



THE CITY OF
NOVATO
CALIFORNIA

AGENDA
MEASURE F OVERSIGHT/CITIZENS FINANCE COMMITTEE
THURSDAY, JULY 19, 2012: 7:30AM – 9:00AM
75 ROWLAND WAY #200
ATHERTON CONFERENCE ROOM

- A. Call to Order
- 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.)*
- C. Committee Organizational Items
 - C – 1: Approval of December 15, 2011 Meeting Minutes
 - C – 2: Approval of January 19, 2012 Meeting Minutes
 - C – 3: Approval of April 12, 2012 Meeting Minutes
 - C – 4: Approval of May 17, 2012 Meeting Minutes
 - C – 5: Discussion of Expiring Terms
- 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: Update on 2012-2013 Budget and Labor Agreements
 - D – 2: Review Draft 2012-2013 Annual Report
 - D – 3: Update on Fiscal Sustainability Process
- E. Committee/Staff Comments
 - E – 1: Process Discussion on Adding Items to Committee Agenda
- F. Attachments:
 - 1. December 15, 2011 Meeting Minutes
 - 2. January 19, 2012 Meeting Minutes
 - 3. April 12, 2012 Meeting Minutes
 - 4. May 17, 2012 Meeting Minutes
 - 5. Measure F Committee Annual Report (Draft)
- G. Adjournment
 - G – 1: Next Regular Meeting – August 16, 2012
 - 1) Final Review/Adoption of Annual Report
 - 2) Fiscal Sustainability Options Tool
 - 3) OPEB Trust Provider Update (tentative)

AFFIDAVIT OF POSTING

I, Dane Wadlé, certify that on, July 13, 2012, I caused to be posted the agenda of the Thursday, July 19, 2012 meeting of the Measure F Oversight/Citizens Finance Committee of the City of Novato, California, on the City of Novato Community Service Boards in City Hall and the Police Department.

/Dane Wadlé/

Dane Wadlé, Management Analyst



THE CITY OF
NOVATO
CALIFORNIA

MINUTES TO BE FORMALLY ADOPTED AT THE NEXT MEETING

**MINUTES
MEASURE F OVERSIGHT/CITIZENS FINANCE COMMITTEE
THURSDAY, DECEMBER 15, 2011: 7:30 – 8:30AM
75 ROWLAND WAY #200
ATHERTON CONFERENCE ROOM**

A. Call to Order

The meeting was called to order at 7:31A.M. In attendance were:

Committee Members:

Cris MacKenzie, Chair

David Bentley, Vice-Chair

Alan Berson

George Cohen

Robert Jordan

City Staff:

Cathy Capriola, Assistant City Manager

Jim Berg, Operations Captain, Police Department

Brian Cochran, Finance Manager

Maureen Chapman, Accounting Supervisor

Dane Wadlé, Management Analyst

In addition, there was one member of the public in attendance.

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.*)

Tom MacDonald made general comments on the employee compensation. He specifically highlighted police department data and encouraged the Committee to address compensation as part of the fiscal sustainability conversations.

C. Committee Organizational Items

C – 1: Approval of November 17 Meeting Minutes

Committee Member Bentley asked a follow-up question on the meeting minutes. He would like staff to research what the call provisions are on redevelopment tax allocation bonds approved earlier this year. The Finance Manager will research this issue for the next meeting.

After this discussion, the minutes were unanimously approved.

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: Use of Measure F Revenues:

- Public Safety COPS Grant

Police Captain Jim Berg provided an overview of the COPS grant awarded to the City by the Department of Justice. The grant amount is for \$1,095,873 and is to be used to hire three sworn police officers for a 36-month period. As a condition of accepting the grant, the City must retain the three officers for an additional year. The grant only funds the officers for the first three years.

To fully equip the new officers, the department estimates additional costs in the 1st year of \$99,000. This cost includes the following expenses:

- | | |
|--------------------------|----------|
| 1. Equipment = | \$3,000 |
| 2. Vehicles (2) = | \$60,000 |
| 3. Vehicle Maintenance = | \$36,000 |

The total cost of retaining the officers in the 4th year is \$429,000.

Staff recommended utilizing Measure F funds to support retaining the grant supported officers and the associated operating costs for a total Measure F expenditure of \$528,000.

