



*City of Arts & Innovation*

# City Council Memorandum

**TO: HONORABLE MAYOR AND CITY COUNCIL** **DATE: JULY 16, 2019**

**FROM: COMMUNITY & ECONOMIC DEVELOPMENT** **WARDS: ALL**  
**DEPARTMENT**

**SUBJECT: HISTORIC PRESERVATION TRUST FUND STATUS REPORT AND**  
**RECOMMENDATIONS**

## **ISSUE**

Receive and file a status report and provide direction to staff on the future of the Historic Preservation Trust Fund.

## **RECOMMENDATIONS**

Staff recommends that the City Council:

1. Receive and file a status report on the Historic Preservation Trust Fund; and
2. Provide staff with direction on the future of the Historic Preservation Trust Fund Program.

## **GOVERNMENTAL AFFAIRS COMMITTEE RECOMMENDATION:**

On May 2, 2018, the Governmental Affairs Committee met with Chair Melendrez, Vice-Chair Gardner and Member Conder present. Following discussion, the committee voted unanimously to 1) receive and order filed the Historic Preservation Fund update; and 2) forward the Historic Preservation Trust Fund update to the City Council on the Discussion Calendar.

## **BACKGROUND**

In April 2013, the City Council created the Historic Preservation Trust Fund Program (Program) and the Historic Preservation Fund Committee (HPFC) by amending Title 20 (Cultural Resources) of the Riverside Municipal Code. The HPFC includes five members selected by the Mayor's Nominating and Screening Committee and the Cultural Heritage Board. An outcome of the Program included the creation of the Historic Preservation Trust Fund (HPTF) seeded with \$500,000 from the General Fund and \$100,000 from the proceeds of the sale of the former Marcy Library property. In December 2014, City Council approved the application and criteria for HPTF disbursement (Attachments 1 and 2).

Since April 13, 2015, 45 projects have been approved in four bi-annual grant cycles. Thirty-three

projects were for rehabilitating residential structures, including 31 historic single-family residences and two historic multi-family apartment building. One project was for rehabilitating a historic commercial building. These types of projects generally included roof replacements, repainting of buildings, electrical systems repair or replacement, repairs related to exterior siding and stucco, historic windows, porches, foundation stabilization, rain gutter installation or repair, and plumbing.

Other recipients of HPTF grants include the Riverside Art Museum, the Riverside Metropolitan Museum, the City's Parks, Recreation and Community Services Department and the City's Public Works Department. Projects have included Wood Streets monument signs, concrete pergolas on Mission Inn Avenue, historic public street features, historic waterfall, historic windows, foundation stabilization, and production of 1,000 Landmark Legacy books.

In April 2018, the Historic Preservation Fund Committee (HPFC) began exploring ways to make the Program more sustainable. Following the update to the Governmental Affairs Committee in May 2018, the HPFC directed staff to identify potential sources of funding for the HPTF and ways to administer the Program. Steps included:

- July 2018: Staff and the HPFC discussed the research needed to help make the Program sustainable (sources of funding and administration of the Program). The HPFC directed staff to identify possible funding sources and Program alternatives to meet this goal.
- October 2018: Staff provided funding source opportunities to the HPFC and a list of those deemed as appropriate for the City were identified.
- January 2019: Staff provided the HPFC with details on each funding source and HPFC provided a priority ranking.
- April 2019: The HPFC confirmed the priority funding sources and also considered administrative solutions for the HPF.

## **DISCUSSION**

### **Fund Balance**

During the four grant cycles, \$600,000 was awarded from the HPTF to complete 45 projects. Nine applications were withdrawn with the awarded grant funds returned to the HPTF. Some projects were completed under budget and the excess awarded funds were also returned to the HPTF. As of May 15, 2019, the balance of the HPTF was approximately \$33,000. Upon close of escrow for the Farm House Motel, an additional \$60,000 is anticipated to be deposited into the HPTF. The reimbursement of a \$10,000 grant for the Riverside Metropolitan Museum to hire a grant writer is also anticipated, as the grant application to restore the Harada House was denied by California State Parks. The HPTF will total approximately \$103,000 once these funds are added and reimbursed back to the fund.

