

SANTA MONICA RENT CONTROL BOARD

1982-83 BUDGET

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BUDGET SUMMARY FY 82-83

SALARIES & WAGES

Code 100	Permanent Employees	1,305,321
120	Overtime	10,000
150	Temporary Employees	<u>10,000</u>
		1,325,321

BENEFITS

Code 300	Unemployment Compensation	10,443
301	Workers Compensation	7,582
308	Health Insurance	52,764
710	Retirement Contribution	<u>217,176</u>
		287,965

SUPPLIES & EXPENSES

Code 221	Telephones	9,000
231	Office Supplies	45,000
232	Metered Postage	16,800
254	Legal/Personnel Advertising	6,350
261	Leased Equipment	46,800
262	Office Rent	64,500
272	Mileage Reimbursement	5,500
290	Membership & Dues	1,900
302	Insurance	3,400
264	Computer Timesharing	30,000
404	Library Materials	2,000
411	Printing	20,000
434	Administrative Indirect Costs	80,000
439	Miscellaneous Costs	10,000

SUPPLIES & EXPENSES

Code 506	Professional Services	100,000
511	Legal Expense	75,000
521	Training	2,000
104	Board Allowance	23,750
721	Service Agreements	<u>17,915</u>
		559,915

CAPITAL OUTLAY

Code 801	Equipment	<u>9,500</u>
	TOTAL	2,182,701

	<u>1980-81</u> <u>BUDGET</u>	<u>1981-82</u> <u>BUDGET</u>	<u>1982-83</u> <u>BUDGET</u>
<u>SALARIES AND WAGES</u>			
Permanent Employees	885,454	1,124,200	1,305,321
Overtime	20,000	10,000	10,000
Temporary Employees	26,540	10,000	10,000
	<u>931,994</u>	<u>1,144,200</u>	<u>1,325,321</u>
<u>BENEFITS</u>			
Unemployment Compensation	7,084	9,000	10,443
Workers Compensation	14,168	5,100	7,582
Health Insurance	48,246	43,000	52,764
Retirement Contribution	123,824	195,100	217,176
	<u>193,322</u>	<u>252,200</u>	<u>287,965</u>
<u>SUPPLIES AND EXPENSES</u>			
Telephone	3,600	15,000	9,000
Office Supplies	36,000	50,000	45,000
Metered Postage	15,900	25,000	16,800
Legal/Personnel Advertising	3,000	4,000	6,350
Leased Equipment	960	70,000	46,800
5th & S.M. Office Rent	24,185	60,000	64,500
Mileage Reimbursement	1,200	2,500	5,500
Memberships & Dues	400	5,500	1,900
Insurance	7,084	3,350	3,400
Publications/Printing	10,000	75,000	20,000
Computer Timesharing	-	30,000	30,000
Library Materials	700	5,000	2,000
Printed Forms	7,000	-	-
Admin. Indirect Costs	53,300	58,300	80,000
Miscellaneous Costs	-	10,000	10,000
Professional Services	40,913	115,500	100,000
Legal Expense	100,000	150,000	75,000
Training	6,450	4,000	2,000
Board Allowance	23,750	24,000	23,750
Loan Repayment	121,000	113,200	-
Service Agreements	-	-	7,915
	<u>445,442</u>	<u>820,350</u>	<u>559,915</u>
<u>CAPITAL EXPENSE</u>			
Equipment	35,325	43,000	9,500
Renovation	-	75,000	-
	<u>1,616,083</u>	<u>2,334,900</u>	<u>2,182,701</u>

1982-83 REVENUE PROJECTION

REGISTRATION FEES \$1,920,000

Based on a \$5 per month registration
fee levied on 32,000 controlled
rental units.

INTEREST INCOME 115,000

12% interest on the average monthly
balance of registration fees.

81-82 BUDGET SURPLUS 150,000

Carry-over of savings from current
year's budget.

