

REPORT OF THE PRESIDENT

December 17, 2020

RESOLUTION APPROVING & ADOPTING THE FISCAL YEAR 2021 OPERATING BUDGETS AND AUTHORIZING THE PRESIDENT TO EXECUTE ANY REQUIRED BUDGET DOCUMENTS AND TO ADMINISTER THE BUDGETS FOR THE LOS ANGELES LOMOD CORPORATION AND E3 HOUSING SOLUTIONS



Digitally signed by Connie Loyola
DN: cn=Connie Loyola, o=L.A. LOMOD Corporation, ou=President/Director, email=connie.loyola@haccla.org, c=US
Date: 2020.12.04 08:47:19 -0800'

 Connie Loyola-Calumnag, President

Armine Petrosyan

Digitally signed by Armine Petrosyan
Date: 2020.12.03 17:19:29 -08'00'

 Armine Petrosyan, Secretary

Purpose: To approve and adopt the Fiscal Year (“FY”) 2021 Operating Budgets for Los Angeles LOMOD Corporation (“L.A. LOMOD”) and the E3 Housing Solutions (“E3”) business enterprise and authorize the President to execute any required budget documents and administer the budgets. In compliance with L.A. LOMOD’s Operating Budget Policy, L.A. LOMOD is proposing a balanced FY2021 operating budget that provides staffing and resources sufficient to meet planned objectives and expenditures.

Issues: On November 3, 2020, the U.S. Department of Housing and Urban Development (“HUD”) notified L.A. LOMOD that it would be exercising both six-month extensions provided in the eighth amendment to the Annual Contributions Contract (“ACC”), granting an ACC extension effective February 1, 2021 through January 31, 2022. Therefore, L.A. LOMOD is proposing a 12-month operating budget for 2021, totaling \$712 million which includes approximately \$25 million in earned administrative fees and \$8.7 million to reserves.

L.A. LOMOD is proposing seven (7) additional positions to assist in the increased workload and supervisory needs of 39 additional properties which have been added to L.A. LOMOD’s portfolio since December 2019.

L.A. LOMOD’s budget also includes management fees in excess of \$2.5 million to the Housing Authority (“HACLA”) for support services plus approximately \$5 million for various HACLA projects; including \$1.7 million for the annual contribution to the Community Safety Partnership program; with the completion of the new Worksource Center modular, \$800,000 to convert the existing Worksource Center back to residential units; and \$600,000 for the Rampart Parking Structure design costs.

L.A. LOMOD has also included a separate 12-month line item budget for E3, L.A. LOMOD’s affiliated business enterprise. Per Board approval, L.A. LOMOD provides direct support for marketing and advertising costs while the remaining expenses in E3’s budget are directly associated with the projected revenue that would result from acquired service contracts.

The Memorandum of Understanding with the HACLA states that L.A. LOMOD may transfer some or all of the earned administrative fees remaining after L.A. LOMOD covers its costs, including payments to its contractors, to the HACLA to be used for other legal public purposes. The listed contributions provided above are consistent with the existing policy. The funding of the initiatives selected reflects the long-term

uncertainty over L.A. LOMOD's revenue stream and generally does not include recurring expenses.

Funding: The Chief Administrative Officer of the HACLA confirms the following:

Source of Funds: L.A. LOMOD receives Section 8 administrative fees under the Performance-Based Contract Administration ("PBCA") Annual Contributions Contract ("ACC") for administering Housing Assistance Payments to owners of Section 8 project-based buildings.

Budget and Program Impact: The administrative fees received cover all expenditures in the proposed FY2021 budget for L.A. LOMOD and E3, its affiliated business enterprise.

Attachments:

1. Proposed FY 2021 Budgets for L.A. LOMOD and E3 Housing Solutions
2. Resolution

RESOLUTION NO. _____

RESOLUTION APPROVING & ADOPTING THE FISCAL YEAR 2021 OPERATING BUDGETS AND AUTHORIZING THE PRESIDENT TO EXECUTE ANY REQUIRED BUDGET DOCUMENTS AND TO ADMINISTER THE BUDGETS FOR THE LOS ANGELES LOMOD CORPORATION AND E3 HOUSING SOLUTIONS

WHEREAS, in 1973, the Housing Authority of the City of Los Angeles ("Housing Authority") created the Los Angeles LOMOD Corporation ("L.A. LOMOD"), a nonprofit corporation, to increase affordable housing in the City of Los Angeles; and

WHEREAS, on December 1, 2003, U.S. Department of Housing and Urban Development ("HUD") and L.A. LOMOD entered into an Annual Contributions Contract ("ACC") whereby L.A. LOMOD operated as the contract administrator for providing contract administration services for Project-based Section 8 HAP contracts in ten Southern California counties; and

WHEREAS, on November 3, 2020, HUD notified L.A. LOMOD that it would be exercising both six-month extensions provided in the eighth amendment to the ACC, granting an extension effective February 1, 2021 through January 31, 2022; and

WHEREAS, L.A. LOMOD is proposing a 12-month fiscal year 2021 operating budget to cover all expenditures for L.A. LOMOD and E3 Housing Solutions, its affiliated business enterprise.

