



CITY OF NOVATO
CALIFORNIA

Finance Advisory Commission

APPROVED Minutes

Thursday, February 22, 2024 – 7:30 AM

A. CALL TO ORDER AND ROLL CALL

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

Commissioners Present: Regina Bianucci Rus, Cris MacKenzie, Tina McMillan, Larisa Thomas

Absent: Andy Zmyslowski, Rafelina Maglio

Staff Present: Interim City Manager Amy Cunningham, Finance Director Carla Carvalho-DeGraff, Management Analyst I Stacey Hoggan, Principal Management Analyst Jennifer Maldonado

B. APPROVAL OF FINAL AGENDA

Commission Action: Upon a motion by Commissioner Bianucci Rus, and seconded by Commissioner MacKenzie, the Commission voted 4-0-0-2 to approve the final agenda.

Ayes: Bianucci Rus, MacKenzie, McMillan, Thomas,

Noes: None

Abstain: None

Absent: Maglio, Zmyslowski

Motion Carried

C. PUBLIC COMMENT

None

D. CONSENT ITEMS

D.1. Approve the Meeting Minutes from January 18, 2024

Commission Action: Upon a motion by Commissioner Bianucci Rus, and seconded by Vice Chair McMillan, the Commission voted 4-0-0-2 to approve the Meeting Minutes from January 18, 2024 with the following amendment; Commission Action for D.1., noting approval of meeting minutes from November 16, 2023; Commissioner MacKenzie was listed as “Aye” and should have been noted as “Abstain” and Commissioner Maglio was listed as “Abstain” and should have been listed as Aye”.

Ayes: Bianucci Rus, MacKenzie, McMillan, Thomas,

Noes: None

Abstain: None

Absent: Zmyslowski, Maglio

Motion Carried

E. UNFINISHED AND OTHER BUSINESS

None

F. GENERAL BUSINESS

F.1. Internal Service Fund (ISF) Study Informational Presentation

Terry Madsen, Principal Consultant at Clear Source Financial Consulting, provided Commissioners information from the study of the City’s Internal Service Funds (ISF). The study focused on the Equipment Maintenance (fund 601) and Equipment Replacement fund (fund 602). Clear Source evaluated the City’s revenues, expenses, and cash flows for the funds, ensuring that fiscal policies and reserve strategies were being implemented. The results of the study showed that cost recovery for Equipment Maintenance Fund is currently not sufficient.

The Equipment Maintenance Fund is underfunded by about ~\$700k per year and has a projected deficit of about \$2.1M. The study recommended raising service rates or implementing a fixed monthly charge to cover costs. These recommendations would not solve the current deficit, which will need to be addressed through other means.

The Equipment Replacement Fund is sufficiently funded for anticipated equipment replacements, but the loan used to purchase 501 Davidson that was taken against the fund needs to be partially repaid to avoid future shortfalls. The loan payment was deferred this last fiscal year to address the deficit in the General Fund. Commissioners expressed concern about the financial health of both funds and encouraged solutions to be implemented during the budget development process.

F.2. Creation and Appointment of Commissioners to Ad Hoc Fiscal Sustainability Committee

Commission Action: Upon a motion by Commissioner Bianucci Rus, and seconded by Commissioner MacKenzie, the Commission voted 4-0-0-2 to establish a Fiscal Sustainability Ad Hoc Committee, comprised of Commissioner Thomas and Commissioner McMillan. This Ad Hoc Committee will focus on studying and understanding the City's financial situation compared to other similar cities.

Ayes: Bianucci Rus, MacKenzie, McMillan, Thomas

Noes: None

Abstain: None

Absent: Zmyslowski, Maglio

Motion Carried

F.3. Consider Creation of Comprehensive Policies and Procedures for City's Lease Agreements

This item was moved to the upcoming Finance Advisory Commission meeting on March 7, 2024, due to time constraints.

F.4. Update on Finance Department Activities

This item was moved to the upcoming Finance Advisory Commission meeting on March 7, 2024, due to time constraints.

G. COMMITTEE AND LIAISON REPORTS

G.1. Staff Updates

None

G.2. Commission Member Reports

None

H. ADJOURNMENT

The meeting was adjourned at 9:15 AM.

I HEREBY CERTIFY that the foregoing minutes were duly adopted at the Finance Advisory Commission Meeting of March 7, 2024.

/ Stacey Hoggan /
Stacey Hoggan, Management Analyst I