Captain Berg outlined the potential areas where the new officers will provide service to the community:

- *Working with local schools and the Marin County Office of Education*
- *Working with other local law enforcement agencies*
- *Addressing quality of life issues within Novato (example: response to the graffiti issue that emerged earlier this year)*

Committee Members asked questions about the COPS Grant proposal:

Question: How does staff plan on managing officer staffing after the 4th year?

Answer: The intent is to have these officers remain with the organization after the 4th year. Ideally, the staffing will be managed through attrition. It is incumbent on the PD to have vacancies in four years. After four years, the PD staffing levels retreat back to what they are now if the vacancies do not occur.

Question: Committee Members requested additional information on the inclusion of the two police vehicles and the cost of the vehicles.

Answer: Captain Berg provided a copy of the City's PD Vehicle Replacement policy. He also referenced the Vehicle Utilization Study that was completed approximately 18 months ago and concluded that the City is only using the number of vehicles that are needed and that our usage is within industry guidelines. Finally, Captain Berg informed the Committee that fully-equipped police vehicles generally cost between \$35,000 and \$40,000.

Staff provided general comments to address questions about the public perception of the police having an excess number of vehicles. The specific example cited was the number of police vehicles visibly parked on the street at 909 Machin Avenue and in the City's lot across from the Police Department. Staff responded that private vehicles are sometimes stored as evidence (example: recent homicide case) in the police's underground lot. As such, some PD vehicles must be parked on the street to accommodate the private vehicles. In addition, while all officers do not work all the time, the Department must be prepared for potential situations. The summary is that the City does not have an excess number of police vehicles.

The Committee approved the following motion by a vote of 5-0.

"The Measure F Oversight/Citizens Finance Committee endorses the expenditure of \$429,000 in Measure F revenues for the three police officers. The Committee believes the Council should further explore the use of Measure F revenues for the police vehicles."

- Future Staffing and Information Technology (IT) Investments

This item was continued to a future meeting.

D – 2: Discussion of City Office Letter

The Committee considered the draft City Office letter drafted by the Subcommittee (consisting of the Chair and Committee Member Jordan). The Committee requested that the property list in Appendix A be categorized by city to demonstrate the location of each property. The Committee also asked that the properties be delineated between current properties for sale and prior sales. Finally, the Committee asked for a clarification of "Class A vs. Class B" buildings.

With these changes, the Committee adopted the letter. Staff will send the letter to the Council (along with the previously approved fiscal sustainability letter) as soon as possible.

E. Committee/Staff Comments

Assistant City Manager Capriola provided a general response to the public comments regarding police compensation. She informed the Committee and the public that the Council will be having a broad discussion on city compensation in early 2012. The City will conduct a public workshop with a pension consultant to outline the issues.

The specific conversations about compensation will occur through the labor negotiation process. Many of these discussions will be held in closed session, pursuant to the law.

F. Adjournment

The meeting was adjourned at 8:40A.M. The next regular meeting will be on January 19, 2012.

MINUTES
MEASURE F OVERSIGHT/CITIZENS FINANCE COMMITTEE
THURSDAY, JANUARY 19th, 2012: 7:30 – 9:00AM
75 ROWLAND WAY #200
ATHERTON CONFERENCE ROOM

A. Call to Order

The meeting was called to order at 7:37. In attendance were:

Committee Members:

David Bentley, Vice-Chair

Alan Berson

George Cohen

Caitrin Devine

City Staff:

Cathy Capriola, Assistant City Manager

Brian Cochran, Finance Manager

Matt Podolin

In addition, there were 2 members of the public in attendance.

B. Public Comments (*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.*)

Tom MacDonald made general comments regarding employee compensation. Specifically, he distributed a handout with data showing a difference between maximum annual salary and total compensation for Police Department staff. He encouraged the Committee and Council to review and understand this difference before labor negotiations begin.

C. Committee Organizational Items

C – 1: Approval of December 15 Meeting Minutes

Committee member Cohen raised questions about whether the December 15th, 2011 meeting agenda was noticed in accordance with the Brown Act. The Assistant City Manager will review this issue and provide information at the next meeting.

Approval of the minutes was deferred to the February 16th meeting.

C – 2: Update on Committee Vacancy

The Assistant City Manager reported that the Council is taking action on committee vacancies on Tuesday, January 24th, 2012.

