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## FINANCE COMMITTEE REPORT

A Committee of the Chico City Council: Councilmembers Sorensen, Stone and Chair Morgan  
**Meeting of Wednesday, January 27, 2016 – 8:30 a.m. to 10:30 a.m.**  
Council Chamber Building, 421 Main Street, Conference Room 1

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### REGULAR AGENDA

A. **APPOINTMENT OF AD HOC CITIZEN'S COMMITTEE MEMBERS FOR THE PURPOSES OF REVIEWING AND RECOMMENDING 2016-17 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PUBLIC SERVICES APPLICATIONS**

Council authorized the creation of an Ad Hoc Citizen's Advisory Committee to consider funding applications beginning with the 2016-17 CDBG Public Services funding cycle and directed the Finance Committee to make appointments to the committee. *(Report – Marie Demers, Housing Manager)*

A motion was made by Morgan and seconded by Sorensen to appoint the following applicants to the Ad Hoc Citizen's Committee:

James Peck, Christine Boyle, Larry Guanzon, Jill Quezada, Crystal Mourad, Sarah Santana, Peter Tichinin, and Peter Hansen was appointed as an alternate.

The motion carried 3-0.

B. **MONTHLY FINANCIAL REPORT**

The Administrative Services Director presented the Monthly Financial Report and Budget Monitoring Reports through December 31, 2015. *(Report – Frank Fields, Administrative Services Director)*

Director Fields noted that Finance staff will be presenting financial data at numerous meetings between now and when the proposed Final Budget is presented to Council at the June 21, 2016 Council meeting.

Director Fields reported that the General Fund deficit will be reduced to zero this year and the City can begin restoring its emergency reserves and other funds. Staff also answered several questions that had been previously submitted by Stephanie Taber.

Councilmember Morgan thanked Director Fields and the Finance staff for the hard work dedicated to keeping the City on track financially and helping to keep the community informed in a way that all can understand.

C. **Business from the Floor** – None

D. **Adjournment and Next Meeting** – The meeting adjourned at 9:30 a.m. to the next regular Finance Committee meeting on February 24, 2016 at 8:30 a.m. in Conference Room No. 1.

Prepared by:

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Dani Rogers, Deputy City Clerk

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## FINANCE COMMITTEE REPORT

A Committee of the Chico City Council: Councilmembers Sorensen, Stone and Chair Morgan  
**Meeting of Wednesday, February 24, 2016 – 8:30 a.m. to 10:30 a.m.**  
Council Chamber Building, 421 Main Street, Conference Room 1

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### REGULAR AGENDA

#### A. **SEWER UPDATE** – Verbal Report (*Frank Fields, Administrative Services Director*)

Director Fields provided an update on Sewer Fund 321, outlining the challenges of repaying the loan for the waste water treatment plant expansion. A cash flow analysis shows that it will not generate enough revenue to meet future debt obligations, and based upon a 10-year projection, Fund 321 shows negative balance of \$21 million in FY 2025-26. If the fund is unable to fulfill its obligations, Fund 850 will have to fill the gap. Staff has begun a comprehensive review of sewer operations to ensure that recommendations regarding operations and infrastructure replacement are considered. Staff will bring this item back for consideration at the end of this year, with recommendations regarding permanent repayment options and rates.

#### B. **TORRES SHELTER**

On February 2, 2016, the Chico City Council heard a presentation by Brad Montgomery, Executive Director of Chico Community Shelter Partnership, otherwise known as the Torres Community Shelter (Torres Shelter). The presentation focused on the Torres Shelter financial condition which indicated that it did not have sufficient cash to continue to operate the remaining fiscal year. During the presentation, Mr. Montgomery requested that the City assist either financially and/or by providing staff assistance to help them get back on their feet. (*Report – Chris Constantin, Assistant City Manager*)

ACM Constantin reviewed the report. There is an on-going concern that the Torres Shelter will not be able to continue operations if it remains on the current track. There are areas that the City can provide some expertise, however options have not been provided because this is a policy decision and Council would need to consider how and what to dedicate in providing assistance.

