

## *SECTION 6*

# **PROPRIETARY FUNDS**

*Proprietary Funds focus on the determination of operating income and expenses, changes in net assets (or cost recovery), financial position, and cash flows. There are two different types of proprietary funds: Enterprise Funds and Internal Service Funds.*



**CITY of NAPA**

**INTERNAL SERVICE FUNDS**

FUND 21	RISK MANAGEMENT FUND
FUND 34	FLEET MANAGEMENT FUND
FUND 35	CENTRAL STORES FUND
FUND 36	INFORMATION TECHNOLOGY REPLACEMENT FUND

*Internal Service Funds are used to report various activities that provide goods or services to other funds, departments, or agencies of the City of Napa, on a cost-reimbursement basis.*

## *Fund #21 - Risk Management Summary*

This fund accounts for resources and uses related to the City's self insurance program. The City's self insurance retention amounts are \$150,000 for General Liability Claims, \$200,000 for Worker's Compensation Claims, and 100% for Dental and Unemployment Claims. Resources are generated by charges to the various City departments. Additionally, the Risk Management Fund will receive transfers of \$500,000 in both 2007-08 and 2008-09 to stabilize and improve its fiscal health. Appropriations are on the cash basis of accounting.

	Actual 2004-05	Actual 2005-06	Amended Budget 2006-07	Estimated 2006-07	Adopted 2007-08	%	Adopted 2008-09	%
<b>Revenue</b>								
Worker's Compensation	1,364,010	1,052,960	1,475,000	1,475,000	1,433,936	-3%	1,532,029	7%
General Liability	1,021,730	1,249,035	900,000	900,000	1,495,000	66%	1,445,000	-3%
Dental	401,765	372,995	458,175	458,175	435,000	-5%	492,250	13%
Unemployment	33,000	24,510	35,000	36,925	40,332	15%	40,538	1%
Investment Earnings	99,270	63,260	25,000	60,000	62,000	148%	64,000	3%
<b>Revenue Total</b>	<b>\$ 2,919,775</b>	<b>2,762,760</b>	<b>2,893,175</b>	<b>2,930,100</b>	<b>3,466,268</b>	<b>20%</b>	<b>3,573,817</b>	<b>3%</b>
<b>Expenditures</b>								
Worker's Compensation	1,040,845	1,034,730	1,412,545	1,377,000	1,280,310	-9%	1,310,050	2%
General Liability	864,268	1,387,247	864,575	1,316,171	1,642,405	90%	1,556,054	-5%
Dental	400,190	340,715	458,175	458,175	435,000	-5%	492,250	13%
Unemployment	33,000	26,435	35,000	35,000	40,332	15%	40,538	1%
<b>Expenditure Total</b>	<b>\$ 2,338,303</b>	<b>2,789,127</b>	<b>2,770,295</b>	<b>3,186,346</b>	<b>3,398,047</b>	<b>23%</b>	<b>3,398,892</b>	<b>0%</b>
<b>Working Capital</b>	<b>\$ (190,955)</b>	<b>1,084,456</b>	<b>1,207,336</b>	<b>828,210</b>	<b>896,431</b>	<b>-26%</b>	<b>1,071,355</b>	<b>20%</b>

Note: Working capital is Current Assets less Current Liabilities less Reserves for Claims.

# ***Fleet Management Fund***

*Public Works Department*

## **Division Objectives**

The Fleet Management Fund's objectives are to provide full-service, 'cradle-to-grave' management of the vehicles and mobile equipment used by all City operations. This begins with specification development and replacement scheduling, transitioning to in-service preparation, regular repairs and scheduled maintenance and inspections, fuel data capture, decommissioning, and ultimately to the disposal of said assets; assure that all services provided are done so with fiscal responsibility; and to assure that the City fleet is in compliance with all regulatory and environmental requirements, including but not limited to: Smog check emissions program, diesel opacity emissions program, California Biannual Inspection of Terminals (BIT) program, crane and lift certification program, Federal and State Department of Transportation (DOT) program, and CAL EPA (California Environmental Protection Agency) waste collection and tracking program.

## **Major Accomplishments in Fiscal Years 2005-07**

The most significant accomplishments of the Fleet Division during the last budget cycle include:

- Established a new rate structure and methodology, to be implemented for FY 2007-09. The new rate structure has been integrated into Fleet's asset management application.
- Implemented an improved program for Patrol Car up-fitting. The results will yield reduced up-fitting costs and decreased turnaround time for improved vehicle availability.
- Implemented a hierarchical structure for the mechanic staff, resulting in salary and benefit savings while also increasing efficiencies in work distribution within the shop.

