



CITY OF

Richmond CALIFORNIA

CONTRACT FOR COST ALLOCATION PLAN

City of Richmond Rent Program
February 15, 2023, Regular Rent Board Meeting
Item F-5
www.richmondrent.org

Statement of the Issue

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Staff members from the Rent Program and the City of Richmond are requesting that the members of the Rent Board and City Council review and approve a contract to develop a Cost Allocation Plan with the Matrix Consulting Group.

Fiscal Impact

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The Matrix Consulting Group proposes to perform the tasks and services associated with developing a Cost Allocation Study and Internal Service Charge Review for a fixed-price not-to-exceed fee of \$17,290. Half of the contract will be paid from the City of Richmond General Fund (01173415-400201 for \$8,645) and the other half from the Rent Program Operating Budget (11850065-400201 for \$8,645).

Worker's Compensation, General Liability, and Cost Pool - Administrative Charges

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Rent Program leadership engaged in on-going discussions with the City Attorney's Office, City Manager, Human Resources, and Finance Department and agreed to hire a consultant to develop a "Full Cost Allocation Plan" for proper Workers' Compensation, General Liability, and Cost Pool charges for Administrative Charges that complies to both Government Code Section 50076 and Richmond Municipal Code Section 11.100.060(I).

Request for Proposal

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The City of Richmond issued a Request for Proposal (RFP) seeking a qualified firm/consultant to work with the Finance Department and Rent Program staff to prepare Full Cost Allocation Plans that adhere to both Government Code Section 50076 and Richmond Municipal Code Section 11.100.060(I). The City's goal is to establish and maintain well-documented, defensible, and legally consistent Plans that can be used to recover indirect administrative costs.

A Request for Proposal Committee was comprised of staff from the Finance Department, City Manager's Office, and Rent Program.

The City issued a Request for Proposal in October 2022 and received bids from four vendors:

- MGT of America Consulting, LLC
- Matrix Consulting Group
- Maximus US Services
- Willdan Financial Services

Contract with Matrix Consulting Group

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The City's four vendor Proposals were reviewed and considered. The Committee completed the assessments and ratings for all four proposals. The proposal submitted by the Matrix Consulting Group to perform the tasks and services associated with developing a Cost Allocation Study and Internal Service Charge Review was rated the highest among the four consultants. The Committee is requesting for Members of the Rent Board to review and approve the proposal submitted by the Matrix Consulting Group.

The Decision to award the contract to Matrix Consulting Group was based on the proposal and the costs fitting the scope of the work.

Recommended Action

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- APPROVE a contract in the amount of \$17,290 with Matrix Consulting Group to develop a Cost Allocation Plan and to DIRECT staff from the Finance Department and Rent Program to prepare the Full Cost Allocation Plans that adheres to both Government Code Section 50076 and Richmond Municipal Code Section 11.100.060(I), for a term beginning January 18, 2023, through January 17, 2025.

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Amendments to Regulations 600/610 and Addition of Regulation 611 Pursuant to Measure P

City of Richmond Rent Program

Palomar Sanchez, Staff Attorney

February 15, 2023

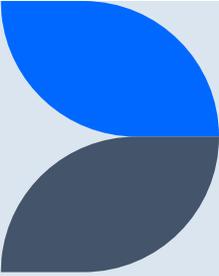
ITEM G-1

Statement of the Issue

The Richmond voters passed Measure P on the November 8, 2022, ballot by 56%. Measure P amended the existing Ordinance and the provisions of the Richmond Municipal Code (“R.M.C”) section 11.100.070(b). The annual rent increase limitation for regulated units, decreased from 100% of inflation to 60% of inflation, as measured by the Consumer Price Index, or a flat 3%, whichever is less. The passage of Measure P necessitates the amendment of Chapter 6: Rent Board Regulations (Annual General Adjustments of Maximum Allowable Rents). Therefore, Rent Program Staff has amended two Regulations and added one Regulation to be consistent with the voter initiative Measure P, entitled the “Richmond Annual Allowable Rental Adjustment Ordinance.”

