



Agenda Date: 9/13/2005  
Agenda Placement: 9D

## 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:** Final Fund Balance and Other Budget Adjustments to the Fiscal Year 2005/06 Final Budget

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### **RECOMMENDATION**

County Executive Officer requests approval of Budget Transfer No. 4 establishing and appropriating General Fund and non-General Fund balances and making certain other adjustments for the Fiscal Year 2005-2006 budget. (4/5 vote required)

### **EXECUTIVE SUMMARY**

The Fiscal Year 2005/2006 Budget was prepared using an estimated FY2004/05 year-end General Fund fund balance of \$15,660,000. The Fiscal Year 2004/2005 actual General Fund fund Balance has been determined by the Auditor-Controller to be \$18,437,876. Staff now returns to request certain adjustments to the FY2005/06 Final Budget, to account for the difference between the estimated and final Fund Balance (\$2,777,876). 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 FY2005/06 budget was originally prepared. Major adjustments include:

- | A \$150,000 increase in Health & Human Services expenditures for various consulting contracts to be funded by the cancellation of a \$150,000 EPSDT Designation in the General Fund.
- | A \$150,000 increase in General Fund designations to provide a reserve for the 2003 Certificates of Participation (COP).
- | A \$57,560 increase in the Emergency Services budget, funded by grant revenues.
- | A \$907,689 increase in the Public Works budget to cover salary and benefit costs for County employees who staff the Napa County Transportation Planning Agency (NCTPA), funded by revenue from NCTPA.
- | A \$270 decrease in the General Fund Capital Improvement Program (CIP) budget, which is the net result of increases and decreases for a variety of capital projects.
- | A \$17,606 decrease in Parks expenditures, as result of increases and decreases in a number of capital projects.
- | A \$150,000 increase in the Probation budget (and Net County Cost) to provide funding for increased placement of jail inmates in alcohol and drug treatment programs.
- | A \$2,527,876 increase in the County Contributions budget (and a \$2,477,876 increase in Net County Cost)

to transfer \$200,000 to a new Code Enforcement Budget in a new Building Services Fund, to transfer \$2,277,876 to the Parking Structure Fund and to increase the amount of Tobacco MSA money available to be allocated to projects and programs by \$50,000.

- | A \$3,498,671 increase in the Parking Structure Fund budget, reflecting the transfer of the \$2,277,876 in General Fund monies as well as additional fund balance, including certain General Fund money transferred to the Parking Structure Fund in FY2004/05.
- | A \$300,000 increase in the Insurance Liability Fund budget, funded by use of fund balance.
- | A \$1,886,810 net increase in the Roads Department budget, reflecting revisions to project costs and three new projects, with funding from federal and/or Proposition 42 revenue.
- | A \$1,283,126 net reduction in the Airport budget, reflecting cost revisions for various capital projects, offset by an equivalent reduction in revenues.
- | A \$470,784 net reduction in the Capital Improvement Program 2003 COP budget, reflecting cost revisions for the Juvenile Justice Center project.
- | A \$16,000 increase in the Equipment Pool budget, to allow for the purchase of a new piece of equipment, with funding from available Equipment Pool fund balance.

Aside from appropriating the additional \$2,277,876 in General Fund balance and the \$150,000 reduction in the EPSDT designation, these adjustments will not result in any change in Net County Cost.

### **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 Fiscal Year 2005/2006 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 affect the Fiscal Year 2005/2006 budget; they do not affect future fiscal years.
Consequences if not approved:	In some cases, the FY2005/06 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 21, 2005 the Board adopted the Fiscal Year 2005/2006 Final Budget. Since the budget was developed prior to fiscal year end, it was prepared using an estimated undesignated/unreserved General Fund fund balance of \$15,660,000. The Fiscal Year 2004/2005 books have now been closed and the Auditor-Controller has established the actual undesignated/unreserved fund balance to be \$18,437,876, a difference of \$2,777,876. As discussed during Final Budget Hearings, staff now returns to the Board for approval to revise the budget as detailed below, 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 2005/2006 GENERAL FUND BUDGET:****Net Increase to Undesignated/Unreserved Fund Balance \$2,777,876**Increase in Designations for 2003 COPs: \$150,000

This is money that needs to be set aside for the last payment on the 2003 Certificates of Participation (COPs), since we do not have established reserves. This designation was inadvertently not included in the FY2005/06 Final Budget.

Increase in Expenditures in Health & Human Services, Administration Division, offset by Cancellation of Early and Periodic Screening Diagnosis and Treatment (EPSDT) Designation: \$150,000

The County Executive Officer is recommending the cancellation of \$150,000 (of the current balance of \$223,035) in the H&HS EPSDT Designation for the department's use in contracting various consulting services in relation to the Agency's reorganization.

Emergency Services: \$57,560

At the time the Recommended Budget was prepared, Emergency Services projected spending certain grant funds by the end of the fiscal year, and re-budgeting other amounts for projects that would be carried over to Fiscal Year 2005/2006. However, the amount expended was lower than anticipated, thus requiring budgeting of an additional \$12,092 for the FY04 Homeland Security Grant Program and \$45,468 for the Wildland Urban Interface Firewise Grant in Emergency Services budget unit 29300. Funding will come from additional grant revenues.

