

**MEMORANDUM**

Rent Stabilization Division  
Housing Department

**DATE:** April 24, 2025

**TO:** Rental Housing Committee

**FROM:** Anky van Deursen, Division Manager

**SUBJECT:** Fiscal Year 2025-26 Recommended Budgets for Community Stabilization and Fair Rent Act and Mobile Home Rent Stabilization Ordinance

---

**RECOMMENDATION**

Review and provide feedback on the Fiscal Year 2025-26 Recommended Budgets for the administration of the Community Stabilization and Fair Rent Act and the Mobile Home Rent Stabilization Ordinance.

**BACKGROUND**

The Rental Housing Committee (RHC) implements the Community Stabilization and Fair Rent Act (CSFRA) and the Mobile Home Rent Stabilization Ordinance (MHRSO) (collectively termed “rent stabilization programs”). Key powers and duties of the RHC related to the budget include the following:

- “Establish a budget for the reasonable and necessary implementation of the provisions of the CSFRA/MHRSO, including, without limitation, the hiring of necessary staff, and charge fees as set forth herein in an amount sufficient to support that budget.” (CSFRA Section 1709(d) and the MHRSO Section 46.9(a))
- “...finance the Committee’s reasonable and necessary expenses, including, without limitation, engaging any staff as necessary to ensure implementation of the MHRSO, by charging Park Owners an annual space rental fee, in amounts deemed reasonable by the Committee in accordance with applicable law. The Committee is also empowered to request and receive funding, when and if necessary, from any available source, including the City, for the Committee’s reasonable and necessary expenses.” (CSFRA Section 1709(j) and MHRSO Section 46.9(b))

This memorandum details the draft budget for Fiscal Year 2025-26 for both programs as well as recommendations for setting the annual CSFRA Rental Housing Fee (a per-unit fee) and MHRSO

Space Rental Fee (a per-space fee). Both rent stabilization programs are intended to be 100% cost-recovery programs and fully funded by the fees.

## **INTRODUCTION**

Fiscal Year 2025-26 will be the ninth fiscal year of Rent Stabilization Program operations. The draft Fiscal Year 2025-26 Budget recommendations will support the following key program areas:

- Develop policies and regulations for consideration and adoption by the RHC to administer the CSFRA and MHRSO.
- Manage and administer the petition process; a process allowing landlords and tenants to request rent adjustments apart from the annual-allowed general adjustment of rent. Aside from this general petition process, the Division is implementing the one-time utility adjustment process to help CSFRA multi-family property owners comply with incorporating utility costs as part of overall rent.
- Implement programs in the City's State-certified 2023-2031 Housing Element, related to the Rent Stabilization Division (Division).
- Organize Housing Help Center clinics for both tenants and landlords, to prevent or mitigate potential displacements and promote community stabilization by providing information and services.
- Provide outreach and education to increase awareness and understanding by landlords and tenants of their rights and responsibilities under the law.
- Administer and monitor the compliance and enforcement program, to increase annual fee payments and registration of covered properties.

In developing prior and recommended Fiscal Year 2025-26 Budgets, staff continuously evaluates and recommends effective and efficient methods to administer the rent stabilization program while meeting the goals of the CSFRA and MHRSO.

## **ANALYSIS**

This section provides a summary of the draft recommended budget for both the CSFRA and the MHRSO.

### **CSFRA Program Budget**

The key expenditures of CSFRA include:

1. Staffing for the administration of CSFRA.
2. General operating costs, including education, outreach, and communications as well as costs associated with RHC meetings and office expenses.
3. Third-party professional services.
4. Information Technology to facilitate monitoring, compliance, and implementation of CSFRA requirements.
5. Capital Outlay for the development of the online portal.
6. City Administration (General Fund Administration) overhead cost to pay for services and infrastructure that the City provides to operate the rent stabilization program.
7. Self-Insurance, Compensated Absences Reserve, and Equipment Replacement Reserve Funding.

The RHC adopts a budget annually, and the Fiscal Year 2025-26 Recommended Budget is staff's best estimate of the costs for the program, taking into consideration the results of adopted budgets in prior years as well as forward-looking estimates for operational costs, staffing, and third-party professional providers. Most costs are ongoing program expenses.

