

HOUSING AUTHORITY OF THE COUNTY OF BUTTE
BOARD OF COMMISSIONERS SPECIAL MEETING

MINUTES OF June 29, 2011

Chair Lobo called the annual meeting of the Housing Authority of the County of Butte to order at 2:02 p.m.

1. ROLL CALL

Present for the Commissioners: Christine Boyle, Rebecca Graham, Clarence “Bino” Lobo, Gene McFarren and Laura Moravec.

Present for the Staff: Ed Mayer, Executive Director; Roy Peters, Deputy Executive Director; Sue Kemp, Finance Officer; Larry Guanzon, Housing Director; and Tamra Young, Executive Assistant.

Others Present: Angel McCurdy, HACB Employee/Union Representative.

2. AGENDA AMENDMENTS

None.

3. CONSENT CALENDAR

None.

4. CORRESPONDENCE

None.

5. REPORTS FROM EXECUTIVE DIRECTOR

- 5.1 Budget Discussion – The HACB is confronting challenges in development of its 2012 budget due to federal funding uncertainty and funding cutbacks. It has been determined by the Budget Review Committee that the most prudent course of action is to craft a budget incorporating “worst case scenario” for federal funding (which is a 10% cut to HUD programs), especially given that it may be six (6) to nine (9) months into the fiscal year before HACB receives funding notification from HUD. Management has refined the budget, making certain cost saving measures including: manage Chico Commons in-house utilizing existing staff; reduce travel and training budget; reduce office supply budget; and incorporate award of thirty-nine (39) Section 8 Enhanced Vouchers from Trans Pacific Gardens II for a total savings of \$108,000. This reduces the budget deficit for 2012 to approximately \$200,000 (roughly \$85,000 associated with Section 8, and \$105,000 associated with Public Housing). Executive Director Mayer requested the

Board consider to what degree, if any, the anticipated budget shortfalls could be addressed through use of Section 8 and Public Housing program reserves. Executive Director Mayer told the Board that he felt use of Public Housing and Section 8 reserves was appropriate given that the shortfall was in those two programs, that the two (2) programs had sufficient reserves to consider such action, and that it was likely that HUD would continue to attempt to fund the programs using these reserves. He also told the Board that the budget subcommittee had strongly indicated that they would not like to see salaries cut, but apply necessary cuts to the benefit package. Commissioner Boyle said that she would not like to see cuts to staff salaries or step increases, but to the fringe benefits. She also said that since the HACB benefit package is better than other public entities and private sector companies that she would like to see a reduction in the benefit package, even in the absence of a budget contraction. Commissioner Boyle provided Finance Officer Kemp with a summary table of the City of Chico's benefits. Finance Officer Kemp created a comparison sheet to HACB benefit package and provided a handout to the Board for discussion. Commissioner McFarren agreed with Ms. Boyle regarding benefit package reduction. Executive Director Mayer did not recommend making changes to the HDV benefit package because changes to the HDV had been incorporated into last years' budget. The first cost saving measure the Board agreed upon was to adjust the CalPERS look back period from 12 months to 36 months, saving \$20,000. Commissioner Moravec recommended that 50% of the budget shortfall be taken from reserves. Commissioner Moravec also recommended that employees pay 3.5% of their CalPERS premium. She said it was the Board's responsibility to ensure the agency have appropriate and comparable benefits to other public entities, but not superior benefits, and that a 3.5% employee contribution would seem fair. Commissioner Boyle recommended that the Board approve the following cost saving measures: reduce dental benefit from \$2,500/year to \$1,500/year; reduce vision benefit from 12/12/12 to 12/24/24 (exam/lenses/frames); change employee contribution from 0% to 3.5% for CalPERS retirement benefit; and change CalPERS plan to use 36 month look back for benefits for a total savings of approximately \$100,000. Ms. Boyle recommended that the other half of the projected deficit to be funded from program reserves. Mr. Mayer recommended reduction of the high vacation accrual benefits at the top level, but felt negotiation of this change should be held until next fiscal year. Mr. Mayer also recommended adding a freeze of step increases for a total savings of approximately \$137,000. He said that he felt it would be more equitable to all employees. The consensus of the Board was to accept the joint recommendations of Commissioner Boyle and Executive Director Mayer regarding both benefit cuts and reserve backfill. Both Commissioners Boyle and Moravec said that if the Union makes a counter-proposal, that they both felt strongly that cuts to CalPERS should be included due to public perception. Both Executive Director Mayer and the Board were not in favor of furloughs. Management recommended adding an Employee Assistance Program (EAP) at a cost to the HACB of \$1,900/year due to the additional benefit with minimal cost. Therefore the proposal Executive Director Mayer will be presenting to the Union, based upon Board consensus is to: add EAP; reduce dental benefit; reduce vision benefit; change employee contribution from 0% to 3.5% for CalPERS; change CalPERS plan to use 36 month look back period; and freeze step increases. This combined with approximately \$100,000 from Section 8 and Public Housing reserves would put approximately \$237,000 back into the 2012 budget.

6. MEETING OPEN FOR PUBLIC DISCUSSION

None.

7. MATTERS CONTINUED FOR DISCUSSION

None.

8. SPECIAL REPORTS

None.

9. REPORTS FROM COMMISSIONERS

None.

10. MATTERS INITIATED BY COMMISSIONERS

None.

11. EXECUTIVE SESSION

None.

12. COMMISSIONERS' CALENDAR

- **Next meeting – July 21, 2011.**

13. ADJOURNMENT

Commissioner McFarren moved that the meeting be adjourned. Commissioner Boyle seconded. The vote in favor was unanimous. The meeting was adjourned at 3:17 p.m.

Dated: June 29, 2011.

Clarence Lobo, Chair

ATTEST:

Edward S. Mayer, Secretary