



Finance Committee Report

DATE: January 25, 2007

File : [Comm Binder](#)

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD JANUARY 24, 2007**

<u>Committee present:</u> Chair Gruendl Councilmember Flynn Councilmember Wahl	<u>Staff present:</u> Assistant City Manager Burkland Assistant City Attorney Barker Finance Director Hennessy	Accounting Manager Vidners Administrative Analyst Cameron
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COMMITTEE MATTERS REQUIRING COUNCIL ACTION

- A. **Acceptance of Annual Financial Reports.** This matter was referred to the Committee by the City Council at its meeting of 1/16/07. The Finance Director submitted, for the year ended June 30, 2006, the Report to Management, City of Chico Comprehensive Annual Financial Report, City of Chico Single Audit Report, Chico Redevelopment Agency Component Unit Financial Report, and the Chico Public Financing Authority Component Unit Financial Report. The Finance Director recommended acceptance of the Financial Reports.

Recommendation: The Committee recommended (3-0) acceptance of the Annual Financial Reports.

- B. **Consideration of a Request from Jim Goodwin, President/CEO of the Chico Chamber of Commerce for Funding to Develop an Aviation Event (Chico AirFest 2007) at the Chico Municipal Airport (CMA).**

Jim Goodwin, President/CEO of the Chico Chamber of Commerce submitted a request for \$20,000 to support Chico AirFest 2007, an aviation event/air show which would take place at the Chico Municipal Airport in September of 2007. The funds would be used for project development and promotion and would cover the costs of insurance for the event. Matching funds would come from private sources within the community. The Assistant City Manager recommended Finance Committee approval of the request for funding of \$20,000 to be allocated from the General Fund for 2007-08 only, with the Chamber to secure matching funds from the community. Staff further recommended that any future allocations to support Chamber events be applied for through the Community Organization Funding process in the context of other funding applications. (Report - Dave Burkland, Assistant City Manager)

The Committee discussed future funding requests being applied for through the community organization funding process and the event becoming self funding at some point. Jim Goodwin stated if the community organization funding process goes to a two-year funding cycle it would work for this event, adding that it is basically a timing issue with calendar and fiscal year funding. He noted that the plan is to become self supporting in future years.

Councilmember Wahl made a motion to approve the \$20,000 funding request for Chico AirFest 2007. Councilmember Flynn seconded the motion.

Recommendation: The Committee recommended (3-0) approving the \$20,000 funding request for Chico AirFest 2007.

- C. **Business From the Floor.** None.

- D. **Adjournment and Next Meeting.** The meeting adjourned at 8:35 a.m. The next meeting is scheduled for February 28, 2007, at 8:00 a.m. in Conference Room No. 1.

Lynda Cameron, Administrative Analyst

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City Council (7)
Council Office copy - with attachments
Finance Director
Admin Services Director



Finance Committee Report

DATE: March 9, 2007

File : Comm Binder

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD FEBRUARY 28, 2007**

<u>Committee present:</u> Chair Gruendl Councilmember Flynn Councilmember Wahl	<u>Staff present:</u> City Manager Jones Assistant City Manager Burkland Assistant City Attorney Barker	Hsng & Neighborhood Svcs Director Morgado Housing Specialist Sronce Administrative Analyst Kelly
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COMMITTEE MATTERS REQUIRING COUNCIL ACTION

- A. **2007-08 Draft Annual Plan for the Use of Federal Community Development Block Grant (CDBG) and Housing Investment Partnerships Program (HOME) Funds.** The Finance Committee reviewed the draft annual Action Plan summary.

Councilmember Wahl's motion to accept the draft annual Action Plan was seconded by Councilmember Flynn.

Recommendation: *The Committee recommended (3-0) to accept the draft annual Action Plan summary.*

- B. **Removal of Residency Requirement from the Mortgage Subsidy Program (MSP).** This item was continued from the Finance Committee meeting of September 27, 2006. The City's MSP currently includes a requirement that applicants must have lived in the Chico Urban Area continuously for the past twelve months. After further review, the City Attorney's office advised the Housing staff that the courts have invalidated residency requirements as a condition to receive public benefits. Housing and Neighborhood Services Director Morgado stated that at this time there is more money available than applicants. If, in the future, we start to get more requests than we have funding, the City could impose other requirements in order to qualify.

Councilmember Wahl's motion to accept staff's recommendation was seconded by Councilmember Flynn.

Recommendation: *The Committee recommended (3-0) that Administrative Procedure and Policy No. 27-10, Mortgage Subsidy Program, be revised to strike Section II.A.3.e, which requires that program applicants must be a resident of the City's Sphere of Influence for at least the last twelve months prior to applying for assistance.*

COMMITTEE MATTERS NOT REQUIRING COUNCIL ACTION

- C. **Authority to Exceed Mortgage Subsidy Program (MSP) Subsidy Limit.** The City's Mortgage Subsidy Program (MSP) provides down payment assistance to low and moderate income families who are purchasing their first home. The amount of the subsidy per household is limited. Housing and Neighborhood Services Director Morgado explained that in the last few years while housing prices have increased dramatically, the level of MSP funds have not. These CalHOME funds need to be expended by April 5, 2007 or they will be lost.

Rob Robertson addressed the committee on this item.

Councilmember Wahl's motion to accept staff's recommendation was seconded by Councilmember Flynn.

Recommendation: *The Committee recommended (3-0) that the City Manager be granted temporary authority to approve mortgage subsidy program loans up to \$65,000 for eligible low-income borrowers. This authority will only be applicable to the use of CalHOME funds and will expire when the balance of the current award of CalHOME funds are expended.*

D. **Business From the Floor**. None.

E. **Adjournment and Next Meeting**. The meeting adjourned at 8:29 a.m. The next meeting is scheduled for March 28, 2007, at 8:00 a.m. in Conference Room No. 1.

Nancy Kelly, Administrative Analyst

Distribution:
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Council Office copy - with attachments
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Admin Services Director



Finance Committee Report

DATE: April 2, 2007

File : [Comm Binder](#)

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD MARCH 28, 2007**

<u>Committee present:</u> Chair Gruendl Councilmember Flynn Councilmember Wahl	<u>Staff present:</u> City Manager Jones Assistant City Manager Burkland City Attorney Frank Finance Director Hennessy	Administrative Services Director Pierce Housing & Neighborhood Serv. Dir. Morgado Management Analyst Carroll Accountant Fields Administrative Analyst Cameron
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COMMITTEE MATTERS REQUIRING COUNCIL ACTION

- A. **Consideration of Revenue Calculations Baseline for Community Organization Funding - Arts Category.** At its meeting held 03/06/07, the City Council referred discussion regarding establishment of a baseline to be used for calculation of available revenues for the Arts Category to the Finance Committee. The Internal Affairs Committee recommended the baseline for the Arts category be established at \$122,351. If the Committee desires to establish a higher baseline based on the prior formula set forth in the repealed budget policy, staff recommended that any increased amount to the Arts category baseline be offset by a reduction to the Economic Development/Tourism category baseline. (Report - Dave Burkland, Assistant City Manager)

Paul Friedlander provided the Committee with additional information. Paul Friedlander, Debra Lucero, Kathy Barrett spoke in opposition to the lower baseline amounts.

Staff indicated that historically the City Manager has recommended reductions in community organization funding since it is largely supported by General Fund dollars, noting the new formula, baseline plus CPI, would add predictability to the process over future years.

Councilmember Wahl made a motion to establish \$141,330 as the baseline amount for the Arts Category with the clarification that there will be no reduction to the Economic Development/Tourism category baseline. Councilmember Flynn seconded the motion.

Recommendation: The Committee recommended (3-0) approval of \$141,330 as a baseline amount to fund the Arts Category in the Community Organization Funding Program effective FY 2007-08.

- B. **Consideration of Recommendations to Amend Chapter 3.32 of the Chico Municipal Code, Entitled "Business License Law".** In an effort to increase operational efficiencies, Finance Office staff analyzed the current Business License Law as set forth in Chapter 3.32 of the Chico Municipal Code and recommended amending ordinance 3.32 to: (1) redefine the license year to coincide with the license anniversary date; and (2) remove the license tax requirement for businesses with gross receipts of \$5,000 or less. The Finance Director recommended that the City Attorney be directed to draft an ordinance to amend Chapter 3.32 of the Chico Municipal Code as outlined above. (Report - Jennifer Hennessy, Finance Director)

Councilmember Flynn's motion to amend Chico Municipal Code Chapter 3.32 to redefine the license year to coincide with the license anniversary date, remove the license tax requirement for businesses with gross receipts of \$5,000 or less, and direct the City Attorney's Office to prepare a draft ordinance was seconded by Councilmember Wahl.

Recommendation: *The Committee recommended (3-0) amending Chapter 3.32 of the Chico Municipal Code to redefine the license year to coincide with the license anniversary date, removing the license tax requirement for businesses with gross receipts of \$5,000 or less, and directing the City Attorney's Office to prepare a draft ordinance for introduction at a future Council meeting.*

COMMITTEE MATTERS NOT REQUIRING COUNCIL ACTION

- C. **Housing Rehabilitation Program Loan Request - Ardis Wilson, 134 West 22nd Street.** A request was received from Ardis Wilson for a City of Chico Rehabilitation Program loan for improvements to her home which will make it handicap-accessible, as well as provide general improvements to the property. There are sufficient funds available from the City's federal HOME grant for this loan. The Housing & Neighborhood Services Director recommended approval of a loan in the amount of \$47,171.

Action: *The Committee approved (3-0) a housing rehabilitation loan for Ardis Wilson in the amount of \$47,171.*

- D. **Requests from Chico Community Shelter Partnership/Torres Community Shelter (TCS) Regarding Expansion Project and Funding Assistance.** Despite assistance from the State, the shelter board anticipates an approximately \$400,000 shortfall for the TCS expansion project. The Tri-Counties Economic Development Corporation is willing to provide the TCS with a bridge loan for the \$400,000, but requires a loan repayment guarantor. TCS is requesting that the City act as the guarantor and provide funding for the debt service on the loan. In addition, the board anticipates an operating budget shortfall as well for both 2006-07 and 2007-08, and is requesting assistance from the City to close this gap. The Housing & Neighborhood Services Director recommended that the Finance Committee forward the following recommendations to the City Council: (1) deny the request for the City to act as the loan repayment guarantor for the Tri-Counties Economic Development Corporation Bridge loan; and (2) deny the request for City assistance for the projected operating budget shortfalls. (Report - Sherry Morgado, Housing & Neighborhood Services Director)

Recommendation: *The Committee agreed (3-0) to table this item to the April Finance Committee meeting.*

- E. **Business From the Floor.** None.
- F. **Adjournment and Next Meeting.** The meeting adjourned at 9:20 a.m. The next meeting regarding community organization funding is scheduled for Thursday, April 12, 2007, at 3:00 p.m. in the Council Chamber. The next regular Finance Committee meeting is scheduled for Wednesday, April 25, 2007, at 8:00 a.m. in Conference Room No. 1.

Lynda Cameron, Administrative Analyst

Distribution:

City Council (7)
Council Office copy
Building & Development Services Director
Housing & Neighborhood Services Director
Finance Director
Admin Services Director



Finance Committee Report

DATE: April 25, 2007

File : [Comm Binder](#)

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD APRIL 12, 2007**

<u>Committee present:</u> Acting Chair Wahl Councilmember Flynn Councilmember Holcombe	<u>Staff present:</u> City Manager Jones Assistant City Manager Burkland	Management Analyst Carroll Administrative Analyst Cameron
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Councilmember Gruendl was absent and Mayor Holcombe served as his alternate.

