



**CITY OF NOVATO**  
CALIFORNIA

**BUDGET PLANNING WORKSHOP**  
FY 2019/20

**MARCH 30, 2019**

# WELCOME AND INTRODUCTION

- ❖ Welcome and Thank you all for coming to the Novato Community Budget Workshop!
- ❖ This workshop is designed to educate the public and provide information regarding the City's Annual Budget development process
- ❖ City Staff is committed to bringing City Hall out to the people...today if one of our efforts to do so
- ❖ We need and want your feedback and input for the budget development process
- ❖ There will be other opportunities for community input during the Public Hearings in May and June 2019



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# AGENDA

10:30am

- Welcome

10:30am – 11:00am

- Meet & Greet with departments

11:00am – 11:30am

- Learn about the Annual Budget Process
- Overview of 2019/20 General Fund Budget
  - Revenues
  - Expenditures
- Overview of Measures F & C
- 5-Year Forecast Update

11:30am - 11:40am

- Questions
- Survey

11:40am – 12:00pm

- Wrap-Up



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**FY 2019-20**

**BUDGET DEVELOPMENT SCHEDULE**

# NOVATO BUDGET PROCESS – 6 MONTH PROCESS

- December – Mid-year Review of current year
- January – Base budgets and payroll budgeting for next fiscal year
- February – Departments develop budget requests, revenue estimates
- March – City Manager reviews department budget requests
- April – Budget proposals are presented in City Council workshops (operating and capital budgets)
- May – City Council gives preliminary budget direction to staff
- June – Public hearing and budget adoption



# FISCAL CHALLENGES

- Increased Pension Costs
- Labor Negotiation
- Limited Revenue Sources
- Utilities – Increase \$250,000 (21% increase over last 3 years)
- Election costs - \$200,000



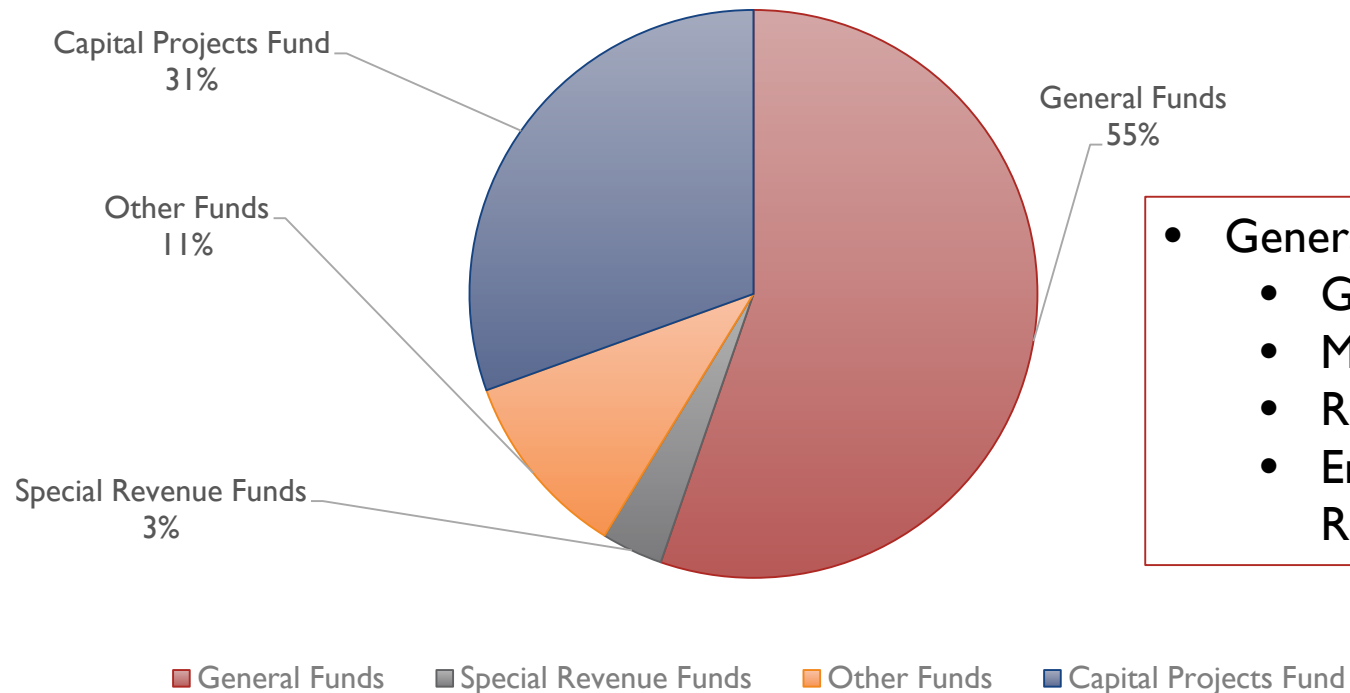
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**FY 2019 – 20 BUDGET OVERVIEW**



