

PROTECTING SAFETY AND QUALITY OF LIFE IN NOVATO

THE CITY OF NOVATO WANTS TO HEAR FROM YOU!



CITY OF NOVATO
CALIFORNIA

PROTECTING SAFETY and QUALITY of LIFE with Budget Challenges

Budget Update

The City of Novato is in the process of developing a budget for next fiscal year that must be adopted by July 1. As has been communicated to residents, Novato is grappling with an increasing budget deficit, which currently exceeds \$2 million annually. The City has cut staffing by over 30 positions to reduce operating expenses without impacting essential services such as police patrols, 9-1-1 emergency response, street repair, and park maintenance. Further reductions will directly impact essential services, which is why the City is also evaluating potential revenue enhancements to protect critical services that impact safety and quality of life.



Limited Local Funding

Two important underlying causes are driving Novato's budget challenge:

1. Property tax revenue is Novato's primary source of funding. However, out of every dollar paid by Novato residents in property tax, only 7 cents returns to Novato.
2. Novato's sales tax rate is the second lowest in Marin County, and of the 8.5% sales tax collected in Novato, only 1.25% comes back to the City.

Protecting Essential Services

In developing a budget for the year ahead, the City of Novato is evaluating options for reducing costs and enhancing revenues while preserving service levels. Given that nearly 70% of the City Budget funds city employees who deliver vital services to local residents, any cuts would impact service levels.

Enhancing Locally Controlled Revenue

One option under consideration is increasing Novato's local sales tax rate to bring it in line with neighboring communities. If approved by local voters, Novato's local sales tax rate could be increased by up to 0.75%, which would add 7.5¢ to a \$10 purchase or 75¢ to a \$100 purchase. Essential purchases like groceries and prescription medicine are exempt from sales tax. This would generate approximately \$10 million in annual revenue that could be used to:

- ▶ Fix potholes and maintain city streets
- ▶ Maintain 9-1-1 emergency response and public safety
- ▶ Reduce the risk of wildfires
- ▶ Maintain parks and recreation programs and facilities

Fiscal Accountability Protections

Any proposal to enhance local funding would include strict fiscal accountability protections, including:

- ▶ All funds must stay in Novato for local services only and cannot be taken by the State, the County or other agencies; and
- ▶ All funds would be subject to independent annual audits and mandatory public spending disclosure.

As the City evaluates options for protecting essential services and enhancing locally controlled funding, your opinions and priorities are important. Please return the attached Budget Priorities Survey to share your thoughts with the City of Novato.

Q. Why does the City of Novato receive such a small share of local property taxes?

- A. While other Marin County cities receive as much as 25% of local property tax collections, Novato receives only 7%. Property tax rates were locked in with the passage of Proposition 13 in the late 1970s when Novato was a much smaller and more rural community. Additionally, Novato has a number of special districts that share in local property tax allocations, including Novato Unified School District, Novato Fire District, College of Marin and others.

Q. Can these allocations be changed?

- A. There is no mechanism to change the allocation of property taxes. However, Novato can bring our local sales tax rate in line with neighboring communities to generate additional locally controlled revenue that must stay in Novato. After taking a close look at the City of Novato's budget, the Marin County Civil Grand Jury recommended that Novato ask local voters to bring the local sales tax rate to the same level as neighboring cities like San Rafael and Petaluma.



ATTEND A BUDGET WORKSHOP

Join us in-person at 6 pm on Thursday, March 28 at City Hall, 901 Sherman Avenue or via Zoom. Zoom link and additional details are available at novato.org/budget



WE WANT TO HEAR FROM YOU!

Community feedback is an important component of Novato's budget planning process. We invite you to take our online budget priorities survey at novato.org/opennovato or by scanning the QR code.

You may also complete this brief survey by ranking the following budget priorities from 1-10 with 1 being your first priority and 10 your last priority. Please be sure to assign each number only once to make your responses count.

Once completed, add a stamp and mail back this pre-addressed card by April 1.

To receive email updates about Novato's budget process, please provide your email:

BUDGET PRIORITIES

RANK 1-10

Downtown Revitalization	<input type="text"/>
Sustainability & Environmental Efforts	<input type="text"/>
Pothole Repair & Street Maintenance	<input type="text"/>
Residential & Commercial Permitting	<input type="text"/>
Youth, Adult & Other Recreation Programs	<input type="text"/>
Business Retention & Attraction	<input type="text"/>
Addressing Homelessness & Mental Health	<input type="text"/>
Park Maintenance & Improvements	<input type="text"/>
City Facilities & Property Maintenance	<input type="text"/>
9-1-1 Emergency Response & Public Safety	<input type="text"/>



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