











## Summary of Proposed Position Changes FY 2011-13

Staffing is measured in full-time equivalent (FTE's) positions. An FTE is the combined total of all full-time and part-time employees. For instance, two half-time positions represent one FTE. Based on economic imperatives identified in the Long Term Financial Plan, this Budget reflects an overall reduction of over six positions (full time and part time) over the two year budget cycle. Changes to staffing levels this year were largely driven by direction from the City Manager to reduce baseline spending due to diminished resources. Some department directors addressed their budget funding targets through staff reductions. The City Manager's directive further required that any increase in staffing proposed for the budget meet criteria that would be used as the basis for decision-making. Specifically, any increase in staff would require a demonstration that one or more of the following conditions must be met: additional staff must generate offsetting revenue or would save comparable costs (e.g. staff cost vs. consultant costs); the new resources could be provided without an impact to the General Fund; or, costs for proposed new staff would be covered by operating cuts elsewhere in the department, based on department driven priorities.

There are a series of existing positions within the city that are being reallocated to new positions which better reflect the job skills and responsibilities needed to address ongoing departmental needs. As the table below shows, there is no net impact on the number of full-time equivalent positions that results from these changes.

FY2011 - 2013 Reallocations				
Dept.	Position	Eliminate FTE's	Add FTE's	Comments
PW	Water Quality Manager		1	Reallocate Water Quality Supervisor position
PW	Water Quality Supervisor	1		Reallocate to Water Quality Manager
PW	Senior Office Assistant		1	Reallocate Office Assistant II position
PW	Office Assistant II	1		Reallocate to Senior Office Assistant
<b>Reallocations Total</b>		<b>2</b>	<b>2</b>	

The staffing plan table on the following page outlines proposed staffing changes recommended in this budget. In FY 2008-09 the City's budgeted positions totaled 503.5 FTEs. As a result of citywide budget reductions, department reorganizations, and elimination of vacant positions in FY 2009-10 and FY 2010-11 the total number of FTEs has been reduced by 31.69 FTEs for a new total of 471.81 budgeted FTEs in FY 2010-11. As shown, this budget will further reduce full time staffing in FY 2011-12 by 3.95 FTE's, and another 2.11 in FY 2012-13.

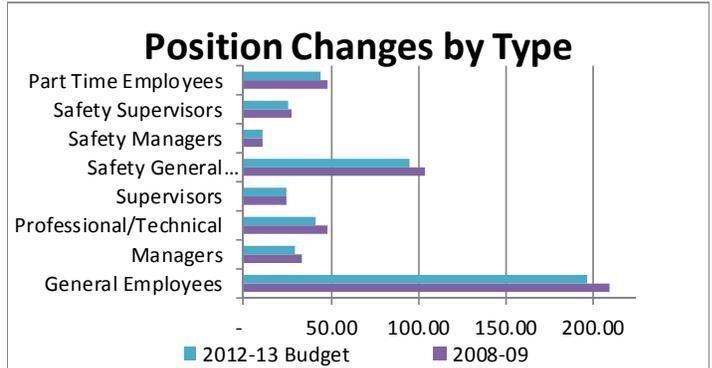
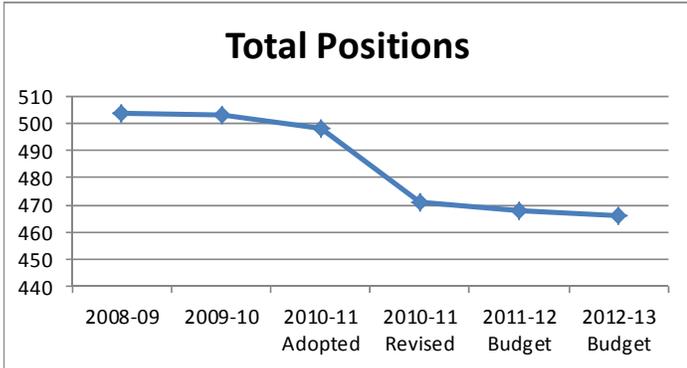
## Five-Year Budget Staffing Plan

Proposed Staff Changes				
Dept.	Position	FY 2011-12 FTEs	FY 2012-13 FTEs	Comments
HR	Administrative Services Officer	(1.00)		Eliminate Position ( <i>effective 7/1/2011</i> ) as part of department reorganization
HR	Workers Comp. & Safety Analyst		(1.00)	Combine position with Risk Management Analyst ( <i>effective 7/1/2012</i> )
HR	Part-time help	(0.05)		Reduced Part Time hours due to meet cost reduction requirement
FIN	Accountant		1.00	Position funding offset by reduction in Professional Services
FIN	Part-time help	0.30		Part Time Accounting Support (Accounting & Auditing; Revenue)
IT	Part-time help	(0.48)		Reduced Part Time hours due to meet cost reduction requirement
PRS	Laborer / Park Maint.	2.00		Position funding offset by reduction in Part Time hours
PRS	Part-time help	(4.39)	(1.42)	Reduced Part Time hours - offsetting new positions; additional reduction in Part Time hours to meet cost reduction requirement
CDD	Part-time help	0.23	-	Part Time Planning Support - Internship
CDD	Sustainability Coordinator		(1.00)	Limited Term position expires August, 2012
CDD	Part-time help	0.27	-	Part Time Housing Support
PW	Administrative Secretary	(1.00)		Eliminate Position ( <i>effective 7/1/2011</i> ) to meet cost reduction requirement
PW	Part-time help	0.48	-	Part time Public Works support - Maintenance + Street Resurfacing
PW	Part-time help	0.90	-	Part time Public Works support - Materials Diversion
PW	Part-time help	0.66	0.94	Part time Public Works support - Water
PD	Police Lieutenant	(1.00)		Eliminate Position ( <i>effective 7/1/2011</i> ) to meet cost reduction requirement
PD	Police Sergeant		(1.00)	Eliminate Position ( <i>effective 7/1/2012</i> ) to meet cost reduction requirement
PD	Part-time help	1.78	0.34	Part Time Police Support - Special Operations
PD	Part-time help	(1.88)		Reduced Part Time hours - Support Services to meet cost reduction requirement
FD	Fire Prevention Inspector	(1.00)		Eliminate Position ( <i>effective 7/1/2011</i> ) to meet cost reduction requirement
FD	Part-time help	0.20	0.04	Part Time Fire Support - Partial offset of eliminated positions
<b>Total</b>		<b>(3.95)</b>	<b>(2.11)</b>	

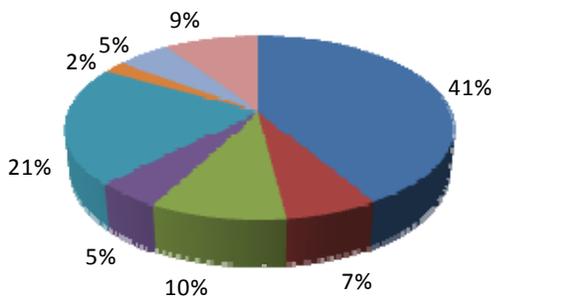
## Summary of Proposed Position Changes FY 2011-13

The following table and graph illustrate the loss of FTEs since FY 2008-09 categorized by type of position.

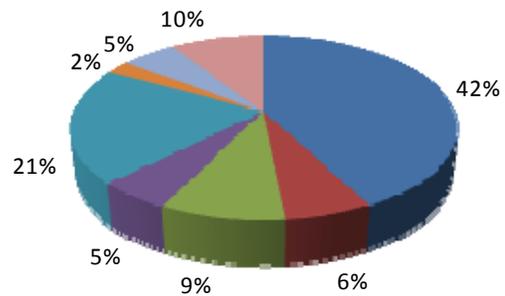
Position Category	2008-09	2009-10	2010-11 Adopted	2010-11 Revised	2011-12 Budget	2012-13 Budget	Total Gain/(Loss) Since FY 2008-09	Total Gain/(Loss) Percent
General Employees	209.00	211.00	208.00	196.00	197.00	197.00	(12.00)	-5.74%
Managers	33.00	32.00	32.00	29.00	29.00	29.00	(4.00)	-12.12%
Professional/Technical	48.00	53.00	51.00	44.00	42.00	41.00	(7.00)	-14.58%
Supervisors	24.00	23.00	23.00	24.00	24.00	24.00	-	0.00%
Safety General Employees	104.00	99.00	99.00	95.00	95.00	95.00	(9.00)	-8.65%
Safety Managers	11.00	12.00	12.00	12.00	11.00	11.00	-	0.00%
Safety Supervisors	27.00	28.00	28.00	26.00	26.00	25.00	(2.00)	-7.41%
Part Time Employees	47.50	44.98	44.96	45.81	43.86	43.75	(3.75)	-7.89%
<b>Total Positions</b>	<b>503.5</b>	<b>502.98</b>	<b>497.96</b>	<b>471.81</b>	<b>467.86</b>	<b>465.75</b>	<b>(34.00)</b>	<b>-6.75%</b>



FY 2008-09



FY 2012-13 Budget



■ General Employees  
■ Professional/Technical  
■ Safety General Employees  
■ Safety Supervisors

■ Managers  
■ Supervisors  
■ Safety Managers  
■ Part Time Employees

## Five-Year Budget Staffing Plan

Department/ Division	Position Title	2008-09	2009-10 Adopted	2010-11 Adopted	2010-11 Revised	2011-12 Budget	2012-13 Budget
<b>City Manager</b>							
<i>City Manager</i>	City Manager	1.00	1.00	1.00	1.00	1.00	1.00
	Secretary to the City Manager	1.00	1.00	1.00	1.00	1.00	1.00
	Community Outreach Coordinator, LT	1.00	1.00	-	-	-	-
	Community Outreach Coordinator	-	-	1.00	1.00	1.00	1.00
	Asst City Manager	2.00	2.00	2.00	1.00	1.00	1.00
	Management Analyst II	2.00	2.60	2.60	1.00	1.00	1.00
	* Risk Management Analyst II	-	1.00	1.00	1.00	-	-
	Part Time -FTE	-	0.18	0.18	-	-	-
		<b>7.00</b>	<b>8.78</b>	<b>8.78</b>	<b>6.00</b>	<b>5.00</b>	<b>5.00</b>
	Total full time employees	7.00	8.60	8.60	6.00	5.00	5.00
	Total part time employees	-	0.18	0.18	-	-	-
	<b>Total City Manager</b>	<b>7.00</b>	<b>8.78</b>	<b>8.78</b>	<b>6.00</b>	<b>5.00</b>	<b>5.00</b>
<b>City Clerk</b>							
	City Clerk	1.00	1.00	1.00	1.00	1.00	1.00
	Deputy City Clerk	1.00	1.00	1.00	1.00	1.00	1.00
	Office Assistant I/II	2.00	2.00	2.00	2.00	2.00	2.00
	Imaging Clerk	1.00	1.00	1.00	1.00	1.00	1.00
	<b>Total City Clerk</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>
<b>City Attorney</b>							
	City Attorney	1.00	1.00	1.00	1.00	1.00	1.00
	Deputy City Attorney	2.00	2.00	2.00	2.00	2.00	2.00
	Legal Sec to the Attorney	1.00	1.00	1.00	1.00	1.00	1.00
	<b>Total City Attorney</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>
<b>Human Resources</b>							
	Human Resources Director	-	-	-	1.00	1.00	1.00
	Personnel Director	1.00	1.00	1.00	-	-	-
	Civil Service Manager/Personnel Director	-	-	-	1.00	1.00	1.00
	Administrative Services Officer	1.00	1.00	1.00	1.00	-	-
	Management Analyst II	1.00	1.00	1.00	1.00	1.00	1.00
	* Risk Management Analyst II	-	-	-	-	1.00	1.00
	* Worker's Comp. & Safety Analyst	-	1.00	1.00	1.00	1.00	-
	Secretary	1.00	1.00	1.00	1.00	1.00	1.00
	Personnel Assistant	1.00	1.00	1.00	1.00	1.00	1.00
	Part Time -FTE	0.89	0.48	0.48	0.48	0.43	0.43
	Total full time employees	5.00	6.00	6.00	7.00	7.00	6.00
	Total part time employees	0.89	0.48	0.48	0.48	0.43	0.43
	<b>Total Human Resources</b>	<b>5.89</b>	<b>6.48</b>	<b>6.48</b>	<b>7.48</b>	<b>7.43</b>	<b>6.43</b>
<b>Finance</b>							
<i>Administration</i>							
	Finance Director	1.00	1.00	1.00	1.00	1.00	1.00
	Finance Manager	1.00	1.00	1.00	1.00	1.00	1.00
	Administrative Secretary	1.00	1.00	1.00	1.00	1.00	1.00
	Finance Analyst	1.00	1.00	1.00	1.00	1.00	1.00
		<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>
<i>Accounting &amp; Auditing</i>							
	Accounting & Audit Supervisor	1.00	1.00	1.00	1.00	1.00	1.00
	Accountant	2.00	2.00	2.00	2.00	2.00	3.00
	Accounting Technician/Tech Entry	2.00	2.00	2.00	2.00	2.00	2.00
	Account Clerk I/II	2.00	2.00	2.00	2.00	2.00	2.00
	Account Tech Entry, LT (Expires 8/09)	1.00	1.00	-	-	-	-
	Account Tech Entry, LT (Expires 7/10)	1.00	1.00	-	-	-	-
	Part Time -FTE	0.48	0.48	0.48	0.48	0.96	0.96
		<b>9.48</b>	<b>9.48</b>	<b>7.48</b>	<b>7.48</b>	<b>7.96</b>	<b>8.96</b>
<i>Revenue</i>							
	Revenue Supervisor	1.00	1.00	1.00	-	-	-
	Accounting Technician/Tech Entry	4.00	4.00	4.00	4.00	4.00	4.00
	Account Tech Entry, LT (Expires 8/09)	1.00	1.00	-	-	-	-
	Account Clerk I/II	3.00	3.00	3.00	4.00	4.00	4.00
	Part Time -FTE	0.66	0.66	0.66	0.66	0.48	0.48
		<b>9.66</b>	<b>9.66</b>	<b>8.66</b>	<b>8.66</b>	<b>8.48</b>	<b>8.48</b>

**Note: 2008-2011 staffing has been reorganized to match the 2011-12 & 2012-13 organizational structure.**

## Five-Year Budget Staffing Plan

Department/ Division	Position Title	2008-09	2009-10 Adopted	2010-11 Adopted	2010-11 Revised	2011-12 Budget	2012-13 Budget
<b>Finance (cont.)</b>							
<i>Purchasing</i>	Purchasing Services Manager	1.00	1.00	1.00	1.00	1.00	1.00
	*** Storeskeeper	1.00	1.00	1.00	-	-	-
	*** Purchasing & Inventory Specialist	-	-	-	1.00	1.00	1.00
		<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>
<i>Information Technology</i>	Information Technology Manager	1.00	1.00	1.00	1.00	1.00	1.00
	Systems Administrator	4.00	4.00	4.00	3.00	3.00	3.00
	** Systems Administrator	-	1.00	1.00	1.00	1.00	1.00
	Systems Analyst	-	-	-	2.00	2.00	2.00
	MIS Technician	2.00	2.00	2.00	2.00	2.00	2.00
	GIS Coordinator	1.00	1.00	1.00	1.00	1.00	1.00
	Telephony Systems Technician	1.00	1.00	1.00	1.00	1.00	1.00
	Office Assistant	1.00	1.00	1.00	-	-	-
	Telecommunication Technician	1.00	1.00	1.00	1.00	1.00	1.00
	Telecommunication Specialist	1.00	1.00	1.00	1.00	1.00	1.00
	Part Time -FTE	0.24	0.48	0.48	0.48	-	-
		<u>12.24</u>	<u>13.48</u>	<u>13.48</u>	<u>13.48</u>	<u>13.00</u>	<u>13.00</u>
	Total full time employees	36.00	37.00	34.00	34.00	34.00	35.00
	Total part time employees	1.38	1.62	1.62	1.62	1.44	1.44
	<b>Total Finance</b>	<b>37.38</b>	<b>38.62</b>	<b>35.62</b>	<b>35.62</b>	<b>35.44</b>	<b>36.44</b>
<b>Parks &amp; Recreation Services</b>							
<i>Administration</i>	Parks & Recreation Services Director	1.00	1.00	1.00	1.00	1.00	1.00
	Management Analyst I	1.00	1.00	1.00	1.00	1.00	1.00
	Secretary	1.00	1.00	1.00	1.00	1.00	1.00
	Receptionist	1.00	1.00	1.00	-	-	-
	Senior Office Assistant	1.00	1.00	1.00	1.00	1.00	1.00
	Office Assistant II	1.00	1.00	1.00	1.00	1.00	1.00
	Part Time -FTE	0.40	0.33	0.33	0.33	-	-
		<u>6.40</u>	<u>6.33</u>	<u>6.33</u>	<u>5.33</u>	<u>5.00</u>	<u>5.00</u>
<i>Recreation</i>	Recreation Superintendent	1.00	1.00	1.00	-	-	-
	Recreation Supervisor	2.00	2.00	2.00	2.00	2.00	2.00
	Recreation Coordinator	4.00	4.00	4.00	4.00	4.00	4.00
	Part Time -FTE	25.60	20.75	20.89	20.89	15.75	15.85
		<u>32.60</u>	<u>27.75</u>	<u>27.89</u>	<u>26.89</u>	<u>21.75</u>	<u>21.85</u>
<i>Parks</i>	Parks Superintendent	1.00	1.00	1.00	1.00	1.00	1.00
	Irrigation Specialist	1.00	1.00	1.00	-	-	-
	Park Maintenance Worker II/III	19.00	19.00	19.00	17.00	17.00	17.00
	# Laborer	-	-	-	-	2.00	2.00
	Parks Sup/Parks Trees & Facilities Supv	3.00	3.00	3.00	2.00	2.00	2.00
	Part Time -FTE	-	1.96	1.96	1.96	3.05	2.15
		<u>24.00</u>	<u>25.96</u>	<u>25.96</u>	<u>21.96</u>	<u>25.05</u>	<u>24.15</u>
<i>Bldg and Facility Maintenance</i>	Custodian	6.00	6.00	6.00	4.00	4.00	4.00
	Maintenance Crafts worker	2.00	2.00	2.00	1.00	1.00	1.00
	Parks, Trees & Facilities Supervisor	1.00	1.00	1.00	1.00	1.00	1.00
	Part Time -FTE	-	-	-	1.03	1.03	0.41
		<u>9.00</u>	<u>9.00</u>	<u>9.00</u>	<u>7.03</u>	<u>7.03</u>	<u>6.41</u>
	Total full time employees	46.00	46.00	46.00	37.00	39.00	39.00
	Total part time employees	26.00	23.04	23.18	24.21	19.83	18.40
	<b>Total Parks &amp; Recreation Services</b>	<b>72.00</b>	<b>69.04</b>	<b>69.18</b>	<b>61.21</b>	<b>58.83</b>	<b>57.40</b>
<b>Community Development</b>							
<i>Administration</i>	Community Development Director	1.00	1.00	1.00	1.00	1.00	1.00
	Secretary	2.00	2.00	2.00	1.00	1.00	1.00
	Management Analyst	-	-	-	1.00	1.00	1.00
	Account Technician Entry	-	1.00	1.00	-	-	-
	Office Assistant	1.00	-	-	1.00	1.00	1.00
		<u>4.00</u>	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>

