

# **BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI**

In the Matter of an Investigatory Case to Examine the )  
Fees for the Manufactured Housing Department of )  
The Missouri Public Service Commission )

**File No. MW-2020-0288**

## **ORDER CANCELLING WORKSHOP MEETING AND INVITING COMMENTS**

Issue Date: May 13, 2020

Effective Date: May 13, 2020

The Commission opened this working file on March 18, 2020, to assist the Manager of the Manufactured Housing and Modular Units Program in determining the appropriate fees for the services provided by the Manufactured Housing and Modular Units Program. At the Manager's request, the Commission scheduled a workshop meeting to facilitate discussion.

That workshop meeting was to take place on May 20, 2020 at the Manufactured Housing 2020 Convention in St. Louis. That convention has been indefinitely postponed, so the Manager has asked the Commission to cancel the workshop meeting. In place of a meeting, the Manager attached a copy of the information he planned to present at the workshop and invites interested stakeholders to offer feedback or comments on that information. That information is attached to this order. The Manager also indicates he may schedule an electronic meeting in the future.

The Commission will cancel the workshop meeting and will invite stakeholders to file comments in this file.

### **THE COMMISSION ORDERS THAT:**

1. The workshop meeting scheduled for May 20, 2020, at the Manufactured Housing 2020 Convention in St. Louis, Missouri is canceled.

2. Any stakeholder wishing to offer feedback or comments regarding the Manager's information may do so in this file.

3. The Commission's Data Center shall provide a copy of this order to all manufactured housing providers subject to the regulatory authority of the Commission.

4. This order shall be effective when issued.



**BY THE COMMISSION**

A handwritten signature in dark ink that reads "Morris L. Woodruff". The signature is fluid and cursive.

Morris L. Woodruff  
Secretary

Morris L. Woodruff, Chief Regulatory  
Law Judge, by delegation of authority pursuant  
to Section 386.240, RSMo 2016.

Dated at Jefferson City, Missouri,  
on this 13<sup>th</sup> day of May, 2020.

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of an Investigatory Docket	)	
to Examine the Fees for the	)	<b><u>Case No. MW-2020-0288</u></b>
Manufactured Housing Department of	)	
the Missouri Public Service Commission	)	

**MOTION TO CANCEL WORKSHOP**

**COMES NOW** the Manager of the Manufactured Housing and Modular Units Program of the Missouri Public Service Commission ("Manager"), by and through counsel, and for its *Motion to Cancel Workshop* ("Motion") states as follows:

1. On March 13, 2020, the Manager of the Manufactured Housing and Modular Units Program filed a motion asking the Commission to open a working case to assist the Manager to determine the appropriate fees for the services provided by the Manufactured Housing and Modular Units Program. Additionally, the Manager requested that the Commission schedule a workshop to facilitate discussion.

2. On March 18, 2020, the Commission opened a working case which allowed any person with an interest may view and submit documents. In addition, the Commission ordered the Manager to conduct a workshop on May 20, 2020 at the Manufactured Housing 2020 Convention ("Convention") in St. Louis, Missouri.

3. The Missouri Manufactured Housing Association was scheduled to conduct the Convention. As of May 11, 2020, the Convention has been postponed until further notice.<sup>1</sup> As such, the Manager will not be able to conduct a workshop at the Convention and respectfully requests the Commission to cancel the order to conduct the workshop.

4. In lieu of the workshop, the Manager is attaching information he planned to present at the workshop. The Manager requests interested stakeholders provide feedback

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<sup>1</sup> See [www.mmha.net](http://www.mmha.net).

or comments on the material. The Manager will also make arrangements to seek input via Zoom meeting or some other forum.

**WHEREFORE**, the Manager respectfully submits this Motion and requests the Commission will cancel the Manufactured Housing and Modular Units Program Workshop and allow interested stakeholders to submit comments on Attachment A, and grant such other and further relief as the Commission considers just in the circumstances.

