



# Yolo County Housing

**Lisa A. Baker, Executive Director**

147 W. Main Street  
WOODLAND, CA 95695

Woodland: (530) 662-5428  
Sacramento: (916) 444-8982  
TTY: (800) 545-1833, ext. 626

## BOARD OF COMMISSIONERS

Duane Chamberlain  
Marlene Games  
Michael H. McGowan  
Jim Provenza  
Matt Rexroad  
Helen M. Thomson  
Bernita Toney

DATE: February 18, 2010  
TO: YCH Board of Commissioners  
FROM: Lisa A. Baker, Executive Director  
PREPARED BY: Mark Stern, Finance Director  
SUBJECT: **Review Proposed Mid Year Budget Reallocation and Approve Appropriation and Allocation of Funds**

### **RECOMMENDED ACTIONS:**

That the Board of Commissioners:

1. Appropriate additional identified revenue and approve the budgeting and expenditure of the additional funds as identified in the mid year budget reallocation; and
2. Approve the expenditure of funds for line item expenses that were not included in the original budget; and
3. Authorize the Executive Director to implement the revised budget and recommendations.

### **BACKGROUND / DISCUSSION**

As part of YCH's commitment to prudent financial management, staff do a mid-year review of the annual budget to ensure that estimated revenue and expenditure assumptions remain valid through the program year. Real Estate Services Management and Staff have met with Finance staff members to discuss and review mid-year actual expenditures and revenues compared to budgeted revenues and expenditures.

During the course of this review, staff identified additional revenues that were unbudgeted in the original budget and identified where projected revenue forecasts have proven to be flawed. These revenue increases are offset by unforeseen increases in some line items or by additional originally unbudgeted items that must now be included in the budget. A summary of revenue changes include:

1. Reduced operating subsidies for Woodland and Winters;
2. Reduced rent income at each AMP;
3. Reduced Maintenance Charges to other YCH AMPs;
4. Increased income and expense for 2007 Capital Funded roofing project in Winters;
5. Increased income and expense for ARRA funded projects;
6. Increased HCV Admin Fee Revenue;

*Working together to quality provide affordable housing and community development services for all*

7. Increased Port In Admin Fee Income; and
8. ADMH and the Davis Solar Rehab Grant were omitted from the original budget.

After review of the approved budgets and considering six months of actual expenditures and current needs, staff has reallocated expenses in accordance with its line item authority as detailed in the attached worksheets and summarized below. In addition, staff is recommending that the Board approve appropriating the additional revenue and approving budget line items for previously unbudgeted expenditures from these revenues.

<b>Yolo County Housing</b>			
<b>Cost Center</b>	<b>Revenue</b>	<b>Expenses</b>	<b>Net Fund Balance</b>
<b>AMP 3 - West Sacramento</b>	909,657	820,804	88,852
<b>AMP 1 – Woodland</b>	932,343	880,837	51,506
<b>AMP 2 – Winters</b>	1,053,067	895,576	157,491
<b>HCV Operations</b>	927,000	879,721	47,279
<b>COCC</b>	1,645,732	1,586,395	59,337
<b>Cottonwood</b>	311,166	305,862	5,304
<b>Davis Solar</b>	38,320	38,310	10
<b>Total</b>	<b>5,817,285</b>	<b>5,407,505</b>	<b>409,780</b>
<b>HCV Vouchers</b>	8,304,025	8,304,025	-

<b>YOLO COUNTY HOUSING</b>						
<b>Cost Center</b>	<b>Revenue</b>		<b>Expenses</b>		<b>Net Income/Loss</b>	
	<b>Approved Budget</b>	<b>Adjusted*</b>	<b>Approved Budget</b>	<b>Adjusted*</b>	<b>Approved Projected Year End Balance</b>	<b>Adjusted Projected Year End Balance</b>
<b>AMP 3 – W. Sac.</b>	909,657	930,3577	820,804	844,951	88,852	85,405
<b>AMP 1 – Woodland</b>	932,343	912,943	880,837	881,844	51,506	31,100
<b>AMP 2 – Winters</b>	1,053,067	1,387,384	895,576	1,353,755	157,491	33,629
<b>HCV Operating</b>	927,000	979,460	879,721	969,933	47,279	9,527
<b>COCC</b>	1,645,732	1,610,313	1,435,992	1,443,992	59,337	166,321
<b>ADMH</b>		37,900		37,900		-0-
<b>Cottonwood</b>	311,166	301,590	305,862	300,924	5,304	666
<b>Esparto Country West</b>				3,764		(3,764)
<b>Davis Solar</b>	38,320	38,220	38,310	37,317	10	903
<b>Davis Solar Rehab</b>		115,111		115,111		-0-
<b>Total</b>	<b>5,817,285</b>	<b>6,313,278</b>	<b>5,407,505</b>	<b>5,989,491</b>	<b>409,780</b>	<b>323,787</b>
<b>HCV Vouchers</b>	8,304,025		8,304,025		-0-	

\* Details of changes are included on the attached Budget Adjustment Worksheets. Highlights are shown below but are not all inclusive. On the spreadsheets, net income is shown in brackets.