Table 1 below provides a comparison of the Fiscal Year 2024-25 Adopted Budget, the Fiscal Year 2024-25 Estimated Actuals, and the draft Fiscal Year 2025-26 Recommended Budget:

**Table 1: Comparison of CSFRA Fiscal Year 2024-25 Adopted Budget,  
Fiscal Year 2024-25 Estimated Actuals, and Fiscal Year 2025-26 Recommended Budget**

	Adopted Budget FY 2024-25	Estimated Actuals FY 2024-25	Draft Budget FY 2025-26	FY 2024-25 Adopted Budget versus FY 2025-26 Recommended Budget
<b>Revenues</b>				
Interest Earnings	\$ 33,000	\$ 33,000	\$ 30,000	(\$ 3,000)
Rental Housing Fee	1,696,900	1,775,383	1,839,656	142,756
<b>Total Revenue</b>	<b>1,729,900</b>	<b>1,808,383</b>	<b>1,869,656</b>	<b>139,756</b>
<b>Expenses</b>				
Operating Expenses	2,128,053	1,796,834	2,326,063	197,983
City Administration	164,770	164,770	172,300	7,530
Self-Insurance	49,020	49,020	73,220	24,200
Comp Absence Reserve	3,000	3,000	12,000	9,000
Equipment Replacement Reserve	1,900	1,900	2,200	300
<b>Total Expenses</b>	<b>2,346,743</b>	<b>2,015,524</b>	<b>2,585,756</b>	<b>239,013</b>
Excess (Def.) of Revenue	(616,843)	(207,141)	(716,100)	(99,257)
Beginning Balance	1,512,093	1,512,093	1,304,952	(207,141)
Reserves	(469,348.6)	(469,349)	(517,151)	(47,803)
<b>Ending Balance</b>	<b>\$ 425,901</b>	<b>\$ 835,604</b>	<b>\$ 71,701</b>	<b>(\$354,201)</b>

#### **Fiscal Year 2024-25 Estimated Actuals**

The table above is consistent with how the City budget format is presented. For Fiscal Year 2024-25, revenues are estimated to be \$1,775,383, about \$78,483 higher than the Adopted Budget. Operating expenditures are estimated to be \$1,796,834, or about \$328,053 less than the Adopted Budget. Lower expenditures are a result of underfilled positions, staff time charged to other funding sources for other Rent Stabilization Division programs, such as the Tenant Relocation Assistance Ordinance (TRAO), and online portal costs not completely spent. Therefore, the estimated ending balance for this fiscal year is estimated to be higher than originally anticipated (approximately \$835,604 instead of \$425,901). Estimated Actuals are

subject to change. The recommended budget is mainly based on estimated need for services in Fiscal Year 2025-26.

### **Fiscal Year 2025-26 Recommended Budget**

The recommended Fiscal Year 2025-26 Budget is based on the same staffing levels (both permanent and temporary staff) as Fiscal Year 2024-25. The recommended Fiscal Year 2025-26 Budget proposes an increase in expenditures related to professional services (mainly legal services and eviction prevention services). Increased efficiencies with administering the rent stabilization program (such as through the online portal, which lowers time and costs through extensive data-tracking capabilities) help in controlling operating costs.

Note that in prior budgets, salary savings due to underfilled positions and vacancies have helped actual expenditures come in below the adopted amounts which, in turn, helped keep annual fees lower. However, going forward, salary savings may not be available to the same extent to offset operating costs and provide a moderating effect on annual fee levels once the Rent Stabilization Division is fully staffed. Also, in previous years, a robust ending balance helped in lowering fees for subsequent years, which might not be readily available going forward.

The components of the expenditures in the Fiscal Year 2025-26 Recommended Budget are as follows:

#### **Operating Expenses—\$2,326,063**

#### ***Staffing—\$1,606,486***

The Fiscal Year 2025-26 Recommended Budget includes 7.0 full-time equivalent staff positions as follows:

- 1.0 Division Manager.
- 2.0 Senior Management Analysts (one newly added position as approved in Fiscal Year 2024-25 Budget).
- 2.0 Analyst I/II.
- 1.0 Senior Administrative Assistant.
- 1.0 Outreach Specialist.
- Temporary/hourly personnel to assist with the processing of One-Time Utility Adjustment Petitions.

