

AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: May 31, 2022

Final Decision Date Deadline: May 31, 2022

STATEMENT OF THE ISSUE: On February 17, 2021, the Richmond Rent Board adopted a revised reserve policy directing staff to replenish the reserve balance to 18 percent (18%) of current year budgeted operating expenditures to reflect the minimum requirement. The reserve policy mandates staff members provide an annual update of the reserve balance levels.

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> | |

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|---|--|---------------------------------|
| <input type="checkbox"/> Presentation/Proclamation/Commendation (3-Minute Time Limit) | | |
| <input type="checkbox"/> Public Hearing | <input type="checkbox"/> Regulation | <input type="checkbox"/> Other: |
| <input type="checkbox"/> Contract/Agreement | <input checked="" 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: Staff recommend that the Rent Board authorize replenishing the reserves to a minimum of eighteen percent (18%) of current year budgeted expenditures as described in the Reserve Policy – Rent Program (Nicolas Traylor/Fred Tran 620-6564).

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AGENDA REPORT

DATE: May 31, 2022

TO: Chair Finlay and Members of the Rent Board

FROM: Nicolas Traylor, Executive Director
Fred Tran, Deputy Director

SUBJECT: RICHMOND RENT BOARD RESERVE POLICY

STATEMENT OF THE ISSUE:

On February 17, 2021, the Richmond Rent Board adopted a revised reserve policy directing staff to replenish the reserve balance to 18 percent (18%) of current year budgeted operating expenditures to reflect the minimum requirement. The reserve policy mandates staff members provide an annual update of the reserve balance levels.

RECOMMENDED ACTION:

Staff recommend that the Rent Board authorize replenishing the reserves to a minimum of eighteen percent (18%) of current year budgeted expenditures as described in the Reserve Policy – Rent Program (Nicolas Traylor/Fred Tran 620-6564).

FISCAL IMPACT:

The reserve policy requires the Board to maintain a minimum total reserve balance equal to eighteen percent (18%) of the Board’s current year budgeted expenditures, not to exceed twenty-five percent (25%). If the total reserve balance exceeds twenty-five percent (25%) of the current year annual budget or is anticipated to exceed twenty-five percent (25%) of the following year’s annual budget, the Executive Director or their Designee shall prioritize the use of the excess funds in reducing any subsequent Residential Rental Housing Fee proposal.

DISCUSSION:

Background

Section 11.100.060(m) of the Rent Ordinance ensures the integrity and autonomy of the Rent Board by mandating that the Rent Board “be an integral part of the government of the City [of Richmond],” and “shall exercise its powers and duties under [Chapter 11.100] independent from the City Council, City Manager, and City Attorney, except by request of the [Rent] Board.” The Rent Ordinance further vests the Rent Board with the sole power to oversee and adopt its own budget, while establishing that “the City

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Council and the City Manager shall have no authority to oversee, supervise, or approve this budget.” The Rent Program budget is comprised only of reasonable and necessary expenses to achieve the purpose of the Rent Ordinance and is currently funded in whole by annual registration fees charged to all Landlords in an amount deemed reasonable by the Rent Board and approved by the City Council.

In December 2019, the Rent Board directed Rent Program staff members to negotiate and execute a contract with a financial consultant to, among other tasks, provide recommendations regarding financial and budgetary “best practices” to be utilized by the Rent Board and Rent Program staff members, specifically as it relates to the preparation of an annual budget and fee study for approval by the Rent Board. In April 2020, in consideration of the recommendations and best practices presented by Kevin W. Harper CPA & Associates, the Rent Board directed staff to develop a financial reserve policy.

At a City Council meeting in the Spring of 2020, amid the Covid-19 pandemic, and in affirmation of the Rent Board’s independence, the City of Richmond City Council successfully voted to not provide the City of Richmond Rent Board with any financial relief if the Rent Board were to fall into a fiscal deficit. Having no financial safety net from the City of Richmond and being an independent agency, which necessitates an ability to self-determine through financial independence, it is fiscally prudent and consistent with the mandate of the Rent Ordinance for the Rent Board to maintain reserves in an amount necessary to overcome any shortfalls in its ability to cover its annual expenses.

At their meeting on January 20, 2021, Rent Board members received a proposed operating reserve policy and directed staff to revise the policy to reflect a minimum reserve balance of 18 percent (18%) of current year budgeted operating expenditures, not to exceed twenty-five percent (25%). The revised policy was approved at the February 17, 2021, Rent Board meeting.

