



THE CITY OF  
**NOVATO**  
CALIFORNIA

**AGENDA**  
**MEASURE F OVERSIGHT/CITIZENS FINANCE COMMITTEE**  
**THURSDAY, AUGUST 16, 2012: 7:00AM – 9:00AM**  
**75 ROWLAND WAY #200**  
**ATHERTON CONFERENCE ROOM**

- A. Call to Order
- B. Approval of Final Agenda
- C. 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.*)
- D. Committee Organizational Items
  - D – 1: Approval of July 19, 2012 Meeting Minutes (5 minutes)
  - D – 2: Committee Meeting Date Adjustments: September and October (5 minutes)
- E. 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: 5-Year Forecast Assumption Review (30 minutes)
  - E – 2: Fiscal Sustainability Options Tool (30 minutes)
  - E – 3: Review Draft 2012-2013 Measure F Annual Report (30 minutes)
- F. Committee/Staff Comments
- G. Attachments:
  - 1. July 19, 2012 Meeting Minutes
  - 2. Measure F Committee Annual Report (Draft)
  - 3. City Sales Tax Report – April 2011 – March 2012
- H. Adjournment
  - G – 1: Next Regular Meeting – September TBD
    - 1) Final Review/Adoption of Measure F Annual Report
    - 2) Input on Fiscal Sustainability Work Program/Workshops
    - 3) OPEB Trust Provider Update (tentative)

**AFFIDAVIT OF POSTING**

I, Dane Wadlé, certify that on, August 10, 2012, I caused to be posted the agenda of the Thursday, August 16, 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

**DRAFT MINUTES TO BE APPROVED AT NEXT MEETING**

**MINUTES**

**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**

*The meeting was called to order at 7:33a.m.*

*All committee members were present. Cathy Capriola, Brian Cochran and Dane Wadlé from City staff were 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.*)

*There was no public comment.*

**C. Committee Organizational Items**

**C – 1: Approval of December 15, 2011 Meeting Minutes**

*The minutes were approved unanimously.*

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

*The minutes were approved unanimously.*

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

*The minutes were approved unanimously.*

**C – 4: Approval of May 17, 2012 Meeting Minutes**

*The minutes were approved unanimously with a minor change outlining the meeting attendance. Committee member Jordan attended the May meeting.*

**C – 5: Discussion of Expiring Terms**

*Staff provided an update on the upcoming expiring terms of three committee members. The terms will officially expire as of September 1<sup>st</sup>. The City Clerk has been in contact with the committee members about seeking reappointment. For those members seeking reappointment, the Council will hold interviews on August 20<sup>th</sup> with appointments being made on August 28<sup>th</sup>.*

**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  
*Staff gave presentations on the adopted 2012-2013 budget and the labor agreements recently approved by the City Council.*

*The presentations are available at the links below:*

<http://www.novato.org/Modules/ShowDocument.aspx?documentid=9076>

<http://www.novato.org/Modules/ShowDocument.aspx?documentid=9074>

D – 2: Review Draft 2012-2013 Annual Report

*Staff has been drafting the 2012-2013 annual report (in accordance with the Measure F ordinance) with input from a subcommittee of the Measure F Committee. This subcommittee included the chair and Member Scott. The Committee reviewed the subcommittee's input and provided additional feedback. A common comment was to make the report more "readable" to the public through additional graphs and tables. Members also asked for additional clarification on specific items related to the Novato Response Team and the Measure F revenue (specifically, the interest earnings in the fund). Staff pledged to take this feedback and distribute a second draft to the Subcommittee and Committee Member Bentley. The revised draft will be considered at the Committee's next meeting on August 16<sup>th</sup>. Staff expects to bring a final draft to the Committee at the September meeting. The Committee, in accordance with the Measure F ordinance, must present this report to the Council and make it available to the public. The current timeline would have the Committee making this presentation to the City Council at the meeting on September 25<sup>th</sup>.*

