



Finance Advisory Commission Meeting Agenda

Thursday, September 21, 2023 – 7:30 AM

To Be Held At:

**City Administrative Offices,
Baget Conference Room
922 Machin Avenue, Novato, CA 94945**

**Chair
Andy Zmyslowski**

**Vice Chair
Larisa Thomas**

**Members
Cris MacKenzie, Regina Bianucci Rus, Rafelina Maglio, Tina McMillan, Richard Johnson**

**Staff Liaison
Amy Cunningham**

The Finance Advisory Commission welcomes you to attend its meetings which are regularly scheduled the third Thursday every month, except March through June when the schedule is adjusted for the annual budget development process. Your interest is encouraged and appreciated.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk at (415) 899-8900. Notification at least 48 hours prior to the meeting will enable the City to make reasonable accommodation to help ensure accessibility to this meeting.

The Finance Advisory Commission may discuss and/or take action on any or all of the items listed on the agenda irrespective of how the agenda items are described.

A. CALL TO ORDER AND ROLL CALL

B. APPROVAL OF FINAL AGENDA

C. PUBLIC COMMENT

All members of the public wishing to address the Finance Advisory Commission are requested to submit a speaker card in advance to the Staff Liaison. (Please remember that all comment cards are PUBLIC RECORDS). The Chair will call the names of speakers from the cards. In addition to receiving comment from the public during the Public Comment period, the Chair will recognize persons from the audience who wish to address the Commission on a particular agenda item at the time that item is considered.

There is a three-minute time limit to speak although the Chair may shorten the time based on the number of speakers or other factors. A speaker may not yield his or her time to another speaker.

For issues raised during Public Comment that are not on the published agenda, except as otherwise provided under the Ralph M. Brown Act, no action can legally be taken. The Commission may direct that the item be referred to the Staff Liaison for action or may schedule the item on a subsequent agenda.

D. CONSENT ITEM

All matters listed on the Consent Calendar are considered to be routine and will be enacted by a single vote of the Commission. There will be no separate discussion unless specific items are removed from the Consent Calendar for separate discussion and action. Any Commission Member may remove an item from the Consent Calendar and place it under General Business for discussion.

D.1. Approve the Meeting Minutes of July 20, 2023

E. UNFINISHED AND OTHER BUSINESS

F. GENERAL BUSINESS

These items include significant and administrative actions of special interest and will usually include a presentation and discussion by the Finance Advisory Commission. They will be enacted upon by a separate vote.

F.1. Fiscal Model Updates

F.2. Measure F Annual Reports FY 2018/19 & FY 2019/20

F.3. Finance Updates

G. COMMISSION AND LIAISON REPORTS

This section is used for Commission Members and the Staff Liaison to orally report on topics that can be considered for discussion at a future meeting.

G.1. Staff Updates

G.2. Commission Member Reports

G.3. The next meeting is scheduled for October 19, 2023, at 7:30 AM, and will be held in-person in the Baget Conference Room at 922 Machin Avenue, Novato

H. ADJOURNMENT

Materials that are submitted to members of the Commission after the distribution of the meeting's agenda packet will be available upon request.

AFFIDAVIT OF POSTING

I, Stacey Hoggan, certify that on the Thursday before the Finance Advisory Commission meeting of September 21, 2023 that the agenda was posted on the City Community Service Board at 922 Machin and on the City's website at novato.org in Novato, California.

/ Stacey Hoggan /
Stacey Hoggan, Management Analyst I



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CITY OF NOVATO
CALIFORNIA

Finance Advisory Commission

DRAFT Minutes

Thursday, July 20, 2023 – 7:30 AM

A. CALL TO ORDER AND ROLL CALL

The meeting was called to order by Chair Zmyslowski at 7:30 A.M.

Commissioners Present: Rafelina Maglio, Cris MacKenzie, Tina McMillan, Larisa Thomas, Andy Zmyslowski

Commissioners Absent: Regina Bianucci Rus, Richard Johnson

Staff Present: Administrative Services Director Amy Cunningham, Deputy Administrative Services Director Carla Carvalho-DeGraff, Management Analyst I Stacey Hoggan

B. APPROVAL OF FINAL AGENDA

Commission Action: Upon a motion by Commissioner McMillan, and seconded by Commissioner MacKenzie, the Commission voted 5-0-0-2 to approve the final agenda.

