



Santa Monica Rent Control Board

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



2016/17 ANNUAL OPERATING BUDGET

Adopted 6/9/2016

BOARD MEMBERS

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REVENUE PROJECTION

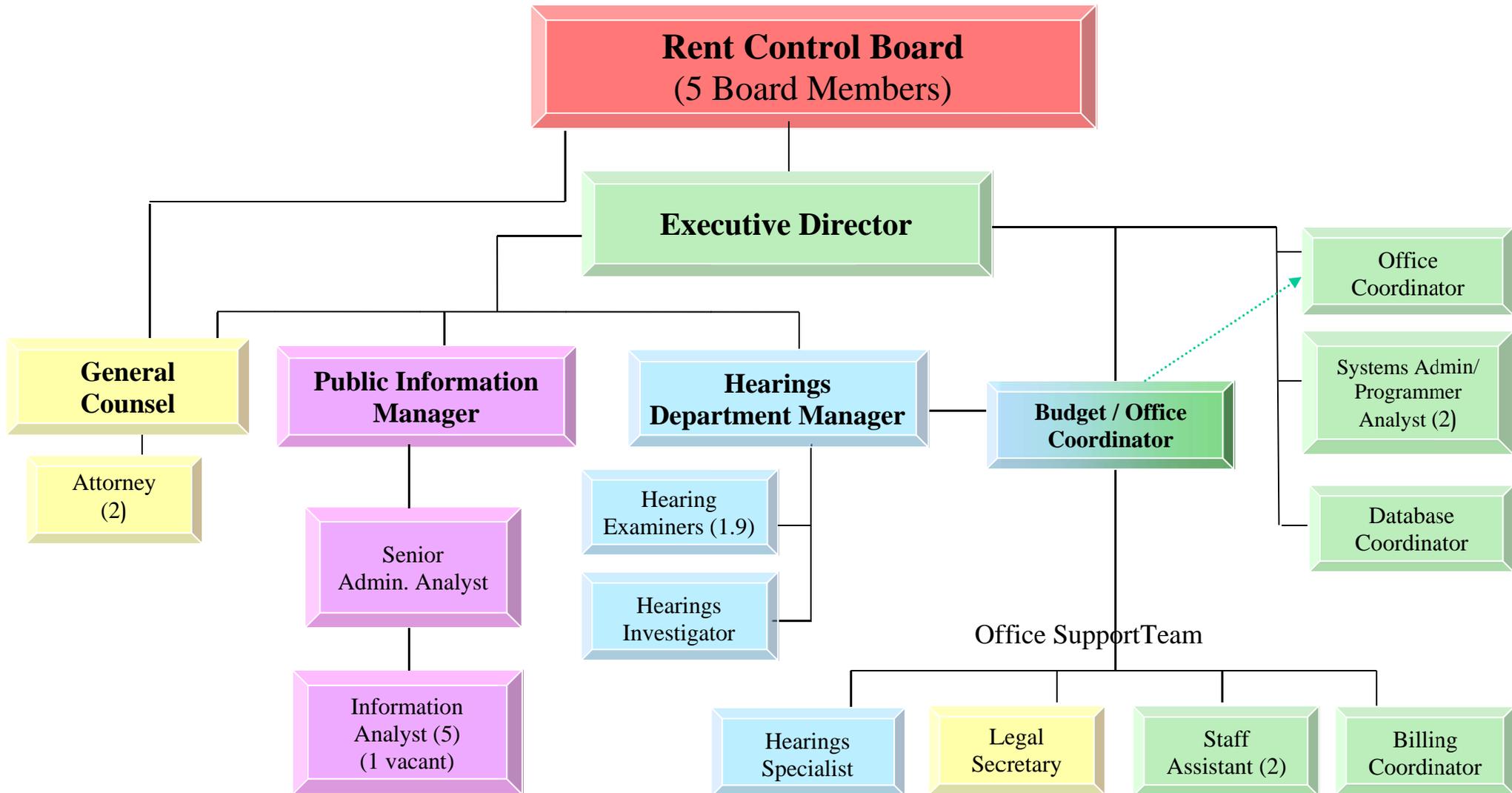
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SANTA MONICA RENT CONTROL BOARD

ORGANIZATION CHART



LABOR SUMMARY

FY 2016/2017

<i>CLASSIFICATION</i>	<i>AUTHORIZED POSITIONS 2013/2014</i>	<i>AUTHORIZED POSITIONS 2014/2015</i>	<i>AUTHORIZED POSITIONS 2015/2016</i>	<i>AUTHORIZED POSITIONS 2016/2017</i>	<i>AMOUNT OF CHANGE 15/16 - 16/17</i>
Administration	4.90	4.90	8.00	8.00	+0.00
Public Information*	11.00	11.00	8.00	7.00	-1.00
Hearings	5.90	5.90	5.90	5.90	0.00
Legal	4.00	4.00	4.00	4.00	0.00
Total	25.80	25.80	25.90	24.90	-1.00

*One Information Analyst position will be vacant for the 2nd half of the fiscal year.

