

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
DEPARTMENT OF CONSUMER AND REGULATORY AFFAIRS**



Public Hearing  
On

Fiscal Year 2021 Budget Hearing

Testimony of  
Ernest Chrappah  
Director  
Department of Consumer and Regulatory Affairs

Before the  
Committee of the Whole  
Council of the District of Columbia  
The Honorable Phil Mendelson, Chairman

May 27, 2020  
12:00 pm

Good morning, Chairman Mendelson, Councilmembers, and staff. I am Ernest Chrappah, the Director of the Department of Consumer and Regulatory Affairs (DCRA). I do hope that all of you and your families are safe and healthy during these uncertain times. I am here, virtually, this afternoon to testify on the Fiscal Year 2021 Budget for DCRA.

Last week, Mayor Bowser presented the DC HOPE (Health, Opportunity, Prosperity, Equity) Budget for fiscal year 2021 (FY 2021), which will mark the District's 25<sup>th</sup> consecutive balanced budget. This year's budget has taken into account the estimated loss of revenue due to the COVID-19 pandemic, but continues to push ahead with the Mayor's priorities of providing a more equal and equitable place to live and work for District residents.

As part of the Bowser Administration, and as a District resident myself, I would like to thank the Mayor, her senior staff, and all District government employees for continuing to fulfill the commitment of providing residents with an equal and equitable place to call home, no matter one's socio-economic position. This charge is especially needed as we are in the midst of dealing with and recovering from the effects of the COVID-19 pandemic. Given our mission, DCRA is an integral part of the District's work to create a level playing field, particularly in the areas of protecting consumers, helping residents start and grow businesses, and ensuring that additional housing units are built safely and quickly.

When I became Director of this agency, I made a commitment to you, and to the residents of the District, that DCRA was going to make a huge push to provide world-class customer service by improving accountability, transparency, and responsiveness, while also digitalizing the agency to better position ourselves in this ever-changing world. We put together a strategic plan to overhaul the agency by the end of the 2020 calendar year, and I am proud of the work we've

accomplished thus far and know that we are actively working towards completing all of our goals by year's end.

Over the last year we've focused relentlessly on improving the agency's customer service and responsiveness to our residents and customers, something that has come up at previous hearings before the Council. After piloting an online customer management system for almost a year, we have now fully transitioned to an enterprise Customer Relationship Management system called KRM. Under this system, whenever a customer contacts DCRA, whether by phone, email, through our website, or via social media, the issue is automatically logged into our system and routed to the appropriate division or team member. For those who haven't tried it, I'd encourage you to check out the new live chat feature on our website that connects people with our staff in real-time during regular business hours. Regardless of the customer's entry point, as soon as they contact us, the clock starts. Our staff is required to respond and resolve a customer's issue within three business days or less—something that is reflected in the performance plan of every DCRA employee. Some issues are obviously more complex and require numerous follow-ups over a longer period of time, but we are committed to getting a resolution underway immediately. And I am proud to share that of the more than 43,000 inquiries we've handled over the past four months, 95 percent of inquiries were resolved in three days or less. Getting customer feedback to understand how well we delivered our customer service is essential in our effort to further improve customer service delivery. With this in mind, once an inquiry has been closed, we now send our customers a short survey to rate their experience with the agency as poor, satisfactory, or excellent, and then explain why. In April of this year, 57 percent of customers rated their interactions with DCRA as "excellent", while 20 percent rated their experience as "satisfactory". While we are working toward even higher satisfaction levels, I am pleased to say that even during these

challenging times, we are providing nearly 80 percent of our customers with “satisfactory” or “excellent” service.

I’d like to take a moment now and give you the chance to hear from some of our customers in their own words, all of which was filmed over the last week. [*play video*]

Knowing that some issues are highly complex and require coordination within various divisions of DCRA, as well as with our sister agencies, we’ve also now set up an account management system, with an account manager assigned to each ward. Our account managers work closely with Council staff, ANCs, and the residents and businesses within their wards to keep an open line of communication and solve problems.

