



Finance Committee Report

DATE: February 19, 2009

File : [Comm Binder](#)

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD JANUARY 27, 2009**

Committee present: Chair Gruendl Councilmember Wahl Councilmember Flynn - absent	Staff present: City Manager Burkland Assistant City Manager Rucker City Attorney Barker Finance Director Hennessy	Housing & Neighborhood Serv. Dir. Morgado Administrative Services Director Pierce Housing Manager Coles Administrative Analyst Cameron
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COMMITTEE MATTERS REQUIRING COUNCIL ACTION

- A. **Authorization to Enter into a Low and Moderate Income Housing Fund (LMIHF) Grant Agreement with Habitat for Humanity.** Habitat for Humanity (Habitat) requested \$480,000 from the Chico Redevelopment Agency (Agency) to complete the 16th Street Project and all associated site improvements. On 2/18/03, the City Council authorized a \$132,000 HOME grant agreement with Habitat to purchase a vacant 1.35-acre property on 16th Street and pay preliminary design and engineering costs necessary to develop a new eight-home subdivision for low-income homebuyers. In June 2007, the City completed street reconstruction on 19th Street between C and D Streets, and construction of a new D Street connecting 19th and 16th Streets, including new storm drain and sewer infrastructure. These infrastructure improvements, funded by County and City Community Development Block Grants, will serve the Habitat 16th Street Project. The LMIHF Grant will facilitate completion of the eight-home subdivision, pocket park, new sidewalk, curb, gutter and alley. The Housing and Neighborhood Services Director recommended that the Finance Committee recommend Agency authorization for the Executive Director to enter into a \$480,000 LMIHF grant agreement with Habitat to complete the 16th Street Project. **(Report - James Coles, Housing Manager)**

Dave Wallace and Stephanie Taber addressed the Committee on this item. Darlene Giampaoli, Executive Director, Habitat for Humanity, explained to the Committee that homes are sold based on construction costs or an income analysis, whichever is the lesser of the two, including a \$1,000 closing cost deposit. She added that homes are built with sweat equity construction adding that volunteer labor cannot be included in the cost formula.

In response to the maintenance of the open space, staff indicated that it would be maintained through a maintenance district if the property owners do not agree to adopt the public space with a "covenant and care" on the property. The maintenance district would be formed before the property was sold, but the assessment would not be collected on the tax roll as long as the property was maintained.

Councilmember Wahl made a motion to approve authorization for the Agency's Executive Director to enter into a \$480,000 LMIHF grant agreement with Habitat for Humanity to complete the 16th Street Project and an amendment to the HOME agreement to make it consistent with the grant agreement. Chair Gruendl seconded the motion.

Recommendation – The Committee approved (2-0-1, Flynn absent) authorization for the Agency's Executive Director to enter into a \$480,000 LMIHF grant agreement with Habitat for Humanity to complete the 16th Street Project and an amendment to the HOME agreement to make it consistent with the grant agreement.

B. **Business From the Floor.**

Stephanie Taber addressed the Committee regarding how to place items on the agenda. Chair Gruendl indicated items are either recommended by the Council or staff.

Ms. Taber addressed numerous questions regarding the City's current procedures on reporting salaries, reporting out negotiated contracts, health plan costs, timing of quarterly budget reports, etc. Finance Director Hennessy responded on behalf of the City.

Cynthia VanAuken asked about the Police Department section on the City's website. She indicated that the staffing numbers differ from the actual number of budgeted positions. She added that there was also an issue with the Airport position and the salary dedicated to that position.

C. **Adjournment and Next Meeting.** The meeting adjourned at 9:15 a.m. The next meeting is scheduled for February 24, 2009, at 8:00 a.m. in Conference Room No. 1.

Lynda Cameron, Administrative Analyst

Distribution:

City Council (7); Council Office copy - with attachments; City Manager; Building & Development Services Director; Housing & Neighborhood Services Director; Finance Director; Admin Services Director



Finance Committee Report

DATE: February 25, 2009

File : [Comm Binder](#)

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD FEBRUARY 24, 2009**

<p><u>Committee present:</u> Chair Gruendl Councilmember Flynn -arrived at 8:05 a.m. Councilmember Wahl</p>	<p><u>Staff present:</u> City Manager Burkland Assistant City Manager Rucker Assistant City Attorney Wilson Finance Director Hennessy</p>	<p>Housing & Neighborhood Serv. Dir. Morgado Administrative Services Director Pierce Housing Manager Coles Administrative Analyst Cameron</p>
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COMMITTEE MATTERS NOT REQUIRING COUNCIL ACTION

A. **Housing Rehabilitation Grant - Request to Exceed \$10,000 Limit.** The Housing and Neighborhood Services Department was contacted by Rosemary Long regarding potential housing rehabilitation assistance due to damage done by a leaking roof at her disabled son's mobile home located at 286 Camino Norte. Based upon an initial inspection of the home, it appeared that the replacement of the roof, windows, sliding glass door, and wood siding on the east side of the home would provide sufficient assistance and reduce further structural damage to the house. However, when the contractor removed the damaged siding, significant damage was found within the subfloor. The contractor contacted City staff to reassess the project for approval of additional work to make the house safe for Mr. Long, resulting in the grant exceeding the \$10,000 limit. ***The Housing & Neighborhood Services Director recommended approval to increase the grant to Mr. Long by an amount not to exceed an additional \$5,000.***

Councilmember Wahl's motion to approve an increase (not to exceed an additional \$5,000) in the grant amount for Mr. Long was seconded by Chair Gruendl.

Action: The Committee approved (2-0-1, Flynn absent) a grant increase to Mr. Long for an amount not to exceed an additional \$5,000.

COMMITTEE MATTERS REQUIRING COUNCIL ACTION

B. **Revisions to Administrative Procedure and Policy (AP&P) No. 27-10 Mortgage Subsidy Program (MSP) to Establish a Procedure Regarding Requests from MSP Recipients to Rent Their Property.** One condition of receipt of a MSP Loan is that the homeowner occupy the property as their principal place of residence. The City has recently received requests from several MSP loan recipients to allow rental of their property because they no longer live in the home but cannot sell the home or refinance their existing primary mortgage due to the declining real estate market. City staff believes it is appropriate to establish a procedure to handle such requests at a staff level, which protects the City's investment and supports the program's goal of homeownership for low-moderate income households. The Housing and Neighborhood Services Director recommended that AP&P No. 27-10 be modified to provide a standardized policy and procedure, which if approved, would allow City staff to respond to requests from MSP recipients who no longer occupy the property as their principal place of residence. ***(Report - Sherry Morgado, Housing & Neighborhood Services Director)***

Councilmember Flynn arrived at 8:05 a.m.

Staff indicated the MSP loans are assumable to a buyer that is deemed MSP eligible, adding that Chico Association of Realtors has agreed to work with the borrower to market the home for sale during the one-year rental period. In prior years of economic downturn, past practice was to release the deed of trust to a short sale. In these instances every one of the loans defaulted.

Stephanie Taber addressed the Committee on this item.

Councilmember Wahl made a motion to forward the recommendation below to the Council. Councilmember Flynn seconded the motion but disagreed with the need for Finance Committee approval of requests for rental from MSP recipients. Chair Gruendl asked for a friendly amendment that if the Finance Committee misses a meeting, that staff be allowed to handle the request at the time, and the request would come forward at the next Finance Committee meeting. The amendment was accepted and the motion passed 2-1, with Flynn voting no. The four current requests for MSP recipients to rent their property will be brought forward at the March 24th Finance Committee meeting.

Recommendation: The Committee approved (2-1, Flynn voting no) changes to AP&P No. 27-10 to allow MSP recipients to rent their property with the following stipulations: (1) that all requests for rental come before the Finance Committee for approval; and (2) that the AP&P be reviewed in two years. In addition, if a rental request is received in a month where a Finance Committee meeting is canceled, that staff be allowed to handle the request at the time, and the request would come forward at the next scheduled Finance Committee meeting.

