



TACOMA HOUSING AUTHORITY

BOARD OF COMMISSIONERS MEETING MINUTES SPECIAL SESSION FRIDAY, November 30, 2012

The Commissioners of the Housing Authority of the City of Tacoma met in Study Session at 902 South L Street, Tacoma, WA at 12:00 PM on Friday, November 30, 2012.

1. CALL TO ORDER

Chair Flauding called the meeting of the Board of Commissioners of the Housing Authority of the City of Tacoma (THA) to order at 12:05 PM.

2. ROLL CALL

Upon roll call, those present and absent were as follows

PRESENT	ABSENT
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Commissioners

Janis Flauding, Chair

Greg Mowat, Vice Chair (arrived at 12:09 PM)

Arthur C. Banks arrived at 12:16 PM)

Stanley Rumbaugh, Commissioner

Staff

Michael Mirra, Executive Director

Christine Wilson, Executive Administrator

Ken Shalik, Finance Director

Barbara Tanbara, Human Resources Director

Walter Zisette, RED Director

April Black, REMHS Director

Todd Craven, Administration Director

Mary Syslo, Manager, Community Services

Nancy Vignec, Community Services Director

Chair Flauding declared there was a quorum present at 12:16 PM.

3. NEW BUSINESS

Executive Director noted that the purpose of the special meeting is to review the staff's proposed budget for FY 2013, which he conveyed to the Board in his memorandum. The Board is on schedule to adopt a FY 2013 at its December meeting. He noted that the draft accounts for detailed staff discussions and discussions with Vice Chair Mowat, serving as the Board's finance committee. Mirra reviewed the principles staff used to guide its budget recommendations. He noted that his memo discusses them. He reviewed them briefly:

- THA's strategic directives. Mirra noted that these directives will be even more useful as guides once the Board adopts the performance measures, which he hopes will happen early in 2013.
- Recurring income should pay for recurring expenses.
- THA assumes on the most conservative of the possible congressional budgets. He reviewed how each year Congress is generally late with its enactment of a federal budget. This requires THA to make some guesses. Usually we assume on the most conservative of the plausible versions of the budget then pending before Congress. This year is different because of the possibility of a "sequestration" budget. Such a would reduce THA's federal allocation by 8% (about \$3.3 million). Adopting such a budget would require serious cuts. They would be unduly disruptive if we later learned from an eventual congressional budget deal that they were unnecessary. Accordingly, in September, the Board directed staff to write a budget to the present continuing resolution that would keep THA's federal allocation at its 2012 levels, and to write a "shadow budget" with a hierarchical lists of cuts totaling \$3.3 million. If some version of sequestration occurs we will consult that list to pare our budget down to our allocation. That list is Attachment C to the draft budget.
- We will account for the minimum and optimal reserve levels we have identified.
- It is easier to spend reserves on nonrecurring expenditures than on recurring expenditures.
- It is easier to spend reserves on activities that offer an adequately plausible chance of making us money, saving us money or making us more effective.

Mirra explained that the draft budget satisfies these principles with the exception of non-MTW reserve levels. While overall reserve levels would remain above optimal levels, the non-MTW subset of those reserves under this budget would dip below minimal levels. Staff proposes to do this because much of the expenditure pertains to development activity that in 2014 will produce developer fees that will recoup these losses.

Vice chair Mowat questioned how staff determines whether an expense is MTW or non-MTW. Finance Director Shalik reviewed the accounting and HUD rules that guide that determination.

Executive Director Mirra referred briefly to Attachment C and the cuts it shows. THA will use that list to respond to sequestration, if necessary. He noted that sequestration is scheduled to occur on January 2nd. Some people in the news project that it will happen and only then will Congress make a deal for a budget. In that event, THA will have to determine how long we can wait for such a deal before making cuts on the list. We may face that question in January.