Part of good customer service is also staying nimble and adapting to changing circumstances. Within days of Mayor Bowser declaring a public health emergency in the District, DCRA was able to fully transition to providing all of our services digitally. This includes processing applications and renewals for business licenses, approving plan and permit reviews, issuing Certificates of Occupancy, scheduling and conducting inspections, maintaining a robust enforcement presence, and converting previously planned in-person events to virtual events. Last month, DCRA successfully completed 97.8 percent of permit plan review in ProjectDox in 30 days or less; issued over 3,500 permits; conducted more than 1,050 construction inspections; and processed 94 percent of new business licenses within one day. This is a testament to the great work of our staff and shows how the investments we’ve made in technology have paid off.

In the face of this pandemic, while other government agencies throughout the country that perform similar functions to DCRA have struggled, DCRA hasn’t missed a beat. According to a national survey conducted by the International Code Council, 40 percent of agencies across the country do not have the capability to perform electronic or remote plan reviews: DCRA does.

Thirty percent of these agencies do not have the capability to perform electronic or remote permitting: DCRA does. Sixty-one percent of these agencies do not have the capability to conduct remote inspections: DCRA does. Simply put, our focus on digitization has positioned the District very well for the current environment.

As you can imagine, at the start of this crisis, many tenants were worried about DCRA inspectors entering their homes to conduct housing inspections. To balance this very real concern with the need to ensure that landlords maintain safe housing conditions, our inspections team quickly transitioned to conducting virtual inspections. Using their phones, tablets, or computers, tenants simply show our inspectors around their apartments, which gives us the documentation we need to take enforcement action. Naturally, some residents have had questions about the technology involved. In response, we're now hosting building-wide virtual town halls in buildings that are scheduled for proactive inspections. Our enforcement team walks residents through the types of issues inspectors commonly find, encourages residents to sign up to have their units virtually inspected, then explains, step-by-step, how the virtual inspections will be conducted and answers questions.

Throughout all of this, our staff has been resilient. With the exception of a handful of employees who still need to work in the field, such as our abatement team, everyone else is now working remotely. Every weekday, I hold an all-staff WebEx meeting to provide updates and answer questions. These meetings, along with our project management and team collaboration software, have allowed us to stay connected and productive. Our culture change initiative also remains fully active, with virtual one-on-one career counseling sessions for employees, and a range of tailored training sessions to meet the unique needs of specific teams. Far from slowing down, since the start of the pandemic, DCRA has launched two major new products for our customers:

AccessDC and Scout. For those not familiar, AccessDC allows residents to create a single account to access all of DCRA's online systems, while also being more secure; and Scout is our new consolidated database system that streamlines property and business data, allowing residents to more easily track permits, licenses, regulatory information, and other useful District data.

In response to concerns that DCRA is not acting quickly enough to stop illegal construction in the District, we have developed new approaches that include the use of technology and other resources to decrease response times for illegal construction complaints. I'm pleased to share that we have made significant gains in our response times for illegal construction complaints. During the second quarter of FY19, we responded to illegal construction complaints in less than two days 44 percent of the time; but during the second quarter of FY20, we responded to complaints and conducted an inspection in less than two days 67 percent of the time. This allows us to catch more bad actors, and then add them to our growing database of bad actors, which are grouped by LLC, as well as location. With respect to housing code violations, we've continued to improve our proactive inspections program. Working with Georgetown University, we developed an algorithm that takes into account factors like a building's age and the landlord's history of code violations to target where we send our inspectors. The team working on this algorithm has considered factors such as age of the building and the history of that particular landlord, which will allow us to focus on buildings with an increased likelihood of violations. And as part of our work to increase transparency, using our agency's dashboard, the public can look at apartment buildings and see how many housing violations have been issued, and of those violations, how many repairs have been made. That's valuable information for a prospective tenant, arming them with information about bad landlords before they ever sign a lease.

## **Budget Overview and Proposed Improvements:**

Let me now highlight the Mayor's proposed FY 2021 budget and our budget priorities. Overall, DCRA's FY 2021 total budget is \$73.7M, which is a \$1.1M decrease from \$74.8M in FY 2020. With no capital funding in FY 2021 from the six-year Capital Improvement Plan, the operating budget proposal of \$73.7M reflects an 8.67 percent operating budget increase from FY 2020, with one additional full time employee (FTE). The proposed local budget of \$27.5M is a 0.12 percent increase of \$32,000. This amount reflects additional resources for consumer protection, community outreach, and the removal of nearly \$1.9M for one-time contracting and document digitizing costs. As part of our budget, Mayor Bowser prioritized \$200,000 to improve our customer complaints management system; something we committed to in the wake of the tragic Kennedy Street fire. These funds will allow DCRA to shore up how we track and manage complaints and tips; especially those that require multiple site visits and administrative search warrants. This investment will also help us better track potential unlicensed rental properties, bad actors, and prevent them from continuing to do business as landlords in the District.

