

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING Fiscal Year 2021 RAD-PBRA
Operating Budget Revision #1;
Project 5: Mt. Airy Homes and Hi-Rise, Valley Hi-Rise; and
Project 7: Ravoux, Neill and Central Hi-Rises

DATE August 26, 2020

Staff requests Board approval of Revision No. 1 to the Fiscal Year 2021 Operating Budgets for the following RAD-PBRA Projects:

- Project 5, for improvements at Valley Hi-Rise¹; and
- Project 7, for improvements at Neill Hi-Rise.²

On March 25, 2020, the Board approved the original FY 2021 RAD-PBRA Consolidated Operating Budget consisting of current year operating budgets for the eight RAD-PBRA projects. This approval included the two projects listed above, and the final version of the RAD-PBRA 20-Year Pro-Forma statements for the eight projects. That budget proposed operating revenue totaling \$40,067,650 and expenses totaling \$39,156,226. This resulted in projected positive net operating cash flow of \$911,424. If approved, this budget revision request would decrease the projected net operating cash flow by \$193,700 to \$717,724.

The 20-Year Pro-Forma demonstrates the value of the RAD conversion and anticipated long-term benefit of moving to a more secure and predictable funding source. Staff will continue to use the RAD-PBRA 20-Year Pro-Forma statements as guiding documents when evaluating project needs and priorities. As discussed when the Operating Budget was approved on March 25, 2020, the

¹ HUD identifies this project as "Mt. Airy", Project MN46RD00006. It includes Mt. Airy Family, Mt. Airy Hi-Rise and Valley Hi-Rise.
² HUD identifies this project as "Ravoux", Project MN46RD00008. It includes Ravoux, Neill and Central Hi-Rises.

Board will have the opportunity to provide guidance on establishing priorities for capital improvements.

This proposed budget revision contains items that in previous years were included in the quarterly Capital Fund Program (CFP) budget revisions. Under RAD-PBRA, all project level capital improvements are included in the Operating Budget and are funded by:

- Current year revenues (rental income, Housing Assistance Payments (HAP), or other project income such as cell-site revenue);
- The project's Reserve for Replacement; and/or
- Other outside sources such as grants from the Federal Home Loan Bank of Des Moines or loans from Minnesota Housing.

The RAD-PBRA funding enables the PHA to maintain and improve the buildings to the high standards that the residents and public have come to expect, with the flexibility to continually evaluate the conditions at the properties and make adjustments as needs arise. This proposed budget revision represents two such adjustments. The details for both are listed below.

VALLEY HI-RISE BRICK REPAIR (Project 5). In early July 2020, staff found that repairs are needed to the exterior bricks and mortar on the Valley Hi-Rise penthouse (where the elevator hoist equipment is housed). Many of the bricks are cracked and the mortar is deteriorated. Staff retained a consultant who determined the condition was contributing to water leakage into a dwelling unit and the penthouse, especially during heavy rain and winds. The consultant provided plans and specifications for the proposed repair and a total cost estimate of \$92,000. Staff believe this estimate is reasonable for this project's scope of work.

Staff are proposing to utilize the Project's Reserve for Replacement to complete this brick repair work. Doing so will eliminate any net effect on the net operating cash flow for Project 5, and the overall consolidated operating cash flow. As explained below, there are sufficient funds available in

the Reserve for Replacement to complete this project while still fulfilling HUD's requirement to maintain an adequate reserve level to support the Project's 20-Year needs.

At the time of the RAD Conversion the Initial Deposit to Replacement Reserves for RAD-PBRA Project 5 Mt. Airy was \$7,659,000. This initial contribution was based on work items identified in the 20-Year Capital Needs Assessment, primarily the remaining exterior modernization work that was underway on the Mt Airy Family units at that point in time. Between the time the 20-Year CNA was finalized and the RAD Closing, contractors continued the modernization work thereby reducing the scope of work that needed to be completed after RAD Closing and funded by the Initial Deposit. The Initial Deposit was not adjusted prior to close as it would have required the CNA for the project be re-done. For this reason, staff believe there are sufficient funds in the Replacement Reserve to fund the recommended budget revision, and still be sufficient for the Project's 20-Year CNA.

HUD gives project owners (the PHA) two options for utilizing the Reserve for Replacement funds. The owner can request to be "reimbursed" once the work is completed, or the owner may request prior approval and receive an advance. Both require approval by HUD. Exterior brick repair is an eligible use of Replacement Reserves but was not included in the PHA's Capital Needs Assessment. After consultation with the PHA's Legal team, staff elected to request prior approval to utilize Reserve funds for this project. This pre-approval request was approved by HUD Field staff. The PHA is under no obligation to perform the work based on HUD's pre-approval but staff believe the work is necessary.

NEILL HI-RISE FIRE ALARM SYSTEM REPLACEMENT (Project 7). Staff determined that the fire alarm system at Neill Hi-Rise should be replaced because the existing fire alarm panel and auxiliary components are obsolete and have become difficult to maintain, repair, and replace. The

existing analog fire panel should be replaced with an updated digital panel, increasing operational reliability and resident safety. Based on prior alarm system replacements, staff estimated this replacement would cost \$271,000, and included sufficient budget authority for the work in the FY 2021 RAD-PBRA Operating Budget for Project 7. The budgeted amount includes \$131,000 that was listed in Exhibit D of the RAD Conversion Commitment; and that amount needs to be expended by November 1, 2020. The remaining \$140,000 is included in the Operating Budget as current year capital improvements.

Initial evaluation and design work by an external engineering firm provided a cost estimate that was much higher than what staff anticipated or included in the budget. The consultant's estimate was confirmed when the bids were opened and the low bid was \$464,700, which was \$193,700 more than budgeted. For that reason staff are recommending an Operating Budget revision for Project 7 to increase the current year capital improvements budget. The Project's Reserve for Replacement cannot be utilized to complete this work, as there are insufficient funds in this Project's Reserve. Therefore, the proposed budget revision is the only way to fund this improvement. The fire alarm replacement contract is also recommended for approval on this meeting's agenda, but it can be withdrawn if the Board does not approve this budget revision

This budget revision would result in a negative net operating cash flow (that is, a draw on operating reserves) for Project 7 of \$488,396, instead of the \$294,696 shown in the original budget for this year. The projected Project 7 Operating Reserve at the end of FY 2020 is \$1,756,651, which staff believe is adequate to support current year activity as well as the proposed budget revision. As previously noted, the Board will have the ability to transfer "excess" cash flow between projects to address any shortfalls.

In spite of the larger draw on reserves, staff are encouraged by the fact that the Agency will be able to complete this necessary life-safety work at Neill Hi-Rise, in addition to \$5,611,060 in other approved current year capital improvements, and still maintain projected overall positive cash flow across all projects. Staff believe this recommended budget revision is prudent, maintains the integrity of the 20-Year RAD Financing Plan Pro-Formas, and will further the Agency's mission by providing safe and secure housing to the residents, preserving the physical assets and maintaining the financial stability of the PHA.

Approval of the proposed budget revision would decrease the total expected net operating cash flow from \$911,424 to \$717,724, resulting in a budgeted year end reserve balance of \$12,412,813, or 4.78 months of routine expenses.

JMG/LTS/AJH/FAH

Attachments: PBRA Consolidated Revision #1 Income and Expense Statement
March 25, 2020 RAD-PBRA Operating Budget for FY 21 Board Report
Original FY 21 Original RAD-PBRA Operating Budget
Consolidated Operating 20-year Pro-Forma RAD Financing Plan

RAD - Project Based Rental Assistance - Consolidated
Proposed Income and Expense Budget (Comparative) - PROPOSED REVISION #1
For the Fiscal Year Ending March 31, 2021

