

CITY OF CHICO MEMORANDUM

TO: CITY COUNCIL/REDEVELOPMENT AGENCY (Mtg. of 2/15/05) **DATE:** January 28, 2005
FROM: FINANCE COMMITTEE **FILE:** Committee Binder
RE: **REPORT ON FINANCE COMMITTEE MEETING HELD JANUARY 26, 2005**

Committee present:
Chair Holcombe
Mayor Gruendl
Councilmember Wahl

Staff present:
City Manager Lando
Sr. Assistant City Manager Dunlap
Assistant City Manager Jones
City Attorney Frank
Finance Director Hennessy

Housing Officer McLaughlin
Management Analyst Carroll
Accountant Orr
Administrative Analyst Dillard

COMMITTEE MATTERS REQUIRING COUNCIL/AGENCY ACTION ON 2/15/05:

- A. **Approval of Subordination of Mortgage Subsidy Program (MSP) Loans to California Housing Finance Agency (CHFA) First Time Homebuyer Loans.** The Committee was provided with a memorandum dated 1/14/05 from the Housing Officer providing background on the MSP subordination policy and explaining the benefits from revising the policy to include the authority to subordinate to CHFA loans.

Housing Officer McLaughlin explained that the risk associated with subordination of MSP loans increases if property values decline, but that the total of all loans secured against the property would be no greater than the value of the property at the time the loan is recorded.

City Manager Lando said that loan subordination is one more tool which could be used to add another opportunity for buyers to enter the affordable market, and although it would not make a significant impact on the number of MSP participants finding homes, it would improve the opportunity for some.

Recommendation: *The Committee approved (3-0) revising MSP Administrative Procedure and Policy (AP&P) 27-10 to authorize the subordination of MSP loans to the CHFA first time homebuyer loans.*

- B. **Consideration of Proposed Acquisition of Creekside Greenway Property - 1365 Humboldt Avenue (AP No. 004-374-001 (Chrisco)).** The City Council has an adopted Budget Policy which allows consideration of acquisition of properties along waterways when the properties are vacant or contain structures which are unoccupied or have minimal or no value. The Committee was provided with a memorandum dated 01/03/05 from the Senior Assistant City Manager providing information on an unoccupied .24± acre property for sale by the owner, Mark Chrisco, which is in proximity to other City-owned parcels along Little Chico Creek as depicted on the plat which was attached to the memorandum.

City Manager Lando explained that the General Plan requires the City to attempt to purchase property within 100 feet of creekside greenway when feasible. Senior Assistant City Manager (SACM) Dunlap stated that the asking price of \$75,000 is consistent with the City's appraisal of other creekside property in the real property inventory. Costs for a Phase I environmental assessment, demolition, and site cleaning would add approximately \$10,000. SACM Dunlap suggested an allocation of \$100,000, which should be more than necessary but would cover any costs associated with demolition and environmental issues such as septic or asbestos, as well as staff costs.

City Manager Lando said either the Linear Park Fund (333) or CDBG funds could be allocated for the acquisition. Housing Officer McLaughlin confirmed that existing CDBG funds, the balance of which is approximately \$200,000, could be used for the acquisition. These funds could be added to next year's CDBG totals next summer, or be allocated now.

Susan Mason spoke in support of the City purchasing the property, stating that if the property were city-owned, access for the removal of invasive plants would improve and homeless encampments could be more easily located and removed.

Councilmember Wahl felt that the property was too small to justify this expense, especially with the potential for contamination. City Manager Lando said that if a Phase I environmental assessment indicates contamination on the property, staff would recommend that the land not be purchased.

Mayor Gruendl moved to accept the City Manager's recommendation to initiate acquisition of the property with the City Council to determine the funding source. Chair Holcombe seconded the motion.

Recommendation: The Committee recommended (2-1, Wahl opposed) that staff be directed to pursue the acquisition of the property, allocating up to \$100,000 from a funding source to be determined by the Council.

- C. **Consideration of Parking Fee Increases.** At its meeting held 07/21/04, the Parking Place Commission recommended approval of Fee Schedule 15.090, which would increase rates for Parking Space Leases and Municipal Parking Permits due to the increase in meter rates approved by City Council at its meeting held 05/04/04. If approved, Parking Space Lease fees would increase effective 05/01/05, which corresponds to the FY 2005-06 lease year, and Municipal Parking Permit fees would increase effective 07/01/05. Further, staff recommended the Municipal Parking Lot No. 5 Reduced Rate Limited Parking Permit Fee be deleted from Fee Schedule 15.090. The Parking Place Commission recommended approval of Fee Schedule 15.090 and the Finance Director recommended deleting the Municipal Parking Lot No. 5 Reduced Rate Limited Parking Permit Fee from Fee Schedule 15.090.

City Manager Lando explained that the recommended increase in permitted and leased parking fees will bring those fees in line with the 50 cent meter rate effective in July. The meter increase is being implemented to coincide with the proposed construction of a new parking structure. He supported having the fee increases in place before the community meeting regarding the structure, which should take place in early March. If the structure does not proceed, the rate hike will not be implemented.

Councilmember Wahl said that if leases and permits become too expensive, there will be fewer buyers and more downtown employees and business owners will use the metered spaces. He moved to leave the rates as they are to retain the incentive to keep the public parking spots open. The motion failed for lack of a second.

Mayor Gruendl said the 25 cent increase is easier to accept than the doubling of the rates for leases and permits. He also felt that an increase of this size should be phased in over a period of time. He moved to accept the staff recommendation to raise rates but to modify the amount of the increase and implement it gradually over a two-year period, half in the first year and half in the second. The motion included lowering the proposed fee for the annual lease to \$550 rather than \$625, with staff to calculate the percentage of that change and apply it throughout the formula. Staff was directed to bring the formula back to a future meeting and to research the reasoning behind the discount for the roaming permit.

Chair Holcombe supported increasing the fee for the annual leases because they are a privilege to business owners and are written off as a business expense. He also supported a modified increase to the fees for the roaming permit. He said he felt the rate associated to the leased spaces are the key rates to consider. He seconded Mayor Gruendl's motion.

City Manager Lando stated that in order to move ahead with the proposed parking structure, a two year phase-in would be feasible, but approval of the fee increase is necessary as soon as possible.

Councilmember Wahl suggested that the item be tabled until staff provides more definitive numbers. He also suggested contacting the Downtown Chico Business Association to confirm that business owners are aware of these increases and requested staff to provide an explanation of the correlation of potential parking revenue and the financing of the structure. Mayor Gruendl and Chair Holcombe agreed to tabling the item until staff can provide the requested information.

Action: The Committee tabled this item for further consideration at a future meeting.

- D. **Community Development Block Grant (CDBG) and Home Investment Partnership (HOME) Programs Annual Planning Process and Introduction to Five-Year Consolidated Plan.** The Committee was provided with a memorandum dated 1/05/05 from the Housing Officer providing a schedule of activities for the development of the City's CDBG and HOME Programs Annual Plan. In addition, the memorandum provided background on the City's Consolidated Plan for the Programs.

This item was informational and no action was requested from the Committee.

- E. **Approval of Request for Community Development Block Grant (CDBG) Program Assistance - Work Training Center.** The Committee was provided with a memorandum dated 1/14/05 from the Housing Officer transmitting a letter from the Work Training Center requesting inclusion in the City's Annual Plan for CDBG funding.

This item was informational only, the Finance Committee will consider the draft Annual Plan at its 2/23/05 meeting.

- F. **Adjournment and Next Meeting.** The meeting adjourned at 8:50 a.m. The next meeting is scheduled for February 23, 2005 at 8:00 a.m. in Conference Room No. 1.

Annalisa Dillard, Administrative Analyst

Distribution:
City Council (17)
Finance Director
Budget Officer

Housing Officer
CM/SACM/ACM
MA Carroll

CITY OF CHICO MEMORANDUM

TO: CITY COUNCIL/REDEVELOPMENT AGENCY (Mtg. of 3/15/05) DATE: 02/24/05
FROM: FINANCE COMMITTEE FILE: Committee Binder
RE: REPORT ON FINANCE COMMITTEE MEETING HELD FEBRUARY 23, 2005

<u>Committee present:</u>	<u>Staff present:</u>	
Chair Holcombe	City Manager Lando	Budget Officer Pierce
Mayor Gruendl	Senior Assistant City Manager Dunlap	Housing Officer McLaughlin
Councilmember Wahl	Assistant City Manager Jones	Economic Development/Housing Specialist Burkland
	City Attorney Frank	Senior Civil Engineer Greenlaw
	Finance Director Hennessy	Accountant Vidners
	Director of Public Works McKinley	Traffic Engineer Mickelson
	Park Director Beardsley	Administrative Analyst Dillard
	Police Chief Hagerty	
	Fire Chief Brown	

COMMITTEE MATTERS REQUIRING COUNCIL/AGENCY ACTION ON 3/15/05:

- A. **Acceptance of Annual Financial Reports.** This matter was referred to the Committee by the City Council at its 1/25/05 meeting. The Committee was provided with a memorandum dated 1/04/05 from the Finance Director, submitting for the year ended 06/30/04, the Report to Management, City of Chico Comprehensive Annual Financial Report, City of Chico Single Audit Report, Chico Redevelopment Agency Component Unit Financial Report, Chico Public Financing Authority Component Unit Financial Report, and the Transportation Development Act Audits for the City of Chico Transportation Fund and the City of Chico Transit Fund.

Pursuant to the provisions of Section 1109 of the City's Charter, an independent auditor, hired by the Council to perform an annual audit of the books, financial records and related documents of the City in accordance with generally accepted auditing standards, shall submit to the Council a report on the audit for the preceding fiscal year on or before the first regular City Council meeting in February.

Recommendation: The Committee recommended (3-0) acceptance of the reports.

- B. **Discussion Regarding the Expansion of the Mortgage Subsidy Program (MSP) Area of Eligibility to Include Homes in the Unincorporated Portion of the Chico Amended and Merged Redevelopment Project Area.** The Committee considered this item at its 9/22/04 meeting and directed staff to bring the item back to the Committee with additional information. The Committee was provided with a memorandum dated 2/11/05 from the Housing Officer providing the additional information.

Recommendation: The Committee recommended (3-0) that the City Council modify the MSP to include areas within the unincorporated portion of the Chico Amended and Merged Redevelopment Project Area as eligible for program assistance.

- C. **Housing Rehabilitation Program Grant Request - Edith Hildenbrand 134 West 21st Street. ~~122 West 22nd Street.~~** The Committee was provided with a memorandum dated 2/11/05 from the Housing Officer transmitting a letter from Mrs. Hildenbrand which explained her request that a City approved Housing Rehabilitation Program loan of \$7,500 be provided in the form of a grant. The memorandum also provided background on previous City assistance to Mrs Hildenbrand and the basis for Staff's recommendation to deny the request.

James Hildenbrand, son of Edith Hildenbrand, asked that the agendized address be changed for the record. The correct property address is 134 West 21st Street.

Housing Officer McLaughlin explained that the City is careful not to accept responsibility for the work of independent contractors. He expressed concern that providing the requested grant may indicate the City was at fault for poor work.

City Manager Lando indicated that although subsequent rehabilitation loans have been granted to the same families, none have ever been granted to repair poor work. Chair Holcombe felt that these circumstances were unique and would probably not occur again.

Mayor Gruendl asked if clients of the rehabilitation program are provided with clear instructions that it is their responsibility to work with the contractors they select. He said he realizes the severity of this case, but from an administrative level would rather not set a precedence with this request. Housing Officer McLaughlin indicated that the program materials and the contracts are clear in this regard.

Theresa Hildenbrand, daughter-in-law of the applicant, said that the inspector should have been held accountable for recognizing the poor quality of the work, not Mrs. Hildenbrand. Housing Officer McLaughlin explained that structural inspection does not guarantee the quality of work.

Councilmember Wahl made a motion to approve the request as a loan. Chair Holcombe seconded the motion. Councilmember Wahl stated he would like to modify the motion to make the loan forgivable. City Manager Lando said it would need to be determined whether the principal or the interest was forgivable. Councilmember Wahl then restated his motion to recommend approval of a grant rather than a loan. Mayor Gruendl seconded the motion.

Recommendation: The Committee recommended (3-0) approval of Mrs. Hildenbrand's request that \$7,500 of Housing Rehabilitation Program assistance be provided in the form of a grant.

COMMITTEE MATTERS REQUIRING NO COUNCIL/AGENCY ACTION ON 3/15/05:

- D. **Consideration of Draft Annual Plan and Draft Consolidated Plan for the City's 2005-06 Community Development Block Grant (CDBG) and Home Investment Partnership (HOME) Programs.** The Committee was provided with a memorandum dated 2/11/05 from the Housing Officer reporting that the City will receive \$1,727,694 of CDBG and HOME funds for the 2005-06 program year. The Housing Officer's memorandum provided background on the current programs, staff recommendations for the Annual Plan, and citizen input received to date. The Committee was requested to make recommendations to the City Council regarding the Draft Annual Plan for the CDBG and HOME Programs, which Council will consider at its meeting of 4/05/05.

In addition, the Committee was provided with a memorandum dated 2/11/05 from the Housing Officer transmitting the Draft Consolidated Plan and providing background on the purpose of the Plan. Staff requested that the Committee review the Draft Consolidated Plan and provide staff with any comments or concerns regarding the document. At its 4/05/05 meeting, the City Council will review the Draft Consolidated Plan as part of the 4/05/05 public hearing for the CDBG and HOME programs Annual Plan.

Chair Holcombe declared that he was disqualified on the Fair Housing item listed in the CDBG Plan and Councilmember Wahl declared that he was disqualified on the Salvation Army item.

Mayor Gruendl suggested the need for an alternate plan based on the President's proposed Federal Budget and the proposal to eliminate CDBG funds. He said that the City should have a plan in place as to how to meet this commitment later. City Manager Lando indicated that funding for 05-06 has already been allocated and that future funding may be cut in half, not necessarily eliminated.

