



Novato Citizens Finance Advisory/Oversight Committee

Minutes

Thursday, January 20, 2022 – 7:30 AM

Teleconference Only

A. CALL TO ORDER AND ROLL CALL

The meeting was called to order by Chair Maglio at 7:33 A.M.

Committee Members Present: Regina Bianucci Rus, Caitrin Devine, Cris MacKenzie, Tim O'Connor, Andy Zmyslowski, and Chair Rafelina Maglio

Staff Present: Finance Director Amy Cunningham, HR Management Analyst Greg Canfield

B. APPROVAL OF FINAL AGENDA

Commission Action: Upon motion by Committee Member O'Connor, and seconded by Committee Member Bianucci Rus, the Committee voted 6-0-0-0 to approve the final agenda.

Ayes: Bianucci Rus, Devine, MacKenzie, Maglio, O'Connor, Zmyslowski

Noes: None

Abstain: None

Absent: None

Motion Carried

C. PUBLIC COMMENT

None

D. CONSENT ITEMS

D.1. Approve the Meeting Minutes from November 18, 2021

Committee Action: Upon a motion by Committee Member Zmyslowski and seconded by Committee Member O'Connor, the Committee voted 6-0-0-0 to approve the Meeting Minutes from November 18, 2021 with the following changes:

- Chair Maglio's term as Chair will be extended to January 1 through June 30, 2022.
- Committee Member MacKenzie will step in as Vice Chair from January 1 through June 30, 2022 and then will serve as Chair from July 1 through December 31, 2022.
- The Vice Chair Election for the July 1 through December 31, 2022 term will be agendized in May or June of 2022.

Ayes: Bianucci Rus, Devine, MacKenzie, Maglio, O'Connor, Zmyslowski

Noes: None

Abstain: None

Absent: None

Motion Carried

E. UNFINISHED AND OTHER BUSINESS

E.1. Discuss and Appoint 2022 Committee Chair and Vice Chair

This item will be agendized at the May or June Committee Meeting.

F. GENERAL BUSINESS

F.1. Update from the Ad Hoc Committee for Fiscal Sustainability

Committee Member Bianucci Rus provided an update on her continued focus of addressing the City's structural deficit and finding ideas for projects to generate more revenue for the City.

She shared that she attended the December EDAC meeting and spoke about the idea of creating a home-improvement mini-mall area in the North Redwood corridor and bringing a larger retail store to Novato.

Committee Member Bianucci Rus suggested looking into the success of Whole Foods coming to Novato; this project was community driven, staff assisted, and supported by local businesses.

Committee Member Zmyslowski located a working copy of the 2013-14 Fiscal Sustainability Options Tool and discovered that the primary formulas are intact. He is reaching out for assistance in modernizing the tool by factoring in more current options and data from the past few years as well as financial forecasts for the next few years.

Committee Member Zmyslowski asked to distribute the tool to the Finance Committee to receive feedback; Staff Liaison Cunningham stated that the tool should be an agenda

item at the next meeting to allow access by Committee Members and members of the public.

Several Committee Members expressed interest in looking at the Fiscal Sustainability Options Tool, wanted to know how the tool will be used, and if the tool was used in the past.

A Committee Member explained that the Tool was used to create “what-if” scenarios with various revenue options to see what results would be generated based on salary, pension, and capital project changes.

Committee Members recommended community education about the tool, a demonstration, and an interactive session before making the tool available on the City’s website. In the short-term, the tool could be used in the budget cycle meetings/workshops and then rolled out to the community with requests for input for the mid-to-long-term goals of the City.

A Committee Member also commented on the need to have a dedicated Economic Development employee. Staff Liaison Cunningham commented that in the past year the City has hired an Economic Development Manager, Will Morat, who has been working with EDAC and local businesses.

The Ad Hoc Committee will continue to provide updates at future meetings.

F.2. Update on Finance Department Activities by Staff Liaison, Amy Cunningham

Audit Update: the auditors are still scheduled for their review the week of February 14th and have requested the first fifty items for FY 19/20; staff can supply 85-95% of what’s requested by the January 31st deadline.

