

# Santa Monica Rent Control Board

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

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## 2017/2018 ANNUAL OPERATING BUDGET

Adopted 6/8/2017

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### ***BOARD MEMBERS***

Steve Duron

Todd Flora

Anastasia Foster

Nicole Phillis

Caroline Torosis

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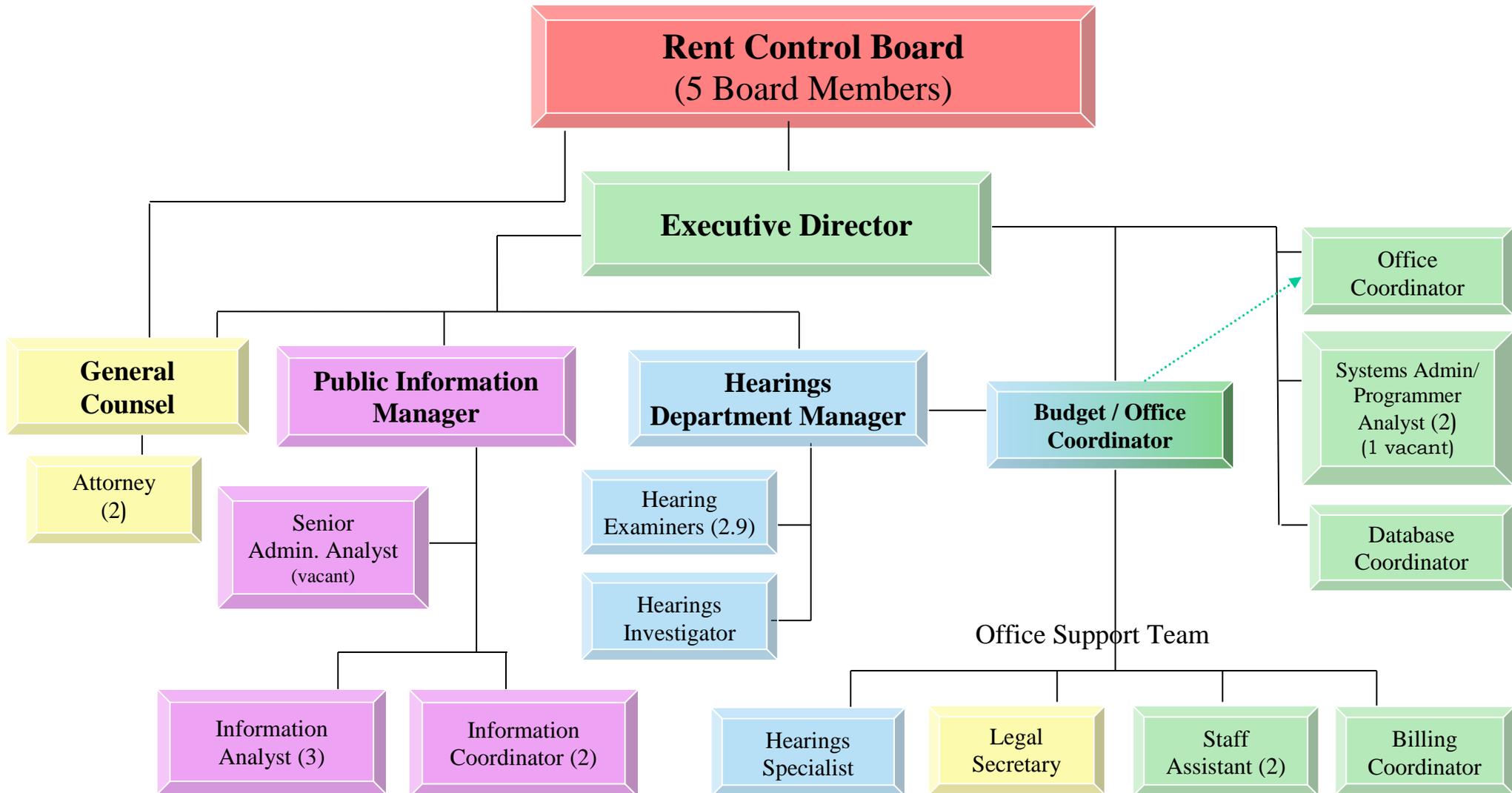
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# SANTA MONICA RENT CONTROL BOARD

