



# Finance Committee Report

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

RE: REPORT ON FINANCE COMMITTEE MEETING HELD JANUARY 25, 2006

<u>Committee present:</u> Chair Holcombe Mayor Gruendl Councilmember Wahl	<u>Staff present:</u> City Manager Jones Assistant City Manager Burkland Assistant City Attorney Barker Finance Director Hennessy Director of Engineering McKinley	Admin. Services Director Pierce Housing Officer McLaughlin Accountant Vidners General Services Director Beardsley Administrative Analyst Cameron
--	---	--

### COMMITTEE MATTERS REQUIRING COUNCIL ACTION ON 02/21/06:

- A. Consideration of Grant Application to State of California Department of Housing and Community Development (HCD) Workforce Housing Program.** The Housing Officer provided background on the Workforce Housing Program criteria and indicated the City is eligible for a grant of approximately \$275,000. The Housing Officer recommended that an application be submitted and the funding be used for public improvements on Ivy Street to assist the proposed Catalyst Facility Project and City sponsored affordable housing project.

Mayor Gruendl's made a motion to submit the grant application as presented by staff and forward a resolution to City Council authorizing the submittal. Councilmember Holcombe seconded the motion.

***Recommendation:*** *The Committee recommended (3-0) submittal of a grant application of approximately \$275,000 to the State of California Workforce Housing Program, the forwarding of a resolution to City Council authorizing the grant submittal, and that the funding be earmarked for public improvements on Ivy Street to assist the proposed Catalyst Facility Project and City sponsored affordable housing project.*

### COMMITTEE MATTERS NOT REQUIRING COUNCIL ACTION ON 02/21/06:

- B. Approval of Housing Rehabilitation Loan Request - Curiel - 898 El Dorado Street.** The Curiel's requested a loan in the amount of \$108,200. The Housing Officer submitted a confidential loan application to the Committee members and relevant City staff. The request is consistent with the City's Housing rehabilitation Program and the Housing Officer recommended approval.

***Action:*** *The Committee approved (3-0) a loan in the amount of \$108,200.*

- C. Acceptance of Annual Financial Reports.** This matter was referred to the Committee by the City Council at its 1/17/06 meeting. The Finance Director submitted, for the year ended 6/30/05, 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 Audits for the City of Chico Transportation Fund and the City of Chico Transit Fund.

Pursuant to the provisions of Sections 908 and 1109 of the City's Charter, an independent auditor was 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, are required to 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.

***Action:*** *The Committee accepted (3-0) the Annual Financial Reports.*

- D. Consideration of Potential Redevelopment Bond Projects.** The Special Projects Worker forwarded the preliminary list of projects to be funded with the Chico Redevelopment Agency 2005 tax allocation bonds.

Special Projects Worker Lando stated the projects on the preliminary list are in addition to what the City expects to spend over the next five years with the Capital Improvement Program (CIP) and the Chico RDA ongoing budget. Mayor Gruendl asked that Fire Station 6 be added to the list.

Bob Best, Lon Glazner, Susan Mason, Mike McGinnis, and Greg Burton addressed the Committee on this item.

The RDA Committee will review the project list and come back to the Finance Committee with a recommendation at a future meeting.

***No recommendation or action was taken on this item.***

- E. Continuance of Committee Discussion Regarding Affordable Housing.** At its meeting of 12/28/05, the Committee discussed methods to preserve affordable housing units and increase the amount of affordable single family housing being developed. In response to the Committee's request and Council's direction at its meeting of 1/17/06, the Housing Officer provided information regarding alternative methods to preserve affordable housing and share in the appreciation of single family housing assisted by the City/Agency.

Housing Officer McLaughlin provided the Committee with an overview of three different models for housing afford-ability; restricted sale price, interest accrual with principal repayment, and equity sharing. He added that as of 1/01/06 Mortgage Subsidy Program laws have changed and the City could possibly be out of compliance. He indicated that at next month's meeting he will bring the new legislation forward for the Committee to review.

Greg Burton and Juanita Sumner addressed the Committee on this item.

Councilmember Holcombe asked for more information on ways to lock in afford-ability without having to increase the purchase price. Mayor Gruendl seconded the motion.

***Recommendation: The Committee recommended (2-1, Wahl opposed) staff gather more information on housing afford-ability.***

- F. Business From the Floor.** Juanita Sumner asked if the Solid Waste Committee was cancelled and questioned why she was not notified. Staff apologized for the oversight.
- G. Adjournment and Next Meeting.** The meeting adjourned at 9:55 a.m. The next meeting is scheduled for March 22, 2006, at 8:00 a.m. in Conference Room No. 1.

---

Lynda Cameron, Administrative Analyst

Distribution:

City Council (18)

Director of Engineering

Community Services Director

Finance Director

Housing Officer

Management Analyst Herman



# Finance Committee Report

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD MARCH 22, 2006**

<u>Committee present:</u> Chair Holcombe Mayor Gruendl Councilmember Wahl	<u>Staff present:</u> City Manager Jones Assistant City Manager Burkland City Attorney Frank Finance Director Hennessy Director of Engineering McKinley	Housing Officer McLaughlin General Services Director Beardsley Housing Specialist Sronce Special Projects Worker Lando Admin. Services Director Pierce Administrative Analyst Cameron
--	--	--

### **COMMITTEE MATTERS REQUIRING COUNCIL ACTION ON 04/04/06:**

- A. **Acceptance of the Community Organization Compliance Audits for FY 2004-05.** The Finance Director forwarded the Community Organization Compliance Audits for Fiscal Year 2004-05 as prepared by Nystrom & Company LLP, Certified Public Accountants for compliance with the provisions of the community organization funding agreements.

Councilmember Holcombe noted that the audits require an Exhibit "A" which states what each group is required to do, but does not address if groups are doing things that are prohibited, such as political activities. Staff indicated that the City will look into adding a policy statement to the funding agreement stating the dollars received from the City should not be used for political activities. Councilmember Holcombe made a motion which was seconded by Mayor Gruendl to accept the audits.

**Recommendation: The Committee accepted (3-0) the Community Organization Compliance Audits for FY 2004-05.**

- B. **Consideration of Draft Annual Plan for the City's 2006-07 Community Development Block Grant (CDBG) and Home Investment Partnership (HOME) Programs.** The City will receive \$1,616,033 of CDBG and HOME funds for the 2006-07 program year.

Mayor Gruendl requested additional follow up on Economic Development Services and the Foster Youth Program, and if needed, send out a request for proposal for these services. Staff indicated they would provide follow up on these programs. Councilmember Wahl made a motion with Mayor Gruendl seconding to adopt the draft annual plan as stated.

**Recommendation: The Committee recommended (3-0) forwarding the Draft Annual Plan for the CDBG and HOME Programs for consideration at the 4/04/06 Council meeting.**

### **COMMITTEE MATTERS NOT REQUIRING COUNCIL ACTION ON 04/04/06:**

- C. **Continuance of 1/25/06 Committee Discussion Regarding Affordable Housing.** The Housing Officer provided additional information regarding alternative methods to preserve affordable housing and share in the appreciation of single family housing assisted by the City/Agency.

Mayor Gruendl made a motion to continue the mortgage subsidy program as it currently operates and directed staff to come back to a future meeting with information on "property assembly" as well as researching the feasibility of partnering with community organizations. Councilmember Holcombe seconded the motion.

