



City Council Report

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Sacramento, CA 95814

www.cityofsacramento.org

File ID: 2019-00880

June 25, 2019

Consent Item 02

Title: Administrative Matter: Establishing Revenue and Available Fund Balance in the Innovation and Growth Fund (Fund 2031)

Location: Citywide

Recommendation: Adopt a Resolution authorizing the City Manager or City Manager's designee to establish the revenue budget of \$2.1 million (Innovation and Growth Fund, Fund 2031) in the Citywide and Community Support Department and increase the Innovation and Growth Fund (Fund 2031) available fund balance by a like amount to account for Council approved initiatives.

Contact: Melissa Anguiano, Economic Development Manager, (916) 808-5864, Office of Innovation and Economic Development.

Presenter: None

Attachments:

- 1-Description/Analysis
- 2-Resolution

Description/Analysis

Issue Detail: Each year, the City estimates expenditure budgets for the Innovation and Growth Fund (Fund 2031). These budgeted expenditures typically include initiatives under consideration and any ongoing City program or project commitments, such as the Rapid Acceleration Innovation Leadership (RAILS) program and the Powerhouse Science Center project. Council recently approved three new initiatives to be funded by the Innovation and Growth Fund: Major League Soccer, Capitol Park Hotel Acquisition, and Inclusive Economic Development. These initiatives were not included in the Fiscal Year (FY) 2018/19 Budget and additional budgetary authorizations are needed to fund these initiatives.

Policy Considerations: The Innovation and Growth Fund Policy, Guidelines, and Procedures is consistent with the adopted 2013 Economic Development Strategy goal to invest in building Sacramento and the objective to “Encourage strategic investments and initiatives that lead to economic development, job growth and enhance the quality of life in Sacramento.” It is also consistent with adopted 2035 General Plan, Goal 3.1 from the Economic Development Element, “Provide opportunities for expansion and development of businesses by ensuring availability of suitable sites, appropriate zoning, and access to infrastructure and amenities.”

Economic Impacts: None.

Environmental Considerations: The recommendation in this report is not a project under the California Environmental Quality Act (CEQA) because it is a government fiscal activity that does not involve any commitment to a specific project which may result in a potentially significant physical impact on the environment, as contemplated by Title 14, California Code of Regulations, Section 15378(b)(4), and is, therefore, not subject to CEQA pursuant to CEQA Guidelines Section 15060(c)(3).

Sustainability: Not applicable.

Commission/Committee Action: Not applicable.

Rationale for Recommendation: The Innovation and Growth Fund is one of the City’s primary funding sources for investing in public-private partnerships to boost the City’s economic base and job growth. The Innovation and Growth Fund is primarily capitalized with the City’s portion of the remaining Redevelopment Property Tax Trust Fund (RPTTF). Currently the City receives approximately \$6 million annually in residual RPTTF.

Financial Considerations: At the beginning of FY 2018/19, the Innovation and Growth Fund (Fund 2031) available fund balance was budgeted at approximately \$13.8 million. Combined,

the three newly approved initiatives account for \$15.7 million in additional expenditures. The Office of Innovation and Economic Development needs to establish the revenue budget in an amount of \$2.1 million in the Citywide and Community Support Department Operating Budget and increase the Innovation and Growth Fund (Fund 2031) available fund balance by \$2.1 million. Upon completion of these administrative actions, sufficient funding will be available to cover approved Council project and program allocations.

Local Business Enterprise (LBE): Not applicable.

RESOLUTION NO. 2019-

Adopted by the Sacramento City Council

June 25, 2019

ADMINISTRATIVE MATTER: ESTABLISHING REVENUE AND AVAILABLE FUND BALANCE IN THE INNOVATION AND GROWTH FUND

BACKGROUND

- A. The dissolution of Redevelopment in 2011 resulted in the loss of an important source of funding for economic development projects within the City of Sacramento.
- B. In recognition of the critical nature of these projects to job creation and private investment, on June 11, 2013, the City Council established the Economic Development Fund (Fund 2031) to be funded with property tax revenues received as a result of the dissolution of Redevelopment (Resolution 2013-0198).
- C. As part of the Fiscal Year (FY) 2015/16 budget, the ED Fund was renamed to the Innovation and Growth Fund to reflect the aspirations of the program.
- D. Each year the City projects and budgets expenditures for the Innovation and Growth Fund (Fund 2031).
- E. Council recently approved three new initiatives to be funded by the Innovation and Growth Fund: Major League Soccer, Capitol Park Hotel Acquisition, and Inclusive Economic Development. These initiatives were not originally projected or budgeted in the FY 2018/19 budget and the current fund balance is not sufficient to cover these approved allocations.
- F. Increasing citywide operating revenues by \$2.1 million is needed to increase the Innovation and Growth Fund (Fund 2031) available fund balance by \$2.1 million.

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

- Section 1. The City Manager or City Manager's designee is authorized to establish the revenue budget of \$2,100,000 (Innovation and Growth Fund, Fund 2031) in the Citywide and Community Support Department and increase the Innovation and Growth Fund (Fund 2031) available fund balance by a like amount to account for Council approved initiatives.

Adopted by the City of Sacramento City Council on June 25, 2019, by the following vote:

Ayes: [redacted]

Noes: [redacted]

Abstain: [redacted]

Absent: [redacted]

Attest: [redacted]