## ORGANIZATION CHART



# LABOR SUMMARY

FY 2017/2018

CLASSIFICATION	AUTHORIZED POSITIONS 2014/2015	AUTHORIZED POSITIONS 2015/2016	AUTHORIZED POSITIONS 2016/17	AUTHORIZED POSITIONS 2017/2018	AMOUNT OF CHANGE 16/17 - 17/18
Administration*	<b>4.90</b>	<b>8.00</b>	<b>8.00</b>	<b>8.00</b>	<b>0.00</b>
Public Information*	<b>11.00</b>	<b>8.00</b>	<b>8.00</b>	<b>7.00</b>	<b>-1.00</b>
Hearings	<b>5.90</b>	<b>5.90</b>	<b>5.90</b>	<b>6.90</b>	<b>+1.00</b>
Legal	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>0.00</b>
<b>Total</b>	<b>25.80</b>	<b>25.90</b>	<b>25.90</b>	<b>25.90</b>	<b>0.00</b>

\*One Sys. Admin/Programmer Analyst position and the Senior Information Analyst will be unfunded for the fiscal year.

# PERMANENT STAFF BY CLASSIFICATION

FY 2017/2018

CLASSIFICATION	AUTHORIZED POSITIONS 2014/15	AUTHORIZED POSITIONS 2015/2016	AUTHORIZED POSITIONS 2016/2017	AUTHORIZED POSITIONS 2017/2018	AMOUNT OF CHANGE 16/17 - 17/18
Administrator (Exec. Director)	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>0.00</b>
Billing Coordinator	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>0.00</b>
Budget/Office Coordinator	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>0.00</b>
Database Coordinator	<b>0.90</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>0.00</b>
General Counsel	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>0.00</b>
Hearings Department Mgr.	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>0.00</b>
Hearings Specialist	<b>0.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>0.00</b>
Hearings Investigator	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>0.00</b>
Hearing Examiner	<b>1.90</b>	<b>1.90</b>	<b>1.90</b>	<b>2.90</b>	<b>+1.00</b>
Information Analyst	<b>6.00</b>	<b>6.00</b>	<b>6.00</b>	<b>3.00</b>	<b>-3.00</b>
Information Coordinator	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2.00</b>	<b>+2.00</b>
Legal Secretary II	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>0.00</b>
Office Coordinator	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>0.00</b>
Public Information Mgr.	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>0.00</b>
Sr. Administrative Analyst*	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>0.00</b>
Sr. Litigation Staff Attorney	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>0.00</b>
Staff Assistant III	<b>3.00</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>0.00</b>
Staff Attorney	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>0.00</b>
Sys. Admin. / Prog. Analyst*	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>0.00</b>
<b>TOTAL</b>	<b>25.80</b>	<b>25.90</b>	<b>25.90</b>	<b>25.90</b>	<b>0.00</b>



# Agency Goals 2017-2018

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

- ❖ Communicate with owners about their obligation to provide new tenants as of July 31, 2017 an Agency-produced information sheet on rent control rights and responsibilities.
- ❖ Inform owners of TORCA units about the applicability of the rent control law to TORCA units.
- ❖ Review registration requirements detailed in Chapters 3, 8 and 13 to ensure clarity and consistency.
- ❖ Continue to initiate civil actions as necessary to enforce compliance with the rent control law.
- ❖ Collect past due registration fees through small claims actions.

## **Increase efficiencies through the use of technology.**

- ❖ Continue progress on replacement of the proprietary RENT database with a system with increased flexibility, the ability to generate notices and staff-initiated reports, and to collect additional information such as email addresses to ensure effective communication with constituents.
- ❖ Train staff to use new technology to improve efficiencies of existing processes. Consider how procedures may be adapted to benefit from technological advances.
- ❖ Improve user experience with the rent control website by ensuring that information, forms, petitions and videos are accessible to all of the Board's constituents.
- ❖ Implement online filing of registration and other forms for automated database updates through an electronic workflow process.

## **Collaborate with city departments on Common Goals**

- ❖ Continue to collaborate with other city departments, including Code Enforcement, Building and Safety and the City Attorney's Office, to ensure property owners and tenants understand their rights, responsibilities and obligations related to construction in occupied properties.
- ❖ Provide the Board with information to help it to study, evaluate and consider the extent, if any, to which the cost of property owners' compliance with the City Council's Seismic Safety Retrofit Ordinance should be passed through to tenants.

