



**VOTER-APPROVED TAX OVERSIGHT COMMITTEE
SEPTEMBER 7, 2023 AT 5:30PM**

**REGULAR MEETING
COMMUNITY DEVELOPMENT LARGE CONFERENCE ROOM
CITY HALL 3RD FLOOR
1400 FIFTH AVENUE SAN RAFAEL, CALIFORNIA**

**PARTICIPATE VIRTUALLY: <https://cityofsanrafael-org.zoom.us/j/87336358579>
LISTEN BY PHONE: +1 669 444 9171
ID: 873 3635 8579**

AGENDA

CALL TO ORDER – 5:30pm

- Roll Call

MINUTES

1. Approve regular meeting minutes from last meeting

MEETING OPEN TO THE PUBLIC

2. Introductions / Awards / Recognitions / Presentations
3. Public Comment from the audience regarding items not listed on the agenda.

MATTERS BEFORE THE COMMITTEE

If necessary to assure completion of the following items, the Chairperson may establish time limits for the presentations by individual speakers.

4. Presentation of Unaudited Financials from FY 2022-23 and Budget for FY 2023-24

STAFF COMMENTS

5. Schedule of upcoming meetings and events of interest

ADJOURNMENT

NEXT MEETING

- Committee Meeting to Review Audited Financials for FY 2022-23 and Approve Annual Committee Report (November/December)

Notice

Any records relating to an agenda item, received by a majority or more of the Committee less than 72 hours before the meeting, shall be available for inspection in online. Sign Language interpreters and assistive listening devices may be requested by calling (415) 485-3066 (voice), emailing Lindsay.lara@cityofsanrafael.org or using the California Telecommunications Relay Service by dialing "711", at least 72 hours in advance of the meeting. Copies of documents are available in accessible formats upon request. Public transportation is available through Golden Gate Transit, Line 22 or 23. Paratransit is available by calling Whistlestop. Wheels at (415) 454-0964. To allow individuals with environmental illness or multiple chemical sensitivity to attend the meeting/hearing, individuals are requested to refrain from wearing scented products.



**SAN RAFAEL VOTER-APPROVED TAX OVERSIGHT COMMITTEE
STAFF REPORT**

Department: Finance

**Prepared by: Claire Coleman
Senior Management Analyst**

TOPIC: VOTER-APPROVED TAX OVERSIGHT COMMITTEE (VATOC) MEETING STAFF REPORT

SUBJECT: PRESENTATION OF UNAUDITED FINANCIALS FROM FY 2022-23 AND BUDGET FOR FY 2023-24

BACKGROUND

The Voter-Approved Tax Oversight Committee was formed in September 2022 to consolidate oversight of the City's voter-approved tax measures into one five-member committee. The committee provides independent oversight of all San Rafael voter-approved tax measures, Measures D, E, G, and R, to ensure the funds have been expended in accordance with the authorized purposes, and prepares and submits to the City Council an annual report on the audited expenditures and revenues from each tax measure from the previous fiscal year.

ANALYSIS

Measure D: Library Parcel Tax

In 2016, San Rafael voters renewed an annual parcel tax to fund opening hours and services for the San Rafael Public Library. As a special-purpose tax, the revenues from Measure D can only be spent for library services in San Rafael to maintain hours of operation and provide services, equipment, programs and materials at the San Rafael Public Library. Measure D is scheduled to expire in 2027.

The unaudited financial statements for FY 2022-23 show Measure D revenues of \$1,144,505, expenditures of \$1,169,871 and an ending fund balance of \$833,944. An overview of the Measure D financials can be found in Attachment 2. The accumulation of fund balance is a result of two primary factors over the life of the tax: vacant staff positions funded by the Parcel Tax, and the growth of small amounts being underspent in various line items over the life of the tax.

The unaudited capital set-aside fund balance was \$100,338. This capital set-aside was earmarked for new and improved library facilities as directed by the City Council as part of the previous Measure C and was capped at \$500,000. The Measure C funds were utilized to pay third outside research firms to conduct a survey assessing voter support for a tax measure to fund either an expanded and restored Carnegie library, or a new joint library and community center at Albert Park. Additional outside consultants were used to provide cost analysis for both potential projects as well as tax rate analysis.

For FY 2023-24, staff have budgeted for \$1,167,507 in revenues and \$1,628,627 in expenditures. The deficit will be supported by existing fund balances while retaining a year-end fund balance of \$863,162. In addition to ongoing operations and programs, staff plan to implement new infrastructure and technology including an automated materials handling system, holds pick-up lockers at Northgate mall, and mobile shelving units.

