10% | 237,324 | 242,390 | -5,066 | -2% | 581,736 |
| Tenant HAP Subsidy | 161,188 | 152,503 | 8,685 | 6% | 790,455 | 762,514 | 27,941 | 4% | 1,830,034 |
| Gross Potential Rent | 204,920 | 200,981 | 3,939 | 2% | 1,027,779 | 1,004,904 | 22,875 | 2% | 2,411,770 |
| Vacancy Loss | 0 | -10,049 | 10,049 | -100% | -18,006 | -50,245 | 32,239 | -64% | -120,588 |
| Rent Free Unit | -2,639 | -2,639 | 0 | 0% | -13,195 | -13,195 | 0 | 0% | -31,668 |
| Write Off | 0 | -2,010 | 2,010 | -100% | 0 | -10,049 | 10,049 | -100% | -24,117 |
| Net Tenant Rental Revenue | 202,281 | 186,283 | 15,998 | 9% | 996,578 | 931,415 | 65,163 | 7% | 2,235,397 |
| Maintenance Charges | 39 | 192 | -153 | -80% | 8,356 | 958 | 7,398 | 772% | 2,300 |
| Late Charges | 90 | 0 | 90 | 0% | 680 | 0 | 680 | 0% | 0 |
| **Total Tenant Revenue** | **202,410** | **186,475** | **15,935** | **9%** | **1,005,614** | **932,374** | **73,240** | **8%** | **2,237,697** |
| Other Income | 0 | 1,047 | -1,047 | -100% | 2,288 | 5,233 | -2,945 | -56% | 12,559 |
| **Total Revenue** | **202,410** | **187,521** | **14,889** | **8%** | **1,007,902** | **937,607** | **70,295** | **7%** | **2,250,256** |
| | | | | | | | | | |
| Expenses: | | | | | | | | | |
| **Administrative** | | | | | | | | | |
| Administrative Salaries | 21,393 | 18,681 | -2,712 | -15% | 81,510 | 93,407 | 11,897 | 13% | 224,176 |
| Admin Employee Benefit | 5,965 | 7,724 | 1,759 | 23% | 28,632 | 38,622 | 9,990 | 26% | 92,694 |
| Temporary Help - Administrative | 1,019 | 625 | -394 | -63% | 9,994 | 3,127 | -6,867 | -220% | 7,504 |
| Legal Expense | 0 | 1,003 | 1,003 | 100% | 4,398 | 5,016 | 618 | 12% | 12,039 |
| Auditing Fees | 732 | 542 | -190 | -35% | 2,782 | 2,708 | -74 | -3% | 6,499 |
| Other Admin Expenses | 4,871 | 5,765 | 894 | 16% | 18,426 | 28,819 | 10,393 | 36% | 69,169 |
| Total Administrative Expense | 33,979 | 34,340 | 361 | 1% | 145,743 | 171,700 | 25,957 | 15% | 412,081 |
| | | | | | | | | | |
| Tenant/Social Services/Police | | | | | | | | | |
| Tenant Services - Salaries | 1,421 | 2,066 | 645 | 31% | 6,392 | 10,332 | 3,940 | 38% | 24,798 |
| Tenant Services Employee Bene | 773 | 1,091 | 318 | 29% | 4,030 | 5,457 | 1,427 | 26% | 13,097 |
| Police Services | 2,275 | 2,275 | 0 | 0% | 12,320 | 11,375 | -945 | -8% | 27,300 |
| Tenant-Relocation Costs | 0 | 0 | 0 | 0% | 315 | 0 | -315 | 0% | 0 |
| Tenant Service Activities - Contr | 2,172 | 2,212 | 40 | 2% | 12,098 | 11,058 | -1,040 | -9% | 26,540 |
| Total Tenant Services and Ber | 6,641 | 7,645 | 1,004 | 13% | 35,155 | 38,223 | 3,068 | 8% | 91,735 |
| | | | | | | | | | |
| Total Utilities | 55,174 | 21,365 | -33,809 | -158% | 105,708 | 106,824 | 1,116 | 1% | 256,378 |
| | | | | | | | | | |
| Regular Maintenance | | | | | | | | | |
| Maintenance - Salaries | 11,083 | 18,106 | 7,023 | 39% | 72,904 | 90,528 | 17,624 | 19% | 217,267 |
| Maintenance Employee Benefits | 5,817 | 8,273 | 2,456 | 30% | 30,737 | 41,367 | 10,630 | 26% | 99,281 |
| Maintenance Materials | 3,193 | 4,208 | 1,015 | 24% | 12,793 | 21,039 | 8,246 | 39% | 50,493 |
| Maintenance Contract Cost | 13,549 | 16,753 | 3,204 | 19% | 69,638 | 83,763 | 14,125 | 17% | 201,031 |
| Total Maintenance | 33,642 | 47,339 | 13,697 | 29% | 186,072 | 236,697 | 50,625 | 21% | 568,072 |
| | | | | | | | | | |
| General Expenses | | | | | | | | | |
| Other Expense | 296 | 0 | -296 | 0% | 297 | 0 | -297 | 0% | 0 |
| Insurance - Liability | 600 | 406 | -194 | -48% | 1,670 | 2,031 | 361 | 18% | 4,874 |
| Insurance - Property | 2,736 | 1,668 | -1,068 | -64% | 6,670 | 8,340 | 1,670 | 20% | 20,017 |
| Insurance - Vehicle | 114 | 132 | 18 | 14% | 571 | 662 | 91 | 14% | 1,590 |
| Total General Expenses | 3,746 | 2,206 | -1,540 | -70% | 9,208 | 11,033 | 1,825 | 17% | 26,481 |
| | | | | | | | | | |
| **Total Operating Expenses** | **133,182** | **112,895** | **-20,287** | **-18%** | **481,886** | **564,477** | **82,591** | **15%** | **1,354,747** |
| | | | | | | | | | |
| **NOI Before Debt Services** | **69,228** | **74,626** | **5,398** | **7%** | **526,016** | **373,130** | **-152,886** | **-41%** | **895,509** |
| | | | | | | | | | |
| Debt Services | 8,713 | 5,730 | -2,983 | -52% | 41,389 | 28,648 | -12,741 | -44% | 68,756 |
| | | | | | | | | | |
| **Net Income** | **60,515** | **68,896** | **-8,381** | **-12%** | **484,627** | **344,482** | **140,145** | **41%** | **826,753** |

# HCV/Section 8 Operations ( NO HAP)
## Budget Comparison
Period = Nov 2016

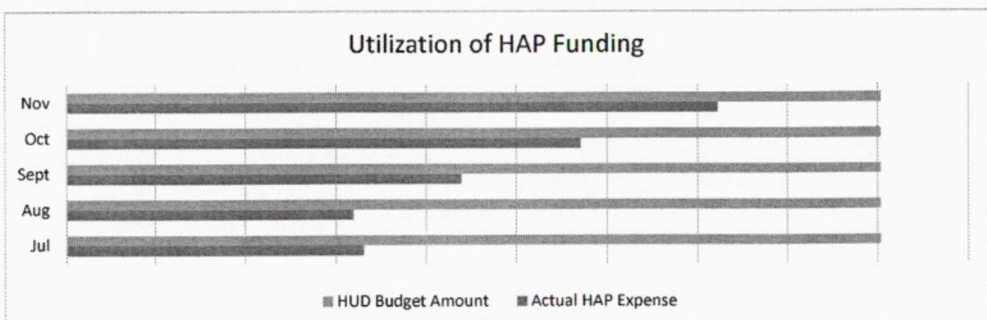
| | PTD Actual | PTD Budget | Variance | % Var | YTD Actual | YTD Budget | Variance | % Var | Annual |
|---|---|---|---|---|---|---|---|---|---|
| **Revenue** | | | | | | | | | |
| HUD Grant & Admin Fees | 140,719 | 139,172 | 1,547 | 1% | 805,499 | 695,862 | 109,637 | 16% | 1,670,068 |
| Other Income | 0 | 41 | -41 | -100% | 19 | 205 | -186 | -91% | 491 |
| **Total Revenue** | 140,719 | 139,213 | 1,506 | 1% | 805,518 | 696,067 | 109,451 | 16% | 1,670,559 |
| | | | | | | | | | |
| Expenses: | | | | | | | | | |
| **Administrative** | | | | | | | | | |
| Administrative Salaries | 95,464 | 103,892 | 8,428 | 8% | 429,791 | 519,457 | 89,666 | 17% | 1,246,696 |
| Admin Employee Benefit | 28,835 | 40,841 | 12,006 | 29% | 149,396 | 204,208 | 54,812 | 27% | 490,098 |
| Temporary Help - Administrative | 3,737 | 3,392 | -345 | -10% | 28,095 | 16,958 | -11,137 | -66% | 40,698 |
| Legal Expense | 0 | 5,441 | 5,441 | 100% | 21,910 | 27,207 | 5,297 | 19% | 65,296 |
| Auditing Fees | 715 | 528 | -187 | -35% | 2,717 | 2,642 | -75 | -3% | 6,341 |
| Other Admin Expenses | 26,569 | 29,041 | 2,472 | 9% | 105,331 | 145,210 | 39,879 | 27% | 348,498 |
| Total Administrative Expense | 155,320 | 183,135 | 27,815 | 15% | 737,240 | 915,682 | 178,442 | 19% | 2,197,627 |
| | | | | | | | | | |
| Tenant/Social Services/Police | | | | | | | | | |
| Police Services | 4,252 | 4,252 | 0 | 0% | 18,008 | 21,262 | 3,254 | 15% | 51,030 |
| Tenant/Social Services | 48 | 278 | 230 | 83% | 221 | 1,389 | 1,168 | 84% | 3,332 |
| Total Tenant Services and Benefits | 4,300 | 4,530 | 230 | 5% | 18,229 | 22,651 | 4,422 | 20% | 54,362 |
| | | | | | | | | | |
| Total Utilities | 465 | 1,195 | 730 | 61% | 4,661 | 5,974 | 1,313 | 22% | 14,337 |
| | | | | | | | | | |
| Maintenance | | | | | | | | | |
| Total Maintenance Materials | 107 | 284 | 177 | 62% | 364 | 1,422 | 1,058 | 74% | 3,414 |
| Total Maintenance Contract Cost | 956 | 1,947 | 991 | 51% | 5,931 | 9,735 | 3,804 | 39% | 23,364 |
| Total Maintenance | 1,064 | 2,232 | 1,168 | 52% | 6,295 | 11,158 | 4,863 | 44% | 26,778 |
| | | | | | | | | | |
| General Expenses | | | | | | | | | |
| Other Expense | 0 | 0 | 0 | 0 | 18 | 0 | -18 | 0% | 0 |
| Insurance - Liability | 0 | 0 | 0 | 0 | 910 | 0 | -910 | 0% | 0 |
| Insurance - Vehicle | 0 | 0 | 0 | 0 | 146 | 0 | -146 | 0% | 0 |
| Total General Expenses | 0 | 0 | 0 | 0 | 1,074 | 0 | -1,074 | 0% | 0 |
| | | | | | | | | | |
| **Total Operating Expenses** | **161,149** | **191,092** | **29,943** | **16%** | **767,499** | **955,465** | **187,966** | **20%** | **2,293,104** |
| | | | | | | | | | |
| **Net Income** | **-20,430** | **-51,879** | **31,449** | **-61%** | **38,019** | **-259,398** | **-297,417** | **115%** | **-622,545** |

# Housing Authority of the City of Alameda
## Section 8 HCV Program
## Units/PUC/Dollars Tracking-Fiscal Year
## as of November, 2016

| Unit Category | Jul | Aug | Sept | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Actual-Voucher | 1,481 | 1,483 | 1,483 | 1,484 | 1,483 | | | | | | | | 7,414 |
| Current Budget-Voucher | 1,845 | 1,845 | 1,845 | 1,845 | 1,845 | | | | | | | | 9,225 |
| Over (under) Budget | (364) | (362) | (362) | (361) | (362) | - | - | - | - | - | - | - | (1,811) |
| Percent Leased Per Mo | 80.3% | 80.4% | 80.4% | 80.4% | 80.4% | | | | | | | | 80.4% |




| | Jul | Aug | Sept | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Actual HAP Expense | $ 2,026,183 | $ 2,023,812 | $ 2,047,855 | $ 2,074,267 | $ 2,104,583 | | | | | | | | $ 10,276,700 |
| HUD Budget Amount | $ 2,140,749 | $ 2,140,749 | $ 2,140,749 | $ 2,140,749 | $ 2,140,749 | | | | | | | | $ 10,703,745 |
| Over (under) | $ (114,566) | $ (116,937) | $ (92,894) | $ (66,482) | $ (36,166) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ (427,045) |
| Utilization | 94.6% | 94.5% | 95.7% | 96.9% | 98.3% | | | | | | | | 96.01% |



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Housing
Authority of the City of Alameda
701 Atlantic Avenue - Alameda, California 94501-2161 - Tel: (510) 747-4300 - Fax: (510)522-7848 - TDD: (510) 522-8467

To: Honorable Chair and
Members of the Board of Commissioners

From: Vanessa M. Cooper
Executive Director

Date: January 18, 2017

RE: Approve Outside Employment of Executive Director, Per 2014 Employment Contract between the Board of Commissioners and Vanessa Cooper

---

## BACKGROUND

The Executive Director's contract permits outside employment up to 75 hours with the approval of the Board of Directors. The contract (section 3.2 in part) reads…

*"It is agreed that even during non-business hours Cooper shall not engage in any regularly conducted business activity for profit without first obtaining approval of the Authority's Board of Commissioners. Notwithstanding this restriction, it is understood that Cooper may take up to 75 hours (10 days) per year for private consulting activities, teaching or other work, provided (a) such activity or work does not substantially interfere with the performance of Cooper's job duties as Executive Director, and (b) such activities or work does not create a conflict of interest for Cooper with respect to her job as Executive Director. "*

## DISCUSSION

Executive Director Cooper has been asked to teach one class in the Spring Semester 2017 as part of the Masters in Urban and Regional Planning Program at San Jose State University. The Class is URBP223: *Housing Economics and Policy*. Over the past few years she has served on occasion as an unpaid guest lecturer in the same class.

A primary focus for the class is affordable housing development and policy, including Section 8 & CDBG/HOME programs, low income housing tax credits and other aspects of federal, state, and local housing policy.

The class time is 2.5 hours a week (currently scheduled for Monday evenings from 7.30-10pm for 15 class sessions.) The total class time and related tasks is not expected to exceed the 75 hours provided for in the contract.

General Counsel has reviewed this memo and finds no apparent conflict of interest for the Executive Director or Agency in approving this request.

FISCAL IMPACT

There is no fiscal impact to the agency.

RECOMMENDATION

Approve the Executive Director's request for outside employment.

Respectfully submitted,

Vanessa M. Cooper
Executive Director

VMC:dc

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Housing
Authority of the City of Alameda
701 Atlantic Avenue - Alameda, California 94501-2161 - Tel: (510) 747-4300 - Fax: (510)522-7848 - TDD: (510) 522-8467

To: Honorable Chair and
Members of the Board of Commissioners

From: Vanessa M. Cooper
Executive Director

Date: January 18, 2017

RE: Approval of Goals for the Executive Director's 2017 Performance Evaluation

## BACKGROUND

On September 16, 2015 the Board, Staff and Public met to discuss performance goals and the process for evaluating the Executive Director.

## DISCUSSION

Per her contract, the Executive Director will be evaluated annually by the Board at or close to the anniversary of the Executive Director's hire date of September 29, 2014. At the September 2016 evaluation the Board added two goals to the prior year's goals. This memo serves to bring those back to the Board for final approval.

Goals for September 2016-2017

1. As the Executive Director, establish and maintain key community and industry relationships to ensure that AHA is well placed to take advantage of opportunities for development, increased leasing, increased regulatory flexibility and other mutually beneficial activities that support and maximize the impact of AHA's mission in Alameda.

2. Assess and address relevant administrative, compliance, personnel and financial issues in order to maintain the financial, legal, regulatory and organizational standing of AHA.

3. Implement the applicable Two-year Work plans in accordance with the deadlines set out in the plans. Inform the Board at least every six months of progress. Where significant changes occur in the interim, inform the Board of the reason and expected impact.

4. Take steps to maintain and build esprit de corps among staff, including providing professional development and team building opportunities for the staff, Board members and the Executive Director.

5. Lead the Board and Staff through a process to provide a Strategic Plan for review by the Board at the Fall 2017 Board of Commissioner's retreat. (New Goal)

6. Undergo a 360 degree evaluation coordinated by a third party with a summary to be submitted to the Board ahead of their the September 2017 performance evaluation (New Goal)

## RECOMMENDATION

This report is for discussion and approval by the Board of Commissioners.

Respectfully submitted,

Vanessa Cooper

Vanessa M. Cooper
Executive Director

VMC:dc

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Housing
Authority of the City of Alameda

701 Atlantic Avenue - Alameda, California 94501-2161 - TEL: (510) 747-4300 - FAX: (510) 522-7848 - TDD: (510) 522-8467

| | |
|---|---|
| To: | Honorable Chair and<br>Members of the Board of Commissioners |
| From: | Vanessa M. Cooper<br>Executive Director |
| Prepared by: | Janet Basta<br>Director of Human Resources and Operations |
| Date: | January 18, 2017 |
| Re: | Holiday and Office Closure Schedule for 2017 |

BACKGROUND

In December 2016 a calendar of 2017 Holiday and office closure dates was approved on the Board consent calendar. Subsequently, it was discovered that the office closure dates for the month of December 2017 were listed incorrectly.

DISCUSSION

A revised calendar correcting this administrative error is attached, with office closure dates of December 1, 15, and 29, 2017.

FINANCIAL IMPACT

No budget impact is anticipated.

RECOMMENDATION

For Information only.

Respectfully submitted,

Vanessa Coom.

Vanessa M. Cooper
Executive Director

VMC/JCB

Attachments: 2017 AHA Holiday and Office Closure Calendar

# 2017 AHA Holiday and Office Closure Calendar

### January

| Su | Mo | Tu | We | Th | Fr | Sa |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| 22 | 23 | 24 | 25 | 26 | 27 | 28 |
| 29 | 30 | 31 | | | | |

### February

| Su | Mo | Tu | We | Th | Fr | Sa |
|---|---|---|---|---|---|---|
| | | | 1 | 2 | 3 | 4 |
| 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| 26 | 27 | 28 | | | | |

### March

| Su | Mo | Tu | We | Th | Fr | Sa |
|---|---|---|---|---|---|---|
| | | | 1 | 2 | 3 | 4 |
| 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| 26 | 27 | 28 | 29 | 30 | 31 | |

### April

| Su | Mo | Tu | We | Th | Fr | Sa |
|---|---|---|---|---|---|---|
| | | | | | | 1 |
| 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| 23 | 24 | 25 | 26 | 27 | 28 | 29 |
| 30 | | | | | | |

### May

| Su | Mo | Tu | We | Th | Fr | Sa |
|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 |
| 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| 21 | 22 | 23 | 24 | 25 | 26 | 27 |
| 28 | 29 | 30 | 31 | | | |

### June

| Su | Mo | Tu | We | Th | Fr | Sa |
|---|---|---|---|---|---|---|
| | | | | 1 | 2 | 3 |
| 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 11 | 12 | 13 | 14 | 15 | 16 | 17 |
| 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| 25 | 26 | 27 | 28 | 29 | 30 | |

### July

| Su | Mo | Tu | We | Th | Fr | Sa |
|---|---|---|---|---|---|---|
| | | | | | | 1 |
| 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| 23 | 24 | 25 | 26 | 27 | 28 | 29 |
| 30 | 31 | | | | | |

### August

| Su | Mo | Tu | We | Th | Fr | Sa |
|---|---|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 |
| 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 13 | 14 | 15 | 16 | 17 | 18 | 19 |
| 20 | 21 | 22 | 23 | 24 | 25 | 26 |
| 27 | 28 | 29 | 30 | 31 | | |

### September

| Su | Mo | Tu | We | Th | Fr | Sa |
|---|---|---|---|---|---|---|
| | | | | | 1 | 2 |
| 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| 17 | 18 | 19 | 20 | 21 | 22 | 23 |
| 24 | 25 | 26 | 27 | 28 | 29 | 30 |

### October

| Su | Mo | Tu | We | Th | Fr | Sa |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| 22 | 23 | 24 | 25 | 26 | 27 | 28 |
| 29 | 30 | 31 | | | | |

### November

| Su | Mo | Tu | We | Th | Fr | Sa |
|---|---|---|---|---|---|---|
| | | | 1 | 2 | 3 | 4 |
| 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| 26 | 27 | 28 | 29 | 30 | | |

### December

| Su | Mo | Tu | We | Th | Fr | Sa |
|---|---|---|---|---|---|---|
| | | | | | 1 | 2 |
| 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| 17 | 18 | 19 | 20 | 21 | 22 | 23 |
| 24 | 25 | 26 | 27 | 28 | 29 | 30 |
| 31 | | | | | | |

**KEY**: Red = Holiday Green (dark) = Office Closure Green (light) = ½ day Office Closure (Dec 26-28) Blue = Alt Holiday for flex staff/office closed to public

**AHA Holidays 2017**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Jan 1** | New Year's Day (actual) | **Feb 20** | Presidents' Day | **Sep 4** | Labor Day | **Nov 23** | Thanksgiving Day |
| **Jan 2** | New Year's Day (observed) | **May 29** | Memorial Day | **Nov 10** | Veteran's Day (observed) | **Nov 24** | Day After Thanksgiving |
| **Jan 16** | Martin Luther King Day | **Jul 4** | Independence Day | **Nov 11** | Veterans Day (actual) | **Dec 25** | Christmas Day |

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Housing
Authority of the City of Alameda
701 Atlantic Avenue - Alameda, California 94501-2161 - Tel: (510) 747-4300 - Fax: (510)522-7848 - TDD: (510) 522-8467

To: Honorable Chair and
Members of the Board of Commissioners

From: Vanessa M. Cooper
Executive Director

Date: January 18, 2017

RE: Accept the Other Post Employment Benefit (OPEB) Actuarial Valuation Report for Fiscal Year Ending June 30, 2016

## BACKGROUND

The Government Accounting Standards Board (GASB) has mandated disclosure of other post-employment benefit (OPEB) liabilities for all government employers beginning in 2009. During fiscal years prior to 2012 the Authority's employees were employees of the City of Alameda and not employees of the Authority itself, therefore there was no OPEB obligation or expense recognized in fiscal years prior to 2012. During fiscal year 2015 the Authority administered this program on a pay-as-you-go basis and actual costs were expensed as incurred. To comply with GASB 45, the Authority estimated the present value of the projected benefits of the OPEB program using the Alternative Measurement Method as permitted by GASB Statements Numbers 43 and 45.