COMMITTEE MATTERS NOT REQUIRING COUNCIL ACTION

A. CONSIDERATION OF ACCEPTANCE OF LATE FUNDING REQUEST FROM COMMUNITY LEGAL INFORMATION CENTER (CLIC)

By letter dated 03/15/07, the Community Legal Information Center requested consideration of its application which was initially presented after the 02/23/07 deadline. Staff prepared a summary sheet of the application for the Committee's binders should the Committee determine it would accept the late funding request.

Mayor Holcombe's motion to accept CLIC's late funding request was seconded by Councilmember Flynn.

Action: The Committee accepted (3-0) the late funding request from Community Legal Information Center (CLIC).

B. REVIEW OF APPLICATIONS FOR 2007-08 COMMUNITY ORGANIZATION FUNDING - GENERAL/CDBG AND TOT-ECONOMIC DEVELOPMENT & TOURISM APPLICANTS

The purpose of today's meeting was to consider the applications for 2007-08 community organization funding in the General Fund/CDBG and TOT - Economic Development and Tourism categories.

- A. Agenda Report from the Assistant City Manager which presented a summary of recent program changes adopted by the City Council.
- B. Finance Committee worksheet which presented the requests of the organizations in both the General Fund/CDBG category and the Transient Occupancy Tax Revenue (TOT) - Economic Development and Tourism category.
- C. E-mail from the General Services Director dated 03/27/07 which indicated support from the Bidwell Park and Playground Commission for the funding requests of the Chico Creek Nature Center and the Chico Cat Coalition.

Additional information provided to Committeemembers at the meeting included the following: (1) copies of verifying documents of State-registered non-profit status for Chico Community Environmental Gardens; (2) confirmation that Golden Valley Community Broadcasters is a State-registered, active non-profit corporation; and (3) a copy of letter dated 3/30/07 from Dempsey Haller, Vectors, addressing the FY 05-06 audit finding.

Assistant City Manager Burkland noted that the City Manager would include recommendations for specific allocations of community organization funding with the agenda materials at the meeting of April 26, 2007.

The following applicants in the General/CDBG Category addressed the Committee:

Ability First Sports Camp, Jennifer Taylor and Kerri McMurtry
ARC of Butte County, Mike McGinnis
Butte County Behavioral Health, Amanda Montgomery
Caminar, Nicole Bateman
Catholic Ladies Relief Society #3, Joan Costa
Chico Community Children's Center, Sue McGuire
Chico Community Environmental Gardens, Jeremy Miller
Chico Community Shelter Partnership, Corla Bertrand
Chico Creek Nature Center, Tom Haithcock
Chico Unified School District, Ann Brodsky
Community Collaborative for Youth, Emily Alma
Community Action Agency, Gloria Rodgers
Community Legal Information Center (CLIC), Michael Balasek
Do-It Leisure (Work Training Center), Ken Steidley
Golden Valley Community Broadcasters, Dan Carter and Jill Paydon
Innovative Health Care Services, Diane Cooper
Innovative Preschool, Valerie Naslund
Jesus Provides Our Daily Bread, Bill Such
Legal Services of Northern California, Barbara Segal
North Valley Parent Education Network, Jeff Thacker
Northern Valley Catholic Social Service, Tara Williams and Erna Friedeberg
Passages Adult Resources Center, Carol Childers
Rape Crisis Intervention, Inc., Cindy Biddle
Sunshine Kids Club, Brian Teal
VECTORS, Dempsey Haller

The following applicants in the Transient Occupancy Tax - Economic Development/Tourism Category addressed the Committee:

CARD (4th of July), Ann Willman
Center for Economic Development, Dan Ripke
Chico Chamber of Commerce, Jim Goodwin
Chico Economic Planning Corporation (CEPCO), Bob Linscheid
Downtown Chico Business Association (DCBA), Katrina Davis
Far West Heritage Association, Natalie Birk
Natural History Museum (CSUC Foundation), Greg Liggett
Tri-County Economic Development Corporation, Mark Nemanic
University Public Events (CSUC Foundation), Dan DeWayne

The following applicants were not present to address the Committee:

Catalyst Women's Advocates, Inc.
Chico Area Council on Aging, Inc. (Meals on Wheels)
Chico Cat Coalition (PAWS)
Independent Living Services of Northern California
Hispanic Chamber of Commerce

C. **Business From the Floor.** None.

D. **Adjournment and Next Meeting.** The meeting adjourned at 4:50 p.m. The Finance Committee will meet on Thursday April 26, 2007, at 4:00 p.m. in the Council Chamber to make their recommendations for community organization funding. The next regular Finance Committee meeting is scheduled for Wednesday, April 25, 2007 at 8:00 a.m. in Conference Room No. 1.

Lynda Cameron, Administrative Analyst

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Admin Services Director
MA Carroll



Finance Committee Report

DATE: May 1, 2007
 TO: CITY COUNCIL
 FROM: FINANCE COMMITTEE

File : [Comm Binder](#)

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD APRIL 25, 2007**

Committee present: Acting Chair Flynn Councilmember Holcombe Councilmember Wahl	Staff present: City Manager Jones Assistant City Manager Burkland Assistant City Attorney Barker Admin Services Director Pierce	Bldg. & Dev. Serv. Dir. McKinley Hsng. & Neigh. Serv. Dir. Morgado Management Analyst Carroll Administrative Analyst Cameron
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Councilmember Gruendl was absent and Mayor Holcombe served as his alternate.

COMMITTEE MATTERS REQUIRING COUNCIL ACTION

A. Consideration of Amendment to Chapter 15.36 "Sewer Services and Fees of the Chico Municipal Code (CMC)." Commercial and industrial properties within the City are currently charged sewer fees based on average water consumption during the winter months of November-February to avoid overcharging for water that may be used for irrigation purposes only. Water meter readings reported as November water usage actually include October water usage and for this reason, amending Sections 15.36.060 and 15.36.075 to base sewer billing on the winter months of December through March rather than November through February would result in a more accurate estimation of water entering the City's sewer system. The Building & Development Services Director recommended that the Committee recommend to the Council that CMC §15.36.060 and 15.36.075 be amended to base sewer billing on the winter months of December through March. (Report - Rich Burgi, Associate Civil Engineer - Sewer & Storm Drain)

Councilmember Wahl's motion to amend Sections 15.36.060 and 15.36.075 of the Chico Municipal Code to base sewer billing on the winter months of December through March was seconded by Mayor Holcombe.

Recommendation: The Committee recommended (3-0) that Sections 15.36.060 and 15.36.075 of the Chico Municipal Code be amended to base sewer billings on the winter months of December through March.

B. Consideration of Request for Increased Funding by the County of Butte for Supplemental Funding for Operation of the Chico Branch of the Butte County Library. By letter dated 2/21/07, Paul McIntosh, Chief Administrative Officer of Butte County, submitted the County's funding proposal to provide 25 additional hours of operation for the Chico Branch of the Butte County Library. The letter indicated that the cost to provide these services in Fiscal Year 2007-08 is \$169,511, which is \$7,431 more than budgeted in 2007-08. Staff noted that if the Committee recommended increased funding for Fiscal Year 2007-08, a supplemental appropriation in the amount of \$7,431, and a minute order authorizing the annual agreement, would be forwarded to the Council.

The Committee was provided with a letter from Paul McIntosh, Chief Administrative Officer of Butte County.

Greg Iturria, Deputy Chief Administrative Officer, Butte County, addressed the Committee in support of this item.

Councilmember Wahl made a motion to increase the library funding over the budgeted amount for Fiscal Year 2007-08, and asked that a supplemental appropriation in the amount of \$7,431, and a minute order authorizing execution of the annual agreement be forwarded to Council.

Mayor Holcombe asked for a friendly amendment proposing that in Fiscal Year 2008-09, the County be required to either have a long term financing plan in place or a measure on the ballot to help fund the libraries or the City would include their funding request with the other community service requests handled through the community organization funding program. The amendment was not accepted.

Mayor Holcombe seconded Councilmember Wahl's motion. The motion carried 3-0.

Mayor Holcombe made a motion proposing that in Fiscal Year 2008-09, the County be required to either have a long term financing plan in place or a measure on the ballot to help fund the libraries or the City would include their funding request with the other community service requests handled through the community organization funding program. Chair Flynn seconded the motion. The motion carried 2-1, with Wahl opposed.

Recommendation: *The Committee recommended (3-0) to increase the library funding over the budgeted amount for Fiscal Year 2007-08, and asked that a supplemental appropriation in the amount of \$7,431, and a minute order authorizing execution of the annual agreement be forwarded to Council. The Committee also recommended (2-1, Wahl opposed) that in Fiscal Year 2008-09, the County be required to either have a long term financing plan in place or a measure on the ballot to help fund the libraries or the City would include their funding request with the other community service requests handled through the community organization funding program.*

- C. **Revised Request for Financial Assistance in the Amount of \$1.8 Million from Stone Building Corporation for a 38-Unit Affordable Rental Housing Project – Bidwell Park Apartments.** In September 2006, Stone Building Corporation (SBC) submitted a proposal to the Chico Redevelopment Agency for the development of a 38-unit, affordable housing development, located at 1197 East 8th Street. Proposed financing is to come from a variety of public and private funding sources including \$5.5 million from the sale of Low-Income Housing Tax Credits and a request for \$1.8 million from the Chico RDA Low and Moderate Income Housing Fund (LMIHF). The Finance Committee voted at its 9/27/06 meeting to recommend approval of the requested funding, with certain conditions. Due to subsequent questions, staff did not forward the Committee's recommendation to the Agency. SBC has now submitted a revised proposal. The Housing & Neighborhood Services Director recommended approval to the Redevelopment Agency of an allocation in the amount of \$1,900,000 from the LMIHF for the proposed Bidwell Park Apartments project, with \$125,000 of that allocation effective upon Agency action and the balance effective 7/01/07, with specified conditions as described further in this report. A supplemental appropriation request will also be included as part of the recommended action at the time the Redevelopment Agency considers the funding request. (Report – Sherry Morgado, Housing & Neighborhood Services Director)

Mayor Holcombe was disqualified on this item and left the Conference Room.

Greg Stone, Randall Stone, and Dennis McLaughlin addressed the Committee in support of this item.

Staff indicated that a portion of the initial \$125,000 allocation would be used for Phase One and Phase Two environmental studies.

Staff noted that while an \$875,000 purchase price may seem costly, an appraisal would have to be done on the properties' current usage as income producing property. The City Manager indicated that site control is very important at this point and the first step would be the Agency allocating the funds to purchase the site in order to prevent it from reverting back to a trailer park.

Councilmember Wahl suggested moving this item forward to the Council with no recommendation. Chair Flynn asked for clarification, if she disagreed with Councilmember Wahl would the item go to Council anyway. Staff indicated that when no motion is made the item goes forward to Council as is, with no recommendation from the Committee.

This item was forwarded to the Council with no recommendation from the Committee.

- D. **Business From the Floor.** None.

- E. **Adjournment and Next Meeting.** The meeting adjourned at 9:15 a.m. The next meeting is scheduled for May 23, 2007, at 8:00 a.m. in Conference Room No. 1.

