



NOVATO CITIZENS FINANCE ADVISORY / OVERSIGHT COMMITTEE
FY 2018/19 Annual Report



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EXECUTIVE SUMMARY

Measure F was a ½ cent sales tax approved by the Novato voters in 2010. It provided critical funding for Novato City services for five years, generating approximately \$22.6 million in revenue. Measure F expired on March 31, 2016. This was replaced by Measure C, a ¼ cent sales tax, approved by Novato voters in November 2015. Measure C provides approximately \$2.5 million annually for a minimum of 20 years for Novato City services.

The Measure F Oversight / Citizens Finance Committee (later renamed the Finance Advisory Commission) was the designated oversight committee for the Measure F funds. This committee meets regularly to review Measure F expenditures, City financial forecasts, and financial policies. The Committee also provides the City Council with input and guidance on a wide range of fiscal matters. The Committee is responsible for annually providing a report to the City Council and Novato community on the revenues and expenditures of Measure F funds.

Although Measure F is a general sales tax initiative, whereby the revenue generated can be spent for any public purpose, the wording of the ballot measure identified key priorities for the funds:

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

MEASURE F BALLOT LANGUAGE

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.

FOCUS AREA	SPENDING THROUGH FY 18/19	BUDGETED FY 19/20	CATEGORY TOTALS
General Fund Deficit Backfill	\$754,129	\$0	\$754,129
Police / Crime Prevention / 911 Response Times	\$1,697,361	\$324,111	\$2,021,472
Youth & Senior Programs / Project	\$118,576	\$40,000	\$158,576
Parks & Street Maint. / Programs	\$1,647,284	\$172,596	\$1,819,880
City Facility Investments	\$1,141,581	\$0	\$1,141,581
Technology / Customer Service / Efficiencies	\$518,585	\$135,989	\$654,574
Economic Development	\$2,389,167	\$145,000	\$2,534,167
Risk Mitigation Reserve	\$3,000,000	\$0	\$3,000,000
CIP Project Funding	\$4,589,863	\$4,809,464	\$9,399,327
Pension Obligation & IRS Section 115 Pension Trust	\$226,013	\$462,310	\$688,323
Future Funding for Multi-Year Positions / Programs	\$0	\$0	\$0
Total Expenditures / Allocation	\$16,082,559	\$6,089,470	\$22,172,029

Measure F mandated the creation of an independent Citizens Oversight Committee to review and report on revenues and expenditures.

