

SANTA MONICA RENT CONTROL BOARD

TO: Rent Control Board Commissioners
FROM: Tracy Condon, Executive Director
BOARD MEETING OF: June 13, 2019
RE: Public Hearing and Adoption of Annual Operating Budget for Fiscal Year 2019/2020

After holding a study session on the proposed FY 19/20 operating budget on May 9th, the Board set the matter for public hearing and adoption on June 13th. The Board's suggestions for modifications to the goals have been incorporated into the attached document.

This proposed budget represents staff's estimate of the Board's annual revenue and expenses for the coming fiscal year. Any budget necessarily predicts future events (how much revenue will be collected and what expenses will arise), and therefore is an educated prediction, not a guarantee. Historically, staff's budget estimates have been largely accurate; and where they have varied from year to year, they have usually erred on the side of conservatism. This year's proposed budget follows staff's longstanding practice of striving to be as accurate as possible while conservatively projecting likely income and liabilities.

The proposed operating expense budget for FY 19/20 projects expenditures of \$5,178,840 and revenue of \$5,311,535, resulting in a surplus of \$132,695. The FY 19/20 budget is based upon a \$198 per unit annual registration fee. The Board last raised the registration fee in 2017 and that level of funding will cover the Board's reasonable and necessary expenses for FY 19/20.

As in FY 18/19, the Board's FY 19/20 budget reflects both operating expenses and a few additional expenditures: the continuing capital improvement project to replace the Agency's legacy RENT database system, a payment on the loan that the Board received from the City in 2017 to accelerate the paying down of the Agency's unfunded pension liability, and a proposed additional PERs payment to further accelerate the pay down of the Agency's unfunded pension liability.

The Board previously approved the expenditures for the capital improvement project and the 10-year repayment plan for the 2017 PERS prepayment loan from the City. The proposed additional PERs payment is a new expense. Additional information is provided below.

Details on each line item are within the text of the attached budget document. Several items are highlighted in this memo.

Permanent Employees

In FY 19/20, the Agency will have 24 positions, a reduction of one permanent position from the previous year. A Systems Administrator/Programmer Analyst position from which an employee retired in December 2016 is being eliminated. This unfunded position had been retained in the budget in case it was necessary to fill the position to complete the database replacement project. We have determined the position will not be needed and therefore are eliminating it.

The Board modified the budget in September 2018 to add three positions: two hearing officers and a hearings investigator. These were limited term positions that allowed the Agency to recruit for, and hire, new staff members in preparation for three retirements in the Hearings Department. Those positions are not included in this year's budget.

During FY 19/20, the Agency will experience two retirements. Funds are included in the budget for costs associated with those retirements including payouts for accrued but unused leave time. The Agency's system administrator/programmer analyst plans to retire near the end of 2019 when the data conversion portion of the database replacement project is complete. Upon his retirement, a Business Process Technology Analyst in the City's Information Services Department will provide support for the Agency's Infor database implementation, OnBase document management system and other Agency technology needs. The salary and benefit costs associated with this position for seven months (December 2019 – June 2020) are included in the budget, allowing for a short period of staff overlap for training and transition purposes.

The legal secretary also plans to retire at the end of the year. As we prepare for her retirement, the Legal Department will evaluate the level of skills required to support the department. It is likely the position will be underfilled by a staff assistant. The funds for that level of support are included in the permanent employees' budget line. Funds are also included for a short period of overlap for training and transition purposes.

It is estimated that health insurance costs will continue to rise with a projected increase of 4.9% as of January 2020. Some of the insurance costs are offset by employee contributions toward the cost of the premium for their selected health care plan.

As-Needed Employees

It is anticipated that the Agency will continue to use an as-needed hearing officer to assist the Hearings Department while recently hired hearing officers are trained and prepared to handle a full case load. Also, given the level of filings and complexity of construction-related decrease petitions, the Agency's need for as-needed hearing officer assistance will continue. Additionally, two temporary employees will continue to assist the Hearings Department: a mediator to handle most of the mediations related to decrease petitions and excess rent complaints and a paralegal to assist with organizing and analyzing the extensive

documentation and testimony in construction decrease cases with multiple parties.

We will also require assistance from two retired information analysts during the busy summer months. Although we expect to hire an information coordinator soon to fill the position left vacant by the recent loss of an information analyst, the training period for this position is extensive and it is unlikely the new person will be fully trained by summer.

Administrative Indirect Costs

The City assesses the Agency costs for various services such as maintenance of office space and services provided by the departments of Finance, Purchasing, Facilities Maintenance, Human Resources and Information Systems. The allocations for FY 19/20 reflect a 2% increase over the allocations for FY 18/19.

Legal Expenses

The proposed budget allocates \$50,000 in legal expenses for the coming year. The Board is defending a handful of lawsuits in which the plaintiffs are seeking monetary damages, attorney's fees, or both. It is the General Counsel's view that most of the currently-filed suits against the Board lack merit, such that the Board should prevail in them. Nonetheless, because litigation is always uncertain and no result can be guaranteed, it is prudent to budget for the possibility that damages or prevailing-party fees will have to be paid.

The Board is currently employing outside counsel to assist with one litigation matter that consolidates two cases. Work on that matter should conclude early in FY 19/20.

Service Agreements

While the Agency is transitioning in the coming year from the current RENT database to the Infor replacement, it will be necessary to maintain service agreements for components of both systems. This will be a one-time occurrence and the service agreements for the Infor system in future budgets will be approximately \$26,000 less than this year's \$80,000 allocation.

Other Expenditures in FY 19/20

In FY 19/20, the Agency will continue work on the capital improvement project to design and implement a new property and rent tracking information system. The Board allocated one-time funds to cover the project's full costs in the FY 18/19 budget. The project will carry over into FY 19/20 with payments being made from allocated funds in the Agency's Fund Balance. No additional funding is required this year.

The other non-operating expenses in FY 19/20 relate to pension costs. In the coming year, the Agency will make the third annual payment toward the loan

the Board received from the City in 2017 to accelerate paying down the Agency's unfunded pension liability. The \$519,525 loan has been recorded as a liability in the Board's Fund Balance sheets and annual payments over 10 years will pay off the liability. The Board approved the repayment plan in February 2018. The annual payment will be made from the Agency's Fund Balance.

On April 30, 2019, the City Council held a budget study session to consider the City's proposed FY 2019-21 Biennial Budget. Among the recommendations the Council will consider when they adopt the budget in late June, is an accelerated 13-year pay down of the City's unfunded pension liability, which would result in an anticipated \$106 million in City savings over 30 years (\$41 million at present value). If the Council elects to expedite the paydown, the Agency's FY 19/20 additional contribution will be \$90,807. This payment currently is itemized as a potential expenditure in the table on Page 21.

If the City Council approves the accelerated paydown plan in late June, this expense will be moved into the Board's FY 19/20 operating expenditure budget. This change would increase the overall expenditures for FY 19/20 to \$5,269,647 and reduce the anticipated surplus at the end of the fiscal year from \$132,695 to \$41,888.

Recommendation

It is recommended that after hearing from the public, the Board adopt the proposed Annual Operating Budget for fiscal year 19/20.