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: Redevelopment Update

The Assistant City Manager and the Finance Manager provided an update on the recent California Supreme Court rulings regarding Redevelopment Agencies and their impact on the City and Novato Redevelopment Agency. The Finance Manager reported that the Council had opted to serve as the successor agency for the Novato Redevelopment Agency. The League of California Cities and California Redevelopment Association are working on a legislative strategy to restore a form of redevelopment for the future. They are trying to push back the date of the February dissolution to provide time to develop a compromise measure that hopefully preserves some elements of redevelopment.

Committee Members asked about the financial impact of the recent rulings. Staff replied that the law and ruling set out enforceable obligations and that bonds are likely safe. An Oversight Committee will review these obligations. The Finance Manager reported that there will be approximately \$6 million transferred to the general fund, but that the loss of Redevelopment Agencies will also cost the general fund about \$800,000.

Vice-Chair Bentley asked about the advantages of becoming a successor agency. The Assistant City Manager reported that benefits include the role of interacting with the Oversight Committee, and an increased degree of control over a process which will require significant staff time. The ruling allows \$250,000 in administrative offset, but it is currently unclear how this needs to be justified and what it can be used for.

Staff explained that the housing function of the RDA owes the RDA project fund approximately \$21 million for bonds issued for the construction of affordable housing at Hamilton. Staff feels that since the RDA is being dissolved, this may eliminate the obligation, but given the recent ruling and pending legislation, this is highly unclear. This presents a potential risk that if the City takes over the housing function it may be liable for the outstanding debt. Once the City takes over the housing function, there is no opting out. Also, there is no funding for administration of the housing program. It had taken a full-time staff position to maintain Novato's affordable housing program.

D – 2: FY 2012-2013 Budget/Fiscal Sustainability Process

The Assistant City Manager reviewed the timeline for labor negotiations with the Committee. She provided information on Bob Kinsley, an outside negotiator.

Committee Member Berson asked if the budget is affected by the outcome of labor negotiations. Staff replied that it is and that budget models are made with assumptions about labor negotiations based on Council direction.

Committee members questioned the role of the committee in budget discussions and Vice-Chair Bentley replied that it is to 1) oversee measure F funding, and 2) assist staff and give feedback on the City's finance work.

E. Committee/Staff Comments

G. Adjournment

The meeting was adjourned at 8:55. The next regular meeting will be February, 16th, 2012



THE CITY OF
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CALIFORNIA

MEETING MINUTES – TO BE APPROVED AT NEXT MEETING

**MEASURE F OVERSIGHT/CITIZENS FINANCE COMMITTEE
THURSDAY, APRIL 12, 2012: 7:30AM – 9:00AM
75 ROWLAND WAY #200
ATHERTON CONFERENCE ROOM**

A. Call to Order

The meeting was called to order at 7:30a.m.

In attendance were:

Committee Members:

Cris Mackenzie

George Cohen

Caitrin Devine

Rob Jordan

Bob Scott

City Staff:

Michael Frank, City Manager

Cathy Capriola, Assistant City Manager

Joseph Kreins, Police Chief

Jim Berg, Police Captain

Brian Cochran, Finance Manager

Maureen Chapman, Accounting Supervisor

Dane Wadle, Management Analyst

Members of the Public:

Jim Tross

Diane Vogel

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 December 15, 2011 Meeting Minutes

Due to the fact that there was not a quorum of members who were present at the December 15, 2011 meeting, the Committee could not take action on the minutes. The approval of these minutes will be considered at the Committee's next meeting.

C – 2: Approval of January 19, 2012 Meeting Minutes

Due to the fact that there was not a quorum of members who were present at the January 19, 2012 meeting, the Committee could not take action on the minutes. The approval of these minutes will be considered at the Committee's next meeting.

C – 3: Approval of February 16, 2012 Meeting Minutes

Committee Member Scott made a motion to approve the February 16, 2012 meeting minutes. The motion was seconded by Committee Member Jordan and the motion was approved on a 4-0 vote.

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: City Manager's Recommendation on FY 2012-2013 Budget and Measure F Expenditures (Verbal Report/Handout)

The staff presentation for this item is available at this link:

<http://www.cityofnovato.org/Modules/ShowDocument.aspx?documentid=8743>

The Assistant City Manager first outlined the budget process and timing:

- 1. The Council will receive the operating budget presentation on April 17th;*
- 2. The Council will receive the capital improvement program budget presentation on April 24th and will provide feedback/direction to staff on the City Manager's operating budget recommendations;*
- 3. The Council will hold a public hearing on the proposed 2012-2013 budget on June 12th;*
- 4. The Council will formally adopt the operating and CIP budgets on June 26th.*

The City Manager provided an overview of the environment in which the operating budget was developed. The City's key priorities, as articulated by the Council, are:

- Fiscal Sustainability*
- Economic Development*
- Advancing the City Office project*

Measure F revenues for the 2012-2013 fiscal year will be used to preserve and protect programs and services and to make strategic investments that move the City toward long-term fiscal sustainability.

