

**SANTA
MONICA
RENT
CONTROL
BOARD**

**ANNUAL
OPERATING
BUDGET
FY 1998/99**

**ADOPTED
JUNE 11, 1998**

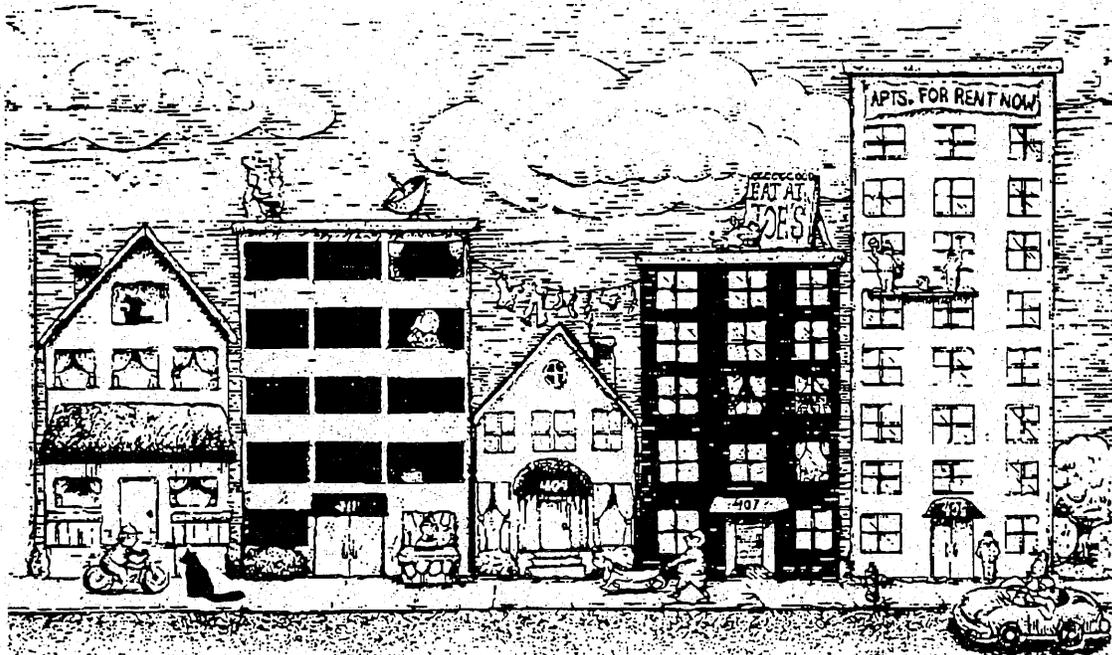


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Rent Control Board
1685 Main Street
PO Box 2200
Santa Monica, California 90407-2200

City of
Santa MonicaSM

June 30, 1998

Dear Santa Monica Citizens,

The Santa Monica Rent Control Board is pleased to be able to fund the 1998/99 budget with an annual registration fee of \$132, or \$11 per month. This continues a fee reduction begun last year.

This budget funds 2.1 fewer positions than last year. Since 1994/95, staff size has been reduced by 14.35 positions, more than 25%. By reassigning staff, the Agency has been able to reallocate the work among the existing personnel.

With careful attention to costs, budgets over the last three years have been reduced by over \$350,000.

As a result of the Costa-Hawkins legislation, on January 1, 1999, except for units occupied by tenants who resided in the unit on January 1, 1996, the rents on all single family dwellings are no longer controlled. Though eviction protections remain in place, these units will be billed only for the six months between July 1, 1998 and December 31, 1998.

Reduced staff and expenses do not mean less service. As it did last year, this year's budget provides for three issues of the Rent Control Board's newsletter. The agency is also preparing for changes which will result from decontrol/recontrol, including informing tenants and owners about how they will be affected.

The Rent Control Board and staff continue to look forward to serving the public with prompt responses, improved communications, and efficient services.

Sincerely,

Mary Ann Yurkonis
Administrator

LABOR SUMMARY
FY 1998/99 ADOPTED

CLASSIFICATION	AUTHORIZED POSITIONS 1995/96	AUTHORIZED POSITIONS 1996/97	AUTHORIZED POSITIONS 1997/98	AUTHORIZED POSITIONS 1998/99	AMOUNT OF CHANGE FY98/FY99
Administration	8.00	7.90	4.00	4.00	0.00
Hearings	15.75	14.55	11.35	12.00	+ .65
Public Information	18.00	16.88	19.20	17.45	-1.75
Legal	8.55	8.55	7.70	6.70	-1.00
TOTAL	50.30	47.88	42.25	40.15	-2.10

PERMANENT STAFF -- BY CLASSIFICATION
FY 1998/99 ADOPTED

CLASSIFICATION	AUTHORIZED POSITIONS 1995/96	AUTHORIZED POSITIONS 1996/97	AUTHORIZED POSITIONS 1997/98	AUTHORIZED POSITIONS 1998/99	AMOUNT OF CHANGE FY98/FY99
Admin. Analyst	2.0	2.0	1.0	1.0	0.00
Administrator	1.0	1.0	1.0	1.0	0.00
Data Entry Operator	1.0	1.0	0.0	0.0	0.00
Data Process. Coord.	1.0	1.0	1.0	1.0	0.00
Database Coord.	0.0	0.0	1.0	1.0	0.00
EDP Prog./Analyst	2.0	1.9	1.8	1.8	0.00
General Counsel	1.0	1.0	1.0	1.0	0.00
Hearings Dept. Mgr.	1.0	1.0	1.0	1.0	0.00
Hearing Investigator	1.0	1.0	1.0	1.0	0.00
Hearings Office Coord.	1.0	1.0	1.0	1.0	0.00
Hearing Officer	4.75	4.75	3.75	3.75	0.00
Information Coord.	8.0	7.18	6.6	5.85	-.75
Legal Secretary II	3.0	3.0	3.0	2.00	-1.00
Office Coordinator	2.0	2.0	2.0	2.0	0.00
Public Inform. Mgr.	1.0	1.0	1.0	1.0	0.00
Receptionist	1.0	1.0	1.0	0.0	-1.00
Senior Adm. Analyst	3.0	1.8	1.8	1.8	0.00
Sr. Information Coord.	1.0	1.0	1.0	1.0	0.00
Sr. Oper. Analyst	1.0	1.0	1.0	1.0	0.00
Staff Assistant II	1.0	1.0	0.0	0.0	0.00
Staff Assistant III	7.0	6.7	5.6	6.25	+ .65
Staff Assistant IV	2.0	2.0	2.0	2.0	0.00
Staff Attorney	4.55	4.55	3.7	3.7	0.00
TOTAL	50.30	47.88	42.25	40.15	-2.10

AGENCY BUDGET

OBJ	DESCRIPTION	FY 96/97	FY 97/98	FY 97/98	FY 98/99
		ACTUAL EXPENSES	ADOPTED BUDGET	PROJECTED EXPENSES	ADOPTED BUDGET
100	PERMANENT EMPLOYEES	2,732,343	2,603,956	2,612,747	2,626,123
104	BOARD ALLOWANCE	12,975	12,375	12,600	12,375
149	OVERTIME	11,311	2,769	9,499	2,752
150	AS-NEEDED EMPLOYEES	38,363	0	20,645	0
171	MEDICARE EMP CONT	30,442	25,248	26,991	26,050
172	INS-UNEMPLOYMENT	0	0	0	0
173	INS-COMPENSATION	20,405	16,549	16,549	11,526
174	INS-EMPL HEALTH/DENT	260,643	254,052	257,727	262,968
177	RETIREMENT CONTRIB	281,702	267,398	256,065	256,000
197	OTHER FRINGE BENEFITS	45,745	48,469	35,754	34,541
		(118,412)	0	(100)	
TOTAL SALARIES & WAGES		3,315,518	3,230,815	3,248,477	3,232,335
221	UTIL-TELEPHONE/TELEG	40,415	39,795	37,381	38,000
231	OFFICE SUPPLIES	27,908	27,793	22,245	23,121
232	POSTAGE	38,844	53,777	48,642	45,680
254	ADVERTISING	3,087	1,500	1,500	3,000
261	EQUIPMENT RENTAL	4,567	4,593	4,113	904
262	RENT	100,727	103,596	107,216	113,232
271	AUTO REIMBURSEMENT	9,636	11,820	11,820	11,820
272	MILEAGE	844	1,055	621	780
282	CONF-MTGS-TRAVEL	5,313	5,000	7,476	6,000
290	MEMBERSHIPS & DUES	5,454	5,104	5,168	5,121
302	INS-COMPREHENSIVE	35,657	36,616	26,732	27,599
404	BOOKS & PERIODICALS	6,222	7,200	7,093	8,531
411	PRINTING	21,021	23,800	24,924	24,250
434	INDIRECT COSTS	198,476	222,659	222,659	191,701
439	OTHER COSTS	22,671	15,400	15,400	59,817
501	CONTRACTUAL SERVICES	34,388	36,589	34,937	36,205
506	PROF SERVICES	50,148	49,100	52,774	60,100
511	LEGAL EXPENSE	56,726	50,000	114,041	55,000
521	TRAINING	4,828	10,790	9,223	7,570
523	ADMINISTRATIVE RECORDS	0	0	13,207	8,681
724	SERVICE AGREEMENTS	55,457	63,722	61,066	56,718
TOTAL SUPPLIES & EXPENSES		722,390	769,908	828,236	783,830
803	COMPUTER SYSTEMS	21,909	7,000	7,094	44,823
808	OFFICE EQUIPMENT	8,367	8,189	8,038	4,490
820	BLDG. RENOVATION	0	525	525	0
855	RESVE-SYSTEM UPGRADE	0	0	0	0
TOTAL CAPITAL OUTLAY		30,276	15,714	15,657	49,313
TOTAL BUDGET		4,068,184	4,016,437	4,092,370	4,065,477

