



Rent Stabilization Board

RENT STABILIZATION BOARD

DATE: April 16, 2007

TO: Honorable Members of the Rent Stabilization Board

FROM: Budget and Personnel Committee
BY: Jay Kelekian, Executive Director

SUBJECT: Recommendation to hold a special meeting and public hearing on the FY 2007/08 Rent Board Budget & consider a possible increase in the registration fee, on May 7, 2007

Recommendation:

That the Board agree to schedule a special meeting and public hearing on the FY 2007/08 Budget on May 7, 2007. That as part of that special meeting the Board hold a public hearing to receive comments on a possible increase in the registration fees due July 1, 2007, in an amount not to exceed \$18.00 per year per unit.

Background and Need For Rent Stabilization Board Action:

Legally, the Board has through the end of June to adopt a line-item budget and expenditure authorization level for FY 2007/08. Unfortunately, however, in order to provide sufficient time to allow staff to print and mail the annual bill prior to the last week of May, the Board must set the fee no later than May 11th. In addition, if the Board wishes to raise the current fee of \$154 per unit, a public hearing must be held upon ten days published notice as set forth in Government Code section 6062a. Therefore, in order to hold a public hearing to consider raising the registration fee prior to May 11th, notice of a potential fee increase must be first published no later than May 1st. Newspapers require between 3-5 days advance notice before publishing the public notice. The Board may hold the public hearing the same evening that it makes a decision on the registration fee. At the recommendation of the Executive Director, the Budget and Personnel Committee is recommending that we hold the hearing and attempt to make a determination on the fee at a special meeting to be held on Monday, May 7th. The date of May 7th was selected because we have access to the Council Chambers and the meeting can be televised and broadcast on the radio and internet. This will allow the greatest degree of transparency to the Board's budget and fee setting process.

Based upon the most recent budget figures available (please see the attached year end projections, based upon figures available through the end of February), I am projecting that the Rent Stabilization Fund will end this fiscal year with an unallocated balance of at least \$550,000. This amount is approximately \$220,000 greater than the Board anticipated when it adopted the FY 2007 budget last June. These amounts are roughly \$100,000 more optimistic than I reported to you last month after reviewing figures available through the end of December.

On April 9th, I provided the Budget and Personnel Committee a preliminary “status quo” budget for FY 2007/2008. I projected that if the Board adopted the “status quo” budget (**please note, this was not my recommendation**) we would end next fiscal year with in excess of \$115,000 available in unallocated reserves. This information gives the Committee and subsequently the full Board an initial projection of what our financial situation would be at the end of next fiscal year if we built in known cost increases (rent, staff cost of living adjustments, etc) but otherwise assumed no major changes in the Program’s operations. This exercise does not bind the Board but provides a good snapshot of the overall financial well being of the agency if we continue with no changes. All adjustments (both up and down) to the “status quo” can then be evaluated with an understanding of how the financial footing of the agency would be affected. Thus, the Board may make additions or deletions that offset each other or make choices that increase or decrease the overall fund balance.

Based upon my year-end projections for the current fiscal year as well as my initial “status quo” projections for next year, I proposed that the Budget and Personnel Committee recommend to the full Board that you schedule a public hearing to consider raising the registration fee due on July 1, 2007. The maximum amount that I believe it may be necessary to increase the fee is \$18 per unit per year. It is possible the fee will not need to be increased by that amount. Over the next several weeks I will meet regularly with the members of the Budget and Personnel Committee to formulate a more comprehensive plan and recommendation. You will have this information prior to your May 7th meeting.

In order to comply with the noticing requirements for governmental agencies increasing user fees, the Board must determine this evening either that:

1. The 2008 registration fee will not exceed \$154 per unit, or
2. Establish a maximum amount that the fees may go up and schedule a public hearing for May 7, 2007

In either case, the Board will not make the final fee determination until May 7th. The Board may always set the fee at an amount lower than the \$154 per unit but may not increase it in an amount greater than advertised in the public hearing notice. Failure to set a public hearing this evening may preclude the Board from being in a position to increase the fee if they desire to do so on May 7th.

Financial Impact:

If the Board decides to meet on May 7th, there would be limited financial costs associated with publicizing, holding, broadcasting and captioning the meeting. These costs would probably be less than \$2,000. The cost of conducting the meeting should not be a consideration in the Board’s discussion as the amount of the registration fee is clearly a significant public policy issue and will have the primary fiscal impact for the Program.