Ayes: Maglio, MacKenzie, McMillan, Thomas, Zmyslowski

Noes: None

Abstain: None

Absent: Bianucci Rus, Johnson

Motion Carried

C. PUBLIC COMMENT

Public comment was taken at 922 Machin Ave.

1. Paul Shaw, representing Novato Police Officers Association.

D. CONSENT ITEMS

D.1. Approve the Meeting Minutes from June 8, 2023

Commission Action: Upon a motion by Commissioner McMillan, and seconded by Commissioner Maglio, the Commission voted 5-0-0-2 to approve the Meeting Minutes from June 8, 2023.

Ayes: MacKenzie, Maglio, McMillan, Zmyslowski

Noes: None

Abstain: None

Absent: Bianucci Rus, Johnson

Motion Carried

E. UNFINISHED AND OTHER BUSINESS

None

F. GENERAL BUSINESS

F.1. Fiscal Sustainability

Commissioners were given an overview of the City's General Fund status for the current fiscal year, including the newly approved labor agreements. Staff also shared with Commissioners the anticipated fiscal outlook for upcoming years.

This year, Council directed staff to use money from the Emergency Disaster Relief Fund (EDRF) to cover the FY2023/24 projected deficit of \$2.6 million. Commissioners noted that the City's Reserve Policy requires that this reserve be maintained at a level equal to 15% of annual General Fund expenditures. Use of the EDRF to cover the deficit is projected to cause the reserve to fall below the 15% requirement.

In Fiscal Years 2021/2022 and 2022/2023, the City was able to use one-time funds to cover a portion of the budgeted deficits. This is no longer an option as one-time funds have been expended. The City Council will have to make difficult decisions in anticipation of future budget deficits because the City has reduced both staff costs and operating costs over the past several years. The City will have to investigate other sources of revenue to maintain future operations. These topics are expected to be discussed at the City Council's Strategic Planning session that will take place August 4th and 5th.

F.2. Fiscal Model

Staff requested guidance and input from the Commissioners on how to update the draft interactive fiscal sustainability model. Commissioners were also asked for feedback on how to best introduce the model to the public. Commissioners noted that the model is updated from the format used in 2014. The previous model identified a projected structural deficit and showed that a sales tax increase at ½ cent would be helpful in addressing the deficit.

F.3. Response to the Marin County Civil Grand Jury Report “Novato’s Chronic Fiscal Deficits: A Call to Action”

The Marin County Civil Grand Jury Report detailed ten (10) Findings and seven (7) Recommendations for which the City is required to respond by September 8, 2023. Staff Liaison Cunningham reviewed all findings and recommendations with the exception of Finding #F9 and Recommendation #R2 regarding Marin Valley Mobile Country Club (MVMCC), which were reviewed later in the meeting. Commissioners noted that the report findings about the City’s chronic lack of revenue were issues that the Commission had been discussing for many years.

Commissioners specifically questioned Grand Jury Recommendation #R2, which called for the creation of a new position of an internal auditor. Staff advised that the City’s current staff is steadily making progress in improving the operations and internal controls, and the resources required to create a new position could be better used to support the work of the current staff. Commissioners were unable to reach an agreement on whether to support Recommendation #R2. They recommended that City Council be advised that additional resources would need to be put in place to achieve this Recommendation.

Regarding Item F.3: Public comment was taken at 922 Machin Ave.

1. Pam Drew

Prior to discussion of Finding #F9 and Recommendation #R7, regarding Marin Valley Mobile Country Club (MVMCC), Commissioner Maglio recused themselves due to a professional conflict of interest.

Commissioners and staff discussed Finding #F9 and Recommendation #R7, which concern financial oversight of the Marin Valley Mobile Country Club (MVMCC).

Commissioners and staff discussed the process used to reconcile the park’s finances to understand the differences between the MVMCC Management reports prepared by Helsing Group and the City’s financial reports. The City is required to use accrual basis accounting, while the MVMCC property management company (Helsing) uses cash basis accounting. The different methodology creates timing differences primarily in expenses. Additionally, because the City’s accounting work is not current, Helsing’s reports do not capture all expenses in the years in which they occur. Now that the City is getting caught up with audits, there is a need to work proactively with Helsing to ensure that Helsing’s financial records are complete.