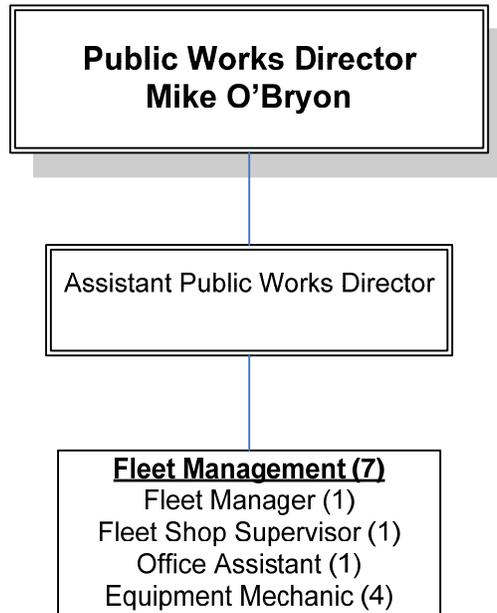
## **Highlights and Initiatives for Fiscal Years 2007-09**

The Fleet Division will focus on the following major goals during the FY 2007-09 budget cycle:

- Improved access to vehicle and equipment information and costs to all departments.
- Providing advance notification of upcoming preventive maintenance services and scheduled inspections to all customer departments. This will improve preventive maintenance compliance by allowing vehicle/equipment users to plan for, and schedule, appointments.
- Analyzing the current replacement funding model, and perform an in-depth utilization study to improve efficiencies.

# Public Works

## Fleet Division



**Public Works Department – Fleet Division Staffing History**

	Budgeted	Budgeted	Budgeted	Budgeted	Budgeted	Budgeted
	FY 03/04	FY 04/05	FY 05/06	FY 06/07	FY 07/08	FY 08/09
<b>Total</b>	7	7	7	7	7	7

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**Fund #34 - Fleet Management Fund**

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	Actual 2004-05	Actual 2005-06	Amended Budget 2006-07	Estimated 2006-07	Adopted 2007-08	%	Adopted 2008-09	%
<b>Revenues</b>								
Licenses, Permits and Fees	1,839,610	2,481,091	2,640,979	2,522,425	2,589,144	3%	2,673,966	3%
Interest on Investments	38,505	31,237	0	30,000	40,000	33%	40,000	0%
Transfers In	129,066	0	0	0	700,000	100%	700,000	0%
<b>Revenue Total</b>	<b>\$ 2,007,181</b>	<b>2,512,328</b>	<b>2,640,979</b>	<b>2,552,425</b>	<b>3,329,144</b>	<b>30%</b>	<b>3,413,966</b>	<b>3%</b>
<b>Expenditures</b>								
Salary & Wages	\$ 434,648	426,215	450,902	450,902	448,112	-1%	484,702	8%
Benefits	\$ 190,427	202,267	256,420	256,420	244,048	-5%	260,322	7%
Services & Supplies	\$ 987,104	1,050,881	1,288,549	1,288,549	1,077,869	-16%	1,070,687	-1%
<b>Capital Outlay Total</b>	<b>\$ 982,428</b>	<b>687,706</b>	<b>914,835</b>	<b>914,835</b>	<b>739,050</b>	<b>-19%</b>	<b>739,050</b>	<b>-19%</b>
Operating Transfers Out	\$ 26,087	203,383	0	1,862	152,209	0%	162,407	0%
Replacement Reserve	\$ 0	0	0	0	700,000	100%	700,000	0%
<b>Expenditure Total</b>	<b>\$ 2,620,694</b>	<b>2,570,453</b>	<b>2,910,706</b>	<b>2,912,568</b>	<b>3,361,288</b>	<b>15%</b>	<b>3,417,168</b>	<b>2%</b>
Working Capital	\$ 1,595,307	1,537,182	1,267,455	1,177,039	1,144,895	-3%	1,141,693	0%

**Significant Budget Changes  
Fleet Management**

*Significant Budget Changes:*

- Capital outlay is reduced in FY 2007-08 by 20%. This amount reflects an updated expense for replacement of capital assets.
- Replacement Reserves and Transfer In result from the General Fund reimbursement of reserves drawn in prior periods and establishment of the replacement reserve. Estimated accumulated depreciation at June 30, 2007 is \$7.3 million for a \$10 million fleet. Reserve established will be approximately 18% of accumulated depreciation.

## ***Central Stores Fund***

### **Objective**

This fund is established to manage the inventory for the City's Water, Streets, Electrical, Parks, Building Facilities, Emergency (Disaster Preparedness), and general office operations.

### **Major Accomplishments in Fiscal Years 2005-07**

The most significant accomplishments of the Central Stores fund during the last budget cycle include:

- Established an E-Bay account to sell surplus City property. Overwhelming success as E-Bay reaches a broader market than the City's traditional yearly Yard Sale.
- Coordinated the purchase for NCRA streetlight retrofit for the Downtown area.
- Implemented the process to bring online Office Depot ordering to all departments in the City. Point of contact for all the day to day issues and invoicing for Office Depot. Reduced "paper" processing to invoicing only.
- Created process to reduce time required by departments to ship parcels. All forms/labels are transmitted electronically and departments drop off parcels at convenient downtown location. All invoicing is handled through Stores.

### **Budget Balancing Approach – Key Changes in Fiscal Years 2007-09**

Reduce inventory levels to items not available locally; emergency disaster preparedness and high turn over item such as copy paper.