- C. **Revisions to Administrative Procedure and Policy (AP&P) Nos. 27-4 and 27-5 Housing Rehabilitation Program (HRP).** Federal HOME funds are used to operate the City's HRP. The U.S. Department of Housing and Urban Development administers HOME funds and enforces federal regulations to which they pertain. These requirements are not explicitly stated in the City's HRP AP&P Nos. 27-4 or 27-5. In addition, staff has recently received MSP borrower requests to allow lease of their property. Staff anticipates that the City will see an increase in these types of requests from HRP borrowers as home values fall. To handle these requests, staff recommends adopting a new policy which protects the City's investment. Finally, staff recommended that the threshold for loans requiring Finance Committee approval is increased from \$30,000 to \$50,000 to allow the Committee to focus on larger rehabilitation projects and program policy. The Housing and Neighborhood Services Director recommended that AP&P Nos. 27-4 and 27-5 be amended to: (1) require borrowers to be owners and principal occupants of the property receiving assistance; (2) require an estimated maximum after-rehabilitation value of 95% of the median area purchase price for single family housing; (3) establish a standardized procedure and policy which allows City staff to respond to requests from HRP recipients who no longer occupy the property as their principal place of residence; and (4) increase the threshold for loans requiring Finance Committee approval from \$30,000 to \$50,000. ***(Report - James Coles, Housing Manager)***

Staff indicated that it had been 13 years since the HRP threshold amount had been increased.

Stephanie Taber addressed the Committee on this item.

Councilmember Flynn made a motion to forward the recommendation below to the Council. Councilmember Wahl seconded the motion and asked for a friendly amendment that loans requiring Finance Committee approval remain at \$30,000. The amendment was not accepted. Chair Gruendl asked for a friendly amendment that staff prepare a quarterly report that summarizes the following: (1) identify which loans were requested; (2) location of property; (3) amount of loan; (4) time frame from application to approval; and (5) loan percent to value. The amendment was accepted and the motion passed 3-0.

Recommendation: The Committee recommended (3-0) amending AP&P Nos. 27-4 and 27-5 to: (1) require borrowers to be owners and principal occupants of the property receiving assistance; (2) require an estimated maximum after-rehabilitation value of 95% of the median area purchase price for single family housing; (3) establish a standardized procedure and policy which allows City staff to respond to requests from HRP recipients who no longer occupy the property as their principal place of residence; and (4) increase the threshold for loans requiring Finance Committee approval from \$30,000 to \$50,000. In addition staff was directed to prepare a quarterly report that summarizes the following: (1) identify which loans were requested; (2) location of property; (3) amount of loan; (4) time frame from application to approval; and (5) loan percent to value.

- D. **Business From the Floor.**

Bob Best addressed the Committee on the protocol for submitting questions regarding City finances. Staff responded that questions can be e-mailed to the City Manager and once answers become available, they will be posted on the City's website for greater outreach. Chair Gruendl indicated that the Finance Committee could schedule an evening meeting in April or May so that citizens could ask questions at the meeting.

Stephanie Taber addressed the Committee about the quarterly budget report and the City's use of consultants. Chair Gruendl stated that the Finance Committee could review the report after it goes to Council. The Committee could also schedule a question and answer session at the quarterly meetings.

Staff indicated that a monthly list of disbursements paid by the City is available in the Finance Office. Chair Gruendl requested that "transparency in outside consultants/contracts" be put on the agenda calendar for a future date and asked that Ms. Taber contact one of the Committeemembers to let them know what kind of information is being requested.

- E. **Adjournment and Next Meeting.** The meeting adjourned at 8:58 a.m. The next meeting is scheduled for March 24, 2009, at 8:00 a.m. in Conference Room No. 1.

Lynda Cameron, Administrative Analyst

Distribution:

City Council (7); Council Office copy - with attachments; City Manager; Building & Development Services Director; Housing & Neighborhood Services Director; Finance Director; Admin Services Director



Finance Committee Report

DATE: April 7, 2009

File : Comm Binder

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD MARCH 24, 2009**

<u>Committee present:</u> Chair Gruendl Councilmember Wahl Councilmember Flynn - absent	<u>Staff present:</u> City Manager Burkland Assistant City Manager Rucker City Attorney Barker Finance Director Hennessy Administrative Services Dir. Pierce	Hsg & Neighborhood Serv. Dir. Morgado Community Development Mgr. Carroll Accounting Manager Vidners Housing Manager Coles Administrative Analyst Cameron
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COMMITTEE MATTERS REQUIRING COUNCIL ACTION

- A. **Acceptance of the Community Organization Compliance Audit Report for FY 2007-08.** The Accounting Manager forwarded the Community Organization Compliance Audit report for Fiscal Year 2007-08 which presented the recommendations of staff based on review of audit findings of Nystrom & Co., LLC, Certified Public Accountants, retained by the City to review the organizations' compliance with the provisions of the community organization funding agreements. Copies of the agenda report were provided to all of the Community Organizations along with a notice of this meeting. ***The Accounting Manager and Community Development Manager recommended acceptance of staff recommendations and acceptance of the FY 07-08 audits.***

Councilmember Wahl made a motion to forward the following recommendation to the Council. The motion was seconded by Chair Gruendl. The motion passed 2-0-1, with Councilmember Flynn absent.

Recommendation: The Committee recommended (2-0-1, Flynn absent) acceptance of the Fiscal Year 2007-08 Community Organization Program compliance audits and staff's recommendations regarding additional remediation measures relating to the audit findings for VECTORS, Chico Cabaret and North Valley Parent Education Network.

COMMITTEE MATTERS NOT REQUIRING COUNCIL ACTION

- B. **Request from Aaron Staup to Rent his Property Purchased with the Assistance of the Mortgage Subsidy Program.** One of the conditions of receipt of a MSP Loan is that the homeowner occupy the property as their principal place of residence. The City received a request from Aaron Staup, who purchased a home located at 1382 Lucy Way with the assistance of the MSP, that his family be allowed to rent this home because they have purchased another home in Chico due to personal safety concerns at their Lucy Way property and the need for a larger house. The Housing and Neighborhood Services Director recommended approval of the request, subject to the conditions of amended City of Chico Administrative Procedure and Policy 27-10, III.F. and II. E. ***(Report - Sherry Morgado, Housing and Neighborhood Services Director)***

Councilmember Wahl made a motion to forward the following recommendation to the Council. The motion was seconded by Chair Gruendl. The motion passed 2-0-1, with Councilmember Flynn absent.

Action: The Committee approved (2-0-1, Flynn absent) the request from Mr. Staup that he be allowed to rent his home subject to the conditions of amended City of Chico Administrative Procedure and Policy 27-10, III.F. and II. E. The Committee also asked: (1) that staff provide bi-annual review (or as activity occurs) of approved MSP rental requests and (2) that staff research ways to make improvements to the MSP process so that the City isn't faced with these rental requests in the future.

- C. **Request from Joanna Faris to Rent her Property Purchased with the Assistance of the Mortgage Subsidy Program.** One of the conditions of receipt of a MSP Loan is that the homeowner occupy the property as their principal place of residence. The City received a request from Joanna Faris, who purchased a home located at 1731 Neal Dow Avenue with the assistance of the MSP, that she be allowed to rent this home until she is able to sell it. The rent is currently her sole source of income because she has been laid off from her job and moved to Paradise to stay with a friend. The Housing and Neighborhood Services Director recommended approval of the request, subject to the conditions of amended City of Chico Administrative Procedure and Policy 27-10, III.F. and II. E. ***(Report - Sherry Morgado, Housing and Neighborhood Services Director)***

Staff indicated they would work with Ms. Faris to rehabilitate her home before it would be able to be put on the market for sale.

Councilmember Wahl made a motion to forward the following recommendation to the Council. The motion was seconded by Chair Gruendl. The motion passed 2-0-1, with Councilmember Flynn absent.

Action: The Committee approved (2-0-1, Flynn absent) the request from Ms. Faris that she be allowed to rent her home subject to the conditions of amended City of Chico Administrative Procedure and Policy 27-10, III.F. and II. E.

- D. **Request from Frank and Jenny Cappuccio to Rent their Property Purchased with the Assistance of the Mortgage Subsidy Program.** One of the conditions of receipt of a MSP Loan is that the homeowner occupy the property as their principal place of residence. The City received a request from Frank and Jenny Cappuccio, a family who purchased a home located at 570 East Avenue with the assistance of the MSP, that they be allowed to rent this home because they have relocated for employment purposes. The Housing and Neighborhood Services Director recommended approval of the request, subject to the conditions of amended City of Chico Administrative Procedure and Policy 27-10, III.F. and II. E. ***(Report - Sherry Morgado, Housing and Neighborhood Services Director)***

Councilmember Wahl made a motion to forward the following recommendation to the Council. The motion was seconded by Chair Gruendl. The motion passed 2-0-1, with Councilmember Flynn absent.

