



THE CITY OF  
NOVATO  
CALIFORNIA

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

to be 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

March 21<sup>st</sup>, 2019  
7:30 AM

Chair

Tim O'Conner

Vice Chair

Regina Bianucci Rus

Commissioners

Caitrin Devine

David Bentley

Cris MacKenzie

Rafelina Maglio

Mark Milberg

**AGENDA**

**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 FEBRUARY 7<sup>TH</sup>, 2019 MINUTES**

**D-2: APPROVAL OF NOVEMBER 15<sup>TH</sup>, 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 ACTIONABLE ITEMS:**

**E-1.1: CHAIR AND VICE CHAIR ELECTIONS**

**E-1.2: COMMITTEE MEETING SCHEDULE 2019**

**E-1.3: MEASURE F ANNUAL REPORT FY-2017/18**

- Review of Committee comments on draft FY 17/18 Annual Report

**E-2 DISCUSSION ITEMS:**

**E-2.1: ROPS FY 2019-2020**

**E-2.2: FY 2019-2020 BUDGET CALENDAR**

**E-2.3: REVIEW THE CITY'S PARTICIPATION IN THE SECTION 115 COMBINATION TRUST CAPABLE OF PREFUNDING PENSION & OPEB TO REPLACE THE EXISTING OPEB**

**ONLY TRUST, WITH PARS, & DISCUSS THE CITY  
TREASURER SERVING AS PLAN ADMINISTRATOR.**

**F. COMMITTEE / STAFF COMMENTS**

**G. FUTURE MEETINGS**

**H. ADJOURNMENT**

**AFFIDAVIT OF POSTING**

I, Michael Antwine II, certify that on March 14, 2019, I caused to be posted the agenda of the March 21, 2019 meeting of the Novato Citizens Finance Advisory/Oversight Committee meeting of the City of Novato, California, on the Police Department bulletin board, and on the City's website at [www.novato.org](http://www.novato.org).

/Michael L. Antwine II/  
Assistant City Manager



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February 7<sup>th</sup>, 2019  
7:30 AM

### Chair

Tim O'Connor

### Vice Chair

Regina Bianucci Rus

### Commissioners

Caitrin Devine  
David Bentley  
Cris MacKenzie  
Rafelina Maglio  
Mark Milberg

## MINUTES

### A. CALL TO ORDER

Meeting called to order at 7:32am. Committee Members: Tim O'Connor, Regina Bianucci Rus, David Bentley, Rafelina Maglio, Caitrin Devine, Mark Milberg. Staff Members: City Manager Candelario, Assistant City Manager Michael Antwine, Management Analyst II Bryan Lopez, Finance Consultant Mark Moses, Finance Consultant Rickey Manbahal. Council Members: Pat Eklund, Pam Drew.

### B. APPROVAL OF FINAL AGENDA

Tim Motioned to approve agenda: Approved unanimously. Ayes: 6 (O'Connor, Bianucci Rus, Bentley, Maglio, Devine, Milberg) Noes: 0

### C. PUBLIC COMMENT

One commenter, Hutch Turner. Requested a friendlier format, e.g., Excel as well as additional information, such as account numbers.

### D. COMMITTEE ORGANIZATIONAL ITEMS

#### D-1: APPROVAL OF NOVEMBER 15<sup>TH</sup>, 2018 MINUTES

Tabled to next meeting - Requesting name changes and to be notified in the future once posted to internet.

### E. GENERAL BUSINESS

#### E-1: Discussion of committee meeting schedule

Discussion of schedule – Staff provided explanation of recommendations for meeting frequency

Committee recommends Bi-Monthly meetings: Friday @ 7:30a and would like to bring this back for decision at the next scheduled meeting.

**E-2: 2<sup>nd</sup> QUARTER REPORT ON PAYMENT REGISTER, PURCHASE ORDER REPORTS, AND TRAVEL/TRAINING REPORTS FOR FY 2018-2019**

Staff provided information on the method and decisions around the method of reporting.

Committee would like recent annual fiscal summaries posted online.  
Committee would like cleaner and more descriptive data

**E-3: FY2018-2019 MID-YEAR BUDGET REPORT**

Staff provided information on the report and discussed methods and meaning of reporting

Committee asked clarifying questions

Committee Feedback: Requests cleaner and more descriptive data with a description of what the data means.

Committee requests a glossary and requests year by year actuals

**E-4: ROPS FY 2019-2020**

Staff provided information on ROPS and discussed the history that led from the Redevelopment Agency to the current role the City plays as Successor Agency.

Committee Requested to move this item for further discussion to February 21<sup>st</sup> meeting.

**E-5: FY 2019-2020 BUDGET CALENDAR**

Staff discussed the budget calendar.

Committee would like to provide feedback at next scheduled meeting

**E-6: SECTION 115 PENSION TRUST**

Committee would like to discuss at next scheduled meeting

**F. COMMITTEE / STAFF COMMENTS**

David Bentley departed at 8:31am

Chair and Vice chair elections overdue

Measure F report needed, would like to have at least one opportunity to review and update

**G. FUTURE MEETINGS**

Next meeting scheduled for February 21, 2019

**H. ADJOURNMENT**

Meeting adjourned at 9:01am





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City Administrative Offices  
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922 Machin Ave

November 15<sup>th</sup>, 2018  
7:30 AM

Chair

Tim O'Connor

Vice Chair

Regina Bianucci Rus

Commissioners

Caitrin Devine  
David Bentley  
Cris MacKenzie  
Rafelina Maglio  
Mark Milberg

### MINUTES

#### **A. CALL TO ORDER**

Meeting called to order at 7:31am. Committee Members: Tim O'Connor, Regina Bianucci Rus, David Bentley, Cris MacKenzie, Rafelina Maglio, Mark Milberg. Staff Members: City Manager Candelario, Assistant City Manager Michael Antwine, Finance Manager Tony Clark, Management Analyst II Bryan Lopez, Finance Consultant Mark Moses. Council Members: Pat Eklund, Pam Drew.

#### **B. APPROVAL OF FINAL AGENDA**

Bianucci Rus motioned to approve with order change moving E4 to end, David Bentley seconded motion. Approved unanimously. Ayes: 6 (O'Connor, Bianucci Rus-Brown, Bentley, MacKenzie, Maglio, Milberg, Devine) Noes: 0

#### **C. PUBLIC COMMENT**

One commenter, Hutch Turner. Requested format change to public payments report and that committee review Novato Theater plan prior to any financial decision.

#### **D. COMMITTEE ORGANIZATIONAL ITEMS**

##### **D-1: APPROVAL OF AUGUST 16<sup>TH</sup>, 2018 MINUTES**

Approved with edits. Clarify paragraph: no minutes available due to not enough committee members present at June 7th meeting should actually read "No Meeting". Direction provided to staff to change minutes to 'action minutes' instead of detailed summary.

#### **E. GENERAL BUSINESS**

##### **E-1: DISCUSSION OF COMMITTEE ROLES & GOALS**

Staff discussion of Roles & Goals.  
Committee asked clarifying questions

##### **E-2: DISCUSSION OF MEASURE F 2017/2018 ANNUAL FISCAL SUMMARY**

Staff presentation on Annual Fiscal Summary

Committee asked clarifying questions  
Staff to provide final draft at a later date

**E-3: RECEIVE FEEDBACK FROM THE COMMITTEE ON MEASURE F 2017/2018 ANNUAL REPORT NARRATIVE**

Committee provided general comments and corrections of a non-substantive nature  
Staff to provide final draft at a later date

**E-5: DISCUSSION OF FY 18-19 MID-YEAR BUDGET SCHEDULE**

Staff presentation on Mid-Year Budget schedule

**E-6: DISCUSSION OF FY 19-20 ANNUAL BUDGET SCHEDULE & PROCESS**

Staff presentation on Annual Budget schedule  
Committee recommended providing additional time for budget process.

**E-7: DISCUSSION OF STAFFING CHANGES WITHIN THE CITY'S FINANCE DIVISION**

Staff discussion regarding staffing changes within the Finance department

**E-4: DISCUSSION OF 1<sup>ST</sup> QUARTER REPORT ON PAYMENT REGISTER, PURCHASE ORDER REPORTS, AND TRAVEL/TRAINING REPORTS FOR FY2018-19**

O'Connor Motioned to move E-4 to next regular meeting. Seconded by Bianucci Rus Approved unanimously. Ayes: 6 (O'Connor, Bianucci Rus, Bentley, MacKenzie, Maglio, Milberg, Devine) Noes: 0

**F. COMMITTEE / STAFF COMMENTS**

Request by O'Connor to receive all documentation at least one week in advance.

**G. FUTURE MEETINGS**

Next meeting scheduled for December 20<sup>th</sup> 2018 at 7:30am  
Special meeting scheduled for January 10<sup>th</sup>, 2019 at 7:30am

**H. ADJOURNMENT**

Meeting adjourned at 9:07am



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## **STAFF REPORT**

### MEETING

DATE: March 21, 2019

TO: Novato Citizens Finance Advisory / Oversight Committee

FROM: Michael L. Antwine II, Assistant City Manager  
Bryan Lopez, Management Analyst II

SUBJECT: **DISCUSSION OF COMMITTEE MEETING SCHEDULE**

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### **REQUEST**

Committee discuss and approve either a new meeting day, time & frequency or maintain the current meeting schedule.

### **DISCUSSION**

Staff received a request from the committee chairperson to place an item on the agenda regarding discussion of selecting an alternative date and time for future meetings.

In preparation for discussion of this agenda item, staff researched the origin and authority of the Novato Citizen's Finance Committee. Based on the findings from our research, Resolution 06-11 and Resolution 07-11, governs the committee meeting times and dates, which states: "The Committee shall meet at least three (3) times a year. The Committee may have additional meetings depending on its work plan."

In 2016, the City Council adopted Resolution 2016-078, but did not change resolution 07-11's authority over the committee's meeting dates and times. As such, staff's opinion is the committee may change the meeting date and may reduce the number of meetings, at any time, in an effort to make the meetings manageable and effective for committee members.

### **RECOMMENDATION**

Staff would recommend that if the committee desires to change the date or time of the meetings, to consider either Wednesday or Thursday afternoon (3-4 p.m.) or evening (6 p.m. or later); and/or retain the current Thursday meeting schedule. Staff recommends the committee consider modifying the frequency from monthly meetings to either bi-monthly or quarterly meetings.

### **ATTACHMENT**

1. Resolution 06-11
2. Resolution 07-11
3. Resolution 2016-078

## CITY COUNCIL OF THE CITY OF NOVATO

## RESOLUTION NO. 06-11

RESOLUTION OF THE CITY COUNCIL OF THE  
CITY OF NOVATO RESCINDING THE CITIZENS  
BUDGET COMMITTEE

WHEREAS, the City Council approved the formation of a Citizens Budget Committee on May 3, 2005; and

WHEREAS, the Committee was to disband with the City Council's adoption of the FY 2005/06 Budget; and

WHEREAS, the City Council agreed that a permanent Citizens Budget Committee should be appointed.

WHEREAS, the City Council formally rescinded this Committee on February 22, 2011 and established the Measure F Oversight/Citizens Finance Committee; and

WHEREAS, the Committee officially expires as of April 1, 2011.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Novato does hereby establish a Citizens Budget Committee (CBC), and:

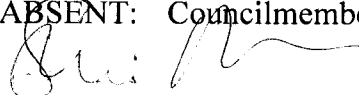
1. The CBC shall be a regular City Council appointed committee.
2. The CBC shall be comprised of five members, at least four of whom shall be residents of the City of Novato and at least one shall be a business owner (or business manager) in the City of Novato. The fifth member may be a non-resident business owner whose business establishment is located in the City of Novato.
3. The term of each committee member shall be two (2) years.
4. The committee shall elect a Chair and a Vice Chair.
5. The committee shall meet on a quarterly or an as needed basis, whichever is shorter.
6. The committee shall be advisory to the City Council and shall have, at a minimum, the following duties:

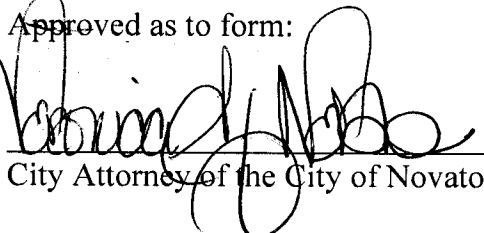
- Review existing fiscal policies and/or recommend new fiscal policies to the City Council; including guidelines for the use of fund balances, surpluses and other reserves.
  - Review budget assumptions and budget process.
  - Review the City's financial status quarterly.
  - Collaborate with City staff to determine long-term financial needs and obligations.
  - Collaborate with City staff to review all reasonable strategies which either enhance revenues or decrease expenditures as methods for reducing and ultimately eliminating the structural deficit.
  - Collaborate with City staff and the Economic Development Commission to develop, and update as necessary, a detailed economic development strategy designed to enhance General Fund revenues.
  - Develop a communication plan which informs the citizens of the City's financial situation and outlines budget options for improved financial health.
7. The committee shall submit an annual report to the City Council in January of each year.
8. *This Committee was formally rescinded on February 22, 2011.*
9. *This Committee officially expires on April 1, 2011.*

\* \* \* \* \*

I HEREBY CERTIFY that the foregoing resolution was duly and regularly adopted by the City Council of the City of Novato, Marin County, California, at a meeting thereof, held on the 22<sup>nd</sup> day of February, 2011, by the following vote, to wit:

AYES: Councilmembers Athas, Dillon-Knutson, Eklund, MacLeamy, Kellner  
 NOES: Councilmembers None  
 ABSTAIN: Councilmembers None  
 ABSENT: Councilmembers None

  
 \_\_\_\_\_  
 Sheri Hartz, City Clerk

Approved as to form:  
  
 \_\_\_\_\_  
 City Attorney of the City of Novato

## CITY COUNCIL OF THE CITY OF NOVATO

## RESOLUTION NO. 07-11

RESOLUTION OF THE CITY COUNCIL OF THE CITY  
OF NOVATO ESTABLISHING A MEASURE F  
OVERSIGHT/CITIZENS FINANCE COMMITTEE

WHEREAS, voters in the City of Novato approved Measure F on the November 2010 ballot with 58% of the vote.

WHEREAS, Measure F is a ½ cent sales tax increase for five years within the City limits.

WHEREAS, Measure F required the City Council to (a) adopt a resolution establishing a committee of no more than seven residents of Novato to review and report on the revenue and expenditure of funds from the tax adopted by this ordinance, (b) define the scope of the committee's responsibilities and (c) appoint at least a quorum of the members of the committee. City employees, consultants or vendors are expressly precluded from serving as members of the Citizens Oversight Committee. The committee's report shall be presented to the Council and made available to the public.

WHEREAS, the City Council has the authority and responsibility for examining the City's fiscal condition. Based on information and advice from staff and the Measure F Oversight/Citizens Finance Committee, the City Council provides direction and strategic decisions on the City's budget and long-term fiscal outlook.

WHEREAS, this Committee shall have a dual role as the Measure F Oversight Committee and the Citizens Finance Committee. The goal of this Committee is to have a shared responsibility as the Measure F Oversight and the Citizens Finance Committee until such time as the Measure F ordinance expires. This Committee will work with staff and provide recommendations to the City Council.

WHEREAS, Measure F expires as of March 31, 2016. As of that date, this Committee would become the Citizens Finance Committee.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Novato does hereby establish a Measure F Oversight/Citizens Finance Committee (Committee) in accordance with the requirement in Measure F and:

1. The Committee shall be a City Council appointed committee.
2. The Committee shall be comprised of seven members who are residents of the City of Novato. City employees, consultants or vendors are expressly precluded from serving as members of the Citizens Oversight Committee.

