



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 8/9/2011
Agenda Placement: 10D

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors

FROM: Lawrance Florin - Director
Housing and Intergovernmental Affairs

REPORT BY: Lawrance Florin, DIR HOUSING AND INTERGOVERNMENTAL AFFAIRS - 253-4621

SUBJECT: Parks and Open Space Special Projects Funding

RECOMMENDATION

Director of Housing and Intergovernmental Affairs to discuss and seek possible direction regarding funding of Park and Open Space projects.

EXECUTIVE SUMMARY

The Director of Housing and Intergovernmental Affairs, per contractual authority, has approved the shift of funds in excess of 10% from other parks projects to the Napa River and Bay Trail project to address the Park District's current cash flow issue. Work on a 4-mile stretch of the Napa River and Bay trail is expected to commence in August with an estimated completion date of October 2011. The Park District was awarded a grant for this project which will be paid upon receipt of invoices. This action is not without risk to the County. The Director of Housing and Intergovernmental Affairs will discuss with the Board the possible risks and recommended actions.

PROCEDURAL REQUIREMENTS

1. Staff reports.
2. Public comments.
3. Motion, second, discussion and vote on the item.

FISCAL IMPACT

Is there a Fiscal Impact? Yes

Is it currently budgeted? Yes

Where is it budgeted?	Special Projects Fund
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	This item is discretionary in that the Special Projects Fund and the funding of park and open space activities is not required by law but has been identified as a priority of the Board. The Director of Housing and Intergovernmental Affairs has the authority to approve shifts in contractual Special Projects funding exceeding 10% and has approved a shift of funds from all other park projects to the Napa River and Bay Trail project. The purpose of this item is for the Director to advise the Board on this action and the risks.
Is the general fund affected?	No
Future fiscal impact:	The future fiscal impact is unclear. Ideally, the action will only delay other park projects through January 2011. This is an estimate based on the State's typical reimbursement timeline. Should the State delay or defer payments, the impact could carry into future fiscal years.
Consequences if not approved:	This item is informational only. If the Director of Housing and Intergovernmental Affairs did not approve a shift of funds, the Napa River and Bay Trail project would be delayed or not complete and grant funds would be lost dependent on the Park District's ability to secure another source to address cash flow issues.
Additional Information:	

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

In November of 2004, Napa County voters approved an increase in the Transient Occupancy Tax (TOT) rate charged to visitors renting hotel and motel rooms in the unincorporated area. The increase, from 10.5% to 12%, took effect on January 1, 2005 and was not dedicated to any specific purpose. The additional revenue generated by this increase in the TOT rate provided an opportunity to consider County investments in projects or programs that were a Board priority. To that end, the Board established the Special Projects Fund to finance programs on projects related to Parks and Open Space, Visitor Management and Arts and Culture and committed an annual contribution of 12.5% of the prior calendar year's transient occupancy tax revenues to the Special Projects Fund, fiscal conditions permitting. On January 25, 2011, the Board of Supervisors approved a new three year funding cycle for Special Projects Fund revenues at the same percentages allocated in the previous cycle: 60% for Parks and Open Space, 30% for Visitor Management and 10% for Arts and Culture. The Board of Supervisors also approved the conceptual plan for funding Parks and Open Space through June 30, 2014 as follows:

Parks and Open Space

The Parks and Open Space District Master Plan, adopted in January 2008, and subsequently accepted by the Board of Supervisors, provided the framework for the District's deliberations. The Master Plan lays out a program of

61 projects that together encompass a broad range of interests and known opportunities throughout the County. These 61 projects are divided into two tiers, with Tier One projects designated for higher priority consideration. Even with this prioritization, the Master Plan acknowledged that projected financial and staffing resources would be insufficient to implement all of the Tier One projects in the near term, and that further prioritization would be needed as more detailed information about each project was developed, and in response to funding and other circumstances.

