



THE CITY OF
NOVATO
CALIFORNIA

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

to be held at

922 Machin Avenue
Novato, CA 94945
415/899-8900
FAX 415/899-8213
www.novato.org

City Administrative Offices
Womack Conference Room
922 Machin Ave

July 31st, 2018
7:30 AM

Chair

Tim O'Conner

Vice Chair

Regina Bianucci Rus

Commissioners

Caitrin Devine

David Bentley

Cris MacKenzie

Rafelina Maglio

Robert J. Scott, Jr

A G E N D A

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.

7:35 A.M. *(Time is approximate.)*

D. COMMITTEE ORGANIZATIONAL ITEMS

D-1: APPROVAL OF APRIL 19, 2018 MINUTES

D-2: APPROVAL OF MAY 17, 2018 MINUTES

D-3 APPROVAL OF JUNE 7, 2018 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.

7:50 A.M. *(Time is approximate.)*

E-1: DISCUSS THE FY17/18 MEASURE F ANNUAL REPORT

**E-2: DISCUSS THE DEVELOPMENT OF A "BUDGET IN BRIEF"
CITY FISCAL PAMPHLET**

**E-3: DISCUSS HOW THE COMMITTEE CAN DISSEMINATE CITY
FINANCIAL INFORMATION AND PROVIDE IT TO CITIZENS
IN A MORE LAYMEN FORMAT**

E-4: DISCUSS THE CAFR

E-5: DISCUSS THE FY18/19 ADOPTED BUDGET

**E-6 DISCUSS AND PRIORITIZE COMMITTEE GOALS FOR
FY18/19**

F. COMMITTEE / STAFF COMMENTS

G. FUTURE MEETINGS

Next meeting scheduled for August 16th, 2018

H. ADJOURNMENT

AFFIDAVIT OF POSTING

I, Tony Clark, certify that on July 18, 2018, I caused to be posted the agenda of the July 31, 2018 meeting of the Novato Citizens Finance Advisory/Oversight Committee meeting of the City of Novato, California, on the City of Novato Community Service Boards in City Hall and the Police Department, and on the City's website at www.novato.org.

/Tony Clark/
Finance Manager



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**City Administrative Offices
Womack Conference Room
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**April 19th, 2018
7:30 AM**

Chair

Tim O'Conner

Vice Chair

Regina Bianucci Rus

Commissioners

- Caitrin Devine
- David Bentley
- Cris MacKenzie
- Rafelina Maglio
- Robert J. Scott, Jr

AGENDA

A. CALL TO ORDER

Meeting called to order at 7:32am. Committee Members: Regina Bianucci Rus, Caitrin Devine, David Bentley (arrived at 7:56am), Cris MacKenzie (left at 9:06am), Rafelina Maglio, Robert Scott, Jr. Staff Members: City Manager Regan Candelario, Assistant City Manager Michael Antwine (arrived at 7:56am), Finance Manager Tony Clark, Deputy Director of Public Works Chris Blunk, Accounting Technician Christina Soares. Council Members: Pat Eklund (arrived at 7:39am), Pam Drew.

B. APPROVAL OF FINAL AGENDA

MacKenzie motioned to approve, Scott seconded motion Approved unanimously. Ayes: 6 (Bianucci Rus, Devine, Bentley, MacKenzie, Maglio, Scott, Jr.) Noes: 0, Absent: 1 (O'Connor)

C. PUBLIC COMMENT

None

D. COMMITTEE ORGANIZATIONAL ITEMS

D-1: APPROVAL OF MARCH 26, 2018 MINUTES

Scott motioned to approve, Devine seconded motion Approved unanimously. Ayes: 6 (Bianucci Rus, Devine, Bentley, MacKenzie, Maglio, Scott, Jr.) Noes: 0, Absent: 1 (O'Connor)

E. GENERAL BUSINESS

E-1: REVIEW FY18/19 PROPOSED CIP BUDGET

Chris Blunk presented Capital Improvement Program budget to Committee. Blunk reviewed 7 new projects with \$2.67million in new funds requests, 11 carryover projects with funding proposed, 56 total projects to be active within new fiscal year. Federal Grants make up 30% of CIP funding. Gas tax repeal efforts could be a loss of \$1million for roadway funding maintenance. TAM Measure A sales tax extension could provide additional funding if approved.

