



THE CITY OF  
NOVATO  
CALIFORNIA

## SPECIAL MEETING

### AGENDA MEASURE F OVERSIGHT/CITIZENS FINANCE COMMITTEE

**Thursday, November 21, 2013: 7:30AM – 9:00AM**  
922 Machin Ave  
Baget Conference Room-2<sup>nd</sup> Floor

A. Call to Order

B. Approval of Final Agenda

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.)*

D. Committee Organizational Items

D-1: Approval of September 12, 2013 Meeting Minutes

D-2: Approval of October 17, 2013 Meeting Minutes

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>
30 minutes	E-1: Discussion of Measure F Committee Roles and Duties	<i>No action. Discussion item.</i>
45 minutes	E-2: Discussion/Brainstorm of potential Measure F Uses  <i>Staff report attached</i>	<i>Provide staff with list of potential Measure F uses.</i>

F. Committee / Staff Comments

G. Adjournment

#### Attachments

1. September 12, 2013 Meeting Minutes
2. October 17, 2013 Meeting Minutes
3. Measure F Discussion Staff Report

**AFFIDAVIT OF POSTING**

I, Carla Hansen certify that on November 18, 2013, I caused to be posted the agenda of the Thursday, November 21, 2013 meeting of the Measure F Oversight/Citizens Finance Committee of the City of Novato, California, on the City of Novato Community Service Boards in City Hall and the Police Department.

/Carla Hansen/  
Management Analyst



THE CITY OF  
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## SPECIAL MEETING

### Minutes MEASURE F OVERSIGHT/CITIZENS FINANCE COMMITTEE

**Thursday, September 12, 2013: 7:30AM – 9:00AM**  
**75 ROWLAND WAY #200**  
**ATHERTON CONFERENCE ROOM**

**A. Call to Order**

*The meeting was called to order at 7:35 a.m. In attendance were:*

*Committee members: Cris MacKenzie, David Bentley, Al Berson, Caitrin Devine, Rob Jordan, Bob Scott, Bob Ratto.*

*City Staff: Cathy Capriola, Brian Cochran, Maureen Chapman, Carla Hansen and Chris Stewart*

**B. Approval of Final Agenda**

*The final 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 August 22, 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	<p><b>E-1: Final discussion of extending Shop Local/Novato Campaign from September 1, 2013- January 31, 2013 with budget of \$75,000</b></p> <p><i>Letters of support attached</i></p>	<p><i>Provide recommendation to staff to forward to the City Council.</i></p>

*Economic Development Manager, Chris Stewart and Kiosk Creative consultant Claire Knowles answered questions and addressed comments from the Committee. R. Jordan suggested the Shop/Local campaign continue longer than January 31. C. Stewart suggested staff wait to see the sales tax performance of the 2<sup>nd</sup> quarter to evaluate whether to extend the campaign. He and B. Cochran meet with the City's sales tax consultant quarterly and will have data in April.*

*Pam Drew, Trisha Boorstein and Randy Stemmer spoke during public comment.*

*The Committee voted unanimously to recommend approval of extending the Shop/Local Novato Campaign from September 1, 2013 to January 31, 2013.*

15 minutes	<p><b>E-2: Final discussion of marketing campaign to attract Bio/Life Science companies and jobs with a \$250,000 commitment from the City</b></p> <p><i>Letters of support attached</i></p>	<i>Provide recommendation to staff to forward to the City Council.</i>
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*Economic Development Manager, Chris Stewart answered questions and addressed comments from the Committee. A. Berson suggested the Bio/Life Science campaign have clear outcomes for review. He also suggested establishing Novato as a “small-time Silicon Valley” by attracting more college students for these Bio/Life Science jobs and suggested the City use Measure F funds to help small businesses apply and receive federal grants. C. Stewart said one of the goals of the campaign is to attract 100 jobs per year. The Committee voted unanimously to recommend approval of the Bio/Life Science campaign.*

35 minutes	<p><b>E-3: Draft FY 12/13 Measure F Annual Report &amp; Draft Executive Summary</b></p> <p><i>Draft report attached and Executive Summary to be distributed Monday, September 9</i></p>	<i>Provide feedback and final direction to staff for communication to Council.</i>
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*The Committee approved the final draft of the Measure F annual report unanimously with minor changes for staff to incorporate.*

15 minutes	<p><b>E-4: Refunding of General Obligation Bonds</b></p> <p><i>Memo attached</i></p>	<i>Provide feedback to staff.</i>
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*B.Cochran presented the staff update:*