# ALL FUNDS – BUDGET FY 2018/19

Citywide 2018/19 Expenditure Budget (All Funds)  
\$72 million



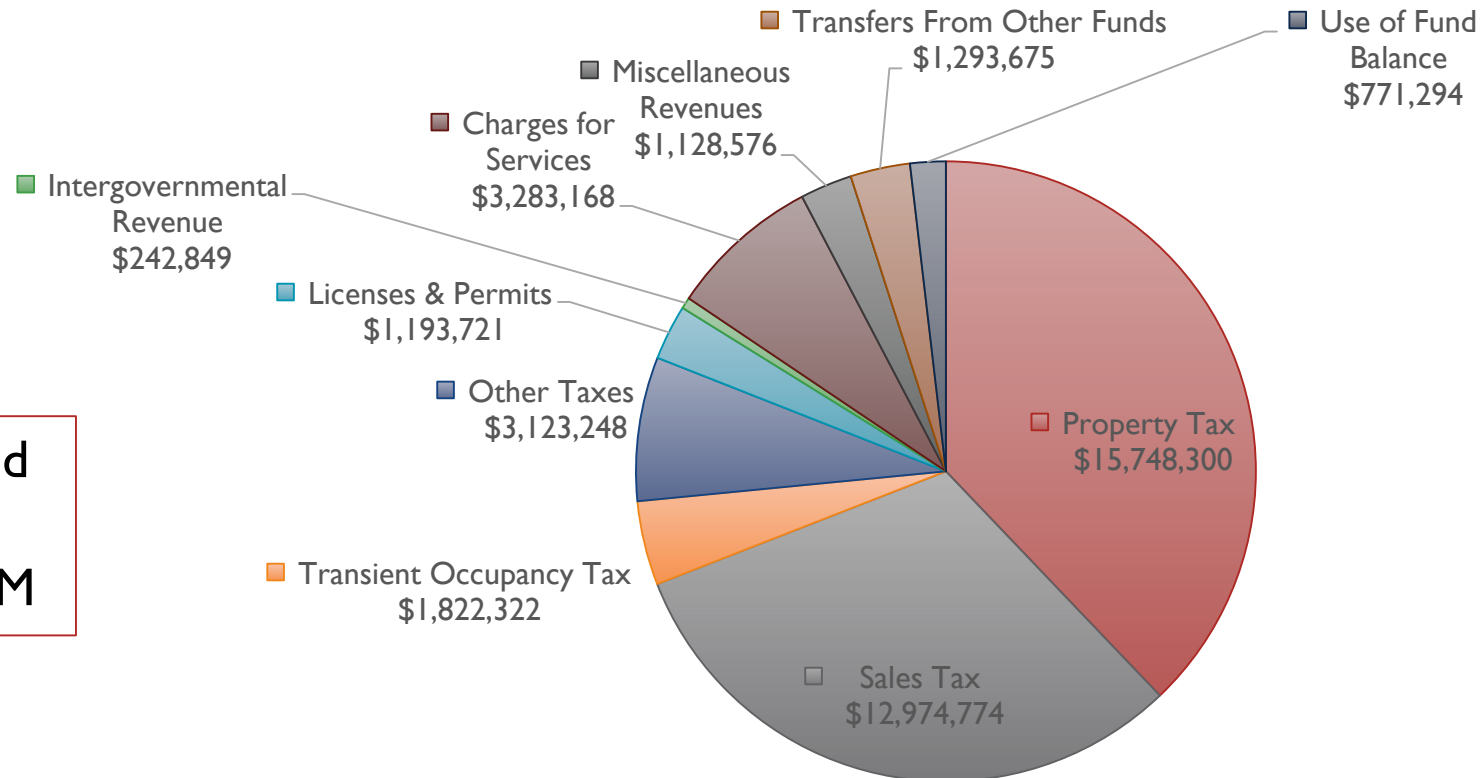
- Other Funds
  - Debt Service
  - Proprietary Funds
  - Fiduciary Funds

- Special Revenue Funds
  - Hamilton Community Facilities
  - Hamilton Arts Center
  - Other Funds

- General Funds
  - General Fund
  - Measure F
  - RDA Successor Agency
  - Emergency Response Reserve



# GENERAL FUND BUDGET REVENUES – PRELIMINARY FY 2019-20



**Total General Fund Revenues and Transfers = \$40.8M**

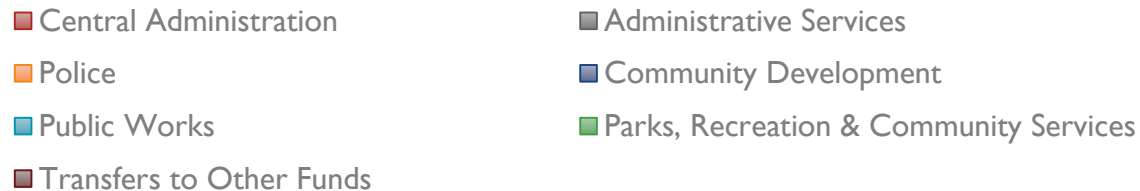
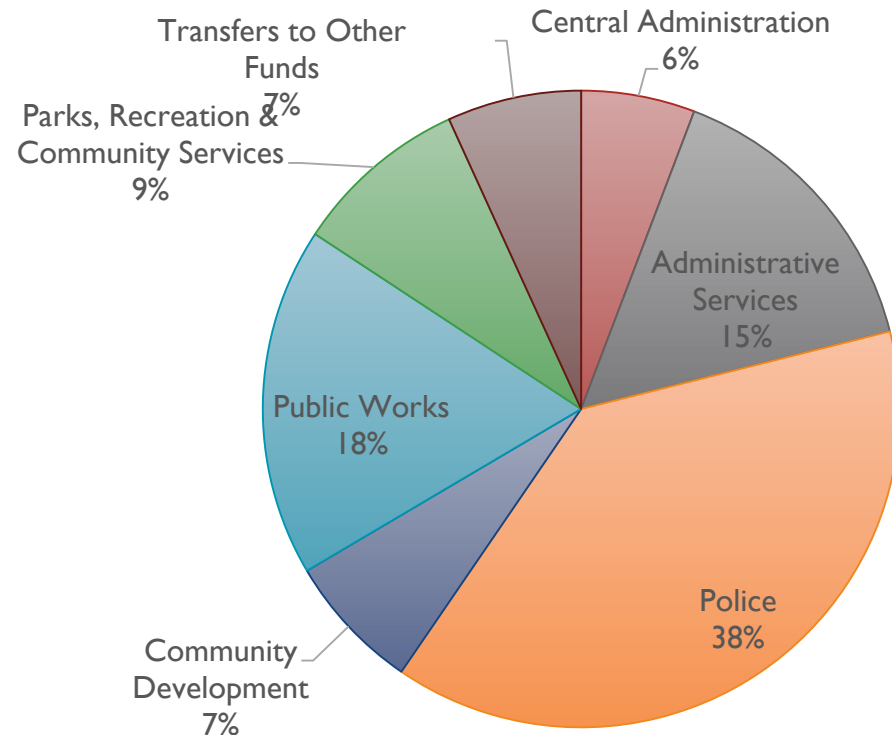
- Property Tax
- Sales Tax
- Transient Occupancy Tax
- Other Taxes
- Licenses & Permits
- Intergovernmental Revenue
- Charges for Services
- Miscellaneous Revenues
- Transfers From Other Funds
- Use of Fund Balance