The proposed Special Purpose Revenue budget of just over \$46M reflects a 14.14 percent increase from FY 2020. Approximately 71 percent of this increase, about \$4.1M, is allocated for the Accelerated Plan Review program to continue our commitment to deliver permits faster to our customers. The remaining increase is mainly allocated for abatement and proactive inspection contracts, resources for the OPLA boards and commissions, as well as personnel step increases and other adjustments. There is also an intra-District budget increase of \$148,744 for a Solar Coordinator, funded by the Department of Energy and Environmental (DOEE), for solar plan reviews.

As you know, the COVID-19 pandemic has impacted the District's revenue and we will need to leverage our existing resources in order to meet increasing needs in several areas. In the area of property abatements for example, this will mean prioritizing cases with the greatest need. Comparing our revised FY 2020 budget for abatement with that of the upcoming fiscal year, there is not an increase. We understand that the issue of abatement has become an increasing problem for tenants whose landlords have failed to provide living conditions that are safe and secure for their tenants. That is why DCRA strongly advocates for the Council to reengage on Bill 23-14, the "Landlord Accountability Through Expedited Receivership Amendment Act of 2019", which was submitted by Mayor Bowser on January 7, 2019. This bill gives agencies like DCRA the ability to take action against a negligent property owner in Superior Court so that a receiver can be appointed and funds can be acquired to properly abate the property. Receivership under the aforementioned bill and subsequent plans to abate would be closely monitored by the Superior Court to ensure the successful execution of the landlord's abatement of the housing code violations. This bill would also grant the court authority to order the property owner to cover the costs of abating the violations, reimburse the District government for any abatement that the District has already performed, and pay the fees associated with displacing tenants.

As part of the Budget Support Act, I am excited to share that the agency will be creating an online marketplace that will digitize, simplify, and improve accountability of the third-party construction inspection process. Once the marketplace is live, builders will be able to view all certified third party inspection operators in one place, and then book an inspection based on availability and price. The goal is to make the whole process easier to use, while providing DCRA with greater transparency and oversight. Transactions occurring on the platform will be subject to



a small transaction fee, which, over time, will support the District's final plan, create new economic opportunity, and pay for the maintenance of the marketplace.

## **Conclusion**

Throughout my tenure as the Director, I am reminded that DCRA's charge is to continue to foster growth and development in the District and ensure tenants have safe housing, while expanding opportunity and promoting innovation for more than 57,000 businesses and 700,000 residents. With this year's budget, and the Mayor's steadfast and unwavering support of DCRA, we will continue to do just that in a more streamlined, efficient manner without sacrificing quality, responsiveness, or results. Our agency will build on the successes of last year with one eye looking towards the future and the other cognizant and humbled by past shortcomings. We believe the investment and support shown by the Mayor, with the Council's partnership, will lead to even more achievements and successes.

Thank you for the opportunity to testify today. I look forward to answering any questions you may have.



# **Testimony of Sara Bardin Director, Office of Zoning**

## **May 27, 2020 Office of Zoning Budget Hearing**

Good morning, Chairman Mendelson and Members of the City Council. My name is Sara Bardin and I am the Director of the Office of Zoning. I am very glad to be here with you today to testify about our budget and goals for Fiscal Year 2021. With me today are Chairman Anthony Hood of the Zoning Commission, Chairman Fred Hill of the Board of Zoning Adjustment, and ACFO Casandra Fields.

As I mentioned when I came before the City Council in February, I am honored to work with and lead this great team of diligent, hardworking individuals who devote themselves tirelessly to serving the public, the Zoning Commissioners, and the Board of Zoning Adjustment Members.

