

OFFICE OF THE  
TOWN COUNCIL

TOWN OF EAST HARTFORD

740 Main Street

East Hartford, Connecticut 06108



Patricia Conobio

2011 JUL 15 A 8:45  
(860) 291-7208

ACTING TOWN CLERK (7389)

DATE: July 12, 2011

TO: Town Council Members

REVISED 07-15-11

FROM: Rich Kehoe, Chair

RE: Tuesday, July 19, 2011 7:00 p.m. Welling Conference Room  
2<sup>nd</sup> Floor, Town Hall

In accordance with Section 3.3 (a) of the Town Charter, a Special Joint Meeting of the Town Council and the East Hartford Housing Authority will be held as follows:

**Tuesday, July 19, 2011**

**7:00 p.m.**

**Welling Conference Room  
2<sup>nd</sup> Floor, Town Hall**

The purpose of the meeting is to meet with the Commissioners of the East Hartford Housing Authority to discuss ~~their financial the response from the U.S. Department of Housing and Urban Development to the Authority's financial recovery plan and to~~ provide an opportunity for public comment at the beginning of the meeting.

cc: Mayor Leclerc  
Robert Keating, East Hartford Housing Authority

Patricia Conzabro

2011 APR 11 P 2:07

Acting  
TOWN CLERK  
EAST HARTFORD

TOWN OF EAST HARTFORD  
740 MAIN STREET

WELLING CONFERENCE ROOM, 2<sup>nd</sup> FLOOR

APRIL 7, 2011

SPECIAL JOINT MEETING – EAST HARTFORD HOUSING AUTHORITY

PRESENT Chair Richard F. Kehoe, Vice Chair William P. Horan, Jr., Majority Leader  
Barbara-Ann Rossi, Minority Leader Eric A. Thompson (arrived at 7:50 p.m.),  
Councillors Marc I. Weinberg, Linda A. Russo, Ram Aberasturia, Susan P.  
Skowronek and Patricia Harmon

ALSO Ralph Alexander, Attorney, East Hartford Housing Authority  
PRESENT East Hartford Housing Authority Commissioners:  
Robert Keating, Chair; Art O'Brien, James Kate  
James Patterson, Prescille Yamamoto

CALL TO ORDER

Richard Kehoe, Chair of the East Hartford Town Council and Robert Keating, Chair of the East Hartford Housing Authority, called the meeting to order at 7:05 p.m. Chair Kehoe announced the exit locations in accordance with Connecticut General Statutes § 29-381.

The Town Council and the Board of Commissioners for the East Hartford Housing Authority discussed the recent HUD assessment of the East Hartford Housing Authority.

The Town Council recommended the East Hartford Housing Authority consider the following actions: (1) King Court, as a moderate rental facility, accounts for the bulk of the financial stress at the Housing Authority and consideration should be given to selling this property. Because the state and the town have a claim on any sale proceeds, discussions should commence with the Connecticut Housing Finance Authority and our state delegation; (2) the educational qualifications for the Executive Director and the Finance Director should be revised to include experience with governmental agencies – specifically Housing Authorities – along with an accounting degree; (3) the procurement policy should be revised for compliance with HUD regulations and there should be a process to insure compliance with that policy; (4) requiring training from HUD, and other sources, for each new Commissioner appointed to the Housing Authority to help guide them through their tenure as a Commissioner and provide them with the tools needed to oversee the Housing Authority staff. Additionally, as regulations change, a refresher course should be provided; and (5) reopening union contracts is an appropriate way to address overstaffing issues that HUD raised and reducing expense.

Chair Kehoe commented that the lines of communication between the Commissioners of the Housing Authority and the Town Council should be ongoing. The Chair suggested that before the Commissioners submit their response to the HUD assessment, another joint meeting with the Town Council would be helpful.

ADJOURNMENT

MOTION      By Eric Thompson  
                  seconded by Bill Horan  
                  to **adjourn** (8:25 p.m.)  
                  Motion carried 9/0.

Attest Richard F. Kehoe  
          Richard F. Kehoe    *AK*  
          Town Council Chair

Patricia Conobno

2011 APR 28 A 11: 23

ACTING TOWN CLERK

TOWN OF EAST HARTFORD

740 MAIN STREET

WELLING CONFERENCE ROOM, 2<sup>nd</sup> FLOOR

APRIL 27, 2011

SPECIAL JOINT MEETING – EAST HARTFORD HOUSING AUTHORITY

PRESENT Chair Richard F. Kehoe, Minority Leader Eric A. Thompson, Councillors  
Marc I. Weinberg, Linda A. Russo, Ram Aberasturia, Susan P. Skowronek  
and Patricia Harmon

ABSENT Vice Chair William P. Horan, Jr. and Majority Leader Barbara-Ann Rossi

ALSO Ralph Alexander, Attorney, East Hartford Housing Authority  
PRESENT East Hartford Housing Authority Commissioners:  
Robert Keating, Chair; James Kate, James Patterson  
Prescille Yamamoto  
Debra Bouchard, Acting Executive Director, East Hartford Housing Authority  
Joseph Regan, Acting Finance Manager, East Hartford Housing Authority

CALL TO ORDER

Richard Kehoe, Chair of the East Hartford Town Council and Robert Keating, Chair of the East Hartford Housing Authority, called the meeting to order at 7:05 p.m.

The Town Council and the Board of Commissioners for the East Hartford Housing Authority discussed the proposed response, as outlined and attached to these minutes, to the recent HUD assessment of the East Hartford Housing Authority.

ADJOURNMENT

MOTION By Eric Thompson  
seconded by Marc Weinberg  
to adjourn (8:38 p.m.)  
Motion carried 7/0.

Attest

Richard F. Kehoe

Richard F. Kehoe  
Town Council Chair

At

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## OUTLINE OF COUNCIL PRESENTATION

As Mr. Keating has indicated, the Recovery Plan (or Plan as we have been referring to it) is still a work in progress. Final drafting and development of certain aspects of the Plan are still to be completed. However the Plan will be completed for submission by May 2<sup>nd</sup>. Tonight I will touch on the key points of the Plan especially those points that were focused on in our last meeting. Of course the full Plan will be submitted to HUD on Monday, and it will be subject to HUD's review, approval and direction as to any changes or additions or deletions it may determine appropriate. With regard to the timetable for goal completions we have used our best estimates to forecast those. Some of the proposed time frames may seem ambitious and may be subject to future adjustments, but the urgency of the Housing Authority's situation has compelled the Housing Authority to be as aggressive as possible on implementation of these solutions.

In assembling this presentation to the Council we have focused on 8 key topic points. Following the presentation we will entertain any questions that the Council may have.

(1) One of the key focus points of the Plan is examining the disposition of Housing Authority assets with 2 main goals in mind: (a) the first being to stem the negative cash flow situation resulting from underperforming assets; and (b) the second being to provide an avenue for the repayment of the various current obligations of the Housing Authority.

With respect to underperforming assets, the Housing Authority has renewed negotiations with Goodwin College on a very vigorous basis for the disposition of King Court. Following our last meeting with Goodwin College the parties determined that the next step was to contact DECD and CHFA to review the matter with them moving forward. Contact has been made with DECD and they are in the course of coordinating that meeting. In the Plan we have indicated a timeframe for this disposition of December 31, 2011. However, that timeframe in all likelihood will not be attainable due to the complexity of the various issues and procedures, as well as the multiple parties (including the Town) that must be consulted with. That being said the Housing Authority will continue to do everything it can to move the process forward.

The Plan also calls for examining the options for the disposition of other Housing Authority assets, especially the main office building. The purpose of exercising one or more of these options would be to provide a vehicle for repayment of some of the agencies current obligations. In the Plan we have called for the development of a strategy of options to provide the Housing Authority with the optimum financial benefit in order to meet its obligations. Currently under the Plan we are calling for this strategy to be in place by July 31, 2011.

(2) Regarding the management of the day-to-day operation of the Housing Authority, the Plan calls for the appointment of both a Permanent Finance Director and a Permanent Executive Director. We will be looking for highly qualified people for both of these positions and will be offering the positions both nationally and locally to obtain the optimum candidate coverage. We will be performing the recruitment for these two positions in 2 phases:

(a) The first phase will be to obtain a Permanent Finance Director. It is our goal to have the Finance Director position filled, or at least selected, by October 1, 2011. The Plan calls for, and we are in the process of, the development of a procurement for that position. As part of this procurement we are reevaluating and revising the job description and qualifications for the position. In reviewing and revising that job description we will be focusing on both educational qualifications and on extensive public housing experience, which shall include familiarity with all of the applicable HUD programs and their requirements.

