



CITY OF NOVATO
CALIFORNIA

September 7, 2023

The Honorable Judge James Chou
Marin County Superior Court
P.O. Box 4988
San Rafael, CA 94913-4988

Re: Response to Grand Jury Report: "Novato's Chronic Fiscal Deficits: A Call to Action"

Dear Judge Chou,

At its regular meeting of August 22 2023, the Novato City Council reviewed the above report. The City's response to all is attached.

If the members of the Grand Jury require additional information, please contact City Manager Adam McGill at amcgill@novato.org.

We appreciate the work of the Grand Jury and thank you for your service to our residents and Marin County.

Sincerely,

Susan Wernick
Mayor
City of Novato

Cc: Pat Shepherd, Foreperson
Marin County Civil Grand Jury
3501 Civic Center Drive, Room #275
San Rafael, CA 94903

922 MACHIN AVENUE, NOVATO, CA 94945 | PHONE: 415.899.8900 | NOVATO.ORG

Mayor Susan Wernick | Mayor Pro Tem Mark Milberg | Councilmembers Pat Eklund • Rachel Farac • Tim O'Connor
City Manager Adam McGill

Response to Grand Jury Report

Report Title: Novato's Chronic Fiscal Deficits: A Call to Action

Respondent/Agency Name: City of Novato

Your Name: Susan Wernick Title: Mayor

GRAND JURY FINDINGS

- I (We) agree with findings numbered: **F1, F3, F4, F5 and F7**
- I (We) disagree partially with findings numbered: **F2, F6, F8, and F9**
- I (We) disagree with finding numbered: **F10**

GRAND JURY RECOMMENDATIONS

- Recommendation numbered R1: The recommendation has not yet been implemented, but will be implemented in the future.
- Recommendation numbered R2: The recommendation will not be implemented because it is not warranted or is not reasonable.
- Recommendation numbered R3: The recommendation will not be implemented because it is not warranted or is not reasonable.
- Recommendation numbered R4: The recommendation requires further analysis.
- Recommendation numbered R5: The recommendation requires further analysis.
- Recommendation numbered R6: The recommendation has not yet been implemented, but will be implemented in the future.
- Recommendation numbered R7: The recommendation has not yet been implemented, but will be implemented in the future.

Date: September 7, 2023 Signed: *Susan Wernick*

Susan Wernick, Mayor
City of Novato

Number of pages attached: 20

RESPONSE TO GRAND JURY FINDINGS

F1. The City of Novato is facing an ongoing structural financial deficit.

Response: Agree.

F2. The City Council has not adequately pursued options for ongoing sources of revenue, including increasing its local sales tax.

Response: Disagree Partially.

In February 2020, the City Council prioritized five areas for Staff to research aimed at increasing revenue as shown in the table below. The current status of each is also included.

Council Prioritized Options for Revenue Exploration			
Category	Ongoing Revenue	One-Time Revenue	Status
Transient Occupancy Tax (TOT) Measure	X		Complete. 2% change approved by Voters November 2020.
Sales Tax Measure	X		Pending.
Hamilton Trust Utilization	X	X	Complete.
Disposition of City-Owned Properties		X	Council provided direction on 09/22/20 to proceed with actions necessary to sell four identified properties.
Solid Waste Franchise Fee	X		Complete.

While an additional local sales tax has not been approved by voters, significant work has been completed to evaluate the feasibility of a sales tax measure. On February 15, 2022, Staff provided the City Council with an update on the status of the above areas (Item J.2.). At that meeting, the City Council directed Staff to move forward with the next steps in exploration of a potential sales tax measure for the November 2022 General Election. In March 2022, a statistically valid sales tax / voter preference survey was conducted. The results, which indicated that there was not adequate voter support for approval of a sales tax measure, were presented to the City Council on May 24, 2022 (Item C.4.). At that meeting the City Council encouraged Staff to continue educating the community about the City's fiscal challenges.

At the City Council's Strategic Planning workshop held on August 4 and 5, 2023, the City Council directed staff to continue exploring the feasibility of a sales tax measure for consideration by voters on the November 5, 2024, ballot (Attachment 1 - Adopted Strategic Plan).

In addition to the above areas, the City Council approved a comprehensive update to the User Fee schedule in May 2022. The updated fees are anticipated to recover over \$1 million annually

for services provided for the benefit of an individual user or business owner. Further, completion of a Development Impact Fee Study and update has been identified as a City Council priority.

Finally, the City Council approved placement of Measure C, a ¼ cent local sales tax on the ballot in November 2015, which was approved by voters. Measure C replaced Measure F the prior ½ cent local sales tax.

F3. The City's financial deficits have resulted in reductions in City staff, and difficulties in hiring and retaining employees.

Response: Agree.

F4. The City's financial deficits have resulted in a reduction of City services.

Response: Agree.

F5. The City's financial deficit will significantly increase once new labor contracts go into effect.

Response: Agree.

New labor contracts intended to retain existing employees were approved by the City Council on June 27, 2023. The fiscal impact of the contracts increased ongoing operating costs by \$1.3 million for Fiscal Year 2023/24.

F6. The City's Finance Department's inadequate staffing resulted in insufficient financial controls, incomplete records, and a loss of financial accountability.

Response: Disagree Partially.

While inadequate staffing (including chronic turnover pre-2020 and later pandemic challenges in hiring staff) was a major factor in the breakdown of finance operations, implementation of a new financial system without adequate support resources, and a state and nationwide shortage of qualified accountants, were also significant factors in creating this situation.

F7. The City lacks comprehensive and functional records management systems.

Response: Agree.

F8. The City lacks a plan to optimize revenue from its existing properties, including the sale of City owned properties. The City owns many properties that are vacant or in disrepair, and others where ongoing expenses exceed income.

Response: Disagree Partially.

On February 11, 2020 and September 22, 2020, the City Council directed Staff to evaluate City properties for potential sale. Four properties were subsequently identified for sale, with sale

transactions complete on two of those properties. On May 9, 2023, the City Council directed Staff to examine and analyze all City property with the view to understanding the optimum way to utilize those properties for the benefit of the entire community. Analysis would be done incrementally, starting with the most valuable City-owned property.

Additionally, a review and analysis of other City owned property that could be made available for lease (or lease updates) was initiated in early 2023. Staff continue to work on these initiatives, as well as development of a long-term plan to optimize use or sale of other City owned properties.

F9. The City has not provided sufficient financial and operational oversight of the Marin Valley Mobile Country Club. The property operates at a substantial deficit, has ongoing deferred maintenance, and presents increasing administrative and financial burdens on the City.