CIP prioritization: multi-fiscal year projects receive priority. Studies and reports identify planning needs. Funds available determine what they can be spent on. Funds have restrictions for specific needs. Projects must also meet ADA needs.

Blunk presented the 18/19 proposed new funds (all projects) for Nave Drive, Hill Recreation, PD waterproofing and ADA issues regarding front door access. MacKenzie asked if community ADA advocates at City level. Blunk added they include community feedback as part of project planning.

Bentley noted he was unaware of Hamilton Arts Center project.

Blunk noted there is no ADA ramp at the site and the building needs a new roof. Added that improvements are funded by rent paid by tenants. Rent goes into fund and those dollars set aside for improvements.

Council Member Eklund noted the fund was established to set aside maintenance funds, former City Manager Frank eliminated fund and Eklund re-established the fund for historic Hamilton buildings.

Blunk spoke about the Downtown SMART station: no train control at platform, trains cannot stop with current tracks. Council approved \$3.1 million in funding for station in May 2017. SMART provided updated estimate for downtown station: \$5.2 million in March 2018. Funding increased due to Federal Positive Train Control deadline of December 31, 2018. Phase I funded and complete. Still need \$2.1 million to complete Phase II. Phase III cost unknown. Bentley mentioned the Committee is good representation of the community and the SMART station not a good use of Measure F funds.

Blunk discussed with the Committee proposed new projects. Hamilton pump station-\$75,000 corrosion prevention. Use leftover funds to cover expense.

Lieb Property-\$100,000 of Measure F funds for maintenance. Anticipate to spend all funds. Additional \$100k will be needed to cover additional improvements; painting and septic.

Hamilton pool resurfacing. \$500k-all of fund will pay for resurface. Programmed for 20/21. Antwine looking at revenue sharing agreement with City of San Rafael and possibly renegotiate agreement in year or two. Hamilton Pool great asset for community but lot of expense to maintain. Candelario closely examining agreement and hoping to see better outcome for City. Bianucci Rus inquired about organized swim team. Help organize program, non-profit provide funds while creating funding source to help offset expense.

Blunk presented projects impacted by SB1 (Transportation Funding) repeal:

-) Olive Phase III*
-) Redwood & San Marin Improvements*
-) Traffic, bicycle, pedestrian improvements*
-) N Redwood corridor study*
-) Citywide bridge assessment/improvement*
-) Traffic signal upgrades*

Bentley asked how much of a loss funding would be. Blunk stated \$1m year. MacKenzie inquired about retaining wall projects. Blunk answered the

projects are Simmons Lane retaining wall being built, Sunset Parkway project will start once school is out, third on Simmons Lane (Creekside) but no funding available so project pulled until funding is available at future date.

Blunk finished his presentation to the Committee with the 5 Year project highlights: Novato Blvd improvements, Nave Drive & BMK Blvd-road resurfacing, Hill Recreation Master Plan, Dogbone Meadow and Vineyard Road improvements.

E-2: DISCUSSION ON FY18/19 PROPOSED OPERATING BUDGET

Bianucci Rus asked if anything had changed since Tony's last presentation. Antwine noted nothing major had. Candelario added there have been a lot of budget requests. Antwine noted more public budget planning workshops to be held.

Bianucci Rus suggested combining items E2 & E3 for meeting, since presenting to Council on April 24, May 8th receiving actual direction from Council. Eklund noted council input will occur on May 8th and when could Committee provide input prior to meeting? Bianucci Rus-suggested the Committee meet prior to May 8 due to Council recommendation.

Candelario noted the community workshop on April 24th. Bianucci Rus suggested May 3rd meeting at 7:30 to react to council discussion on April 24 and public workshop feedback. Antwine noted Strategic Plan workshop and plan discussion with Council. Trying to identify projects that align with Strategic Plan. New proposed dates to be sent to council, will be able to identify projects. Try to get plan adopted. Start incorporating Strategic Plan with budget process.

E-3: DISCUSS UPDATED FY18/19 BUDGET TIMELINE

Combined with E-2

E-4: DISCUSSION ON FUTURE SPECIAL MEETINGS TO DISCUSS BUDGET & CAFR

Bianucci Rus clarification on E4 to discuss budget and NOT CAFR

F. COMMITTEE / STAFF COMMENTS

Bentley thanked staff and Blunk for looking at SB1. Devine asked if Train Depot workshop input was going to be incorporated into project. Candelario mentioned they are meeting that evening to discuss.