PERMANENT STAFF BY CLASSIFICATION

FY 2016/2017

<i>CLASSIFICATION</i>	<i>AUTHORIZED POSITIONS 2013/14</i>	<i>AUTHORIZED POSITIONS 2014/15</i>	<i>AUTHORIZED POSITIONS 2015/2016</i>	<i>AUTHORIZED POSITIONS 2016/2017</i>	<i>AMOUNT OF CHANGE 15/16 - 16/17</i>
Administrator (Exec. Director)	1.00	1.00	1.00	1.00	0.00
Billing Coordinator	1.00	1.00	1.00	1.00	0.00
Budget/Office Coordinator	1.00	1.00	1.00	1.00	0.00
Database Coordinator	0.90	0.90	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	0.00	0.00	1.00	1.00	0.00
Hearings Investigator	1.00	1.00	1.00	1.00	0.00
Hearing Examiner	1.90	1.90	1.90	1.90	0.00
Information Analyst*	6.00	6.00	6.00	5.00	-1.00
Legal Secretary II	1.00	1.00	1.00	1.00	0.00
Office Coordinator	1.00	1.00	1.00	1.00	0.00
Public Information Mgr.	1.00	1.00	1.00	1.00	0.00
Sr. Administrative Analyst	1.00	1.00	1.00	1.00	0.00
Sr. Litigation Staff Attorney	1.00	1.00	1.00	1.00	0.00
Staff Assistant III	3.00	3.00	2.00	2.00	0.00
Staff Attorney	1.00	1.00	1.00	1.00	0.00
Sys. Admin. / Prog. Analyst	2.00	2.00	2.00	2.00	0.00
TOTAL	25.80	25.80	25.90	24.90	-1.00



Agency Goals 2016-2017

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

- ❖ Ensure that all properties granted removal permits have actually been removed from the rental market, and ensure full compliance with the rent control law as to those that have not.
- ❖ Continue to initiate civil actions as necessary to enforce compliance with the rent control law.
- ❖ Complete the initial determination of whether existing owner-occupancy exemptions remain valid. Continue the annual monitoring process.
- ❖ Continue to collaborate with other city departments, including Code Enforcement and the City Attorney's Office, as necessary to ensure full compliance with, and implementation of, the rent control law.
- ❖ Continue to collect any past due registration fees through small claims actions.

Increase efficiencies through the use of technology.

- ❖ Continue comprehensive evaluation of Agency's current and future information management needs and develop plan for replacement of the proprietary RENT database system.
- ❖ Improve the ease-of-use of the Rent Control website for the dissemination of information and communications with the public. Incorporate videos, presentations, and graphics to enhance the user's experience and to facilitate understanding of the law.
- ❖ Explore new methods for disseminating information to the public including developing mobile applications.
- ❖ Implement online filing, data capture, and automated database update of market-rate rental registrations.

Streamline petition-related regulations and processes.

- ❖ Continue to review and revise, as needed, Board regulations related to the various petition processes.
- ❖ Update instructions and informational materials for parties involved in the petition process.

Collaborate with City Departments on Common Goals

- ❖ Continue to support the City Council's strategic objectives of maintaining an inclusive and diverse community and addressing homelessness at the regional level.
- ❖ Upon Council adoption of a soft-story retrofit program, study, recommend and potentially implement program for consideration of seismic safety retrofitting costs.
- ❖ Assist city efforts to ensure owners and tenants conserve water as required by Stage II Water Response Plan.