## Five-Year Budget Staffing Plan

Department/ Division	Position Title	2008-09	2009-10 Adopted	2010-11 Adopted	2010-11 Revised	2011-12 Budget	2012-13 Budget
<b>Community Development (cont.)</b>							
<i>Planning</i>	Planning Manager	-	-	-	1.00	1.00	1.00
	Principal Planner	1.00	1.00	1.00	-	-	-
	Senior Planner	2.00	2.00	2.00	2.00	2.00	2.00
	Associate Planner	3.00	3.00	3.00	2.00	2.00	2.00
	Assistant Planner	1.00	1.00	1.00	1.00	1.00	1.00
	Part Time -FTE	-	0.23	0.23	0.23	0.46	0.46
		<b>7.00</b>	<b>7.23</b>	<b>7.23</b>	<b>6.23</b>	<b>6.46</b>	<b>6.46</b>
<i>Building</i>	Chief Building Official	1.00	1.00	1.00	1.00	1.00	1.00
	Senior Building Inspector	1.00	1.00	1.00	1.00	1.00	1.00
	Building Inspection Supervisor (LT)	-	-	-	1.00	1.00	1.00
	Plans Examiner	1.00	1.00	1.00	1.00	1.00	1.00
	Plan Check Engineer	1.00	-	-	-	-	-
	Building Inspector	4.00	4.00	4.00	3.00	3.00	3.00
	Permit Technician	2.00	2.00	2.00	2.00	2.00	2.00
			<b>10.00</b>	<b>9.00</b>	<b>9.00</b>	<b>9.00</b>	<b>9.00</b>
<i>Code Enforcement</i>	Code Enforcement Officer	3.00	3.00	3.00	3.00	2.50	2.50
	Part Time -FTE	-	-	-	-	-	-
		<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>2.50</b>	<b>2.50</b>
<i>Economic Development</i>	Economic Development Director	1.00	1.00	1.00	-	-	-
	Econ Dev & Redevelopment Manager	-	-	-	1.00	1.00	1.00
	Senior Development Project Coordinator	2.00	2.00	2.00	1.00	1.00	1.00
	Development Project Coordinator	1.00	1.00	1.00	1.00	1.00	1.00
	Management Analyst	1.00	0.40	0.40	-	-	-
	Sustainability Coordinator (LT)	-	-	-	1.00	1.00	-
	Secretary	1.00	1.00	1.00	1.00	1.00	1.00
		<b>6.00</b>	<b>5.40</b>	<b>5.40</b>	<b>5.00</b>	<b>5.00</b>	<b>4.00</b>
<i>Housing</i>	Housing Manager	1.00	1.00	1.00	1.00	1.00	1.00
	Assistant Housing Manager	1.00	1.00	1.00	-	-	-
	Housing Services Specialist	1.00	1.00	1.00	-	-	-
	Affordable Housing Prgm Supervisor	-	-	-	1.00	1.00	1.00
	Rental Assistant Prgm Supervisor	-	-	-	1.00	1.00	1.00
	Housing Rehab Prgm Supervisor	-	-	-	1.00	1.00	1.00
	Housing Rehabilitation Specialist	1.00	1.00	1.00	-	-	-
	Affordable Housing Representative	-	-	-	1.00	1.00	1.00
	Housing Services Technician	6.00	6.00	6.00	-	-	-
	Housing Specialist	-	-	-	6.00	6.00	6.00
	Housing Specialist (LT)	-	-	-	1.00	1.00	1.00
	Management Analyst I	1.00	1.00	1.00	-	-	-
	Secretary	1.00	1.00	1.00	1.00	1.00	1.00
	Office Assistant II	1.00	1.00	1.00	1.00	1.00	1.00
Part Time -FTE	0.48	0.48	0.48	0.48	0.75	0.75	
		<b>13.48</b>	<b>13.48</b>	<b>13.48</b>	<b>14.48</b>	<b>14.75</b>	<b>14.75</b>
	Total full time employees	43.00	41.40	41.40	41.00	40.50	39.50
	Total part time employees	0.48	0.71	0.71	0.71	1.21	1.21
	<b>Total Community Development</b>	<b>43.48</b>	<b>42.11</b>	<b>42.11</b>	<b>41.71</b>	<b>41.71</b>	<b>40.71</b>
<b>Public Works</b>							
<i>Administration</i>	Public Works Director	1.00	1.00	1.00	1.00	1.00	1.00
	Deputy PW Director - Engineering	1.00	1.00	1.00	1.00	1.00	1.00
	Deputy PW Director - Operations	1.00	1.00	1.00	1.00	1.00	1.00
	Finance Analyst	-	1.00	1.00	1.00	1.00	1.00
	Management Analyst	1.00	-	-	-	-	-
	Administrative Secretary	1.00	1.00	1.00	1.00	-	-
	Secretary	1.00	1.00	1.00	1.00	1.00	1.00
	Account Technician (Entry)	-	-	-	-	1.00	1.00
	Office Assistant I/II	1.00	1.00	1.00	1.00	1.00	1.00
			<b>7.00</b>	<b>7.00</b>	<b>7.00</b>	<b>7.00</b>	<b>7.00</b>

## Five-Year Budget Staffing Plan

Department/ Division	Position Title	2008-09	2009-10 Adopted	2010-11 Adopted	2010-11 Revised	2011-12 Budget	2012-13 Budget
<b>Public Works (cont.)</b>							
<i>Maintenance</i>	Public Works Maintenance Manager	-	-	-	1.00	1.00	1.00
	Street Field Supervisor	3.00	3.00	3.00	2.00	2.00	2.00
	Heavy Equipment Operator	2.00	2.00	2.00	2.00	2.00	2.00
	Street Maintenance Worker I/II/III	12.00	12.00	12.00	12.00	12.00	12.00
	Streets & Electrical Manager	1.00	1.00	1.00	-	-	-
	Electrical Supervisor	1.00	1.00	1.00	1.00	1.00	1.00
	Electrician II/III	4.00	4.00	4.00	4.00	4.00	4.00
	Part Time -FTE	0.70	1.38	1.38	1.38	1.86	1.86
		<b>23.70</b>	<b>24.38</b>	<b>24.38</b>	<b>23.38</b>	<b>23.86</b>	<b>23.86</b>
<i>Real Property</i>	Property Manager	1.00	1.00	1.00	1.00	1.00	1.00
<i>Engineering</i>	Senior Civil Engineer	2.00	1.00	1.00	1.00	1.00	1.00
	Associate Civil Engineer	3.00	4.00	1.00	3.00	3.00	3.00
	Junior Engineer	-	1.00	2.00	1.00	1.00	1.00
	Senior Engineering Aide	1.00	2.00	2.00	2.00	2.00	2.00
	Engineering Assistant	2.00	1.00	1.00	1.00	1.00	1.00
	Part Time -FTE	0.48	0.69	0.69	0.69	0.69	0.69
		<b>8.48</b>	<b>9.69</b>	<b>7.69</b>	<b>8.69</b>	<b>8.69</b>	<b>8.69</b>
<i>Development Engineering</i>	Senior Civil Engineer	-	1.00	1.00	1.00	1.00	1.00
	Associate Civil Engineer	4.00	3.00	3.00	1.00	1.00	1.00
	Engineering Assistant	-	-	-	3.00	3.00	3.00
	Senior Engineering Aide	4.00	4.00	4.00	1.00	1.00	1.00
	Senior Traffic Engineer	1.00	1.00	1.00	-	-	-
	Associate Traffic Engineer	1.00	1.00	1.00	1.00	1.00	1.00
	Part Time -FTE	-	0.69	0.69	0.69	0.69	0.69
		<b>10.00</b>	<b>10.69</b>	<b>10.69</b>	<b>7.69</b>	<b>7.69</b>	<b>7.69</b>
<i>Construction</i>	Senior Civil Engineer	1.00	1.00	1.00	1.00	1.00	1.00
	Junior Engineer	1.00	1.00	1.00	1.00	1.00	1.00
	Construction Inspector	2.00	2.00	2.00	2.00	2.00	2.00
	Part Time -FTE	-	0.46	0.46	0.46	0.46	0.46
		<b>4.00</b>	<b>4.46</b>	<b>4.46</b>	<b>4.46</b>	<b>4.46</b>	<b>4.46</b>
<i>Material Diversion Services</i>	Materials Diversion Administrator	1.00	1.00	1.00	1.00	1.00	1.00
	Materials Diversion Analyst	1.00	1.00	1.00	1.00	1.00	1.00
	Scalehouse Attendant	2.00	2.00	2.00	2.00	2.00	2.00
	Office Assistant	1.00	-	-	-	-	-
	Account Technician (Entry)	-	1.00	1.00	1.00	-	-
	Part Time -FTE	1.66	1.44	1.36	1.36	2.26	2.26
		<b>6.66</b>	<b>6.44</b>	<b>6.36</b>	<b>6.36</b>	<b>6.26</b>	<b>6.26</b>
<i>Water</i>	General Manager	1.00	1.00	1.00	1.00	1.00	1.00
	Senior Civil Engineer	1.00	1.00	1.00	1.00	1.00	1.00
	Associate Civil Engineer	1.00	1.00	1.00	1.00	1.00	1.00
	Associate Civil Engineer, Limited Term	-	1.00	1.00	-	-	-
	Water Operations Supervisor	1.00	1.00	1.00	-	-	-
	Water Treatment Chief Operator	-	-	-	1.00	1.00	1.00
	Water Quality Analyst	1.00	1.00	1.00	-	-	-
	Water Quality Supervisor	-	-	-	1.00	-	-
	Water Quality Manager	-	-	-	-	1.00	1.00
	Senior Engineering Aide	2.00	2.00	2.00	2.00	2.00	2.00
	Engineering Assistant	1.00	1.00	1.00	1.00	1.00	1.00
	Water Resource Analyst	1.00	1.00	1.00	1.00	1.00	1.00
	Water Resource Specialist	-	-	-	-	-	-
	Water Systems Specialist	1.00	1.00	1.00	1.00	1.00	1.00
	Water Conservation Representative	1.00	1.00	1.00	1.00	1.00	1.00
	Water Distribution System Superintendent	1.00	1.00	1.00	1.00	1.00	1.00
	Water Treatment Facility Supervisor	1.00	1.00	1.00	-	-	-
	Water Treatment Facility Operator	9.00	9.00	9.00	9.00	9.00	9.00
	Plant Maintenance Mechanic II/III	3.00	3.00	3.00	3.00	3.00	3.00

## Five-Year Budget Staffing Plan

Department/ Division	Position Title	2008-09	2009-10 Adopted	2010-11 Adopted	2010-11 Revised	2011-12 Budget	2012-13 Budget
<b>Public Works (Con't.d)</b>							
	Laboratory Technician	1.00	1.00	1.00	1.00	1.00	1.00
	Construction Inspector	-	-	-	-	-	-
	Plant Maintenance Supervisor	1.00	1.00	1.00	1.00	1.00	1.00
	Water Facilities Supervisor	4.00	3.00	3.00	3.00	3.00	3.00
	Electrician II	1.00	1.00	1.00	1.00	1.00	1.00
	Water Facilities Worker I/II/III	5.00	5.00	5.00	6.00	6.00	7.00
	Supervising Water Service Worker	1.00	1.00	1.00	1.00	1.00	1.00
	Water Service Worker	4.00	5.00	5.00	5.00	5.00	5.00
	Heavy Equipment Operator	4.00	4.00	4.00	3.00	3.00	2.00
	Water Meter Specialist	1.00	1.00	1.00	1.00	1.00	1.00
	Secretary	1.00	1.00	1.00	1.00	1.00	1.00
	Senior Office Assistant	-	-	-	-	1.00	1.00
	Office Assistant II	1.00	1.00	1.00	1.00	-	-
	Purchasing & Inventory Specialist	1.00	1.00	1.00	1.00	1.00	1.00
	Part Time -FTE	2.50	3.57	3.57	3.57	4.23	5.17
		<u>52.50</u>	<u>54.57</u>	<u>54.57</u>	<u>52.57</u>	<u>53.23</u>	<u>54.17</u>
	Fleet Manager	1.00	1.00	1.00	1.00	1.00	1.00
<i>Fleet Management</i>	Fleet Shop Supervisor	1.00	1.00	1.00	1.00	1.00	1.00
	Office Assistant II	1.00	1.00	1.00	1.00	1.00	1.00
	Equipment Mechanic	4.00	4.00	4.00	4.00	4.00	4.00
		<u>7.00</u>	<u>7.00</u>	<u>7.00</u>	<u>7.00</u>	<u>7.00</u>	<u>7.00</u>
	Total full time employees	115.00	117.00	115.00	110.00	109.00	109.00
	Total part time employees	5.34	8.23	8.15	8.15	10.19	11.13
	<b>Total Public Works</b>	<b>120.34</b>	<b>125.23</b>	<b>123.15</b>	<b>118.15</b>	<b>119.19</b>	<b>120.13</b>
<b>Police</b>							
<i>Administration</i>	Police Chief	1.00	1.00	1.00	1.00	1.00	1.00
	Public Safety Manager	-	-	-	0.50	0.50	0.50
	Police Commander	1.00	1.00	1.00	-	-	-
	Management Analyst II	1.00	1.00	1.00	-	-	-
	Administrative Secretary	1.00	1.00	1.00	1.00	1.00	1.00
	Secretary	1.00	1.00	1.00	1.00	1.00	1.00
	Part Time -FTE	0.94	0.46	0.46	0.46	0.46	0.46
		<u>5.94</u>	<u>5.46</u>	<u>5.46</u>	<u>3.96</u>	<u>3.96</u>	<u>3.96</u>
<i>Special Operations</i>	Police Captain	-	-	-	1.00	1.00	1.00
	Police Commander	1.00	1.00	-	-	-	-
	Police Lieutenant	-	1.00	2.00	2.00	1.00	1.00
	Police Sergeant	3.00	3.00	3.00	3.00	3.00	2.00
	Police Officer	20.00	18.00	18.00	18.00	15.00	15.00
	Homeless Outreach Specialist	1.00	1.00	1.00	1.00	1.00	1.00
	Police Forensic Specialist	1.00	1.00	1.00	1.00	1.00	1.00
	Community Service Officer	2.00	1.00	1.00	-	-	-
	Communications Manager	1.00	-	-	-	-	-
	Public Safety Dispatch Supervisor	4.00	4.00	4.00	4.00	4.00	4.00
	Public Safety Dispatcher I/II	18.00	18.00	18.00	18.00	18.00	18.00
	Public Safety Call Taker	4.00	4.00	4.00	4.00	4.00	4.00
	Part Time -FTE	4.72	4.07	3.58	3.58	5.36	5.71
		<u>59.72</u>	<u>56.07</u>	<u>55.58</u>	<u>55.58</u>	<u>53.36</u>	<u>52.71</u>
<i>Parking Enforcement **** Operations</i>	Parking Enforcement Officer	2.00	2.00	2.00	-	-	-
	Police Commander	1.00	1.00	1.00	-	-	-
	Police Captain	-	-	-	1.00	1.00	1.00
	Police Lieutenant	1.00	1.00	1.00	1.00	1.00	1.00
	Police Sergeant	6.00	7.00	7.00	7.00	7.00	7.00
	Police Officer	42.00	41.00	41.00	40.00	43.00	43.00
	Community Service Officer	5.00	6.00	6.00	5.00	5.00	5.00
	Part Time -FTE	2.76	0.46	0.46	0.46	0.46	0.46
		<u>57.76</u>	<u>56.46</u>	<u>56.46</u>	<u>54.46</u>	<u>57.46</u>	<u>57.46</u>

## Five-Year Budget Staffing Plan

Department/ Division	Position Title	2008-09	2009-10 Adopted	2010-11 Adopted	2010-11 Revised	2011-12 Budget	2012-13 Budget
<b>Police (Con't.d)</b>							
<i>Support Services</i>							
	Police Records Supervisor	1.00	1.00	1.00	1.00	1.00	1.00
	Senior Police Records Assist.	1.00	1.00	1.00	1.00	1.00	1.00
	Police Records Assist II	6.00	6.00	6.00	5.00	5.00	5.00
	Police Records Assistant I	1.00	1.00	1.00	1.00	1.00	1.00
	Community Service Officer	-	1.00	1.00	1.00	1.00	1.00
	Part Time -FTE	3.43	2.80	3.28	3.28	1.40	1.40
		<u>12.43</u>	<u>12.80</u>	<u>13.28</u>	<u>12.28</u>	<u>10.40</u>	<u>10.40</u>
	Total full time employees	126.00	125.00	125.00	118.50	117.50	116.50
	Total part time employees	11.85	7.79	7.78	7.78	7.69	8.03
	<b>Total Police</b>	<b>137.85</b>	<b>132.79</b>	<b>132.78</b>	<b>126.28</b>	<b>125.19</b>	<b>124.53</b>
<b>Fire</b>							
<i>Administration</i>							
	Fire Chief	1.00	1.00	1.00	1.00	1.00	1.00
	Secretary	1.00	1.00	1.00	1.00	1.00	1.00
	Administrative Services Officer	1.00	1.00	1.00	-	-	-
	Public Safety Manager	-	-	-	0.50	0.50	0.50
	Part Time -FTE	0.02	0.16	0.16	0.16	0.17	0.17
		<u>3.02</u>	<u>3.16</u>	<u>3.16</u>	<u>2.66</u>	<u>2.67</u>	<u>2.67</u>
<i>Prevention</i>							
	Fire Division Chief	1.00	1.00	1.00	1.00	1.00	1.00
	Fire Captain	1.00	1.00	1.00	-	-	-
	Firefighter	-	-	-	-	-	-
	Fire Prevention Inspector III	1.00	1.00	1.00	1.00	1.00	1.00
	Fire Prevention Inspector I/II	3.00	3.00	3.00	3.00	2.00	2.00
	Fire Prevention Technician	-	-	-	-	-	-
	Fire Education Specialist	-	-	-	-	-	-
	Code Enforcement Officer	-	-	-	-	0.50	0.50
	Secretary	1.00	1.00	1.00	1.00	1.00	1.00
	Part Time -FTE	0.39	0.31	0.31	0.31	0.75	0.78
		<u>7.39</u>	<u>7.31</u>	<u>7.31</u>	<u>6.31</u>	<u>6.25</u>	<u>6.28</u>
<i>Operations</i>							
	Fire Division Chief	1.00	1.00	1.00	1.00	1.00	1.00
	Fire Battalion Chief	3.00	3.00	3.00	3.00	3.00	3.00
	Fire Captain	17.00	17.00	17.00	16.00	16.00	16.00
	Firefighter	13.00	13.00	13.00	11.00	11.00	11.00
	Firefighter/Paramedic	25.00	24.00	24.00	24.00	24.00	24.00
	Part Time -FTE	1.15	2.46	2.39	2.39	2.15	2.15
		<u>60.15</u>	<u>60.46</u>	<u>60.39</u>	<u>57.39</u>	<u>57.15</u>	<u>57.15</u>
	Total full time employees	69.00	68.00	68.00	63.50	63.00	63.00
	Total part time employees	1.56	2.93	2.86	2.86	3.07	3.10
	<b>Total Fire</b>	<b>70.56</b>	<b>70.93</b>	<b>70.86</b>	<b>66.36</b>	<b>66.07</b>	<b>66.10</b>
	<b>Total City Staff</b>	<b>503.50</b>	<b>502.98</b>	<b>497.96</b>	<b>471.81</b>	<b>467.86</b>	<b>465.75</b>

\* Funded by Risk Management Fund

\*\* Funded by Water Fund

\*\*\* Funded by Central Stores Fund

\*\*\*\* Funded by Parking Fund

# Position title is placeholder pending classification review and allocation approval.

FTE Full Time Equivalent

## Five-Year Budget Staffing Plan

Department/ Division	Position Title	2008-09	2009-10 Adopted	2010-11 Adopted	2010-11 Revised	2011-12 Budget	2012-13 Budget
	General Fund - full time	391.00	389.00	384.00	361.00	361.00	360.00
	General Fund - part time	43.34	39.97	40.03	40.88	37.36	36.32
	General Fund subtotal	434.34	428.97	424.03	401.88	398.36	396.32
	Central Stores Fund	1.00	1.00	1.00	1.00	1.00	1.00
	Risk Management Fund	-	2.00	2.00	2.00	1.00	-
	Fleet Management Fund	7.00	7.00	7.00	7.00	7.00	7.00
	Parking Fund	2.00	2.00	2.00	-	-	-
	Material Diversion - full time	5.00	5.00	5.00	5.00	4.00	4.00
	Material Diversion - part time	1.66	1.44	1.36	1.36	2.26	2.26
	Material Diversion subtotal	6.66	6.44	6.36	6.36	6.26	6.26
	Water - full time	50.00	52.00	52.00	50.00	50.00	50.00
	Water - part time	2.50	3.57	3.57	3.57	4.23	5.17
	Water subtotal	52.50	55.57	55.57	53.57	54.23	55.17
	<b>Total City Staff</b>	<b>503.50</b>	<b>502.98</b>	<b>497.96</b>	<b>471.81</b>	<b>467.86</b>	<b>465.75</b>
	<b>City Staff by Type</b>						
	Full Time Employees	456.00	458.00	453.00	426.00	424.00	422.00
	Part Time Employees	47.50	44.98	44.96	45.81	43.86	43.75
	<b>Total City Staff</b>	<b>503.50</b>	<b>502.98</b>	<b>497.96</b>	<b>471.81</b>	<b>467.86</b>	<b>465.75</b>

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## **Resolutions Adopting Budget**

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The following Resolutions adopt the various City of Napa Budgets for Fiscal Years 2011-12 and 2012-13:

### **RESOLUTION R2011 93**

#### **RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NAPA, STATE OF CALIFORNIA, APPROVING AND ADOPTING THE BUDGET FOR THE FISCAL YEARS 2011-12 AND 2012-13**

*Exhibit A:* Amendments to Proposed Budget Since Public Hearing

*Exhibit B:* City of Napa Departments and Divisions

*Exhibit C:* City of Napa Schedule of Funds

### **RESOLUTION A 1185**

#### **RESOLUTION OF THE NAPA COMMUNITY REDEVELOPMENT AGENCY, STATE OF CALIFORNIA, APPROVING AND ADOPTING THE BUDGET FOR THE FISCAL YEARS 2011-12 AND 2012-13**

*Exhibit A:* This Budget document

*Exhibit B:* Napa Community Redevelopment Agency Schedule of Funds

### **RESOLUTION HR2011 8**

#### **RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF NAPA, STATE OF CALIFORNIA, APPROVING AND ADOPTING THE OPERATING BUDGET FOR FISCAL YEARS 2011-12 AND 2012-13**

*Exhibit A:* This Budget document

*Exhibit B:* Housing Authority of the City of Napa Schedule of Funds

**RESOLUTION R2011 93**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
NAPA, STATE OF CALIFORNIA, APPROVING AND  
ADOPTING THE BUDGET FOR THE FISCAL YEARS  
2011-12 AND 2012-13**

**WHEREAS, the City Manager is hereby directed to incorporate any amendments to the Proposed Budget, as made by City Council during the public hearing of June 7, 2011 or during the public meeting of June 21, 2011 (as described on Exhibit "A," attached hereto and incorporated herein by reference) into a document entitled "City of Napa Budget, Fiscal Years 2011-12 and 2012-13." As noted on Exhibit "A," modifications to the "Fiscal Policy" portion of the budget are set forth on Exhibit "D," attached hereto and incorporated herein by reference. The adopted budget may be referred to as "the Budget," and a copy of the budget shall be filed in the office of the City Clerk. The budget is hereby adopted and approved; and**