Lynda Cameron, Administrative Analyst

Distribution:
City Council (7)
Council Office copy - with attachments
Building & Development Services Director
Housing & Neighborhood Services Director
Finance Director



Finance Committee Report

DATE: April 30, 2007

File : [Comm Binder](#)

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD APRIL 26, 2007**

Committee present: Acting Chair Wahl Mayor Holcombe Councilmember Nickell	Staff present: City Manager Jones Assistant City Manager Burkland	Management Analyst Carroll Administrative Analyst Cameron
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Councilmembers Gruendl and Flynn were absent. Mayor Holcombe and Councilmember Nickell served as alternates.

COMMITTEE MATTERS REQUIRING COUNCIL ACTION

A. COMMUNITY ORGANIZATION FUNDING REQUEST RECOMMENDATIONS:

The Committee formulated recommendations to the City Council for funding community organizations in the General Fund/CDBG and Economic Development/Tourism (TOT) categories for the 2007-08 Fiscal Year. All organizations were advised that since every organization was given an opportunity to make a presentation at the Committee's April 12, 2007, meeting, no further testimony from the applicants would be taken unless requested by the Committee. For the Committee's use in formulating its recommendations, the Committee was provided with an agenda report from the Assistant City Manager which sets forth the City Manager's recommendations. Copies of the agenda report and worksheet were provided to all applicants.

Chair Wahl thanked the City Manager for his fair recommendations during the City's tight economic times. He indicated support for a motion to accept "Exhibit A" as it stands.

Councilmember Nickell's motion to accept the allocations on "Exhibit A" was seconded by Mayor Holcombe. The motion carried 3-0.

Mayor Holcombe proposed looking ahead in terms of a different funding strategy. The current 1.3% cost of living adjustment (COLA) and new baseline funding basically eliminated the City's seed money. He favors not giving COLA increases and collecting those funds for seed money, adding he was willing to accept it this year because it was consistent with standard procedure but he wants to look at making a change in the future.

Chair Wahl agreed that this would be a good item to bring forward to Finance Committee. He liked the idea of seed money and is also interested in weaning organizations off City funding once they are up and running.

Mayor Holcombe stated he would formulate a letter to Council in order to get it on a future agenda.

Recommendation: The Committee recommended (3-0) acceptance of the allocations on the attached "Exhibit A" for the Economic Development/Tourism (TOT) and General Fund/CDBG categories.

B. **Business From the Floor.** None.

C. **Adjournment and Next Meeting.** The meeting adjourned at 4:15 p.m. The next meeting is scheduled for May 23, 2007, at 8:00 a.m. in Conference Room No. 1.

Lynda Cameron, Administrative Analyst

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Finance Committee Report

DATE: May 24, 2007

File : [Comm Binder](#)

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD MAY 23, 2007**

<u>Committee present:</u> Chair Gruendl Councilmember Flynn Councilmember Wahl	<u>Staff present:</u> City Manager Jones Assistant City Manager Burkland City Attorney Frank	Accounting Manager Vidners Housing & Neighborhood Serv. Dir. Morgado Administrative Analyst Cameron
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COMMITTEE MATTERS REQUIRING COUNCIL ACTION

- A. **Acceptance of the Community Organization Compliance Audit Report for FY 2005-06.** The Accounting Manager forwarded the Community Organization Compliance Audit report for Fiscal Year 2005-06 which presented the recommendations of staff based on review of audit findings of Nystrom & Company LLP, Certified Public Accountants, retained by the City to review the organizations' compliance with the provisions of the community organization funding agreements. Copies of the agenda report were also provided to all of the Community Organizations along with a notice of today's meeting. Staff recommended acceptance of staff recommendations and acceptance of the FY 05-06 audits.

Councilmember Wahl's motion to accept the Community Organization Compliance Audit Report for FY 2005-06 along with staff recommendations for followup of specific audits as set forth in the staff report was seconded by Councilmember Gruendl.

Recommendation: The Committee recommended (2-1, Flynn absent) acceptance of the Community Organization Compliance Audit Report for FY 2005-06 along with staff recommendations for followup of specific audits as set forth in the staff report.

- B. **Request from Northern Valley Catholic Social Services (NVCSS) for Financial Assistance from the Chico RDA Low and Moderate Income Housing Fund (LMIHF) for the Development of an Affordable Apartment Complex for the Mentally ill.** Northern Valley Catholic Social Services is preparing an application to the Department of Housing and Urban Development (HUD) for funding through the Section 811 program to develop an affordable apartment complex for the mentally ill. NVCSS anticipates that the total development costs will be approximately \$2.5 million, and are requesting a letter of intent from the Chico RDA for an allocation of \$900,000 from the LMIHF for the project. The Housing & Neighborhood Services Director recommended the Finance Committee recommend to the Chico Redevelopment Agency an intent to commit \$900,000 from the LMIHF for the proposed NVCSS HUD Section 811 Project. (Report - Sherry Morgado, Housing & Neighborhood Services Director)

Bob Michaels and Bobbi Sawtelle from North Valley Catholic Social Services spoke in support of this item.

Ms. Sawtelle stated the asking price of the property was \$275,000, adding that the \$900,000 Agency allocation would be expended in the following manner; appraisal, property acquisition, pre-development costs, architectural design, etc.

It was noted that the Agency would hold a deed of trust in order to provide the Agency with an interest in the property to insure the site continues to meet the 40 year requirement by HUD as housing for very low-income persons with disabilities. The HUD 40 year requirement is not consistent with the Agency's 55 year requirement but staff noted that the Agency could condition a 55 year requirement, if desired.

Councilmember Wahl made a motion that the Redevelopment Agency send a letter of intent committing \$900,000 for the proposed NVCSS HUD Section 811 Project pending an appraisal of the property. Councilmember Gruendl seconded the motion.

Recommendation: *The Committee recommended (2-1, Flynn absent) the Redevelopment Agency send a letter of intent committing \$900,000 for the proposed NVCSS HUD Section 811 Project pending an appraisal of the property.*

- C. **Business From the Floor.** None.
- D. **Adjournment and Next Meeting.** The meeting adjourned at 8:25 a.m. The next meeting is scheduled for June 27, 2007, at 8:00 a.m. in Conference Room No. 1.



Lynda Cameron, Administrative Analyst

Distribution:

City Council (7)
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Housing & Neighborhood Services Director
Finance Director
Admin Services Director



Finance Committee Report

DATE: June 29, 2007

File : [Comm Binder](#)

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD JUNE 27, 2007**

<u>Committee present:</u> Chair Gruendl Councilmember Flynn Councilmember Wahl	<u>Staff present:</u> Assistant City Manager Burkland City Attorney Frank Finance Director Hennessy Building & Dev. Serv. Dir. McKinley	Housing & Neighborhood Serv. Dir. Morgado Captain John Rucker Administrative Analyst Cameron
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COMMITTEE MATTERS REQUIRING COUNCIL ACTION

- A. **Request from Caminar, Inc. for an Allocation of \$130,000 as an Augmentation to Their Existing Loan from the Chico Redevelopment Agency's Low and Moderate Income Housing Fund (LMIHF) for Necessary Parking Lot and Drainage Improvements, 2505 Esplanade, Avenida Apartments.** Caminar Inc. is currently in the process of rehabilitating the site at 2505 Esplanade (the original Esplanade House) for conversion into 15 units of permanent affordable housing for persons with disabilities. The Redevelopment Agency previously approved a \$425,000 loan for the costs of the rehabilitation from the LMIHF. In the process of the rehabilitation and improvements to the site, issues related to reconstruction of the existing parking lot and necessary drainage improvements have arisen. The total cost of these improvements is estimated to be \$130,000, and the project is experiencing a \$130,000 shortfall to cover these necessary improvements. The Housing & Neighborhood Services Director recommended the Finance Committee recommend to the Chico Redevelopment Agency an augmentation of \$130,000 to the existing loan to Caminar from the LMIHF for necessary parking lot and drainage improvements at the Avenida Apartments project, 2505 Esplanade. (Report - Sherry Morgado, Housing & Neighborhood Services Director)

Nicole Bateman, Nicolas Ambrosia, and Tom Provost addressed the Committee in support of this item.

Staff indicated that the project had received \$2.1 million in deferred loans for reconstruction, loans which will not need to be paid back if Caminar remains in compliance with the terms of the loans.

Councilmember Wahl made a motion to recommend augmentation of \$130,000 to the existing loan to Caminar from the LMIHF for necessary parking lot and drainage improvements at the Avenida Apartments project, 2505 Esplanade, with the stipulation that when the item goes forward to Council, Caminar will provide a breakdown of all construction costs. Councilmember Flynn seconded the motion.

Recommendation: The Committee recommended (3-0) augmentation of \$130,000 to the existing loan to Caminar from the LMIHF for necessary parking lot and drainage improvements at the Avenida Apartments project, 2505 Esplanade, with the stipulation that when the item goes forward to Council, Caminar will provide a breakdown of all construction costs.

- B. **Consideration of Contractual Services and Lease Agreement with Butte Humane Society, Inc.** Butte Humane Society (BHS) provides services which have permitted the City of Chico to fulfill its State mandated legal requirement to hold stray and quarantined animals for a period of 5 days. BHS also provides adoption and sheltering services which ensure the health and safety of lost, abandoned, or surrendered animals within the Chico urban area. The City and BHS have been negotiating a new contract since the expiration of the previous agreement on 6/30/06. If a new contract is executed, BHS would continue to provide services for the required 5 day holding period under a basic fee for services contractual agreement in a portion of the City's Fair Street facility which the City would provide to BHS on a rent-free basis. The new contract would also provide funds for BHS to accept unclaimed animals that are transferred from the holding facility. Under a separate agreement, BHS would lease a portion of the facility to operate its sheltering/adoption program.

The Assistant City Manager recommended that: (1) the City enter into a Contractual Services Agreement with Butte Humane Society, Inc. for services related to the State mandated 5-day holding period and the transfer of animals to the BHS adoption/sheltering program; and (2) that the City enter into a separate Lease of Improved Real Property Agreement with Butte Humane Society, Inc. for the use of City-owned facilities at 2579 Fair Street, where BHS will operate its adoption/sheltering program.

Donna Heller and Linda Kline addressed the Committee in support of this item.

Staff indicated that quarterly meetings between the City and BHS are being scheduled and comment cards will be available on-site at BHS for citizens to complete so that any future complaints will be able to be handled promptly.

Councilmember Wahl's motion to accept the recommendation as worded in the report was seconded by Councilmember Flynn.

Recommendation: The Committee recommended (3-0) that: (1) the City enter into a Contractual Services Agreement with Butte Humane Society, Inc. for services related to the State mandated 5-day holding period and the transfer of animals to the BHS adoption/sheltering program; and (2) that the City enter into a separate Lease of Improved Real Property Agreement with Butte Humane Society, Inc. for the use of City-owned facilities at 2579 Fair Street, where BHS will operate its adoption/sheltering program.

- C. **Business From the Floor.** None.
- D. **Adjournment and Next Meeting.** The meeting adjourned at 8:40 a.m. The next meeting is scheduled for July 18, 2007, at 8:00 a.m. in Conference Room No. 1.

