Committee present:
Councilmember Keene, Chair
Councilmember Nguyen-Tan
Councilmember Wahl

Staff Present:
City Manager Lando
Assistant City Manager Dunlap
City Attorney Frank
Asst. City Attorney Barker
Finance Director Martin
Community Dev. Director Baptiste
Asst. Comm. Dev. Director Sellers

Director of Public Works Ross
Park Director Beardsley
Asst. Dir. of Public Works McKinley
Planning Director Seidler
Senior Planner Murphy
Administrative Analyst Young

Bus Tour of Creekside Greenways. The Committee convened in Conference Room One at 8:30 a.m. for a tour of creekside greenways designated in the City of Chico General Plan, as part of its continued review of park funding issues and development impact fees. Assistant Community Development Director Sellers distributed a proposed tour route and pointed out the sites to be visited on a map. The Committee could provide general direction to staff on the tour, and this matter would be brought back as part of the Committee’s overall review of park funding issues and development impact fees at a future meeting to be scheduled. The Committee, staff and interested citizens departed on the bus at 8:45 a.m. and returned at approximately 12:00 Noon.

The Committee reconvened in Conference Room One at 1:00 p.m. for the remainder of today’s meeting.

COMMITTEE MATTERS REQUIRING AGENCY OR COUNCIL ACTION ON 2/19/02:

A. Approval of 2000-01 Fiscal Year Audit Reports for the City of Chico and the Chico Redevelopment Agency. At its meeting of 1/15/02, the City Council acknowledged receipt of the following financial reports for the Fiscal Year 2000-01, and referred them to the Finance Committee for review: Annual Financial Report of the City of Chico, Chico Redevelopment Agency Component Unit Financial Report, Chico Public Finance Authority Component Unit Financial Report, Single Audit Reports, Management Letter, and the Transportation Development Act Funds Financial Report consisting of City of Chico Transportation Fund and City of Chico Transit Fund. Trudy Tavares, a partner of Nystrom and Company, and Finance Director Martin were present to respond to any questions or concerns regarding the reports. The Finance Director recommended that the Audit Reports be forwarded to the City Council for approval.

Recommendation:
The Committee recommended (3-0) that the 2000-01 Fiscal Year Audit Reports for the City of Chico and the Redevelopment Agency be approved.

B. Consideration of Capital Projects to be Funded with 2001 CPFA Tax Allocation Bonds. The Committee was provided with a memorandum dated 1/17/02 from the Executive Director of the Agency forwarding a list of potential Capital Improvement Projects which would be eligible for funding with 2001 Chico Public Financing Authority Tax Allocation Bond proceeds. At its meeting held 11/20/01, the Chico Redevelopment Agency referred the matter to the Finance Committee for review and development of a recommendation to the Agency which would identify the projects proposed for bond funding and provide direction regarding the process for selection of the projects.
Executive Director Lando reviewed his memorandum, indicating that approximately $12 million in bond revenue will be available and must be expended in about two and one-half years. The funds must be spent in the redevelopment areas depicted on the map, or a determination of benefit of a project to one of the areas must be made. He said the projects on the list presented included those suggested by Agency members, citizens, and Agency staff. He strongly recommended that two of the projects on the list be funded: Notre Dame Boulevard construction project at $1.1 million, and the Manzanita Avenue/Chico Canyon Road/Bruce Road improvements project at $1.125 million. He added that he would like to see $1 million of the $12 million to be allocated from bond revenue left in a reserve for the Manzanita Avenue project since it was likely to cost more than estimated.

Chair Keene suggested the Committee review each project on the list and then put them in order for recommendation to Council, and this process was followed.

Katrina Davis, representing the Downtown Chico Business Association (DCBA), responded to questions regarding Municipal Parking Lot No. 6, and spoke in support of a parking structure to address the increasing needs for parking downtown.

The Committee requested staff to investigate whether the existing parking structure could be expanded by adding additional floors. Councilmember Nguyen-Tan requested staff to provide him with a copy of the studies that had been prepared in conjunction with construction of the existing parking structure downtown.

During discussion of the Stansbury Home Improvements, Committee members suggested discussions with the Stansbury Home Association be initiated regarding its long term plans and whether the Association might be able to take over operation of the Home from the City with community support and fund raising.

At the conclusion of its review, the Committee agreed to delete the following projects from those recommended to be funded with bond funds: BMX Park All-Weather Cover, Municipal Parking Lot No. 6, New Compost Facility; Downtown Parking Structure; Downtown Bulbing 4th and 5th at Main and Broadway; Humboldt Neighborhood Park Expansion; and Chico Municipal Sanitary Sewer.

During the course of its review, staff and Committee discussed that since some of the projects to be recommended for bond revenue funding were also included in the Capital Improvement Program (CIP), that funds allocated in the CIP for those projects would be freed up for other projects.

The Committee agreed with Chair Keene’s request that staff find funding for two projects he believed should be included in the CIP as high priority: the East Avenue improvements between Alamo and Cussick, which was the only link as yet unfunded; and completion of Eaton Road between its current easterly terminus and East Avenue.

Councilmember Nguyen-Tan requested that staff find separate funding, perhaps from Proposition 12 funds or CDBG funds, for the current property acquisition opportunity that would allow expansion of Humboldt Neighborhood Park. Councilmember Wahl felt that $155,000 was too high a cost for such a small piece of property. The Committee agreed that staff should proceed with getting an appraisal of the property and bring it back to the Committee for further review and recommendation.

Councilmember Wahl requested that the Downtown Parking Structure be added in to the CIP. Chair Keene agreed that the Parking Structure as well as the East Avenue and Eaton Road projects discussed above, should be considered for inclusion in the CIP when the Committee finalizes its recommendations on the CIP, possibly at its next meeting.
Recommendation:
The Committee recommended that the following projects be funded with 2001 Chico Public Financing Tax Allocation Bond revenue for a total of $10,987,776 (leaving a reserve of approximately $938,892):
1--1500 Humboldt Avenue Remodel 82,000 (reduced from 200,000)
2--Cohasset Road Widening (including Airport Bicycle Path Tree Planting, and 3 Intersection Improvements at Airpark Blvd., Compost Facility, and Boeing Ave.) 7,040,776
3--Humboldt Rd. Bridge Widening 360,000
4--Humboldt Rd. Reconstruction (El Monte to Bruce) 1,000,000
5--Notre Dame Blvd. Construction (Humboldt to LCC) 1,100,000
6--Stansbury Home Improvements 100,000
7--Downtown Plaza Park Sidewalks 50,000 (reduced from 215,000)
8--Manzanita Avenue, Chico Canyon Road, Bruce Road 1,125,000
9--Humboldt Neighborhood Park Restroom Facilities 130,000

COMMITTEE MATTERS REQUIRING NO AGENCY / COUNCIL ACTION ON 2/19/02:

C. Review and Consideration of Development Services Fee Study prepared by DMG Maximus. The Committee was provided with a memorandum dated 1/17/02 from the Community Development Director recommending that the Finance Committee review the Development Services fee study prepared by DMG Maximus and provide its recommendation to the City Council on implementation of the proposed fee modifications.

The Committee concurred with Chair Keene that this would be the initial meeting to review and consider the proposed fee revisions, with comments and questions for staff, and that staff could then respond to any questions or requests for more information and bring the matter back to a future meeting for action and recommendations to Council.

Community Development Director Baptiste reviewed the history and reasons for the fee study, and summarized its conclusions. Local builders had expressed concern that the City’s building permit fees were higher than the actual cost to provide the services, and the fee study was authorized about one and one-half years ago. All costs were analyzed to determine the actual cost to provide the services in the Community Development Department and Department of Public Works. The conclusion of the study was that the fees to provide building services were higher than the actual cost to provide the services; however, the fees to provide Planning Division and Department of Public Works services were determined to be lower than the cost for providing those services. Therefore, the fee study recommended a significant reduction in building permit fees and significant increases in fees for Planning and Department of Public Works applications. Additionally, the fee study proposes including funding for the cost of the City’s General Plan, and also for overhead, which had not previously been included in the fees; and recommends that a 5% surcharge on permits be charged to create a reserve when development activity is down.

Chair Keene requested staff to provide a breakdown of how overhead costs were being factored into the fees.

Jeff Wakefield, representing DMG Maximus, described the components that were figured in as indirect costs, or overhead, in determining the actual cost to provide the services, including supervisory, clerical and administrative time, as well as Citywide indirect costs from other departments such as building maintenance and depreciation. He responded to Councilmember Nguyen-Tan’s questions regarding how the General Plan costs were figured into the fees, which was discussed on Page 12 and 14 of the study.

City Manager Lando responded to Committee members’ questions regarding the reimbursement of fees to developers due to the City overcharging for building permit fees. If funds for this reimbursement were not taken from the Community Development Department fund reserve, they would have to come from the General Fund.

Greg Webb and Jim Mann spoke regarding the reimbursement that would be owed to developers who were overcharged. Both spoke in support of the 5% surcharge in the proposed building fees to cover department operations in the years when building activity was down. They also recommended that a desired reserve
City Manager Lando suggested building the reserve for the Building Division up to about one-half of a year’s budget for the Division, or approximately $500,000, at which point the 5% surcharge could be removed from the fees.

Chair Keene requested that when this matter comes back to the Committee, further consideration be given to what “reasonable” indirect costs should be factored into the fees.

**Action:**
Chair Keene requested Committee members and interested parties to submit any comments or requests for additional information regarding the proposed Development Services Fee Study and proposed fee revisions to staff, and this matter was continued to a future Committee meeting.

D. **Consideration of Allocating $160,000 from the Community Park Fund (330) for DeGarmo Park.** The Chico Area Recreation and Park District was requesting funding assistance to complete environmental review for the DeGarmo Community Park Master Plan and plans and specifications for phase one improvements. The Committee was provided with a memorandum dated 12/19/01 from the Park Director indicating that at its 10/29/01 meeting, the Bidwell Park and Playground Commission supported (6-0) the Chico Area Recreation and Park District’s request for $160,000 to complete the environmental review for DeGarmo Community Park. In addition, the proposed allocation would provide funding for preparation of a master drainage plan, engineering fees and plans and specifications for first phase improvements. Initial development was proposed to include youth ballfields, parking and related utilities, landscaping and infrastructure. If the Committee recommended approval of the requested allocation, a formal supplemental appropriation would be prepared and forwarded to the Council with the Committee report. The Park Director and Bidwell Park and Playground Commission recommended that a supplemental appropriation allocating $160,000 for DeGarmo Park be forwarded to the City Council for approval.

Park Director Beardsley reviewed the staff report. City Manager Lando added that DeGarmo Park was identified in the City’s General Plan as a Community Park, and therefore, he recommended that the City approve the funding request to assist CARD in beginning construction of the park.

Councilmember Wahl clarified with Mary Cahill, General Manager of CARD, that the amount needed for this phase was actually $165,000, rather than $160,000.

Ms. Cahill indicated that this $165,000 would cover the environmental review and plans and specifications which would allow the private fund raising for the Little League ball fields to begin. She responded to questions from Committee members regarding the overall cost to complete the park, which was estimated at $13.5 million, and where the City’s contribution of $300,000 to acquire the land had been factored in.

Councilmember Wahl was concerned that there was no business plan to address where the remaining funds to complete the DeGarmo Park would come from, or for the initial phase for which the $165,000 was currently being requested from the City.

Committee members concurred that they needed more detailed information regarding CARD’s funding request, but that they could recommend granting this request if a detailed work plan showing how the $165,000 would be spent was prepared to accompany the recommendation when it was submitted to the City Council.

John Gillander indicated the environmental review might require purchase of other acreage for Swainson Hawk forage mitigation.

Chair Keene requested staff to determine whether DeGarmo Park was outside the Swainson Hawk forage area.

**Recommendation:**
The Committee (3-0) recommended approval of a supplemental appropriation allocating $165,000 from the Community Park Fund to the Chico Area Recreation and Park District (CARD) for the environmental review of the proposed DeGarmo Community Park and preparation of a drainage plan along with plans and specifications for first phase improvements to include youth ball fields,
parking, utilities, landscaping, and infrastructure; and that CARD prepare a detailed work plan showing how this money will be spent to accompany this recommendation when it is submitted to Council in approximately 30 days, or whenever CARD has completed the plan.

E. **Future Meetings.** The Committee was requested to schedule an afternoon work session in February to continue consideration of park funding issues and development impact fees.

**Action:**
Chair Keene suggested, and the Committee concurred, that park funding issues and development impact fees, as well as the Capital Improvement Program, be tentatively scheduled for the Committee’s 2/25/02 meeting, with the meeting to begin at 1:00 p.m. instead of 4:00 p.m. (final determination to be at the 2/11/02 agenda review meeting).

F. **Reports and Communications.** The following report and communication item was provided for the Committee’s information and consideration, and no action was requested unless the Committee wished to give direction to staff.

**Status Report on Utility Users’ Tax (UUT) Revenue and Collection Rate.** The Committee was provided with a memorandum dated 1/9/02 from the Finance Director providing a status report on the Utility Users’ Tax (UUT) revenue for gas and electricity for the 2001-02 Fiscal Year and reporting on the amount of UUT which had been returned to the rate payer by the reduction in the collection rate. No action was requested at this time, and the reduced collection rate will stay in effect until the end of the fiscal year when the resolution providing for a temporary reduction expires.

Chair Keene felt the Committee should review the Utility Users Tax collection rate once more before allowing the adjusted rate to expire in July.

**Action:**
The Committee (3-0) directed staff to submit another status report on the Utility Users Tax collection rate to the Committee in April, so that a recommendation could be submitted to Council in April or May, in order to allow for the 60 day notice required by the utility company to revise the collection rate.

G. **Adjournment and Next Meeting.** The next meeting was scheduled for Monday, February 25, 2002, tentatively scheduled to begin at 1:00 p.m. in Conference Room No. One.

Bebe Young, Administrative Analyst

**Distribution:**
City Council (22) Housing Officer Comm. Dev. Director
Risk Manager Public Works Director Finance Director
CITY OF CHICO MEMORANDUM

TO: CITY COUNCIL (Mtg. of 3/19/02)  
FROM: FINANCE COMMITTEE  
DATE: March 4, 2002  
FILE: Committee Binder  
RE: REPORT ON FINANCE COMMITTEE MEETING HELD FEBRUARY 25, 2002

Committee present:  
Councilmember Keene, Chair  
Councilmember Nguyen-Tan  
Councilmember Wahl  

Staff Present:  
City Manager Lando  
Assistant City Manager Dunlap  
City Attorney Frank  
Asst. City Attorney Barker  
Finance Director Martin  
Community Dev. Director Baptiste  
Housing Office McLaughlin  
Housing Specialist Burkland  
Director of Public Works Ross  
Asst. Dir. of Public Works McKinley  
Police Captain Viegas  
Fire Captain Short  
Administrative Analyst Young

COMMITTEE MATTERS REQUIRING CITY COUNCIL OR AGENCY ACTION ON 3/19/02:

A. **Acceptance of Financial Audit of the Downtown Chico Business Association for Fiscal Year Ending June 30, 2001.** The Committee was provided with a memorandum dated 1/30/02 from the Finance Director forwarding the Financial Audit of the Downtown Chico Business Association for Fiscal Year ending 6/30/01. Copies of the Management Letter from R.J. Ricciardi, CPA, the firm that conducted the audit, were distributed at today’s meeting. Staff recommended the Committee forward the audit to the City Council with a recommendation for acceptance.

**Recommendation:**  
The Committee recommended (3-0) acceptance of the Financial Audit of the Downtown Chico Business Association for fiscal year ending 6/30/01.

B. **Acceptance of the Community Organization Compliance Audits for FY 2000-01 and Approval of the Remediation Actions for New Unity, Inc. and Northern California AIDS Foundation.** The Committee was provided with a memorandum dated 2/14/02 from the Finance Director forwarding the Community Organization Compliance Audits for Fiscal Year 2000-01 as prepared by R. J. Ricciardi, Certified Public Accountant. Copies of the memorandum were also provided to all of the Community Organizations along with a notice of today’s meeting. Audits were conducted of all recipient organizations to verify compliance with the Community Organization Funding Program’s policies and procedures. The Finance Committee was asked to recommend to the City Council acceptance of the audits and approval of the staff recommendation on remediation of the major audit findings for New Unity, Inc. and Northern California AIDS Foundation as outlined in the memorandum and set forth in the staff recommendation below. Staff recommended acceptance of the Community Organization Compliance Audits for FY 2000-01 and approval of the following recommendations for remediation of major audit findings:

1. **New Unity, Inc.** Staff recommended legal action or assignment to a collection agency, whichever staff determines is most appropriate, to secure reimbursement of the funds in the amount of $1,344.
2. **Northern California AIDS Foundation.** If the organization was not able to demonstrate insolvency as previously directed by the City Council, staff recommended legal action or assignment to a collection agency (whichever staff determines is most appropriate) to secure reimbursement of the funds in the amount of $2,940.

A memorandum dated 2/25/02 from the Finance Director providing an update on the status of New Unity and the Northern California AIDS Foundation was distributed at today’s meeting. Staff indicated this update report did not affect the staff recommendation for remediation of the audit findings for these two organizations.
Recommendation:
The Committee recommended (3-0) acceptance of the Community Organization Compliance Audits for FY 2000-01, and approval of the following staff recommendations for remediation of major audit findings:
1. New Unity, Inc.: legal action or assignment to a collection agency, whichever staff determines is most appropriate, to secure reimbursement of the funds in the amount of $1,344.
2. Northern California AIDS Foundation: if the organization was not able to demonstrate insolvency as previously directed by the City Council, legal action or assignment to a collection agency (whichever staff determines is most appropriate) to secure reimbursement of the funds in the amount of $2,940.

C. Approval of Supplemental Appropriation No. 01-02 33 to Fund Chico Urban Area Automatic Aid Communications. Funds were included in the 2001-02 Annual Budget for the purchase of communications equipment to implement dispatching protocols under the City’s agreement with Butte County for Chico Urban Area Automatic Aid (CUAFRA). During ongoing discussions between the two Fire Departments, it had been determined that using radio pagers to alarm both the City and County on automatic aid calls did not provide the reliability necessary for emergency alarming without creating significant additional work for City and County emergency dispatchers. This Supplemental Appropriation would allocate funds in the amount of $13,563 from the General Fund (001) to acquire and install a UHF (Chico Fire) base radio station at the Emergency Command Center in Oroville. A copy of the General Fund (001) fund summary which reflects the 6/30/02 estimated fund balance was attached to the Supplemental Appropriation being provided to the Committee. The City Manager and Fire Chief recommended approval of this Supplemental Appropriation.

Recommendation:
The Committee recommended (3-0) approval of Supplemental Appropriation No. 01-02 33 in the amount of $13,563 from the General Fund to fund Chico Urban Area Automatic Aid Communications.

D. Approval of an Amendment to the City of Chico 2001 Update of Development Impact Fees Analysis and Recommendations (Nexus Study). The Committee was provided with a memorandum dated 2/18/02 from the Public Works Administrative Manager presenting an amendment to the City of Chico 2001 Update of Development Impact Fees Analysis and Recommendations (Nexus Study) reflecting the following state highway related projects:
1. The addition of two traffic signals and additional lanes at both north and south on/off ramps of SHR 99 at Eaton Road to be funded by developer fees;
2. The acquisition of right of way along SHR 99 at the northwest corner of Skyway/East Park overpass and parallel to Carmichael Drive to be funded by developer fees;
3. The addition of a traffic signal at Oak Way and SHR 32 to be funded one-half by developer fees and one-half by state highway funds; and
4. The addition of a traffic signal at Glenwood Avenue and SHR 32 to be funded one-half by developer fees and one-half by state highway funds.
This amendment would increase the Street Facility Development Impact Fee as follows:

<table>
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<tr>
<th>Category</th>
<th>Current</th>
<th>Proposed</th>
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</thead>
<tbody>
<tr>
<td>Single Family (per unit)</td>
<td>$1,941</td>
<td>$1,982</td>
</tr>
<tr>
<td>Multiple Family (per unit)</td>
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<td>$1,370</td>
</tr>
<tr>
<td>Office &amp; Medical (sq. ft.)</td>
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<td>$2.22</td>
</tr>
<tr>
<td>Commercial &amp; Services (sq.ft.)</td>
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<td>$10.19</td>
</tr>
<tr>
<td>Industrial (sq ft.)</td>
<td>$1.00</td>
<td>$1.02</td>
</tr>
</tbody>
</table>

The Public Works Administrative Manager recommended that the Committee recommend City Council adoption of these fees after a public hearing.

Chair Keene was hesitant to approve fee increases too quickly, especially since the Development Impact Fees and Nexus had been updated so recently, and he suggested the Committee might need time to review these proposed fee increases more carefully.

City Manager Lando reviewed the four recommendations, advising that staff would have no problem with continuing items three and four, but that items one and two needed to be addressed immediately because they were pending projects which needed to be included in the Nexus in order to provide a funding source...
from Development Impact Fees. He said item one (traffic signals and additional lanes at freeway ramps on Highway 99 at Eaton Road) was urgent because the developer had an opportunity to acquire the property immediately.

Councilmember Wahl pointed out that the fees would change if items one and two were included in the Nexus before three and four, and he suggested if any of the amendments were approved, that the fees be adjusted at a later date when it was known how much should be attributed to each project.

Councilmember Nguyen-Tan was opposed to delaying the inclusion of items three and four (traffic signals at intersections of Highway 32 with Oak Way and Glenwood Avenue) in the Nexus because he felt the need was there, the two signals had fairly fixed costs, and it was assumed the State would pay one-half the costs.

Chair Keene stressed that he believed in careful and thorough analysis before raising any fees or taxes, and he felt the Butte County Association of Governments (BCAG) should be encouraged to pursue more State funding for any of the projects that involved State highways in order to exhaust all possible funding sources before including these projects in the Nexus and raising local fees.

Jim Mann, representing the Building Industry Association, agreed with Chair Keene’s suggestion that items three and four be tabled for more information. However, he urged the Committee to recommend inclusion of items one and two in the Nexus Study now, stating that these were appropriate projects to be funded with development impact fees and that residential development in these areas would not be allowed to move forward without these infrastructure improvements.

