



**SPECIAL MEETING OF THE
BOARD OF COMMISSIONERS**

July 16, 2018 at 8:30 a.m.

The special meeting of the Board of Commissioners to be held on Monday, July 16, 2018, at 8:30 am, will begin with a tour of Highland Village (Bellevue). Following the tour, the special meeting will be adjourned and reconvene at Village at Overlake Station (Redmond).

Tour starting at 8:30 AM:

Highland Village
14526 NE 7th Place
Bellevue, WA 98007

Special Board Meeting at 9:15 AM:

Village at Overlake Station
2580 152nd Avenue N.E.
Redmond, WA

A G E N D A

- I. Call to Order**
- II. Roll Call**
- III. Welcome & Tour of Highland Village**
- IV. Adjourn from Highland Village**
- V. Reconvene at Village of Overlake**
- VI. Public Comment**
- VII. Approval of Minutes**
 - A. Board Meeting Minutes – June 18, 2018

VIII. Approval of Agenda

IX. Consent Agenda

- A. Voucher Certification Report for May 2018 **2**

X. Resolutions for Discussion & Possible Action

- A. **Resolution No. 5601:** Authorizing the ratification and execution of a repurchase agreement for the investment of the reserve account for Pooled Housing Refunding Revenue Bonds, 2018 **3**

XI. Briefings & Reports

- A. 2018 Reforecast Mid-Year Budget **4**
B. New Bank Accounts **5**
C. Second Quarter CY 2018 Procurement Report **6**
D. 2017-2021 Environmental Sustainability Plan– 2017 Report & Status **7**
E. Update on Recapitalization/Development Pipeline **8**

XII. Executive Director Report

XIII. KCHA in the News

XIV. Commissioner Comments

XV. Adjournment

Members of the public who are disabled and require special accommodations or assistance at the meeting are requested to notify the Board Coordinator, Jessica Olives, in writing at 600 Andover Park West, Seattle, WA 98188 or by calling 206-574-1194 prior to the meeting date.

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**MEETING MINUTES
OF THE
KING COUNTY HOUSING AUTHORITY
BOARD OF COMMISSIONERS**

Monday, June 18, 2018

I. CALL TO ORDER

The meeting of the King County Housing Authority Board of Commissioners was held on Monday, June 18, 2018 at the King County Housing Authority, located at 600 Andover Park West, Tukwila WA. There being a quorum, the meeting was called to order by Chair Doug Barnes at 8:30 a.m.

II. ROLL CALL

Present: Commissioner Doug Barnes (Chair), Commissioner TerryLynn Stewart, Commissioner Susan Palmer, and Commissioner John Welch

Excused: Commissioner Michael Brown (Vice-Chair)

III. Public Comment

Resident Lillie Clinton provided public comment and provided a handout.

IV. APPROVAL OF MINUTES

A. Board Meeting Minutes – May 21, 2018

On motion by Commissioner Welch and seconded by Commissioner Palmer, the Board unanimously approved the May 21, 2018 Board of Commissioners' Meeting Minutes.

V. APPROVAL OF AGENDA

On motion by Commissioner Stewart and seconded by Commissioner Palmer, the Board unanimously approved the May 21, 2018 Board of Commissioners' meeting agenda.

VI. CONSENT AGENDA

A. Voucher Certification Reports for April 2018

GENERAL PROPERTIES

Bank Wires / ACH Withdrawals

50,965,494.24

Subtotal

50,965,494.24

Accounts Payable Vouchers

Key Bank Checks #315516 - #316007	4,731,507.22
Tenant Accounting Checks #10586 - #10603	3,799.51
Commerce Bank Direct Payment	90,629.85
<i>Subtotal</i>	<u>4,825,936.58</u>

Payroll Vouchers	
Checks - #90855 - # 90890	42,827.83
Direct Deposit	1,451,501.48
<i>Subtotal</i>	<u>1,494,329.31</u>

Section 8 Program Vouchers	
Checks - #621218 - #621535	241,631.88
ACH - #412809-#415529	12,792,749.77
<i>Subtotal</i>	<u>13,034,378.65</u>

Purchase Card / ACH Withdrawal	214,502.96
<i>Subtotal</i>	<u>214,502.96</u>

**GRAND
TOTAL 70,534,641.74**

BOND PROPERTIES

Bond Properties Total (37 different properties) **\$3,003,257.14**

- B. Resolution No. 5598: A Resolution of the Housing Authority of the County of King authorizing the Executive Director to submit an application for funding under the Washington State Department of Commerce Housing Preservation Program to finance capital improvements to Nike Manor**

On motion by Commissioner Palmer and seconded by Commissioner Stewart, the Board unanimously approved the consent agenda.

VII. RESOLUTIONS FOR DISCUSSION & POSSIBLE ACTION

- A. Resolution No. 5599: Authorizing Higher Payment Standards for the Housing Choice Voucher Program**

Andrew Calkins, Senior Program Manager presented Resolution No. 5599, and provided background information on the current Payment Standards structure. Mr. Calkins explained the proposed recommendation to change the 2018 Payment Standards and its financial impact as a result thereof.

On motion by Commissioner Stewart and seconded by Commissioner Palmer, the Board unanimously approved Resolution No. 5599.

VIII. EXECUTIVE SESSION

To consider the selection of a site or the acquisition of real estate by lease, or purchase when public knowledge regarding such consideration would cause a likelihood of increased price (RCW 42.30.110 (1) (b))

Chair Barnes announced the start of the Executive Session at 8:59 a.m.

The meeting of the Board of Commissioners was reconvened at 9:34 a.m. by Chair Barnes.

IX. RESOLUTIONS FOR DISCUSSION & POSSIBLE ACTION (CONT.)

A. Resolution No. 5600: Authorizing acquisition of the Howe Property located in Redmond, Washington

Tim Walter, Senior Director of Acquisition and Asset Management provided an overview of the proposed acquisition of the Howe Property, in Redmond. Mr. Walter explained the current status of the acquisition and mentioned that final purchase of the property would occur at the beginning of 2019.

On motion by Commissioner Welch and seconded by Commissioner Stewart, the Board unanimously approved Resolution No. 5600.

X. BRIEFINGS AND REPORTS

A. New Bank Accounts

Craig Violante, Director of Finance, mentioned that KCHA opened four (4) new bank accounts with Northwest Bank, in relation to the Auburn Square, Carriage House, Cascadian, and Fairwood properties.

B. 2018 Midyear Federal Revenue Update

Mr. Violante also briefed the Board on the federal funding outlook, as well as provided an overview of the adjustments to the 2018 budget projections.

A report on KCHA's Resident Characteristics was provided by Alexis Warth, Senior Management Analyst, and included a summary of the 2017 analysis of KCHA households

XI. EXECUTIVE DIRECTOR'S REPORT

Stephen Norman, Executive Director provided an update on legislative affairs and noted the issuance of three Notices of Funding Availability (NOFAs) for new vouchers by the U.S. Department of Housing and Urban (HUD). KCHA is

submitting applications in response to all three funding opportunities and will keep the Board informed as to the results. Mr. Norman also announced that KCHA, in collaboration with the Seattle Housing Authority, has received grant funding from the Council for Large Public Housing Authorities (CLPHA) and the Corporation for Supportive Housing (CSH) to work with United Health, one of the region's largest managed care organizations, to explore potential partnership approaches to improving health care delivery and health outcomes for KCHA residents.

X. KCHA IN THE NEWS

None.

XI. COMMISSIONER COMMENTS

Commissioner Welch gave his remarks on the KCHA Employee Service Award Luncheon.

Commissioner Stewart commended staff and commented on the luncheon held in recognition of outgoing Deputy Executive Director, Connie Davis.

XII. ADJOURNMENT

Chair Barnes adjourned the meeting at 10:00 a.m.

**THE HOUSING AUTHORITY OF THE
COUNTY OF KING, WASHINGTON**

DOUGLAS J. BARNES, Chair
Board of Commissioners

STEPHEN J. NORMAN
Secretary

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To: Board of Commissioners
From: Linda Riley, Controller
Date: June 30, 2018
Re: **VOUCHER CERTIFICATION FOR MAY 2018**

I, Linda Riley, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein, and that the claims represented by the vouchers listed below were just obligations of the Housing Authority of the County of King, and that I am authorized to authenticate and certify said claims.



 Linda Riley
 Controller
 June 30, 2018

Bank Wires / ACH Withdrawals		7,062,675.84
	<i>Subtotal</i>	7,062,675.84
Accounts Payable Vouchers		
Key Bank Checks - #316008-#316501		4,590,911.55
Tenant Accounting Checks - #10604-#10625		3,506.79
Commerce Bank Direct Payment		102,421.39
	<i>Subtotal</i>	4,696,839.73
Payroll Vouchers		
Checks - #90891-#90918		45,886.60
Direct Deposit		1,458,655.08
	<i>Subtotal</i>	1,504,541.68
Section 8 Program Vouchers		
Checks - #621536-#621864		203,707.92
ACH - #415530-#418309		13,032,012.51
	<i>Subtotal</i>	13,235,720.43
Purchase Card / ACH Withdrawal		265,372.81
	<i>Subtotal</i>	265,372.81
	GRAND TOTAL	\$ 26,765,150.49

TO: THE BOARD OF COMMISSIONERS, HOUSING AUTHORITY OF
THE COUNTY OF KING, WASHINGTON

FROM: Wen Xu, Director of Asset Management

SUBJECT: VOUCHER CERTIFICATION FOR May 2018

I, Wen Xu, do hereby certify under penalty of perjury that the claims represented by the transactions below were just, due, and unpaid obligations against the Housing Authority, and that I, and my designees, are authorized to authenticate and certify said claims.

