

ECONOMIC DEVELOPMENT DEPARTMENT

CITY OF SACRAMENTO

April 28, 2003

City Council
Sacramento, California

SUBJECT FY2003/04 PROPOSED BUDGET – ECONOMIC DEVELOPMENT DEPARTMENT

LOCATION Citywide

RECOMMENDATION

This report provides information and seeks Council direction on the FY 2003/04 Proposed Budget for the Economic Development Department.

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FOR COUNCIL MEETING OF May 20, 2003

SUMMARY

This report provides information on the FY 2003/04 Proposed Budget for the Economic Development Department. It includes a department description, budget summary, and policy issues for City Council consideration.

BACKGROUND

The Economic Development Department consists of three functional work areas under the direction of the Economic Development Director. The three areas are as follows:

Department Description

Neighborhood Commercial Corridor Revitalization

Focuses on the physical, historical, and commercial assets of the nineteen identified neighborhood commercial corridors with the objective being to develop programs and projects that preserve and enhance those unique attributes and revitalize the economic viability of such corridors.

Building on Our History - Creating The Place to Be.

Citywide Economic Development

Focuses on business attraction for targeted industries, retention and attraction of small to medium sized businesses, as well as marketing of the business communities and its amenities, and implementation of identified key opportunity development sites.

Downtown Development

Focuses on a specific statutory charge to implement development and redevelopment activities within defined boundaries of both the Downtown Redevelopment and Richards Boulevard Redevelopment project areas.

The Director of Economic Development is currently being held vacant given the uncertainties of the budget outlook. Therefore, the department is currently reporting directly to the Assistant City Manager.

Reduction Options

As part of planning for the FY2003/04 Budget, each department was asked to prepare a set of reduction options totaling two and one-half percent for public safety and five percent for non-public safety. Those reduction options for the Economic Development Department are shown in Attachment A. At five percent, the reductions for the Economic Development Department would be \$52,226 and 0 FTE. The impacts could include a reduced ability to facilitate projects and to market opportunities in the City of Sacramento as well as diminishing the City's ability to market and position the City both regionally and nationally.

FINANCIAL CONSIDERATIONS

The FY 2003/04 proposed budget for the Economic Development Department includes 17.0 full-time equivalent (FTE) positions. With a total department budget of approximately \$2.5 million, the budget is supported by both the General Fund and tax increment funds. There are no significant changes proposed for the Economic Development Department budget. Of the \$2.5 million, \$1.3 million is Tax Increment and \$1.2 million is General Fund. In addition, the department receives a \$52,000 contribution in Transient Occupancy Tax funds from the Community Center for operation of the DASH Shuttle.

ENVIRONMENTAL CONSIDERATIONS

None.

POLICY CONSIDERATIONS

As part of the FY2003/04 budget process, each department has been asked to identify the top policy issues facing the department. The key policy issues facing the Economic Development Department are discussed below.

- Potential State Impact on Redevelopment. Presently, there is significant fiscal uncertainty due to the State of California budget deficit. At the time of this writing, there have been several proposals in the California Legislature to resolve the crisis and there exists the strong possibility that significant amounts of money may be shifted from the redevelopment agencies to off-set the state deficit. The potential impacts of funding shifts from the Merged Downtown and Richards Blvd Redevelopment project area are significant.
- Economic Development Strategy Update. In April 2000, the City Council adopted the Economic Development Strategy that was intended to provide a framework for establishing economic development priorities for the City of Sacramento. Staff proposes to re-focus the strategy and its goals given limited resources and increased demand for assistance.
- Role Refinement. Due to the evolving role of the Economic Development Department, there needs to be a review and refinement of the department's role in regards to project coordination and policy implementation with the other development services departments (Public Works, Planning & Building, and Utilities) and the Sacramento Housing and Redevelopment Agency.

ESBD CONSIDERATIONS

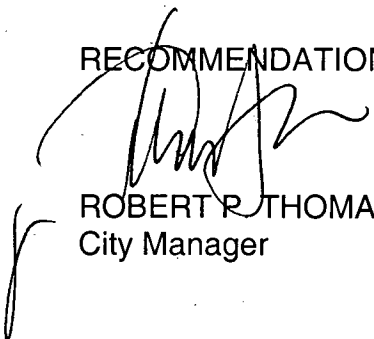
Not applicable.

Respectfully submitted,



Betty Masuoka
Assistant City Manager

RECOMMENDATION APPROVED



ROBERT P. THOMAS
City Manager

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ATTACHMENT A

Reduction Options Economic Development Department

Reductions	Amount	FTE	Operational Impact
Reduction in the Service and Supply Budget for the Citywide Development Group.	\$52,226	0.00	Reduced ability to facilitate projects and to market opportunities in the City of Sacramento.
Total Reductions at 5%	\$52,226	0.00	

**FY2003/04 Proposed Budget
Economic Development
Department**

May 20, 2003

Economic Development Department Budget Summary

- Total Proposed FY2003/04 Budget:
 - \$2.5 million
 - 17.0 FTE
 - General Fund: \$1.2 million
-

Economic Development Department Reduction Options

- Five percent reduction
 - \$52,226
 - 0 FTE
 - Impacts could include:
 - Reduced ability to facilitate projects;
 - Reduced ability to market opportunities in the City;
 - Reduced ability to effectively market and position the City both regionally and nationally.
-

Economic Development Department

Policy Issues

■ **Potential State Impact on Redevelopment**

- The State is facing a potential \$36 billion shortfall.
- The State proposes to shift significant tax increment funds to off-set the shortfall.

Economic Development Department Policy Issues

- **Economic Development Strategy Update**
 - Current Strategy adopted in April 2000.
 - Re-focus the Strategy and its goals given limited resources and increased demand.

Economic Development Department Policy Issues

■ Role Refinement

- Review project coordination and policy implementation between the Economic Development Department, the other development services departments (Public Works, Planning & Building, and Utilities) and SHRA.