\$2,185,000

RENT CONTROL STAFF SALARIES

Administrator	47,500
Assistant Administrator	46,540
Senior Attorney	46,540
Supervisor of Hearing Examiners	46,540
Staff Attorney/5	40,644
Hearing Examiner/5 35,310	40,644
Hearing Examiner/5	40,644
Staff Attorney/4	37,985
Hearing Examiner/4 37,985	37,985
Hearing Examiner/4	37,985
Staff Attorney/3	35,310
Hearing Examiner/3 35,310	35,310
Hearing Examiner/3	35,310
Staff Attorney/2	32,635
Staff Attorney/2	32,635
Staff Attorney/2	32,635
Half-time Staff Attorney/3 27,740	18,993
Half-time Hearing Examiner/5 35,310	20,322
Two Part-time Hearing Examiners/4	18,993
Removals Paralegal	27,816
Data Processing Programmer	27,000
Exemptions Investigator	25,710
Executive Secretary	25,137
Legal Department Office Manager	25,073
Board Secretary	24,847
Hearing Investigator	24,638
Hearing Investigator	24,361
Data Processing Coordinator	23,919
Legal Secretary	23,760
Legal Department Administrative Secy	23,492
Legal Secretary	22,332

RENT CONTROL STAFF SALARIES (Cont'd)

Public Information Officer	22,112
Hearing Investigator	21,794
Administrative Assistant	21,263
Data Entry Clerk	20,483
Information Coordinator	20,366
Bilingual Information Coordinator	20,331
Bilingual Information Coordinator	20,217
Information Coordinator	19,363
Noticing Secretary	18,801
Noticing Secretary	18,073
Clerk Typist	17,459
Clerk Typist	17,270
Receptionist/Clerk Typist	17,172
Secretary	17,009
Receptionist	16,614
Clerk/Messenger	13,680
Part-time Information Coordinator	12,343
Part-time Clerk Typist	7,736

REDUCTION IN STAFF POSITIONS OVER PREVIOUS BUDGET YEAR

ADMINISTRATOR'S OFFICE

Agenda Clerk

PROPERTIES DEPARTMENT

Senior Information Coordinator

Four Information Coordinators

Registration Director

Exemptions Investigator

Office Manager

Two Clerk Typists

One Part-time Administrative Investigator

HEARING DEPARTMENT

Senior Hearing Examiner

Two Hearing Examiners

Office Manager

Clerk Typist

LEGAL DEPARTMENT

Staff Attorney

Legal Secretary

Two Law Clerks

WORKERS COMPENSATION

Allocation Request: \$7,582

Workers Compensation for staff other than hearing investigators is .57% of gross salary; for investigators, it is .77% of gross salary.

UNEMPLOYMENT COMPENSATION

Allocation Request: \$10,443

Unemployment Compensation is computed at .8% of gross salary.

HEALTH INSURANCE

Allocation Request: \$52,764

All permanent employees and their dependants are covered by one of three health insurance plans and one of two dental plans.

RETIREMENT CONTRIBUTION

Allocation Request: \$217,176

The employer contribution to the Public Employment Retirement System has gone down over previous years. The contribution for all non-management Rent Control staff is 16.14%, for management Rent Control staff the amount is 19.64%.

TELEPHONE COMMUNICATIONS

Allocation Request: \$9,000

The agency currently has 11 telephone lines at our two locations. The average monthly telephone cost is approximately \$750.

OFFICE SUPPLIES

Allocation Request: \$45,000

The Rent Control Board purchases a majority of its office supplies through the City's Purchasing Department. The City contracts with an office supply vendor each year. The agency clearly benefits from this economy of scale, and it is in our best interest to continue this practice. The projected expenditure for office supplies in FY 82-83 is \$40,000. We request an additional \$5,000 to cover necessary for the Wang word processor system.

POSTAGE

Allocation Request: \$16,800

The majority of the agency's mail is handled by the City mail room. The cost of handling our mail is charged to us through the indirect administrative cost allocation. The actual postage for 1981-82 and the estimate for next year is approximately \$12,800.

In addition, the agency has a postage meter for mailings at its office at 5th and Santa Monica. The average annual cost of postage on this meter is \$4,000.

The postal service assures us that they do not contemplate a rate increase in FY 82-83.

