

# AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: December 20, 2017

Final Decision Date Deadline: December 20, 2017

**STATEMENT OF THE ISSUE:** At their meeting on October 18, 2017, the Rent Board considered approval of a Reimbursement Agreement with the City to repay the City for funds advanced to the Rent Program since December 2016. Boardmembers had concerns that they would be unable to meet certain obligations under that Agreement as drafted, particularly with respect to the two-year repayment period. Rent Program staff members discussed the agreement further with the City Manager and Finance Director and are presenting a revised agreement that is anticipated to adequately meet the needs of both entities.

## INDICATE APPROPRIATE BODY

- |   |   |  |  |   |
|---|---|--|--|---|
| <input type="checkbox"/> City Council               | <input type="checkbox"/> Redevelopment Agency                             | <input type="checkbox"/> Housing Authority     | <input type="checkbox"/> Surplus Property Authority          | <input type="checkbox"/> Joint Powers Financing Authority |
| <input type="checkbox"/> Finance Standing Committee | <input type="checkbox"/> Public Safety Public Services Standing Committee | <input type="checkbox"/> Local Reuse Authority | <input checked="" type="checkbox"/> Other: <u>Rent Board</u> |   |

## ITEM

- Presentation/Proclamation/Commendation (3-Minute Time Limit)
- Public Hearing                       Regulation                       Other:
- Contract/Agreement                       Rent Board As Whole
- Grant Application/Acceptance                       Claims Filed Against City of Richmond
- Resolution                       Video/PowerPoint Presentation (contact KCRT @ 620.6759)

**RECOMMENDED ACTION:** (1) RECEIVE an update from staff concerning billing and collection of the Fiscal Year 2016-17 and Fiscal Year 2017-18 Rental Housing Fees; and (2) APPROVE by motion a Reimbursement Agreement between the Rent Board and the City of Richmond – Rent Program (Nicolas Traylor/Michael Roush 620-6564).

AGENDA ITEM NO:

**I-1.**

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# AGENDA REPORT

**DATE:** December 20, 2017

**TO:** Chair Gray and Members of the Rent Board

**FROM:** Nicolas Traylor, Executive Director  
Michael Roush, Legal Counsel  
Paige Roosa, Deputy Director

**SUBJECT:** REIMBURSEMENT AGREEMENT BETWEEN RENT BOARD AND CITY OF RICHMOND

## STATEMENT OF THE ISSUE:

At their meeting on October 18, 2017, the Rent Board considered approval of a Reimbursement Agreement with the City to repay the City for funds advanced to the Rent Program since December 2016. Boardmembers had concerns that they would be unable to meet certain obligations under that Agreement as drafted, particularly with respect to the two-year repayment period. Rent Program staff members discussed the agreement further with the City Manager and Finance Director and are presenting a revised agreement that is anticipated to adequately meet the needs of both entities.

## RECOMMENDED ACTION:

(1) RECEIVE an update from staff concerning billing and collection of the Fiscal Year 2016-17 and Fiscal Year 2017-18 Rental Housing Fees; and (2) APPROVE by motion a Reimbursement Agreement between the Rent Board and the City of Richmond – Rent Program (Nicolas Traylor/Michael Roush 620-6564).

## FISCAL IMPACT:

The Reimbursement Agreement provides the documentation to enable the City to be reimbursed by the Rent Board through collection of the Residential Rental Housing Fee. To date, the Rent Program Department has expended approximately \$1,109,460 and collected approximately \$353,469 in Rental Housing Fee revenue (Attachment 1).<sup>1</sup>

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<sup>1</sup> The Rental Housing Fee is not due (postmarked) until January 2, 2018. As such, staff members expect the amount of funds collected to increase significantly in the near-term.

**DISCUSSION:**

Status of Rental Housing Fee Billing and Collections

As of December 13, 2017, Rent Program staff members, with assistance from the City's IT Department, have invoiced approximately 6,790 individuals and ownership entities who collectively own 21,178 units.<sup>2</sup>

Payment of the Rental Housing Fee is due (postmarked) no later than January 2, 2018, after which penalties for late payment will begin to accrue in accordance with Ordinance 16-17, adopted by the City Council at their meeting on July 25, 2017 (Attachment 2).