## **Prepare for staff changes.**

- ❖ Develop effective succession plans anticipating retirement of many long-term employees in coming years.
- ❖ Create effective orientation and comprehensive training plans for new staff members.

**AGENCY BUDGET**

OBJ	DESCRIPTION	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 16-17	FY 17-18
		ACTUAL EXPENSES	ACTUAL EXPENSES	ACTUAL EXPENSES	ACTUAL EXPENSES	ADOPTED BUDGET	PROJECTED EXPENSES	ADOPTED BUDGET
1100	PERMANENT EMPLOYEES	2,794,503	2,800,010	2,841,430	2,938,581	3,066,758	3,022,342	2,974,584
1104	BOARD ALLOWANCE	5,850	5,100	4,125	4,125	6,375	4,425	6,000
1149	OVERTIME	2,570	2,843	3,509	1,865	2,250	1,574	2,450
1150	AS-NEEDED EMPLOYEES	51,413	55,958	59,306	76,274	50,000	84,221	39,800
1171	MEDICARE EMP CONT	39,280	39,322	39,711	41,015	41,249	42,360	41,863
1173	INS-WORKERS' COMP	17,798	13,706	14,734	13,793	14,483	14,484	94,113
1174	INS-EMPL HEALTH/DENT	371,127	374,391	421,688	432,143	454,516	449,571	482,365
11743	Health	336,513	346,873	391,165	358,653	417,728	415,726	445,939
11748	Dental	31,051	24,134	26,994	26,995	33,030	30,248	32,792
11749	Vision	3,564	3,384	3,528	3,486	3,759	3,597	3,635
1177	RETIREMENT CONTRIB	493,232	505,797	585,235	574,889	643,548	616,054	660,954
1194	MEDICAL TRUST	43,887	42,786	43,833	44,709	46,545	46,873	46,358
1197	OTHER FRINGE BENEFITS	5,963	8,497	7,812	8,277	9,450	8,665	8,789
						0		
	<b>TOTAL SALARIES &amp; WAGES</b>	3,825,622	3,848,410	4,021,384	4,135,670	4,335,174	4,290,568	4,357,276
2221	UTIL-TELEPHONE	1,870	1,855	6,323	2,795	3,500	6,128	3,600
2231	OFFICE SUPPLIES	16,476	18,671	15,272	13,307	17,100	16,388	17,100
2232	POSTAGE	36,013	35,648	35,536	38,589	41,600	41,600	41,600
2254	ADVERTISING	741	397	894	1,312	2,000	1,200	2,000
2261	EQUIPMENT RENTAL	24	24	24	22	24	24	24
2262	RENT	0	0	0	0	0	0	0
2271	AUTO REIMBURSEMENT	5,000	0	0	0	0	0	0
2272	MILEAGE	370	325	386	493	450	350	450
2282	CONF-MTGS-TRAVEL	5,266	5,440	6,138	6,920	7,200	8,000	7,200
2290	MEMBERSHIPS & DUES	3,300	2,910	2,960	3,030	3,223	3,140	3,331
2294	INS-PROPERTY	0	0	0	5,007	5,497	5,497	3,726
3302	INS-GENERAL LIABILITY	18,448	20,574	20,513	19,739	23,650	20,308	24,833
4404	BOOKS & PERIODICALS	14,166	15,220	14,474	18,267	18,000	19,292	19,000
4411	PRINTING	24,730	19,793	14,149	12,919	15,628	15,628	16,030
4434	INDIRECT COSTS	282,355	263,280	269,862	274,720	280,213	283,379	289,564
4439	OTHER COSTS	43,266	6,600	39,694	6,600	33,050	33,050	6,600
5501	CONTRACTUAL SERVICES	20,738	19,259	19,730	19,261	22,544	17,495	21,860
5506	PROF SERVICES	61,549	53,971	51,961	60,581	58,000	63,856	68,000
5511	LEGAL EXPENSE	624	5,133	1,911	1,489	35,000	20,955	50,000
5521	TRAINING	4,083	3,562	4,158	1,684	9,000	9,000	9,000
7724	SERVICE AGREEMENTS	38,941	56,025	41,026	41,400	45,000	45,000	50,000
	<b>TOTAL SUPPLIES &amp; EXPENSES</b>	577,960	528,687	545,013	528,134	620,679	610,289	633,917
8803	COMPUTER SYSTEMS	5,232	16,865	27,601	29,724	35,200	55,200	50,000
8808	OFFICE EQUIPMENT	9,708	13,354	9,272	9,166	9,500	10,123	9,500
8820	BLDG. RENOVATION	2,036	936	2,234	0	1,000	1,000	1,000
8855	RESVE-SYST. UPGRADE	0	0	0	0	25,000	25,000	130,000
	<b>TOTAL CAPITAL OUTLAY</b>	16,976	31,155	39,107	38,891	70,700	91,323	190,500
	<b>TOTAL BUDGET</b>	4,420,559	4,408,252	4,605,504	4,702,695	5,026,553	4,992,180	5,181,693