**Recommendation: The Committee recommended (3-0) continuing the mortgage subsidy program as it currently operates and directed staff to come back to a future meeting with information on**

***“property assembly” as well as researching the feasibility of partnering with community organizations.***

- D. **Consideration of Potential Redevelopment Bond Projects.** The Special Projects Worker forwarded a list of potential projects to be funded with the Chico Redevelopment Agency 2005 tax allocation bonds. Representatives of the Citizen’s Committee presented a verbal status report on the development of its recommendations for projects to be funded with bond proceeds.

Staff indicated that the ten million dollars slated for public infrastructure should be earmarked for certain projects. Mayor Gruendl said with three neighborhood plans in process he would like to see portions of these funds segregated to specifically support the plan process allowing neighborhood input.

Mayor Gruendl commented that if the BMX facility fails to obtain necessary private funding, he would like to put \$250,000 of those funds towards disc golf.

Mark Sorenson, Bob Best and Greg Burton addressed the Committee on this item.

***Recommendation: No recommendation was made at this time. This item will come back to Finance Committee at its April 26, 2006 meeting.***

- E. **Chico Open Board Art Project Update.** At its 02/21/06 meeting, the Chico Redevelopment Agency referred an email from Daniel Donnelly, dated 02/06/06, regarding COBA to the Finance Committee and requested staff to update the Committee on the COBA project. The Art Projects Coordinator presented an overview of the program and the status of the current COBA project.

Mayor Gruendl requested a community organization funding audit specifically for COBA during the next audit cycle. Staff confirmed that the current agreement with Chico Art Center is designed for specific reporting periods, and when the City receives the Exhibit “B,” to the agreement, it could review the data before releasing funds for the second phase.

Daniel Donnelly and Gregg Payne addressed the Committee on this item.

***Recommendation: The Committee agreed (3-0) to honor the Agency’s commitment to the Chico Art Center to administer two additional phases of the COBA program.***

**Business From the Floor.** - None

**Adjournment and Next Meeting.** The meeting adjourned at 10:00 a.m. The next meeting regarding community organization funding is scheduled for Thursday, April 13, 2006, at 3:00 p.m. in the Council Chamber. The next regular Finance Committee meeting is scheduled for Wednesday, April 26, 2006, at 8:00 a.m. in Conference Room No. 1.

---

Lynda Cameron, Administrative Analyst

Distribution:  
City Council (18)  
Director of Engineering  
Community Services Director  
Finance Director  
Housing Officer



RE: **REPORT ON FINANCE COMMITTEE MEETING HELD APRIL 13, 2006**

<u>Committee present:</u> Chair Holcombe Mayor Gruendl Councilmember Wahl	<u>Staff present:</u> City Manager Jones Assistant City Manager Burkland	Management Analyst Carroll Housing Specialist Sronce Administrative Analyst Main
--	--	--

**REVIEW OF APPLICATIONS FOR 2006-07 COMMUNITY ORGANIZATION FUNDING - GENERAL/CDBG AND TOT - ECONOMIC DEVELOPMENT AND TOURISM APPLICANTS.**

The Finance Committee was provided with the following documents:

1. Agenda Report from the City Manager which presented recommended funding levels for the community organization funding program.
2. Finance Committee worksheet which presented the requests of the organizations in both the General Fund/CDBG category and the Transient Occupancy Tax Revenue (TOT) - Economic Development and Tourism category.
3. E-mail from the General Services Director dated 03/31/06 which indicated support from the Bidwell Park and Playground Commission for the funding requests of the Chico Creek Nature Center and the Chico Cat Coalition.

City Manager Jones explained that his recommendations are generally based on a 3% increase for those organizations which received City funding in 2005-06. He also noted that staff will be evaluating the community organization funding process and policies to further define the desired outcomes and present recommended program changes to the City Council. The Committee will meet again in two weeks to discuss its final recommendations.

Management Analyst Carroll briefly reviewed the number of applicants including the number of new applicants. She noted that the format for the meeting is set by the Finance Committee in terms of hearing from applicants.

An e-mail dated 04/13/06 providing further information about the organization's funding request was received from Tom Haithcock, Executive Director of the Chico Creek Nature Center, and was provided to the Committee as additional information.

Chair Holcombe indicated that the Committee would like to hear primarily from new applicants or applicants who wanted more than the City Manager's recommended 3% increase.

The following applicants in the General/CDBG category addressed the Committee:

Michael McGinnis, ARC of Butte County, Inc. Mr. McGinnis noted that the organization is requesting an increase from the prior year. If necessary, they will do more fundraising activities to get the additional money.

Anastacia Snyder, Catalyst. Ms. Snyder stated that the increase in the funding request is related to an increase in the direct units of service. She also disputed the audit findings for units of service. The \$15,000 pre-development grant funds will not go toward staff support, but will be used to build a new complex to house the administrative offices, shelter, and a transitional housing facility.

Catholic Ladies Relief Society, A representative for Catholic Ladies Relief Society was present, and wanted to

confirm that the additional allocation provided in 2005-06 for emergency utility assistance due to rate increases was shown in the total request for 2006-07.

Vic Alvistur, Chico Area Council on Aging, Inc. - Meals on Wheels. The organization has asked for a small increase of 1% over the prior year's funding. Mr. Alvistur noted that many senior citizens rely on this service for delivery of healthy meals. The organization has recently replaced aging vans, and acquired heated boxes that mount on the trucks which has resulted in a savings in terms of delivery expense.

Tom Haithcock, Chico Creek Nature Center. Mr. Haithcock requested that the City restore the Nature Center to its 2002 level of funding. He stated that the Nature Center provides a service to the City by educating the public about responsible park use. The Nature Center's costs for workers compensation insurance and City-required molestation insurance has increased.

Tom Tenorio, Community Action Agency. Mr. Tenorio indicated that there was a mistake on the application, and the Community Action Agency is asking for the same amount in funding that they were allocated in 2005-06, reducing the funding request to \$13,906.

Ross Brandon, Community Legal Information Center. Mr. Brandon said that they are requesting an increase in funding due to the increase in the direct units of service.

Ken Steidley, Do It Leisure. Mr. Steidley stated that their organization is not asking for an increase, but if extra money is available they could use additional funding for increased fuel costs.

Diane Cooper, Innovative Health Services. Ms. Cooper reported that there is an increase in the need for nursing services. They are requesting a 5% increase to assist with the costs of adding another nurse to the staff.

Valerie Naslund, Innovative Preschool. Ms. Naslund stated that they are requesting an increase to help cover increased insurance costs.

Dana Campbell, North Valley Parent Education Network. Ms. Campbell stated that the Esplanade House's Anger Management Program has been successful, and the increase they are requesting would be used to add additional staff hours to the program.

Dennis Brugger, Sunshine Kids Club. Mr. Brugger said that they are requesting an increase due to the need for new wheelchairs and repair of old wheelchairs for their wheelchair basketball program. The insurance costs are also increasing.

The following applicants in the Transient Occupancy Tax-Economic Development and Tourism Category addressed the Committee:

Alice Patterson, Chico Chamber of Commerce. Ms. Patterson stated that the Chamber is asking for a significant increase from the prior year because the Chamber helps to bring tourism to the community, and its important to reinvest the TOT dollars back into the program.