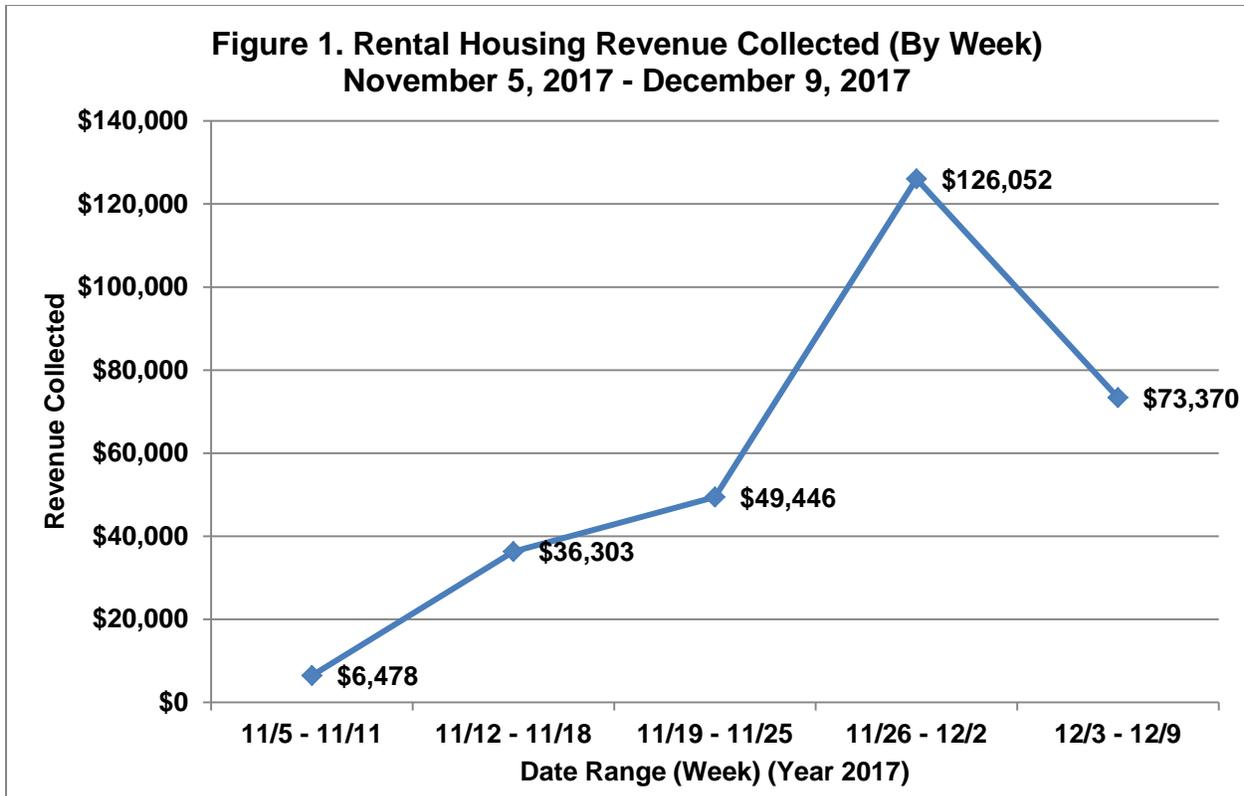
As of December 13, 2017, the Rental Housing Fee has been collected from 2,438 rental units, which sums to \$353,469 in total revenue. While this translates to a low overall collection rate of 11.5% (with respect to the number of units for which the Rental Housing Fee was billed), it is important to note that some property owners may be waiting until January to pay the fee, allowing for the expense to be recorded in the new year for accounting purposes. Additionally, the Rent Program is awaiting payment from several large developments. Payments from these large property owners will have a significant impact on collection rates. For example, one development consists of over 1,000 rental units, resulting in an invoice for over \$146,000. Once payment from this development alone is received, total collection rates will increase approximately five percentage points.