D – 3: Update on Fiscal Sustainability Process

*The Finance Manager explained that staff will present a draft fiscal sustainability process to the City Council on July 24<sup>th</sup>. The process will outline how the City will consider fiscal sustainability scenarios and options. The staff report outlining the process is available at this link:*

[http://ci.novato.ca.us/agendas/pdfstaffreports/072412\\_1-14.pdf](http://ci.novato.ca.us/agendas/pdfstaffreports/072412_1-14.pdf)

*As part of the process discussion, the Committee asked staff to look into the time and cost of conducting a sales tax leakage study. Committee Member Cohen suggested that sales tax leakage be considered as a fiscal sustainability issue. As potential leakage would also have an effect on future Measure F revenue. Committee Member Berson asked the Committee to research the issues associated with conducting this study. His recommendation was supported by the other Committee members.*

*Secondly, the Committee had questions about how Novato's per capita revenue compares with other cities of similar size. Staff referenced a State Controller's annual report that contains this data. The staff pledged to send a link to this report out to the Committee members.*

**E. Committee/Staff Comments**

*E – 1: Process Discussion on Adding Items to Committee Agenda  
Committee Member Berson initiated a process discussion related to how a Committee member goes about adding an item to the agenda. Staff explained that the current process is for staff to draft the agenda and review it with the Chair for input and changes. Staff also explained that any procedural change to the agenda-setting process had to comply with the Brown Act.*

*Ultimately, the Committee unanimously approved new policy to say that if a Committee member wants to add a particular item to the agenda, he or she should communicate with staff in writing. The request should include a brief written description of the proposed agenda item. Staff will then add the item to the agenda under "Committee and Staff Comments." Future agendas will also include an item titled "Approval of Final Agenda" When the Committee considers approving the final agenda, members will determine by majority vote if they wish to discuss the specific item added by a Committee member.*

*Furthermore, staff will add an estimated time period for each agenda item. The intent being that the Committee will adhere to these time periods to keep the meeting on schedule. The Committee also discussed having a timekeeper at each meeting to help manage the clock.*

**F. Adjournment**

*The meeting was adjourned at 9:15a.m. The next regular meeting will be on August 16, 2012 and will go from 7am to 9am.*



THE CITY OF  
NOVATO  
CALIFORNIA

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MEASURE F OVERSIGHT COMMITTEE

FY ~~2012-2013~~ (2011-2012) 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. (Cris: It is the Committee's opinion that) ~~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 (Bob: Should this be 2011-2012) 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. A summary of the Measure F ballot ~~The specific~~ language is included below:

*“To offset/prevent additional budget cuts and maintain/restore vital general city services including, and not limited to: neighborhood police patrols, crime prevention programs, 9-1-1 response times; city street/pothole repair; park maintenance; preventing closure or elimination of youth and senior centers/services, shall the City of Novato enact a half-cent sales tax for 5 years, with review by a citizen committee, annual independent audits, and all funds spent locally for the benefit of Novato citizens?”* (Cris: Regarding the independent audit – are we in the process of conducting the audit? If so, how was the firm selected and when can we see the report? Or is it just included in the annual audit)

Dane (Insert): The complete ballot language can be viewed at  
(<http://www.co.marin.ca.us/depts/RV/main/Measures/2010/Nov/MeasureF.pdf>)

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, 2016 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, ~~could~~ (David: can) not legally be spent on any specific City operation. However, the ballot measure identified “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, Youths and Families
3. Reinvest in Park and Street Maintenance
4. General (David: Insert “City Services”)

As mentioned previously, the tax increase became effective on April 1, 2011, with initial revenue 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 revenue 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 is 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 the 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 revenue 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 revenue has been higher than budgeted in the past two fiscal years due to an increase in sales tax revenues. The limited expenditures and higher revenue levels have created a (David: Insert: \$4.3 billion) balance in the Measure F fund (David: Insert "at the close of the 2011/2012 fiscal year).

