

RESOLUTION NO. 2015-0123

Adopted by the Sacramento City Council

May 12, 2015

DEVELOPMENT STABILIZATION CONTINGENCY RESERVE (DSCR) AND DEVELOPMENT SERVICES FUND MANAGEMENT POLICY

BACKGROUND:

- A. On February 23, 1999 (Resolution 99-077), the City Council approved the establishment of the Development Services Fund to account for major plan review and building projects, cyclical surplus plan review and building permit revenues, and environmental impact review projects.
- B. On July 20, 1999, the Mayor's Development Oversight Commission supported the use of the Development Services Fund.
- C. In FY2003/04 the Development Services Fund was used to support ongoing operations. As a result, transfers to the fund were eliminated and operations were managed in the General Fund.
- D. On July 23, 2013, the City Council adopted (Resolution 2013-0556) the Community Development Operational Fee Study report by Management Partners (Recommendation #6), which approved the use of the Development Services Fund to support baseline staffing levels, completion of multi-year projects, and ongoing training during fluctuating economic cycles.
- E. Establishing policies and procedures for the Development Services Fund will ensure that adequate fund reserves will be available to address revenue shortfalls or an unforeseen recession in development activity.

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

- Section 1. Resolution 99-077 is repealed.
- Section 2. The DSCR and Development Services Fund Management Policy (Exhibit A) is approved.

Section 3. The City Manager is authorized to transfer the available fund balance in Fund 2016 to the DSCR during FY2014/15 year-end close based upon the audited financial results for FY2014/15.

Section 4. The City Manager is authorized to move the Planning Technology Program (A21006400) from the General Fund (1001) to the Development Services Fund (2016) to maintain consistency with the Building Technology Program and the Development Services Fund and Reserve Policy during FY2014/15.

Table of Contents:

Exhibit A – Development Stabilization Contingency Reserve and Development Services Fund Management Policy

Adopted by the City of Sacramento City Council on May 12, 2015, by the following vote:

Ayes: Members Ashby, Carr, Guerra, Hansen, Harris, Schenirer, and Warren

Noes: None

Abstain: None

Absent: Member Jennings and Mayor Johnson

Attest:

Shirley Concolino

Digitally signed by Shirley Concolino
DN: cn=Shirley Concolino, o=City of Sacramento, ou=City
Clerk, email=sconcolino@cityofsacramento.org, c=US
Date: 2015.05.19 10:05:00 -07'00'

Shirley Concolino, City Clerk

Exhibit A

Development Stabilization Contingency Reserve (DSCR) and Development Services Fund Management Policy

I. PURPOSE

The purpose of the DSCR and the Development Services Fund (Fund 2016) is to ensure the prudent management of development funds for the public and the City of Sacramento. The DSCR will be used to bridge gaps between budgeted and actual development revenues in the Community Development Department (CDD) during periods of significant revenue decline.

2. BACKGROUND

The Development Services Fund was established on February 23, 1999 (Reso 99-077), to account for major plan review and building permit projects, cyclical surplus plan review and building permit revenues, and environmental impact review projects. In 1999 the City Council authorized the transfer of General Fund budget surpluses, during periods of high building activity, in the Development Services Department to be transferred to the Development Services Fund. The intent was that the Development Services Fund would be drawn down in years of lower building activity. Over time, these resources were used to fund ongoing workload, without an ongoing revenue stream. When the Fund could no longer support ongoing budgeted expenditures, the authority to carryover surpluses was removed from the annual budget resolution.

A sustainable funding plan for CDD building and planning operations is necessary for the department to be responsive to the economic climate. Establishing a DSCR Policy for Fund 2016 and Management Guidelines will provide the department resources during a downturn in development activity and time to react to those changes.

3. POLICY

The DSCR shall be established as set forth below and any changes to the policy will be presented to and approved by the City Council.

- (a) The DSCR goal is one year's worth of building, building plan check, and current planning revenues.
- (b) The DSCR will be initially funded with the available fund balance upon completion of the FY2014/15 audited financial statements for Fund 2016.
- (c) Beginning with FY2014/15 actual year-end revenues in excess of budget from CDD's Building Inspection, Building Plan Check, Customer Service/Permit Counter, and Planning Operations, provided that the net year-end results (revenue and expenditure budget variance) of CDD are positive, will be transferred to the DSCR.

- (d) The DSCR will only be used to bridge gaps between projected and actual development-related revenues in CDD during periods of significant revenue shortfalls.

4. MANAGEMENT OF ACTIVITIES IN FUND 2016

The fund shall be used for the management of development activities, when those activities are intended to be fully offset by revenues as described below and summarized in Attachment I.

- (a) Environmental impact review or planning review in fully reimbursable projects (P2100xxxx)
 - i. Revenues and expenditures must balance upon closure
 - ii. Shortfalls in completed projects where recovery efforts are unsuccessful will be covered by a transfer from the DSCR so that the project may be closed with balanced revenues and expenditures
- (b) Major development projects (I21xxxxxx) when building valuation is in excess of \$50 million, to be adjusted annually according to the Consumer Price Index (e.g., high rise buildings, arenas, theaters in fully reimbursable projects)
 - i. Revenues and expenditures must balance upon closure
 - ii. Funds remaining in a completed project will be transferred first to the DSRC until the Reserve level is attained, then to the department's General Fund operating budget
 - iii. Shortfalls in completed projects will be covered by a transfer from the DSCR so that the project may be closed with balanced revenues and expenditures
- (c) Citywide Development Activities (funding provided by a % fee on all permits/plan reviews)
 - i. Technology for building or planning permitting systems: (e.g., Accela, CitizenServe, or eCAPS) to be managed in the separate capital projects (A21xxxxxx)
 - ii. General Plan and Community Plan updates: To be managed in a multi-year projects (I22xxxxxx) with separate child projects for the various plans/updates