



FINANCE COMMITTEE AGENDA

Meeting of July 26, 2011 – 8:00 a.m. to 10:00 a.m.

A Committee of the Chico City Council:
Councilmembers Sorenson, Flynn and Chair Gruendl
Council Chamber Building, 421 Main Street, Conference Room No. 1

REGULAR AGENDA

- A. **Consideration of a Request from the Far West Heritage Association to Continue its Occupancy and Use of City-owned Property as the Chico Museum** - The City's agreement with the Far West Heritage Association (Association) for its occupancy and use of the City-owned property located at 141 Salem Street, Chico, California, and one no cost parking space in City's Municipal Parking Lot No. 2, terminates on October 31, 2011. The Association has requested to enter into a new agreement with the City in order to continue its use of the property as the Chico Museum. At today's meeting, the Finance Committee will consider the Association's request. **(Report - City Manager Dave Burkland)**
- Recommendation** – The City Manager is asking that the Finance Committee recommend authorization by the City Council for the City Manager to execute a new agreement with the Far West Heritage Association for its occupancy and use of City-owned property located at 141 Salem Street, Chico, California, for the Association's continued use as the Chico Museum, and one no cost parking space in City's Municipal Parking Lot No. 2, subject to the negotiation of terms and conditions related to the operation and maintenance of the property and building by the Association.
- B. **Report on Mortgage Subsidy Short Sale** - Staff is directed per AP&P 27-10 to report on City Manager approved short sales when the Finance Committee is unable to meet in time to accommodate the superior lien holder's closing deadline. One short sale was approved in May 2011. **(Report – Sherry Morgado, Housing and Neighborhood Services Director)**
- C. **Reports and Communication** - The following report and communication items are provided for the Committee's information. No action can be taken on these items unless the Committee agrees to include them on a subsequent posted agenda.
- 1) **Quarterly Report for the Period 4/1/11 through 6/30/11 of Housing Rehabilitation Program Loan Activity** - At the Finance Committee meeting of 2/24/09, staff was requested to provide quarterly reports of the Housing Rehabilitation Program loan activity. For this reporting period, there were five grants executed and no loans processed. **(Report - Sherry Morgado, Housing and Neighborhood Services Director)**
 - 2) Monthly report on Q&A from citizens regarding City finances
- D. **Business from the Floor** - Members of the public may address the Committee at this time on any matter not already listed on the agenda, with comments being limited to three minutes. The Committee cannot take any action at this meeting on requests made under this section of the agenda.
- E. **Adjournment and Next Meeting** - The meeting will adjourn no later than 10:00 a.m. The next regular Finance Committee meeting is scheduled for Tuesday, August 23, 2011, at 8:00 a.m. in Conference Rm. No. 1.

Distribution available in the office of the City Clerk

Prepared: 7/21/11
Posted: 7/21/11
Prior to: 5:00 pm

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Finance Committee Agenda Report

Meeting Date: July 26, 2011

TO: Finance Committee

FROM: City Manager (896-7201)

RE: Consideration of a Request from the Far West Heritage Association to Continue its Occupancy and Use of City-owned Property as the Chico Museum

REPORT IN BRIEF:

The City's agreement with the Far West Heritage Association (Association) for its occupancy and use of the City-owned property located at 141 Salem Street, Chico, California, and one no cost parking space in City's Municipal Parking Lot No. 2, terminates on October 31, 2011. The Association has requested to enter into a new agreement with the City in order to continue its use of the property as the Chico Museum. At today's meeting, the Finance Committee will consider the Association's request.

Recommendation:

The City Manager is asking that the Finance Committee recommend authorization by the City Council for the City Manager to execute a new agreement with the Far West Heritage Association for its occupancy and use of City-owned property located at 141 Salem Street, Chico, California, for the Association's continued use as the Chico Museum, and one no cost parking space in City's Municipal Parking Lot No. 2, subject to the negotiation of terms and conditions related to the operation and maintenance of the property and building by the Association.

FISCAL IMPACT:

Association's use of the property and building does not generate revenue for the City, however, the Association is responsible for all maintenance of and repairs to the property, except for the exterior of the building which City maintains, some utility expenses, all taxes or assessments levied on the property, with the City and community receiving a benefit from and enjoyment of a local public museum.

Per the current agreement, the City retains responsibility for the maintenance and repair of the exterior of the building, the required annual elevator maintenance and inspections, and some utility expenses (PG&E and water). In 2010 the PG&E expense was approximately \$8,854. In light of the City's financial constraints, it is the City Manager's intention to negotiate with the Association for its payment of all utility costs associated with its use of the property.

BACKGROUND:

The purpose of the Far West Heritage Association (formerly the Chico Museum Association) is to preserve and promote the history of the City of Chico and the surrounding area through the acquisition, interpretation, and exhibition of historical objects and similar items. The Association has continuously operated the Chico Museum at 141 Salem Street since the original agreement between the City and Association was executed in 1981 presenting numerous exhibits and educational events benefitting both local visitors and those from out of the area. The City-owned historic Carnegie Library building is enhanced by its use as the Chico Museum and is an established landmark significantly contributing to the ambience of the Chico downtown area.

DISCUSSION:

By letter dated February 3, 2011 (Attachment 1), the Association has requested that the City renew its agreement for the occupancy and use of City-owned property as the Chico Museum with the existing terms and conditions and the request that the City consider making a number of improvements to the building. Staff met with

RE: Request from Far West Heritage Association

Meeting Date: July 26, 2011

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Association members and visited the site to discuss the desired maintenance projects and possible capital improvement projects that the Association would like to initiate. Understanding that the City is not in a financial position to commit to making improvements to the building at this time, by letter dated June 13, 2011 (Attachment 2), the Association has asked that the City agree to meet periodically to discuss future funding of maintenance projects and major capital improvements to the building and grounds.

Key terms and conditions of the proposed agreement include:

1. An initial agreement term of 10-years beginning November 1, 2011, and ending on October 31, 2021, with the option for two additional five-year extended terms.
2. Association shall maintain the use of the property as a public museum, endeavor to display items of local historic interest, and open the museum to the general public a minimum of 20 hours per week.
3. In addition to the occupancy and use of the property, Association will have the use of one no cost parking space for museum parking in City's Municipal Parking Lot No. 2.
4. City agrees to meet annually with Association to discuss and prioritize maintenance projects that could potentially be included in the next annual City budget and to meet on each five-year anniversary of the agreement to explore possibilities for funding major capital improvements to the building and grounds.

Additional terms and conditions related to the operation and maintenance of the property by the Association, such as responsibility for utility costs and annual reporting requirements, have yet to be negotiated.