SALARIES AND WAGES

100 PERMANENT EMPLOYEE SALARIES

ALLOCATION: \$2,626,123 (TOTAL AGENCY POSITIONS 40.15; 42 EMPLOYEES)

•Administration	4.00 positions	\$317,892
•Hearings	12.00 positions	778,712
•Public Information	17.45 positions	986,522
•Legal	6.70 positions	542,997
•Agency Total	40.15 positions	\$2,626,123

The Employee Action Committee (EAC), Society for Union Employment (SUE) and Hearing Examiner Representational Organization (HERO) Memoranda of Understanding expire December 31, 1998; a 1.5% cost-of-living increase is imputed for EAC, SUE and HERO salaries effective January, 1999. No cost-of-living increase is imputed for management salaries. The Board also provides a deferred compensation benefit for staff. Projections for deferred compensation, bonus for outstanding work and summer incentives are included in and represent approximately 6% of the salary figures above.

104 BOARD ALLOWANCE

ALLOCATION: \$12,375

Rent Control Board Commissioners each receive \$75 per meeting they attend. This allocation provides funds for 33 meetings.

149 OVERTIME

ALLOCATION: \$2,752

This allocation covers \$600 for Administration, \$652 for Hearings, and \$1,500 for Public Information work which cannot be completed in regularly scheduled hours.

Projected expenditures for last year include unusual overtime costs for preparation of an extremely large administrative record requiring the services of staff in several departments. The overtime portion of the record cost was \$913 for Administration, \$2,052 for Hearings, and \$1,881 for Legal (overtime accrued but not yet paid does not appear as an expenditure). This type of expenditure will not occur in FY 98/99.

150 AS-NEEDED EMPLOYEES

ALLOCATION: \$0

No as-needed staff are anticipated.

171 INSURANCE/MEDICARE**ALLOCATION: \$26,050**

Medicare regulations require that a contribution of 1.45 percent of permanent and as-needed staff salaries be made for all employees hired after April, 1986.

172 INSURANCE/UNEMPLOYMENT**ALLOCATION: \$0**

The City of Santa Monica assesses departments based on actual expenditures for Unemployment Compensation. As a result of the Agency's very low usage in the past, no payments are currently being made and none are anticipated.

173 INSURANCE/WORKERS' COMPENSATION**ALLOCATION: \$11,526**

The Rent Control Board participates in the City of Santa Monica Workers' Compensation Fund. The calculations of the Agency's share are based on the number of employees, with a factor for past and existing claims. The City projects its total Workers' Compensation costs to be \$2.44 million. The Rent Control Board's allocation of \$11,526 represents .5% of the total costs, down from .6% last year.

174 INSURANCE/EMPLOYEE HEALTH-DENTAL**ALLOCATION: \$262,968**

Premiums for the individual health and dental plans selected by employees vary. The projection is based on the plans in which individual employees and their dependents are enrolled. This amount includes funding for health and dental benefits for all permanent full and part-time employees.

177 RETIREMENT CONTRIBUTION**ALLOCATION: \$256,000**

The retirement contribution for the Rent Control staff is 10.258% of permanent staff salaries. In accordance with terms of the Memoranda of Understanding (MOU) with the agency's bargaining units, this amount also includes the 7% employee contribution.

197 OTHER FRINGE BENEFITS**ALLOCATION: \$34,541**

This line item includes life and accident insurance, the Employee Assistance Program (counseling), Managed Mental Health (substance abuse and mental health treatment) and DCAP (childcare subsidies for income-qualifying employees). It also includes an estimated contribution to the EAC lay-off fund.

SUPPLIES AND EXPENSES

221 UTILITIES/TELEPHONE

ALLOCATION: \$38,000

This allocation covers telephone expenses for the agency including computer communication between agency offices. The amount is based on the City of Santa Monica projection of a 3.7% increase in expenditure over current levels and an anticipated reduction in usage as a result of fewer employees.

231 OFFICE SUPPLIES

ALLOCATION: \$23,121

The Rent Control Board purchases its office supplies through the City's Purchasing Department which contracts with an office supply vendor each year. This allocation includes traditional office supplies and funds to purchase computer supplies and accessories such as connector cables, storage disks, printer cartridges and paper.

232 POSTAGE

ALLOCATION: \$45,680

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

•General Adjustment/Registration Fee Mailings	8,416
•Vacancy Increase Unit Registration Mailings	3,456
•Newsletter Mailings (3)	15,900
•Hearings Department Noticing	2,500
•General Mailings	15,408

254 ADVERTISING

ALLOCATION: \$3,000

This allocation covers the cost of publishing public notices and other announcements required by law. The projected allocation is significantly higher than prior years because the demise of the Santa Monica *Evening Outlook* required the Board to publish announcements in more expensive newspapers.

261 EQUIPMENT RENTAL**ALLOCATION: \$904**

•Sparkletts 264

To lease the water coolers and refrigerator in the Rent Control Offices.

•Postage Meter and Scale 640

To lease mailing system for Hearings Department which cannot use City Hall mailroom.

262 RENT**ALLOCATION: \$113,232**

There is insufficient space in City Hall to house the Agency's Hearings Department which is located at 2121 Cloverfield. The lease expires in April 1999. It will be necessary to negotiate an extension or to move to a new location. This allocation includes funds to rent 5,974 square feet of office space. The lease provides for monthly payments of \$8,065 (\$1.35 per sq. ft.) for ten months and the projection imputes an increased rent of \$11,052 (\$1.85 per sq. ft.) for two months. The allocation also includes an estimate of \$3,659 for an operating expense increase as provided in the lease as well as the cost of parking spaces. Potential additional costs of moving are included in the "Other Costs" line item below.

271 AUTO REIMBURSEMENT**ALLOCATION: \$11,820**

This line item represents monthly car allowances for staff.

272 MILEAGE**ALLOCATION: \$780**

This allocation provides mileage reimbursements at 31 cents per mile.

282 CONFERENCES, MEETINGS AND TRAVEL**ALLOCATION: \$6,000**

The Board and staff incur travel expenses for trips to Sacramento to advocate and testify on proposed state legislation that would affect Santa Monica Rent Control and to coordinate with other rent control agencies. Several times a year the Board's lobbyist travels to Santa Monica to report to the Board. Expenses related to conducting Board meetings are also charged to this account.

290 MEMBERSHIP AND DUES

ALLOCATION: \$5,121

It is the policy of the Board to pay the California State Bar dues of attorneys employed by the Board. Additionally, this allocation includes funds for staff to participate in professional management organizations and associations.

302 INSURANCE -- COMPREHENSIVE

ALLOCATION: \$27,599

General Liability: \$26,601

The Agency carries a \$1,000,000 combined single limit liability policy with a \$1,000 deductible for bodily injury and damage.

Multi-Peril Insurance for Property at City Hall and 2121 Cloverfield (Hearings Department offices): \$200

Includes fire and theft of office equipment, furniture and valuable papers. It also covers all computer equipment and software at both office locations. The lease agreement for the Hearings Department office requires that the Agency provide multi-peril insurance. This policy, through the City of Santa Monica, provides \$1,000,000 coverage for the building with a \$1,000 deductible.

Non-owned Automobile: \$540

This coverage is provided through the City of Santa Monica for liability when employees use their personal automobiles as part of their work.

Faithful Performance Bond: \$258

All Agency employees are covered by a \$25,000 faithful performance bond.

404 BOOKS AND PERIODICALS

ALLOCATION: \$8,531

In 1997/98, the Legal Department switched its service for legal research from Lexis to Westlaw. The Westlaw system consists of internet connections and CD ROM's. The entire cost of the legal research is now listed in the line item rather than being divided between Equipment Rent and Books and Publications as in the past. Therefore, though the allocation for this line item has increased, the combined cost of the line items has been reduced. This allocation also covers purchase of books and materials on rent control and housing issues, updates to the Hearings Office and Legal Department libraries, computer manuals, and subscriptions to newspapers and journals.

411 PRINTING

ALLOCATION: \$24,250

•Charter Amendment and Regulations	1,000
•Instructions, Information, Forms	2,000
•Newsletter (3 issues)	11,400
•General Adjustment/Registration Fee Letters/Envelopes	6,750
•Vacancy Registration Forms	1,100
•Miscellaneous Printing	1,800
•Operating Budget and Annual Report	200

434 ADMINISTRATIVE INDIRECT COSTS

ALLOCATION: \$191,701

Each year the City assesses the Agency for services it provides the Agency. This fee covers the maintenance costs of office space within City Hall and the various services provided by the departments of Finance, Purchasing, Personnel, General Services and Data Processing. These costs are distributed according to an allocation base, which approximates the Rent Control Board's share of overhead and service costs.

The following itemizes the sources of the charges, a description of services rendered, the allocation base used, and the percentage used to calculate the Rent Control assessment. A credit of \$656 for tuition reimbursement is included in the allocation.