NOW THEREFORE BE IT RESOLVED that the Board of Directors approves and adopts the fiscal year 2021 operating budget and authorizes the President to execute any required budget documents and to administer the budgets for L.A. LOMOD and E3 Housing Solutions.

BE IT FURTHER RESOLVED that this Resolution shall take effect immediately.

APPROVED AS TO FORM:
JAMES JOHNSON

LOS ANGELES LOMOD CORPORATION

BY: _____
General Counsel

BY: _____
Chairperson

DATE ADOPTED: _____

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2021 Budget

LA LOMOD - PBCA

LOMOD's 2021 budget assumes a full year of operations since there are 2 6-month extensions left in the current ACC. The proposed additional staffing will only be filled on an as needed basis, depending on the number of new properties received from HUD in December. This budget includes a permanent shift to partial telework and a reduction in office space to reflect only periodic on-site work by staff.

FUND		26001		2020				2021		
COST CTR		*								
ACCOUNT	OBJECT	Account Name	2019	2020 MOD 7 MY	YTD Sept	% Used	ADJ	Budget	Notes	
REVENUE										
70600	*	HUD Grants	624,473,676	697,641,666	516,423,019	74%	27,721,766	725,363,432		
70600	340010	HAP Income	602,609,739	675,000,000	499,010,037	74%	25,000,000	700,000,000	increase in MUTM; RCS; additional 8 properties	
70600	341210	Administrative Fee - S8 Special Allo	21,863,937	22,641,666	17,412,983	77%	2,721,766	25,363,432	additional 8 properties	
71100	*	Investment Income - Unrestricted	858,064	850,000	318,913	38%	(350,000)	500,000		
71100	361020	Interest Earned on Investments	858,064	850,000	318,913	38%	(350,000)	500,000		
71500	*	Other Revenue	612,698	131,410	117,956	90%	(76,289)	55,121	New Construction Pgm fees (120 units remaining)	
71500	369050	Other Income	612,698	131,410	117,956	90%	(76,289)	55,121	120 units out of 1,607 still with New Construction	
TOTAL REVENUE			625,944,438	698,623,076	516,859,889	74%	27,295,477	725,918,553		
EXPENSES										
91100,91501	*	Administrative Salaries & Benefits	3,248,140	4,540,967	2,577,232	57%	685,015	5,225,982	personnel restructure and addition of positions	
96210	*	Compensated Absences	349,646	384,946	260,602		61,449	446,395	if needed	
Subtotal Personnel			3,597,785	4,925,913	2,837,834	58%	746,465	5,672,378	15%	
91200	423120	Auditing & Tax Prep Fees	100,301	13,396	9,396	70%	-	13,396	Not a Single Audit program for 2021	
91300	801010	Management Fee	2,186,394	2,264,167	1,698,817	75%	272,177	2,536,343	10% of Admin fee	
91400	423450	Advertising & Marketing	10,711	-	(1,181)		11,000	11,000	Annual Landlord Meet and Greet	
91400	423450	Marketing & Leasing	10,711	-	(1,181)		11,000	11,000	Annual Landlord Meet and Greet	
91600	*	Office Expenses	442,177	499,062	268,577	54%	(104,188)	394,874	space reallocation and less new computer equip.	
91600	426275	Computer Equipment - Expensed	36,004	80,000	11,458	14%	(65,000)	15,000	new hires	
91600	426430	Duplicating & Copying	5,082	4,000	3,060	77%	200	4,200		
91600	426060	Form, Stationery, Office Supplies	18,867	6,000	4,618	77%	-	6,000		
91600	426460	Meeting	24,661	-	15		30,000	30,000	Annual Landlord Meet and Greet	
91600	426211	Mobile Devices	-	36,000	16,538	46%	-	36,000	57 devices service fee	
91600	426320	Off Site Storage	6,811	8,000	5,012	63%	-	8,000		
91600	426270	Office Equipment/Furniture	1,635	5,000	660	13%	-	5,000		
91600	426260	Office Space	266,834	260,062	195,047	75%	(76,388)	183,674	space reallocation	
91600	426295	Parking	19,936	8,000	5,733	72%	(6,000)	2,000	telework	
91600	426220	Postage / Mail	2,807	3,000	1,948	65%	-	3,000		
91600	426433	Shredding Services	174	1,000	149	15%	-	1,000		
91600	426420	Software/Software Maintenance	28,866	75,000	16,025	21%	17,000	92,000	OnBase Cloud \$30K, Calypso \$18K, Office365 \$12K, AppRiver 6K, GoToMeeting 5K; adobe upgrade \$21K	
91600	426210	Telephone	22,769	10,000	5,860	59%	(4,000)	6,000		
91600	426296	Transportation	7,730	3,000	2,453	82%	-	3,000	working from home	
91700	*	Legal Expenses	3,361	400,000	857	0%	-	400,000	as needed for rebid process	
91800	*	Travel	31,417	25,200	14,731	58%	(4,000)	21,200	travel for MORs reimbursed by HUD	
91900	*	Other Administrative Expenses	331,592	2,529,631	214,277	8%	29,875	2,559,506	increase Rent Comp studies	
91900	423110	Accounting	25,465	32,000	20,402	64%	3,000	35,000	payroll service	
91900	423060	Administrative Services	1,620	1,000	15	1%	-	1,000		
91900	426580	Awards and Indemnities	2,653	2,000	271	14%	-	2,000		
91900	426510	Bank Charges	-	500	-	0%	-	500	earnings credits offset charges	
91900	423050	Business Consulting	87,800	193,281	44,112	23%	47,725	241,006	itemized below	
91900	423051	IT Support Services	155,140	160,000	117,522	73%	-	160,000		
91900	423052	IT Support Services - Special Projec	19,720	70,000	3,851	6%	-	70,000	Invoices for regular work will be reclassified to 423051	

