



To: Board of Commissioners  
From: Katherine Harasz, Executive Director  
Subject: The Santa Clara County Housing Authority's Operating and Capital Budget for the fiscal year ending June 30, 2020

Approved

A handwritten signature in blue ink that reads "Kaitlin Henry".

Date

5/30/2019

**Recommendation**

1. Report on the Housing Authority's Two Year Annual Comparison of the FY 2019 and FY 2020 operating budgets (**Attachment A**);
2. Approve the Housing Authority's proposed Operating Budget for the fiscal year ending June 30, 2020 (FY 2020), including the revenues and expenditure of funds identified in **Attachment B**;
3. Approve the Housing Authority's proposed Capital Budget for the fiscal year ending June 30, 2020 (FY 2020), including the expenditure of funds identified in **Attachment C**;
4. Approve a delegation of authority to the Executive Director to authorize the use of additional funds to address unbudgeted expenditures of up to five percent (5%) of approved FY 2020 operating expenditures, or up to \$1.6 million, with the authority to expire August 31, 2020;
5. Approve a delegation of authority to the Executive Director to authorize the use of additional funds to address unbudgeted expenditures of up to ten percent (10%) of approved FY 2020 capital expenditures, or up to \$47,600, with the authority to expire August 31, 2020; and
6. Direct the Executive Director to continue providing the Board with quarterly reports on budget to actual operating revenues and expenditures and MTW reserves.

**Strategic Outcome**

The reports and recommended actions support our current Strategic Plan Goal V, operating in an innovative, financially responsible manner by cost-effectively performing core services, strengthening the Board's capacity to provide leadership and skillful policy guidance, monitoring federal actions to protect and advance the Housing Authority's mission, and attracting, motivating and retaining a skilled and adaptable workforce.

## **Analysis**

Before June 30 of each year, the Board of Commissioners must approve the agency's annual operating and capital budgets effective July 1, the beginning of the next fiscal year. The budget includes a projection of the coming fiscal year's operating revenues (administrative and other fees, interest, etc.) and expenditures, including salaries and benefits, consultant and service contracts, facilities, equipment and supplies.

Today's actions are limited to approval of funds to pay for our agency operations. There is limited approval of program budget expenditures included in the operating budget (explained below); most program funds (rental assistance for our voucher programs) are paid in accordance with governing program regulations. The Board approves the expenditure of program funds not mandated by program regulations (non-traditional uses of Moving to Work (**MTW**) funds, for example), or otherwise directed by a Board approved policy or delegation of authority.

## **Budget Overview**

The proposed operating budget is a balanced budget based on:

- Calendar Year (**CY**) 2019 appropriated funds for our various voucher programs;
- A conservative projection of federal funds that we anticipate receiving in CY 2020 pursuant to our MTW contracts with the Department of Housing and Urban Development (**HUD**), and other federal voucher program funds; and
- Local funds we anticipate earning from our development and asset management activities during FY 2020, as well as operating reserves for the agency's development operations as approved by the Board on May 2, 2019.

The projected operating expenses reflect that **overall operating costs are nearly eight percent (7.81%<sup>1</sup>) of our total agency revenues**, an enviable ratio for government and non-profit organizations alike.

The Housing Authority's proposed operating expenditures are \$32,072,194, which is an increase of \$608,942 over last year's budget of \$31,463,251 (**Attachment A**). This increase is primarily attributable to salary increases under our Compensation Plan, increased consultant costs for external project managers for IT projects and an increase in computer contracts to support newly installed applications (described later in this report).

## **Revenues**

### *Federal Programs*

The Housing Authority's predominant source of funds comes through our **MTW** contracts, which set forth two formulas for calculating the total amount of MTW funds that we are eligible for: one formula provides how our rental assistance or Housing

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<sup>1</sup> Budgeted Operating Expenditures are \$32,072,194; total agency revenues are projected to be \$410,607,147.

Assistance Payments (**HAP**) will be calculated, and a second formula provides how our administrative fee will be calculated<sup>2</sup>. This eligibility amount is then prorated (up or down) according to funds actually appropriated by Congress.

We recently learned that our Housing Assistance proration for CY 2019 is 99.5% of eligibility; our final proration for our CY 2019 MTW administrative fees is 79% of eligibility. For the period of January – June 2020, we are assuming a Housing Assistance proration of 98.5% and an administrative fee proration of 70%.

Why do we project CY 2020 federal revenues so conservatively? Our fiscal stability is the fiscal stability of the vulnerable families we serve. We carefully plan our operating, capital and program expenditures to avoid a repeat of the challenges resulting from the retroactive budget cut we experienced in 2013. The federal revenue landscape continues to be uncertain, and the presidential election in 2020 is expected to exacerbate disagreement over federal expenditures. In addition, the President and Congress must agree on raising the debt limit, which is expected to be reached in late summer.

The 2017 tax reform package reduced federal revenues (and lowered the value of tax credits, a primary tool for the development of desperately needed affordable housing). Increased federal spending combined with reduced federal revenues have resulted in an increased national debt, which results in higher interest payments on that debt, and those interest payments must be paid from the same discretionary funds that our program funds come from. We will continue to monitor the political outlook in Washington, D.C. and the potential for an abrupt funding decrease, and in the meantime keep our program expenditures calibrated to allow for a cushion should we experience an unexpected funding decrease in CY 2020.