Response: Disagree Partially.

As referenced in F6., for several years, the City experienced insufficient financial controls, incomplete records, and a loss of financial accountability. This operational breakdown and significant staff turnover across several departments resulted in less-than-optimal oversight of all City financial operations, including Marin Valley Mobile Country Club (MVMCC).

As the City's financial records are not yet up to date, Staff is currently unable to accurately project whether or not MVMCC is currently operating at a deficit. The FY2019/20 audit identified MVMCC's net Operating Income at \$862,489¹. This is the last year that audited data is available.

Budget data for the subsequent years is in the table labeled "FY2023/24 Budget Document: 651-MVMCC" below, this represents the information depicted in the FY2023/24 draft budget² and amended for debt service corrections as noted. If capital expenditures and associated revenue (FY2021/22 = \$3M) are removed from the budgets, operating revenue exceeds expense for each year as summarized in this table:

MVMCC Budget Without Capital Expense			
FY20/21	FY21/22	FY22/23	FY23/24
\$1.4M	\$755K	\$287K	\$293K

¹ FY19/20 ACFR (Page 27):
<https://www.novato.org/home/showpublisheddocument/35449/638127587521600000>

² FY23/24 Draft Budget (Page 82):
https://legistarweb-production.s3.amazonaws.com/uploads/attachment/pdf/2031195/Attachment_1_-_Draft_Preliminary_Budget_Document.pdf

**FY2023/24 Budget Document:
651- MVMCC**

Revenues	FY20/21	FY21/22	FY22/23	FY23/24
Charges for Services	877,833	921,394	995,599	1,154,477
Use of Money and Property	2,454,212	2,454,344	2,416,676	2,455,330
Other Revenues	458,780	3,008,708 ³	8,540	7,280
Total Revenues	3,790,825	6,384,446	3,420,815	3,617,087
Expenses				
Professional Services	355,800	355,860	510,775	887,615
Training and Travel	3,700	3,700	3,700	4,950
Rentals and Leases	13,230	13,362	13,494	13,626
Repairs and Maintenance	157,205	258,825	343,155	285,155
Materials and Supplies	241,930	242,030	296,560	239,810
Utilities	1,000,223	1,081,705	1,252,932	1,230,091
Capital Expenses	2,536,345	1,991,500	780,000	780,000
Debt Service	635,683 ⁴	651,172	651,173	651,172 ⁵
Other Expenses	20,000	22,700	62,000	12,000
Total Expenses	4,964,116	4,620,854	3,913,789	4,104,419

³ City's \$3M federal American Rescue Plan contribution for capital project.

⁴ Adjusted to include principal payment for Bank of Marin debt in amount of \$517,896, which was erroneously not included in the FY23/24 adopted budget. Reference MVMCC budget as of 05/13/2019:

https://legistarweb-production.s3.amazonaws.com/uploads/attachment/pdf/357675/Attachment_1_MVMCC_19-20_Final_Proposed_Operating_Budget.pdf

⁵ Adjusted to include principal payment for Bank of Marin debt in amount of \$548,754, which was erroneously not included in the FY23/24 adopted budget document. Reference MVMCC budget as of 06/27/2023:

https://legistarweb-production.s3.amazonaws.com/uploads/attachment/pdf/2031201/Attachment_3_-_MVMCC_Operating_and_Capital_Budget.pdf

On March 28, 2023, the City Council received a report on the projected fiscal outlook of MVMCC operations and capital needs. A study of MVMCC's long-term capital needs identified that the park would begin operating at a loss within the next 3-5 years. At that meeting, the City Council directed Staff to hold a workshop to explore the item further. Without additional study and a reserve analysis, it is currently unknown whether existing and future capital needs are currently underfunded. Due to further Staff turnover, the workshop initially scheduled for July 2023, to continue exploring these issues, has been postponed.

To the best of the City's knowledge, MVMCC has never received any General Fund subsidies or funding. The one contribution the City is aware of is that in FY2021/2022 the City Council made the decision to fund an important project at MVMCC using \$3 million of the City's federal American Rescue Plan Act funds (March 2, 2022, Item G8.).

F10. The City's Finance Advisory Commission has the responsibility, but lacks the authority, to effectively oversee the City's financial condition and operations.

Response: Disagree.

The City's Finance Advisory Commission is advisory to the City Council on a variety of finance matters as outlined in City Council Resolution 2022-079 (Attachment 2). The Commission is not responsible for overseeing the City's financial condition and operations.

The City of Novato operates under a Council / Manager form of government. The City Council is elected by the voters to provide policy direction to the City Manager. Authority to implement the City Council's policies, including management and oversight of the City's financial condition and operations rests with the City Manager, serving at the will of the City Council. Final responsibility for oversight of the City's financial condition and operations resides with the City Council.

RESPONSE TO GRAND JURY RECOMMENDATIONS

R1. By December 31, 2023, design and begin implementation of a plan to address Novato's ongoing structural financial deficit. This plan should include resources, staff, and systems necessary to institute strong financial controls to improve its financial condition and to enable timely independent financial audits.

Response: This recommendation has not yet been implemented, but will be implemented in the coming months. The City Council directed staff to pursue several fiscal sustainability actions at their Strategic Plan workshop held on August 4 and 5, 2023. On prior occasions, the City Council voiced strong interest in incorporating fiscal sustainability measures into the new Strategic Plan, including on the dates noted below.

At their March 14, 2023 (Item E2.) meeting, the City Council discussed creating a new fiscal sustainability plan. It was generally felt that the item should be moved forward and brought back to Council at a later date. The item was again discussed on May 9, 2023 (Item J.2.), when it was unanimously agreed that the City Council should further discuss the topic at the upcoming strategic planning session.

At the City Council meeting of August 22, 2023 (Item G14.), the Council approved adding new resources to the Finance Department to continue building strong financial controls and accelerate completion of outstanding financial audits. The reorganization of internal functions provides enhanced oversight of finance activities and other internal service areas including Information Technology, Human Resources and Risk Management; reassigns staff with knowledge and expertise in areas identified the City Council's Strategic Plan (including fiscal sustainability efforts), to focus on solutions to address the City's structural deficit; and adds an additional full-time equivalent managerial position to the Finance Department to focus on process development and completion of outstanding audits.

R2. By December 31, 2023, the City Council, in consultation with the Finance Advisory Commission, should consider creating and funding a new position of an independent internal auditor with the authority to investigate and report on City operations.