The Rent Board provides services that regulate those landlord tenant matters that reasonably relate to rents and evictions. These services have an impact on quality of life for community members as they touch upon the health, stability, and affordability of housing within the community. Prudent use of resources helps determine how effectively these services are provided on an ongoing basis. Reserve funds help ensure that the Board sets aside adequate resources to mitigate the potential negative economic impacts of unforeseen circumstances and emergencies. The reserve policy establishes the amount that the Rent Board will strive to maintain in its Special Revenue Operating Fund Reserves, how the Reserves will be funded, and the conditions under which Reserves may be used.

Reserve Policy

In summary, the reserve policy accomplishes three main objectives:

- 1) Establishes three categories of Reserves and creates a procedure whereby those amounts within the Reserves may be accessed;
- 2) Requires that any amount of the Reserves that are appropriated for spending be replenished; and
- 3) Sets a maximum cap on the total amount of Reserves that can be held at one time and require that any amount in excess of the Reserve maximum cap be used to reduce future Rental Housing Fees.

Reserve Funds and Target Balances

The policy indicates that the Rent Board shall maintain a minimum Special Revenue Operating Fund Unrestricted Committed Fund balance of at least eighteen percent (18%) of operating expenditures for budget stability, cash flow, and contingencies such as catastrophic events and unforeseen operating or capital needs. This is based on the risk assessment methodology for setting reserve levels developed by the Government Finance Officers Association of the United States and Canada.

Since the bulk of Rental Housing Fee revenue is collected in the second and third period of the fiscal year (August and September), the reserve policy requires that in a given year where revenues are greater than expenditures, the Rent Board permit a minimum of two months, and maximum of three months, of budgeted expenses to be carried over for the next fiscal year. These funds shall not be considered part of the Rent Board’s reserve balance. The table below illustrates how the policy would apply to current year budgeted expenses based on the direction received from the Board.

Table 1. Proposed Reserve Funds

Name	Purpose	Target Level	Target Level (\$) (based on FY 21/22 Budget)
Operating and Stability Reserve	Provide fiscal stability and mitigate loss of service delivery and financial risks associated with unexpected revenue shortfalls during a single fiscal year or during a prolonged recessionary period.	18% of current year budgeted expenditures	\$470,930
Catastrophic Legal Event Reserve	Offset unforeseen legal costs that exceed currently allocated legal fees.	50% of any remaining reserve balances after the Operating and Stability Reserve is sufficiently funded at 18% of current year budgeted expenditures	Min: \$0 Max:\$91,570

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Catastrophic Reserve	Mitigate costs associated with unforeseen emergencies, such as a disaster or catastrophic event.	50% of any remaining reserve balances after the Operating and Stability Reserve is sufficiently funded at 18% of current year budgeted expenditures	Min: \$0 Max:\$91,570
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Status of Current Fund Balances

Financial projections suggest that the Rent Program will be able to satisfy the proposed target reserve balances at the end of the current Fiscal Year 2021-22 and maintain a starting balance in Fiscal Year 2022-23 equivalent to at least two months of budgeted operating expenses. Table 2 contains a summary of the figures relied upon to reach this conclusion.

Table 2. Financial Projections and Proposed Contribution to Reserves

Category	Amount
Starting Fund Balance (Beginning FY 2021-22)	\$425,157
Current Revenues (FY 2021-22 Actual as of end of Q3)	\$2,246,447
Current Expenditures (FY 2021-22 Actual as of end of Q3)	\$1,614,594
Projected Revenues (FY 2021-22 Projected through end of Q4)¹	\$2,362,626
Projected Expenditures (FY 2021-22 Projected through end of Q4)²	\$2,178,419
Projected Surplus (Ending FY 2021-22)	\$184,207
Proposed FY 21-22 Contribution to Reserves	\$25,354
<i>Proposed Contribution to Operating and Stability Reserve</i>	\$25,354
<i>Proposed Contribution to Catastrophic Legal Event Reserve</i>	\$0
<i>Proposed Contribution to Catastrophic Reserve</i>	\$0
Starting Fund Balance (Beginning FY 2022-23)	\$584,010

<i>Operating and Stability Reserve balance after proposed funding:</i>	\$470,930
<i>Catastrophic Legal Event Reserve balance after proposed funding:</i>	\$27,212
<i>Catastrophic Reserve balance after proposed funding:</i>	\$27,212
Total Reserve Balance	\$525,354

RECOMMENDED ACTION:

Staff recommend that the Rent Board authorize replenishing the reserves to a minimum of eighteen percent (18%) of current year budgeted expenditures as described in the Reserve Policy and proposed in Table 2 above.