Action: The Committee approved (2-0-1, Flynn absent) the request from the Cappuccio's that they be allowed to rent their home subject to the conditions of amended City of Chico Administrative Procedure and Policy 27-10, III.F. and II. E.

- E. **Request from Carter Cooley to Rent His Property Purchased with the Assistance of the Mortgage Subsidy Program.** One of the conditions of receipt of a MSP Loan is that the homeowner occupy the property as their principal place of residence. The City received a request from Carter Cooley, who purchased a home located at 1528 Bidwell Drive with the assistance of the MSP, that he be allowed to rent this home because he and his family have temporarily relocated for employment purposes. The Housing and Neighborhood Services Director did not recommend approval of the request. The Cooley Family does not wish to sell the home. The request to rent the home for an indefinite period of time would not be consistent with the goal of the MSP program. ***(Report - Sherry Morgado, Housing and Neighborhood Services Director)***

Councilmember Wahl made a motion to forward the following recommendation to the Council. The motion was seconded by Chair Gruendl. The motion passed 2-0-1, with Councilmember Flynn absent.

Action: The Committee approved (2-0-1, Flynn absent) the request from Mr. Staup that he be allowed to rent his home subject to the conditions of amended City of Chico Administrative Procedure and Policy 27-10, III.F. and II. E.

COMMITTEE MATTERS REQUIRING COUNCIL ACTION

- F. **2009-10 Draft Action Plan for the Use of Federal Community Development Block Grant and Housing Investment Partnerships Program Funds.** The City receives an annual award of community development and housing funds from the federal department of Housing and Urban Development (HUD). Each year the City must submit an annual "Action Plan" to HUD describing the City's plans for using these funds in the upcoming year. The Housing & Neighborhood Services Director recommended that the Finance Committee

review and accept the draft annual Action Plan summary and forward its recommendations to the City Council for consideration. (**Report - Sherry Morgado, Housing & Neighborhood Services Director**)

Stephanie Taber addressed the Committee on this item.

Councilmember Wahl made a motion to forward the following recommendation to the Council. The motion was seconded by Chair Gruendl. The motion passed 2-0-1, with Councilmember Flynn absent.

Recommendation: The Committee accepted (2-0-1, Flynn absent) the draft annual Action Plan summary and forwarded it to the City Council for consideration.

G. **Reports and Communications.** The following report and communication item was provided for the Committee's information. No action was taken on this item.

- 1) Monthly Report on questions and answers from citizens regarding City finances - (period 2/24/09 - 3/12/09)

Stephanie Taber addressed the Committee on this item.

H. **Business From the Floor** – Bob Best asked if the Committee could set a procedure for citizens to submit questions to the City, such as choosing a specified date of the month for submittal, adding that if this works for the Finance Committee, the City could implement it for all other commissions. He also commented on the City's website stating that the City should use more black and white print and graphics as it makes it easier for citizens to print.

The Committee agreed to set the second Tuesday of the month as the deadline for the submittal of questions to the Committee. Questions submitted by that date would be included in that month's agenda under Reports and Communications.

Stephanie Taber addressed the Committee regarding a quote from staff in the Enterprise Record referring to voter approved RDA funds as it relates to ERAF. Staff responded that the ER article referenced a lawsuit by the California Redevelopment Association which alleges that the State taking of ERAF funds violates provisions of the voter approved California Constitution.

I. **Adjournment and Next Meeting.** The meeting adjourned at 9:30 a.m. The next meetings regarding community organization funding are scheduled for Thursday, April 9, 2009, at 2:00 p.m. and Thursday, April 23, 2009 at 4:00 p.m. in the Council Chamber. The next Finance Committee meeting is scheduled for Thursday, April 23, 2009, at 5:00 p.m. in the Council Chamber.

Lynda Cameron, Administrative Analyst

Distribution:

City Council (7); Council Office copy - with attachments; City Manager; Building & Development Services Director; Housing & Neighborhood Services Director; Finance Director; Admin Services Director



Finance Committee Report

DATE: April 13, 2009

File : [Comm Binder](#)

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD APRIL 9, 2009**

<u>Committee present:</u> Acting Chair Wahl Councilmember Nickell Councilmember Holcombe	<u>Staff present:</u> City Manager Burkland Community Development Manager Carroll	Administrative Analyst Cameron
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COMMITTEE MATTERS NOT REQUIRING COUNCIL ACTION

- A. **Review of Applications for 2009-10 Community Organization Funding - General Fund/CDBG Applicants.** The purpose of this meeting was to consider the applications for the Fiscal Year 2009-10 Community Organization Funding Program in the General Fund/CDBG category. The Finance Committee determined the format of the meeting, which included brief presentations by the applicants. Applicants limited their comments to 2-3 minutes.

The Finance Committee was provided with an agenda report from the City Manager and the Community Development Manager which included the applicant request worksheet and ten-year historical summary of the Community Organization Funding Program.

Staff remarked that this was the 35th year that the City's has funded community organizations. Since its inception in Fiscal Year 1973-74 the City has provided over \$14.5 million in funding.

City Manager Burkland informed the Committee that the revenue source for this program was established by Budget Policy, which sets a baseline amount of General Fund revenue, in addition to setting aside 15% of the City's annual CDBG allocation. He added that based on the Deficit Reduction Strategy requiring maintenance of last year's reductions, and on the preliminary projections for reduced City revenue, he is recommending a 10% General Fund reduction to the program for Fiscal Year 2009-10.

The following applicants addressed the Committee:

- ARC of Butte County, Inc. - Michael McGinnis
- Caminar - Nicole Bateman
- Catalyst Women's Advocates, Inc. - Anastacia Snyder
- Catholic Ladies Relief Society #3 - Joan Costa
- Chico Cat Coalition (PAWS) - Frank Holtz
- Chico Community Children's Center - Sally Miller and Brenda Gray
- Chico Community Shelter Partnership - Sheryl McWatters
- Chico Creek Nature Center - Tom Haithcock
- Community Action Agency - Gloria Rogers
- Do It Leisure (Work Training Center) - Ken Steidley
- Independent Living Services of Northern California - Evan LeVang
- Innovative Health Care Services - Diane Cooper-Puckett
- Innovative Preschool - Nili Yudice
- Legal Services of Northern California - Barbara Seagal
- Northern California Regional Land Trust - Jessica Jennings
- Passages Adult Resources Center - Carol Childers
- Rape Crisis Intervention, Inc. - Cindy Biddle
- Stairways Recovery - Mike Little

The following applicants were not present to address the Committee:

Chico Area Council on Aging (Meals on Wheels)

Community Legal Information Center (Associated Students)

- B. **Business From the Floor.** None.
- C. **Adjournment and Next Meeting.** The meeting adjourned at 3:30 p.m. The Finance Committee will reconvene on Thursday, April 23, 2009 at 4:00 p.m. in the Council Chambers at which time it will conclude its consideration of community organization funding. Following that meeting, the Committee will reconvene at 5:00 p.m. for a Finance Committee meeting.

Lynda Cameron, Administrative Analyst

Distribution:

City Council (7); Council Office copy - with attachments; City Manager; Housing & Neighborhood Services Director; Finance Director; Admin Services Director; Community Development Manager



Finance Committee Report

DATE: May 5, 2009

File : [Comm Binder](#)

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD APRIL 23, 2009**

<u>Committee present:</u> Chair Gruendl Councilmember Wahl Councilmember Holcombe	<u>Staff present:</u> City Manager Burkland Community Development Manager Carroll	Administrative Analyst Cameron
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COMMITTEE MATTERS REQUIRING COUNCIL ACTION

A. COMMUNITY ORGANIZATION FUNDING REQUEST RECOMMENDATIONS:

The Committee formulated recommendations to the City Council for funding community organizations in the General/CDBG category for the 2009-10 Fiscal Year. The Committee was provided with the following: (1) agenda report from the City Manager and Community Development Manager which set forth the City Manager's recommendations; (2) exhibit "A" to the report - Finance Committee worksheet; (3) exhibit "B" to the report - E-mail from Community Legal Information Center; and (4) exhibit "C" to the report - Letter from Chico Area Council on Aging (Meals on Wheels). Copies of the agenda report and exhibits were provided to all applicants.