**WHEREAS, the City Council has examined the Proposed Budget, has conferred with the City Manager and appropriate staff in public study sessions, and has deliberated and considered the budget during public hearings; and**

**WHEREAS, pursuant to Section 33445 of the CRL, the Napa Community Redevelopment Agency may, with the consent of the City, pay for all or a portion of the cost of the land for, and the cost of construction of, any building, facility, structure, or other improvements that are publicly owned and located within or contiguous to the Parkway Plaza or Soscol Gateway Redevelopment Project Areas (the "Project Areas") if the City Council finds based upon substantial evidence that:**

**(1) The acquisition of the land or the installation or construction of the buildings, facilities, structures, or other improvements that are publicly owned are of primary benefit to the Project Areas;**

**(2) The acquisition of the land or the installation or construction of the buildings, facilities, structures, or other improvements that are publicly owned benefits the Project Area by helping to eliminate blight within the Project Areas, or will directly assist in the provision of housing for low- or moderate-income persons;**

**(3) No other reasonable means of financing the acquisition of the land or the installation or construction of the buildings, facilities, structures, or other improvements that are publicly owned, are available to the community;**

**(4) The payment of funds for the acquisition of land or the cost of buildings, facilities, structures, or other improvements that are publicly owned is consistent with the implementation plan adopted pursuant to CRL Section 33490; and**

(5) The acquisition of land and the installation of each building, facility, structure, or improvement that is publicly owned is provided for in the Redevelopment Plan; and

WHEREAS, the City Council has considered all information related to this matter, as presented at the public meetings of the City Council identified herein, including any supporting reports by City staff, and any information provided during public meetings.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Napa, as follows:

1. The City Manager is hereby directed to incorporate any amendments to the Proposed Budget, as made by City Council during the public hearing of June 7, 2011, or during the public meeting of June 21, 2011 (as described on Exhibit "A," attached hereto and incorporated herein by reference) into a document entitled "City of Napa Budget, Fiscal Years 2011-12 and 2012-13." As noted on Exhibit "A", modifications to the "Fiscal Policy" portion of the budget are set forth on Exhibits "D" attached hereto and incorporated herein by reference. The adopted budget may be referred to as "the Budget," and a copy of the budget shall be filed in the office of the City Clerk. The budget is hereby adopted and approved.
2. The City Manager is authorized and directed to implement the budget in accordance with the requirements of the City Charter, the Napa Municipal Code, and this resolution. While the City Manager maintains responsibility for the implementation of the budget, the City Manager may make a written delegation of authority to implement portions of the budget to duly authorized employees within each City department. Each "department" of the City is identified on Exhibit "B," attached hereto and incorporated herein by reference.
3. Unless specifically authorized by this resolution, or otherwise approved by the City Council: (a) the amount appropriated in the budget for any "fund" may not be modified (each "fund" in the budget is identified on Exhibit "C," attached hereto and incorporated herein by reference); (b) the amount appropriated in the budget for any capital project identified in Budget Section 6 (Five-Year Capital Improvement Program (CIP) Summary) may not be modified; and (c) the amount appropriated in the budget for any "reserve" may not be modified.
4. The City Manager is authorized to transfer unencumbered appropriation balances from one account to another account within the same fund; provided that the City Manager is not authorized to transfer an appropriation for any reserve or any capital project without approval of the City Council.

5. The City Manager is authorized to increase appropriations for each fund in each fiscal year, in an amount not to exceed the amount encumbered but not yet expended from that fund for the previous fiscal year. The actual amount of these increased appropriations due to unexpended encumbrances will be reported to City Council as a part of the annual financial audit for the previous fiscal year.
6. The City Manager is authorized to increase appropriations for each fund in each fiscal year, in an amount not to exceed not yet expended appropriations from that fund for the previous fiscal year for continuing nonrecurring projects.
7. The City Council hereby finds based upon the foregoing recitals and the evidence set forth in the staff report accompanying this Resolution that: (i) the expenditure of tax increment funds from each project area, for the projects and programs identified in the Proposed Budget, will be of primary benefit to each respective project area by helping to eliminate blighting conditions and facilitating the development of low and moderate-income housing, (ii) no other reasonable means of financing such projects and programs is reasonably available, and (iii) completion of such projects is provided for and consistent with the Redevelopment Plan and the Implementation Plan adopted in connection therewith.
8. To the extent an operation relies on estimated fee revenue as its source of revenue, and the revenue received during the fiscal year exceeds the estimated revenue identified in the budget, the City Manager is authorized to increase appropriations for that operation and that fiscal year in an amount not to exceed the lesser of: (a) amount of the increased fee revenue and (b) 15% of the budgeted fund fee revenue estimate. The actual amount of these increased appropriations due to increased revenues are subject to approval in writing by the City Manager, filing with the Finance Director, and reporting to City Council as a part of the quarterly financial report in which the increase is authorized.
9. To the extent an operation receives donations for a specified purpose, the City Manager is authorized to increase appropriations for that operation and that fiscal year in an amount not to exceed the amount of the donation. The actual amount of these increased appropriations due to increased revenues are subject to approval in writing by the City Manager, filing with the Finance Director, and reporting to City Council as a part of the quarterly financial report in which the increase is authorized.
10. The City Council hereby adopts the FY 2011-12 and FY 2012-13 budgets with the understanding that the City Manager and Finance Director will bring mid-cycle adjustments back to the City Council in March, 2012 to reduce the projected General Fund structural deficit in FY 2012-13.

11. The City Council hereby finds that the facts set forth in the recitals to this resolution are true and correct, and establish the factual basis for the City Council's adoption of this resolution.

12. This Resolution shall take effect immediately upon its adoption.

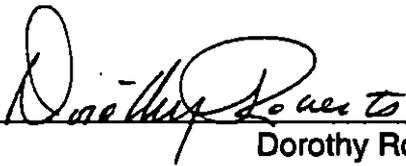
I HEREBY CERTIFY that the foregoing Resolution was duly adopted by the City Council of the City of Napa at a public meeting of said City Council held on the 21<sup>st</sup> day of June, 2011, by the following vote:

AYES: Krider, Mott, Inman, van Gorder, Techel

NOES: None

ABSENT: None

ABSTAIN: None

ATTEST:   
Dorothy Roberts  
City Clerk

Approved as to form:



Michael W. Barrett  
City Attorney

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## Amendments to Proposed Budget

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During the June 7, 2011 Public Hearing, the following amendment was made to the General Fund:

- Parks and Recreation Budget
  - Expenditures – Supplies
    - FY 2011-12 – Proposed budget was increased by \$10,000 for supplies relating to the July 4, 2012 celebration.
  - Expenditures – Overtime
    - FY 2012-13 – Proposed budget was increased by \$15,000 for overtime relating to the July 4, 2012 celebration.

During the June 7, 2011 Public Hearing, the following correction was made to the Section 8 Housing Fund:

- Expenditures – Service:
  - FY 2011-12 Proposed budget was erroneously stated as \$10,832,590.
  - FY 2011-12 Proposed budget has been corrected to be \$10,532,590.

Subsequent to the June 7, 2011 Public Hearing the following item was added to the Proposed budget.

- Fire Department
  - Expenditures – Services
    - FY 2011-12 – Proposed budget was increased by \$7,000 for services to fund the City's contribution to the emergency volunteer center.
    - FY 2012-13 – Proposed budget was increased by \$7,000 for services to fund the City's contribution to the emergency volunteer center.

During the June 7, 2011 Public Hearing, and as more completely described in the agenda report accompanying this budget resolution, the Council directed modifications to the "Fiscal Policy" portion of the budget, which is incorporated in the Proposed Budget in Appendix D, at pages 427 through 436. The Budget is hereby amended by deleting the previous pages 427 through 436, and replacing them with the document set for on Exhibit "D" to this resolution.

Exhibit B

## City Departments & Divisions

Department	Divisions
City Council	
<del>Administrative Services</del>	
City Manager	City Manager
City Clerk	
City Attorney	
Human Resources	
Finance	Finance Administration Accounting & Auditing Revenues & Collections Purchasing/Central Stores Information Technology
<del>Parks and Recreation Services</del>	
Parks and Recreation Services	Administration Parks Recreation Building/Facility Maintenance
<del>Development Services</del>	
Community Development	Administration Planning Building Inspection Code Enforcement Economic Development Housing Administration
Public Works	Administration Real Property Engineering Development Engineering Construction Maintenance Fleet Management Solid Waste & Materials Diversion Enterprise Fund Water Enterprise Fund
<del>Public Safety</del>	
Police	Administration Operations Special Operations Support Services
Fire	Fire Administration Operations Fire Prevention

**Schedule of Funds**

<b>Fund Type</b>	<b>Fund Name</b>
<b>General Fund:</b>	
	General Fund
<b>Special Revenue:</b>	
	Traffic
	Underground Utility
	Fire/Paramedic
	Street Improvement Fee
	Development Impact
	Park Acquisition and Development
	Tourism Improvement District
	Public Art
	Parking Impact
	Housing Inclusionary Fees Commercial
	Housing Inclusionary Fees Residential
	CDBG Program
	CDBG-Rehab Revolving Loan
	HOME Program
	Assessment Districts
	Downtown Business District
	Oxbow Business District
	Land Development Tax
	Public Safety Programs
	Parking Enforcement & Security
	Parking Garages & Maintenance
<b>Capital Improvement:</b>	
	Capital Projects
	Street Resurfacing Program
<b>Enterprise:</b>	
	Materials Diversion
	Golf
	Water
<b>Internal Service:</b>	
	Fleet Management
	Central Stores
	Information Technology Replacement
	Risk Management
	Post Employment Benefits

**RESOLUTION A 1185**

**RESOLUTION OF THE NAPA COMMUNITY  
REDEVELOPMENT AGENCY, STATE OF CALIFORNIA,  
APPROVING AND ADOPTING THE BUDGET FOR THE  
FISCAL YEARS 2011-12 AND 2012-13**

**WHEREAS, the Executive Director has prepared and proposed a budget for the fiscal years 2011-12 and 2012-13, and presented a copy of the proposed budget to the Agency Board and the public for the public hearing on June 7, 2011; and**

**WHEREAS, the Agency Board has examined the Proposed Budget, has conferred with the Executive Director and appropriate staff in public study sessions, and has deliberated and considered the budget during public hearings; and**

**WHEREAS, the Agency Board has considered all information related to this matter, as presented at the public meetings of the Agency Board identified herein, including any supporting reports by Agency staff, and any information provided during public meetings.**

**NOW, THEREFORE, BE IT RESOLVED, by the Board of the Napa Community Redevelopment Agency, as follows:**

- 1. The Executive Director is hereby directed to incorporate any amendments to the Proposed Budget, as made by City Council during the public hearing of June 7, 2011 (as described on Exhibit "A," attached hereto and incorporated herein by reference) into a document entitled "Napa Community Redevelopment Agency Budget, Fiscal Years 2011-12 and 2012-13." The adopted budget may be referred to as "the Budget," and a copy of the budget shall be filed in the office of the Secretary. The budget is hereby adopted and approved.**
- 2. The Agency Board hereby finds that the planning and administrative costs in the proposed budget of the Housing Authority of the City of Napa charged to the Low and Moderate Income Housing Fund are necessary for the production, improvement or preservation of low and moderate income housing, as required by California Health and Safety Code Section 33334.3(d) .**
- 3. The Agency Board hereby finds that the public improvements in the proposed Napa Community Redevelopment Agency budget 1) are of benefit to the Parkway Plaza and Soscol Gateway Redevelopment Project areas and the immediate neighborhoods in which the public improvements will be located; 2) will serve the goals of the redevelopment plans by helping to eliminate blight; 3) will serve the project areas and the greater community; and 4) are consistent with the Five-Year Implementation plans for the project areas; and**

- 5) there are no other reasonable means of financing available to the community for the cost of the rehabilitation of the public improvements.
4. The Executive Director is authorized and directed to implement the budget in accordance with the requirements of the Agency Bylaws and this resolution. While the Executive Director maintains responsibility for the implementation of the budget, the Executive Director may make a written delegation of authority to implement portions of the budget to duly authorized employees.
5. Unless specifically authorized by this resolution, or otherwise approved by the Agency Board: (a) the amount appropriated in the budget for any "fund" may not be modified (each "fund" in the budget is identified on Exhibit "B," attached hereto and incorporated herein by reference); (b) the amount appropriated in the budget for any capital project identified in Capital Projects Fund may not be modified; and (c) the amount appropriated in the budget for any "reserve" may not be modified.
6. The Executive Director is authorized to transfer unencumbered appropriation balances from one account to another account within the same fund; provided that the Executive Director is not authorized to transfer an appropriation for any reserve or any capital project without approval of the Agency Board.
7. The Executive Director is authorized to increase appropriations for each fund in each fiscal year, in an amount not to exceed the amount encumbered but not yet expended from that fund for the previous fiscal year. The actual amount of these increased appropriations due to unexpended encumbrances will be reported to Agency Board as a part of the annual financial audit for the previous fiscal year.
8. The Executive Director is authorized to increase appropriations for each fund in each fiscal year, in an amount not to exceed not yet expended appropriations from that fund for the previous fiscal year for continuing nonrecurring projects.
9. The Agency Board hereby finds that the facts set forth in the recitals to this resolution are true and correct, and establish the factual basis for the Agency Board's adoption of this resolution.
10. This Resolution shall take effect immediately upon its adoption.

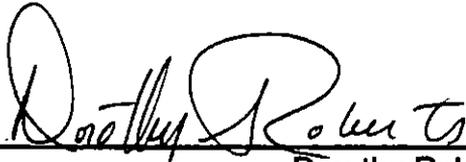
I HEREBY CERTIFY that the foregoing Resolution was duly adopted by the Board of the Napa Community Redevelopment Agency at a public meeting of said Agency Board held on the 21<sup>st</sup> day of June, 2011, by the following vote:

AYES: Mott, Krider, Inman, van Gorder, Techel

NOES: None

ABSENT: None

ABSTAIN: None

ATTEST:   
Dorothy Roberts  
Agency Deputy Secretary

Approved as to form:

  
Michael W. Barrett  
Agency General Counsel

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## **Amendments to Proposed Budget**

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There were no amendments to the Proposed Budget made by City Council during the public hearing of June 7, 2011.

**Exhibit B**

## Napa Community Redevelopment Agency Schedule of Funds

Fund No.	Fund Name
<b><i>Capital Improvements:</i></b>	
721	Parkway Plaza Capital Projects
722	Soscol Gateway Capital Projects
<b><i>Debt Service:</i></b>	
731	Parkway Plaza Debt Service
732	Soscol Gateway Debt Service
<b><i>Special Revenue:</i></b>	
751	Parkway Plaza Low/Mod
752	Soscol Gateway Low/Mod

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**RESOLUTION HR2011 8**

**RESOLUTION OF THE BOARD OF COMMISSIONERS OF  
THE HOUSING AUTHORITY OF THE CITY OF NAPA,  
STATE OF CALIFORNIA, APPROVING THE OPERATING  
BUDGET FOR FISCAL YEARS 2011-12 AND 2012-13**

**WHEREAS, the Executive Director has prepared and proposed a budget for the fiscal years 2011-12 and 2012-13, and presented a copy of the proposed budget to the Housing Authority of the City of Napa (hereafter the "Authority") Board and the public at a public hearing on June 7, 2011; and**

**WHEREAS, the Authority Board has examined the Proposed Budget, has conferred with the Executive Director and appropriate staff, and has deliberated and considered the budget during the public hearing; and**

**WHEREAS, the Authority Board has considered all information related to this matter, as presented at public meetings of the Authority Board identified herein, including any supporting reports by City Staff, and any information provided during public meetings.**

**NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Housing Authority of the City of Napa, as follows:**

- 1. The Authority Board finds that the facts set forth in the recitals to this Resolution are true and correct, and establish the factual basis for the Authority's adoption of this Resolution.**
- 2. The Executive Director is hereby directed to incorporate any amendments to the Proposed Budget, as made by City Council during the public hearing of June 7, 2011, (as described on Exhibit "A," attached hereto and incorporated herein by reference) into a document entitled "Housing Authority of the City of Napa Budget, Fiscal Years 2011-12 and 2012-13." The adopted budget may be referred to as "the Budget," and a copy shall be filed in the office of the Secretary. The budget is hereby adopted and approved.**
- 3. The Authority Board hereby finds that the planning and administrative costs in the proposed budget of the Housing Authority of the City of Napa charged to the Low and Moderate Income Housing Fund are necessary for the production, improvement or preservation of low and moderate income housing, as required by California Health and Safety Code Section 33334.3(d)**

4. The Executive Director is authorized and directed to implement the budget in accordance with the requirements of the Authority Bylaws and this Resolution. While the Executive Director maintains responsibility for the implementation of the budget, the Executive Director may make a written delegation of authority to implement portions of the budget to duly authorized employees.
5. Unless specifically authorized by this Resolution, or otherwise approved by the Authority Board: (a) the amount appropriated in the budget for any "fund" may not be modified (each "fund" in the budget is identified on Exhibit "B," attached hereto and incorporated herein by reference); (b) the amount appropriated in the budget for any capital project may not be modified; and (c) the amount appropriated in the budget for any "reserve" may not be modified.
6. The Executive Director is authorized to transfer unencumbered appropriation balances from one account to another account within the same fund; provided that the Executive Director is not authorized to transfer an appropriation for any reserve or any capital project without approval of the Authority Board.
7. The Executive Director is authorized to increase appropriations for each fund in each fiscal year, in an amount not to exceed the amount encumbered but not yet expended from that fund for the previous fiscal year. The actual amount of these increased appropriations due to unexpended encumbrances will be reported to Authority Board as a part of the annual financial audit for the previous fiscal year.
8. The Executive Director is authorized to increase appropriations for each fund in each fiscal year, in an amount not to exceed the appropriation not yet expended from that fund for the previous fiscal year. The actual amount of these increased appropriations will be reported to Authority Board as a part of the annual financial audit for the previous fiscal year.
9. The Authority Board hereby finds that the facts set forth in the recitals to this Resolution are true and correct, and establish the factual basis for the Authority Board's adoption of this Resolution.
10. This Resolution shall take effect immediately upon its adoption.