Wen Xu
Wen Xu

7/10/18
Date

Property May-18	Wired to Operating Account(s) for Obligations of Property			Notes:
	Date	\$	Claim	
Alpine Ridge	5/3/2018	\$2,448.10	Payroll	
	5/10/2018	\$3,249.00	A/P	
	5/17/2018	\$2,422.36	Payroll	
	5/24/2018	\$4,524.77	A/P	
	5/31/2018	\$4,332.24	Payroll & A/P	
Arbor Heights	5/3/2018	\$8,181.73	Payroll	
	5/10/2018	\$18,169.07	A/P	
	5/17/2018	\$5,658.53	Payroll	
	5/24/2018	\$6,361.48	A/P	
	5/31/2018	\$9,246.53	Payroll & A/P	
Aspen Ridge	5/3/2018	\$5,032.77	Payroll	
	5/10/2018	\$6,856.95	A/P	
	5/17/2018	\$4,944.68	Payroll	
	5/24/2018	\$36,623.85	A/P	
	5/31/2018	\$8,788.53	Payroll & A/P	
Auburn Square	5/3/2018	\$31,962.55	Payroll & A/P	
	5/10/2018	\$47,994.22	A/P	
	5/17/2018	\$7,976.05	Payroll	
	5/24/2018	\$13,245.17	A/P	
	5/31/2018	\$22,066.94	Payroll & A/P	
Carriage House	5/3/2018	\$11,754.71	Payroll	
	5/10/2018	\$8,879.68	A/P	
	5/17/2018	\$12,117.25	Payroll	
	5/24/2018	\$8,986.49	A/P	
	5/31/2018	\$25,376.42	Payroll & A/P	
Cascadian	5/3/2018	\$12,603.38	Payroll	
	5/10/2018	\$56,645.83	A/P	
	5/17/2018	\$11,920.65	Payroll	
	5/24/2018	\$36,139.55	A/P	
	5/31/2018	\$28,968.62	Payroll & A/P	
Colonial Gardens	5/3/2018	\$4,338.47	Payroll	
	5/10/2018	\$3,958.47	A/P	
	5/17/2018	\$9,243.98	Payroll & A/P	
	5/24/2018	\$3,371.47	A/P	
	5/31/2018	\$7,391.77	Payroll & A/P	
Fairwood	5/3/2018	\$8,865.56	Payroll	
	5/10/2018	\$6,192.88	A/P	
	5/17/2018	\$7,446.40	Payroll	
	5/24/2018	\$17,009.66	A/P	
	5/31/2018	\$40,470.41	Payroll & A/P	
Heritage Park	5/3/2018	\$5,221.52	Payroll	
	5/10/2018	\$24,901.49	A/P	
	5/17/2018	\$6,052.51	Payroll	
	5/24/2018	\$7,771.98	A/P	
	5/31/2018	\$9,625.54	Payroll & A/P	
Laurelwood	5/3/2018	\$8,703.11	Payroll	
	5/10/2018	\$15,341.91	A/P	
	5/17/2018	\$8,093.29	Payroll	
	5/24/2018	\$4,682.80	A/P	
	5/31/2018	\$13,973.03	Payroll & A/P	
Meadows	5/3/2018	\$5,835.55	Payroll	
	5/10/2018	\$22,639.82	A/P	
	5/17/2018	\$7,922.46	Payroll & A/P	
	5/24/2018	\$47,923.85	A/P	
	5/31/2018	\$19,433.00	Payroll & A/P	

Newporter	5/3/2018	\$8,797.12	Payroll
	5/10/2018	\$22,118.82	A/P
	5/17/2018	\$8,744.47	Payroll
	5/24/2018	\$29,497.66	A/P
	5/31/2018	\$14,044.73	Payroll & A/P
Overlake TOD	5/3/2018	\$49,099.18	Payroll & A/P
	5/10/2018	\$19,503.77	A/P
	5/17/2018	\$107,883.06	Payroll & Debt Service
	5/24/2018	\$52,315.94	A/P
	5/31/2018	\$16,445.49	Payroll & A/P
Parkwood	5/3/2018	\$5,510.84	Payroll
	5/10/2018	\$22,746.93	A/P
	5/17/2018	\$4,751.23	Payroll
	5/24/2018	\$7,451.42	A/P
	5/31/2018	\$9,282.58	Payroll & A/P
Somerset East	5/3/2018	\$451.00	Correction
	5/17/2018	\$831.15	Correction
Somerset West	5/3/2018	\$12,815.00	Correction
	5/17/2018	\$1,320.65	Correction
Southwood Square	5/3/2018	\$6,093.19	Payroll
	5/10/2018	\$13,774.97	A/P
	5/17/2018	\$6,011.64	Payroll
	5/24/2018	\$11,705.52	A/P
	5/31/2018	\$10,039.43	Payroll & A/P
Timberwood	5/3/2018	\$10,024.78	Payroll
	5/10/2018	\$80,169.97	A/P
	5/17/2018	\$13,072.93	Payroll
	5/24/2018	\$22,470.07	A/P
	5/31/2018	\$18,554.34	Payroll & A/P
Walnut Park	5/3/2018	\$7,876.68	Payroll
	5/10/2018	\$51,074.47	A/P
	5/17/2018	\$7,225.48	Payroll
	5/24/2018	\$6,562.80	A/P
	5/31/2018	\$13,698.60	Payroll & A/P
Windsor Heights	5/3/2018	\$30,721.72	Payroll & A/P
	5/10/2018	\$43,630.67	A/P
	5/17/2018	\$17,789.66	Payroll
	5/24/2018	\$45,386.84	A/P
	5/31/2018	\$29,787.41	Payroll & A/P
Woodland North	5/3/2018	\$4,599.67	Payroll
	5/10/2018	\$14,997.59	A/P
	5/17/2018	\$8,326.64	Payroll & A/P
	5/24/2018	\$14,582.77	A/P
	5/31/2018	\$4,249.42	Payroll & A/P
Woodridge Park	5/3/2018	\$11,392.80	Payroll
	5/10/2018	\$52,211.55	A/P
	5/17/2018	\$11,498.22	Payroll
	5/24/2018	\$55,640.29	A/P
	5/31/2018	\$30,819.21	Payroll & A/P
Ballinger Commons	5/2/2018	\$84,570.04	A/P & Payroll
	5/16/2018	\$76,834.78	A/P & Payroll
	5/31/2018	\$128,748.28	A/P & Payroll
Gilman Square	5/2/2018	\$45,931.95	A/P & Payroll
	5/16/2018	\$43,746.48	A/P & Payroll
	5/31/2018	\$57,332.12	A/P & Payroll
Meadowbrook	5/2/2018	\$26,385.91	A/P & Payroll
	5/16/2018	\$21,418.93	A/P & Payroll
	5/31/2018	\$10,646.95	A/P & Payroll
Villages at South Station	5/2/2018	\$71,201.12	A/P & Payroll
	5/16/2018	\$34,967.01	A/P & Payroll
	5/31/2018	\$61,050.92	A/P & Payroll
Abbey Ridge	5/3/2018	\$27,381.05	A/P & Payroll
	5/17/2018	\$61,705.93	A/P & Payroll
	5/31/2018	\$87,638.78	A/P & Payroll
Cottonwood	5/3/2018	\$9,137.56	A/P & Payroll
	5/17/2018	\$45,263.91	A/P & Payroll
	5/31/2018	\$10,817.08	A/P & Payroll
Cove East	5/3/2018	\$22,322.80	A/P & Payroll
	5/17/2018	\$29,279.55	A/P & Payroll
	5/31/2018	\$21,725.15	A/P & Payroll
Highland Village	5/17/2018	\$13,921.05	A/P & Payroll
	5/31/2018	\$19,147.66	A/P & Payroll

Bellepark East	5/2/2018	\$20,672.46	A/P	
	5/9/2018	\$25,523.87	A/P & Payroll	
	5/16/2018	\$22,907.00	A/P	
	5/23/2018	\$7,909.32	A/P & Payroll	
	5/30/2018	\$3,345.91	A/P	
Landmark	5/2/2018	\$2,078.56	A/P	
	5/9/2018	\$21,839.11	A/P & Payroll	
	5/16/2018	\$41,811.71	A/P	
	5/23/2018	\$63,723.43	A/P & Payroll	
	5/30/2018	\$2,188.52	A/P	
Woodside East	5/2/2018	\$9,533.18	A/P	
	5/9/2018	\$31,707.26	A/P & Payroll	
	5/16/2018	\$64,541.13	A/P	
	5/23/2018	\$21,912.51	A/P & Payroll	
	5/30/2018	\$18,802.59	A/P	
Rainier View I	5/3/2018	\$4,092.50	A/P	
	5/10/2018	\$9,226.01	A/P	
	5/17/2018	\$11,009.43	A/P	
	5/24/2018	\$2,147.34	A/P	
Rainier View II	5/3/2018	\$1,664.82	A/P	
	5/10/2018	\$8,460.80	A/P	
	5/17/2018	\$7,936.90	A/P	
	5/24/2018	\$2,267.37	A/P	
Si View	5/3/2018	\$3,099.29	A/P	
	5/10/2018	\$3,383.84	A/P	
	5/17/2018	\$7,980.04	A/P	
Vashon Terrace	5/10/2018	\$8,612.05	A/P	
	5/24/2018	\$10,859.14	A/P	
Total:		\$3,275,900.60		

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TO: Board of Commissioners

From: Tim Walter, Sr. Director of Development & Asset Management

Date July 10, 2018

Re: **Resolution No. 5601: Authorizing the ratification and execution of a repurchase agreement for the investment of the reserve account for the Pooled Housing Refunding Revenue Bonds, 2018**

Executive Summary

Resolution No. 55601 authorizes the ratification of an investment agreement for the investment of funds held in the 2018 Pooled Housing Refunding Revenue Bonds debt service reserve account.