The goal of GASB 45 is to match recognition of retiree medical expense with the periods during which the benefit is earned. The entry age normal cost method effectively meets this goal in most circumstances. The plan currently has no assets.

AHA issued a Request for Proposal (RFP) for an independent assessment of OPEB liabilities and to make recommendations of possible improvements in regards to AHA Actuarial Funding Policy and the benefit structure of AHA.

The Nicolay Consulting Group (NCG) was retained to provide the analysis and complete the detailed actuarial report to be incorporated into the audited financial statement.

## DISCUSSION

The attached report provides a net present value of future benefits of $2,640,000 and an end of year net OPEB obligation for June 30, 2016 of $407,000. The latter has been booked as an accrued liability as of June 30, 2016 and will be included in the 2015-16 audit. The audit is expected to come to the Board for approval in February 2017. A further discussion will be held with Board before June 30, 2017 to discuss AHA's forthcoming obligations under GASB 74/75 and to determine the Board's willingness to prefund the plan. The consultant will be able to answer the Board's questions at this meeting and prior to the pre-funding decision.

BUDGET CONSIDERATION/FINANCIAL IMPACT

An accrued liability of $407,000 has been booked as of June 30, 2016 and will be included in the 2015-16 audit.

RECOMMENDATION

Accept the Actuarial Valuations of Postemployment Medical Benefits (OPEB) Report for fiscal year ending June 30, 2016.

Respectfully submitted,

Vanessa Cooper

Vanessa Cooper
Executive Director

VMC/MMW

1. Actuarial Valuation of Postemployment Medical Benefits Report for Fiscal Year ending June 30, 2016
2. Presentation by NCG for January 18, 2017

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# HOUSING AUTHORITY OF THE CITY OF ALAMEDA

Actuarial Valuation of

Postemployment Medical Benefits

Valuation Date: November 1, 2016
(with results rolled back to July 1, 2015)

NICOLAY CONSULTING

NICOLAY CONSULTING GROUP

NICOLAY CONSULTING

PENSION CONSULTANTS AND ACTUARIES

530 BUSH STREET, SUITE 500
SAN FRANCISCO, CALIFORNIA 94108-3633
TEL: 415-512-5300
FAX: 415-512-5314

January 10, 2017

Ms. Marie Wang
Director of Finance
Housing Authority of the City of Alameda
701 Atlantic Ave
Alameda, CA 94501

Dear Ms. Wang:

Re: Actuarial Valuation of Postemployment Medical Benefits

The Housing Authority of the City of Alameda has retained Nicolay Consulting Group to complete this valuation of the Housing Authority of the City of Alameda postemployment medical program as of July 1, 2015.

The purpose of this valuation is to determine the value of the expected postretirement benefits for current and future retirees and the Actuarial Accrued Liability and Annual Required Contribution recognized under Government Accounting Standards Board Statement No. 45 (GASB 45) requirements for the fiscal years ending June 30, 2016 and 2017. The amounts reported herein are not necessarily appropriate for use for a different fiscal year without adjustment.

In preparing this report we relied on employee data and plan information provided by the Housing Authority. The results of the valuation are dependent on the accuracy of the data and other information provided. These data are not audited by Nicolay Consulting Group, although they were reviewed for reasonableness. Calculations presented in this valuation do not reflect any other postemployment benefits than those described in this report.

The financial projections presented in this report are intended for internal use in evaluating the potential cost of the retiree medical program and for the plan sponsor's financial statements. Use of this report for any other purpose may not be appropriate and may result in mistaken conclusions due to failure to understand applicable assumptions, methodologies, or inapplicability of the report for that purpose. No one may make any representations or warranties based on any statements or conclusions contained in this report without the written consent of Nicolay Consulting Group.

On the basis of the data provided, this report has been prepared in accordance with generally accepted actuarial principles and methods. The assumptions for termination, retirement, mortality and health care claims morbidity rates are those used in the most recent California PERS Public Agency retirement plan valuations.

NICOLAY CONSULTING

Mortality improvement was reflected based on the most recent tables published by the Society of Actuaries. Morbidity rates for age-adjusting claims rates are based on the most recent tables published by CalPERS. Certain other assumptions were selected specifically for this valuation, and in many cases, including assumed health care trend, reflect changes from that used in the prior valuation. For all other assumptions, we believe they are reasonable for the measurement of the obligation involved. It should be recognized, however, that there can be significant differences between actual experience and the assumptions. Moreover, other sets of reasonable assumptions can yield materially lesser or greater results.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: retiree group benefits program experience differing from that anticipated by the assumptions; changes in assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in retiree group benefits program provisions or applicable law. Retiree group benefits models necessarily rely on the use of approximations and estimates, and are sensitive to changes in these approximations and estimates. Small variations in these approximations and estimates may lead to significant changes in actuarial measurements. Because of limited scope, we have not performed analysis of the potential range of such future differences.

Based on the foregoing, the cost results and actuarial exhibits presented in this report were determined on a consistent and objective basis in accordance with applicable Actuarial Standards of Practice and generally accepted actuarial procedures. We believe they fully and fairly disclose the actuarial position of the Plan based on the plan provisions, employee and plan cost data submitted.

The passage of healthcare reform in March 2010 ushered in a number of changes that might be expected to impact postretirement medical plans over time. We considered the possible effects of these changes for the Housing Authority and summarized the results in this report.

On December 18, 2015, the President signed the Omnibus Appropriations Act of 2016. There are significant provisions in this law relating to the Cadillac tax, the annual fee on health insurers, and the medical device tax. This valuation reflects this new legislation.

NICOLAY CONSULTING

This report represents a statement of actuarial opinion by the undersigned actuary, who is a member of the American Academy of Actuaries (AAA) and is qualified to issue that opinion. Questions about the report should be directed to Gary Cline at (415) 512-5300 x231 or Eddie Lee at (415) 512-5300 x212.

Sincerely,

By: ______________________
Eddie W. Lee, A.S.A., M.A.A.A.

By: ______________________
Gary E. Cline, A.S.A., M.A.A.A.

# HOUSING AUTHORITY OF THE CITY OF ALAMEDA

Actuarial Valuation of

Postemployment Medical Benefits

Valuation Date: November 1, 2016
(with results rolled back to July 1, 2015)

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# SECTION I
# Summary of Valuation Results

Table 1-1

**Summary of Valuation Results**

| | 7/1/2015 |
|---|---|
| **Present Value of Future Benefits** | |
| Active | $2,360,527 |
| Retiree | $279,141 |
| Total | $2,639,668 |
| **Actuarial Accrued Liability** | |
| Active | $1,314,027 |
| Retiree | $279,141 |
| Total | $1,593,168 |
| **Actuarial Value of Assets** | $0 |
| **Unfunded Actuarial Accrued Liability** | $1,593,168 |
| **Employer Share of Current Year Plan Cost (Pay-As-You-Go)*** | $2,964 |
| **Annual Required Contribution** | $176,670 |
| **Number of Plan Participants** | |
| Actives | 49 |
| Retirees & Surviving Spouses (excluding waived) | 4 |
| Terminated Eligible Employees | 0 |
| Total | 53 |
| **Discount rate** | 4.25% |
| **Assumed Increase in Per-Capita Claim Costs** | |
| Initial Rate | |
| Pre-65 | 8.00% |
| Post-65 | 5.50% |
| Ultimate Rate | 5.00% |
| Year Ultimate Rate Reached | 2030 |

*Excludes implicit subsidy related to retiree premiums (since unadjusted premiums represent the current cash cost) and the implied subsidy related to active employee premiums (but the Foundation can elect to recognize this as a retiree cash cost under GASB 45).

# SECTION II

## Development of ARC and GASB 45 Disclosures

Table 2-1 presents the Present Value of Future Benefits (i.e., liability based on all future service) and the Actuarial Accrued Liability (i.e., liability based on past service only) broken down by participant status and benefit type.

The implicit subsidy is the obligation associated with the difference between premiums and the assumed true per capita healthcare costs for Housing Authority participants.

Table 2-1

**Present Value of Future Postemployment Medical Benefits**
**As of July 1, 2015**
**Entry Age Normal Actuarial Cost Method**
**Discount Rate: 4.25%**

| | Housing Authority Portion | Implicit Subsidy | Total |
|---|---|---|---|
| **Present Value of Future Benefits** | | | |
| Actives | $1,272,092 | $1,088,435 | $2,360,527 |
| Retirees | $167,784 | $111,357 | $279,141 |
| Total | $1,439,876 | $1,199,792 | $2,639,668 |
| **Actuarial Accrued Liability (AAL)** | | | |
| Actives | $740,913 | $573,114 | $1,314,027 |
| Retirees | $167,784 | $111,357 | $279,141 |
| Total | $908,697 | $684,471 | $1,593,168 |

This valuation was completed using the Entry Age Normal Actuarial Cost method and assumes a closed 30-year amortization (started in 2012/2013) of the Unfunded Actuarial Accrued Liability using the level percentage of payroll amortization method.

## Projected Health Benefit Costs

Table 2-2 contains a ten-year projection of the Housing Authority pay-as-you-go cost to provide postemployment medical benefits.

Table 2-2

**Projected Future Annual pay-as-you-go Cost**

| | Housing Authority Premiums | Implicit Subsidy | Total |
|---|---|---|---|
| 2015/16 | $2,964 | $10,695 | $13,659 |
| 2016/17 | $9,459 | $20,989 | $30,448 |
| 2017/18 | $13,699 | $29,058 | $42,757 |
| 2018/19 | $18,362 | $37,306 | $55,668 |
| 2019/20 | $22,954 | $37,253 | $60,207 |
| 2020/21 | $27,499 | $39,983 | $67,482 |
| 2021/22 | $31,955 | $47,174 | $79,129 |
| 2022/23 | $36,476 | $41,367 | $77,843 |
| 2023/24 | $41,188 | $36,526 | $77,714 |
| 2024/25 | $45,949 | $40,479 | $86,428 |

## Health Benefit Costs Under GASB 45

The Annual Required Contribution (ARC) consists of the Normal Cost plus the current period amortization of the Unfunded Actuarial Accrued Liability.

Normal Cost is the portion of the actuarial present value of future benefits that is allocated to a particular year. Another interpretation is that the Normal Cost is the present value of future benefits that are "earned" by employees for service rendered during the current year. This valuation is based on the Entry Age Normal actuarial cost method and an attribution period that runs from date of hire until the expected retirement date.

Employers are allowed to amortize the Unfunded Actuarial Accrued Liability (UAAL) over a period not to exceed 30 years. The following Tables are based on amortization of the UAAL over a closed 30-year period using the level percentage of payroll amortization method. The Housing Authority adopted GASB 45 in the 2012/13 fiscal year. The remaining amortization period is 27 years.

Table 2-3

**Fiscal Year 2015/16 OPEB Annual Required Contribution**

| | |
|---|---|
| Discount rate | 4.25% |
| | |
| Actuarial Accrued Liability | $1,593,168 |
| Actuarial Value of Assets | $0 |
| Unfunded Actuarial Accrued Liability | $1,593,168 |
| | |
| Remaining Amortization Period | 27 years |
| Level percent of pay Amortization Factor (based on a 4.25% discount rate and a 3.25% annual increase in payroll) | 22.914 |
| | |
| Annual Level Percentage of Pay Amort. of Unfunded AAL | $69,529 |
| Normal Cost (based on the Entry Age Normal Method) | $107,141 |
| Annual Required Contribution | $176,670 |
| | |
| Interest on Net OPEB Obligation | $10,387 |
| Adjustment to ARC | ($10,667) |
| Annual OPEB Cost | $176,390 |

Table 2-4 presents a two-year projection under the assumption **that the Housing Authority continues pay-as-you-go funding during the 2-year period,** the discount rate remains 4.25% and the Normal Cost component of the ARC increases by 5.0% per year throughout the three year period.

Table 2-4

**Housing Authority of the City of Alameda**

**Two-year Projection of Annual OPEB Cost and Net OPEB Obligation**
**Based on a 4.25% discount rate, the Entry Age Normal Actuarial Cost Method, and assuming pay-as-you-go funding**

| | 2015/16 | 2016/17 |
|---|---|---|
| **Actuarial Accrued Liability (AAL)** | **$1,593,167** | **$1,754,071** |
| **Actuarial Value of Assets at beginning of year** | **$0** | **$0** |
| **Unfunded Actuarial Accrued Liability (UAAL)** | **$1,593,167** | **$1,754,071** |
| | | |
| **Remaining Amortization Period** | **27** | **26** |
| | | |
| Normal Cost | $107,141 | $112,498 |
| Amortization of UAAL | $69,529 | $79,130 |
| Annual Required Contribution (ARC) | $176,670 | $191,628 |
| | | |
| Annual Required Contribution (ARC) | $176,670 | $191,628 |
| Interest on net OPEB Obligation | $10,387 | $17,303 |
| Adjustment to ARC | ($10,667) | ($18,367) |
| Annual OPEB Cost | $176,390 | $190,564 |
| Contribution | ($13,659) | ($30,448) |
| Increase in net OPEB Obligation | $162,731 | $160,116 |
| | | |
| **Net OPEB Obligation - Beginning of Year** | **$244,410** | **$407,141** |
| **Net OPEB Obligation - End of Year** | **$407,141** | **$567,257** |
| | | |
| Projected pay-as-you-go Cost | $2,964 | $9,459 |
| Expected Benefit Payments | $13,659 | $30,448 |

A substantial change in GASB accounting rules has just been published which is scheduled to become effective for Fiscal Year 2017/18 and beyond. We have not attempted to quantify the change in actuarial liabilities that may result.

Table 2-5 presents a two-year projection of the Housing Authority funding policy contributions. The funding policy contributions shown below include (i) pay-go costs unreimbursed by the Trust, (ii) no cash contributions to the Trust, and (iii) active implicit rate subsidy contributions that could be transferred to OPEB accounting.

Table 2-5

**Total Trust and Non-Trust OPEB Contributions for Years Ending June 30, 2016 and 2017**

**Active Benefit Expense Transfer of Premium Impicit Subsidies and Pay-go Costs**

| | **FYE June 30, 2016** | **FYE June 30, 2017** |
|---|---|---|
| Cash Contributions to the Trust | $0 | $0 |
| Pay-go Costs* | $2,964 | $9,459 |
| Active Implicit Rate Subsidy** | $0 | $0 |
| Cross-Employer Active Implicit Rate Subsidy*** | $10,695 | $20,989 |
| **Total OPEB Contributions** | **$13,659** | **$30,448** |
| | | |
| ARC Explicit Subsidy**** | $97,284 | $105,707 |
| ARC Implicit Subsidy***** | $79,386 | $85,921 |
| Total ARC | $176,670 | $191,628 |

*Retiree premiums paid by the Housing Authority and unreimbursed by the Trust.

** The active implicit rate subsidy represents a subsidy toward pre-Medicare retiree medical costs paid via active premiums, since the claims from both groups are combined to calculate a blended premium. This amount can be transferred from active employee benefit expense to OPEB expense and counted as a contribution toward the ARC.

*** Cross-employer active implicit rate subsidies are Active Implicit Rate Subsidies coming from other employers via the premium rates managed by CalPERS.

****The portion of the ARC attributable to current and future retiree premiums paid by the Housing Authority.

*****The portion of the ARC attributable to pre-Medicare retiree average claims costs in excess of premiums.

# SECTION III

# Plan Description and Demographic Summary

## Eligibility Requirements and Plan Description

The Housing Authority participates in the CalPERS 2%@55 Public Agency Miscellaneous Employees pension plan for all its regular employees hired before January 1, 2013, and 2%@62 for those hired on or after January 1, 2013.

Employees who retire with a CalPERS pension (at least age 50, or age 52 for employees hired on or after January 1, 2013, with 5 years of service) are eligible for postretirement medical benefits.

The Housing Authority contributes the minimum amount provided under Government Code Section 22825 of the Public Employees Medical and Hospital Care Act ($125 per month in 2016, increasing to $128 in 2017.) Retirees must contribute any premium amounts in excess of the Housing Authority contributions described above. Amounts paid by the Housing Authority continue for the lifetime of the retiree and any surviving spouse.

The Housing Authority does not provide dental, vision or other "GASB 45 benefits" to retirees.

The Housing Authority participates in the CalPERS medical program. The 2016 and 2017 calendar year retiree premium rates are shown in Table 3-1.

**Table 3-1**

**Monthly CalPERS Bay Area Retiree Premium Rates**

**Pre-Medicare Rates**

| | 2016 | | | 2017 | | |
|---|---|---|---|---|---|---|
| **Plan** | **EE** | **Couple** | **Family** | **EE** | **Couple** | **Family** |
| Anthem Blue Cross | 855.42 | 1,710.84 | 2,224.09 | 990.05 | 1,980.10 | 2,574.13 |
| Blue Shield Access+ | 1,016.18 | 2,032.36 | 2,642.07 | 1,024.85 | 2,049.70 | 2,664.61 |
| Kaiser | 746.47 | 1,492.94 | 1,940.82 | 733.39 | 1,466.78 | 1,906.81 |
| PERS Choice | 798.36 | 1,596.72 | 2,075.74 | 830.30 | 1,660.60 | 2,158.78 |
| UnitedHealthcare | 955.44 | 1,910.88 | 2,484.14 | 1,062.26 | 2,124.52 | 2,761.88 |

**Post-Medicare Rates**

| | 2016 | | | 2017 | | |
|---|---|---|---|---|---|---|
| **Plan** | **EE** | **Couple** | **Family** | **EE** | **Couple** | **Family** |
| Kaiser | 297.23 | 594.46 | 891.69 | 300.48 | 600.96 | 901.44 |
| PERS Choice | 366.38 | 732.76 | 1,099.14 | 353.63 | 707.26 | 1,060.89 |
| UnitedHealthcare | 320.98 | 641.96 | 962.94 | 324.21 | 648.42 | 972.63 |

## Demographic Data

Tables 3-3 and 3-4 contain summaries of the demographic information provided by the Housing Authority. These employees and retirees were included in the valuation.

Table 3-3

**Full-Time Active Employees Age and Service Table**

as of November 1, 2016

**Years of Service**

| Age | ≤5 | 5-9 | 10-14 | 15-19 | 20-24 | 25+ | Total |
|---|---|---|---|---|---|---|---|
| Under 25 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 25-29 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| 30-34 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| 35-39 | 1 | 1 | 1 | 0 | 0 | 0 | 3 |
| 40-44 | 0 | 1 | 2 | 0 | 0 | 0 | 3 |
| 45-49 | 3 | 3 | 2 | 0 | 0 | 0 | 8 |
| 50-54 | 0 | 1 | 2 | 0 | 0 | 1 | 4 |
| 55-59 | 0 | 4 | 5 | 2 | 1 | 0 | 12 |
| 60-64 | 2 | 1 | 2 | 1 | 3 | 2 | 11 |
| 65-69 | 0 | 1 | 0 | 1 | 1 | 2 | 5 |
| 70+ | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 9 | 12 | 14 | 4 | 5 | 5 | 49 |

Table 3-4

**Participating Retirees Age Table**

as of November 1, 2016

| Age | Male | Female | Total |
|---|---|---|---|
| Younger than 55 | 0 | 0 | 0 |
| 55-59 | 0 | 0 | 0 |
| 60-64 | 1 | 0 | 1 |
| 65-69 | 1 | 2 | 3 |
| 70+ | 0 | 0 | 0 |
| Total | 2 | 2 | 4 |

# SECTION IV
# Actuarial Method and Assumptions

In order to project the Housing Authority's liabilities into the future, a number of economic, demographic, and baseline cost assumptions are necessary. For this valuation, we have used assumptions consistent with those specified in the 2014 "OPEB Assumption Model" released by the CalPERS Health Benefits Committee.

**Actuarial Cost Method**
The valuation was performed using the Entry Age Normal Cost Method. An Actuarial Cost Method is a procedure for allocating the actuarial present value of benefits and expenses and for developing an actuarially equivalent allocation of such value to time periods, usually in the form of a Normal Cost and an Actuarial Accrued Liability. The Entry Age Normal cost method allocates the present value of future benefits on a level basis over the earnings or service (in this case earnings) of each employee individual between the hire date and assumed retirement age. The portion of the present value of future benefits allocated to a valuation year is called the Normal Cost. The portion allocated to all prior years is called the Actuarial Accrued Liability.

**Valuation Date**
The Housing Authority provided census data as of November 2016; therefore the valuation date is November 1, 2016. This date is the starting point from which current health premium costs are projected to increase according to the assumed annual rates of health care cost trend. The Housing Authority census is projected from the valuation date to the date of the final benefit payment for each employee and retiree on the census. After calculating future costs for the projected retiree and dependent population, all liabilities are discounted back to the valuation date to obtain the present value of future costs. These results were then further adjusted back ("rolled back") to coincide with the beginning of the fiscal year, July 1, 2015.

**Amortization Methodology**
GASB 45 allows amortization of the Unfunded Actuarial Accrued Liability based on a level dollar approach or as a level percentage of covered payroll. The maximum amortization period is 30 years.

This valuation is based on a closed, 30-year amortization of the Unfunded Actuarial Accrued Liability as a level percentage of payroll; increasing each year as earnings increase. 3 years of amortization have occurred; 27 years remain.

## Economic Assumptions

### Discount Rate

A discount rate is required to calculate the present value of future benefit payments which are used to determine financial statement expense. This valuation is based on a 4.25% discount rate which is the rate the Housing Authority expects to earn on its long-term investments.