AGENCY BUDGET								
OBJ	DESCRIPTION	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 15-16	FY 16-17
		ACTUAL EXPENSES	ACTUAL EXPENSES	ACTUAL EXPENSES	ACTUAL EXPENSES	ADOPTED BUDGET	PROJECTED EXPENSES	ADOPTED BUDGET
1100	PERMANENT EMPLOYEES	2,946,474	2,794,503	2,800,010	2,841,430	2,927,206	2,937,989	3,066,758
1104	BOARD ALLOWANCE	6,600	5,850	5,100	4,125	6,375	4,875	6,375
1149	OVERTIME	9,589	2,570	2,843	3,509	2,250	1,831	2,250
1150	AS-NEEDED EMPLOYEES	0	51,413	55,958	59,306	43,000	74,955	50,000
1171	MEDICARE EMP CONT	39,926	39,280	39,322	39,711	39,851	41,307	41,249
1173	INS-WORKERS' COMP	17,798	17,798	13,706	14,734	13,793	13,793	14,483
1174	INS-EMPL HEALTH/DENT	319,258	371,127	374,391	421,688	445,317	432,897	454,516
11743	Health	288,160	336,513	346,873	391,165	410,567	402,387	417,727
11748	Dental	27,466	31,051	24,134	26,994	30,990	26,996	33,030
11749	Vision	3,631	3,564	3,384	3,528	3,759	3,515	3,759
1177	RETIREMENT CONTRIB	517,376	493,232	505,797	585,235	589,991	567,629	643,548
1194	MEDICAL TRUST	45,034	43,887	42,786	43,833	44,709	44,711	46,545
1197	OTHER FRINGE BENEFITS	7,795	5,963	8,497	7,812	9,902	10,158	9,450
	TOTAL SALARIES & WAGES	3,909,850	3,825,622	3,848,410	4,021,384	4,122,394	4,130,145	4,335,174
2221	UTIL-TELEPHONE	2,531	1,870	1,855	6,323	10,000	1,863	3,500
2231	OFFICE SUPPLIES	16,879	16,476	18,671	15,272	17,100	15,867	17,100
2232	POSTAGE	32,743	36,013	35,648	35,536	40,600	40,600	41,600
2233	INVENTORY ISSUES	3,082	0	0	0	0	0	0
2254	ADVERTISING	2,500	741	397	894	2,000	1,350	2,000
2261	EQUIPMENT RENTAL	24	24	24	24	24	20	24
2262	RENT	1,096	0	0	0	0	0	0
2271	AUTO REIMBURSEMENT	6,450	5,000	0	0	0	0	0
2272	MILEAGE	573	370	325	386	450	528	450
2282	CONF-MTGS-TRAVEL	8,380	5,266	5,440	6,138	7,200	7,200	7,200
2290	MEMBERSHIPS & DUES	2,790	3,300	2,910	2,960	3,122	3,030	3,223
2294	INS-PROPERTY	2,995	0	0	0	5,007	5,007	5,497
3302	INS-GENERAL LIABILITY	17,882	18,448	20,574	20,513	21,878	19,739	23,650
4404	BOOKS & PERIODICALS	15,410	14,166	15,220	14,474	14,026	17,229	18,000
4411	PRINTING	23,249	24,730	19,793	14,149	15,300	14,296	15,628
4434	INDIRECT COSTS	287,132	282,355	263,280	269,862	274,720	274,720	280,213
4439	OTHER COSTS	7,150	43,266	6,600	39,694	8,050	7,475	33,050
5501	CONTRACTUAL SERVICES	21,536	20,738	19,259	19,730	22,600	20,766	22,544
5506	PROF SERVICES	78,749	61,549	53,971	51,961	58,000	60,317	58,000
5511	LEGAL EXPENSE	93,342	624	5,133	1,911	35,000	6,372	35,000
5521	TRAINING	6,126	4,083	3,562	4,158	9,000	4,084	9,000
7724	SERVICE AGREEMENTS	39,004	38,941	56,025	41,026	43,000	43,000	45,000
	TOTAL SUPPLIES & EXPENSES	669,622	577,960	528,687	545,013	587,077	543,463	620,679
8803	COMPUTER SYSTEMS	5,400	5,232	16,865	27,601	35,200	35,200	35,200
8808	OFFICE EQUIPMENT	7,633	9,708	13,354	9,272	9,500	9,500	9,500
8820	BLDG. RENOVATION	925	2,036	936	2,234	1,000	0	1,000
8855	RESVE-SYST. UPGRADE	0	0	0	0	0		25,000
	TOTAL CAPITAL OUTLAY	13,958	16,976	31,155	39,107	45,700	44,700	70,700
	TOTAL BUDGET	4,593,431	4,420,559	4,408,252	4,605,504	4,755,170	4,718,307	5,026,553

SALARIES AND WAGES

1100 PERMANENT EMPLOYEES <i>ALLOCATION: \$3,066,758</i>	Total Agency Positions - 24.90 The total number of positions includes funds for an information analyst who will be hired to replace an analyst retiring at the end of December. The budget anticipates a period of overlap of 5 months to train the new person. The allocation reflects salary-related costs for currently filled positions as well as costs for three employees who will retire by the end of the fiscal year.
1104 BOARD ALLOWANCE <i>ALLOCATION: \$6,375</i>	Rent Control Board Commissioners each receive \$75 per meeting they attend. This allocation provides funds for seventeen meetings.
1149 OVERTIME <i>ALLOCATION: \$2,250</i>	The allocation covers \$300 for Administration, \$950 for Hearings, and \$1,000 for Public Information for work which cannot be completed in regularly scheduled hours. Most overtime hours in the Public Information Department are incurred during the summer months and for attending Agency-sponsored seminars and community meetings. The overtime for the Hearings Department is used primarily by the budget/office coordinator and the hearings investigator when necessary to complete time-sensitive projects.
1150 AS-NEEDED EMPLOYEES <i>ALLOCATION: \$50,000</i>	This allocation provides funds for as-needed employees to assist the Hearings Department with mediations and hearings.
1171 INSURANCE, MEDICARE <i>ALLOCATION: \$41,249</i>	Medicare regulations require a contribution of 1.45 percent of permanent and as-needed staff salaries for all employees hired after April, 1986.