*In a nutshell, our current bonds hold an average interest rate of 4.86% with a weighted average maturity of just under 5 years. Under the recommended “Proportional Debt Service” scenario, we could see fixed interest rates in the ballpark of 2.65%. This interest rate savings would translate to about \$900,000 of savings on a present value basis, or about 8.5% of par. The City itself does not actually see the savings – rather, savings are passed directly on to all property owners in the form of reduced bond levies in future years on their tax bills.*

	<i>The process entails an RFP which has been distributed to interested banks. More information will be provided verbally at the meeting. Staff plans to bring the final approval of the loan agreement and resolution to the City Council on September 24<sup>th</sup>, with an anticipated closing date of September 30<sup>th</sup>.</i>	
10 minutes	E-4: Fiscal Sustainability Communication Plan  <b>Staff verbal update at meeting.</b>	<i>Provide feedback to staff.</i>
<i>C. Capriola updated the Committee on the Fiscal Sustainability community outreach plan. Staff will present FS key messages and summaries to various community groups throughout October and November. The goal of presentations is “meet people where they are” and provide information so the community can participate in the City Council’s discussion and decision on Fiscal Sustainability in January and February.</i>		
10 minutes	E-5: Chair and Vice Chair selection and Update on Council appointments.	<i>Selection of new Chair and Vice-Chair</i>
<i>David Bentley and Rob Jordan were voted unanimously to be the new Chair and Vice Chair (respectively) of the Committee.</i>		

F. Committee / Staff Comments

G. *There were no additional comments*

H. Adjournment

*The meeting was adjourned at 9:00 AM.*



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## SPECIAL MEETING

### Minutes MEASURE F OVERSIGHT/CITIZENS FINANCE COMMITTEE

Thursday, October 17, 2013: 7:30AM – 9:00AM  
901 Sherman Ave

#### A. Call to Order

*The meeting was called to order at 7:35AM. In attendance were:*

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

*City staff: Michael Frank, Cathy Capriola, Brian Cochran, Maureen Chapman and Carla Hansen*

#### B. Approval of Final Agenda

*D Bentley asked to add a review of Committee responsibilities to the agenda. C. Capriola replied the discussion would be added to the November meeting agenda.*

The agenda was approved unanimously.

#### C. Public Comment

*There was no public comment.*

#### D. Committee Organizational Items

*There were no organizational items.*

#### E. General Business

<i>Time</i>	<i>Item/Attachments</i>	<i>Purpose and Actions</i>
15 minutes	<p><b>E-1: Verbal update/report on loan agreement with BBVA Compass Bank and associated actions for the 1997A, 2000 and 2004 GO Bond Refinancing</b></p> <p><i>Verbal report.</i></p>	<i>Information item. No action.</i>
<p><i>B.Cochran provided a verbal update on the BBVA Compass Bank loan agreement the City Council approved on October 8, 2013. The 1997A, 2000 and 2004 series bonds have refinanced to a lower annual debt service and, as a result, require lower future ad valorem property tax levies. The refinancing reduced the interest rate on the GO Bonds to 2.44%. An average homeowner (with \$500,000 AV) will see a \$5-\$6 annual savings on their property tax bill over the next 12 years.</i></p>		

45 minutes	<b>E-2: Fiscal Sustainability Community Outreach Presentation by City Manager, Michael Frank</b>  <i>Handout provided at meeting</i>	<i>Provide feedback to staff on presentation.</i>
<i>City Manager, M. Frank presented the Fiscal Sustainability Community Outreach Presentation to the Committee. The presentation which highlights the City's key issues and upcoming strategic decisions has been given to over 30 community groups (about 300 people) in the past six weeks. The Committee provided feedback on the "apples to apples" comparisons to other full-service Cities' per capita tax revenue. Staff will clearly highlight the note on the presentation saying EMS and Fire services were excluded. Staff plans to bring the Fiscal Sustainability discussion to the City Council for final deliberation and decision in January. D. Bentley noted that the City has not taken all legally permissible steps to address pension reform; it could drop-out of CalPERS. Staff will look into this and inform the Committee.</i>		

F. Committee / Staff Comments

*A. Berson suggested the Committee have regular discussions/brainstorming sessions 10-15 minutes every meeting on various topics of interest. Staff suggested the discussions be topic-focused and will place time on the next agenda for a discussion of uses of Measure F.*

G. Adjournment

The meeting was adjourned at 9:00AM. The next meeting will be held on Thursday, November 21 at 922 Machin Ave.



**STAFF REPORT**

**MEETING**

**DATE:** November 21, 2013

**TO:** Measure F / Citizens Finance Oversight Committee

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

**SUBJECT:** Initial Brainstorm of Measure F Ideas

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As staff has mentioned several times during the Fiscal Sustainability process, the City Council has been judicious thus far in its use of Measure F funds. As a result, a significant unassigned reserve balance has accumulated, with the anticipation that once a long-term fiscal plan is decided, additional discussions and decisions about the use of Measure F funds would occur.