City Manager Lando suggested one alternative would be for the Committee to recommend that the City Council make a commitment to include these projects in the Nexus Study without stating how they would be funded at this point. This would allow the Planning Commission to approve development in these areas, as long as the projects were included for funding by development impact fees by the time the final maps were filed for the proposed developments.

Chair Keene agreed this was a good solution and also agreed that item two (acquisition of right of way along Highway 99 at Skyway) should be included for funding through development impact fees as soon as possible since the opportunity for acquisition was there.

Recommendation:
The Committee recommended (2-1, Nguyen-Tan opposed) that the Development Impact Fees for Street Facilities be amended based on approval of amendments #1 and #2 below which would add the following state highway projects to the 2001 Update of Development Impact Fees Analysis and Recommendations (Nexus Study); and that #3 and #4 below be continued 30 days in order to request the Butte County Association of Governments to pursue additional State funding for these projects:

Approve:
1. The addition of two traffic signals and additional lanes at both north and south bound on and off ramps of State Highway Route (SHR) 99 at Eaton Road to be funded by developer fees, with the condition that State funding be pursued for a 50/50 split and that this cost allocation will be considered further
2. The acquisition of right of way along SHR 99 at the northwest corner of Skyway/East Park overpass parallel to Carmichael Drive to be funded by developer fees;
Continue 30 days to pursue the possibility of more State funding:
3. The addition of a traffic signal at Oak Way and SHR 32 to be funded one-half by developer fees and one-half by state highway funds; and
4. The addition of a traffic signal at Glenwood Avenue and SHR 32 to be funded one-half by developer fees and one-half by state highway funds.

COMMITTEE MATTERS REQUIRING NO CITY COUNCIL OR AGENCY ACTION ON 3/19/02:
E. Consideration of Out-of-Cycle Funding Request for Chico High School’s Centennial Celebration. (This request was approved by the City Council at its meeting of 3/5/02) Councilmember Wahl had submitted this request for out-of-cycle funding assistance in an amount estimated at $10,000 for the Chico
High School Centennial Celebration which is scheduled for September 12-15, 2002. A community organization funding request form providing more detailed information was distributed for the Committee's review at today's meeting.

City Manager Lando recommended approval of the request, advising that it was consistent with Community Organization funding policies, especially since it was a relatively small, one-time expenditure.

Councilmember Wahl spoke in support of the request, noting that the event will bring a lot of visitors and revenue in to the Community.

Mike Brown, representing the Centennial Committee, elaborated on the events to be included in the celebration and urged approval of the request. The funds being requested from the City would go towards the parade event. In response to Councilmember Nguyen-Tan's questions, he clarified information about the budget for the event.

City Manager Lando suggested that the application be revised to add a "Miscellaneous parade expense" category to allow the Centennial Committee to use the funding for other parade-related purposes if the Committee was not required to spend the amounts currently budgeted for insurance and traffic controls.

**Recommendation:**
The Committee recommended (3-0) approval of a General Fund allocation not to exceed $10,000 for expenses relating to a parade to be held on Saturday, 9/14/02, as part of the celebration of the Chico High Centennial, and that the City enter into the funding agreement as discussed above with the non-profit organization designated by the Centennial Committee to serve as its fiscal receiver for the funds.

**F. Review of 2002-2003 Annual Plan for the Community Development Block Grant (CDBG) Program and the Home Investment Partnerships Program (Home).** The Committee was provided with a memorandum dated 2/11/02 from the Housing Officer reporting that the City will receive $1,558,000 of Community Development Block Grant (CDBG) and Home Investment Partnerships (HOME) funds for the 2002-2003 program year. The Housing Officer's memorandum provided background on the Programs, staff recommendations for the Annual Plan, and citizen input received to date. The Committee was requested to make recommendations to the City Council regarding the Draft Annual Plan for the CDBG and HOME programs, which Council would consider at its meeting of 4/2/02.

Housing Specialist Burkland reviewed the staff report, elaborating on the activities staff was recommending for inclusion for funding in the Draft Annual Plan for CDBG and HOME programs on Page Two of the staff report. He reviewed the reasons for staff's recommendation that two of the City Programs that were in last year's Annual Plan not receive CDBG/HOME funding this year:

1. **Housing Rehabilitation** – staff is recommending that this program be funded with Low & Moderate Income Housing Funds from the Redevelopment Agency, since these funds are exempt from the recent law requiring the payment of prevailing wages for activities that are paid for with public funds.

2. **Tenant Based Rental Assistance** – this program has adequate funds available from the 2001-02 Program Year for the 2002-03 Program Year.

Councilmember Nguyen-Tan inquired why the public improvements (Item 2) were not included in the Capital Improvement Program (CIP) and City Manager Lando replied it was probably because they were part of this ongoing revenue stream. He suggested that when the Committee reviews the CIP next month, it consider whether these projects should be included.
Councilmember Nguyen-Tan also inquired why Item 3, Economic Development/Small Business Counseling, was not addressed as part of the City’s Economic Development funding programs. City Manager Lando agreed that would be appropriate, and suggested that in future years this program be considered in the context of the economic development programs instead of through the CDBG/HOME Annual Plan funding process.

Housing Specialist Burkland reviewed the requests for CDBG and HOME funding that had been received to date from the community as listed on Page Three.

Mary Cahill, General Manager of the Chico Area Recreation and Park District (CARD), responded to questions regarding CARD’s request for CDBG funds for improvements to Shapiro Pool. City Manager Lando recommended this request be delayed for a year, given the pending proposal for an Aquatic Center at the Humboldt Road site.

Regarding the Youth for Change request for funds to rehabilitate an apartment complex, staff was recommending this be considered at the Committee’s next meeting when there was more information available, and noted that Redevelopment Agency funds could also be used for this project.

Councilmember Nguyen-Tan requested staff to provide the fund balances in each of this year’s Annual Plan Programs. Housing Officer Burkland noted that the fund balances were given on the separate pages describing each program. City Manager Lando advised that in the future and for the next meeting, staff will prepare the list of projects as a matrix, providing all the pertinent information in chart form.

Regarding the Community Housing and Credit Counseling Center funding request, Housing Specialist Burkland advised this was included only for information and would not be considered for inclusion in the Annual Plan, since it will be funded from the Low and Moderate Income Housing Fund.

In addition, a request was received today for CDBG funds for a Youth Homeless Shelter and was not included in the staff report. Patricia LaBreacht was present and responded to questions regarding the Youth Homeless Shelter, which would assist not only homeless youth, but runaways and children who were not “in the system”. She said she would submit more detailed, written information regarding the request before the Committee’s next meeting.

In response to Chair Keene’s questions on the status of the homeless shelter, City Manager Lando said staff would provide a status report on this.

Councilmember Wahl commented that the Low & Moderate Income Housing Fund (Redevelopment Agency funds) could be used for transitional, but not emergency, housing; and therefore, both the Youth for Change and Youth Homeless Shelter proposals would probably be eligible for Redevelopment Agency funding.

Housing Specialist Burkland advised that a new request had also been received from Butte County Elderly Services Planning for $10,000, and more information on this would be provided for the next meeting. City Manager Lando and Chair Keene expressed concern that the Elderly Planning organization had already submitted a Community Organization funding application.

Housing Officer McLaughlin reviewed the new Department of Housing and Urban Development (HUD) policy regarding the timeliness of expending CDBG funds. There had been a significant change, in that any unspent funds in excess of the 1.5 ratio in April 2003 would be deducted from the City’s 2003-04 grant.

Mary Cahill urged the Committee to consider the CARD request for funding for Shapiro Pool and indicated she would develop a matrix which would show the funding sources and timeline of when grants were due for this project in time for the Committee’s 3/25/02 meeting.

The next step in the Annual Plan process was for the City Council to hold the first of two public hearings on 4/2/02. City Manager Lando said more information would be provided on all the requests for the Committee’s 3/25/02 meeting, prior to the Council hearing on 4/2/02.
Chair Keene reviewed the proposals for which the Committee requested more information for the next meeting: 1) CARD’s request; 2) the Youth for Change request; 3) the Homeless Youth Shelter request; and 4) the Elderly Services Planning request.

Regarding the Community Housing and Credit Counseling Center request, which was eligible for Low and Moderate Income Housing funding, Assistant City Manager Dunlap advised that it would be brought back as a separate item on a Committee consent agenda, since it was not part of the CDBG/HOME Annual Plan.

**Recommendation:**
*The Committee recommended (3-0) that the Draft Annual Plan be forwarded to the City Council for its first public hearing on the Plan on 4/2/02 as recommended by staff; and directed staff to provide the additional information requested by the Committee today for the Committee’s 3/25/02 meeting, as well as any new community requests that may be submitted to staff in the interim.*

G. **Consideration of the City of Chico 2002/03-2006/07 Five-Year Capital Improvement Program (CIP).** Due to time constraints the Committee agreed (3-0) to continue this matter to a work session to be scheduled for 3/11/02.

H. **Future Meetings.** The Committee was requested to consider scheduling an extra work session beginning at 1:00 p.m. in mid-March (3/11/02 had been suggested) in order to consider several lengthy issues on its pending list such as the Capital Improvement Program, Park Funding Issues and Development Impact Fees, the Community Development Department Fee Study, Campaign Financing Reform, etc.

**Action:**
*The Committee agreed (3-0) to schedule a work session for Monday, 3/11/02, beginning at 1:00 p.m.*

I. **Business from the Floor.** Members of the public could address the Committee at this time on any matter not already listed on the agenda, with comments being limited to three minutes. The Committee could not take any action at this meeting on requests made under this section of the agenda.

**Request from Michael Jones for Information regarding Proposition 12 Revenues and Expenditures.** Michael Jones requested information on what Proposition 12 funding the City had applied for, what had been spent or funded, and how the City Council had allocated those expenditures. Assistant City Manager advised she would ensure that the requested information was provided to Mr. Jones.

J. **Adjournment and Next Meeting.** The meeting was adjourned at 5:45 p.m. The next meeting of the Committee was scheduled for Monday 3/11/02 at 1:00 p.m. in Conference Room No. One. The regular monthly meeting of the Committee is scheduled for Monday, 3/25/02, at 4:00 p.m. in Conference Room No. One.

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Bebe Young, Administrative Analyst

**Distribution:**
City Council (22)  Housing Officer  Comm. Dev. Director
Risk Manager  Public Works Director  Finance Director
CITY OF CHICO MEMORANDUM

TO: CITY COUNCIL (Mtg. of 4/2/02)  
FROM: FINANCE COMMITTEE  
DATE: April 2, 2002  
FILE: Committee Binder

RE: REPORT ON FINANCE COMMITTEE MEETING HELD MARCH 11, 2002

Committee present:  
Councilmember Keene, Chair  
Councilmember Nguyen-Tan  
Councilmember Wahl  

Staff present:  
City Manager Lando  
Assistant City Manager Dunlap  
City Attorney Frank  
Asst. City Attorney Barker  
Finance Director Martin  
Community Dev. Director Baptiste  
Housing Office McLaughlin  
Housing Specialist Burkland  
Director of Public Works Ross  
Asst. Dir. of Public Works McKinley  
Police Captain Viegas  
Fire Captain Short  
Administrative Analyst Young

COMMITTEE MATTER REQUIRING CITY COUNCIL ACTION ON 4/2/02:

A. Consideration of the City of Chico 2002/03-2006/07 Five-Year Capital Improvement Program (CIP).
   At its meeting of 12/17/01 the Committee reviewed and recommended revisions to the proposed CIP, directing staff to make the suggested revisions and bring the CIP back in order for the Committee to finalize its recommendations to the City Council. Further, at its meeting held 1/28/02, the Finance Committee made recommendations regarding projects to be funded with 2001 Chico Public Financing Tax Allocation Bond revenue which were approved by the Redevelopment Agency at its 2/19/02 meeting. The Committee was provided with a memorandum dated 2/15/02 from the Public Works Administrative Manager presenting: (1) "Five-Year Capital Improvement Program, Capital Improvement Program Expenditure Summary by Category," (2) "Five-Year Capital Improvement Program, Capital Improvement Program Revenue and Expenditure by Year Summary," (3) "Capital Projects by Category," (4) "Capital Projects by Fund," and (5) "Summary of Changes to Draft Capital Improvement Program." If the Finance Committee recommended approval of the CIP, detail pages would be revised and the document in total will be submitted to the City Council. The Public Works Administrative Manager recommended adoption of the "City of Chico 2002/03-2006/07 Five-Year Capital Improvement Program."

   City Manager Lando reported that staff had incorporated the suggestions previously recommended by the Committee. He made the following comments:
   1. All of the projects to be funded with 2001 Chico Public Financing Tax Allocation Bond Revenue would be removed from the CIP, as recommended by the Committee and approved by the Agency.
   2. All of the projects to be funded with Proposition 12 funds would be removed from the CIP.
   3. A determination should be made as to whether the South Campus and North Campus Infrastructure public improvements proposed to be funded with Community Development Block Grant (CDBG) funds should be included in the CIP.

   Jim Mann, representing the Building Industry Association, said the industry has been working closely with staff on the CIP, appreciated all the staff and Committee effort that had been spent on it, and felt the CIP was now in order and should be forwarded to the City Council for approval.

   Responding to Greg Webb’s question regarding whether the State gas tax legislation (Proposition 42) would have an impact on the CIP in the future, City Manager Lando said staff had requested the Butte County Association of Governments (BCAG) to address this, and also whether it would affect the assumptions in the Nexus Study regarding Highways 32 and 99.
City Manager Lando responded to Councilmember Nguyen-Tan’s questions regarding the Annual Roadway Improvements and Annual Traffic Calming projects in the CIP.

Chair Keene questioned whether the Municipal Services Center building remodel should be included in the CIP. After further discussion, the City Manager suggested this be removed from the CIP and brought back for further discussion.

The Committee discussed the placeholder in the CIP of $60,000 for an Internet Streaming Video System, and agreed that the category should be broadened to “E-Government Solutions.”

Councilmember Nguyen-Tan was concerned that infrastructure improvements on Humboldt Road should be addressed and felt that projects funded with CDBG funds (i.e., the North and South Campus public improvements) should be included in the CIP in order to assess the availability of funds for other areas that needed such improvements.

City Manager Lando suggested that long-term public improvement projects to be funded with CDBG funds be addressed by the Council during budget discussions, and that Greater Chico Urban Area Redevelopment Project Area funds could also be considered for infrastructure projects.

Councilmember Nguyen-Tan inquired whether in future years, the CDBG funded infrastructure public improvement projects could be included in the CIP. City Manager Lando responded that the problem with that would be that the Annual Plan required for CDBG expenditures is program specific, but it would be possible to include these projects in the CIP as placeholders. He added that the CDBG funds for the Vecino area public improvements were already committed for another five years, but that funds for the South Campus public improvements could be freed up for other areas.

Chair Keene commended Public Works Administrative Manager Halldorson and staff for the excellent job they had done in working with the Committee and preparing the CIP.

Recommendation:
The Committee recommended (3-0) that the 2002/03-2006/07 Five-Year Capital Improvement Program (CIP) be forwarded to the City Council for adoption with the previous revisions recommended by the Committee, as well as the following revisions made at today’s meeting: (1) removal of the Municipal Services Center Building Remodel, which will come back to Committee for further consideration; and (2) that the category for “Internet Streaming Video System” be broadened to: “E-Government Solutions.”

COMMITTEE MATTERS REQUIRING NO COUNCIL OR AGENCY ACTION ON 4/2/02

B. Approval of Increase in Fees for Vehicle for Hire Driver’s Permits and to show a break down of each related fee in the fee structure. This matter was removed from today’s agenda by the Chief of Police, who had indicated that the cost figures needed to be re-evaluated and that this matter would be brought back to the Committee as part of the annual revisions to the City’s fee schedule.

C. Consideration of Arts Commission Recommendation for Approval of the Chico Open Board Art Project. This matter was referred to the Finance Committee by the City Council at its meeting of 3/5/02. The Committee was provided with a memorandum dated 2/22/02 from the Art Projects Coordinator forwarding a recommendation from the Arts Commission to approve Mountain Valley Art's request for $29,974 from the Redevelopment Agency Art Fund 380 to fund the Chico Open Board Art (COBA) 2002 project. The Committee was provided with copies of the COBA proposal which had been submitted to the Arts Commission. The Committee’s recommendation would be submitted to the Redevelopment Agency for consideration at its meeting of 3/19/02, and if the request for funding was approved by the Agency, a confirming Supplemental Appropriation allocating the funds would be processed after that meeting.
Assistant City Manager Dunlap advised that staff was working with COBA to have its funding requests be processed during the City’s annual budget cycle in future years. She noted that at this point COBA did not have a location for the art work and would be working on that.

Chair Keene recalled that last year when COBA’s funding request was approved, the Agency requested the group to encourage more community support through fundraising and to solicit private sponsorship in an effort to reduce the amount of public funding required.

Jeff Goolsby said the group has been researching other funding sources, and added that he and Geno Lucich would be removing themselves from the COBA project and Greg Payne would be taking over as the project director.

Chair Keene and Councilmember Wahl stressed the need for COBA to seek more private funding before it came to the Agency again in June (during the regular budget cycle) to request funding for next year.

Mr. Goolsby responded to Councilmember Nguyen-Tan’s questions regarding the COBA project budget, and its options for space for the art works.

Councilmember Wahl stated if the Agency was to consider the COBA project in June for funding for next year, he would like to see an audit, as well as a report on what the group has done in respect to soliciting private sponsorship in order to reduce the Agency’s funding commitment.

Recommendation:
The Committee recommended (3-0) approval of Mountain Valley Art’s request for $29,974 from the Chico Merged RDA Fine Arts Fund (380) to fund the Chico Open Board Art (COBA) 2002 project, with the conditions that COBA submit a plan for increasing private sponsorship of the program, a plan for increasing program income (fund raising), and that an audit be performed for the program; and directed staff to work with Mountain Valley Arts on options and locations for display of the art works.

D. Continued Review and Consideration of Development Services Fee Study prepared by DMG Maximus. At its meeting of 1/28/02 the Committee conducted an initial review of the Study and continued it in order for the Committee and interested parties to submit any comments or requests for additional information to staff. At that meeting Chair Keene requested staff to provide a breakdown of how overhead costs were being factored into the fees, and requested the Committee to further consider what “reasonable” indirect costs should be included. The Committee was provided with a memorandum dated 3/4/02 from the Community Development Director providing the additional information requested and the Development Services Fee Study. The Community Development Director recommended that the Committee forward the proposed fee modifications to the City Council with a recommendation for approval.

Community Development Director Baptiste reviewed the background of the Study and introduced Chad Wilford, representing DMG Maximus, who was present to respond to questions concerning the Study. The Fee Study was commissioned by the City Council in response to local builders’ concerns that building permit fees were too high. The conclusion of the Study was that building permit fees were too high, but other fees in the Planning Division and Development Engineering Division were too low. The result was a recommended fee increase of 13% for development services.

Chair Keene and Councilmember Wahl expressed serious concerns with the methodology and philosophy of factoring indirect, overhead costs into the fees, and requested a detailed explanation.

City Manager Lando suggested the Committee recommend removal of the indirect cost factors from the fee formula for those departments whose indirect costs it felt were questionable.
Chair Keene stressed that City functions went on whether building permits and development applications were processed or not. He felt that these basic functions were already paid for by the public through taxes, and should be funded from the General Fund, rather than trying to recoup these costs by charging for them as indirect, overhead costs associated with development services.

City Manager Lando responded that this method of factoring indirect costs in order to determine actual costs for services was not just a government accounting practice, but was also used by private business. He suggested that the Committee review the indirect costs allocated to each City Department and remove those from the formula if it felt they were questionable. He stressed that his concern was that the cost to provide development services was being subsidized in substantial amounts from the General Fund, which was not fiscally prudent for the City. His main concern was that the direct costs for the services be updated and balanced as recommended in the Study, even if the Committee decided to recommend removal of the overhead costs.

Councilmember Nguyen-Tan suggested the Committee review the overhead costs allocated in the Study department by department and categorize the ones that were questionable.

The City Manager and Community Development Director responded to questions from John Gillander, Greg Webb and Jim Mann concerning the direct costs recommended by the study and real-time billing.

The Committee, staff and Mr. Wilford discussed the issue of planning services that benefit the overall community and the recommendation in the Study that some of these fees continue to be subsidized, rather than raised.

The Committee and staff proceeded to review and categorize the overhead costs department by department as listed on pages 4 and 5 in the attachment to the Community Development Director’s memorandum. Listed below are the departments which were categorized as questionable (to be considered by the Committee for removal from the overhead cost allocations in the Study):

1. Building Use – City Manager Lando recommended this be removed from overhead costs because it is a replacement cost.
2. 101, City Council – categorized as questionable because City Council would still be needed whether there was development or not.
3. 106, City Manager – City Manager Lando felt this cost could be deleted from the Planning Subdivision fee formula
4. 160, City Attorney – Chair Keene did not feel City Attorney work on Title 18 or Title 19 should be charged to the developers, and City Manager Lando recommended that the cost be split.
5. 130, Personnel – categorized as questionable, with City Manager commenting that about 10% of Personnel’s time was probably spent in recruitment for development services employees
6. 150, Treasury – categorized as questionable
7. 600, DPW Admin – categorized as questionable
8. 501 Comm Dev Admin – categorized as questionable

Councilmember Nguyen-Tan suggested staff be requested to bring back for the next meeting a cost breakdown of what the fees would be with the above overhead costs deleted.

Chair Keene agreed, requesting staff to also bring back responses to the questions posed by the Committee regarding the overhead costs that were categorized as questionable, feeling it was important to have the reasons and justification for eliminating these questionable indirect costs.

Greg Webb said he was equally interested in the direct costs recommended by the Study and how developers were billed. He would like to see set forth on the bills-how much time was spent on a project during the month, the cost of the services provided, and the balance remaining on the project’s account or the amount owed. Developers would then be able to review the charges for reasonableness and assess monthly the cost of the project.
Finance Director Martin felt this type of billing would be feasible and City Manager Lando added that it would probably not be too cumbersome if an appropriate software program could be developed.