While our MTW contracts provide separate funding for rental assistance versus administrative fee, as an MTW agency we have the flexibility to combine the funds and use them for authorized purposes under the 1937 Housing Act and as authorized through our HUD-approved MTW Plans (single fund flexibility). Pursuant to Board direction, the Housing Authority staff calculates MTW operating revenues by blending the program and administrative funds. We calculated revenues under a blended proration of 98.4% for the first half of the fiscal year; and 97.12% for the second half of the fiscal year, yielding an overall 97.76% proration for FY 2020. In addition, we are recommending use of an additional \$5.35 million in MTW funds to cover our proposed capital and operating costs.

In addition to MTW funds, we receive other federal funds for specialized vouchers, including Veterans Affairs Supportive Housing (**VASH**), Mainstream, Non-Elderly Disabled, Family Unification and Moderate Rehabilitation. We also receive only partial funding for our Resident Opportunities and Self Sufficiency program, formerly Family Self Sufficiency, and so we are proposing to supplement this program and staff cost with our MTW funds. Our STRIVE scholarship program is also now an eligible MTW

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<sup>2</sup> Public housing or Section 9 funds are also paid under this contract but, given that we have only four public housing units, this is an immaterial part of our budget.

expense, and so these program funds in the amount of \$50,000 are included as part of our operating budget.

### *Local Programs*

In addition to federal funds, approximately \$1.97 million in revenues will be earned through our development and asset management activities. Additionally, approximately \$1.34 million in MTW funds is needed to fully fund our asset management activities, as permitted by MTW Activity 2012-4, which allows use of MTW funds for preservation of our existing housing portfolio. The Housing Authority's Development team will rely on reserves created with the Board's May 2 action to supplement development operation expenses with non-federal funds.

### **Expenditures**

The majority of the agency's operating expenditures are the recurring cost of salaries and benefits. Our pension and Other Post Employment Benefit obligations are fully funded, meaning under required reporting standards, the funds are projected to be able to cover our current and future retiree obligations.

### *Personnel*

Our management structure has several tiers: Executive Management; Senior Management; Mid-Management; and Supervisory staff. We have an agency wide communication plan, and, because of its size and importance to the agency, the Housing Department has a complementary communications plan that applies to Housing Operations, Policy, Training and Outreach. In addition to quarterly all staff meetings, teams hold their own employee engagement activities to promote team building within functional areas as well as casual opportunities to engage across functional areas (bike to work day, hot chocolate/cider events, STRIVE scholarship reception, appreciation events, etc.).

All those who supervise staff have access to ongoing employment resources that provide training throughout the year on issues pertinent to those in the public employment sector. We also make skills-based training and an employee tuition reimbursement program available for all employee development.

Consistent with the Board's direction to the Executive Director, we have continued to refine our staffing needs to promote succession planning. We have also taken into account recent strategic planning within our Information Technology (IT) and Human Resources (HR) teams to create new positions and discontinue others. We hope to begin recruiting for an Assistant Director of Human Resources (re-positioned from the Assistant Director of Administration) in order to focus on an HR strategic plan with initiatives involving succession planning, employee engagement, recruitment, retention and staff development programs and more efficient HR practices.

This budget has a net increase of one full time employee as described below:

Deputy Executive Director of Housing: A new addition to the Executive Management team, this position will provide additional leadership for the Housing Department, both federal and local programs, and promote succession planning. Ideally, under our current structure four Assistant Directors would report to the Director of Housing. Vacancies at and below the Assistant Director level create bandwidth issues for the Director and this new position will provide additional support for the Housing Department to continue business goals.

The Bay Area job market remains as challenging as the rental market. We continue to see staff departures as employees relocate out of the Bay Area or find employment closer to their home. In FY 2019, 13 employees (6 non-represented and 8 represented staff) voluntarily resigned from the Housing Authority. There were three involuntary separations (two probationary releases and one reduction in force). We are currently recruiting for several positions that are proving difficult to fill in such a robust, yet challenging economy, including an Executive Assistant, Development Project Manager(s), an Accountant II and three Housing Policy Analysts. In addition, we currently have four Housing Programs Specialist positions open-until-filled.

### *Capital Expenditures*

A significant part of the proposed \$476,000 capital expenditures relates to our Julian Street office building (boiler replacement, etc.) and upgrading technology (Window Server upgrade, VMWare infrastructure upgrade, etc.) to allow for business resiliency by moving to a cloud platform. We have an ambitious plan to overhaul how we will handle records within all departments, to eliminate paper where practical, as well as off-site storage. This ties in again with business resiliency as well as the Board approved records retention policy.

### *Program Expenditures*

The budget also includes some planned program expenditures of our non-federal funds (Housing Authority Revenue Account, **HARA**) or of MTW funds under our single fund flexibility:

- \$119,734 in MTW funds are planned to pay for the Resident Opportunities and Self Sufficiency program, formerly Family Self Sufficiency; that only pays for part of our coordinator and LifeSTEP's services;
- \$180,000 in MTW funds are planned for housing search services, a pilot project that we intend to expand to include those that experience a termination of HAP due to failed inspections; and
- \$5,000 in HARA funds for STRIVE scholarship recipients that are residents of SCCHA properties and would not be paid from the \$50,000 MTW funds.

### **Status of Reserves**

The agency holds over \$60 million in the HARA, which are non-federal reserve funds, \$20 million of which is held to address program contingencies pursuant to the Board's policy. In 2018, the Executive Director was required to use \$5 million of these reserve

funds to address a cash shortfall resulting from HUD's cash management reconciliation error in early June. This was within the Board's delegation of authority to the Executive Director under the Cash Management and Contingency Reserve Policy; HUD has not released \$1.5 million, and we are working with HUD to address the issue.

