



CITY OF NOVATO
CALIFORNIA

Finance Advisory Commission

APPROVED Minutes

Thursday, June 27, 2024 – 7:30 AM

A. CALL TO ORDER AND ROLL CALL

The meeting was called to order by Vice Chair McMillan at 7:39 A.M.

Commissioners Present: Cris MacKenzie, Rafelina Maglio, Michele Manos, Tina McMillan

Absent: Regina Bianucci Rus, Larisa Thomas, Andy Zmyslowski

Staff Present: City Manager Amy Cunningham, Finance Director Carla Carvalho-DeGraff, Management Analyst I Stacey Hoggan, Principal Management Analyst Jennifer Maldonado, Andy Heath, Financial Consultant.

B. APPROVAL OF FINAL AGENDA

Commission Action: Upon a motion by Commissioner Maglio, and seconded by Commissioner MacKenzie, the Commission voted 4-0-0-3 to approve the final agenda.

Ayes: MacKenzie, Maglio, Manos, McMillan

Noes: None

Abstain: None

Absent: Bianucci Rus, Thomas, Zmyslowski

Motion carried.

C. PUBLIC COMMENT

None

D. CONSENT ITEMS

D.1. Approve Meeting Minutes of June 6, 2024

Commission approved the meeting minutes of June 6, 2024.

Commission Action: Upon motion by Commissioner MacKenzie, and seconded by Commissioner Maglio, the Commission voted 4-0-0-3 to approve items on consent.

Ayes: MacKenzie, Maglio, Manos, McMillan

Noes: None

Abstain: None

Absent: Bianucci Rus, Thomas, Zmyslowski

Motion carried.

E. UNFINISHED AND OTHER BUSINESS

F. GENERAL BUSINESS

F.1. General Fund 5-Year Financial Forecast

Financial consultant, Andy Heath presented a conservative general fund 5-year financial forecast to Commissioners. This forecast allows for an assessment of the organization's financial health as well as an understanding of long-term financial trends for the fiscal years 2023/2024 through 2029/2030.

Staff collaborated with Mr. Heath to provide data from the City's financial system. A key challenge was processing the high volume of accounts in the general ledger. Staff acknowledged the need to address this structural challenge in the future for smoother budgeting, accounting, and daily financial transactions.

Mr. Heath provided a forecast that reflected the financial challenges that have been prevalent for the past few years and noted that the General Fund Reserves would be exhausted by Fiscal Year 2026/27. In creating this forecast, it is important to note the following: the use of one-time revenues and expenditures were not included; no assumption for staff cost-of-living increases for staff that had not already been approved by City Council. He also provided an additional forecast that reflected the implementation of .75% TUT increase. The addition of this tax rate increase would add approximately \$10.5 million to the General Fund annually to be used to offset the operating deficit, replenish reserves, and address aging and deferred infrastructure needs.

The Commissioners received the report and provided feedback.

The Commission endorsed the use of the forecast for financial planning purposes and expressed concern about the City's ability to sustain services and maintain infrastructure in the future.

F.2. Update on Finance Department Activities

Staff provided Commissioners with an update on the City's fiscal sustainability activities. Staff have been actively engaging in community outreach and education regarding the City's financial outlook. Public Works will be presenting the Pavement Condition Index to City Council at their July 9th meeting. This presentation will include discussions on what the City's roads needs are and the funding that is needed to maintain/improve the roads.

Staff also provided an update on activities in the Finance Department, including the upcoming scheduled audit work for Fiscal Year 2022/2023. Auditors will be on site the week of September 16, 2024. Staff are also currently working on the year end close for Fiscal Year 2023/2024. The Deputy Director position remains open with a potential candidate under consideration.

There was recognition of a need for further discussion regarding the fiscal sustainability of the City. In response, it was agreed upon by staff and Commissioners to convene a Special Finance Advisory Commission meeting on July 18th to discuss this matter.

G. COMMITTEE AND LIAISON REPORTS

G.1. Staff Updates

G.2. Commission Member Reports

H. ADJOURNMENT

The meeting was adjourned at 9:21 AM.

I HEREBY CERTIFY that the foregoing minutes were duly adopted at the Finance Advisory Commission Meeting of July 18, 2024.

/ Stacey Hoggan /
Stacey Hoggan, Management Analyst I