### **Impact of the Historic Preservation Trust Fund**

The HPTF has had both tangible and intangible impacts. Applicants have been encouraged to match the HPTF grants, which resulted in additional investment by the owners. Several grant recipients have had financial hardships and, with the grant, been able to complete the necessary repairs on their properties. Three HPTF grant recipients received recognition from the Old Riverside Foundation in 2018. The HPTF has also been recognized at the State and national level and staff continue to receive inquiries on the Program. The reinvestment impacts of the Program are estimated at \$1.5 million.

**Reseeding the Fund**

Funding sources the HPFC and staff have considered to reseed the HPTF include the following:

**Table 1 - Potential Sources to Reseed the Historic Preservation Trust Fund**

NO.	POTENTIAL SOURCE	DESCRIPTION	IMPACT TO GENERAL FUND	STAFFING	RECOMMENDATION	ADMINISTRATION
1	General Fund Allocation	One-time or annual allocation from General Fund or Measure Z	Direct Impact  Approximately \$50,000 annual for 5 years or \$250,000 one-time	Current staffing adequate	Not Recommended  Budget constraints	No additional resources required
2	Historic Site Code Enforcement Fines	Allocate historic site code enforcement fines  Currently allocated directly to General Fund	Direct Impact  Approximately \$200 - \$1,000 annually	Current staffing adequate	Immediate Consideration  Minimal financial impact	Additional resources required for Program development, administration and monitoring
3	Percentage of Sales of Historic Properties	Allocate a percentage of historic property sales  Currently done on an ad-hoc basis	Direct Impact  Each sale - approximately \$50,000 - \$100,000	Current staffing adequate	Immediate Consideration  Requires formal policy	No additional resources required
4	Mitigation Banking	Fee applied for demolition of certain historic resources  Apply only to historic district contributors, Structures of Merit - not City Landmarks.	Direct Impact  Environmental Impact Report completed as part of the General Plan Update	Current staffing adequate	Immediate Consideration  Requires formal policy framed by the EIR	Additional resources for Program development, administration and monitoring
5	Donations/ Sponsorships Grants	Private donation and sponsorships, and public/private grants	Possible direct impact  Seek donations, sponsorships, and grants as available	Additional staffing required  Specially - trained for fund-raising	Future Consideration  New staff member	Additional resources required for Program development, administration and monitoring
6	Fundraising & Crowd Sourcing	Fundraising events at historic sites or crowd source funding (e.g. GoFundMe)	Possible direct impact  Additional staff time to organize events, and develop a crowd sourcing campaign	Additional staffing required	Future Consideration  New staff member	Additional resources required for Program development, administration and monitoring

As summarized in Table 1, a direct General Fund allocation to supplement the HPTF is not recommended for future consideration due to budget constraints and the perception of using public funds to provide assistance to private historic property owners.

The following sources are recommended for immediate consideration:

1. Historic Site Code Enforcement Fines – Fines assessed for Title 20 violations would be dedicated to the HPTF. This redirect of funds would result in a small impact to the General Fund and could be managed by existing staff.
2. Percentage of Sales of Historic Properties - This has been a successful ad-hoc practice for the sale of City-owned historic properties. Contributions to the HPTF would be determined by City Council at the time of the sales agreement and this re-direction of funds would have an impact on the General Fund. This could be managed by existing staff.
3. Mitigation Banking – This option establishes a fee structure that would be applied to specific projects proposing demolition of a historic structure (not including Landmarks). As part of the General Plan Update Environmental Impact Report (EIR), the City would evaluate the overall environmental impacts of demolishing these historic structures. A tier system would be created to determine the structures that could, if mitigation funds were paid, be demolished without having adverse environmental impacts. This option would impact the General Fund, as additional funding would be needed to expand the scope of the General Plan EIR. Mitigation fees received from these projects could be used to positively impact the HPTF; however, this option may also impact the stock of historic structures in the City. This could be managed by existing Staff.

The following opportunities require additional personnel and funding for implementation and are recommended for future consideration as additional resources become available:

1. Donations/Sponsorships/Grants – This would require additional staff time for development, administration and monitoring this effort. There would be direct impacts to the General Fund as an additional staff member and specific skills related to donations and grant writing would be required.
2. Fundraising & Crowd Sourcing (GoFundMe) – This would require additional staff time for development, administration and monitoring this effort. There would be direct impacts to the General Fund as an additional staff member, with specific skills related to fundraising and administration would be required.

