

**CITY OF EAST PALO ALTO  
RENT STABILIZATION BOARD MEETING  
WEDNESDAY, JANUARY 13, 2010  
REGULAR SESSION  
2415 UNIVERSITY AVENUE  
City Council Chambers  
EAST PALO ALTO, CA  
Minutes**

**1. CALL TO ORDER**

The meeting was called to order at 7:15 p.m. by Vice Chair Dorn

**2. ROLL CALL**

Board Members Present: Randolph, Mitchell, Hart, Hernandez, Webster  
Board Members Absent: Dorn  
Board Alternates Present: Allen  
Board Alternates Absent:  
Staff Present: Ford, Ewing

**3. APPROVAL OF AGENDA**

Board Member Allen asked that item 5.4 be heard before item 5.1 and item 7 before item 5.

**Motion:** It was moved (Allen) and seconded (Webster) to move item 5.1 before item 5.1 and item 7 before item 5. Motion passed unanimously.

**4. APPROVAL OF MINUTES**

- Minutes for the November 07, 2009, RS Board retreat

**Motion:** It was moved (Hernandez) and seconded (Randolph) to approve the minutes of the November 07, 2009, RS Board retreat. Motion passed with one abstention (Allen).

- Minutes for the November 18, 2009, RS Board Special meeting

**Motion:** It was moved (Webster) and seconded (Allen) to approve the minutes of the November 18, 2009, RS Board Special meeting. Motion passed unanimously.

- Minutes for the December 09, 2009, RS Board Regular meeting

Board Member Allen made a change to page 6: “**Motion:** It was moved (Webster) and seconded (Allen) to accept the changes to Section 1600 and that staff be asked to bring back a formal presentation with first reading of the ordinance Rules and Regulations at the second meeting in January.”

**Motion:** It was moved (Hernandez) and seconded (Webster) to approve the minutes of the December 09, 2009, RS Board Regular meeting, as amended. Motion passed with two abstentions (Hernandez, Mitchell).

#### **4.1 (formerly item 7) PUBLIC HEARING**

Public Hearing and possible action on proposed revisions to Section 626(D) of the Rent Stabilization Program Rules and Regulations

City Attorney Ewing reviewed the documents presented to the Board and recommended that the Board take action on the proposed changes.

**Motion:** It was moved (Webster) and seconded (Randolph) to open the Public Hearing. Motion passed with one abstention (Allen).

In response to a question by Board Member Allen regarding dates of posting of the notice, Staff Ford responded that the notice was published on December 23, 2009, in the Palo Alto Daily.

There were no comments from the public.

**Motion:** It was moved (Webster) and seconded (Hart) to close the Public Hearing. Motion passed with one abstention (Allen).

**Motion:** It was moved (Webster) and seconded (Hart) that the Board adopt the proposed revisions to Section 626(D) of the Rent Stabilization Program Rules and Regulations. Motion passed with one abstention (Allen).

### **5. AGENDIZED ITEMS FOR POLICY AND ACTION**

- 5.4 Request for authorization for placement of liens on properties with 100 addresses for which Rent Stabilization program registration fees and penalties have not been paid

**Recommendation:** That the RS Board authorize staff to have liens recorded on properties associated with 100 addresses for which rent registration fees and penalties have not been paid

Staff Ford read into the record Section 8.f. of the Rent Stabilization Ordinance, "The amount of any fee and penalty imposed by the provisions of the Rent Stabilization Ordinance shall be deemed a debt to the City and the Rent Board may, at its discretion, call the lien to be filed upon all properties on which statements and fees are delinquent more than 180 days." He explained that the 180 days expired at the end of December, and a letter was sent out to five delinquent landlords. By the end of the week, four of those landlords contacted the office to ask about setting up terms of payment. He and Staff Lee will meet with the landlords. Staff did not hear from Wald Realty Associates (Page Mill Properties) and would like to move forward with having liens placed on the properties. He explained the process for placing liens on the properties.