Background

On March 19, 2018, the Board authorized the Authority to issue its Pooled Housing Refunding Revenue Bonds in the amount of \$74,710,000. As part of the overall financing, the Authority was required to establish a debt service reserve account to be held with and used by the trustee in the event the Authority was not able to make all or a portion of a debt service payment when due. The amount of the debt service reserve is \$2,074,540, which represents approximately a half year's debt service.

Discussion

In order to maximize our interest earnings on these funds, KCHA has invested the debt service reserve into a longer-term (10 year) investment agreement (i.e. a repurchase agreement). KCHA solicited bids for an investment agreement for these funds and received three offers which ranged from 2.06% to 2.817%. These rates are substantially higher than the interest we would currently earn by alternatively investing in short-term Treasury of other U.S. government money market fund obligations which are presently earning less than .2% interest. KCHA has selected the investment contract that provided the highest interest rate (2.817%) and has deposited the funds into this investment.

As a condition of the investment, the provider has required KCHA provide Board authorization ratifying both the direction to invest the funds into the investment agreement as well as authorization for the Executive Director to execute the documents necessary to do so. It is worth noting that KCHA's Investment Policy already authorizes the Executive Director to invest KCHA funds including trustee held reserves such as the 2018 Pooled Housing Refunding Revenue Bonds debt service reserve, however, this particular investment provider has none the less required this additional layer of Board authorization.

Staff Recommendation

Staff recommends passage of Resolution No. 5601.

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5601

A RESOLUTION of the Board of Commissioners of the Housing Authority of the County of King, ratifying the execution of a repurchase agreement for the investment of the reserve account for its Pooled Housing Refunding Revenue Bonds, 2018.

ADOPTED JULY 16, 2018

This document was prepared by:

PACIFICA LAW GROUP LLP
1191 Second Avenue, Suite 2000
Seattle, Washington 98101

RESOLUTION NO. 5601

A RESOLUTION of the Board of Commissioners of the Housing Authority of the County of King ratifying the execution of a repurchase agreement for the investment of the reserve account for its Pooled Housing Refunding Revenue Bonds, 2018.

WHEREAS, pursuant to Resolution No. 5591 adopted March 19, 2018, the Authority issued its Pooled Housing Refunding Revenue Bonds, 2018 (the “2018 Bonds”), to refund outstanding bonds issued in 2005, pay off an outstanding note, fund a debt service reserve account for the 2018 bonds and pay issuance costs of the 2018 Bonds; and

WHEREAS, pursuant to the Trust Indenture dated as of May 1, 2018 between the Authority and The Bank of New York Mellon Trust Company, N.A. (the “Trustee”), a debt service reserve account was established to provide security for the 2018 Bonds (the “Reserve Account”); and

WHEREAS, the Authority previously approved an investment policy dated November 6, 2015, which permits the investment of Authority funds in repurchase agreements, if certain collateralization levels and collateral requirements are met; and

WHEREAS, the Authority retained Winters & Co. Advisors, LLC to assist with the bidding of a collateralized repurchase agreement for the investment of the Reserve Account (the “Repurchase Agreement”); and

WHEREAS, Bayerische Landesbank (the “Bank”) was the successful bidder and the Authority has directed the Trustee to enter into the Repurchase Agreement with the Bank; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Housing Authority of the County of King as follows:

Section 1. Ratification of Investment and Execution of Documents. The Board hereby ratifies the investment of the Reserve Account in the Repurchase Agreement with the Bank, which contains terms consistent with the requirements of its Investment Policy and the Indenture. It further ratifies the direction to the Trustee to enter into the Repurchase Agreement, the acceptance of the Bank's bid, the terms of the Repurchase Agreement and the execution by the Executive Director, or Deputy Executive Director of the documents necessary to carry out the investment in the Repurchase Agreement. Any actions of the Authority, its officers or staff taken prior to the date of this resolution and consistent with its terms are hereby ratified and confirmed.

Section 2. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

ADOPTED by the Board of Commissioners of the Housing Authority of the County of King at a special meeting thereof this 16th day of July, 2018.

HOUSING AUTHORITY OF THE
COUNTY OF KING

By _____
Chair

ATTEST:

Secretary - Treasurer

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To: Board of Commissioners

From: Craig Violante, Director of Finance

Date: July 10, 2018

Re: **2018 Midyear Financial Forecast**

EXECUTIVE SUMMARY

The Board adopted the Calendar Year 2018 Operating and Capital Budget (“2018 budget”) via Resolution No. 5582 on December 18, 2017. As a budget is a plan based on a set of assumptions that don’t always match actual results during the execution phase, it is prudent to review the plan and make adjustments, so that the plan is consistent with revised expectations.

The 2018 Midyear Financial Forecast includes several adjustments that collectively result in a \$17.1 million rise in working capital, led by the RFIF-driven \$17.1 million increase in Housing Choice Voucher funds and a \$1.1 million increase in public housing operating funding. An additional \$2.1 million in capital funding was not included as the revenue won’t be recorded until cash is drawn in a future year.

Key program decisions reflected below include the implementation of mid-year increases in select payment standards, the decision to sustain the Section 8 over-lease at 300 vouchers and increased staffing in the Housing Choice Voucher Department to assist existing and anticipated new program participants in securing housing in this difficult market.

Below is a summary of the 2018 midyear changes. Exhibit A, found at the end of this memo, details the original 2018 Adopted Budget, the Midyear Forecasted Changes, and the 2018 Revised Projection. Major changes and associated comments follow in the Financial Forecast Highlights section below.

MIDYEAR FINANCIAL REFORECAST SUMMARY (1)

RFIF increase	\$17,120,650
<i>Direct Planned Uses of RFIF Increase</i>	
Increased HAP Costs	(1,890,730) (2)
Loan to EPC Project	(7,500,000)
Paramount Capital Project	(1,200,000)
Net Increase in MTW Working Capital Sourced from RFIF	\$6,529,920
<i>Changes due to Debt Refinancing</i>	
Net Debt Proceeds	162,530,424
Payoff Outstanding Debt	(159,311,197)
Fund Debt Service Reserve	(2,074,540)
Other Refinancing Expenses	(1,144,687)
Net Change in Working Capital from Refinance	0
<i>Other Forecast Changes to Working Capital</i>	
Loan to EPC Project	7,500,000 (3)
Increased 2018 Principal Repayment-Ballinger Commons	(353,385)
Reduced 2018 Interest Payment-Ballinger Commons	1,818,273
Reduction in Capital Expenditures	1,500,000
Increase in Public Housing Subsidy	1,116,615
Refinancing Fees	(1,020,000)
Net Forecast Changes in Working Capital	10,561,503
TOTAL FORECAST CHANGE IN WORKING CAPITAL	\$17,091,423

- (1) Excludes \$2.1 million of additional CFP grant funding as grant proceeds will be drawn and recorded as revenue in a future year.
- (2) Due to the maintenance of the current 300 voucher over issuance. Original budget assumed a decline in over-leasing.
- (3) Loan to occur in 2018 but cash to be spent in 2019.

Background

The Midyear Financial Forecast provides the Board with an overall synopsis of the changes in the current and near-term fiscal outlook for KCHA in relation to the Authority's adopted 2018 budget. Included changes are generally limited to those with an aggregate financial impact of \$1 million or greater, although those affecting Moving to Work (MTW) funds with an aggregate impact of \$500,000 or greater are also included, as are other adjustments that are deemed material.

Changes to the approved number of employee full-time equivalents (FTEs) are also included in this report to the Board, but are not included in the fiscal projection as their inclusion would not materially impact the forecast.