Prepared by:


Deborah M. Collins, Management Analyst

Approved by:


David Burkland, City Manager

DISTRIBUTION:

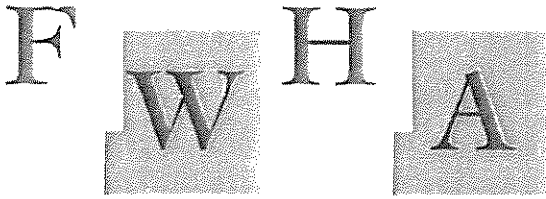
City Clerk (17)
Far West Heritage Association

ATTACHMENTS:

Attachment 1 - Letter dated February 3, 2011
Attachment 2 - Letter dated June 13, 2011

FILE:

L-AGR-1-64-3



FAR WEST HERITAGE ASSOCIATION
Stewards of the Chico Museum
and Patrick Ranch Museum

270 Boeing Ave. #1
Chico, CA 95973

530.892.1525 office
530.892.1524 fax

www.farwestheritage.org

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CITY MANAGER
CITY OF CHICO

February 3, 2011

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Staff

Arlene Ward
FWHA Office Manager

John Chambers
Patrick Ranch Museum Manager

Melinda Rist
Chico Museum Manager

Dave Burkland
City Manager
City of Chico
P.O. Box 3420
Chico, CA 95927-3420

RE: Renewal of Lease of Chico Museum Building to Far West Heritage Association.

Dear Mr. Burkland:

This letter is to request that the City of Chico (City) renew and extend the lease of the Chico Museum building, located at 141 Salem Street, to the Far West Heritage Association (Association).

The current lease expires on October 31, 2011, and the Association would request that the lease be renewed for an additional 10-year term with the option for two 5-year extensions beyond this initial term. In addition, the Association would request that the City make a number of improvements to the building in order to make it more accessible and usable.

As you know, the general purpose of the Association for its use of the Chico Museum building is to preserve and promote the history of the City of Chico and surrounding areas in California through the acquisition, interpretation and exhibition of historical objects and similar items.

Over the years, the Chico Museum has presented numerous exhibits to achieve this purpose, the latest of which focused on the importance of bees to the local agricultural industry and featured the Richard Marple Museum of Beekeeping History and Art Collection (which was donated by Mr. Marple to the Association). This exhibit attracted over 6,000 museum visitors plus approximately 2,800 children through individual visits and school field trips. This was the fourth highest number of visitors to attend an exhibit since 1996, many of whom were from out of the area, and was very well received.

ATTACHMENT 1

L-AGR-164-3

Mr. Dave Burkland
City of Chico
February 3, 2011
Page 2

The next exhibit will open this month for an approximate 6-month run and will feature the history of the rice industry in Butte County and the surrounding area.

In order for the Association to continue to serve the community and to plan for future exhibits, an extension of the lease for the building is required. Therefore, we would request that we begin meeting on the substance of a new lease at the earliest possible date.

In addition to an extension of the lease, the Association would request that the City consider making a number of improvements to the building. Being an older building and with the passage of time since it was last updated, the building has a number of matters that need attention.

The concrete floor in the basement level has numerous cracks and water seeps up from under the floor especially during wet rainy periods, making parts of the basement unusable. The floor needs to be replaced and sealed. The ground floor windows need to be replaced with more energy efficient and secure windows. There are basement areas previously used for storage of collections and the preparation of exhibits that need improved heating and ventilation systems to make them more usable for these purposes and for use as a classroom. Finally, the basement needs to be made ADA accessible.

In addition, there are a number of exterior improvements that need addressing including gutter replacement and security of the alleyway between the building and the El Rey Theatre.

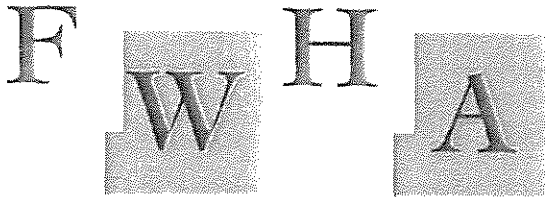
Thank you for your consideration of this request. Please call me at 570-4020 (cellular phone) at your earliest convenience to set up a meeting to begin this process of developing a new lease.

Sincerely,



Dax Kimmelshue
President

c. Bob Koch, FWHA Board-City Liaison



FAR WEST HERITAGE ASSOCIATION
Stewards of the Chico Museum
and Patrick Ranch Museum

CHK _____ ACB _____ SD _____ FILE CHG _____
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CPD _____ PSD _____ HNSD _____
PROG M _____ OBP _____ PA Collins _____
PA _____ OTHER _____ FM Parks _____

270 Boeing Ave. #1
Chico, CA 95973
530.892.1525 office
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www.farwestheritage.org

Board of Directors

June 13, 2011

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FWHA Office Manager

John Chambers
Patrick Ranch Museum Manager

Melinda Rist
Chico Museum Manager

Dave Burkland, City Manager
City of Chico
P.O. Box 3420
Chico, CA 95927

RE: Renewal of Lease for Chico Museum Building

Dear Mr. Burkland:

Thank you for recently meeting with our Board committee regarding the Association's request to extend the lease on the Chico Museum building, and our additional request that the City consider making a number of maintenance and capital improvements to the building.

We appreciate the fact that the City currently is not in a financial position to commit to making improvements to the building as part of the new lease. Therefore, as we discussed at our meeting, the Association would request that the City include in the new lease language that would allow for two types of improvement project meeting provisions.

First, we would propose that the lease provide for an annual maintenance project meeting between the parties to discuss potential projects that could be included in the next annual City budget. We would like to see this meeting scheduled in either February or March of each year so that there would be sufficient time to review and develop the costs of such projects prior to when the City's budget process begins. While we recognize that funding for such projects may not be available every year, these meetings will provide an opportunity to discuss and prioritize the needed improvements.

Secondly, we would propose that the lease provide for a capital improvement project meeting on each five-year anniversary of the new lease. This meeting would be used to explore the possibilities for funding major improvements to the building and grounds. As we noted at the meeting, the Association would particularly like to improve the existing basement of the Museum to make it ADA

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CITY MANAGER
CITY OF CHICO

City of Chico
June 13, 2011
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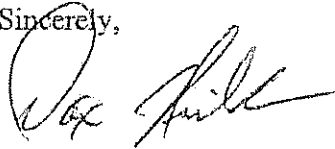
accessible, to add a classroom/exhibit preparation room, and to provide for climate-controlled permanent storage space for Museum artifacts. In addition, the Association would like to excavate and develop the north half of the basement area, which is currently bare dirt, into climate-controlled exhibit space for, among other things, a permanent exhibit of the history of Chico, and a permanent home for the Chinese Temple.

