

APPROVED
BY THE CITY COUNCIL

FEB 23 1999

OFFICE OF THE
CITY CLERK



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NEIGHBORHOODS, PLANNING AND
DEVELOPMENT SERVICES DEPT.

CITY OF SACRAMENTO
CALIFORNIA

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SACRAMENTO, CA
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DEVELOPMENT SERVICES
916-264-5716
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January 17, 1999

City Council
Sacramento, California

SUBJECT: DEVELOPMENT SERVICES SPECIAL REVENUE FUND

LOCATION/COUNCIL DISTRICT: Citywide

RECOMMENDATION:

This report recommends establishing a new "Development Services Special Revenue Fund". It further recommends giving the City Manager, or his designee, the authority to appropriate expenditures in this fund in an amount equal to deposits and fees collected.

CONTACT PERSON: John Kreft, Administrative Analyst, 264-5930
Susan Mayer, Accounting Manager, 264-5058

FOR COUNCIL MEETING OF: February 23, 1999

SUMMARY:

The General Fund currently collects deposits and fees for certain projects that require City processing and services for multiple fiscal years. This process creates an imbalance between the year funds are received and the year the funds are needed to provide the services. In addition, there is no existing budget mechanism to reserve excess processing fees collected during times of strong development activity to minimize the budgetary impact during declining periods of development. The fund proposed in this report will provide the ability to match funds received for development services and for multiple year projects with the fiscal year appropriation needed to finance the services. The multi-year funding mechanism will help stabilize Development Services appropriations, which, in turn will facilitate improved customer service to the community.



COMMITTEE/COMMISSION ACTION:

None.

BACKGROUND:

Deposits received for processing Environmental Impact Reports and revenue received from Plan Review Fees and Building Permit Fees for major private construction projects are currently deposited into the General Fund. Most of these projects overlap fiscal years where monies collected one fiscal year may be spent on other activities not related to the designated project. A separate fund is recommended to segregate these funds for their designated purpose and to provide subsequent year appropriation to complete those projects spanning multiple years. Funds will be deposited into the fund they are received from the specific projects. Appropriations will be made based on the fiscal year the cost will be incurred.

Plan review and Building Permit revenues from non-major construction projects will continue to be deposited in the General Fund. These fees have been established with the objective of recovering the related cost to provide these services. However, because of natural business cycles revenues do not always match costs in a specific fiscal year. Therefore, this report also recommends that General Fund Development Services organization budget surpluses generated from economies of scale during periods of high building activity also be transferred to the Development Services Special Revenue Fund to be drawn down in years of lower building activity.

FINANCIAL CONSIDERATIONS:

This action will transfer revenues from the General Fund to the new Development Services Special Revenue Fund. Over time, an equal amount of expenditures will be transferred with no net cumulative impact to the General Fund. At fiscal year end, the new fund would maintain a fund balance equal to the portion of deposits and fees collected but not yet expended.

For FY99 this action transfers a General Fund Revenue budget amount of \$281,174 to the Development Special Revenue Fund.

ENVIRONMENTAL CONSIDERATIONS:

No environmental review is required.

City Council
Development Fund
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POLICY CONSIDERATIONS:

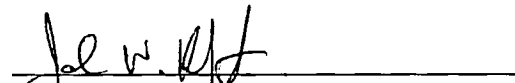
This action is consistent with prior City Council action creating the Private Development Fund used by the Public Works Department for the similar purposes.

MBE/WBE

None, since no goods or services are being purchased.


Respectfully submitted,



Susan Mayer
Accounting Manager


John Kreft
Administrative Analyst II

RECOMMENDATION APPROVED:

Approved:


WILLIAM H. EDGAR
City Manager


Jack Crist
Deputy City Manager

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OFFICE OF THE
CITY CLERK

RESOLUTION NO. 99-077

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

**A RESOLUTION FOR CREATION OF A
DEVELOPMENT SERVICES SPECIAL REVENUE FUND**

WHEREAS, the Development Services Special Revenue Fund is established to account for major plan review and building permit projects, cyclical surplus plan review and building permit revenues, and environmental impact review projects.

1. THEREFORE, the City Manager is granted authority to appropriate Development Services expenditures in the Development Services fund equal to fees and deposits collected.
2. THEREFORE, the FY99 revenue budget is amended as follows:

General Fund	<281,174>
Development Services Fund	281,174

MAYOR

ATTEST:

CITY CLERK

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RESOLUTION NO.: _____

DATE ADOPTED: _____

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