REGULAR AGENDA

A. **City Replacement and Maintenance Funds** – The Administrative Services Director provided an update on the fiscal health of the City's Replacement and Maintenance Funds (Funds 301, 931, 932, 933). *(Report – Frank Fields, Administrative Services Director)*

Fleet Manager, Erik Gustafson provided an update on the status of the City's fleet vehicles and various vehicles that will need to be replaced. Facilities Manager, Kirby White provided an update on the City's various building and facilities, and the difficulties with limited staffing to maintain them all. Information Systems Manager, Neil Dougherty provided an update on the technology replacement needs.

The Finance Committee accepted the various informational reports.


Addressing the Committee on this item was Stephanie Taber.

C. **Business from the Floor** – None.

D. **Adjournment and Next Meeting** – The meeting adjourned at 9:45 a.m. to the next regular Finance Committee meeting on February 25, 2015, at 8:30 a.m. in Conference Room No. 1.

Prepared by:

Dani Brinkley, Deputy City Clerk
REGULAR AGENDA

A. **2015-2019 Consolidated Plan**: The City of Chico is an entitlement grantee for the receipt of federal funds through two programs administered by the Department of Housing & Urban Development (HUD): Community Development Block Grant (CDBG) and Home Investment Partnerships Grant (HOME). As an entitlement grantee, the City's receipt of funds is based upon a formula allocation, and is contingent upon the City complying with a variety of planning and administrative requirements. One of those requirements is the submission of a Consolidated Plan every five years, and an Annual Plan for each year covered by the Consolidated Plan. The City has begun its efforts to develop the Consolidated Plan for the period of 2015-2019, which by reference also incorporates the Annual Plan for 2015-2016. *(Report: Marie Demers, Housing Manager)*

Addressing the Committee on this item were BT Chapman and Stephanie Taber.

After the Finance Committee reviewed the 2015-2019 Consolidated Plan Executive Summary and the draft 2015-2016 Annual Plan budget, the Committee provided comments, and directed staff to present the completed Draft Consolidated Plan to the City Council at its March 17, 2015 meeting.


Addressing the Committee on this item was Stephanie Taber.

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

D. **Adjournment and Next Meeting** - The meeting adjourned at 9:52 a.m. to the next regular Finance Committee meeting on March 25, 2015, at 8:30 a.m. in Conference Room No. 1.

Prepared by:

Dani Brinkley, Deputy City Clerk
CITY OF CHICO
FINANCE COMMITTEE

NOTICE OF CANCELLATION OF MEETING

The Finance Committee meeting scheduled for March 25, 2015 has been cancelled.

The next meeting of the Finance Committee is scheduled for Wednesday, April 22, 2015 at 8:30 a.m. in Conference Room 1, unless otherwise noted.

Posted: 3/19/15

By: ______________________________________

Dani Brinkley, Deputy City Clerk
FINANCE COMMITTEE AGENDA REPORT
A Committee of the Chico City Council: Councilmembers Sorensen, Stone and Chair Morgan
Meeting of Wednesday, May 27, 2015 – 8:30 a.m. to 10:30 a.m.
Council Chamber Building, 421 Main Street, Conference Room 1

REGULAR AGENDA

A. **Acceptance of the Community Organization Compliance Reports for Fiscal Year 2013-14 Agreements**
   - The Accounting Manager presented the results of the compliance reviews conducted on Community Organizations who received City funding during the fiscal year 2013-14. *(Report – Scott Dowell, Accounting Manager)*

   Addressing the Committee on this item were Stephanie Taber and Brad Montgomery.

   A motion was made by Morgan and seconded by Stone to accept the report.

   The motion carried 3-0.

B. **CDBG Public Service Funding Requests** – Consideration of funding for community organizations with Community Development Block Grant (CDBG) funds for FY15-16. The Finance Committee and all applicants are being provided with an agenda report which includes the staff suggested ranking of applications on Exhibit A. *(Report – Marie Demers, Housing Manager)*

   The Committee expressed concerns regarding the ranking or scoring system of the agencies and the overall process.

   Addressing the Committee on this item were Andrea Moriarty, Sherry Morgado, Brad Montgomery, Anastacia Snyder, Sue McGuire and Diane Puckett.

   A motion was made by Sorensen and seconded by Stone to forward the funding requests to Council without a recommendation.

   The motion carried 3-0.

C. **Consideration of New Fees for Inclusion in City’s Fee Schedule** – In accordance with Budget Policy D.3, changes in the City’s Fee Schedule will be brought to Council one time a year and incorporated into the budget approval process in June of each year. At today’s meeting, the Finance Committee was asked to consider changes to existing fees to be incorporated in the City’s Fee Schedule. *(Report – Scott Dowell, Accounting Manager)*

   Administrative Services Director Frank Fields discussed the onerous process of updating the fee schedules in previous years. This year staff revamped the process and converted the entire fee schedule into an Excel format that is easy to sort, create various reports and to find specific fees. The fee schedule update in the past took a few weeks to update and with the new format, it can be updated in about a day.

   Addressing the Committee on this item was Stephanie Taber.

   A motion was made by Stone and seconded by Sorensen to forward a recommendation to Council to approve changes to existing fees as presented in the attached Fee Schedules.

   The motion carried 3-0.

E. **Business from the Floor** – None.

F. **Adjournment and Next Meeting** - The meeting adjourned at 10:15 a.m. to the next regular Finance Committee meeting on June 24, 2015, at 8:30 a.m. in Conference Room No. 1.

Prepared by:

____________________________________
Dani Rogers, Deputy City Clerk
The meeting was called to order at 8:30 a.m. Empire Golf arrived at 8:35 a.m. and had to load the presentation, therefore the consensus among the Committee was to hear Item B. before Item A.

REGULAR AGENDA

A. **Empire Golf, Bidwell Park Golf Course, Inc., Proposed Solar Power Project Presentation** – Empire Golf provided a presentation on a proposed solar power project at the Bidwell Park Golf Course. The project includes a 15 year lease that would require a lien to be placed on the real property until the lease term ends. Per the City’s lease agreement with Bidwell Park Golf Course, and as the landowner of the real property, City approval is required. (Presentation, Rod Metzler, CEO, Empire Golf)

Rod Metzler introduced the representatives from Bidwell Park Golf Course, Alternative Energy Systems (AES) and American Renewable Capital (ARC).

Rich Hawkins of AES presented to the Committee an overview of the company and provided the details of the solar array system that Empire Golf would like to install to reduce the costs of running the irrigation pumps for Bidwell Park Golf Course. The SunPower panels have a 25 year warranty, it is a ground mounted system and will provide 101 kilowatts of power. The system will save Bidwell Park Golf Course approximately $55,000 in energy costs the first year. The array will not be seen from the main road in Bidwell Park and will be placed in an unmaintained grass field. The array will occupy approximately 2,500 square feet. The cost of the project is $382,985 and will save the golf course approximately $2.4 million in energy costs over 25 years.

Jim Coombs, Manager of ARC, addressed the Committee regarding the financing of the solar array project. ACR is able to take a Federal Investment Tax Credit for renewable energy, then enter into an agreement to lease the system to Bidwell Park Golf Course, which as a non-profit, is unable to receive the tax credit, for a 15 year term. As the City is the real property owner of Bidwell Park, City authorization is required to place the lien on the property. Bidwell Park Golf Course would be receiving the Property Assessed Clean Energy (PACE) financing. The golf course will have the option to purchase the system five years into the 15 year lease term.

Councilmember Sorensen stated this is a lien on Bidwell Park.

Chair Morgan asked for more information about the mechanics of recovering the money if the golf course closes down.

Mr. Coombs stated the project is financed by FIGTREE and this is a relatively new financing structure allowed in California. The club itself is responsible for paying down the loan. If the club defaulted, the City would become the owner of the solar array and would be required to pay the lien against the property. He stated that he couldn’t address the legal aspects if that were to happen.