Board Member Webster questioned why liens would be placed on properties before the auction takes place.

City Attorney Ewing responded that if the liens are placed before the auction sale, the City would lose its right to exercise the liens; however, if the liens are placed on the properties after the properties are sold at auction, the liens and rights of the Rent Stabilization Program (RSP) run with the properties that are participants in the RSP. He reported that the City is set to begin the first round of settlement negotiations with the Receiver's attorney, and he anticipates a series of four to five negotiation sessions. He will let the Board know if he finds anything that prejudices the RSP's interest in pursuing the fees and penalties.

Board Member Webster commented that he had a discussion with Mr. Wald and his attorney who seemed disturbed about the issue of the liens.

Board Member Allen questioned whether there was a benefit to place a lien on the properties that had not paid the registration fees or associated penalties.

Mr. Ewing responded that his approach would be to take the position that the fees are not negotiable; however, the penalties can be waived. He encouraged the Board Members to continue to stay in the ear of the Council Members who will participate in the negotiation session and remind them of the Rent Stabilization Board's position on key issues. He added that he met with the Council in closed session on Monday to formulate the negotiation strategy in detail.

Adrian Marquez, 203 Gardenia Way, commented that Page Mill should pay back what they owe and should be treated as they treated their tenants.

Matthew Fremont, 1986 Euclid, spoke in favor of the Rent Board placing liens on the properties.

Mr. Ewing suggested that the Board give the City Attorney's Office and staff the power to initiate the lien process with the qualification that, if after research he finds out that the fees would be lost in a trustee sale, he would make the call to hold off until the trustee sale occurs.

**Motion:** It was moved (Webster) and seconded (Allen) that the Rent Stabilization Board authorize the City Attorney to have the power to impose liens upon all delinquent properties after doing research to determine whether or not the liens would be lost depending on the trustee sale. Motion passed unanimously.

5.1 Follow-up discussion on possible services related to tenant outreach and education that could be carried out by Community Legal Services (CLS)

Staff Ford reported that the prior week's City Council agenda included an item from the City Manager seeking guidance from the City Council on the City Manager approving a shortened contract for Community Legal Services (CLS). He added that the City Manager had stated in his report that the RSP was short on funds and suggested a shorter contract with CLS.

City Attorney Ewing explained that the Council discussed the likelihood of a new ordinance in June, and the question was asked whether or not the General Fund could loan the RSP money to fund a shortened contract for workshops. Mr. Ewing said that the General Fund could not loan the Rent Program funds. He said that paragraph 6(L) is that the ordinance allowed for a one-time appropriation of funds to get the Rent Stabilization Program up and running back in 1988(sic) but that the RSP is supposed to be self-sustaining through the ordinance.

Board Member Webster said that he believed that the special loan from the City Council to the Rent stabilization Program had to do with the initial set up of the Rent Stabilization Program in 1984 which was rearticulated in the later draft in 1988.

Board Member Allen commented that he sent an email to Staff Ford and Staff Lee requesting a report on the status of the actual amount of funds that have been collected and the amount that has been expended on salaries and benefits. His concern is with the state of the RSP's finances. He pointed out that the City Manager, in the last year's budgetary process, reduced the amount of the registration fees; and the City Manager indicated he would cover the amount needed by the RSP with special funds.

Vice Chair Mitchell summarized that the Board wants a report on the state of the RSP finances and wants to look at alternative funding sources.

Staff Ford pointed out that much of the staff will be out of the office next week, and he would prefer to bring the report back to the Board in February.

## 5.2 Discussion of possible development of Rules of Conduct for Board members

Vice Chair Mitchell reviewed documents that were prepared by the East Palo Alto Sanitary District relating to conduct for Board Members and asked the RSB whether it wanted to undertake the process to create rules of conduct and principles of interaction.

Board Member Webster favored having such a document that Board Members can refer to

Board Member Randolph pointed out the purpose of the Board is to work with the community and respect each other, and she was not sure that a piece of paper would make a difference.