¹ Projected revenue based on the 10-year Financial Projection.

² Projected expenditures based on the 10-year Financial Projection.

DOCUMENTS ATTACHED:

Attachment 1 – City of Richmond Rent Board Resolution No. 21-01 Reserve Policy

Attachment 2 – 10-Year Financial Projection

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**CITY OF RICHMOND RENT BOARD RESOLUTION NO. 21-01
ADOPTING CITY OF RICHMOND RENT BOARD RESERVE POLICY**

WHEREAS, on November 8, 2016, Richmond Residents passed ballot initiative Measure L, with 65.27% voting Yes, which established Rent control and Just Cause for Eviction within the City limits of Richmond; and

WHEREAS, Measure L encapsulates the edicts of Rent Control and Just Cause for Eviction within a voter-adopted Ordinance, called “The Richmond Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance,” and herein referred to as “Rent Ordinance”; and

WHEREAS, Measure L, among other things, created an independent agency and vested within that agency broad powers of administering and executing the provisions of the Rent Ordinance; and

WHEREAS, pursuant to Richmond Municipal Code Section 11.100.060(m), to ensure the integrity and autonomy of the Rent Board, Measure L mandates the Rent Board “be an integral part of the government of the City [of Richmond]”, and establishes that the Rent Board “shall exercise its powers and duties under [Chapter 11.100] independent from the City Council, City Manager, and City Attorney, except by request of the [Rent] Board.”; and

WHEREAS, in furtherance of its independence, Measure L vests the Rent Board with the sole power to oversee and adopt its own budget, while establishing that “the City Council and the City Manager shall have no authority to oversee, supervise, or approve this budget”; and

WHEREAS, to finance the budget, which must be comprised of only reasonable and necessary expenses, Measure L provides that the Rent Board shall charge Landlords annual registration fees in an amount deemed reasonable by the Rent Board; and

WHEREAS, in affirmation of the Rent Board’s independence, the City of Richmond City Council, successfully voted to not provide the City of Richmond Rent Board with any financial relief if the Rent Board were to fall into a fiscal deficit; and

WHEREAS, having no financial safety net from the City of Richmond City Council and being an independent agency, which necessitates an ability to self-determine through financial independence, it is fiscally prudent and consistent with the mandate of Measure L for the City of Richmond Rent Board to maintain reserves in an amount necessary to overcome any shortfalls in its ability to cover its annual expenses; and

WHEREAS, consistent with prudence, on December 18, 2019, the City of Richmond Rent Board directed Rent Program staff members to negotiate and execute a contract with a financial consultant to: (1) Develop and present two, five, and 10-year financial projections of both revenues, expenditures, and reserves for the Rent Program agency, specifically as they relate to collection of the Rental Housing Fee; (2) Provide recommendations on how to meet the Rent Program's goal of building 17% operating reserves by the close of the 2020-21 fiscal year, and how best to achieve long-term financial stability in a manner that is consistent with all applicable laws and regulations including but not limited to Section 50076 of the California Government Code; and (3) Provide recommendations regarding financial and budgetary "best practices" to be utilized by the Rent Board and Rent Program staff members, specifically as it relates to the preparation of an annual budget and fee study for approval by the Rent Board; and

WHEREAS, on February 3, 2020, the City of Richmond Rent Board contracted with Kevin W. Harper CPA & Associates to engage his financial services; and

WHEREAS, between the months of February and March 2020, Rent Program staff members worked with Kevin W. Harper CPA & Associates to develop financial and budgetary recommendations and best practices for the City of Richmond Rent Board's consideration; and

WHEREAS, on April 15, 2020, in consideration of the recommendations and best practices presented by Kevin W. Harper CPA & Associates, the City of Richmond Rent Board directed staff to develop a financial reserve policy; and

WHEREAS, it is prudent that the City of Richmond Rent Board adopt a reserve balance policy that adequately reflects both (1) the City of Richmond Rent Board's dependence on the Residential Rental Housing Fee, charged to all Richmond Landlords on an annual basis, and which has proved to be a volatile revenue source given year-to-year fluctuations in the number of applicable Rental Units upon which the Residential Rental Housing Fee may be assessed, and (2) the City of Richmond's inability to financially support the City of Richmond Rent Board during times of crisis and/or financial uncertainty.

NOW, THEREFORE, BE IT RESOLVED THAT:

The City of Richmond Rent Board adopts the City of Richmond Rent Board Reserve Policy contained in Attachment A, which will do the following:

- 1) Establish three categories of Reserves and create a procedure whereby those amounts within the Reserves may be accessed;
- 2) Require that any amount of the Reserves that are appropriated for spending be replenished; and
- 3) Sets a maximum cap on the total amount of Reserves that can be held at one time and require that

any amount in excess of the Reserve maximum cap be used to reduce future annual registration fees.