Lynda Cameron, Administrative Analyst

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Building & Development Services Director
Housing & Neighborhood Services Director
Finance Director
Admin Services Director



Finance Committee Report

DATE: July 23, 2007

File : [Comm Binder](#)

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD JULY 18, 2007**

<u>Committee present:</u> Chair Gruendl Councilmember Flynn Councilmember Wahl	<u>Staff present:</u> City Manager Jones Assistant City Manager Burkland City Attorney Frank Assistant City Attorney Barker Finance Director Hennessy Building & Dev. Serv. Dir. McKinley Human Resources Director Fulks Fire Chief Brown	Chief of Police Hagerty Administrative Services Director Pierce Capital Project Services Director Varga General Services Director Beardsley Planning Services Director Peterson Police Captain Maloney Fire Captain Hunn Administrative Analyst Cameron
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COMMITTEE MATTERS NOT REQUIRING COUNCIL ACTION

- A. **Review of the Deficit Reduction Alternatives Matrix.** At its meeting of 6/05/07, the City Council referred the deficit reduction alternatives matrix to the Finance Committee for further review and discussion. To balance the General and Park Funds Ten-Year Financial Plan and address the structural deficit, actions need to be taken as soon as possible. The City Manager recommended that the Finance Committee further review and comment on the list of alternatives for eventual recommendation to the full City Council for implementation.

The Committee was provided with a copy of a letter from Michelle Pease and a copy of an e-mail from Donald Jordan.

Staff provided an in-depth review of the matrix items and the Committee requested specific information on the following items:

A - 10 PERS - Tiered plan for new employees - Staff indicated that the City could initiate a second tiered formula for new employees with savings realized over time. It is not a very common practice in cities and would require an actuarial from PERS. History has shown that many cities that go to a second tiered formula eventually go back to a one tiered system when financially feasible. **Councilmember Flynn requested information on how common a second tiered formula is throughout the state and for those cities who participate(d), how many of them have returned to the one tiered system.**

B - 1 Renegotiate the Sales Tax Sharing Agreement with Butte County - Staff noted that the sales tax agreement for annexations (44/55 split) arose out of Proposition 13, requiring cities and counties to agree on a property tax sharing agreement. **Councilmember Wahl stated that the City needs to restructure both its agreements with the County, the 45/55 split on annexations and the property tax contribution of 5%. Councilmember Flynn asked that information be obtained from other cities that have successfully sunsetted or reversed tax relationships with counties.**

B - 7 Photo-enforcement for red lights - Staff indicated that a private company could install all the equipment necessary to implement the photo-enforcement system, with the fee structure based either on revenue neutral or revenue positive. However, the revenue can be quite substantial if the revenue positive option is selected. Staff indicated that studies have shown that installations of these systems significantly reduce red light involved accidents over time.

Susan Mason spoke in support of this item.

Councilmember Flynn requested that information on similar sized cities be obtained as to what the potential revenue could be and whether or not this is a feasible option.

Bob Best asked what the real deficit number is and what the target is over a ten year period, adding that with the current hiring freeze, the \$56 million is probably not an accurate number. Staff confirmed that the Committee will be looking at police and fire staffing and service levels, adding that the ten year plan currently projects maintaining existing service levels. ***Chair Gruendl asked to have Mr. Best's question answered for the August 15th meeting.***

Councilmember Flynn proposed adding an item to the list, that City Council suspend their salary and benefits on a temporary basis.

Councilmember Wahl asked the City Manager to give his recommendations on the matrix so that the Committee would have a starting point.

- B. **Business From the Floor.** None.
- C. **Adjournment and Next Meeting.** The meeting adjourned at 10:15 a.m. The next meeting is scheduled for August 15, 2007, at 8:00 a.m. in Conference Room No. 1.

Lynda Cameron, Administrative Analyst

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Housing & Neighborhood Services Director
Finance Director
Admin Services Director
HR Director
Chief of Police



Finance Committee Report

DATE: August 14, 2007

File : [Comm Binder](#)

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD AUGUST 15, 2007**

<u>Committee present:</u> Chair Gruendl Councilmember Flynn Councilmember Wahl	<u>Staff present:</u> Assistant City Manager Burkland City Attorney Frank Assistant City Attorney Barker Finance Director Hennessy Building & Dev. Serv. Dir. McKinley Police Chief Hagerty	Fire Chief Brown Administrative Services Director Pierce Police Captain Rucker Police Captain Maloney Capital Project Services Director Varga Administrative Analyst Cameron
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COMMITTEE MATTERS NOT REQUIRING COUNCIL ACTION

- A. **Review of the Deficit Reduction Alternatives Matrix.** At its meeting of 6/05/07, the City Council referred the deficit reduction alternatives matrix to the Finance Committee for further review and discussion. To balance the General and Park Funds Ten-Year Financial Plan and address the structural deficit, actions need to be taken as soon as possible. The City Manager recommended the Finance Committee further review and comment on the list of alternatives for eventual recommendation to the full City Council for implementation.

Chief Brown presented the Fire Department's 10-year staffing plan which recommended minimum additional staff through 2017-18 at 24.5 positions, or an average of 2.5 positions per year. This includes staffing for Fire Station 7 which is essential to maintain the City's ISO-2 Fire Insurance Rating.

Chair Gruendl asked that staff research what funding, if any, for Fire Station 7 will come from development impact fees for the Northwest Chico Specific Plan.

Chief Hagerty presented the Police Department's 10-year staffing plan which recommended additional staffing through 2016-17 at 41 Sworn and 22 Non-sworn personnel. He indicated that in order to staff at the level of 1.3 officers per 1000 population, 13 positions need to be filled immediately. The staffing plan is a progressive plan based on Chico's future growth and needs.

Councilmember Wahl asked for information on how many officers are needed per 1000 population for cities over 100,000 population.

Bob Best, Preston Dickinson, Lon Glazner, Rick Steele, and Fred Davis addressed the Committee on budget related items.

In response to Mr. Best's inquiry, staff will prepare a memorandum for the 8/22/07 Committee meeting explaining Chico Redevelopment Agency pass through agreements.

Councilmember Flynn asked staff to look at how other municipalities within California collect sales tax on internet sales.

Chair Gruendl indicated that at its meeting of 8/22/07 the Committee will provide definite direction to those items marked "immediate" on the budget deficit reduction matrix.

- B. **Business From the Floor.** None.
- C. **Adjournment and Next Meeting.** The meeting adjourned at 10:05 a.m. The next meeting is scheduled for August 22, 2007, at 8:00 a.m. in Conference Room No. 1.

Lynda Cameron, Administrative Analyst

Distribution:
City Council (7)
Council Office copy - with attachments; Assistant City Manager; Finance Director; Admin Services Director; Chief of Police; Fire Chief



Finance Committee Report

DATE: August 24, 2007

File : [Comm Binder](#)

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD AUGUST 22, 2007**

<u>Committee present:</u> Chair Gruendl Councilmember Flynn Councilmember Wahl	<u>Staff present:</u> Assistant City Manager Burkland City Attorney Frank Assistant City Attorney Barker Finance Director Hennessy Fire Chief Brown Police Chief Hagerty Housing & Neighborhood Serv. Dir. Morgado	Police Captain Maloney Admin Services Director Pierce Capital Projects Serv. Director Varga Building & Dev. Serv. Dir. McKinley Housing Specialist Coles Administrative Analyst Cameron
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COMMITTEE MATTERS REQUIRING COUNCIL ACTION

- A. **Consideration of Revisions to Administrative Procedure and Policy (AP&P) No. 27-10 - Mortgage Subsidy Program (MSP).** Home ownership has become out-of-reach for most lower to moderate income households in Chico. Even with assistance from the City's MSP, the gap between what first-time home buyers can afford and market prices has expanded rapidly in recent years. Due to a shrinking supply of affordable homes on the market, utilization of MSP loans has decreased. In response to these conditions, the Housing Specialist recommended the following changes to AP&P 27-10 to increase loan limits and improve program efficiency: (1) increase the loan limits to \$70,000 for lower income, \$50,000 for median income, and \$30,000 for moderate income households; (2) remove Sec. II.E that requires funding for the program to be allocated on an equal basis to the three income categories set forth in Sec. II.B, with priority based on the date of loan completion within each income category; and (3) revise Sec. II.F.3 that reads: "The City's loan is secured by a deed of trust and shall be subordinate only to a first deed of trust to the principal lender." Adding the following phrase to the end of this section: "with exception of a City-approved federal or state second loan, without which the home purchase would be infeasible." (**Report - James Coles, Housing Specialist**)

Preston Dickenson and Juanita Sumner addressed the Committee on this item.

Chair Gruendl asked staff to provide the Committee with MSP Program brochures from Oroville and Turlock as research indicated these cities closed a high number of loans in 2006-07.

A motion was made by Councilmember Flynn and seconded by Councilmember Wahl to approve revisions to AP&P 27-10 as recommended by staff.

Recommendation: *The Committee recommended (3-0) the following revisions to AP&P 27-10: (1) increase the loan limits to \$70,000 for lower income, \$50,000 for median income, and \$30,000 for moderate income households; (2) remove Sec. II.E that requires funding for the program to be allocated on an equal basis to the three income categories set forth in Sec. II.B, with priority based on the date of loan completion within each income category; and (3) revise Sec. II.F.3 that reads: "The City's loan is secured by a deed of trust and shall be subordinate only to a first deed of trust to the principal lender." Adding the following phrase to the end of this section: "with exception of a City-approved federal or state second loan, without which the home purchase would be infeasible."*

COMMITTEE MATTERS NOT REQUIRING COUNCIL ACTION

- B. **Consideration of a Request from Mortgage Subsidy Program (MSP) Loan Borrower for Loan Financing Agreement.** A letter from Ms. Chopra was received requesting the Committee consider allowing her to repay her MSP loan over the next five years. She will be married in December 2007 and will be vacating the property originally purchased with the MSP loan at that time. The Housing and Neighborhood Services Director recommended approval of the request as follows: (1) payments in the amount of \$250.00 be made monthly from January 2008 through December 2013, at which time the balance of the principal and all accrued interest will be due in full; or (2) if the property is rented, that the monthly rent not exceed \$800, allowing the monthly mortgage payment of \$688 to be paid from rental income as well as cover costs associated with regular maintenance of the unit. (***Report - Sherry Morgado, Housing and Neighborhood Services Director***)

Anu Chopra and Juanita Sumner addressed the Committee on this item.

A motion was made by Councilmember Flynn and seconded by Councilmember Wahl to approve the request for a loan financing agreement with the following conditions: (1) payments in the amount of \$250.00 be made monthly from January 2008 through December 2013, at which time the balance of the principal and all accrued interest will be due in full; or (2) if the property is rented, that the monthly rent not exceed \$800, allowing the monthly mortgage payment of \$688 to be paid from rental income as well as cover costs associated with regular maintenance of the unit. Councilmember Wahl asked for a friendly amendment: (1) that any rental income received over \$800 be paid towards the principal of the loan; (2) that AP&P 27-10 be revised to: a) determine reasonable rental income amounts for non owner-occupied MSP home loan properties; and b) determine a feasible length of time to allow the properties to be non "owner-occupied." The amendment was accepted.

Recommendation: The Committee approved (3-0) the request for a loan financing agreement with the following conditions: (1) payments in the amount of \$250.00 be made monthly from January 2008 through December 2013, at which time the balance of the principal and all accrued interest will be due in full; or (2) if the property is rented, that the monthly rent not exceed \$800, allowing the monthly mortgage payment of \$688 to be paid from rental income as well as cover costs associated with regular maintenance of the unit. Councilmember Wahl asked for the following friendly amendment: (1) that any rental income received over \$800 be paid towards the principal of the loan; (2) that AP&P 27-10 be revised to: a) determine reasonable rental income amounts for non owner-occupied MSP home loan properties; and b) determine a feasible length of time to allow the properties to be non "owner-occupied."