Mayor Gruendl asked why the South campus funding was not being expended. Director of Public Works McKinley said that lighting is currently the issue. He stated that PG&E is reaching completion of the South Campus Lighting project which consists of replacing 200 lights with higher wattage bulbs. The project should be completed next year. However, due to the high cost of the lighting, which is approximately \$100,000 for

33 lights, staff must evaluate placement locations carefully.

During discussion of the senior housing project on Park Avenue, Mayor Gruendl said that he believes there is economic development potential anchored to Park Avenue. He suggested reviewing and giving priority to requests which would create more jobs, and/or higher paying jobs. He felt the economic development component of the CDBG plan was too small, saying he supports additional funding for the promotion of entrepreneurial endeavors. He suggested expending an additional \$20,000 of the funds under economic development, even if the money must be pulled from elsewhere. Housing Officer McLaughlin said he would prepare a report for March which will explain the constraints in using CDBG funds to aid small businesses and how it often drives up program costs. City Manager Lando said methods of supporting local entrepreneurs will be included in the report.

Charlie Pruesser of the South Campus Neighborhood Association (SCNA), spoke in support of the accomplishments in that area, particularly the lighting improvements. He also said that street sweeping has greatly improved since the city began providing the service. He said the goal of the SCNA is to have a clear, well lit pedestrian corridor from creek to creek which will encourage walking and biking. The Committee requested that a meeting with SCNA be scheduled for March.

Speaking in support of the Community Action Agency's (CAA) new request for HOME Community Housing Development Organization (CHDO) funds, Tom Tenorio and Greg Webb explained that the Esplanade House has a full waiting list, but due to limited Section 8 vouchers, the units remain unoccupied. Mr. Tenorio added that CAA was able to save \$1 million in construction costs through successful grant writing, and plans to do the same with this request. The gap financing would cover subsidies not available now but which will become available soon. City Manager Lando expressed concern regarding the vacant units and the time it has taken to fill them. He was also concerned that the City not become a supporter of operational aspects of the Esplanade House program.

Chair Holcombe asked when CAA expects to begin covering operational expenses. Tom Tenorio said if this request is granted, the Esplanade House will be able to cover operational costs within one year. He assured the Committee that CAA would not make this request again. Councilmember Wahl requested more information regarding how funds are being used and what exactly will be needed for CAA to begin meeting its operational costs.

Habitat for Humanity representative Pam Easterly thanked the Committee for its support in recent property purchases. She explained that Habitat has its operating costs covered and operates on volunteer power with money raised from local donors. No government funds are used for construction. Housing Officer McLaughlin stated that of the three parcels Habitat is proposing to acquire, only two are unoccupied, and recommended that the City not enter into a situation with occupied property. Chair Holcombe also expressed concern over the occupied status of the property. Pam Easterly said the owner was willing to keep the property off the market for several weeks pending the City's decision. Councilmember Wahl said the Committee could not make such a decision at this time.

City Manager Lando supported approval of the plan as a draft only. He said more information would be submitted to the Committee regarding the request from CAA for the Esplanade House and the status of the Habitat parcels. Councilmember Wahl felt more information was needed on the two requests before the plan was even accepted as a draft.

Action: The Committee agreed to tentatively accept the Draft Annual Plan for the City's 2005-06 Community Development Block Grant (CDBG) and Home Investment Partnership (HOME) Programs, and requested that at its March meeting staff provide additional information regarding: (1) the property acquisition request from Habitat for Humanity; (2) the Community Action Agency request for Community Housing Development Organization (CHDO) funds for the Esplanade House; and (3) potential CDBG funded economic development activities.

- E. **Consideration of Potential Redevelopment Projects.** At its meeting held 11/16/04, the Chico Redevelopment Agency referred a preliminary list of potential capital projects proposed for redevelopment funding to the Finance Committee. The Committee was provided with a memorandum dated 02/07/05, from

the Executive Director forwarding the preliminary list of projects and outlining current and projected redevelopment revenue.

Executive Director Lando reviewed the list of projects, which he explained would be amended before being submitted to the Council. He is recommending that the Agency issue an escrow bond which could generate between \$65 and \$90 million to fund the entire list of projects and that the Agency's financial advisor will be able to provide the Council with a more precise, refined analysis. Councilmember Wahl requested that staff provide Council with the fixed rate of the bonds, the cost of the bonds, and the potential impact of increasing rates.

Executive Director Lando said he will recommend to the Agency at its April work session, further discussion of bonding opportunities and whether to proceed, rather than to try and reach finite decisions on individual projects.

Action: The Committee requested that the amended Potential List of Redevelopment Projects and a report on bond financing be submitted to the Redevelopment Agency for further discussion at its work session scheduled for 04/26/05.

F. **Adjournment and Next Meeting.** The meeting adjourned at 11 a.m. The next meeting is scheduled for March 23, 2005 at 8:00 a.m. in Conference Room No. 1.

Annalisa Dillard, Administrative Analyst

Distribution:

City Council (18)
Finance Director
Budget Officer

Housing Officer
CM/SACM/ACM
Econ. Dev./Housing Specialist

CITY OF CHICO MEMORANDUM

TO: CITY COUNCIL/REDEVELOPMENT AGENCY (Mtg. of 4/26/05) DATE: 04/05/05
FROM: FINANCE COMMITTEE FILE: Committee Binder
RE: REPORT ON FINANCE COMMITTEE MEETING HELD MARCH 23, 2005

Committee present:

Chair Holcombe
Mayor Gruendl
Councilmember Wahl

Staff present:

City Manager Lando
Senior Assistant City Manager Dunlap
Assistant City Manager Jones
City Attorney Frank
Finance Director Hennessy
Director of Public Works McKinley
Park Director Beardsley
Housing Officer McLaughlin

Economic Development/Housing Specialist Burkland
Accountant Vidners
Management Analyst Carroll
Administrative Analyst Dillard
Administrative Analyst Main

COMMITTEE MATTERS REQUIRING COUNCIL/AGENCY ACTION ON 4/26/05:

- A. **Acceptance of the Community Organization Compliance Audits for FY 2003-04.** The Committee was provided with a memorandum dated 3/9/05 from the Finance Director forwarding the Community Organization Compliance Audits for Fiscal Year 2003-04 as prepared by Nystrom & Company LLP, Certified Public Accountants. The auditors reviewed the organizations' compliance with the provisions of the community organization funding agreements. Copies of the memorandum were also provided to all of the Community Organizations along with a notice of today's meeting.

Because of disqualifications for two Committee Members on two of the audited organizations, the audits for Community Collaborative for Youth and Legal Services of Northern California were listed and acted upon separately prior to action on the remaining audits.

Chair Holcombe pulled this item from the consent agenda, expressing concern that only 11 applications were in full compliance, which he considered a very poor ratio. He suggested that perhaps the agreements should be followed more closely for compliance and accountability.

Councilmember Wahl asked if the Committee could recommend acceptance of the audits without final approval. Sr. Assistant City Manager Dunlap said that the audit findings for each organization would be included in the summary of each funding application, which will be prepared for the 4/15/05 Finance Committee meeting.

Management Analyst Carroll confirmed that all reports had been received. Economic Development/Housing Specialist Burkland explained that although the matrix shows only one report was timely, but all were filed.

Councilmember Wahl supported including the late request from the Chico Cat Coalition. Sr. Assistant City Manager Dunlap explained that because the Cat Coalition submits receipts for reimbursement, it is not audited. She added that because both the Chico Creek Nature Center and the Chico Cat Coalition receive Park funds, a Park Commission recommendation is solicited before the requests are sent to the City Council. City Manager Lando said the Chico Cat Coalition request will be added to the agenda for the 4/14/05 meeting, but said it is very important that staff not accept late applications.

Tom Haithcock, Director of the Chico Creek Nature Center, explained that the Center had an audit finding because it did not acknowledge funding from the City of Chico on one of its newsletters, an oversight which has since been corrected.

Chair Holcombe made a motion to accept the Community Collaborative for Youth audit and Councilmember Wahl seconded the motion. Mayor Gruendl was disqualified.

Councilmember Wahl made a motion to accept the Legal Services of Northern California audit. Mayor Gruendl seconded the motion. Chair Holcombe was disqualified.

Chair Holcombe made a motion to accept the remaining audits and to give staff authorization to make reasonable efforts to collect unexpended funding from Discovery World Child Development Programs. Mayor Gruendl seconded the motion. The motion carried 3-0.

The Committee recommended the following:

- 1. Acceptance (2-0-1, Gruendl disqualified) of the Community Collaborative for Youth audit.***
- 2. Acceptance (2-0-1, Holcombe disqualified) of the Legal Services of Northern California audit.***
- 3. Acceptance (3-0) of the remaining organizations' audits and authorization for staff to make reasonable efforts to collect unexpended funding from Discovery World Child Development Programs. [Note: Full reimbursement in the amount of \$208.29 was received from Discovery World Child Development Programs on 4/12/05.]***

COMMITTEE MATTERS REQUIRING NO COUNCIL/AGENCY ACTION ON 4/26/05:

- B. Follow-Up Information Requested by the Finance Committee at its 02/23/05 Meeting Regarding Activities Proposed for the 2005-06 Draft Annual Plan for the Community Development Block Grant (CDBG) and Home Investment Partnerships (HOME) Programs.** At its 2/23/05 meeting, the Finance Committee reviewed a memorandum dated 2/11/05 from the Housing Officer (a copy of which was attached), forwarding the proposed activities for the 2005-06 Annual Plan for the CDBG and the Home Investment Partnerships (HOME) Programs. The Committee directed staff to provide additional information regarding: 1) the property acquisition request from Habitat for Humanity; 2) the Community Action Agency request for HOME funds for operating funds for the Esplanade House; and 3) potential CDBG-funded economic development activities. Staff prepared three reports, each dated 3/14/05, which included the additional information requested by the Committee.

Housing Officer McLaughlin said that a site specific request from Habitat for Humanity could raise relocation issues which may be extremely costly to the City in terms of rental assistance and other legal requirements.

Pam Easterly, Executive Director of Habitat for Humanity, clarified that the current renter of the proposed unit is moving to Yuba City and has not been asked to leave. She said that it is against the philosophy of Habitat for Humanity to relocate tenants, even if a property acquisition opportunity is excellent.

Chair Holcombe said it is not enough that a dwelling be unoccupied, but that there should be no dwelling on the land. He did not support removing homes from the housing stock, and advocated for rehabilitation unless a unit is completely uninhabitable. He felt that no loss of housing should occur to fund the program, nor should a family or individual be displaced in order to create a dwelling for others.

Chair Holcombe moved to recommend approval of the assistance request and that proposals come back to the Committee for approval if there is a habitable dwelling on the site, whether occupied or not. Mayor Gruendl seconded the motion. The motion carried 3-0.

Tom Tenorio, Executive Director of the Community Action Agency (CAA), was in attendance to answer questions regarding the CAA's request for funding for operations at the Esplanade House. He explained that the request would close the gap in funding which exists due to the decrease in availability of Section 8 vouchers and the loss of grant funding. Funding would develop the support programs which need to be in place before families on the waiting list can become residents.

Mayor Gruendl supported the request as an interim stop gap to achieve program delivery. He moved to recommend Council approval of the request for \$200,000 in operating subsidy; that the funding be allocated from existing funds available in the City's HOME Program Community Housing Development Organization (CHDO) Setaside and Rental Housing Project activity; and that the funding be distributed in increments of \$20,000 over 10 months.

Chair Holcombe seconded the motion saying he believes high staffing costs are a result of establishing and implementing a complete program for the tenants.

Councilmember Wahl did not support this request saying that the CAA needs to trim its budget or make other arrangements to become self supportive. The motion carried 2-1, with Councilmember Wahl opposed.

Economic Development/Housing Specialist (EDHS) Burkland said that potential CDBG-funded economic development activities must benefit or assist low income families. This may be done through job creation, but there must be a quantifiable benefit.

Housing Officer McLaughlin explained that based on the Annual Plan presented in February, \$228,000 could be available for economic development. The request for improvements at the Chico Children's Center is now estimated at \$118-120,000. If this request were fully funded, approximately \$100,000 would remain.

City Manager Lando supported the set aside of a specific funding amount, although he felt the proposals will most likely always match that amount. Councilmember Wahl moved to approve staff's recommendation to set aside \$50,000 for economic development, and to have all proposals submitted to the Economic Development Committee for review and approval. His motion included recommending the Draft Annual and Consolidated Plans to the City Council for approval and adoption.

The Finance Committee recommended (3-0) approval of the Draft Five Year Consolidated Plan and made the following recommendations regarding the 2005-06 Draft Annual Plan: [These recommendations were approved by the Redevelopment Agency/City Council on 4/05/05]:

1. ***Recommended (3-0) to the City Council that the following assistance be provided to Habitat for Humanity for site acquisition subject to the conditions set forth in the staff report dated 3/14/05:***
 - (a) ***A grant of HOME Funds in an amount not to exceed \$250,000 from the existing balance of repaid Mortgage Subsidy Program (MSP) loans in the HOME Program.***
 - (b) ***A loan in an amount not to exceed \$150,000 from the existing balance of repaid MSP loans in the Redevelopment Agency's Low and Moderate Income Housing Fund (LMIHF).***
 - (c) ***An allocation of \$10,000 from the LMIHF for appraisals, phase 1 environmental assessments, and relocation consulting services.***
2. ***Recommended (2-1, Wahl opposed) that the City Council approve the Community Action Agency's request for a \$200,000 operating subsidy and that the funding be allocated from existing funds available in the City's HOME Program Community Housing Development Organization (CHDO) Setaside and Rental Housing Project activity, subject to the conditions set forth in the staff report dated 3/14/05.***
3. ***Recommended (3-0) a set-aside of \$50,000 of CDBG funds for economic development activity for the 2005-06 Annual Plan, and that all proposals for use of the funds be referred to the Economic Development Committee for consideration and review.***

- D. **Consideration of Request for \$72,123 Housing Rehabilitation Loan- David Meraz - 253 East 12th Street.** The Committee was provided with a memorandum dated 3/17/05 from the Housing Officer providing a summary of the loan request from David Meraz. The Housing Officer's memorandum included a confidential loan analysis section which was only provided to the Committee and relevant staff.