### Health Care Trend

The rate of increase in per capita health care costs is commonly referred to as the *health care trend* rate. We used the annual trend rates shown in Table 4-1, which have been updated since the prior valuation. These rates represent our best estimate of the future annual rates of increase in the medical premium rates paid by the Housing Authority.

Table 4-1

**Annual Health Care Cost Trend Rate Assumption**

| Year Beginning | Increase in CalPERS Regional Premium Rates Pre-65 | Post-65 |
|---|---|---|
| January 1, 2018 | 8.00% | 5.50% |
| January 1, 2019 | 7.75% | 5.25% |
| January 1, 2020 | 7.50% | 5.00% |
| January 1, 2021 | 7.25% | 5.00% |
| January 1, 2022 | 7.00% | 5.00% |
| January 1, 2023 | 6.75% | 5.00% |
| January 1, 2024 | 6.50% | 5.00% |
| January 1, 2025 | 6.25% | 5.00% |
| January 1, 2026 | 6.00% | 5.00% |
| January 1, 2027 | 5.75% | 5.00% |
| January 1, 2028 | 5.50% | 5.00% |
| January 1, 2029 | 5.25% | 5.00% |
| January 1, 2030 and later | 5.00% | 5.00% |

The initial trend rate assumption represents an estimate of short term cost increases based on recent health care marketplace experience, and taking into consideration the cost characteristics of plans available to Housing Authority retirees. Annual increases in national health expenditures have exceeded the general growth in GDP for many years. However, there are practical limitations to how long these trends can continue. It is unrealistic to assume that health care expenditures will be allowed to consume the majority of the economy. Therefore, over the long term we expect that health care costs will be constrained by the public's ability and willingness to pay the higher cost of health care coverage. This assumption implies that the ultimate trend rate should be related to the expected long-term growth in the economy.

Therefore, we assume the ultimate rate to be comprised of real growth in per capita GDP, long-term growth attributable to technology innovations, and the assumed long-term inflation rate. The initial trend is assumed to decrease ratably to this ultimate rate over time.

### Payroll Increases

In this valuation we assumed a 3.25% annual rate of increase in payroll. This rate is a component of the Entry Age Normal Actuarial Cost Method and is used in the calculation of the amortization component of the Annual Required Contribution and in calculation of the Normal Cost.

## Per Capita Health Plan Costs

Due to the small size of the retiree population, the per capita claims were developed using the age adjusted premiums for the current CalPERS population. These premiums are assumed to include administrative costs. The premiums for CalPERS are based on community-rated claims experience by region for all CalPERS member agencies.

### Administrative Expenses

We did not include any internal administrative expenses in this valuation, as it has been assumed that expenses are included as part of the health premium.

### Age-Adjusted Costs

Current retirees were valued based on their current enrollment. The annual amounts shown in 4-2 were developed as a weighted average of the 2016 and 2017 premium rates. The weighted average is based on the current enrollment pattern of Housing Authority active employees and retirees. These amounts were used in the valuation of current active employees.

The gender distinct age morbidity factors for pre- and post-Medicare morbidity were developed by CalPERS based on 2013 data. CalPERS developed these tables for use in complying with ASOP 6. Table 4-2 illustrates the age-graded premiums based on the premiums and the male and female morbidity factors that were provided by CalPERS for HMO plans.

Table 4-2

**Age-Adjusted Costs at Selected Ages**

| Age | Male | Female |
|---|---|---|
| 50 | $8,692 | $9,804 |
| 55 | $11,646 | $11,246 |
| 60 | $14,417 | $12,312 |
| 65 | $3,012 | $2,823 |
| 70 | $3,494 | $3,237 |
| 75 | $3,851 | $3,850 |
| 80 | $4,137 | $4,341 |
| 85 | $4,243 | $4,537 |

## Demographic Assumptions

In estimating this obligation, a number of demographic assumptions are needed. The retirement, mortality and termination rates used in this valuation were used in the 2013 California PERS pension valuations.

### Withdrawal

We used withdrawal rates that match those used in the 2013 California PERS Public Agency retirement plan valuations. Sample rates for Miscellaneous employees are shown in Table 4-3 (e.g., an employee hired at age 30 with 5 years of service is assumed to have a 7.11% probability of leaving Housing Authority employment in the current year).

Table 4-3
**Public Agency Miscellaneous Employees Withdrawal Rates**

| | Entry Age | | | | | | |
|---|---|---|---|---|---|---|---|
| **Service** | **20** | **25** | **30** | **35** | **40** | **45** | **50** |
| 0 | 0.17420 | 0.16740 | 0.16060 | 0.15370 | 0.14680 | 0.14000 | 0.13320 |
| 1 | 0.15450 | 0.14770 | 0.14090 | 0.13390 | 0.12710 | 0.12030 | 0.11350 |
| 2 | 0.13480 | 0.12800 | 0.12120 | 0.11420 | 0.10740 | 0.10060 | 0.09380 |
| 3 | 0.11510 | 0.10830 | 0.10150 | 0.09450 | 0.08770 | 0.08090 | 0.07410 |
| 4 | 0.09540 | 0.08860 | 0.08180 | 0.07480 | 0.06800 | 0.06120 | 0.05430 |
| 5 | 0.08680 | 0.07900 | 0.07110 | 0.06320 | 0.05540 | 0.01160 | 0.00970 |
| 6 | 0.08290 | 0.07510 | 0.06700 | 0.05920 | 0.05140 | 0.01030 | 0.00840 |
| 7 | 0.07900 | 0.07100 | 0.06310 | 0.05520 | 0.04710 | 0.00900 | 0.00720 |
| 8 | 0.07490 | 0.06700 | 0.05910 | 0.05100 | 0.04300 | 0.00770 | 0.00600 |
| 9 | 0.07100 | 0.06290 | 0.05480 | 0.04690 | 0.03890 | 0.00660 | 0.00490 |
| 10 | 0.06680 | 0.05870 | 0.05070 | 0.04270 | 0.00710 | 0.00550 | 0.00380 |
| 15 | 0.05030 | 0.04240 | 0.03470 | 0.00320 | 0.00230 | 0.00140 | 0.00040 |
| 20 | 0.03700 | 0.02900 | 0.00210 | 0.00130 | 0.00050 | 0.00010 | 0.00010 |
| 25 | 0.02290 | 0.00110 | 0.00050 | 0.00010 | 0.00010 | 0.00010 | 0.00010 |
| 30 | 0.00050 | 0.00010 | 0.00010 | 0.00010 | 0.00010 | 0.00010 | 0.00010 |
| 35 | 0.00010 | 0.00010 | 0.00010 | 0.00010 | 0.00010 | 0.00010 | 0.00010 |

**Disability**

Because of the anticipated low incidence of disability retirements we did not value disability retirement.

**Retirement Rates**

We used the retirement rates that match those used in the most recent California PERS retirement plan valuations.

Table 4-4a illustrates the rates used for miscellaneous employees participating in the CalPERS 2%@55 pension plan (employees hired prior to January 1, 2013) and Table 4-4b illustrates the rates used for miscellaneous employees participating in the CalPERS 2%@62 pension plan (employees hired on or after January 1, 2013). Selected rates are shown below.

Table 4-4a

**Annual Rates of Retirement**
**CalPERS 2%@55 Public Agency Miscellaneous**

| | Years of Service | | | | | | |
|---|---|---|---|---|---|---|---|
| | **5** | **10** | **15** | **20** | **25** | **30** | **35** |
| 50 | 0.0140 | 0.0180 | 0.0210 | 0.0250 | 0.0270 | 0.0310 | 0.0350 |
| 51 | 0.0120 | 0.0140 | 0.0170 | 0.0200 | 0.0210 | 0.0250 | 0.0280 |
| 52 | 0.0130 | 0.0170 | 0.0190 | 0.0230 | 0.0250 | 0.0280 | 0.0320 |
| 53 | 0.0150 | 0.0200 | 0.0230 | 0.0270 | 0.0300 | 0.0340 | 0.0390 |
| 54 | 0.0260 | 0.0330 | 0.0380 | 0.0450 | 0.0510 | 0.0590 | 0.0680 |
| 55 | 0.0480 | 0.0610 | 0.0740 | 0.0880 | 0.1000 | 0.1170 | 0.1320 |
| 56 | 0.0420 | 0.0530 | 0.0630 | 0.0750 | 0.0850 | 0.1000 | 0.1130 |
| 57 | 0.0440 | 0.0560 | 0.0670 | 0.0810 | 0.0910 | 0.1070 | 0.1210 |
| 58 | 0.0490 | 0.0620 | 0.0740 | 0.0890 | 0.1000 | 0.1180 | 0.1340 |
| 59 | 0.0570 | 0.0720 | 0.0860 | 0.1030 | 0.1180 | 0.1380 | 0.1560 |
| 60 | 0.0670 | 0.0860 | 0.1030 | 0.1230 | 0.1390 | 0.1640 | 0.1860 |
| 61 | 0.0810 | 0.1030 | 0.1240 | 0.1480 | 0.1680 | 0.1990 | 0.2240 |
| 62 | 0.1160 | 0.1470 | 0.1780 | 0.2140 | 0.2430 | 0.2880 | 0.3240 |
| 63 | 0.1140 | 0.1440 | 0.1740 | 0.2080 | 0.2370 | 0.2810 | 0.3170 |
| 64 | 0.1080 | 0.1380 | 0.1660 | 0.1990 | 0.2270 | 0.2680 | 0.3020 |
| 65 | 0.1550 | 0.1970 | 0.2380 | 0.2850 | 0.3250 | 0.3860 | 0.4350 |
| 66 | 0.1320 | 0.1680 | 0.2030 | 0.2430 | 0.2760 | 0.3280 | 0.3690 |
| 67 | 0.1220 | 0.1550 | 0.1890 | 0.2250 | 0.2560 | 0.3040 | 0.3430 |
| 68 | 0.1110 | 0.1410 | 0.1700 | 0.2040 | 0.2320 | 0.2740 | 0.3090 |
| 69 | 0.1140 | 0.1440 | 0.1740 | 0.2090 | 0.2380 | 0.2820 | 0.3170 |
| 70 | 0.1300 | 0.1650 | 0.2000 | 0.2400 | 0.2720 | 0.3230 | 0.3640 |
| 71 | 0.1070 | 0.1370 | 0.1640 | 0.1980 | 0.2250 | 0.2660 | 0.2990 |
| 72 | 0.1100 | 0.1400 | 0.1690 | 0.2020 | 0.2300 | 0.2720 | 0.3070 |
| 73 | 0.0850 | 0.1090 | 0.1320 | 0.1580 | 0.1790 | 0.2120 | 0.2390 |
| 74 | 0.1000 | 0.1290 | 0.1560 | 0.1860 | 0.2120 | 0.2510 | 0.2820 |
| 75 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |

Table 4-4b

**Annual Rates of Retirement**

**CalPERS 2%@62 Public Agency Miscellaneous**

| | Years of Service | | | | | | |
|---|---|---|---|---|---|---|---|
| **Age** | **5** | **10** | **15** | **20** | **25** | **30** | **35** |
| 50 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 |
| 51 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 |
| 52 | 0.0103 | 0.0132 | 0.0160 | 0.0188 | 0.0216 | 0.0244 | 0.0272 |
| 53 | 0.0131 | 0.0167 | 0.0202 | 0.0238 | 0.0273 | 0.0309 | 0.0345 |
| 54 | 0.0213 | 0.0272 | 0.0330 | 0.0388 | 0.0446 | 0.0504 | 0.0562 |
| 55 | 0.0440 | 0.0560 | 0.0680 | 0.0800 | 0.0920 | 0.1040 | 0.1160 |
| 56 | 0.0303 | 0.0385 | 0.0468 | 0.0550 | 0.0633 | 0.0715 | 0.0798 |
| 57 | 0.0363 | 0.0462 | 0.0561 | 0.0660 | 0.0759 | 0.0858 | 0.0957 |
| 58 | 0.0465 | 0.0592 | 0.0718 | 0.0845 | 0.0972 | 0.1099 | 0.1225 |
| 59 | 0.0578 | 0.0735 | 0.0893 | 0.1050 | 0.1208 | 0.1365 | 0.1523 |
| 60 | 0.0616 | 0.0784 | 0.0952 | 0.1120 | 0.1288 | 0.1456 | 0.1624 |
| 61 | 0.0619 | 0.0788 | 0.0956 | 0.1125 | 0.1294 | 0.1463 | 0.1631 |
| 62 | 0.0968 | 0.1232 | 0.1496 | 0.1760 | 0.2024 | 0.2288 | 0.2552 |
| 63 | 0.0888 | 0.1131 | 0.1373 | 0.1615 | 0.1857 | 0.2100 | 0.2342 |
| 64 | 0.0941 | 0.1197 | 0.1454 | 0.1710 | 0.1967 | 0.2223 | 0.2480 |
| 65 | 0.1287 | 0.1638 | 0.1989 | 0.2340 | 0.2691 | 0.3042 | 0.3393 |
| 66 | 0.1045 | 0.1330 | 0.1615 | 0.1900 | 0.2185 | 0.2470 | 0.2755 |
| 67 | 0.1045 | 0.1330 | 0.1615 | 0.1900 | 0.2185 | 0.2470 | 0.2755 |
| 68 | 0.1045 | 0.1330 | 0.1615 | 0.1900 | 0.2185 | 0.2470 | 0.2755 |
| 69 | 0.1045 | 0.1330 | 0.1615 | 0.1900 | 0.2185 | 0.2470 | 0.2755 |
| 70 | 0.1254 | 0.1596 | 0.1938 | 0.2280 | 0.2622 | 0.2964 | 0.3306 |
| 71 | 0.1254 | 0.1596 | 0.1938 | 0.2280 | 0.2622 | 0.2964 | 0.3306 |
| 72 | 0.1254 | 0.1596 | 0.1938 | 0.2280 | 0.2622 | 0.2964 | 0.3306 |
| 73 | 0.1254 | 0.1596 | 0.1938 | 0.2280 | 0.2622 | 0.2964 | 0.3306 |
| 74 | 0.1254 | 0.1596 | 0.1938 | 0.2280 | 0.2622 | 0.2964 | 0.3306 |
| 75 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |

## Mortality

The mortality rates used in this valuation are those used in the most recent California PERS pension valuations. These rates provide a starting point for the projection of future mortality rates. The mortality rates for each future year were determined based on a generational mortality projection using Projection Scale MP-2014. This scale consists of a set of Annual Mortality improvement factors as a function of age and sex. The resulting projected mortality rates were applied to each employee and retiree.

Table 4-5

**Sample Mortality Rates**

(prior to the application of Projection Scale MP-2014)

| | Active Employees | | Retired Employees | |
|---|---|---|---|---|
| Age | Male | Female | Male | Female |
| 55 | 0.228% | 0.138% | 0.599% | 0.416% |
| 60 | 0.308% | 0.182% | 0.710% | 0.436% |
| 65 | 0.400% | 0.257% | 0.829% | 0.588% |
| 70 | 0.524% | 0.367% | 1.305% | 0.993% |
| 75 | | | 2.205% | 1.722% |
| 80 | | | 3.899% | 2.902% |
| 85 | | | 6.969% | 5.243% |
| 90 | | | 12.974% | 9.887% |

## Spousal enrollment

We have assumed that 75% of active employees will enroll their spouses at retirement. Retirees were assumed to continue their current enrollment. Children of future retirees were not included in this valuation.

## Age Difference

Females are assumed to be three years younger than their spouses.

## Health Plan Participation

We have assumed that 75% of future eligible retirees will elect participation in the Housing Authority's postretirement medical program, both at early retirement and Medicare eligibility.

## Health Care Reform Considerations

Health care delivery is going through an evolution due to enactment of Health Care Reform. The Patient Protection and Affordable Care Act (PPACA), was signed March 23, 2010, with further changes enacted by the Health Care and Education Affordability Reconciliation Act (HCEARA), signed March 30, 2010. This valuation uses various assumptions that may have been modified based on considerations under PPACA. This section discusses particular legislative changes that were reflected in our assumptions. We have not identified any other specific provision of PPACA that would be expected to have a significant impact on the measured obligation. As additional guidance on the Act continues to be issued, we'll continue to monitor impacts.

### Individual Mandate

Under PPACA, individuals (whether actively employed or otherwise) must be covered by health insurance or else pay a penalty tax to the government. While it is not anticipated that the Act will result in universal coverage, it is expected to increase the overall portion of the population with coverage. We believe this will result in an increased demand on health care providers, resulting in higher trend for medical services for non-Medicare eligible retirees. (Medicare costs are constrained by Medicare payment mechanisms already in place, plus additional reforms added by PPACA and HCEARA.) While we believe that the mandate may result in somewhat higher participation overall, this issue is moot since we assume such a high participation rate upon retirement.

### Employer Mandate

Health Care Reform includes various provisions mandating employer coverage for active employees, with penalties for non-compliance. Those provisions do not directly apply to the postemployment coverage included in this valuation.

### Medicare Advantage Plans

Effective January 1, 2011, the Law provides for reductions to the amounts that would be provided to Medicare Advantage plans starting in 2011. We considered the effect of these reductions in federal payments to Medicare Advantage plans when setting our trend assumption.

### Expansion of Child Coverage to Age 26

Health Care Reform mandates that coverage be offered to any child, dependent or not, through age 26, consistent with coverage for any other dependent. We assume that this change has been reflected in current premium rates. While this plan covers dependents, we do not currently assume non-spouse dependent coverage other than for firefighters. We believe the impact this assumption has on the valuation is immaterial due to the lack of retirees that have had or are expected to have non-spouse dependents for any significant amount of time during retirement.

### Elimination of Annual or Lifetime Maximums

Health Care Reform provides that annual or lifetime maximums have to be eliminated for all "essential services." We assume that current premium rates already reflect the elimination of any historic maximums.

### Cadillac Tax (High Cost Plan Excise Tax)

The PPACA legislation added a new High-Cost Plan Excise Tax (also known as the "Cadillac Tax") starting in calendar year 2020. For valuation purposes, we assumed that the value of the tax will be passed back to the plan in higher premium rates.

- The tax is 40% of the excess of (a) the cost of coverage over (b) the limit. We modeled the cost of the tax by calculating (a) using the working rates projected with trend. We calculated (b) starting with the statutory limits ($10,200 single and $27,500 family), adjusted for the following:
  - Limits will increase from 2020 to 2021 by 4.25% (CPI plus 1%);
  - Limits will increase after 2021 by 3.25% (CPI); and
  - For retirees over age 55 and not on Medicare, the limit is increased by an additional dollar amount of $1,650 for single coverage and $3,450 for family coverage.
- Based on the above assumptions, we estimate that the tax will apply as early as 2020 for some of the Housing Authority's pre-Medicare plans. In addition, we estimate that the tax will not apply to any of the post-Medicare plans.

### Other Revenue Raisers

The Health Care Reform includes a variety of other revenue raisers that involve additional costs on providers (such as medical device manufacturers) and insurers. We considered these factors when developing the trend assumptions.

# SECTION V

## Glossary

- Accrual Accounting – A method of matching the cost of an employee's service, including long term obligations such as OPEB, to that employee's period of active service.

- Actuarial Accrued Liability (AAL) – The Actuarial Present Value of all postemployment benefits attributable to past service. Note: the AAL is sometimes referred to as the Past Service Liability.

- Actuarial Cost Method – A procedure for allocating the actuarial present value of benefits and expenses and for developing an actuarially equivalent allocation of such value to time periods, usually in the form of a Normal Cost and an Actuarial Accrued Liability.

- Actuarial Present Value – The value of an amount or series of amounts payable or receivable at various times. Each such amount or series of amounts is:

    a. adjusted for the probable financial effect of certain intervening events (such as changes in compensation levels, Social Security, marital status, etc.)

    b. multiplied by the probability of the occurrence of an event (such as survival, death, disability, termination of employment, etc.) on which the payment is conditioned, and

    c. discounted according to an assumed rate (or rates) of return to reflect the time value of money

- Actuarial Valuation – The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets and related Actuarial Present Values.

- Actuarial Value of Assets – The value of cash, investments and other property belonging to a plan. These are amounts that may be applied to fund the Actuarial Accrued Liability. Note: assets must be segregated and placed in a Trust in order to be considered OPEB assets

- Amortization Payment – That portion of the Annual OPEB cost which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.

    In the year that Statement 45 becomes effective an employer is allowed to commence amortization of the Unfunded Actuarial Accrued Liability, over a period not to exceed 30 years.

- Annual Other Postemployment Benefit Cost (OPEB) cost - An accrual-basis measure of the periodic cost of an employer's participation in a defined benefit OPEB plan. The annual OPEB cost is the amount that must be calculated and reported as an expense.

  When an employer has no net OPEB obligation (e.g., in the year of implementation) the annual OPEB cost is equal to the Annual Required Contribution (ARC).

  In subsequent years the Annual OPEB cost will include:

  - the ARC (equal to the Normal Cost plus one year's amortization of the Unfunded Actuarial Accrued Liability);
  - one year's interest on the net OPEB obligation at the beginning of the year using the valuation discount rate; and
  - an adjustment to the ARC. This adjustment is intended to provide a reasonable approximation of that portion of the ARC that consists of interest associated with past contribution deficiencies. GASB Statement No. 45 specifies that this adjustment should be equal to an amortization of the discounted present value of the net OPEB obligation at the beginning of the year. The amortization should be calculated using the same amortization method and period used in determining the ARC for that year. If the net OPEB obligation is positive the adjustment should be deducted from the ARC.
  - Note: As long as the net OPEB obligation is zero, there will not be any interest charge or adjustment to the ARC. However, if an employer does not contribute the full amount of the ARC, a net OPEB obligation will emerge.

- Annual required contributions of the employer (ARC) - The employer's periodic required contributions to a defined benefit OPEB plan, calculated in accordance with the parameters.

- Defined benefit OPEB plan - An OPEB plan having terms that specify the *benefits* to be provided at or after separation from employment. The benefits may be specified in dollars (for example, a flat dollar payment or an amount based on one or more factors, such as age, years of service, and compensation), or as a type or level of coverage (for example, prescription drugs or a percentage of healthcare insurance premiums).

