



Agenda Date: 9/12/2006  
Agenda Placement: 9C

## NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

---

**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:** Final Fund Balance and other Adjustments to the Fiscal Year 2006/07 Final Budget

---

### **RECOMMENDATION**

County Executive Officer requests:

1. Approval of Budget Transfer No. 7, establishing and appropriating General Fund and non-General Fund balances, establishing certain fixed assets in the Sheriff, Vehicle Replacement and Equipment Pool budgets and making certain other adjustments to the Fiscal Year 2006/2007 budget; (4/5 vote required) and
2. Approval of a waiver of competitive bidding requirements and sole source award to NEC for the purchase of the Automated Fingerprint Information System (AFIS).

### **EXECUTIVE SUMMARY**

The Fiscal Year 2006/07 Budget was prepared using an estimated FY2005/06 year-end General Fund fund balance of \$18,996,462. The Fiscal Year 2005/06 actual, unaudited, General Fund fund balance has been determined by the Auditor-Controller to be \$23,766,573. Staff now returns to request certain adjustments to the FY2006/07 Final Budget to account for the difference between the estimated and final Fund Balance (\$4,770,111). In addition, other adjustments to both General Fund and non-General Fund budget units are requested based on information that has become available since the FY2006/07 budget was originally prepared. Major adjustments include:

- | An \$84,975 increase in the Primary-General Elections budget for enhancements to the Integrity Voter Registration System, funded by a grant from the Secretary of State's Office.
- | A \$72,964 increase in Central Services budget to cover additional Teeter Plan costs, funded by revenue from the Tax Losses Reserve Fund.
- | A \$365,166 increase in the Emergency Services budget to cover the cost of certain grant-funded programs and repairs related to the New Years Eve Flood, with revenue coming from grants, County Fire and an insurance settlement.
- | A \$28,540 increase in the Board of Supervisors' budget (and Net County Cost) to pay for salary increases

resulting from an increase in pay for Superior Court Judges (the Board's salary is tied to the salary of Superior Court Judges).

- | A \$581,145 increase in the Sheriff's budget to cover costs related to Phase II of the Automated Fingerprint Information System (AFIS), with funding from the Sheriff's Fingerprint ID Trust Fund.
- | A \$74,000 increase in the Human Resources budget (and Net County Cost) to pay for furniture and other office renovation costs to accommodate new positions.
- | A \$60,000 increase in the Environmental Management budget (and Net County Cost) to pay for furniture and other office renovation costs to accommodate two positions being relocated to the Department office.
- | A \$10,800 increase in the UC Cooperative Extension budget (and Net County Cost) to cover costs resulting from the reclassification of two positions.
- | A \$301,596 increase in the County Contributions budget (and Net County Cost) to provide appropriation authority to transfer prior year revenue in excess of expenditures for the Building Inspection function in the General Fund to the Building Code Enforcement Fund, with \$39,000 coming from the cancellation of a designation and \$262,596 coming from new undesignated/unreserved fund balance.
- | A \$425,436 increase in General Fund Capital Improvement Program (CIP) budget, to cover various capital projects, funded by \$231,672 in Measure A funding and a \$193,764 increase in Net County Cost.
- | Establishment of a \$4,140,411 General Fund Designation for Other-Post-Employment Benefits (OPEB).
- | A \$371,240 increase in the County Fire budget to cover increased contract costs with the State and various other expenditures, funded by the partial cancellation of a designation.
- | A \$301,596 increase in appropriations in the Building Inspection budget unit in the Building Code Enforcement Fund, related to the receipt of prior years' revenue in excess of expenditures in the General Fund. \$52,000 of this amount will be used to pay part of the cost of adding an additional position and the remaining amount will be placed in contingency.
- | A \$35,000 increase in the Vehicle Replacement budget to purchase replacement vehicle for the District Attorney, with funding coming from the Vehicle Replacement Fund fund balance and the District Attorney's Office.

In addition, this item asks the Board to waive the competitive bidding requirement to allow the Sheriff to purchase the AFIS System from NEC of Rancho Cordova, the only company to have a direct connection to the Department of Justice and to establish four fixed assets: the AFIS system, the District Attorney's vehicle and two vehicle lifts, which were included in the FY2006/07 Equipment Pool budget but inadvertently omitted from budget Schedule D (Fixed Assets).

