



Agenda Date: 7/17/2007  
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## NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

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**TO:** Board of Supervisors  
**FROM:** Britt Ferguson for Nancy Watt - County Executive Officer  
County Executive Office  
**REPORT BY:** Britt Ferguson, Assistant County Executive Officer, 253-4406  
**SUBJECT:** Special Projects Fund Allocation Policies and Process

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### **RECOMMENDATION**

County Executive Officer requests adoption of a resolution adopting Special Projects Fund Allocation Policies and Procedures, as recommended by the Board's Ad Hoc Special Projects Fund Allocation Committee, including:

1. Special Projects Fund Allocation Principles, Priorities and Process;
2. Special Projects Fund Request for Proposal Standards and Process; and
3. Special Projects Fund Proposal Award Criteria.

### **EXECUTIVE SUMMARY**

The Board approved a policy of transferring, in each fiscal year, an amount of General Fund money to the Special Projects Fund that is equal to 12.5% of the prior calendar year's Transient Occupancy Tax (TOT) revenue. For FY2007-08 that amount will be approximately \$1 million. The Board also established an Ad Hoc Special Projects Fund Allocation Committee, comprised of Supervisors Dodd and Luce, and tasked that Committee with developing and recommending a specific plan for allocating Special Project Fund resources in the areas of Parks and Open Space, Visitor Management and Arts and Culture.

The Ad Hoc Special Projects Fund Allocation Committee is recommending that the Board approve the attached Allocation Principles, Priorities and Process, Request for Proposal Standards and Process and Proposal Award Criteria. Key elements of those documents include:

- 1 Special Project Fund monies will be invested in in projects or services of regional significance that facilitate partnerships with other agencies and use "best practices." Special Projects Fund money will not be used to supplant existing funding.
- 1 Three Year Goals include: Parks: establish an independent Parks and Open Space District and purchase Skyline Park; Visitor Management: implement the Destination Brand Blueprint and Brand Culturalization

Plan being developed by the Convention and Visitors Bureau; Arts: develop a needs assessment and plan to enhance access to arts and culture for residents and visitors.

- | Three Year Funding Priorities include providing initial funding for the new Parks and Open Space District, the purchase of Skyline Park and implementation of the Destination Brand Blueprint and Brand Culturalization Plan.
- | In each of the next three years allocate \$600,000 to Parks and Open Space (with \$200,000 set aside for the purchase of Skyline Park), \$300,000 to Visitor Management and \$100,000 to Arts and Culture, with any remaining amount allocated based on specific proposals received. Money will be accumulated in the fund balance to pay for the purchase of Skyline Park.
- | Except for the money for the purchase of Skyline Park and approximately \$300,000 per year to fund the initial operating costs of the Parks and Open Space District, all other funds will be allocated through a Request for Proposal process that will involve a review and evaluation of proposals by a committee appointed by the County Executive Officer, with a recommendation to the Board.
- | Evaluation criteria include: does the proposal address Board goals; will the project or program address a proven unmet need; is the approach supported by empirical evidence; does the proposal address a Three Year Funding Priority; does the organization making the proposal have the capacity to meet contractual deliverables; will the project leverage other funds and what is the likelihood for future sustainability; does the project include credible outcome measures.

### **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 action will facilitate the allocation of Special Projects Fund resources in accordance with the Board's Budget Policies and direction.
Is the general fund affected?	Yes
Future fiscal impact:	If adopted, the Special Projects Fund Allocation Principles, Priorities and Process would govern the allocation of Special Projects Fund resources over the next three fiscal year.
Consequences if not approved:	If the Board does not adopt any policies in this area, the Special Projects Fund monies will not be allocated. The Board could change or modify these policies and the impact will depend on the nature of the modifications.
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**

### **Background**

As you are aware, your Board voted to transfer, in each fiscal year, an amount of General Fund money to the Special Projects Fund that is equal to 12.5% of the prior calendar year's Transient Occupancy Tax (TOT) revenue. For FY2007-08, that amount will be approximately \$1 million. Your Board has also voted to spend Special Projects Fund money in three areas: Parks and Open Space, Visitor Management and Arts and Culture. In addition, you voted to create an Ad Hoc Committee, comprised of Supervisors Dodd and Luce, to develop and recommend a specific plan for allocating Special Projects Fund monies in those three areas.

