

CITY OF YUCAIPA
AGENDA REPORT

TO: Honorable Mayor and City Council

FROM: Jennifer Shankland, Director of General Services/City Clerk
Greg Franklin, Director of Administrative Services

FOR: City Council Meeting of September 28, 2009

SUBJECT: Mobilehome Park Registration Fee Increase

RECOMMENDATION

That City Council:

1. Approve an additional component to the formula for the calculation of the mobilehome park registration fees to reconcile previous year's balance/deficit using a rolling three year average; and
2. Adopt Resolution No. 2009-48, rescinding Resolution No. 2008-42 and amending Resolution No. 2007-03 Section 2.0007(B)(C)(D), establishing the 2010 annual registration fees for the enforcement of the Mobilehome Rent Stabilization Ordinance.

BACKGROUND

Pursuant to Yucaipa Municipal Code (YMC) Chapter 15.20 the intent of the annual registration fees is to cover the costs of administering the Mobilehome Park Rent Stabilization Program. For the past few years the costs associated with this program have increased due to rent increase applications before the Commission, appeals before the Council and on-going litigation based on the findings of these applications. Based on these factors, the program has developed a financial deficit.

City Council has repeatedly established that the Mobilehome Rent Stabilization Program is intended to remain financially self-sufficient. In order to remain financially self-sufficient, it was necessary to adjust the fee structure in order to address both the cumulative deficit and the ongoing expenses. Without an adjustment for both components, the cumulative deficit would continue to increase, resulting in the General Fund subsidy of this program.

To ensure that the Mobilehome Rent Stabilization Program remains financially self-sufficient, the City Council had previously approved an overall funding formula that addresses the funding for both the accumulated deficit as of June 30, 2008 and the ongoing costs associated with the administration of the program. In order to prevent potential rate spikes, the funding formula included the elimination of the accumulated deficit over a three year period (eliminated in FY 09/10).

when compared to the previous year's projection for June 30, 2009 due to the Grand View West NOI/Fair Return Application/Appeal and other unforeseen expenses related to rent control issues. This deficit will increase the annual registration fees from the 2009 fees of \$84.48 (\$7.04 per month per space / each party paying \$3.52) to the recommended 2010 fees of \$85.44 (\$7.12 per month per space / each party paying \$3.56).

The Grand View West (GVW) court related expenses, depending on the courts decision, will either be reflected in next year's formula as part of the 09-10 Actual expenses (Court upholds Council's decision) or will not be a part of next year's rate calculation (Council decision is not upheld by the courts), which will impact the General Fund. To prepare for the potential court related costs, the FY 2009/10 budget included a Service Level Option in the amount of \$206,000, which staff believes is based on a "worst case" scenario that the court rules against the City Council GVW decision and court and attorney related expenses are therefore directly incurred to the General Fund.

The attached Resolution No. 2009-48 establishes the annual registration fee of \$85.44 for 2010, which is based on Exhibit A. The registration fee may be amended in Resolution No. 2007-03 contingent on Council direction.

Upon Council adoption of Resolution No. 2009-48, city staff will send rate adjustment letters to both park owners and residents. The fee increase will take place in January of 2010 and will be reflected in the 2010 Mobilehome Park Registrations, which are required to be completed by the park owners and filed with the City by January 31, 2010.

FISCAL IMPACT

The rent stabilization program continues to run in a deficit, with an estimated FY 2009/10 deficit of \$25,924 and a projected cumulative deficit of ~~\$92,153~~ \$104,083 as of June 30, 2010. As detailed in Exhibit A, the rent stabilization program in most instances will experience a financial deficit due to unforeseen expenses that may result from issues raised for Commission and/or Council consideration. However, the formula includes a factor to address the annual projected deficit/balance. Note, that court related expenses when the decisions made by the Commission and/or Council are not upheld by the courts will not be recovered by the registration fees, and will therefore impact the General Fund.

Attachment: Exhibit A
Resolution No. 2009-48

Approved by: _____

State law. This fee may be included in the monthly statement of rent due, but must be itemized separately, and shall not be deemed to be a part of the rent or included in the rent.

D. Prorated Registration Fee Refund. In the event a space under the jurisdiction of the YMC becomes exempt as outlined in YMC Section 15.20.030 after January 31st each year, a park owner may apply for a prorated refund at the time of the annual registration. The prorated refund for said space shall be calculated by multiplying the total number of months that the space was exempt by \$7.12. The resulting figure may be deducted from the annual registration fee. The park owner may be required to show proof of exemption for any space for which a prorated registration fee refund is requested.

PASSED, APPROVED and ADOPTED by the City Council of the City of Yucaipa this 28th day of September 2009.

Dick Riddell
Mayor

ATTEST:

Jennifer Shankland
Director of General Services/City Clerk