Regarding Item F.3, Finding F9 and Recommendation R7: Public comment was taken at 922 Machin Ave.

1. Jay Shelfer
2. Steve Plocher
3. Todd Rogers
4. Michelle Rodriguez
5. Mary Currie

Commissioner Maglio returned to the meeting upon the conclusion of this topic.

F.4. Update on Finance Department Activities

Staff informed Commissioners that the Fiscal Year 2020/21 audit is on track, with the auditors set to begin reviewing financial data in mid-August. All requested documents have been provided, and staff expects to receive the sample selection requests before the week of August 14th.

Preparation for the Fiscal Year 2021/22 audit has also begun, and staff is working on implementing the new lease accounting standard.

Staff has also been updating policies to improve and document internal controls. The purchase card policy has been implemented, and use agreements are in place with cardholders. The purchase order process has been updated and will be rolled out. The cash handling procedure is also being revised.

A new payroll technician will be starting at the end of the month, and another staff member will be returning from maternity leave. Despite staffing challenges this summer, we have been able to stay relatively current with financial transactions and year-end close activities.

G. COMMITTEE AND LIAISON REPORTS

G.1. Staff Updates

None

G.2. Commission Member Reports

None

H. ADJOURNMENT

The meeting was adjourned at 9:03 AM.

I HEREBY CERTIFY that the foregoing minutes were duly adopted at the Finance Advisory Commission Meeting of _____, 2023.

/ Stacey Hoggan /
Stacey Hoggan, Management Analyst I

DRAFT

STAFF REPORT

MEETING

DATE: September 21, 2023

TO: Finance Advisory Commission

FROM: Amy Cunningham, Deputy City Manager

SUBJECT: Interactive Fiscal Model

REQUEST

Receive report and provide final feedback on fiscal model.

DISCUSSION

Members of the Ad Hoc Subcommittee for Fiscal Sustainability worked for several months to build an interactive fiscal sustainability model. The model has been updated for FY23/24 and is ready for final Commission review.

Staff recommends the Commission provide final direction on the interactive model and make it available to the public.

STAFF REPORT

MEETING

DATE: September 21, 2023

TO: Finance Advisory Commission

FROM: Amy Cunningham, Deputy City Manager

SUBJECT: Measure F Reporting

REQUEST

Receive report and provide feedback on reports.

DISCUSSION

A responsibility of the Finance Advisory Commission (Commission) is to prepare annual reports on use of Measure F funds for the City Council. With the backlog of Finance activity over the past few years, Staff has been unable to provide the Commission with the information necessary to complete the annual reports.

Measure F expired in 2015. In anticipation of the expiration, use of Measure F in the operating budget to support ongoing operations ceased in FY19/20, however the remaining balance of Measure F funds have been used extensively in the capital program since that time. Because the capital program is now reconciled, Staff is able to provide the Commission with the information needed to complete the annual reports.

The FY18/19 use of Measure F funds was presented to the City Council in October 2021. Staff has completed a draft written report for the Commission's review at this meeting. Once final, the report will be posted on the City's website.

A draft report for FY19/20 has also been prepared and is ready for Commission review. Once complete, this report will need to be presented to the City Council.

Staff is currently working on the FY20/21 report and will present that to the Commission for review and discussion this fall.

Staff recommends the Commission provide final direction on the draft reports for FY18/19 and FY19/20.

STAFF REPORT

MEETING

DATE: September 21, 2023

TO: Finance Advisory Commission

FROM: Amy Cunningham, Deputy City Manager
Carla Carvalho-Degraff, Finance Director

SUBJECT: Update on Finance Department Activities

REQUEST

Receive report.

DISCUSSION

Staff will provide the Finance Advisory Commission (Commission) with updates on current finance department activities including:

- Finance Department Reorganization
- FY20/21 Audit Status – Auditor review continues, completion anticipated fall 2023
- FY21/22 Close and Audit Preparation – In progress, Auditor field visit scheduled for late February 2024
- City Council 2023-2025 Adopted Strategic Plan Update
- FY23/24 Budget Document & Budget in Brief – Preparation Underway
- Budget 101 Video
- FY22/23 Quarter 4 Budget Report Status
- Commissioner Recruitment – 2 terms expiring, appointments scheduled for October 2024
- Other Finance Activities

Staff recommends the Commission receive the report and provide any feedback on the above areas.