



Finance Committee Report

DATE: January 27, 2010

File : [Comm Binder](#)

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD JANUARY 26, 2010**

Committee present: Chair Gruendl Councilmember Wahl Councilmember Flynn - absent	Staff present: City Manager Burkland Assistant City Manager Rucker City Attorney Barker Finance Director Hennessy	Housing & Neighborhood Serv. Dir. Morgado Administrative Services Director Pierce Housing Manager Coles Administrative Analyst Cameron
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COMMITTEE MATTERS REQUIRING COUNCIL ACTION

- A. **Request to Amend Administrative Procedure and Policy (AP&P) No. 27-10 to Address Short Sales of Homes Purchased with the City's Mortgage Subsidy Program (MSP).** A "short sale" is a transaction approved by lenders with liens on a borrower's property which allows the borrower to sell their property and repay lien holders less than the amount owed to them. The short sale is a compromise agreement that allows lien holders and borrowers to avoid foreclosure. Currently, AP&P 27-10 only allows City Manager/Executive Director approval of a reduced MSP loan payoff if the outstanding principal balance is repaid in full. However, short sales typically repay lenders only a portion of the outstanding principal balance. As short sales have become more common in the current real estate market, staff proposed approval guidelines for short sale properties on which the City or Agency has an MSP deed of trust. The Housing and Neighborhood Services Director recommended amending AP&P 27-10 with the following short sale approval guidelines for properties on which the Agency or City has an MSP deed of trust. The City Manager/Executive Director may approve a short sale if: (a) the borrower will not receive any profit from the sale; (b) no lien holder will receive repayment from the sale that exceeds the principal balance due of their loan; and (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. If the borrower's request does not comply with these conditions, the request shall be referred to the Finance Committee for its consideration. **(Report - James Coles, Housing Manager)**

Stephanie Taber and Mary Kennedy addressed the Committee on this item.

Chair Gruendl suggested adding a semicolon and an "and" at the end of each paragraph in Section III.E.2.a and b to the strike out version of the AP&P. Staff agreed and indicated the changes would be made to the AP&P before the item went to Council.

Councilmember Wahl proposed that the AP&P be left as is and that any short sales come to the Finance Committee for approval, as the Committee acts as the stewards of the taxpayer dollars.

Staff projected that about three to four MSP borrowers will request approval of a short sale before the end of fiscal year 2009-10. City Manager Burkland indicated that leaving the policy as is could put the City at risk if a property went into foreclosure, as the City/Agency would be left with nothing, adding that these changes are a tool that would be available in these situations. Staff added that the Finance Committee would still be reviewing many of the short sales because they won't "fit" in the amended policy.

Councilmember Wahl made the following motion which was seconded by Chair Gruendl. The motion carried 2-0-1, with Councilmember Flynn absent.

Recommendation: The Committee recommended (2-0-1, Flynn absent) that this item be forwarded to the Council with no formal recommendation.

COMMITTEE MATTERS NOT REQUIRING COUNCIL ACTION

- B. **Reports and Communications.** The following report and communication items were provided for the Committee's information. No action was taken on these items.

1) Monthly report-Q&A from citizens re: City finances (11/25/09-1/12/10)-no questions received

2) Quarterly Report on Housing Rehabilitation Program Loan Activity (period 10/01/09 - 12/31/09)

Stephanie Taber addressed the Committee on this item asking the dollar amount for each grant program recipient and the location of grant repairs. Staff indicated that this information is available at the Housing and Neighborhood Services Office.

3) Review of Quarterly Budget Update (1st quarter - FY 2009-10) - citizens Q&A

Stephanie Taber addressed the Committee on this item requesting clarification on the decline in Utility User's Tax which staff provided.

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

- D. **Adjournment and Next Meeting.** The meeting adjourned at 8:40 a.m. The next meeting is scheduled for February 23, 2010, at 8:00 a.m. in Conference Room No. 1.

Lynda Cameron, Administrative Analyst

Distribution:

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



Finance Committee Report

DATE: February 24, 2010

File : [Comm Binder](#)

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD FEBRUARY 23, 2010**

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

- A. **Review of the 2010-2015 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): (1) Community Development Block Grant (CDBG); and (2) 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 2010-2015, which by reference also incorporates the Annual Plan for 2010-2011. The Housing & Neighborhood Services Director recommended that the Finance Committee review the 2010-2015 Consolidated Plan Executive Summary and the draft 2010-2011 Annual Plan budget, provide comments, and direct staff to present the completed Draft Consolidated Plan to the City Council at its 3/16/10 meeting. ***(Report – Sherry Morgado, Housing & Neighborhood Services Director)***

Staff indicated that the Housing and Community Development needs survey was provided to residents of affordable housing complexes, clients of social services and social service agencies, adding that HUD requires the Agency to target low-income clients for the survey since they are ultimately the end-user. Preliminary survey results indicate that the high priority needs in Housing and Community Development are:

- More extremely-low and low-income rental housing
- Transitional housing facilities for special needs populations
- Expanded public services for low income individuals, such as job training
- A community facility to provide services for low-income residents
- A functional and affordable transit system

Chair Gruendl stated that information on the unmet needs in the transit system may not be getting to Butte County Association of Governments (BCAG) as the targeted riders for these needs are not using the system. Staff responded that the survey information will be forwarded to BCAG.

Staff stated that an “at-risk unit” definition identifies a multi-family rental housing project where governmental regulatory agreements will soon expire, leading to conversion to market-rate rents within the current or subsequent 5-year planning period. Staff added that they would make every attempt to contact property owners to determine what their future plans are for the units; whether it be conversion to market-rate, interest in keeping rents low, interest in selling the property, or subsidized rent.

Stephanie Taber addressed the Committee on this item.

Councilmember Wahl made the following motion which was seconded by Councilmember Flynn. The motion carried 3-0.

Recommendation – The Committee directed (3-0) staff to present the completed Draft Consolidated Plan to the City Council at its 3/16/10 meeting.

COMMITTEE MATTERS NOT REQUIRING COUNCIL ACTION

B. **Reports and Communications.** The following report and communication item was provided for the Committee's information. No action was taken on this item.

1) Monthly report on Q&A from citizens regarding City finances (period 1/13/10-2/09/10) - none received

C. **Business From the Floor.** Stephanie Taber addressed the Committee on the home energy program fees. Staff stated that a home energy program has been in place since 1988, but there will be an expanded recommendation from the Sustainability Task Force that will be going to the Council in the near future.

Ms. Taber asked if she could receive a copy of the "Indirect Cost Plan" that is referenced in the final budget. Finance Director Hennessy stated the Indirect Cost Plan was a highly technical plan that may be difficult to understand, adding that the City is currently updating the plan for the next budget year. She did indicate that an executive summary may be available, and if so, she would provide that.

Finance Director Hennessy informed the Committee that the contingency plan had not been activated because the revenue shortfall has been reduced by cost savings.

D. **Adjournment and Next Meeting.** The meeting adjourned at 8:45 a.m. The next meeting is scheduled for March 23, 2010, at 8:00 a.m. in Conference Room No. 1.