Executive Director Mirra then asked each of the department directors to report on what the draft means for their activities:

Finance: Finance Director Shalik explained that the budget allows THA to shift the purchasing responsibility back to the Finance Department. It allows the department to devote more time to Hillside Terrace and LASA projects and to upgrade tenant accounting systems.

Community Services: Mary Syslo, manager for the Community Services Department, explained that the department's funding comes primarily from grants. New grants from the Gates Foundation and others will allow a new asset building specialist. This and other parts of the budget will aid work on the college bound scholarship program, the children's IDA project, and the changes in the down payment assistance program for homeownership. The budget allows THA to pursue a partnership with Tacoma Community College (TCC) to house homeless TCC enrolled students.

Real Estate Management and Housing Services: Director April Black explained that the budget would allow for the following activities: complete THA's work on its safety/disaster plans, purchase maintenance vehicles, convert three temporary maintenance employees to regular employees, provide a contingency fund for unforeseen needs, implement the Housing Opportunities Program that the board approved as a new MTW activity (and which HUD is reviewing), add PBV contracts with community partners, improve FIC with a re-design, pay to test units for meth contamination pursuant to the portfolio wide plan to do so. On the meth testing, Chair Flauding asked how costs are shared with tenants and our insurers. Director Black explained that tenants will be charged for damage for which they are responsible. Losses are insured.

Real Estate Development: Director Walter Zisette explained that the budget would allow for the following activities: renovation and construction of new units, including Hillside Terrace; the LASA project; possibly Stewart Court's rehabilitation; a capital needs assessment at Dixon Village; resolution of the Citibank loan and Salishan lots; capital campaign for Salishan Campus core; the public housing conversion. Executive Director Mirra noted that the budget does not contain money for two new positions the Development Department proposed. Director Zisette explained his view that THA needs more construction managers. Mirra said that he intends to arrange for a review of THA's

development activities starting in January. That review may allow us to revisit staffing levels in the Development Department. Vice Chair Mowat asked to see THA's present organizational charts. Mirra added that he might also like to see the chart of responsibilities.

Administration: Director Todd Craven explained that the draft budget will allow the following activities: continue improvements in the IT network and stabilize the entire system; reorganize to account for the departure of our Applications Architect, in part by increasing our use of consultants; staff training, upgrade THA's website to make it more interactive and use of a technical writer for business processes. Vice Chair Mowat asked about our procurement activities for HUB contracts.

Human Resources: Director Barbara Tanbara reviewed that the draft budget will allow the following activities: employee retention and engagement efforts, leadership development, employee training, variable pay program to incentivize top performers, employee opinion survey, education training dollars, systems simplification, retention of critical positions in the agency, employee development plans, and performance improvement planning. She also said that we will look at HR policy and processes to determine which ones do not need to come from the Board.

Executive Director Mirra thanked staff for their hard work writing the proposed budget and Director Shalik in particular for leading the effort. He asked the Board to share its views about the proposal. He noted that if the Board wanted to redirect staff then there was work to do before the December Board meeting.

Chair Flauding said that she felt very comfortable with the budget. She noted the challenge of writing a budget every year. She expressed support for the staff's recommendations. Vice Chair Mowat also expressed support for the proposal. He thanked staff for their smooth and thoughtful process. He liked that it was a document that moved THA forward on its mission. Commissioner Banks expressed support as well as appreciation for the staff work. He thanked Director Shalik for the integrity he brings to the process and for making the budget understandable.

Executive Director Mirra repeated our need, if Congress does not pass a budget and if sequestration occurs on January 2nd, to make a judgment then on how long to wait for a budget. Vice Chair Mowat asked that we reconvene then to discuss the matter.

Executive Director Mirra, on behalf of the staff, thanked the Board for its support and guidance.

4. **ADJOURNMENT**

There being no further business to conduct, Commissioner moved to adjourn, and Commissioner seconded the motion. Meeting adjourned at 2:00 PM.

APPROVED AS CORRECT

Adopted: December 19, 2012



Janis Flauding, Chair