Respectfully submitted,

**/s/ Ron Irving**

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Attorney for the Staff of the  
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### **CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing has been transmitted by facsimile or electronically mailed to all parties and/or counsel of record this 12<sup>th</sup> day of May, 2020.

**/s/ Ron Irving**

## MW-2020-0288 Workshop

### Manufactured Housing and Modular Unit Program Fees

The purpose of this workshop is to look at the Manufactured Housing and Modular Unit Program (Program) fees to determine whether statutory or rule changes are needed to ensure the program is sustainable. This document summarizes key Program information that affects the Program budget. According to the results of an internal audit conducted by the Missouri Public Service Commission in 2019, the balance of the Program fund has steadily declined in the past five years. The total expenditures exceeded total revenues in every 12-month period. In the last five fiscal years, Program expenses exceed revenues by an average of \$114,027, annually or by 26.8% each year. Consequently, the balance of operating funds as of June 30, 2019, is at an all-time low. If the current trend does not improve by fiscal year 2021, the MH budget will be in the negative.

The following tables show the Program revenues, expenses, and other data to show the imbalance between the current fees and the current expenses.

#### REVENUES

Listed below are the Program revenues and the amounts received for the past five fiscal years:

Revenues	For Each Fiscal Year Ending June 30				
	2015	2016	2017	2018	2019
Dealer - Registration Fee	\$40,000	\$42,800	\$45,450	\$42,800	\$44,200
Manufacturer - Registration Fee	\$93,850	\$99,000	\$99,750	\$110,175	\$111,000
Installer - Registration Fee	\$13,800	\$13,350	\$12,551	\$14,750	\$13,200
Seals Modular Fee	\$83,900	\$83,840	\$71,208	\$83,525	\$64,650
Installation Decals Fee	\$19,825	\$25,150	\$28,300	\$30,649	\$31,084
QC Manual & Modular Unit Plan Fee*	\$24,450	\$24,375	\$29,100	\$28,275	\$24,300
HUD Monthly Shipment Fee	\$0	\$27,560	\$37,200	\$40,725	\$36,480
Serial Number Verification Fee	\$4,200	\$7,200	\$9,600	\$9,000	\$11,200
Re-inspection Fee	\$3,400	\$1,200	\$400	\$2,200	\$400
Failure to Attach Decal Fee	\$0	\$0	\$0	\$0	\$200
Misc. Contract Fee	\$27	\$0	\$0	\$0	\$0
HUD SAA	\$100,052	\$102,032	\$100,745	\$99,998	\$96,119
Costs Reimbursement	\$0	\$9,752	\$5,528	\$2,211	\$4,734
Rebates	\$271	\$278	\$239	\$276	\$286
Misc. Settlement	\$25	\$0	\$0	\$0	\$0
Vendor Refund	\$28	\$0	\$11	\$0	\$225
<b>Total Revenues:</b>	<b>\$383,828</b>	<b>\$436,537</b>	<b>\$440,082</b>	<b>\$464,584</b>	<b>\$438,077</b>

\*The \$75 fees for QC Manual and Modular Unit Plans are combined.

As shown above, the Program receives the majority of the revenues from Manufacturer and Dealer registration fees, U.S. Department of Housing and Urban Development (HUD), State Administrative Agency (SAA) payments, and seal modular fees. In the past five years, these fees have accounted for approximately 75% of the revenues. The fee amounts for Manufacturer and Dealer registration fees are set by Missouri Statute and the seal modular fees are set by Missouri Public Service Commission rule. The HUD SAA payments are set by the Federal Government and not subject to adjustment by the Commission.

After showing an increase from the 2015 to the 2016 fiscal year, the chart above shows that the amount of revenues received annually by the Program have fluctuated within a relatively narrow range from fiscal years 2016 through 2019.