Jim Mann submitted written questions to staff.

Action:
The Committee (3-0) directed staff to bring back for the next meeting a cost breakdown of what the development services fees would be if the overhead costs categorized as questionable by the Committee were removed from the fee calculations, as well as responses to the questions that had been posed by the Committee regarding those costs, and continued this matter to its next meeting.

E. Consideration of Proposal from Wayne Cook for the Purchase, Rehabilitation and Use of the Old Municipal Building at Fifth and Main Streets. This matter was referred to the Committee by the City Council at its meeting of 2/19/02. The Committee was provided with copies of the letter dated 1/14/02 from Wayne Cook outlining his proposal.

City Manager Lando said that even though no one had responded to previous Requests for Proposals, due to several recent inquiries and interest expressed in the old Municipal Building, he was recommending that the City start the whole process over again and circulate Requests for Proposals.

Wayne Cook agreed that everyone interested should be given the opportunity to submit proposals. He felt the City should consider whether the public would accept private ownership of the building, and that due to the building’s historical significance, preference should be given to proposals that include provisions for accessibility to the public and historical rehabilitation and restoration. He added that the building had been vacant for too long and preference might also be given to proposals with reasonable time lines for performance.

Chair Keene said he would prefer private ownership of the building since the City had no use for it, and City Manager Lando said staff had no problem with private ownership.

John Gillander commented that private ownership of the building would generate tax increment.

Recommendation:
The Committee recommended (2-0, Wahl disqualified) that staff be directed to send out Requests for Proposals for use of the Old Municipal Building, with the Proposals requested to address the following:
1. Time line for performance
2. Public access, which would be appropriate for a historical building
3. Maintenance of the building’s historical integrity

F. Consideration of Request for Direction from Simpson Housing Solutions regarding Proposed Housing Project Site. The Committee was provided with a memorandum dated 3/5/02 from the Housing Officer transmitting a letter dated 3/6/02 from Simpson Housing Solutions providing the Committee with an update on its site search. Simpson was requesting direction from the Committee regarding a site that can be developed for a multifamily housing project. Simpson also indicated that it would be able to comply with all the conditions on the Redevelopment Agency’s $1.5 million commitment to assist Simpson Housing Solutions with the development of a rental housing project prior to the expiration of the commitment. The Agency’s financial commitment to Simpson Housing Solutions expires on 5/31/02.

Housing Officer McLaughlin reviewed the staff report, summarizing the steps that Simpson Housing would be taking in the next few months in order to comply with all the conditions of the Agency’s conditional financial commitment to the project. The Company was pleased with the project site that had been located because it was not in a residential neighborhood and would not require a rezone. Because the property being purchased was commercially zoned, Simpson would be paying a 25% higher purchase price and in order for the project to be financially feasible, there was a possibility that the company would be requesting
the Agency to allow a higher density (at the most 25 units per acre would be requested, with the current maximum being 22 units per acre).

Richard Kerr of Simpson Housing Solutions was present to respond to questions, and asked the Committee to recommend to the Agency that it accept or approve the proposed housing site.

City Manager Lando did not feel it was necessary at this point to seek Agency approval of the proposed project site, since Simpson Housing was following the procedure by securing a use permit for the project at the site, and this should meet the Agency’s conditions.

Responding to John Gillander’s question, Housing Officer McLaughlin said Simpson Housing would have 24 months to get tax allocation credits for the specific site.

No action was taken by the Committee on this matter.

G. Business from the Floor. None

H. Adjournment and Next Meeting. The meeting adjourned at 4:45 p.m. The next meeting was scheduled for Monday, March 25, 2002, from 9:00 a.m. to 12:00 Noon in Conference Room No. One.

Bebe Young, Administrative Analyst

Distribution:
City Council (22)   Housing Officer   Comm. Dev. Director
Risk Manager       Public Works Director  Finance Director
COMMITTEE ITEMS REQUIRING REDEVELOPMENT AGENCY OR COUNCIL ACTION ON 4/16/02:

A. Continued Review and Consideration of Development Services Fee Study prepared by DMG Maximus. At its meeting of 3/11/02 the Committee reviewed the indirect overhead costs that were factored into the proposed fee revisions in the Study and suggested removal of some of those costs as questionable, directing staff to bring back for this meeting responses to the questions they had posed regarding those questionable costs, and to recalculate the proposed fee revisions with those overhead costs removed. The Committee was provided with a memorandum dated 3/19/02 from the Community Development Director providing the information requested at that meeting. The Community Development Director recommended that the Committee forward the proposed fee modifications as revised by the Committee to the City Council with a recommendation for approval.

Community Development Director Baptiste reviewed his report. As directed by the Committee at its 3/11/02 meeting, the overhead charges for services in the categories of Building Use, City Council, City Clerk, Treasury, and Personnel (75%) were removed, resulting in a total reduction in overhead charges of $75,155. He recommended that the fee amendments be forwarded to the Council with this reduction as recommended by the Committee.

Councilmember Wahl (referring to the total recommended fee revenue increase of $306,936 as recommended in the memorandum dated 3/4/02 from the Community Development Director which the Committee received for its 3/11/02 meeting) computed that with the $75,000 in indirect costs removed, the increase in fee revenue would be about $231,000.

City Manager Lando indicated there was a deficit of about $110,000 in the Private Development Fund. He suggested removing this deficit from the General Fund contribution for development services (which would now be $231,000 with the $75,000 of overhead costs in the Fee Study removed as suggested by the Committee) and proportionately reducing the hourly rates. This would reduce the General Fund subsidy for development services from $150,000 to about $100,000. He felt this would be a good compromise by making the fees whole, while reducing the General Fund subsidy for development services in order to keep the City fiscally sound.

Chair Keene said that if the fees were revised as proposed in the Fee Study (to increase revenue by $306,936), the General Fund would be contributing nothing for development services, and he disagreed with this, feeling that development fees would then be subsidizing the City for services it was required to provide with or without development activity. He felt the City should contribute its fair share for development services.
Jim Mann, representing the Building Industry Association, urged the Committee to forward the fee amendments to the City Council. He said Greg Web asked him to advise the Committee that developers wanted to pay their fair share, and felt this would be accomplished with real-time billing on a monthly basis and the reserve provision as recommended in the Fee Study.

Councilmember Wahl felt that with real-time billing there would be a more accurate assessment on a month to month basis of what was owed by a developer for a project.

Councilmember Nguyen-Tan asked for clarification on the direct costs associated with the staff positions that would be necessary whether there was development or not, as previously identified by the City Council in the amount of $320,000, which equaled the current General Fund subsidy for development services.

City Manager Lando said he believed those positions were positions such as the Community Development Director, Planning Director and Building Official.

Councilmember Nguyen-Tan said he did not agree with the City Manager’s recommendation because it appeared to be driven by the goal of reducing the General Fund subsidy for development services to zero, rather than being supported by a cost analysis. He did not feel it was prudent to bring the General Fund subsidy back to zero with no supporting nexus, and that if there was a consensus that certain staff positions should be funded regardless of the level of development services, the cost of those positions would be the true amount of what the General Fund contribution should be.

City Manager Lando advised that the process and discussion which led to the previous City Council recommendation regarding the $300,000 General Fund subsidy for development services was very complex. He was concerned with the fiscal position of the City, adding that when the fee revisions were implemented, $200,000 in building fees would have to be refunded from the General Fund.

Chair Keene felt both the City and the developers should pay their fair share, and suggested the Committee move the fee revisions on to the City Council to get them in place, and that they could be re-analyzed again in six months and adjusted as necessary.

City Manager Lando summarized that as a result of the Fee Study, the consultant determined that the City should recover $2,652,000 in fees for development services, subtract the General Fund subsidy of $300,000 from that, and then set the fees.

Councilmember Wahl indicated that with real-time billing and the City Manager’s proposal regarding the fee revisions, the City would be recouping 85% of its costs for development services, which he felt was above average and reasonable.

Councilmember Nguyen-Tan disagreed, feeling it did not make sense to set the development fees based simply on the end result of the General Fund subsidy being zero.

**Recommendation:**

The Committee recommended (2-1, Nguyen-Tan opposed) that the Development Services Fees be revised as recommended in the Development Services Fee Study with the following revisions:

1. That $75,000 in overhead, indirect costs for Building Use, City Council, City Clerk, 75% of Personnel, and Treasury be removed from the calculations as suggested by the Committee.
2. That the remaining $231,000 in General Fund subsidy for development fee services be removed by reducing the hourly rates.
3. That a report and analysis be brought back to the Committee six months after the fees are implemented in order to adjust the fees if it is determined that they are too high or too low.
B. **Consideration of Request from the Housing Authority of the County of Butte for Funding for Senior Housing Project on Park Avenue.** The Committee was provided with a memorandum dated 3/18/01 from the Housing Officer transmitting the Housing Authority of the County of Butte’s (HACB) letter requesting $2.8 million in financial assistance from the Low and Moderate Income Housing Fund for the development of a 108-unit senior rental housing complex on the block bounded by Park Avenue, 12th Street, Oakdale Avenue, and 13th Street. The memorandum summarized the request and provided an abbreviated financial review.

Housing Officer McLaughlin reviewed the staff report and distributed copies of the Chico Merged Redevelopment Project Area Low and Moderate Income Housing Fund (LMIHF) Summary of Revenues and Expenses.

City Manager Lando advised that in addition to the $2.5 million currently available in the LMIHF, there will be another $1.4 million received in tax increment next year for a total of $3.8 million available.

Housing Officer McLaughlin said the proposal was for the Agency loan to be paid back in a format known as “residual receipts.” The tax credit program requires that the project proforma assume a 7% vacancy rate. However, based on the demand for housing and the history of HACB’s other housing projects, it was anticipated there would be close to a zero vacancy rate in the project, and therefore, it was likely there would be residual receipts available for loan payments.

City Manager and Chair Keene commended the HACB for the excellent job it had done with these types of housing projects, noting that its reputation, plus the need for senior housing, would no doubt ensure that this would be a successful project.

Gary Sannar, Executive Director of the HACB, stressed the need for low-income housing for the elderly and explained that the Housing Authority needed to move quickly and procure final Agency approval for the loan by 7/15/02 in order to submit the tax credit application for the project. He introduced the architect for the project, David Mogavero, and consultants Bill Span and Bob Dillon. He responded to Chair Keene’s inquiry regarding provision of parking at the site, advising that a variance had been requested in order to provide more housing than parking spaces and that based on HACB’s experience at Walker Commons, the proposed parking would be adequate since most seniors were trying to phase out automobiles.

**Recommendation:**

The Committee recommended (3-0) a conditional funding commitment for a loan from the Redevelopment Agency’s Low & Moderate Income Housing Fund in the amount of $2.8 million to the Housing Authority of the County of Butte for a senior housing project on the block bounded by Park Avenue, 13th Street, Oakdale Avenue and 12th Street, subject to the conditions outlined in the Housing Officer’s memorandum of 3/19/02.

C. **Consideration of Request from Youth for Change for Assistance for Rehabilitation of its Transitional Housing Project.** The Committee was provided with a memorandum dated 3/12/02 from the Housing Specialist providing information on the request from Youth for Change for a Redevelopment Agency loan in the amount of $90,000 to rehabilitate its six-unit apartment building located at 710 Walnut Street. The apartment building will provide housing for youth enrolled in Youth for Change’s Transitional Housing Program.

Housing Specialist Burkland reviewed the staff report. Responding to Chair Keene’s inquiry about the unfavorable loan to value ratio of 101%, he suggested that the amount of the loan request could be modified to bring it down, noting that the Agency strives for a maximum loan to value ratio of 90%.

George Siler, Executive Director of Youth for Change, explained the need for the organization’s services in providing transitional housing for youth that must leave the foster care system, yet have had no experience with independent living. Statistics show that within one year 80% of foster children become homeless or incarcerated.
Councilmember Nguyen-Tan was inclined to support the loan at a reduced amount, suggesting that some of the rehabilitation work be performed by the youth in the form of “sweat equity.”

Mr. Siler agreed that the youth might be able to assist the organization’s maintenance crews with the interior remodeling and the landscaping.

Councilmember Nguyen-Tan felt that the loan could be structured by having staff identify the rehabilitation costs that needed to be funded immediately, and then identify other costs that could be delayed and performed as sweat equity by the youth.

City Manager Lando recommended that the loan amount be reduced to $75,000, with the landscaping, storage, and interior painting identified as work items that were not crucial and might be performed by the youth in the program.

The Committee concurred with this suggestion, advising Mr. Siler that this amount should cover all the essential rehabilitation work, and the organization could request more funding assistance in the future if it was needed.

**Recommendation:**
The Committee recommended (3-0) approval of a loan from the Redevelopment Agency in a reduced amount of $75,000 to Youth for Change for rehabilitation of an apartment building (identifying the landscaping, storage, and interior painting as non-crucial work items) to serve former foster youth participating in its Transitional Housing Program

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**D. Consideration of Request from the Chico Cat Coalition for Supplemental Funding in the Amount of $3,300 for Fiscal Year 2001-02.** The Committee was provided with a memorandum dated 3/18/02 from the Park Director reporting that the Bidwell Park & Playground Commission (BPPC) supported (5-0) the request of the Chico Cat Coalition for supplemental funding in an amount not to exceed $3,300 for the balance of Fiscal Year 2001-02. The additional funds would help ensure the Coalition’s success in capturing and finding homes for abandoned cats in Bidwell Park. The Park Director and Bidwell Park & Playground Commission recommended approval of the request.

Councilmember Wahl and Chair Keene felt the City should implement a public relations campaign that would stress the strict fines that would be imposed on individuals caught abandoning cats in Bidwell Park, and City Manager Lando said staff would work on this. They were concerned that the problem was not decreasing.

Lori Beth Way of the Chico Cat Coalition responded to questions and advised that every city with a large municipal park has this problem, and has had to find a method to address it. She said it was unfortunate, but the problem would probably not go away.

**Recommendation:**
The Committee recommended (3-0) approval of the supplemental funding request from the Chico Cat Coalition for Fiscal Year 2001-02 in the amount of $3,300, and that staff be directed to implement a public relations campaign informing the public of the serious consequences of abandoning cats in Bidwell Park.

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**E. Consideration of Report on Utility Users’ Tax (UUT) Revenue and the Status of the Reduced Collection Rate.** The Committee was provided with a memorandum dated 3/12/02 from the Finance Director providing an update on the Utility Users’ Tax (UUT) revenue received for gas and electricity for the 2001-02 Fiscal Year, and reporting on the amount of UUT which had been returned to the ratepayers by the reduction in the collection rate. The City Council was able to reduce the City’s Utility Users’ Tax while citizens were experiencing abnormally high energy rates. Through January 2002, $526,400 had been returned to the ratepayers, and the total amount of tax relief was estimated to be $800,000 when the reduced collection rate expired on 6/30/02. Gas rates had returned to normal and the energy market had stabilized. It was now fiscally prudent to return to the normal collection rate of 5% to ensure the City’s continued sound fiscal condition and the diversity of its revenues. The Utility Users’ Tax revenue was less than would be anticipated based on annexations, growth, and inflation. Therefore, to preserve the fiscal soundness of the City and the diversity of its revenues, the City Manager and Finance Director recommended the City Council take no further action, allowing the UUT rate to return to the normal rate of...
5%, effective 7/1/02, as currently authorized by the City Council.

Councilmembers Wahl and Keene had removed this matter from the consent agenda for more information regarding UUT revenues for the last six months for both gas and electricity, noting that although gas rates had stabilized, electricity rates were still high. This item was continued to later in the meeting in order for the Finance office staff to prepare the requested information.

Finance Director Martin distributed the additional information regarding UUT revenues which Committee members had requested earlier in the meeting.

City Manager Lando advised that staff believed the “windfall” of increased UUT revenue due to higher gas and electricity rates was over, and he recommended that no further action on the UUT collection rate be taken, which would allow the collection rate to return to 5%.

Councilmember Wahl confirmed with staff that the City’s budget reserve was approximately $3.3 million, and since this was a healthy reserve he did not feel that there was a need to return the UUT collection rate to 5%. He suggested leaving the reduced collection rate of 3.9% in place, thereby leaving the savings with the ratepayers, and reviewing the matter again in three months.

Chair Keene agreed, feeling that even though gas rates had decreased, the electricity rates were still high.

Councilmember Nguyen-Tan disagreed, and concurred with staff that if the windfall in UUT revenue collected by the City due to increased utility rates was over, the Council should take no action and allow the UUT collection rate to return to 5%.

Recommendation:
The Committee recommended (2-1, Nguyen-Tan opposed) that the reduced Utility User Tax collection rate of 3.9% remain in place for three months (until 9/30/02), and that a report and analysis be brought back to the Committee for further consideration in three months.

F. Consideration of Revisions to Mortgage Subsidy Program (MSP) Sales Price Limits. At its meeting on 12/17/01, the Committee decided to consider changes to the MSP in terms of the Sale Price Limit and other provisions as warranted by the increases in the price of housing at its March meeting. The Committee was provided with a memorandum dated 3/19/02 from the Housing Officer providing background on the changes in the housing market and recommending that the sale price limit be increased from $135,000 to $150,000, and that the MSP loan limits be increased by $5,000 for each income group.

Chair Keene cautioned against allowing loan amounts to go too high, feeling that home ownership should require personal sacrifice on the part of the borrowers.

City Manager Lando responded that since the average home price had gone from $105,000 to $150,000 in three years, the recommendation to raise the loan amounts by $5,000 was important to the vitality of the community and the activity level of MSP loan program. He noted that borrowers in the eligible income groups would still be making tremendous sacrifices even with the increased loan amounts.

Recommendation:
The Committee recommended (3-0) that the Mortgage Subsidy Program Sales Price Limit be raised from $135,000 to $150,000, that the subsidy levels be increased by $5,000 for each income group, and that staff provide a report back to the Committee on the housing market three months after implementation of these revisions.
COMMITTEE ITEMS REQUIRING NO REDEVELOPMENT AGENCY / COUNCIL ACTION ON 4/16/02:

G. **Approval of 50/50 Cost Split with the State for Addition of Signalization and Improvements to the Eaton Road Intersection with State Highway Route (SHR) 99 to the 2001 Nexus Study.** At its meeting of 2/25/02 the Committee recommended that this project be added to the Nexus Study (which recommendation was approved by the City Council on 3/19/02), with the condition that State funding be pursued for a 50/50 split and that this cost allocation be further considered by the Committee. The project includes the addition of two traffic signals and additional lanes at both north and south bound on and off ramps of SHR 99 at Eaton Road. The total cost of the project is estimated at $1,018,600. The City Manager recommended that the Committee confirm its recommendation that this project be included in the Nexus Study with the cost allocation to be split 50/50 between the City and the State.

**Action:**

*The Committee confirmed (3-0) its recommendation that this project be included in the Nexus Study with the cost allocation to be split 50/50 between the City and the State, which recommendation was approved by the City Council on 3/19/02.*

H. **Consideration of Follow-up Information on the 2002-2003 Annual Plan for the Community Development Block Grant (CDBG) Program and the Home Investment Partnership (Home) Program.**

The Committee was provided with a memorandum dated 3/12/02 from the Housing Specialist providing additional information on the HOME and CDBG programs as requested by the Committee at its 2/25/02 meeting. The memorandum included a list of proposed housing and community development activities recommended by the Finance Committee at its 2/25/02 meeting along with carry over balances from prior years. The Finance Committee also requested additional information on some of the projects proposed by the community, which was also included in the 3/12/02 memorandum. After review of the additional information, staff requested recommendations from the Committee to the City Council regarding any revisions to the Annual Plan. The first of two public hearings on the Annual Plan would be conducted by Council at its meeting of 4/2/02.

Housing Specialist Burkland reported that the request from the Chico Area Recreation and Park District (CARD) for CDBG funds for Shapiro pool had been withdrawn from this year’s funding cycle due to the timing of the project, and would be resubmitted for next year’s Annual Plan.

Diane Cooper, representing the Butte County Elder Service Planning Project, was present to speak in support of the organization’s request for $10,000 for development of a strategic plan for coordination of services for the elderly in Butte County. She responded to Committee members’ questions regarding the project and introduced members of the project Steering Committee. Kate McCracken also spoke in support of the project.

Councilmember Nguyen-Tan said he would like to see the City support the project but felt it might be more appropriate for the City to assist with part of the project itself, after it is in place, rather than with the strategic planning phase of the project.

Chair Keene felt it would be appropriate for the City to assist in the planning phase, but suggested a more appropriate source of funding would be through the City’s Community Organization funding process. He suggested the Agency develop outreach information, such as a booklet of resources and services, after the planning phase for the project was completed.

**Recommendation:**

*The Committee recommended (3-0) that the Draft Annual Plan for CDBG / HOME funding for Fiscal Year 2002-03 be forwarded as recommended by staff to the City Council for its first public hearing on the Plan scheduled for 4/2/02; and that the Butte County Elder Service Planning Project request funding for its strategic plan through the City’s Community Organization process.*
I. **Business from the Floor.** None.

