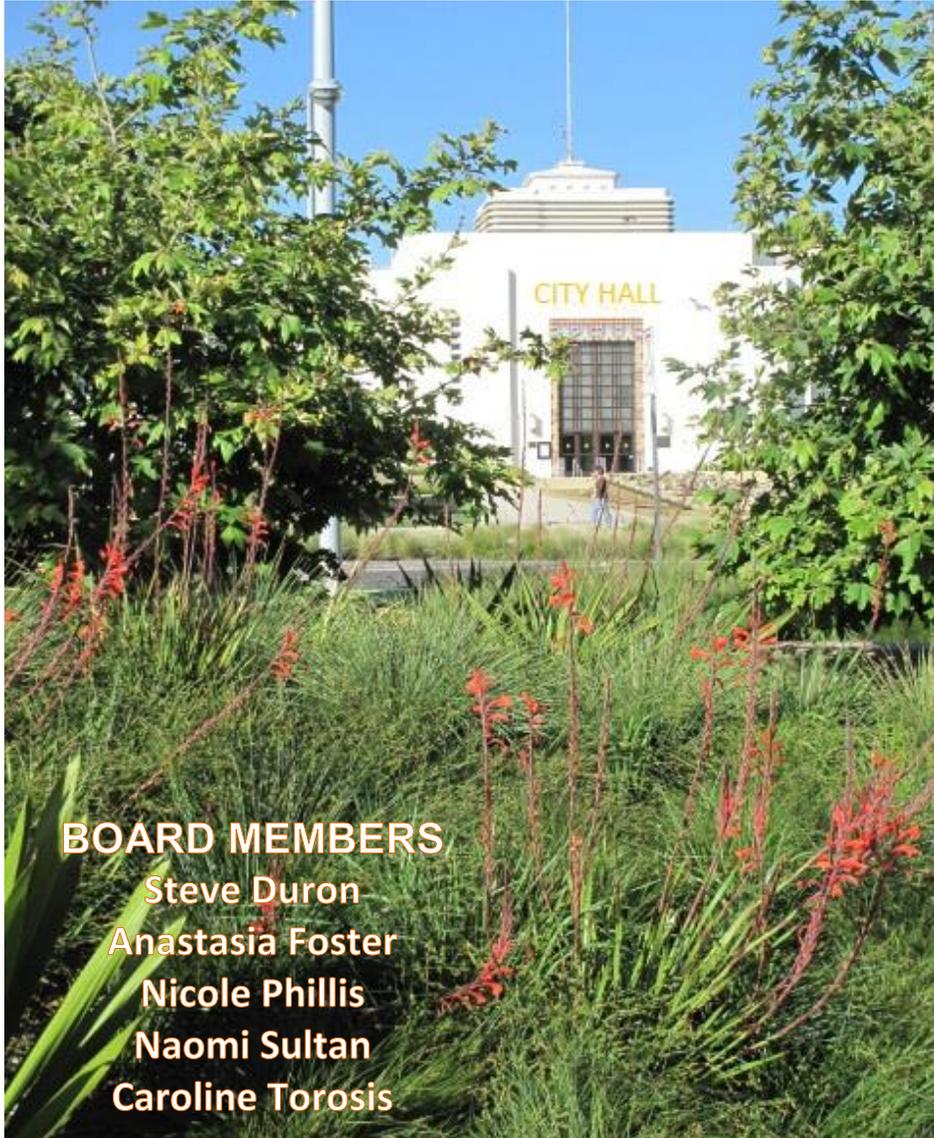




Santa Monica Rent Control Board

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



BOARD MEMBERS
Steve Duron
Anastasia Foster
Nicole Phillis
Naomi Sultan
Caroline Torosis