Since the beginning of the pandemic emergency, OZ has been working to make all its services available to the public. Starting in April, the ZC and BZA held virtual public meetings and in May, the ZC held its first virtual public hearing. OZ will finally succeed in achieving full operations, when the BZA returns to virtual public hearings on June 3<sup>rd</sup>. OZ will continue to carry out its goals of creating a convenient, easy to use, and understandable zoning process and leverage new and existing technology to further ensure that the zoning processes are understandable and accessible to the public throughout the pandemic, thus ensuring residents can fully participate in the zoning process.

We believe that our goals for the next Fiscal Year will be well supported by the Mayor's proposed budget of \$3,255,669. With approval of this budget, OZ will continue to do its best to strive to achieve results for the residents of the District of Columbia.

In conclusion, I would like to express my sincere thanks to Mayor Bowser and to you, Chairman Mendelson and the entire City Council, for your ongoing support for the Office of Zoning. I would also like to express my gratitude to Chairman Hood and Chairman Hill for their unfaltering support of the office over the years, which has allowed us to accomplish so much and lay the groundwork to better serve the citizens of the District. And lastly, I would again like to thank the staff of the Office of Zoning for their continued outstanding contribution and for keeping up with the many technological changes we are making to improve delivery of service, especially during these times.

This concludes my testimony, and I look forward to answering your questions.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Office of Planning**



**Fiscal Year 2021 Budget Oversight Hearing**

Testimony of  
Andrew Trueblood  
Director, DC Office of Planning

Before the  
Committee of the Whole  
Council of the District of Columbia  
The Honorable Phil Mendelson, Chairman

*Via Virtual Meeting Platform*

May 27, 2020  
9:00 a.m.



Good Morning, Chairman Mendelson, members, and staff of the Committee of the Whole. My name is Andrew Trueblood, and I am the Director of the DC Office of Planning. I am pleased to be here on behalf of Mayor Muriel Bowser to discuss the Mayor's Fiscal Year 2021 proposed budget for the Office of Planning (OP).

Last week, Mayor Bowser presented "DC HOPE," the Fiscal Year 2020 Budget and Financial Plan, the District's 25<sup>th</sup> consecutive balanced budget. This budget does more to make Washington, DC, a place where people of all backgrounds and in all stages of life are able to live and thrive by making key investments in affordable housing, infrastructure, education, health and human services, economic opportunity, seniors, and public safety. These investments reflect the key priorities identified by District residents at Budget Engagement Forums and telephone town halls held during the budget formulation process, with adjustments, as you know, based on the COVID-19 pandemic.

**UPDATE SINCE PERFORMANCE OVERSIGHT**

At OP's February 27th oversight hearing, I discussed OP's mission, structure, accomplishments and Fiscal Year 2020 priorities. Like all District government agencies, the COVID-19 health pandemic has significantly affected our current and future work program. OP is now working on numerous response, reopen, and recovery efforts.



Because of the importance of an updated Comprehensive Plan given the COVID-19 crisis, OP transmitted the Mayor’s Comprehensive Plan Proposal to the Council in April. The sudden onset of COVID-19 at the end of the Comprehensive Plan update process, but prior to Council submission, allowed OP to review the draft to ensure that it reflected the new reality and properly positioned the District for longer-term recovery activities. Much of the language in the proposal already spoke to relevant issues around resilience, equity, housing, and public facilities. However, we also broadened language to more directly speak to health emergencies and the likelihood of an economic downturn. We added new policies and actions related to ongoing monitoring, response, and recovery related to this event. With these changes, the Mayor’s proposal will serve as an important guide to manage change and help Washington, DC recover from this health and economic crisis. We look forward to a hearing after the budget process and, given the increased need for a long-term guide during and after the pandemic, strongly support Council’s efforts to ensure passage of the Comprehensive Plan this year.

**RESPONDING TO COVID-19**

OP is home to the DC Census 2020 program, which is leading an in-depth, community-based campaign to get a full and complete count for this decennial census. Due to the COVID-19 health crisis, it is even more important that our hard-to-count communities participate in this Census. As you know, Census data is used by the Federal government to allocate funds back to the District every year, and over \$6 billion a year in federal funding has been received through



programs such as Medicaid, SNAP, Housing Vouchers, and education funding. We are partnering with the Mayor's Office of Community Affairs, the Complete Count Committee, and our Community Grantees to deploy new methods to safely reach residents. The District's goal is to keep up with the national response rate and has set a 63% response rate goal by June 1. The US Census has extended the self-response timeline and it is not too late to complete the 2020 Census by going to [2020census.gov](https://2020census.gov) or by calling 844-330-2020.

