



City of Chula Vista

Staff Report

File#: 18-0068, **Item#:** 5.

..Title

RESOLUTION NO. 2018-067 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA RETAINING THE ADMINISTRATIVE FEE FOR RENT CONTROL SERVICES AT \$25 FOR FISCAL YEAR 2018-19 IN CHAPTER 18 (MOBILEHOMES) OF THE CITY'S MASTER FEE SCHEDULE

RECOMMENDED ACTION

Council conduct the public hearing and 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") - 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 2018-19 ("FY 19").

ENVIRONMENTAL REVIEW

Environmental Notice

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.

Environmental Determination

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 RECOMMENDATION

The Mobilehome Rent Review Commission received a presentation and voted 5-0 at their April 19, 2018 meeting to recommend approval of the Administrative Fee at \$25 for FY19.

DISCUSSION

On July 19, 2011, City Council approved an amendment to Chapter 9.50 - Mobilehome Park Space Rent Review, establishing an Administrative Fee to provide funding for implementation of the ordinance. This Ordinance offers unique benefits and services solely to those 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, 2017 - June 30, 2018 and recommends the fee for FY 19.

Fiscal Year 2017-18 ("FY 18") Projected Revenues and Expenditures

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Anticipated revenues for FY 18 were expected to be \$52,500 based on 2,100 residents paying the fee set at \$25. Actual payments were received from 2,251 eligible spaces for total collected revenues of \$56,275. A fiscal analysis of revenues and projected expenditures is provided in Table 1 with a description of the activities following.

**Table 1
FY 2018 BUDGET SUMMARY**

	Anticipated	Projected
Revenues:		
Collected Revenue	\$52,500	\$56,275
Fund Balance from Prior Year 7/1/17		\$187,218
TOTAL REVENUES		\$243,493
Expenditures:		
Staff Charges	\$30,000	\$50,000
Experts	\$0	\$0
Administrative/Billing Costs	\$4,000	\$4,000
TOTAL EXPENDITURES		\$54,000
Projected Surplus/Deficit		\$189,493

Staff Charges

Administration of Chapter 9.50 is projected to result in staff charges of \$50,000 for FY 18. 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 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 and held informational meetings with the MHRRC.
- *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. In November 2017, El Mirador Trailer Park (32 spaces) initiated a park wide rental increase above the annual permissive rate. Staff followed procedures required under CVMC 9.50 including attendance at the mandatory meeting between residents and the park owner. Thirteen residents were

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identified as being eligible under rent control and no petitions to the increase were received. Residents cited that the park had not increased rents since 2009 and felt some improvements had been made to the park justifying the proposed increase (12%). Fees associated with this case were unexpected and contributed to the higher than expected administrative costs.

Experts

While residents at El Mirador Trailer Park received a rent increase above the annual permissive rate, they did not petition for a hearing before the Mobilehome Rent Review Commission. Therefore, no rent review hearings or hiring of experts was necessary during FY 18. Funds collected will be available to appropriate in FY 19 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 18, the billing of the administrative fee was contracted out for the second year. Additional annual administrative costs include CPI notices and publication of this hearing notice were incurred.

Fiscal Year 2018-19 ("FY 19") Budget and Administrative Fee

Staff recommends the fee be retained at \$25 dollars for FY 19 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 19 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 \$125,493.

Table 2
FY 2019 BUDGET SUMMARY

	Budget
Revenues:	
<i>Projected Fund Balance as of 7/1/8</i>	<i>\$189,493</i>
Anticipated Revenues (2200 @ \$25)	\$55,000
Expenditures:	
Staff Charges	\$65,000
Experts	\$25,000
Administrative/Billing Costs	\$4,000
TOTAL ANTICIPATED EXPENDITURES	\$94,000
<i>Anticipated Fund Balance as of 6/30/9</i>	<i>\$150,493</i>
Contingency for Experts	\$25,000
Anticipated Surplus/Deficit	\$125,493

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.

LINK TO STRATEGIC GOALS

The City's Strategic Plan has five major goals: Operational Excellence, Economic Vitality, Healthy Community, Strong and Secure Neighborhoods and a Connected Community. Amending the Administrative fee for Mobilehome Rent Control Services supports Strategy 1.1 of the Operational Excellence Goal: Uphold a Commitment to Fiscal Health.

CURRENT YEAR FISCAL IMPACT

All staff time and costs to prepare this report were included in the adopted fiscal year 2017-18 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 2018-19 budget.

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ATTACHMENTS

1. Proposed Chapter 18 of the Master Fee Schedule

Staff Contact: *Stacey Kurz, Senior Project Coordinator*