



THE CITY OF  
NOVATO  
CALIFORNIA

**NOVATO CITIZENS FINANCE ADVISORY/  
OVERSIGHT COMMITTEE MEETING**

held at

922 Machin Avenue  
Novato, CA 94945  
415/899-8900  
FAX 415/899-8213  
[www.novato.org](http://www.novato.org)

**City Administrative Offices  
Womack Conference Room  
922 Machin Ave**

**November 16, 2017  
7:30 AM**

Chair

Caitrin Devine

Vice Chair

Tim O'Connor

Commissioners

David Bentley

Regina Bianucci Rus

Cris MacKenzie

Rafelina Maglio

Robert J. Scott, Jr

**MINUTES**

**A. CALL TO ORDER**

*Meeting called to order at 7:36 am. Committee Members: Caitrin Devine, Tim O'Connor, David Bentley, Regina Bianucci Rus, Cris MacKenzie, Rafelina Maglio, Robert Scott, Jr. Staff Members: City Manager Regan Candelario, Assistant City Manager Michael Antwine (arrived at 7:49 am), Finance Manager Tony Clark, Accounting Supervisor Maureen Chapman, Accounting Technician Christina Soares. City Council Member: Pam Drew. Members of the Public: Hutch Turner*

**B. APPROVAL OF FINAL AGENDA**

*Bentley Motioned to approve, O'Connor seconded the motion. Approved unanimously. Ayes: 7 (Devine, Bentley, Bianucci Rus, O'Connor, Scott, MacKenzie, Maglio) Noes: 0. Absent: 0.*

**C. PUBLIC COMMENT**

*None.*

**D. COMMITTEE ORGANIZATIONAL ITEMS**

**D-1: APPROVAL OF SEPTEMBER 21, 2017 MINUTES**

*Bentley Motioned to approve upon corrections, Scott seconded the motion. Approved unanimously. Ayes: 7 (Devine, Bentley, Bianucci Rus, O'Connor, Scott, MacKenzie, Maglio.) Noes: 0. Absent: 0.*

**D-2: ELECTION OF COMMITTEE CHAIR AND VICE CHAIR**

*Bentley moved to elect Tim O'Connor Committee Chair, Devine seconded. Approved unanimously:*

*Maglio-Aye*

*Bentley-Aye*

*O'Connor-Aye*

*Devine-Aye*

*MacKenzie-Aye*

*Bianucci Rus-Aye*

*Scott-Aye*

*Noes: 0*

*Devine moved to elect Regina Bianucci Rus Vice-Chair, O'Connor seconded. Approved unanimously:*

Maglio-Aye  
Bentley-Aye  
O'Connor-Aye  
Devine-Aye  
MacKenzie-Aye  
Bianucci Rus-Aye  
Scott-Aye  
Noes: 0

## E. GENERAL BUSINESS

### E-1: REVIEW AND DISCUSSION OF USES FOR JUNE 30, 2017 UNASSIGNED FUND BALANCE

*Maureen Chapman introduced the new Finance Manager, Tony Clark to the Committee. Chapman reviewed the FY 16/17 General Fund balance sheet and income statement with the Committee. The unassigned fund balance as of FYE 16/17 is approximately \$1.45 million. Candelario noted will be presented to Council on November 28<sup>th</sup> and would like input from Committee as what to do with additional funds. Possibly unfunded liabilities or deferred staff projects.*

*Scott would like to discuss ideas that move the funds into an expense category or asset to asset. Concerned about employee compensation. Consider one-time appreciation bonus, or retention bonus? On-going compensation may not be good idea, apprehensive about recession.*

*Bentley asked about Reserve Policy discussed at last meeting. What are considered reserves? Chapman noted the General Fund will not maintain unassigned fund balance at end of the year. Unassigned funds will be moved elsewhere and practice has occurred the last few years. Reserve Balance is the unassigned funds in the General Fund. Bentley a staff recommendation to discuss what to do with funds. Candelario will present five or six items to Council for discussion. Mackenzie asked about considering revising the Reserve Policy from a flat percent to a range in order to account for economic change and flexibility during those times.*

