

POLICY TITLE: ECONOMIC DEVELOPMENT STABILIZATION ARRANGEMENT

POLICY STATEMENT:

It is in the best interest of the citizens of Santa Cruz who rely upon the City for public access and services that the City should continue to invest in economic development projects and initiatives to create jobs and provide tax revenue for the community.

Therefore, the City Council shall authorize the establishment of a continuing and non-lapsing Economic Development Stabilization Arrangement.

Stabilization Arrangement amount. The funding shall be built up over time through annual operating transfers from the General Fund. The amount of the transfer shall be equal to the sum of the calculated 1% point increase in the Transient Occupancy Tax effective July 1, 2013 and of the annual Redevelopment Property Tax Trust Fund distribution, less the General Fund's portion of the net annual operating costs of the economic development activities within the Economic Development Department.

Contributions and immediate funding of the System-Wide Stabilization Arrangement. The City shall authorize the City Manager to transfer the appropriate amount of funds calculated above in a reasonable period of time following the completion of the prior year's Comprehensive Annual Financial Report.

Conditions under which the System-Wide Stabilization Arrangement may be spent. Appropriations shall require a resolution from the City Council. However, if there is an urgent and significant public benefit, the City Manager can authorize expenditures of up to 10% of this fund provided it is brought back to the Council at its next meeting for ratification.

Circumstances where the Stabilization Arrangement can be spent are:

- 1) As necessary to fund economic development project costs associated with but not limited to: infrastructure projects; business façade improvements; business retention incentives; business recruitment incentives; and grant funding.
- 2) As necessary to fund City of Santa Cruz staff costs to administer projects identified in circumstance 1 above.

Circumstances where this may be postponed include:

- 1) If any one of the unforeseen and non-recurring events listed below occur that create significant financial difficulty for the City:
 - a. Sudden and unexpected significant facility or infrastructure failures that pose a safety risk to staff or the community;
 - b. Declaration of a State of Emergency by the Governor;
 - c. Unanticipated expenditures as a result of legislative changes from State/Federal governments in the current fiscal year;
 - d. Acts of Terrorism declared by the Governor or the President of the United States;
 - e. Acts of Nature which are infrequent in occurrence;
 - f. Other catastrophic events which are infrequent in occurrence.