OP's Food Policy team, led by Director Ona Balkus, has been deployed to support the District's Emergency Operation's Center to assist with emergency food assistance response and ensure food distribution for our most vulnerable residents. The team helped design and implement a waiver process to allow farmers' markets to open and provide necessary services to residents across the city. They will continue their important work around food insecurity and necessary services for the District's most vulnerable populations.

OP is partnering with other District agencies on COVID-19 recovery efforts and has supported efforts around public space interventions that will allow for commerce, whether through curbside pickup or additional sidewalk or road space. We will continue to work with our partner agencies to support efforts to reopen the city safely and equitably.



Under Mayor Bowser’s District Economic Recovery Team (DERT) effort, OP is compiling data and leading inter-agency discussions around the economic recovery impacts of COVID-19. The team has produced a weekly Economic and Housing Monitoring Report tracking and analyzing key indicators to inform District COVID-19 recovery efforts. As part of this, OP is also continuing to prioritize and support the Mayor’s efforts around housing and recovery, which remains a critical issue for District residents.

OP will continue to be a critical agency in supporting COVID-19 related response and recovery initiatives and is also supporting the Mayor’s Bowser’s ReOpen DC efforts. Last week, on May 21, the ReOpen DC Advisory Group, chaired by Secretary of Homeland Security Michael Chertoff and former National Security Advisor Susan Rice, recommended that the District reopen in stages guided by health metrics and rooted in DC values. We know that in order to reopen, we will need to address significant disparities across race and income, and have an opportunity to build a more equitable District of Columbia, as envisioned by the Comp Plan proposal.

### **MAYOR’S FY 2021 BUDGET**

The Mayor’s total Fiscal Year 2021 budget for OP is \$11,109,876, consisting of \$10,414,876 in Local funds, \$535,000 in federal grants for our historic preservation program, \$150,000 in special purpose revenue, and \$10,000 in private grants.



For the Historic Homeowner Grant program, the Mayor’s budget includes funding of \$250,000 for FY21, no change from FY20. These grants will continue to pay for exterior repairs, rehabilitation, and structural work on homes in eligible historic districts for low- to moderate-income homeowners – many of whom are seniors and long-time District residents.

The Mayor’s FY21 budget includes \$525,000 from an annual federal grant by the National Park Service to continue to support 3.5 FTEs in OP’s Historic Preservation Office and fund grants and contracts to support the preservation of the city’s historic resources. It also includes a \$10,000 placeholder for any other federal grants that may carry over from FY20.

The Mayor’s FY21 budget includes \$150,000 in special purpose revenue funded by fees collected from nominations for new historic landmarks and districts and from fines paid by property owners or contractors for performing unapproved work on historic properties. OP will use any fund balance from FY20 and projected FY21 collections to support historic preservation programs, including our administrative support of the city’s Historic Preservation Review Board, including \$15,000 to pay stipends to members of the HPRB. A total of \$135,000 is requested in contracts, for community outreach for cultural heritage engagement, and technical assistance for the District’s State Archaeologist who is housed at OP.





The Mayor's FY21 budget took reductions in local funding to address the revenue shortfall. Most of OP's local budget is for personal services necessary to pay 72.5 FTEs, retaining all FTEs from FY20. So cuts are focused on our Nonpersonal Services budget, which removes one-time funding of \$2,516,899 for Census 2020 and \$525,000 for contractual services. This also includes a cut to supplies of \$5,650. In Comptroller Source Group 40, Other Services and Charges, the request shows a reduction of \$199,914. This includes reductions in the Local budget to travel (\$12,500) and to professional services (\$52,768), a broad line item that agencies use to pay for several operational costs. The almost 50 percent cut to professional services will require OP to do more work in house and scale back elsewhere. The reduction to CSG 40 also includes a shift of \$135,000 in special purpose funds from CSG 40 to CSG 41, Contractual Services, to allow OP more flexibility to spend those funds on contracts or grants. The proposed budget includes a total of \$100,000 in local funding for contracting, a significant cut from \$770,316 in FY20. Some of this funding will be used to publish the Council-approved Comp Plan, while the rest will support priority OP and COVID-19 efforts. Other funding included in the agency's contractual services request includes the \$135,000 in special purpose funds I mentioned earlier, and \$43,753 in the annual federal Historic Preservation Fund grant.

