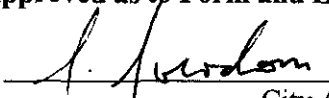


OFFICE OF THE CITY CLERK
INTRODUCED BY COUNCILMEMBER: _____

2006 JUN -1 PM 12: 50

Approved as to Form and Legality



City Attorney

OAKLAND CITY COUNCIL

ORDINANCE NO. 12741 C.M.S.

ORDINANCE AUTHORIZING THE CITY ADMINISTRATOR TO ESTABLISH THE DEVELOPMENT SERVICE FUND, EFFECTIVE JULY 1, 2006, AND TO IMPLEMENT THE FUND BY JANUARY 1, 2007

WHEREAS, the City of Oakland desires to establish a separate fund, to be known as the Development Service Fund, to account for the revenues and expenditures related to development and enforcement activities in the City of Oakland; and

WHEREAS, establishment of the Development Service Fund (DSF) will create a direct correlation between revenues realized from fees and penalties which are collected for development and enforcement services paid by citizens of the City and the associated expenditures related to these activities and made necessary by providing services; and

WHEREAS, establishment of the Development Service Fund will help ensure that the City complies with the requirements of California Government and Health and Safety Codes including Health and Safety Code Section 17951; and

WHEREAS, development and enforcement fees and penalties are currently recorded in the General Purpose Fund (GPF) of the City of Oakland; and

WHEREAS, recording all development and enforcement revenues and expenditures in the General Purpose Fund does not allow for audits or analysis to identify whether the General Purpose Fund is subsidizing development and enforcement programs and services; and

WHEREAS, the City of Oakland can establish a more direct correlation between development and enforcement fees and penalties and the services provided for those activities; and

WHEREAS, the establishment of this direct correlation will allow for a clear explanation and justification of future increases and decreases to development and enforcement fees and penalties as identified in the Master Fee Schedule, the Oakland Municipal Code and State Law, and make it possible for the City to eliminate subsidies by the General Purpose Fund for the services provided; now therefore,

THE COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:

Section 1: The Development Service Fund (Fund 2415) shall be established effective July 1, 2006 and shall be implemented through a transfer of budgeted and actual revenues and expenditures from the General Purpose Fund (Fund 1010) to Development Service Fund by January 1, 2007.

Section 2: The City Administrator, or his or her designee, is hereby authorized to adjust the date of implementation of the Development Service Fund, without returning to Council, upon his or her determination that all required administrative procedures and budgetary and financial tasks necessary to transfer the revenues and expenditures from General Purpose Fund to the Development Service Fund have been completed.

Section 3: The Development Service Fund shall receive all fees and penalties authorized by State Law and City ordinance, including all fees and penalties identified under "Community and Economic Development" Section in the FY 2005-06 Master Fee Schedule, and its successors, as set forth in Ordinance 12611 C.M.S., as amended and beginning in section "BUILDING SERVICES-ADMINISTRATION" on page N-1 through "PLANNING & ZONING" on page N-30.

The following fees and programs are not included in the Development Service Fund:

- (a) Jobs/Housing Impact Fee (page N-2)
- (b) Creek Protection Permit (page N-9)
- (c) Commercial & Residential Lending (page N-22)
- (d) Miscellaneous (page N-23)
- (e) Real Estate (page N-23)
- (f) Residential Rent Adjustment (page N-23)
- (g) Workforce Development (page N-24)

Section 4: All FY 2006-07 budgeted and actual revenues in the General Purpose Fund (Fund 1010), as of July 1, 2006, which are related to the Development Service Fund shall be transferred to the Development Service Fund.

Section 5: All FY 2006-07 budgeted and actual expenditures in the General Purpose Fund, as of July 1, 2006, which are related to the identified land use and enforcement services and programs shall be transferred to the Development Service Fund. Expenditures from the Development Service Fund shall be restricted to paying direct and indirect cost of the services and programs supported by the fees identified in Section 3.

Section 6: The actual balance of deposit accounts in the General Purpose Fund (20000 series), as of July 1, 2006, which are related to the identified land use and enforcement services and programs shall be transferred to the Development Service Fund.

Section 7: To ensure the integrity of the Development Service Fund, a reserve of 7.5% of the current annual budgeted revenues shall be maintained.

Section 8: The Development Service Fund shall reimburse the General Purpose Fund a total outstanding balance of \$6,640,779 for repayment of prior year subsidies, recently purchased telephone equipment, and Capital Improvement Program (CIP) funding of the Permit, Enforcement and Record Tracking System (PERTS). These repayments to the General Purpose Fund shall begin in FY 2006-07 and shall be made from accumulated funds, if any, in the reserve identified in Section 6 above, that exceed a 3% temporary minimum accumulated reserve. The Development Service Fund shall pay interest to the General Purpose Fund at the City's cost of funds on the Development Service Fund's outstanding balance effective July 1, 2006. Full repayment to the General Purpose fund shall be completed six (6) years from the date of establishment of the Development Service Fund. If Development Service Fund is initiated by July 1, 2006 repayment shall be completed by June 30, 2012.

Section 9: After full repayment to the General Purpose Fund has been completed, future transfers from Development Service Fund to General Purpose Fund and from General Purpose Fund to Development Service Fund shall be considered and treated as loans. Loans to the General Purpose Fund shall be made from the accumulated reserve, if any, in the Development Service Fund. The interest on loans shall be based on the City's cost of funds at the time of loan.

Section 10: The City Administrator, or his or her designee, is hereby authorized to transfer revenue and expenditures between the Development Service Fund and the General Purpose Fund from time to time and subject to the requirements set forth herein, without returning to Council.

IN COUNCIL, OAKLAND, CALIFORNIA, JUN 20 2006, 2006


PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, BRUNNER, CHANG, KERNIGHAN, NADEL, QUAN, REID AND PRESIDENT DE LA FUENTE - 8

NOES - 0

ABSENT - 0

ABSTENTION - 0

ATTEST : 
LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California