



THE CITY OF
NOVATO
CALIFORNIA

**MEASURE F OVERSIGHT/CITIZENS FINANCE COMMITTEE
MINUTES**

**THURSDAY, JUNE 9, 2011: 7:30 – 9:00AM
75 ROWLAND WAY #200
ATHERTON CONFERENCE ROOM**

A. Call to Order

*The meeting was called to order at 7:35 AM.
All Committee members were present except for Robert Jordan.*

City staff in attendance included:

- 1. Michael Frank, City Manager*
- 2. Cathy Capriola, Assistant City Manager*
- 3. Maureen Chapman, Accountant/Analyst*
- 4. Dane Wadlé, Management Analyst*

B. Public Comment (*Anyone wishing to speak on non-agenda items will be recognized at this time. These items can legally have no action as they are not on the agenda. There is a three minute time limit.*)

There was no public comment.

C. Committee Organizational Items

D – 1: Approval of June 1 Meeting Minutes

The Committee unanimously approved the meetings from June 1.

D – 2: Appointment of Members to 2-Year Terms

1. George Cohen
2. Richard Johnson

George and Richard were appointed to 2-year terms without objection.

D – 3: Appointment of Committee Chair and Vice-Chair

The Committee unanimously appointed Cris MacKenzie as Chair and David Bentley as Vice-Chair.

D – 4: Reminder: Committee Member Requirements: FPPC Form 700

Chair MacKenzie reminded committee members to complete their FPPC form and return it to the City Clerk as soon as possible.

D. General Business (*Anyone wishing to speak on agenda items will be recognized after the Committee has concluded their initial discussions. There is a three minute time limit for public comment per item.*)

E – 1: 2011-2012 Budget Discussion
City staff gave the following presentation:

<http://www.cityofnovato.org/Modules/ShowDocument.aspx?documentid=7490>

Staff outlined the budget process for the remainder of the month and highlighted the two Council meetings on June 14 and June 28. The first meeting will be a public hearing. The Council will formally adopt the 2011-2012 budget at the second meeting.

The Assistant City Manager provided an overview of the second slide to show that the City maintains a 15% emergency reserve in a separate account outside of the general fund. The table illustrated that the City has used some reserves to address budget deficits in prior years. However, reserves have never fallen below 15% required by City policy. Staff also explained that the emergency fund reserve balance for the end of the current fiscal year is higher due to the redevelopment agency repaying a loan to the general fund. Staff further emphasized that the City will not have the same flexibility to use reserves to offset general fund deficits in future years.

Staff explained the general fund revenues and expenditures for the 11/12 fiscal year. City revenues and expenditures are higher in the upcoming year. This situation is due to one-time loan repayments from the redevelopment agency and operating transfers. The Committee suggested that staff provide further detail on the slides to explain this situation in an effort to mitigate any confusion over the City's financial condition. Staff agreed with this suggestion.

Staff also provided background on the City's Capital Improvement Program (CIP) budget. In contrast to the operating budget, the CIP budget carries funding over from previous years. In the 2011-2012 fiscal year, approximately \$15 million will be spent on capital improvements. Only \$3.7 million is new funding. Staff explained the four capital improvement budget categories and gave examples of major projects for each category in the coming year. The four categories and major projects are:

- 1. Municipal Facilities
Major Project: City Offices*
- 2. Parks, Recreation and Community Facilities
Major Project: Replace Hamilton Gym*
- 3. Transportation, Drainage and Utilities*

Major Project: Street Pavement Rehabilitation

4. *Technology and Organizational Investments*

Major Project: Telephone System Replacement

E – 2: *Introduce Fiscal Sustainability Discussion*

The Committee did not have time to begin the fiscal sustainability discussion. This item was continued to the next meeting. Staff will send out a presentation in preparation for this conversation before the next meeting.

E – 3: *Public Outreach/Communication Strategy Discussion*

The Committee did not have time to have this discussion. This item was continued to a future meeting.

E. *Committee/Staff Comments*

There were no additional comments from the committee or staff.

F. *Discussion of Next Committee Meeting*

The Committee discussed the establishment of a regular meeting scheduled. The members decided to hold regular meetings on the 3rd Thursday of each month from 7:30 AM to 9 AM.

The Committee requested this schedule commence with a meeting on June 23rd from 7:30 AM to 9:00 AM.

H. *Adjournment*

The meeting was adjourned at 9:04 AM until the next meeting on June 23.