



Rent Stabilization Board

RENT STABILIZATION BOARD

DATE: June 18, 2012

TO: Honorable Members of the Rent Stabilization Board

FROM: *JK* Jay Kelekian, Executive Director and Budget and Personnel Committee

SUBJECT: Adoption of FY 2012/13 Line-Item Budget, Staffing Model & Expenditure Level

Recommendation:

That the Board adopt the attached resolution approving the FY 2012/13 line-item budget and staffing model and authorizing an overall spending level of \$4,270,000, which includes a set-aside for up to \$250,000 in one-time capital expenditures.

Summary

On May 14, 2012, the Board adopted Resolution 12-05, which established an overall operational spending level of \$3,950,000 for next fiscal year. The Resolution also directed staff to work with the Budget and Personnel Committee to prepare final budget documents detailing revenues, line-item expenditures and a staffing model for FY 2012/13 that stays within the adopted spending level. The report from Budget Committee indicated that the final budget proposal would probably include a recommendation to draw down the Rent Board Fund reserve to cover the cost of priority, one-time capital items such as the next phase of our new RTS database.

The Committee has met with the Executive Director (most recently on June 17th) and is recommending that the Board adopt the attached resolution which has three main components:

1. **A Staffing Model that remains the same.** The Committee and Board have spent considerable time this year reviewing the staffing model. Three times this calendar year alone we have revised the staffing model to account for illness, retirement and changing needs within the agency. The Board last revised the staffing model at your May 21st meeting and it no doubt will need to be revised further as the evolving situation becomes clearer. However, at this time, provided the Board is comfortable with the remaining expenditure-related recommendations, nothing has changed since your May meeting requiring that we alter the authorized staffing model/position control. As has been pointed out the past several months, the adopted staffing model is quite different from the actual positions filled. On paper, we have 25.05 career Full-Time Equivalents (FTE's) while in actuality we only recently added two individuals to raise our total of available/functional FTE's to 20.00 – previously it had been 18 FTE. Positions currently vacant are bolded on the attached chart.

2. **An increase in the appropriation authority for operational spending from that approved on May 14th by \$70,000.** As noted above, when approving the registration fee on May 14th, the Board asked the Committee and Director to return with a proposal that had a recurring operational spending plan at or below the current year's level of \$3,950,000. The Committee met and has struggled with this charge. Through offsets (increases in one line item are taken from decreases in other line items), we were able to balance the budget at the same level as the current year. However, there were three exceptions totaling \$70,000 that – given the Board's priority for being responsive to increased demand for service – proved problematic in staying within the guidelines of the Board's May 14th resolution. We are recommending that the Board increase the recurring operational spending authorization level by \$70,000 (for a new total of \$4,020,000) to account for three items:
 1. Increase in salaries (line items 11-01 & 11-03) by \$45,000.
 2. Increase in fringe benefits (line item 27-20) by \$15,000.
 3. Increase in Rent for our office (line item 50-10) by \$10,000

As will be discussed below, we believe we have sufficient reserves to absorb this change. If the Board does not feel comfortable increasing the authorized appropriation level, we will come back next month with proposed revisions to the staffing model to stay within the original operational spending directive.

3. **Authorize the set-aside of up to \$250,000 for one-time expenditures for capital improvements.** Consistent with the May 14th report and the discussion at our special meeting of June 13th, the Committee and the Executive Director are recommending that the Board authorize the additional, one-time, appropriation of \$250,000 for capital improvements (such as Phase II of the RTS upgrade). As will be discussed below, we believe the Fund balance will remain secure if we make these one-time expenditures over this fiscal year.