*Bianucci Rus suggested mitigating future problems, running into deficits, funds to study workforce housing project? Devine also noted the future teacher shortage. MacKenzie asked if the City has considered an incentive plan for employees. Candelario and Chapman added there were two one-time payouts for staff when the labor negotiations were finalized. No increases for COLA over a period of time. \$4,000.00 per employee payments made in November 2016 and \$1,000.00 per employee payments in July 2017, in addition to increased medical contribution. Candelario cannot count on surplus, so retention incentive is a good idea.*

*MacKenzie noted employee recognition goes a long way. City should look at workforce housing in collaboration with other employers or agencies. CM Candelario noted contract negotiations coming soon, possibly include these suggestions into negotiations.*

*Bentley noted the Water District started employee assistance to help purchase housing locally and almost 50% of staff reside in Novato. Candelario would like to look at housing model.*

*Scott suggested a window of appreciation bonus versus retention bonus. O'Connor suggested payment for extra work. Chapman noted payment for extra work is currently in place. Devine noted the consensus seems to be employee retention is the popular choice. Candelario added Measure F has a reserve of \$3 million and wants to give Council the option of what to do with extra funds.*

*MacKenzie noted adding a greater cushion, balance remaining would afford more formal bonus program. Bentley added the five-year plan reflects growing deficits and should be included with presentation of reserve balances.*

## **E-2: REVIEW OF FIRST QUARTER GENERAL FUND FINANCIAL REPORT**

*Chapman presented the 1<sup>st</sup> Quarter of 17/18 General Fund budget report to the Committee. Bentley was happy to receive a one page financial report. Bianucci Rus suggested adding 9/30/16 numbers to the report for comparison.*

*Candelario added the interest to build in Novato has increased. Need to be able to accommodate building in Novato. MacKenzie asked if the interest has been over a specific period of time or most recently due to the fires. Candelario noted it has been within the last quarter. Most of the inquiries are in regards to what land is available for development; commercial and residential.*

*O'Connor asked if parking will be addressed with increased demand. Candelario added that the Community Development Department conducted a study in 2014 and will present data to Council.*

*Chapman added the Building Department is now fully staffed. Maglio asked if the City has reached out to building owners to improve store fronts in New Town of Grant Avenue. Could City offer incentive to improve store fronts? Bianucci Rus added that incentive was offered five or six years ago but not many took advantage of offer. Candelario agreed that the two ends of Grant do look different. Share Committee input with Peggy Flynn and Jessica Deakyne as they are doing work with Downtown Novato Business Association.*

*Chapman continued to review Q1 income statement. Scott asked about seasonality related to police activity as above 25% of the budget. Chapman noted it was most likely the*

*Unfunded Liability payment. Candelario also noted the greater number of new and less experienced police department staff which requires more training.*

*Bentley asked if annual payments for CalPERS, animal services and insurance payments should be amortized. Candelario commented that large expenditures would include notes as to what they were for. Chapman added that information can be included in Staff Report that accompanies Income Statement once able to publish. Bentley suggested combining the account descriptions for Non Departmental, Central Administration and Administrative Services to Administration. Also suggested spelling out PRCS in the account description. MacKenzie asked if the annual budget is divided by 12 or is seasonality built in or know when payments are to occur. Chapman noted the new software may be able to build in seasonality into budget, but not at that point yet.*

**F. COMMITTEE / STAFF COMMENTS**

*None*

**G. FUTURE MEETINGS**

*Next meeting scheduled for December 21.*

*Bentley would like to add to agenda sub-Committee to review budget.*

**H. ADJOURNMENT**

*Bianucci Rus moved to adjourn, Devine seconded motion. Meeting adjourned at 8:40 am.*