

**Subject:** Proposed USDA Farm Labor Budget for Fiscal Year 2017-2018. Resolution No. 16-17-23

**Background Information:** USDA Farm Labor is a subsidized housing project financed through USDA. USDA requires the Authority to submit budget proposal by August 1 of each year. The Authority staff met this requirement and await for USDA approval. The 2017-2018 Fiscal Year Budget was prepared with the following assumptions:

1. The interest rate for investment returns for all programs is .92% for fiscal year 2017-2018.
2. The inflation factor used in estimating the budget proposal is 4%.
3. Fringe Benefits - PERS expense estimate is 8%.
4. Insurance - Workers Compensation premium increased due to higher insurance rate for CHWCA.
5. Utilities – There is a proposed 25% increase in water, 8% in sewer costs and 8% in electric costs.
6. Employee benefits included employee wellness program.

The following are recaps of our Authority proposed budgets for the Fiscal Year 2017-2018 as compared to the 2016-2017 budgets.

The Total Revenue increased by \$175,584 or 7.29% due to increases in rental income and interest income. The increase in rental income is due to a proposed rent increase of 5% and a decrease in the vacancy rate. The total decrease in spending is \$61,613 or 2.62%. The decrease in expense was due decreases in fringe benefits expense, general expense and capital expense, and offset by an increase in salaries and insurance. This budget meets the \$284,800 replacement reserve requirement set by the USDA, and still anticipates an additional \$10,166 in reserves.

**Recommended Action:** After review and discussion, staff recommends the Board of Commissioners adopt the attached resolution approving the United States Department of Agriculture (USDA) Farm Labor operating budget for fiscal year 2017-2018.

**Fiscal Impact:** New Budget

**Prepared by:** Linh Luong, Director of Finance

**Attachments:**

1. Proposed fiscal year 2017-2018 operating budget
2. Proposed rental income
3. Resolution 16-17-23

FARM LABOR  
BUDGET COMPARISON  
2017 VS. 2018

LINE #	ITEM	BUDGET	BUDGET	BUDGET VS.	DIFF. &	COMMENTS
		2016-2017	2017-2018	BUDGET		
		FARM LABOR	FARM LABOR	DIFF.		
	<b>OPERATING RECEIPTS</b>					
1	DWELLING RENTALS	\$2,299,297	\$2,422,886	\$123,589	5.38%	The increase is due to a 5% rent increase and a decrease in the vacancy rate
2	INTEREST	\$6,070	\$58,065	\$51,995	856.59%	The increase is due to the increase in interest rate from .36% to .92% and an increase in the reserve amount
3	OTHER RECEIPTS	\$104,205	\$104,205	\$0	0.00%	
4	TOTAL OPERATING REC.	\$2,409,572	\$2,585,156	\$175,584	7.29%	
5	ADMIN. FEE					
6	MONITORING FEE					
7	TOTAL RECEIPTS	\$2,409,572	\$2,585,156	\$175,584	7.29%	
	<b>OPERATING EXPENDITURES</b>					
	<b>ADMINISTRATION:</b>					
8	SALARIES	\$366,930	\$383,178	\$16,248	4.43%	Increase due to COLA increases in 2016-17 & 2017-18, merit increases for the 2017-2018 fiscal year, and changes in classification from Resident Service Representative to Resident Service Coordinator position, as well as a changes in proration due to reorganization of management staff.
9	FRINGE BENEFITS	\$193,453	\$183,176	-\$10,277	-5.31%	Decrease due to reduction in employee PERS contribution and medical contribution and offset by an increase in payroll taxes
10	OTHER ADMIN. EXP.	\$60,820	\$62,560	\$1,740	2.86%	
11	TOTAL ADMIN. EXP.	\$621,203	\$628,914	\$7,711	1.24%	
	<b>UTILITIES:</b>					
12	UTILITIES	\$523,900	\$527,500	\$3,600	0.69%	
13	TOTAL UTILITIES EXP.	\$523,900	\$527,500	\$3,600	0.69%	
	<b>ORDINARY MAINTENANCE:</b>					
14	LABOR	\$320,300	\$338,690	\$18,390	5.74%	Increase due to COLA increases in 2016-17 & 2017-18, merit increases for the 2017-18 foscral year and reorganization of maintenance staff.
15	FRINGE BENEFITS	\$138,450	\$134,080	-\$4,370	-3.16%	Decrease due to reduction in employee PERS contribution and medical contribution and offset by an increase in payroll taxes
16	MATERIALS	\$109,600	\$142,100	\$32,500	29.65%	Increase in plumbing, electrical and building materials & inlcudes the purchase of 2 golf carts
17	CONTRACT COSTS	\$129,070	\$101,850	-\$27,220	-21.09%	Decrease in sewer service and tree removal
18	TOTAL ORDINARY MAINT.	\$697,420	\$716,720	\$19,300	2.77%	
	<b>GENERAL EXPENSE:</b>					
19	INSURANCE	\$137,090	\$152,473	\$15,383	11.22%	The increase is due to rate increases in Workers Compensation Insurance

