

CITY OF CHICO MEMORANDUM

TO: CHICO REDEVELOPMENT AGENCY (Mtg. of 02/3/04)

DATE: January 28, 2004

FROM: FINANCE COMMITTEE

FILE: Committee Binder

RE: REPORT ON FINANCE COMMITTEE MEETING HELD JANUARY 28, 2004

Committee present:

Chair Nguyen-Tan
Councilmember Gruendl
Councilmember Wahl

Staff present:

City Manager Lando
Assistant City Manager Dunlap
City Attorney Frank
Finance Director Martin
Community Development Director Baptiste
Housing Officer McLaughlin

Risk Manager Koch
Budget Officer Pierce
Accountant Orr
Accountant Hennessy
Administrative Analyst Dillard

COMMITTEE ITEM REQUIRING AGENCY ACTION ON 02/3/04:

- A. **Reconsideration of Request from Butte County for the Chico Redevelopment Agency to Acquire the Site at 874 East 20th Street for Affordable Housing.** At its meeting of 11/19/03, the Finance Committee considered a request from the County of Butte that the Chico Redevelopment Agency acquire this site which was purchased by the County with Community Development Block Grant (CDBG) funds. The Committee was provided with a memorandum dated 1/23/04 from the Housing Officer providing additional information requested by the Committee.

Housing Officer McLaughlin explained that if the Agency did not pursue this option, a request for proposals would be sent to developers, noting that the site would be too small for multi-family housing but would be appropriate for a small development project of single family homes.

Councilmember Gruendl said that he would prefer that the property not remain vacant more than one year, stating that it would be a disservice to the area. Pam Easterly, representing Habitat for Humanity, confirmed that the project could be underway by the spring. City Manager Lando agreed, saying he was confident development could start within the year, adding that this would be a good use of the Housing funds.

Star Brown, Assistant Chief Administrative Officer for Butte County, stated that the property had not been marketed to private developers since the opportunity with Habitat for Humanity seemed like a perfect match, and that it would be beneficial to combine funds rather than simply transfer the property directly to Habitat for Humanity. She added that the County was comfortable with its current appraisal and that since this property will eventually be annexed into City, this seemed like a good opportunity for the County and City to work together and follow through on improvements to the Chapman Mulberry area.

Chair Nguyen-Tan moved that the site be purchased with Low and Moderate Income Housing Funds from the Greater Chico Urban Area Redevelopment Project Area Low and Moderate Income Housing Fund and directed staff to develop a more thorough work plan for development of the property, including a time-line of predevelopment activities and potential partners. Councilmember Gruendl seconded the motion adding that he would like to see staff begin working with Habitat for Humanity or some other entity as soon as possible in order for development to move forward quickly.

Councilmember Wahl did not support the motion, stating that he would prefer the property be offered to private development before moving ahead with this option.

Recommendation: The Committee recommended (2-1, Wahl voting against) the site be purchased with Low and Moderate Income Housing Funds from the Greater Chico Urban Area Redevelopment Project Area Low and Moderate Income Housing Fund and directed staff to prepare a time-line for predevelopment activities that would occur over the next year. The Committee recommended that the specific use of the site be determined as soon as possible so the site does not remain vacant.

COMMITTEE ITEMS REQUIRING NO ACTION ON 02/3/04:

- B. **Review of Assumptions Used in the Development of Fiscal Projections and Review of Desired Fund Reserves.** At its 1/28/03 work session, the City Council referred to the Finance Committee discussion of the assumptions used to develop fiscal projections and review of desired fund balance reserves. The Committee was provided with a memorandum dated 9/11/03 from the Finance Director outlining the assumptions used in developing General and Park funds projections and providing a partial list of City funds which included explanatory comments on those funds for which desired reserves have been established.

Chair Nguyen-Tan requested that staff review the memorandum and summarize the assumptions built into revenue projections. He stated that he was interested in looking more closely at how the Finance Department establishes assumptions and wished to discuss whether policies should be applied to those funds without reserve or fund limits. Councilmember Wahl commented that he felt comfortable with the current assumptions and projections. The Committee (2-0-1, with Wahl absent during the final discussion) and staff identified several funds which could benefit from policy changes or additions.

The Committee requested that staff develop recommended reserve policies for the following funds: 862–Private Development; 865–Solid Waste Management; 866–Household Hazardous Materials; 301–Building/Facility Improvement; 932–Equipment Replacement; 933–Facility Maintenance; 214–Private Activity Bond Administration; and, 220–Assessment District Administration. Staff recommendations will be brought back to the Finance Committee for review at a future meeting.

- C. **Housing Rehabilitation Loan Request-Maria Steffey-1274 Normal Avenue.** The Committee was provided with a memorandum dated 01/23/04 from the Housing Officer providing a summary of the loan request from Maria Steffey, 1274 Normal Avenue. In the memorandum's confidential loan analysis section, the Housing Officer explained that the loan is not consistent with the Housing Rehabilitation Program and Procedures and, therefore, required consideration by the Finance Committee.

Action: The Committee approved (3-0) the housing rehabilitation loan request with a condition that it be reviewed annually for possible conversion to an installment loan when the homeowner is no longer attending school.

- D. **Business from the Floor.** No items.
- E. **Adjournment and Next Meeting.** The meeting adjourned at 9:39 a.m. The next meeting is scheduled for March 3, 2004, at 8:00 a.m. in Conference Room No. 1.

Annalisa Dillard, Administrative Analyst

Distribution:

City Council (20)
Risk Manager
Budget Officer

Housing Officer
DPW

Comm. Dev. Director
Finance Director

CITY OF CHICO MEMORANDUM

TO: CITY COUNCIL (Mtg. of 3/16/04)

DATE: March 4, 2004

FROM: FINANCE COMMITTEE

FILE: Committee Binder

RE: REPORT ON FINANCE COMMITTEE MEETING HELD MARCH 3, 2004

Committee present:

Chair Nguyen-Tan
Councilmember Gruendl
Councilmember Wahl

Staff present:

Assistant City Manager Dunlap
Assistant City Attorney Barker
Finance Director Martin
Housing Officer McLaughlin
Housing/Economic Development Specialist
Burkland
Park Director Beardsley
Assistant Director of Public Works Alexander

Risk Manager Koch
Senior Civil Engineer Greenlaw
Associate Civil Engineer Green
Budget Officer Pierce
Management Analyst Carroll
Accountant Vidners
Administrative Analyst Dillard

COMMITTEE ITEMS REQUIRING COUNCIL ACTION ON 3/16/04:

- A. **Acceptance of the Community Organization Compliance Audits for FY 2002-03.** The Committee was provided with a memorandum dated 2/5/04 from the Finance Director forwarding the Community Organization Compliance Audits for Fiscal Year 2002-03 as prepared by R. J. Ricciardi, Certified Public Accountant. Copies of the memorandum were also provided to each of the Community Organizations along with a notice of this meeting. Audits were conducted of all recipient organizations, except those funded on a reimbursement basis, to verify compliance with the Community Organization Funding Program's policies and procedures.

Recommendation: *The Committee recommended (3-0) acceptance of the Community Organization Compliance Audits for FY 2002-03.*

- B. **Acceptance of Annual Financial Reports.** This matter was referred to the Committee by the City Council at its 2/3/04 meeting. The Committee was provided with a memorandum dated 1/26/04 from the Finance Director submitting, for the year ended 6/30/03, the Report to Management, City of Chico Comprehensive Annual Financial Report, City of Chico Single Audit Report, Chico Redevelopment Agency Component Unit Financial Report, Chico Public Financing Authority Component Unit Financial Report, and the Transportation Development Act Audit for the City of Chico Transportation Fund and the City of Chico Transit Fund.

Pursuant to the provisions of Section 1109 of the City's Charter, an independent auditor, hired by the Council to perform an annual audit of the books, financial records and related documents of the City in accordance with generally accepted auditing standards, shall submit to the Council a report on the audit for the preceding fiscal year on or before the first regular City Council meeting in February. The Finance Director recommended acceptance of the Financial Reports.

Recommendation: *The Committee recommended (3-0) acceptance of the Annual Financial Reports for the year ended 6/30/03.*

- C. **Review and Discussion on the Structure of the Park Funding Task Force.** The Committee was provided with a memorandum dated 2/25/04 from the Park Director indicating that at its 1/6/04 meeting, the City Council directed that a citizens' committee be convened to discuss funding options for the unfunded portion of the park and linear greenway system and their respective maintenance. The comments and suggestions from the committee are to be presented to the City Council in May 2004 which would provide adequate time to submit a ballot measure for the November 2004 election if the City Council chooses to do so. In addition, the City Council directed that staff develop a list of potential consultants that would be available to provide detailed information and analysis of various public financing options requiring a public vote and support services for an election.

Park Director Beardsley stated that he was seeking Committee confirmation on the direction in which the Park Funding Task Force (PFTF) is proceeding as well as direction to review the six proposals received from election consultants in February.

Mary Cahill, General Manager of the Chico Area Recreation and Park District (CARD), stated that the CARD Board of Directors is satisfied with the forum of the PFTF.

Since he believes that the report from the PFTF will most likely include moving forward with a bond measure, Chair Nguyen-Tan suggested that an election consultant not be retained unless there is unanimous Council approval of the PFTF report, as well as widespread support from key community groups. Park Director Beardsley and Mary Cahill said they could provide a list of those community groups which may be considered key stakeholders and include their comments in the final report. Chair Nguyen-Tan also suggested that these community stakeholders be encouraged to write letters of support.

Recommendation: The Committee recommended (3-0) that staff provide a report to the City Council at its 5/18/04 meeting, summarizing the comments and suggestions received from the Park Funding Task Force (PFTF), and that participation in the PFTF remain open and not restricted in membership, but be inclusive of key stakeholders in the community (such as the Chamber of Commerce, the Building Industry Association, athletic organizations, realtors, recreational groups, etc.). If the 5/18/04 report receives unanimous approval from the Council as well as full support from key stakeholders, staff will be prepared to retain a bond/election consultant to provide advice and support to determine a final funding vehicle(s) and ballot measure.

- B. **Consideration of the Installation of Solar Electric Generating Systems on City Owned Facilities.** The Committee was provided with a memorandum dated 2/24/04 from the Director of Public Works reporting on a recent study produced by the Department of Public Works regarding the cost effectiveness of the installation of solar electric generating systems installed on City facilities. The memorandum also presented a proposal from PowerLight Corporation, a solar energy installation contractor, for the installation of solar energy systems on the Municipal Building, on the Municipal Services Center and at the Water Pollution Control Plant. The Director of Public Works reported that the funding of solar electric generation facilities combined with the rebates and low interest loans is cost effective because the energy savings could fund the debt service on the loans. The Director of Public Works recommended that the Finance Committee recommend to the Council

that staff solicit proposals for solar electric generation facilities on the Municipal Building and Municipal Services Center buildings, and at the Water Pollution Control Plant.

Senior Civil Engineer (SCE) Bob Greenlaw and Associate Civil Engineer (ACE) Lane Green summarized their research of the solar project, noting that the City would be applying for PG&E rebates and may ultimately move into a more desirable billing rate bracket within PG&E.

Councilmember Gruendl stated that proceeding with a project such as this carries with it the assumption that the roofs of all of these buildings are currently in good condition. Assistant City Manager (ACM) Dunlap said any necessary roof repairs would typically be funded through a facility maintenance fund so roof repair savings in the analysis might not reflect actual current savings.

Required parts and labor for installation would remain under warranty for five years, and the panels for 25 years, although ACE Green added that these systems have proven to have a life span of approximately 40 years. Chair Nguyen-Tan requested that this warranty information be included in a future staff report.

Funding of the installation would be done through loans, and SCE Greenlaw indicated that the system is anticipated to be cash flow positive in year one. Chair Nguyen-Tan stated that although the project may result in a positive cash flow, its revenue generating aspect should be analyzed to ensure that the annual loan payments would be guaranteed. He also requested staff to analyze each of the proposed facilities by fund to determine the impact on each of the funds.

ACE Green indicated that it is possible for proposals to be broken down to show the cost effectiveness per facility. In addition, the energy consumption can be downloaded from each facility's monitoring computer on a daily basis.

