



THE CITY OF
NOVATO
CALIFORNIA

MINUTES TO BE ADOPTED AT THE NEXT REGULAR MEETING

MINUTES MEASURE F OVERSIGHT/CITIZENS FINANCE COMMITTEE THURSDAY, AUGUST 25, 2011: 7:30 – 9:00AM 75 ROWLAND WAY #200 ATHERTON CONFERENCE ROOM

A. Call to Order

The meeting was called to order at 7:33A.M.

Committee Members Present Included:

*Cris MacKenzie, Chair
David Bentley, Vice-Chair
Alan Berson
George Cohen
Caitrin Devine
Robert Jordan*

City Staff Present Included:

*Michael Frank, City Manager
Cathy Capriola, Assistant City Manager
Brian Cochran, Finance Manager
Maureen Chapman, Accounting Supervisor
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.*)

Burt Hoffman was present and made comments regarding item D-3 (see item D-3 for specific comments).

C. Committee Organizational Items

C – 1: Approval of July 21 Meeting Minutes
C – 2: Approval of August 11 Meeting Minutes

The minutes were approved unanimously.

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 August 11th/23rd Council Meetings Re: Redevelopment Actions

Assistant City Manager Capriola provided a brief overview of the recent developments on the Council's action related to redevelopment.

Finance Manager Brian Cochran then discussed the details involving the California Supreme Court's stay of most of the provisions of AB XI 26 and 27. He explained how this action created new uncertainties regarding what actions Novato was and was not authorized to take. The City has been working closely with legal counsel to preserve the City options while complying with the two bills and the Supreme Court stay.

Building on the presentation from the special meeting on August 11th, staff provided a plan to fund the \$3.5M remittance loan (\$2.3M in the 1st year, \$550K in the next two years) that is required if the City continues the Redevelopment Agency. The funds for this loan would likely come from the \$6.1M the RDA paid back to various City funds (the Quimby Fee fund, the Development Impact Fee fund, the Vehicle Reserve fund, the Community Facility Fund, the Insurance Reserve Fund and the former NPFA Fund).

The City believes that this \$3.5M payment is necessary to preserve and protect the bonds, property/asset transfers and the General Fund that would all be negatively affected if the City dissolved the Agency.

The City has also filed an appeal the remittance payment amount assigned to us by the state's Department of Finance. The state has identified our contribution at \$2.3M for the first year. Calculations made by Mr. Cochran demonstrated that our payment should be \$2.07M in Year 1. Projecting these changes into future years, the City's payment should be between \$80K and \$100K yes. As such, we have filed a formal appeal with all relevant documentation to the Department of Finance for consideration.

To date, Council has taken the following actions:

- 1. Adopted the SB 211 Ordinance to enable the City to retain tax increment from Vintage Oaks until 2022/23.*
- 2. Adopted an ordinance opting-in to the Voluntary Redevelopment Program created under AB x1 27. The Council has reserved the right to overturn this decision if circumstances surrounding the lawsuit challenging AB XI 26/27 change.*

3. *Adopted an Enforceable Obligation Payment Schedule as provided under AB X1 26. The uncertainty involving the Supreme Court's partial stay of the RDA legislative provisions caused the City to have to adopt this schedule*

Finally, staff also announced the impending departure of Ron Gerber, the City's Redevelopment Administrator. Ron is leaving to become the Economic Development Director in Walnut Creek. Committee Member Bentley asked if the City was going to fill Ron's position. Staff responded that the position will not be filled immediately.

D – 2: Redevelopment: Next Steps

Staff will continue to monitor any additional updates provided by the League of California Cities and the California Redevelopment Association.

Assuming that the Council continues to want to opt-in to the new program, staff will be bringing forward the remittance and loan agreements necessary to make the payment associated with opting-in to the new redevelopment program on September 27th.

D – 3: Recap of City Council Decision on City Offices

At the suggestion of Committee Member Cohen, the Committee considered whether or not to hold a special meeting to discuss Council's decision in May to build a new City office on the Civic Center site. Mr. Cohen articulated his view that this discussion falls under the Committee's purview to "review existing policies and/or recommend new fiscal policies to the City Council.

Staff provided brief comments highlighting that the Committee's role is advisory. Staff stated that the Committee should consider whether such an action was advisory in nature.

The Committee had a dialogue on this question. Members generally felt that due to the financial costs and potential long-term fiscal implications, holding a meeting to look at the financial aspects of this decision was appropriate.

As mentioned above, Burt Hoffman made comments on this proposed action. He stated his concern about how this project will affect the City's finances over the next 5, 10 and 20 years. He further commented that an expenditure this large, regardless of its merits, will limit the City's ability to pursue other projects in the

future. He specifically mentioned the City's ability to fund additional parking in the downtown region.

In summary, Mr. Hoffman suggested that redevelopment expenditures were within the Committee's purview and that a special meeting should be held.

After further discussion, Committee Member Jordan made a motion to hold a Special Meeting to review the City offices decision. Committee members pledged to review the background information on the City's website in preparation for this meeting. Vice-Chair Bentley seconded this motion and the motion passed unanimously.

This special meeting will be held on September 8th at 7:30AM at City offices.

E. Committee/Staff Comments

Vice-Chair Bentley asked if the first allocation of Measure F revenues came in above or below budget projections. The Finance Manager responded that more funds than budgeted came in since April. The City budgeted approximately \$500,000 and has received approximately \$688,000. The Finance Manager did mention that various "settle-up" actions with the state are still in process. As such the figures are not final until September. Therefore, the amount could change. Currently, the projections look promising.

F. Adjournment

Chair MacKenzie adjourned the meeting at 9:03 A.M.