

# AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: January 20, 2021

Final Decision Date Deadline: January 20, 2021

**STATEMENT OF THE ISSUE:** As part of the Fiscal Year 2020-21 budget development process, management staff consulted with Kevin Harper, CPA, to implement a series of budgetary best practices for the Rent Program and Rent Board. As Kevin Harper advised in his March 12, 2020, memorandum, "a key element of an effective budget process is monitoring actual results against the budget throughout the year. This is done on a quarterly basis to allow management time to make adjustments if necessary to expenditures, policies or operations." In accordance with Kevin Harper's advice, staff members have prepared the report for the second quarter ending in December 2020 for the Board's receipt.

## 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

- |   |  |  |  |
|---|--|--|--|
| <input type="checkbox"/> Presentation/Proclamation/Commendation (3-Minute Time Limit) |  |  |  |
| <input type="checkbox"/> Public Hearing   | <input type="checkbox"/> Regulation  | <input checked="" type="checkbox"/> Other: <u>CONSENT CALENDAR</u> |  |
| <input type="checkbox"/> Contract/Agreement   | <input type="checkbox"/> Rent Board As Whole                                     |  |  |
| <input type="checkbox"/> Grant Application/Acceptance                                 | <input type="checkbox"/> Claims Filed Against City of Richmond                   |  |  |
| <input type="checkbox"/> Resolution   | <input type="checkbox"/> Video/PowerPoint Presentation (contact KCRT @ 620.6759) |  |  |

**RECOMMENDED ACTION:** RECEIVE the budgeted versus actual revenue and expenditures report for the second quarter ending December 31, 2020 – Rent Program (Paige Roosa 620-6537).

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**F-5.**

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# AGENDA REPORT

**DATE:** January 20, 2021  
**TO:** Chair Maddock and Members of the Rent Board  
**FROM:** Paige Roosa, Deputy Director  
**SUBJECT:** SECOND QUARTER (Q2) BUDGETED VERSUS ACTUAL REPORT

## **STATEMENT OF THE ISSUE:**

As part of the Fiscal Year 2020-21 budget development process, management staff consulted with Kevin Harper, CPA, to implement a series of budgetary best practices for the Rent Program and Rent Board. As Kevin Harper advised in his March 12, 2020, memorandum, "a key element of an effective budget process is monitoring actual results against the budget throughout the year. This is done on a quarterly basis to allow management time to make adjustments if necessary to expenditures, policies or operations." In accordance with Kevin Harper's advice, staff members have prepared the report for the second quarter ending in December 2020 for the Board's receipt.

## **RECOMMENDED ACTION:**

RECEIVE the budgeted versus actual revenue and expenditures report for the second quarter ending December 31, 2020 – Rent Program (Paige Roosa 620-6537).

## **FISCAL IMPACT:**

There is no fiscal impact of receiving this report, other than that it supports the Rent Board's ability to monitor program revenues and expenditures on a regular basis.

## **DISCUSSION:**

### Background

As part of the Fiscal Year 2020-21 budget development process, management staff consulted with Kevin Harper, CPA, to implement a series of budgetary best practices for the Rent Program and Rent Board. As Kevin Harper advised in his March 12, 2020, memorandum, "a key element of an effective budget process is monitoring actual results against the budget throughout the year. This is done on a quarterly basis to allow management time to make adjustments if necessary to expenditures, policies or

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operations. The best way to monitor budget vs. actual results is to prepare a quarterly financial report that is reviewed by management and the Board. Although this budget vs. actual report is an internal management document, it should be reviewed by the Rent Board at a public meeting.”

The City of Richmond and Richmond Rent Program operate on a fiscal year schedule which begins on July 1 and ends on June 30. In this scheme, each month is considered a “period,” and there are three periods in each quarter of the fiscal year. The periods and months within each quarter are shown in the table below.

Quarter	Periods (Months)
1	1-3 (July, August, September)
2	4-6 (October, November, December)
3	7-9 (January, February, March)
4	10-12 (April, May, June)

### Description of Significant Variances

In his memorandum, Kevin Harper explained that a central purpose of the budgeted versus actual reports is to identify, explain, and document, significant variances between budgeted and actual amounts. He further noted that it is important to quantify those variances that are explained, and that it is more advantageous to thoroughly research and explain very large variances than to do a more cursory explanation of many variances. Following this recommendation, staff members have researched and prepared explanations of variances at or below 25 percent in the report.