AUDIT EXPENSES: \$1,485

Services Rendered - In accordance with generally accepted municipal accounting principles, the financial records of the agency are audited by professional outside auditors. The City Finance Director is responsible for overseeing that audit process.

Allocation Base - Modified total direct costs in 1996/97.

Allocation Percentage - 2.35% of total audit costs to the City.

CITY MANAGER: \$993

Services Rendered - Advice about administrative and policy matters.

Allocation Base - Detailed time records of City Manager staff time spent on Rent Control matters.

Allocation Percentage - .10%

DATA PROCESSING OPERATIONS: \$27,171

Services Rendered - Use of City's computer system, advice and assistance on hardware components.

Allocation Base - Detailed time records or quarterly time assignments.

Allocation Percentage - .75%

FINANCE, ACCOUNTS PAYABLE: \$4,974

Services Rendered - Disbursing funds to vendors and conducting other necessary accounting activities.

Allocation Base - Number of warrants issued in 1996/97.

Allocation Percentage - .88%

FINANCE, COLLECTIONS: \$176

Services Rendered - Assisting City departments in the collection of overdue fees, such as registration fees. This is a new cost center as of FY 96/97.

Allocation Base - Weighted average based on number of accounts and amount collected.

Allocation Percentage - .19%

FINANCE, GENERAL LEDGER: \$14,578

Services Rendered - Disbursing funds to vendors and conducting other necessary accounting activities.

Allocation Base - Total expenditures in 1996/97.

Allocation Percentage - 2.35%

FINANCE, PAYROLL: \$21,180

Services rendered - Processing the payroll for the Rent Control staff.

Allocation Base - Authorized full-time positions in 1996/97.

Allocation Percentage - 3.15%

FINANCE, TREASURER/MANAGEMENT: \$14,469

Services Rendered - The management and investment of Rent Control funds. For 1998/99, the expected rate of return on invested Rent Control funds is 6.0%.

Allocation Base - These costs are divided equally among all interest earning funds.

Allocation Percentage - 3.57%

FINANCE, TREASURER/RECEIPTS: \$3,742

Services Rendered - Processing the registration fees submitted by property owners and miscellaneous revenue collections.

Allocation Base - Cash receipts issued in 1996/97.

Allocation Percentage - 1.60%

GENERAL SERVICES, CITY HALL MAINTENANCE: \$48,747

Services Rendered - City Hall maintenance includes custodial work, window cleaning and utility expenses for City Hall.

Allocation Base - Square feet occupied by Rent Control Board offices in City Hall.

Allocation Percentage - 4.50%

GENERAL SERVICES, ELECTRICAL FACILITIES: \$982

Services Rendered - Repairs and replacements of electrical equipment and fixtures at City Hall offices.

Allocation Base - Actual labor hours less amount charged directly.

Allocation Percentage - .14%

GENERAL SERVICES, PUBLIC FACILITIES: \$5,953

Services Rendered - Repairs, replacements and renovations, such as carpentry and plumbing, relating to City Hall offices.

Allocation Base - Actual labor hours less amount charged directly.

Allocation Percentage - .62%

PERSONNEL, GENERAL: \$29,250

Services Rendered - Information about contemporary municipal personnel practices, salary surveys, and career development for Rent Control staff.

Allocation Base - Authorized full-time positions.

Allocation Percentage - 2.60%

PERSONNEL, RECRUITMENT: \$12,544

Services Rendered - All administrative activities related to recruiting permanent and as-needed staff members, including advertising, testing, interviewing, ranking candidates.

Allocation Base - Weighted number of employees recruited in 1996/97.

Allocation Percentage - 1.67%

PURCHASING: \$5,115

Services Rendered - Administration of the low bid centralized purchasing system, including identification of lowest bidder and issuance of purchase orders.

Allocation Base - Purchase orders placed by the Rent Control agency in 1996/97.

Allocation Percentage - 1.40%

WAREHOUSE: \$998

Services Rendered - Storing office supplies which are purchased in large volume and disbursed upon request. Charges are not incurred until the disbursement is made.

Allocation Base - Dollar value of warehouse issues to the agency in 1996/97.

Allocation Percentage - .47%

439 OTHER COSTS

ALLOCATION: \$59,817

Administration: \$35,400

The allocation includes costs for cable television coverage of 28 televised Rent Control Board meetings at \$550 per meeting.

It also includes \$20,000 for the Board's share of costs in the November 1998 election in which two Board seats will be filled. Election costs vary widely depending on factors outside the Board's control. The \$20,000 provides an initial estimate of the potential cost.

Hearings: \$24,417

Unless the Board reaches an agreement to extend the current lease, which is up in April 1999, it will be necessary to move the Hearings Department to new, and smaller, offices. In order to prepare for the possibility of the need to relocate, this item estimates some of the costs that may be incurred. It is anticipated that relocating will result in a "triple net lease." Under the terms of a "triple net lease," the lessee is responsible for paying for utilities, cleaning, property taxes and other items in addition to the rent. Potential costs involved in moving the office are itemized in this line item. If the move actually occurs, funds will be transferred to the appropriate line items.

Utilities --\$9,555

Based on Hearings Department utility expenses in its previous location when it paid utility bills, adjusted upward for rate increases and downward for smaller square footage and fewer staff members, the estimate for the cost of utilities is \$425 for gas, \$2,000 for water, and \$7,795 for electricity annually. Pro-rated for the three months in fiscal year 98/99, the utility cost would be \$2,555.

There is an additional projection of \$7,000 for the cost of moving the Hearings Department telephones to another location.

Rent -- \$6,777

This allocation includes the additional funds necessary beyond those already included in the "Rent" line item. It projects renting 4,000 square feet of new office space and imputes rent of \$8,600 (\$2.15 per sq. ft.) for three months. One of the months overlaps a month of the current lease to allow for efficient relocation. The allocation also includes an estimate of \$2,421 for property taxes, which would be required as part of a triple net lease, as well as the cost of parking spaces.

Contractual Services -- \$8,085

- \$750 for installation of alarm in new offices.
- \$552 to move copiers to new offices.
- \$595 for File Keepers boxes to move files currently stored at Hearings Department to File Keepers.
- \$4,188 for movers to relocate furniture and equipment to new offices.
- \$2,000 to contract with an office cleaning service for three months.

501 CONTRACTUAL SERVICES

ALLOCATION: \$36,157

Administration: \$16,100

- 2,000 for mailhouse services for mass mailings.
- 5,400 for mailhouse services for the newsletter.
- 7,500 for design and layout services for the newsletter.
- 1,200 for access to the County Assessor's data base through DataQuick.

Hearings: \$17,705

- 2,300 for an attorney service to serve subpoenas and advance witness fees.
- 560 to monitor and service the burglar alarm system.
- 235 for messenger service.
- 4,610 for storage and retrieval of files.
- 10,000 for microfiching services.

Legal: \$2,400

- 800 for attorney service.
- 1,600 for messenger service.

506 PROFESSIONAL SERVICES

ALLOCATION: \$60,100

Administration: \$39,100

37,200 for lobbyist to represent the Board's interests in Sacramento and for statewide and national legislative advocacy.

500 for the cost of reimbursing the City for a police officer to serve as sergeant-at-arms at hearings when necessary.

1,400 for translation services at Board meetings and newsletter editions.

Hearings: \$3,500

3,500 for interpreter services at hearings.

Legal: \$17,500

The Board has contracted with a real estate appraiser and contractor consultant in connection with removal permits.

511 LEGAL EXPENSE

ALLOCATION: \$55,000

The allocation covers costs of title searches, outside counsel and other direct costs of litigation (\$30,000) and a reserve for potential legal liabilities (\$25,000).

521 TRAINING**ALLOCATION: \$7,570**

The Agency encourages staff to acquire training and skills that will enhance their contribution to the Agency and further their promotional opportunities. This allocation is for courses, seminars and workshops conducted by universities, professional associations and other educational organizations. This amount includes funds for Continuing Legal Education that the State Bar requires for attorneys and Web Page development training for the computer staff. The allocation does not include funding for the tuition reimbursement program or other in-house training provided by Rent Control staff or staff from other City departments.

523 ADMINISTRATIVE RECORDS**ALLOCATION: \$8,681**

The allocation covers the reimbursement of administrative records costs paid by parties who challenge a Rent Board decision in court. If the party ultimately wins, the Board must generally reimburse the party for the cost of preparing the record. The amount of the allocation is based on the amount of administrative records fees collected during the prior year, which are set aside in a balance sheet reserve fund to be appropriated into the budget.

724 SERVICE AGREEMENTS**ALLOCATION: \$56,718**

This allocation covers the costs of purchasing service agreements for office equipment and computer hardware and software. In most cases, the agreement provides regular maintenance and repair of covered equipment at no additional cost.