- C. **Continued Discussion of the Budget Deficit Alternatives.** At its meeting of 6/05/07, the City Council referred the deficit reduction alternatives matrix to the Finance Committee for further review and discussion. To balance the General and Park Funds Ten-Year Financial Plan and address the structural deficit, actions need to be taken as soon as possible. The Assistant City Manager recommended the Finance Committee further review and comment on the list of alternatives for eventual recommendation to the full City Council for implementation.

Lon Glazner, Bob Best, Juanita Sumner, Preston Dickenson, and Ken Fleming addressed the Committee on the following budget related items.

A-1 Implement Fleet Utilization Study

A motion was made by Councilmember Flynn and seconded by Councilmember Wahl to forward this item to Council for immediate implementation. The motion carried 3-0.

A-2 Evaluate Energy Usage within City Buildings - Staff reported that Johnson Controls performed a complimentary superficial evaluation of all City buildings that indicated that the City is energy efficient. The company offered to do a more in-depth evaluation which may reveal energy inefficiencies that could ultimately save the City money. This in-depth evaluation would cost \$30,000.

Councilmember Flynn asked for more information and timelines on this item. Chair Gruendl asked staff to research what technology is available that would allow energy lighting for the City's streetlights.

A motion was made by Councilmember Wahl and seconded by Councilmember Flynn to bring the fiscal impact of this item to the next Finance Committee meeting. The motion carried 3-0.

A-3 PERS Tiered plan for new employees - Staff indicated the Committee would need to choose a

formula to offer new employees, suggesting 2.7% @ 55 for miscellaneous and 3% @ 55 for safety. He verified that each actuary costs \$200 and takes six to eight weeks to receive, adding that an “actuarial ordering black-out period” currently exists at PERS so the City would not be able to order any actuarials until October. City Attorney Frank cautioned the Committee that an actuarial is a snapshot in time and only valid for a certain length of time, generally one year.

A motion was made by Chair Gruendl and seconded by Councilmember Wahl to forward this item to the Council. The motion carried 3-0.

B-4 Cancel Cohasset Road Widening Project - Staff indicated that if the City delayed the project rather than canceled it, invested \$1 million in RDA funds, the \$3.5 million in federal grant funds could be saved and the net savings to the RDA would be about \$9 million.

The Committee recommended (3-0) to move the Cohasset Road Widening Project and Fire Station 6 to a separate discussion on RDA/Capital Projects.

B-5 No cost of living adjustment for 1 year (4%)

A motion was made by Councilmember Wahl and seconded by Chair Gruendl to forward this item to the Council. The motion carried 2-1, with Flynn voting against.

B-6 Allow Flexible work hours/job sharing - Staff indicated this would be a savings in benefits only, as it would be part time employees sharing benefits. It could increase morale and recruiting opportunities.

Councilmember Wahl asked staff to provide a fiscal impact to the matrix.

A motion was made by Chair Gruendl and seconded by Councilmember Flynn. The motion carried 3-0.

B-7 & B-8 Decreased work week, Voluntary reduced work week - Staff indicated that if implemented there would be salary and benefits savings, adding this would require meet and confer.

A motion was made by Councilmember Wahl and seconded by Chair Gruendl to forward this item to the Council. The motion carried 3-0.

B-9 Deleting of vacant positions in excess of 1 year - Staff indicated that if a position remains vacant the entire year, the position would be deleted in the next budget cycle, whereas, currently the position is carried forward year after year.

A motion was made by Councilmember Wahl and seconded by Councilmember Flynn to forward this item to the Council. The motion carried 3-0.

B-10 Indemnification clause in developer agreements to cover 3rd party litigation - Staff confirmed that the Map Act authorizes this and added it's a policy matter for the Council. The Council would have to decide if it wants to spread the cost of defense to the taxpayer or to the development community.

Councilmember Wahl asked that when this item goes to Council, staff provide information from previous Council discussions and also requested that input be provided from the development community.

A motion was made by Councilmember Flynn and seconded by Councilmember Wahl to forward this item to the Council. The motion carried 3-0.

B-11 \$5 increase to Parking Fines (from \$15 to \$20)

A motion was made by Councilmember Flynn and seconded by Councilmember Wahl to forward this item to the Council. The motion carried 3-0.

B-12 \$20 Business License Processing Fee - Staff noted that this is basically a cost recovery processing fee.

A motion was made by Councilmember Flynn and seconded by Chair Gruendl to forward this item to the Council. The motion carried 2-1, with Councilmember Wahl voting against.

B-13 Increase Uniform Fire Code Inspections - Staff stated that a portion of the salary for a new Inspector would come from potential revenue generated from increasing inspections.

A motion was made by Chair Gruendl and seconded by Councilmember Wahl to forward this item to the Council. The motion carried 3-0.

C-14 Freeze Management's merit pay system

A motion was made by Councilmember Wahl and seconded by Chair Gruendl to forward this item to the Council. The motion carried 3-0.

C-15 Multi year licenses (Business Licenses, Alarm Permits) - Staff noted this would save in processing costs only.

A motion was made by Councilmember Flynn and seconded by Councilmember Wahl to forward this item to the Council. The motion carried 3-0.

D. **Business From the Floor.** None.

E. **Adjournment and Next Meeting.** The meeting adjourned at 10:05 a.m. The next meeting is scheduled for September 17, 2007, at 6:00 p.m. in Conference Room No. 1.

Lynda Cameron, Administrative Analyst

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Finance Committee Report

DATE: October 5, 2007

File : [Comm Binder](#)

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD SEPTEMBER 26, 2007**

<p><u>Committee present:</u> Chair Gruendl Councilmember Flynn Councilmember Wahl</p>	<p><u>Staff present:</u> Interim City Manager Burkland City Attorney Frank Assistant City Attorney Barker Finance Director Hennessy Interim Asst. City Manager Beardsley Building & Dev. Serv. Dir. McKinley HR Director Fulks</p>	<p>Chief of Police Hagerty Capital Project Services Director Varga City Clerk Presson Admin Services Director Pierce Planning Services Director Peterson Administrative Analyst Cameron</p>
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COMMITTEE MATTERS NOT REQUIRING COUNCIL ACTION

- A. **Consideration of Change in Meeting Day - Finance Committee.** The Committee considered changing its regular meeting day from the 4th Wednesday of the month to the 4th Tuesday of the month. The meeting time will remain the same, 8:00 a.m. to 10:00 a.m.

Councilmember Wahl made a motion that was seconded by Chair Gruendl to change the meeting day to the 4th Tuesday of the month.

Action: The Committee approved (3-0) a change in meeting days to the 4th Tuesday of the month.

- B. **Continued Discussion of the Budget Deficit Alternatives.** The Finance Committee has held a series of meetings to discuss alternatives to balance the General and Park Funds Ten-Year Financial Plan and to address its structural deficit. Because of the complexity of the alternatives presented in the Deficit Reduction Alternatives Matrix, staff recommended that the process be redirected. The Interim City Manager recommended: (1) that staff be directed to formulate specific recommendations to balance the General and Park Funds Ten-Year Financial Plan; and (2) that the Finance Committee provide direction on the purpose and content of public meetings that would provide effective public education on the City's financial situation.

Bob Best, Lon Glazner, Richard Ek, and Juanita Sumner addressed the Committee on this item.

Finance Director Hennessy presented a Power Point Presentation on the "City of Chico's Financial Challenges."

Interim City Manager Burkland informed the Committee that he would bring back specific recommendations on the matrix to the meeting of October 23rd, including the items that the Committee has already addressed.

The Committee, staff and members of the public compiled the following list of possible items to be discussed at the televised meetings:

- Budget Process-Budget 101, total = capital, RDA, etc.
- Understanding the deficit
- What are other cities doing - case studies from other cities
- Economic development
- Per capita revenue - sales tax growth analysis
- True numbers in tax revenue - who else gets the money
- Explain impact of RDA on revenue

- What is the legal requirement to balance the budget
- What is the time frame - what happens if the budget is not balanced
- What does decentralizing government mean
- County agreements - revenue constraints (relative to tax sharing) are there opportunities to renegotiate
- Experience elsewhere - how have other cities dealt with the implications of those agreements over time
- Correlation between how the head count grew and how the city population grew with annexation (staff growth vs. city growth)
- Issues related to annexation - tax split ratios - is the City getting its fair share
- Understanding employee contracts

The Committee agreed that expenditures should be addressed first and that the analysis or information should include prior budget reductions made by staff

The Committee separated the list into the following three segments to be discussed at the televised evening meetings:

- (1) Budget Process 101
- (2) Tax Sharing/Revenue Agreements
- (3) Understanding Employee Contracts

The Committee determined that the public meetings would be held on 10/22/07, 11/05/07 and 11/19/07 in the Council Chambers from 6:30 p.m. to 8:30 p.m. The final recommendations would be discussed at the regular Finance Committee meeting of 11/27/07 and the Committee would forward its recommendations to Council at its meeting of 12/04/07.

Councilmember Wahl made a motion to direct staff to formulate specific recommendations for expenditure reductions and revenue enhancements that can be implemented to balance the Ten-Year Financial Plan. Councilmember Flynn seconded the motion.

Recommendation: The Committee recommended (3-0) that staff be directed to formulate specific recommendations for expenditure reductions and revenue enhancements that can be implemented to balance the Ten-Year Financial Plan.

- C. **Business From the Floor.** None.
- D. **Adjournment and Next Meeting.** The meeting adjourned at 10:00 a.m. The next meeting is scheduled for October 22, 2007, at 6:30 p.m. in the Council Chambers.

Lynda Cameron, Administrative Analyst

Distribution:

City Council (7)
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 City Manager
 Assistant City Manager
 Finance Director
 Admin Services Director



Finance Committee Report

DATE: November 16, 2007

File : [Comm Binder](#)

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD OCTOBER 22, 2007**

<p><u>Committee present:</u> Chair Gruendl Councilmember Flynn Councilmember Wahl</p>	<p><u>Staff present:</u> Interim City Manager Burkland Assistant City Manager Beardsley City Attorney Barker Finance Director Hennessy</p>	<p>Building & Dev. Serv. Director McKinley Administrative Services Director Pierce Administrative Analyst Cameron</p>
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COMMITTEE MATTERS NOT REQUIRING COUNCIL ACTION

- A **Presentation of the City's Financial Challenges.** In an effort to gain public participation to help balance the General and Park Funds' Ten-Year Financial Plan, the Finance Committee has agendized three evening meetings to discuss topics relating to the General and Park Funds' structural deficit. This was the first of the three meetings, in which a presentation entitled "Understanding Your City and Its Finances" was presented by staff to provide background on the City's financial structure, the basics of fund accounting, and the current financial challenges facing the City.

Finance Director Hennessy Jennifer presented "Understanding Your City and Its Finances." She noted that State law requires that the General Fund be balanced on an annual basis. In order to do that, the City has been transferring street, road and gas funds in the amount of \$16.5 million since 1990. The state take began at this time and resulted in take aways in the amount of \$18.5 million.

Staff also provided an informal survey of 18 comparable cities, with Chico ranking 17 out of 18 in revenue per capita.

It was noted by Chair Gruendl that if the 10 year deficit included additional staff and services the deficit would double to 112 million, not including additional capital costs such as the new police station and fire station 7.