While we believe that such capital improvements could appropriately be made using Redevelopment Agency funding, we recognize the existing and potential limitations for this type of funding. In that regard, the Association is committed to exploring opportunities for grants and other types of funding for these projects, and it would be our hope that the City would agree to consider assisting in providing any matching funding that would be required by the grant funder.

The Association is looking forward to a long-term presence in the Chico Museum in order that we may continue our mission to preserve and promote the history of the City of Chico and the surrounding area. We see our relationship with the City as a partnership in this mission, as well as in the improvement, maintenance and enhancement of this beautiful City-owned building.

We look forward to meeting with the City Council Finance Committee to discuss our long-term future together.

Sincerely,



Dax Kimmelshue
Board President

c. Bob Koch, Paul Moore, Dave Rush



**Finance Committee
Agenda Report**

Meeting Date: 07/26/11

TO: Finance Committee
FROM: Housing and Neighborhood Services Director, Sherry Morgado, 879-6301
RE: Report on Short Sale Approval for MSP loan recipient, Catherine Schudel & Aaron Lyne-2145 Mulberry Street

REPORT IN BRIEF:

A short sale was approved for Mortgage Subsidy loan recipients, Catherine Schudel and Aaron Lyne in May 2011. The approval was granted per AP & P 27-10, giving authority to the City Manager/Agency Executive Director to grant such, in order to accommodate the first lien holder's closing time frame and avoid foreclosure. This short sale met all specified conditions of AP & P 27-10.

FISCAL IMPACT:

The outstanding balance on the Agency loan at the time of sale was \$30,000 plus accrued interest of \$7,523. The proceeds from the sale were \$3,000, which means the Agency took a loss of \$34,523. If the short sale was not approved and the house went into foreclosure, the Agency would have had a loss of the full balance due.

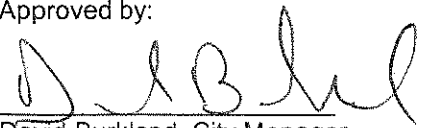
BACKGROUND:

Catherine Schudel and Aaron Lyne received a \$30,000 Mortgage Subsidy loan from the Agency in 2005. At that time Catherine was employed full-time at Chuck Patterson and Aaron was a student at CSU, Chico. During the past six years, Aaron graduated, the couple got married and had two children and Aaron has provided full-time care for the children as his employment has been sporadic. Within the last 18 months, Catherine's hours of employment were reduced and the reduction in income forced the family to default on their primary mortgage in December 2010. Upon notification of the default, staff sent correspondence to the Lynes, advising of possible assistance to avert the foreclosure. Catherine called to let staff know their only real option was to pursue a short sale and requested the Agency guidelines for doing so. They received a purchase offer, which after several weeks was rejected by the first lien holder and it appeared the house would proceed into foreclosure. A memo to that effect was submitted to the Agency Executive Director. Subsequently, a new purchase offer was made and accepted by the first lien holder and the Agency's short sale requirements as outlined in AP & P 27-10, were met.

Prepared by:


Sherry Morgado
Housing & Neighborhood Services Director

Approved by:


David Burkland, City Manager

DISTRIBUTION:

City Clerk (17)
Housing & Neighborhood Services (2)

ATTACHMENTS:

AP & P 27-10
Short Sale Approval

FILE:

Finance Committee-Short Sale Reports

CITY OF CHICO
Administrative Procedure and Policy Manual

Subject: MORTGAGE SUBSIDY PROGRAM	Number: 27-10
	Effective Date: February 2, 2010
Department(s) Affected: City Manager, Finance, Housing	Supersedes: 27-10 dated 06/02/09
Authority: Council Motions 09/18/90; 07/23/91; 02/18/92; 04/07/92; 08/03/93; 10/04/94; 05/02/95; 02/20/96; 11/25/96; 05/20/97; 05/19/98; 09/21/99; 02/06/01; 07/17/01; 04/16/02; 06/17/03; 04/06/04; 03/15/05; 09/18/07; 04/07/09; 05/20/09; 6/02/09	File Reference: PS-70-3-1
	Approved:

I. PURPOSE

The Mortgage Subsidy Program (MSP) is designed to meet the needs of low and moderate income families who are purchasing their first home. The mortgage subsidy is provided in the form of down payment assistance that enables the family to achieve home ownership and directly assists in reducing monthly payments.

II. POLICY

A. Eligibility

1. Location

Loans will be made only for property located in residentially zoned areas within the City limits of the City of Chico or within the Greater Chico Urban Area Redevelopment Project Area.

2. Types of Housing

- a. New and existing single family.
- b. New and existing multi-family units which provide individual ownership of the unit, (i.e., condominiums or townhouses).
- c. Mobile homes on permanent foundations and located on individual parcels of real property.
- d. House must meet "Housing Code" requirements or be rehabilitated to meet code.
- e. Must be used as principal residence of the applicant.
- f. The sale price limit of the home shall equal 110 percent of the previous year's median sale price, as determined by the Chico Association of Realtors. The median will be updated annually on March 1 based on the previous calendar year sales data. For loans made from a funding source that restricts sale price to a lower limit, the most restrictive sale price shall apply.
- g. Houses built under contract for the applicant are eligible for MSP assistance subject to the provisions of Section III.C.

3. Applicant Characteristics

- a. Applicants must be "first time" home buyers, which is defined as not having owned or had an interest in a house within the last three years.
- b. The applicant's gross annual income shall be between 50 percent and 120 percent of the Chico Metropolitan Statistical Area Median Household Income (by household size) as established by the State of California, Department of Housing and Community Development on an annual basis.

- c. The Applicant's assets will be evaluated by determining the current value of the assets and applying a reasonable rate of return to establish a level of investment income. The investment income will be added to the other sources of income to determine "gross annual income."

In the event the value of the assets retained by the applicant after the close of escrow is projected to exceed \$10,000, the application will be reviewed by the Finance Committee prior to further processing of the loan request.

Pension Funds, which are defined as qualified plans by the Internal Revenue Service, are subject to early withdrawal penalties and cannot be borrowed against; therefore, they shall not be included in the determination of assets. However, such funds may be considered if deposited in a lump sum within one year prior to application.

