



## *City Manager's Bits & Pieces*

TO: St. Joseph City Commissioners

FROM: Richard I. Lewis, City Manager

A handwritten signature in black ink, appearing to be "RIL", is written over the printed name "Richard I. Lewis, City Manager".

DATE: January 9, 2014

Happy New Year to all. The year has started in a big way with the recent weather events. Great job by the city crews in keeping the streets open and equipment running under the conditions. Just a few items.

### **Sergeants Interviews-Department of Public Safety**

As you will recall, Sgt. Field retired in July of 2013. The interviews to fill the vacant Sgt's position are tentatively scheduled for Wednesday, January 15. The candidates are Leonard Rothrock, Chris Sysko and Tom Vaught. The oral board panel members include Sgt. Jason Grimmett of New Buffalo PD, Sgt Al Parsell of Paw Paw PD and Sgt Matt Churchill of the Michigan State Police. The date is tentative due to one of the panel members being subpoenaed to court. Should his case go to trial, the oral board will need to be rescheduled. Following the oral board, the candidates will be interviewed by the City Manager and the Director of Public Safety per the collective bargaining agreement.

### **Summer Reserve Officers-Department of Public Safety**

As has been the practice for the past several summers, fulltime reserve police officers are hired to conduct Whirlpool Centennial Fountain patrol, public art patrol and parks and weekend parking enforcement. An advertisement has been placed in the Herald Palladium and with Lake Michigan College to fill those positions. The interviews of interested candidates will take place later this month.

### **Fire Station Maintenance**

Three items: (1) Deputy Director Crow noticed the north side pedestrian door to the fire station is in very bad condition. He will seek bids and the door will be replaced in the near future. (2)

The carpet installation at the fire station is complete and looks great! Please stop down and take a look if you are able to. (3) We are getting proposals to do chalking work on the windows which needs to be completed.

#### **CPR/AED/First Aid Training-Department of Public Safety**

During the week of January 13, the Department of Public Safety will be conducting CPR/AED/first aid training for all members to maintain certifications. New this year, the training is being conducted by FF Scott Kasachuk, who is a certified trainer. FF Kosachuk's services will allow the City to save money on both the training and overtime to attend as it is set up for several different dates allowing staff to attend on duty to the extent possible.

#### **City Hall Positions**

Tomorrow we will be interviewing five candidates for the secretary position. The deadline for applicants for the Engineer Assistant position is this week. We still have some work to do on the workstations. Hopefully within the next couple of weeks, we will have some names and everything set up. If you do visit over the next couple of weeks, Rachael Whise, our summer intern for the City Engineer, is doing some work for us until school starts up later in the month. She has already been of assistance in locating maps for the values in order to undertake the water main repairs at Main and Lake Boulevard.

#### **Morrison Channel Water Main Crossing Easements**

We have met with the two property owners regarding the easements required in order to construct the new water main across the Morrison Channel. The discussion went very well and the property owners are very willing to work with the City. The easements will be drafted for review and, of course, once everyone is satisfied, they will be brought before the City Commission for consideration and approval.

#### **Combined Sewer Overflow (CSO) Program Update**

Completion of the 2013 CSO Project marked the final sewer separation construction project the City was required to finish as part of our CSO Program. The next step of the compliance program is to setup flow monitors to collect the data necessary to model the system. You likely recall that the model is necessary to determine the rainfall dependent inflow and infiltration to the sanitary sewer system which will ultimately be used to evaluate the best method to eliminate CSO overflows from storms less than a 25 year 24 hour event. Ninety percent of the flow monitoring/flow monitoring, as well as additional CSO related work, is being covered by a \$176,000 S2 Grant that the City was awarded in March of 2013.

On another front, the City has yet to receive the draft permit language for the CSO NPDES renewal and has stepped up calls to MDEQ to once per week to politely request the status of the effort. The City submitted the application for renewal on March 30, 2012 and we have been operating under a continuation of the permit since it expired in October 2012.

**Housing Commission**

For your information, attached is the Agenda and Executive Director Memorandum for the Housing Commission Board meeting which took place this morning. I have a copy of the entire packet if there are any items you would like to see.

**Closing Thought**

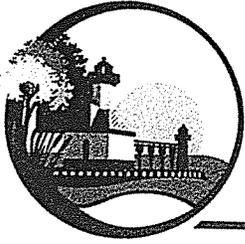
**Be Socially Supportive.** Take the time to help, comfort, or just be with those you care about when they are in need. You will feel good about your efforts, and it will bring you an even closer relationship.