Administration: \$50,588

•Hewlett Packard Computer Hardware and Software	26,516
•Macintosh System	15,322
•Xerox copier	8,000
•City Hall alarm	150
•Typewriter repair	600

Hearings: \$6,130

•Xerox copier	2,920
•Postage Meter and Scale	715
•Sony Recording Equipment	1,195
•Bell & Howell Microfiche Equipment	900
•Misc. repairs -- typewriter, dictaphone etc.	400

CAPITAL OUTLAY

803 COMPUTER SYSTEMS

ALLOCATION: \$44,823

•Rent Control share required by City for financial software upgrade	32,500
•Macintosh system software upgrades	1,218
•Macintosh system hardware expenses	594
•File Server upgrades	2,258
•Year 2000 compliance software and hardware	5,185
•Groupwise upgrade for Year 2000 compliance	912
•Miscellaneous software and hardware	2,156

808 OFFICE EQUIPMENT

ALLOCATION: \$4,490

•Xerox 5350 copier - 5th year of 5 year lease (Hearings)	2,867
•Xerox 5322 copier - 5th year of 5 year lease (Hearings)	1,623

820 BUILDING RENOVATION

ALLOCATION: \$0

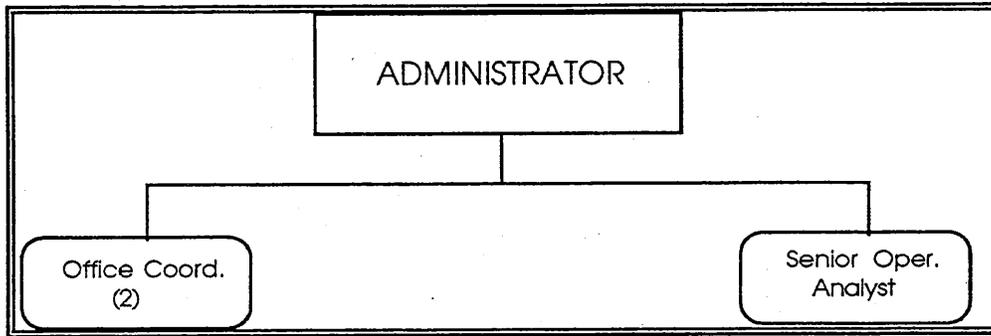
No allocation is requested this year.

855 RESERVE FOR COMPUTER SYSTEM UPGRADES

ALLOCATION: \$0

In the past the board has approved an allocation of \$15,000 per year for computer system upgrades. No allocation has been requested for the last four years, and is not requested this year.

ADMINISTRATION DEPARTMENT



DEPARTMENT DESCRIPTION

The Administration Department conducts the fiscal, personnel, contract administration, labor relations, public relations, research, planning and policy development activities of the Rent Control Agency. 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, producing and archiving Board actions and processing correspondence for the Board.

The Administrator, 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 staff includes one Senior Operations Analyst who is responsible for budget preparation and monitoring, fiscal planning and evaluation of expenditures, and complex technical reports.

The staff also includes two Office Coordinators who perform the administrative, record-keeping and clerical responsibilities for the Board and Administrator.

1998/99 GOALS

1. Develop and implement records management programs and procedures and records retention schedule.
2. Explore alternative programs to mitigate impact of Costa-Hawkins rent increases.
3. Coordinate and oversee the implementation of a monitoring system for deed-restricted units under the Agency's jurisdiction.
4. Develop and coordinate legislative positions with lobbyist and other rent control jurisdictions.

ADMINISTRATION

OBJ	DESCRIPTION	FY 96/97 ACTUAL EXPENSES	FY 97/98 ADOPTED BUDGET	FY 97/98 PROJECTED EXPENSES	FY 98/99 ADOPTED BUDGET
100	PERMANENT EMPLOYEES	535,095	311,113	323,115	317,892
104	BOARD ALLOWANCE	12,975	12,375	12,600	12,375
149	OVERTIME	5,750	500	1,650	600
150	AS-NEEDED EMPLOYEES	5	0	0	0
171	MEDICARE EMP CONT	5,890	2,868	2,712	2,968
172	INS-UNEMPLOYMENT	0	0	0	0
173	INS-COMPENSATION	20,405	16,549	16,549	11,526
174	INS-EMPL HEALTH/DENT	43,540	22,896	23,251	23,712
177	RETIREMENT CONTRIB	52,433	31,965	32,142	31,501
197	OTHER FRINGE BENEFITS	5,600	8,186	6,984	7,190
		(21,210)		(100)	
	TOTAL SALARIES & WAGES	660,483	406,453	418,902	407,764
221	UTIL-TELEPHONE/TELEG	40,415	39,795	37,381	38,000
231	OFFICE SUPPLIES	6,427	6,500	5,262	5,000
232	POSTAGE	33,580	50,277	46,606	43,180
254	ADVERTISING	3,087	1,500	1,500	3,000
261	EQUIPMENT RENTAL	249	264	264	264
262	RENT	0	0	0	0
271	AUTO REIMBURSEMENT	3,966	4,020	4,020	4,020
272	MILEAGE	260	300	86	25
282	CONF-MTGS-TRAVEL	5,313	5,000	7,476	6,000
290	MEMBERSHIPS & DUES	778	780	780	780
302	INS-COMPREHENSIVE	35,657	36,616	26,732	27,599
404	BOOKS & PERIODICALS	776	1,200	929	900
411	PRINTING	21,021	23,800	24,924	24,250
434	INDIRECT COSTS	198,476	222,659	222,659	191,701
439	OTHER COSTS	22,671	15,400	15,400	35,400
501	CONTRACTUAL SERVICES	13,674	16,400	15,720	16,100
506	PROF SERVICES	41,344	39,100	42,774	39,100
511	LEGAL EXPENSE	0	0	0	0
521	TRAINING	1,850	4,050	2,075	2,000
523	ADMINISTRATIVE RECORDS	0	0	0	0
724	SERVICE AGREEMENTS	48,598	56,420	54,222	50,588
	TOTAL SUPPLIES & EXPENSES	478,142	524,081	508,809	487,907
803	COMPUTER SYSTEMS	21,909	7,000	7,094	44,823
808	OFFICE EQUIPMENT	3,877	8,189	8,038	4,490
820	BLDG. RENOVATION	0	525	525	0
855	RESVE-SYSTEM UPGRADE	0	0	0	0
	TOTAL CAPITAL OUTLAY	25,786	15,714	15,657	49,313
	TOTAL BUDGET	1,164,410	946,247	943,368	944,984

ADMINISTRATION DEPARTMENT

SALARIES AND WAGES

100 PERMANENT EMPLOYEE SALARIES -- \$317,892

<u>CLASSIFICATION</u>	<u>AUTHORIZED POSITIONS FY 1997/98</u>	<u>AUTHORIZED POSITIONS FY 1998/99</u>
Administrator	1.0	1.0
Sr. Operations Analyst	1.0	1.0
Office Coordinator	2.0	2.0
Total positions	4.0	4.0

104 BOARD ALLOWANCE -- \$12,375

Rent Control Board Commissioners each receive \$75 per meeting they attend. This allocation provides funds for 33 meetings.

149 OVERTIME -- \$600

171 INSURANCE/MEDICARE -- \$2,968

173 INSURANCE/WORKERS' COMPENSATION -- \$11,526

This allocation covers the Workers' Compensation costs for the Agency.

174 INSURANCE/EMPLOYEE HEALTH/DENTAL -- \$23,712

This amount includes funding for health and dental benefits for four employees.

177 RETIREMENT CONTRIBUTION -- \$31,501

197 OTHER FRINGE BENEFITS -- \$7,190

SUPPLIES AND EXPENSES

221 UTILITIES/TELEPHONE -- \$38,000

This allocation covers telephone expenses for the agency including computer communication between agency offices. Although the City of Santa Monica is projecting a 3.7% increase in expenditures over current levels, Rent Control can anticipate a reduction in usage as a result of fewer employees.

231 OFFICE SUPPLIES -- \$5,000

232 POSTAGE -- \$43,180

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

•General Adjustment/Registration Fee Mailings	8,416
•Vacancy Increase Unit Registration Mailings	3,456
•Newsletter Mailings (3)	15,900
•General Mailings	15,408

254 ADVERTISING -- \$3,000

This allocation covers the cost of publishing public notices and other announcements required by law. The projected allocation is significantly higher than prior years because the demise of the Santa Monica *Evening Outlook* required the Board to publish announcements in more expensive newspapers.

261 EQUIPMENT RENTAL -- \$264

To lease the water coolers and refrigerator in the Rent Control Offices.

271 AUTO REIMBURSEMENT -- \$4,020

This line item represents monthly car allowances for staff.

272 MILEAGE -- \$25

This allocation provides mileage reimbursements at 31 cents per mile.

282 CONFERENCES, MEETINGS AND TRAVEL -- \$6,000

The Board and staff incur travel expenses for trips to Sacramento to advocate and testify on proposed state legislation that would affect Santa Monica Rent Control and to coordinate with other rent control agencies. Several times a year the Board's lobbyist travels to Santa Monica to report to the Board. Expenses related to conducting Board meetings are also charged to this account.

290 MEMBERSHIP AND DUES -- \$780

This allocation covers the bar dues of the Administrator and professional associations for the Administration department.

302 INSURANCE -- \$27,599

General Liability: \$26,601

The Agency carries a \$1,000,000 combined single limit liability policy with a \$1,000 deductible for bodily injury and damage.

Multi-Peril Insurance for Property at City Hall and 2121 Cloverfield (Hearings Department offices): \$200

Includes fire and theft of office equipment, furniture and valuable papers. It also covers all computer equipment and software at both office locations. The lease agreement for the Hearings Department office requires that the Agency provide multi-peril insurance. This policy, through the City of Santa Monica, provides \$1,000,000 coverage for the building with a \$1,000 deductible.

Non-owned Automobile: \$540

This coverage is provided through the City of Santa Monica for liability when employees use their personal automobiles as part of their work.

