



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 assertion 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