

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
SUBJECT: FISCAL YEAR 2017-18 BUDGET AMENDMENT FOR
PLANNING AND ECONOMIC DEVELOPMENT
STAFF PRESENTER: DEBORAH LAUCHNER, CHIEF FINANCIAL OFFICER,
FINANCE DEPARTMENT
AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the City Manager and the Finance Department that the Council, by resolution, amend the Planning and Economic Development Department Fiscal Year (FY) 2017-18 adopted budget, increasing it by \$1.35 million.

EXECUTIVE SUMMARY

Final revenue received from fees paid related to Planning and Economic Development (PED) operations was considerably more than budget estimates. Staff is proposing to appropriate these funds to pay for one-time operational needs relative to Engineering, Planning, and Building services in PED.

BACKGROUND

Staff brought forward two budget amendment items during FY 2016-17: once at mid-year and again at year end. In both of these items, the City recognized PED-related revenue that exceeded revenue estimates, specifically for Planning Fees, Building Plan Review Fees, and Engineering Fees. The total adjustments to revenue during the year was an increase of \$945,000.

Final year-end PED fee-related revenue receipts were \$1,351,268 more than budgeted estimates, inclusive of the adjustments during the year. This is a direct result of greater than anticipated building activity and receipt of the fees associated with that activity but not yet completed. This increased activity presents a challenge to meet community demand for building inspection, plan review, and other services. Staff is proposing to augment temporary staffing and consulting costs to address these workload challenges. This strategy provides immediate resources for PED without increasing ongoing expenditures.

PRIOR COUNCIL REVIEW

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This item has not been previously reviewed by the City Council.

ANALYSIS

There are 12 revenue accounts in the General Fund that are directly associated with PED activities. These include Building Permit Fees, Encroachment Fees, Planning Fees, Plan Review Fees, and Engineering Fees. For FY 2016-17, the budgeted revenue estimate for these fees was \$4,731,526. Twice during the year, once in January and once in June, the City adjusted revenue estimates up a total of \$945,000. This brought the total revenue budget for PED-related activities to \$5,676,526. After the year-end close, the actual revenue received for these accounts totaled \$7,027,794, or \$1,351,268 more than budgeted estimates.

Finance and PED agreed at the end of FY 2016-17 to assign revenue related to PED that was in excess of revenue estimates within the General Fund reserves. This would keep the revenue separate in the reserves so that PED could use it during this fiscal year if building activity continued to be strong.

Staff is proposing to use one-time, assigned General Fund reserves to increase appropriations in PED by \$1,350,000, to fund a number of one-time costs intended to provide workload relief. The contract services requested provide temporary workload relief to the department, and supplement services provided by in-house personnel.

1. Engineering Consultant Services for Plan Check and Inspection (\$500,000). These funds augment the current professional services budget for contract plan checking and inspection. This will allow Engineering to continue engaging several consultants through Master Professional Services Agreements and maintain operations at their current level of service through the end of the fiscal year.
2. Planning Consultant Services for Entitlement Permits and Plan Check (\$600,000). Housing permit activity has increased in FY 2017 by 123%, causing permit timeframes to increase by 100%. This funding will extend planning consultant contracts with M-Group and Land Logistics through the end of the fiscal year to address a backlog of housing, commercial and cannabis permits
3. Building Consultant Services for Plan Check and Inspection (\$250,000). This funding will allow the Building division to continue to supplement inspection and plan check services with several consultants through Master Professional Services Agreements for the rest of the fiscal year. This is work that cannot be done with existing, in-house staff.

FISCAL IMPACT

The use of funds proposed in this request were assigned in the General Fund, meaning they came from excess revenue, and were designated for a specific use. As such, they have no impact on the City's 17% operating reserve calculation.

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ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline Section 15378.

BOARD/COMMISSION/COMMITTEE REVIEW and RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Resolution/Exhibit A (FY 2017-18 PED Budget Amendment)

CONTACT

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