Katrina Davis, Downtown Chico Business Association. Ms. Davis stated that the increased request is for two programs. The first is the Community Work Program which the DCBA would like to expand to include Friday mornings. The second is to extend the hours of the Halloween Treat Street program into the evening to provide more family events, and address traffic safety issues due to the number of people in the downtown area. The City Manager indicated that if DCBA is working with the Police Department on this issue, it is probably best to handle it outside of the funding process.

Natalie Birk, Far West Heritage Association. Ms. Birk stated that the proposal is divided into two categories. The first supports the funding for a full-time curator and part of the funding required for two traveling exhibitions. The second proposal is for promotion of the California Nut Festival which provides tourism dollars to the community.

Greg Liggett, Natural History Museum. Mr. Liggett said that the requested funds would be used to pay the

salary and benefits for a museum educator. He noted that the museum will be a significant cultural and educational resource for the community.

Dan DeWayne, University Public Events. Mr. DeWayne explained that last year the application did not get turned in on time due to the Foundation's failure to forward the material to University Public Events. The Council allocated \$10,000 and this year's request seeks restoration of the 04-05 funding level of \$20,000.

**Business From the Floor**. None.

**Adjournment and Next Meeting**. The meeting adjourned at 4:00 p.m. The Finance Committee will meet on Thursday, April 27, 2006, at 4:00 p.m. in the Council Chamber to make recommendations for community organization funding. The next regular meeting is scheduled for Wednesday, April 26, 2006, at 8:00 a.m. in Conference Room 1.

---

Karen Main, Administrative Analyst

Distribution:

City Council Agenda

City Manager

Assistant City Manager

Administrative Services Director

MA Carroll

Housing Specialist



# Finance Committee Report

DATE: May 5, 2006

File : [Comm Binder](#)

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD APRIL 26, 2006**

<p>Committee present: Chair Holcombe Mayor Gruendl Councilmember Wahl</p>	<p>Staff present: City Manager Jones Assistant City Manager Burkland City Attorney Frank Finance Director Hennessy Director of Engineering McKinley</p>	<p>Housing Officer McLaughlin General Services Director Beardsley Special Projects Worker Lando Administrative Services Director Pierce Administrative Analyst Cameron</p>
---	---	--

## COMMITTEE MATTERS REQUIRING COUNCIL ACTION

- A. **Consideration of Policy to Authorize the Executive Director to Acquire Property for Residential Development.** At its meeting of 3/22/06, the Committee briefly discussed a new policy authorizing the Executive Director to acquire property for affordable housing. To assist the Committee with its further discussion, staff provided proposed budget policy language and additional information regarding the types of properties to consider eligible for the policy and specific site conditions that should be evaluated prior to acquisition. ***(Report - Dennis McLaughlin, Housing Officer)***

The Housing Officer recommended the following:

1. Approval of an amendment to the Chico Redevelopment Agency budget policies which would authorize the Executive Director to acquire property for affordable housing projects subject to the property being acquired for appraised value, that the payment of relocation benefits is NOT required, and that the site is clear of environmental hazards.
2. Allocation of \$750,000 in 2006-07 and 2007-08 from the Low and Moderate Income Housing Fund (372).

Councilmember Wahl's motion to create a policy for this type of property acquisition contingent on Council approval died for lack of a second.

Mayor Gruendl made a motion to approve: (1) an amendment to the budget policy which would authorize the Executive Director to acquire property for affordable housing projects subject to the property being acquired for appraised value; (2) that the payment of relocation benefits NOT be required; (3) that the site be clear of environmental hazards; and (4) allocation of \$500,000 in the 2006-07 and 2007-08 from the Low and Moderate Income Housing Fund (372). The motion was seconded by Chair Holcombe.

***Recommendation: The Committee approved: (2-1, Wahl opposed) (1) an amendment to the budget policy which would authorize the Executive Director to acquire property for affordable housing projects subject to the property being acquired for appraised value; (2) that the payment of relocation benefits NOT be required; (3) that the site be clear of environmental hazards; and (4) allocation of \$500,000 in the 2006-07 and 2007-08 from the Low and Moderate Income Housing Fund (372).***

- B. **Consideration of Potential Redevelopment Bond Projects.** The Special Projects Worker forwarded a list of potential projects to be funded with the Chico Redevelopment Agency 2005 tax allocation bonds. The Citizen's Committee provided a verbal report regarding the Committee's recommendation. The Special Projects Worker recommended the Committee consider the project list and any public input and direct staff to include the proposed projects in the 2006-07 Capital Improvement Program Budget for consideration by the Agency. ***(Report - Tom Lando, Special Projects Worker)***

Mark Sorenson, Greg Burton, Lon Glazner, Barbara Reed, and Larry Gable addressed the Committee on this item. Mike Bush stated the improvements to 8<sup>th</sup> Avenue have caused flooding and erosion to Meadow Road. Staff indicated they would investigate the situation.

Carla Resnick and Graham Hutton addressed the Committee regarding funding for 1078 Gallery. The Committee referred this item to a future Finance Committee meeting.

Cathy Webster and Rupert McDowell, Friends of Eaton Road, addressed the Committee regarding the redevelopment and reconstruction of Eaton Road. The Committee referred this item to the Internal Affairs Committee.

Bob Best asked for a copy of the fund projections. It was noted that the City could provide short term revenue projections at this time with longer term revenue projections available in the ten-year budget forecast.

The Citizen's Committee presented the following requests: (1) have the committee be the liaison between City Council, Finance Committee and the neighborhood groups; (2) give the committee time to develop a better rating system for project priority; (3) allow for a formal connection between the committee and City staff with an open door policy.

Greg Burton asked staff if he could get an official list of all current City projects for his map project.

Councilmember Wahl made a motion to: (1) recommend to Council to designate \$14 million for public infrastructure improvements with the Citizen's Committee to work with the neighborhood groups to define what it is to be used for; and (2) hold the balance of the RDA money in abeyance until the committee can decide what the priorities are. The motion died for lack of a second.

Councilmember Wahl made a motion to forward a recommendation to Council to: (1) designate \$14 million dollars for public infrastructure improvements, with the Citizen's Committee making recommendations on the priorities for project funding; (2) funding for the BMX facility not included in the recommendation but Mr. Gable could make his presentation to the Council at its June 6<sup>th</sup> meeting. Mayor Gruendl seconded the motion. Councilmember Wahl confirmed his motion only addressed the \$14 million for public infrastructure improvements and did not include the remainder of the project list. The motion carried 3-0.

Chair Holcombe made a motion that the balance of the project list be included in the current budget year minus the BMX facility and the \$14 million as stated above. The motion died for lack of second.

Mayor Gruendl indicated support of the motion but didn't agree the entire project list should be forwarded, but instead, be discussed at the all day work session on June 6<sup>th</sup>. At this time he suggested moving only the process forward and on June 6<sup>th</sup> reevaluate the project list with more input from the Citizen's Committee. Chair Holcombe's motion to consider the Redevelopment Bond Project list at the June 6<sup>th</sup> Council meeting with the request that the Citizen's Committee provide a full report at that meeting with prioritizing neighborhood needs which would encompass a wider group of neighborhoods was seconded by Mayor Gruendl. The motion carried 3-0.