Action: The Committee approved (3-0) the request for the Housing Rehabilitation Loan.

- E. **Adjournment and Next Meeting.** The meeting adjourned at 9:10 a.m. The next meeting to consider Community Organization Funding requests is scheduled for April 14, 2005 at 3:00 a.m. in the Council Chamber.

Annalisa Dillard, Administrative Analyst

Distribution:

City Council (18)	Housing Officer	Budget Officer
Finance Director	CM/SACM/ACM	EDHS

CITY OF CHICO MEMORANDUM

TO: CITY COUNCIL (Mtg. of 6/7/05)

DATE: 04/26/05

FROM: FINANCE COMMITTEE

FILE: Committee Binder

RE: REPORT ON FINANCE COMMITTEE MEETING HELD APRIL 14, 2005

Committee present:
Councilmember Bertagna
Councilmember Wahl

Staff present:
City Manager Lando
Senior Assistant City Manager Dunlap
Economic Development/Housing Specialist Burkland

Management Analyst Carroll
City Clerk Presson
Administrative Analyst Main

Councilmember Gruendl was absent, and Councilmember Bertagna served as an alternate for Chair Holcombe who was disqualified due to a conflict of interest.

A. REVIEW OF APPLICATIONS FOR 2005-06 COMMUNITY ORGANIZATION FUNDING - GENERAL/CDBG AND TOT - ECONOMIC DEVELOPMENT AND TOURISM APPLICANTS.

The Finance Committee was provided with the following documents:

- A. Finance Committee worksheet presenting the requests of the organizations in both the General Fund/CDBG category and the Transient Occupancy Tax Revenue (TOT) - Economic Development and Tourism category.
- B.
 - i. Chico Cat Coalition community organization funding request for FY 05-06, along with letters dated 2/27/05 and 3/16/05 from Lori Beth Way, representative, requesting acceptance of the funding request which was submitted after the application period closed on 2/25/05.
 - ii. Memorandum from the Park Director dated 4/4/05 providing the Park Commission recommendations for the Chico Creek Nature Center and the Chico Cat Coalition.

Councilmember Wahl recognized each representative in attendance and asked that each representative be prepared to address any increases over the amount of City funding provided in Fiscal Year 2004-05.

Councilmember Bertagna moved to accept the Chico Cat Coalition's late application. Councilmember Wahl seconded the motion.

The Committee recommended (2-0-1, Gruendl absent) to accept the Chico Cat Coalition application.

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

Michael McGinnis, ARC, stated the need for additional funding due to an increase in demand for services.

Anastacia Snyder, Catalyst, asked for additional funding for staffing. Ms. Snyder stated that if the shelter did not receive the funding it would mean reduced staff hours and service.

Joan Costa, Catholic Ladies Relief Society, said that all of the money they receive from the City pays for PG&E. She also indicated that they received some private donations last year due to the cut in funding.

Eric Moxon, Meals on Wheels, stated that even though there has been a 25 percent increase in the number of meals provided, they no longer have a waiting list.

Mary Schreiber, Chico Cat Coalition, reported that the Chico Cat Coalition is requesting less in funding this year than they did last year. Their application was submitted late due to the illness of their grant writer. They have taken steps to train more staff in grant writing. She noted that without the funding their organization would not be able to provide services.

Sue McGuire, Chico Community Children's Center, stated that they are requesting the same amount that they requested last year to operate the Elm Street site and the former Discovery World site.

Tami Ritter, Chico Community Shelter Partnership, noted that their funding request is the same as last year. She noted that if funding is decreased it affects the number of staff people available at the shelter.

Tom Halthcock, Chico Creek Nature Center, asked for restoration of their funding due to the rebuilding of their facility. Councilmember Bertagna said that he would like to see the Nature Center include additional information in their educational material to include all creeks and waterways throughout the community.

Dan Pocklington, Community Legal Information Center, noted that they are asking for an increase of \$450 this year.

Nicole Bateman, CAMINAR Community Living Centers, stated that they are requesting the same amount that was requested last year.

Ken Steidley, Do It Leisure, indicated that their funding request is the same as last year, and that they met all of their goals except for units of service.

Evan LeVang, Independent Living Services of Northern California, said that they are requesting the same amount that they requested last year.

Diane Cooper, Innovative Health Care Services, asked for same level of funding. She noted that if they did not receive City of Chico funding they would have to cut essential services provided to the elderly. A new facility was recently opened in Oroville, which has helped to open up space for City residents at the Peg Taylor Center.

Barbara Segal, Legal Services of Northern California, stated that their funding request has increased due to an increase in the number of services provided to their clients.

Mary Newman, Parent Education Network, said that they are requesting more funds this year because some of the funding they received from other agencies is no longer available.

Carol Childers, Passages Adult Resource Center, noted that they are requesting the same amount that was requested in previous years. They are looking to add programs by collaborating with the school of nursing.

Hope Aguirre, Rape Crisis Intervention, reported that even though they lost four positions, they still provide the same level of service. They are requesting the same funding that they requested last year.

Loren Blunkall, Sunshine Kids Club, stated that they are requesting the same amount of funds to assist people with disabilities by providing wheelchair sports programs and self defense classes.

Mike Helm, VECTORS, said that his organization provides vital services to homeless veterans, and they are requesting the same amount that they requested in prior years.

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

Melissa Pasquale, Chico Area Recreation and Park District (4th of July Celebration), stated that this is the 40th year for the 4th of July event, and they are requesting the same amount that they have requested in the past.

Jim Goodwin, Chico Chamber of Commerce, said that their request is more, but only because the three year contract to promote arts is coming to an end. Mr. Goodwin stated that the level of outreach and marketing will remain at the same level.

Bob Linscheid, CEPCO, reported that the request is the same amount that they have requested before, and any gap will be made up from private sources.

Katrina Davis, Downtown Chico Business Association, said that their request is the same as they received last year. Because they did take a cut in Fiscal Year 2004-05, they would like to get back to the amount they received in Fiscal Year 2003-04 if additional funding becomes available.

Jose Ascencio, Hispanic Chamber of Commerce of Northern California, requesting funding to fulfill the business and economic needs of the area by creation of a website as a business, professional and community resource.

Business From the Floor. None.

Adjournment and Next Meeting. The meeting adjourned at 3:55 p.m. The Finance Committee will meet on Wednesday, April 28, 2005, at 4:00 p.m. in the Council Chamber to make recommendations for community organization funding. The next regular meeting is scheduled for Wednesday, May 25, 2005, at 8:00 a.m. in Conference Room 1.

Karen Main, Administrative Analyst

Distribution:

City Council (20)	Housing Officer	MA-Carroll
Finance Director	CM/SrACM/ACM	ED-HS

CITY OF CHICO MEMORANDUM

TO: CITY COUNCIL (Mtg. of 6/7/05)

DATE: 05/06/05

FROM: FINANCE COMMITTEE

FILE: Committee Binder

RE: REPORT ON FINANCE COMMITTEE MEETING HELD APRIL 27, 2005

Committee present:
Chair Holcombe
Mayor Gruendl
Councilmember Wahl

Staff present:
City Manager Lando
Sr. Assistant City Manager Dunlap
Assistant City Manager Jones
Assistant City Attorney Barker
Finance Director Hennessy
Community Development Dir. Baptiste
Director of Public Works McKinley
Airport Manager Grierson

Housing Officer McLaughlin
Asst. Director of Public Works Alexander
Sr. Civil Engineer/Capital Projects Greenlaw
Economic Development/Housing Specialist Burkland
Public Works Administrative Manager Velarde
Management Analyst Herman
Administrative Analyst Main

COMMITTEE MATTERS REQUIRING COUNCIL ACTION ON 6/7/05:

- A. **Consideration of the Assumptions to be Used in the 2005/06 Update of Development Impact Fees Analysis and Recommendation (Nexus Study).** The Committee was provided with a memorandum dated 4/12/05 from the Director of Public Works which explained the proposed assumptions to be used in the 2005/06 update to the City's development impact fees (Nexus Study). The Director of Public Works reported that the Nexus Study contains a series of assumptions for calculating development impact fees for projects included in the Study. These assumptions, along with the actual project list and estimated costs, establish the basis for calculating development impact fees attributable to new development.

There is inadequate funding for State Highway Routes 32 and 99, and City Manager Lando noted that while some funding will be available through programs such as the State Transportation Improvement Program (STIP) and the Congestion Management and Air Quality (CMAQ) programs, and some limited redevelopment funds, there will be a need to mitigate state highway traffic impacts of new development. City Manager Lando stated that the City has a commitment from BCAG for \$25 million in STIP funding for State Highway Route 99.

Mayor Gruendl moved to accept the assumptions to be used in the 2005-06 update of the Development Impact Fees Analysis and Recommendations. Councilmember Wahl stated that he would oppose the motion because he is opposed to the majority of the assumptions.

Recommendation: The Committee recommended (2-1, Wahl opposed) approval of the assumptions to be used in the 2005-06 update of the Development Impact Fees Analysis and Recommendations.

- B. **Consideration of Amendments to the City of Chico Fee Schedule (Transportation System Fees, Copy Fees, Vehicle for Hire Permit Fees, Special Meeting Fees, Bicycle Fees, Business License Tax Information, Dog License Fees, Planning Division Fees, Building Department Fees, Police Department Fees, Sewer Fees, and Airport Fees).** An annual review of the City's fee schedules has been conducted by various City Departments for fiscal year 2005-06. The Committee was provided with a memorandum dated 4/15/05 from Management Analyst Herman transmitting the proposed fee schedule revisions and a table summarizing and justifying each revision.

The Committee discussed the following specific items on which they had questions and made the following recommendations:

11.110 - Special Meeting Fees - Senior Assistant City Manager Dunlap stated that this would be a new fee to establish a non-refundable application fee and a meeting fee to recover the City's full costs for holding special City Council or Planning Commission meetings when requested by an applicant. ***The Committee recommended (2-1, Gruendl opposed) removal of the proposed Special Meeting Fees.***

15.080 - Dog License Fees - Councilmember Wahl stated that he did not support an increase in the dog license fee due to a concern that fewer people will pay the fee to license their dogs. ***The Committee recommended (2-1, Wahl opposed) the increase in dog license fees.***

21.010 - Planning Division Fees-Certificate of Appropriateness - Councilmember Wahl stated that this fee penalizes the landowner, and is not in favor of charging the landowner a fee. ***The Committee recommended (2-1, Wahl opposed) to approve the Certificate of Appropriateness fee.***

21.010 -Planning Division Fees-Second Dwelling Unit Permits - The Committee discussed the implementation of a Second Dwelling Unit Permit Fee. Community Development Director Baptiste noted that this fee can be adjusted through the fee study process, and at that time the Committee can decide if they want to subsidize the amount to keep it low, or to recover staff's cost from some other source. ***The Committee recommended (3-0) approval of the Second Dwelling Permit fee.***

30.020 - Police Department Fees - Captain Maloney stated that recent laws have resulted in the surrender of weapons to the Police Department when alternative disposal sites are available. When the firearms come into the system, staff time is required to track the weapons, and storage space is required. It was suggested that a flat administrative fee versus a daily fee for firearms storage and/or disposal should be examined. ***The Committee recommended (3-0) changing the firearms Storage Fee from a daily fee to a flat fee, and implementation of a firearm disposal fee.***

90.010 - Airport Fees - The consensus of the Committee was for the Airport Manager to present the fee schedule to the Airport Commission for review and provide recommendations directly to Council. ***The Committee recommended (3-0) that the Fee Schedule adjustments be submitted to the Airport Commission for review and consideration.***

Councilmember Wahl's motion to pass the 2005-06 Fee Schedule Adjustments on to Council with no recommendation on the entire package was withdrawn due to a lack of a second.

Mayor Gruendl moved to approve all of the 2005-06 Annual Fee Schedule Adjustments subject to the changes set forth above, and to include any changes recommended by the Airport Commission. Chair Holcombe seconded the motion.

Recommendation: The Committee recommended (2-1, Wahl opposed) approval of the 2005-06 Annual Fee Schedule Adjustments subject to the changes discussed, and any changes recommended by the Airport Commission.

COMMITTEE MATTERS NOT REQUIRING COUNCIL ACTION ON 6/7/05:

- C. **Consideration of Second Response Ordinance and Safety Plan Ordinance.** The Committee was provided with a memorandum from the Chief of Police dated 4/20/05 in response to community discussion regarding legislative action which could help the Police Department to deal with the youth/alcohol culture in the Chico community.

City Manager Lando reported that a Second Response Ordinance was adopted approximately ten years ago, but never implemented. Chief Hagerty recommended that the existing ordinance be enforced, and that the City explore the creation of a Safety Plan Ordinance that would require anyone in the City to have a Safety Plan on file if they are sponsoring a party or event with over 50 people. The Safety Plan would require that a responsible party be identified. The responsible party could be cited along with the property owner if there is a violation. City Manager Lando emphasized that it will be important to make the property owner responsible, otherwise the ordinance will not be as effective. Chief Hagerty corrected an error in his memo stating that he is requesting a change in the Second Response Ordinance from the current 12 hours (his memo stated 18 hours) to 72 hours.

Scott Chalmers, RSC Associates, spoke in favor of enforcing the Second Response Ordinance and developing a Safety Plan Ordinance. He agreed that 72 hours is a more appropriate time limit.

Jason Bougie, BIA, was in favor of developing a Safety Plan Ordinance, and indicated that 30 days might be a more realistic time limit for the second response.

