

---

## FINANCE COMMITTEE REPORT

A Committee of the Chico City Council: Councilmembers Morgan, Stone and Chair Sorensen  
**Meeting of Wednesday, January 24, 2018 – 8:30 a.m. to 10:30 a.m.**  
Council Chamber Building, 421 Main Street, Conference Room 1

---

### REGULAR AGENDA

#### MONTHLY FINANCIAL REPORT

- A. Deputy Director - Finance Barbara Martin, presented the Monthly Financial Report and Budget Monitoring Reports through December 31, 2017. She addressed anomalies in the figures and pointed out that the City appears to be on target for budgeted revenues and expenditures.

#### VLF Revenue Discrepancy

Administrative Services Director Dowell provided an update on the discussion with Butte County and the State Controller's Office regarding the property tax in lieu of vehicle licensing fee revenue discrepancy that was brought to the City's attention in December. Director Dowell stated in December the City was notified that an Audit of County records by the State Controller's Office found an error in the original calculation of the base rate in 2004/2005. The error was compounded by improperly calculating growth rates with annexations which has resulted in an overpayment to the City of nearly 2 million dollars. Director Dowell stated that all three agencies are conducting an analysis and audit of the calculations to verify the accuracy. In the interim, Director Dowell has requested the longest timeframe possible to pay back any overpayment and is hopeful they will extend the payment period to five years. He stated that if the new calculations are found to be correct, this will have a double impact in that the annual rates will be reduced significantly and the revenue payment for the next few years will include the restitution amount. Director Dowell stated that if the current calculations are accurate the anticipated reduction of revenue is approximately \$300,000 in addition to the payment amount that is also approximately \$300,000 annually. Director Dowell stated that once the City's consulting firm has verified the analysis he will meet again with the State Controller's Office to discuss the time frame for payments.

#### Business Licenses

Director Dowell reported that the Finance Department will be engaging a consulting firm to assist in gaining compliance and capturing lost revenues with Business Licenses. Phase I will include making sure businesses are in compliance and Phase II will be updating the number of employees. He also reported they are still working on a process for capturing the TOT for Air B & Bs.

#### ONE Solution

Director Dowell provided an update on the ONE Solution conversion and stated that they anticipate going live with the system in early April. He stated that the functionality of the system is a huge improvement and they will continue to add enhancements as staff becomes familiar with the system.

#### Budget Process

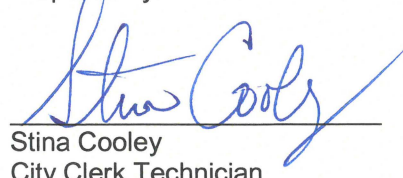
Director Dowell announced that the budget process is getting underway and there will be a Community Budget Workshop held on March 8<sup>th</sup> from 10 AM to Noon to inform the public about the budgeting process.

Addressing the Committee on this item was Stephanie Taber.

- B. **BUSINESS FROM THE FLOOR – None.**
- C. **ADJOURNMENT AND NEXT MEETING**

The meeting was adjourned at 9:00 a.m. to the next regular Finance Committee meeting on February 28, 2018 at 8:30 a.m. in Conference Room No. 1.

Prepared by:

A handwritten signature in blue ink, reading "Stina Cooley", is written over a horizontal line. The signature is fluid and cursive, with a long, sweeping tail on the "y".

---

Stina Cooley  
City Clerk Technician

---

## FINANCE COMMITTEE REPORT

A Committee of the Chico City Council: Councilmembers Morgan, Stone and Chair Sorensen  
**Meeting of Wednesday, February 28, 2018 – 8:30 a.m. to 10:30 a.m.**  
Old Municipal Building, 441 Main Street, Big Room

---

### REGULAR AGENDA

*It is noted for the record that Mayor Morgan was absent and Councilmember Coolidge attended in his absence.*

#### A. **COST ALLOCATION PLAN (CAP)**

The City engaged Wohlford Consulting to complete a "Full Cost" Allocation Plan (CAP). The purpose of a CAP is to accurately, fairly, and reasonably distribute the City's central administrative costs to the operating departments in the City. Mr. Chad Wohlford presented the CAP and highlighted the process including a review of the principles, methodology and techniques used in developing the CAP. **(Report – Chad Wohlford, Wohlford Consulting)**

Administrative Services Director Dowell introduced Chad Wohlford, Wohlford Consulting, to provide the Committee with an overview of the Cost Allocation Plan (CAP).

