

Stanislaus Regional Housing Authority

Alpine ■ Amador ■ Calaveras ■ Inyo ■ Mariposa ■ Mono ■ Stanislaus ■ Tuolumne Counties

Date: July 24, 2018
To: Board of Commissioners
From: Barbara S. Kauss, Executive Director
Subject: **Action Item # 4:** Proposed USDA Farm Labor Budget for Fiscal Year 2018-2019

Prepared By: Linh Luong, Director of Finance

Resolution No. 17-18-25

RECOMMENDATION

After review and discussion, staff recommends the Board of Commissioners adopt the attached resolution approving the United States Department of Agriculture (USDA) Farm Labor operating budget for fiscal year 2018-2019.

SUMMARY

USDA Farm Labor is a subsidized housing project financed through USDA. USDA requires the Authority to submit budget proposal by August 1 of each year.

The 2018-2019 Fiscal Year Budget was prepared with the following assumptions:

1. The interest rate for investment returns for all programs is 1.7% for fiscal year 2018-2019.
2. The inflation factor used in estimating the budget proposal is 4%.
3. Fringe Benefits - PERS retirement expense estimate is 9.8%.
4. Insurance – The rate for property and liability decrease for 2018-2019 fiscal year.
5. Utilities – The rate increase for water of 34%, 10% in sewer and 10% in electric.
6. Employee benefits included employee wellness program.



The following are recaps of our Authority proposed budgets for the Fiscal Year 2018-2019 as compared to the 2017-2018 budgets.

The Total Revenue increased by \$99,467 or 3.85% due to the increase in rental income, interest income and other receipts. The increase in rental income is due to a proposed rent increase of 3% and a slight increase in the vacancy rate. The total increase in spending is \$1,054,443 or 46.04%. The increase in expense was due to the increase in utilities, maintenance materials, maintenance contracts, budgeted roof replacement in Patterson, Westley, Ceres, and administrative expenses. During the previous fiscal year, the Housing Authority conducted an internal audit to review the efficiency and effectiveness of the maintenance operations. The audit resulted in the determination that the Analyst position for the Farm Labor Program and Maintenance Division would improve the efficiency of the maintenance operations. The Analyst position will, among another duties, monitor compliance requirements, tenant accommodation requests, and response times to maintenance requests to ensure that responses meet Authority standards. The administrative expense is largely due to the repositioning of funds from the maintenance labor line item to the administrative salaries line item. The reserve fund will be used for the roofing replacement. The net increase for operating expense is \$107,308 or 4.71%. This budget has \$13,025 projected to go to reserve.

ATTACHMENTS

1. Proposed fiscal year 2018-2019 operating budget
2. Proposed rental income
3. Resolution 17-18-25

FARM LABOR
BUDGET COMPARISON
2018 VS. 2019

LINE #	ITEM	BUDGET	BUDGET	BUDGET VS.	DIFF. &	COMMENTS
		2017-2018	2018-2019	BUDGET		
		FARM LABOR	FARM LABOR	DIFF.		
	OPERATING RECEIPTS					
1	DWELLING RENTALS	\$2,422,886	\$2,482,298	\$59,412	2.45%	The increase is due to a proposed 3% rent increase, offset by a slight increase in the vacancy rate
2	INTEREST	\$58,065	\$97,020	\$38,955	67.09%	The increase is due to the increase in interest rate from .92% to 1.7%
3	OTHER RECEIPTS	\$104,205	\$105,305	\$1,100	1.06%	Increase in the number of tenant charges for last 12 months of operations.
4	TOTAL OPERATING REC.	\$2,585,156	\$2,684,623	\$99,467	3.85%	
5	ADMIN. FEE					
6	MONITORING FEE					
7	TOTAL RECEIPTS	\$2,585,156	\$2,684,623	\$99,467	3.85%	
	OPERATING EXPENDITURES					
	ADMINISTRATION:					
8	SALARIES	\$383,178	\$432,776	\$49,598	12.94%	Increase due to COLA and merit increases in 2018-2019, and the change in classification for Administrative Analyst position to address program monitoring and compliance. Also, change in classification for Operation Supervisor from maintenance to administration
9	FRINGE BENEFITS	\$183,176	\$206,627	\$23,451	12.80%	Increase due to salary changes per above
10	OTHER ADMIN. EXP.	\$62,560	\$69,200	\$6,640	10.61%	Increase in legal fees and translation services pursuant to program requirements
11	TOTAL ADMIN. EXP.	\$628,914	\$708,603	\$79,689	12.67%	
	UTILITIES:					
12	UTILITIES	\$527,500	\$599,000	\$71,500	13.55%	Increase due to increases in water and sewer charges
13	TOTAL UTILITIES EXP.	\$527,500	\$599,000	\$71,500	13.55%	
	ORDINARY MAINTENANCE:					
14	LABOR	\$338,690	\$288,136	-\$50,554	-14.93%	Decrease due to the change in classification for Administrative Analyst position to address program monitoring and compliance. The change in classification Operation Supervisor from Maintenance to Administration. Staff will utilize contract service as needed. Also, offset by an increase in COLA and merit increases for 2018-2019
15	FRINGE BENEFITS	\$134,080	\$120,166	-\$13,914	-10.38%	Decrease due to salary changes per above
16	MATERIALS	\$142,100	\$149,930	\$7,830	5.51%	Increase in plumbing and building materials
17	CONTRACT COSTS	\$101,850	\$125,850	\$24,000	23.56%	Increase in landscape maintenance contract
18	TOTAL ORDINARY MAINT.	\$716,720	\$684,082	-\$32,638	-4.55%	
	GENERAL EXPENSE:					
19	INSURANCE	\$152,473	\$141,230	-\$11,243	-7.37%	Decrease in property & liability insurance premiums