Bob Best addressed the Committee on the effect of the General Fund RDA tax increment take-aways, stating the effect on the General Fund almost equals the take-away. He made note that the property taxes for the next 30 years within the RDA will never come to the City, adding there is nothing we can do about it but recognize it. The Finance Director stated it is true that the General Fund loses money to the RDA, this past year it was 4.8 million, which was 10% of the property tax dollar, but the RDA gets 100% of the dollar. The overall purpose of the RDA is to invest back into the community. It was also confirmed that if there was no RDA the tax increment would go back to the taxing entity.

Chair Gruendl addressed the question of how other California cities have handled their financial problems by proposing the City take a case study from a similar city and have them come talk to us about sales tax increases, closing libraries, etc.

Casey Aplan addressed the Committee stating the City needs to either cut expenditures or raise taxes. He also noted that "The Reason Foundation" gives free presentations on local government issues including budget problems. He asked staff to provide a hard copy of the City's debt and assets in total.

Interim City Manager Burkland addressed the question regarding the privatization of the Fire Department, stating it has not been looked at and it is unknown whether it will provide a cost savings. He added that the City will look at privatization for traffic enforcement and airport maintenance.

In response to Richard Ek's question concerning Fire Department overtime versus hiring additional staff, staff indicated that hiring additional staff is paid on a dollar for dollar basis with fringe benefit costs at 62% where overtime is time and a half at 50%, adding that consideration should be given to the cost of workers' compensation and disability when considering overtime hours.

Chair Gruendl addressed the question of a sales tax increase. He confirmed that an increase would have to go to the voters and indicated that he would like to see the City survey residents to see what is important to them.

Staff noted that in order to keep the General Fund in balance in the past, there have been cost cutting measures, most have been done internally and invisible to the general public, such as gas tax and transportation fund transfers. The City borrowed from itself and shifted money, using one time money to fix an ongoing problem. Councilmember Flynn stated part of her concern is Council's fiscal responsibility seven to ten years ago in that it appears that Council disregarded the information and hoped that things would turn around. Finance Director Hennessy said in looking back at the data, the City was experiencing such rapid growth and with that growth, came increased service demands. The City was aware of a problem years ago but at that time it was small and manageable.

It was noted by Chair Gruendl that at one time the City believed it was important to annex the islands to improve service delivery. With the property tax split for annexations at 45/55 with the County getting 55% and the City getting 45%, he indicated it would take a lot of meetings and time to change the tax sharing agreement with the County. Staff noted that every city is required to have a Municipal Affairs Agreement in place and the percentages for annexations are negotiable.

In response to Lon Glazner's question on IAFF salary increases, staff confirmed IAFF received 5% in 2006-07 and will receive 4% every year for the next five years, adding that public safety negotiated their 3% at 50 PERS benefit in 2001. The PERS benefits cannot be reduced for current employees, but the City can offer a two tiered plan for new employees. It was noted that in the next five years cities within the State of California will need to hire 35,000 police officers. The City of Chico does not want to become a training ground because it has a lower benefit level than other cities. Staff confirmed that over the last two years 11 public safety positions have been added to City staff with an average cost with benefits of \$140,000 per year.

Finance Director Hennessy indicated she would have to research and report back to Mr. Glazner on his question concerning RDA spending and how much of it is available for capital projects. Regarding his question on the \$140 million of cash and liquid money, she responded that the bond investments and the balance in Fund 232 are not liquid cash, but rather invested capital.

It was noted by staff that the City hired an Economic Development / Redevelopment Manager to develop an economic strategy to expand and attract new businesses to Chico. The strategy will be presented at the 11/05/07 meeting.

Administrative Services Director Pierce indicated she would have to research and report back to Mr. Best on his question regarding renegotiation of the RDA tax pass-thru agreement.

B. **Business From the Floor.** None.

C. **Adjournment and Next Meeting.** The meeting adjourned at 8:25 p.m. The next meeting is scheduled for October 23, 2007, at 8:00 a.m. in Conference Room No. 1.

Lynda Cameron, Administrative Analyst

Distribution:
City Council (7)
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Building & Development Services Director
Finance Director
Admin Services Director



Finance Committee Report

DATE: November 16, 2007

File : [Comm Binder](#)

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD OCTOBER 23, 2007**

Committee present: Chair Gruendl Councilmember Flynn Councilmember Wahl	Staff present: Interim City Manager Burkland Interim Assistant City Manager Beardsley City Attorney Barker Finance Director Hennessy Building & Dev. Serv. Dir. McKinley	Housing & Neighborhood Serv. Dir. Morgado Chief of Police Hagerty Administrative Services Director Pierce Administrative Analyst Cameron
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COMMITTEE MATTERS REQUIRING COUNCIL ACTION

- A. **Revisions to Housing Rehabilitation Loan Programs - Administrative Procedure and Policies (AP&P) 27-4 and 27-5.** Recent review of the City's Housing Rehabilitation Loan Program has caused staff to reevaluate the manner in which mobile home rehabilitation loans are processed as well as the need for an emergency housing rehabilitation grant program. It was determined that a grant, rather than a loan, to the owners of mobile homes in need of rehabilitation will eliminate the City from becoming the legal owner of the coach being rehabilitated, thereby reducing City liability. In addition, staff reviewed the policy for single family residence rehabilitation and determined that a grant program for emergency home repairs will allow the City to assist homeowners of single family homes that need immediate repairs such as roof replacement, inoperative heat or air systems, or other basic health and safety repairs. The Housing and Neighborhood Services Director recommended modifying AP&P's 27-4 and 27-5 to allow grant funds to be provided to homeowners of either single family homes or mobile homes for necessary repairs, not to exceed \$7,500. **(Report - Sherry Morgado, Housing & Neighborhood Services Director)**

Councilmember Flynn's motion to modify AP&P's 27-4 and 27-5 to allow grant funds to be provided to homeowners of either single family homes or mobile homes for necessary repairs, not to exceed \$7,500 was seconded by Councilmember Wahl. The motion carried 3-0.

Recommendation: *The Committee recommended (3-0) modifying AP&P's 27-4 and 27-5 to allow grant funds to be provided to homeowners of either single family homes or mobile homes for necessary repairs, not to exceed \$7,500.*

- B. **Review and Consideration of Plans for New Police Facility.** As directed by the City Council, the Finance Committee explored and addressed a plan regarding a new police facility. Staff presented its analysis of the need and proposed location of a new police facility on Redevelopment Agency (RDA) owned property at the intersection of Bruce Road and Humboldt Road. The Interim Assistant City Manager recommended: (1) retaining the 5.4 acres owned by the RDA located on the north west corner of Bruce and Humboldt Roads (APN 002-180-087 & 002-180-088) for a future Police Department headquarters facility; and (2) proceeding with plans to develop a master plan for the site and determine a phased improvement plan that will meet the needs of the Police Department. **(Report - Dennis Beardsley, Interim Assistant City Manager)**

Staff indicated that funding for the police facility came from the 2005 bond issuance (Fund 357), with future maintenance and operating costs to come from the General Fund. Staff indicated that the City would retain the use of the current police facility for the needs of the General Services Department. Renovation of the Old Municipal Building is expected to be completed in 2008. Current police offices at Salem Street will be moved to the Old Municipal Building allowing a more visible police presence downtown. Staff stated that the City is looking at space needs as well as efficiency, and will research any and all grant funds that may be available for sustainability.

Councilmember Wahl stated that he could not support this item because “meeting the police department space needs for 20 years” is not an adequate length of time for this amount of money, adding the City needs to have a better control on where it will get the money to build, maintain and operate the facility.

Councilmember Wahl made a motion to have a clear inventory of all available City land and acreage for future building sites. The motion died for lack of a second.

Lon Glazner, Bob Best, Jason Bougie, Debra Lucero and Jim Parrott addressed the Committee on this item.

Councilmember Flynn made a motion to: (1) retain the 5.4 acres owned by the RDA located on the north west corner of Bruce and Humboldt Roads (APN 002-180-087 & 002-180-088) for a future Police Department headquarters facility; and (2) proceed with plans to develop a master plan for the site and determine a phased improvement plan that will meet the needs of the Police Department. Chair Gruendl seconded the motion. The motion carried 2-1, with Councilmember Wahl voting no.

Recommendation: The Committee recommended (2-1, Wahl voting no): (1) retaining the 5.4 acres owned by the RDA located on the north west corner of Bruce and Humboldt Roads (APN 002-180-087 & 002-180-088) for a future Police Department headquarters facility; and (2) proceeding with plans to develop a master plan for the site and determine a phased improvement plan that will meet the needs of the Police Department.

COMMITTEE MATTERS NOT REQUIRING COUNCIL ACTION

- C. **Housing Rehabilitation Program Loan Request for Marc Weisberg, 565 East 19th Street.** Mr. Weisberg has owned the home at 565 East 19th Street since 1987. The home has suffered deferred maintenance and requires numerous repairs as referenced in the staff report. Due to the loan request being greater than \$30,000, Finance Committee approval was required. The Housing and Neighborhood Services Director recommended approval of a deferred loan in the amount of \$43,550 from HOME funds.

Councilmember Wahl's motion to approve a deferred loan in the amount of \$43,550 was seconded by Chair Gruendl. The motion carried 2-0, with Councilmember Flynn absent.

Action: The Committee approved (2-0, Flynn absent) the deferred loan in the amount of \$43,550.

- D. **Discussion of Maintenance District 553 Assessments.** At its meeting of 8/07/07, the City Council referred a request from Cyril Weagle regarding his concerns about Maintenance District No. 553 assessments. Mr. Weagle requested that: (1) the charges for this district be reviewed for appropriateness; and (2) that the City refund any overpayments that are identified. Staff's findings are that: (1) the assessments, which are based on a percentage of the CMD 531 costs, are appropriate, and (2) overpayments from 2006-07 have been credited to the subsequent fiscal year, resulting in a zero assessment in FY 2007-08. The Building & Development Services Director recommended that no action be taken on the City's part. ***(Report - Fritz McKinley, Building and Development Services Director)***

Staff noted a revision to the staff report, CMD 553 costs should have been calculated at 4% rather than 6%. The CC&R's will be corrected to reflect this change.

Cy Weagle addressed the Committee in support of this item.

In response to Mr. Weagle's questions, staff responded that the City does not mail notices on assessments and that citizens are welcome to come in to the City for clarification on assessments. City Attorney Barker stated that at the time of purchase, the title report for properties located in the CMD's will have a CC&R indicating the maximum amount that can be charged. She added that CMC Sec. 3.81.270 states that when there is an annual assessment that exceeds actual costs it is reduced by a credit the next fiscal year. Staff will research the feasibility of either posting information of the actual CMD assessment to the City's website or publishing in the local newspaper. Building and Development Director Services McKinley told Mr. Weagle that he would inform him of the credit remaining in the CMD account at the end of the 2006-07 fiscal year.

No action was taken on this item.

- E. **Consideration of Request from Mortgage Subsidy Program Borrower, Jaime Miskella, to Rent Her Home at 1218 North Cedar Street.** As a result of safety concerns caused by ongoing crime in the area, Ms. Miskella listed her home for sale in May, 2007. She is asking to be allowed to rent the home until it sells or through 6/30/09, whichever comes first. If the home does not sell prior to 6/30/09, Ms. Miskella has indicated she will be able to repay the loan in full. The Housing and Neighborhood Services Director recommended that Ms. Miskella be allowed to rent the property at 1218 North Cedar Street until it sells, or no later than 6/30/09, for a monthly rent not to exceed fair market value for a home in this location. ***(Report - Sherry Morgado, Housing & Neighborhood Services Director)***

Councilmember Wahl's motion to approve renting of the property at 1218 North Cedar Street was seconded by Councilmember Flynn. The motion carried 3-0.