FINANCIAL FORECAST HIGHLIGHTS

Federal Funding and Expenditures

▪ ***REVENUE***

During the 2018 budget process, KCHA used a conservative Housing Choice Voucher (HCV) Replacement Funding Inflation Factor (RFIF) estimate to forecast 2018 HCV revenue. Although the survey of the region's 2-bedroom multifamily rental rates commissioned by KCHA suggested much higher area inflation than indicated by HUD's metric—the 2-bedroom Fair Market Rent statistic—uncertainty regarding HUD's underlying methodology and an unknown HUD national inflation factor persuaded staff to use a conservative forecast of 8%. In May, the actual 2018 regional RFIF was released—18.3%. This inflation factor will result in \$17.1 million additional 2018 funding over what was originally forecast in the budget.

Through June, HUD has been using a 93.27% prorate to calculate Public Housing Operating Fund Subsidy (Subsidy) revenue while the budget assumed 90.0%. When combined with further incentives identified by Johnson Controls related to the Energy Performance contract, the estimate for the 2018 Subsidy increased by \$1.1 million.

▪ ***EXPENDITURES***

Approximately 60% of the \$5.2 million forecast increase in HCV Housing Assistance Payments (HAP) reflected in Exhibit A relates to clients of other housing authorities who have moved into ("ported-in" to) KCHA's service area. KCHA administers these vouchers and records the HAP expense on its books. Offsetting the HAP expense is an equal amount of revenue. Due to a higher number of actual unit months related to these "ports-in" than originally anticipated in the budget, HAP expense and related revenue are both being increased by approximately \$3.3 million. The remaining \$1.9 million increase in HAP expense is primarily driven by a revised 2018 estimate of 103,914 unit months vs. the original estimate of 101,803. The original budget, developed before the RFIF was issued by HUD, assumed a steady drop in the number of leased vouchers throughout 2018 due to then uncertain funding levels; the financial reforecast now reflects maintenance of the current 300 voucher over-issuance. The increase in payment standards approved by the Board at the June meeting is also a contributor to the projected rise in HAP costs.

Changes in Debt

In alignment with KCHA's strategy of obtaining long-term fixed-rate financing and reducing our short-term variable rate financing facilities, a total of \$164.7 million in AA and AAA rated bonds were sold to investors at a blended rate of 3.75% in the second quarter of 2018. When combined with a projected \$7.5 million loan to be made from MTW Funds to the Energy Performance Contract project, total new debt issuance totaled \$172.2 million.

Out of the debt issuance proceeds, a line of credit used to acquire Ballinger Commons was paid off, as was the 2005 bond pool. Other charges and fees consumed the remainder of the proceeds. As a separate component of the

refinancing package, two fees totaling \$1,020,000 were incurred: a swap termination fee of \$750,000 and a \$270,000 King County credit enhancement fee.

A final benefit of the re-capitalization project was the elimination of the projected \$1.4 million dollar net subsidy from general KCHA operations (a budgeted transfer from the Central Office Cost Center) to support negative cash flow at Ballinger Commons. With the new financing structure, Ballinger Commons is now projected to break-even in 2018.

Energy Performance Contract

In May 2018, the Board adopted Resolution 5595 which authorized an additional loan under the Energy Performance Contract in an amount not to exceed \$7.5 million. The proceeds of this loan will fund additional energy savings initiatives, primarily elevator replacements at several senior buildings. The midyear budget reforecast assumes the use of MTW funds for this loan.

Other Changes

- The budget as originally adopted assumed a draw from a designated “exit tax” reserve to fund a construction project at Paramount House. The budget reforecast instead identifies MTW as the likely funding source.
- Slower than anticipated turnover at the asset-managed properties has prompted a reduction in forecast maintenance projects at the properties by \$1.5 million.

APPROVED CHANGES TO STAFFING LEVELS

Although the mid-year forecast has not quantified or included the following personnel changes in the fiscal outlook due to materiality, these modifications are presented as they help provide clarity regarding staffing needs:

- The Housing Choice Voucher department is adding three new positions. One Senior Housing Specialist will be added to bolster the department’s ability to manage zip code-based caseloads. Two new Owner Liaisons will be added, expanding the group to a total of three. One of the new Owner Liaison positions will focus on the VASH program while the other will support anticipated new voucher awards under the three HUD NOFAs currently on the street.
- Two Administrative Program Managers working on organizational-wide continuous process improvement projects have transferred from the Housing Choice Vouchers department to Administrative Services to better serve the needs of the entire agency.

In summary, the Authority will add three new regular positions with total full-time employees at the Authority increasing from 407.05 to 410.05.

2018 KCHA Midyear Financial Forecast
 July 16, 2018 KCHA Special Board Meeting
 Page 5 of 6

	2018 Authorized FTEs	Midyear Changes	Transfers	Adjusted Authorized FTEs
Office of the Executive Director				
Office of the Executive Director	5.00	-	-	5.00
Policy and Intergovernmental Affairs	7.75	-	-	7.75
Communications	2.00	-	-	2.00
Development Department				
Development	2.00	-	-	2.00
Greenbridge	7.00	-	-	7.00
Administrative Services				
Administrative Services	30.00		2.00	32.00
Human Resources	7.00	-	-	7.00
Information Technology	13.00	-	-	13.00
Housing Management				
Property Management	160.97			160.97
Section 8 Housing Choice Vouchers	77.00	3.00	(2.00)	78.00
Homeless Initiatives	4.00	-	-	4.00
Asset Management	22.00	-	-	22.00
Resident Services	37.33	-	-	37.33
Capital Construction	20.00	-	-	20.00
Weatherization	12.00	-	-	12.00
			-	
Total	407.05	3.00	-	410.05

2018 KCHA Midyear Financial Forecast
 July 16, 2018 KCHA Special Board Meeting
 Page 6 of 6

EXHIBIT A

KING COUNTY HOUSING AUTHORITY
 2018 Working Capital Budget Midyear Forecast Changes
 (Excludes non-KCHA-managed component units)

	2018 Adopted Budget	Forecasted Changes	2018 Revised Projection
Revenues			
Tenant Revenue	\$93,389,524	\$0	\$93,389,524
Operating Fund Subsidy from HUD	8,919,779	1,116,615	10,036,394
Section 8 Subsidy from HUD	143,118,792	17,120,650	160,239,442
Other Operating Revenue	77,491,775	3,313,251	80,805,026
Non-operating Revenue	24,300,193	0	24,300,193
		0	
Total Revenues	347,220,063	21,550,516	368,770,579
Expenses			
Salaries & Benefits	35,861,790	0	35,861,790
Routine Maintenance, Utilities, Taxes & Insurance	31,983,709	0	31,983,709
Direct Social Service Salaries & Benefits	2,742,915	0	2,742,915
Other Social Service Support Expenses & HAP	169,811,628	5,203,981	175,015,609
Administrative Support Expenses	19,881,698	2,164,687	22,046,385
Non-operating Expenses	19,116,996	(1,818,273)	17,298,723
Total Expenses	279,398,736	5,550,395	284,949,131
Net Income	67,821,327	16,000,121	83,821,448
Other Sources/(Uses) of Working Capital			
(Increase) in Restricted/Designated Cash	(7,578,816)	(2,074,540)	(9,653,356)
Decrease in Restricted/Designated Cash	50,953,259	(1,200,000)	49,753,259
(Increase) in LT Receivables	(75,370,733)	(7,500,000)	(82,870,733)
Decrease in LT Receivables	12,063,413	0	12,063,413
Acquisition of Capital Assets	(69,690,638)	1,500,000	(68,190,638)
Disposition of Capital Assets	29,777,159	0	29,777,159
Change in Other Assets	(4,671,797)	(2,179,576)	(6,851,373)
Increase in LT Debt	54,095,884	172,210,000	226,305,884
(Decrease) in LT Debt	(50,656,646)	(159,664,582)	(210,321,228)
Change in Other Liabilities	(848,566)	0	(848,566)
Total Other Sources/(Uses) of Working Capital	(61,927,481)	1,091,302	(60,836,179)
Transfer In from (Out to) Other Funds			
Transfers In from Other Funds	80,821,604	(1,400,000)	79,421,604
Transfers Out to Other Funds	(80,821,604)	1,400,000	(79,421,604)
Net Transfer In/(Out)	0	0	0
Net Change in Working Capital	\$5,893,846	\$17,091,423	\$22,985,269

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To: Board of Commissioners

From: Craig Violante, Director of Finance

Date: July 10, 2018

Re: **New Bank Accounts**

Since the last Board meeting KCHA opened 8 new bank accounts.

Bank: Northwest Bank

- King County Housing Authority DBA Laurelwood Gardens Operating Trust
- King County Housing Authority DBA Laurelwood Gardens Security Deposit Trust
- King County Housing Authority DBA Meadows on Lea Hill Operating Trust
- King County Housing Authority DBA Meadows on Lea Hill Security Deposit Trust
- King County Housing Authority DBA Newporter Operating Trust
- King County Housing Authority DBA Newporter Security Deposit Trust
- King County Housing Authority DBA Parkwood Operating Trust
- King County Housing Authority DBA Parkwood Security Deposit Trust

Purpose: Accounts at Bank of America managed by Allied Property Management (Allied) were closed with full business checking accounts opened at Northwest Bank. Northwest Bank is the primary bank used by Allied. More properties managed by Allied will have their Operating and Security Deposit accounts moved to Northwest Bank in the coming months.