Name and Telephone Number of Contact Person:

Jay Kelekian, Executive Director (510) 644-6128

Rent Stabilization Fund

FY 2007 Two-Third Update
And FY 2008 Status Quo Budget

Code	Description	FY 2005 Actual	FY 2006 Actual	FY2007 Adopted	2007 Adjusted	FY 2007 2/3 Year	FY 2007 Year End Projected **	FY2008 Status Quo
11-01	Monthly Employees	1,369,300	1,391,592	1,540,000	1,540,000	883,438	1,465,000	1,630,000
11-03	Hourly Employees	0	0	0	0	7,338	23,500	0
13-01	Overtime	416	466	3,000	3,000	17	2,000	3,000
27-20	Benefits	693,103	794,180	830,000	830,000	475,137	790,000	905,000
30-12	Stipends	54,280	54,200	54,000	54,000	31,250	54,000	54,000
30-23	Misc. Legal Expenses	-6,539	1,587	10,000	10,000	135	5,000	10,000
30-36	Temp Agency Empl's	21,872	38,595	15,000	15,000	22,836	23,500	15,000
30-38	Misc. Prof. Services	309,255	261,568	324,000	365,000	190,860	322,000	300,000
30-42	Office Equip Mtc. Svcs/Furniture	7,574	23,399	20,000	20,000	2,253	12,000	20,000
30-43	Bldg & Structures Mtc Svc.	495	540	4,000	4,000	4,875	5,500	4,000
40-10	Professional Dues	1,705	1,855	2,000	2,000	1,895	2,000	2,000
40-20	Insurance	0	84	500	500	84	500	500
40-31	Telephone	15,325	5,024	10,000	50,000	2,645	50,000	10,000
40-50	Printing and Binding Outside	34,125	36,169	45,000	45,000	14,264	32,000	45,000
40-61	Commercial Trans	944	682	1,000	1,000	0	1,000	1,000
40-62	Meals & Lodging	1,124	1,724	2,000	2,000	960	2,000	2,000
40-63	Registration Fees	4,970	4,132	4,500	4,500	0	4,500	4,500
40-64	Transportation	815	1,630	2,500	2,500	500	2,500	2,500
40-70	Advertising	30,870	26,453	45,000	45,000	23,307	30,000	45,000
40-80	Books & Pubs	9,434	9,877	10,000	10,000	5,713	10,000	10,000
50-10	Rental of Land/Buildings	197,541	195,840	207,500	207,500	206,683	210,000	220,000
50-30	Rental of Off Equip & Furniture	0	1,476	1,500	1,500	0	1,500	1,500
51-10	Postage	38,145	46,300	55,000	55,000	26,386	38,000	55,000
51-20	Messenger/Delivery	970	824	2,000	2,000	748	2,000	2,000
55-11	Office Supplies	13,023	7,393	18,000	18,000	9,117	16,000	18,000
70-41	Office Equipment	1,341	0	4,000	4,000	0	1,000	4,000
70-44	Computers	15,372	19,110	25,000	25,000	11,673	18,000	25,000
75-10	Facilities Maint. Charges	2,450	0	0	0	0	0	0
75-30	Central Duplicating	4,362	4,189	5,000	5,000	3,250	5,000	5,000
75-50	City Vehicle/Fuel & Maint.	6,432	4,847	6,500	6,500	2,669	6,500	6,500
75-90	Training	330	0	3,000	3,000	575	3,000	3,000
81-01	Liability Payments	100	448	2,000	2,000	0	1,000	2,000
	Expenditure Subtotal	2,829,134	2,934,184	3,252,000	3,333,000	1,928,608	3,139,000	3,405,500
	Other Department Transfer	27,587	33,046	38,000	38,000	13,196	30,000	40,000
	Total Fund Expenditures	2,856,721	2,967,230	3,290,000	3,371,000	1,941,804	3,169,000	3,445,500
	Total Fund Revenue	2,708,438	3,019,264	3,037,500	3,037,500	2,940,204	3,010,000	3,010,000
	Prior year's adjustment				30,332	30,332	30,332	
	Fund Balance	\$627,957	\$679,991	\$427,491	\$376,823	\$1,708,723	551,323	115,823

** Amounts listed in "FY 2007 Year-End Projected" reflect both the amounts that will actually be spent in the fiscal year as well as that which will be carried over into next year

Rent Stabilization Fund Balance
 FY 2002 - 2006 Actuals
 FY 2007 Projected
 FY 2008 Status Quo Projected

	Actual	Actual	Actual	Actual	Actual	Adjusted *	Projected **	Projected **
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2007	FY 2008
Beginning Balance	856,329	919,545	857,102	776,240	627,957	679,991	679,991	551,323
Revenues	2,526,741	2,557,121	2,676,924	2,708,438	3,019,264	3,037,500	3,010,000	3,010,000
Expenditures	2,463,525	2,676,365	2,751,131	2,856,721	2,967,230	3,371,000	3,169,000	3,445,500
Prior Year Adjustment		56,801	-6,655			30,332	30,332	
Ending Balance	919,545	857,102	776,240	627,957	679,991	376,823	551,323	115,823

* Adjusted Budget reflects the Adopted Budget plus unspent carryover of approximately \$85,000 from prior year

** Based on FY 2007 actual expenditures through February 2007.