Lynda Cameron, Administrative Analyst

Distribution:

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



Finance Committee Report

DATE: March 26, 2010

File : Comm Binder

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD MARCH 23, 2010**

<u>Committee present:</u> Chair Gruendl Councilmember Flynn Councilmember Wahl	<u>Staff present:</u> City Manager Burkland Assistant City Manager Rucker City Attorney Barker Finance Director Hennessy Building & Dev. Serv. Dir. McKinley	Housing & Neighborhood Serv. Dir. Morgado Community Development Manager Carroll Housing Manager Coles Senior Civil Engineer Thompson Administrative Analyst Cameron
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COMMITTEE MATTERS REQUIRING COUNCIL ACTION

- A. **Acceptance of the Community Organization Program Compliance Reports on Fiscal Year 2008-09 Agreements.** As part of its streamlining approvals for the Community Organization Funding Program, Council authorized biennial compliance reviews of agencies receiving \$5,000 or more per fiscal year, and of agencies receiving funding for the first time. Finance Department staff reviewed compliance with the provisions of the Fiscal Year 2008-09 funding agreements, and the Community Development Manager presented an agenda summary report on those results, along with additional staff recommendations on select organizations. A letter from VECTORS was also included with the report. The Community Development Manager recommended acceptance of the Fiscal Year 2008-09 compliance reports and acceptance of staff recommendations on select organizations as outlined in the staff report. **(Report - Cris Carroll, Community Development Manager)**

Councilmember Wahl made a motion to accept the Fiscal Year 2008-09 compliance reports and also accept the waiver of repayment of \$1,099 from Vectors. The motion was seconded by Councilmember Flynn. Chair Gruendl amended the motion to "write-off" the obligation for Vectors to repay the \$1,099. The amended motion was accepted and carried 3-0.

Recommendation – ***The Committee accepted (3-0) the Fiscal Year 2008-09 compliance reports. The Committee also recommended writing-off Vectors obligation to repay \$1,099 and accepted staff's recommendations for the following organizations which had audit findings: Arc of Butte County; Catalyst Women's Advocates; Chico Area Council on Aging (Meals on Wheels); and Ensemble Theatre.***

- B. **Consideration of Text Amendments to Chapter 3.82 of the Chico Municipal Code.** Consideration of an ordinance which would amend Chapter 3.82 of the Chico Municipal Code to include petition filing fees in the assessment installments to connect to the sewer system. The project was determined to be exempt from the California Environmental Quality Act (CEQA), pursuant to Section 15061(b)(3) (General Rule Exemption) of the CEQA Guidelines. The Building and Development Services Director recommended that the Finance Committee review the draft ordinance and forward to the Council for consideration. **(Report - Fritz McKinley, Building and Development Services Director)**

Councilmember Flynn made the following motion which was seconded by Councilmember Wahl. The motion carried 3-0.

Recommendation – ***The Committee recommended (3-0) forwarding a draft ordinance amending Chapter 3.82 of the Chico Municipal Code to the City Council for consideration.***

COMMITTEE MATTERS NOT REQUIRING COUNCIL ACTION

- C. **Bi-Annual Report of Approved Mortgage Subsidy Rental Requests.** At its meeting of 3/24/09, the Finance Committee approved four requests from Mortgage Subsidy Program (MSP) recipients no longer living in and unable to sell their homes, to temporarily rent their properties and also requested that staff provide a bi-annual report on the status of these properties. At the meeting of 9/22/09, staff reported that one of the property owners moved back into her home. This report provided an update on the other three property owners, with staff recommendations as to appropriate next steps. The Housing & Neighborhood Services Director recommended that the Finance Committee approve the actions described in the staff report for each property in question. **(Report - Sherry Morgado, Housing & Neighborhood Services Director)**

1. **Staup - 1382 Lucy Way**

Staff indicated that the property owners have the ability to make small payments on their MSP loan if they could continue to rent the home. Chair Gruendl suggested that staff meet with the property owners to see what kind of payment they can make on the loan and let them continue to rent the property while they try to sell the home. Councilmember Wahl made a motion to table this item until staff can meet with the property owners and more information is available.

Recommendation – The Committee recommended (3-0) tabling discussion of this item to the 4/27/10 Finance Committee meeting at which time staff will present information on a proposed agreement with the Staups.

2. **Cappuccio - 570 East Avenue**

Staff recommended the Committee approve a 6-month extension to rent the property to allow the property owners time to begin the short sale process. In response to Stephanie Taber's comment concerning overgrown weeds at an adjacent property, staff indicated that code enforcement would respond to the situation. Councilmember Wahl made the following motion which carried 3-0.

Recommendation – The Committee recommended (3-0) approving a six-month extension on the rental of 570 East Avenue.

3. **Cooley - 1528 Bidwell Drive**

Staff indicated that the property manager of 1528 Bidwell Drive was contacted and has provided a current address for the owners. Staff recommended sending a certified letter to this address informing the owners they are in default of their loan and determine what their intentions are on the property.

Recommendation – The Committee recommended (3-0) sending a certified "Notice of Default" to the property owners of 1528 Bidwell Drive.

D. **Reports and Communications.** The following report and communication items were provided for the Committee's information.

- 1) Monthly report on Q&A from citizens regarding City finances (period 2/10/10-3/09/10) - Pursuant to Committee policy for informing the public of staff responses to questions regarding City finances, any questions for which answers cannot be provided prior to the second Tuesday of each month will be included in the following month's report. Due to staff time constraints, responses to the six questions submitted by Bob Kromer on 03/03/10 will be included on the 04/27/10 Committee agenda.

Chair Gruendl asked that the policy on when questions are submitted for the monthly report on Q&A from citizens be listed on the 4/27/10 Finance Committee agenda for discussion.

- 2) Review of Quarterly Budget Update (2nd quarter - FY 2009-10) - citizens Q&A

E. **Business From the Floor.** None.

- F. **Adjournment and Next Meeting.** The meeting adjourned at 8:30 a.m. The next meetings regarding community organization funding are scheduled for Thursday, April 8, 2010, at 2:00 p.m. and Thursday, April 22, 2010 at 4:00 p.m. in Conference Room No. 1. The next regular Finance Committee meeting is scheduled for Tuesday, April 27, 2010, at 8:00 a.m. in Conference Room No. 1.

Lynda Cameron, Administrative Analyst

Distribution:

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



Finance Committee Report

DATE: April 12, 2010

File : [Comm Binder](#)

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD APRIL 8, 2010**

Committee present: Acting Chair Wahl Councilmember Holcombe Councilmember Nickell	Staff present: City Manager Burkland Assistant City Manager Rucker Community Development Manager Carroll	Housing Manager Coles Administrative Analyst Cameron
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COMMITTEE MATTERS NOT REQUIRING COUNCIL ACTION

- A. **Acceptance of Applications Not Received by Deadline.** The deadline for submittal of complete applications for the Community Organization Funding Program was 2/26/10. The Chico Creek Nature Center submitted the base application by that deadline, but the supplemental portion of the application was not submitted until 3/09/10. The Chico Community Shelter Partnership's application was submitted on 3/08/10. By letter dated 3/03/10, Brad Montgomery, Executive Director of Chico Community Shelter Partnership, explained the reason for the late application. Both applications have been included on the Committee's applicant worksheet. Staff recommended that both applications be accepted for consideration.

Tom Haithcock, Chico Creek Nature Center (CCNC) and Brad Montgomery, Chico Community Shelter Partnership (CCSP) addressed the Committee on the tardiness of their applications.

Councilmember Holcombe made the following motion which the Committee concurred with.

Action: The Committee accepted (3-0) the CCSP and CCNC applications for consideration.

- B. **Review of Applications for 2010-11 Community Organization Funding - General Fund/CDBG Applicants.** The purpose of this meeting was to consider the applications for the Fiscal Year 2010-11 Community Organization Funding Program in the General Fund/CDBG category. The Finance Committee determined the format of the meeting, which included brief presentations by the applicants. The Committee was provided with an agenda report from the City Manager and the Community Development Manager which included the applicant request worksheet and ten-year historical summary of the Community Organization Funding Program.

City Manager Burkland indicated that the recommended Fiscal Year 2010-11 General Fund portion of the allocation was being reduced by 25% from last year's funding; this funding, in addition to the CDBG funding for the program, will provide his recommended available revenue totaling \$260,653 for this category of applicants. Community Development Manager Carroll added that the City Manager is guided by Council adopted long-term fiscal planning elements and applicants were advised that the City has extreme challenges this year. She noted that since the preparation of the agenda materials, the City received notification that it's CDBG funding had increased slightly for next year, but the increase will be offset by an additional reduction in the General Fund contribution and the recommended total funding will remain the same.

The Committee directed the applicants to state the following when making their presentation: (1) why their organization is requesting an increase (if applicable); (2) what the City funding "purchases" for their organization; and (3) what their organization would "give-up" if it did not receive City funding.