Response: This recommendation will not be implemented because it is not warranted or is not reasonable. As identified in the Grand Jury report, the City already faces significant fiscal challenges and implementation of this recommendation will add new ongoing expense to the City's already strained operating budget. The City Council believes the City's limited resources are best used to retain the existing staff that have demonstrated a commitment to implementing operational efficiencies, and rebuilding needed internal processes and financial controls; and ensure they have the resources needed to continue catching up outstanding audits.

Over the past three years, Finance staff have rebuilt and further strengthened many internal controls, improved segregation of finance duties, and created new approval processes ensuring proper fiscal oversight. For the first time in memory, a Certified Public Accountant has been hired into a managerial finance position to ensure internal financial processes comply with current accounting standards and best practices. Daily financial transactions are current, bank accounts are being reviewed consistently, capital project activity that was not reconciled for many years has been reconciled, and modern financial policies have been implemented. These improvements have been possible because the City Council, Finance Advisory Commission (FAC), and management recognized the need to restore the internal processes required to support the organization's operations.

The FAC is now provided with detailed information about outstanding areas of financial concern and routinely engages with Finance Staff on the status of improvements at public meetings. For the past year, the FAC and City Council have received quarterly budget status reports which enhance oversight and transparency over public funds. The City Council now consistently receives quarterly warrant reports and investment reports.

Further, the City's independent auditors, who report directly to the City Council, have found no evidence of fraud, abuse, embezzlement, etc. and have publicly stated that the lack of internal controls was primarily the result of chronic staff turnover in the Finance Department: Finance staffing has stabilized over the past three years, and significant progress has been, and continues to be, made to re-establish organizational efficiencies.

Additionally, the City periodically engages consulting firms to assess operational areas and provide recommendations intended to improve the efficiency and effectiveness of operations. For example, in the past four years, studies have been completed in the Parks, Recreation and Community Services Department and the Information Technology Division; additionally, a study is currently underway in the Community Development Department.

R3. By December 31, 2023, require the Finance Advisory Commission to issue quarterly financial reports on the City's financial condition and require that the reports be discussed at City Council meetings.

Response: This recommendation will not be implemented because it is not warranted or is not reasonable. As noted in F10, the Finance Advisory Commission's role (per Resolution 2022-079) is advisory in nature; their responsibility is to review financial information, not prepare it. For Fiscal Year 2022/2023, Staff began preparing quarterly budget status reports for presentation and review to the Finance Advisory Commission and City Council. The reports provide detailed information about the status of the City's operating budget. Staff continue to develop and expand the quarterly reports to enhance transparency. Beginning with Fiscal Year 2023/2024, the report will include a year-over-year comparison column and analysis to provide additional context about the status of the budget. Reporting on additional funds will also be added to the report.

R4. By December 31, 2023, develop a schedule to install and maintain comprehensive records management systems for all City operations by June 30, 2025.

Response: This recommendation requires further analysis. In Fiscal Year 2021/2022 the City Council dedicated one-time funding in the amount of \$26,000 to implement a comprehensive records management system. An appropriate system has been purchased and implementation is underway. The current schedule identifies implementation to include the City Clerk's Office, Human Resources, and Finance in fall 2023, with expansion to other departments as resources are identified and available.

The new system includes a portal that will allow the public to access City records more easily. The current implementation schedule provides that the public portal will be available by December 31, 2023, and will include access to records including resolutions, ordinances, and minutes.

The timeline to achieve organization-wide implementation required further analysis. Organization-wide implementation is dependent upon available funding for future expansion and available labor (staff and contractors) to organize, scan and index records.

R5. By October 1, 2023, begin strategic planning to increase the City's sales tax.

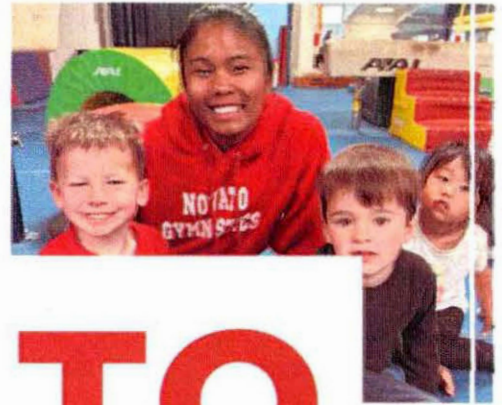
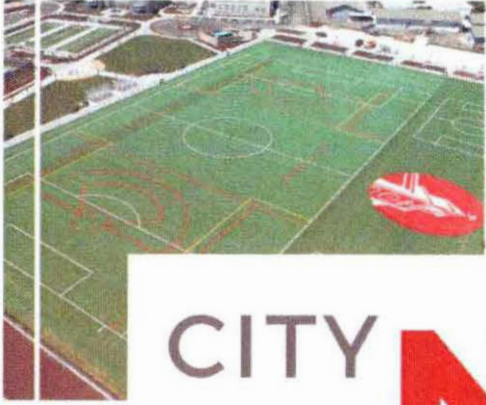
Response: This recommendation requires further analysis. The City Council directed staff to study the potential for a sales tax measure and other revenue ideas at their Strategic Planning session on August 4 and August 5, 2023. With adoption of the new Strategic Plan at the August 22, 2023, meeting, Staff will initiate contracts for the communications and consultant resources needed to support this analysis. Ultimately, any sales tax increase must be approved by Novato voters.

R6. By December 31, 2023, initiate a comprehensive inventory and review of the City's entire portfolio of properties to identify opportunities for more cost-effective use of each holding. The assessment, including recommendations and timelines for implementation, should be completed no later than May 1, 2024.

Response: This recommendation has not yet been implemented, but work to implement began in May 2023 per City Council direction and will continue to be implemented in the coming months. Staff is compiling a comprehensive list of properties for potential sale and/or lease and other opportunities to optimize use of properties. The analysis is being done incrementally, starting with the most valuable City-owned property. As specific actions for each property are identified, they will be brought to the City Council for action, as appropriate.

R7. By December 31, 2023, implement a plan to address the operational and financial condition of the MVMCC, including an evaluation of options for rent increases.

Response: This recommendation has not yet been implemented, but will be implemented in the future. This work was initiated in early 2023 and will continue when staff resources are available. Initial work, including a study of projected capital needs, is complete. A meeting was held with MVMCC residents on June 19, 2023, to provide preliminary information about the park's fiscal status. For Fiscal Year 2023/2024, the City Council took action to increase space rents by 5.0%, this was the first increase since January 2016. It is anticipated staff will be available to continue work on this project in fall 2023.