The City Manager indicated that his recommendations acknowledge the value of all the organizations that provide service to the community while also recognizing his recommendation to cut an additional 10% in General Fund Contribution to the program due to the current economic downturn. He added that these recommendations will be presented to the City Council at its meeting of 6/16/09.

Staff explained that this year's funding recommendations included the following additional recommendations: (1) limit the allocation to the HELP program for Chico Community Shelter Partnership(CCSP) to an amount not to exceed \$2,000; and (2) no portion of any allocation to CLIC is to be used for moot court expenses.

The following applicants addressed the Committee:

Community Legal Information Center (CLIC) - Michael Kowalsky and Justin Swisher
Chico Area Council on Aging, Inc. (Meals on Wheels) - Ramona Flynn

Councilmember Wahl emphasized that it would behoove these organizations to look at their own fund-raising capabilities outside of City funding, adding that it was the City's intent a few years ago to wean the organizations off of City funding.

Councilmember Holcombe made a motion to forward the following recommendation to the Council. Councilmember Wahl seconded the motion and reminded the Committee that the motion could change before June depending on the economic climate. Chair Gruendl remarked that this is a recommendation to Council and there will be an opportunity to review it in June. The motion carried 3-0.

Recommendation: The Committee accepted (3-0) the City Manager recommendations as detailed in Exhibit "A" adding the following exceptions: (1) restrictions regarding allocations to CLIC for moot court funding are to be stricken; and (2) allocation to CCSP HELP program to be limited to \$2,000 on a reimbursement basis and if not expended, funds may be used for utility costs if the request to amend the terms of the funding agreement is timely made.

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

C. **Adjournment and Next Meeting.** The meeting adjourned at 4:38 p.m. The next meeting is scheduled for April 23, 2009, at 5:00 p.m. in the Council Chambers.

Lynda Cameron, Administrative Analyst



Finance Committee Report

DATE: May 20, 2009

File : [Comm Binder](#)

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD APRIL 23, 2009**

<p>Committee present: Chair Gruendl Councilmember Flynn Councilmember Wahl</p>	<p>Staff present: City Manager Burkland City Attorney Barker Finance Director Hennessy Accounting Manager Vidners</p>	<p>Accountant Myers Accountant Fields Administrative Analyst Cameron</p>
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COMMITTEE MATTERS NOT REQUIRING COUNCIL ACTION

- A. At its meeting on 2/24/09, the Finance Committee requested a presentation be provided to the Committee regarding the budgetary assumptions that will be used in the development of the FY2009-10 Annual Budget, and allow for members of the public to ask finance-related questions. ***(Presentation - Jennifer Hennessy, Finance Director)***

The City Manager stated that this meeting was set to provide a brief overview on the budget reduction strategy and the economic downturn and added that most of the City's department heads and the Finance Department budget team were in attendance to answer any questions.

Staff indicated that 90% of the City's General/Park revenue is tax based and this recession has shown that all major tax revenues that the City collects have been impacted. The following is the City's approach to the deficit reduction strategy in response to the economic downturn. The trends that are planned over the next three to four years are as follows: (1) continue to make budget reduction each year as feasible; (2) staffing cuts will be by attrition; (3) budget adjustments will be made each budget cycle; and (4) continue the hiring suspension in all departments except for the police department. The City will still have to reduce expenses but won't be able to balance the budget with transfers or reserves. The non-transfer of gas tax and the non-budgeting of replacement funds will mean the City will delay the purchase of new vehicles and the replacement of equipment.

Staff concurred that the current budget projections do not include any economic stimulus funds, as those funds would be for specific uses such as capital projects or energy efficient projects.

Chair Gruendl asked staff to consider what type, if any, public involvement the City might engage in regarding the budget over the next several months. Councilmember Flynn suggested a survey that ranked City services by order of importance, stressing the point that you can't get something for nothing. Staff responded that everything has a cost and the citizens will need to consider trade offs.

Stephanie Taber addressed the Committee on reducing employee benefits.

- E. **Business From the Floor.** None.
- F. **Adjournment and Next Meeting.** The meeting adjourned at 6:25 p.m. The next meeting is scheduled for April 28, 2009, at 8:00 a.m. in Conference Room No. 1.

Lynda Cameron, Administrative Analyst

Distribution:
City Council (7); Council Office copy - with attachments; City Manager; Building & Development Services Director; Housing & Neighborhood Services Director; Finance Director; Admin Services Director



Finance Committee Report

DATE: May 21, 2009

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

File : [Comm Binder](#)

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD APRIL 28, 2009**

<u>Committee present:</u> Chair Gruendl Councilmember Flynn Councilmember Wahl	<u>Staff present:</u> City Manager Burkland Assistant City Manager Rucker City Attorney Barker Finance Director Hennessy	Housing & Neighborhood Serv. Dir. Morgado Housing Manager Coles Administrative Analyst Cameron
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COMMITTEE MATTERS NOT REQUIRING COUNCIL ACTION

- A. **Approval of Loan Application for Use of HOME Funds, Housing Rehabilitation Program and the Mortgage Subsidy Program (MSP) - Maria Coleman, 247 West 21st Street, Chico.** The owner of a home located at 247 W. 21st Street requested assistance through the Housing and Neighborhood Services Department Housing Rehabilitation Loan Program to rehabilitate her home; however, after assessment by City staff, it was determined that the house is in such a state of disrepair that it cannot be cost-effectively rehabilitated. The home is also eligible for assistance through the first-time homebuyer program because it is not in compliance with state and local building codes and cannot be brought into compliance with such codes for less than the cost of constructing a new structure. The Housing & Neighborhood Services Director recommended approval of a \$180,000 loan with terms as follows: (1) a deferred payment loan of \$70,000 from the City's 2008-09 Housing Rehabilitation Program Federal HOME fund; and (2) a deferred payment loan of \$110,000 from the 2008-09 Mortgage Subsidy State HOME Fund. Staff also recommended: (1) a grant allocation of \$5,000 for lead-safe practices; and (2) a contingency fund of \$10,000 for potential costs for soil remediation associated with removal of an underground storage tank. ***(Report—Sherry Morgado, Housing & Neighborhood Services Director)***

Staff indicated that approval of this loan application would help with blight, neighborhood revitalization, improvement of Chico's housing stock, and provide assistance to a low-income MSP recipient.

Staff explained that the construction contract is an agreement between the homeowner and the contractor. The homeowner determined that Norcal Builders was the preferred contractor even though the bid was almost \$30,000 higher than the low bid. Staff added that if the Committee approves the loan application, the project will start as soon as the deed of trust records which could be within a week.

Councilmember Wahl made a motion to approve the following action. Councilmember Flynn seconded it and the motion carried 3-0.

Action: The Committee approved (3-0) a \$180,000 loan with terms as follows: (1) a deferred payment loan of \$70,000 from the City's 2008-09 Housing Rehabilitation Program Federal HOME fund; and (2) a deferred payment loan of \$110,000 from the 2008-09 Mortgage Subsidy State HOME Fund. The Committee also recommended (3-0): (1) a grant allocation of \$5,000 for lead-safe practices; and (2) a contingency fund of \$10,000 for potential costs for soil remediation associated with removal of an underground storage tank.

COMMITTEE MATTERS REQUIRING COUNCIL ACTION

- B. **Request for Allocation of Additional Predevelopment Funds to Affordable Housing Development Corporation (AHDC) for the Development of Parkside Terrace.** On 7/01/08, the Chico Redevelopment Agency (Agency) adopted a resolution authorizing a \$7 million loan of Low and Moderate Income Housing Funds (LMIHF) to AHDC for the development of Parkside Terrace, a 90-unit affordable housing project for low-income households. In order to reapply to the Tax Credit Allocation Committee (TCAC) and improve the

project's readiness to begin construction soon after receiving an allocation, AHDC requested an additional \$160,000 in predevelopment funds. The predevelopment funds will be part of the \$7 million loan previously authorized for the project. AHDC will apply to TCAC in the next funding round in June of this year. If the project receives a tax credit allocation in that round, AHDC plans to begin construction in December of this year. The Housing and Neighborhood Services Director recommended that the Finance Committee recommend Agency authorization of an additional \$160,000 in predevelopment LMIHF to AHDC for the development of Parkside Terrace. **(Report - James Coles, Housing Manager)**

Laurie Schmidt of AHDC explained the basis of qualifying for tax credit allocations and indicated that AHDC narrowly missed qualifying last year. She added that due to developer experience, housing affordability, project readiness, provision of supportive services, and proximity of project site to transit, schools, parks and other amenities, AHDC has excellent scoring criteria to receive tax credit allocations for 2009.