The following applicants addressed the Committee:

Organization	Representative	Requested increase (if applicable)	What City funding purchases for the Organization	What Organization would "give-up" if not funded
Sunshine Kids Club	Faelin Klein, Executive Director		Operating costs for wheelchair basketball adaptive bike program for handicapped children.	Would have to cut the number of children it serves.
ARC of Butte County, Inc.	Michael McGinnis, Executive Director		Salary & benefits for resource developer who raises additional money in the community.	Ability to raise additional monies.
Caminar	Nicole Bateman, Executive Director		Job Coach Salary; Provide vocational services, job training.	Helping people w/ disabilities will be diminished.
Catalyst Women's Advocates, Inc.	Anastacia Synder, Executive Director		Facility expenses, salary & benefits for staff.	Services, which would impact law enforcement.
Catholic Ladies Relief Society #3	Joan Costa		Major portion is used for PG&E assistance. (Past due amounts only)	Would not be able to provide assistance to families.
cChaos	Richard Roth, Executive Director	Installation of EBT access hardware, insurance, salary for Part time Manager.	Start a new Farmer's Market in the Columbus Ave. neighborhood.	Lack of market.
Chico Area Council on Aging, Inc. (Meals on Wheels)	Eric Moxen, Boardmember	Increase in cost of delivery, increase in need of services.	Purchase food from Enloe, subsidize delivery & vehicle maintenance.	Increase fund-raising, change meal types.
Chico Community Children's Center	Sue McGuire, Executive Director		Provides hours of child care to low income families. Helps pay for some food costs and liability insurance.	Would have to reduce the amount of hours of child care provided, or eliminate toddler program.
Chico Community Shelter Partnership	Brad Montgomery Executive Director	Bus ticket program - reunites homeless w/ family/friends in other areas. Increases in nights of stay.	Provides for cost of utilities and bus passes to administer the HELP bus voucher program.	Eliminate bus voucher program, reduce nights of stay.
Chico Creek Nature Center	Tom Haithcock, Executive Director		Salary for Staff.	May lose staff, which hampers ability to raise additional funds.
Community Action Agency	Gloria Rodgers, Program Director		Utility expenses for Esplanade House.	Provide less services.
Do-It Leisure (Work Training Center)	Andrea Moriarty, Manager		Program expenses - recreational opportunities for people w/ disabilities.	Services would not be provided.

Organization	Representative	Requested increase (if applicable)	What City funding purchases for the Organization	What Organization would "give-up" if not funded
Independent Living Services of Northern California	Evan LeVang, Executive Director	Staff's health care premium increase.	Payroll costs and operational expenses to provide housing assistance; rental housing disability program; indirect cash grants to prevent homelessness.	Scale back emergency cash assistance.
Innovative Health Care Services	Diane Cooper-Puckett, Executive Director	Return the agency to previous years funding level.	Critically needed daily care in order to keep citizens out of nursing homes.	Without City support it would be difficult for them to survive.
Innovative Preschool	Nili Yudice, Executive Director	Increase covers full amount for staff.	Salary and insurance for two staff members.	Would have to look at program / restructuring.
Legal Services of Northern California	Evan O'Donnell, Managing Attorney		Salary and benefits for staff.	Would have to cut staff.
Passages Adult Resource Center	Katie Azevedo		Salaries, operating expenses and costs of background checks.	Unknown.

The following applicants were not present to address the Committee:

Chico Cat Coalition (Promotion of Animal Welfare)
Community Legal Information Center (Associated Students)
Rape Crisis Intervention, Inc.

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

D. **Adjournment and Next Meeting.** The meeting adjourned at 3:10 p.m. The next meeting is scheduled for Thursday, April 22, 2010 at 4:00 p.m. in Conference Room No. 1 at which time it will conclude its consideration of community organization funding.

Lynda Cameron, Administrative Analyst

Distribution:
City Council (7); Council Office copy; City Manager; Assistant City Manager; Community Development Manager; Finance Director; Admin. Services Director



Finance Committee Report

DATE: April 26, 2010

File : [Comm Binder](#)

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD APRIL 22, 2010**

<u>Committee present:</u> Acting Chair Wahl Councilmember Holcombe Councilmember Nickell	<u>Staff present:</u> City Manager Burkland Assistant City Manager Rucker Community Development Mgr. Carroll	Housing & Neighborhood Serv Dir Morgado Finance Director Hennessy Administrative Analyst Cameron
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COMMITTEE MATTERS REQUIRING COUNCIL ACTION

A. COMMUNITY ORGANIZATION FUNDING REQUEST RECOMMENDATIONS:

The Committee formulated recommendations to the City Council for funding community organizations in the General/CDBG category for the 2010-11 Fiscal Year. All organizations were advised by receipt of the agenda that, since every organization was given an opportunity to make a presentation at the Committee's April 8, 2010 meeting, no further testimony from the applicants would be taken unless requested by the Committee.

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

- A. Agenda report from the City Manager and Community Development Manager which set forth the City Manager's recommendations.
- B. Exhibit "A" to the report - Updated Finance Committee worksheet
- C. Exhibit "B" to the report - Letter from Community Legal Information Center
- D. Exhibit "C" to the report - Letter from Rape Crisis Intervention and Prevention
- E. Exhibit "D" to the report - E-mail from the Chico Cat Coalition

Copies of the agenda report and exhibits were provided to all applicants.

The Committee was provided with an amended worksheet which corrected an error on the recommendation for the Torres Shelter.

Councilmember Nickell made a motion which was seconded by Councilmember Holcombe to allow the Chico Cat Coalition, Community Legal Information Center and Rape Crisis Intervention, Inc. an opportunity to address the Committee. The Committee concurred (3-0) to allow the applicants to speak after the City Manager presented his opening remarks.

City Manager Burkland indicated that the Committee recommendations would be forwarded to the City Council for the June 15, 2010 budget meeting. He added that his recommendation included a 25% reduction to the General Fund portion of funding, resulting in a 10% across-the-board reduction for currently funded agencies from the Fiscal Year 2009-10 level of City support. The total funding recommended by the City Manager for the General/CDBG category for Fiscal Year 2010-11 was \$262,453.

Community Development Manager Carroll stated that three agencies were treated separately from the above recommendation to reduce current agency funding levels by 10%: (1) the Chico Cat Coalition was not recommended for funding because their application indicated two areas of concern to City staff which were not addressed by the agency: A) the sanctuary was listed at full capacity and B) the property on which the sanctuary is located was currently for sale; (2) the Sunshine Kids Club was not funded in the current fiscal year so its recommended funding was approximately 50% of the request; and (3) cChaos (a new applicant) was not recommended for funding.

In response to the City's obligation to the Chico Cat Coalition, Assistant City Manager Rucker indicated that the Chico Cat Coalition assumed the responsibility of trapping feral cats in lower Bidwell Park from the City's Animal Control unit a few years ago. Councilmember Holcombe questioned whether the cat trappings could be handled through the Humane Society or staff, adding there will always be a cost to spay, neuter and house cats no matter which agency handles it.

Councilmember Nickell emphasized he would like to see a change on future applications to include more detail on agency fund-raising events. Staff indicated that change could be made to the applications in the future.

Cathi Casamajor and Robin Machris of the Chico Cat Coalition addressed the Committee indicating that the Coalition rescues between 40 to 50 cats per year with an annual operating budget of \$40,000. Ms. Casamajor explained that the property on which the sanctuary resides is for sale, and there has been interest from prospective buyers to leaving the sanctuary in place. She added they currently are not at full capacity.

Jill Menius and Cristina Alcocer of Community Legal Information Center addressed the Committee on their absence from the Finance Committee meeting of April 8, 2010.

Cindy Biddle from Rape Crisis Intervention, Inc. addressed the Committee on the need for funding for the agency, noting that Rape Crisis is the only 24-hour sexual assault facility in the Butte-Glenn-Tehama County area. She added that loss of funding would mean the loss of a staff person.