3. The committee's report shall be presented to the Council and made available to the public.
4. The City Clerk shall develop an application and appointment process for the Committee in accordance with current procedures for all other City boards, commissions and committees
5. Committee members will be required to complete a Statement of Economic Interests form (Form 700) in accordance with the Fair Political Practices Commission's guidelines.
6. The Ralph M. Brown Act will apply to all Committee meetings.
7. The first term of four Committee seats shall be three (3) years. Upon the conclusion of this term, the appointment process will be opened for a second term. The second term for these seats shall be for two (2) years.
8. The first term of three Committee seats shall be two (2) years. Upon the conclusion of this first term, the appointment process for these seats will be opened for a second term. The second term for these seats shall be for three (3) years.
9. Members will not be compensated for their service on the Committee.
10. The City will staff the Committee and provide technical and administrative assistance to support and publicize the Committee's activities.
11. The Committee shall elect a Chair and a Vice Chair in accordance with the best practices of other City committees and commissions as established by the City Council.
12. A quorum of the Committee shall be four (4) members.
13. The Committee shall meet at least three times a year. The Committee may have additional meetings depending on its work plan.
14. The Committee's mission, role and responsibilities are as follows:

Committee Mission:

The mission of the Committee is to review and present a report to the City Council and the community on the use of Measure F funds including:

1. Revenues generated, expenditures made and use of Measure F funds and;
2. City finance/budget matters.

Committee Role:

The committee shall be advisory to the City Council and shall not have an advocacy role.

Citizens Finance Responsibilities:

The Committee shall have the following responsibilities related to its role as the Citizens Finance Committee:

1. Review existing fiscal policies and/or recommend new fiscal policies to the City Council; including guidelines for the use of fund balances, surpluses and other reserves.

2. Review budget assumptions and budget process.
3. Review the City's financial status quarterly.
4. Collaborate with City staff to determine long-term financial needs and obligations.
5. Collaborate with City staff to review all reasonable strategies which either enhance revenues or decrease expenditures as methods for reducing and ultimately eliminating the structural deficit and achieving fiscal sustainability.
6. Collaborate with staff on strategies to encourage public information and communication regarding the City's financial situation and options for improving the City's financial health.

Measure F Oversight Responsibilities:

The Committee shall have the following responsibilities related to its role as the Measure F Oversight Committee:

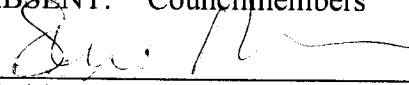
1. Discuss and provide input to staff on Measure F-related budget proposals.
2. Review and report on the revenue generated, expenditures made and use of Measure F funds from the tax adopted by the Measure F ordinance.
3. Present the report referenced in (2) to the City Council and make it available to the public.
4. Comment on any concerns regarding the appropriateness of Measure F related expenditure allocations.
5. Comment on status of efforts to achieve fiscal sustainability.

The responsibilities above shall sunset as of the date that the Measure F ordinance expires.

\* \* \* \* \*

I HEREBY CERTIFY that the foregoing resolution was duly and regularly adopted by the City Council of the City of Novato, Marin County, California, at a meeting thereof, held on the 22<sup>nd</sup> day of February, 2011, by the following vote, to wit:

AYES: Councilmembers Athas, Dillon-Knutson, Eklund, MacLeamy, Kellner  
 NOES: Councilmembers None  
 ABSTAIN: Councilmembers None  
 ABSENT: Councilmembers None

  
 \_\_\_\_\_  
 Sheri Hartz, City Clerk

Approved as to form:

  
 \_\_\_\_\_  
 City Attorney of the City of Novato



RESOLUTION NO. 2016-078

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NOVATO MODIFYING RESOLUTION 07-11; ESTABLISHING NEW ROLES AND RESPONSIBILITIES FOR THE MEASURE F OVERSIGHT / CITIZENS FINANCE COMMITTEE; AND ESTABLISHING SAID COMMITTEE AS THE OFFICIAL OVERSIGHT COMMITTEE FOR NOVATO'S MEASURE C TRANSACTIONS AND USE TAX

WHEREAS, the City Council rescinded its former "Citizens Finance Committee" with Resolution 06-11 on February 22, 2011; and

WHEREAS, the Measure F transactions and use tax ballot language adopted by the voters of Novato in November 2010 called for a Measure F Oversight Committee; and

WHEREAS, the City Council re-established a joint Committee with Resolution 07-11 on February 22, 2011 to act as both a Citizens Finance Committee and the Measure F Oversight Committee; and

WHEREAS, the Measure F ordinance sunsetted on March 31, 2016; and

WHEREAS, in November 2015 the voters of the City of Novato approved Measure C, a new transactions and use tax ordinance which also calls for a Citizens Oversight Committee; and

WHEREAS, the City Council wishes to continue the existing Measure F Oversight / Citizens Finance Committee while also revising its roles and responsibilities and establishing said Committee as the official Citizens Oversight Committee required under the Measure C ordinance;

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Novato hereby approves the following changes to Resolution 07-11

1. The name of the Committee is hereby changed to the "Novato Citizens Finance Advisory / Oversight Committee."
2. The mission, roles, and responsibilities of the Committee are hereby amended to read as follows:

Committee Mission:

The mission of the Committee is to provide regular feedback, insight and recommendations and report periodically to the City Council on a variety of financial matters such as financial policies, long-term fiscal sustainability, budget and forecast assumptions, etc. The Committee also shall act as the official Citizens Oversight Committee as required by the Novato transactions and use tax ordinance (Measure F and Measure C).

Committee Role:

The committee shall be advisory to the City Council.

Citizens Finance Advisory Responsibilities:

1. Review existing fiscal policies from time-to-time and/or recommend new fiscal policies to the City Council; including guidelines for the use of fund balances, surpluses and other reserves.
2. Review the City's actual financial performance regularly.
3. Review budget assumptions and budget process.
4. Review the City's General Fund financial forecast regularly.
5. Review the financial status of other funds regularly as appropriate.
6. Collaborate with City staff to determine long-term financial needs, obligations, and funding strategies to achieve long-term sustainability.
7. Collaborate with staff on strategies to encourage public information and communication regarding the City's financial situation and options for improving the City's financial health.

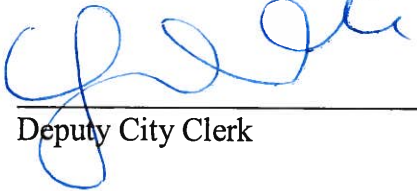
Measure F and Measure C Oversight Responsibilities:

1. Review the budgeted expenditures from Measure F and provide feedback.
2. Review the budgeted revenues and expenditures from Measure C and provide feedback.
3. Review and report annually on the expenditure of Measure F funds, and make the report available to the public.
4. Review and report annually on the revenues and expenditures of Measure C funds, and make the report available to the public; if such funds are deposited into the General Fund of the City, the report may take the form of a General Fund-wide annual report of activities and expenditures.
3. The Committee responsibilities with respect to Measure F shall sunset when all Measure F funds have been spent.
4. The Committee responsibilities with respect to Measure C shall sunset when the Measure C ordinance expires.

\* \* \* \* \*

I HEREBY CERTIFY that the foregoing resolution was duly and regularly adopted by the City Council of the City of Novato, Marin County, California, at a meeting thereof, held on the 13<sup>th</sup> day of December, 2016, by the following vote, to wit:

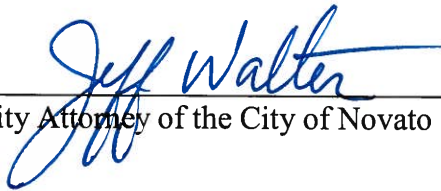
AYES:	Councilmembers	Drew, Eklund, Fryday, Lucan, Athas
NOES:	Councilmembers	None
ABSTAIN:	Councilmembers	None
ABSENT:	Councilmembers	None



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Deputy City Clerk

Approved as to form:



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City Attorney of the City of Novato

**Measure F Oversight Committee  
FY 2017/18 Annual Report**

Executive Summary

The Measure F Oversight / Citizens Finance Committee (Committee) is the designated oversight committee for the Measure F funds. On July 27, 2010, the Novato City Council adopted Ordinance No. 1551, which approved a 5-year, ½-cent sales and use tax. During the five years that Measure F was in effect, revenue averaged approximately \$4.7 million annually, and generated in total over \$22.6 million. Measure F expired on March 31, 2016 and was replaced by Measure C, a ¼-cent sales tax that was approved by Novato voters in November 2015. Measure C ~~was projected to generate~~ is providing approximately \$2.5 million annually for a minimum of 20 years ~~for Novato services~~.

The Committee typically meets 10 – 12 times per year. The committee reviews and provides input on Measure F expenditures, City financial forecasts, city financial policies, and provides the City Council with input and guidance on a wide range of fiscal Matters. The committee provides input and guidance through the review of information provided by staff, hearing from subject matter experts and departmental experts, as well as asking questions to gain a deeper understanding of the City’s financial matters.

The Committee provides annual reports to the Council and community on the revenues and expenditures of Measure F funds. The FY 2017/2018 annual report is the ~~seventh~~ seventh report by the Committee.

~~Measure F was a general Sales Tax and the revenue spent on any public purpose. However, the Measure F ballot measure identified vital services and key community priorities for the funds, including~~ Although Measure F was a general sales tax initiative, whereby the revenue generated can be spent on any public purpose, the wording of the ballot measure did identify key priorities for the funds:

- Maintain and Restore Neighborhood Services and Public Safety
- Support Seniors, Youth and Families
- Reinvest in Park and Street Maintenance

Focus Area	Cumulative expenditures and allocations through June 30, 2018	Adopted Budget FY 18/19	Category Totals
General Fund Deficit Backfill	\$754,129	\$0	\$754,129
Police / Crime Prevention / 911 Response Times	\$1,633,100	\$1,129,374	\$2,762,473
Youth & Senior Programs / Project	\$235,849	\$4,338,602	\$4,574,451
Parks & Street Maint. / Programs	\$2,508,683	\$404,889	\$2,913,572
City Facility Investments	\$1,355,683	\$100,000	\$1,455,683
Technology / Customer Service / Efficiencies	\$2,490,029	\$916,246	\$3,406,275
Economic Development	\$2,227,193	\$267,168	\$2,494,362
Future Risk Mitigation Reserve	\$3,000,000		\$3,000,000
<del>Future CIP Project Funding</del>			

Future Funding for Multi-Year Positions / Programs			\$612,800
Total Expenditures / Allocation	\$14,184,666	\$7,156,279	\$21,973,745

The programs funded in each of the categories are ~~explored~~ explained in more detail in the full report, and are outlined by category in the Measure F Funding History Detail table at the back of this se report.

#### Measure F Background

Since its incorporation in 1960, Novato has faced several fiscal challenges to generate sufficient revenues to cover its operational expenses. This is primarily due to the limited ability to generate new revenues ~~and the city's restricted percentage of property tax revenues as well as the City's limited percentage of property tax revenue~~ compared to the other taxing entities within its geographical boundaries. Even during boom years, when much of the rest of the State of California was experiencing revenue growth, Novato has lagged behind other municipalities in terms of economic growth, despite a long-term City Council tendency to be conservative with ongoing expenditures and compensation.

During the recent Great Recession, the City faced significant fiscal challenges. The elimination of redevelopment agencies statewide caused severe operating budget deficits during this period of time resulting in the erosion of the City's revenues by \$4 million annually. At one point, the City projected a \$6.7 million deficit. In response, the City ~~swiftly~~ took a series of strategic actions to address the shortfall: program and service cuts; elimination of 30% of the workforce in all departments except Police; implementing cost-savings through public-private partnerships; realizing efficiencies, including utilization of technology; and leveraging grant opportunities to supplement City services. Examples of what was lost during the recession:

- 31% of parks maintenance staff eliminated – park and island maintenance levels reduced
- 37% of road maintenance staff eliminated – road maintenance ~~reduced~~ deferred
- Police Department Community Service Officers eliminated
- Police Department School Resource Officers eliminated
- 36% of Parks and Recreation staffing eliminated - elimination of all free and/ reduction of subsidized recreation programs

Despite significant reductions in services, changes to City operations and reductions to employee compensation, the City still projected a multi-million dollar ongoing, growing deficit for the foreseeable future. In response to this fiscal situation, and the resulting service and staffing reductions, the voters of Novato adopted Measure F in 2010. Measure F temporarily filled budget deficits, which allowed the City to revive some of the programs that were cut, and provided the City an opportunity to chart its course for the future.

In November 2010, Measure F was placed on the ballot to ask Novato residents to maintain vital city services during difficult economic times. The ballot language outlined that the funds were to (1) offset and prevent additional budget cuts and (2) maintain and restore vital general city services.

*"To **offset/prevent** additional budget cuts and **maintain/restore** vital general city services including, and not limited to: neighborhood police patrols, crime prevention programs, 9-1-1 response times; city street/pothole repair; park maintenance; preventing closure or elimination of youth and senior*

*centers/services, shall the City of Novato enact a half-cent sales tax for 5 years, with review by a citizen committee, annual independent audits, and all funds spent locally for the benefit of Novato citizens.”*

Since Measure F’s passage, the City has continued to improve its operational efficiency, implement technology, apply for and receive new grants, and experience the benefits of an improving economy.

What were Measure F Goals: (1) Save critical City services and temporarily stop further cuts (2) Fund, improve, and reinstate key city services

The first words of the Measure F ballot language make it clear that Measure F funds were to be used “to offset / prevent future budget cuts”. Measure F ~~acts~~ has acted as a supplement to the General Fund to ensure that important general City services such as street maintenance, police patrol, park maintenance, and youth and senior programs did not suffer further cuts. Over the past seven (7) years, Measure F has delivered a direct, beneficial impact on our community:

- Saved critical City services and temporarily stopped further cuts (and filled the annual deficit);
- Funded, improved, and reinstated key public safety, recreation and economic development programs and services; and
- Invested in one-time projects to reduce on-going costs / increase revenues and invested in City infrastructure and technology to improve efficiencies.

~~This report summarizes the use of Measure F funds in the key city program and services it is intended to support and maintain.~~ This report summarizes the use of Measure F funds in the FY 2017-2018. Measure F funded a number of programs in our Police department to further the City’s goals and improve safety services Citywide. Most notable is the formation of the Police Department’s “Novato Response Team”, or NRT. This concept, initially funded by a 3-year Department of Justice grant, consists of three full-time sworn police officers and a Management Analyst. The team flexibly responds to a variety of neighborhood and quality of life issues, and addresses crime trends in Novato as they happen. The NRT team has ~~tackled~~ addressed issues such as gangs, graffiti, prostitution, vandalism, and auto theft. The team also works closely with the owners of apartment complexes throughout Novato on the county’s first “Crime Free Multi-Family Housing Program”. The success of the program has led to the certification of several multi-family properties ~~under this program have results show significant reductions in calls for service compared to previous years~~ resulting in a significant reduction of calls for service as compared to previous years.

**Police** - The Police Department funded several other programs with Measure F resources, including an ongoing Emergency Services contract with the Novato Fire Protection District and an additional officer assigned to the Northern California Computer Crimes Task Force (“NC3TF”). During the recession, the City eliminated its Emergency Services Manager position, leaving no dedicated resources for emergency planning and preparedness. Since the City maintains a joint emergency operations center with the Fire District, the two agencies have opted to share the cost of a contract individual to continue organizing and leading Novato emergency response preparedness efforts.