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# GENERAL FUND BUDGET EXPENDITURES – PRELIMINARY FY 2019/20

## WHERE THE \$40.8M GOES



### Administrative Services:

- Finance
- Human Resources
- Information Technology
- Insurance / Risk Management
- Animal Control
- Other Citywide Programs

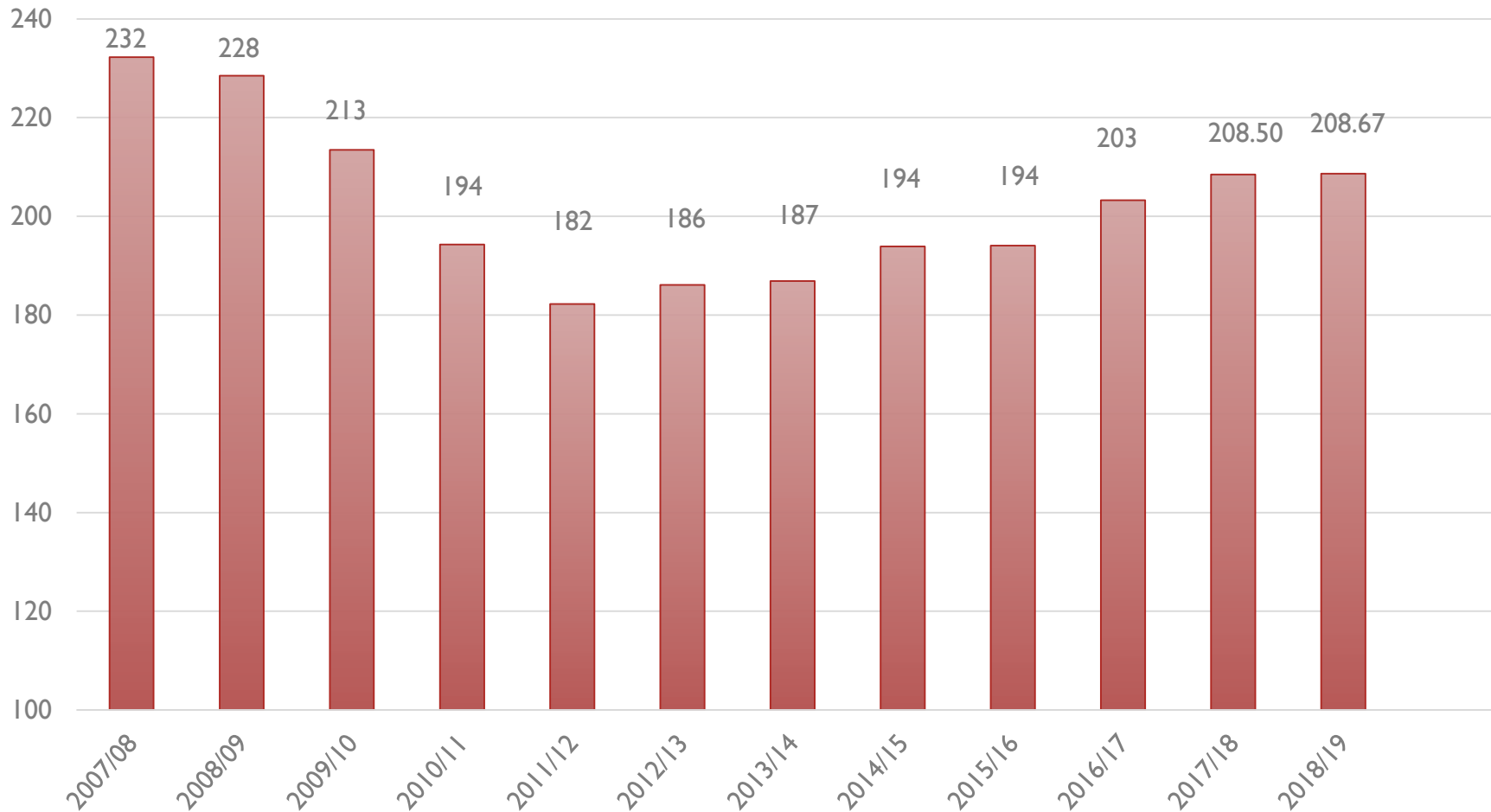
### Central Administration:

- City Manager
- City Attorney
- City Clerk
- City Council
- Economic Development
- Outreach / Communications

