



**RENT STABILIZATION BOARD
BUDGET & PERSONNEL COMMITTEE MEETING**

Friday, February 23, 2024 – 11:00 a.m.

Rent Stabilization Board Law Library – 2001 Center Street, 2nd floor, Berkeley

****REVISED AGENDA****

PUBLIC ADVISORY: THIS MEETING WILL BE CONDUCTED IN A HYBRID MODEL WITH BOTH IN-PERSON ATTENDANCE AND VIRTUAL PARTICIPATION.

For in-person attendees, face coverings or masks that cover both the nose and the mouth are encouraged. If you are feeling sick, please do not attend the meeting in person.

To access this meeting remotely: Join from a PC, Mac, iPad, iPhone, or Android device by clicking on this URL: <https://us06web.zoom.us/j/87211675770?pwd=sExaR9g4yyHdcdMzEYVgaIpIfJG55Z.1>. If you do not wish your name to appear on the screen, then use the drop-down menu and click on "Rename" to rename yourself as anonymous. To request to speak, use the "Raise Hand" icon by rolling over the bottom of the screen.

To join by phone: Dial 1-669-900-6833 and enter Webinar ID: 872 1167 5770 and Passcode: 051843. If you wish to comment during the public comment portion of the agenda, Press *9 and wait to be recognized by the Committee Chair.

To submit an email comment for the Committee's consideration and inclusion in the public record, email DeWilliams@berkeleyca.gov with the Subject line in this format: "PUBLIC COMMENT ITEM FOR BUDGET & PERSONNEL COMMITTEE." Please observe a 150-word limit. Time limits on public comments will apply. Written comments will be entered into the public record. **Email comments must be submitted to the email address above by 9:30 a.m. on the day of the Committee meeting in order to be included.**

Please be mindful that this will be a public meeting and all rules of procedure and decorum apply for both in-person attendees and those participating by teleconference or videoconference.

This meeting will be conducted in accordance with Government Code Section 54953 and all current state and local requirements allowing public participation in meetings of legislative bodies. Any member of the public may attend this meeting at the posted location(s). Questions regarding this matter may be addressed to DéSeana Williams, Executive Director of the Rent Board, at 510-981-7368 (981-RENT). The Committee may take action related to any subject listed on the Agenda.



COMMUNICATION ACCESS INFORMATION:

This meeting is being held in a wheelchair accessible location. To request disability-related accommodation(s) to participate in the meeting, including auxiliary aids or services, please contact the Disability Services Specialist at (510) 981-6418 (voice) or (510) 981-6347 (TDD) at least three (3) business days before the meeting date.

Attendees at public meetings are reminded that other attendees may be sensitive to various scents, whether natural or manufactured, in products and materials. Please help the City respect these needs.



Rent Stabilization Board

RENT STABILIZATION BOARD
BUDGET & PERSONNEL COMMITTEE MEETING

Friday, February 23, 2024 – 11:00 a.m.

Rent Stabilization Board Law Library – 2001 Center Street, 2nd floor, Berkeley

****REVISED AGENDA****

1. Roll Call
2. Land Acknowledgment Statement: *The Berkeley Rent Stabilization Board recognizes that the rental housing units we regulate are built on the territory of xučyun (Huchiun-(Hooch-yoon)), the ancestral and unceded land of the Chochenyo (Cho-Chen-yo)-speaking Ohlone (Oh-low-nee) people, the ancestors, and descendants of the sovereign Verona Band of Alameda County. This land was and continues to be of great importance to all of the Ohlone Tribes and descendants of the Verona Band. As we begin our meeting tonight, we acknowledge and honor the original inhabitants of Berkeley, the documented 5,000-year history of a vibrant community at the West Berkeley Shellmound, and the Ohlone people who continue to reside in the East Bay. We recognize that Berkeley's landlords and tenants have and continue to benefit from the use and occupation of this unceded stolen land since the City of Berkeley's incorporation in 1878 and since the Rent Stabilization Board's creation in 1980. As stewards of the laws regulating rental housing, it is not only vital that we recognize the history of this land but also recognize that the Ohlone people are present members of Berkeley and other East Bay communities today.*
3. Approval of agenda
4. Public Comment
5. Approval of February 8, 2024, meeting minutes (attached to agenda)
6. Discussion and Possible Action on the Process to Adopt the FY 2024/25 Registration Fee for Fully Covered and Measure MM units (Staff presentation)
7. Discussion and Possible Action regarding Mid-Fiscal Year Budget Review, including an Update on Recent Changes to the Staffing Model (To be delivered)
8. Office Relocation process (verbal report only)
9. Rent Board File Scanning Project Update (verbal report only)
10. Future agenda items
11. Discussion and possible action to set the next meeting
12. Adjournment

