



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 12/2/2014

Agenda Placement: 10E

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors

FROM: Leanne Link for Nancy Watt - County Executive Officer
County Executive Office

REPORT BY: Leanne Link, Assistant County Exec Officer - 707-253-4406

SUBJECT: Financial Status for FY 2013-2014 and Adjustments to FY 2014-2015 Budget

RECOMMENDATION

County Executive Officer requests that the Board:

1. Receive a report on the fiscal status of the General Fund related to FY 2013-2014 and FY 2014-2015;
2. Approve an increase of \$315,443 to the Designation for Fiscal Uncertainties in the General Fund;
3. Approve Budget Transfer No. CEO003, making certain adjustments to the FY 2014-2015 budget, including adjustments related to the FY 2013-2014 ending fund balances; and
4. Establish two capital assets in the amount of \$76,000 (\$38,000 each) for the purchase of two additional utility vehicles for the Building Inspection and District Attorney Consumer Fraud programs.

(4/5 vote required)

EXECUTIVE SUMMARY

Staff has worked with the Auditor-Controller to determine the year-end financial status for FY 2013-2014. The Auditor-Controller has determined that the General Fund's FY 2013-2014 ending unassigned fund balance is \$13,348,632, a \$5,922,543 increase from the beginning fund balance included in the FY 2014-2015 Adopted Budget. The increase in fund balance will assist the County in achieving the Board's fiscal policies and providing needed funding to address critical needs identified during preparation of this year's budget including roads and capital projects and funding liabilities associated with County employees retirement and post retirement benefit costs. With adoption of the FY 2014-2015 General Fund budget, the Board of Supervisors previously approved an addition to the General Reserve in the amount of \$315,443. Staff is recommending that the remaining General Fund unassigned fund balance in the amount of \$5,607,100 be used as follows:

- a. Increase the Designation for Fiscal Uncertainties by \$315,443 to complete the fiscal policy requirements;

- b. Increase the Appropriation for Contingency by \$1,652,047; and
- c. Transfer \$3,639,610 to Accumulated Capital Outlay.

In addition, staff is recommending that the Board approve certain budget adjustments needed to support the cost of various projects and other adjustments that reflect information that has become available since the FY 2014-2015 budget was originally prepared. The adjustments include purchase of two new vehicles for the Building Inspection and District Attorney Consumer Fraud divisions. These adjustments are detailed in the background section.

PROCEDURAL REQUIREMENTS

- 1. Staff report.
- 2. Board questions of staff.
- 3. Public comment.
- 4. Motion, second, discussion and vote.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No
What is the revenue source?	This action will make adjustments to multiple budget units and funds as described more fully in the Background section of this agenda item.
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	The rationale for these actions is described in the Background section of this report.
Is the general fund affected?	Yes
Future fiscal impact:	This is described more fully in the Background section of this Agenda Item.
Consequences if not approved:	This is described in the Background section of this Agenda Item.
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

Staff has worked with the Auditor-Controller to determine the year end financial status for FY 2013-2014. The Auditor-Controller has determined that the General Fund's FY 2013-2014 ending fund balance is \$13,348,632, a \$5,922,543 increase from the beginning fund balance included in the FY 2014-2015 Adopted Budget. The increase

in fund balance will assist the County in achieving the Board's fiscal policies and providing needed funding to address critical needs identified during preparation of this year's budget including roads, capital projects and funding liabilities associated with County employee retirement and post retirement benefit costs. With adoption of the FY 2014-2015 budget for the General Fund on June 24, 2014, the Board of Supervisors approved an increase to the General Reserve of \$315,443, bringing the total General Reserve to \$24,661,600. The General Reserve is fully funded in accordance with the Board's policy, representing 10% of General Fund and Health and Human Services Fund appropriations less the Appropriation for Contingency, the General Fund contribution to the Health and Human Services Fund, and the transfer of funds to Accumulated Capital Outlay.

Staff recommends that the remaining available fund balance of \$5,607,100 be used as follows:

- a. Increase the Designation for Fiscal Uncertainties by \$315,443 to complete the fiscal policy requirements;
- b. Increase the Appropriation for Contingency by \$1,652,047; and
- c. Transfer \$3,639,610 to the Accumulated Capital Outlay Fund.

The increase in the Designation for Fiscal Uncertainties brings the total in that designation to \$24,661,600, which meets the County's fiscal policy requirements. The increase to the contingency brings the total in that appropriation to \$5,902,047. This appropriation may be necessary to support the costs of earthquake recovery and wage increases approved by the Board in October but not included in the FY 2014-2015 budget. Should contingency funds be needed, staff will return to the Board with a recommended action.

