



2. H.

DEPARTMENT OF
PLANNING AND DEVELOPMENT

CITY OF SACRAMENTO
CALIFORNIA

1231 I STREET
SACRAMENTO, CA

June 13, 1989

ADMINISTRATION
ROOM 300
95814-2987
916-449-5571

ECONOMIC DEVELOPMENT
ROOM 300
95814-2987
916-449-1223

Budget and Finance/Transportation
and Community Development Committees
Sacramento, California

NUISANCE ABATEMENT
ROOM 301
95814-3982
916-449-5948

Honorable Members in Session:

SUBJECT: REPORT BACK ON THE NEW ENVIRONMENTAL SERVICES DIVISION BUDGET

SUMMARY

The City Council recently approved the concept of consolidating environmental review activities within the Department of Planning and Development. As a part of that approval the Council requested a report back on the proposed budget for this new Environmental Services Division. Since review of Planning's entire operating budget is scheduled to be heard on June 7, 1989, the new Environmental Services Division budget will also be presented as a part of the June 7th hearing. The new Environmental Services Division budget recommends the following: (1) an increase of five staff positions; and (2) a budget increase of approximately \$300,000 which will also be offset by incoming revenues generated by the program.

BACKGROUND INFORMATION

On May 16, 1989 the Council approved the concept of centralizing environmental review activities within a new Division of Environmental Services in the Department of Planning and Development. As a part of that approval staff was directed to report back on the budget for the new Environmental Services Division and the mechanism for funding this budget.

The proposed budget for the Environmental Services Division is based on the staffing positions identified in the Organizational Chart attached as Exhibit I. This Organizational Chart was presented to Council as a part of the May 16, 1989 recommendation on the City's CEQA process. This recommendation contained five new positions in addition to six existing positions as identified below:

2. H₁

June 13, 1989
Budget & Finance/Transportation
& Community Development Committees
Page 2

Position	<u>Transferred from Planning Division</u>	<u>New</u>	<u>Total</u>
Environmental Coordinator	----	1	1
Principal Planner	1	---	1
Senior Planner	1	---	1
Jr/Asst/Assoc Planner	4	1	5
Admin. Assistant	----	1	1
Typist Clerk II	----	2	2
Total Positions	6	5	11

It is projected that this recommended staffing level will meet the workload demands for City-wide environmental review for both private and public projects. Revenue generated by these activities will offset any additional costs for increased staffing and budgeting as outlined below in the Financial Data section.

FINANCIAL DATA

In order to adequately staff and fund the centralized Environmental Services Division the proposed 1989-90 budget recommends an appropriation of \$606,498. One time expenses are projected to be \$60,050. This represents a 1989-90 budget increase of \$295,833. Annual on-going appropriations are expected to be \$553,273. The increase in operating costs will be fully offset by an increase in projected revenues. Details of the budget changes are outlined below:

<u>Expense</u>	<u>Expenditures</u>				
	<u>1989-90 Existing</u>	<u>Proposed Change</u>	<u>1989-90 Projected</u>	<u>OneTime Expense</u>	<u>1990-91 Projected</u>
Salaries	\$289,958	\$201,818	\$491,776	\$ -----	\$498,601
Services/Supplies	20,707	41,865	62,572	7,900	54,672
Equipment	0	2,150	2,150	2,150	-----
Total Operating	<u>\$310,665</u>	<u>\$245,833</u>	<u>\$556,498</u>	<u>\$ 10,050</u>	<u>\$553,273</u>
Capital	-----	50,000	50,000	50,000	-----
Total Budget	<u>\$310,665</u>	<u>\$295,833</u>	<u>\$606,498</u>	<u>\$ 60,050</u>	<u>\$553,273</u>

June 13, 1989
Budget & Finance/Transportation
& Community Development Committees
Page 3

The expenses listed above will be offset by revenue generated by environmental review charges against private development project applications and future CIP projects.

Private Projects

Environmental review fees for the private development applications were adjusted by the Council in January, 1989. No further adjustment is recommended at this time. As a part of the Department's normal annual review of all fees, the environmental review fee structure will be reviewed during the upcoming year.

Public Projects

Expenditures for the environmental review of the City's public projects, those projects listed in the City's CIP budget, must be budgeted on a project by project basis to identify and offset the cost of staff and consultant services to conduct CIP environmental review. The Proposed 1989-90 CIP budget was prepared prior to the environmental reorganization proposal and therefore, that budget does not include sufficient funds to recover all environmental review costs based on the expanded scope of services which will be provided by the new Environmental Services Division. As pointed out in the May 16th report, changes in the law which require additional documentation and mitigation monitoring will require increased levels of environmental budgeting for each City CIP. For 1989-90 these costs are estimated to be approximately \$276,000 of which \$78,000 has been budgeted. The shortfall between proposed expenses and the proposed CIP budget will be offset by a one-time adjustment in the billing procedure. This billing adjustment is discussed in greater detail below. Future CIP will include a line item budget for environmental review costs (both staff and consultants) to ensure the appropriate level of cost recovery.