# **SALARIES AND WAGES**

<p><b>1100 PERMANENT EMPLOYEES</b> <i>ALLOCATION: \$2,974,584</i></p>	<p><b>Total Agency Positions - 25.90</b></p> <p>The total number of positions includes funds for a new hearing examiner to help with the increased workload of the Hearings Department and to reduce the reliance on as-needed employees.</p> <p>The allocation reflects salary-related costs for currently filled positions, new positions and costs associated with a retiring information analyst.</p>
<p><b>1104 BOARD ALLOWANCE</b> <i>ALLOCATION: \$6,000</i></p>	<p>Rent Control Board Commissioners each receive \$75 per meeting they attend. This allocation provides funds for sixteen meetings.</p>
<p><b>1149 OVERTIME</b> <i>ALLOCATION: \$2,450</i></p>	<p>The allocation covers \$300 for Administration, \$950 for Hearings, and \$1,200 for Public Information for work which cannot be completed in regularly scheduled hours. Most overtime hours in the Public Information Department are incurred during the summer months and for attending Agency-sponsored seminars and community meetings. The overtime for the Hearings Department is used primarily by the budget/office coordinator and the hearings investigator when necessary to complete time-sensitive projects.</p>
<p><b>1150 AS-NEEDED EMPLOYEES</b> <i>ALLOCATION: \$39,800</i></p>	<p>This allocation provides funds for as-needed employees to assist the Hearings Department with mediations and hearings and for an as-needed information analyst to help the Public Information Department during the busy summer months.</p>
<p><b>1171 INSURANCE, MEDICARE</b> <i>ALLOCATION: \$41,863</i></p>	<p>Medicare regulations require a contribution of 1.5 percent of permanent and as-needed staff salaries for all employees hired after April 1986.</p>

**1173  
INSURANCE,  
WORKERS'  
COMPENSATION**

*ALLOCATION:  
\$94,113*

The Rent Control Board participates in the City of Santa Monica Workers' Compensation Fund. The Agency's share is based on the number of employees with a factor for past and existing claims. This year's allocation is substantially more than last year's allocation due to a 54% increase in costs related to the City's exposure as well as an increase in claims within the Agency.

**1174  
INSURANCE,  
EMPLOYEE  
HEALTH,  
DENTAL AND  
VISION**

*ALLOCATION:  
\$482,365*

The allocation is based on the 2017 and estimated 2018 premiums for the health, dental and vision plans provided for all permanent employees and their dependents. The City estimates healthcare premiums will increase by 9% in 2018. This budget uses actual premium costs for each employee with adjustments for employee contributions.

In January 2011, Agency employees began making contributions toward the premium cost of their selected health insurance plan. Employee contributions will rise in January 2018.

•Health	\$445,939
•Dental	32,792
•Vision	3,635

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

**1177  
RETIREMENT  
CONTRIBUTION**

*ALLOCATION:  
\$660,954*

For FY 17/18 the retirement contribution rate is 22.128% of staff salaries, which is a 1.023% increase from the 21.638% rate applied to salaries in FY 16/17. Beginning in FY 15/16, the city's Finance Department created a fund into which each city department contributes an amount for future PERS paydowns. The Agency's anticipated share of \$16,892 for FY 17/18 is included in the allocation for this line item.

