



CITY OF NOVATO
CALIFORNIA

Finance Advisory Commission

Minutes

Thursday, April 6, 2023 – 7:30 AM

A. CALL TO ORDER AND ROLL CALL

The meeting was called to order by Chair Zmyslowski at 7:32 A.M.

Commissioners Present: Regina Bianucci Rus, Rafelina Maglio, Richard Johnson, Tina McMillan, Andy Zmyslowski

Arrived Late: Vice Chair Larisa Thomas arrived at 7:34

Commissioners Absent: None

Staff Present: Administrative Services Director Amy Cunningham, Deputy Administrative Services Director Carla Carvalho-DeGraff, Public Works Director Christopher Blunk, Payroll/Accounting Technician Stacey Hoggan

B. APPROVAL OF FINAL AGENDA

Commission Action: Upon a motion by Commissioner Bianucci Rus, and seconded by Commissioner Maglio, the Commission voted 5-0-0-1 to approve the final agenda.

Ayes: Bianucci Rus, Maglio, McMillan, Johnson, Zmyslowski

Noes: None

Abstain: None

Absent: Thomas

Motion Carried

C. PUBLIC COMMENT

None

D. CONSENT ITEMS

D.1. Approve the Meeting Minutes from March 9, 2023

Commission Action: Upon a motion by Commissioner McMillan, and seconded by Commissioner Johnson, the Commission voted 5-0-1-0 to approve the Meeting Minutes from March 9, 2023.

Ayes: Bianucci Rus, Maglio, McMillan, Johnson, Zmyslowski

Noes: None

Abstain: Thomas

Absent: None

Motion Carried

E. UNFINISHED AND OTHER BUSINESS

None

F. GENERAL BUSINESS

F.1. Fiscal Year 2023/2024 Budget Study Session Preparation – Capital Program Operating Budget

Public Works Director Christopher Blunk presented information on the Capital Improvement Budget to Commissioners. Director Blunk outlined the preliminary CIP objectives and goals for the 2023/2024 fiscal year. Updates were provided on several in-progress projects as well as projects slated to begin this year. Director Blunk also provided a detailed account of revenue sources that assist in funding many of the City's projects.

Commissioners asked Director Blunk questions about private funding sources for some of the more community-based projects. They also offered suggestions on how to communicate to residents, advising them on what projects are in progress and how the projects may impact neighborhoods.

Administrative Services Director Cunningham gave Commissioners an update on the operating budget development. There was discussion of the deficit and how it has shifted in the past three years. This fiscal year, the deficit was about \$1.6 million. Midway through the year it was adjusted to \$1.8 million. This adjustment will be backfilled with one-time monies and will deplete those funding sources. Any future deficits will need to be back filled with emergency funds or other reserves.

Administrative Services Director Cunningham also provided updates regarding revenue sources. Property tax has had incremental growth of about 5%, equaling less than \$100,000 in new revenue. Consultants have advised that the sales tax will start to level off and will not increase revenue significantly over the next two to three years. The Transient Occupancy Tax (TOT) has been slower to rebound post-pandemic due to reduced business travel. There is one new hotel that is under construction and will add to the TOT revenue beginning in FY 2024/2025. City service fees are increasing due to the Parks and Recreation programs being back to a pre-pandemic state. Another reason for the increase in service fees is due to the user fee study that Council had approved last year. The study re-calibrated fees and improved cost recovery to the general fund by approximately \$1 million.

Labor negotiations are actively taking place and the City does not yet know what the labor costs will be for the next year. The City is at 195.5 full time employees (FTE), which is down from pre-pandemic FTE of 208. Results of the Budget Priority Survey were received and reviewed. The highest priorities, according to the survey were public safety, streets and medians, and homelessness and mental health. The Virtual Budget Workshop was held April 4th and is available online for the community to view.

F.2. Update on Finance Department Activities

The Fiscal Year 2020/2021 auditor field visit is scheduled to start on August 14th. The MUN audit team will be onsite for a week and virtual for the second week. The City will be extending its contract with MUN CPA's for a 1-year, with three additional option years. Work for Fiscal Year 2021/2022 audit is also in progress. There are several new accounting standards that staff has had to implement.

The credit card administrative policy will be ready before the end of this fiscal year. The draft is complete, and staff is working on procedural issues. The purchase order administrative policy should be complete soon and we hope to have staff following the new procedures at the start of the next fiscal year.

With direction from Council, staff will be working on a Fiscal Sustainability Plan. Staff will bring the plans to Council in the coming weeks. Council asked staff to frame out a plan that is achievable that staff can accomplish.

G. COMMITTEE AND LIAISON REPORTS

G.1. Staff Updates

None

G.2. Commission Member Reports

None

G.3. The next meeting is scheduled for May 4, 2023, at 7:30 AM, and will be held in-person in the Womack Conference Room at 922 Machin Avenue, Novato

H. ADJOURNMENT

The meeting was adjourned at 8:58 AM.

I HEREBY CERTIFY that the foregoing minutes were duly adopted at the Novato Citizens Finance Advisory/Oversight Committee Meeting of May 4, 2023.

/ Stacey Hoggan /
Stacey Hoggan, Payroll/Accounting Technician