Rod Mummert of Ashwood Construction stated that the \$160,000 in pre-development funds would pay the architect to begin construction drawings in order for the project to be construction ready when the tax credits are received. An additional incentive for an early start is an upcoming August Code change that will impact costs.

Councilmember Flynn made a motion to forward the following recommendation to the City Council. The motion was seconded by Councilmember Wahl and it carried 3-0.

Recommendation: The Committee recommended (3-0) forwarding to the Agency authorization of an additional \$160,000 in predevelopment LMIHF to AHDC for the development of Parkside Terrace.

C. **Reports and Communications.** The following report and communication items were provided for the Committee's information.

- 1) Quarterly Report on Housing Rehabilitation Program Loan Activity (period 1/01/09 - 3/31/09).

The Committee reviewed the quarterly report on Housing Rehabilitation Program Loan Activity for the period 1/01/09 - 3/31/09.

- 2) Monthly Report on questions and answers from citizens regarding City finances - (period 3/12/09 - 4/14/09)

Councilmember Wahl stated that the intent of Ms. Taber's question was to find out the location of the property and what the City was going to do with the property once it was purchased. The City Attorney stated that the City follows the Brown Act formula for annotations for the specific purpose of having a "safe harbor" annotation. She added that there shouldn't be any great risk to the City in identifying the project name associated with property acquisitions.

Councilmember Flynn made a motion to forward the discussion regarding adding more detail to Closed Session property acquisition annotations to the City Council for discussion and decision. Councilmember Wahl seconded the motion and it carried 3-0.

Recommendation: The Committee recommended (3-0) forwarding the discussion regarding adding more detail to Closed Session property acquisition annotations to the City Council for discussion and decision.

D. **Business From the Floor.** None.

E. **Adjournment and Next Meeting.** The meeting adjourned at 8:40 a.m. The next meeting is scheduled for May 26, 2009, at 8:00 a.m. in Conference Room No. 1.

Lynda Cameron, Administrative Analyst

Distribution:
City Council (7); Council Office copy - with attachments; City Manager; Building & Development Services Director;
Housing & Neighborhood Services Director; Finance Director; Admin Services Director



Finance Committee Report

DATE: May 26, 2009
 TO: CITY COUNCIL
 FROM: FINANCE COMMITTEE

File : Comm Binder

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD MAY 26, 2009**

<p><u>Committee present:</u> Chair Gruendl Councilmember Flynn Councilmember Wahl</p>	<p><u>Staff present:</u> Assistant City Manager Rucker City Attorney Barker Finance Director Hennessy Administrative Services Director Pierce Housing & Neighborhood Serv. Dir. Morgado</p>	<p>Accountant Fields Housing Manager Coles Administrative Analyst Gray Administrative Analyst Cameron</p>
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COMMITTEE MATTERS REQUIRING COUNCIL ACTION

- A. **Request for Authorization to Enter into a Low and Moderate Income Housing Fund (LMIHF) Loan Agreement with Scardina Builders to Develop Two Homes at 1901 Magnolia Avenue.** Bob Scardina of Scardina Builders has requested Chico Redevelopment Agency (Agency) financial assistance to develop two new homes on property he owns at 1901 Magnolia Avenue as affordable for moderate income first-time home buyers. The project offers the opportunity to develop a model of affordable infill development in an older neighborhood in need of housing stock improvement. The Housing and Neighborhood Services Director recommended that the Finance Committee forward a recommendation to the Agency authorizing a \$150,000 LMIHF loan agreement with Scardina Builders to develop two homes for moderate income first-time home buyers at 1901 Magnolia Street. **(Report - James Coles, Housing Manager)**

Councilmember Wahl stated his disqualification on this item due to the location of the funding request being within 500 feet of property he owns.

John Anderson addressed the Committee in support of this item.

Staff indicated that a neighborhood meeting was held on 5/22/09 with approximately 15 generally supportive neighbors attending. Meetings were also held with the CANA Board where questions were raised about second dwelling units, windows and privacy. Most of these issues were resolved when the Board was presented with the architect renderings.

Councilmember Flynn made a motion to forward the following recommendation to the Agency. Chair Gruendl seconded the motion and it carried 2-0-1 with Councilmember Wahl disqualified.

Recommendation: The Committee recommended (2-0-1, Wahl disqualified) forwarding to the Agency authorization for a \$150,000 LMIHF loan agreement with Scardina Builders to develop two homes for moderate income first-time home buyers at 1901 Magnolia Street.

COMMITTEE MATTERS NOT REQUIRING COUNCIL ACTION

- B. **Consideration of a Discounted Tax and Fee Structure for the Payment of Multi-year Business License Tax, Preferential Parking Permits and Non-residential Alarm Permits.** At its meeting of 4/07/09, the City Council referred to the Finance Committee the discussion of a discounted tax and fee structure for the payment of multi-year business licenses, preferential parking permits and non-residential alarm permits. The Finance Director recommended no change to the current tax and fee structure. **(Report - Frank Fields, Accountant)**

Staff indicated that permits are regulatory tools for community issues. Alarm permits benefit public safety and preferential parking permits benefit the area residents.

Councilmember Wahl advocated eliminating the business license tax and the preferential parking permits adding that citizens need value for their money in this economic climate. Councilmember Flynn stated the

City is not in a position to lower any fees. Chair Gruendl noted that if the Committee really wanted to offer a multi-year discount it would have to increase fees for the first year then lower fees for a multi-year discount.

Councilmember Wahl suggested that this discussion be restructured to discuss online bill paying which would save every body money. Staff indicated that the City is currently researching that very subject, and although it would not save staff time, it would be beneficial to citizens.

Councilmember Wahl made a motion to tier permits and licenses in the same fashion as dog licenses with a reduction for multi-year license purchases. The motion died for a lack of a second.

Chair Gruendl asked that an update on online bill-paying services be scheduled for a future meeting.

No action was taken on this item.

COMMITTEE MATTERS REQUIRING COUNCIL ACTION

- C. **Recommended Changes to Administrative Procedure and Policy (AP&P) No. 27-10 (Mortgage Subsidy Program (MSP)).** In preparation for renewal of MSP funds in July 2009, staff recommended revisions to AP&P 27-10. The recommended revisions address recent changes in program demand and the residential market. Given these conditions, the proposed revisions to AP&P 27-10 seek to achieve the following goals: (1) assist more applicants; (2) better protect Agency and City investments; (3) improve efficiency in program administration; and (4) ensure compliance with federal and state regulations. The Housing and Neighborhood Services Director recommended that AP&P 27-10 be amended to: (1) change the maximum loan amount to 10% of the home purchase price for moderate income households, 20% for median income households, and 30% for low income households; (2) limit the housing cost ratio for adjustable rate mortgages to 33%; (3) limit MSP participation to first mortgages with a maximum 30-year term and interest rates that do not adjust more than three percent over the loan term; (4) establish a minimum income requirement of 50% of Area Median Income; (5) clarify application processing requirements; and (6) comply with federal and state regulations for setting a maximum sale price. **(Report - James Coles, Housing Manager)**

Councilmember Flynn made a motion to forward the following recommendation to the City Council. Councilmember Wahl seconded the motion and it carried 3-0.

Recommendation: The Committee recommended (3-0) amending AP&P 27-10 to: (1) change the maximum loan amount to 10% of the home purchase price for moderate income households, 20% for median income households, and 30% for low income households; (2) limit the housing cost ratio for adjustable rate mortgages to 33%; (3) limit MSP participation to first mortgages with a maximum 30-year term and interest rates that do not adjust more than three percent over the loan term; (4) establish a minimum income requirement of 50% of Area Median Income; (5) clarify application processing requirements; and (6) comply with federal and state regulations for setting a maximum sale price.

- D. **Reports and Communications.** The following report and communication items were provided for the Committee's information.
- 1) Review of Quarterly Budget Update (3rd quarter - FY 2008-09) - citizens Q&A.
 - 2) Monthly report on Q&A from citizens regarding City finances - period 4/15/09 - 5/15/09 - no questions received.

