



SPECIAL MEETING

Minutes

MEASURE F OVERSIGHT/CITIZENS FINANCE COMMITTEE

THE CITY OF
NOVATO
CALIFORNIA

Wednesday, July 10, 2013: 6:30PM – 9:30PM
NOVATO CITY HALL, CITY COUNCIL CHAMBERS, 901 SHERMAN AVE

A. Call to Order

The meeting was called to order at 6:05 P.M. In attendance were:

Committee members: Cris MacKenzie, David Bentley, Caitrin Devine, Al Berson, Bob Scott and Bob Ratto. Robert Jordan was absent.

City Staff: Michael Frank, Cathy Capriola, Brian Cochran and Carla Hansen

B. Approval of Final Agenda

The agenda was approved unanimously.

C. Public Comment

(Anyone wishing to speak on non-agenda items will be recognized at this time. These items can legally have no action as they are not on the agenda. There is a three minute time limit.)

There was no public comment.

D. Committee Organizational Items

D-1: Approval of May 16, 2013 Meeting Minutes

The meeting minutes were approved unanimously with a minor editorial change.

D-2: Approval of June 20, 2013 Meeting Minutes

The meeting minutes were approved unanimously.

E. General Business

(Anyone wishing to speak on agenda items will be recognized after the Committee has concluded their initial discussions. There is a three minute time limit for public comment per item.)

<i>Time</i>	<i>Item/Attachments</i>	<i>Purpose and Actions</i>
15 minutes	<i>E-1: Measure F Expenditure – Increase Hamilton Base Reuse Director position</i> Increase position from 0.5 FTE to 1.0 FTE effective 7/1/2013. City Manager taking recommendation to the City Council on June 23, 2013. Staff will provide a verbal report to the Committee.	Provide input to staff for Council communication
<i>M. Frank updated the Committee on Hamilton Base Reuse projects Scott Ward, Director is working on. M. Frank answered questions from the Committee about progress on the projects and the position's compensation. The Committee voted 5-0-1 to recommend increasing the Hamilton Reuse Director position from 5.0 FTE to 1.0 FTE. Committee member Berson abstained and Committee member Jordan was absent.</i>		
2 hours and 45 minutes	<i>E-2: Fiscal Sustainability Plan and Options Tool Discussion, Deliberation and Recommendation to the City Council</i> Recap of Council and Town Hall meetings and staff's efforts on fiscal sustainability since the last meeting. (10 minutes)	Discussion and deliberation on Fiscal Sustainability Plan and Options Tool.

	<p>City Manager Recommended Scenario – Brief presentation by the City Manager regarding the rationale for his recommended scenario. Questions and discussion. (30 minutes)</p> <p>Committee Member present their individual preferred fiscal sustainability scenarios; 5 minutes for each member. (35 minutes)</p> <p>Staff presentation of Committee’s compiled preferences and “composite” options based on Committee Member’s preferred scenarios to help focus the discussion and deliberation. Committee discussion of options and alternatives. (1 hour)</p> <p>Committee final deliberation and recommendation(s) (30 minutes)</p>	<p>Committee provides staff with recommendation to City Council</p>
<p><i>Staff and Committee Chair MacKenzie guided the Committee’s discussion on the Fiscal Sustainability Plan and Options Tool. Staff answered questions from the Committee. Each Committee member shared their FS preferred option. The discussions lead to the Committee recommending a preferred FS Plan to the City Council. Although there was not a consensus decision, there was majority support for most components of a preferred scenario. The recommendation was summarized in a memo to the City Council and uploaded to the City’s website.</i></p>		

F. Committee / Staff Comments

There were no additional comments.

G. Adjournment

The meeting was adjourned at 9:05 P.M.



DATE: July 12, 2013

TO: City Council

FROM: Michael Frank, City Manager
Cathy Capriola, Assistant City Manager
Brian Cochran, Finance Manager
Carla Hansen, Management Analyst

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SUBJECT: Measure F / Citizens Finance Committee Fiscal Sustainability Scenario

As the City Council is aware, the Measure F / Citizens Finance Committee met on the evening of Wednesday, July 10, 2013 to discuss various fiscal sustainability scenarios and provide a potential recommendation about the Committee's (or the majority of the Committee's) preferred sustainability plan.