1173
**INSURANCE,
WORKERS'
COMPENSATION**
*ALLOCATION:
\$14,483*

The Rent Control Board participates in the City of Santa Monica Workers' Compensation Fund. The Agency's share is based on the total number of employees, with a factor for past and existing claims. This year's allocation reflects a decrease of 5.00% from last year's allocation.

1174
**INSURANCE,
EMPLOYEE
HEALTH,
DENTAL AND
VISION**
*ALLOCATION:
\$454,516*

The allocation is based on the 2016 and estimated 2017 premiums for the health, dental and vision plans provided for all permanent employees and their dependents. The City estimates healthcare premiums will increase by 10% for 2017. This budget uses actual amounts for each employee. Individual plan changes and/or actual rate changes during the fiscal year may affect the amount actually expended.

In January 2011, Agency employees began making small contributions toward the cost of their selected health insurance premiums and their contributions will rise in each of the next two years.

•Health	\$417,727
•Dental	33,030
•Vision	3,759

1177
**RETIREMENT
CONTRIBUTION**
*ALLOCATION:
\$643,548*

For FY 16/17 the retirement contribution rate is 21.638% of staff salaries, which is a 1.056% increase from the 20.484% rate applied to salaries in FY 15/16. Beginning with FY 15/16, the City's Finance Department created an annual fund into which each city department will contribute an amount to be used for future PERS paydowns. For FY 16/17 the Agency's share is anticipated to be \$16,892 and is included in the allocation for this line item.

1194
**MEDICAL
TRUST**
*ALLOCATION:
\$46,545*

The Employee Medical Benefit Trust fund was established in July 2001 to reimburse employees when they retire for a portion of their healthcare expenses. This allocation represents the contributions that will be made by the Agency for current employees for FY 16/17.

1197
OTHER FRINGE
BENEFITS

ALLOCATION:
\$9,450

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

<p style="margin: 0;">2221 UTILITIES: TELEPHONE</p> <p style="margin: 0;"><i>ALLOCATION:</i> <i>\$3,500</i></p>	<p>This allocation covers telephone expenses for the Agency, including computer network connections and infrastructure costs.</p>
<p style="margin: 0;">2231 OFFICE SUPPLIES</p> <p style="margin: 0;"><i>ALLOCATION:</i> <i>\$17,100</i></p>	<p>The Rent Control Agency purchases office supplies through the city's Purchasing Department which contracts with an office supply vendor. This allocation includes traditional office supplies, including paper goods, and funds to purchase computer supplies and accessories such as connector cables, storage disks, and printer cartridges.</p>
<p style="margin: 0;">2232 POSTAGE</p> <p style="margin: 0;"><i>ALLOCATION:</i> <i>\$41,600</i></p>	<p>This allocation covers postage for annual mass mailings and other regular mailings:</p> <ul style="list-style-type: none"> • General Adjustment/ Registration Fee Mailings \$ 9,400 • Newsletter Mailings (2) 23,000 • General Mailings 6,800 • Miscellaneous Postal Fees 2,400
<p style="margin: 0;">2233 INVENTORY ISSUES</p> <p style="margin: 0;"><i>ALLOCATION:</i> <i>\$0</i></p>	<p>This line item no longer requires an allocation due to the closure of the city's supply warehouse during FY 11/12. Paper goods are now provided by an outside vendor and those costs are included in the Office Supplies line item.</p>
<p style="margin: 0;">2254 ADVERTISING</p> <p style="margin: 0;"><i>ALLOCATION:</i> <i>\$2,000</i></p>	<p>This allocation covers the cost of publishing public notices, other announcements required by law, and other various announcements.</p>
<p style="margin: 0;">2261 EQUIPMENT RENTAL</p> <p style="margin: 0;"><i>ALLOCATION:</i> <i>\$24</i></p>	<p>This allocation is for leasing the water cooler in the Rent Control office.</p>