The greatest variances between budgeted and actual expenses in the first quarter of the 2020-21 fiscal year are due in large part to the ongoing effects of the Covid-19 pandemic. The pandemic has significantly impacted the nature of our work; for example, all workshops and community events are now held remotely, eliminating the need for refreshments, promotional materials, and supplies. The pandemic has also delayed the process of filling vacancies in the Public Information Unit as well as projects that were budgeted to occur in the second quarter, such as the printing and mailing of the Guide to Rent Control. Management staff are working diligently to fill vacant positions and make progress on projects that have been delayed by the pandemic. As such, at this time staff members do not recommend making any amendments to the existing budget.

### **DOCUMENTS ATTACHED:**

Attachment 1 – Q2 Budgeted Versus Actuals Report

**ITEM F-5  
ATTACHMENT 1**

**RICHMOND RENT PROGRAM  
BUDGET VS ACTUAL REPORT - REVENUES AND EXPENDITURES  
QUARTER ENDED DECEMBER 31, 2020**

	QUARTER ENDED 12/31/2020			YEAR-TO-DATE 12/31/2020			VARIANCE EXPLANATION (a)
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE	
<b>REVENUES</b>							
Fees (includes revenue from collections agency)	\$ (521,811)	\$ (336,832)	\$ 184,979	\$ (2,348,150)	\$ (2,187,010)	\$ 161,140	Payment plans allow for later payment of fees; late fee invoices have yet to be sent
Investment Income	-	(1,854)	(1,854)	-	(9,640)	(9,640)	Budget did not account for interest income
<b>TOTAL REVENUES</b>	<b>(521,811)</b>	<b>(338,687)</b>	<b>183,125</b>	<b>(2,348,150)</b>	<b>(2,196,650)</b>	<b>151,501</b>	
<b>EXPENDITURES</b>							
<b>Salaries &amp; Wages</b>							
SALARIES & WAGES/Executive	168,096	166,762	1,334	336,192	333,524	2,668	
SALARIES & WAGES/Mgmt-Local 21	75,968	40,168	35,800	151,936	82,674	69,262	Two vacant housing counselor positions
SALARIES & WAGES/Local 1021	49,779	47,768	2,011	99,558	95,266	4,292	
SALARIES & WAGES/PT- Temp	10,759	8,975	1,784	21,518	14,338	7,180	Hours for one admin student intern significantly decreased
OVERTIME/General	1,500	144	1,356	3,000	409	2,591	Employees opted for comp time in lieu of OT pay
OTHER PAY/Bilingual Pay	3,060	2,482	578	6,119	4,937	1,182	
OTHER PAY/Auto Allowance	1,050	1,050	-	2,100	2,100	-	
OTHER PAY/Medical- in Lieu of	612	-	612	1,224	-	1,224	Category not included in budget
COMP ABSENCES/WC-Prof-Mgt-Tec	1,047	-	1,047	2,094	-	1,047	No expenditures this quarter
<b>Subtotal Salaries &amp; Wages</b>	<b>311,870</b>	<b>267,350</b>	<b>44,520</b>	<b>623,741</b>	<b>533,249</b>	<b>89,446</b>	
<b>Benefits</b>							
P-ROLL BEN/Medicare Tax-ER Shr	4,155	3,894	262	8,311	7,781	530	
P-ROLL BEN/Health Insurance Be	37,864	32,301	5,563	75,728	63,625	12,103	
P-ROLL BEN/Dental Insurance	4,196	3,651	545	8,393	7,302	1,091	
P-ROLL BEN/Employee Assistance	124	109	15	248	218	30	
P-ROLL BEN/Professional Dev-Mg	1,041	159	881	2,081	159	1,922	Budgeted estimate was conservative
P-ROLL BEN/Vision	548	483	65	1,097	966	131	
P-ROLL BEN/Life Insurance	1,113	874	239	2,227	1,748	478	
P-ROLL BEN/Long Term Disabilit	2,591	2,373	218	5,182	4,743	439	
P-ROLL BEN/Unemployment Ins	1,633	1,330	303	3,267	2,660	607	
P-ROLL BEN/Personal/Prof Dev	197	-	197	393	1,500	(1,107)	Increased professional development expenses due to remote work
P-ROLL BEN/Worker Comp-Injury Appt	-	338	(338)	-	338	(338)	Category not included in budget
P-ROLL BEN/Worker Comp-Clerica	2,569	4,419	(1,850)	5,137	8,435	(3,298)	Budgeted estimate underestimated WC costs
P-ROLL BEN/Worker Comp-Prof	15,937	18,644	(2,707)	31,874	37,319	(5,445)	
