

LONDON N. BREED
*MAYOR*CHRISTINA A. VARNER
EXECUTIVE DIRECTOR

MEMORANDUM

To: Rent Board Commissioners
From: Christina Varner, Executive Director
Date: February 1, 2024
Re: Budget Proposal for Fiscal Year 2024-2025 and Fiscal Year 2025-2026

The Rent Arbitration Board's proposed budget for the next two fiscal years is attached with the proposed organizational chart. The proposal shows expenditures for each category, with accompanying explanations of major changes from this year shown in the explanation column. The proposed budget of \$13,827,383 for Fiscal Year (FY) 2024-2025 is \$3,897,840 less than the current fiscal year's budget due to a reduction in costs associated with the Rent Board's move and new office space tenant improvements, reduction in office space rent, reduction in some interdepartmental work orders, and the commencement of projects in FY 2023-2024 related to professional services supporting technology and business workflow modernization. The Mayor's FY 2024-2025 and FY 2025-2026 Budget Instructions call for all General Fund Departments to reduce their budgets by 10%, however, as an enterprise department generating its own fee, the Rent Board is required to balance within its own funding stream.

Decreases in Expenditure

Departmental expenditures are projected to decrease in FY 2024-2025 from the expenditures of FY 2023-2024. Recent legislative changes, including the Housing Inventory, Rent Board Fee, increase in units under the Rent Board's jurisdiction, and new ADU-related filings in 2021 and previous years brought a significant amount of growth to the Rent Board and increased the Rent Board's budget for three straight years. This growth required the funding of new positions, new systems, and moving the department to a larger, more public-friendly space within the same building. The department has allocated \$2M to its tenant improvement project at 25 Van Ness Ave, Suite 700 for architectural services and construction. Additional move-related costs, including finish work on the connected Suite 660, movers, furniture, tech equipment to support hybrid hearings, contracting for a digital check-in system, increased suite security, and network wiring, are being encumbered in FY 2023-2024 to contribute to the total decrease in FY 2024-2025. New computer equipment has already been purchased. Expenditures for business process and workflow modernization technology projects that will allow for the online filing of petitions and forms and a shift to electronic documents and mostly electronic operations are being encumbered in the present fiscal year. Because the department will vacate its current office suites and move into its new office suites in mid-2024, the overall rent paid to the Department of Real Estate will be reduced by half. Finally, while some work orders with City partners such as SF 311 Customer Service Center and ReproMail will increase in FY 2024-2025 due to

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wages, benefits and materials increases, some key work orders with partner departments will be reduced based on historical actuals.

Positions

The Rent Board is currently budgeted for 50 full time employees (FTE). No new positions have been added to the proposed budget for FY 2024-2025. The department filled 11 vacancies in FY 2022-2023 and, to date, filled 8 vacancies in FY 2023-2024. Currently, the department has 9 vacancies, with one temporarily filled. 6 of these vacancies are in some stage of the hiring and recruitment process while two positions will be held vacant for budgeted attrition savings. The positions currently in the hiring and recruitment process include one 1823 Senior Administrative Analyst in the Inventory and Fee Unit, and three 2975 Rent Board Specialists, one 2982 Rent Board Supervisor, and one 1822 Administrative Analyst in the Public Information Unit. Hiring across the City continues to take a significant amount of time due to Civil Service hiring requirements and staffing shortages at the Department of Human Resources. Due to these delays, the department anticipates going into FY24-25 with salary savings of \$2.7M.

Revenue

Through increased data collection, FY23-24 has provided further clarity on the number of units subject to the Rent Board fee. In FY22-23, the department ended the year with a count of 216,295 dwelling units, 13,208 SRO guest units, and 64,158 exempt units. The department projects a FY23-24 count of 219,125 dwelling units, 13,138 SRO guest units, and 57,222 exempt units. The dwelling unit count includes an added contingency increase of 4,000 units due to new construction or legalization of existing units.