Councilmember Nickell stated that if there were a reduction in funding for the Chico Creek Nature Center, it could relieve the reductions to the social service agencies. He added that he is willing to consider that to help the social service non-profits in the Chico area.

Councilmember Holcombe indicated support of the City Manager recommendations. He showed agreement with Councilmember Nickell, but added that Chico Creek Nature Center is taking 10% cut just as all the other organizations and stated it is critical to maintain the viability of the new facility at the Nature Center.

Acting Chair Wahl stated the City is looking at a three to four million dollar budget deficit next year and although this Community Organization funding is a small slice of budget money, he would be more comfortable sending this item to the Council with no Committee recommendation until such time as the Council has a chance to review the entire budget. He added that if any Committeemembers would like to make a motion to that effect, he would support it.

Councilmember Holcombe made a motion to approve the Community Organization funding as recommended by the City Manager adding that it is inherent in all the applications that services of these agencies save the City money.

Councilmember Nickell noted that in the past the Committee was able to move money from the Arts and Economic Development funding to other areas and asked if it would be wise, under Acting Chair Wahl's suggested motion to wait until the budget meeting to look at all the funding. City Manager Burkland indicated that he recommended \$83,000 as revenue for Arts funding which is all General Fund and was also reduced by 25%. He added that the advantage in having a Finance Committee recommendation is to assist the Council during its budget session deliberations, but noted that the Council has discretion in making final funding allocations for the program.

Councilmember Nickell seconded the motion and asked for a friendly amendment to Councilmember Holcombe's motion that would allow the Community Organization funding recommendations to be looked at closely in conjunction with the Arts and Economic Development funding at the budget meeting on June 15, 2010 and allow for shifting of monies, if desired.

Councilmember Holcombe accepted the friendly amendment and restated his motion to approve the City Manager recommendations for the General/CDBG category delineated on the updated worksheet, and that these recommendations be presented in conjunction with the arts and economic development/tourism recommendations to the Council during its budget session. The motion was seconded by Councilmember Nickell.

Acting Chair Wahl asked for a friendly amendment to have the City Manager include a recommendation for the Chico Cat Coalition when the item returns to the City Council. Councilmember Holcombe rephrased the amendment to have the City Manager include a recommendation on the “cat issue.” The motion, as amended, carried 2-1, with Acting Chair Wahl opposed.

Recommendation: *The Committee recommended (2-1, Wahl opposed) approving the City Manager recommendations for Community Organization funding with the further recommendation that the Finance Committee recommendation be presented to the Council with the arts and economic development/tourism recommendations during the budget session. In addition, the Committee directed the City Manager to include a recommendation on the “cat issue” when the item returns to the City Council.*

- B. **Business From the Floor.** Cindy Biddle, Rape Crisis Intervention, Inc. announced that April is Sexual Assault Awareness month. Stephanie Taber addressed the Committee on General Fund and CDBG funding of the organizations.
- C. **Adjournment and Next Meeting.** The meeting adjourned at 5:05 p.m. The next regular Finance Committee meeting is scheduled for Tuesday, April 27, 2010, at 8:00 a.m. in Conference Room No. 1.

Lynda Cameron, Administrative Analyst

Distribution:
City Council (7); Council Office copy; City Manager; Assistant City Manager; Community Development Manager; Finance Director; Admin. Services Director



Finance Committee Report

DATE: April 28, 2010

File : [Comm Binder](#)

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD APRIL 27, 2010**

Committee present: Chair Gruendl Councilmember Flynn Councilmember Wahl	Staff present: City Manager Burkland Assistant City Manager Rucker City Attorney Barker Finance Director Hennessy City Clerk Presson	Housing & Neighborhood Serv. Dir. Morgado Administrative Services Director Pierce General Services Director Martinez Administrative Analyst Cameron
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COMMITTEE MATTERS REQUIRING COUNCIL ACTION

A. Consideration of Request from Chico Creek Nature Center, Inc. for a Deferral of Loan Payments.

At this meeting, the Finance Committee considered a request from the Chico Creek Nature Center (CCNC) for a three year deferral of loan payments under the "Restated Loan Agreement for the Construction of New Exhibit and Classroom Facility, Chico Creek Nature Center, Inc." retroactive from 07/15/09. The Administrative Services Director recommended that if the Finance Committee recommended authorization for the City Manager to execute an amendment to the "Restated Loan Agreement for the construction of New Exhibit and Classroom Facility, Chico Creek Nature Center, Inc.," such authority be subject to the following conditions: (1) quarterly payments from July 15, 2009, through April 15, 2010, along with the associated penalties, would be added to the end of the amortization schedule; (2) quarterly payments currently due July 15, 2010, through April 15, 2011, would be added to the end of the amortization schedule; and (3) deferral of quarterly payments currently due July 15, 2011, through April 15, 2012, would be added to the end of the amortization schedule at the City Manager's discretion based on an advance review of the CCNC budget for 2011-12. **(Report - Cindy Pierce, Administrative Services Director)**

Staff reported that they were notified last fall from the Finance Office of the first missed loan payment and they have been working with CCNC since that time trying to resolve the issue.

Tom Haithcock, Executive Director of CCNC, stated that since the construction of the new facility there have been a lot of one-time and up-front costs. He added that at this time all expenses have been paid except for a \$4,000 invoice and the City loan. He also indicated that future plans call for aggressive fund-raising.

In response to Councilmember Flynn's questions about CCNC's five-year projected budget, Mr. Haithcock indicated it was estimated conservatively and added that interest generated from the Paradise Community Foundation endowment which was used as security for the City loan, and is estimated at \$10,000 annually, is currently being used for operating expenses.

Councilmember Flynn indicated that it would be easier to approve the loan deferral if the Committee had a five-year business plan from CCNC.

In response to Councilmember Wahl's question on the consequences of CCNC closing, City Manager Burkland said CCNC provides a great benefit to the City and if it was to close, the City would be responsible for maintaining the building. He added an approach the Committee could take is to ask CCNC to submit a business plan for review before approving the deferral of the quarterly payments currently due 7/15/11 through 4/15/12.

Staff recommended that the business plan be submitted in February 2011 to allow time for review and presentation to the Finance Committee in April and to the City Council in June.

Councilmember Flynn made the following motion which was seconded by Councilmember Wahl and carried 3-0.

Recommendation: The Committee recommended (3-0) the City Manager be authorized to execute an amendment to the "Restated Loan Agreement for the Construction of New Exhibit and Classroom Facility, Chico Creek Nature Center, Inc.," subject to the following conditions: (1) quarterly payments from July 15, 2009, through April 15, 2010, along with the associated penalties, would be added to the end of the amortization schedule; (2) quarterly payments currently due July 15, 2010, through April 15, 2011, would be added to the end of the amortization schedule; and (3) the Committee consider deferral of quarterly payments currently due July 15, 2011, through April 15, 2012, at its April 2011 meeting following staff analysis of a business plan to be submitted by CCNC in February 2011.

COMMITTEE MATTERS NOT REQUIRING COUNCIL ACTION

- B. **Update on Approved Mortgage Subsidy Rental Requests.** At its meeting of 3/24/09, the Finance Committee approved four requests from Mortgage Subsidy Program (MSP) recipients no longer living in and unable to sell their homes, to temporarily rent their properties. At that meeting, the Committee also requested that staff provide a bi-annual report on the status of these properties. At the meeting of 3/23/10, the Committee concurred with staff recommendations regarding the Cooley and Cappuccio families and requested that staff contact the Staup family to determine if they had any ability to make payments on their outstanding loan. The Housing & Neighborhood Services Director recommended that the Finance Committee approve the actions described in the staff report for the Staup's and the Cooley's. ***(Report - Sherry Morgado, Housing and Neighborhood Services Director)***

Housing and Neighborhood Services Director Morgado updated the Committee on the Staup's MSP rental request. The Staups have indicated two loan repayment options: (1) commencing in August of 2010 they would begin paying \$50 per month; or (2) commencing immediately, they would make an annual payment of \$5,000, after receiving their income tax refund. Staff added that the Staups would only be willing to agree to the \$5,000 annual payment if the City allowed them to take the house off the market, never be forced to sell and be allowed to continue to rent the house.