COST CTR	*	ACCOUNT	OBJECT	Account Name	2020				2021		
					2019	2020 MOD 7 MY	YTD Sept	% Used	ADJ	Budget	Notes
91900		426570		Licenses and Fees	10	1,000	-	0%	(500)	500	
91900		426374		Media Services	406	1,350	341	25%	(350)	1,000	
91900		423510		Medical	-	-	-	-	-	-	
91900		426500		Membership Dues & Fees	6,555	10,000	6,118	61%	-	10,000	
91900		426520		Other Miscellaneous	-	2,000,000	-	0%	-	2,000,000	Contingency for rebid transition
91900		423090		System Design/Programming	-	11,000	-	0%	-	11,000	Calypso and Owner portal
91900		424200		Training	32,126	29,000	12,257	42%	(2,000)	27,000	Tax credit \$5K, COS Cert \$5K, Voucher Specialist Cert \$8K; ISO Lead Auditor 4K; AHMA \$5K
91900		423070		Translation	98	500	173	35%	-	500	
91900		426213		TW Stipend - Telephone	-	5,000	3,744	75%	(5,000)	-	conversion to cells with hot spots
91900		426214		TW Stipend - Data	-	13,000	5,471	42%	(13,000)	-	conversion to cells with hot spots
94200	*			Ordinary Maintenance - Materials	476	1,000	233	23%	-	1,000	fuel for fleet
94300	*			Ordinary Maintenance - Contracts	6,272	7,000	15	0%	-	7,000	fleet maintenance
961*	*			Insurance	306,238	374,000	43,015	12%	60,000	434,000	increase to fidelity coverage
97300	*			Housing Assistance Payments	602,609,739	675,000,000	499,010,037	74%	25,000,000	700,000,000	increase in MUTM; RCS; additional 8 properties
Subtotal Non-Personnel					606,028,678	681,113,456	501,258,774	74%	25,264,864	706,378,320	4%
TOTAL EXPENSES					609,626,464	686,039,369	504,096,608	73%	26,011,328	712,050,698	4%
Revenue over Expenses					16,317,974	12,583,707	12,763,280		1,284,149	13,867,855	
NON-OPERATING											
51110	*			(To)/From Reserves	(10,932,599)	(3,966,236)	-		(4,771,439)	(8,737,675)	net surplus to reserves
509*	*			Transfers btw Programs In/(Out)	(5,385,376)	(8,617,470)	(2,694,415)	31%	3,487,290	(5,130,180)	See detail below
TOTAL REVENUE					(16,317,974)	(12,583,707)	(2,694,415)	21%	(1,284,149)	(13,867,855)	
Net Revenue over Expenses					(0)	0			-	(0)	