Mr. Wohlford addressed the Committee and provided an overview of the CAP. He explained that there were two CAPs prepared, the Full Cost Plan and the Federal Plan. Mr. Wohlford explained the differences and further stated that each Plan is used for different purposes. The CAP presented at the meeting is the Full Cost Plan and the Federal Plan will be presented at a future meeting. Mr. Wohlford briefly discussed the methodology used to calculate the numbers and the types of information that can be extracted from the report.

Addressing the Committee on this item was Juanita Sumner.

A motion was made by Councilmember Stone and seconded by Councilmember Coolidge to accept the Cost Allocation Plan and forward it to the full Council.  
The motion carried 3-0.

#### B. **MONTHLY FINANCIAL REPORT**

The Deputy Director - Finance presented the Monthly Financial Report and Budget Monitoring Reports through January 31, 2018. **(Report – Barbara Martin, Deputy Director – Finance)**

Deputy Director Martin presented the Financial Report and Budget Monitoring Reports through January 31, 2018.

Administrative Services Director Dowell provided the Committee with an update on the VLF calculation error and the status of the discussions with the County. Director Dowell stated that staff had just received the calculations requested, and were reviewing the numbers now. He further stated he requested an agreement in writing regarding the terms of the payback of miscalculated funds but the County is resistant to provide a written document. Director Dowell stated that the City has received their first allocation from the VLF since the discovery of the error, and the amount was approximately \$400,000 less than received in the past (\$300,000 for the payback amount and \$100,000 less revenue due to the new calculations).

Director Dowell reported that the Administrative Services Department has been reviewing their projections and staff believes the City will be facing some fiscal challenges in the next five years. He stated that staff will be presenting some options to help the City to prepare for some of those challenges to reduce the impact.




Assistant City Manager Constantin provided an example of some large equipment investments that will be necessary such as a new radio system and equipment for safety personnel to replace the aging equipment that is currently in use.

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

D. **ADJOURNMENT AND NEXT MEETING**

The meeting was adjourned at 9:17 a.m. to the next regular Finance Committee meeting on March 28, 2018 at 8:30 a.m. in Conference Room No. 1.

Prepared by:

  
\_\_\_\_\_  
Stina Cooley  
City Clerk Technician

---

## FINANCE COMMITTEE REPORT

A Committee of the Chico City Council: Councilmembers Morgan, Stone and Chair Sorensen  
**Meeting of Wednesday, March 28, 2018 – 8:30 a.m. to 10:30 a.m.**  
Old Municipal Building, 441 Main Street, Big Room

---

### REGULAR AGENDA

A. **2018-19 DRAFT ANNUAL ACTION PLAN BUDGET 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 Action Plan (AAP) to HUD describing the City's plan for using these funds in the upcoming year. **(Report—Marie Demers, Housing Manager)**

Housing Manager Demers reported that the City has not received the exact amount of funds the City will be awarded. Staff anticipates receiving the figure prior to the Public Hearing on May 1, 2018. Ms. Demers provided a review of the various projects and housing assistance that are budgeted in the upcoming year.

Addressing the Committee on this item was Stephanie Taber.

There was a consensus of the Finance Committee to accept the 2018-2019 Draft AAP budget summary.

B. **FIVE-YEAR PROJECTION UPDATE**

Staff presented an updated five-year projection of revenues and expenses for the General and Park Funds (Funds 001 and 002). **(Report – Scott Dowell, Administrative Services Director)**

Director Dowell reported that in looking into the future, there are some red lights. Growth is being projected for the next two years, then a year of slow growth followed by a possible recession. Sales and property taxes are both doing well, however the error by Butte County in calculating vehicle license fees will result in the City having to pay back \$1.5 million over 5 years. CalPERS liability is expected to increase significantly in five years. Staff is researching the possibility of creating a pension trust, which would allow different investments than the general funds can be used for, and with a better rate of return.