**1194  
MEDICAL  
TRUST**

*ALLOCATION:  
\$46,358*

The Employee Medical Benefit Trust fund was established in July 2001 to reimburse employees for a portion of their healthcare expenses when they are retired. This allocation represents the contributions to be made on behalf of current employees for FY 17/18.

**1197**  
**OTHER FRINGE**  
**BENEFITS**

*ALLOCATION:*  
**\$8,789**

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="text-align: center;"><b>2221 UTILITIES: TELPEHONE</b></p> <p style="text-align: center;"><i>ALLOCATION: \$3,600</i></p>	<p>This allocation covers telephone expenses for the Agency, including computer network connections and infrastructure costs.</p>
<p style="text-align: center;"><b>2231 OFFICE SUPPLIES</b></p> <p style="text-align: center;"><i>ALLOCATION: \$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="text-align: center;"><b>2232 POSTAGE</b></p> <p style="text-align: center;"><i>ALLOCATION: \$41,600</i></p>	<p>This allocation covers postage for annual mass mailings and other regular mailings:</p> <ul style="list-style-type: none"> <li>• General Adjustment/ Registration Fee Mailings <span style="float: right;">\$ 9,400</span></li> <li>• Newsletter Mailings (2) <span style="float: right;">23,000</span></li> <li>• General Mailings <span style="float: right;">6,800</span></li> <li>• Miscellaneous Postal Fees <span style="float: right;">2,400</span></li> </ul>
<p style="text-align: center;"><b>2254 ADVERTISING</b></p> <p style="text-align: center;"><i>ALLOCATION: \$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="text-align: center;"><b>2261 EQUIPMENT RENTAL</b></p> <p style="text-align: center;"><i>ALLOCATION: \$24</i></p>	<p>This allocation is for leasing the water cooler in the Rent Control office.</p>
<p style="text-align: center;"><b>2262 RENT</b></p> <p style="text-align: center;"><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.</p>

<p><b>2271 AUTO REIMBURSEMENT</b></p> <p><i>ALLOCATION: \$0</i></p>	<p>Car allowances for management staff were discontinued in FY 13/14.</p>
<p><b>2272 MILEAGE</b></p> <p><i>ALLOCATION: \$450</i></p>	<p>This allocation provides mileage reimbursements at \$0.535 cents per mile.</p>
<p><b>2282 CONFERENCES, MEETINGS, TRAVEL</b></p> <p><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><b>2290 MEMBERSHIPS AND DUES</b></p> <p><i>ALLOCATION: \$3,331</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><b>2294 INSURANCE, PROPERTY</b></p> <p><i>ALLOCATION: \$3,726</i></p>	<p>This allocation is for the Agency's share of the property insurance for City Hall that includes fire and theft of office equipment, furniture and valuable papers, as well as computer equipment and software.</p>
<p><b>3302 INSURANCE, COMPREHENSIVE</b></p> <p><i>ALLOCATION: \$24,833</i></p>	<p>❖ <b>General Liability includes the following coverage: Non-owned and Hired Automobile Liability, Public Officials Errors and Omissions and Employment Practices Liability.</b></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:*  
*\$19,000*

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:*  
*\$16,030*

- Newsletter (2 issues) \$5,215
- General Adjustment Letters 7,500
- Registration Fee Bills/Envelopes 1,615
- Regulations, information sheets, letterhead, envelopes, and miscellaneous printing 1,400
- Owner and Tenant Vacancy Registration Forms 300

**4434**  
**ADMINISTRATIVE INDIRECT COSTS**  
*ALLOCATION:*  
*\$289,564*

The City assesses the Agency for various services provided. This line item covers maintenance costs of office space within City Hall and the services provided by the departments of Finance, Purchasing, Human Resources, Facilities Maintenance and Information Systems. These costs are distributed among all city departments according to an allocation base which approximates each department's share of overhead and service costs. In past years, an annual allocation plan was issued identifying and detailing how the various allocations were made. For fiscal year 16/17 a new allocation cost plan was completed at the end of 2016. For FY 17/18, the Finance Department advised all departments to apply a 2.2% increase to the FY 16/17 actual 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 category reflects the same base used last year. The actual cost for each category reflects a 2.2% increase over the final allocation costs for FY 16/17.