Transfers to other Programs/Initiatives	2019	2020	YTD Sept	% Used	Inc/(Dec)	2021	Notes
05017		1,768,573	222,693	13%	(18,573)	1,750,000	elim one-time cost for Assessment carry-over
05580		890,541	309,730	35%	(39,341)	851,200	Operating costs for Program Partnerships Unit
04019		800,000	654	0%	-	800,000	convert WSC back to residential units
06054					600,000	600,000	Architectural business consulting
Multiple		1,500,000	80,737	5%	(1,000,000)	500,000	Scale-down of incentive and number of participants
06103		181,480	50,051	28%	(12,198)	169,282	Operating costs, and scaled down wifi
06053		2,224,180	1,082,418	49%	(2,072,930)	151,250	WSC Office operating costs
05010		150,000	6,410	4%	-	150,000	WFD grant staffing overages and other unbillable
26002		162,533	57,010	35%	(35,861)	126,672	E3 operating costs
20101		5,163	-	0%	26,613	31,776	unbillable operating expenses
05002.0350		500,000	-	0%	(500,000)	-	one-time VOIP implementation in 2020
05002.0395		360,000	164,339	46%	(360,000)	-	9 vehicles for COCC - Support Services
06047		50,000	-	0%	(50,000)	-	shift to PILOT
24999		15,000	(475)	-3%	(15,000)	-	Mobility Works - one-time
06047		10,000	88	1%	(10,000)	-	part of Program Partnerships budget
Total	-	8,617,470	1,984,317		(3,487,290)	5,130,180	
Business Consulting							
Rent comparability studies.							
		25,000	4,625	19%	24,300	49,300	
		100,000	3,675	4%	(4,475)	95,525	
		50,000	11,050	22%	27,900	77,900	
		800	800	100%	-	800	
		17,481	801	5%	-	17,481	

COST CTR		*	2020				2021		
ACCOUNT	OBJECT	Account Name	2019	2020 MOD 7 MY	YTD Sept	% Used	ADJ	Budget	Notes
		<i>Pace Productivity</i>		-	23,962				
		Total		193,281	44,913		47,725	241,006.25	

2021 Budget

LA LOMOD - E3 Solutions

E3 Solutions is LA LOMOD's business enterprise aimed at expanding LOMOD's revenue stream beyond the PBCA program and increasing its footprint outside of Southern California. E3 develops training and consulting services for HUD multifamily owners and management agents. In 2021, E3 will continue to market its services in the southeast and western U.S. in an effort to expand its existing clientele in these areas.

FUND		26002		2020				2021		
COST CTR		*		2019	2020 MOD 7 MY	YTD Sept	% Used	Dept Proposed	Adj Budget	Notes
ACCOUNT	OBJECT	Account Name	2019	2020 MOD 7 MY	YTD Sept	% Used	Dept Proposed	Adj Budget	Notes	
REVENUE										
71500	*	Other Revenue	17,293	66,000	46,743	71%	-	66,000	Anticipated client services	
71500	369050	Other Income	17,293	66,000	46,743	71%	-	66,000	Anticipated client services	
TOTAL REVENUE			17,293	66,000	46,743	71%	-	66,000		
EXPENSES										
91100,91500	*	Administrative Salaries & Benefits	97,939	141,980	71,195	50%	(37,463)	104,517	decrease percent of allocated	
96210	*	Compensated Absences	11,304	13,443	7,797		(4,414)	9,029	position	
Subtotal Personnel			109,242	155,423	78,992	51%	(41,877)	113,546		
91400	423450	Advertising & Marketing	1,050	18,000	-	0%	3,000	21,000	Google ads and other marketing	
91600	*	Office Expenses	959	3,900	1,085	28%	2,800	6,700	Software and other office costs	
91800	*	Travel	1,202	1,000	334	33%	-	1,000	As needed travel	
91900	*	Other Administrative Expenses	39,971	50,060	36,562	73%	366	50,426		
91900	426510	Bank Charges	-	500	228	46%	626	1,126		
91900	423050	Business Consulting	-	5,000	125	3%	28,000	33,000		
91900	426570	Licenses and Fees	-	500	-	0%	-	500		
91900	426500	Membership Dues & Fees	1,117	2,000	125	6%	(500)	1,500		
91900	423090	System Design/Programming	37,813	39,060	34,904		(25,760)	13,300	2020: development of online training videos and E3 website	
91900	424200	Training	1,041	1,000	1,018		-	1,000		
91900	426213	TW Stipend - Telephone	-	1,000	-	0%	(1,000)	-		
91900	426214	TW Stipend - Data	-	1,000	163	16%	(1,000)	-		
Subtotal Non-Personnel			43,183	73,110	37,982	52%	6,016	79,126		
TOTAL EXPENSES			152,425	228,533	116,974	51%	(35,862)	192,672		
Revenue over Expenses			(135,132)	(162,533)			35,862	(126,672)		
NON-OPERATING										
5*	*	Transfers and Surplus	135,133	162,533	70,231	43%	(35,862)	126,672	from LA LOMOD for operating	
5*	281000	Transfers In from LA LOMOD	135,133	162,533	70,231	43%	(35,862)	126,672		
TOTAL NON-OPERATING			135,133	162,533	70,231	43%	(35,862)	126,672		
Net Revenue over Expenses			0	-			-	-		