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 funds. 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.

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

<b>Total Expenditures &amp; Transfers Out</b>	0	168,548	1,242,259
<b>Fund Balance - End Fiscal Year</b>	689,473	4,333,421	7,121,538

\*Actual figure will not be known until middle-late August (Bob: Drop this line when the actual is known)

### Measure F Revenues and Expenditures – 2010/2011 Fiscal Year

Measure F sales tax revenue for FY 2010/2011 totaled (Cris:approximately) \$689,126. This figure represented revenue 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>

Measure F expenditures for the 2010/2011 fiscal year were zero, due to the fact that Measure F had not been approved prior to the development of the FY 2010/2011 budget, .

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

## Measure F Revenue and Expenditures – 2011/2012 Fiscal Year

The 2011/2012 fiscal year was the first year that the City received a full year of Measure F revenue. 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 revenue was 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 ballot measure approved by the voters.

As is common, actual revenue and expenditures deviated from the budgeted figures. In the 11/12 fiscal year, the actual Measure F revenue was 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 revenue and expenditures.

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

### Revenues Explanation:

Sales tax revenues were higher due to the improvement in taxable sales in the fiscal year. The interest earnings were lower than budgeted due to the fact that the City’s investment portfolio earned a very small return. ~~(David: Insert “Interest earnings were lower than budgeted as”) Most of the funds were invested in the Local Agency Investment Fund (LAIF) managed by the California State Treasurer. This fund invests in low-risk debt securities such as U.S. treasury bonds, government agency bonds as well as certificates of deposit (CDs), which, Due to the low interest rate environment on a macroeconomic level, these securities and CDs, provided small returns. Combined with the small returns, the balance in the Measure F fund increased over the year as the City receives monthly~~

