



**CITY OF NOVATO**  
**C A L I F O R N I A**

***SUPPLEMENTAL MATERIALS***

***for***

***Council meeting of May 19, 2020***

**Per California Senate Bill 343, the enclosed supplemental materials relating to the May 19, 2020 agenda packet have been received by the City Clerk's Office after the agenda packet's distribution to the City Council and are available to the public.**



**CITY OF NOVATO**  
CALIFORNIA

**JOINT CITY COUNCIL / CITY COUNCIL AS SUCCESSOR AGENCY MEETING**  
**Tuesday, May 19, 2020 - 6:00 PM**  
**eComment**

**No eComments received as of 3:00 p.m. on May 19, 2020.**

**From:** [Adam McGill](#)  
**To:** [Council Members](#)  
**Cc:** [John Abaci](#); [VNebb@walterpistole.com](mailto:VNebb@walterpistole.com); [Jeff Walter](#); [Department Heads](#)  
**Subject:** Budget Item tonight - Questions  
**Date:** Tuesday, May 19, 2020 11:49:15 AM

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Dear Mayor and Councilmembers,

A council member asked the following questions regarding tonight's budget item. Staff's responses are below the questions.

1. How are we expected to end 19/20? Is that in the staff report?

A FY19/20 year end projection is not included in the staff report. There is a significant amount of revenue and expense data impacted by the COVID-19 emergency that is still changing rapidly, as well as a lot of incorrect data in the finance system that we are working through.

It remains difficult to project several revenue streams from March - June (particularly sales tax, TOT, and department revenues). In addition, Finance has had a number of issues with the A/P process that make current expenditure levels in the finance system unreliable. For instance staff has discovered numerous invoices that have not been paid (some in the \$10's of thousands of dollars range), large invoices that have been paid twice for which we are expecting refunds or future credits, and invoices that were paid but later did not clear the bank because we were not following proper bank protocols. We have initiated A/P process and personnel changes and are now making good progress in resolving these issues. We are also still working through the vacancy savings issues outlined in the staff report, and departments have not yet been asked to go back to their budgets to identify "savings" due to the emergency (probably most significant in Parks and Recreation). Finally, Finance has not yet posted approved budget changes for FY19/20 in the finance system, so we don't have the correct revised/amended budget to run accurate comparative reports. We do expect to have most of these issues worked out for the FY19/20 audit, however, there are simply too many influencing factors right now to project a FY19/20 year end status with any reliability.

2. What did we use as a property tax revenue estimate for 19/20's budget?

The property tax trend information was derived from the February 11, 2020, 5-Year Financial Plan report (Item J.2). Page 3 of the report states that the average rate of growth btw FY16-FY20 was 5.25%, but for FY19/20 the growth rate was 3.89%. For FY19/20 budget purposes the May 13, 2019 budget presentation and the CM budget letter (October 4th) both indicate a 3.5% increase was included. Staff is recommending using a conservative 3% growth rate for FY20/21 but we do intend to do additional analysis on property tax & sales tax trends prior to September to determine how closely actual receipts have been to budget over the past few years. This should provide a good base for projections going forward.

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City Manager  
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**To:** [Council Members](#)  
**Cc:** [Jeff Walter](#); [VNebb@walterpistole.com](mailto:VNebb@walterpistole.com); [John Abaci](#)  
**Subject:** Budget questions  
**Date:** Tuesday, May 19, 2020 1:14:07 PM

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Dear Mayor and Councilmembers,

The below question was submitted by a councilmember regarding tonight's budget item. Staff's response is in blue below.

1. Pg 9 of the staff report indicates that non-personnel costs totaling \$442,545 for MOU negotiations for 2019-2020 is being carried over for 2020-2021. Can staff explain what these non-personnel costs are?

In FY2019/20, the \$442,545 was budgeted for one-time lump sum payments to employees as agreed upon in the MOU's approved last year. For FY20/21, there is no Measure F funding to backfill the negotiated one-time lump sum payments due in July 2020 and January 2020, therefore the amount is shown as an expense in FY20/21 that will be absorbed by the Gen Fund.

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