James Moon, Vice President for Student Affairs, California State University, Chico, stated that California State University, Chico, fully supports implementation of the Second Response Ordinance and development of a Safety Plan Ordinance.

Susan Mason stated there could be a potential problem with notification of property owners, and suggested that the fee for business licenses include all rentals owned by one property owner.

Adam Dondro, President, CSUC Associated Students, said that he believes the 12 hour time limit is effective, and that there should be a separate section regarding penalties for repeat offenders.

Thomas Whitcher, Vice President, CSUC Associated Students, spoke in favor of the Second Response Ordinance as a tool to promote student safety.

Chair Holcombe commented that it is important that property owners have actual notice of a violation if they are going to be held responsible. City Manager Lando proposed a budgeted item in August of each year to send out notices in terms of what the expectations will be for violators.

Councilmember Wahl moved to approve implementation of the existing Second Response Ordinance and the Safety Plan Ordinance as recommended by the Chief of Police. Mayor Gruendl said that he would like to see language added regarding multiple offenses and an examination of the Noise Ordinance. City Manager Lando said that the existing Second Response Ordinance that is on the books today requires only a Council vote to become effective. He suggested that this item be sent to the Internal Affairs Committee for review and recommendations regarding the time frame for response, consistency with the Noise Ordinance, and development of a Safety Plan Ordinance. Chair Holcombe seconded the motion.

Recommendation: The Committee recommended (3-0) that the Police Department enforce the current Second Response Ordinance and this item be forwarded to the Internal Affairs Committee to discuss development of a Safety Plan Ordinance, and to consider amendments to the Second Response Ordinance and the Noise Ordinance. (This item was forwarded to Council at its meeting of 5/3/05.)

- D. **Consideration of Request for \$113,581 Housing Rehabilitation Loan - Rico and Shua Fojas - 263 East 19th Street.** The Committee was provided with a memorandum dated 4/15/05 from the Housing Officer providing a summary of the loan request from Rico and Shua Fojas, 263 East 19th Street. Chair Holcombe asked that this item be pulled from the Consent Agenda, and expressed concern over the amount of the loan requested. Housing Officer McLaughlin stated that staff examined other alternatives to keep the costs down, but the method recommended appeared to be the most cost effective in light of the accessibility needs of the family.

Action: The Committee approved (3-0) the request for the Housing Rehabilitation Loan.

Business From the Floor. None.

Adjournment and Next Meeting. The meeting adjourned at 10:00 a.m. The next meeting is scheduled for May 25, 2005, at 8:00 a.m. in Conference Room No. 1.

Karen Main, Administrative Analyst

Distribution:

City Council (20)

Director of Public Works

Community Development Director

Housing Officer

Management Analyst Herman

Finance Director

CITY OF CHICO MEMORANDUM

TO: CITY COUNCIL (Mtg. of 6/7/05)

DATE: 05/05/05

FROM: FINANCE COMMITTEE

FILE: Committee Binder

RE: REPORT ON FINANCE COMMITTEE MEETING HELD APRIL 28, 2005

Committee present:

Chair Wahl
Mayor Gruendl
Councilmember Bertagna

Staff present:

City Manager Lando
Senior Assistant City Manager Dunlap
Economic Development/Housing Specialist Burkland

Management Analyst Carroll
Administrative Analyst Main
Finance Director Hennessy

Councilmember Bertagna served as an alternate for Chair Holcombe who was disqualified due to a conflict of interest.

A. **COMMUNITY ORGANIZATION FUNDING REQUEST RECOMMENDATIONS**

The Finance Committee was provided with the following documents:

- A. Memorandum from the City Manager dated 4/19/05 which sets forth his recommendations to the Committee for funding levels.
- B. Revised Finance Committee worksheet, which has been updated to include the Cat Coalition's request as accepted by the Committee at its 4/14/05 meeting and the City Manager's recommendations.

A copy of the memorandum and worksheet was also provided to all applicants.

The Committee was also provided with the following additional information following posting of the agenda:

- C. Letter dated 4/21/05 from Thomas Tenorio, Executive Director of Community Action Agency, presenting information about the agency's application and request for CDBG funding.
- D. E-mail dated 4/26/05 from Katrina Davis, Executive Director of the DCBA, retransmitting her letter dated 4/11/05 to Mayor Scott Gruendl which was provided to the Finance Committee at its 4/14/05 meeting, and requesting consideration to restore DCBA funding to a level of \$43,688.
- E.
 - i. Letter dated 4/27/05 from Dan DeWayne, Director of University Public Events, explaining that the notice of application availability was not forwarded to his office, and requesting consideration to allow submittal of a funding request to support the Field Trip Series and the Chico World Music Festival.
 - ii. Letter dated 4/7/05 from Jeff Wright, Director of Sponsored Programs, CSU, Chico Research Foundation, the fiscal receiver for University Public Events, advising of staff transitions at the Foundation which may have been related to the missed deadline, and supporting Mr. DeWayne's request for funding for University Public Events.

The Committee reviewed the City Manager's recommendations. Chair Wahl recommended adding \$10,000 to the City Manager's recommendation for Downtown Chico Business Association (DCBA) funding, and adding \$3,000 to the City Manager's recommendation for Chico Museum.

Councilmember Bertagna agreed with Chair Wahl, and also requested that the Chico Chamber of Commerce be fully funded at its requested amount of \$118,948.

Chair Wahl moved to accept the City Manager's recommendations with respect to the General/CDBG and TOT-Economic Development and Tourism applicants with the noted changes. Councilmember Bertagna seconded the motion.

Recommendation: *The Committee recommended (3-0) accepting the City Manager's funding recommendations with respect to the General/CDBG and TOT-Economic Development and Tourism applicants with the following exceptions: (1) add \$10,000 to the recommended allocation for DCBA for a total allocation of \$38,400; (2) add \$3,000 to the recommended allocation for the Chico Museum for a total allocation of \$27,346; and (3) fully fund the Chico Chamber of Commerce at the requested amount of \$118,948.*

Business From the Floor. None.

Adjournment and Next Meeting. The meeting adjourned at 4:15 p.m. The next meeting is scheduled for Wednesday, May 25, 2005, at 8:00 a.m. in Conference Room 1.

Karen Main, Administrative Analyst

Distribution:

City Council (20)	Housing Officer	MA-Carroll
Finance Director	CM/SrACM/ACM	ED-HS



CITY OF CHICO MEMORANDUM

TO: CITY COUNCIL (Mtg. of 7/19/05) **DATE:** June 15, 2005
FROM: FINANCE COMMITTEE **FILE:** Committee Binder
RE: **REPORT ON FINANCE COMMITTEE MEETING HELD MAY 25, 2005**

Committee present:

Councilmember Holcombe, Chair
Mayor Gruendl
Councilmember Wahl

Staff Present:

City Manager Lando
Senior Assistant City Manager Dunlap
Assistant City Manager Jones
City Attorney Frank
Park Director Beardsley
Housing Officer McLaughlin
Senior Civil Engineer Greenlaw
Asst Director of Public Works Alexander
Administrative Analyst Main

COMMITTEE ITEMS NOT REQUIRING CITY COUNCIL ACTION ON 7/19/05:

- A. **Consideration of Appropriate Use for City-Owned Property at the Corner of Notre Dame Boulevard and Humboldt Road.** At its meeting of 5/3/05, the City Council referred this item to the Finance Committee to discuss the appropriate use of the City-owned site at the corner of Notre Dame Boulevard and Humboldt Road. The Committee was provided with a memorandum dated 5/13/05 from the Housing Officer reporting that in the event the site is designated for affordable housing, the greatest need is for affordable home ownership. The Committee also received a letter from Gary and Kelsey Chapman dated 5/13/05, supporting Tony Symmes' request to rezone the property to single family housing and develop it as an affordable housing subdivision.

City Manager Lando provided background information regarding the site which consists of approximately five acres across from Hank Marsh Junior High School. The site is zoned for open space and has been proposed for a community center with an aquatic facility. Tony Symmes (Agasy Inc.) has proposed that the site be considered as a location for affordable single-family housing.

Mary Cahill, Chico Area Recreation and Park District (CARD), stated that CARD staff has explored the pros and cons of various locations for an aquatic facility including Chico High School, Hank Marsh Junior High School, Meriam Park, and DeGarmo Park.

Tony Symmes stated that it might be beneficial for CARD to work with Meriam Park to build a facility near Hank Marsh Junior High School where the parking is already in place.

John Merz expressed concern that the issue of affordable housing is being used as the justification to build homes along the creek which could result in valuable parkland disappearing.

Mr. Symmes said his vision would include the City selling the property for a negotiated price, and the homes that would be built would be selected by the City's Housing Office. The City would develop criteria for choosing who would qualify to buy the homes. To ensure the buyer is a first time homebuyer, he envisions that there would be a penalty if a home is sold within 15 years. Mr. Symmes would be the builder.

Councilmember Wahl moved to forward this item to Council with a recommendation that Tony Symmes, CARD staff, and Tom DiGiovanni be invited to the meeting to discuss future plans for the property. Mayor Gruendl suggested adding Chico Unified School District staff to the discussion. Councilmember Wahl's motion was withdrawn due to a lack of a second.

Kelsey Chapman stated that she has been on a waiting list for a home for four or five years, and with each passing day she is losing the ability to purchase a home due to rising prices.

John Merz said that he does not think this item is ready to go to Council, and requested that an aerial map be available at the next meeting of the Finance Committee as opposed to a parcel map which may not accurately reflect the property boundaries.

Mayor Gruendl moved to continue this item to the next Finance Committee meeting, and to broaden the discussion to include Chico Unified School District, Tom DiGiovanni (Meriam Park), CARD, and Tony Symmes (Agasy, Inc.). Chair Holcombe seconded the motion.

Action: The Committee directed (2-1, Wahl opposed) that this item be scheduled for the Finance Committee meeting on 6/22/05 for further discussion to fully consider the appropriate use for the property including the use of the property for an aquatic facility or affordable, owner-occupied housing, and that Chico Unified School District, CARD, Tom DiGiovanni (Meriam Park), and Tony Symmes (Agasy Inc.) be notified of the meeting.

- B. **Consideration of Request from Big Chico Creek Watershed Alliance to Amend the Scope of the Cohasset Road Widening Project to Incorporate Design Techniques to Manage Flooding of Sycamore Creek.** At its meeting of 5/3/05, the City Council referred discussion of a letter dated 4/18/05, from Susan Strachan, Watershed Coordinator, Big Chico Creek Watershed Alliance, to the Committee to discuss amending the scope of the Cohasset Road widening project to incorporate design techniques to manage flooding of Sycamore Creek. The Committee was provided with a memorandum dated 5/18/05, from the Director of Public Works which provided an update on the project and reported that a letter had been prepared in response to Ms. Strachans' request.

Bob Greenlaw stated that there is a tendency for woody debris to build up and become entrapped on the pilings that support the Cohasset Road bridge over Sycamore Creek during times of high water flow. City staff met with representatives from Streamminders and Big Chico Creek Watershed Alliance on 4/19/05, to discuss methods to reduce the flooding potential as part of the Cohasset Road Widening Project. It was agreed that while there is concern in elevating the roadway, there could be merit in providing culverts under Cohasset Road to the north of Sycamore Creek to divert a portion of the flood flows. City staff has requested that the roadway design consultants provide information to address these concerns, and once that information is received it will be shared with all parties.

Susan Strachan, Big Chico Creek Watershed Alliance, stated that increasing the road elevation and providing a bypass for floodwaters would be beneficial from a safety standpoint, while at the same time providing environmental protection for Sycamore Creek.

John Merz said that part of the problem is that the bridge is not a contemporary design and suggested that a clear span bridge would be more beneficial.

Action: The Committee directed (3-0) staff to keep the culverts within the scope of the project and to obtain cost information on bridge replacements.

- C. **Business from the Floor.** None.
- D. **Adjournment and Next Meeting.** The meeting adjourned at 8:55 a.m. to Wednesday, June 22, 2005, at 8:00 a.m. in Conference Room 1.

Karen Main, Administrative Analyst

Distribution:

City Council (18)

Director of Public Works

Community Development Director



CITY OF CHICO MEMORANDUM

TO: CITY COUNCIL (Mtg. of 7/19/05)

DATE: June 28, 2005

FROM: FINANCE COMMITTEE

FILE: Committee Binder

RE: REPORT ON FINANCE COMMITTEE MEETING HELD JUNE 22, 2005

Committee present:

Councilmember Holcombe, Chair
Councilmember Gruendl
Councilmember Wahl

Staff Present:

City Manager Lando
Assistant City Manager Jones
City Attorney Frank
ACDD Sellers
Captain Maloney

Staff Present:

Housing Officer McLaughlin
Director of Public Works McKinley
Accountant Orr
Fire Chief Brown
Administrative Analyst Cameron

COMMITTEE ITEMS REQUIRING CITY COUNCIL ACTION ON 7/19/05:

- A. **Discussion of Police Department Fees for Citation Sign-Offs and Vehicle Identification Number Verifications (VIN).** The Committee was provided with a memorandum dated 9/14/04 to the Chief of Police regarding citation sign-off fees and VIN verifications. At its meeting of 12/7/04, the City Council delayed action on this item to allow time for the Chief of Police to survey local agencies, including the County Sheriff's office and California Highway Patrol in order to confirm amounts charged by those jurisdictions. If the other jurisdictions did not impose similar fees, this item was to be referred back to the Committee for further consideration. By memorandum dated 3/14/05, the Chief of Police provided additional information regarding the fees.

City Manager Lando stated that the revenue from the citation sign-off and vehicle identification number (VIN) verification fees would be negligible. He added that staff time to administer the fees would cost between \$10 to \$20 per fee. Captain Maloney stressed that if the City implemented these fees it would keep citizens from other jurisdictions from coming to Chico to avoid paying fees elsewhere.

