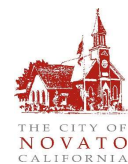




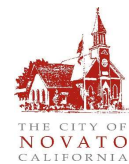
CITY ORGANIZATION – STRUCTURE AND FINANCING

- Overall City Organizational Chart
 - Structure
 - General Duties/Assignments
- Financing
- Understand Measures F & C
- Receive an update of the previous 5-year Forecast
- Learn about 2018/19 budget process & considerations



CITY OF NOVATO ORGANIZATIONAL CHART

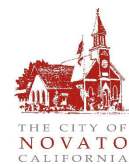
- Handout

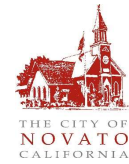


MAJOR DEPARTMENT DUTIES/ASSIGNMENTS

- Police (public safety, emergency response, traffic, community outreach, etc.)
- Public Works (streets, signage, park development/maintenance, public facilities, compliance, etc.)
- Community Development (I'll let Bob handle that....)
- Administration (City Council, Economic Development, Communications/Community Engagement, Administration, Human Resources, IT, Recreation, Finance)

Novato is served by many special districts as well as County programs. Fire, Water, Sewer, Trash, etc.





CITY BUDGET DATA IS ON OUR WEB PAGE

WE ARE NOW IN THE PROCESS OF CREATING PRESENTATION MATERIALS FOR 2018

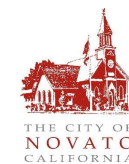
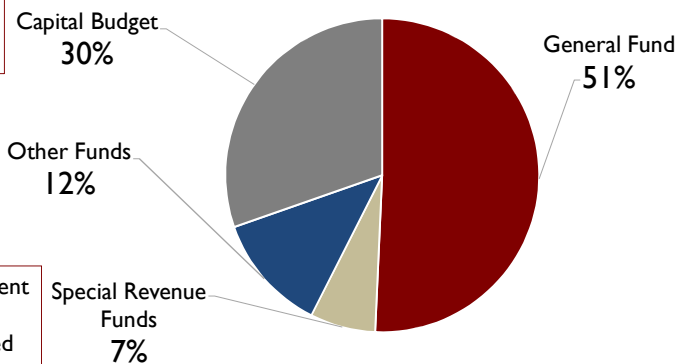
ALL FUNDS – BUDGET 2016/17

- Gas Tax
- County Measure A
- Dev. Impact Fees
- Storm water Fee
- Other dedicated capital funding

- Debt Service
- Equipment / Tech. Replacement
- Marin Valley

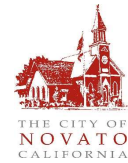
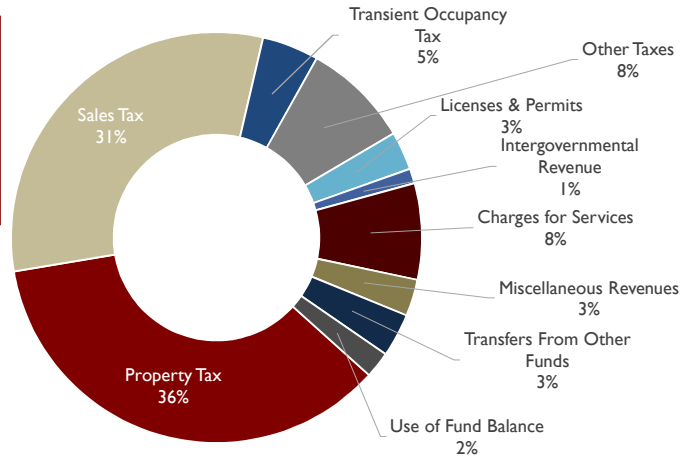
- Grants, assessment districts, other smaller dedicated revenue sources