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ATTACHMENT A:

TITLE: Richmond Rent Board Special Revenue Fund Operating Reserve Policy

The Richmond Rent Board Special Revenue Fund Operating Reserve Policy is to be reviewed by the Rent Board as part of their annual operating budget review and adoption process.

AUTHORITY:

Richmond Municipal Code Section 11.100.060(m) confers on the Rent Board integrity and autonomy, rendering the exercise of its powers and duties independent from the City Council, City Manager, and City Attorney, except by request of the Rent Board. As a consequence of its independence, Richmond Municipal Code 11.100.060(n) establishes that the Rent Board has the sole power to establish its own annual budget for each ensuing fiscal year, and that the City Council and City Manager shall have no authority to oversee, supervise, or approve this budget. This authority necessarily includes the approval of financial policies which establishes and directs the operations of its services provided through the Richmond Rent Program. The Executive Director of the Richmond Rent Program is responsible for carrying out the policy directives of the Rent Board and managing the day-to-day operations of the Richmond Rent Program. This policy shall be administered on behalf of the Richmond Rent Board by the Executive Director of the Richmond Rent Program or their Designee.

PURPOSE:

The Rent Board provides services that have an impact on quality of life for community members. Prudent use of resources helps determine how effectively these services are provided on an ongoing basis. Reserve funds help ensure that the Board sets aside adequate resources to mitigate the potential negative economic impacts of unforeseen circumstances and emergencies.

The Rent Board desires to maintain a prudent level of financial resources to ensure compliance with the Rent Ordinance while guarding its stakeholders against service disruption in the event of unexpected temporary revenue shortfalls or unforeseen one-time expenditures. The Special Revenue Operating Fund Reserves are accumulated and maintained in governmental funds in order to provide stability and flexibility to respond to unexpected adversity and/or opportunities.

This policy establishes the amount that the Rent Board will strive to maintain in its Special Revenue Operating Fund Reserves, how the Reserves will be funded, and the conditions under which Reserves may be used.

BACKGROUND:

Fiscally, the Rent Board operates under a Special Revenue Operating Fund. The Special Revenue Operating Fund is an account for financial resources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. Because the Rent Board is a Cost-Recovery Agency, State law restricts the use of its funds received through the Residential Rental Housing Fee. The expenditure of Residential Rental Housing Fees is limited to only those services and/or activities that pertain to those landlord/tenant matters that reasonably relate to rents and evictions.

Under ordinary accounting standards, and consistent with the Fiscal Year 2020-21 Reserve Policy of the City of Richmond, there are five separate components of a Fund balance, each of which establishes specific parameters controlling the specific purpose for which amounts may be spent:

1. **Non-Spendable Fund Balance** – Cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to remain intact.
2. **Restricted Fund Balance** – Restricted either externally imposed or imposed by law through constitutional provisions or enabling legislation.
3. **Unrestricted Committed Fund Balance** – Reserved for specific purposes pursuant to constraints imposed by formal action of the Rent Board.
4. **Unrestricted Assigned Fund Balance** – Reserved by the Rent Board or Executive Director for specific purposes, but neither restricted nor committed.
5. **Unrestricted Unassigned Fund Balance** – Residual balance not classified in any of the above categories and has not been restricted, committed, nor assigned to specific purposes.

In the Unrestricted Committed Fund Balance, the Rent Board, as the City of Richmond’s highest level of decision-making authority as it relates to the Rent Board budget, may commit funds for specific purposes pursuant to constraints imposed by formal action taken, such as an ordinance or resolution. These committed amounts cannot be used for any other purpose unless the Rent Board removes or changes the specific use through the same type of formal action taken to establish the commitment. An affirmative vote of three (3) Rent Board members is required to both approve and remove a commitment. Any Commitment of Fund Balance by the Rent Board must be prior to the end of the fiscal year. An example of committed funds is committing an amount of fund balance equal to the expected costs for replacing an existing database, which is demonstrated to be a reasonable and necessary expense, or establishing an operating reserve.

It is recommended that the Rent Board adopt a policy that provides for three reserves within the Rent Board’s Unrestricted Committed Fund Balance: (1) an Operating and Stability Reserve, (2) a Catastrophic Legal Reserve, and (3) a Catastrophic Reserve. Furthermore, because the bulk of Rental Housing Fee revenue is collected in the third and fourth period of the fiscal year (September and October), it is also recommended that the Rent Board include in this policy the requirement that Rent Board monitor its finances with the intent to end each fiscal year with a fund balance equivalent to a minimum of two months, and maximum of three months, of budgeted expenses for the next fiscal year. These funds shall not be considered part of the Rent Board’s reserve balance.

