



NOVATO CITIZENS FINANCE ADVISORY / OVERSIGHT COMMITTEE FY 2019/20 Annual Report



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EXECUTIVE SUMMARY

Novato's ½ cent sales tax, Measure F, provided critical funding for City services from 2010 to 2016. The tax generated approximately \$22.5 million during its five-year duration. It was replaced by Measure C, ¼ cent tax that will provide \$2.5 million annually for at least 20 years.

The Measure F Oversight / Citizens Finance Committee (subsequently renamed the Finance Advisory Commission) is responsible for overseeing the use of Measure F funds. The Committee meets regularly to review expenditures, financial forecasts, and policies. It also provides the City Council with input on fiscal matters. The Committee's annual report to the City Council and community provides information on the revenues and expenditures of Measure F funds.

The ballot measure language for Measure F included several key focus areas. The City Council directed the budget allocations of Measure F resources to the following categories:

- General Fund Deficit Backfill
- Police / Crime Prevention / 9-1-1 Response Times
- Youth and Senior Programs and Projects
- Parks and Street Maintenance / Programs
- City Facility Investments
- Technology / Customer Service / Efficiencies
- Economic Development
- Future Risk Mitigation Reserve

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 19/20	BUDGETED FY 20/21	CATEGORY TOTALS
General Fund Deficit Backfill	\$754,129	\$0	\$754,129
Police / Crime Prevention / 911 Response Times	\$1,978,872	\$0	\$1,978,872
Youth & Senior Programs / Project	\$118,576	\$0	\$118,576
Parks & Street Maint. / Programs	\$1,656,571	\$164,800	\$1,821,371
City Facility Investments	\$1,141,581	\$0	\$1,141,581
Technology / Customer Service / Efficiencies	\$659,461	\$0	\$659,461
Economic Development	\$2,450,540	\$95,000	\$2,545,540
Risk Mitigation Reserve	\$3,000,000	\$0	\$3,000,000
CIP Project Funding	\$8,226,672	\$725,557	\$8,952,229
Pension Obligation & IRS Section 115 Pension Trust	\$238,296	\$0	\$238,296
Future Funding for Multi-Year Positions / Programs	\$0	\$0	\$0
Total Expenditures / Allocation	\$20,224,698	\$985,357	\$21,210,055

Measure F was essential in addressing the City of Novato's Financial crisis

MEASURE F BACKGROUND

The City of Novato has had a history of budget challenges, often relying on one-time revenue or temporary measures to balance the budget. The Great Recession exacerbated these problems, causing the City to lose \$4 million in annual revenue and leading to a projected \$6.7 million deficit in 2014/15. In response, the City took a series of steps to reduce costs, including:

- Cutting programs and services.
- Eliminating 30% of the workforce.
- Implementing public-private partnerships.
- Creating efficiencies through technology.
- Leveraging grant opportunities.

The cuts that were made had a significant impact on the city, including:

- Reduced park and island maintenance
- Reduced road maintenance
- Elimination of Community Services Officers and School Resource Officers
- Elimination of free and subsidized recreation programs.