STAFF CONTACT: DéSeana Williams, Executive Director (510) 981-7368

COMMITTEE: Soli Alpert, Nathan Mizell, Leah Simon-Weisberg, Dominique Walker (Chair)



Rent Stabilization Board

RENT STABILIZATION BOARD
BUDGET & PERSONNEL COMMITTEE MEETING

Thursday, February 8, 2024 – 5:30 p.m.

Rent Stabilization Board Law Library – 2001 Center Street, 2nd floor, Berkeley

Minutes – To Be Approved

1. Roll Call: Staffer DeSeana Williams called Roll at 5:36 p.m.
Members Present: Mizell, Alpert, Simon-Weisberg, and Committee Chair Walker.
Staff Present: S. Cole and D. Williams.
2. Land Acknowledgment Statement: The Recording of the Land Acknowledgment Statement was played.
3. Approval of agenda: M/S/C (Alpert/Mizell). Motion to approve the agenda. YES: 4; NO: None; ABSTAIN: None; ABSENT: None. Motion Carried: 4-0-0-0.
4. Election of Committee Chair: (M/S/C) (Simon-Weisberg/Alpert) Motion to approve Commissioner Walker as Budget Committee Chair. YES: 4; NO: None; ABSTAIN: None; ABSENT: None. Motion Carried: 4-0-0-0.
5. Public Comment: No public comment.
6. Approval of the January 11, 2024, meeting minutes (attached to agenda): M/S/C (Alpert/Simon-Weisberg). Motion to approve the January 11, 2024 meeting minutes. YES: 4; NO: None; ABSTAIN: None; ABSENT: None. Carried: 4-0-0-0.
7. Discussion and Possible Action on the Rent Board Staffing Model modification: M/S/C (Simon-Weisberg/Alpert) Motion to recommend the Rent Board adopt Staffing Model Modification to the full board. YES: 4; NO: None; ABSTAIN: None; ABSENT: None. Carried: 4-0-0-0.
8. Discussion and Possible Action on the Process to Adopt the Fiscal Year 2024/25 Registration Fee for Fully Covered and Measure MM units (verbal only): Executive Director Williams provided the committee with an update on the Fiscal Year 24/25 fee discussion and informed the committee that additional reporting will be forthcoming at the February and March meetings. NO ACTION TAKEN
9. Office relocation process update (verbal report only): Executive Director Williams gave a brief update on the Rent Board office relocation. NO ACTION TAKEN

10. Future agenda items:

- ➔ Rent Board Office Relocation Process and Progress
- ➔ Rent Board Property Filing Project
- ➔ Budget Review update for Fiscal Year 2023/2024
- ➔ Process to Adopt the Fiscal Year 2024/25 Registration Fee
- ➔ Report on Reserve Budget Policy of similarly sized jurisdictions and institutions.
- ➔ Review of Commissioner Stipends for Meeting Absences.

11. Discussion and possible action to set the next meeting: Next meeting scheduled for Friday, February 23, 2024 at 11:00 a.m.

12. Closed Session: **CLOSED SESSION:** Public Employee Evaluation of Performance pursuant to California Government Code Section 54957(b)(1) Executive Director:
NO ACTION TAKEN

13. Adjournment: M/S/C (Simon-Weisberg/Alpert) Motion to Adjourn. YES: 4; NO: None; ABSTAIN: None; ABSENT: None. Carried: 4-0-0-0. Meeting adjourned at 6:21 p.m.

STAFF CONTACT: DéSeana Williams, Executive Director (510) 981-7368

COMMITTEE: Soli Alpert, Nathan Mizell, Leah Simon-Weisberg, Dominique Walker (Chair)



Rent Stabilization Board
Office of the Executive Director

DATE: February 23, 2024

TO: Honorable Members of Budget & Personnel Committee

FROM: DéSeana Williams, Executive Director
Shamika Cole, Finance Director

SUBJECT: Fiscal Year 2022-23 Year End and FY 24 Budget Update Report

Recommendation

That the Budget & Personnel Committee review this report and provide recommendations to the full Board regarding the process for setting the FY 2024/25 registration fee.