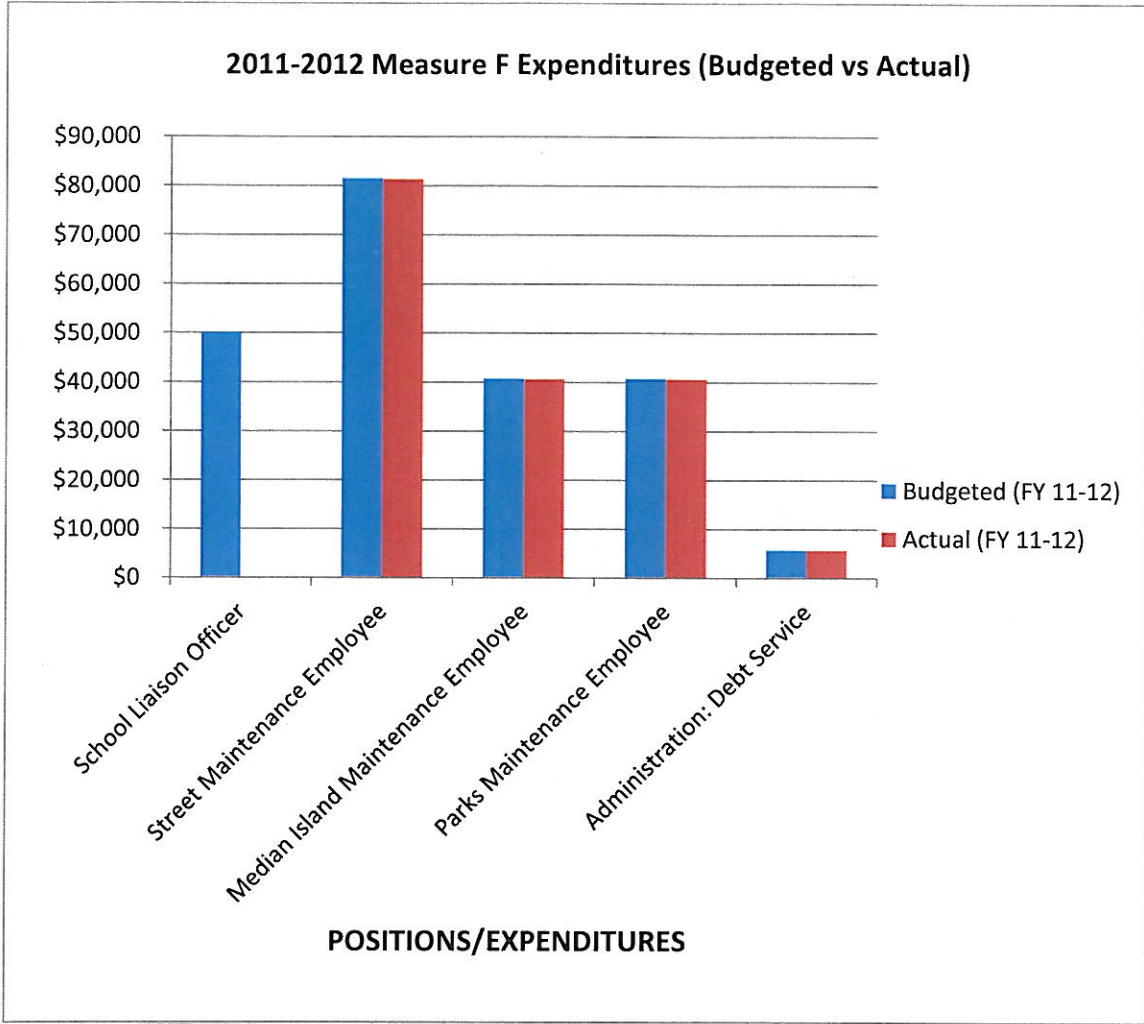


sales tax payments from the state Board of Equalization ~~on a monthly basis~~. For most of the year, ~~interest the small returns were~~ was being earned on a small fund balance, thus accounting for the ~~discrepancy in the interest earnings~~ variance between the budget and actual interest earnings.

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 (0.5 FTE)	Public Works	\$40,700	\$40,700	#3
4. Parks Maintenance Employee (0.5 FTE)	Public Works	\$40,700	\$40,700	#2,#3
5. Administration: Debt Service	Administration	\$5,673	\$5,748	General
<b>TOTAL</b>		<b>\$218,473</b>	<b>\$168,548</b>	

\*David suggests pro-rating the Debt service figures (\$5,748 over the two positions #2, #3, #4

Bob: It is inconvenient to have to refer back to the priority focus areas on the first page, perhaps the focus areas should be as a footnote on each page.



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 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.

Ultimately, the City did not move forward with this position in the fiscal year due to the Police Department's focus on hiring eight new police officers. In addition, as the fiscal year progressed, the development of the Novato Response Team became a priority (a further description of the Response Team is included on page 11). City staff determined that the responsibilities of the School Liaison Officer Position would be included as part of the Response Team. The Response Team was also designed to serve the community over an extended period of time. Thus, staff ~~determined felt~~ that



Measure F resources ~~w~~ould be better spent on the Response Team rather than the half-time, one year School Liaison position. Overall, while the Liaison Officer position was not funded directly, the responsibilities and tasks of the position were funded in the 2012-2013 fiscal year through the creation of the Novato Response Team.

**2. 3. 4. Public Works Maintenance Workers:**

The Council retained two public works maintenance workers for the 2011/2012 fiscal year. These positions were originally eliminated as part of the two-year budget reduction approved in June 2010. However, in June 2011, the Council opted to maintain the positions for one year and fund them out of Measure F. The primary rationale for this decision was to provide additional time to review the maintenance responsibilities and explore opportunities to transition the streets and parks/median maintenance functions of the Public Works department through management studies. Parks, streets and median maintenance is also a visible public service and the Council determined that maintaining the positions met the Measure F criteria of maintaining vital City services.