CITY OF **NOVATO**

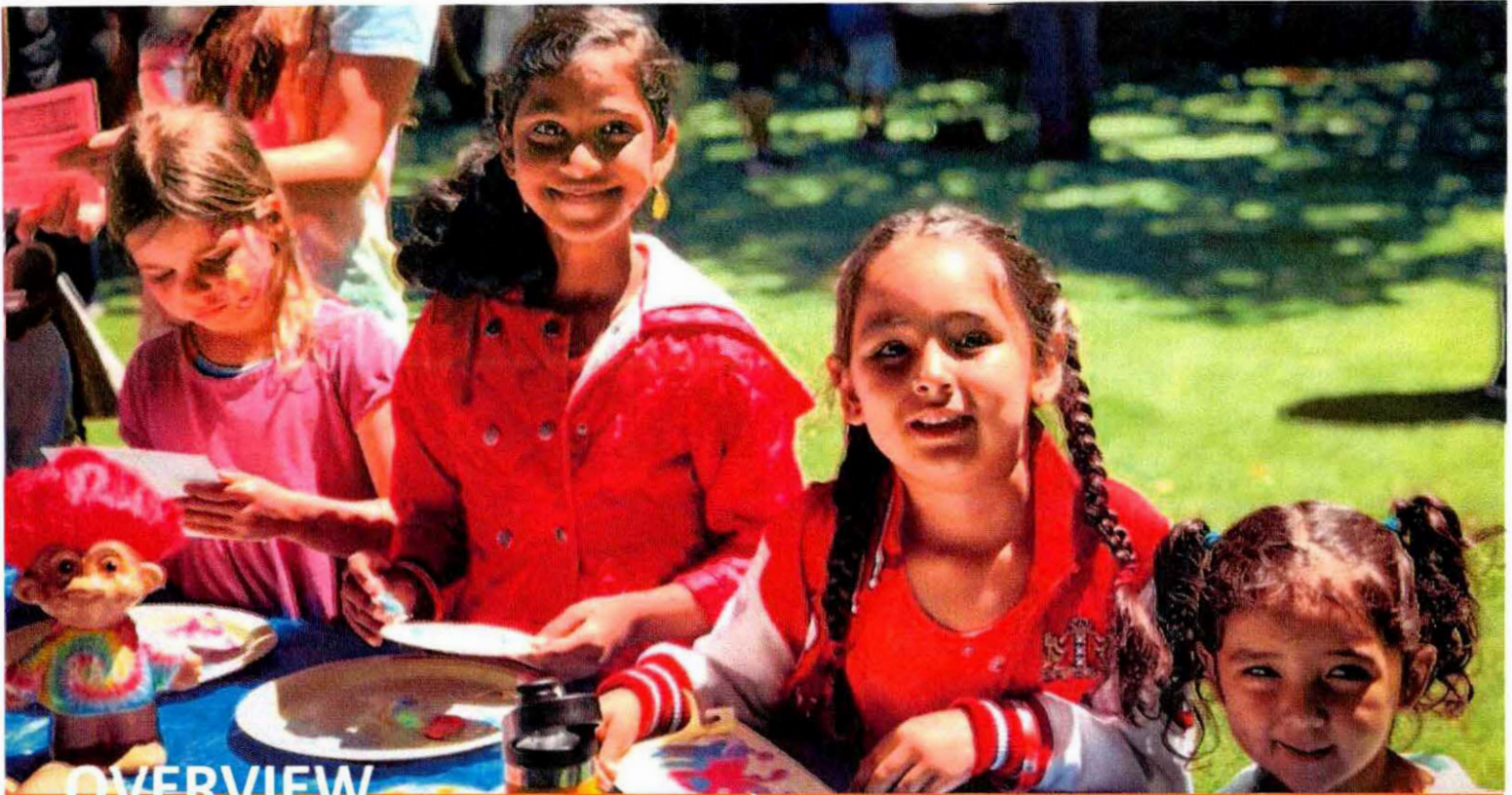
C A L I F O R N I A

STRATEGIC PLAN

JULY 1, 2023 - JUNE 30, 2025



ATTACHMENT 1



OVERVIEW

This strategic plan is a tool to help our City work together — to focus our energy, to ensure that the Novato Community values the same goals, and to assess and adjust, when necessary, the City’s direction in response to a changing environment. Strategic planning is a disciplined effort to make fundamental decisions that shape and guide the present to our desired future.

When making decisions, everyone needs to keep our shared goals and objectives as the primary focus. The city staff is charged with implementing the Strategic Plan through the work plan items listed under each of the five Goals:

Living Well Together, Great Places, Environmental Stewardship, A City that Works and Economic Vitality.