The City Manager highlighted the department recommendations to Council. These recommendations are included in Pages 12-22 on the link above.

Police Chief Kreins specifically discussed the Novato Response Team (previously called the Intervention, Prevention and Enforcement Team). This Team will be comprised of 3 Police Officers, a Corporal and a Management Analyst/Project Coordinator from the City Manager's office. The Team is designed as a crime prevention program and will be flexible to respond to crime trends in the community. The Team will integrate with the code enforcement and housing divisions and work with local schools to prevent and/or respond to crime issues.

The Finance Manager then discussed the five-year forecast part of the presentation (See Pages 4-11) on the attached link. The key messages from the presentation include:

- *Deficits in early years are lower; later years remain similar*
 - *PERS assumption changes are increasing PERS rates*
 - *Salary / benefit forecast uncertain due to negotiations*
 - *12/13 budget includes key investments*
 - *Community and Council priorities*
 - *Long-term revenue growth*
 - *Better funding policies for OPEB / Pension liabilities*
 - *Technology investments*
 - *Measure F recommendations*
 - *Fund several key limited-term initiatives*
 - *Backfill 12/13 deficit estimated at \$1 million*
- *Discuss, Review and Provide Input to Staff to Forward to City Council*

Committee Members provided feedback and input to staff. Upon completion of the discussion, the Committee agreed on the following four points:

- 1. Members did not have concerns about the City Manager's Proposed FY 12/13 Budget;*
- 2. Members are anxious that the City continues to have a growing long-term structural deficit and a lack of identified revenue opportunities;*
- 3. Members had questions regarding staff's projected increase in sales tax revenues considering the new retail developments in neighboring communities and the potential for sales tax leakage;*
- 4. Members believe that Measure F revenues should be utilized to make strategic investments including the Police NET Team and the Economic Development position.*

*These comments were passed along to the Council at the April 17th
Council meeting in the City Manager's Overview presentation.*

E. Adjournment

*The meeting was adjourned at 9am. The Committee's next meeting will be on
May 17, 2012.*



THE CITY OF
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MINUTES

**MEASURE F OVERSIGHT/CITIZENS FINANCE COMMITTEE
THURSDAY, MAY 17, 2012: 7:30AM – 9:00AM
75 ROWLAND WAY #200
ATHERTON CONFERENCE ROOM**

A. Call to Order

The meeting was called to order at 7:37a.m

In attendance were:

Committee Members:

Cris Mackenzie

David Bentley

Alan Berson

Caitrin Devine

Staff:

Cathy Capriola, Assistant City Manager

Brian Cochran, Finance Manager

Maureen Chapman, Accounting Supervisor

Dane Wadle', Management Analyst II

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 December 15, 2011 Meeting Minutes

C – 2: Approval of January 19, 2012 Meeting Minutes

C – 3: Approval of April 12, 2012 Meeting Minutes

The Committee could not approve any of the minutes due to the fact that there was not a majority of those present at the May meeting who were also at the December/January/April meetings. The Committee will consider these minutes at the next meeting.

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 City Council Operating and Capital Improvement Program Budget Discussions (Verbal Report/Handout)

Staff recapped the Council's comments and views on the proposed 2012-2013 operating and capital improvement program budget. The Council asked that the Economic Development Manager position and program budget be limited to four years and be funded out of Measure F revenues as opposed to the General Fund.

The Committee has requested that staff and the Council look at ways to increase City revenues. Staff commented that the Economic Development Manager position and the Hamilton Properties positions are two examples of Council addressing this request. The Hamilton Properties position will be funded for 2-years. The incumbent will develop a plan as to how the City can better utilize the Hamilton properties and buildings. There is significant pre-development work and outreach that needs to be done. In addition, the position will work with the federal government to remove and/or transfer the lands-to-park restrictions that are currently imposed on the parcels. The prior Redevelopment Administrator worked on these issues. However, with the elimination of redevelopment, this position is gone. Staff believes a term-limited position is necessary to drive this process forward.