- d. Applicant must provide a minimum of \$5,000 as a down payment.
- e. Definition of Dependent for Household Size Determination:
 - 1) A dependent shall be a member of the household who is 18 years of age or less and is related to the family pursuant to the IRS rules, adopted, or under a legal guardianship established for custody.
 - 2) An individual between 19 and 23 years of age shall be considered a dependent when he/she is a student enrolled in the equivalent of nine semester hours or more. Any income earned by the dependent shall be included in the household's gross income.
 - 3) A household member who is handicapped and is related, or adopted, or under legal guardianship shall be considered a dependent regardless of his/her age if claimed as a dependent on the head of household's federal tax return. The income of a handicapped dependent shall be included in the household's gross income.
 - 4) A parent of the head of household shall be considered a member of the household if he/she resides in the home full time. The income of the individual shall be included in the household's gross income.
 - 5) A household member not meeting the above definition shall not be considered a dependent and shall not be included in the household size for eligibility determination. The income of a non-dependent shall not be included in the household's gross income.

B. Maximum Mortgage Subsidy Loan Amount

The maximum Mortgage Subsidy loan amounts shall be based on household income levels in accordance with the following schedule:

<u>INCOME LEVEL OF APPLICANT</u>	<u>MAXIMUM LOAN AMOUNT</u>
Lower - 80 percent of Median or less	30% of sales price
Median - 81 percent to 100 percent of Median	20% of sales price
Moderate - 101 percent to 120 percent of Median	10% of sales price

C. Housing Expense Ratios

The housing expense ratio is the sum of monthly principal and interest payments on the first deed of trust, mortgage insurance premiums, property taxes, hazard insurance, and where applicable, homeowner's association dues, as a percent of the household's monthly gross income. The loan term shall not exceed thirty years. The housing expense ratio shall be limited as follows:

1. Maximum Housing Expense Ratio

a. Adjustable Rate Loans

The maximum housing expense ratio on adjustable rate loans shall be 33 percent. Loans with interest rates that adjust more than three percent during the loan term are not eligible.

b. Fixed Rate Loan

The maximum housing expense ratio on fixed rate loans shall be 35 percent. In the event the City Manager/Executive Director determines that relevant compensating factors exist, the maximum ratio may be higher but may not exceed 38 percent.

2. Minimum Housing Expense Ratio

The minimum housing expense ratio shall be 28 percent of the household gross monthly income.

D. Impound Accounts

All MSP borrowers shall agree to establish an Impound Account with their institutional lender for the purpose of ensuring payment of property taxes and hazard insurance.

E. Terms of Mortgage Subsidy Assistance

1. Loan Term

The term of the mortgage assistance loan is until sale, transfer, or rental of the property.

2. Interest Rate

The interest rate is based on the income level of the borrower as follows:

- a. The interest rate for Lower income borrowers (below 80 percent of the median income) is 4 percent below the applicable FHA loan rate but not less than 2 percent or more than 4 percent.
- b. The interest rate for median income borrowers (between 81 percent and 100 percent of the median income) is 2 percent below the applicable FHA loan rate but not less than 3 percent or more than 6 percent.
- c. The interest rate for moderate income borrowers (between 101 percent and 120 percent of the median income) is set at the applicable FHA rate but not less than 4 percent or more than 7.5 percent.

The applicable FHA loan rate will be determined in January and July of each year based on the FHA loan rate for 30 year fixed rate loans issued under the Section 203 program at that time. After the tenth year of the MSP loan the rate is converted to zero percent (0 percent).

3. Security

The City's/Agency's loan is secured by a deed of trust and shall be subordinate only to a first deed of trust to the principal lender, with exception of a City-approved federal or state second loan, without which the home purchase would be infeasible.

4. Payments

- a. Payments of principal and interest are deferred until the sale or transfer of the property or when the homeowner ceases to occupy the property as their principal residence.
- b. There is no prepayment penalty.
- c. In the event the borrower makes payments while in full compliance of the terms and conditions of the Loan Agreement, Loan Repayment Agreement, and Deed of Trust, the funds will be credited towards the principal balance of the loan.

5. Forgiveness Provision

Twenty percent of the accrued interest is forgiven for each year the loan is outstanding and the property serves as the principal residence between year 11 and the end of year 15.

F. Subordination Agreement Requests

1. In the event a loan recipient subsequently requests the City/Agency to subordinate its loan to a new deed of trust, the Housing Officer will prepare a report for the City Manager/Executive Director which contains the following information:
 - a. The amount of the new loan to which the City/Agency is being requested to subordinate compared to the amount of the original loan to which the City/Agency has subordinated.
 - b. The household's current income and size in comparison to its income and size at the time the City's/Agency's loan was made.
 - c. The current appraised value of the property and the appraised value at the time the City's/Agency's loan was made.
 - d. The household's proposed monthly housing expense in comparison to the housing expense at the time of the City's/Agency's loan, including an analysis of whether the household could afford to increase the proposed loan to pay off a portion or all of the City's/Agency's loan.
 - e. Documentation that the owner is not receiving cash or paying off other debts from the funds received through the refinancing of the loan.
 - f. If the borrower requests subordination in order to access equity to make home repairs and/or improvements, the City Manager/Executive Director may consider such request, subject to the following:
 - 1) The MSP principal loan balance must be repaid in full;
 - 2) The proposed repairs and/or improvements must be consistent with the City's Rehabilitation Loan Program guidelines;
 - 3) The combined proposed debt on the property shall not exceed 90 percent of the home's value before the improvements are completed;
 - 4) The new loan funds shall be deposited in an escrow account, with disbursements to the contractor approved by the City/Agency.
2. The City Manager/Executive Director will evaluate the report and determine the effect of the request on the City's/Agency's original loan security and the appropriateness of the proposed level of affordability.
 - a. If the City's position is enhanced or not reduced, the City Manager/Executive Director may approve the subordination agreement.
 - b. If the City's/Agency's position is reduced or if the City Manager/Executive Director does not recommend approval, the City Manager/Executive Director shall forward the request to the Finance Committee.
 - c. In the event the Borrower's proposed Housing Expense Ratio is below the affordability standard set forth in the Community Redevelopment Law, the City Manager/Executive Director may approve the subordination if one of the following revisions to the borrower's request occurs:
 - 1) The borrower increases the new loan to an amount which raises the housing expense ratio to at least 28 percent. The additional loan funds are paid to the City to reduce the principal balance of the MSP loan accordingly. In the event the borrower repays the principal balance of the MSP loan in full, the City Manager/Executive Director is authorized to approve a Subordination Agreement for the interest balance which remains secured by the MSP Deed of Trust subject to the terms of the Loan Agreement and Loan Repayment Agreement.
 - 2) The borrower executes an amendment to the Loan Repayment Agreement to provide a monthly payment to the City/Agency in an amount which shall increase the total housing expense ratio to at least 28 percent. All payments shall be applied to the principal balance of the loan, and the interest forgiveness provision will remain in effect. The principal balance will continue to accrue interest at the rate established at the time of the original MSP loan.
3. The Finance Committee may approve or deny a request for subordination or may recommend consideration by the City Council.