MEASURE F BACKGROUND

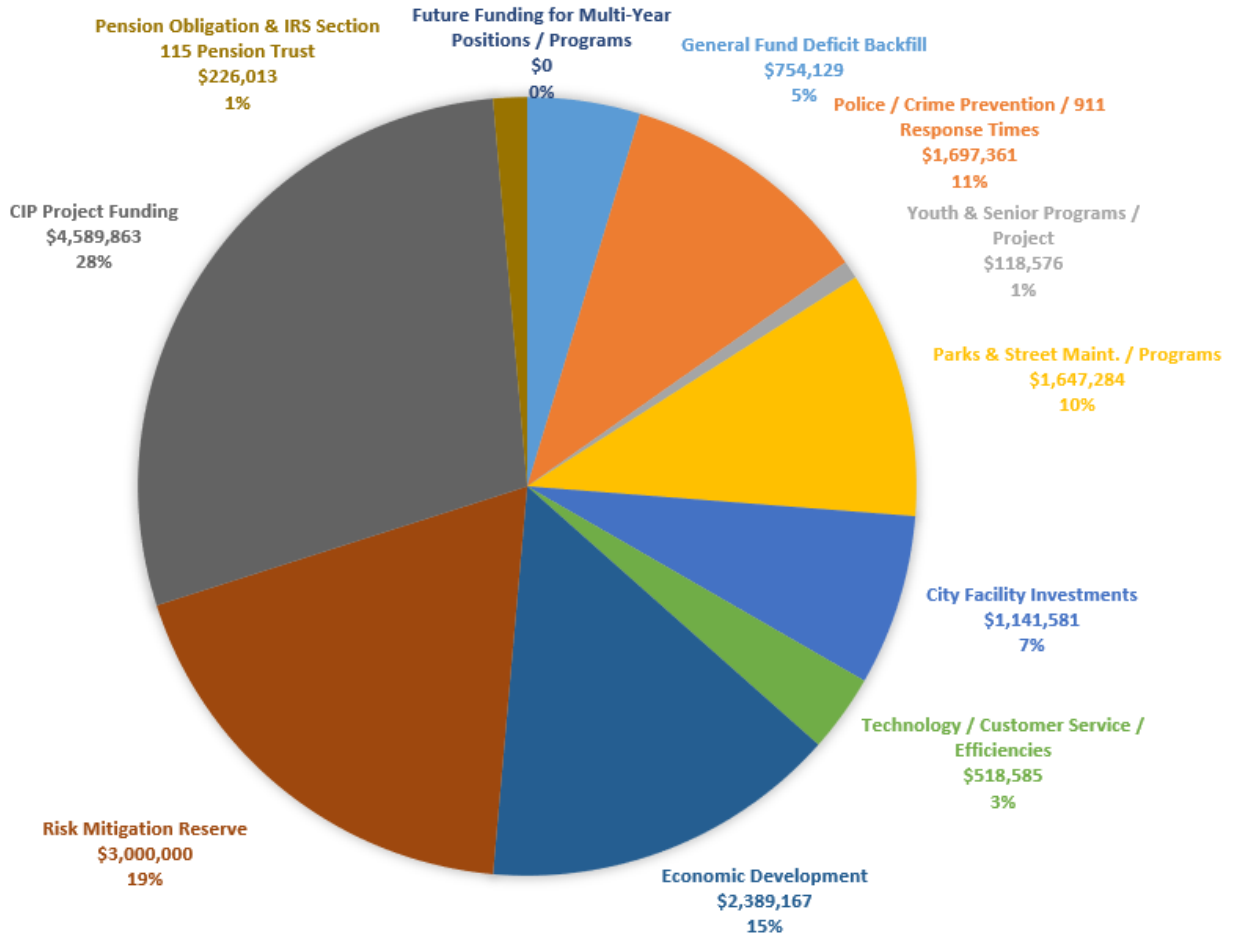
In 2010, the Novato voters approved a 5-year, ½ cent sales and use tax increase, Measure F, to offset budget cuts and maintain vital city services. The measure received 58% voter approval and took effect on April 1, 2011. While the measure was initially projected to yield \$3.2 million annually, the expanding economy and other factors pushed annual revenues over \$4 million each year. Over its 5-year term, Measure F provided \$22.6 million in local revenue for local services.

The Measure F ordinance also mandated the creation of an independent Citizens' Oversight Committee to review and report on the revenue and expenditure of Measure F funds. The Committee meets approximately 10 times per year and all Measure F expenditures are reviewed by the Committee and followed up with an annual report. The Committee's responsibilities are to provide input on Measure F-related budget proposals, review and report on the revenue, expenditures, and use of Measure F funds, present an annual report to the City Council and make it available to the public, comment on any concerns regarding Measure F related expenditure allocations, and comment on the status of efforts to achieve fiscal sustainability.

The Committee provides advice to the City Council on Measure F-related topics and other City financial matters. They do this by reviewing information provided by staff, hearing from subject matter experts or departmental experts, and asking questions to gain a deeper understanding of the City's financial matters.

In November 2010, Measure F was placed on the ballot asking Novato residents to maintain vital city services. 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. Novato voters adopted Measure F, intending to temporarily fill budget deficits and allow the City to revive some programs that had been cut, however some ongoing programs and services continued to be funded by one-time dollars.

MEASURE F EXPENDITURES OVERVIEW
SPENDING THROUGH FY 18/19 = \$16.1 MILLION



WHAT WERE MEASURE F GOALS:

- (1) Save critical City services and temporarily stop further cuts**
- (2) Fund, improve, and reinstate key City services**

The Measure F ballot language specified that the funds were to be used to offset future budget cuts. Measure F was meant to supplement the General Fund to ensure that critical general City services did not suffer further cuts. If Measure F revenues had not been available, additional cuts and service reductions would have been required to balance the General Fund budget over the past seven years.

Since approved by voters, Measure F has had a direct and beneficial impact on our community:

- Saved critical City services and temporarily stopped further cuts.
- Funded, improved, or reinstated key public safety, recreation, and economic development programs and services.
- Invested in one-time projects to reduce ongoing costs and increase revenues, and it has invested in City infrastructure and technology to improve efficiencies.

Measure F saved critical City services and temporarily stopped further cuts.

MEASURE F SUPPORTS: POLICE & CRIME PREVENTION

Services paid for by Measure F include crime analysis, Computer Crimes Task Force, emergency planning, and more customer service hours for the public.



