

RESOLUTION 18-05

ESTABLISHING THE FISCAL YEAR 2019 ANNUAL REGISTRATION FEE, DUE JULY 2, 2018

BE IT RESOLVED by the Rent Stabilization Board of the City of Berkeley as follows:

WHEREAS, the Rent Stabilization Board operates on the basis of a fiscal year and each year adopts an operational budget after public review and input; and

WHEREAS, Section 123 of Article XVII of the Charter of the City of Berkeley provides that the Rent Stabilization Board shall finance its reasonable expenses by charging landlords annual registration fees in amounts deemed reasonable by the Board; and

WHEREAS, the Budget and Personnel Committee has reviewed the anticipated increases in salary, fringe benefits and rent for office space to be incurred by the Program during the next fiscal year and believes a total operational and capital spending level of \$5,260,240 will be sufficient to cover necessary costs in Fiscal Year 2019 (FY 2019); and

WHEREAS, the Executive Director and Rent Stabilization Board believe that new recurring annual revenues of at least \$5,100,000 in FY 2019 will be necessary to meet the Program's operating needs and maintain a reserve Fund balance approaching 10% throughout FY 2019; and

WHEREAS, because of the ongoing housing crisis, demand for Rent Stabilization Program services has increased dramatically the past several years, including an estimated 50% to 67% increase over the past 5 years; and

WHEREAS, the Board believes that, to the extent possible, the Program should continue to meet the needs of owners and tenants requesting our services and maintain a minimum level of staff to allow that to happen; and

WHEREAS, inflation has increased approximately 25.7% and average rents of controlled units have increased by 45% since May 2009; and

WHEREAS, since 2009, the base annual registration fee has only been increased three times by a total of \$56; and

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WHEREAS, the Board adopted a one-time capital improvements fee of \$20 for FY 2018 earmarked specifically for capital expenditures for important improvements to the Rent Tracking System database as well as the establishment of online registration capabilities; and

WHEREAS, in FY 2018 the Board adopted a fee of \$250 to cover necessary operational costs and an additional fee of \$20 to cover costs of anticipated capital improvements and to establish a capital reserve; and

WHEREAS, because of salary related savings in FY 2018, the Board has an operational reserve balance of at least 8%; and

WHEREAS, the Board is able to lower the portion of the fee for recurring operational needs from \$250 to \$245 per unit; and

WHEREAS, the Board desires to maintain a capital reserve that is stable and avoids large, one-time, increases in the fee; and

WHEREAS, \$100,000 per year is deemed sufficient to maintain a stable capital reserve fund; and

WHEREAS, in order to raise the necessary \$100,000, the amount of the annual fee may be lowered from the \$20 charged in FY 2018 to \$5 in FY 2019; and

WHEREAS, to reach the revenue targets referenced above, an annual registration fee of \$250 per unit is required; and

WHEREAS, the Board will meet to consider and adopt a final budget document detailing the revenues, line-item expenditures and staffing model in June 2018.

NOW THEREFORE, BE IT RESOLVED that the annual FY 2019 registration fee, due July 2, 2018, is hereby set at \$250 per unit; and,

BE IT FURTHER RESOLVED that the Executive Director shall produce a final budget document detailing the revenues, total expenditure level (recurring and one-time costs) broken down in line-item detail, and staffing model for the Board's consideration and adoption at a scheduled meeting in June 2018.

Dated: May 7, 2018

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Adopted by the Rent Stabilization Board of the City of Berkeley by the following vote:

YES:

NO:

ABSTAIN:

ABSENT:

John Selawsky, Chairperson
Rent Stabilization Board

Attest: _____
Jay Kelekian, Executive Director