	FY17 Actual Activity	FY18 Actual Activity	FY19 Actual Activity	(B) FY20 Budget Approved	FY 20 Budgeted PUM	(A) 11/30/2019 Activity	(A) FYE projected Activity	(A) Projection Adjustments	(C) FY 20 Activity Projected	(D) FY 20 Budget to Projected Variance (C - B)	(E) FY 21 Budget Proposed	FY 21 Proposed PUM	(F) FY20 Approved to FY21 Proposed Variance (E - B)		
													\$	%	
INCOME															
1) Tenant Rent	\$ 13,992,373	\$ 14,812,214	\$ 15,344,632	\$ 16,312,676	332.65	\$ 10,457,856	\$ 15,686,784	\$ -	\$ 15,686,784	\$ 374,108	\$ 15,856,780	344.47	\$ 544,104	3.6%	
2) Tenant Other	77,376	77,798	78,966	79,240	1.72	51,576	77,364	(20,000)	57,364	(21,876)	-	-	(79,240)	-100.0%	
3) Investments	-	-	2,503	-	-	(306)	(459)	-	(459)	22,500	-	0.49	22,500	N/A	
4) Cell-site	656,415	664,382	698,979	726,890	15.79	575,013	662,520	-	662,520	135,630	836,800	18.17	109,710	15.1%	
5) Other Income	338,659	402,178	404,914	376,600	8.18	303,135	454,703	-	454,703	78,103	399,250	8.67	22,650	6.0%	
6) Capital Asset Disposition	6,684	37,366	-	-	-	-	-	-	-	-	-	-	-	N/A	
7) Property Management Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	
8) Bookkeeping Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	
9) Asset Management Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	
10) Recertification Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	
11) CFP Transfer to Operations	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	
12) HUD Subsidy	11,025,323	11,034,432	11,766,948	10,656,293	231.50	7,790,621	11,685,932	-	11,685,932	1,029,639	22,952,520	498.52	12,296,227	115.4%	
12.1) Initial Deposit to Replacement Reserve	-	-	-	-	-	-	-	10,983,239	10,983,239	10,983,239	-	-	-	N/A	
12.2) RAD Overrun Commitment Exhibit D	-	-	-	-	-	-	-	2,009,350	2,009,350	2,009,350	-	-	-	N/A	
TOTAL INCOME	\$ 26,096,830	\$ 27,028,366	\$ 28,319,856	\$ 27,151,699	589.84	\$ 19,177,896	\$ 28,766,644	\$ 12,972,589	\$ 41,739,433	\$ 14,587,734	\$ 40,067,650	\$ 870.42	\$ 12,915,951	47.6%	
ADMINISTRATIVE															
13) Salaries	3,081,279	2,954,156	3,086,610	3,616,140	78.56	2,348,214	3,522,321	-	3,522,321	(93,819)	3,727,310	80.97	\$ 111,170	3.1%	
14) Legal	-	-	-	-	0.43	2,243	3,365	-	3,365	(16,645)	24,040	0.52	4,030	20.1%	
15) Staff Training	9,512	3,887	23,394	20,910	0.88	40,730	26,477	-	26,477	(14,253)	25,240	0.55	(15,490)	-38.0%	
16) Staff Travel	30,307	29,319	29,004	40,730	0.88	17,651	26,477	-	26,477	(14,253)	25,240	0.55	(15,490)	-38.0%	
17) Audit Fees	36,689	38,362	39,557	41,670	0.91	41,697	62,501	-	62,501	20,831	42,300	0.92	630	1.5%	
18) Rent	-	-	-	-	-	-	-	-	-	-	16,780	0.36	16,780	N/A	
19) Administrative Sundry	642,236	690,359	616,448	664,670	14.44	355,042	532,563	105,000	637,563	(27,107)	697,880	15.16	33,210	5.0%	
20) Property Management Fees	2,726,266	2,912,734	2,924,674	2,898,250	62.96	2,013,233	3,019,850	-	3,019,850	121,600	3,347,560	72.72	449,310	15.5%	
21) Bookkeeping Fees	349,283	349,313	346,913	347,260	7.54	231,833	347,749	-	347,749	469	460,320	10.00	113,040	32.6%	
22) Asset Management Fees	468,840	469,680	469,630	459,680	9.99	313,040	469,560	(17,760)	451,800	(7,860)	-	-	(459,680)	-100.0%	
23) Recertification Fees	-	-	-	-	-	-	-	5,328	5,328	5,328	138,100	3.00	138,100	N/A	
TOTAL ADMINISTRATIVE	\$ 7,544,412	\$ 7,446,810	\$ 7,536,229	\$ 8,088,430	175.71	\$ 5,322,923	\$ 7,984,384	\$ 92,568	\$ 8,076,952	\$ (11,478)	\$ 8,479,530	164.20	\$ 391,100	4.6%	
TENANT SERVICES															
24) Salaries	557,623	515,847	516,370	647,699	111.91	416,935	628,253	-	628,253	(19,427)	704,700	15.31	\$ 57,028	8.8%	
25) Other	122,810	111,574	121,261	133,867	23.51	51,706	77,559	56,309	133,868	1	94,586	2.05	(39,281)	-29.3%	
26) Contracts	249,611	232,712	231,795	270,940	50.03	133,622	200,433	125,000	325,433	54,493	186,630	4.05	(84,310)	-31.1%	
TOTAL TENANT SERVICES	\$ 930,044	\$ 860,132	\$ 869,427	\$ 1,052,467	185.45	\$ 604,163	\$ 906,245	\$ 181,309	\$ 1,087,554	\$ 35,067	\$ 985,916	21.41	\$ (66,571)	-6.3%	
UTILITIES															
27) Water & Sewer	1,933,877	2,016,658	1,928,606	1,944,090	330.42	1,128,944	1,693,416	175,000	1,868,416	(75,874)	1,952,700	42.42	\$ 8,610	0.4%	
28) Electricity	1,603,098	1,299,409	1,511,524	1,446,850	254.05	624,185	936,276	340,000	1,276,276	(170,572)	1,498,050	32.54	51,200	3.5%	
29) Gas	503,678	591,607	711,985	675,880	110.96	150,887	226,331	315,000	541,331	(134,549)	696,710	15.14	20,830	3.1%	
30) Fuel Oil	51,537	111,333	33,129	106,700	17.20	116,464	174,696	-	174,696	67,996	70,000	1.52	(36,700)	-34.4%	
31) Engineers Labor	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	
32) District Energy	468,512	520,976	519,373	518,760	105.22	238,569	367,853	80,000	437,853	(80,907)	530,000	11.51	11,240	2.2%	
33) Other Utilities	33,709	31,843	49,947	40,000	6.49	15,130	22,694	-	22,694	(17,306)	40,000	0.67	-	0.0%	
TOTAL UTILITIES	\$ 4,592,410	\$ 4,571,626	\$ 4,754,564	\$ 4,732,280	824.34	\$ 2,274,179	\$ 3,411,269	\$ 910,000	\$ 4,321,269	\$ (411,011)	\$ 4,787,460	104.00	\$ 55,160	1.2%	
ORDINARY MAINTENANCE															
34) Salaries	4,287,046	4,157,413	4,370,143	4,284,230	733.12	2,948,152	4,422,227.73	-	4,422,228	137,998	4,713,760	102.40	\$ 429,530	10.0%	
35) Materials	1,050,736	840,155	868,161	935,200	161.82	407,672	611,508	190,000	801,508	(133,692)	1,150,130	24.99	214,930	23.0%	
36) Contracts	2,366,910	2,340,939	2,569,709	3,002,950	525.13	1,516,625	2,274,937	815,000	3,089,937	86,987	4,206,720	91.39	1,203,770	40.1%	
TOTAL ORDINARY MAINTENANCE	\$ 7,704,692	\$ 7,338,507	\$ 7,808,013	\$ 8,222,380	1,420.07	\$ 4,872,448	\$ 7,308,672	\$ 1,005,000	\$ 8,313,672	\$ 91,292	\$ 10,070,610	218.78	\$ 1,848,230	22.5%	
PROTECTIVE SERVICES															
37) Protective Services	709,932	752,284	812,085	893,220	157	394,265	591,398	215,000	806,398	(66,822)	900,620	19.57	\$ 7,400	0.8%	
TOTAL PROTECTIVE SERVICES	\$ 709,932	\$ 752,284	\$ 812,085	\$ 893,220	157.05	\$ 394,265	\$ 591,398	\$ 215,000	\$ 806,398	\$ (66,822)	\$ 900,620	19.57	\$ 7,400	0.8%	
GENERAL															
38) Insurance	835,301	654,811	792,360	958,820	162.41	563,953	845,929	-	845,929	(112,891)	1,028,160	22.34	\$ 69,330	7.2%	
39) PILOT	732,992	726,121	831,912	846,000	143.58	823,236	1,234,854	(144,000)	1,090,854	244,854	990,690	21.52	144,690	17.1%	
40) Terminal Leave Payments	56,904	82,348	117,670	152,730	28.25	20,435	42,653	-	42,653	(110,077)	189,170	4.11	36,440	23.9%	
41) Other Post Employment Benefits	82,131	60,591	579,593	145,460	25.18	-	-	145,480	145,480	-	218,840	4.75	73,360	50.4%	
42) Parental Leave	-	-	-	-	-	8,586	9,879	-	9,879	-	-	-	-	N/A	
43) Employee Benefits	2,960,178	2,999,354	3,052,639	3,193,210	552.75	2,221,196	3,331,794	-	3,331,794	138,584	3,449,840	74.94	256,630	8.0%	
44) Collection Losses	86,290	69,015	68,544	68,580	11.93	87,674	131,511	-	131,511	62,831	90,220	1.96	21,540	31.4%	
45) Other General Expenses	2,349	1,974	89	1,000	0.14	2,016	3,024	-	3,024	2,024	-	-	(1,000)	-100.0%	
TOTAL GENERAL	\$ 4,758,146	\$ 4,794,214	\$ 5,440,906	\$ 5,365,920	922.24	\$ 3,733,096	\$ 5,599,644	\$ 1,480	\$ 5,601,124	\$ 235,204	\$ 5,966,910	129.62	\$ 600,980	11.2%	
46) TOTAL ROUTINE EXPENSES	\$ 26,237,635	\$ 25,763,573	\$ 27,221,225	\$ 28,354,717	3,684.86	\$ 17,201,076	\$ 25,801,613	\$ 2,405,357	\$ 28,206,970	\$ (147,747)	\$ 31,191,046	\$ 677.58	\$ 2,836,329	10.0%	

RAD - Project Based Rental Assistance - Consolidated
Proposed Income and Expense Budget (Comparative) - PROPOSED REVISION #1
For the Fiscal Year Ending March 31, 2021