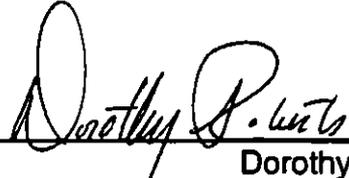
I HEREBY CERTIFY that the foregoing Resolution was duly adopted by the Board of Commissioners of the Housing Authority of the City of Napa at a public meeting of said Housing Authority held on the 21<sup>st</sup> day of June, 2011, by the following vote:

AYES: Hamilton, Moore, Mott, Krider, Inman, van Gorder, Techel

NOES: None

ABSENT: None

ABSTAIN: None

ATTEST:   
Dorothy Roberts  
Authority Deputy Secretary

Approved as to form:

  
Michael W. Barrett  
Authority General Counsel

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## **Amendments to Proposed Budget**

---

During the June 7, 2011 Public Hearing, the following correction was made to the Section 8 Housing Fund:

**Expenditures – Service:**

**FY 2011-12 Proposed budget was erroneously stated as \$10,832,590.**

**FY 2011-12 Proposed budget has been corrected to be \$10,532,590.**

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## Housing Authority of the City of Napa

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### Schedule of Funds

Fund No.	Fund Name
<b><i>Enterprise:</i></b>	
841	Housing Laurel Manor
842	Housing Seminary Street
<b><i>Special Revenue:</i></b>	
843	Housing Section 8
844	Housing 20% Low/Mod Income
846	Housing Local Housing Fund
847	Housing Sec 8 Mod Rehab III
848	Housing Operating Reserve
849	Housing Continuum of Care
850	Housing 5% RDA Supplemental
852	Homelessness Prevention

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## Schedule of Proposed Interfund/Interagency Transfers

Fiscal Year 2011-12

From:		Purpose	To:		
221	Housing Inclusionary - Comr \$ 43	City Admin	100	General Fund	\$ 43
222	Housing Inclusionary - Res 2,074	City Admin	101	General Fund	2,074
231	CDBG Program 6,425	City Admin	100	General Fund	6,425
232	CDBG Rehab 926	City Admin	100	General Fund	926
233	HOME Program 4,716	City Admin	100	General Fund	4,716
241	Assessment Districts 14,603	City Admin	100	General Fund	14,603
241	Assessment Districts 232,541	Operating	100	General Fund	232,541
291	Parking Enforcement 57,447	City Admin	100	General Fund	57,447
292	Parking Maintenance 38,298	City Admin	100	General Fund	38,298
292	Parking Maintenance 86,617	Operating	100	General Fund	86,617
510	Materials Diversion 773,966	City Admin	100	General Fund	773,966
530	Water 1,784,653	City Admin	100	General Fund	1,784,653
610	Fleet 192,824	City Admin	100	General Fund	192,824
640	Risk Management 318,800	City Admin	100	General Fund	318,800
721	Redevelopment 345,445	City Admin	100	General Fund	345,445
721	Redevelopment 55,302	Operating	100	General Fund	55,302
722	Redevelopment 11,265	Operating	100	General Fund	11,265
840s	Housing Authority 113,316	City Admin	100	General Fund	113,316
<b>Subtotal</b>			<b>General Fund Subtotal</b>		<b>4,039,261</b>
100	General Fund 523,145	Fund Project	301	Capital Projects	523,145
100	General Fund 92,682	Operating	291	Parking Enforcement	92,682
100	General Fund 70,000	Operating	292	Parking Maintenance	70,000
100	General Fund 34,000	Operating	612	Fleet Fund	34,000
<b>General Fund Subtotal</b>			<b>Subtotal</b>		<b>719,827</b>
201	Traffic Fund 954,000	Fund Project	301	Capital Projects	954,000
201	Traffic Fund 1,361,257	Operating	302	Street Resurfacing Pgm	1,361,257
201	Traffic Fund 70,633	Operating	612	Fleet Fund	70,633
211	Underground Utility 10,000	Fund Project	301	Capital Projects	10,000
214	Development Impact Fund 957,000	Fund Project	301	Capital Projects	957,000
215	Park Acquisition & Develop 925,000	Fund Project	301	Capital Projects	925,000
241	Assessment Districts 953,000	Fund Project	301	Capital Projects	953,000
292	Parking Maintenance 152,000	Fund Project	301	Capital Projects	152,000
510	Materials Diversion 1,500,000	Operating	302	Street Resurfacing Pgm	1,500,000
530s	Water 100,000	Operating	302	Street Resurfacing Pgm	100,000
530	Water 2,861,151	Fund Project	531	Water Capital Projects	2,861,151
721	Redevelopment 120,000	Fund Project	301	Capital Projects	120,000
722	Redevelopment 75,000	Fund Project	301	Capital Projects	75,000
731	Redevelopment 1,187,890	Operating	721	Redevelopment	1,187,890
731	Redevelopment 1,070,400	Operating	751	Redevelopment	1,070,400
732	Redevelopment 319,543	Operating	722	Redevelopment	319,543
732	Redevelopment 115,600	Operating	752	Redevelopment	115,600
751	Redevelopment 650,525	Operating	844	Housing Authority	650,525
752	Redevelopment 117,700	Operating	844	Housing Authority	117,700
<b>Subtotal</b>			<b>Subtotal</b>		<b>13,500,699</b>
<b>Total Transfers Out</b>			<b>Total Transfers In</b>		<b>\$ 18,259,787</b>

## Schedule of Proposed Interfund/Interagency Transfers

Fiscal Year 2012-13

From:		Purpose	To:		
221	Housing Inclusionary - Comm \$ 43	City Admin	100	General Fund	\$ 43
222	Housing Inclusionary - Res 2,109	City Admin	101	General Fund	2,109
231	CDBG Program 6,523	City Admin	100	General Fund	6,523
232	CDBG Rehab 940	City Admin	100	General Fund	940
233	HOME Program 4,788	City Admin	100	General Fund	4,788
241	Assessment Districts 14,952	City Admin	100	General Fund	14,952
241	Assessment Districts 233,300	Operating	100	General Fund	233,300
291	Parking Enforcement 58,825	City Admin	100	General Fund	58,825
292	Parking Maintenance 39,217	City Admin	100	General Fund	39,217
292	Parking Maintenance 86,617	Operating	100	General Fund	86,617
510	Materials Diversion 792,542	City Admin	100	General Fund	792,542
530	Water 1,827,485	City Admin	100	General Fund	1,827,485
610	Fleet 197,452	City Admin	100	General Fund	197,452
640	Risk Management 326,452	City Admin	100	General Fund	326,452
721	Redevelopment 355,117	City Admin	100	General Fund	355,117
721	Redevelopment 55,715	Operating	100	General Fund	55,715
722	Redevelopment 11,265	Operating	100	General Fund	11,265
840s	Housing Authority 115,009	City Admin	100	General Fund	115,009
<b>Subtotal</b>			<b>General Fund Subtotal</b>		<b>4,128,351</b>
100	General Fund 621,145	Fund Project	301	Capital Projects	621,145
100	General Fund 92,682	Operating	291	Parking Enforcement	92,682
100	General Fund 70,000	Operating	292	Parking Maintenance	70,000
100	General Fund 36,000	Operating	612	Fleet Fund	36,000
<b>General Fund Subtotal</b>			<b>Subtotal</b>		<b>819,827</b>
201	Traffic Fund 419,000	Fund Project	301	Capital Projects	419,000
201	Traffic Fund 1,837,275	Operating	302	Street Resurfacing Pgm	1,837,275
211	Underground Utility 90,000	Fund Project	301	Capital Projects	90,000
215	Park Acquisition & Develop 1,320,000	Fund Project	301	Capital Projects	1,320,000
241	Assessment Districts 250,000	Fund Project	301	Capital Projects	250,000
510	Materials Diversion 1,700,000	Operating	302	Street Resurfacing Pgm	1,700,000
530s	Water 100,000	Operating	302	Street Resurfacing Pgm	100,000
530	Water 3,000,000	Fund Project	531	Water Capital Projects	3,000,000
721	Redevelopment 370,000	Fund Project	301	Capital Projects	370,000
722	Redevelopment 665,000	Fund Project	301	Capital Projects	665,000
731	Redevelopment 1,400,631	Operating	721	Redevelopment	1,400,631
731	Redevelopment 1,090,800	Operating	751	Redevelopment	1,090,800
732	Redevelopment 904,830	Operating	722	Redevelopment	904,830
732	Redevelopment 122,400	Operating	752	Redevelopment	122,400
751	Redevelopment 678,595	Operating	844	Housing Authority	678,595
752	Redevelopment 124,600	Operating	844	Housing Authority	124,600
<b>Subtotal</b>			<b>Subtotal</b>		<b>14,073,131</b>
<b>Total Transfers Out</b>			<b>Total Transfers In</b>		<b>\$ 19,021,309</b>

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## Long Term Financial Plan

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### I: INTRODUCTION

This document is the City of Napa's Long Term Financial Plan (LTFP). Staff regularly updates the plan to provide an economic outlook to assist in planning for a successful future for the City of Napa. The entire City organization is committed to do all that is necessary to develop and stabilize our financial base because a strong financial foundation is essential to the provision of critical services to the community. In an environment of economic uncertainty, financial planning is always a prudent activity, and maintenance of the LTFP is essential to sound fiscal management. In general, budgetary problems will result when revenues do not keep pace with expenditures, but there is more to financial planning than trying to keep the budget in balance. In challenging times like these, a LTFP will seek to identify negative trends that can be addressed proactively to avoid serious long-term impacts.

Although financial plans are only as good as the assumptions and data utilized in establishing them, the development of a sound strategic plan will always be crucial to successful management of the City's resources.

#### **Purpose of the Long Term Financial Plan**

The LTFP takes a forward look at the City's General Fund operating revenues and expenditures. Its purpose is to identify financial trends, shortfalls, opportunities and issues so the City can proactively address them. It does so by projecting the future fiscal results of continuing the City's current service levels and policies, and providing a snapshot of what the future will look like as a result of the decisions made in the recent past.

The LTFP lays the foundation for the budget, aiding both the City Manager and Council in establishing priorities and allocating resources appropriately. This year's forecast reflects impacts from the recession that has been felt both nationally and worldwide. The recent economic turmoil has affected the City's ability to sustain the current level of services and programs over a long period of time within its revenue constraints.

An update to the LTFP will be provided along with the 1<sup>st</sup> quarter report for FY 2013. That report will provide preliminary final revenues and expenditures for FY 2011-12 as well as adjust the forecasts for revenues and expenditures for FY 2012-13 through FY 2016-17.

#### **Components of this Long Term Financial Plan**

The City's plan is focused on emerging issues and has been documented for public review to encourage input and feedback from various stakeholders.

This plan includes a statement of current financial position; a trend analysis (for FY 2000-01 through FY 2009-10) and forecast including projections for the current fiscal year (FY 2010-11) and looking ahead six years through FY 2016-17. The plan is not able to predict with certainty the City's fiscal future, rather it serves as a tool to highlight significant issues or problems that must be addressed if the City's goals are to be achieved.

The following table displays the status of the recommended issues for study/action from the 2009 LTFP.

## Long Term Financial Plan

Description/Item	Status	Comments
Bring operating revenues and expenditures into alignment	Delayed	Bringing the operating position into balance will be the primary goal over the next budget cycle.
Long term funding source for new facilities and existing infrastructure	In Process	Parks Master Plan was completed in 2010. Streets and Public Works Master Plans have also been completed. Efforts are ongoing to identify funding sources for infrastructure, deferred maintenance and restoration needs. Specific projects will be proposed in accordance with the plan, as funding allows.
Labor cost containment alternatives	In Process	Negotiations underway for NCFCA in 2011, All other groups will commence in the fall of 2011. Benefit cost containment is top priority.
Establishing standards for prudent reserves	Complete	Established as part of Fiscal Policy document.
Impact of new development on service delivery and financial position	In Process	Master Plans for Parks, Streets and Public Works have been completed. Funding sources have yet to be identified for all project needs. Specific projects will be proposed in accordance with the various plans as funding allows.
Service delivery options	In Process	Researching various options of sharing resources with other local entities to provide services more efficiently.
Funding for capital equipment and major maintenance	Completed	Established as part of Fiscal Policy document.
Opportunities for revenue development	In Process	User Fee Study underway. Council review of fees scheduled for Fall, 2011. Other revenue development options are being reviewed.
Changes to organizational structure to enhance efficiency and streamline operations	Completed	Reorganizations across the City have been implemented to enhance efficiency, including Public Works, Parks & Recreation, Community Development, Police, City Manager, Human Resources, Fire, and Finance Departments.

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## Long Term Financial Plan

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### II: FISCAL POLICY

#### Objective

To review the City's Fiscal Policy on an annual basis in order to determine appropriate changes, additions or deletions.

#### Background

The City Council has approved a set of Fiscal Policy Statements which address fiscal responsibility in the following areas:

- General Financial Goals
- Operating Budget Policies
- Revenue Policies
- Expenditure Policies
- Utility Rate and Fees Policies
- Capital Improvement Budget Policies
- Debt Policies
- Reserve Policies
- Investment Policies
- Accounting, Auditing & Financial Reporting Policies

These Fiscal Policy Statements are reviewed periodically in conjunction with the preparation of the Long Term Financial Plan and the City's budget process. Staff is recommending that the Fiscal Policy Statements be amended as follows:

#### Expenditure Policies

During the June 7, 2011 Budget Public Hearing, the City Council directed staff to develop a Policy Statement addressing the utilization of professional contract services. A statement has been added which provides for contracting with outside consultants for peak in workload, when a project is limited in term and/or scope, or when specialized expertise is necessary and it is more cost effective to hire a consultant than to add a full-time staff position. Conversely, for longer term needs (3-5 years) and when it becomes more cost effective, the City shall consider adding full-time staff.

#### Reserve Policies

The Governmental Accounting Standards Board (GASB) recently issued Statement Number 54, the objective of which is to enhance the usefulness of fund balance information provided in financial statements by providing clearer fund balance classifications that can be more consistently applied. GASB Number Statement 54 is effective for financial statements for periods beginning after June 15, 2010. GASB Statement Number 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is restricted as to the use of resources reported in governmental funds. The new classifications of fund balance are:

**Nonspendable** – amounts that are either 1) not in spendable form; or 2) legally or contractually required to be maintained intact.

**Restricted** – amounts upon which constraints placed on the use of resources is either 1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or 2) imposed by law through constitutional provisions or enabling legislation.

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## Long Term Financial Plan

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**Committed** – amounts to be used for a specific purpose pursuant to constraints imposed by formal action of the government’s highest decision-making authority (City Council).

**Assigned** – amounts constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed.

**Unassigned** – fund balance that has not been restricted, committed or assigned to specific purposes within the general fund.

In order to comply with the requirements of GASB Statement Number 54, two new policy statements have been developed which clarify the classification of fund balance for financial reporting purposes and also provides for the City Council to designate authority to “assign” the use of funds for a specific purpose.

### **Council Action**

Move to accept the recommended revisions to the fiscal policy.

## Long Term Financial Plan

Fiscal Policy Statement	Status	Comment
<b>General Financial Goals</b>		
To maintain and enhance the sound fiscal condition of the City.	√	
<b>Operating Budget Policies</b>		
The City will adopt a balanced two-year budget by June 30 of every other year.	√	
A bi-annual base operating budget will be developed by verifying or conservatively projecting revenues and expenditures for the current and forthcoming fiscal year.	√	
Current revenues will be sufficient to support current operating expenditures.	--	The FY 2011-13 Budget will have a negative operating position in both fiscal years. This situation will be addressed through efforts aimed at controlling labor costs and addressing opportunities for improved efficiencies.
Annual operating budgets will provide for adequate design, construction, maintenance and replacement of the City's capital plant and equipment.	√	
The purchase of new or replacement capital equipment with a value of \$25,000 or more and with a minimum useful life of two years will require City Council approval.	√	
The City will project its equipment replacement and maintenance needs for the next six years and will update this projection each year. From this projection a maintenance and replacement schedule will be developed and followed.	--	Staff is currently developing a 10 year equipment replacement schedule and will be revising contribution rates to match the schedule of replacement funding needed.
The City will forecast its General Fund expenditures and revenues for each of the next six years and will update this forecast at least annually.	√	
<i>Legend:</i> √ = Budget Complies with Fiscal Policy Standard, -- = Fiscal Policy Standard is not met in Budget, + = New / Revised Fiscal Policy		

## Long Term Financial Plan

Fiscal Policy Statement	Status	Comment
<b>Operating Budget Policies (Cont'd.)</b>		
The City will review, on a bi-annual basis, the General Fund operating position (operating revenues less operating expenditures) to determine if funds are available to operate and maintain future public facilities.	√	
If funding is not available for operations and maintenance costs, the City will delay construction of proposed new facilities.	√	New projects are evaluated for operations and maintenance impacts. Future projects could be delayed due to a lack of operating resources.
<b>Revenue Policies</b>		
The City will strive to maintain a diversified and stable revenue base to shelter it from short-term fluctuations in any one revenue source.	√	
The City will estimate its annual revenues by an objective, analytical process utilizing trend, judgmental, and statistical analysis as appropriate. Revenue estimates adopted by the City Council must be conservative.	√	
User fees will be adjusted annually to recover the full cost of services provided, except when the City Council determines that a subsidy from the General Fund is in the public interest.	--	User Fee Study currently underway, and will be presented to the Council in Fall 2011.
Non recurring revenues will be used for non recurring expenditures only. (Including capital and reserves)	--	Compliance will be achieved when the operating position is positive.
The City will annually identify developer fees and permit charges received from non recurring services performed in the processing of new development. Revenue from these sources will be used to meet peak workload requirements.	√	
<i>Legend:</i> √ = Budget Complies with Fiscal Policy Standard, -- = Fiscal Policy Standard is not met in Budget, + = New / Revised Fiscal Policy		

## Long Term Financial Plan

Fiscal Policy Statement	Status	Comment
<b>Utility Rates and Fee Policies</b>		
The City will set fees and user charges for each utility fund at a level that fully supports the total direct and indirect cost of the activity. Indirect costs include the cost of annual debt service used for capital assets and overhead charges.	√	A Water Rate Cost of Service Analysis is currently underway. Revised rates will be presented to the City Council July 19, 2011. Solid Waste and Recycling rates increased 4.90% effective July 1, 2010. The next adjustment is a 4.85% rate increase effective July 1, 2011.
<b>Expenditure Policies</b>		
The City will maintain a level of expenditures which will provide for the public well-being and safety of the residents of the community.	√	
The City shall contract with outside consultants for peaks in workload, when a project is limited in term and/or scope, or when specialized expertise is necessary and it is more cost-effective to hire a consultant than add a full-time staff position. Conversely, for longer term needs (3-5 years) and when it becomes more cost-effective, the City shall consider adding full-time staff.	+	
<b>Capital Improvement Budget Policies</b>		
The City will make capital improvements in accordance with an adopted capital improvement program.	√	
The City will develop an annual six-year plan for capital improvements, including CIP design, development, implementation, and operating and maintenance costs.	√	
The Water Fund and the Materials Diversion fund may only use funds generated by their service charges, grants and other outside sources of funds to fund their CIP projects.	√	
<b>Legend:</b> √ = Budget Complies with Fiscal Policy Standard, -- = Fiscal Policy Standard is not met in Budget, + = New / Revised Fiscal Policy		

## Long Term Financial Plan

Fiscal Policy Statement	Status	Comment
<b>Capital Improvement Budget Policies (Cont'd.)</b>		
The City will use intergovernmental assistance to finance only those capital improvements that are consistent with the Capital Improvement Plan and City priorities, and whose operating and maintenance costs have been included in the budget.	√	
The Council will review the Street Improvement Program every two years during budget time and will transfer as much as possible from the General Fund and Gas Tax Fund to the Capital Project Fund – Street Resurfacing Program Fund.	√	The Budget includes \$2.9 million in FY 2011-12 (\$1.4 million from the Traffic Fund, and \$1.5 million from the Materials Diversion Fund). The Budget for FY 2012-13 includes \$3.6 million (\$1.8 million from the Traffic Fund and \$1.7 million from the Materials Diversion fund and \$0.1 million from the Water Enterprise fund.
The Park Acquisition & Development Fund, as well as other special development impact funds, may only be used to fund facilities included in a Master Plan.	√	
<b>Debt Policies</b>		
The City may use short-term debt to cover temporary or emergency cash flow shortages. All short-term borrowing will be documented and made available for City Council review.	√	
The City Council may issue interfund loans rather than outside debt instruments to meet short-term cash flow needs. Interfund loans must be repaid consistent with terms established in a written agreement.	√	
The City will confine long-term borrowing to capital improvements that cannot be funded from current revenues.	√	
Where possible, the City will use special assessment, revenue, interfund loans or other self-supporting bonds instead of general obligation bonds when feasible.	√	
<i>Legend:</i> √ = Budget Complies with Fiscal Policy Standard, -- = Fiscal Policy Standard is not met in Budget, + = New / Revised Fiscal Policy		

## Long Term Financial Plan

Fiscal Policy Statement	Status	Comment
<b>Reserve/Fund Balance Policies</b>		
Unrestricted Fund Balance is assigned to the following categories: committed, assigned and unassigned. The City shall reduce committed or assigned fund balance first only if the expenditures incurred are for the purpose for which the funds were originally committed or assigned. Otherwise, unassigned fund balance shall be reduced first, followed by assigned, and then committed.	+	GASB Statement 54 requires new categories for classifying fund balance. This statement is effective for reporting fund balance amounts for the FY 2010-11 financial statements, which are scheduled to be completed in early 2012.
The General Fund Undesignated Fund Balance will be maintained at a level of between 2% - 5% of its operating budget. GFOA recommends a level of 5 to 15%.	--	Undesignated Fund Balance is projected to be in compliance during FY 2011-12 but is projected to be drawn to \$0 in FY 2012-13 unless additional expenditure reductions are initiated. The City is actively working on cost containment measures to keep in compliance with policy levels.
The City will maintain General Fund Emergency reserves at a level at least equal to 12% of budgeted operating expenditures. The primary purpose of these reserves is to protect the City's essential service programs and funding requirements during periods of economic downturn (defined as a recession lasting two or more years), or other unanticipated or emergency expenditures, such as a natural disaster, that could not be reasonably foreseen during preparation of the budget. The use of the General Fund Emergency Reserve must be approved by City Council.	√ --	Emergency Reserve will be \$7.5 million, or 12 % of General Fund operating expenditures for FY 2011-12, and \$7.6 million for FY 2012-13.  Unless additional expenditure reductions are implemented, Emergency reserves will begin to be required to help meet the structural deficit in FY 2013-14.
A Contingency Reserve will be established to provide for non-recurring unanticipated expenditures or to set aside funds to cover known contingencies with unknown costs. The level of the Contingency Reserve will be established as needed but shall not be less than 1% of General Fund operating expenditures.	--	Contingency Reserve will be maintained at \$200,000 each year. This is less than the policy amount of \$631,000 that should be maintained for FY 2011-12, and the \$635,000 for FY 2012-13.
<i>Legend:</i> √ = Budget Complies with Fiscal Policy Standard, -- = Fiscal Policy Standard is not met in Budget, + = New / Revised Fiscal Policy		

## Long Term Financial Plan

Fiscal Policy Statement	Status	Comment
<b>Reserve Policies (Cont'd.)</b>		
<p>The City will comply with GASB 45 and establish an irrevocable trust to fund future retiree medical costs.</p>	√	<p>The Post Employment Benefit Fund was established to collect contributions from General Fund and proprietary funds to cover the cost of retiree medical benefits and other post-employment benefits for current and past employees. To fully fund the actuarial obligation, the contribution rate as a percent of payroll is budgeted at 3.0% for FY 2011-13 with an assumed discount rate of 7.75%. The City made its initial contribution to the California Employers' Retirement Benefit Trust (CERBT) in June 2010.</p>
<p>A Compensated Absence Reserve will be established to accumulate funds to be used for payment of accrued benefits for separating employees. This reserve will be maintained at a level at least equal to 100% of the prior year's experience for vacation payout to separating employees and shall grow to no more than two times the prior three year average.</p>	√	<p>Based on policy, a designated fund balance of \$250,000 was established in addition to annual appropriations for this purpose. The City's actual experience was \$105,996 in FY 2009-10 with a projection of \$269,081 for FY 2011-12 (Normalized to \$200K due to early retirement program). The projected appropriation level in this budget cycle is \$160,630. The FY 2011-13 Budget includes \$176,444 in FY 2011-12 and \$176,471 in FY 2012-13.</p>
<p>Fund Balance amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are to be reported as Assigned Fund Balance. The Finance Director is designated the authority to "assign" amounts to be used for specific purposes. Those amounts are to be reported in the financial statements as "Assigned Fund Balance" in compliance with GASB Statement 54.</p>	+	
<p><b>Legend:</b>                      √ = Budget Complies with Fiscal Policy Standard, -- = Fiscal Policy Standard is not met in Budget, + = New / Revised Fiscal Policy</p>		