**5. Debt Service:**

~~Debt service on the City's pension obligation bonds was charged to Measure F because the City funded specific positions through the Measure F fund. As a financial practice, the City charges all employee compensation to the appropriate fund the individual is assigned to (usually, the general fund). Since the City funded two public works maintenance workers through Measure F, the City also charged the pension obligation bond debt attributable to those employees to the Measure F fund.~~

~~(David suggests removing this section).~~

**Measure F Revenue and 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 revenue was 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)
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Sales Tax Revenue	\$3,994,406	TBD
Interest Earnings	\$20,970	TBD
<b><u>Total Revenues</u></b>	<b><u>\$4,015,376</u></b>	<b><u>TBD</u></b>

Revenues Explanation:

The 2012-2013 budget proposal includes a ~~5%~~ **modest** increase in Measure F sales tax revenue compared to the actual amount received in the 2011-2012 fiscal year. In FY 11/12, the City received approximately \$3.8 million. The City also projects an increase in interest earnings as compared to the actual interest earnings of 2011-2012, which were approximately \$6,000. The projected earnings of \$20,000 are due to ~~the the fact that there is a much~~ larger fund balance in Measure F as opposed to last fiscal year. Therefore, even if the City continues to receive low returns on debt securities and CDs, the actual earnings ~~will should~~ be larger due to the ~~fact that the returns will be earned on a~~ larger fund balance. In addition, the City recently entered into a contract with PFM Asset Management, who will manage the City's investments ~~in the fiscal year~~. It is expected that the professional management and expertise of PFM will result in higher returns for the City's investment portfolios, including Measure F.

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

Measure F Expenditures Description:

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. ~~This allocation 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. In January 2012, the City received a \$1.095 million grant from the federal Department of Justice to fund the hiring of ~~the~~ three officers for the next three years. As a condition of accepting the grant, the City ~~had to agree~~ to retain the three officers for an additional fourth year after the expiration of the grant. At its December 15, 2011 meeting, the Measure F Oversight/Citizens Finance Committee adopted a motion that supported spending \$429,000 in Measure F funds for the three police officers in the 2014-2015 fiscal year. The Committee asked staff to further explore the use of Measure F revenue for police vehicles. (David suggests that the last sentence read: The Committee rejected staff's recommendations to use Measure F revenue for the purchase of new police vehicles).

The primary goal of the Response Team was to build an interdepartmental and interdisciplinary team internally to link with Police (Bob: Confused by this sentence). The team was created to provide neighborhood police patrols and crime prevention programs and is comprised of the two Police Officers, a Corporal and a newly-created Management Analyst position. (Cris: Change tense of this paragraph to present)

In the 2012-2013 fiscal year, ~~the~~ Measure F revenues will be used to pay for the new Analyst position and provide the necessary training, equipment, supplies and vehicle maintenance for the two officers and the corporal. The grant received by the City did not include funding for (Cris: operational) these "everyday" expenses. The Novato Response Team will not always work traditional hours, so funding was included to pay for ~~the~~ overtime costs for the officers and the corporal.

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
<b>Total Expenditure</b>		<b>\$128,771</b>	

**Economic Development Program:**

The Council also approved positions and operating budgets from the Measure F fund to continue 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: a four-year 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 <u>(David: Insert "City Services")</u>
Economic Development Operating Budget	Central Administration	\$40,000	General <u>City Services</u>
Economic Development: Hamilton Properties - Part-Time Program Manager	Central Administration	\$80,890	General <u>City Services</u>
Economic Development: Hamilton Properties – Operating Budget	Central Administration	\$25,000	General <u>City Services</u>
<b>Total Expenditure</b>		<b>\$310,335</b>	

***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 F priority to support youths and families and has proven successful in steering youths away from crime, while improving the academic performance, 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
<b>Total Expenditure</b>		<b>\$20,000</b>	