Councilmembers Sorensen and Morgan agreed that this is just not a very good explanation of the whole project, not knowing the real potential for problems. Councilmember Sorensen was shocked that the Committee wasn’t provided with more information on the financing before it was presented; there wasn’t enough information to formulate questions. If the golf course were to close down, the City would be responsible for paying off the lien on Bidwell Park.

Councilmember Stone stated he was less sensitive about the lien, but wanted to see more information from other companies, their products and financing plans.
A representative of Bidwell Park Golf Course stated they vetted the project and what other companies had to offer and they were told to bring the project forward this way.

Assistant City Manager Constantin stated that this is a good deal and they’re sound concerns when it’s Bidwell Park. He added that he understands that this is what City Manager Orme asked the group to do.

Members of the public addressing the Committee on this item were Woody Elliot and Loretta Torres.

A motion was made by Sorensen and seconded by Stone to table this item to the July Finance Committee meeting and that more information be provided on the financing and for Empire Golf to provide cash flow statements.

The motion carried 3-0.


The Budget and Treasury Manager, Barbara Martin presented the Monthly Financial Report and Budget Monitoring Reports.

C. **Business from the Floor** - Addressing the Committee was Loretta Torres regarding funding for the Butte County Library and the library hours being cut.

D. **Adjournment and Next Meeting** – The meeting adjourned at 9:30 a.m. to the next regular Finance Committee meeting on July 22, 2015 at 8:30 a.m. in Conference Room No. 1.

Prepared by:

____________________________
Dani M. Rogers, Deputy City Clerk

Distribution:
CC Desk, CM, ACM, ASD
FINANCE COMMITTEE REPORT
A Committee of the Chico City Council: Councilmembers Sorensen, Stone and Chair Morgan
Meeting of Wednesday, August 26, 2015 – 8:30 a.m. to 10:30 a.m.
Council Chamber Building, 421 Main Street, Conference Room 1

REGULAR AGENDA

A. Consideration of Amendments to the Fiscal Year 2015/16 Budget Policies (specifically, the Human Resources Policies, Section I) – In accordance with June 16, 2015 City Council directive, it was directed that City Staff review the Human Resources Policies, Section I, of the Fiscal Year 2015/16 Budget Policies, including comments from Councilwoman Fillmer, and bring recommendation(s) to the Finance Committee for review and approval. At this meeting, the Finance Committee was asked to consider amendments to existing Human Resources Policies to be incorporated into the Fiscal Year 2015/16 Budget Policies, and a proposed Executive salary schedule concept. (Report – Jamie Cannon, Human Resources & Risk Manager)

The Human Resources & Risk Manager, Jamie Cannon, presented the report, including what a salary schedule might look like if approved for executive level employees. The schedule is consistent with comparable cities.

Assistant City Manager, Chris Constantin stated that if a salary schedule is adopted for executive level employees, it would result in automatic annual step increases with a "meets job requirements" rating. As it is currently written in the director contracts, a salary adjustment would come before the Council as an amendment to the existing contract. The City Manager believes his professional judgement should be the decision making factor to that, instead of annual step increases. The City Manager recommended not making this change.

Chair Morgan opened the meeting to public comments.

Addressing the Committee was Stephanie Taber, with questions regarding severance packages and the authority given to the City Manager through these policies.

Administrative Services Director, Frank Fields explained that severance packages listed in employee contracts list a maximum. There is no guarantee of the maximum and there is no minimum.

ACM Constantin stated that the City Manager can use severance packages either for negotiations or when considering other factors when an employee is separating from the City.

HRM Cannon stated that there should not be specifics under the Budget Policies, but there could be an umbrella statement within the Human Resources Policies. The specifics would be outlined in the employee contracts.

Chair Morgan addressed Ms. Taber’s concerns regarding the authority given to the City Manager. He stated that if the Council does not follow these budget policies, it doesn’t matter who is in the skipper’s chair. What happened previously wasn’t against City policies; it doesn’t mean it was right, but it was done. The Council changed the policies in an effort to prevent it from happening again.

A motion was made by Sorensen and seconded by Stone to forward a recommendation to Council to approve changes to the Human Resources Policies, Section I of the Fiscal Year 2015/16 Budget Policies, without the executive salary schedule, but to retain the maximum salary levels.

The motion carried 3-0.
B. **Consideration of Proposed Changes to the City’s Purchasing Ordinance and Policies** – The Administrative Services Director presented proposed changes to the City’s Purchasing Ordinance and Policies that resolve prior year audit recommendations, incorporate best practices and provide changes to incentivize local purchasing. *(Report – Frank Fields, Administrative Services Director)*

Director Fields provided an overview of the State Auditor’s office identifying the City as high risk for insolvency and the corrective actions taken by the City to prevent a state audit. The City’s financial auditor, Vavrinik, Trine, Day & Co. identified risks related to the City’s purchasing function and provided recommendations to incorporate best practices and provide changes to incentivize local purchasing. The following proposed changes were considered:

- Bidding Procedures Dispensation – Exemptions: Increase exemption from $1,000 to $2,500 and require a formal RFQ/RFP for consulting, professional and technical services estimated at $25,000 or more.
- Award of Purchase Orders: Increase local purchasing preference from 0.95% (sales tax received by the City) to 3% for purchase orders between $2,500 and $25,000.
- Post all contracts in excess of $50,000 on the City’s website.

Councilmember Sorensen requested that staff post on the website all contracts in excess of $25,000, with Chair Morgan in agreement. Sorensen asked what is considered local in regards to local purchasing.

Director Fields responded that local is a business with an office located in the city limits.

Councilmember Sorensen expressed concern that a business with a Chico zip code, located right outside of city limits would be disqualified and asked that the definition of local include those locations.

Addressing the Committee was Stephanie Taber.

The consensus was to bring this item back to the Finance Committee with the requested changes, working with the City Attorney to define local.


Addressing the Committee on this item was Stephanie Taber.

D. **Business from the Floor** – None.

E. **Adjournment and Next Meeting** – The meeting adjourned at 9:50 a.m. to the next regular Finance Committee meeting on September 23, 2015 at 8:30 a.m. in Conference Room No. 1.

Prepared by:

[Signature]

Dani M. Robér, Deputy City Clerk

*Post: 10/19/15*
FINANCE COMMITTEE REPORT
A Committee of the Chico City Council: Councilmembers Sorensen, Stone and Chair Morgan
Meeting of Wednesday, September 23, 2015 – 8:30 a.m. to 10:30 a.m.
Council Chamber Building, 421 Main Street, Conference Room 1

REGULAR AGENDA

A. **Interfund Loan Policy** - The Administrative Services Director presented an Interfund Loan Policy to be incorporated into the City’s Budget Policy. *(Report – Frank Fields, Administrative Services Director)*

Director Fields provided an overview of general accounting principles for local governments in reference to showing a negative cash balance in a fund. Without a formal policy, past practices resulted in a $9 million deficit in the Private Development fund. Both the City’s auditor, Vavrinik, Trine, Day & Co. and the Butte County Grand Jury recommended changes to the City’s budget policies to prevent such deficits from occurring in the future by approving an interfund loan policy. The proposed policy addresses the following four types of interfund transfers/loans:

- Interfund transfers: permanent transfer of cash from one City fund to another City fund. Council approval required on all transfers.
- Due To/From: short term (60-90 days), temporary interfund loans used for funds that have a negative cash balance due to a delay in receiving revenue. City Manager approval required and the Administrative Services Director will provide a summary to Council after the completion of the City’s audited financial statements.
- Advance To/From: medium short term (more than one year), temporary interfund loan used for funds that have a negative cash position and which current revenue is not expected to be sufficient to remove the negative cash position. City Manager approval required and the Administrative Services Director will provide a summary to Council after the completion of the City’s audited financial statements, to include a repayment plan.
- Interfund Loans Payable/Receiveable: interfund loan that may be required in situations where the City has the ability to internally finance a project that would be paid back over multiple years. The terms of the loan would be approved by Council by resolution.