***Recommendation: The Committee recommended (3-0) designating \$14 million dollars for public infrastructure improvements, with the Citizen's Committee making recommendations on the priorities for project funding. There is no recommended funding for the BMX facility at this time, with a presentation to be provided to Council at its June 6<sup>th</sup> meeting. The Committee further recommended (3-0) the Redevelopment Bond Project list be considered at the June 6<sup>th</sup> Council meeting with the request that the Citizen's Committee provide a full report prioritizing neighborhood needs which would encompass a wider group of neighborhoods.***

#### **COMMITTEE MATTERS NOT REQUIRING COUNCIL ACTION**

- C. **Housing Rehabilitation Loan Amendment - Joey and Jody Turner - 2203 Fair Street.** The Turners received a \$128,940 deferred payment loan from the City's Housing Rehabilitation Program to fund the replacement of their substandard home with a new manufactured unit. The project included the abandonment of the existing septic tank and the connection to City sewer. The project's general contractor has informed Sutter County Housing Authority, who manages the City's program, that the previous bid to connect the property to the sewer system was incorrect. Additional loan funds of \$25,262 are required. The Housing Officer recommended an amendment to the Loan Agreement between the Agency and the Turners to provide additional funds for sewer connection and the payment of sewer service fees. ***(Report - Dennis McLaughlin, Housing Officer)***

***Recommendation: The Committee approved (3-0) an amendment to the Loan Agreement between the Agency and the Turners to provide additional funds for sewer connection and the payment of sewer service fees.***

- D. **Approval of Housing Rehabilitation Loan - Dalane Bailey - 581 East Avenue.** Requests for Housing Rehabilitation Program loans in excess of \$30,000 require Finance Committee review and approval. Ms. Bailey requested a loan of \$36,000 to connect her property to the sewer, abandon the existing septic tank, and pay sewer service fees. The Housing Officer recommended approval of a deferred payment loan of \$36,000 from the City's HOME Program Housing Rehabilitation Activity. ***(Report - Dennis McLaughlin, Housing Officer)***

***Recommendation: The Committee approved (3-0) a deferred payment loan of \$36,000 from the City's HOME Program Housing Rehabilitation Activity.***

**Business From the Floor.** None.

**Adjournment and Next Meeting.** The meeting adjourned at 10:30 a.m. The next meeting is scheduled for May 24, 2006, at 8:00 a.m. in Conference Room No. 1.

---

Lynda Cameron, Administrative Analyst

Distribution:

City Council (7)  
Council Office copy w/ attachments  
Director of Engineering  
Community Services Director  
Finance Director  
Housing Officer



## City Council Agenda Report

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD APRIL 27, 2006**

<u>Committee present:</u> Chair Holcombe Mayor Gruendl Councilmember Wahl	<u>Staff present:</u> City Manager Jones Assistant City Manager Burkland Finance Director Hennessy	Management Analyst Carroll Housing Specialist Sronce Administrative Assistant Dillard
--	---	---

### **COMMITTEE MATTERS REQUIRING COUNCIL ACTION ON 06/06/06:**

#### **A. COMMUNITY ORGANIZATION FUNDING REQUEST RECOMMENDATIONS:**

##### **Recommendations:**

***The Committee recommended (2-1, Wahl opposed) allocations in the General Fund/CDBG category as indicated on the attached worksheet.***

***The Committee recommended (3-0) allocations in the TOT/Tourism & Economic Development category as indicated on the attached worksheet.***

##### **Background**

The Committee formulated recommendations to the City Council for funding community organizations in the 2006-07 Fiscal Year. The organizations were provided with notice of the meeting. Additionally, the organizations were advised that since every organization was given an opportunity to make a presentation at the Committee's April 13 meeting, this meeting was limited to Committee discussion unless Committee members requested additional information from an organization.

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

- A. Agenda report from the City Manager which set forth his recommendations to the Committee for funding levels.
- B. Revised Finance Committee worksheet, which was been updated to include the City Manager's recommendations.
- C. E-mails from Butte County Behavioral Health and Chico Unified School District, providing additional information about their funding requests.
- D. Letter dated 4/20/06 from Legal Services of Northern California, providing additional information about its funding request.

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

Chair Holcombe opened the meeting to presentations from representatives of organizations who were not in attendance at the 4/13/06 meeting.

Amanda Montgomery, Butte County Behavioral Health, stated that funding would be used to deliver programs from the Friday Night Live Chapters in Chico to local high school students.

Anne Phillipe, Chico Unified School District (CUSD) and Fran Anderson, Butte County Office of Education, explained that CUSD's request would provide funding to hire a teacher for the All-Stars Prevention Program curriculum targeted for all 8th grade students in the Chico schools.

A representative of the Barry R. Kirshner Wildlife Foundation, said that City funding would enable the Foundation to better promote its program and draw more visitors to the Chico area.

Patty Hernandez-Reeson, Hispanic Chamber of Commerce, said funding would be used to hire a staff member to recruit new members, re-sign current members and assist new and established businesses which are seeking marketing services related to reaching the Hispanic community.

Councilmember Wahl made a motion to accept all of the City Manager's recommendations for funding organizations in the General Fund/CDBG category. The motion died for lack of a second.

Chair Holcombe stated that he agreed with the majority of the City Manager's recommendations for organizations in this category, but proposed expending the balance of available but unallocated funds as follows:

1. ARC of Butte County - increase CM recommendation by \$5,000 for a total of \$13,776.
2. Catalyst - increase CM recommendation by \$7,000 for a total of \$16,795.
3. Chico Creek Nature Center - increase CM recommendation by \$5,000 for a total of \$60,506.
4. Sunshine Kids Club - increase CM recommendation by \$2,119 for a total of \$6,000.
5. Balance of \$8,233 - add to \$10,000 Council annual set-aside for one-time events.

Mayor Gruendl supported the supplements to the four organizations but added that he would like to allocate \$2,000 to Butte County Behavioral Health for delivery of the Friday Night Live (FNL) Programs at Pleasant Valley and Chico High Schools. He stated that FNL programs are in line with other organized efforts to curb alcohol abuse in our community.

Following additional discussion, Chair Holcombe made a motion to accept the City Manager's funding recommendations for organizations in the General Fund/CDBG category with the following changes:

1. ARC of Butte County - increase CM recommendation by \$5,000 for a total of \$13,776.
2. Butte County Environmental Health - allocate \$2,000 for the Friday Night Live programming to be used for the program at Chico High School and Pleasant Valley High School.
3. Catalyst - increase CM recommendation by \$7,000 for a total of \$16,795.
4. Chico Creek Nature Center - increase CM recommendation by \$5,000 for a total of \$60,506.
5. Sunshine Kids Club - increase CM recommendation by \$2,119 for a total of \$6,000.
6. Balance of \$6,233 - add to \$10,000 Council annual set-aside for one-time events.

Mayor Gruendl seconded the motion which carried 2-1, Councilmember Wahl opposed.

Chair Holcombe supported allocating all of the available TOT/Tourism & Economic Development funds and proposed additional funding for the Chico Chamber of Commerce, Downtown Chico Business Association, Far West Heritage Association, and Hispanic Chamber of Commerce.

Following Committee discussion, Mayor Gruendl moved to accept the City Manager's recommendations for TOT/Tourism and Economic Development with the following changes:

1. Chico Chamber of Commerce - increase CM recommendation by \$3,168 for a total of \$125,684.
2. Downtown Chico Business Association - increase CM recommendation by \$7,948 for a total of \$44,295.
3. Far West Heritage Association - increase CM recommendation by \$13,013 for a total of \$31,425.
4. Hispanic Chamber of Commerce - allocate \$5,150, a 3% increase over last year's allocation.

Councilmember Wahl seconded the motion which carried, 3-0.