Councilmember Flynn made a motion to accept the \$50 monthly payment beginning in August 2010 and allow the Staups to continue to rent the home for an additional maximum one-year period. The motion was seconded by Chair Gruendl. A friendly amendment was requested by Councilmember Wahl that the City receive assurance that the Staups are attempting to rectify the situation by showing proof of trying to refinance and/or working with the Board of Realtors to find an MSP eligible borrower to assume the loan. The friendly amendment was accepted and the motion carried 3-0.

Action: The Committee approved (3-0): (1) accepting a \$50 monthly payment beginning in August 2010; and (2) allowing the Staups to continue to rent the home for an additional maximum one-year period, provided that the City receive assurance that the Staups are attempting to rectify the situation by showing proof of trying to refinance and/or working with the Board of Realtors to find an MSP eligible borrower to assume the loan.

Staff informed the Committee that the Cappuccios are moving forward with a short sale on their home at 570 East Avenue.

Staff reported that Mr. Cooley had been contacted and indicated that he is looking into refinancing his home on 1528 Bidwell Drive. The following motion was made by Councilmember Wahl, seconded by Councilmember Flynn and carried 3-0.

Action: The Committee approved (3-0) an MSP rental extension for 1528 Bidwell Drive for a maximum three-month period.

- C. **Request from Robert and Julie Salyer to Rent their Property Purchased with Mortgage Subsidy Program (MSP) Assistance.** One of the conditions of receipt of an MSP Loan is that the homeowner occupy the property as their principal place of residence. The City has received a request from Robert and Julie Salyer, a family who purchased a home located at 4 Discovery Way with the assistance of the MSP, that they be allowed to rent this home because they intend to relocate for employment purposes. The Housing & Neighborhood Services Director recommended approval of the request, subject to the conditions noted in the staff report. ***(Report - Sherry Morgado, Housing & Neighborhood Services Director)***

Councilmember Wahl questioned the approval of the request while the homeowner is still occupying the home. The following motion was made by Councilmember Wahl, seconded by Councilmember Gruendl and carried 3-0.

Action: The Committee agreed (3-0) to table this item to a future meeting after the City has received confirmation that the Salyers will be relocating.

- D. **Discussion of Deadlines for the Monthly Report on Questions and Answers Regarding City Finances.** At its meeting held 3/23/10, Chair Gruendl requested that the Committee's policy on when questions are submitted for the "Monthly Report on Questions and Answers Regarding City Finances" be scheduled for discussion at this meeting. The Administrative Services Director recommended no change to the deadlines previously established by the Finance Committee in that the deadlines are consistent with the agenda deadlines for which all agenda reports are due to the City Manager for approval. ***(Report - Cindy Pierce, Administrative Services Director)***

Stephanie Taber addressed the Committee, stating it would be better for all the citizens in attendance if a specific due date was used in lieu of the "second Tuesday" of the month for submittal of questions to the Committee.

Chair Gruendl, hearing no motion to change the policy agreed to leave the policy unchanged. The Committee concurred.

Action: The Committee agreed (3-0) to leave the policy as it stands.

- E. **Reports and Communications.** The following report and communication items were provided for the Committee's information. No action was taken on these items.

- 1) Monthly report on Q&A from citizens regarding City finances (period 3/10/10 - 4/13/10)
- 2) Quarterly Report on Housing Rehabilitation Program Loan Activity (period 1/01/10 - 3/31/10)

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

- G. **Adjournment and Next Meeting.** The meeting adjourned at 9:10 a.m. The next meeting is scheduled for May 25, 2010, at 8:00 a.m. in Conference Room No. 1.

Lynda Cameron, Administrative Analyst

Distribution:

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



City Clerk's Office
411 Main Street, Chico, CA 95928
(530) 896-7250

CITY OF CHICO FINANCE COMMITTEE

NOTICE OF CANCELLATION OF MEETING

The Finance Committee meeting scheduled for
May 25, 2010, has been cancelled.

The next meeting of the Finance Committee is scheduled for
June 22, 2010, at 8:00 a.m. in Conference Room 1, unless
otherwise noted.



City Clerk's Office
411 Main Street, Chico, CA 95928
(530) 896-7250

CITY OF CHICO FINANCE COMMITTEE

NOTICE OF CANCELLATION OF MEETING

The Finance Committee meeting scheduled for
June 22, 2010, has been cancelled.

The next meeting of the Finance Committee is scheduled for
July 27, 2010, at 8:00 a.m. in Conference Room 1, unless
otherwise noted.



Finance Committee Report

DATE: July 30, 2010

File : [Comm Binder](#)

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD JULY 27, 2010**

Committee present: Chair Gruendl Councilmember Flynn Councilmember Wahl	Staff present: City Manager Burkland Assistant City Manager Rucker City Attorney Barker Financial Planning Manager Meyer	HR/RM Director Campbell Housing & Neighborhood Serv. Dir. Morgado Administrative Analyst Cameron
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COMMITTEE MATTERS REQUIRING REDEVELOPMENT AGENCY ACTION

- A. **Acquisition of Remaining Parcel Located at 758 Wisconsin Street for a Future Affordable Housing Project.** In April 2007, the Chico Redevelopment Agency acquired a vacant 1.3 acre site comprised of five existing parcels, located at 758 Wisconsin Street for the development of an unspecified future affordable housing development. The owner who sold the land to the Agency retained ownership of the parcel located at 758 Wisconsin which has a single-family home on it. This owner now desires to sell this remaining parcel to the Agency, and staff has determined that acquisition of this remaining parcel would be very advantageous for any future use of the site. The Housing & Neighborhood Services Director recommended that the Finance Committee make the following recommendations to the Redevelopment Agency: (1) after the completion of an appropriate level of environmental review, adopt the necessary findings, as recommended by the Interim Planning Services Director, pursuant to CEQA; (2) authorize the acquisition of the parcel at the appraised value of \$140,000 and the Executive Director to execute a sales agreement with the property owners and to accept and consent to conveyance of the parcel; and (3) approve a Supplemental Appropriation for the property acquisition. ***(Report - Sherry Morgado, Housing & Neighborhood Services Director)***

Chair Gruendl asked if the Agency purchased the property what options exist for the house so as not to create blight in the neighborhood. Staff indicated options for the house could include: (1) rehabilitating, although the house is 70 years old and dilapidated; or (2) demolishing; adding if the Committee were to recommend demolishing the house, the demo could be included in the CEQA analysis. Councilmember Flynn suggested using the house demolition as a Fire Department training exercise. Assistant City Manager Rucker added that the Police Department could also use it as a tactical scenario training ground.

Councilmember Wahl made a motion that the Agency decline the offer of acquisition on the property. The motion died for lack of a second.

Jane Oliver spoke in opposition to the acquisition. Stephanie Taber addressed the Committee on this item.

Councilmember Wahl stated for the record that he was opposed to the original purchase of the 1.3 acre site.

In response to Councilmember Wahl's question on the basis of the lawsuit on the Agency's purchase of the 1.3 acre site, City Attorney Barker stated the lawsuit alleged inadequate environmental review. The CEQA determination was that the project was exempt from environmental review, noting that environmental review would be done before a specific development proposal was approved. The lawsuit alleged that there was a sufficient project description at the time the property was acquired to do a project specific analysis. The lawsuit was brought against the Redevelopment Agency by Jane Dolan in her personal capacity. The Agency hired outside counsel and settled the lawsuit, paying approximately \$16,000 in plaintiff's attorney fees with a portion of that being the cost of preparing the record.