Santa Monica Rent Control Board

1685 Main Street, Room 202, Santa Monica, CA 90401
(310) 458-8751 • www.smgov.net/rentcontrol

2019/2020 ANNUAL OPERATING BUDGET

Meetings 5/9/2019 & 6/13/2019



BOARD MEMBERS

Steve Duron
Anastasia Foster
Nicole Phillis
Naomi Sultan
Caroline Torosis

Rent Control Board



TABLE OF CONTENTS

AGENCY ORGANIZATION AND GOALS

Agency Organization Chart.....	i
Labor Summary.....	ii
Agency Goals.....	iii

2019/2020 AGENCY BUDGET

Budget.....	1
Line Item Descriptions.....	2

REVENUE PROJECTION

Revenue Analysis.....	17
Sources of Revenue.....	19

FUND BALANCE

Fund Balance.....	21
PERS Loan.....	23
Restricted Fund Balance.....	24

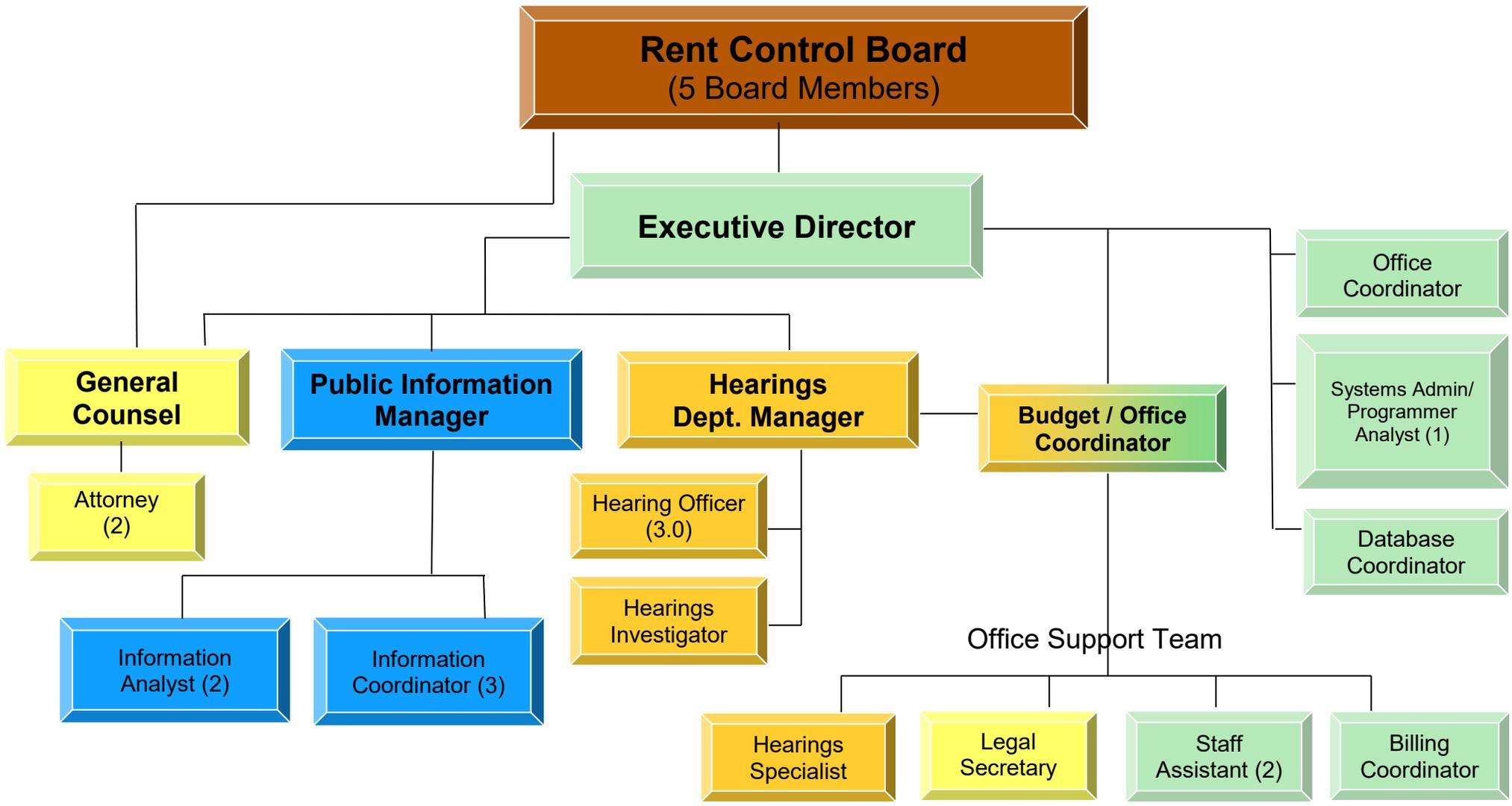
DEPARTMENTAL DESCRIPTIONS

Descriptions.....	25
-------------------	----



Rent Control Board

ORGANIZATIONAL CHART



**LABOR SUMMARY****FY 2019/2020**

<i>CLASSIFICATION</i>	<i>AUTHORIZED POSITIONS 2017/2018</i>	<i>AUTHORIZED POSITIONS 2018/19</i>	<i>REVISED POSITIONS* 2018/19</i>	<i>PROPOSED POSITIONS 2019/2020</i>	<i>AMOUNT OF CHANGE 18/19 – 19/20</i>
Administration	8.00	8.00	8.00	7.00	-1.00
Public Information	7.00	6.00	6.00	6.00	0.00
Hearings	6.90	6.90	9.90	7.00	-2.90
Legal	4.00	4.00	4.00	4.00	0.00
Total	25.90	24.90	27.90	24.00	-3.90

*The Board approved the addition of three limited term staff positions in the Hearings Department to provide a period of overlap for training new staff members hired to replace retiring staff members.

PERMANENT STAFF BY CLASSIFICATION**FY 2019/2020**

<i>CLASSIFICATION</i>	<i>AUTHORIZED POSITIONS 2017/2018</i>	<i>AUTHORIZED POSITIONS 2018/2019</i>	<i>REVISED POSITIONS 2018/2019</i>	<i>PROPOSED POSITIONS 2019/2020</i>	<i>AMOUNT OF CHANGE 18/19 – 19/20</i>
Administrator (Exec. Director)	1.00	1.00	1.00	1.00	0.00
Billing Coordinator	1.00	1.00	1.00	1.00	0.00
Budget/Office Coordinator	1.00	1.00	1.00	1.00	0.00
Database Coordinator	1.00	1.00	1.00	1.00	0.00
General Counsel	1.00	1.00	1.00	1.00	0.00
Hearings Department Mgr.	1.00	1.00	1.00	1.00	0.00
Hearings Specialist	1.00	1.00	1.00	1.00	0.00
Hearings Investigator	1.00	1.00	2.00	1.00	-1.00
Hearing Officer	2.90	2.90	4.90	3.00	-1.90
Information Analyst	3.00	2.00	2.00	2.00	0.00
Information Coordinator	2.00	3.00	3.00	3.00	0.00
Legal Secretary II	1.00	1.00	1.00	1.00	0.00
Office Coordinator	1.00	1.00	1.00	1.00	0.00
Public Information Mgr.	1.00	1.00	1.00	1.00	0.00
Sr. Administrative Analyst	1.00	0.00	0.00	0.00	0.00
Sr. Litigation Staff Attorney	1.00	1.00	1.00	1.00	0.00
Staff Assistant III	2.00	2.00	2.00	2.00	0.00
Staff Attorney	1.00	1.00	1.00	1.00	0.00
Sys. Admin. / Prog. Analyst	2.00	2.00	2.00	1.00	-1.00
TOTAL	25.90	24.90	27.90	24.00	-3.90

Increase efficiencies through the use of technology.

- ❖ Continue to strengthen the Agency's commitment to excellent public service by ensuring effective communication with constituents through public outreach including social media campaigns. Improve user experience with the rent control website by ensuring that information, forms, petitions and videos are easily accessible to all of the Board's constituents.
- ❖ Collaborate with outside vendor to design and implement a property and rent tracking system that will increase efficiencies and improve the user experience through electronic workflows, improved reporting capabilities, a web-based self-serve portal for landlords and tenants, contact management and tracking, improved access to property-specific documents, and case management for petitions and applications, including noticing of parties.
- ❖ Conduct constituent training in the use of the new property and rent tracking system including filing forms, paying fees and accessing documents in the Agency's property site files.
- ❖ Conduct staff training in new rent tracking system, electronic workflows, Office365 and other technology systems implemented by the city.

