
FINANCE COMMITTEE REPORT – Regular Meeting

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

Meeting of Wednesday, January 22, 2020 – 8:30 a.m. to 10:30 a.m.

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

The meeting was called to order at 8:32 a.m. with Councilmember Schwab and Mayor Stone present, Councilmember Moran was absent.

REGULAR AGENDA

A. APPOINTMENT OF AD HOC CITIZEN'S ADVISORY COMMITTEE MEMBERS for the Purposes of Reviewing and Recommending Community Development Block Grant (CDBG) Public Services Applications

Housing Manager Demers presented a verbal report summarizing the history of the Ad Hoc Citizen's Advisory Committee and their function. She stated that the Committee must have at least five members, with a maximum of seven members. Ms. Demers reported that the Committee currently needed two appointments and recommended the Committee appoint Yvonne McQuaid and Wendy Phillips to the Committee.

A motion was made by Councilmember Schwab and seconded by Mayor Stone to appoint Yvonne McQuaid and Wendy Phillips to the Ad Hoc Citizen's Advisory Committee.

The motion carried 2-0-1 (Morgan Absent).

B. MONTHLY FINANCIAL REPORTS

Deputy Director Martin reviewed the Monthly Monitoring Reports.

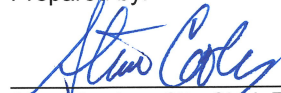
Accounting Manager Kathryn Mathes noted that sales tax revenues were trending higher than anticipated.

C. BUSINESS FROM THE FLOOR – None

D. ADJOURNMENT AND NEXT MEETING

The meeting adjourned at 8:58 a.m. to the next regular Finance Committee Meeting on February 26, 2020 at 8:30 a.m. in Conference Room 1 at 421 Main St.

Prepared by:



Stina Cooley, City Clerk Technician

FINANCE COMMITTEE REPORT – Regular Meeting

A Committee of the Chico City Council: Councilmembers Morgan, Schwab, and Chair Stone
Meeting of Wednesday, February 26, 2020 – 8:30 a.m. to 10:30 a.m.
Council Chamber Building, Conference Room 1, 421 Main Street, Chico

The meeting was called to order at 8:30 a.m. with Committee members present.

REGULAR AGENDA

A. ASSIGNMENT OF NEW AUDITING FIRM

Accounting Manager Kathryn Mathes provided a brief verbal report and answered Committee questions.

Jeff Peek, Sr. Manager of Clifton Larson Allen LLP (CLA) provided a brief synopsis of the firm's experience and answered questions.

Councilmember Schwab request more detailed information regarding the selection process be included in the presentation to Council.

Administrative Services Director Dowell stated that there was a three-person committee that reviewed the proposals using a scoring system, narrowed the firms down to two, the lowest bid and CLA. The process continued with phone interviews, references and peer review. The lowest bidding firm did not score as well in their peer review and did not have the experience in auditing a city as large as Chico. CLA guarantees that an experienced member of their staff will be onsite at all times during the audit process, which is paramount to a smooth process. Mr. Dowell stated that no local firms turned in a bid.

A motion was made by Councilmember Schwab and seconded by Councilmember Morgan to recommend to Council to contract with Clifton Larson Allen, LLP for auditing services.

The motion carried 3-0.

B. MONTHLY FINANCIAL REPORTS

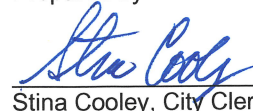
Deputy Director Martin reviewed the Monthly Monitoring Reports. She stated that the City is approaching the limit on LAIF investments so they will begin researching other investment opportunities.

C. BUSINESS FROM THE FLOOR – None

D. ADJOURNMENT AND NEXT MEETING

The meeting adjourned at 8:57 a.m. to the next regular Finance Committee Meeting on March 24, 2020 at 8:30 a.m. in Conference Room 1 at 421 Main St.

Prepared by:



Stina Cooley, City Clerk Technician

FINANCE COMMITTEE REPORT – Special Meeting

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

Meeting of Wednesday, April 22, 2020 – 8:30 a.m. to 10:30 a.m.

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

This meeting was held remotely, using WebEx. A link to join the meeting was sent to all recipients of the Finance Committee Agenda Email Group and posted on the City's website.

REGULAR AGENDA

A. FEE SCHEDULE UPDATE

In accordance with Budget Policy E.5, changes in the City's Fee Schedule are brought to Council annually and incorporated into the budget approval process each year. The City Fee Schedule is adjusted annually by one of three methods: 1) new fees requested by departments; 2) fees subject to public hearing that are adjusted annually by applying specific municipal code automatic inflators; and 3) fees the City manager is authorized to adjust annually under the municipal code by applying cost of living adjustment inflators. These fees were not presented here. **(Report – Kathryn Mathes, Accounting Manager)**

Accounting Manager Mathes referred to the staff report for the proposed fees.