***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 ( <u>0.5</u> FTE)	Public Works	\$44,001	#3
Parks and Medians	Public Works	\$44,000	#3



Position (0.5 FTE)			
GIS Support Intern	Public Works	\$15,000	General <u>City Services</u>
<b>Total Expenditure</b>		<b>\$103,001</b>	

**Central Administration – Customer Service Position:**

The Council approved funding a front-office customer service clerk position through the Central Administration department for the 2012-2013 fiscal year. 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 (Cris: Explain various options the City tried), 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 (Cris: Strike imaging and replace with scanning) 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
<b>Total Expenditure</b>		<b>\$73,313</b>	

**3. Administration: Debt Service**

As was done in the 2011-2012 fiscal year, debt service on the City’s pension obligation bonds was charged to Measure F because the City funded specific positions through the Measure F fund. As a financial practice, the City charges all (employee compensation) to the appropriate fund (Cris: Strike everything after) the individual is assigned to (usually, the general fund). ~~Since the City funded two public works maintenance workers through Measure F, the City also charged the pension obligation bond debt attributable to those employees to the Measure F fund. This amount is estimated to be approximately \$12,000.~~

David suggests deleting 3. – Administration: Debt Service consistent with his earlier recommendation.

**Measure F: Looking Forward**

Future Challenges

Measure F revenue has been higher than projected up to this point. Nevertheless, there are potential challenges to this revenue. The first is macroeconomic conditions that may impact the amount of sales tax revenue the City receives. The second involves sales tax leakage. Adjacent communities are pursuing new retail ~~development options~~ that may reduce taxable sales in Novato. The Measure F Committee will continue to monitor these ~~potential revenue challenges developments~~ and advise the City Council as appropriate if conditions change

#### Measure F Strategy/Fiscal Sustainability

In the coming months, the City will ~~be developing~~ a broad fiscal sustainability plan. This plan will include options and strategies of how to ~~strategically~~ utilize Measure F revenues to ensure the City's long term financial sustainability. The Measure F Committee looks forward to being part of these discussions and providing advice to the City ~~Council~~ as Councilmembers consider the best uses of these resources.



**Additional Submitted Comment on Status of Efforts to Achieve Fiscal Sustainability from Committee Member Bentley:**

*(Committee Member Bentley has submitted this comment for consideration by the Committee as he is unable to attend the meeting. Staff has spoke with Mr. Bentley and will provide an update, additional information and a recommendation on how to proceed).*

The Measure F Oversight Committee is concerned that the City is moving too slowly to develop a plan to achieve fiscal sustainability. Novato citizens approved a 5-year tax upon themselves in November 2010. It is now August 2012 and the City has not adopted a plan, nor even a definition of "fiscal sustainability." As time lapses, the opportunities to make the structural changes necessary to achieve a fiscally sustainable budget narrow. The Committee is not comfortable with using Measure F tax revenue to plug the City's projected fiscal deficits which grow annually with no end in sight. We strongly encourage the Council to adopt a fiscally sustainable budget plan in 2012 that provides the City with a balanced budget, without subsidy from Measure F tax revenue, by fiscal year 2015-2016 when the Measure F tax sunsets.

# City of Novato

Sales Period: April 2011 - March 2012

## Summary

### News from Sales Tax Quarter

- The California New Car Dealers Association (CNCA) reports that new light vehicle registrations in the First Quarter of 2012 are up 17.7% versus a year earlier, higher than the 13.3% increase nationally.
- The California Department of Finance reports that multi-family building has been the only source of improvement in residential construction. For the First Quarter of 2012 the number of multi-family permits was up almost 25% over last year compared to only a 1% increase in permits for single family homes.
- Nationwide Retail Sales in the First Quarter of 2012 increased by 6.5% versus a year earlier according to the U.S. Census Bureau.

