HOUSING AUTHORITY
of the County of Los Angeles
Administrative Office
2 Coral Circle • Monterey Park, CA 91755
323.890.7001 • www.lacdc.org

Gloria Molina
Yvonne Brathwaite Burke
Zev Yaroslavsky
Don Knabe
Michael D. Antonovich
Commissioners

Carlos Jackson
Executive Director

February 15, 2005

Honorable Board of Commissioners
Housing Authority of the
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

AUTHORIZE AMENDMENT NO. 1 TO THE CONTRACT BETWEEN THE HOUSING AUTHORITY AND PHA FINANCE (ALL DISTRICTS)
(3 Vote)

IT IS RECOMMENDED THAT YOUR BOARD:

1. Authorize the Executive Director of the Housing Authority to execute Amendment No. 1 to the Contract between the Housing Authority and PHA Finance, presented in substantially final form, to increase compensation by $30,000, from $49,999 to $79,999 to be effective following approval as to form by County Counsel and execution by all parties; and Authorize the Executive Director to expand the statement of work to include implementation of anticipated U.S. Department of Housing and Urban Development (HUD) regulatory revisions relating to public housing programs.

2. Authorize the Executive Director of the Housing Authority to incorporate $30,000 in Section 8 Administrative Reserves into the Housing Authority's approved 2004-2005 Fiscal Year budget for the above purpose.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The purpose of this action is to amend the Contract between the Housing Authority and PHA Finance to expand the statement of work to ensure compliance with anticipated HUD regulatory revisions.

FISCAL IMPACT/FINANCING:

There is no impact on the County general fund. The amendment will increase the Contract amount by $30,000, from $49,999 to $79,999, using Section 8 Administrative Reserves to be incorporated into the Housing Authority's approved Fiscal Year 2004-2005 budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On October 8, 2004, the Housing Authority executed a one-year Contract with PHA Finance, under which the consultant would prepare fiscal and operational assessments, provide technical assistance, and prepare reports for public housing programs necessary due to anticipated regulatory revisions by HUD that will impact public housing programs. The assessments included preparing all HUD quarterly, semi-annual and annual accounting and financial reports, analyzing and interpreting financial statements, budgets and related accounting and financial data, and assisting the Housing Authority in preparing other appropriate reports as required by HUD, state, federal, or local authorities. The original statement of work only included fiscal and operational assessments, technical assistance and report preparation. The Housing Authority is now requesting that the statement of work be amended to include assistance in implementing the revisions.

The 1999 HUD Appropriations bill called for HUD to conduct a study on the cost of operating well-run public housing programs. After the report was issued on June 6, 2003, HUD began the process of negotiated rulemaking, which brought together the parties affected by the rule to draft the regulation collectively. The resultant Interim Final Rule was approved on June 9, 2004, and requires public housing sites to move toward site-based budgeting under a new funding formula by October 2005. Site-based budgeting requires public housing sites to operate in the same manner as private sector housing units and become self-sustaining. Currently, the Housing Authority's public housing sites are operated under centralized management, therefore, site-based budgeting will be a major change.

On December 8, 2004, HUD issued Notice 2005-1 that modified the method of calculating and distributing funds for the Section 8 Housing Choice Voucher Program. The Section 8 Program is anticipating a reduction in funding from HUD for Fiscal Year 2005. PHA Finance will also assist the Housing Authority in meeting the challenges presented by this reduction in funding, while maintaining the same level of rental assistance services to low-income families participating in the Section 8 Program.

To meet the new HUD requirements, PHA Finance will assist in the preparation of the budget for public housing at a site-based level, identify strategies to maintain Section 8 Program service levels in light of revenue reductions, and assist in implementing solutions, and preparing any appeals to HUD for public housing program needs.

The Amendment to the Contract will be effective following approval as to form by County Counsel and execution by all parties.

ENVIRONMENTAL DOCUMENTATION:

The Amendment to the Contract between the Housing Authority and PHA Finance is exempt from the provisions of the National Environmental Policy Act pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34 (a)(3) because it involves administrative activities that will not have a physical impact or result in any physical changes to the environment. The activity is not subject to the provisions of the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines 15060(c)(3) and 15378 because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

IMPACT ON CURRENT SERVICES:

The actions requested will ensure the Housing Authority's compliance with HUD's anticipated regulation revisions for public housing programs and will help the Section 8 Program better meet the challenges presented from an anticipated federal funding reduction.

Respectfully submitted,

CARLOS JACKSON
Executive Director

Attachment: 1

AMENDMENT NO. 1 TO CONTRACT

THIS AMENDMENT NO. 1 TO CONTRACT is made and entered into this _____ day of _____, _____, by and between the Housing Authority of the County of Los Angeles, hereinafter called "Authority" and PHA Finance hereinafter called "Contractor".

WITNESSETH THAT:

WHEREAS, the Authority and the Contractor previously entered into an original Contract on October 8, 2004 that included Financial Assessment, Technical Assistance, and Report Preparation for Public Housing; and

WHEREAS, it now becomes necessary to amend said Contract and both parties are desirous of such amendment.