### **FISCAL IMPACT**

|                                   |  |
|-----------------------------------|--|
| Is there a Fiscal Impact?         | Yes  |
| Is it currently budgeted?         | No   |
| What is the revenue source?       | Various budgets are affected. The requested adjustments to the Fiscal Year 2006/07 Final Budget are detailed in the Background section of this item.   |
| Is it Mandatory or Discretionary? | Discretionary  |
| Discretionary Justification:      | The justifications for the various adjustments are included in the Background section of this agenda item.   |
| Is the general fund affected?     | Yes  |
| Future fiscal impact:             | The requested adjustments directly affect the FY2006/07 budget. Increased expenditures, not offset by dedicated revenue, will result in less General Fund balance being available to fund future year's budgets. |

Consequences if not approved: In some cases, the FY2006/07 budget will not accurately reflect the cost of certain programs or projects. In other cases, there will not be sufficient appropriation authority to complete certain projects.

Additional Information: None

### **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**

On June 20, 2006 the Board adopted the Fiscal Year 2006/2007 Final Budget. Since the budget was developed prior to fiscal year-end, it was prepared using an estimated undesignated/unreserved General Fund balance of \$18,996,462. The Fiscal Year 2005/06 books have now been closed and the Auditor-Controller has established the actual, unaudited, undesignated/unreserved fund balance to be \$23,766,573, a difference of \$4,770,111. As discussed during Final Budget hearings, staff now returns to the Board for approval to revise the budget as detailed below, including the establishment of certain fixed assets, to reflect final fund balances along with other necessary changes which have occurred since the adoption of the Final Budget.

### **RECOMMENDED ADJUSTMENTS TO THE FISCAL YEAR 2006/2007 GENERAL FUND BUDGET:**

**Net Increase to Undesignated/Unreserved Fund Balance: \$4,770,111**

#### **Primary-General Elections: \$84,975**

In August the Board approved a contract with Sequoia Voting Systems, Inc., for a maximum of \$84,975, for enhancements to the Integrity Voter Registration Systems for Napa, Tehama and Inyo Counties. These enhancements will link county systems with the official uniform statewide voter registration database as mandated by the federal Help America Vote Act (HAVA). This action will increase appropriations in the Primary-General Elections budget unit by \$84,975. Funding will come from a grant from the Secretary of State's Office. The Board has already approved the revenue agreement with the Secretary of State's Office. There will be no impact on Net County Cost.

#### **Central Services: \$72,964**

On August 22, the Auditor-Controller submitted, and the Board approved, a resolution implementing the Teeter Plan for Napa County for 2006/07 (the Teeter Plan addresses how the County deals with delinquent property taxes). The County's Central Services budget has an annual appropriation to cover interest on the outstanding Teeter Plan notes and a reserve amount for the new note issued to fund the payment of the prior year's delinquent taxes. The FY2006/07 Central Services budget includes \$120,000 for interest on the outstanding notes and \$80,000 for reserve amount for the new note, with offsetting revenue of \$200,000 from the Tax Losses Reserve Fund. Based on the Auditor's report, it is necessary to increase appropriations by \$72,964 (\$33,793 for interest and \$39,171 for reserve amount), offset by \$72,964 in additional revenue from the Tax Losses Reserve Fund. There will be no impact on Net County Cost.

#### **Emergency Services: \$365,166**

At the time the FY2006/07 Budget was prepared, Emergency Services projected spending the remainder of certain grant funds by the end of FY2005/06, therefore no funds were re-budgeted in FY2006/07. The amount of grant funds expended in FY2005/06 was actually lower than anticipated due to various delays, thus requiring the funds

remaining at the close of FY2005/06 (\$225,102) to be re-budgeted in FY2006/07. In addition, County Fire is transferring \$50,000 into the Emergency Services budget in order to continue the existing Firewise public education and chipping programs through the end of FY2006/07 while grant funds are being sought. Emergency Services has been the administering agency for this program. Finally, \$90,064 in expenditures for Water Street repairs related to the New Year's Eve Flood will need to be made in FY2006/07. This action will increase appropriations in this budget unit by the net total of these amounts: \$365,166. Offsetting revenue will come from an insurance settlement. There is no impact on Net County Cost.