Addressing the Committee on this item was Stephanie Taber, complimenting Director Fields on his explanation of the policy.

A motion was made by Sorensen and seconded by Stone to forward a recommendation to Council to approve the proposed Interfund Loan Policy.

The motion carried 3-0.


Chari Morgan noted that the reports are through August 31, 2015, not June 30, 2015.

Budget and Treasury Manager, Barbara Martin informed the Committee that Bank of America has given the City a 90-day notice that it will be terminating the City accounts, as it does not benefit them to have local government accounts in their business model. The City is diligently searching for a new bank that has the capacity to work with local government.

Addressing the Committee on this item was Stephanie Taber.

C. **Business from the Floor** - None
D. **Adjournment and Next Meeting** – The meeting adjourned at 9:20 a.m. to the next regular Finance Committee meeting on October 28, 2015 at 8:30 a.m. in Conference Room No. 1.

Prepared by:

Dani M. Rogers, Deputy City Clerk

*Posted 10/9/15*
NOTICE OF RE-SCHEDULED MEETING

The October Finance Committee meeting that was re-scheduled for November 4, 2015, has been re-scheduled to November 18, 2015 at 8:30 a.m. The meeting will be held in the Council Chamber.

Posted: 10/28/15

By: _______________________
   Dani Rogers, Deputy City Clerk
The October 28, 2015 Finance Committee was re-scheduled to November 18, 2015 to hold this workshop. The November 23, 2015 Finance Committee meeting has been re-scheduled to December 2, 2015.

REGULAR AGENDA

A. DEVELOPMENT SERVICES FULL COST OF SERVICES ("USER FEE") STUDY

On October 20, 2015, the City Council considered and approved adjustments to various fees charged by the Community Development and Public Works Departments for services relating to private development. The effective date of the approved fee adjustments will be December 20. The Council requested that prior to that date, the Finance Committee hold a workshop to provide an opportunity for better understanding of its methodologies and conclusions. The Community Development Director introduced Chad Wohlford, preparer of the Study, who provided an overview of the study’s methodology and responded to questions. (Report – Mark Wolfe, AICP, Community Development Director)

Administrative Services Director, Frank Fields did a presentation (Exhibit A) to provide an update on the Private Development and Subdivision Funds. For the FY ended 6/30/13, these funds had a deficit of $10 million and the City’s General Fund was required to cover the deficits. The City has taken steps to ensure these funds do not end with a deficit in the future.

Addressing the Committee with questions, were:

Bill Webb – Why is the Code Enforcement Officer position allocated in the Private Development Fund?

Building Official Leo DePaola answered that the Code Enforcement Officer responds to complaints in the field in regards to dust, traffic, and erosion control. The complaints come from both the public and from building inspectors that have been at the site.

Bill Webb – FY 14-15 financial statements list “other expenses” of $680,000. What are the other expenses and can we get a breakdown?

Director Fields responded that other expenses include, insurance fuel, vehicle maintenance, and building maintenance. He stated that 4-5 years ago, that number was over a million dollars and the City has since reduced these expenses. A breakdown of the expenses can be provided.

Bill Webb – Asked for a definition of “reasonableness”.

Doug Guillion – Expressed concerns over efficiency in government. When development dropped from 400 permits to 80 permits, what did the City do to reduce expenses? When revenues go down, what is the City doing to keep from having another $9 million deficit?

Director Fields – In 2013, the City did two rounds of layoffs and reduced development staff from 37 down to 20. Budget policies have been adopted to not allow fund deficits. Also, the Finance Committee is provided with detailed financial reports so that Council is able to quickly respond to trends.

Chair Morgan added that there is no question the City responded too late. Councilmembers repeatedly asked staff for financial reports and the reports weren’t provided. Those staff members are gone now.
There is no question that the Administrative Services Director and Department Heads are now doing everything they can to keep costs down.

Councilmember Stone added that the economic downtown didn’t hit here until 2008 and the City didn’t respond until 2012-2013. There was a lack of response prior to the 2012 Council.

Chris Giampoli - Asked why Community Development is hiring more employees.

Councilmember Sorensen stated the department was down to one Code Enforcement Officer for the whole City and was unable to keep up. Director Fields stated the Community Development Director looked at this as an eminent crisis with losing two Code Enforcement Officers, and he stretched the dollars as long as he could by trying to get by with one. Revenue is trending positively and the need had to be filled.

Building Official DePaola stated that the Department had been using contract help for inspections. After reviewing how much was being spent on contract help, staff felt it was too much. The Building Official is now doing 30-50 inspections himself, with time spent in the field during the day and in the office in the evening. That is just one of the ways the Department has cut back on expenses.

Loretta Torres – Stated that the City needs to make sure that it doesn’t go here again by having a fiscally conservative Council.

Pete Giampoli – Asked if fees will be raised to help pay back the $6.6 million pension liability.

Director Fields stated that would be a Council/City Manager policy decision. The liability will be reduced by meeting the CalPERS contribution rates.

Pete Giampoli – What is the “reasonable” cost of providing service. In 2002, Council said development provides revenue to the community and provides jobs.

Councilmember Sorensen stated that Redevelopment money subsidized the fees and we no longer have that vehicle. The fees would have to be subsidized from the General Fund and we can’t do that.

Pete Giampoli – Asked again what is reasonable. How long does it take to process a building permit or other permits? Can some things be eliminated to get rid of inefficiencies? AB 6000 rules instruct that the fees have to be reasonable. The City is a monopoly, we can’t get permits elsewhere. The City’s costs have to be reasonable and that’s where there’s concern.

Councilmember Sorensen stated that no substance has been provided as to how the Cost Study is wrong.

Chad Wohlford, Wohlford Consulting reported there have been a number of questions by developers about the User Fee Study that staff have been able to refute. He provided an overview of the following (Exhibit B):

- General Purpose of the Study
- Principles and Guidelines to develop the study
- Methodology
- Provided answers to the common questions being asked
- Issues regarding Comparisons with other Cities
- Issues regarding Comparisons with Private Contractors/Engineers

The Study is to determine the actual costs. It’s up to Council to determine what to charge and set the costs. To address the question of reasonableness, this Study does not address the time it takes to complete a service, are employees paid too much, are the benefits too high, they don’t pay enough towards retirement. Reasonableness is going to be different if you’re paying the fee than if you’re charging the fee.
In response to the question that if the budget went down, why didn't the fees go down, if staff is reduced by layoffs and overhead is not reduced, it doubles the cost. The cost for overhead is being spread over less staff. Overhead can't be eliminated, the building and costs for operating the building, can't be eliminated. There is still overhead.

Mr. Wohlford addressed the difference of pay rates between private sector and public sector staff. As an example, using Associate Engineer, the job descriptions could be different, difference between pay and benefits, overhead is different for a private business. The City has processes and costs it has to perform, such as having to have bids, advertising for positions in a specific way, different reporting requirements. In a municipal environment, the government provides accountability, disclosure, and transparency. A private business may do that, but they aren't required to do it.

Doug Guillian – This is a great opportunity for the City to look at operations. Overhead needs to be reduced and the City needs to look at costs. The overhead is what is being challenged, that it's too high.

Mr. Wohlford stated that he has met three times with the developers and has answered all the questions asked. He continues to offer to meet with them and explain the methodology. The City has created better efficiencies and they've improved.

Doug Guillian stated that he has seen that.

Chair Morgan stated that additional meetings between staff, the consultant and the developers can be worked out together. He added that Director Fields and Mr. Wohlford have done a great job in presenting this information and answering questions.