- Funding for interpretation/translation staff from the City's Multicultural Engagement Program.

The estimated cost for staffing represents a \$114,273 increase over the Fiscal Year 2024-25 Budget.

*General Operating—\$117,000*

General Operating expenses include program expenditures related to office operations, cost of materials, communications, outreach, and education efforts, and preparation for and staffing of RHC meetings. Examples of these items include development, printing, mailing, and postage of outreach materials, such as newsletters, postcards, flyers, and resource guides; RHC agenda packets and materials; office equipment and office supplies; noticing for meetings; education and workshops; and training costs. The recommended General Operating expenses are the same as the amount in the Fiscal Year 2024-25 Budget.

*Third-Party Professional Services—\$509,000*

The recommended Third-Party Professional Services expenses for Fiscal Year 2025-26 are \$85,010 more than the amount in the Fiscal Year 2024-25 Budget and include the following:

- Legal Services (\$200,000). The RHC retains outside legal counsel to provide legal services, including: drafting and reviewing agendas and staff memos for the RHC meetings; drafting and updating rules and regulations to implement CSFRA; regular presentations to the RHC regarding agenda items; reviewing materials related to CSFRA, including forms and petitions; providing legal advice; advising on compliance and enforcement; Hearing Officer training; drafting RHC decisions on appeal petitions; researching and analyzing Best Practices in other California rent-stabilized cities; and utilizing the findings to inform the development and implementation of effective programs. The recommended amount is \$50,000 more than the amount in the Fiscal Year 2024-25 Budget.
- Litigation (\$50,000). The Recommended Budget includes \$50,000 for litigation and would be used to pay legal expenses related to lawsuits. The RHC currently has two active lawsuits, both of which result from petitions with a party to the petition challenging the appeal decision in court. In one case the parties have requested that the court continue the case while they try to reach settlement. No activity is expected until sometime in 2026. The second lawsuit was just filed and is expected to require the expenditure of legal fees in the next budget year. The recommended amount maintains the same level of funding as the amount in Fiscal Year 2024-25 Budget.

- Project Sentinel (\$10,000). Project Sentinel manages the administration of Hearing Officers and facilitators. The recommended amount maintains the same level of funding as the amount in the Fiscal Year 2024-25 Budget.
- Prehearing Settlement Conference/Facilitator Services (\$10,000). Facilitators continue to provide petition settlement conference services, potentially reducing demands for formal hearings. The recommended amount maintains the same level of funding as the amount in the Fiscal Year 2024-25 Budget.
- Hearing Officer Services (\$160,000). Hearing Officers continue to provide petition hearing services in accordance with adopted rules and regulations. The recommended amount maintains the same level of funding as the amount in the Fiscal Year 2024-25 Budget.
- Community Services Coordination (\$35,000). This line item funds the Community Services Agency (CSA) case management services for landlords and tenants to stabilize the community by preventing evictions (CSFRA Section 1701(q)). CSA staff provide access to all CSA services to prevent homelessness, including financial relief and other needed resources. The recommended amount is \$1,000 greater than the amount in the Fiscal Year 2024-25 Budget to account for a cost-of-living adjustment (COLA).
- Community Legal Services East Palo Alto (CLSEPA) (\$32,000). These services were previously funded through the American Rescue Plan Act (ARPA) of 2021, also known as the COVID-19 Stimulus Package or American Rescue Plan. This was a federal economic stimulus bill enacted on March 11, 2021, to provide relief and support for individuals, businesses, and state and local governments during the COVID-19 pandemic, including prevention of evictions. Since the ARPA program has ended, it is recommended to continue these much-needed services, by continuing to have attorneys provide legal services to tenants, attending Housing Help Center hours, administrative preparation before and follow up after clinics and ongoing legal intake, for Mountain View tenants. It is recommended to the City that about \$28,000 of the total costs are funded through the CDBG public service funding program and \$32,000 through the CSFRA budget. This is a new expense not previously included in the budget.
- Tenant Relocation Services (\$5,000). This service provides counseling and process support as well as neutral third-party income eligibility determination for tenant relocation assistance under the Tenant Relocation Assistance Ordinance (TRAO) and SB 330 related to a landlord action of a withdrawal of units (i.e., displacement due to owner move-in, repairs taking longer than 30-days, and the withdrawal of a unit from the market (CSFRA Section 1709)). The recommended amount is the same as Fiscal Year 2024-25 Budget.

