



HISTORIC PRESERVATION FUND COMMITTEE

Minutes

July 11, 2018

City of Arts & Innovation

July 11, 2018, 6:30 p.m.
Mayor's Ceremonial Room, 7th Floor
City Hall, 3900 Main Street

COMMITTEE MEMBERS PRESENT: Councilman Mike Gardner, Philip Falcone, Jennifer Gamble
Steve Lech, Charles Tobin

STAFF PRESENT: Anthony Beaumon, Deputy City Attorney
Scott Watson, Assistant Planner

Chairman Gardner called the meeting to order at 2:02 p.m.

COMMENTS FROM THE AUDIENCE:

Carol McDaniel, Old Riverside Foundation, noted that brick and mortar funding were hard to come by and should be considered and given preference over education and plaques.

DISCUSSION CALENDAR:

Workshop for what has been learned through the administration of the fund

Scott Watson, Associate Planner, updated the Committee on the fund. He stated that there have been four grant cycles for the Historic Preservation Fund which began in 2015. The Fund has awarded 44 grants for a total of \$615,810. Staff has prepared a short list from staff's perspective and has had some challenges in determining which items ranked over which. 1. Look at ways to better define criteria. 2. In two years, the fund has granted \$600,000. Perhaps limiting the funds given out every year, maybe one cycle instead of two. 3. Look at awarding smaller grants. On average, the grants awarded were \$13,000 each. There were a couple awarded at \$25,000 which is the maximum. 4. Refining the definition of hardship. There were several applications which were submitted with hardships in which the applicants were unable to provide the 50% matching funds. 5. Re-evaluate eligibility. The grant program has multiple eligible projects such as brick and mortar and interpretive programs. Perhaps grants should be redefined for brick and mortar only.

Committee Member Steve Lech noted that since only bricks and mortar projects have been done, which is really the intent. It would behoove the Committee to simply eliminate interpretive programs.

Mr. Watson noted that the only non-brick and mortar was the book program. This was a means to pay for the book but reimburse the fund when the books were sold. He stated that at the last count, approximately 1/3 of the books have sold. Staff is looking at various ways to market and sell the books.

Committee Member Philip Falcone suggested partnering with community organizations to sell books and to try a larger social media push. He suggested carrying the book in the Heritage House book shop.

Mr. Watson noted that the City is working on selling items on-line and the book would be included in this. Staff will be working the City's marketing team to develop further options.

Comments from public:

Nancy Parrish suggested reaching out to the local preservation groups. Old Riverside Foundation has quite following on Facebook. She made a note to take pictures of her copy of the landmark book and post it on their Facebook page but she will need prior authorization from the President. She also suggested a consignment program or e-bay.

Workshop for the Purpose of Reseeding the Historic Preservation Trust Fund

Scott Watson, Assistant Planner, stated this discussion is a continuation of the April 16th meeting. A matrix of potential methods to reseed the fund was prepared by staff. He stated that copies were available at the entrance. As requested in April, this meeting is being held in the evening to provide an opportunity for public input. Mr. Watson went through the matrix and explained the various suggestions.

Chair Gardner commented that donations are pretty straight forward. We can all look for ways to encourage people to do that. It is an easy process and the City does have existing procedures that allows people to receive a tax write off. Grants should always be sought but there is a lot of competition for limited funding. Mitigation banking, at least his intent in this discussion, is that if there is a project that has an unavoidable adverse impact of destroying or significantly modifying an historic resource, that there be a fee attached. You have to be very careful in doing this because the historic resources are not for sale. If we are going to lose something getting something back to help other historic resources may be worth talking about. The other items are pretty straight forward. The sale of historic properties is another possibility. The upcoming sale of the old fire station could be an opportunity for the City to add money in this fund.

Committee Member Jennifer Gamble suggested a private transfer fee. She stated that every time the property is sold, a fee should be paid. She noted that it could make the properties less desirable but it is something to be explored.

Committee Member Tobin stated that all of staff's suggestions should be considered. It is his belief that the only financing strategy that has a long-term sustainability is an annual city contribution. It was his understanding that there had been internal discussions during the budget cycle to provide an allocation, plus a dedicated staff member. He noted that the Museum Department also went through a two-year budget request process and received approval for a dedicated staff person whose sole and exclusive job is to raise money. He noted that Title 20 does refer to a staff person. He did not know how in depth the discussions were at the Manager's level over this staff person, but he understood the discussion had taken place. A precedent has been set by the Museum's new position, which will be doing what needs to be done with the HP Fund as well. The return in investment will speak for itself. He was hoping to solicit enough interest between the city, this committee, and community groups to create this position over the next two-year cycle as an on-going city allocation on the table. With regard to donations, it was not clear that a donation to this entity was tax deductible. The Museum and Parks Department websites have a button specifically for donations, which are tax deductible. He would like to see that uniformly throughout the City and include this fund. The City has approximately 80 landmarks that are private, which makes them potentially suitable for the Mills Act. The Committee should also focus on the Mills Act program. With regard to grants, Proposition 68 was on the June ballot to assist a combination of water, parks and historic preservation projects. The City is in a unique position to be a successful applicant for Proposition 68 funds. It would be a perfect target for the Harada House. He noted this would be an opportune time for the City to identify someone as the lead to organize an application. Mitigation banking could also apply to some projects in the City. Recently the CHB heard a proposal to replace a residence with a parking lot. He suggested that staff look into the City of Ontario's experience with this. He noted that the Landmark books have been sitting in boxes. The suggestions for fund raising, private donations, these go hand in hand but someone needs to be given that job.