The Operating Trust Accounts will be used to pay operating expenses related to the properties. The accounts will primarily receive wires from the Depository Account at Bank of America and issue checks. Wire transfers will be made to the Operating Account to pay for the property's operating expenses.

The Security Deposit Trust accounts will be used to hold tenant security deposits. Transactions will include and be limited to deposits from the depository account and transfers to the operating account for tenant refunds. KCHA policy requires tenant security deposits and the practice is to hold security deposits in separate bank accounts.

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TO: Board of Commissioners
FROM: Tim Baker, Senior Management Analyst
DATE: July 10, 2018
RE: Second Quarter CY 2018 Procurement Report

In order to update the Board concerning KCHA's procurement activities, staff is presenting the attached Quarterly Procurement Report. This report covers all procurement activities from April through June 2018 that involved the award of contracts valued over the amount of \$100,000 and change orders that have cumulatively exceeded 10% of the original or not to exceed contract amount.

Awarded Contracts Over \$100,000:

The awarded contracts section of the report lists the issuing department, contract type, the company awarded the contract, the award and estimate/budgeted amounts, procurement process involved, the number of bids received and notes about the procurement.

In the second quarter, there were 22 contracts awarded and valued at more than \$100,000, representing 96% of the contracts executed in the quarter. The largest contract executed for construction work was for \$1,978,017 awarded to Interstate Restoration for the Valli Kee site improvement project. The largest contract for non-construction work was for \$200,000 executed by the Resident Services Department. This contract, awarded to Senior Helpers, will assist seniors living in targeted buildings where the elevators are being temporarily taken out of service as part of the Energy Performance Contract initiative.

Due to the ongoing strong construction market in the region, KCHA continues to struggle to get 3 or more bids for its construction projects, as many contractors have jobs scheduled for the foreseeable future.

Asset Management issued 4 contracts for the Somerset Gardens restoration project for a total value of \$958,763.

The Maintenance department issued 2 task order contracts for flooring services for a total value of \$1,690,000. KCHA is not required to spend the Not To Exceed (NTE) value of these contracts.

Contract Change Orders Exceeding 10%:

KCHA's internal procedures require heightened oversight and review once a contract has incurred change orders valued at more than 10% of the original contract amount. The change order (CO) section of the report includes the issuing department, contract type, company awarded the contract, the original amount awarded, as well as the number of change orders, the amounts of the total change orders to date expressed both in dollars and percentages above the original contract value, and notes about the procurement. Per the Board's request, this section was divided between change orders issued in response to unforeseen field conditions or expanded project scopes, and change orders which were foreseen at the time the initial contract was awarded (primarily through contract extensions on multi-year contracts). The not-to-exceed total for the "foreseen" change order section is the projected total amount of the contract once all the foreseen change orders are completed.

For the first time since this report was created in the first quarter of 2008, there were zero change orders pushing total change order value over 10% of executed value due to condition changes.

There were 10 anticipated change orders involving the extension of the contract as allowed in the original contract. Most were issued by the Maintenance Department for a variety of task order contracts, including pest control, landscaping and plumbing.

**KING COUNTY HOUSING AUTHORITY
QUARTERLY PROCUREMENT REPORT**

April-June 2018 (Second Quarter)

Awarded Contracts Over \$100,000

Issuing Department	Contract type	Contract Awarded to	Estimate/Budget Amount	Initial Contract Amount	NTE with extensions	Procurement Process	# of bids	Notes
Asset Management	Somerset tub surrounds	American West	\$143,886	\$148,577	\$148,577	sealed bid	2	Contractor has performed several successful projects for KCHA.
Asset Management	cold water submetering for manufactured homes	Submeter Solutions	\$140,055	\$170,861	\$170,861	RFP	2	New contractor for KCHA.
Asset Management	Somerset roof replacement	Multifacet Group	\$192,329	\$198,000	\$198,000	sealed bid	2	Contractor has performed several successful projects for KCHA. Minority owned business.
Asset Management	HOP landscaping services	Judha of Lion	\$330,000	\$211,050	\$422,100	sealed bid	4	New contractor for KCHA. Minority owned business.
Asset Management	Somerset exterior painting	Mattila Painting	\$193,304	\$232,466	\$232,466	sealed bid	2	Contractor has performed several successful projects for KCHA.
Asset Management	Somerset asphalt replacement	JB Asphalt	\$426,408	\$379,720	\$379,720	sealed bid	5	New contractor for KCHA.
Asset Management	Woodside East fire restoration	NWIC	\$500,000	\$510,876	\$510,876	sealed bid	3	Insurance adjuster led procurement process, bid development and acceptance.
Asset Management	Carriage House fire restoration	Interstate Restoration	\$1,500,000	\$1,395,090	\$1,395,090	sealed bid	2	Insurance adjuster led procurement process, bid development and acceptance. Woman owned business.
Capital Construction	Sedro Woolley site improvements	Transblue	\$140,076	\$144,498	\$144,498	sealed bid	2	New contractor for KCHA. Minority owned business.
Capital Construction	Boulevard Manor roof replacement	Cadence	\$368,282	\$240,000	\$240,000	sealed bid	2	Contractor has performed several successful projects for KCHA.
Capital Construction	Juanita Court site improvements	JEM Contractors	\$308,957	\$276,000	\$276,000	sealed bid	2	New contractor for KCHA.
Capital Construction	pipeline video and cleaning services	Bravo Environmental	\$1,000,000	\$1,000,000	\$1,000,000	RFP	1	Contractor held previous contract with KCHA. Task order contract.
Capital Construction	Paramount House building envelope upgrades	Synergy	\$1,233,340	\$1,632,123	\$1,632,123	sealed bid	4	Contractor has performed several successful projects for KCHA.
Capital Construction	Valli Kee site improvements	Road Const NW	\$2,062,685	\$1,978,017	\$1,978,017	sealed bid	1	Contractor has performed several successful projects for KCHA.
Housing Management	Section 8 rent reasonableness software	GoSection8.com	\$150,000	\$145,800	\$145,800	sole source	n/a	Current vendor has gone out of business and the new vendor has the ability to integrate with Tenmast.
Housing Management-maint	Spiritwood landscape maintenance	Kirkland Land Care	\$120,000	\$70,000	\$140,000	RFP	6	New contractor for KCHA.
Housing Management-maint	flooring services	Great Floors	\$500,000	\$690,000	\$1,000,000	RFP	2	New vendor for KCHA.
Housing Management-maint	flooring services	Signature	\$1,000,000	\$1,000,000	\$2,000,000	RFP	2	Contractor has provided flooring services for the past six years.
Resident Services	Bellevue early learning programs	Bellevue School District	\$172,500	\$172,500	\$172,500	sole source	n/a	School district named as a partner in the grant which is funding the program.
Resident Services	assistance for seniors	Senior Helpers	\$135,000	\$200,000	\$200,000	RFP	1	New vendor for KCHA.
Weatherization	Alpine Ridge mechanical upgrades	UCONS	\$254,678	\$223,183	\$223,183	sealed bid	3	Contractor has performed several successful projects for KCHA.
Weatherization	Heritage Park mechanical upgrades	UCONS	\$422,569	\$329,696	\$329,696	sealed bid	5	Contractor has performed several successful projects for KCHA.
Total			\$11,294,069	\$11,348,457	\$12,939,507			

Contracts exceeding 10% cumulative change order-Condition Changes

Issuing Department	Contract type	Contract awarded to	Initial Contract Amount/NTE*	Change Order Amount & No. This Quarter	Total Contract Value to Date	% of NTE*	Notes (Current Quarter Change Orders)
None issued for this quarter							
Total			\$0		\$0		

Contracts with contract extensions or other foreseen change orders

Issuing Department	Contract type	Contract awarded to	NTE*	Change Order Amount & No. This Quarter	Current Contract Value	% of NTE*	Notes (Current Quarter Change Orders)
Administrative Services	telecommunication consulting services	Gunnerson	\$150,000	\$50,000 (1)	\$150,000	100%	3 year renewal as originally procured.
Housing Management-maint	pest control services	Sprague	\$1,000,000	\$110,000 (3)	\$425,000	43%	3rd renewal to the contract.
Housing Management-maint	pest control services	Western	\$1,000,000	\$50,000 (3)	\$550,000	55%	3rd renewal to the contract.
Housing Management-maint	Water and fire damage restoration	Superior Coit	\$1,000,000	\$360,000 (1)	\$610,000	61%	3 year renewal as originally procured.
Housing Management-maint	Valley Park landscaping	Brightview	\$139,200	\$58,762 (1)	\$139,200	100%	3 year renewal as originally procured.
Housing Management-maint	Green River landscaping	Brightview	\$244,688	\$101,217 (1)	\$244,688	100%	3 year renewal as originally procured.
Housing Management-maint	plumbing services	Holmberg	\$455,000	\$205,000 (1)	\$455,000	100%	3 year renewal as originally procured.
Housing Management-maint	fire alarm and suppression services	Johnson Controls	\$1,000,000	\$750,000 (1)	\$1,000,000	100%	KCHA opting for the 5 year extension as originally procured.
Resident Services	after school literacy programs	Highline Public Schools	\$130,572	\$32,000 (2)	\$66,572	51%	1st renewal to the contract.
Resident Services	Greenbridge learning and engagement advocacy	Highline Public Schools	\$1,095,446	\$213,725 (4)	\$695,446	63%	3rd renewal to the contract.
Total			\$6,214,906		\$4,335,906		

*NTE = Not To Exceed

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TO: Board of Commissioners

From: Jenna Smith, Resource Conservation Manager

Date July 10, 2018

Re: **2017-2021 Environmental Sustainability Plan – 2017 Results**

2017 marked the completion of the first year of the 2017-2021 Environmental Sustainability Plan (ESP), adopted by the Board on November 21, 2016. At the July 16 board meeting, staff will present a summary of our progress in the seven target areas and highlight related current year accomplishments.