Figure 1 on the following page illustrates the amount of Rental Housing Fee revenue collected each week since the first invoices were mailed on November 3, 2017. Here, one can see the impact that the receipt of payment from large developments has on revenue collection. For example, during the week of 11/26 – 12/2, the Rent Program received payment from the owners of Heritage Park at Hilltop Apartments, which includes 192 rental units.

Robust and ongoing collection efforts will be necessary in order to compel compliance and increase collection rates. Rent Program staff members will continue to keep the Rent Board informed of the status of collection, especially following the fee due date.

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<sup>2</sup> Rent Boardmembers may recall the Rental Housing Fee was calculated based on an estimated total 24,797 applicable rental units. This figure was arrived at using County Assessor Data. The data source for initial billing of the Rental Housing Fee was those rental units identified by the administrators of the City's Residential Rental Inspection Program (RRIP). Rent Program staff members anticipate that there is much work to be done to identify the delta of those units identified by the RRIP and those enrolled in the Rent Program. As these units are identified, invoices will be sent with payment due thirty days after billing.



Original Reimbursement Agreement

As presented in September, the original Reimbursement Agreement provided that the Board would make the City whole as soon as practically possible but no later than within two years of the date of the City’s expenditures, unless extended by the City. Although the City Council adopted a Rent Program Fee consistent with the Board’s adopted budgets, the Rent Program only began collecting revenue in November 2017. Since the City has been providing startup funds to the Rent Program department since December 2016, and the Rental Housing Fee is not due until January 2, 2018, the Board was concerned that, as a practical matter, the Board may not have adequate funding to “make the City whole” within two years from the time the City made the expenditures, as required by the proposed agreement.

Rent Program staff discussed those concerns with the City Manager and Finance Director, who were sympathetic to the concerns raised by the Board. Accordingly, the City Manager sent the Board’s Executive Director language that seeks to clarify the obligation to reimburse the City, which has been incorporated into the revised Agreement.

Revised Reimbursement Agreement

As revised, the Reimbursement Agreement provides the Board will make the City whole by reimbursing the City for advanced funds “as soon as possible” and will pay invoices

so long as there are funds available to do so, with the caveat that the amounts “should” be paid within two years from the invoiced date. The Rent Board received its first invoice from the City on October 6, 2017, in the amount of \$347,616. Accordingly, the expectation is that the Rent Program Department would reimburse the City that amount by no later than October 6, 2019. Staff members are confident that, absent extenuating circumstances, the Rent Board should be able to remit payment in full by that date, as the Board will have collected Rental Housing Fees for Fiscal Years 2016-17, 2017-18, and 2018-19.

The table below provides a summary of the amount of funds expended by the Rent Program Department in Fiscal Years 2016-17 and 2017-18 in relation to the amount of Rental Housing Fee revenue collected. This information reveals that the revenue collected as of December 13, 2017, is enough to offset approximately 32 percent of the funds expended since the Rent Program was established. It is important to note, however, that the current billing cycle must generate enough revenue to support the Department through June 2018 (the end of the fiscal year.) Since the next billing cycle will likely not occur until fall 2018, staff members anticipate additional cash advances from the General Fund will be necessary to support operations until a reserve is generated. The goal remains, however, for the Rent Program to be self-sustaining without the need for financial assistance from the City’s General Fund in the long-term.

**Table 1. Financial Summary**

Fiscal Year	Budgeted Amount (Excluding Reserves)	Funds Expended (as of 12/15/17)	Revenue Collected (as of 12/13/17)	
			\$	% of Expended Funds
2016-17	\$920,347	\$789,592	\$114,573	14.5%
2017-18 (Partial)	\$1,940,271	\$319,868 <sup>3</sup>	\$238,896	75% <sup>4</sup>
<b>Total</b>	<b>\$2,860,618</b>	<b>\$1,109,460</b>	<b>\$353,469</b>	<b>32%</b>

<sup>3</sup> Note funds expended in Fiscal Year 2017-18 are only as of 12/15/17; this amount does not reflect the projected amount of expended funds for the entire Fiscal Year.