### **West Sacramento AMP**

The projection for West Sacramento continues to be positive with very little net change from the original budget submitted.

- **Revenue**
  - Slight increase from budgeted HUD Subsidies - \$7,000
  - Additional \$34,000 for Capital Funded revenue (for refrigerator purchase)
  - Reductions in AMP Maintenance Fee revenue and Other Income
- **Expenses**
  - **Increases:**
    - Utility rates have increased since the budget was prepared primarily for Las Casitas.
    - Maintenance Salaries increased to overtime
    - Purchased \$34,000 worth of refrigerators (received revenue to offset from Capital Fund.
    - Vehicle maintenance
    - \$1,400 Insurance Claims processing cost
    - Increase in Flood Insurance cost
    - Adding Tenant Liaison position effective 3/1/2010
  - **Decreased:**
    - Savings from budget for Maintenance Charges from other AMPS
    - Savings in Building Repairs due to late start of ARRA expenditures

### **Woodland AMP**

The Woodland AMP is projected to net \$31,000 which is under the originally budgeted projection of \$51,000. The change primarily results from reduced HUD Operating Subsidy.

- **Revenue**
  - \$10,000 Increase in Capital Fund Revenue
  - \$24,000 Decrease in HUD Operating Subsidy
  - \$5,000 Reduction in AMP Maintenance Fee Revenue
- **Expenses**
  - **Increased:**
    - Legal fees for Eviction Services

- Computer Lab Supervisor omitted from Tenant Services Salaries
- New billing method from City of Woodland allows better allocation of cost by development but costs are considerably higher than original budget for water and sewer.
- Electricity was not included in original budget
- Maintenance Salaries increased due to additional overtime cost
- Various Maintenance Supplies and Contracts
- Vehicle Maintenance
- Garbage Removal
- Adding Tenant Liaison position effective 3/1/2010
- **Decreased:**
  - Sewerage for Yolano due to change in billing method by City of Woodland
  - Electrical Supplies had an incorrect link in the original budget, reducing projected expense by \$50,000
  - Grounds Maintenance line not needed because cost is in Landscape Maintenance line item.
  - Inter-AMP charges for maintenance reduced

### **Winters AMP**

Although the HUD Operating Subsidy is significantly lower than what was included in the original budget, the AMP will continue to perform well generating income restricted to use in the LIPH Program. Winters has also had a large portion of its complex re-roofed thanks to Capital Fund Grant funds. Net income is projected to be \$34,000 for the year, down from the \$157,000 original budget.

- **Revenue**
  - \$390,000 Increase in Capital Fund revenue for roofing project
  - \$12,000 Decrease in rental income
  - \$13,000 Decrease in AMP Maintenance charged to other AMPS
  - \$32,000 Decrease in HUD Operating Subsidy
- **Expenses**
  - **Increased:**
    - MOU with the City of Winters for sewerage service and maintenance of the sewer system and lift station. MOU was completed in December effective July 1, 2009.

- Fees and Advertising related to roofing project
- Increases in Maintenance Salaries for additional overtime cost
- Adding Tenant Liaison position effective 3/1/2010
- Sewerage cost increases due to engineering services related to the State required Sewer System Maintenance Plan
- Building Repairs increased for Capital Funded roofing project
- Increased PILOT expense based on corrected allocation
- **Decreased:**
  - Admin Retirement included an incorrect link in the original budget reducing projected expense by \$5,000
  - Painting Contract Services reduced due to new painting contractor and reduced unit turnover.
- Other line items also have changes.

### **HVC Administration**

The original budget anticipated excess Admin Fee income of \$47,000 for operations during the year. Our revised projection shows an excess of only \$9,500. The reduction is primarily the result of unreimbursed cost incurred for the rescission of the payment standards change that went into effect in October.

- **Revenue:**
  - Program Administration Subsidy increase - \$50,000
  - Port In admin fees now being earned since we are no longer accepting new port in voucher holders - \$5,000
  - Reduced Fraud Income collections anticipated - \$5,700
  - Reduced interest income on the dwindling HAP Reserves
- **Expenses**
  - **Increases:**
    - Increase in Admin Salaries, FICA, Postage and Consulting Services (Temporary Labor) relating to the payment standards rescission.
    - Increase in Vehicle Maintenance to repair the HCV Inspector's YCH car
    - Increase in YCH management fee to allowable 20% of Admin Fees earned
    - Increase in Bookkeeping Fees from higher than budgeted lease up numbers

○ **Decreases:**

- Decrease in training expenses
- Elimination of Publications Expense, Equipment Purchase and Personnel Study costs
- Reduced budget for Criminal Background Checks
- Reduced Leased Equipment cost
- Reduction in Health Benefit cost

**HCV Vouchers**

Housing Assistance Payments (HAP), made on behalf of Housing Choice Voucher holders, are a direct pass through from HUD to individual landlords on behalf of eligible tenants. HAP is separate from funds earned by the YCH for administration of the program.