In addition to the review of public and private projects, the Planning Division presently spends approximately \$83,000 on general environmental review activities which are not project specific and therefore, are not fee supported. These activities will require continued General Fund support.

2. H.

June 13, 1989
Budget & Finance/Transportation
& Community Development Committees
Page 4

Revenues

Revenue projections for the new Environmental Services Division are as follows:

<u>REVENUE/OPERATING COST</u>		
<u>PROGRAM COMPONENT</u>	<u>PROJECTED 1989-90 REVENUE</u>	<u>PROJECTED 89/90 OPERATING COST*</u>
Private Projects	\$395,000	\$395,000
CIP Projects	<u>78,000</u>	<u>276,000</u>
Total Project Supported	\$473,000	\$671,000
Non-Fee Activities	----	83,000
Accelerated Revenue Collection	<u>198,000</u>	<u>-----</u>
Total	\$671,000	\$754,000
Existing Revenue Projection	360,000	
Revenue Increase	311,000	

***Operating cost includes indirect charges**

With the one time costs proposed in the budget and the shortfall of revenue from the CIP, revenue for 1989-90 is projected to increase by only \$113,000 compared to the \$296,000 budget increase. This problem creates an \$183,000 revenue shortfall for 1989-90. The adequate budgeting of CIP costs in future years will alleviate this shortfall.

To meet this shortfall staff is recommending a change in accounting procedures for private EIR projects. Currently, when a private EIR is initiated a full deposit is required from the developer. At the conclusion of the EIR, staff costs are assessed against the deposit and charged as revenue to the General Fund. With the creation of the new Environmental Services Division, the addition of a new Administrative Assistant position is recommended. This position can be used to accelerate the billing process. Billings will then occur on a monthly

June 13, 1989
Budget & Finance/Transportation
& Community Development Committees
Page 5

basis and revenues will be transferred into the General Fund to offset the expenditures of the new Division. This acceleration of revenue collection will generate approximately \$198,000 during the 1989-90 fiscal year. This amount can then be used to offset the one-time gap of \$183,000 that is identified above.

The change will have no impact on the amount of deposit by the developer or the timing of the deposit. Simply put, the acceleration in division billing is a one-time fix that can be used to cover the projected shortfall. Once the billings become current, on a monthly basis they will be applied against monthly expenses and should (except in the case of non-fee supported activity) equal those expenses. As mentioned earlier in this report, the non-fee supported expenses will continue to run approximately \$83,000 a year and will not be offset by revenues into the General Fund.

POLICY CONSIDERATIONS

The consolidation of environmental review activities was approved in concept by the City Council on May 16, 1989. Revenue figures presented in this proposal are based on existing fees adopted by the City Council in January 1989.

MBE/WBE CONSIDERATIONS

None.

RECOMMENDATIONS

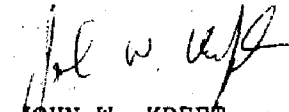
This report is an informational item only and no formal action is required on the contents of the report at this time. The report should be considered in the context of the overall operating budget for the Department of Planning and Development and the recommendations, if supported by the Committee, should be included in the 1989-90 Proposed Operating and CIP Budget adjustments. These adjustments will then be reflected in the adopting resolution submitted to full Council on June 27, 1989 recommending final approval and adoption of the Budget. The recommended adjustments are: 1) approve the creation of a newly formed Environmental Services Division with the Department of Planning and Development to take the place of the existing environmental unit; 2) approve the addition of 5 full time equivalent staff positions to the Environmental Services Division Budget; 3) approve a 1989-90 operating budget of \$606,498 for the Environmental

2.H.

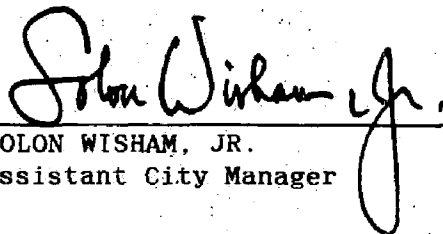
June 13, 1989
Budget & Finance/Transportation
& Community Development Committees
Page 6

Services Division and amend the Department of Planning and Development Budget to reflect this; 4) approve a 1989-90 CIP budget of \$50,000 and amend the Department budget to reflect this change.