Brad Montgomery reported that the situation has improved and the shelter has raised over \$100,000 in 30 days. Directors and staff will take every opportunity to fundraise and policies have been put into place to prevent this from happening in the future. More funds will be coming in, but the crisis isn't over. Advice and financial support from the City is still needed to continue to become a sustainable agency. Montgomery stated he wanted this matter on the March 15, 2016 Council agenda and in the meantime, he requested that City provide staff to meet and advise on how to build the agency.

Chair Morgan stated the report indicates the shelter will run out of funds in April. He asked where they are at now with the increase in funds raised. Montgomery stated there have been enough funds raised to remain open through September or October. The shelter has cut expenses from \$70,000 per month to \$50,000. Councilmember Stone asked what the shelter receives from the City other than CDBG funding. Constantin stated they receive \$35,000 in transit passes.

Addressing the Committee on this item was Stephanie Taber.

Chair Morgan reported the March 15<sup>th</sup> Council meeting may be canceled. He indicated that city staff are not experts on what the shelter needs to succeed and other organizations might be able to provide more expertise. The City could be going down a slippery slope with gifting public funds if assistance is provided.

Councilmember Stone stated it's a great idea to help with advice to not be dependent on the City or on federal grants. It's worth the staff time and staff can provide professional expertise.

Chair Morgan stated that staff is already overburdened, but can provide some assistance and guidance.

There was a consensus among the Committee to have staff return at the first meeting in April with an update on the Torres Shelter financial status, the result of meetings between Torres Shelter and City staff, and to provide recommendations for moving forward.

C. **MONTHLY FINANCIAL REPORT**

The Administrative Services Director presented the Monthly Financial Report and Budget Monitoring Reports through January 31, 2016. (**Report – Frank Fields, Administrative Services Director**)

Director Fields answered questions that were previously provided by Stephanie Taber.

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

E. **Adjournment and Next Meeting** – The meeting adjourned 9:54 a.m. to the next regular Finance Committee meeting on March 23, 2016 at 8:30 a.m. in Conference Room No. 1.

Prepared by:

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Dani Rogers, Deputy City Clerk

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## FINANCE COMMITTEE REPORT

A Committee of the Chico City Council: Councilmembers Sorensen, Stone and Chair Morgan  
**Meeting of Wednesday, March 23, 2016 – 8:30 a.m. to 10:30 a.m.**  
Council Chamber Building, 421 Main Street, Conference Room 1

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### REGULAR AGENDA

A. **2016-17 DRAFT ANNUAL PLAN SUMMARY FOR THE USE OF FEDERAL COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) AND HOME INVESTMENT PARTNERSHIPS GRANT (HOME) FUNDS**

The City receives an annual award of community development and housing funds from the federal Department of Housing & Urban Development (HUD). Each year, the City must submit an Annual Plan to HUD describing the City's plan for using these funds in the upcoming year. *(Report—Marie Demers, Housing Manager)*

Addressing the Commission on this item were Stephanie Taber and William Baker.

A motion was made by Stone and seconded by Sorensen to accept the draft Annual Plan summary and forward its recommendations to the City Council for consideration.

Ayes: Morgan, Sorensen, Stone

Nays: None

The motion carried 3-0.

B. **MONTHLY FINANCIAL REPORTS**

The Administrative Services Director presented the Monthly Financial Report and Budget Monitoring Reports through February 29, 2016. *(Report – Frank Fields, Administrative Services Director)*

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

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

D. **Adjournment and Next Meeting** – The meeting adjourned at 9:46 a.m. to the next regular Finance Committee meeting on April 27, 2016 at 8:30 a.m. in Conference Room No. 1.