<p>2262 RENT <i>ALLOCATION: \$0</i></p>	<p>The Board no longer rents office space outside of City Hall. Staff rearranged its current space in FY 12/13 and created a modest conference room to hold hearings on petitions filed by tenants and owners.</p>
<p>2271 AUTO REIMBURSEMENT <i>ALLOCATION: \$0</i></p>	<p>Car allowances for management staff were discontinued in FY 13/14.</p>
<p>2272 MILEAGE <i>ALLOCATION: \$450</i></p>	<p>This allocation provides mileage reimbursements at \$0.540 cents per mile.</p>
<p>2282 CONFERENCES, MEETINGS, TRAVEL <i>ALLOCATION: \$7,200</i></p>	<p>The Board and staff incur travel expenses for trips to Sacramento to attend conferences, to advocate and testify regarding proposed state legislation that would affect Santa Monica Rent Control, and to coordinate with other rent control agencies. This account also includes expenses related to conducting Board meetings and training for Board members.</p>
<p>2290 MEMBERSHIPS AND DUES <i>ALLOCATION: \$3,223</i></p>	<p>The Board pays 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.</p>
<p>2294 INSURANCE, PROPERTY <i>ALLOCATION: \$5,497</i></p>	<p>This allocation is for the Agency's share of the property insurance for City Hall which includes fire and theft of office equipment, furniture and valuable papers, as well as computer equipment and software.</p>
<p>3302 INSURANCE, COMPREHENSIVE <i>ALLOCATION: \$23,650</i></p>	<p>❖ General Liability includes the following coverage: Non-owned and Hired Automobile Liability, Public Officials Errors and Omissions and Employment Practices Liability.</p> <p>The Agency carries a \$3,000,000 combined limit liability policy with a \$1,000 deductible for all items except for Employment Practice Liability which has a \$10,000 deductible.</p>

4404
BOOKS AND PERIODICALS
ALLOCATION:
\$18,000

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

4411
PRINTING
ALLOCATION:
\$15,628

- Newsletter (2 issues) \$5,050
- General Adjustment Letters 7,262
- Registration Fee Bills/Envelopes 1,566
- Owner and Tenant Vacancy
 Registration Forms 400
- Regulations, information sheets,
 letterhead, envelopes, and
 miscellaneous printing 1,350

4434
ADMINISTRATIVE INDIRECT COSTS
ALLOCATION:
\$280,213

The City assesses the Agency for various services provided. This fee covers maintenance costs of office space within City Hall and the services provided by the departments of Finance, Purchasing, Human Resources, Facilities Maintenance and Information Systems. These costs are distributed among all city departments according to an allocation base which approximates each department's share of overhead and service costs. In past years, an annual allocation plan was issued identifying and detailing how the various allocations were made. Since FY 14/15, the Finance Department has assessed a flat percentage increase each fiscal year for the indirect costs based on the last allocation plan issued by the Finance Department in FY 13/14.

A new allocation plan is currently in development but it will not be completed before the start of the new fiscal year. For FY 16/17 staff has been advised to increase the indirect costs by 2.0% over last year's allocation.

For each category of expense included in the Board's allocation, the following information is provided: the source of the charges, a description of services rendered, the allocation base used, and the percentage used to calculate the Rent Control assessment. The allocation base shown for each of the categories reflects the same base used last year. The actual cost for each category reflects a 2.0% increase over the cost for FY 15/16.

❖ **Community Information - \$3,887**

City Hall Receptionist: \$3,887 **Allocation % – 1.21%**

Services Rendered – Provide direction and information to members of the public and other visitors to City Hall.

Allocation Base – Adjusted adopted budget FY 12/13.

❖ **City Attorney - \$4,447**

Civil Legal Services: \$4,447 **Allocation % – 0.070%**

Services Rendered – Provide legal advisory services for personnel matters.

Allocation Base – Allocation of time spent FY 11/12.

❖ **Support Services – \$16,104**

Mail Services: \$11,577 **Allocation % – 1.89%**

Services Rendered – Pick-up, stamp and process outgoing mail.

Allocation Base – Actual Postage Charges FY 11/12.

Printing Services: \$4,527 **Allocation % – 0.650%**

Services Rendered – Provide printing and copying services for the Agency.

Allocation Base – Actual Print Shop Charges FY 11/12.

❖ **Facilities Management: \$175,741**

Administration: \$173 **Allocation % – 0.196%**

Services Rendered – Administrative cost of facility maintenance.

Allocation Base – Actual hours of facility maintenance.

City Hall Custodial Services: \$97,815 **Allocation % – 1.543%**

Services Rendered – Provide custodial services at City Hall

Allocation Base – FY 11/12 - Actual custodial hours.

City Hall Maintenance: \$27,900 **Allocation % – 7.768%**

Services Rendered - Structural maintenance for City Hall.

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

Facilities Maintenance Mgmt: \$24,144 **Allocation % – 0.584%**

Services Rendered – Oversight and administration

of maintenance management.

Allocation Base – FY 11/12 (50% of Maintenance time + 50% sq. footage).

City Hall Building Use: \$25,709 Allocation % – 7.768%

Services Rendered – Provide general building improvements to City Hall.

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

❖ **Information Systems - Operations: \$18,312**

PC/Network Support: \$8,011 Allocation % – 0.557%

Services Rendered – Provide computer and network support.

Allocation Base – 25% of number of computers and printers FY 11/12.