Executive Summary

With the exception of target four, measuring solar energy capacity, in 2017 KCHA made progress in each of the target areas. As outlined in the following chart, we slightly exceeded our goals in three areas and came in below in the other three. Target four was based on an increase in the installation of renewable energy systems, and no projects were completed last year.

2017 Results:

Sustainability Target Areas	2017 Goal	2017 Actual	% of Annual Goal
1) Multifamily Water Use: Gallons/ Person/Day (GPD)	46.6 GPD	46.2 GPD	101%
2) Multifamily Energy Use: 1k British Thermal Units/Square Foot (EUI)	36.0 EUI	35.0 EUI	103%
3) KCHA Multifamily Greenhouse Gas Intensity (GHG): Kg CO ₂ e/Square Foot	4.420 GHG	4.246 GHG	104%
4) Solar energy capacity: Kilowatts (kW)	195.5 kW	99.7 kW	51%
5) Waste Diversion Rate (% diverted)	43%	42.6%	99%
6) EnviroStars: Percent Certified	60%	52%	86%
7) Alternative Fuel Vehicles: Percent of Fleet	10%	7%	70%

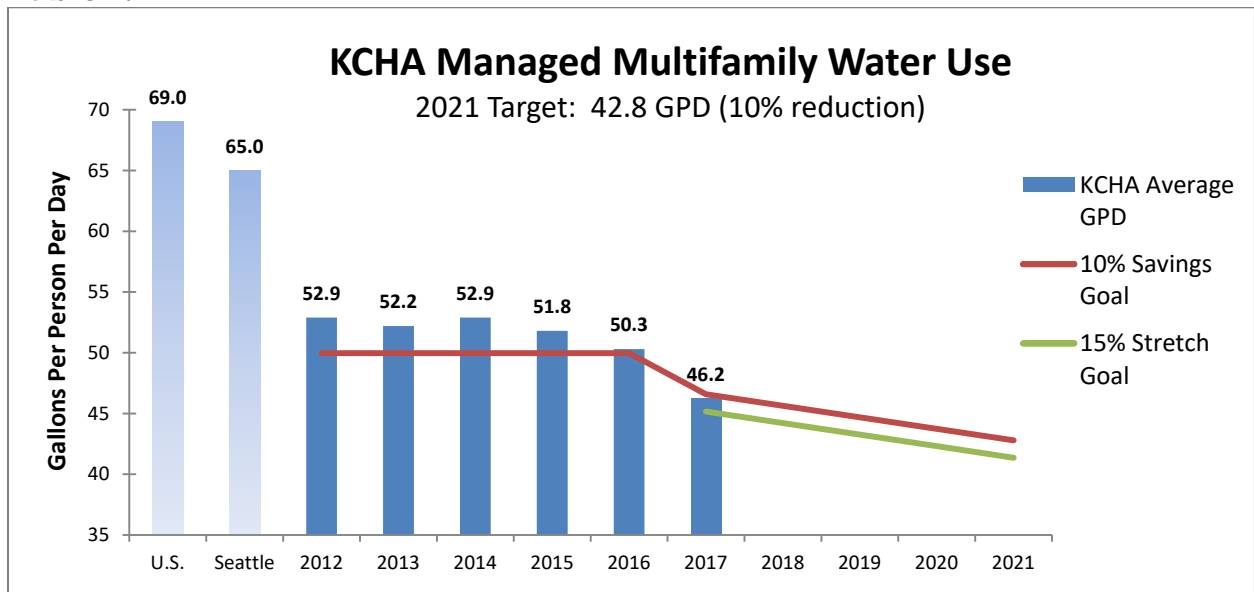
Target Areas Summaries

Target 1: KCHA Managed Multifamily Water Use (Gallons Per Person Per Day: GPD)

KCHA managed properties’ total water use measured 8% (Table 1) lower in 2017 than the previous year, saving over \$130 thousand in water and sewer utility costs. Since 2012, GPD has declined by 12%, with the largest annual reduction occurring in 2017. Last year, the water efficiency measures installed at 22 Energy Performance Initiative Contract (EPIC) public housing properties (about 1,250 units) had a significant impact on reducing overall consumption. EPIC properties used approximately 20% less than the previous year.

Utility bill monitoring, leak identification, and water efficiency upgrade projects are expected to continue to reduce KCHA managed water use in the coming years. KCHA is also assessing the cost-effectiveness of implementing additional water saving measures at properties that did not participate in EPIC.

Table 1:



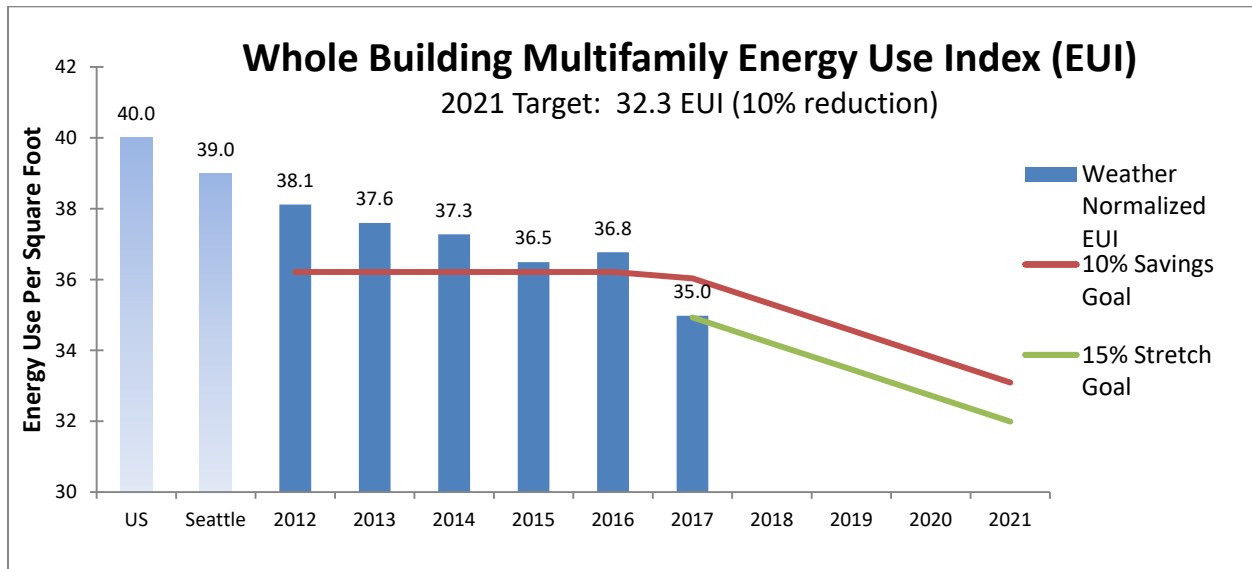
Target 2: Multifamily Energy Use (Energy User Per Square Foot: EUI)

Last year, KCHA exceeded its whole property (common area and resident) multifamily energy use savings target by 3%, reducing EUI by 5% over the previous year (Table 2). Since 2012, EUI has declined by 8% overall. In 2017, nine KCHA properties (654 units) received weatherization upgrades, and 27 public housing properties (1,526 units) received lighting, heating, and/or ventilation energy efficiency upgrades.

The whole property EUI calculation requires a full year of energy consumption to weather-normalize the data in order to accurately measure the results. For this reason, the energy conservation projects that were completed in 2016 and the beginning of 2017 will show a greater impact on 2017 EUI than those completed

towards the end of 2017. Since most of the EPIC energy efficiency projects were completed throughout 2017, KCHA will see some of the impact of those energy efficiency upgrades in the 2018 EUI.