## Long Term Financial Plan

Fiscal Policy Statement	Status	Comment
<b>Reserve Policies (Cont'd.)</b>		
Self-insurance reserves will be maintained at a level which, together with purchased insurance policies, adequately protects the City. Council approved a revision to the Self-insurance reserve policy on May 6, 2008. The revision calls for reserve funding level goals to be modified to correspond with the format used by the City's actuary and that the reserve funding level goal for each program be no less than the target 80% confidence level appropriately discounted for investment income.	--	Projected FY 2010-11 reserve levels are \$5.7 million. This amount is \$197,000 or 3% less than the 80% confidence level goal of \$5.9 million. During the FY 2011-13 budget cycle, funding will be at the 75% confidence level.
The City will maintain a Fleet Replacement Reserve for costs associated with the replacement of vehicles and other rolling stock (such as trailers, compressors or other equipment on wheels) as they become unserviceable, obsolete or reach a predetermined service life. The reserve will be maintained at a level adequate to replace all stock, per the pre-determined replacement schedule.	--	The methodology for the recovery of fleet replacement costs are currently under review by the consultant developing the Cost Allocation Plan and Fee Study. The reserve balance and planned replacement schedule will be evaluated to determine the necessary reserve requirements during the next budget cycle.
The City will establish Water Operating Reserves with minimum Reserve levels determined by independent studies approved by Council.	√	
The City will establish a Golf Course Operating Reserve to cover costs during a year when revenue is down due to limited play or adverse conditions. The reserve should be funded at a level at least equal to 10% of operating expenditures.	--	The Golf Course Fund Balance is negative at the end of FY 2010-11 due to continued economic challenges. The Operating reserve is not projected to become positive in this budget cycle.
The City will maintain a Rate Stabilization Reserve in the Solid Waste Fund. This reserve will be funded at a level of 5% of collection revenues to stabilize collection rates to avoid wide swings in rates over time.	√	Rate Stabilization Fund was utilized to soften rate impact of incorporating cost of repair to City streets caused by refuse and recycling vehicles, however the fund was fully replenished by Council action in January 2011.
<i>Legend:</i> √ = Budget Complies with Fiscal Policy Standard, -- = Fiscal Policy Standard is not met in Budget, + = New / Revised Fiscal Policy		

## Long Term Financial Plan

Fiscal Policy Statement	Status	Comment
<b>Reserve Policies (Cont'd.)</b>		
The City will maintain a Solid Waste/Materials Diversion Operating Reserve to cover unforeseen revenue shortfalls, increases in expenses, and potential environmental compliance expenditures. This fund does not have a separate "emergency reserve", and market volatility, emergency/disaster incidents and other circumstances would present immediate cash flow issues. Therefore, the reserve should be funded at a level of 25% of operating expenditures, which excludes contributions to reserves, the Street Resurfacing Program, capital projects, and debt service.	√	The Solid Waste and Materials Diversion Operating Reserve is fully funded according to the Fund's established Fiscal Policy. The balance of this reserve will be a key consideration when future solid waste collection rates and MDF capital improvement plans are considered and established by Council.
The City will maintain a Capital Replacement Reserve in the Solid Waste Fund to provide for major renovation, modernization and/or rebuilding of the Napa MDF. This reserve is for projects that exceed \$250,000 in any given year.	√	Based on a 30-year capital replacement plan, this reserve will be funded annually to address projected needs at a rate of \$268,000 per year.
The City will maintain a Capital Maintenance Reserve in the Solid Waste Fund to pay for planned capital improvement program repairs and maintenance at the Napa MDF. This reserve is for projects that do not exceed \$250,000 in any given year.	√	Based on a 7-year capital maintenance schedule, the reserve was funded with a \$162,000 contribution at the end of FY 2009-10 with an annual escalator of 3.85%
The City will maintain a Liability Reserve in the Solid Waste Fund to fund liabilities of the City for items related to the Solid Waste Fund. These include the final fulfillment of the City's legal obligations with regard to construction of the passive Hidden Glenn Park (site formerly referred to as Coombsville Dump).	√	Liability Reserve remains fully funded according to the Fund's Fiscal policy target levels.
<b>Investment Policies</b>		
The City Treasurer will annually submit an investment policy to the City Council for review and adoption.	√	Adopted June 15, 2010. Revised policy to be brought to the Council on June 21, 2011.
<i>Legend:</i> √ = Budget Complies with Fiscal Policy Standard, -- = Fiscal Policy Standard is not met in Budget, + = New / Revised Fiscal Policy		

## Long Term Financial Plan

Fiscal Policy Statement	Status	Comment
<b>Investment Policies (Cont'd.)</b>		
The City Treasurer will invest the City's monies in accordance with applicable laws and adopted investment policies and direct the investment of bond or note monies on deposit with a trustee or fiscal agent in accordance with the applicable indenture or issuance document.	√	
<b>Accounting, Auditing &amp; Financial Reporting Policies</b>		
The City's accounting and financial reporting systems will be maintained in conformance with generally accepted accounting principles and standards of the Government Accounting Standards Board.	√	
Quarterly financial reports will be submitted to the City Council and will be made available to the public.	√	
Full and continuing disclosure will be provided in the general financial statements and bond representations.	√	
Maintain a good credit rating in the financial community.	√	Standard & Poor's = AA- for 2007 Water Revenue Bond issuance. General Fund rating has not been secured as there has been no recent City-backed debt issuance.
Maintain a liquidity ratio of at least 1:1	√	The City's liquidity ratio as of June 30, 2010 was 9.25:1.
An annual audit will be performed by an independent public accounting firm with the subsequent issue of an official Comprehensive Annual Financial Report (CAFR), including an audit opinion.	--	Independent audited Basic Financial Statements are now prepared. A CAFR will be prepared in FY 2011-12.
<b>Legend:</b> √ = Budget Complies with Fiscal Policy Standard, -- = Fiscal Policy Standard is not met in Budget, + = New / Revised Fiscal Policy		

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## Long Term Financial Plan

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### III: FINANCIAL TRENDS and FORECASTS ANALYSIS

#### Objective

Utilizing the International City Management Association's (ICMA) Financial Trend Monitoring System, we have provided a comprehensive Financial Trend Report, including specific recommendations to address those trends considered unfavorable or where a warning trend has been observed. Ratings assigned to each trend include: Favorable (F), Unfavorable (U), Warning (W), or Caution (C).

#### Background

As part of the long-term financial plan update process, the City's financial trends have been analyzed for the past ten years. Many factors are utilized in order to analyze the financial condition of the City of Napa. These factors include:

- The economic condition of the City;
- Types and amounts of revenues and whether they are sufficient and the right mix to support the constituents of the City;
- Expenditure levels and whether these expenditures are sufficient to provide the citizens of Napa with the desired level of services in the future, especially considering the City's diversity of programs;
- Fund balances and reserve levels and whether they are sufficient to protect the City against an economic downturn and /or natural disaster.

Three major areas of the General Fund analyzed include:

#### General Fund Revenues

The accumulation of financial resources that fund those services that have the greatest impact upon the citizens of Napa including police, fire, public service and maintenance, and recreation.

#### General Fund Expenditures

The application of financial resources towards the cost of providing the services of police, fire, public service and maintenance, recreation, and other services.

#### General Fund Operating Position

The ability of the City to balance current revenues with current expenditures, maintain adequate reserve levels, and to cover short-term liabilities.

Additional indicators affecting General Fund operations will also be analyzed as part of this report.

The 2001-2010 financial trend analysis combines several sources of data into a meaningful overview of the General Fund's current financial position, and assists the City Administration and Council in making determinations that will lead to adoption of City fiscal policies. Reports examined as part of this analysis include those from FY 2000-01 through FY 2009-10, combining information from budgets and financial reports, annual State Controller's

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## Long Term Financial Plan

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Reports, and the International City Management Association's (ICMA) Trend Monitoring System. One of the following ratings will be assigned to each indicator:

- Favorable:** This trend is **positive** with respect to the City's goals, policies, and national criteria.
- Caution:** This rating is used when there are factors influencing the indicator that may not be apparent in existing trend, but could result in a **change** of status from a **positive** to a **negative** direction in the future.
- Warning:** This rating indicates that a trend has **changed** from a positive direction and is going in a direction that may have an **adverse** effect on the City's financial condition. The City also uses this rating to indicate that, although a trend may appear to be favorable, it is not yet in conformance with adopted fiscal policies.
- Unfavorable:** This trend is **negative**, and there is an immediate need for the City to take corrective action.

### Overview of the City's Financial Condition

Through the strong leadership of the City Council and hard work by City staff, we have been able to make it through a national recession and still stay focused on serving the community. However, we are now facing even harder challenges as the recovery is erratic impacting property and sales tax revenues. Benefit costs are continuing significant increases, and looming cuts caused by the State's fiscal crisis are all adding pressure to an already highly strained workforce.

Over the past ten years, the City has incurred a number of FEMA eligible disasters. The expenditures and related FEMA reimbursements have been reflected in the General Fund. Because these occurrences are sporadic and can skew trends, the costs and related expenditures are not reflected in the trends and projections.

The General Fund's operating revenues have decreased every year since FY 2007-08. The most significant reduction has been in Property Tax revenues, which have decreased by over \$6 million over the four year period. Additionally, Sales Tax and Business License Tax have also experienced large decreases. As the city and the nation begin the long recovery process, it is more important than ever to utilize tools such as the Long Term Financial Plan to make prudent financial decisions in both the near and long term.

In summary, the City continued to experience reduced revenues and limited economic growth, while seeing no reduction in the demand for public services. However, due to long range fiscal planning, ongoing controls over spending and an advantageous position in a strong economic niche market, the City remains in a relatively positive position compared to other cities. Some areas of concern include:

- Expenditure growth trends have outpaced revenue growth,
- Benefit costs, while more stable than previous years as a result of labor concessions, retirements and reorganizations, are still on the rise.

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## Long Term Financial Plan

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- One time revenues and fund balance will be used in the current year to support operations. The undesignated fund balance is projected to be depleted by the end of FY 2012-13 unless additional reductions are implemented.
- Deferred infrastructure maintenance costs must be addressed.
- The General Fund contribution to CIP is relatively low, at less than \$500 thousand per year.
- The City is somewhat reliant on elastic revenue sources, and these revenue sources are just now beginning to show recovery from the national recession, but are not expected to return to pre-recession levels within the forecast period.
- The State's deficit could have significant financial impacts to our City, and every other municipality in California.
- Although economists have declared the national recession is over, full-scale recovery in municipal revenues is not yet apparent. The LTFP assumes recovery to be relatively slow in the near term (FY 2011-12 and FY 2012-13) with revenues beginning to return at a pace of 1.5% to 3.5% each year beginning in FY 2013-14.

We must plan with caution and take aggressive action to balance the budget for the upcoming years, keeping in mind potential fiscal opportunities and threats.

### Summary of Trends

The following pages contain a listing of the indicators analyzed as part of this financial trend analysis and a brief summary of the rating assigned to each indicator. An expanded discussion of each indicator follows the summary.

## Long Term Financial Plan

### Economic and Demographic Assumptions

The economic assumptions utilized in this forecast are summarized below:

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
<b>Population (Residential)</b>	77,300	77,493	77,687	77,881	78,076	78,271
<b>Property Tax (% Change)</b>	-1.40%	1.00%	2.50%	3.00%	3.50%	4.00%
<b>Sales Tax (% Change)</b>	2.70%	1.90%	3.00%	3.50%	3.50%	3.50%
<b>Transient Occupancy Tax (% Change)</b>	2.50%	2.50%	3.00%	3.50%	4.00%	4.50%
<b>Investment Earnings Rate</b>	0.50%	0.50%	1.00%	1.50%	2.00%	2.50%
<b>Inflation</b>	1.40%	2.00%	3.00%	3.50%	3.50%	3.50%
<b>Salaries (% Change)</b>	-1.80%	0.60%	1.50%	1.50%	1.50%	1.50%
<b>Healthcare Benefits (% Change)</b>	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
<b>PERS Benefits (% Change)</b>	11.70%	4.80%	7.00%	4.00%	1.50%	1.50%
<b>Other Benefits (% Change)</b>	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
<b>Services &amp; Supplies (% Change)</b>	0.00%	0.00%	3.00%	3.50%	3.50%	3.50%
<b>Capital Outlay (% Change)</b>	0.00%	0.00%	3.00%	3.50%	3.50%	3.50%
<b>Authorized Positions (# Change)</b>	0	0	0	0	0	0

*Inflation (Consumer Price Index):* Inflation is the measure of the increase in cost of goods and services. Inflation impacts many revenue and most expenditure categories and is the foundation for many of the assumptions throughout the forecast period. Inflation is estimated to begin at a modest 1.4% in FY 2011-12 growing to 3.5% by FY 2014-15.

*Population:* Population is the residential total within the Napa city limits and is projected to increase at an average of 0.25% annually. Year-to-year population growth is a useful factor in predicting increases in revenue categories, such as Franchise Fees and Business Licenses.

*No new positions:* No new General Fund positions have been included in this forecast. Any new position would need to be funded either through another revenue source, or through offsetting budget reductions.

### Factors Not Included In the Forecast

- This forecast is based on the General Fund operating revenues and expenditures only. Disaster related Federal Emergency Management Agency (FEMA) and State of California Office of Emergency Services (OES) revenues and expenditures are not included.
- Other nonrecurring revenues and expenditures have been eliminated such as grants, major development fees and expenditures, one time transfers to rebuild reserves, and certain studies such as the Downtown Specific Plan.
- The forecast does not include the cost of fiscal changes that the City may want to consider, including:
  1. Establishing equipment and other infrastructure replacement funds.
  2. Increasing General Fund contribution to the CIP.
  3. New or enhanced programs.
  4. Potential state impacts.
  5. Rebuilding undesignated fund balance to fiscal policy recommended levels.

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## Long Term Financial Plan

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- Only sizable commercial development in the pipeline or under construction with a high likelihood of becoming reality has been included. This includes the Meritage (anticipated for early 2013) and another sizable hotel development (e.g. St. Regis or Ritz Carlton) in 2014.
- Impacts from new development on staffing demands are not included in the forecast.

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## Long Term Financial Plan

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### IV: FINANCIAL FORECAST

An updated financial forecast for the General Fund has been prepared to reflect economic projections of the City's future financial condition. The General Fund provides the resources to pay for most City services such as police services, street maintenance, park maintenance, recreational and other critical programs. The General Fund is also the most vulnerable to outside influences, such as State and Federal takeaways, downturns in the economy, taxpayer initiatives and other factors.

#### Development of the Financial Forecast

The objective of the financial forecast is to provide a frame of reference for evaluating the City's financial condition as a basis for decision-making. The forecast presented uses the present level of services and capital needs as the baseline. Inflation and historical analysis are used to predict expenditure patterns while revenues are projected by trend or by specific known events. Information regarding economic indicators and the performance of the economy, as a whole, over the forecast period was taken from the California Department of Finance and the Napa County Auditor/Controller's office, the City's Community Development and Economic Development Departments.

Overall, FY 2010-11 revenues are projected to be \$1.3 million under FY 2009-10 levels, (excluding one-time revenues). Property tax and Charges for Services showed the largest declines related to the residential reassessments and the reduction in Parks and Recreation Self-sustaining program revenue. Transient occupancy tax revenues exhibited a 10% increase and continue to show strong recovery of tourism in the Napa Valley. While the City of Napa has been somewhat shielded from the State's worsening economic condition, we are anticipating additional financial impacts as the State moves toward reducing the overwhelming deficit. Although recovery from the recession appears to be underway, fiscal year 2011-12 and 2012-13 will likely contain periods of economic fluctuation and continued fiscal challenges.

The financial forecast assumes a slow economic recovery during fiscal years 2011-12 and 2012-13. This assumption is based on the recovery already being felt in Transient Occupancy and Sales tax, offset in part by continued financial challenges currently affecting the state, and national economies.

The current issues facing the national, state and local economies include:

- Slow recovery in housing market;
- Tight credit markets and failing financial institutions;
- Cautious consumer confidence and spending;
- High unemployment;

#### Housing Market Downturn

Experts disagree if the housing market slowdown that began in 2008 has bottomed out, or just slowed down. Regardless, the National Association of Realtors reported that the national median price for existing homes for all housing types in the West was \$192,100 in March 2011, down 11.2% from one year ago. In California, the median price paid for a home

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## Long Term Financial Plan

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during the same timeframe was \$293,570, down 4.4% from the previous year, and in Napa, the Median price is \$306,820, down 10.7% from 2010. The Napa County Assessor completed writing down residential assessed values within the County in 2010 and will continue writing down commercial values over the next year, resulting in reduced property tax revenue for the City of Napa.

### **Tight Credit Market**

The credit market crisis is due in large part to the collapse of collateralized debt obligations that were based on risky mortgage loans. Financial institutions' investments in these and other ill-considered financial instruments have led to insolvency and illiquidity among lenders. While governments and central banks have taken, and are expected to take, further dramatic action to prop up the global financial system, there is consensus that it will take a long time to return to normal lending practices.

### **Cautious Consumer Confidence and Spending**

According to The Conference Board's February 2011 *Consumer Confidence Survey*<sup>™</sup> indicates that the Consumer Confidence Index<sup>™</sup>, is slowly rising. The increase in the Present Situation Index, suggests that overall economic conditions are slowly moving in a positive direction.

### **High Unemployment**

The U.S. unemployment rate continues to be high. The Labor Department reported the national unemployment rate remained around the 9 percent mark in April, 2011. Although moving slowly in the right direction, high unemployment is expected to remain throughout the 2011-2013 budget cycle and beyond.

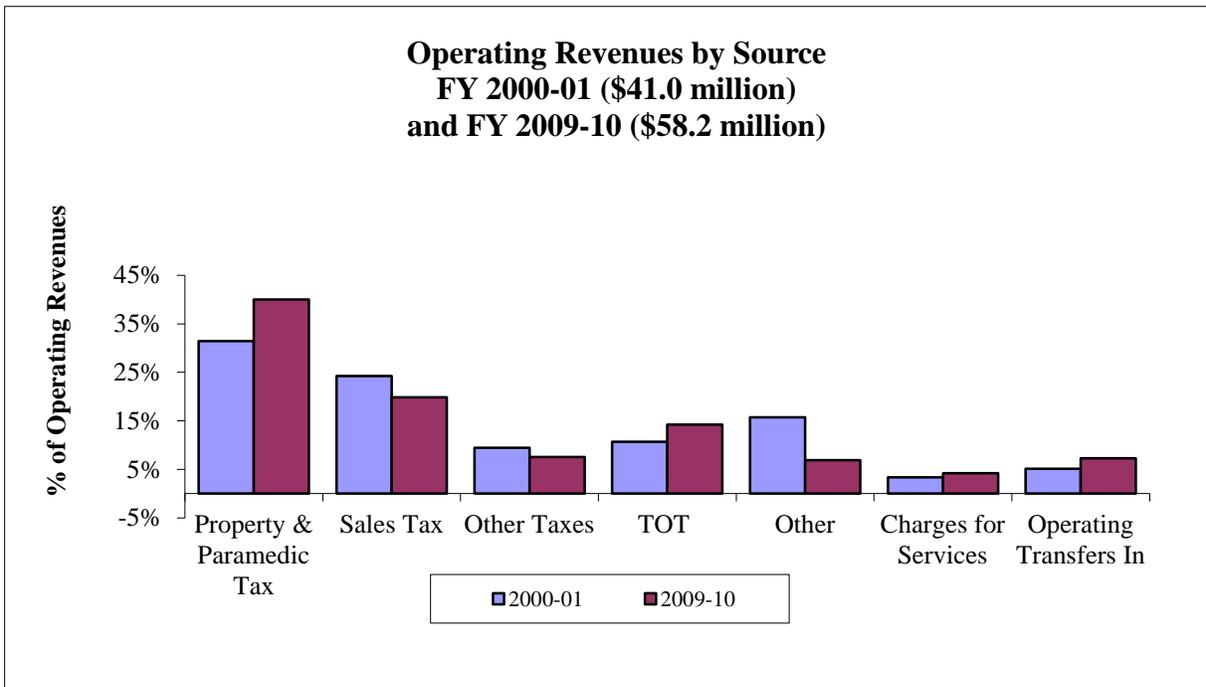
The State unemployment rate reached 11.9% in April of 2011. Napa County's unemployment rate was 9.6% down from 9.9% in April 2010.

# Long Term Financial Plan

## Revenues & Expenditures

### General Fund Operating Results – Revenues

The General Fund’s revenue sources with related percentages of total operating revenues are shown in the following chart. Taxes, including property, sales and other taxes make up the largest category of General Fund revenues at 83% of revenues generated in fiscal year 2009-10 as compared to 66% in the 2000-01 fiscal year.