Mayor Gruendl made a motion to accept the recommendations from the Police Department of a \$10 fee for citation sign-offs and a \$20 fee for VIN verification. Councilmember Holcombe requested an amendment to the motion that would add Finance Office staff time to the fees. Staff indicated that this information would be provided in the Committee report.

Recommendation: The Committee recommended (2-1, Wahl opposed) implementation of the following Police Department fees: \$10 citation sign-off and \$20 VIN verification fees. After further research staff has determined that there are no additional administrative costs associated with processing these proposed fees.

- B. **Consideration of Request from Pleasant Valley Assembly of God for Reimbursement of Southeast Chico Sewer Assessment District Payments.** At its 5/17/05 meeting, the City Council referred to the Finance Committee consideration of a letter received on 5/4/05 from Eric Enns, Pastor, Pleasant Valley Assembly of God, City Light, requesting reimbursement of Southeast Chico Sewer Assessment District payments for AP No. 002-180-083 in the amount of \$37,351. By memorandum dated 6/16/05, the City Manager forwarded and recommended a proportional reimbursement of the payments made on that portion of the property that cannot be developed.

Mayor Gruendl made a motion to accept the City Manager's recommendation to reimburse a proportional amount of the sewer fees that were paid for the portion of the property that is now undevelopable due to wetlands and meadowfoam to Pleasant Valley Assembly of God Church. Councilmember Wahl seconded the motion.

Action: The Committee recommended (3-0) reimbursement of a proportional amount of the sewer fees to Pleasant Valley Assembly of God Church that were paid for the portion of the property that is now undevelopable due to wetlands and meadowfoam.

- C. **Consideration of Parking Space Lease and Municipal Parking Permit Fee Increases.** At its meeting held 7/21/04, the Parking Place Commission recommended approval of an amendment to Fee Schedule No. 15.090, which would increase rates for Parking Space Leases and Municipal Parking Permits due to the increase in meter rates approved by City Council at its meeting held 5/04/04. By memorandum dated 6/15/05, staff recommended that the Municipal Parking Lot No. 5 Reduced Rate Limited Parking Permit Fee be increased from \$72 to \$144, consistent with the increase in meter rates effective 7/01/05. At its meeting held 1/26/05, the recommended fee increases were considered and tabled by the Finance Committee because of questions raised regarding the effective date of the previously approved meter rate increase, progress of the parking structure project, and the impact of the timing of the increase on Parking Space Lease and Municipal Parking Permit Fees. At its meeting of 5/17/05, Council confirmed the 7/01/05 effective date for the meter rate increase from \$.25 an hour to \$.50 an hour and approved proceeding with the parking structure preliminary design and environmental review. Council also approved extended enforcement hours, including Saturday enforcement. A Fee Schedule Resolution will be provided to the City Council with the Finance Committee report.

Councilmember Wahl was disqualified on this item. Staff reported that the increase in parking permit and lease fees is proportional to the recently adopted parking meter rate increase. Mayor Gruendl made a motion to accept staff's recommendation to increase the permit and lease fees as set forth in Exhibit "A." Councilmember Holcombe seconded the motion.

Action: The Committee approved (2-0, Wahl disqualified) an increase in the parking permit and lease fees as set forth in Exhibit "A" to the report.

- D. **Consideration of Appropriate Service Level for Public Safety, Parks and Roads.** The Finance Committee was asked to consider the appropriate service level and staffing for the public safety departments, as well as funding for park and road facilities. Should the Finance Committee determine that additional resources are needed it is recommended that the Committee consider recommending to the full Council that a tax measure be put before the voters to pay for these improved service levels. By memorandum dated 6/16/05, the City Manager provided background information on the identified needs for public safety, parks and roads, and the possible revenue sources.

City Manager Lando stated with the current status of the City's budget, the growth in the community, and the changing nature of the community, the Police and Fire Departments are currently operating at a minimum acceptable level. He added it may be appropriate to ask the voters whether they want to increase those service levels through a sales or phone tax. Currently, the City's annual sales tax revenue, at 7.25%, is \$16 million (1%). A 1/4% sales tax increase would generate \$4 million annual revenue.

Mayor Gruendl inquired about adding a sunset clause to the tax proposal. City Manager Lando responded the tax increase could be structured with a sunset clause, adding it would take some fiscal discipline to decrease reliance on the funds prior to the sunset.

Cynthia Van Auken questioned if this item goes to a vote would it include the urban area or just city residents, adding that urban area residents would not have a voice but are forced to shop in the City and pay the sales tax. Staff indicated that the vote would be in the City only.

City Manager Lando stated a phone tax should generate \$2.5 million annually. This would apply to City residents only and would include residential, commercial and wireless phones. He added that the City Council may have the ability to unilaterally implement this tax, but suggested getting the opinion of the voters, adding it would be appropriate to do an opinion survey to determine whether there is an interest and a need for additional public safety services. The survey would ask what should be funded and how, along with a series of questions on service levels, detailing what each level of service costs, and asking the citizens if they are willing to pay for these services. He added the focus of the tax increase and survey should be public safety, road maintenance, and parks, indicating that by conducting a survey it will be impossible to meet the November 2005 election deadlines so the ballot measure will either have to go to the voters in June 2006 or a special election would need to be called.

Bob Best questioned if City parks would be part of the survey, stating that Chico Area Recreation and Park District (CARD) just completed a survey of their facilities and noted that he had a list of questions that he will submit to the Finance Committee, the City Manager and the City Council regarding the proposed tax increase. The Park Director stated that a joint survey with the City and CARD regarding park funding and priorities will be completed this fall, adding the CARD survey results are not yet available. The City Manager suggested that the joint survey be expanded to include questions on service level, public service, and financing.

Councilmember Wahl made a motion to have the Finance Committee draft an opinion survey for the residents of Chico regarding the possibility of a sales or phone tax to fund public safety, road maintenance, and parks. Mayor Gruendl seconded the motion.

Recommendation: The Committee recommended (3-0) that the Finance Committee draft an opinion survey for the residents of Chico regarding the possibility of a sales or phone tax to fund public safety, road maintenance, and parks.

COMMITTEE ITEMS REQUIRING NO CITY COUNCIL ACTION ON 7/19/05:

E. **Consideration of Request for \$142,337 Housing Rehabilitation Loan - Dori Moura - 124 W. 22nd Street.** By memorandum dated 6/10/05, the Housing Officer provided a summary of the loan request from the Moura family. The Housing Officer's memorandum included a confidential loan analysis section which was only provided to the Committee and relevant staff.

Action: The Committee approved (3-0) the loan request.

F. **Business from the Floor.** No items.

G. **Adjournment and Next Meeting.** The meeting adjourned at 9:10 a.m. The next meeting is scheduled for Wednesday, July 20, 2005, at 8:00 a.m. in Conference Room 1.

Lynda Cameron, Administrative Analyst

Distribution:

City Council (18)
Director of Public Works
Public Works Administrative Manager
Park Director
Assistant Community Development Director
Finance Officer



Finance Committee Report

DATE: **SEPTEMBER 1, 2005**

TO: CITY COUNCIL/REDEVELOPMENT AGENCY

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD AUGUST 24, 2005**

<p><u>Committee present:</u> Chair Holcombe Mayor Gruendl Councilmember Wahl</p>	<p><u>Staff present:</u> City Manager Lando Sr. Assistant City Manager Dunlap Assistant City Manager Jones City Attorney Frank Planning Director Seidler Finance Director Hennessy</p>	<p>Budget Officer Pierce Community Services Director Baptiste Director of Engineering McKinley Housing Officer McLaughlin Administrative Analyst Main</p>
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COMMITTEE MATTERS REQUIRING COUNCIL/AGENCY ACTION ON 9/20/05:

A. **Consideration of Appropriate Use for City-Owned Property at the Corner of Notre Dame Boulevard and Humboldt Road.** At its meeting of 5/25/05, the Finance Committee directed that this item be scheduled for further discussion to determine the appropriate use for the property including the use of the property for a recreational/aquatic facility or affordable, owner-occupied housing. The Committee was provided with copies of the Housing Officer's memorandum dated 4/25/05 to the City Council for its meeting of 5/3/05; a copy of the Housing Officer's memorandum dated 5/13/05 to the Finance Committee for its meeting of 5/25/05; a letter dated 5/17/05 from David Ferrier, Executive Director of the Community Housing Improvement Program (CHIP); correspondence between Mary Cahill, General Manager, Chico Area Recreation and Park District (CARD), and the City; and a letter dated 8/3/05 from Tony Symmes. As requested by the Committee at its 5/25/05 meeting, representatives of the Chico Unified School District, New Urban Builders, CARD and Tony Symmes were invited to attend the meeting.

City Manager Lando stated that Tony Symmes has submitted several requests over the last number of years to rezone the property for single-family housing. The acreage is currently zoned open space and was acquired as a site for a recreation center. The City Council has asked the Committee to make a recommendation as to the most appropriate use for the site. CARD has indicated that the property should be maintained as a park site.

Mary Cahill said that it is vital that the land be preserved as open space for recreational purposes, and the need for a five acre neighborhood park has been identified. She noted that when CARD conducted the survey for its Master Plan there was strong support for acquiring open space for recreational facilities.

City Manager Lando indicated that if the property is sold, the funds of approximately \$1 million would go back into the Redevelopment Agency. If other property is purchased for open space outside the project area, Redevelopment Agency money could not be used.

Chris Cole, New Urban Builders, stated that an appraisal which was recently completed on this property placed it at \$375,000 an acre. Mr. Cole handed out a list of discussion points dated 8/24/05 to the Finance Committee. He also indicated that there is a fitness center planned in Meriam Park with pool facilities, but it will not be open to the public.

Tony Symmes, Aspire Homes, Inc., stated that he felt the best use for the land is for housing purposes, and that there is still open space in the detention basin.

City Manager Lando noted that there is a need for recreational facilities in this area, but there is also a need for affordable housing in the City of Chico. He suggested that the City look at sites in the community to acquire for affordable housing.

Chair Holcombe stated that the City should look at new ways to subsidize land for development of housing.

Councilmember Wahl asked what CARD's and staff's positions are on development of the property. Park Director Beardsley responded that there is value in terms of potential public use if the land is developed as an aquatic facility and community center.

Jan Sneed, Chair, Board of Directors, CARD, said that the original plan was for an aquatic and community center, but she could also envision a senior citizen and aquatic center.

Councilmember Wahl's motion to sell the property for use as a future housing development died for lack of a second. Mayor Gruendl's motion to keep the land as open space was seconded by Chair Holcombe. Mayor Gruendl amended his motion to include direction to staff to obtain a feasibility study to determine the appropriate use of the space, and to look into financing mechanisms to support affordable housing.

Recommendation: The Committee recommended (2-1, Wahl opposed) that the property be kept as open space and directed staff to obtain a feasibility study to determine the appropriate use of the space, and to look into financing mechanisms to support affordable housing.

- B. **Request from the Community Housing Improvement Program (CHIP) for Additional Funding for the Murphy Commons Affordable Housing Project.** By memorandum dated 8/15/05, the Housing Officer transmitted a letter from CHIP outlining its request and background on the previous City and Agency actions regarding this project. The memorandum also explained the basis for the amount of additional funds requested. The \$1,530,000 of funding will be allocated from the Redevelopment Agency's Low and Moderate Income Housing Fund (LMIHF). The Committee was provided with a copy of the Combined Current Summary of Revenues and Expenditures for the LMIHF.

Housing Officer McLaughlin provided background on the item, and noted that the project cost has increased over \$4 million since April 2003 when it was first approved. CHIP has secured approximately \$3 million in funding from other sources, but a gap of approximately \$1,530,000 still exists.

Chair Holcombe suggested that if additional funds are recommended, the funds should be conditioned on CHIP receiving confirmation of its funding from other sources. Housing Officer McLaughlin stated that the City's funds are never disbursed until the funds from all other sources have been received.

In response to a question about reimbursement, Housing Officer McLaughlin said that the City will be in first position for reimbursement if CHIP is able to get affordable housing program money, but once other lenders are brought in on the project it becomes a very complicated sharing arrangement for reimbursement.

David Ferrier, Executive Director, CHIP, said that he is confident that funding from two other sources will be approved in September, and the Notice to Proceed should be received by December 20, 2005. He stated that there are 86 units planned at an approximate cost of \$200,000 per unit, and he does not plan on requesting any other funds from the City.

Housing Officer McLaughlin said that to meet the greatest need all 86 units are targeted for very low or low income households. He noted that the project is self-funded by rents.

Mayor Gruendl moved to approve the recommendation of the Housing Officer to add an additional \$1,531,203 for the Murphy Commons Project. Councilmember Wahl seconded the motion. The motion passed 3-0.

Recommendation: The Committee recommended (3-0) to approve the request from CHIP for additional funding for the Murphy Commons Affordable Housing Project in the amount of \$1,531,203.

- C. **Request from "Veterans Executive Committee to Organize Rehabilitation Services" (VECTORS) for Financial Assistance to Acquire Property for a Transitional Housing Facility to Serve Veterans.** By memorandum dated 8/16/05, the Housing Officer transmitted a request from VECTORS for \$975,000 of funding assistance, and provided an evaluation of the financing and operation plans for the project. Funding will be allocated from the Redevelopment Agency's Low and Moderate Income Housing Fund.

Housing Officer McLaughlin discussed the services provided to local veterans by VECTORS. He noted that

VECTORS receives funding assistance from the City through the community organization funding process to help pay part of its rent for its current location. Due to an increase in demand for its services, VECTORS has been working to acquire a larger facility. They located property that has been used as an assisted living facility for seniors. VECTORS has entered into a contract with the owner contingent on the Agency providing the funds for acquisition and the approval of a use permit. VECTORS will attempt to secure funding from other sources to repay the Agency a portion of the funds loaned.

Mayor Gruendl asked if the property is currently vacant, and Housing Officer McLaughlin responded that there are still some residents left in the home, but a condition of the sale will be that all residents can successfully be placed in other assisted living facilities.

