



Meeting Date: March /28 /2006

ACTION	TYPE OF ITEM
<input type="checkbox"/> Approved Recommendation	<input checked="" type="checkbox"/> Info/Consent
<input type="checkbox"/> Ord. No(s). _____	<input type="checkbox"/> Report
<input type="checkbox"/> Res. No(s). _____	<input type="checkbox"/> Public Hearing (Info/consent)
<input type="checkbox"/> Other _____	<input type="checkbox"/> Other _____

Prepared By: Carrie Sabatini

Agenda Item No. I-6

Reviewed By: City Manager [Signature] City Attorney [Signature] Finance [Signature] Other _____

DATE: March 19, 2006

TO: Housing Authority Commission

FROM: Carrie M. Sabatini, Housing Finance Officer [Signature]
Housing Department

SUBJECT: Low Rent Public Housing Budget for fiscal year 2007

RECOMMENDATION

That the Board of Commissioners of the Housing Authority of the City of Oxnard adopt a resolution approving and adopting the recommended \$4,599,674 operating budget for the Low Rent Public Housing program (LRPH) for fiscal year 2007.

DISCUSSION

This recommended budget pertains exclusively to the 780 units of the Low Rent Public Housing (LRPH) owned and operated by the City of Oxnard Housing Authority (OHA). The recommended operating budget of \$4,599,674 for the Authority's LRPH program for the upcoming year constitutes an increase of \$253,490 over the current year adopted budget. The operating budget, if adopted as recommended, will represent a deficit of \$125,000 between the projected income and projected expenditures. Staff anticipates, however, that the deficit will be less at year-end for the reasons explained in this report.

The process of developing the fiscal year 2007 budget was difficult because of the federal restrictions on the various fiscal components of income and expenditures. Rental income is generally restricted to 30% of a tenant's income. In fiscal year 2007, staff projected that rental income will increase by \$225,708 over last year's rent projection. Staff has worked extremely hard in the current fiscal year to maximize tenant rent through rent ranging and placing tenants in properly sized units. HUD has suggested that the funding for operating subsidy for calendar year 2006 will likely only be 88-91% of the amounts for which housing authorities are eligible. OHA is eligible to receive \$559,416 for calendar year 2006. As for the 2007 portion of the fiscal year, the federal budget and, therefore, Public Housing funding for 2007 has not been established and remains unknown. In consideration of those factors, as a best conservative estimate, subsidy for the subject fiscal year has been projected at 88% of the 2006 funding eligibility, which amounts to \$492,286. Lastly, an increase of approximately \$18,000

in interest income is being projected due to rising interest rates over the past year.

The Authority must carefully manage available funds to remain within budget and provide quality services to our clientele. The Authority projected a zero line item increase budget, as it has in the past four years, except where necessary. There has been an increase of 8% (approximately \$143,348) for total salary expense. The increase includes a projected bargaining unit salary increase, as well as adding four City temporary staff that were previously employed through a temporary agency. The temporary agency budget was previously included in the maintenance contracts, therefore, the budget has been moved into the maintenance and grounds salary line items and the corresponding contract budget has been reduced. There is a proposed increase of 44% (approximately \$214,968) in employee benefits. This increase is due to several factors: the corresponding benefits for the City temporary staff mentioned above (approximately 3% of the increase), underestimation of the current year benefits expense (approximately 36% of the increase) and an anticipated increase for the upcoming bargaining unit compensation increases (approximately 5% of the increase). An increase in tools expense (\$2,000) and heating/air contract (\$2,400) is being proposed for minor cost increases. An increase has been budgeted for insurance of approximately 19% due to an increase in property values, and an increase in workers compensation insurance of approximately 36% due to increase in rates and the addition of the maintenance and grounds temporary staff mentioned above.

Proposed reductions to the budget line items are in areas that will not impact service levels. The following are the proposed reductions based upon historical usage: paint expense budget by \$30,000; grounds expense by \$6,000; building materials by \$15,000; glass expense by \$2,000; lock expense by \$2,000; vacancy expense by \$10,000; backflow inspection by \$500; and protective services for \$2,000. Safety expense is proposed to be decreased due to the purchase of safety supplies in-house rather than through a service company as in prior years. Lastly, there is a decrease proposed for miscellaneous contracts due to a one time allocation in the prior year.