Public Works: \$907,689

The adopted FY2005/06 Budget inadvertently failed to include appropriations in the Public Works Department's budget to cover salary and benefit costs for County employees who staff the Napa County Transportation Planning Agency (NCTPA). This action corrects that error by increasing the Public Works Department's appropriation by \$907,689. Funding will come from revenue from NCTPA, which is already included in NCTPA's budget.

Capital Improvement Program:( \$270 )

Capital Improvement Project (CIP) budgets were developed prior to the end of FY2004/05 based on estimates of how much money would be spent on certain projects during FY2004/05 and thus how much would need to be spent in FY2005/06. Based on final FY2004/05 year end expenditures, it was determined that the budgets for the following projects can be reduced in FY2005/06:

- | Health & Human Services Agency - Paint Fascia Boards - \$1,287 reduction
- | Health & Human Services Agency - Building G Carpet Replacement - \$8,460 reduction
- | Rutherford Dust Society Project - \$1,238 reduction
- | Hall of Justice/Admin. Building Energy Retrofit - \$9,814 reduction
- | Juvenile Justice Center - \$27,117 reduction
- | Historic Courthouse Renovation - \$99,013 reduction
- | TOTAL REDUCTION: \$147,019

As proposed, \$144,919 of this savings would be used to cover engineering and administrative costs related to the Homeless Shelter project (these costs are not included in the Homeless Shelter project budget) and \$1,830 would be used for a remodeling project in the Child Support Services Department that was identified after the FY2005/06 budget was prepared.

These adjustments will result in a \$270 decrease in Net County Cost.

Parks: (\$17,606)

Parks capital improvement project budgets were developed prior to the end of FY2004/05 based on estimates of how much money would be spent on certain projects during FY2004/05 and thus how much would need to be spent in FY2005/06. Based on final FY2004/05 year end expenditures, it was determined that the following projects require budget adjustments:

- | CIAP (Bikeway Study) Grant Project - \$20,009 reduction
- | Cuttings Wharf Project - \$700 increase
- | Connolly Ranch Project (Prop. 12) - \$15,348 increase
- | Bothe Campfire Project (Prop 12) - \$2,000 increase
- | Ridge Trail Project (Prop 12) - \$2,000 increase
- | Unallocated Proposition 12 appropriation - \$17,645 reduction
- | NET EXPENDITURE ADJUSTMENT: \$17,606 reduction.

This budget adjustment will also reflect a \$20,009 reduction in CIAP Grant revenues and a \$2,133 increase in Proposition 12 revenues for a total revenue reduction of \$17,876.

These adjustments will result in a \$270 increase in Net County Cost.

Probation: \$150,000

In an effort to limit growth in its budgeted Net County Cost, over the past few years the Probation Department has reduced the budget for in-patient drug and alcohol treatment for adult probationers. Staff has recently determined that this lack of resources has restricted the ability to release inmates from the County Jail, since there are inmates who could be released into a residential drug treatment program if one was available. This, in turn, has contributed to the County's Jail crowding problem. To help address this issue, staff is proposing to increase the Probation Department's budget by \$150,000, which will allow for the placement of approximately 25 Jail inmates into in-patient drug and alcohol treatment programs. In addition to helping to alleviate Jail crowding, this will better assist inmates in transitioning back into the community and, hopefully, decrease recidivism. This action will increase the Department's Net County Cost by \$150,000.

County Contributions: \$2,527,876

The Board has approved an enhanced Code Enforcement Program, including providing \$200,000 in funding in FY2005/06 for County-initiated abatement activities. Staff is proposing the creation of a new Building Services Fund, which will eventually include the Building Inspection Division and this new Code Enforcement abatement program. The Building Inspection Division will be transferred to the Building Services Fund as part of the FY2006/07 budget process. This agenda item transfers \$200,000 of the additional General Fund beginning balance, through the County Contributions budget, to the new Building Services Fund's Code Enforcement budget unit.

As adopted, the County Contributions budget included \$750,000 in Tobacco Master Settlement Agreement (MSA) funds to be allocated for physical, mental and drug and alcohol programs. Subsequent to the budget's adoption, the Board approved spending Tobacco MSA money on the Children's Health Initiative and authorized increasing the FY2005/06 draw-down from the Tobacco MSA Trust Fund by \$50,000. This action would increase County Contributions by \$50,000, with offsetting revenue from the Tobacco MSA Trust Fund.

After all of the draws on the additional undesignated/unreserved General Fund beginning balance described above have already been met, staff is proposing to transfer the remaining \$2,277,876 in additional fund balance to the Parking Structure Fund, to be used to help meet the County's obligation toward the construction of the downtown Napa parking garage and related costs, such as relocation of the Homeless Shelter and Progress facility. Initially, staff had anticipated that the County would need to borrow approximately \$4 million to fully meet our \$6.45 million obligation to the Parking Garage project. However, with this money and the money allocated by the County, staff now believes that it may be possible to meet the County's full obligation with cash and avoid the costs of borrowing. This action would transfer \$2,277,876 in additional General Fund beginning balance, through the County Contributions budget, to the Parking Structure Fund.