#### Historic Preservation Trust Fund Program Administration

In addition to identifying potential sources to reseed the HPTF, the overall Program and its administration were reviewed by the HPFC and two potential directions were identified:

1. Option 1 - Maintain the Existing Program - Features of the existing Program include:
  - a. City staff administration;
  - b. Grant Program only; and
  - c. Bi-annual Awards.

If the Program is continued, the amount of each grant could be reduced to extend the life of the Program. The Program could continue until all funds are exhausted and then the

Program would end.

2. Option 2 - Modify the Program to extend its viability. Features of a modified Program could include:
  - a. Administration by:
    - i. Additional City staff with specific skills related to fund raising, grant writing and loan-administration to oversee the development, administration and monitoring of the Program; or
    - ii. A non-profit organization/foundation could be formed to seek public grants, and oversee the development, administration and monitoring of the Program;
  - b. Grant and/or Loan Program so that as funds are repaid and the HPTF is reimbursed; and
  - c. Annual awards.

## **FISCAL IMPACT**

The following summarizes the estimated fiscal impact to the General Fund for each of the six potential sources to fund the HPTF described in Table 1 of this staff report.

### **1. General Fund Allocation**

If City Council allocates General Funds to the HPTF, the General Fund will be directly impacted by \$50,000 annually for 5 years or a one-time lump sum of \$250,000 to maintain a viable Program. The HPTF would be increased by the allocation determined by City Council. These funds would need to come from General Fund reserves.

### **2. Historic Sites Code Enforcement Fines**

If City Council allocates Code Enforcement fines related to historic sites, it would directly impact the General Fund and increase the HPTF by approximately \$200 - \$1,000 annually.

### **3. Percentage of Sales of Historic Properties**

If City Council allocates a percentage of sales of historic properties, the direct impact to the General Fund would be determined at the time of City Council's approval of the sales agreement. The estimated impact is approximately \$50,000 - \$100,000 for each sale which would increase the HPTF by that amount.

### **4. Mitigation Banking**

If City Council recommends Mitigation Banking, there will be a direct impact to the General Fund. An Environmental Impact Report (EIR) would be required and could be completed as part of the General Plan update for an additional cost of approximately \$50,000. The HPTF could potentially increase based on the amount of mitigation fees received following the EIR findings.

### **5. Donations/Sponsorships/Grants**

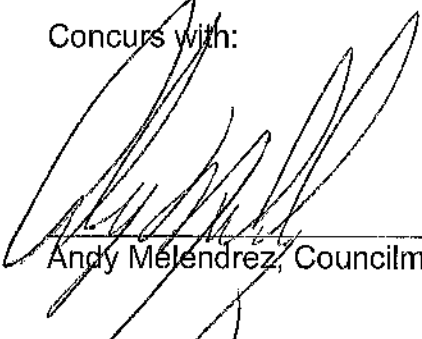
If City Council recommends the HPFC seeks donations, there could be a direct impact to the General Fund if a non-profit did not administer the Program. An additional senior level staff person would be necessary to administer the Program, which is estimated at \$147,780 annually and requires a supplemental appropriation from General Fund reserves. The HPTF would be increased based on the amount of donations/sponsorships and/or grants received. Per industry standard, this is estimated to reach one to two times the annual salary of the additional staff person each year within three years of the position being added.

6. Fundraising & Crowd Sourcing – GoFundMe

If City Council recommends the HPFC move forward, there could be a direct impact to the General Fund if a non-profit did not administer the Program. An additional senior level staff person would be necessary to administer the Program, which is estimated at \$147,780 annually and requires a supplemental appropriation from General Fund reserves. The HPTF would be increased by an estimated \$2,000 per fundraising event and the amount through crowd sourcing would be determined based on donations. Per industry standard, this is estimated to reach one to two times the annual salary of the additional staff person each year within three years of the position being added.