(b) The second phase of the recruitment will be to employ the same course of procurement for the recruitment of the permanent Executive Director. It is the Housing Authority's goal to have that appointment in place by December 31, 2011.

IN THE MEANTIME IT SHOULD BE NOTED we are currently operating with an Acting-Executive Director, Debra Bouchard, and an Acting-Finance Director, Joseph Regan. This arrangement has been working very well during this period of transition. The services of Debra and Joe have been invaluable to the Housing Authority during this interim period, especially in enabling the Housing Authority to gain an increasingly clearer picture of the agency's financial situation. They have also been instrumental in overseeing the Housing Authority's day-to-day operations and providing guidance and input to the agency in the formulation and assembly of the Plan.

(3) The Plan is making extensive provisions to address procurement at the Housing Authority. As part of the Plan, the first step in this process was determined to be the review and revision, in accordance with the applicable HUD regulations, of the Housing Authority's current Procurement Policy. This process is already underway with the revised policy being expected next month. The overall procurement program of the Housing Authority is also being reviewed and overhauled with a timeframe goal of June 30, 2011.

(4) The Plan will also be focusing on a program of training for each new Commissioner appointed to the Housing Authority Board of Commissioners. This training will focus on HUD

matters and requirements, on financial matters generally, and on overall public housing operational matters. The Plan will also be looking to provide ongoing training to existing Commissioners in the form of refresher courses and to provide access to changes in the ever-evolving public housing law.

(5) The Plan will further address the need to adjust agency staff wages and benefits to manageable limits. To that end the Plan envisions working with the unions over the next several months to vigorously pursue economic savings in this area. 2 of our 3 unions have already approached us offering their cooperation. We are in the course of scheduling meetings with all 3 unions to discuss these matters. These meetings will commence in mid-May and run through June. Once again the Housing Authority's goal on this point is to have the necessary concessions from our unions in place by October 1, 2011.

(6) Addressing the reorganization and review of all aspects of the Housing Authority's operations is also covered in the Plan. This reorganization and review will include, but is not limited to, developing more efficient and effective structuring of personnel and functions, dealing with unit vacancies and unit turnaround, and effective monitoring of RMR (resident call for maintenance work orders, both routine and emergency) data. The agency is shooting for an overall date to have these new systems and procedures in place of October 1, 2011.

(7) Addressing the Housing Authority's operating budget dilemma (including the current operating deficit together with the various outstanding obligations to the Town, State and Federal Programs) the Plan calls for a detailed review of every financial aspect of the agency, both past and present, in order to gain a clear direction for the future recovery. This process has already begun and will continue through the term of the Plan. From a budgetary point of view each budget item will be reviewed in order to determine where reductions can be made. In addition, the Housing Authority will pursue the establishment of repayment programs for the several indebtednesses that the agency owes to the Town, State and Federal Programs. The Housing Authority will pursue each of these goals as aggressively as possible and to the extent possible without sacrificing service to its residents. This will be an ongoing effort by the Housing Authority until the agency has reached financial stability. The Plan is endeavoring to be able to develop a balanced-budget and a feasible repayment strategy by October 1, 2011.





THE HOUSING AUTHORITY OF THE TOWN OF EAST HARTFORD PLAN OF  
FINANCIAL RECOVERY DATED MAY 2, 2011  
SUBMISSION TO  
THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT -  
HARTFORD AREA OFFICE  
ATTENTION: JENNIFER GOTTLIEB, PROGRAM CENTER COORDINATOR

INTRODUCTION AND OVERVIEW

On April 1, 2011 HUD sent the Housing Authority of the Town of East Hartford (also sometimes referred to hereinafter as the "Housing Authority" or "EHHA" or the "Authority" or "the Agency") its Letter and Executive Summary (referred to hereinafter as the "HUD Summary") outlining the financial crisis that the Housing Authority is facing. The HUD Summary outlined its extreme concern over the Housing Authority's ongoing negative financial operations, unauthorized use of restricted funds and resultant loss of reserves from various federal programs. Other deficiencies were an apparent lack of training in management, especially in the finance department, and at the Commissioner level, program noncompliance and deficiencies in other operational areas including but not limited to unit turnaround, rent collection, maintenance work orders and procurement. The HUD Summary also admonished the Housing Authority Board of Commissioners (also sometimes referred to hereinafter as the "Board" or the "Board of Commissioner") that this situation could not be corrected without aggressive measures to reduce spending and increase revenues.

In response to the HUD Summary, the Board with invaluable assistance of the Housing Authority Senior Management Team (also sometimes referred to hereinafter as "Senior Staff" or "Senior Management Staff") has developed the following Plan of Financial Recovery (also sometimes referred to hereinafter as the "Plan" or the "Recovery Plan" or "Financial Recovery Plan") for the financial recovery of the Agency.

Due to the extensive nature of the financial crisis, the Plan calls for a concerted effort to move forward aggressively to accomplish the disposition of underperforming Housing Authority assets, as well as other Housing Authority assets in order to (a) reduce negative cash flow in the

first instance and (b) provide a source of revenue to aid in the repayment to the reserve accounts in the various federal programs, as well as obligations to the town and to the state. In addition, the Plan calls for an extensive effort to review all financial aspects of the Agency and all budgetary line items with two specific goals (a) to reduce spending wherever possible and (b) to verify as clearly as possible the actual financial situation of the Agency. In conjunction with this cost-cutting strategy the very prominent issue of wages and benefits is also being pursued in the Plan with the intent to initiate aggressive negotiation with all three bargaining units of the Housing Authority starting in May. Other operational deficiencies and Program Noncompliance are also being addressed in the Plan. As the Plan was in the process of being developed by the Board and the staff many of the initial steps to the implementation of the various Plan goals are already underway. Regarding the time frames that we have set for accomplishing the various goals under the Plan, many of them are extremely ambitious and may, by necessity, need to be adjusted at a later time. However, these ambitious time frames are compelled by the urgency of the financial situation at the Housing Authority. In any event, the Board and the staff are committed to an ongoing concerted effort to see the Plan through in order to achieve the financial recovery of the Agency.

## PLAN SECTIONS

### I. SPENDING CONTROLS AND SPENDING REDUCTIONS:

A. OVERVIEW ON SPENDING CONTROLS AND REDUCTIONS. As pointed out by HUD, the Housing Authority recognizes that, in order for its Plan to be successful, a major component for financial recovery must include provisions for an aggressive approach to spending controls and spending reduction.

1. By necessity the Plan requires that the Agency make an initial effort to assess and determine as quickly and as accurately as possible the agencies current financial picture. Very essential as part of this process is to accurately determine the full extent that funds from the Agency's various Federal programs have been used improperly to fund the State program. To this end the Housing Authority has developed a Plan that calls for a detailed review of every financial aspect of the Agency, both past and present, in order to gain a clear direction for the future recovery. This process has already begun and will be continued throughout the course of

the Plan. One of the goals of the Plan on this point is to have a clear enough financial picture by the time we begin meeting with the unions (Union negotiations are discussed further on in the Plan and are intended to begin in mid-May) so that we may be in a position to present a reasonably detailed and credible financial picture of the Agency and a clear demand in dollars of what we will be looking for from the unions.

2. From the point of view of spending cuts and controls, the Plan calls for the review of each budget item in order to determine where reductions can be made. On this point its the Housing Authority's strategy to "leave no stone unturned" in order to accomplish the reductions and controls that are needed. This portion of the process has already begun and will be continued throughout the course of the Plan. As part of the Plan the Housing Authority will be pursuing other cost savings and spending control measures to be discussed in more detail in the paragraphs that follow. As part of the Plan as well the Housing Authority will be developing repayment programs for its indebtednesses to its Federal Programs, as well as to the Town and State. This last point will involve a comprehensive effort including not only spending cuts and controls but also asset disposition which is discussed in section II. Realistically the Housing Authority is not likely to make significant changes in the current budget year, as it is too far along to be able to accomplish that, but the Plan will be to continue the various cost cutting strategies with a target of a balanced budget for the next budget year. Consequently, at this time the Plan has set a very ambitious goal of developing a balanced-budget and a feasible repayment strategy by October 1, 2011. Obviously, the extensive nature of the Housing Authority's financial difficulties may make it necessary to adjust these goals. However, the Housing Authority intends to pursue these goals as aggressively as possible, but without sacrificing its services to its residents. This cost-cutting and spending control mode of operation will be an ongoing effort by the Housing Authority until the Agency has reached financial stability.