<sup>4</sup> Amount of expended funds and revenue collected reflect only 5.5 months of the 12-month fiscal year.

**DOCUMENTS ATTACHED:**

Attachment 1 – Fiscal Years 2016-17 and 2017-18 Budget Summary

Attachment 2 – Ordinance No. 16-17, An Ordinance of the City Council of the City of Richmond Creating the Residential Rental Housing Fee in the Master Fee Schedule for Services Rendered by the City of Richmond Rent Program

Attachment 3 – Reimbursement Agreement between the Rent Board and City of Richmond (redlined)

Attachment 4 – Reimbursement Agreement between the Rent Board and City of Richmond (clean)

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**RENT PROGRAM DEPARTMENT BUDGET SUMMARY**

**FISCAL YEAR 2016-17**

<b>Budget Category</b>	<b>Budgeted Amount</b>	<b>Expended Amount</b>	<b>Percent Expended</b>
Salaries, Wages, and Benefits	\$392,876.00	\$402,292.02	102%
Cost Pool and Risk Management	\$105,620.00	\$105,620.00	100%
Professional Services (including legal services)	\$298,500.00	\$202,046.52	68%
IT Services	\$58,851.00	\$66,607.20	113%
Other Operating Expenses	\$64,500.00	\$13,026.31	20%
<b>Total (excluding reserves)</b>	<b>\$920,347.00</b>	<b>\$789,592.05</b>	<b>86%</b>

**FISCAL YEAR 2017-18 (PARTIAL - AS OF 12/15/17)**

<b>Budget Category</b>	<b>Budgeted Amount</b>	<b>Expended Amount</b>	<b>Percent Expended</b>
Salaries, Wages, and Benefits	\$978,953.00	\$201,958.98	21%
Cost Pool and Risk Management	\$181,710.00	\$54,113.00	30%
IT Services	\$48,183.00	\$0.00	0%
Legal Costs	\$430,000.00	\$28,500.00	7%
Other Operating Expenses	\$146,000.00	\$28,652.43	20%
Professional and Administrative Services	\$155,425.00	\$6,643.60	4%
<b>Total (excluding reserves)</b>	<b>\$1,940,271.00</b>	<b>\$319,868.01</b>	<b>16%</b>

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**ORDINANCE NO. 16-17 N.S.**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF RICHMOND  
CREATING THE RESIDENTIAL RENTAL HOUSING FEE IN THE MASTER FEE  
SCHEDULE FOR SERVICES RENDERED BY THE CITY OF RICHMOND RENT  
PROGRAM**

The City Council of the City of Richmond do ordain as follows:

**SECTION 1.** Section 2.34.040 of the City of Richmond Municipal Code is hereby amended to include the following fees within the various categories:

Description	Percentage of Costs to be Recovered	Proposed Fees
RMC 6.38.110 Section 5 allows the City to collect fees solely to defray actual cost. RMC 6.02.180		
<b>RENT PROGRAM RESIDENTIAL RENTAL HOUSING FEE</b>		
Administration of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance (RMC Chapter 11.100)	100%	As determined by City Council resolution and as set forth in the Master Fee Schedule

**SECTION 2.** Pursuant to Section 2.34.040 of the Municipal Code of the City of Richmond which provides for the establishment of a Master Fee Schedule for the fees to be charged by the various City departments for City services, the City Council of the City of Richmond hereby amends the Master Fee Schedule to create the Residential Rental Housing Fee in accordance with Section 11.100.060(l) of the Municipal Code of the City of Richmond.