- MVCT (previously KMVT) (\$4,500). MVCT broadcasts RHC meetings, which can be accessed online on the City's website through Legistar and YouTube. The recommended amount is the same as in the Fiscal Year 2024-25 Budget.
- Translation Services (\$2,500). Translation services are primarily captured under Personnel, Line-item Wages, due to the utilization of the City's Multicultural Engagement Program (MEP) personnel for Spanish, Chinese, or Russian translations of outreach materials, webpages, educational videos, stakeholder meetings, and workshops. However, additional translation services may be needed in other languages. The recommended amount is \$2,000 greater than the amount in Fiscal Year 2024-25 Budget to be able to provide adequate assistance to community members with translation needs beyond the support of the MEP team.

*Information Technology—\$50,000*

The recommended budget for Information Technology covers the annual software license for the online portal and other software licenses, including CoStar Database and Adobe Acrobat. The recommended amount is \$4,000 greater than the amount in Fiscal Year 2024-25 Budget to accommodate annual increases in software licensing fees.

*Capital Outlay—\$43,550*

The recommended budget for Capital Outlay consists of a rebudget of the estimated remainder of the Fiscal Year 2024-25 Budget for the online portal. The implementation of the online portal is progressing with several phases launched, but subsequent phases will not be completed prior to the end of the current fiscal year. Therefore, the remainder is recommended to be rebudgeted for Fiscal Year 2025-26 and will not impact the fee calculated for Fiscal Year 2025-26.

City Administration (General Fund Administration) and Interfund Transfers Expenses—\$259,720

*City Administration (General Fund Administration)—\$172,300*

- City Administration represents the overhead cost to pay for services and infrastructure that the City provides to operate the rent stabilization programs and is based on a 15% of the average expenditures over the past five years. This cost covers various services by different City departments/offices, including:
  - Finance and Administrative Services Department: Supports invoice processing, payroll, document processing, and purchasing and contracts processing.
  - City Attorney Office: Supports contract review and related legal matters.



- Human Resources Department: Provides for the administration of benefits and recruitment of personnel.
- Information Technology Department: Provides for cost and maintenance of the telephone system, computers, website, and other technology.
- Facilities: Provides office space, maintenance and repairs, copier services, and other facility costs.

This amount increased by \$7,530 compared to the Fiscal Year 2024-25 Budget.

*Self-Insurance, Compensated Absences Reserve, and Equipment Replacement Reserve—\$87,420*

Other City costs include self-insurance (general liability), compensated absences reserves, and equipment replacement reserves. This amount increased with \$33,500 compared to the Fiscal Year 2024-25 Budget.

#### Reserves—\$517,151

Starting in Fiscal Year 2018-19, the RHC established a reserve balance of approximately 20% of operating expenditures. The purpose of the reserve is to cover unanticipated costs that may arise during a fiscal year. If additional costs are incurred or unanticipated expenditures are required midyear, the reserve would provide funding for these expenditures until the budget and fee can be established in the following fiscal year. To date, the CSFRA program has not used any reserves.

The recommended reserve amount maintains the 20% requirement.

#### Annual Rental Housing Fee

As noted, the CSFRA is a 100% cost-recovery program, fully paid for by the Rental Housing Fee. The fee is calculated by dividing the total amount of the RHC-adopted fiscal year budget, less the prior fiscal year ending balance (i.e., the unused portion of the prior year's revenue) and the limited-period funding for the online portal, by the total number of rental units covered by CSFRA, including both fully and partially covered units. The number of covered rental units for Fiscal Year 2024-25 has been adjusted from the previous year unit count of 14,429 to 14,440. Due to increased compliance with registration requirements, 11 more units were added to the database. It is anticipated that next year's ending balance will be considerably less than this year's ending balance and, therefore, next year's fee calculation will be mostly based on budget expenses.