Telecommunications Support: \$5,506 Allocation % – 1.128%

Services Rendered – Provide telecommunications support.

Allocation Base – Number of telecommunication lines FY 11/12.

Help Desk/Training Services: \$4,795 Allocation % – 0.568%

Services Rendered – Provide computer help and training services.

Allocation Base – 25% of number of computers, printers FY 11/12.

❖ **Finance - \$37,371**

Finance Admin. - \$4,418

Purchasing Services: \$3,513 Allocation % – 0.354%

Services Rendered – Acquisition of services, materials and supplies for the Agency.

Allocation Base – Weighted average of Purchasing Transactions FY 11/12.

Contract Services: \$905 Allocation % – 0.444%

Services Rendered – Process contracts and contract payments.

Allocation Base – # of Contracts Processed FY 11/12.

Financial Operations - \$28,160

Accounts Payable: \$7,962 Allocation % – 1.346%

Services Rendered - Disburse funds to vendors and

conduct other necessary accounting activities.

Allocation Base - Number of warrants issued FY 11/12.

General Accounting: \$18,318 Allocation % – 1.21%

Services Rendered – Provide accounting services – general ledger maintenance, compiling financial reports etc.

Allocation Base – Adjusted adopted FY 12/13 budget

Financial System Support: \$1,880

Allocation % – 1.21%

Services Rendered – Maintain financial accounting systems.

Allocation Base – Actual supplies and expenses.

Finance Business and Revenue - \$4,793

Cash Management: \$870 Allocation % – 0.530%

Services Rendered - Manage the City's investment portfolio which includes Rent Control funds.

Allocation Base – Department's fund interest FY 11/12.

Audit Service: \$3,923 Allocation % – 1.21%

Services Rendered – Provide audit services.

Allocation Base – Adjusted adopted budget FY 12/13.

❖ **Human Resources - \$24,351**

Benefit Administration: \$10,225

Allocation % – 1.38% / 0.177%

Permanent Employees - \$10,143 /

As-Needed Employees - \$82

Services Rendered – Administer employee benefits for all permanent and as-needed employees.

Allocation Base - Authorized permanent and as-needed employees FY 11/12.

Class & Compensation Studies: \$3,522

Allocation % – 1.383%

Services Rendered – Prepare job classification and compensation studies.

Allocation Base – Number of permanent employees FY 11/12.

Recruitment: \$10,222 Allocation % – 1.297%

Services Rendered – Provide recruitment services.

Allocation Base – FY 11/12 (50% Requisitions + 50% New Hires)

Rideshare Program: \$382 Allocation % – 0.455%

Services Rendered – Administer Rideshare program

for city employees.

Allocation Base - # of rideshare participants FY 11/12.

**4439
OTHER COSTS**
*ALLOCATION:
\$33,050*

The allocation covers the cable television costs for coverage of 14 televised Rent Control Board meetings at \$575 per meeting. This allocation also includes \$25,000 for election costs to fill two Rent Control Board seats.

**5501
CONTRACTUAL
SERVICES**
*ALLOCATION:
\$22,544*

❖ **Administration: \$8,334**

- Mailhouse services for two newsletters \$4,584
- Mailhouse services for mass mailings 3,450
- Access to the County Assessor's database through DataQuick 300

❖ **Hearings: \$12,710**

- Attorney service to serve subpoenas and advance witness fees \$1,200
- Storage, retrieval and destruction of files 11,510

❖ **Legal: \$1,500**

- Messenger service \$1,500

**5506
PROFESSIONAL
SERVICES**
*ALLOCATION:
\$58,000*

\$55,000 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.

\$3,000 is allocated for the following:

- ❖ Translation services for the newsletter, website, information sheets and other mailings.
- ❖ Interpreters at hearings and Board meetings and police/security services when needed.

**5511
LEGAL EXPENSE**

*ALLOCATION:
\$35,000*

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 reserve fund.

**5521
TRAINING**

*ALLOCATION:
\$9,000*

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.

**7724
SERVICE
AGREEMENTS**

*ALLOCATION:
\$45,000*

This allocation covers the costs of purchasing service agreements for office equipment and computer hardware. In most cases, the agreements provide regular maintenance and repair of covered equipment at no additional cost. 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 additional software licenses and maintenance agreements, if needed to accommodate and implement new technology.

- Hewlett Packard Computer Hardware and Software \$26,000
- On Base and Ascent Scanning System 10,024
- Miscellaneous office equipment and maintenance agreements 1,800
- Miscellaneous new and ongoing software license fees (including Microsoft) and maintenance agreements 7,176

CAPITAL OUTLAY

8803 COMPUTER SYSTEMS

*ALLOCATION:
\$35,200*

This allocation includes \$25,000 for consultant fees, software and/or hardware related to the Agency's plan for development of a replacement database system. In addition, this allocation provides funds to replace or repair computers, monitors and printers if needed, and to purchase additional computer equipment, software and hardware to maintain the Agency's computer systems.