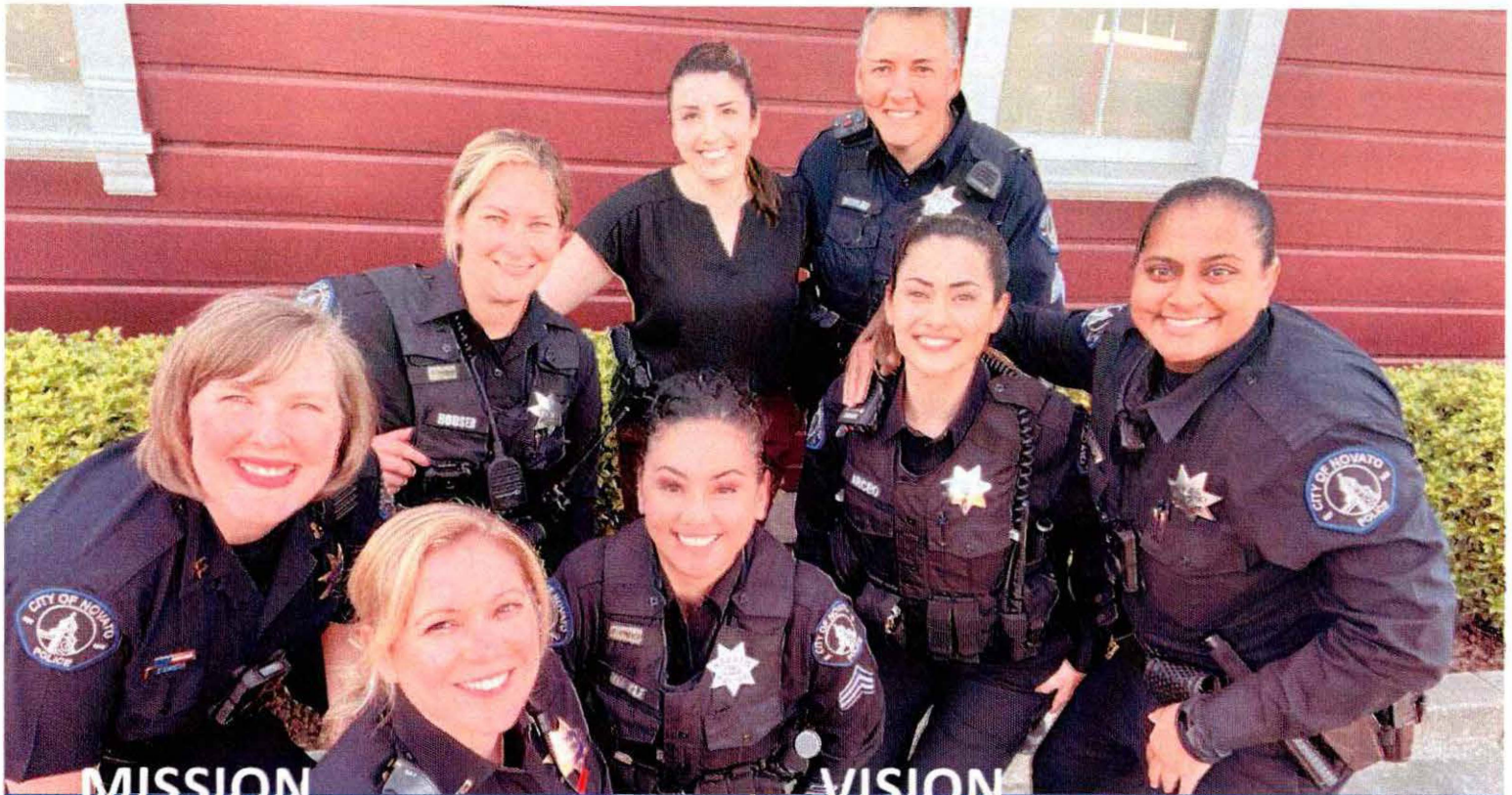
The Strategic Plan is a two-year plan. It guides both capital and operating budget development. To ensure effective implementation and accountability, the City Council and community will review progress toward objectives quarterly and adjust the work plan and objectives as needed. The Strategic Plan and its updated work plans will be posted on the city website at novato.org/strategicplan.

Please join us in collectively creating an even better future for Novato.



