



**MEMORANDUM**

Rent Stabilization Program, Community Development Department  
Finance and Administrative Services Department

**DATE:** September 20, 2021

**TO:** Rental Housing Committee

**FROM:** Anky van Deursen, CSFRA Program Manager  
Jesse Takahashi, Finance and Administrative Services Director

**SUBJECT:** CSFRA Fund Results for the Fiscal Year Ended June 30, 2021

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**RECOMMENDATION**

To review and acknowledge the year-end results for the Community Stabilization and Fair Rent Act Fund for the fiscal year ended June 30, 2021.

**INTRODUCTION AND BACKGROUND**

On June 1, 2020, the Rental Housing Committee (RHC) adopted the Fiscal Year 2020-21 Budget and Rental Housing Fee. Throughout the past fiscal year, the RHC received quarterly updates on actual financial expenses compared to the adopted budget. The program continues to implement efficient and effective procedures and make adjustments based on gaining additional experience. Future budgets and corresponding fees will be modified to reflect any updates/adjustments.

**ANALYSIS**

During Fiscal Year 2020-21, staff and the RHC continued to evaluate and gather information to assess the appropriate level of revenue and expenditures and the most effective method to implement the Community Stabilization and Fair Rent Act (CSFRA). The key expenditures of the CSFRA include, but are not limited to:

1. Staffing for the development, implementation, and administration of the CSFRA;
2. General operating costs, including RHC meeting preparation and materials, as well as costs associated with administration of the petition process, education, outreach, and communications;

3. Third-party professional/technical services; and
4. City resources/administrative support.

**Fiscal Year 2020-21**

A comparison of the fiscal year adopted, estimated, and the unaudited numbers follows (dollars in thousands):

	<u>2020-21</u> <u>Adopted</u>	<u>2020-21</u> <u>Estimated</u>	<u>2020-21</u> <u>Unaudited</u>	Variance <u>Unaudited to</u> <u>Adopted</u>
Revenues:				
Interest Earnings	\$ 8	\$ 21	\$ 24	\$ 16
Rental Housing Fees	<u>1,271</u>	<u>1,116</u>	<u>1,255</u>	(16)
Total Revenues	1,279	1,137	1,279	-0-
Operating				
Expenditures	<u>1,663</u>	<u>1,054</u>	<u>1,030</u>	(633)
Operating Balance	(384)	83	249	633
General Fund Admin.	227	227	227	-0-
Self-Insurance	13	13	13	-0-
Transfer to Comp. Absences Reserve	4	4	4	-0-
Transfer to Equipment Replacement Reserve	<u>4</u>	<u>4</u>	<u>4</u>	<u>-0-</u>
Excess (Deficiency) of Revenues	(632)	(165)	1	633
Beginning Balance	1,536	1,536	1,536	-0-
Reserve/Rebudgets	<u>(450)</u>	<u>(541)</u>	<u>(546)</u>	<u>(96)</u>
Ending Balance	\$ <u>454</u>	\$ <u>830</u>	\$ <u>991</u>	\$ <u>537</u>

For Fiscal Year 2020-21, revenues were \$1.3 million, as adopted. Interest earnings came in \$16,000 higher than budget, and Rental Housing Fee revenues came in \$16,000 lower

than the budget due to unpaid invoices. Total operating expenditures were \$1.0 million, \$633,000 lower than budgeted.