Based on the above calculation, the fee would be \$130 per unit for Fiscal Year 2025-26 or \$10.83 per unit per month and would be invoiced in January 2026. Table 2 below provides a summary of the fees since the beginning of the CSFRA.

**Table 2: CSFRA Annual Rental Housing Fee by Fiscal Year**

Rental Housing Fee	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	Proposed FY 2025-26
<b>Annual</b>	\$155	\$124	\$101	\$85	\$102	\$96	\$108	\$120	\$130
<b>Monthly</b>	\$12.92	\$10.33	\$8.42	\$7.08	\$8.50	\$8.00	\$9.00	\$10.00	\$10.83

#### **ANALYSIS OF MOBILE HOME RENT STABILIZATION ORDINANCE BUDGET**

Fiscal Year 2025-26 will be the fourth full fiscal year of MHRSO operations, and the RHC and staff continue to evaluate and assess the appropriate level and most effective and efficient methods to administer the MHRSO.

The key expenditures of the MHRSO include:

1. Staffing for the implementation and administration of the MHRSO.
2. General operating costs, including education, outreach, and communications as well as costs associated with RHC meetings and office expenses.
3. Third-party professional services.
4. Information Technology to facilitate monitoring, compliance, and implementation of MHRSO requirements.
5. City Administration (General Fund Administration) overhead cost to pay for services and infrastructure that the City provides to operate the rent stabilization program.
6. Self-Insurance and Equipment Replacement Reserve Funding.

As with CSFRA, the RHC adopts an MHRSO budget annually, and the Fiscal Year 2025-26 Recommended Budget is staff's best estimate of the costs for the program, taking into consideration results of adopted budgets in prior years as well as forward-looking estimates

for operational costs, staffing, and third-party professional providers. Most costs are ongoing program expenses.

Table 3 below provides a comparison of the current Fiscal Year 2024-25 Adopted Budget, the current fiscal year estimated actuals, and the upcoming Fiscal Year 2025-26 Recommended Budget.

**Table 3: Comparison of MHRSO Fiscal Year 2024-25 Adopted Budget,  
Fiscal Year 2024-25 Estimated Actuals,  
and Fiscal Year 2025-26 Recommended Budget**

	Adopted Budget FY 2024-25	Estimated Actuals FY 2024-25	Recommended Budget FY 2025-26	FY 2024-25 Adopted Budget versus FY 2025-26 Recommended Budget
<b>Revenues:</b>				
<b>Interest Earnings</b>	\$ 8,000	\$ 15,776	\$ 16,000	\$ 8,000
<b>Rental Space Fees</b>	315,600	322,050	157,300	(158,300)
<b>Transfer General Fund</b>	0	0	50,000	50,000
<b>Total Revenue</b>	323,600	337,826	223,300	(100,300)
<b>Expenses</b>				
<b>Operating Expenses</b>	283,570	295,317	261,213	(22,357)
<b>City Administration</b>	27,460	27,460	26,970	(490)
<b>Self-Insurance</b>	8,170	8,170	10,460	2,290
<b>Equipment Replacement Reserve</b>	300	300	300	0
<b>Total Expenses</b>	321,210	331,247	298,943	(22,267)
<b>Excess (Def.) of Revenue</b>	2,390	6,579	(75,643)	(78,033)
<b>Beginning Balance</b>	436,782	436,782	443,361	6,579
<b>Reserve</b>	(64,242)	(64,242)	(59,789)	4,453
<b>Ending Balance</b>	\$374,930	\$379,119	\$307,930	( \$67,000)

**Fiscal Year 2024-25 Estimated Actuals**

For Fiscal Year 2024-25, revenues are estimated to be \$337,826, about \$14,226 higher than the Fiscal Year 2024-25 Adopted Budget of \$323,600. Total operating expenditures are estimated to

be approximately \$331,247, about \$11,747 more than the budgeted amount. Estimated Actuals are subject to change. The recommended budget is mainly based on estimated need for services in Fiscal Year 2025-26.