HUD holds our MTW reserves, and we will continue to track voucher leasing expenditures so we can project and manage available reserves. HUD has proposed a change to the Annual Contributions Contracts for non-MTW housing agencies that would convert them from a contract subject to contract law to a grant agreement subject to congressional and administrative whim. If this effort is successful, we expect that HUD will seek changes to MTW agreements as well. We are always mindful that the Office of Management and Budget does not like to see unused housing reserves and MTW agencies' combined reserves attract attention.

### **New MTW Advocacy Group**

The MTW agencies have for some time represented themselves through a steering committee of MTW Executive Directors. The Steering Committee led negotiations for the extension of our MTW contracts until Congress ordered HUD to extend our agreements under their existing terms, and it has continued to help us arrive at a consensus opinion on other salient issues before HUD. Needless to say, this work is time consuming and a diversion from their own agency operations. The MTW agencies have now formed a non-profit organization under the umbrella of the Council of Large Public Housing Authorities (**CLPHA**), which will be paid for by the MTW agencies. CLPHA has long been an ally of the MTW agencies and we believe this relationship will serve our interests well.

### **Contingency**

The proposed budget is based on an estimate of the funds required and allowable to pay projected expenditures. The revenue and expense estimates and projections may vary, and so the Executive Director requests that the Board authorize the use of additional funds (Housing Authority Reserve Account, MTW or public housing proceeds where applicable) to address contingencies that may arise during the year as identified in the recommendations above. Expenditure of these contingency funds would be subject to the Board's delegation limit (currently \$150,000 per expenditure type), excepting urgent issues that do not allow time to obtain the Board's authority.

### **Conclusion**

The Housing Authority is in sound fiscal condition and able to respond to reasonable funding challenges that may present themselves during the fiscal year. The Housing Authority has adequate financial strength to meet its normal obligations, including its long term employee retiree pension and health obligations, and housing program contingencies.

### **Fiscal Impact**

The impact of this budget is described in the attached documents.

## **Attachments**

- A. Two Year Annual Comparison of the FY 2019 and FY 2020 operating budgets
- B. Operating Budget for the year ending June 30, 2020
- C. Capital Budget for the year ending June 30, 2020

ATTACHMENT A  
**SANTA CLARA COUNTY HOUSING AUTHORITY**  
**TWO YEAR COMPARISON - AGENCY WIDE**  
**PROJECTED OPERATING BUDGET FOR THE YEAR ENDING JUNE 30, 2020**

	FY19 Budget	FY20 Budget	Change \$	%	Comments
<b>INCOME</b>					
Tenant Rental Income	\$ 19,224	\$ 19,224	\$ -	0%	
Operating Subsidy	16,560	16,560	-	0%	
Building Rent	749,646	462,944	(286,702)	-38%	Building rent consists of two components (1) Depreciation; and (2) a 3 year projection of nonroutine costs to maintain the building. The decrease is due primarily to the completion of the Lobby Renovation which was budgeted and completed in FY19.
Interest Income	59,492	84,734	25,242	42%	
Compliance Administrator Fee	23,549	21,549	(2,000)	-8%	
Developer Fee	1,150,000	1,350,000	200,000	17%	The increase in Developer Fee is due to the final fee for Laurel Grove (\$200K) which is anticipated to be received during FY20. The FY20 budget also includes the \$1.15M Laurel Grove fee was not received during FY19.
Other Misc. Income	273,128	93,774	(179,354)	-66%	The decrease in Other Misc. Income is due primarily to the one-time Eden Loan Administration Fee that was budgeted and received during FY19.
Property Management Fee	258,996	310,533	51,537	20%	
Incentive Management Fee Income	25,000	-	(25,000)	-100%	
Income - Leasing & Compliance	1,008	1,020	12	1%	
Asset Management Fees	172,000	199,974	27,974	16%	
Admin Fee Earned (Main Stream)	54,394	146,943	92,549	170%	
Admin Fee Earned (HUD -VASH)	920,676	1,065,427	144,751	16%	The increase of admin fee earned in the VASH program is primarily due to: (1) 11% projected increase in total units leased and (2) an 1.5% increase in admin fee proration factor.
Admin Fee Earned - FUP	99,018	103,901	4,883	5%	
Admin Fee Earned - Non Elderly with Disabilities	9,455	9,893	438	5%	
Admin Fee - City and County	20,233,905	21,191,633	957,728	5%	The increase of admin fee earned in the MTW HCV program is primarily due to: (1) 1.2% increase in total projected units leased; and (2) increase in admin fee proration factor from 73.0% for FY2019 to 74.5% for FY2020.
FSS Coordinator Fees	346,898	346,898	-	0%	
<b>TOTAL INCOME</b>	<u>24,412,949</u>	<u>25,425,007</u>	<u>1,012,058</u>	<u>4%</u>	
<b>EXPENSE</b>					
<b>ADMINISTRATIVE:</b>					
Administrative - Salaries	15,154,045	15,871,374	717,329	5%	The increase in Administrative Salaries is primarily due to: (1) a 2.5% COLA Adjustment; and (2) Merit increases.
Admini. Salaries - FSS Coordinator	87,704	94,392	6,687	8%	
Compensated Balances-Vacation	1,014,739	1,111,362	96,623	10%	
Compensated Balances-Sick Earned	691,742	723,430	31,688	5%	
Compensated Balance - Sick Lv FSS	4,048	4,357	309	8%	
Compensated Balance - Vacation Lv FSS	7,758	8,350	592	8%	
Legal Expense - General	176,500	158,500	(18,000)	-10%	
Legal Expense - Employment	50,000	50,000	-	0%	
Staff Training Expense	253,512	272,286	18,774	7%	
Tuition Reimbursement	25,000	35,000	10,000	40%	
Business Travel Expense	83,285	73,081	(10,204)	-12%	
Automobile Insurance	2,313	2,805	492	21%	