Faithful Performance Bond: \$258

All Agency employees are covered by a \$25,000 faithful performance bond.

404 BOOKS AND PERIODICALS -- \$900

This allocation covers purchase of books and materials on rent control and housing issues, and subscriptions to newspapers and journals.

411 PRINTING - \$24,250

•Charter Amendment and Regulations	1,000
•Instructions, Information, Forms	2,000
•Newsletter (3 issues)	11,400
•General Adjustment/Registration Fee Letters/Envelopes	6,750
•Vacancy Registration Forms	1,100
•Miscellaneous Printing	1,800
•Operating Budget and Annual Report	200

434 ADMINISTRATIVE INDIRECT COSTS -- \$191,701

Details listed in Agency Budget section beginning page 7.

439 OTHER COSTS --\$35,400

The allocation includes costs for cable television coverage of 28 televised Rent Control Board meetings at \$550 per meeting.

It also includes \$20,000 for the Board's share of costs in the November 1998 election in which two Board seats will be filled. Election costs vary widely depending on factors outside the Board's control. \$20,000 provides an initial estimate of the potential cost.

501 CONTRACTUAL SERVICES -- \$16,100

2,000 for mailhouse services for mass mailings.

5,400 for mailhouse services for the newsletter.

7,500 for design and layout services for the newsletter.

1,200 for access to the County Assessor's data base through DataQuick.

506 PROFESSIONAL SERVICES -- \$39,100

37,200 for lobbyist to represent the Board's interests in Sacramento and for statewide and national legislative advocacy.

500 for the cost of reimbursing the City for a police officer to serve as sergeant-at-arms at hearings when necessary.

1,400 for translation services at Board meetings and newsletter editions.

521 TRAINING -- \$2,000

This amount also includes funds for Continuing Legal Education that the State Bar requires for attorneys and Web Page Development training for the computer staff.

724 SERVICE AGREEMENTS -- \$50,588

This allocation covers the costs of purchasing service agreements for office equipment and computer hardware and software. In most cases, the service agreement provides for regular maintenance and repair of covered equipment at no additional cost.

•Hewlett Packard Computer Hardware and Software	26,516
•Macintosh System	15,322
•Xerox copier	8,000
•City Hall alarm	150
•Typewriter repair	600

CAPITAL OUTLAY**803 COMPUTER SYSTEMS -- \$44,823**

•Rent Control share required by City for financial software upgrade	32,500
•Macintosh system software upgrades	1,218
•Macintosh system hardware expenses	594
•File Server upgrades	2,258
•Year 2000 compliance software and hardware	5,185
•Groupwise upgrade for Year 2000 compliance	912
•Miscellaneous software and hardware	2,156

808 OFFICE EQUIPMENT -- \$4,490

- Xerox 5350 copier - 5th year of 5 year lease (Hearings) 2,867
- Xerox 5322 copier - 5th year of 5 year lease (Hearings) 1,623

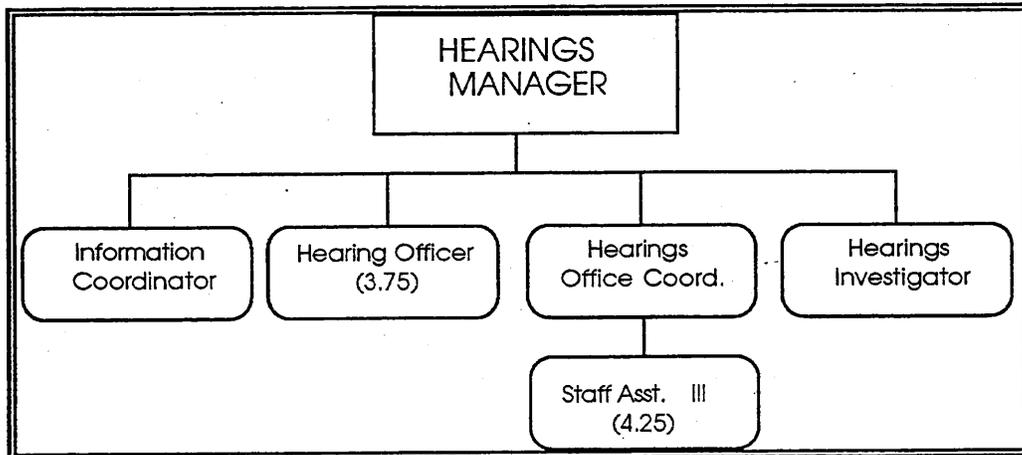
820 BUILDING RENOVATION -- \$0

ALLOCATION: \$0

855 RESERVE FOR COMPUTER SYSTEM UPGRADES -- \$0

In the past the board has approved an allocation of \$15,000 per year for computer system upgrades. No allocation is requested at this time.

HEARINGS DEPARTMENT



Department Description

The Hearings Department is responsible for completing the following tasks on petitions, complaints and applications filed by landlords and tenants: 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 currently handles mediation of decrease and excess rent cases.

The Hearing Officers' major responsibility is conducting administrative hearings, gathering evidence and issuing written decisions based on the evidence. Administrative hearings are held on a variety of issues, including rent increases, rent decreases, excess rent complaints, base rent and amenities issues, and issues regarding registration after voluntary vacancy. One of the Hearing Officers acts as a settlement facilitator of rent decrease petitions, often enabling the parties to come to an agreement without the necessity of a hearing.

The Hearings Investigator conducts inspections of properties for which rent decrease petitions have been filed and follow-up inspections to see whether or not the units have been repaired as required by the Rent Control Board's decision. The Inspector also conducts inspections for the agency regarding habitability, occupancy and unit identification.

The Information Coordinator assigned to the Hearings Department is responsible for verifying MARs from decisions and addenda for input into the database and researching complicated MAR histories.

The Office Coordinator screens petitions, supervises the clerical staff, interacts with the public on a variety of matters, is in charge of the computer system at the Hearings Department, assists in preparing the budget, and orders supplies for the Department.

The clerical staff provides support to the Department through sending out notices of hearings, typing decisions, answering phones, interacting with members of the public who come to the Hearings Department office, maintaining hearing files and processing documents for the fiche system.

1998/99 Goals

1. Review all department forms and procedures, revising where necessary in an attempt to make them more efficient and current. The focus will be on better ways to serve the public, always striving to make the forms more understandable.
2. Integrate new hearing exemption lapse procedures into the work of the Department.
3. Work with hearing officers and mediator in maintaining accurate time records. Utilize time records to insure efficient use of time and track the effects of mediation on streamlining the work of the Department.
4. Re-organize files and otherwise effectuate a smooth transition in the event the Department moves to new physical space in 1999.

HEARINGS

OBJ	DESCRIPTION	FY 96/97 ACTUAL EXPENSES	FY 97/98 ADOPTED BUDGET	FY 97/98 PROJECTED EXPENSES	FY 98/99 ADOPTED BUDGET
100	PERMANENT EMPLOYEES	730,290	731,001	757,674	778,712
104	BOARD ALLOWANCE	0	0	0	0
149	OVERTIME	2,017	769	3,012	652
150	AS-NEEDED EMPLOYEES	707	0	0	0
171	MEDICARE EMP CONT	6,696	5,226	6,007	5,901
172	INS-UNEMPLOYMENT	0	0	0	0
173	INS-COMPENSATION	0	0	0	0
174	INS-EMPL HEALTH/DENT	64,295	69,576	73,137	77,724
177	RETIREMENT CONTRIB	80,355	75,065	73,588	74,291
197	OTHER FRINGE BENEFITS	14,492	12,303	10,430	10,787
		(32,689)			
TOTAL SALARIES & WAGES		866,161	893,940	923,849	948,067
221	UTIL-TELEPHONE/TELEG	0	0	0	0
231	OFFICE SUPPLIES	7,026	7,811	5,928	6,621
232	POSTAGE	5,264	3,500	2,036	2,500
254	ADVERTISING	0	0	0	0
261	EQUIPMENT RENTAL	640	640	640	640
262	RENT	100,727	103,596	107,216	113,232
271	AUTO REIMBURSEMENT	2,520	2,400	2,400	2,400
272	MILEAGE	573	565	510	655
282	CONF-MTGS-TRAVEL	0	0	0	0
290	MEMBERSHIPS & DUES	2,032	1,534	1,534	1,746
302	INS-COMPREHENSIVE	0	0	0	0
404	BOOKS & PERIODICALS	1,774	1,900	2,064	2,331
411	PRINTING	0	0	0	0
434	INDIRECT COSTS	0	0	0	0
439	OTHER COSTS	0	0	0	24,417
501	CONTRACTUAL SERVICES	16,945	17,089	17,089	17,705
506	PROF SERVICES	2,470	3,500	3,500	3,500
511	LEGAL EXPENSE	0	0	0	0
521	TRAINING	1,365	1,000	1,000	1,300
523	ADMINISTRATIVE RECORDS	0	0	0	0
724	SERVICE AGREEMENTS	6,860	7,302	6,844	6,130
TOTAL SUPPLIES & EXPENSES		148,195	150,837	150,761	183,177
803	COMPUTER SYSTEMS	0	0	0	0
808	OFFICE EQUIPMENT	4,490	0	0	0
820	BLDG. RENOVATION	0	0	0	0
855	RESVE-SYSTEM UPGRADE	0	0	0	0
TOTAL CAPITAL OUTLAY		4,490	0	0	0
TOTAL BUDGET		1,018,846	1,044,776	1,074,610	1,131,244

HEARINGS DEPARTMENT

SALARIES AND WAGES

100 PERMANENT EMPLOYEE SALARIES -- \$778,712

<u>CLASSIFICATION</u>	<u>AUTHORIZED POSITIONS FY1997/98</u>	<u>AUTHORIZED POSITIONS FY 1998/99</u>
Department Manager	1.00	1.00
Hearing Officer	3.75	3.75
Hearings Investigator	1.00	1.00
Information Coordinator	1.00	1.00
Office Coordinator	1.00	1.00
Staff Assistant III	3.60	4.25
Total positions	11.35	12.00

149 OVERTIME -- \$652

171 INSURANCE/MEDICARE -- \$5,901

174 INSURANCE/EMPLOYEE HEALTH/DENTAL -- \$77,724

This amount includes funding for health and dental benefits for 13 permanent employees for twelve months.