J. **Adjournment and Next Meeting.** The meeting adjourned at 11:50 a.m. April Committee meetings were scheduled as follows:
   A. April 11, 2002 – Community Organization Funding Requests – 3:00 p.m. – Council Chamber
   B. April 22, 2002 – Regular Meeting – 4:00 p.m. – Conference Room No. One
   C. April 25, 2002 – Community Organization Funding Requests – 4:00 p.m. – Council Chamber

Bebe Young, Administrative Analyst

Distribution:
- City Council (22)
- Housing Officer
- Comm. Dev. Director
- Risk Manager
- Public Works Director
- Finance Director
TO: CITY COUNCIL (Mtg. of 6/4/02)        DATE: April 15, 2002
FROM: FINANCE COMMITTEE          FILE: Committee Binder
RE: REPORT ON FINANCE COMMITTEE MEETING HELD APRIL 11, 2002

Committee present:
Councilmember Keene, Chair
Councilmember Nguyen-Tan
Councilmember Wahl

Staff Present:
City Manager Lando
Assistant City Manager Dunlap
Management Analyst Carroll
City Attorney Frank
Finance Director Martin
Accountant Vidners
Housing Specialist Burkland
Administrative Analyst Young

1. Review of Applications for 2002-03 Community Organization Funding - General/CDBG and TOT-Economic Development & Tourism Applicants. The Finance Committee was provided with the following:
   A. Memorandum dated 4/5/02 from the Assistant City Manager which provided background and information on the community organization funding process.
   B. Memorandum dated 4/5/02 from the City Manager submitting his recommendation for a $100,000 proportionate reduction in the available General Fund revenue for the community organization funding programs, along with a revised Summary of Available Funding which presented the revised figures for available funding based on this recommendation.
   C. Finance Committee worksheet which separately presented the requests of both the organizations which received a second year funding commitment from the City Council last year and all other applicants in both the General Fund/CDBG category and the Transient Occupancy Tax Revenue (TOT) - Economic Development and Tourism category.
   D. Memorandum dated 3/26/02 from the Park Director which submitted the Park Commission’s recommendations on funding levels for the Chico Creek Nature Center and the Chico Cat Coalition.
   E. Request for funding for an Elder Services Study which was previously provided to the Finance Committee at its 3/25/02 meeting. The Committee requested that this item be included with the community organization funding requests and, by letter dated 3/29/02, Diane Cooper of Innovative Health Care provided updated budget information and line item detail for the request.
   F. Replacement budget pages for the Cat Coalition application which had been updated to reflect the effect of the Finance Committee’s recommendation to increase FY 01-02 funding from $8,000 to $11,300. This recommendation would be considered by the City Council at its 4/16/02 meeting.

Applicants were advised by copy of this agenda to limit any presentation requested by the Committee to 2-3 minutes. Organizations which received second year funding commitments also were advised to attend this meeting in case the Committee had questions regarding their funding requests.

The following additional information was distributed at today’s meeting:
1. Letter dated 4/7/02 from the Community Legal Information Center (CLIC) transmitting its Community Organization Funding Request Form, explaining the reasons why this application was not submitted by the 2/22/02 deadline, and requesting the Committee to accept the late application for FY 02-03 funding in the amount of $3,000.
2. Revised Finance Committee Worksheet including the information about both Rancho Chico Days and CLIC, in the event the Committee agreed to accept and consider the late applications from these organizations.

Chair Keene announced that today’s meeting would be for the purpose of hearing comments from the applicants and providing the Committee a chance to ask questions, and that the Committee would be making its recommendations at its meeting of 4/25/02.
City Manager Lando reviewed his memorandum and recommendation for reducing the General Fund revenue for community organization funding by $100,000 in order to create the desired reserve in the General Fund for FY 02-03. If his recommendation was accepted, the Committee could consider the following options in making its final recommendations on 4/25/02:

1. Allocate funding first to those organizations which previously received a second year commitment from the City Council before considering other applicants’ funding requests.
2. Recommend funding reductions on a flat percentage basis for all organizations in each category to achieve the recommended General Fund savings in each category.

Assistant City Manager Dunlap reviewed her memorandum containing background and general information concerning this year's process.

Chair Keene announced that it would not be necessary for representatives of organizations which had received a two-year funding commitment to make a presentation unless they wished to, and they did not have to stay for the meeting. He opened the floor for comments in alphabetical order as the organizations were listed on the Work Sheet, beginning with the organizations that had received two-year funding commitments in each category.

Organizations which Previously Received a Two-Year Funding Commitment in the General / CDBG Funds Category.

Representatives from most of the organizations were present but did not address the Committee, indicating they had stayed in the event the Committee had any questions.

Scott Meyer, Co-Administrative Director of the Chico Legal Information Center, apologized for the organization’s late application and urged the Committee to accept it for consideration.

Bob Michaels, representing Northern Valley Catholic Social Service, advised that the organization would be underspent in the current fiscal year by $2,500, and that if this amount could be rolled over into next year, it could reduce its request for funds for next year by that amount (from $8,839 to $6,339). Assistant City Manager Dunlap replied that the City policy was that unspent funds were to be returned to the City.

Organizations which Previously Received a Two-Year Funding Commitment in the TOT – Economic Development and Tourism Funds Category.

Representatives from three of the seven organizations were present in the event the Committee had any questions.

Bev Crosby, representing Rancho Chico Days, apologized for the organization’s late application and advised that since the parade would not be held this year, she was returning the $5,000 which was received for this year’s parade. The organization was requesting $5,000 for next year’s parade and Councilmember Nguyen-Tan inquired whether some of the parade fees could be waived, as had been done for the Celebration of People Parade, so that all parade permit applications were treated equally. Assistant City Manager Dunlap explained that the recent City Attorney opinion regarding certain permit fees associated with parades concluded that there were First Amendment issues involved and that those fees should not be charged. Staff was requested to determine which of the City fees associated with the Rancho Chico Days parade permit should not be charged according to the City Attorney opinion regarding First Amendment issues, so that the amount requested by the organization for next year could be reduced accordingly, and to bring this information back for the Committee’s 4/25/02 meeting.

Chair Keene requested that staff revise the Committee worksheet to reflect Northern Valley Catholic Social Service’s proposal to reduce its FY 02-03 request to $6,339 as an offset for approval to roll over $2,500 from FY 01-02, and to reflect that Rancho Chico Day’s allocation of $5,000 in FY 01-02 would not be expended, but returned to the City and available for FY 02-03.
Other General / CDBG Fund Applicants

Representatives from the following organizations addressed the Committee and/or responded to questions from the Committee regarding their funding applications:
1. All One Family – Rosemarie Landry
2. Chico Cat Coalition – Kathryn Halloran
3. Friends of the Library – Jan Plimpton
4. Chico Nursery School – Rachel Muratore
5. Community Living Centers – Nicole Bateman
6. Computers for Classrooms – Pat Furr (Ms. Furr submitted a brochure about the program which would be copied and distributed to staff and Committee members)
7. Enloe Medical Center – Vicki Tullias and Sandy Gorter
8. Family Tree – Lisa Michels
9. HELP Program – Tammy Ritter
10. Ident-a-Child – Debra Craten, Crista Evans, and Jill Waters
11. Mediation Center of the North Valley – Mike Minard
12. Passages Adult Resource Center – Carol Childers
13. Right Road (Tehama Recovery) – LeAnn Cox (Housing Specialist Burkland was requested to meet with Ms. Cox to clarify whether “units of service” had been calculated in a different manner by the organization this year, and bring the information back for the Committee’s 4/25/02 meeting.)
14. Veteran’s Memorial Center of Northern California – Ole Quiberg (The organization was requested to work with Management Analyst Carroll to provide a more detailed breakdown of the funding request for the Committee’s 4/25/02 meeting.)
15. Wings of Eagles – Georgia Alvarez
16. Innovative Health Care (Elder Service Planning Project) – Brian Frank

Other TOT - Economic Development & Tourism Applicants

The only organization in this category with a representative present at today’s meeting was KCHO, with Steve McAleer addressing the Committee and responding to questions.

There were no further comments from the audience, and Chair Keene closed the public comment period, advising that at the next meeting on 4/25/02 there would be no further public input, and the Committee would formulate its recommendations to the City Council regarding the Community Organization Funding Applications. No action was taken by the Committee at today’s meeting.

3. Adjournment and Next Meeting. The meeting was adjourned at 5:45 p.m. The next meeting was scheduled for Monday, 4/22/02, at 4:00 p.m. in Conference Room No. 1., followed by the final meeting regarding Community Organization Funding on Thursday, 4/25/02, at 4:00 p.m. in the Chamber.

Bebe Young, Administrative Analyst

Distribution:
City Council (22) Housing Officer Comm. Dev. Director
Risk Manager Public Works Director Finance Director
Management Analyst Carroll
CITY OF CHICO MEMORANDUM

TO: CITY COUNCIL (Mtg. of 5/21/02)  DATE: April 23, 2002
FROM: FINANCE COMMITTEE  FILE: Committee Binder
RE: REPORT ON FINANCE COMMITTEE MEETING HELD APRIL 22, 2002

Committee present:
Councilmember Keene, Chair
(absent until 4:30 p.m.)
Councilmember Nguyen-Tan
Councilmember Wahl

Staff Present:
City Manager Lando
City Attorney Frank
Finance Director Martin
Community Dev. Director Baptiste
Asst. Comm. Dev. Director Sellers
Housing Officer McLaughlin
Park Director Beardsley
Administrative Analyst Young

COMMITTEE ITEMS REQUIRING REDEVELOPMENT AGENCY OR COUNCIL ACTION ON 5/21/02:

(Councilmember Keene was absent for Items A, B & D, arriving at 4:30 p.m. when consideration of Item C began.)

A. Consideration of Community Housing and Credit Counseling Center’s (CHCCC) Request For Annual Program Funding in the Amount of $26,780. At its meeting of 2/25/02 the Finance Committee considered CHCCC’s request and asked for additional information on the benefits of the Counseling Program. The Committee was provided with a memorandum dated 4/15/02 from the Housing Specialist transmitting a letter from CHCCC providing the requested information. The Housing Officer recommended approval of the funding request.

This matter was removed from the consent agenda by Councilmember Wahl. Housing Officer McLaughlin and Sonia Rodriguez of CHCCC responded to Committee members’ questions. Councilmember Nguyen-Tan requested that with future funding requests, the organization provide information on the impact the program has made on its clients. Housing Officer McLaughlin said staff would work with CHCCC to provide surveys to its clients in order to evaluate the program and its impacts.

Recommendation:
The Committee recommended (2-0, Keene absent) approval of the CHCCC funding for its annual program in the amount of $26,780 from the Agency’s Low and Moderate Income Housing Fund, with the condition that future funding requests be accompanied by feedback and evaluation of the program by its clients in order to determine its impact.

B. Consideration of Staff Recommendation on Requests from North Valley Catholic Social Services (NVCSS) regarding the Forest Manor Housing Project. The Committee was provided with a memorandum dated 4/12/01 from the Housing Officer transmitting a letter from NVCSS requesting: (1) an additional two years to obtain the project financing; and (2) authorization to draw existing loan funds from the Agency for the purpose of paying off a private loan on the project site. The Housing Officer's memorandum provided background on the project and the requests. The Housing Officer recommended: (1) that NVCSS be granted a one year extension on the performance timeline; and (2) that the request for disbursement of additional funds from the Agency’s loan be denied.

This matter was removed from the consent agenda by Councilmember Wahl. Housing Officer McLaughlin advised that NVCSS now agreed with the staff recommendation that an advance of funds from the Agency’s loan to pay off a private loan was not a good idea, and the request had been withdrawn. Bob Michaels of NVCSS was present and spoke in support of the request for an extension of the deadline to obtain project
financing, indicating the organization felt it would procure approval of the necessary tax credits this time around. Housing Officer McLaughlin added that the project may be modified to include market-priced housing for the elderly in addition to the low and very low income housing units as originally proposed, and if it was modified, formal approval of amendments to the existing agreements would be required.

**Recommendation:**
*The Committee recommended (2-0, Keene absent) approval of a one-year extension on the Agency’s loan in order for NVCSS to obtain the project funding for the Forest Manor Housing Project, as recommended by staff.*

C. **Consideration of City Manager Recommendation that Husa Ranch Park be Classified as a Neighborhood Park.** City Manager Lando requested that this matter, which had been discussed by the Committee at its 12/19/01 meeting regarding park issues, be pulled and considered separately from the general park issues to be discussed later today. Due to a previous developer’s promise that the Nob Hill area park would be “mirrored” by a 3+-acre park as part of the Husa Ranch development, the Planning Commission had recommended that the Husa Ranch developers, Hignell and Hignell, be required to establish this park. The City Manager was recommending that the park be classified as a Neighborhood Park so that the developers could move ahead with the project and be eligible for reimbursement or park fee credits for the park.

Councilmember Nguyen-Tan said he could support the recommendation because the park seemed appropriate to be classified as a Neighborhood Park; however, he had serious concerns that this situation not set a precedent whereby developers could promise the neighbors something that the City felt it had to comply with. City Manager Lando responded that staff was now making it clear to developers that providing small detention basins or parks in connection with subdivisions did not guarantee that such small parks would be classified as Neighborhood Parks and be eligible for park fee credits.

Karen Laslo cited another example of a park being promised by developers and never materializing. City Manager Lando said staff would check into the example she had cited.

Doug Hignell spoke in support of the recommendation, explaining that the original plans for the Husa Ranch development provided for establishment of a park on the other end of the property by the detention pond, but because of the pressure from neighbors who had been promised the park adjacent to the Nob Hill park by a previous developer, the Planning Commission had made it a requirement of the subdivision approval.

Jim Mann, representing the Building Industry Association, spoke in support of the request, pointing out that when developers were required to donate land for a park, it was with the intent that they would be reimbursed for the cost, since they had already paid their park fees as part of the development.

Kelly Meagher, Susan Mason, and John Gillander commented on park issues in general and City Manager Lando responded to their questions.

Councilmember Nguyen-Tan requested that between now and the time the City Council considered the Committee’s recommendation on this matter, staff provide an explanation of how a message could be sent to this developer and other developers that this situation was unusual and would not set a precedent.

**Recommendation:**
*The Committee recommended (3-0) that the Husa Ranch park, which is to be established adjacent to the Nob Hill area park as a requirement of approval of the subdivision, be classified as a Neighborhood Park, and therefore, eligible for park fee credits or reimbursement.*
COMMITTEE ITEMS REQUIRING NO COUNCIL ACTION ON 5/21/02:

D. **Consideration of Park Funding Issues and the Basic Park Facility Development Impact Fees.** The Committee had discussed Park Facility Impact Fees and park development funding at meetings in September and December 2001, and toured existing and proposed greenways in January 2002. The Committee was provided again with memoranda dated 9/18/01 (revised 11/8/01), and 11/13/01 from the Assistant Community Development Director which addressed the park issues being considered by the Committee, including:

1. Impact Fee Allocation to Neighborhood Parks, Community Parks and Creekside Greenways.
2. Community Park Facilities to be Funded from Development Impact Fees.
3. Determination of Greenways to be Acquired.
4. Fee Schedule Update to Reflect Current estimated Costs.
5. Park Facility Classification: Benefit Zones Versus Community Wide Park, Recreation Facilities and Open Space System.
6. Projected Park Costs, Distribution to New Development and Existing Residences, and Funding Sources.

The Committee was also provided with a memorandum dated 4/15/02 from the Assistant Community Development Director providing additional information requested by the Committee at the 12/19/01 meeting, including a table summarizing actual and projected neighborhood park costs, and alternatives for determining appropriate fees for community parks and greenways. The Committee was also provided with the report (minutes) of its 12/19/01 meeting. Following Committee review and consideration, the Committee was requested to give additional direction to staff for addressing the identified issues.

Assistant Community Development Director (ACDD) Sellers reviewed his most recent memorandum, summarizing the issues to be addressed and the new information presented in his report. Chair Keene had requested staff to use the actual costs for park land that had already been purchased in calculating land cost figures for park development impact fees. ACDD Sellers advised that this had been done for Neighborhood Parks as shown in the tables in his report, resulting in fees of $235 per apartment unit, and $277 per single family residence, which was about the same as the current fees. Staff attempted to develop the same type of table for Community Park and Greenway costs, but complexities in the methods of acquisition and development of these facilities made the task impractical. In reviewing the 12 Neighborhood Parks listed in the table, he recommended that the Holly Avenue Park be removed, since all the land in that area had already been developed, noting that perhaps the Husa Ranch Park recommended by the Committee for classification as a Neighborhood Park earlier in today’s meeting, could take its place.

Chair Keene suggested that the Committee address Neighborhood Parks first.

**Neighborhood Parks**

Responding to Jim Mann’s inquiry on how park facility costs in the tables were determined, ACDD Sellers said he used the average cost of the facilities for Person Park and Hancock Park.

The Committee discussed the fact that the City has spent about $1.8 million on Neighborhood Parks since the fees were implemented in 1988, but had raised only $1.6 million in fees, and had completed development of only one of the 12 parks – the Oak Way Park.

From the estimate of 134,000 for the population at full build-out, and the estimate of 16,780 people that have contributed to park fees since 1988, with another 44,000 new residents expected to contribute, Councilmember Nguyen-Tan figured that approximately 77,000 existing residents have not paid their share of park fees. He felt the main issue to be addressed was how the existing residents’ share of park costs would be paid in order to reach the goals for parks set forth in the General Plan.
Mary Cahill, General Manager of the Chico Area Recreation and Park District (CARD), was concerned about coordinating the efforts of all the agencies that were involved with parks. She suggested staff from the City, staff from CARD, and representatives of the development community meet to identify the needs of the community and formulate recommendations regarding all types of parks and recreational facilities. She felt it was important to analyze the “big picture” in order to meet the community demand.

Kelly Meagher stressed that the current General Plan was City policy, and that there should be funding to implement the parks as outlined in the General Plan.

City Manager Lando commented that the Council may wish to amend the General Plan to require fewer Neighborhood Parks if 12 were not financially feasible.

Chair Keene felt another option would be to allow developers to build smaller, three-acre parks in connection with subdivisions and be reimbursed for them, thereby creating more, smaller parks than what was currently provided for in the General Plan.

Karen Laslo suggested the option of providing more Creekside Greenway parks, which would be less expensive than Neighborhood Parks since there was no infrastructure or landscaping required. She felt that the park development impact fees should be raised as much as necessary to pay for all the parks mandated in the General Plan.

City Manager Lando explained that there is a legal limit regarding the amount of development impact fees, and developers can be charged only the proportionate share attributable to new development according to a nexus study.

Greg Webb indicated that only 18% of the park development impact fee was allocated for Neighborhood Parks, 25% was for Community Parks, and 55% of the fee was for Creekside Greenways; whereas he felt there was a greater community demand for Neighborhood and Community Parks than for Creekside Greenways.

City Manager Lando responded to questions and comments from Mike Pike, Lynn Thomas and Elizabeth Tyson.

Jim Brobeck felt the City had shown great foresight in purchasing many of the Neighborhood Park sites, even though it could not afford to build the parks, and that in a wealthy society such as ours, there must be a way to fund them.

Mike Pike and Dave Murray agreed, urging the City to continue acquiring park land even if the parks could not be built right away, since children could always make use of open space.

John Gillander said the park fees have doubled since 1988 when they were about $600, and now staff was recommending they be raised again. He felt that unless existing residents paid their share, the parks would probably never be developed.

City Manager Lando advised that another methodology for calculating park fees would be to use cost figures for what they would be now, rather than what the actual costs had been. This would provide the nexus required for raising the fees.

Chair Keene said he felt more comfortable using the actual costs for parks that had been acquired and developed, rather than current costs.

Councilmember Wahl supported Mary Cahill’s suggestion that representatives from the City, CARD, and the development community meet to address the issues and how parks might be funded.
Councilmember Nguyen-Tan stressed the need to go to the existing residents and ask if they want to keep the parks as set forth in the General Plan; if so, how they wished to pay for them; and if not, how the General Plan should be amended.

In lieu of trying to raise the $9.5 million needed to build the Neighborhood Parks in the General Plan from existing residents, Chair Keene said he would like to consider: (1) the option of allowing smaller parks to be built by developers in connection with construction of subdivisions; (2) the option of using the General Fund to pay some of the existing residents’ share; and (3) the option of going to the neighborhoods and asking if they would form assessment districts to pay for development of the parks, and if they agreed, they would have a park built, and if not, they would have a field. He added that the Committee had previously discussed using a percentage of the General Fund reserve for parks, after the desired reserve was reached.

City Manager Lando confirmed that the City Council had agreed to use 20% of the General Fund reserve, after the emergency reserve amount was met, for parks, and he indicated this amount would be about $230,000 per year.

Chair Keene felt that if the City could contribute $300,000 per year from the General Fund, and the neighborhoods were asked to assess themselves for maintenance of the parks, considerable progress could be made in building the Neighborhood Parks.

Councilmember Nguyen-Tan said he was open to Chair Keene’s suggestion of using some General Fund monies as an incentive for neighborhoods to assess themselves to contribute to the parks, but he strongly preferred that the voters be asked, maybe through a bond, to pay for the existing resident’s share of the parks.

Due to time constraints, Chair Keene suggested that the park issues and development impact fees be continued to another half-day workshop meeting to be arranged in May. He asked Committee members to indicate what additional information they might want from staff for that meeting.

Action:
The Committee continued consideration of Park Fee Issues and Development Impact Fees to a workshop meeting to be scheduled in May, and requested the following additional information from staff:

1. Chair Keene requested information on what undeveloped areas in the City, which were in close proximity to the Neighborhood Parks set forth in the General Plan, could possibly have parks built by the developers in conjunction with future subdivisions which could function as Neighborhood Parks.

2. Councilmember Nguyen-Tan requested that a spreadsheet/timeline be developed including the 12 proposed Neighborhood Parks set forth in the General Plan and their anticipated costs, and Chair Keene’s proposal of using $300,000 per year from the General Fund for park funding, to determine what the expected completion date of all the parks would be.

E. Consideration of Supplemental Appropriation for Professional Legal Services in Connection with the Proposed Cable Television Franchise Transfer from AT&T Broadband to AT&T Comcast Corporation. The Committee was provided with a memorandum dated 04/18/02 from the City Manager recommending approval of a supplemental appropriation in the amount of $10,000 from the CATV Community Access Fund (208) for professional legal services in connection with the pending request for approval of a transfer/change of control of the AT&T cable franchise.

This item was removed from the consent agenda by Councilmember Wahl. City Manager Lando explained that the cable TV franchise was being transferred, and due to the complexity of the laws governing this, it would be appropriate for the City to be represented by counsel with expertise in this field. He responded to Committee members’ questions, indicating it was almost certain that the City would be reimbursed for the $10,000 by the new franchisee.
Recommendation:
The Committee recommended (2-0, Keene absent) approval of a supplemental appropriation in the amount of $10,000 for professional legal services in connection with the proposed cable television franchise transfer. (This recommendation will be submitted to the City Council at its meeting of 5/7/02.)