B. COST CONTROL AND OTHER EXPENSE REDUCTION: As stated above, under the Plan the Housing Authority's strategy will be "leave no stone unturned" in order to accomplish expenditure reductions and costs on an ongoing basis. All budgetary categories are already in the course of being examined to pursue cost cutting wherever possible. In addition, the Housing Authority will continue to monitor current expense payments in order to control the cash position of the Agency. To this end the Housing Authority will be looking to make headway in both paying down our payables and increasing our cash position. Obviously, the process of increasing the Agency's cash position will be limited at the present time.

1. Under this Plan, the Agency will pursue its goals under its doctrine of "leaving no stone unturned" in order to accomplish its goals of providing a balanced-budget and a feasible repayment program to replenish its depleted reserves in its various Federal Programs, as well as meeting its financial obligations to the Town and to the State.

2. With the implementation of improved procurement and purchasing oversight (refer to section III), savings are expected to be realized in routine and non-routine maintenance expenses, contracted services and general operating expenses at all properties.

3. Utility cost reductions will also be a consistent focus by modernizing less efficient equipment and appliances with energy-savings models. Building utility costs will be closely monitored with annual review of purchasing agreements with gas and electrical suppliers. Recent examples of this are that in 2010 renewal of gas and electric utility contracts at lower rates were completed with an anticipated reduction to overall utility costs by \$100,000 at current consumption rates.

4. Another example of current cost savings in 2011 are a re-configured contract with Verizon with an annual cost reduction of approximately 25% over current fees.

5. Likewise, our office supplies provider, WB Mason, recently negotiated with EHHA an overall reduction of 25% of costs in toner and copy paper which are our two largest expenditures of office supplies.

6. Future evaluation of our AT&T account is occurring with an expectation to further reduce the amount of landlines currently in use to secure an overall reduction in costs.

7. In general, all existing contracts will be evaluated for costs and necessity to include insurance coverage and other agreements.

8. Another area of cost savings by reducing energy consumptions could be found with the use of an Energy Conservation Contract. While EHHA has previously hired an ESCO and did complete an Energy Audit in 2008 and was approved by HUD in 2009 to move forward with an Energy Services Contract, our ESCO provider, Ameresco, was not able to secure financing on our behalf for this project. Ameresco stated in a September 1, 2010 letter "that due to the financial condition of EHHA" no financing was able to be obtained. When EHHA makes the improvements to its overall financial viability, then this certainly can be evaluated again and hopefully become a cornerstone of completing Capital Improvements to facilities and in reducing overall energy consumption and costs.

9. Another area of analysis recently completed was to examine EHHA vehicle fleet needs as well as evaluating the cost-effectiveness of retaining other Housing Authority aged equipment. Due to aged equipment and changing staffing needs, EHHA Senior Management has moved forward with a Disposition Auction to reduce vehicles (four each) owned by the Agency. This will save money on vehicle repairs and insurance and funds gained by the auction will be available to reduce current payables owed to vendors. Other auction items are general landscaping equipment that is either non-repairable, has been replaced with newer equipment or is no longer in use. Some general office equipment will be auctioned as well. It is intended that these proposed items for auction will be presented to the Board at their next meeting. Upon Board approval staff will look to schedule the auction to occur in June or July of 2011.

10. A related area in reducing the vehicle fleet is in the current operations for snow removal, plowing and landscaping services. For example, one of the two snow plow trucks was purchased in 2000 and is not repairable and is one of the vehicles being auctioned. A replacement cost for this vehicle, with plow and sander attachments, would be in excess of \$60,000. Due to this cost, EHHA is pursuing the potential use of private contracted services for the main plowing of its parking lots versus using in-house equipment and manpower. EHHA would still perform secondary removal in parking lots with current equipment.

C. WAGE AND SALARY EXPENSE REDUCTION. The Plan will further address the need to adjust Agency staff wages and benefits to manageable limits. The Board feels strongly that most of its employees already appreciate the challenges facing the housing authority. To that end two of the three Housing Authority unions have already come forward to the Board and the Executive Staff, offering their cooperation in wrestling with this huge financial problem. In an effort to bring the operating deficit of the Agency under control the Board Negotiating Subcommittee along with the Acting Executive Director are in the course of scheduling meetings with all three unions to seek concessions to reduce the overall present and future costs of wages and benefits to the Agency. These meetings are expected to commence by midmonth and to be concluded by June 30, 2011. In preparation for these meetings Senior Staff is currently working to obtain the clearest Agency financial picture possible, in order to determine what precise financial concessions will be needed from the unions, so that the same can be presented at the initial meeting with each union. At the meetings the parties will be discussing concessions in areas of current and projected costs of wages and benefits, as well as the no lay-off language. EHHA expects to have the agreed upon concessions in place by the start of the next fiscal year, 10/1/11. It should be noted as the Housing Authority embarks on this negotiation process, its

workforce has continued to be reduced. The HUD Summary indicated that there are currently 34 employees, (33 fulltime and one part time). Additional reductions in staffing have occurred since and staffing is now at 31 fulltime employees and a part time worker.

D. REVIEW AND CLARIFICATION OF FINANCIAL PICTURE. In reviewing and clarifying the financial picture of the Housing Authority, all revenue and expense budget line items will be under review to ensure the accuracy of information to be presented. It is the intention of the plan that the same accuracy be maintained so that each programs revenues and expenditures are properly accounted for. This review will go back historically as well in order to obtain a clearer picture of the Agency's finances.

1. The most recent Federal LIPH audit, for example, does not reflect any dollar figure for the Maintenance material inventory on hand in Amp 100 and Amp 200, which historically has been over \$100,000 combined between the two Amps. Had the dollar amount of the combined inventory number for the two Amps been properly included as an asset in the audit it would have resulted in a savings on the balance sheet by off-setting a corresponding amount of expense dollar value on the expense side of the balance sheet.

2. Another example is that CFP 2009 and CFP 2010 funds available in BLI 1406 Operations and 1410 Administration have not been utilized as allowed for Operations and Administrative Salaries. For example, 10% of 2010 CFP grant funds (\$75,931) were designated and approved to be applied to Administrative Salaries and benefits. Previously, no money was drawn from BLI 1410 Administration and other funds were used to pay for these salaries and benefits. Again, this has caused further disparity in the ability of the Housing Authority to pay its bills in a timely fashion by not having all funds due to the Agency available to pay its expenses. With recent LOCCS access approval for current staff received in April, 2011, these funds will now be properly utilized in the overall operations at EHHA as approved by HUD.

3. Before getting into the discussion on this next point, the Housing Authority fully acknowledges the need to obtain cuts in wages and benefits. Another example where clarification will be needed is regarding the determination of the total amount of wages, and also the benefit to wage rate ratio at the Housing Authority. Examination of the statistics of the Bureau of Labor Statistics, which was indicated in the HUD Summary to reflect the benefit to wages ratio rates for State and Local Government workers, appears not to have been a true benefit to wage rate ratio. The BLS study does not show employee benefits as a percentage of wages but does reflect the percentage of all employer costs for employee compensation. In this

study when examining the total cost per employee, 65.6 % of an average government employee's compensation is assigned to wages and the other 34.4% is assigned to benefits. If a person uses the numbers in the BLS table to calculate a true benefit to wage rate ratio, then the Benefits (34.4) figure would have to be divided by the wages and salaries figure (65.6), which would produce an average benefits to wages ratio of (52.4%).

4. The importance of bringing forth the foregoing points of discrepancy is simply to emphasize the need for that portion of the plan that calls for the verification of the true financial picture of the Housing Authority, so that there will be a clear starting point in the recovery process. Even with this clarified financial picture the Housing Authority still faces a huge economic obstacle before it can reach financial stability, and it is on that point that the Housing Authority reasserts its commitment to achieving that recovery.

## II. INCREASING REVENUE AND REVENUE ENHANCEMENT:

A. OVERVIEW ON INCREASING REVENUE AND REVENUE ENHANCEMENT. The second major component of the recovery strategy under the Plan will be to implement means to increase revenue. Under the HUD Summary it clearly pointed out that increased revenue would be needed both to deal with operating losses in conjunction with cost-cutting, and for providing avenues for the repayment of all or a portion of the obligation that the Agency owes to its Federal Programs, the Town of East Hartford and State. Under the Plan the Housing Authority will be focusing on ways to increase revenue employing several different strategies. Under the Plan Housing Authority assets will be reviewed to determine which assets present the greatest revenue opportunities as compared with the negative aspect of losing the asset from the Agency's portfolio. Much of this analysis is already underway. In addition opportunities to enhance revenue from current operations as well as exploring other new revenue opportunities are also being targeted in the Plan.