Citywide 2016/17 Expenditure Budget (All Funds)
\$65.1 million

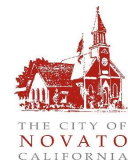
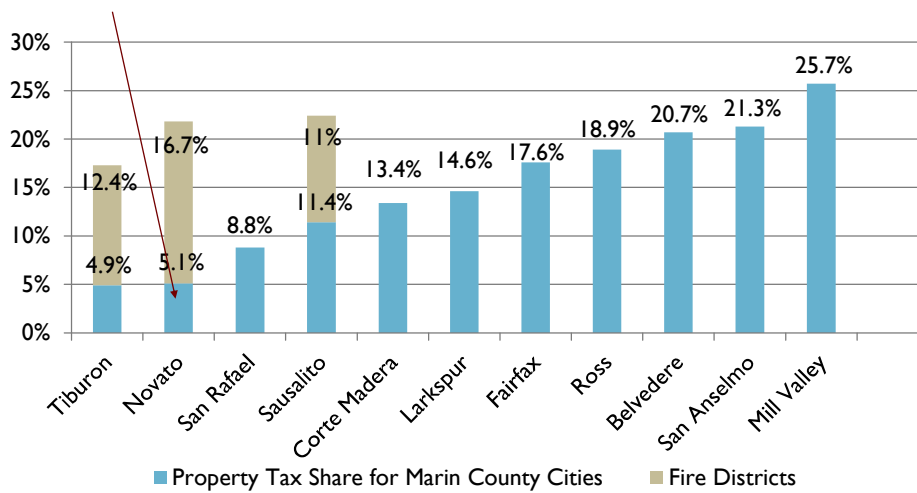


GENERAL FUND BUDGET REVENUES – 2016/17

Total General Fund Revenues and Transfers = \$37.4M

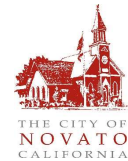


NOVATO RECEIVES ONLY 5% OF THE BASIC 1% PROPERTY TAX



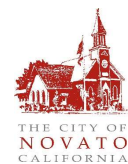
DEVELOPMENT INFLUENCE ON CITY SERVICES?

- I believe that this is where Bob would like me to discuss various aspects of how development impacts our ability to provide services in Novato...most any City in California.
- 1/3 and 2/3
- I would like to use TOT as an example. Hotels in Novato have a very stable recent few years and are trending up. But how does that impact the City? Currently about 5% of our general fund revenues come from this source. Somewhat low for a City of 55,000 people.
- How to increase that number? More rooms developed, higher nightly rate, higher occupancy. The City really has no control over any of those three options. There is a fourth, but that requires voter approval of a change the TOT rate.

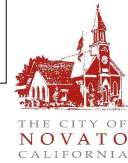
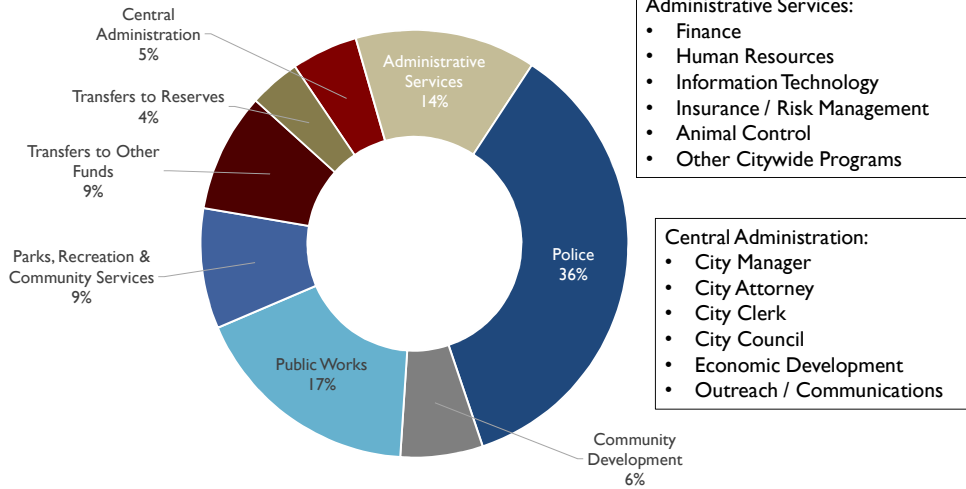


DEVELOPMENT INFLUENCE ON CITY SERVICES?

