

**MANHATTAN HOUSING AUTHORITY BOARD OF COMMISSIONERS
REGULAR MEETING
APARTMENT TOWERS COMMUNITY ROOM
Manhattan, KS 66502
November 19, 2008
5:30 p.m.**

Members Present:

Randy Stitt
Ida Jane Leupold
Eileen Meyer
Jim Sherow
Jan Galitzer
Phil Anderson
Doug Kraemer

Members Absent:

None

City Commission Liaison:

Jim Sherow

Staff Present:

JoAnn Sutton, PHM, Executive Director
Mandy Thomas, Assistant Executive Director
Michael Wilhoite, Facilities Supervisor
Patrick O'Neil, Special Projects Manager/HR

I. CALL TO ORDER

Randy called the meeting to order at 5:30 p.m.

II. OPEN FORUM

- a. Randy introduced three new Board members (Jan Galitzer, Phil Anderson and Doug Kraemer) and welcomed them to the MHA Board. Board members and staff present introduced themselves to new Board members.
- b. *(At the conclusion of the Executive Director's report Randy re-opened Open Forum to allow Residents who had arrived late to speak)* A resident presented a concern over a request by staff to move a couch from in front of her window. JoAnn explained that the request was made so that emergency personnel could access the window in case of fire or other emergency, and that other residents had also been required in the past to keep windows and doorways clear. The resident also asked if it was known who was spitting in the elevators at Apartment Towers. JoAnn stated that if the person was known they would receive a lease violation. Randy suggested that the issue could also be brought up at the next Resident Association meeting and that residents should file complaints with the office when incidents occur so that staff will be aware of the situation. The resident also asked about powder and dust left on lobby floors from the installation of cell phone equipment on the rooftop. JoAnn stated that floors would be vacuumed. Another

resident asked about the smoking ordinance that would be going into effect in January, 2009. Jim stated that the city attorney's office was reviewing the ordinance and would be issuing guidelines before the ordinance went into effect. JoAnn informed the resident's that staff would issue a flyer to residents when they received more information so that they would be aware of where they would be able to smoke.

III. MINUTES

Jim moved to approve the minutes of the October Regular Meeting as presented. Ida Jane seconded. Motion carried 7-0.

IV. EXECUTIVE DIRECTORS REPORT

- a. JoAnn reported on the Fall NAHRO conference which was held in Manhattan November 12-14, 2008. Randy, Ida Jane, Jim, Eileen and Jan attended sessions during the conference. A tour of the Flint Hills Place redevelopment was given, with over 20 conference participants attending.
- b. A copy of a letter received from HUD in regards to MHA's response to the fair housing review held in February of 2008 was given to Board members. JoAnn explained that all items noted during the fair housing review had been addressed and approved by HUD.
- c. JoAnn informed the Board that the Real Estate Assessment Center (REAC) would be conducting site inspections of MHA Public Housing properties on December 11 and 12, 2008.
- d. Crystal Borhani was hired November 3, 2008 to fill the position of Public Housing Manager.
- e. JoAnn informed the Board that a MHA vehicle had been involved in a traffic accident in which both vehicles were totaled. Neither party was injured in the accident.
- f. Phil asked if the weep holes that need to be installed at The Gardens were included in the original design plans. JoAnn stated that the plans were kept by the owners of the property, Manhattan Area Housing Partnership (MAHP). JoAnn said she would be meeting with MAHP personnel on November 20 and that she would look into the issue. However, she added that those she had spoken with at Kansas Housing Resources Corporation (KHRC) and Midwest Housing Equity Group (MEHG) had said that since the error of the missing weep holes was not discovered until after the one year warranty on the contractor's work had expired, the installation would most likely have to be paid for from replacement reserves. Phil stated that he felt it should still be the contractor's responsibility if the weep holes were included in the original design. Phil asked if MHA had legal counsel that could become involved. JoAnn replied that the Housing Authority did have legal counsel, however since MHA has only a management contract with MAHP and does not own the property any legal action taken would be the responsibility of MAHP and their own legal counsel. Eileen asked if there had been any evidence of mold in the buildings as a result of the missing weep holes. JoAnn said that there had been some mold found. Eileen stated that the contractor should also be responsible for any damages or litigation that may come from the failure to install the weep holes. Jan

asked what weep holes were and what their function was. Michael explained that a weep hole is a hole or vent between brick facing and the side of a building designed to let excess water drain from between the two surfaces.

- g. Randy asked about changes to the budget report format. Mandy stated that the revised budget report reflects funds spent as of year-to-date. Jim noted that maintenance expenses were over budget and asked if this was normal for these expenses. Michael responded that it was normal to see maintenance expenses go over budget due to unexpected costs of major repairs, higher than expected turnovers and tenant damages.