G. Foreclosure By Superior Lien Holder

In the event the superior lien holder declares its deed of trust in default and initiates foreclosure proceedings, the City Manager/Executive Director will take the appropriate actions to protect the City's/Agency's MSP loan security to the extent feasible. Specific procedures to accomplish this policy are detailed in section III.D. below.

H. Requests To Reduce Loan Payoff Amount

Staff will process reduced loan payoff requests as set forth in Section III.E.

I. Staff shall provide semi-annual reports to the City Council on program performance.

J. Requests to Cease Use of Property as a Principal Place of Residence

The Finance Committee will consider and respond to requests from Borrowers to cease occupying their property as a principal place of residence, following the procedure outlined in Section III.F.

III. PROCEDURES

A. Program Marketing

1. The initial marketing activity will be directed towards the following organizations:

- a. Chico Board of Realtors.
- b. Local lending institutions.
- c. Residential building contractors working in the City of Chico.
- d. Local non profits that provide housing assistance to City residents.

B. Application Processing

1. Initial Application

- a. Application to be submitted to the Housing and Neighborhood Services Department for review, and include the applicant's most recent three months income documentation and three years tax returns. Application to be in format acceptable to the City Attorney and include borrower acknowledgment that the loan shall be due in full at any time the borrower does not occupy their home as their primary residence.
- b. City determines eligibility of applicant based on income.
- c. City provides applicant with eligibility determination, valid for six months.
- d. Lender performs all underwriting criteria on the loan submits a loan package that includes all documents as requested by City/Agency staff to the City/Agency at least two weeks prior to the anticipated escrow closing date. Any loan packages submitted that do not include all necessary documentation or does not comply with approval criteria shall be returned to the submitting loan officer.

2. Loan Approval

- a. Loans in conformance with the policies set forth herein may be approved by the City Manager/Executive Director.
- b. Loan requests requiring exceptions to these policies shall be considered by the Finance Committee. The Committee may approve a loan application or may recommend City Council consideration.

3. Loan Closing

- a. Applicant deposits a minimum of \$5,000 down payment in escrow.
- b. City deposits mortgage subsidy funds with loan documents approved as Standard Form Documents with

the City Attorney's Office, and appropriate instructions in escrow. The City Manager/Executive Director is authorized to execute loan agreements on behalf of the City for loans approved as set forth in Section III.2. above.

- c. Loan documents are signed by the applicant and recorded concurrently with loan documents for primary lender.

4. Loan Servicing

- a. Loan repayments will be processed by the Finance Office.
- b. Annual monitoring to confirm program compliance will be performed by the Housing Officer.
- c. All recaptured funds shall be deposited in the Mortgage Subsidy Program revolving loan account within the fund the loan originated from.

C. Preapproval Procedures For Applicants Contracting For the Construction of a House.

1. All requests for MSP assistance for financing of a house to be constructed for the applicant, under contract with the applicant, and financed with a short term loan must be pre-approved by the City's Finance Committee.
2. The Finance Committee requires the following information be included with any such request:
 - a. Readable floor plans describing the layout of the proposed house.
 - b. A preliminary title report for the subject property.
 - c. Evidence of the estimated value of the house after completion.
 - d. Copy of the approved (or pending) construction loan documents.
 - e. Letter evidencing permanent financing availability from a permanent mortgage lender stating any conditions on the loan.
3. Any loan pre-approved by the Finance Committee must meet all other requirements of the MSP unless specifically waived or amended by the Finance Committee.

D. Foreclosure By Superior Lien Holder

In the event a superior lien holder declares its deed of trust in default and initiates foreclosure proceedings, staff will perform the following actions:

1. Housing Officer will prepare a memo to the City Manager/Executive Director which contains the following information:
 - a. Results of staff's efforts to contact the borrower and determine their plan to cure the default.
 - b. Total balance due on MSP loan, including accrued interest.
 - c. Amount of outstanding balance on the lender's loan.
 - d. Estimates of property's value and anticipated proceeds from sale of property under normal market sale conditions.
 - e. Cost to cure the default separated into loan delinquency balance and foreclosure fees.
 - f. Timetable for foreclosure process.
 - g. Any extenuating circumstances of borrower and/or property.

2. Based on the circumstances, the City Manager/Executive Director may decide to:
 - a. Instruct staff to attend the foreclosure sale and bid an amount sufficient to protect the City's/Agency's security. In the event the City is the highest bidder, the property will be sold to recapture the bid amount; or,
 - b. Take no action and allow the City's/Agency's loan to be canceled by the foreclosure sale. This action shall be taken when the anticipated proceeds from a market sale would be insufficient to justify further expenditure by the City; or,
 - c. Refer the issue to the Finance Committee for its review and decision.

E. Requests From Borrower for City/Agency to Accept a Reduced Loan Payoff Amount

In the event the borrower makes a request for the City/Agency to reconvey the MSP Deed of Trust upon payment of an amount less than the current outstanding loan balance, staff will proceed as follows:

1. If the borrower will repay the outstanding principal balance in full, the City Manager/Executive Director may approve a payment schedule for the interest balance as follows:
 - a. For loans made prior to January 1, 1997, the interest rate applied to the loan shall be adjusted to the current interest rate being charged to new borrowers in the income category that borrower was in when he/she received the loan, and the accrued interest balance will be determined using the adjusted interest rate.
 - b. The accrued interest balance owing may be repaid by the borrower over a period of time not to exceed five years, as determined by the City Manager/Executive Director.
 - c. The accrued interest balance will be amortized at the applicable interest rate for the period of time set by the City Manager/Executive Director.
 - d. The interest balance will be paid in accordance with an unsecured Financing Agreement that contains the terms and conditions established by the City Manager/Executive Director.
2. For the purposes of this section, a "short sale" is a transaction approved by a superior lien holder which allows the borrower to sell their property for an amount less than the combined principal balance of all lien holders' loans in order to avoid foreclosure by lien holders. The Finance Committee will consider short sale requests. However, if the Finance Committee is unable to meet in a timely manner to accommodate the superior lien holder's closing deadline, the City Manager/Executive Director may approve such short sale if it meets the following conditions:
 - a. The borrower will not receive any profit from the sale; and
 - b. No lien holder will receive repayment from the sale that exceeds the principal balance due of their loan;
 - c. The City/Agency will receive at least 10% of the principal balance due on the MSP loan from the sale, or \$3,000, whichever is less; and
 - d. City Staff will prepare a report to the Finance Committee on the short sale at their next meeting.
3. If the borrower's request is not consistent with the conditions of Section E.1 or E.2 above, the request shall be referred to the Finance Committee for its consideration.