The Ad Hoc Committee met a number of times, developed a draft Allocation Principles, Priorities and Process (PPP) document and held a hearing for all interested parties to attend and comment on the draft document. Based on input at the hearing, the Ad Hoc Committee revised the draft PPP document and is recommending that revised document to your Board today, along with a proposed Request for Proposals (RFP) Standards and Process and Proposal Award Criteria. Each of these documents is described in more detail below.

### **Principles, Priorities and Process**

The attached proposed Principles, Priorities and Process (PPP) include four elements:

- 1 | Guiding Principles, which provide the broader policy framework for allocating Special Projects Fund monies. Critical principles include: (1) invest in projects or services of "regional significance;" (2) needs should be supported by data; (3) invest in programs or services that facilitate partnerships with the community and other governments; (4) investment should not supplant existing funding from other governments; (5) invest in programs or services that use "best practices" in service delivery; (6) insure accountability; (7) establish three year goals and funding priorities.
- 1 | Three Year Goals (FY2007-08 through FY2009-10) for each of the three investment areas - Parks and Open Space, Visitor Management and Arts and Culture. These goals are intended to reflect what the Board would like to see accomplished with these funds over the next three years. For Parks and Open Space, goals include establishment of an independent Parks and Open Space District and the purchase of Skyline Park by the County. For Visitor Management a goal is implementation of the Destination Brand Blueprint and Brand Culturalization Plan being developed by the Napa Valley Convention and Visitors Bureau. For Arts and Culture, the goal is to develop a needs assessment and plan to enhance access to art and culture amenities for County residents and visitors.
- 1 | Three Year Funding Priorities, which are intended to identify the most critical priorities for use of these funds over the next three years. As proposed, those priorities are: (1) funding the County Parks and Open Space District at, at least, a minimum operating level through FY2008-09; (2) the purchase of Skyline Park from the State; and (3) implementation of the Destination Brand Blueprint and Brand Culturalization Plan.
- 1 | Three Year Allocation Plan and Process, which proposes the minimum amount of funds to be allocated among the three funding areas over the next three years and how the funds will actually be allocated to specific projects or programs. In essence, the Allocation Plan and Process section calls for: (1) Reserving any Special Projects Fund fund balance to help finance the purchase of Skyline Park. (2) Allocating annual

Special Projects Fund revenue: (a) \$600,000 for Parks and Open Space programs or services (with \$300,000 earmarked for Parks and Open Space District operating costs and \$200,000 for the purchase of Skyline Park); (b) \$300,000 for Visitor Management programs or services; (c) \$100,000 for Arts and Culture programs; and (d) any remaining amount to be allocated to any of the three program areas based on the specific proposals received in those areas. (3) For other than the \$300,000 for the Parks and Open Space District and the \$200,000 for the purchase of Skyline Park, the County will issue a Request for Proposals (RFP) for up to three years of funding and evaluate responses to the RFP against the Goals, Priorities and Guiding Principles.

The allocation for each funding area is intended to be minimum funding for that area, if sufficient acceptable proposals are received. The \$300,000 annual amount for the parks and Open Space District is an average annual amount and is also intended to be contingent upon receipt of a specific funding request that justifies the amount.

Part of the intent in setting three year goals, priorities and funding allocations is to provide a balance between the need for stability and flexibility. This allows agencies applying for funding to develop plans in reliance on a commitment that there will be a certain level of funding available over a multi-year period, but that period is not so long that it reduces the County's flexibility to respond to changing circumstances and needs. Similarly, earmarking \$1 million of the Special Project Fund's annual revenue for one of the three funding areas and leaving any remaining amount to be allocated among those areas based on the quality of the funding request is part of an effort to provide a balance between stability and flexibility to address specific needs.

It should be noted that the allocation formula proposed in this agenda item is different from the allocation formula in the original draft PPP circulated for comment. The original allocation formula called for allocating 55% of the Special Project Fund's to Parks and Open Space, 10% to Visitor Management, 5% to Arts and Culture, and leaving 30% to be allocated to projects in any of the three areas based on specific proposals. This change was made in response to comments received at the public hearing held by the Ad Hoc Committee on the original PPP. The Ad Hoc Committee believes that this revised formula will enhance stability and predictability, while still retaining some level of flexibility. However, the Committee felt that it would be beneficial for the Board to have available for consideration an alternative option, that would allocate all of the annual Special Projects Fund revenue: 60% to Parks and Open Space, 30% to Visitor Management and 10% to Arts and Culture.