Line 4600 shows the adjusted projected revenue from the main funding source, the Rent Board fee, at \$12,780,453, with other revenue for a total projected revenue of \$13.8M. This number assumes a fee collection rate of 94%. The Controller will determine the actual per-unit fee this spring based on the final budget approved by the Board of Supervisors minus carry forward funds. For the following Fiscal Year 2025-2026, the department anticipates revenue of \$14.4M based on a fee increase of up to \$64 per unit, while also using the available fund balance from present year salary savings.

I am happy to answer any questions about the proposed budget at the February 6 board meeting.

Dept ID Title RNT Rent Arbitration Board

Account Level 2 Title	Account Lvl 5 Title	Account	Account Title	FY 2023-24 Original	FY24-25			FY25-26		
					Proposed	Change from FY2023-24	Discussion	Proposed	Change from FY2024-25 Proposed	Discussion
Expenditure				15,675,223	13,827,383	(1,847,840)	Decrease due to move/TI project funds encumbered	14,386,934	559,551	
5010Salary Total				7,747,722	7,974,837	227,115	Projected wage increase	8,297,614	322,777	
	501000		Perm Salaries-Misc-Budget	-	51,182	51,182		51,937	755	
	501010		Perm Salaries-Misc-Regular	7,610,850	7,786,283	175,433		8,108,305	322,022	
	505010		Temp Misc Regular Salaries	129,872	130,372	500		130,372	-	
	509010		Premium Pay - Misc	7,000	7,000	-		7,000	-	
5130Fringe Total				2,965,934	3,047,756	81,822		3,153,242	105,486	
	513010		Retire City Misc	1,167,643	1,116,689	(50,954)		1,100,725	(15,964)	
	514010		Social Security (OASDI & HI)	404,273	415,414	11,141		438,212	22,798	
	514020		Social Sec-Medicare(HI Only)	112,347	114,887	2,540		119,553	4,666	
			Health Service-City Match	228,007	250,541	22,534		268,088	17,547	
	515020		Retiree Health-Match-Prop B	47,896	56,514	8,618		58,811	2,297	
	515030		RetireeHlthCare-CityMatchPropC	29,419	22,545	(6,874)		23,446	901	
	515610		Health Service-Retiree Subsidy	306,241	323,686	17,445		348,215	24,529	
	515710		Dependent Coverage	562,283	624,833	62,550		668,573	43,740	
	516010		Dental Coverage	57,046	52,956	(4,090)		54,702	1,746	
	519010		Fringe Adjustments-Budget	(6,582)	9,878	16,460		10,699	821	
	519110		Flexible Benefit Package	15,153	16,881	1,728		18,063	1,182	
	519120		Long Term Disability Insurance	28,823	29,483	660		30,706	1,223	
	515510		Health Service-Admin Cost	13,385	13,449	64		13,449	-	
52000HAllo Total				334,171	334,171	-		334,171	-	
	520010		Indirect Cost Reimbursement	334,171	334,171	-		334,171	-	
5210NPSvcs Total				2,037,558	371,558	(1,666,000)		350,558	(21,000)	
	521030		Air Travel - Employees	310	310	-		310	-	
	521050		Non-Air Travel - Employees	248	248	-		248	-	
	522000		Training - Budget	15,000	15,000	-		15,000	-	
	524010		Membership Fees	30,000	30,000	-		30,000	-	
	526610		Interpreters	70,000	60,000	(10,000)	Decrease based on historical actuals	60,000	-	
	527000		Prof & Specialized Svcs-Bdgt	1,681,000	22,000	(1,659,000)	Systems modernization and move/TI project funds encumbered	11,000	(11,000)	
	527610		Systems Consulting Services	-	42,500	42,500		32,500	(10,000)	
	529990		Other Equip Maint	-	2,500	2,500		2,500	-	
	535000		Other Current Expenses - Bdgt	20,000	15,000	(5,000)		15,000	-	
	535510		Copy Machine	15,000	15,000	-		15,000	-	
	535520		Printing	5,000	5,000	-		5,000	-	