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	FY19 Budget	FY20 Budget	Change \$	%	Comments
Other Auto Expense	3,420	1,940	(1,480)	-43%	
Staff Mileage Reimbursement	8,025	4,955	(3,070)	-38%	
Mileage Reimbursements	100	150	50	50%	
Financial Audit	109,184	100,702	(8,482)	-8%	
Accounting Fees	3,860	360	(3,500)	-91%	
Building Rent	858,296	571,594	(286,702)	-33%	Building rent consists of two components (1) Depreciation; and (2) a 3 year projection of nonroutine costs to maintain the building. The decrease from FY20 to FY19 is due primarily to the completion of the Lobby Renovation, which was budgeted and completed in FY19.
Storage Facilities	15,178	19,710	4,532	30%	
Temporary Help	158,300	225,931	67,631	43%	
Office Supplies	97,049	66,302	(30,746)	-32%	
Communication Expense	27,951	19,036	(8,915)	-32%	
Internet / Wan Expense	33,745	96,040	62,295	185%	
Postage, Handling & Freight	165,197	174,602	9,405	6%	
Office Equipment Rental	94,440	91,164	(3,276)	-3%	
Publication & Membership	71,935	86,643	14,708	20%	
Miscellaneous	751	557	(194)	-26%	
Pre-Printed Forms	27,944	28,108	164	1%	
Benefit Administrative Fee	16,600	18,250	1,650	10%	
Expendable Equipment	-	1,000	1,000	100%	
Recruitment Expense	67,693	30,950	(36,743)	-54%	
Program Promotion	162,970	243,195	80,225	49%	
Board Meeting Expense	20,000	15,000	(5,000)	-25%	
Admin. Contracts	2,169,864	2,711,324	541,460	25%	The increase in Administrative contracts is primarily due to professional services and/or implementation costs for multiple projects including the following: (1) IT infrastructure updates; (\$212K) (2) Yardi 7s and Construction module (\$355K); (3) Contract Management System (\$184K); (4) Records Routing & Retention (\$150K); (5) Emphasys/Elite upgrade (\$71K); (6) Risk Management (\$50K); and (7) Adobe e-Signature (\$40K). This increase is offset by \$1.2M of costs related to criminal background checks and projects that have been completed or delayed.
Admin Contract - Tenant Svcs-ROSS	395,827	330,000	(65,827)	-17%	
Property Management Fees	1,920	1,920	-	0%	
Scholarship Fund	28,200	55,300	27,100	96%	
Cellular Phone/Pagers	32,472	35,078	2,606	8%	
Agency Meeting Expense	17,500	18,500	1,000	6%	
Ergonomics Expense	12,000	10,000	(2,000)	-17%	
Public Notices	7,000	4,000	(3,000)	-43%	
Bank Charges	48,000	26,400	(21,600)	-45%	
Computer Expense	61,839	126,254	64,415	104%	
Software Purchases	15,824	7,500	(8,324)	-53%	
Computer Contracts	548,519	1,131,591	583,072	106%	The increase in Computer Contracts is primarily due to the following: (1) Criminal Background checks (\$216K) were previously budgeted under Administrative Contracts in FY19; (2) IT Infrastructure updates (\$150K); (3) TAP maintenance (\$126K); and (4) Annual Software Support & Maintenance Fees (\$53K).
<b>TOTAL ADMINISTRATIVE:</b>	<u>22,832,250</u>	<u>24,658,991</u>	<u>1,826,740</u>	<u>8%</u>	
<b>TENANT SERVICES:</b>					
Resident Programs	2,374	2,374	-	0%	