F. Consideration of Amendment to the City of Chico Fee Schedule - Airport Fees. Due to time constraints, this matter was continued to a workshop meeting of the Committee to be scheduled in May.

G. Consideration of Revisions to Campaign Financing Reporting Requirements. Due to time constraints, this matter was continued to a workshop meeting of the Committee to be scheduled in May.

H. Adjournment and Next Meeting. The meeting was adjourned at 6:10 p.m. The next meeting of the Finance Committee was scheduled for Thursday, April 25, 2002, at 4:00 p.m. in the Chamber for recommendations regarding Community Organization Funding applications. At that meeting, the Committee would be requested to schedule a workshop meeting in May, since the regular meeting date in May falls on a holiday, Memorial Day.

Bebe Young, Administrative Analyst

Distribution:
City Council (22)  Housing Officer  Comm. Dev. Director
Risk Manager  Public Works Director  Finance Director
Committee present:  
Councilmember Keene, Chair  
Councilmember Nguyen-Tan  
Councilmember Wahl  

Staff Present:  
City Manager Lando  
Finance Director Martin  
Budget Officer Pierce  
Management Analyst Carroll  
Accountant Hennessy  
Accountant Vidners  
Housing Specialist Burkland  
Administrative Analyst Young  

Consideration of Community Organization Funding Request Recommendations: At today’s meeting the Committee would formulate recommendations to the City Council for funding community organizations in the 2002-03 Fiscal Year. By copy of the agenda, the organizations were provided with notice of this meeting. Additionally, the organizations were advised that since every organization was given an opportunity to make a presentation at the Committee’s April 11th meeting, this meeting would be limited to Committee discussion unless Committee members wished to request additional information from an organization.

For the Committee’s use in formulating its recommendations, the following was provided:

A. Memorandum from the City Manager dated 04/18/02 which set forth his recommendations to the Committee for funding levels.

B. A revised Finance Committee Worksheet which incorporated the City Manager’s recommendations based on recommended General Fund cost savings to the program.

The Worksheet figures also had been updated based on direction at the 4/11/02 Finance Committee meeting as follows:

i) Northern Catholic Social Services: FY 02-03 request had been reduced from $8,839 to $6,339 which represented the $2,500 the applicant indicated would not be expended in FY 01-02, but would be rolled over to FY 02-03 and expended.

ii) Rancho Chico Days: Reflected refund of full $5,000 FY 01-02 allocation for the 2002 parade which would not be held, but maintained the $5,000 request for FY 02-03, as the applicant indicated that the organization was planning a parade for 2003 and, as explained below, none of the requested FY 02-03 items were excluded because of parade constitutional issues.

iii) Computers for Classrooms: Submitted an amended request which reduced the $20,000 request to $18,455 and requested funding for new line items as explained below.

C. Summary of Funds Available which showed the available funding for each category according to current Council policy, the adjusted available funding with cost savings as recommended by the City Manager, and the additional $5,000 TOT-Tourism available revenue because of the refund by Rancho Chico Days of its $5,000 FY 01-02 funding. The summary also indicated the proportionate percentage of General Fund support by category which was the factor by which the categorical reductions were valued.
The Committee was also being provided the following information submitted by the organizations:

Computers for Classrooms: The organization had submitted a new page to reflect the reduced and revised request from $20,000 for truck rental to $18,455 for warehouse manager salary, modems for volunteers, a fall and spring special disposal event for college students, and triage services. Because this proposal was very different than the original request the Committee reviewed on 4/11/02, the Committee may need further information about the request. The applicant also indicated that there was a possibility that PIC would not renew its participation in July; and this decision may impact the use of a warehouse manager. The Committee was also provided with a copy of the informational brochure which was submitted by the applicant at the Committee’s 4/11/02 meeting.

Right Road Recovery Programs: In response to the questions about units of service, the Committee was provided with a letter dated 4/12/02 from LeAnn Cox, Outpatient Staff for Right Road, submitting her explanation that the original 90 units of service was an error and revising the number of units to 1500 as detailed in the letter. Staff had reviewed the explanation and there now was a reasonable relationship between the number of units and amount of funding requested.

Veteran’s Memorial Center: At the request of the Committee, the organization submitted a line item breakdown of its $20,000 request for various professional services in connection with the creation of a veterans memorial center in Chico. The organization was an incorporated non-profit with the State, however, it was seeking funding to reimburse for some of the related expenses in that category which had already been incurred and paid by directors.

International Association of Firefighters, Local 2734: The Committee was provided with a letter dated 4/15/02 from Dave Grimes, Project Coordinator, apologizing for his absence at the 4/11/02 meeting due to illness and providing additional information about the status of the 1920 LaFrance engine restoration for which FY 02-03 funding was requested.

Rancho Chico Days: Rancho Chico Days refunded the $5,000 FY 01-02 allocation on 4/11/02 and the Worksheet had been amended to reflect that refund as directed by the Committee. In response to the Committee’s request for additional information regarding the parade fees and insurance relative to the recent City Attorney opinion about parade charges, staff had reviewed the funding request. The cost of the liability insurance related to a requirement of both the funding agreement and the franchise agreement which allowed exclusive use and control of the streets. This insurance must be maintained in force for the term of both agreements (or year-round); therefore, this insurance cost was not exclusive to the parade and could not be eliminated. The Code allowed for waiver of all fees except the application fee in cases where the applicant had demonstrated an inability to pay; however, the practice of funding parade permit fees through the community organization funding process was permissible.

City Manager Lando stressed the need for the City to conserve its resources as much as possible and urged the Committee to recommend approval of his proposal that the available Community Organization funding be reduced by $100,000. He reviewed the recommendation in his memorandum of 4/18/02 to fund the organizations which had received a two-year funding commitment with a 1.6% increase over the previous year’s level of funding, with the remaining funding to be allocated to the rest of the organizations. He reviewed the organizations listed in his memorandum for which he was recommending major changes and the reasons for those changes.

Councilmember Nguyen-Tan confirmed that the City Manager’s recommendations resulted in a $37,000 reduction in the amount of General Fund/CDBG funds to be allocated, and a $47,000 reduction in TOT Economic Development and Tourism funds. City Manager Lando clarified that his recommendations resulted in a shortfall of savings in the General Fund category of about $7,000, but this overage would be covered by the savings from his recommended allocations in the TOT category. The total amount of funds available, with the City Manager’s recommendations for an overall reduction of $100,000, would be $381,656 in the General Fund/CDBG category, and $296,500 in the TOT Economic Development and Tourism category.
Councilmember Nguyen-Tan said he supported the City Manager recommendation for reducing the available funding by $100,000.

Chair Keene agreed, pointing out that the City’s resources had been significantly impacted by the addition of 14 new Police Officers, as well as a funding commitment of $120,000 for the Library.

The Committee proceeded to address the organizations listed on Page 2 of the Worksheet, which were the General Fund/CDBG applicants who had not received two-year funding commitments, after which it addressed the organizations on Page 3 of the Worksheet, which were the TOT Economic Development and Tourism applicants who had not received two-year funding commitments.

The Committee recommended lesser funding allocations than those recommended by the City Manager for the following organizations:

- **Hmong Cultural Center**: $2,500 instead of $5,000
- **Right Road (Tehama Recovery)**: $3,000 instead of $7,350

The Committee then went back to reconsider its recommendations for three of the organizations which it had indicated it would come back to if any of the funding was freed due to recommendations for decreased allocations.

The Committee recommended funding allocations in higher amounts than those recommended by the City Manager for the following:

- **Chico Friends of the Library**: $7,000 instead of $5,000
- **Family Tree**: $1,984 instead of $1,500
- **Ident-a-Child**: $2,300 instead of $1,000
- **Veteran’s Memorial Center of Northern California**: $2,500 or $5,000, instead of $0 (This was a split vote with Councilmember Wahl disqualified, Councilmember Keene supporting the higher amount, and Councilmember Nguyen-Tan supporting the lower amount.)

Since the overall result would be over the City Manager’s total funding recommendations for the General Fund/CDBG applicants (if the Council determined to fund the Veteran’s Memorial Center at the higher amount), Councilmember Nguyen-Tan suggested this shortfall be recovered by reducing the funding for each of the organizations that had received two year commitments by a small percentage.

City Manager Lando indicated since the amount of the Committee’s recommended allocations over his recommendations was so small, that he would be satisfied with the Committee’s recommendations without reducing funding for any of the organizations further; and he expressed his appreciation for the Committee’s efforts to comply with his recommendation for an overall reduction in Community Organization funding.

**Recommendations:**

The Committee recommended (3-0, with the exceptions noted below) approval of Community Organization funding allocations for FY 2002-03 as set forth on the attached table, with the following exceptions and conditions:

1. **Veteran’s Memorial Center of Northern California**: Councilmember Wahl disqualified himself. Councilmember Keene supported funding in the amount of $5,000, and Councilmember Nguyen-Tan supported a lesser allocation of $2,500. Therefore; this funding allocation is submitted without a recommendation and will require a determination by the full City Council.

2. **Hmong Cultural Center**: The recommendation for funding in the amount of $2,500 is contingent upon the organization demonstrating it will obtain a dollar-for-dollar match, and the organization is also requested to provide more information if it continues to seek City funding.

3. **Ident-a-Child**: The recommendation for funding in the amount of $2,300 is contingent upon the organization demonstrating it will obtain a dollar-for-dollar match.

4. **Right Now Foundation**: Councilmember Wahl disqualified himself, so the vote on this recommendation was 2-0.
**Adjournment and Next Meeting.** The meeting was adjourned at 5:02 p.m. Staff would be contacting Committee members to schedule its May meeting, which was to be a longer, work session meeting, since the regular meeting date fell on the Memorial Day holiday.

Bebe Young, Administrative Analyst

**Distribution:**
City Council (22) Housing Officer Comm. Dev. Director
Risk Manager Public Works Director Finance Director
Management Analyst Carroll
CITY OF CHICO MEMORANDUM

TO: CITY COUNCIL (Mtg. of 7/2/02)  
FROM: FINANCE COMMITTEE  
DATE: June 7, 2002  
FILE: Committee Binder  
RE: REPORT ON FINANCE COMMITTEE MEETING HELD JUNE 6, 2002

<table>
<thead>
<tr>
<th>Committee present:</th>
<th>Staff Present:</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Councilmember Keene, Chair</td>
<td>Assistant City Manager Dunlap</td>
<td>Airport Manager Grierson</td>
</tr>
<tr>
<td>Councilmember Nguyen-Tan</td>
<td>City Attorney Frank</td>
<td>Budget Officer Pierce</td>
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<tr>
<td>Councilmember Wahl</td>
<td>City Clerk Presson</td>
<td>Pub. Works Admin. Mgr. Halldorson</td>
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<td>Director of Public Works Ross</td>
<td>Community Dev. Director Baptiste</td>
<td>Housing Officer McLaughlin</td>
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<td>Asst. Comm. Dev. Director Sellers</td>
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<td>Park Director Beardsley</td>
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<td>Administrative Analyst Young</td>
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COMMITTEE MATTERS REQUIRING CITY COUNCIL ACTION ON 7/2/02:

A. **Consideration of Amendment to the City of Chico Fee Schedule - Airport Fees.** The Committee was provided with a memorandum dated 4/1/02 from the Airport Manager submitting a request for amendments to the City of Chico Fee Schedule 90.010 - Airport Fees, to increase various fees in order to optimize revenues generated at the Chico Municipal Airport. The Airport Commission and the Airport Commission’s Budget Committee have met and reviewed the proposed updated fee schedule. The Airport Commission recommended the fees to be consistent with industry standard and competitive with comparable airports, as reflected in the proposed modifications to the fee schedule. The Airport Manager and the Airport Commission recommended approval of the Airport Fee Schedule amendments.

Airport Manager Grierson reviewed the staff report and responded to Committee questions regarding the proposed increases in Airport Fees. The goal was to eventually have the Airport be self-supporting, which goal had also been recommended by the Federal Aviation Administration (FAA). Fees at the Airport had not been adjusted since 1992. He cited fees from comparable airports in Arcada, Visalia, Modesto, Stockton, and Redding.

Councilmember Nguyen-Tan requested that the information on comparable airports be provided when the City Council considered the Committee’s recommendation on Airport fee increases.

The Committee was concerned that the fee increases not discourage operations at the Airport that generate revenue.

Airport Manager Grierson responded that Sky West Airlines had challenged the need for an immediate 200% increase in Terminal Rent fees, and after requesting and receiving historical data establishing the need, the company asked to negotiate stepped increases over several years. The Airport Commission supported that request, and recommended that upon approval of the fee increases by Council, the Airport Manager begin negotiations. Airport Manager Grierson recommended that he be authorized to negotiate phasing in the terminal rent fee increases for Sky West Airlines over a three-year period.

Councilmember Nguyen-Tan asked if the Committee agreed with the goal of making the Airport self-supporting.

Assistant City Manager Dunlap provided some background and history on the funding of the Airport. The Airport Fund, which contained proceeds from property sales at the Airport, had been used to subsidize the operation of the Airport, but the fund balance was expected to be $73,000 by the end of the 2002-03 fiscal year. The operating deficit at the Airport had been $120,000 this past year, but that amount included a one-time reimbursement of security costs from the FAA. Besides the property sale proceeds, another advantage had been the use of Redevelopment Agency funds for projects at the Airport. However, when the Council added the Airport Manager position, it was with the goal of making the Airport self-supporting so that it would
not require subsidization from the General Fund. These fee adjustments were the first step in meeting that goal, and were to be reviewed annually.

The Committee and staff discussed plans for expansion at the Airport which would result in future revenue increases, and also the possible addition of parking fees in the future.

John Gillander spoke against the fee increases, feeling they might result in higher prices for airline tickets which he felt were already exorbitant.

The Committee agreed that the Airport should be self-sufficient and the only way to achieve this goal was to analyze and adjust fees, since staff had determined there were no expenses that could be eliminated. The fees had not been increased for ten years, and this had been possible because the Airport had been subsidized by property sale proceeds.

Recommendation:
The Committee recommended (3-0):
1. that the Airport Fees be increased as proposed by the Airport Commission and Airport Manager;
2. that the Airport Manager be authorized to negotiate a stepped increase in Terminal Rent fees for SkyWest Airlines over a three year period; and
3. that the Airport Manager provide information on the fees for comparable Airports when this matter is considered by the City Council on 7/2/02.

COMMITTEE MATTERS REQUIRING NO AGENCY OR CITY COUNCIL ACTION ON 7/2/02:

B. Denial of Request From Mortgage Subsidy Program (MSP) Borrower- Abdus Arif, 1980 Zachary Court. Mr. Arif submitted a letter requesting that the $1,600 accrued interest balance on his $15,000 MSP loan remain outstanding under the current terms and conditions of the MSP loan agreement and that the City agree to subordinate the interest balance to a new first trust deed. The Committee was provided with a memorandum dated 5/28/02 from the Housing Officer transmitting the letter to the Committee and providing background on the loan and the MSP policies regarding the Borrower's request. Staff recommended denial of the request because it was inconsistent with the Administrative Procedures and Policy of the Program.

Action:
No one was present to speak on this matter, and the Committee (3-0) denied the request from Abdus Arif to subordinate the interest balance on his MSP loan to a new first trust deed because it does not comply with the Administrative Procedures and Policy of the Program.

C. Consideration of Amendment to the City of Chico 2001 Update of Development Impact Fees Analysis and Recommendations (Nexus Study) to include Traffic Signals at the Intersections of State Highway Route (SHR) 32 with Oak Way and Glenwood Avenue. At its meeting of 5/21/02, the City Council accepted the report regarding state funding for the installation of two new traffic signals at the intersections of SHR 32 at Oak Way and Glenwood Avenue, and requested that the Finance Committee consider the inclusion of these two projects in the Nexus Study. The Committee was provided with a memorandum dated 6/4/02 from the Public Works Administrative Manager requesting the Committee to consider an amendment to the Nexus Study which would include the addition of traffic signals at Oak Way and SHR 32, and at Glenwood Avenue and SHR 32, both of which would be funded one-half by developer fees and one-half by state highway funds. This amendment would increase the Street Facility Development Impact Fees as follows:

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>Proposed</th>
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<tr>
<td>Single Family (per unit)</td>
<td>$1,962</td>
<td>$1,969</td>
</tr>
<tr>
<td>Multiple Family (per unit)</td>
<td>$1,357</td>
<td>$1,362</td>
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<tr>
<td>Office &amp; Medical (sq.ft.)</td>
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<tr>
<td>Commercial &amp; Services (sq.ft.)</td>
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<tr>
<td>Industrial (sq.ft.)</td>
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</tbody>
</table>
The Director of Public Works recommended these two traffic signals, which were necessary to accommodate General Plan buildout, be added to the Nexus Study and that this be forwarded to the City Council for a hearing at its meeting of 6/18/02.

Director of Public Works Ross reviewed the staff report, advising that these two signals had been deemed necessary to accommodate the full growth and development of the Chico Urban Area, but were inadvertently left out of the Nexus Study. He added that the signals were not tied to any specific project.

Chair Keene felt that since this area was not within the City limits, the County should be contributing to the cost of the signals.

Councilmember Wahl suggested since discussion of these signals had arisen due to the pending Sterling housing project, that their inclusion in the Nexus might be approved contingent upon approval of the Sterling project.

Director of Public Works Ross and Assistant City Manager Dunlap stressed that the Nexus addressed future growth in the entire Chico Urban Area, and the need for the signals existed regardless of whether the Sterling project was approved.

Chair Keene felt that unless the Sterling project was approved, in which case the property would be annexed into the City, the area would remain in the County and the need for the signals would be a County responsibility.

Committee members agreed that the matter should be tabled until after the hearing on the Sterling housing project, and Councilmember Nguyen-Tan suggested that it be placed on the agenda for full City Council consideration following the hearing on the Sterling project on 6/24/02.

Chair Keene said it appeared the Committee was considering the signals as a mitigation for the Sterling housing project.

Councilmember Nguyen-Tan responded that the Director of Public Works had advised that the signals were not tied to the Sterling project, but were needed for future growth.

Action:
The Committee (3-0) directed staff to place this matter on the 6/24/02 agenda for full City Council consideration following the hearing on the Sterling Rezone / General Plan Amendment.

D. Consideration of Revisions to Campaign Financing Reporting Requirements. At its meeting of 9/24/01 the Committee directed the City Clerk to research: (1) the feasibility of: (a) providing online campaign reporting software and a computer terminal for candidates’ use, or (b) staff scanning campaign statements on to the City’s website; and (2) the impacts of (a) full disclosure, and (b) weekly campaign reporting requirements. The Committee was provided with a memorandum dated 4/12/02 from the City Clerk providing this information.

City Clerk Presson reviewed her memorandum, summarizing the results of research from other cities on the costs and staff time required for posting campaign reports to the Internet, as well as other cities’ requirements for disclosure thresholds and additional reporting periods. Few cities required full disclosure; however, several had added the requirement for an additional reporting period the week before, and some the week after, a November election.

Committee members discussed whether posting of the campaign reports to the Internet would be worth the cost (purchase of a scanner) and staff time (two to three days for each reporting cycle).

John Gillander felt the amount of voters who were interested in reviewing campaign statements in detail was negligible and that it would not be worth the cost to the City to post statements to the Internet.

Councilmember Wahl noted from the information distributed regarding other cities that the League of Women Voters provided that service in Belmont, and he suggested the League in Chico be approached about possibly providing the service of posting the campaign reports to the Internet.
Committee members agreed on adding a requirement for an additional reporting period closer to the date of the election.

City Clerk Presson recommended the deadline for a third pre-election statement be no later than the Thursday before the Tuesday election at 5:00 p.m.

Councilmember Nguyen-Tan felt it would be of interest to the voters if another campaign report was required to be filed shortly after the election as well.

Councilmembers Keene and Wahl did not feel a report after the election would be worth the extra work for candidates or staff, since the semi-annual statement covering the period through December 31st was due not too long after a November election.

The Committee was in agreement that the Code should be amended to require full disclosure, rather than the current $50 threshold for disclosure.

Chair Keene indicated that candidates were required to account for every dollar anyway, so including such contributions on the campaign reports, along with the name, address, and employer of every contributor, would not be much more of a burden.

John Gillander agreed that full disclosure would not be too cumbersome, since all contributions and expenditures had to be documented by candidates and committees.

In response to Committee questions, City Attorney Frank said a Code amendment could be implemented by the first campaign reporting period (ending in September) for the upcoming November election.

John Gillander said there was no effective enforcement for violation of Fair Political Practices Commission (FPPC) requirements, and requested the City to address violations and enforcement of local Code provisions. He also also requested the City to review the Municipal Code regarding campaign sign rules.

Chair Keene suggested that as a separate issue, the City Attorney be directed to review enforcement and penalties for campaign finance reporting violations and bring back suggestions.

**Recommendation:**

The Committee recommended (3-0):

1. That the City Attorney be directed to draft amendments to the Chico Municipal Code which would implement the following local campaign finance reporting requirements:
   a. **Full Disclosure of all Contributions** – contributions of any amount to be disclosed on Campaign Statements, including the name, address and occupation of contributors. (Currently, only contributions of $50 or more are required to be disclosed on the Statements).
   b. **Addition of a Third Pre-Election Reporting Period** – a third pre-election Campaign Statement to be required, with the Statements to be due in the City Clerk’s office by 5:00 p.m. five days before the election, which is the Thursday before a Tuesday election. (Currently the last of two pre-election Statements is due 12 days before the election.)

2. That the City Clerk be directed to send a letter to the League of Women Voters encouraging it to consider scanning and posting campaign disclosure statements to the Internet as a service to the voters, and to include with the letter information on how the League does this for the City of Belmont.