G. FUTURE MEETINGS

Special meeting scheduled for May 3rd and scheduled meeting for May 17th cancelled. June meeting will be Thursday the 7th.

H. ADJOURNMENT

Bentley motioned to adjourn, Devine seconded motion. Meeting adjourned at 9:07am



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THE CITY OF
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to be held at

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

**May 17th, 2018
7:30 AM**

Chair

Tim O'Conner

Vice Chair

Regina Bianucci Rus

Commissioners

Caitrin Devine

David Bentley

Cris MacKenzie

Rafelina Maglio

Robert J. Scott, Jr

AGENDA

A. CALL TO ORDER

Meeting called to order at 7:38AM. Committee Members: Tim O'Connor, Regina Bianucci Rus, Caitrin Devine, Rafelina Maglio. Staff Members: City Manager Regan Candelario (left at 9:08), Assistant City Manager Michael Antwine, Finance Manager Tony Clark, Accounting Assistant Mackenzie Kelly. City Council Members: Pam Drew, Pat Eklund.

B. APPROVAL OF FINAL AGENDA

O'Connor motioned to approve, Bianucci Rus seconded motion.

C. PUBLIC COMMENT

None

D. COMMITTEE ORGANIZATIONAL ITEMS

D-1: APPROVAL OF March 26th, 2018 MINUTES

Already approved during April 19th meeting.

D-2: APPROVAL OF APRIL 19th, 2018 MINUTES

Unable to approve due to Committee Member absence.

E. GENERAL BUSINESS

ACM Antwine stated that the purpose of the meeting is to discuss Measure F funding requests for FY 18/19 and to give the committee an overview of the proposed operating general fund. Staff will incorporate committee recommendations into the proposed budget document presented to council. FM Clark provided an update that AS Chapman found additional savings in operating funds which resulted in a \$750,000 increase in the anticipated surplus. FM Clark reviewed FY 18/19 anticipated revenues and expenditures. ACM Antwine emphasized the importance of admin services and how the funds for this benefit each department as well as city-wide activities. FM Clark mentioned that FY 18/19 is expected to have a balanced budget with approximately \$120,000 surplus.

**E-1: TO REVIEW AND PROVIDE FEEDBACK ON THE
PROPOSED FY 18/19 MEASURE F & TECHNOLOGY AND
ORGANIZATION INVESTMENT (TOI) FUNDS FOR THE**

FUNDING REQUESTS AND OVERVIEW OF THE PROPOSED OPERATING GENERAL FUND BUDGET

FM Clark proposed the HDL initiative: This service handles sales tax, TOT tax, and business license revenue collection. AS Chapman is retiring, and the finance division is losing 20 years of institutional knowledge. The department is trying to leverage personnel costs and better utilize resources. BL collections and TOT tax collections are performed by the same individual and the current process takes a lot of manual effort and duplicative data entry. HDL would automate this process and provide better data analytics to audit businesses that aren't currently remitting fees. The service is a variable ongoing fee (roughly \$75,000) based on the number of license fees collected and could bring in \$130,000 annually. ACM Antwine further explained the audit process. CM Candelario noted his high confidence level in HDL from previous experience. O'Connor asked if this would increase BL fees. CM Candelario and ACM Antwine confirmed there are no proposed changes for BL fees at this time.

ACM Antwine proposed the remaining items:

Business Analyst IT position: This position is the main project manager for PRCS's BlueRec program and is a key support system for CDD and PD. Maglio asked why council didn't include it in the general fund. ACM Antwine responded that council is prioritizing funding a School Resource Officer; this is a request to have Measure F continue funding the full cost of \$127,000 for this. Committee discussed concern over funding positions out of Measure F that should be long term. ACM Antwine mentioned that he'd presented to council that the city should be more aggressive with generating revenue to fund expenditures such as these in the future.

PD Emergency Services and Strategic Planning: This is a proposal to continue Measure F funding for this.

Grant Writer: Council and staff want \$75,000 for this to identify grants as the city has a significant amount of CIP projects that could benefit from grant funding. It would be a 2 yr part-time, limited-term position that would assist all departments (preferably contractually).

Cannabis Outreach: ACM Antwine noted that council passed an ordinance granting a moratorium on cannabis. Purpose is to ask the community what they want, ranging from testing labs to retail locations. Committee discussed whether expenditure of \$50,000 would outweigh revenue. Antwine noted that revenue depends on the structure the community wants- the highest revenue source would be retail. He mentioned it fits under Measure F based on the revenue generation standpoint and the opportunity with business licenses. FM Clark noted that HDL would be able to augment the business license form to incorporate a fee structure for these types of businesses.