FARM LABOR  
 BUDGET COMPARISON  
 2017 VS. 2018

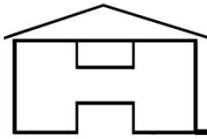
LINE #	ITEM	BUDGET	BUDGET	BUDGET VS.		COMMENTS
		2016-2017	2017-2018	BUDGET		
		FARM LABOR	FARM LABOR	DIFF.	DIFF. &	
20	PAYMENTS ON NOTES	\$253,883	\$253,883	\$0	0.00%	
21	TOTAL GENERAL EXPENSES	\$390,973	\$406,356	\$15,383	3.93%	
22	TOTAL ROUTINE EXPENSES	\$2,233,496	\$2,279,490	\$45,994	2.06%	
	NONROUTINE MAINTENANCE:					
23	EXTRAORDINARY MAINT.	\$0	\$0	\$0	0.00%	
	CAPITAL EXPENDITURES					
24	REPLACEMENT EQUIPMENT	\$0	\$0	\$0	0.00%	
25	PROPERTY BETTERMENTS	\$11,600	\$10,700	-\$900	-7.76%	One time installation of fencing at Ceres Farm Labor last fiscal year; budgeted tractor implement (backhoe attachment) for 2017-2018
26	TOTAL CAPITAL EXPEND.	\$11,600	\$10,700	-\$900	-7.76%	
27	TOTAL EXPENDITURES	\$2,245,096	\$2,290,190	\$45,094	2.01%	
28	GAIN OR LOSS	\$164,476	\$294,966	\$130,490		
29	RESERVE REQUIREMENTS	\$162,476	\$284,800	\$122,324		Increase due to USDA required increase in reserve
30		\$2,000	\$10,166			

DWELLING RENT FARM LABOR 265  
 FISCAL YEAR 10/1/2017 to 9/30/2018

# OF UNITS	BEDROOM SIZE	MONTHLY RENT	12 ANNUAL RENT	1.0500 NEW MONTHLY RENT	MONTHLY RENT INCREASE	12 NEW RENT TOTAL	2017 FMR	% OF MARKET RENT
CERES								
8	2	\$610 new	\$58,560	\$641	\$31	\$61,536	\$938	68.34%
16	3	\$708 new	\$135,936	\$743	\$35	\$142,656	\$1,340	55.45%
25	3	\$556 rehab	\$166,800	\$584	\$28	\$175,200	\$1,340	43.58%
28	3	\$496	\$166,656	\$521	\$25	\$175,056	\$1,340	38.88%
14	2	\$462	\$77,616	\$485	\$23	\$81,480	\$938	51.71%
12	4	\$550	\$79,200	\$578	\$28	\$83,232	\$1,620	35.68%
			\$684,768			\$719,160		
PATTERSON								
4	2	\$610 new	\$29,280	\$641	\$31	\$30,768	\$938	68.34%
2	3	\$708 new	\$16,992	\$743	\$35	\$17,832	\$1,340	55.45%
60	3	\$556 rehab	\$400,320	\$584	\$28	\$420,480	\$1,340	43.58%
10	3	\$556 rehab	\$66,720	\$584	\$28	\$70,080	\$1,340	43.58%
			\$513,312			\$539,160		
WESTLEY								
40	3	\$556 rehab	\$266,880	\$584	\$28	\$280,320	\$1,340	43.58%
13	2	\$501 rehab	\$78,156	\$526	\$25	\$82,056	\$938	56.08%
9	2	\$462	\$49,896	\$485	\$23	\$52,380	\$938	51.71%
1	4	\$606 rehab	\$7,272	\$636	\$30	\$7,632	\$1,620	39.26%
15	4	\$547	\$98,460	\$574	\$27	\$103,320	\$1,620	35.43%
2	3	\$708 new	\$16,992	\$743	\$35	\$17,832	\$1,340	55.45%
5	2	\$610 new	\$36,600	\$641	\$31	\$38,460	\$938	68.34%
			\$554,256			\$582,000		
20 TRAILER PADS (WESTLEY)		\$146	\$35,040	\$146		\$35,040		
TOTAL			\$1,787,376	TOTAL		\$1,875,360		
VACANCY LOSS 4.6%			\$82,219	VACANCY LOSS 4.2%		\$78,765		
NET RENT			\$1,705,157	NET RENT		\$1,796,595		