- Consultant and other fees
for system upgrade \$25,000
- Desktop computers, monitors, printers 5,500
- Miscellaneous software,
hardware and supplies 4,700

8808 OFFICE EQUIPMENT

*ALLOCATION:
\$9,500*

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

- Lease copier at City Hall \$7,500
- Miscellaneous office furniture/equipment 2,000

8820 BUILDING RENOVATION

*ALLOCATION:
\$1,000*

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

8855 RESERVE FOR SYSTEM UPGRADES

*ALLOCATION:
\$25,000*

This allocation provides funds for additional hardware, software and consultant fees that may be needed for the development of the Agency's database system.

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REVENUE PROJECTION

Revenue for FY 16/17 is projected to be \$4,656,906. The sources of the Agency's revenue are registration fees of \$174.96 per unit (\$14.58 per month per unit), interest earnings on unexpended Rent Control funds, fees for administrative records, limited filing fees and miscellaneous receipts.

For the first time in seven years, the registration fee was increased in FY 13/14. The fee was not increased in FY 14/15 or FY 15/16 and it is recommended that the fee for FY 16/17 remain \$174.96 per unit.

Registration Fees

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

In FY 15/16, the adopted budget was based upon 26,335 billable units. For FY 16/17, the projected number of billable units will remain 26,335. In addition, it is projected that \$6,000 of previous years' fees will be collected. Due to staff'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 registration fees.

Registration Fee Refunds

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

Refunds are also issued for overpayments of billed fees. Overpayment refunds are unpredictable and vary from year to year. In recent years, staff has diligently updated and adjusted Agency billing records as soon as relevant information is available. This process has helped reduce the number of overpayment refunds, although overpayments are still made for a variety of reasons.

For FY 16/17, total refunds are projected to be \$12,000 which is \$2,000 less than anticipated for FY 15/16.

Based on an estimate of 26,335 billable units with an annual registration fee of \$174.96 per unit, the revenue from registration fees (current and past due) should be \$4,613,572. Net registration fees after subtracting projected refunds (\$12,000) will be \$4,601,572.

Interest Earnings

Another source of revenue is interest earnings on City-invested Rent Control funds. Staff estimates the interest earnings for FY 16/17 will be \$47,334. The City Treasurer estimates a rate of return on invested funds of 1.40%. Staff uses the same rate to estimate Board interest earnings on a declining balance. In past years, interest earnings were a significant source of revenue for the Agency. However, in recent years, this revenue has been reduced primarily due to low interest rates as well as a reduction in the Board's reserves.

Administrative Records

The Agency provides administrative records as a service to members of the public who request them. Staff estimates that the Agency will receive \$3,000 in administrative records fees in FY 16/17.

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. The majority of filing fees collected each fiscal year is attributed to owner-occupied exemption applications. Total projected filing fees are \$2,500.

Miscellaneous Charges

Miscellaneous charges, such as those for photocopies, prints from the computerized site file documents and public records requests, are projected to be \$2,500.

SOURCES OF REVENUE

Registration Fees - 26,335 units	\$4,613,572	
<i>(including \$6,000 in past due fees)</i>		
Refunded Registration Fees	<u>-12,000</u>	
Registration Fees Subtotal		4,601,572
Interest Earnings @ 1.40%		47,334
Administrative Records Charges		3,000
Filing Fees		2,500
Miscellaneous Charges		<u>2,500</u>
Total Revenue		\$4,656,906

Total Projected Revenue	\$4,656,906
Total Projected Expenditures	- 5,026,553
Revenue less Expenditures	-\$369,647

The budget anticipates a deficit by the end of the fiscal year of slightly more than 7.3% of total expenditures. In years in which the Board approves a deficit budget, the deficit is often reduced due to increased fee collections or reduced expenditures during the year. As noted in the cover memo to this document, almost 40% of the projected deficit for FY 16/17 is attributable to one-time costs that will not typically reoccur in future years. The deficit that remains at the end of the fiscal year will be covered by the Board's reserves.

FUND BALANCE

At the end of FY 15/16, the Agency's fund balance, which is the Agency's "safety net" in case of emergency, is projected to be \$1,367,374. The budget has a deficit of \$369,647.

The City's reserve fund policies require the City to maintain a level of reserves based on a percentage of the current year's operating budget and the value of earned vacation and sick leave benefits for Agency employees. Staff believes it is prudent for the Agency to follow similar policies reserving a minimum of 10% of the current year's operating budget and an amount equal to the earned leave accruals for Board employees. Under these guidelines, the Agency should maintain approximately \$1,004,577 in reserves through FY 16/17.