3. That the City Attorney be directed to review penalty and enforcement provisions for campaign finance reporting violations, and report back to the Committee on possible revisions to give the local Code provisions more “teeth.”
E. Consideration of Park Funding Issues and the Basic Park Facility Development Impact Fees. The Committee was asked if it wished to consider delaying further consideration of park funding issues until after the joint meeting of the City Council and the Chico Area Recreation & Park District (CARD) Board of Directors was held on 6/17/02. The Committee was also asked to consider if it wished to make a recommendation regarding CARD General Manager Mary Cahill’s suggestion at its 4/22/02 meeting that staff from the City, staff from CARD, and representatives from the development community meet to identify the needs of the community and formulate recommendations regarding all types of parks and recreational facilities.

Chair Keene had announced earlier in the meeting that his intent was to suggest continuing this matter until after a meeting regarding park funding issues with CARD staff, City staff, and members of the development community had been facilitated by CARD.

Councilmember Nguyen-Tan had requested the matter be delayed until the end of today’s agenda in case any citizens were present and wished to make comments before it was continued.

The Committee had been provided with a memorandum dated 5/28/02 from the Assistant Community Development Director providing additional information requested by the Committee at its 4/22/02 meeting, including a summary of opportunities for development of neighborhood parks by private parties, and estimated annual revenue from park impact fees.

The Committee was also provided with binders (which were to be kept for future meetings) containing all the staff reports prepared by the Assistant Community Development Director and provided for its recent meetings at which park facility impact fees and park development funding issues had been considered.

Councilmember Nguyen-Tan said he wanted to get a sense of where the Committee / Council was headed on these issues and asked CARD General Manager Mary Cahill what she expected to accomplish from the meeting to be arranged with staff and the development community.

Ms. Cahill responded that she felt there was a consensus that development impact fees would not be able to pay for all the parks called for in the General Plan, and she wanted to get everyone to the table to begin a dialogue on fees and other strategies for funding the parks.

Councilmember Nguyen-Tan asked Assistant Community Development Director Sellers if he felt there was any further analysis that could be done to assist in considering park funding issues, and he responded that he felt the analysis was complete and staff needed policy direction at this point.

Chair Keene requested more information on: (1) the amount of linear parks (as opposed to creekside greenway riparian habitat) that were designated in the General Plan as Creekside Greenways; (2) the cost per acre of park land that had already been purchased to be factored into the proposed cost per acre to be used in calculating development impact fees; (3) the cost of park facilities per acre, and (4) the cost per acre of the turf land for Wildwood Park. He wanted as much information as possible on actual costs so that those could be used in calculating fees.

Susan Mason said that in the 4/15/02 memorandum prepared for the Committee, the cost for the Rose Avenue Park was missing. She added that the actual costs to acquire and develop the Oak Way Park would also be useful information.

Responding to John Gillander’s inquiry as to whether he had any further ideas about a bond proposal for funding parks, Councilmember Nguyen-Tan responded that a means for determining the existing residents’ share of park funding needed to be found. He felt eventually the voters would have to be asked if they were willing to fund the parks designated in the General Plan, and if not, how the community would want to amend the General Plan to eliminate parks that could not be funded.
**Action:**
The Committee continued this matter to its July meeting, after a meeting between Chico Area Recreation & Park District (CARD) staff, City staff and representatives from the development community regarding park funding issues had been facilitated by CARD.

F. **Next Meeting.** The Committee discussed that its next meeting was scheduled for Monday, June 24, 2002, at 4:00 p.m.

**Action:**
The Committee requested that staff contact Chair Keene with the Committee’s pending list to determine if the meeting on 6/24/02 could be canceled, and if the meeting was not canceled, dinner was to be provided to the Committee, since a 7:00 p.m. City Council meeting was also scheduled that evening.

G. **Adjournment.** The meeting was adjourned at 3:50 p.m.

Bebe Young, Administrative Analyst

**Distribution:**
City Council (22) Housing Officer Comm. Dev. Director
Risk Manager Public Works Director Finance Director
**Consideration of Deregulation of the Solid Waste Collection System and Rates.** At its 8/21/01 meeting, the City Council approved a motion of intent to deregulate the solid waste collection permit and rate system. The Council also recommended that the issues regarding deregulation and the discussion of stricter permit provisions be discussed by the Finance Committee. The Committee reviewed deregulation issues at its 9/24/01 meeting, but continued the item and requested additional information regarding the following:

1. What would be a reasonable minimum residential recycling diversion percentage requirement.
2. What are the advantages and disadvantages of requiring the waste haulers to service both residential and commercial customers.
3. How many communities in California have met the 50% state diversion requirement.
4. Suggestions on how to address the disposal reporting issues if more haulers will be providing waste service.
5. Whether to establish a flat business license tax or permit fee instead of the current fee that is based on a percentage of the hauler’s gross receipts for each container size category.

The Committee was provided with a memorandum dated 6/14/02 from Management Analyst Herman providing this information as well as background information concerning deregulation that was previously discussed by the Committee.

Subsequent to the distribution of this agenda packet, the Committee was provided with copies of a letter dated 6/17/02 from Bill Mannel of North Valley Waste Management commenting on various issues addressed in the staff report, and advising that he would not be present at today’s meeting.

In response to Councilmember Wahl’s request, Management Analyst Herman distributed at today’s meeting, updated copies of the “Statewide Jurisdiction Diversion Progress Report,” with information on which communities had achieved a “greater than or equal to 50%” diversion rate. She also provided updated figures for that section of the staff report (Page 4, #3).

Councilmember Nguyen-Tan urged the Committee to move forward with considering the issues regarding deregulation that needed to be addressed as outlined by staff.

Councilmember Wahl indicated that since he had not heard any complaints about the service, and neither company had requested a rate increase for some time, he was recommending that the matter of deregulation be tabled by the City Council until such time as a request for a rate increase was received.
Councilmember Nguyen-Tan agreed that the current system ran smoothly; however, he felt it would be counterproductive to delay addressing deregulation issues until a rate increase was requested. He suggested that if the Council majority had changed its position and was not inclined to move forward with deregulation, the Solid Waste Committee might continue its work on developing a rate methodology which could be applied to rate increases.

Chair Keene said that before the AB 939 diversion requirements, his total concern had been to try to keep the rates down, and his objective in supporting deregulation had been to encourage the best service at the most affordable rates possible. He added that in the short term, implementation of deregulation may not keep the rates down, and he now questioned whether it would be desirable in the long run. Therefore, he agreed with Councilmember Wahl’s recommendation to table deregulation issues since they did not really need to be addressed until a rate increase was requested.

Councilmember Nguyen-Tan indicated that when the last rate increase was requested about a year ago, the Solid Waste Committee began working on development of a rate methodology, and he did not feel the Committee should work on a rate methodology again if the intent was still to deregulate. Therefore, he requested that when the haulers do submit a request for a rate increase, that it be considered by the Finance Committee, rather than the Solid Waste Committee.

Councilmembers Wahl and Keene agreed with Councilmember Nguyen-Tan’s request that when a rate increase is received, the matter should be considered by the Finance Committee directly.

Management Analyst Herman responded to Committee questions regarding different methods of achieving and measuring diversion. The City’s diversion rate was now about 48%. In response to City Manager Lando’s request for a recommendation on how the City might increase and maintain its diversion rate by 5% in order to stay slightly above the 50% requirement, she said that construction and demolition, as well as commercial recycling and multi-family recycling, should be investigated.

Chair Keene felt the City should consider a different method for calculating its diversion rate, feeling that the Chico community was exceptionally dedicated to recycling and a different method might reflect this.

Bill Crowder of Crowder Rubbish, a County permitted collector, said he was having problems with losing his accounts due to properties being annexed into the City.

Chair Keene requested staff to address the annexation issue as it related to County collectors. Councilmember Wahl said he did not want to see Crowder Rubbish losing accounts due to annexation, and he requested that consideration of allowing County collectors to keep their accounts when properties were annexed into the City be referred to the Solid Waste Committee.

Bob Linscheid pointed out that deregulation of utilities has been a nightmare for government, and he expressed concern that commercial and residential rates be carefully balanced so as not to place an undue burden on businesses.

Carl Peterson, representing NorCal Waste Systems, supported the recommendation for tabling deregulation, feeling that the citizens had the “best of both worlds” with the current system, because they were served well by the two permitted collectors with limited truck traffic, while still enjoying the freedom to choose which service they wanted. He questioned how many communities had successfully deregulated solid waste collection, and supported development of a rate methodology for the current system instead.

Dave Donnan inquired whether the City had any figures for comparison of the number of rate increase requests received when the City had multiple haulers as opposed to the City’s current two-permit system, and City Manager Lando said staff would provide this information.
Councilmember Nguyen-Tan stressed that when a rate increase request is submitted for consideration by the Finance Committee, he did not want the Committee to work on a rate methodology until Council gave firm direction on deregulation.

**Recommendation:**

*The Committee recommended (3-0):*

1. That consideration of issues relating to the deregulation of the solid waste collection system and rates be tabled by the City Council until a request for a rate increase is received;
2. That when a request for a rate increase is received, the matter be referred to the Finance Committee instead of the Solid Waste Committee for consideration; and
3. That consideration of a method for allowing County-permitted solid waste collectors to retain customers whose properties are annexed into the City be referred to the Solid Waste Committee.

**Adjournment and Next Meeting.** The meeting was adjourned at 4:55 p.m. The next meeting was scheduled for Monday, July 22, 2002, at 4:00 p.m.
CITY OF CHICO MEMORANDUM

TO: CITY COUNCIL (Mtg. of 8/6/02)  
FROM: FINANCE COMMITTEE  
DATE: July 25, 2002  
FILE: Committee Binder  

RE: REPORT ON FINANCE COMMITTEE MEETING HELD JULY 22, 2002

Committee present:
Councilmember Keene, Chair  
Councilmember Bertagna  
(substituting for Nguyen-Tan)  
Councilmember Wahl

Staff Present:
City Manager Lando  
Assistant City Manager Dunlap  
City Attorney Frank  
Community Dev. Director Baptiste  
Director of Public Works Ross

Chief of Police Efford  
Building Official Purvis  
Principal Planner Figge  
Administrative Analyst Young

COMMITTEE MATTERS REQUIRING COUNCIL OR AGENCY ACTION ON 8/6/02:

A. Approval of Code Amendment and Fee Schedule Amendment Authorizing the City Manager to Approve Rental of Specialized City-Owned Equipment. The Committee was provided with a memorandum dated 6/14/02 from the Director of Public Works reporting on a proposed resolution which would add Section 2R.04.335 to the Chico Municipal Code. The code amendment resolution would authorize the City Manager to approve the rental of specialized City-owned equipment to local agencies or businesses when such equipment is not available from the private sector. Only City personnel would be allowed to operate the equipment, and all staff time and equipment usage fees will be charged as set forth in Fee Schedule 60.020, entitled “Public Works Fees.” The accompanying Fee Schedule resolution would establish the fees to be charged for the rental of specialized City equipment. The Director of Public Works recommended both resolutions be forwarded to the City Council for adoption.

Recommendation:  
The Committee recommended (3-0) adoption of the Resolution amending the Chico Municipal Code to authorize the City Manager to approve rental of specialized City-owned equipment, and adoption of the Resolution amending the Fee Schedule to establish fees for same.

B. Consideration regarding Use of the Old Chico Municipal Building. Councilmember Wahl disqualified himself from participating in this matter. The Committee was provided with a memorandum dated 7/11/02 from the City Manager submitting copies of three proposals received from Wayne Cook, the County of Butte, and California State University, Chico (University) to purchase and/or occupy the old Chico Municipal Building. Since receipt of the proposals, the proposal from the County of Butte had been withdrawn. The Finance Committee was requested to make a recommendation to the City Council as to how to proceed with this project.

City Manager Lando reviewed the events leading to the Request for Proposals for use of the old Municipal Building, noting that the City had budgeted approximately $1,500,000 for both the Americans with Disabilities Act and the seismic retrofit work that would need to be done prior to re-occupation of the building.

The proposal from Wayne Cook was to acquire and historically restore the building for commercial (office and retail) use, with the proposed purchase price to be $350,000, all cash, and with the Redevelopment Agency to provide a $350,000 loan to him with the terms to be negotiated. If this proposal was approved, the City Manager recommended it be conditioned on either a long-term lease or reversionary clause. Access of the entry foyer, main stairwell and main hallways would be available to the public during certain business hours.

The University proposal was to lease the first floor of the building at $.90 per square foot for 20 years for the placement of a University sponsored Art Gallery.

Wayne Cook was present and responded to questions from the Committee and staff. He indicated he would
probably request 75 years if the City required a reversionary clause.

Bill McGinnis and Sara Flagstone were present representing the University, and responded to questions from the Committee. Mr. McGinnis indicated the University understood that the draft lease it had submitted would be subject to negotiations. He stressed that the University’s proposal would offer the highest public use of the building.

Principal Planner Figge advised that General Plan consistency findings would have to be made in order for the City to dispose of public property.

Community Development Director Baptiste noted that the Wayne Cook proposal would eliminate the requirement for the seismic retrofit of the building.

John Gillander pointed out that the City would have to spend the $1.5 million it had budgeted to rehabilitate the building if the University proposal was approved, whereas that money could be saved if the Wayne Cook proposal was chosen.

Chair Keene supported the Cook proposal because it would save public funds and also result in historic restoration of the building. He suggested the University would still have the option of leasing the building from Mr. Cook.

Councilmember Bertagna also supported the Cook proposal, conditioned upon a first right of refusal or a reversionary clause if the building was offered for sale.

City Manager Lando advised that staff would work with Mr. Cook on the issues which would have to be resolved to get the proposal ready for submission to the City Council / Redevelopment Agency.

Recommendation: The Committee recommended (2-0, Wahl disqualified) that the City accept the proposal submitted by Wayne Cook for purchase and historical restoration of the Old Municipal Building for commercial/retail use, conditioned upon a first right of refusal or reversionary clause if the building is subsequently offered for sale. The proposal provides for a cash payment to the City, and for the Agency to provide a Redevelopment Agency loan to Mr. Cook, with the terms to be negotiated.

C. Consideration of Fee and Service Authority for Abandoned Vehicle Abatement (AVA) Program. The Butte County Board of Supervisors had introduced an ordinance establishing a nuisance abatement procedure. This procedure included a program for abatement of abandoned vehicles as authorized by the California Vehicle Code. Funding for the program would come from a $1 service fee imposed by a Service Authority on all motor vehicle registrations within Butte County for ten years. Establishment of the abandoned vehicle abatement program required establishment of a joint powers authority (Service Authority) by the County Board of Supervisors and a majority of the cities having a majority of the incorporated population within the county. Butte County Interim Development Services Director Fred Davis had requested that the City of Chico adopt the necessary ordinance and resolutions to implement the fee and establish the authority. The Committee was provided with a memorandum dated 7/15/02 from the City Manager transmitting the information provided by the County. County representatives had been requested to attend today’s meeting to respond to questions on the program.

The Committee was also provided with a letter dated 7/3/02 from Al McGreehan, Community Development Director, Town of Paradise, asking that the City of Chico consider adoption of documents to implement this program, transmitting a copy of the resolution adopted by the Oroville City Council, and advising that the Town Council of Paradise would consider a resolution at its meeting of 7/23/02.

Fred Davis, Butte County Interim Development Services Director, spoke in support of the AVA program, advising that the other cities in the County plan to participate.
Community Development Director Baptiste recommended that the City join in the AVA program, and he and Chief of Police Efford reviewed the current process. Approximately 200 reports of abandoned vehicles on the streets are received each year. The City is not charged for the towing, but it is estimated that the cost of staff time to handle the abatement is about $75 per vehicle. The Chief supported the AVA program because it would allow Butte County to handle the abatement process, thereby saving substantial staff time. The process for removing an abandoned vehicle from private property is to declare it a public nuisance and then have it towed. City Manager Lando said the City has not actually used this process.

Councilmember Bertagna said he did not perceive a significant problem with abandoned vehicles in the City of Chico.

Fred Davis, Butte County Deputy Administrator Sean Farrell, and Deputy County Counsel Rob McKenzie urged the Committee to recommend that the City of Chico join in the AVA program, for the benefit of the entire County, noting that the program could not be implemented without Chico’s participation.

Chair Keene felt that the $1 service fee on vehicle registrations was an additional tax, and that Chico residents should not be taxed for what was largely a County problem.

Councilmember Wahl was opposed to the AVA program because he felt a large part of the funds raised by the fee would be used by the State for administration of the program.

Preston Owen, representing the Towing Association, spoke in support of the AVA program, or some type of plan to reimburse towing companies, because they often took losses in the towing of abandoned vehicles which were never claimed.

Greg Webb also spoke in support of the AVA program, observing that the number of abandoned vehicles seemed to be growing.

California Highway Patrol Lieutenant Scott Gillingwater urged the City to join the AVA program, indicating that it would benefit all of the law enforcement agencies in the County and save the City money in staff time.

Chair Keene reiterated his belief that the problem was primarily a County problem and therefore, the County should develop its own program, rather than assessing what he felt would be a tax on the entire County population.

John Gillander felt that the proposed fee was indeed a tax, and that when the cost of staffing the program was subtracted, there would be little money left for vehicle abatement.

**Recommendation:**

The Committee recommended (3-0) denial of the Butte County request for the City of Chico to join in the establishment of a Service Authority for Abatement of Abandoned Vehicles which would authorize a $1 service fee to be added to each vehicle registration fee in the County.

**COMMITTEE MATTERS REQUIRING NO COUNCIL / AGENCY ACTION ON 8/6/02:**

D. **Consideration of Development Services Fee Study prepared by DMG Maximus.** The Finance Committee previously reviewed and considered this Study at its meetings of 3/11/02 and 3/25/02. The Committee’s recommendations for amendments to the Development Services Fees were approved by the City Council on 4/16/02, at which time staff was directed to bring back the implementing Fee Schedule Resolution. A hearing on the amendments to the City’s Fee Schedule and consideration of a Minute Order authorizing refunds for overpayments of building fees were scheduled for Council’s meeting of 7/2/02, at which time the matter was referred back to the Finance Committee for further review. The Committee was provided again with copies of: (1) the Development Services Fee Study prepared by DMG Maximus; memoranda from the Community Development Director dated 3/4/02, 3/19/02, and 6/25/02; and (3) the Resolution amending the City’s Fee Schedule and the Minute Order which were provided to Council for its meeting of 7/2/02.

Chair Keene felt the intent of the Committee’s previous recommendation was to keep the Community Development Department’s enterprise funds whole, and that the overall fees charged were adequate for that
purpose. Therefore, he had not anticipated the significant fee increases set forth in the resolution amending the City’s fee schedule.

Community Development Director Baptiste said his understanding was that the purpose of the Maximus Fee Study was to identify the actual cost of the services offered by the Department.

City Manager Lando said the Committee’s previous recommendations as subsequently approved by the City Council, would result in a reduction of about $350,000 in fee revenue from the recommendations made in the Maximus Fee Study. If further reductions were recommended, the amount of subsidy required from the General Fund for Community Development services would be even greater.

Chair Keene felt the bottom line was that the City was collecting enough revenue through its fees to make the funds whole, yet he could see no fees being reduced, and most were being dramatically increased according to the proposed fee amendment resolution.

Councilmember Bertagna agreed that some of the fee increases were so drastic that it would be counterproductive, i.e., citizens might be discouraged from obtaining permits and do the work without them, which could result in safety hazards.

City Manager Lando suggested that staff further break down the information and provide comparisons between the current and proposed fees. Because the building permit fees were being decreased, others would be increased.

Councilmember Bertagna suggested that the Committee forward a recommendation for approval of the proposed fees that could be agreed upon at this time on to Council, rather than continuing the matter again.

Jim Mann, representing the Building Industry Association, said it would be appreciated if a time certain for Council action on the fee amendments could be scheduled.

After further discussion, the Committee agreed to schedule an extra meeting in order to complete its review and recommendations regarding the fee amendments, and requested staff to bring back information comparing current and proposed fees.

**Action:**
*The Committee (3-0) continued its review of the Community Development Services fee study to an additional meeting to be held on 7/30/02, from 8:00 a.m. to 11:00 a.m. (this meeting was subsequently rescheduled to 8/6/02 at 8:00 a.m.), in order to complete its recommendations to Council, and directed staff to provide further comparisons of the current fees and proposed fee amendments.*

**E. Consideration of Public Art Fund Matching Program Funding Source.** The Committee was provided with a memorandum dated 7/15/02 from the Art Projects Coordinator reporting that at the 7/02/02 City Council meeting, Councilmember Maureen Kirk requested discussion regarding the funding source for the Public Art Fund Matching Program. The memorandum provided information on how the program was currently funded (Redevelopment Agency Fine Arts Fund 380) and why it was subject to restrictions on the location and duration of the art projects.

Greg Payne outlined the problems with the current system for this program, namely, that artists, as well as business owners, were discouraged from participating in the mural projects because of the extensive paperwork associated with the requirement that an easement be granted to the City.

Christine Muratore urged the City to find a way to make the program more successful, and offered examples of how such programs work when she was involved with them in Rochester, New York.
City Manager Lando advised that even if the funding source were changed to the General Fund, restrictions to support a public purpose for expending the funds would have to be imposed. He said alternatives for changing the program might be (1) to make it a loan instead of a grant of funds, or (2) if the funding source were changed to the General Fund, the requirement for a grant of easement to the City might be for a shorter term.

Mr. Payne suggested staff might find a way to make the grant of easement process less cumbersome.

City Manager Lando recommended the matter be referred to the Arts Commission to investigate how other communities were handling these types of programs, and options for making the program less cumbersome to artists and business owners.

**Action:**

*The Committee (3-0) referred this matter to the Arts Commission to investigate how other communities handle such programs and options for making the program less cumbersome, and requested that the Commission report back to the Committee on this within 60 days.*

F. **Reports and Communications.** The following report was provided for the Committee’s information and consideration, and no action was requested unless the Committee wished to give direction to staff.

**Report on Credit Status of Housing Rehabilitation Borrower - Thelma Mackabee - 2245 Notre Dame Boulevard.** The Committee was provided with a memorandum dated 07/08/02 from the Economic Development/Housing Specialist providing a confidential update on the credit status of a Housing Rehabilitation borrower, Thelma Mackabee. The Finance Committee had requested this report at the time of loan approval.