B. **BUSINESS FROM THE FLOOR.** None.

C. **ADJOURNMENT AND NEXT MEETING.** The Committee adjourned at 4:35 p.m. to Wednesday, May 24, 2006, at 8:00 a.m. in Conference Room 1 for its regular meeting.

---

Annalisa Dillard, Administrative Assistant

Distribution:

City Council Agenda  
City Manager  
Asst. City Manager  
Management Analyst Carroll  
Housing Specialist



# Finance Committee Report

DATE: June 29, 2006

File : [Comm Binder](#)

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD JUNE 28, 2006**

<u>Committee present:</u> Chair Holcombe Mayor Gruendl Councilmember Wahl	<u>Staff present:</u> City Manager Jones Assistant City Manager Burkland City Attorney Frank	Finance Director Hennessy Comm. Services Dir. Baptiste Administrative Analyst Cameron
--	---	---

## **COMMITTEE MATTERS REQUIRING COUNCIL ACTION**

- A. Refund of Discovery Builders Appeal Deposit and Discussion on Where to Charge Expended Funds.**  
At its 4/04/06 meeting, the City Council upheld the appeal by Discovery Builders of the Planning Commission's approval for Tentative Parcel Map PM 05-05. The City Council: (1) removed the condition requiring the dedication; (2) voted to refund the developer's appeal fees; and (3) referred the discussion as to how to fund the costs the City incurred in processing the appeal to the Finance Committee. **(Report - Tony Baptiste, Community Services Director)**

The Community Services Director requested that the Committee provide Council with a recommendation for a funding source to cover costs in the amount of \$5,390.15 which were incurred by the City in processing the appeal.

Mayor Gruendl's motion to transfer \$5,390.15 from the General Fund into the private development fund to cover the costs associated with processing the appeal was seconded by Councilmember Wahl. Chair Holcombe questioned whether there were any discretionary funds in the General Fund that could be left unfunded to help cover these costs. Staff indicated that this item could be discussed at a future meeting when other funding issues are scheduled for discussion.

***Recommendation:*** *The Committee approved (2-1, Holcombe opposed) a fund transfer from the General Fund into the private development fund in the amount of \$5,390.15 to cover the costs associated with processing the appeal.*

- B. Business From the Floor.** Jim Mann, Discovery Builders, addressed his concerns about the on-going deficit in the private development fund, adding that local developers perceive they are paying their fair share. He expressed interest in discussing the gap in the fund with either the Committee or the Council. Staff noted that it has been the policy of the Council to fund this historical gap in the private development fund with the General Fund. Mayor Gruendl requested this discussion be agendaized for a future meeting.
- C. Adjournment and Next Meeting.** The meeting adjourned at 8:15 a.m. The next meeting is scheduled for July 26, 2006, at 8:00 a.m. in Conference Room No. 1.

Lynda Cameron, Administrative Analyst

Distribution:

City Council (7)  
Council Office copy - with attachments  
Community Services Director  
Finance Director



# Finance Committee Report

DATE: July 28, 2006

File : [Comm Binder](#)

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD JULY 26, 2006**

<u>Committee present:</u> Chair Holcombe Mayor Gruendl Councilmember Wahl	<u>Staff present:</u> City Manager Jones Assistant City Manager Burkland City Attorney Frank Finance Director Hennessy Admin Services Director Pierce	Director of Engineering McKinley Housing Officer McLaughlin Asst. Community Services Director Sellers Engineering Admin. Mgr. Morgado Management Analyst Carroll Administrative Analyst Cameron
--	--	--

## **COMMITTEE MATTERS REQUIRING COUNCIL ACTION**

**A. Approval of Recommendation to Initiate Process for Opportunity Purchases of Creekside Greenway Properties - 969 Humboldt Avenue (Taylor Development, LLC) and 995 Humboldt Avenue (Huber).**

The City Council's Budget Policy allows for consideration of acquisition of properties along waterways when the properties are vacant or contain structures which are unoccupied or have minimal or no value. Two separate parcels, adjacent to the north side of Little Chico Creek and within proximity of other City-owned properties on Humboldt Avenue, are available for sale. The owners of the parcels at 995 and 969 Humboldt Avenue have separately initiated contact with the City to see if there is interest in acquisition of the parcels. The City Manager recommended initiating the process to negotiate acquisition of the referenced parcels. (Report - Cindy Pierce, Administrative Services Director)

It was noted by staff that there are interested parties who want to purchase both structures on the referenced parcels and relocate them to a different location at their own cost.

Kathleen Huber and Tim De Necochea addressed the Committee on this item.

Councilmember Schwab's motion to initiate proceedings to negotiate acquisition of the referenced parcels was seconded by Chair Holcombe.

***Recommendation: The Committee agreed (2-1, Wahl opposed) to initiate proceedings to negotiate acquisition of the parcels located at 969 and 995 Humboldt Avenue.***

**B. Consideration of Request from the Salvation Army to Waive Fees and Charges Associated with its Development of a 50-Bed Rehabilitation Facility.**

The Salvation Army submitted a request for the City to waive all fees associated with the construction of the Adult Rehabilitation Program facility at 13404 Browns Valley Road. The fees and charges are estimated to be \$75,000. The Housing Officer recommended that the fees and charges be deferred rather than waived until 9/30/07, to allow staff time to identify a funding source that will cover the cost of the fees without reducing the original \$750,000 provided for construction expenses. (Report - Dennis McLaughlin, Housing Officer) *Councilmember Wahl was disqualified on this item.*

Staff indicated that adding \$75,000 to the previously secured City funding of \$750,000 cannot be executed until next May during the Annual Plan for the City's 2007-08 Community Development Block Grant Program. Major Ray Yant stated the Salvation Army will send a letter for the City's file confirming that participation in religious studies is not required by any of the residents at the rehabilitation facility. Councilmember Schwab made a motion recommending deferral of the fees until 9/30/07 to allow staff time to identify alternative funding sources. Chair Holcombe seconded the motion.

***Recommendation: The Committee recommended (2-0, Wahl disqualified) deferral of the fees until 9/30/07 to allow staff time to identify alternative funding sources.***

C. **Request for Supplemental Appropriation for Environmental Mitigation at the Jarvis Gardens Housing Site and Authorization for the City Manager to Execute Agreements for Off-Site Mitigation.**

The environmental mitigation plan for the impacts to the wetlands and endangered species on the Jarvis Gardens housing site has been completed with costs set at approximately \$150,000. The sales agreement for the site designates the Chico Redevelopment Agency as responsible for the cost. Therefore, a supplemental appropriation of \$150,000 from the Agency's Low and Moderate Income Housing Fund is required to have sufficient funds available for the mitigation and any unanticipated expenses. In addition, the City Manager is required to execute agreements for the purchase of the credits. The Housing Officer recommended approval of a supplemental appropriation in the amount of \$150,000 from the LMIHF (fund 372) to the Jarvis Gardens project budget and that the authority be provided for the City Manager to execute agreements for the purchase of the mitigation credits. (Report - Dennis McLaughlin, Housing Officer)

The Housing Officer indicated that the mitigation costs estimate had increased to \$200,000 since the time the staff report had been written and added that, if needed, Jarvis Gardens Senior Apartments, Inc. will pay the additional \$50,000.

John Merz addressed the Committee on this item.

Councilmember Wahl made a motion to approve what he considered to be an extortion payment of \$150,000 in order to get this project built. The motion died for lack of a second.