Prepared by:

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Dani Rogers, Deputy City Clerk

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## FINANCE COMMITTEE AGENDA REPORT

A Committee of the Chico City Council: Councilmembers Sorensen, Stone and Chair Morgan  
**Meeting of Wednesday, May 25, 2016 – 8:30 a.m. to 10:30 a.m.**  
Council Chamber Building, 421 Main Street, Conference Room 1

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### REGULAR AGENDA

#### A. **CONSIDERATION OF NEW FEES FOR INCLUSION IN CITY'S FEE SCHEDULE**

In accordance with Budget Policy D.3, changes in the City's Fee Schedule will be brought to Council once a year and incorporated into the budget approval process in June of each year. The Finance Committee was asked to consider changes to existing fees to be incorporated in the City's Fee Schedule. **(Report – Scott Dowell, Accounting Manager)**

Accounting Manager Dowell reviewed the process for annually adjusting the fee schedule, which includes over 900 fees. Department heads are asked to review the fees associated with their departments and provide reasoning for increases or changes requested to the fee schedule. Some fees have automatic inflators and are also incorporated into the proposed update. The proposed miscellaneous building fees will require a hearing before Council.

Addressing the Committee on this item was Stephanie Taber.

A motion was made by Morgan and seconded by Sorensen to approve changes to existing fees as presented in the attached Fee Schedules, and forward its recommendation to the City Council for consideration.

The motion carried 3-0.

#### B. **MONTHLY FINANCIAL REPORTS**

The Administrative Services Director presented the Monthly Financial Report and Budget Monitoring Reports through April 30, 2016. **(Report – Frank Fields, Administrative Services Director)**

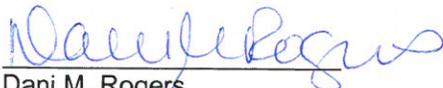
Addressing the Committee on this item was Stephanie Taber.

#### C. **BUSINESS FROM THE FLOOR – None**

#### D. **ADJOURNMENT AND NEXT MEETING**

The meeting adjourned at 9:23 a.m. to the next regular Finance Committee meeting on June 22, 2016 at 8:30 a.m. in Conference Room No. 1.

Prepared by:



Dani M. Rogers  
Deputy City Clerk

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## **FINANCE COMMITTEE AGENDA REPORT**

A Committee of the Chico City Council: Councilmembers Sorensen, Stone and Chair Morgan

**Meeting of Wednesday, June 22, 2016 – 8:30 a.m. to 10:30 a.m.**

Council Chamber Building, 421 Main Street, Conference Room 1

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### **REGULAR AGENDA**

#### **A. MONTHLY FINANCIAL REPORTS**

The Administrative Services Director presented the Monthly Financial Report and Budget Monitoring Reports through May 31, 2016. (*Report – Frank Fields, Administrative Services Director*)

Addressing the Committee on this item was Stephanie Taber.

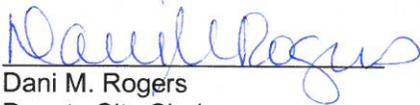
#### **B. BUSINESS FROM THE FLOOR**

Loretta Torres addressed the Committee.

#### **C. ADJOURNMENT AND NEXT MEETING**

The meeting adjourned 8:52 a.m. to the next regular Finance Committee meeting on August 24, 2016 at 8:30 a.m. in Conference Room No. 1.

Prepared by:



Dani M. Rogers  
Deputy City Clerk

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## FINANCE COMMITTEE REPORT

A Committee of the Chico City Council: Councilmembers Sorensen, Stone and Chair Morgan  
**Meeting of Wednesday, August 24, 2016 – 8:30 a.m. to 10:30 a.m.**  
Council Chamber Building, 421 Main Street, Conference Room 1

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### REGULAR AGENDA

A. **CONVEYANCE OF CITY-OWNED PROPERTY AND A CITY HOME LOAN TO HABITAT FOR HUMANITY TO BUILD SELF-HELP HOMES AT E. 20<sup>TH</sup> AND C STREETS**