Chair Nguyen-Tan directed staff to obtain more information, especially from references which could supply at least a 3-5 year history of cost effectiveness. He also requested staff to provide more information on revenue generated through utilization of solar powered systems, including actual savings as compared to original estimates. Councilmember Wahl suggested gathering this information from other municipalities.

Recommendation: *The Committee recommended (3-0) that staff solicit proposals for solar electric generation facilities on the Municipal Building, Municipal Services Center buildings, and at the Water Pollution Control Plant, and that these proposals include all warranty information, be broken down to show the cost effectiveness per facility and by fund, and include a 3-5 year history on an existing facility to compare actual savings and revenue with originally proposed estimates.*

COMMITTEE ITEM REQUIRING NO COUNCIL ACTION ON 3/16/04:

- E. **Consideration of Draft Annual Plan for the City's 2004-2005 Community Development Block Grant (CDBG) and the Home Investment Partnerships (HOME) Programs.** The Committee was provided with a memorandum dated 2/19/04 from the Housing Officer reporting that the City will receive \$1,806,000 of Community Development Block Grant (CDBG) and Home Investment Partnerships (HOME) funds for the 2004-2005 program year. The Housing Officer's memorandum provided background on the programs, staff recommendations for the Annual Plan, and citizen input received to date. The Committee was requested to make recommendations to the City Council regarding the Draft Annual Plan for the CDBG and HOME programs, which Council will consider at its meeting of 4/06/04.

Representing the South Campus Neighborhood Association, Charlie Preusser and Bob Ray expressed appreciation for the recent work in the neighborhood but were frustrated that the pedestrian safety corridor lighting has not been completed. Senior Civil Engineer (SCE) Greenlaw explained that the project is still underway, but due to Public Utility Code restrictions regarding lowering the streetlights, Pacific Gas & Electric (PG&E) will only be able to upgrade the wattage of the existing lamps and the City will keep the trees trimmed accordingly. However, in the 5th and Ivy Streets area, the City is able to install high wattage, decorative lighting which is lower and will shed light upon the sidewalk and not the street.

Housing Officer McLaughlin suggested that lighting improvements be separated from infrastructure improvements, adding that there is an option to create a new activity for lighting which could be funded with allocations of \$50,000 from both the North and South Campus Neighborhood funds per year, and could serve to bring the pedestrian lighting project to completion.

All members of the Committee supported the idea of completing the lighting project rather than handling it in a piecemeal manner. Councilmember Gruendl requested that staff create a financing plan to back-up the engineering plan and Councilmember Wahl added that the plan should include a specific time frame. SCE Greenlaw said the financing plan will be adjusted to include the decorative lighting and could be ready by April.

Recommendation: *The Committee recommended (2-1, Wahl disqualified) that North and South Campus pedestrian lighting and infrastructure projects be separate activities within the Proposed Annual Plan for CDBG program funds, and that \$50,000 from both the North and South Campus funds be transferred to the new activity to fully complete pedestrian lighting projects. The Committee directed staff to include a financing plan to supplement the revised engineering project to install lower, decorative lighting in the South Campus Neighborhood. The Committee recommended (3-0) approval of the activities listed in the Proposed Annual Plan for HOME program funds. A public hearing on the 2004-05 Draft Annual Plan is scheduled to be held before the City Council at its meeting of 4/6/04.*

- F. **Adjournment and Next Meeting.** The meeting adjourned at 9:40 a.m. The next meeting is scheduled for March 24, 2004, at 8:00 a.m. in Conference Room No. 1.

Annalisa Dillard, Administrative Analyst

Distribution:

City Council (20)	Housing Officer	Comm. Dev. Director	Housing/Econ. Dev. Specialist	Park Director
Risk Manager	DPW	Finance Director	Budget Officer	ADPW

CITY OF CHICO MEMORANDUM

TO: CITY COUNCIL (Mtg. of 4/6/04)

DATE: March 25, 2004

FROM: FINANCE COMMITTEE

FILE: Committee Binder

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD MARCH 24, 2004**

Committee present:

Chair Nguyen-Tan
Councilmember Gruendl
Councilmember Wahl

Staff present:

City Manger Lando
Assistant City Manager Dunlap
City Attorney Frank
Finance Director Martin
Housing Officer McLaughlin
Housing/Economic Development Specialist Burkland

Park Director Beardsley
Asst. Comm. Dev. Director Sellers
Budget Officer Pierce
Administrative Analyst Dillard

COMMITTEE ITEMS REQUIRING COUNCIL ACTION ON 4/6/04:

- A. **Consideration of Options for Segregating the Community Park Fund (330).** The Committee was provided with a memorandum dated 03/09/04 from the City Manager reporting that the City Council expressed interest in segregating the Community Park Fund (330) so that fees collected for community park purposes and fees collected for creekside greenway (linear park) purposes are managed through separate funds. The memorandum outlined several options for consideration by the Finance Committee. The Committee was also provided with a letter dated 3/17/04 from Mary Cahill, General Manager of Chico Area Recreation and Park District (CARD), requesting that the Community Park Fund (330) fund balance be allocated to DeGarmo Park. Staff recommended that Fund 330 be segregated through the 2004-05 budget process based on the final method approved by the City Council.

CARD representatives in attendance at this meeting were General Manager Mary Cahill, Board Chair Andy Holcombe, Park Division Manager Steve Visconti, and Finance Manager Scott Dowell.

Councilmember Wahl asked how soon the community would see progress on DeGarmo if CARD were to receive the requested funding. Mary Cahill indicated that Phase I, which would include little league fields, soccer fields, and related parking spaces, could begin within a year and a half upon completion and approval of its design.

Andy Holcombe commented that this funding would demonstrate that CARD and the City are committed to the DeGarmo project. The City Manager added that CARD and the City are partners in this project as an element of the General Plan.

Councilmember Wahl said if CARD receives the funding, he would like to see a percentage of the funding used within the next 6-8 months so that DeGarmo could be used during the 2005 fall sports season. Mary Cahill said CARD can not move through the process that quickly. Schedules must be coordinated and final plans still require County and City approval. She indicated that one year may be a possibility, but not 6-8 months. Steve Visconti added that CARD must still complete permit processes and fully develop working drawings for contractors. Councilmember Wahl said he was certain that both the City and the County would be willing to fast track approvals.

Councilmember Wahl moved to recommend Option 3, with the immediate transfer of the \$2.25 million to CARD for the development of DeGarmo park with the caveat that CARD will provide Council with a plan for the 2005 season within 60-90 days. His motion included a direction to CARD to draft letters to City and County staff requesting that they expedite plans through the required approval processes. Councilmember Gruendl seconded the motion. Councilmember Nguyen-Tan opposed, saying that when an opportunity comes to acquire greenways, sufficient funds should be available. Councilmember Wahl commented that by the time such an opportunity arises, funds will have increased. He said that completion of a community park should take precedence over greenways at this time, adding that funds could even be borrowed in the event of an opportunity to acquire greenway. Councilmember Gruendl agreed, adding that creekside greenways have been, and will continue to be, an ongoing project for decades, whereas the completion of a community park is now within reach.

Recommendation: *The Committee recommended (2-1, Nguyen-Tan opposed): (1) support for Segregation Option 3 which would distribute the balance in the Community Park Fund (330) based on the proportionate per acre cost of improved community park land (\$433,060 or 95%) and creekside greenway land (\$21,425 or 5%); and (2) that the new balance of the Community Park Fund (330) be transferred to the Chico Area Recreation and Park District (CARD) to begin Phase I of the development of DeGarmo Community Park. Within 60-90 days of receiving the funds, CARD would be required to provide the Council with a plan preparing for the 2005 season, and draft letters to County and City staff requesting that plans be expedited through the approval process.*

- B. **Consideration of Request by Habitat for Humanity for City Funding to Purchase Two Residential Lots.** The Committee was provided with a memorandum dated 3/11/04 from the Economic Development/Housing Specialist transmitting a letter from Habitat for Humanity describing its request. The memorandum also provided background on previous Habitat projects funded by the City, and a recommendation for funding the request.

The City Manager said that the only obstacle to this proposal may be the use of volunteers and the issue of prevailing wage. He suggested that any liability related to the use of volunteer labor be the full responsibility of Habitat for Humanity.

Recommendation: *The Committee recommended (3-0) that the City Council allocate \$40,000 of existing HOME funds as a grant, and the Agency allocate \$40,000 of existing Low and Moderate Income Housing Funds (LMIHF) as a loan, to Habitat for Humanity for acquisition and building fees for two building lots for its Building Program, with the understanding that Habitat for Humanity will assume all responsibility for any prevailing wage and/or volunteer issues associated with the program.*

- C. **Annual Update on the Mortgage Subsidy Program (MSP).** The Committee was provided with a memorandum dated 3/11/04 from the Housing Officer providing a review of the MSP for 2003-04. The Housing Officer recommended the sale price limit for the MSP be increased to \$250,000 and the maximum income level for eligibility be increased from 110% of local median income to 120% of median.

Given its success, and agreeing that it provides an excellent opportunity for residents to become vested in the community, the Committee concurred that it did not wish to consider eliminating the Mortgage Subsidy Program. Councilmember Wahl suggested that applications be reviewed by the Committee on a case by case basis since requests for exceptions to program requirements already require Committee approval. Assistant City Manager Dunlap supported setting a \$250,000 limit to discourage unreasonable requests, but suggested that requests above that amount be accepted and reviewed individually.

Recommendation: *The Committee recommended (3-0) that the sale price limit be increased to \$250,000, MSP applications for homes exceeding the sale price of \$250,000 be reviewed by the Finance Committee, and that the maximum level for eligibility be increased from 110% of local median income to 120% of median income.*

COMMITTEE ITEMS REQUIRING NO COUNCIL ACTION ON 4/6/04:

- D. **Approval of Request for Exception to Mortgage Subsidy Program (MSP) Eligibility Requirement for Local Residency - Gary and Kelsey Chapman.** The Committee was provided with a memorandum dated 3/11/04 from the Housing Officer transmitting a letter from the Chapmans. The memorandum also provided an explanation of the residency requirement and background on previous requests for exceptions. The Housing Officer recommended approval of the request.

Action: *The Committee approved (3-0) the request for the exception to the Mortgage Subsidy Program eligibility requirement for local residency.*

- E. **Consideration of Request to Assume \$47,500 Housing Rehabilitation Loan - Manuel and Sandra O'Horan.** The Committee was provided with a memorandum dated 3/11/04 from the Housing Officer transmitting a letter from the O'Horans. The memorandum also provided background on the City's policy regarding assumption of Housing Rehabilitation Program loans, specifics on this particular loan, and information regarding the O'Horans eligibility for the Mortgage Subsidy Program (MSP). Because the loan amount would exceed the MSP guidelines, the Housing Officer recommended denial of the request.

Action: The Committee approved (3-0) the request from Manuel and Sandra O'Horan to assume the Housing Rehabilitation Loan for the property they are purchasing through the Mortgage Subsidy Program with a requirement that their income be reviewed annually and that installment payments be required at such time as their income allows.

- F. **Consideration of Use of City Owned Site on East 20th Street, West of Bruce Road.** The Committee was provided with a memorandum dated 3/17/04 from the Housing Officer providing information on the size and value of the property. If the site is determined to be appropriate for housing, the Redevelopment Agency Low and Moderate Income Housing Fund (LMIHF) could purchase the site for market value and proceeds of the sale could be used for park development.

City Manager Lando stated that this proposal presents an excellent opportunity to complete neighborhood parks, but would require a neighborhood meeting before proceeding further. Councilmember Wahl asked if the property could be offered for sale on the open market with the condition that it be used for senior housing. City Manager Lando responded that it could, but the City would most likely be approached for funding assistance to complete the project.

Action: The Committee directed staff to schedule a neighborhood meeting to discuss use of the site for the development of senior housing with the proceeds of the sale used for the development of neighborhood parks.

- G. **Adjournment and Next Meeting.** The meeting adjourned at 9:34 p.m.

Future April meetings were re-scheduled as follows:

1. 4/01/04 - 3:00 p.m. - Council Chamber - Community Organization Funding requests.
2. 4/14/04 - 3:00 p.m. - Council Chamber - Community Organization Funding recommendations.
3. 4/22/04 - 8:00 a.m. - Conference Room No. 1 - Regular Meeting.