RESTRICTED FUND BALANCE

Restricted funds are funds from the Agency's Fund Balance which are identified and restricted for particular use. They can be viewed as special savings accounts from which funds can be used for unforeseeable expenditures.

At the end of fiscal year 2015/2016 the Legal Expenses restricted fund will have a balance of \$41,975. Staff recommends maintaining this restricted fund for fiscal year 2016/2017. (This account is identified by the Finance Department as JDE account # 29.370323.)

Restricted Fund Name	2016/2017
Legal Expenses	\$41,975

ADMINISTRATION

DEPARTMENT

The Administration Department oversees the fiscal, personnel, contract administration, labor relations, public relations, 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.

The three information technology staff members 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. They develop and update programs, design and install new systems to meet changing Board requirements, 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 into the database, and maintains the electronic billing history. She also processes fee waiver applications and refunds for owner-occupied units, single family dwellings, low-income seniors and disabled tenants, and units occupied pursuant to Section 8 vouchers. Additionally, she processes Clean Beaches and Ocean Parcel Tax waiver applications and refunds.

The two Staff Assistants' primary duties include data entry of all non-billing related information, maintaining the property registration and document files, copying and mailing various Agency forms and information sheets, and receiving and directing calls from the public,

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

PUBLIC INFORMATION

DEPARTMENT

The Public Information Department responds to questions and informs the public about the Rent Control Law, as well as the current status and history of specific controlled units. The department also educates the public about the Agency's services using a variety of media to reach all of the Agency's constituents: a twice-yearly newsletter is published and distributed; an annual report is prepared regarding controlled rental housing and Agency activity; the Agency's website and social media presence are well-maintained; seminars are presented for tenants, landlords, and realtors several times a year; and staff participates in public meetings throughout the city.

The department handles the initial processing of the thousands of forms filed by landlords and tenants with the Agency each year. Staff members research current lawful rent levels and document administrative and legal activity affecting each controlled unit in the city.

The Public Information Manager plans and monitors the department's work, supervises implementation of the debt collection and owner-occupied exemption lapse projects, oversees the monitoring of deed restriction compliance and conducts staff training. The Public Information Manager also participates on the management team that oversees the Agency's operation.

The Senior Administrative Analyst assists the manager by supervising, organizing, assigning and reviewing the work of the Information Analysts, including coordinating and overseeing the implementation of programs and projects developed by the manager. The Senior Administrative Analyst also provides information and assists the public along with the Information Analysts.

The Information Analysts are the primary contacts with the public. They provide information about the Rent Control law and regulations, related city and state laws, and maximum allowable rent levels for controlled rental units. They process new and amended registration forms; review petitions filed by tenants and landlords; process and report on Ellis withdrawals; process owner-occupied exemption applications; and respond to public inquiries in person at the public counter, by telephone and by email. They also participate in community outreach through writing newsletter articles and making presentations at tenant and landlord seminars.

HEARINGS

DEPARTMENT

The Hearings Department handles petitions, complaints and applications filed by tenants and landlords 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 also mediates decrease and excess rent cases and other rent control related disputes that are not part of on-going cases, including crafting solutions for tenants impacted when their buildings are undergoing construction. Members of the department work with the Building and Safety Department to encourage owners to make needed repairs of rent controlled units.

The Department Manager performs a variety of duties, including planning and supervising the work of the department and participating in the management team which 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 issues, including rent decreases, excess rent complaints, tenants 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.

The work of the Hearings Department ebbs and flows, depending on the rate of petition filings. The department manages the fluctuating workload by using the services of former employees to assist with mediations and hearings on an as-needed basis.

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 tenant-not-in-occupancy petitions, petitions to register a unit, exemption applications and occupancy and unit identification.

The Budget/Office Coordinator performs duties specific to the Hearings Department, prepares and monitors the Agency's budget including fiscal

planning and directly supervises the Office Support Team which is made up of support staff throughout the Agency. In addition, she interacts with the public on a variety of matters, performs research and generates complex technical reports and is responsible for overseeing the screening of petitions and scheduling hearings.

The Hearings Specialist provides paraprofessional and complex clerical support to the Hearings Department, including assisting the Hearing Officers and Mediators in preparation for hearings and mediations, and preparation of written decisions and settlement agreements. The Hearings Specialist provides assistance to the Hearings Investigator in conducting on-site inspections and preparing inspection reports. This position also works with the Information Analysts doing intake and screening of rent decrease petitions, and works with staff and the parties in scheduling hearings and mediations. This position sends notices of hearings and mediations and mails decisions and settlement agreements. The position is a member of the Office Support Team and provides assistance, as needed, throughout the Agency.

LEGAL DEPARTMENT

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 Secretary supports the three attorneys in the department. Her duties include formatting and word processing written materials, preparation of administrative records, maintaining the law library keeping appeal and litigation calendars. This position is also a member of the Office Support Team and provides assistance, as needed, throughout the Agency.