Councilmember Schwab made a motion to approve a supplemental appropriation in the amount of \$150,000 from the LMIHF (fund 372) to the Jarvis Gardens project budget and to approve the authority for the City Manager to execute agreements for the purchase of the mitigation credits. The motion was seconded by Councilmember Wahl.

***Recommendation: The Committee approved (3-0) a supplemental appropriation in the amount of \$150,000 from the LMIHF (fund 372) to the Jarvis Gardens project budget and approved the authority for the City Manager to execute agreements for the purchase of the mitigation credits.***

D. **Acquisition of Affordable Housing Project Site Located Adjacent to the Corner of Boucher and Wisconsin Streets for Development as a Self-Help Housing Project.**

The owner of an approximately one-acre vacant parcel contacted the City and advised staff that he is interested in selling the property. Staff has confirmed that the property is appropriate for up to five buildable lots. The owner is willing to work with the Agency to provide sufficient time for an appraisal of the site and completion of a phase one environmental hazards assessment. The Housing Officer recommended that funding for acquisition of this property be allocated from the Low and Moderate Income Housing Fund, subject to the price being based on a current appraisal, the site being free of environmental hazards, and that up to five buildable lots are available. (Report - Dennis McLaughlin, Housing Officer)

Staff informed the Committee that the value of the property had increased from \$450,000 to \$550,000, and adjustments had been made to the "Project Development Budget Scenario" for an additional two units (a total of seven) to keep the project affordable. After discussion of adding a 100-foot creekside greenway it was noted that in order to provide a greenway of that width, the number of lots would have to be reduced to five, thereby making the project unfeasible. The Committee determined that while a 100-foot greenway would be desirable, the planned 25-foot greenway would be suitable. At its August meeting, the Finance Committee will discuss the Project with CHIP and allocate funding. Building could begin in the summer of 2007 and staff has indicated that all projected estimates should remain stable during this time frame.

John Merz addressed the Committee on this item.

Councilmember Schwab made a motion to acquire the property with the contingency that it pass all review process's including CEQA. Chair Holcombe seconded the motion adding a friendly amendment that the conditions of purchasing the property be that the City is able to create seven buildable lots on the property and that the property passes National Environmental Protection Agency (NEPA) review.

***Recommendation: The Committee recommended (2-1, Wahl opposed) acquiring the property at Boucher and Wisconsin Streets with the contingency that it pass all review process's including CEQA and NEPA and that the City is able to create seven buildable lots on the property.***

E. **Request to Expend Portion of Community Development Block Grant (CDBG) Program Funds Previously Allocated to the Catalyst Domestic Violence Services Project for Environmental Studies.**

Catalyst Domestic Violence Services is planning to relocate its shelter facility and supportive services to a newly constructed facility on a City owned site. The City of Chico, the Chico Redevelopment Agency, and the State of California are identified as funding sources for the project. All three agencies require an environmental review of the project and an assessment of the site for environmental hazards. The cost of the two studies is estimated to be \$25,000. The City has conditionally committed \$400,000 of CDBG funds for the project. The Housing Officer recommended that \$25,000 of the CDBG funds previously committed to the Catalyst relocation project be used to cover the cost of the environmental studies. (Report - Dennis McLaughlin, Housing Officer)

Councilmember Wahl's motion to approve \$25,000 of the CDBG funds previously committed to the Catalyst relocation project be used to cover the cost of the environmental studies was seconded by Councilmember Schwab.

***Recommendation: The Committee approved (3-0) \$25,000 of CDBG funds previously committed to the Catalyst relocation project to be used to cover the cost of the environmental studies.***

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

G. **Adjournment and Next Meeting.** The meeting adjourned at 9:08 a.m. The next meeting is scheduled for August 23, 2003, at 8:00 a.m. in Conference Room No. 1.

---

Lynda Cameron, Administrative Analyst

Distribution:

City Council (7)  
Council Office copy - with attachments  
Director of Engineering  
Community Services Director  
Finance Director  
Housing Officer  
Admin Services Director



# Finance Committee Report

DATE: August 28, 2006

File : [Comm Binder](#)

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD AUGUST 23, 2006**

<u>Committee present:</u> Chair Holcombe Mayor Gruendl Councilmember Wahl	<u>Staff present:</u> City Manager Jones Assistant City Manager Burkland City Attorney Frank Comm. Services Dir. Baptiste Director of Engineering McKinley Admin Services Director Pierce	Housing Officer McLaughlin Fire Chief Brown Engineering Admin. Mgr. Morgado Engineering Admin. Mgr. Keeler Administrative Analyst Hansen Administrative Analyst Cameron
--	---	--

## **COMMITTEE MATTERS REQUIRING COUNCIL ACTION**

- A. **Consideration of 2006-07 Update of Development Impact Fees Analysis and Recommendations (Nexus Study)**. The Project List (Appendix B in the Nexus Study) was recommended for revision, requiring Committee approval and Council action. A limited number of estimates and projects within the Street Facility Improvement and Street Maintenance Equipment sections have been updated. Fire Protection Building and Equipment estimates and projects were revised according to recently completed architectural studies and analysis. The Director of Engineering recommended approval of the Project List and the revised development impact fees. (Report - Fritz McKinley, Director of Engineering)

Bob Best, Susan Mason and Greg Steele addressed the Committee on this item.

Staff indicated that a comprehensive look at costs (payment management from a maintenance perspective) will be brought forward to Council in June.

Staff noted that they had previously met with the public to discuss the Nexus Study and there was a list of questions that came out of those meetings.

Mayor Gruendl made a motion to approve the updated development impact fees and requested the questions and answers previously discussed by staff be included in the staff report when the item goes forward to Council. Chair Holcombe seconded the motion.

***Recommendation: The Committee recommended approval (2-1, Wahl opposed) of the updated development impact fees and requested the questions and answers previously discussed by staff be included in the staff report when the item goes forward to Council.***

- B. **Request from the Community Housing Improvement Program (CHIP) to Develop a Seven Lot, Single Family, Self-help Subdivision on Property Being Purchased by the Redevelopment Agency**. CHIP is requesting that it be selected to develop the Project Site on a parcel being purchased by the Redevelopment Agency. The parcel is located adjacent to Little Chico Creek and Wisconsin and Boucher Streets. CHIP is also requesting an allocation of \$150,000 from the City's HOME Program Community Housing Development Organization (CHDO) set-aside funds for expenses. The Housing Officer recommended CHIP be selected to develop the Project Site with a self-help, single-family housing project, and that CHIP be provided a \$150,000 loan of Community Housing Development Organization (CHDO) set-aside funds from the City's HOME program. (Report - Dennis McLaughlin, Housing Officer)

Staff explained that the "instant" equity created with self-help homes results when the house is built at a cost of \$225,000, then appraises at \$300,000. To help prevent the homeowner from selling right away, CHIP would sell the homes to the family for the appraised value, creating an "equity" note which would be reduced after ten years.

The Housing Officer confirmed that Chapman Mulberry Neighborhood Plan standards will be used for the Project and noted that Supervisor Dolan had been informed of that. He indicated that the design of the units is what the neighborhoods will be most interested in and added that CHIP will be meeting with Chapman Mulberry neighborhood groups who could possibly add additional input on design guidelines.

Georgie Bellin, Karen Laslo, Ken Fleming, Mark Bledsoe, Dave Ferrier, John Merz and Mark Cooper addressed the Committee on this item.