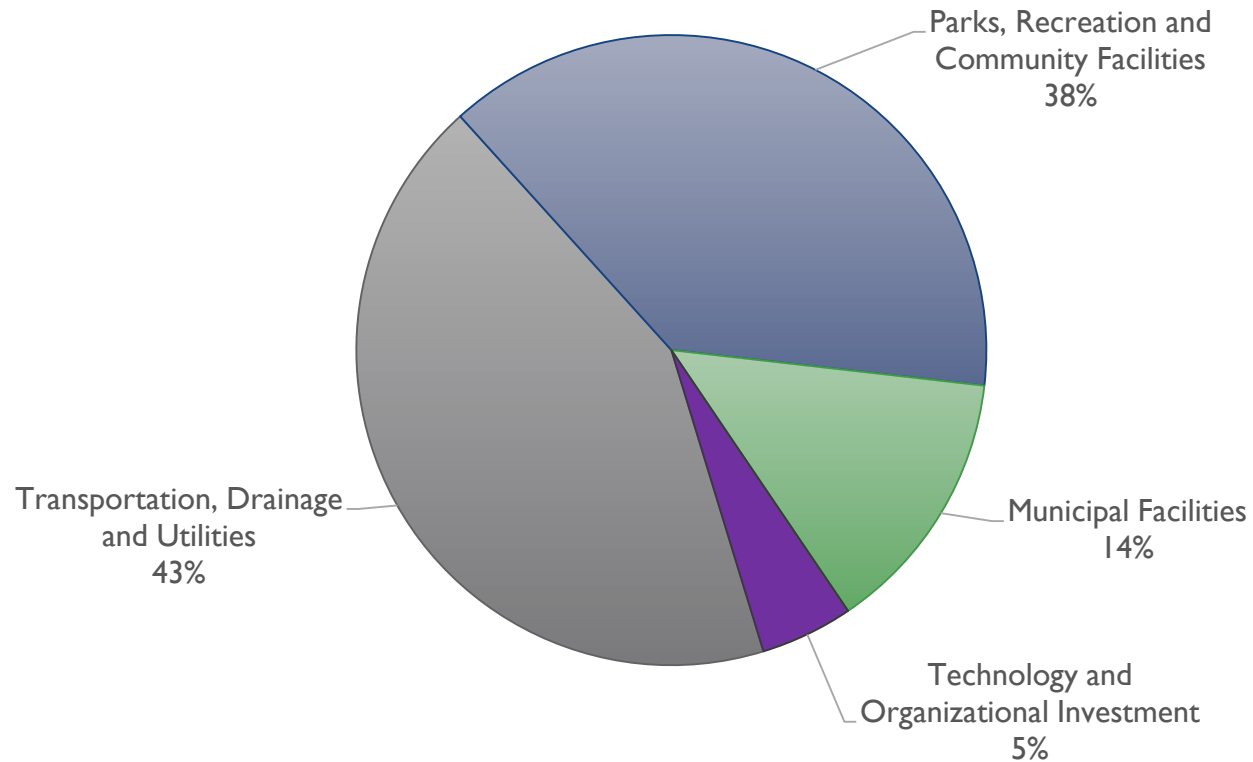


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# TOTAL CITYWIDE POSITIONS



# CAPITAL IMPROVEMENT PROJECTS – BUDGET FY 2018/19 \$6.3M



■ Transportation, Drainage and Utilities  
■ Municipal Facilities

■ Parks, Recreation and Community Facilities  
■ Technology and Organizational Investment



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MEASURES F & C

# MEASURE F & C - OVERVIEW

- **Measure F Revenue:**
- ½ cent sales tax (.50)
- Was in effect from April 1, 2011 through March 31, 2016
- Generated approximately \$4.5 million in annual revenue
  
- **Measure C Revenue:**
- Approved November 2015, tax began April 2016
- ¼ percent sales tax (.25)
- Minimum 20 year tax, with 5 year check in periods thereafter
- Generates approximately \$2.5 million annually
- Directly deposited into General Fund for regular operational expenses





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FIVE-YEAR GENERAL FUND FORECAST  
FY 2019-2024

# BASIC REVENUE ASSUMPTIONS

- Property Tax.....4% per year
- Real Property Tax.....3% per year
- Sales Tax..... Up to 2% per year
- Transient Occupancy Tax.....2% per year
- Business Licenses.....3% per year
- Charges for Services.....3% per year
- Licenses & Permits.....2% per year
- Fees, Fines, Forfeitures.....2% per year