D.1. Bob Best addressed the Committee on the budget.

Councilmember Wahl asked staff to provide more information to the Council on the budget's structural deficiency.

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

- F. **Adjournment and Next Meeting.** The meeting adjourned at 9:07 a.m. The next meeting is scheduled for June 23, 2009, at 8:00 a.m. in Conference Room No. 1.

Lynda Cameron, Administrative Analyst

Distribution:

City Council (7); Council Office copy - with attachments; City Manager; Building & Development Services Director; Housing & Neighborhood Services Director; Finance Director; Admin Services Director



Finance Committee Report

DATE: June 25, 2009

File : [Comm Binder](#)

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD JUNE 23, 2009**

Committee present: Chair Gruendl Councilmember Holcombe Councilmember Wahl	Staff present: City Manager Burkland Assistant City Manager Rucker Assistant City Attorney Wilson Accounting Manager Vidners	Accountant Meyer Housing & Neighborhood Serv. Dir. Morgado Housing Manager Coles Administrative Analyst Cameron
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COMMITTEE MATTERS NOT REQUIRING COUNCIL ACTION

- A. **Approval of Loan Application for Use of HOME Funds, Housing Rehabilitation Program and the Mortgage Subsidy Program - Susan Hansen, 860 Linden Street, Chico.** Requests for Housing Rehabilitation Program loans in excess of \$50,000 require Finance Committee review and approval. This request is from the homeowner at 860 Linden Street for housing assistance from the City's Housing Rehabilitation Loan Program and the Mortgage Subsidy Loan Program. It was determined that the house is in such a state of disrepair that it cannot be rehabilitated. The home is eligible for assistance through the first-time homebuyer program because it is not in compliance with state and local building codes and cannot be brought into compliance with such codes for less than the cost of constructing a new structure. The Housing & Neighborhood Services Director recommended approval of a deferred-payment loan for Ms. Hansen for \$100,000 from the City's 2009/10 HOME Program Housing Rehabilitation Program and a \$75,846 deferred-payment loan from the 2009/10 HOME Program Mortgage Subsidy Program, as well as a grant in the amount of \$5,000 for the contractor to dispose of lead-hazard materials in a lead-safe manner. ***(Report - Sherry Morgado, Housing and Neighborhood Services Director)***

Staff indicated that the decision to rebuild rather than rehabilitate a home is an allowable exception to the City's current policy and a decision that is based on comparing rehab and rebuild costs.

Councilmember Wahl made a motion to approve the following action, which was seconded by Councilmember Holcombe. The motion carried 3-0.

Action: The Committee approved (3-0) a deferred-payment loan for Ms. Hansen for \$100,000 from the City's 2009/10 HOME Program Housing Rehabilitation Program and a \$75,846 deferred-payment loan from the 2009/10 HOME Program Mortgage Subsidy Program, as well as a grant in the amount of \$5,000 for the contractor to dispose of lead-hazard materials in a lead-safe manner.

COMMITTEE MATTERS REQUIRING COUNCIL ACTION

- B. **Consideration of a Request for Authorization to Enter into a HOME Loan Agreement with Community Housing Improvement Program (CHIP) to Develop Six Homes for Low Income First-time Home Buyers within the Manzanita Pointe Subdivision.** On 9/16/08, the Council approved Minute Order No. 11-08 authorizing a reservation of \$734,602 in HOME Community Housing Development Organization (CHDO) funds for CHIP. A CHDO is a local housing organization that is authorized by the U.S. Department of Housing and Urban Development (HUD) to partner with jurisdictions in the use of HOME funds. HUD requires that at least 15% of an entitlement jurisdiction's allocation is reserved for a local CHDO within two years of receiving the allocation. CHIP has purchased six contiguous lots within the Manzanita Pointe subdivision on which they plan to build six homes affordable to low-income first-time home buyers. The Housing and Neighborhood Services Director recommended that the Finance Committee forward a recommendation to the Agency authorizing the Executive Director to enter into a \$734,602 HOME loan agreement with CHIP to develop six homes for low income first-time home buyers within the Manzanita Pointe subdivision. ***(Report - James Coles, Housing Manager)***

Staff noted the following corrections regarding the project financing for Manzanita Pointe: (1) land costs are \$720,000; and (2) construction cost are \$748,000, with the total of \$1,637,000 to remain the same.

Councilmember Holcombe made a motion to forward the following recommendation to the Redevelopment Agency, which was seconded by Councilmember Wahl. The motion carried 3-0.

Recommendation: The Committee recommended (3-0) authorizing the Executive Director to enter into a \$734,602 HOME loan agreement with CHIP to develop six homes for low income first-time home buyers within the Manzanita Pointe subdivision.

- C. **Reports and Communications.** The following report and communication item was provided for the Committee's information. No action was taken on this item.

1) Monthly Report on questions and answers from citizens regarding City finances - (5/12/09 - 6/09/09)

Stephanie Taber addressed the Committee on the accuracy of the 3% per year target budget reductions. Staff indicated that the dollar amounts were targeted amounts applied to the budget and the percentage figure was used as an estimate to show approximate percentage savings. Staff added that language could be added that stated "the reduction in target includes the following approximate percentage."

- D. **Business From the Floor.**

Ms. Taber addressed the Committee on the following budget items:

(1) the lack of detail, such as salary and benefit information in the proposed budget.

Staff indicated that a more detailed version is available by request.

(2) missing actuals for several capital projects in the proposed budget.

Staff explained how the expenditure columns are applied in the capital project section of the budget.

(3) usage of the 1% salary benefit "given up" by the International Association of Firefighters (IAFF) during their last contract ratification which was added to the overall Fire Department budget.

Staff indicated that IAFF asked for the 1% to be used to maintain staffing on Truck One, but ultimately it will be used at the discretion of the Fire Chief.

(4) responses to additional budget questions submitted by Bob Best.

Staff indicated that the questions will be answered and distributed to the Council in advance of the 7/07/09 Council meeting and will also be provided under Reports and Communications at the next Finance Committee meeting.

- E. **Adjournment and Next Meeting.** The meeting adjourned at 8:45 a.m. The next meeting is scheduled for July 28, 2009, at 8:00 a.m. in Conference Room No. 1.

Lynda Cameron, Administrative Analyst

Distribution:

City Council (7); Council Office copy - with attachments; City Manager; Building & Development Services Director; Housing & Neighborhood Services Director; Finance Director; Admin Services Director



Finance Committee Report

DATE: August 4, 2009

File : [Comm Binder](#)

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD JULY 28, 2009**

<p><u>Committee present:</u> Acting Chair Wahl Councilmember Flynn Councilmember Nickell</p>	<p><u>Staff present:</u> City Manager Burkland Assistant City Manager Rucker City Attorney Barker Administrative Services Director Pierce Finance Director Hennessy</p>	<p>Financial Planning Manager Meyers Housing & Neighborhood Serv. Dir. Morgado Accountant Fields Administrative Analyst Gray Administrative Analyst Cameron</p>
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COMMITTEE MATTERS NOT REQUIRING COUNCIL ACTION

- A. **Consideration of Request from Jaime Miskella that the City of Chico Accept a Reduced Payoff of her Mortgage Subsidy Program (MSP) Loan.** At its meeting of 10/23/07, the Finance Committee approved the request from Jaime Miskella that she be allowed to rent the property located at 1218 North Cedar Street until she was able to sell it. Because the market has not improved, she requested that the City accept a reduced payoff of her MSP loan. The Housing and Neighborhood Services Director recommended approval of the request, subject to the conditions of Administrative Procedure and Policy (AP&P) No. 27-10, III.E. (**Report - Sherry Morgado, Housing and Neighborhood Services Director**)

Staff indicated that if the Committee agreed with staff's recommendation to accept a \$10,000 reduced payoff for the MSP loan, the Agency would incur a financial loss of \$5,000 in loan funds and \$4,479 in accrued interest. Staff added that while this is not the optimal situation, it would be a better financial choice for the Agency than foreclosing or continuing to rent the property.

In response to Councilmember Flynn's concern about setting a precedent of accepting reduced payoffs, staff confirmed that of the four previous requests to rent homes with MSP loans: one homeowner has returned to the home; one homeowner is on the East Coast due to the job market and intends to return to the home; and the other two homes are "for sale." Staff added that the amount of foreclosures the City has in its portfolio is less than 2%.