Steve Longoria, Director, VECTORS, said that he is confident that VECTORS will be able to acquire capital grant money from the Veterans Administration, and that they will be able to pay the City back part of the money. Mr. Longoria noted that their top priority is providing service to residents of the City of Chico

Phil Rothberg, VECTORS, spoke in favor of funding for the new facility, stating that Chico would benefit from the rehabilitation, and possible return to the workforce, of area veterans.

Chair Holcombe encouraged VECTORS to get training on transitional housing programs as the veterans living at the facility will be considered tenants.

Susan Stevens, Chico Realty, distributed DVDs to the Committee showing the interior of the Veterans' facility. A copy of the DVD was placed in the Council office.

Councilmember Wahl's motion to approve the request from "Veterans Executive Committee to Organize Rehabilitation Services" (VECTORS) for financial assistance in the amount of \$975,000 to acquire property for a transitional housing facility was seconded by Mayor Gruendl and passed 3-0.

Recommendation: The Committee recommended (3-0) approval of the request from Veterans Executive Committee to Organize Rehabilitation Services (VECTORS) for \$975,000 of funding assistance.

- D. **Consideration of Appropriate Service Level for Public Safety, Parks, and Roads.** At its meeting of 7/19/05, the City Council referred this item back to the Finance Committee to authorize development of a survey to determine public support of a tax increase to fund public safety, parks and roads. The Committee was provided with a memorandum from the City Manager dated 6/16/05, a copy of a letter dated 7/12/05 from Bob Best, the City Manager's response to Mr. Best's letter dated 8/2/05, and a copy of the City Manager's memorandum dated 8/17/05.

City Manager Lando recommended that the City Council hire a consulting firm to draft a survey to determine public support for a tax increase measure to fund public safety, parks, and roads. He noted that there is money available to do a financing survey. The survey results from CARD have been received, and copies will be placed in Council boxes.

Chair Holcombe questioned if this item will be agendaized for a public meeting. City Manager Lando responded that if the Committee provides direction to secure a consultant to draft a survey, then staff will proceed to enter into an agreement with a consultant, and will bring the drafted questions back to the Committee for consideration and approval prior to the consultant conducting the survey.

Councilmember Wahl stated that he did not see the need for an additional park funding survey at this point in light of the fact that CARD just finished a survey. He suggested focusing on the public safety component. City Manager Lando stated that the CARD survey involving recreational programming could be helpful in conjunction with the City's survey, and coordination would occur with any questions specific to parks and park funding.

Councilmember Wahl questioned why the issue is not being sent directly to the voters without the expense of a survey. City Manager Lando responded that it is more expensive to have an election. Mayor Gruendl stated that it is critical to determine what issues will be presented to the voters in terms of a general or specific tax.

Jon Ebeling, Ph.D., Regional and Economic Sciences, suggested that the survey should include residents

of the Chico Urban Area since a tax increase will affect them too. The phone tax should focus only on the residents within the City of Chico.

Jan Sneed, Chair, Board of Directors, CARD, said that CARD would like to participate in the survey.

Betty Schumacher spoke in favor of the survey, and said the City should focus on increasing public safety.

Bob Best asked for time on a future agenda for the Committee to address his questions regarding the Redevelopment Agency. It was the consensus of the Committee to include this matter on a future agenda.

Mayor Gruendl moved to recommend that staff proceed with securing a consultant to draft a survey for Finance Committee consideration to determine public support for a tax increase measure. Chair Holcombe seconded the motion.

Recommendation: The Committee recommended (2-1, Wahl opposed) that staff proceed with securing a consultant to draft a survey for Finance Committee consideration and that the funds previously allocated for the Park Opinion Survey (25130) be utilized for this purpose. If the Committee's recommendation is approved, a budget modification confirming the Council's action will be processed following tonight's meeting.

COMMITTEE MATTERS NOT REQUIRING COUNCIL/AGENCY ACTION ON 9/6/06:

- E. **Request from Northern Valley Catholic Social Services (NVCSS) for Funding for the 50 Unit Senior Housing Project at East 20th Street and Notre Dame Boulevard (Jarvis Gardens).** By memorandum dated 8/16/05, the Housing Officer transmitted the funding request from NVCSS, and provided background on the project to date. The memorandum also provided an analysis of the financial request. The money will be allocated from the Redevelopment Agency's Low and Moderate Income Housing Fund (LMIHF). The Housing Officer also provided the Committee with a memorandum dated 8/18/05 explaining the limitation on the use of the LMIHF for senior housing projects. A memorandum dated 8/18/05 from the Planning Director provided background information regarding the project design issues that arose at the 8/3/05 meeting of the Architectural Review Board. The Committee was provided with a copy of a letter dated 8/15/05 from Ken Donnell regarding concerns with the project.

Planning Director Seidler reported that the Architectural Review Board (ARB) had concerns with the design of the project. Because any kind of major design change may incur costs and additional time that could make the project infeasible, ARB referred the matter to the City Council on the design, redesign, and/or relocation issues.

Donny Lieberman, President, Sunseri Construction, discussed some of the changes that were made to the project to moderate the cost increases, but still address the concerns of ARB. He estimated the cost of the increase will be approximately \$100,000. He noted if there are major changes to the plan, such as flipping the building, he will have to go through the approval process with the Department of Housing and Urban Development (HUD) which would be time consuming and could threaten the project.

John Anderson, New Urban Builders, indicated that additional proposals were distributed to the Committee and staff that demonstrate an alternative design for the site. His understanding from ARB is that there is some concern about not meeting the minimum density requirements.

Chris Cole, New Urban Builders, encouraged the Committee to direct staff to contact HUD and find out if they would be willing to work with staff if a second design is implemented so the project is not jeopardized. Housing Officer McLaughlin stated that it could take 120 to 180 days to get HUD's approval on a second design.

Planning Director Seidler stated that a number of design possibilities were presented to the neighbors. Housing Officer McLaughlin said that the neighbors wanted the building situated lower to provide a barrier between the park and the parking.

City Manager Lando discussed the number of operational and contingency issues which face the project. He noted that the land was recently appraised at \$300,000 per acre. The initial sales price was limited by resolution to \$250,000 per acre. If the City and Agency agree to the \$300,000 per acre price in the sales agreement, this will increase the funding requested by \$150,000. Staff is also recommending the money

for the necessary design changes that ARB has requested which could be another \$150,000.

Councilmember Wahl moved that the Committee approve the request for funding for the 50 unit senior housing project at East 20th Street and Notre Dame Boulevard with an increase in the amount to \$2,205,000 due to the increase in land value and the necessary design changes. Mayor Gruendl seconded the motion, and included direction to staff to contact HUD to discuss site plan changes before Council consideration.

Recommendation: The Committee recommended (3-0) approving the request and increasing the allocation to \$2,205,000 from the Redevelopment Agency's Low and Moderate Income Housing Fund (LMIHF). ***This item will be considered by the Agency at its meeting of 10/18/05, together with the Planning Commission's recommendations on a General Plan amendment and rezone.***

- F. **Request for Additional Housing Rehabilitation Program Assistance - Joey and Jody Turner - 2203 Fair Street.** By memorandum dated 8/15/05, the Housing Officer provided background on the Committee's previous assistance to Mr. and Mrs. Turner and explained the request for the additional funds in the amount of \$7,500.

Action: The Committee approved (3-0) the request from Joey and Jody Turner for \$7,500 in additional Housing Rehabilitation loan assistance to pay off a delinquent note secured in first position on the property.

- G. **Consideration of Request from Pleasant Valley Assembly of God for Reimbursement of Southeast Chico Sewer Assessment District Payments.** At its meeting held 07/19/05, the City Council considered the Finance Committee's 06/22/05 recommendation to reimburse Pleasant Valley Assembly of God Church (PVAG) for the proportional amount of the sewer fees that were paid for property on the west side of Bruce Road north of Humboldt that cannot be developed. The Council referred the matter back to the Committee to: 1) consider whether a precedent would be established for other assessed property determined to be environmentally constrained; and, 2) clarify the unusable land area. The Committee was provided with all documents related to this item that were previously provided, including an excerpt from the minutes of the Finance Committee meeting of 6/22/05. The Committee was also provided with a copy of a letter dated 10/09/92 from PVAG in which the City was advised that five acres of the property would remain ungraded pursuant to State and Federal rulings and which was the basis for staff's calculation of the proportional amount of sewer fees.

Eric Enns, Pastor, Pleasant Valley Assembly of God, City Light, said in addition to wetlands, the property also contains endangered plants, and he feels that the church should be reimbursed the full amount paid of \$37,351 for sewer trunk line capacity.

Chair Holcombe questioned if the church is receiving any compensation for use of the land as a reserve, and Mr. Enns responded that they are receiving compensation.

Chair Holcombe questioned why the City is not reimbursing the church for the full amount. City Manager Lando indicated that the City's position is that a portion of the property is useable. If the land is not useable, that is a different proposition.

City Attorney David Frank said that it is important for the Committee to distinguish what percentage of the property is developable. He noted that it appears that the church will receive the best value for the property by selling it to New Urban Builders.

Chair Holcombe stated that the amount the church ultimately receives for the land needs to be known in order for the Committee to make a decision.

Mayor Gruendl moved to continue this item pending receipt of clarification on the amount that the church is being reimbursed from New Urban Builders for the property. Chair Holcombe seconded the motion.

Action: The Committee continued (3-0) this item to its September meeting for clarification from PVAG of the amount they are being reimbursed from New Urban Builders for the property, as well as provision of a letter from New Urban Builders which they indicated classified the entire property as unuseable.

- H. **Future Meetings.** It was the consensus of the Committee to schedule a four hour meeting at its next

regularly scheduled meeting in September to allow time for an overview of redevelopment.

- I. **Business from the Floor.** Jon Ebeling stated that he can provide additional information regarding redevelopment agencies.

- J. **Reports and Communications.** The following reports and communication items were provided for the Committee's information and consideration, and no action was requested unless the Committee gave direction to staff.

Letter from John Merz dated 6/6/05, regarding clarification on the time period during which fundraising for City Council candidates may take place, and a memorandum from the City Attorney's office dated 7/7/05 responding to Mr. Merz' letter.

- K. **Adjournment and Next Meeting.** The meeting adjourned at 10:15 a.m. The next meeting is scheduled for September 28, 2005, for four hours beginning at 8:00 a.m. in Conference Room No. 1.

Karen Main, Administrative Analyst

Distribution:
City Council (18)
CM/SrACM/ACM
Community Services Director
Budget Officer
Finance Director
Housing Officer



Finance Committee Report

DATE: **OCTOBER 3, 2005**

TO: CITY COUNCIL/REDEVELOPMENT AGENCY

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD SEPTEMBER 28, 2005**

<u>Committee present:</u> Chair Holcombe Vice Mayor Kirk Councilmember Wahl	<u>Staff present:</u> City Manager Lando Sr. Assistant City Manager Dunlap Assistant City Manager Jones City Attorney Frank Planning Director Seidler Finance Director Hennessy Budget Officer Pierce	Community Services Director Baptiste Assistant Community Services Director Sellers Director of Engineering McKinley Housing Officer McLaughlin Public Works Admin Manager Velarde Administrative Analyst Main
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COMMITTEE MATTERS REQUIRING COUNCIL/AGENCY ACTION ON 10/18/05:

- A. **Request for an Allocation of \$50,000 from the Private Activity Bond Fund for the City's Accessibility Improvement Program for Rental Units.** This item was removed from the Consent Agenda at the request of Vice Mayor Kirk. By memorandum dated 09/21/05, the Housing Officer provided background on the program and the basis for the amount requested. He stated that Evan Le Vang, Executive Director of Independent Living Services of Northern California, requested \$50,000 to continue providing needed services for the disabled community. He noted that there has been an increased demand on the program for wheelchair lift requests in mobile homes due to recent annexations. Staff will need to begin exploring alternative funding sources for the program.

In response to concerns expressed by the Committee, City Manager Lando explained that the purpose of the Private Activity Bond Administration Fund (214) is to provide funding for administration and litigation costs related to private activity bonds, and to adapt housing units for the disabled. The Council has adopted a policy of maintaining a balance of \$50,000 per outstanding bond issue. The City Manager stated that the City can maintain its desired reserve, and still fund the program.

Chair Holcombe stated that he supports this request, but would like to agendize a discussion of alternative funding mechanisms. The City Manager responded that this discussion can be added to the Council's budget discussion in November. Vice Mayor Kirk's motion to approve the request was seconded by Councilmember Wahl and passed 3-0.

Recommendation: *The Committee recommended (3-0) approval of the request for the allocation of \$50,000 from the Private Activity Bond Administration Fund (214) for the City's Accessibility Improvement Program for rental units.*

- B. **Review and Consideration of the Development User Fee Study Update.** The City Council directed staff to complete an updated analysis of City costs and fees associated with Planning, Building, Development Engineering and Engineering fees. By memorandum dated 09/21/05, the Community Services Director transmitted the Development User Fee Study Update, and provided background information and a summary of significant changes for each department. The Committee's recommendation will be forwarded to Council with the resolutions necessary to implement the fees.

A presentation was given by Chad Wohlford of Wohlford Consulting which detailed the objectives of the Development User Fee Study. He noted that the full cost of services was examined in order to develop a basis for setting fees.

Community Services Director Baptiste provided an overview on how development services are funded through the Private Development Fund (862). This fund must collect adequate revenues to cover the cost

of providing the services outlined in the Study. If the fees charged are not adequate, the services must be subsidized from other funding sources.

Staff's recommendation is to continue to subsidize annexations with the cost estimated to be approximately \$300,000. The Committee agreed to remove annexation fees from today's discussion, and agendaize it for a subsequent meeting.

Community Services Director Baptiste said the appeals fees are subsidized in order to make the process accessible to as many people as possible, and recommended that appeals fees stay at the current level.