DESCRIPTION AND APPROPRIATE RESERVE BALANCE LEVELS:

The Rent Board shall maintain a minimum Special Revenue Operating Fund Unrestricted Committed Fund balance of at least eighteen percent (18%) of operating expenditures for budget stability, cash flow, and contingencies such as catastrophic events and unforeseen operating or capital needs. This is based on the risk assessment methodology for setting reserve levels developed by the Government Finance Officers Association of the United States and Canada. Following are the three categories of Reserves hereby created and their respective reserve target levels:

- (1) ***Operating and Stability Reserve:*** The Rent Board shall maintain year-end contingency reserve balances in an Operating and Stability Reserve equivalent to a minimum of eighteen percent (18%) of current year budgeted expenditures. The purpose of the Operating and Stability Reserve is to provide fiscal stability and mitigate loss of service delivery and financial risks associated with unexpected revenue shortfalls during a single fiscal year or during a prolonged recessionary period. As the Rent Board experiences net revenue gains in future years, the Operating and Stability Reserve balance must grow back to eighteen percent (18%) of total expenditures to allow the Rent Board to build up its capacity to handle future

short term economic downturns or emergencies without cutting services. A policy based upon a percentage assures that the reserve will remain a prudent cushion as the Rent Board's budget grows over time.

- (2) ***Catastrophic Legal Event Reserve:*** The Rent Board shall maintain a Catastrophic Legal Event Reserve equivalent to fifty percent (50%) of any remaining reserve balances after the Operating and Stability Reserve is sufficiently funded at eighteen percent (18%) of current year budgeted expenses. The purpose of the Catastrophic Legal Event Reserve is to offset unforeseen legal costs that exceed currently allocated legal fees. Should an unforeseen lawsuit be brought against the Rent Board that results in the Rent Board owing fees and costs that exceed those legal expenditures provided for in the annual budget, the Executive Director or their Designee shall have the authority to approve Catastrophic Legal Event Reserve appropriations; however, the Executive Director's or their Designee's approval of use of Catastrophic Legal Event Reserves shall not automatically result in the disbursement of said funds. Subject to the principles of Attorney Client Privilege and the Brown Act, the Executive Director or their Designee's approval must be certified by a majority of the Rent Board Member's at a noticed Board Meeting. The certification shall be accompanied by a budget amendment confirming the nature of the emergency and authorizing the appropriation of reserve funds.
- (3) ***Catastrophic Reserve:*** The Rent Board shall maintain a Catastrophic Reserve equivalent to fifty percent (50%) of any remaining reserve balances after the Operating and Stability Reserve is sufficiently funded at eighteen percent (18%) of current year budgeted expenses. The purpose of the Catastrophic Reserve is to mitigate costs associated with unforeseen emergencies, such as a disaster or catastrophic event. Should unforeseen events occur that require the expenditure of the Rent Board's resources beyond those provided for in the annual budget, the Executive Director or their Designee shall have the authority to approve Catastrophic Reserve appropriations; however, the Executive Director's or their Designee's approval of use of Catastrophic Reserves shall not automatically result in the disbursement of said funds. Rather, the Executive Director or their Designee's approval must be certified by a majority of the Rent Board Member's at a noticed Board Meeting. The certification shall be accompanied by a budget amendment confirming the nature of the emergency and authorizing the appropriation of reserve funds. Should a catastrophic event occur, the required reserve level of fifty percent (50%) of any remaining reserve balances after the Operating and Stability Reserve is sufficiently funded should be adequate to meet the Rent Board's financial needs. For instance, in the event of a natural disaster, the Catastrophic Reserve would provide necessary coverage for basic operating expenses, including costs of relocating of the Richmond Rent Program to another site if the current structure is destroyed and lease costs therein, while still meeting debt service obligations for approximately 90 days. This time frame would enable the Rent Board to seek other available cash alternatives.

COMPLIANCE:

The Rent Board will measure its compliance with this Policy as of June 30 of each year, or as soon as is practical after final year-end account information becomes available. During the course of the year, Rent Program staff members shall deliver to the Rent Board monthly variance reports, so that the Rent Board may closely monitor its revenues and expenditures to ensure Reserves are, or are projected to be, sufficiently funded and used only in accordance with this Policy.