Ensure compliance with the rent control law and take affirmative legal action where indicated.

- ❖ Communicate with tenants and owners about changes in the law. Assist owners with properly completing Notice of Change in Terms of Tenancy forms.
- ❖ Plan for possible changes in state law that impact Santa Monica's rent control law (i.e. amendments to the Ellis Act, changes to the Costa-Hawkins Rental Housing Act, changes to eviction procedures and timelines, etc.).
- ❖ Continue to initiate civil actions as necessary to enforce compliance with the rent control law.

Collaborate with city departments on common goals

- ❖ Continue to collaborate with other city departments, including Code Enforcement, Building and Safety, the City Attorney's Office and the Office of Communications to ensure property owners and tenants understand their rights, responsibilities and obligations.
- ❖ Collaborate with other city departments as they implement programs affecting controlled rental properties (i.e. energy conservation efforts, life and safety improvements).

Prepare for staff changes.

- ❖ Proactively embark on development of effective succession plans in anticipation of the retirement of long-term employees. Identify new skills required to implement, maintain and develop new systems and technologies.
- ❖ Create effective orientation and comprehensive training plans for new staff members.

AGENCY BUDGET

OBJ	DESCRIPTION	FY 14-15 ACTUAL EXPENSES	FY 15-16 ACTUAL EXPENSES	FY 16-17 ACTUAL EXPENSES	FY 17-18 ACTUAL EXPENSES	FY 18-19 PROJECTED EXPENSES	FY 19-20 PROPOSED BUDGET
511000	PERMANENT EMPLOYEES	2,841,430	2,938,581	2,998,958	2,758,659	2,992,952	3,020,785
511010	BOARD ALLOWANCE	4,125	4,125	4,425	5,700	4,275	6,000
511400	OVERTIME	3,509	1,865	3,715	5,903	12,674	3,650
511400	AS-NEEDED EMPLOYEES	59,306	76,274	81,987	89,070	120,393	62,512
511500	MEDICARE EMP CONT	39,711	41,015	42,124	38,791	41,273	42,546
512003	INS-WORKERS' COMP	14,734	13,793	14,483	94,113	103,524	103,650
	INS-EMPL HEALTH/DENT	421,688	432,143	452,031	445,358	434,429	448,720
512203	Health	391,165	358,653	420,327	414,538	404,664	419,381
512208	Dental	26,994	26,995	28,306	27,586	26,421	25,900
512209	Vision	3,528	3,486	3,399	3,234	3,343	3,439
513000	RETIREMENT CONTRIB	585,235	574,889	618,450	533,161	619,080	692,005
512106	MEDICAL TRUST	43,833	44,709	46,072	44,682	46,259	48,397
515005-9	OTHER FRINGE BENEFITS	7,812	8,277	7,956	7,424	7,583	7,782
TOTAL SALARIES & WAGES		4,021,384	4,135,670	4,270,202	4,022,861	4,382,442	4,436,047
521000	ADVERTISING	894	1,312	656	3,098	2,284	3,500
523370	POSTAGE	35,536	38,589	49,470	29,441	41,600	46,500
523420	INDIRECT COSTS	269,862	274,720	283,377	289,564	300,368	306,659
524000	MEMBERSHIPS & DUES	2,960	3,030	3,140	3,466	3,829	3,930
524510	BOOKS & PERIODICALS	14,474	18,267	17,275	17,676	17,389	18,550
525000	OFFICE SUPPLIES	15,272	13,307	11,585	12,494	16,831	17,100
525020	EQUIPMENT RENTAL	24	22	24	24	24	24
525040	MILEAGE	386	493	314	56	100	100
525170	PRINTING	14,149	12,919	15,680	17,915	16,574	19,775
525190	RIDESHARE AND PARK	0	0	0	0	4,574	5,400
525260	OTHER COSTS	39,694	6,600	34,720	7,310	82,630	7,700
528040	UTIL-TELEPHONE	6,323	2,795	5,963	2,858	2,373	2,900
531030	TRAINING	4,158	1,684	3,459	3,169	7,475	8,500
534560	INS-GENERAL LIABILITY	20,513	19,739	20,308	20,364	20,907	24,580
534570	INS-PROPERTY	0	5,007	5,497	3,726	3,876	4,353
535000	LOAN INTEREST	0	0	0	6,754	6,117	5,472
536510	LEGAL EXPENSE	1,911	1,489	16,089	80,332	98,899	50,000
550010	CONTRACTUAL SERVICES	19,730	19,261	18,513	18,655	23,533	18,900
550160	SERVICE AGREEMENTS	41,026	41,400	41,871	46,188	49,201	80,000
552010	PROF SERVICES	51,961	60,581	51,635	60,973	63,225	62,350
531010-11	CONF-MTGS-TRAVEL	6,138	6,920	9,377	12,182	7,173	8,000
TOTAL SUPPLIES & EXPENSES		545,013	528,134	588,951	636,244	768,982	694,293
529510	BLDG. RENOVATION	2,234	0	0	1,660	2,650	1,000
553130	RESVE-SYST. UPGRADE	0	0	40,120	0	42,000	10,000
575030	COMPUTER SYSTEMS	27,601	29,724	2,243	5,226	28,001	28,000
575060	OFFICE EQUIPMENT	9,272	9,166	10,135	18,801	9,298	9,500
TOTAL CAPITAL OUTLAY		39,107	38,891	52,497	25,687	81,949	48,500
TOTAL OPERATING EXPENSES		4,605,504	4,702,695	4,911,651	4,684,792	5,233,373	5,178,840
<i>POTENTIAL PERS PAYDOWN</i>							90,807
TOTAL ADJUSTED OPERATING EXPENSES							\$ 5,269,647
NON-OPERATING EXPENSES							
BALANCE OF CAPITAL IMPROVEMENT PROJECT - DATABASE REPLACEMENT						279,357	
PERS ANNUAL LOAN PAYMENT PRINCIPAL ONLY						50,267	
TOTAL NON-OPERATING EXEPNSES						\$ 329,624	



Rent Control Board

SALARIES AND WAGES

<p>511000 PERMANENT EMPLOYEES</p>	<p><i>ALLOCATION:</i> \$3,020,785</p>
---------------------------------------	-------------------------------------------

Total Agency Positions - 24

The allocation reflects salary-related costs for all filled positions and includes a cost of living adjustment in January 2019 as set forth in the collective bargaining agreements with the Agency's employee unions. This line also reflects costs associated with the anticipated retirement of two employees during the fiscal year. Funds are included for short periods of overlap of retiring employees and their replacements.

<p>511010 BOARD ALLOWANCE</p>	<p><i>ALLOCATION:</i> \$6,000</p>
-----------------------------------	---------------------------------------

Rent Control Board commissioners each receive \$75 per meeting they attend. This allocation provides funds for sixteen meetings.

<p>511400 OVERTIME</p>	<p><i>ALLOCATION:</i> \$3,650</p>
----------------------------	---------------------------------------

The allocation covers \$700 for Administration, \$1,550 for Hearings, and \$1,400 for Public Information for work which cannot be completed in regularly scheduled hours. Most overtime hours in the Public Information Department are incurred during the summer months and for attending Agency-sponsored seminars and community meetings. The overtime for the Hearings Department is used primarily by the budget/office coordinator and the hearings investigator when necessary to complete time-sensitive projects.

<p>511500 AS-NEEDED EMPLOYEES</p>	<p><i>ALLOCATION:</i> \$62,512</p>
---------------------------------------	----------------------------------------

This allocation provides funds for as-needed employees to assist the Hearings Department with mediations and hearings and for retired information analysts to help the Public Information Department during the busy summer months and while a new information coordinator is being trained.