Annalisa Dillard, Administrative Analyst

Distribution:

City Council (20)
CM/ACM
Director of Public Works
Finance Director
Budget Officer
Housing Officer
Community Development Director
Housing/Economic Development Specialist
Park Director

CITY OF CHICO MEMORANDUM

TO: REDEVELOPMENT AGENCY/CITY COUNCIL (Mtg. of 5/18/04) **DATE:** April 24, 2004
FROM: FINANCE COMMITTEE **FILE:** Committee Binder
RE: **REPORT ON FINANCE COMMITTEE MEETING HELD APRIL 22, 2004**

Committee present:
Chair Nguyen-Tan
Councilmember Gruendl
Councilmember Wahl

Staff present:
City Manager Lando
Assistant City Manager Dunlap
City Attorney Frank
Finance Director Martin
Housing Officer McLaughlin
Planning Director Seidler
Director of Public Works McKinley

Park Director Beardsley
Risk Manager Koch
Traffic Engineer Mickelson
Administrative Analyst Ehrmantraut
Administrative Analyst Dillard

COMMITTEE MATTERS REQUIRING COUNCIL/AGENCY ACTION ON 5/18/04:

- A. **Approval of 2004-05 Annual Funding Request from Community Housing and Credit Counseling Center (CHCCC).** The Committee was provided with a memorandum dated 4/15/04 from the Housing Officer transmitting the request from CHCCC and providing background on the services provided by CHCCC. The request was for \$30,106, which, if approved, would be allocated from the Chico Redevelopment Agency Low and Moderate Income Housing Fund (LMIHF). The Housing Officer recommended approval of the request.

City Manager Lando explained that the First Time Homebuyer's Workshop was requested by Council due to past defaults of Mortgage Subsidy Program (MSP) participants. Housing Officer McLaughlin added that the workshop certificate is now a condition of entry to the MSP program.

Sonia Rodriguez, CHCCC Program Coordinator, said average attendance at the workshop is 17, with approximately 5 being MSP applicants. Other attendees are from the general community and often learn of the MSP program at the workshop. Housing Officer McLaughlin indicated that this workshop assists those ready to proceed to the MSP program, and encourages those who are not ready to wait.

Program Coordinator Rodriguez said that the rate of \$60 an hour was reached after conducting a local survey which determined that most non profits charge \$75 per hour for comparable credit counseling services. Agency funds cover about 15% of the cost to serve City residents, with additional funding coming from HUD. Without Agency funding, CHCCC would lose its only counselor.

Chair Nguyen-Tan requested a copy of the survey of effectiveness that CHCCC was asked to prepare last year. Housing Officer McLaughlin stated that he would provide Council with the survey as well as the advertisement for the workshop which was inadvertently omitted from the packet.

Recommendation: The Committee recommended (3-0) approval of the request for \$30,106, which would be allocated from the Chico Redevelopment Agency Low and Moderate Income Housing Fund (LMIHF).

- B. **Consideration of Proposal from Tony Symmes for Development of City Owned Site at Humboldt Road and Notre Dame Boulevard as an Affordable Single Family Subdivision.** This item was referred to the Finance Committee at the City Council meeting of 4/20/04. A copy of the proposal dated 3/31/04 from Tony Symmes, of Agasy, Inc., was attached. No written staff report was provided.

City Manager Lando said that although he would recommend the site for housing, the Chico Area Recreation and Park District (CARD) was fairly adamant about using it for a community center and park site. However, given the progress on DeGarmo Park, CARD's priorities may have changed. Park Director Beardsley confirmed that most of CARD's objectives are now being realized at DeGarmo but noted that the Humboldt Road site is unique, offering trail connections to schools and residential areas, making it an attractive site for a park.

Councilmember Wahl was concerned as to whether CARD could acquire an equally useful park site. Tony Symmes suggested that CARD could utilize the areas next to the schools, with a park site along Hank Marsh Jr. High. Mr. Symmes stated that his offer for the property is \$750,000, which would make it feasible to build 50 very affordable homes for Chico residents. He is trying to push this proposal through now because waiting will only cause an increase in the prices of the proposed homes. The City Manager indicated that the property is zoned as open space for a community center and would have to be rezoned through a general plan amendment. He pointed out that the issue is not replacing the property, but whether Council wants to use the land for housing.

Councilmember Wahl moved to direct staff to write a letter to Mary Cahill, General Manager of CARD, asking her to identify what is intended for the Humboldt Road site now that DeGarmo is underway, and if there is an alternative site available should this one be used for housing. Councilmember Gruendl seconded the motion.

Since the property will be city-owned, Susan Mason suggested applying restrictive covenants ensuring that all homes are owner occupied. She noted that many of the Symmes homes are bought at the lower prices and then rented for profit.

Action: The Committee directed (3-0) staff to write a letter to Mary Cahill, General Manager of the Chico Area Recreation and Park District (CARD), asking her to identify CARD's intentions for the Humboldt Road site and whether there is an alternative site available should this one be used for single family housing. CARD's response will be considered by the full City Council.

- C. **Review of Insurance Requirements for City Contracts, Agreements and Permits.** The Committee was provided with a memorandum dated 4/12/04 from the Risk Manager outlining the City's current insurance requirements for contracts, agreements, permits and other entitlements, and the current difficulties being experienced by contractors, lessees, etc., in meeting such requirements. The policy issue considered was to what extent, if any, should the City's requirements be modified in order to adjust to insurance industry conditions while at the same time protecting the City from significant increases in liability. Staff recommended that the Committee provide direction regarding any desired modifications to these insurance requirements.

Councilmember Wahl said he feels that the high cost of the City's insurance requirements are discouraging use of the Chico Municipal Airport and should be adjusted to attract new business. Risk Manager Koch said this issue was discussed at the last Airport Commission meeting. He explained that liabilities exist if there is damage to a hangar and the property owner walks away leaving the City to rebuild or clean up. Aircraft simply landing at or driving around the airport pose potential liabilities. It was noted that the total number of aircraft at the airport is 129, decreasing from 135 last year. Councilmember Wahl said the issue is not only the decrease in the number of aircraft, but how many pilots did not use the airport because insurance requirements were a deterrent. The City Manager suggested that this specific issue be addressed later and Councilmember Wahl recommended that it be considered by the Airport Commission. Chair Nguyen-Tan agreed, suggesting staff research the comparable insurance for other airports before the Airport Commission review.

Doug Benson, Henry Robeson, Juan Gonzalez, Frank Hill, Chip Arenchild, and J.D. Zink spoke in support of modifying the City's insurance requirements.

Risk Manager Koch said there have been only two incidences related to the sole negligence requirement in recent history, and the City did not end up being charged in either one. He suggested continuing the requirement because some companies still offer it but still accepting the insurance without. The California Joint Powers Risk Management Authority (CJPRMA) all have the same criteria but now realize that there is a need to become more flexible. The CJPRMA pays claims above \$500,000. City Manager Lando said the City maintains a \$2,000,000 reserve to handle four separate incidents.

Given the complexity of the issue, Chair Nguyen-Tan stated that an advisory group would be extremely helpful. Insurance agents, contractors, staff, and other knowledgeable community members could review the sole/passive negligence requirements and come back to the Committee with some recommendations.

Recommendation: The Committee recommended (3-0) to:

- (1) accept the Risk Manager's recommendation that the City accept the standard "qualified" policy cancellation language which is contained on certificates of insurance;***
- (2) accept the Risk Manager's recommendation to change the types and limits of insurance required for a taxi permit by separating the auto and business liability coverages into two policies;***
- (3) forward the insurance issues specific to the Chico Municipal Airport to the Airport Commission for review; and***
- (4) form an advisory group made up of staff, insurance agents, contractors, and developers to make recommendations to the Committee following a review of the City's insurance requirements for passive negligence.***

- D. **Consideration of Increasing the Current In-Lieu Parking Fee for the Downtown Area.** The Committee was provided with a memorandum dated 4/14/04 from the City Manager, recommending an increase in the current In-Lieu Parking Fee for the downtown area from the current \$2,000 per space, which was established in 1977, to the actual cost of furnishing a parking space in a parking structure.

City Manager Lando expressed his concern over building proposals which do not include appropriate parking. He indicated that the \$16,000 fee is actually conservative because an upper level parking space would cost more in the range of \$24,000. Although the \$2,000 in lieu fee is put into a parking fund, it is very misleading because it is not possible to provide a parking space for that amount of money. He said it would be acceptable to eliminate the fee and simply enforce the Chico Municipal Code parking requirements. He expressed concern that the fee may send a message that property owners are not responsible for parking, and that it will be provided by the Redevelopment Agency or some other mechanism.

Councilmember Gruendl moved to accept the staff recommendation to adjust the in lieu parking fee, with an inflationary adjustment added, to \$16,000 per space. Chair Nguyen-Tan seconded the motion and directed staff to survey other college towns with downtowns to find out how they handle this problem.

Recommendation: *The Committee recommended (2-0-1, Wahl disqualified) to increase the current In-Lieu Parking Fee for the downtown area from the current \$2,000 per space established in 1977, to \$16,000 (with inflationary adjustments) which represents the actual cost of furnishing a parking space in a parking structure.*

COMMITTEE MATTER REQUIRING NO COUNCIL/AGENCY ACTION ON 5/18/04:

- E. **Consideration of Acquisition of Property at 992 and 996 East 16th Street.** The Committee was provided with a memorandum dated 4/16/04 from the Housing Officer providing background on the property and staff's interest in acquiring. The City Manager recommended that: (1) staff be directed to obtain an appraisal and environmental assessment of the property; and (2) if the environmental assessment is acceptable and the sale price consistent with the appraisal, that acquisition of the property be scheduled for Council action with funding from the Chico Redevelopment Agency Greater Chico Urban Area Redevelopment Project Area (GCUARPA) Low and Moderate Income Housing Fund (LMIHF).

Staff informed the Committee that since the drafting of the memorandum, the listing price for the property has been set at between \$350,000 and \$375,000.

Councilmember Wahl opposed the acquisition because the property could easily be resold as commercial, and half of its value lies in the buildings which would be torn down if used as residential. Housing Officer McLaughlin explained that because the property is surrounded by homes and a school, commercial zoning is incompatible with the neighborhood. He indicated that the most appropriate residential use of the property would be to provide special needs housing. Units could be built 3-4 deep on the lot.

Councilmember Wahl moved to oppose staff recommendations. The motion died for lack of a second. Chair Nguyen-Tan moved to table the item until the property is listed for sale. Councilmember Gruendl seconded the motion.

Recommendation: *The Committee recommended (2-1, Wahl opposed) that this item be tabled and reconsidered after the property has been listed for sale.*

- F. **Business from the Floor.** None.
- G. **Adjournment and Next Meeting.** The meeting adjourned at 10:02 a.m. The next meeting is scheduled for May 26, 2004, at 8:00 a.m. in Conference Room No. 1.

Annalisa Dillard, Administrative Analyst

Distribution:

City Council (20)
Risk Manager

Housing Officer
Dir. of Public Works

Comm. Dev. Director
Budget Officer

Housing/Econ. Dev. Specialist
Finance Director

Planning Director

CITY OF CHICO MEMORANDUM

TO: CITY COUNCIL (Mtg. of 6/14/04)

DATE: May 27, 2004

FROM: FINANCE COMMITTEE

FILE: Committee Binder

RE: REPORT ON FINANCE COMMITTEE MEETING HELD MAY 26, 2004

Committee present:

Chair Nguyen-Tan
Councilmember Gruendl
Councilmember Wahl

Staff present:

City Manager Lando
Assistant City Manager Dunlap
City Attorney Frank
Finance Director Martin
Director of Public Works McKinley
Economic Development Specialist Burkland
Park Director Beardsley

Community Development Director Baptiste
Assistant Director of Pub. Works Alexander
Public Works Admin. Manager Sigona
Senior Civil Engineer Greenlaw
Associate Civil Engineer Green
Administrative Analyst Dillard

COMMITTEE MATTERS REQUIRING COUNCIL ACTION ON 6/14/04:

- A. **Consideration of Request from the Downtown Chico Business Association (DCBA) for Support of the Property and Business Improvement District (PBID) in Downtown Chico.** The Committee was provided with a letter dated 5/7/04 from Katrina Davis, Executive Director of the Downtown Chico Business Association (DCBA), providing an update on the formation of the Property and Business Improvement District (PBID) and requesting that the Committee recommend that the Council authorize the City Manager to sign the property owner petition to form the district. The Committee was also provided with a memorandum dated 5/19/04 from the Economic Development/Housing Specialist providing an overview of the PBID formation process and information on the City's proposed PBID assessment. In addition, the memorandum transmitted additional information on the PBID provided by the DCBA including the PBID Formation Timeline, the Management District Plan and the Property Owner Petition.