Measure G: Cannabis Business Tax

In 2018, San Rafael voters approved Measure G, a business excise tax on cannabis businesses. Measure G allows for a tax on cannabis businesses operating in the City of up to 8% on gross receipts, and taxes different types of businesses at different rates. Current rates can be found on the [City's website](#). Measure G funds can be used for a variety of purposes, including police and fire services, street repair and improvements, and enhancing community centers. Measure G does not have an expiration date.

During FY 2022-23, \$346,216 of Measure G business tax proceeds were received and \$163,730 were expended. The decrease in Measure G revenues from FY 2021-22 to FY 2022-23 can be attributed to challenging conditions in the cannabis market and the temporary decrease in the cannabis tax rate from 4% to 2% for delivery non-storefront license types on [January 1, 2023](#). For FY 2023-24, staff have budgeted for \$225,000 in revenues and \$180,246 in expenditures.

On [January 27, 2023](#), the San Rafael City Council committed the majority of the existing fund balance of \$968,251 to support the pilot Specialized Assistance For Everyone (SAFE) Team, which began in late FY 2022-23. The program was initially supported using funds from the City's opioid settlement and grant funds, after which cannabis tax revenues will be utilized. Staff plan to return to Council at mid-year based on actual program needs and adjust transfers out to support the program's operations.

Measure E: Essential Facilities Transactions and Use Tax (0.75%)

San Rafael voters passed Measure E in 2013. Measure E is a three-quarter cent general purpose transactions and use tax that supports essential facilities in San Rafael, including making critical improvements to our public safety facilities in San Rafael. Construction of the Public Safety Center was completed in 2020, and a variety of other facility construction and improvements are underway. Measure E is scheduled to expire in 2034.

During FY 2022-23, a total of \$14,706,528 of Measure E funds were collected by the City. Per direction from City Council given to staff in early 2014, one-third of Measure E funds are dedicated to supporting essential facility construction and improvements, including debt service. A majority of the funds allocated for essential facilities are utilized to pay debt service for the Public Safety Center, totaling \$4,315,250. A total of \$586,929 was assigned to the Public Safety Facilities Fund this fiscal year. For FY 2023-24, staff have budgeted for total Measure E revenues of \$14,487,000 based on projections from HdL. Expenditures are budgeted at \$2,250,000 for essential facilities projects. The Measure E transfers in will be adjusted at the end of the fiscal year based on actual Measure E receipts and net of debt service.

Measure R: Transactions and Use Tax (0.25%)

Measure R was passed in 2020 by San Rafael voters. Measure R is a one-quarter cent general purpose transactions and use tax, often referred to as a local sales tax. Funds from this measure go to the General Fund and support a variety of City operations, including public works, recreation and library, administrative services, and public safety. Measure R is scheduled to expire in 2030. FY 2022-23 was the second full fiscal year of Measure R tax receipts, during which \$4,802,175 of revenues were received. For FY 2023-24, staff have budgeted for \$4,829,000 in Measure R revenues based on projections from the City's sales tax consultants, HdL.

OPTIONS:

The Committee has the following options to consider on this matter:

1. Approve report
2. Approve report with amendments
3. Do not approve report

ATTACHMENTS:

1. Voter-Approved Tax Oversight Committee Bylaws
2. Meeting Minutes from February 15, 2023
3. Summary Financial Statements

VOTER APPROVED TAX OVERSIGHT COMMITTEE BYLAWS

ARTICLE I. NAME AND PURPOSE

Section 1.1. Name. The name of this body shall be the City of San Rafael Voter Approved Tax Oversight Committee, hereinafter referred to as the “Committee.”

Section 1.2. Purpose. The Committee’s purpose is to review the collection and expenditure of voter approved tax revenues collected under the authority of voter-approved City tax measures and Resolution 15118 adopted by the San Rafael City Council on September 6, 2022.

Section 1.3. Committee Responsibility. The Committee’s authority is oversight only.

The responsibilities and duties of the Committee shall be limited to:

- 1.2 Review expenditures of Measure tax revenues to ensure the monies have been expended in accordance with the authorized municipal purposes of each Measure. To complete this review, the Committee shall:
 - 1.2.1 Understand allowable expenses of each existing Measure’s tax funds (as identified in the enacting Municipal Ordinance)
 - 1.2.2 Review documentation from City Council and from City Council-appointed advisory committees that pertain to the prioritization of use of each Measure’s tax funds.
 - 1.2.3 Review annual reports prepared by the City’s Finance Department that track the receipt and spending of each Measure’s tax funds.
 - 1.2.4 Prepare and submit to the City Council and the community an annual public report on the expenditures of each Measure’s tax revenues for the previous fiscal year.
 - 1.2.5 Fulfill the final responsibilities of each Measure’s responsibilities at the Measure’s termination, repeal or extension: Before submitting a final report: Review and report on the final expenditures of each Measure during the previous fiscal year, through its termination, to ensure that monies have been expended consistent with the authorized purposes of the Measure.

