



**CITY OF SALINAS
COUNCIL STAFF REPORT**

DATE: SEPTEMBER 10, 2024

DEPARTMENT: COMMUNITY DEVELOPMENT

FROM: LISA BRINTON, DIRECTOR

BY: DAVID GONZALVES, ASSISTANT DIRECTOR

TITLE: PERMIT SERVICES ENTERPRISE FUND FY 24-25 BUDGET ADJUSTMENT

RECOMMENDED MOTION:

A motion to approve a Resolution authorizing a \$2,500,000 budget increase to the Permit Services Enterprise Fund (6900) with a corresponding revenue budget increase of \$2,500,000 for FY 24-25.

EXECUTIVE SUMMARY:

The Permit Services Division has undertaken large scale projects that were not fully projected during the budget preparation process. These projects require outside professional services to provide technical expertise and staff augmentation for efficient and effective application and permit processing. To cover these additional costs for service, a FY 24-25 budget adjustment is requested to increase the professional services budget with an offset to the projected revenue budget by \$2,500,000.

BACKGROUND:

During FY 23-24, the Permit Services division experienced a significant increase in permit processing, driven by several large development projects within the City. The surge from these projects led to a higher than anticipated revenue in the Permit Services Enterprise Fund, specifically for the Charges for Services Building Plan Check Fees. Preliminary analyses of revenue generated at June 30, 2024 show that the FY 23-24 budgeted revenue was exceeded by \$3,018,823.

This increase in revenue was generated through charges for plan check services, a critical component of the permitting process. These services ensure that building plans comply with all relevant codes and regulations, which is essential for maintaining safety and quality standards. The increase in revenue directly correlates to the increase in professional services required to process these permits successfully, especially due to current position vacancies. To maintain operational effectiveness and meet increased demand for services, it is necessary to adjust the FY 24-25 budget to reflect expenditures associated with these outside professional services. This budget adjustment

will allow the City to continue processing permits promptly and effectively, supporting ongoing development while ensuring compliance with all regulatory requirements.

CEQA CONSIDERATION:

Not a Project. The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378).

STRATEGIC PLAN INITIATIVE:

The proposed budget adjustment supports the City of Salinas Strategic Plan 2022-2025 Goals and Strategies of Economic Development and Effective and Culturally Responsive Government to ensure that projects move through application and permitting processes within required timelines. Approved projects directly relate to the economic vitality of the City and result in future increases in revenue and job opportunities.

DEPARTMENTAL COORDINATION:

This item was prepared by the Community Development Department, in collaboration with the the Finance Department.

FISCAL AND SUSTAINABILITY IMPACT:

There is no fiscal impact to the General Fund. The Permit Services Enterprise Fund budget increase of \$2,500,000 will be offset by a revenue budget increase of \$2,500,000.

ATTACHMENTS:

1. Resolution for Permit Services Enterprise Fund Budget Adjustment