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**Youth, Senior and Recreation Programs** – Services for both Novato's youth and senior populations were another focus of the ballot language of Measure F. Measure F funds brought on-campus afterschool programs to select Novato schools in a partnership with Novato Unified School District.

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Three (3) capital improvement projects were initiated in 2014/15, funded by Measure F. ~~They were~~ designed to address pedestrian safety, traffic safety, and energy efficiency. The City began a pedestrian crossing safety pilot program to research the safety of crosswalks throughout Novato, recommend the most critical crossings to upgrade, and provide information about what types of crossing upgrades are most suitable to each location. The project also included funding to install two test sites. Measure F also funded the design of a traffic signal improvement project to install battery backup and appropriate ADA improvements for all 31 City-owned traffic signals. All of these measures improve streets safety and maintenance for Novato. The three capital improvement projects were completed in FY2016/17. During FY2017/18, Public Works engineers had a 120V relay that electronically opens and closes traffic signal circuits installed at the recently opened Redwood Boulevard and Grant Avenue Transit Center Station to facilitate Marin Transit driver training.

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Accomplishments made in 2017/18 ~~in~~ City technology projects include:

- **Enhanced customer service:**
  - Completed the Implementation of a new Parks and Recreation software system, including online registrations for classes and programs
  
- **Internal efficiencies:**
  - Completed the Finance ERP implementation with Tyler Technologies, a vendor specializing in public sector software solutions,
    - ~~This~~ is replaced the City’s 20-year-old Finance / Payroll software and began implementation of the Financial Management module;
  - Launched Dell Remote Access Controller with Lifecycle Controller that provides a secure means to automate a large group of common server management tasks.
  - Contracted with Intentional Business Solutions to provide payment card security and compliance consulting for Parks, Recreation, and Community Services

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- o Geographic Information System training from Vestra

**Economic Development** – ~~As part of the City broader economic development strategy for the City identified the Hamilton Base Reuse and leveraged several different funding sources, including Measure F, to purchase over 90 acres of hilltop open space for~~ As part of a broader economic development strategy, the City identified the Hamilton Base Reuse, and leveraged several different funding sources, including Measure F, to purchase over 90 acres of hilltop open space for \$500,000. This property surrounds the Marin Valley Mobile Country Club, an affordable senior community, and overlooks the Hamilton area and the wetlands west of Novato. This open space is utilized to trade development restrictions on some of the City’s historic dilapidated buildings in Hamilton (such as the old Officers Club and Theater buildings) in order to complete the renovation and improvements to the Hamilton neighborhood. The City successfully completed this transition process, and in FY2016/17, ~~and~~ began working with the Hamilton community on the vision for these historic properties. In 2018, the City successfully initiated an RFP process that culminated with an Exclusive Negotiation Agreement for the Commissary site for potentially \$6 million dollars.

~~Restoring an Economic Development program for Novato has included a strategic use of Measure F funds. The Measure F supported economic development program has worked to identify companies looking to relocate or expand, worked with and supported new and existing local businesses to find quality commercial space in Novato, and participated in regional outreach opportunities to targeted industries.~~ Measure F funds have been strategically used to identify companies looking to relocate or expand, worked and supported new and existing local businesses to find quality commercial space in Novato, and participated in regional outreach opportunities to targeted areas.

The Economic Development program has also championed the “Shop Local Novato” campaign, featuring a robust website and marketing campaign encouraging residents to shop here first and support their local Novato businesses. The Shop Local website and social media continued updates during 2017/18, featuring local businesses and adding fresh content regularly.

Ensuring a business-friendly environment for Novato by attracting business here, encouraging business retention and expansion has also been a major focus of the Economic Development staff over the last 18 months. While our focus on the biotech sector remains a priority, ~~ensuring key properties in our downtown and citywide are tenanted and meeting with various stakeholders in support of their siting and expansion plans has been integral to our efforts.~~ our City staff has also been making sure that key properties in our downtown as well as other business areas in our footprint have tenants by meeting with various stakeholders in support of their siting and expansion plans has been integral to our efforts. Stakeholder outreach includes owners of local businesses ~~and as well as~~ business owners looking to relocate here, property owners, the Novato Chamber of Commerce, the Tourism and Government Affairs Committees ~~hosting by the Chamber~~, the Downtown Novato Business Association and the Economic Development Advisory Commission.

Another critical program in the City’s overall Economic Development strategy is the Hamilton Base Reuse program. With a limited-term Hamilton Base Reuse Director staff position, the program seeks to find the best uses for a variety of City-owned properties in Hamilton, including properties with historic structures. Recently, the City completed the transfer of the federal “lands to parks” restrictions from several important Hamilton properties. Through complex negotiations with multiple Federal Government

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agencies, the City successfully unencumbered these Hamilton properties and placed ~~the required~~ restrictions on the recently purchased hilltop open space property surrounding the Marin Valley Mobile Country Club. The completion of this transaction has allowed the City to initiate a community process to determine the future uses for these historic properties and structures. During fiscal year 2017/18, the City issued an RFP for the City-owned Hamilton Commissary and Christmas Tree Hill parcels for the purpose of soliciting proposals to purchase or lease these historic sites.

#### Investing in Novato's Fiscal Health and Stability

**Future Risk and Economic Reserve Funds** – As part of the 2014/15 budget, the City Council set aside \$3 million in Measure F funds as a Risk Mitigation Reserve to guard against some future unknown costs or events. The economy has improved, but the City continues to proceed with caution. Separate from the City's "Emergency & Disaster Response Reserve", this balance is set aside for mitigating economic impacts, State takeaways, unexpected pension investment losses, or future unforeseen mandatory expenses, among other contingencies. During fiscal year 2017/18, per City Council direction, the Risk Mitigation Reserve was formally moved from the Measure F fund to a separate, dedicated reserve.

**Future Community Projects** – As part of the 2017/18 budget, the City Council approved using \$3 million of unallocated Measure F funds over two fiscal years toward the Hill Recreation Area project, and \$1 million to acquire a fully integrated Computer-Aided Dispatch / Records Management System (CAD / RMS) for the Police Department. This system will replace the contract with Marin County that provides similar services offsite.

#### 2018/19 Measure F Budget

In June 2018, the City Council adopted the FY 2018/19 budget. Several limited term positions will continue to be funded from Measure F, including the Hamilton Base Reuse Director, Management Analyst, Business Analyst, Police Dispatcher, Police Records Clerk, Police Administrative Clerk, and two Maintenance Workers.

In addition, the budget supports a grant writer, the outsourcing of business license administration, a cannabis market study, building permitting software, and improvements to the Granicus meeting streaming functionality.

#### Measure C and Long-Term Sustainability for Novato

Since Measure F was adopted in 2010, the City Council has made it a priority to plan for and ultimately achieve long-term fiscal sustainability. Substantial research during 2012 and 2013 for the Fiscal Sustainability Plan highlighted a number of important financial realities for Novato. The Plan highlights what is different about Novato's situation compared to pre-recession times, and what the key fiscal issues will be for Novato as it looks to a sustainable future with high quality of life services.

- Infrastructure is aging and needs appropriate maintenance and repair at levels desired by residents, requiring an investment of over \$1 million annually to fund pothole repair, street and park maintenance, and maintenance of key City infrastructure.
- Increases in staff compensation to be more competitive in the labor market will enhance the City's ability to attract and retain a talented workforce; reduce training costs and loss of institutional knowledge; and enhance service delivery and quality over time.
- Regional competition for quality retail and economic development projects is strong and as a community, Novato has limited commercially zoned spaces remaining.
- As a mostly built-out community, Novato will not have the large infusion of planning fees, permit fees, and development ~~charges~~ fees that occur with large projects that have historically helped to fund capital projects and amenities.

As a response to ~~this set of facts~~ these issues and a recognition of Novato's financial ~~realities~~ challenges ~~in~~ for the future, the City completed a multi-year planning process to chart the City's future course for both a fiscally and operationally sustainable Novato ~~for~~ for the long term. The "Fiscal Sustainability Plan" adopted by the City Council in February 2014 ~~and the 2014/15 budget began~~ provided staff with a roadmap for the future and allowed staff to take action to ensure fiscal sustainability ~~implementation of many of the programs outlined in the Plan.~~ The Plan also anticipated and assumed that ~~a~~ a new ongoing revenue source s would be implemented in Novato to help fund these initiatives and programs ~~in the end~~ at the conclusion of Measure F. As part of the new 3 year Strategic Plan for FY18/19 through FY20/21, staff will be initiating a review and update of this Fiscal Sustainability Plan under the "A City that Works" section.

In 2015, the City Council unanimously placed Measure C, a ¼ cent sales tax (lasting for at least 20 years), on the ballot. Measure C was subsequently approved in November 2015 by 73% of Novato voters. While lower than the ½ cent generated by Measure F, Measure C ~~does~~ provides the ~~e~~ City with a minimal amount of revenue ~~that does to help~~ prevent the City from future budget deficits. ~~Additionally, it allows the City to maintain some basic services at a minimal level with little ability to increase services and no ability to increase staffing levels.~~ The Measure C funding is approximately \$2.5 million in annual revenue to fund general City services and maintain service levels. ~~Measure C allows the City to maintain some basic services at a minimal level; however, there is very little ability to increase services and no ability to increase staffing levels.~~ Measure C provides \$2.5 million in annual revenue to fund general City services and maintain service levels.

With the expiration of Measure F tax measure, Council incorporated the Measure C oversight responsibilities into a modified Committee, named the "Novato Citizens Finance Advisory / Oversight Committee." The Committee encourages the City Council to have further discussions surrounding fiscal sustainability in the near future.

### Conclusion

Adoption of the Measure F sales tax was crucial in addressing the financial crisis and bringing much-needed interim financial stability to Novato. An essential component of the City's effort to ensure long-term fiscal and organizational sustainability, Measure F protected vital City services and allowed the City to continue to provide high-quality services. It prevented significant budget and service cuts that would have otherwise occurred, reinstated staff positions that were previously cut, and funded important services and programs for public safety, maintenance and infrastructure, economic development and ~~our~~ youth and seniors. Measure F also helped the City take advantage of grant opportunities and invest in the City's economic growth and development.

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For FY2018/19, there is a projected \$943,000 residual fund balance. The fund balance can be allocated to several projects, including but not limited to: the PD Computer –Aided Dispatch & Records Management System and the Technology Planning and Efficiencies related CIP projects. Now, with Measure C in place, ~~which is a 50% reduction in revenue from Measure F,~~ staff will work very closely with the Committee to develop strategies for revenue generation and fiscal sustainability in future years.

Balancing the demands of infrastructure replacement and investment; service delivery and program staffing levels; and maintaining competitive pay and benefits to retain a talented workforce will be an ongoing challenge for Novato. ~~With the ¼ cent Measure C revenues being lower than the ¼ cent sales tax programmed in the Fiscal Sustainability Plan,~~ The City Council and ~~City~~ staff will need to continue monitoring the five-year forecast and making prudent budget decisions ~~to~~ balance General Fund revenues and expenditures.

After conducting a review of the Measure F revenues and expenditures for fiscal year 2017/18, this Annual Report is respectfully submitted to the Novato City Council and the Novato community by the Measure F Oversight / Citizens Finance Committee.

**Tim O'Connor, Chair**  
**Regina Bianucci Rus, Vice Chair**  
**Cris MacKenzie**  
**Mark Milberg**

**David Bentley**  
**Rafelina Maglio**  
**Caitrin Devine**

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**Measure F Oversight Committee  
FY 2017/18 Annual Report**

Executive Summary

The Measure F Oversight / Citizens Finance Committee (Committee) is the designated oversight committee for the Measure F funds. On July 27, 2010, the Novato City Council adopted Ordinance No. 1551, which approved a 5-year, ½-cent sales and use tax. During the five years that Measure F was in effect, revenue averaged approximately \$4.7 million annually, and generated in total over \$22.6 million. Measure F expired on March 31, 2016 and was replaced by Measure C, a ¼-cent sales tax that was approved by Novato voters in November 2015. Measure C was projected to generate approximately \$2.5 million annually for a minimum of 20 years for Novato services.

The Committee typically meets 10 – 12 times per year. The committee reviews and provides input on Measure F expenditures, City financial forecasts, city financial policies, and provides the City Council with input and guidance on a wide range of fiscal Matters. The committee provides input and guidance through the review of information provided by staff, hearing from subject matter experts and departmental experts, as well as asking questions to gain a deeper understanding of the City’s financial matters.

The Committee provides annual reports to the Council and community on the revenues and expenditures of Measure F funds. The FY 2017/2018 [Annual Report](#) is the seventh report by the Committee.

Measure F was a general Sales Tax and the revenue spent on any public purpose. However, the Measure F ballot measure identified vital services and key community priorities for the funds, including:

- Maintain and Restore Neighborhood Services and Public Safety
- Support Seniors, Youth and Families
- Reinvest in Park and Street Maintenance

Focus Area	Cumulative expenditures and allocations through June 30, 2018	Adopted Budget FY 18/19	Category Totals
General Fund Deficit Backfill	\$754,129	\$0	\$754,129
Police / Crime Prevention / 911 Response Times	\$1,633,100	\$1,129,374	\$2,762,473
Youth & Senior Programs / Project	\$235,849	\$4,338,602	\$4,574,451
Parks & Street Maint. / Programs	\$2,508,683	\$404,889	\$2,913,572
City Facility Investments	\$1,355,683	\$100,000	\$1,455,683
Technology / Customer Service / Efficiencies	\$2,490,029	\$916,246	\$3,406,275
Economic Development	\$2,227,193	\$267,168	\$2,494,362
Future Risk Mitigation Reserve	\$3,000,000		\$3,000,000
Future CIP Project Funding			
Future Funding for Multi-Year Positions / Programs			\$612,800

**Commented [MM1]:** Why is this line item included, there is no \$ associated with it?

Total Expenditures / Allocation	\$14,184,666	\$7,156,279	\$21,973,745
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The programs funded in each of the categories are explored in more detail in the full report, and are outlined by category in the [Measure F Funding History Detail](#) table at the back of the report.

**Commented [MM2]:** Where is this, I didn't see it at the back of the report?

Measure F Background

Since its incorporation in 1960, Novato has faced several fiscal challenges to generate sufficient revenues to cover its operational expenses. This is primarily due to the limited ability to generate new revenues and the city's restricted percentage of property tax revenue compared to the other taxing entities within its geographical boundaries. Even during boom years, when much of the rest of the State of California was experiencing revenue growth, Novato has lagged behind other municipalities in terms of economic growth, despite a long-term City Council tendency to be conservative with ongoing expenditures and compensation.

During the recent Great Recession, the City faced significant fiscal challenges. The elimination of redevelopment agencies statewide caused severe operating budget deficits during this period of time resulting in the erosion of the City's revenues by \$4 million annually. At one point, the City projected a \$6.7 million deficit. In response, the City swiftly took a series of strategic actions to address the shortfall: program and service cuts; elimination of 30% of the workforce in all departments except Police; implementing cost-savings through public-private partnerships; realizing efficiencies, including utilization of technology; and leveraging grant opportunities to supplement City services. Examples of what was lost during the recession:

- 31% of parks maintenance staff eliminated – park and island maintenance levels reduced
- 37% of road maintenance staff eliminated – road maintenance reduced
- Police Department Community Service Officers eliminated
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  - Completed the Implementation of a new Parks and Recreation software system, including online registrations for classes and programs
  
- **Internal efficiencies:**
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  - Launched Dell Remote Access Controller with Lifecycle Controller that provides a secure means to automate a large group of common server management tasks.
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Ensuring a business-friendly environment for Novato by attracting business here, encouraging business retention and expansion has also been a major focus of Economic Development staff over the last 18 months. While our focus on the biotech sector remains a priority, ensuring key properties in our downtown and citywide are tenanted—and meeting with various stakeholders in support of their siting and expansion plans has been integral to our efforts. Stakeholder outreach includes owners of local businesses and business owners looking to relocate here, property owners, the Novato Chamber of Commerce, the Tourism and Government Affairs Committees hosting by the Chamber, the Downtown Novato Business Association and the Economic Development Advisory Commission.

