



THE CITY OF
NOVATO
CALIFORNIA

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Novato, CA 94945
415/899-8900
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www.novato.org

Chair

Tim O'Conner

Vice Chair

Regina Bianucci Rus

Commissioners

Caitrin Devine

David Bentley

Cris MacKenzie

Rafelina Maglio

Robert J. Scott, Jr

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

to be held at

City Administrative Offices
Womack Conference Room
922 Machin Ave

June 7th, 2018
7:30 AM

A G E N D A

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 17, 2018 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.

7:50 A.M. *(Time is approximate.)*

**E-1: TO PERFORM AN OVERVIEW OF THE PROPOSED FY 18-19
MEASURE F FUNDS FOR THE DRAFT OPERATING GENERAL
FUND BUDGET**

F. COMMITTEE / STAFF COMMENTS

G. FUTURE MEETINGS

Next regular meeting scheduled for June 21st, 2018

H. ADJOURNMENT

AFFIDAVIT OF POSTING

I, Tony Clark, certify that on June 5, 2018, I caused to be posted the agenda of the June 7, 2018 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.

/Tony Clark/
Finance Manager



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

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to be held at

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

**May 17th, 2018
7:30 AM**

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AGENDA

A. CALL TO ORDER

Meeting called to order at 7:38AM. Committee Members: Tim O'Connor, Regina Bianucci Rus, Caitrin Devine, Rafelina Maglio. Staff Members: City Manager Regan Candelario (left at 9:08), Assistant City Manager Michael Antwine, Finance Manager Tony Clark, Accounting Assistant Mackenzie Kelly. City Council Members: Pam Drew, Pat Eklund.

B. APPROVAL OF FINAL AGENDA

O'Connor motioned to approve, Bianucci Rus seconded motion.

C. PUBLIC COMMENT

None

D. COMMITTEE ORGANIZATIONAL ITEMS

D-1: APPROVAL OF March 26th, 2018 MINUTES

Already approved during April 19th meeting.

D-2: APPROVAL OF APRIL 19th, 2018 MINUTES

Unable to approve due to Committee Member absence.

E. GENERAL BUSINESS

ACM Antwine stated that the purpose of the meeting is to discuss Measure F funding requests for FY 18/19 and to give the committee an overview of the proposed operating general fund. Staff will incorporate committee recommendations into the proposed budget document presented to council. FM Clark provided an update that AS Chapman found additional savings in operating funds which resulted in a \$750,000 increase in the anticipated surplus. FM Clark reviewed FY 18/19 anticipated revenues and expenditures. ACM Antwine emphasized the importance of admin services and how the funds for this benefit each department as well as city-wide activities. FM Clark mentioned that FY 18/19 is expected to have a balanced budget with approximately \$120,000 surplus.

**E-1: TO REVIEW AND PROVIDE FEEDBACK ON THE
PROPOSED FY 18/19 MEASURE F & TECHNOLOGY AND
ORGANIZATION INVESTMENT (TOI) FUNDS FOR THE**

FUNDING REQUESTS AND OVERVIEW OF THE PROPOSED OPERATING GENERAL FUND BUDGET

FM Clark proposed the HDL initiative: This service handles sales tax, TOT tax, and business license revenue collection. AS Chapman is retiring, and the finance division is losing 20 years of institutional knowledge. The department is trying to leverage personnel costs and better utilize resources. BL collections and TOT tax collections are performed by the same individual and the current process takes a lot of manual effort and duplicative data entry. HDL would automate this process and provide better data analytics to audit businesses that aren't currently remitting fees. The service is a variable ongoing fee (roughly \$75,000) based on the number of license fees collected and could bring in \$130,000 annually. ACM Antwine further explained the audit process. CM Candelario noted his high confidence level in HDL from previous experience. O'Connor asked if this would increase BL fees. CM Candelario and ACM Antwine confirmed there are no proposed changes for BL fees at this time.

ACM Antwine proposed the remaining items:

Business Analyst IT position: This position is the main project manager for PRCS's BlueRec program and is a key support system for CDD and PD. Maglio asked why council didn't include it in the general fund. ACM Antwine responded that council is prioritizing funding a School Resource Officer; this is a request to have Measure F continue funding the full cost of \$127,000 for this. Committee discussed concern over funding positions out of Measure F that should be long term. ACM Antwine mentioned that he'd presented to council that the city should be more aggressive with generating revenue to fund expenditures such as these in the future.

PD Emergency Services and Strategic Planning: This is a proposal to continue Measure F funding for this.

Grant Writer: Council and staff want \$75,000 for this to identify grants as the city has a significant amount of CIP projects that could benefit from grant funding. It would be a 2 yr part-time, limited-term position that would assist all departments (preferably contractually).

Cannabis Outreach: ACM Antwine noted that council passed an ordinance granting a moratorium on cannabis. Purpose is to ask the community what they want, ranging from testing labs to retail locations. Committee discussed whether expenditure of \$50,000 would outweigh revenue. Antwine noted that revenue depends on the structure the community wants- the highest revenue source would be retail. He mentioned it fits under Measure F based on the revenue generation standpoint and the opportunity with business licenses. FM Clark noted that HDL would be able to augment the business license form to incorporate a fee structure for these types of businesses.