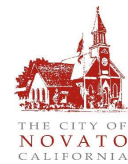
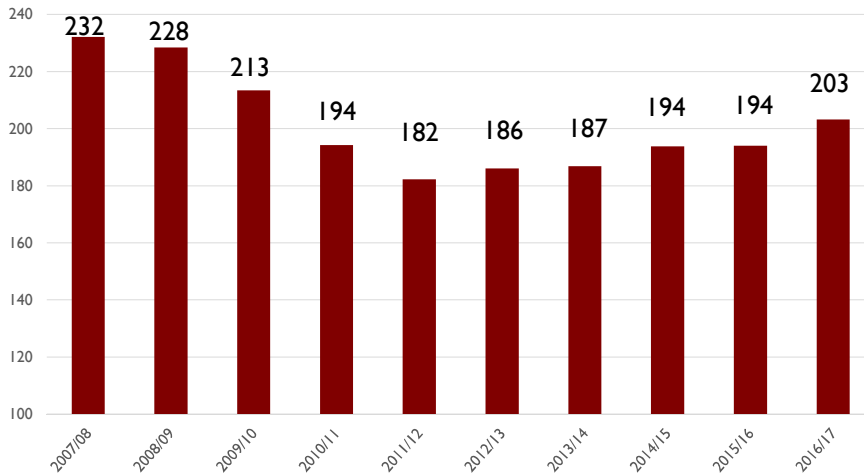
- Property taxes provide a very large portion of our General Fund budget...36%.
- As development occurs, there is typically a greater property value which translates to more property tax revenue for the City to provide services. So obviously supporting and processing new projects in a timely manner is very important to Novato and most all Cities in California.
- However, as there is more development interest...there is a need for more Staff to meet those needs.



GENERAL FUND BUDGET EXPENDITURES – WHERE THE \$37.4M GOES



TOTAL CITYWIDE POSITIONS



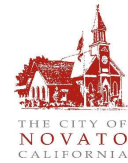
EMPLOYEES = SERVICES

- 70% of Novato's budget is: Employee Salaries & Benefits
- A Service Organization –

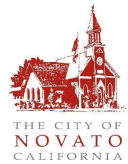
Employees = Services



- Limited opportunities to contract out
 - State Law

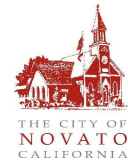


MEASURES F & C



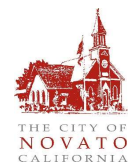
MEASURE F OVERVIEW

- ½ cent sales tax
- Was in effect from April 1, 2011 through March 31, 2016
- Generated approximately \$22 million in revenue for Novato
- Conservatively budgeted and treated as “one-time” revenue
- Last annual report was published in 2017 – available on our web page
- Fortunately - Because of budget cuts and revenue improvements, very little has been needed to fill deficits
- Current status:
 - \$3 million Risk Mitigation Reserve
 - Series of 4-year limited term positions funded in 2017/18
 - Capital projects – mostly Hill Recreation Area



MEASURE C

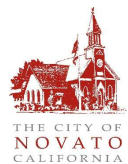
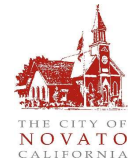
- Approved November 2015, tax began April 2016
- ¼ percent sales tax
- Minimum 20 year tax, with 5 year check in periods thereafter
- Currently estimated to generate \$2.5 million annually
- Ballot language more general than Measure F – “to continue funding...for general City services, including but not limited to...”
- General Fund revenue



FIVE-YEAR GENERAL FUND FORECAST

April 2016						
(All figures in millions \$)	<u>15/16</u>	<u>16/17</u>	<u>17/18</u>	<u>18/19</u>	<u>19/20</u>	<u>20/21</u>
Total Rev's and Transfers In	\$34.6	\$36.6	\$37.7	\$38.8	\$39.9	\$41.0
Total Exp's and Transfers Out	\$(34.0)	\$(36.4)	\$(38.0)	\$(39.1)	\$(40.6)	\$(41.8)
Surplus / (Deficit)	\$0.6	\$0.2	\$(0.3)	\$(0.3)	\$(0.7)	\$(0.8)

February 2017						
(All figures in millions \$)	<u>16/17</u>	<u>17/18</u>	<u>18/19</u>	<u>19/20</u>	<u>20/21</u>	<u>21/22</u>
Total Rev's and Transfers In	\$36.6	\$37.6	\$38.7	\$39.8	\$40.9	\$42.1
Total Exp's and Transfers Out	\$(36.1)	\$(37.7)	\$(38.9)	\$(40.8)	\$(42.3)	\$(44.1)
Surplus / (Deficit)	\$0.5	\$(0.1)	\$(0.2)	\$(1.0)	\$(1.4)	\$(2.0)



2018/19 BUDGET DEVELOPMENT

STAFF IS STILL CREATING THE SCHEDULE FOR 2018

NOVATO BUDGET PROCESS

- January – Base budgets and payroll budgeting for next fiscal year (Community Meetings)
- February – Departments develop budget requests, revenue estimates (Community Meetings)
- March – City Manager reviews department budget requests
- April – Budget proposals are presented in City Council workshops (operating and capital budgets)
- May – City Council gives preliminary budget direction to staff
- June – Public hearing and budget adoption