**SECTION 3.** Delinquency. Any Landlord as defined in Section 11.100.030(f) of the Municipal Code of the City of Richmond who fails to file any required statement and pay the amount of the Residential Rental Housing Fee prescribed by City Council resolution within thirty (30) days after it becomes due shall be deemed delinquent and shall be assessed the following penalty:

- (1) Ten percent of the Residential Rental Housing Fee if the payment is made within one to thirty days after it became delinquent;
- (2) Twenty-five percent of the Residential Rental Housing Fee if the payment is made within thirty-one to sixty days after it became delinquent; and
- (3) Fifty percent of the Residential Rental Housing Fee if the payment is made more than sixty days after it became delinquent.

Such penalty shall become part of the Residential Rental Housing Fee then required to be paid under this Section 2.34.040 and enabling resolution, and if such delinquency continues thereafter, such person shall be subject to all further penal provisions and remedies contained in this chapter.

**SECTION 4.** City entitled to payment.

- (a) The City shall be entitled to payment from any Landlord as defined in Section 11.100.030(f) of the Municipal Code of the City of Richmond for services rendered by the City of Richmond Rent Program.
- (b) If any Landlord fails to pay the Residential Rental Housing Fee, the Director of Finance shall mail the Landlord a final request for payment for the amounts owed, plus penalties, such as those described in Section 3. The final request shall include a warning notice that

if the Residential Rental Housing Fee is not paid within thirty (30) days, they will be placed on the real property tax rolls. The warning notice shall include information concerning the additional administrative charges that will become due if a lien is recorded against the property, and that the City shall assess the property on the property owner's next property tax statement if the Residential Rental Housing Fee plus any applicable penalties charged to each owner according to the most recent property assessment rolls of the County Assessor is unpaid.

- (c) If the payment is not made by the owner within thirty (30) days, the Director of Finance shall send a certified notice which shall contain the name or names of the owner, the address of the property served, the period of the service, and the amounts due plus penalties.
- (d) The notice shall set a time and place for an administrative hearing before the Director of Finance and shall be mailed to each person to whom the described property for which the service is rendered is assessed on the most recent property assessment rolls of the County Assessor. The notice shall be mailed not less than fifteen (15) days prior to the date of the hearing.
- (e) The Director of Finance shall conduct a hearing. The Director of Finance shall determine whether an assessment should be imposed upon the owner's property.
- (f) If the Director of Finance approves the delinquent charges against the owner of the property and the owner fails to pay said charges, an assessment on the real property for which the service was rendered will be recorded with the Recorder of Contra Costa County. The recorded assessment shall carry an additional administrative charge of \$45.00.
- (g) Delinquent charges which remain unpaid by the owner shall constitute a special assessment against the property to which the service was rendered and shall be collected at such time as established by the County Assessor for inclusion in the next property tax assessment.
- (h) The Director of Finance shall turn over to the County Assessor for inclusion in the next property tax assessment the total sum of unpaid delinquent charges plus penalties as described in Section 3 and administrative charges, plus an assessment charge of \$5.00 as a special assessment against the parcel of property situated within the City to which the service was rendered. The assessment shall be collected at the same time and in the same manner as municipal taxes are collected. The assessment shall be subordinate to all existing special assessment previously imposed on the property. It shall have priority over other liens except for those State, County, and municipal taxes with which it shall have parity. The assessment shall continue until the assessment and all interest and charges due and payable thereon are paid. All laws applicable to the levy, collection and enforcement of municipal taxes shall be applicable to the special assessment.

**SECTION 5.** Severability. If any section, subsection, sentence, clause, phrase or portion of this ordinance is for any reason held invalid or unconstitutional by a court of competent jurisdiction, such holding shall not affect the validity of the remaining portions of this ordinance. The City Council hereby declares that it would have passed each and every section, subsection, phrase or clause of this ordinance irrespective of the fact that any one or more sections, subsections, phrases or clauses be declared invalid or unconstitutional, whether on its face or as applied.

**SECTION 6.** This ordinance shall be effective 30 days after passage and adoption.

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First read at a regular meeting of the Council of the City of Richmond held July 18, 2017, and finally passed and adopted at a regular meeting thereof held July 25, 2017, by the following vote:

AYES: Councilmembers Choi, Martinez, Myrick, Willis, Vice Mayor Beckles, and Mayor Butt.  
NOES: None.  
ABSTENTIONS: None.  
ABSENT: None.