Downtown Streets Team: Proposal to continue funding volunteer program as it keeps downtown clean and create opportunities for jobs.

Hamilton Pool: Capital investment to repair pool to benefit community, but the revenue is nominal.

Website Upgrades: To enhance efficiency and services to make the city website more interactive with public comments and feedback. Likely a two-year proposal of \$50,000.

Tenant Assistance Program: With \$150,000 of tenant improvements, the city would create economic incentive that could create jobs. It's a one-time program that would aid a few businesses.

Committee discussed pros and cons of each proposal. Bianucci Rus noted HDL and Grant Writer would generate revenue. Mentioned that Measure F is meant to fund opportunities, not ongoing projects and that there isn't enough information on the Cannabis initiative or the Tenant Assistance Program. O'Connor mentioned HDL should be paid out of the general fund, like the Tenant Assistance Program but doesn't think it would generate enough revenue and doesn't think some of the remaining ideas were related to Measure F. Maglio responded that the tenant program could really help because many business deals fall apart due to difficult landlords. ACM Antwine noted that it's a retention and attraction tool to help facilitate development in the city. FM Clark pointed out that HDL fits into Measure F as the measure funds technological improvements and efficiencies. He mentioned they could later look at funding it out of the general fund and that it is a potential one-time expenditure out of Measure F.

Committee called for a vote to recommend proposals:

HDL: Ayes: 3 (Bianucci Rus, Maglio, Devine) Noes: 1 (O'Connor)

Absent: 3 (Bentley, MacKenzie, Scott)

Business Analyst: Ayes: 2 (Bianucci Rus, Devine) Noes: 2 (O'Connor, Maglio) Absent: 3 (Bentley, MacKenzie, Scott)

PD Emergency Services: Noes: 4. Absent: 3 (Bentley, MacKenzie, Scott)

Grant Writer: Ayes: 4 (Bianucci Rus, Maglio, Devine, O'Connor)

Absent: 3 (Bentley, MacKenzie, Scott)

Cannabis Research: Ayes: 2 (Maglio, Devine) Noes: 2 (Bianucci Rus, O'Connor) Absent: 3 (Bentley, MacKenzie, Scott)

Downtown Streets: Noes: 4. Absent: 3 (Bentley, MacKenzie, Scott)

Hamilton Pool: Noes: 4. Absent: 3 (Bentley, MacKenzie, Scott)

Website Improvements: Noes: 4. Absent: 3 (Bentley, MacKenzie, Scott)

Tenant Assistance Program: Ayes: 2 (Maglio, Devine) Noes: 2 (O'Connor, Bianucci Rus) Absent: 3 (Bentley, MacKenzie, Scott)

The committee reviewed the budget timeline. The draft budget will be provided to the council and community May 25, the full budget will be brought to council June 12, and the final budget adoption with council is June 26.

F. COMMITTEE / STAFF COMMENTS

Councilmember Drew reviewed budget process notes from council with the committee and noted that if Measure F doesn't fund these expenditures that there aren't really any other options to fund them with the budget.

G. FUTURE MEETINGS

Next meeting scheduled for June 7th, 2018

H. ADJOURNMENT

Meeting adjourned at 9:19AM.

STAFF REPORT

MEETING

DATE: June 7th 2018

TO: Novato Citizens Finance Advisory Oversight Committee

FROM: Michael L. Antwine, Assistant City Manager

PRESENTER: Michael L. Antwine, Assistant City Manager
Tony Clark, Finance Manager



922 Machin Avenue
Novato, CA 94945
415/ 899-8900
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SUBJECT: **OVERVIEW OF THE PROPOSED FY18/19 MEASURE F FUNDS FOR THE DRAFT OPERATING GENERAL FUND BUDGET REQUESTS**

REQUEST

To perform an overview of the proposed FY 18-19 Measure F funds for the draft Operating General Fund Budget.

BACKGROUND

As part of the City's budget development process, staff provided the Committee with an overview of the proposed FY18/19 CIP budget on April 19th. Since that time, staff has made three (3) presentations to the City Council as part of the budget process. The focus of these presentations was to provide an overview of the 5- Year General Fund Financial Forecast, and the department manager presentations of their proposed FY18/19 budget line item requests and recommendations.

On April 24th, department managers presented their FY17/18 accomplishments, and FY18/19 goals to City Council, as well as briefly discuss their FY18/19 budget requests. Council provided some initial provided feedback to staff regarding the proposed new operating fund expenditures.

On May 8th, department managers came back and provided the City Council with a more detailed overview of their proposed FY18/19 operational expenditure requests. At the May 14th special City Council Meeting, staff provided a detailed list of departmental budget requests prioritized as either a high priority or a mandatory type of request. Staff distributed a draft FY18/19 budget to the City Council and made available to the public on May 25, 2018. Staff will continue to seek City Council feedback and overall guidance on the FY18/19 proposed budget at the June 12 & 26, 2018 public hearing meetings.