Background

Historically, the Board has attempted to maintain a two-three month uncommitted reserve balance in the Rent Stabilization Fund. In FY 2007 and FY 2008, the Balance was \$568,000 and \$587,000 respectively. The reserve balance decreased to \$457,000 in FY 2009. Because of delays in building RTS as well as substantial salary savings in each of the next two years, our reserve balance increased to \$770,000 in FY 2010 and \$1,032,000 by the end of FY 2011. It is important to note that because we finally had Phase I of RTS under contract, a portion of that reserve was encumbered (committed). ***The Board ended last fiscal year (FY 2011) with an uncommitted reserve of roughly \$850,000 (\$1,032,000 minus \$184,000 RTS contract).***

Projections for the current (FY 2012) year – The combination of salary savings and increased revenues that resulted in an annual surplus in FY 2010 and 2011 continued this year. I am projecting that revenues this year will reach \$3,870,000, which is \$55,000 over that which was budgeted. We have also realized significant salary savings, which have allowed us to absorb unbudgeted items like the new VoIP system (see agenda item 6.a.3) and still under spend our approved operational budget by nearly \$180,000. The end result is that, **prior to making any commitments concerning Phase II of RTS, the Rent Board Fund will have an uncommitted reserve of roughly \$950,000 as we close out this fiscal year.** This figure of \$950,000

(\$947,854, actually) is the amount the Budget and Personnel Committee assumed would be available as our available reserve as the new fiscal year begins.

Assumptions for FY 2012/13 – Based upon the Board's reaction and feedback to staff's extensive presentation of current and planned service and outreach-related activities, the Committee did not see the need for any major changes in budget currently being implemented. For the most part, we made minor changes that offset one another. As noted above, three areas the Committee was not able to reconcile without any impact on services were salary, benefits and rent for the building in which our offices are housed. In these three items, we are a combined \$70,000 over the amount previously set by the Board as our target. If the Board agrees to increase the authorized appropriation level to incorporate these increases, we will have an operational spending level ceiling of \$4,020,000. If the Board does not feel comfortable increasing the authorized level of spending, we will return next month with proposed cuts totaling \$70,000. We anticipate this will include cuts in staffing.

In addition, as also previously noted, the Director and Budget Committee are recommending that the Board authorize a one-time set aside of \$250,000 for capital improvements. The first priority for this money would be for Phase II of the RTS replacement project, including a portal allowing the public to pay and transact other business online (please see agenda item 6. a. 2).

Based upon actual revenues collected in FY 2011 and FY 2012, the Executive Director and Budget Committee have revised revenue projections for next year, increasing the anticipated amount by \$35,000 to \$3,850,000.

If the Board raises \$3,850,000 and spends \$4,270,000 (\$4,020,000 operational + \$250,000 capital) the annual shortfall for the year will be \$420,000. The Budget Committee believes the Rent Board Fund will begin FY 2013 with an uncommitted reserve of \$950,000 and is capable of absorbing a one-time reduction of this scope provided the expenditure produces significant improvements in services, efficiencies and the ability to contain costs in the future. We believe that the changes proposed in RTS Phase II will result in those desired transformative changes. The remaining Fund balance at the end of FY 2013 would be in the neighborhood of \$525,000, which is similar to the reserves held from FY 2007 – FY 2009.

Attachments:

1. Resolution authorizing budget and staffing model
2. Proposed FY 2013 Line-Item Budget (shorter version)
3. Proposed Position Detail grouped by unit
4. Rent Stabilization Board Fund 440 Balance in summary form
5. Proposed FY 2012 Line-Item Budget with greater historical information

RESOLUTION 12 -

ADOPTING THE FISCAL YEAR 2012-2013 BUDGET, STAFFING MODEL POSITION DETAIL AND THE EXPENDITURE LEVEL FOR FISCAL YEAR 2012-2013

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, on May 14, 2012, the Rent Board reviewed the overall budget priorities for the Program; and,

WHEREAS, the Board determined that an annual registration fee of \$194 per unit would be necessary to meet the Program's operating needs; and,