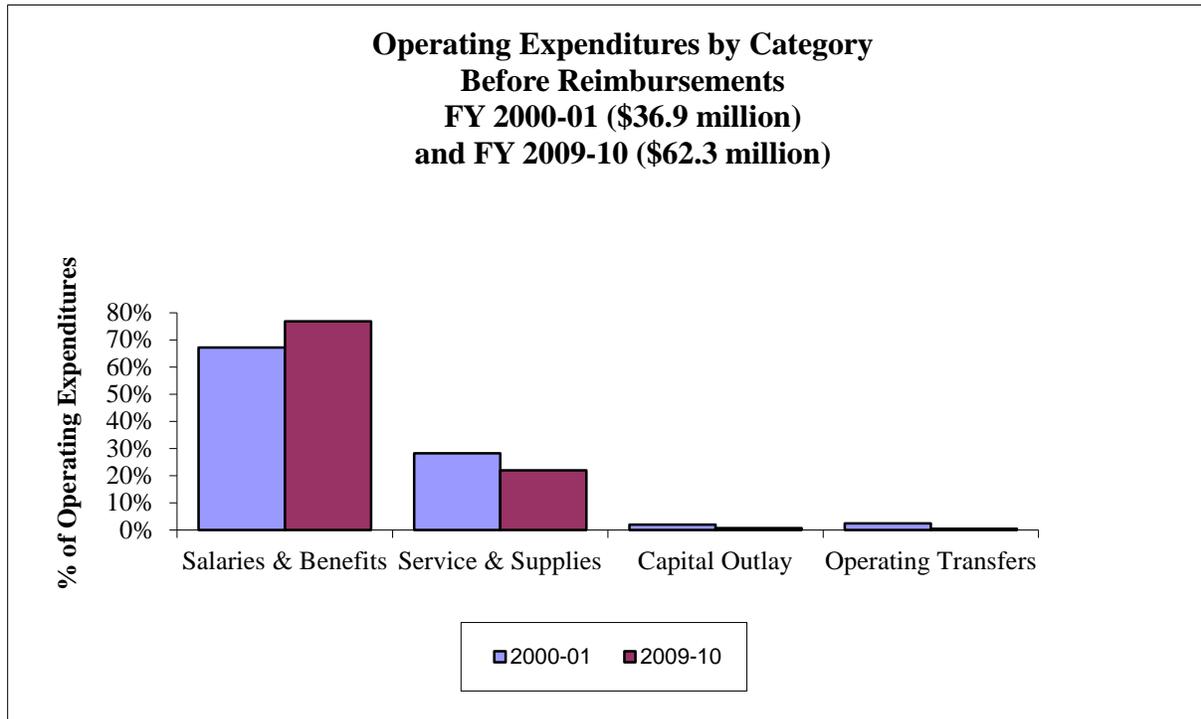


The two largest sources of revenue to the City continue to be property and sales tax. While property and sales tax revenues have declined in the past two years, we are expecting flat growth in the near term, and slight recovery over the next five years. Transient occupancy tax revenue declined as a result of the recession, but has already shown healthy increases in FY2010-11, reflecting the return of strong tourism demand for Napa. There are a few new development projects expected to be completed over the next six years which will contribute to City revenue growth.

## Long Term Financial Plan

### General Fund Operating Results – Expenditures

The majority of the City's operating costs reside in the General Fund. The following chart compares expenditures by category for the fiscal years 2000-01 and 2009-10.



The composition of General Fund operating expenditures by category has changed with the recent escalation of benefit costs when comparing fiscal year 2009-10 to fiscal year 2000-01. Driving this escalation was a 619% increase in the cost of benefits during the period from \$2.7 million to \$16.7 million. Cost of salaries increased 148% from \$22.1 to \$32.7 million for the period. As a result, salaries and benefits were approximately 79% of General Fund expenditures in 2009-10, an increase of 11 percentage points from 2000-01. The Services and Supplies category decreased by 10% during the ten-year period to account for 19% of total expenditures.



## Long Term Financial Plan

General Fund Revenues - (Cont'd.)			
4	Transient Occupancy Tax Revenues	F	Transient Occupancy Tax receipts were down between FY 2007-08 and FY 2008-09 due to the recession, and then flattened out through FY 2009-10. In FY 2010-11 the City experienced a strong rise in tourism, resulting in a 10% growth in TOT revenue. A steady growth of 2.5% per year is projected for the next six years.
5	Business License Tax Revenue	W	The positive trend from FY 2000-01 through FY 2008-09 took a sharp turn downward in FY 2009-10 as the business community reacted to the national recession. Business license tax revenues are based on gross receipts of individual businesses. Revenue receipts in this budget cycle are projected to remain flat with only slight recovery.
6	Elastic Revenues	W	Elastic revenues are those that vary directly with fluctuations in the economy. As the City's property tax revenue has decreased from the recession's impact on property values, the City has become more dependent on elastic revenues such as sales and transient occupancy taxes.
General Fund Expenditures			
7	Expenditures Per Capita	C	Although positive measures were taken in FY 2008-09 and FY 2009-10 through labor concessions, retirements and departmental organizations to minimize the impact of revenue constraints, there is a risk of under investing in the City's infrastructure which could result in service disruption or unplanned repairs.
8	Authorized Positions Per Capita	C	Authorized positions per capita have declined since 2008-09, and we are now at the point where staff and expenditure reductions are impacting our service levels. As economic recovery continues, the City needs to be ready to increase staff to ensure community needs are met.
<i>F: Favorable</i> <i>C: Caution</i> <i>W: Warning</i> <i>U: Unfavorable</i>			

## Long Term Financial Plan

General Fund Expenditures - (Cont'd.)			
9	Fringe Benefits as a Percentage of Operating Expenditures	U	Retirement benefit rates are projected to increase over the next few years as a result of CalPERS investment losses. Additionally, health insurance rates are projected to continue a steady climb over the next six years. Measures to mitigate the impacts of rising benefit costs to the General Fund continue to be considered.
10	Salary Expenditures as a Percentage of Operating Expenditures	F	Salary expenditures as a percentage of operating expenditures have remained relatively stable over time.
11	Capital Outlay as a Percentage of Operating Expenditures	W	A rating of Warning has been assigned to this indicator as the City may be at risk of foregoing needed capital investment in order to meet budget challenges.
General Fund Operating Position			
12	Operating Position	U	The City adopted several fiscal policies as part of the 2007-2009 budgets, including an operating budget policy establishing a goal that current revenues will be sufficient to support current operating expenditures. This policy reflects a commitment to maintain a positive operating position. This goal will not be met in FY 2010-11 or in the next two year budget unless additional reductions or revenue enhancements are implemented.
13	Unreserved Fund Balance/Emergency Reserve as a percentage of Budgeted Operating Expenditures	U	The forecast indicates that the undesignated fund balance will be used to balance the budget in FY 2010-11 and through the next budget cycle. If additional reductions are not initiated in this budget cycle, the unreserved fund balance will be fully depleted in FY 2012-13.
14	Liquidity Ratio	F	The City has been able to maintain a liquidity ratio well above 1:1 for the past ten years. The ratio is projected to continue to exceed 1:1 throughout the forecast period.
15	Debt Service	F	The City has no current debt service in its General Fund.
<i>F: Favorable                      C: Caution                      W: Warning                      U: Unfavorable</i>			

## Long Term Financial Plan

Additional Indicators			
16	Assessed Property Value	U	With the slow recovery to the housing and credit markets, and reassessments to both residential and commercial property, recovery to assessed property value is not anticipated to begin recovery until FY 2012-13.
17	Population	F	Population growth has slowed in recent years as Napa is largely built out. The 2010 Census figure for the City of Napa was 76,915.
<i>F: Favorable                      C: Caution                      W: Warning                      U: Unfavorable</i>			

## 2011 Long Term Financial Plan Summary

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### Financial Trend Summary:

<ul style="list-style-type: none"> <li>• <b>Revenue Trends</b></li> </ul>		<ul style="list-style-type: none"> <li>• <b>Operating Position</b></li> </ul>		
1.	Revenue/Capita	C	12. Operating Position	U
2.	Property Tax	W	13. Fund Balance/Reserves	U
3.	Sales Tax	C	14. Liquidity	F
4.	Transient Occupancy Tax	F	15. Debt Service	F
5.	Business License Tax	W		
6.	Elastic Revenues	W		
<ul style="list-style-type: none"> <li>• <b>Expenditure Trends</b></li> </ul>		<ul style="list-style-type: none"> <li>• <b>Additional Indicators</b></li> </ul>		
7.	Expenditure/Capita	C	16. Assessed Property Value	U
8.	Authorized Positions/Capita	C	17. Population	F
9.	Fringe Benefits	U		
10.	Salary Expenditure	F		
11.	Capital Outlay	W		

### Rating Changes

There were ten trend changes from the last fiscal year, eight of which were in a negative direction revised to reflect changes since the 2009 LTFP was prepared. Many of these revisions reflect the slow recovery to the recent recession.

**Property Tax** revenues were downgraded from Caution to Warning. This is based on the City's strong reliance on Property Tax revenues, and the uncertain speed of the recovery. Many experts are predicting another round of foreclosures this year, although how that might impact Napa waits to be seen.

**Sales Tax** Revenues were upgraded from a Warning rating to a Caution rating. This revenue experienced a steady year in FY 2010-11 and is poised for steady increases over the next six years.

**Transient Occupancy Tax** was upgraded from a Caution rating to a Favorable rating. FY 2010-11 is projecting TOT receipts of \$9.2 million which is 10% over the FY 2010-11 budget. This strong showing in a still weakened economy is a definite step toward economic recovery for the City.

**Business License Tax Revenue** was downgraded from Caution to Warning. As Business license tax revenues are based on gross receipts of individual businesses, the recession impacted this revenue source over the past three years, and it is uncertain how quickly it will return to pre-recession levels.

**Elastic Revenues** were also downgraded from Caution to Warning. This indicator is strongly tied to Property Tax, as that is the City's largest stable revenue source.

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## 2011 Long Term Financial Plan Summary

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**Authorized positions per Capita** was downgraded from Favorable to Caution. As a result of eliminating vacant positions and retirement incentives, the City is currently operating at a minimum staffing level. Sick leave, vacations and emergencies all affect the City's ability to maintain existing service levels.

**Capital Outlay** was downgraded from a Caution rating to a rating of Warning to reflect the increasing risk of under-investing in an aging infrastructure.

**Operating Position** was downgraded from Warning rating to a rating of Unfavorable. Additional expenditure reductions will be required to reduce the structural deficit as the Undesignated Fund Balance could be fully exhausted as early as FY2012-13.

**Fund Balance / Reserve** rating moving from Caution to Unfavorable. Closely tied to the Operating position rating, this indicator was also downgraded until additional expenditure reductions are put in place to erase the structural deficit.

The final downgrade is in the **Assessed Property Values** rating moving from Caution to Unfavorable. Property values have decreased by nearly 4% since 2008-09, and are not anticipated to begin recovery until FY 2012-13 due to a continued soft real estate market, and property revaluation conducted by the County on both residential and commercial properties.

### General Fund Revenues

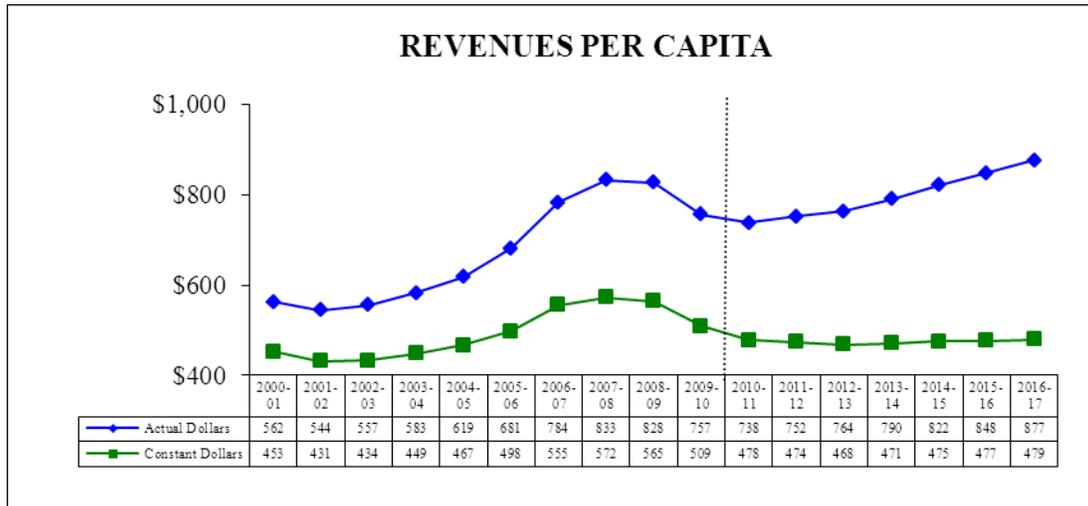
General Fund revenues finance the majority of the daily operations of the City. As a result, changes in revenue levels and composition of these revenues will have a significant impact on the City's ability to provide services to the citizens of Napa. The dollar amount received is important, but the type of revenue received also plays an important role in the financial stability of the City. Revenues should be balanced between those that change as the economy shifts (elastic) and those that flow independently of economic activity (inelastic). General Fund revenues should also come from diverse sources within the community and be sufficiently flexible to finance expenditures as the needs of the City change.

The following section evaluates eight indicators used to determine the financial condition of the City's revenue base. A detailed revenue analysis is provided for the following indicators:

- Revenues Per Capita
- Property Tax Revenues
- Sales Tax Revenues
- Transient Occupancy Tax Revenues
- Business License Tax Revenues
- Elastic Revenues as a Percentage of Operating Revenues

# 2011 Long Term Financial Plan Summary

## Indicator 1: Revenues Per Capita



**2011 Finding: Caution**  
**2009 Finding: Caution**

### Description

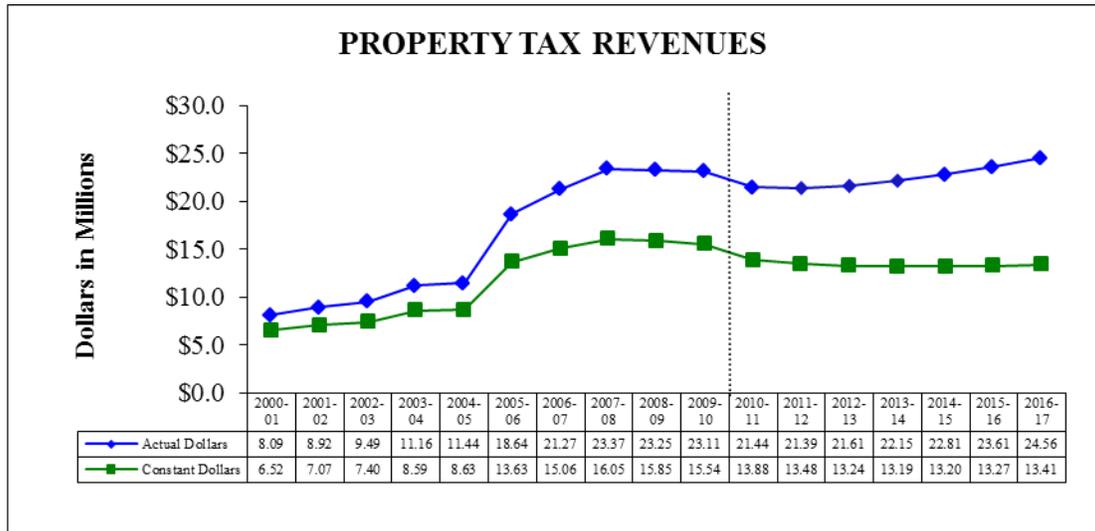
Revenues per capita in constant dollars are a measure of the City’s ability to maintain current service levels. Constant dollars reflect the real changes in operating revenue after adjusting for inflation. An increase in constant dollar revenues normally means a city will be able to respond positively to increasing service demands. Conversely, a decrease in constant dollars may indicate that revenue yields are not sufficient to maintain existing levels of service.

### Comments and Analysis

Revenues per capita (constant dollars), excluding nonrecurring revenues, have increased from FY 2003-04 through FY 2007-08, from \$449 to \$572 (constant dollars). FY 2009-10 was impacted heavily by the national recession with tax revenues down by 3.6%, License & Permit revenues down by 40% and investment revenue down by 75%. Revenues are projected to increase slightly over the next six years as the recovery from the national recession continues.

## 2011 Long Term Financial Plan Summary

### Indicator 2: Property Tax Revenues



**2011 Finding:**        **Warning**  
**2009 Finding:**        **Caution**

**Description**

Property tax revenues are evaluated over time to measure the City's economic health. Constant dollars are examined in order to evaluate that part of the change that is not due to inflation. Property taxes are the City's largest source of revenue (23% before the addition of VLF in FY 2005-06 and 35% after the addition) and are relatively inelastic in that they should remain constant as the economy changes. By State law (Proposition 13), the County levies property taxes at one percent of full market value at the time of purchase. Assessed values can be increased by no more than two percent per year. The City also has the authority to impose an excess property tax levy to pay debt service on voter-approved debt. Currently, no such debt exists.

**Comments and Analysis**

Sales of appreciated real estate resulted in increased assessed values and a corresponding increase in property tax revenue for the City. The significant growth for FY 2005-06 resulted from property taxes received in exchange for permanently lost Vehicle License Fee (VLF) revenue. In addition, property tax revenue for FY 2004-05 and FY 2005-06 reflect a two year loss of property taxes to the State (ERAF III) of \$909,000 per year. Increases in property taxes were significantly impacted by the shift in the housing market caused by the recession. Although it is projected that FY 2010-11 will show further decline (due to residential property reassessments) and FY 2011-12 will remain relatively flat (due to commercial property reassessments), a slow, but steady recovery is projected for FY 2012-13 forward. It is important to note that new property tax revenue due to development located within the Napa Community Redevelopment Agency project areas' boundaries are revenue sources for the respective project areas and provide the funding source for debt issuance to allow for redevelopment.

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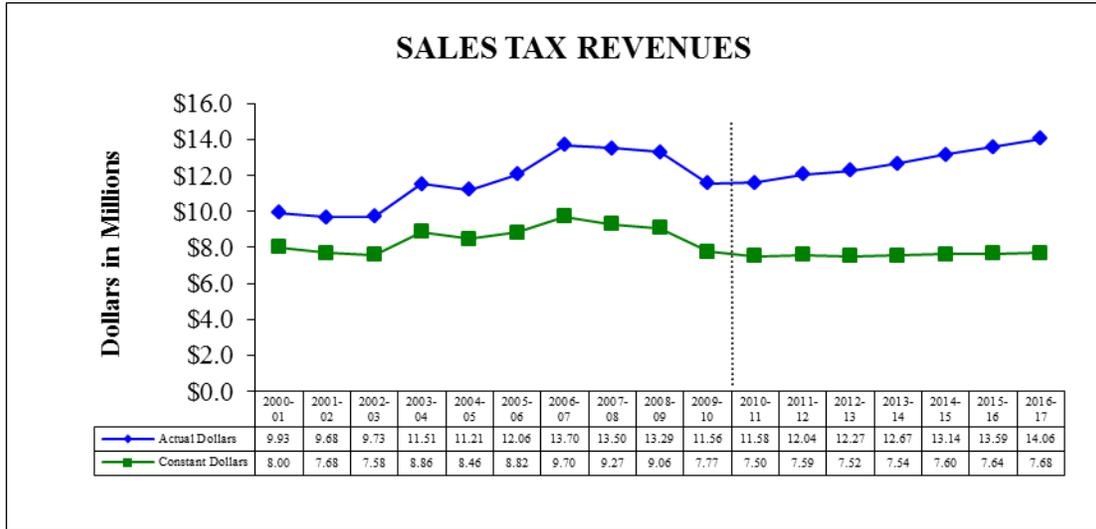
## **2011 Long Term Financial Plan Summary**

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Property Tax continues to be the City's largest source of revenue and represented 38% of total revenues in FY 2009-10. As a result of the recession property valuation has suffered in the past year, with expected losses of 0.8% in FY 2010-11. A new element was also introduced in this revenue category when the State reduced the Vehicle License Fee from 2% to .65% statutorily in 2005. This difference was paid with Property Tax backfill commonly known as VLF In-Lieu Swap. Since payments are pegged against assessed value growth, VLF became a component of Property Tax revenue effective 2005. The forecast assumes flat growth in the near term (FY2011-12 and FY 2012-13), then continued slow growth of assessed values resulting in increased property tax revenue over the six-year period.

## 2011 Long Term Financial Plan Summary

### Indicator 3: Sales Tax Revenues



**2011 Finding:**           **Caution**  
**2009 Finding:**           **Warning**

**Description**

Sales tax revenue is a strong indicator of the city’s economic health. Sales taxes are the City’s second largest source of revenue (20%) and are elastic in nature, varying with changes in the economy. Constant dollars are examined in order to evaluate the sales tax revenue changes not related to inflation. The State Board of Equalization levies the sales tax on most retail sales with principal exemptions applying to sales of food for home consumption and prescription drugs. The overall Napa County sales tax rate is 8.75%, of which the City receives the 1% local portion. The city also receives a portion of the 0.5% earmarked for public safety as mandated by the State.