DISCUSSION

Budget Development Assumptions:

The FY18/19 budget development process includes a 2.5% growth rate assumption to the current year's approved operations and maintenance (O&M) budgets, a 3% cost of living adjustment (COLA) increase for FY18/19, and respective personnel fringe benefits per the current employee labor agreements. The proposed FY18/19 budget as presented is a balanced budget with an estimated \$40,000 general fund surplus and complies with the City's Emergency Reserve Policy of 15%.

In light of these facts, staff has identified additional services and has requested from the City Council additional funds for one-time and on-going expenditures. In order to fund these activities, staff has submitted a proposed expenditures to the City Council that would utilize a portion of the \$639,798 in unallocated Measure F funds to assist with implementing the recommended projects.

The table below represents a summary of each departments approved FY18/19 one-time and on-going budget requests and their respective funding sources. For the purposes of this report and the Committee's overview, staff is focusing on the proposed uses of Measure F funds.

Department	Measure F		Measure F Total	General Fund		General Fund Total	Grand Total
	One-time	Ongoing		One-time	Ongoing		
ASD	\$ 115,000.00		\$ 115,000.00				\$ 115,000.00
CDD				\$ 8,000.00	\$ 41,000.00	\$ 49,000.00	\$ 49,000.00
City Clerk				\$ 10,000.00	\$ 9,000.00	\$ 19,000.00	\$ 19,000.00
Citywide				\$ 100,000.00	\$ 5,000.00	\$ 105,000.00	\$ 105,000.00
Econ Dev	\$ 150,000.00		\$ 150,000.00	\$ 10,000.00	\$ 5,000.00	\$ 15,000.00	\$ 165,000.00
Finance	\$ 130,000.00		\$ 130,000.00	\$ 30,000.00	\$ 3,600.00	\$ 33,600.00	\$ 163,600.00
HR				\$ 59,637.00	\$ 17,500.00	\$ 77,137.00	\$ 77,137.00
IT	\$ 137,300.00	\$ 104,910.00	\$ 242,210.00				\$ 242,210.00
Police		\$ 2,588.00	\$ 2,588.00	\$ 14,300.00	\$ 130,000.00	\$ 144,300.00	\$ 146,888.00
PRCS				\$ 15,000.00	\$ 65,553.00	\$ 80,553.00	\$ 80,553.00
Public Works				\$ 118,000.00	\$ 5,139.00	\$ 123,139.00	\$ 123,139.00
Grand Total	\$ 532,300.00	\$ 107,498.00	\$ 639,798.00	\$ 364,937.00	\$ 281,792.00	\$ 646,729.00	\$ 1,286,527.00

Measure F Funding:

Staff is recommending the following \$639,798 in budget requests be funded from the unallocated Measure F balance of approximately \$1M. The detail of these requests are indicated below:

- Administrative Services Department - Administration Division
 - \$40,000 for the Cannabis Outreach Plan (One-time)
- Administrative Services Department - Citywide Programs
 - \$75,000 for Grant Writer - (One-Time)
- Administrative Services Department - Information Technology Division
 - \$104,910 for a Technical Business Analyst position - (2 year request)
- Administrative Services Department - Information Technology Division
 - \$46,000 for Live Closed Captioning Services & HD Streaming Services from Granicus - (One-time)
- Administrative Services Department - Information Technology Division
 - \$18,500 new Dell leases, including laptops/workstations - (One-time)
- Administrative Services Department - Information Technology Division

- \$16,800 Sonic Internet circuit (\$21,600); MIDAS network changes (-\$4,800) - (One-time)
- Administrative Services Department - Information Technology Division
 - \$56,000 for Kyocera TASK ALFA maintenance contract (\$16k), 2nd Dell Compellent maintenance for PD Department (\$15k), Video Storage maintenance (\$6k), BMC Track-It! software maintenance (\$9k); Palo Alto firewall maintenance (\$10k) - (One-time)
- Administrative Services Department - Finance Division
 - \$75,000 for contract with HDL to provide business license and TOT revenue collection services - (One-time)
- Administrative Services Department - Finance Division
 - \$50,000 for contract to perform cost recovery fee study - (One-time)
- Administrative Services Department - Finance Division
 - \$5,000 for contract Bartel & Associates to perform actuarial study for 115 pension trust - (One-time)
- Police Department
 - \$2,588 increase for Major Crimes Task Force “new annual” costs of \$41,588 - (2 year request)
- Central Administration – Economic Development
 - \$150,000 - Tenant Assistance Program (One-time)

NEXT STEPS

The schedule for the remaining City budget meetings are listed below:

June 12, 2018	<input type="checkbox"/> Council Meeting / Public Hearing – Budget Overview
June 21, 2018	<input type="checkbox"/> Budget Review Meeting with Finance Oversight Committee (TBD)
June 26, 2018	<input type="checkbox"/> Council Meeting / Public Hearing #2 – Budget Adoption

RECOMMENDATION

To perform an overview of the proposed FY 18-19 Measure F funds for the draft Operating General Fund Budget.