MEASURE F SUPPORTS: YOUTH AND SENIOR PROGRAMS AND PARKS

Measure F funds youth & senior financial assistance for the City's recreational programs, and capital improvements to improve City facilities including the Hill Recreational Area.



Police — Measure F funded several programs in the Novato Police Department to improve safety services citywide. Most notable was the formation of the Police Department's "Novato Response Team", or NRT. The NRT was a flexible team of three full-time sworn Police Officers and a Management Analyst who responded to a variety of neighborhood and quality of life issues. The NRT quickly and capably addressed issues such as gangs, graffiti, prostitution, vandalism, and auto theft. The team also worked closely with the owners of apartment complexes throughout Novato on the county's first "Crime Free Multi-Family Housing Program."

In addition to the NRT, Measure F also funded 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).

Youth, Senior and Recreation Programs — Measure F provided funding for several programs and improvements to benefit Novato's youth and senior populations. Some of the benefits from Measure F include:

- In partnership with the Novato Unified School District, Measure F funds brought on-campus afterschool programs to select Novato schools.
- Funded by Measure F, in conjunction with several other sources, significantly improved the Hill Recreation area, adjacent to the Margaret Todd Senior Center.
- As a part of the City's strategy for the Hamilton Base Reuse, the City leveraged several different funding sources, including Measure F, to purchase over 90 acres of hilltop open space. This property surrounds the Marin Valley Mobile County Club (MVMCC), an affordable senior community, and overlooks the Hamilton area and the wetlands of west Novato. This open space has been utilized to trade development restrictions on some of the City's historic buildings in Hamilton to complete the renovation and improvements to the Hamilton neighborhood.

The Fiscal Sustainability Plan process identified several ways to improve recreational amenities for residents, reduce operating costs, and generate revenue for the City. These improvements will be funded by Measure F and other sources and will significantly enhance the Hill recreation area. The Hill Master Plan includes some of the following improvements:

- Bocce ball and pickleball courts
- Synthetic turf sports field
- Upgraded parking and ADA accessibility improvements.

Overall, the improvements to the area will make it a more welcoming and accessible place for everyone to enjoy.

Parks and Street Maintenance — Measure F was passed to assist in funding maintenance and improvement projects in Novato. It funded the hiring of additional maintenance workers, which helped to offset the 30%+ workforce reductions that occurred in this operating area during the recession. In addition, Measure F has provided one-time funds to enhance the City’s street crack-filling program and to complete various special and seasonal parks and island improvements. These additions have supplemented and augmented the quality of landscape, park, median, and street maintenance throughout Novato.

In FY 2018/19 the City was able to complete the third phase of its Streetlight Conversion Program, that modified all the streetlights to more energy-efficient LED bulbs. By updating the lights to LED, significant ongoing energy savings of at least \$130,000 annually have been realized. This savings is growing more and more over time. Additional Measure F improvements included the upgrading of traffic signals and pedestrian safety enhancements.



Technology and City Operations – In FY 2018/19, the City began utilizing the new software system that manages the City’s finances, and a new technology network infrastructure that improved security and reliability. Measure F helped to fund approximately \$2.8 million in technology projects citywide as well as a Business Analyst position to provide project management and technical support to all City departments.

The Investment in IT infrastructure is a critical part of the City’s efforts to improve its efficiency and effectiveness. The new technologies will help the City to better serve its residents and businesses effectively.

Economic Development — The Measure F supported economic development program has worked to attract new businesses to Novato, support existing businesses, and promote local shopping. The program has worked with businesses to find quality commercial space, participate in regional outreach opportunities, and launch a “Shop Local Novato” campaign.

The program has also focused on ensuring a business-friendly environment in Novato. This includes meeting with stakeholders to support their siting and expansion plans and ensuring that key properties in the downtown and city-wide area are tenanted. The program also worked to find the best uses for City-owned properties in Hamilton, including properties with historic structures.

- The program worked with a biotech company to relocate to Novato.
- The program helped a new restaurant find a space in the downtown area.
- The program launched a “Shop Local Novato” campaign that featured a website and marketing materials.
- The program met with stakeholders to support their plans to expand their businesses.
- The program worked to transfer the federal “lands to parks” restrictions from several important Hamilton properties.
- The program issued an RFP for the City-owned Hamilton Commissary and Christmas Tree Hill parcels.



Conclusion

The voters of Novato approved Measure F, a transactions and use tax, in November 2010. The ballot language called for the creation of a “Measure F Oversight Committee.” On February 22, 2011, the City Council adopted Resolution 07-11, establishing a joint committee to serve as both the Measure F Oversight / Citizens Finance Committee and the Finance Advisory Commission. One of the Commission’s responsibilities is to review and report annually on how Measure F funds are spent. This report is made available to public.