❖ **Building Depreciation Charge - \$9,034**

**City Hall Depreciation: \$9,034      Allocation % – 8.60%**

Services Rendered – The costs of building depreciation are based upon the building's value

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

*Allocation Base – Square footage occupied FY14/15.*

❖ **Community & Government Relations - \$9,802**

**Commissions & Boards: \$9,802      Allocation % – 11.21%**

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

*Allocation Base – # of meetings receiving support FY 14/15.*

❖ **Records and Support Services – \$18,395**

**Records - \$8,967**

**Public Records: \$735      Allocation % – 0.47%**

Services Rendered – Process public information requests received.

*Allocation Base – # of public records requests FY14/15.*

**Legal Advertising: \$633      Allocation % – 1.14%**

Services Rendered – Provides support for legal advertising for Rent Control.

*Allocation Base – Amount of actual charges FY14/15.*

**RCB Elections: \$7,600      Allocation % – 100%**

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

*Allocation Base – Actual expenses FY 14/15.*

**Support Services - \$9,428**

**Outgoing Mail: \$1,887      Allocation % – 1.68%**

Services Rendered – Provides internal and external outgoing mail service.

*Allocation Base – Actual postage charged FY14/15.*

**Incoming Mail: \$4,325      Allocation % – 4.03%**

Services Rendered – Provides internal and external incoming mail service.

*Allocation Base – Actual mail delivered FY14/15.*

**Printing: \$3,216**

**Allocation % – 0.79%**

Services Rendered – Provides reprographic services.  
*Allocation Base – Actual print shop charges FY14/15.*

❖ **Finance - \$38,923**

**Finance Admin. - \$18,998**

**Purchasing: \$5,561**

**Allocation % – 0.53%**

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

*Allocation Base – # of contracts processed FY 14/15.*

**Payroll: \$9,628**

**Allocation % – 1.01%**

Services Rendered – Process payroll.

*Allocation Base – # of paychecks processed FY 14/15.*

**Financial Systems: \$2,785**

**Allocation % – 1.06%**

Services Rendered – Management and Maintenance of the City's Enterprise Resource Planning System.

*Allocation Base – # of system users FY 14/15.*

**Revenue-Cash Receipts: \$404 Allocation % – 0.13%**

Services Rendered – Process cash receipts for deposit.

*Allocation Base – # of journal records processed FY 14/15.*

**Revenue-Cash Management/Investment: \$620**

**Allocation % – 0.93%**

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

*Allocation Base – Amount of interest per fund FY 14/15.*

**Financial Operations - \$19,863**

**Audit: \$5,763**

**Allocation % – 0.89%**

Services Rendered – Independent auditing of Agency finances.

*Allocation Base – Actual costs FY 14/15.*

**Purchase Card Transactions: \$263**

**Allocation % – 0.96%**

Services Rendered – Management of purchase card transactions.

*Allocation Base – # of purchase card transactions FY14/15.*

**Purchase Cards: \$315**                      **Allocation % – 1.14%**

Services Rendered – Management of purchase cards.

*Allocation Base – # of purchase cards FY 14/15.*

**Accounts Payable: \$5,057**                      **Allocation % – 0.96%**

Services Rendered – Process accounts payable requests.

*Allocation Base – # of accounts payable transactions FY14/15.*

**Journal Entries: \$8,146**                      **Allocation % – 1.21%**

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

*Allocation Base – Actual expenditures FY 14/15.*

**Financial Systems: \$319**                      **Allocation % – 1.06%**

Services Rendered – Maintain financial software.

*Allocation Base – # of users FY 14/15.*

**Revenue - \$62**

**Cash Receipts: \$62**                      **Allocation % – 0.13%**

Services Rendered – Manage cash deposit receipts.

*Allocation Base – # of journal registers FY 14/15.*

❖ **Human Resources - \$7,445**

**Training & Professional Development: \$7,445**

**Allocation % – 1.58%**

*Services Rendered – Provide training and organizational development opportunities within the City.*

*Allocation Base - # of trainings FY14/15.*

❖ **Information Systems: \$24,503**

**Administration - \$1,890**

**City System Support: \$1,890**                      **Allocation % – 0.37%**

Services Rendered – Provides support for computers, printers, servers and other network components.

*Allocation Base – # of devices FY 14/15.*

**Systems & Networks- \$12,749**

**Server Admin/Network Support: \$5,496**

**Allocation % – 0.37%**

Services Rendered – Provides support for servers,

network and system security infrastructure.