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**PROJECTED OPERATING BUDGET FOR THE YEAR ENDING JUNE 30, 2020**

	FY19 Budget	FY20 Budget	Change		Comments
			\$	%	
Misc. Expense	50	50	-	0%	
<b>TOTAL TENANT SERVICES:</b>	2,424	2,424	-	0%	
<b>UTILITIES:</b>					
Water	26,977	32,661	5,684	21%	
Electricity	176,717	135,154	(41,563)	-24%	
Gas	13,543	14,233	690	5%	
Sewer Fee	10,721	11,122	401	4%	
<b>TOTAL UTILITIES:</b>	227,957	193,170	(34,787)	-15%	
<b>MAINTENANCE OPERATIONS:</b>					
Appliance Parts	600	600	-	0%	
Electrical	250	250	-	0%	
Hardware	4,600	4,600	-	0%	
Miscellaneous	9,600	3,400	(6,200)	-65%	
Plumbing	500	500	-	0%	
Landscaping Materials	2,754	2,754	-	0%	
<b>TOTAL MAINTENANCE OPERATIONS:</b>	18,304	12,104	(6,200)	-34%	
<b>MAINTENANCE CONTRACTS:</b>					
Garbage Service	12,875	11,782	(1,093)	-8%	
Janitorial Contracts	77,990	95,242	17,252	22%	
Grounds Contract	203,902	138,472	(65,430)	-32%	
Automatic Door Maintenance	8,750	3,897	(4,853)	-55%	
Electrical Work	7,000	7,450	450	6%	
Electric Gates Maintenance	6,100	6,092	(8)	0%	
Elevator Service	10,740	10,936	196	2%	
Plumbing Work	6,500	5,250	(1,250)	-19%	
Fumigation	4,950	7,640	2,690	54%	
Other Maintenance Contract	62,408	89,847	27,439	44%	
Painting and Decorating	500	500	-	0%	
HVAC System	21,117	18,252	(2,865)	-14%	
<b>TOTAL MAINTENANCE CONTRACTS:</b>	422,832	395,360	(27,473)	-6%	
<b>PROTECTIVE SERVICES:</b>					
Protective Service - Materials	10,500	10,675	175	2%	
Protective Service Contracts	217,908	137,423	(80,485)	-37%	
<b>TOTAL PROTECTIVE SERVICES:</b>	228,408	148,098	(80,310)	-35%	
<b>GENERAL EXPENSES:</b>					
Commercial Package-Liability	73,683	74,193	510	1%	
Commercial Package-Casualty	53,966	53,966	-	0%	
Other Insurance	56,453	58,728	2,275	4%	

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	FY19 Budget	FY20 Budget	Change		
			\$	%	Comments
Insurance Deductible	125,000	150,000	25,000	20%	
Payment In Lieu Of Taxes	1,657	1,663	6	0%	
Benefits-Administrative	2,935,567	2,847,351	(88,216)	-3%	
Benefits- CalPERS EPMC	114,598	22,777	(91,821)	-80%	
Benefits-CalPERS ER Contribution	1,201,364	1,353,780	152,416	13%	The increase in the CalPERS ER Contribution is driven by the corresponding increase in salaries and the Employer contribution rate from 7.97% in FY19 to 8.58% in FY20.
Benefits FSS Coordinator	11,896	11,959	63	1%	
Workers Compensation Insurance	232,585	294,526	61,942	27%	
Worker Comp - FSS Coordinator	1,403	1,817	414	30%	
Payroll Taxes	1,163,877	1,203,325	39,448	3%	
Payroll Taxes FSS	7,142	7,655	513	7%	
Benefits - Retirees	427,886	413,812	(14,074)	-3%	
Interest Expense - City Of S.J	38,900	38,900	-	0%	
City License Fee	536	826	290	54%	
Adm.Fee-Port Out-City	67,000	83,712	16,712	25%	
Admin Fee - Port Out - County	730	-	(730)	-100%	
Property Tax	-	15,500	15,500	100%	
Other General Expenses	1,191,832	2,556	(1,189,276)	-100%	The decrease in Other General Expenses is primarily due to one-time relocation costs for the Race Street project. These were one-time costs approved by the BOC on October 24, 2018 and are not expected to occur during FY20.
Project Feasibility Expenses	25,000	25,000	-	0%	
<b>TOTAL GENERAL EXPENSES:</b>	<u>7,731,076</u>	<u>6,662,047</u>	<u>(1,069,029)</u>	<u>-14%</u>	
<b>TOTAL EXPENSES</b>	<u>31,463,251</u>	<u>32,072,194</u>	<u>608,942</u>	<u>2%</u>	
<b>GROSS SURPLUS</b>	<u>(7,050,303)</u>	<u>(6,647,187)</u>	<u>403,116</u>	<u>-6%</u>	
<b>INDIRECT ALLOCATIONS:</b>					
Income - Indirect General Support	9,927,485	10,467,262	539,778	5%	
Income - Facility Support	1,636,455	1,371,654	(264,801)	-16%	
Indirect General Support - Finance	3,366,686	3,689,955	323,269	10%	
Indirect General Support - Human Resources	1,300,278	1,445,878	145,600	11%	
Indirect General Support - Executive	2,324,056	1,915,517	(408,539)	-18%	
Indirect General Support - General Services	1,080,168	1,543,599	463,431	43%	
Indirect General Support - ITU	1,856,297	1,872,314	16,017	1%	
Facility Support - Main Bldg (Julian)	1,636,455	1,371,654	(264,801)	-16%	
<b>TOTAL INDIRECT ALLOCATIONS:</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0%</u>	
<b>NET SURPLUS</b>	<u>(7,050,303)</u>	<u>(6,647,187)</u>	<u>403,115</u>	<u>-6%</u>	
<b>NON-OPERATING REV/(EXPENSE):</b>					
Land Lease	146,685	146,685	-	0%	
Interest Income - Ground Lease	10,315	9,072	(1,242)	-12%	

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	FY19 Budget	FY20 Budget	Change		Comments
			\$	%	
<b>TOTAL NON-OPERATING REV/(EXPENSE):</b>	157,000	155,757	(1,242)	-1%	
<b>OPERATING SUBSIDY</b>					
Transfers In	30,497,030	30,704,983	207,953	1%	
Transfers Out	30,497,030	30,704,983	207,953	1%	
<b>TOTAL OPERATING SUBSIDY</b>	-	-	-	0%	
<b>NET INCOME (LOSS)</b>	<u>\$ (6,893,303)</u>	<u>\$ (6,491,430)</u>	<u>\$ 401,873</u>	<u>-6%</u>	

**ATTACHMENT B**  
**SANTA CLARA COUNTY HOUSING AUTHORITY**  
**PROJECTED OPERATING BUDGET SUMMARY**  
**FOR THE YEAR ENDING JUNE 30, 2020**