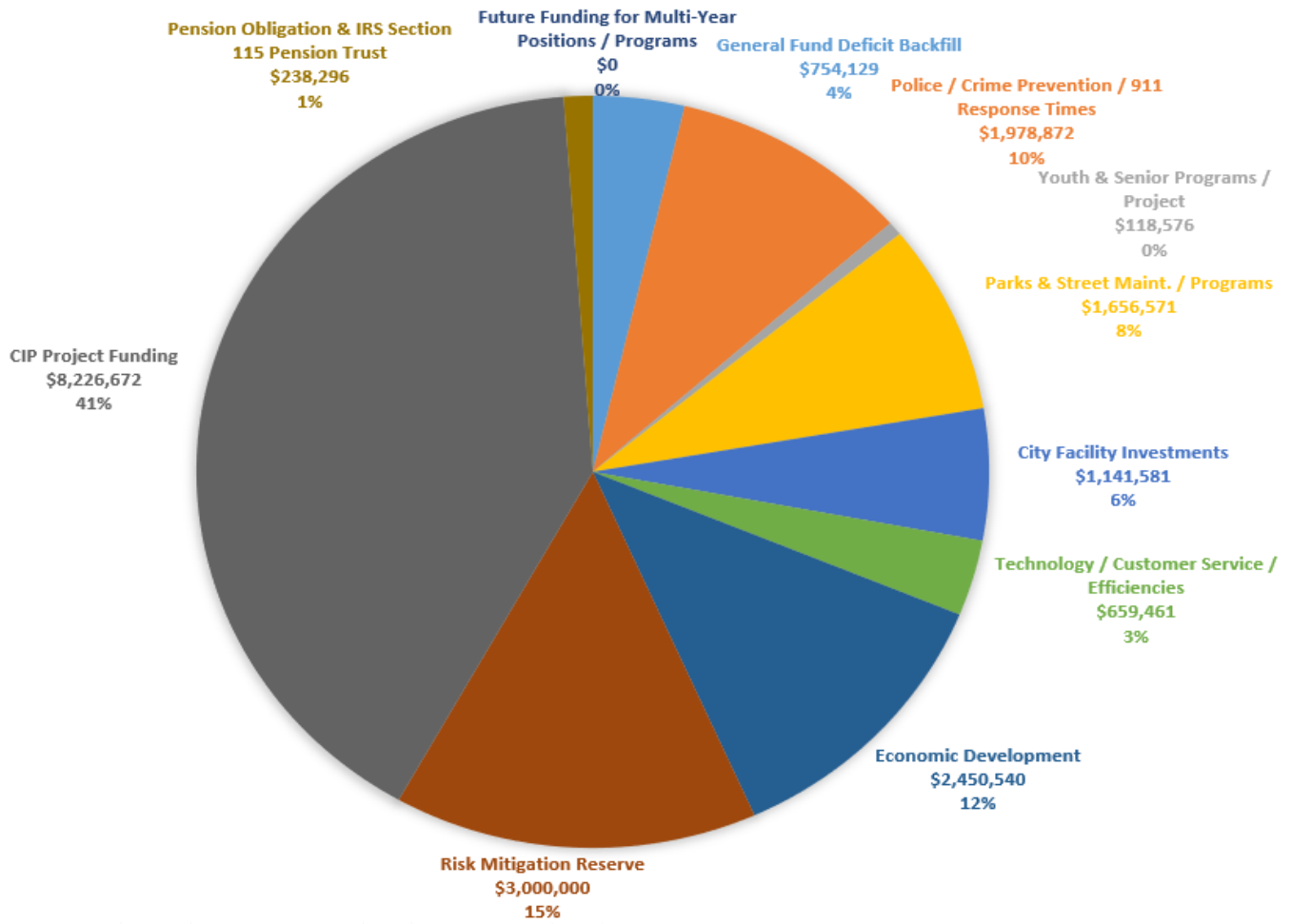
The state's elimination of redevelopment agencies in 2011 created another challenge for Novato, creating an additional \$800,000 annual gap in the City's operating budget.

City employees were also impacted by these budgetary challenges. In keeping with their commitment to public service, employees agreed to wage and benefit concessions, including mandatory furloughs, lower-tier retirement benefits, and increased pension contributions.

Despite these efforts, the City was still projecting multi-million dollar deficits. In response, voters approved Measure F, a five-year temporary revenue measure that would help fill the budget gap and reinstate some the programs that had been cut. With Measure F's passage, the City was able to restore some of these vital services to the community.

By Fiscal Year 2019/20, Measure F funds had been substantially depleted. Many of the ongoing services dependent on Measure F had been eliminated or shifted to the General Fund. The lack of funds resulted in reduced service levels to the community and created a greater burden on the General Fund to sustain services previously supported by Measure F. Additionally, this resulted in fewer options to fund critical capital projects such as traffic and pedestrian safety improvements and park renovations.

**MEASURE F EXPENDITURES OVERVIEW
SPENDING THROUGH FY 19/20= \$20.2 MILLION**



WHAT HAS MEASURE F DONE FOR NOVATO

Over the past several years, 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 invested in City infrastructure and technology to improve efficiencies.

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

This report provides historical context and summarizes the use of Measure F funds in FY 2019/20.

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.



Police — Measure F funded several programs in the Police Department. These programs helped the City achieve its goals of improving safety and collaborating with the Novato community. One of the most notable programs funded by Measure F was the formation of the “Novato Response Team”, or NRT. This team, originally funded by a three-year Department of Justice Grant, consisted of three full-time sworn officers and a Management Analyst. This team responded to a variety of neighborhood and quality of life issues throughout the city. They also addressed crime trends as they occurred.

Measure F revenue also funded other programs in the Police Department: an emergency services contract with the Novato Fire Protection District and a dedicated officer assigned to the Northern California Computer Crimes Task Force (NC3TF). The emergency services contract was created to replace the Emergency Services Manager position that was eliminated during the recession. The NC3TF is a task force of law enforcement agencies that investigate high-tech crimes. The City of Novato was able to provide a Police Officer to the NC3TF, with Measure F funding 25% of the officer’s salary.

Overall, Measure F has been a valuable resource for the Novato Police Department. The funds allowed the department to implement new programs and initiatives that helped improve safety and enhance the quality of life in the community.

MEASURE F SUPPORTS: YOUTH & SENIOR PROGRAMS

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.



