

YOUR FEEDBACK MAKES A DIFFERENCE



CITY OF NOVATO
CALIFORNIA

PLANNING FOR NOVATO'S FUTURE

PROTECTING ESSENTIAL CITY SERVICES AND QUALITY OF LIFE ARE TOP PRIORITIES FOR OUR COMMUNITY

Budgetary Constraints

The City of Novato is currently developing a budget for the next fiscal year, which must be adopted by July 1. As mentioned in recent communications from the City, Novato's budget deficit has surpassed \$2 million annually, prompting the city to cut over 30 positions. Despite these cuts, essential services such as police patrols, emergency response, street repair, and park maintenance remain unaffected. However, further reductions could directly impact these crucial services. To protect them, the city is exploring potential revenue enhancements to maintain safety and quality of life for residents as well as address aging infrastructure.

Residents' Priorities for Novato's Future

Earlier this spring, the City of Novato mailed residents a survey detailing the City's budget challenges and asking the community to rank their priorities for the City and provide feedback to inform Novato's budget planning process. Additionally, these priorities were a part of the City's annual online Budget Priorities survey. With over 1,000 survey responses tallied, here are the top 5 community budget priorities for the City of Novato, as ranked by respondents:

1 Pothole Repair & Street Maintenance

2 9-1-1 Emergency Response & Public Safety

3 Business Retention & Attraction

4 Addressing Homelessness & Mental Health

5 Park Maintenance & Improvements



*Responses received through April 3, 2024.

Limited Local Funding

Novato's budget challenges are rooted in two main causes:

- Nearly 40% of the City's funding comes from local property taxes. However, only 7% of property taxes paid by Novato residents returns to the City of Novato. Meanwhile, cities like Mill Valley, Larkspur, San Anselmo and Belvedere receive over 20% of the property tax revenue generated locally.
- 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. When compared to neighboring cities, Novato's rate is 0.75% lower than San Rafael and 1% lower than Petaluma. This means that Novato receives less locally controlled sales tax funding than similarly-sized cities.

Local Revenue Enhancement

To address these challenges, the City of Novato is considering asking voters to increase 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 locally controlled 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.

FREQUENTLY ASKED QUESTIONS ABOUT THE CITY'S BUDGET AND LOCAL FUNDING

What does the City of Novato's budget fund?

The City of Novato is here to provide services to you. City workers deliver services to residents, with the largest portions being police officers and emergency services personnel focused on maintaining public safety; public works employees who fix potholes, repair streets and sidewalks, maintain parks and repair city facilities; and parks, recreation and community services workers who run programs for children, youth, families and seniors.

What options is the City of Novato considering for protecting services?

To protect services that the community values, the City of Novato is evaluating options for ensuring that more of the funding generated in Novato, stays in Novato. For example, in a recent independent study of Novato's budget, the Marin County Civil Grand Jury recommended that Novato increase the portion of the sales tax rate that is locally controlled, so that those funds stay in Novato and cannot be taken away by the State, County or regional agencies.



What types of services would a 0.75% sales tax increase cover?

In order to address the structural deficit, the City has made cuts to staffing and services over the last few years. With limited resources, a growing deficit, and one-time funds expended, the City will not be able to maintain services at current levels or make needed investments in aging city infrastructure. New locally-controlled revenue from a sales tax would be available to maintain service levels such as police patrols and maintaining aging infrastructure including parks, streets and city facilities.

WHERE CAN I LEARN MORE?

As the City evaluates options for protecting essential services and enhancing locally controlled revenue, please visit our website at novato.org/localfunding, share your thoughts by emailing AssistantCityManager@novato.org, or call (415) 899-8903.



Find more information at novato.org/localfunding

Para revisar esta información en español, visite novato.org/localfunding

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