CITY OF NOVATO
CALIFORNIA

ATTACHMENT 1

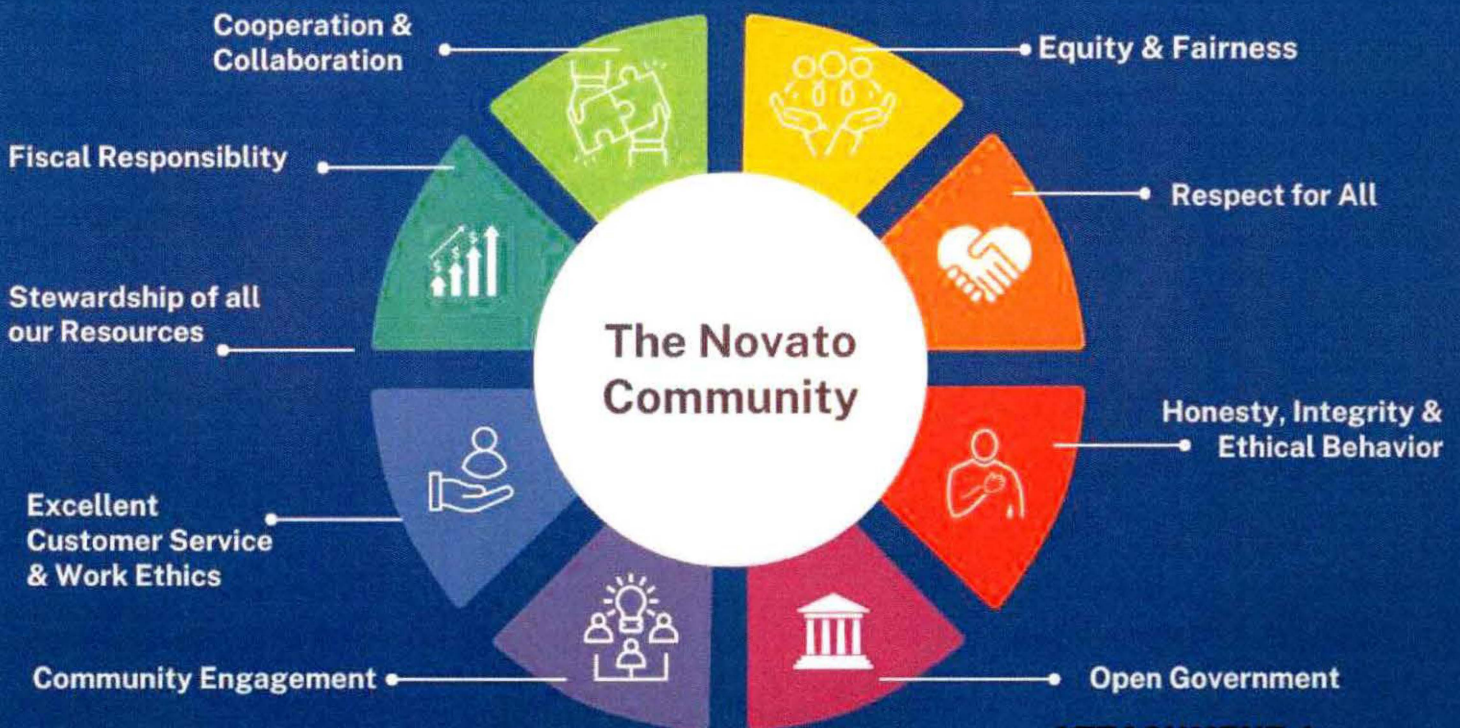


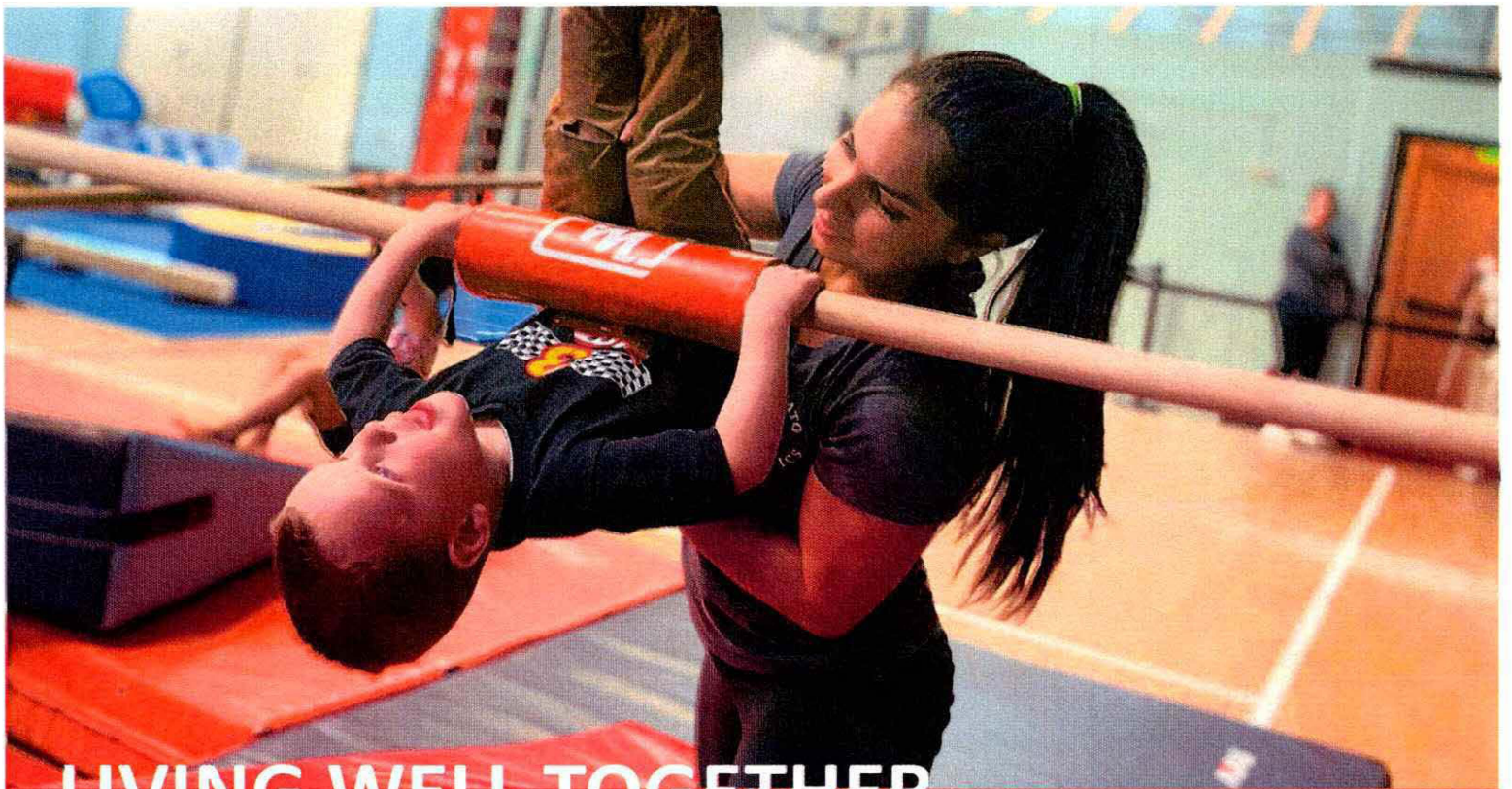
MISSION

Dedicated to quality services, financial strength and sustainability that enriches and supports the quality of life for everyone within our community.

VISION

Novato will be a vibrant, safe, inclusive, and sustainable community with a welcoming atmosphere in which to live, work, shop, play, visit and thrive.





LIVING WELL TOGETHER

Support facilities and design programs and services that create a healthy, caring, and interconnected community that is safe and secure.

OUTCOME

A safe, livable, thriving, informed and involved community where people care for one another, strive to bridge differences and people aim to be active and healthy.

Workplan items

1. Explore zoning solutions to encourage tiny homes and other affordable housing options.

2. Work with service providers and other agencies to coordinate response and solutions to homelessness including transitioning unhoused Novatans into shelter and housing and determining whether to continue the temporary camp at Lee Gerner Park.



CITY OF NOVATO
CALIFORNIA

ATTACHMENT 1



GREAT PLACES

Create inviting natural and built places and spaces for contemplation, play, arts, and connection while celebrating our diverse community.

OUTCOME

Great places that encourage community pride and interaction, captivate the imagination, and offer tranquility.

Workplan items

3. Prioritize improvements identified in the Parks Master Plan and develop a strategy and timeline for implementation.
4. Continue to explore options to determine appropriate uses for the Historic Train Depot and parking area.

5. Examine and analyze all City-owned properties with a view toward understanding the optimum way to utilize them for the benefit of the entire community; consider both financial elements plus “greater good” components. Complete a study and needs assessment for best and highest use for each property, evaluate ongoing maintenance costs to determine whether the property is a liability or an asset, and establish the best and highest use of each site.



CITY OF NOVATO
CALIFORNIA

ATTACHMENT 1



ENVIRONMENTAL STEWARDSHIP

Preserve, protect, and enhance Novato's unique environment, now and for future generations, and model best sustainability practices for the community.

OUTCOME

An engaged City that is actively working together to reduce climate impacts and adapt to the local consequences of climate change will reduce greenhouse gas emissions and resource use and increase community awareness of our collective impact on the natural world.

Workplan items

6. Publish a Sustainability Action Dashboard that tracks City and community progress on key success indicators (metrics) on an annual basis.

7. Update the City's Climate Action Plan and identify priority actions to reduce both municipal and community-wide greenhouse gas emissions and explore broadening the Plan to include other environmental issues.
8. Explore opportunities to install solar energy systems in the Hamilton Open Space, other City-owned properties, and other opportunities to reduce energy costs and possibly generate revenue.
9. Update the City's purchasing, contracting, and consulting policies, procedures, and ordinances to give a preference to local businesses and those that advance our green policies.



CITY OF NOVATO
CALIFORNIA

ATTACHMENT 1



A CITY THAT WORKS

Know, understand, and respond to the community we serve, engage our residents, and provide valued services promptly, professionally and with a passion.

OUTCOME

A respected and valued City organization that is efficient and collaborative, promotes community involvement and is proactive, responsible, transparent, and ethical.