Action: The Committee approved (3-0) the request to allow the rental of the property located at 1218 North Cedar Street.

- F. **Continued Discussion of the Budget Deficit Alternatives.** The Finance Committee has held a series of meetings to discuss alternatives to balance the General and Park Funds' Ten-Year Financial Plan and to address its structural deficit. At the direction of the Committee, staff has prepared the first phase of proposed expenditure reductions. The Interim City Manager recommended the list of expenditure reductions be forwarded to the City Council for review and consideration at a meeting in December, at which time, recommendations from the additional budget meetings will also be included.

The Committee was provided with a letter from B. T. Chapman, Chair, Butte County Library Advisory Board.

Councilmember Wahl requested that cost savings be provided for Exhibits A and B.

Lon Glazner, Jason Bougie, Debra Lucero, Macy Kelly, and Bob Best addressed the Committee on this item.

The Committee indicated that at its next regular meeting of 11/27/07 it will make recommendations on the list of expenditure reductions recommended by the Interim City Manager.

- G. **Business From the Floor.** None.
- H. **Adjournment and Next Meeting.** The meeting adjourned at 10:05 a.m. The next meeting is scheduled for November 5, 2007, at 8:00 a.m. in Conference Room No. 1.

Lynda Cameron, Administrative Analyst

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Building & Development Services Director
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Admin Services Director
Cyril Weagle



Finance Committee Report

DATE: November 14, 2007

File : [Comm Binder](#)

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD NOVEMBER 5, 2007**

<p><u>Committee present:</u> Chair Gruendl Councilmember Flynn Councilmember Wahl</p>	<p><u>Staff present:</u> Interim City Manager Burkland Interim Assistant City Manager Beardsley City Attorney Barker Finance Director Hennessy Capital Project Services Director Varga</p>	<p>Administrative Services Director Pierce Economic Dev. Red. Mgr. Wescoat-Andes Administrative Analyst Cameron</p>
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COMMITTEE MATTERS NOT REQUIRING COUNCIL ACTION

- A. **Presentation of the City's Financial Challenges.** In an effort to gain public participation to help balance the General and Park Funds' Ten-Year Financial Plan, the Finance Committee agendized three evening meetings to discuss topics relating to the General and Park Funds' structural deficit. This was the second of the three meetings.

The focus of this meeting was to provide answers to questions from the session of 10/22/07 and information related to the benefits of Economic Development.

Finance Director Hennessy gave a presentation which provided answers to the questions from the meeting of 10/22/07, looked at other cities with similar budget problems and provided an explanation of tax sharing agreements. In giving further details about the City of Vallejo, she noted that their sales tax rate was 7.375% and their revenue per capita was \$702.

Administrative Services Director Pierce gave an overview of Redevelopment Agency pass through agreements and also addressed questions from the meeting of 10/22/07 as to whether the RDA can renegotiate its' pass through agreements.

Prior to 1994, when a redevelopment project was formed, a redevelopment agency would enter into pass through agreements, called contractual pass through agreements, with other public agencies who receive a portion of the property tax collected by the respective counties. This was done to ensure that those agencies would continue to receive a portion of the tax revenues that they would have received if the project area had not been formed and the property taxes redistributed.

Agencies understood that the value of the smaller percentage they would receive from the redistribution of property taxes, or the tax increment, would grow to a greater amount than they would have received without the improvements made possible through redevelopment.

The public agencies who share tax increment revenue with the Chico Redevelopment Agency include: Butte County; Butte County Mosquito and Vector Control District; Chico Area Recreation and Park District; Butte County Superintendent of Schools; Butte Community College District; Chico Unified School District; and the City of Chico.

The Community Redevelopment Reform Act of 1993 (AB 1290) abolished the authority of the Agency to negotiate contractual pass through agreements with taxing entities. Instead, for any new project formed after January 1, 1994, or for any existing project whose Redevelopment Plan was amended after January 1, 1994, the legislation established specific formulas to calculate the amount of the pass through payments. These payments are referred to as "statutory pass through payments."

While the State abolished the authority to negotiate pass through agreements, there is nothing to prohibit the Agency from asking a taxing entity to accept lesser payments. There is, however, no incentive for the taxing entity to do so. Furthermore, if an agency were to agree to accept a smaller pass through, the difference would be distributed to the Redevelopment Agency and not to the City's General Fund.

In response to the question about the RDA gaining \$27 million per year while the General Fund foregoes \$5 million per year and what the true effect of the RDA is on the General Fund, Chair Gruendl explained that the \$27 million is a tax increment not revenue from a bond. The RDA works off of debt and has two funding streams, the regular tax increment that goes into funding low/mod housing and the funding that goes directly to paying off debt.

Bob Best addressed the Committee on this item.

Finance Director Hennessy confirmed that of the \$27 million that the RDA receives annually, \$6 million is given back to the taxing entities, \$5 million funds low/mod housing, \$8 million pays the loan interest, \$1 - 2 million goes to administration, \$1.9 million goes to the nitrate action plan and \$5 million funds capital projects.

Regarding renegotiating tax sharing agreements, Administrative Services Director Pierce stated the Municipal Affairs Agreement shall remain in full force and effect forever, unless terminated earlier by mutual agreement. The agreement could be renegotiated if there were incentives for both parties. Amending the Municipal Affairs Agreement would not result in a change to the City's sales tax rate. The City's Sales and Use Tax Ordinance would have to be amended and be approved by two-thirds of the voters.

Chair Gruendl reviewed the "triple flip" which is sales tax, property tax, and ERAF monies. He noted the State takes more for sales tax in exchange for providing more in property tax. He indicated this might be worth looking at with the current budget shortfall. Administrative Services Director Pierce offered to do some research on this item.

Economic Development/Redevelopment Manager Wescoat-Andes presented her strategy on Economic Development. Economic Development is the City's commitment to look at better ways to enhance revenue, adding that in 2005 the City Council made the decision to support economic development rather than increase taxes.

In response to the question on how the City will work with businesses to accomplish the goals outlined in the economic development strategy presentation, EDRM Wescoat-Andes stated she is a resource for existing businesses wishing to expand and new businesses.

In response to the question regarding the City getting its money's worth out of charrettes such as the downtown parking charette and will that help bring more economic growth downtown, staff indicated that the downtown charrette focused on parking, and long range direction for downtown, so economics may be difficult to determine. Councilmember Flynn interjected she is not a big fan of charettes, she questions if unreasonable expectations aren't generated.

Michael Trolinder stated the downtown charette results were very accurate and should be implemented.

- B. **Business From the Floor.** None.
- C. **Adjournment and Next Meeting.** The meeting adjourned at 8:35 p.m. The Finance Committee will meet on November 19th from 6:30 - 8:30 p.m. in the Council Chambers for further discussion of the City's budget. The next regular Finance Committee meeting is scheduled for Tuesday, November 27, 2007, at 8:00 a.m. in Conference Room No. 1.

Lynda Cameron, Administrative Analyst

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City Council (7); Council Office copy - with attachments; Building & Development Services Director; Finance Director
Admin Services Director



Finance Committee Report

DATE: November 21, 2007

File : [Comm Binder](#)

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD NOVEMBER 19, 2007**

<u>Committee present:</u> Chair Gruendl Councilmember Flynn Councilmember Wahl	<u>Staff present:</u> Interim City Manager Burkland Assistant City Manager Beardsley City Attorney Barker	Finance Director Hennessy Administrative Services Director Pierce City Clerk Presson
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COMMITTEE MATTERS NOT REQUIRING COUNCIL ACTION

- A. **Presentation of the City's Financial Challenges.** In an effort to gain public participation to help balance the General and Park Funds' Ten-Year Financial Plan, the Finance Committee agendaed three evening meetings to discuss topics relating to the General and Park Funds' structural deficit. This was the third of the three meetings.

Staff presented information on the City's financial challenges.

Stephanie Taber, Bob Best and Casey Aplanap addressed the Committee on this item.

This item was information purposes only. No action was taken on this item.

- B. **Business From the Floor.** None.

- C. **Adjournment and Next Meeting.** The meeting adjourned at 8:00 p.m. The next meeting is scheduled for November 27, 2007, at 8:00 a.m. in Conference Room No. 1.

Lynda Cameron, Administrative Analyst

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Building & Development Services Director
Housing & Neighborhood Services Director
Finance Director
Admin Services Director



Finance Committee Report

DATE: November 30, 2007

File : [Comm Binder](#)

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD NOVEMBER 27, 2007**

<p><u>Committee present:</u> Chair Gruendl Councilmember Flynn Councilmember Wahl</p>	<p><u>Staff present:</u> Interim City Manager Burkland Interim Assistant City Manager Beardsley City Attorney Barker Finance Director Hennessy Administrative Services Director Pierce</p>	<p>Fire Chief Brown Police Chief Hagerty Housing & Neighborhood Serv. Dir. Morgado Housing Specialist Coles Administrative Analyst Cameron</p>
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COMMITTEE MATTERS NOT REQUIRING COUNCIL ACTION

- A. **Property Acquisition Plan for Affordable Housing.** HNS Staff drafted guidelines that it plans to follow for affordable housing property acquisition. It is a process in which the Agency creates an inventory of opportunity sites, strategically acquires priority properties, and then issues Requests for Proposals to develop them. The purpose of these guidelines is to: 1) better coordinate affordable housing with general plan, neighborhood plan, and redevelopment plan goals; 2) increase cost efficiency; 3) improve control over the development process; and 4) develop high quality projects. HNS Staff shared an outline of this process to inform the Finance Committee of the proposed guidelines and receive feedback on how it might work for the greatest benefit to the Agency and the community at large. ***(Report - James Coles, Housing Specialist)***

Juanita Sumner addressed the Committee on this item.

No action was taken on this item.

- B. **Continued Discussion of the Budget Deficit Alternatives.** The Finance Committee has held a series of meetings to discuss alternatives to balance the General and Park Funds' Ten-Year Financial Plan and to address its structural deficit. Staff presented a comprehensive plan to balance the City's 10-year Financial Plan.

Bob Best, Lon Glazner, Juanita Sumner and Debra Lucero addressed the Committee on this item.

Staff proposed a comprehensive strategy to balance the City's ten-year financial plan. Phase 1 would not reduce service levels but would reduce the deficit on a permanent basis of \$2.6 million per year. Phase 2 would begin immediately on a parallel track with the intention to bring items to the Finance Committee in successive months and to the Council in April 2008. Implementation of Phase 3, a financial strategy, will address the structural imbalance and provide for future needs of the City.

Action: *The Committee conceptually approved the Strategy to Balance the City's 10 Year Financial Plan.*

Staff indicated that the current deficit is \$4.9 million and is increasing by \$1 million each year. The \$2.6 million will help but will not balance the budget. Councilmember Wahl asked for a cost accounting of what budget cuts the City is making this year and how it will affect the 2007-08 budget. Chair Gruendl stated a five-year forecast may be more appropriate than the ten-year forecast, adding that the policies in place with the ten-year planning tool are making it difficult to address the immediate needs. Staff said a five-year forecast can be provided, if desired by the Committee.

Exhibit A-1

Item 1 - Limit medical insurance contribution

Staff indicated that this is a meet and confer issue and that the Health Insurance Review Committee would need to begin the process.

