



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 1/28/2020

Agenda Placement: 10B

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors
FROM: Helene Franchi for Minh Tran - County Executive Officer
County Executive Office
REPORT BY: Mary Booher, Assistant County Executive Officer - 707-253-4153
SUBJECT: Strategic Financial Plan and 5-year forecasts

RECOMMENDATION

County Executive Officer requests the adoption of the Strategic Financial Plan for FY 2020-21 through FY 2024-25 and receive the 5-year forecast.

EXECUTIVE SUMMARY

As part of the County's annual budget process, the Board reviews the 5-year fiscal forecast and periodically updates the Strategic Financial Plan. Today, staff is presenting the Board with the 5-year update of the Strategic Financial Plan as well as the annual update of the 5-year forecast. These tools are intended to be used in conjunction with the County Strategic Plan and the Budget Policies (adopted by the Board on January 7, 2020) to guide decision-making and maintain the County's strong financial well-being.

PROCEDURAL REQUIREMENTS

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

FISCAL & STRATEGIC PLAN IMPACT

Is there a Fiscal Impact?

No

County Strategic Plan pillar addressed: The documents presented guide budget development and financing

decisions for the current and upcoming fiscal year, in a manner that is transparent and open to the public, while being consistent with best practices for fiscal health.

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

After the 2019-20 budget process, staff reviewed the budget policy framework previously adopted by the Board that maintains Napa County's financial well-being. The framework is described below.

The annual **Budget Policies** are intended to be used in conjunction with the 5-year **Strategic Financial Plan**, the County's adopted **Strategic Plan**, and the annual **5-Year Forecast**. This framework guides the development of the annual Recommended Budget and any mid-year budget adjustments. These policies were adopted by the Board on January 7, 2020.

The **Strategic Plan**, adopted by the Board in January 2019 and covering July 2019-June 2022 identifies five pillars based on an extensive community outreach process. Each pillar is supported by strategic goals, sixteen in total, and each goal includes specific strategic actions to support the accomplishment of the goals. In adopting the Strategic Plan, the Board established the priority framework for resource allocation for the next several years.

The 5-year **Strategic Financial Plan** is intended to provide long-term strategies allowing the County to continue to deliver services through periods of economic uncertainty and provide consistent application of sound financial principals. The Strategic Financial Plan focuses on the General Fund and certain related funds. As a long-term plan, the Strategic Financial Plan does not attempt to lay out a detailed blueprint for everything that will be done, but instead provides the roadmap to maintain financial stability while continuing essential services and meeting the priorities identified in the Strategic Plan. The Strategic Financial Plan provides the flexibility necessary to respond to significant changes. Potential changes include altering political direction at the state and federal levels, natural disasters, and changes in local or global economics that may impact our community. To reinforce the long-range nature of the 5-year Strategic Financial Plan, staff has removed the 5-Year Forecast from this document. The 5-year Forecast will instead be presented on an annual basis.

The annual **5-Year Forecast** provides the Board with a representation of the General Fund revenue outlook, based on continuing the existing level of service, and known variables. The figures provided in the 5-Year Forecast are high-level assumptions and are intended to show general trends. They are not intended to establish preliminary budget figures.

The **Budget Policies** are adopted by the Board annually at the beginning of the budget cycle and provide specific direction to staff in the development of the Recommended Budget for the next fiscal year. The Budget Policies provide enough detail to allow staff to adjust the expenditures in the Recommended Budget to the resources projected to be available. The Budget Policies also establish priorities should additional resources be available to address unmet needs.

Within this framework, staff has removed redundancies between the Budget Policies and the Strategic Financial Plan, in particular the Reserve and Contingency Policies. These policies are mid- to long-range policies detailed

in the Strategic Financial Plan and referenced in the Budget Policies. In addition, staff has strengthened the language that new program or staffing requests should support the Board priorities, starting with those identified in the Strategic Plan.

SUPPORTING DOCUMENTS

- A . 2020 Strategic Financial Plan
- B . 2020 5-year forecast memo

CEO Recommendation: Approve

Reviewed By: Susan Kuss