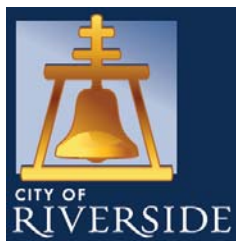
Prepared by: David Welch, Community & Economic Development Director  
Certified as to  
availability of funds: Edward Enriquez, Chief Financial Officer/City Treasurer  
Approved by: Rafael Guzman, Assistant City Manager  
Approved as to form: Gary G. Geuss, City Attorney

Concurs with:

  
\_\_\_\_\_  
Andy Melendrez, Councilmember

Attachments:

1. HPTF application and criteria
2. Historic Preservation Fund Committee Minutes – 04/08/2019
3. Presentation



## HISTORIC PRESERVATION TRUST FUND STATUS REPORT AND RECOMMENDATIONS

Community & Economic  
Development Department

City Council  
July 16, 2019

RiversideCA.gov

### WHAT IS THE HISTORIC PRESERVATION TRUST FUND?



2

RiversideCA.gov

## AWARDED PROJECTS



3



RiversideCA.gov

## BENEFITS OF THE PROGRAM

1. Approximately \$1.5M reinvested into the community (including owner and city investment)
2. Provided needed assistance
3. Recognitions
  - a) Presentation at California Preservation Foundation
  - b) Old Riverside Foundations recognition

4



RiversideCA.gov



## CURRENT STATUS

1. Awarded Approximately \$600,000
2. Projected Balance - \$100,000
  - a) Currently approximately \$33,000
  - b) Farm House Motel Sale approximately \$60,000
  - c) Reimbursed unused grant (Riverside Museum) approximately \$10,000



5

RiversideCA.gov

## POTENTIAL SOURCES

### 1. General Fund Allocation

- One time or annual
- Direct Impact on General Fund (approx. \$250,000)
- Current staffing adequate
- Not recommended

### 2. Historic Site Code Enforcement Fines

- Allocate historic site code enforcement fines
- Direct Impact on General Fund
- Current staffing adequate
- Immediate Consideration

### 3. Percentage of Sales of Historic Properties

- Allocate a percentage of historic property sales
- Currently used
- Direct Impact on General Fund (approx. \$50,000 - \$100,000 with each sale)
- Current staffing adequate
- Immediate Consideration



6

RiversideCA.gov

## POTENTIAL SOURCES (CONT.)

### 4. Mitigation Banking

- Fee applied for demolition of certain historic resources
- Direct Impact on General Fund
- Current staffing adequate
- Immediate Consideration

### 5. Donations/ Sponsorships/Grants

- Private donation and sponsorships, and public/private grants
- Indirect Impact on General Fund (Staff time)
- Additional staff required
- Future Consideration

### 6. Fundraising & Crowd Sourcing (GoFundMe)

- Fundraising events at historic sites or crowd source funding
- Indirect Impact on General Fund (Staff time)
- Additional staff required
- Future Consideration



7

RiversideCA.gov

## FUND PROGRAM ADMINISTRATION

1. Maintain existing Program
  - a) Current City staff administration
  - b) Grant only Program
  - c) Bi-annual awards

2. Modify the Program
  - a) Administration
    - i. Additional City staff
    - ii. Non-profit organization or foundation
  - b) Grant and/or Loan Program
  - c) Annual awards



8

RiversideCA.gov

## RECOMMENDATION

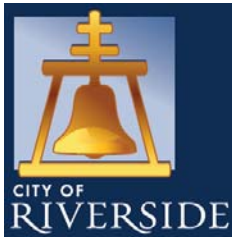
Staff recommends that the City Council:

1. Receive and file a status report on the Historic Preservation Trust Fund; and
2. Provide staff with direction on the future of the Historic Preservation Trust Fund Program.



9

RiversideCA.gov



## HISTORIC PRESERVATION FUND STATUS REPORT AND RECOMMENDATIONS

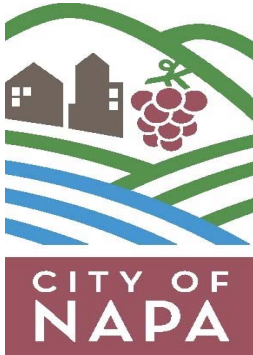
Community & Economic  
Development Department

City Council  
June 18, 2018

RiversideCA.gov

## GENERAL FUND ALLOCATION

(FOR REFERENCE)