Katrina Davis, Executive Director of the Downtown Chico Business Association (DCBA) presented an overview of the initiative process and clarified assessment costs.

Discovery Shoppe representative Kay Matzdorf, asked if there had been any consideration given to the exclusion of non profit tenants. Ms. Davis indicated assessments are handled differently in various districts, some of which include non profits because they receive direct benefits by being in the district. City Manager Lando said to meet the required deadlines, the PBID Committee would need to decide upon this component before the proposal reaches the City Council.

Councilmember Gruendl moved to accept the DCBA report on the proposed PBID for the downtown area and forward it to the City Council for consideration at its 6/14/04 meeting. He requested that the PBID Committee provide a letter of information to each of the non-profits in the PBID area explaining how the assessment may impact their businesses. Chair Nguyen-Tan seconded the motion.

Recommendation: The Committee recommended (2-0-1, Wahl disqualified) that the City Council authorize the City Manager to sign the property owner petition to form the PBID in downtown Chico.

- B. **Consideration of Supplemental Appropriation to Provide Funding for the Bidwell Park Centennial Celebration.** This item was referred to the Finance Committee by the City Council at its meeting of 04/20/04. The Committee was provided with a memorandum dated 04/12/04 from the Park Director forwarding a letter dated 04/01/04 from the Bidwell Park Centennial Committee indicating the Committee is coordinating a year-long series of events, activities, and celebrations as part of the 100th Anniversary of Bidwell Park. The mission of the Committee is to highlight the anniversary through existing annual events and special recognitions as well as a community event in Bidwell Park in July 2005 to coincide with the original donation by Annie Bidwell. The Committee has established a partnership with the Chico Chamber of Commerce as a co-sponsor and the Chico Creek Nature Center. The Committee intends to raise \$10,000 through fund raising events and donations and is requesting City funding in the amount of \$12,050 to partially fund the July 2005 anchor event and general support for basic office supplies, stationery, postage, advertising, insurance and bookkeeping.

City Manager Lando supported the celebration and agreed that the City should be involved, but not as the primary funding source. Chair Nguyen-Tan indicated that he believes many of the components of the Committee's proposed budget could be donated.

Recommendation: The Committee recommended (3-0) approval of City funding in the amount of \$2,500 with the remainder of the requested funds to be raised privately.

- C. **Consideration of Request from the Chico Veterans' Day Committee for Funding of the Second Annual Celebration to Honor Members of the Armed Forces.** This funding request was referred to the Finance Committee by the City Council at its meeting of 05/04/04. The Committee was provided with a letter dated 04/06/04 from Sharon Nichols of the Chico Veterans' Day Committee submitting a request for funding in the amount of \$2,500 for the second annual celebration honoring members of the armed forces which has been scheduled for 11/11/04. To be consistent with the City Council's policy regarding off-cycle funding requests, the City Manager recommended that if this is to be an annual request for funding, it be considered during the regular Community Organization Funding process.

Councilmember Wahl moved to approve the request. Chair Nguyen-Tan seconded the motion with the provision that all future requests from this organization be submitted through an official application for Community Organization Funding. He added that the Veterans' Committee may want to consider approaching one of its supporting organizations for fiscal sponsorship if it can not obtain non profit status.

Recommendation: The Committee recommended (3-0) approval of the request in the amount of \$2,500 for this year's celebration with the provision that the Veterans' Day Committee apply for future funding through the Community Organization Funding process.

- D. **Consideration of Installation of Solar Electric Systems at the Chico Municipal Center, Municipal Services Center and Water Pollution Control Plant.** The Committee was provided with a memorandum dated 5/21/04 from the Director of Public Works summarizing the analysis of proposals to install solar electric generating systems at the Municipal Center, Municipal Services Center and the Water Pollution Control Plant. The analysis concluded that it is not economically feasible to install solar facilities on the Municipal Center. The Director of Public Works recommended that after review of the analysis and financing options, the Committee forward a recommendation to the City Council to finance and install systems at the Municipal Services Center and the Water Pollution Control Plant.

City Manager Lando explained that the Committee should consider and make recommendations regarding the installation and location of proposed solar electric systems, instead of analyzing the individual proposals.

Chair Nguyen-Tan commented that the assumptions built into the overall financial plan are very conservative. He stated the actual average increase of electricity costs has been more in the area of 7-8% or more. Associate Civil Engineer (ACE) Green agreed, saying that over the last 30 years the increase has been more in the range of 15%. Because the project is cash flow positive even with the conservative assumptions, Chair Nguyen-Tan requested a breakdown showing savings using the higher, more realistic assumptions. ACE Green added that the higher assumptions will also affect the interest rate on the loan. If the City borrows from itself, a 3% interest rate is probable.

In order to meet the project deadline of 7/23/04, City Manager Lando recommended that a full megawatt solar electric system be installed at the Water Pollution Control Plant (WPCP).

Jeff Pollard of Global Solar suggested that the Council and Committee closely examine the Green Tag issue.

Mario Garcia of PowerLight supported the City's decision to consider solar energy systems.

Councilmember Wahl requested that copies of the proposals be placed in Council boxes.

Councilmember Gruendl moved to proceed with installing a solar electric generating system providing a full megawatt of power at the WPCP and to direct staff to provide additional information to the City Council to show the cost breakdowns using higher assumptions and without the sale of Green Tags. Councilmember Wahl seconded the motion.

Recommendation: The Committee recommended (3-0) approval of the financing and installation of a full megawatt solar electric generating system at the Water Pollution Control Plant and directed staff to provide the City Council with additional information regarding costs and savings using less

conservative assumptions and showing projected savings without the Green Tag component. The Committee also directed staff to provide more information regarding the installation of systems at the Municipal Services Center and Municipal Building for consideration at a future meeting.

COMMITTEE MATTERS REQUIRING NO COUNCIL ACTION ON 6/14/04:

- E. **Consideration of the City of Chico 2004-05 Update of Development Impact Fees Analysis and Recommended Assumptions (Nexus Study)**. The Committee was provided with a memorandum dated 5/7/04 from the Director of Public Works reporting that the Committee previously voted on each Nexus assumption, requested additional information on the cost implications of making certain changes to the assumptions, and directed staff to meet with representatives from the Chamber of Commerce and Building Industry Association to discuss project estimates. Having completed those tasks, the Director forwarded the assumptions previously recommended by the Finance Committee, cost implications, and new cost estimates on the identified projects of concern. Due to the length of time it took to prepare the new estimates, the Director proposed that the current review serve as the 2004-2005 update. The Director of Public Works recommended that the Committee consider the development impact fees resulting from the recommended assumptions and updated project list, and forward a recommendation to the City Council regarding proposed changes.

Jason Bougie, Building Industry Association (BIA), requested time for the BIA to review the study at its Board meeting scheduled for this afternoon. City Manager Lando reiterated that if fees are not adequate to fund all improvements for General Plan buildout, the impacts of each development proposed will need to be addressed in the project environmental review.

The Committee directed staff to provide information on resulting fees for multi-family and commercial/industrial uses, and clarification of the build out population and of the Congestion Mitigation and Air Quality Improvement Program (CMAQ) offset.

Speakers on this item included Gregg Steel and Bob Best.

Action: The Committee directed staff to provide information on resulting fees for multi-family and commercial/industrial uses, as well as clarification of the buildout population and of the Congestion Mitigation and Air Quality Improvement Program (CMAQ) offset. The Committee also directed staff to place this item on the consent agenda for its meeting of 6/15/04.

- F. **Future Meetings**. Chair Nguyen-Tan requested that the Committee consider rescheduling its June meeting from 6/23/04 to 6/16/04, and its July meeting from 7/28/04 to 7/21/04. Committee members were asked to bring their calendars to this meeting.

Action: The Committee agreed (3-0) to meet at 8:00 a.m. on June 15, 2004, and at 8:00 a.m. on July 21, 2004.

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

- H. **Adjournment and Next Meeting**. The meeting adjourned at 9:29 a.m. The next meeting is scheduled for June 15, 2004, at 8:00 a.m. in Conference Room No. 1.

Annalisa Dillard, Administrative Analyst

Distribution:
City Council (16)

Asst. Dir. of Public Works
Budget Officer

Comm. Dev. Director
Finance Director

Housing/Econ. Dev. Specialist
Park Director

Dir. of Public Works
PWAM

CITY OF CHICO MEMORANDUM

TO: CITY COUNCIL/REDEVELOPMENT AGENCY (Mtg. of 7/06/04) **DATE:** June 18, 2004
FROM: FINANCE COMMITTEE **FILE:** Committee Binder
RE: **REPORT ON FINANCE COMMITTEE MEETING HELD JUNE 15, 2004**

Committee present:
Chair Nguyen-Tan
Councilmember Gruendl
Councilmember Wahl

Staff present:
City Manager Lando
Assistant City Manager Dunlap
City Attorney Frank
Finance Director Martin
Director of Public Works McKinley
Chief of Police Hagerty
Sergeant John Rucker
Risk Manager Koch
Animal Control Officer Howard

Community Development Director Baptiste
Assistant Director of Public Works Alexander
Housing Officer McLaughlin
Senior Planner Vieg
Senior Civil Engineer Greenlaw
Budget Officer Pierce
Urban Forester Boza
Public Works Administrative Manager Sigona
Accountant Hennessy
Administrative Analyst Dillard

COMMITTEE MATTERS REQUIRING COUNCIL/AGENCY ACTION ON 7/06/04:

- A. **Approval of Fund Balance Reserve Policies.** The Committee was provided with a memorandum dated 05/28/04 from the Finance Director reporting that at its meeting held 01/28/04, the Finance Committee reviewed desired fund balance reserves for discretionary funds. The Committee directed staff to develop recommended fund balance reserve policies for a number of funds. Staff's recommendations and the recommended policy language were outlined in the staff report. The recommended budget policy language will be included in the final budget resolution for consideration by the City Council on 7/06/04.

Recommendation: *The Committee recommended (3-0) approval of the Fund Balance Reserve Policies.*

- B. **Proposal to Acquire Portion of Park Site on East 20th Street and Notre Dame Boulevard For Affordable Senior Housing.** The Committee was provided with a memorandum dated 6/08/04 from the Housing Officer providing background on the site and a report on the neighborhood meeting held in April. An additional neighborhood meeting was held on 6/10/04 and staff provided an updated report to the Committee at today's meeting.

City Manager Lando supported the proposal because it uses city owned land, meets senior housing needs, and provides funding for two neighborhood parks. He added that the property should be appraised to determine the current value, and that benefit zones would be refined, requiring neighborhoods to maintain the two parks.

Housing Officer McLaughlin added that although senior housing is not the only option for the property, the location is ideal for seniors, and current residents of the area are supportive. Neighborhood resident Bill Jemison spoke in favor of the project.

Concerned that Northern Valley Catholic Social Services (NVCSS) was not represented at today's meeting, Councilmember Wahl suggested giving NVCSS the first right of refusal, allowing another organization to submit a proposal which may materialize faster. He added that NVCSS was unsuccessful in its last project which was tied up for two years. Housing Officer McLaughlin assured the Committee that representatives from NVCSS would not jeopardize their funding application and will be in attendance at the 7/6/04 City Council meeting to request Council approval. He also proposed that the Committee consider recommending a one year option to expedite the process.

