

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL

FROM: RAISSA DE LA ROSA, ECONOMIC DEVELOPMENT MANAGER

SUBJECT: AMEND THE FISCAL YEAR 2017-18 ADOPTED BUDGET TO APPROPRIATE FUND BALANCE IN THE SRTBIA FUND AND ASSIGNED FUND BALANCE IN THE GENERAL FUND FOR ECONOMIC DEVELOPMENT USES

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Finance Department and the Planning and Economic Development Department that the Council, by resolution, amend the fiscal year 2017-18 adopted budget to appropriate \$315,000 from fund balance in the Special Revenue fund known as SRTBIA and appropriate \$883,298 from fund balance in the General Fund that is designated specifically for Economic Development purposes only.

EXECUTIVE SUMMARY

This action will appropriate existing funds from two separate sources for Economic Development purposes. First, staff has identified additional revenue earned in excess of projections in the Santa Rosa Tourism Business Improvement Area (SRTBIA) special revenue fund. Second, the sale of the Hyatt Vineyard Creek property in 2015 resulted in repayment of City interfund loans from which \$883,298 was identified as loaned from economic development funds. This amount is included in the General Fund assigned fund balance to be used specifically for economic development purposes. Staff proposes appropriating these funds for various professional service agreements and uses in the Economic Development division.

BACKGROUND

The SRTBIA special revenue fund was established in FY 2013-14 as a means of accounting for revenue from the 2% assessment levied on overnight guests staying in Santa Rosa lodging establishments per Ordinance 3946. Approximately 30% of this revenue stream is retained by the City and managed through the Economic Development Division. Fund balance has built up over

APPROPRIATION OF ASSIGNED GENERAL FUND FUND BALANCE AND SPECIAL
REVENUE FUND BALANCE FOR ECONOMIC DEVELOPMENT USES
PAGE 2 OF 3

time due to revenues exceeding projections. Appropriating this fund balance will allow Economic Development to use the funds for purposes set forth in the SRTBIA ordinance.

The sale of the Hyatt property in FY 2014-15 resulted in repayment of City interfund loans of which \$883,298 was specifically earmarked for Economic Development uses. These funds are assigned in the General Fund fund balance and must be appropriated into Economic Development's budget for the funds to be used for various contracts.

ANALYSIS

- The SRTBIA special revenue fund budgets annual revenue based on projections during the fiscal year budget process. Over the course of several years, this fund has collected more revenue than what was projected, which has resulted in fund balance. As of September 2017, approximately \$415,000 of fund balance remains available. Staff is proposing to appropriate \$315,000 to pursue additional ordinance-appropriate Economic Development programs. \$100,000 will remain in fund balance in the event of an unexpected downturn in revenue.
- When the Hyatt Vineyard Creek property sold in 2015, \$883,298 of the proceeds received was repayment of economic development funds loaned to the former Redevelopment Agency. Those funds were included in the assigned fund balance of the General Fund for a future budget appropriation specific to economic development.

Several professional service agreements will be executed in this fiscal year with the funds from this budget amendment, including:

- Disposition and Development Consultant
- Process Improvement Action Plan Design Needs
- Studies and plans related to downtown housing development

The remaining funds will be used for the Economic Development Division's ongoing needs, including updating the economic development strategic action plan, and analyzing potential public-private partnership development opportunities.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

FISCAL IMPACT

Approval of this item will reduce the General Fund assigned fund balance by \$883,298 and will reduce the SRTBIA Fund fund balance by \$315,000.

APPROPRIATION OF ASSIGNED GENERAL FUND FUND BALANCE AND SPECIAL
REVENUE FUND BALANCE FOR ECONOMIC DEVELOPMENT USES
PAGE 3 OF 3

ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA), and the CEQA Guidelines, title 14, section 15078 (b) of the California Code of Regulations because it not a project which has potential for resulting in a direct physical change to the environment.

ATTACHMENTS

- Attachment 1 - SRTBIA and Hyatt Funds
- Resolution/Exhibit A

CONTACT

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