LEGAL/PERSONNEL ADVERTISING

Allocation Request: \$6,350

This allocation covers both the cost of publishing public notices and other announcements required by law, and placing personnel ads in daily papers in the area. In keeping with our affirmative action efforts, notices of vacant positions are sent to a list of organizations which assist minorities, women and handicapped persons.

LEASED EQUIPMENT (Cont'd)

IBM Copier: \$23,796. Lease on the IBM Series III Model 30 Copier & Collator is \$707.27 a month for the first 15,000 copies. The agency pays an additional service charge of .0183 cents per copy over the initial 15,000. This copier is located at City Hall.

OFFICE RENT AT 506 SANTA MONICA BLVD.

Allocation Request: \$64,426

Office Space: \$46,603. In September 1980, the Board leased 14 offices and hearing rooms in the Pacific Building at 506 Santa Monica Blvd. These offices were leased because there was not adequate space in City Hall for the Hearing Department. It is not likely that there will be space in City Hall for the Hearing Department in the foreseeable future.

Because of the reduced Hearing Department staff, the recommendation is to lease 13 rooms and offices beginning July 1, 1982. The total square footage would therefore be 2660 sq. ft. leased at a rate of \$1.42 per sq. ft. Our lease extends to September 30, 1982.

Maintenance: \$10,682. Under the terms of the lease, the Board must provide its own office maintenance. Staff has contracted with a maintenance woman to work 16 hours a week at \$6 per hour. Staff recommends a 7% increase to \$6.42 per hour for FY 82-83.

Parking: \$7,140. The agency provides parking for its employees at 506 Santa Monica. The monthly cost of 17 parking spaces is \$559/mo. Staff has researched a number of parking structures near 5th & Santa Monica and has been unable to find suitable alternative parking.

Staff recommends that the Board allocate sufficient funds to continue our lease at this present location for another year. Staff will endeavor to find an alternate location which is either less expensive or closer to City Hall for our Hearing Department prior to an extension of the lease on this property on October 1, 1982.

MILEAGE

Allocation Request: \$5,500

The Board reimburses employees who use their own automobiles in conducting agency work at a rate of 22½¢ per mile. Hearing Investigators who are required to use their automobiles during the course of their employment with the agency and who have not been guaranteed access to City vehicles receive a \$75 per month automobile allowance.

MEMBERSHIP DUES

Allocation Request: \$1,900

It is the policy of the Board to pay the California Bar Dues of Staff Attorneys and Hearing Examiners. A schedule of the 1982 bar dues is attached.

1982 CALIFORNIA BAR DUES PAID FOR RENT CONTROL BOARD EMPLOYEES

Barbara Greenstein	12/24/81	\$105.00
Michael Heumann	12/4/81	185.00
Marla Kraus	12/24/81	175.00
Mary Lawrence	12/24/81	175.00
Melinda Leonard	12/24/81	105.00
Joel Levy	1/14/82	175.00
Laurie Lieberman	12/4/81	175.00
Wallace MacArthur	12/24/81	175.00
Jim O'Donnell	12/11/81	120.00
Arnold Paul	1/29/82	175.00
Steve Wiman	12/11/81	190.00
Mary Ann Yurkonis	12/4/81	<u>105.00</u>
		\$1860.00

INSURANCE

Allocation Request: \$3,400

General Liability: \$2,140. The agency has a \$500,000 combined single limit liability policy with a \$250 deductible for property damage. This includes a non-owned automobile liability and personal injury coverage for agency employees.

Faithful Performance Bond: \$362. All Rent Control Board employees are covered by a \$25,000 faithful performance bond.

Comprehensive Insurance: \$714. Fire and theft coverage for office equipment, office furniture and valuable papers.

Computer Equipment Coverage: \$165. Rider to comprehensive insurance which covers all computer equipment owned by the agency.

COMPUTER TIME SHARING ,

Allocation Request: \$30,000

Because the agency must pay for the amount of computer time we use based on FY 81-82 usage, the City's Data Processing Manager has recommended that \$30,000 be allocated.