	FY17 Actual Activity	FY18 Actual Activity	FY19 Actual Activity	(B) FY20 Budget Approved	FY 20 Budgeted PUM	(A) 11/30/2019 Activity	(A) FYE projected Activity	(A) Projection Adjustments	(C) FY 20 Activity Projected	(D) FY 20 Budget to Projected Variance (C - B)	(E) FY 21 Budget Proposed	FY 21 Proposed PUM	(F) FY20 Approved to FY21 Proposed Variance (E - B)	
													\$	%
NON-CAPITAL, NON-ROUTINE														
47) Extraordinary Maintenance	862,967	818,982	1,313,240	1,096,000	196.72	369,385	\$ 554,078	-	\$ 554,078	\$ (541,922)	-	-	\$ (1,096,000)	-100.0%
48) Casualty Losses	101,587	40,886	86,160	91,580	15.91	(49,527)	(74,290)	-	(74,290)	(165,870)	90,220	1.96	(1,360)	-1.5%
49) Project Cash Transfer (In)/Out	(520,000)	(790,000)	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL NON-CAPITAL NON-ROUTINE	\$ 444,554	\$ 69,869	\$ 1,399,400	\$ 1,187,580	212.63	\$ 319,858	\$ 479,787	\$ -	\$ 479,787	\$ (707,793)	\$ 80,220.00	1.96	\$ (1,097,360)	-92.4%
50) TOTAL OPERATING EXPENSES	\$ 26,682,188	\$ 25,833,442	\$ 28,620,624	\$ 29,542,297	3,897.49	\$ 17,520,934	\$ 26,281,400	\$ 2,405,357	\$ 28,686,757	\$ (855,540)	\$ 31,281,266	\$ 679.54	\$ 1,738,969	5.9%
51) Annual Contribution to Replacement Reserves	-	-	-	-	-	-	-	-	563,160	563,160	2,263,900	49.18	-	-
52) NET INCOME (LOSS) FROM OPERATIONS	\$ (585,358)	\$ 1,194,924	\$ (300,768)	\$ (2,390,598)	(3,307.85)	\$ 1,656,982	\$ 2,485,443	\$ 10,567,232	\$ 12,489,515	\$ 14,880,113	\$ 6,522,484		\$ 11,176,982	-467.5%
53) CAPITAL EXPENDITURES - CURRENT YEAR FUNDING														
Replacement of Equipment	-	-	-	-	-	-	-	105,000	105,000	105,000	315,000	6.84	315,000	N/A
Betterments and Additions	-	-	-	-	-	-	-	35,000	35,000	35,000	5,100,060	110.79	5,100,060	N/A
Capital Salaries	-	-	-	-	-	-	-	-	-	-	273,330	5.94	273,330	N/A
Capital Benefits	-	-	-	-	-	-	-	-	-	-	116,370	2.53	116,370	N/A
TOTAL CURRENT YEAR CAPITAL EXPENDITURES	-	-	-	-	-	-	-	140,000	140,000	140,000	5,804,760	126.10	5,804,760	N/A
54) NET OPERATING CASH FLOW	(585,358)	1,194,924	(300,768)	(2,390,598)	(51.93)	1,656,982	2,485,443	10,427,232	12,349,515	14,740,113	717,724	15.59	3,108,322	-130.0%
55) CAPITAL EXPENDITURES - REPLACEMENT RESERVE														
RAD Financing Plan	-	-	-	-	-	-	-	-	-	-	6,979,450	151.62	6,979,450	
Betterments and Additions (Other)	-	-	-	-	-	-	-	-	-	-	307,000	6.87	307,000	
TOTAL REPLACEMENT RESERVE EXPENDITURES	-	-	-	-	-	-	-	-	-	-	7,286,450	158.29	7,286,450	N/A
58) CAPITAL EXPENDITURES - OTHER FUNDING SOURCES														
RAD Conversion Commitment - Exhibit D	-	-	-	-	-	-	-	88,050	88,050	88,050	1,519,410	33.01	1,519,410	
Betterments and Additions	-	-	-	-	-	-	-	3,250,000	3,250,000	3,250,000	1,800,000	39.10	1,800,000	
TOTAL OTHER CAPITAL EXPENDITURES	-	-	-	-	-	-	-	3,338,050	3,338,050	3,338,050	3,319,410	72.11	3,319,410	N/A
NET POSITION ACTIVITY														
PRIOR YEAR														
NET INVESTMENT IN CAPITAL ASSETS (W/O WIP)	109,609,012	108,088,832	107,385,997	\$ 120,438,162					\$ 113,442,162		\$ 106,943,882			
RESTRICTED NET POSITION	12,323,563	11,686,301	12,756,982	11,212,701					9,578,103		10,950,599			
REPLACEMENT RESERVE											11,546,399			
TOTAL PRIOR YEAR NET POSITION ACTUAL / PROPOSED	\$ 121,932,575	\$ 119,775,133	\$ 120,142,980	\$ 131,650,864					\$ 123,020,266		\$ 129,440,881			
57) CFP CAPITAL ASSET CONTRIBUTION ACTUAL / ESTIMATED	5,095,126	5,430,530	18,916,984	-					-		-			
58) NON-CFP CAPITAL ASSET ACTIVITY ESTIMATED	1,131,804	664,243	1,243,513	2,707,000					3,948,940		9,124,170			
59) REPLACEMENT RESERVE ACTIVITY	-	-	-	-					-		7,286,450			
60) DEPRECIATION EXPENSE	6,667,209	6,778,858	7,108,332	6,240,000					7,195,220		7,153,460			
CURRENT YEAR PROPOSED														
61) NET INVESTMENT IN CAPITAL ASSETS (includes Depreciation, RE, BA, CFP contribution less WIP & capital loans)	\$ 108,088,832	\$ 106,864,747	\$ 120,438,162	\$ 113,442,162					\$ 106,943,882		\$ 114,401,042			
62) RESTRICTED NET POSITION	11,686,301	12,756,982	11,212,701	9,578,103					10,950,599		12,412,813			
63) REPLACEMENT RESERVE									11,546,399		6,523,849			
64) TOTAL CURRENT YEAR NET POSITION ACTUAL / PROPOSED	\$ 119,775,133	\$ 119,621,730	\$ 131,650,864	\$ 123,020,266					\$ 129,440,881		\$ 133,337,705			
65) PAYABLE CAPITAL LOANS (MHFA)		\$ 540,000												
66) FORGIVABLE CAPITAL LOANS (MHFA)	\$ 1,080,000			1,000,000					1,000,000					
65) CAPITAL LOANS (FHLBDM)				2,250,000					2,250,000		1,800,000			
65) Operating Subsidy for CFP Activities				213,000										
RESTRICTED NET POSITION	\$ 11,686,301	\$ 12,756,982	\$ 11,212,701	\$ 9,578,103					\$ 10,950,599		\$ 12,412,813			
TOTAL ROUTINE EXPENSES (no Extra-Ordinary Maintenance or Betterment & Additions)	\$ 26,237,635	\$ 25,763,573	\$ 27,221,225	\$ 28,354,717					\$ 28,206,970		\$ 31,191,046			
66) MONTHS ROUTINE EXPENSES (restricted net position compared to total routine expenses)	5.34	5.94	4.94	4.05					4.65		4.78			

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

APPROVED

FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR

REGARDING Rental Assistance Demonstration Project-
Based Rental Assistance (RAD-PBRA);
Operating Budget for the Fiscal Year Ending
March 31, 2021

DATE March 25, 2020

Staff recommends Board approval of the proposed Fiscal Year 2021 Rental Assistance Demonstration Project-Based Rental Assistance (FY 2021 RAD-PBRA) Consolidated Operating Budget consisting of eight RAD-PBRA projects, and the attached 20-Year Pro-Formas for all eight converted projects. The consolidated budget totals \$31,281,266, which is 5.9% more than the approved operating expenses for those projects in the FY 2020 Operating Budget. The proposed budget projects a positive net operating cash flow of \$911,424 from current year funding, after paying for operating expenses, the required contributions to the replacement reserves, and proposed capital improvements. Staff project the consolidated operating reserve for the eight RAD-PBRA projects at the end of FY 2021 will be \$12,606,513, which would be about 4.9 months of routine expenses.

RAD FINANCING PLAN OPERATING PRO-FORMAS; SOURCES AND USES

The RAD Financing Plan for each project that the Board approved on February 27, 2019 included the 20-Year Pro-Forma specific to each project. As staff explained at the following months' Board meetings, some elements of the projects' Financing Plans were adjusted to satisfy requests by HUD staff and the "Transaction Managers" who helped prepare the RAD applications for final HUD approval and closing. Those adjustments were reflected in the "Sources and Uses" statements attached to each RAD Conversion Commitment (RCC) approved

by the Board at the special meeting on August 14, 2019; but staff did not present new, revised Pro-Formas for Board approval at that time. To document the revisions made in the Pro-Formas after February 27, 2019, staff are recommending that the Board approve the attached, updated, Pro-Formas as part of the Operating Budget approval. These project-level Pro-Formas will guide each year's RAD-PBRA budget presentations in the future.

RAD-PBRA CONVERSION YEAR

On October 3, 2019, the PHA closed on all eight RAD-PBRA project conversion transactions totaling 3,836 units. Each project now has its own Housing Assistance Payments (HAP) contract with HUD, all effective January 1, 2020.¹ With this effective date, the PHA's "RAD Conversion Year" period will be from January 1, 2020 – December 31, 2020. Most significantly, this means the RAD-PBRA projects continue to receive funding from HUD's Office of Public and Indian Housing (PIH) during that time. Each project will receive a formula-drive share of both the Operating Fund subsidy and the Capital Fund Program (CFP) grant this year. Starting next year each project will begin receiving HAP payments from HUD based on RAD contract rents. Even though we are not currently receiving HAP funding, these eight projects began operating under HUD's Multi-family rules and regulations on January 1, 2020. Staff are utilizing this "conversion year" to continue to expand the Agency's knowledge base regarding RAD and the Multifamily PBRA operating rules and regulations. Staff are attending trainings, consulting with

¹ RAD program guidelines indicate the HAP effective date is the first of the month in the first or second month following closing which would have been November 1st or December 1st for the PHA. PHA staff requested, and HUD approved, an extended HAP effective date to January 1, 2020 to aid in successfully completing the implementation requirements for a large number of units.

the HUD Field Office staff, and consulting with other industry professionals when necessary.²

This budget includes proposed expenditures to support these activities.

CAPITAL IMPROVEMENTS

The most significant change in the FY 2021 RAD-PBRA Operating Budget is the addition of budget amounts for capital improvements on PHA-owned properties. These expenses were previously planned for in the Agency's Five-Year Action Plan and budgeted as part of the CFP grant. As shown to the Board at the February 26, 2020 meeting, staff are budgeting capital improvements from three funding sources: current year funding, replacement reserve funds, and other funding sources (shown on Lines #53, #55, and #56 on the attached budgets).

Capital expenditures from current year funding are proposed by Maintenance staff based on their internal evaluation of property improvement needs as well as recommendations from independent contractors who have been procured to evaluate major structural and mechanical systems. These projects are necessary to allow the PHA to maintain the building standards the residents and public have come to expect, but are also discretionary which allows staff to continually evaluate conditions at the properties and re-align priorities as needs arise. The Board will have the opportunity to provide guidance on establishing priorities for capital improvements that utilize current year funding.

Capital expenditures from the Replacement Reserve are based on the RAD-PBRA 20-Year Capital Needs Assessment (CNA) performed by independent contractor EMG as part of the

² The PHA is fortunate to have a fully-staffed and extremely helpful HUD Multifamily Field Office in Minneapolis. This has afforded PHA staff the opportunity to establish very beneficial "face-to-face" contact with the Field Office staff who will be helping us through this conversion year and beyond.

