



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](http://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 \$11.9 million. 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*