If, based on staff's analysis and forecasting, the target level of Reserves is or is anticipated to be insufficient based upon the target levels established in this Policy, then during the annual budget process, Fund Balance levels shall be provided to the Rent Board as an agenda item for discussion. Should the projected year-end Fund Balance be below the minimum Reserve amount established by this Policy, a plan to replenish the Reserve shall be established based on the requirements outlined in this Policy.

FUNDING OF RESERVES:

Funding of all Reserve targets will generally come from committed funds, excess revenues over expenditures, or one-time revenues.

CONDITIONS FOR USE OF RESERVES:

It is the intent of the Rent Board to limit the use of all Reserves under this Policy to address unanticipated, non-recurring (one-time) needs. Reserves shall not normally be applied to recurring annual operating expenditures. Reserves may, however, be used to allow for the Rent Board to restructure its operations in a deliberate manner (as might be required in an economic downturn), but such use will only take place in the context of an adopted long-term financial plan.

ALLOCATION OF RESERVE FUNDS:

The Rent Board will allocate committed funds, excess revenues over expenditures, or one-time revenue to Reserves by June 30 of each year, or as soon as is practical after final year-end account information becomes available

PERIODIC REVIEW OF RESERVE TARGETS:

Compliance with these sections will be reviewed in conjunction with the annual budget process. At a minimum, during the annual budget process, Rent Program staff members shall review the current and three-year projected Reserves to ensure that they are appropriate given the economic and financial risk factors the Rent Board is subject to.

USE AND REPLENISHMENT OF FUNDS:

The Rent Board's discretionary use of the reserve balances shall be limited by the "Compliance" section of this Policy. Where the Rent Board exercises its direction and appropriates any Reserve Funds consistent with Section (2) of this Policy, the funds shall be replenished in a manner consistent with the following:

- (1) Reserve Funds may be allocated for one-time emergencies (or capital projects deemed appropriate by the Board) only; reserve funds are not to be used for ongoing expenses. Rent Board approval is required before any withdrawals from a reserve fund are initiated.
- (2) In no event shall the total amount of Reserve Funds, as described in Section (2) of this Policy, exceed twenty-five percent (25%) of the annual budget in any current year. Where the total

Reserve Funds either exceed twenty-five percent (25%) of the current year annual budget or are anticipated to exceed twenty-five percent (25%) of the following year's annual budget, the Executive Director or their Designee shall prioritize the use of the excess funds in reducing any subsequent Residential Rental Housing Fee proposal.

- (3) Notwithstanding Section (2), since the majority of Rental Housing Fee revenue is collected in the third and fourth period of the fiscal year (September and October) the Rent Board shall monitor its finances with the intent to end each fiscal year with a fund balance equivalent to a minimum of two months, and maximum of three months, of budgeted expenses for the next fiscal year. These funds shall not be considered part of the Rent Board's reserve balance.

Dated: February 17, 2021

Adopted by the Richmond Rent Board of the City of Richmond by the following vote:

AYES: Boardmembers, Conner, Finlay and Chair Maddock.

NOES: None.

ABSENT: Vice Chair Gerould.

ABSTENTIONS: None.

CYNTHIA SHAW
Cynthia Shaw, Rent Board Clerk

LAUREN MADDOCK
Lauren Maddock, Chair

Approved as to form:

CHARLES OSHINUGA
Charles Oshinuga, Rent Board Legal Counsel

ITEM G-2 ATTACHMENT 2

City of Richmond Rent Program
10-Year Financial Projections
As of April 2022

Object #	City Account Description	Historical Actuals			Projection											
		2018-19	2019-20	2020-21	2021-22 Actual to 3/31/22	2021-22 Projected	2021-22 Total	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
REVENUES																
340445	Fees/Admin Fees (a)	2,189,703	2,681,689	2,764,961	2,225,353	104,431	2,329,784	3,062,687	3,093,314	3,155,180	3,218,284	3,282,649	3,348,302	3,415,268	3,483,574	3,553,245
361701	Int & Invest/Pooled-All Other	367	11,537	6,096	3,668	1,542	5,210	14,000	14,280	14,566	14,857	15,154	15,457	15,766	16,082	16,403
364867	Revenue from Collections	133	13,042	24,796	17,426	10,206	27,632	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Total Revenues		2,190,203	2,706,268	2,795,854	2,246,447	116,179	2,362,626	3,106,687	3,137,594	3,199,746	3,263,141	3,327,803	3,393,759	3,461,035	3,529,655	3,599,648
EXPENSES																
Salaries & Wages																
400001	Salaries & Wages/Executive	530,092	639,594	649,356	501,534	175,535	677,069	724,848	739,345	754,132	769,214	784,598	800,290	816,296	832,622	849,275
400002	Salaries & Wages/Mgmt-Local 21	294,152	263,080	183,838	106,525	35,508	142,033	324,846	331,343	337,970	344,729	351,624	358,656	365,829	373,146	380,609
400003	Salaries & Wages/Local 1021	128,866	150,317	168,422	103,883	36,490	140,373	202,332	206,379	210,506	214,716	219,011	223,391	227,859	232,416	237,064
400006	Salaries & Wages/PT-Temp	49,557	45,905	32,244	25,690	9,970	35,660	35,776	36,492	37,221	37,966	38,725	39,500	40,290	41,095	41,917
400031	Overtime/General	4,778	2,094	1,312	1,251	542	1,793	2,500	2,550	2,601	2,653	2,706	2,760	2,815	2,872	2,929
400048	Other Pay/Bilingual Pay	6,993	9,064	9,719	5,854	1,956	7,810	11,172	11,395	11,623	11,856	12,093	12,335	12,581	12,833	13,090
400049	Other Pay/Auto Allowance	4,200	4,200	4,200	3,150	1,050	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200
400050	Other Pay/Medical-In Lieu of	2,700	1,500	-	-	-	-	-	-	-	-	-	-	-	-	-
400058	OTHER PAY/Bonuses	-	-	-	34,200	-	34,200	-	-	-	-	-	-	-	-	-
400079	Comp Absences/WC-Prof-Mgt-Tec	1,486	5,328	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal - Salaries & Wages		1,022,823	1,121,084	1,049,091	782,086	261,052	1,043,138	1,305,674	1,331,703	1,358,253	1,385,334	1,412,957	1,441,132	1,469,871	1,499,184	1,529,084
Fringe Benefits																
400103	P-Roll Ben/Medicare Tax-ER Shr	14,937	16,389	15,313	11,377	3,801	15,178	18,207	18,570	18,940	19,318	19,703	20,096	20,497	20,905	21,322
400104	P-Roll Ben/PERS Benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400105	P-Roll Ben/Health Insurance Be	146,557	136,575	128,611	117,105	42,264	159,369	232,291	236,922	241,645	246,463	251,378	256,390	261,503	266,718	272,038
400106	P-Roll Ben/Dental Insurance	16,652	17,021	17,534	9,858	3,408	13,265	17,520	17,869	18,226	18,589	18,960	19,338	19,723	20,117	20,518
400109	P-Roll Ben/Employee Assistance	430	473	422	198	43	241	216	220	225	229	234	238	243	248	253
400110	P-Roll Ben/Professional Dev-Mg	3,728	5,200	1,500	-	-	-	6,750	6,885	7,022	7,162	7,305	7,450	7,599	7,750	7,905
400111	P-Roll Ben/Vision	2,106	2,095	2,049	1,159	401	1,560	2,052	2,093	2,135	2,177	2,221	2,265	2,310	2,356	2,403
400112	P-Roll Ben/Life Insurance	5,557	4,006	3,433	4,911	835	3,326	4,139	4,222	4,306	4,392	4,479	4,568	4,660	4,752	4,847
400114	P-Roll Ben/Long Term Disabilit	9,408	10,100	9,259	5,566	1,309	6,875	12,342	12,588	12,839	13,095	13,356	13,622	13,894	14,171	14,454
400116	P-Roll Ben/Unemployment Ins	1,860	5,100	4,960	3,175	1,305	4,480	5,472	5,581	5,692	5,806	5,922	6,040	6,160	6,283	6,408
400117	P-Roll Ben/Personal/Prof Dev	750	1,493	1,500	-	-	-	2,250	2,295	2,341	2,387	2,435	2,483	2,533	2,583	2,635