**Comments and Analysis**

Napa’s sales tax revenue is heavily dependent on the tourism industry and therefore tends to follow economic cycles. Revenues increased steadily through 2001, then declined as the economy lagged after 9/11 through about 2003-04, followed by a few years of positive growth through FY 2006-07. FY2007-08, however, began a decline that continued through FY 2009-10. Construction, which accounts for 24% of sales tax revenues lost almost \$0.25 million from the prior year, while the other categories (General Retail, Food Products, Transportation and Business to Business) all experienced losses. Due to the slow recovery, sales tax receipts are expected to begin to rise at a slow pace over the next six years.

Sales tax is one of the City’s most economically sensitive revenue sources and continues to be the City’s second largest revenue source. Projected new development is expected to bring an incremental amount of sales tax revenue.

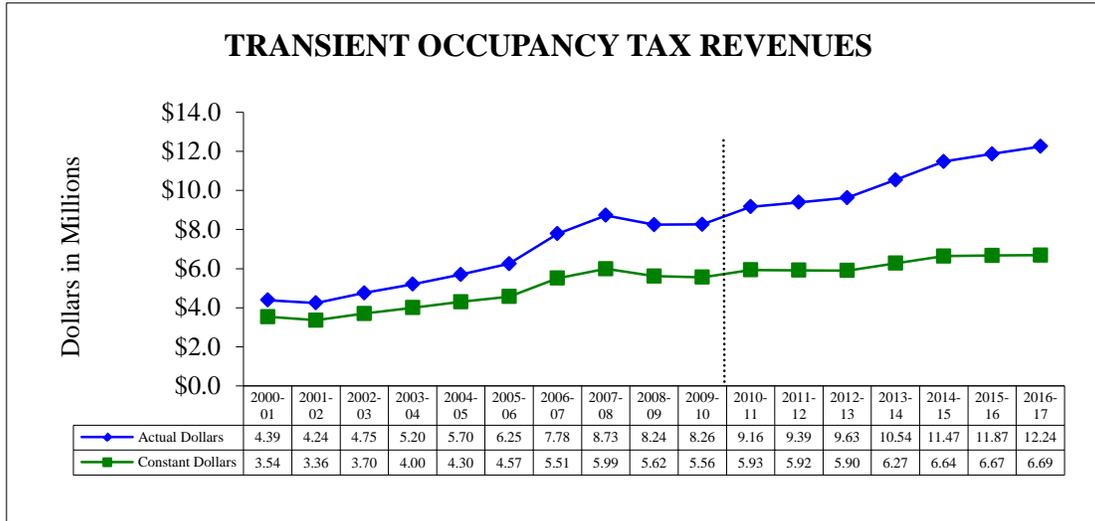
## 2011 Long Term Financial Plan Summary

Sales Tax Revenue Forecast (in thousands)							
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Base Sales Tax <i>(Includes Prop 172)</i>	\$ 11,583	\$ 11,967	\$ 12,051	\$ 12,413	\$ 12,847	\$ 13,297	\$ 13,762
Incremental Increases:							
Hotels	-	31	56	85	122	122	122
Retail	-	45	145	156	156	156	156
Transportation	-	-	-	-	-	-	-
Food	-	-	18	18	18	18	18
Totals	\$ 11,583	\$ 12,043	\$ 12,270	\$ 12,672	\$ 13,143	\$ 13,593	\$ 14,058
% Increase		3.96%	1.89%	3.28%	3.72%	3.42%	3.42%

Using the assumption of recessionary pressures continuing through 2012 with moderate economic expansion in subsequent years combined with planned commercial development, sales tax revenues are expected to see annual gains of between 1.9% and 3.96%. Again, we emphasize the need to continue to seek ways to diversify the tax base to mitigate Napa's high reliance on elastic tax revenues.

## 2011 Long Term Financial Plan Summary

### Indicator 4: Transient Occupancy Tax Revenues



**2011 Finding: Favorable**  
**2009 Finding: Caution**

#### Description

Transient occupancy tax revenue (TOT) is a strong indicator of the City's economic health. This revenue source is the City's third largest source of revenue (14%) and is elastic in nature, varying with changes in the economy. Constant dollars are examined in order to evaluate the tax revenue changes not related to inflation. The City of Napa levies the tax on rooms at hotels, motels, bed and breakfasts and vacation rentals within the City. The tax rate is 14%, of which the City receives 12%. The Tourism Improvement District (TID) receives the remaining 2% for use in promoting tourism in the Napa Valley.

#### Comments and Analysis

Napa's transient occupancy tax revenue is heavily dependent on the tourism industry and therefore tends to follow economic cycles. Revenues increased steadily through 2001, then declined as the economy lagged after 9/11. FY 2005-06 through FY 2007-08 showed an increase in tax, particularly with the development of new hotel properties in the City. Transient Occupancy Tax receipts were down between FY 2007-08 and FY 2008-09 due to the recession, and then flattened out through FY 2009-10. Overall the decline in FY 2008-09 was relatively minor compared to the more significant impact the recession had on other City revenues. The City has already experienced a rise in tourism in FY 2010-11 that is expected to continue at moderate levels over the next six years.

Projected new hotel development is expected to bring an incremental amount of transient occupancy tax revenue.

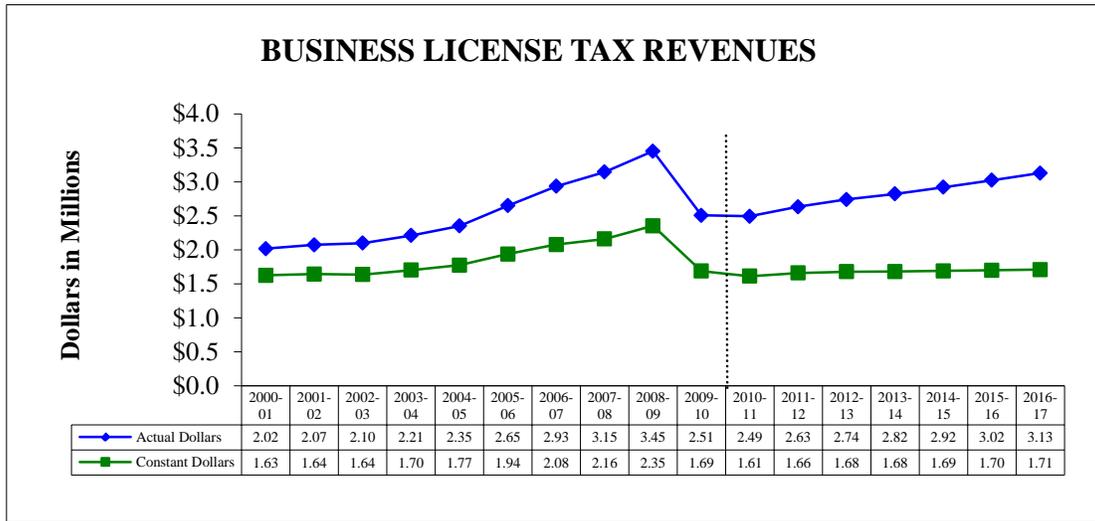
## 2011 Long Term Financial Plan Summary

Transient Occupancy Tax Revenue Forecast (in thousands)							
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Base Transient Occupancy Tax	\$ 9,161	\$ 9,321	\$ 9,525	\$ 9,791	\$ 10,133	\$ 10,539	\$ 11,013
Incremental Increases:		69	100	756	1,341	1,338	1,231
Totals	\$ 9,161	\$ 9,390	\$ 9,625	\$ 10,547	\$ 11,474	\$ 11,877	\$ 12,244
% Increase		2.5%	2.5%	9.6%	8.8%	3.5%	3.5%

Using the assumption of recessionary pressures continuing through 2012 with moderate economic expansion in subsequent years combined with planned hotel development, including the Meritage expansion in 2013 and another sizable hotel development (e.g. St. Regis or Ritz Carlton) in 2014, transient occupancy tax revenues are expected to see annual increases between 2.5% and 9.6%.

## 2011 Long Term Financial Plan Summary

### Indicator 5: Business License Tax Revenues



**2011 Finding:           Warning**  
**2009 Finding:           Caution**

**Description**

Business license tax revenue is a major revenue category (4.4%) that factors into the analysis of the City’s economic health. Constant dollars are utilized in evaluating the part of the change not related to inflation. This tax is generally based on gross receipts of individual business within the City. Much like sales tax revenues, business license tax revenues are relatively elastic as they vary directly with changes in the economy.

**Comments and Analysis**

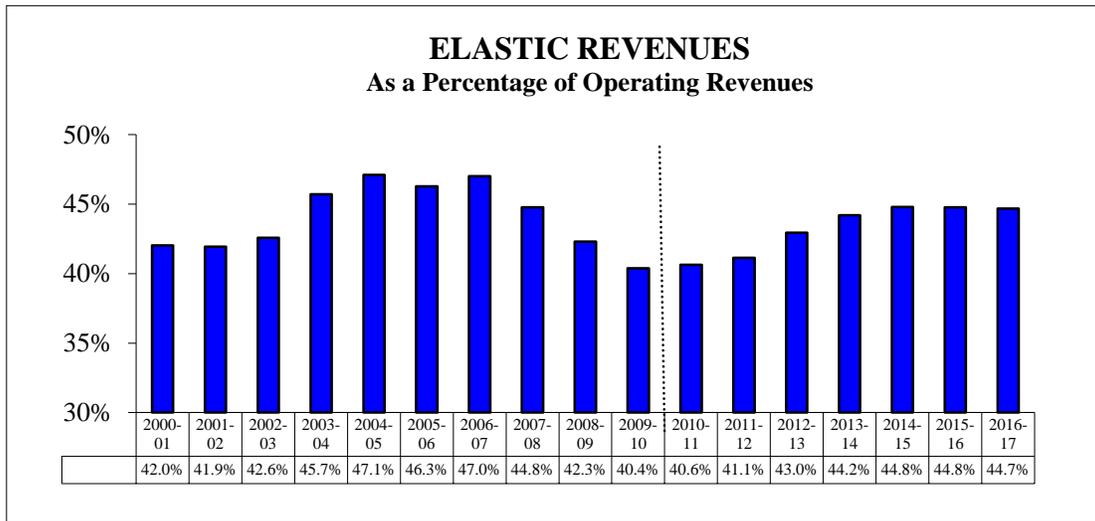
The positive trend from FY 2000-01 through FY 2008-09 took a sharp turn downward in FY 2009-10 as the business community reacted to the national recession.

As Business License Tax revenues are based on gross receipts of individual business, we expect this revenue to remain flat in the near term, with modest recovery over the next five years (consistent with sales tax receipts). Additionally, the city is currently auditing local businesses to ensure accurate reporting of revenues and business license tax calculations.

Business license tax revenues are based on gross receipts of business conducted within the City. The city experienced a decrease of Business Tax Revenues in FY2009-10 and is projecting similar receipts for FY 2010-11 due to the recession hitting the business community. Recovery in Business License tax, similar to sales tax, is projected to be slow in FY 2011-12 and FY 2012-13, then slightly higher in the FY 2013-14 through FY 2016-17 time period.

## 2011 Long Term Financial Plan Summary

### Indicator 6: Elastic Revenues



**2011 Finding:**            **Warning**  
**2009 Finding:**            **Caution**

**Description**

Elastic revenues are those that vary directly with fluctuations in the economy. This category includes sales taxes, transient occupancy taxes (TOT), business license taxes, and license and permits. During times of inflation, a high percentage of elastic revenues is desired in order to insulate the City from the higher prices found in the market. During a recession or periods of slow economic growth, elastic revenues tend to decline.

**Comments and Analysis**

Elastic revenues as a percentage of operating revenues remained between 44% and 47% between FY 2003-04 and FY 2007-08. Reductions in FY 2008-09 and FY 2009-10 resulted from the national recession, and the city became more reliant on other stable revenue sources (e.g. Property tax). Additionally, an emergency reserve policy exists to provide adequate support for core City services through an economic decline spanning two or more years or in the case of a local emergency.

**Recommendation:**

Staff should evaluate the economic development strategies that would diversify the tax base providing more economic stability and security. In addition, the City should maintain a strong and stable commitment to funding and maintaining reserves for use during economic downturns when elastic revenues are impacted.

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## 2011 Long Term Financial Plan Summary

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### General Fund Expenditures

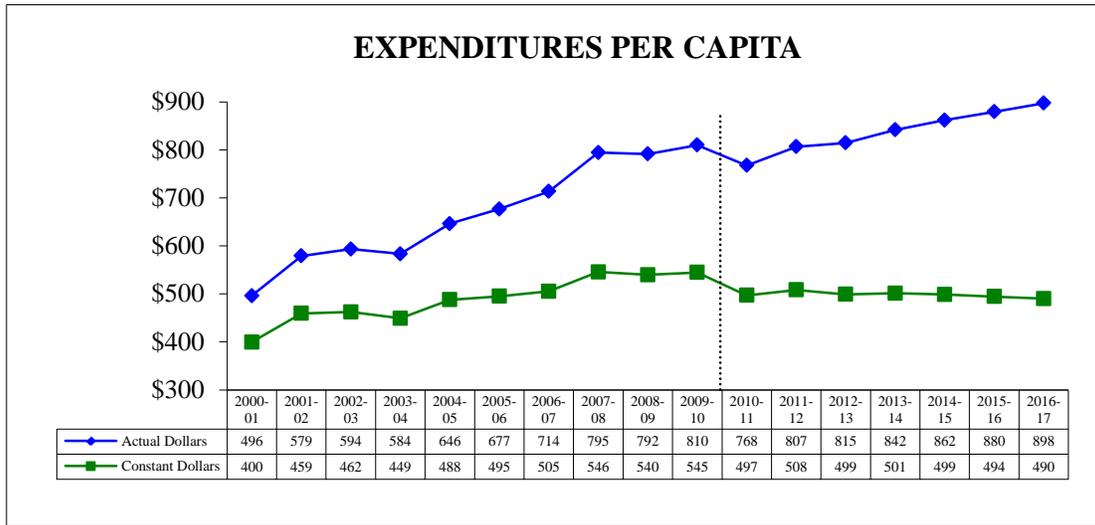
General Fund expenditures are largely indicative of the level and types of services the City provides. Changes in the total dollar amount of expenditures can indicate a shift in the level of services delivered, either because demand has changed or because the cost of maintaining existing services has increased or decreased. Therefore, the analyses that follow show not only the change in total dollars, but changes in the types of expenditures for the past fiscal year.

A full expenditure analysis is provided for the following:

- Expenditures Per Capita
- Authorized Positions Per Capita
- Fringe Benefits as a Percentage of Operating Expenditures
- Salary as a Percentage of Operating Expenditures
- Capital Outlay as a Percentage of Operating Expenditures

## 2011 Long Term Financial Plan Summary

### Indicator 7: Expenditures Per Capita



**2011 Finding: Caution**  
**2009 Finding: Caution**

**Description**

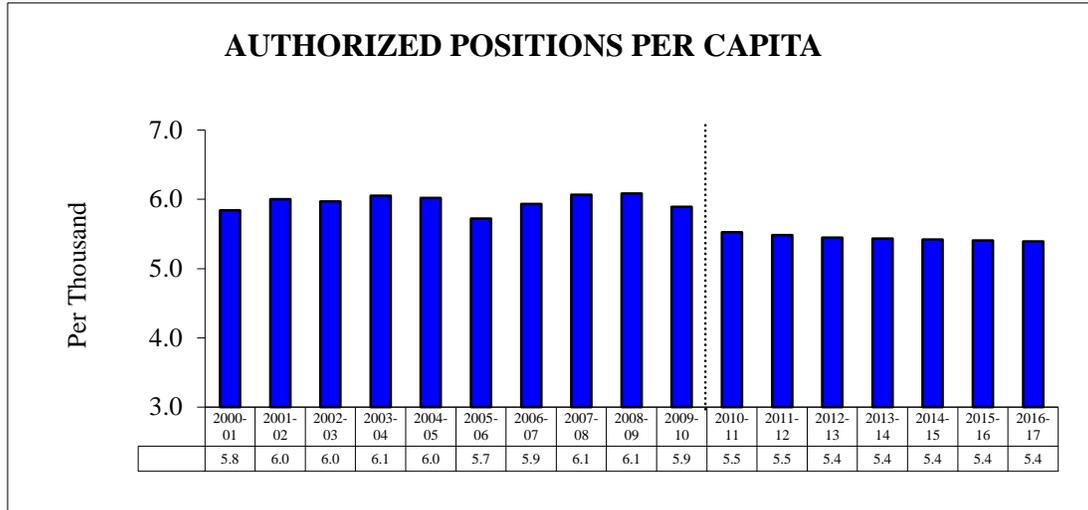
Expenditures per capita demonstrate the change in expenditures relative to the change in population. This indicator analyzes the demand for City services as the population changes. Increasing per capita expenditures may indicate the costs of maintaining existing service levels are rising or service levels are changing to reflect new demands. A decrease in expenditures per capita could signal the City’s inability to maintain current service levels, or that the City is maintaining current service levels with added efficiency.

**Comments and Analysis**

Employee benefit costs have increased, primarily due to significant increases in CalPERS pension contribution rates as a result of investment losses in addition to rising medical insurance rates. Although there has been slow growth in population, the real cost to provide services to support capital and operational demands have increased disproportionately. Decisions made in FY 2008-09 and FY 2009-10 regarding labor concessions, retirements and departmental organizations essentially flattened the increases and are projected to continue to minimize the impact of future revenue constraints. Furthermore, there is a risk of under investing in the City’s infrastructure which could result in service disruption or unplanned repairs. For these reasons we have assigned a “Caution” rating to this indicator.

## 2011 Long Term Financial Plan Summary

### Indicator 8: Authorized Positions Per Capita



**2011 Finding:            Caution**  
**2009 Finding:            Favorable**

**Description**

This indicator measures the number of full time authorized positions per capita. If this figure is rising, it could indicate that the City is becoming more labor intensive or that employee productivity is declining. Conversely, if this figure is declining, it could indicate that employee productivity is increasing; a need for more employees to respond to additional service demands; or the City is becoming less labor intensive. Although a downward trend may indicate that City staff is becoming more efficient at maintaining current service levels, the employee level should not get so low that service levels cannot be maintained.

**Comments and Analysis**

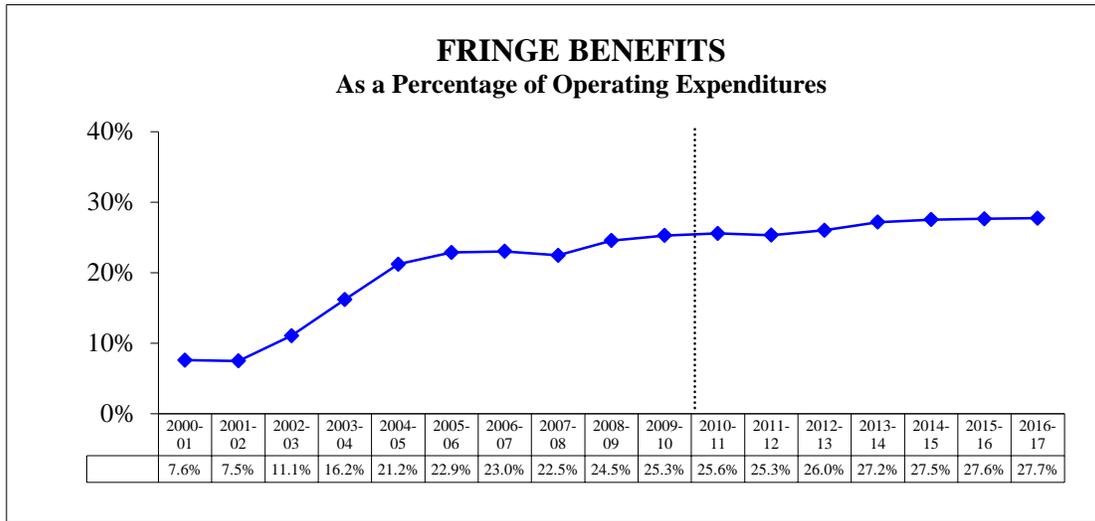
Authorized positions per capita have declined since FY 2008-09, and we are now operating at a minimum staffing level, resulting in longer response time to citizen requests and ultimately negatively impacting service levels. As economic recovery continues, the City needs to be ready to increase staff to ensure community needs are met.

**Recommendation:**

As demand continues to grow in every area, care should be taken to add staff where the need is most critical.

## 2011 Long Term Financial Plan Summary

### Indicator 9: Fringe Benefits as a Percentage of Operating Expenditures



**2011 Finding: Unfavorable**

**2009 Finding: Unfavorable**

**Description**

Fringe benefits include the City’s share of payroll taxes, pension plan costs, medical, life and disability insurance, and workers’ compensation funding. Fringe benefits are directly related to salaries and wages, so changes in the percentage rate reflect a change in the benefits package or the City’s cost in maintaining its benefits.

**Comments and Analysis**

Fringe benefit costs as a percentage to the City’s total operating expenditures has experienced a significant increase over the past 10 years. The increase from 2004 to 2005 was \$1.3 million in total, or 12%. The percentage increase was modest in FY 2005-06 and actually declined in 2006-07 due to 30 frozen positions. Twenty nine positions were reinstated as part of the FY 2007-09 budget cycle. Staff expects retirement benefit costs to increase over the next few years as a result of CalPERS investment losses, then stabilize around FY 2015-16. Additionally, health insurance rates are projected to stabilize beginning in FY 2010-11 as a result of labor concessions that capped the City’s contribution toward medical rates for most bargaining units. As a result, we have upgraded this rating to Warning for this indicator.