**AGENDA**  
**ST. JOSEPH HOUSING COMMISSION**  
**REGULAR MEETING**

COMMUNITY ROOM  
LAKE VIEW TERRACE HIGHRISE

Thursday, January 9, 2014, at 8:30 a.m.

1. Approval of Minutes.
  - a. Regular meeting of November 14, 2013.
2. Executive Director:
  - a. November 2013 Previously Paid Liabilities
  - b. December 2013 Previously Paid Liabilities
  - c. Financial Report for November 2013
  - d. Financial Report for December 2013
  - e. Vacancy Report for November/December 2013
  - f. Resolution 2014-1 - Adoption of Budget FYE 3/31/2015
  - g. Resolution 2014-2 – Amend ACOP-Preference Points
  - h. Resolution 2014-3 – Adopt EIV Security Policy
3. Public Hearing for 5-Year Plan
5. Guests: None
6. Comments from Audience.
7. Housing Commission Comments.



# St. Joseph Housing Commission

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## MEMORANDUM

**TO:** St. Joseph Housing Commissioners

**FROM:** Nancy E. Walker, Executive Director *NW*

**SUBJECT:** Meeting of January 9, 2014

**DATE:** January 3, 2014

### List of Previously Paid Liabilities

The total of the November List of Previously Paid Liabilities is \$30,681.62. There was a payment to All American Investment in the amount of \$2,181.50, for the first interest payment on the EPC loan. This should be reimbursed by the loan proceeds because it was initially added to the loan so that we wouldn't have to incur the charge right away. There was a check to Alliance Architects, in the amount of \$859.43, for a/e fees for the storm door project and closet door project. There was a repair to the dumpsters for welding in the amount of \$385.00 to Anstey Precision Welding. All other expenses were normal.

The total of the December List of Previously Paid Liabilities is \$32,956.71. All expenses are normal.

### November 2013 Financial Report

The benchmark for November financials is 66.7%. Revenues are \$364,419.89 (69%) and operating expenditures are \$298,721.88 (56.9%). This leaves a net operating gain of \$68,698.01. I have discussed most of the budget items that are a little over or under in the past. There is an additional expense that is a little above the benchmark for the November report and that is the Telephone line item. I am currently waiting for a credit for charges that we should not have received on the October billing. The overall percentages for both revenues and expenses are in line with the budget.

### December 2013 Financial Report

The benchmark for December financials is 75%. Revenues are \$408,349.14 (77.3%) and operating expenditures are \$338,855.02 (64.5%). There is a net operating gain of \$69,884.12.

The revenues are running about \$12,350 over what 75% of the total revenue budget (\$396,000) would be at this time of the fiscal year. This increase primarily occurs in Tenant Revenues-Rent and Non-Dwelling Income. Expenditures are approximately \$55,200 less than what 75% of the total expenditure budget (\$394,040) would be. The individual line items that are below or above the budget figures have all been touched on in previous reports, e.g. Laundry Revenues, Investment Income, Heating and Cooling, Janitorial, Payment in Lieu of Taxes, etc. The overall budget is still looking very well.

### **Vacancy Report**

There were two vacant apartments entering November (307-SH, 903-S). These vacancies were filled in November. There was a third apartment vacated over the weekend of November 30th (702-SH) – due to moving in with family. This left one vacant unit entering December.

There was one vacancy entering December (702-SH). This apartment was filled in December, leaving no vacancies entering January 2014. Our occupancy percentage was 100% as of December 31<sup>st</sup>.

We have a waiting list of 42 people: 10 pending, 0 for an efficiency apartment, 26 requesting large one-bedroom apartments, 6 for a small one-bedroom apartment, 0 for a handicapped apartment and 0 for a two-bedroom apartment.

### **Resolution 2014-1 – Adoption of Fiscal Year End March 31, 2015 Budget**

Enclosed in your packet is Resolution 2014-1, a resolution to adopt the budget for Fiscal Year End March 31, 2015, the Operating Budget and a spreadsheet showing the difference between the FYE 2014 Budget and the proposed FYE 2015 Budget. As you can see by the Resolution, the estimated revenues are set at \$532,350 and the estimated expenditures are set at \$527,220, leaving a net gain of \$5,130.

Estimated revenues for FYE 2015 are increased from FYE 2014 by about \$4,350. The increases are seen in Tenant Revenues-Rents (\$11,570) and in Non-Dwelling Income (\$2,070). I am increasing rents based on current revenues for this fiscal year. This figure reflects the great job that staff has done to keep the apartments turned over as quickly as possible. The Non-Dwelling Income line item is increased because every five years we realize a 20% increase in cell tower revenues received from Sprint.