F. Requests from Borrower to Cease Use of Their Property as a Principal Place of Residence

In the event Borrower moves from their home and contacts the City/Agency with a request to rent the property, City/Agency staff shall refer the request to the Finance Committee for its recommendation to either deny such request, or proceed as follows:

1. Refer the Borrower to the President of the Chico Association of Realtors in order to market the home for sale to an MSP-eligible buyer.

2. Require that the Borrower provide documentation that he/she has attempted to refinance the primary mortgage in an amount sufficient to repay the City/Agency.
3. Allow the home to be rented for a one-year period. During this period, the Borrower shall continue to work with a realtor to sell the property at a price sufficient to satisfy all liens against the property and commissions/fees relating to the sale, without profit to the Borrower. The maximum rent charged by the Borrower will be restricted by the Federal and/or State regulations governing use of the MSP funding source. The Finance Committee will review and make a determination on any extensions to rent the home beyond the one-year period.
4. Notwithstanding implementation of the options above, if at any point in time during the loan term, the borrower ceases to occupy their property as a principal place of residence, as required by Section II.A.2.e., the recipient is in default of their loan and the City Manager/Executive Director may choose to foreclose on the home.



**Finance Committee
Agenda Report**

Meeting Date: 07/26/11

TO: Finance Committee
FROM: Housing and Neighborhood Services Director, Sherry Morgado, 879-6301
RE: QUARTERLY REPORT ON HOUSING PROGRAM REHABILITATION LOANS

REPORT IN BRIEF:

At its meeting of 2/24/09 the Finance Committee directed staff to prepare quarterly reports on Housing Program Rehabilitation Loans that summarize the following: (1) identify which loans were requested; (2) location of property; (3) amount of loan; (4) time frame from application to approval; and (5) loan percent to value.

During the quarter of 4/1/11 through 6/30/11, the Housing Rehabilitation Loan Program did not execute any new loans, though five grants were executed. These households ranged from extremely low income to low income; four were mobile homes with repairs including new roof, windows, sub-floor repair, bathroom and hot water heater replacements and one was for the replacement of a roof on a stick built home.

FISCAL IMPACT:

Funds expended for these grants were budgeted from the City's entitlement allocation of CDBG funds. In total, the City spent \$38,790 in CDBG funds for housing rehabilitation grants during the quarter 4/1/11 through 6/30/11.

BACKGROUND:

This item was requested at the Finance Committee meeting of 2/24/09.

Prepared by:


Sherry Morgado
Housing & Neighborhood Services Director

Approved by:


David Burkland, City Manager

DISTRIBUTION:

City Clerk (17)
Housing & Neighborhood Services (2)

FILE:

Quarterly Reports for Housing Rehab Loans

City of Chico

*Answers to Questions Posed by Stephanie Taber at the 6/21/11 Budget Worksession
June 22, 2011*

Questions Submitted in writing

- 1) *In order to balance the General Fund, \$250k was transferred in – without that the General Fund would not have been “balanced”. What fund did the \$250k come from?*

Answer: See the attached summary of all Transfers In & Out of the General Fund.

- 2) *Why are we funding the Sycamore Creek Bicycle Path I at a cost of \$346+K from the Gas Tax Fund (307) when we have a Bikeway Improvement Fund? Also no funds have been budgeted from the Gas Tax Fund for either street improvements & maintenance or pavement improvements. Why are we spending this money now for a bike path?*

Answer: The Bikeway Improvement Fund (305) paid for the preliminary design, environmental review and design for this project. Gas Fund (307) is proposed to pay for the construction of this project.

The projected FY11-12 Gas Tax Revenue is \$6,568,989. Of this amount, a total of \$6,536,009 is budgeted to be spent on street improvements, maintenance or pavement improvements. Monies allocated to both capital projects and the transfer to the General Fund are dedicated to these functions. In addition, another \$700,000 is being transferred from the Transportation Fund in to the General Fund for these same functions.

- 3) *The bike racks are also being expensed from the Gas Tax Fund – another \$15K.*

Answer: The bike rack project (Capital Project 24112) is funded with Transportation Development Act monies from Fund 212 – Transportation, not the Gas Tax Fund.

- 4) *The Bikeway Improvement Fund (305) has a beginning deficit balance of \$207k with revenue anticipated to be \$100 but we are spending \$91k on Sycamore Creek Bikeway II and ending with a deficit balance of \$199k. Where will the funds come from to cover this deficit?*

Answer: When City Funds are in a deficit position, they “borrow” from the City’s Cash Pool in order to pay for their obligations. All City Funds are pooled together, to make up the City’s investment portfolio. As the portfolio earns interest through its investments, interest earnings are booked to the Funds in positive cash flow position. Those Funds in a negative cash flow position are allocated negative interest (unless they have been exempted through Budget Policy G.3.d.). This negative interest charge represents the cost of borrowing from the Cash Pool.

5) *Fund 382 Merged Art has a transfer in of \$483,323 and an expenditure of \$180,000 what is that amount being expensed for?*

Answer: The \$483,323 transfer comes from Fund 352 and represents the 1% annual set-aside amount of \$153,383 plus the repayment of the \$330,000 borrowed in FY09-10 to help fund the Redevelopment Agency's SERAF payment to the State of California. The \$330,000 is designated as \$150,000 for the Set Aside for a "Signature Art Project" and \$180,000 for a "Collaborative Art Project". The actual project allocations will be determined by the City's Art Commission.

6) *Fund 856 which is the Enterprise Fund for the Airport has a deficit balance of \$820K – I thought enterprise funds had to be pay as you go? How will this deficit be covered?*

Answer: same answer as #4 above.

7) *Fund 862 Private Development has a deficit balance of over \$8 million is getting a transfer in of only \$125K – I thought it was decided to transfer in \$500k per year to get this deficit down – why the change?*

Answer: The transfer from the General Fund to the Private Development Fund was reduced in the FY11-12 Budget in order to help balance the General Fund. The transfer will be restored to the \$500k level as soon as feasibly possible.

8) *Fund 863 Subdivisions has a deficit balance for years on end of \$500k plus – where do the funds come from to pay this down?*

Answer: Funds necessary to pay down this deficit will come from the General Fund as soon as feasibly possible.