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

C. **Adjournment and Next Meeting** – The meeting adjourned at 10:16 a.m. to the next regular Finance Committee meeting on December 2, 2015 at 8:30 a.m. in Conference Room No. 1.

Prepared by:

[Signature]
Dani M. Rogers
Deputy City Clerk

**EXHIBITS**
Exhibit A – Update on Private Development Fund & Subdivision Fund
Exhibit B – 2015 Chico Development Services Fee Study – Finance Committee Discussion

**DISTRIBUTION**
Council
CM
ACM
ASD
CDD
City of Chico
Private Development Fund (PDF)

Purpose – Provide a financial update for the Private Development Fund (City Funds 862 and 863).

Fund 862 – Private Development Fund
Fund 863 – Subdivision Fund

City of Chico
Private Development Fund (PDF)

Enterprise Funds – Used to report activity for which a fee is charged to external users for goods or services.
City of Chico  
Private Development Fund (PDF)  

History – In the financial statements for the year ended June 30, 2013, the City’s General Fund transferred $10M to the PDF to pay for the accumulated fund deficit.

This $10M will be not be required to be paid back to the General Fund. New fees can’t be used to pay old costs.

City of Chico  
Private Development Fund (PDF)  

How does the City ensure these Funds do not end with a deficit in the future?  
Fiscal Policies:  
- D1g- The City will refrain from allowing funds to fall into deficit positions.  
- E4f – Due to implementation of the B&D fee study at less than full cost recovery, a subsidy may be required from the General Fund to cover expenses. (Note – An annual subsidy is occurring in Fund 863)
City of Chico
Private Development Fund (PDF)
Draft financial statements – 6/30/15:

**Cash** = $745k – Composed of:
- Swainson’s Hawk - <$253k>
- Wetland’s Mitigation - <$11k>
- AR less current liabilities (net) - <$95k>

Cash available for operations - $386k
Desired cash reserve - $681k - Budget Policy

---

City of Chico
Private Development Fund (PDF)
Draft financial statements – 6/30/15:

**Net Pension Liability** = $6.5M
- Will be reduced as future PERS rates increase. Additional costs to Fund.

Net Position (aka Fund Balance) = <$6.6M>
Deficit
City of Chico
Private Development Fund (PDF)
Draft financial statements – 6/30/15:
Operating Revenue = $2.5M
Operating Expenses = $2.7M
Operating Loss = <$200k>
Transfer/Subsidy from Gen Fund to Subdivision Fund = $188k

City of Chico
Private Development Fund (PDF)
Draft financial statements – 6/30/14:
Operating Revenue = $2.5M
Operating Expenses = $2.5M
Operating Loss = <$6k>
Transfer/Subsidy from Gen Fund to Subdivision Fund = $30k
City of Chico
Private Development Fund (PDF)

Budget for FY 15-16:
Budgeted Operating Revenue = $2.5M
Budgeted Operating Expenses = $3.0M
Budgeted Operating Loss = <$486k>
Budgeted Transfer/Subsidy from Gen Fund to Subdivision Fund = $235k
Budgeted Cash available for operations at 6/30/16 - <$40k> deficit

Operating Exp increase due to: 1) Addition of two positions: Code Enforcement and Admin Analyst, Employee Step Increases and CalPERS increases.

City of Chico
Private Development Fund (PDF)

Conclusion – Costs in the Private Development Fund will continue to increase with CalPERS increases, health insurance increases, employee step increases, and with the addition of any new staff. (Currently staffing is at 23 vs. a high of 37)

Council Policy requires all costs to be covered by fees and/or General Fund subsidy. The General Fund (Fund 004) remains in a deficit position.
## CITY OF CHICO, CALIFORNIA
### STATEMENT OF NET POSITION
#### PROPRIETARY FUNDS
#### JUNE 30, 2015

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Sewer</th>
<th>Parking</th>
<th>Private Development</th>
<th>Airport</th>
<th>Total Enterprise Funds</th>
<th>Governmental Activities - Internal Service Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets: Cash and investments</td>
<td>$13,644,958</td>
<td>$1,653,665</td>
<td>$745,578</td>
<td>-</td>
<td>$15,442,201</td>
<td>$209,105</td>
</tr>
<tr>
<td>Receivables: Accounts</td>
<td>2,771,354</td>
<td>-</td>
<td>171,926</td>
<td>24,328</td>
<td>2,947,580</td>
<td>-</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>63,264</td>
<td>414</td>
<td>1,995,255</td>
<td>2,038,030</td>
<td>-</td>
<td>4,440</td>
</tr>
<tr>
<td>Due from other funds</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>364,931</td>
</tr>
<tr>
<td>Due from component unit</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>364,931</td>
</tr>
<tr>
<td>Deposits from others</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,411,492</td>
</tr>
<tr>
<td>Inventories</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other assets</td>
<td>2,089</td>
<td>150</td>
<td>457</td>
<td>-</td>
<td>3,146</td>
<td>268,268</td>
</tr>
<tr>
<td>Total current assets</td>
<td>$15,641,845</td>
<td>$1,653,665</td>
<td>$817,961</td>
<td>$2,052,492</td>
<td>$20,504,536</td>
<td>$4,503,156</td>
</tr>
<tr>
<td>Noncurrent assets: Restricted cash and investments</td>
<td>8,503,718</td>
<td>300,098</td>
<td>-</td>
<td>-</td>
<td>8,803,816</td>
<td>-</td>
</tr>
<tr>
<td>Other Assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>90,600</td>
</tr>
<tr>
<td>Capital assets: Land and construction in progress</td>
<td>9,430,433</td>
<td>1,235,403</td>
<td>1,235,403</td>
<td>-</td>
<td>13,868,666</td>
<td>30,909</td>
</tr>
<tr>
<td>Other capital assets, net of accumulated depreciation</td>
<td>105,722,828</td>
<td>1,943,296</td>
<td>16,379</td>
<td>12,209,567</td>
<td>119,973,290</td>
<td>19,179</td>
</tr>
<tr>
<td>Total noncurrent assets</td>
<td>123,657,009</td>
<td>5,482,797</td>
<td>16,379</td>
<td>15,423,105</td>
<td>142,980,394</td>
<td>19,179</td>
</tr>
<tr>
<td>Total assets</td>
<td>140,108,854</td>
<td>5,535,061</td>
<td>934,339</td>
<td>17,473,641</td>
<td>163,504,930</td>
<td>4,640,926</td>
</tr>
</tbody>
</table>

### DEFERRED OUTFLOWs OF RESOURCES
Deferred outflows related to pensions | 502,712 | 58,043 | 405,646 | 20,687 | 987,388 | 359,737 |
Total deferred outflows of resources | 502,712 | 58,043 | 405,646 | 20,687 | 987,388 | 359,737 |

### LIABILITIES
Current liabilities:
Accounts payable | 167,073 | 6,463 | 24,768 | 1,630,566 | 1,828,456 | 201,487 |
Accrued salaries and benefits | 66,748 | 9,656 | 84,496 | 1,403 | 161,716 | 82,244 |
Intergovernmental payable | - | - | - | - | - | - |
Due to other funds | - | - | - | - | - | - |
Interest payable | 626,424 | - | - | - | - | - |
Deposits | 22,814 | 4,490 | 27,729 | 30,939 | 66,420 | 45,970 |
Compensated absences - current portion | 32,834 | 4,490 | 27,729 | 30,939 | 66,420 | 45,970 |
Claims liability - current portion | - | - | - | - | - | 2,190,376 |
Loan payable - current portion | 5,666,905 | - | - | - | - | - |
Unearned revenue | 115,650 | - | - | - | - | - |
Total current liabilities | 4,859,984 | 19,662 | 278,504 | 1,635,060 | 6,752,550 | 5,220,677 |
Noncurrent liabilities:
Long-term debt
Loan payable | 44,126,261 | - | - | - | - | - |
Advances from other funds | 154,313 | 21,128 | 122,372 | - | 375,915 | - |
Compensated absences | - | - | - | - | - | - |
Claims liability | - | - | - | - | - | - |
Net pension liability | 8,120,354 | 937,576 | 6,552,433 | 339,010 | 15,694,221 | 5,810,848 |
Total noncurrent liabilities | 52,401,238 | 958,704 | 6,674,805 | 1,106,550 | 71,414,417 | 5,810,848 |
Total liabilities | 57,261,122 | 978,366 | 6,633,169 | 1,741,611 | 78,166,967 | 5,220,677 |