- Defined contribution plan - A pension or OPEB plan having terms that (a) provide an individual account for each plan member and (b) specify how contributions to an active plan member's account are to be determined, rather than the income or other benefits the member or his beneficiaries are to receive at or after separation from employment. Those benefits will depend only on the amounts contributed to the member's account, earnings on investments of those contributions, and forfeitures of contributions made for other members that may be allocated to the member's account. For example, an employer may contribute a specified amount to each active member's postemployment healthcare account each month. At or after separation from employment, the balance of the account may be used by the member or on the member's behalf for the purchase of health insurance or other healthcare benefits.

- Employer's contributions - Contributions made in relation to the annual required contributions of the employer (ARC). An employer has made a contribution in relation to the ARC if the employer has (a) made payments of benefits directly to or on behalf of a retiree or beneficiary, (b) made premium payments to an insurer, or (c) irrevocably transferred assets to a trust, or an equivalent arrangement, in which plan assets are dedicated to providing benefits to retirees and their beneficiaries in accordance with the terms of the plan and are legally protected from creditors of the employer(s) or plan administrator.

- Entry Age Normal Actuarial Cost Method – An actuarial cost method under which the Actuarial Present Value of the Projected Benefits of each individual included in the valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The portion of this Actuarial Present Value allocated to a valuation year is called the Normal Cost. The portion allocated to prior years of service is called the Actuarial Accrued Liability.

- Healthcare cost trend rate - The rate of change in per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments.

- Investment return assumption (discount rate) - The rate used to adjust a series of future payments to reflect the time value of money.

- Net OPEB obligation - The cumulative difference since the effective date of GASB Statement 45 between annual OPEB cost and the employer's contributions to the plan, including the OPEB liability (asset) at transition, if any, and excluding (a) short-term differences and (b) unpaid contributions that have been converted to OPEB-related debt.

  Most employers will have no net OPEB obligation at the beginning of the year in which Statement 45 is implemented.

  If an employer contributes the annual OPEB cost to the plan each year, and there are no actuarial or investment gains or losses then the net OPEB Obligation will remain zero.

- Normal Cost - That portion of the Actuarial Present Value of benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method. Another interpretation is that the Normal Cost is the present value of future benefits that are "earned" by employees for service rendered during the current year.

- OPEB assets - The amount recognized by an employer for contributions to an OPEB plan greater than OPEB expenses.

- OPEB expense - The amount recognized by an employer in each accounting period for contributions to an OPEB plan on the accrual basis of accounting.

- Other postemployment benefits (OPEB) - Postemployment benefits other than pension benefits. Other postemployment benefits (OPEB) include postemployment healthcare benefits, regardless of the type of plan that provides them, and all postemployment benefits provided separately from a pension plan, except benefits defined as special termination benefits.

- Plan assets - Resources, usually in the form of stocks, bonds, and other classes of investments, that have been segregated and restricted in a trust, or in an equivalent arrangement, in which (a) employer contributions to the plan are irrevocable, (b) assets are dedicated to providing benefits to retirees and their beneficiaries, and (c) assets are legally protected from creditors of the employer(s) or plan administrator, for the payment of benefits in accordance with the terms of the plan.

- Present Value – See Actuarial Present Value.

- Present Value of Future Benefits – The Actuarial Present Value of all future benefit payouts. These are divided into the Present Value of Future Benefits attributable to past service (also known as the Actuarial Accrued Liability) and the Present Value of Future Benefits attributable to future service.

- Projected Unit Credit Cost Method – An actuarial cost method under which the projected benefits of each individual included in an Actuarial Valuation are separately calculated and allocated to each year of service by a consistent formula.

- Substantive plan - The terms of an OPEB plan as understood by the employer(s) and plan members.

- Unfunded Actuarial Accrued Liability (UAAL) – The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets.

- Valuation date – The date as of which the Postemployment benefit obligation is determined.

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Housing
Authority of the City of Alameda

# Retiree Medical/OPEB Plans

# 7/1/16 GASB 45 Valuation

## (with results rolled back to July 1, 2015)

## January 18, 2017 Board Meeting

NICOLAY CONSULTING

# Contents

# Overview

NICOLAY CONSULTING

Housing Authority of the City of Alameda

# About Nicolay Consulting Group

- Nicolay Consulting Group (NCG), employs four credentialed actuaries, each has over 25 years of experience is located in San Francisco
- NCG has enjoyed providing actuarial and consulting services to over 120 satisfied government entity clients
- NCG has provided at least 6 housing authorities for cities & counties of California in last 15 years, including Oakland, Contra Costa, Merced and San Bernardino
- NCG was selected by AHA via an open RFP process in October 2016

# AHA’s Employee/Retiree Profile

- Based on census data collected November, 2016
- 4 enrolled retirees at Nov. 2016
- 49 active employees at Nov. 2016
- 30% of employees eligible to retire now
- 20% more employees will be eligible to retire in the next 5 years
- 6% more employees will be eligible retire in next 10 years
- Requires 5 years vested in CalPERS and over age 50 if hired before January 1, 2013.
- Requires 5 years vested in CalPERS and over age 52 if hired on/after January 1, 2013.

# AHA’s commitment to retirees

- CalPERS pension (not covered here)
- Health care contribution up to the CalPERS minimum contribution (currently $128 per month in 2017) for the employee only, if s/he signs up for health care post retirement through CalPERS.
- Allows for re-enrollment at any time (e.g. when employees becomes eligible for Medicare)

# GASB Accounting Requirements

- GASB 45 – Covers employer's financial statement for its post-employment medical benefit plan up to fiscal year ending June 30, 2017
- GASB 67 - Covers retirement benefit plan's financial statement beginning in fiscal year ended June 30, 2014
- GASB 68 - Covers employer's financial statement for its retirement benefit plan beginning in fiscal year ended June 30, 2015
- GASB 75 - Covers employer's financial statement for its post-employment medical benefit plan beginning in fiscal year ending June 30, 2018

# What is OPEB?

- Does not include pension liabilities (GASB 68)
- Includes post-retirement medical benefits
- The calculations are based on the net present value (NPV) of future premiums that AHA will need to pay for retirees (subject to participation and assumptions about mortality rates, enrollment, retirement dates etc.)

# Summary of Key Issues

- AHA's financial liability (Net OPEB Obligation (NOO)) has risen from $3,800 in FY2014-15 to $407,000 in FY2015-16
- This is due to:
  - Changing assumptions used to calculate the NOO amount
  - Differing calculation methods
  - Implicit subsidy calculation beginning FY2015-16
- The full amount of $407,000 will be posted as a liability in the FY 2015-16 financial audit.
- AHA should expect an annual increase in liabilities each year
- AHA will need to make a decision on prefunding prior to the adoption of GASB 75 for FY2017/18

# Actuarial Valuation Results as of July 1, 2015

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Housing Authority of the City of Alameda

# Valuation Results—Plan Liabilities

| (Thousands) | July 1, 2015 | July 1, 2014 (Nicolay's estimate) | July 1, 2014 |
|---|---|---|---|
| Number of Plan Participants | | | |
| Active | 49 | 49 | 2 |
| Retired | 4 | 4 | 2 |
| Total | 53 | 53 | 4 |
| | | | |
| PV of Future Benefits | | | |
| • Active | $2,361 | $1,220 | Not |
| • Retired | 279 | 163 | Available |
| Total | $2,640 | $1,384 | $37 |

*May not add due to rounding

- **Present Value of Future Benefits (PVFB):** Cost of all benefits already earned and in the future for all plan participants as of the valuation date.

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Housing Authority of the City of Alameda

# Valuation Results—Plan Liabilities (Continued)

| (Thousands) | July 1, 2015** | July 1, 2014 (Nicolay 's estimate) | July 1, 2014*** |
|---|---|---|---|
| Actuarial Accrued Liability | | | |
| • Active | $1,314 | $658 | Not |
| • Retired | 279 | 163 | Available |
| Total | $1,593 | $821 | $37 |

*May not add due to rounding
**For June 30, 2016 financial statement
***For June 30, 2015 financial statement

- **Actuarial Accrued Liability (AAL):** Cost of benefits earned as of today for all plan participants as of the valuation date

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Housing Authority of the City of Alameda

# Valuation Results—Plan Liabilities (Continued)

| (Thousands) | FY 2015/16 | FY 2014/15 (Nicolay 's estimate) | FY 2014/15 |
|---|---|---|---|
| Net OPEB Obligation | | | |
| • As of end of fiscal year (June 30) | $407 | $244 | $4 |

The Net OPEB Obligation for FY2016/17 is estimated to be approximately $567,000.

- **Net OPEB Obligation (NOO):** Balance sheet liability under GASB 45 to be disclosed in plan sponsor's financial statement as of fiscal year end

# Valuation Results—Funded Status and ARC

| (Thousands) | July 1, 2015 | July 1, 2014 (Nicolay's estimate) | July 1, 2014 |
|---|---|---|---|
| | | | |
| Actuarial Accrued Liability | $1,593 | $821 | $37 |
| Market Value of Assets | 0 | 0 | 0 |
| Funded Status | $1,593 | $821 | $37 |
| | | | |
| Normal Cost | $107 | $55 | $0 |
| Amortization of Unfunded | 70 | 35 | 1 |
| Annual Required Contribution | $177** | $90 | $1 |

*May not add due to rounding

** **Equals to the Pre-funding amount for FY2015/16 & $192,000 for FY 2016/17**

- **Normal Cost (NC):** Cost of benefits earned during the current year
- **Annual Required Contribution (ARC):** Actuarially determined contribution
- While there is no requirement to prefund retiree medical plans, doing so adds flexibility in managing both the Authority's Benefit Policy and cash flow

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# Key Valuation Assumptions & Methods

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# Key Assumptions

| Assumptions | 2015/2016 | 2014/2015 |
|---|---|---|
| Discount Rate | 4.25% | 2.00% |
| Initial Trend Rates:<br><br>Ultimate Trend Rate:<br>PEMHCA Minimum: | Pre-65: 8.00%<br>Post-65:: 5.50%<br>Pre&Post-65: 5.00%<br>4.00% | $36 per year |
| PEMHCA Minimum | $125 per month | $122 per month |
| Withdrawal Rates | CalPERS 2014 rates | GASB Table 1 |
| Retirement Rates | CalPERS 2014 rates | 100% at 60 |
| Mortality | CalPERS 2014 rates with Scale MP-2014 | Life Expectancy Table from Social Security |

*Ultimate health trend rate for Pre and Post-Medicare is reached by 2020 and 2030, respectively.

# Key Assumptions (Continued)

| Assumptions | 2015/2016 | 2014/2015 |
|---|---|---|
| Participation rates:<br>Pre Medicare<br>Post Medicare | <br>75%<br>75% | <br>11%<br>2% |
| Spouse Coverage | 75% will enroll spouses | None |
| Value Implicit Subsidy | Yes-Beginning 2015/16 year | No-not required |
| Employees valued | All | Exclude currently <5 years |

# Key Actuarial Methods

| Methods | 2015/2016 | 2014/2015 |
| --- | --- | --- |
| Funding Method | Entry Age Normal Cost Method | Entry Age Normal Cost GASB Alternative Method (PVB was used as if AAL) |
| Amortization | Open Amortization over 30 years starting in 2012/2013. Level Percentage of Payroll | Unfunded Liability divided by 30 |
| GASB Accounting | GASB Accounting | Incorrect Application of GASB Accounting |

# ASOP 6 Implicit Subsidy: A New Liability

- Actuarial Standard of Practice No. 6 (ASOP 6)
  - New requirement to reflect implicit subsidies in accounting liabilities
  - Effective for Fiscal Years beginning after 3/31/15
- What is an implicit subsidy?
  - Premiums paid for active and retiree benefits are calculated by CalPERS
  - CalPERS calculates a single flat premium rate unadjusted for age or gender
  - Older participants cost more than younger and males cost differently from females

# Valuation Results—Explicit vs. Implicit AAL

| (Thousands) | Explicit | Implicit | Total |
|---|---|---|---|
| PV of Future Benefits | | | |
| • Active | $1,272 | $1,089 | $2,361 |
| • Retired | 168 | 111 | 279 |
| Total | $1,440 | $1,200 | $2,640 |
| | | | |
| Actuarial Accrued Liability | | | |
| • Active | $741 | $573 | $1,314 |
| • Retired | 168 | 111 | 279 |
| Total | $909 | $684 | $1,593 |

*May not add due to rounding

- **Explicit Costs:** The Authority's liability towards retiree health premiums
- **Implicit Costs:** The amount premiums understate the average cost of retiree claims

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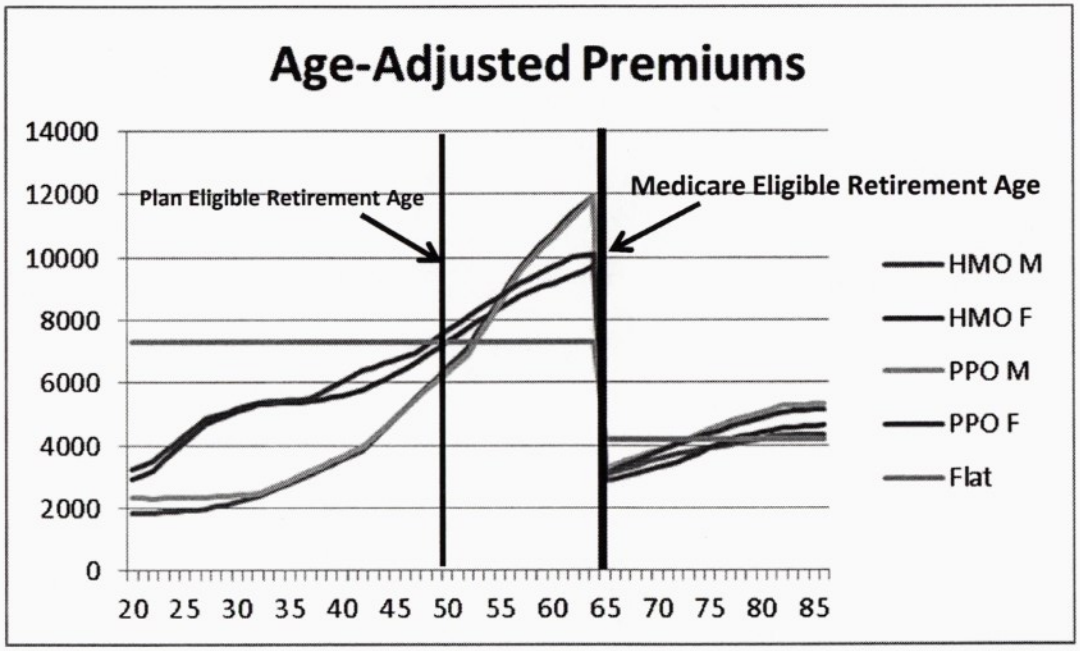
# Implicit Subsidy: Doesn't Increase Cash Cost




- The pre-Medicare retiree health plan is in-between the red and black vertical lines
- Accounting cost is now based on the average claims curves instead of the premiums (flat blue lines)
- The difference is the Implicit subsidy
- The subsidy for retirees is paid for via active premiums
- The average age of Authority's employees is 53.4 (Nov. 2016), so the subsidy is paid by other employers

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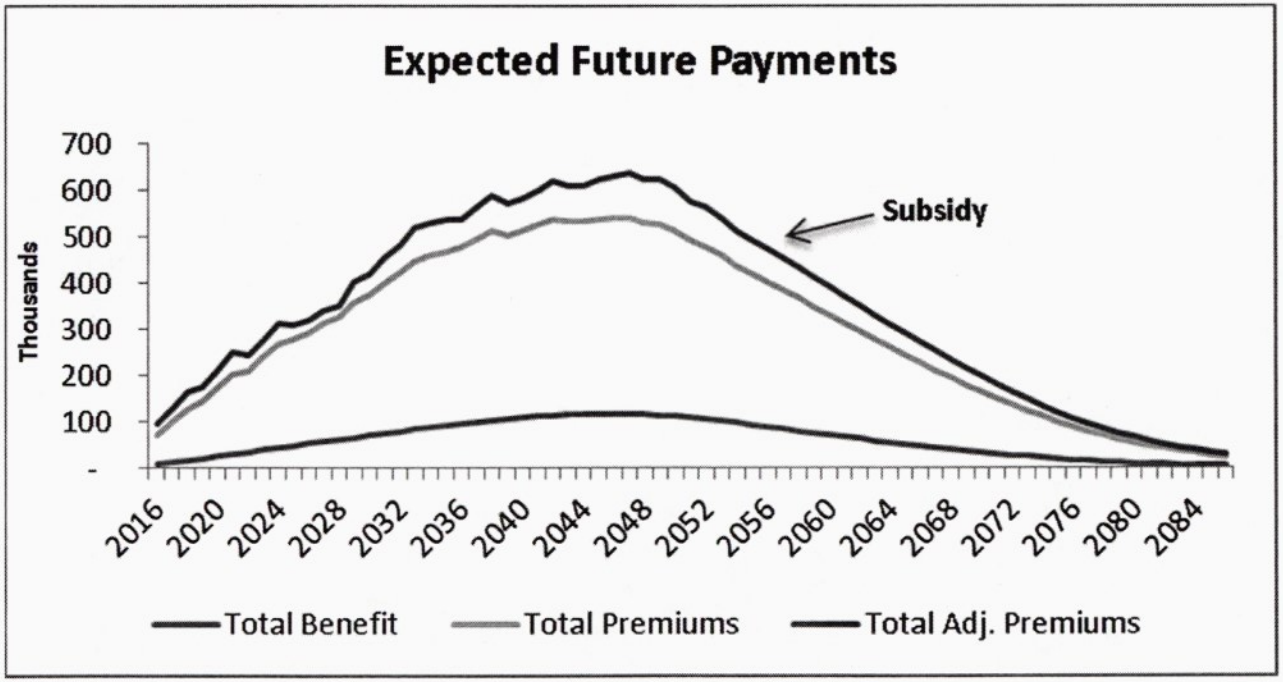
# Expected Future Premiums and Subsidies




- The Retiree pays for the cost of premiums in excess of the Employer's cost
- The implicit subsidy is considered an Employer liability
- The implicit subsidy is "funded" through active premiums (Red Line)
- Total Premium is mostly paid via retiree contributions (Green Line)
- Employer's explicit subsidy is the PEMHCA minimum [~20% of the premium] (Blue Line)

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# Prefunding Considerations

- Prefunding the liabilities helps manage the impact of volatility on cash flow and lowers the balance sheet liabilities.
- Prefunding discussion should occur in the next few months (prior to June 30, 2017) before the recognition of unfunded actuarial accrued liability in FY2018.

# AHA Retiree Medical/OPEB Plans
# 7/1/16 GASB 45 Valuation


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Housing
Authority of the City of Alameda
701 Atlantic Avenue - Alameda, California 94501-2161 - Tel: (510) 747-4300 - Fax: (510)522-7848 - TDD: (510) 522-8467

To: Honorable Chair and
Members of the Board of Commissioners

From: Vanessa M. Cooper
Executive Director

Date: January 18, 2017

RE: Accept the Annual Review of Investment Policy

## BACKGROUND

In February 1996 the Housing Commission adopted by resolution a revised Investment Policy for the investment of program funds provided by the U. S. Department of Housing and Urban Development (HUD) and to allow for less restrictive investment of non-HUD program funds.

Both State law and HUD require housing authorities to adopt and comply with sound cash management and investment policies and procedures. Additionally, State law requires that all local government agencies review their investment policy at a public meeting of their governing boards once each year.

## DISCUSSION

California Government Code Section 53646 requires that the Authority Finance Director file an annual investment policy with the Board of Commissioners. It also requires that the Finance Director file a quarterly report with the Board of Commissioners on the status of all investments, including compliance with the adopted investment policy and a certificate that the expenditure requirements for the next six months can be met.

California Government Code Section 53600.3 provides that each person or governing body investing public funds is a Trustee and, therefore, is a fiduciary subject to the Prudent Investor Standard. It further provides that the primary objectives when investing public funds are the safety of principal, preservation of liquidity and the return of an acceptable yield, in that order. The bill also prohibits the use of specific investment vehicles and limits the use of others, including reverse repurchase agreements.

HUD also mandates that housing authorities establish cash management procedures and comply with requirements governing the type of instruments in which they may invest.

The types of investments permitted under the State and Federal legislation are not different from the types of investments currently held by the Housing Authority. All Housing Authority investments are insured, government backed or fully collateralized securities that ensure the safety of the principal, preserve liquidity and provide an acceptable yield.

The attached redline version has been reviewed by AHA's Investment Advisor PFM and AHA's General Counsel.

FISCAL IMPACT

Does not apply.

RECOMMENDATION

It is recommended that the Board of Commissioners accept the report on the Investment Policy.

Respectfully submitted,

Vanessa Cooper

Vanessa M. Cooper
Executive Director

VC:MW

Attachment

# INVESTMENT POLICY
## Updated January 2017

SCOPE:

This ~~investment policy~~Investment Policy (the "Policy") applies to all liquid assets of the Housing Authority of the City of Alameda~~.~~ (the "Housing Authority" or the "Authority"). These funds are accounted for in the Consolidated Annual Financial Statements, which includes the Housing Choice Voucher program and SRO Program.

PRUDENCE:

~~Investments shall be made with good judgment and care, under prevailing circumstances, which persons of prudence, discretion and intelligence exercise in the management of their own affairs; not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.~~ The standard of prudence to be used by investment officials shall be the "prudent ~~person~~investor" standard (California Government Code 53600.3) and shall be applied in the context of managing an overall portfolio. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, persons acting on behalf of the Housing Authority shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.

Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

OBJECTIVE:

When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the primary objectives, in priority order, of the investment activities, shall be:

1. **Safety.** Safety of principal is the foremost objective of the investment program. Housing Authority investments will be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

2. **Liquidity.** The investment portfolio will remain sufficiently liquid to enable the Housing Authority to meet all operating requirements which might be reasonably anticipated and shall always have the ability to convert sufficient securities in the portfolio to cash to meet contingency needs. A portion of the portfolio may be placed in money market mutual funds or LAIF which offer same-day liquidity for short-term funds.