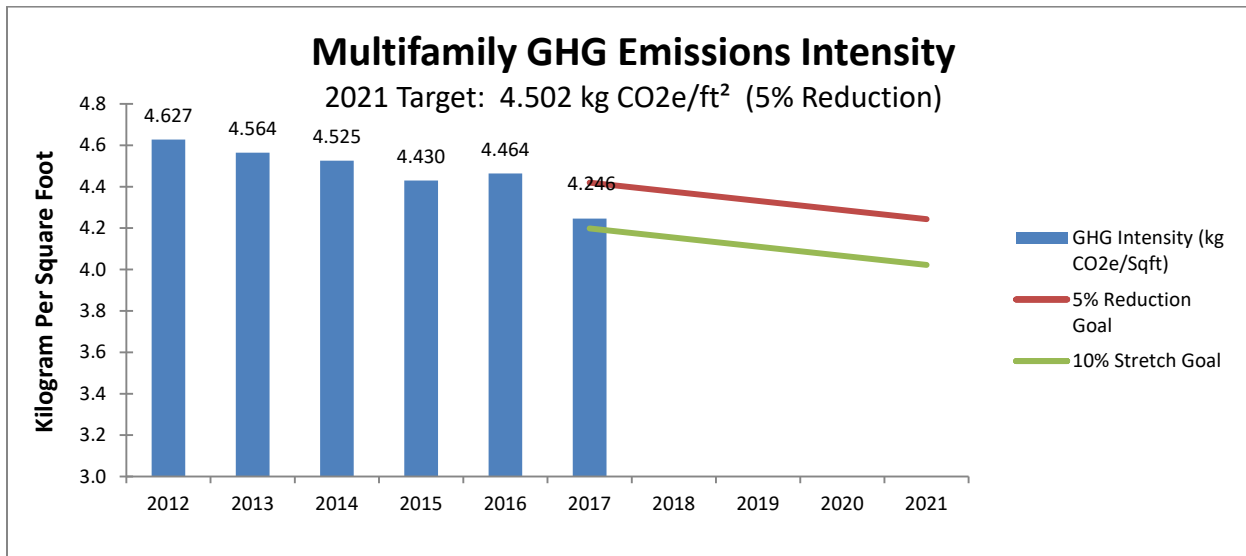
Table 2:



Target 3: Greenhouse Gas Emissions

In 2017, the greenhouse gas emissions per square foot (GHG) from the energy use at KCHA multifamily properties decreased by over 4.9% (Table 3) from the previous year. This decrease exceeded the target goal by 218 grams of CO₂/ft², which is similar to removing over 1,400 passenger vehicles from the road for one year. The GHG emissions intensity is normalized for weather and assumes average energy mix for all energy consumption. In 2018, KCHA hired a Climate Corps Fellow from the Environmental Defense Fund for an 11 week project to build a comprehensive GHG footprint of the entire organization. This work will advance current and future environmental initiatives.

Table 3:

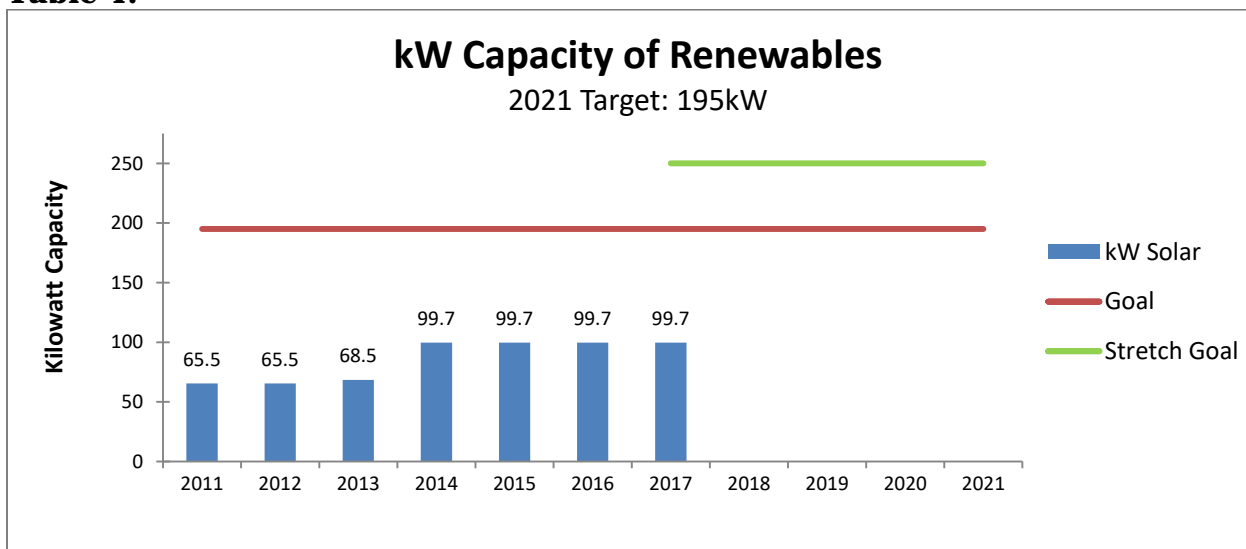


Target 4: Solar Energy Capacity

Last year, KCHA continued to assess opportunities to install more renewable energy systems, however no projects were completed. Currently, KCHA is exploring an opportunity with Access Solar, a local organization that is partnering with low-income property owners to install 550 kW of solar on low-income multifamily properties in Seattle City Light’s service area, with some of the benefits of the solar going directly to residents.

From November 2016 to October 2017 (the utility solar program year), KCHA’s six solar systems generated about \$10 thousand in electricity savings and over \$12 thousand in rebates from the state’s solar energy credit program. Since 2012, the value of the energy generated from the six solar systems, plus the annual rebates received from the state is over \$110 thousand dollars.

Table 4:

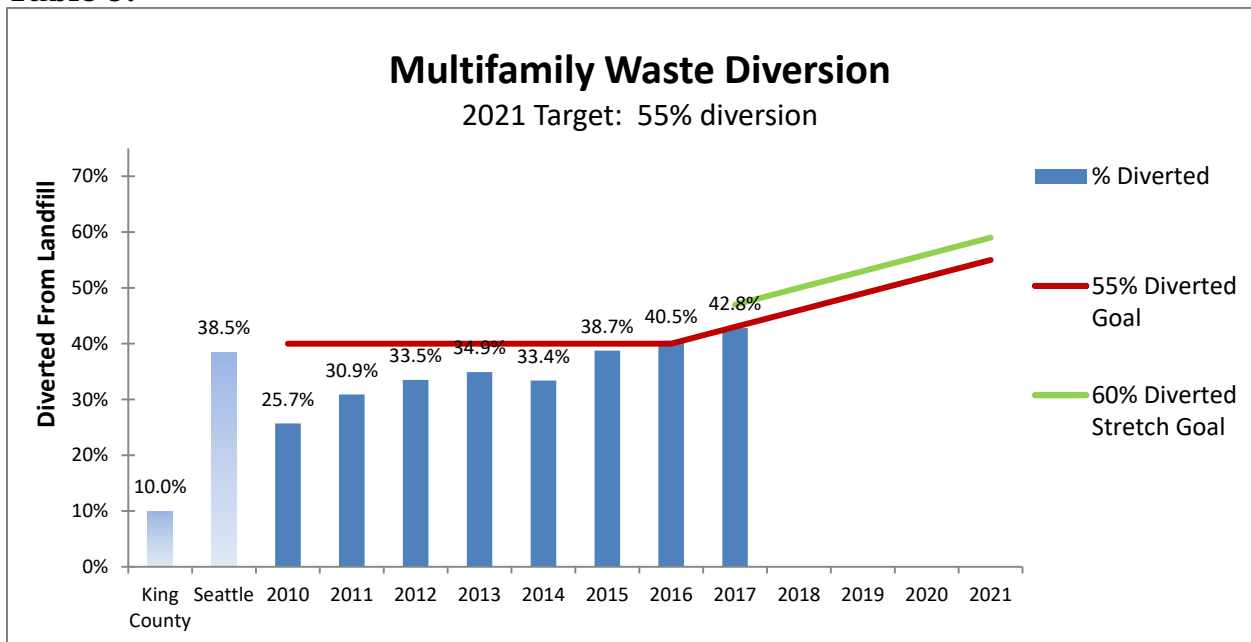


Target 5: Waste Diversion

By the end of 2017, 42.6% of KCHA's residential property waste was being diverted from the landfill to regional recycling and composting facilities (Table 5). This figure combines KCHA managed (44.6% diversion) and vendor managed (40.6% diversion) properties. Currently, all properties subscribe to recycling service, 35 subscribe to organics collection, and 16 encourage residents to compost food scraps.

In the ongoing effort to reduce garbage costs and improve diversion rates (the amount of material recycled vs sent to the landfill), KCHA conservation staff continue to "right-size" garbage and recycling capacity at each property. As a result of increasing recycling service and reducing unneeded garbage capacity in 2017, KCHA saved nearly \$45,000 in reduced solid waste utility charges.