### **Highlights and Initiatives for Fiscal Years 2007-09**

Central Stores will focus on the following major goals during the FY 2007-09 budget cycle:

- Implement "Just-in-Time" methodology by working with departments and suppliers.
- Implement on-line purchasing with the work order module within the new Financial System.

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***Fund #35 - Central Stores Fund***

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This fund accounts for the operations of the City's centralized supplies center and is supported by charges to departments.

	Actual 2004-05	Actual 2005-06	Amended Budget 2006-07	Estimated 2006-07	Adopted 2007-08	%	Adopted 2008-09	%
<b>Revenues</b>								
Fees and Charges	508,579	598,651	534,380	592,495	676,194	14%	690,585	2%
<b>Revenue Total</b>	<b>\$ 508,579</b>	<b>598,651</b>	<b>534,380</b>	<b>592,495</b>	<b>676,194</b>	<b>14%</b>	<b>690,585</b>	<b>2%</b>
<b>Expenditures</b>								
Salary & Wages	\$ 56,068	67,140	70,915	72,674	66,181	-9%	69,652	5%
Benefits	\$ 26,597	28,969	36,566	26,984	35,886	33%	37,827	5%
Services & Supplies	\$ 382,059	493,741	393,068	462,763	514,047	11%	519,601	1%
Capital Outlay Total	\$ 0	0	0	0	0	0%	0	0%
Interfund Transfers Out	\$ 66,947	32,529	33,831	30,074	60,080	-100%	63,505	0%
<b>Expenditure Total</b>	<b>\$ 531,671</b>	<b>622,379</b>	<b>534,380</b>	<b>592,495</b>	<b>676,194</b>	<b>14%</b>	<b>690,585</b>	<b>2%</b>
<b>Fund Balance</b>	<b>\$ 290,442</b>	<b>266,714</b>	<b>266,714</b>	<b>197,967</b>	<b>197,967</b>	<b>0%</b>	<b>197,967</b>	<b>0%</b>

## *Information Technology Replacement Fund*

### **Objective**

This fund has been established to provide technology support for General Fund departments. The scope of service includes access, maintenance, and replacement of desktop computers, printers, the City network, and internet service. The charges have been established at a set cost per employee workstation to provide consistent and equitable funding for technology across City departments.

### **Major Accomplishments in Fiscal Years 2005-07**

Replaced equipment as necessary as determined by the Information Technology Services Manager.

### **Budget Balancing Approach – Key Changes in Fiscal Years 2007-09**

Funding level has been held near previous funding levels of \$110,240 and \$113,550, respectively.

### **Highlights and Initiatives for Fiscal Years 2007-09**

Will replace equipment as necessary as determined by the ITS Manager.

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### *Fund #36 - Information Technology Replacement Fund*

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This fund has been established to provide technology replacement for General Fund departments. The funding supports maintenance and replacement of desktop computers, printers, the City network, and internet service. The charges have been established at a set cost per employee workstation to provide consistent and equitable funding for technology across City departments.

	Actual 2004-05	Actual 2005-06	Amended Budget 2006-07	Estimated 2006-07	Adopted 2007-08	%	Adopted 2008-09	%
<b>Revenues</b>								
Investment Earnings	0	531	0	0	500	100%	500	0%
Contributions fr other funds	96,100	97,300	100,000	100,000	110,240	10%	113,550	3%
<b>Revenue Total</b>	<b>\$ 96,100</b>	<b>97,831</b>	<b>100,000</b>	<b>100,000</b>	<b>110,740</b>	<b>11%</b>	<b>114,050</b>	<b>3%</b>
<b>Expenditures</b>								
<b>Salary &amp; Wages</b>	<b>\$ 0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>
<b>Benefits</b>	<b>\$ 0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>
<b>Services &amp; Supplies</b>	<b>\$ 0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>
<b>Capital Outlay Total</b>	<b>\$ 97,387</b>	<b>121,426</b>	<b>116,495</b>	<b>80,160</b>	<b>110,240</b>	<b>38%</b>	<b>113,550</b>	<b>3%</b>
<b>Interfund Transfers Out</b>	<b>\$ 0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>
<b>Expenditure Total</b>	<b>\$ 97,387</b>	<b>121,426</b>	<b>116,495</b>	<b>80,160</b>	<b>110,240</b>	<b>38%</b>	<b>113,550</b>	<b>3%</b>
<b>Fund Balance</b>	<b>\$ 3,755</b>	<b>(19,840)</b>	<b>(36,335)</b>	<b>0</b>	<b>500</b>	<b>100%</b>	<b>1,000</b>	<b>100%</b>

**ENTERPRISE FUNDS**

FUND 15	GOLF FUND
FUND 51	SOLID WASTE & MATERIALS DIVERSION (RECYCLING) FUND
FUND 91	WATER FUND

*Enterprise Funds are used to report an activity for which a fee is charged to external users for goods or services.*

# ***Golf Course Maintenance and Management***

*Community Resources Department*

## **Division Objectives**

Manage and maintain the City owned 18-hole golf course at Kennedy Park utilizing a golf management firm to manage golf operations. Provide a municipal golf course facility to the community which includes a driving range, clubhouse, electric golf cart facility, numerous outbuildings, and food service.