Board of Supervisors: \$28,540

The County Code sets the salary of members of the Board of Supervisors at 47.09% of the salary received by Superior Court Judges. The County has received notice from the State that Superior Court Judges will be receiving an 8.5% salary increase, effective January 1, 2007. Consequently, effective January 1, 2007, the bi-weekly salary for Board members will increase from \$2,729 to \$2,961. Adjustments will also be required to certain benefit accounts. To accommodate these changes, this adjustment will increase appropriations and Net County Cost for this budget unit by \$28,540.

Sheriff: \$581,145

At the time the FY2006/07 Budget was prepared, the cost of Phase II of the Automated Fingerprint Information System (AFIS) was unknown. Staff has now determined that the total cost of this phase of AFIS will be \$581,145, consisting of \$130,636 in equipment for police departments in Napa, St. Helena and Calistoga and \$450,509 in equipment (AFIS, which consists of servers and other pieces of equipment, as well as software) for the Sheriff, to be established as a fixed asset. Funding will come from the Sheriff's Fingerprint ID Trust Fund, which receives one dollar for each vehicle registered in Napa County. There will be no impact on Net County Cost. This action also includes a request that the Board approve a waiver of competitive bidding requirements, pursuant to County Code Section 2.36.090, and sole source award for the purchase of AFIS to NEC of Rancho Cordova, California. NEC is the sole source because they are the only company to have a direct connection to the Department of Justice, which is the main entity housing all palm and fingerprints. NEC was also the company used for Phase I of AFIS.

Human Resources: \$74,000

As part of the FY2006/07 budget the Board approved the addition of two new positions in the Human Resources Division. The budget also included \$21,000 for furniture, phones and computers for the new positions. Since that time, preliminary plans for reconfiguring the Human Resources office have been completed. Since space is already limited in the Office, even without the addition of new staff, accommodating the new staff required a reconfiguration of the entire office. The onetime cost of this remodeling is estimated to be \$95,000, which includes new workstations and some new computers. Since the budget already includes \$21,000 for this purpose, an additional \$74,000 will be required. This adjustment will increase the Division's Net County Cost by \$74,000.

Environmental Management: \$60,000

The County Executive Officer and Director of Environmental Management have agreed on a plan to move the Local Enforcement Agency (LEA) staff out of the County Executive Office and into the Environmental Management Department. This makes sense because LEA deals with solid waste issues, as does Environmental Management. The Board will be asked to formally approve this action, following completion of discussions with the State. To accommodate this move once it is approved will require a reconfiguration of space in the Environmental Management Department, including the purchase of new workstations. The onetime cost is estimated to be \$60,000. This adjustment will increase the Department's appropriation and Net County Cost by \$60,000.

UC Cooperative Extension: \$10,800

Human Resources recently conducted a classification study of two positions in the UC Cooperative Extension - a Youth Staff Assistant and Agricultural Extension Assistant. This study resulted in a recommendation to revise the class specifications and increase the salary for these positions by 12%. This action will increase the

appropriations and Net County Cost for the Department by \$10,800 to cover the cost of this increase for the remainder of this fiscal year.

County Contributions: \$301,596

This action will appropriate \$301,596 in the County Contributions budget to be transferred to the Building Inspection Department in the Building Code Enforcement Fund. \$262,596 of this amount will come from the increase in undesignated/unreserved fund balance and \$39,000 will come from cancellation the Building Code Enforcement Designation in the General Fund. This money is the amount the Building Inspection function's revenue exceeded expenditures in prior years, when the function was still a General Fund budget unit (the Department was established in a separate fund as part of the FY2006/07 budget). This adjustment will increase County Contributions Net County Cost by \$301,596.

Capital Improvement Program: \$425,436

Capital Improvement Project (CIP) budgets were developed prior to the end of FY2005/06 based on estimates of how much money would be spent on certain projects during FY2005/06 and, thus, how much would need to be spent in FY2006/07. In addition, certain new projects or need for additional funds for projects have been identified since the original CIP budgets were developed. Based on this, the following adjustments are proposed:

*Revenue-Offset Projects:*

- | \$15,260 rollover from FY2005/06 budget for MST Water Study
- | \$9,043 rollover from FY2005/06 budget for Angwin Water Study
- | \$200,000 for a Countywide Flood Study (new project)
- | \$7,369 rollover from FY2005/06 budget for Rutherford Flood Project

Funding for the above projects (\$231,672) will come from Measure A funds.