Allocation Base – # of devices FY 14/15.

**Telecomm Support: \$7,253 Allocation % – 1.52%**

Services Rendered – Provides support for wired and wireless communications.

Allocation Base – # of phones FY 14/15.

**Support Services - \$4,089**

**PC Support/Training: \$4,089 Allocation % – 0.37%**

Services Rendered – Provides support for hardware and software in-person and by phone and provides technology training.

Allocation Base – # of devices FY14/15.

**Web Development - \$5,775**

**Web Development: \$5,775 Allocation % – 0.33%**

Services Rendered – Provides web development assistance.

Allocation Base – % of time provided FY14/15.

❖ **Facilities Maintenance: \$181,461**

**City Hall: \$181,461 Allocation % – 8.60%**

Services Rendered – Provide custodial and facilities services for Agency's offices in City Hall.

Allocation Base – Square footage occupied FY 14/15.

**4439  
OTHER COSTS**

ALLOCATION:  
\$6,600

The allocation covers the cable television costs for coverage of 12 televised Rent Control Board meetings.

**5501  
CONTRACTUAL  
SERVICES**

ALLOCATION:  
\$21,860

❖ **Administration: \$8,250**

- Mailhouse services for two newsletters \$4,650
- Mailhouse services for mass mailings 3,350
- Access to the County Assessor's database through RealQuest 250

❖ **Hearings: \$12,410**

- Attorney service to serve subpoenas and advance witness fees \$800
- Storage, retrieval and destruction of files 11,610

❖ **Legal: \$1,200**

- Messenger service \$1,200

**5506  
PROFESSIONAL  
SERVICES**

*ALLOCATION:  
\$68,000*

\$65,000 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 services of a computer consultant will be used in connection with the upgrade of the Board's RENT database system
- ❖ The lobbyist represents the Board's interests in Sacramento and for statewide and national legislative advocacy. Funds for travel-related expenses are included.

\$3,000 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:  
\$50,000*

The allocation covers the direct costs of litigation, document delivery costs to courts, outside counsel (if needed), title searches, depositions, and potential legal liabilities. If additional funds are needed to cover legal expenses, with the Board's authorization, funds will be moved into the budget from the 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:  
\$50,000*

This allocation covers the costs of 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 12,000
- Miscellaneous office equipment and maintenance agreements 1,800
- Miscellaneous new and ongoing software license fees (including Microsoft) and maintenance agreements 10,200

# CAPITAL OUTLAY

**8803  
COMPUTER  
SYSTEMS**  
*ALLOCATION:  
\$50,000*

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 \$42,000
- Desktop computers, monitors, printers 3,500
- Miscellaneous software,  
hardware and supplies 4,500

**8808  
OFFICE  
EQUIPMENT**  
*ALLOCATION:  
\$9,500*

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

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

**8820  
BUILDING  
RENOVATION**  
*ALLOCATION:  
\$1,000*

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

**8855  
RESERVE  
FOR SYSTEM  
UPGRADES**  
*ALLOCATION:  
\$130,000*

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

# **REVENUE PROJECTION**

Revenue for fiscal year 17/18 is projected to be \$5,270,821. The sources of the Agency's revenue are registration fees of \$198.00 per unit (\$16.50 per month per unit), interest earnings on unexpended rent control funds, fees for administrative records, limited filing fees and miscellaneous receipts.

To cover the Board's necessary operating expenses in FY 17/18, it is recommended that the annual fee be increased to \$198 per unit (\$16.50 per month). The registration fee was increased to \$174.96 per unit (\$14.58 per month) in FY 13/14 after having been \$156 for seven years. The proposed \$16.50 per month per unit registration fee reflects a \$1.92 increase over the \$14.58 per month fee that has been in effect since 2013. The revenue projections that follow are based on a \$198 per unit registration fee.

## **Registration Fees**

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

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

For FY 17/18, the projected number of billable units is 26,360. This is slightly higher than the 26,335 billable units upon which the FY 16/17 budget was based. Additionally, it is projected that \$6,000 of previous years' fees will be collected. Given the Agency's successful collection efforts in recent years, the amount of outstanding past due fees has been significantly reduced. Staff will continue to actively pursue property owners who owe past due fees.