Downtown Streets Team: Proposal to continue funding volunteer program as it keeps downtown clean and create opportunities for jobs.

Hamilton Pool: Capital investment to repair pool to benefit community, but the revenue is nominal.

Website Upgrades: To enhance efficiency and services to make the city website more interactive with public comments and feedback. Likely a two-year proposal of \$50,000.

Tenant Assistance Program: With \$150,000 of tenant improvements, the city would create economic incentive that could create jobs. It's a one-time program that would aid a few businesses.

Committee discussed pros and cons of each proposal. Bianucci Rus noted HDL and Grant Writer would generate revenue. Mentioned that Measure F is meant to fund opportunities, not ongoing projects and that there isn't enough information on the Cannabis initiative or the Tenant Assistance Program. O'Connor mentioned HDL should be paid out of the general fund, like the Tenant Assistance Program but doesn't think it would generate enough revenue and doesn't think some of the remaining ideas were related to Measure F. Maglio responded that the tenant program could really help because many business deals fall apart due to difficult landlords. ACM Antwine noted that it's a retention and attraction tool to help facilitate development in the city. FM Clark pointed out that HDL fits into Measure F as the measure funds technological improvements and efficiencies. He mentioned they could later look at funding it out of the general fund and that it is a potential one-time expenditure out of Measure F.

Committee called for a vote to recommend proposals:

HDL: Ayes: 3 (Bianucci Rus, Maglio, Devine) Noes: 1 (O'Connor)

Absent: 3 (Bentley, MacKenzie, Scott)

Business Analyst: Ayes: 2 (Bianucci Rus, Devine) Noes: 2 (O'Connor, Maglio) Absent: 3 (Bentley, MacKenzie, Scott)

PD Emergency Services: Noes: 4. Absent: 3 (Bentley, MacKenzie, Scott)

Grant Writer: Ayes: 4 (Bianucci Rus, Maglio, Devine, O'Connor)

Absent: 3 (Bentley, MacKenzie, Scott)

Cannabis Research: Ayes: 2 (Maglio, Devine) Noes: 2 (Bianucci Rus, O'Connor) Absent: 3 (Bentley, MacKenzie, Scott)

Downtown Streets: Noes: 4. Absent: 3 (Bentley, MacKenzie, Scott)

Hamilton Pool: Noes: 4. Absent: 3 (Bentley, MacKenzie, Scott)

Website Improvements: Noes: 4. Absent: 3 (Bentley, MacKenzie, Scott)

Tenant Assistance Program: Ayes: 2 (Maglio, Devine) Noes: 2 (O'Connor, Bianucci Rus) Absent: 3 (Bentley, MacKenzie, Scott)

The committee reviewed the budget timeline. The draft budget will be provided to the council and community May 25, the full budget will be brought to council June 12, and the final budget adoption with council is June 26.

F. COMMITTEE / STAFF COMMENTS

Councilmember Drew reviewed budget process notes from council with the committee and noted that if Measure F doesn't fund these expenditures that there aren't really any other options to fund them with the budget.

G. FUTURE MEETINGS

Next meeting scheduled for June 7th, 2018

H. ADJOURNMENT
Meeting adjourned at 9:19AM.

DRAFT

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

To be held at

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

**June 7th, 2018
7:30 AM**

A G E N D A

A. CALL TO ORDER

Meeting called to order at 7:40 AM. Committee Members: Regina Bianucci Rus, Rafelina Maglio, David Bentley. Staff Members : City Manager Regan Candelario, Assistant City Manager Michael Antwine, Finance Manager Tony Clark, Accounting Supervisor Nick Saschin. City Council Members: Pam Drew

B. APPROVAL OF FINAL AGENDA

Unable to approve due to Committee Member absences (only 3 members present).

C. PUBLIC COMMENT

None

D. GENERAL BUSINESS

Information regarding Measure F spending

Tony Clark began meeting by stating staff report lists itemized all departmental requests related to \$ 639K total.

Committee member Rafelina Maglio stated she read the staff report and was under the impression that would be the main point of the discussion at this meeting and that she was not prepared for the specific financial details stated by Tony Clark and that she was confused by the numbers he stated in his breakdown. Tony Clark thanked the members and stated that he would give more notice next time and send out a narrative prior to the next meeting.