512003
INSURANCE, MEDICARE

ALLOCATION:
\$42,546

Medicare regulations require a contribution of 1.5% of permanent and as-needed staff salaries for all employees hired after April 1986.

512100
INSURANCE, **WORKERS'** COMPENSATION

ALLOCATION:
\$103,650

The Rent Control Board participates in the City of Santa Monica Workers' Compensation Fund. The Agency's share is based on the number of employees with a factor for past and existing claims. Significant increases for this item were first seen in fiscal year 17/18. The Agency's share continues to be high as a number of Agency employees have experienced work-related injuries over the past few years, several of which are still ongoing. These claims result in the significant assessment, but with the passage of time, if new claims do not arise, the costs will begin to decrease.

512203
INSURANCE, EMPLOYEE HEALTH,
DENTAL AND VISION

ALLOCATION:
\$448,720

The allocation is based on the 2019 and estimated 2020 premiums for the health, dental and vision plans provided for all permanent employees and their dependents. The City estimates healthcare premiums will increase by 4.9% in 2019. This budget uses actual premium costs for each employee with adjustments for employee contributions toward their premium costs.

- Health \$419,381
- Dental 25,900
- Vision 3,439

Individual plan changes and/or actual rate changes during the fiscal year may affect the amount actually expended.

513000
RETIREMENT CONTRIBUTION

ALLOCATION:
\$692,005

For FY 19/20 the retirement contribution rate is 24.173% of staff salaries, which is a 9.59% increase from the 22.057% rate applied to salaries in FY 18/19. Beginning in FY 15/16, the Finance Department created a fund into which each city department contributes an amount for future PERS paydowns. The Agency's anticipated share of \$17,679 for FY 19/20 is included in the allocation for this line item.

512206
MEDICAL TRUST

ALLOCATION:
\$48,397

With very limited exceptions, the City does not pay for retiree medical insurance. In recognition of this, in July 2001 the City established the Employee Medical Benefit Trust fund to reimburse employees for a portion of their healthcare expenses when they are retired. The agreement that established the fund expired in December 2018 and is still being re-negotiated. This allocation represents the contributions to be made on behalf of current employees for FY 19/20, assuming the terms of the new agreement will be similar to the previous agreement.

515005
OTHER FRINGE BENEFITS

ALLOCATION:
\$7,782

This line item includes life and accident insurance, unemployment insurance, the Employee Assistance Program (counseling), Managed Mental Health (substance abuse and mental health treatment), long term disability insurance and DCAP (childcare subsidies for income-qualifying employees).



Rent Control Board

SUPPLIES AND EXPENSES

<p>521000 ADVERTISING</p>	<p><i>ALLOCATION:</i> \$3,500</p>
-------------------------------	---------------------------------------

This allocation covers the cost of publishing public notices, other announcements required by law, and other various announcements.

<p>523370 POSTAGE</p>	<p><i>ALLOCATION:</i> \$46,500</p>
---------------------------	----------------------------------------

This allocation covers postage for annual mass mailings and other regular mailings:

- Newsletters (2) \$24,500
- GA/Reg Fee Mailings \$10,500
- Special Mailing \$2,500
- Misc. Postal Fees \$2,500
- General Mailings \$6,500

When the new property and rent tracking system is implemented, a special mailing will inform property owners and tenants about the enhanced services and processes. Costs for this mailing are also reflected in the printing and contractual services lines.

<p>523420 ADMINISTRATIVE INDIRECT COSTS</p>	<p><i>ALLOCATION:</i> \$306,659</p>
-------------------------------------------------	-----------------------------------------

The City assesses the Agency for various services provided. This line item covers maintenance costs of office space within City Hall and the services provided by the departments of Finance, Purchasing, Human Resources, Facilities Maintenance and Information Systems. These costs are distributed among all city departments according to an allocation base which approximates each department's share of overhead and service costs. The detailed plan prepared for FY 19/20 is based on actual costs and transactions for FY 16/17. Overall, the assessment for the Agency reflects a 2% increase over the allocation costs for FY 18/19.

For each expense category included in the Board's allocation, the following information is provided: the source of the charges, a description of services rendered, the allocation base used, and the percentage used to calculate the rent control assessment. The allocation base for most categories is the same as last year's base.

❖ **Building Depreciation Charge – \$8,747**

✓ *City Hall Depreciation – \$8,747* *Allocation % – 8.60%*

Services Rendered – The costs of building depreciation are based upon the building’s value and are allocated throughout the cost plan to all city departments that occupy space in city-owned buildings.

Allocation Base - Square footage occupied FY 16/17.

❖ **Community and Government Relations – \$17,144**

✓ *Commissions & Boards – \$17,144* *Allocation % – 11.21%*

Services Rendered – Provide strategic citywide communications, production of print materials, social media and web content, media relations, cable television programming and franchise enforcement, public outreach and surveying, neighborhood organization support and public information assistance.

Allocation Base - # of meetings receiving support FY 16/17.

❖ **Records and Support Services – \$21,852**

• **Records – \$452**

✓ *Legal Advertising – \$452* *Allocation % – 0.85%*

Services Rendered – Support for legal advertising for rent control.

Allocation Base – Amount of actual charges FY 16/17.

• **Elections – \$10,077**

✓ *RCB Elections – \$10,077* *Allocation % – 100%*

Services Rendered – Conducts special municipal elections, coordinates consolidated regular elections with the Los Angeles County Clerk/Registrar-Recorder and maintains the official election records.

Allocation Base – Actual expenses FY 16/17.

• **Support Services – \$11,323**

✓ *Outgoing Mail – \$3,378* *Allocation % – 2.26%*

Services Rendered – Internal and external outgoing mail service.

Allocation Base – Actual postage charged FY 16/17.

✓ *Incoming Mail – \$6,008* *Allocation % – 4.03%*

Services Rendered – Internal and external incoming mail service.

Allocation Base – Actual mail delivered FY 16/17.

✓ *Printing – \$1,937* *Allocation % – 0.53%*

Services Rendered – Reprographic services.

Allocation Base – Actual print shop charges FY 16/17.

❖ **Finance – \$58,116**

• **Finance Administration – \$28,658**

✓ *Purchasing – \$9,104* *Allocation % – 0.51%*

Services Rendered – Acquisition of services, materials and supplies.

Allocation Base – # of purchase orders and contracts processed FY 16/17.

✓ *Payroll – \$14,100* *Allocation % – 1.03%*

Services Rendered – Process payroll.

Allocation Base – # of paychecks processed FY 16/17.

✓ *Financial Systems – \$5,454* *Allocation % – 1.04%*

Services Rendered – Management and maintenance of the City’s Enterprise Resource Planning System.

Allocation Base – # of system users FY 16/17.

• **Budget – \$6,421**

✓ *Budget – \$6,421* *Allocation % – 0.82%*

Services Rendered – Developing budget policies, systems and procedures and providing budgetary guidance.

Allocation Base – Actual expenditures FY 16/17.

• **Financial Operations – \$20,152**

✓ *Audit – \$6,886* *Allocation % – 0.82%*

Services Rendered – Independent auditing of Agency finances.

Allocation Base – Actual costs FY 16/17.

✓ *Purchase Card Transactions – \$226* *Allocation % – 0.87%*

Services Rendered – Management of purchase card transactions.

Allocation Base – # of purchase card transactions FY 16/17.

✓ *Purchase Cards – \$154* *Allocation % – 0.59%*

Services Rendered – Management of purchase cards.

Allocation Base – # of purchase cards FY 16/17.

✓ *Accounts Payable – \$5,216* *Allocation % – 0.87%*

Services Rendered – Process accounts payable requests.

Allocation Base – # of accounts payable transactions FY 16/17.