There are some decreases in revenues from FYE 2014 to FYE 2015. Those occur in Laundry Revenues, Other Income, CFP Operations-Management and Operating Subsidy. I am lowering Laundry Revenues based on the decrease we have seen this fiscal year. CFP Operations-

Management is based on money used in the CFP grants for management improvements. For a couple of years, the fee accountant has booked this amount in the Operating Budget, but this year is changing back to the previous procedure of making an audit adjustment rather than carrying it through the operating budget. The exact amount of expenditures offset the revenue line, so these two lines were a wash. There is a decrease in Operating Subsidy based on what we are seeing in operating subsidy revenues for FYE 2014. From industry groups, who stay in close contact with federal officials, we are learning that the operating subsidy for 2014 should be about the same as we received in 2013. Remember that our consumption rates for operating subsidy have been capped by the EPC project so we will still realize the incentive as our actual consumption rates lower.

The expenditure budget comparison shows an increase in expenses for FYE 2015 of \$530. We have some very costly increases to some line items and the opposite to a few others. The largest expense to increase is Employee Benefits. Between the two departments – Administrative and Maintenance – there is a \$15,000 increase. The largest increase comes in Health Benefits due to the new tax levy, imposed by the federal government, on health insurance plans and anticipated increases in rates. The City Finance Director stated that she is building in a 20% increase for health insurance due to the tax and the fact that they have not even started the process with the insurance company for renewal rates next year. I have increased health benefits by approximately \$11,000. There is an increase of almost \$2,000 for the Housing Commission contribution to the retirement fund and an increase of approximately \$2,500 for worker's compensation. All of these estimates are based on information provided by the City Finance Director.

Another large increase is in the Payment in Lieu of Taxes (\$5,500). This is the payment we make to the City. As utilities decrease and rental revenues increase, our payment to the City increases. We expect to see the same revenues as we are currently experiencing and we expect utility expenses to decrease because of the EPC project. We have added the EPC project interest expense (\$9,650). I have built a little more into the budget for the Heating and Cooling line item, as in the last few years, I have had to increase that line item due to unforeseen repairs. The Elevator Maintenance line item increases along with any changes in salary structure at Otis Elevator. The changes to Snow Removal and Janitorial are minimal (\$600).

The other large increases are to the Salary line items of the Administrative and Maintenance budgets. I increased employee salaries by 3% and the Executive Director salary by 1.5%. Due to the economic issues of the past, employees received minimal or no salary increases for last couple of years. I believe their performance this year warrants a larger increase. Through their conscious effort to turn the apartments around quicker, all the while performing any other duties that needed to be done, we realized higher rental revenues. This was all reflected on the PHAS report that I have included in your packets. Even though this was not a year that we are scored under the system, we would have received 100/100. The PHAS score is composed of four

categories - Management, Financial, CFP Grant administration and Physical. We received full points for each section.

Decreases in the expenditure section of the budget spread across several line items: Training, Travel, Water, Electricity, Gas, Sewer, Materials, Unit Turnaround, Other Contract Costs, Garbage Removal and Insurance. Together, in the aforementioned line items, we see a decrease of \$38,000 in FYE 2015 expenditures. The majority of this is in the utility budget line items (\$25,900). I have enclosed an excerpt from the HUD approval letter for the EPC project, highlighted in pink, showing the anticipated savings for 2014. From these figures, I have lowered the electrical expenses by \$3,800. We anticipate seeing a savings in water/sewer of about \$11,671. I budgeted a little more conservatively on these two expenses – I lowered the two budgets by \$7,100. I talked to the Director of Traverse City recently and she was amazed at the savings that she has seen for water/sewer utilities, so maybe we will see the savings that WWEC anticipated. The anticipated savings for gas is \$7,153. I actually lowered the budget for FYE 2015 by \$15,000. This is because we have already seen savings from installing the new boiler system a few years ago in addition to the anticipated savings from the EPC measures. We have already seen some utility savings reflected in the utility bills since the project finished on November 1. We saw about \$505 in water/sewer savings on the bill we received this month and the bill only included one month (out of three) with installed energy measures. Of course, utility data will be collected by WWEC and reviewed in a more technical way to verify that we are realizing the savings that we should be. I will pass that information along to you when we receive it.

If you have any questions about the budget please email or contact me so that I can have answers prior to the meeting.