*Non-Revenue-Offset Projects:*

- | Animal Shelter Generator Project - Reduce appropriations by \$80,000 due to lower bids.
- | County Administration Building Trellis Replacement Project - Increase appropriations by \$15,000 to cover additional estimated costs.
- | Carither's Building Mezzanine Improvements - Increase appropriations by \$17,000 to accommodate departmental security requirements.
- | South Napa Homeless Shelter - Increase appropriations by \$54,764 for minor improvements required to complete Shelter.
- | Imperial Way HVAC Project - Increase appropriations by \$37,000, rollover from FY2005/06 budget.
- | Third and Coombs Street Parking Lot - Increase appropriations by \$150,000 for new project to resurface the Third and Coombs Street lot, which previously housed the Sullivan Building.

Funding for the above projects (\$193,764) will come from the increased undesignated/unreserved fund balance and will increase the budget unit's Net County Cost by \$193,764.

Establishment of Other Post-Employment Benefits Designation: \$4,140,411

Recent changes in accounting rules for public employers will require state and local governments to identify the unfunded accrued liability of "Other Post-Employment Benefits" (OPEB), such as employer-paid retiree health insurance, in their financial statements. As the Board is aware, the County has hired an actuarial consultant to determine what this number is for Napa County. Once that number is determined, accounting rules will allow the County to either continue paying for those benefits on a pay-as-you-go basis or to partially or fully fund the accrued

liability. CalPERS is also considering adopting rules dealing with this issue as it relates to its members. At this point, given all of the uncertainties here, staff is recommending that any net increase to the undesignated/unreserved fund balance that is not needed for another identified purpose (\$4,140,411) be placed in a General Fund Designation that can be used to partially or fully fund the County's OPEB accrued liability.

### **RECOMMENDED ADJUSTMENTS TO THE FISCAL YEAR 2006/07 NON-GENERAL FUND BUDGETS:**

#### County Fire: \$371,240

This action will cancel part of a designation and increase appropriations in the amount of \$371,240 to accomplish the following: (1) provide \$60,000 to perform a Standards of Coverage Analysis, which will help determine whether the Department is meeting appropriate response-time standards; (2) provide \$252,240 to increase the contract with the California Department of Forestry (CDF) to meet additional staffing needs resulting from the departure of the Department's long-time Staff Services Analyst and to meet the requirements of a labor agreement between the State and its firefighter employee groups that mandates a reduction in the number of shift hours for Firefighter 1 positions from 96 to 72 hours; (3) provide \$9,000 for certain volunteer firefighter activities; and (4) provide \$50,000 for transfer to the Emergency Services budget to fund Firewise activities through the end of the fiscal year. If this action is approved, the original \$548,505 designation will be reduced to \$177,265.

#### Building Inspection \$301,596.

This action will budget for the receipt of \$301,596 in revenue from the General Fund's County Contributions budget, reflecting money in the General Fund's fund balance that resulted from revenue exceeding expenditures in prior years, when the Building Inspection function was a General Fund budget unit. \$52,000 of this increased appropriation will be used to partially fund an additional Permits Technician position which is needed to improve the Department's ability to process simple permit applications in a timely manner (part of the cost of this position will be covered by salary savings). \$10,000 of the increased appropriation will be used to hire temporary staff pending approval of, and recruitment for, the additional Permits Technician position. The remaining \$239,596 is proposed to be appropriated as Contingency.

#### Vehicle Replacement: \$35,000

This action will increase appropriations by \$35,000 to purchase a new vehicle (a Toyota Highlander) for the District Attorney. The District Attorney will reassign his existing vehicle to an Investigator in his Office. That Investigator's vehicle is due to be replaced, but the replacement cost was inadvertently not included in the budget. \$19,749 of the cost of the new vehicle will come from the Replacement Fund's fund balance, from the amount collected for the replacement of this vehicle, and the remaining \$15,251 will be transferred from the District Attorney's budget. There is no impact on Net County Cost. This action will also establish a fixed asset.

### **OTHER ACTIONS**

#### Fixed Assets - Schedule D

Add the following to Budget Schedule D (Fixed Assets): Two vehicle lifts for the Equipment Pool in the amount of \$17,500 each (total \$35,000). Funds for these lifts were included in the FY2006/07 Equipment Pool budget, but the lifts were inadvertently omitted from Schedule D.

### **SUPPORTING DOCUMENTS**

None

CEO Recommendation: Approve

Reviewed By: Helene Franchi