B. KING COURT DISPOSITION. The first focus point of the revenue strategy is to pursue aggressively the disposition of the State Moderate Rental Project King Court. By disposing of this asset the Housing Authority is endeavoring to both (a) eliminate the financial burden of the negative cash flow of this underperforming asset; and (b) assuming that the right buyer can be brought into the deal, also seeking to provide an avenue for the repayment of at least a portion of



the various outstanding obligations of the Housing Authority, including but not limited to the repayment of amounts due to the Federal Programs.

1. The Housing Authority has already begun pursuing this avenue by renewing its negotiations with Goodwin College on a very aggressive basis. Following the most recent meeting with Goodwin College in mid-April it was determined that the parties were serious enough to take the next step.

2. This next step requires contacting and meeting with the State of Connecticut Department of Economic and Community Development "DECD" and CHFA to review the matter and for them to layout the process moving forward. The Housing Authority has already made contact with DECD and they are in the course of coordinating that meeting.

3. Pursuing the transaction with Goodwin College is particularly attractive to the Housing Authority (in addition to any proceeds that might be realized from the disposition) because negotiations may also provide some management opportunities for the Agency as well as providing the opportunity for current residents of King Court to continue in housing there for a substantial period of time. These management opportunities if realized would provide an increased revenue stream to EHHA while eliminating the negative financial impact of the underperforming project and providing essential services for the King Court residents who would remain there.

4. Given all of the complexities of the deal (which would include not only dealing with the state interest but would also include dealing with certain statutory interests of the Town) the earliest time frame for this disposition would in all likelihood be no earlier than December 31, 2011. That being said the Housing Authority will continue to do everything it can to move the process forward.

C. EXPLORING OTHER ASSET DISPOSITION OPTIONS. The Plan also calls for examining the options for generating revenue from the disposition of other Housing Authority assets.

1 Under the Plan, the Housing Authority will be exploring the potential to be realized from the disposition of its main office building at 546 Burnside Ave., East Hartford, Connecticut. This portion of the Plan will require great detail as the disposition of the main office will also entail the relocation of the Agency's entire central office staff and facilities for dealing with residents and the public in general on a daily basis. Currently the goal under the Plan is to have this strategy to be in place by October 1, 2011.

2. Under the Plan, the Housing Authority will also be exploring restructuring use of 81 Woodlawn Circle (the Larson Community Center) in order to determine what, if any, increased rental opportunities may be available there, and/or whether or not the Community Center would provide an alternate location for the central office in the event of a sale of 546 Burnside Ave.

3. As referred to previously in section I of the Plan, the Housing Authority is also looking for opportunities to auction off obsolete vehicles and equipment, not only to reduce expenses, but also to generate revenue.

D. EXPLORING OTHER REVENUE OPPORTUNITIES. The Plan will also focus on developing access and greater awareness to grant opportunities that may be available to the Agency. These grant or subsidy opportunities will be pursued in order to improve the viability to any of its current programs and properties. Past successes in this area include the receipt of state grant funds for the new roofing at Hutt Heights which assisted in the Federalization of Hutt Heights. Equally important was the grant assistance received from the State of Connecticut for the Lead Base Paint Abatement Project at Veterans Terrace.

E. INCREASING EXISTING PROGRAM REVENUES. The Plan also calls for seeking revenue enhancements by focusing increased attention on enforcing tenant obligations as well as obligations of third parties who may owe the Housing Authority money under any of its programs.

1. Under the Plan, this will be accomplished by ramping up attention to occupancy rates, maintaining consistent tenant screening, lease enforcement and rent collection procedures with the goal of increasing tenant rental revenue.

2. The EHHA already ensures that the maximum allowable minimum rent of \$50.00 per month per HUD guidelines is strictly enforced. Should HUD increase this minimum amount, EHHA Senior Management Team will implement the revised change immediately.

3. Likewise, portability revenue under the HCV program will be closely monitored to ensure that all revenue due to EHHA is collected in a timely fashion in accordance with PIH 2008-43.

4. The Housing Authority will also be studying the extent of and looking to minimize the accumulation of Tenant Accounts receivables, which has had a negative impact on revenues in the past.

### III. ELIMINATING PROGRAM NON-COMPLIANCE AND PERFORMANCE DEFICIENCIES:

A. OVERVIEW ON ELIMINATING PROGRAM NON-COMPLIANCE AND PERFORMANCE DEFICIENCIES. The HUD Summary also set forth HUD's concern regarding several key areas of program noncompliance and performance deficiencies at the Housing Authority. The Housing Authority Board of Commissioners shares HUD's concerns on this point and this Recovery Plan is committed to addressing those issues also on an aggressive basis. Key concerns regarding improper use of restricted funds, deficiency in the procurement process, rent collection and unit turnaround deficiencies, adequate documenting of RMR data and maintenance staffing levels, staffing reorganization and recruitment, and training are all specifically addressed in this section and/or in prior sections of this Plan. In addition, as the Housing Authority becomes aware of any other deficiencies or matters of noncompliance they will be addressed in the same manner as the currently specified concerns are.

B. IMPROPER USE OF RESTRICTED FUNDS. The improper use of restricted funds, as the HUD Summary has clearly indicated, has been an ongoing problem at the Housing Authority for some time. The problem is symptomatic of the long-term impact of underperforming state programs and a failure to control spending generally. The Plan is committed to resolving this problem by a combination of strategies that will dispose of underperforming assets and systematically cut and control spending at all levels at the Housing Authority. In section II of Plan the process for disposing of the underperforming King Court development has been laid out, and the first steps in that process are already underway. Obviously the complexities of the transaction dictate that the ultimate disposition will be months down the road. In section I of the Plan strategies for cutting spending at all levels have been enumerated. The Plan calls for every budgetary item to be examined to see where any possible cuts and spending can be made. Monitoring of spending currently to control cash flow is also part of the process. The Housing Authority will also be addressing reductions in wages and benefits through negotiations with their three unions to provide further needed savings. Under section II other strategies to increase revenue will also be used to eliminate the operating losses which have been the main source of the Housing Authority's misuse of restricted funds. All of these strategy procedures will be time-

consuming but the process is already underway and the Housing Authority staff and the Board of Commissioners are committed to seeing the process through to financial stability.

C. PROCUREMENT. To address the concerns of deficiencies in procurement compliance the Plan will be providing an extensive overhaul of the entire procurement process at the Housing Authority.

1. The first step in this overhaul process is to review and bring up to date the Housing Authority's current Procurement Policy. This process is already underway. A revised Procurement Policy is currently under review and in draft form as compiled by the EHHA Senior Management Team and is being reviewed against the procurement standards of 24 CFR 85.36, the provisions of HUD Handbook 7460.8 and the applicable provisions of the State Procurement Manual. The revised procurement policy could be presented to the Board for adoption as early as this month. Following Board approval, training for all staff and the Board on the provisions of the Revised Procurement Policy language will be carried out. This training will ensure that the staff and the Board have an understanding of the procedures to follow when contracting and purchasing, as well as general procurement and financial records management in all affected areas. The revised procurement policy is expected to improve the financial status of this Agency by updating bidding procedures, cost controls, providing for effective records management and ensuring appropriate contracts are in place as required by HUD regulations. Contracts following HUD and EHHA Procurement procedures that are currently in place for Utilities, Vacant Unit Painting, trash hauling, Capital Fund projects, and operational services etc., will be utilized along with such other contract forms as may be determined appropriate, as blueprints to develop future contracts in accordance with the provisions of the Revised Procurement Policy. It is the goal of the Plan to have this portion of the procurement program in place by the end of June 2011.

2. Under the Plan there will be a review of all existing material and service providers to determine the status of the procurement regarding same. As part of this process, an ongoing Contract Register will be developed and updated to show all necessary detail on the procurement of all service and/or material providers. Where applicable the contract register shall show when each contract period begins and when it expires so that the Housing Authority staff and Board will be aware of when procurement needs to be updated. It is the Board's desire that the contract register shall be part of the monthly Board meetings for review. Under the Plan, the Housing Authority is pursuing a timeframe to have these measures in place by October 1, 2011.

D. PROGRAM PERFORMANCE. The Plan will also provide a program to address the review, and where necessary the improvement, of all other areas of the Housing Authority's operations. This program will be dealing with all such other areas of the agencies operations, including but not limited to, reporting, rent collections, enforcement of tenant obligations, unit vacancies and unit turnaround, and effective monitoring of RMR (routine maintenance and repair, and resident call for maintenance work orders, both routine and emergency). Currently the Housing Authority's timeframe for having this segment of the Plan in place is by October 1, 2011.