RAD conversion process. HUD staff have indicated they will monitor the PHA’s Replacement Reserve activity to ensure the identified work in the 20-Year CNA is adequately addressed.

Capital expenditures from other funding sources are primarily larger rehabilitation projects on major mechanical or structural systems which the PHA has secured external funding to help defray the cost. As noted in the FY 2020 – 2021 Agency Goals, staff continue to seek grants and loans to maintain and improve the PHA’s \$700 million physical plant. The FY 2021 budgeted projects are the plumbing and boiler modernization at Front Hi-Rise, and elevator modernization at Cleveland Hi-Rise.

OVERVIEW: PROPOSED RAD-PBRA OPERATING BUDGET

When the Board approves the consolidated RAD-PBRA Operating Budget it will also be approving the budgets (revenue and expense totals) for each of the eight RAD-PBRA projects (attached). The following is a summary of current year proposed revenue, expenses and net operating cash flow for each project:

PROJECT NAME	PROPOSED REVENUE	PROPOSED OPERATING EXPENSES (includes Annual Deposit to Replacement Reserve)	PROPOSED CURRENT YEAR CAPITAL EXPENSES	NET OPERATING CASH FLOW
Project 1 McDonough Homes	\$6,767,620	\$5,384,913	\$868,100	\$514,607
Project 2 Hamline Front Seal	\$4433,050	\$3,710,138	\$538,410	\$184,502
Project 3 Edgerton Iowa Wilson	\$5,408,640	\$4,532,172	\$621,360	\$255,108
Project 4 Roosevelt Homes	\$3,3361,780	\$2,986,743	\$707,250	(\$332,213)
Project 5 Mt Airy Valley	\$6,908,110	\$6,013,490	\$1,029,680	(\$135,060)
Project 6 Exchange Wabasha	\$2,622,160	\$2,193,265	\$337,410	\$91,485
Project 7 Ravoux Central Neill	\$4,677,930	\$3,896,766	\$1,075,860	(\$294,696)
Project 8 Dunedin Montreal Cleveland	\$5,888,360	\$4,827,679	\$432,990	\$627,691
TOTAL	\$40,067,650	\$33,545,166	\$5,611,060	\$911,424

In addition to current year capital improvement expenses, proposed capital improvement expenditures utilizing other funding sources are also included in this year’s proposed budget. These include items listed in Exhibit D to the RAD Conversion Commitment (RCC), items identified in the RAD Capital Needs Assessment (CNA), and items being fully or partially funded by external sources such as Minnesota Housing or Federal Home Loan Bank of Des Moines (FHLBDM) loans/grants. Here is a summary of the proposed capital expenditures from reserves, which will be in addition to the proposed current year capital expenses shown above:

CAPITAL EXPENDITURES BY PROJECT, TO BE PAID FROM RESERVES	RCC – EXHIBIT D	RAD CNA REPLACEMENT RESERVE	REPLACEMENT RESERVE - OTHER	OTHER FUNDING SOURCES	TOTALS
Project 1 McDonough Homes		\$235,310			\$235,310
Project 2 Hamline Front Seal	\$126,810	\$21,250	\$215,000 (Front HR ³)	\$1,000,000	\$1,363,060
Project 3 Edgerton Iowa Wilson	\$83,400	\$231,770			\$315,170
Project 4 Roosevelt Homes		\$152,250			\$152,250
Project 5 Mt Airy Valley	\$104,680	\$5,721,740			\$5,826,420
Project 6 Exchange Wabasha	\$304,610	\$152,750			\$457,360
Project 7 Ravoux Central Neill	\$476,860	\$121,370			\$598,230
Project 8 Dunedin Montreal Cleveland	\$423,050	\$343,010		\$800,000	\$1,566,060
TOTALS	\$1,519,410	\$6,979,450	\$215,000	\$1,800,000	\$10,513,860
Proposed Current Year Capital Expenses					\$5,611,060
TOTAL CAPITAL EXPENSES					\$16,124,920

³ Shifting the HAP effective dates from November 1, 2019 to January 1, 2020 resulted in the PHA having \$1,602,239 more in 2019 CFP grant funds before the closing, which had not been committed to the Initial Deposits to Replacement Reserves (IDRRs). The “extra” funds were added to the Replacement Reserve for Project 2 for Front Hi-Rise plumbing replacements.

The proposed RAD-PBRA Operating Budgets are based on an Operating Fund subsidy from HUD of \$11,399,423 after an estimated prorated reduction of 3.26%. This is based on guidance from HUD, and current proration levels being applied to monthly subsidy payments. The operating subsidy is \$743,130 more than the PHA budgeted in FY 2020. Last year's LIPH budget was based on proration factor of 90.0%.

HUD announced the Capital Fund Program awards to housing agencies on February 14, 2020 and posted the "funding by project" report shortly thereafter. The PHA's total CFP grant is \$12,510,526. Approximately \$11,141,338 of that amount will be distributed to the RAD-PBRA projects, and the balance will go to AMP 9 and the duplexes that were in AMPs 7 and 8. (As of April 1, 2020 the 58 duplexes will be officially merged into AMP 9.)

The combined funding from Operating Fund subsidy and the Capital Fund Program award is shown in Line #12 – HUD Subsidy in the attached Income and Expense Budget documents.

The FY 2021 RAD-PBRA consolidated Operating Budget is projecting a net operating cash flow of \$911,424. As discussed in prior meetings, the Board will have the opportunity to make decisions about the use of any net operating cash flows, including transfers among projects or the COCC, creating additional capital reserves within the projects, or building in reserves for debt service for future affordable housing development opportunities.

EXPLANATION OF FY 2020 PROJECTED USE OF OPERATING RESERVES:

Staff's most recent financial projections indicate there may be a combined draw on operating reserves for these eight PBRA projects of \$503,074 at the end of FY 2020, which is much more favorable than the projected draw on operating reserves of \$2,390,598 shown in the FY 2020

budget. The lower actual draw on reserves in FY 2020 is due to a combination of higher revenues (+\$1.54 million) and lower expenses (approximately -\$300,000) during the year. The increase in revenue is due almost exclusively to three factors (Column D, Lines #1, #4, and #12):

- **Tenant rental income** is higher than budgeted by approximately \$374,108, totaling \$15,686,784;
- **Operating Fund subsidy** from HUD is more than budgeted by approximately \$1,029,639, totaling \$11,685,932; and
- **Cell-site revenue** is more than budgeted by \$135,630, totaling \$862,520.

The following expense line items contributed significantly to the projected reduction in expenses (approximately \$300,000):

- **Utilities expenses:** \$411,011 less than budgeted. (Line #27-33, Column D) Water/sewer expenses were \$287,453 below the budgeted amount, with smaller variances in most other line items.
- **Extraordinary Maintenance:** \$544,922 less than budgeted. (Line #47, Column D) Extraordinary Maintenance expenses were reclassified as either routine maintenance or capital improvements to more closely align these expenses with Generally Accepted Accounting Principles (GAAP).
- **Annual Contribution to Replacement Reserves:** \$563,160 more than budgeted (Line #50, Column D) The required annual contribution to replacement reserves was not budgeted in the FY 2020 Operating Budget as it was not required in the LIPH program. Due to the RAD-PBRA conversion, this contribution was required effective January 1, 2020.

REPLACEMENT RESERVE

As required by Rental Assistance Demonstration (RAD) program rules, the PHA will maintain a Replacement Reserve for each RAD-PBRA project. As part of the RAD Financing Plan, an Initial Deposit to Replacement Reserve (IDRR) was calculated (Line #12.1 on the attached budget documents) based on the 20-year Capital Needs Assessment (CNA) prepared by independent contractor EMG. We used most of the 2019 Capital Fund Program award to fund the IDRR, which enabled the PHA to complete a “no-debt” RAD conversion. In addition to the

IDRR, the Annual Deposit to Replacement Reserve (ADRR) amount required to fully fund the assessed project needs for the duration of the 20-year HAP contract was determined (Line #51 on the attached budget documents). The ADRR is a per-unit per-year amount and is subject annual Operating Cost Adjustment Factor (OCAF) increases in order to ensure the PHA’s annual contributions are sufficient over time to address the project’s needs.

As mentioned above, most of the 2019 CFP award was used to fund the IDRR. Shortly before the closing date, staff received HUD approval to place the remaining 2019 CFP amount, less the amount authorized by the Board to be utilized for improvements on the PHA’s scattered site properties, into Project 2 – Hamline Front Seal. Staff anticipate utilizing these funds in conjunction with other outside funds to complete the plumbing modernization project at Front Hi-Rise. A portion of that project is included in this year’s budget.