3. **Return on Investments.** The investment portfolio will be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio. (California Government Code 53600.5)

DELEGATION OF AUTHORITY:

Authority to manage the investment program is derived from Section 401(E) of the HUD/PHA Annual Contributions Contract and California Government Code Sections 53601, et seq. Management responsibility for the investment program is hereby delegated to the Executive Director, who shall establish written procedures for the operation of the investment program consistent with this ~~investment policy~~Investment Policy.

Procedures should include references to safekeeping, PSA repurchase agreements, wire transfer agreements, collateral/depository agreements, banking services contracts, as appropriate. Such procedures will include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this ~~policy~~Policy and the procedures established by the Executive Director.

The Executive Director is responsible for all transactions undertaken and will establish a system of controls to regulate the activities of subordinate officials. The Executive Director is a trustee and a fiduciary subject to the prudent investor standard. (California Government Code 53600.3)

The Executive Director may delegate day-to-day ~~i~~investment decision making and execution authority to an investment advisor, subject to Board selection and approval of that advisor and written agreement with the advisor. The Authority must be able to revoke the investment advisor's authority at all times and without notice. Eligible investment advisors must be registered with the Securities and Exchange Commission (SEC) under the Investment Advisors Act of 1940. The advisor will follow the Policy and such other written instructions as are provided by the Authority.

ETHICS AND CONFLICTS OF INTEREST:

All participants in the investment process shall act as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust.

Officers and employees involved in the investment process will refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

## INVESTMENT POLICY

AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS:

The Executive Director will select financial institutions on the basis of credit worthiness, financial strength, experience and minimal capitalization, that are authorized to provide investment services. No public deposit shall be made except in a qualified public depository as established by State laws.

For brokers/dealers of government securities and other investments, the Executive Director will select only broker/dealers who are licensed and in good standing with the California Department of Securities, the Securities and Exchange Commission, the National Association of Securities Dealers or other applicable self-regulatory organizations.

Before engaging in investment transactions with a broker/dealer, the Executive Director will have received from said firm a signed Certification Form. This form will attest that the individual responsible for the Housing Authority's account with that firm has reviewed the Authority's Investment Policy and that the firm understands the policy and intends to present investment recommendations and transactions to the Housing Authority that are appropriate under the terms and conditions of the Investment Policy.

<u>If the Housing Authority Board has appointed an investment advisor, the investment advisor may use its own list of authorized broker/dealers to conduct transactions on behalf of the Housing Authority. Eligible brokers/dealers must be registered with the Securities and Exchange Commission (SEC). The brokers/dealers will follow the Policy and such other written instructions as are provided by the Authority or Advisor.</u>

AUTHORIZED AND SUITABLE INVESTMENTS:

1. The Housing Authority is empowered by HUD Notice PIH 96-33 (reinstated by PIH 2002-13) to invest HUD funds in the following:

    a. United States Treasury Bills, Notes and Bonds;

    b. Obligations issued by Agencies or Instrumentalities of the U. S. Government;

    c. State or Municipal Depository Funds, such as the Local Agency Investment Fund (LAIF) or pooled cash investment funds managed by County treasuries;

    d. Insured Demand and Savings Deposits, provided that deposits in excess of the insured amounts must be 100 percent collateralized by securities listed in "a" and "b" above;

    e. Insured Money Market Deposit Accounts, provided that deposits in excess of the insured amount must be 100 percent collateralized by securities listed in "a" and "b" above;

f. Insured Super NOW Accounts, provided that deposits in excess of the insured amount must be 100 percent collateralized by securities listed in "a" and "b" above;

g. ~~Negotiable~~ Certificates of Deposit (CDs) issued by federally- or state-chartered banks or associations. Not more than 30 percent of surplus funds can be invested in CDs;

h. Repurchase/Reverse Repurchase Agreements of any securities authorized by this Section. Securities purchased under these agreements will be no more than 102 percent of market value; (See special limits in HUD Notice 96-33 and CGC 53601.0.)

i. Sweep Accounts that are 100 percent collateralized by securities listed in "a" and "b" above;

j. Shares of beneficial interest issued by diversified management companies investing in the securities and obligations authorized by this Section (i.e., Money Market Mutual Funds) Such Funds must carry the highest rating of at least two (2) national rating agencies. Not more than 20 percent of surplus funds can be invested in Money Market Mutual Funds;

k. Funds held under the terms of a Trust Indenture or other contract or agreement, including the HUD/PHA Annual Contributions Contract, may be invested according to the provisions of those indentures or contracts;

l. Principal only STRIPS; and

m. Any other investment security authorized under the provisions of HUD Notice PIH 96-33.

2. The Housing Authority is empowered by California Government Code (CGC) Sections 5922~~-~~and 53601 et seq. to invest non-HUD funds in the following investment~~s~~ instruments authorized for California local agencies under the provisions of California Government Code ~~(including CGC~~ Sections 5922. and 53601~~)~~:

   a. Bonds issued by the City of Alameda;

   b. United States Treasury Bills, Notes and Bonds;

   c. Registered state warrants or treasury notes or bonds issued by the State of California;

   d. Bonds, notes, warrants or other evidence of debt issued by a local agency within the State of California~~, including pooled investment accounts sponsored~~

~~by the State of California, County Treasuries, other local agencies or Joint Powers Agencies;~~;

e. The California Local Agency Investment Fund ("LAIF") and other pooled investment funds sponsored by the State of California, County Treasuries, and other local agencies or Joint Powers Authorities;

~~e.~~f. Obligations issued by Agencies or Instrumentalities of the U. S. Government;

~~f.~~g. Bankers Acceptances with a term not to exceed 180 days. Not more than 40 percent of surplus funds can be invested in Bankers Acceptances—and no more than 30 percent of surplus funds can be invested in the bankers acceptances of any single commercial bank;

~~g.~~h. ~~g. Prime~~ Commercial Paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical rating organization (NRSRO) with a term not to exceed 180 days ~~and the highest rating issued by Moody's Investors Service or Standard & Poor's Corporation (S&P).~~. Commercial paper cannot exceed 10 percent of total surplus funds, provided, that if the average maturity of all Commercial paper does not exceed 31 days, up to ~~30~~25 percent of surplus funds can be invested in Prime Commercial paper. Additionally, the Housing Authority may purchase no more than 10 percent of the outstanding commercial paper of any single issuer. ;

~~h.~~i. Negotiable Certificates of Deposit ~~(CDs)~~ issued by ~~federally~~ a nationally or state-chartered ~~banks~~bank, a savings association or ~~associations.~~ a federal association (as defined by Section 5102 of the California Financial Code), a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. Negotiable Certificates of Deposit shall be rated in a rating category of "A" or its equivalent or better by an NRSRO. Not more than 30 percent of surplus funds can be invested in ~~CDs~~Negotiable Certificates of Deposit;

~~i.~~ ~~i.~~ Repurchase/Reverse Repurchase Agreements of any securities authorized by this Section. Securities purchased under these agreements will be no less than 102 percent of market value. Reverse repos cannot constitute more than 20 percent of ~~AHA's~~the Authority's portfolio. Reverse repos are also limited to 92 days unless the minimum spread between the rate on investment and cost of funds is guaranteed in writing. (See special limits in CGC 53601.)

j.

k. ~~j.~~ Medium-~~-~~term ~~notes~~Notes, not to exceed five (5) years of ~~U. S.~~ corporations organized and operating within the United States which are rated ~~"~~in a rating category of "A~~"~~" or its equivalent or better by ~~Moody's or S&P.~~an

NRSRO. Not more than 30 percent of surplus funds can be invested in ~~medium~~ Medium-term ~~notes;~~Notes.;

l. ~~k.~~ Shares of beneficial interest issued by diversified management companies investing in the securities and obligations authorized by this Section (i.e., Money Market Mutual Funds). Such Funds must carry the highest rating of at least two national rating agencies. Not more than 15 percent of surplus funds can be invested in Money Market Mutual Funds. In addition, no more than 10 percent of ~~AHA's~~the Authority's portfolio may be invested in any single mutual fund.

m. Funds held under the terms of a Trust Indenture or other contract or agreement may be invested according to the provisions of those indentures or agreements;

n. ~~m.~~ Collateralized bank deposits with a perfected security interest in accordance with the Uniform Commercial Code (UCC) or applicable federal security regulations;

o. Any mortgage pass-through security, collateralized mortgage obligation, mortgaged backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate or consumer receivable backed bond of a maximum maturity of five (5) years. Securities in this category ~~must~~shall be issued by an issuer rated ~~"AA"~~in a rating category of "A" or its equivalent or better ~~by a national rating service.~~ for the issuer's debt as provided by an NRSRO and rated in a rating category of "AA" or its equivalent or better by an NRSRO. No more than 20 percent of surplus funds can be invested in this category of securities; and

~~o. Any other investment security authorized under the provisions of CGC 5922 and 53601.~~

p. United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of "AA" or its equivalent or better by an NRSRO and no more than 30 percent of surplus funds can be invested in this category of securities.

The Authority will limit investments in any one non-government issuer, except investment pools and money market funds, to no more than 5% regardless of security type.

The Board of Commissioners may, at times, further reduce the selection of types of investment to be used by the Advisor or Executive Director by a formal vote.

Where this Policy specifies a percentage limitation for a particular security type, that percentage is applicable only on the date of purchase. Due to fluctuations in the aggregate surplus funds balance, maximum percentages for a particular issuer or investment type may be exceeded at a point in time subsequent to the purchase of a particular issuer or investment type. Securities need not be liquidated to realign the portfolio; however, consideration should be given to this matter when future purchases are made to ensure that appropriate diversification is maintained.

Credit criteria listed in this Policy refers to the credit rating at the time the security is purchased. The Authority may from time to time be invested in a security whose rating is subsequently downgraded. In the event a rating drops below the minimum allowed by this Policy, the Executive Director will review and recommend an appropriate plan of action to the Board no less frequently than quarterly. If the Authority has an Investment Advisor, the Investment Advisor will notify the Executive Director and recommend a plan of action.

3. Also, see CGC 53601 and Attachment A to HUD Notice 96-33, "HUD Approved Investment Instruments," for a detailed summary of the limitations and special conditions that apply to each of the above listed investment securities. CGC 53601 and Attachment A- are attached and included by reference in this Investment Policy.

4. ~~Under the provisions of CGC 53631.5~~, the Housing Authority will not invest any funds covered by this Investment Policy in inverse floaters, range notes, interest-only strips derived from mortgage pools or any investment that may result in a zero interest accrual if held to maturity.

COLLATERALIZATION:

1. The percentage of collateralization on repurchase agreements will conform to the amount required under CGC 53601 (i)(2).

SAFEKEEPING AND CUSTODY:

1. All security transactions entered into by the Housing Authority will be conducted on delivery-versus-payment (DVP) basis.

2. All securities purchased or acquired will be delivered to the Board of Commissioner of the Authority by book entry, physical delivery, or by third-party custodial agreement. (CGC 53601)

DIVERSIFICATION:

It is the policy of the Housing Authority to diversify its investment portfolio. The Authority will diversify its investments by security type and, within each type, by institution. Assets will be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities. Diversification strategies will be determined and revised periodically. In establishing specific diversification strategies, the following guidelines will apply:

1. Portfolio maturities will be matched against projected liabilities to avoid an over concentration in a specific series of maturities.

2. Maturities selected will provide for stability and liquidity.

3. Disbursement and payroll dates will be covered by the scheduled maturity of specific investments, marketable U. S. Treasury Bills or Notes or other cash equivalent instruments, such as money market mutual funds.

MAXIMUM MATURITIES:

To the extent possible, the Housing Authority will attempt to match its investments with anticipated cash flow requirements. ~~Unless matched to a specific cash flow, the Housing Authority will not directly invest in securities maturing more than one year from the date of purchase. However, the Housing Authority may collateralize its repurchase agreements using longer-dated investments not to exceed one year to maturity.~~Where there is no anticipated cash flow requirement on an investment, no investment shall be made in any security, which at the time of the investment, has a term remaining to maturity in excess of five years, unless the Board has granted express authority to make that investment no less than three months prior to the investment [CGC 53601]~~.~~

~~Reserve funds may be invested in securities exceeding one year if the maturity of such investments are made to coincide as nearly as practicable with the expected use of the funds.~~

INTERNAL CONTROL:

The Housing Authority shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

PERFORMANCE STANDARDS:

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

REPORTING:

The Executive Director shall submit to each member of the Board of Commissioners a quarterly investment report. The report will include:

1. A complete description of the portfolio, the type of investments, the issuers, maturity dates, par values and the current market values of each component of the portfolio, including funds managed by third party contractors.

2. The source of the portfolio valuation. In the case of funds invested in the LAIF, FDIC Insured accounts or county investment pools, current statements from those institutions will satisfy the above reporting requirements. The report will also include a certification that:
   a. All investment actions executed since the last report have been made in full compliance with the Investment Policy; and

   b. The Housing Authority will meet its expenditure obligations for the next six months. [CGC 53646(b)]

3. The Executive Director will maintain a complete and timely record of all investment transactions.

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Housing
Authority of the City of Alameda
701 Atlantic Avenue - Alameda, California 94501-2161 - Tel: (510) 747-4300 - Fax: (510)522-7848 - TDD: (510) 522-8467

To: Honorable Chair and
Members of the Board of Commissioners

From: Vanessa M. Cooper
Executive Director

Submitted by: Marie Wang, Finance Director
Victoria Johnson, Director of Housing and Community Development

Date: January 18, 2017

RE: Accept the Five Year Cash Flow Report

## BACKGROUND

At the April 22, 2015 Board of Commissioners meeting, PFM Asset Management was awarded a contract for investment services. At the January 20, 2016 Board of Commissioners meeting, a three year cash flow projection was presented to the Board of Commissioners, demonstrating the various reserve sources of cash, cash for investment, and future cash commitments.

The Board of Commissioners authorized the Executive Director to transfer $15 million of Housing Authority reserve funds from the Local Agency Investment Fund (LAIF) to the initial investment of $2 million in CD's and $13 million to specified investment accounts managed by PFM Management, LLC.

This staff report provides the updated five year cash flow projections for the Housing Authority reserve funds deposited in the Local Agency Investment Fund (LAIF) and the investment accounts managed by PFM Asset Management, LLC. To date, no funds have been invested in CD's and these funds remain in LAIF. In order to facilitate the Board's discussion, some description is also provided on the second sheet for the 6-10 year time horizon. As with all projections, the longer the time frame, the less firm the projections are. Staff will bring this cash flow forecast to the Board at least annually for review.

## DISCUSSION

Attached to this report you will find a two page spreadsheet titled "Available Investment Analysis". On the first page, there are five broad boxes titled "Restricted Reserve of Funds", "Cash/Investments", "Projected Unrestricted Revenue/Funds", "Estimated Needs for Existing Funds", and "Estimated Needs for Projected Funds".

The first box titled "Restricted Reserve of Funds" is to identify the restricted funds and the designated reserves set aside from the investment (LAIF) for an identified purpose. The Section 8 fund is strictly restricted either for the FSS escrow account or for the HCV programs operation. It is not to be used for any investment purpose.

The next box titled "Cash/Investment" identifies the $28.3 million dollars available as of 12/31/16. Line 1 identifies $2,313,630 cash in the U.S. Bank checking account for on-going daily operations. Line 2 LAIF Investments identifies $12,941,322 in cash, and Line 3 PFM identifies $13,049,656 in cash and securities, which could be made available for longer term investments. The total amount of investment is $25,990,978.

The third box titled "Projected Unrestricted Revenue/Funds" identifies the future upcoming revenue and fees of $3,350,000 collected from the sources of Alameda Landing, Stargell, Del Monte and Eagle. We expect additional cash revenue in the future, but we have only shown the funds that are already secured.

The fourth box titled "Estimated Needs for Existing Funds" identifies the estimated time that the funds are likely to be needed and the individual existing sources of $25,990,978, that needed funds would be drawn from.

The fifth box titled "Estimated Needs for Projected Funds" identifies the estimated time that the funds would be needed and the future sources of $3,350,000 that the funds would be drawn from.

The chart on the second page titled "Projected Cash Needs" identifies projects currently in process and those expected to proceed in the next five years. The forecasted Capital Improvement Projects needs for years six through ten and thereafter are also included. This schedule was developed after various discussions with the management team regarding AHA's capital needs and development needs

<u>Cash Flow</u>
Generally cash is generated from operations, loans, grants and special circumstances such as the funds transferred to AHA from the Successor Agency. Cash is disbursed generally first for operations and then for the principal on AHA loans, then for Capital Improvement Projects and Development Projects. Occasionally there is a special situation such as the repayment of the unfunded pension liability to CalPERS.

The chart below illustrates how cash typical flows into and out of AHA:

Add:
Revenues from Rents and Grants

Subtract:
Operating Expenses

Equals:
Net Cash from Operations

Subtract:

Other Non-Operating Cash Items

Examples:
a. Principal payments on AHA debt
b. Capital Improvement Projects
c. Deposits to Building Replacement Reserves
d. IP set aside reserves
e. Donation to City Park

It is important to note a few caveats. First, the cash flow shows over $6m to be used for development projects and the gap funding in the first five years. It also shows $6m to be used for other (TBD) projects (likely Independence Plaza and one other) that will start in the 10 year time frame. The projection only provides for minor capital upgrades in other AHA-owned projects in the next ten years, sufficient to meet health and safety requirements, keep the units operational and habitable. These aging properties include: Esperanza, Anne B. Diament, Parrott Village and Gardens, China Clipper and all small developments under 20 units. Staff expects that shortly after the 5-10 year period, major rehab work will be needed at several of those sites and will need to be done by refinancing or by accessing equity or loans from a third party, such as LIHTC or state affordable housing funds. However, the source of such affordable housing funds, even in the closer time frame, is currently uncertain. Second, CalPERS has recently announced a reduction in its expected rate of return from 7.5 to 7%. Although CalPERS has not yet given further direction to member agencies, it is reasonable to expect that annual employer contributions will increase, and, potentially, that the calculation of outstanding liabilities under GASB 68 may change. (For the 2016-17 audit, AHA will hire an actuarial firm to complete the retirement liabilities.) Third, the Board will need to decide whether to pre-fund the other post-employment benefits (OPEB) contributions by June 30, 2017. The outstanding $407,000 liability has been booked in the agency's books as at June 30, 2016.

<u>FUND INVESTMENT</u>

AHA's investment policy requires the agency to diversify its investments. As of December 31, 2016, $13 million was available in cash with Local Agency Investment Fund (LAIF); and $13 million was available in cash and securities in the US Bank account and managed by PFM Investment LLC. Although the Investment Policy provides for a wide range of investments, in January 20 2016, the Board restricted investment of these funds to the following three sources: United States Treasuries, and Federal Agencies; California Local Agency Investment Fund ("LAIF"), and Certificates of Deposit (CDs) issued by federally or state-chartered banks or associations. At this time PFM has also been given direction that any change in investments must be brought to the Executive Director for written approval prior to execution. The Board of Commissioners also approved $2 million dollars in January 2016 to be deposited in Certificate of Deposits (CD). Since the interest rate in LAIF has been higher than the interest rate of the one year certificate of deposit for the major reputable banks, as of December 31, 2016, no funds have been deposited to CDs yet and the funds have remained in LAIF.

PFM first received the cash for investment in February 2016. Once the Board has accepted a final cash flow projection, PFM will return to the Board in next 1-3 months to provide the first 12-month report on the performance of the investment of the $13m (quarterly reports have been provided in the interim).PFM will provide a range of investment proposals to meet the investment policy and Board-accepted cash flow report. Staff will set aside 45-60 minutes for that discussion. In the meantime, funds will remain invested in the same selection of instruments - United States Treasury Bills, Notes and Bonds; Obligations issued by Agencies or Instrumentalities of the U. S. Government; California Local Agency Investment Fund ("LAIF"), and Certificates of Deposit (CDs) issued by federally or state-chartered banks or associations. Funds for reinvestment may also be held temporarily in money market accounts. At that same Board meeting, staff will also provide an analysis of return on the portfolio and fees paid.

## FINANCIAL IMPACT

The attached report indicates expected uses of agency funds for capital and other projects. The approved budget includes the fees paid monthly to PFM for fund management and bank charges.

## RECOMMENDATION

It is recommended that the Board of Commissioners accept the Cash Flow Report.