Background

On June 16, 2023, the Board adopted a staffing model and budget with a maximum expenditure authorization for Fiscal Year (FY) 2023/24. Before adopting the budget, the Board voted to increase the annual registration fee for fully covered units to \$290 per unit and the Measure MM unit fee to \$178 per unit. Prior to the change, the Board had successfully avoided increasing the fully covered unit fee, which had been set at \$250 per unit since FY 2018/19, despite the increasing program costs. The Board also retained the reduced registration unit fee specified in Measure MM for 100% affordable housing projects. This fee, applicable to non-profit-managed projects within the regulatory period, is outlined by a regulatory agreement with the City of Berkeley via its Housing Trust Fund program and remains at \$37 per unit.

To support expenses related to the imminent office relocation, the Board's adopted budget also authorized spending down the uncommitted reserve by up to \$420,000 this fiscal year. The Board has maintained a larger-than-expected uncommitted reserve balance over the past few fiscal years, primarily due to staff turnover and unexpected vacancies in several previously budgeted positions. The Board's current reserve policy is to maintain an uncommitted reserve that covers all expenditures two months or 16% of recurring expenditures. Although the Board has previously chosen to go below an 8% reserve level to limit the extent of fee increases, it has maintained at least a two-month or 16% reserve since FY 2017/18. The Board's long-standing reserve level is aligned with the Government Finance Officers Association's best practice recommended minimum fund reserve level of 16-17%.

The Board's adopted budget for FY 2023/24 authorized spending down the uncommitted reserve to just under \$820,000 which is approximately 12% of recurring expenditures and is below the target reserve level of 16%.

FY 2022/23 Year-End Fund Balance

The Board's year-end FY 2022/23 revenue was reported at \$6,159,705, and total expenditures were reported at \$6,323,086. Revenue includes \$775,000 of FY 2023/24 registration payments that were paid early and credited to owners' accounts during FY 2022/23.

In summary, the Board spent \$361,294 less than anticipated by its adopted FY 2022/23 budget. This underspent amount was primarily due to personnel savings from several unanticipated vacancies. The Board's revenues were also about \$473,000, more than initially anticipated due to higher-than-expected revenue from registration fees and registration penalties. This left the Board with a total year-end fund balance of \$1,529,573 (on an accrual basis) on June 30, 2023, which is the last day of the fiscal year.

At the end of the fiscal year, the Board's capital reserve stood at \$45,516, which left the Board's uncommitted reserve at \$1,529,573. This uncommitted reserve amounts to 24% of the projected recurring expenditures and is well above the Board's 16% reserve target. However, please note that these figures are preliminary and are yet to be audited. The City of Berkeley hires an external auditor to review its financial statements. The audit of the Board's financial statements for the fiscal year 2022/23 should be ready for review sometime in March or April 2024.

Fiscal Year 2023/24 Revenue Collection

The Board's adopted budget anticipated the agency collecting \$6,965,175 in revenue for the current fiscal year. As of December 31, 2023, the agency has collected \$6,198,879. As of December 31, 2023, there were 222 fully-covered properties and 3,009 partially-covered or Measure MM properties that still owed a total of \$193,748 and \$630,055, respectively, a total of \$823,803 for the current registration year. Assuming the agency collects fees owed during the remainder of this fiscal year, the agency projects to collect majority of its projected revenue for FY 2023/24.

Administration of the Empty Homes Tax Ordinance

At the request of the City Council, the Board agreed to assist the City of Berkeley with the implementation and administration of the voter-adopted Empty Homes Tax (B.M.C. Chapter 7.54), which went into effect on January 1, 2024. The Council allocated a total of \$332,920 in Measure U1 funds to the Rent Board for its work on the Empty Homes Tax in FY 2023/24. These funds are being used to pay for staff working on Empty Homes Tax implementation, program outreach, and the development of databases and reports needed to identify potentially vacant units.

Since funding for the Empty Homes Tax comes from the City's Measure U1 fund, Rent Board's staff work on the Empty Homes Tax program will have little impact on the Board's budget aside from a small amount of salary savings from employee salaries being partially paid from Empty

Homes Tax funding. Staff anticipates requesting a similar level of funding to continue assisting the Empty Homes Tax Program's implementation and administration in FY 2024/25.