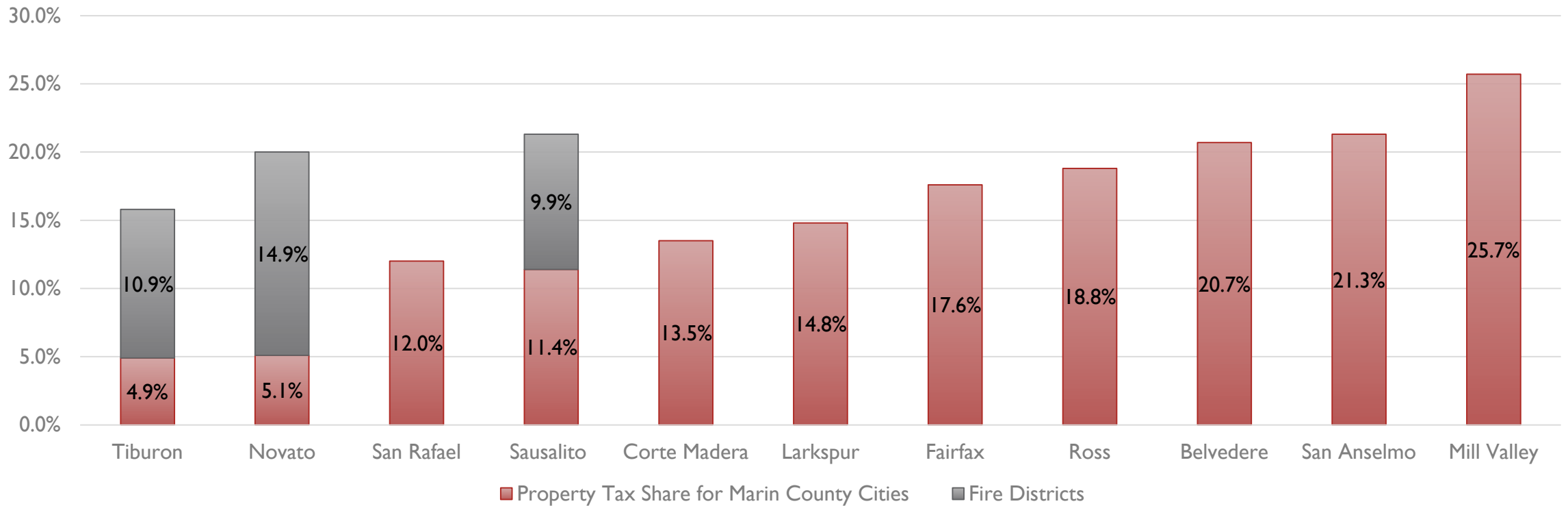
# FIVE YEAR REVENUE PROJECTIONS

Description	<u>2018/2019 Budgeted</u>	<u>Growth Assumptions</u>	<u>2019/2020</u>	<u>2020/2021</u>	<u>2021/2022</u>	<u>2022/2023</u>	<u>2023/2024</u>
Property Tax	9,763,950.00	4.0%	10,154,508.00	10,560,688.32	10,983,115.85	11,422,440.49	11,879,338.11
Secured Property Taxes In Lieu VLF	5,020,040.00	4.0%	5,220,841.60	5,429,675.26	5,646,862.27	5,872,736.77	6,107,646.24
Real Property Transfer Tax	362,085.00	3.0%	372,947.55	384,135.98	395,660.06	407,529.86	419,755.75
Sales & Use Tax	9,462,030.00	-0.1% - 1.6%	9,847,487.00	10,009,749.00	10,169,904.98	10,332,623.46	10,497,945.44
Measure C	2,648,625.00	-2.3% - 2.0%	2,644,000.00	2,688,000.00	2,728,320.00	2,769,244.80	2,810,783.47
Sales & Use Tax Public Safety Sales Tax	471,500.00	3.5%	483,287.50	495,369.69	507,753.93	520,447.78	533,458.97
Transient Occupancy Tax	1,786,590.00	2.0%	1,822,321.80	1,858,768.24	1,895,943.60	1,933,862.47	1,972,539.72
Business Licenses	1,249,310.00	3.0%	1,286,789.30	1,325,392.98	1,365,154.77	1,406,109.41	1,448,292.69
Franchise Fees Cable Television	1,125,450.00	2.0%	1,147,959.00	1,170,918.18	1,194,336.54	1,218,223.27	1,242,587.74
Franchise Fees PG&E	675,000.00	2.0%	688,500.00	702,270.00	716,315.40	730,641.71	745,254.54
Licenses and Permits	1,170,315.00	2.0%	1,193,721.30	1,217,595.73	1,241,947.64	1,266,786.59	1,292,122.33
Intergovernmental	276,370.00	2.0%	242,849.80	243,908.80	244,988.97	246,090.75	247,214.57
Charges for Services	3,182,465.00	3.00% - 3.25%	3,283,168.20	3,387,062.45	3,494,248.99	3,604,832.32	3,718,920.20
Fines and Forfeitures	532,200.00	2.0%	542,844.00	553,700.88	564,774.90	576,070.40	587,591.80
Uses of Money	528,910.00	2.5%	543,477.30	559,135.36	575,247.00	591,825.43	608,884.24
Miscellaneous	44,750.00	2.0%	45,255.00	46,080.00	46,925.52	47,792.08	48,680.24
Operating Transfers In	1,418,675.00		1,293,675.00	1,293,675.00	1,293,675.00	1,297,500.00	1,297,500.00
<b>Total Revenue</b>	<b>39,718,265.00</b>		<b>40,813,632.35</b>	<b>41,926,125.85</b>	<b>43,065,175.43</b>	<b>44,244,757.58</b>	<b>45,458,516.05</b>