	535950		Credit Card Processing Fees	-	5,000	5,000		5,000	-	
	535960		Software Licensing Fees	126,000	126,000	-		126,000	-	
	523050		Employee Recognition	3,000	3,000	-		3,000	-	
	526000		Crt Fees & Other Compensation	12,000	12,000	-		12,000	-	
	535810		Advertising	60,000	18,000	(42,000)	Decrease based on historical actuals	18,000	-	
5400Mat&Su Total				40,250	44,550	4,300		40,250	(4,300)	
	540000		Materials & Supplies-Budget	40,000	28,000	(12,000)		28,000	-	
	542110		Electrical	-	4,300	4,300		-	(4,300)	
	546990		Food	250	250	-		250	-	
	549510		Other Office Supplies	-	12,000	12,000		12,000	-	
58100thDep Total				2,549,588	2,054,511	(495,077)		2,211,099	156,588	
	581015		Human Resources Modernization	5,231	5,493	262		5,767	275	
	581016		Diversity Equity Inclusion	1,161	1,219	58		1,280	61	
	581066		Sr-DPW-Architecture	-	-	-		-	-	
	581067		Sr-DPW-Building Repair	-	-	-		-	-	
	581130		GF-Con-Internal Audits	35,393	37,163	1,770		39,021	1,858	
	581140		DT Technology Projects	2,500	13,300	10,800		11,800	(1,500)	
	581160		GF-Adm-General(AAO)	155,000	162,750	7,750		162,750	-	
	581165		GF-311 Customer Service Center	425,100	439,998	14,898	Wage/fringe increases for 3 FTE	454,800	14,802	
	581170		GF-Risk Management Svcs (AAO)	955	1,061	106		1,114	53	
	581210		DT Technology Infrastructure	121,540	131,669	10,129		138,252	6,583	
	581270		GF-City Attorney-Legal Service	100,000	75,000	(25,000)	Per 5-year historical actuals	75,000	-	
	581325		DT Enterprise Tech Contracts	13,383	18,747	5,364		19,684	937	
	581360		DT Telecommunications Services	11,713	12,299	586		12,914	615	
	581430		GF-HR-Equal Emplmnt Opportuni	19,137	20,094	957		21,099	1,005	
	581450		GF-HR-Mgmt Training	2,200	2,200	-		2,200	-	
	581470		GF-HR-Client Svc-Recrut-Assess	45,937	48,234	2,297		50,646	2,412	
	581480		GF-HR-Employee Relations	3,922	4,118	196		4,324	206	
	581600		GF-HR-Tuition Reimbursement Aap	11,948	12,545	597		13,173	627	
	581660		GF-Chf-Youth Works	9,600	10,080	480		10,584	504	
	581670		GF-Mayor'S - Cdbg	120,000	120,000	-		120,000	-	
	581820		Is-Purch-Reproduction	315,021	346,463	31,442	Assuming 10% annual increase	381,109	34,646	
	581855		GF-Human Rights Commission Svc	9,600	10,080	480		10,584	504	
	581890		GF-Rent Paid To Real Estate	1,020,247	507,000	(513,247)	Move from Suites 320 & 340	600,000	93,000	
	581980		GF-Tax Collector	120,000	75,000	(45,000)	Reduction based on actuals	75,000	-	
Revenue				17,725,223	13,827,383	(3,897,840)	Fund balance used in FY23-24	14,386,934	559,550	
4600C4Svcs Total				12,950,258	12,784,453	(165,805)		13,639,682	855,228	
	460171		Rent Arbitration Fees	-	-	-	Additional fee exemptions	13,635,682	855,228	Increase in units newly assessed
	460199		Other General Government Chrg	3,577	4,000	423		4,000	-	
49990BegFB Total				4,774,965	1,042,930	(3,732,035)		747,252	(295,678)	
49990BegFB Total 499999 Beg Fund Balance - Budget Only				4,774,965	1,042,930	(3,732,035)	Fund balance used in FY23-24	747,252	(295,678)	

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					Proposed	Change from FY2023-24	Discussion	Proposed	Change from FY2024-25 Proposed	Discussion
Expenditure				2,050,000	-	(2,050,000)		-	-	
5210NPSvcs Total				2,050,000	-	(2,050,000)		-	-	
	527000		Prof & Specialized Svcs-Bdgt	2,050,000	-	(2,050,000)		-	-	

**San Francisco Rent Stabilization and Arbitration Board
Proposed Position Level Organizational Chart FY 2024-2025**