*The Committee took no action on this report.*

G. **Adjournment and Next Meeting.** The meeting adjourned at 6:20 p.m. An extra meeting was scheduled for Tuesday, July 30, 2002, at 8:00 a.m. in Conference Room One to complete review and recommendations regarding the Community Development Department fee amendments. (This meeting was subsequently rescheduled to Tuesday, August 6, 2002, at 8:00 a.m.) The Committee’s regular August meeting is scheduled for Monday, August 26, 2002, at 4:00 p.m. in Conference Room No. One.
CITY OF CHICO MEMORANDUM

TO: CITY COUNCIL (Mtg. of 9/17/02)  DATE: August 29, 2002
FROM: FINANCE COMMITTEE  FILE: Committee Binder
RE: REPORT ON FINANCE COMMITTEE MEETING HELD AUGUST 26, 2002

Committee present:
Councilmember Keene, Chair
Councilmember Nguyen-Tan
Councilmember Wahl

Staff Present:
City Manager Lando
City Attorney Frank
Asst. Dir. of Pub. Works McKinley
Planning Director Seidler
Housing Officer McLaughlin
Housing Specialist Burkland
Projects Manager Wood
Administrative Analyst Young
Administrative Secretary Dillard

(Councilmember Nguyen-Tan was absent during approval of the Consent Agenda (Items A, B, and I), arriving at 4:05 p.m.)

COMMITTEE MATTERS REQUIRING CITY COUNCIL OR REDEVELOPMENT AGENCY ACTION ON 9/17/02:

A. Approval of Supplemental Appropriation/Budget Modification No. 02-03 02 to Fund Television Production Equipment. In connection with the transfer of control of the cable television franchise from AT&T Broadband to AT&T Comcast Corporation, there is a balance of $2,220 from the technology grant funds which were paid by AT&T. Staff was requesting that those unexpended funds, together with a transfer of $1,000 from the operating budget, be allocated for television production equipment. The production equipment would allow the City to simultaneously produce two recordings of each City Council meeting, or produce two separate recordings if different meetings were being held in Conference Room No. 1 and the Council Chamber at the same time. This Supplemental Appropriation/Budget Modification would allocate $2,200 from the General Fund (001), and authorize the transfer of $1,000 from the CATV Community Access operating budget, to acquire and install the equipment. The Committee had been provided with a copy of the General Fund (001) Fund Summary which reflects the estimated 06/30/03 fund balance. The City Manager recommended approval of the Supplemental Appropriation.

Recommendation:
The Committee recommended (2-0, Nguyen-Tan absent) approval of this Supplemental Appropriation in the amount of $2,200.

B. Approval of Supplemental Appropriation Allocating Funds for the Preparation of an Environmental Impact Report (EIR) for the Northwest Chico Development Area and Authorization for Recovery of Costs Through a Development Impact Fee. The Committee was provided with a memorandum dated 8/21/02 from the Planning Director requesting the Committee to recommend approval of a Supplemental Appropriation not to exceed $250,000 from the Private Development Fund for preparation of an EIR for the Northwest Chico Development Area. The Council previously directed staff to proceed with this environmental review. The City has proposed to initially fund the EIR, with proportional reimbursement by property owners in this area occurring in conjunction with future development applications through a development impact fee. There was general agreement with this proposal among the owners of vacant properties in this area. If the Committee concurred with the proposal, a supplemental appropriation and fee amendment to recover the costs would be prepared for submission to the City Council. The Planning Director recommended approval of this Supplemental Appropriation.

Recommendation:
The Committee recommended (2-0, Nguyen-Tan absent) approval of this Supplemental Appropriation in the amount of $250,000, and that a development impact fee amendment to recover the costs be prepared for approval by the City Council at such time as the actual final cost of the Environmental Impact Report is determined.
C. **Consideration of Request from Northern Valley Catholic Social Services (NVCSS) to Revise its Billing Rates for the 2002-2003 Community Organization Funding Agreement.** The Committee was provided with a memorandum dated 8/16/02 from the Housing Officer transmitting two letters from Bob Michels of NVCSS requesting an adjustment in the hourly rate for the 2002-2003 Community Development Block Grant Funding Agreement. The memorandum also provided background on the funding agreement and the reasonableness of the request. Staff recommended that the Committee recommend to the City Council that the 2002-2003 Community Organization Funding Agreement with NVCSS include an increase in the hourly rate for counseling services to $66.40 per hour and a reduction of the units of service that NVCSS must provide to 133 counseling hours.

Bob Michels, Director of NVCSS, responded to Chair Keene’s request for a more detailed explanation of how the new hourly rate was computed.

Chair Keene was concerned that the rate had nearly doubled, causing the benefit to the citizens, i.e., number of counseling hours, to be significantly reduced. He said he was inclined to approve the revision to the Funding Agreement for the remainder of the year, but requested a more detailed breakdown of how the hourly rate was computed with next year’s Community Organization Funding Application.

**Recommendation:**

*The Committee recommended (3-0) approval of the requested revision to the NVCSS Community Organization Funding Agreement for FY 2002-03 (increase in hourly rate to $66.40 per hour, and decrease in service to 133 counseling hours), with the requirement that the Agency submit more detailed information and a breakdown of how the hourly rate is computed with next year’s Application.*

D. **Mortgage Subsidy Program (MSP) Update and Consideration of Recommendation for Increase in the MSP Sale Price Limit.** The Committee was provided with a memorandum dated 8/12/02 from the Housing Officer providing an update on the MSP activity level and the current housing market, and reviewing alternative program models and funding sources for first time home buyer programs. The Housing Officer recommended an increase in the sale price limit for the MSP to $175,000.

Housing Officer McLaughlin reviewed his memorandum, and City Manager Lando supported his recommendation that the sales price limit be raised, rather than raising the loan amounts allowed by the Program.

Chair Keene commented on the alternatives outlined in the staff report, feeling it would not be feasible, nor would it support the Program’s goal, if the “equity sharing” approach were implemented.

Councilmember Nguyen-Tan supported the staff recommendation to increase the MSP sales price limit, but felt the alternative approaches outlined in the memorandum might be viable options which should be explored in the context of the affordable housing workshop which the City Council would be conducting.

Councilmember Wahl said he could not support the increase in the MSP sales price limit until after the affordable housing workshop was held, when all the options could be considered. He noted that the sales price limit had been increased by $40,000 since March and had not resulted in any increase in Program activity. He felt raising the sales price would encourage borrowers to “get in over their heads,” and perhaps put the City at risk.

**Recommendation:**

*The Committee recommended (2-1, Wahl voting no) that the sales price limit for the Mortgage Subsidy Program be increased from $150,000 to $175,000.*
E. **Consideration of a Resolution Amending the City of Chico Fee Schedule 50.060, Sewer Lift Station Capacity Fees, to Adjust the Monthly Sanitary Sewer Lift Station Fees Pursuant to Chico Municipal Code (CMC) Section 15.36.062.** Chico Municipal Code (CMC) Section 15.36.062 establishes monthly lift station fees for the operation and maintenance of various sewer lift station areas within Chico. These monthly fees are strictly a pass-through of actual operating and maintenance charges which are reconciled annually and are offset by any remaining balance of funds in each lift station account. This monthly fee is currently included in the monthly sanitary sewer user fee and collected by California Water Service Company. The CMC provides for adjustments to the monthly fees based on the annual reconciliation to be approved by resolution of the City Council. The Committee was provided with a memorandum dated 8/12/02 from the Public Works Administrative Manager submitting a resolution to amend the monthly sewer lift station fees based on the 2001-02 reconciliation of actual costs. The Director of Public Works recommended the resolution be forwarded to the City Council for adoption.

Public Works Administrative Manager Halldorson explained that the cost figures in the proposed amendments had previously been estimates, but were now based on real costs and it was anticipated most of them would stabilize and not change much in the future. She responded to questions from Chair Keene regarding the cost figures.

**Recommendation:**

The Committee recommended (3-0) that the resolution amending the City’s Fee Schedule to adjust the monthly sanitary sewer lift station fees be forwarded to the City Council for adoption.

F. **Consideration of Staff Recommendation to Allocate Additional Funds to the Chico/Vecino Stormdrainage Improvements Project.** The Committee was provided with a memorandum dated 8/12/02 from the Housing Officer reporting that the Project bids exceeded the engineer’s estimate by $450,000. Staff recommended that additional funding be provided by Community Development Block Grant (CDBG) funds budgeted for improvements to public facilities in the North Campus neighborhood. The Housing Officer recommended the Committee advise the City Council to hold a Public Hearing on the transfer of $450,000 in CDBG funds from the North Campus Project to the Chico/Vecino Project.

Housing Officer McLaughlin reviewed the staff report.

Chair Keene questioned whether the University would be contributing to the cost of this project and City Manager Lando responded yes, to the extent that the City would negotiate with the University for payment of storm drain fees in connection with its developments in this area. He said staff would pursue this with the University.

Responding to Councilmember Nguyen-Tan’s inquiry, Housing Officer McLaughlin said that transfer of these funds would delay the North Campus Project by approximately one year. City Manager Lando added that enough funds would be left for the North Campus Project to cover the design phase, so it would not substantially affect the construction schedule. He pointed out the Chico/Vecino Stormwater Improvements Project out on a map, and the Committee agreed that it made sense to complete the entire project at this time.

**Recommendation:**

The Committee recommended (3-0) approval of the transfer of $450,000 in Community Development Block Grant (CDBG) funds from the North Campus Project Neighborhood Improvements Project to the Chico/Vecino Stormdrainage Improvements Project, and that the City Council hold a public hearing on the proposed transfer.
COMMITTEE MATTERS REQUIRING NO COUNCIL OR REDEVELOPMENT AGENCY ACTION ON 9/17/02:

G. Review of Housing Development Proposals for Redevelopment Agency Owned Parcel on the Future Notre Dame Extension. The Committee was provided with a memorandum dated 8/14/02 from the Housing Officer providing background on the proposals submitted for this Agency-owned site, including an unsolicited proposal for an affordable housing project on Humboldt Road directly across from Marsh Junior High. Staff was requesting direction from the Committee on the desired format for the complete review of the proposals that would be submitted to the City Council for its consideration in September.

Housing Officer McLaughlin reviewed the staff report, advising that in response to the Request for Proposals (RFPs), three interested developers submitted proposals by the July 26th due date. All three proposals indicated the need for additional subsidy from the City/Agency ranging from $3.1 million to $3.5 million. Summaries of the proposals were provided with the staff report.

City Manager Lando advised that the provisions in the RFPs presumed that few, if any, additional funds should be required for this affordable housing project, since the agency was providing the land and road improvements at a value of approximately $1,700,000 ($500,000 for the land and $1,200,000 for improvements).

Housing Officer McLaughlin explained that one of the problems was that the developers had not qualified for the tax credit program, which would have provided a large subsidy for their projects, as anticipated.

Chair Nguyen-Tan inquired about the unsolicited proposal and staff responded that Alpha III’s proposal was for a project not on the Agency-owned site, with the request for $2,600,000 in Agency assistance.

Chair Keene suggested the Agency might consider the Alpha III proposal and then sell the Agency site.

Councilmember Nguyen-Tan indicated he could not support single family homes as the use for the Agency site, and felt that it should be developed with multi-family units or a mixed use.

Since the Alpha III proposal was unsolicited, staff was requesting direction from the Committee on whether an analysis of all four design proposals should be prepared for Council consideration in September, or whether just the three that responded to the RFPs should be considered.

Responding to Councilmember Nguyen-Tan’s inquiry regarding total funding available and other projects in the pipeline, Housing Officer McLaughlin distributed copies of the Low and Moderate Income Housing Fund Summary. City Manager Lando advised that at present this was the only proposed project, so $2.4 million would be available next year, and with the revenue stream, $2.5 million would be available after the project was built. This would exclude the possibility of funding any other housing projects for about 18 months.

Housing Officer McLaughlin added that there was a housing bond on the November ballot, which if passed, would make State funding available to assist Cities in providing housing project subsidies. Further, the tax credit program rules changed every year, and next year new rules might be adopted which would allow the current housing proposals to qualify, thereby reducing the amount of Agency assistance required.

Dave Ferrier, representing the Community Housing Improvement Program (CHIP), indicated CHIP had based its proposal on maximizing the number of very-low income housing units, which was a priority for meeting the needs of the community, according to the RFPs. He recommended that the Agency follow its original process and limit its consideration to the three proposals that were submitted pursuant to the RFPs. He added that CHIP had invested significantly in developing its design proposal.
Chair Keene noted that with very-low income units, significantly fewer units could be provided, and he was interested in helping as many individuals as possible. He suggested today’s discussion and recommendation be delayed until after the City Council holds its affordable housing workshop, so the Agency’s funds would not be committed.

City Manager Lando cautioned that the affordable housing workshop may turn into several workshops and could be a lengthy process; however, he agreed that perhaps this matter should be delayed until after the November election, since the results of the bond measure and new tax credit rules might affect the funding of the proposed projects.

**Action:**

The Committee (3-0) continued its review and recommendation regarding this matter until after the November election, in the event the results of the housing bond measure on the ballot and new tax credit rules which could be available at that time might affect the funding possibilities available for the housing project proposals.

H. **Update on Status of Lease / Sale of the Old Municipal Building and Consideration of Possible Recommendation to the City Council.** The Committee was provided with a memorandum dated 8/21/02 from the City Manager reporting that he had held additional conversations with Wayne Cook regarding acquisition of the Old Municipal Building, as directed by the City Council at its meeting of 8/6/02. Mr. Cook was requesting the Finance Committee to recommend that the City Council sell the building to him with specified conditions which he felt would meet the City Council’s desires to eventually retain ownership of the building, assure maximum public access to the structure, and ensure an appropriate financial return to the City.

Chair Keene felt the Council had indicated it wished to look at all other options before considering sale of the building.

City Manager Lando said the only other option would be if the City spent the $1.5 million it had budgeted to renovate and retrofit the building and then leased it. The University had offered to lease part of the building at $.80 per square foot which would produce only $3,000 - 4,000 per month in revenue. He indicated he would prefer not to have the City in the position of being landlord of the building.

Wayne Cook outlined the reasons for needing ownership of the building versus a lease: (1) the building could not be depreciated if leased; (2) a 1031 exchange would be necessary for him to procure funds from out of State for the project and he needed to be in an ownership position to accomplish this; and (3) in order to utilize tax credits he needed to be in an ownership position. He suggested the City could re-acquire ownership of the building through the eminent domain process, and indicated he would be willing to enter into a contract with the City waiving any protest to eminent domain proceedings after five years. In order to retain the tax credits he was required to own the building for five years. He also felt the staff report was misleading as to his offer of $700,000 for purchase of the building, and clarified that this was contingent upon receiving a $350,000 loan from the City/Agency for capital improvements.

Chair Keene felt the Council’s direction had been for staff to explore all the options for the best financial return for the City in relation to use of the Old Municipal Building.

Councilmember Nguyen-Tan agreed that he would like to see a detailed analysis of the financial benefits to the City for both sale and lease of the building.

City Manager Lando indicated staff would prepare and bring back to the Committee a detailed analysis of the rate of return to the City based on the University’s lease proposal and the Wayne Cook purchase proposal.

Councilmember Nguyen-Tan requested that staff also include in its analysis the option of the City subsequently buying the building back if it were sold to Wayne Cook, and Chair Keene requested a determination of the current value of the building if it were restored.
Action:
The Committee (3-0) continued this matter in order for staff to provide a detailed analysis of the rate of return to the City based on the University’s lease proposal and the Cook purchase proposal, including the financial return to the City if it bought the building back from Wayne Cook, and an appraisal of the current value of the building.

I. Approval of Housing Rehabilitation Loan Request - Gloria Trent - 363 1st Street. The Committee was provided with a memorandum dated 8/9/02 from the Housing Officer providing a summary of the loan request from Gloria Trent - 363 1st Avenue. The loan request was consistent with the Housing Rehabilitation Loan Program. The assistance request for $18,000 included a deferred loan for rehabilitation work of $16,000 and a grant of $2,000 for lead-based paint work. Pursuant to program guidelines, loan requests over $15,000 require Committee approval. The Housing Officer’s memorandum included a confidential loan analysis section which was provided only to the Committee and relevant staff. Staff recommended approval of this request. The funds would be allocated from the Agency’s Low and Moderate Income Housing Fund.

Action:
The Committee approved (2-0, Nguyen-Tan absent) the Housing Rehabilitation Loan request of Gloria Trent, as recommended by staff.

J. Adjournment and Next Meeting. The meeting was adjourned at 5:15 p.m. The next meeting was scheduled for Monday, September 23, 2002, at 4:00 p.m. in Conference Room No. One.

Bebe Young, Administrative Analyst

Distribution:
City Council (22) Housing Officer Comm. Dev. Director
Risk Manager Public Works Director Finance Director
CITY OF CHICO MEMORANDUM

TO: CITY COUNCIL (Mtg. of 10/15/02)  DATE: October 2, 2002
FROM: FINANCE COMMITTEE  FILE: Committee Binder
RE: REPORT ON FINANCE COMMITTEE MEETING HELD SEPTEMBER 23, 2002

Committee present:
Councilmember Keene, Chair
Councilmember Nguyen-Tan
Councilmember Wahl

Staff Present:
City Manager Lando
Asst. Community Dev. Director Sellers
Director of Public Works Ross
Assistant Director of Public Works McKinley
Budget Officer Pierce
Planning Director Seidler
Park Director Beardsley
City Attorney Frank
Administrative Analyst Young
Administrative Analyst Dillard

COMMITTEE MATTERS REQUIRING CITY COUNCIL ACTION ON 10/15/02:

A. Consideration of Requests from the Boys & Girls Club for (1) Donation of City-Owned Property, and (2) Closure of Wall Street Between Sixth and Seventh Streets. At its meeting held 08/20/02, the City Council referred to the Finance Committee consideration of a two-part proposal for expansion of the Boys & Girls Club located on City-owned property on the westerly half of the block bounded by East Sixth, Wall, East Seventh, and Flume Streets.

(1) The Committee received a memorandum dated 09/16/02 from the City Manager transmitting the request from Maureen Pierce, Executive Director of the Boys and Girls Club, dated 07/16/02, and providing information on the current Boys & Girls Club lease as well as a history of other situations where City-owned property is being used by non-profit organizations.

(2) The Committee received a memorandum dated 09/16/02 from the Director of Public Works reporting on the request by the Boys and Girls Club for the abandonment of Wall Street between East Sixth and East Seventh Streets in connection with its plans for expansion. Abandonment of this portion of roadway would not be detrimental to traffic circulation based on traffic volume. In addition, in order to proceed with an abandonment, the Director of Public Works would:
   a. Require concurrence to the abandonment from the parcel owners and tenants on the westside of Wall Street between East Sixth and East Seventh Streets; and
   b. Reserve a public utility easement over that portion of Wall Street between East Sixth and East Seventh Streets.

Property owners directly affected by the closure of Wall Street were notified of this meeting.

Councilmember Wahl disqualified himself from participating in this matter.

City Manager Lando advised he was recommending a long term lease, rather than donation of City property, as well as the closure of Wall Street in connection with Boys & Girls Club plans for expansion. He added that Maureen Pierce, Executive Director of the Club, had expressed concerns with a long term lease, in that if the Boys & Girls Club ever had to relocate, or if a future City Council found another use for the property, the Club would lose its investment in the improvements in the new facilities and extensive improvements they will be constructing on the property.

Ms. Pierce explained her concern that occasionally Boys & Girls Clubs have determined to relocate due to an area becoming undesirable or unusable, and if such a circumstance occurred in the future, the Club would lose its significant investment in the improvements to the property.

City Manager Lando suggested staff be directed to draft a long term lease agreement with terms to provide that the Boys & Girls Club could sell the property and improvements in the future, provided that the lease of the land would be transferred to another parcel. He advised that if the details of the lease agreement could be worked out and were acceptable to the Boys & Girls Club, it could be submitted to the City Council for approval without further review by the Finance Committee; however, with the closure of Wall Street, the issue of how the Parking Revenue Fund will be reimbursed for the funds used to acquire the property.

Recommendation:
The Committee recommended (2-0, Wahl disqualified):
A. That the City Attorney be directed to prepare an agreement for a long term lease by the Boys & Girls Club of City-owned property on the block bounded by East Sixth, Wall, East Seventh, and Flume Streets, with a provision that if the Boys & Girls Club relocates or the City determines to sell the property, the Club would be allowed to substitute leased properties and then sell the existing property.

B. That staff be directed to proceed with the abandonment of Wall Street between East Sixth and East Seventh Streets if the following conditions are met:
   a. Concurrence to the abandonment from the parcel owners and tenants on the west side of Wall Street between East Sixth and East Seventh Streets.
   b. Reservation of a public utility easement over that portion of Wall Street between East Sixth and East Seventh Street.

C. That if these details can be worked out to the satisfaction of both parties, the long term lease agreement with the Boys & Girls Club be submitted to the City Council for approval without further review by the Finance Committee.

B. Consideration of Supplemental Appropriation to Provide Additional Funding for the Park Trail System Environmental Impact Report. The Committee was provided with a memorandum dated 09/16/02 from the Park Director reporting that as a result of higher than anticipated consulting costs, an additional $142,000 is needed to complete the Park Trail System Environmental Impact Report (12064). This Supplemental Appropriation would allocate $142,000 from the Park Fund (002).

City Manager Lando advised that due to recent events which have impacted the City’s budget, he was no longer recommending that a supplemental appropriation allocating an additional $142,000 for completion of this EIR be approved. Instead, he was recommending that the scope of the overall trails system project be reduced, so that the priority projects could be completed with adequate environmental review which would not require additional funding above the $100,000 that the City Council had allocated for this purpose. The City Council has directed that the completion of the Annie Bidwell Trail and the Yahi Trail be given priority, and the City Manager suggested that the project description which had been used in the Requests For Proposals (RFPs) for preparation of the trails EIR be revised to encompass completion of these two trails only, and that the project be re-bid.