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# NOVATO PROPERTY TAX SHARE COMPARED TO OTHER CITIES



# NOVATO TAXING ENTITIES PROPERTY TAX DOLLAR SHARE

**Novato Unified School District (31%)**

**County of Marin (16%)**

**State of CA (ERAF) (16.3%)**

**Novato Fire District (14.9%)**

**College of Marin (6.6%)**

**Other (10.1%)**

**City of Novato (5.1%)**



# PROPERTY TAX REVENUE HISTORY

MILLIONS



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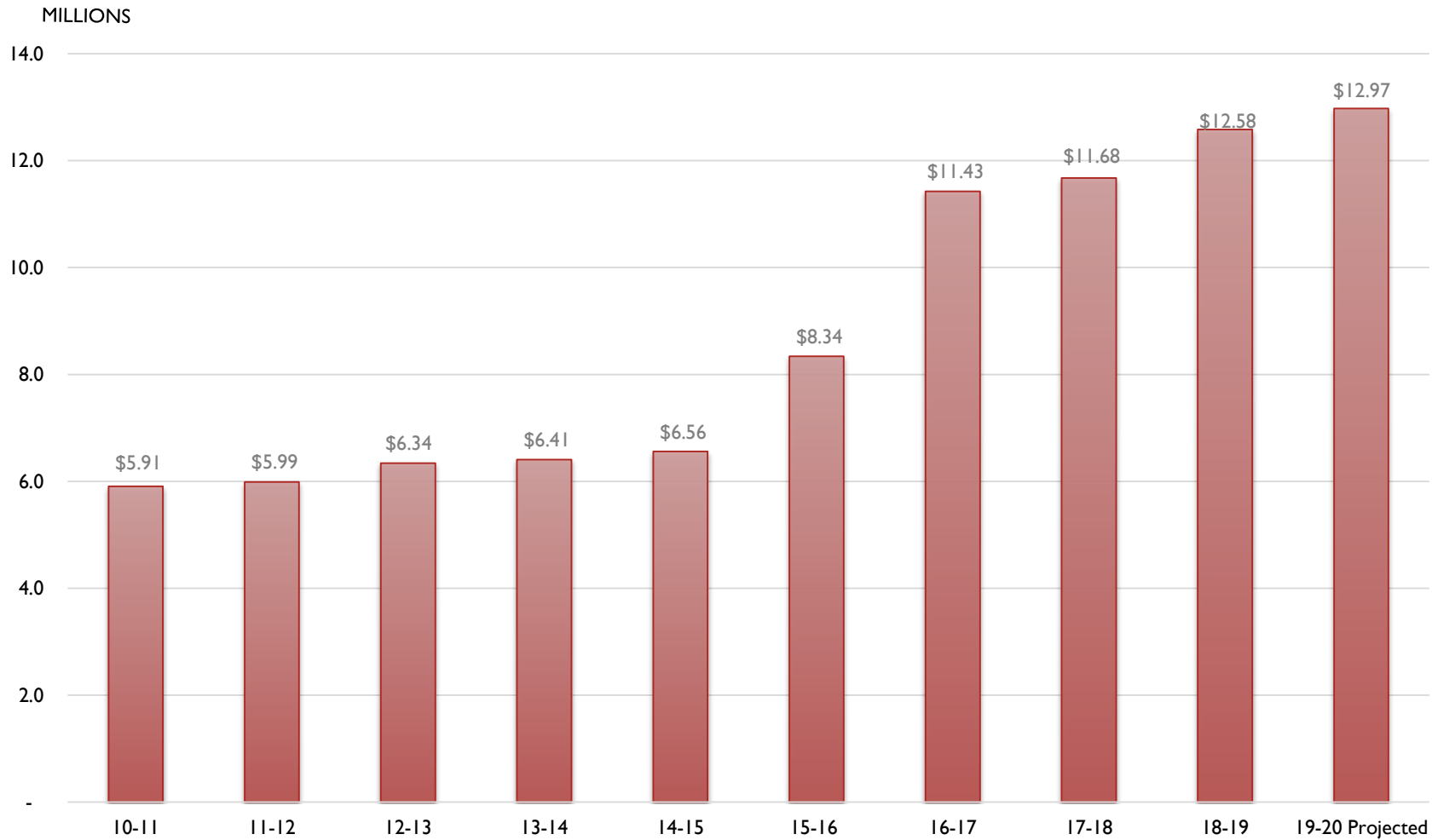
# CITY OF NOVATO 8.5% SALES TAX ALLOCATION

- 6.25% - State of California
- 1.00% - State of CA Bradley Burns Uniform Local Tax Law
- 0.25% - Marin County Parks / Open Space / Farmland Preservation (2013)
- 0.50% - Marin County Transportation Authority of Marin (Old Measure A)
- 0.25% - Sonoma / Marin Area Rail Transit “SMART” (Measure Q)
- 0.25% - Novato Sales Tax Extension (Measure C)



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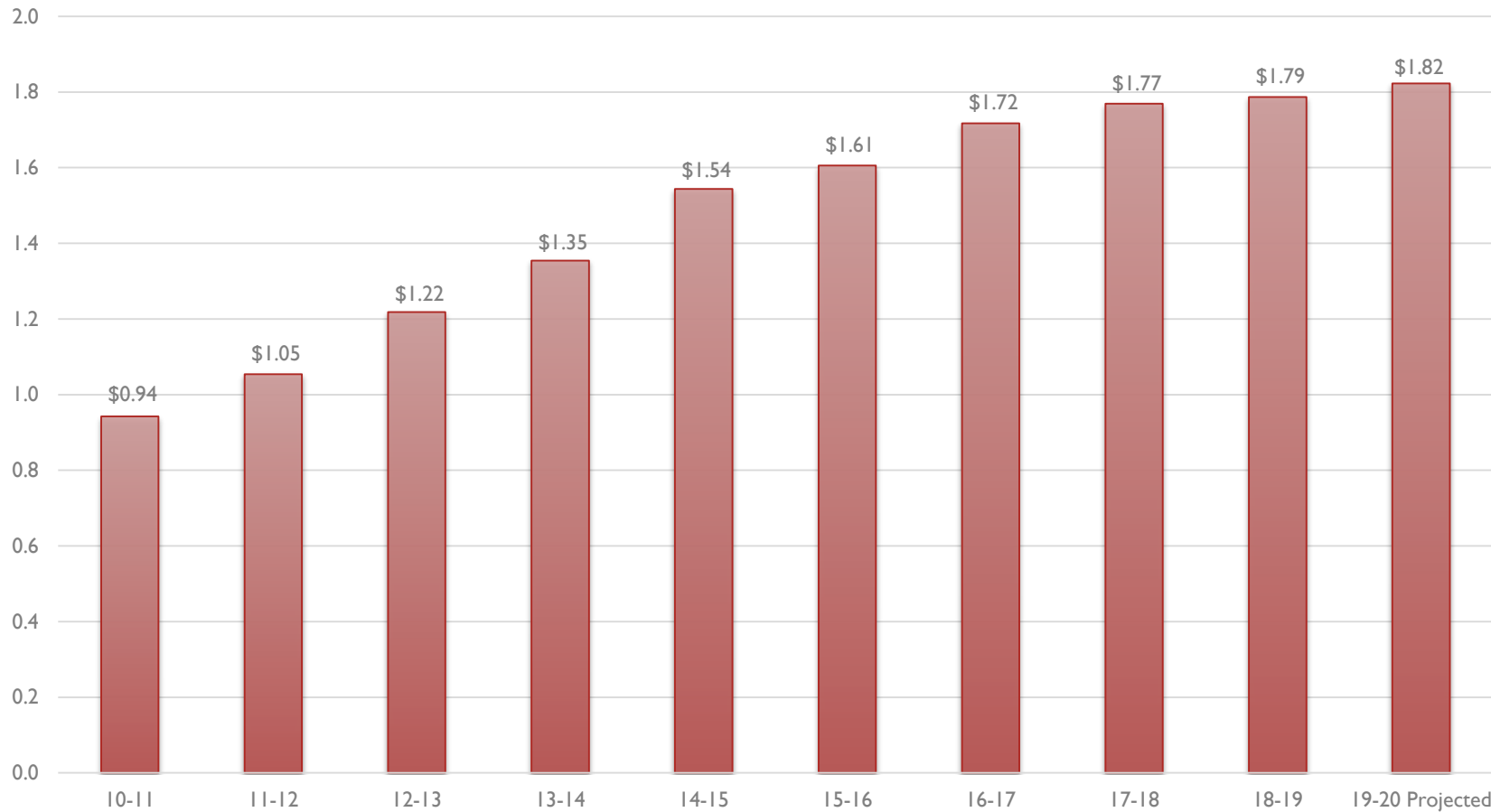
# SALES TAX REVENUE HISTORY