	HARA	Total Federal Programs	Total Local Programs	Total Indirect Departments	Total
<b>TOTAL INCOME</b>	\$ 547,268	\$ 22,901,489	\$ 1,970,250	\$ 6,000	\$ 25,425,007
<b>TOTAL EXPENSES</b>	285,536	16,363,208	3,578,533	11,844,917	32,072,194
<b>GROSS SURPLUS (DEFICIT)</b>	<u>261,732</u>	<u>6,538,281</u>	<u>(1,608,284)</u>	<u>(11,838,917)</u>	<u>(6,647,187)</u>
<b>TOTAL INDIRECT ALLOCATIONS:</b>	-	(10,586,155)	(1,252,762)	11,838,917	-
<b>NET SURPLUS (DEFICIT)</b>	<u>261,732</u>	<u>(4,047,873)</u>	<u>(2,861,046)</u>	<u>-</u>	<u>(6,647,187)</u>
<b>TOTAL NON-OPERATING REV/(EXPENSE):</b>	<u>30,685</u>	<u>125,072</u>	<u>-</u>	<u>-</u>	<u>155,757</u>
<b>OPERATING SUBSIDY</b>					
Transfers In	-	29,351,689	1,353,294	-	30,704,983
Transfers Out	292,896	30,412,087	-	-	30,704,983
<b>TOTAL OPERATING SUBSIDY</b>	<u>(292,896)</u>	<u>(1,060,398)</u>	<u>1,353,294</u>	<u>-</u>	<u>-</u>
<b>NET INCOME (LOSS) PRIOR TO RESERVES</b>	(479)	(4,983,200)	(1,507,752)	-	(6,491,430)
Use of reserves - Prior year	479	113,077	1,507,752	-	1,621,308
Use of reserves - MTW	-	4,870,122	-	-	4,870,122
<b>NET INCOME (LOSS)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>TOTAL HOUSING ASSISTANCE PAYMENT:</b>	<u>-</u>	<u>335,572,997</u>	<u>-</u>	<u>-</u>	<u>335,572,997</u>
<b>TOTAL HOUSING ASSISTANCE PAYMENT EARNED:</b>	<u>-</u>	<u>385,026,383</u>	<u>-</u>	<u>-</u>	<u>385,026,383</u>

**SANTA CLARA COUNTY HOUSING AUTHORITY**  
**SCCHA PROPOSED OPERATING BUDGET CONSOLIDATED**  
**FOR THE YEAR ENDING JUNE 30, 2020**

	HARA	Total Federal Programs	Total Local Programs	Total Indirect Departments	Total
<b>INCOME</b>					
Tenant Rental Income	\$ -	\$ 19,224	\$ -	\$ -	\$ 19,224
Operating Subsidy	-	16,560	-	-	16,560
Building Rent	462,944	-	-	-	462,944
Interest Income	84,324	410	-	-	84,734
Compliance Administrator Fee	-	-	21,549	-	21,549
Developer Fee	-	-	1,350,000	-	1,350,000
Other Misc. Income	-	600	87,174	6,000	93,774
Property Management Fee	-	-	310,533	-	310,533
Incentive Management Fee Income	-	-	-	-	-
Income - Leasing & Compliance	-	-	1,020	-	1,020
Asset Management Fees	-	-	199,974	-	199,974
Admin Fee Earned (Main Stream)	-	146,943	-	-	146,943
Admin Fee Earned (HUD -VASH)	-	1,065,427	-	-	1,065,427
Admin Fee Earned - FUP	-	103,901	-	-	103,901
Admin Fee Earned - Non Elderly with Disabilities	-	9,893	-	-	9,893
Admin Fee - City	-	6,439,146	-	-	6,439,146
Admin Fee - County	-	9,813,796	-	-	9,813,796
Admin Fee Single Fund Flexibility	-	4,938,691	-	-	4,938,691
FSS Coordinator Fees	-	346,898	-	-	346,898
<b>TOTAL INCOME</b>	<u>547,268</u>	<u>22,901,489</u>	<u>1,970,250</u>	<u>6,000</u>	<u>25,425,007</u>
<b>EXPENSE</b>					
<b>ADMINISTRATIVE:</b>					
Administrative - Salaries	-	8,385,349	2,030,438	5,455,587	15,871,374
Admini. Salaries - FSS Coordinator	-	94,392	-	-	94,392
Compensated Balances-Vacation	-	573,815	123,370	414,177	1,111,362
Compensated Balances-Sick Earned	-	382,833	92,404	248,193	723,430
Compensated Balance - Sick Lv FSS	-	4,357	-	-	4,357
Compensated Balance - Vacation Lv FSS	-	8,350	-	-	8,350
Legal Expense - General	20,000	15,500	35,000	88,000	158,500
Legal Expense - Employment	-	-	-	50,000	50,000
Staff Training Expense	-	155,538	11,992	104,756	272,286
Tuition Reimbursement	-	-	-	35,000	35,000
Business Travel Expense	-	17,196	8,100	47,785	73,081
Automobile Insurance	-	-	-	2,805	2,805
Other Auto Expense	-	-	-	1,940	1,940
Staff Mileage Reimbursement	-	705	1,700	2,550	4,955
Mileage Reimbursements	-	-	-	150	150
Financial Audit	236	89,643	10,823	-	100,702
Accounting Fees	-	360	-	-	360
Building Rent	-	-	-	571,594	571,594
Storage Facilities	-	1,990	1,998	15,722	19,710
Temporary Help	-	147,836	15,999	62,096	225,931
Office Supplies	-	33,767	2,970	29,565	66,302
Communication Expense	-	10,338	1,394	7,304	19,036
Internet / Wan Expense	-	57,004	8,655	30,381	96,040
Postage, Handling & Freight	-	146,186	400	28,016	174,602
Office Equipment Rental	-	61,447	7,006	22,711	91,164
Publication & Membership	-	-	-	86,643	86,643
Miscellaneous	-	-	-	557	557
Pre-Printed Forms	-	24,151	-	3,957	28,108
Benefit Administrative Fee	-	-	-	18,250	18,250
Expendable Equipment	-	-	-	1,000	1,000
Recruitment Expense	-	12,650	4,650	13,650	30,950
Program Promotion	20,000	120,855	-	102,340	243,195
Board Meeting Expense	-	-	-	15,000	15,000
Admin. Contracts	240,000	1,052,713	381,281	1,037,330	2,711,324
Admin Contract - Tenant Svcs-ROSS	-	330,000	-	-	330,000
Property Management Fees	-	1,920	-	-	1,920
Scholarship Fund	5,300	50,000	-	-	55,300
Cellular Phone/Pagers	-	5,618	10,090	19,370	35,078
Agency Meeting Expense	-	-	-	18,500	18,500
Ergonomics Expense	-	-	-	10,000	10,000
Public Notices	-	4,000	-	-	4,000