Within this Master Plan framework, the Board of Directors utilized four criteria to allocate funds over the coming three years. These criteria, in order of priority, were as follows:

1. Fund basic District operations to ensure (a) adequate maintenance of existing properties and facilities, and (b) planning and preparation for future projects continues so the District is able to effectively compete for state, federal and private grant funds as they become available.
2. Fund existing County commitments (Skyline Park acquisition, and the remainder of the local match for the Moore Creek Park acquisition and development project).
3. Fund any remaining funding gaps in active projects with substantial outside funding support, so they can be completed on schedule (Camp Berryessa and the Napa River and Bay Trail).
4. Fund new projects with priority going to those which are most time-sensitive (e.g., one-time acquisition opportunities; availability of one-time matching funds).

Proposed Annual Funding Allocations

- Utilizing the above criteria, and the assumption that \$600,000 will be available for park and open space purposes in each of the following three years, the District Board voted unanimously to recommend the following funding allocations. These allocations are in addition to the approximately \$900,000 already set-aside by the Board of Supervisors for the potential purchase of Skyline Park, and assume that this set-aside will in fact be needed to complete that purchase. Whether the purchase of Skyline Park can be successfully negotiated with the State for an acceptable price will not be known for at least another six to nine months. Depending on the outcome of those negotiations, and whether other non-County grant funds are available to assist with the purchase, it may be necessary to revisit these recommendations at that time.

FY 2011-2012

1. Allocated \$375,000 to the District for administration, planning of projects and operations.
2. Allocate the final installment of the County obligation to fund improvements at Moore Creek Park estimated to be \$175,000.
3. Allocate \$50,000 to the Napa River and Bay Trail, to cover the required local match for \$185,000 in expected federal transportation grant funds to construct Segments 7&8 of the Napa River and Bay Trail
4. If any of the above projects do not need all of the funds so allocated, they should be available for other active, high priority projects (including but not limited to Skyline Park acquisition, Camp Berryessa, and the Napa River and Bay Trail)

FY 2012-13

1. Allocate \$425,000 to the District for administration, planning of projects and operations, plus up to \$90,000 for election costs in the event there are contested races in the three wards whose Director terms are up. The increase in the basic allocation to the District will allow the District to increase its staffing from approximately 2.5 full-time equivalent employees (FTE) to 3.0 FTE. (see justification in attached report from

the District)

2. Allocate the remaining \$85,000 as well as any savings from Item #1 above resulting if one or more of the wards ends up not having contested races, to the highest priority projects, including Skyline Park acquisition, Camp Berryesa, Napa River and Bay Trail, Napa Valley Vine Trail and Lake Berryesa Trail.

FY 2013-14

1. Allocate \$475,000 to the District for administration, planning of projects and operations. The increase in the basic allocation will allow the District to increase its staffing from approximately 3.0 FTE to 3.5 FTE.
2. Allocate the remaining \$125,000 to the highest priority projects, based on needs at that time including but not limited to Skyline Park acquisition, Camp Berryesa, Napa River and Bay Trail, Napa Valley Vine Trail and Lake Berryesa Trail.

On June 28, 2011, the Board of Supervisors entered into an agreement with the Park and Open Space District allocating \$596,174 in funding for Fiscal Year 2011-2012 consistent with the plan described above. Of the \$596,174, \$260,900 was contracted for staff time provided to the Park District by the County and \$335,274 was for capital improvement projects including \$16,500 for the Napa River Bay Trail, \$175,000 for Moore Creek and a total of \$143,774 for six other projects. Moore Creek was identified as a priority for the Board of Supervisors on August 12, 2008 at which time a commitment of \$500,000 in future Special Projects Funding was to be dedicated to this project. As of June 30, 2011, approximately \$270,000 remained to be spent on the Moore Creek project.

The Park and Open Space District does not have an independent funding source and currently utilizes Proposition 40 funds, grants and the County's Special Projects Fund to operate. This has created cash flow issues for the District. In July 2011, it was brought to staff's attention that the Park District was awarded a \$1,032,300 grant agreement with the State of California-Natural Resource Agency for the construction of a 4 mile stretch of the Napa River and Bay Trail in American Canyon. The grant, funded by the Proposition 50 California River Parkways Grant Program, requires completion this Fiscal Year. The Park District approached County staff seeking an advance of Special Projects Funds to alleviate a cash flow issue for the District because payments under the Proposition 50 Grant are made upon receipt of an invoice and proof of payment to the contractor. A loan or advance was needed before the Park District could enter into a construction agreement in the amount of \$724,949. It is estimated that reimbursement from the State takes at least 8 weeks. Currently, the Park District only has about \$90,000 in total funds available and \$16,500 in obligated funds from the County to meet their contractual obligations for the Napa River and Bay Trail project.