Fiscal Year 2023/24 Mid-Year Expenditures & Updated Projections

As of December 31, 2023, the Board has expended a total of \$3,321,869. Actual mid-year expenditures are slightly less than anticipated in the Board's adopted budget. Personnel expenditures were below what was projected in the 1st half of the year due to the turnover of an Office Specialist position, two vacant Community Services Specialist II positions, an Accounting Office Specialist III position, and an Assistant Management Analyst position. When adjusting for these savings, staff project that total FY 2023/24 expenditures will be around \$400,000 **less** than what the Board authorized in the adopted budget.

A preliminary mid-year budget update is attached to this report and details actual expenditures by budget line item. The staff has also updated the projected year-end projections with updated projections on personnel expenditures, accounted for any changes or additions to the Board's contracts with outside vendors, and reduced spending from the Board's capital reserve.

The actual year-end numbers for FY 2022/23 are not yet final and are still pending review by the City of Berkeley's contracted outside auditor.

Current Staffing Model

The agency's current staffing model has 29.0 Full-time Equivalent (FTE) career positions. There are currently four (4) vacancies: one in the Office Specialist II classification, one Accounting Office Specialist III position, one Assistant Management Analyst position, and two Community Services Specialist II positions. The Board's staffing model also includes a vacant Policy Director position that cannot yet be recruited since it is an entirely new position that still needs review and approval from the City of Berkeley's Personnel Board. Staff is currently completing interviews for the vacant Office Specialist II position, a vacancy in the agency's Registration Unit, an Accounting Office Specialist III position, and an Assistant Management Analyst position, which are existing vacancies within the Finance Unit.

Proposed Staffing Model Change – Public Information Unit

The Executive Director has prioritized efforts to transform the agency into more effective and efficient operations and higher-level performance goals. The operations of the Public Information Unit are critical to the success of the agency and the quality of service to the public. The current staffing model of the Public Information Unit is currently comprised of (1) CSS III

position (Manager – in Local1), five (5) CSS II positions (Housing Counselors in SEIU 1021 CSU), and one (1) Office Specialist II position (Admin Support in SEIU 1021 M&C).

To create promotional opportunities and bolster our services, reframing the current PIU staffing model by introducing the Community Development Program Coordinator (CDPC) and the Community Services Specialist I (CSS I) will assist in furthering the PIU and the Rent Board's service and operational performance goals. This will be accomplished by converting a vacated CSSII position to a CSS I position for a more balanced team with an entry-level opportunity in housing counseling work. The proposed change to the staffing model will not require additional positions in the Public Information Unit.

Proposed Staffing Model Change – Office of the Executive Director

The Executive Director has operated without dedicated administrative support for the past two years. Increasing the capacity of the Rent Board by adding an Administrative Staff Assistant will be instrumental in enhancing operational effectiveness, improving communication, and ensuring compliance within the agency. The Administrative Staff Assistant will support the Executive Director with efforts to streamline daily operations by managing schedules, organizing meetings, handling correspondence, and organizing logistics to track key project milestones for the agency. This will allow executive staff to focus on strategic decision-making and programmatic priorities, ultimately increasing efficiency.

Next Steps

The Budget & Personnel Committee needs to discuss a recommendation for how the Board will address its projected budget deficit in FY 2024/25. The Board will also need to provide input on additional programs or initiatives to be considered for inclusion in the FY 2024/25 budget; understanding any additional proposed expenditures will also help inform the fee level recommendation. At its next meeting, the Budget & Personnel Committee will review initial budget projections for the next fiscal year and further discuss a recommendation to the Board on setting the FY 2024/25 registration fee. If the Board considers raising the registration fee level, a public hearing on the fee increase must be conducted. Any adoption of the FY 2024/25 fee level change must occur at a regularly scheduled meeting at least two weeks after the public hearing.

Once the fee level is set, the Budget & Personnel Committee can begin work on the FY 2024/25 budget recommendation, which is typically considered and adopted by the Board at its regularly scheduled meeting in June.

Conclusion

If the Committee believes it is likely to recommend a fee increase of any amount, the Board should be informed at its March 21, 2024, meeting. In the past, the Board has often set a special meeting for the public hearing for a fee increase. The Board has also adjusted its regular meeting

schedule if necessary to efficiently set the registration fee at least two weeks after the public hearing. Ideally, the Board should pass the fee by its April meeting to allow the Registration Unit staff enough time to get the registration bills out well in advance of their July 1st due date. If a fee increase is being considered, it would be ideal for the Board to agree on a process and the scheduling of the public hearing on the increase and setting of the FY 2024/25 registration fee levels at its March meeting.