Councilmember Wahl's motion to limit the medical insurance contribution to City employees was seconded by Councilmember Flynn.

Action: *The Committee approved (3-0) limiting the medical insurance contribution to City employees and forwarded this item to the Council as a recommended budget cut.*

Item 2 - Reduce Fire Department overtime

Frank Zebley, Lon Glazner and Juanita Sumner addressed the Committee on this item.

Staff indicated that the way the recommendation reads, the level of service would definitely change. Fire Chief Brown noted that the target savings are there, but the recommendation needs to be restated in a way service levels are not compromised. He will formulate a strategy for saving money and earning revenue.

Councilmember Flynn stated that the City is in a position as a community to attract new businesses. In order to remain competitive as an economic community we don't want to lower our public safety levels.

Councilmember Flynn's motion to restate the recommendation for the Fire Department to indicate a goal of \$350,000 - \$400,000 savings per year was seconded by Councilmember Wahl.

Action: *The Committee approved (3-0) the Fire Department goal of \$350,000 - \$400,000 savings per year and forwarded this item to the Council as a recommended budget cut.*

Item 3 - Reduce Fleet Replacement Reserve

Councilmember Wahl's motion to reduce the fleet replacement reserve by \$300,000 for the next four years was seconded by Councilmember Flynn.

Action: *The Committee approved (3-0) reducing the fleet replacement reserve by \$300,000 for the next four years and forwarded this item to the Council as a recommended budget cut.*

Item 4 - Reduce Community Agency Funding

Debra Lucero and Susan Mason addressed the Committee on this item.

After questions about segregating the revenue streams, staff reminded the Committee that with the new formula for community organization funding, TOT is no longer separated from the general fund categories.

Councilmember Wahl made a motion to move this item forward to the Council with no recommendation in community organization funding cuts but to direct staff to invite each organization to the Council meeting of 12/18/07 to explain why they need 100% of their funding. Councilmember Flynn seconded the motion.

Action: *The Committee approved (3-0) forwarding to the Council with no recommendation for cuts in community organization funding but to direct staff to invite each organization to the Council meeting of 12/18/07 to explain why they need 100% of their funding.*

Item 5 - Reduce Transfer to Private Development Fund

Staff indicated that the study on the Development Fees would be finalized in April 2008.

Councilmember Flynn's motion to approve reduction in transfers to the private development fund by revision of Development fees was seconded by Chair Gruendl.

Action: *The Committee approved (2-1, Wahl voting no) a reduction in transfers to the private development fund by revision of Development fees and forwarded this item to the Council as a recommended budget cut.*

Item 6 - Freeze Managements' Merit Pay for 1 year

Lon Glazner addressed the Committee on this item.

In response to why there was such an increase in managerial pay since 2001, staff indicated that in 2001 data showed that half of the managers were at the maximum of their salary table. In 2002 the Council approved an increase to the top end of the salary table, allowing managers to begin receiving merit pay increases. A number of positions have also been reclassified from union positions to management positions.

Councilmember Wahl's motion to freeze management merit pay for one year was seconded by Councilmember Flynn.

Action: *The Committee approved (3-0) freezing management merit pay for one year and forwarded this item to the Council as a recommended budget cut.*

Item 7 - Reduce Butte County Library Funding

Macy Kelly, Joan Olmstead, Frank Zebley and Mary Wahl addressed the Committee on this item.

Chair Gruendl suggested a subcommittee be formed to discuss alternatives for funding (sales tax percentage, assessment district, etc).

Councilmember Wahl's motion to not reduce the funding for the Butte County Library was seconded by Councilmember Flynn.

Action: *The Committee approved (3-0) no reduction in funding for the Butte County Library and forwarded this item to the Council.*

- C. **Consideration of Change in Meeting Date - Finance Committee December Meeting.** The December Finance Committee meeting falls on 12/25/07. The Committee was asked to consider a different date for the December meeting.

Action: The Committee changed the December meeting date to Wednesday, December 5, 2007.

- D. **Business From the Floor.** None.

- E. **Adjournment and Next Meeting.** The meeting adjourned at 10:05 a.m. The next meeting is scheduled for December 5, 2007, at 8:00 a.m. in Conference Room No. 1.

Lynda Cameron, Administrative Analyst

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Admin Services Director



Finance Committee Report

DATE: December 15, 2007

File : [Comm Binder](#)

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD DECEMBER 5, 2007**

<p><u>Committee present:</u> Chair Gruendl Councilmember Flynn Councilmember Wahl</p>	<p><u>Staff present:</u> Interim City Manager Burkland Interim Assistant City Manager Beardsley City Attorney Barker Finance Director Hennessy Building & Dev. Serv. Dir. McKinley Capital Project Services Director Varga</p>	<p>Administrative Services Director Pierce Planning Services Director Peterson Human Resources Director Fulks City Clerk Presson Fire Chief Brown Administrative Analyst Cameron</p>
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COMMITTEE MATTERS REQUIRING COUNCIL ACTION

- A. **Continued Discussion of the Budget Deficit Alternatives.** The Finance Committee held a series of meetings to discuss alternatives to balance the General and Park Funds' Ten-Year Financial Plan and to address its structural deficit. At its 11/27/07 meeting, the Finance Committee reviewed a comprehensive strategy to address the structural imbalance in the General Fund and provide for future needs. This meeting was a continuation of that review. The Interim City Manager recommended that the Finance Committee approve the strategy to balance the City's 10 Year Financial Plan which includes the following elements: (1) adoption of a resolution to conduct a one-year budget for Fiscal Year 2008-09; (2) approval of immediate expenditure/revenue measures recommended by the Committee; and (3) approval of staff's proposal to conduct a citywide survey to gain insight into the needs and priorities of the community to assist Council in determining the appropriate level for all City services in the future. **(Report - Dave Burkland, Interim City Manager)**

The Committee discussed Attachment "A" - Expenditure Reduction Matrix and made the following recommendations:

Item 8 - Reduce Cost of Processing Business Licenses by Issuing a 2-year Business Licence

Katrina Davis and Frank Zebley addressed the Committee on this item.

Staff indicated that savings would be in the annual cost of processing the licenses.

Councilmember Flynn's motion to approve the issuance of a 2-year business license to reduce processing costs was seconded by Councilmember Wahl.

Action: The Committee approved (3-0) the issuance of a 2-year business license and forwarded this item to the Council as a recommended budget cut.

Item 9 - Privatize Airport Operations

Juanita Sumner and Frank Zebley addressed the Committee on this item.

Staff indicated that researching privatization for airport operations was one of the Airport Commission's Work Plan items, adding that savings would come from the salary and benefits of the Field Supervisor position assigned to the airport.

Councilmember Wahl's motion to privatize the airport operations was seconded by Councilmember Flynn.

Action: The Committee approved (3-0) privatization of airport operations and forwarded this item to the Council as a recommended budget cut.

Item 10 - Partially Close City Hall between Christmas and New Year

Frank Zebley and Juanita Sumner addressed the Committee on this item.

Staff indicated that this is a meet and confer item and would not be in place until 2008, adding that the savings would be in energy costs. The Committee directed staff to track the 2007 vacation usage during Christmas and New Year.

Councilmember Wahl's motion to partially close City Hall between Christmas and New Year was seconded by Councilmember Flynn.

Action: The Committee approved (3-0) partially closing City Hall between Christmas and New Year and forwarded this item to the Council as a recommended budget cut.

Item 11 - Reduce Contributions to CMD's

Staff indicated that there are 200 CMD's that have met their allowable maximum assessment, adding that if the City conducted a vote by ballot and the property owners voted against increasing the assessment, the City would not be obligated to continue certain levels of service, depending on the type of service. Councilmember Wahl requested information on the cost to conduct a vote.

Councilmember Flynn's motion to reduce contributions to CMD's by increasing the maximum assessments limitations was seconded by Councilmember Wahl.

Action: The Committee approved (3-0) reducing contributions to CMD's by increasing the maximum assessments limitations and forwarded this item to the Council as a recommended budget cut.

Item 12 - Research a Two-tiered Retirement Benefit System

Staff stated that actuarials had been requested from PERS and that information should arrive by January 1st, noting that this is a meet and confer item. In response to the effects a two-tiered benefit would have on intangible costs, staff indicated one of the most concerning effects is competition in the open marketplace, adding that going to a reduced benefit for law enforcement would make the City a non-competitive employer.

Councilmember Wahl made a motion to research a two-tiered retirement benefit system. The motion was seconded by Councilmember Flynn.

Action: The Committee approved (3-0) researching a two-tiered retirement benefit system and forwarded this item to the Council as a recommended budget cut.

Item 13 - Develop Sustainability Features in the New Police Facility

Councilmember Flynn made a motion to develop sustainability features on any new facility the City builds to reduce on-going operating costs. The motion was seconded by Councilmember Wahl.

Action: The Committee approved (3-0) developing sustainability features on any new facility the City builds to reduce on-going operating costs and forwarded this item to the Council as a recommended budget cut.

Item 14 - Research Pension Obligation Bond to Refinance Pers Liability

Bob Best addressed the Committee on this item.

Staff indicated that an analysis should be done on this item before it goes to Council.

Councilmember Flynn's motion to research a pension obligation bond to refinance PERS liability was seconded by Councilmember Wahl.

Action: The Committee approved (3-0) researching a pension obligation bond to refinance PERS liability and forwarded this item to the Council as a recommended budget cut.

Attachment B - Immediate Revenue Enhancement

Item 1 - Increase Parking Citation Fine from \$15 to \$20

Item 2 - Increase Late Penalty for Delinquent Parking Citations

Item 4 - Expand Parking Enforcement Efforts

Katrina Davis, Mike Trolinder, Juanita Sumner and Frank Zebley addressed the Committee on this item.

Responding to a question on parking enforcement, staff stated that two officers are assigned to downtown, one full-time and the other half-time.

Katrina Davis stated she met with a private enforcement company and other cities that have gone to private enforcement and 90% have shown a significant savings. She encouraged Council to look at a proposal for privatizing enforcement.

Councilmember Flynn made a motion that the increase in parking fines, the increase in late penalty for delinquent parking citations and the expanded parking enforcement efforts be considered in conjunction with the Downtown Access Plan. Chair Gruendl seconded the motion.

Action: The Committee approved (2-0-1, Wahl disqualified) considering the increase in parking fines, the increase in late penalty for delinquent parking citations and the expanded parking enforcement efforts in conjunction with the Downtown Access Plan and forwarded this item to the Council as a recommended budget cut.

Item 3 - Policy and Fee Update for the Usage of the Council Chambers and Conference Rooms

Juanita Sumner addressed the Committee on this item.

Staff indicated that clarifying the City's current policy in the following manner: (1) non-profit status; (2) increase in fees; and (3) consistency in reservations would allow the City to maintain status quo on the costs for room reservations.

Councilmember Flynn's motion to update the policy and fees for the usage of the Council Chambers and Conference Rooms was seconded by Councilmember Wahl.

Action: The Committee approved (3-0) updating the policy and fees for the usage of the Council Chambers and Conference Rooms and forwarded this item to the Council as a recommended budget cut.

- B. **Business From the Floor.** None.
- C. **Adjournment and Next Meeting.** The meeting adjourned at 9:50 a.m. The next meeting is scheduled for January 23, 2008, at 8:00 a.m. in Conference Room No. 1.

Lynda Cameron, Administrative Analyst

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