Director Dowell stated that the City will need additional revenue sources in the near future. Several options were noted, including an increase in sales tax, changes to the municipal code, increasing the Transient Occupancy Tax, modifying the Business License Fee to include a cost of living adjustment, parcel tax, soda tax, traffic light cameras, and water franchise fee. Director Dowell reiterated that these are potential sources, not necessarily any of which will be brought forward without further direction from Council.

The Committee praised staff for the work on the five-year budget projection, stating it's the best one that's been brought forward in recent years. Even though it may not be well liked, it's realistic and well thought out.

Addressing the Committee on this item was BT Chapman.

**C. MONTHLY FINANCIAL REPORT**

The Deputy Director - Finance presented the Monthly Financial Report and Budget Monitoring Reports through February 28, 2018. (**Report – Barbara Martin, Deputy Director – Finance**)

Deputy Director Martin reported that the Department Directors are doing great keeping expenditures within their budgets.

**D. BUSINESS FROM THE FLOOR – None.**

**E. ADJOURNMENT AND NEXT MEETING**

The meeting adjourned at 9:20 a.m. to the next regular Finance Committee meeting on April 25, 2018 at 8:30 a.m. in Conference Room 1 at 421 Main St.

Prepared by:



Dani M. Rogers, CMC  
Deputy City Clerk

---

## FINANCE COMMITTEE REPORT

A Committee of the Chico City Council: Councilmembers Morgan, Stone and Chair Sorensen  
**Meeting of Wednesday, April 25, 2018 – 8:30 a.m. to 10:30 a.m.**  
Council Chamber Building, Conference Room 1, 421 Main Street, Chico

---

### REGULAR AGENDA

#### A. MONTHLY FINANCIAL REPORTS

The Deputy Director - Finance presented the Monthly Financial Report and Budget Monitoring Reports through March 31, 2018. (*Report – Barbara Martin, Deputy Director – Finance*)

#### B. BUSINESS FROM THE FLOOR - None

#### C. ADJOURNMENT AND NEXT MEETING

The meeting adjourned at 9:05 a.m. to the next regular Finance Committee meeting on May 23, 2018 at 8:30 a.m. in Conference Room 1 at 421 Main St.

Prepared by:



---

Dani M. Rogers, CMC  
Deputy City Clerk



---

## FINANCE COMMITTEE REPORT

A Committee of the Chico City Council: Councilmembers Morgan, Stone and Chair Sorensen  
**Meeting of Wednesday, May 23, 2018 – 8:30 a.m. to 10:30 a.m.**  
Council Chamber Building, Conference Room 1, 421 Main Street, Chico

---

### REGULAR AGENDA

*It is noted for the record that Chair Sorensen was absent and Mayor Morgan Chaired the meeting.*

#### A. INVESTMENTS OVERVIEW AND STRATEGY PRESENTATION

Staff provided an overview of the City's current investment policy and cash management strategies. A presentation from John Williams from Wells Fargo Securities was made regarding potential investment strategies available to the City of Chico. **(Report - Scott Dowell, Administrative Services Director)**

#### B. SECTION 115 PENSION STABILIZATION TRUST PRESENTATION

A presentation by Keenan & Associates was made regarding the advantages of utilizing an Internal Revenue Code Section 115 Pension Stabilization Trust. **(Report - Scott Dowell, Administrative Services Director)**

#### C. MONTHLY FINANCIAL REPORTS

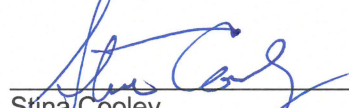
The Deputy Director - Finance presented the Monthly Financial Report and Budget Monitoring Reports through April 30, 2018. **(Report – Barbara Martin, Deputy Director – Finance)**

#### D. BUSINESS FROM THE FLOOR - None

#### E. ADJOURNMENT AND NEXT MEETING

The meeting was adjourned at 9:30 a.m. to the next regular Finance Committee meeting on June 27, 2018 at 8:30 a.m. in Conference Room 1 at 421 Main St.