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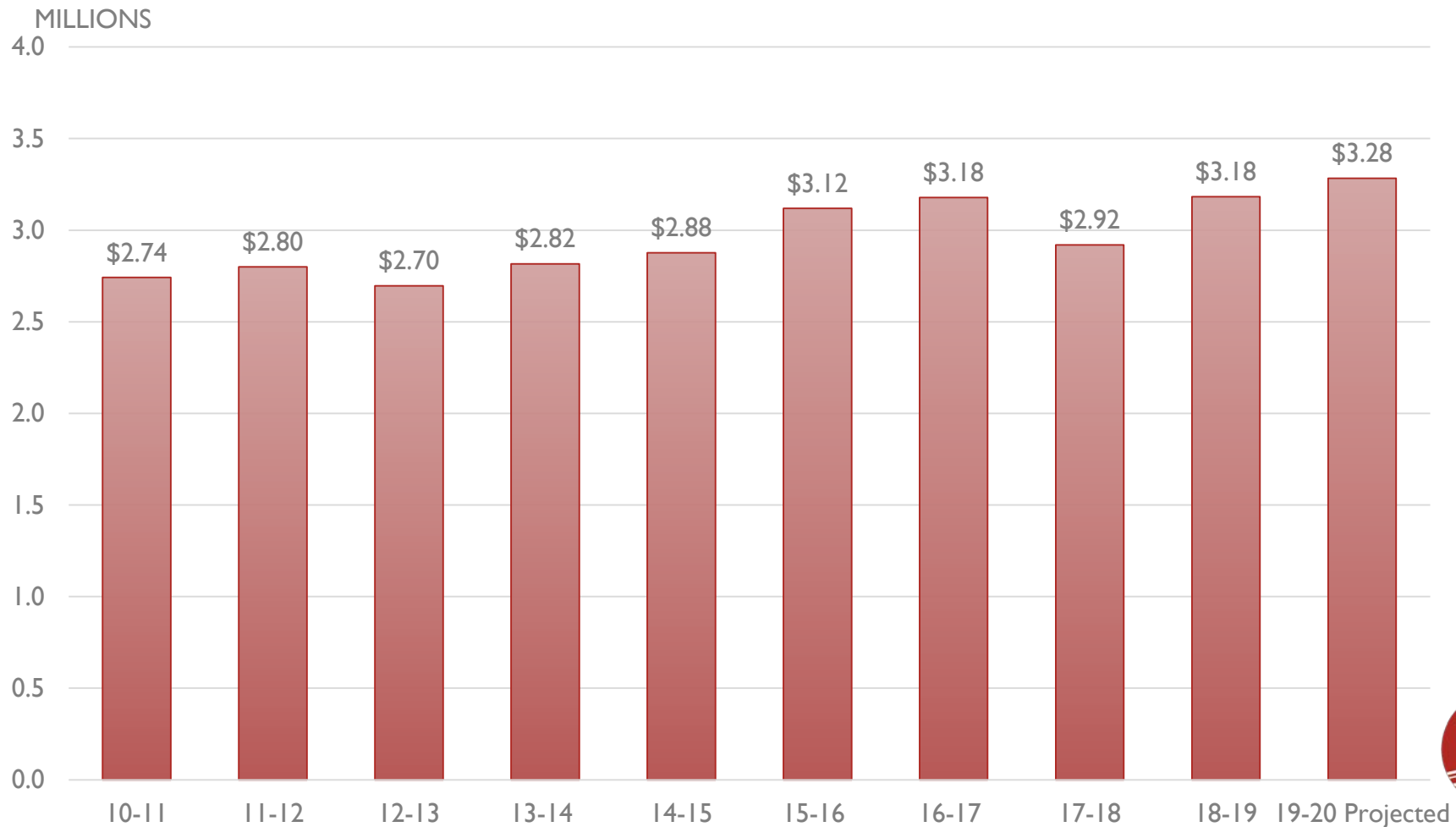
# TRANSIENT OCCUPANCY TAX (TOT) REVENUE HISTORY

MILLIONS



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# CHARGES FOR SERVICES



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# BASIC EXPENDITURE ASSUMPTIONS

Expenditure Category	Growth Assumption
Salaries	TBD
Pension Costs Increases	\$735,000 increase for FY 2019/20
Healthcare	3.0% per year through FY21/22 and 4.0% thereafter
Professional Services & Contracts	0.5% per year plus anticipated \$200,000 election costs
Equipment Replacement & Repairs	0.5% per year
Materials & Supplies	0.5% per year
Utilities	Increase \$250,000 (21% increase over last 3 years)
Other Post Employment Benefits	3.0%