### DEFERRED INFLOWS OF RESOURCES
Deferred inflows related to pensions | 1,218,670 | 140,707 | 983,363 | 50,877 | 2,393,617 | 872,668 |
Total deferred inflows of resources | 1,218,670 | 140,707 | 983,363 | 50,877 | 2,393,617 | 872,668 |

### NET POSITION
Net investment in capital assets | 67,060,105 | 2,882,601 | 16,379 | 15,423,105 | 85,384,194 | 49,570 |
Restricted for capital projects | 8,503,734 | 300,098 | - | - | 8,803,832 | - |
Restricted for debt service | - | - | - | - | - | - |
Unrestricted | 6,597,941 | 291,366 | (66,128,655) | (715,088) | (442,566) | (742,289) |
Total net position (deficit) | $82,161,784 | $3,743,005 | $(6,596,480) | $14,701,101 | $93,751,464 | $(7,552,219) |

---

(A) Westland's Critic on this #

(B) Swainson's Hawk in this #
## CITY OF CHICO, CALIFORNIA
### STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
### PROPRIETARY FUNDS
### FOR THE YEAR ENDED JUNE 30, 2015

<table>
<thead>
<tr>
<th>Business-type Activities - Enterprise Funds</th>
<th>Sewer</th>
<th>Parking</th>
<th>Private Development</th>
<th>Air I7</th>
<th>Total Enterprise Funds</th>
<th>Governmental Activities - Internal Service Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPERATING REVENUES:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for services</td>
<td>$16,296,261</td>
<td>$1,042,205</td>
<td>$1,418,948</td>
<td>$74,083</td>
<td>$18,831,497</td>
<td>$7,358,477</td>
</tr>
<tr>
<td>Licenses and permits</td>
<td>54,456</td>
<td></td>
<td>1,117,412</td>
<td></td>
<td>1,117,412</td>
<td></td>
</tr>
<tr>
<td>Total operating revenues</td>
<td>16,350,717</td>
<td>1,042,205</td>
<td>2,536,360</td>
<td>74,083</td>
<td>19,333,041</td>
<td>7,358,477</td>
</tr>
<tr>
<td>OPERATING EXPENSES:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and benefits</td>
<td>2,269,666</td>
<td>311,288</td>
<td>2,018,017</td>
<td>106,551</td>
<td>4,703,332</td>
<td>3,022,122</td>
</tr>
<tr>
<td>Materials and supplies</td>
<td>570,238</td>
<td>16,422</td>
<td>12,318</td>
<td>13,492</td>
<td>612,062</td>
<td>1,155,877</td>
</tr>
<tr>
<td>Purchased services</td>
<td>671,957</td>
<td>70,389</td>
<td>23,878</td>
<td>152,740</td>
<td>918,984</td>
<td>1,976,991</td>
</tr>
<tr>
<td>Other expenses</td>
<td>2,259,895</td>
<td>185,604</td>
<td>682,657</td>
<td>668,066</td>
<td>3,790,222</td>
<td>697,622</td>
</tr>
<tr>
<td>Depreciation</td>
<td>4,476,874</td>
<td>129,958</td>
<td>1,094,882</td>
<td>5,711,006</td>
<td>6,872</td>
<td></td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>10,248,320</td>
<td>713,671</td>
<td>2,746,462</td>
<td>2,035,531</td>
<td>15,742,894</td>
<td>6,860,489</td>
</tr>
<tr>
<td>Operating income (loss)</td>
<td>6,102,397</td>
<td>328,534</td>
<td>(210,102)</td>
<td>(1,631,772)</td>
<td>4,580,057</td>
<td>497,988</td>
</tr>
<tr>
<td>NONOPERATING REVENUES (EXPENSES):</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intergovernmental</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest expense</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total nonoperating revenues (expenses)</td>
<td>(1,063,892)</td>
<td>746</td>
<td>3,068</td>
<td>2,120,199</td>
<td>1,058,121</td>
<td>84,600</td>
</tr>
<tr>
<td>Income (loss) before contributions and transfers</td>
<td>5,036,505</td>
<td>329,280</td>
<td>(207,024)</td>
<td>488,427</td>
<td>5,647,178</td>
<td>582,718</td>
</tr>
<tr>
<td>Capital contributions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers in</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers out</td>
<td>(101,462)</td>
<td>(36,964)</td>
<td>(173,278)</td>
<td>(72,244)</td>
<td>(353,922)</td>
<td>(14,725)</td>
</tr>
<tr>
<td>Change in net position</td>
<td>10,172,975</td>
<td>292,312</td>
<td>1,206,523</td>
<td>11,603,842</td>
<td>568,053</td>
<td></td>
</tr>
<tr>
<td>Net position (deficit), beginning of year, as restated</td>
<td>71,988,809</td>
<td>3,181,733</td>
<td>(6,468,060)</td>
<td>12,435,578</td>
<td>82,142,030</td>
<td>(8,140,772)</td>
</tr>
<tr>
<td>Net position (deficit), end of year</td>
<td>$82,161,784</td>
<td>$3,474,065</td>
<td>(6,596,486)</td>
<td>$14,706,101</td>
<td>$93,245,464</td>
<td>(7,577,710)</td>
</tr>
</tbody>
</table>

© Includes Gen Fun Subsidy
CITY OF CHICO, CALIFORNIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