Under the terms of the funding agreement with the Parks District, the District can shift up to 10% of the funding available between projects or programs and the Director of Housing and Intergovernmental Affairs has the authority to approve shifts of funding above 10%. To address the District's cash flow issue, the Director of Housing and Intergovernmental Affairs has authorized a shift of up to \$335,274 from other capital projects, including Moore Creek, to provide sufficient cash flow to cover the Napa River Bay trail construction costs, pending reimbursement from the State. If the Director did not authorize this action, either the District would be unable to proceed with the Napa River Bay Trail project at this time, or would need to seek an alternative form of bridge financing, such as a bank line of credit.

This action is not without risk to the County and the CEO's Office would like the Board to be aware of the potential risks to the County:

1. The Park District has a current agreement with the State of California Natural Resources Agency for funding for the Napa River and Bay Trail project. Given the State's current financial situation and past practices, it is not out of the realm of possibility that the State may defer reimbursement payments. Given the State's

current reimbursement timelines, the County expects to be reimbursed by the Park District by the end of January 2012. Any delay in these timelines or deferment of payments could result in funds not being received by the close of Fiscal Year 2011-2012.

2. Staff has reallocated up to \$335,274 from other capital projects to alleviate cash flow issues related to the Napa River Bay Creek project. This \$335,274 is currently contracted to the Park District for capital projects related to Moore Creek, Oat Hill Mine Trail, Vine Trail, Camp Berryessa, Berryessa Vista, Napa River Ecological Preserve and Putah Creek. Since these funds are likely to be used for the Napa River and Bay Trail project through January 2012, there will be little to no funding available for work on this list of projects. Work on these projects will likely not start until Spring 2012 and runs the risk of not being completed. This includes work on Moore Creek, a county identified priority. Per the Special Projects Fund guidelines established by the Board of Supervisors, any unspent funds at the end of the fiscal year will revert to the designation for the purchase of Skyline Park.
3. If the State's reimbursement timeline extends beyond eight weeks, the Park District may need additional funds beyond the \$335,000. In that case, the Director of Housing & Intergovernmental Affairs may need to authorize a transfer of some of the unspent portion of the \$260,900 allocated for Parks District operations. This \$260,900 represents funds budgeted by the Park District to cover staffing costs the Park District receives from the County in the Conservation, Planning and Development Department, County Counsel and others. If the State defers payment or further extends reimbursement, the Special Projects Fund will not have the resources available without canceling designations (primarily for the purchase of Skyline Park), to fund staffing for the Park District which will in turn impact the Park District's ability to pay the County for staffing services and impact the revenues in affected Departments. Essentially, this would mean the the Park District would effectively cease operations.
4. The County has been legislatively cleared to negotiate the purchase of Skyline Park with the State Department of General Services. An appraisal is currently underway and expected to be complete by the end of 2011. As of the close of Fiscal Year 2010-2011, there is approximately \$1 million in the designation for the purchase of Skyline Park. If the purchase price of Skyline Park exceeds \$1 million and the County needs to consider diverting funds from the Park District to the purchase cost, funds may not be available if the County is awaiting repayment from the Park District.

As indicated, the Director of Housing and Intergovernmental Affairs has the authority to authorize the funding adjustments described above, but because of the risks involved did not want to do so without advising and seeking direction from the Board. If the funds are slow in coming from the State of California then the Parks District could be forced to put on hold other projects that are listed to be started this year. If the state fails to reimburse for any of the funds that are listed in grant agreement then the Parks District would be forced to expend funds that would otherwise be used for operations of the Parks District and risk having to cease operations for the remainder of the year.

Staff would not recommend another potential alternative, which would be a loan to cover cash flow, because of the precedent that would set for County subsidization of other local governments. Therefore, allowing the funds to be used in this manner presents the risk that the District could run out of funds before the end of the year and be forced to cease operations.

SUPPORTING DOCUMENTS

None

CEO Recommendation: Approve

Reviewed By: Helene Franchi