1. Under the Plan, all of the Housing Authority's reporting requirements will be reviewed, assessed and docketed into a schedule. On one specific point Senior Management and the Board will seek to improve the FASS score(6) and the overall PHAS score(66) by implementing the new PHAS III scoring system recently put in place by HUD. By way of information, PHAS III training was completed on April 14, 2011 by Senior Staff to better understand how to prepare for these program scoring changes. FASS scores will improve with Financial Reporting anticipated to meet submission deadlines this year which is not the case with our previous unacceptable FASS score.

2. Under the Plan, the areas of tenant rent collections and reducing tenant account receivables has already been addressed in section II.

3. Addressing vacancy rates, the Housing Authority will continue the recent improvements in the current reduction in the tenancy vacancy rates by focusing on both unit turnaround and lease up functions.

4. Regarding unit turnaround, the focusing of this effort in the LIPH, the Project Based Section 8 and to the extent possible in the state moderate rental portfolios will continue to be a priority for the Housing Authority. Some significant factors that have negatively affected unit turn around this fiscal year are increased pest control activity (bed bugs), maintenance personnel on long-term Workers Comp leave and the second most active snow season in Connecticut history. The Housing Authority will be focusing on these factors to determine what changes can be made to minimize their impact on unit turnaround time in the future.

5. On a positive note, over the past two years, the Agency has experienced improving trends in unit turnaround, as was indicated in the graph in the HUD Summary on Figure 3, FYE 2009. Under the Plan this trend will be continued, and will be examined to determine if there are ways to accelerate this trend to the optimum goal. The Housing Authority recognizes that the lowering of the vacancy rate will maximize the rental income at EHHA properties to improve the overall financial operations and affected budget lines for the Amps. To this end Site

Coordinators have routinely met with maintenance staff in March/April 2011, to review goals to improve turnaround of vacant apartments and review coordination with leasing staff. These efforts covered the importance to maintain accurate records in the areas of dates units are received as vacated, the date a unit is painted, work-start dates, projected work completion dates and the actual date the unit is ready to rent. Daily site supervision of progress achieved by maintenance workers will be enforced by Senior Management Staff. Maintenance and Leasing goals combined will be to keep the average of unit turn around at or less than 20 days per unit.

6. Viewing the current vacancy rate situation: (a) As of April 25, 2011, there are currently two vacant units in the LIPH portfolio out of the 621 available apartments. This 99.7% occupancy rate reflects the priority and efforts necessary to ensure long term financial stability and long term vacancy reductions which is important to all parties. (b) Most recently, Amp 300, Hutt Heights, since federalization was achieved effective January 1, 2011, has been 100% occupied. (c) Veterans Terrace currently has 7 vacancies. However, four of these current vacancies have occurred during this past month April 2011 and will be subject to routine unit turnaround. Of the remaining 3 units, one is a handicap accessible unit which the Housing Authority is trying to reserve for a resident with those needs, and the leasing staff is working toward that end. This unit had been offered to an existing tenant that requires a live-in aid, however the offer was rejected by the tenant. The remaining two units require extensive repair and remodeling as both vacancies occurred due to evictions of the two previous long-term tenant families with the residency periods of 19 and 17 years respectively. The extensive repairs are underway, which necessitated substantially more excessive demolition, cleaning and refinishing, as well as the replacement of cabinets and flooring. These renovation items are currently on order and waiting for delivery. (d) King Court with 30 of its 80 units off-line because the lack of any capital funds to provide for the substantial repairs and upgrades in order for these units to meet HQS. This development continues to provide challenges not only because of the off-line units, but because under the guidelines of the State Moderate Rental Program many of the qualified people that we would rent to that have the financial ability tend to choose to live in private rental housing. Of the applicants that we do get, a good number of those do not meet qualification because of lack of income once they go through the qualification process. The Agency currently has all but five of the habitable units rented. Under the Plan, the Housing Authority will strive to attain 100% occupancy of the current habitable units, while pursuing the disposition of the development, which currently includes the before referenced transaction with Goodwin College. (e) Despite some of the setbacks that have occurred previously all of the developments (most especially Amp 100 and Amp 200) have shown significant improvements in

unit turnaround times since March 2011, as more time was able to be spent in turning units and not used in snow removal activities as mentioned above. Obviously, there is still room for improvement which the Plan will pursue.

7. Regarding maintenance work orders the Housing Authority is working to streamline the work order entry process to improve data entry speed and accuracy and to prevent a backlog of un-entered work order information. Over the past several years the unacceptable level of un-entered, completed work orders has skewed data necessary to accurately evaluate staffing levels. This became evident to the Housing Authority with the recent analysis as shown in Figure 4 of the HUD Summary. Staffing levels as reflected in work order hours gives the appearance of overstaffing. It goes without saying that this data is critical in the determination of the correct staffing levels going forward which the Plan will address. (a) By simplifying the work order module setups in our public housing software application, mistakes can be minimized and overall tasks lists can be reduced. (b) More analysis and changes are also possible to improve the work flow with regards to current notification procedures of maintenance staff about pending work orders by the receptionist. (c) The goal is to improve communications and improve the work productivity of all parties in the process. (d) Re-designing the routine maintenance form (RM&R) to match the data entry system will help speed up the work order entry process and general work flow. (e) Combined, these changes and enhancements should prevent future work order back log issues. (f) Other factors that do affect overall work order data entry and Maintenance work order completion are: (i) Vacation days – When workers are off, there are no mechanisms in place to temporarily fill any vacancies. (ii) Sick days, which are accumulated at 1.25 days monthly (not 1.5 as cited in the HUD report), or 120 hours annually, and when taken, negatively impact the overall demands to the maintenance staff and work order process. (iii) Any maintenance staff off on injury or worker's compensation negatively reduces the ability to maintain routine work flow, especially in completion of vacant unit turn around activities and times. (g) Under the Plan as mentioned in prior sections the Housing Authority will be looking to reduce some of these impacts, and will also be studying possible better ways to package the data in order to provide a clearer picture of staffing levels.

**E. REORGANIZATION OF STAFFING.** In the HUD summary and in consultation with HUD staff the need for reorganization was emphasized. Taking heed of these suggestions and admonitions, under the Plan, the Housing Authority will also be putting great focus on this reorganization segment of its Plan. The Board and the Senior Staff will be performing extensive reviews of not only how the Housing Authority staff is currently organized but also how

appropriately is staff being assigned within the organization. The goal here, in reviewing and reorganizing staff, will be to provide the optimal organization to maximize efficiency and effectiveness. The goal is to have the staff members with the proper skill sets in the proper positions within the Agency. Because of the demands of this segment of the Plan will require a great deal of resources, the timetable for its accomplishment is December 31, 2011.

F. EXECUTIVE DIRECTOR AND FINANCIAL DIRECTOR POSITIONS. As result of the consultation with HUD staff, this Plan will focus on having the best people possible in the positions of Executive Director and Finance Director. The HUD staff urged that Housing Authority should be looking to fill these positions as soon as reasonably possible. While formulating the Plan, the Board was very sensitive to this issue as well. However, the Board is also concerned that the process to fill these two positions permanently, needs to be more deliberate and thought out than it has been in the past. The Board also is equally concerned with having the proper guidance at the top executive levels in place during the interim period before these permanent appointments occur. Therefore, the Board has set forth a Plan that addresses both concerns.

1. Regarding the appointment of both a Permanent Finance Director and a Permanent Executive Director, the Housing Authority will be looking for highly qualified people for both of these positions and will be offering the positions both nationally and locally to obtain the optimum candidate coverage. The Housing Authority will be performing the recruitment for these two positions in two phases: (a) The first phase will be to obtain a Permanent Finance Director. It is our goal to have the Finance Director position filled, or at least selected, by October 1, 2011. The Plan calls for developing of a procurement plan for that position which will include re-evaluating and revising the job description and qualifications for the position. This process is already underway. In reviewing and revising this job description, the Housing Authority will be focusing on both educational qualifications and more importantly on how extensive the individual's public housing experience is, including but not be limited to full familiarity with all of the applicable HUD regulations, programs and their requirements. (b) The second phase of the recruitment will be to employ the same course of procurement for the recruitment of the permanent Executive Director. The Housing Authority will also be developing a procurement plan for the Executive Director's position which will include re-evaluating and revising the job description and qualifications for the position. In reviewing and revising that job description, the Housing Authority will again be focusing on both educational qualifications and more importantly on how extensive the individual's public housing experience



is, including but not limited to a wide range of experience with HUD regulations and its programs and requirements. The Board will also be looking for an individual who demonstrates qualities of leadership and knowledge and experience in human resource and labor matters. It is the Housing Authority's goal to have that appointment in place by December 31, 2011.