P-ROLL BEN/OPEB	11,036	10,774	261	22,071	21,437	635	
P-ROLL BEN/PARS Benefits	134	13	121	268	15	253	Budgeted estimate was conservative
P-ROLL BEN/PERS-Misc	35,487	35,637	(150)	70,974	70,857	117	
P-ROLL BEN/PERS-Misc (UAL)	60,098	64,381	(4,284)	120,195	126,812	(4,284)	
<b>Subtotal Benefits</b>	<b>178,724</b>	<b>179,380</b>	<b>(656)</b>	<b>178,724</b>	<b>355,916</b>	<b>(656)</b>	
<b>Professional &amp; Administrative Services</b>							
PROF SVCS/Professional Svcs	4,375	3,267	1,108	8,750	4,980	3,770	Covid-19 pandemic delayed translation projects such as Guide to Rent Control
PROF SVCS/Legal Serv Cost	52,500	33,332	19,168	105,000	33,332	71,668	Contracts with EDC and BayLegal commenced in October instead of July
AD & PROMO/Advertising&Promo	50	257	(207)	100	537	(437)	Funds spent on "boosting" social media posts as a means of outreach
AD & PROMO/Community Events	878	-	878	1,757	-	1,757	No community events held in person due to Covid-19
ADM EXP/Program Supplies	881	292	589	1,763	584	1,179	No community events held in person due to Covid-19
<b>Subtotal Professional &amp; Admin Services</b>	<b>58,685</b>	<b>37,148</b>	<b>21,537</b>	<b>117,369</b>	<b>39,433</b>	<b>77,936</b>	
<b>Travel, Training &amp; Professional Dues</b>							
TRAVEL & TRNG/Meal Allowance	51	-	51	102	-	102	No travel due to Covid-19
TRAVEL & TRNG/Mileage	306	-	306	612	-	612	No travel due to Covid-19
TRAVEL & TRNG/Conf, Mtng Trng	1,500	-	1,500	1,500	-	1,500	No attendance at conferences due to Covid-19
TRAVEL & TRNG/Tuition Rmb/Cer	-	-	-	-	-	-	
DUES & PUB/Memberships & Dues	-	-	-	-	-	-	
DUES & PUB/Subscription	-	-	-	-	-	-	
<b>Subtotal Travel, Training &amp; Professional Dues</b>	<b>1,857</b>	<b>-</b>	<b>1,857</b>	<b>2,214</b>	<b>-</b>	<b>2,214</b>	
<b>Other Operating Expenditures</b>							
OFF EXP/Postage & Mailing	6,358	-	6,358	12,716	3,063	9,653	Covid-19 pandemic delayed projects such as Guide to Rent Control
OFF EXP/Printing & Binding	6,795	488	6,307	13,591	1,815	11,776	Covid-19 pandemic delayed projects such as Guide to Rent Control
OFF EXP/Copying & Duplicating	-	-	-	-	236	(236)	
RENTAL EXP/Equipment Rental	2,000	799	1,201	4,000	985	3,015	Remote work significantly decreased printing activity
MISC EXP/Misc Contrib	-	-	-	-	-	-	
MISC EXP/Misc Exp	731	-	731	1,463	-	1,463	Budgeted estimate was conservative
OFF SUPP/Office Supplies	1,699	159	1,540	3,398	1,254	2,143	Remote work significantly decreased use of office supplies
UTILITIES/Tel & Telegraph	71	229	(158)	142	229	(87)	Increased phone utility usage due to Covid-19
CONTRACT SVCS/Other Cntrctl Svc	-	69	(69)	-	69	(69)	Category not included in budget
PROV FR INS LOSS/Ins Gen Liab	-	-	-	8,865	7,915	950	
COST POOL/(ISF)-Gen Liability	23,272	17,379	5,893	46,544	34,755	11,789	Budgeted estimate was conservative
COST POOL/(CAP)- Admin Charges	13,120	12,864	256	26,241	25,726	515	
COST POOL/(IND)Civic Ctr Alloc	11,991	12,573	(582)	23,982	25,143	(1,161)	
NONCAP ASST/Comp Hrdware<5K	-	-	-	-	-	-	
NONCAP ASST/Furniture <5k	-	-	-	-	-	-	
<b>Subtotal Other Operating Expenditures</b>	<b>66,037</b>	<b>44,560</b>	<b>21,477</b>	<b>140,940</b>	<b>101,190</b>	<b>39,750</b>	
<b>TOTAL EXPENDITURES</b>	<b>617,173</b>	<b>528,438</b>	<b>88,735</b>	<b>1,062,987</b>	<b>1,029,787</b>	<b>208,689</b>	
<b>EXCESS OF REVENUES OVER (UNDER) EXPEND</b>	<b>\$ 95,362</b>	<b>\$ 189,752</b>	<b>\$ 271,860</b>	<b>\$ (1,285,163)</b>	<b>\$ (1,166,863)</b>	<b>\$ 360,190</b>	

(a) Variance explanations are provided where the actual figure varies from the budgeted figure by twenty five percent or more.

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