Councilmember Flynn made the following motion which was seconded by Chair Gruendl. Councilmember Wahl asked for a friendly amendment that before acquiring the property, the Agency ask developer(s) for a letter of intent stating interest in participating in a project on this site. The friendly amendment was not accepted and the motion carried 2-1 with Councilmember Wahl opposed.

Recommendation: The Committee recommended (2-1, Wahl opposed) to: (1) after the completion of an appropriate level of environmental review, including direction for the demolition of the house located on said property, adopt the necessary findings, as recommended by the Interim Planning Services Director, pursuant to CEQA; (2) authorize the acquisition of the parcel at the appraised value of \$140,000 and the Executive Director to execute a sales agreement with the property owners and to accept and consent to conveyance of the parcel; and (3) approve a Supplemental Appropriation for the property acquisition.

COMMITTEE MATTERS NOT REQUIRING COUNCIL ACTION

- B. **Fiscal Year 2010-11 Final Annual Budget Update** - The City Manager presented the Committee with a verbal update on the Fiscal Year 2010-11 Final Annual Budget. No written report was provided with this item.

City Manager Burkland stated that the Council adopted a balanced budget including a spending plan to reduce \$6.7 million over two years, with reductions from operational cuts, early retirements and wage and benefit concessions. He noted the affect of these cuts will be a redesign in how the City delivers services, with the intent being to maintain core services and avoid layoffs. He added that this year the City has 58 positions less than two and half years ago. Staff confirmed a reduction in allocated positions from 454 in FY 2007-08 to 414 in FY 2010-11 minus 18 early retirements.

The City Manager reported that staff was working with California State Association of Counties (CSAC) to replicate the City's current Blue Shield health insurance coverage and if employees agree to switch to CSAC the City may be able to keep the City/employee cost share at 75/25. He added that labor negotiations are continuing and the City hopes to get an answer on the City's proposal from all groups by September 30, 2010.

Jane Oliver, Stephanie Taber and Mary Kennedy addressed the Committee on this item.

- C. **Reports and Communications**. The following report and communication item was provided for the Committee's information. No action was taken on this item.

- (1) Transmittal of Q&A from citizens regarding City finances (period 4/14/10 - 7/13/10)

In response to Councilmember Flynn's question on the calculation of staff time, Assistant City Manager Rucker stated that with early retirements and shifting of responsibilities, the City hopes to streamline the process. He proposed rather than calculating staff time, staff would compile correspondence from the public, provide it to the Committee, and the Committee could decide if the correspondence was excessive or not.

Chair Gruendl stated there should be somewhere in local government where citizens can feel engaged, adding that part of the purpose of this Committee is for the public to be able to ask questions, as this Committee is less formal with no time limits for speaking. He suggested that citizens also utilize their elected officials as an information resource.

Jane Oliver and Stephanie Taber addressed the Committee on this item.

In response to Councilmember Wahl's inquiry about including the budget detail online, Financial Planning Manager Meyer indicated that the detail budget pages could be posted on the City's website. She added that the City stopped publishing the detail pages in the Budget Binders because of the printing costs.

Assistant City Manager Rucker indicated that the City is looking at a Citizens Academy in coordination with California State University, Chico (CSUC) but, unfortunately, as staffing levels at the City have dropped there may not be enough staff to participate. He agreed to keep Chair Gruendl apprised of any progress on this matter. Councilmember Flynn informed the Committee of a new position at CSUC, the Director of Civic Engagement. The director will develop civic awareness, not just in students but in the community as well.

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

- E. **Adjournment and Next Meeting**. The meeting adjourned at 9:28 a.m. The next meeting is scheduled for August 24, 2010, at 8:00 a.m. in Conference Room No. 1.

Lynda Cameron, Administrative Analyst

Distribution:

City Council (7); Council Office copy; City Manager; Assistant City Manager; Building & Development Services Director; Housing & Neighborhood Services Director; Finance Director



Finance Committee Report

DATE: August 24, 2010

File : [Comm Binder](#)

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD AUGUST 24, 2010**

<u>Committee present:</u> Chair Gruendl Councilmember Flynn Councilmember Wahl	<u>Staff present:</u> City Manager Burkland Assistant City Manager Rucker City Attorney Barker Finance Director Hennessy	Community Development Manager Carroll Housing & Neighborhood Serv. Dir. Morgado Art Projects Coordinator Gardner Administrative Analyst Cameron
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COMMITTEE MATTERS REQUIRING COUNCIL ACTION

- A. **Consideration of Possible Revisions to Budget Policies Regarding Community Organization Funding and Economic Development/Tourism Services and Events.** At its 6/15/10 meeting, the City Council accepted the City Manager's recommendation that the Finance Committee review and consider revisions to the City's current adopted budget policies F.1.b and F.2. pertaining to funding the Community Organization Funding Program and Economic Development/Tourism services and events. The City Manager and Community Development Manager recommended revisions to the budget policy language as detailed in the report. ***(Report - Dave Burkland, City Manager and Cris Carroll, Community Development Manager)***

Community Development Manager Carroll indicated that the proposed revisions to the budget policies accomplish the following: (1) provide a framework that reflects actual staff budget development practices; (2) reinforce the Council's commitment to fund organizations; and (3) explicitly state that the City Manager has the authority to make budgetary decisions to present a balanced budget to the Council.

City Manager Burkland confirmed that throughout the years the Council has shown historic support to community organizations and the arts. Staff added that the proposed language adds the flexibility that if the economy turns around the City Manager has the ability to increase funding.

Debra Lucero addressed the Committee on the historic use of transient occupancy tax (TOT), stating that in other cities TOT has typically been used to market the destination thus reinvesting in itself. She encouraged the Committee to review the concept of Business Improvement Districts (BID), which would require City involvement to form. Councilmember Flynn indicated that the Economic Development Committee recently discussed Parking Business Improvement Districts (PBID) and the language was added to the General Plan. Chair Gruendl added it may also be appropriate to make a commitment to BID's through the General Plan.

Community Development Manager Carroll noted that the focus on using TOT-related policy language does not address the entire program, whereas the proposed revisions address more guiding budgetary policy for both programs. Staff reiterated that the new policies won't be offset by administrative costs.

In response to Ginny Crawford's question on reduced levels of funding for the Arts in Fiscal Years 2005-06 and 2006-07 which she stated were better economic times, staff indicated that although revenue was increasing at that time, City costs were climbing higher than revenue, which is why the City Manager recommended revenue reduction for the Community Organization Funding Programs.

Councilmember Flynn made a motion to forward the following recommendation to the City Council. The motion was seconded by Councilmember Wahl and carried 3-0.

Recommendation: *The Committee recommended (3-0) revisions to Budget Policy F.1.b. (General and Arts Funding) and F.2. (Economic Development Services) as outlined in Exhibit "A" to the staff report and summarized as follows: (1) for purposes of budget development, the total funds available for providing funding will be calculated annually by using the prior fiscal year total appropriations as a budget baseline and adjusting by either a General Fund fluctuation rate or a CPI-U Cap; and (2) the resulting amount of total available funds will be presented to the City Manager, who has authority to recommend adjustments if determined the funding is needed for basic municipal services. A budget modification reflecting the recommended revised budget policies will be forwarded to the City Council for final action.*

COMMITTEE MATTERS NOT REQUIRING COUNCIL ACTION

- B. **Reports and Communications.** The following report and communication item was provided for the Committee's information. No action was taken on this item.
- (1) Transmittal of Q&A from citizens regarding City finances (period 7/14/10 - 8/10/10)
- C. **Business From the Floor.** Debra Lucero addressed the Committee regarding a letter Chico Palio received from the Mayor of Sienna, Italy, where the original Palio takes place, stating that contingents from his city would be delighted to participate in the Chico Palio in 2011.
- D. **Adjournment and Next Meeting.** The meeting adjourned at 8:50 a.m. The next meeting is scheduled for September 28, 2010, at 8:00 a.m. in Conference Room No. 1.