2. During the interim period, pending the above referenced permanent appointments, the Housing Authority Plan calls for its day-to-day operations to continue to be overseen by its Acting-Executive Director, Debra Bouchard, and an Acting-Finance Director, Joseph Regan. The experience of the Housing Authority over the past month has shown that both of these individuals possess and have demonstrated the level of experience and knowledge necessary to guide the Agency during this transitional period. Their services have been invaluable to the Housing Authority in assisting it in gaining an increasingly clearer picture of the Agency's financial situation, as well as assisting (as the leaders of the Senior Management Team) in formulating this Plan and overseeing the day-to-day operations of the Agency. They have also been instrumental in overseeing the Housing Authority's day-to-day operations and providing guidance and input to the Agency in the formulation and assembly of the Plan. Going forward in this interim process they will play an integral role in implementing the Plan until the respective permanent appointment for each of their positions is in place. More specifically, it is expected that they will play a major part in the negotiations with the three unions where they have both gained considerable credibility in setting forth the Housing Authority's true financial situation. Given their understanding of their roles in this interim period and their demonstrated professionalism, the Board feels strongly that they will also be invaluable when the time comes to transition to the permanent replacements for their respective positions.

G. TRAINING. The HUD Summary also pointed out the need for the Housing Authority to provide more effective training for both staff and commissioners. Under this Plan training will be a key focus to ensure that both staff and commissioners better understand the financial complexities that this Authority faces.

1. The Board members, along with Senior Management, will undergo routine training sessions in financial budgets and financial reporting, Labor contracts, procurement policy and procedures, required HUD reporting submissions and general oversight in areas as required by HUD regulations. Especially important, is safeguarding the financial integrity of the Authority and in the separation of program funding sources so as to not co-mingle funding from different budgets. This comprehensive training program will take place on a routine basis over the next

12 months or until such time that the Agency has improved to a standard performing Agency as rated under PHAS.

2. After the Housing Authority has reached the point of financial stability, periodic training will be permanently incorporated into the Agency's mode of operation at both the staff level and the commissioner level.

3. Under the Plan, the Housing Authority will develop a program to provide training for each new commissioner appointed. The training will focus on HUD regulations and requirements, as well as on financial matters generally and on overall public housing operations. The Plan will also focus on providing refresher courses and changes in ever-evolving public housing law for existing commissioners. One such commissioner training has already occurred on April 25, 2011. The areas covered in that training were: Financial record keeping requirements; the budget process; Audits/ and the Board's responsibilities to the success or failures in such areas. This training was conducted by Wendell Conner, Director of Quality Assurance at REAC.

4. As stated, future trainings will focus on the financial information provided by EHHA Management to the Board so that the Board can have improved knowledge of Authority programs and requirements. This will allow Board members to better identify restricted funds, payment of bills, general accounting practices and understanding of balance sheets and budget line items. Training will also highlight understanding of annual, independent audit reports and notes or findings that are cited. During the implementation of this Plan a great deal of training is expected to occur under the guidance of the Acting Finance Director, who is a recognized lecturer on public housing financial matters.

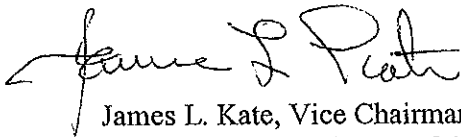
5. With better awareness of financial reporting and budgets, the Board, along with Senior Management, will consistently strive to take action on any discrepancies it finds in order to better safeguard the financial integrity of the Authority and to improve the adherence to all Housing Authority, HUD, State or locally mandated policies and regulations.

### CONCLUSION

In conclusion, the Board and the Senior Management Team are fully committed to this Recovery Plan and recognize the need to make immediate and substantial changes in many program areas. By studying the current deficiencies and effectiveness of procedures, EHHA anticipates re-

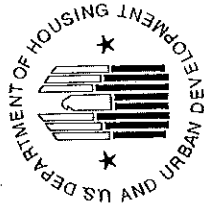
organizing program functions and Authority operations, with an overall reduction in operating expenses as a key concern. A prime focus is to analyze current successes in order to continue areas of operations that work well, and to analyze deficiencies in order to correct any past failures and institute improvement of processes and procedures. The Housing Authority will also pursue technical assistance when possible from other PHAs that may have had past experiences and expertise in areas that are identified for corrections or improvements. It is critical to the financial viability and integrity of the Housing Authority that total expenses are reduced, that revenue streams are maximized, that financial resources are properly managed and that program compliance is maintained. The EHHA must replenish depleted reserves, reduce unpaid balances on obligations and show that financial management improvements are made on a monthly and annual basis. The East Hartford Housing Authority feels strongly that the strategies as detailed in this Recovery Plan, overtime, should allow for the repayment to the Federal programs, as well as to the Town and the State. The Board and the Senior Management Team see this Recovery Plan as the blueprint which will guide this Agency to financial stability. The Board and Senior Management team offers this Plan to HUD for its review, guidance, comment and ultimate approval following any adjustments it deems necessary. In the meantime, the Housing Authority will continue moving forward on the strategies outlined in this Plan with all due expediency. In the final analysis, however the Plan may be adjusted or revised going forward, the Board and the Senior Management Team are committed to a sustained concerted effort for the Agency's financial recovery, and this commitment will be an ongoing force for as long as it takes to achieve that recovery.

Respectfully submitted



James L. Kate, Vice Chairman  
Board of Commissioners of the  
Housing Authority of the Town of East Hartford

EC Robert P. Cwieka, Deputy Director, Public Housing Boston Region  
Julie B. Fagan, Field Office Director  
David J. Furie, Chief Counsel  
Suzanne Piacentini, Director, CT Multifamily Program Center



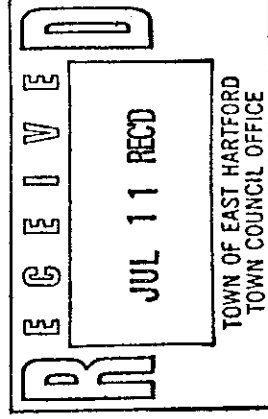
U.S. Department of Housing and Urban Development

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**JUL 0 5 2011**

Mr. Robert N. Keating  
Chairman  
Board of Commissioners  
East Hartford Housing Authority  
15 Knollwood Road  
East Hartford, CT 06118



Dear Chairman Keating:

On June 1, 2011, the Department of Housing and Urban Development (HUD) notified the East Hartford Housing Authority (EHHA) that to effectuate the recovery of EHHA and comply with the requirements of 24 CFR 902.75, the Hartford Field Office would formulate a Recovery Agreement (RA) based on information in the HUD report and the EHHA plan submitted to HUD on May 2, 2011. HUD committed that the RA would be submitted to EHHA one month from the date of HUD's letter.

Enclosed with this letter, please find the RA between HUD and EHHA that is designed to position EHHA to exit troubled status within the statutorily required time period. EHHA will have an opportunity to offer its input to the RA and will then be expected to execute it as per 24 CFR 902.75. As many of the goals and target deadlines are soon approaching, adoption of the RA in a timely fashion is requested.

HUD appreciates the steps that EHHA has taken in the interim period to reduce costs in order to work towards achieving a sustainable level of operations.

If you have any questions with respect to these matters, please feel free to contact me.

Sincerely,

Jennifer R. Gottlieb  
Program Center Coordinator

cc: Acting Executive Director Debra Bouchard, East Hartford Housing Authority  
Marcia A. LeClerc, Mayor of the Town of East Hartford  
Richard Kehoe, Chairman of the Town Council, Town of East Hartford

**Gottlieb Elazhari, Jennifer R**

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**From:** Gottlieb Elazhari, Jennifer R  
**Sent:** Tuesday, July 05, 2011 3:27 PM  
**To:** 'Bob Keating'  
**Cc:** Debra M. Bouchard; Torres, Debra A; Fagan, Julie B; Ayala, Donna J; Cwieka, Robert P; Bowen, Kathleen M; Ellis, Charles; Reyes-goodman, Damaris; Furie, David J  
**Subject:** EHHA Recovery Agreement  
**Attachments:** East Hartford Recovery Agreement-REVISED.docx

Dear Chairman Keating:

HUD has put the attached Recovery Agreement in the mail today to you. Once you have had time to review the Recovery Agreement, we request that East Hartford meet with HUD to negotiate the final document that EHHA should then execute.

