



THE CITY OF
NOVATO
CALIFORNIA

**NOVATO CITIZENS FINANCE ADVISORY/
OVERSIGHT COMMITTEE SPECIAL MEETING**

to be held at

922 Machin Avenue
Novato, CA 94945
415/899-8900
FAX 415/899-8213
www.novato.org

City Administrative Offices
Womack Conference Room
922 Machin Ave

July 27, 2017
7:30 AM

Chair

Caitrin Devine

Vice Chair

Tim O'Connor

Commissioners

David Bentley

Regina Bianucci Rus

Don Bibeault

Cris MacKenzie

Robert J. Scott, Jr

AGENDA

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.

7:35 A.M. *(Time is approximate.)*

D. COMMITTEE ORGANIZATIONAL ITEMS

D-1: APPROVAL OF MAY 18, 2017 MINUTES

D-2: APPROVAL OF MAY 2, 2017 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.

7:45 A.M. *(Time is approximate.)*

**E-1: REVIEW OF ADOPTED FY 2017/18 OPERATING AND
CAPITAL BUDGETS**

Information and discussion.

**E-2: REVIEW OF DRAFT FISCAL YEAR 2016/17 ANNUAL
REPORT ON MEASURE F**

Draft of report text and data table will be uploaded to the Committee website by 12 noon, Tuesday, July 25, 2017. Information and discussion.

F. COMMITTEE / STAFF COMMENTS

G. FUTURE MEETINGS

August meeting will need to be rescheduled.

H. ADJOURNMENT

ATTACHMENTS

1. May 18, 2017 Meeting Minutes
2. May 2, 2017 Meeting Minutes

AFFIDAVIT OF POSTING

I, Maureen Chapman, certify that on July 20, 2017 I caused to be posted the agenda of the July 27, 2017 special meeting of the Novato Citizens Finance Advisory/Oversight Committee meeting of the City of Novato, California, on the City of Novato Community Service Boards in City Hall and the Police Department, and on the City's website at www.novato.org.

/Maureen Chapman/
Interim Finance Manager



THE CITY OF
NOVATO
CALIFORNIA

**NOVATO CITIZENS FINANCE ADVISORY/
OVERSIGHT COMMITTEE MEETING**

held at

922 Machin Avenue
Novato, CA 94945
415/899-8900
FAX 415/899-8213
www.novato.org

**City Administrative Offices
Womack Conference Room
922 Machin Ave**

**May 2, 2017
7:30 AM**

Chair

Caitrin Devine

Vice Chair

Tim O'Connor

Commissioners

David Bentley

Regina Bianucci Rus

Don Bibeault

Cris MacKenzie

Robert J. Scott, Jr

MINUTES

A. CALL TO ORDER

Meeting called to order at 7:31 am. Committee members: Caitrin Devine (left at 8:40 am), Tim O'Connor (left at 9:25 am), David Bentley, Regina Bianucci Rus (left at 9:35 am), Don Bibeault (left at 9:28 am), Cris MacKenzie (left at 9:34 am), Robert J. Scott, Jr. Staff Members: City Manager Regan Candelario, Assistant City Manager Peggy Flynn, Deputy Director of Public Works Chris Blunk, Interim Finance Manager Maureen Chapman, Finance Supervisor Gina Javier, Accounting Technician Christina Soares. Councilmembers: Pam Drew, Pat Eklund (arrived at 7:40 am), Eric Lucan. Members of the Public: Hutch Turner

B. APPROVAL OF FINAL AGENDA

The agenda was approved unanimously. Ayes: 6 (Devine, Bentley, Bianucci Rus, Bibeault, MacKenzie, O'Connor, Scott) Noes: 0. Absent: 0

C. PUBLIC COMMENT

Hutch Turner commented that Council should listen to Committee's input and is concerned that reports to Council are being filtered by staff. Believes that Council is not taking advice of Committee since SMART station was approved anyhow. Also suggested that the terms used in the budget are used interchangeably and should be kept in simple terms.

Council Member Eric Lucan thanked the Committee for their input.

City Manager Regan Candelario responded that he will be working with staff regarding the allegation of filtering information.