The Committee shall **not**:

1. Have any budgetary decision authority, shall not allocate financial resources, and shall not make budget or service recommendations to the City Council.
2. Have authority to direct, nor shall it direct, City staff or officials.

ARTICLE II. MEMBERSHIP

Section 2.1. Number of Members. The Voter Approved Tax Oversight Committee shall consist of five (5) voting members.

Section 2.2. Eligibility. Members of the Committee shall be at least 18 years of age and reside within the City limits.

Section 2.3. Appointment of Committee Members. Members shall be appointed by the City Council. Appointments shall be published on the website for the City of San Rafael in accordance with Government Code Section 54973, as amended from time to time.

Section 2.4. Terms of Appointment. Each member shall serve a minimum term of four (4) years. An effort will be made to ensure that the terms are staggered, and not all of the appointments expire in the same year.

Section 2.5. Term Limits. Members shall be limited to two (2) consecutive four-year terms. Additional terms may be served if there is a break between terms.

Section 2.6. Absence and Removal. An unexcused absence from two (2) consecutive Committee meetings without notification to the Staff Liaison will constitute an immediate vacancy and shall be considered a voluntary resignation from the Committee. Previously dismissed Committee members may be eligible for reappointment.

Section 2.7. Compensation. Members shall serve without compensation.

ARTICLE III. MEETINGS

Section 3.1. Time and date of Regular Meeting. Notification of meeting place, date, and time shall be rendered to the public through posting on the City of San Rafael website.



**VOTER-APPROVED TAX OVERSIGHT COMMITTEE
FEBRUARY 15, 2023 AT 5:30PM**

**REGULAR MEETING
COMMUNITY DEVELOPMENT LARGE CONFERENCE ROOM
CITY HALL 3RD FLOOR
1400 FIFTH AVENUE SAN RAFAEL, CALIFORNIA**

**PARTICIPATE VIRTUALLY: <https://cityofsanrafael-org.zoom.us/j/87336358579>
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MEETING MINUTES

SWEARING IN CEREMONY - 5:30pm

CALL TO ORDER AND ROLL CALL - 5:36pm

Members Present: Bloyd, Broadman, Friede, McWaters, Roth

Members Absent: None

Staff Present: Claire Coleman, Staff Liaison, Senior Management Analyst; Lindsay Lara, City Clerk; Micah Hinkle, Economic Development Director; Shawn Plate, Principal Accountant; Van Bach, Accounting Manager; Catherine Quffa, Recreation and Library Director; Fabiola Guillen-Urfer, Public Works Project Manager

MINUTES

1. Approve regular meeting minutes from last meeting (None)
No minutes were approved as this was the first meeting of the newly-formed committee.

MEETING OPEN TO THE PUBLIC

2. Introductions / Awards / Recognitions / Presentations
 - Overview of the Voter-Approved Tax Oversight Committee
Staff provided a brief overview of the bylaws of the Committee and mentioned the importance of adhering to Brown Act requirements.
3. Public Comment from the audience regarding items not listed on the agenda.
No members of the public provided comment.

MATTERS BEFORE THE COMMISSION

If necessary to assure completion of the following items, the Chairperson may establish time limits for the presentations by individual speakers.

4. Presentation of Audited Financials from FY 2021-22 (All Measures) and Approval of Annual Reports
Staff provided a report on the audited financial statements for all four of the tax measures under the Committee's oversight.
 - Member Friede asked about the intended use of Measure C funds remaining from the prior

Library Parcel Tax. Staff noted the goal of renovating the existing library or building a new facility, and indicated that the remaining Measure C capital funds are intended to be used for that purpose.

- Member Friede asked for clarification on the planned Alternative Response Team, which will be partially funded by Measure G Cannabis funds. Staff noted that the contract for the program was recently awarded to a company that will begin implementing the program soon. Staff noted that the program is intended to support homeless services and supplement public safety services in San Rafael.
- Member Friede asked why the receipts for the Measure E and Measure R sales taxes were not an exact comparison, as Measure E is a 0.75% transactions and use tax and Measure R is a 0.25% transactions and use tax. Staff noted that, while the numbers are very close, there is a slight difference due to complexity of tax collection and reporting.

No members provided public comment on this agenda item.

No committee members provided further comments.

Member Friede moved to accept the draft report provided by staff, and Member Broadman seconded. The motion carried 5-0.

5. Selection of One (1) Representative to Serve as Chair and One (1) Representative to serve as Vice-Chair of the Voter-Approved Tax Oversight Committee
Due to staff error, this matter was addressed second.
Member Friede asked what duties were performed by the Chair and Vice Chair of the committee. City Clerk Lara clarified the roles of the Chair and Vice Chair.

Member Broadman nominated Member Friede to be Committee Chair. Member Bloyd seconded the nomination, and Member Friede accepted the nomination. The motion carried 5-0.