Lynda Cameron, Administrative Analyst

Distribution:

City Council (7); Council Office copy; City Manager; Assistant City Manager; Community Development Manager (2); Housing & Neighborhood Services Director; Finance Director; Art Projects Coordinator



City Clerk's Office
411 Main Street, Chico, CA 95928
(530) 896-7250

CITY OF CHICO FINANCE COMMITTEE

NOTICE OF CANCELLATION OF MEETING

The Finance Committee meeting scheduled for
September 28, 2010, has been cancelled.

The next meeting of the Finance Committee is scheduled for
October 26, 2010, at 8:00 a.m. in Conference Room 1, unless
otherwise noted.



Finance Committee Report

DATE: November 1, 2010

File : [Comm Binder](#)

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD OCTOBER 26, 2010**

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

- A. **Chico Certified Farmer's Market Franchise Agreement Fees.** At its meeting of 10/05/10 the Council directed consideration of the Chico Certified Farmer's Market (CCFM) Franchise Agreement fees be referred to this Committee and also directed staff to provide information regarding the cost basis for CCFM franchise fees; where the revenue generated is directed and in comparison to other farmer's markets. The Building & Development Services Director requested that the Committee provide direction on how it would like staff to proceed. **(Report - Fritz McKinley, Building & Development Services Director)**

Staff indicated that the CCFM is exempt from business license fees because it is a non-profit and confirmed that the CCFM pays an annual franchise fee of \$144 which is forwarded to the Downtown Chico Business Association (DCBA) to fund the Downtown Parking and Business Improvement Area.

Juanita Sumner expressed concerns to the Committee that vendors selling at the Market are being charged \$25 per booth for each Saturday while the CCFM pays the City a \$144 annual fee.

In response to Councilmember Flynn's question on whether or not the City was locked into using the current franchise fee structure, staff indicated that there is no set structure for a franchise fee, adding that the Council can set a flat fee or any formula it chooses. Senior Planner Tillman stated that the vitality the CCFM provides for Downtown is the rationale for the franchise fee, adding that CCFM pays their staff and their expenses for operating the Market with the money it collects from its vendors.

Staff indicated that in December 2009, CSUC conducted a survey of market attendees showing that 2/3 stated that they had shopped or were planning to shop elsewhere in Downtown. Staff added that surveyor's did not question Downtown businesses and their view of the Market.

In response to Chair Gruendl's question on the difference between the Thursday and Saturday Market fees, staff indicated that the Thursday Night Market pays \$190 annually (24 markets per season) with an additional payment for lost parking revenue. The DCBA holds six events per year (with the Thursday Night Market being considered one event) and is charged \$190 per event for the City to review permit compliance.

The Committee discussed the cost structure for the Thursday Night Market and agreed to give direction on this item when the franchise agreement fee issue goes to Council.

The Committee suggested the requirement that individual vendor business licenses be added to the CCFM franchise agreement. City Manager Burkland responded that this request is already a requirement of the franchise agreement, adding that the City could request the CCFM verify that vendors have a license.

Councilmember Wahl asked Building and Development Services Director McKinley to research whether Market vendors are required to collect sales tax. City Attorney Barker stated that the City does not enforce sales tax laws, but it could ask the CCFM to remind their vendors to collect it.

Councilmember Wahl made the following motion which was seconded by Councilmember Flynn. The motion carried 3-0.

Action: *The Committee tabled (3-0) discussion of the CCFM franchise agreement fees to its November meeting and requested the following additional information: (1) the cost of a permit for City Plaza; (2) a copy of the franchise fee ordinance for the CCFM Saturday Market; (3) a copy of the franchise fee ordinance for the DCBA Thursday Night Market; and (4) a copy of CSUC survey report.*

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

C. **Adjournment and Next Meeting.** The meeting adjourned at 8:50 a.m. The next meeting is scheduled for November 23, 2010, at 8:00 a.m. in Conference Room No. 1.

Lynda Cameron, Administrative Analyst

Distribution:

City Council (7); Council Office copy; City Manager; Assistant City Manager; Building & Development Services Director; Housing & Neighborhood Services Director; Finance Director



Finance Committee Report

DATE: January 4, 2011

File : [Comm Binder](#)

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD NOVEMBER 23, 2010**

<u>Committee present:</u> Chair Gruendl Councilmember Walker Councilmember Wahl	<u>Staff present:</u> City Manager Burkland Building & Dev. Serv. Dir. McKinley Housing & Neighborhood Serv. Dir. Morgado	Senior Planner Tillman Housing Manager Coles Administrative Analyst Cameron
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COMMITTEE MATTERS REQUIRING AGENCY ACTION

- A. **Authorization to Enter into a HOME Loan Agreement with Community Housing Improvement Program (CHIP) to Develop 13 Homes for Low Income First-time Home Buyers within the Martha's Vineyard Subdivision.** CHIP requested \$1.3 million in City HOME funds to build 13 self-help homes for low-income first-time home buyers. The subdivision, known as Martha's Vineyard, will be located at Ceanothus Avenue and Lido Island Court. Staff recommended that the City reserve Community Housing Development Organization (CHDO) funds for CHIP to develop the homes. A CHDO is a local housing organization that is authorized by the U.S. Department of Housing and Urban Development (HUD) to partner with jurisdictions in the use of HOME funds. HUD requires that at least 15% of an entitlement jurisdiction's allocation is reserved for a local CHDO within two years of receiving the allocation (24 CFR Part 92.300). The Housing and Neighborhood Services Director recommended that the Finance Committee recommend Agency authorization for the Executive Director to enter into a \$1.3 million HOME loan agreement with CHIP to develop 13 homes for low income first-time home buyers within the Martha's Vineyard Subdivision. ***(Report - James Coles, Housing Manager)***

Kris Zappettini, Manager, CHIP, Inc. addressed the Committee in support of this project.

Juanita Sumner spoke in opposition to the project and questioned why CHIP doesn't focus on rehabilitating the City's existing housing stock rather than building new homes.

Councilmember Walker expressed interest in exploring the idea of rehabilitating the City's existing housing stock.

Councilmember Walker made the following motion which was seconded by Chair Gruendl. The motion carried 2-1 with Councilmember Wahl opposed.

Recommendation: The Committee recommended (2-1, Wahl opposed) Agency authorization for the Executive Director to enter into a \$1.3 million HOME loan agreement with CHIP to develop 13 homes for low income first-time home buyers within the Martha's Vineyard Subdivision.

COMMITTEE MATTERS NOT REQUIRING COUNCIL ACTION

- B. **Bi-Annual Update: Approved Mortgage Subsidy Program Requests.** At its meeting of 4/27/10, the Finance Committee reviewed the status of three previously-approved requests from Mortgage Subsidy Program (MSP) recipients (Staup, Cooley and Cappuccio) no longer living in and unable to sell their homes, to temporarily rent their properties. This report provided an update to the Committee on these three loans, as well as a recommendation from staff as to the most prudent way to proceed with any on-going similar defaults, given the current economy and housing market. The Housing & Neighborhood Services Director recommended that the Finance Committee approve the actions described for the Cappuccio's and the Cooley's specifically, approve an 18-month waiver of certain provisions of the Administrative Procedure and Policy (AP&P) for the MSP, and accept staff's report regarding recent foreclosures in the MSP. ***(Report—Sherry Morgado, Housing & Neighborhood Services Director)***

Staff indicated the 18-month waiver of certain provisions to the MSP AP&P is to allow households who remain in good standing with their first mortgage and who are renting their home at fair market rent to be allowed to continue to rent with no further action from the City other than an annual follow-up.

Councilmember Walker made the following motion which was seconded by Councilmember Wahl who requested the addition of a friendly amendment to direct staff to be more aggressive in contacting the Cooley's. The friendly amendment was accepted and the motion carried 3-0.

Recommendation: The Committee approved (3-0) the actions described for the Cappuccio's and the Cooley's; approved an 18-month waiver of certain provisions of the Administrative Procedure and Policy (AP&P) for the MSP; accepted staff's report regarding recent foreclosures in the MSP; and directed staff to be more aggressive in their efforts to contact the Cooley's.