Attachments:

1. FY23 Year End and FY 24 Budget Update Spreadsheet
2. Fiscal Year 2023/2024 Staffing Model & Organization Chart

**Rent Stabilization Program FUND 440
FY 2023 Year End and Projected FY 2024 Budget**

Code	Description	Adopted FY 2023	Prelim. Year End FY 2023	Adopted FY 2024	Projected FY 2024
11-01	Monthly Employees	3,015,000	2,791,672	3,265,000	3,000,000
11-03	Hourly Employees	0	0	0	0
13-01	Overtime	1,000	27	1,000	1,000
27-20	Benefits	2,075,000	1,792,002	2,225,000	2,085,000
30-12	Stipends	154,000	158,582	164,000	164,000
30-12b	Technology Stipend	30,000	30,000	5,000	0
30-23	Misc. Legal Expenses	85,000	149,487	20,000	45,271
30-36	Temp. Agency Employees	25,000	82,648	10,000	10,000
30-38	Misc. Professional Services	378,500	502,128	402,800	402,800
30-42	Office Equip. Mtc. Svcs. / Furniture	13,000	11,156	25,000	25,000
30-43	Bldg. & Structures Mtc. Svc.	500	460	500	500
30-51	Bank Credit Card Charges	25,000	16,443	20,000	20,000
40-10	Professional Dues & Intern Fees	2,000	1,993	2,000	2,000
40-31	Telephones	7,000	8,524	9,000	9,000
40-50	Printing and Binding	30,000	18,471	30,000	30,000
40-62	Meals & Lodging	1,000	0	7,000	7,000
40-63	Registration Fees/Training	12,000	2,897	13,000	13,000
40-61/64	Transportation & Commercial Travel	3,000	929	4,000	4,000
40-70	Advertising/public access	50,600	31,610	99,100	99,100
40-80	Books & Publications	13,000	13,831	13,000	13,000
50-10	Rental of Land / Buildings	370,000	361,132	528,405	528,405
51-10	Postage	35,000	75,497	35,000	53,500
51-20	Messenger / Delivery	500	16	500	500
55-11	Office Supplies	13,500	15,656	13,500	13,500
55-50	Food and Water	1,000	4,881	2,500	2,500
644110	Supplies - Clothing				3,000
70-43	Office Equipment and Furniture	5,000	0	5,000	192,700
70-44	Computers, Printers, Software	15,000	23,873	10,000	10,000
75-25	PC Replacement/City Software Licences	74,305	74,305	74,305	74,305
75-35	Mail Services	3,600	3,600	3,600	3,600
75-50	City Vehicle / Fuel & Maint.	1,500	4,500	7,500	7,500
	Displacement Reimbursement Offset	0	10,760	0	0
	Unallocated	0	0	233,000	194,063
	Expenditure Subtotal**	6,440,005	6,187,081	7,228,710	7,014,244
	Capital Reserve (incl. 3DI, file digitization, evaluations, training)	358,100	309,731	277,750	281,750
		Adopted FY 2023	Prelim. Year End FY 2023	Adopted FY 2024	Projected FY 2024
	Total Authorized Fund Expenditures*	6,798,105	6,436,811	7,506,460	7,295,994
	Fully-covered Unit Revenue	4,885,000	4,264,528	5,725,000	5,725,000
	Measure MM Revenue	600,000	603,130	946,600	946,600
	Registration Penalties	150,000	473,933	250,000	250,000
	Fair Chance Ord. Administration	50,000	41,575	41,575	41,575
	Misc. (Project review, Settlements, Admin. Fees)	2,000	1,180	2,000	2,000
	Total Authorized Fund Revenue*	5,687,000	5,384,346	6,965,175	6,965,175
	<i>FY 23 Registration Revenue***</i>		775,359		
	<i>Registration Year Revenue</i>		6,159,705		
	Annual Surplus/Shortfall	(1,111,105)	(277,106)	(541,285)	(330,819)
	<i>Previous FY Carryover Expenditures</i>				
	FUND BALANCE (cash basis)	1,470,933	1,529,573	988,288	1,198,754
	FUND BALANCE (accrual basis)	658,073	1,529,573	988,288	1,198,754
	TOTAL UNCOMMITTED OPERATIONAL FUND BALANCE	423,473	1,516,410	974,925	1,185,591