Recommendation: *The Committee recommended (3-0): (1) that a portion of the 10 acre site be designated as a senior housing site; (2) that the site be purchased from the City by the Redevelopment Agency; and (3) that the housing site be made available to Northern Valley Catholic Social Services (NVCSS) through a one year option to enable NVCSS to apply for project funding.*

- C. **Consideration of Animal Shelter Operating Service Agreement Alternatives.** The City's current Animal Shelter operating services agreement with the Butte Humane Society (BHS) expires on 6/30/04. BHS has indicated a willingness to renew the agreement subject to renegotiation of the fee for service. However, the fee amount requested by BHS for 2004-05 was substantially increased over the fee for service for the 2003-04 fiscal year. In light of the City's ongoing budget situation, staff obtained an alternative, less expensive proposal from the Town of Paradise to provide animal shelter services. In addition, staff has prepared an estimate of the cost for the City to assume responsibility for operating the Animal Shelter. Staff requested Committee review and consideration of these alternatives. No written staff report was included in the original agenda packet for today's meeting.

The Committee was provided with a memorandum dated 6/14/04 from Risk Manager Koch providing a brief summary of the animal shelter operating service agreement alternatives. City Manager Lando explained that the funding amount for 2004-05 would be \$230,000, not \$192,000 as indicated on the memorandum.

Chief of Police Hagerty stated that given the effect of recent budget cuts to his department, he is not in support of assuming responsibility for the animal shelter. He explained that the Paradise alternative evolved from discussions at a Chief's conference where he approached Gridley and Paradise for cost saving alternatives.

Cathy Augros, Executive Director of the Butte Humane Society (BHS), suggested that Committee members visit the Paradise facility in order to fully understand why the proposal is not feasible. The shelter is very small and cannot accommodate the additional animals. Disease control would become extremely difficult in such overcrowded conditions. City Manager Lando added that the euthanasia policies of the two facilities are also a factor in determining alternatives.

Councilmember Wahl praised the current management of the Butte Humane Society (BHS), saying the improvements over the last three years have been significant and have not gone unnoticed. Under such capable management, the focus can now be on developing reliable, dependable, cost effective service.

Cathy Halloran, representing the Chico Cat Coalition, noted that Chico residents wishing to surrender unwanted animals are not likely to drive to Paradise to do so. She suggested that animals will instead be dumped in Bidwell Park, at great expense to the City.

Alan Levy, Nicki Jones, and Wendy Woods spoke in support of the Butte Humane Society.

Councilmember Wahl moved to continue the agreement between the BHS and the City of Chico. Councilmember Gruendl seconded the motion. The second included amendments that the Finance Committee continue to address the increasing high cost of operating the shelter by pursuing fee and funding alternatives through City and shelter staff working together on a 5-year strategic plan, and that staff approach Paradise officials about reversing the proposal, with animals from Paradise being sheltered at the Chico facility. Councilmember Wahl accepted the amendments.

Cathy Augros proposed that the strategic plan must include a City commitment to a firm spay and neuter program. This will eliminate the key factor to rising costs which is an overpopulation of unwanted animals. Due to a recent purchase of property by BHS, Chief of Police Hagerty asked that the future location be included in the strategic plan to ensure that the facility remains in Chico.

Cathy Augros explained that the additional \$50,000 requested will cover the true cost of sheltering and caring for the number of animals housed at the shelter, which consistently exceeds the amount for which the City reimburses the BHS.

Recommendation: The Committee recommended (3-0): (1) renewal of the animal shelter operating service agreement with the Butte Humane Society; (2) that staff approach Paradise officials about an alternate proposal, with animals from Paradise being sheltered at the Chico facility; and (3) directed staff from the City and the Butte Humane Society to work together to develop a 5-year strategic plan for the animal shelter.

City Manager Lando stated that based on the Committee's recommendation, an additional \$30,000 for Humane Society expenses would be included in the final budget resolution.

- D. **Approval of Recommendations Regarding Assumptions, Project List, and Proposed Changes to Development Impact Fees for the City of Chico 2004-05 Update of Development Impact Fees Analysis (Nexus Study).** The Committee was provided with a memorandum dated 06/02/04 from the Director of Public Works forwarding the additional information requested by the Committee at its 05/26/04 meeting. Included with the Director's report were the cost implications of making certain changes to the assumptions for all land use categories, as well as a complete updated project list from the Nexus Study.
- Recommendation:*** *The Committee recommended (2-1, Wahl opposed) that the City Council approve the Nexus assumptions, project list and changes to the development impact fees as set forth in the staff memorandum and that a public hearing be scheduled.*
- E. **Initial Consideration of Request for \$5,760,000 in Low and Moderate Income Housing Funds (LMIHF) from Pacific West Communities (PWC) for a 144-Unit Affordable Rental Housing Project on the Northeast Corner of Bruce Road and East 20th Street.** The Committee was provided with a memorandum dated 6/07/04 from the Housing Officer transmitting the housing project proposal from PWC. The memorandum also provided a summary of the proposal and a discussion of the funding available in the LMIHF. A copy of the current LMIHF Summary of Revenues and Expenses was also attached.
- PWC representative Cindy Guckenberger was in attendance at today's meeting and offered to provide any requested information, along with design proposals, at next month's meeting. She indicated that the total cost of the project should be approximately \$21.7 million, and if prevailing wage is not required, the cost would be reduced by 10-30 percent. An additional \$1.5 million may be saved if the City qualifies for "Difficult to Develop" status in 2005.
- Subject to a review of costs and design, Housing Officer McLaughlin said he felt the project was worthy of funding. He added that it meets the goal of offering lower level rents in an excellent location given its proximity to schools, parks, and shopping, and would contribute to the goal of an even distribution of low income housing throughout the City.
- Action:*** *The Committee agreed (2-0-1, Gruendl disqualified) to review the request with PWC and scheduled the item for further consideration at the 7/21/04 meeting.*
- F. **Reports and Communications.** The following reports and communication items were provided for the Committee's information and consideration, and no action was requested unless the Committee gave direction to staff.
1. **Site at 996 East 16th Street.** At its meeting of 4/22/04 the Committee considered a staff proposal to acquire property located at 996 East 16th Street. Staff was directed to provide an update on the property after it was listed for sale. The Committee was provided with a memorandum dated 6/9/04 from the Housing Officer providing the requested information.
- G. **Business from the Floor.** No items.
- H. **Adjournment and Next Meeting.** The meeting adjourned at 9:11 a.m. The next meeting is scheduled for July 21, 2004, at 8:00 a.m. in Conference Room No. 1.

Annalisa Dillard, Administrative Analyst

Distribution:

City Council (16)
 CM/ACM
 Director of Public Works
 Community Development Director
 Housing Officer
 Asst. Director of Public Works
 Budget Officer
 Finance Director
 PWAM
 Risk Manager

CITY OF CHICO MEMORANDUM

TO: CITY COUNCIL/REDEVELOPMENT AGENCY (Mtg. of 8/17/04) **DATE:** July 26, 2004
FROM: FINANCE COMMITTEE **FILE:** Committee Binder
RE: **REPORT ON FINANCE COMMITTEE MEETING HELD JULY 21, 2004**

<u>Committee present:</u>	<u>Staff present:</u>	
Chair Nguyen-Tan	City Manager Lando	Community Development Director Baptiste
Councilmember Gruendl	Assistant City Manager Dunlap	Housing Officer McLaughlin
Councilmember Wahl	City Attorney Frank	Accountant Hennessy
	Park Director Beardsley	Administrative Analyst Cameron

COMMITTEE MATTERS REQUIRING COUNCIL/AGENCY ACTION ON 8/17/04:

- A. **Second Review of Affordable Housing Proposal from Pacific West Communities (PWC) - 144 Units Multifamily Rental Project on Bruce Road North of 20th Street.** By memorandum dated 7/14/04, the Housing Officer transmitted a previous staff report dated 6/09/04 and identified recommended conditions of the project funding.

Councilmember Gruendl was disqualified on this item.

PWC representatives Caleb Roop and Cindy Guckenberger were in attendance to answer questions at this meeting. A preliminary design plan was provided to the Committee and Mr. Roop indicated they have not yet completed the City's design review process. Councilmember Wahl directed staff to provide more information regarding the original basis of the 100' setback on Bruce Road.

Housing Officer McLaughlin asked if a lesser number of units could be financially feasible for the site. Mr. Roop stated that 100 units could quite possibly be more financially feasible than 144 units, indicating that any reduction in project costs based on number of units, prevailing wage, or difficult to develop status would directly decrease the requested RDA contribution. He acknowledged the Chico redevelopment funds commitment would be a prerequisite for all other financing. Housing Officer McLaughlin noted that the RDA commitment could be for 12 months in order to see if PWC is able to get all their financing in place, adding his recommendation would be to commit the financing for a three-year period, so that the agency's resources would not be totally depleted. Mr. Roop indicated that PWC is asking for a City commitment before they begin work on the project. City Manager Lando stated that Council could conceptually approve the plan subject to design review, but the project may not work with the neighborhood. Councilmember Nguyen-Tan indicated he is unwilling to make a financial commitment when there are significant design and neighborhood issues. Mr. Roop rephrased his request and asked the City for a commitment of time to satisfy the City with the design and neighborhood issues.

Councilmember Wahl made a motion to conceptually approve the project subject to the design, financing, and neighborhood review, including the eight points outlined in the Housing Officer's memorandum and a 12 or 24 month funding commitment window. The motion died for lack of a second.

Councilmember Nguyen-Tan made a motion to have the developer hold a neighborhood meeting so that the developer and the City can get a sense of the neighborhood perspective. The motion died for lack of a second.

City Manager Lando suggested that this item be put on the 8/17/04 Council agenda with no recommendation from the Committee. In the interim, PWC will hold a neighborhood meeting and will bring the results of that meeting to the 8/17/04 Council meeting.

Action: The Committee forwarded this item to the City Council without a recommendation and directed PWC to hold a neighborhood meeting and report to Council at its meeting of 8/17/04.

- B. **1200 Park Avenue Senior Housing Project - Request for Additional Financial Assistance.** By memorandum dated 7/14/04, the Housing Officer transmitted a letter from the developers of the housing project requesting \$750,000 in additional financial assistance. The memorandum also provided background on previous funds, basis for the funding request, and potential sources of future funding that may reduce the City/Agency commitment.

Gary Sannar, Butte County Housing Authority and Bill Spann, Affordable Housing Development Corporation stated construction could begin as soon as October 1st if the additional funding request is approved.

Action: The Committee approved (3-0) the additional \$750,000 financial assistance request from Affordable Housing Development Corporation for completion of the affordable senior housing development located at 1200 Park Avenue.

COMMITTEE MATTERS REQUIRING NO COUNCIL/AGENCY ACTION ON 8/17/04:

- C. **Special Request From Mortgage Subsidy Program (MSP) Borrower- Darnell.** By memorandum dated 7/14/04, the Housing Officer provided background on Ms. Darnell's request to transfer the deed of trust securing her MSP loan to another property due to health reasons.

Recommendation: The Committee approved (3-0) transfer of the deed of trust securing Ms. Darnell's MSP loan to another property.

- D. **Request for Funding Assistance for the Renovation of Shapiro Pool.** This item was referred to the Finance Committee by the City Council at its meeting of 7/06/04. A copy of the letter dated 7/02/04 from Mary Cahill, General Manager of the Chico Area Recreation and Park District (CARD), requesting funding assistance for the renovation of Shapiro Pool was attached. No written staff report was provided.

Mary Cahill expressed CARD's intent to partner with the City of Chico and California State University, Chico (CSUC), in the renovation of Shapiro Pool. She indicated the pool is 50 years old and is currently being "band-aided" in order to remain open, adding it was uncertain how long the pool could continue to operate under these conditions. Ms. Cahill submitted a preliminary site plan for a new pool estimating a cost between \$1.5 and \$1.8 million and indicated that CSUC is willing to commit \$50,000 per year for ten years for the construction and on-going maintenance of the pool. City Manager Lando commented that City funds could come from multi-year block grants or redevelopment funds.

Action: The Committee directed staff to continue working with the Chico Area Recreation and Park District and California State University, Chico to develop funding recommendations.

- E. **Business from the Floor.** David Beeson, a member of the Park Funding Task Force, requested a Committee discussion regarding the funding of a community survey to gauge community sentiment on the selling of a portion of Bidwell Park. The Committee informed Mr. Beeson that this item is scheduled to be included on the August agenda.
- F. **Adjournment and Next Meeting.** The meeting adjourned at 9:21 a.m. The next meeting is scheduled for August 25, 2004, at 8:00 a.m. in Conference Room No. 1.