The initial contributions and first year funding of the Replacement Reserves are as follows:

CONTRIBUTIONS TO RESERVES BY PROJECT	INITIAL DEPOSIT TO REPLACEMENT RESERVE (IDRR)	SUPPLEMENTAL DEPOSIT TO REPLACEMENT RESERVE	FY 2021 ANNUAL DEPOSIT TO REPLACEMENT RESERVE (ADRR)	TOTAL FUNDING OF REPLACEMENT RESERVES
Project 1 McDonough Homes	\$250,000		\$356,980	\$606,980
Project 2 Hamline Front Seal	\$170,000	\$1,602,239	\$243,970	\$2,016,209
Project 3 Edgerton Iowa Wilson	\$415,000		\$527,990	\$942,990
Project 4 Roosevelt Homes	\$135,000		\$209,000	\$344,000
Project 5 Mt Airy Valley	\$7,659,000		\$337,200	\$7,996,200
Project 6 Exchange Wabasha	\$337,000		\$145,320	\$482,320
Project 7 Ravoux Central Neill	\$115,000		\$163,530	\$278,530
Project 8 Dunedin Montreal Cleveland	\$300,000		\$279,910	\$579,910
TOTAL	\$9,381,000	\$1,602,239	\$2,263,900	\$13,247,139

PROPOSED REVENUE:

The proposed FY 2021 budget projects RAD-PBRA operating revenues of \$40,067,650, an increase of \$12,915,951 (47.6%) from \$27,151,699 in the FY 2020 budget approved by the Board on March 27, 2019. As explained below, this large apparent revenue increase results almost entirely from the previously-separate Capital Fund Program grants being included in the Operating Budget during the “RAD Conversion Year”. Details of the revenue sources and amounts (Column E) are as follows:

1. Dwelling Rental Income (Line #1) for FY 2021 is projected to increase from \$15,312,676 to \$15,856,780 or \$544,104 (3.6%) above the FY 2020 budget. This increase is based on actual tenant revenue projections for FY 2020.
2. Tenant Other (Line #2) will decrease from \$79,240 to \$0. This budget line item refers to the surcharge for additional electric usage when hi-rise residents had a personal air conditioner or standalone freezer in their unit. This is no longer an eligible charge to residents under RAD-PBRA, but the initial RAD contract rents were adjusted to compensate for this so there is no net revenue loss to the Agency.
3. Interest on General Fund Investments (Line #3) is projected to increase from \$0 to \$22,500. In prior year’s budgets, investment income was not budgeted at the project level. With the conversion to RAD-PBRA, each project will now have three reserve accounts and interest earned on these accounts must be maintained at the project level. This is a conservative estimate; staff will continue to pursue the most beneficial investment opportunities to maximize each project’s earning potential.
4. Cell-Site Revenue (Line #4) for FY 2021 is projected to increase from \$726,890 to \$836,600 (15.1%). This increase is based on actual amounts received with the yearly annual increase applied.
5. Other Income (Line #5) is projected to increase from \$376,600 to \$399,250 (6.0%). Other income includes non-dwelling space rental agreements, rebates, revenue from laundry equipment, and sales and service charges to tenants.

6. HUD Subsidy (Line #12) is projected to increase by \$12,296,227 (115.4%), from \$10,656,293 to \$22,952,520, due almost entirely to the addition of Capital Fund Program grants to the Operating Budget during the “RAD Conversion Year”. The combined subsidy from HUD this year will be approximately equal to the amounts received from the two separate public housing sources (Operating Fund Program and Capital Fund Program) in the previous year.

PROPOSED EXPENDITURES:

The proposed FY 2021 RAD-PBRA Operating Budget shows total operating expenditures of \$31,281,266, which is an increase of \$1,738,969 (5.9%) from the FY 2020 budget of \$29,542,297. The proposed increases/decreases are highlighted below:

1. Administrative costs are proposed to increase overall by \$391,100 (4.8%) from \$8,088,430 to \$8,479,530. Significant changes within this category are:
 - a. Administrative Salaries (Line #13) are projected to increase by \$111,170 from \$3,616,610 to \$3,727,310 (3.1%). This increase is generated primarily by the annual salary increases in the employment agreements.
 - b. Staff Training (Line #15) is projected to increase by \$4,030 (20.1%) from \$20,010 to \$24,040. This increase is due to proposed increases in staff training to support the RAD-PBRA HUD Multifamily operational conversion efforts.
 - c. Staff Travel (Line #16) is projected to decrease by \$15,490 (-38.0%) from \$40,730 to \$25,240. This is due to decreased need to attend out-of-state trainings related to the RAD conversion. Industry groups and consultants are recognizing the need for more RAD-specific training and are offering more online training opportunities (fee-paid webinars). This reduces the need for staff to travel to out-of-state trainings.
 - d. Audit Fees (Line #17) are projected to increase by \$630 (1.5%) from \$41,670 to \$42,300. This increase is due to anticipated annual increases by audit service providers.

- e. Administrative Sundry Expenses (Line #19) are projected to increase by \$33,210 (5.0%) from \$664,670 to \$697,880. Administrative Sundry encompasses a broad category of expenses that are used for general administrative support for each project. Examples include administrative contract services, office supplies, phones, printing, advertising, and office equipment. This increase is due primarily to planned workstation improvements in the Rental Office. These improvements are designed to increase staff efficiency as well as address any ergonomic concerns with the current workstations.
2. Tenant Services costs are proposed to decrease by \$66,571 (-6.3%) as follows:
 - a. Salaries (Line #24) are projected to increase by \$57,020 from \$647,680 to \$704,700 (8.8%) due in part to the proposed increase in one Human Service Coordinator (HSC) position from 0.5 FTE (Full Time Equivalent) to 1.0 FTE, to provide adequate HSC services to Roosevelt Homes and Dunedin Terrace and Hi-Rise.
 - b. Other Expenses (Line #25) are proposed to decrease by \$39,281 from \$133,867 to \$94,586 (-29.3%). This decrease is due primarily to moving a portion of the funding paid to Resident Councils to the COCC budget. The RAD program provides for continued funding of Resident Participation Fees to the Resident Councils (capped at \$25 per unit per year). The PHA has historically provided additional funding to each Resident Council as well as the Presidents Council and Citywide Council. These additional funds are not eligible project expenses and are now supported by the COCC.
 - c. Contracts Expenses (Line #26) are proposed to decrease by \$84,310 from \$270,940 to \$186,630 (-31.1%). This decrease is due primarily to a reallocation of the expense associated with the janitorial training program, as well as a reduction in the anticipated expenses for contract services from other outside partners.
 3. Utilities costs (Lines #27 - #33) are projected to increase by \$55,180 (1.2%) compared to the FY 2020 budget. This expense category was previously determined based on HUD formulas, but is now being budgeted based on historical data using standard expense projection methods.

- a. Water and Sewer costs (Line #27) are projected to increase by \$8,610 from \$1,944,090 to \$1,952,700 (0.4%).
 - b. Electricity costs (Line #28) are projected to increase by \$51,200 from \$1,446,850 to \$1,498,050 (3.5%). The PBRA properties that are covered by the Community Solar Garden agreements (10 hi-rises) will continue to realize those savings.
 - c. Natural Gas costs (Line #29) are projected to increase by \$20,830 from \$675,880 to \$696,710 (3.1%).
 - d. Fuel Oil costs (Line #30) are projected to decrease by \$36,700 from \$106,700 to \$70,000 (-34.4%).
 - e. District Energy costs (Line #32) are projected to increase by \$11,240 from \$518,760 to \$530,000 (2.2%).
 - f. Other Utility costs (Line #33) are projected to remain stable at \$40,000. This line item is used for boiler chemicals, contractor monitoring, and testing.
4. Maintenance costs are proposed as follows:
- a. Maintenance Salaries (Line #34) are projected to increase by \$429,530 from \$4,284,230 to \$4,713,760 (10.0%).
 - b. Materials Costs (Line #35) are projected to increase by \$214,930 from \$935,000 to \$1,150,130 (23.0%). This is due primarily to the reclassification of expenses out of Extraordinary Maintenance (as explained below) into Routine Maintenance line items. This proposed budget includes funds to continue replacing worn-out commercial kitchen appliances at meal program sites (the very beneficial CHSP program), as well as replacement of hi-rise community room furniture.
 - c. Contract Costs (Line #36) are projected to increase by \$1,848,230 from \$3,002,950 to \$4,206,720 (40.1%). This increase is also due primarily to the reclassification of proposed expenses from Extraordinary Maintenance to Routine Maintenance Contracts. The most significant increases are structural contracts (\$650,000), mechanical systems (\$105,000), landscape/playgrounds (\$235,000), and trash removal (\$48,000).
5. Protective Services (Line #37) costs are proposed to increase by \$7,400 from \$893,220 to \$900,620 (0.8%). This small increase is the net result of increased off-duty police

coverage and decreased contract security officer coverage. Staff believe that off-duty police officers are more reliable and provide the extra presence needed to ensure resident safety and security.

6. General Expenses (Lines #38 - #45) are proposed to increase overall by \$600,990 (11.2%). These costs include insurance, benefits, collection loss, terminal leave payments, parental leave payments, Payment in Lieu of Taxes (PILOT), inspection fees, etc.
 - a. Insurance costs (Line #38) are projected to increase by \$69,330 (7.2%) from \$958,820 to \$1,028,150. Budgeted insurance costs (for Workers Compensation, General Liability, Property, Boilers, Fiduciary, Commercial Crime, Auto and Director and Officers) are based on information received from the PHA's insurance providers.
 - b. PILOT expenses (Line #39) are projected to increase by \$144,690 (17.1%) from \$846,000 to \$990,690. Budgeted PILOT expenses are based on actual data reported in the Financial Data Schedule as provided in the LIPH (Low Income Public Housing) subsidy calculation. Although other line items used in the subsidy calculation have been replaced with other budgeting methods, staff believes since the PILOT amount used in the subsidy calculation is based on actual PHA data and not inflated, it is valid for budgeting purposes. This will be evaluated and adjusted as needed once the PHA has fully converted to RAD-PBRA funding.
 - c. Terminal Leave Payments (Line #40) are projected to increase by \$36,440 (23.9%) from \$152,730 to \$189,170. Budgeted terminal leave payments are based on historical amounts paid to employees upon retirement.
 - d. Other Post-Employment Benefits (OPEB, Line #41) are projected to increase by \$73,360 from \$145,480 to \$218,840. OPEB expenses are calculated based on actuarial analysis and must be budgeted and accrued on a yearly basis. Recent Governmental Accounting Standards Board (GASB) guidance has changed the methodology used to determine the yearly expense which has caused the expense to increase. They are held in a designated account.

- e. Employee Benefit Contributions (Line #43) are projected to increase by \$256,630 (8.0%) from \$3,193,210 to \$3,449,840. Budgeted benefit contributions are directly related to salary activity.
 - f. Collection Loss Expense (Line #44) is projected to increase by \$21,540 (31.4%) from \$68,680 to \$90,220. Collection loss expense projections are based on historical trends with correlations between increased tenant rental revenue, increases in service charges billed to tenants and increased amounts written off as collection loss. Even with the projected increase in write-offs, the Agency's collection rate would still be well over 99%.
7. Extraordinary maintenance costs (Line #47) are no longer budgeted as a separate line item in the RAD-PBRA project operating budgets. The expenses are now budgeted as either routine maintenance or capital improvement items to more closely align the PHA's budgeted process with GAAP accounting.