Workplan items

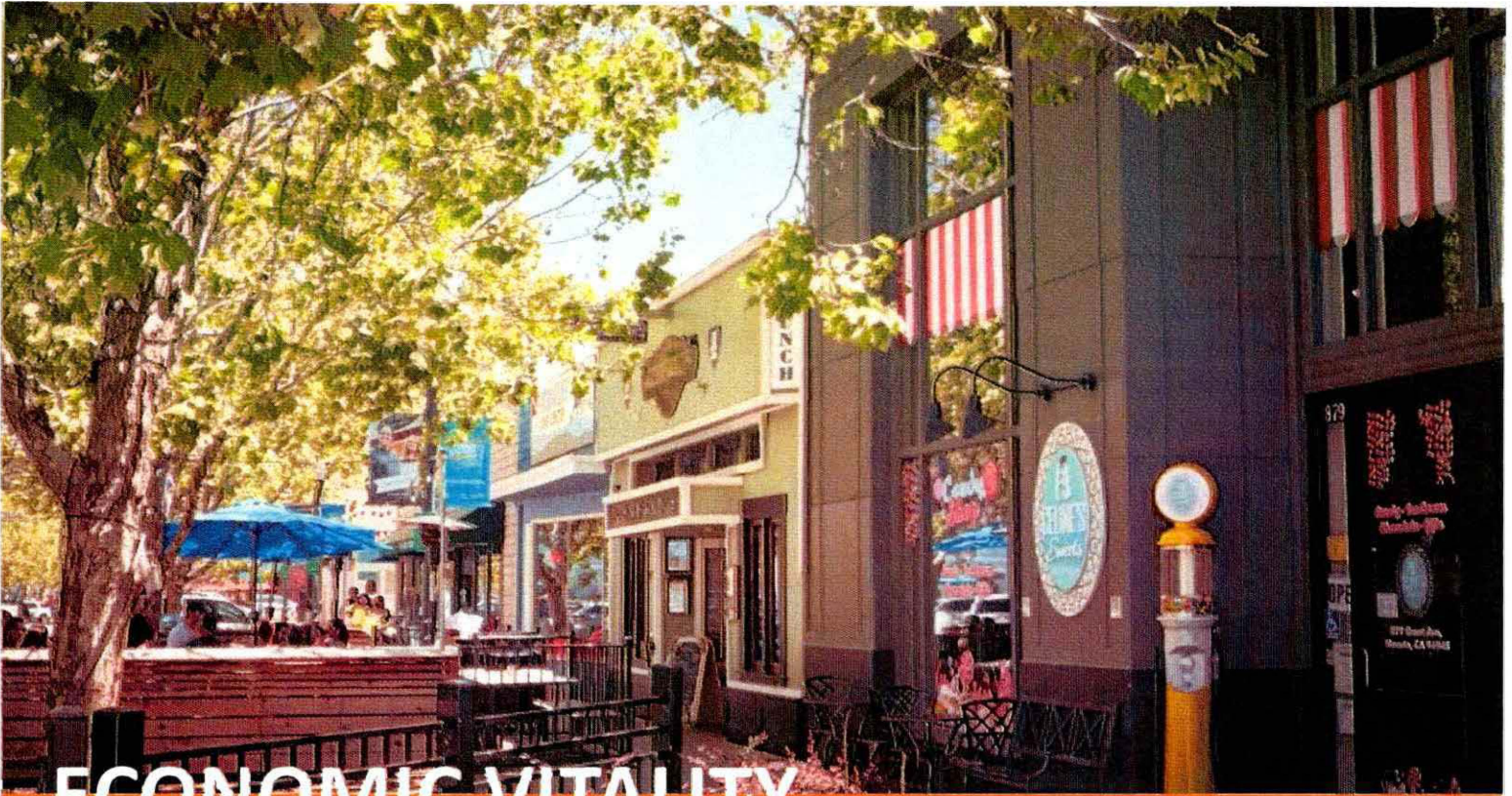
10. Authorize a study of potential outsourcing opportunities that would improve service delivery and reduce short- and long-term costs.
11. Conduct a Citywide staffing study to assess our structure and staffing for the current needs and challenges facing the City while also factoring in the service levels our community desires.

12. Identify a long-term plan and compensation philosophy that addresses labor/salary market conditions to address recruitment and retention issues of City employees.
13. Recognize the City's workforce is our greatest resource for providing the service our community deserves by providing City staff with the tools, resources, coaching and feedback they need to provide the best service possible.
14. As resources become available, develop a targeted plan to address deficiencies and deferred maintenance in our existing parks, recreational facilities and City-owned infrastructure.



CITY OF NOVATO
CALIFORNIA

ATTACHMENT 1



ECONOMIC VITALITY

Encourage a healthy economy where businesses flourish and grow to support the City's long-term financial health and preserve crucial City services.

OUTCOME

Become a hub of economic activity and innovation with a focus on high-paying industries, a vibrant downtown, a thriving economic environment, and a fiscally sustainable organization which has the resources needed to provide the services our community desires.

Workplan items

15. Initiate a review and modernize the 2013 Fiscal Sustainability Plan with an emphasis on increasing City revenues, including an interactive model if possible.

16. Address long-term revenue shortfalls: explore a November 2024 ballot initiative to increase sales tax by $\frac{3}{4}$ cents.
17. Complete Annual Comprehensive Financial Reports (ACFR) for Fiscal Years 2020/21, 2021/22, 2022/23 and 2023/24.
18. Establish Policy on ownership and financial management of Marin Valley Mobile Country Club.
19. Assess economic development needs and develop a strategy toward building a comprehensive, long-term economic development plan.
20. Consider allowing licenses for Commercial Cannabis Storefront Retail.