The remaining deficit in the LRPB budget is \$125,000. Staff believes this can be managed and brought into balance through careful expense monitoring; through operating subsidy from HUD possibly coming in higher than projected; and through an anticipated increase in rental income once the remaining units under construction in the 31-3/Colonia Road project are reoccupied. Rental revenue from the units under construction is not included in this budget due to HUD funding formula restricting the calculation to currently occupied units. This rental revenue could amount to approximately an additional \$70,000. Given these factors, it is likely that the OHA will be able to manage the budget without the use of reserves for fiscal year 2007.

The fiscal year 2007 budget will be a trial year for implementing the new project based accounting requirement as discussed in study session with the Board of Commissioners on March 7, 2006. Staff will be working on several facets of the new system throughout the year. The following year, fiscal year 2008, will be the first official year of operating under the final rule under which a project-based budget will be submitted to the Board.

FINANCIAL IMPACT

As of January 31, 2006, the Authority's LRPB operating reserve has a balance of \$1,067,042. The fiscal year 2007 budget will not likely require a reduction of the reserves. In comparing the reserves to the operating budget, a ratio of 23 % will result.

Attachment #1 - Housing Authority Resolution
#2 - Budget document

HOUSING AUTHORITY OF THE CITY OF OXNARD
RESOLUTION NO.

**RESOLUTION APPROVING AND ADOPTING THE LOW RENT PUBLIC HOUSING
PROGRAM OPERATING BUDGET FOR FISCAL YEAR 2007**

WHEREAS, the Housing Authority of the City of Oxnard (Authority) has prepared a Low Rent Public Housing Program Operating Budget of \$4,599,674 for the fiscal year 2007; and

WHEREAS, the budgeted expenditures are necessary for the efficient and economical operation of the Authority for the purpose of serving low-income families; and

WHEREAS, the budget for the fiscal year 2007 indicates a source of funding adequate to cover all proposed expenditures; and

WHEREAS, the budgeted rental charges and expenditures will be consistent with the provisions of law and the Annual Contribution Contract; and

WHEREAS, the United States Department of Housing and Urban Development (HUD) requires the Authority to certify that no Authority employee is serving in a variety of positions which will exceed a 100% allocation of his/her time.

NOW THEREFORE, the Board of Commissioners of the Housing Authority of the City of Oxnard hereby resolves:

1. That the Low Rent Public Housing Program Operating Budget (Operating Budget) for the fiscal year 2007 totaling \$4,599,674 attached hereto as Attachment 2 and incorporated in full herein by this reference is approved and adopted.
2. That no Authority employee reflected in the Operating Budget is serving in a variety of positions which will exceed 100% allocation of his/her time.

APPROVED AND ADOPTED this 28th day of March 2006, by the following vote:

AYES:

NOES:

ABSENT:

Dr. Thomas E. Holden, Chairman

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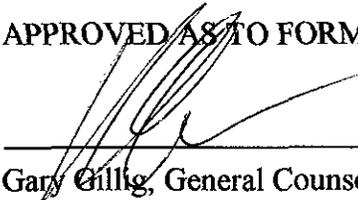
ATTACHMENT NO. 1
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Fiscal Year 2007 LRPB Budget
Resolution
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ATTEST:

Daniel Martinez, Secretary Designate

APPROVED AS TO FORM:



Gary Gillig, General Counsel

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ATTACHMENT NO. 1
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Fiscal Year 2006-2007
LOW RENT PUBLIC HOUSING