Nancy Melendez asked about a scorched earth policy? Should a historic property be destroyed without the benefit of permits, she asked if the fine can be diverted to this fund rather than the general fund.

Anthony Beaumon, Sr. Deputy City Attorney, stated that it would be a misdemeanor, violation of the Code. The provision for civil penalty exists but the City Council has to impose it.

Mr. Watson stated that the current code allows for a 5-year moratorium for construction on the property and it also allows the Council to impose civil penalties.

Committee Member Tobin noted that a revolving fund, although not at the top of the list, is one that the City has precedent with. This will preserve capital over time. A revolving loan program could be structured the same for brick and mortar projects.

Chair Gardner stated this would be worth looking at. It has, however, been the experience that not many cities want to carry mortgages for someone, especially if you are forced to take the home away from them.

Committee Member Tobin commented that a revolving loan is much more common nationally than in the State of California but they are used in historic preservation. A revolving loan would be the other shoe in a Mills Act Program. He suggested going forward on a unified request for a general fund contribution. This would be based on what happened with the \$600,000 which was a terrific investment. That story needs to be told.

Committee Member Falcone stated that what it came down to was what do we as a City value? If we value historic preservation and our unique history, the budget needs to reflect that. He stated he was all for marketing and outreach. It is important to engage new people that are not already in the historic preservation circle, because they ring in more people and that brings in more money. It is good to have smaller projects that bring in small amounts of money such as special events, deck of cards, etc., but it all comes back to the lack of staff to organize these events. He suggested higher penalties, similar to the scorched earth, where those who have an historic property and do alterations without permits, such as vinyl windows. Purchasing an historic home is a huge responsibility that isn't for everyone.

Committee Member Lech commented that the CHB has seen a lot of those cases in the past. He felt reticent of imposing fines when we have not done enough to educate the residents of the differences between a new tract home and an historic home. We need to sit down with not only property owners, but the realty community and go over the responsibilities of purchasing a home in an historic district.

Mr. Watson reminded the members that this would be a good opportunity for Ambassadors Program which has not be launched yet.

Committee Member Falcone agreed, there are all these wonderful ideas, but it all comes back to staffing. He would not want to get anyone's homes up for a chance to have a fully staffed department, which may not be in our immediate future in this City.

Committee Member Tobin noted that the realty community would be perfect ambassadors for programs such as the Mills Act. The City should be assisting them and new property owners with the Mills Act applications. The City has a well developed historic preservation program on the Planning side, now it's time to develop the economic development side.

Andrew Villalobo suggesting offering more per year through the Mills Act and possibly lower the fee. He did not participate this year because the application fee was \$3,700. He would like to know if that application fee is part of this fund, because it should be. He agreed that the general fund should be the first priority. The second priority should be staffing. There is an issue with marketing and education, which somebody should be doing. As a City, we should value this.

Committee Member Lech commented that he liked the idea of a developer fee. The developers write out the checks, but they do not pay the fees as the cost is passed on to the buyer. Perhaps this should be something to consider, just figure out how to implement something like this. The idea of a general fund contribution may be pie in the sky but it should still be proposed.

Carol McDaniel noted that the one thing this list does not do is look at the potential for yield. These may be a lot of ideas but most are low yield. If the fund is going to continue, it needs a good source of funding that is actually usable. Mr. Lech's suggestion for developer fees is a good point. It needs to be large sums of dollars, like the mitigation fees.

Committee Member Falcone added that it should be all of the above. By no means just selling books and cards, but we can't say no to anything. So far the consensus has been all of the above, without ruling out anything.

Chair Gardner stated that there may be other things that come to peoples mind. The Committee cannot proceed with a recommendation to Council today but this topic can be agendized for the next meeting to continue the discussion.

Committee Member Tobin said that to provide Mr. Watson with direction, perhaps further research into the cities of Ontario and Fresno is warranted. The developer transfer fee would bear further examination, as well as the revolving loan program.

Nancy Parrish suggested a fee associated with all permits pulled in the City. When she first moved to the city and pulled a permit, she was charged a fee for the gnat catcher and the kangaroo rat. She also recommended finding a way to penalize homeowners who installed vinyl windows.

Mr. Watson mentioned that window replacement, unless they are retrofitting, does not require a permit. This becomes a difficult case to fine someone if there is no permit required.

Committee Member Lech added that simply applying a penny or two fee to every dollar when pulling permits can certainly add up. It can be structured so that the person constructing a small patio isn't impacted by indicating the fee is for projects over \$10,000.

Mr. Watson announced that the next meeting would be October 1, 2018 at 2:00, unless the committee would like to meet in the evening again.

Chair Gardner inquired which recommendations the committee would like to focus on at the next meeting.

Mr. Watson stated he would prioritize the recommendations as he understood them, based on the discussion today. The committee members can also email him a list of priorities they would like and he will compile them for the next meeting.

ITEMS FOR FUTURE AGENDAS:

It was a consensus of the Committee that another workshop should take place in lieu of the next quarterly HP Fund Committee Meeting.

Mr. Watson stated that he anticipated at least one request for time extension and the reconciliation of the HP Fund account on the next agenda.

MINUTES:

The minutes of April 16, 2018 were approved as presented.

MOTION by Committee Member Lech, **SECOND** by Committee Member Tobin: To **APPROVE** the minutes of April 16, 2018 as presented.

MOTION CARRIED:

AYES: Falcone, Gamble, Gardner, Lech, Tobin

NOES: None

ABSTENTION: None

ADJOURNMENT:

The meeting was adjourned at 3:16 p.m. to the next meeting to be determined.

The minutes were approved as presented at the January 14, 2019 meeting.