<table>
<thead>
<tr>
<th>Business-type Activities - Enterprise Funds</th>
<th>Sewer</th>
<th>Parking</th>
<th>Private Development</th>
<th>Airport</th>
<th>Total Enterprise Funds</th>
<th>Governmental Activities - Internal Service Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPERATING REVENUES:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for services</td>
<td>$14,651,384</td>
<td>$933,763</td>
<td>$1,368,962</td>
<td>$127,119</td>
<td>$17,351,228</td>
<td>$7,066,443</td>
</tr>
<tr>
<td>Licenses and permits</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rental charges</td>
<td>67,787</td>
<td></td>
<td></td>
<td>368,159</td>
<td>457,946</td>
<td></td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td>14,719,171</td>
<td>933,763</td>
<td>2,446,603</td>
<td>395,159</td>
<td>18,569,635</td>
<td>7,066,443</td>
</tr>
<tr>
<td>OPERATING EXPENSES:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and benefits</td>
<td>2,334,515</td>
<td>406,428</td>
<td>1,684,227</td>
<td>83,478</td>
<td>4,590,414</td>
<td>2,880,641</td>
</tr>
<tr>
<td>Materials and supplies</td>
<td>1,200,143</td>
<td>52,536</td>
<td>28,604</td>
<td>98,857</td>
<td>1,372,140</td>
<td>1,145,763</td>
</tr>
<tr>
<td>Purchased services</td>
<td>557,619</td>
<td>66,259</td>
<td>1,179</td>
<td>64,353</td>
<td>690,460</td>
<td>1,995,502</td>
</tr>
<tr>
<td>Other expenses</td>
<td>2,279,979</td>
<td>164,672</td>
<td>751,730</td>
<td>922,380</td>
<td>4,118,761</td>
<td>1,732,555</td>
</tr>
<tr>
<td>Depreciation</td>
<td>4,414,696</td>
<td>132,343</td>
<td>9,566</td>
<td>1,101,209</td>
<td>5,658,204</td>
<td>6,871</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>10,786,952</td>
<td>822,278</td>
<td>2,476,236</td>
<td>2,262,677</td>
<td>16,348,643</td>
<td>7,730,732</td>
</tr>
<tr>
<td>Operating income (loss)</td>
<td>4,152,219</td>
<td>160,985</td>
<td>(663)</td>
<td>(1,745,359)</td>
<td>2,561,212</td>
<td>(661,289)</td>
</tr>
<tr>
<td>NONOPERATING REVENUES (EXPENSES):</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intergovernmental</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest expense</td>
<td>(1,447,790)</td>
<td>(1,989)</td>
<td>(2,368)</td>
<td></td>
<td>(1,452,147)</td>
<td>(10,239)</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>3,190</td>
<td></td>
<td>186</td>
<td>4,944</td>
<td>8,320</td>
<td>129,540</td>
</tr>
<tr>
<td><strong>Total nonoperating revenues (expenses)</strong></td>
<td>(1,444,600)</td>
<td>(1,996)</td>
<td>(2,182)</td>
<td>307,691</td>
<td>(1,141,080)</td>
<td>119,301</td>
</tr>
<tr>
<td>Income (loss) before contributions and transfers</td>
<td>2,707,619</td>
<td>158,996</td>
<td>(8,815)</td>
<td>(1,437,668)</td>
<td>1,420,132</td>
<td>(541,988)</td>
</tr>
<tr>
<td>Capital contributions</td>
<td>4,535,267</td>
<td></td>
<td></td>
<td></td>
<td>4,535,267</td>
<td></td>
</tr>
<tr>
<td>Transfers in</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers out</td>
<td>(119,486)</td>
<td>(38,382)</td>
<td>(57,294)</td>
<td>(119,486)</td>
<td>(38,382)</td>
<td></td>
</tr>
<tr>
<td>Change in net position</td>
<td>7,123,400</td>
<td>120,614</td>
<td>13,604</td>
<td>(1,080,260)</td>
<td>6,177,358</td>
<td>(558,253)</td>
</tr>
<tr>
<td>Net position (deficit), beginning of year</td>
<td>73,496,784</td>
<td>4,057,716</td>
<td>483,119</td>
<td>14,880,183</td>
<td>92,917,802</td>
<td>(1,465,990)</td>
</tr>
<tr>
<td>Net position (deficit), end of year</td>
<td>$80,626,184</td>
<td>$4,178,230</td>
<td>$496,723</td>
<td>$15,759,523</td>
<td>$99,095,160</td>
<td>$1,964,243</td>
</tr>
</tbody>
</table>

(6) Includes General Fund subsidy

The notes to the basic financial statements are an integral part of this statement.
# City of Chico
## 2015-16 Annual Budget
### Private Development FUND

<table>
<thead>
<tr>
<th>FUND 62</th>
<th>Private Development</th>
<th>FY2014-16</th>
<th>FY2015-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td></td>
<td>Council</td>
<td>Adopted</td>
</tr>
<tr>
<td>40507 Construction Permit</td>
<td>1,091,126</td>
<td>1,056,467</td>
<td>550,000</td>
</tr>
<tr>
<td>40531 Encroachment Permit</td>
<td>53,690</td>
<td>42,154</td>
<td>32,300</td>
</tr>
<tr>
<td>42302 Sewer Application Fee</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>42404 Planning Filing Fees</td>
<td>65,688</td>
<td>59,863</td>
<td>154,000</td>
</tr>
<tr>
<td>42407 Engineering Fees</td>
<td>41,676</td>
<td>43,688</td>
<td>42,000</td>
</tr>
<tr>
<td>42410 Plan Check Fees</td>
<td>538,627</td>
<td>536,982</td>
<td>687,500</td>
</tr>
<tr>
<td>42411 Plan Maintenance Fee</td>
<td>7,754</td>
<td>13,716</td>
<td>9,175</td>
</tr>
<tr>
<td>42423 Storm Drain Calc Fee</td>
<td>0</td>
<td>5,675</td>
<td>8,700</td>
</tr>
<tr>
<td>42428 2% Deferred Development Fee</td>
<td>30,565</td>
<td>30,385</td>
<td>35,800</td>
</tr>
<tr>
<td>42439 Northwest Chico Specific Plan</td>
<td>20,305</td>
<td>20,305</td>
<td>60,000</td>
</tr>
<tr>
<td>42604 Sale of Docs/Publications</td>
<td>2,045</td>
<td>1,664</td>
<td>2,600</td>
</tr>
<tr>
<td>44101 Interest on Investments</td>
<td>0</td>
<td>(2,001)</td>
<td>0</td>
</tr>
<tr>
<td>44505 Miscellaneous Revenues</td>
<td>0</td>
<td>195</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>1,860,470</td>
<td>2,052,355</td>
<td>1,981,475</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Expenditures</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>000 Funds Administration</td>
<td>149,273</td>
<td>146,132</td>
<td>112,446</td>
</tr>
<tr>
<td>510 Planning</td>
<td>307,859</td>
<td>419,587</td>
<td>514,915</td>
</tr>
<tr>
<td>520 Building Inspection</td>
<td>999,297</td>
<td>1,127,045</td>
<td>1,209,125</td>
</tr>
<tr>
<td>615 Development Services</td>
<td>39,501</td>
<td>11,659</td>
<td>33,150</td>
</tr>
<tr>
<td>994 Private Development Cost Alloc</td>
<td>(189,648)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>995 Indirect Cost Allocation</td>
<td>287,174</td>
<td>225,583</td>
<td>225,683</td>
</tr>
<tr>
<td><strong>Total Operating Expenditures</strong></td>
<td>1,575,831</td>
<td>1,960,106</td>
<td>2,095,319</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>50160 General Plan Implementation</td>
<td>12,513</td>
<td>10,773</td>
<td>15,450</td>
</tr>
<tr>
<td>50257 Annual User Fee Study Update</td>
<td>8,379</td>
<td>30,750</td>
<td>4,625</td>
</tr>
<tr>
<td><strong>Total Capital Expenditures</strong></td>
<td>20,692</td>
<td>41,533</td>
<td>20,083</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>1,596,725</td>
<td>2,001,639</td>
<td>2,115,404</td>
</tr>
<tr>
<td>Other Financing Sources/Uses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>From</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3001 General</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>3005 Bikeway Improvement</td>
<td>2,106</td>
<td>55</td>
<td>953</td>
</tr>
<tr>
<td>3010 Street Facility Improvement</td>
<td>1,367</td>
<td>919</td>
<td>7,052</td>
</tr>
<tr>
<td>3020 Storm Drainage Facility</td>
<td>665</td>
<td>167</td>
<td>783</td>
</tr>
<tr>
<td>3320 Sewer - Trunk Line Capacity</td>
<td>1,647</td>
<td>5,954</td>
<td>5,834</td>
</tr>
<tr>
<td>3321 Sewer - WFCP Capacity</td>
<td>1,575</td>
<td>6,758</td>
<td>78</td>
</tr>
<tr>
<td>3330 Community Park</td>
<td>19</td>
<td>275</td>
<td>165</td>
</tr>
<tr>
<td>3332 Linear Parks/Greeways</td>
<td>22</td>
<td>10</td>
<td>281</td>
</tr>
<tr>
<td>3335 Street Maintenance Equipment</td>
<td>18</td>
<td>33</td>
<td>29</td>
</tr>
<tr>
<td>3337 Fire Protection Building/Equip</td>
<td>44</td>
<td>69</td>
<td>48</td>
</tr>
<tr>
<td>3338 Police Protection Bldg &amp; Equip</td>
<td>1,269</td>
<td>70</td>
<td>4,300</td>
</tr>
<tr>
<td>3341 Zone A Neighborhood Parks</td>
<td>0</td>
<td>150</td>
<td>0</td>
</tr>
<tr>
<td>To</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6004 General Fund Deficit</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>9315 General Plan Reserve</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>9815 Private Development Debt</td>
<td>9,305,838</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>9931 Technology Replacement</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>9992 Fleet Replacement</td>
<td>(12,301)</td>
<td>(21,924)</td>
<td>(23,176)</td>
</tr>
<tr>
<td><strong>Total Other Sources/Uses</strong></td>
<td>9,302,257</td>
<td>(6,847)</td>
<td>(3,074)</td>
</tr>
<tr>
<td>Excess (Deficiency) of Revenues And Other Sources</td>
<td>5,572,004</td>
<td>(23,156)</td>
<td>(35,715)</td>
</tr>
<tr>
<td>Non-Cash / Other Adjustments</td>
<td>4,965</td>
<td>289,509</td>
<td>0</td>
</tr>
<tr>
<td><strong>Cash Balance, July 1</strong></td>
<td>(9,311,600)</td>
<td>265,383</td>
<td>220,166</td>
</tr>
<tr>
<td>Cash Balance, June 30</td>
<td>265,383</td>
<td>598,852</td>
<td>83,162</td>
</tr>
<tr>
<td>Desired Fund Balance</td>
<td>499,648</td>
<td>578,623</td>
<td>604,663</td>
</tr>
</tbody>
</table>
## City of Chico
### 2015-16 Annual Budget
#### Fund Summary
##### Subdivisions FUND