#### **Resolution 2014-2 – Change to Subsection 10.1, Preferences, ACOP**

Enclosed in your packet please find a copy of Resolution 2014-2, a resolution to change the preference point section of the Admission and Continued Occupancy Policy. I have also enclosed a copy of the current language of that section and a copy of what will be changed. The sections to pay attention to are highlighted in yellow. I won't go into much discussion about this now as we have been over it quite a bit. To recap, we are changing the local preference points from seven to one, adding a preference of one point for each year that a person is on the waiting list, and grandfathering the current applicants on the waiting list but informing them of the changes to the policy and that they will be placed on the new list after two refusals. These changes have been put before the residents for the 30 day review and we have received no comments to date. If you have questions or concerns, let me know.

**Resolution 2014-3 – Adoption of EIV Security Policy**

Enclosed in your packet is a copy of Resolution 2014-3 and of the proposed EIV Security Policy. As stated in the proposed policy, EIV stands for Enterprise Income Verification System. This system is a database that provides resident income information for Housing Commission staff to be used during rent recertification or for any other reason that would require access to that type of information.

We currently have a policy called the EIV Use Policy. The EIV Use Policy is a policy that explains to an applicant/resident that the Housing Commission staff will access their income information in this database in order to perform required duties but there are security measures to prevent their personal information from getting into the hands of individuals without the need to know. The resident signs an acknowledgment that they have read and understand the policy.

The proposed EIV Security Policy outlines for Housing Commission staff the policies and procedures governing the technical, administrative and physical safeguards and the importance of protecting an individual's private income information. A sample policy was recently provided by Detroit HUD staff requesting implementation. Of course, this policy has some terminology that would pertain more to large Housing Commissions. It is much easier for a small Housing Commission to implement such a policy, e.g. only one office to maintain with all such documentation in a couple of locked cabinets, only one employee to monitor for security procedures, etc. But this policy is comprehensive enough that it could be used if at such time the Housing Commission had an opportunity to add more housing/buildings to its housing stock.

As usual, I will wait until after it is adopted before I send out the pages for your Policy Manual.

**Five-Year Plan Public Hearing**

I have enclosed a copy of our five year plan from 2010-2015 and subsequent budgets created and revised since it was adopted. One of the requirements of the five-year plan process is that we have to have a yearly public hearing for anyone that wants to offers suggestions or changes to the plan or for review of any changes that we want to make. We also have a meeting with the residents to get their input. We have had the meeting with the residents and the public hearing is scheduled during the regular meeting on January 9<sup>th</sup>. We have never had anyone comment during the public hearing since I have worked here (13+ years) so I don't anticipate anything different at this meeting. We usually open the public hearing, ask for comments and close it.

Our next five-year plan will be adopted in January 2015. I usually create the yearly grant budgets from our 25-year Needs Assessment document, from suggestions from residents and from any mechanical or equipment needs. When the new plan is submitted, it has to include any policies

we have adopted or revised during that time period. This may be a difficult document to understand but contact me with any questions.

### **Interim PHAS Score Report**

I have enclosed a copy of the "Public Housing Assessment System (PHAS) Score Report for Interim Rule" and a copy of an article from the PHADA Advocate called "What It Means to be Small." Because we are considered a "small" PHA, we are allowed some reporting relief. This includes some reporting for PHAS scores. Because this is not a scoring year for us, we received an interim report showing what our score would have been for 2013 if we had been scored. I am very proud to report that we would have received a score of 100/100. We have always been a "high performing" PHA (90 and above) but as I have mentioned, we have been working very hard to turn the vacant apartments over quicker and the hard work has paid off! I believe that we will receive an actual score in 2014 and we have continued to do well filling vacancies this fiscal year, so here's hoping that we can receive a perfect score again next year when it actually counts. We have heard from different professionals in the business that we have an excellent facility compared to others that they have visited, e.g. architects, contractors, etc. It is always nice to be recognized for the hard work that the employees put forth.

### **Closet Door Project**

The doors have arrived and the contractor is expected to start replacing the closet doors on Monday, January 6<sup>th</sup>. This will be the last project that we will do for a while. The majority of the CFP grant funds will have been used with the completion of this project. There will only be some funding for training and management improvements left. We will not receive another grant until later this year.

The residents have put up with a lot of disturbance in the last few weeks. There have been a lot of contractors in and out of their apartments and they deserve a break. We plan to let them relax a bit and then we have to begin preparation for our physical inspection. We never find out when it will be until about three weeks before, but we normally spend several months preparing for it. The replacement of some of the energy measures have helped cut out some of the maintenance issues that we may have had otherwise, e.g. we have been fixing leaky faucets as we install the new aerators; most of the toilets are new; we have all new refrigerators; we replaced any broken sealed windows before the weather got cold, etc. These inspections are very comprehensive, but we achieved 99/100 on the last one that we had in 2011. Because we did so well we were able to skip an extra year – normally we would have one every two years.

As always, please contact me if you have any questions.