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2018/19 Measure F Budget

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As a response to this set of facts and a recognition of Novato’s financial realities for the future, the City completed a multi-year planning process to chart the City’s future course for both a fiscally and operationally sustainable Novato in the long term. The “Fiscal Sustainability Plan” adopted by the City Council in February 2014 and the 2014/15 budget began implementation of many of the programs outlined in the Plan. The Plan also anticipated and assumed that a new ongoing revenue source would be implemented in Novato to help fund these initiatives and programs in the end. As part of the new 3 year Strategic Plan for FY18/19 through FY20/21, staff will be initiating a review and update of this Fiscal Sustainability Plan under the “A City that Works” section.

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**Commented [MM6]:** What was this new revenue source?

lower than the ½ cent generated by Measure F, Measure C does provide the city with a minimal amount of revenue that does prevent the City from future budget deficits. Additionally, it allows the City to maintain some basic services at a minimal level with little ability to increase services and no ability to increase staffing levels. The Measure C funding is approximately \$2.5 million in annual revenue to fund general City services and maintain service levels.

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### Conclusion

Adoption of the Measure F sales tax was crucial in addressing the financial crisis and bringing much-needed interim financial stability to Novato. An essential component of the City’s effort to ensure long-term fiscal and organizational sustainability, Measure F protected vital City services and allowed the City to continue to provide high-quality services. It prevented significant budget and service cuts that would have otherwise occurred, reinstated staff positions that were previously cut, and funded important services and programs for public safety, maintenance and infrastructure, economic development and our youth and seniors. Measure F also helped the City take advantage of grant opportunities and invest in the City’s economic growth and development.

For FY2018/19, there is a projected \$943,000 residual fund balance. The fund balance can be allocated to several projects, including but not limited to: the PD Computer –Aided Dispatch & Records Management System and the Technology Planning and Efficiencies related CIP projects. Now, with Measure C in place, which is a 50% reduction in revenue from Measure F, staff will work very closely with the Committee to develop strategies for revenue generation and fiscal sustainability in future years.

Balancing the demands of infrastructure replacement and investment; service delivery and program staffing levels; and maintaining competitive pay and benefits to retain a talented workforce will be an ongoing challenge for Novato. With the ¼ cent Measure C revenues being lower than the ½ cent sales tax programmed in the Fiscal Sustainability Plan, the City Council and City staff will need to continue monitoring the five-year forecast and making prudent budget decisions that balance General Fund revenues and expenditures.

After conducting a review of the Measure F revenues and expenditures for fiscal year 2017/18, this Annual Report is respectfully submitted to the Novato City Council and the Novato community by the Measure F Oversight / Citizens Finance Committee.

**Tim O’Connor, Chair**  
**Regina Bianucci Rus**  
**Cris MacKenzie**  
**Mark Milberg**

**David Bentley**  
**Rafelina Maglio**  
**Caitrin Devine**

**Measure F Oversight Committee  
FY 2017/18 Annual Report**

Executive Summary

The Measure F Oversight / Citizens Finance Committee (Committee) is the designated oversight committee for the Measure F funds. On July 27, 2010, the Novato City Council adopted Ordinance No. 1551, which approved a 5-year, ½-cent sales and use tax. During the five years that Measure F was in effect, revenue average approximately \$4.7 million annually, and generated over \$22.6 million. Measure F expired on March 31, 2016 and was replaced by Measure C, a ¼-cent sales tax that was approved by Novato voters in November 2015. Measure C was projected to generate approximately \$2.5 million annually for a minimum of 20 years for Novato services.

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The Committee typically meets 10 – 12 times per year. The committee reviews and provides input on Measure F expenditures, City financial forecasts, city financial policies, and provides the City Council with input and guidance on a wide range of fiscal Matters. The committee provides input and guidance through the review of information provided by staff, hearing from subject matter experts and departmental experts, as well as asking questions to gain a deeper understanding of the City’s financial matters.

The Committee provides annual reports to the Council and community on the revenues and expenditures of Measure F funds. The FY 2017/2018 is the seventh report by the Committee.

**Commented [RM2]:** Is this correct? The Annual Report filed for 2016/2017 states it was the fifth report, which indicates this would be the sixth report, not seventh.

Measure F was a general Sales Tax and the revenue spent on any public purpose. However, the Measure F ballot measure identified vital services and key community priorities for the funds, including:

**Commented [RM3]:** Although Measure F was a general sales tax initiative, whereby the revenue generated can be spent on any public purpose, the wording of the ballot measure did identify key priorities for the funds:

- Maintain and Restore Neighborhood Services and Public Safety
- Support Seniors, Youth and Families
- Reinvest in Park and Street Maintenance

Focus Area	Cumulative expenditures and allocations through June 30, 2018	Adopted Budget FY 18/19	Category Totals
General Fund Deficit Backfill	\$754,129	\$0	\$754,129
Police / Crime Prevention / 911 Response Times	\$1,633,100	\$1,129,374	\$2,762,473
Youth & Senior Programs / Project	\$235,849	\$4,338,602	\$4,574,451
Parks & Street Maint. / Programs	\$2,508,683	\$404,889	\$2,913,572
City Facility Investments	\$1,355,683	\$100,000	\$1,455,683
Technology / Customer Service / Efficiencies	\$2,490,029	\$916,246	\$3,406,275
Economic Development	\$2,227,193	\$267,168	\$2,494,362
Future Risk Mitigation Reserve	\$3,000,000		\$3,000,000
Future CIP Project Funding			
Future Funding for Multi-Year Positions / Programs			\$612,800

Total Expenditures / Allocation	\$14,184,666	\$7,156,279	\$21,973,745
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**Commented [RM4]:** This should be on the same page/included as the last piece above

The programs funded in each of the categories are explored in more detail in the full report, and are outlined by category in the Measure F Funding History Detail table at the back of the report.

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### Measure F Background

Since its incorporation in 1960, Novato has faced several fiscal challenges to generate sufficient revenues to cover its operational expenses. This is primarily due to the limited ability to generate new revenues and the city's restricted percentage of property tax revenue compared to the other taxing entities within its geographical boundaries. Even during boom years, when much of the rest of the State of California was experiencing revenue growth, Novato has lagged behind other municipalities in terms of economic growth, despite a long-term City Council tendency to be conservative with ongoing expenditures and compensation.

**Commented [RM7]:** as well as the City's limited percentage of property tax revenue

During the recent Great Recession, the City faced significant fiscal challenges. The elimination of redevelopment agencies statewide caused severe operating budget deficits during this period of time resulting in the erosion of the City's revenues by \$4 million annually. At one point, the City projected a \$6.7 million deficit. In response, the City swiftly took a series of strategic actions to address the shortfall: program and service cuts; elimination of 30% of the workforce in all departments except Police; implementing cost-savings through public-private partnerships; realizing efficiencies, including utilization of technology; and leveraging grant opportunities to supplement City services. Examples of what was lost during the recession:

- 31% of parks maintenance staff eliminated – park and island maintenance levels reduced
- 37% of road maintenance staff eliminated – road maintenance reduced
- Police Department Community Service Officers eliminated
- Police Department School Resource Officers eliminated
- 36% of Parks and Recreation staffing eliminated - elimination of all free / reduction of subsidized recreation programs

Despite significant reductions in services, changes to City operations and reductions to employee compensation, the City still projected a multi-million dollar ongoing, growing deficit for the foreseeable future. In response to this fiscal situation, and the resulting service and staffing reductions, the voters of Novato adopted Measure F in 2010. Measure F temporarily filled budget deficits, which allowed the City to revive some of the programs that were cut, and provided the City an opportunity to chart its course for the future.

In November 2010, Measure F was placed on the ballot to ask Novato residents to maintain vital city services during difficult economic times. The ballot language outlined that the funds were to (1) offset and prevent additional budget cuts and (2) maintain and restore vital general city services.

*"To offset/prevent additional budget cuts and maintain/restore vital general city services including, and not limited to: neighborhood police patrols, crime prevention programs, 9-1-1 response times; city street/pothole repair; park maintenance; preventing closure or elimination of youth and senior centers/services, shall the City of Novato enact a half-cent sales tax for 5 years, with review by a citizen committee, annual independent audits, and all funds spent locally for the benefit of Novato citizens."*

Since Measure F’s passage, the City has continued to improve its operational efficiency, implement technology, apply for and receive new grants, and experience the benefits of an improving economy.

What were Measure F Goals: (1) Save critical City services and temporarily stop further cuts (2) Fund, improve, and reinstate key city services

The first words of the Measure F ballot language make it clear that Measure F funds were to be used “to offset / prevent future budget cuts”. Measure F acts as a supplement to the General Fund to ensure that important general City services such as street maintenance, police patrol, park maintenance, and youth and senior programs did not suffer further cuts. Over the past seven (7) years, Measure F has delivered a direct, beneficial impact on our community:

- ❑ Saved critical City services and temporarily stopped further cuts (and filled the annual deficit);
- ❑ Funded, improved, and reinstated key public safety, recreation and economic development programs and services; and
- ❑ Invested in one-time projects to reduce on-going costs / increase revenues and invested in City infrastructure and technology to improve efficiencies.

This report summarizes the use of Measure F funds in the key city program and services it is intended to support and maintain. Measure F funded a number of programs in our Police department to further the City’s goals and improve safety services Citywide. Most notable is the formation of the Police Department’s “Novato Response Team”, or NRT. This concept, initially funded by a 3-year Department of Justice grant, consists of three full-time sworn police officers and a Management Analyst. The team flexibly responds to a variety of neighborhood and quality of life issues, and address crime trends in Novato as they happen. The NRT team has addressed issues such as gangs, graffiti, prostitution, vandalism, and auto theft. The team also works closely with the owners of apartment complexes throughout Novato on the county’s first “Crime Free Multi-Family Housing Program”. The success of the program has led to the certification of several multi-family properties under this program have results show significant reductions in calls for service compared to previous years.

**Commented [RM8]:** This report summarizes the use of Measure F funds in the F/Y 2017-2018.

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**Commented [RM11]:** resulting in a significant reduction of calls for service as compared to previous years.

**Police** - The Police Department funded several other programs with Measure F resources, including an ongoing Emergency Services contract with the Novato Fire Protection District and an additional officer assigned to the Northern California Computer Crimes Task Force (“NC3TF”). During the recession, the City eliminated its Emergency Services Manager position, leaving no dedicated resources for emergency planning and preparedness. Since the City maintains a joint emergency operations center with the Fire District, the two agencies have opted to share the cost of a contract individual to continue organizing and leading Novato emergency response preparedness efforts.

The City had provided a Police Officer to the NC3TF, and Measure F funded 22% of the officer’s salary and benefits and related supplies and equipment. The officer provided specialized investigative services for high tech crimes, benefiting Novato residents with this highly technical training. Department of Justice

Community Oriented Policing Servicing (COPS) grant funds the remaining 78% of the respective costs and expires in the 18/19 fiscal year and the position was subsequently eliminated on 12/31/17.

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**Commented [RM14]:** This position was eliminated on 12/31/17.

**Youth, Senior and Recreation Programs** – Services for both Novato’s youth and senior populations were another focus of the ballot language of Measure F. Measure F funds brought on-campus afterschool programs to select Novato schools in a partnership with Novato Unified School District.

Beginning in 2015/16, the City increased funding for low-income and at-risk youth access to recreation programs. These funds enhance scholarship opportunities for underprivileged families and increase programs for these important target populations. The City continues to fund these programs and in FY 18/19 increased its budget from \$25,000 to \$30,000 for grants to low-income families and at-risk youth.

The Fiscal Sustainability Plan process identified several improvements that will increase recreational amenities for residents, reduce ongoing operating costs and generate additional ongoing revenue for Novato. Funded by Measure F in conjunction with several other sources, these improvements will significantly improve the Hill Recreation area adjacent to the Margaret Todd Senior Center. The Hill Master Plan improvements include bocce ball and pickle ball courts, a synthetic turf sports field, upgraded parking, and ADA accessibility improvements. The synthetic turf sports field will replace one existing athletic field and will reduce watering, maintenance, and increase the year-round availability of the field. The improvements at Hill are anticipated to make the facility more usable for the community year-round and generate additional revenue and maintenance cost-savings.

**Parks and Street Maintenance** – Since its inception, Measure F has funded maintenance workers that have helped offset the over 30% in reductions that occurred in this area during the recession. In 2011/12, two maintenance workers were funded on a temporary basis, and in 2012/13 and 2013/14, that number was reduced to one funded maintenance worker. Beginning in 2014/2015, the original two maintenance workers have been included in the core staffing going forward with the assistance of the new countywide Measure A parks sales tax. In 2016/17, two additional maintenance workers funded from Measure F to bring staffing levels back closer to where they were before the recession. Additionally, in 2016/17, one-time funds added to enhance the City’s streets crack-filling program for raising the Pavement Conditions Index (PCI) and to complete various special and seasonal parks and island improvements. These additions have supplemented and augmented the quality of the landscape, park, median, and street maintenance throughout Novato that otherwise would have declined even further had Measure F dollars not been available.

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In addition, for FY17/18, the City continued its contract with the Novato Downtown Streets Team (DST). All the Team Members are volunteers who are homeless or at-risk of becoming homeless. Furthermore, the Downtown Streets Team has the inherent public benefit of a cleaner community engaging in beautification projects such as performing debris removal in the downtown corridor of Novato.

Three (3) capital improvement projects were initiated in 2014/15, funded by Measure F, designed to address pedestrian safety, traffic safety, and energy efficiency. The City began a pedestrian crossing safety pilot program to research the safety of crosswalks throughout Novato, recommend the most critical crossings to upgrade, and provide information about what types of crossing upgrades are most suitable to each location. The project also included funding to install two test sites. Measure F also funded the design of a traffic signal improvement project to install battery backup and appropriate ADA

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improvements for all 31 City-owned traffic signals. All of these measures improve streets safety and maintenance for Novato. The three capital improvement projects were completed in FY2016/17. During FY2017/18, Public Works engineers had a 120V relay that electronically opens and closes traffic signal circuits installed at the recently opened Redwood Boulevard and Grant Avenue Transit Center Station to facilitate Marin Transit driver training.

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In 2015/16, several grant-funded projects moved forward with the assistance of Measure F matching funds to improve pathways to schools.

The City also moved ahead with the third phase of its Streetlight Conversion Program, changing out all remaining streetlights to more energy-efficient LED bulbs. This project, identified in the Fiscal Sustainability Plan, will translate to significant ongoing energy savings for the City of at least \$130,000 per year and growing over time. With budgetary savings, this project was expanded in 2016/17 to add conversion of the lighting at City facilities to energy-efficient LED fixtures. In 2017/18, work began at The Landing at the Hamilton Field to remove and dispose of existing lamps and install new 34W Cree LED retrofit assemblies.