The transfer of \$3,639,610 to Accumulated Capital Outlay (ACO) represents excess Educational Revenue Augmentation Funds (ERAF) received in excess of budget. In total, the County received \$12,139,610 in ERAF in FY 2013-2014. As in previous years, \$5 million of this funding was used for ongoing General Fund operations. Including the \$3.5 million to be transferred to the ACO included in the adopted FY 2013-2014 budget, the total transferred is \$7,139,610. By the end of the current fiscal year, the balance in Accumulated Capital Outlay is estimated to be approximately \$20 million, which could be used toward construction of a new jail.

In addition, staff is recommending that the Board approve certain budget adjustments needed to support the cost of various projects and other adjustments that reflect information that has become available since the FY 2014-2015 budget was originally prepared. These adjustments are outlined below.

Housing and Intergovernmental Affairs (Fund 1000, Budget Unit 10210): \$350,000

The Housing and Intergovernmental Affairs budget was prepared assuming that the majority of the work on the Napa Pipe project proposal would be complete before the start of Fiscal Year 2014-2015. Work on this project is ongoing and an increase of revenue and expenditures of \$130,000 is requested for staff time and service contracts that will be reimbursed by Napa Redevelopment Partners.

The Housing and Intergovernmental Affairs Division manages the Colliers International agreement for leasing services for warehouse space at the South County Campus. Fees paid as commission for completed lease agreements were not included in the budget as it is difficult to estimate the commission owed absent knowing lease square footage and the term of the agreement. Staff is requesting an appropriation increase of \$20,000 from available fund balance to fund commission payments for short term leases obtained. Revenue from leases was not budgeted, but will offset County cost.

Finally, the County was successful in two different CDBG grants in 1988 and 1990 to aid in the rehabilitation of homes for low income residents of Napa County. The program was completed and, over the years, the money was repaid either when the rehabilitated house was sold or the owner refinanced. The funds have remained in an account and HCD has confirmed that the monies may now be used for other programs generally consistent with their original intent. Staff is recommending that \$200,000 of those funds be used in a one time grant program for local nonprofits to aid in projects or programs that further affordable housing goals of the County. Approval of the

grant program guidelines will be brought to the Board of Supervisors at a future date and before funds are expended. The expenditure of funds was budgeted in the Non-operating Special Revenue Fund where the funds are held but not in the operating fund.

General Fund Capital Improvement Projects (Fund 3000, Budget Unit 30005): \$2,530,610

Capital Improvement Project (CIP) budgets were developed prior to the end of FY 2013-2014 based on estimates of how much money would be spent on certain projects during FY 2013-2014 and, in some cases, actual expenditures came in higher or lower than projected, requiring adjustments to the FY 2014-2015 carryover cost for these projects. The following adjustments to existing General Fund CIP budgets are proposed:

- | Administration Building-Chiller and Boiler Replacement: (\$76,254)
- | Jail Security System: (\$40,054)
- | Jail Health and Safety/ADA: (\$1,291)
- | Jail Basement Corridor: (\$193,485)
- | SB 1022 Staff Security Facility: (\$19,562)
- | Atlas Peak Tower: (\$1,949)
- | Admin Building Remodel (pre-earthquake): \$3,246
- | HHSR Campus Redevelopment: \$1,400,000
- | Jail Replacement Project: \$150,000
- | Sheriff Building Repairs: \$1,309,959

The \$150,000 increase for the Jail Replacement Project is funded by the Accumulated Capital Outlay and is funding for the utility and other property preparation needs as it relates to the New Jail Facility.

The Sheriff's Building Repair project was identified after the completion of the FY 2014-2015 budget and is for various repairs to the facility to be funded by a settlement for construction defects that was deposited to the Accumulated Capital Outlay. The establishment of the new project will allow for work to commence.

The remaining projects are carryover expenditures utilizing available fund balance.

Accumulated Capital Outlay (Fund 3000, Budget Unit 30000): \$1,490,420

The appropriation increase will provide for the transfer to the following projects:

- | Jail Replacement Project - \$180,461. Expenditures for this project are increasing by \$150,000; the remaining \$30,461 is carryover revenue to be transferred to fully fund project needs for FY 2014-2015
- | Sheriff's Building Repair - \$1,309,959

Public Works (Fund 1000, Budget Unit 12200): \$ 87,500

Additional funding is needed to address requirements of new State legislation known as the Sustainable Groundwater Management Act. The County will be required to show that the Napa Valley groundwater basin is sustainably managed and operates within a sustainable yield. Increased appropriations will provide for work by the County's groundwater consultant, stream gauge/monitoring equipment, website/database development, and other related work. This project is a General Fund cost and will be funded by available fund balance.