D. COMMITTEE ORGANIZATIONAL ITEMS

D-1: APPROVE MEETING MINUTES OF APRIL 13, 2017

Bianucci Rus motion to approve upon amendment to "Eminent." Bentley second.

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: REVIEW OF PROPOSED 2017/18 OPERATING BUDGET

Maureen Chapman presented the proposed operating budget and CIP budget to the Committee for feedback, also presented to Council on 4/25/17. The presentation included the General Fund operating budget, Measure F overview of expenditures and allocated funds, proposed Measure F balance for fiscal year 17/18, SMART funding, Measure C overview and a five year general fund forecast. CM Candelario noted that during an audit it was discovered that additional funds are due the City from the County. Also noted that Measure F was a five year tax and Measure C has a longer term that goes into General Fund. Currently 17% operating reserves are set aside which is greater than the required 15%. Measure F has a reserve of \$3 million.

Committee members asked about General Fund forecast and reserves, SMART funding, and Emergency & Disaster Response Fund. R. Scott asked about CalPERS funding. D. Bentley noted the five year forecast has a \$3.9 million deficit and if there will be a balanced budget going forward. D. Bibeault also commented on the pension as being a large part of the deficit. T. O'Connor inquired if the cost of the police department and staff retention was built into the forecast.

M. Chapman presented the increased costs in the FY 17/18 budget. After the 2019 election, the voting will change from odd to even voting years beginning in 2022. Police department is creating positions to help alleviate administrative work.

D. Bentley questioned the increase of legal fees. CM Candelario stated the cost of a young police staff tends to cost more and currently working on building back strength of department. C. MacKenzie asked about the police department overtime budget and vacant positions that create overtime overage. Also inquired about legal fees and if they were charged to special items. CM Candelario stated that legal fees are hard to predict and M. Chapman noted that costs are not allocated to specific departments.

E-2: FOLLOW UP DISCUSSION OF PROPOSED CIP FY 16/17 AMENDMENTS AND FY 17/18 CIP BUDGET / MEASURE F FUNDING

Deputy Director of Public Works Chris Blunk presented the CIP Alternate Funding Proposal that was presented to Council on 4/18/17. The presentation will be presented to Council again on 5/9/17 with feedback from the Committee.

17/18 CIP budget includes \$5.1 million of Measure F Funds. There are 9 carryover projects and also new funding requests. The projected Measure F 16/17 balance is \$5.2 million. Current projects are Hill Recreation Master Plan, Dogbone Meadow, SMART Phase II, AV upgrades for Council and is proposing Hill Recreation Master Plan to be completed in one phase, not two.

C. Blunk noted other potential revenue sources such as Buck Center, ERAF, Road Recovery & Accountability Act, sale of City owned property (Hamilton Hospital and Senior Housing), approximately \$900,000.00 of unspent 16/17 General Funds, internal financing from Hamilton Trust or reserves. Noted that \$32 million is available and interest on funds used for General Fund. R. Bianucci Rus commented that it is not appropriate to consider using General Funds instead of Measure F Funds. CM Candelario noted Hill Recreation Master Plan or SMART funds could be used for specific municipal projects.

C. Blunk presented the cost of Downtown SMART station to be approximately \$2,398,000.00 and the potential funding sources, Hill Recreation Master Plan at approximately \$6.6 million and proposed Measure F funding of \$3 million. R. Bianucci Rus suggested speaking with Committee and staff with questions.

C. Blunk then presented alternate CIP funding strategies for SMART, Hill Recreation Master Plan, AV equipment and Dogbone Meadow by utilizing a combination of Measure F Funds, internal financing, Hamilton sales, ERAF funds, DIF funds, Quimby fees and Grants.

D. Bentley commented the Committee unanimously voted no for the Downtown SMART station and suggested using Hamilton Trust to fund Phase II. C MacKenzie noted she does not support using Measure F Funds for SMART Phase II and if there was statistical data to support three stations. R. Scott does not support using Measure F Funds for SMART Phase II either. R. Bianucci Rus asked if the ballot language supported SMART funding.