Respectfully submitted,

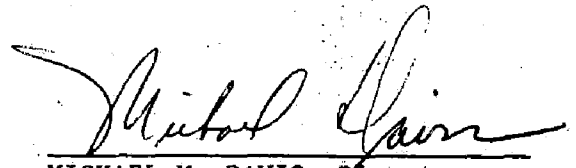

JOHN W. KREFT
Administrative Services Officer

RECOMMENDATION APPROVED:



SOLON WISHAM, JR.
Assistant City Manager

APPROVED:



MICHAEL M. DAVIS, Director
Planning and Development

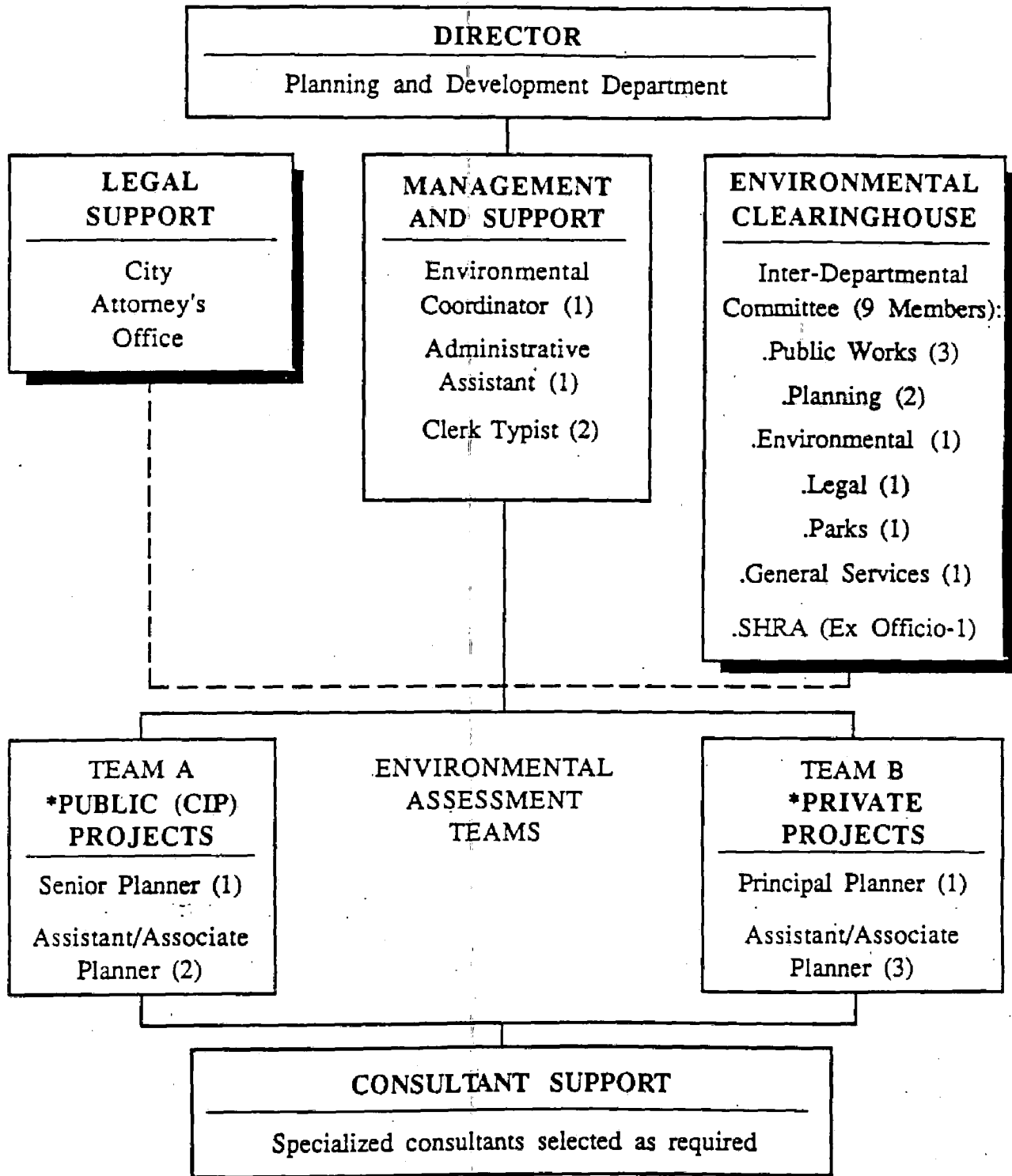
Person to Contact
for Questions:

JOHN W. KREFT
Administrative Services Officer
449-5381 Ext. 56

All Districts

PROPOSED

ORGANIZATION OF THE
ENVIRONMENTAL SERVICES DIVISION
DEPARTMENT OF PLANNING AND DEVELOPMENT



* Staff to be shared on public and private projects as required to meet work load demand