Commented [RM20]: Due to these significant savings,

**Technology and City Operations** – A significant new investment for the City beginning in 2014/15 has been the first phase of projects identified in the Information Technology Master Plan. While Novato’s network infrastructure is current, a number of Novato’s software systems are either non-existent or over ten years old. A comprehensive review of the IT infrastructure was done in 2012 and 2013 to identify all City technology needs over a four-year period, prioritize those needs, establish budgets, and stage them for implementation. FY 2017/18, representing the fourth year of such investment, Staff has allotted approximately \$2.4M in both carry-over and new funding to the research, planning, and implementation of several major new technologies.

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Accomplishments in 2017/18 in City technology projects include:

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□ **Enhanced customer service:**

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- Commented [RM35]: Comma after the word community
- Commented [RM36]: spaces
- Commented [RM37]: replace charges with fees

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**Commented [RM38]:** Delete the word additionally and insert Measure C does allow the City to maintain some basic services at a minimal level. However, there is very little ability to increase services and no ability to increase staffing levels. Measure C does provide \$2.5 million in annual revenue to fund general City services and maintain service levels.

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Conclusion

Adoption of the Measure F sales tax was crucial in addressing the financial crisis and bringing much-needed interim financial stability to Novato. An essential component of the City’s effort to ensure long-term fiscal and organizational sustainability, Measure F protected vital City services and allowed the City to continue to provide high-quality services. It prevented significant budget and service cuts that would have otherwise occurred, reinstated staff positions that were previously cut, and funded important services and programs for public safety, maintenance and infrastructure, economic development and our youth and seniors. Measure F also helped the City take advantage of grant opportunities and invest in the City’s economic growth and development.

**Commented [RM39]:** Delete the word our

For FY2018/19, there is a projected \$943,000 residual fund balance. The fund balance can be allocated to several projects, including but not limited to: the PD Computer –Aided Dispatch & Records Management System and the Technology Planning and Efficiencies related CIP projects. Now, with Measure C in place, which is a 50% reduction in revenue from Measure F, staff will work very closely with the Committee to develop strategies for revenue generation and fiscal sustainability in future years.

Balancing the demands of infrastructure replacement and investment; service delivery and program staffing levels; and maintaining competitive pay and benefits to retain a talented workforce will be an ongoing challenge for Novato. With the ¼ cent Measure C revenues being lower than the ½ cent sales tax programmed in the Fiscal Sustainability Plan, the City Council and City staff will need to continue monitoring the five-year forecast and making prudent budget decisions that balance General Fund revenues and expenditures.

After conducting a review of the Measure F revenues and expenditures for fiscal year 2017/18, this Annual Report is respectfully submitted to the Novato City Council and the Novato community by the Measure F Oversight / Citizens Finance Committee.

**Tim O’Connor, Chair**  
**Regina Bianucci Russ**  
**Cris MacKenzie**  
**Mark Milberg**

**David Bentley**  
**Rafelina Maglio**  
**Caitrin Devine**

**Commented [RM40]:** Vice Chair

**Measure F Oversight Committee  
FY 2017/18 Annual Report**

Executive Summary

The Measure F Oversight / Citizens Finance Committee (Committee) is the designated oversight committee for the Measure F funds. On July 27, 2010, the Novato City Council adopted Ordinance No. 1551, which approved a 5-year, ½-cent sales and use tax. During the five years that Measure F was in effect, revenue averaged approximately \$4.7 million annually, and generated over \$22.6 million. Measure F expired on March 31, 2016 and was replaced by Measure C, a ¼-cent sales tax that was approved by Novato voters in November 2015. Measure C was projected to generate approximately \$2.5 million annually for a minimum of 20 years for Novato services.

The Committee typically meets 10 – 12 times per year. The committee reviews and provides input on Measure F expenditures, City financial forecasts, city financial policies, and provides the City Council with input and guidance on a wide range of fiscal matters. The committee provides input and guidance through the review of information provided by staff, hearing from subject matter experts and departmental experts, as well as asking questions to gain a deeper understanding of the City’s financial matters.

The Committee provides annual reports to the Council and community on the revenues and expenditures of Measure F funds. The FY 2017/2018 is the seventh report by the Committee.

Measure F was a general Sales Tax and the revenue spent on any public purpose. However, the Measure F ballot measure identified vital services and key community priorities for the funds, including:

- Maintain and Restore Neighborhood Services and Public Safety
- Support Seniors, Youth and Families
- Reinvest in Park and Street Maintenance

**Commented [TOC1]:** This needs to be restated. The sentence does not read well.

Focus Area	Cumulative expenditures and allocations through June 30, 2018	Adopted Budget FY 18/19	Category Totals
General Fund Deficit Backfill	\$754,129	\$0	\$754,129
Police / Crime Prevention / 911 Response Times	\$1,633,100	\$1,129,374	\$2,762,473
Youth & Senior Programs / Project	\$235,849	\$4,338,602	\$4,574,451
Parks & Street Maint. / Programs	\$2,508,683	\$404,889	\$2,913,572
City Facility Investments	\$1,355,683	\$100,000	\$1,455,683
Technology / Customer Service / Efficiencies	\$2,490,029	\$916,246	\$3,406,275
Economic Development	\$2,227,193	\$267,168	\$2,494,362
Future Risk Mitigation Reserve	\$3,000,000		\$3,000,000
Future CIP Project Funding			
Future Funding for Multi-Year			\$612,800

Positions / Programs			
Total Expenditures / Allocation	\$14,184,666	\$7,156,279	\$21,973,745

The programs funded in each of the categories are explored in more detail in the full report, and are outlined by category in the Measure F Funding History Detail table at the back of the report.

Measure F Background

Since its incorporation in 1960, Novato has faced several fiscal challenges to generate sufficient revenues to cover its operational expenses. This is primarily due to the limited ability to generate new revenues and the city’s restricted percentage of property tax revenue compared to the other taxing entities within its geographical boundaries. Even during boom years, when much of the rest of the State of California was experiencing revenue growth, Novato has lagged behind other municipalities in terms of economic growth, despite a long-term City Council tendency to be conservative with ongoing expenditures and compensation.

During the recent Great Recession, the City faced significant fiscal challenges. The elimination of redevelopment agencies statewide caused severe operating budget deficits during this period of time resulting in the erosion of the City’s revenues by \$4 million annually. At one point, the City projected a \$6.7 million deficit. In response, the City ~~swiftly~~ took a series of strategic actions to address the shortfall: program and service cuts; elimination of 30% of the workforce in all departments except Police; implementing cost-savings through public-private partnerships; realizing efficiencies, including utilization of technology; and leveraging grant opportunities to supplement City services.

Examples of what was lost during the recession:

- ❑ 31% of parks maintenance staff eliminated – park and island maintenance levels reduced
- ❑ 37% of road maintenance staff eliminated – road maintenance ~~reduced~~ deferred
- ❑ Police Department Community Service Officers eliminated
- ❑ Police Department School Resource Officers eliminated
- ❑ 36% of Parks and Recreation staffing eliminated - elimination of all free ~~&~~ reduction of subsidized recreation programs

Despite significant reductions in services, changes to City operations and reductions to employee compensation, the City still projected a multi-million dollar ongoing, growing deficit for the foreseeable future. In response to this fiscal situation, and the resulting service and staffing reductions, the voters of Novato adopted Measure F in 2010. Measure F temporarily filled budget deficits, which allowed the City to revive some of the programs that were cut, and provided the City an opportunity to chart its course for the future.

In November 2010, Measure F was placed on the ballot to ask Novato residents to maintain vital city services during difficult economic times. The ballot language outlined that the funds were to (1) offset and prevent additional budget cuts and (2) maintain and restore vital general city services.

*“To **offset/prevent** additional budget cuts and **maintain/restore** vital general city services including, and not limited to: neighborhood police patrols, crime prevention programs, 9-1-1 response times; city street/pothole repair; park maintenance; preventing closure or elimination of youth and senior*

*centers/services, shall the City of Novato enact a half-cent sales tax for 5 years, with review by a citizen committee, annual independent audits, and all funds spent locally for the benefit of Novato citizens.”*

Since Measure F’s passage, the City has continued to improve its operational efficiency, implement technology, apply for and receive new grants, and experience the benefits of an improving economy.

*What were Measure F Goals:* (1) Save critical City services and temporarily stop further cuts (2) Fund, improve, and reinstate key city services

The first words of the Measure F ballot language make it clear that Measure F funds were to be used “to offset / prevent future budget cuts”. Measure F acts as a supplement to the General Fund to ensure that important general City services such as street maintenance, police patrol, park maintenance, and youth and senior programs did not suffer further cuts. Over the past seven (7) years, Measure F has delivered a direct, beneficial impact on our community:

- Saved critical City services and temporarily stopped further cuts (and filled the annual deficit);
- Funded, improved, and reinstated key public safety, recreation and economic development programs and services; and
- Invested in one-time projects to reduce on-going costs / increase revenues and invested in City infrastructure and technology to improve efficiencies.

This report summarizes the use of Measure F funds in the key city program and services it is intended to support and maintain. Measure F funded a number of programs in our Police department to further the City’s goals and improve safety services Citywide. Most notable is the formation of the Police Department’s “Novato Response Team”, or NRT. This concept, initially funded by a 3-year Department of Justice grant, consists of three full-time sworn police officers and a Management Analyst. The team flexibly responds to a variety of neighborhood and quality of life issues, and address crime trends in Novato as they happen. The NRT team has addressed issues such as gangs, graffiti, prostitution, vandalism, and auto theft. The team also works closely with the owners of apartment complexes throughout Novato on the county’s first “Crime Free Multi-Family Housing Program”. The success of the program has led to the certification of several multi-family properties under this program have results show significant reductions in calls for service compared to previous years.

Commented [TOC2]: School resource officer?

**Police** - The Police Department funded several other programs with Measure F resources, including an ongoing Emergency Services contract with the Novato Fire Protection District and an additional officer assigned to the Northern California Computer Crimes Task Force (“NC3TF”). During the recession, the City eliminated its Emergency Services Manager position, leaving no dedicated resources for emergency planning and preparedness. Since the City maintains a joint emergency operations center with the Fire District, the two agencies have opted to share the cost of a contract individual to continue organizing and leading Novato emergency response preparedness efforts.

The City had provided a Police Officer to the NC3TF, and Measure F funded 22% of the officer's salary and benefits and related supplies and equipment. The officer provided specialized investigative services for high tech crimes, benefiting Novato residents with this highly technical training. Department of Justice Community Oriented Policing Servicing (COPS) grant funds the remaining 78% of the respective costs and expires in the 18/19 fiscal year and the position was subsequently eliminated on 12/31/17.

**Commented [TOC3]:** Is the school resource officer position expected to receive any F funding?

**Youth, Senior and Recreation Programs** – Services for both Novato's youth and senior populations were another focus of the ballot language of Measure F. Measure F funds brought on-campus afterschool programs to select Novato schools in a partnership with Novato Unified School District.

Beginning in 2015/16, the City increased funding for low-income and at-risk youth access to recreation programs. These funds enhance scholarship opportunities for underprivileged families and increase programs for these important target populations. The City continues to fund these programs and in FY 18/19 increased its budget from \$25,000 to \$30,000 for grants to low-income families and at-risk youth.

The Fiscal Sustainability Plan process identified several improvements that will increase recreational amenities for residents, reduce ongoing operating costs and generate additional ongoing revenue for Novato. Funded by Measure F in conjunction with several other sources, these improvements will significantly improve the Hill Recreation area adjacent to the Margaret Todd Senior Center. The Hill Master Plan improvements include bocce ball and pickle ball courts, a synthetic turf sports field, upgraded parking, and ADA accessibility improvements. The synthetic turf sports field will replace one existing athletic field and will reduce watering, maintenance, and increase the year-round availability of the field. The improvements at Hill are anticipated to make the facility more usable for the community year-round and generate additional revenue and maintenance cost-savings.

**Commented [TOC4]:** Can you provide more financial information here? The details for this project are in place and it is a significant expenditure. Providing more information would be helpful for the reader and provide some transparency as well.

**Parks and Street Maintenance** – Since its inception, Measure F has funded maintenance workers that have helped offset the over 30% in reductions that occurred in this area during the recession. In 2011/12, two maintenance workers were funded on a temporary basis, and in 2012/13 and 2013/14, that number was reduced to one funded maintenance worker. Beginning in 2014/2015, the original two maintenance workers have been included in the core staffing going forward with the assistance of the new countywide Measure A parks sales tax. In 2016/17, two additional maintenance workers funded from Measure F to bring staffing levels back closer to where they were before the recession. Additionally, in 2016/17, one-time funds were added to enhance the City's streets crack-filling program for raising the Pavement Conditions Index (PCI) and to complete various special and seasonal parks and island improvements. These additions have supplemented and augmented the quality of the landscape, park, median, and street maintenance throughout Novato that otherwise would have declined even further had Measure F dollars not been available.

**Commented [TOC5]:** Can a total expenditure for these positions be provided?

In addition, for FY17/18, the City continued its contract with the Novato Downtown Streets Team (DST). All the Team Members are volunteers who are homeless or at-risk of becoming homeless. Furthermore, the Downtown Streets Team has the inherent public benefit of a cleaner community engaging in beautification projects such as performing debris removal in the downtown corridor of Novato.

**Commented [TOC6]:** This is the only comment relevant to FY 17/18. We should include more information around the work funded in that fiscal year using F funds.

Three (3) capital improvement projects were initiated in 2014/15, funded by Measure F, designed to address pedestrian safety, traffic safety, and energy efficiency. The City began a pedestrian crossing safety pilot program to research the safety of crosswalks throughout Novato, recommend the most



critical crossings to upgrade, and provide information about what types of crossing upgrades are most suitable to each location. The project also included funding to install two test sites. Measure F also funded the design of a traffic signal improvement project to install battery backup and appropriate ADA improvements for all 31 City-owned traffic signals. All of these measures improve streets safety and maintenance for Novato. The three capital improvement projects were completed in FY2016/17. During FY2017/18, Public Works engineers had a 120V relay that electronically opens and closes traffic signal circuits installed at the recently opened Redwood Boulevard and Grant Avenue Transit Center Station to facilitate Marin Transit driver training.

In 2015/16, several grant-funded projects moved forward with the assistance of Measure F matching funds to improve pathways to schools.

The City also moved ahead with the third phase of its Streetlight Conversion Program, changing out all remaining streetlights to more energy-efficient LED bulbs. This project, identified in the Fiscal Sustainability Plan, will translate to significant ongoing energy savings for the City of at least \$130,000 per year and growing over time. With budgetary savings, this project was expanded in 2016/17 to add conversion of the lighting at City facilities to energy-efficient LED fixtures. In 2017/18, work began at The Landing at the Hamilton Field to remove and dispose of existing lamps and install new 34W Cree LED retrofit assemblies.

**Technology and City Operations** – A significant new investment for the City beginning in 2014/15 has been the first phase of projects identified in the Information Technology Master Plan. While Novato’s network infrastructure is current, a number of Novato’s software systems are either non-existent or over ten years old. A comprehensive review of the IT infrastructure was done in 2012 and 2013 to identify all City technology needs over a four-year period, prioritize those needs, establish budgets, and stage them for implementation. FY 2017/18, representing the fourth year of such investment, Staff has allotted approximately \$2.4M in both carry-over and new funding to the research, planning, and implementation of several major new technologies.

