

RESOLUTION NO. 2023- 54

**A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF MERCED, CALIFORNIA,
RESCINDING RESOLUTION NO. 2020-85 AND
ADOPTING THE UPDATED ECONOMIC
DEVELOPMENT OPPORTUNITY FUND POLICY**

THE CITY COUNCIL OF THE CITY OF MERCED DOES HEREBY
RESOLVE, DETERMINE, FIND, AND ORDER AS FOLLOWS:

SECTION 1. RECISION OF RESOLUTION. Resolution No. 2020-85 is
hereby rescinded.

SECTION 2. That certain document entitled, "Economic Development
Opportunity Fund Policy" is hereby adopted as the official economic development
opportunity fund policy for the City of Merced.

SECTION 3. The City Manager and Finance Officer are hereby authorized
and directed to comply with the Economic Development Opportunity Fund Policy
effective immediately.

PASSED AND ADOPTED by the City Council of the City of Merced at a
regular meeting held on the 20th day of June 2023, by the following
vote:

AYES: 5

Council Members: BOYLE, ORNELAS, PEREZ, SERRATTO,
SMITH

NOES: 1

Council Members: XIONG

ABSENT: 1

Council Members: DEANDA

ABSTAIN: 0

Council Members: NONE

APPROVED:

Mark Smith

Mayor

ATTEST:

STEPHANIE R. DIETZ, CITY CLERK

BY: *Dejaneha Medina*
Assistant/Deputy City Clerk



(SEAL)

APPROVED AS TO FORM:

MSJ *6-14-2023*
City Attorney Date

Economic Development Opportunity Fund

Name of fund.

There is created and established within the budget of the City of Merced a fund to be known as the "Economic Development Opportunity Fund."

Purpose of fund.

The purpose of the Economic Development Opportunity Fund is to support extraordinary economic development opportunities that create and retain employment as well as create significant capital investments. The resources in the Economic Development Opportunity Fund shall accumulate from year to year until available reserves equal \$5,000,000.

Sources of resources.

- (1) All money appropriated or allocated for inclusion in the fund, from whatever source.
- (2) Subject to any pledge, contract or other obligation, all interest or other gains from investment of money from the fund.
- (3) Any other money available and directed to be paid into the fund.
- (4) The budget submission for each year shall include a recommendation for a General Fund contribution, which is calculated as 35% of the 45% excess of prior year audited unreserved General Fund balance over the 30% Set-Aside and 5% General Fund Contingency Reserve.

Example:

Fiscal Year 18-19 Audited unreserved fund balance at June 30	\$4,500,000
Fiscal Year 20-21 Committed 5% GF Contingency Reserve	2,195,270
Fiscal Year 20-21 Additional Funding required for 35% GF Reserve Set-Aside	<u>1,000,000</u>
Excess over Committed GF Contingency Reserve	1,304,730
 Amount Rounded	 1,300,000
	<u>45%</u>
45% of Excess	585,000
	<u>20%</u>
20% to Economic Development Opportunity Fund	\$ <u>117,000</u>

Use of fund.

- (1) Expenditures from this fund shall be used only for the following purposes:
 - a. To retain and/or expand existing businesses located in the City
 - b. To retain local jobs and/or increase the number and diversity of jobs that offer stable employment

- c. To diversify the local economy, encourage economic and commercial activity, including the range of goods and services available
- d. To provide significant economic impact by attracting other businesses, jobs, or investment
- e. To increase the tax base
- f. To facilitate the development process and to achieve development on sites which would not otherwise be developed or that would be under developed without assistance
- g. To offset increased costs of development (i.e. contaminated site clean-up) over and above the costs normally incurred in development
- h. To fully utilize existing real estate, real property, existing or planned infrastructure, facility or capital improvements
- i. To contribute to the implementation of other identifiable goals of the City

(2) All expenditures from this fund shall require prior city council approval, unless previously specifically authorized by the city council for expenditure in the annual budget.

Fund Manager.

The Director of Economic Development or designee shall administer the Economic Development Opportunity Fund within the financial management system, and shall serve as the fund manager.

- q. Conversion of units from nonresidential to residential.
 - r. Operating subsidies, for a specified period, for permanent supportive housing not otherwise covered by other funding sources.
 - s. Efforts to acquire and rehabilitate foreclosed or vacant homes.
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- (2) All expenditures from this fund shall require prior city council approval, unless previously specifically authorized by the city council for expenditure in the annual budget.
 - (3) Grants or Low Interest Loans at the discretion of the City Council on a project-by-project basis.
 - (4) Non-City Administration and Program Implementation costs capped at 10% of proposed annual expenditures.

Fund Manager.

The Director of Development Services or designee shall administer the Affordable Housing Fund within the financial management system and shall serve as the fund manager.