Respectfully submitted,

Vanessa M. Cooper
Executive Director

VC: MW

Attachments: 1. Investment Analysis Spreadsheet

**Available Investments Analysis**
**Available Funds 12/31/16**

| Category | Section 8 Funds | General Fund | IP | Esperanza | PV & EV | Owned | Successor Agency, Dev. and City | Totals | Note |
|---|---|---|---|---|---|---|---|---|---|
| **Restricted Reserve of Funds** | | | | | | | | | |
| Building Replacement Reserves | | 260,420 | 28,223 | | 31,556 | 1,023,555 | | 1,343,754 | |
| Equipment Reserve | 6,080 | 24,488 | 67,558 | 33,797 | 59,171 | 57,821 | | 248,915 | |
| FSS Escrow | 168,173 | | | | | | | 168,173 | |
| IP Replacement Reserves | | 407,967 | | | | | | 407,967 | |
| Successor Agency | | | | | | | 335,465 | 335,465 | |
| Total Restricted Reserve | 174,253 | 692,875 | 95,781 | 33,797 | 90,727 | 1,081,376 | 335,465 | 2,504,274 | |
| | | | | | | | | | |
| **Cash/Investment** | | | | | | | | | |
| 1. Cash, US Bank - Unrestricted | 652,281 | 320,576 | 52,918 | 215,390 | 698,998 | 373,467 | - | 2,313,630 | For on-going operation |
| **Investment** | | | | | | | | | |
| 2. LAIF | 175,689 | 701,438 | 1,500,360 | 6,493,706 | 935,239 | 2,798,111 | 336,779 | 12,941,322 | |
| | | | | | | | | | |
| 3. PFM | - | 102,696 | 501,834 | 6,677,663 | 3,815,559 | 1,951,904 | | 13,049,656 | |
| **Total Investment** | **175,689** | **804,134** | **2,002,194** | **13,171,369** | **4,750,798** | **4,750,015** | **336,779** | **25,990,978** | |
| | | | | | | | | | |
| **Projected Unrestricted Revenue/Funds** | | Alameda Landing | Stargell Fe | Del Monte/Eagle Fee | | | | **Totals** | |
| 2017 | | 2,000,000 | | 440,000 | | | | 2,440,000 | |
| 2018 | | | 100,000 | 810,000 | | | | 910,000 | |
| Total Forecasted Revenue | | 2,000,000 | 100,000 | 1,250,000 | | | | 3,350,000 | |
| | | | | | | | | | |
| **Estimated Expenses for Existing Funds** | | | | | | | | | |
| 0-6 months | - | | | 400,000 | | | | 400,000 | Use LAIF |
| 6-12 months | | | 250,000 | 4,063,221 | | | 336,779 | 4,650,000 | Use LAIF |
| 12-18 months | | 8,563 | 750,000 | 1,648,814 | 844,512 | 2,798,111 | | 6,050,000 | Use LAIF& AHA Owned Reserves |
| Two years | - | | | 6,000,000 | | | | 6,000,000 | Use PFM |
| Three years | | | | - | 1,000,000 | | | 1,000,000 | Use PFM |
| Four years | 175,689 | 692,875 | 1,002,194 | 33,797 | 319,230 | 1,951,904 | | 4,175,689 | Use LAIF( Restricted) & PFM |
| Five years | | 102,696 | | 1,025,537 | 2,587,056 | | | 3,715,289 | Use PFM |
| **Need Totals** | **175,689** | **804,134** | **2,002,194** | **13,171,369** | **4,750,798** | **4,750,015** | **336,779** | **25,990,978** | |
| | | | | | | | | | |
| **Estimated Expenses for Projected Funds** | | Alameda Landing/Stargell/Del Monte/Eagle | | | | | | | |
| Five Years | | | | | | | | 284,711 | |
| Six - Ten Years | | | | | | | | 3,065,289 | |
| **Need Totals** | - | - | - | - | - | - | - | **3,350,000** | |

**Investments-Liquidity Analysis - Projected Cash Needs**
**As of December 31, 2016**

| | | Time Horizon | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Cash Needs (Uses)** | **Amount** | 1-6 Months FY 2016-17 | 6-12 Months FY 17-18 | 12-18 Months FY 17-18 | Two Years FY 18-19 | Three Years FY 19-20 | Four Years FY 20-21 | Five Years FY 21-22 | Six -Ten Years FY 22-27 |
| | | | | | | | | | |
| **Pension Unfunded Liability ( CalPERS)** | **800,000** | - | 800,000 | | | | | | |
| | - | | | | | | | | |
| **Capital Improvement Projects** | **11,000,000** | **400,000** | **1,550,000** | **1,550,000** | **1,500,000** | **1,000,000** | **1,000,000** | **1,000,000** | **3,000,000** |
| | | | | | | | | | |
| | | | | | | | | | |
| **Development** | | | | | | | | | |
| 2437 Eagle - Loan to LP | **2,300,000** | - | 2,300,000 | | | | | | |
| Rosefield Village - Loan to LP | **4,500,000** | | | 4,500,000 | | | | | |
| North Housing - pre-development and Loan to LP | **4,500,000** | | | | 4,500,000 | | | | |
| TBD Development Projects | **6,000,000** | | | | | - | 3,000,000 | 3,000,000 | |
| **Total Development** | **17,300,000** | **-** | **2,300,000** | **4,500,000** | **4,500,000** | **-** | **3,000,000** | **3,000,000** | **-** |
| | | | | | | | | | |
| **Operations-Reserves** | **-** | | | | | | | | |
| | | | | | | | | | |
| **Total Need** | **29,100,000** | **400,000** | **4,650,000** | **6,050,000** | **6,000,000** | **1,000,000** | **4,000,000** | **4,000,000** | **3,000,000** |

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Housing
Authority of the City of Alameda
701 Atlantic Avenue - Alameda, California 94501-2161 - Tel: (510) 747-4300 - Fax: (510)522-7848 - TDD: (510) 522-8467

To: Honorable Chair and
Members of the Board of Commissioners

From: Vanessa M. Cooper
Executive Director

Prepared by: Victoria Johnson, Director of Housing and Community Development

Date: January 18, 2017

Re: Rosefield Project Update; Adopt a Resolution Authorizing the Submission of an Application to the State of California Veteran's Housing and Homeless Prevention Program; Authorize the Commitment of up to $4.4 million in AHA loan funds; Authorize the Executive Director to Execute Related Documents

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## BACKGROUND

Since early 2015 staff has been working to prepare an improvement plan for the buildings at Rosefield Village. It was initially expected that extensive structural repairs could be made and that the buildings could be preserved through substantial rehabilitation. Based on this plan, the Board authorized the submission of an application for tax-exempt bonds in November 2015 and for Affordable Housing and Sustainable Communities funds in February 2016. Soon thereafter, two structural reports were received that indicated that the nine pre-fabricated buildings that were built in approximately 1976 and put into service in 1979 have reached the near-end of their useful life. Hence the AHSC application was withdrawn and the bond application was not submitted.

In April 2016 the Board authorized staff to proceed with an alternate plan to seek additional funding opportunities and to submit a bond application prior to June 15, 2016. By submitting prior to this June date, the project is able to take advantage of a preliminary bond reservation that can preserve the 'Difficult Development Area' (DDA) status for up to two years and thereby obtain a 30% tax credit basis boost. This also makes it possible to finance the project through non-competitive 4% credits. Without the DDA, the project will have to enter the competitive 9% tax-credit pool and would have to be designated as either senior or family. Since then, staff has worked with the financial consultant (Community Economics) to evaluate other funding opportunities and to consider multiple financing schemes.

In October 2016 the Board authorized staff to proceed with a 66 unit plan and to select an architectural firm to provide design services for the project.

Since the project was first discussed with the Board in 2015, staff has held four resident meetings to discuss the overall plan and staff has also has also conducted individual in-depth personal interviews with each household to ascertain individual needs in terms of relocation. Although it could be somewhat easier to complete the redevelopment project in phases with respect to tenant relocation, the design team recently informed us that this may not be possible due to the potential need for site-wide soil remediation. The final decision related to phased versus single phase work will be driven by soil test results and will be equally applicable for any redevelopment plan.

Once the final decision is made to move forward, staff will outreach to the neighboring (commercial) property owners. There are no residential property owners adjacent to the property, except the AHA owned sites. A 300 foot notice to all neighbors will be mailed when the site plan is submitted to the City.

A summary of prior Board approvals related the Rosefield Village project is attached (Exhibit 1) and a binder of the corresponding reports is available before and at the meeting for review. These items are also available online at www.alamedahsg.org.

## DISCUSSION

At this time, staff seeks an updated Board recommendation whether to pursue the existing work plan and if so, approval to commit additional resources to project development. The alternative option is to postpone project redevelopment until a later date.

### Option One

Staff will continue to work to realize the goals of the project as defined in the June 2016 bond application. This includes: a lot-line adjustment that will separate the existing (historic) structures from the multi-family units; the creation of a 2 acre parcel that will include the rehabilitation of 6 (formerly) Eagle Village units and the construction of 60 new units with a bedroom mix of 34 one-bed, 24 two-bed and 8 three-bedroom plus community room, offices and outdoor amenities. The overall AHA site (including the adjacent existing structures) will include 74 units.

In November the Housing Authority was awarded an allocation of 45 VASH vouchers and in December the State published a NOFA for funds under the California Veteran's Housing and Homelessness Prevention Program (VHHP). AHA will submit a response to the VASH RFP that is to be issued by staff on January 12, 2017. If the VASH and VHHP are awarded to the project, then 21 or 22 of the 66 units will be restricted to serve eligible veterans and their household members. In addition to the services provided by LIfeSTEPS for all units, additional support services will be provided by the VA to support the 22 homeless veteran households throughout their tenancy. The other possible funding sources that will be required to make the project succeed are County bond funds and AHA funds to be loaned to the project with repayment subject to cash flow.

Last year's plan to secure AHSC funding was unsuccessful because the application to rehabilitate was withdrawn after the engineering reports were received. This year's plan to secure HCD funds is also not assured because VHHP funds are awarded competitively. However, there are some advantages in applying this year such as the availability of VASH and County bond fund funds, which are not certain in future years. A copy of the financial projections is attached as Exhibit 2. It should be noted that the VASH (as project based vouchers) support the 15 year mortgage loan that is key to financial feasibility. Despite the high volume of effort required to prepare and submit an application, staff is prepared to complete the process and to move forward if the award is made.

The deadline for drawing down on the 4% bond funds is June, 2018. Contingent upon an award of VHHP and County funds, the timeline for the project would be as follows:

| |
|---|
| January 2017 - Apply for 20 VASH vouchers; begin site plan design |
| February 2017 - Apply for VHHP funds through State HCD |
| April 2017 – Submit to Planning for Site Plan approval; Board approves Relocation Plan |
| June 2017 – Announcement of VHHP awards; apply for County bond funds; submit to Planning for Design review Approval; Engage Relocation Advisor (allows 12 month total relocation period) |
| November 2017 – City Council TEFRA hearing; submit updated bond application |
| December 2017 - Submit non-competitive tax credit application; Finalize Building Plans |
| January 2018 – Solicit for tax credit investor and construction/perm lender |
| March 2018 – Tax Credit and Bond Allocation awards |
| June 2018 – Close Construction Loan and Construction Commence |

As with all affordable development nationwide at this time, there is some uncertainty due to potential changes in federal policy and very limited state and local funds. Potential changes are not yet clear, although the uncertainty in itself has already impacted the LIHTC markets. Option One cannot be guaranteed and requires a certain amount of streamlining of the design process in order to meet the deadlines and rules out options that might allow increased density.

Option Two

Project work could be paused at this time to allow for further evaluation of redevelopment options, site capacity and funding plans. The underlying (original) zoning for the site is 40 units per acre and this could allow 80 (rather than 66) total units if the project were designed more densely. It is expected that this would require a four-story design with podium parking. This would be a more expensive project and the VASH subsidy (and hence the VHHP) may not be available in the future, so the final product could serve a higher average income population. It might be feasible to develop as a mixed-income project, and if AHSC funds continue to be available, there could be an opportunity to apply in a future cycle. At this time, and until the regulations for project based vouchers are revised[1], no additional PBV other than VASH will be available to target very-low income households or to support project financing. Even if the limit on

[1] Note HUD had committed to issue these HOTMA regulations under the current Administration.

PBV issuance is raised under the new regulations, there is no guarantee that HUD will provide additional funds to pay for more PBV or allow one time reserve money to be spent on a 15 year PBV commitment. AHA is currently utilizing 18% of its annual budget authority and has 20% of its Budget Authority designated for PBV (20% is currently the cap). If the current bond reservation is not utilized by June 2018 the DDA will expire. Without the DDA, and if the project is developed with tax credits it will need to be designated as a family or a senior project. If a family project is chosen, at least 25% of the units will need to be three-bedroom and if senior, all household members must be 62 or older. Based on prior legal action upon the demolition of affordable housing in Alameda, there would likely be considerable local pressure to replace family housing with family housing.

It should be noted that three units have already been taken out of service permanently and additional (sometimes urgent) repairs will be required to maintain the habitability of the property if the redevelopment project is delayed. The ongoing expenditure for repairs may cost between $100,000 and $200,000 per year to meet minimum HQS. In general, the physical conditions will continue to deteriorate for current residents until redevelopment.

AHA could also consider working with an outside development partner rather than self-developing through an RFP process. This could reduce initial burden on staff, and a development partner might put forth some of their own funds, but AHA would lose some control and would give up the potential to earn to the developer fee. Some significant, staff responsibilities would remain in managing the contract and ensuring that AHA's best interests are met in the execution of the project, including long term control of the land and the property. The property would still be subject to affordability restrictions and compliance and AHA should insist on being included in the partnership and having the right to acquire the project after the tax credit period.

AHA is always subject to changes in State and federal housing programs and policy to make development decisions. Generally, the more of AHA's own funds that the Board is willing to commit, the more options are available. However, it is important to remember that several other AHA units need rehab and major capital projects in the coming few years including Esperanza, China Clipper, Anne Diament and Parrot Village and Gardens. Not all of these projects have been included in the 10 year capital plan presented in this Board packet.

## FINANCIAL IMPACT

The Board has previously authorized a $1 million loan to Island City Development for pre-development expenses and accepted a CDBG loan of up to $1 million to rehabilitate the existing adjacent units. As of 11/30/16 $165,338 has been expended for the bond application fee, professional services, and engineering and design fees. All funds loaned to ICD are tracked separately and are documented with a Promissory Note. When the project closes with construction financing, most pre-development expenses are reimbursed and may revolve to be used on other development projects.

The proposed development budget reflects an AHA commitment of $4.3 million in loan funds that will repaid through net cash flow over time. The AHA or Island City development will also be eligible to earn developer fee of $1.6 million.

RECOMMENDATION

Staff seeks Board direction regarding the Rosefield project as described in the above two Options. If Option One is selected, staff seeks Board adoption of the attached Resolution authorizing the submission of an application to the State of California Veteran's Housing and Homeless Prevention Program; approval of the commitment of $4.3 million in AHA loan funds and to authorize the Executive Director to execute related documents.

Respectfully submitted,

Vanessa Cooper

Vanessa M. Cooper
Executive Director

VMC/VJ

Exhibit 1 – Rosefield Village Prior Board Agenda Items
Exhibit 2 – Proposed Development Budget with VHHP

EXHIBIT 1 – LIST OF RECENT ROSEFIELD VILLAGE BOC AGENDA ITEMS

| DATE | TITLE | NOTES |
|---|---|---|
| 2015-08-19 | Item 3-E: Information on Rosefield Village – 727 Buena Vista, Units D and E | Take 2 units out of service; 3rd unit has also been vacated and taken out of service |
| 2015-11-18 | Item 3-C: Approve a Loan to Island City Development for Pre-development Costs at Rosefield Village; Authorize the Submission of a Tax-Exempt Bond Application to the California Debt Limit Allocation Committee (CDLAC); Authorize Executive Director to Execute Related Documents | Initial Development plan and budget based on feasibility of rehabilitation |
| 2016-02-17 | Item 7-I: Rosefield Village Project Update; Adopt a Resolution Authorizing the Submission of a Joint Application with the City of Alameda to the State of California Affordable Housing and Sustainable Communities Program; Authorize the Executive Director to Execute Related Documents | Application based on rehabilitation of 46 units and addition of 10 total units (56 total) |
| 2016-03-16 | Item 7-E: Rosefield Village Project Update and Approval of a CDBG Loan in an Amount up to $1 Million | Initial CDBG project to renovate 738 Eagle Ave, including creating one new unit |
| 2016-04-20 | Optional Tour of Rosefield Village (Tour starts at 703 Atlantic Avenue, Alameda, CA) – 6:00-6:30 p.m.<br>Item 7-C: Rosefield Project Update; Authorize the Executive Director to Execute Funding Application and Related Documents Associated with Board Approved Redevelopment Plan | Final Engineering Reports not yet received; Alternative scenarios presented based on possible renovation or redevelopment; AHSC program proposed as primary gap fund. Subsequently, AHSC program funding has been curtailed and other Alameda projects were not funded |
| 2016-08-17 | Item 2-E: Authorize the Submission of an Application to the Department of Housing and Urban Development for Veteran's Administration Supportive Housing (VASH) Vouchers; Authorize Executive Director to Execute All Related Documents | Board direction to provide veteran's units whenever feasible |
| 2016-09-17 | Item 3-E: Discussion of Real Estate Pipeline and Use of Agency Funding to Rehab and Expand the Real Estate Portfolio | Board retreat |

EXHIBIT 1 – LIST OF RECENT ROSEFIELD VILLAGE BOC AGENDA ITEMS

| DATE | TITLE | NOTES |
|---|---|---|
| 2016-10-19 | Item 7-D: Rosefield Village Project Update; Delegate Authority to the Executive Director to negotiate and Execute a Contract for A&E Services | Update on bond application submitted in June (60 new units plus 14 total existing) |
| 2016-12-21 | 6:00 p.m. – Presentation and Discussion of Redevelopment and Design Options at Rosefield Village | Preliminary site planning review |

| | A | B | C | D | E | F | G | H |
|---|---|---|---|---|---|---|---|---|
| 1 | **Rosefield reconstruction** | | | | | | | |
| 2 | | | | | | | | |
| 3 | Sources of Funds | | TOTAL | | | | | |
| 4 | | | | | | | | |
| 5 | Perm Loan | | 0 | 5.50% | 15 year term | | | |
| 6 | **Section 8 Tranche B loan** | | **2,975,300** | 5.50% | 15 year term | | | |
| 7 | *AHA loan at GAP* | | *4,304,266* | | | | | |
| 8 | AHSC ?? | | 0 | | | | | |
| 9 | AHSC HRI component for infrastructure?? | | *0* | | | | | |
| 10 | **VHHP for 20 homeless vets** | | **4,656,077** | | | | | |
| 11 | *County Bond funds* | | *5,000,000* | | | | | |
| 12 | *CDBG, HOPWA, AHP, other ...* | | *1,000,000* | | | | | |
| 13 | Deferred Developer Fee - payable in 12 years | | *600,000* | | | | | |
| 14 | **GP equity - net to say $1.6m** | | *1,300,000* | net dev fee from dev sources: | | 1,600,000 | | |
| 15 | Investor Capital Contributions | | 12,958,005 | Construction period costs | | 29,375,884 | | |
| 16 | | | | funds available (incl 10% equity) | | 11,600,066 | AHA, CDBG, County, AHSC-HRI | |
| 17 | TOTAL SOURCES | | 32,793,648 | construction loan | | 17,775,818 | | |
| 18 | | | | | | | | |
| 19 | Construction loan | | 17,775,818 | 3.50% | | | | |
| 20 | | | 13 | mo const + | 6 | | | |
| 21 | | | | | | | | |
| 22 | | | | | Construction | | | |
| 23 | USES OF FUNDS | | TOTAL COST | BASIS 4% CREDIT | Period Costs | | | |
| 24 | | | | | | | | |
| 25 | *LAND COST/ACQUISITION* | | | | | | | |
| 26 | Acquisition - land plus building - Zeroed this out for now | | 0 | 0 | 0 | | | |
| 27 | Environmental Remediation | | 0 | | 0 | | | |
| 28 | Carrying Costs | | 0 | | 0 | | 50% test | |
| 29 | Legal & Closing Costs | | 25,000 | | 25,000 | | deprec basis/land | 30,955,350 |
| 30 | Total Land Cost or Value | | 0 | | | | bond loan | 17,775,818 |
| 31 | Predev loan interest | | 0 | | 0 | | | 57.42% |
| 32 | Off-Site Improvements and demo | | *200,000* | *0* | 200,000 | | | |
| 33 | Total Acquisition Cost | | 225,000 | | 225,000 | | | |
| 34 | NEW CONSTRUCTION | | | | | | Costs of Bond Issuance | 20,000,000 |
| 35 | Site Work | | | | | | | |
| 36 | Structures | | *19,469,027* | 19,469,027 | 19,469,027 | | bank counsel const and perm | 50,000 |
| 37 | General Requirements | | *973,451* | 973,451 | 973,451 | | bond counsel | 50,000 |
| 38 | Contractor Overhead | | *778,761* | 778,761 | 778,761 | | cdiac fees and cdiac fees | 10,000 |
| 39 | Contractor Profit | | *778,761* | 778,761 | 778,761 | | issuer fees | 37,500 |
| 40 | Total New Construction Cost | | *22,000,000* | | 22,000,000 | | issuer app/legal | 10,000 |
| 41 | *REHABILITATION* | | | | | | issuer monitoring - 24 months | 20,000 |
| 42 | Site Work and Utilities | | | *0* | 0 | | construction loan fee @ .75% | 150,000 |
| 43 | Structures | | | 0 | 0 | | const lender costs | 50,000 |
| 44 | PV system | | | 0 | 0 | | perm loan fee 1% | 29,753 |
| 45 | General Requirements | | | 0 | 0 | | title | 55,000 |
| 46 | Contractor Insurance & Bond | | | 0 | 0 | | consultant | 10,000 |
| 47 | Contractor Overhead & Profit | | | 0 | 0 | | legal costs for bond closing | 10,000 |
| 48 | Total Rehab Costs | | 0 | | 0 | | TOTAL | 482,253 |
| 49 | *ARCHITECTURAL FEES* | | | | | | | |
| 50 | Design | | 880,000 | 880,000 | 880,000 | | | |
| 51 | Supervision | | 220,000 | 220,000 | 220,000 | | | |
| 52 | Total Architectural Costs | 5.00% | 1,100,000 | | 1,100,000 | | | |
| 53 | Survey and Engineering | | 300,000 | 300,000 | 300,000 | | | |
| 54 | *CONSTR. INTEREST & FEES* | | | | | | | |
| 55 | Const. Loan Interest | | 681,777 | *185,350* | 681,777 | 496,427 | | |
| 56 | predev loan costs | | 0 | 0 | 0 | | | |
| 57 | Construction loan fee and expenses - in COI | | 0 | 0 | 0 | | | |
| 58 | Taxes | | 40,000 | 40,000 | 40,000 | | | |
| 59 | Insurance | | 175,000 | 175,000 | 175,000 | | | |
| 60 | Title and Recording | in COI | | 0 | 0 | | | |
| 61 | Total Construction Interest and Fees | | 896,777 | | 896,777 | | | |
| 62 | *PERMANENT FINANCING* | | | | | | | |
| 63 | Loan Fees @1% | | 0 | | 0 | | | |
| 64 | Costs of Bond Issuance | | 482,253 | | 482,253 | | | |
| 65 | Title and Recording | | 5,000 | | | | | |
| 66 | legal | | 5,000 | | | | | |
| 67 | Other | | 0 | | 0 | | | |
| 68 | Total Permanent Financing Costs | | 492,253 | | 482,253 | | | |
| 69 | *LEGAL FEES* | | | | | | | |
| 70 | Lender Legal Costs Paid by Applicant | | | 0 | 0 | | | |
| 71 | Other - Owner Legal | | 30,000 | 30,000 | 30,000 | | | |
| 72 | Total Attorney Costs | | 30,000 | | 30,000 | | | |
| 73 | *RESERVES* | | | | | | | |
| 74 | Capitalized Operating Reserve - 6 mo | | 407,764 | | | | | |
| 75 | Capitalized Replacement Reserve | | 0 | | | | | |
| 76 | Transition reserve - if required by investor | | *0* | | | | | |
| 77 | Total Reserve Costs | | 407,764 | | 0 | | | |
| 78 | Total Appraisal Costs | | 10,000 | 10,000 | 10,000 | | | |
| 79 | Total Construction Contingency Costs | 10.00% | 2,220,000 | 2,220,000 | 2,220,000 | | | |
| 80 | *OTHER* | | | | | | | |
| 81 | Tax Credit App./Alloc./Monitoring fees | | 41,354 | | 41,354 | | | |
| 82 | Construction management / prevailing wage monitoring | | 80,000 | 80,000 | 80,000 | | | |
| 83 | Enviro reports | | 15,000 | 15,000 | 15,000 | | | |
| 84 | Local Development Impact Fees | | *200,000* | 200,000 | 200,000 | | | |
| 85 | Permit Processing Fees | | 600,000 | 600,000 | 600,000 | | | |
| 86 | Market Study | | 15,000 | | 15,000 | | | |
| 87 | Marketing & Lease up | | 35,000 | | 35,000 | | | |
| 88 | **RELOCATION** | | 250,000 | 0 | 250,000 | ***not in basis bec new const*** | | |
| 89 | Furnishings | | 75,000 | 75,000 | 75,000 | | | |
| 90 | Soft Cost Contingency | | 200,000 | 200,000 | 200,000 | | | |
| 91 | Total Other Costs | | 1,511,354 | | 1,511,354 | | | |
| 92 | **Total Project Cost** | | 29,193,148 | 27,230,350 | 28,775,384 | | | |
| 93 | *DEVELOPER COSTS* | | | | | | | |
| 94 | Developer Overhead/Profit | | 3,500,000 | 3,500,000 | 500,000 | watch this to keep GP equity under half | | |
| 95 | Consultant/Processing Agent | | 0 | | | | | |
| 96 | Project Administration | | | | | | | |
| 97 | Broker Fees paid by owner | | | | | | | |
| 98 | Construction Management Oversight | | | | | | | |
| 99 | Other | | | | | | | |
| 100 | Total Developer Costs | | 3,500,000 | 3,500,000 | 500,000 | | | |
| 101 | | | | | | | | |
| 102 | TOTAL PROJECT COST | | 32,693,148 | 30,730,350 | 29,275,384 | | | |
| 103 | *Syndication Costs* | | | | | | | |
| 104 | Legal - Syndication/Organization | | 40,500 | | 40,500 | | | |
| 105 | Audit | | 20,000 | | 20,000 | | | |
| 106 | Consultant - Syndication | | 40,000 | | 40,000 | | | |
| 107 | Bridge Loan Interest | | 0 | | 0 | | | |
| 108 | Total Syndication Costs | | 100,500 | | 100,500 | | | |
| 109 | TOTAL PROJECT COSTS INCL. SYNDICATION | | 32,793,648 | 30,730,350 | 29,375,884 | | | |