Accomplishments in 2017/18 in City technology projects include:

- **Enhanced customer service:**
  - Completed the Implementation of a new Parks and Recreation software system, including online registrations for classes and programs
  
- **Internal efficiencies:**
  - Completed the Finance ERP implementation with Tyler Technologies, a vendor specializing in public sector software solutions, to replace the City’s 20-year-old Finance / Payroll software and began implementation of the Financial Management module;
  - Launched Dell Remote Access Controller with Lifecycle Controller that provides a secure means to automate a large group of common server management tasks.
  - Contracted with Intentional Business Solutions to provide payment card security and compliance consulting for Parks, Recreation, and Community Services
  - Geographic Information System training from Vestra

**Economic Development** – As part of the City broader economic development strategy for the City identified the Hamilton Base Reuse and leveraged several different funding sources, including Measure F, to purchase over 90 acres of hilltop open space for \$500,000. This property surrounds the Marin

**Commented [TOC7]:** What improvements, deferred maintenance and work was funded in FY 17/18 using F funds?

**Commented [TOC8]:** There have been significant investments in infrastructure. I believe these should be called out.

WORKING DRAFT – February 19, 2019

Valley Mobile Country Club, an affordable senior community, and overlooks the Hamilton area and the wetlands west of Novato. This open space is utilized to trade development restrictions on some of the City's historic dilapidated buildings in Hamilton (such as the old Officers Club and Theater buildings) in order to complete the renovation and improvements to the Hamilton neighborhood. The City successfully completed this transition process and in FY2016/17 and began working with the Hamilton community on the vision for these historic properties. In 2018, the City successfully initiated an RFP process that culminated with an Exclusive Negotiation Agreement for the Commissary site for potentially \$6 million dollars.

Restoring an Economic Development program for Novato has included a strategic use of Measure F funds. The Measure F supported economic development program has worked to identify companies looking to relocate or expand, worked with and supported new and existing local businesses to find quality commercial space in Novato, and participated in regional outreach opportunities to targeted industries.

The Economic Development program has also championed the "Shop Local Novato" campaign, featuring a robust website and marketing campaign encouraging residents to shop here first and support their local Novato businesses. The Shop Local website and social media continued updates during 2017/18, featuring local businesses and adding fresh content regularly.

Ensuring a business-friendly environment for Novato by attracting business here, encouraging business retention and expansion has also been a major focus of Economic Development staff over the last 18 months. While our focus on the biotech sector remains a priority, ensuring key properties in our downtown and citywide are tenanted—and meeting with various stakeholders in support of their siting and expansion plans has been integral to our efforts. Stakeholder outreach includes owners of local businesses and business owners looking to relocate here, property owners, the Novato Chamber of Commerce, the Tourism and Government Affairs Committees hosting by the Chamber, the Downtown Novato Business Association and the Economic Development Advisory Commission.

Another critical program in the City's overall Economic Development strategy is the Hamilton Base Reuse program. With a limited-term Hamilton Base Reuse Director staff position, the program seeks to find the best uses for a variety of City-owned properties in Hamilton, including properties with historic structures. Recently, the City completed the transfer of the federal "lands to parks" restrictions from several important Hamilton properties. Through complex negotiations with multiple Federal Government agencies, the City successfully unencumbered these Hamilton properties and placed the restrictions on the recently purchased hilltop open space property surrounding the Marin Valley Mobile Country Club. The completion of this transaction has allowed the City to initiate a community process to determine the future uses for these historic properties and structures. During fiscal year 2017/18, the City issued an RFP for the City-owned Hamilton Commissary and Christmas Tree Hill parcels for the purpose of soliciting proposals to purchase or lease these historic sites.

#### *Investing in Novato's Fiscal Health and Stability*

**Future Risk and Economic Reserve Funds** – As part of the 2014/15 budget, the City Council set aside \$3 million in Measure F funds as a Risk Mitigation Reserve to guard against some future unknown costs or events. The economy has improved, but the City continues to proceed with caution. Separate from the

City's "Emergency & Disaster Response Reserve", this balance is set aside for mitigating economic impacts, State takeaways, unexpected pension investment losses, or future unforeseen mandatory expenses, among other contingencies. During fiscal year 2017/18, per City Council direction, the Risk Mitigation Reserve was formally moved from the Measure F fund to a separate, dedicated reserve.

**Future Community Projects** – As part of the 2017/18 budget, the City Council approved using \$3 million of unallocated Measure F funds over two fiscal years toward the Hill Recreation Area project, and \$1 million to acquire a fully integrated Computer-Aided Dispatch / Records Management System (CAD / RMS) for the Police Department. This system will replace the contract with Marin County that provides similar services offsite.

#### 2018/19 Measure F Budget

In June 2018, the City Council adopted the 2018/19 budget. Several limited term positions will continue to be funded from Measure F, including the Hamilton Base Reuse Director, Management Analyst, Business Analyst, Police Dispatcher, Police Records Clerk, Police Administrative Clerk, and two Maintenance Workers.

In addition, the budget supports a grant writer, the outsourcing of business license administration, a cannabis market study, building permitting software, and improvements to the Granicus meeting streaming functionality.

#### Measure C and Long-Term Sustainability for Novato

Since Measure F was adopted in 2010, the City Council has made it a priority to plan for and ultimately achieve long-term fiscal sustainability. Substantial research during 2012 and 2013 for the Fiscal Sustainability Plan highlighted a number of important financial realities for Novato. The Plan highlights what is different about Novato's situation compared to pre-recession times, and what the key fiscal issues will be for Novato as it looks to a sustainable future with high quality of life services.

- Infrastructure is aging and needs appropriate maintenance and repair at levels desired by residents, requiring an investment of over \$1 million annually to fund pothole repair, street and park maintenance, and maintenance of key City infrastructure.
- Increases in staff compensation to be more competitive in the labor market will enhance the City's ability to attract and retain a talented workforce; reduce training costs and loss of institutional knowledge; and enhance service delivery and quality over time.
- Regional competition for quality retail and economic development projects is strong and as a community Novato has limited commercially zoned space remaining.
- As a mostly built-out community, Novato will not have the large infusion of planning fees, permit fees, and development charges that occur with large projects that have historically helped to fund capital projects and amenities.

As a response to ~~this set of facts~~ ~~these issues~~ and a recognition of Novato's financial ~~realities~~ ~~challenges~~ ~~for~~ ~~in~~ the future, the City completed a multi-year planning process to chart the City's future course for both a fiscally and operationally sustainable Novato in the long term. The "Fiscal Sustainability Plan" adopted by the City Council in February 2014 and the 2014/15 budget began implementation of many of the programs outlined in the Plan. The Plan also anticipated and assumed that a new ongoing revenue source would be implemented in Novato to help fund these initiatives and programs in the end. As part

**Commented [TOC9]:** Please include more information on reserve funding levels. How did this \$3 million help? IE- "With this funding, the City is now funded at 15% of its annual operating budget which is in line with its Reserve Policy." This helps provide some context to the value and impact of the contribution.

**Commented [TOC10]:** This information can be combined with the Hill section I think

**Commented [TOC11]:** This should be moved to the "Police" section. A lot of people want to see how funds were allocated to public safety-putting the information all in one place helps to make it easily accessible.

**Commented [TOC12]:** Please explain why this is relevant to Measure F.

**Commented [TOC13]:** \$1MM annually for how long?

**Formatted:** No underline

**Commented [TOC14]:** This sentence does not appear to be grammatically correct.

**Commented [TOC15]:** End of what?

of the new 3 year Strategic Plan for FY18/19 through FY20/21, staff will be initiating a review and update of this Fiscal Sustainability Plan under the “A City that Works” section.

**Commented [TOC16]:** This work is complete. This paragraph should be updated with details from that work.

In 2015, the City Council unanimously placed Measure C, a ¼ cent sales tax (lasting for at least 20 years), on the ballot. Measure C was subsequently approved in November 2015 by 73% of Novato voters. While lower than the ½ cent generated by Measure F, Measure C does provide the city with a minimal amount of revenue that does prevent the City from future budget deficits. Additionally, it allows the City to maintain some basic services at a minimal level with little ability to increase services and no ability to increase staffing levels. The Measure C funding is approximately \$2.5 million in annual revenue to fund general City services and maintain service levels.

With the expiration of Measure F tax measure, Council incorporated the Measure C oversight responsibilities into a modified Committee, named the “Novato Citizens Finance Advisory / Oversight Committee.” The Committee encourages the City Council to have further discussions surrounding fiscal sustainability in the near future.

Conclusion

Adoption of the Measure F sales tax was crucial in addressing the financial crisis and bringing much-needed interim financial stability to Novato. An essential component of the City’s effort to ensure long-term fiscal and organizational sustainability, Measure F protected vital City services and allowed the City to continue to provide high-quality services. It prevented significant budget and service cuts that would have otherwise occurred, reinstated staff positions that were previously cut, and funded important services and programs for public safety, maintenance and infrastructure, economic development and our youth and seniors. Measure F also helped the City take advantage of grant opportunities and invest in the City’s economic growth and development.

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Balancing the demands of infrastructure replacement and investment; service delivery and program staffing levels; and maintaining competitive pay and benefits to retain a talented workforce will be an ongoing challenge for Novato. ~~With the ¼ cent Measure C revenues being lower than the ½ cent sales tax programmed in the Fiscal Sustainability Plan,~~ the City Council and City staff will need to continue monitoring the five-year forecast and making prudent budget decisions that balance General Fund revenues and expenditures.

**Commented [TOC17]:** Council and staff need to continue to monitor the five year forecast, etc because that it is a fundamental part of running a city-not because Measure C replaced Measure F.

After conducting a review of the Measure F revenues and expenditures for fiscal year 2017/18, this Annual Report is respectfully submitted to the Novato City Council and the Novato community by the Measure F Oversight / Citizens Finance Committee.

**Tim O’Connor, Chair**  
**Regina Bianucci Rus**

**David Bentley**  
**Rafelina Maglio**

WORKING DRAFT – February 19, 2019

**Cris MacKenzie**  
**Mark Milberg**

**Caitrin Devine**

DRAFT



**STAFF REPORT**

**MEETING**

**DATE:** March 21, 2019

**TO:** Novato Citizens Finance Advisory / Oversight Committee

**FROM:** Michael L. Antwine II, Assistant City Manager  
Mark Moses, Finance Consultant

**SUBJECT:** RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) AND ADMINISTRATIVE BUDGET FOR FISCAL YEAR 2019-2020

922 Machin Ave  
Novato, CA 94945-3232  
(415) 899-8900  
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**DISCUSSION**

**ROPS**

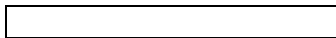
Pursuant to the Health and Safety Code §34177(o)(1), the successor agency to the former redevelopment agency is required to prepare a Recognized Obligation Payment Schedule (“ROPS”) annually, listing the anticipated payments for enforceable obligations to be made from July 1 through the following June 30. All ROPs must be approved by the Oversight Board. As of July 1, 2018, the oversight board responsibilities were transferred from the local Oversight Board (to the Successor Agency to the Redevelopment Agency of the City of Novato) to the Marin Countywide Oversight Board. The Marin Countywide Oversight Board now oversees all of the successor agencies to terminated redevelopment agencies in Marin County.

Once approved, the ROPS must be submitted to the California State Department of Finance by February 1 of each year. The City Council’s formal ratification of the ROPS is not required by the Oversight Board or the Department of Finance prior to its submission. The County auditor-controller allocates property tax increment to successor agencies to pay obligations listed on the ROPS and approved by the Department of Finance.

**PROCESS**

This is the first year of the consolidated Marin County Oversight Board process. Under this new Oversight Board process, the County will be the lead agency to DOF and be responsible for reviewing and approving each Successor Agency’s ROPS. There were no major changes to the ROPS for the 2019-2020 period.

On January 31, 2019, the Marin County Oversight Board approved the ROPS FY 2019-2020 and subsequently city staff submitted to the California State Department of Finance on February 1, 2019 in compliance with the submission deadline. Additionally, on February 12, 2019, the City Council acting as the Successor Agency of the former Novato Redevelopment Agency ratified the ROPS FY 2019-2020.



**ADMINISTRATIVE BUDGET**

The Successor Agency is required to submit an administrative budget to the Oversight Board for approval for each upcoming six-month fiscal period. The proposed Budget for 2019-2020 approved by the Marin County Oversight Board includes staffing costs for City employees carrying out the dissolution functions, and estimated costs for legal services, independent audit fees, and operations supplies and business expenses. Funds are requested on each ROPS to reimburse the City for administrative costs of operating the Successor Agency. The budget presented details a full fiscal year 2019-2020 budget of \$92,294. The admin budget increased slightly from prior years due to additional staff time associated with the review and analysis of the Successor Agency finances. These funds transfer into the General Fund as needed to cover the identified costs.

Below is a table showing the budget and breakdown of administrative costs:

<b>Personnel Costs</b>		
<u>Position</u>	<u>Total \$</u>	<u>Duties / Comments</u>
Finance Manager	13,610	- Preparation of annual ROPS - Oversight of all bond covenants and requirements - Preparation and submittal of annual continuing disclosure documents for all bond issues - Interaction with rating agencies and bond insurers as needed - Analysis of re-funding opportunities
Accounting Supervisor	11,881	- All professional accounting work associated with successor agency activities, assets, liabilities, and debts - Preparation for and oversight of the annual audit process - Annual budget process for successor agency-related expenditures
City Manager / Asst City Manager	3,500	- Review of staff reports, ROPS, City Council communications
Other staff	5,000	- Maintenance of the successor agency website; maintenance of Successor Agency records
<b>TOTAL</b>	<b>33,991</b>	
<b>Contracts / Supplies / Materials</b>		
Legal Counsel	15,000	- Specialized RDA law services - Legal counsel on RDA law, analysis of new legislation, etc - Analysis and support for outstanding obligations to be placed on future ROPS
Other Consulting	7,750	- Contracted accounting analysis and support to support PPA, ROPS & SA Fund Review
Audit Contract	8,440	- Provision of annual audit services to issue required financial statements
Outside Costs - System Implemen	12,500	- Complete transfer of data and documentation to new financial system
Office Supplies	1,000	- General office supplies and equipment
	-	
General admin overhead	13,613	- City of Novato HR, IT, office space, insurance services, etc.
<b>TOTAL</b>	<b>58,303</b>	
<b>Grand Total - FY 2019/20</b>	<b>92,294</b>	
<b>ROPS Period A</b>	<b>46,147</b>	
<b>ROPS Period B</b>	<b>46,147</b>	

**RECOMMENDATION**

Receive and File the annual Recognized Obligation Payment Schedule (“ROPS”) and Successor Agency administrative budget for fiscal year 2019-2020.

**ATTACHMENTS**

1. ROPS for the fiscal year 2019/20
2. ROPS Admin Budget FY 2019/20
3. Oversight Board Resolutions #3 & #4

**Recognized Obligation Payment Schedule (ROPS 19-20) - Summary**  
**Filed for the July 1, 2019 through June 30, 2020 Period**

**Successor Agency:** Novato  
**County:** Marin

<b>Current Period Requested Funding for Enforceable Obligations (ROPS Detail)</b>	<b>19-20A Total (July - December)</b>	<b>19-20B Total (January - June)</b>	<b>ROPS 19-20 Total</b>
<b>A Enforceable Obligations Funded as Follows (B+C+D):</b>	<b>\$ 664,041</b>	<b>\$ -</b>	<b>\$ 664,041</b>
B Bond Proceeds	-	-	-
C Reserve Balance	664,041	-	664,041
D Other Funds	-	-	-
<b>E Redevelopment Property Tax Trust Fund (RPTTF) (F+G):</b>	<b>\$ 2,512,139</b>	<b>\$ 1,978,921</b>	<b>\$ 4,491,060</b>
F RPTTF	2,465,992	1,932,774	4,398,766
G Administrative RPTTF	46,147	46,147	92,294
<b>H Current Period Enforceable Obligations (A+E):</b>	<b>\$ 3,176,180</b>	<b>\$ 1,978,921</b>	<b>\$ 5,155,101</b>

Certification of Oversight Board Chairman:  
Pursuant to Section 34177 (o) of the Health and Safety code, I  
hereby certify that the above is a true and accurate Recognized  
Obligation Payment Schedule for the above named successor  
agency.