FY 2020-21 **ANNUAL OPERATING BUDGET**

Adopted June 11, 2020



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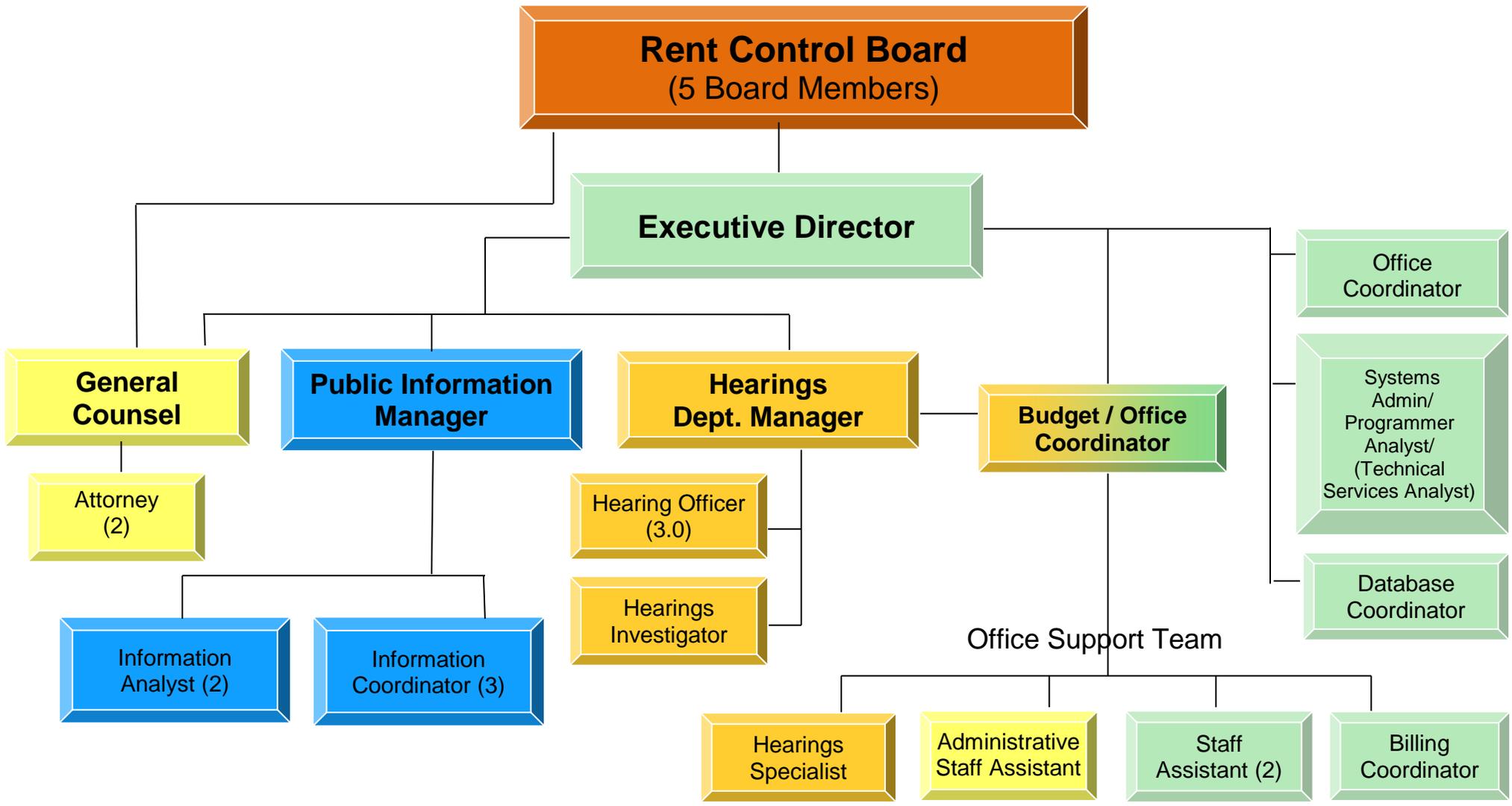
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Rent Control Board

ORGANIZATIONAL CHART





Rent Control Board

LABOR SUMMARY

FY 2020/2021

CLASSIFICATION	AUTHORIZED POSITIONS 2017/2018	AUTHORIZED POSITIONS* 2018/19	AUTHORIZED POSITIONS 2019/20	AUTHORIZED POSITIONS 2020/2021	AMOUNT OF CHANGE 19/20-20/21
Administration	8.00	8.00	7.00	8.00	+1.00
Public Information	7.00	6.00	6.00	6.00	0.00
Hearings	6.90	9.90	7.00	7.00	-0.00
Legal	4.00	4.00	4.00	4.00	0.00
Total	25.90	27.90	24.00	25.00	+1.00

*The Board revised the labor summary to add three limited term positions in the Hearings Department to provide a period of overlap for training new staff members who replaced retiring staff members.