DWELLING RENT  
 FARM LABOR 91 CENTER  
 FISCAL YEAR 10/1/2017 TO 9/30/2018

# OF UNITS	BEDROOM SIZE	CURRENT MONTHLY RENT	12 ANNUAL RENT	1.0500 RENT INCREASE	RENT INC. PER UNIT	12 NEW ANNUAL RENT	2017 FMR	% OF MARKET RENT
12	1	\$482	\$69,408	\$506	\$24	\$72,864	\$726	69.70%
37	2	\$543	\$241,092	\$570	\$27	\$253,080	\$938	60.77%
31	3	\$606	\$225,432	\$636	\$30	\$236,592	\$1,340	47.46%
11	4	\$658	\$86,856	\$691	\$33	\$91,212	\$1,620	42.65%
		TOTAL RENT	\$622,788	TOTAL RENT		\$653,748		
		VACANY LOSS 4.6%	\$28,648	VACANY LOSS 4.2%		\$27,457		
91		NET RENT	\$594,140	NET RENT		\$626,291		



# Housing Authority of the County of Stanislaus

*...also serving Alpine ▪ Amador ▪ Calaveras ▪ Inyo ▪ Mariposa ▪ Mono ▪ Tuolumne Counties.*

**RESOLUTION NO. 16-17-23**  
**RESOLUTION APPROVING THE HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS**  
**PERMANENT FARM LABOR CENTERS LC- 28, 29, 30 AND 31 OPERATING**  
**BUDGET FOR FISCAL YEAR 2017-2018**

**WHEREAS**, the Housing Authority of the County of Stanislaus is administering and will continue to administer Permanent Farm Labor Housing Projects, LC-28, 29, 30 and 31, located in Ceres, Patterson, Westley and Modesto, respectively; and

**WHEREAS**, it is necessary in the operation of said program that Permanent Farm Labor Housing Projects Operating Budget, therefore, be adopted, subject to approval of the United States Department of Agriculture; and

**WHEREAS**, a budget has been prepared for said projects.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Commissioners of the Housing Authority of the County of Stanislaus, that:

1. The proposed expenditures are necessary in the efficient and economical operation of the Housing Authority for the purpose of serving low income families.
2. The financial plan is reasonable in that:
  - a. It indicates a source of funding adequate to cover all proposed expenditures.
  - b. It does not provide for funding in excess of income.
3. All proposed charges and expenditures will be consistent with provisions of State and Local law for Permanent Farm Labor.
4. The Operating Budget as herein designated be, and the same is hereby ratified, confirmed and approved.
5. Said permanent Farm Labor Operating Budget is filed in the office of the Housing Authority of the County of Stanislaus and is more particularly identified as follows:

TERM	PROGRAM	AMOUNT
10/01/2017 thru 9/30/2018	Farm Labor LC-28, 29, 30 & 31	\$2,290,190

**DULY AND REGULARLY ADOPTED** by the Board of Commissioners of the Housing Authority of the County of Stanislaus this 27<sup>th</sup> day of July 2017



On motion of Commissioner \_\_\_\_\_, seconded by Commissioner  
\_\_\_\_\_, and on the following roll call vote:

AYES:

NAYS:

ABSTAIN:

ABSENT:

Approved: \_\_\_\_\_  
Chairman

Attest: \_\_\_\_\_  
Secretary