As OP reformulated our FY20 budget and developed an FY21 budget that helps address significant budget shortfalls, we have a unique opportunity to rethink our traditional planning efforts. Because OP's budget is almost entirely dedicated funding for our staff and we are not



implementing any staff reductions, we will have a much smaller budget for contracting, which we have typically used to provide specialized support around areas like market analysis, community engagement, and design. OP is fortunate to have a diversity of some of the top experts in a variety of planning disciplines, so we plan to rely more on our staff to continue to manage and produce our new generation of plans and studies. Given the reduced resources, we will reassess the number and scope of planning efforts, while ensuring high quality, implementable plans grounded in analysis and bolstered by robust community engagement.

With the current state of social distancing, OP also recognizes that community engagement will need to change and sees it an opportunity to address longstanding concerns about the equity of engagement. We are exploring new opportunities to conduct virtual meetings, to provide phone and text messaging options, to utilize community partnerships, and use new online engagement platforms to continue our area-based planning initiatives for Fiscal Year 21.

In closing, the resources allocated to OP will play a critical role in supporting the Mayor's bold vision for the District, including a focus on finalizing the Comp Plan, assessing equity in the context of this health crisis, and renewing place-based planning efforts. The Council and this Committee are important allies in these efforts, and I look forward to working together to achieve our shared goals and give all residents a chance to enjoy Health, Opportunity, Prosperity, and Equity during and well beyond the COVID-19 pandemic.



Thank you for the opportunity to testify today. I look forward to answering any questions you may have at this time.



**FISCAL YEAR 2021 BUDGET HEARING ON  
THE OTHER POST-EMPLOYMENT BENEFITS FUND**

Before the  
Committee of the Whole  
Council of the District of Columbia

The Honorable Phil Mendelson, Chairman

**May 27, 2019, 10:30 a.m.**  
**John A. Wilson Building, Room 412**  
**1350 Pennsylvania Avenue, NW**  
**Washington, DC 20004**



Testimony of  
Bruno Fernandes  
Deputy Chief Financial Officer - Treasurer  
Government of the District of Columbia

Good morning Chairman Mendelson and members of the Committee of the Whole. I am Bruno Fernandes, Deputy Chief Financial Officer and Treasurer of the District of Columbia. I am pleased to testify on the Other-Post Employment Benefits Fund, hereafter referred to as the “OPEB Fund”. The District’s contribution for health and life insurance for District annuitants and eligible family members of annuitants are paid from the OPEB Fund.

The OPEB Fund receives the District’s annual contributions toward health and life insurance benefits for District employees who have retired, as well as premium payments from retirees. These contributions and premiums, along with investment earnings, are used to pay future benefits on behalf of qualified participants. The OPEB Fund’s assets can only be used to pay benefits for participating District annuitants and the associated administrative expenses. The OPEB Fund is administered pursuant to the Annuitants’ Health and Life Insurance Employer Contribution Plan.

As of September 30, 2019, the OPEB Fund was valued at \$1.509 billion with 1,939 beneficiaries participating. For comparison, the OPEB Fund was valued at \$1.462 billion and had 1,683 beneficiaries participating as of September 30, 2018. The operations of the Plan are examined annually along with the CAFR audit. The OPEB Fund received an unqualified (clean) opinion.

The District budgets an annual contribution to the Plan that is calculated by our independent actuary, Cheiron. The actuarially determined contribution, also known as the ADC, is used to support the benefits paid from the OPEB Fund. Cheiron performed a recent actuarial study, dated March 2020, based on the plan as of September 30, 2019. The results of that actuarial review show an increase of the Fiscal Year 2021 annual contribution versus the prior calculation, an ADC payment of \$53.6 million versus a prior

calculation of \$48.4 million, a \$5.2 million increase. The increase in the Fiscal Year 2021 budgeted amount is driven by investment performance over the past few years, actual plan participation results, expected increases in plan participation rates and expected future investment performance. For comparison, the Fiscal Year 2020 annual contribution is \$47.3 million. Exhibit I attached shows the District's annual contributions since 2006.