## **Major Accomplishments in Fiscal Years 2005-07**

The most significant accomplishments of the Golf Course Maintenance and Management during the last budget cycle include:

- Repaired and restored facility hard hit by New Year's Eve Flood December 2005.
- Renovated Club House.
- Begin construction of a new electric cart storage/charging facility.
- Repaired cart bridge on the 18<sup>th</sup> hole.

## **Highlights and Initiatives for Fiscal Years 2007-09**

The Golf Course Maintenance and management will focus on the following major goals during the FY 2007-09 budget cycle:

- Department to work collaboratively with CourseCo Management Company to develop a comprehensive 3-year plan for golf operations and facility improvements.
- Working with CourseCo Management Company to identify changes that will increase rounds played at the course, in a highly competitive environment.
- Using Park Development Fees, contract for construction of a new restroom facility located on the course.

**Fund #15 - Golf Course**

	Actual 2004-05	Actual 2005-06	Amended Budget 2006-07	Estimated 2006-07	Adopted 2007-08	%	Adopted 2008-09	%
<b>Revenues</b>								
Golf Operations - Operator	1,253,396	1,133,519	1,445,193	1,341,219	1,477,742	10%	1,507,289	2%
Food & Beverage Ops. - Operator	246,042	227,293	322,998	247,998	271,819	10%	277,255	0%
Miscellaneous Revenue - Operator	19,753	2,954	22,812	22,812	21,200	-7%	21,624	0%
Miscellaneous Revenue	197,319	56,861	17,799	17,799	10,455	-41%	10,664	0%
Advance from Pk Acquisition, Quad 3*	0	0	0	0	306,000	100%	0	-100%
Transfer from Pk Development, Quad 3	0	0	0	0	120,000	100%	0	-100%
<b>Revenue Total</b>	<b>\$ 1,716,510</b>	<b>1,420,627</b>	<b>1,808,802</b>	<b>1,629,828</b>	<b>2,207,216</b>	<b>35%</b>	<b>1,816,832</b>	<b>-18%</b>
<b>Expenditures</b>								
Golf Course Management Fees	79,104	80,296	81,902	81,902	81,902	0%	83,950	3%
Cost of Goods Sold - Operator	223,150	181,537	228,169	228,169	225,964	-1%	230,483	2%
Operating Expenses - Operator	1,204,058	1,210,845	1,449,715	1,234,388	1,301,653	5%	1,330,410	2%
New Equipment - Operator	0	0	0	0	30,000	100%	30,000	0%
Water Supply Surcharge	0	0	0	0	306,000	100%	0	-100%
Advance Repayment	0	0	50,000	0	0	0%	30,600	100%
<b>Services &amp; Supplies</b>	<b>\$ 1,506,312</b>	<b>1,472,678</b>	<b>1,809,786</b>	<b>1,544,459</b>	<b>1,945,519</b>	<b>26%</b>	<b>1,705,443</b>	<b>-12%</b>
Restroom Project	0	0	0	0	120,000	100%	0	-100%
<b>Capital Outlay</b>	<b>\$ 0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>120,000</b>	<b>100%</b>	<b>0</b>	<b>0%</b>
Operating Transfer Out	197,319		(49,124)	0		0%	0	0%
<b>Transfers Out</b>	<b>\$ 197,319</b>	<b>0</b>	<b>(49,124)</b>	<b>0</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>
<b>Expenditure Total</b>	<b>\$ 1,703,631</b>	<b>1,472,678</b>	<b>1,760,662</b>	<b>1,544,459</b>	<b>2,065,519</b>	<b>34%</b>	<b>1,705,443</b>	<b>-17%</b>
<b>Working Capital</b>	<b>\$ (116,150)</b>	<b>(168,201)</b>	<b>(120,061)</b>	<b>(82,832)</b>	<b>58,865</b>	<b>171%</b>	<b>170,254</b>	<b>189%</b>

This advance bears interest at the rate of 0.0% and is payable in 10 equal installments of \$30,600 for the years beginning July 2008.

**Significant Budget Changes  
Community Resources Department  
Golf Course Maintenance and Management**

Significant Budget Changes:

- Operating budget reflects anticipated revenue based on staff recommendations and factored into Policy Resolution 16.
- 100% working capital balance used for offsets in 2007/2008 and 2008/2009 budget.
- Anticipated working capital reserve account will start building in 2009/2010 fiscal year.