### **EXPENSES**

Listed below are the costs incurred by the Program in the last five fiscal years:

Overall Expenses	For Each Fiscal Year Ending June 30				
	2015	2016	2017	2018	2019
Refunds Issued	\$125	\$0	\$225	\$400	\$0
Expense and Equipment (E&E)	\$96,784	\$92,627	\$97,444	\$94,228	\$87,347
Reimbursement for Legal	\$3,629	\$2,372	\$17,616	\$7,184	\$10,510
Personnel Service (Salaries & Wages)	\$269,921	\$257,129	\$267,278	\$270,308	\$278,561
Lease for Governor Office Building	\$20,927	\$16,522	\$21,062	\$9,544	\$9,415
Workers Compensation	\$0	\$0	\$2,373	\$0	\$0
OASDHI Benefits	\$19,223	\$18,122	\$18,875	\$19,001	\$19,302
Retirement	\$46,696	\$45,791	\$47,789	\$54,751	\$57,219
Medical	\$68,932	\$68,454	\$71,796	\$74,193	\$90,491
Department of Economic Development Fee	\$13,096	\$9,244	\$13,624	\$14,614	\$8,449
Office of Administration and SAMII Fee	\$3,460	\$3,989	\$3,556	\$4,522	\$4,513
<b>Total Expenses:</b>	<b>\$542,792</b>	<b>\$514,250</b>	<b>\$561,639</b>	<b>\$548,744</b>	<b>\$565,809</b>

As shown above, the amount of expenses incurred by the Program has not varied greatly over the last five fiscal years.

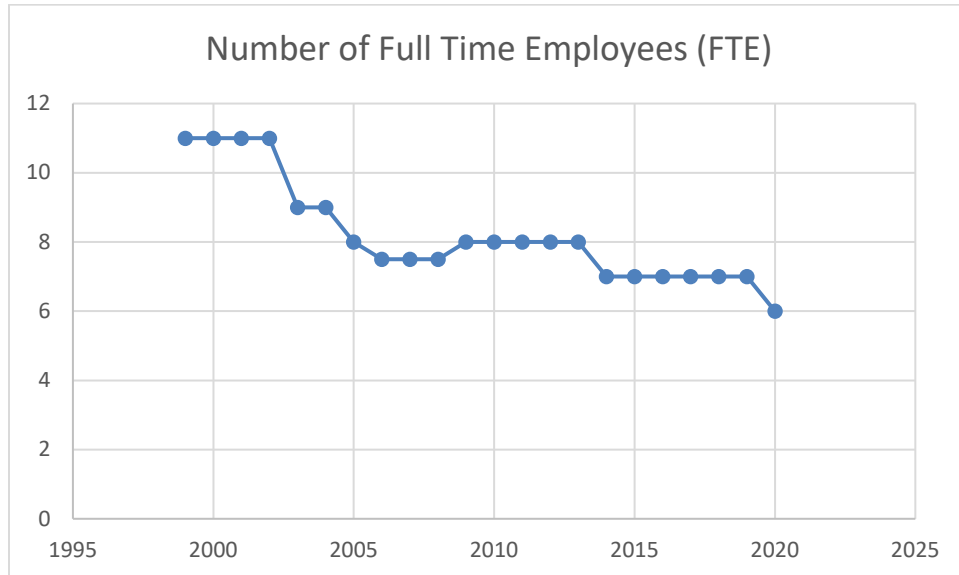
### **FINANCIAL CONDITION**

Program expenditures have exceeded total revenues in every 12-month period for the past 5 years. Program expenses exceed revenues by an average of \$114,027, annually or by 26.8% each year. The following table lists actual financial information for the Program fund for the fiscal years 2015 through 2019:

	For Each Fiscal Year Ending June 30				
	2015	2016	2017	2018	2019
Beginning Balance (prior year's ending balance)	\$791,695	\$632,731	\$555,018	\$433,461	\$349,301
Revenues	\$383,828	\$436,537	\$440,082	\$464,584	\$438,077
Expenditures	\$542,792	\$514,249	\$561,639	\$548,744	\$565,809
Ending Balance	\$632,731	\$555,019	\$433,461	\$349,301	\$221,569
Net Loss For The Year	(\$158,964)	(\$77,712)	(\$121,557)	(\$84,160)	(\$127,732)
% Under Recovery For The Year	-41%	-18%	-28%	-18%	-29%

### **FULL TIME EMPLOYEES**

The following table demonstrates the number of full time Program employees since the late 1990s. As can be seen, the Program has reduced its workforce by almost half.