400118	P-Roll Ben/Worker Comp-Injury Appt	-	-	692	-	-	-	-	-	-	-	-	-	-	-	-
400121	P-Roll Ben/Worker Comp-Clerica	13,806	12,154	14,541	5,886	2,040	7,926	24,001	24,479	24,968	25,465	25,973	26,491	27,019	27,558	28,108
400122	P-Roll Ben/Worker Comp-Prof	69,352	60,744	74,891	35,268	12,241	47,508	-	-	-	-	-	-	-	-	-
400124	P-Roll Ben/CON-MEDICL EE Share	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400127	P-Roll Ben/OPEB	39,338	43,623	42,145	29,429	10,153	39,582	40,723	41,535	42,363	43,208	44,069	44,948	45,844	46,758	47,691
400130	P-Roll Ben/PARS Benefits	642	434	50	274	130	404	-	-	-	-	-	-	-	-	-
400149	P-Roll Ben/Misc	123,021	140,616	139,314	94,260	32,508	126,768	156,287	159,403	162,581	165,822	169,129	172,501	175,941	179,450	183,029
400151	P-Roll Ben/Misc (UAL)	162,985	235,683	271,234	192,396	64,905	257,301	287,268	292,995	298,836	304,795	310,872	317,071	323,394	329,843	336,422
Subtotal Fringe Benefits		611,127	691,706	727,447	508,443	175,340	683,783	809,518	825,656	842,117	858,907	876,033	893,502	911,320	929,494	948,032
Prof & Admin Services																
400201	Prof Svcs/Professional Svcs	32,112	38,241	10,957	7,491	4,166	11,657	143,455	146,324	149,251	152,236	155,280	158,386	161,554	164,785	168,080
400206	Prof Svcs/Legal Serv Cost	137,614	193,742	149,994	139,578	62,498	202,076	210,000	214,200	218,484	222,854	227,311	231,857	236,494	241,224	246,048
400220	Prof Svcs/Info Tech Services	2,375	-	2,142	-	-	-	-	-	-	-	-	-	-	-	-
400241	Travel & Trng/Meal Allowance	359	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400242	Travel & Trng/Mileage	1,284	17	-	-	-	-	-	-	-	-	-	-	-	-	-
400243	Travel & Trng/Conf, Mtng Trng	280	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400245	Travel & Trng/Tuition Rmb/Cert	800	800	-	-	-	-	800	800	800	800	800	800	800	800	800
400261	Dues & Pub/Memberships & Dues	824	1,590	1,453	1,197	1,043	2,240	1,650	2,400	2,448	2,497	2,547	2,598	2,650	2,703	2,757
400263	Dues & Pub/Subscription	1,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400271	Ad & Promo/Advertising & Promo	1,559	2,106	1,702	3,928	3,087	7,016	800	816	832	849	866	883	901	919	937
400272	Ad & Promo/Advertising & Promo	1,563	1,722	-	-	-	-	-	-	-	-	-	-	-	-	-
400280	Adm Exp/Program Supplies	5,292	1,600	3,432	934	468	1,402	5,380	5,487	5,597	5,709	5,823	5,940	6,058	6,180	6,303
Subtotal Prof & Admin Services		185,563	239,819	169,680	153,128	71,262	224,390	362,085	370,027	377,412	384,944	392,627	400,464	408,457	416,610	424,926
Other Operating																
400231	Off Exp/Postage & Mailing	10,849	5,905	6,528	14,222	3,628	17,850	17,300	17,646	17,999	18,359	18,726	19,100	19,482	19,872	20,270
400232	Off Exp/Printing & Binding	12,071	3,295	3,428	735	175	910	24,404	24,892	25,390	25,898	26,416	26,944	27,483	28,033	28,593
400233	Off Exp/Copying & Duplicating	46	-	236	-	-	-	500	510	520	531	541	552	563	574	586
400304	Rental Exp/Equipment Rental	8,721	4,532	2,488	1,928	808	2,736	9,000	9,180	9,364	9,551	9,742	9,937	10,135	10,338	10,545
400321	Misc Exp/Misc Contrib	3,000	-	1,500	1,500	1,500	3,000	2,000	2,040	2,081	2,122	2,165	2,208	2,252	2,297	2,343
400322	Misc Exp/Misc Exp	3,061	2,262	-	173	-	173	2,000	2,040	2,081	2,122	2,165	2,208	2,252	2,297	2,343
400341	Off Supp/Office Supplies	8,721	6,024	1,891	5,802	3,022	8,824	5,000	5,100	5,202	5,306	5,412	5,520	5,631	5,743	5,858
400344	Off Supp/Computer Supplies	18	783	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Other Operating		46,486	22,801	16,072	24,360	9,133	33,493	60,204	61,408	62,636	63,889	65,167	66,470	67,800	69,156	70,539
400401	Utilities/Tel & Telegraph	254	414	551	407	136	543	500	510	520	531	541	552	563	574	586
400538	Contract Svcs/Other Contract Svcs	-	-	103	150	150	301	-	-	-	-	-	-	-	-	-
400552	Prov Fr Ins Loss/Ins Gen Liab	8,029	8,765	9,047	8,991	1,076	10,067	9,300	9,486	9,676	9,869	10,067	10,268	10,473	10,683	10

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