



CITY COUNCIL AGENDA STATEMENT



May 7, 2019

File ID: 19-0121

TITLE

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA RETAINING THE ADMINISTRATIVE FEE FOR RENT CONTROL SERVICES AT \$25 FOR FISCAL YEAR 2019/20 IN CHAPTER 18 (MOBILEHOMES) OF THE CITY'S MASTER FEE SCHEDULE

RECOMMENDED ACTION

Council adopt the resolution.

SUMMARY

Effective August 18, 2011, the City, under Chula Vista Municipal Code (CVMC) Section 9.50.030, established an Administrative Fee to be assessed upon all eligible mobilehome residents receiving benefits and services under CVMC 9.50 ("Chapter 9.50" or the "Ordinance") – Mobilehome Park Space Rent Review. Chapter 9.50 requires that the Administrative Fee be established annually by the action of the City Council. At this time, staff recommends retaining the fee at \$25 for fiscal year 2019-20 ("FY 20").

ENVIRONMENTAL REVIEW

The activity is not a "Project" as defined under Section 15378 of the California Environmental Quality Act State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

The meeting of the Mobilehome Rent Review Commission was cancelled on May 1, 2019 due to a lack of quorum.

DISCUSSION

On July 19, 2011, City Council approved an amendment to CVMC Chapter 9.50 (Mobilehome Park Space Rent Review) establishing an Administrative Fee to provide funding for implementation of the Ordinance. The Ordinance offers unique benefits and services solely to eligible mobilehome residents. As part of the annual Administrative Fee update process, staff is reporting out on prior year revenues and expenditures to establish the amount necessary to recover the costs of administering Chapter 9.50. This report provides an update on revenues and expenditures for July 1, 2018 - June 30, 2019 and recommends the fee for FY 20.

Fiscal Year 2018-19 (“FY 19”) Projected Revenues and Expenditures

Revenues for FY 19 were anticipated to total \$55,000 based on 2,200 residents paying a fee of \$25. Actual payments were received from 2,309 eligible spaces, resulting in total collected revenues of \$57,725. A summary of revenues and projected expenditures is provided in Table 1, followed by a description of related activities.

**Table 1
FY 2019 BUDGET SUMMARY**

	Budgeted	Projected
Revenues:		
Fund Balance as of 7/1/18		\$192,775
Collected Revenues	\$ 55,000	\$ 57,725
Investment Earnings		\$ 1,387
TOTAL FUNDS		\$251,887
Expenditures:		
Staff Charges	\$ 37,000	\$ 32,000
Experts	\$ 25,000	\$ 0
Administrative/Billing Costs	\$ 3,000	\$ 4,000
TOTAL EXPENDITURES		\$ 36,000
Projected Surplus/Deficit		\$215,887

Staff Charges

Administration of Chapter 9.50 is projected to result in staff charges of \$32,000 for FY 19. Staff provided the following services:

- *Ombudsman Activities (Office Visits & Mobilehome Information Line)* – Staff responded bilingually to all inquiries related to Chapter 9.50.
- *Resident Invoicing Preparation* – A June 1st billing and/or ineligible notice was sent to all mobilehome/trailer residents and in August, reminder notices were sent to all residents with a balance due and to those residents determined ineligible.
- *Fee Collection* – Collection and processing of fee payments received.
- *Database Maintenance* – Maintained the database with current resident information. Fees associated with reconciling a new financial system and existing database were incurred this year resulting in higher than expected administrative costs.
- *Mobilehome Rent Review Commission (“MHRRC”) Educational Meetings* - Provided general ombudsman related activities to residents.
- *Annual Permissive Rent Calculations* - Twice a year, the Consumer Price Index (CPI) is released and notification was sent to all park owners and managers of the annual permissive rate as calculated under Section 9.50.050.
- *Rent Review Inquiries/Hearing Administration* – Staff coordinated inquiries regarding rental increases between residents and park management as needed.

Experts

No rent review hearings or hiring of experts was necessary during FY 19. Funds collected will be available to appropriate in FY 20 for hiring of experts if a second rent review case is required. The lack of hearings also resulted in staff time reimbursement savings to the program.

Administrative Costs (Postage, Office Supplies and Printing)

In FY 19, the billing of the administrative fee was contracted out for the third year. Additional annual administrative costs, including CPI notices and publication of this hearing notice were incurred.

Fiscal Year 2019-20 (“FY 20”) Budget and Administrative Fee

Staff recommends the fee be retained at \$25 dollars for FY 20 due to the current fund balance and recent rent review hearing activity. Important factors taken into consideration include:

- Since the ordinance amendments in 2012, no rent review cases have been heard for existing residents. However, two rent review cases began the process (Rancho Bonita in FY15 and El Mirador in FY18). In both cases, the rent increases were agreed upon between resident and owner prior to hearing. Prior to the 2012 amendments, existing resident rent review cases occurred approximately every other year. Therefore, staff continues to forecast expenditures with one case every other year.
- Staff costs to administer the fee and rent review services have stabilized. Therefore, a reduction of approximately \$20,000 in staff time has been realized in the past few years.
- Since the fee has been reduced to \$30 or less, more residents have been consistently paying. Therefore, projections are for 2,200 residents to pay this coming year.

Table 2 provides a summary of the FY 20 budget which anticipates one rent review case and a contingency of \$25,000 for expert time related to one additional case, if needed, with an estimated ending fund balance of \$160,887.

**Table 2
FY 2020 BUDGET SUMMARY**

	Budget
Revenues:	
<i>Projected Fund Balance as of 7/1/19</i>	\$215,887
Anticipated Revenues (2,200 @ \$25)	\$ 55,000
Expenditures:	
Staff Charges	\$ 55,000
Experts	\$ 25,000
Administrative/Billing Costs	\$ 5,000
TOTAL ANTICIPATED EXPENDITURES	\$ 85,000
<i>Anticipated Fund Balance as of 6/30/20</i>	<i>\$185,887</i>
Contingency for Experts	\$ 25,000
Anticipated Surplus/Deficit	\$160,887

With the fee at \$25, annual revenues alone will not cover costs if heavy administrative costs are expended in a given year. Therefore, fund balance would then be used to maintain administrative services. Given current workload and few anticipated cases, staff has projected being able to maintain the fee for several years at this rate and will make further considerations to changes in the fee if no cases are heard in the next few years.

DECISION-MAKER CONFLICT

Staff has determined that the action contemplated by this item is ministerial, secretarial, manual, or clerical in nature and, as such, does not require the City Council members to make or participate in making a governmental decision, pursuant to California Code of Regulations Title 2, section 18704(d)(1). Consequently, this item does not present a conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.).

Staff is not independently aware, and has not been informed by any City Council member, of any other fact that may constitute a basis for a decision maker conflict of interest in this matter.

CURRENT-YEAR FISCAL IMPACT

All staff time and costs to prepare this report were included in the adopted fiscal year 2018-19 budget. No additional appropriation is required.

ONGOING FISCAL IMPACT

Staff time and costs associated with the administration of Chapter 9.50 are anticipated in the collected fee and will be adopted as part of the fiscal year 2019-20 budget.

ATTACHMENTS

1. Proposed Chapter 18 of the Master Fee Schedule

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