✓ *Journal Entries – \$7,670* *Allocation % – 1.11%*

Services Rendered – Process financial journal entries for financial reporting and accounts payable.

Allocation Base – Actual expenditures FY 16/17.

- **Revenue – \$2,885**

- ✓ *Cash Mgmt./Investment – \$1,389* *Allocation % – 0.62%*

- Services Rendered – Provide management of cash and City’s investment portfolio.

- Allocation Base – Amount of interest per fund FY 16/17.

- ✓ *Cash Receipts – \$1,496* *Allocation % – 0.24%*

- Services Rendered – Process cash receipts for deposit.

- Allocation Base – # of journal records processed FY 16/17.

- ❖ **Human Resources – \$13,777**

- **Employment and Org Dev – \$10,300**

- ✓ *Recruit & Select-Hires – \$6,015* *Allocation % – 0.85%*

- Services Rendered – Provide recruitment for open employee positions.

- Allocation Base – # of new hires processed FY 16/17.

- ✓ *Training & Prof Dev – \$4,285* *Allocation % – 0.72%*

- Services Rendered – Facilitate training and development for employees.

- Allocation Base – # of trainings held FY 16/17.

- **Employee Relations & Benefits – \$3,477**

- ✓ *New Hire Processing – \$1,623* *Allocation % – 0.83%*

- Services Rendered – Recruit and process new hires.

- Allocation Base – # of new hires processed FY 16/17.

- ✓ *Leave – \$1,854* *Allocation % – 0.66%*

- Services Rendered – Monitor compliance of various leave programs such as FMLA and California Family Rights Act.

- Allocation Base – # of leave certifications processed FY 16/17.

- ❖ **Information Systems – \$28,053**

- **Administration – \$3,369**

- ✓ *Procurement – \$1,979* *Allocation % – 0.51%*

- Services Rendered – Facilitate hardware and software purchases.

- Allocation Base – # of requests FY 16/17.

- ✓ *Citywide System Support – \$1,390* *Allocation % – 0.37%*

- Services Rendered – Support for computers, printers, servers and other network components.

- Allocation Base – # of devices FY 16/17.

- **Systems & Networks – \$12,561**

- ✓ *Server Admin/Network Support – \$5,856* *Allocation % – 0.37%*

- Services Rendered – Support for servers, network and system security infrastructure.

- Allocation Base – # of devices FY 16/17.

✓ *Telecomm Support – \$6,705* *Allocation % – 1.24%*

Services Rendered – Support for wired and wireless communications.

Allocation Base – # of phones FY 16/17.

• **Software – \$7,517**

✓ *App Develop Support – \$7,517* *Allocation % – 0.34%*

Services Rendered – Technical support and consulting services for implementing computer-based systems and applications.

Allocation Base – % of actual time FY 16/17.

• **Support Services – \$4,606**

✓ *PC Support/Training – \$4,606* *Allocation % – 0.37%*

Services Rendered – Support for hardware and software in-person and by phone and technology training.

Allocation Base – # of devices FY 16/17.

❖ **Facilities Maintenance – \$158,970**

✓ *City Hall – \$158,970* *Allocation % – 8.60%*

Services Rendered – Custodial and facilities services for Agency’s offices in City Hall.

Allocation Base - Square footage occupied FY 16/17.

524000 MEMBERSHIPS AND DUES	ALLOCATION: \$3,930
----------------------------------------------	--------------------------------------

The Board pays the California State Bar dues of attorneys and hearing officers employed by the Board. Additionally, this allocation includes funds for staff to participate in professional management organizations and associations.

524510 BOOKS AND PERIODICALS	ALLOCATION: \$18,550
-----------------------------------------------	---------------------------------------

This allocation covers the purchase of books and materials on rent control and housing issues, updates to the legal library, computer manuals, and subscriptions to Westlaw, newspapers and journals.

525000 OFFICE SUPPLIES	ALLOCATION: \$17,100
-----------------------------------------	---------------------------------------

The Agency purchases office supplies through the City's Purchasing Department which contracts with an office supply vendor. This allocation covers traditional office supplies, including paper goods, and funds to purchase computer supplies and accessories such as connector cables, storage disks, and printer cartridges.

525020 EQUIPMENT RENTAL	<i>ALLOCATION:</i> \$24
----------------------------	----------------------------

This allocation is for leasing the hot/cold water dispenser located in the rent control office.

525040 MILEAGE	<i>ALLOCATION:</i> \$100
-------------------	-----------------------------

This allocation provides mileage reimbursements at \$0.58 cents per mile.

525170 PRINTING	<i>ALLOCATION:</i> \$19,775
--------------------	--------------------------------

- Newsletter (2 issues) \$5,350
- General Adjustment Letters \$7,700
- Registration fee bills and envelopes \$1,725
- Special Mailing – Database enhancements \$2,500
- Regulations, info sheets, letterhead, envelopes and misc. printing \$2,500

525190 RIDESHARE AND PARK	<i>ALLOCATION:</i> \$5,400
------------------------------	-------------------------------

The allocation covers the cost for employee participation in the City’s Rideshare and Parking program, which was established last fiscal year. The program provides for cash rewards to participants who elect to use alternate transportation and give up their daily parking privileges. It is projected the Agency will incur expenses of \$5,400 for Agency employees’ participation in the program.

525260 OTHER COSTS	<i>ALLOCATION:</i> \$7,700
-----------------------	-------------------------------

The allocation covers the cable television costs for coverage of 14 televised Rent Control Board meetings.

528040 UTILITIES: TELEPHONE	<i>ALLOCATION:</i> \$2,900
--------------------------------	-------------------------------

This allocation covers telephone expenses for the Agency, including computer network connections and infrastructure costs.

531030
TRAINING

ALLOCATION:
\$8,500

The Agency encourages staff to acquire training and skills that will enhance their contribution to the Agency and further their promotional opportunities. The allocation provides funds for courses, seminars and workshops conducted by universities, professional associations and other educational organizations and for Continuing Legal Education that the State Bar requires for attorneys. Agency employees also receive training through the City's Santa Monica Institute (SMI).

534560
INSURANCE, COMPREHENSIVE

ALLOCATION:
\$24,580

(General Liability includes the following coverage: Non-owned and Hired Automobile Liability, Public Officials Errors and Omissions and Employment Practices Liability.)

The Agency carries a \$3,000,000 combined limited liability policy with a \$1,000 deductible for all items except for Employment Practice Liability which has a \$10,000 deductible.

534570
INSURANCE, PROPERTY

ALLOCATION:
\$4,353

This allocation is for the Agency's share of the property insurance for City Hall that includes fire and theft of office equipment, furniture and valuable papers, as well as computer equipment and software.

PERS LOAN – INTEREST ONLY

ALLOCATION:
\$5,472

At the end of FY 17/18 the City loaned the Agency \$519,525 to cover its share of a \$45 million dollar payment made to CalPERS to accelerate the paying down of the City's unfunded pension liability. This action resulted in an 8.45% reduction in the PERS rate for FY 17/18 and a 10% reduction in the PERS rate for FY 18/19. The current allocation reflects the third interest payment on the loan.

The third principal loan payment of \$50,267 (itemized in the Additional Expenditures section below) will be transferred from the Agency's Cash Fund Balance to the City's General Fund near the end of the fiscal year. The loan was recorded as a liability in the Board's Fund Balance sheets and after each annual payment the liability will be reduced by the payment amount.

**536550
LEGAL EXPENSE**

**ALLOCATION:
\$50,000**

The allocation covers the direct costs of litigation, document delivery costs to courts, outside counsel (if needed), title searches, depositions, and potential legal liabilities. If additional funds are needed to cover legal expenses, with the Board's authorization, funds will be moved into the budget from the Board's Fund Balance.