Public Works Projects (Fund 1000, Budget Unit 12205): \$1,575,804

Public Works Projects budgets were developed prior to the end of FY 2013-2014 based on estimates of how much money would be spent on certain projects during FY 2013-2014 and, in some cases, actual expenditures came in higher or lower than projected, requiring adjustments to the FY 2014-2015 carryover cost for those projects. The following adjustments to the Public Works Projects budgets are proposed.

Measure A Related Projects

- | MST Reclaimed Water: \$137,150
- | Angwin Water Study: \$645,611
- | Oakville/Knoll Sediment Plan: \$729,255
- | Rutherford Reach Dust: \$70,198
- | Zinfandel Lane Fish Passage: \$11,677
- | Water Conservation: \$18,561
- | Measure A-Lake Berryessa: \$52,562
- | Measure A-Sulphur Creek: \$135,580
- | Rutherford Reach 8: (\$185,354)
- | Rutherford Reach 5,6,7,9: (\$143,050)
- | Milliken Creek: \$97,564
- | GW/SW Study Budget Adjustment: \$17,464

Funding for the adjustments to the above projects will come from Measure A in the amount of \$1,587,218.

Other Projects

- | Jail Supply and Exhaust: \$23,397
- | Jail Smoke Detector Replacement: (\$555)
- | Jail Propane Piping to Emergency Generator: \$107,590
- | Jail Corridor Feasibility: (\$109,846)
- | Imperial Way Paint-Windows (\$32,000)

Funding adjustments for Other Projects and the impact to the General Fund total (\$11,414)

Roads Capital Improvement Projects (Fund 2040, Budget Unit 20405): \$1,835,000

The Roads Capital Improvement budget was developed prior to the end of FY 2013-2014 based on estimates of how much money would be spent on certain projects during FY 2013-2014 and, in some cases, actual expenditures came in higher or lower than projected, requiring adjustments to the FY 2014-2015 carryover cost for these projects. The following adjustments to the Roads CIP budget are proposed:

- | Oakville Bridge: \$1,815,000
- | Mount Veeder Tire Derived Aggregate : \$20,000

The Oakville Bridge Project is funded by \$919,000 in Federal Funds and \$896,000 in local funding from the Road Fund. The Mount Veeder Tire Derived Aggregate program includes \$20,000 in Road Fund monies for design costs.

Roads Operations (Fund 2040, Budget Unit 20400): \$916,000

Any use of fund balance needed to balance the Roads Capital Improvement budget is transferred via an intra-fund transfer from the Roads Operation & Maintenance budget to the Roads Capital Improvement budget. As indicated, \$916,000 in fund balance will need to be transferred to the Roads Capital Improvement budget to cover carryforward costs for certain capital projects.

Fire Capital Improvement Projects (Fund 2100, Budget Unit 21005): \$18,210

The Fire Capital Improvement budget was developed prior to the end of FY 2013-2014 based on estimates of how much money would be spent on certain projects during FY 2013-2014 and, in some cases, actual expenditures came in higher or lower than projected, requiring adjustments to the FY 2014-2015 carryover cost for these projects. The following adjustments to the Fire CIP budget are proposed:

- | Capell Valley Satellite Volunteer Station: \$9,105
- | Pope Valley Satellite Volunteer Station: \$9,105

Equipment Replacement-Roads (Fund 4100, Budget Unit 41010): \$10,000

At the September 16th Board Meeting, a consent item was approved for a budget transfer and subsequent purchase of a new backhoe. The vendor quoted the County for the incorrect model. The County has been re-quoted for the correct piece of equipment. However, this backhoe is more expensive than the previously quoted model. An increase of \$10,000 will cover the additional cost.

Vehicle Replacement (Fund 4100, Budget Unit 41020): \$76,000

The Vehicle Fund is requesting add two additional fixed assets for the purchase of two Ford Explorer vehicles. The Planning, Building and Environmental Services Department added an additional Code Enforcement Officer as part of the Fiscal Year 2014-2015 budget and will utilize this vehicle for their work. The second Ford Explorer is for the District Attorney's Consumer Fraud Investigator. The District Attorney's Office currently leases a vehicle for this function on a month to month basis. The Fleet Fund will purchase these two vehicles and operations and maintenance and future replacement costs will be funded on a monthly basis by the Building Inspection and Consumer Fraud funds.

SUPPORTING DOCUMENTS

None

CEO Recommendation: Approve

Reviewed By: Helene Franchi