**PAMELA CHRISTIAN**  
CLERK OF THE CITY OF RICHMOND  
(SEAL)

Approved:  
**TOM BUTT**  
Mayor

Approved as to form:  
**BRUCE GOODMILLER**  
City Attorney

State of California                    }  
County of Contra Costa            }       : ss.  
City of Richmond                    }

I certify that the foregoing is a true copy of **Ordinance No. 16-17 N.S.**, passed and adopted by the City Council of the City of Richmond at a regular meeting held on July 25, 2017.

  
\_\_\_\_\_  
Pamela Christian, City Clerk of the City of Richmond

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## ITEM I-1 ATTACHMENT 3

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### REIMBURSEMENT AGREEMENT

This Reimbursement Agreement (the “Agreement”) is entered into on this ~~Dec~~<sup>Sept</sup>ember \_\_\_\_, 2017, between the Richmond Rent Board (the “Rent Board”) and the City of Richmond, a municipal corporation (the “City”) to pay for services and advanced funds provided by the City to the Rent Board to carry out its powers, duties, and functions as set forth in Measure L, now codified in Chapter 11.100, Richmond Municipal Code, and in other rent control/eviction protection ordinances adopted by the City (“Rent Program”).

#### I. RECITALS

- A. Whereas, Measure L (The Richmond Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance) was approved by the voters on November 8, 2016 and became effective on December 30, 2016; and
- B. Whereas, Measure L establishes a Richmond Rent Board, requires the City to perform the duties of the Board during the transition period before Board Members are appointed and an Executive Director is hired, and requires the City to provide infrastructural support to the Board as it would to any other City Department; and
- C. Whereas, all City departments pay a cost allocation for infrastructural and administrative support; and
- D. Whereas, since November 8, 2016, the City has provided to the Rent Board, and continues to provide, the following services, including but not limited to: consultants, employees and staff, start-up costs and fees, overhead, IT services, administrative services, legal assistance; and
- E. Whereas, since November 8, 2016, the City has through its General Fund advanced on behalf of the Board, and continues to advance on behalf of the Board, funds to operate the Rent Program; and
- F. Whereas, the City will charge and collect fees (“Rent Program Fees”) to landlords to recover costs for operating the Rent Program, the City Council adopted Rent Program Fees on July 25, 2017, and the Rent Program is beginning to collect but has not yet collected all of the Rent Program Fees; and
- G. Whereas, the City and the Rent Board desire to enter into this Agreement: (1) to set forth activities, services and facilities which the City will provide and make available to the Rent Board in furtherance of Rent Program; and (2) to provide that the Rent Board will reimburse the City for any and all costs and expenses incurred by it on behalf of the Rent Board; ~~and-~~
- H. Whereas, the City and the Rent Board intend that the Rent Program be self-sufficient and not require either permanent funding or cash advances from the General Fund of the City of Richmond; and
- I. Whereas, in taking steps to implement the Fair Rent and Just Cause for Eviction ordinance following voter approval in November 2016, it was necessary for the Rent Program to make expenditures prior to the time when the Rent Program could meet its annual revenue requirements through program registration fees and other funding sources that the Rent

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ATTACHMENT 3**

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Board may ultimately authorize, and these expenditures were necessarily advanced by the General Fund; and

G.J. Whereas, the Rent Board and the City acknowledge that, due to the billing cycle that may be adopted by the Rent Board, the General Fund may need to advance cash from time to time to meet working capital requirements of the Rent Program, and such cash advances are anticipated especially in the early years of the program.

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**II. AGREEMENTS**

In exchange for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, City and Rent Board agree as follows:

1. **RECITALS**

The parties hereby acknowledge and confirm the Recitals in this Agreement.

