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HYBRID BHA FINANCE/CMS/PERSONNEL COMMITTEE MINUTES

HYBRID FINANCE/CMS/PERSONNEL COMMITTEE MEETING OF THE BOARD OF COMMISSIONERS OF THE BREMERTON HOUSING AUTHORITY (BHA) HELD AT 4:00 PM AT 600 PARK AVENUE AND/OR REMOTELY, ON MAY 18, 2023.

1. CALL TO ORDER: Meeting was called to order at 4:00 P.M.

2. ROLL CALL:

Present:

(Subchair) Ryan Burton
Commissioner Jeff Flood

Commissioner Diane West

Absent:

Commissioner Bo Palmer

BHA Staff Present:

Jill Stanton	Executive Director
Sherman Enstrom	Finance Director
Paula Kennedy	HR Manager
Carlita Mendez	CMS Director
Tim Schanne	Business Solutions Director
Ron Packer	Accounting Operations Manager
Katie Sharp	Communications Manager
Lorna Camacho	Office Manager/Executive Assistant/Minute Taker

3. SUBCHAIR COMMENTS: Welcome Commissioner West.

4. FINANCE REPORTING: Comments by Ms. Stanton and Mr. Packer.

Mr. Enstrom is leaving the agency, his last day is May 19, 2023. Mr. Packer will continue to attend finance meetings until the Finance Director position is filled.

Presented is the Second Quarter Financial Reporting January 2 through March 31, 2023. Ms. Stanton reviewed and discussed the Second Quarter Financial Reporting PowerPoint in detail.

Overall, cash position in the second quarter ended with a positive of \$920,997. We achieved \$1,873,861 positive cash through the second quarter. Capital revenue increased due to cash increases. Capital funds are declining and will not be sustainable in the long term. We were receiving \$1.3 million in capital funding which has decreased to \$550,000. We have three years to spend and obligate capital funds.

Restrictive cash is made up of several components. We have various reserves.

Debt obligations have several revenue notes and bonds. Those debts we do not have to pay back but need to carry on balance sheet. BHA is in a good financial position.

Income statement net income \$1.4 million with YTD budget \$452,000. We have drawn down more than what we have budgeted for. CMS outperformed their budget by \$310,000 on their income. Overall, in a strong position for the second quarter.

Housing Programs and Properties not including CMS. Net income \$680,000. Here we transfer from one property to another property. Net income is the net of the two. This is referred to an internal component of funds. Input on project base side with capital improvement funds. Several properties are a combination. Housing funds can only be spent where classified as public housing.

Net operation income for major programs/properties is a breakdown of different projects and properties excluding capital grant revenue and including capital soft costs. Everything is on target.

The Housing Choice Voucher program is a major topic of discussion for us. For many years it has not been sustainable to cover our costs. The Executive team meets three times a week.

Bay Vista Commons, which is our assisted living facility, has been a challenge for several years. We have been working on increasing vacancies, which is now back on track. We continue to monitor this property closely. For clarification each property would stand on their own with a minimum of one month of operation expenses in operating cash. This property has fallen short but made up the cash and is now exceeding the one month of operating cash.

Commissioner West asked what the major reason for vacancy at Bay Vista Commons was. Covid. Ms. Stanton commented that folks were afraid to come to the facility and leave their love ones. And marketing was not in place. But when Covid went away we saw an increase in vacancies.

Capital investments are things not budgeted and unexpected costs. Such as security cameras, new roof for the admin building, snowplow, electrical upgrade, purchase of maintenance vehicles etc.

Staff list we currently have five open positions. We are currently working on getting the positions filled.

Subchair Burton asked if we expect overtime to trend upward. No, we do not commented Ms. Stanton. We had a staff person who was on maternity leave where we had to divide their workload among other staff. We expect to see overtime decline.

5. CMS REPORTING: Comments by Mrs. Mendez.

Missouri Housing Development Commission:

On April 7, 2023, we submitted a proposal under our CMS Contract Management Services non-profit entity to secure a sub-contractor to perform Management & Occupancy Reviews (MORs) for Missouri Housing Development Commission (MHDC). There was a total of six applications submitted. We were selected to perform this work and executed a services contract, effective May 1, 2023.

This portfolio consists of 364 properties throughout the state of Missouri. We will utilize compliance staff from Nebraska and Washington to complete MHDC's MORs. Our travel dollars will be reimbursed for MORs performed.