Chair Holcombe made a motion that: (1) CHIP be selected to develop the Project Site and be provided a \$150,000 loan of Community Housing Development Organization (CHDO) set-aside funds from the City's HOME program; and (2) that the design of the Site be respectful of the riparian corridor with homes situated to protect the native trees on the property. The motion was seconded by Mayor Gruendl.

***Recommendation: The Committee recommended (2-1, Wahl opposed) that: (1) CHIP be selected to develop the Project Site and be provided a \$150,000 loan of Community Housing Development Organization (CHDO) set-aside funds from the City's HOME program; and (2) that the design of the Site be respectful of the riparian corridor with homes situation to protect the native trees on the property.***

- C. **Discussion Regarding the Future Use of the Catalyst Domestic Violence Services Facility.** Catalyst Domestic Violence Services is planning to relocate its shelter facility and supportive services to a newly constructed facility. The City owns the site and building where the current shelter program is operated. As part of its original decision to provide Catalyst assistance to relocate, the City determined that it could either sell the existing property or retain it for another use. The Housing Officer recommended that if the Committee advises retaining the facility, the Committee give direction regarding the most appropriate future use of the facility. (Report - Dennis McLaughlin, Housing Officer)

Ken Fleming, Georgie Bellin and Mark Bledsoe spoke in support of the City keeping the property.

The Housing Officer indicated that the property will become available in 2008, adding if the Committee wished to retain the property a \$500,000 funding gap will remain after State funds and other funding sources are applied. Councilmember Wahl suggested tabling the item until the property was vacant.

Mayor Gruendl's motion to retain the property and allocate \$500,000 to complete the funding for the Catalyst relocation was seconded by Chair Holcombe.

***Recommendation: The Committee recommended (3-0) to retain the property and allocate \$500,000 to complete the funding for the Catalyst relocation.***

- D. **Acquisition of Mud Creek Greenway - Sky Creek Business Park (Bellin).** Georgie Bellin, developer of the Sky Creek Business Park at Chico Municipal Airport, has proposed to dedicate 4.4 acres along Mud Creek for public greenway and is requesting reimbursement for the value of approximately .71 acres (31,000± square feet) of the total acreage which could otherwise be included in the buildable area of adjacent lots. The requested reimbursement is \$160,000. Community Services Department staff recommended the Committee: (1) authorize the City Manager to accept dedication of the Mud Creek greenway, subject to the prior establishment of a mechanism (including a Chico Maintenance District) to fund maintenance of the greenway; (2) authorize payment of \$160,000 to the project developer as reimbursement for the value of the developable portion of the greenway acquisition, with funding from the Linear Parks/Greenways Fund (Fund 333); and (3) authorize the City Manager to accept the conservation easement for the public and private open space, subject to the City incurring no liability for maintenance, monitoring or mitigation. (Report - Clif Sellers, Assistant Community Services Director)

Georgie Bellin addressed the Committee in support of this item.

John Merz and Karen Laslo addressed the Committee in opposition to this item.

John Merz questioned why business/industrial parks do not pay park impact fees and suggested this be addressed in future Nexus studies. He added the Committee should look at a copy of the conservation easement before approving this request in order to be clear about what it's trying to conserve.

Councilmember Wahl made a motion to accept staff's recommendation. Chair Holcombe seconded the motion and voiced his concern about the City's responsibilities in the conservation easement, adding he wanted to make sure all legal obligations are met. Staff indicated they would review the conservation easement when received and would give Mr. Merz a copy of the draft, adding that staff is asking the Committee for the authority to accept the easement at this meeting.

***Recommendation: The Committee recommended (3-0) to: (1) authorize the City Manager to accept dedication of the Mud Creek greenway, subject to the prior establishment of a mechanism (including a Chico Maintenance District) to fund maintenance of the greenway; (2) authorize payment of \$160,000 to the project developer as reimbursement for the value of the developable portion of the greenway acquisition, with funding from the Linear Parks/Greenways Fund (Fund 333); and (3) authorize the City Manager to accept the conservation easement for the public and private open space, subject to the City incurring no liability for maintenance, monitoring or mitigation.***

#### **COMMITTEE MATTERS NOT REQUIRING COUNCIL ACTION**

- E. **Approval of Housing Rehabilitation Program Loan - Marsha Van Kovering, 1482 Hawthorne Avenue.** Requests for housing rehabilitation program loans in excess of \$30,000 require Finance Committee review and approval. Ms. Van Kovering requested a loan of \$53,161 to perform home rehabilitation. The Housing Specialist recommended approval of a deferred-payment loan of \$ 52,611 from the City of Chico's HOME-funded Housing Rehabilitation Program and a grant in the amount of \$550.00 to cover cost of the lead-based paint assessment and safe work practices. (Report - Robert Sronce, Housing Specialist)

This item was tabled to a future meeting.

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

- G. **Adjournment and Next Meeting.** The meeting adjourned at 10:06 a.m. The next meeting is scheduled for September 27, 2006, at 8:00 a.m. in Conference Room No. 1.

---

Lynda Cameron, Administrative Analyst

#### Distribution:

City Council (7)  
Council Office copy - with attachments  
Director of Engineering  
Community Services Director  
Finance Director  
Housing Officer  
Admin Services Director



# Finance Committee Report

DATE: October 4, 2006

File : [Comm Binder](#)

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD SEPTEMBER 27, 2006**

<u>Committee present:</u> Chair Holcombe Mayor Gruendl Councilmember Bertagna	<u>Staff present:</u> City Manager Jones Assistant City Manager Burkland City Attorney Frank Finance Director Hennessy	Housing Officer McLaughlin Housing Officer Morgado Housing Specialist Sronce Administrative Analyst Cameron
--	--	--

## COMMITTEE MATTERS REQUIRING COUNCIL ACTION

**A. Request From Caminar For \$425,000 in Additional Financial Assistance for the Aveneda Apartments (aka Magnolia Gardens) Housing Project at 2505 Esplanade.** At its meeting of 11/02/04, the City Council approved a \$250,000 loan to Caminar for the Aveneda Apartments to be developed at 2505 Esplanade, the site of the old Esplanade House. Caminar had been applying for the \$425,000 in additional funding needed to complete its financial package from a private sector lender; however, the revenue estimates for the project are not sufficient to qualify for that loan. Therefore, Caminar requested that the Redevelopment Agency provide a loan of \$425,000 to complete the financing package. The Housing Officer recommended that the Agency provide Caminar with a loan in the amount of \$425,000 from the Low and Moderate Income Housing Fund, with the following conditions: (1) that 75% of the annual operating revenue from the project that exceeds its annual operating expenses be used to make payments on the Agency's loan; and (2) that the loan be structured to comply with all Community Redevelopment Law provisions. (Report - Dennis McLaughlin, Housing Officer)

Staff indicated that the loan would be outstanding for 55 years, with interest stopping at year 20, and the loan converting to a grant at year 55. Mayor Gruendl's motion to provide the loan as recommended by staff was seconded by Councilmember Bertagna.