For Fiscal Year 2020-21, expenditure variances were positive, and the ending balance was \$1.0 million. A more detailed comparison of Operating Expenditures is as follows (dollars in thousands):

	<b>2020-21 Adopted</b>	<b>2020-21 Unaudited</b>	<b>Variance Unaudited to Adopted</b>
Staffing	\$ 736	\$ 541	\$195
General Operating	226	143	83
Professional/Technical Services	555	320	235
IT System (LP-Rebudget)	<u>146</u>	<u>26</u>	<u>120</u>
Total Operating Expenditures	<u>\$1,663</u>	<u>\$1,030</u>	<u>\$633</u>

Staffing

The Fiscal Year 2020-21 Adopted Budget included 4.0 Full-time Employees (FTEs): 1.0 FTE Program Manager, 2.0 FTE Analyst I/II, and 1.0 FTE Office Assistant (OA) I/II. The Committee approved staffing changes midyear without additional appropriations, including adding a Senior Management Analyst position and reclassifying the OA I/II position to Secretary. The variance is mostly due to the vacancy of the 1.0 FTE OA I/II position for the fiscal year. Staff also assisted and charged the Community Development Department with tasks outside the scope of CSFRA, including various COVID-19-related programs, such as the Eviction Moratorium and Rent Relief Programs.

General Operating

General Operating expenses include costs for program expenditures related to office operations and administration, communications, outreach efforts, and cost of materials for the RHC. Examples of such cost items include development, printing, mailing, and postage of outreach materials, such as informational newsletters, postcards, flyers, and brochures; RHC agenda packets and materials; office equipment and supplies; noticing for meetings; and costs associated with education and outreach meetings. The variance is due to savings in most categories.

Third-Party Professional/Technical Services

Professional/technical services include outside legal services (\$175,000), litigation (\$125,000), Mountain View Rental Housing Helpline (\$125,000), Hearing Officer services

(\$100,000), prehearing settlement services (\$10,000), tenant relocation services (\$5,000), facilitation services (\$5,000), Data services (\$6,000) and KMTV (\$4,000). The savings in professional/technical services are related to having to provide fewer than anticipated Hearing Officer services, prehearing settlement services, tenant relocation services, and facilitation services based on lower demand levels.

#### IT System (LP-rebudget)

The Adopted Budget included a rebudget of \$146,400 for the IT database system. Rebudgets are items that were budgeted as one-time expenditures but have not been expended by the end of the fiscal year. The funds are still needed for the purpose originally identified, and \$120,200 was carried over into the Fiscal Year 2021-22 budget.

#### **City Resources/Administrative Support**

City resources/administrative support represent the indirect costs provided by the City in support of the program. Indirect costs (e.g., finance, legal services, information technology, and human resources support, etc.) were lower than budget, primarily due to certain budgeted items, including IT support and software licenses that have not been incurred as of the end of the fiscal year.

#### Encumbrances

There are funds that are encumbered as of the end of the fiscal year. Encumbrances represent a legal obligation for services or goods that have not yet been received and/or fully paid. There are encumbrances outstanding, as of June 30, 2021, of \$285,000 for legal services and other miscellaneous professional services. A portion of these outstanding encumbrances is assumed to be spent the following fiscal year and included in the Reserve/Rebudget line.

#### Reserve

The reserve balance provides a funding source to be used for certain unanticipated expenditures that may come up during the year that were not appropriated during the annual budget process and/or to cover expenditures if revenues fall short of budget. The reserve would provide funding for these expenditures until the budget and fee can be adjusted in the following fiscal year.

The RHC previously approved a reserve balance of 20.0% of expenditures to be phased in over two years. In Fiscal Year 2020-21, no increase in reserve was needed, maintaining a reserve of \$384,000. The total Reserve/Rebudgets of \$547,000 includes the balance of

the IT System rebudgeted in the next fiscal year and, as stated above, a portion of encumbrances outstanding that are assumed to be spent next fiscal year.

**FISCAL IMPACT**

The Fiscal Year 2020-21 unaudited results show total revenues of \$1.3 million and total expenditures of \$1.0 million, resulting in an operating excess of \$249,000. The ending balance of the fund is \$1.0 million, about the same as the estimated amount. The ending balance projected for Fiscal Year 2021-22 is \$537,000 (see Attachment 1).

**PUBLIC NOTICING** – Agenda posting.

AvD-JT/JS/4/CDD/RHC  
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Attachment: 1. CSFRA Fund: Statement of Revenues, Expenditures, and Balances