\_\_\_\_\_  
Name Title

/s/ \_\_\_\_\_  
Signature Date





**Novato Recognized Obligation Payment Schedule (ROPS 19-20) - Report of Cash Balances**  
**July 1, 2016 through June 30, 2017**  
**(Report Amounts in Whole Dollars)**

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see [Cash Balance Tips Sheet](#).

A	B	C	D	E	F	G	H
		<b>Fund Sources</b>					
		<b>Bond Proceeds</b>		<b>Reserve Balance</b>	<b>Other Funds</b>	<b>RPTTF</b>	
	<b>ROPS 16-17 Cash Balances (07/01/16 - 06/30/17)</b>	Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS RPTTF and Reserve Balances retained for future period(s)	Rent, Grants, Interest, etc.	Non-Admin and Admin	<b>Comments</b>
<b>1</b>	<b>Beginning Available Cash Balance (Actual 07/01/16)</b> RPTTF amount should exclude "A" period distribution amount						
		2,200,185	1,700,000	591,541		-	
<b>2</b>	<b>Revenue/Income (Actual 06/30/17)</b> RPTTF amount should tie to the ROPS 16-17 total distribution from the County Auditor-Controller					3,717,282	
<b>3</b>	<b>Expenditures for ROPS 16-17 Enforceable Obligations (Actual 06/30/17)</b>			577,500		3,189,157	
<b>4</b>	<b>Retention of Available Cash Balance (Actual 06/30/17)</b> RPTTF amount retained should only include the amounts distributed as reserve for future period(s)					528,125	
		2,200,185	1,700,000	14,041			
<b>5</b>	<b>ROPS 16-17 RPTTF Prior Period Adjustment</b> RPTTF amount should tie to the Agency's ROPS 16-17 PPA form submitted to the CAC	No entry required					
<b>6</b>	<b>Ending Actual Available Cash Balance (06/30/17)</b> <b>C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)</b>						
		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	



**Novato RDA Successor Agency Budget - Fiscal Year 2019/20**

<b>Personnel Costs</b>					
<u>Position</u>	<u>FTE</u>	<u>Salary</u>	<u>Benefits</u>	<u>Total \$\$</u>	<u>Duties / Comments</u>
Finance Manager	0.075	10,884	2,726	13,610	Preparation of annual ROPS Oversight of all bond covenants and requirements Preparation and submittal of annual continuing disclosure documents for all bond issues Interaction with rating agencies and bond insurers as needed Analysis of re-funding opportunities
Accounting Supervisor	0.075	9,672	2,209	11,881	All professional accounting work associated with successor agency activities, assets, liabilities, and debts Preparation for and oversight of the annual audit process Annual budget process for successor agency-related expenditures
City Manager / Asst City Manager				3,500	Review of staff reports, ROPS, City Council communications
Other staff				5,000	Maintenance of the successor agency website; maintenance of Successor Agency records
<b>TOTAL</b>	0.15	20,556	4,935	<b>33,991</b>	

<b>Contracts / Supplies / Materials</b>			
Legal Counsel		15,000	Specialized RDA law services - Legal counsel on RDA law, analysis of new legislation, etc Analysis and support for outstanding obligations to be placed on future ROPs
Other Consulting		7,750	- Contracted accounting analysis and support to support PPA, ROPs & SA Fund Review
Audit Contract		8,440	Provision of annual audit services to issue required financial statements
Outside Costs - System Implementation		12,500	Complete transfer of data and documentation to new financial system
Office Supplies		1,000	General office supplies and equipment
		-	
General admin overhead		13,613	City of Novato HR, IT, office space, insurance services, etc.
<b>TOTAL</b>		<b>58,303</b>	

**Grand Total Successor Agency Admin Budget - FY 2019/20** **92,294**

**OB RESOLUTION NO. 2019-3**

**A RESOLUTION OF THE MARIN COUNTYWIDE SUCCESSOR AGENCY  
OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE FORMER  
REDEVELOPMENT AGENCY OF THE CITY OF NOVATO APPROVING THE  
SUCCESSOR AGENCY'S ADMINISTRATIVE BUDGET FOR THE PERIOD OF JULY  
1, 2019 THROUGH JUNE 30, 2020 PURSUANT TO HEALTH AND SAFETY CODE  
SECTION 34177(j)**

**WHEREAS**, the California state legislature enacted Assembly Bill x1 26 (the "Dissolution Act") to dissolve redevelopment agencies formed under the Community Redevelopment Law (Health and Safety Code Section 33000 et seq.); and

**WHEREAS**, pursuant to Health and Safety Code section 34173(d), the City of Novato ("Successor Agency") is the successor agency to the dissolved Redevelopment Agency of the City of Novato; and

**WHEREAS**, the Marin Countywide Successor Agency Oversight Board for the Successor Agency to the former Redevelopment Agency of the City of Novato ("Oversight Board") has been appointed pursuant to Health and Safety Code section 34179(j)-(m); and

**WHEREAS**, Health and Safety Code section 34177(j) requires the Successor Agency to prepare a proposed administrative budget ("Administrative Budget") and submit it to the Oversight Board for the Oversight Board's approval; and

**WHEREAS**, the Successor Agency staff has presented the Administrative Budget to the Oversight Board; and

**WHEREAS**, at its meeting of January 31, 2019, the Oversight Board reviewed and considered the Administrative Budget presented by the Successor Agency

**NOW, THEREFORE, THE OVERSIGHT BOARD DOES HEREBY RESOLVE  
AS FOLLOWS:**

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. CEQA Compliance. The approval of the ROPS through this Resolution does not commit the Oversight Board to any action that may have a significant effect on the environment. As a result, such action does not constitute a project subject to the requirements of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines Section 15061 (b)(3).

Section 3. Approval of the Administrative Budget. The Oversight Board hereby approves and adopts the Administrative Budget, in substantially the form attached to this Resolution as Exhibit A, pursuant to Health and Safety Code Section 34177.

Section 4. Severability. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Oversight Board declares that the Oversight Board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

Section 5. Certification. The Secretary on behalf of the Oversight Board, shall certify to the adoption of this Resolution

Section 6. Effective Date. This Resolution shall take effect at the time and in the manner prescribed in Health and Safety Code Section 34179(h).

**PASSED, APPROVED AND ADOPTED** this 31 day of January, 2019 by the following vote:

AYES: 5

NOES: 0

ABSENT: 0

ABSTAIN: 0

  
\_\_\_\_\_  
Chair, Oversight Board

ATTEST:

  
\_\_\_\_\_  
Oversight Board Secretary

**EXHIBIT A**

**SUCCESSOR AGENCY'S ADMINISTRATIVE BUDGET**

**[Attached behind this page]**



Novato RDA Successor Agency Budget - Fiscal Year 2019/20

Personnel Costs	Position	Total \$	Duties / Comments
Finance Manager		13,610	- Preparation of annual ROPS - Oversight of all bond covenants and requirements - Preparation and submittal of annual continuing disclosure documents for all bond issues - Interaction with rating agencies and bond insurers as needed - Analysis of re-funding opportunities
Accounting Supervisor		11,881	- All professional accounting work associated with successor agency activities, assets, liabilities, and debts - Preparation for and oversight of the annual audit process - Annual budget process for successor agency-related expenditures
City Manager / Asst City Manager		3,500	- Review of staff reports, ROPS, City Council communications
Other staff		5,000	- Maintenance of the successor agency website; maintenance of Successor Agency records
	<b>TOTAL</b>	<b>33,991</b>	

Contracts / Supplies / Materials		
Legal Counsel	15,000	- Specialized RDA law services - Legal counsel on RDA law, analysis of new legislation, etc - Analysis and support for outstanding obligations to be placed on future ROPs
Other Consulting	7,750	- Contracted accounting analysis and support to support PPA, ROPs & SA Fund Review
Audit Contract	8,440	- Provision of annual audit services to issue required financial statements
Outside Costs - System Implementatio	12,500	- Complete transfer of data and documentation to new financial system
Office Supplies	1,000	- General office supplies and equipment
General admin overhead	13,613	- City of Novato HR, IT, office space, insurance services, etc.
	<b>TOTAL</b>	<b>58,303</b>

Grand Total - FY 2019/20 92,294

ROPS Period A 46,147  
ROPS Period B 46,147



**OB RESOLUTION NO. 2019-4**

**A RESOLUTION OF THE MARIN COUNTYWIDE SUCCESSOR AGENCY  
OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE FORMER  
REDEVELOPMENT AGENCY OF THE CITY OF NOVATO APPROVING A  
RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) FOR FICAL YEAR  
2019-20**

**WHEREAS**, the California state legislature enacted Assembly Bill x1 26 (the “Dissolution Act”) to dissolve redevelopment agencies formed under the Community Redevelopment Law (Health and Safety Code Section 33000 et seq.); and

**WHEREAS**, pursuant to Health and Safety Code section 34173(d), the City of Novato (“Successor Agency”) is the successor agency to the dissolved Redevelopment Agency of the (insert entity); and

**WHEREAS**, the Marin Countywide Successor Agency Oversight Board for the Successor Agency to the former Redevelopment Agency of the city of Novato (“Oversight Board”) has been appointed pursuant to Health and Safety Code section 34179(j)-(m); and

**WHEREAS**, Health and Safety Code section 34180(g) requires the Oversight Board to approve the Successor Agency’s establishment of the ROPS prior to the Successor Agency acting upon the ROPS; and

**WHEREAS**, SB 107 adopted on September 22, 2015 replaced the six-month ROPS with an annual ROPS; and

**WHEREAS**, the Successor Agency staff has presented the ROPS 2019-20 for fiscal year 2019-20 (ROPS 2019-20); and

**WHEREAS**, at its meeting of January 31, 2019, the Oversight Board reviewed and considered the ROPS 2019-20 presented by the Successor Agency

**NOW, THEREFORE, THE OVERSIGHT BOARD DOES HEREBY RESOLVE  
AS FOLLOWS:**

**SECTION 1.** Recitals. Oversight Board hereby finds, resolves, and determines that the foregoing recitals are true and correct, and, together with information provided by the Successor Agency staff and the public, form the basis for the approvals, findings, resolutions, and determinations set forth below.

**SECTION 2.** CEQA Compliance. The approval of the ROPS through this Resolution does not commit the Oversight Board to any action that may have a significant effect on the environment. As a result, such action does not constitute a project subject to the requirements of the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines Section 15061 (b)(3).

PASSED, APPROVED AND ADOPTED THIS 31 day of January, 2019, by the following vote:

AYES: 5

NOES: 0

ABSENT: 0

ABSTAIN: 0

  
Chair, Oversight Board

ATTEST:

  
Oversight Board Secretary

Recognized Obligation Payment Schedule (ROPS 19-20) - Summary  
 Filed for the July 1, 2019 through June 30, 2020 Period

\_\_\_\_\_  
 Novato  
 \_\_\_\_\_  
 Marin  
 \_\_\_\_\_

Successor Agency:  
 County:

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)      19-20A Total      19-20B Total      ROPS 19-20 Total

	19-20A Total	19-20B Total	ROPS 19-20 Total
A Enforceable Obligations Funded as Follows (B+C+D):	\$ 664,041	\$ -	\$ 664,041
B Bond Proceeds	-	-	-
C Reserve Balance	664,041	-	664,041
D Other Funds	-	-	-
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G):	\$ 2,512,139	\$ 1,978,921	\$ 4,491,060
F RPTTF	2,465,992	1,932,774	4,398,766
G Administrative RPTTF	46,147	46,147	92,294
H Current Period Enforceable Obligations (A+E):	\$ 3,176,180	\$ 1,978,921	\$ 5,155,101

Certification of Oversight Board Chairman:  
 Pursuant to Section 34177 (o) of the Health and Safety code, I hereby certify that the above is a true and accurate Recognized Obligation Payment Schedule for the above named successor agency.

\_\_\_\_\_  
 Matthew H. Hymel,  
 Chair  
 \_\_\_\_\_  
 Name  
 \_\_\_\_\_  
 Signature  
 \_\_\_\_\_  
 Date 2/11/19



Novato Recognized Obligation Payment Schedule (ROPS 19-20) - ROPS Detail

July 1, 2019 through June 30, 2020

(Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K	19-20A (July - December)					Q	19-20B (January - June)					W
											Fund Sources						Fund Sources					
											L	M	N	O	P		R	S	T	U	V	
Item #	Project Name/Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	ROPS 19-20 Total	Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	19-20A Total	Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	19-20B Total
1	2005 Tax Allocation Bonds ****	Bonds Issued On or Before	3/24/2005	9/1/2034	US Bank	Bonds issued to fund housing proj.	Merged	\$ 70,410,540	N	\$ 5,155,101	\$ 0	\$ 664,041	\$ 0	\$ 2,465,992	\$ 46,147	\$ 3,176,180	\$ 0	\$ 0	\$ 0	\$ 1,932,774	\$ 46,147	\$ 1,978,921
2	2005A Tax Allocation Housing Bonds	Bonds Issued On or Before	3/24/2005	9/1/2034	US Bank	Bonds issued to fund housing proj.	Merged	23,524,997	N	\$ 2,112,784		650,000		1,106,742		\$ 1,756,742				358,042		\$ 358,042
3	2011 Tax Allocation Bonds ****	Bonds Issued After 12/31/10	3/23/2011	9/1/2040	US Bank	Bonds issued to repay City loans	Merged	32,936,690	N	\$ 1,291,909				785,000		\$ 785,000				506,909		\$ 506,909
5	CIEDB Loan	Third-Party Loans	12/17/2002	2/1/2032	Wells Fargo MN, N.A.	Downtown streetscape work	Merged	2,687,145	N	\$ 206,703				36,348		\$ 36,348				170,355		\$ 170,355
6	Contract - North Marin Community Services (Novato Human Needs name change)	Miscellaneous	8/2/2001	6/30/2022	North Marin Community Services	Homeless services	Merged	369,121	N	\$ 133,628				66,814		\$ 66,814				66,814		\$ 66,814
7	Successor Agency Administration	Admin Costs	2/1/2012	6/30/2041	City of Novato as Succ. Ag.	Admin costs: staff, audit, legal, office space, etc.	Merged	67,394	N	\$ 92,294					46,147	\$ 46,147					46,147	\$ 46,147
8	Debt Service Reserve	Reserves	1/1/2013	6/30/2034	Various	Reserve to Fund August Debt Service	Merged	650,000	N	\$ 680,000						\$ -				680,000		\$ 680,000
10	Pension Obligation Bonds	Bonds Issued On or Before	6/29/2006	6/1/2035	Wells Fargo Bank, N.A.	POB Debt Obligation for former RDA employees	Merged	708,134	N	\$ 30,807				30,807		\$ 30,807						\$ -
15	Flood District MOU	Improvement/Infrastructure	6/22/1999	6/30/2019	Marin Co. Flood Cont. Dist.	Payment of Existing MOU Fund Balance	Merged	14,041	N	\$ 14,041		14,041				\$ 14,041						\$ -
16									N	\$ -						\$ -						\$ -
17									N	\$ -						\$ -						\$ -
18									N	\$ -						\$ -						\$ -
19									N	\$ -						\$ -						\$ -
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**Novato Recognized Obligation Payment Schedule (ROPS 19-20) - Report of Cash Balances**  
**July 1, 2016 through June 30, 2017**  
**(Report Amounts in Whole Dollars)**

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see Cash Balance Tips Sheet.