Questions posed at the Budget Worksession (not included in written format above)

1) *Which position does the \$90k in Salaries in the Airport fund pay for?*

Answer: Salaries in Fund 856, Dept 118 total \$90,514 for FY11-12. There are several positions contributing to this amount, including the City Manager, the Management Analyst who oversees Airport operations, and two clerical positions that assist with the Airport Commission and the administration of the security card keys issued to tenants of the airport T-Hangers.

2) *Which position does the \$40k in Salaries in Economic Development pay for?*

Answer: Salaries in Fund 001, Dept 112 total \$41,260 for FY11-12. The positions that contribute to this amount are the City Manager and an Administrative Analyst who field Economic Development inquiries and assist with the Economic Development Committee.

3) *Why is there \$1k in Benefits with no salary and \$6k in overtime in the Donations Fund?*

Answer: The \$6,000 Overtime entry in this fund was an input error and should have been input as Hourly Salaries, which will fund a Park Intern. The \$1k in Benefits covers the associated benefits costs of the hourly position.

4) *Why did Fire Department overtime increase by \$300k?*

Answer: The \$300k increase in Fire Department overtime is offset by a corresponding decrease of -\$300k in the Fire Reimbursement Response Department, to better reflect where the overtime hours are being charged.

City of Chico
2011-12 Annual Budget
General & Park Funds Ten-Year Financial Plan
Proposed Budget

	ACTUAL 2008-09	ACTUAL 2009-10	COUNCIL ADOPTED (1) 2010-11	PROJECTED 2010-11	PROJECTED 2011-12	PROJECTED 2012-13	PROJECTED 2013-14	PROJECTED 2014-15	PROJECTED 2015-16	PROJECTED 2016-17	PROJECTED 2017-18	PROJECTED 2018-19	PROJECTED 2019-20	PROJECTED 2020-21
REVENUES														
Sales Tax	11,855,840	11,202,044	10,569,700	11,740,520	12,151,800	12,515,200	12,889,400	13,278,200	13,741,100	14,290,900	14,802,800	15,457,500	16,076,000	16,719,200
Sales Tax Compensation Fund (Triple E)	3,893,381	3,708,378	3,472,700	3,873,573	4,009,100	4,129,400	4,253,267	4,390,867	4,534,200	4,715,587	4,904,200	5,100,367	5,304,367	5,516,533
Sales Tax	15,749,221	14,910,422	14,042,400	15,614,093	16,160,900	16,644,600	17,142,667	17,657,067	18,275,300	19,006,487	19,767,000	20,557,867	21,380,367	22,235,733
Property Tax	4,596,276	4,595,826	4,707,674	4,464,195	4,338,087	4,445,193	4,562,114	4,681,535	4,824,480	4,992,372	5,165,036	5,342,796	5,525,679	5,713,709
Property Tax In Lieu of VLF	6,608,184	6,763,688	6,628,400	6,490,036	6,327,800	6,454,400	6,583,500	6,715,200	6,863,100	7,089,600	7,302,200	7,521,400	7,747,000	7,979,400
Utility Users Tax	6,904,290	6,690,785	6,915,200	6,582,700	6,747,300	6,916,000	7,088,900	7,266,200	7,447,900	7,634,100	7,824,900	8,020,500	8,221,000	8,426,500
Transient Occupancy Tax	1,953,335	1,764,598	1,740,700	1,863,000	1,890,900	1,928,700	1,967,300	2,006,600	2,056,800	2,118,500	2,182,100	2,247,600	2,315,000	2,384,500
Other Taxes	1,843,350	1,800,834	1,910,100	1,797,600	1,833,400	1,873,200	1,913,900	1,955,500	2,001,400	2,052,100	2,104,100	2,157,600	2,212,300	2,268,500
Total Tax Revenues	37,654,656	36,526,152	35,944,474	36,911,524	37,298,387	38,262,093	39,258,380	40,282,102	41,488,980	42,893,139	44,345,436	45,847,763	47,401,345	49,008,343
Change from prior year	-2.83%	-3.0%	-1.59%	0.78%	1.32%	2.58%	2.60%	2.61%	3.00%	3.38%	3.39%	3.39%	3.39%	3.39%
All Other Revenues	4,083,338	2,453,765	2,709,360	2,318,224	2,405,028	2,451,763	2,499,618	2,548,616	2,606,026	2,672,411	2,740,907	2,811,715	2,884,743	2,959,990
Other Financing Sources	2,241,746	4,200,135	4,028,737	3,552,000	3,554,500	3,059,135	2,763,909	2,868,826	2,873,891	2,879,108	2,884,481	2,890,015	2,895,715	2,901,586
TOTAL REVENUE SOURCES	43,979,740	43,180,052	42,682,571	42,681,848	43,257,915	43,772,991	44,521,908	45,699,544	46,968,897	48,444,658	49,970,825	51,549,493	53,181,803	54,869,919
Change from Prior Year	-2.36%	-1.82%	-1.15%	-1.15%	1.35%	1.19%	1.71%	2.65%	2.78%	3.14%	3.15%	3.16%	3.17%	3.17%
EXPENDITURES														
Salaries and Benefits	38,680,439	38,925,456	36,309,222	36,686,747	37,370,596	40,281,276	42,309,694	44,000,713	45,764,787	47,605,119	49,522,874	51,521,392	53,604,160	55,774,819
Materials, Services & Supplies	2,517,909	2,479,111	2,205,387	2,216,387	2,419,815	2,225,448	2,158,684	2,158,684	2,158,684	2,158,684	2,158,684	2,158,684	2,158,684	2,158,684
Purchased Services	1,188,213	917,525	908,241	894,039	982,961	915,459	887,995	905,755	923,870	942,348	961,195	980,418	1,000,027	1,020,027
Other Expenses	2,080,816	1,841,180	1,677,162	1,817,039	1,800,350	1,947,364	1,306,944	1,333,082	1,359,744	1,386,939	1,414,678	1,442,971	1,471,831	1,501,267
Allocations	3,509,756	3,716,569	3,817,218	3,635,578	3,378,762	3,680,942	3,570,513	3,641,924	3,714,762	3,789,057	3,864,839	3,942,135	4,020,978	4,101,398
Indirect Cost Allocation	(3,425,128)	(3,493,631)	(3,634,773)	(3,493,631)	(3,634,773)	(3,319,784)	(3,388,179)	(3,455,903)	(3,522,981)	(3,593,441)	(3,665,310)	(3,738,411)	(3,813,368)	(3,889,559)
Total Operating Expenditures	44,542,005	44,386,210	41,282,457	41,615,017	42,667,944	45,130,705	46,847,651	48,586,255	50,398,866	52,288,707	54,256,960	56,306,986	58,442,292	60,666,540
Capital Improvement Projects	339,090	291,781	151,180	232,319	119,146	23,690	50,491	23,690	23,690	23,690	0	0	0	0
Other Financing Uses	1,154,558	1,151,284	796,793	796,793	467,538	1,040,967	1,275,887	1,482,214	1,774,995	1,814,287	1,850,042	1,867,049	1,925,351	1,964,994
TOTAL EXPENDITURES	46,035,653	45,829,275	42,230,430	42,644,129	43,284,478	46,195,352	48,174,029	50,072,160	52,173,861	54,126,683	56,107,002	58,194,035	60,367,643	62,631,534
Change from Prior Year	-3.15%	-0.45%	-7.85%	-6.95%	1.50%	6.72%	4.28%	3.94%	4.20%	3.74%	3.66%	3.72%	3.74%	3.75%
NET REVENUE/(DEFICIT)														
	(2,055,913)	(2,649,224)	452,141	37,719	(26,563)	(2,422,361)	(3,652,121)	(4,372,616)	(5,204,964)	(5,682,025)	(6,136,178)	(6,644,542)	(7,185,840)	(7,761,615)
BEGINNING FUND BALANCE	4,746,883	2,690,970	112,911	41,746	79,455	52,903	(2,369,459)	(6,021,580)	(10,394,186)	(15,599,189)	(21,281,185)	(27,417,362)	(34,081,904)	(41,247,745)
ENDING FUND BALANCE	2,690,970	41,746	585,052	78,465	52,903	(2,369,459)	(6,021,580)	(10,394,186)	(15,599,189)	(21,281,185)	(27,417,362)	(34,081,904)	(41,247,745)	(49,009,359)
Prior Year Prior Balance (2010 Prior Budget)	2,690,970	112,911	585,052	78,465	104,977	12,227,833	15,221,099	14,808,726	13,649,953	11,705,593	12,268,063	12,954,484	135,875,438	N/A
Desired Balance (7.5% of Oper. Exp.) (2)	3,597,535	3,590,988	3,568,792	3,393,734	3,446,436	3,633,787	3,767,537	3,903,012	4,044,139	4,191,161	4,344,170	4,503,420	4,669,176	4,841,715
Variance from Desired Balance	(906,565)	(3,549,242)	(2,803,741)	(3,314,269)	(3,393,554)	(6,003,245)	(9,788,117)	(14,297,207)	(19,643,288)	(25,472,346)	(31,761,532)	(38,555,324)	(45,916,921)	(53,851,074)
Emergency Reserve Fund Balance	6,830,697	7,023,615	5,310,067	5,856,078	5,856,078	5,856,078	5,856,078	5,856,078	5,856,078	5,856,078	5,856,078	5,856,078	5,856,078	5,856,078
Desired Balance (20% of Oper. Exp.) (2)	9,593,427	9,575,968	8,383,446	9,049,958	9,190,497	9,690,998	10,046,766	10,408,032	10,784,369	11,176,429	11,584,454	12,009,120	12,451,136	12,911,239