Stephanie Taber addressed the Committee on this item.

Councilmember Flynn made a motion to accept the reduced pay-off on the loan at 1218 North Cedar. The motion was seconded by Councilmember Nickell and carried 3-0.

Action: The Committee accepted (3-0) a \$10,000 reduced payoff for the MSP loan on 1218 North Cedar Street, subject to the conditions of AP&P No. 27-10, III.E.

- B. **Reports and Communications.** The following report and communication items were provided for the Committee's information.

- 1) Quarterly Report on Housing Rehabilitation Program Loan Activity (period 4/01/09 - 6/30/09)
The Quarterly Report showed no activity for this period
- 2) Monthly Report on questions and answers from citizens regarding City finances (period 6/10/09 - 7/14/09)

Councilmember Flynn stated she would like to see a third column added to the "Monthly Report on questions

and answers from citizens regarding City finances” that quantifies staff time spent on researching and answering questions posed to City staff. Acting Chair Wahl asked if this comment was a motion. Councilmember Flynn restated her comment in the form of a motion which was seconded by Councilmember Nickell. The motion carried 2-1, with Wahl voting against. City Manager Burkland informed the Committee that he had previously asked staff to track their time spent on this.

Bob Best stated it would be a good idea to quantify staff time.

Councilmember Flynn stated for the record that she does not have a concern with citizens asking questions of staff as she encourages transparency in government.

Stephanie Taber asked for further clarification on the following questions:

- 1) Copier lease expense savings of \$74,000
Staff explained that the reduction in copier lease expense came from changing the way the copiers are charged out. Rather than charging the copiers to each department, they are charged to Info Systems then billed back to individual departments quarterly for actual usage. Overall reduction in budget is \$74,000 which is based on historical usage.
- 2) \$82,000 employee benefits for Councilmembers
Staff responded that this includes health, dental and vision insurance, worker’s compensation, FICA-Medicare and Fica-Social Security.

Bob Best inquired if mandated costs such as FICA , Social Security, etc., could be broken out of the benefit packages in the budget pages. Staff indicated that this information is available in percentage format in Appendix B-3. Finance Director Hennessy informed Mr. Best that she would e-mail him the total percentage of mandated costs included in the salary and benefits packages budgeted by the City.

C. **Business From the Floor.**

Bob Best asked staff when the public could expect to see the next Quarterly Budget Report. The City Manager indicated that the Quarterly Reports will typically go to the Council at the second meeting of the month following the month after the end of the quarter and then every 12 weeks thereafter.

Mr. Best suggested the City let the public know that next year’s budget will likely be worse than the current year.

- D. **Adjournment and Next Meeting.** The meeting adjourned at 9:25 a.m. The next meeting is scheduled for August 25, 2009, at 8:00 a.m. in Conference Room No. 1.

Lynda Cameron, Administrative Analyst

Distribution:

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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
August 25, 2009, has been cancelled.

The next meeting of the Finance Committee is scheduled for
September 22, 2009, at 8:00 a.m. in Conference Room 1,
unless otherwise noted.



Finance Committee Report

DATE: September 23, 2009

File : [Comm Binder](#)

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD SEPTEMBER 22, 2009**

Committee present: Chair Gruendl Councilmember Flynn Councilmember Wahl	Staff present: City Manager Burkland Assistant City Manager Rucker City Attorney Barker Finance Director Hennessy	Housing & Neighborhood Serv. Dir. Morgado Administrative Services Director Pierce Administrative Analyst Cameron
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COMMITTEE MATTERS REQUIRING COUNCIL ACTION

- A. **Request for Authorization to Enter into a Low and Moderate Income Housing Fund (LMIHF) Loan Agreement for \$550,000 with Catalyst Domestic Violence Services (Catalyst) to Develop Five Units of Transitional Housing Adjacent to the Catalyst Shelter at 1321 Ivy Street.** Catalyst will complete construction of their shelter for victims of domestic violence in January 2010. At its meeting of 11/18/08, when the Agency and City allocated funds for construction of the shelter, Catalyst had planned to build a Phase II on the property consisting of 5,000 square feet of administrative offices for the organization. Catalyst has since revised its plans for Phase II, and instead of administrative offices, proposes to build transitional housing for graduates of the shelter within five single family cottages. The units will assist tenants to transition to the private market by offering rents affordable to very low income households and on-site supportive services at the adjacent shelter. The Housing and Neighborhood Services Director recommended that the Finance Committee forward a recommendation to the Agency authorizing the Executive Director to enter into a \$550,000 LMIHF loan agreement with Catalyst to develop five units of transitional housing for very low income households at 1321 Ivy Street. ***(Report- James Coles, Housing Manager)***

Anastacia Snyder, Executive Director of Catalyst, addressed the Committee in support of this item.

Councilmember Wahl made a motion to approve the following action, which was seconded by Councilmember Flynn. The motion carried 3-0.

Recommendation – The Committee recommended (3-0) authorizing the Redevelopment Agency to enter into a \$550,000 LMIHF loan agreement with Catalyst to develop five units of transitional housing for very low income households at 1321 Ivy Street.

COMMITTEE MATTERS NOT REQUIRING COUNCIL ACTION

- B. **Reports and Communications.** The following report and communication items were provided for the Committee's information. No action was taken on any of the items.

- 1) ***Bi-annual Report of approved Mortgage Subsidy Program rental requests (period 4/01/09 - 9/30/09).***

Stephanie Taber addressed the Committee on this item.

- 2) ***Monthly Report on questions & answers from citizens regarding City finances - (period 7/15/09 - 9/08/09).***

Staff indicated that the 2009-10 Budget binders should be available in a few weeks.

- 3) ***Review of Quarterly Budget Update (4th quarter - FY 2008-09) - citizens Q&A.***

Finance Director Hennessy stated that the 2008-09 4th quarter report was \$100,000 over budget due to reduced expenditures. She added that the April - June sales tax figure from the State Board of Equalization had been corrected to 18.7%.

In reporting on the State takes, Finance Director Hennessy noted that the \$1.2 million mandatory loan in property taxes could be negated by a financing mechanism that has become available to local agencies, adding that by selling the receivables the City would lose the interest from the State over the three year period, but by not selling them, the City would be out the cash and the interest it receives on that cash, thereby putting a strain on the City's cash flow.

Staff indicated that the California Redevelopment Association is preparing litigation against the State's take on Redevelopment funds and expects to have a decision in March, but at this point the City needs to be prepared to cut a check to the State for \$9.2 million by May 10, 2010.

Bob Best, Stephanie Taber and Paul Freidlander addressed the Committee on this item.

- C. **Business From the Floor.** None.
- D. **Adjournment and Next Meeting.** The meeting adjourned at 9:10 a.m. The next meeting is scheduled for October 27, 2009, at 8:00 a.m. in Conference Room No. 1.

Lynda Cameron, Administrative Analyst

Distribution:
City Council (7); Council Office copy - with attachments; City Manager; Building & Development Services Director; Housing & Neighborhood Services Director; Finance Director; Admin Services Director



Finance Committee Report

DATE: October 28, 2009

File : [Comm Binder](#)

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD OCTOBER 27, 2009**

<p>Committee present: Chair Gruendl Councilmember Flynn Councilmember Wahl</p>	<p>Staff present: City Manager Burkland Assistant City Attorney Wilson Finance Director Hennessy Accountant Fields</p>	<p>Housing & Neighborhood Serv. Dir. Morgado Administrative Services Director Pierce Traffic Engineer Mickelson Administrative Analyst Cameron</p>
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COMMITTEE MATTERS NOT REQUIRING COUNCIL ACTION

- A. **Consideration of Request from Jim Mikles that the City of Chico Provide an Option for the Transferability of the Limited Parking Permit Stickers.** At its meeting of 9/01/09, the Council referred to the Finance Committee the subject of offering a transferrable Limited Parking Permit and to review the fee structure of the current Parking fees. The Finance Director recommended the addition of an optional "Transferrable Limited Parking Permit" to the Fee Schedule at a cost of \$462 per year, which represents a 10% premium over the non-transferrable permit. ***(Report - Jennifer Hennessy, Finance Director)***

Staff confirmed that Downtown has 549 ten-hour metered parking spaces and the Finance Office typically sells 110 limited parking permits at an annual cost of \$420.