PERMANENT STAFF BY CLASSIFICATION FY 2020/2021

CLASSIFICATION	AUTHORIZED POSITIONS 2017/2018	AUTHORIZED POSITIONS* 2018/2019	AUTHORIZED POSITIONS 2019/2020	AUTHORIZED POSITIONS 2020/2021	AMOUNT OF CHANGE 19/20-20/21
Administrator (Exec. Director)	1.00	1.00	1.00	1.00	0.00
Administrative Staff Assistant	0.00	0.00	0.00	1.00	+1.00
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	2.00	1.00	1.00	0.00
Hearing Officer	2.90	4.90	3.00	3.00	0.00
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	0.00	-1.00
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	1.00	1.00	0.00
Technical Services Analyst**	0.00	0.00	0.00	1.00	+1.00
TOTAL	25.90	27.90	24.00	25.00	+1.00

** The Board's Systems Admin/Programmer Analyst plans to retire in September 2020. This position will be replaced by a Technical Services Analyst from the City's Information Systems Department. The budget provides for a 3-month period of overlap for the new position.



AGENCY GOALS 2020/2021

Increase efficiencies through use of technology.

- ❖ Continue to strengthen the Agency's commitment to excellent public service by modernizing communication strategies including increased use of electronic communications, social media campaigns and expanded email lists.
- ❖ Implement the newly-developed Rent 20/20 property and rent tracking system to increase efficiencies and improve the user experience through electronic workflows, improved reporting capabilities, contact management and tracking, electronic payments and case management for petitions and applications. Implementation will include outreach to constituents to register for Rent 20/20 accounts to facilitate online filings of forms and petitions through the web-based portal and user-appropriate training for constituents and staff.
- ❖ Expand the web-based document portal to provide public access to property-related documents earlier than 2005. The portal currently provides access to documents from 2005 to the present.

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

- ❖ 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, etc.).
- ❖ Continue to initiate civil actions as necessary to enforce compliance with the rent control law.
- ❖ Continue implementation of the Agency's document retention schedule to facilitate responses to public records requests, eliminate outdated documents and reduce storage costs.

Ensure that the Board can continue to carry out its essential functions during, and in the aftermath of, the coronavirus pandemic.

- ❖ Ensure that all staff and members of the public comply with all public health guidelines when conducting business with or for the Board.
- ❖ Thoughtfully use Board resources, including but not limited to funds, to ensure continuity of operations.
- ❖ Adapt processes through the use of technology or other means, as necessary, to continue to provide the full range of the Board's services.
- ❖ Continue to use the Board's website to provide information from other government entities that bears on the Board's work or affects the Board's constituents.

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 the Information Services Department on the redesign of City websites to ensure rent control information, forms, petitions and videos remain prominent and easy to access.