FARM LABOR
 BUDGET COMPARISON
 2018 VS. 2019

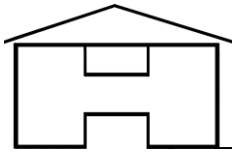
LINE #	ITEM	BUDGET	BUDGET	BUDGET VS.	DIFF. &	COMMENTS
		2017-2018	2018-2019	BUDGET		
		FARM LABOR	FARM LABOR	DIFF.		
20	PAYMENTS ON NOTES	\$253,883	\$253,883	\$0	0.00%	
21	TOTAL GENERAL EXPENSES	\$406,356	\$395,113	-\$11,243	-2.77%	
22	TOTAL ROUTINE EXPENSES	\$2,279,490	\$2,386,798	\$107,308	4.71%	
	NONROUTINE MAINTENANCE:					
23	EXTRAORDINARY MAINT.	\$0	\$0	\$0	0.00%	
	CAPITAL EXPENDITURES					
24	REPLACEMENT EQUIPMENT	\$0	\$0	\$0	0.00%	
25	PROPERTY BETTERMENTS	\$10,700	\$957,835	\$947,135	8851.73%	Increase due to budgeted for roof replacement in Patterson (60 units), Westley (39 units) and Ceres (25 units)
26	TOTAL CAPITAL EXPEND.	\$10,700	\$957,835	\$947,135	8851.73%	
27	TOTAL EXPENDITURES	\$2,290,190	\$3,344,633	\$1,054,443	46.04%	
28	GAIN OR LOSS	\$294,966	-\$660,010	-\$954,976		
29	RESERVE REQUIREMENTS	\$284,800	\$284,800	\$0		
30	FARM LABOR RESERVE	\$0	\$957,835			
31		\$10,166	\$13,025			

DWELLING RENT
 FARM LABOR 91 CENTER
 FISCAL YEAR 10/1/2018 TO 9/30/2019

# OF UNITS	BEDROOM SIZE	CURRENT MONTHLY RENT	12 ANNUAL RENT	1.0300 RENT INCREASE	RENT INC. PER UNIT	12 NEW ANNUAL RENT	2018 FMR	% OF MARKET RENT
12	1	\$506	\$72,864	\$521	\$15	\$75,024	\$809	64.40%
37	2	\$570	\$253,080	\$587	\$17	\$260,628	\$1,035	56.71%
31	3	\$636	\$236,592	\$655	\$19	\$243,660	\$1,478	44.32%
11	4	\$691	\$91,212	\$712	\$21	\$93,984	\$1,772	40.18%
		TOTAL RENT	\$653,748	TOTAL RENT		\$673,296		
		VACANY LOSS 4.2%	\$27,457	VACANY LOSS 4.7%		\$31,645		
91		NET RENT	\$626,291	NET RENT		\$641,651		