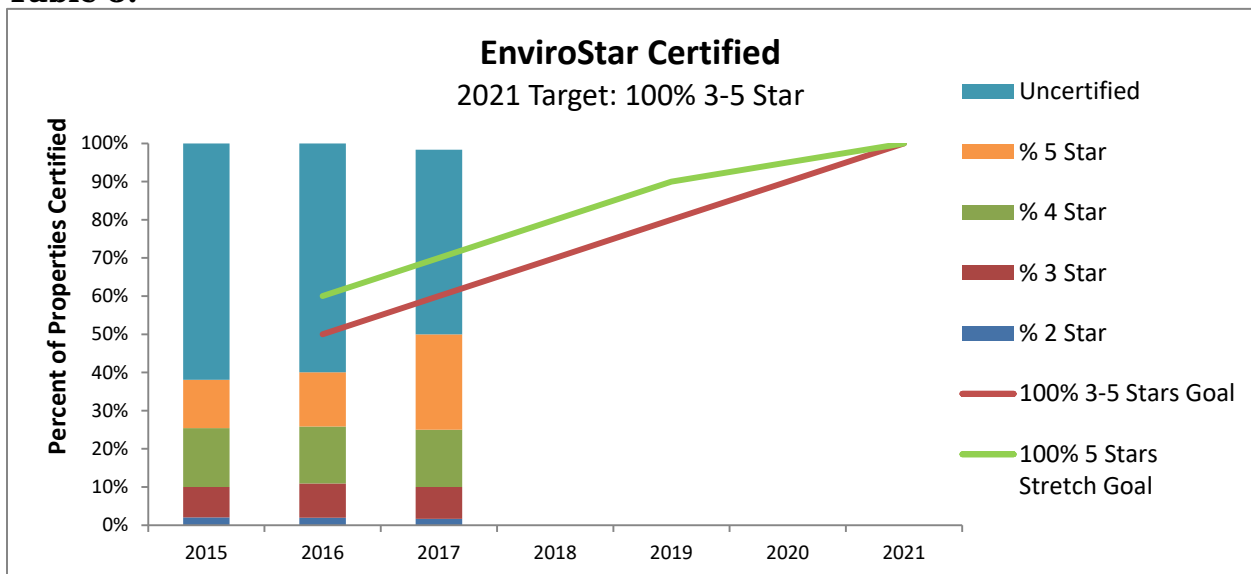
Table 5:



Target 6: EnviroStars

By the end of 2017, KCHA had 62 properties certified in the King County (KC) EnviroStars program. In 2018, KC launched a new version of the program incorporating a broader spectrum of sustainable property management practices for energy, water, pollution prevention, drainage, wastewater, and solid waste. The new program also changed its EnviroStars levels from a maximum of five stars to a maximum of three, which will cause annual targets to be revised. Those changes will be reflected in next year’s annual update. So far this year, ten properties began the certification process, and one has reached the highest goal of becoming 3 Star Certified.

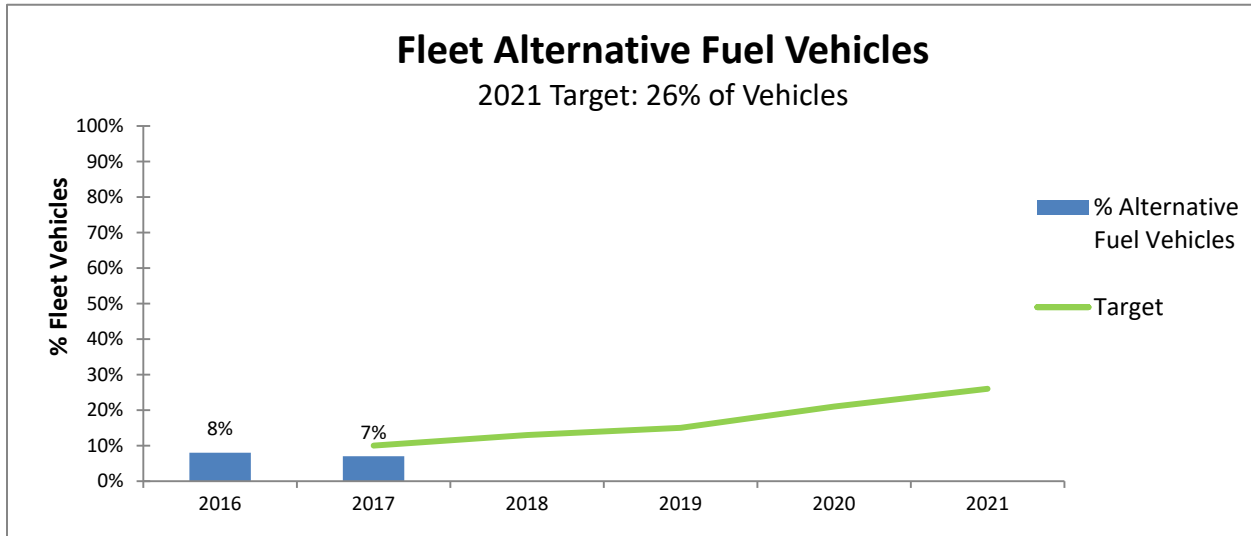
Table 6:



Target 7: Alternative Fuel Vehicles

Currently, 7% of KCHA vehicles use alternative fuels (Table 7). The percent of the fleet utilizing alternative fuels decreased in 2017 due to the purchase of unplanned non-hybrid maintenance vehicles. By the end of 2018, the first year the state requires all local governments to begin purchasing alternative fuel vehicles, KCHA is expected to have roughly 18% of the fleet utilizing more environmentally friendly fuels.

Table 7:



2017 Highlights and Current Year Initiatives:

- **Utility Data Management:** Utility data is the cornerstone of KCHA's Environmental Sustainability Plan. Over the past few years, the staff have been working to improve the accuracy and data collection processes of the roughly 1,500 water, sewer, electricity, gas, and solid waste utility accounts collected from 40 utility districts. This year, the utility management software was replaced with one that improves access to utility data for property managers, and simplifies the data management process. The software also provides comprehensive tracking, trending, and reporting functions.
- **Utility Rebate & Conservation Programs (Excluding EPIC):** Beyond Weatherization funding and the rebates obtained through EPIC, in 2017 portfolio-wide rebates totaled over \$400 thousand, close to what was received in 2016. Energy and water efficiency incentives came from the Saving Water Partnership, Cascade Water Alliance, Seattle City Light and Puget Sound Energy (PSE). Also in 2017, Birch Creek participated in a first of its kind energy conservation engagement program where PSE worked directly with staff and residents in an effort to save energy.
- **Weatherization:** KCHA's dedicated Weatherization department performs outstanding work that directly impacts both energy and water outcomes tracked by Resource Conservation staff. Their wide scope includes heating systems (ductless heat pumps and furnaces), insulation (walls, attic, and floor), mechanical ventilation (bathroom fans and energy recovery ventilators), and low cost items (LED bulbs, showerheads, and faucet aerators). In 2017, Weatherization leveraged \$1.6 million to provide energy conservation measures at nine KCHA sites (654 residential units). In 2018, work is planned for another eight KCHA sites (387 residential units).

- **Energy Performance Initiative Contract (EPIC):** Since EPIC construction began in 2016, \$20 million in energy and water conservation measures have been installed at 39 properties with a total of 2,087 units of public housing. EPIC funding will be utilized to begin the renovation of eleven elevators in 2018. We are projecting HUD paid incentives for KCHA to be \$50.4 million for the next 20 years. The incentives will be used to pay off the debt associated with the EPIC and to fund KCHA operating and repair activities in this portfolio.
- **Partnerships:** KCHA continues to reach out to organizations to partner on environmental initiatives. For example, last year KCHA partnered with the City of Bellevue and the Bellevue Boys and Girls Clubs to establish an environmental educational program for the Spiritwood, Hidden Village, and Eastside Terrace Boys and Girls Clubs. At Valli Kee, KCHA partnered with Kent Youth and Family Services to tackle a litter problem by engaging with children from the property. Also, Cascade Water Alliance provided funding to host the third annual sustainable landscape management training for KCHA staff. Additionally, KCHA is partnering with King County Wastewater, Resident Services, and Housing Management staff to teach residents about what does and doesn't belong in the wastewater system.
- **Recognition:** In 2017, KCHA received two awards for environmental work. King County Executive, Dow Constantine, honored KCHA with the County's Green Globe award for their outstanding achievements in environmental stewardship, and KCHA received recognition from HUD and the Department of Energy for tracking and sharing of energy data. Furthermore, this year KCHA received the Washington State Recycling Association's Recycler of the Year Award for the work with the Bellevue Boys and Girls clubs.
- **2018 Initiatives:** In the second year of the ESP, initiatives include the Greenhouse Gas project, updating the Environmentally Preferable Purchasing policy, assessing construction and demolition waste practices, and engaging with residents about wastewater and solid waste practices that impact utility and maintenance costs. Staff are also exploring solar incentive and toilet retrofit opportunities and continuing work started in previous years on assessing landscape management practices.

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TO: Board of Commissioners

From: Dan Landes, Senior Development Manager

Date July 10, 2018

Re: Briefing on the Development and Recapitalization Pipeline

At the July 16, 2018 Board Meeting, the Development Staff will update the Board on the progress KCHA has made in meeting its 5-Year Development Plan. The briefing will include a review of the acquisition and development projects completed towards this plan, as well as an update on the construction progress at Somerset Gardens and Highland Village.

KCHA also has two new projects in predevelopment, The Trailhead in Issaquah and the Downtown Redmond Transit Oriented Development (TOD) project, and staff will review the current status of both efforts. Finally, the briefing will look at KCHA's existing projects that are being considered for recapitalization using 4% Low-Income Housing Tax Credit program.