



APPROVED
BY THE CITY COUNCIL
FEB 4 1997
OFFICE OF THE
CITY CLERK

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CITY OF SACRAMENTO
CALIFORNIA

DEPARTMENT OF
PUBLIC WORKS

TRANSPORTATION AND
DEVELOPMENT DIVISION

ADMINISTRATION
& CIP PLANNING
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January 23, 1997

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: PRIVATE DEVELOPMENT FUND

LOCATION/COUNCIL DISTRICT: Citywide

RECOMMENDATION:

This report recommends establishing a new "Private Development Fees Special Revenue Fund" to separately track and provide accountability for these specific revenues. It further recommends the reallocation of up to \$1,000,000 annually of General Fund revenues and offsetting expenditure authority to this new fund with no net financial impact to the General Fund.

CONTACT PERSON: Steve Anderson, Administrative Analyst, 264-7913
Susan Mayer, Accounting Manager, 264-5058

FOR COUNCIL MEETING OF: February 4, 1996

SUMMARY:

The General Fund currently collects private development fees for certain types of City services, including subdivision plan check and inspection, tentative and final map review, and miscellaneous permit issuance. Annual collections have ranged from \$574,000 to \$1,800,000 over the past few years. The intent of the fee is to recover the cost of providing these services.

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By reallocating this revenue stream to a separate and unique fund, the City can achieve several goals, including:

- Demonstrated self-sufficiency of fees and related costs through matching of revenues and expenditures that span fiscal years;
- Efficiency through the use of automated, multi-year costing system to reduce manual tracking and manual calculations;
- Matching of revenues with service costs now incurred through multiple department and division budgets in the general fund;
- Improved reporting mechanism for developers on status of project costs incurred;
- Improved tracking mechanism to comply with new state reporting requirements (AB 1693); and
- Better service to the development community.

COMMITTEE/COMMISSION ACTION:

None.

BACKGROUND:

Revenues received for services provided to the development community for the Public Works' portion of private development projects are currently deposited into the General Fund. Most projects overlap fiscal year boundaries and various division budgets. Consequently, monies received during one fiscal year may be spent on other General Fund activities not related to the designated projects. A separate fund is recommended to segregate the funds for their designated purpose and to provide subsequent year expenditure appropriation to complete those projects spanning multiple years.

Within this new fund, an automated cost-accounting system will be used to allow direct costing of labor, overhead, and other costs that have previously been tracked on a manual basis. Staff will have the ability to track revenues and expenses through an on-line inquiry system. Staff will be able to generate reports that can be provided to developers that itemizes project expenses.

Senate Bill 1693, which became effective on January 1, 1997, requires local governments to increase reporting to developers for fees and deposits that have not been spent within a specified period, and in some instances to return those fees. These new procedures will facilitate new reporting requirements.

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The automated cost accounting system requires that revenue and expense budgets be established for each project. Current practices require Council approval. Since these projects are driven by market conditions, timeliness is an issue when a developer/customer submits their project for review and approval. Consequently, budget authority to a certain specified level must be established.

At its height in 1989, private development revenues for subdivisions totaled approximately \$1.8 million. This report recommends granting the City Manager or their designee a cumulative budget authority of \$1,000,000 per fiscal year for all private development projects.

FINANCIAL CONSIDERATIONS:

This action will reduce both General Fund revenues and expenses, with no net impact to the General Fund. At fiscal year end, the new fund would maintain a fund balance equal to the portion of fees collected but not yet expended on specific projects.

ENVIRONMENTAL CONSIDERATIONS:

This report is concerning an internal administrative procedure, and therefore does not require environmental review.

POLICY CONSIDERATIONS:

This report recommends giving the City Manager or designee the authority to appropriate expenditures in this new fund in an amount equal to fees collected at the time a project is initiated in an aggregate amount of up to \$1,000,000 per year. During the 1995/96 fiscal year, actual fees collected were \$670,000. This appropriations authority will allow staff the flexibility to commence projections immediately upon receipt of private development fees.

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MBE/WBE:


None, since no goods or services are being purchased.

Approved:



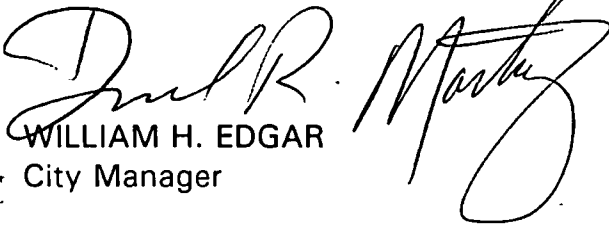
Ken Nishimoto
Director of Finance

Respectfully submitted,



Francesca Lee Halbakken
Interim Division Manager

RECOMMENDATION APPROVED:



WILLIAM H. EDGAR
City Manager

Approved:



Michael Kashiwagi
Director of Public Works

SA:jd

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RESOLUTION NO. 97-054
ADOPTED BY THE SACRAMENTO CITY COUNCIL

APPROVED
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CITY CLERK

ON DATE OF _____

BE IT ENACTED BY THE CITY COUNCIL OF THE CITY OF SACRAMENTO:

1. A special revenue fund entitled the Private Development Fund (Fund 790) be established to receive and disburse revenues for the Public Works portion of private development activities.
2. The City Manager or their designee is granted authority to establish revenue and expense budgets not to exceed \$1,000,000 cumulative for all projects during any fiscal year. Project expense and revenue budgets must be equal for each individual project.
3. Amend the 1996/97 Public Works operating budget to reflect the establishment of the Private Development Fund.

CITY MANAGER

ATTEST:

CITY CLERK

Transp & Develop
Adm\97-02.D

FOR CITY CLERK USE ONLY

RESOLUTION NO: _____

DATE ADOPTED: _____

4.1

From: Virginia Henry
To: Valerie Burrowes
Subject: agenda

===NOTE=====1/29/97==3:36pm==

CC: Lynne Halsted, Mary Lou Silva

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Mike McGrane called to request that the
mid-year budget review be moved to the
afternoon of the 11th.

done