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 15-16 ACTUAL EXPENSES	FY 16-17 ACTUAL EXPENSES	FY 17-18 ACTUAL EXPENSES	FY 18-19 ACTUAL EXPENSES	FY 19-20 PROJECTED EXPENSES	FY 20-21 ADOPTED BUDGET
511000	PERMANENT EMPLOYEES	2,938,581	2,998,958	2,758,659	2,964,734	2,935,875	3,085,017
511010	BOARD ALLOWANCE	4,125	4,425	5,700	3,900	4,650	6,000
511400	OVERTIME	1,865	3,715	5,903	12,944	37,594	7,100
511400	AS-NEEDED EMPLOYEES	76,274	81,987	89,070	130,430	106,833	47,000
511500	MEDICARE EMP CONT	41,015	42,124	38,791	41,990	42,424	43,593
512003	INS-WORKERS' COMP	13,793	14,483	94,113	103,524	103,650	109,413
	INS-EMPL HEALTH/DENT	432,143	452,031	445,358	433,164	426,469	442,998
512203	Health	358,653	420,327	414,538	404,427	396,628	413,689
512208	Dental	26,995	28,306	27,586	18,282	26,210	25,744
512209	Vision	3,486	3,399	3,234	10,455	3,631	3,565
512106	MEDICAL TRUST	44,709	46,072	44,682	45,838	46,746	49,874
513000	RETIREMENT CONTRIB	574,889	618,450	533,161	624,403	691,526	749,640
513006	ADD'L PERS PAYDOWN					106,544	0
515005-9	OTHER FRINGE BENEFITS	8,277	7,956	7,424	7,533	7,780	8,014
TOTAL SALARIES & WAGES		4,135,670	4,270,202	4,022,861	4,368,460	4,510,091	4,548,648
521000	ADVERTISING	1,312	656	3,098	541	828	3,500
523370	POSTAGE	38,589	49,470	29,441	38,540	46,500	47,820
523420	INDIRECT COSTS	274,720	283,377	289,564	300,567	306,659	306,659
524000	MEMBERSHIPS & DUES	3,030	3,140	3,466	3,513	4,302	4,739
524510	BOOKS & PERIODICALS	18,267	17,275	17,676	18,321	18,549	19,712
525000	OFFICE SUPPLIES	13,307	11,585	12,494	14,736	12,052	17,100
525020	EQUIPMENT RENTAL	22	24	24	24	37	108
525040	MILEAGE	493	314	56	101	0	100
525170	PRINTING	12,919	15,680	17,915	16,107	19,775	20,215
525190	RIDESHARE AND PARK	0	0	0	4,174	1,961	4,500
525260	OTHER COSTS	6,600	34,720	7,310	82,660	7,125	32,475
528040	UTIL-TELEPHONE	2,795	5,963	2,858	3,001	2,500	2,900
531030	TRAINING	1,684	3,459	3,169	4,126	540	7,500
534560	INS-GENERAL LIABILITY	19,739	20,308	20,364	20,907	23,981	25,779
534570	INS-PROPERTY	5,007	5,497	3,726	3,875	4,353	4,788
535000	LOAN INTEREST	0	0	6,754	6,117	5,472	4,818
536510	LEGAL EXPENSE	1,489	16,089	80,332	97,424	13,615	20,000
550010	CONTRACTUAL SERVICES	19,261	18,513	18,655	15,844	14,161	21,970
550160	SERVICE AGREEMENTS	41,400	41,871	46,188	50,084	80,000	80,000
552010	PROF SERVICES	60,581	51,635	60,973	68,832	59,199	59,000
531010-11	CONF-MTGS-TRAVEL	6,920	9,377	12,182	6,797	3,447	7,500
TOTAL SUPPLIES & EXPENSES		528,134	588,951	636,244	756,291	625,056	691,183
529510	BLDG. RENOVATION	0	0	1,660	2,500	1,000	5,000
553130	RESVE-SYST. UPGRADE	0	40,120	0	19,426	38,600	10,000
575030	COMPUTER SYSTEMS	29,724	2,243	5,226	9,017	37,927	23,000
575060	OFFICE EQUIPMENT	9,166	10,135	18,801	10,031	8,612	9,500
TOTAL CAPITAL OUTLAY		38,891	52,497	25,687	40,974	86,139	47,500
TOTAL OPERATING EXPENSES		4,702,695	4,911,651	4,684,792	5,165,726	5,221,287	5,287,331
NON-OPERATING EXPENSES							
BALANCE OF CAPITAL IMPROVEMENT PROJECT - DATABASE REPLACEMENT							186,993
PERS ANNUAL LOAN PAYMENT PRINCIPAL ONLY							50,921
TOTAL NON-OPERATING EXPENSES							\$ 237,914



SALARIES AND WAGES

**511000
PERMANENT
EMPLOYEES**

*ALLOCATION:
\$3,085,017*

Total Agency Positions – 25

The allocation provides salary-related costs for all filled positions. It also includes costs associated with the anticipated retirement of one employee and to facilitate a smooth transition, a three-month period of overlap with the new staff member. Total Agency positions will revert to 24 once the transition is complete.