The Study identified significant costs associated with the services provided for development review. There is currently no fee in place for this service. There was concern expressed that charging a fee could be a disincentive for use of the service.

Dave Purvis, Pacific Properties, spoke in opposition to charging the full cost for this service.

Jason Bougie, Building Industry Association (BIA), stated that the BIA Board has discussed the fees, and asked that the City to hold off on addressing the issue until an operational analysis is completed. City Manager Lando stated that the issues need to be addressed now, but would recommend to Council that the fees be reevaluated within a six month period.

Vice Mayor Kirk moved to approve the fees in general as recommended with the following changes: 1) Annexation Fees to be considered by the Finance Committee at a future meeting; 2) Appeals Fees to remain the same; 3) staff to make a recommendation on reasonable Development Review Fees, and 4) Outdoor Café Permits to remain subsidized. The motion included a request that specific objections be provided in writing to the City Council. Chair Holcombe seconded the motion.

Recommendation: *The Committee recommended (2-1, Wahl opposed) approving the fees in general as recommended with the following changes: 1) Annexation Fees to be considered by the Finance Committee at a future meeting; 2) Appeals Fees to remain the same; 3) staff to make a recommendation on reasonable Development Review Fees; and 4) Outdoor Café Permits to remain subsidized. Specific objections to the Development User Fee Study Update from the public are to be provided in writing to the City Council.*

- C. **Overview of Basic Redevelopment Concepts.** In response to citizen questions about redevelopment at the 08/24/05 Finance Committee meeting, staff developed and presented a slide show which provided an overview of basic redevelopment concepts. By memorandum dated 09/15/05, the City Manager/Executive Director transmitted various documents as background information. The Committee was provided with photocopies of the slide show presentation at the meeting.

Following the slide show, staff answered questions from the Committee and the public. The City Manager/Executive Director explained that refinancing bonds is similar to refinancing a home mortgage. When a homeowner refinances, they do so to take advantage of lower interest rates which reduces overall debt and provides additional cash.

The Committee directed staff to prepare a report which demonstrates the progression of bond funds secured by tax increment.

Addressing the Committee on this item were Bob Best, Greg Steel and Doug Hamett.

Recommendation: *The Committee directed (3-0) staff to prepare a report which charts the progression of bond funds secured by tax increment.*

- D. **Consideration of City Council Fiscal Control Policies.** At its meeting held 09/6/05, the City Council referred this item to the Finance Committee for additional review of the City's fiscal control policies. By report dated 08/29/05, the City Manager outlined the current Council policies, including the requirements for supplemental appropriations and budget modifications, and provided a summary of the supplemental appropriations and budget modifications processed in 2003-04 and 2004-05. The Committee was provided with a copy of the City Manager's report dated 08/29/05.

Recommendation: The Committee recommended (3-0) that the City continue to follow the current Fiscal Control Policies.

COMMITTEE MATTERS NOT REQUIRING COUNCIL/AGENCY ACTION ON 10/18/05:

- E. **Consideration of Request for Additional Funding for the Chico Branch of the Butte County Library (FY 05-06).** *This item was considered and acted upon by the City Council at its meeting of 10/4/05.* At its 09/20/05 meeting, the City Council accepted the City Manager's recommendation to refer a request for additional library funding to the Finance Committee. By letter dated 09/07/05, Nancy Brower, Director of the Butte County Libraries, requested a supplement of \$25,000, in addition to the \$120,000 currently budgeted, to maintain the current 60 hour per week library schedule or an amendment to the contract allowing for a reduction in the schedule to 49 hours per week. By memorandum dated 09/21/05, the City Manager transmitted additional information regarding the request, provided a summary of the City's historical financial support of the Butte County Library - Chico Branch, and provided a recommendation to the Committee.

Councilmember Wahl stated that he briefly discussed meeting with County representatives in order to discuss the funding issues. He suggested that this item be continued to allow him time to meet with Butte County Chief Administrative Officer Paul McIntosh and Supervisor Curt Josiassen regarding the funding for the Chico Branch of the Butte County Library, and his concern that the City has not been provided with any information on how the past funding has been spent.

Nancy Brower, Director of Libraries, spoke in favor of the additional funding in order to maintain the 25 additional hours per week at the Chico Branch. She noted that the \$120,000 in funding from the City of Chico no longer covers the staffing costs associated with the open hours schedule. If the additional funding is not provided, then the open hour schedule will need to be reduced to 49 hours per week.

Macy Kelly, President of the Chico Friends of the Library, expressed concerns about the reduced hours.

Councilmember Wahl moved that the Committee allow him to meet with representatives from Butte County to discuss long-range plans for the library funding in order to keep the library open and maintain its current hours, and to request that the County begin an audit process to track the funding from the City of Chico. Councilmember Wahl will bring the information back to the City Council at its meeting on October 4, 2005. Vice Mayor Kirk seconded the motion.

Action: The Committee approved (3-0) Councilmember Wahl meeting with representatives from Butte County to discuss long-range plans for the library funding in order to keep the library open and maintain its current hours, and to request that the County begin an audit process to track the funding from the City of Chico. Councilmember Wahl will bring back the information at the City Council meeting on October 4, 2005.

- F. **Conceptual Review of Request from Catalyst for Financial Assistance to Develop a New Facility Serving Victims of Domestic Violence.** By memorandum dated 09/21/05, the Housing Officer transmitted the request from Catalyst and provided an evaluation of the project's financing and operation plans. Catalyst's proposal also included a request to lease City-owned property. Because the request involved several actions by the City, staff presented the item for conceptual review. Vice Mayor Kirk's motion to agendaize this item for the October 26, 2005, meeting was seconded by Councilmember Wahl and passed 3-0.

Housing Officer McLaughlin provided background information on the Catalyst facility and the need to build a larger facility offering more services on site.

Vice Mayor Kirk asked that staff provide information at the next Finance Committee meeting on whether the parcel that Catalyst currently leases can be split.

Action: The Committee directed (3-0) that this item be scheduled for the Finance Committee meeting on October 26, 2005, for further consideration of Catalyst's request for financial assistance.

COMMITTEE MATTER REQUIRING PUBLIC HEARING ON 10/18/05:

- G. **Consideration of 2005-06 Update of Development Impact Fees Analysis and Recommendations (Nexus Study).** By memorandum dated 09/14/05, the Director of Engineering provided a discussion of the proposed project list, assumptions for sewer fees, and recommended development impact fees for the 2005-06 update to the City's Nexus Study. The Committee was also provided with a copy of a letter dated 10/20/04 from Jon Clark, Executive Director, Butte County Association of Governments regarding potential funding for State Highway Route 32. The Director of Engineering distributed a letter to the Committee dated 9/26/05 from Wayne A. Lewis, Deputy District Director, Caltrans.

City Manager Lando provided background information on the assumptions previously approved by the Finance Committee on 4/27/05 and the City Council on 6/21/05. It was the consensus of the Committee to discuss the Street Facility Fees separately from the other fees. The City Manager noted that traffic impacts to State Highway Routes 32 and 99 must be mitigated by individual projects or through a fee program. Caltrans has indicated that if development projects are approved without appropriate mitigations, the approvals may be challenged by its staff. The City Manager suggested increasing redevelopment funds to offset the fees for commercial land uses.

Wayne Lewis, Deputy District Director, Caltrans, discussed Caltrans' position on this issue. He said that with the passage of Senate Bill 45, 75 percent of transportation funds are distributed by formula. He noted that statewide the majority of transportation improvements are funded by local agencies, and some counties have adopted a sales tax to pay for these improvements.

Jon Clark, Executive Director, Butte County Association of Governments (BCAG), stated that BCAG may be receiving only \$9 million for improvements. City Manager Lando responded that there is a baseline assumption in the Nexus Study that the City will receive \$34 million for improvements. Mr. Clark noted that BCAG tries to leverage its (State Transportation Improvement Program) STIP funds with State STIP funds to do the bigger projects, and BCAG will evaluate all funding sources.

Addressing the Committee on this issue were Dave Purvis, Pacific Properties; Jim Mann, Rural Consulting; Jason Bougie, Building Industry Association; and Pete Giampaoli, Epick Homes, Inc., and Juanita Sumner.

Vice Mayor Kirk moved to approve the recommended Street Facility Fees as shown in the Nexus Study, with the assumption that a \$10 million RDA credit would be applied solely to commercial land uses, with the resulting fees being as close as possible to \$3,142 per unit for single family residential, \$2,173 per unit for multi-family residential, \$13.04 per sq ft for commercial, and fees for office/medical and industrial as shown in the Nexus Study. The motion was seconded by Chair Holcombe.

Recommendation: The Committee recommended (2-1, Wahl opposed) the Street Facility Fees as shown in the Nexus Study, with the assumption that a \$10 million Redevelopment Agency credit would be applied solely to commercial land uses, with the resulting fees being as close as possible to \$3,142 per unit for single family residential, \$2,173 per unit for multi-family residential, and \$13.04 per square foot for commercial, with fees for office/medical and industrial as shown in the Nexus Study.

Vice Mayor Kirk moved to approve the recommended fees for Street Maintenance Equipment, Bikeway Improvement, Linear Parks/Greenways and Neighborhood Parks, Bidwell Park Land Acquisition, Administrative Building, Fire Protection Building and Equipment, Police Protection Building and Equipment, WPCP Capacity, and Sewer Trunkline Capacity fees as shown in the Nexus Study. The motion was seconded by Chair Holcombe.

Recommendation: The Committee recommended (3-0) approval of the recommended fees for Street Maintenance Equipment, Bikeway Improvement, Linear Parks/Greenways and Neighborhood Parks, Bidwell Park Land Acquisition, Administrative Building, Fire Protection Building and Equipment, Police Protection Building and Equipment, Water Pollution Control Plant Capacity, and Sewer Trunkline Capacity fees as shown in the Nexus Study.

H. **Business from the Floor.**

Bob Best suggested that the Finance Committee discuss redevelopment in general on a regular basis because there is public interest on the subject of redevelopment.

Vice Mayor Kirk suggested reviving the interactive Council meetings during months in which there is a fifth Tuesday in order to answer the public's questions.

- I. **Adjournment and Next Meeting.** The meeting adjourned at 11:50 a.m. The next regular Finance Committee meeting is scheduled for Wednesday, October 26, 2005, at 8:00 a.m. in Conference Room 1.

Karen Main, Administrative Analyst

Distribution:
City Council (18)
CM/SrACM/ACM
Community Services Director
Budget Officer
Finance Director
Housing Officer



Finance Committee Report

DATE: October 31, 2005

TO: CITY COUNCIL/REDEVELOPMENT AGENCY

FROM: FINANCE COMMITTEE

RE: **REPORT ON FINANCE COMMITTEE MEETING HELD OCTOBER 26, 2005**

Committee present: Chair Holcombe Mayor Gruendl Councilmember Wahl	Staff present: City Manager Lando Sr. Assistant City Manager Dunlap Assistant City Manager Jones City Attorney Frank Finance Director Hennessy Director of Engineering McKinley	Housing Officer McLaughlin Public Works Admin. Mgr. Velarde Fire Chief Brown Engineering Tech Hansen Administrative Analyst Main
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COMMITTEE MATTERS REQUIRING COUNCIL/AGENCY ACTION ON 11/10/05:

A. **Consideration of Request from Catalyst for Financial Assistance to Develop a New Facility Serving Victims of Domestic Violence.** At its meeting of 9/28/05, the Committee conducted an initial review of the request from Catalyst. At this meeting, the Committee was requested to make a recommendation on Catalyst's requests for financial assistance and the lease of City owned property. By memorandum dated 10/20/05, the Housing Officer forwarded a reference copy of the prior staff report dated 9/21/05, which outlined his recommendations.

Housing Officer McLaughlin stated that there were three recommendations made in his 10/20/05, memorandum. He noted that there should have been a fourth recommendation for approval of \$15,000 to assist Catalyst in securing professional services to cover the cost of preparing the state's funding application. The Housing Officer noted that the \$15,000, if approved, would come from the Low and Moderate Income Housing Fund. He distributed a copy of the current summary of revenue and expenditures in the Low and Moderate Income Housing Fund to the Committee.

Chair Holcombe said that he was hesitant to sell the existing site because locating suitable sites for shelters could be harder than finding the actual money. He would like to explore the best use for the existing site, stating that this could be a great place for low income housing. Staff indicated that the proposed site is divided by the Ivy Street right-of-way with a portion of the parcel on the other side of the right-of-way possibly available for two to three single-family lots. City Manager Lando suggested using the low and moderate income money to buy the site for development of low income homes.

The Housing Officer stated that as soon as the state funding has been approved, he will bring this item back to the Committee to discuss financing options, and explore alternatives to selling the current site.

Councilmember Wahl's motion to recommend approval of the \$15,000 in predevelopment funding and the conditional funding as outlined in the Housing Officer's memorandum dated 10/20/05 was seconded by Mayor Gruendl and passed 3-0.

Recommendation: The Committee recommended (3-0) approval of: (1) a loan of up to \$1,150,000 from the Low and Moderate Income Housing Fund (LMIHF) of the Chico Redevelopment Agency; (2) a loan of up to \$450,000 from the City's Community Development Block Grant Program; (3) a 55 year lease of the City owned property at the end of Ivy Street adjacent to Barber Yard; and (4) approval of pre-development funding of \$15,000 from the LMIHF loan, subject to the conditions set forth in the Housing Director's memorandum dated 9/21/05.

B. **Consideration of Request from Well Ministry of Rescue for Funding for Sewer Connection Fees.** By memorandum dated 10/20/05, the Housing Officer submitted a request for funding assistance from the Well Ministry of Rescue (Well Ministry). The memorandum explained that the funding will be used for the

payment of City fees related to the connection of the facility at 2612 The Esplanade to the City sewer system. The memorandum further discussed the constraints on City assistance and recommended terms and conditions for the City assistance if approved.