The program is projected to inspect approximately 700 homes over the next year, or 40-50% of all new homes shipped into the state. Based on averages there should be 20-30 consumer complaints received with an average of 4 re-inspections performed on each consumer complaint.

### **MANUFACTURED HOUSING AND MODULAR UNIT PROGRAM FEES**

Following is a list of program fees and the source of the fee. Many of these fees have not been changed for years.

- 4 CSR 240-120.065(1)(D) – Failure to hire commission licensed installer - \$200
- 4 CSR 240-120.065(2)(A)1 – Failure to submit a property locator form within timeframe - \$50 per home (has waiver provisions)
- 4 CSR 240-120.085(1)(C) – Re-inspection fee - \$200
- 4 CSR 240-120.085(5) - Request for inspections by 3<sup>rd</sup> parties - \$400
- Serial number verifications - \$200
- 4 CSR 240-120.130(6) – Monthly sales report late submission fee - \$50 (has waiver provisions)
- 4 CSR 240-120.140(1) – New home inspection fee - \$30 per home
- 4 CSR 240-123.030(3)(B) – Seal - \$110 per modular unit seal
- 4 CSR 240-123.030(9) – Replacement seal - \$40 per seal
- 4 CSR 240-123.040(11)(A) – Modular unit plan - \$75
- 4 CSR 240-123.065(2)(A)1 - Failure to submit a property locator form within timeframe - \$50 per modular unit (has waiver provisions)
- 4 CSR 240-123.070(6) - Modular unit monthly sales report late submission fee - \$50 (has waiver provisions)
- 4 CSR 240-123.095(1)(C) – Re-inspection fee - \$200
- 4 CSR 240-123.095(5) – Request for inspections by 3<sup>rd</sup> parties - \$400
- 4 CSR 240-125.040(1)(A)1 – Installer license application fee - \$150 annually
- 4 CSR 240-125.040(3)(B) - Failure to submit a property locator form within timeframe - \$50 per home (has waiver provisions)
- 4 CSR 240-125.050(1) – Limited use installer license - \$150 fee
- 4 CSR 240-125.070(1)(D) – Installation decals - \$27 per decal
- 4 CSR 240-125.070(1)(I) – Failure to attach decal - \$200 inspection fee
- 4 CSR 240-125.070(3)(G) – Decal report late submission fee - \$50 (has waiver provisions)

**STATUTORY FEES:**

- Dealer license application fee - \$200
- Manufacturer license application fee - \$750
- Modular Manufacturer Quality Control Manual approval fee - \$75



## **OTHER STATE ADMINISTRATIVE AGENCIES**

Staff reached out to other state programs to determine how their fees compare to Missouri's fee structure.

Not all states charge comparable fees, but certain information was gleaned as follows.

**Utah** - Application fee for installer - \$175 plus \$50 per qualifier

**Arkansas** - Inspection fee \$50 per home for each new home

**Colorado** –

### **Plan checking fees**

Finished space: \$0.25 per sq. ft. (\$160 min.)

Unfinished space (attics, lofts, garages, etc.): \$0.10 per sq. ft.

Supplemental plan check fee (revisions, etc.): \$0.10 per sq. ft. (\$50 min.)