Prepared by:

  
\_\_\_\_\_  
Stina Cooley  
City Clerk Technician



---

## FINANCE COMMITTEE AGENDA REPORT

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

**Meeting of Wednesday, June 27, 2018 – 8:30 a.m. to 10:30 a.m.**

**Council Chamber Building, Conference Room 1, 421 Main Street, Chico**

---

### REGULAR AGENDA

#### A. MONTHLY FINANCIAL REPORTS

The Deputy Director - Finance presented the Monthly Financial Report and Budget Monitoring Reports through May 31, 2018. (*Report – Barbara Martin, Deputy Director – Finance*)

#### B. BUSINESS FROM THE FLOOR – None.

#### C. ADJOURNMENT AND NEXT MEETING

The meeting adjourned at 9:15 a.m. to the next regular Finance Committee meeting on August 22, 2018 at 8:30 a.m. in Conference Room 1 at 421 Main St.

Prepared by:



Dani M. Rogers, Deputy City Clerk

---

## FINANCE COMMITTEE AGENDA REPORT

A Committee of the Chico City Council: Councilmembers Morgan, Stone and Chair Sorensen  
**Meeting of Wednesday, September 26, 2018 – 8:30 a.m. to 10:30 a.m.**  
Council Chamber Building, Conference Room 1, 421 Main Street, Chico

---

### REGULAR AGENDA

#### A. BONDS FOR PUBLIC INFRASTRUCTURE

On June 19, 2018, the City Council directed City staff to present information related to bond financing for public infrastructure, specifically streets. This report presented background information regarding bonds, information regarding City of Chico street condition and maintenance, and other considerations. **(Report – Chris Constantin, Assistant City Manager)**

Assistant City Manager Constantin presented a PowerPoint on the state of existing roadways and various types of bonds, including assessment bonds, general obligations bonds, revenue bonds, Mello-Roos bonds, and sales tax bonds.

Addressing the Committee on this item were Juanita Sumner, Mark Francis, Stephanie Taber, Jolene Francis.

A motion was made by Morgan and seconded by Stone to forward a recommendation to Council to hire a consultant to do a survey of financing mechanisms and determine how to move forward.

The motion carried 3-0.

#### B. DEPARTMENT COST REDUCTION OPTIONS

During the 2018-19 budget discussion, Staff was directed to provide options to deal with potential budget shortfalls due to increasing costs including the CalPERS unfunded liability payments. The City Manager has worked with every department to summarize potential expenditure and service reductions should the future budget shortfalls materialize. **(Report – Scott Dowell, Administrative Services Director)**

Director Dowell provided an overview of potential cost reductions by Department in the event revenues decrease.

#### C. MONTHLY FINANCIAL REPORTS

The Deputy Director - Finance presented the Monthly Financial Report and Budget Monitoring Reports through June 30, 2018. **(Report – Barbara Martin, Deputy Director – Finance)**

#### D. MONTHLY FINANCIAL REPORTS

The Deputy Director - Finance presented the Monthly Financial Report and Budget Monitoring Reports through August 31, 2018. **(Report – Barbara Martin, Deputy Director – Finance)**

#### E. BUSINESS FROM THE FLOOR – None.

#### F. ADJOURNMENT AND NEXT MEETING

The meeting adjourned at 10:04 a.m. to the next regular Finance Committee meeting on October 24, 2018 at 8:30 a.m. in Conference Room 1 at 421 Main St.

Prepared by:

  
Dani M. Rogers, Deputy City Clerk



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

## CITY OF CHICO FINANCE COMMITTEE

---

### NOTICE OF CANCELLATION OF MEETING

The Finance Committee meeting scheduled for  
October 24, 2018 has been cancelled.

The next meeting of the Finance Committee is scheduled for  
Wednesday, November 28, 2018 at 8:30 a.m. in **Conference  
Room 1**, unless otherwise noted.

Posted: 10/18/18

By: \_\_\_\_\_/s/\_\_\_\_\_  
Dani Rogers, Deputy City Clerk





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

## CITY OF CHICO FINANCE COMMITTEE

---

### NOTICE OF CANCELLATION OF MEETING

The Finance Committee meeting scheduled for  
November 28, 2018 has been cancelled.

The next meeting of the Finance Committee will be  
announced at a later date.

Posted: 11/15/18

By: \_\_\_\_\_/s/\_\_\_\_\_  
Dani Rogers, Deputy City Clerk