The completion of the most recent report was delayed due to a number of factors, including staffing shortages and turnover in the Finance Department (including delays related to the pandemic), and the conversion to a new financial software system.

The Measure F sales tax was essential in addressing the City’s financial crisis and bringing much needed interim financial stability to Novato. It prevented significant service cuts, reinstated critical staff positions eliminated as cost cutting measures, and funded important services and programs. However, with Measure C in place, which is a 50% reduction in revenue from Measure F, the City will need to develop strategies for revenue generation and fiscal sustainability in future years.

The Measure F Oversight / Citizens Finance Committee is committed to ensuring the long-term fiscal sustainability of Novato. The Committee will work with the City Council to develop strategies to address the challenges posed by the reduction in revenue from Measure F.

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. The City Council and staff will need to continue monitoring the five-year forecast and make prudent budget decisions to balance General Fund revenues and expenditures.

After conducting a review of the Measure F revenues and expenditures for Fiscal Year 2018/19, this Annual Report is respectfully submitted to the Novato City Council and the Novato community by the Novato Citizens Finance Advisory / Oversight Committee.

NOVATO CITIZENS
FINANCE ADVISORY /
OVERSIGHT COMMITTEE

Regina Bianucci Rus, Chair
Rafelina Maglio, Vice Chair
David Bentley
Caitrin Devine
Cris MacKenzie
Mark Milberg
Tim O’Conner

**MEASURE F ANNUAL REPORT
FY 2018/19**

	FINAL ACTUAL 2010/11	FINAL ACTUAL 2011/12	FINAL ACTUAL 2012/13	FINAL ACTUAL 2013/14	FINAL ACTUAL 2014/15	FINAL ACTUAL 2015/16	FINAL ACTUAL 2016/17	FINAL ACTUAL 2017/18	FINAL ACTUAL 2018/19	ADOPTED BUDGET 2019/20	CATEGORY TOTALS
REVENUES											
Measure F Sales Tax Revenue	689,126	4,089,401	4,473,532	4,422,885	4,750,569	3,739,015	46,089	23,206	20,871	7,500	
Investment Earnings / Miscellaneous	347	9,491	20,872	50,394	94,083	113,782	148,902	129,108	216,836	92,500	
TOTAL REVENUES	689,473	4,098,892	4,494,404	4,473,279	4,844,652	3,852,797	194,991	152,314	237,707	100,000	23,138,509
EXPENDITURES AND ALLOCATED FUNDS											
General Fund Deficit Backfill											
/ Prevent Budget Cuts	-	16,784	411,375	-	325,970	-	-	-	-	-	754,129
Police / Crime Prevention / 911 Response Times											
Novato Response Team - Staff and Program Support	-	52,302	105,126	73,582	277,577	-	-	-	-	-	
0.50 FTE Records Clerk	-	-	-	-	12,152	40,200	17,565	42,229	76,532	76,372	
0.50 FTE Office Assistant	-	-	-	-	5,187	40,199	17,127	35,096		35,755	
1.0 FTE Dispatcher	-	-	-	-	-	-	77,131	72,033	100,884	96,751	
Crime Analysis Contract Services	-	-	-	-	-	-	28,853	31,426	36,062	29,500	
Emergency Services Contract	-	-	-	15,053	64,712	30,663	28,427	23,568	25,985	37,500	
Major Crimes Task Force	-	-	-	-	-	-	38,942	38,723	41,588	48,233	
Northern CA Computer Crimes Task Force	-	-	-	12,022	31,742	31,302	32,617	27,652	-	-	
Replacement Fund for Police Technology	-	-	-	-	25,102	22,000	22,000	22,000	22,000	-	
* CIP - CAD / RMS Replacement	-	-	-	-	-	-	-	265,750	435,367	288,310	
TOTAL											3,010,899
Youth and Senior Programs and Projects											
Youth After School Initiative / Needs Summit	-	-	14,236	17,337	-	-	-	-	-	-	
* CIP - Hill Recreation Master Plan	-	-	-	272	-	81,989	42,040	-	-	3,970,010	
Youth Athletics Scholarship Program	-	-	-	-	10,000	20,000	10,000	30,000	-	40,000	
Special Events - Concerts in the Park	-	-	-	-	-	-	-	9,975	7,028	-	
TOTAL											4,252,887
Parks and Streets Maintenance / Programs											
Maintenance Worker Staffing	-	169,864	86,092	85,542	-	-	253,920	201,809	146,566	172,596	
Parks, Medians, Streets Maintenance	-	-	-	-	-	13,084	180,402	256,226	-	-	
* CIP - Pedestrian Safety Improvements	-	-	-	-	34,340	58,853	68,372	-	-	-	
* CIP - Traffic Signal Improvements Design	-	-	-	-	2,945	447	-	-	7,240	4,368	
Open Space Purchase - 90+ acres Trust for Public Lands	-	-	-	253,779	-	-	-	-	-	-	
* CIP - LED Streetlight Replacement Project	-	-	-	-	179,347	603,732	42,218	6,770	33,679	292,854	
TOTAL											3,155,045