177 RETIREMENT CONTRIBUTION -- \$74,291

197 OTHER FRINGE BENEFITS -- \$10,787

SUPPLIES AND EXPENSES

231 OFFICE SUPPLIES -- \$6,621

232 POSTAGE -- \$2,500

This allocation covers sending out notices of hearings and hearing officer decisions.

261 EQUIPMENT RENTAL -- \$640

To lease mailing system for Hearings Department which cannot use City Hall mailroom.

262 RENT -- \$113,232

There is insufficient space in City Hall to house the Agency's Hearings Department which is located at 2121 Cloverfield. The lease expires in April 1999. It will be necessary to negotiate an extension or to move to a new location. This allocation includes funds to rent 5,974 square feet of office space. The lease provides for monthly payments of \$8,065 (\$1.35 per sq. ft.) for ten months and the projection imputes an increased rent of \$11,052 (\$1.85 per sq. ft.) for two months. The allocation also includes an estimate of \$3,659 for an operating expense increase as provided in the lease as well as the cost of parking spaces.

271 AUTO REIMBURSEMENT -- \$2,400

272 MILEAGE -- \$655

This allocation provides for reimbursements for staff at 31¢ per mile for the inter-office mail run and for the Hearings Investigator.

290 MEMBERSHIP AND DUES -- \$1,746

This allocation covers the bar dues of the Hearings Department Manager and the four permanent Hearing Examiners.

404 BOOKS AND PERIODICALS -- \$2,331

439 OTHER COSTS --\$24,417

Unless the Board reaches an agreement to extend the current lease, which is up in April 1999, it will be necessary to move the Hearings Department to new, and smaller, offices. In order to prepare for the possibility of the need to relocate, this item estimates some of the costs that may be incurred. It is anticipated that relocating will result in a "triple net lease." Under the terms of a "triple net lease," the lessee is responsible for paying for utilities, cleaning, property taxes and other items in addition to the rent. Potential costs involved in moving the office are itemized in this line item. If the move actually occurs, funds will be transferred to the appropriate line items.

Utilities --\$9,555

Based on Hearings Department utility expenses in its previous location when it paid utility bills, adjusted upward for rate increases and downward for smaller square footage and fewer staff members, the estimate for the cost of utilities is \$425 for gas, \$2,000 for water, and \$7,795 for electricity annually. Pro-rated for the three months in fiscal year 98/99, the utility cost would be \$2,555.

There is an additional projection of \$7,000 for the cost of moving the Hearings Department telephones to another location.

Rent -- \$6,777

This allocation includes the additional funds necessary beyond those already included in the "Rent" line item: It projects renting 4,000 square feet of new office space and imputes rent of \$8,600 (\$2.15 per sq. ft.) for three months. One of the months overlaps a month of the current lease to allow for efficient relocation. The allocation also includes an estimate of \$2,421 for property taxes, which would be required as part of a triple net lease, as well as the cost of parking spaces. Contractual Services -- \$8,085

- \$750 for installation of alarm in new offices.
- \$552 to move copiers to new offices.
- \$595 for File Keepers boxes to move files currently stored at Hearings Department to File Keepers.
- \$4,188 for movers to relocate furniture and equipment to new offices.
- \$2,000 to contract with an office cleaning service for three months.

501 CONTRACTUAL SERVICES -- \$17,705

- 2,300 for an attorney service to serve subpoenas and advance witness fees.
- 560 to monitor and service the burglar alarm system.
- 235 for messenger service.
- 4,610 for storage and retrieval of files.
- 10,000 for microfiching services.

506 PROFESSIONAL SERVICES -- \$3,500

\$3,500 for interpreter services at hearings.

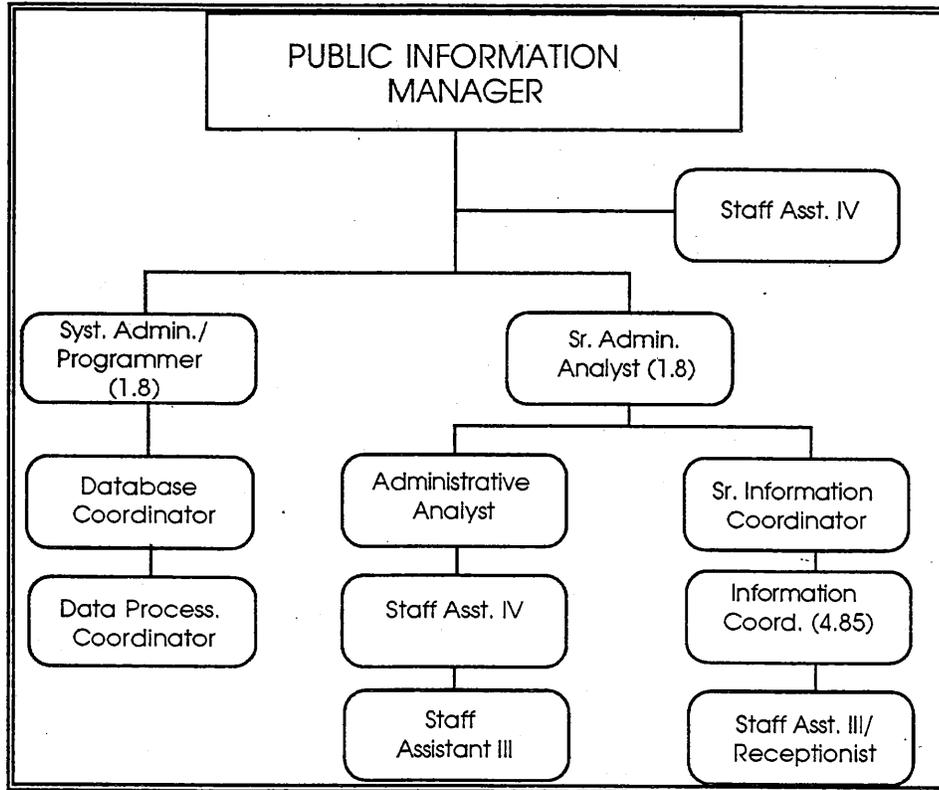
521 TRAINING -- \$1,300

This amount includes funds for Continuing Legal Education that the State Bar requires for attorneys as well as skills enhancement courses for other employees.

724 SERVICE AGREEMENTS -- \$6,130

•Xerox copier	2,920
•Postage Meter and Scale	715
•Sony Recording Equipment	1,195
•Bell & Howell Microfiche Equipment	900
•Misc. repairs -- typewriter, dictaphone etc.	400

PUBLIC INFORMATION



Department Description

The Public Information Department responds to public inquiries regarding the Rent Control Law. The department also maintains manual and electronic files, and researchs the current legal rent level and history of administrative and legal activity affecting each controlled unit in the City.

The Senior Administrative Analysts and Administrative Analyst have responsibilities in the following major areas: investigating and preparing staff reports on exemptions, supervising the Unit Vacancy and Incentive Housing programs, staffing Nuisance Abatement Board meetings; acting as liaisons with the City Planning Department, coordinating production of the newsletter, and performing research and work on special projects including public information and community outreach.

Information Coordinators provide information to the public regarding the Rent Control law and regulations, state laws, and Maximum Allowable Rent levels for controlled rental units. They also: process Vacancy Increase Registrations including verifying vacancies through unlawful detainer research and review of complaints; process new and amended registration forms provided by property owners; receive and process petitions for rent increases, decreases and complaints of excess rent; and pursue outstanding registration fees through small claims actions. Staff Assistants provide support to all activities in the department through maintenance of the files, memo and letter production, receiving and directing calls from the public and preparation of informational mailings. Data processing personnel input changes into the database, issue registration fee bills to owners of controlled rental properties, collect fees, maintain the electronic billing history and evaluate and process owner-occupied and low-income senior and disabled fee waiver applications. The computer staff maintain the database and word processing systems, generate computer reports, and coordinate agency activities that rely on the computer, such as development of the web site. The computer staff develops and updates programs, designs and installs new systems to meet changing Board requirements, and maintains the capabilities of the computer and peripheral electronic equipment. The computer section is made up of two EDP Programmer Analysts and one Administrative Analyst who is the Database Coordinator.

1998/99 Goals

1. Develop and implement registration process for units subject to vacancy decontrol/recontrol.
2. Develop audience-specific informational mailings on rent control changes effective January 1, 1999 for tenants and owners of single family dwellings and TORCA conversions.
3. Continue to implement a public outreach program including handouts and brochures; World Wide Web pages; and participation in community meetings and events.
4. Modify Rent database to track demolition of formerly controlled units. Also create a system to track all new housing development activity and, where appropriate, verify proper usage of deed-restricted units.
5. Identify and resolve computer system issues related to year 2000 compliance.