LIBRARY MATERIALS

Allocation Request: \$2000

This allocation will cover updates to our legal library and various books and pamphlets throughout the year on rent control and related subjects.

PRINTING COSTS

Allocation Request: \$20,000

The agency will print a second edition of the Tenant/Landlord Handbook. The estimated cost of 10,000 editions in English and 3,000 in Spanish is approximately \$15,000.

Our Public Information Officer will produce additional pamphlets on "How to Prepare For a Hearing" and various informational brochures on rent control. Estimated cost of printing is \$5,000.

ADMINISTRATIVE INDIRECT COSTS

Allocation Request: \$80,000

The agency pays a flat fee to the City for all indirect administrative costs. Each department of the City pays a similar fee to cover maintenance and upkeep of City Hall, use of meeting rooms and common areas, bookkeeping and record keeping by Finance and Personnel Departments, use of City cars, etc.

The City has recently contracted for a indirect administrative cost allocation study. The final results of the study were not available at the time of the preparation of this budget and therefore this line item may be subject to change at a later time.

MISCELLANEOUS COSTS

Allocation Request: \$10,000

This fund is set up for miscellaneous, one-time operating expenses.

PROFESSIONAL SERVICES

Allocation Request: \$100,000

Consultant Services For Development of Electronic
Information Management Systems: \$53,250.

The agency has been working with a team of data processing consultants over the last year to develop the following electronic data systems:

1. System to determine the maximum allowable rent for every unit.
2. Active petition file.
3. Petition summary file.
4. Revised current billing system.
5. Census reporting system.

This project was originally budgeted to be completed within FY 81-82. Of the five proposed systems, the revised current billing system and the census reporting system have been completed. The active petition file and the petition summary file have been merged into one data base which is now referred to as PETSUM. It is anticipated that the PETSUM system will be completed by June 30, 1982.

The final system to be completed, and in some ways the most important, is the maximum allowable rent generating system. This system is expected to be operational between July 1 and September 1, 1982. The reason for the delay and for the unusually wide estimate of completion is the complexities the consultants have encountered in systematizing MAR calculations.

Once the system design is complete and data from our manual files is entered into the data base, the system will require testing and close monitoring to ensure that the bugs are out. The agency therefore will not rely on the electronic MAR generating program until October or November of 1982.

In order to complete these essential electronic data management systems, staff recommends that we extend our contract with the data processing consultants as follows:

Program Manager	18 weeks	\$14,400
System Designer	20 weeks	24,000
Data Collection Mgr.	24 weeks	14,850

Contract For Category II Rehabilitation Appraisals: \$7,500.

The Board has contracted with an architect to do rehabilitation appraisals for Category II removal applications at the rate of \$30 per hour. We have also secured the services of a certified appraiser. Our experience is that the cost of each appraisal ranges from \$750 to \$900.

Arbitration Expenses: \$4500. The Memorandum of Understanding between the Rent Control Board and the Employees Action Committee which is the exclusive bargaining representative of most of the Rent Control staff, calls for binding arbitration. Staff estimates that the Board portion of arbitration expenses may be as high as \$1500 per case.

Research Consultants: \$35,000. In lieu of hiring full-time research staff, it is staff's recommendation that we contract for specific research projects. Those projects contemplated by this authorization are as follows:

1. Analysis of Individual Adjustment Applications and Decisions. Since rent control was adopted in 1979, the Board has considered approximately 1300 individual adjustment petitions by landlords and tenants. The Board has also invested more than \$100,000 in an effort to codify petition findings and relevant data from these petitions. The Board has not however undertaken the subsequent step of analysis of the data which is currently being codified. The time involved in analyzing the data that has been codified would be small relative to the expenditure involved in codification.

Analysis of the individual adjustment petitions would indicate:

- A. The number of units involved in petitions.
- B. Characteristics of rent increase petitioners. (e.g. recent purchasers, building size, average rents, etc.)
- C. Characteristics of rent decrease petitioners. (e.g. length of tenancy, income levels, etc.)
- D. Size of increases and decreases requested and granted.
- E. Type of increase and decrease requested or granted. (e.g. fair return, capital improvements, building conditions, etc.)