Throughout the month of May our compliance team worked closely with MHDC to prepare for MORs, which will begin in June 2023. A shout out to Kristy Yeadon, Compliance Manager, and her team on getting this work ramped up and off the ground. We see this as a big win! As we were facing a possible layoff situation at the end of the calendar year. HUD came out with a new ruling in MOR requirements which would reduce the volume of MORs performed. This win allows us to retain our compliance staff and spread their work across our current states plus Missouri. While we continue to prepare for a national rebid. Many thanks to our Board for all your support.

HUD's PBCA Rebid Update:

On April 25, 2023, HUD held an in-person only meeting in Washington, DC. Mrs. Carlita along with other industry leaders attended. HUD indicated that they would use cooperative agreements for their national PBCA rebid. The overwhelming response from attendees was against cooperative agreements. Below is an excerpt from the March 25, 2014, Federal Circuit Court of Appeals decision which violates the 2014 court ruling.

At most, HUD has merely created an intermediary relationship with the PBCAs "[w]here the [PBCAs are] not receiving assistance from the federal agency but [are] merely used to provide a service to another entity which is eligible for assistance." S.Rep. No. 97-180, at 5 (1981). "The fact that the product or service produced by the intermediary may benefit another party is irrelevant." Id. In the case of an intermediary relationship, "the proper instrument is a procurement contract."

As members of the Local Housing Administrators Coalition (LHAC), Mrs. Mendez and others attended legislative meetings in Washington, DC to advocate with legislative offices on this issue. And to distribute a joint letter addressed to the HUD Secretary Marcia Fudge which explains why we oppose cooperative agreements and HUDs draft FY 2024 budget language. (A copy of the letter was included in your packet).

Commissioner West had a chance to read the letter and was impressed. Commissioner West asked what the issue with affirmatively further housing is. What seems to be the issue housing authorities are experiencing. Mrs. Mendez replied, under the Obama administration, housing authorities were required to pull together a comprehensive plan. And now under the Biden administration, the focus has shifted. We will have a discussion again when Ms. Reed is available.

HUD extended our ACCs through January 31, 2024, for all states. This does exhaust all extension options available in our current contract. It is my expectation that HUD will issue another ACC amendment to allow extension beyond January 2024. Which HUD has done many times before.

6. PERSONNEL REPORTING: Comments by Ms. Kennedy.

The Compensation Study has been completed. Gallagher Benefit Services, Inc. conducted a comprehensive study covering all current positions. The objective of the study was to ensure

competitiveness with the external market, fair and equitable compensation relationships within the organization, maintain pay equity compliance and enable maintenance by BHA staff post implementation. Ms. Kennedy presented a PowerPoint presentation on the final Market Analysis & Compensation Study report in detail along with recommendations by Gallagher Benefit Services, Inc.

Gallagher and BHA identified 16 housing authority organizations in several states that are comparable in size and location. 11 of the 16 responded. Gallagher needs a minimum of 5 data points for each position. Additional market data was collected from the published surveys sources that represented both the public and private sector.

Not only did we look at job descriptions, but each person was also looked at and fit within that salary range. Overall, BHA's salary ranges are highly competitive with the custom survey market salary ranges. Which is good news. Gallagher Benefit Services, Inc presented the Compensation Study to both unions and to BHA employees.

Last year's salary increases were fairly high as we negotiated both union contracts. Those salary increases were reflected in this Compensation Study. It was determined BHA continue to utilize the existing salary schedule as they are. Gallagher did recommend that three non-union roles were recommended to change grades upwards based on their respective evaluation against the market. In addition, Gallagher recommends we give a 0.75% increase for all employees, with the exemption of the Executive Director. Which was included in the budget earlier.

Looking ahead Gallagher recommend we continue to conduct regular reviews of the compensation system and market and give increases on an annual basis. Overall, the benefits programs at BHA are considered highly competitive. And finally, recommend that BHA conduct a study of this nature every 3 to 5 years. Which is also a requirement of HUD and that we plan to do.

Ms. Stanton added this was a huge undertaking and a big deal. Ms. Kennedy worked very hard to build trust among staff and did an amazing job.

7. FUTURE FINANCE/CMS/PERSONNEL COMMITTEE MEETING:

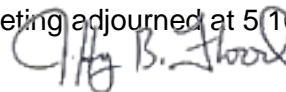
August 24, 2023, at 4:00 PM

September 21, 2023, at 4:00 PM

8. ADJOURNMENT: There being no further business meeting adjourned at 5:10 P.M.



Executive Secretary



Chairperson of the Board

SEAL

