



THE CITY OF
NOVATO
CALIFORNIA

MINUTES
MEASURE F OVERSIGHT/CITIZENS FINANCE COMMITTEE
THURSDAY, JULY 21, 2011: 7:30 – 9:00AM
75 ROWLAND WAY #200
ATHERTON CONFERENCE ROOM

A. Call to Order

Chair Mackenzie called the meeting to order at 7:37A.M. The following committee members and staff were in attendance:

Committee Members:

- 1. Cris MacKenzie, Chair*
- 2. David Bentley, Vice-Chair*
- 3. Alan Berson*
- 4. George Cohen (Participated by teleconference)*
- 5. Caitrin Devine*
- 6. Robert Jordan*

City Staff:

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

Of Note: Committee Member Richard Johnson officially resigned his position as a Committee Member effective July 19th. City staff will advertise the position and proceed with filling the vacancy.

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

C – 1: Approval of June 23 Meeting Minutes

Committee Member Bentley requested an amendment to the draft minutes. The change pertained to a comment Mr. Bentley made regarding the potential of the City generating two five-year financial forecasts. The Vice-Chair suggested that the staff project the City's financial picture with additional revenue due to new development within the City. The Committee agreed with this amendment and the minutes were approved unanimously.

C – 2: Introduction of Finance Manager

Staff introduced the City's new Finance Manager, Brian Cochran. Brian provided a brief background and shared his financial experience with Committee members. Members also shared their backgrounds with Brian.

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.*)

D – 1: Recap of June 28th Council Meeting Re: 2011-2012 Budget
Assistant City Manager Cathy Capriola recapped the Council's discussion and adoption of the 2011-2012 budget on June 28th. She focused her remarks on the shift of redevelopment cash and bond funds. In summary, the City Council approved the utilization of all the bond funds (originally sold in March) for the City offices project. This action was designed to protect the City offices project funding in response to the uncertainty over the state's elimination of redevelopment. Bonds are defined as an "enforceable obligation" under the legislation and thus, protected from being distributed to other taxing entities. In exchange, the City will use RDA cash to repay various City funds for money previously loaned. The concern is that the state will attempt to void these repayments and order the funds distributed to schools, counties, special districts. However, due to the high priority of the City offices project, the Council deemed this action appropriate.

D – 2: State Legislative Budget Adoption: Local Implications

Finance Manager Cochran provided an overview of the state's elimination of redevelopment agencies. The Governor signed AB X1 26 and AB X1 27 into law. AB X1 26 dissolves redevelopment agencies as of October 1, 2011. An agency can avoid dissolution if it opts in to the "voluntary" program created under AB X1 27 and makes a payment to the state. Staff informed the Committee that the City is currently weighing its options and will present a recommendation to the City Council on August 11th. A more detailed discussion on the impacts of these two bills is provided in Attachment 1 from the July 21st meeting. Please see the City's website at: <http://www.cityofnovato.org/Index.aspx?page=1610>

Management Analyst Dane Wadlé provided a description of the state's action to shift local vehicle license fee (VLF) revenue away from California cities to fund state law enforcement grants. This action takes approximately \$187,000 from our 2011-2012 budget. City legislative advocates, including the League of California Cities, are working with state legislators on a bill to restore this funding to cities.

D – 3: Continue Fiscal Sustainability Discussion

The City Manager provided an update of the continued fiscal challenges facing the City and how these challenges will contribute to the

City's fiscal sustainability discussions to occur later this summer/fall. The following is a synopsis of the key points:

- *Property tax revenue continues to decrease*
- *The City faces additional financial pressures with the state's elimination of redevelopment agencies*
- *The City's 5-year budget forecast shows challenges in two years (e.g. the FY 12-13 budget)*
- *The City continues its efforts to utilize the properties at Hamilton as a revenue source for the City. However, these efforts are not as simple as they seem due to property restrictions placed on the Hamilton parcels by the federal government. These restrictions reduce the opportunity to earn revenues from the properties. As a result, the City is looking at other properties to "trade" (basically transfer the restrictions from one parcel to another) and enable the City to strategically utilize certain properties. For example, the Hamilton Hospital site is not restricted; however, the site currently has minimal value to the private sector due to the number of upgrades/repairs the facility needs. If the facility can be improved, there is a possibility that it could become an economic draw.*
- *A developer currently has a conceptual idea to put a sports/tournament facility on the old Army landfill and City-owned property near Todd's Road. This facility would include baseball and soccer fields and could generate revenue for the city (hotel and sales taxes, for example). Such a facility is needed in the North Bay region. This idea is also part of the Hamilton Master Plan. Staff will provide further updates if and when a more concrete proposal comes forward.*
 - *Committee Member Berson commented that the City should remain mindful of all the consequences of bringing a sports complex into the City and consider the impacts if the private company fails. City staff agreed with this comment and pledged to keep this view in mind.*
- *The City Manager also informed the Committee that the City is working with a consultant on our revenue options as they pertain to franchise agreements with the Novato Sanitary District. Of particular interest are: 1) franchise fees and 2) road impact fees*
- *The City Manager summarized his remarks by highlighting that fiscal issues will continue to be a top priority for the Committee and the City in general in the coming months.*

Committee Member Cohen initiated a discussion on the City offices project. He asked the full committee to review the staff reports and associated information regarding the City office project on the City's website. The information can be found at: <http://www.cityofnovato.org/Index.aspx?page=1534>. The Committee

also approved a motion to have a discussion on the City Council's decision regarding the City office project at the next meeting.

D – 4: Process/Public Outreach/Communication Strategy Discussion
This discussion was continued to a future meeting

E. Committee/Staff Comments

There were no additional comments from the Committee or staff.

F. Adjournment

The meeting was adjourned at 9:01 A.M.