Bank Charges	-	26,400	-	-	26,400
Computer Expense	-	67,857	10,303	48,094	126,254
Software Purchases	-	-	7,500	-	7,500
Computer Contracts	-	601,677	28,932	500,982	1,131,591
<b>TOTAL ADMINISTRATIVE:</b>	<b>285,536</b>	<b>12,484,445</b>	<b>2,795,005</b>	<b>9,094,005</b>	<b>24,658,991</b>
<b>TENANT SERVICES:</b>					
Resident Programs	-	2,374	-	-	2,374
Misc. Expense	-	50	-	-	50
<b>TOTAL TENANT SERVICES:</b>	<b>-</b>	<b>2,424</b>	<b>-</b>	<b>-</b>	<b>2,424</b>
<b>UTILITIES:</b>					
Grounds Maintenance	-	-	-	-	-
Water	-	13,874	7,510	11,277	32,661
Electricity	-	10,271	732	124,151	135,154
Gas	-	709	-	13,524	14,233
Sewer Fee	-	10,986	136	-	11,122
<b>TOTAL UTILITIES:</b>	<b>-</b>	<b>35,840</b>	<b>8,378</b>	<b>148,952</b>	<b>193,170</b>
<b>MAINTENANCE OPERATIONS:</b>					
Appliance Parts	-	600	-	-	600
Electrical	-	250	-	-	250
Hardware	-	4,600	-	-	4,600
Miscellaneous	-	-	3,400	-	3,400
Plumbing	-	500	-	-	500
Landscaping Materials	-	2,754	-	-	2,754
<b>TOTAL MAINTENANCE OPERATIONS:</b>	<b>-</b>	<b>8,704</b>	<b>3,400</b>	<b>-</b>	<b>12,104</b>
<b>MAINTENANCE CONTRACTS:</b>					
Garbage Service	-	3,661	-	8,121	11,782
Janitorial Contracts	-	1,727	3,616	89,899	95,242
Grounds Contract	-	110,750	13,514	14,208	138,472
Automatic Door Maintenance	-	-	-	3,897	3,897
Electrical Work	-	-	-	7,450	7,450
Electric Gates Maintenance	-	-	-	6,092	6,092
Elevator Service	-	-	-	10,936	10,936
Plumbing Work	-	-	-	5,250	5,250
Fumigation	-	2,750	-	4,890	7,640
Other Maintenance Contract	-	5,000	1,200	83,647	89,847
Painting and Decorating	-	500	-	-	500
HVAC System	-	500	-	17,752	18,252
<b>TOTAL MAINTENANCE CONTRACTS:</b>	<b>-</b>	<b>124,888</b>	<b>18,330</b>	<b>252,142</b>	<b>395,360</b>
<b>PROTECTIVE SERVICES:</b>					
Protective Service - Materials	-	-	-	10,675	10,675
Protective Service Contracts	-	35,450	-	101,973	137,423
<b>TOTAL PROTECTIVE SERVICES:</b>	<b>-</b>	<b>35,450</b>	<b>-</b>	<b>112,648</b>	<b>148,098</b>
<b>GENERAL EXPENSES:</b>					
Commercial Package-Liability	-	44,756	6,974	22,463	74,193
Commercial Package-Casualty	-	-	-	53,966	53,966
Other Insurance	-	2,900	-	55,828	58,728
Insurance Deductible	-	-	-	150,000	150,000
Payment In Lieu Of Taxes	-	1,663	-	-	1,663
Benefits-Administrative	-	1,689,452	319,325	838,574	2,847,351
Benefits- CalPERS EPMC	-	-	-	22,777	22,777
Benefits-CalPERS ER Contribution	-	720,252	171,924	461,604	1,353,780
Benefits FSS Coordinator	-	11,959	-	-	11,959
Workers Compensation Insurance	-	161,013	26,743	106,770	294,526
Worker Comp - FSS Coordinator	-	1,817	-	-	1,817
Payroll Taxes	-	666,002	148,191	389,132	1,203,325
Payroll Taxes FSS	-	7,655	-	-	7,655
Benefits - Retirees	-	225,875	52,707	135,230	413,812
Interest Expense - City Of S.J	-	38,900	-	-	38,900
City License Fee	-	-	-	826	826
Adm.Fee-Port Out-City	-	83,712	-	-	83,712
Admin Fee - Port Out - County	-	-	-	-	-
Property Tax	-	15,500	-	-	15,500
Other General Expenses	-	-	2,556	-	2,556
Project Feasibility Expenses	-	-	25,000	-	25,000