WHEREAS, on May 14, 2012, the Board adopted Resolution 12-05 which directed the Executive Director to work with the Budget and Personnel Committee to return with an operational spending level that does not exceed \$3,950,000 for Fiscal Year 2013, and set the annual registration fee due on July 1, 2012 at \$194 per unit; and,

WHEREAS, the Budget and Personnel Committee and the Executive Director met to develop an operating budget for FY 2013 in which the final expenditure level is less than \$3,950,000; and

WHEREAS, the Budget Committee believes that, in order to maintain the level of service provided during the 2011/2012 Fiscal Year, it is necessary to increase the operational expenditure authorization by \$70,000 to a new authorized amount of \$4,020,000; and

RESOLUTION 12 -

**ADOPTING THE FISCAL YEAR 2012-2013 BUDGET, STAFFING MODEL POSITION DETAIL,
AND EXPENDITURE LEVEL FOR FISCAL YEAR 2012-2013 (Page 2)**

WHEREAS, having sufficient reserves in the Rent Stabilization Fund, the Budget Committee recommends that the Board also authorize the set-aside of up to \$250,000 additional for one-time capital improvement projects, which will include the completion of the new Rent Tracking data base and desired enhancements to the Program's ability to use web-based interfaces with the public; and

WHEREAS, the Board has recently reviewed and updated the staffing model and position detail, authorizing career staffing level at the Program of 23.95 FTE and an additional 1.1 FTE for support in the Information Technology Department of the City of Berkeley; and

WHEREAS, after reviewing the recent changes to the FY 2011/2012 staffing model, the Budget Committee believes that the Program can achieve all goals and objectives identified by staff and Board Committees with a staffing level of 23.95 Full-Time Equivalents (FTE's) at the Rent Board and 1.1 FTE's housed in other departments for a total of 25.05 FTE's; and,

NOW, THEREFORE, BE IT RESOLVED that an overall spending level totaling \$4,270,000 (\$4,020,000 operational and \$250,000 for capital) and a staffing level of 25.05 FTE's is hereby adopted for the Fiscal Year 2012-2013.

Dated: June 18, 2012.

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

Yes:
No:
Abstain:
Absent:

Lisa Stephens, Chairperson
Rent Stabilization Board

Attest: _____
Jay Kelekian Executive Director

Rent Stabilization Program
Proposed FY 2013 Budget

Code	Description	Proposed FY 2013
11-01	Monthly Employees	1,980,000
11-03	Hourly Employees	60,000
13-01	Overtime	1,000
27-20	Benefits	1,160,000
30-12	Stipends	53,500
30-23	Misc. Legal Expenses	3,000
30-36	Temp. Agency Employees	10,000
30-38	Misc. Professional Services	320,000
30-42	Office Equip. Mtc. Svcs. / Furniture	4,000
30-43	Bldg. & Structures Mtc. Svc.	2,000
40-10	Professional Dues & Fees	2,500
40-20	Insurance	0
40-31	Telephones	6,000
40-50	Printing & Binding	45,000
40-61	Commercial Travel	1,000
40-62	Meals & Lodging	500
40-63	Registration Fees	4,000
40-64	Transportation	500
40-70	Advertising	30,000
40-80	Books & Publications	12,000
50-10	Rental of Land / Buildings	240,000
50-30	Rental of Office Equip. & Furniture	0
51-10	Postage	40,000
51-20	Messenger / Delivery	5,000
55-11	Office Supplies	17,000
55-50	Food	500
70-41	Office Equipment	500
70-44	Computers & Printers (copy machine)	5,000
75-25	PC Replacement Contribution	9,500
75-30	Central Duplicating	0
75-35	Mail Services	3,500
75-50	City Vehicle / Fuel & Maint.	4,000
75-90	Training	0
81-01	Liability Payments	0
	Displacement Reimbursement Offset **	0
	Expenditure Subtotal	4,020,000
	RTS Database Upgrade Project*	250,000
	Total Fund Expenditures	4,270,000
	Total Fund Revenue	3,850,000
	Annual Surplus/Shortfall	(420,000)
	FUND BALANCE	527,854

* Note - only outside expenditures are tracked separately for RTS - staffing costs are included in salary and benefits
 Assumes all money currently encumbered will be spent in FY2012, Anything unspent will be carried over to FY 2013

** Displacement Reimbursement costs are listed as a negative charge because they are offset by
 non-registration fee related funding sources and have no impact on the Fund Balance.