V. COMMISSIONER'S COMMENTS

- a. Jim stated that he was surprised to learn from the NAHRO conference that the national average hourly wage to afford a modest two bedroom apartment was \$16.50. Randy added that the most interesting part of the conference to him was the different views from other housing authorities and the differences in rent amounts. Phil added that Manhattan had some of the highest rental rates in the state. JoAnn stated that there was supposed to be an additional session at the NAHRO conference from KHRC regarding their Community Stabilization Plan, but that the plan had been rejected by HUD so that session was cancelled at the last minute.
- b. Randy asked if the incoming Congress and administration would mean any changes to HUD funding. JoAnn stated that there was a movement supported by NAHRO to pass a stimulus package during a lame duck session of Congress that would include up to \$5 billion for Capital Funds and \$500 million in additional funding for operating subsidy. JoAnn added that operating subsidy funding levels had increased for 2009 and were now at 89%. Jan asked about heating costs since it was predicted that it would be a bad winter. JoAnn stated that the Housing Authority budgeted for the expected amount, but that HUD did understand that this was not a controllable cost.
- c. Jim informed the Board that there was currently a push to increase eligibility requirements for Community Development Block Grants (CDBG) from populations of 50,000 to 250,000. JoAnn stated that housing authorities do not traditionally receive CDBG funds, but that it would affect residents if the city was not able to apply for these funds for public transportation and other services.

VI. OLD BUSINESS

- a. U.S. Cellular Rooftop Lease-Discussion: JoAnn stated that most issues with the proposed contract had been resolved. However, U.S. Cellular attorneys still wanted a clause to allow the company to transfer or assign the contract to another company without Housing Authority approval and be relieved of all responsibility for the contract. JoAnn stated that she and legal counsel believed this would still give U.S. Cellular the ability to get out of the contract with little or no notice. AT&T is still interested in installing a ground structure or use of computer lab space. However, Michael and Dustin Nelson, Housing Technician, had expressed concerns to JoAnn about

installing any more rooftop equipment. Michael stated that the contractor who installed the roof and provides the warranty has discouraged any more drilling done in the roof or he may not be able to honor the roof's warranty. JoAnn stated that she did not want to gain income at the expense of the integrity of the building. Randy stated that if U.S. Cellular wanted the right to transfer the contract it should only be with MHA approval. Jim suggested that the Housing Authority should refuse to meet the contract demands and if the company does not accept it then to walk away from the offer. Jan stated that the Housing Authority's purpose was to provide housing and that if the contract demands interfere with that purpose there should be no contract. The Board agreed that the proposal sent to U.S. Cellular should be left as a final offer and that there should be no further negotiating of rooftop lease contracts with other companies.

VII. NEW BUSINESS

- a. Revised Emergency Disaster Plan—Resolution No. 111908-A: JoAnn gave an overview of the need for an Emergency Disaster Plan in the event of an emergency such as the December 2007 ice storm. JoAnn stated that this was the first time the Housing Authority had ever had to use the Emergency Disaster Plan and it was found through experience that the plan should be revised and updated. JoAnn said that the original plan was created at the time the Housing Authority separated from the City several years ago and that it had become outdated and was not effective. Eileen moved to approve Resolution No. 111908-A, adopting the Revised Emergency Disaster Plan. Jim seconded. Randy asked if there was any further discussion. Randy asked about the estimated cost of the plan. JoAnn explained that it was a requirement to have an estimated cost included in the plan, but any actual cost would be difficult to calculate. There were no further comments or discussion. Randy called for a roll call vote. Roll call vote carried 7-0.
- b. Write Off of Uncollectible Accounts: JoAnn explained that it is necessary to periodically write off accounts which are known to be uncollectible to reduce liabilities. Most of these accounts are from past residents who are deceased, who cannot be located or who are on fixed incomes. JoAnn stated that accounts of those who are known to be working or to be filing tax returns are not written off so that they can be sent to the state set-off program for collection. All accounts are still collectible, even if they are written off. Phil asked if the amount of write offs was unusually large. JoAnn stated it was not an unusually large amount. It is usually anticipated that between \$5,000-\$6,000 will be written off. However, it is also anticipated that some money will be collected throughout the year, and that approximately \$3,000 had been collected this year. Jim moved to approve Resolution No. 111908-B, adopting the Write Off of Uncollectible Accounts. Jan seconded. Randy asked if there was any further discussion. There were no further comments or discussion. Randy called for a roll call vote. Roll call vote carried 7-0.
- c. Write Off of Outstanding Checks—Resolution No. 111908-C: JoAnn explained the need to write-off outstanding checks that the Housing Authority has issued to vendors but have not been cashed. Jim moved to

approve Resolution No. 111908-C, adopting the Write Off of Uncollectible Accounts. Phil seconded. Randy asked if there was any further discussion. Jan asked if there was any way to avoid writing checks in the amount of \$1 or \$2. JoAnn explained that these checks are the result of utility reimbursements to Public Housing and Section 8 residents whose utility allowance exceeds their rent amount. HUD regulations require that these payments be made to tenants. Ida Jane asked if there were any changes being discussed about this policy. JoAnn stated that Southwest NAHRO was surveying housing authorities to gauge interest in supporting legislation that could eliminate the negative rent requirement which leads to utility reimbursements. JoAnn stated that another option being discussed was to push legislation that would raise the maximum amount that can be charged for minimum rents, which is currently \$50. There were no further comments or discussion. Randy called for a roll call vote. Roll call vote carried 7-0.