F. Characteristics of cases which were appealed to the Board.

This analysis would be particularly valuable in evaluating the Board's capital improvement regulations and their impact on rents and housing conditions. Also, analysis would be useful in the event that there is further litigation over fair rate of return standards. In the Baker case the Board was unable to provide a thorough analysis of the rent increases that have been granted under the individual adjustment procedures. While future class action challenges to the fair rate of return standards are not a certainty, they are a distinct possibility. A new fact situation, such as a decline in property values, may lead to new litigation. The exceptional uncertainty of the constitutional standards for fair return are an invitation to future litigation.

As a part of the analysis, a coding system would be set up to easily and continually monitor new developments. In addition, a follow-up survey of sample individual adjustment cases will be designed to determine compliance with decisions and obtain critiques of individual adjustment procedures.

2. Survey of Enforcement and Compliance. One of the most serious failings of Rent Control Boards

throughout the U.S. has been their inability to obtain compliance with the law. Santa Monica with its well-staffed Board and aggressive response to complaints may have an unusually high compliance rate. However, at present the Board is relying on tenant complaints, or lack thereof, to obtain information about compliance rates.

A sample survey of tenants (500 to 1000 interviewed for 15 minutes) would give an indication of:

- A. Compliance with rent controls.
- B. Reductions in maintenance amenities and services.
- C. Turnover rates.
- D. Tenant understanding of the law.
- E. Tenant perceptions of the operation and effect of rent control.
- F. Obstacles to tenant use of Board procedures to comply with the law.
- G. Tenant views on how the regulations and administration of the law could be improved.

3. Preparation of Annual General Adjustment Report.

Under the law, the Board is required to conduct an annual operating cost survey. Preparation of this report requires external data collection from utility companies, City records, etc., collection and programming of data from the Board's data base and simulations based on IREM data.

The researchers under contract could also undertake

other possible studies and projects, including:

- Rent levels in condominiums.
- Rent levels in unregulated units.
- A comparison of rents charged by long-term and short-term owners.
- Updates of the Forman study of sales prices and characteristics of sales.
- Interviews of landlords.
- Survey of unregistered units.
- Survey of units held vacant and not offered for rent.
- Census studies.
- Empirical research for attorneys.
- Study of evictions and eviction monitoring.
- Volume of eviction suits.
- Monitoring cases in which exemptions are granted for owner-occupancy.
- Studies on the policies of other rent control boards.
- Housing data required for Board hearings.
- Response to public inquiries regarding housing data.

4. Budget and Staff For Research and Policy Analysts Unit.

Director	19 hours per week	\$14,800
Researcher	15 hours per week	6,200
Researcher with Programming capability	26 hrs per week	11,000
Work Study Student	20 hours per week	<u>3,000</u>
		\$35,000

Estimated allocation of time of research unit.

1. Analysis of individual adjustment petitions	1800 hrs.	
2. Survey of enforcement and compliance	1400	"
3. Annual general adjustment report	80	"
4. Other projects	850	"

LEGAL EXPENSE

Allocation Request: \$75,000

This fund anticipates the need for farming out some cases to outside attorneys, legal consultants, expert witnesses, attorney fee awards and other expenses in defense of the Charter Amendment.

TRAINING

Allocation Request: \$2,000

Staff Attorneys and Hearing Examiners will attend CEB or College of Administrative Law seminars on related subjects. This year we will also send various word processing operators to additional schooling on sophisticated use of the word processor.

BOARD ALLOWANCE

Allocation Request: \$23,750

The Charter Amendment limits the amount of compensation to any individual Board member to \$4750.

SERVICE CONTRACTS

Allocation Request: \$17,915

The agency has entered into the following service contracts:

Word Processing Service Agreement	\$5500
CRT Maintenance	1000
Agile Printer Maintenance	600
Pitney Bowes Postage Meter	117
Pitney Bowes Postage Scale	97
Dictaphones	574
IBM Copier	8382
IBM Collator	552
IBM Typewriters	1093