**511010
BOARD
ALLOWANCE**

*ALLOCATION:
\$6,000*

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

**511400
OVERTIME**

*ALLOCATION:
\$7,100*

The allocation provides funds for overtime when necessary to complete work which cannot be completed in regularly scheduled hours, including work related to the transition to the new database, and for attending Agency-sponsored seminars and community meetings.

**511500
AS-NEEDED
EMPLOYEES**

*ALLOCATION:
\$47,000*

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.

**512003
INSURANCE,
MEDICARE**

*ALLOCATION:
\$43,593*

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:
\$109,413*

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 being treated. These claims result in the significant assessment, but with the passage of time, if new claims do not arise, the costs will decrease.

**512203
INSURANCE,
EMPLOYEE
HEALTH,
DENTAL AND
VISION**

*ALLOCATION:
\$442,998*

The allocation is based on the 2020 and estimated 2021 premiums for the health, dental and vision plans provided for all permanent employees and their dependents. The City estimates healthcare premiums will increase by 5.9% in 2021. This budget uses actual premium costs for each employee with adjustments for employee contributions toward their premium costs.

•Health	\$413,689
•Dental	25,744
•Vision	3,565

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

**512206
MEDICAL
TRUST**

*ALLOCATION:
\$49,874*

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. This allocation represents the contributions to be made on behalf of current employees for FY 20/21.

**513000
RETIREMENT
CONTRIBUTION**

*ALLOCATION:
\$749,640*

For FY 20/21, the retirement contribution rate is 25.967% of staff salaries, which is a 7.42% rate increase from the 24.173% rate applied to salaries in FY 19/20.

513006
ADDITIONAL
PERS
PAYDOWN
ALLOCATION:
\$0

In FY 19/20, the City Council adopted a plan to accelerate paying down the City's unfunded pension liability to CalPERS over 13 years instead of 30. Due to the financial impact of the coronavirus on the City, the City Council modified the plan extending the term to 15 years and deferring the payments scheduled for FY 20/21 and 21/22. Accordingly, the Agency's share of \$65,572 that was previously planned to be paid in FY 20/21 will also be deferred.

This paydown plan is in addition to the \$45 million prepayment made in June 2017 that is described under PERS Loan – Interest Only (pg. 11).

515005
OTHER FRINGE
BENEFITS
ALLOCATION:
\$8,014

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).



SUPPLIES AND EXPENSES

521000
ADVERTISING
ALLOCATION:
\$3,500

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

523370
POSTAGE
ALLOCATION:
\$47,820

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

- General Adjustment/
Registration Fee Mailings \$ 10,815
- Newsletter Mailings (2) 25,235
- General Mailings 6,695
- Miscellaneous Postal Fees 2,500
- Special Mailing 2,575

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.

523420
**ADMINISTRATIVE
INDIRECT COSTS**
ALLOCATION:
\$306,659

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 Services. 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 was based on actual costs and transactions for FY 16/17. A new plan was to be prepared for FY 20/21 based on costs and transactions for FY 17/18. However, the plan could not be completed due to the COVID-19 pandemic. Instead, the Finance Department advised staff to use the FY 19/20 allocation plan for FY 20/21.

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 allocations for all categories are the same as last year's figures.

❖ **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 allocated throughout the cost plan to all City departments which occupy space in city-owned buildings.

Allocation Base – Square footage occupied FY16/17.

❖ **Community & 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 FY16/17.

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 FY16/17.

Incoming Mail: \$6,008 Allocation – 4.03%

Services Rendered – Internal and external incoming mail service.

Allocation Base – Actual mail delivered FY16/17.

Printing: \$1,937

Allocation – 0.53%

Services Rendered – Reprographic services.

Allocation Base – Actual print shop charges FY16/17.

❖ **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 FY16/17.

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 FY16/17.

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 – Provides 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 FY16/17.

Support Services - \$4,606

Web Development: \$4,606

Allocation – 0.37%

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

Allocation Base – # of devices FY16/17.

❖ **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:
\$4,739

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. The allocation also provides funds for membership in the National Association of Hearing Officials whose benefits include a full library of training videos.

**524510
BOOKS AND
PERIODICALS**
*ALLOCATION:
\$19,712*

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. The allocation also provides access to Lexis Nexis which is used by staff for various research projects.