Board Member Hart's understanding was there had not been an issue in the past with Board Member conduct.

Staff Ford pointed out that he had noticed at times that the meetings break down. The document presented to the Board to review would be a tool to help the Board stay on track and conduct its business. He added that breakdowns in organizations was normal.

Vice Chair Mitchell reviewed the options doing nothing, create a mission and values document, hold a team building retreat, or create a Board handbook.

Board Member Allen commented that the urgency of the Board in the next several months will be to deal with fiscal problems and fine tune the Rent Stabilization Ordinance (RSO).

Mr. Ewing reported that the Council will call for the election and placement of the RSO on the ballot will be during the first Council meeting in March. He noted the importance of having a sense of normalcy with how the Board conducts its business so that the citizenry knows what to expect when they come before the Board.

Board Member Hart commented that behavior cannot be regulated with a piece of paper.

The concurrence of the Board was to set aside time at the next meeting to discuss the document entitled, "Vision, Mission, Core Values and Norms

5.3 Discussion of status of possible changes to Rent Stabilization and Good Cause for Eviction Ordinance

Staff Lee explained that Chair Dorn was going to consult with Mr. Ewing, and he believed Mr. Ewing went over this item.

Board Member Allen commented that he would attempt to get the City Council to change the definition of Maximum Allowable Rent.

**6. CONSENT CALENDAR**

**8. RESOLUTIONS or RULES**

**9. REPORTS OF COMMITTEES AND STAFF**

9.1 Report out from RS Board Members and Committees:

- a. Operational Excellence (**Allen**, Mitchell & Hernandez) – No report
- b. Outreach/Education (**Dorn** & Hart) – No report
- c. City Council Liaison (**Hart & Mitchell**) – No report
- d. Rules and Regulations (**Webster**, Allen & Randolph) – No report

**10. ADMINISTRATIVE ITEMS**

**11. WRITTEN COMMUNICATIONS**

Staff Ford acknowledged a communication about the City's budget development schedule from the Assistant City Manager.

Board Member Allen commented on the fact that it took nine months for the Board to get a job description from the City.

Staff Ford announced that Mr. Gordon will be at the Board's January 27, 2010, meeting to discuss preliminary budget process

**12. COMMUNITY FORUM**

Matthew Fremont, 1986 Euclid Avenue, commented that the agenda did not include an item on the Rules and Regulations changes that were discussed in December. He reminded

the Board of the importance of the Board's continuance to press forward on the suggestions to make sure the problem with certificates can be cleaned up.

Staff Ford explained that the last Rules and Regulations report was written by the Rent Stabilization Program staff rather than Legal staff. He recalled that City Attorney Ewing did not say he would have the report ready for this meeting but would possibly have it ready for the second meeting in January. After meeting with Mr. Ewing, staff was informed that it was the job of the RSP staff to prepare the report on the Rules and Regulations. He added that there was a 20-day noticing period which meant he would not have the report available until March.

Board Member Allen understood that the Board accepted and received from Mr. Fremont changes to Rules 1600 and 1000 which were voted on and passed, and staff was directed to take the necessary steps to bring the Board forward to a first reading. He referred to the December minutes which indicated that staff was directed to bring this back to the Board at the second meeting in January.

Staff Ford reiterated that he could have a report available in March.

Vice Chair Mitchell asked that the City Attorney return to the next meeting with a presentation.

### **13. RECOMMENDATIONS FOR FUTURE ACTIONS AND AGENDA ITEMS**

Vice Chair Mitchell summarized that the next agenda would include a financial status report including the CLS contract; clarification from the City Attorney regarding Section 1600 of the Rules and Regulations; an update on the 100 properties and the process for liens.

Board Member Webster asked for a status report on the condo conversion application.

Mr. Ford explained that condo conversions are a form of subdivisions which are handled by the Planning Department.

### **14. ADJOURNMENT**

There being no further business, the meeting adjourned at 9:35 p.m.