Staff also answered questions related to:

- The fund balance of the Measure F special revenue account and how much the City has received over the last year;*
- Whether or not the budget figures for the positions include benefits;*
- The rationale for the continuation of the Administrative Clerk position in the Central Administration department*

D – 2: Discussion of Upcoming Fiscal Sustainability Work Plan

Staff outlined a proposed work plan for the upcoming fiscal sustainability discussions. Staff is going to work internally with employees, the Measure F Committee, the Economic Development Commission, the public and Council on a broad-based plan that provides a blueprint for achieving long-term sustainability. The Council wants to look at various scenarios before endorsing a specific plan. The City will bring a proposal to the Committee for consideration. The proposed work plan (Exhibit A) is available below.

Committee members felt that the plan was good. They acknowledged the challenges of getting adequate input and provided some suggestions for staff's consideration as the process moves forward.

Staff also reiterated that the proposed dates are flexible at this point.

D – 3: Introduce Committee Annual Report Process and Timeline

Staff represented a proposed schedule and process for the development of the Committee annual report. The Measure F ordinance requires the Committee to create a report and present it to the Council. The schedule and process is outlined below as Exhibit B. The Committee looked at two examples from the City of Santa Rosa and the Transportation Authority of Marin. The Committee's first report will be much simpler due to the limited Measure F actions/expenditures. The reports will become longer over the next four years.

The Committee requested that staff use pictures as much as possible to illustrate the positions/programs that Measure F funded in the report.

E. Committee/Staff Comments

Committee Member Berson asked staff if there has been any feedback from Council on the Committee's City Office letter that was sent to Council in December. Staff responded that there has not been any feedback and that there currently is not a process in place for the Council to respond to correspondence from Commissions/Committees. Staff explained that the Council is looking at creating a workplan as part of its Council workplan. Staff pledged to relay the committee concerns about a lack of feedback to the Council and it considers a response process.

Staff recommended that the June meeting be cancelled due to a lack of agenda items. The Committee agreed. The next regular meeting will be on July 19th at 7:30a.m.

F. Adjournment

The meeting was adjourned at 8:43a.m. The next meeting is scheduled for July 19th.

Exhibit A:

Measure F Committee – Annual Report Process/Timeline

Preparation of Annual Report:

The Measure F ordinance passed by the voters requires the Oversight Committee to “review and report on the revenue and expenditures of funds from the tax adopted by this ordinance.” The ordinance further requires that the reports be presented to the Council and made available to the public.

February 22, 2011 Staff Report Outlined Potential Process:

In the staff report creating the Committee, staff communicated to Council that this report would be released in the fall and would be retrospective. For example, the 2012 annual report would be released in fall 2012 and would look at how Measure F revenues were spent in the 2011-2012 fiscal year. Staff estimated September 2012 as the date when the Committee would prepare the 2011-2012 Measure F Annual Report for presentation to the City Council and distribution to the public.

Annual Report Development:

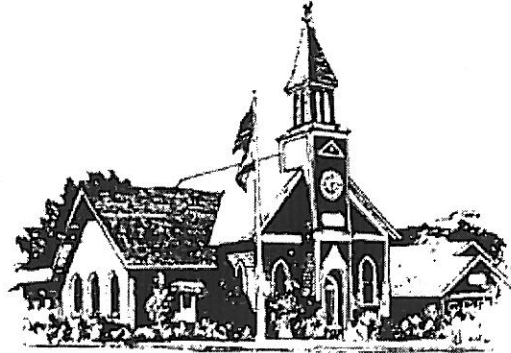
Staff will develop a draft annual report for the Committee to review. The Committee may wish to appoint a subcommittee to work more directly with staff through the development process. Once the annual report is approved, the Committee will present the report to the City Council. At the same time, the report will be made available to the public through the Committee’s page on the City website.

Proposed Timeline:

- July 2012 – Staff develops draft annual report with input from potential subcommittee;
- August 2012 – Full Committee reviews draft report, provides input;
- September 2012 – Committee presents completed 2012 Annual Report to City Council.

Questions for Committee:

- Does the Committee concur with the process and timing as proposed by staff?
- Does the Committee wish to appoint a subcommittee to work with staff on a draft report?
- Any other input and/or suggestions?