**550010
CONTRACTUAL SERVICES**

**ALLOCATION:
\$18,900**

❖ **Administration – \$9,250**

- ✓ Mailhouse services for two newsletters \$5,000
- ✓ Mailhouse services for GA mailings 3,500
- ✓ Mailhouse services for special mailing 500
- ✓ Access to the County Assessor's database through RealQuest 250

❖ **Hearings – \$9,000**

- ✓ Attorney service to serve subpoenas and advance witness fees 500
- ✓ Storage, retrieval and destruction of files 6,500
- ✓ Hearings Transcriptions 2,000

❖ **Legal – \$650**

- ✓ Messenger service 650

**550160
SERVICE AGREEMENTS**

**ALLOCATION:
\$80,000**

This allocation covers the costs of service agreements for computer hardware and software and miscellaneous office equipment. In most cases, the agreements provide regular maintenance and repair of covered equipment at no additional cost. The FY 19/20 allocation includes costs for maintaining both the legacy RENT database and the new database system, as it is necessary to maintain both systems until the transition to the new system occurs. The allocation also includes funds to cover the cost of ongoing software maintenance/license agreements, maintenance of our digital filing system and funds to purchase other software licenses and maintenance agreements, if needed, to accommodate and implement new technology.

- ✓ Hewlett Packard computer hardware/software \$26,200
- ✓ Infor annual maintenance agreements 31,000
- ✓ OnBase System and Ephesoft Scanning System 14,950
- ✓ Misc. office equipment and maintenance agreements 500
- ✓ Miscellaneous new and ongoing software license fees (including Microsoft) and maintenance agreements 7,350

**552010
PROFESSIONAL SERVICES**

**ALLOCATION:
\$62,350**

\$58,850 is allocated for professional services for the Agency including the Board's lobbyist and other consulting services:

- ✓ The services of a real estate appraiser and contractor consultant are used in connection with removal permits and construction-related petitions.
- ✓ The services of a computer consultant to be used in connection with the upgrade of the Board's RENT database system.
- ✓ The lobbyist represents the Board's interests in Sacramento and for statewide and national legislative advocacy. Funds for travel-related expenses are included.

\$3,500 is allocated for the following services:

- ✓ Interpreters at hearings and Board meetings and police/security services when needed.

**531010-11
CONFERENCES, MEETINGS, TRAVEL**

**ALLOCATION:
\$8,000**

The Board and staff incur travel expenses for trips to Sacramento to attend conferences, to advocate and testify regarding proposed state legislation that would affect Santa Monica rent control, and to coordinate with other rent control agencies. This account also includes expenses related to conducting Board meetings and training for Board members.



Rent Control Board

CAPITAL OUTLAY

<p>529510 BUILDING RENOVATION</p>	<p><i>ALLOCATION:</i> \$1,000</p>
---------------------------------------	---------------------------------------

This allocation includes funds to cover costs to reconfigure workspaces, if required, and other minor modifications to the Agency's space.

<p>553130 RESERVE FOR SYSTEM UPGRADES</p>	<p><i>ALLOCATION:</i> \$10,000</p>
-----------------------------------------------	----------------------------------------

This allocation provides funds for additional computer-related costs that may be needed for annual maintenance costs required for the new property and rent tracking system. Costs associated with the design, development and implementation of the Agency's replacement database system are considered a Capital Improvement Project and the costs are shown in the Non-Operating Expenditures section below.

<p>575030 COMPUTER SYSTEMS</p>	<p><i>ALLOCATION:</i> \$28,000</p>
------------------------------------	----------------------------------------

This allocation includes \$13,650 for the Agency's participation in the City's Computer Equipment Replacement Program (CERP). During FY 17/18, all of the Agency's desktop computers were replaced with either new desktop computers or laptops and the Agency enrolled in the CERP program. The program provides for computer replacements every four years. This allocation provides the third payment of the CERP program for computers replaced in FY 17/18. The allocation also covers the CERP participation cost for a special Web Server to be purchased at the end of FY 18/19. The Web Server will enable members of the public to access most of the Board's digital property file records from their own computers. Participation in the program ensures the Agency is able to take advantage of newer computer technology and maintain functionality with the rest of the city.

In addition, this line item provides funds to replace or repair other computer equipment such as data switches and computer servers, if needed, to maintain the Agency's computer systems or to complement the new database system. Additional funds are provided for miscellaneous hardware and software that may be needed during the year.

- ✓ Computer Equipment Replacement Program \$13,650
- ✓ Miscellaneous computer equipment 10,000
- ✓ Miscellaneous software, hardware and supplies 4,350

575060
OFFICE EQUIPMENT

ALLOCATION:
\$9,500

This allocation provides funds for monthly lease payments for a copier machine. The lease payments include costs for maintenance and supplies. The allocation also includes funds for office equipment and furniture for the Agency such as bookcases, desks and small cabinets.

- | | |
|--------------------------------------------|---------|
| ✓ Lease copier at City Hall | \$7,800 |
| ✓ Miscellaneous office furniture/equipment | 1,700 |



Rent Control Board

ADDITIONAL EXPENDITURES

POTENTIAL PERS PAYDOWN	\$90,807
-------------------------------	-----------------

The City Council is considering a plan to accelerate paying down the City's unfunded liability to CalPERS over 13 years instead of 30. If approved, by the City Council at their budget adoption in late June, the Agency's share for FY 19/20 will be \$90,807. This amount will be reflected in the FY 19/20 budget in the retirement line (or another line) as directed by the City's Finance Department. The payments for years 2-10 would decrease incrementally and then rise again in years 11 through 13. The Agency's projected revenue for FY 19/20 provides sufficient funds to cover this cost.

This paydown will be in addition to the \$45 million payment made in June 2017 that is described above.

NON-OPERATING EXPENDITURES

ONGOING CAPITAL IMPROVEMENT PROJECT – RENT DATABASE REPLACEMENT	\$279,357
------------------------------------------------------------------------	------------------

Last fiscal year, a vendor was selected to develop a property and rent tracking system to replace the Agency's legacy RENT database. A contract was entered into with TruePoint Solutions (TPS) on February 4, 2019 for a total cost of \$459,447 (including system development, software licenses, subscriptions, and maintenance fees). A Capital Improvement account for the full contract amount was established. Staff projects \$180,090 will be paid against the contract by the end of FY 18/19 leaving a maximum balance of \$279,357 to be paid during FY 19/20.

PERS LOAN PAYMENT – PRINCIPAL	\$50,267
--------------------------------------	-----------------

The Agency's PERS loan balance and liability at the start of the fiscal year will be \$420,918. The third annual payment is \$50,267. When made at the end of the fiscal year, this payment will reduce the loan balance to \$370,651. Principal payments on the loan will be made from the Agency's Fund Balance.

For a summary of payments over the life of the loan, see page 23.



REVENUE PROJECTION

Revenue for fiscal year 19/20 is projected to be \$5,311,535. The sources of the Agency's revenue are annual registration fees of \$198 per unit (\$16.50 per month per unit), interest earnings on unexpended rent control funds, fees for administrative records, limited filing fees and miscellaneous receipts.

To cover the Board's necessary operating expenses in FY 19/20, it is recommended that the annual fee remain \$198 per unit. The registration fee was increased to \$198 per unit in FY 17/18. Prior to that increase, the fee was set at \$174.96 per unit (\$14.58 per month) in FY 13/14 after having been \$156 for seven years. The revenue projections that follow are based on a \$198 per unit registration fee.

Registration Fees

The Rent Control Board's primary source of income has always been the annual registration fee paid on each rent controlled unit in the city.

The number of billable units projected for the upcoming fiscal year is based on an analysis of the Agency's database and projections of current trends such as Ellis withdrawals, exemptions granted and lapsed, fee waiver applications approved and rates of TORCA unit sales. The number of billable units changes during the year. Some units become exempt or fee waivers are granted making those units no longer billable, while other units previously exempt or otherwise not billed become billable units.

