

**CITY OF EAST PALO ALTO
RENT STABILIZATION BOARD MEETING
WEDNESDAY, JANUARY 27, 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 Chair Dorn.

2. ROLL CALL

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

3. APPROVAL OF AGENDA

Motion: It was moved (Webster) and seconded (Randolph) to approve the agenda. Motion passed unanimously.

4. APPROVAL OF MINUTES

Minutes not available for the January 13, 2010, RS Board regular meeting

5. AGENDIZED ITEMS FOR POLICY AND ACTION

- 5.1 Presentation of 2010-2011 East Palo Alto Budget by Assistant City Manager, M.L. Gordon and Finance Director, Stephanie Osaze and discussion

Assistant City Manager M. L. Gordon reported that the City is anticipating a relatively rough budget year. The Council will be conducting a budget workshop for the community; the budget schedule is very aggressive with a short window of time for departments to bring their proposals to the Council.

Finance Director Stephanie Osaze reviewed the financial audit that was prepared at the end of June 2009, including information on the Rent Stabilization's Fund. The document includes results of revenues and expenditures. Total revenues collected was (sic) \$313,476. Ms Osaze said, "We did have an investment loss. This was due to the San Mateo County's investment pool as the City's a part of that investment pool. Where the Lehman Brothers bankruptcy. Basically the County lost a significant amount of money related to that. As a result, the City's share of that was approximately \$1 million of which we had to allocate out to the various funds. So the actual loss was \$24,000 but there was roughly about \$7,000 of interest earned as a result of just the total pool itself. She said that the City pools with San Mateo County but the City also pools it's funds with the state as well. The net total revenue was \$296,258. Expenditures totaled approximately \$780,000, and an operating deficit of \$483,000. Approximately \$143,000 was transferred from the

Transient Occupancy Tax that had been set aside for Housing activities. As of June 30, 2009, the Fund Balance was \$57,823.

Mr. Gordon commented that the City was fortunate that no staff had been laid off; positions are currently at approximately 96% of authorized positions to be filled. He explained that the budget should reflect a policy document/financial tool/operations guide/and communication device. The Council has been working since last January on developing a strategic plan that includes goals and objectives of each department of the City. Financial budget documents are due to the City on February 5, with narratives, accomplishments, and objectives due on February 19. A good picture of the proposed budget would be ready in March.

Ms. Osaze reviewed the actual operating and capital budget schedule. Several workshops will be presented during the budget process, which will be an opportunity for individuals to make comments or suggestions to the Council.

Chair Dorn noted that the Budget Committee will meet soon; in the meantime, she requested receiving a breakdown of several categories, which she will email to staff.

Board Member Hart suggested considering increasing the amount for community outreach and education.

Mr. Gordon recommended that the Board work with the Rent Stabilization staff to make sure the information that gets submitted by February 5 incorporates the Board's ideas and thoughts with regard to the budget.

5.2 Development of Board Mission, Values, Norms

Board Member Hart recommended this item be tabled until Board Member Mitchell is present.

5.3 Follow-up discussion on possible services related to tenant outreach and education that could be carried out by Community Legal Services (CLS) pertaining to the possibility of the use of funds outside of the Rent Stabilization Program

Chair Dorn commented that it was anticipated that the funds budgeted for the contract, as proposed, would fall short by \$4,000 or \$5,000 and questioned whether more budget money could be allocated to cover the shortfall for the current year.

Staff Lee explained that he presented a staff report to the Council which brought forth the Board's request for additional funding for outreach. The City's position was that, due to fees not being received by Page Mill, there would not be enough money to go forward with the trainer for outreach. The Council asked the City Attorney to render an opinion as to whether or not the General Fund could loan the Rent Board money. The opinion was that the General Fund could not loan the Rent Board money.

City Attorney Ewing offered to provide outreach with workshops to teach tenants and landlords their rights under the existing ordinance without the City or Rent Board incurring any costs.

Board Member Hart asked for a proposal from the City Attorney in terms of what the workshops would entail.

Chair Dorn pointed out that Community Legal Services (CLS) anticipated using YUCA to go door-to-door to apartments to provide information about meetings.

City Attorney Ewing indicated that there would be no additional cost to the City for the work he would do, and the Rent Stabilization Board could then use the money budgeted for Outreach for something else.

Board Member Webster pointed out that the issue of getting people to attend workshops had never been adequately expressed, and the Rent Board had spent considerable amounts of money over the years to get people interested in attending. The difficulty had always been trying to get people from the westside to go to meetings at the City Hall.

Chair Dorn pointed out that CLS suggested holding meetings at various complexes, churches, and schools.