## ***Solid Waste & Materials Diversion (Recycling) Division***

*Public Works Department*

### **Division Objectives**

The Solid Waste & Materials Diversion (Recycling) Division oversees Solid Waste/Recycling enterprise fund & contracted service provider, Napa Recycling & Waste Services, LLC (NRWS), and assures that all enterprise services provided are done so with professionalism and fiscal responsibility. This division also plans and reports on State-mandated diversion requirements and programs (currently 50% diversion), including all collection and processing for City solid waste, recyclable materials and yardwaste, as well as manages contractor activities and permit requirements for City's Materials Diversion Facility (MDF). The MDF is a regional facility is a regional service facility processing recyclable materials from Napa County and Solano Counties (primarily Vallejo).

### **Major Accomplishments in Fiscal Years 2005-07**

The most significant accomplishments of the Solid Waste & Materials Diversion (Recycling) Division during the last budget cycle include:

- Completed a successful Request for Proposal (RFP) process and award of new 10-year solid waste/recycling collection and processing contract and transition from old contractor to new contractor (beginning October 1, 2005).
- Fully established the fiscal and operational management of Solid Waste & Materials Diversion (Recycling) Enterprise Fund and City-owned MDF. This included increasing annual City enterprise fund from approximately \$5 million fund (Fund 51) in 2003/2004 to a current \$18 million fund in 2006/2007.
- Established a new rate structure and methodology under new contract with performance-based incentive structure for solid waste/recycling services contractor.

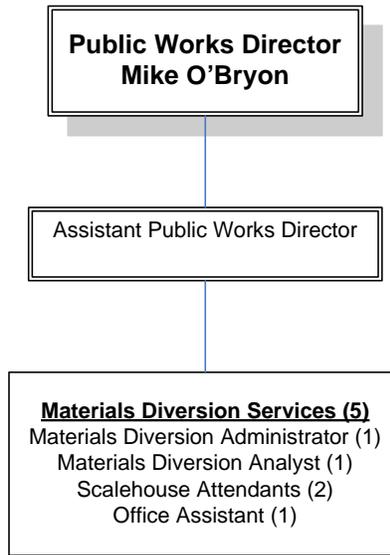
### **Highlights and Initiatives for Fiscal Years 2007-09**

The Solid Waste & Materials Diversion (Recycling) Division will focus on the following major goals during the FY 2007-09 budget cycle:

- Continue to negotiate with NRWS and Northern Recycling Operations & Waste Services (Northern) for amended and/or new agreements to preserve cost-effective, incentive based solid waste diversion programs and processing services at both the City MDF and Napa-Vallejo Waste Management Authority's (NVWMA) Devlin Road Transfer Station.
- Work with NRWS to improve collection services for City customers and processing operations at MDF. The goal will be to assure future services and operations that allow for highly performing diversion activities and cost-effectiveness for the City-rate payer.
- Work with the NVWMA, other governmental agencies (i.e., California Integrated Waste Management Board, Department of Conservation, Napa County, Cities of American Canyon and Vallejo, etc.) and private sector service providers (NRWS & Northern) to provide regional available and effective solid waste and materials diversion (recycling) solutions.

# Public Works

## Solid Waste & Materials Diversion (Recycling) Services



### Public Works Department – Solid Waste & Materials Diversion (Recycling) Services Staffing History

	Budgeted	Budgeted	Budgeted	Budgeted	Budgeted	Budgeted
	FY 03/04	FY 04/05	FY 05/06	FY 06/07	FY 07/08	FY 08/09
<b>Total</b>	0	0	4	4	5	5