Fiscal Impact

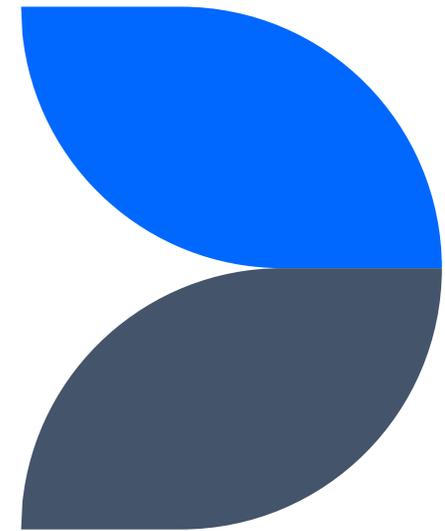
There is no fiscal impact of receiving this report.



Background

In Richmond, certain residential rental units' rental rates are controlled by Richmond's Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance. As originally written and adopted by Richmond voters in November of 2016, Landlords are entitled to an annual rent increase equivalent to "one hundred (100%) percent of the percentage increase in the Consumer Price Index (All Urban Consumers, San Francisco-Oakland-San Jose region, or any successor designation of that index that may later be adopted by the U.S. Bureau of Labor Statistics) as reported and published by the U.S. Department of Labor, Bureau of Labor Statistics, for the 12-month period ending as of March of the current year."

Prior to the passage of Measure P, the Annual General Adjustment for 2022 was five-point two (5.2%) percent.



What Measure P Does

- Measure P became effective ten (10) days after the vote was declared by the City Council (at the December 20, 2022, Regular Council Meeting), on December 30, 2022.
- Caps rent increases for controlled units at three percent (3%) or sixty percent (60%) of the Local Consumer Price Index, whichever is lower.
- Requires Landlords to decrease rent to the amount on August 31, 2022, plus 3%. Failure to lower the rent on the effective date of Measure P will likely result in a rent overcharge.
- Measure P has a “phase-in” period, which extends from the effective date of Measure P through August 31, 2023. During this period, no tenant’s rent may be more than it was on August 31, 2022, plus 3%.

Amendments to Regulations 600 and 610

Regulation 600

- The Annual General Adjustment shall equal “**one-hundred (100%) percent**” of the percentage increase in the Consumer Price Index.
- Measure P changed AGA calculation to 60% of CPI or 3%, whichever is lower.
- Staff is proposing amending Regulation 600 by removing “one-hundred (100%)” and adding “sixty (60%) percent” and by adding, “or three (3%) percent, whichever is lower.”

Regulation 610

- The Annual General Adjustment Order for 2022 was 5.2%.
- The 2022 AGA is now 3%.
- The 2022 Annual General Adjustment under Regulation 610 must be declared ineffective as of December 30, 2022, and to allow for the newly added Regulation 611 to take effect.
- Identified typos in Rent Board Regulation 610: The year (“2021-20202”) and in the lettering of the subsections of the Regulation (“D.”, “E.”, and “F.”).
- Staff is proposing amending Regulation 610 by declaring the ineffective date of the Regulation and the previous AGA of 5.2% as of December 30, 2022, and by rectifying the identified typos.

Addition of Regulation 611

- An additional Regulation is necessary to explain that the new AGA Order for 2022, through August 31, 2023, is 3%.
- Regulation 611 must clarify that banking is not allowed during the “phase-in” period and consequently, must also define what the “phase-in” period is (effective date of Measure P through August 31, 2023).
- To resolve these issues, Staff is proposing the addition of Regulation 611 to Chapter 6 of the Rent Board Regulations.

Recommended Action

AMEND Regulation 600 and Regulation 610, and ADOPT Regulation 611, as these changes are necessary to bring Chapter 6 of Rent Board Regulations in alignment with Measure P– Rent Program (Palomar Sanchez, Nicolas Traylor, 620-6564).