### News from Today

- Although retail spending decreased nationally by 0.2% in May, the national figure for the first five months of 2012 is up from last year by 5.3%. The largest gains were in Building Materials and Supplies (11.1%), Home Furnishings (9.4%) and Motor Vehicle Sales and Parts (8.7%). (U.S. Census Bureau)
- The current average retail price of gasoline is 18 cents, (4.7%), above the \$3.61 per gallon price that California saw at the beginning of the year. (California Gas Prices)
- The California Department of Finance reports that after gains in the second half of 2011, non-farm employment growth dropped from an average monthly gain of 37,000 jobs during the last five months of 2011 to 19,000 on average during the First Quarter of 2012.

### Quarter-Over-Quarter

Jan - Mar 2011 to Jan - Mar 2012

### Year-Over-Year

Apr - Mar 2011 to Apr - Mar 2012

	City of Novato	S.F. Bay Area	Statewide	City of Novato	S.F. Bay Area	Statewide
<b>Total</b>	<b>4.5%</b>	<b>8.4%</b>	<b>7.3%</b>	<b>3.2%</b>	<b>7.6%</b>	<b>7.6%</b>
General Retail	4.6%	5.7%	4.9%	4.0%	5.3%	4.9%
Food Products	3.5%	7.8%	7.4%	2.0%	7.0%	6.4%
Transportation	9.1%	11.4%	11.2%	10.1%	13.9%	14.4%
Construction	13.1%	9.0%	4.5%	18.0%	7.2%	4.6%
Business To Business	-13.4%	9.5%	8.1%	-23.1%	5.9%	6.9%
Department Stores	1.5%	3.9%	4.3%	2.2%	4.4%	4.2%
Service Stations	19.7%	11.9%	9.6%	19.9%	20.6%	19.2%
Restaurants	4.1%	8.9%	7.6%	2.0%	7.8%	6.7%
Miscellaneous Retail	1.7%	2.0%	1.9%	4.9%	4.2%	3.4%
Auto Sales - New	-2.7%	12.6%	14.6%	5.2%	10.8%	12.7%
Food Markets	2.9%	4.0%	6.5%	2.6%	4.4%	5.7%
Apparel Stores	13.2%	9.7%	8.3%	10.1%	8.9%	8.5%
Auto Parts/Repair	4.9%	5.1%	6.9%	3.9%	4.0%	6.1%
Bldg.Matls-Whsle	18.7%	15.3%	10.5%	31.7%	12.7%	12.2%
Light Industry	-9.1%	9.3%	2.9%	-25.2%	-0.5%	1.6%
Bldg.Matls-Retail	7.2%	3.7%	-0.5%	5.2%	2.6%	-1.4%
Drug Stores	0.4%	2.6%	1.5%	5.3%	3.8%	4.1%
Florist/Nursery	64.3%	13.2%	6.3%	6.3%	4.9%	3.9%
Office Equipment	4.4%	10.7%	5.7%	-2.9%	6.0%	4.3%