A motion was made by Mayor Schwab and seconded by Councilmember Morgan to forward a recommendation to Council to approve the new fees requested by departments and the changes to existing fees, requiring a public hearing.

The motion carried 3-0.

B. MONTHLY FINANCIAL REPORTS

The Deputy Director - Finance will present the Monthly Financial Report and Budget Monitoring Reports through March 31, 2020. **(Report – Barbara Martin, Deputy Director – Finance)**

Deputy Director Martin reviewed the Monthly Monitoring Reports.

Deputy Director Martin also reviewed the Cash Flow Report, using new projections for the next 6 months based upon what staff thinks revenues will be. At the end of February 2020, the City was looking at \$138 million at the end of September 2020. In looking at the current situation due to COVID 19, at the end of March 2020, staff is now projecting that City will have cash flow of about \$129 million at the end of September 2020. This is still more than the City has had on hand in the past.

In reviewing the Investment Report, the current yield on investments is going down compared to the previous month. The City invests a lot in Certificates of Deposit (CDs) and there has been an enormous sell off of the CDs. The City has purchased more CDs but with lower yields.

C. ADMINISTRATIVE SERVICES DIRECTOR – Verbal Report

Administrative Services Director Dowell reported that things were looking great, revenues were projected to be significantly higher, and the City was doing well. Some revenues were based on the Camp Fire, but as things continued to unfold, the projections were holding steady. Staff created the 20-21 Draft Proposed Budget based upon those revenue projections. COVID 19 hit with the Governor issuing the stay at home orders and now everything has changed.

There is almost \$9 million decrease in September projections for cash flow. Cash flow is the highest it's been in 15 years. In the 19-20 Modified Adopted Budget, the projections pre COVID 19 were \$62.9 million, and post COVID 19, the City is looking at \$59.8 million in General Fund revenues.

The TOT revenue for last year was \$3 million. The projected is \$2.4 million and post COVID 19, it is \$2.5 million. TOT revenue for Chico is doing better than other organizations.

Sales tax revenue was projected at \$25.7 million, with it now projected at \$23.3 million post COVID 19. The Modified Adopted Budget is \$22.6 million. Property tax projections are still on target.

The Governor has said that businesses that have sales tax due under \$1 million, it can be deferred until July. Only huge corporations will be paying before then. There is also another deferral of sales tax for small business. They can defer for up to 12 months. This is for the first quarter sales tax due. Staff doesn't know yet for the 2nd quarter. Staff is reducing the numbers and going down from what was projected. Staff still projects that the City will be \$2.2 million ahead. It is still reflecting a decrease from the high pre COVID 19.

Councilmember Morgan clarified that the \$2.2 million ahead means through July.

Director Dowell stated the Proposed Draft Budget for 20-21 was drafted based upon pre COVID 19 projections. There is now a reduction of \$7.2 million in revenues from FY 19-20 and the proposed 20-21 Budget.

Director Dowell provided the following phased approaches for the Finance Committee to consider:

Phase 1

- Delay new capital or one-time expenditures for 6 months until 1/1/21
- Delay General Fund transfers to emergency reserves
- Delay or eliminate new recruitments
- Defer CalPERS UAL payment in July and pay by month (will cost \$328,661 in interest)
- Delay or remove General Fund transfers to Private Development Fund for 1 year
- Close City Hall operations – close one day per week
- Furloughs (continued health benefits)
- Hiring freeze
- Section 115 pension stabilization trust
- Grant opportunities

Phase 2

- Initiation financial emergency budget policy
- Suspend minimum staffing limits
- Negotiate temporary salary reductions
- Institute department wide reductions
- Layoffs

Phase 3

- Discontinue waste hauler franchise fees to roads
- Freeze capital projects
- Discontinue funding for arts commission projects

Councilmember Morgan stated it would have been good to have this information prior to last night's Council meeting.

Director Dowell stated that we are at least looking at Phase 1. Staff is delaying the Draft Proposed Budget to see if the stay home order continues.

Mayor Schwab asked when the City will start with Phase 1. Even if doors open May 1st, the City is going to be in areas.

Director Dowell reported that cash flow is very healthy. Years ago, when City was in trouble, there wasn't an emphasis on cash flow. If the City can get through this with an \$8 million hit, the City will have dodged a bullet.

Mayor Schwab stated that we have to look at expenses, and only spend on necessities, not extras.

Councilmember Morgan stated with an \$8 million decrease in revenues, moving into Phase 1 immediately seems appropriate. We can always pull back if things turn around.

Chair Stone also stated we are at least looking at Phase 1. This is economic devastation. We will make it through this fiscal year, but unsure of the future. It does not matter when the City opens or when California opens up. This crisis is throughout the world. It is a financial emergency.