| | A | B | C | D | E | F | G | H | I | J |
|---|---|---|---|---|---|---|---|---|---|---|
| 113 | CREDIT CALCULATIONS | | | | | | Basis limit calc | | Alameda County | |
| 114 | Acquisition basis | | 0 | | | | 34 | 1BR | 263,290 | 8,951,860 |
| 115 | New Construction basis | | 30,730,350 | lower of project basis or basis limits | | | 24 | 2BR | 317,600 | 7,622,400 |
| 116 | % OF UNITS LOW INCOME | | | 100% | | | 8 | 3BR | 406,528 | 3,252,224 |
| 117 | Eligible Basis | | 30,730,350 | | | | 0 | 4BR | 452,898 | 0 |
| 118 | REDUCE FOR leveraging points | | 30,730,350 | 0 | | | 66 | | | 19,826,484 |
| 119 | Boost for DDA/QCT on rehab only | | 39,949,455 | 130% | *SDDA 2017* | | Plus prevailing wages | 20% | | 3,965,297 |
| 120 | | | | | | | Plus Impact Fees | | | 200,000 |
| 121 | Federal Credit - can't exceed $2,500,000 | | 1,270,393 | *3.18%* | | | Plus Energy | 5% | ???? | 991,324 |
| 122 | State Credit | | 0 | | | | Plus Elevator | 10% | no | 0 |
| 123 | PV credit | | 0 | | | | Plus garage | 7% | no | 0 |
| 124 | | | | | | 1.01206906 | Plus Remediation | | | 0 |
| 125 | Equity from Federal Credit | | 12,958,005 | 1.020 | *equity estimate?* | | 4% project add for <35% ami units | | 33.33% | 13,217,856 |
| 126 | Equity from State Credit | | 0 | 0.663 | | | 4% project add for 35-50% ami | | 18.18% | 3,604,815 |
| 127 | Equity from PV credit | | 0 | 1 | | | Total Maximum Basis | | | 41,805,576 |
| 128 | TOTAL EQUITY TO PROJECT | | 12,958,005 | | | | | | | |
| 129 | | | | | | | Compare to project basis | | 30,730,350 | |
| 130 | | | | | | | LOWER OF THE TWO | | | 30,730,350 |

| | K | L | M | N | O | P | Q | R | S | T | U |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 2 | | | | | | | | Alameda County | | | |
| 3 | **CASH FLOW ANALYSIS** | | | | | | | | | | |
| 4 | | | | | | | | | | | |
| 5 | Tenant Income | | Monthly | | | | | Total | 2016 RENTS | proposed loan limits? | |
| 6 | | | Rent | Total | Total | Utility | Gross | Annual | Max | VHHP | |
| 7 | Unit Size | # of Units | Charged | Monthly | Annual | Allowance | Rents | Gross Rents | TC rents | per unit | total |
| 8 | 1BR 20% ami for VHHP | 13 | 243 | 3,159 | 37,908 | 122 | 365 | 4,745 | 366 | 225,443 | 2,930,759 |
| 9 | 1BR 40% ami | 6 | 609 | 3,654 | 43,848 | 122 | 731 | 4,386 | 731 | | |
| 10 | 1BR 50% ami | 0 | 792 | 0 | 0 | 122 | 914 | 0 | 914 | | |
| 11 | 1BR 60% ami | 15 | 975 | 14,625 | 175,500 | 122 | 1,097 | 16,455 | 1,097 | | |
| 12 | 2BR 20% ami for VHHP | 7 | 288 | 2,016 | 24,192 | 150 | 438 | 3,066 | 438 | 246,474 | 1,725,318 |
| 13 | 2BR 40% ami | 4 | 728 | 2,912 | 34,944 | 150 | 878 | 3,512 | 878 | | |
| 14 | 2BR 50% ami | 0 | 947 | 0 | 0 | 150 | 1,097 | 0 | 1,097 | | |
| 15 | 2BR 60% ami | 12 | 1,167 | 14,004 | 168,048 | 150 | 1,317 | 15,804 | 1,317 | | |
| 16 | 3BR 30% ami | 2 | 582 | 1,164 | 13,968 | 178 | 760 | 1,520 | 760 | | |
| 17 | 3BR 40% ami | 2 | 836 | 1,672 | 20,064 | 178 | 1,014 | 2,028 | 1,014 | | |
| 18 | 3BR 50% ami | 0 | 1,089 | 0 | 0 | 178 | 1,267 | 0 | 1,267 | | |
| 19 | 3BR 60% ami | 4 | 1,343 | 5,372 | 64,464 | 178 | 1,521 | 6,084 | 1,521 | | |
| 20 | | 0 | 0 | 0 | 0 | | 0 | 0 | | | |
| 21 | Manager - 2BR | 1 | 0 | 0 | 0 | | | | | | |
| 22 | Totals | 66 | | 48,578 | 582,936 | | | | | | 4,656,077 |
| 23 | Laundry | | 5 | /unit/ month | 3,960 | | | | | | |
| 24 | vacancy | 5% | | | -29,345 | | | | | | |
| 25 | EGI from tenant rents | | | | 557,551 | | | | | | |
| 26 | | | | | | | | | | | |
| 27 | Section 8 income | 20 VASH | | | | | | | | | |
| 28 | | # units | pmt standard | diff | | | | | | | |
| 29 | 1BR 20% ami for VHHP | 13 | 1,793 | 1,428 | 222,768 | | | | | | |
| 30 | 1BR 40% ami | 0 | 1,793 | 1,062 | 0 | | | | | | |
| 31 | 1BR 50% ami | 0 | 1,793 | 879 | 0 | | | | | | |
| 32 | 2BR 20% ami for VHHP | 7 | 2,173 | 1,735 | 145,740 | | | | | | |
| 33 | 2BR 40% ami | 0 | 2,173 | 1,295 | 0 | | | | | | |
| 34 | 2BR 50% ami | 0 | 2,173 | 1,076 | 0 | | | | | | |
| 35 | 3BR 30% ami | 0 | 2,555 | 1,795 | 0 | | | | | | |
| 36 | 3BR 40% ami | 0 | 2,555 | 1,541 | 0 | | | | | | |
| 37 | 3BR 50% ami | 0 | 2,555 | 1,288 | 0 | | | | | | |
| 38 | Totals | 20 | | | 368,508 | | | | | | |
| 39 | vacancy on Sec 8 | 5% | | | -18,425 | | | | | | |
| 40 | EGI from Section 8 increment | | | | 350,083 | | | | | | |
| 41 | | | | | | | | | | | |
| 42 | TOTAL PROJECT EGI | | | | 907,634 | | | | | | |
| 43 | Operating expenses | 6,300 | per unit per year | | 415,800 | | | | | | |
| 44 | Services coordinator | 1,136 | | | 75,000 | how much add for Vets units? | | | | | |
| 45 | Bond issuer monitoring fee | | | | 4,000 | | | | | | |
| 46 | NET OPERATING INCOME | | | | 412,834 | | | | | | |
| 47 | | | | | | | | | | | |
| 48 | Debt Service - First | | | | 0 | | | | | | |
| 49 | Debt Service - Sec 8 loan | | | | 291,728 | | | | | | |
| 50 | VHHP .42% | | | | 19,556 | | | | | | |
| 51 | Operating Reserve | | | | 0 | | | | | | |
| 52 | Replacement Reserve | 500 | per unit | | 33,000 | | | | | | |
| 53 | Excess Cash | | | | 68,550 | | | | | | |
| 54 | | | | | 1.22 | | | | | | |
| 55 | Supportable debt from tenant income | | 0 | | | | | | | | |
| 56 | | 15 | 6.50% | 1.20 | | | | | | | |
| 57 | | | | | | | | | | | |
| 58 | | | | | | | | | | | |
| 59 | supportable debt from section 8 | | 2,975,300 | | | | | | | | |
| 60 | | 15 | 5.50% | 1.20 | | | | | | | |

| | AA | AB | AC | AD | AE | AF | AG | AH | AI | AJ | AK |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 30 year cash flow | | | | | | | | | | |
| 2 | | | | | | | | | | | |
| 3 | Year | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 4 | | | | | | | | | | | |
| 5 | Potential Gross Income From Tenants | 2.50% | 582,936 | 597,509 | 612,447 | 627,758 | 643,452 | 659,539 | 676,027 | 692,928 | 710,251 |
| 6 | Section 8 incremental income | 1.50% | 368,508 | 374,036 | 379,646 | 385,341 | 391,121 | 396,988 | 402,943 | 408,987 | 415,122 |
| 7 | Laundry | 2.50% | 3,960 | 4,059 | 4,160 | 4,264 | 4,371 | 4,480 | 4,592 | 4,707 | 4,825 |
| 8 | Vacancy | 5.00% | -47,770 | -48,780 | -49,813 | -50,868 | -51,947 | -53,050 | -54,178 | -55,331 | -56,510 |
| 9 | EGI | | 907,634 | 926,824 | 946,441 | 966,495 | 986,997 | 1,007,956 | 1,029,384 | 1,051,291 | 1,073,687 |
| 10 | Less Annual Operating Expenses | 3.50% | 415,800 | 430,353 | 445,415 | 461,005 | 477,140 | 493,840 | 511,124 | 529,014 | 547,529 |
| 11 | Less services coordinator | 3.50% | 75,000 | 77,625 | 80,342 | 83,154 | 86,064 | 89,076 | 92,194 | 95,421 | 98,761 |
| 12 | Less bond monitoring fee | | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 |
| 13 | Net Annual Operating Income | | 412,834 | 414,846 | 416,684 | 418,337 | 419,793 | 421,040 | 422,065 | 422,856 | 423,398 |
| 14 | Less Debt Service - First | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 15 | Less Debt Service - Section 8 loan | | 291,728 | 291,728 | 291,728 | 291,728 | 291,728 | 291,728 | 291,728 | 291,728 | 291,728 |
| 16 | Less AHSC .42% | | 19,556 | 19,556 | 19,556 | 19,556 | 19,556 | 19,556 | 19,556 | 19,556 | 19,556 |
| 17 | Less Replacement Reserves | | 33,000 | 33,000 | 33,000 | 33,000 | 33,000 | 33,000 | 33,000 | 33,000 | 33,000 |
| 18 | Cash Flow | | 68,550 | 70,562 | 72,400 | 74,053 | 75,509 | 76,756 | 77,782 | 78,572 | 79,114 |
| 19 | | DCR | 1.22 | 1.23 | 1.23 | 1.24 | 1.24 | 1.25 | 1.25 | 1.25 | 1.25 |

| | AL | AM | AN | AO | AP | AQ |
|---|---|---|---|---|---|---|
| 1 | | | | | | |
| 2 | | | | | | |
| 3 | 10 | 11 | 12 | 13 | 14 | 15 |
| 4 | | | | | | |
| 5 | 728,007 | 746,207 | 764,863 | 783,984 | 803,584 | 823,673 |
| 6 | 421,348 | 427,669 | 434,084 | 440,595 | 447,204 | 453,912 |
| 7 | 4,945 | 5,069 | 5,196 | 5,326 | 5,459 | 5,595 |
| 8 | -57,715 | -58,947 | -60,207 | -61,495 | -62,812 | -64,159 |
| 9 | 1,096,586 | 1,119,998 | 1,143,935 | 1,168,409 | 1,193,434 | 1,219,021 |
| 10 | 566,693 | 586,527 | 607,055 | 628,302 | 650,293 | 673,053 |
| 11 | 102,217 | 105,795 | 109,498 | 113,330 | 117,297 | 121,402 |
| 12 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 |
| 13 | 423,676 | 423,676 | 423,382 | 422,777 | 421,844 | 420,566 |
| 14 | 0 | 0 | 0 | 0 | 0 | 0 |
| 15 | 291,728 | 291,728 | 291,728 | 291,728 | 291,728 | 291,728 |
| 16 | 19,556 | 19,556 | 19,556 | 19,556 | 19,556 | 19,556 |
| 17 | 33,000 | 33,000 | 33,000 | 33,000 | 33,000 | 33,000 |
| 18 | 79,392 | 79,392 | 79,098 | 78,493 | 77,561 | 76,282 |
| 19 | 1.26 | 1.26 | 1.25 | 1.25 | 1.25 | 1.25 |

HOUSING AUTHORITY OF THE CITY OF ALAMEDA

# *Resolution No.______*

AUTHORIZE THE SUBMITTAL OF AN APPLICATION TO THE CALIFORNIA STATE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT FOR FUNDING UNDER THE VETERANS HOUSING AND HOMELESSNESS PREVENTION PROGRAM (VHHP); THE EXECUTION OF A STANDARD AGREEMENT IF SELECTED FOR SUCH FUNDING AND ANY AMENDMENTS THERETO; AND ANY RELATED DOCUMENTS NECESSARY TO PARTICIPATE IN THE VHHP PROGRAM.

**WHEREAS,** the State of California, Department of Housing and Community Development (the "Department") has issued a Notice of Funding Availability ("NOFA") under its Veterans Housing and Homelessness Prevention ("VHHP") Program dated December 14, 2016 as authorized pursuant to The Veterans Housing and Homeless Prevention Act of 2014 (the "Act") as codified at Military and Veteran's Code section 987.001 et seq., and pursuant to the most recently adopted guidelines (the "Guidelines") promulgated by the Department pursuant to the Act; and

**WHEREAS,** the Housing Authority of the City of Alameda (AHA) is authorized to do business in the State of California and is empowered to enter into an obligation to receive State funds for the acquisition, construction, rehabilitation, or preservation of affordable multifamily supportive housing, affordable transitional housing, affordable rental housing, or related facilities for veterans and their families;

**WHEREAS,** AHA wishes to obtain an award from the Department for a VHHP loan for the acquisition, construction, rehabilitation, or preservation of a Veteran's-restricted affordable rental housing development (the Project") located in the County of Alameda; and

**WHEREAS,** AHA is eligible to be a Sponsor pursuant to the criteria set forth in the Guidelines and NOFA.

**NOW, THEREFORE, IT IS RESOLVED,** that AHA is hereby authorized to submit an application to borrow an amount not to exceed $4,750,000 (the "VHHP Loan") for the Project pursuant to the NOFA.

**BE IT FURTHER RESOLVED,** If the application is approved, AHA is hereby authorized to incur an obligation for the VHHP Loan. That in connection with the VHHP Loan, AHA is authorized and directed to enter into, execute, and deliver, a State of California Standard Agreement, and any and all other documents required or deemed necessary or appropriate to carry into effect the full intent and purpose of the above resolution, in order to evidence the VHHP Loan, AHA's obligations related thereto, and the Department's security therefore; including, but not limited to, a promissory note, a deed of trust and security agreement, a regulatory agreement, a development agreement and certain other documents required by the Department as security for, evidence of or pertaining to the VHHP Loan, and all amendments thereto (collectively, the "VHHP Loan Documents").

**BE IT FURTHER RESOLVED,** AHA is further authorized to request amendments, including increases in amounts up to amounts approved by the Department, and to execute any and all documents required by the Department to govern and secure these amendments.

**BE IT FURTHER RESOLVED,** that Vanessa Cooper as the Executive Director or her written designee are each separate, individually, and independently hereby authorized to execute: an application for the VHHP Loan, the VHHP Loan Documents, and any amendment or modifications thereto, on behalf of AHA.

**BE IT FURTHER RESOLVED,** that this Resolution shall take effect immediately upon its passage.

******

ATTEST:

__________________________
Vanessa M. Cooper
Executive Director/Secretary

__________________________
Arthur Kurrasch, Chair
Board of Commissioners

Adopted:

_______________
Date:

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Housing
Authority of the City of Alameda

701 Atlantic Avenue - Alameda, California 94501-2161 - TEL: (510) 747-4300 - FAX: (510) 522-7848 - TDD: (510) 522-8467

| | |
|---|---|
| To: | Honorable Chair and<br>Members of the Board of Commissioners |
| From: | Vanessa M. Cooper<br>Executive Director |
| Prepared by: | Janet Basta<br>Director of Human Resources and Operations |
| Date: | January 18, 2017 |
| Re: | Adopt a Resolution to Adopt the Revised Schedule of Authorized Positions |

## BACKGROUND

The purpose of this resolution is to request adoption of an updated Schedule of Authorized Positions, and approval to hire staff for vacant positions corresponding to the proposed changes.

## DISCUSSION

In December, 2016, a report on the 2016 Total Compensation Study was presented to the Board. Based on the results of the study, management recommended that one position, the Facilities Project Specialist, be upgraded one wage range level, from 14 to 15. This change has been incorporated into the attached Schedule of Authorized positions. No other changes in wage range levels are recommended at this time.

The Director of Housing and Community Development (HCD) has received notice of the retirement of the Program Assistant assigned to the Department at the end of March. Upon review of department/program needs, management recommends that the Program Assistant position not be filled, as administrative needs for the department have changed over the years, particularly in the past two years when the department has shifted its work plan from administration of City housing programs to tax credit real estate development. Instead, it is proposed that a Management Analyst be hired to support a number of higher level assignments including budget work, analysis and preparation of funding proposals, procurement management and program and policy research. This person will also need to complete the basic administration for the department. Both positions are included on the attached Schedule of Authorized positions, as recruitment for a Management Analyst will start once the schedule is approved and there may be some overlap of the two staff. The Program Assistant will not be replaced, however, and when the Schedule of Authorized positions is next reviewed, this position will be removed from the Schedule. Also of note in the HCD Department, one HCD Program Manager (range 37) position that became vacant was hired at a Project Manager (range 33) level; this change is reflected in the revised schedule.

Additionally, one Management Analyst position is proposed for hire for work related to HOME and CDBG work; the HCD Program Manager previously did this work. The HCD Program Manager was promoted to the Director of Rental and Community Programs. The HCD Program Manager position has been removed from the current schedule and the Management Analyst would therefore report to the Director of Rental and Community Programs and is reflected in the Rental and Community Programs Department on the attached schedule.

Also in this department, the staffing proposal that will be included in the RFP to the City this month for the Rent Program includes three Specialist positions (instead of two) and no Program Manager, and this change is reflected in the schedule. The rent program positions are fully funded by grant funds and therefore no analysis of financial impact is included below.

Finally, management recommends the addition of a Management Analyst position for the Administration department. This position is needed to facilitate handling of the increased number of reasonable accommodation requests that are being received, serve as the agency 504 coordinator, provide support to the department on a number of compliance issues, and provide other needed support to human resources, operations and technology needs.