- C. **Chico Certified Farmer's Market Franchise Agreement Fees.** At its 10/26/10 meeting the Finance Committee considered whether to implement a franchise fee for the CCFM and directed staff to provide additional information; the cost of a permit for City Plaza; a copy of the franchise fee ordinance for the CCFM Saturday Market; a copy of the franchise fee ordinance for the DCBA Thursday Night Market; and a copy of the CSUC survey report. The Building & Development Services Director requested that the Committee provide direction on how it would like staff to proceed. ***(Report - Fritz McKinley, Building & Development Services Director)***

Councilmember Wahl asked "for the record" if there was anyone in attendance representing the CCFM. There was no response from the public in attendance.

Mike Trolinder informed the Committee that for the past 12 weeks Marketplace Studios has recorded key intersections and determined that 8-10% of market shoppers continue downtown to shop. He expressed his concerns about loss of retail business downtown on Saturday due to the market and suggested the market move to Sunday.

Chair Gruendl suggested setting the franchise fee at \$13,000 and forgive the fee for one year if the CCFM moves to Sunday. Councilmember Walker stated the Committee should be talking about the franchise fees only, adding that if the City collected \$5 per vendor per week that money should go to the DCBA for marketing downtown.

Juanita Sumner addressed the Committee on the dollar value of the parking lot for lost meter revenue.

Councilmember Wahl made a motion that the Finance Committee increase the franchise fee to \$13,750 and begin the discussion of moving the CCFM from Saturday to Sunday and within that discussion, if there is rent collected, that it go to the DCBA or the parking fund. The motion was seconded by Chair Gruendl. The City Manager indicated it would be more productive if the City continued this discussion with the CCFM. Councilmember Wahl stated that since the CCFM has not been in attendance for the last two meetings, this discussion needs to happen in public at the Council level.

Chair Gruendl rescinded his second and asked that the item come back for an additional Finance Committee meeting, and, if at that meeting the CCFM does not attend, then the above motion will move forward to the Council.

Councilmember Walker indicated he is in support of changing the fee structure, if that is a separate motion, but he is not supportive of changing the day.

Councilmember Walker made a motion to set a franchise fee of \$13,750. City Manager Burkland stated that if the City doesn't terminate the agreement by December 1st changes could not be made for a full year, unless the City and CCFM have a discussion and make a decision by mutual agreement. A termination notice can be issued at any time during the contract term, but the agreement doesn't terminate until the end of the contract term. If a notice to terminate was decided by the Finance Committee it would have to go to the Council by November 30th.

Councilmember Wahl amended his motion to terminate the franchise agreement on November 30th. The motion died for lack of a second.

The City Manager indicated that, if directed, he would work with the CCFM to try to reach mutual agreement on the implementation of a franchise fee.

Councilmember Walker rescinded his previous motion and made the following motion which was seconded by Chair Gruendl. The motion carried 2-1, with Councilmember Wahl opposed.

Recommendation: The Committee directed (2-1, Wahl opposed) staff to work with the CCFM during the coming month to try to reach mutual agreement on the implementation of a \$13,750 franchise fee based on the model provided by staff. If the parties don't come to mutual agreement on a fee for 2011, the Committee recommended sending a notice of termination to the agreement in January. If agreement on the fees is reached and money is to be collected, the Committee recommended that money be forwarded to the DCBA for downtown purposes to enhance businesses.

- D. **Business From the Floor.** Councilmember Walker thanked Councilmember Wahl for his service to the Finance Committee.
- E. **Adjournment and Next Meeting.** The meeting adjourned at 9:40 a.m. The next meeting is scheduled for December 21, 2010, at 8:00 a.m. in Conference Room No. 1.

Lynda Cameron, Administrative Analyst

Distribution:
City Council (7); Council Office copy; City Manager; Assistant City Manager; Building & Development Services Director; Housing & Neighborhood Services Director; Finance Director



Finance Committee Report

DATE: January 10, 2011

File : [Comm Binder](#)

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD DECEMBER 21, 2010**

Committee present: Acting Chair Flynn Councilmember Wahl Councilmember Walker	Staff present: City Manager Burkland Assistant City Manager Rucker City Attorney Barker Building & Dev. Serv. Director McKinley	Finance Director Hennessy Senior Planner Tillman Administrative Analyst Cameron
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COMMITTEE MATTERS REQUIRING COUNCIL ACTION

- A. **Chico Certified Farmer's Market Franchise Agreement Fees** At its 11/23/10 meeting, the Finance Committee directed staff to meet with representatives of CCFM to try to reach mutual agreement on the implementation of a franchise fee for use of the space, similar in structure to the fee that is charged to vendors using City Plaza or other City park facilities. **(Report - Fritz McKinley, Building & Development Services Director)**

Senior Planner Tillman indicated that the City had met with the CCFM to discuss the Committee's desire to reach mutual agreement on the implementation of a franchise fee based on the model provided by staff, which was a suggested starting point based on City Plaza fees which include bathrooms and cleaning. He added that if the fee was structured in a different manner a 10% per vendor surcharge per week (\$2.50) might be appropriate and would equate to approximately \$6,250 annually.

Terry Givens, CCFM, expressed her concerns to the Committee on the fee. She stated that every Saturday morning the CCFM spends an hour cleaning the parking lot before setting up (pictures provided to Committee) and also spends \$6,000 annually on port-a-potties. She asked what the City would provide the CCFM if they impose a franchise fee.

Allen Harthorn, President, CCFM, noted that the market operates five markets in parking lots throughout the summer in other locations/cities and doesn't pay any fees. He suggested a visionary group to curb the perceived problems for both the Thursday and Saturday market. Acting Chair Flynn suggested the General Plan Downtown ad-hoc group may be able to take on this project.

Karl Ory addressed the Committee on the possibility of raising money to make the parking lot comparable to City Plaza by installing bathrooms, benches, and electricity, and repair of the asphalt in the parking lot. He added that if citizens and farmers helped raise the money and it was matched with City funds it would be a win-win situation for all involved.

Richard Roth, Cheryl King, Bruce Balgooyen, Karen Laslo, Betsy Cooper and Kurt Albrecht addressed the Committee in support of the CCFM.

Mike Trolinder addressed the Committee on the fiscal impact for downtown retailers with the market being held on Saturday.

Mike McGinnis addressed the Committee in support of the CCFM and added that when the fee agreement was established the Council agreed that the benefit of the market outweighed the costs.

Councilmember Walker asked for confirmation that the 2011 CCFM fee agreement was in place. The City Attorney responded affirmatively, adding that the City cannot impose a fee for 2011, the parties could only mutually agree upon a fee.

Councilmember Walker indicated that the City has a good start for discussion of the 2012 agreement, adding that after today's discussion it is clear that the market location is perfect but the facility is lacking. He added he would like to think of a way to fund improvements for the market at the "best" location that would be a mix of private funding, vendor participation, and City funding (if available), as Mr. Ory suggested.

Councilmember Wahl made the following motion which was seconded by Councilmember Walker. The motion carried 3-0.

Recommendation: The Committee recommended (3-0) no changes to the franchise agreement at this time, with the caveat that the Council have a discussion on the Saturday market so that the ideas that came from this Finance Committee meeting of 12/21/10 be discussed and the item be resolved.

- B. **Business From the Floor.** Mike McGinnis addressed the Committee on the benefits of the Redevelopment Agency fund and the Economic Development funds. He added that a general sales tax increase only needs to pass with a simple majority and it might be a good time to promote the value of the services the City provides to its citizens. Councilmember Wahl asked Mr. McGinnis if he would bring the sales tax increase issue to the Council or do an initiative.
- C. **Adjournment and Next Meeting.** The meeting adjourned at 9:55 a.m. The next meeting is scheduled for January 25, 2011, at 8:00 a.m. in Conference Room No. 1.

Lynda Cameron, Administrative Analyst

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