### **Fiscal Year 2025-26 Recommended Budget**

On March 25, 2025, the City Council adopted amendments to the MHRSO Sections 46.5(b) and 46.6(c), to modify the allowed AGA from the current combination of an adjustment limited to 100% of the CPI-U with a 2% floor and 5% ceiling to an adjustment limited to 60% of the CPI-U with no floor and a 3% ceiling. Council also supported a 50% lower, Space Rental Fee level, compared to the previous year. To facilitate the 50% lower fee level, a combination of the use of City funds and this year's end balance is recommended to be used. Therefore, Space Rental Fee revenues are recommended lower compared to the Fiscal Year 2024-25 Adopted Budget by about \$158,300. Going forward, these levels of contribution may fluctuate. In total, recommended expenditures for Fiscal Year 2025-26 are approximately \$22,267 less than the amount in the Fiscal Year 2024-25 Budget.

It is expected that the implementation and administration of the MHRSO by the RHC and staff will provide efficiency and efficacies due to the experience gained with CSFRA. The following estimates are deemed necessary to fund the MHRSO implementation work through Fiscal Year 2025-26.

#### **Operating Expenses—\$298,943**

##### ***Staffing—\$199,213***

Includes one permanent full-time Analyst I/II position for the administration of the MHRSO. The recommended staffing expenses are \$19,933 greater than the Fiscal Year 2024-25 Budget.

##### ***General Operating—\$8,000***

General Operating expenses include program expenditures related to office operations, cost of materials, communications, outreach and education efforts, and preparation for and staffing of RHC meetings. Examples of these items include development, printing, mailing, and postage of outreach materials, such as newsletters, postcards, flyers, and resource guides; RHC agenda packets and materials; office equipment and office supplies; noticing for meetings; and education and workshops. The recommended General Operating expenses are \$10,000 less than the amount in this fiscal year's budget.

*Third-Party Professional Services—\$49,000*

Staff recommends contracting third-party consultants for services, such as legal support and Hearing Officer services. Staff will be able to make use of existing CSFRA consultants in certain circumstances but needs to separately budget and invoice services provided for the MHRSO program. The recommended Third-Party Professional Services expenses are \$34,000 less than the amount in the Fiscal Year 2024-25 Budget. The following third-party professional services and cost projections are included in these recommendations:

- Legal Services and Litigation (\$35,000). As with CSFRA, the RHC retains outside legal counsel to provide Legal Services, including drafting and reviewing agendas and staff memos for RHC meetings; drafting and updating rules and regulations to implement the MHRSO; regular presentations to the RHC regarding agenda items; reviewing materials related to the MHRSO, including forms and petitions; providing legal advice; advising on compliance and enforcement; Hearing Officer training; drafting RHC decisions on appeal petitions; researching and analyzing Best Practices in other California rent-stabilized cities; and utilizing the findings to inform the development and implementation of an effective MHRSO. Also, like CSFRA, a yearly amount is recommended to be incorporated for potential MHRSO litigation. There are no current lawsuits pending regarding Mobile Home Parks. The Fiscal Year 2025-26 Recommended Budget combines the Litigation line item with legal services into one line item and would be used to pay all legal expenses. The recommended amount is \$30,000 less than the amount in the Fiscal Year 2024-25 Budget.
- Project Sentinel (\$1,000). Project Sentinel manages the administration of Hearing Officers and facilitators, similar to CSFRA. The recommended amount maintains the same level of funding as the amount in the Fiscal Year 2024-25 Budget.
- Prehearing Settlement Conference/Facilitator Services (\$2,000). Facilitators continue to provide petition settlement conference services potentially reducing demands for formal hearings. The recommended amount is the same as the amount in the Fiscal Year 2024-25 Budget.
- Hearing Officer Services (\$10,000). Hearing Officers continue to provide petition hearing services in accordance with adopted rules and regulations. No petitions have been filed to date for Fiscal Year 2024-25 for Mobile Homes. The recommended amount is \$5,000 less than the amount in the Fiscal Year 2024-25 Budget.
- Translation Services (\$1,000). Translation services may be needed in other languages. The recommended amount is \$1,000 greater than the amount in Fiscal Year 2025-26 Budget to be able to provide adequate assistance to community members with translation needs.