(1) The Council Adopted column reflects the budget adopted by the City Council in June of each year.
(2) For purposes of calculating the Desired Balances for the General & Park Funds and the Emergency Reserve Fund, the Indirect Cost Allocation is excluded from Total Operating Expenditures.

City of Chico
2011-12 Annual Budget
General & Park Funds - Schedule of Financing Sources and Uses
Proposed Budget

	REF FUND	ACTUAL 2009-10	COUNCIL ADOPTED 2010-11	MODIFIED ADOPTED 2010-11	PROJECTED 2011-12	PROJECTED 2012-13	PROJECTED 2013-14	PROJECTED 2014-15	PROJECTED 2015-16	PROJECTED 2016-17	PROJECTED 2017-18	PROJECTED 2018-19	PROJECTED 2019-20	PROJECTED 2020-21
OTHER FINANCING SOURCES:														
Indirect Costs		XXX												
Emergency Reserve		003		162,000										
Traffic Safety		211	150,000	150,000	154,500	159,135	163,909	168,826	173,891	179,108	184,481	190,015	195,715	201,566
Transportation (TDA-LTF)	(1)	212	1,200,000	1,200,000	700,000	700,000	400,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Private Activity Bond	(2)	214	40,000	40,000										
Assessment District Administration	(2)	220	200,000	2,000,000	2,700,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000
Gas Tax	(1)	307	2,642,000	2,638,737	2,700,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000
TOTAL		7,693,766	4,028,737	3,552,000	3,554,500	3,059,135	2,763,909	2,868,826	2,873,891	2,879,108	2,884,481	2,890,015	2,895,715	2,901,586

OTHER FINANCING USES:

Donations	(3)	050			39,461									
Grants - Supplemental Law Enforcement	(4)	099			58,161									
Grants - Operating	(4)	100	21,517	46,835	58,490	25,061	26,064	27,106	28,190	29,318	30,344	31,406	32,505	33,643
Chico Maintenance Districts		XXX	19,536	23,508	24,214									
General Plan Fund		315	125,000	500,000	100,000	100,000	100,000	250,000	500,000	500,000	500,000	500,000	500,000	500,000
Private Development Fund		862	500,000	500,000	100,000	100,000	100,000	250,000	500,000	500,000	500,000	500,000	500,000	500,000
Private Development Fund - Weed Abatement		862	67,531	67,700	67,700	67,700	67,700	67,700	67,700	67,700	67,700	67,700	67,700	67,700
Technology Replacement		931	67,700	158,750	119,513	848,195	882,123	917,408	954,105	992,269	1,026,998	1,062,943	1,100,146	1,138,651
Fleet Replacement		932	350,000				200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Facilities Maintenance Reserve		933												
TOTAL		1,151,284	796,793	796,793	467,538	1,040,957	1,275,887	1,462,214	1,774,995	1,814,287	1,850,042	1,887,049	1,925,351	1,964,994

NET FINANCING SOURCES/USES

\$,542,482	3,231,943	2,755,207	3,086,962	2,018,178	1,488,022	1,406,612	1,098,896	1,064,821	1,034,439	1,002,966	970,364	936,592
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- (1) Transportation Development Act - Local Transportation Fund (TDA-LTF) and Gas Tax revenues eligible to fund street and road maintenance.
- (2) Transfers In from Private Activity Bond and Assessment District Administration Funds represent the amount of available funds in excess of each Fund's desired reserve.
- (3) Beginning in FY2011-12, the City is establishing a separate fund to account for donation revenue and expenditures. The transfer amount represents the unspent balance of Park donations as of 6/30/11.
- (4) City contribution towards grant funded positions and continuance of positions after expiration of the grant.