**COCC**

The COCC budget includes \$318,000 Capital Fund Revenue for debt service which is contingent upon receiving approval of YCH's Capital Fund Financing Plan Application. A portion of the debt service was paid in prior fiscal years. The most recent HUD correspondence indicates that approval of the CFFP is imminent but may eliminate any claim for debt service incurred before the current year. Depending on the outcome of the CFFP, COCC net income may be reduced but should still remain positive.

• **Revenue**

○ **Increases:**

- HCV Bookkeeping fees increase due to higher than budgeted lease up
- HCV Management fees increase due to charging the maximum 20% of HCV Admin Fees Earned
- City of Davis (Davis Solar Rehab Grant) was not included in the original budget
- Donation Income has been removed from Other Income to a separate line item.

○ **Decreases:**

- Maintenance Charges to AMPs revenue is trending well under budget
- Soccer League Grant was included in original budget in error

• **Expenses**

○ **Increases:**

- Travel is being increased to cover staff training in high cost areas
- The GASB 45 study was not completed until this budget year. The expense had been budgeted in 2008-2009
- Printing costs are incurred to accommodate costs associated with the YCH 2010 Calendar
- Office Equipment includes three new computers
- Admin Other - YCH incurred a taxes, penalty and interest subsequent to an EDD audit
- Personnel and RFP Advertising cost exceeded original projection
- Consulting Services is being increased for general pre-development analysis.
- Property Tax needs to be included to meet lease obligation for chiropractic office
- Electricity for the COCC offices is projected to be higher than originally budgeted due to the Payment Standard implementation and rescission projects.
- Uniforms have been separated from Maintenance Contracts where they were originally budgeted
- **Decreases:**
  - Admin and Maintenance Salaries and associated Taxes and Benefits are reduced due to delays in hiring Director of Operations & Maintenance II in addition to adjusting the allocation of the Facilities Manager
  - Soccer League expenses were included in error
  - Maintenance Charges from AMPs is under budget
  - Interest on the Davis "L" Street Property loan and Payoff of the loan were overstated in the original budget. This loan is now paid in Full.
- Several other budgeted line items have lesser increases or decreases.

### **ADMH**

The original budget did not include the ADMH houses. The attached budget adds this component to YCH's 2009-2010 Budget and includes line items as agreed to with the County of Yolo.



### **Cottonwood Meadows**

The adjusted budget continues to show positive cash flow even with higher than anticipated vacancies and no State Annuity<sup>1</sup>. The renegotiated loan agreement, although not effective for the entire year as originally projected, is primarily responsible for the positive results. First Northern Bank is commended for working so diligently to help resolve this issue.

- **Revenue**
  - Cottonwood does not qualify for a State Subsidy for 2009-2010
  - Vacancies require a decrease in budgeted rent revenue
- **Expenses**
  - **Increases:**
    - Maintenance Supplies and Maintenance Charges from AMPs are higher than budgeted
    - Debt Service Principal has been separated from the Debt Service Principal and Interest that was approved in the original budget. The original budget assumed the loan would be modified for the entire fiscal year but modification was not implemented until October therefore total loan cost will be higher than original budget.
  - **Decreases:**
    - Savings in Admin Salaries due to adjustment of payroll allocation
    - Admin Miscellaneous line item has been deleted from budget
    - Grounds Contract expense was overestimated in original budget
    - Debt Service Interest has been reduced because Debt Service Principal is being shown separately.
    - Painting and Decorating was duplicated in the original budget

### **Esparto Country West**

This component was not included in the original budget submitted. New Hope is required to make \$815 quarterly payments to Yolo County Planning for debt service. Annual weed abatement is also conducted on the Esparto lots.

### **Davis Solar Homes**

The Davis Solar program has minimal adjustments to the original approved budget. The projection shows a small net income for the year.

---

<sup>1</sup> Based on operating costs allocated to the subsidized units at Cottonwood, HCD may authorize an operating subsidy.



### **Davis Solar Rehab**

The City of Davis has granted us \$152,000 for roofing, sidewalk repairs and window replacement of the Davis Solar Homes. Work began in 2008-2009 and for the current fiscal year we have \$115,000 remaining to complete the rehab work. This project was not included in the original budget submitted.

### **FISCAL IMPACT**

- The original agency budget projected a net cash flow of \$410,000 (rounded) and this mid year reallocation projects an overall agency cash flow \$324,000 (rounded).
- The projected \$171,000 for COCC is unrestricted but is contingent on CFFP approval.
- YCH will also incur non-cash expenses for depreciation (>\$1,200,000) and accrual of the OPEB Liability of ~\$300,000 decreasing book income.
- Capitalized Grant Funded Assets will increase book income.

### **CONCLUSION**

The mid-year reallocation review reveals that our many of our original assumptions regarding revenue and expenses were less conservative than expected but also confirms that staff is able to continue to hold the line on overall costs through efficiencies even while some line items, such as utilities are increasing.

Attachment – Detail Budgets for Cost Centers