NOW, THEREFORE, in consideration of the mutual undertakings, herein, the parties hereto agree that said Contract be amended as follows:

1. Attachment A, Statement of Work: An amended Statement of Work is attached hereto and incorporated herein, and substituted in its entirety for the previously attached Attachment A.

2. Section 4, Compensation, is amended as follows:

   4. Consultant agrees to provide the services required per fee schedule described in Attachment B on an as needed basis by the Housing Authority for a contract amount not to exceed Seventy Nine Thousand and Nine Hundred and Ninety Nine Dollars and 00/100 ($79,999.00), and the total compensation shall not exceed Seventy Nine Thousand and Nine Hundred and Ninety Nine Dollars and 00/100 ($79,999.00), which includes all related expense.

3. All other terms and conditions of this Agreement shall remain the same and in full force and effect.

IN WITNESS, WHEREOF, the Authority and the Contractor, through their duly authorized officers, have executed this Amendment as of the date first above written.

HOUSING AUTHORITY OF
THE COUNTY OF LOS ANGELES

By: _____
Executive Director

PHA FINANCE

By_____

Title _____

APPROVED AS TO FORM:
RAYMOND G. FORTNER, JR.
COUNTY COUNSEL

By _____
Deputy

AMENDED STATEMENT OF WORK

1.0 SCOPE OF WORK

1.1 General Background

The Housing Authority of the County of Los Angeles (Housing Authority) is the County's affordable housing and community development agency. The Housing Authority helps to strengthen neighborhoods, empower families, support local economics, and promote individual achievement. In order to maintain the highest level of service possible, the Housing Authority seeks consultants to efficiently prepare assessments for public housing programs. The Housing Authority at its sole discretion may add and/or delete services as needed. This Statement of Work provides the specifications and requirements for providing the required services as described below:

2.0 GENERAL REQUIREMENTS

2.1. The Consultant shall provide qualified and experienced personnel required to perform all work in accordance with the Statement of Work.

2.2. The Consultant shall prepare all statements, tables, reports, ledgers, registers, journal entries, and all other work described herein in a timely manner.

2.3. The Consultant shall submit to the appropriate Housing Authority staff all reports for review and approval prior to release.

2.4. The Consultant shall have the capability to handle any increase or decrease in services.

3.0 TECHNICAL ASSISTANCE

3.1 Attend meetings with federal, state, and county authorities upon the request of the Executive Director or designee.

3.2 Provide technical assistance to non-accounting and accounting staff on as needed basis.

3.3 Advise on the status of internal control systems to ensure compliance with regulations.

3.4 Develop and provide financial reports for all federally aided programs, on as needed basis.

3.5 Prepare leased housing program budgets and requisitions for funds from HUD on an as needed basis.

3.6 Review all Housing Authority general ledgers, cash receipts and cash disbursements register, cost analysis register, journal entries and an independent review of reconciled bank statements on an as needed basis.

3.7 Analyze and interpret the financial statements, budgets and related accounting and financial data. Review and discuss with Management all relevant financial information on an as needed basis.

3.8 Provide adjusting journal entries resulting from the monthly review of the books of accounts on an as needed basis.

3.9 Any other duties as required by the Housing Authority to comply with HUD accounting guidelines on an as needed basis.

3.10 Prepare a monthly balance sheet and monthly operating statement (budget comparatives) for all programs on an as needed basis.

3.11 Assist the Housing Authority staff to prepare Operating Budgets for each program on an as needed basis.

3.12 Prepare and print out all Section 8 Quarterly requisitions, annual budgets, and budget revisions on an as needed basis.

3.13 Assist in the preparation of all federal annual budgets and budget revisions on an as needed basis.

3.14 Prepare required reports and summaries such as budget summary worksheets, analysis of operating reserves and non-routine expenses, graphs of activity of financial conditions, and other similar documents on an as needed basis.

3.15 Assist in the preparation of the budget for Public Housing sites at a site-based level.

3.16 Identify strategies to maintain Section 8 Program service levels in light of revenue reductions and assist in implementing solutions.

3.17 Prepare appeals to HUD for public housing program needs.

4.0 REPORTS

4.1. The Consultant shall prepare, and submit to the Housing Authority for approval the following books and records, on as a needed basis:

4.1.1. Year End Adjusted Journal Entries,
4.1.2. General Ledgers,
4.1.3. Cash Receipts Journals,
4.1.4. Cash Disbursements Journals,
4.1.5. General Journal and Supporting Documents,
4.1.6. Reconcile and Review of all bank statements,
4.1.7. Computerized Financial Statements for each program, in accordance with AICPA standards,
4.1.8. Income Statement,
4.1.9. Balance Sheet,
4.1.10. Supporting Schedules, as required,
4.1.11. Monthly reports.

4.2. The Consultant shall provide the appropriate Housing Authority staff with administrative expenses and analysis of special interest items (i.e. training, traveling, mileage, etc.) for grant programs.

4.3. The Consultant shall prepare all HUD quarterly, semi-annual and annual accounting and financial reports.

4.4. The Consultant shall, upon review and approval by the Housing Authority, submit all required reports to HUD with the appropriate number of copies.

4.5 The Consultant shall assist the Housing Authority in preparing other appropriate reports as required by HUD, state, federal, or local authorities.