**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**
*ALLOCATION:
\$108*

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

**525040
MILEAGE**
*ALLOCATION:
\$100*

This allocation provides mileage reimbursements at the rate allowance established by the City.

**525170
PRINTING**
*ALLOCATION:
\$20,215*

- Newsletter (2 issues) \$5,510
- General Adjustment Letters 7,930
- Registration Fee Bills/Envelopes 1,775
- Special Mailing – Database enhancements 2,500
- Regulations, information sheets, letterheads, envelopes, and miscellaneous printing 2,500

**525190
RIDESHARE AND
PARK**
*ALLOCATION:
\$4,500*

This allocation covers the cost of employee participation in the City's Rideshare and Parking program. The program provides 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 \$4,500 for Agency employees' participation in the program.

**525260
OTHER COSTS**
*ALLOCATION:
\$32,475*

The allocation covers the cable television costs for coverage of 13 televised Rent Control Board meetings. The allocation also includes \$25,000 for election costs to fill two Rent Control Board seats in the 2020 election.

528040
UTILITIES:
TELEPHONE
ALLOCATION:
\$2,900

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

531030
TRAINING
ALLOCATION:
\$7,500

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:
\$25,799

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

534570
INSURANCE,
PROPERTY
ALLOCATION:
\$4,788

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.

535000
PERS LOAN –
INTEREST ONLY
ALLOCATION:
\$4,818

At the end of FY 17/18 the City loaned the Agency \$519,525 to cover its share of a \$45 million payment made to CalPERS to accelerate the paying down of the City's unfunded pension liability. This action resulted in reductions in the PERS rate ranging from 8.45% to 18% through FY 20/21. The current allocation reflects the fourth interest payment on the loan. The fourth principal loan payment of \$50,921 (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 is reduced by the payment amount.

**536550
LEGAL EXPENSE**

*ALLOCATION:
\$20,000*

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:
\$21,970*

❖ **Administration: \$9,520**

- Mailhouse services for two newsletters \$5,150
- Mailhouse services for mass mailings 3,605
- Mailhouse services for special mailing 515
- Access to the County Assessor's database through RealQuest 250

❖ **Hearings: \$11,700**

- Attorney service to serve subpoenas and advance witness fees 500
- Storage, retrieval and destruction of files 8,200
- Hearings Transcriptions 3,000

❖ **Legal: \$750**

- Messenger service 750

**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 20/21 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 and Software \$14,237
- Infor annual maintenance agreements 31,000
- OnBase System and Ephesoft Scanning System 21,406
- Miscellaneous office equipment and maintenance agreements 1,542
- Miscellaneous new and ongoing software license fees (including Microsoft) and maintenance agreements 11,815

**552010
PROFESSIONAL
SERVICES**

*ALLOCATION:
\$59,000*

\$55,500 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 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:

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

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

*ALLOCATION:
\$7,500*

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. It is unclear at this time whether conferences and travel will occur in FY 20/21. This account also includes expenses related to conducting Board meetings and training for Board members.



CAPITAL OUTLAY

**529510
BUILDING
RENOVATION**
*ALLOCATION:
\$5,000*

This allocation includes funds to reconfigure workspaces and the front counter area. Due to the COVID-19 pandemic, changes to the Agency’s workspace and public areas may be required to ensure the safety of staff and members of the public.

**553130
RESERVE
FOR SYSTEM
UPGRADES**
*ALLOCATION:
\$10,000*

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. It is possible that once the new system is implemented, additional integration software or system upgrades may be needed.

**575030
COMPUTER
SYSTEMS**
*ALLOCATION:
\$23,000*

This allocation includes \$13,650 for the Agency’s participation in the City’s Computer Equipment Replacement Program (CERP). The program provides for computer replacements every four years. This allocation provides the fourth payment into the CERP program for computers replaced in FY 17/18. The allocation also covers the CERP participation cost for a special Web Server purchased at the end of FY 18/19 that enables members of the public to access most of the Board’s digital property file records from their own computers. System upgrades for the servers hosting the new database system, were also purchased through the CERP program which will ensure all systems are regularly updated. 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.