*Information Technology—\$5,000*

The recommended budget for Information Technology covers the annual software license for the online portal. The recommended amount maintains the same level of funding as the amount in the Fiscal Year 2024-25 Budget.

City Administration (General Fund Administration) and Interfund Transfers Expenses—\$37,730

*City Administration (General Fund Administration)—\$26,970*

As with CSFRA, City Administration represents the overhead cost to pay for services and infrastructure that the City provides to operate the rent stabilization programs and is based on a 15% of the average expenditure over the past three years since this program only has three-year spending history. This cost covers various services by different City departments/offices, including the Finance and Administrative Services Department, City Attorney Office, Human Resources Department, Information Technology Department, and Facilities Division. This amount decreased by \$490 compared to the Fiscal Year 2024-25 Budget.

*Self-Insurance and Equipment Replacement Reserves—\$10,760*

Other City costs include self-insurance (General Liability) and equipment replacement reserves. This amount increased by \$2,290, compared to the Fiscal Year 2024-25 Budget.

Reserves—\$59,789

Staff recommends the RHC establish a reserve of 20% of operating expenditures. This would be similar to the level of other City fund reserves that are generally between 20% and 25% and the same as the 20% reserve balance established by the RHC for the CSFRA. To date, the MHRSO program has not used any reserves.

The recommended reserve amount establishes the 20% reserve.

**Fiscal Year 2025-26 Annual Space Rental Fees**

The MHRSO is intended to be a 100% cost-recovery program. As noted above, Council supported a 50% lower fee level, compared to the previous year. To support this reduced fee, a \$50,000 transfer from the City's General Fund has been recommended in the upcoming Fiscal Year 2025-26 Recommended Budget. This will help offset the lower fee level. Additionally, the ending balance of this fund is also being recommended for use. The fee is calculated by dividing the total amount of the RHC-adopted Fiscal Year Budget, less the prior year ending balance (i.e., the unused portion of the prior year's revenue) and less the City contribution by the total number of mobile home spaces covered by the MHRSO (1,130).

Based on the above calculation, the fee would be \$142 per space for Fiscal Year 2025-26 or \$11.83 per space per month and would be invoiced in January 2026. Table 4 below provides a summary of the fees since the beginning of the MHRSO.

**Table 4: MHRSO Annual Space Rental Fee per Fiscal Year**

Space Rental Fee	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	Proposed FY 2025-26
<b>Annual</b>	\$258	\$307	\$300	\$285	\$142*
<b>Monthly</b>	\$21.50	\$25.58	\$25.00	\$21.50	\$11.83*

\* Reflecting a 50% fee-level reduction.

### **FISCAL IMPACT**

There is no fiscal impact to the review and discussion of the budget. The Fiscal Year 2025-26 budgets for both programs, including CSFRA/MHRSO fees, are scheduled for adoption at the RHC's next meeting on May 22, 2025. The CSFRA program is a 100% cost-recovery program and is fully funded by the fees. The MHRSO program is also a cost-recovery program and funded by the fees; however, the program budget for Fiscal Year 2025-26 is supplemented by the City's General Fund in an amount of \$50,000.

### **NEXT STEPS**

The Fiscal Year 2025-26 budgets for the CSFRA and MHRSO, including their fees, are scheduled for adoption at the RHC's upcoming meeting on May 22, 2025, and forwarded to the Finance and Administrative Services Department for incorporation in the Citywide budget.

**PUBLIC NOTICING**—Agenda posting, posting on the City's website, and email to distribution list.

AvD/KG/1/HSN/RHC/895-04-24-25M

Attachments:   1.   CSFRA Fiscal Year 2025-26 Statement of Revenues, Expenditures, and Balances  
                      2.   MHRSO Fiscal Year 2025-26 Statement of Revenues, Expenditures, and Balances