2. **REIMBURSEMENT**

- (a) The City may provide for the Rent Board such staff assistance, supplies, technical services, and other services and facilities of the City as the Rent Board may require in carrying out the Rent Program. Such assistance and services may include the services of City employees and consultants.
- (b) The City may, but is not required to, advance funds to the Rent Board or to expend funds on behalf of the Rent Board to carry out the Rent Program, particularly during the initial months of the Rent Program's operation prior to the receipt of any Rent Program Fees. The Rent Board shall adopt a budget to cover the estimated Rent Program expenditures, including adequate reserves to cover any shortfalls in revenue, based on the level of services reflected in the adopted budget. The City and the Rent Board agree that the City is not required to advance funds to the Rent Board from its General Fund, and that the long term goal is for the Rent Program to fund its operations without advances from the City General Fund.
- (c) The City will establish a separate Rent Program fund for the Rent Board and will keep a separate accounting for all of the Rent Board's revenues, expenditures, and fund balances. The revenues will generally consist of the Rent Program Fees, which will be deposited into this fund. The expenditures will generally consist of services paid, provided, and invoiced by the City and will be directly charged to the Rent Program fund.
- (d) The City will keep records of activities and services undertaken pursuant to this Agreement and the costs thereof in order that an accurate record of the Rent Board's fund balance and liability to the City can be ascertained. The City shall periodically, and at a minimum annually, submit to the Rent Board a statement of the costs incurred by the City in rendering activities and services to the Rent

**ITEM I-1  
ATTACHMENT 3**

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Board pursuant to this Agreement. The City will submit an initial invoice for costs incurred from November 2016 through June 30, 2017.

- (e) From the Rent Program fund, the Rent Board shall reimburse the City for any and all costs incurred for services and facilities provided by the City pursuant to this Agreement, including but not limited to the proration of administrative, overhead, IT, salary and benefits expenses provided, and any other cost allocations for infrastructural and administrative support, as well as consultant, attorney, and risk management expenses attributed to services rendered for the Rent Board.
  
- (f) It is the express intent of the parties that the City shall be entitled to reimbursement of any and all costs incurred by the City under this Agreement. The Rent Board will make the City whole as soon as practically possible but in no event later than within two years of the date of the City's expenditures, unless extended by the City. The Rent Board will make the City whole and reimburse the City's General Fund for all funds that are advanced as soon as possible, and will pay all invoices in a timely manner so long as it has funds available to do so; however, in no instance should amounts invoiced by the City remain unpaid by the Rent Board for more than a two-year period.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first specified herein.

Richmond Rent Board:

CITY:

By: \_\_\_\_\_  
\_\_\_\_\_, Rent Board, Chair  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Bill Lindsay, City Manager  
Date: \_\_\_\_\_

Approved as to form:

\_\_\_\_\_

Bruce Reed Goodmiller

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ATTACHMENT 3**

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City Attorney

Approved as to form:

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Rent Board Attorney

REIMBURSEMENT AGREEMENT

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**I. RECITALS**

- A. Whereas, Measure L (The Richmond Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance) was approved by the voters on November 8, 2016 and became effective on December 30, 2016; and
- B. Whereas, Measure L establishes a Richmond Rent Board, requires the City to perform the duties of the Board during the transition period before Board Members are appointed and an Executive Director is hired, and requires the City to provide infrastructural support to the Board as it would to any other City Department; and
- C. Whereas, all City departments pay a cost allocation for infrastructural and administrative support; and
- D. Whereas, since November 8, 2016, the City has provided to the Rent Board, and continues to provide, the following services, including but not limited to: consultants, employees and staff, start-up costs and fees, overhead, IT services, administrative services, legal assistance; and
- E. Whereas, since November 8, 2016, the City has through its General Fund advanced on behalf of the Board, and continues to advance on behalf of the Board, funds to operate the Rent Program; and
- F. Whereas, the City will charge and collect fees (“Rent Program Fees”) to landlords to recover costs for operating the Rent Program, the City Council adopted Rent Program Fees on July 25, 2017, and the Rent Program is beginning to collect but has not yet collected all of the Rent Program Fees; and
- G. Whereas, the City and the Rent Board desire to enter into this Agreement: (1) to set forth activities, services and facilities which the City will provide and make available to the Rent Board in furtherance of Rent Program; and (2) to provide that the Rent Board will reimburse the City for any and all costs and expenses incurred by it on behalf of the Rent Board; and
- H. Whereas, the City and the Rent Board intend that the Rent Program be self-sufficient and not require either permanent funding or cash advances from the General Fund of the City of Richmond; and
- I. Whereas, in taking steps to implement the Fair Rent and Just Cause for Eviction ordinance following voter approval in November 2016, it was necessary for the Rent Program to make expenditures prior to the time when the Rent Program could meet its annual revenue requirements through program registration fees and other funding sources that the Rent