While there was not a consensus decision, there was majority support for most components of a preferred scenario, as outlined towards the bottom of this memo. Additionally, there were two major areas that had majority support in general, but there was some debate over which specific option to choose. These two areas were the Voter Approved Revenue Option (option 4 in the Options Tool) and the Employee Compensation Option (option 12 in the Options Tool).

A majority of the Committee supported the road impact fee, the \$1 million level of economic development, all 3 of the one-time expenditure options, the base staffing recommendations, full usage of Measure A funds, the buffer for additional PERS increases, the pre-pay OPEB option, the facilities funding option, and the lower level of pavement / street maintenance.

The committee had significant discussion about the voter approved revenue option. The theme among the majority was that, while nobody likes taxes, some version of a voter approved revenue option is prudent given the other selections in the options tool. In other words, after selecting the services and expenditure items, there really was no other way to fund those particular investments without using some level of additional tax. Four out of the seven committee members selected some kind of sales tax measure. One landed on the 0.25% tax, one on the 0.375% tax, and two were for the 0.50% tax. Three of the committee members were not for continuing any sales tax after the expiration of Measure F.

Six out of the seven members also supported staff compensation at either the 2.5% level or above, however, those members were split 3-3 on which level that should be. The overarching theme on this item was that retaining and attracting quality staff is very important to maintaining the level of City services, especially if the City will be operating with many fewer staff in the long run. The majority supported the higher level of compensation to ensure that the City remains competitive in the marketplace for qualified talent and does not fall even further off-market against comparable agencies.

Finally, the Committee also had significant discussion about economic development. All committee members supported either the \$500,000 level or the \$1 million level of economic development and stressed the importance of continuing to develop new and existing businesses,

attracting new business and high-paying jobs, encouraging quality development of the remaining commercial / retail parcels in town, and using Measure F as an economic development investment catalyst. This last point was discussed at length – many committee members were highly supportive of uses of Measure F that support and encourage economic development programs and incentives.

Attached is a matrix that shows the overall tally of where the committee landed in terms of a recommendation. As mentioned above, there was majority support for a number of key items, with the major discussion points over differences of opinion on which level of sales tax should move forward as well as which level of increased employee compensation should move forward.

Measure F / Finance Committee Recommendation			
#	Option		Scenario 1
3	Road Impact Fee		X
4a	0.25% cent	Sales Tax	Majority Support for Some Kind of Sales Tax
4b	0.375% cent		
4c	0.50% cent		
5c	\$1M Economic Development	ED	X
6	Synthetic fields	Expend.	X
7	LED lights		X
8	Corp yard debt		X
10b	Base / Core Staffing	Staffing	X
11b	100% of County Parks Measure A		X
12a	2.5% + Competitive	EE Comp	Majority Support for 2.5% Comp or Higher
12b	2.5% with inflation		
13	Assume Add'l PERS Increase		X
15	Pre-pay OPEB		X
16	Fund Facilities / Other Intrastructure	Infrastructure	X
17a	Pavement 2011 levels		X

Year 5 Surplus Range: \$700,000 - \$2,000,000
 One Time Investments: \$5,700,000
 Measure F Deficit Backfill Required: \$4,600,000 - \$5,200,000
 Estimated Remaining Unallocated Measure F Funds: \$7,800,000 - \$8,400,000
 (Ranges listed depend upon the options selected for #4 and #12)

**Measuer F Tally of Support
for Individual Options**

#	Description	Tally
1	Deficit	7
2	State Takeways	3
3	Road Impact Fee	6
4a	0.25% cent	1
4b	0.375% cent	1
4c	0.50% cent	2
5a	Status Quo ED	0
5b	\$500K	3
5c	\$1M	4
5d	\$1.5M	0
6	Synthetic fields	6
7	LED lights	7
8	Corp yard debt	6
10a	Base + Additional	1
10b	Base	4
10c	Add. enhacements	0
10d	No changes	2
10e	Add. Cuts	0
11a	50% of Measure A	2
11b	100% of Measure A	5
12a	2.5% + Competitive	3
12b	2.5% with inflation	3
12c	1.5% with forecast	1
12d	No sal growth assump.	0
13	Add. PERS Increase	4
14	Mods for healthcare	3
15	Pre-pay OPEB	5
16	Fund Facilities / Other	6
17a	Pavement 2011 levels	6
17b	Measure B level	0