Lynda Cameron, Administrative Analyst

Distribution:

City Council (16)
 CM/ACM
 Director of Public Works
 Community Development Director
 Housing Officer
 Asst. Director of Public Works
 Budget Officer
 Finance Director
 PWAM
 Risk Manager

CITY OF CHICO MEMORANDUM

TO: CITY COUNCIL (Mtg. of 9/7/04)

DATE: August 26, 2004

FROM: FINANCE COMMITTEE

FILE: Committee Binder

RE: REPORT ON FINANCE COMMITTEE MEETING HELD AUGUST 25, 2004

Committee present:

Chair Nguyen-Tan
Councilmember Gruendl
Councilmember Wahl

Staff present:

City Manager Lando
City Attorney Frank
Park Director Beardsley
Director of Public Works McKinley
Assistant Director of Public Works Alexander
Housing/Economic Development Specialist Burkland

Housing Officer McLaughlin
Sr. Development Engineer Johnson
Budget Officer Pierce
Administrative Analyst Dillard

COMMITTEE MATTERS REQUIRING COUNCIL ACTION ON 9/7/04:

- A. **Approval of a Supplemental Appropriation to Fund an Update of the City's Traffic Model.** The Committee was provided with a memorandum dated 8/9/04 from the Director of Public Works reporting on the need to update the City's traffic model to provide a more interactive tool, to complete modeling of the existing transportation network, to incorporate future traffic projections within the current urban boundary, and to provide an analysis of proposed growth areas. Staff recommended an allocation of \$51,000 from the Chico Merged Redevelopment Project Area Fund (351) and \$51,000 from the Street Facility Improvement Fee Fund (308) for this purpose. A formal supplemental appropriation reflecting the Finance Committee's recommendation will be forwarded to the City Council and the Redevelopment Agency with the Committee's report together with the resolutions required to allocate redevelopment funds and a redevelopment project analysis.

City Manager Lando explained that this updated computerized model could be used to predict the number of trips generated on each city street, the number of necessary lanes, and which intersections need improvement. This tool would allow engineers to forecast appropriate street size in future growth areas. He stated that because the City is 16 years out from the current model and so many factors have changed, the margin for error has significantly increased. This new model could provide a global study of an entire project or area, which is preferable to the specific study or Environmental Impact Report (EIR) otherwise required of the developer or his/her client.

Director of Public Works McKinley explained that this model is very user-friendly and can provide alternative configurations as well as be adjusted to accommodate variations or changes in plans. Assistant Director of Public Works Alexander indicated that the consultant would receive approximately \$60,000 of the total funds allocated, with the remaining being used toward the purchase of the software and related staff costs.

Recommendation: *The Committee recommended the allocation of \$51,000 from the Chico Merged Redevelopment Project Area Fund (351) and \$51,000 from the Street Facility Improvement Fee Fund (308) to fund an update to the City's traffic model.*

- B. **Approval of a Draft Administrative Procedure and Policy (AP&P) for a Housing Rehabilitation Loan Program for Owners of Mobile Homes in Parks.** The Committee was provided with a memorandum dated 8/19/04 from the Housing Officer providing background on the new program and a summary of the AP&P provisions.

Housing Officer McLaughlin indicated that these loans would be approved to make accessibility improvements for the elderly and disabled, or to repair or replace existing conditions related to health, safety, or energy efficiency. Loans could not be used for room additions or reconfiguration of the mobile home. Permits and inspections would continue to be handled by the State, and the program would be implemented within the existing housing program agreement between the City and Sutter County Housing Authority.

Given the number of mobile homes recently annexed into the City, as well as those scheduled for future annexation, City Manager Lando recommended the program as a logical extension of the housing rehabilitation program. The City's mobile home inventory may soon reach 3,000 units.

Recommendation: *The Committee recommended (3-0) approval of an AP&P for a housing rehabilitation loan program for owner-occupied mobile homes in parks through use of Community Development Block Grant funds and various other resources as they become available.*

- C. **Consideration of a Supplemental Appropriation to Fund a Park and Recreational Facilities Public Opinion Survey.** The Committee was provided with a memorandum dated 8/7/04 from the Park Director indicating that at its 6/1/04 meeting, the City Council referred a recommendation to jointly finance a park and recreational facilities public opinion survey with the Chico Area Recreation and Park District (CARD) to the Finance Committee for review and consideration. The Park Director recommended approval of a supplemental appropriation in the amount of \$20,000 from the Community Park Fund (330) to fund the City's share of the survey and related staff costs. A formal supplemental appropriation reflecting the Finance Committee's recommendation is being forwarded to the Council with the Committee's report.

City Manager Lando explained that when the survey discussion began, it was in regard to park facilities and the funding of those facilities, and not the possibility of selling Bidwell Ranch property since the Park Funding Committee was not recommending the sale. Including questions pertaining to the Bidwell Ranch property will increase the cost of the survey which is determined by the number of questions. He added that because the language used in the survey questions can greatly affect the perception of the public, unbiased questions must be composed with the help of a professional consultant and be carefully reviewed by the Committee and the CARD Board. Mary Cahill, General Manager of CARD, indicated that the CARD Board has budgeted funds to conduct an open request for proposals (RFP) to obtain a consultant.

Councilmember Wahl expressed concern over including facilities and funding in the same survey, saying mixing unrelated topics will skew the survey. He suggested conducting two surveys, the first to determine what facilities City residents would like in their parks, and a second survey outlining possible funding options for those facilities. He opposed any mention of the sale of Bidwell Ranch property in the park facility survey. City Manager Lando confirmed that two separate surveys could be conducted using the same consultant.

Councilmember Gruendl said the Council previously voted 4-3 to designate Bidwell Ranch as permanent open space. City Manager Lando confirmed this, but added that the Council also approved the community survey in lieu of a ballot measure. He also stated that once this property is designated as permanent open space, the 1,500 housing units it would have accommodated must be added back in to the General Plan.

Councilmember Nguyen-Tan was concerned that the upcoming election may deter a solution to the Bidwell Ranch issue and supported the idea of keeping the Bidwell Ranch property from becoming the main focus of the survey. He suggested moving forward with obtaining a consultant and leaving the future City Council to determine the composition of the survey.

Councilmember Gruendl was concerned that voters may approve of selling Bidwell Ranch to fund the parks, not realizing that the City may end up buying back the property at a loss if it is later determined that it can not be developed as desired. Stating that there is a need for an unbiased third party to guide the City through the complexity of this survey, he moved to recommend appropriation of the funds and move forward with the RFP process to obtain a consultant.

Recommendation: The Committee recommended (3-0) approval of a supplemental appropriation in the amount of \$20,000 from the Community Park Fund (330) to fund the City's share of the survey and related staff costs, and that the Board of Directors of the Chico Area Recreation and Park District (CARD) be requested to move forward with the Request for Proposal (RFP) process to obtain a consultant.

COMMITTEE MATTERS REQUIRING NO COUNCIL ACTION ON 9/7/04:

- D. **Consideration of Request for \$75,808 Housing Rehabilitation Loan - Susan Hughes - 809 Nancy Lane.** The Committee was provided with a memorandum dated 8/20/04 from the Housing Officer providing a summary of the loan request from Susan Hughes, 809 Nancy Lane. The Housing Officer's memorandum included a confidential loan analysis section which was only provided to the Committee and relevant staff.

Although these requests are usually listed as consent agenda items, Housing Officer McLaughlin explained that this was agendized as a regular item to allow the Committee an opportunity to discuss the program as it is proceeding under the contract with the Sutter County Housing Authority. The request is not unusual and although the costs are high, they are in keeping with current rates for development and construction.

John Guanzon and Larry Tinker, Sutter Housing Authority representatives, were in attendance to answer questions.

Action: The Committee approved (3-0) the request for the Housing Rehabilitation Loan.

- E. **Consideration of Special Request From Mortgage Subsidy Program (MSP) Borrower - Donna Johnson.** The Committee was provided with a memorandum dated 8/19/04 from the Housing Officer transmitting a letter from Ms. Johnson summarizing her request to repay the Agency less than the full amount owed on her MSP loan. The memorandum also provided background on Ms. Johnson's request.
- Action:*** *Because it was inconsistent with the Administrative Procedures and Policies of the Mortgage Subsidy Program, the Committee denied (3-0) Ms. Johnson's request to repay the Agency less than the full amount owed on her MSP loan.*
- F. **Business From the Floor.** Susan Mason requested information regarding the distribution of fines received from citations issued within City parks. Staff was directed to research this request and place the information in Council boxes and forward to Ms. Mason.
- G. **Adjournment and Next Meeting.** The meeting adjourned at 8:59 a.m. The next meeting is scheduled for September 22, 2004, at 8:00 a.m. in Conference Room No. 1.

Annalisa Dillard, Administrative Analyst

Distribution:

City Council (16)
CM/ACM
Director of Public Works
Park Director
Asst. Director of Public Works (Engineering)
Community Development Director
Housing Officer
Housing/Economic Development Specialist
Budget Officer
Finance Director

CITY OF CHICO MEMORANDUM

TO: CITY COUNCIL/REDEVELOPMENT AGENCY (Mtg. of 11/2/04) **DATE:** September 23, 2004
FROM: FINANCE COMMITTEE **FILE:** Committee Binder
RE: **REPORT ON FINANCE COMMITTEE MEETING HELD SEPTEMBER 22, 2004**

Committee present:
Chair Nguyen-Tan
Councilmember Gruendl
Councilmember Wahl

Staff present:
City Manager Lando
Assistant City Manager Dunlap
Assistant City Attorney Barker
Director of Public Works McKinley

Housing Officer McLaughlin
Senior Civil Engineer Greenlaw
Traffic Engineer Mickelson
Administrative Analyst Dillard

COMMITTEE MATTERS REQUIRING COUNCIL/AGENCY ACTION ON 11/2/04:

- A. **Consideration of Request from Caminar for \$250,000 of City HOME Program Funds for Renovation of the Former Esplanade House Facility at 2505 Esplanade.** The Committee was provided with a memorandum dated 9/10/04 from the Housing Officer transmitting Caminar's request and providing background on the project. Staff recommended the request be approved subject to Caminar securing all of the funding required to complete the renovation.

Housing Officer McLaughlin suggested that this item move forward in the event that the scope of the project is reduced to fit within the limitations of the available funding, or more financial assistance is secured to complete the project as proposed. Nicole Jenkins Bateman, Executive Director of Caminar's local facility, confirmed that Caminar would continue to pursue other funding sources over the next 3-4 months, noting that donations have been requested from several different sources. Caminar Executive Director, Barry Shea, confirmed that the scope of the project could be adjusted to accommodate the limits of funding.

Housing Officer McLaughlin supported the project, saying the permanent housing and specific services to be provided by Caminar will continue to fulfill the requirements related to use of the HOME funds.

Recommendation: *The Committee recommended (3-0) approval of the request contingent upon Caminar obtaining the remaining funds from private foundations or donors. The 30-year loan will begin conversion into a grant upon 15 years of continual operation of the facility. If unable to reach its desired funding goal, Caminar will reduce the scope of the project to fit within the limits of available funding.*

- B. **Consideration of Bikeway Improvement Fee Component of the City of Chico 2004-05 Update of Development Impact Fees Analysis (Nexus Study).** The Committee was provided with a memorandum dated 09/14/04 from the Director of Public Works summarizing the 9/7/04 Bicycle Advisory Committee meeting, including discussion and recommendations regarding the deletion of four bikeway projects from the Nexus Study project list. The Committee expressed concern about reducing the Bikeway Improvement Fee and recommended that the four projects remain in the Nexus Study until the next update. At that time, staff would work with the Bicycle Committee to review the City's bike plan and Nexus project lists to determine bikeway project priorities for the current Nexus Study period (through year 2014).

City Manager Lando explained that the traffic model, when completed, may cause substantial changes to the General Plan. A previous council action directed that half of the funds for bike paths come from fees and half from other sources.

Ed McLaughlin, representing the Bicycle Advisory Committee, added that although some property near the Skyway has been compromised by private ownership, enough is still available to complete the bike paths. City Manager Lando said the current issue is that the omission of these four projects is not supported by the Bicycle Advisory Committee.