***Recommendation:* The Committee recommended (3-0) providing Caminar with a loan in the amount of \$425,000 from the Low and Moderate Income Housing Fund, with the following conditions: (1) that 75% of the annual operating revenue from the project that exceeds its annual operating expenses be used to make payments on the Agency's loan; and (2) that the loan be structured to comply with all Community Redevelopment Law provisions.**

**B. Consideration of a Request for Financial Assistance in the Amount of \$1.8 Million from Stone Building Corporation for a 38-unit, Affordable Rental Housing Project - Bidwell Park Apartments.** Stone Building Corporation (SBC) had submitted a proposal to the Chico Redevelopment Agency for the development of a 38-unit, family-oriented affordable housing development, to be known as Bidwell Park Apartments, located at 1197 E. 8<sup>th</sup> Street. Proposed financing for the development is to come from a variety of public and private funding sources. The Housing Officer recommended that the Agency approve an allocation of \$1.8 million from the LMIHF for the proposed Bidwell Park Apartments project, predicated upon the project's ability to meet certain specified conditions as described in the staff report. A supplemental appropriation request will be included as part of the recommended action at the time the Redevelopment Agency considers the funding request. (Report - Sherry Morgado, Housing Officer) *Chair Holcombe was disqualified on this item.*

Randall and Gregg Stone, owners, SBC, addressed the Committee in support of this item.

Gregg Stone clarified that State and Federal relocation requirements will have to be met on this project and added that residents with a public relocation plan are generally happy with the benefits.

Staff indicated that SBC had two additional requests for the Committee: (1) that the Agency provide a pre-development loan to share in the cost of pre-development costs (property appraisal, preparation of working drawings, hiring a 3rd party relocation consultant). The estimated Agency loan would be \$200,000; and (2) asked that if SBC is unsuccessful in applying for tax credits, SBC be given the option to pay off the Agency loan and keep the property.

Housing Officer McLaughlin acknowledged that if the project does not qualify for tax credits for subsidized affordable housing, the Agency would not want to retain the property. He added that if the project is able to move forward, the Agency would receive the \$200,000 back when the pre-development loan is rolled into the permanent Agency financing. However, if the Agency provides the pre-development loan and the project cannot move forward (due to inability to obtain City entitlements or tax credit financing), there would be no means to secure the loan and the Agency could lose that money.

Mayor Gruendl made a motion to approve an allocation of \$1.8 million from the LMIHF for the proposed Bidwell Park Apartments project, predicated upon the project's ability to meet certain specified conditions as described in the staff report. No recommendation was made on SBC's request for \$200,000 in pre-development dollars or their intention to "buy-back" the property from the Agency if the project does not qualify for tax credits. He asked for additional information on these two requests when this item is forwarded to Council. Councilmember Bertagna seconded the motion.

***Recommendation: The Committee recommended (2-0, Holcombe disqualified) approval of an allocation of \$1.8 million from the LMIHF for the proposed Bidwell Park Apartments project, predicated upon the project's ability to meet certain specified conditions as described in the staff report. No recommendation was made on SBC's request for \$200,000 in pre-development dollars or their intention to "buy-back" the property from the Agency if the project does not qualify for tax credits. Staff was directed to provide additional information on the two requests when this item is forwarded to Council.***

#### **COMMITTEE MATTERS NOT REQUIRING COUNCIL ACTION**

- C. **Removal of the Residency Requirement from the Mortgage Subsidy Program (MSP).** The MSP has included a residency requirement since its inception in 1992, which requires that applicants must have lived in the City's Sphere of Influence continuously for the past 12 months prior to applying for assistance. The City Attorney's office has advised the Housing staff that the courts have invalidated residency requirements as a condition to receive public benefits. The Housing Officer recommended that City of Chico Administrative Procedure and Policy No. 27-10, entitled "Mortgage Subsidy Program", be revised to strike Section II.A.3.e, which requires that program applicants must have been a resident of the City's Sphere of Influence for at least the last twelve months prior to applying for assistance. (Report - Sherry Morgado, Housing Officer)

Staff noted that there have been two instances since the inception of the program where the residency requirement had been asked to be waived. Mayor Gruendl stated the only problem he could foresee is if the City gets to the point that it has more applications for mortgage subsidy than it can fund. He added the City might try reducing the requirement from 12 months to 6 months. City Attorney Frank said if the legal advice is correct, as a matter of law we can't make a distinction between 12 and 6 months. City Attorney Frank suggested continuing this item to the next meeting for clarification of the legalities.

***Recommendation: The Committee agreed (3-0) to continue this item to the next Finance Committee meeting for clarification of the legalities on this issue.***

- D. **Approval of Loan Application for Use of Federal Housing Investments Partnerships Program (HOME) Funds for Housing Rehabilitation Program Borrower Marsha Van Koevering – Property: 1482 Hawthorne Avenue.** Requests for housing rehabilitation program loans in excess of \$30,000 require Finance Committee review and approval. Ms. Van Koevering requested a loan of \$50,500 to perform rehabilitation to her home. The Housing Specialist recommended approval of a deferred payment loan of \$50,500 from the City's HOME-funded Housing Rehabilitation Program and a grant in the amount of \$1,050.00 to cover the cost of the lead-based paint assessment and safe work practices.

***Action: The Committee approved (3-0) a deferred payment loan of \$50,500 from the City's HOME-funded Housing Rehabilitation Program and a grant in the amount of \$1,050.00.***

- E. **Business From the Floor.** None.
- F. **Adjournment and Next Meeting.** The meeting adjourned at 9:00 a.m. The next meeting is scheduled for October 25, 2006, at 8:00 a.m. in Conference Room No. 1.

---

Lynda Cameron, Administrative Analyst

**Distribution:**

City Council (7)  
Council Office copy - with attachments  
Community Services Director  
Finance Director  
Housing Officer



# Finance Committee Report

DATE: January 2, 2007

File : [Comm Binder](#)

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD DECEMBER 29, 2006**

<u>Committee present:</u> Chair Gruendl Mayor Holcombe Councilmember Nickell	<u>Staff present:</u> City Manager Jones Assistant City Manager Burkland Assistant City Attorney Barker	Housing Specialist Sronce Administrative Analyst Cameron
---	--	---

## **COMMITTEE MATTERS NOT REQUIRING COUNCIL ACTION**

- A. Waiver of the Mortgage Subsidy Program Residency Requirement for Applicants Sara and David Martinez.** Sara and David Martinez had applied to the City's Mortgage Subsidy Program. They were denied because they did not meet the residency requirement. They requested that the Committee waive the residency requirement and that staff consider their application. The Housing Specialist recommended that the waiver not be granted. (Report - Robert Sronce, Housing Specialist)

Connie Wright, Sara Martinez and David Martinez addressed the Committee in support of waiving the residency requirements.

Housing Specialist Sronce indicated that the Finance Committee will be reviewing the mortgage subsidy program residency requirements at its January meeting with a recommendation from the Housing and Neighborhood Services Office to remove the requirement.

Mayor Holcombe's motion to waive the mortgage subsidy program residency requirement for Sara and David Martinez was seconded by Councilmember Nickell.

A friendly amendment was requested by Councilmember Gruendl specifying that this waiver was approved due to two mitigating factors: (1) the family has veteran's preference; and (2) the escrow closing of 18 other condominiums are contingent upon this loan being approved. The amendment was accepted.

***Action: The Committee approved (3-0) waiving the mortgage subsidy program residency requirement for Sara and David Martinez.***

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

- C. Adjournment and Next Meeting.** The meeting adjourned at 3:20 p.m. The next meeting is scheduled for January 24, 2007, at 8:00 a.m. in Conference Room No. 1.

Lynda Cameron, Administrative Analyst

Distribution:

City Council (7)  
Council Office copy - with attachments  
Housing and Neighborhood Services Director