RENT BOARD POSITION DETAIL		
FY 2012/2013		
Budget Code 11-01 Monthly Employees + 11-03 Hourly Employees		
Administration Unit		
Executive Director		1.00
Administrative Staff Assistant		1.00
Deputy Director *		1.00
Assistant Planner		1.00
Senior Legal Secretary		0.25
Subtotal for FTE		4.25
Legal Unit		
Staff Attorney III		1.00
Staff Attorney I		1.00
Senior Field Representative		1.00
Senior Legal Secretary		0.50
Subtotal for FTE		3.50
Hearings Unit		
Senior Hearing Examiner		1.00
Senior Hearing Examiner		0.85
Community Services Specialist II		0.25
Senior Legal Secretary		0.25
Subtotal for FTE		2.35
Public Information Unit		
Community Services Specialist III		1.00
Staff Attorney I		1.00
CSS II (media project)		1.00
CSS II or Associate Mgt Analyst ***		1.00
Associate Management Analyst		1.00
Associate Management Analyst		0.60
Community Services Specialist II		1.00
Community Services Specialist II		0.75
Community Services Specialist I		1.00
Community Services Specialist I **		1.00
Community Services Specialist I		0.50
Office Specialist II		1.00
Office Specialist III		1.00
Office Specialist II		1.00
Office Specialist II		1.00
Subtotal for FTE		13.85
Total RSB Staff		23.95
RTS Project Manager		0.10
Information Systems Specialist		1.00
Total Career Staff		25.05
Seasonal Temporary Agency Assistance	0.75	0.10
Housing Intern	0.75	0.50
Grand TOTAL ****		25.65

* this position is budgeted as a full-time, career position but is being filled on a part-time, unbenefitted basis until it can be refilled

** this temporary position is to backfill for an incumbent who has been out on extended disability, which may run through the end of this year

*** this is a temporary position to backfill for an incumbent who has been out on extended disability.

**** While the current staffing model lists 25.65 FTE authorized, it should be noted that two are temporary replacements for staff out on disability. Several other positions are not currently filled.

Rent Stabilization Board Fund -- 440

	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Projected	FY 2013 Proposed
Beginning Balance	568,619	587,056	457,767	770,549	1,032,354	947,854
Revenues	3,331,756	3,416,960	3,808,926	3,909,345	3,870,000	3,850,000
Registration Charges	3,207,952	3,244,952	3,679,142	3,698,628	3,720,000	3,710,000
Legal Fees Recovery	1,056	813	154	8,512	0	0
Review Fees and Miscellaneous	0	21,475	5,811	6,464	5,000	5,000
Fines & Penalties	122,748	149,720	123,819	195,741	145,000	135,000
Expenditures	3,313,318	3,546,249	3,496,144	3,647,540	3,954,500	4,270,000
Personnel	2,556,758	2,697,575	2,732,754	2,962,903	2,971,500	3,264,500
Non-Personnel	756,560	823,674	769,840	684,637	799,000	755,500
Capital (RTS, etc)		25,000			184,000	250,000
Displacement Reimbursement Offset *			-6,450			
Annual Surplus/Shortfall	18,438	-129,289	312,782	261,805	-84,500	-420,000
Ending Balance	587,057	457,767	770,549	1,032,354	947,854	527,854

** Note: Displacement Reimbursement Project costs are listed as a negative charge because they are offset by non-registration fee related funding sources and have no impact on the Funds balance. Unused funds will be carried over to the next Fiscal year.