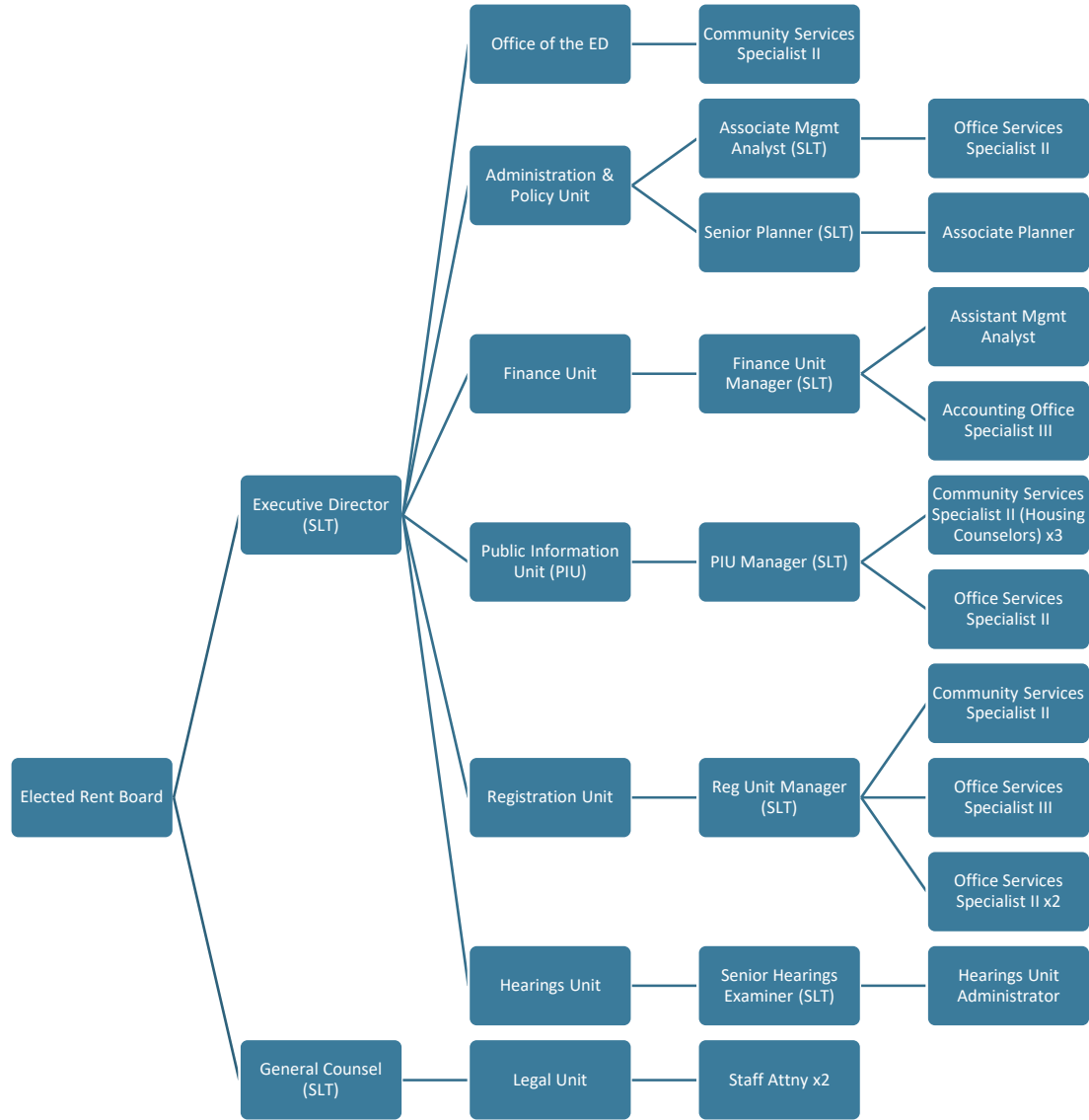
* Note: this report only reflects charges & revenues against the Rent Board Fund (Fund 440) and does not include services charged to or received from other funds

** Note: variance in actual expenditures and total fund balance reflects remaining balance in reimbursement offset escrow

*** Note: \$775,359.47 in FY23 registration revenue was collected as FY22 revenue.

*** Note: \$1,477,473 in FY24 registration revenue was collected as FY23 revenue.

Berkeley Rent Stabilization Board Organization Chart



SLT = Senior Leadership Team.

