



Strategic Financial Plan/Budget Study Session



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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%**



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Financial reserves

- Government Finance Officers Association best practice-2 months of expenditures 17%
- General Reserve 10%
- Assignment for Fiscal Uncertainty 10%
- Contingency 3%



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General Reserve and Assignment for Fiscal Uncertainty-Table 1

- 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



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Historical General Fund-Table 2

- 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



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General Fund Assumptions-Table 3

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



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General Fund Assumptions-Table 3

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



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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



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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



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Unmet Needs-ongoing

- 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



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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



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Change Scenarios

- Board has the most flexibility in adjusting expenditures
 - 1% of revenue = \$1.88 M
 - 1% of expenditures = **\$1.90 M**
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- Based on estimated year end totals of on-going revenue and expenditures for FY 2018-19



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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



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Budget Study Session

- 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



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Budget Study Session

- 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



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