THE CITY OF
NOVATO
CALIFORNIA

MEASURE F OVERSIGHT COMMITTEE

FY 2012-2013 ANNUAL REPORT

Committee Members:

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

Staff:

Cathy Capriola, Assistant City Manager
Brian Cochran, Finance Manager
Maureen Chapman, Accounting Supervisor
Dane Wadlé, Management Analyst

Submittal of Report:

The Measure F Oversight/Citizens Finance Committee has reviewed the allocations, expenditures and appropriations of the Measure F tax revenues and has concluded that all such revenues have been allocated, appropriated and spent consistent with the intent and purpose of the Measure F ordinance as outlined in Ordinance 1551, which governs the tax.

The FY 2012-2013 Measure F Annual Report was reviewed and approved by the Measure F Oversight Committee at its meeting on _____ by an affirmative vote of ?????.

The report is hereby submitted to the Novato City Council.

Respectfully submitted,

Cris Mackenzie, Chair
David Bentley, Vice-Chair
Alan Berson
George Cohen
Caitrin Devine
Robert Jordan
Robert Scott

Measure F Background

On July 27, 2010, the Novato City Council adopted Ordinance No. 1551 adding Section 16-6 to the Novato Municipal Code. The Measure F ordinance was placed on the ballot to maintain vital city services during the difficult economic times. The ballot language outlined that the funds were to offset and prevent additional budget cuts and maintain and restore vital general city services. This ordinance was subsequently approved by the Novato voters in the November 2010 election as Measure F. Measure F increased the City's sales and use tax by a half cent for five years. The tax increase took effective on April, 1, 2011 and will sunset on March 30, 2106 absent any action to extend the measure.

As a general tax measure, the revenues were not legally designated to fund particular programs or services and therefore, can legally be spent on any general City operation. However, the City identified three "priority focus" areas where Measure F revenues were likely to be spent. These areas included:

1. Enhance Neighborhood Services and Public Safety
2. Support Seniors, Youth and Families
3. Reinvest in Park and Street Maintenance
4. General

As mentioned, the tax increase became effective on April 1, 2011, with initial revenues received in June 2011. City staff estimated that annual revenue generated by this tax would be approximately \$3 million annually. A special revenue fund was established to track the revenues and expenditures associated with the measure.

The ordinance also mandated the creation of a Citizens Oversight Committee to review and report on the revenue and expenditure of Measure F funds. The Committee was charged with presenting this report to the City Council and making the report available to the public. The Committee was created on February 8, 2011 by the City Council. The Committee held its first meeting on April 14, 2011.

The Committee's responsibilities related to its role as the Measure F Oversight Committee are outlined below:

1. Discuss and provide input to staff on Measure F-related budget proposals.
2. Review and report on the revenue generated, expenditures made and use of Measure F funds from the tax adopted by the Measure F ordinance.
3. Present the report referenced in (2) to the City Council and make it available to the public annually.
4. Comment on any concerns regarding the appropriateness of Measure F related expenditure allocations.
5. Comment on status of efforts to achieve fiscal sustainability.

Measure F Fund Balance by Fiscal Year:

Overview:

The Council has been cautious in its use of Measure F revenues and has focused on using the funds for one-time rather than ongoing expenditures. As such, a limited amount of the total funds have been spent. At the same time, actual Measure F revenues have been higher than budgeted in the past two fiscal years due to the slow recovery in sales tax revenues on a macroeconomic level. The limited expenditures and higher revenue levels have created a large balance in the Measure F fund.

The Council is currently moving forward with discussions on long-term fiscal sustainability and considering options of how to strategically invest Measure F resources to ensure the City's long-term financial stability. Through this process, the Council will receive input from the public, City staff, City boards and commissions (such as the Measure F Committee) and will ultimately develop a broad plan to utilize these revenues. These discussions will continue in the 2012-2013 fiscal year.

The table below demonstrates the Measure F fund balance for the 2010/11, 2011/12 and 2012/2013 fiscal years.

	Previous Actual 2010/11	Projected Actual 2011/12	Proposed Budget 2012/13
Fund Balance - Begin Fiscal Year	0	689,473	4,333,421
Revenues			
Sales Tax	689,126	3,805,875	3,994,406
Investment Earnings	347	6,621	20,970
Subtotal Revenues	689,473	3,812,496	4,015,376
TOTAL FINANCING AVAILABLE	689,473	4,501,969	8,348,797
Expenditures		162,800	635,420
Transfers Out:			
General Fund			594,363
Debt Service-POB Fund		5,748	12,476
Total Expenditures & Transfers Out	0	168,548	1,242,259
Fund Balance - End Fiscal Year	689,473	4,333,421	7,121,538

Measure F Revenues and Expenditures – 2010/2011 Fiscal Year

Measure F sales tax revenue for FY 2010/2011 totaled approximately \$689,126. This figure represented revenues received between April 1, 2011, when the Measure went into effect, and June 30, 2011.