1. **EXAMPLE**
  - a) No examples specific to Historic Preservation
  - b) City of Napa, CA; capital improvement
2. **STEPS**
  - a) Include in the 2020 Budget Request
  - b) For Measure Z Funding: Request the Budget Engagement Commission for an allocation of funds
  - c) City Council Approval
3. **OPPORTUNITIES**
  - a) Demonstrates the City's commitment to historic preservation
  - b) Consistent funding
4. **Challenges**
  - a) Previous Measure Z request was denied
  - b) Due to the CalPERS Challenge, this may be a challenge



11

RiversideCA.gov

## HISTORIC SITES CODE ENFORCEMENT FINES

(FOR REFERENCE)



1. **EXAMPLE**
  - a) No Historic Preservation Specific examples
2. **STEPS**
  - a) Amend Title 20 to allocate code violation fines to the Historic Preservation fund
3. **OPPORTUNITIES**
  - a) Turning a negative situation into a positive.
  - b) Direct fines for buildings 50 years or older to the Historic Preservation fund
4. **CHALLENGES**
  - a) Requires City Council to impose fines
  - b) Additional Code Violation Tracking - Limited staffing
5. **POTENTIAL FUND**
  - a) \$200 collected in 2018



12

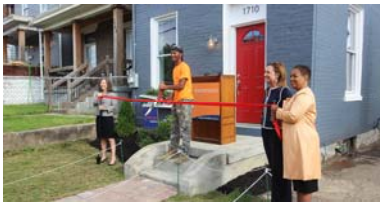
RiversideCA.gov

## PERCENTAGE OF SALES OF HISTORIC PROPERTIES

(FOR REFERENCE)



Marcy Library



Hamilton County Land Bank



### 1. EXAMPLE

- a) Sale of Marcy Library; Riverside, CA
- b) Hamilton County Land Bank; Ohio

### 2. STEPS

- a) Include in sell allocation
- b) City Council Approval

### 3. OPPORTUNITIES

- a) Potential for significant financial contribution

### 4. CHALLENGES

- a) Requirement of request with each sale of a property
- b) Funds will return to department investment was sourced from
- c) Few city owned historic properties remaining

### 5. POTENTIAL FUNDS

- a) \$50,000 - \$100,000 per sale
- b) Currently being utilized

13

RiversideCA.gov

## DONATIONS/SPONSORSHIPS/GRANTS

(FOR REFERENCE)



The Issue



Donate Today



### 1. EXAMPLE

- a) Restoration of City Hall Dome; Savannah, GA
- b) Potential rezoning and development; Annapolis, MD

### 2. STEPS

- a) Identify areas of concern
- b) Solicit potential donors
- c) Create marketing and Social Media platform

### 3. OPPORTUNITIES

- a) Opportunity to build civic pride
- b) Donations accepted from areas outside Riverside
- c) Social Media platform to garnish interest - donations and tourism

### 4. CHALLENGES

- a) Donations may be small increments (\$20 - \$500 per donation)
- b) Identifying what programs or causes would capture interests
- c) Administration/Staffing

14

RiversideCA.gov

## FUNDRAISING & CROWD SOURCING

(FOR REFERENCE)



### 1. EXAMPLE

- a) Farm-to-Table
- b) Hidden City Scavenger Hunt
- c) Crow Source Funding; National Trust

### 2. STEPS

- a) Create/continue events
- b) Develop a Crowd Source Funding Campaign

### 3. OPPORTUNITIES

- a) Showcase historic location
- b) Utilize small donations to make a bigger impact
- c) Civic Pride

### 4. CHALLENGES

- a) Administration/Staffing
- b) Uncertainty of profitability (potentially \$1,000-3,000 per event)

15

RiversideCA.gov

## MITIGATION BANKING

(FOR REFERENCE)



### 1. EXAMPLE

- a) City of Ontario, CA
- b) New York & Washington State

### 2. STEPS

- a) Amendments to Title 20 via CHB, LUC, & CC, Fees, documentation
- b) Environmental Impacts Reports

### 3. OPPORTUNITIES

- a) Set program guidelines

### 4. CHALLENGES

- a) Loss of potentially important cultural resources
- b) Low community support

### 5. POTENTIAL FUNDS

- a) Would depend on formula, potentially \$50,000 - \$100,000 per case

16



RiversideCA.gov