ORIGINAL

CITY COUNCIL OF THE CITY OF NOVATO

RESOLUTION NO. 2022-079

RESOLUTION OF THE CITY COUNCIL OF THE CITY
OF NOVATO RESCINDING AND RESTATING
RESOLUTION 07-11 AND RESOLUTION 2016-078 TO
CHANGE THE NOVATO CITIZEN'S FINANCE
ADVISORY/OVERSIGHT COMMITTEE'S NAME TO
THE FINANCE ADVISORY COMMISSION

WHEREAS, Measure F was a ½ cent sales tax increase for five years within the City limits and voters in the City of Novato approved Measure F on the November 2010 ballot with 58% of the vote; and

WHEREAS, the Measure F transactions and use tax ballot language adopted by the voters of Novato in November 2010 called for a "Measure F Oversight Committee"; and

WHEREAS, on February 22, 2011, the City Council adopted Resolution 06-11 rescinding the former "Citizens Finance Committee"; and

WHEREAS, also on February 22, 2011, the City Council adopted Resolution 07-11 establishing a joint committee to act as both the "Measure F Oversight / Citizens Finance Committee"; and

WHEREAS, on March 31, 2016, Measure F expired and, as of that date, the Measure F Oversight/Citizens Finance Committee became the Citizens Finance Committee; and

WHEREAS, in November 2015, the voters of the City of Novato approved Measure C, a new transactions and use tax ordinance, Ordinance 1601, and Section 16-6.14 thereof also calls for an oversight body; and

WHEREAS, on December 13, 2016, the City Council adopted Resolution 2016-078 changing the name of the Measure F Oversight/Citizens Finance Committee to the "Novato Citizens Finance Advisory/Oversight Committee", revising its roles and responsibilities, and establishing said committee as the official citizens oversight committee required under Measure C, Ordinance 1601, Section 16-6.14; and

WHEREAS, at a regular meeting on September 27, 2022, the City Council expressed a desire to update the name of the Novato Citizens' Finance Advisory/Oversight Committee to the "Finance Advisory Commission".

NOW, THEREFORE, BE IT RESOLVED that the Novato Citizen's Finance Advisory/Oversight Committee is hereby reestablished as the Finance Advisory Commission (the "Commission") with the mission, roles and responsibilities described

herein; the Commission shall continue to act and exercise the duties and functions of the citizens oversight committee required under Measure C, Ordinance 1601, Section 16-6.14.

BE IT FURTHER RESOLVED that the mission, roles and responsibilities of the Commission are as follows:

1. The Commission shall be a City Council appointed commission.
2. The Commission shall be comprised of seven members who are residents of the City of Novato. City employees, consultants or vendors are expressly precluded from serving as members.
3. The commission's reports shall be presented to the Council and made available to the public.
4. The City Clerk shall develop an application and appointment process for the Commission in accordance with current procedures for all other City boards, commissions and committees
5. Commission members will be required to complete a Statement of Economic Interests form (Form 700) in accordance with the Fair Political Practices Commission's guidelines.
6. The Ralph M. Brown Act will apply to all Commission meetings.
7. The Commission seats shall be for staggered terms of two (2) years.
8. The current members of the Novato Citizens' Finance Advisory/Oversight Committee with their current terms shall be the members of the Commission with the same terms.
9. Members will not be compensated for their service on the Commission.
10. The City will staff the Commission and provide technical and administrative assistance to support and publicize the Commission's activities.
11. The Commission shall elect a Chair and a Vice Chair in accordance with the best practices of other City commissions, committees and boards as established by the City Council.
12. A quorum of the Commission shall be four (4) members.
13. The Commission shall meet at least three times a year. The Commission may have additional meetings depending on its work plan.

Mission: The mission of the Commission is to provide regular feedback, insight and recommendations and report periodically to the City Council on a variety of financial matters such as financial policies, long-term fiscal sustainability, budget and forecast assumptions, etc. The Commission also shall act as the official citizens oversight committee as required by the Novato transactions and use tax ordinance (Measure F and Measure C).

Role: The commission shall be advisory to the City Council.

Responsibilities:

1. Review existing fiscal policies from time-to-time and/or recommend new fiscal policies to the City Council; including guidelines for the use of fund balances, surpluses and other reserves.
2. Review the City's actual financial performance regularly.
3. Review budget assumptions and budget process.
4. Review the City's General Fund financial forecast regularly.
5. Review the financial status of other funds regularly as appropriate.
6. Collaborate with City staff to determine long-term financial needs, obligations, and funding strategies to achieve long-term sustainability.
7. Collaborate with staff on strategies to encourage public information and communication regarding the City's financial situation and options for improving the City's financial health.

Measure F and Measure C Oversight Responsibilities:

1. Review the budgeted expenditures from Measure F and provide feedback.
2. Review the budgeted revenues and expenditures from Measure C and provide feedback.
3. Review and report annually on the expenditure of Measure F funds and make the report available to the public.
4. Review and report annually on the revenues and expenditures of Measure C funds and make the report available to the public; if such funds are deposited into the General Fund of the City, the report may take the form of a General Fund-wide annual report of activities and expenditures.

The Committee responsibilities with respect to Measure F shall sunset when all Measure F funds have been spent.

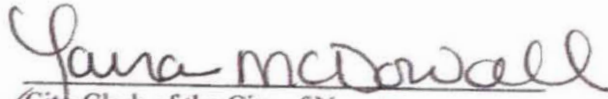
The Committee responsibilities with respect to Measure C shall sunset when the Measure C ordinance expires.

BE IT FURTHER RESOLVED that Resolutions 07-11 and 2016-078 are hereby rescinded.

* * * * *

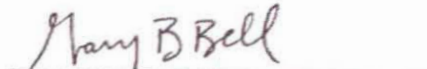
I HEREBY CERTIFY that the foregoing resolution was duly and regularly adopted by the City Council of the City of Novato, Marin County, California, at a meeting thereof, held on the 25th day of October, 2022, by the following vote, to wit:

AYES: Councilmembers Athas, Eklund, Milberg, Wernick, Lucan
NOES: Councilmembers
ABSTAIN: Councilmembers
ABSENT: Councilmembers



City Clerk of the City of Novato

Approved as to form:



City Attorney of the City of Novato

Response to Grand Jury Report

Report Title: Novato's Chronic Fiscal Deficits: A Call to Action

Respondent/Agency Name: City of Novato

Your Name: Susan Wernick Title: Mayor

GRAND JURY FINDINGS

- I (We) agree with findings numbered: F1, F3, F4, F5 and F7
- I (We) disagree partially with findings numbered: F2, F6, F8, and F9
- I (We) disagree with finding numbered: F10

GRAND JURY RECOMMENDATIONS

- Recommendation numbered R1: The recommendation has not yet been implemented, but will be implemented in the future.
- Recommendation numbered R2: The recommendation will not be implemented because it is not warranted or is not reasonable.
- Recommendation numbered R3: The recommendation will not be implemented because it is not warranted or is not reasonable.
- Recommendation numbered R4: The recommendation requires further analysis.
- Recommendation numbered R5: The recommendation requires further analysis.
- Recommendation numbered R6: The recommendation has not yet been implemented, but will be implemented in the future.
- Recommendation numbered R7: The recommendation has not yet been implemented, but will be implemented in the future.

Date: September 7, 2023 Signed: *Susan Wernick*

Susan Wernick, Mayor
City of Novato

Number of pages attached: 20