## **Registration Fee Refunds**

Sometimes after registration fees have been paid 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 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 17/18, total refunds are projected to be \$12,000 which is the same as anticipated for FY 16/17.

Based on an estimate of 26,360 billable units with an annual registration fee of \$198.00 per unit, the revenue from registration fees (current and past due) should be \$5,225,280. Net registration fees after subtracting projected refunds (\$12,000) will be \$5,213,280.

### Interest Earnings

Another source of revenue is interest earnings on City-invested rent control funds. Staff estimates the interest earnings for FY 17/18 will be \$49,541. The City Treasurer estimates a rate of return on invested funds of 1.35%. Staff uses the 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 17/18.

### Filing Fees

The Board has adopted two filing fees: a \$50 fee for processing a Vacancy Unit Registration on a property that has an owner-occupied exemption and a \$100 fee for processing an owner-occupied exemption application. Owner-occupied exemption applications account for the majority of filing fees collected each fiscal year. 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 - 26,360 units <i>(including \$6,000 in past due fees)</i>	\$5,225,280	
Refunded Registration Fees	<u>-12,000</u>	
Registration Fees Subtotal		5,213,280
Interest Earnings @ 1.35%		49,541
Administrative Records Charges		3,000
Filing Fees		2,500
Miscellaneous Charges		<u>2,500</u>
Total Revenue		\$5,270,821

<b>Total Projected Revenue</b>	<b>\$5,270,821</b>
<b>Total Projected Expenditures</b>	<b>- 5,181,693</b>
<b>Revenue less Expenditures</b>	<b>\$89,128</b>

The budget anticipates adding approximately \$90,000 to the Board's reserves to replenish a portion of the funds used to cover the FY 16/17 deficit.

As noted in the cover memo to this document, staff anticipates recommending that the annual registration fee remain at \$198 per unit through FY 18/19 to cover the ongoing investment in updating the RENT database and to maintain a fiscally sound fund balance.

## **FUND BALANCE**

At the end of FY 16/17, the Agency's fund balance, which is the Agency's "safety net" in case of emergency, is projected to be \$1,129,113. The budget would provide an additional \$89,128 to the reserve balance.

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 between 10-15% of the current year's operating budget and an amount equal to the earned leave accruals for Board employees. Under these guidelines, the Agency should maintain a minimum of \$1,033,169 in reserves through FY 17/18. The projected fund balance at the end of FY 17/18 would be \$1,218,241 or approximately 13.5% of the FY 17/18 budget.

## **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 a form of savings accounts for unforeseeable expenditures for a particular expense category.*

At the end of fiscal year 16/17, the Legal Expenses restricted fund will have a balance of \$41,975. Staff recommends maintaining this restricted fund for fiscal year 17/18. (This account is identified by the Finance Department as JDE account # 29.370323.)

<b>Restricted Fund Name</b>	<b>2017/2018</b>
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. He also maintains and updates the rent control website.

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

### *Office Support Team*

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

The Billing Coordinator issues registration fee bills to owners of controlled properties, collects and processes fees, inputs billing-related changes in the database, and maintains the electronic billing history. She also processes fee waiver applications 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 receiving and directing calls from the public, data entry of all non-billing related information, maintaining the property registration and document files, and copying and mailing various Agency forms and information sheets.

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

# **PUBLIC INFORMATION**

## **DEPARTMENT**

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

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

The Public Information Manager plans and monitors the department's work, trains and supervises the Information Coordinators and Information Analysts, oversees implementation of the activities noted above, manages the owner-occupied exemption recertification project, and monitors compliance with deed restrictions. The Public Information Manager also participates on the management team that oversees the Agency's operation.

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

# **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 staff is comprised of the Board's General Counsel, a Senior Litigation Attorney, a Staff Attorney, and a Legal Secretary. The Senior Litigation Attorney is primary counsel in most of the Board's litigation. The Staff Attorney prepares most staff reports, analyzes exemption applications, oversees the Board's debt-collection efforts, and maintains confidential Ellis withdrawal and Buyout records. The Legal Secretary supports the three attorneys in the department, prepares administrative records, maintains the law library, and keeps appeal and litigation calendars. This position is also a member of the Office Support Team and provides assistance, as needed, throughout the Agency.