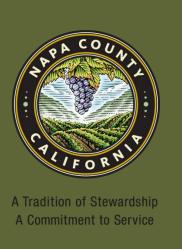
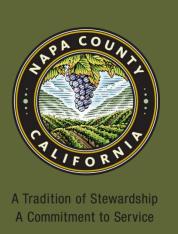


General Data



- 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%

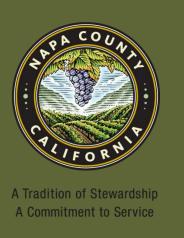
Financial reserves



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

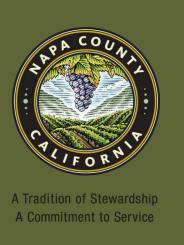
| General Reserve | 10% |
|---|-----|
| Assignment for Fiscal Uncertainty | 10% |
| Contingency | 3% |

General Reserve and Assignment for Fiscal Uncertainty-Table 1



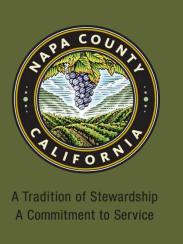
- FY 2018-19 budget did not fully fund reserve, in anticipation of revenue from disasters.
- In January 2019, Board fully funded General Reserve with year-end fund balance from FY 2017-18

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

General Fund Assumptions-Table 3



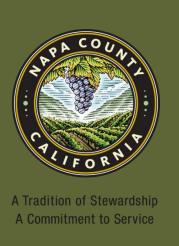
Revenue Assumptions

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

General Fund Assumptions-Table 3



Expenditure Assumptions

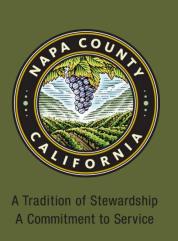
- Salaries & Benefits:
 - 19-20-agreements
 - FY 20-21 to 22-23-3% overall

Services & supplies: 1%/year

New jail operations: FY 20-21

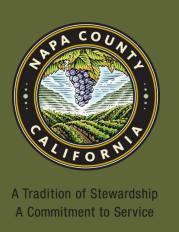






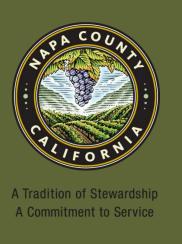
- Emergency Alert system updates
- Upgrade/replace county financial and human resources system
- Repair/replace residential stabilization facility
- Circulation Element update
- Housing Element update
 - RHNA Allocation process beginning soon

Unmet Needs-ongoing



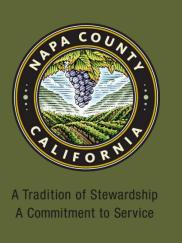
- Escalating pension costs
- Homeless services
- Affordable housing, including family farmworker housing
- ADA Transition Plan implementation
- Emergency Preparedness and Response
- Roads Funding
- Code enforcement/compliance

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

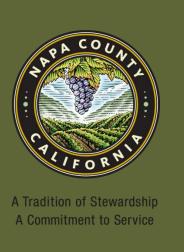
Unmet Needs-ongoing



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



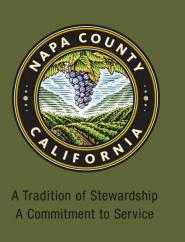
Change Scenarios



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

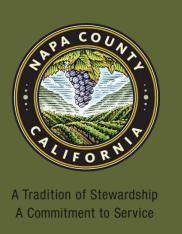
 Based on estimated year end totals of on-going revenue and expenditures for FY 2018-19

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

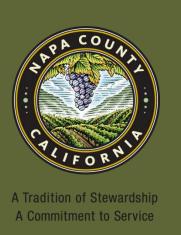
Budget Study Session



• 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

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