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>42409 Real Time Billing</td>
<td></td>
<td>155,858</td>
<td>364,106</td>
<td>386,000</td>
<td>386,000</td>
<td>365,000</td>
<td>365,000</td>
</tr>
<tr>
<td>42479 Real Time Billings - Priv Dev</td>
<td></td>
<td>0</td>
<td>22,824</td>
<td>17,000</td>
<td>17,000</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>44101 Interest on Investments</td>
<td></td>
<td>0</td>
<td>(367)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td></td>
<td>155,858</td>
<td>386,163</td>
<td>403,000</td>
<td>403,000</td>
<td>365,000</td>
<td>365,000</td>
</tr>
<tr>
<td><strong>Expenditures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating Expenditures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>000 Funds Administration</td>
<td></td>
<td>45,764</td>
<td>40,566</td>
<td>102,760</td>
<td>79,712</td>
<td>25,632</td>
<td>25,632</td>
</tr>
<tr>
<td>510 Planning</td>
<td></td>
<td>58,896</td>
<td>74,105</td>
<td>108,624</td>
<td>131,351</td>
<td>128,553</td>
<td>128,553</td>
</tr>
<tr>
<td>615 Development Services</td>
<td></td>
<td>129,816</td>
<td>216,676</td>
<td>197,727</td>
<td>226,237</td>
<td>225,538</td>
<td>225,538</td>
</tr>
<tr>
<td>896 Indirect Cost Allocation</td>
<td></td>
<td>111,431</td>
<td>67,262</td>
<td>67,262</td>
<td>67,262</td>
<td>68,885</td>
<td>68,885</td>
</tr>
<tr>
<td><strong>Total Operating Expenditures</strong></td>
<td></td>
<td>343,927</td>
<td>398,009</td>
<td>476,373</td>
<td>504,562</td>
<td>448,608</td>
<td>448,608</td>
</tr>
<tr>
<td><strong>Capital Expenditures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11020 Stormwater Mgmt Program</td>
<td></td>
<td>35,622</td>
<td>50,560</td>
<td>50,405</td>
<td>105,442</td>
<td>134,320</td>
<td>134,320</td>
</tr>
<tr>
<td>55150 General Plan Implementation</td>
<td></td>
<td>2,316</td>
<td>1,959</td>
<td>2,575</td>
<td>2,575</td>
<td>3,442</td>
<td>3,442</td>
</tr>
<tr>
<td>50257 Annual User Fee Study Update</td>
<td></td>
<td>2,491</td>
<td>12,818</td>
<td>1,521</td>
<td>3,643</td>
<td>2,517</td>
<td>2,517</td>
</tr>
<tr>
<td><strong>Total Capital Expenditures</strong></td>
<td></td>
<td>41,629</td>
<td>66,736</td>
<td>94,911</td>
<td>111,660</td>
<td>140,279</td>
<td>140,279</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td></td>
<td>385,556</td>
<td>464,647</td>
<td>571,284</td>
<td>616,222</td>
<td>589,887</td>
<td>589,887</td>
</tr>
<tr>
<td><strong>Other Financing Sources/Uses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>From:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2001 General</td>
<td></td>
<td>0</td>
<td>28,266</td>
<td>166,264</td>
<td>214,197</td>
<td>235,175</td>
<td>235,175</td>
</tr>
<tr>
<td>2004 General Fund Deficit</td>
<td></td>
<td>0</td>
<td>819,242</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>To:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Other Sources/Uses</strong></td>
<td></td>
<td>0</td>
<td>848,508</td>
<td>166,264</td>
<td>214,197</td>
<td>235,175</td>
<td>235,175</td>
</tr>
<tr>
<td><strong>Excess (Deficiency) of Revenues and Other Sources</strong></td>
<td></td>
<td>(225,668)</td>
<td>770,424</td>
<td>0</td>
<td>975</td>
<td>11,288</td>
<td>11,288</td>
</tr>
<tr>
<td><strong>Non-Cash / Other Adjustments</strong></td>
<td></td>
<td>(1)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cash Balance, July 1</strong></td>
<td></td>
<td>(567,546)</td>
<td>(822,244)</td>
<td>(51,847)</td>
<td>(52,822)</td>
<td>(51,847)</td>
<td>(51,847)</td>
</tr>
<tr>
<td><strong>Cash Balance, June 30</strong></td>
<td></td>
<td>(823,244)</td>
<td>(52,822)</td>
<td>(51,847)</td>
<td>(51,847)</td>
<td>(40,559)</td>
<td>(40,559)</td>
</tr>
</tbody>
</table>

**Fund Name:** Fund 863 - Subdivisions  
**Authority:** City Resolution  
**Use:** Restricted  
**Authorized Capital Uses:** Major programs, buildings and facilities, major equipment  
**Authorized Other Uses:** Operating, debt service  
**Description:** Accumulation of fees and associated expenses for subdivision development.  
**Remarks:** Cash Balance is comprised of cash in the fund plus short term receivables less short term liabilities. Beginning in FY 2000-01 the fund also reflects real time billing for Private Development projects.
General Purpose of the Study

Establish the full cost for the City to provide each service and identify current subsidies, in order to give the City Council information on which to make fee-setting decisions.

Principles and Guidelines

Basis in Government Code §66014, which states: "...fees may not exceed the estimated reasonable cost of providing the service for which the fee is charged."

The study calculated the cost for individual services, based upon the normal staff effort specific to each service. The full cost of service = maximum fee.

Methodology

We used the same cost analysis as any business would to recover cost:

*Hourly Rate Calculation:* Cost of Position / # of Billable Hours = $ per hour

*Full Cost Calculation:* $ per hour @ time estimates = cost of service

Note: "Cost of Position" is the average salaries and benefits, plus applicable direct and indirect (overhead, support) costs.

Common Questions and Issues

- Comparisons with Other Cities (unit fees)

  **Summary:** Variances in other cities’ structures, operating practices, and policies make comparisons of cost extremely unreliable. (See additional information on page 2.)

- Comparisons with Private Contractors (hourly rates)

  **Summary:** Private contractors do not have all of the costs built into their rates. (See additional information on page 3.)