Measure F Revenues	Amount (Budgeted)	Amount (Actual)
Sales Tax Revenue	\$0	\$689,126
Interest Earnings	\$0	\$347
<u>Total Revenues</u>	<u>\$0</u>	<u>\$689,473</u>

Due to the fact that Measure F had not been approved prior to the development of the FY 2010/2011 budget, no expenditures were programmed during the fiscal year. Measure F expenditures for the 2010/2011 fiscal year were zero.

Measure F Expenditures	City Department	Amount (Budgeted)	Amount (Actual)	Priority Focus Area(s)
<u>TOTAL</u>		<u>\$0</u>	<u>\$0</u>	

Measure F Revenues and Expenditures – 2011/2012 Fiscal Year

The 2011/2012 budget was the first year that Council received a full year of Measure F revenues. As such, the City Council approved revenue estimates and program expenditures through the 2011/2012 budget process. The 2011-2012 budget was approved on June 28, 2011.

Measure F revenues were estimated at approximately \$3 million. In addition, the City estimated receiving \$24,400 in investment earnings. In the FY 11/12 budget, the City Council approved approximately \$218,473 in Measure F expenditures. The Council also identified the “priority focus area(s)” of each expenditure to clarify how the funds were being spent in accordance with the ordinance approved by the voters.

As is common, actual revenues and expenditures deviated from the budgeted figures. In the 11/12 fiscal year, the actual Measure F revenues were higher than budgeted. In addition, the actual Measure F expenditures were lower than budgeted. The difference between actual expenditures versus budgeted expenditures was largely due to the Police Department not going ahead with the school resource liaison officer. The tables below show the budgeted and actual revenues and expenditures.

Measure F Revenues	Amount (Budgeted)	Amount (Actual)
Sales Tax Revenue	\$3,000,000	\$3,805,875
Interest Earnings	\$24,400	\$6,621
<u>Total Revenues</u>	<u>\$3,024,400</u>	<u>\$3,812,496</u>

Measure F Expenditures	City Department	Amount (Budgeted)	Amount (Actual)	Priority Focus Area(s)
1. Part-Time School Resource Liaison Officer	Police	\$50,000	\$0	#1, #2
2. Street Maintenance Employee (1.0 FTE)	Public Works	\$81,400	\$81,400	#3
3. Median Island Maintenance Employee (.5 FTE)	Public Works	\$40,700	\$40,700	#3
4. Parks Maintenance Employee (.5 FTE)	Public Works	\$40,700	\$40,700	#2,#3
Debt Service	Administration	\$5,673	\$5,748	General
<u>TOTAL</u>		<u>\$218,473</u>	<u>\$168,548</u>	

Measure F Expenditures Description:

1. Police: School Resource Liaison Officer:

The Council approved funding for a part-time school resource liaison officer to focus on communication between the Novato school district and the police department. The position was designed to offset the elimination of the School Resource Officers over the previous two years. The Liaison Officer was charged with developing a long-term partnership with the School District and recommending a plan to foster communication between the two entities in the future.

2. 3. 4. Public Works Maintenance Workers:

The Council retained two public works maintenance workers for the 2011/2012 fiscal year. The rationale for this decision was to provide additional time to review the maintenance responsibilities and look at opportunities to transition the streets and parks/median maintenance functions of the Public Works department.

Measure F Expenditures – 2012-2013 Fiscal Year

The City Council approved additional Measure F expenditures in the 2012/2013 budget. This budget was approved on June 26, 2012.

Measure F revenues were estimated at \$3.9 million. In addition, the budget estimated approximately \$21,000 in Measure F fund investment earnings. The City Council also approved a total of \$1,242,258 in expenditures from the Measure F fund. Approximately \$594,363 will be transferred to the General Fund to offset the City's 2012/2013 structural deficit. In addition, the Council approved approximately \$635,420 in specific Measure F expenditures. Finally, \$12,475 was approved to pay debt service. The tables below illustrated the budgeted Measure F revenues and expenditures for the 12/13 fiscal year.