**MEASURE F ANNUAL REPORT
FY 2018/19**

City Facility Investments

Payoff of Corp Yard Lease	-	-	-	-	1,141,581	-	-	-	-	-
* CIP - Hamilton Pool Solar	-	-	-	-	13,277	83,555	76,891	40,379	-	-
* CIP - Lieb Property Deferred Maintenance	-	-	-	-	-	-	-	-	32,519	67,481

TOTAL **1,455,683**

Technology / Customer Service / Efficiency

1.0 FTE Management Analyst	-	-	-	-	-	-	86,369	27,078	128,017	60,989
1.0 FTE Receptionist / Admin Clerk	-	-	-	63,123	-	-	-	-	-	-
0.75 FTE IT Business Analyst	-	-	-	-	-	-	-	1,213	123,722	-
Technology & Service Improvements	-	-	-	-	-	-	-	-	79,919	50,000
Geographic Info Systems Support	-	-	9,144	-	-	-	-	-	-	-
IT Temporary Staffing	-	-	-	-	-	-	-	-	-	25,000
* CIP - Technology Projects Citywide	-	-	-	-	272,000	630,640	605,221	785,759	186,571	186,441

TOTAL **3,321,206**

Economic Development

Economic Development - Staff and Program Support	-	-	170,982	215,006	-	-	-	-	164,465	-
Hamilton Base Reuse - Staff and Program Support	-	-	107,076	284,663	309,957	227,132	212,843	138,932	-	-
Shop Local Campaign	-	-	19,232	85,522	-	-	-	-	-	-
Bio-Life Sciences Campaign	-	-	-	157,301	134,709	99,999	56,348	-	-	-
Tenant Incentive Program	-	-	-	-	-	-	-	-	5,000	145,000

TOTAL **2,534,167**

Transfer to Risk Mitigation Reserve Fund

	-	-	-	-	-	-	-	3,000,000	-	-
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Pension Obligation Bond Payment - for Measure F Employees **153,672**

	-	5,748	13,103	19,481	29,938	14,170	10,227	28,190	20,505	12,310
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IRS Section 115 Pension Trust

	-	-	-	-	-	-	-	-	84,651	450,000
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Reserves and Future Commitments

Future Technology Projects - IT Master Plan	-	-	-	-	-	-	-	-	-	-
* CIP - Future Park Improvement Projects	-	-	-	-	-	-	-	-	-	-
Risk Mitigation Reserve	-	-	-	-	-	-	-	-	-	-
Future Funding for CIP Projects	-	-	-	-	-	-	-	-	-	-
Equipment Replacement	-	-	-	-	-	-	-	-	-	-
Labor Expense - One-Time	-	-	-	-	-	-	-	-	-	-
MERA Debt Service	-	-	-	-	-	-	-	-	-	-
Future Funding for Multi-Year Positions / Programs	-	-	-	-	-	-	-	-	-	612,800

TOTAL EXPENDITURES / ALLOCATIONS **22,250,488**

MEASURE F ENDING FUND BALANCE **1,854,192**

689,473 4,543,667 8,101,705 11,292,301 13,266,417 15,121,249 13,408,727 8,476,233 6,955,641 966,171

Capital Improvement Program ("CIP") project budgets represent appropriated funds. Depending on project timing, actual expenditures may not occur until future fiscal years. 2019/20 Adopted budgets for CIP projects include updated carryover budgets based on actual expenditures during 2018/19. "Final Actual" figures represent past year revenues and expenditures that are finalized and audited. "Estimated Actual" figures represent the most recent completed fiscal year and are preliminary revenues and expenditures that have been audited. "Adopted Budget" figures represent budget amounts for the following fiscal year.