For FY 19/20, the projected number of billable units is 26,425. This is sixty-five units more than the number of billable units upon which the FY 18/19 budget was based. Additionally, it is projected that \$6,000 of previous years' fees will be collected. Given the Agency's successful collection efforts in recent years, the amount of outstanding past due fees has been significantly reduced. Staff will continue to actively pursue property owners who owe past due fees.

Registration Fee Refunds

Sometimes after registration fees have been paid, a unit receives a fee waiver or an exemption. In those instances, pursuant to the regulations, refunds are issued. Fee waivers are granted throughout the year for owner-occupied units and units occupied by low-income senior and disabled tenants and tenants with Section 8 vouchers.

Refunds are also issued for overpayments of billed fees. Overpayment refunds are unpredictable and vary from year to year. In recent years, staff has diligently updated and adjusted Agency billing records as soon as relevant information is

available. This process has helped reduce the number of overpayment refunds, although overpayments are still made for a variety of reasons.

For FY 19/20, total refunds are projected to be \$12,000, which is the same as anticipated for FY 18/19.

Based on an estimate of 26,425 billable units with an annual registration fee of \$198 per unit, the revenue from registration fees (current and past due) should be \$5,238,150. Net registration fees after subtracting projected refunds (\$12,000) will be \$5,226,150.

Interest Earnings

Another source of revenue is interest earnings on City-invested rent control funds. Staff estimates the interest earnings for FY 19/20 will be \$79,385. The City Treasurer estimates a rate of return on invested funds of 1.96% for FY 19/20. Staff uses the rate to estimate Board interest earnings on a declining balance. Many years ago, interest earnings were a significant source of revenue for the Agency. However, in recent years, this revenue has been reduced primarily due to lower interest rates as well as a reduction in the Board's reserves.

Administrative Records

The Agency provides administrative records as a service to members of the public who request them. Staff estimates that the Agency will receive \$2,000 in administrative records fees in FY 19/20.

Filing Fees

The Board has adopted two filing fees: a \$50 fee for processing a Vacancy Unit Registration on a property that has an owner-occupied exemption and a \$100 fee for processing an owner-occupied exemption application. Owner-occupied exemption applications account for nearly all of the filing fees collected each fiscal year. Total projected filing fees are \$2,200.

Miscellaneous Charges

Miscellaneous charges, such as those for photocopies, prints from the computerized site file documents and public records requests, are projected to be \$1,800.



SOURCES OF REVENUE

Registration Fees - 26,426 units <i>(including \$6,000 in past due fees)</i>	\$5,238,150	
Refunded Registration Fees	<u>-12,000</u>	
Registration Fees Subtotal		5,226,150
Interest Earnings @ 1.96%		79,385
Administrative Records Charges		2,000
Filing Fees		2,200
Miscellaneous Charges		<u>1,800</u>
Total Revenue		\$5,311,535

Total Projected Revenue	\$5,311,535
Total Projected Operating Expenses	- 5,178,840
FY 19/20 Net Revenue	\$132,695
Potential PERS Paydown	-90,807
FY 19/20 Net Revenue- Adjusted	\$41,888

The budget anticipates adding approximately \$132,695 to the Board's Fund Balance at the end of FY 19/20 unless the City approves the 13-year PERS paydown plan. If the plan is approved, the net revenue to be added to the Board's Fund Balance at the end of FY 19/20 would be \$41,888.

[THIS PAGE INTENTIONALLY LEFT BLANK]

**FUND BALANCE**

At the start of FY 18/19 the Agency's fund balance was \$1,890,790. Staff projects \$113,753 of net revenue will be added to the fund balance at year-end. Non-operating expenses projected to total \$229,712 (second loan payment of \$49,622 and \$180,090 for the property and rent tracking database project) will be paid directly from the fund balance. Accounting for the addition of the projected net revenue and payment of the non-operating expenses, the total fund balance will be \$1,774,831 at the start of FY 19/20. The table below provides an overview of the fund balance, revenue and operating expense projections and additional expenditures anticipated for FY 19/20.

Fund Balance at the start of FY 18/19		\$1,890,790
Net Change to Fund Balance at end of FY 18/19 (Savings of \$113,753, less \$49,622 loan payment, less \$180,090 database project)	-115,959	
Total Fund Balance at the start of FY 19/20		\$1,774,831
Projected Revenues	\$5,311,535	
<i>Registration Fees less Refunds</i>	5,226,150	
<i>Interest</i>	79,385	
<i>Miscellaneous</i>	6,000	
Projected Operating Expenditures	\$5,178,840	
<i>Salaries and Wages</i>	4,436,047	
<i>Supplies and Expenses</i>	694,293	
<i>Capital Outlay</i>	48,500	
Net Revenue	\$132,695	
Potential PERS Paydown	(90,807)	
Adjusted Net Revenue		\$41,888
Capital Improvement Project Rent Database System	(\$279,357)	
PERS Loan – Principal only Payment #3	(\$50,267)	
FY 19/20 Non-operating Expenses		-329,624
Projected Fund Balance at end of FY 19/20		\$1,487,095

The City's reserve fund policies recommend that the City maintain a level of reserves equal to a percentage of the current year's operating budget and the value of earned vacation and sick leave benefits for employees. Staff believes it is prudent for the Agency to follow similar policies reserving between 10-15% of the current year's operating budget and an amount equal to the earned leave accruals for Board employees. Under these guidelines, the Agency should maintain between \$958,306 and \$1,217,268 in reserves through FY 19/20. The projected fund balance at the end of FY 19/20 will cover the projected earned leave accruals and meet the City's reserve fund policies.



PERS LOAN

During FY 17/18, the City Council elected to make a \$45 million dollar payment above the annual required contribution to CalPERS to accelerate the paying down of the City’s unfunded pension liability. As the Board had not budgeted for this unanticipated payment, the City agreed to loan the Agency \$519,525 for its share of the payment. The Board voted to repay the loan over 10 years.

The Finance Department recorded the loan as a liability in the Board’s Fund Balance account and the liability will be reduced after each annual payment. The loan balance in FY 19/20 will be \$420,918. The principal payment for FY 19/20 is \$50,267, which will be paid at the end of the fiscal year, reducing the loan balance to \$370,651. The interest portion of each year’s payment will be included in the Agency’s operating expenditures for that fiscal year. The principal payments will be deducted from the Board’s Fund Balance as indicated in the table on the prior page.

The table below outlines the interest and principal payments and loan balance through the end of the loan term. The Board may make additional payments towards the loan at any time over the course of the loan.

Starting Loan Balance = \$519,525 Interest Rate = 1.3%

	Total Payment	Principal	Interest	Loan Balance
FY 17/18	55,739	48,985	6,754	470,540
FY 18/19	55,739	49,622	6,117	420,918
FY 19/20	55,739	50,267	5,472	370,651
FY 20/21	55,739	50,921	4,818	319,730
FY 21/22	55,739	51,583	4,156	268,147
FY 22/23	55,739	52,253	3,486	215,894
FY 23/24	55,739	52,932	2,807	162,962
FY 24/25	55,739	53,620	2,119	109,342
FY 25/26	55,739	54,318	1,421	55,024
FY 27/28	55,739	55,024	715	-



RESTRICTED FUND BALANCE

Restricted funds are funds from the Agency's Fund Balance which are identified and restricted for a particular use. They can be viewed as a form of savings accounts for unforeseeable expenditures for a particular expense category.

At the end of FY 18/19, the Legal Expenses restricted fund will have a balance of \$41,975. Staff recommends maintaining this restricted fund for FY 19/20.

