



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

THE CITY OF  
NOVATO  
CALIFORNIA

held by

**TELECONFERENCE MEETING**

922 Machin Avenue  
Novato, CA 94945  
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[www.novato.org](http://www.novato.org)

**August 27, 2020  
7:30 AM**

**MINUTES**

Chair  
Rafelina Maglio  
Vice Chair  
Mark Milberg  
Committee Members  
Regina Bianucci Rus  
Caitrin Devine  
Cris MacKenzie  
Tim O'Connor

**A. CALL TO ORDER**

Meeting called to order at 7:33 a.m.

Committee Members Present:

Chair Rafelina Maglio, Vice Chair Mark Milberg  
Committee Members: Regina Bianucci Rus, Cris MacKenzie,  
Tim O'Connor

Staff Members Present:

Finance Director Amy Cunningham, Payroll/Accounting Technician  
Susanna Castillo.

**B. APPROVAL OF FINAL AGENDA**

Motion to approve agenda. Motion to approve, seconded. **Approved.**  
**Ayes: 5,** (Bianucci Rus, Maglio, MacKenzie, Milberg, O'Connor)  
Noes 0, Absent 1, (DeVine)

**C. PUBLIC COMMENT – NO PUBLIC COMMENT**

**D. COMMITTEE ORGANIZATIONAL ITEMS**

**D-1: APPROVAL OF JULY 16, 2020 MINUTES**

Motion to approve minutes. Motion seconded.  
**Approved:** (Bianucci Rus, Maglio, MacKenzie, Milberg, O'Connor)  
**Ayes: 5,** Noes 0, Absent 1 (DeVine)

**E. GENERAL BUSINESS**

**E-2: DISCUSSION ITEMS:**

**E-2.1: FINANCE ACTIVITIES UPDATE - Amy Cunningham**

- **FY 18/19 CAFR** – The Finance Department is planning to finalize the trial balance and send it to the auditors next week. Absent significant follow up from the auditors, Staff expects the CAFR will be finalized this fall.
- **TOT** – On July 28<sup>th</sup> Council unanimously voted to place a TOT measure on the November 3<sup>rd</sup> ballot. The deadline to file

arguments for and against the measure has passed. The Finance Committee Chair, along with other members of the community, signed a letter in support of the measure on behalf of the Committee. This letter will appear on the ballot. No arguments against the measure were filed. As the Council has voted to place the measure on the ballot, Staff's role now is strictly to provide education/information on the measure. The County has assigned the measure title – Measure Q.

- **FINANCE RECRUITMENTS** – Two Accountant Analyst recruitments have been completed since April 2020 and both have been unsuccessful. The first recruitment for Accounting Supervisor was unsuccessful, and the second recruitment closes on 9/9/20. Interviews will be scheduled as quickly as possible after the application close period. Staff is also considering modernizing these position descriptions and titles to better align with other municipal agencies and make them more competitive. Any changes such as this will require Council consideration and approval.

Cris MacKenzie asked if other cities are able to help out our City. Amy mentioned that she has done something like this in the past. Unfortunately the pandemic adds complexity to the situation now as people are concerned about being exposed to the virus, or having their employees being exposed.

Rafelina asked if we provide training. Amy said that the City does provide training. A part-time person was recently hired to assist with New World training and other special projects. She has been a great resource for the Finance Department. She will be available more starting mid-September. In addition, a former employee has returned to the department and has also been a great resource for new staff in learning and navigating New World. This employee has been assisting with the backlog of accounting work and has been helpful in catching up several areas.

- **POTENTIAL COVID-19 EMERGENCY REIMBURSEMENTS**  
The City is expected to receive \$663,000 in CARES Act reimbursements. The funds will be received in phases over the next year. September 1<sup>st</sup> is the first reimbursement reporting deadline.
- **FUTURE CALENDAR ITEMS FOR COMMITTEE CONSIDERATION**

Regina would like to consider a sales tax increase.

Mark suggested a meeting with the City Manager regarding community volunteer efforts to beautify the City. Regina supported the idea of volunteerism to help around the community.

Rafelina would like to discuss more revenue generating ideas for the City, including those Council directed Staff to study:

Measure Q (TOT), solid waste franchise, sales tax, Hamilton Trust, and Sale of City Property.

Cris suggested working with Marin Community Clinic to see about anyone willing to contribute help with volunteers.

Tim recommended the Committee support an update to the City's Fiscal Sustainability Plan. Cris agreed.

No public comments were received.

## **E-2.2 FY 20/21 BUDGET OVERVIEW – Amy Cunningham**

There will be an approximate \$5.7 million deficit for this fiscal year. At the September 29th Council meeting the Council will consider revisions to the FY20/21 Carry Over Budget.

The sales tax revenue update is not yet available. The original projection was likely too optimistic because it assumed the reopening of the business community in June. Costco, Target and Amazon sells are doing well. Online sales have been performing extremely well.

Staff is watching the value of commercial properties to see if they will hold value. Many employees have not returned to work in office buildings, and there are reports that many companies are letting their leases lapse in other communities. Specific information about the Novato market is not currently known.

Staff is expecting revised TOT estimates from the consultants prior to the Council budget revise meeting.

Staff will likely not have a good understanding of the impact of Business License revenue until the renewal period in January 2021.

In July, ten City employees took advantage of the Voluntary Early Separation Program (VESP). Staff is evaluating the existing vacancies and overall City services to determine next steps in addressing the deficit. As over 70% of the City's General Fund budget is comprised of personnel costs, meaningful budget reductions cannot be made without focusing in this area.

The current (conservative) estimate is that the City has about \$10.4 million in reserves, prior to applying any FY20/21 deficit.

No public comments were received.

## **F. COMMITTEE / STAFF COMMENTS**

**ITEM F IS OPEN TO COMMUNITY COMMENTS – NO HANDS RAISED  
NO COMMUNITY COMMENTS RECEIVED.**

Mark asked if reserves can be used to offset the projected deficit. Amy said the use of reserves is allowable for emergency situations such as the pandemic but ultimately the decision is up to the Council.

Cris wanted to know if the one-time money of \$6.5 million is included in the operating budget or the \$10.4 million-dollar reserves. Amy stated that revenue is not included in the current assumptions. In terms of potential additional review, Staff has identified the \$6.5 million in one-time money and \$663,000 from CARES Act reimbursement. Amy also stated that Council policy states 15% of the general fund expense should be held in the emergency reserves.

Tim asked what the potential vacancy savings are from the VESP and other vacant positions. Amy estimated that the savings could be around \$2 million.

Regina is requesting a review of the Measure F report be placed on the September agenda.

Mark suggested that the meetings should end by 9 a.m.

## **G. FUTURE MEETINGS**

**G-1. SEPTEMBER 17, 2020, 7:30 a.m.**

## **H. ADJOURNMENT**

Meeting adjourned at 9:00 am.