PUBLIC INFORMATION

OBJ	DESCRIPTION	FY 96/97 ACTUAL EXPENSES	FY 97/98 ADOPTED BUDGET	FY 97/98 PROJECTED EXPENSES	FY 98/99 ADOPTED BUDGET
100	PERMANENT EMPLOYEES	848,359	991,172	977,376	986,522
104	BOARD ALLOWANCE	0	0	0	0
149	OVERTIME	3,340	1,500	3,738	1,500
150	AS-NEEDED EMPLOYEES	19,425	0	20,645	0
171	MEDICARE EMP CONT	10,247	11,511	11,332	11,377
172	INS-UNEMPLOYMENT	0	0	0	0
173	INS-COMPENSATION	0	0	0	0
174	INS-EMPL HEALTH/DENT	96,257	112,920	111,995	115,428
177	RETIREMENT CONTRIB	89,662	101,828	96,217	97,338
197	OTHER FRINGE BENEFITS	14,370	12,868	8,597	7,699
		(39,162)		(1,439)	
	TOTAL SALARIES & WAGES	1,042,498	1,231,799	1,228,460	1,219,865
221	UTIL-TELEPHONE/TELEG	0	0	0	0
231	OFFICE SUPPLIES	12,707	12,000	9,608	10,000
232	POSTAGE	0	0	0	0
254	ADVERTISING	0	0	0	0
261	EQUIPMENT RENTAL	0	0	0	0
262	RENT	0	0	0	0
271	AUTO REIMBURSEMENT	0	2,400	2,400	2,400
272	MILEAGE	11	50	25	50
282	CONF-MTGS-TRAVEL	0	0	0	0
290	MEMBERSHIPS & DUES	0	100	100	225
302	INS-COMPREHENSIVE	0	0	0	0
404	BOOKS & PERIODICALS	0	100	100	100
411	PRINTING	0	0	0	0
434	INDIRECT COSTS	0	0	0	0
439	OTHER COSTS	0	0	0	0
501	CONTRACTUAL SERVICES	0	0	0	0
506	PROF SERVICES	0	0	0	0
511	LEGAL EXPENSE	0	0	0	0
521	TRAINING	766	4,190	4,190	2,770
523	ADMINISTRATIVE RECORDS	0	0	0	0
724	SERVICE AGREEMENTS	0	0	0	0
	TOTAL SUPPLIES & EXPENSES	13,484	18,840	16,423	15,545
803	COMPUTER SYSTEMS	0	0	0	0
808	OFFICE EQUIPMENT	0	0	0	0
820	BLDG. RENOVATION	0	0	0	0
855	RESVE-SYSTEM UPGRADE	0	0	0	0
	TOTAL CAPITAL OUTLAY	0	0	0	0
	TOTAL BUDGET	1,055,981	1,250,639	1,244,883	1,235,410

PUBLIC INFORMATION DEPARTMENT

SALARIES AND WAGES

100 PERMANENT EMPLOYEE SALARIES -- \$986,522

<u>CLASSIFICATION</u>	<u>AUTHORIZED POSITIONS FY 1997/98</u>	<u>AUTHORIZED POSITIONS FY 1998/99</u>
Department Manager	1.00	1.00
Sr. Administrative Analyst	1.80	1.80
EDP Programmer Analyst	1.80	1.80
Administrative Analyst	1.00	1.00
Database Coordinator	1.00	1.00
Information Coordinator	5.60	4.85
Sr. Information Coordinator	1.00	1.00
Data Processing Coord.	1.00	1.00
Staff Assistant IV	2.00	2.00
Staff Assistant III	2.00	2.00
Receptionist	1.00	0.00
Total positions	19.20	17.45

149 OVERTIME -- \$1,500

171 INSURANCE/MEDICARE -- \$11,377

174 INSURANCE/EMPLOYEE HEALTH/DENTAL -- \$115,428

This amount includes funding for health and dental benefits for 18 permanent employees for twelve months.

177 RETIREMENT CONTRIBUTION -- \$97,338

197 OTHER FRINGE BENEFITS -- \$7,699

SUPPLIES AND EXPENSES

231 OFFICE SUPPLIES -- \$10,000

271 AUTO REIMBURSEMENT -- \$2,400

272 MILEAGE -- \$50

290 MEMBERSHIP AND DUES -- \$225

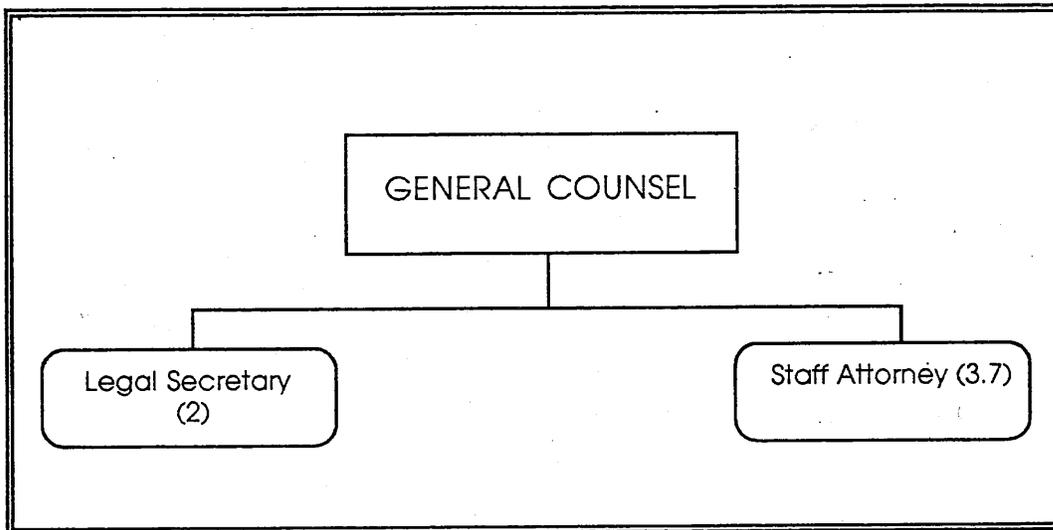
This allocation includes funds for staff to participate in professional management organizations and associations.

404 BOOKS AND PERIODICALS -- \$100

521 TRAINING -- \$2,770

This allocation includes staff training as well as conferences for computer staff.

LEGAL DEPARTMENT



Department Description

The Legal Department prepares staff reports on appeal of hearing examiner and administrative decisions and removal applications, reviews reports on exemption applications which are prepared by administrative staff, and presents these reports to the Board.

The Legal Department undertakes defense of Board decisions and the Rent Control Law and Board regulations in judicial proceedings. It is responsible for commencement of legal actions to enforce the Rent Control Law and Board regulations. The Department provides legal advice to the Board, Administrator and departments of the Rent Control Agency. It also drafts regulations for Board consideration and adoption. Upon request from the Board or staff, the Legal Department analyzes and prepares written opinions on legal issues.

1998/99 Goals

1. Complete regulatory changes (substantive and procedural) necessary to implement full vacancy decontrol/recontrol.
 - a. Draft the proposed regulations as directed by the Board;
 - b. Coordinate with other departments the development of systems or programs as required by regulatory changes;

- c. Assess the effectiveness of those regulations and programs so that the Board may rapidly respond to problems which may arise with the onset of vacancy decontrol/recontrol.
2. Establish a brief bank and other procedures to streamline the work of the department.
3. Complete the transition to a fully automated legal library.

LEGAL

OBJ	DESCRIPTION	FY 96/97 ACTUAL EXPENSES	FY 97/98 ADOPTED BUDGET	FY 97/98 PROJECTED EXPENSES	FY 98/99 ADOPTED BUDGET
100	PERMANENT EMPLOYEES	618,600	570,670	554,583	542,997
104	BOARD ALLOWANCE	0	0	0	0
149	OVERTIME	204	0	1,098	0
150	AS-NEEDED EMPLOYEES	18,227	0	0	0
171	MEDICARE EMP CONT	7,610	5,643	6,940	5,804
172	INS-UNEMPLOYMENT	0	0	0	0
173	INS-COMPENSATION	0	0	0	0
174	INS-EMPL HEALTH/DENT	56,551	48,660	49,345	46,104
177	RETIREMENT CONTRIB	59,253	58,539	54,119	52,869
197	OTHER FRINGE BENEFITS	11,283	15,111	9,743	8,864
		(25,351)		1,439	
	TOTAL SALARIES & WAGES	746,376	698,623	677,266	656,638
221	UTIL-TELEPHONE/TELEG	0	0	0	0
231	OFFICE SUPPLIES	1,749	1,482	1,448	1,500
232	POSTAGE	0	0	0	0
254	ADVERTISING	0	0	0	0
261	EQUIPMENT RENTAL	3,678	3,689	3,209	0
262	RENT	0	0	0	0
271	AUTO REIMBURSEMENT	3,150	3,000	3,000	3,000
272	MILEAGE	0	140	0	50
282	CONF-MTGS-TRAVEL	0	0	0	0
290	MEMBERSHIPS & DUES	2,644	2,690	2,754	2,370
302	INS-COMPREHENSIVE	0	0	0	0
404	BOOKS & PERIODICALS	3,673	4,000	4,000	5,200
411	PRINTING	0	0	0	0
434	INDIRECT COSTS	0	0	0	0
439	OTHER COSTS	0	0	0	0
501	CONTRACTUAL SERVICES	3,769	3,100	2,127	2,400
506	PROF SERVICES	6,334	6,500	6,500	17,500
511	LEGAL EXPENSE	56,726	50,000	114,041	55,000
521	TRAINING	847	1,550	1,958	1,500
523	ADMINISTRATIVE RECORDS	0	0	13,207	8,681
724	SERVICE AGREEMENTS	0	0	0	0
	TOTAL SUPPLIES & EXPENSES	82,570	76,151	152,244	97,201
803	COMPUTER SYSTEMS	0	0	0	0
808	OFFICE EQUIPMENT	0	0	0	0
820	BLDG. RENOVATION	0	0	0	0
855	RESVE-SYSTEM UPGRADE	0	0	0	0
	TOTAL CAPITAL OUTLAY	0	0	0	0
	TOTAL BUDGET	828,946	774,774	829,510	753,839

