Strategic Financial Plan/Budget Study Session
General Data

• By the end of FY 2018-19, the current period of economic expansion (began in July 2009) will have matched the longest expansion since World War II (120 months)

• Napa County’s unemployment (countywide): 3.5%

• California’s unemployment: 4.6%
Financial reserves

- Government Finance Officers Association best practice - 2 months of expenditures 17%

- General Reserve 10%
- Assignment for Fiscal Uncertainty 10%
- Contingency 3%
• FY 2018-19 budget did not fully fund reserve, in anticipation of revenue from disasters.
• In January 2019, Board fully funded General Reserve with year-end fund balance from FY 2017-18
FY 2014-15 and 2015-16 show more revenue than expenditures due to use of reserve for earthquake response, and then corresponding 1x revenues from insurance and FEMA.
Revenue Assumptions

Assumptions built on actuals through April 2019

Growth assumptions provided by ACO

- Property Tax-Fire losses not included in the baseline assumption
  - Current Secured, 4%/year years 1-4, 2% year 5

- Interest income projections have increased, based on new investment policy adopted by the Board
Expenditure Assumptions

• Salaries & Benefits:
  – 19-20-agreements
  – FY 20-21 to 22-23-3% overall

• Services & supplies: 1%/year

• New jail operations: FY 20-21
Unmet needs-one-time

- Emergency Alert system updates
- Upgrade/replace county financial and human resources system
- Repair/replace residential stabilization facility
- Circulation Element update
- Housing Element update
  - RHNA Allocation process beginning soon
Unmet Needs-ongoing

- Escalating pension costs
- Homeless services
- Affordable housing, including family farmworker housing
- ADA Transition Plan implementation
- Emergency Preparedness and Response
- Roads Funding
- Code enforcement/compliance
• Increasing number of felony cases, impacting both District Attorney and Public Defender
• Changing laws and increasing use of Body-worn cameras by Law Enforcement agencies, requires more staff time to review video evidence, impacting both DA and PD
• Sustainable Groundwater Management Plan Impacts, if state does not accept proposed plan
Unmet Needs-ongoing

• Deferred maintenance of county facilities
• Capital Improvement Plan implementation
• Culvert and bridge maintenance
• Succession planning for county leadership positions
• Watershed protection and monitoring
Change Scenarios

• Board has the most flexibility in adjusting expenditures
• 1% of revenue = $1.88 M
• 1% of expenditures = $1.90 M

• Based on estimated year end totals of on-going revenue and expenditures for FY 2018-19
Key Policies

• Existing policies have proven effective

• Continue
  – Focus on core services
  – Using one-time revenue for one-time or non-recurring projects
  – In times of fiscal distress, strive to return to structural balance within 24 months
2018-19 items:

- 115 Trust for Pension has been established
- Governor’s budget addresses IHSS MOE funding
- Significant progress has been made toward funding the new jail
- County has assumed operations of Calistoga Fairgrounds
For consideration in Fy 2019-20

- Establish cash fund to advance funding for roads projects prior to receipt of Measure T and SB1 cash
- Additional investment in affordable housing
- Additional investment in Pension trust
- Additional General Fund investment in capital projects, including facilities and roads