SUMMARY:

The FY 2021 RAD-PBRA Operating Budget provides the spending blueprint to support the continued successful operation of PHA programs in the new, post-RAD environment and in this RAD Conversion Year. The headlines for Income, Expenses and Reserves this year include:

- a. **Income:** HUD subsidy increases by \$12,296,227 due to better Operating Fund subsidy projections and the addition of the Capital Fund Program grant for the RAD-PBRA projects.
- b. **Expenses:** The FY 2021 budget proposes an increase in total operating expenses of \$1,738,969 (5.9%). In addition, this budget proposes \$16,124,520 in total capital improvements to the PHA's existing properties. The combined operating and capital expenditures preserve and improve the physical assets while supporting activities consistent with the Agency's established goals.
- c. **Net Operating Cash Flow:** The proposed FY 2021 budget projects \$911,424 in Net Operating Cash Flow. This is a positive start; and staff intends to maintain positive cash

flows as we further develop our understanding of the new HUD Multifamily budgeting requirements.

- d. **Reserves:** Column E, Line #62 projects FY 2021 year end reserves (Restricted Net Position) at \$12,606,513, or approximately 4.9 months of routine expenses (Line #66) for the RAD-PBRA projects. Staff believes that achieving this level of reserves (the PHA's historical target reserve level) with a prudent and fiscally conservative budget, even in the RAD Conversion Year, is a significant accomplishment.

Staff believes this proposed RAD-PBRA Operating Budget will further the Agency's mission by providing needed housing and services to residents, preserving the physical assets and maintaining the financial stability of the PHA.

JMG/AJH/FAH

Attachments:

1. FY 2021 Proposed RAD-PBRA Operating Budget: RAD-Project Based Rental Assistance Proposed Income and Expense Budgets; Consolidated and Projects 1 - 8
2. Staffing (FTE) History FY 1990 – FY 2021; Table and Bar Graph
3. Rental Income History and Bar Graph
4. RAD Financing Plan Pro-Formas; Consolidated and Projects 1-8

**RAD - Project Based Rental Assistance - Consolidated
Proposed Income and Expense Budget (Comparative)
For the Fiscal Year Ending March 31, 2021**

	FY17 Actual Activity	FY18 Actual Activity	FY19 Actual Activity	(B) FY20 Budget Approved	FY 20 Budgeted PUM	(A) 11/30/2019 Activity	(A) FYE projected Activity	(A) Projection Adjustments	(C) FY 20 Activity Projected	(D) FY 20 Budget to Projected Variance (C - B)	(E) FY 21 Budget Proposed	FY 21 Proposed PUM	(F) FY20 Approved to FY21 Proposed Variance (E - B)	%
INCOME														
1) Tenant Rent	\$ 13,992,373	\$ 14,812,214	\$ 15,344,832	\$ 15,312,676	332.65	\$ 10,457,858	\$ 16,686,784	\$ -	\$ 15,686,784	\$ 374,108	\$ 15,856,780	344.47	\$ 544,104	3.5%
2) Tenant Other	77,376	77,796	78,966	79,240	1.72	61,576	77,384	(20,000)	57,384	(21,876)	-	-	(79,240)	-100.0%
3) Investments	-	-	2,503	-	-	(306)	(459)	-	(459)	(459)	22,500	0.49	22,500	N/A
4) Cell-site	656,415	664,382	698,979	726,890	15.79	575,013	862,520	-	862,520	135,830	836,600	18.17	109,710	15.1%
5) Other Income	338,659	402,178	404,914	376,600	8.18	303,135	454,703	-	454,703	78,103	399,250	8.87	22,650	6.0%
6) Capital Asset Disposition	6,684	37,366	22,914	-	-	-	-	-	-	-	-	-	-	N/A
7) Property Management Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A
8) Bookkeeping Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A
9) Asset Management Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A
10) Recertification Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A
11) CFF Transfer to Operations	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A
12) HUD Subsidy	11,025,323	11,034,432	11,766,948	10,656,293	231.50	7,790,621	11,685,932	-	11,685,932	1,029,639	22,952,520	498.62	12,296,227	115.4%
12.1) Initial Deposit to Replacement Reserve	-	-	-	-	-	-	-	10,983,239	10,983,239	-	-	-	-	N/A
12.2) RAD Conversion Commitment Exhibit D	-	-	-	-	-	-	-	2,009,350	2,009,350	-	-	-	-	N/A
TOTAL INCOME	\$ 26,096,830	\$ 27,028,368	\$ 28,319,856	\$ 27,151,899	589.84	\$ 19,177,898	\$ 28,766,844	\$ 12,972,589	\$ 41,739,433	\$ 14,567,734	\$ 40,087,650	\$ 870.42	\$ 12,915,951	47.6%
ADMINISTRATIVE														
13) Salaries	3,081,279	2,954,156	3,066,610	3,616,140	78.58	2,348,214	3,522,321	-	3,522,321	(93,819)	3,727,310	60.97	\$ 111,170	3.1%
14) Legal	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A
15) Staff Training	9,512	3,687	23,384	20,010	0.43	2,243	3,365	-	3,365	(16,645)	24,040	0.52	4,030	20.1%
16) Staff Travel	30,307	28,319	29,004	40,730	0.88	17,651	26,477	-	26,477	(14,253)	25,240	0.55	(15,490)	-39.0%
17) Audit Fees	36,689	38,362	39,557	41,870	0.91	41,667	62,501	-	62,501	20,831	42,303	0.92	630	1.5%
18) Rent	-	-	-	-	-	-	-	-	-	-	16,780	0.36	16,780	N/A
19) Administrative Sundry	842,236	690,359	816,448	664,670	14.44	355,042	637,563	105,000	637,563	(27,107)	697,690	15.18	33,210	5.0%
20) Property Management Fees	2,726,269	2,912,734	2,924,674	2,898,250	62.96	2,013,233	3,019,550	-	3,019,550	121,600	3,347,560	72.72	449,310	15.5%
21) Bookkeeping Fees	349,283	349,313	346,913	347,749	7.54	231,833	347,749	-	347,749	469	460,320	10.00	113,040	32.5%
22) Asset Management Fees	468,840	469,680	469,630	459,560	9.99	313,040	469,560	(17,760)	451,800	(7,680)	-	-	(459,680)	-100.0%
23) Recertification Fees	-	-	-	-	-	-	-	5,328	5,328	-	138,100	3.00	138,100	N/A
TOTAL ADMINISTRATIVE	\$ 7,544,412	\$ 7,446,810	\$ 7,536,229	\$ 8,086,430	175.71	\$ 5,322,923	\$ 7,984,384	\$ 92,569	\$ 8,076,952	\$ (11,478)	\$ 8,479,630	164.20	\$ 391,100	4.8%
TENANT SERVICES														
24) Salaries	557,623	515,847	516,370	647,690	111.91	416,835	628,253	-	628,253	(19,427)	704,700	15.31	\$ 57,020	8.8%
25) Other	122,810	111,574	121,261	133,867	23.51	51,706	77,559	56,309	133,868	1	84,686	2.05	(39,281)	-29.3%
26) Contracts	249,611	232,712	231,795	270,940	50.03	133,622	202,433	-	202,433	54,493	186,630	4.05	(84,310)	-31.1%
TOTAL TENANT SERVICES	\$ 930,044	\$ 860,132	\$ 869,427	\$ 1,052,487	185.45	\$ 604,163	\$ 908,245	\$ 181,309	\$ 1,087,554	\$ 35,067	\$ 985,916	21.41	\$ (66,571)	-6.3%
UTILITIES														
27) Water & Sewer	1,933,877	2,016,658	1,928,699	1,944,090	330.42	1,126,944	1,693,418	175,000	1,868,416	(75,674)	1,852,700	42.42	\$ 8,610	0.4%
28) Electricity	1,603,098	1,299,409	1,511,524	1,446,850	254.05	624,185	936,276	340,000	1,276,276	(170,572)	1,496,050	32.54	51,203	3.5%
29) Gas	503,678	591,607	711,965	675,890	110.98	541,331	228,331	315,000	541,331	(134,549)	696,710	15.14	20,830	3.1%
30) Fuel Oil	51,537	111,333	33,129	106,700	17.20	116,464	174,696	-	174,696	67,996	70,000	1.52	(36,700)	-34.4%
31) Engineers Labor	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A
32) District Energy	466,512	520,976	519,373	516,790	105.22	238,569	357,853	80,000	437,853	(80,907)	530,000	11.51	11,240	2.2%
33) Other Utilities	33,709	31,843	49,947	40,000	6.49	15,130	22,694	-	22,694	(17,306)	40,000	0.87	-	0.0%
TOTAL UTILITIES	\$ 4,592,410	\$ 4,571,628	\$ 4,754,564	\$ 4,732,280	824.34	\$ 2,274,179	\$ 3,411,269	\$ 910,000	\$ 4,321,269	\$ (411,011)	\$ 4,787,460	104.00	\$ 55,160	1.2%
ORDINARY MAINTENANCE														
34) Salaries	4,287,046	4,157,413	4,370,143	4,284,230	733.12	2,948,152	4,422,227.73	-	4,422,228	137,998	4,713,760	102.40	\$ 429,530	10.0%
35) Materials	1,050,736	840,155	868,161	935,200	161.82	407,672	611,508	190,000	801,508	(133,682)	1,150,130	24.99	214,930	23.0%
36) Contracts	2,366,910	2,340,939	2,569,709	3,002,950	525.13	1,516,625	2,274,937	815,000	3,069,937	86,987	4,206,720	91.39	1,203,770	40.1%
TOTAL ORDINARY MAINTENANCE	\$ 7,704,692	\$ 7,338,507	\$ 7,808,013	\$ 8,222,380	1,420.07	\$ 4,872,448	\$ 7,308,672	\$ 1,005,000	\$ 8,313,672	\$ 91,292	\$ 10,070,610	218.78	\$ 1,848,230	22.6%
PROTECTIVE SERVICES														
37) Protective Services	709,932	752,284	812,065	893,220	157	394,265	591,398	215,000	806,398	(86,822)	900,620	19.57	\$ 7,400	0.8%
TOTAL PROTECTIVE SERVICES	\$ 709,932	\$ 752,284	\$ 812,065	\$ 893,220	157.05	\$ 394,265	\$ 591,398	\$ 215,000	\$ 806,398	\$ (86,822)	\$ 900,620	19.57	\$ 7,400	0.8%
GENERAL														
38) Insurance	835,301	854,811	792,360	958,820	162.41	563,953	845,929	-	845,929	(112,891)	1,028,150	22.34	\$ 69,330	7.2%
39) PILOT	732,992	726,121	831,912	946,000	143.58	829,236	1,234,854	(144,000)	1,090,854	244,654	990,690	21.52	144,690	17.1%
40) Terminal Leave Payments	56,904	82,348	117,670	152,730	26.25	26,435	42,653	-	42,653	(110,077)	189,170	4.11	36,440	23.8%
41) Other Post Employment Benefits	82,131	60,591	579,593	145,480	25.18	-	-	145,480	145,480	-	218,840	4.75	73,350	50.4%
42) Parental Leave	-	-	-	-	-	-	6,586	-	6,586	9,879	-	-	-	N/A
43) Employee Benefits	2,960,178	2,999,354	3,052,639	3,193,210	552.75	2,221,196	3,331,794	-	3,331,794	138,684	3,449,840	74.94	256,630	8.0%
44) Collection Losses	86,250	69,015	66,644	87,674	11.93	87,674	131,511	-	131,511	62,831	90,220	1.96	21,540	31.4%
45) Other General Expenses	2,349	1,974	89	1,000	0.14	2,016	3,024	-	3,024	2,024	-	-	(1,000)	-100.0%
TOTAL GENERAL	\$ 4,796,146	\$ 4,784,214	\$ 5,440,906	\$ 5,365,920	922.24	\$ 3,733,096	\$ 5,599,844	\$ 1,480	\$ 5,601,124	\$ 235,204	\$ 5,969,910	129.62	\$ 600,990	11.2%
46) TOTAL ROUTINE EXPENSES	\$ 26,237,835	\$ 25,763,573	\$ 27,221,225	\$ 28,354,717	3,684.86	\$ 17,201,076	\$ 25,801,613	\$ 2,405,357	\$ 28,206,970	\$ (147,747)	\$ 31,191,046	\$ 677.58	\$ 2,836,329	10.0%