# FORECASTED NON-SALARY EXPENDITURE SUMMARY

Description	<u>2018/2019 Budgeted</u>	<u>Growth Assumptions</u>	<u>2019/2020</u>	<u>2020/2021</u>	<u>2021/2022</u>	<u>2022/2023</u>	<u>2023/2024</u>
Professional Services	3,363,143.00	0.5%	3,379,958.72	3,396,858.51	3,413,842.80	3,430,912.02	3,448,066.58
Contracts	1,126,141.00	0.5%	1,131,771.71	1,137,430.56	1,268,117.72	1,149,458.30	1,280,205.60
Training	513,723.00	0.5%	516,291.62	518,873.07	521,467.44	524,074.78	526,695.15
Equipment Replacement	635,152.00	0.5%	638,327.76	641,519.40	644,727.00	647,950.63	651,190.38
Repairs & Maintenance	791,633.00	0.5%	795,591.17	799,569.12	803,566.97	807,584.80	811,622.73
Material & Supplies	2,002,558.00	0.5%	2,012,570.79	2,023,015.12	2,033,511.67	2,044,060.70	2,054,662.47
Other Post Employment Benefit	329,600.00	3.0%	339,416.00	349,525.76	359,938.09	370,662.05	381,706.98
Utilities	1,121,102.00	0.5%	1,126,707.51	1,332,341.05	1,339,002.75	1,345,697.77	1,352,426.26
Transfers Out (Pension Obligation Bonds Debt Service)	1,329,341.00	per schedule	1,436,608.00	1,490,012.00	1,542,812.00	1,604,442.00	1,604,442.00
Transfers Out	1,424,670.00		1,428,737.95	1,149,166.24	1,299,823.37	1,313,432.01	1,327,250.89
<b>Expenditure Subtotal</b>	<b><u>12,637,063.00</u></b>		<b><u>12,805,981.21</u></b>	<b><u>12,838,310.83</u></b>	<b><u>13,226,809.79</u></b>	<b><u>13,238,275.05</u></b>	<b><u>13,438,269.03</u></b>
<b>Assumed Salary &amp; Operational Savings</b>	<b>(650,000.00)</b>		<b>(325,000.00)</b>				
<b>Total Expenditures</b>	<b><u>39,795,096.05</u></b>		<b><u>41,211,108.04</u></b>	<b><u>42,740,089.12</u></b>	<b><u>43,932,063.60</u></b>	<b><u>44,810,704.21</u></b>	<b><u>45,655,783.59</u></b>



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# SALARY & BENEFIT PROJECTIONS

- ❑ FY18/19 CALPERS Pension Costs = \$4,452,663.00
- ❑ FY18/19 Salaries & Benefits (Misc. & Safety) = \$21,363,630.06

Description	<u>2018/2019 Budgeted</u>	<u>Growth Assumptions</u>	<u>2019/2020</u>	<u>2020/2021</u>	<u>2021/2022</u>	<u>2022/2023</u>	<u>2023/2024</u>
Salaries & Benefits - Miscellaneous	12,898,368.42		13,008,279.60	13,613,059.12	13,731,181.07	13,872,018.68	14,016,447.74
Salaries & Benefits - Safety	8,465,261.64		8,532,269.33	8,600,352.51	8,669,538.75	8,750,644.47	8,850,391.65
CalPERS Pension Costs - Miscellaneous	2,081,778.00	Bartel Report	2,420,778.87	2,638,376.63	2,913,716.35	3,208,347.43	3,379,292.15
CalPERS Pension Costs - Safety	2,370,885.00	Bartel Report	2,767,100.32	3,038,282.84	3,369,051.91	3,709,544.02	3,929,349.09
Overtime, HP, other non-PERSable	1,286,204.00		1,292,635.02	1,299,098.20	1,305,593.69	1,312,121.65	1,318,682.26
Hourly & Temp	705,536.00		709,063.68	712,609.00	716,172.04	719,752.90	723,351.67
<b>Total Salaries</b>	<b><u>27,808,033.05</u></b>		<b><u>28,730,126.83</u></b>	<b><u>29,901,778.29</u></b>	<b><u>30,705,253.81</u></b>	<b><u>31,572,429.16</u></b>	<b><u>32,217,514.55</u></b>

# FIVE-YEAR FORECAST YEAR OVER YEAR COMPARISON

March 2019						
(All figures in millions)	<u>18/19</u>	<u>19/20</u>	<u>20/21</u>	<u>21/22</u>	<u>22/23</u>	<u>23/24</u>
Total Rev's & Transfers In	\$39.72	\$40.81	\$41.93	\$43.07	\$44.24	\$45.46
Total Exp's & Transfers Out	<u>\$(39.80)</u>	<u>\$(41.21)</u>	<u>\$(42.74)</u>	<u>\$(43.93)</u>	<u>\$(44.81)</u>	<u>\$(45.66)</u>
<b>Surplus/(Deficit)</b>	<b>(\$0.08)</b>	<b>(\$0.40)</b>	<b>(\$0.81)</b>	<b>(\$0.86)</b>	<b>(\$0.57)</b>	<b>(\$0.20)</b>

April 2018						
(All figures in millions)	<u>17/18</u>	<u>18/19</u>	<u>19/20</u>	<u>20/21</u>	<u>21/22</u>	<u>22/23</u>
Total Rev's & Transfers In	\$38.49	\$40.31*	\$40.62	\$41.78	\$43.11	\$44.4
Total Exp's & Transfers Out	<u>\$(38.49)</u>	<u>\$(39.49)</u>	<u>\$(40.83)</u>	<u>\$(41.88)</u>	<u>\$(43.12)</u>	<u>\$(44.4)</u>
<b>Surplus/(Deficit)</b>	<b>\$0</b>	<b>\$0.82</b>	<b>\$(0.21)</b>	<b>\$(0.09)</b>	<b>\$(0.01)</b>	<b>\$0</b>





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QUESTIONS?