- d. 2008 Operating Budget Revision—Resolution No. 111908-D: Mandy gave an overview of the changes to the operating budget. Administrative expenses increased by \$13,000, mainly due to staff turnover. Tenant services increased by \$5,600, primarily because no Special Alcohol Funds were received this year. Ordinary maintenance and operation increased by \$13,738. Other maintenance contracts also increased by \$9,000, which includes costs of training. Other general expenses increased by \$74,000 due to the approval of the compensated absences payout. Total operating expenses increased by \$108,000. Total operating reserves increased, however some of this reserve will be used to supplement Capital Funds in 2009. Capital Funds will be drawn at one time and placed in operating funds, which is possible due to the Housing Authority being classified as a small housing authority after the disposition of the Flint Hills Place public housing units. Jan moved to approve Resolution No. 111908-D, adopting the 2008 Operating Budget Revision. Phil seconded. Randy asked if there was any further discussion. There were no further comments or discussion. Randy called for a roll call vote. Roll call vote carried 7-0.
- e. 2009 Operating Budget-Resolution No. 111908-E: Mandy reviewed the major changes for the 2009 budget. The major increases were in administrative expenses, due to using operating fund for all salaries and increases in KPERS contributions. Operating revenues will increase by \$67,275 due to an estimated increase of \$50,000 which was not received in Capital Funds last year due to the disposition of Flint Hills Place. Operating subsidy will increase by \$20,000 due to funding levels increasing from 86% to 89%. Tenant services and utilities remain the same. Labor costs decreased by \$12,000 due to new staff. Other Financial Items increased by \$108,000 due to Hudson Circle and Pottawatomie Court heating and air replacement. These items are capital improvements included under Other Financial Items since all Capital Funds are being placed in operating funds. A total of \$81,000 is expected to be placed in reserves. Ida Jane asked what the “Protective Services” category under the budget was for. Mandy explained that this includes fire and security alarm services. Jan moved to approve resolution No. 111908-E, adopting the 2009 Operating Budget. Ida

Jane seconded. Randy asked if there was any further discussion. There were no further comments or discussion. Randy called for a roll call vote. Roll call vote carried 7-0.

- f. 2009 Cost of Living Adjustment and Merit Increase—Resolution No. 111908-F: JoAnn gave a brief overview of the proposed resolution and past actions by the Board. JoAnn stated that staff considered what other public agencies in the area had proposed in drafting the resolution. The City of Manhattan proposed a flat \$1,100 salary increase for all employees. This type of increase for Housing Authority employees would average 3.4% per employee. Riley County employees are receiving a 4% increase, while Social Security is increasing 5.8% based on consumer price index. JoAnn explained that with this information she had decided on a proposed cost of living adjustment of 3% for 2009, while keeping the proposed merit increase the same as recent years based on employees' Annual Evaluations. Randy stated that he was o.k. with merit increases, but did not agree with a cost of living increase for all employees regardless of employee performance, and would rather have JoAnn make decisions on all salary increases based on performance. Jim stated that he believed that as long as employees are performing satisfactorily they should receive some increase, and that employees who are not performing satisfactorily should not remain employed, which would provide incentive for at least satisfactory performance. Eileen stated that increases could be used as a retention tool to offset the cost of hiring and training new employees. JoAnn added that at least one applicant recently turned down an employment offer due to salary. Randy asked what salary level new employees started at. JoAnn stated that there is a salary scale for each position, and that new employees start on the scale based upon experience and education. Jan asked if JoAnn could provide a copy of staff salaries to Board members. Randy asked if the Board could also be provided with a list of what merit increases were given to employees. JoAnn stated that she would provide this information to the Board. Jim moved to approve Resolution No. 111908-F, adopting the 2009 Cost of Living Adjustment and Merit Increase. Jan seconded. Randy asked if there was any further discussion. Randy added that he would like to see the Board consider giving the Executive Director more authority in deciding salary increases in the future based primarily on merit and relying less on annual cost of living adjustments for salary increases. There were no further comments or discussion. Randy called for a roll call vote. Roll call vote carried 6-1.
- g. By-Laws Revision-Discussion: The Board agreed to table discussion of by-law revisions until a later Board meeting.
- h. Schedule Executive Director Evaluation: The Board discussed dates for the Executive Director's evaluation and reached a consensus of conducting the evaluation at the December Regular Meeting on December 17, 2009.

VIII. ADJOURNMENT

It was moved and seconded to adjourn the meeting at 7:49 p.m.

Respectfully Submitted,

Randy Stitt, Board Chair