A	B	C	D	E	F	G	H
		<b>Fund Sources</b>					
		<b>Bond Proceeds</b>		<b>Reserve Balance</b>	<b>Other Funds</b>	<b>RPTTF</b>	
	ROPS 16-17 Cash Balances (07/01/16 - 06/30/17)	Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS RPTTF and Reserve Balances retained for future period(s)	Rent, Grants, Interest, etc.	Non-Admin and Admin	<b>Comments</b>
1	<b>Beginning Available Cash Balance (Actual 07/01/16)</b> RPTTF amount should exclude "A" period distribution amount						
		2,200,185	1,700,000	591,541		-	
2	<b>Revenue/Income (Actual 06/30/17)</b> RPTTF amount should tie to the ROPS 16-17 total distribution from the County Auditor-Controller						
						3,717,282	
3	<b>Expenditures for ROPS 16-17 Enforceable Obligations (Actual 06/30/17)</b>						
				577,500		3,189,157	
4	<b>Retention of Available Cash Balance (Actual 06/30/17)</b> RPTTF amount retained should only include the amounts distributed as reserve for future period(s)						
		2,200,185	1,700,000	14,041		528,125	
5	<b>ROPS 16-17 RPTTF Prior Period Adjustment</b> RPTTF amount should tie to the Agency's ROPS 16-17 PPA form submitted to the CAC	No entry required					
6	<b>Ending Actual Available Cash Balance (06/30/17)</b> C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)						
		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	





**BUDGET CALENDAR  
OPERATING/CIP BUDGETS  
FISCAL YEAR 2019/20  
Version #2**

<u>Day</u>	<u>Date</u>	<u>Time</u>	<u>Meeting/Process</u>
Week	Jan 28	N/A	<b>Mid-Year Budget Meeting: Review</b> FY 18/19 with departments: <ul style="list-style-type: none"> <li>• Review budget line-item variances</li> <li>• Review current year revenue and expenditure projections</li> <li>• Review Purchase Order process and accruals</li> </ul>
Week	Jan 31	7:30am	Finance Committee Meeting: FY 18/19 Mid-Year Budget Presentation
Thu	Jan 31	10:00-11:30am	<b>Budget Kick-off Meeting</b> Womack Conference Room Discuss FY 19/20 Budget Development
Week	Feb 4 & 11	N/A	Finance, ACM, City Manager Mid-Year budget prep work tasks
Mon	Feb. 11	5:00pm	FY 2019 Dept. revenue & expenditures projections <b>DUE</b> Use dept. template at <a href="T:\Budget\Budget 2019-20">T:\Budget\Budget 2019-20</a>
Tues	Feb 26	6:30pm	<b>Council Meeting:</b> FY 18-19 Mid-Year Budget Adjustment and 5-year forecast
Thu	Feb 14	5:00pm	FY 19/20 Budget Requests <b>DUE</b> <ul style="list-style-type: none"> <li>• Use dept. template at: <a href="T:\Budget\Budget 2019-20">T:\Budget\Budget 2019-20</a></li> </ul>
Thu	Feb 28	5pm	FY 19/20 Revenue estimates <b>DUE</b> <ul style="list-style-type: none"> <li>• Use dept. template at: <a href="T:\Budget\Budget 2019-20">T:\Budget\Budget 2019-20</a></li> </ul>
Week	Mar 4-7	TBD	<b>City Manager Budget Meetings #1</b> with Depts: <ul style="list-style-type: none"> <li>• Discuss budget requests</li> <li>• Budget issues/concerns</li> <li>• Power Point template available for departments edits for council work sessions on April 9 and April 23, through SharePoint</li> <li>• Discuss program and projects for community survey</li> </ul>
Week	Mar 4-7	TBD	<b>CIP Budget Meeting</b> <ul style="list-style-type: none"> <li>• Review current CIP projects</li> <li>• Discuss proposed projects for FY 19/20</li> <li>• Prepare for City Manager meeting</li> </ul>

**BUDGET CALENDAR  
OPERATING/CIP BUDGETS  
FISCAL YEAR 2019/20  
Version #2**

<u>Day</u>	<u>Date</u>	<u>Time</u>	<u>Meeting/Process</u>
Week	Mar 18-21	TBD	<b>City Manager Budget Meetings #2</b> with Depts: <ul style="list-style-type: none"> <li>• Finalize FY 19/20 budget revenue and appropriation estimates</li> <li>• Finalize City Manager budget recommendations</li> <li>• Department submit updates to personnel allocation tables to finance</li> <li>• Dept final intra-department appropriation transfers</li> </ul>
Week	Mar 18	N/A	Departments begin work on: <ul style="list-style-type: none"> <li>• Program Narratives, Achievement and Goals based on Council new Strategic Plan</li> </ul>
Mon	Mar 25	5:00pm	Departments submit draft Power Point slides for April 9 and April 23 Council budget presentations
Sat	Mar 23/30	TBD	Community Budget Workshop/Presentation (2)
Thu	Mar 21/28	TBD	Finance Committee: Review FY 19/20 preliminary budget
Thu	Apr 4	10:00 am	PW provide Power Point slides for April 23 Council work session for CIP budget presentation.
Tue	Apr 9	6:30 pm	<b>Council Meeting:</b> Operating Budget presentations (PRCS, PD, CDD, ASD, CA) at Council work session.
Mon	Apr 15	5 pm	Departments submit to Finance: <ul style="list-style-type: none"> <li>• Operating Budget Narrative</li> <li>• Department and division description</li> <li>• Accomplishment, goals and organization charts</li> </ul>
Tue	Apr 23	6:30pm	<b>Council Meeting:</b> CIP presentation w/overview of projects, funding and priorities at Council work session
Thu	Apr 25	TBD	Final review of department budget appropriations
Thu	May 2	TBD	Finance Committee: Final review FY 19/20 preliminary budget
Mon	May 6	TBD	Budget Meetings with Marin Valley Mobile Country Club (MVMCC)



**BUDGET CALENDAR  
OPERATING/CIP BUDGETS  
FISCAL YEAR 2019/20  
Version #2**

Mon	Apr 29	10:00 am	CIP staff provides final revenues and expenditures budget numbers, and project detail to Finance
Tue	May 7	6:30 pm	<b>Council Meeting:</b> Final FY 19/20 budget direction at Council work session
Thu	May 16	TBD	Finance Committee: FY 19/20 update budget per council direction (if needed)
Tue	May 21	5:00 pm	Distribute proposed budget to Council and staff
Thu	May 23	TBD	City Manager to prepare budget message
Tue	Jun 11	6:30 pm	<b>Council Meeting/Public Hearing#1</b>
Week	Jun 11/18	TBD	Finance to make any changes to proposed budget based on public hear council comments
Tue	Jun 25	6:30 pm	<b>Council Meeting/Public Hearing #2:</b> Budget Adoption
Fri	Jun 28	N/A	FY 18/19 End of Fiscal year



## STAFF REPORT



THE CITY OF  
NOVATO  
CALIFORNIA

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### MEETING

DATE: March 21, 2019

TO: Citizen's Finance Advisory/Oversight Committee

FROM: Michael L. Antwine II, Assistant City Manager  
Mark Moses, Finance Consultant

PRESENTER: Michael L. Antwine II, Assistant City Manager

SUBJECT: **Section 115 Combination Pension and OPEB Trust**

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### REQUEST

Provide feedback regarding staff recommendation on the selection of a Plan Administrator for a Section 115 Pension Trust for staff to bring to Council on March 26, 2019.

### DISCUSSION

The rising costs of defined benefit pension and retiree medical benefits have significantly constrained local government's ability to budget the resources necessary to satisfy its financial obligations. On May 29, 2013, the City entered into an agreement with PARS to establish a Health Care Plan Trust, in order to ensure adequate funding of retiree medical benefits (OPEB).

The sharp rise of pension costs over the past few years due to CalPERS increases and adjustments to the discount rate applied to local governments has exacerbated the challenge. Novato's City administration has acknowledged the fiscal impact of the CalPERS funding changes and, with the approval of City Council on February 26, 2019, has selected PARS as Trust Administrator for a new Section 115 Combination Trust. As with the original OPEB Trust, the Combination Trust establishes a financial mechanism through which the City can fund its defined benefit pension obligations with flexible investing and funding options.

On February 26, 2019, the City Council approved the selection of PARS as the Trust Administrator for a new Section 115 Combination Trust. One of the distinct advantages of working with PARS is that, since the City established its OPEB trust with PARS six years ago, PARS began to offer a combined Pension-OPEB Trust that puts both trusts under one Plan. Monies deposited into and withdrawn from the Trust are segregated for the purposes of investment strategy implementation and reporting. This structure will provide the City with maximum flexibility for the funding of both obligations with efficient administration, and will result in lower fees.

In addition, the City will be paying fees to U.S. Bank to act as the Trustee (custodian of assets and fiduciary oversight) and HighMark, (investment management) as a sub-advisor to the Trustee. Both the agreement with PARS (Exhibit A to the Resolution) and the Discretionary Trustee Fee

Schedule (attached to staff report) provide for annual fees based on the size of plan assets as follows:

TRUST ADMINISTRATION/CONSULTING FEES

Trust administration fees provide for all plan administration services, including compliance monitoring, consulting, recordkeeping, funding analysis, and reporting.

COMPANY	ONGOING FEE
PARS	0.25% for assets under \$10 million 0.20% for assets \$10-15 million 0.15% for assets \$15-50 million 0.10% for assets over \$50 million

DISCRETIONARY TRUSTEE/INVESTMENT MANAGEMENT FEES

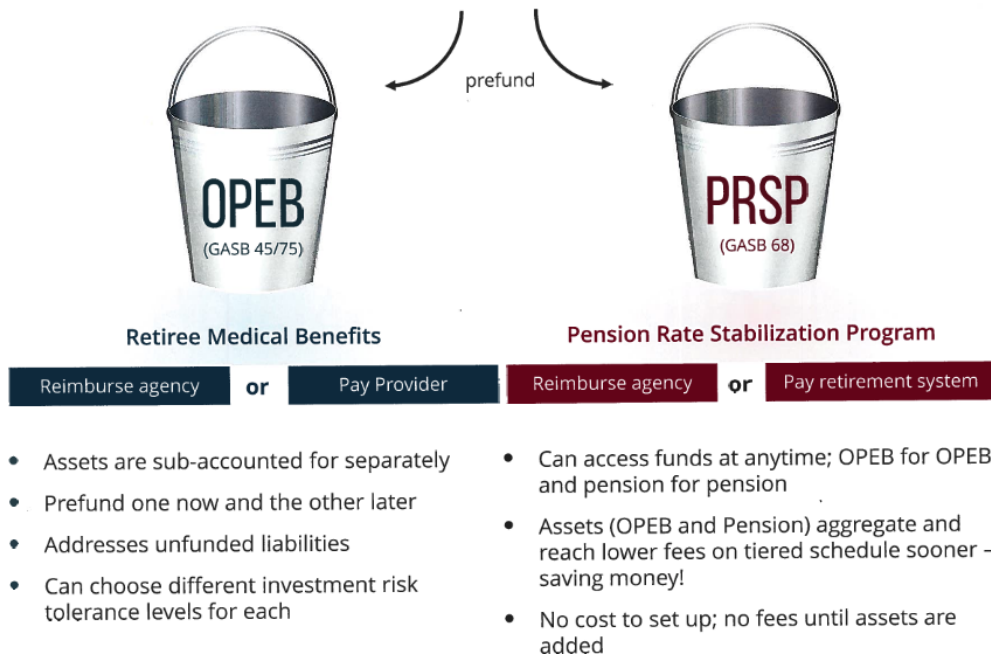
Trustee and investment management fees are comprehensive and include investment policy development, asset allocation recommendations, asset management, and all custodial services.

COMPANY	ONGOING FEE
U.S. BANK/HIGHMARK	0.35% for assets under \$5 million* 0.25% for assets \$5—\$10 million 0.20% for assets \$10—\$15 million 0.15% for assets \$15—\$50 million 0.10% for assets over \$50 million

Embedded fund fees for investment management services are charged on the funds within each portfolio, and are netted out of the performance returns.

INVESTMENT PORTFOLIO	OPERATING EXPENSE RATIO	
	ACTIVE	PASSIVE
CAPITAL APPRECIATION	0.48%	0.14%
BALANCED	0.46%	0.13%
MODERATE	0.44%	0.12%
MODERATELY CONSERVATIVE	0.41%	0.10%
CONSERVATIVE	0.39%	0.09%

# THE PARS IRS-APPROVED COMBINATION 115 TRUST



## **PUBLIC OUTREACH**

Although its meeting schedule has not allowed its members to participate in the selection process or in the establishing of the new Combination Trust, the Novato Citizen’s Finance Advisory/Oversight Committee has been kept advised of this process. Staff will also solicit the Committee’s feedback and input once we begin development of a funding strategy as part of the FY 2019-2020 budget process.

## **FISCAL IMPACT**

There is no setup cost associated with participation in the Section 115 Combination Trust through PARS. Therefore, there is no direct fiscal impact associated with proceeding with joining this Trust that would impact either the current OPEB assets or any new Pension assets. The actual funding of the new trust will have a fiscal impact that will be part of the city’s annual budget process.

## **RECOMMENDATION**

Provide feedback regarding staff recommendation on the selection of PARS as the preferred Plan Administrator for a Section 115 Pension Trust for staff to bring to Council on March 26, 2019

## **ATTACHMENTS**

1. Trustee-Investment Management Fee Schedule

# Discretionary Trustee Fee Schedule

## PARS Pension / OPEB Trust Program

This document is entered into by client and U.S. Bank National Association ("U.S. Bank"), as trustee.

### Discretionary Trustee Fees

Discretionary Trustee Fees are based on the Investment Strategy you select. Following is a list of the Discretionary Trustee Fees applicable to each Investment Strategy:

- **Liquidity – First American U.S. Treasury Money Market** – Fund level fees only (see prospectus)
- **Liquidity – First American Prime Obligation Fund Class Z** – Fund level fees only (see prospectus)
- **Diversified Portfolios (Conservative, Moderately Conservative, Moderate, Balanced, Capital Appreciation, Custom)**

Per Annum Charges\*

.35% on the first	\$5,000,000
.25% on the next	\$5,000,000
.20% on the next	\$5,000,000
.15% on the next	\$35,000,000
.10% on all over	\$50,000,000

\*Waived for plan assets invested in First American Funds.

### Other Fees

First American Funds (see prospectus)

### Payment of Fees

- Market values used for fee calculations on fee invoices may differ slightly from market values on client statements due to posting of accruals, late pricing of securities and/or other timing issues.
- Fees are calculated and charged to the account monthly. If account cannot be charged after 30 days, fees not paid will be subject to a late charge of 1% per month on the unpaid balance.
- Changes to this Fee Schedule may be made at any time by U.S. Bank upon a sixty (60) days notice.

### Acknowledged and Approved

Public Agencies Post-Employment Benefits Trust	
Name of Plan/Trust	Name of Employer
Print Name of Authorized Signer for Employer	Title of Authorized Signer for Employer
Signature of Authorized Signer for Employer	Date

U.S. Bank and its representatives do not provide tax or legal advice. Each client's tax and financial situation is unique. Clients should consult their tax and/or legal advisor for advice and information concerning their particular situation.