



REPORT TO COUNCIL City of Sacramento

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CONSENT
June 21, 2007

Honorable Mayor and
Members of the City Council

Subject: FY2006/07 Adjustments to the Development Services Fund (Fund 258)

Location/Council District: Citywide (All)

Recommendation: Adopt a **Resolution:** 1) authorizing the liquidation of prior year encumbrances in the Development Services Department and appropriation of these funds to General Fund Administrative Contingency; 2) authorizing the Finance Director to utilize the value of the liquidated encumbrances to adjust transfers from the Development Services Fund to the General Fund as necessary to address projected shortfalls in the Development Services Fund; and 3) defund the North Area Corporation Building (BC21) project in Fiscal Year (FY) 2006/07.

Contacts: Leyne Milstein, Budget Manager, 808-8491

Presenter: Not applicable

Department: Finance

Division: Budget, Policy & Strategic Planning

Organization No: 1140

Description/Analysis:

Issue: The Development Services Fund (Fund 258) was designed to contain a reserve, funded from excess building revenues, to provide development related services during economic downturns. Over the past several fiscal years the necessary excess revenues to fund budgeted transfers have not been realized. As a result the fund is currently projected to end FY2006/07 with a shortfall of approximately \$1.5 million. To address this shortfall staff is recommending liquidation of prior year encumbrances and advancing the defunding of the North Area Corporation Building (BC21) project from FY2007/08 to FY2006/07.

The City's Capital Improvement Program (CIP) includes plans for the construction of a north permit center at the North Area Corporation Yard (NACY).

The City's Capital Improvement Program (CIP) includes plans for the construction of a north permit center at the North Area Corporation Yard (NACY). As a result of the acquisition of the 300 Richards Boulevard office building and the programming of the permit center at this location, the permit center at NACY is no longer needed. Defunding this project in FY2006/07 will return resources to Fund 258 to address projected deficiencies.

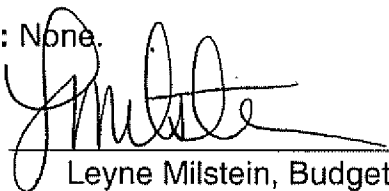
Policy Considerations: The actions recommended in this report are consistent with the Strategic Planning – Strategic Budgeting process and adopted budget objectives and principles.

Environmental Considerations: This report concerns administrative activities that will not have any significant effect on the environment, and that do not constitute a "project" as defined by the California Environmental Quality Act (CEQA) [CEQA Guidelines Sections 15061(b)(3); 15378(b)(2)].

Rationale for Recommendation: The actions recommended in this report will allow the City to address this projected shortfall with no impact on the General Fund and ensure that this fund will not end FY2006/07 in a deficit.

Financial Considerations: The liquidation of prior year encumbrances in the Development Services Department and the defunding of the North Area Corporation Building (BC21) project in FY2006/07 will provide the resources necessary to address the projected deficit in the Development Services Fund (Fund 258). The recommended actions will not have a negative impact on the General Fund.

Emerging Small Business Development (ESBD): None.

Respectfully Submitted by:  _____
Leyne Milstein, Budget Manager

Approved by:  _____
Russell Fehr, Finance Director

Recommendation Approved:

 _____
Ray Kerridge
City Manager

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RESOLUTION NO.

Adopted by Sacramento City Council

FY2006/07 Adjustments to the Development Services Fund (Fund 258)

BACKGROUND

- A.** The Development Services Fund (Fund 258) was designed to contain a reserve, funded from excess building revenues, to ensure the City continues to provide development related services during economic downturns.
- B.** Over the past several fiscal years the necessary excess revenues to fund budgeted transfers have not been realized. As a result the fund is currently projected to end Fiscal Year (FY) 2006/07 with a shortfall of approximately \$1.5 million.
- C.** In reviewing existing Fund 258 resources, staff has determined that there are prior budgetary commitments on this fund that can be released to address identified deficiencies.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1.** Authorize the liquidation of prior year encumbrances in the Development Services Department and appropriation of these funds to General Fund Administrative Contingency.
- Section 2.** Authorize the Finance Director to utilize the value of the liquidated encumbrances to adjust transfers from the Development Services Fund to the General Fund as necessary to address projected shortfalls in the Development Services Fund.
- Section 3.** Defund the North Area Corporation Building (BC21) in FY2006/07 instead of FY2007/08.