## FINANCIAL IMPACT

Upgrading the Facilities Project Specialist position will increase salary expenses by approximately $1668 per year. Upgrading the Program Assistant to a Management Analyst will increase salary expenses by approximately $39,960 per year. Note that the upgrade of these two positions will also result in some additional employer costs, including additional PERS contributions which are estimated to be approximately $3893 annually. Adding two Management Analysts (Administration and Rental and Community Programs) will increase salary and benefits expenses by approximately $289,800 per year; note, however, that this is offset by approximately $163,750 as the HCD Program Manager position responsible for CDBG and HOME is no longer needed and has been removed from the Schedule; the net increase is $126,050.

For the balance of the current fiscal year, the cost of the Management Analyst in Rental and Community Programs is offset by filling this function at a level 32 instead of 37 (Program Manager level) and that the position has been vacant in HCD for some time. The cost of upgrading the Program Assistant position to a Management Analyst position will be covered from savings resulting from delayed hiring of the Asset Manager position and the savings from hiring a Project Manager instead of a Program Manager position. The additional Management Analyst position in administration will be an added salaries and benefits cost.

## RECOMMENDATION

That the Board approve the attached Schedule of Authorized Positions and authorize the hiring of staff for any vacant positions created by these changes.

Respectfully submitted,

Vanessa M. Cooper
Executive Director

VMC/jcb

Attachments:
Exhibit 1: Schedule of Authorized Positions with Salary Ranges
Exhibit 2: Schedule of Authorized Positions

HOUSING AUTHORITY OF THE CITY OF ALAMEDA

# *Resolution No.* _____

## ADOPT THE REVISED SCHEDULE OF AUTHORIZED POSITIONS

**WHEREAS**, the Housing Authority of the City of Alameda has determined a need for an additional Management Analyst; and

**WHEREAS,** the Housing Authority of the City of Alameda has identified a need to replace a Program Assistant position and a Program Manager position with Management Analyst positions; and

**WHEREAS,** changes to the Rental Programs staffing are being proposed in the RFP; and

**WHEREAS,** the Housing Authority of the City of Alameda conducted a compensation study which resulted in a recommendation to upgrade one position;

**NOW, THEREFORE, BE IT RESOLVED**, that effective January 18, 2017, the Housing Authority will adopt the revised Schedule of Authorized positions dated January 18, 2017 and be authorized to hire staff to fill any vacancies created by these changes.

ATTEST:

______________________________
Arthur Kurrasch, Chair
Board of Commissioners

______________________________
Vanessa M. Cooper
Secretary

Adopted: ________________________

Exhibit 1

# HOUSING AUTHORITY OF THE CITY OF ALAMEDA
## SCHEDULE OF AUTHORIZED POSITIONS with SALARY RANGES
## January 18, 2017

| Position Titles | Grade | Monthly Wage Range Beginning | Monthly Wage Range Highest | Number of Positions |
|---|---|---|---|---|
| Custodian | 7 | $ 3,857 | $ 4,689 | 1.00 |
| Custodian | Y-Rate* | $ 3,498 | $ 4,923 | |
| Housing Assistant | 8 | $ 3,951 | $ 4,803 | 5.00 |
| Housing Assistant | Y-Rate* | $ 3,536 | $ 4,976 | |
| Accounting Technician | 10 | $ 4,149 | $ 5,043 | 1.00 |
| Accounting Technician | Y-Rate* | $ 3,590 | $ 5,049 | |
| Program Assistant | 12 | $ 4,357 | $ 5,295 | 2.00 |
| Housing Specialist I*** | 14 | $ 4,574 | $ 5,560 | 5.00 |
| Maintenance Technician I | 14 | $ 4,574 | $ 5,560 | 3.00 |
| Facilities Project Specialist | 15 | $ 4,689 | $ 5,699 | 1.00 |
| Senior Accounting Technician | 15 | $ 4,689 | $ 5,699 | 1.00 |
| Housing Specialist II*** | 18 | $ 5,043 | $ 6,130 | 4.00 |
| Rental and Community Programs Specialist | 18 | $ 5,043 | $ 6,130 | 3.00 |
| Maintenance Specialist | 19 | $ 5,169 | $ 6,283 | 1.00 |
| Maintenance Technician II | 20 | $ 5,295 | $ 6,436 | 4.00 |
| Executive Assistant | 22 | $ 5,560 | $ 6,759 | 1.00 |
| Housing Specialist III | 24 | $ 5,837 | $ 7,096 | 1.00 |
| Lead Maintenance Technician | 24 | $ 5,837 | $ 7,096 | 1.00 |
| Senior Property Manager | 26 | $ 6,130 | $ 7,451 | 1.00 |
| Housing Programs Supervisor | 26 | $ 6,130 | $ 7,451 | 2.00 |
| Maintenance Supervisor | 26 | $ 6,130 | $ 7,451 | 1.00 |
| Accounting Officer | 28 | $ 6,436 | $ 7,823 | 1.00 |
| Management Analyst | 32 | $ 7,096 | $ 8,625 | 5.00 |
| Project Manager | 33 | $ 7,273 | $ 8,841 | 2.00 |
| Asset Manager | 33 | $ 7,273 | $ 8,841 | 1.00 |
| Senior Management Analyst | 35 | $ 7,637 | $ 9,283 | 1.00 |
| Program Manager | 37 | $ 8,018 | $ 9,747 | 0.00 |
| Senior Project Manager | 37 | $ 8,018 | $ 9,747 | 1.00 |
| Director of Housing Programs | 43 | $ 9,283 | $ 11,283 | 1.00 |
| Director of Property Operations | 43 | $ 9,283 | $ 11,283 | 1.00 |
| Director of Rental and Community Programs | 43 | $ 9,283 | $ 11,283 | 1.00 |
| Director of HR and Operations | 47 | $ 10,234 | $ 12,440 | 1.00 |
| Director of Housing and Community Development | 47 | $ 10,234 | $ 12,440 | 1.00 |
| Director of Finance | 50 | $ 11,008 | $ 13,380 | 1.00 |
| Deputy Executive Director | 51 | $ 11,283 | $ 13,715 | 0.00 |
| Executive Director** | N/A | $ 18,148 | $ 19,055 | 1.00 |
| Resident Manager II | N/A | Hourly Rate | $ 18.00 | 1.00 |
| Resident Manager | N/A | Hourly Rate | $ 10.61 | 3.65 |
| Assistant Resident Manager | N/A | Hourly Rate | $ 10.61 | 0.75 |
| Resident Custodian | N/A | Hourly Rate | $ 10.61 | 0.75 |
| | | | | 62.15 |

*Y-Rated employees are on a separate salary schedule with 8 wage steps
**Salary authorized by Board of Commissioners per Employment Agreement
***Housing Specialist positions may be filled at either the I or II level

Exhibit 2

# Housing Authority of the City of Alameda
## Schedule of Authorized Positions
## January 18, 2017

| Department/Position Title | | Approved FTE 2016 | Approved FTE 2017 | Proposed FTE 2017 |
|---|---|---|---|---|
| **Administration Department** | | | | |
| Executive Director | | 1.00 | 1.00 | 1.00 |
| Deputy Executive Director | | 0.00 | 0.00 | 0.00 |
| Director of HR and Operations | | 1.00 | 1.00 | 1.00 |
| Executive Assistant | | 1.00 | 1.00 | 1.00 |
| Senior Management Analyst | | 1.00 | 1.00 | 1.00 |
| Management Analyst | | 1.00 | 1.00 | 2.00 |
| Senior Property Manager | | 1.00 | 0.00 | 0.00 |
| Housing Specialist I | | 2.00 | 1.00 | 1.00 |
| | Sub-total | 8.00 | 6.00 | 7.00 |
| **Finance Department** | | | | |
| Director of Finance | | 1.00 | 1.00 | 1.00 |
| Accounting Officer | | 1.00 | 1.00 | 1.00 |
| Senior Accounting Technician | | 1.00 | 1.00 | 1.00 |
| Accounting Technician | | 1.00 | 1.00 | 1.00 |
| | Sub-total | 4.00 | 4.00 | 4.00 |
| **Housing Programs Department** | | | | |
| Director of Housing Programs | | 1.00 | 1.00 | 1.00 |
| Housing Programs Supervisor | | 1.00 | 2.00 | 2.00 |
| Housing Specialist III | | 1.00 | 1.00 | 1.00 |
| Housing Specialist I & II | (See note B) | 8.00 | 7.00 | 7.00 |
| Housing Assistant | | 5.00 | 5.00 | 5.00 |
| | Sub-total | 16.00 | 16.00 | 16.00 |
| **Property Operations (Facilities and Maintenance) Department** | | | | |
| Director of Property Operations | (See note H) | 1.00 | 1.00 | 1.00 |
| Senior Property Manager | (See note I) | 0.00 | 1.00 | 1.00 |
| Housing Specalist I | (See note I) | 0.00 | 1.00 | 1.00 |
| Maintenance Supervisor | | 1.00 | 1.00 | 1.00 |
| Lead Maintenance Technician | (See note E) | 1.00 | 1.00 | 1.00 |
| Maintenance Technician I & II | (See note D) | 7.00 | 7.00 | 7.00 |
| Maintenance Specialist | | 1.00 | 1.00 | 1.00 |
| Custodian | | 1.00 | 1.00 | 1.00 |
| Resident Manager | (See note A) | 4.65 | 3.65 | 3.65 |
| Resident Manager II | (See note A) | 0.00 | 1.00 | 1.00 |
| Assistant Resident Manager | (See note A) | 0.75 | 0.75 | 0.75 |
| Resident Custodian | (See note A) | 0.75 | 0.75 | 0.75 |
| | Sub-total | 18.15 | 20.15 | 20.15 |
| **Housing and Community Development Department** | | | | |
| Director of Housing and Community Development | | 1.00 | 1.00 | 1.00 |
| Housing and Community Development Program Manager | | 2.00 | 2.00 | 0.00 |
| Senior Project Manager | | 1.00 | 1.00 | 1.00 |
| Project Manager | | 1.00 | 1.00 | 2.00 |
| Asset Manager | | 0.00 | 1.00 | 1.00 |
| Management Analyst | (See note C) | 0.00 | 0.00 | 1.00 |
| Facilities Project Specialist | (See note G) | 0.00 | 1.00 | 1.00 |
| Program Assistant | (See note C) | 1.00 | 1.00 | 1.00 |
| | Sub-total | 6.00 | 8.00 | 8.00 |
| **Rental and Community Programs Department** | | | | |
| Director of Rental and Community Programs | | 1.00 | 1.00 | 1.00 |
| Program Manager | | 1.00 | 1.00 | 0.00 |
| Analyst (Management Analyst) | | 1.00 | 1.00 | 2.00 |
| Rental and Community Programs Specialist | | 2.00 | 2.00 | 3.00 |
| Program Assstant | | 1.00 | 1.00 | 1.00 |
| | Sub-total | 6.00 | 6.00 | 7.00 |
| | **Total** | 58.15 | 60.15 | 62.15 |

Note A: Resident employees are contracted employees and are required to reside on-site at assigned Housing Authority complexes. Each Resident employee has an individual employment contract. Note that 1 Resident Manager position is being filled on a temporary basis and is budgeted at .25 FTE.

Note B: Housing Specialist I and II are combined as a total count to allow flor flexibility in staffing

Note C: This position will not be hired until March or April 2017 and wil replace the Program Assistant when that position becomes vacant in April 2017; both positions are listed here but there will be a net reduction of 1 FTE in April.

Note D: Maintenance Technician I and II are combined as a total count to allow flor flexibility in staffing

Note E: This position is currently vacant. It may be filled at the current level or a lower, ie Tecnician II, level.

Note F: The Rent Programs Department positions are billed to the City of Alameda to support the rent ordinance work; current funding commitments are for 9 months beginning April 2016

Note G: This position shifted from the Facilities and Maintenance Dept to HCD in 2016.

Note H: Previously titled Director of Facilities/Director of Property Management on the Schedule.

Note I: These two positions were previously in Administration and Managed Housing.

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Housing
Authority of the City of Alameda
701 Atlantic Avenue - Alameda, California 94501-2161 - Tel: (510) 747-4300 - Fax: (510)522-7848 - TDD: (510) 522-8467

To: Honorable Chair and
Members of the Board of Commissioners

From: Vanessa M. Cooper
Executive Director

Date: January 18, 2017

RE: Accept a Schedule to Create a Strategic Plan: Create an Adhoc Committee of the Board to Support the Creation of the Strategic Plan; Nominate Two or Three Members to Serve on the Strategic Plan Adhoc Committee

## BACKGROUND

At the Board of Commissioners' September 2016 retreat, the Board emphasized the need for AHA to draft and adopt a Strategic Plan on or around the September 2017 annual retreat. This plan would identify five or six key strategic goals for the agency for the next 3-5 years and would supplement (and drive) the current "Two-Year Work Plan" that is utilized by senior management and the Board to prioritize and track agency activities and accomplishments.

## DISCUSSION

Producing a strategic plan that addresses the full scope of agency functions requires a considerable time commitment by the Board and by senior management. In addition to discussion among Board members on strategic goals for the agency, the Board may also wish to seek input from the public and key stakeholders and to review strategic plans created by other similarly functioning Public Housing Authorities. In order to meet the desired goal of reviewing and approving a Plan at the September Board of Commissioners retreat, staff has compiled a draft timeline (below).

The timeline is ambitious and assumes that the full Board will meet three times on this issue. The meetings would occur in March and June for three hours each and again at an all day September Board meeting. In between those meetings, an adhoc committee of two or three Board members plus senior staff would work on drafting and refining the plan and completing any additional research that may be necessary. Other meetings as needed may be included but this might push the timeline out further. It is recommended that a facilitator be used to help move the process forward and to allow staff and Board members to participate fully.

Once the Strategic Plan has been approved in the fall of 2017, staff will work on the immediate organizational tasks that will be needed to implement the Strategic Plan goals and incorporate them into an updated Two year plan. In the first Quarter of 2018, staff will work to align the 2018-20 agency budget to support these goals.

Staff recommends the creation an Adhoc committee of the Board of Commissioners to work with senior management on the Strategic Plan between the full Board meetings. A quorum of the Board may not meet on agency business unless it is a public meeting in accordance with the Brown Act. Adhoc committees of the Board that are truly adhoc in nature and have less than a quorum of the Board are not subject to the Brown Act requirements (including but not limited to public noticing and access). The Strategic Plan adhoc committee would meet once or twice a month for 60-90 minutes. Participation of committee members may be possible via telephone to accommodate a range of schedules.

| Date | Activity | Participants |
|---|---|---|
| Janaury 18, 2017 | Board approves timeline for Strategic Plan and nominates two or three members to serve on adhoc committee | Full Board |
| February | Staff solicits proposals for a facilitator | Staff |
| | Adhoc committee meets once | Adhoc committee |
| | Staff circulates sample Strategic Plans for other PHAs for review as well as a summary of the discussions at the September Board meeting | Adhoc committee |
| March | 3 hour kick off meeting with facilitator – set goals, expectations and identify areas that need additional work. | Full Board and senior staff |
| April | Adhoc committee meets twice | Adhoc committee |
| May | Adhoc committee meets twice | Adhoc committee |
| June | 3 hour check in and review meeting with facilitator | Full Board and senior staff |
| | Adhoc committee meets twice | Adhoc committee |
| July | Adhoc committee meets once | Adhoc committee |
| August | Adhoc committee meets once | Adhoc committee |
| September | Board retreat with facilitator to review and potentially approve, strategic plan. | Full Board and senior staff |
| October – December 2017 | Staff works to develop and incorporate operational tasks into the Two Year Plan to implement the new Strategic Plan | Staff |
| January – March 2018 | Staff develops 2018-2020 budget to incorporate strategic goals and operational tasks | Staff |
| April 2018 | Board approves 2018-2020 budget in support of the Strategic Plan | Full Board |

The timeline above is tentative and ambitious. Delivery of the final proposed Strategic Plan will eventually depend on securing a facilitator and the availability of the Board members as well as the level of detail that the Committee decides goes into. It is also important in adopting this process to take into consideration that there is a possibility of significant housing policy change at the federal, state and local level in the coming months. In the event that the Board considers these policy issues significant enough to delay the Strategic Plan, staff could propose a later start or a slower timeframe to be adopted at the pleasure of the Board.

## FISCAL IMPACT

This activity is not expected to exceed $20,000 including the facilitator's costs, and related meeting and administrative costs. The current approved budget has sufficient consulting and administrative costs budgeted included to cover this.

## RECOMMENDATION

Accept a Schedule to Create a Strategic Plan: Create an Adhoc Committee of the Board to Support the Creation of the Strategic Plan; Nominate Two or Three Members to Serve on the Strategic Plan Adhoc Committee

Respectfully submitted,

Vanessa Cooper.

Vanessa M. Cooper
Executive Director

VMC:dc

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Housing Authority of the City of Alameda
701 Atlantic Avenue - Alameda, California 94501-2161 - Tel: (510) 747-4300 - Fax: (510)522-7848 - TDD: (510) 522-8467

To: Honorable Chair and
Members of the Board of Commissioners

From: Vanessa M Cooper
Executive Director

Date: January 18, 2017

RE: Discuss and Provide Direction to Staff Concerning Information About Development Activities of AHA and Island City Development (ICD); Discuss Additional Commissioner Responsibilities in 2017 Including the Formation of a Standing Development Committee; If Approved, Direct Staff to Return with a Proposed Scope of Work for the Development Committee No Later than the March Board Meeting. If Approved, Nominate Two or Three Board Members to Serve on the Development Committee

## BACKGROUND

A Commissioner-originated request has been made to supplement the information provided to Commissioners about the development activities of the agency and Island City Development (ICD) and to create a standing Development Committee of the Board of Commissioners which would meet quarterly to review development activities.

## DISCUSSION

Current Process: In 2010 the Housing Authority Board approved a Five-Year Pipeline Plan for housing development and adopted a Development Policies document. The Plan was also presented to the Alameda City Council. Both the Pipeline Plan and the Policies were updated by staff in 2015 and were again approved by the Board and presented to City Council. The 2015 documents are attached for reference (Attachment A).

Development projects are generally selected or prioritized in one of three ways. First, if AHA owns vacant property, a long-range plan to develop new housing will be outlined and the project will move forward as resources allow. Eagle Avenue and North Housing are examples of this. The second type of project is the redevelopment of an existing site that is under-utilized, or otherwise in need of significant rehabilitation. Last, a new opportunity may be presented from an outside partner, and the Board decides whether to pursue or to decline the opportunity. Del Monte Senior is an example of this. Another possible mechanism is the opportunity to purchase an existing property and convert to affordable, but this is unlikely in the current market.

For all projects, the Board grants a series of approvals following the initial concept as presented in the Five-Year Pipeline Plan. Approvals typically include: the authorization to proceed and commit staff time to feasibility studies and pre-development work; approval to submit funding applications; a commitment (loan) of pre-development funding; approvals of all major contracts with development consultants and partners; and approvals of financing terms and financial guarantees needed to close. While a project is in development, the Board will receive regular progress reports tracking the project schedule and budget. Additionally, to fulfill the role of the general partner in the tax credit ownership structure, the Island City Development Board will meet to consider and approve a similar series of actions that follow and supplement AHA approval.

It should be noted that all projects considered by the Island City Development Board must have already received a series of AHA approvals in order to be placed on the ICD agenda. When ICD was formed, the decision was made that the Board members would include only AHA Board and AHA staff members, to ensure that all functions of the affiliated non-profit would be directed by the goals of the AHA Board. The ICD Board meetings are public meetings and subject to the Brown Act guidelines. Agendas for ICD meeting have been posted publicly since ICD was formed and moving forward the agendas and the agenda materials for the meetings will be posted to the AHA website.

If an AHA Board member attends the ICD meeting and is not a current ICD Board member, he or she would attend as a member of the public. Government Code 54952..2(c)(4), provides that a quorum of an agency may attend an open and noticed meeting of another body of the agency so long as they do not discuss among themselves, other than as part of the scheduled meeting, "business of a specific nature that is within the subject matter jurisdiction of the legislative body of the local agency."

<u>Proposed Development Committee</u>:

The Board is asked to discuss the following issues:

- What additional information would the Board like to receive regarding development activities at AHA and ICD?
- Does the Board wish to create a standing Development Committee of the Board?
- If so, are there two or three members willing to serve on the Committee?

A quorum of the Board may not meet on agency business unless it is a public meeting in accordance with the Brown Act. Ad hoc committees of the Board that are truly adhoc in nature (formed to address adhoc issues) <u>and</u> that have less than a quorum of the Board are not subject to the Brown Act requirements including but not limited to public noticing and access. However, the Brown Act specifically requires that standing committees, even if composed of less than a quorum of the Board, which have continuing subject matter jurisdiction are considered "legislative bodies" for purposes of the Brown Act and are, therefore, subject to compliance with the Brown Act's public notice, agenda, public access and comments and other requirements." [Source Government Code 54952(b)]

It is recommended that if formed any Board committee would review high level policy decisions – it should not replace the role of staff in making operational decisions. Meetings would be held at a regularly scheduled time. The meetings likely would last 60-90 minutes but that could vary dependent on the level of detail required. The minutes would be included in the next regular AHA Board packet for information only.

The Board should also consider that there are several additional Commissioner responsibilities proposed for 2017. Two or three Commissioners are also expected to serve on the Strategic Plan Adhoc Committee. Commissioner Mc Cahan has agreed to work with staff to develop a Disaster Recovery/Resilience Plan in 2017. Also, the current audit contract expires at the end of the audit for fiscal year 2016-17. The agency will issue a Request for Proposals (RFP) for the agency's auditor. Since the Auditor reports to the Board, staff asks that at least one Board Member, but preferably two, serve on the panel reviewing responses to the RFP. This RFP is likely to be issued in Fall 2017.

## FISCAL IMPACT

The Development Committee and enhanced reporting on development issue would generate some additional administrative costs and require additional staff time at the Director level. However the current approved budget has sufficient administrative costs budgeted included to cover this.

## RECOMMENDATION

Provide direction to staff regarding the formation of the Development Committee; If formed, direct staff to return to the Board in March 2017 with a scope of work for the Committee. If formed, nominate members to serve on the Committee.

Respectfully submitted,

Vanessa Cooper

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Executive Director

VMC:vj