**Rent Stabilization Program
Proposed FY 2013 Budget**

FY 2012 projections through end of May (11/12 year)

Code	Description	Actual FY 2010	Actual FY 2011	Adopted FY2012	Projected FY 2012	Proposed FY 2013
11-01	Monthly Employees	1,727,515	1,774,804	1,979,000	1,809,000	1,980,000
11-03	Hourly Employees	55,512	65,884	17,000	60,000	60,000
13-01	Overtime	108	407	1,000	1,000	1,000
27-20	Benefits	949,618	1,023,590	1,145,000	1,043,000	1,160,000
30-12	Stipends	54,660	53,400	54,000	53,500	53,500
30-23	Misc. Legal Expenses	1,044	2,002	3,000	13,000	3,000
30-36	Temp. Agency Employees	39,711	41,818	5,000	5,000	10,000
30-38	Misc. Professional Services	284,285	305,860	319,000	364,000	320,000
30-42	Office Equip. Mtc. Svcs. / Furniture	22,594	3,138	7,500	4,000	4,000
30-43	Bldg. & Structures Mtc. Svc.	218	952	3,000	2,000	2,000
40-10	Professional Dues & Fees	1,080	1,465	2,000	2,500	2,500
40-20	Insurance	0	59	200	0	0
40-31	Telephones	5,234	4,837	6,000	5,000	6,000
40-50	Printing & Binding	34,112	34,196	40,000	45,000	45,000
40-61	Commercial Travel	0	368	500	1,250	1,000
40-62	Meals & Lodging	0	0	500	100	500
40-63	Registration Fees	480	2,395	4,000	5,500	4,000
40-64	Transportation	800	517	1,000	250	500
40-70	Advertising	29,069	26,557	35,000	30,000	30,000
40-80	Books & Publications	11,199	10,467	12,000	12,000	12,000
50-10	Rental of Land / Buildings	218,210	225,288	232,000	230,000	240,000
50-30	Rental of Office Equip. & Furniture	0	0	500	0	0
51-10	Postage	30,317	24,256	40,147	39,947	40,000
51-20	Messenger / Delivery	2,624	3,236	4,000	5,000	5,000
55-11	Office Supplies	13,903	15,710	16,000	16,000	17,000
55-50	Food	1,373	760	300	500	500
70-41	Office Equipment	265	0	500	0	500
70-44	Computers & Printers (copy machine)	0	3,864	3,000	4,600	5,000
75-25	PC Replacement Contribution	7,242	7,242	9,493	9,493	9,500
75-30	Central Duplicating	3,277	1,422	0	0	0
75-35	Mail Services	3,240	3,321	3,360	3,360	3,500
75-50	City Vehicle / Fuel & Maint.	4,904	9,581	5,000	5,500	4,000
75-90	Training	0	0	0	0	0
81-01	Liability Payments	0	0	1,000	0	0
	Displacement Reimbursement Offset **	(6,450)	144			0
	Expenditure Subtotal	3,496,144	3,647,540	3,950,000	3,770,500	4,020,000
	RTS Database Upgrade Project*				184,000	250,000
	Total Fund Expenditures	3,496,144	3,647,540	3,950,000	3,954,500	4,270,000
	Total Fund Revenue	3,808,926	3,909,345	3,815,000	3,870,000	3,850,000
	Annual Surplus/Shortfall	312,782	261,805	(135,000)	(84,500)	(420,000)
	FUND BALANCE	770,549	1,032,354	635,549	947,854	527,854

* Note - only outside expenditures are tracked separately for RTS - staffing costs are included in salary and benefits
Assumes all money currently encumbered will be spent in FY2012, Anything unspent will be carried over to FY 2013

** Displacement Reimbursement costs are listed as a negative charge because they are offset by non-registration fee related funding sources and have no impact on the Fund Balance.