*During FY 2003-04 & FY 2004-05, Solid Waste was allocated in the General Fund*

**Fund #51 - Solid Waste & Materials Diversion (Recycling)**

	Actual 2004-05	Actual 2005-06	Amended Budget 2006-07	Estimated 2006-07	Adopted 2007-08	%	Adopted 2008-09	%
<b>Revenues</b>								
Sale of Materials	0	1,491,218	2,830,075	2,830,075	5,134,500	81%	5,088,600	-1%
MDF Gate Fees	3,739,802	958,551	1,252,822	1,252,822	1,258,300	0%	1,257,900	0%
Recycling Grants	58,858	340,992	81,000	81,000	53,800	-34%	46,000	-14%
Collection Service Accounts	28,339	10,754,069	13,922,585	13,922,585	14,050,800	1%	14,050,800	0%
Investment Earnings	95,713	57,476	46,000	46,000	46,000	0%	46,000	0%
Rental Income	0	30,000	37,026	37,026	38,200	3%	39,400	3%
Lock Box Transf for Debt	687,993	228,337	0	0	0	0%	0	0%
<b>Revenue Total</b>	<b>\$ 4,610,706</b>	<b>13,860,643</b>	<b>18,169,508</b>	<b>18,169,508</b>	<b>20,581,600</b>	<b>13%</b>	<b>20,528,700</b>	<b>0%</b>
<b>Expenditures</b>								
Operations	0	237,351	313,940	313,940	336,733	7%	368,509	9%
<b>Salary &amp; Wages</b>	<b>\$ 0</b>	<b>237,351</b>	<b>313,940</b>	<b>313,940</b>	<b>336,733</b>	<b>7%</b>	<b>368,509</b>	<b>9%</b>
Operations	0	93,809	135,467	135,467	168,300	24%	192,400	14%
<b>Benefits</b>	<b>\$ 0</b>	<b>93,809</b>	<b>135,467</b>	<b>135,467</b>	<b>168,300</b>	<b>24%</b>	<b>192,400</b>	<b>14%</b>
Garbage / Recycling	3,396,559	673,389	35,333	35,333	0	-100%	0	0%
Debt Service	359,522	364,775	687,275	687,275	690,200	0%	691,725	0%
Material and Services	4,531	464,955	538,957	538,957	579,200	7%	508,700	-12%
Tipping Fees		1,890,152	2,568,500	2,568,500	2,925,700	14%	3,011,000	3%
Contractor		8,015,950	11,817,910	11,817,910	13,547,400	15%	13,653,400	1%
MDF - Material and Services		106,865	327,550	327,550	643,246	96%	567,981	-12%
Non-Contract City Recycling		489,462	225,560	225,560	173,100	-23%	168,500	-3%
Administration		9,600	10,000	10,000	10,000	0%	10,000	0%
Other Commitments/Programs		1,200	339,425	339,425	95,000	-72%	95,000	0%
Contingency			175,000	175,000				
<b>Services &amp; Supplies</b>	<b>\$ 3,760,612</b>	<b>12,016,347</b>	<b>16,725,510</b>	<b>16,725,510</b>	<b>18,663,846</b>	<b>12%</b>	<b>18,706,306</b>	<b>0%</b>
Direct Purchase Improvements/Equip	93,463	1,202	0	0	150,000	100%	150,000	0%
Waste Reduction/Recycling	100	0	0	0	0	0%	0	0%
MDF Transition	0	201,311	243,412	243,412	0	-100%	0	0%
<b>Capital Outlay Total</b>	<b>\$ 100</b>	<b>202,513</b>	<b>243,412</b>	<b>243,412</b>	<b>150,000</b>	<b>-38%</b>	<b>150,000</b>	<b>0%</b>
City Administration	156,711	580,790	763,161	763,161	694,721	-9%	743,485	7%
<b>Interfund Transfers Out</b>	<b>\$ 156,711</b>	<b>580,790</b>	<b>763,161</b>	<b>763,161</b>	<b>694,721</b>	<b>-9%</b>	<b>743,485</b>	<b>7%</b>
<b>Expenditure Total</b>	<b>\$ 3,917,422</b>	<b>13,130,810</b>	<b>18,181,490</b>	<b>18,181,490</b>	<b>20,013,600</b>	<b>10%</b>	<b>20,160,700</b>	<b>1%</b>
<b>Working Capital</b>	<b>\$ 892,922</b>	<b>1,622,755</b>	<b>1,610,773</b>	<b>1,610,773</b>	<b>2,178,773</b>	<b>35%</b>	<b>2,546,773</b>	<b>17%</b>

## **Significant Budget Changes**

### **Public Works Department – Solid Waste & Materials Diversion (Recycling) Services**

#### Significant Budget Changes:

- Salary & Wages and Benefits - The change in labor cost is partially due to nearly 3 months of operations (October through December 2006) without one or both full-time City Scalehouse Attendants, as well the addition of an Office Assistant position in new 2007 solid waste collection rate year and City fiscal year budget.
- Services & Supplies - There are several factors that contributed to the overall change in services and supplies expenditures. The four largest factors are: (1) contractually obligated CPI/PPI inflation increase to contractor (NRWS); (2) anticipated additional 11K tons of processing at MDF from DRTS recyclable materials and yardwaste at MDF; (3) projected impact of permit-related work for MDF and (4) impact of additional new programs such as dry recovery and glass color sorter.
- Interfund Transfers Out - New totals resulting from recent City of Napa allocation study.

# ***Water Division***

*Public Works Department*

## **Division Objectives**

The Water Division, operating within the Water Enterprise Fund, is responsible for the operation, maintenance and improvement of the municipal water system serving the City and adjacent areas. The Division's mission is to provide an uninterrupted supply of high quality and low cost water to the community for consumption and fire protection. The Water Division's Administration and Engineering, Treatment, and Distribution sections accomplish this mission by delivering over 17,000 acre-feet (6-billion gallons) of water annually, investing in capital improvements, planning for future water supply needs, responding to emergency repairs, and maintaining a proactive water conservation program.

## **Major Accomplishments in Fiscal Years 2005-07**

The most significant accomplishments of the Water Division during the last budget cycle include:

- Jamieson Canyon Water Treatment Plant Improvements Project – Completed design, certified Environmental Impact Report, and acquired \$48,000,000 in construction funds by selling water revenue bonds.
- Installed a 350kW solar power system to operate the Lake Hennessey Water Treatment Plant raw water intake pumps. The project will save the Water Fund approximately \$3,000,000 over the next 25 years.
- Implemented the *Water System Optimization and Master Plan* and completed capital improvements as follows: Imola Water Tank (5 million gallons), Alta Heights Water Tank Replacements (140,000 gallons), Plastic Service Replacement (400 services), Main Replacement (8,000 feet), and Meter Replacement (4,000 meters).