HUD reserves the right prior to or after adoption of the Recovery Agreement, to amend the agreement if additional tasks are deemed essential. The publication of the Independent Assessment may introduce essential topics not covered in the attached document.

Please be advised that the agreement requests that EHHA procure an Executive Director and a Finance Director. If the procurement of your attorney was done over five years ago, we will also recommend that you do a procurement for that position.

Please contact me at your earliest convenience to set up the negotiation mentioned above.

**Jennifer Gottlieb**

Program Center Coordinator, Hartford Field Office  
U.S. Department of Housing and Urban Development  
Office of Public and Indian Housing  
20 Church Street  
Hartford, CT 06103  
Tel. (860) 240-9757

## Recovery Agreement

East Hartford Housing Authority and the U. S. Department of Housing and Urban Development  
July 2011

### AREA: GOVERNANCE

Objective/Goal	Tasks	Target Accomplishment Date	Actual Accomplishment Date	Lead Staff	Comments/Accomplishments
The EHHA Board of Commissioners demonstrates effective capacity, leadership and decision-making	<ul style="list-style-type: none"> <li>▪ Construct and propose to HUD a balanced operating budget for Fiscal Year 2012 (beginning 10/1/11)</li> </ul>	<ul style="list-style-type: none"> <li>▪ 8/15/11</li> </ul>		EHHA Board Chair	
	<ul style="list-style-type: none"> <li>▪ Select a well-qualified Executive Director; this task should be expedited as many other objectives are dependent on its completion.</li> </ul>	<ul style="list-style-type: none"> <li>▪ 10/1/11</li> </ul>		EHHA Board Chair	
	<p>HUD recommends the Board immediately secure a vendor to conduct a professional search</p>	<ul style="list-style-type: none"> <li>▪ 7/15/11</li> </ul>		EHHA Board Chair	
	<ul style="list-style-type: none"> <li>▪ Review, revise and adopt by-laws consistent with applicable state laws regarding meetings held by public entities</li> </ul>	<ul style="list-style-type: none"> <li>▪ 9/1/11</li> </ul>		EHHA Board Chair	

	<ul style="list-style-type: none"> <li>▪ Establish and review monthly reports related to accomplishment of tasks outlined in this Recovery Agreement</li> <li>▪ Establish and review monthly reports related to: 1) financial performance, 2) physical maintenance and improvement and 3) occupancy maximization/vacancy reduction</li> <li>▪ Develop, approve and present to HUD an Annual Agency Plan</li> <li>▪ Submit Amended Five Year Plan that is consistent with EHHA's strategic recovery objectives</li> <li>▪ Develop and share with HUD a plan to address pending and on-going litigation</li> <li>▪ Re-evaluate Board's capacity, leadership and decision-making based on accomplishment of critical priority items noted above</li> </ul>	<ul style="list-style-type: none"> <li>▪ 8/1/11 and monthly thereafter</li> <li>▪ 09/01/11, and monthly thereafter</li> <li>▪ 9/15/11</li> <li>▪ 3/15/12</li> <li>▪ 9/1/11</li> <li>▪ 10/15/11</li> </ul>		<p>EHHA Board Chair</p> <p>EHHA Board Chair</p> <p>EHHA Board Chair</p> <p>EHHA Board Chair</p> <p>EHHA Board Chair HUD: Program Center Coordinator; Field Office Director; Regional Counsel</p> <p>HUD</p>	
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	<ul style="list-style-type: none"> <li>▪ Participate in Training offered by state and national industry groups on public housing topics including PHAS</li> <li>▪ Ensure Housing Authority Board obtains training in project based accounting, principles of Generally Accepted Accounting Principles (GAAP) and asset management</li> <li>▪ Institute Mentor Relationship with High Performing PHA</li> <li>▪ Post all meeting minutes and notices on EHHA website and in town hall as required by Connecticut state law. C.G.S. Chapter 14, sec. 1-225</li> <li>▪ Develop and present Annual Report to local government in accordance with bylaws</li> <li>▪ Develop and adopt administrative policies related to personnel, use of PHA vehicles and equipment, records retention and travel</li> </ul>	<ul style="list-style-type: none"> <li>▪ Ongoing</li> <li>▪ 11/1/11</li> <li>▪ 11/1/11</li> <li>▪ 8/1/11, and monthly thereafter</li> <li>▪ 11/1/11</li> <li>▪ 2/1/12</li> </ul>		<p data-bbox="1534 180 1795 212">EHHA Board Chair</p> <p data-bbox="1534 402 1795 435">EHHA Board Chair</p> <p data-bbox="1534 695 1795 727">EHHA Board Chair</p> <p data-bbox="1534 841 1795 873">EHHA Board Chair</p> <p data-bbox="1534 1101 1795 1133">EHHA Board Chair</p> <p data-bbox="1534 1247 1870 1349">EHHA Board Chair, with assistance of newly hired Executive Director</p>	
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	<ul style="list-style-type: none"> <li>▪ Formulate personnel policies that Board will use to conduct performance reviews of Executive Director</li> <li>▪ Conduct year end performance review for Executive Director</li> </ul>	<ul style="list-style-type: none"> <li>▪ 2/1/12</li> <li>▪ 10/1/12 and annually thereafter</li> </ul>		<p>EHHA Board Chair</p> <p>EHHA Board Chair</p>	
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**AREA: ORGANIZATION AND STAFFING**

Objective/Goal	Tasks	Target Accomplishment Date	Actual Accomplishment Date	Lead Staff	Comments/Accomplishments
An organizational table that reflects the authorities and functions of the Executive Director and staff	<ul style="list-style-type: none"> <li>▪ Evaluate existing functions, size and capacity of staff and design a revised organizational table</li> </ul>	12/1/11		Newly hired Executive Director	
	<ul style="list-style-type: none"> <li>▪ Establish credentials and position descriptions for all positions</li> </ul>	12/1/11		Newly hired Executive Director	
	<ul style="list-style-type: none"> <li>▪ Requirement for new hires in accounting department should be an accounting degree and experience working in state/local/federal government accounting and asset management</li> </ul>	12/1/11		Newly hired Executive Director	
EHHA staff have sufficient skills	<ul style="list-style-type: none"> <li>▪ Provide training on GAAP for accounting staff</li> </ul>	3/1/12		Newly hired Executive Director	
	<ul style="list-style-type: none"> <li>▪ Provide training on project based accounting for accounting staff</li> </ul>	3/1/12		Newly hired Executive Director	
	<ul style="list-style-type: none"> <li>▪ Provide training in public housing management</li> </ul>	5/1/12		Newly hired Executive Director	

	<ul style="list-style-type: none"> <li>▪ Provide training on SEMAP, EIV and fraud prevention and for HCV staff</li> <li>▪ Provide procurement and environmental compliance training for modernization staff</li> <li>▪ Provide PHAS training</li> <li>▪ Provide Ethics Training</li> <li>▪ Provide Procurement Training for all staff</li> </ul>	<p>10/1/11</p> <p>2/1/12</p> <p>2/1/12</p> <p>2/1/12</p> <p>2/1/12</p>		<p>HUD: Oversight Team</p> <p>HUD: Oversight Team</p> <p>HUD: Oversight Team</p> <p>HUD: Oversight Team</p> <p>HUD: Oversight Team</p>	
Labor costs are sustainable and based on a balanced budget	<ul style="list-style-type: none"> <li>▪ Perform cost benefit analysis about contracting out payroll function</li> <li>▪ Perform cost benefit analysis about contracting out IT services</li> <li>▪ Perform cost benefit analysis about eliminating resident service coordinator</li> <li>▪ Perform analysis of employee benefits in comparison with industry standards</li> <li>▪ Negotiate for cost savings</li> </ul>	2/1/12		Newly hired Executive Director	
Performance reviews facilitate high performance	<ul style="list-style-type: none"> <li>▪ Formulate personnel policies to conduct performance reviews of staff</li> </ul>	2/1/12		Newly hired Executive Director	

	<ul style="list-style-type: none"> <li>▪ Conduct mid-year and year-end performance reviews for each staff member</li> </ul>	<p>June 30, 2012 mid-year reviews due; December 31, 2012, annual reviews due</p>		Newly hired Executive Director	
Integrity of PHA “core business” functions is ensured	<ul style="list-style-type: none"> <li>▪ Obtain HUD concurrence for any addition of non-HUD funded programs to be administered by EHHA</li> <li>▪ Review organizational structure and staffing levels</li> </ul>	<p>Duration of MOU</p> <p>3/1/12</p>		<p>Interim/newly hired Executive Director</p> <p>HUD: HUD Oversight Team</p>	