Board may ultimately authorize, and these expenditures were necessarily advanced by the General Fund; and

- J. Whereas, the Rent Board and the City acknowledge that, due to the billing cycle that may be adopted by the Rent Board, the General Fund may need to advance cash from time to time to meet working capital requirements of the Rent Program, and such cash advances are anticipated especially in the early years of the program.

## **II. AGREEMENTS**

In exchange for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, City and Rent Board agree as follows:

### **1. RECITALS**

The parties hereby acknowledge and confirm the Recitals in this Agreement.

### **2. REIMBURSEMENT**

- (a) The City may provide for the Rent Board such staff assistance, supplies, technical services, and other services and facilities of the City as the Rent Board may require in carrying out the Rent Program. Such assistance and services may include the services of City employees and consultants.
- (b) The City may, but is not required to, advance funds to the Rent Board or to expend funds on behalf of the Rent Board to carry out the Rent Program, particularly during the initial months of the Rent Program's operation prior to the receipt of any Rent Program Fees. The Rent Board shall adopt a budget to cover the estimated Rent Program expenditures, including adequate reserves to cover any shortfalls in revenue, based on the level of services reflected in the adopted budget. The City and the Rent Board agree that the City is not required to advance funds to the Rent Board from its General Fund, and that the long term goal is for the Rent Program to fund its operations without advances from the City General Fund.
- (c) The City will establish a separate Rent Program fund for the Rent Board and will keep a separate accounting for all of the Rent Board's revenues, expenditures, and fund balances. The revenues will generally consist of the Rent Program Fees, which will be deposited into this fund. The expenditures will generally consist of services paid, provided, and invoiced by the City and will be directly charged to the Rent Program fund.
- (d) The City will keep records of activities and services undertaken pursuant to this Agreement and the costs thereof in order that an accurate record of the Rent Board's fund balance and liability to the City can be ascertained. The City shall periodically, and at a minimum annually, submit to the Rent Board a statement of the costs incurred by the City in rendering activities and services to the Rent Board pursuant to this Agreement. The City will submit an initial invoice for costs incurred from November 2016 through June 30, 2017.

**ITEM I-1  
ATTACHMENT 4**

- (e) From the Rent Program fund, the Rent Board shall reimburse the City for any and all costs incurred for services and facilities provided by the City pursuant to this Agreement, including but not limited to the proration of administrative, overhead, IT, salary and benefits expenses provided, and any other cost allocations for infrastructural and administrative support, as well as consultant, attorney, and risk management expenses attributed to services rendered for the Rent Board.
  
- (f) It is the express intent of the parties that the City shall be entitled to reimbursement of any and all costs incurred by the City under this Agreement. The Rent Board will make the City whole and reimburse the City's General Fund for all funds that are advanced as soon as possible, and will pay all invoices in a timely manner so long as it has funds available to do so; however, in no instance should amounts invoiced by the City remain unpaid by the Rent Board for more than a two-year period.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first specified herein.

Richmond Rent Board:

CITY:

By: \_\_\_\_\_  
David Gray, Chair

By: \_\_\_\_\_  
Bill Lindsay, City Manager

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Approved as to form:

\_\_\_\_\_

Bruce Reed Goodmiller

City Attorney

Approved as to form:

\_\_\_\_\_

Rent Board Attorney

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