Measure F Revenues	Amount (Budgeted)	Amount (Actual)
Sales Tax Revenue	\$3,994,406	TBD
Interest Earnings	\$20,970	TBD
<u>Total Revenues</u>	<u>\$4,015,376</u>	<u>TBD</u>

Measure F Expenditures	Amount (Budgeted)	Amount (Actual)	Priority Focus Area(s)
1. General Fund (Budget Deficit)	\$594,363	TBD	General
2. Measure F Specific Expenditures	\$635,420	TBD	#1,#2,#3, General
Administration: Debt Service	\$12,475	TBD	#1, #2, #3, General
<u>TOTAL</u>	<u>\$1,242,258</u>	<u>TBD</u>	

An explanation of the expenditures, related to the General Fund deficit backfill and the Measure F specific expenditures are provided below.

1. General Fund Budget Deficit

Measure F was approved to help preserve and protect existing City services and offset additional budget cuts. The City continues to face a structural budget deficit related to the continually difficult economic conditions. Therefore, the City allocated approximately \$594,000 to backfill the general fund deficit for the 2012-2013 fiscal year. These funds will fund existing City services and staff across the six departments.

2. Measure F Specific Expenditure Descriptions:

Novato Response Team:

The City Council approved the creation of the Novato Response Team in June 2012. The team was created to provide neighborhood police patrols and crime prevention programs and is comprised of three Police Officers, a Corporal and a Management Analyst. The primary goal of the Response Team was to build an interdepartmental and interdisciplinary team internally to link with Police.

Expenditure	City Department	Amount	Priority Focus Area(s)
Novato Response Team: Management Analyst	Police/Central Administration	\$90,771	#1
Novato Response Team: Training, Equipment, Supplies, Vehicle Maintenance	Police/Central Administration	\$26,000	#1
Novato Response Team: Overtime	Police/Central Administration	\$12,000	#1
Total Expenditure		\$128,771	

Economic Development Program:

The Council also approved positions and operating budgets from the Measure F fund to recreate the City's economic development program. With the elimination of redevelopment in February, 2012, the City was left without a functioning economic development program. Council and staff believe economic development is a core local government function. The Council funded two positions: an Economic Development Manager to focus on broad economic development activities and a two-year, part-time position to focus on revitalizing the city-owned properties in the Hamilton region. Corresponding operating budgets for each position were also approved.

Expenditure	City Department	Amount	Priority Focus Area(s)
Economic Development Manager Position	Central Administration	\$164,445	General
Economic Development Operating Budget	Central Administration	\$40,000	General
Economic Development: Hamilton Properties - Part-Time Program Manager	Central Administration	\$80,890	General
Economic Development: Hamilton Properties – Operating Budget	Central Administration	\$25,000	General
Total Expenditure		\$310,335	

Parks and Recreation After-School Program:

The Council also approved an after-school initiative pilot program to be operated by the Parks, Recreation and Community Services department. This program corresponds with the Measure priority to support youths and families and has proven successful in steering youth away from crime, while improving the academic performance and health and fitness of youths in our community.

Expenditure	City Department	Amount	Priority Focus Area(s)
After School Initiative Pilot Program	Parks, Recreation and Community Services	\$20,000	#2
Total Expenditure		\$20,000	

Public Works – Maintenance and GIS Support Staff:

The Council also approved spending Measure F resources to fund a street maintenance position and a park and island/median position for the 2012-2013 fiscal year. These actions support the Measure F priority of “reinvesting in the City’s park and street maintenance.” The Council also funded a one-year, part-time intern position to provide additional support for the geographic information system (GIS) function within the Public Works Department.

Expenditure	City Department	Amount	Priority Focus Area(s)
Street Maintenance Position (.5 FTE)	Public Works	\$44,001	#3
Parks and Medians Position (.5 FTE)	Public Works	\$44,000	#3
GIS Support Intern	Public Works	\$15,000	General
Total Expenditure		\$103,001	

Central Administration – Customer Service Position:

The Council approved funding a front-office customer service clerk position through the Central Administration department. This position serves as the primary point of contact for community members when they visit City offices. The City considered alternate ways to staff the front desk, but determined that a designated employee was needed to greet customers and direct them to the appropriate department. The position will also assist the City Clerk’s Office in managing and imaging City files in preparation for the move to the new City Administrative Office in September 2013.

Expenditure	City Department	Amount	Priority Focus Area(s)
Customer Service: Front-Reception Position & Records/Imaging)	Central Administration	\$73,313	General
Total Expenditure		\$73,313	