## **Highlights and Initiatives for Fiscal Years 2007-09**

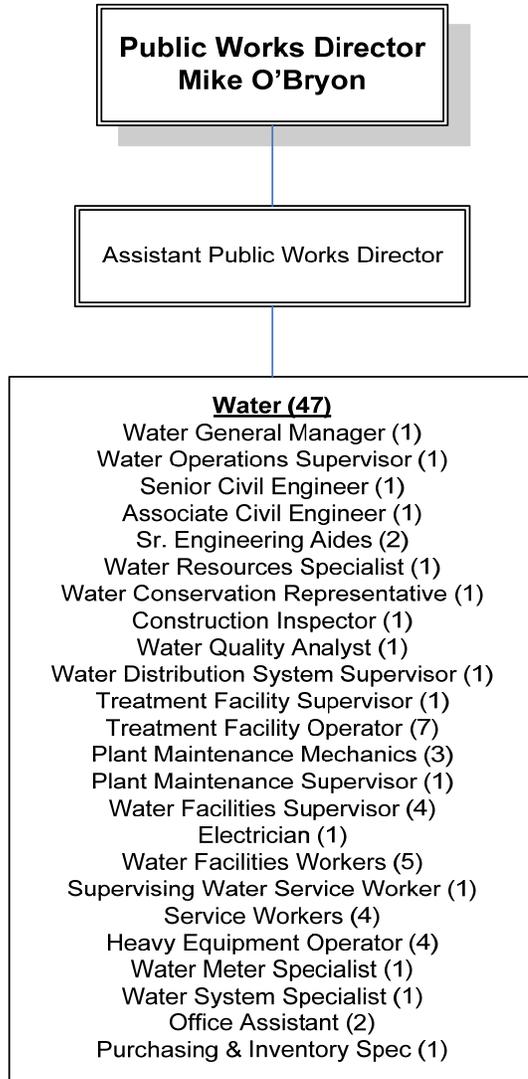
The Water Division will focus on the following major goals during the FY 2007-09 budget cycle:

- Jamieson Canyon Water Treatment Plant Improvements Project – Complete construction of facility upgrades and replacements to achieve an average treatment capacity of 20 million gallons per day. New facilities will increase the reliability of the treatment plant to ensure compliance with regulations and to provide uninterrupted service. The project is designed to allow the City to take beneficial use of existing State Water Project entitlements when they are available which allows the City to save water in Lake Hennessey for dry-year use.
- Milliken Dam Seismic Improvements – Complete construction of outlet structures in the face of the dam to lower the operating level of the reservoir by 16-feet to meet State Division of Safety of Dam requirements. The project will also replace valves in the intake tower, install safety railing on the crest of the dam, and upgrade the outlet valves at the base of the dam.

- Operation and Maintenance Expenses – Diligently manage all aspects of operating and maintaining the water system to seek opportunities to streamline operations, increase productivity and efficiency, and apply preventative maintenance practices in order to control or reduce Operation and Maintenance expenses.

# Public Works

## Water Division



### Public Works Department – Water Division Staffing History

	Budgeted	Budgeted	Budgeted	Budgeted	Budgeted	Budgeted
	FY 03/04	FY 04/05	FY 05/06	FY 06/07	FY 07/08	FY 08/09
<b>Total</b>	46	46	47	47	47	47