	FY06-07 Request Budget	Inc/(Decr) from prior year	% Increase or (decrease)
Annual Rental Revenue	3,876,408	225,708	6%
Non Rental Income	40,980		
Miscellaneous Revenue	30,000	1,600	6%
Interest Income	35,000	17,966	105%
Sub Total	3,982,388	245,274	7%
Subsidy	492,286	7,916	2%
<i>Actual Subsidy</i>			
Total Revenue	4,474,674	253,190	6%
Salary Expense	462,585	(74,981)	-14%
Legal	9,070		
Travel	15,000		
Audit Expenses	10,400		
Publications	1,440	(830)	-37%
Dues	1,490		
Telephone/City	27,870	5,500	25%
Telephone/GTE	8,250	3,500	74%
Court Costs	500	(500)	-50%
Computer Consultant	750	(250)	-25%
Copying	14,000	(3,000)	-18%
Postage	13,000	(4,000)	-24%
Paper Supplies	1,400	(100)	-7%
Cable	1,000		
Office Supplies	10,000	(1,720)	-15%
Miscellaneous sundry	14,000		
Printing Expenses	7,000		
City Overhead	29,000		
Advertising	2,000	1,450	264%
Total Administrative Expenses	628,755	(74,931)	-10.65%
Tenant Services Salaries	484,879	100,497	26%
Tenant Services Benefits	174,585	102,709	143%
Tenant Services Overtime	2,000	(1,000)	-33%
Tenant Contract/Service Provider	20,700		
TA Participation	16,786	32	
Total tenant Services	698,950	202,238	40.72%

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Fiscal Year 2006-2007
LOW RENT PUBLIC HOUSING

	FY06-07 Request Budget	Inc/(Decr) from prior year	% Increase or (decrease)
Maint Salary	581,906	54,158	10%
Ground work Salary	312,884	63,674	26%
Maint Salary/Overtime	21,550		
Maint Salary/Stand by	25,860		
Total Maintenance sal	942,200	117,832	14.29%
Paint Exp	25,000	(30,000)	-55%
Grounds Exp	20,000	(6,000)	-23%
Appliance Exp	20,000		
Plumbing Exp	35,000		
Electrical Exp	12,500		
Building Mat'l	51,000	(15,000)	-23%
Glass Expense	5,000	(2,000)	-29%
Lock Expense	8,000	(2,000)	-20%
Janitorial Exp	10,000		
Uniform Exp	6,000		
Safety Equipt Exp	3,000	(2,500)	-45%
Tool Expense	9,000	2,000	29%
Tree Expense	3,000		
Total Material Expenses	207,500	(55,500)	-21.10%
Heating/Air	9,000	2,400	36%
Equipment Repair Exp	1,500		
Fire Alarm Exp	3,000		
Elevator Exp	10,000		
Trash Removal Exp	200,000		
Dump Charge Exp	8,000		
Custodial Exp		(41,000)	-100%
Vacancy Exp	100,000	(10,000)	-9%
Ground Work		(58,968)	-100%
Pest Control Exp	5,000		
Radio Exp		(7,500)	-100%
Burglar Alarm Exp	13,000		
Tree Crew		(15,334)	-100%
Painters	53,508		
Vehicle Exp	40,000		
Drape Exp	6,000		
Back Flows		(500)	-100%
Miscellaneous contract	10,000	(6,000)	-38%
Total Contracts Expenses	461,008	(136,902)	-23%
Total Ordinary Maintenance	1,610,708	(74,570)	-4.42%

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Fiscal Year 2006-2007
LOW RENT PUBLIC HOUSING

	FY06-07 Request Budget	Inc/(Decr) from prior year	% increase or (decrease)
Protective Services		(2,000)	-100%
Total Tenant Svc Provider		(2,000)	-100%
Insurance	212,000	33,144	19%
Worker Compensation	168,000	44,617	36%
PILOT	78,000		
Employee Benefits	528,517	112,259	27%
Collection Loss	15,000		
Total General Expenses	1,001,517	190,020	23.42%
Total Routine Expenses	3,939,930	240,757	7%
Utilities			
Water	245,290	(5,621)	-2%
Electricity	180,230	(3,807)	-2%
Gas	59,271	6,137	12%
Wastewater	174,953	15,724	10%
	659,744	12,433	2%
Total Expenses	4,599,674	253,190	6%
(Deficit)/Residual Revenue	(125,000)		

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