Youth, Senior and Recreation Programs — Much of the ballot language for Measure F was focused on the City’s youth and senior population. Measure F brought on-campus afterschool programs to select Novato schools in partnership with the Novato Unified School District. Because of Measure F, Novato was also able to increase funding for low-income and at-risk youth access to recreation programs. These funds enhanced scholarship opportunities for underprivileged families and increased program availability for these important target populations.

Part of the Fiscal Sustainability Plan process was to identify several ways to improve recreational amenities for residents, reduce operating costs, and generate revenue for the City. These improvements were funded by Measure F and other sources and significantly enhanced the Hill recreation area. Some of the improvements that have been achieved due to Measure F include:

- Bocce ball and pickleball courts
- Synthetic turf sports field
- Upgraded parking
- 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 — One of many advantages of the passing of Measure F was the ability to offset some of the 30%+ reductions that occurred in the Maintenance Division. When Measure F was passed by voters, the division was able to fund two temporary maintenance workers. In FY 2013/14, that number was reduced to one funded maintenance worker. In FY 2014/15, those two temporary maintenance workers were added to the core staffing of the City.

Measure F helped to fund the City's crack-filling program that raised the Pavement Conditions Index (PCI) for the City. Funds also went toward various parks and island improvements over the years.

The additional funding that Measure F provided has helped to improve the quality of landscape, park, median and street maintenance throughout Novato. Without this funding, the quality of these services would have declined even further.



Technology and City Operations – Measure F supported many citywide projects, including the City's Information Technology (IT) infrastructure. The investment in the City's IT infrastructure is a critical part of its efforts to improve efficiency and effectiveness of City operations. The new technologies assisted Novato in serving its residents and business by improving communications and collaboration between departments and residents, provided secure access to information, and supporting new and innovative technology applications.

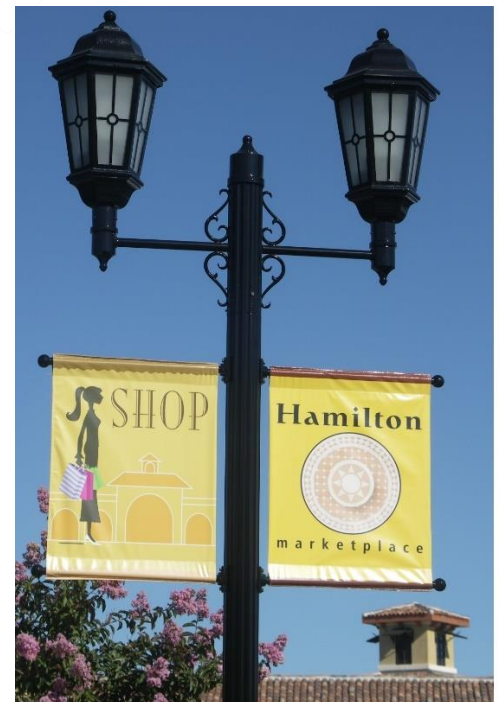
Measure F has provided about \$2.8 million in funding for Novato's technology projects. These funds supported the creation of a new Business Analyst position as well as several major technologies that enabled the City to enhance its cyber security and provide improved customer service.

Economic Development — As part of its economic development strategy, the City of Novato purchased over 90 acres of hilltop open space using Measure F funds and other sources. This property was used to trade development restrictions on some of the City's historic buildings in the Hamilton area to complete renovation and improve the Hamilton neighborhood. The City also used Measure F funds to identify companies looking to relocate or expand, support new and existing local businesses, and participate in regional outreach programs.

The Economic Development program also championed the "Shop Local Novato" campaign, which featured a website and marketing campaign encouraging residents to shop locally. The Shop Local website and social media were upgraded regularly to feature local businesses.

In addition to attracting new businesses, Economic Development staff has focused on retaining and expanding existing businesses. This has included meeting with stakeholders to support their expansion plans. Stakeholder outreach has included owners of local businesses, business owners looking to relocate, property owners, the Novato Chamber of Commerce, and other organizations.

Overall, the City of Novato used Measure F funds to support a variety of economic development initiatives, including the purchase of open space, renovation of historic buildings, and promotion of local businesses.



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 ½ cent sales tax was a major financial boost for Novato, helping to prevent significant budget cuts and service reductions. However, the new Measure C ¼ sales tax, half the amount of Measure F, will require the City to find new ways to generate revenue to continue to support services and ensure long-term fiscal sustainability.

The Measure F Oversight / Citizens Finance Committee is committed to working with the City Council to develop strategies for addressing the challenges posed by the reduction in revenue from Measure F. These strategies may include increasing revenue, reducing spending, and increasing efficiency in operations.

The City Council and staff need to carefully monitor the five-year forecast and make prudent budget decisions to balance the General Fund revenues and expenditures. 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 is confident that by working together, the financial challenges faced can be overcome to ensure a bright future for Novato.