*Blunk requested budget amendment of Measure F 16/17 funds:
Hamilton Solar-increase allocation by \$41,000.00, LED
streetlights-amend scope to include park lighting, Hill
Recreation Master Plan-consolidate three CIP projects.*

F. COMMITTEE / STAFF COMMENTS

None

G. FUTURE MEETINGS

Next regular meeting is May 18, 2017

H. ADJOURNMENT

Meeting adjourned at 9:38am



THE CITY OF
NOVATO
CALIFORNIA

**NOVATO CITIZENS FINANCE ADVISORY/
OVERSIGHT COMMITTEE MEETING**

held at

922 Machin Avenue
Novato, CA 94945
415/899-8900
FAX 415/899-8213
www.novato.org

**City Administrative Offices
Womack Conference Room
922 Machin Ave**

**May 18, 2017
7:30 AM**

Chair

Caitrin Devine

Vice Chair

Tim O'Connor

Commissioners

David Bentley

Regina Bianucci Rus

Don Bibeault

Cris MacKenzie

Robert J. Scott, Jr

MINUTES

A. CALL TO ORDER

Meeting called to order at 7:33 am. Committee Members: Caitrin Devine (left at 8:45 am), David Bentley, Regina Bianucci Rus, Don Bibeault, Cris MacKenzie, Tim O'Connor. Staff Members: City Manager Regan Candelario (left at 8:30 am), Assistant City Manager Peggy Flynn (left at 8:34 am), Deputy Director of Public Works Chris Blunk, Interim Finance Manager Maureen Chapman, Accounting Technician Christina Soares. Councilmembers: Pam Drew, Pat Eklund (arrived at 7:40 am) Public

B. APPROVAL OF FINAL AGENDA

The agenda was approved unanimously. Ayes: 6 (Devine, Bentley, Bianucci Rus, Bibeault, MacKenzie, O'Connor) Noes: 0. Absent: 1 (Scott)

C. PUBLIC COMMENT

No public comment

D. COMMITTEE ORGANIZATIONAL ITEMS

Minutes from May 2, 2017 meeting unavailable for approval.

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: REVIEW OF GENERAL FUND RESERVES AND MEASURE F EXPENDITURES

Further review and feedback of FY 2017/18 CIP budget. Discussion of reserve funds (balances and uses. Long-term strategy), and funding options for CIP projects.

M. Chapman reviewed reserve funds and policies. The reserve fund is 15% of General Fund, making the required reserve \$5.5 million. The mitigation reserve is \$3 million and insurance reserve \$1million. Total reserve balance at July 1, 2017 is \$1,190,000.00. Reserve partially due to limited staffing. Reserve calculations: reserve funds 32%, GFOA 16.67%, Novato 4 months reserves 32%. \$5.2 million of Measure F Funds unallocated. Novato has greater reserves than Petaluma & San Rafael.

R. Bianucci Rus asked what the Novato reserve policy is. Chapman replied the reserve policy is 15%. C MacKenzie inquired if someone has compiled info on policy. D. Bentley noted that the conversation is limited to the General Fund and how many funds there are. There is lots of other money but never discuss. How much percentage of General Fund compared to overall funds? R. Bianucci Rus asked if other funds be used for other items or if they are restricted by funder or internally restricted. M. Chapman responded they can be used for other items unless funds are restricted for specific projects or items.

Deputy Director of Public Works Chris Blunk noted the purchasing power of unallocated funds. 32% of Reserve Funds, \$5.2 million of Measure F Funds, 1.49% return on City investments (LAIF-Local Investment Agency Fund), 1.70-2.20% inflation and the average construction national index of 4.4%. D. Bentley asked if the construction index is higher in the local area. C. Blunk responded the index is cyclical. C. MacKenzie inquired about the how much higher is Bay Area index is compared nationally and anticipate a higher rate locally. T. O'Connor asked if looking at funding alternatives in addition to state funds.

C. Blunk presented the Measure F Risk Mitigation Reserve and noted Council designated \$3 million of unassigned Measure F Fund balance as "Mitigation Risk Reserve." Measure F ballot language reviewed and Measure F Considerations of funding \$1 million in 17/18 for police.