The Chico Redevelopment Agency purchased two properties located at E. 20<sup>th</sup> and C Streets for the purpose of affordable housing; the properties are recognized by the State Department of Finance as "Housing Assets of the City of Chico". It was proposed that the City convey the properties to Habitat for Humanity of Butte County (Habitat) and provide loans to build six self-help homes for low-income home buyers. The homes will be built in the same style as Habitat's adjacent 16<sup>th</sup> and 19<sup>th</sup> Street projects. Habitat's home buyers will contribute "sweat equity" toward their homes by participating in the building process. Habitat partners with local organizations and businesses that contribute volunteer labor and donated materials to build homes. **(Report—Marie Demers, Housing Manager)**

Ms. Demers reported this project assists the City in its goals identified in the HUD Annual Plan, makes improvements in the neighborhood, and supports transportation goals.

Chair Morgan asked if the homeowners understand what they're getting into by purchasing a home next to Chico Scrap Metal.

Representative from Habitat, Nicole Bateman stated the homeowners are okay with it. Habitat has also not heard anything from the other Habitat homeowners that already live nearby. She further stated it would be nice if Chico Scrap Metal was gone, however that doesn't always happen when dealing with affordable housing.

John Linhart, also a Habitat representative, added that this is a good opportunity for the homeowners and they understand the surroundings.

A motion was made by Stone and seconded by Sorensen to recommend City Council authorization of a \$360,000 deferred HOME loan and a \$270,000 deferred loan from the City's Affordable Housing Fund concurrent with conveyance of the properties at 856 and 874 E. 20th Street to Habitat for the purpose of constructing six self-help homes for low-income households.

The motion carried 3-0.

B. **MSP BORROWER RENTAL REQUEST—CESA, 30 PLAZA WAY, #20**

City's Mortgage Subsidy Program (MSP) Loan recipient, Kelly Cesa—30 Plaza Way #20, requested authorization to rent her property and cease to use it as her principal residence. Owner occupancy is a requirement of the MSP. The owner believes that crime in her neighborhood has increased to the point that it represents a "hardship" justifying an exception to the Program rules. Staff does not consider a change in the perceived desirability of the property to be a hardship. **(Report—Marie Demers, Housing Manager)**

Ms. Demers reported that this program is currently suspended due to lack of funding resources. Ms. Cesa purchased the home in 2007, and in 2008, the housing market crashed. Over time, several MSP rental requests were approved due to loss of jobs, or significant life changes. In the case of the request by Ms. Cesa, a perceived increase in crime in the neighborhood does not meet the criteria established for approving the rental request. There is an interest forgiveness provision if the owner stays in the home for 15 years. Ms. Cesa will owe that interest.

Chair Morgan confirmed that if she were to sell it, she'd have to pay the loan and the interest.

Ms. Demers stated, yes, however she is upside down on the mortgage.

Kelly Cesa addressed the Committee. She stated crime has increased in the neighborhood even though it doesn't show up in crime reports, citing newspaper accounts of an incident in 2015 where there have been drug busts and police chases. The homeowners' association has hired private security, which has improved things and she loves it there again. She added that she wants to fulfill her obligations, but she may not want to live there for another 11 years, which is when it's expected that she would have some equity.

Chair Morgan asked Ms. Cesa if she wants to move out and rent it now.

Ms. Cesa responded no, that things have improved, but she wants the option to be able to rent it out, and hopes the market will turn around.

Councilmember Stone asked staff when Ms. Cesa purchased the home and when does the City start forgiving the interest.

Ms. Demers stated that it was purchased in 2007 and interest can start being forgiven after 10 years.

Chair Morgan stated that the staff report says one thing for the reason for this request, and Ms. Cesa is now saying something different. What happens to the City if we allow this to move forward?

Ms. Demers responded that the City would write it off.

A motion was made by Sorensen and seconded by Stone to deny the MSP Borrower request.

The motion carried 3-0.