### **Insignia fees**

Primary Insignia: \$125.00

Additional Floor Tag: \$125.00

Inspection-only Tag: \$125.00

Component-only Insignia: \$125.00

Modification Insignia: \$125.00

Installation Insignia (free for participating jurisdictions): \$60.00

**Idaho** –

Retailer initial fee: \$440

Installer initial fee: \$220

Installation permit (per home) single section: \$150; Double \$200; triple or more: \$250

Installation Tag for ALL new installed homes \$50

**Nebraska** - Modular seal based on size at \$0.19 per square foot. (Average home 2000 s.f. - \$380)

Recognizing that not all states have comparable economic indicators, Staff also performed an economic analysis of Missouri and responsive states.<sup>1</sup> Following is a summary table of the economic indicators.

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<sup>1</sup> Note economic indicators are pre-Covid-19 impacts.

Modular Home Economic Analysis								
	Cost of Living	Total Non farm Income	Personal Income	Annual Mean Wages	Unemployment	# of Modular Homes	# of Modular Home Installers	# of Modular Dealers
Missouri	87.1	\$2,914.80	291,305	46,690	3.30%	1,301	230	
Arkansas	86.9	\$1,274.90	131,047	41,540	3.50%	1,766		
Alabama	89.3	\$2,080.70	212,568	43,790	3.50%	6,046	80	
Idaho	92.3	\$754.90	78,693	43,480	2.80%	341		
Colorado	105.6	\$2,779.40	333,501	55,820	3.00%	934		
Nebraska	90.8	\$1,030.10	102,800	46,710	3.00%	186		
California	151.7	\$17,473.90	2,543,134	59,150	4.20%	3,681		

### **POTENTIAL FEE ADJUSTMENTS**

To initiate discussions, Staff offers the following potential fee adjustments.

#### **Adjust Dealer fees (currently 198 licensed dealers)**

198 x \$200 = \$39,600, if the fee is adjusted from \$200 to \$400 (198 x \$400 = \$79,200), there will be an increase of **\$39,600**

#### **Adjust Installer fees (currently 72 licensed installers)**

72 x \$150 = \$10,800, if the fee is adjusted from \$150 to \$300 (72 x \$300 = \$21,600), there will be an increase of **\$10,800**

#### **Adjust Manufacturer fees (currently 53 HUD & 86 Modular = 139)**

139 x \$750 = \$104,250, if the fee is adjusted from \$750 to \$1000 (139 x \$1000 = \$139,000), there will be an increase of **\$34,750**

#### **Adjust Modular QC & plan approval fees (320 QC & plan approvals submitted FY19)**

320 x \$75 = \$24,000, if the fee is adjusted from \$75 to \$150 (320 x \$150 = \$48,000), there will be an increase of **\$24,000**

#### **Adjust Modular seal fees (618 Modular seals issued FY19)**

618 x \$110 = \$67,980, if the fee is adjusted from \$110 to \$150 (618 x \$150 = \$92,700), there will be an increase of **\$24,720**

#### **Adjust HUD Monthly Shipment Fee (1,216 Homes shipped in FY19)**

1,216 x \$30 = \$36,480, if the fee is adjusted from \$30 to \$50 (1,216 x \$50 = \$60,800), there will be an increase of **\$24,320**

With the above proposed fee adjustments the MH operating budget will increase by **+\$158,190** annually.

\*Note – HUD monthly shipment fee is listed in the rules as 20 CSR 4240-120.140(1) – New home inspection fee.

**STATE OF MISSOURI**

**OFFICE OF THE PUBLIC SERVICE COMMISSION**

**I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.**

**WITNESS my hand and seal of the Public Service Commission,  
at Jefferson City, Missouri, this 13<sup>th</sup> day of May 2020.**



  
**Morris L. Woodruff**  
**Secretary**

**MISSOURI PUBLIC SERVICE COMMISSION**

**May 13, 2020**

**File/Case No. MW-2020-0288**

**Missouri Public Service  
Commission**

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***Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).***

***Sincerely,***



**Morris L. Woodruff  
Secretary**

**Distributed to all Manufactured Housing Providers Subject to the Regulatory  
Authority of the Commission.**

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Recipients listed above with a valid e-mail address will receive electronic service. Recipients without a valid e-mail address will receive paper service.