<b>TOTAL GENERAL EXPENSES:</b>	-	3,671,457	753,420	2,237,170	6,662,047
<b>TOTAL EXPENSES</b>	<u>285,536</u>	<u>16,363,208</u>	<u>3,578,533</u>	<u>11,844,917</u>	<u>32,072,194</u>
<b>GROSS SURPLUS (DEFICIT)</b>	<u>261,732</u>	<u>6,538,281</u>	<u>(1,608,284)</u>	<u>(11,838,917)</u>	<u>(6,647,187)</u>
<b>INDIRECT ALLOCATIONS:</b>					
Income - Indirect General Support	-	-	-	10,467,262	10,467,262
Income - Facility Support	-	-	-	1,371,654	1,371,654
Indirect General Support - Finance	-	3,292,479	397,477	-	3,689,955
Indirect General Support - Human Resources	-	1,290,130	155,748	-	1,445,878
Indirect General Support - Executive	-	1,709,180	206,337	-	1,915,517
Indirect General Support - General Services	-	1,377,324	166,274	-	1,543,599
Indirect General Support - ITU	-	1,670,631	201,683	-	1,872,314
Facility Support - Main Bldg (Julian)	-	1,246,410	125,244	-	1,371,654
<b>TOTAL INDIRECT ALLOCATIONS:</b>	-	(10,586,155)	(1,252,762)	11,838,917	-
<b>NET SURPLUS (DEFICIT)</b>	<u>261,732</u>	<u>(4,047,873)</u>	<u>(2,861,046)</u>	<u>-</u>	<u>(6,647,187)</u>
<b>NON-OPERATING REV/(EXPENSE):</b>					
Land Lease	30,685	116,000	-	-	146,685
Interest Income - Ground Lease	-	9,072	-	-	9,072
<b>TOTAL NON-OPERATING REV/(EXPENSE):</b>	<u>30,685</u>	<u>125,072</u>	<u>-</u>	<u>-</u>	<u>155,757</u>
<b>OPERATING SUBSIDY</b>					
Transfers In	-	29,351,689	1,353,294	-	30,704,983
Transfers Out	292,896	30,412,087	-	-	30,704,983
<b>TOTAL OPERATING SUBSIDY</b>	<u>(292,896)</u>	<u>(1,060,398)</u>	<u>1,353,294</u>	<u>-</u>	<u>-</u>
<b>NET INCOME (LOSS) PRIOR TO RESERVES</b>	(479)	(4,983,200)	(1,507,752)	-	(6,491,430)
Use of reserves - Prior year	479	113,077	1,507,752	-	1,621,308
Use of reserves - MTW	-	4,870,122	-	-	4,870,122
<b>NET INCOME (LOSS)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>HOUSING ASSISTANCE PAYMENT:</b>					
HAP-Occupied- City	-	123,071,112	-	-	123,071,112
HAP Occupied (Main Stream)	-	2,346,996	-	-	2,346,996
HAP Occupied (HUD - VASH)	-	18,690,264	-	-	18,690,264
HAP - Occupied - FUP	-	2,359,756	-	-	2,359,756
HAP-Occupied Units-Non Elderly person w/disabilities	-	184,190	-	-	184,190
HAP Occupied - County	-	188,920,679	-	-	188,920,679
<b>TOTAL HOUSING ASSISTANCE PAYMENT:</b>	<u>-</u>	<u>335,572,997</u>	<u>-</u>	<u>-</u>	<u>335,572,997</u>
<b>HOUSING ASSISTANCE PAYMENT EARNED:</b>					
HAP Payments Earned (Main Stream)	-	1,994,563	-	-	1,994,563
HAP Earned (HUD - VASH)	-	18,817,215	-	-	18,817,215
HAP - Earned	-	2,298,595	-	-	2,298,595
HAP Earned - Non Elderly Persons w/Disabilities	-	157,964	-	-	157,964
Hap Earned - City	-	139,508,151	-	-	139,508,151
Hap Earned - County	-	227,188,586	-	-	227,188,586
Hap Earned - Single Fund Flexibility	-	(4,938,691)	-	-	(4,938,691)
<b>TOTAL HOUSING ASSISTANCE PAYMENT EARNED:</b>	<u>-</u>	<u>385,026,383</u>	<u>-</u>	<u>-</u>	<u>385,026,383</u>



## ATTACHMENT C

**SANTA CLARA COUNTY HOUSING AUTHORITY**  
**PROJECTED CAPITAL BUDGET**  
**FOR THE YEAR ENDING JUNE 30, 2020**

<b>Department</b>	<b>Project</b>	<b>FY20</b>
Information Technology	SQL Upgrade	\$ 46,000
Information Technology	VMWare Infrastructure Upgrade	90,000
Information Technology	Windows Server Upgrade	100,000
Facilities	Water Softener	40,000
Facilities	Boiler Replacement	100,000
<b>Total</b>		<b>\$ 476,000</b>