The \$200,000 annual set-aside for the purchase of Skyline Park and the earmarking of any fund balance for that purpose reflects the fact that the purchase price for the park is estimated to be approximately \$4 million and this provides a mechanism to accumulate the required amount over time. However, if the purchase moves forward in the very near term, and other funding sources are not identified, there will not be sufficient Special Projects Fund monies on hand to fully cover the purchase.

#### Special Projects Fund - Projections

A spreadsheet that provides an estimate of the revenues, expenditures and fund balance for the Special Projects Fund through FY2015-16, based on the proposed PPP, is attached. These numbers are estimates only, based on certain assumptions. For example, the projections assume that TOT revenue will grow at a 6% annual rate, which reflects the historic average growth rate over the last 10 years. Actual TOT revenue in any one year will likely be different than this. Also, for illustration purposes, the spreadsheet uses the Three Year (FY2007-08) allocation formula for all of the years, even though, as proposed, the Board could change the formula starting in FY2010-11.

Based on these projections, total TOT revenue to the Special Projects Fund would increase from approximately \$1 million this year to approximately \$1.6 million in FY2015-16.

Also attached is a spreadsheet that provides the estimated annual allocation of Special Projects Fund monies based on the alternative formula of 60% to Parks and Open Space, 30% to Visitor Management and 10% to Arts

and Culture. The Ad Hoc Committee asked that this information be included so the Board could see what the impact would be of adopting the alternative formula. As you can see, the allocation this year would be the same under either formula, but, as Special Projects Fund revenue increases over the years, the amount allocated to each of three areas grows proportionally. Thus, under the alternative allocation formula, by FY2015-16 the amount allocated to Parks and Open Space would likely be over \$900,000, the amount allocated to Visitor Management would be over \$400,000 and the amount allocated to Arts and Culture would be approximately \$150,000.

### RFP Standards and Process

As indicated above, the proposed Three Year Allocation Plan and Process of the PPP calls for issuing a request for proposals (RFP) to solicit specific proposals to provide the services called for in the PPP. Attached is a draft RFP Standards and Process document that lays out proposed requirements and procedures for the RFP process. In essence, this document:

- | Sets forth certain basic requirements for all proposers, for example, that the proposer must be a legally formed non-profit or for-profit corporation, that funding must be used for projects of "regional significance," that County funding must not be used to supplant existing funding, etc.
- | Requires that proposers describe the project or service for which funding is requested, why the project or services are needed, how much County funding is being requested and what other funding is being used, how the project or services relate to the Guiding Principles, Three Year Goals and Three Year Priorities and how program effectiveness will be measured.
- | Requires that proposers identify the evidence that demonstrates the effectiveness of the approach to addressing the need that the proposers are using.
- | Requires that the proposer provide information that demonstrates that the proposer has the capability to effectively carry out the program as proposed.
- | Indicates that proposals will initially be reviewed by staff for completeness and meeting basic requirements. Any proposals that are not complete or don't meet basic requirements will be rejected.
- | Provides that proposers whose proposals pass the initial review will be invited to make a presentation to a Proposal Review Committee, consisting of: (a) a member of the CEO staff; (b) a member of the Community and Intergovernmental Affairs Division staff; (c) three interested citizens, selected by the County Executive Officer, who do not have an affiliation with any organization seeking funding through the RFP process.
- | The Proposal Review Committee will then rate each proposal based on the Proposal Award Criteria and make a recommendation to the Board of Supervisors. As proposed, a rating of 60 or better would be required for a funding recommendation. The final selection of projects and terms of the funding will be at the discretion of the Board.

### Proposal Award Criteria

The Proposal Award Criteria describes the 9 Funding Guidelines that the Proposal Review Committee will use in evaluating proposals. Those criteria include:

- | Does the project or program clearly address a Board Goal?
- | Will the project or program address a proven unmet need?

- | For services, is the approach supported by empirical evidence?
- | Does the program or project address a Board Three Year Funding Priority?
- | Does the proposal demonstrate the organization's capacity to meet contractual deliverables?
- | What is the likelihood of sustainable funding for the project or program?
- | Does the program or project leverage other funds?
- | Does the proposal include credible outcome measures?

#### **SUPPORTING DOCUMENTS**

- A . Special Projects Fund Allocation Policy and Process Resolution
- B . Special Projects Fund Allocation Projections - Based on Recommended Policies
- C . Special Projects Fund Allocation Projections - Possible Alternative

CEO Recommendation: Approve

Reviewed By: Karen Gratton