Housing Officer McLaughlin reported that the Well Ministry owns and operates the transitional housing and recovery facility at 2612 The Esplanade, which is currently served by an on-site septic tank system which is failing. The Well Ministry has raised the funds to pay for on-site construction, and is requesting funding assistance to pay the City fees and charges related to the connection. The Housing Officer discussed recent changes in federal law which allow the Well Ministry to receive federal funds as long as the Well Ministry does not require participation in religious services as a condition for residents to receive housing assistance. He noted that the regulatory agreement that goes with the funding will require compliance with the federal law. If the request is approved, the Housing Office will work with the Well Ministry on an annual basis to ensure compliance with the federal requirements.

Councilmember Wahl's motion to recommend approval of the funding up to \$100,000 for the purpose of paying City fees and charges to connect the facility at 2612 The Esplanade to the City sewer system was seconded by Mayor Gruendl and passed 3-0.

Recommendation: The Committee recommended (3-0) approval of funding up to \$100,000 from the City's Home Investment Partnership (HOME) funds for the purpose of paying City fees and charges to connect the facility at 2612 The Esplanade to the City sewer system.

- C. **Consideration of City of Chico Capital Improvement Program, 2006/07 Through 2010/11.** By memorandum dated 10/19/05, the Director of Engineering transmitted the draft Capital Improvement Program (CIP) for the years 2006/07 through 2010/11. The CIP is a fiscally constrained planning document which contains projects considered necessary for the next five budget years, beginning with fiscal year 2006/07.

The City Manager stated that the costs for construction and design for Fire Station 7 need to be added back into the Capital Improvement Program. He recommended that in the second year \$400,000 should be added for design and in the fourth year up to \$4 million should be included for construction.

Director of Engineering McKinley noted that the CIP is a planning document for the next five-year period. It contains revenue and expenditure estimates for public infrastructure projects, and is not used as a funding mechanism for projects. He noted that Appendix B of the CIP contains a listing of all of the changes and modifications by category.

It was noted that the Aquatic Facility and the Community Gymnasium are included in the CIP, and should not be listed. The City Manager stated that these two items will be discussed by the Council at its meeting in April 2006.

Councilmember Wahl expressed his concern with the delay in completion of Phase 1 of DeGarmo Park, and the escalating costs. The City Manager said that part of the extra cost is due to the cost of getting public improvements to the park. This item will be discussed at the Council's work session on November 10.

Addressing the Committee on this item were Jason Bougie and Bob Best.

Mayor Gruendl's motion to recommend approval of the CIP with the Aquatic Facility and the Community Gymnasium removed from consideration, and construction costs for Fire Station 7 added back into the CIP was seconded by Chair Holcombe and passed 2-1, Wahl opposed.

Recommendation: The Committee recommended (2-1, Wahl opposed) approval of the Capital Improvement Program (CIP) for the years 2006/07 through 2010/11 with design and construction costs for Fire Station 7 to be included in the CIP, and the Aquatic Facility and the Community Gymnasium to be removed from consideration at this time.

- D. **Consideration of Revision to Administrative Procedure and Policy (AP&P) No. 15-14 - Accounts Receivable.** In order to bring a more efficient and effective approach to billing and collections, staff recommended three main revisions to Administrative Procedure and Policy - Accounts Receivable: 1) authority to assess a monthly ten percent penalty and one percent interest charge to delinquent Accounts Receivables; 2) authority for the Finance Director to execute payment plan agreements for delinquent Accounts Receivables; and 3) increased authority for writing off uncollectible Accounts Receivables. By report dated 9/23/05, staff provided background information on these proposed revisions.

Finance Director Hennessey stated that after review of Administrative Procedure and Policy No. 15-14, she is recommending the changes to streamline the accounts receivable process and to bring it up-to-date.

City Manager Lando noted that the standards he uses when determining whether or not debts are uncollectible are: 1) the identity of the debtor; 2) whether or not the debtor can be tracked down; and 3) if it is a business, whether or not it still exists. He said that debts are not typically written off on a frequent basis.

Mayor Gruendl moved for approval of the items as outlined in the Finance Director's agenda report dated 9/23/05, with the provision that a written report be provided to Council at least two weeks before any debts between \$1,000 to \$10,000 are written off by the City Manager.

Recommendation: The Committee recommended (3-0) approval of the items outlined in the Finance Director's report dated 9/23/05, with a written report to be provided to Council at least two weeks before any debts between \$1,000 to \$10,000 are written off.

- E. **Future Meetings.** Due to the Committee's regular meeting day next month falling on the day before Thanksgiving, the Committee considered rescheduling its November meeting.

Action: It was the consensus of the Committee not to change the date of the November meeting.

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

- G. **Adjournment and Next Meeting.** The meeting adjourned at 9:15 a.m. The next meeting is scheduled for Wednesday, November 23, 2005, at 8:00 a.m. in Conference Room No. 1.

Karen Main, Administrative Analyst

Distribution:

City Council (20)
CM/SrACM/ACM - 3
Budget Officer
Community Services Director
Director of Engineering
Finance Director
Housing Officer



Finance Committee Report

DATE: DECEMBER 29, 2005

TO: CITY COUNCIL

FROM: FINANCE COMMITTEE

RE: REPORT ON FINANCE COMMITTEE MEETING HELD DECEMBER 28, 2005

<p><u>Committee present:</u> Chair Holcombe Mayor Gruendl Councilmember Wahl</p>	<p><u>Staff present:</u> City Manager Lando Assistant City Manager Jones Assistant City Attorney Barker Community Services Director Baptiste Assistant Community Services Director Sellers</p>	<p>Director of Engineering McKinley Housing Officer McLaughlin Engineering Admin Manager Velarde Administrative Analyst Main</p>
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COMMITTEE MATTERS REQUIRING COUNCIL ACTION ON 01/17/06:

- A. **Consideration of Request for Financial Assistance from the Well Ministry of Rescue to Connect its Transitional Housing Facility to the City Sewer System.** By memorandum dated 12/08/05, the Housing Officer submitted a request for funding assistance from the Well Ministry of Rescue. The memorandum explained that the funding will be used for the payment of City fees related to the connection of the facility at 2612 The Esplanade to the City sewer system. The memorandum further discussed the constraints on City assistance and recommended terms and conditions for City assistance if approved. Councilmember Wahl's motion to approve the request was seconded by Mayor Gruendl.

Recommendation: The Committee recommended (3-0) approval of a grant for the Well Ministry of Rescue to be paid in two increments from the City's Community Development Block Grant Program, \$50,000 for Fiscal Year 2005-06 and \$40,000 for Fiscal Year 2006-07.

- B. **Discussion Regarding Efforts to Increase Affordable Housing Opportunities.** By memorandum dated 12/08/05, the Housing Officer provided a summary of general issues related to affordable housing opportunities including information on the availability of property for affordable housing, and current market information.

The Housing Officer provided information on methods of preserving affordability of homes, and availability of residentially zoned sites in the Chico area. He noted that the number of sites zoned residential is very limited, and it may be necessary to examine re-zoning commercial property for residential use.

Chair Holcombe stated that he is interested in examining what is available as infill with the possibility of mixed use. City Manager Lando suggested that Planning could prepare a map that shows the availability of vacant land in the community.

Mayor Gruendl's motion that staff prepare a map of vacant land was seconded by Councilmember Wahl.

Mayor Gruendl's motion that staff conduct a study of appreciation sharing issues related to inclusionary zoning and land banking, including inquiries of local developers as to methods they use to maintain first-time homebuyer ownership, if any, was seconded by Chair Holcombe.

Recommendation: The Committee recommended (3-0) that staff prepare a map depicting vacant land available for development in the City of Chico. The Committee also recommended (2-1, Wahl opposed) that staff conduct a study of appreciation sharing issues related to inclusionary zoning and land banking, including inquiries of local developers as to methods they use to maintain first-time homebuyer ownership, if any, for the Committee's review at a future meeting.

- C. **Consideration of Staff Recommendations on Alley Improvement Fees.** By memorandum dated 12/09/05, the Director of Engineering provided background on the City's Municipal Code requirements for the installation of alley improvements or the payment of in-lieu alley fees, the current fee structure, and the recommendations for changes to the alley improvement fees, including alternatives to the current fee structure.

City Manager Lando stated that the Committee may want to consider referring the issue of imposing an alley improvement fee on the waste haulers through their franchise agreements with the City to the Solid Waste Committee for consideration.

Chair Holcombe said that he would like the actual cost of alley maintenance and improvements to be collected, particularly from larger apartment complexes and waste haulers, and agreed that the Solid Waste Committee should look at this issue. He stated that he would like to continue to exempt second dwelling units.

Councilmember Wahl requested that a map showing public and private alleys be prepared.

City Manager Lando noted that if the Committee's recommendation is to exempt second dwelling units then Title 19 will need to be amended to conform to Title 14.

Chair Holcombe's motion to refer this item to the Solid Waste Committee to discuss implementation of a fee for alley maintenance and improvement was seconded by Mayor Gruendl. Mayor Gruendl requested that general background information on Title 14 and Title 19 be provided when this item goes forward to the City Council.

Addressing the Committee on this item were Juanita Sumner, Susan Mason and Bob Best.

Recommendation: The Committee recommended (2-1, Wahl opposed): 1) this item be referred to the Solid Waste Committee to examine implementation of a fee to be imposed on the waste haulers for a fair share of alley maintenance and improvements; 2) amend the Municipal Code as necessary in order for the City to collect fees that reflect the actual cost of installing alley improvements; and 3) continue to exempt second dwelling units as provided in Section 14.14.050 of the Municipal Code.

- D. **Review and Consideration of Annexation Fees and Development Review Committee Fees.** At its 10/18/05 meeting, the City Council referred review of annexation and Development Review Committee fees to the Finance Committee. By agenda report dated 12/13/05, the Community Services Director provided fee recommendations to the Committee for consideration.

Mayor Gruendl's motion to modify the existing fees and adopt a reduced fee for processing development review applications was seconded by Chair Holcombe.

Recommendation: The Committee recommended (2-1, Wahl opposed): 1) modification of existing fees to process annexation applications as follows: (a) existing single family residence fee increased to \$250; (b) required sewer connection fee increased to \$250; (c) fully developed properties fee increased to \$750; (d) limited potential for development fee increased to \$750, and the fee for all others increased to \$2,250; and 2) adoption of a new fee of \$386 for processing development review applications.

- E. **Consideration of Exempting Agricultural Use from Utility Users Tax.** By agenda report dated 12/14/05, Assistant Community Services Director Sellers reported that as a result of recent annexation activity, several large parcels in active agricultural use are now within the City limits. These parcels were annexed because of rules requiring regular boundaries, contiguity, and including the entirety of "islands," not because of any development proposals or expectations. The owner of one of the agricultural parcels has requested that utility users tax not be assessed on energy used in agricultural irrigation.

Mayor Gruendl's motion to approve the request to exempt agricultural irrigation from the Utility Users Tax for electrical energy use was seconded by Councilmember Wahl.

Recommendation: The Committee recommended (3-0) an exemption from the Utility Users Tax for electrical energy used for agricultural irrigation.

- F. **Consideration of Request from Bob Best that a Redevelopment Committee be Formed.** By e-mail dated 11/9/05, Bob Best requested consideration of the formation of a Redevelopment Agency Committee as a forum for discussion and public information on issues dealing with redevelopment. At its meeting of 12/6/05, the City Council referred this item to the Finance Committee for consideration. An e-mail dated 12/20/05 from Vernon Byrd was submitted into the record. Addressing the Committee on this item were Bob Best, Doug Hammet, Juanita Sumner, Greg Steel, and George Roy.

Councilmember Wahl's motion to establish an advisory committee was seconded by Mayor Gruendl and passed 3-0.

Recommendation: The Committee recommended (3-0) the establishment of an advisory committee to meet on a periodic basis to work on redevelopment issues. The specifics of the formation of the Committee to be determined by the Redevelopment Agency.

COMMITTEE MATTERS NOT REQUIRING COUNCIL ACTION ON 01/17/06:

- G. **Consideration of Request from Pleasant Valley Assembly of God for Reimbursement of Southeast Chico Sewer Assessment District Payments.** At its meeting held 07/19/05, the City Council considered the Finance Committee's 06/22/05 recommendation to reimburse Pleasant Valley Assembly of God Church (PVAG) for the proportional amount of the sewer fees that were paid for property on the west side of Bruce Road north of Humboldt Road that cannot be developed. The Council referred the matter back to the Committee to: 1) consider whether a precedent would be established for other assessed property determined to be environmentally constrained; and 2) clarify the unusable land area. At its meeting of 8/24/05, the Committee continued (3-0) this item for clarification from PVAG of the amount they are being reimbursed from New Urban Builders for the property. The Committee was provided with all documents related to this item that were previously provided, including an excerpt from the minutes of the Finance Committee meeting of 6/22/05. The Committee was also provided with a copy of a letter dated 10/09/92 from PVAG in which the City was advised that five acres of the property would remain ungraded pursuant to State and Federal rulings and which was the basis for staff's calculation of the proportional amount of sewer fees.

City Manager Lando suggested that three conditions should be imposed on these requests in the future: 1) the entire property should be determined to be unusable; 2) the owner would be either a non-profit or public ownership; and 3) the owner would absorb half of the cost. The City Manager stated that in this case the church has or will receive compensation for the property from a third party.

Action: The Committee directed staff to place this item on the agenda for a future meeting to discuss the development of a specific policy to handle reimbursement of sewer assessment fees in the future. Pleasant Valley Assembly of God's specific request will be agendized as part of this discussion.

- H. **Business from the Floor.** None.
- I. **Adjournment and Next Meeting.** The meeting adjourned at 10:00 a.m. The next meeting is scheduled for Wednesday, January 25, 2006, at 8:00 a.m. in Conference Room 1.

Karen Main, Administrative Analyst

Distribution:

City Council (18)
 CM/ACM
 Community Services Director
 Administrative Services Director
 Finance Director
 Housing Officer