C. **HOUSING LOAN WRITE-OFF REQUEST—UNCOLLECTIBLE BALANCES FOR 2014-2015 AND 2015-2016**

The City of Chico Administrative Procedures and Policy (AP&P) Number 15-14 requires that the Administrative Services Director report to Council those receivables that are in excess of \$10,000 and deemed uncollectible. The City currently has recorded on its books housing loan principal balances and deferred interest for properties which were assisted through the Mortgage Subsidy or the Housing Rehabilitation Programs and have subsequently been foreclosed upon, or have gone through a short sale. **(Report—Mark Wolfe, Community Development Director)**

Director Wolfe reported that in the 80ies, the City provided loans to low income households to do upgrades on homes. In the 90ies, the City expanded the program to help low income, first time home buyers to purchase homes. At present, the balance for those programs is \$13 million, with \$1.8 million in home improvement loans, and \$11.7 million in mortgage loans. Over the past few years, there has been a bump in the foreclosure rate, with a dozen properties being foreclosed upon. There is no way to collect on the loans and staff is requesting that the loans be written off. The write offs will not affect the General Fund.

Administrative Services Director, Frank Fields added that these properties have already been foreclosed on, and there is no way to collect the funds.

A motion was made by Morgan and seconded by Sorensen to recommend that the City Council write-off the uncollectible housing loans and interest receivable in the amount of \$711,169.40.

The motion carried 3-0.

**D. MONTHLY FINANCIAL REPORTS**

The Administrative Services Director presented the Monthly Financial Report and Budget Monitoring Reports through June 30, 2016. (*Report – Frank Fields, Administrative Services Director*)

**E. BUSINESS FROM THE FLOOR - None**

**F. ADJOURNMENT AND NEXT MEETING**

The meeting adjourned at 9:16 a.m. to the next regular Finance Committee meeting on September 28, 2016 at 8:30 a.m. in Conference Room No. 1.

Prepared by:



Dani M. Rogers, CMC  
Deputy City Clerk

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## FINANCE COMMITTEE REPORT

A Committee of the Chico City Council: Councilmembers Sorensen, Stone and Chair Morgan  
**Meeting of Wednesday, September 28, 2016 – 8:30 a.m. to 10:30 a.m.**  
Council Chamber Building, 421 Main Street, Conference Room 1

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### REGULAR AGENDA

#### A. **ORDINANCE THAT WOULD AMEND BICYCLE LICENSING TO ALLOW FOR ONLINE REGISTRATION**

The City of Chico implemented a bicycle ordinance by establishing Chico Municipal Code (CMC) Section 10.40 which requires every City resident operating or using a bicycle on any street within the City to register the bicycle with the City. Compliance has always been a challenge and the revenue has not allowed the City to engage in any bicycle safety programs beneficial to residents.

The recommendation is to revise the CMC Section 10.40 to allow for an alternate online registration process which will be offered at no cost, low administrative cost, and will remove any financial barrier to increasing compliance with bicycle registration requirements. **(Report – Chris Constantin, Assistant City Manager)**

A motion was made by Sorensen and seconded by Morgan to forward a recommendation to Council approve an ordinance allowing for online registration of bicycles.

The motion carried 3-0.

#### B. **MONTHLY FINANCIAL REPORTS**

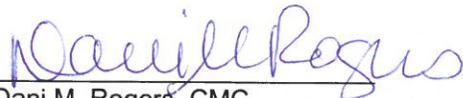
The Budget and Treasury Manager presented the Monthly Financial Report and Budget Monitoring Reports through August 31, 2016. **(Report – Barbara Martin, Budget and Treasury Manager)**

#### C. **BUSINESS FROM THE FLOOR – None.**

#### D. **ADJOURNMENT AND NEXT MEETING**

The meeting adjourned at 8:55 a.m. to the next regular Finance Committee meeting on October 26, 2016 at 8:30 a.m. in Conference Room No. 1.

Prepared by:



Dani M. Rogers, CMC  
Deputy City Clerk