Assistant City Manager Constantin stated one of the areas he's been focusing on, is minimizing business impact. The City is not telling non-essential businesses to close or else, but to be smart with social distancing and to protect others. The City is in a strong cash position. But longer term, we have to assume everything will be different. Of the top 38 sales tax generators, the top 10 produce 50% of sales tax revenue. Some are doing very well. Others have seen up to 70% reductions.

City Manager Orme stated the City has come back before and we have rebuilt this organization from the ground up. It is a very delicate situation, with many questions. What is the first piece going to be? What will furloughs look like? We can't emotionally respond. We do understand the severity of what is going on around us. We can make prudent decisions based on what is happening and implement phases. It has to be strategic and precise. The community will suffer the consequences. We will have to stop providing certain functions.

Chair Stone thanked the entire team for being a beacon for Chico to respond to this and taking command of this situation. We will be in a better position than many other jurisdictions.

Councilmember Morgan stated the loss the City is facing needs to be brought to the entire Council so the Council can fully understand. It should have already been done.

City Manager Orme stated a presentation on the projected losses and the 3 phases will be brought forward at the May 5, 2020 Council Meeting.

D. ADJOURNMENT AND NEXT MEETING

The meeting adjourned at 9:38 a.m. to the next regular Finance Committee Meeting on May 27, 2020 at 8:30 a.m. in Conference Room 1 at 421 Main St. if the shelter in place order has been lifted or by WebEx.

Prepared by:


Dani M. Rogers, Deputy City Clerk

FINANCE COMMITTEE REPORT – Regular Meeting

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

Meeting of Wednesday, May 27, 2020 – 8:30 a.m. to 10:30 a.m.

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

This meeting was held remotely, using WebEx. A link to join the meeting was sent to all recipients of the Finance Committee Agenda Email Group and posted on the City's website.

REGULAR AGENDA

A. INVESTMENT POLICY REVIEW

The City's existing Investment Policy was last updated in 2008. A proposed updated Investment Policy has been created to comply with the State of California Government Code. Administrative Services Director Scott Dowell provided a report outlining the proposed changes.

A motion was made by Councilmember Morgan and seconded by Mayor Schwab to recommend that the City Council approve the policy changes during the budget process.

The motion carried 3-0.

B. MONTHLY FINANCIAL REPORTS

The Deputy Director - Finance Barbara Martin presented the Monthly Financial Report and Budget Monitoring Reports through April 30, 2020.

C. ADMINISTRATIVE SERVICES DIRECTOR

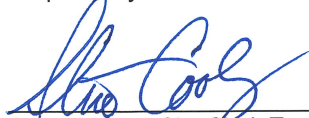
Administrative Services Director Scott Dowell provided a verbal report regarding the financial status of the City including projected revenues and budget concerns.

D. BUSINESS FROM THE FLOOR – None

E. ADJOURNMENT AND NEXT MEETING

The meeting adjourned at 9:02 a.m. to the next regular Finance Committee Meeting on June 24, 2020 at 8:30 a.m. in Conference Room 1 at 421 Main St. if the shelter in place order has been lifted or by WebEx.

Prepared by:



Stiha Cooley, City Clerk Technician

FINANCE COMMITTEE REPORT – Regular Meeting

A Committee of the Chico City Council: Councilmembers Morgan, Schwab, and Chair Stone
Meeting of Wednesday, September 23, 2020 – 8:30 a.m. to 10:30 a.m.
Via WebEx

This meeting was held remotely, using WebEx. A link to join the meeting was sent to all recipients of the Finance Committee Agenda Email Group and posted on the City's website.

REGULAR AGENDA

A. CALPERS PENSION COSTS AND UAL RESTRUCTURING PRESENTATION

Administrative Services Director Dowell and Municipal Advisor (NHA Advisors) provided a presentation regarding the City's most recent actuarial report released by CalPERS this past July and provided a discussion on alternative repayment strategies, including a restructuring of the UAL.

A motion was made by Councilmember Morgan and seconded by Mayor Schwab to recommend that a more detailed presentation be scheduled at a future Council meeting.

The motion carried 2-1.

B. MONTHLY FINANCIAL REPORTS

The Deputy Director - Finance Barbara Martin presented the Monthly Financial Report and Budget Monitoring Reports through June 30, 2020.

C. ADMINISTRATIVE SERVICES DIRECTOR

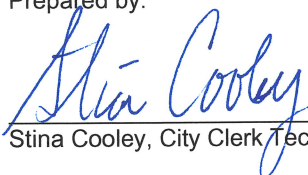
Administrative Services Director Scott Dowell provided a verbal report regarding the financial status of the City including projected revenues and budget concerns.

D. BUSINESS FROM THE FLOOR – None

E. ADJOURNMENT AND NEXT MEETING

The meeting adjourned at 10:28 a.m. to the next regular Finance Committee Meeting on January 27, 2021 at 8:30 a.m. in Conference Room 1 at 421 Main St. if the shelter in place order has been lifted or by WebEx.

Prepared by:



Stina Cooley, City Clerk Technician