LEGAL DEPARTMENT

SALARIES AND WAGES

100 PERMANENT EMPLOYEE SALARIES -- \$542,997

<u>CLASSIFICATION</u>	<u>AUTHORIZED POSITIONS FY 1997/98</u>	<u>AUTHORIZED POSITIONS FY 1998/99</u>
General Counsel	1.00	1.00
Staff Attorney	3.70	3.70
Legal Secretary	3.00	2.00
Total positions	7.70	6.70

171 INSURANCE/MEDICARE -- \$5,804

174 INSURANCE/EMPLOYEE HEALTH/DENTAL -- \$46,104

This amount includes funding for health and dental benefits for 7 permanent employees for twelve months.

177 RETIREMENT CONTRIBUTION -- \$52,869

197 OTHER FRINGE BENEFITS -- \$8,864

SUPPLIES AND EXPENSES

231 OFFICE SUPPLIES -- \$1,500

271 AUTO REIMBURSEMENT -- \$3,000

272 MILEAGE -- \$50

This allocation provides mileage reimbursements for approximately 160 miles at 31 cents per mile.

290 MEMBERSHIP AND DUES -- \$2,370

This allocation covers bar dues for the General Counsel and four staff attorneys.

404 BOOKS AND PERIODICALS -- \$5,200

501 CONTRACTUAL SERVICES - \$2,400

- 800 for attorney service.
- 1,600 for messenger service.

506 PROFESSIONAL SERVICES -- \$17,500

The Board has contracted with a real estate appraiser and building contractor consultant in connection with removal permits.

511 LEGAL EXPENSE -- \$55,000

The allocation covers costs of title searches, outside counsel and other direct costs of litigation (\$10,000) and a reserve for potential legal liabilities (\$45,000).

521 TRAINING -- \$1,500

523 ADMINISTRATIVE RECORDS -- \$8,681

The allocation covers the reimbursement of administrative records costs paid by parties who challenge a Rent Board decision in court. If the party ultimately wins, the Board must generally reimburse the party for the cost of preparing the record. The amount of the allocation is based on the amount of administrative records fees collected during the prior year, which are set aside in a balance sheet reserve fund to be appropriated into the budget.

REVENUE PROJECTION

Revenue for fiscal year 1998/99 is projected to be \$3,659,653. This projection is based on a registration fee of \$11 per month or \$132 per year.

The sources of this revenue are registration fees, interest earnings on unexpended Rent Control funds, reimbursements for administrative records, limited filing fees and miscellaneous receipts.

Registration Fees. The Santa Monica Rent Control Board's primary source of income has always been the registration fee paid on each rent controlled unit in the city. The number of billable units normally diminishes during the year as units become exempt or additional fee waivers are granted. Prior to this year, the major reason for the decline in billable units was an increasing number of owner-occupied fee waivers for units in the TORCA (Tenant Ownership Rights Charter Amendment) program.

As a result of the Costa-Hawkins legislation, on January 1, 1999, except for units occupied by tenants who resided in the unit on September 30, 1995, the rents on all single family dwellings are no longer controlled. Though eviction protections remain in place, these units will be billed only for the six months between July 1, 1998 and December 31, 1998. Over 469 currently billable single family dwellings and TORCA units will be affected in this way.

Based on analysis of the database and projections of current trends such as rates of TORCA conversion and fee waiver applications, the revenue projection begins with 27,038 units. This is a slight decrease from the units projected in the last fiscal year.

The loss of billable units in the coming year is expected to be different from previous years. Projections include an additional 90 exemptions and removals. No net loss of income is expected from low income fee waivers because the number of low income fee waivers is declining. This is occurring because tenants with low income fee waivers who vacate units are not replaced with other tenants who apply or may qualify for a fee waiver.

On the other hand, 1221 Ocean, which has been uninhabitable since the earthquake, is expected to be repaired and available for tenancies in January 1999, returning 119 units to the rental housing market.

Projected registration fee refunds are based on an assumed loss of approximately 1,025 units over the course of the year, which translates into 4,752 non-billable unit months. Off-set against these lost billable units are an estimated 113 Incentive Housing Program surcharges for the year and 119 units at 1221 Ocean for six months.

With a registration fee of \$11 per month, based on an estimate of 27,038 controlled billable rental units, the revenue would be \$3,569,016. Net registration fees, after subtracting projected refunds and adding Incentive Housing surcharges and returning unit registration fees would be \$3,539,514.

Interest Earnings. The second source of revenue is interest earnings on City-invested Rent Control funds, estimated to be \$111,139. The City Treasurer is estimating a rate of return on invested funds of 4.5%; staff uses the same rate to estimate Board interest earnings on a declining balance.

Administrative Records. The agency provides administrative records as a reimbursable service to members of the public who request them. It is projected that \$8,681 will remain unexpended at the end of FY 97/98 and an additional \$11,514 will be collected in new administrative records fees in FY 97/98. The entire \$20,195 will be transferred to the balanced sheet reserves. It is then anticipated that \$8,681 in Administrative Records funds in the Legal Expenses Balance Sheet Reserves will be transferred into the 98/99 budget to cover projected Administrative Records expenditures.

In addition, Staff estimates that the Agency will receive \$4,000 in new administrative records fees.

Filing Fees. \$1,000 in petition filing fees is projected. Fiscal year 95/96 was the first year in which filing fees were charged for a limited number of programs. Fees were implemented to cover the costs of the Threshold Rent and Soft Story Retrofitting programs. After passage of the Costa-Hawkins bill, the Board eliminated the Threshold Rent program. The Board then implemented a \$100 fee for TORCA owners filing 2-year vacancy increases. However, the TORCA 2-year increase will no longer exist in January 1999; no fees will be collected for it after that date. The number of owners filing petitions for soft story retrofitting increases has been extremely small.

Miscellaneous Charges. Miscellaneous charges, such as those for Xerox or fiche copies, are projected to be \$4,000.

SOURCES OF REVENUE

Registration Fees - 27,038 units	\$3,569,016	
Refunded Registration Fees - 540 unit months	-5,940	
Refunded Registration Fees - SFD - as of 1/1/99 2,814 unit months	-30,954	
Projected new vacant SFD after 1/1/99 1,398 unit months	-15,378	
Units returning in 1/1/99 - 714 units months	7,854	
Incentive Housing Program Surcharges	<u>14,916</u>	
Registration Fees Subtotal		3,539,514
Interest Earnings @ 4.5%		111,139
Petition Filing Fees		1,000
Administrative Records Balance Sheet Reserves		8,681
Administrative Records Charges		4,000
Miscellaneous Charges		<u>4,000</u>
Total Revenue		\$3,668,334

Potential Liabilities -- Earthquake-Related Expenses

From the January 1994 earthquake through December 1995, many of the costs for staff who were hired to work on Q petitions, and consultants for removals and Q petitions (and a few other earthquake-related costs) were paid by the City from the "13 Fund" in the expectation that these earthquake-related costs would be reimbursed by the federal government (FEMA). As legitimate as the costs were, the federal government will not reimburse the City for many of the costs, particularly the costs of permanent staff who worked full or nearly full-time on earthquake-related projects. Further, even the costs of as-needed personnel hired specifically for earthquake-related projects will not be reimbursed for the period after December 31, 1995. It is therefore likely that it will fall to the Board to provide at least some of the reimbursement.

At the end of fiscal year 1997/98, the Agency unreserved, undesignated fund balance, which is the Agency's "safety net" in case of emergency, is projected to be slightly under one million dollars. The proposed budget has a deficit of \$397,143 with the expectation that the shortfall would be covered from undesignated funds.

BALANCE SHEET RESERVES

Balance sheet reserve accounts identify funds which had been designated for particular purposes during the budget cycle, but which could not be spent by the end of the fiscal year. The reserves are a form of savings account for specialized purposes.

<u>Reserve Name</u>	<u>Existing Reserves</u>	<u>Expected Additional Reserves</u>	<u>Total Projected Reserves</u>
General Emergency	\$64,697	\$0	\$64,697
Office Equipment	14,010	0	14,010
Computer Upgrade	15,000	0	15,000
Legal/Administrative Records	0	20,195	20,195
EAC Layoff Fund	<u>20,119</u>	<u>161</u>	<u>20,280</u>
Total	\$113,826	\$20,356	\$134,182