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 2019/20**

	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	FINAL ACTUAL 2019/20	ADOPTED BUDGET 2020/21	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	15,123	-	
Investment Earnings / Miscellaneous	347	9,491	20,872	50,394	94,083	113,782	148,902	129,108	216,836	167,825	-	
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	182,948	-	23,221,457
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	59,639	-	
0.50 FTE Office Assistant	-	-	-	-	5,187	40,199	17,127	35,096	-	-	-	
1.0 FTE Dispatcher	-	-	-	-	-	-	77,131	72,033	100,884	107,439	-	
Crime Analysis Contract Services	-	-	-	-	-	-	28,853	31,426	36,062	38,461	-	
Emergency Services Contract	-	-	-	15,053	64,712	30,663	28,427	23,568	25,985	27,739	-	
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	101,710	-	
TOTAL												2,781,699
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	-	-	3,391,203	584,316	
Youth Athletics Scholarship Program	-	-	-	-	10,000	20,000	10,000	30,000	-	-	-	
Special Events - Concerts in the Park	-	-	-	-	-	-	-	9,975	7,028	-	-	
TOTAL												3,634,080
Parks and Streets Maintenance / Programs												
Maintenance Worker Staffing	-	169,864	86,092	85,542	-	-	253,920	201,809	146,566	9,287	-	
Parks, Medians, Streets Maintenance	-	-	-	-	-	13,084	180,402	256,226	-	-	164,800	
* 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	33,369	-	-	
TOTAL												2,698,572
City Facility Investments												
Payoff of Corp Yard Lease	-	-	-	-	1,141,581	-	-	-	-	-	-	

**MEASURE F ANNUAL REPORT
FY 2019/20**

* CIP - Hamilton Pool Solar	-	-	-	-	13,277	83,555	76,891	40,379	-	-	-	
* CIP - Lieb Property Deferred Maintenance	-	-	-	-	-	-	-	-	32,519	13,800	4,192	
TOTAL												1,402,002
Technology / Customer Service / Efficiency												
1.0 FTE Management Analyst	-	-	-	-	-	-	86,369	27,078	128,017	112,578	-	
1.0 FTE Receptionist / Admin Clerk	-	-	-	63,123	-	-	-	-	-	-	-	
0.75 FTE IT Business Analyst	-	-	-	-	-	-	-	1,213	123,722	-	-	
Technology & Service Improvements	-	-	-	-	-	-	-	-	79,919	-	-	
Geographic Info Systems Support	-	-	9,144	-	-	-	-	-	-	-	-	
IT Temporary Staffing	-	-	-	-	-	-	-	-	-	28,298	-	
* CIP - Technology Projects Citywide	-	-	-	-	272,000	630,640	605,221	785,759	186,571	125,728	137,049	
TOTAL												3,265,380
Economic Development												
Economic Development - Staff and Program Support	-	-	170,982	215,006	-	-	-	-	164,465	11,373	-	
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	50,000	95,000	
TOTAL												2,450,540
Transfer to Risk Mitigation Reserve Fund	-	-	-	-	-	-	-	3,000,000	-	-	-	3,000,000
Pension Obligation Bond Payment - for Measure F Employees	-	5,748	13,103	19,481	29,938	14,170	10,227	28,190	20,505	12,283	-	153,645
IRS Section 115 Pension Trust	-	-	-	-	-	-	-	-	84,651	-	-	
Reserves and Future Commitments												
Future Technology Projects - IT Master Plan	-	-	-	-	-	-	-	-	-	-	-	
* CIP - Future Park Improvement Projects	-	-	-	-	-	-	-	-	-	-	-	
Risk Mitigation Reserve	-	-	-	-	-	-	-	-	-	-	-	
Future Funding for CIP Projects	-	-	-	-	-	-	-	-	-	-	725,557	
Equipment Replacement	-	-	-	-	-	-	-	-	-	-	-	
Labor Expense - One-Time	-	-	-	-	-	-	-	-	-	-	-	
MERA Debt Service	-	-	-	-	-	-	-	-	-	-	-	
Future Funding for Multi-Year Positions / Programs	-	-	-	-	-	-	-	-	-	-	-	
TOTAL EXPENDITURES / ALLOCATIONS	-	244,698	936,366	1,282,683	2,870,536	1,997,965	1,907,513	5,084,808	1,757,990	4,142,139	1,710,914	20,140,046
MEASURE F ENDING FUND BALANCE	689,473	4,543,667	8,101,705	11,292,301	13,266,417	15,121,249	13,408,727	8,476,233	6,955,951	2,996,760	1,285,846	4,367,257

Capital Improvement Program ("CIP") project budgets represent appropriated funds. Depending on project timing, actual expenditures may not occur until future fiscal years. 2020/21 Adopted budgets for CIP projects include updated carryover budgets based on actual expenditures during 2019/20. "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.