**RECOMMENDED ADJUSTMENTS TO THE FISCAL YEAR 2005/2006 NON-GENERAL FUND BUDGETS:**

**Code Enforcement: \$200,000**

The Board has approved an enhanced Code Enforcement program, including providing \$200,000 in funding in FY2005/06 for County-initiated abatement activities. This action would create a new Code Enforcement budget unit in a new Building Services Fund and appropriate \$200,000 in the Code Enforcement budget unit. Revenues will come through a transfer from the General Fund.

**Parking Structure: \$3,498,671**

Money in the Parking Structure Fund is used to pay costs associated with the construction of the downtown Napa parking garage, including costs related to the relocation of the homeless shelter and Progress facility.

This action would appropriate an additional \$2,277,876 in the Parking Structure Fund, which reflects the additional unreserved/undesignated General Fund beginning fund balance proposed to be transferred to this Fund. Initially, staff had anticipated that the County would need to borrow approximately \$4 million to meet our \$6.45 million obligation to the Parking Garage project. However, with this money and the money already allocated by the County, staff now believes that it may be possible to meet the County's full obligation with cash and avoid the costs of borrowing.

This action would also appropriate an additional \$1,220,795 in Parking Structure Fund fund balance, reflecting the fact that the FY2004/05 Parking Structure Fund ending fund balance was this much higher than the estimated beginning fund balance included in the FY2005/06 adopted Budget. In FY2004/05, the Board authorized the cancellation of \$1 million in General Fund designations for the Parking Garage project and the transfer of that money to this Fund, but \$2 million in General Fund monies was actually transferred, thus resulting in a \$1 million increase in fund balance. In addition, actual FY2004/05 revenues and expenditures were different than the estimated amount used to calculate the FY2004/05 ending balance, which resulted in a \$220,795 increase in fund balance.

This action will also retroactively authorize the transfer of the additional \$1,000,000 in General Fund resources to the Parking Structure Fund in FY2004/05. This money will be available to help meet the County's obligation to the Parking Garage project.

**Insurance Liability: \$300,000**

Litigated claims being adjudicated in Fiscal Year 2005/2006 make it necessary to increase the current appropriations by \$300,000. Funding will come from additional available fund balance in the Insurance Liability Fund.

**Roads Department: \$1,886,810**

This adjustment will establish the appropriate budget for existing projects based on the most recent information on FY2004/05 actual expenditures and appropriate funding for three new projects. Adjustments to existing projects

include: Silverado Trail - \$1,000 increase; and Oakville Crossroads Bridge Replacement - \$54,000 increase. New projects include:

- | Silverado Trail Rehab II - Overlay from Rector Creek to Oakville Crossroads - \$781,760
- | Wooden Valley Rehab - Overlay from Highway 121 to the Solano County line - \$870,000
- | Las Amigas Class II Bike Lane - Cuttings Wharf Road to Milton Road - \$100,000

In addition, \$80,000 is proposed to be spent for overlays and patching of various roadways.

Funding will come from additional federal and/or Proposition 42 funds. There will be no impact on the Road Fund's fund balance or Net County Cost.

#### County Airport: (\$1,283,126)

This adjustment will establish the appropriate budget for existing projects based on the most recent information on FY2004/05 actual expenditures on these projects as well as provide funding for one new project. Specific project budget adjustments include:

- | Airport Perimeter Fencing - \$198,609 decrease
- | Closure of Extend Taxiway J Phase III/Rehabilitation of Runway 18R-36L Project and establishment of a new Project that would include the rehabilitation of the general aviation apron and tee hangar taxiways phase I and construction of the Taxiway J development area - \$1,127,111 net decrease
- | Environmental Assessment for the Airport - \$42,594 increase.

This net reduction in appropriations will be offset by an equivalent reduction in state and/or federal revenues.

#### Capital Improvement Program 2003 COP - (\$470,784)

This adjustment will reconcile the FY2005/06 budgeted costs related to the construction of the new Juvenile Justice Center with anticipated project costs based on actual expenditures in FY2004/05. The FY2005/06 budget was prepared prior to the end of FY2004/05 so the amount that would need to be spent in FY2005/06 could only be estimated. Specifically, this adjustment will reduce building construction costs by \$536,627 and increase furniture, fixtures and equipment costs by \$82,483. Revenues from the Trustee will be reduced by \$388,301 and \$82,483 will be returned to fund balance.

#### Equipment Pool - \$16,000.

This adjustment would increase appropriations by \$16,000 to allow for the purchase of a 2 column hydraulic vehicle lift for the California Boulevard property. The mechanics are unable to lift the vehicles safely to perform inspection on tires and brakes.

Funding will come from available, unbudgeted, fund balance in the Equipment Fund.

### **SUPPORTING DOCUMENTS**

None

CEO Recommendation: Approve

Reviewed By: Britt Ferguson