- Management Rates in Unit Fees

  **Summary:** "High" management rates (those most often cited as "unreasonable") are not directly factored into unit fees, since those positions do not normally provide direct services.

- What are other cities doing?

  **Summary:** Setting high cost-recovery goals and phasing large increases.
Issues Regarding Comparisons with Other Cities (unit fees)

With the potential for numerous factors to affect the differences in fee levels between cities, it is important to realize that the value of a fee comparison is generally limited to market-based decision-making. There is very little relevance of current fee levels in other cities to the actual costs in the City, since fee schedules tend to be highly variable expressions of local policy, rather than true barometers of service costs or cost-recovery intent.

Direct comparisons of fee levels across surveyed counties and cities are usually limited, due to wide differences in fee structures, definitions, and program types. The value of a comparison may be to allow a city to develop a sense of its place in the range of fee levels among comparative jurisdictions, but it does not establish a clear understanding of each city’s specific cost circumstances, including actual cost, service levels, or cost-recovery performance. This situation may exist for a variety of reasons, including:

- Many cities have not conducted an actual cost study, so their fees may be based upon historical or other subjective factors unrelated to actual cost.
- Most cities do not publish their subsidy rates, so their fees may be subsidized (knowingly or unknowingly). Even if they have completed a cost study, there is often no way to know whether cost subsidies exist.
- The services included in fees may be combined in some cities and separated in others, thus making direct comparisons unreliable.
- The methodology used to determine the fees in other cities may be deficient or designed to recover less than full cost.
- Other jurisdictions may have different policy goals and considerations that affect the level of cost they desire to recover.

Even if the studies treated the costs equally, there are a number of additional qualifying factors that would create legitimate and reasonable variances in costs between different cities, including:

- Salaries and benefits
- Services and supplies
- Overhead levels (department, division, and administrative)
- Post Employment Benefits (OPEB)
- Leave time (holiday, vacation, sick)
- Other non-direct time (training, meetings, breaks)
- Capital costs (annualized)
- Cross-department support levels and costs
- Cost-recovery of associated services (e.g., General Plan update, code enforcement)
- Reserve contributions
- Staff longevity (affects the time necessary to complete tasks)
- Service levels (affect the number and overall time to complete related tasks/services)
- Efficiency
Issues Regarding Comparisons with Private Contractors (hourly rates)

Even when the services and products are similar, there are significant differences in the costs and operations between government agencies and private enterprises. The differences are most evident in their organizational missions, cost structures, and service levels.

Most significantly, the differences are due to the fact that a private firm does not have to pay for the same costs as a government agency, including:

- Permit system (purchase and maintenance)
- Planning Commission and City Council support/meetings (attendance, status reports, etc.)
- General Plan, Zoning Code, Housing Element, Municipal Service Review, and Sphere of Influence updates
- Code enforcement
- Public information (pre-project support)
- Routine non-technical training (e.g., sexual harassment, workplace violence)
- Administrative oversight tasks (e.g., Economic Interest statements)
- Fee studies performed by outside contractors
- Employer contributions to defined benefit retirement plans (vs. 401 or no plan)
- Competitive comprehensive health insurance coverage and post-employment benefits
- Recruitment processes that require extra steps (e.g., exams and formal applications) to ensure fairness and equity, and review processes to prevent issues such as nepotism. (Private firms can use whatever processes they want and can hire anybody they want.)
- Purchasing processes that require extra steps to ensure fairness and protect public money (i.e., formal bidding processes). (Private firms can purchase however they choose.)
- Additional administrative support, such as a Finance department that must track public funds and prepare/publish reports with greater detail than required in private firms (to protect public money and ensure public access to information).

All of the above costs (some partially) may go into the fees and cost-recovery rates established in the studies (with exceptions for some positions). Consequently, even when salaries are equal, total City employee costs are greater than private firm employee costs. Even if the City “privatized” some or all of the fee services, most of these costs would still exist in the City and would have to be recovered. Therefore, private firms would have to either raise their rates or bill for more hours—or the City would have to add a premium/surchARGE to the private fees. Either way, the cost would be greater than simple public-private rate comparisons would indicate.

In addition, the fees (based on worker time) also have the following built into them:

- Review and approval processes to ensure accountability and protect the public.
- Systems and processes designed for fairness and equity among customers (can create inefficiencies). (Private firms can provide different service levels to different customers.)
- Standard fees must also include services to difficult projects and customers, because the City must serve everyone equally and cannot refuse to serve any customers. (Private firms can avoid “unprofitable” customers.)
FINANCE COMMITTEE REPORT
A Committee of the Chico City Council: Councilmembers Sorensen, Stone and Chair Morgan
Meeting of Wednesday, December 2, 2015 – 8:30 a.m. to 10:30 a.m.
Council Chamber Building, 421 Main Street, Conference Room 1

The November 25, 2015 Finance Committee meeting was re-scheduled to December 2, 2015.

REGULAR AGENDA

A. CITIZEN SERVE SOFTWARE DEMONSTRATION

Staff provided a demonstration of the Citizen Serve software used to process animal, bicycle and business licenses online. This new software allows citizens to process these licenses through an online portal.

Speaking on this item was Loretta Torres.

B. SANITARY SEWER AND TREATMENT SYSTEM MISSION, VISION AND OBJECTIVES

The City is conducting a review of the Sanitary Sewer and Treatment System (System) to guide future analysis and decision-making. It is important to set a strongly defined mission, vision, and objectives. This action sets the direction of the System for the foreseeable future and will assist City staff in aligning actions to meet this mission, vision, and objectives. (Report – Chris Constantin, Assistant City Manager)

Assistant City Manager Constantin reported that staff came together to create the document to assist in planning for the future of the plant and to ensure that adequate funds are available to properly maintain it for the long term. When the City expanded the facility, assumptions were made for anticipated growth to obtain loans from the State. There was an economic downturn and the growth did not happen. The City is now making payments on the loans without the anticipated revenue coming in. The City now has a great plant and is in a lot better position that other cities, but a vision is needed to keep it in good condition.

Chair Morgan asked if the Town of Paradise’s recent request to discuss the feasibility of connecting to Chico’s system has anything to do with coming forward now.

ACM Constantin stated that is does not. It’s being brought forward to look at the City’s infrastructure, critical risk and exposure, and to develop a long term vision to plan for future needs. In relation to Paradise, he stated that the City has the older plant with three million gallons of capacity and the newer plant with nine million gallons of capacity. The newer plant has lower operating costs due to its efficiency. If Paradise is allowed to connect, the City would have to operate the older, less efficient plant and it will cost more to operate.

ACM Constantin added that this review will take about a year. Staff will return with a final report and possible recommendations.

Speaking on this item was Stephanie Taber.

A motion was made by Stone and seconded by Morgan to forward a recommendation to Council to approve the Sanitary Sewer and Treatment System Mission, Vision, and Objectives.

Ayes: Stone, Sorensen, Morgan
Nays: None

The motion carried 3-0.
C. **REVIEW OF THE MONTHLY FINANCIAL REPORT AND BUDGET MONITORING REPORTS**

The Accounting Manager and the Budget & Treasury Manager presented the Monthly Financial Report and Budget Monitoring Reports through October 31, 2015.

Speaking on this item were Stephanie Taber and Loretta Torres.

D. **Business from the Floor** – Loretta Torres stated the City should do a public relations campaign on ways the City tries to save on the bottom line. She suggested putting labels on mirrors above sinks so people can report if there is a leaking faucet, and to use automatic or motion lights.

E. **Adjournment and Next Meeting** – The meeting adjourned at 9:25 a.m. to the next regular Finance Committee meeting on December 30, 2015 at 8:30 a.m. in Conference Room No. 1.

Prepared by:

[Signature]

Dani Rogers, Deputy City Clerk

**DISTRIBUTION:**
Council
CM
ACM
ASD