**RAD - Project Based Rental Assistance - Consolidated
Proposed Income and Expense Budget (Comparative)
For the Fiscal Year Ending March 31, 2021**

	FY17 Actual Activity	FY18 Actual Activity	FY19 Actual Activity	(B) FY20 Budget Approved	FY 20 Budgeted PUM	(A) 11/30/2019 Activity	(A) FYE projected Activity	(A) Projection Adjustments	(C) FY 20 Activity Projected	(D) FY 20 Budget to Projected Variance (C - B)	(E) FY 21 Budget Proposed	FY 21 Proposed PUM	(F) FY20 Approved to FY21 Proposed Variance (E - B)	
													\$	%
NON-CAPITAL NON-ROUTINE														
47) Extraordinary Maintenance	862,967	818,982	1,313,240	1,096,000	196.72	369,385	\$ 554,078	-	\$ 554,078	\$ (541,922)	-	-	\$ (1,096,000)	-100.0%
48) Casualty Losses	101,597	40,886	66,160	91,590	15.91	(49,527)	(74,290)	-	(74,290)	(165,870)	90,220	1.96	(1,360)	-1.5%
49) Project Cash Transfer (In)/Out	(520,000)	(790,000)	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL NON-CAPITAL NON-ROUTINE	\$ 444,564	\$ 69,868	\$ 1,399,400	\$ 1,187,590	212.63	\$ 319,858	\$ 479,787	\$ -	\$ 479,787	\$ (707,793)	\$ 90,220.00	\$ 1.96	\$ (1,097,360)	-92.4%
50) TOTAL OPERATING EXPENSES	\$ 28,682,180	\$ 25,633,442	\$ 28,620,624	\$ 29,542,297	3,897.49	\$ 17,520,934	\$ 26,281,400	\$ 2,405,357	\$ 26,686,767	\$ (655,540)	\$ 31,281,286	\$ 679.54	\$ 1,738,968	5.9%
51) Annual Contribution to Replacement Reserves	-	-	-	-	-	-	-	-	563,160	563,160	2,263,900	49.18	-	-
52) NET INCOME (LOSS) FROM OPERATIONS	\$ (585,358)	\$ 1,194,924	\$ (300,768)	\$ (2,390,598)	(3,307.65)	\$ 1,658,962	\$ 2,485,443	\$ 10,567,232	\$ 12,489,515	\$ 14,880,113	\$ 6,522,484		\$ 11,178,982	-467.6%
53) CAPITAL EXPENDITURES - CURRENT YEAR FUNDING														
Replacement of Equipment	-	-	-	-	-	-	-	105,000	105,000	105,000	315,000	6.84	315,000	N/A
Betterments and Additions	-	-	-	-	-	-	-	35,000	35,000	35,000	4,906,360	106.59	4,906,360	N/A
Capital Salaries	-	-	-	-	-	-	-	-	-	-	273,330	5.94	273,330	N/A
Capital Benefits	-	-	-	-	-	-	-	-	-	-	116,370	2.53	116,370	N/A
TOTAL CURRENT YEAR CAPITAL EXPENDITURES	-	-	-	-	-	-	-	140,000	140,000	140,000	5,611,060	121.89	5,611,060	N/A
54) NET OPERATING CASH FLOW	(585,358)	1,194,924	(300,768)	(2,390,598)	(51.93)	1,658,962	2,485,443	10,427,232	12,349,515	14,740,113	911,424	19.80	3,302,022	-138.1%
55) CAPITAL EXPENDITURES - REPLACEMENT RESERVE														
RAD Financing Plan	-	-	-	-	-	-	-	-	-	-	6,979,450	151.62	6,979,450	
Betterments and Additions (Other)	-	-	-	-	-	-	-	-	-	-	215,000	4.67	-	
TOTAL REPLACEMENT RESERVE EXPENDITURES	-	-	-	-	-	-	-	-	-	-	7,194,450	156.29	7,194,450	N/A
56) CAPITAL EXPENDITURES - OTHER FUNDING SOURCES														
RAD Conversion Commitment - Exhibit D	-	-	-	-	-	-	88,050	88,050	88,050	-	1,519,410	33.01	-	
Betterments and Additions	-	-	-	-	-	-	3,250,000	3,250,000	3,250,000	-	1,830,030	39.10	-	
TOTAL OTHER CAPITAL EXPENDITURES	-	-	-	-	-	-	3,338,050	3,338,050	3,338,050	-	3,319,410	72.11	3,319,410	N/A
NET POSITION ACTIVITY														
PRIOR YEAR														
NET INVESTMENT IN CAPITAL ASSETS (W/O WIP)	109,609,012	108,088,832	107,365,997	\$ 120,438,162					\$ 113,442,162		\$ 106,943,882			
RESTRICTED NET POSITION	12,323,593	11,686,301	12,756,982	11,212,701					9,578,103		10,950,599			
REPLACEMENT RESERVE	-	-	-	-					-		11,546,399			
TOTAL PRIOR YEAR NET POSITION ACTUAL / PROPOSED	\$ 121,932,675	\$ 119,775,133	\$ 120,142,980	\$ 131,650,864					\$ 123,020,266		\$ 129,440,881			
57) CFP CAPITAL ASSET CONTRIBUTION ACTUAL / ESTIMATED	5,095,126	5,430,530	16,918,984	-					-		-			
58) NON-CFP CAPITAL ASSET ACTIVITY ESTIMATED	1,131,904	684,243	1,243,513	2,707,000					3,946,940		8,930,470			
59) REPLACEMENT RESERVE ACTIVITY	-	-	-	-					-		-			
60) DEPRECIATION EXPENSE	6,867,209	6,778,858	7,108,332	6,240,000					7,195,220		7,194,450			
CURRENT YEAR PROPOSED														
61) NET INVESTMENT IN CAPITAL ASSETS (includes Depreciation, RE, BA, CFP contribution less WIP & capital loans)	\$ 108,088,832	\$ 106,864,747	\$ 120,438,162	\$ 113,442,162					\$ 106,943,882		\$ 114,115,342			
62) RESTRICTED NET POSITION	11,686,301	12,756,982	11,212,701	9,578,103					10,950,599		12,606,513			
63) REPLACEMENT RESERVE	-	-	-	-					11,546,399		6,615,849			
64) TOTAL CURRENT YEAR NET POSITION ACTUAL / PROPOSED	\$ 119,775,133	\$ 119,621,730	\$ 131,650,864	\$ 123,020,266					\$ 129,440,881		\$ 133,337,705			
65) PAYABLE CAPITAL LOANS (MHFA)	-	540,000	-	-					-		-			
66) FORGIVABLE CAPITAL LOANS (MHFA)	1,080,000	-	-	1,000,000					1,000,000		-			
65) CAPITAL LOANS (FHLBDM)	-	-	-	2,250,000					2,250,000		1,600,000			
65) Operating Subsidy for CFP Activities	-	-	-	213,000					-		-			
RESTRICTED NET POSITION	\$ 11,686,301	\$ 12,756,982	\$ 11,212,701	\$ 9,578,103					\$ 10,950,599		\$ 12,606,513			
TOTAL ROUTINE EXPENSES (no Extra-Ordinary Maintenance or Betterment & Additions)	\$ 28,237,835	\$ 25,763,673	\$ 27,221,225	\$ 26,354,717					\$ 28,206,970		\$ 31,191,046			
68) MONTHS ROUTINE EXPENSES (restricted net position compared to total routine expenses)	5.34	5.94	4.94	4.05					4.66		4.85			