In going through the financial software, staff found that additional clean-up is required in 17/18 and 18/19 in New World. Staff are making corrections, primarily by closing out old Purchase Orders. This is having a positive impact on fund balances by freeing up encumbered funds that are no longer needed.

A Committee Member asked for the year in which the City has a hard close supported by audited filed financial statements. Staff Liaison Cunningham explained that would likely be 2016/2017, the year when the City transitioned to New World. Moving forward, staff have completed training with New World for cleaning up and reviewing settings so that processes flow more efficiently.

Capital Improvement Program Update: a consultant has been engaged to reconcile the Capital Improvement Program, going back to the New World transition. The consultant is examining budget carryovers and transfers that hadn’t been documented or tracked well. A clean-up item will be brought to Council for years 17/18, 18/19, and 19/20 with the goal of getting budget and expenditures reconciled between NW and the Public Works database used as a sub-ledger.

After the reconciliation, the consultant will work with the Finance Department and Public Works to set up a new process to provide consistency and adequate controls throughout the process.

Staff Liaison Cunningham confirmed there are no known issues of fraud, waste, or abuse, but this is another example of staff turnover making it difficult to properly administer a process.

Cost Recovery Process Update: Staff are reviewing cost recovery accounts to ensure balances transitioned from AS400 to NW correctly. Most accounts transitioned properly, however, a few accounts need to be audited and a consultant has been asked to assist.

Recruitment Update: A Deputy Director has been hired and will start on February 28, 2022; she will attend the February Committee meeting to be introduced. The accountant recruitment is open. The Accounts Payable position is open again as the employee in this position is moving to a different department. A temporary employee has been brought in to help.

A Committee Member asked if the City is looking at other ways to recruit and retain staff outside of increasing salary. Staff Liaison Cunningham shared that staff are looking for ways to streamline functions where appropriate and are promoting the City's telecommuting policy. Additionally, a compensation analysis is underway; staff perception is that the City of Novato generally offers lower monetary incentives than neighboring cities. The study will confirm or refute that perception.

Bank Account Reconciliation Updates: two of the operating accounts are current through June of 2021 and two are current through November/December 2020.

Staff are caught up on all but one of the mandated reports (the 2021 annual streets transactions report), which should be completed in a month or two.

A telephone appointment with the IRS has been scheduled regarding payroll taxes for 2018 and 2019, which the City believes to be current.

G. COMMITTEE AND LIAISON REPORTS

G.1. Staff Updates

A Committee Member asked about Committee Appointments and filling vacant seats. Staff Liaison Cunningham stated that an item is going to Council next Tuesday about reconfiguring some of the Committees and Commissions; once discussed, the appointment schedule will be addressed with a plan on a March timeframe for new appointments.

A Committee Member asked if the Economic Development Manger could attend a future meeting. Staff Liaison Cunningham shared that she is in discussion with the Community and Economic Development Director about potentially scheduling a joint meeting in March.

A Committee Member asked for an update on the proposal for the depot site downtown. Staff Liaison Cunningham announced that a discussion about the depot is scheduled for Council on February 15, 2022.

Staff Liaison Cunningham shared that the budget calendar, reviewed by the Committee last fall, is going to Council for consideration on February 15th. Additionally, the revenue options that Council had directed staff to work on will be discussed and Council will be asked for direction about exploring a sales tax measure.

The mid-year budget report is going to Council on March 8, 2022, and Staff Liaison Cunningham is working on a more detailed budget calendar with a focus on consistent internal budget development.

G.2. Committee Member Reports

None.

G.3. The next meeting is scheduled for February 17, 2022 at 7:30 AM via Zoom.

H. ADJOURNMENT

The meeting was adjourned at 8:56 AM.

I HEREBY CERTIFY that the foregoing minutes were duly adopted at the Novato Citizens Finance Advisory/Oversight Committee Meeting of February 17, 2022.

/ Jean Holzgang de Buren /
Jean Holzgang de Buren, Senior Office Assistant