Restricted Fund Name	2019/2020
Legal Expenses	\$41,975



The Administration Department oversees the fiscal, personnel, contract administration, labor relations, public relations, and research, planning and policy development activities of the Rent Control Agency. The department also maintains the Agency's computer systems and databases.

Along with general administrative activities, the department provides direct support to the elected Rent Control Board by preparing and distributing agenda packages, scheduling Board meetings, preparing and archiving Board actions and processing correspondence for the Board.

The executive director, who heads the Administration Department as well as the Agency, is responsible for directing the overall operations of the Agency on behalf of the Board. The office coordinator performs the administrative, record-keeping, confidential support and clerical responsibilities for the Board and executive director. He also maintains and updates the rent control website.

The information technology staff members maintain the RENT database and word processing systems, generate computer reports, and coordinate Agency activities that rely on the computer. They develop and update programs, design and install new systems to meet changing Board requirements, ensure the accuracy and integrity of the Agency's data, and maintain the capabilities of the computer and peripheral electronic equipment.

Office Support Team

The Administration Department oversees the Office Support Team which is supervised by the budget/office coordinator and includes support staff from the Administration, Hearings and Legal Departments. This team provides support throughout the Agency including processing registration forms, scanning Agency documents, mailing correspondence and providing phone backup in addition to their primary, department-specific duties. The three support team members within the Administration Department include the billing coordinator and two staff assistants.

The billing coordinator issues registration fee bills to owners of controlled properties, collects and processes fees, inputs billing-related changes in the database, and maintains the electronic billing history. She also processes fee waiver applications (rent control registration fees and Clean Beaches and Ocean Parcel Tax assessments) and refunds for owner-occupied units, single family dwellings, low-income seniors and disabled tenants, and units occupied pursuant to Section 8 vouchers. The two staff assistants' primary duties include receiving and directing calls from the public, data entry, maintaining the property registration and document files, and copying and mailing various Agency forms and information sheets.

The team also includes the hearings specialist and the legal secretary. These team members provide support to their respective departments as well as providing assistance throughout the Agency. Their primary duties are detailed in the Hearings and Legal department descriptions.



The Public Information Department informs the public about the Rent Control Law, the status and history of all controlled units and responds to questions from the public. The department also educates the public about the Agency's services using a variety of media to reach all of the Agency's constituents. It produces and distributes topical information sheets, a twice-yearly newsletter, summer mailings regarding the annual general adjustment, and with the assistance of other departments, the Agency's Consolidated Annual Report, which covers the status of controlled rental housing, Ellis activity and the work of the Agency in general. The department also produces content for the Agency's website and social media presence. It coordinates and presents seminars for tenants, property owners, and realtors several times a year; and participates in public meetings throughout the city.

The department handles the initial processing of thousands of forms filed by property owners and tenants with the Agency each year as well as initial intake of petitions. Staff members research current lawful rent levels and document administrative and legal activity affecting each controlled unit.

The public information manager plans and monitors the department's work, trains and supervises the information coordinators and information analysts, oversees implementation of the activities noted above, manages the owner-occupied exemption recertification project, and monitors compliance with deed restrictions. The public information manager also participates on the management team that oversees the Agency's operation.

The information coordinators and analysts are the primary contacts with the public whether in person, by telephone or by email. They provide information about the rent control law and regulations, the status of controlled properties, including the maximum allowable rent level for each unit and other details. They process new and amended registration forms, review decrease petitions, excess rent complaints and other petitions filed by tenants and property owners. They process and report on Ellis withdrawals while monitoring and communicating with tenants regarding their rights with respect to eviction. They review plan checks and demolition permits to ensure compliance with the rent control law. They also participate in community outreach through writing newsletter articles, making presentations at tenant and property owner seminars, and by making referrals to other agencies as appropriate.



The Hearings Department handles petitions, complaints and applications filed by tenants and property owners by scheduling hearings, sending notices, conducting investigations, drafting and issuing subpoenas for parties and documents, conducting administrative hearings, and issuing recommendations, decisions and addenda. The department mediates decrease and excess rent cases in an effort to resolve the issues without a hearing. .

The department manager performs a variety of duties, including training staff, planning and supervising the work of the department, reviewing hearing officer decisions and settlement agreements, and participating in the management team that oversees the operation of the Agency.

The hearing officers' major responsibilities are conducting administrative hearings, evaluating evidence and issuing written decisions based on the evidence. Administrative hearings are held on a variety of cases, including rent decreases, excess rent complaints, tenant-not-in-occupancy, exemptions, registration of qualifying bootleg units, rent increases, and base rent and amenities issues. In addition to presiding at hearings, hearing officers also mediate excess rent complaints and rent decrease petitions as needed.

The mediators work with the parties involved in excess rent complaints and rent decrease petitions, often enabling the parties to come to an agreement without the necessity of a hearing, or limiting the issues that must be addressed at a hearing. They draft settlement agreements in those cases that are fully or partially resolved.

The hearings investigator conducts inspections of units for which rent decrease petitions have been filed and follow-up inspections to see whether the units have been repaired as required by the Rent Control Board's decision. The investigator also conducts inspections in connection with tenant-not-in-occupancy petitions, petitions to register a unit, exemption applications, and inquiries related to occupancy and unit identification.

The budget/office coordinator performs duties specific to the Hearings Department, including overseeing the screening of petitions, scheduling hearings, and tracking the department's caseload. She prepares and monitors the Agency's budget, including fiscal planning, and directly supervises the Office Support Team. In addition, she interacts with the public on a variety of matters, performs research, and generates complex technical reports.

The hearings specialist provides paraprofessional and complex clerical support to the Hearings Department, including scheduling hearings and mediations, preparing and sending notices of hearings and mediations, and mailing decisions and settlement agreements to parties. She aids the hearing officers and mediators with pre-hearing and mediation tasks and assists in their preparation of written decisions and settlement agreements. The hearings specialist provides assistance to the hearings investigator in conducting on-site inspections and preparing inspection reports. The position is a member of the Office Support Team and provides assistance, as needed, throughout the Agency.



Under the direction of the general counsel, the Legal Department serves two principal functions: it advises the Board and the Agency on all legal matters, and it represents the Board in litigation.

Though much of the department's advisory work occurs outside the public view in order to preserve attorney-client confidentiality, there are important exceptions. As a legislative and quasi-adjudicatory body, the Board operates openly, publicly and transparently. Thus, when the Board decides whether to enact or amend a law, or when it hears an appeal of a hearing officer's decision, its deliberative process is fully public. As part of that public process, the Legal Department often prepares and publishes a written report that analyzes the issues presented and advises the Board about legally appropriate outcomes. Board attorneys also appear at the Board's public meetings and may publicly offer advice or provide information to the Board as a body.

In addition to its public and confidential advisory role, the Legal Department also serves as the Board's trial and appellate counsel, defending the Board's actions if they are challenged in court, defending the Board (and Board members if sued in their official capacity), litigating the legitimacy of the rent control law, and representing the Board as a plaintiff in civil actions.

The Legal Department also represents the Board's interest in the State Legislature (frequently in conjunction with the Board's lobbyist and the City Manager's office) and works with other city departments as necessary to ensure the lawful implementation of the rent control law.

Legal staff also advises the Public Information Department on rent control law issues. General Counsel sits on the management team of the Agency participating in the operational oversight of the Agency's functions.

The Legal staff is comprised of the Board's general counsel, a senior litigation attorney, a staff attorney, and a legal secretary. The senior litigation attorney is primary counsel in most of the Board's litigation. The staff attorney prepares most staff reports, analyzes exemption applications, oversees the Board's debt-collection efforts, and maintains confidential Ellis withdrawal and buyout records. The legal secretary supports the three attorneys in the department, prepares administrative records, maintains the law library, and keeps appeal and litigation calendars. This position is also a member of the Office Support Team and provides assistance, as needed, throughout the Agency.