DWELLING RENT FARM LABOR 265
 FISCAL YEAR 10/1/2018 to 9/30/2019

# OF UNITS	BEDROOM SIZE	MONTHLY RENT	12 ANNUAL RENT	1.0300 NEW MONTHLY RENT	MONTHLY RENT INCREASE	12 NEW RENT TOTAL	2018 FMR	% OF MARKET RENT
CERES								
8	2	\$641 new	\$61,536	\$660	\$19	\$63,360	\$1,035	63.77%
16	3	\$743 new	\$142,656	\$765	\$22	\$146,880	\$1,478	51.76%
25	3	\$584 rehab	\$175,200	\$602	\$18	\$180,600	\$1,478	40.73%
28	3	\$521	\$175,056	\$537	\$16	\$180,432	\$1,478	36.33%
14	2	\$485	\$81,480	\$500	\$15	\$84,000	\$1,035	48.31%
12	4	\$578	\$83,232	\$595	\$17	\$85,680	\$1,772	33.58%
			\$719,160			\$740,952		
PATTERSON								
4	2	\$641 new	\$30,768	\$660	\$19	\$31,680	\$1,035	63.77%
2	3	\$743 new	\$17,832	\$765	\$22	\$18,360	\$1,478	51.76%
60	3	\$584 rehab	\$420,480	\$602	\$18	\$433,440	\$1,478	40.73%
10	3	\$584 rehab	\$70,080	\$602	\$18	\$72,240	\$1,478	40.73%
			\$539,160			\$555,720		
WESTLEY								
40	3	\$584 rehab	\$280,320	\$602	\$18	\$288,960	\$1,478	40.73%
13	2	\$526 rehab	\$82,056	\$542	\$16	\$84,552	\$1,035	52.37%
9	2	\$485	\$52,380	\$500	\$15	\$54,000	\$1,035	48.31%
1	4	\$636 rehab	\$7,632	\$655	\$19	\$7,860	\$1,772	36.96%
15	4	\$574	\$103,320	\$591	\$17	\$106,380	\$1,772	33.35%
2	3	\$743 new	\$17,832	\$765	\$22	\$18,360	\$1,478	51.76%
5	2	\$641 new	\$38,460	\$660	\$19	\$39,600	\$1,035	63.77%
			\$582,000			\$599,712		
20 TRAILER PADS (WESTLEY)		\$146	\$35,040	\$146		\$35,040		
TOTAL			\$1,875,360	TOTAL		\$1,931,424		
VACANCY LOSS 4.2%			\$78,765	VACANCY LOSS 4.7%		\$90,777		
NET RENT			\$1,796,595	NET RENT		\$1,840,647		



Stanislaus Regional Housing Authority

Alpine ■ Amador ■ Calaveras ■ Inyo ■ Mariposa ■ Mono ■ Stanislaus ■ Tuolumne Counties

**RESOLUTION NO. 17-18-25
RESOLUTION APPROVING THE HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
PERMANENT FARM LABOR CENTERS LC- 28, 29, 30 AND 31 OPERATING
BUDGET FOR FISCAL YEAR 2018-2019**

WHEREAS, the Housing Authority of the County of Stanislaus is administering and will continue to administer Permanent Farm Labor Housing Projects, LC-28, 29, 30 and 31, located in Ceres, Patterson, Westley and Modesto, respectively; and

WHEREAS, it is necessary in the operation of said program that Permanent Farm Labor Housing Projects Operating Budget, therefore, be adopted, subject to approval of the United States Department of Agriculture; and

WHEREAS, a budget has been prepared for said projects.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Housing Authority of the County of Stanislaus, that:

1. The proposed expenditures are necessary in the efficient and economical operation of the Housing Authority for the purpose of serving low income families.
2. The financial plan is reasonable in that:
 - a. It indicates a source of funding adequate to cover all proposed expenditures.
 - b. It does not provide for funding in excess of income.
3. All proposed charges and expenditures will be consistent with provisions of State and Local law for Permanent Farm Labor.

The Operating Budget as herein designated be, and the same is hereby ratified, confirmed and approved.

Said permanent Farm Labor Operating Budget is filed in the office of the Housing Authority of the County of Stanislaus and is more particularly identified as follows:

TERM	PROGRAM	AMOUNT
10/01/2018 thru 9/30/2019	Farm Labor LC-28, 29, 30 & 31	\$3,344,633



DULY AND REGULARLY ADOPTED by the Board of Commissioners of the Housing Authority of the County of Stanislaus this 24th day of July 2018

On motion of Commissioner _____, seconded by Commissioner _____ and on the following roll call vote:

AYES:

NAYS:

ABSTAIN:

ABSENT:

Attest: _____

Secretary

Approved: _____

Chairperson