C. Blunk presented Alternate CIP Funding Strategies for the following projects:

Downtown SMART- \$1.3 million General Fund

Hill Rec - \$3 million Measure F Funds

Cameras and AV Equipment for Council - \$300,000.00 ERAF General Funds

Dogbone Meadow-\$500k-unspent 16/17 long-term

maintenance funds

R. Bianucci Rus inquired about alternate funding for downtown SMART station. Blunk replied there is not a lot of GRANT opportunities and Novato is competing against regional agencies for funding. When MTC makes funding available, Novato has to apply for funding. If project is not approved we would have to give funds back. Doesn't want to jeopardize the risk of losing funding multiple times.

D. Bentley commented we don't want to lose grant money and potential funding sources. CM Candelario is looking at funding sources for SMART station. When asked for internal financing options, other funding sources were available, but when funding was needed, funding sources were no longer available.

C. MacKenzie asked what the statistics are for a city of our size to support and utilize SMART rail and what the projected ridership is for Downtown SMART station. C Devine inquired about how available the will train be and if it will be a commuter train only. D. Bibeault asked about the customer demand for SMART and if SMART has positive outcome, would that provide additional funding. ACM Peggy Flynn noted that SMART released a preliminary service schedule. C. Blunk questions what the demand would be on the two operating stations. Councilmember Pat Eklund noted the Staff Report from January 2016 that discusses ridership.

T. O'Connor posed the question of finishing what was started, the stations are already built, is it time to finish the Downtown SMART station? Novato is the hardest city to hire for, due to commute, shortage of parking in Downtown Novato and most cars probably belong to employees. D. Bentley commented on the \$1.5 million in Grant Funds and Council needs to hear from Committee the importance of getting those funds.

C. Blunk noted funding restrictions for paving to be used for paving only. SMART signal project for underground electrical switching; electrical subcontractor is international and getting attention may be difficult, project. Novato has opportunity to join with Santa Rosa or Larkspur projects and cannot touch Grant funding until there is a construction commitment.

D. Bibeault questioned using Measure F Funds for filling potholes. Blunk suggested using local TAM Measure A & B Funds toward Downtown SMART station. Blunk noted there was a 2/2 split vote at Council to use funds. D. Bentley asked if \$2 million of Measure F Funds were slated for Hill Recreation

Master Plan. R Bianucci Rus asked about local funding to backfill and commented there are enough funds to finish Downtown station. Blunk noted staff recommendation is to use Measure F Funds.

Councilmember Pam Drew commented about an article on the SMART train and noted the ramifications of a single track system. Uncertain about Fireman's Fund future site and don't know projected ridership. R. Bianucci Rus replied that she appreciates Fireman's Fund and the huge possibility of needing a Downtown SMART station would be needed. T. O'Connor also agreed the demand would be there. Councilmember Drew commented on the \$5.5 million possibility of choosing an additional SMART station. Many of people cannot afford to ride SMART at present ticket structure and the many surface arguments about who would be able to take the train. T. O'Connor disagreed about demographics, that alternative transportation would be utilized by mid to lower income riders.

C. Devine noted the commute would allow work to be done on train. C. MacKenzie noted the decision on the Downtown SMART station had already been made and need to protect \$1.5 million Grant. The decision has already been made on initial investment. Noting the potential loss of Grant funds, it would be unwise to not make a decision.

Bentley- 1st motion: Approve Hill Rec \$3million funding using Measure F Funds. Ayes: 5 (O'Connor, MacKenzie, Bentley, Bianucci Rus, Devine) Noes: 1 (Bibeault). Absent: 1 (Scott)

Bentley-2nd motion: Downtown SMART station: committee would support financing, look for alternate funding sources, do not want to lose grant funding. Approved. Ayes: 6 (O'Connor, MacKenzie, Bentley, Bianucci Rus, Devine, Bibeault.) Noes: 0. Absent: 1 (Scott)

D. Bentley asked what the current surplus balance is and is concerned the expenses are increasing. M. Chapman stated the balance is currently \$1.2 million.

F. COMMITTEE / STAFF COMMENTS

None

G. FUTURE MEETINGS

Next regular meeting is June 15, 2017

- H. **ADJOURNMENT**
Meeting adjourned at 8:48 am