At its last meeting the some Committee members expressed an interest in having a general discussion about possible ideas and uses of Measure F funds, now that staff is anticipating a Council decision on the fiscal plan in January / February 2014. Below, staff offers some basic information about Measure F revenues, uses of Measure F to date, and, to help guide the discussion, an idea about the magnitude of the available, uncommitted Measure F funds. Staff also lists some broad categories or “buckets” of possible ideas as a jumping-off point for the discussion.

Estimated total amount of Measure F revenue:	\$21,800,000
Total of past expenditures and future budget commitments:	(\$2,900,000)
One-time initiatives from options tool:	(\$3,600,000)
Deficit backfill required through 2018/19 (range of options):	(\$3,700,000) –
	<u>(\$6,300,000)</u>

Range of Unallocated Measure F Funds: \$9,000,000 - \$11,600,000

**Broad Example Categories of Possible Uses of Measure F Funds:**

- EXAMPLE: Basic Infrastructure Rehabilitation – Roads, Bridges, Storm Drains, etc.
- EXAMPLE: Quality of Life Improvements / Parks / Play Equipment / Rec Facilities
- EXAMPLE: City Technology Investments – Improve Efficiency Citywide, Financial Reporting, Website Technology, Asset Management, Fleet Management, etc
- EXAMPLE: Pension Reserve / Pension Cost Fluctuation Reserve
- EXAMPLE: Reserve to Fund Additional Years’ Operating Deficits
- EXAMPLE: Economic Development Investments-(see attached ideas from Committee member Berson)

This item is for discussion purposes only, with no recommended action by the Committee.



## POTENTIAL USES OF MEASURE F REVENUE

### Economic Development

a) Support Small Businesses receiving Federal funding under SBIR program

The Federal Government has been supporting small businesses for about 30 years in programs titled Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR). Principal agencies funding advanced R&D in biotechnology and biomedical activities using these two programs are Department of Defense, National Institutes of Health, National Science Foundation, Department of Energy, and Department of Transportation. Typically, support is offered in two phases. Phase I funds feasibility studies with about \$150,000 for one year, and Phase II funds more complete studies with about \$1 million for two or three years. Phase II requires a new grant application and its success is based largely on the outcome of Phase I studies. Often, the time period between the end of Phase I and start of Phase II (if successful) is about 4 months. This is a time period that is dicey, especially for very small Small Businesses with cash flow problems. In recognition of this, some states have programs that permit support of small businesses during this time period. This is one way to attract small businesses to locate in a specific area.

Specific Suggestion: City of Novato sets aside about 150K annually for this kind of support, offering 20 to 30K over a 4 month period to each small business located in Novato. An appropriate peer review group could convene periodically to select those applications from small businesses that are deemed worthy.

b) Support undergraduate or graduate students enrolled in science or math programs

Companies engaged in biotechnology and biomedical activities can often benefit from additional assistance with scientific projects but do not have the money to hire people for short stretches. The city of Novato should seek partnerships with small businesses and universities (Dominican U, College of Marin, UCSF) leading to work/study opportunities for deserving students with modest stipends offered to these students. This is another way to attract small businesses to locate within the city.

Specific Suggestion: City of Novato forms arrangements with small businesses located in Novato and local universities to support students in work/study programs. An appropriate peer review group could select those candidates most worthy. The city could set aside about 100K annually, offering 15 to 20K to each selected student.

**It is crucial to the success of these measures that programs such as these be widely advertised in appropriate media, i.e., journals such as IEEE Spectrum, Biomedical Instrumentation and Development, and local newspapers in California, Nevada, and Oregon. Adopting these suggestions for economic development will be important steps in the right direction to have Novato identified as a center in Marin County for biotechnology and biomedical research and development.**

### City Services

Many Novato residents make use of park services, including ball fields. At least two issues have been raised. One issue is the lack of appropriate maintenance of existing facilities. A second issue is the lack of enough ball fields. New facilities in Novato have been constructed recently, e.g., Nave Drive gymnasium, but it is not clear that these new facilities satisfy the need. Many California cities periodically conduct studies to assess needs of their residents, often called Master Plan for Parks. Novato has not conducted such a study in recent years. Absent an independent study, there is no credible evidence for either the need or the amount of new facilities. It is true that anecdotal reports of the lack of enough ball fields abound, yet the Parks Department of Novato has no data to support the need for new facilities to serve Novato residents.

Specific Suggestion: City of Novato should support an assessment of the need for and amount of park facilities adequate to serve Novato residents. The assessment should be conducted by an appropriate independent organization and after citizen input and vetting by City Council should be adopted as a Master Plan for Parks. An estimated cost for such a study is \$200,000.