**CONSOLIDATED OPERATING PRO-FORMA
RAD FINANCING PLAN**

	Year 1 2020	Year 2 2021	Year 3 2022	Year 4 2023	Year 5 2024	Year 6 2025	Year 7 2026	Year 8 2027	Year 9 2028	Year 10 2029	Year 11 2030	Year 12 2031	Year 13 2032	Year 14 2033	Year 15 2034	Year 16 2035	Year 17 2036	Year 18 2037	Year 19 2038	Year 20 2039	20 YR TOTAL	
Operating Income																						
1) Gross Potential Rent	36,467,448	37,196,797	37,940,733	38,699,546	39,473,537	40,263,007	41,068,266	41,889,631	42,727,423	43,581,972	44,453,612	45,342,684	46,249,537	47,174,528	48,118,020	49,080,380	50,061,988	51,063,228	52,084,491	53,126,180	886,063,008	
2) Vacancy Loss	(1,823,371)	(1,859,841)	(1,897,037)	(1,934,977)	(1,973,677)	(2,013,151)	(2,053,412)	(2,094,480)	(2,136,371)	(2,179,098)	(2,222,682)	(2,267,135)	(2,312,477)	(2,358,726)	(2,405,901)	(2,454,020)	(2,503,100)	(2,553,161)	(2,604,226)	(2,656,310)	(44,303,153)	
3) Other Income	177,903	177,903	177,903	177,903	177,903	177,903	177,903	177,903	177,903	177,903	177,903	177,903	177,903	177,903	177,903	177,903	177,903	177,903	177,903	177,903	3,558,060	
4) Excess Utility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5) Non Dwelling Rental	19,759	19,759	19,759	19,759	19,759	19,759	19,759	19,759	19,759	19,759	19,759	19,759	19,759	19,759	19,759	19,759	19,759	19,759	19,759	19,759	395,180	
6) Laundry Income	152,804	152,804	152,804	152,804	152,804	152,804	152,804	152,804	152,804	152,804	152,804	152,804	152,804	152,804	152,804	152,804	152,804	152,804	152,804	152,804	3,056,083	
7) Cell-Site Revenue	672,856	699,769	727,759	756,870	787,145	818,631	851,377	885,431	920,848	957,683	995,990	1,035,830	1,077,263	1,120,354	1,165,169	1,211,775	1,260,245	1,310,654	1,363,080	1,417,602	20,036,331	
8) Effective Gross Income	35,667,399	36,387,191	37,121,921	37,871,905	38,637,471	39,418,953	40,216,697	41,031,048	41,862,366	42,711,023	43,577,386	44,461,845	45,364,789	46,286,622	47,227,754	48,188,601	49,169,599	50,171,187	51,193,811	52,237,938	868,805,509	
Operating Expenses																						
9) Administrative	3,190,257	3,266,822	3,345,227	3,425,513	3,507,725	3,591,911	3,678,117	3,766,392	3,856,785	3,949,349	4,044,131	4,141,190	4,240,577	4,342,351	4,446,568	4,553,288	4,662,566	4,774,467	4,889,053	5,006,390	80,678,679	
10) Property Management	5,134,252	5,236,937	5,341,676	5,448,509	5,557,479	5,668,629	5,782,001	5,897,641	6,015,594	6,135,906	6,258,624	6,383,796	6,511,472	6,641,702	6,774,596	6,910,027	7,048,227	7,189,192	7,332,975	7,479,635	124,748,811	
11) Tenant Services	870,486	891,379	912,772	934,679	957,110	980,081	1,003,602	1,027,688	1,052,353	1,077,610	1,103,472	1,129,956	1,157,074	1,184,843	1,213,279	1,242,398	1,272,217	1,302,750	1,334,017	1,366,033	22,013,799	
12) Utilities	4,477,633	4,585,096	4,695,139	4,807,822	4,923,210	5,041,366	5,162,358	5,286,254	5,413,123	5,543,038	5,676,072	5,812,298	5,951,794	6,094,637	6,240,908	6,390,689	6,544,067	6,701,124	6,861,949	7,026,635	113,235,212	
13) Ordinary Maintenance	7,187,098	7,359,588	7,536,217	7,717,086	7,902,295	8,091,950	8,286,156	8,485,023	8,688,665	8,897,193	9,110,726	9,329,383	9,553,288	9,782,567	10,017,350	10,257,768	10,503,955	10,756,051	11,014,197	11,278,537	181,755,093	
14) Protective Services	718,068	735,302	752,950	771,022	789,526	808,475	827,877	847,747	868,092	888,925	910,259	932,105	954,475	977,382	1,000,839	1,024,860	1,049,457	1,074,643	1,100,433	1,126,843	18,159,280	
15) General Expenses	4,576,534	4,686,371	4,798,843	4,914,015	5,031,952	5,152,719	5,276,384	5,403,018	5,532,691	5,665,475	5,801,447	5,940,680	6,083,256	6,229,253	6,378,755	6,531,845	6,688,609	6,849,135	7,013,516	7,181,838	115,736,336	
16) Total Operating Expenses	26,154,328	26,761,495	27,382,824	28,018,646	28,669,297	29,335,131	30,016,495	30,713,763	31,427,303	32,157,496	32,904,731	33,669,408	34,451,936	35,252,735	36,072,235	36,910,875	37,769,098	38,647,362	39,546,140	40,465,911	656,327,209	
17) Annual Deposit to Replacement Reserve	2,252,710	2,297,764	2,343,718	2,390,592	2,438,404	2,487,171	2,536,915	2,587,655	2,639,408	2,692,197	2,746,041	2,800,962	2,856,981	2,914,121	2,972,403	3,031,852	3,092,490	3,154,338	3,217,424	3,281,773	54,734,919	
18) Net Operating Income	7,260,361	7,327,932	7,395,379	7,462,667	7,529,770	7,596,651	7,663,287	7,729,630	7,795,655	7,861,330	7,926,614	7,991,475	8,055,872	8,119,766	8,183,116	8,245,875	8,308,011	8,369,487	8,430,247	8,490,254	157,743,381	
19) Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
20) Operating Cash Flow	7,260,361	7,327,932	7,395,379	7,462,667	7,529,770	7,596,651	7,663,287	7,729,630	7,795,655	7,861,330	7,926,614	7,991,475	8,055,872	8,119,766	8,183,116	8,245,875	8,308,011	8,369,487	8,430,247	8,490,254	157,743,381	
21) Per Unit	157	158	160	161	163	164	166	167	169	170	171	173	174	176	177	178	180	181	182	184		
22) Non-Routine Expenses	531,867	544,632	557,702	571,086	584,791	598,826	613,198	627,915	642,986	658,418	674,220	690,400	706,969	723,936	741,311	759,102	777,319	795,975	815,078	834,639	13,450,370	
23) CNA Capital Expenses	7,318,212	896,733	1,997,148	1,471,304	904,186	1,335,448	2,714,739	2,506,493	1,428,111	2,366,704	1,475,964	3,674,871	1,835,756	2,162,391	1,164,818	4,568,055	2,891,882	2,956,943	1,959,609	1,878,108	47,507,475	
Capital Salaries and Benefits	300,000	307,200	314,572	322,123	329,854	337,771	345,877	354,179	362,680	371,384	380,297	389,424	398,770	408,340	418,141	428,176	438,452	448,976	459,751	470,785	7,586,752	
24) Transfer in from Replacement Reserve	7,318,212	896,733	1,997,148	1,471,304	904,186	1,335,448	2,714,739	2,506,493	1,428,111	2,366,704	1,475,964	3,674,871	1,835,756	2,162,391	1,164,818	4,568,055	2,891,882	2,956,943	1,959,609	1,878,108	47,507,475	
25) Cash Distributions Transfer In/Out	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
26) Net Cash Flow	6,428,494	6,476,100	6,523,105	6,569,458	6,615,125	6,660,054	6,704,212	6,747,536	6,789,989	6,831,528	6,872,097	6,911,651	6,950,133	6,987,490	7,023,664	7,058,597	7,092,240	7,124,536	7,155,418	7,184,830	136,706,258	
Replacement Reserve																						
Inflated Annual Needs	7,318,212	896,733	1,997,148	1,471,304	904,186	1,335,448	2,714,739	2,506,493	1,428,111	2,366,704	1,475,964	3,674,871	1,835,756	2,162,391	1,164,818	4,568,055	2,891,882	2,956,943	1,959,609	1,878,108	47,507,475	
Beginning Balance	9,381,000	4,409,308	5,854,432	6,259,546	7,241,430	8,848,062	10,088,266	10,011,324	10,192,600	11,505,823	11,946,374	13,335,915	12,595,365	13,742,543	14,631,699	16,585,601	15,215,254	15,568,014	15,921,090	17,338,115	9,381,000	
Annual Deposit	2,252,710	2,297,764	2,343,718	2,390,592	2,438,404	2,487,171	2,536,915	2,587,655	2,639,408	2,692,197	2,746,041	2,800,962	2,856,981	2,914,121	2,972,403	3,031,852	3,092,490	3,154,338	3,217,424	3,281,773	54,734,919	
Withdrawals	(7,318,212)	(896,733)	(1,997,148)	(1,471,304)	(904,186)	(1,335,448)	(2,714,739)	(2,506,493)	(1,428,111)	(2,366,704)	(1,475,964)	(3,674,871)	(1,835,756)	(2,162,391)	(1,164,818)	(4,568,055)	(2,891,882)	(2,956,943)	(1,959,609)	(1,878,108)	(47,507,475)	
Interest on Reserve	93,810	44,093	58,544	62,595	72,414	88,481	100,883	100,113	101,926	115,058	119,464	133,359	125,954	137,425	146,317	165,856	152,153	155,680	159,211	173,381	2,306,718	
Ending Balance	4,409,308	5,854,432	6,259,546	7,241,430	8,848,062	10,088,266	10,011,324	10,192,600	11,505,823	11,946,374	13,335,915	12,595,365	13,742,543	14,631,699	16,585,601	15,215,254	15,568,014	15,921,090	17,338,115	18,915,162	18,915,162	
Reserve Adequacy	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	