## Fund #91 - Water Fund

	Actual 2004-05	Actual 2005-06	Amended Budget 2006-07	Estimated 2006-07	Adopted 2007-08	%	Adopted 2008-09	%
<b>Revenues</b>								
Water Sales	15,028,919	15,630,640	16,675,716	16,675,716	17,089,814	2%	17,649,523	3%
St. Helena Water Supply Agreement	0	0	345,402	345,402	707,748	105%	543,519	-23%
Investment Earnings	728,158	545,985	289,181	289,181	255,000	-12%	255,000	0%
Service Charges and Fees	416,837	339,903	340,436	340,436	339,000	0%	339,000	0%
Connection Fees	692,989	1,009,853	616,114	616,114	664,500	8%	713,355	7%
Miscellaneous	262,343	495,053	21,000	21,000	129,620	517%	137,416	6%
Contributions (Grants)		1,152,829	0	0	0	0%	0	0%
<b>Revenue Total</b>	<b>\$ 17,129,246</b>	<b>19,174,262</b>	<b>18,287,849</b>	<b>18,287,849</b>	<b>19,185,682</b>	<b>5%</b>	<b>19,637,813</b>	<b>2%</b>
<b>Expenditures</b>								
	3,110,824	3,145,543	4,122,106	4,122,106	3,546,645	-14%	3,789,019	0
<b>Salary &amp; Wages</b>	<b>\$ 3,110,824</b>	<b>3,145,543</b>	<b>4,122,106</b>	<b>4,122,106</b>	<b>3,546,645</b>	<b>-14%</b>	<b>3,789,019</b>	<b>7%</b>
	1,078,726	1,366,101	1,775,189	1,775,189	1,518,137	-14%	1,612,909	6%
<b>Benefits</b>	<b>\$ 1,078,726</b>	<b>1,366,101</b>	<b>1,775,189</b>	<b>1,775,189</b>	<b>1,518,137</b>	<b>-14%</b>	<b>1,612,909</b>	<b>6%</b>
Collection and Billing	411,419	176,304	277,300	277,300	214,300	-23%	220,800	3%
Water Supply	2,670,997	3,429,253	5,607,319	5,607,319	4,232,687	-25%	4,116,786	-3%
Water Treatment	1,985,346	1,825,922	2,032,868	2,032,868	2,303,550	13%	2,148,550	-7%
Administration and Engineering	865,573	480,191	780,253	780,253	1,477,739	89%	1,516,726	3%
Distribution System	661,624	798,088	855,327	855,327	622,000	-27%	644,000	4%
<b>Services &amp; Supplies</b>	<b>\$ 6,594,960</b>	<b>6,709,759</b>	<b>9,553,067</b>	<b>9,553,067</b>	<b>8,850,276</b>	<b>-7%</b>	<b>8,646,862</b>	<b>-2%</b>
Interest	572,835	401,894	374,311	374,311	278,647	-26%	223,436	-20%
Principal	1,486,562	1,463,852	1,572,783	1,572,783	1,709,157	9%	1,760,692	3%
<b>Debt Service</b>	<b>\$ 2,059,397</b>	<b>1,865,746</b>	<b>1,947,094</b>	<b>1,947,094</b>	<b>1,987,804</b>	<b>2%</b>	<b>1,984,128</b>	<b>0%</b>
Capitalized Asset Acquisition	4,055,593	5,944,764	0	0	0	0%	0	0%
Utility Billing	207,170	17,945	0	0	0	0%	0	0%
Source of Supply	156,389	2,485,433	547,000	547,000	300,000	-45%	140,000	-53%
Hennessey Water Treatment Plant	556,786	172,796	222,000	222,000	351,000	58%	365,000	4%
Milliken Water Treatment Plant	14,968	50,698	45,000	45,000	50,000	11%	45,000	-10%
Jamieson Water Treatment Plant	641,147	645,889	90,000	90,000	100,000	11%	40,000	-60%
Transmission System	2,042,408	2,896,745	295,000	295,000	100,000	-66%	140,000	40%
Distribution System	762,594	2,354,541	1,505,000	1,505,000	1,040,000	-31%	770,000	-26%
<b>Capital Outlay Total</b>	<b>\$ 8,437,054</b>	<b>14,568,810</b>	<b>2,704,000</b>	<b>2,704,000</b>	<b>1,941,000</b>	<b>-28%</b>	<b>1,500,000</b>	<b>-23%</b>
Reimbursement to City-Staff Support	878,628	409,975	0	0	0	0%	0	0%
City Administration	701,446	987,749	1,042,323	1,042,323	1,514,510	45%	1,585,695	5%
Transfers to Reserves	0	0	0	0	4,900,000		0	-100%
O & M and CIP Carryover	0	0	6,706,442	6,706,442	0	-100%	0	0%
<b>Transfers Out</b>	<b>\$ 1,580,074</b>	<b>1,397,724</b>	<b>7,748,765</b>	<b>7,748,765</b>	<b>6,414,510</b>	<b>-17%</b>	<b>1,585,695</b>	<b>-75%</b>
<b>Expenditure Total</b>	<b>\$ 22,861,035</b>	<b>27,655,959</b>	<b>27,850,221</b>	<b>27,850,221</b>	<b>24,258,372</b>	<b>-13%</b>	<b>19,118,613</b>	<b>-21%</b>
<b>Net Annual Activity</b>	<b>\$ (5,731,789)</b>	<b>(8,481,697)</b>	<b>(9,562,372)</b>	<b>(9,562,372)</b>	<b>(5,072,690)</b>	<b>-47%</b>	<b>519,200</b>	<b>-110%</b>
<b>Working Capital</b>	<b>\$ 25,002,372</b>	<b>16,520,675</b>	<b>6,958,303</b>	<b>6,958,303</b>	<b>1,885,613</b>	<b>-73%</b>	<b>2,404,813</b>	<b>28%</b>

**Significant Budget Changes**  
**Public Works Department - Water Division**

Significant Budget Changes:

- Salary & Wages and Benefits - The 14% reduction is primarily caused by Collection and Billing staff charges being part of the City Administration costs to the Water Fund rather than being charged to the Salary and Benefit line items as in past budgets.
- Capital Outlay - Capital expenditures vary from year to year based on the needs of the water system. The 28% reduction primarily reflects the near completion of the Plastic Service Replacement Project which allowed the budget to be reduced by \$500,000 in FY 2007-08.
- Working Capital - The reduction in working capital reflects a transfer to designated reserve funds (primarily to drought response and rate stabilization reserves) to achieve balances consistent with the recommendations of the Water Fund's 2004 Financial Plan.