Park Director Beardsley said that the key components to this project are installation of the bridges connecting sections of the trails, completion of the Annie Bidwell Trail, improvements to the Yahi Trail and bringing new acquisitions into the Master Management Plan.

Planning Director Seidler indicated that completion of the Annie Bidwell Trail would still require an EIR; however, the project description must first be revised, after which new RFPs could be sent out.

Responding to Councilmember Nguyen-Tan’s inquiry, City Manager Lando advised that an EIR would definitely be required for construction of the Annie Bidwell Trail; however, it was possible that an environmental analysis for completion of the Yahi Trail would result in a negative declaration being sufficient.

Michael Jones volunteered to complete a revised project description for the completion of the Yahi and Annie Bidwell Trails, stating that it should be an open process with proposed trail changes being flagged for public inspection.

Elizabeth Tice felt that completion of the trails should not go forward without a Master Management Plan for the entire Park.

Josephine Guardino addressed issues of soil erosion in relation to trails and how that impact could be reduced. She said resource assessment studies were undertaken in the early 2000s and these assessments had not been used in the Master Management Plan process. She questioned the location of the Annie Bidwell Trail as displayed on the Park Department’s map, feeling that it was unclear, and requested that a new map be drawn to clarify its exact location. She added that the California Native Plant Society would be submitting a petition supporting a Master Management Plan and trails plan for the entire Park, which would include the appropriate resource assessment studies.

Marjorie McNairn, President of the California Native Plant Society (CNPS), submitted a position statement and stated that the Society does not oppose new trails per se, but is concerned with insufficient maintenance of existing trails which compromises the natural environment.

Chair Keene asked staff to determine the cost of environmental review for completion of the Yahi and
Annie Bidwell trails, and City Manager Lando replied that the cost could not be determined until the RFPs were re-sent and proposals resubmitted according to a revised project description.

Park Director Beardsley suggested that the two bridges be included in order to make the product whole, and Chair Keene requested that the cost for environmental review for the addition of the two bridges be separated into a second phase.

The Committee concurred with the City Manager’s recommendation that a new project description be prepared in consultation with all interested groups for environmental review for the completion of the Yahi and Annie Bidwell trails, after which new RFPs would be sent out, and that this recommendation be submitted to the Bidwell Park and Playground Commission and then to the City Council for confirmation.

Responding to Councilmember Nguyen-Tan’s concern with whether the issue of funding for the Master Management Plan should be brought back, Park Director Beardsley advised that funds had already been budgeted to begin work on the Plan.

Recommendation:

The Committee recommended (3-0) that the supplemental appropriation not be approved due to fiscal constraints, and that a new project description be prepared in consultation with all interested groups for environmental review of the completion of the Yahi and Annie Bidwell Trails, after which new Requests for Proposals would be sent out based on the reduced scope of the project description, and that this recommendation be submitted to the Trails Committee of the Bidwell Park and Playground Commission, the Park Commission, and then to the City Council for confirmation, as recommended today by the City Manager.

COMMITTEE MATTERS REQUIRING NO CITY COUNCIL ACTION ON 10/15/02:

C. Consideration of Approaches for Construction of Baroni Park, Located East of Bruce Road. Tom DiGiovanni has submitted a request to the City Council that in exchange for his construction of Baroni Neighborhood Park, the City convey to him approximately two to two and one-half acres of City-owned property adjoining the Baroni Park site, plus reimburse him for the amount of the construction costs beyond the appraised value of the City-owned land. Staff is requesting Finance Committee direction. If the Committee and Council determines to sell the property, a formal process set forth by both State Law and the Charter must be followed. The Committee received a memorandum dated 9/17/02 from Assistant Community Development Sellers providing background and an analysis of this proposal.

Letters opposing the sale of the 2.3 acre portion of Baroni Park were received from the following individuals and distributed at today’s meeting: William and Ursula Gunstock, Carol Leedom, Larry and Dolly Wilkins, John and Julie Conner, Nancy and Hal Miller, Jr., William Smith, Katherine Edson, and Dianne Farrar.

City Manager Lando gave an overview of this item stressing that it was merely a proposal for the development of a five acre park and was before the Committee for preliminary discussion. He explained that there are insufficient funds available to develop this park in the near future and that this proposal is only one approach to a more timely realization of the neighborhood park. Further, Tom DiGiovanni would not necessarily be the developer who would construct the park and develop the property. The design of the park and sale of the 2.3 acres would be put out to bid by the City, and would include maximum input from residents regarding the design of the park.

Chair Keene agreed that this item would have to be brought back to the Committee after City and Chico Area Recreation and Park District (CARD) staffs have held neighborhood meetings.

Tom DiGiovanni of Heritage Partners distributed copies of a “Baroni Park Vicinity Map” and presented slides covering the key points of his development proposal. Greg Melton of Land Image discussed details of the park design.

At the request of Councilmember Nguyen-Tan, Assistant Community Development Director Sellers explained the structure of park fees and how development impact fees would not fully fund the park. Park funding must be supplemented from other sources, such as the General Fund or grants.

Area residents speaking in opposition to the proposal were Bill Smith, Kevin Weherly, Jordan Reed, Jim Haber, Mark Rodriguez, Sherry Bechard, Harold Koehler, Anthony Palomba, and Alana Estrada. Debbie Rhodes spoke in favor of the proposal and Andy Rodriguez requested more information. The neighbors
were generally opposed to park acreage being reduced from 7.3 to 5 acres, some disagreeing with the idea of building frontage homes on two acres to “watch” the park.

Jim Stevens of North Star Engineering introduced the topic of park maintenance costs. City Manager Lando said that the City would have to get an on-going commitment from the existing residents to maintain the park through formation of a maintenance district.

**Action:**

*The Committee directed staff (3-0) to work with the Chico Area Recreation & Park District (CARD) to conduct a neighborhood meeting to set forth and address the options for construction of Baroni Park no sooner than two weeks from today, so that full notification of the neighborhood can be provided.*

Annalisa Dillard, Administrative Analyst

**Distribution:**
City Council (22) Housing Officer Comm. Dev. Director
Risk Manager Public Works Director Finance Director
TO: CITY COUNCIL (Mtg. of 11/19/02)  
FROM: FINANCE COMMITTEE  
DATE: 11/14/02  
FILE: Committee Binder  

RE: REPORT ON FINANCE COMMITTEE MEETING HELD OCTOBER 28, 2002

<table>
<thead>
<tr>
<th>Committee Present:</th>
<th>Staff Present:</th>
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<tbody>
<tr>
<td>Councilmember Keene, Chair</td>
<td>Assistant City Manager Dunlap</td>
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<td>Councilmember Nguyen-Tan</td>
<td>Assistant City Attorney Barker</td>
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<td>Councilmember Wahl</td>
<td>Community Dev. Director Baptiste</td>
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<td>Director of Public Works Ross</td>
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<td>Administrative Analyst Dillard</td>
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(Chair Keene arrived at 2:10 pm and the meeting was called to order at that time.)

COMMITTEE MATTERS REQUIRING CITY COUNCIL ACTION ON 11/19/02:

A. Consideration of Supplemental Appropriation No. 02-03 07 to Fund the Installation of New Drip Pans at Each Gasoline Pump at the Municipal Services Center and an Amendment to the City's Fee Schedule to Establish an Administrative Fee for Fuel Sales. The Committee was provided with a memorandum dated 10/9/02, from the Director of Public Works reporting on a state mandate to install new drip pans at each gasoline pump at the Municipal Services Center. In addition, the Butte County Health Department, as the local enforcement agency for the California Board of Equalization's Underground Storage Tank Program, is requiring the City to install electronic monitoring for the drip pans. Since the existing monitoring panel will not support the new monitoring equipment, a total of $25,000 will be needed to implement the mandate. The Committee was also provided with a copy of the Facilities Maintenance Fund (933) Fund Summary which reflects the estimated 6/30/03 fund balance. Further, the Director of Public Works is recommending increasing the administrative fee charged to outside agencies purchasing fuel from the City from five to ten cents per gallon to recover costs associated with dispensing fuel, including the costs associated with this state mandate. If the Committee recommends adoption of the administrative fee increase, a fee schedule resolution will be forwarded to the City Council with the Finance Committee report. Recommendation: The Committee recommended (3-0) approval of the Supplemental Appropriation and the Amendment to the Fee Schedule.

SUPPLEMENTAL APPROPRIATION NO. 02-03 07 TO FUND THE INSTALLATION OF NEW DRIP PANS AT EACH GASOLINE PUMP AT THE MUNICIPAL SERVICES CENTER.  

B. Approval of Supplemental Appropriation No. 02-03 10 to Provide Funding for the Construction of the Sycamore Creek Bicycle Path. Staff was advised in September that the City is eligible to apply for competitive grant funds from the California Department of Transportation under the Bicycle Transportation Account Program for bicycle facilities. The grant application requires a 10% local match and must be submitted by 12/01/02. The Bicycle Committee and staff recommend applying for a $291,600 grant for construction of a ten-foot wide Class 1 bicycle path along the southwesterly crown of the levee that was constructed as part of the Sycamore/Mud Creek Flood Control Project. The bicycle path, which is included in the adopted Bicycle Plan, would begin at the Five Mile Diversion Dam, cross Wildwood Avenue, and terminate at Foothill Park Subdivision near Marigold Avenue. The required local match for the project is $32,400. The Supplemental Appropriation would allocate $291,600 in grant revenue and expenditures from the Capital Grants Fund (300) and allocate $32,400 in expenditures from the Bikeway Improvement Fund (305). Recommendation: The Committee recommended (3-0) approval of the Supplemental Appropriation in the amount of $324,000.

SUPPLEMENTAL APPROPRIATION NO. 02-03 10 TO PROVIDE FUNDING FOR THE CONSTRUCTION OF THE SYCAMORE CREEK BICYCLE PATH.

C. Review of Budget Policies Related to Supplemental Appropriations and Assignment of Priorities to City Expenditures. In light of the State budget situation and pending fiscal constraints, Chair Keene requested that the Committee review budget policies related to supplemental appropriations and assignment
of priorities to City expenditures. The Committee was provided with a memorandum dated 10/18/02, from the City Manager outlining the fiscal control policies approved by the City Council on May 15, 2001, and other existing Council fiscal control policies that are recommended to be formalized. A Budget Modification to add the fiscal control policies to the City’s Annual Budget Policies will be forwarded to the City Council with the Committee’s recommendation.

Chair Keene agreed that it would be better to have new positions planned out so that Council did not feel like they were reacting to a departmental emergency. He said the creation of new positions should be based upon the projected growth of the City.

Councilmember Wahl said he finds the strategic plans are very helpful in making recommendations because they provide justification and rationale. He asked that an explanation as to why a new position is necessary be included in the plans along with a City Manager recommendation.

**Recommendation:** The Committee recommended (3-0) that fiscal control policies be formalized and that a Budget Modification to add these fiscal control policies to the City’s Annual Budget Policies be forwarded to the City Council. The Committee requested that all requests for new positions be accompanied by City Manager recommendations along with the City-wide list of positions which was consolidated from Strategic Plans from each department.

The Council is being provided with a Budget Modification which would amend the 2002-03 Annual Budget Policies by establishing formal fiscal control policies as recommended by the Finance Committee. In addition, this Budget Modification will establish a formal budget policy which is consistent with existing policy regarding the City’s contribution for Council health insurance coverage.

**BUDGET MODIFICATION NO. 02-03 11 TO AMEND ANNUAL BUDGET POLICIES TO CONSOLIDATE AND FORMALIZE CITY COUNCIL FISCAL CONTROL POLICIES AND TO ESTABLISH A FORMAL POLICY REGARDING THE CITY’S CONTRIBUTION FOR COUNCIL HEALTH INSURANCE COVERAGE.**

**COMMITTEE MATTERS REQUIRING NO CITY COUNCIL ACTION ON 11/19/02:**

**D. Consideration of Request from Drake Homes for an Increase in the Reimbursable Amount in Connection with its Hancock Park Reimbursement Agreement with the City.** This item was removed from the agenda at the request of the applicant.

**E. Adjournment and Next Meeting.** The meeting adjourned at 2:31 p.m. The next regular meeting of the Finance Committee is scheduled for Monday 12/23/02 at 4:00 p.m. in Conference Room No. One.

Annalisa Dillard, Administrative Analyst

**Distribution:**
City Council (22) Housing Officer Comm. Dev. Director
Risk Manager Public Works Director Finance Director
Budget Officer
CITY OF CHICO MEMORANDUM

TO: CITY COUNCIL (Mtg. of December 17, 2002)  
DATE: December 10, 2002  
FROM: FINANCE COMMITTEE  
FILE: Committee Binder  
RE: REPORT ON FINANCE COMMITTEE MEETING HELD ON NOVEMBER 25, 2002

Committee present: Councilmember Keene, Chair  
Councilmember Nguyen-Tan  
Councilmember Wahl  

Staff Present: Assistant City Manager Dunlap  
City Attorney Frank  
Director of Public Works Ross  
Risk Manager Koch  
Housing Officer McLaughlin  
Art Projects Coordinator Gardner  
Accountant Hennessy  
Administrative Analyst Dillard

COMMITTEE MATTERS REQUIRING CITY COUNCIL ACTION ON 12/17/02:

A. Consideration of Changes to Fee Schedule 11.025 - Chico Municipal Center Use Fee. The Committee was provided with a memorandum dated 11/13/02, from the Director of Public Works reporting on the need to amend Fee Schedule 11.025 by establishing a fee for use of the Chico Municipal Center parking lot and by amending Section II. B., use of the Chico Municipal Center facilities (Council Chamber and/or Conference Room in the Council Chamber building), by adding a fee to cover the cost for the custodial contractor to unlock and lock rooms which have been reserved. The need to establish a fee for use of the Municipal Center Parking Lot exists due to the number of requests to use the lot for car shows this past year. The need to amend the section on use of the Chico Municipal Center arises from the need to pass through the cost for the custodial contractor for the time spent to lock and unlock the rooms.

Director of Public Works Ross told the Committee that the $310 fee for use of the parking lot was a processing fee for the application, typical of a street closure permit. He said users of the lot are responsible for providing their own barricades, porta-potties, and clean-up, and have been very responsive in doing so.

Councilmember Nguyen-Tan was concerned over establishing a use fee since most of the groups using the lot have been non-profits.

Chair Keene said use of the parking lot can not be compared to a street closure because public thoroughfares are not affected and involvement of public safety personnel is not required. He said the City should continue to absorb this cost until problems actually occur, at which time the issue can be revisited. Councilmembers Wahl and Nguyen-Tan agreed.

In response to questions regarding the cost of locking and unlocking the chamber building, the Assistant City Manager and the Director of Public Works told the Committee that the $105 charge represents actual cost to the City. The custodial contractor charges the City this amount if one of their employees has to unlock and lock the building, turn on heating/cooling, and clean the building outside of regular business hours.

Recommendation: The Committee recommended (3-0) that no fee be established for use of the Chico Municipal Center parking lot and that the Fee Schedule be amended to increase the fee for use of meeting rooms after hours and on weekends and holidays, because it represents actual cost to the City.

B. Consideration of Social Accountability Program Fee. The Committee was provided with a memorandum dated 11/5/02, from the Director of Public Works reporting on the need to establish a fee for Butte County Superior Court defendants who participate in the Social Accountability Program. This program has been established by the Butte County Superior Court with the cooperation of the District Attorney’s office and the City of Chico. Participants in this program are required to give 20 hours of their time for community service. The Court has ordered the fee to be set at $150 payable to the City to cover City costs to administer the program. The City expects the Court to start sending defendants to the City in December 2002. Inasmuch as the revenues to be received from this fee are expected to support the cost of the program, the anticipated revenues and expenditures will be budgeted administratively pursuant to Budget Policy No. C.1. if the City Council adopts the fee schedule resolution.
Assistant City Manager Dunlap explained that the fee to administer this program was set by the court and in order for staff to collect the fee, there must be Council approval. The fee will offset City costs for necessary materials, supplies, and staff time.

Director of Public Works Ross said that once the program is in effect, there should be an average of 10-20 adult offenders assigned per weekend. Supervision will be provided by 3 employees from the Department of Public Works who will be paid time and a half for 5 hours.

Chair Keene said he had no problem with approving the costs of administering the program and funding the necessary equipment, but was uncomfortable with its punitive aspects. The Director of Public Works said the objective of the program is to reduce the number of infractions, and will be reviewed and modified as necessary.

Councilmember Wahl said he was comfortable with the fee and recommended that the program be reviewed after actual costs can be determined more accurately.

**Recommendation:** The Committee recommended (3-0) that a fee be established to cover City costs as ordered by Butte County Superior Court for participation in the Social Accountability Program and that the program be reviewed in August of 2003 to determine if the fee is matching the actual cost of administering the program.

C. **Approval of City Fee Schedule Amendment Relating to Animal Shelter Fees.** The Committee was provided with a letter dated 11/4/02, from Cathy Augros, Executive Director of the Butte Humane Society, requesting that the City amend its Fee Schedule for Animal Shelter Fees to provide that the impound and boarding fees for the first impoundment of a litter of kittens or puppies, with or without the mother, be established on a lump sum basis rather than a per animal basis, at the currently listed rates. In addition, Ms. Augros requested that the first offense impound and boarding fees for multiple animals from the same household be on a lump sum basis. The Humane Society believes that there would be a very minor loss of revenue from this change, because neither occur that often, but that the reduced total cost for an owner to redeem their animals will encourage owners to reclaim the animals, rather than surrender them to the Animal Shelter. A draft of the resolution implementing these changes which will be forwarded to the City Council for consideration was provided to the Committee with this agenda.

**Recommendation:** The Committee recommended (3-0) approval of changes to impounding fees as requested by the Butte Humane Society.

D. **Consideration of Recommendation from Arts Commission Regarding Public Art Fund Matching Program Funding Source.** At its 7/22/02 meeting, the Finance Committee requested that the Arts Commission provide a recommendation regarding the improvement of the effectiveness of the Public Art Fund Matching Program. The Committee was provided with a memorandum dated 11/18/02, from the Art Projects Coordinator reporting that at its 10/9/02 meeting, the Commission considered this matter and recommended that the Program’s effectiveness would be improved by modifying it to include two options for participation with two different funding sources (Redevelopment Agency Art Fund 380 and General Fund).

The Arts Commission has been told by both property owners and artists, that property easement and maintenance requirements have been overly restrictive and are inhibiting participation in this program. The Commission made two recommendations:

1.) That when the proposed art project is located in the Chico Merged Redevelopment Area, the City funds 100 percent of the cost (RDA Art Fund 380), that the property owner be required to sign a property easement guaranteeing the retention and maintenance of the art work for a minimum of 15 years, and that the City appoint an oversight committee to monitor the art project selection and budget.

2.) That a new program be created for art projects located anywhere within the incorporated City limits, that it be funded with the General Fund, that the property owner be required to provide a 50 percent match and agree to guarantee the retention and maintenance of the art work for a minimum of five years, and that the property owner selects the artist and project design.

The Assistant City Manager noted that the proposed unsecured maintenance agreement for the General Fund Program should be reviewed by the City Attorney to determine whether it is adequate to ensure the public benefit.

Local artist Gregg Payne spoke in favor of using General Funds for the Public Art Fund Matching Program,
and limiting that portion of the program for smaller projects so that less experienced artists would have more opportunities to participate.

Chair Keene said he felt the public would embrace the idea of using Transient Occupancy Tax (TOT) Arts Funds for these art projects because this is the kind of project for which those funds are intended.

Councilmember Nguyen-Tan said he felt the recommendation to use TOT Arts funds for the program in future years should be reviewed by the Arts Commission, considering they are the experts appointed to advise Council in matters concerning Public Art.

**Recommendation:** The Committee recommended (2-1, Nguyen-Tan against) a new General Fund matching program to be funded by a supplemental appropriation in the amount of $10,000 for fiscal year 02-03 with funding for future years to come from the Arts set aside of the Transient Occupancy Tax. The recommendation is for a $2,000 maximum grant per project and a 50% match, subject to determination by the City Attorney that an unsecured maintenance agreement is acceptable. The Committee recommended no changes to the existing program funded from redevelopment funds.

**COMMITTEE MATTERS REQUIRING NO CITY COUNCIL ACTION ON 12/17/02:**

E. **Approval of Housing Rehabilitation Loan Request -Dori Moura- 124 West 22nd Street.** The Committee was provided with a memorandum dated 11/15/02, from the Housing Officer requesting “conditional approval” of a Housing Rehabilitation Program Loan in the amount of $55,000 for expansion of Ms. Moura’s home and a grant of $5,000 for lead hazard compliance activities from the City’s HOME Program. Pursuant to program guidelines, loan requests over $15,000 require Committee approval. The Housing Officer’s memorandum explained why conditional approval is being requested and what the conditions are.

Chair Keene said he was uncomfortable with a shift in policy, that increasing the size of a home by 50 per cent was not in keeping with the Housing Rehabilitation Program. He asked if Ms. Moura had been encouraged to sell this house and find a bigger one. Housing Officer McLaughlin said that she did not have funds for a down payment on a larger, more expensive house.

Councilmember Nguyen-Tan asked why there was a grant request for $5,000. The Housing Officer explained that this would fund the federal mandate to eliminate lead based paint found on older homes, covering the cost of removal and clean up.

Chair Keene said he would approve of the loan with the understanding that this is an exceptional circumstance and will not set a precedent. He noted that if requests for these types of expansions do become common, the Finance Committee will have to review the Housing Rehabilitation Program and set limits on loan amounts.

**Recommendation:** The Committee recommended (3-0) conditional approval of this request with the funds to be allocated from the City’s HOME Program and determined that in the event expansion requests become typical, the Housing Rehabilitation Program will be reviewed by the Finance Committee.

Annalisa Dillard, Administrative Analyst

**Distribution:**
City Council (22)         Housing Specialist         Comm. Dev. Director
Risk Manager              Director of Public Works     Finance Director
Art Projects Coordinator