Member Broadman nominated herself for Vice Chair, and Member Friede seconded the nomination. The motion carried 5-0.

COMMISSION REPORTS AND COMMENTS

6. Other brief reports on any meetings, conferences, and/or seminars attended by the Committee members.
No additional reports were provided by committee members.

STAFF COMMENTS

7. Schedule of upcoming meetings and events of interest
Member Roth asked about upcoming meetings of the committee. Staff noted the intent to schedule a mid-year meeting to focus on the Library Parcel Tax (Measure D) during the summer months.

ADJOURNMENT - 5:58PM

NEXT MEETING - TBD

- Special Meeting on Library Parcel Tax (Measure D)

City of San Rafael
Voter-Approved Tax Oversight Committee (VATOC)
Summary Financials
September 7, 2023

Measure D - Library Special Tax
Special Assessment Parcel Tax

	FY 2021-22	FY 2022-23	FY 2023-24
	Audited	Unaudited	Budget
Revenues			
Interest Income	7,366	11,533	-
Special Assessment Tax	1,101,914	1,132,972	1,167,507 *
DIA Performance Reimb Grant	900	-	-
Total Revenues	1,110,180	1,144,505	1,167,507
Expenditures			
Personnel	774,169	853,256	915,651
Training	3,471	4,841	5,000
County Admin Fee	25,672	25,653	28,342
Office Supplies	22,013	23,186	10,396
Equipment	-	-	390,000
Technology Supplies	6,000	6,000	30,005
Books & Publication	169,395	104,315	137,983
Library-Periodicals	6,250	6,250	6,250
Library-Databases	44,886	75,963	55,000 **
Measure C-Capital Set Aside expenses	110,637	70,407	50,000
Total Expenditures	1,162,494	1,169,871	1,628,627
Beginning Fund Balances:			
Measure D	730,581	788,903	833,944
Measure C-Reserve (for infrastructure)	281,382	170,745	100,338
Ending Fund Balances:			
Measure D	788,903	833,944	422,824
Measure C-Reserve (for infrastructure)	170,745	100,338	50,338
Total Ending Fund Balance	959,649	934,283	473,162

*FY22 From County Roll:

17,842 parcels

1,210 senior exempts

**See Detail Expenditure Attached

Refer to pages 70,113,127,133, of the City of San Rafael FY21-22 Annual
Financial Report

**Measure G Cannabis Tax
Cannabis Business Operations Tax**

	FY 2021-22 Audited	FY 2022-23 Unaudited	FY 2023-24 Budget
Revenues			
Interest Income	5,009	9,188	-
Cannabis Tax	552,398	337,028	225,000
Total Revenues	557,407	346,216	225,000
Expenditures			
Personnel	126,754	121,142	155,246
Non-Personnel	25,000	31,518	25,000
Total Expenditures	151,754	152,660	180,246
Transfers Out			
SAFE Team	-	11,070	-
Total Transfers Out	-	11,070	-
Beginning Fund Balance	562,598	968,251	1,150,737
Ending Fund Balance	968,251	1,150,737	1,195,491

Refer to pages 70,125,129,137, of the City of San Rafael FY21-22 Annual Financial Report

**Measure E General Tax
Three-Quarter Cent Transactions and Use Tax
One Quarter Cent Allocated to Essential Facilities**

	FY 2021-22 Audited	FY 2022-23 Unaudited	FY 2023-24 Budget
Revenues			
Interest Income	95,586	27,275	-
Sale of Real Property	1,000,000	-	-
Total Revenues	1,095,586	27,275	-
Expenditures			
Measure E- Fire Station 54 & 55 Design	30,369	-	-
Measure E- Fire Station 54 Construction	2,152,363	3,084,729	-
Measure E- Fire Station 55 Construction	2,576,011	2,908,605	-
Repurposing of Former City Hall PD	23,871	75,732	-
Public Safety-Post Construction	115,228	144,431	250,000
Other	20	-	2,000,000
Total Expenditures	4,897,862	6,213,497	2,250,000
Operating Deficit	(3,802,276)	(6,186,222)	(2,250,000)
Transfers In			
Emergency Service Fund	307,313	-	-
Measure E Allocation	714,885	586,926	-
Total Transfers in	1,022,198	586,926	-
Beginning Fund Balance	12,097,390	9,317,312	3,718,016
Ending Fund Balance	9,317,312	3,718,016	1,468,016

Refer to pages 24,25,28,30,59,70,118, of the City of San Rafael FY21-22 Annual Financial Report

**Measure R General Tax
Quarter-Cent Transactions and Use Tax**

	FY 2021-22 Audited	FY 2022-23 Unaudited	FY 2023-24 Budget
Revenues	4,778,951	4,802,175	4,829,000