The benefits the plan pays are the insurance carrier premiums which totaled \$19.7 million during Fiscal Year 2019. For comparison purposes, the insurance carrier premiums for Fiscal Year 2018 were \$16.4 million. This increase is driven by the increase in the number of participants, cost sharing percentages and changes in annual premium rates.

Let me now briefly update you on expenses associated with the OPEB Fund for Fiscal Years 2019, 2020 and 2021. Exhibit II, attached, summarizes the expenses for the three years.

The expenses related to the plan are supported by the assets of the plan. During Fiscal Year 2019, the OPEB Fund incurred \$7.4 million in expenses. The largest component was investment management fees with payments of \$6.3 million. Personnel expenses were \$403,000. All staff who provide oversight, administration and support to the OPEB fund are OCFO employees. Those employees are reflected in the OCFO budget, both the headcount and associated expense. However, the OPEB Fund reimburses the OCFO for those personnel costs associated with the administration of the OPEB fund. The remaining expenses were for services such as investment consultants, custodial services, actuarial services and accounting services which amounted to \$618,000. On a percentage basis, administration costs represented less than one half of one percent of the OPEB Fund's value for Fiscal Year 2019.

Total budgeted expenses for fiscal year 2020 are \$9.1 million including investment management fees of \$7.4 million (based on average assets of \$1.65 billion). Other expenses are budgeted at \$1.6 million which include personnel expenses and other services as outlined previously. Actual personnel expenses for Fiscal Year 2020 are running below budget year to date due to a number of position vacancies. Those positions are a result of new Fiscal Year 2020 positions and the recent promotion of one existing staff member. We are currently recruiting to fill staff vacancies but have been challenged to find qualified candidates. As we recruit to fill vacancies in line with best practices, the OPEB fund continues to use outside consultants and accounting firms to support the fund. Further, as a result of market value decreases due to economic distress caused by the coronavirus, we expect total investment management fees will be lower than budget during Fiscal Year 2020.

For fiscal 2021 we are budgeting a total of \$8.9 million in expenses including investment management fees of \$6.7 million, personnel expenses of \$938,000 and other expenses of \$1.2 million. We expect to transition to an outsourced chief investment officer model from our current investment consultant model during Fiscal Year 2021. This model will provide even more expertise and oversight of the investment managers' performance and allow the OPEB Fund to invest more effectively and nimbly.

This concludes my remarks. I would be pleased to answer any questions you may have.

**Exhibit I**

**The District's Annual Contribution to the OPEB Plan**

<b>Year</b>	<b>Annual Contributions \$millions</b>
2006	\$ 138.0
2007	\$ 4.7
2008	\$ 103.4
2009	\$ 81.1
2010	\$ 90.7
2011	\$ 94.2
2012	\$ 109.8
2013	\$ 107.8
2014	\$ 86.6
2015	\$ 91.4
2016	\$ 29.0
2017	\$ 31.0
2018	\$ 44.5
2019	\$ 46.0
2020	\$ 47.3
Budget 2021	\$ 53.6



Exhibit II

Other Post-Employment Benefits  
Administration

	Actual FY 2019	Budget FY 2020	Proposed Budget FY 2021
11 Regular Pay - Continuing Full Time	\$ 302	\$ 750	\$ 750
14 Fringe Benefits - Current Personnel	\$ 101	\$ 188	\$ 188
15 Overtime Pay		\$ -	\$ -
<b>SUBTOTAL PERSONAL SERVICES*</b>	<b>\$ 403</b>	<b>\$ 938</b>	<b>\$ 938</b>
20 Supplies and Materials			
Energy, Communications and Building			
30 Rental			
40 Other Services and Charges			
41 Contractual Service - Other	\$ 6,942	\$ 8,132	\$ 7,980
50 Subsidies and Transfers			
70 Equipment and Equipment Rental			
* OPEB pays OCFO/AT0 for staff expense	\$ 7,345	\$ 9,070	\$ 8,918