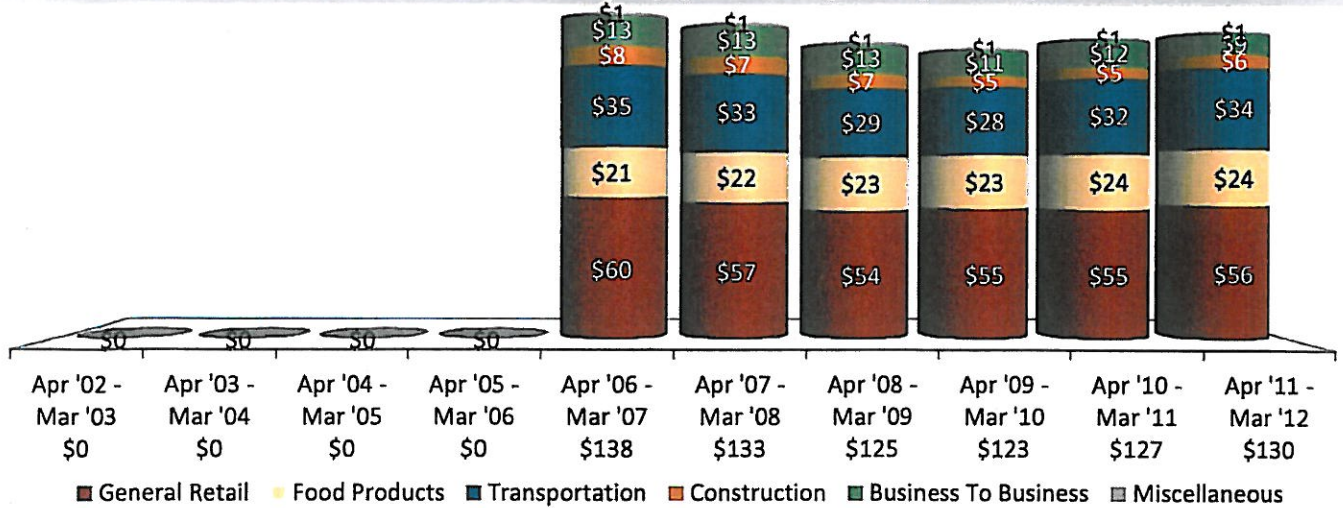


# City of Novato

Sales Period: April 2011 - March 2012

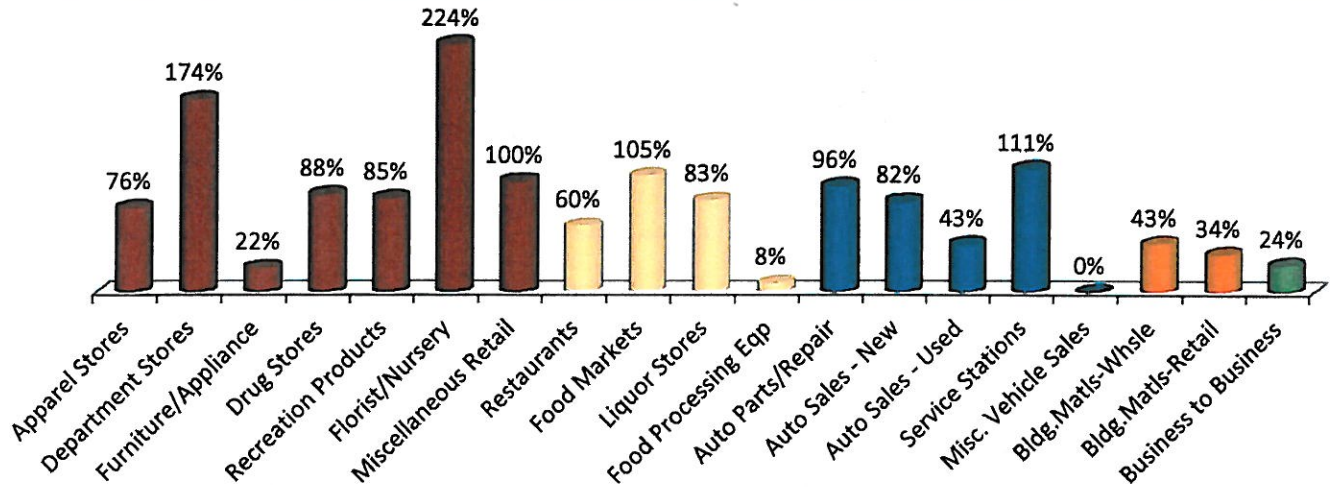
## Sales Tax Per Capita

City of Novato's annualized sales tax divided by its population as reported by State Department of Finance



## Sales Tax Capture & Leakage Analysis

100% = Equilibrium; Over 100% = Capture; Under 100% = Leakage



## Annualized Change in Sales Tax Cash Receipts