5.4 Second Reading: Section 626(D) of the Rent Stabilization Program Rules and Regulations – Final Adoption

Chair Dorn read the heading of the resolution and recommended waiving reading of the full text.

Motion: It was moved (Webster) and seconded (Randolph) to approve Resolution No. _____, A Resolution of the Rent Stabilization Board of the City of East Palo Alto Revising Rules and Regulations Section 626(D). Motion passed unanimously.

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

Chair Dorn explained that she tried to find out if there were any changes to be made to the new proposed Rent Stabilization Ordinance and that, apparently, nothing was to be changed.

City Attorney Ewing reported that the Rent Stabilization Ordinance that was crafted from February 2009 would not substantially change; a public hearing will be held at which time members of the community would be able to voice their opinions and make suggestions. He added that the City retained a law firm to provide a California Environmental Quality Act (CEQA) analysis as it relates to the Rent Stabilization Ordinance. The law firm will provide him with a report, and he will then prepare a resolution of findings for the City Council to adopt.

5.6 Status of placement of liens for unpaid RSP fees and penalties

City Attorney Ewing reported that at the last meeting, the Board asked him to look at the issue of when to file liens and what would happen in the event of foreclosure. His research revealed that the lien would be extinguished if foreclosed. His advice was to wait to file the liens until after foreclosure sales. He explained that negotiations were to commence this week with the Receiver; however, those were canceled. The City Attorney's Office is in the process of scheduling new meetings. His advice was to wait and see what would

happen because it was possible that, pursuant to negotiations, some of the issues might go away.

Board Member Hart questioned the possibility of suing Page Mill's corporation once the sale has gone through to pursue the registration fees.

Mr. Ewing responded that suing Page Mill was a possibility.

Matthew Fremont, 1986 Euclid, suggested that it would be helpful for the Board to have a report on the outcome of the trustee sale.

Chair Dorn clarified that the Board needed to be aware of when the properties change hands so that staff can send letters to the new owners letting them know that they are supposed to register.

5.7 Discussion of timing on planned revisions to Sections 1000 and 1600 of the Rules and Regulations of the Rent Stabilization Program

Staff Ford reported that staff would have a report ready in March, adding that Rent Board staff will prepare the report rather than Legal staff as was done in the past. The Rent Board staff will review the changes and prepare a summary of the changes which will be published 20 days prior to the first hearing.

City Attorney Ewing reminded the Rent Board to keep in mind when contemplating rules and regulations under the old ordinance that there might be a new ordinance in June. His suggestion was to table this item until the new ordinance is in place.

Matthew Fremont noted that rules and regulations have to be crafted per a particular ordinance; however, the work being done to consider the revisions to Sections 1000 and 1600 would serve the Board well. He added that if the ordinance passes in June, the Board might have a great deal of work to do during the summer in order to make sure that the City can continue to effectively implement the new ordinance.

Consensus of the Board was for staff to prepare a report for March.

5.8 Authorization of use of professional services for finalization of Rent Program Brochures

Chair Dorn reported that Staff Ford contacted three companies to submit bids, and she and Staff Ford will talk to the companies about changes in the brochures.

Staff Ford explained that the bids ranged from \$100 to \$300 for layout and \$500-550 for printing. His suggestion was that the Outreach and Education Committee talk to the companies and let them know what the Rent Board wants in terms of the brochure.

Board Member Hart commented that the Committee would contact the companies and prepare a report for the Board's agenda. Mr. Hart volunteered to contact the contractors that had made proposals.

Chair Dorn pointed out that the content of the brochure would not change, but the brochures would be more professional.

6. **CONSENT CALENDAR**
7. **PUBLIC HEARING**
8. **RESOLUTIONS or RULES**
9. **REPORTS OF COMMITTEES AND STAFF**

9.1 Report out from RS Board Members and Committees:

Board Member Hart announced that the East Palo Alto Kiwanis Club, in conjunction with the School District and Kiwanis Clubs of Palo Alto and Menlo Park, will put on a community event to support the School District. He also reported that on Wednesday, February 17, there will be a meeting at City Hall with the Police and Fire Departments and community members regarding emergency preparedness.

- 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**
12. **COMMUNITY FORUM**
13. **RECOMMENDATIONS FOR FUTURE ACTIONS AND AGENDA ITEMS**

Board Member Webster asked for a report on the status of a condo conversion application of the West Park Apartments.

Staff Ford commented that his understanding was that staff was to provide information on the issue but that it did not need to be placed on the agenda.

City Attorney Ewing indicated he will follow up on the issue.

14. **ADJOURNMENT**

Upon motion by Board Member Webster, seconded by Board Member Hart, the meeting adjourned at 8:54 p.m.