Councilmember Wahl stated that he did not feel staff had provided adequate reason for these projects being pulled from the list and suggested tabling the section. City Manager Lando confirmed that tabling this section of the Nexus and leaving the bicycle fee at \$255 would be acceptable. Councilmember Gruendl moved to table this item for discussion at a later date in order to afford staff the necessary time to determine the feasibility of resolving the right of way issues. The motion passed, 3-0.

Recommendation: *The Committee recommended (3-0) to retain the four bikeway projects set forth in the staff memorandum, and maintain the Bikeway Improvement Fee at its current level of \$255 until the next update of the Nexus Study is forwarded to the Council for approval. These projects will remain in the current Study and be reconsidered at a later date in order to afford staff the necessary time to clarify the feasibility of obtaining right-of-way on the properties impacted by the four bikeways.*

COMMITTEE MATTERS REQUIRING NO COUNCIL/AGENCY ACTION ON 11/2/04:

- C. **Approval of Rental Housing Accessibility Program Grant Request for \$5,500 - 289 East 7th Street.** The Committee was provided with a memorandum dated 9/13/04 from the Housing Officer providing background on the Program and a summary of the request. The Housing Officer recommended approval of the loan request.

Action: *The Committee approved (3-0) the loan request.*

- D. **Approval of Request for \$62,609 Housing Rehabilitation Loan - Barbara Schultz- 1269 Filbert Avenue.** The Committee was provided with a memorandum dated 9/14/04 from the Housing Officer providing a summary of the loan request from Barbara Schultz. The Housing Officer's memorandum included a confidential loan analysis section which was only provided to the Committee and relevant staff. The Housing Officer recommended approval of the loan request.

Action: *The Committee approved (3-0) the loan request.*

- E. **Discussion Regarding the Modification of the Mortgage Subsidy Program (MSP) to Include the Unincorporated Area in the Greater Chico Urban Area Redevelopment Project Area (GCUARPA) as Eligible for the Program.** The Committee was provided with a memorandum dated 9/13/04 from the Housing Officer describing the benefits of expanding the MSP area of eligibility.

Housing Officer McLaughlin said expanding the program into this area would increase the pool of affordable units but not serve to solve any pricing issues. City Manager Lando supported expanding the area saying it contributes to the sole purpose of the program, and that these properties would eventually be annexed. He added that because the tax increment is generated in the GCUARPA area, the funds must be spent within the project area or the city limits. Councilmember Gruendl commented that including this area would greatly improve home ownership opportunities and also serve to reaffirm the decision to approve the merger agreement. He added that the City should request some feedback from the County.

Housing Officer McLaughlin said he would research, and track on a continual basis, how many more homes would become available to MSP participants with the addition of this area and bring the information back to the Committee.

Councilmember Wahl moved to forward the discussion of this item to the full City Council without a recommendation. Chair Nguyen-Tan disagreed, saying he believes that forwarding items to Council without recommendations defeats the purpose of Committee level work. The motion died for lack of a second.

Housing Officer McLaughlin offered to supply last year's housing prices in the GCUARPA for comparison purposes. Councilmember Gruendl said he would feel more comfortable if this project were labeled as a pilot project with a trial basis of approximately 3 years. Housing Officer McLaughlin said at least 3 years would be necessary to obtain valid numbers for comparison. The Committee agreed that additional information should be provided.

Action: *The Committee directed staff to bring this item back for further discussion at its January 2005 meeting. Staff was directed to gather information regarding the number of homes which would have qualified for the MSP program were this area included within the boundaries last year.*

- F. **Business From the Floor.** No items.
- G. **Adjournment and Next Meeting.** The meeting adjourned at 9:04 a.m. The next meeting is scheduled for October 27, 2004, at 8:00 a.m. in Conference Room No. 1.

Annalisa Dillard, Administrative Analyst

Distribution:
City Council (16)
Finance Director
Budget Officer

Housing Officer
CM/ACM
Director of Public Works

CITY OF CHICO MEMORANDUM

TO: CITY COUNCIL (Mtg. of 12/07/04)

DATE: November 5, 2004

FROM: FINANCE COMMITTEE

FILE: Committee Binder

RE: REPORT ON FINANCE COMMITTEE MEETING HELD OCTOBER 27, 2004

Committee present:

Chair Nguyen-Tan
Councilmember Gruendl
Councilmember Wahl

Staff present:

City Manager Lando
Sr. Assistant City Manager Dunlap
Assistant City Manager Jones
City Attorney Frank
Director of Public Works McKinley
Asst. Director of Public Works Alexander
Finance Director Martin
Police Chief Hagerty
Fire Chief Brown

Police Captain Maloney
Park Director Beardsley
Risk Manager Koch
Housing Officer McLaughlin
Asst. Community Dev. Director Sellers
Senior Civil Engineer Greenlaw
Public Works Admin. Manager Sigona
Budget Officer Pierce
Administrative Analyst Dillard

COMMITTEE MATTERS REQUIRING COUNCIL ACTION ON 12/07/04:

- A. **Approval of Amendments to the Police Department Fee Schedule to Establish Fees for Citation Sign-Offs and Vehicle Identification Number Verifications.** The Committee was provided with a memorandum dated 9/14/04 from Police Captain Mike Maloney recommending amendment of Fee Schedule 30.020 to establish fees for citation sign-offs and vehicle identification number verifications. The proposed fees represent the estimated cost for Police Department personnel to provide these additional services, consistent with the practice of many California law enforcement agencies.

Chief of Police Hagerty explained that if these fees were implemented, only citations issued by agencies other than the Chico Police, and processed directly at the Chico Police Department, would be subject to the fee. On-duty officers would not be expected to conduct fee transactions.

Councilmember Wahl opposed the fee, stating that there is a State mandate to sign off fix it tickets and verify VIN numbers and said that he preferred to discuss Police Department funding overall, not review ideas individually. Councilmember Gruendl supported the fee, saying that when the State establishes a mandate without providing reimbursement, it is appropriate to charge a fee to recover costs. He moved to approve the fee schedule amendment and Chair Nguyen-Tan seconded the motion.

City Manager Lando said he would recommend consideration of any ideas which may improve the budget of the Police Department, and although these fees may not seem substantial when taken individually, a fair amount of revenue may be generated when all fees are combined.

Recommendation: *The Committee recommended (2-1, Wahl opposed) approval of the proposed fees and amending Section 30.020 of the Fee Schedule.*

- B. **Consideration of Recommendations Related to a Site for Fire Station No. 6.** The Committee was provided with a memorandum dated 10/20/04 from the Fire Chief recommending a process for identifying a Fire Station No. 6 site, adjustment to the Fire Station No. 6 Project budget, and beginning rental negotiations with the owner of the currently, privately owned, facility at 2544 Highway 32. After several appraisals and several years of negotiations with the City, the owner of 2544 Highway 32 (APN 042-080-088) has advised the City that he does not wish to sell the site to the City. As part of the Chico Urban Area Fire and Rescue Agreement, the County is obligated to pay the lease and utility costs for the station through 06/30/05. After this date, these costs become City obligations.

Fire Chief Brown explained that the decision regarding the location of Fire Station 6 will affect the future location of Fire Station 2.

City Manager Lando said that funding of Station 6 will be discussed at the Council work session scheduled for 11/16/04 and recommended that Station 2 be a completely separate discussion. He supported moving forward with pursuing a rental agreement of at least 3 years for Station 6, until the related issues involved in the locations and funding of the individual stations are fully addressed.

Councilmember Gruendl moved to recommend that a rental agreement be negotiated with the owner of the existing Fire Station 6. Chair Nguyen-Tan seconded the motion. Councilmember Wahl suggested that the agreement include a request that termination would be at the discretion of the City, with 6 months notice.

Recommendation: The Committee recommended (3-0) proceeding with identification of a fire station site, and negotiation of a rental agreement with the owner of the existing Fire Station No. 6 site with a condition that the agreement could be terminated with 6 months notice.

COMMITTEE MATTERS REQUIRING NO COUNCIL ACTION ON 12/07/04:

- C. **Approval of Recommendation to Modify City Insurance Requirements for Contracts, Agreements, Permits, and Other Entitlements.** The Committee was provided with a memorandum dated 10/10/04 from the Risk Manager recommending that the City's insurance requirements for contracts, agreements, permits and other entitlements be modified to no longer require that coverage for the City's passive negligence be included in additional insured and primary coverage endorsements. This matter was originally considered by the Committee at its 4/22/04 meeting but a decision was deferred pending a review and recommendation by an ad hoc advisory group consisting of staff, insurance agents, contractors and developers, the parties principally affected by this insurance requirement. That review was completed and the advisory group recommendation was brought back to the Committee. As a result of recent changes in national insurance industry standards, coverage for the passive or "sole negligence" of an additional insured party (such as the City) is being eliminated, making the City's requirement contrary to this new standard. However, the City would continue to be covered as an additional insured for contractor, lessee, or permittee negligence, and for any "contributory negligence" by the City relating to the particular entitlement. Because of this, the advisory group recommended that the City no longer require coverage for its passive negligence, and that sole negligence exclusions in endorsements be accepted.

Risk Manager Koch said this change in insurance requirements would require City staff to closely inspect contractor's work sites to ensure safety, especially after the site has been closed for the weekend. An injured party may claim that the City was negligent because its contractor was at fault, leaving the City with the burden of potential defense costs. However, in the last 5-10 years, there have been no such losses to the City.

Recommendation: The Committee recommended (3-0) that the City's insurance requirements be amended to no longer require passive negligence coverage in additional insured and primary coverage endorsements. This recommendation was forwarded to the City Council at its meeting of 11/16/04.

- D. **Consideration of the City of Chico Capital Improvement Program 2005/06 Through 2009/10.** The Committee was provided with a memorandum dated 10/19/04 from the Director of Public Works forwarding the City of Chico Five-Year Capital Improvement Program (CIP) for project years 2005/06 through 2009/10. The CIP is a fiscally constrained planning document which contains projects considered necessary for the next five budget years, beginning with fiscal year 2005/06. The Director also noted that a public meeting to accept comments on the Draft CIP was held on 10/20/04, with only one member of the public in attendance. The Director of Public Works recommended that following discussion of the CIP and consideration of any public comments, the Committee recommend Council approval of the document as submitted or as modified by Committee.

Councilmember Wahl and Chair Nguyen-Tan supported the idea of promoting more citizen involvement in the CIP through the advertising of public meetings and creating a more user-friendly document.

Councilmember Wahl requested that staff review the agreement with the County regarding funding for projects in the urban area. He supported requesting the County to either uphold or formally disavow the agreement.

Bob Best and Greg Steel addressed the committee on this item. Mr. Steel suggested moving the design component of the East 8th Street reconstruction to fiscal year 2005-2006. Assistant Director of Public Works Alexander confirmed that the funds could be moved.

Recommendation: The Committee recommended (3-0) approval of the document after funding of the design component of the East 8th Street reconstruction is moved to fiscal year 2005-06. The Committee also recommended that future citizen involvement be promoted through more extensive public notification, and that next year's document be more user-friendly and easier to read. Staff was directed to confirm that Butte County is in compliance with the agreement regarding the funding of projects in the urban area. This recommendation was forwarded to the City Council at its meeting of 11/16/04.

- E. **Initial Consideration of Affordable Housing Proposal from Pacific West Communities (PWC) for Parcel Located on Pillsbury Road.** The Committee was provided with a memorandum dated 10/14/04 from the Housing Officer transmitting the PWC funding request for \$3.9 million dollars for an 80-unit affordable rental housing project on Pillsbury Road and providing background on the request.

City Manager Lando explained that in the past, the Council was very interested in acquiring this piece of land but the owner would not sell. The site is highly appropriate for the development of low and moderate income housing. Caleb Roope, representing Pacific West Communities (PWC), confirmed that the current owner is selling to PWC with escrow set to close on January 31st.

Housing Officer McLaughlin explained that the property is currently zoned neighborhood/commercial with no ground floor residential permitted. The developer will need only to acquire a use permit, rezoning will not be necessary. He added that the design element of the project will be critical due to the constraints of the property and its proximity to the freeway.

Councilmember Wahl moved to recommend that PWC return with the project design and financing details at next month's meeting, with City and Agency funding at various levels. The motion was seconded by Councilmember Gruendl.