Finance Director Hennessy indicated that adding a transferrable option to the limited parking permit is feasible and recommended a 10% premium on the cost. She added that some Downtown business owners have stated that they would purchase fewer lease spaces if the transferrable permits became available. Chair Gruendl said the goal is not to generate revenue, as the permit cost is 1/3 the cost of feeding the meter, but rather making it convenient for Downtown employees.

Committeemember Flynn reported that because she works Downtown and feeds the meter she is disqualified on this item. Committeemember Wahl stated his disqualification due to owning property Downtown. Assistant City Attorney Wilson commented that the matter could be discussed, but no action could be taken on the item.

Mary Kennedy and Jim Mikles addressed the Committee on this item.

Finance Director Hennessy indicated that the Council had also asked for a review of the fee schedule pertaining to parking permits to see if it needs adjusting. She confirmed that the leased spaces have an annual inflator but it would take Council action to increase the fees for any other parking permits.

Assistant City Attorney Wilson acknowledged that the full Committee could participate and take action on this item, if desired.

Traffic Engineer Mickelson confirmed that parking fees are part of the Downtown Access Plan and will come before the Council at a future meeting.

Chair Gruendl indicated that the fee structure should be part of the Downtown Access Plan thus making it a non-action item at this point. The Committee concurred that this item was a non-action item as it would be coming before the Council with the Downtown Access Plan.

Recommendation: The Committee (1-0-2, Flynn and Wahl disqualified) recommended taking no action on the parking permit fee structure, including the option for a transferable limited parking permit, as this item will be reviewed as part of the Downtown Access Plan.

- B. **Reports and Communications.** The following report and communication items were provided for the Committee's information. No action was taken on any of the items.

1) Quarterly Report on Housing Rehabilitation Program Loan Activity (period 7/01/09 - 9/30/09)

The Committee accepted the report.

2) Monthly report on Q&A from citizens regarding City finances (period 9/09/09 - 10/13/09)- no questions received

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

- D. **Adjournment and Next Meeting.** The meeting adjourned at 8:35 a.m. The next meeting is scheduled for November 24, 2009, at 8:00 a.m. in Conference Room No. 1.

Lynda Cameron, Administrative Analyst

Distribution:

City Council (7); Council Office copy - with attachments; City Manager; Building & Development Services Director; Housing & Neighborhood Services Director; Finance Director; Admin. Services Director



City Clerk's Office
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(530) 896-7250

CITY OF CHICO FINANCE COMMITTEE

NOTICE OF CANCELLATION OF MEETING

The Finance Committee meeting scheduled for
November 24, 2009, has been cancelled.

The next meeting of the Finance Committee is scheduled for
December 22, 2009, at 8:00 a.m. in Conference Room 1,
unless otherwise noted.



Finance Committee Report

DATE: December 11, 2009

File : [Comm Binder](#)

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD DECEMBER 7, 2009**

<u>Committee present:</u> Chair Gruendl Councilmember Flynn Mayor Schwab	<u>Staff present:</u> City Manager Burkland Assistant City Manager Rucker City Attorney Barker Finance Director Hennessy Accountant Fields	Housing & Neighborhood Serv. Dir. Morgado Housing Manager Coles Administrative Services Director Pierce Administrative Analyst Cameron
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Councilmember Flynn joined the meeting at 8:05 a.m.

COMMITTEE MATTERS REQUIRING COUNCIL ACTION

- A. **Request for Authorization to Amend the Loan Agreement with Affordable Housing Development Corporation (AHDC) to Allocate an Additional \$3,106,000 in LMIHF to Parkside Terrace, and Release an Additional \$123,000 in Predevelopment Funds to AHDC from the Project's Previously Authorized Loan Funds.** In July 2008, the Agency authorized an allocation of \$7 million in LMIHF to AHDC for the construction of a 90-unit housing development affordable to low-income families, to be located in Meriam Park. In order to secure necessary funding and move the project forward, AHDC proposed to restructure financing for the project from 9% tax credits to the less competitive 4% tax credits. Because the 4% tax credit program does not provide the same level of funding as the 9% tax credit program, AHDC requested an additional \$3,106,000 in LMIHF from the Agency. AHDC has also requested release of an additional \$123,000 in funds from the existing loan allocation of \$7 million to pay for deposits and fees associated with CDLAC and New Issue Bond Program. Approval of this recommendation would set the project on a predictable schedule to begin construction in April of next year and take advantage of a recent decline in construction costs. The Housing and Neighborhood Services Director recommended that the Finance Committee recommend Agency authorization for the Executive Director to amend its existing Loan Agreement with AHDC to allocate an additional \$3,106,000 in LMIHF to Parkside Terrace and release of an additional \$123,000 in predevelopment funds to AHDC from the project's previously authorized loan funds. ***(Report - James Coles, Housing Manager)***

Mayor Schwab asked that the staff report show a comparison per unit of the 4% tax credit versus the 9% tax credit when this item comes before the City Council.

Staff indicated that the Agency's LMIHF funds for 2010-11 and 2011-12 are unallocated at this time.

Laurie Schmidt of AHDC addressed the Committee in support of this item.

Mayor Schwab made a motion to forward the following recommendation to the Redevelopment Agency. The motion was seconded by Councilmember Flynn and carried 3-0.

Recommendation – The Committee recommended (3-0) that the Agency authorize the Executive Director to amend its existing Loan Agreement with AHDC to allocate an additional \$3,106,000 in LMIHF to Parkside Terrace and release of an additional \$123,000 in predevelopment funds to AHDC from the project's previously authorized loan funds.

COMMITTEE MATTERS NOT REQUIRING COUNCIL ACTION

B. Request to Accept Reduced Payoff for Mortgage Subsidy Program (MSP) Loan Related to the Conditions of a Preforeclosure Sale (Short Sale), Daniel & Christie Bryant, 2823 Ceanothus Avenue.

Requests for MSP reduced loan payoffs require Finance Committee review and approval. The Chico Redevelopment Agency received a short sale offer for the home located at 2823 Ceanothus Avenue. The Agency provided a \$15,000 loan for the purchase of this home in 2007. The owners were forced into selling the home due to loss of income, and the home cannot be sold for an adequate amount to cover the balance owed on all loans. The Agency was asked by the first lienholder to accept a reduced payoff amount. The Housing & Neighborhood Services Director recommended that the Finance Committee accept the reduced loan payoff offer and authorize staff to reconvey the Agency's Deed of Trust on the property. ***(Report—Sherry Morgado, Housing and Neighborhood Services Director)***

Staff indicated that accepting the reduced loan payoff offer was the only option for a small amount of recovery for the Agency's investment and that this option would have a less negative effect on the homeowner than a foreclosure. Staff stated that the Agency has assisted with 700 MSP loans since 1990 and has had 24 loans that went into foreclosure, which is a 3% rate over a 19 year period, adding that most banks are experiencing a 6% annual foreclosure rate.

Chair Gruendl suggested that if short sales and foreclosures become more commonplace with the MSP loans, staff may want to look at the banks the Agency enters into a relationship with on a first mortgage to avoid procedures that may negatively impact the Agency payoff. Staff agreed, but added that frequently mortgages are sold after the fact.

Brandi Laffins, Realtor, Century 21, informed the Committee that the buyer had recently backed out of the purchase. She stated that if the Committee accepts the reduced payoff and reconveys the property, she would talk to First Mortgage Corporation and ask them to hold off on the foreclosure until January in the hopes that another buyer will come forward.

Mayor Schwab made the following motion which was seconded by Councilmember Flynn and carried 3-0.

Action – The Committee accepted (3-0) the reduced loan payoff offer and authorized staff to reconvey the Agency's Deed of Trust on the property.

- C. **Reports and Communications** – Monthly report on Q&A from citizens regarding City finances (period 10/14/09 - 11/24/09) - no questions received.
- C. **Business From the Floor** – None.
- D. **Adjournment and Next Meeting** – The meeting adjourned at 8:40 a.m. The next meeting is scheduled for January 26, 2010, at 8:00 a.m. in Conference Room No. 1.

Lynda Cameron, Administrative Analyst

Distribution:

City Council (7); Council Office copy - with attachments; City Manager; Building & Development Services Director; Housing & Neighborhood Services Director; Finance Director; Admin. Services Director