This line item also 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 implement 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 5,000
- Misc. 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 \$8,350
- Miscellaneous office furniture/equipment 1,150

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REVENUE PROJECTION

Revenue for fiscal year 20/21 is projected to be \$5,252,737. 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 20/21, 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, and fee waiver applications approved and lapsed. The number of billable units changes during the year as some units become exempt or fee waivers are granted or units previously exempt or otherwise not billed become billable.

For FY 20/21, the projected number of billable units is 26,425. This is the same number of billable units upon which the FY 19/20 budget was based. Additionally, it is projected that \$6,000 of previous years' fees will be collected during this fiscal year. 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 updated and adjusted Agency billing records as soon as relevant information is available which has helped reduce the number of overpayment refunds, although overpayments are still made for a variety of reasons.

For FY 20/21, total refunds are projected to be \$12,000, which is the same as anticipated for FY 19/20.

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 20/21 will be \$20,568. At the time of this report, the City Treasurer estimates a rate of return on invested funds of 0.5% for FY 20/21. Staff uses the rate to estimate Board interest earnings on a declining balance. The City had originally projected an interest rate for this year of 2.17%. However, due to the current financial situation related to COVID-19, the City is conservatively projecting next year's rate of interest. It is likely actual interest revenue will be somewhat greater than projected, but staff believes it is prudent to be conservative at this time and so are using the 0.5% interest rate.

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 20/21.

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 - 26,425 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 @ 0.5%		20,587
Administrative Records Charges		2,000
Filing Fees		2,200
Miscellaneous Charges		<u>1,800</u>
Total Revenue		\$5,252,737

Total Projected Revenue	\$5,252,737
Total Projected Operating Expenses	- 5,287,331
FY 20/21 Net Revenue	-\$34,594

The budget anticipates a deficit of approximately \$34,594. The Board's reserves will be used to cover any deficit that exists at the end of the fiscal year

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FUND BALANCE

The total fund balance is projected to be \$1,564,873 at the start of FY 20/21. The table below provides an overview of the fund balance, revenue and operating expense projections and additional expenditures anticipated for FY 20/21.

Projected Fund Balance at the start of FY 20/21		\$1,564,873
Projected Revenues	\$5,252,737	
<i>Registration Fees less Refunds</i>	5,226,150	
<i>Interest</i>	20,587	
<i>Miscellaneous</i>	6,000	
Projected Operating Expenditures	\$5,287,331	
<i>Salaries and Wages</i>	4,548,648	
<i>Supplies and Expenses</i>	691,183	
<i>Capital Outlay</i>	47,500	
Net Revenue		-\$34,594
Capital Improvement Project	(\$186,993)	
Rent Database System		
PERS Loan – Principal only	(\$50,921)	
Payment #4		
Non-operating Expenses		-237,914
Projected Fund Balance at end of FY 20/21		\$1,292,365

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. For FY 20/21 the City’s recommendation is a 12% reserve of the current year’s operating budget and an amount equal to the earned leave accruals for employees. Under these guidelines, the Agency should maintain approximately \$1,113,566 in reserves through FY 20/21. The projected fund balance at the end of FY 20/21 will cover the projected earned leave accruals and meet the City’s reserve fund policies.



PERS LOAN

In 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. 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 is reduced after each annual payment. The loan balance in FY 20/21 will be \$370,651. The principal payment for FY 20/21 is \$50,921, which will be paid at the end of the fiscal year, reducing the loan balance to \$319,730. 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 19/20, the Legal Expenses restricted fund will have a balance of \$41,975. Staff recommends maintaining this restricted fund for FY 20/21.

Restricted Fund Name	2020/2021
Legal Expenses	\$41,975

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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 and ensures compliance with the Agency's record retention schedule.

The information technology staff members maintain the rent tracking 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 administrative staff assistant. 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 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; assists with responses to public records requests and participates in public meetings throughout the city.

The department handles the review 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 aids 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 an administrative staff assistant. 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 administrative staff assistant supports the three attorneys in the department, prepares administrative records, maintains the law library, keeps appeal and litigation calendars, and assists with implementation of the Agency's records retention program. This position is also a member of the Office Support Team and assists as needed, throughout the Agency.