Michael Antwine stated some of the reasoning behind the expenditures in the breakdown. He stated that the thought process behind the decision making was significant constraints related to the general fund starting in Fiscal Year 2019/20 through 2021/22. Michael stated that

mandatory and contractual agreements, related to IT improvements were costly and urged that the committee approve some of the expenses and allow them to be paid for using Measure F funding. Michael continued by stating IT has substantial projects over the past 1 ½ years.

18/19 COLA already included, escalation factors already included. \$ 639K funding available.

The Cannabis outreach (revenue generating opportunity), however the anticipated revenue is unknown, the plan is to have an outside vendor generate a revenue estimate during their assessment of the city's anticipated cannabis outreach program. Michael stated that at this time he couldn't even estimate a revenue total or where and how many locations would be located city-wide. He anticipates that the city will earn back the \$ 40K upfront costs in the first year and Regan stated he anticipates ongoing revenue going forward. The community outreach will determine how to begin the cannabis sales/program. At a previous finance advisory committee meeting, members split the vote 2-2 as to whether Measure F funds should be used to pay for the startup costs associated with the cannabis outreach program.

David stated that he was in favor of any usage of Measure F funds in order to create revenue streams and maintain/restore vital city services, but he did question the one time funding, Michael responded that it was considered a one-time cost since any cost savings was going to be for initial setup and therefore one-time and not ongoing.

David asked are grants ongoing and why is it that the city recommends grant revenues as a one-time cost, the consultant comes in, analyzes all CIP projects, with any regional/federal funds available for grants? Regan stated federal/regional grants take time to receive and approval. Don't know yet if it would be a city employee or a hired consultant. Michael stated that the IT department is in the process of purchasing new Dell laptops and upgrading all laptops for PD and city staff (dell lease agreements). Historically the city had purchased all new equipment, however this time Michael stated the city would be leasing the laptops and that it has analyzed the possibility of negotiating a new lease (3 years) thru Dell. David inquired about copier leased contracts/dell laptops, why are Measure F funds being used? What is the connection? Shouldn't general fund pay for these items? Another member asked could the equipment fund in be used instead to pay for these items (laptops, copiers, etc.). Michael responded no, that there simply weren't enough funds in the general fund to pay for the new equipment needed. David asked that the city due a cost projection and clearly explain all the costs related to IT expenses and to explain all future year expense savings. David asked will Measure F funds always be targeted for new equipment expenses, won't they be expected to be used annually going forward? Michael responded no, it would be a one year expense.

Tony Clark stated that new costs for projects have been approved, staff is asking to spend Measure F funds to pay for instead of the General Fund. Among them are:

- Finance Division – \$ 75K cost for a new service provider for issuing/renewing/tracking business licenses and the transient tax revenue collection services (one time). He stated that HDL would provide TOT revenue collection in addition to the business licenses.
- The Administrative Services Division would spend \$ 50K to perform a cost recovery fee study.

Committee members asked could this be done in house. Regan stated that staff can't keep up with workload and to add this component would not be possible.

Tony Clark mentioned:

- 115 pensions trust (one time) allocate funds for paying unfunded liabilities (CALPERS). Hire an actuary to review / determine funding strategy. Consult with a 115 trust provider, how to invest funds. Pension obligations bonds is a separate issue. The city could look at paying PERS directly. Tony Clark believes that the amortization needs to be minimized and to pay down the principal to lower the interest expenses. Bartel & Associates will provide the study.

- Michael Antwine spoke of the PD \$2,588 increase crime task force (contract related). (2 yr. request) also :

- Tenant assistance program \$ 150,000 Central Admin. (one time)
Small business related programs in the city and existing businesses.

Michael stated first priority were the mandatory expenses, then secondary goals would be based on fiscal scenarios that would assist staff (i.e. staff housing/etc.).

Committee members once again asked about how funds are spent and that more cost / benefit analysis needs to be completed.

Michael mentioned costs are consistently increasing, stating that the city's 40 parks and many of the housing developments are costing the city substantial funds, with no revenue stream associated with them and that the city should review their parks and developments and determine if they are a resource or just an expense.

E. FUTURE MEETINGS

Next meeting scheduled for June 21st, 2018 at 7:30 am.

F. ADJOURNMENT

Meeting adjourned at 8:55 am.

DRAFT