Housing Officer McLaughlin recommended that consideration be given to interest rates and other variables of the financial proposal which may increase over the long term and result in requests for additional funding once the project is underway. Caleb Roope stated that he was certain PWC would find a way to complete the project without making such requests.

Recommendation: The Committee recommended (3-0) that PWC submit a complete project proposal for the Committee's review in December and demonstrate the impact of reducing the request for assistance to \$3,000,000.

- F. **Approval of Rental Housing Accessibility Grant Program Request - Grover - 1140 Normal Street.** The Committee was provided with a memorandum dated 10/07/04 from the Housing Officer providing background on the City's Accessibility Improvement Program and providing an explanation for the grant request for installation of accessibility improvements at 1140 Normal Street. Because the cost of project exceeded \$5,000, the request required Finance Committee approval.

Action: The Committee approved (3-0) the request.

- G. **Denial of Mortgage Subsidy Program (MSP) Request to Allow Assumption of Existing MSP Loan and Provide New Loan to Buyer- (Reyes).**

At the request of the applicant, this item was removed from the agenda and will not be resubmitted.

- H. **Business From the Floor.** No items.

- I. **Future Meetings.** The Committee rescheduled its November 24, 2004 meeting for December 1, 2004.

- J. **Adjournment and Next Meeting.** The meeting adjourned at 10:00 a.m. The next meeting is scheduled for December 1, 2004, at 8:00 a.m. in Conference Room No. 1.

Annalisa Dillard, Administrative Analyst

Distribution:
City Council (16)
Finance Director
Budget Officer

Housing Officer
CM/ACM
Director of Public Works

CITY OF CHICO MEMORANDUM

TO: CITY COUNCIL/REDEVELOPMENT AGENCY (Mtg. of 12/21/04) **DATE:** December 8, 2004
FROM: FINANCE COMMITTEE **FILE:** Committee Binder
RE: REPORT ON FINANCE COMMITTEE MEETING HELD DECEMBER 1, 2004

Committee present:
Chair Nguyen-Tan
Councilmember Gruendl
Councilmember Wahl

Staff present:
City Manager Lando
Sr. Assistant City Manager Dunlap
Assistant City Manager Jones
City Attorney Frank
Community Development Director Baptiste

Housing Officer McLaughlin
Director of Public Works McKinley
Asst. Director of Public Works Martinez
Management Analyst Carroll
Administrative Analyst Dillard

COMMITTEE MATTERS REQUIRING COUNCIL/AGENCY ACTION ON 12/21/04:

- A. **Second Consideration of Affordable Housing Proposal from Pacific West Communities (PWC) for Parcel Located on Pillsbury Road.** The Committee was provided with a memorandum dated 11/23/04 from the Housing Officer transmitting the PWC funding request for \$3.9 million dollars for an eighty unit affordable rental housing project on Pillsbury Road and providing background on the request. The memorandum included information from PWC requested by the Committee at the October meeting.

City Manager Lando said this site is excellent for a housing project but the site plan will go through many revisions before approval. In fact, units may need to be removed to provide adequate open space and setbacks. Today's discussion is preliminary and subject to land use approval; the Committee is being asked only to consider the approval of conditional funding.

Caleb Roope, representing PWC, said the cost of the project can not be reduced to \$3 million, but cited several cost saving possibilities. A savings of \$1 million may be conceivable if Butte County receives "difficult to develop" status. Additionally, PWC is eligible to apply, through a competitive process, for California State tax credits which would have the same net effect of reducing the City's contribution by \$1 million. There may also be an increase in loan limits with secondary financing, as well as a possible increase in permanent financing should there be an increase in median income.

Bob Donoho, Joanne Hilgert, Ron Frye, and Evelyn White expressed concerns with the project. Mr. Roope and Housing Officer McLaughlin assured them that there will be a neighborhood meeting within the next few weeks where these concerns and questions can be addressed. City Attorney Frank stated that what was being considered today is whether to approve the use of Redevelopment Agency funds, not approval of the project, and that discussion of land use issues are appropriate at the Planning Commission level. He encouraged the neighbors to raise their concerns in the proper forum. Ms. White requested information regarding the number of low income housing units in the City of Chico.

Chair Nguyen-Tan moved to recommend the funding subject to approval of a use permit, and requested Mr. Roope to work with City staff to schedule the required neighborhood meeting. Councilmember Gruendl seconded the motion, stating that this is an excellent opportunity to provide housing for individuals with very low and extremely low incomes.

Recommendation: The Committee recommended (3-0) City Council approval of the request for \$3.9 million in Redevelopment Agency funds subject to approval of a use permit, and directed staff and PWC to schedule a neighborhood meeting within the next few weeks.

- B. **Rental Housing Accessibility Program Policy and Allocation.** The Committee was provided with a memorandum dated 11/16/04 from the Housing Officer providing background on the City's Rental Housing Accessibility Improvement Program and transmitting a letter from Independent Living Services of Northern California requesting \$30,000 in additional funding for the Program. In addition, the memorandum explained staff's recommendation to increase the grant amount which may be authorized by the City Manager from \$5,000 to \$10,000. Staff recommended approval of the request and modification of the program policy.

Recommendation: *The Committee approved (3-0) an allocation of \$30,000 from the Private Activity Bond Reserve Program for continuation of the Accessibility Improvement Grant Program (AIP) currently administered by Independent Living Services of Northern California, and also recommended (3-0) authorization of an amendment to Administrative Procedure and Policy (AP&P) 27-12 to increase the grant request amount which may be approved by the City Manager from \$5,000 to \$10,000.*

- C. **Authorization to Provide a Predevelopment Loan in the Amount of \$30,000 to Northern Valley Catholic Social Services (NVCSS) from the Low and Moderate Income Housing Fund (LMIHF) of the Redevelopment Agency.** The Committee was provided with a memorandum dated 11/22/04 from the Housing Officer providing an explanation for the request and indicating that the funds will be used for architectural and engineering services related to the senior housing project proposed for the City owned site at Notre Dame and East 20th Street being developed by NVCSS. The Housing Officer recommended approval of the request.

Housing Officer McLaughlin explained that this project is currently going through the environmental review process and will also require a General Plan Amendment. The site plan, primarily the location of the apartments, must be determined in order to complete the environmental review.

Although the property is not owned by NVCSS, and the loan is unsecured, City Manager Lando said he viewed this project as a creative exchange. Councilmember Gruendl agreed, saying he supported the City working with NVCSS on the layout of the site plan.

Recommendation: *The Committee recommended (3-0) authorization of a predevelopment loan in the amount of \$30,000 allocated from the LMIHF of the Chico Redevelopment Agency, to NVCSS for architectural and engineering services for the proposed housing project on the City-owned site at Notre Dame Boulevard and East 20th Street.*

- D. **Approval of a Policy Establishing an Allocation for Funding for One-Time Community Events.** The Committee was provided with a memorandum dated 11/23/04 from the Senior Assistant City Manager recommending the establishment of an annual \$10,000 unallocated set-aside for requests for City funding for one-time events. The set-aside would be funded from the total annual transient occupancy tax revenue which, according to Council policy, funds activities associated with tourism and economic development. The annual allocation of \$10,000 would allow Finance Committee approval of requests for one-time event funding, subject to the criteria set forth in the memorandum. The Senior Assistant City Manager recommended approval of the recommendation.

Senior Assistant City Manager Dunlap explained that this idea was developed to minimize off-cycle requests and avoid cutting into the General Fund reserve. Chair Nguyen-Tan said he believed that the one-time restriction must be clearly defined, as well as the requirement that any future applications must be submitted during the regular funding cycle. City Manager Lando agreed, suggesting that applicants also be required to sign an acknowledgment that they are precluded from returning mid-year.

Councilmember Gruendl supported the policy, saying that many of these events promote tourism and if entry fees can be reduced through City funding, the event may become accessible to more people.

Recommendation: *The Committee recommended (3-0) that \$10,000 in unallocated funding from the total annual transient occupancy tax revenue be set aside annually for requests for City funding for one-time events, and that these requests be eligible for Finance Committee approval.*

COMMITTEE MATTERS REQUIRING NO COUNCIL/AGENCY ACTION ON 12/21/04:

- E. **Approval of Supplemental Appropriation in the Amount of \$66,000 to Cover One-Time Pretesting, Repairs, and Final Certified Testing of Enhanced Leak Detection for Underground Storage Tanks.** The Committee recommended (3-0) approval of the supplemental appropriation. The City Council accepted the Committee's recommendation at its meeting of 12/07/04.

- F. **Approval of Mortgage Subsidy Program (MSP) Request to Authorize Borrower to Exceed Housing Expense Ratio Guideline- Fountain.** The Committee was provided with a memorandum dated 11/23/04 from the Housing Officer transmitting the request from Byron Fountain and providing background on the request. The Housing Officer recommended denial of the request.

Housing Officer McLaughlin explained that under the policies of the MSP a request such as this must be denied. However, the applicant has the option of appealing the decision to the Finance Committee. The Agency must stay within the law's definition of affordability, and this unit does not fulfill the requirements necessary.

Mr. Fountain, employed by the Chico Branch of the Butte County Library, explained that he is scheduled to receive a salary step increase in 2005, and has several small business ventures as well, all of which will serve to improve the affordability of the loan.

Councilmember Wahl moved to approve the request, stating that the 37½ % housing expense ratio is merely a guideline and given the housing market in Chico, the City is within appropriate boundaries to extend the guideline.

Councilmember Gruendl expressed concern over the County's current fiscal crisis, and whether anticipated step increases, or even regular library positions, will be fully funded over the next few years. He felt that it is the Committee's duty to protect these funds and adhere to State guidelines. He proposed setting a loan to value precedent of 87% as a friendly amendment to the motion. Councilmember Wahl did not accept the amendment, stating that he would prefer the Committee continue to review each request on its own merit.

Action: The Committee approved (3-0) the request to authorize the MSP borrower to exceed the housing expense ratio guideline.

- G. **Approval of Rental Housing Accessibility Grant Program Request - Mathewson - 123 Henshaw Avenue - Space 307.** By memorandum dated 11/22/04, the Housing Officer provides background on the City's Accessibility Improvement Program and provides an explanation for the grant request for installation of accessibility improvements at 123 Henshaw Avenue. Because the cost of project exceeds \$5,000, the request requires Finance Committee approval. The Housing Officer recommended approval of the request.

Action: The Committee approved (3-0) the request.

- H. **Request for Housing Rehabilitation Program Assistance - Joey and Jody Turner - 2203 Fair Street.** The Committee was provided with a memorandum dated 11/22/04 from the Housing Officer providing a summary of the loan request from the Turners. The Housing Officer's memorandum included a confidential loan analysis section which was only provided to the Committee and relevant staff. The request was to replace an existing substandard home with a manufactured unit. The Housing Officer recommended approval of the loan request.

Chair Nguyen-Tan said he could support the proposal as long as the property value is maintained and the City is be able to recoup the loan.

Larry Tinker, Sutter County Housing Authority, stated that the manufactured home will maintain its value. It will have components similar to a traditional home, such as 2x6 exterior walls, sheet rock, and a permanent foundation.

Housing Officer McLaughlin explained that there is a built-in program expense for temporary relocation assistance and it will not be included in the borrower's loan.

Councilmember Wahl moved to approve the request, Councilmember Gruendl seconded the motion.

Action: The Committee approved (3-0) the request to replace an existing substandard home with a manufactured unit.

- I. **Business From the Floor.** Susan Mason expressed concern regarding the amount of time the Park Department maintenance crew is spending cleaning up homeless encampments in the park and along Little Chico Creek. She suggested that this responsibility be shared with other entities having a vested interest in the park and creek. City Manager Lando said that Code Enforcement, the Department of Public Works, and the Police Department also handle problems related to these encampments, and that the sole financial burden is not on the Park Department. Ms. Mason will be provided with more information on this topic.

- J. **Adjournment and Next Meeting.** The meeting adjourned at 9:38 a.m. The next meeting will be scheduled following confirmation of the Mayor's appointment of new Committee members.

Annalisa Dillard, Administrative Analyst

Distribution:

City Council (17)

Finance Director

Budget Officer

Community Development Director

Housing Officer

CM/SACM/ACM

Director of Public Works

MA Carroll