**AREA: DEVELOPMENT INITIATIVES**

Objective/Goal	Tasks	Target Accomplishment Date	Actual Accomplishment Date	Lead Staff	Comments/Accomplishments
Assets are properly and affordably positioned	<ul style="list-style-type: none"> <li data-bbox="585 407 962 509">▪ Dispose of King Court as described in EHHA response of 5/2/11</li> <li data-bbox="585 591 962 727">▪ Perform Cost benefit Analysis of contracting out management of Veteran's Terrace</li> <li data-bbox="585 808 962 1166">▪ Submit Annual Plan for Veterans Terrace Recovery to HUD regarding curing recurring deficiencies in Management Occupancy Review and using suggestions of the performance based contract administrator.</li> </ul>	8/15/12		EHHA Board Chair	

**AREA: FINANCE**

Objective/Goal	Tasks	Target Accomplishment Date	Actual Accomplishment Date	Lead Staff	Comments/Accomplishments
EHHA meets all financial performance standards as defined by HUD	<ul style="list-style-type: none"> <li>▪ Submit balanced budget to HUD on all agency activities</li> <li>▪ Submit monthly actuals to HUD for all agency budgets Develop tracking method for current ratio</li> <li>▪ Develop tracking method for expendable fund balance</li> <li>▪ Report monthly to HUD/EHHA Board</li> <li>▪ Insure Veteran's Terrace is operated as a single asset with separate bank accounts, income, expenses and staffing allocations clearly defined</li> </ul>	<p>10/1/11</p> <p>15<sup>th</sup> of each month</p> <p>ongoing</p> <p>monthly</p> <p>10/1/11</p>		EHHA Executive Director/Finance Director	
Inter-program accounts receivable are eliminated	<ul style="list-style-type: none"> <li>▪ Develop and implement Repayment Plan to Federal accounts, including Veterans Terrace</li> </ul>	Repayment complete by 8/1/13		EHHA Executive Director	

EHHA Board of Commissioners receives accurate monthly reports on financial performance	<ul style="list-style-type: none"> <li>▪ Accurately identify available cash, including restricted funds, that are clearly distinguished as restricted</li> <li>▪ Accurately identify rent collection rate</li> <li>▪ Accurately identify progress on repayment to federal accounts</li> <li>▪ Accurately identify progress on repayment to delinquent vendors</li> </ul>	monthly		EHHA Executive Director	
Rent collection rates at all subsidized housing units are increased to at least 90 percent	<ul style="list-style-type: none"> <li>▪ Implement direct deposit for public housing and project based section 8 units</li> <li>▪ Report monthly to HUD on tenant accounts receivables</li> <li>▪ Pursue timely evictions</li> <li>▪ Develop and implement a policy regarding repayment plans</li> <li>▪ Use a collection agency for accounts 90 days past due</li> <li>▪ Institute effective bad debt write-off policy</li> <li>▪ Institute home visits</li> </ul>	1/1/12  9/15/11  ongoing  ongoing  1/1/12  1/1/12  9/1/11		EHHA Executive Director	



Program compliance is sustained through the implementation of internal controls	<ul style="list-style-type: none"> <li>▪ Complete Internal Control Checklists included in the Financial Policies and Procedures Guide</li> </ul>	Duration of MOU		EHHA Executive Director	
Routine accounting functions are performed	<ul style="list-style-type: none"> <li>▪ Train new and existing personnel on accounting software</li> <li>▪ Perform monthly reconciliations</li> <li>▪ Establish functional linkage between the accounting system and the general ledger</li> </ul>	9/1/11		EHHA Finance Director/Executive Director	
The reconciliation of bank accounts and the determination of the cash position is performed timely, accurately, monthly and according to HUD requirements	<ul style="list-style-type: none"> <li>▪ Establish separate bank accounts to include at a minimum: <ul style="list-style-type: none"> <li>○ General Operating Account</li> <li>○ Section 8 Housing Choice Voucher</li> <li>○ Section 8 Administrative Fee</li> <li>○ Other Section 8 Programs</li> <li>○ Public Housing</li> <li>○ Security Deposits</li> </ul> </li> <li>▪ Write Standard Operating Procedures to ensure</li> </ul>	9/1/11		EHHA: Finance Director	

	applicability and consistency based on current practices				
Repayment agreements with EHHA vendors that have delinquent balances are developed and executed	<ul style="list-style-type: none"> <li>▪ Provide technical assistance to EHHA</li> </ul>	Duration of MOU		EHHA Executive Director	
Adequate insurance coverage is maintained		9/1/11		EHHA Executive Director	

**AREA: MAINTENANCE AND IMPROVEMENT OF PHYSICAL CONDITIONS**

Objective/Goal	Tasks	Target Accomplishment Date	Actual Accomplishment Date	Lead Staff	Comments/Accomplishments
Public Housing properties are improved and maintained at levels that meet and exceed HUD's Uniform Physical Condition Standards	<ul style="list-style-type: none"> <li>An aggressive bedbug treatment plan is developed and implemented</li> </ul>	9/1/11		EHHA Executive Director	

**AREA: PROGRAM MANAGEMENT—PUBLIC HOUSING**

Objective/Goal	Tasks	Target Accomplishment Date	Actual Accomplishment Date	Lead Staff	Comments/Accomplishments
PH occupancy rate is improved to and maintained at 95 percent or greater	<ul style="list-style-type: none"> <li>▪ Submit quarterly monthly reports on occupancy and maintain occupancy levels equal to or greater than 95%.</li> <li>▪ Comply with PIH Notice 2011-7 for units that are to be taken offline</li> </ul>	12/1/11		EHHA Executive Director	
Occupancy loss is reduced	<ul style="list-style-type: none"> <li>▪ Lease up long-term vacancies and focus on reducing the vacant unit turnaround time</li> </ul>	12/1/11		EHHA Executive Director	

**AREA: COMPLIANCE WITH LOCAL AND FEDERAL REQUIREMENTS**

Objective/Goal	Tasks	Target Accomplishment Date	Actual Accomplishment Date	Lead Staff	Comments/Accomplishments
EHHA is compliant with the Cooperation Agreement with the Town of East Hartford	<ul style="list-style-type: none"> <li>▪ Repay Town of East Hartford delinquent PILOT Funds or negotiate a settlement</li> <li>▪ Amend cooperation agreement as needed, post any notices of changes as required by state and local law</li> <li>▪ Review and discuss police services with Town of East Hartford</li> <li>▪ Review and discuss public services with Town of East Hartford</li> </ul>	6/1/12		EHHA Executive Director	
A procurement policy that complies with 24 CFR 85.36 is developed and implemented	<ul style="list-style-type: none"> <li>▪ Ensure full and open competition in all large procurement transactions</li> <li>▪ Obtain three competitive quotes for all small procurement transactions</li> </ul>	11/1/11	ongoing	EHHA Executive Director	

	<ul style="list-style-type: none"> <li>▪ Application of procurement policy to all contracts including contracts for services, construction purchases, leases, rental of supplies and equipment</li> </ul>	ongoing			
	<ul style="list-style-type: none"> <li>▪ Produce written contracts executed by Executive Director and that specify the supplies, services or construction to be provided on all procurements</li> </ul>	ongoing			
	<ul style="list-style-type: none"> <li>▪ Maintain documentation of the history of the procurement including the method of procurement chosen, the basis for the contract price and the cost analysis for cost reasonableness, maintain complete procurement files for each procurement</li> </ul>	ongoing			
	<ul style="list-style-type: none"> <li>▪ Obtain Board approval for all purchases over \$5,000</li> </ul>	ongoing			

**AREA: PROGRAM MANAGEMENT—OTHER SECTION 8 PROGRAMS**

Objective/Goal	Tasks	Target Accomplishment Date	Actual Accomplishment Date	Lead Staff	Comments/Accomplishments
EHHA meets all the standards defined in the Section Eight Management Assessment Program (SEMAP)	<ul style="list-style-type: none"> <li>▪ Comply with the Code of Federal Regulation governing the Quality Control and submission of SEMAP Certification.</li> <li>▪ Submit Monthly Corrective Action Plan (CAP) reports indicating progress in meeting Field Office assigned goals.</li> </ul>	<p>Next SEMAP Submission</p> <p>Monthly effective August, 2011</p>		<p>EHHA: Executive Director/Section 8 Coordinator</p> <p>HUD: Recovery Team</p>	