The employee benefits category reflects a moderate of growth over the forecast period. The growth rate is primarily a result of increases in the California Public Employee Retirement System (CalPERS) employer rates. These rates vary, based on the market performance of CalPERS assets, the number of City employees covered by the retirement system, their base wage rates and other factors. This increase is attributed to investment losses in the stock market sustained by CalPERS. Since state law requires that PERS be fully funded, participating agencies like Napa, other cities and counties and the State government are required to make up market losses through increased employer contribution rates. Additionally,

## **2011 Long Term Financial Plan Summary**

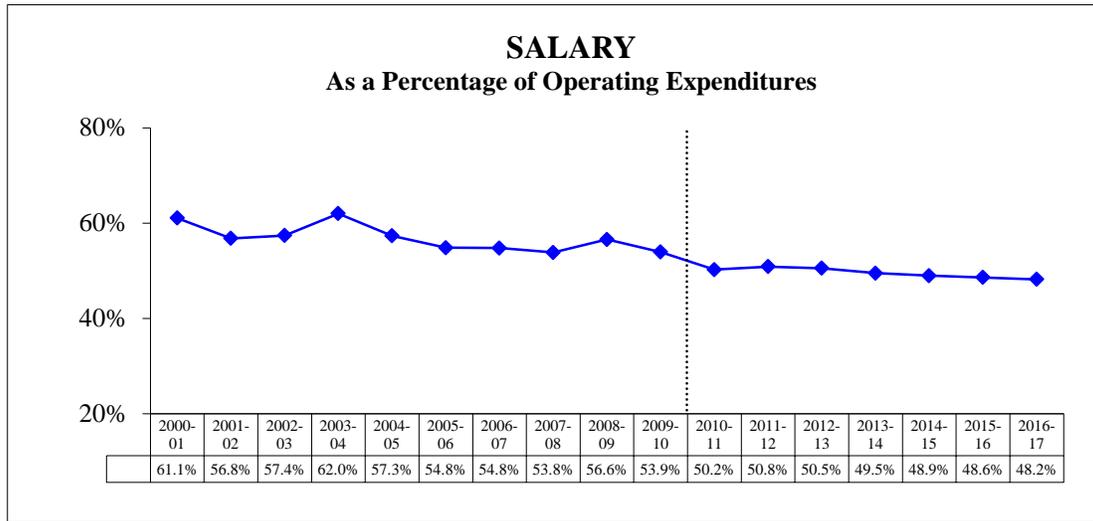
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the market losses realized in recent years for CalPERS are so significant, it is estimated that the City will experience significant rate increases in FY 2011-12 and FY 2013-14.

Increases in health care costs are projected to continue at an average annual 5% in FY 2011-12 and FY 2012-13, reducing to 4% in FY 2013-14 and out. This reduction in medical rate increases is due to the medical insurance rate cap agreed to by the bargaining units in FY 2009-10 and FY 2010-11.

## 2011 Long Term Financial Plan Summary

### Indicator 10: Salary as a Percentage of Operating Expenditures



**2011 Finding: Favorable**  
**2009 Finding: Favorable**

**Description**

These expenditures include salary and wages paid to regular, part-time, and temporary staff and represent over 56% of General Fund disbursements. Any changes in salary expenditures will have a material impact on the City’s finances.

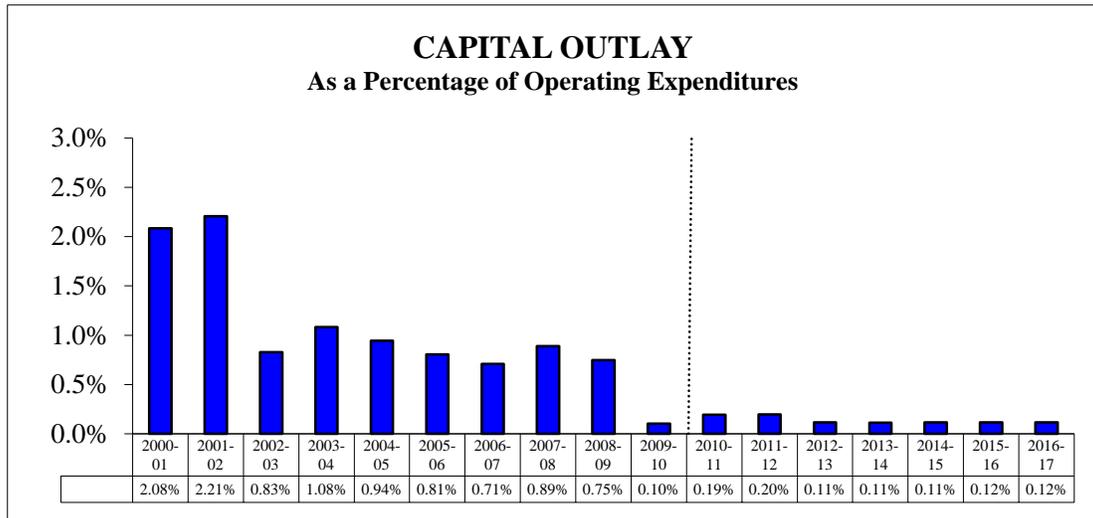
**Comments and Analysis**

Salary expenditures as a percentage of operating expenditures has remained relatively stable over time, and decreased in 2005-06 due to frozen positions which reduced the City’s workforce by 8% from FY 2003-04. The reduction in salary costs as a percentage of expenditures from 61.1% in FY 2000-01 (\$20.9 million) to 53.9% in 2009-10 (\$32.7 million) is offset entirely by the escalating cost of benefits discussed on the previous page. Overall, labor costs in FY 2000-01 were 68.6% of expenditures compared to 79.2% in FY 2009-10. Continued monitoring of this indicator is warranted since these expenditures represent the largest category of General Fund operating costs.

Salaries have continued to account for more than 50% of the City’s operating expenditure budget. Even with the early retirements in FY 2009-10 the percentage of salaries to total expenditures is expected to be relatively consistent. Annual step increases have been included in the salary projections. No cost of living was included for FY 2011-12 or FY 2012-13, however 1.5% was included in FY 2013-14 through FY 2016-17.

## 2011 Long Term Financial Plan Summary

### Indicator 11: Capital Outlay



**2011 Finding:**            **Warning**  
**2009 Finding:**            **Caution**

#### Description

Capital outlay does not include capital project expenditures for the construction of improvements or buildings, or for infrastructure such as streets or storm drains. Additionally, this category does not include replacement vehicles as the City has a Vehicle Replacement Policy that provides a mechanism for that funding. The purpose of capital outlay in the operating budget is to replace worn equipment or to add new equipment. The ratio of capital outlay to net operating expenditures is an indicator as to whether worn or obsolete equipment is being replaced. A decline in this ratio over a period of years may indicate that capital outlay needs are being deferred and that inefficient or obsolete equipment is being utilized. This would not only have the effect of lowering productivity, but could also expose the City to greater liability.

#### Comments and Analysis

Spending on capital outlay has been inconsistent, ranging from a low of 0.10 percent of total operating expenditures to a high of just over two percent of operating expenditures during the past ten years. A rating of Warning has been assigned to this indicator as the City may be at risk of foregoing needed capital investment in order to meet budget challenges in this economic climate.

#### Recommendation:

The guidelines established by ICMA indicate that a city should spend roughly 1.5% of operating expenditure on capital outlay. Napa should monitor spending patterns to ensure that equipment replacement is not deferred inappropriately.

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## **2011 Long Term Financial Plan Summary**

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### **General Fund Operating Position**

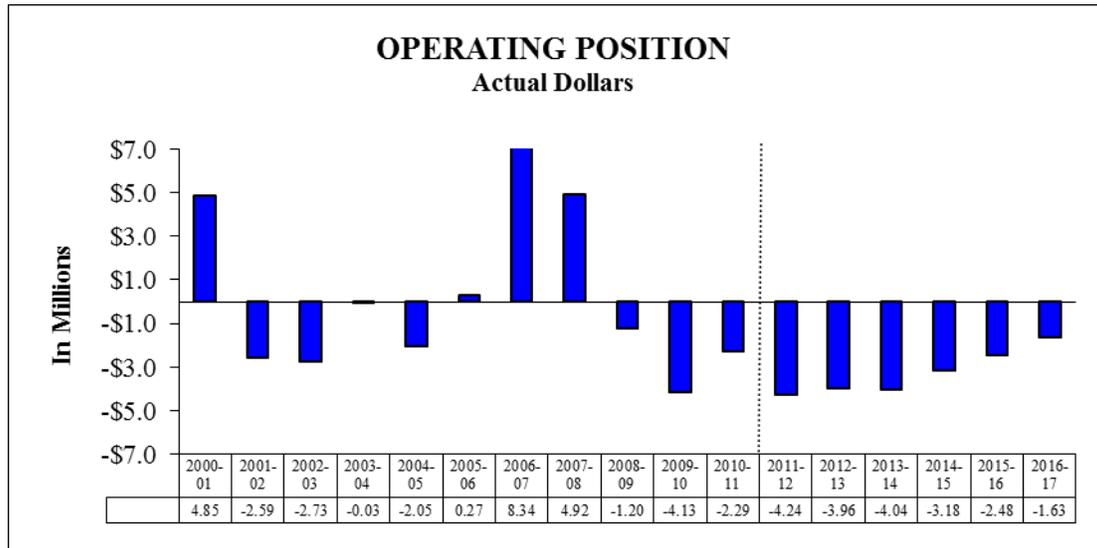
Operating position is defined as the City's ability to balance current revenues against current expenditures, maintain adequate reserve levels, and cover short-term liabilities with short-term assets.

A complete analysis is provided in this section, and the following indicators are examined in detail:

- Operating Position as a Percentage of Operating Revenues
- Unreserved Fund Balance/Reserve Funds
- Liquidity Ratio
- Debt Service

## 2011 Long Term Financial Plan Summary

### Indicator 12: Operating Position



**2011 Finding: Unfavorable**  
**2009 Finding: Warning**

**Description**

This indicator measures the City’s ability to balance operating revenues, excluding fund balances from the prior year, against operating expenditures. When operating revenues exceed operating expenditures an operating surplus is achieved. A deficit occurs when the reverse happens and the City is forced to utilize available fund balances from prior years. This analysis is performed for the General Fund only, as this is where the majority of operating activity takes place. It excludes transfers to and from the Capital Improvement Program and revenues and expenditures related to natural disasters which have occurred in the City. A deficit would be of serious concern for the City’s ability to balance its budget.

**Comments and Analysis**

The City has experienced a number of years with operating deficits, however, due to the freezing of 30 positions and a 24.5% increase in transient occupancy tax revenue as well as healthy increases in sales tax, property tax and business license revenue, the City has achieved an operating surplus in FY 2007-08 of approximately \$4.3 million. Historically, expenditures have risen at a faster pace than revenues, requiring budget balancing measures that have impacted City service levels. The City adopted several fiscal policies as part of the 2007-09 budget including an operating budget policy establishing a goal that current revenues will be sufficient to support current operating expenditures. This policy reflects a commitment to maintain a positive operating position. This goal will not be met in 2010-11 or the next two year budget cycle given the impact of the economic downturn.

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## 2011 Long Term Financial Plan Summary

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**Recommendation:**

During a period of economic decline and reserves are utilized to balance a budget, steps should be taken at the earliest time possible to reverse negative trends. Staff will follow up with recommendations to address this situation in Spring, 2012.

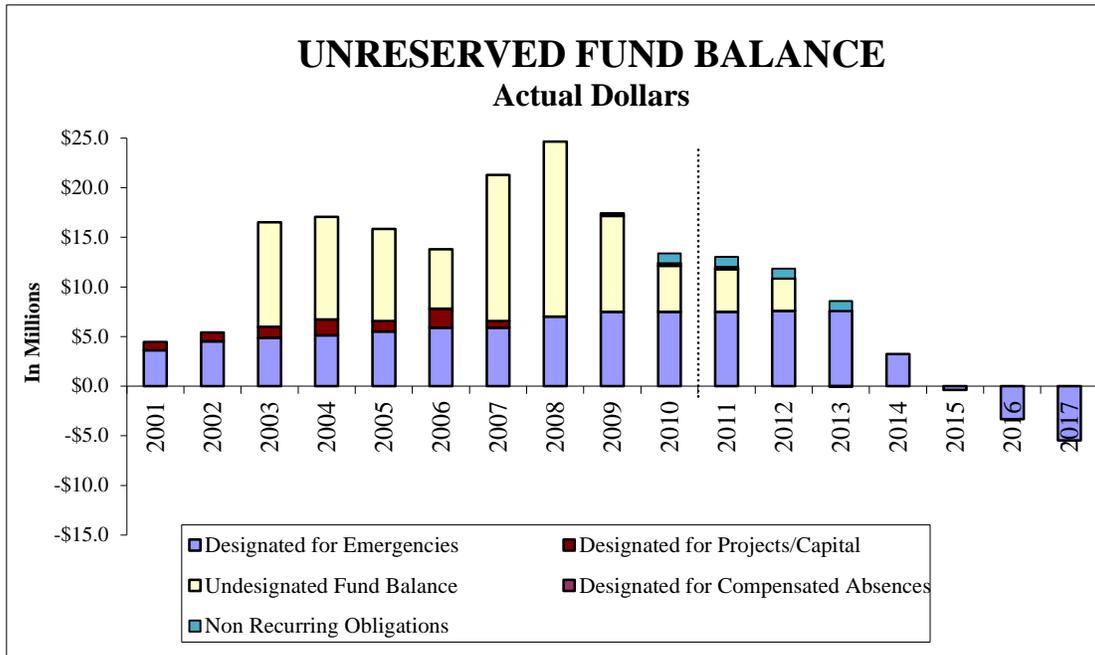
**Forecast Summary and Results**

Operating position refers to the City's ability to match revenues to expenditure levels, i.e. if revenues exceed expenditures, the City will have an operating surplus. The opposite is true if revenues fall below expenditures, then the result is an operating deficit. Over the forecast period, the City's revenue and expenditure projections generate a deficit in operating position for fiscal years 2010-11 through 2016-17.

Labor costs are the primary driver of expenditures, which are projected to increase by an average of 1.7% per year. Any additional enhancements to service level will reduce the projected operating position. In addition, the revenue forecast could be further affected by delays in new development underway, new property development not yet underway, the strength in the real estate market, and the level of tourism beyond that anticipated as part of the new hotel properties that are included in the forecast.

## 2011 Long Term Financial Plan Summary

### Indicator 13: Unreserved Fund Balance/Reserve Funds



**2011 Finding: Unfavorable**  
**2009 Finding: Caution**

#### Description

Unreserved Fund Balance refers to those dollars available for use in the event of a financial emergency, short-term revenue fluctuations or an economic downturn. The City attempts to operate each year at a surplus to ensure the maintenance of adequate fund balance and reserve levels.

#### Comments and Analysis

The City has a fiscal policy designating an amount equal to 12% of annual operating expenditures as an emergency reserve and has achieved full compliance since FY 2007-08. Fund Balance has been used to meet budget shortfalls in recent years. Since FY 2003-04, the City transferred reserves from the Building Reserve (\$1.5 million), Capital Project Reserve (\$2.3 million) and the Fleet Reserve (\$1.4 million) to the General Fund to help fund the budget deficit until cost containment measures could be realized. Those borrowed reserves were fully replenished in the FY 2008 – 2010 budget cycle. The forecast indicates that the undesignated fund balance will be used to balance the budget in FY 2010-11 and fully depleted in the next two year budget cycle, which is the basis for the downgrade of finding for this indicator to Unfavorable.

#### Recommendation:

During a period of economic decline and reserves are utilized to balance a budget, steps should be taken at the earliest time possible to reverse negative trends. Staff will follow up with recommendations to address this situation in the next budget cycle.

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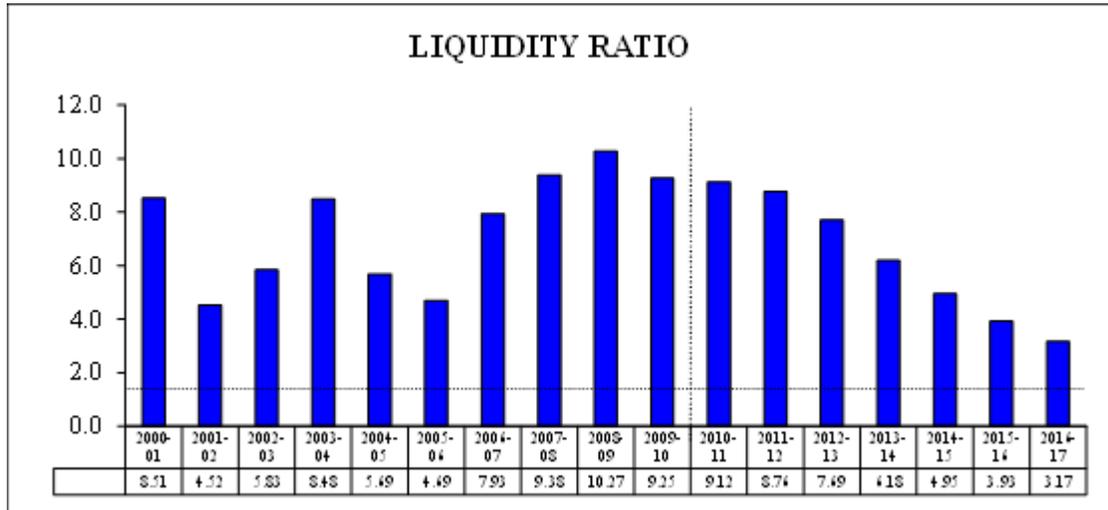
## **2011 Long Term Financial Plan Summary**

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The Operating Position discussed in the previous slide reflects a deficit in the City's operating position in fiscal year 2010 and continuing through 2017. The Operating Position projection has not taken into account any reserves that may need to be used to cover natural disasters such as a flood.

## 2011 Long Term Financial Plan Summary

### Indicator 14: Liquidity Ratio



**2011 Finding: Favorable**

**2009 Finding: Favorable**

#### Description

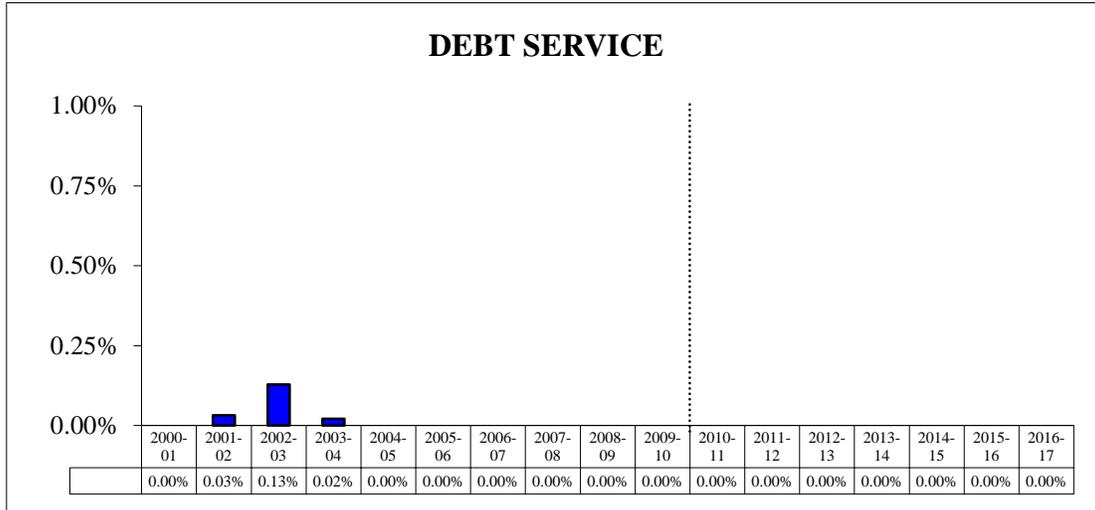
Liquidity measures the City’s ability to meet short-term obligations. Liquidity is measured by comparing current assets to current liabilities. Current assets include cash, short-term investments, accounts receivable, and other assets that can be rapidly converted to cash. Current liabilities include accounts payable, accrued wages, accrued expenses, and deposits, all obligations that can be immediately demanded for payment. A liquidity ratio of less than 1:1 can indicate insolvency and is cause for alarm. A ratio above that is considered favorable.

#### Comments and Analysis

The City has been able to maintain a liquidity ratio well above 1:1 for the past ten years. The ratio exceeded 5.5 at the end of fiscal 2010. Due to the structural deficit the City is projecting throughout this plan, the liquidity ratio is projected to fall under 1:1 policy level beginning in FY 2013-14.

## 2011 Long Term Financial Plan Summary

### Indicator 15: Debt Service



**2011 Finding: Favorable**

**2009 Finding: Favorable**

#### Description

Debt service includes the principal and interest payments from General Fund obligations of the City. It is analyzed as a percentage of operating revenues, the base against which the size of the debt service payment can be measured and compared.

#### Comments and Analysis

The City's ratio of debt service to operating revenues is zero and the City has capacity to issue debt.

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## 2011 Long Term Financial Plan Summary

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### Additional Indicators

Two additional indicators are analyzed to provide information on the financial condition of the City.

Because of the City's dependence on property tax revenues, the City's largest source of operating revenue (35%), a further analysis has been done on the change in assessed property values from year-to-year. Property values continue to trend upwards as they have done for the past several years.

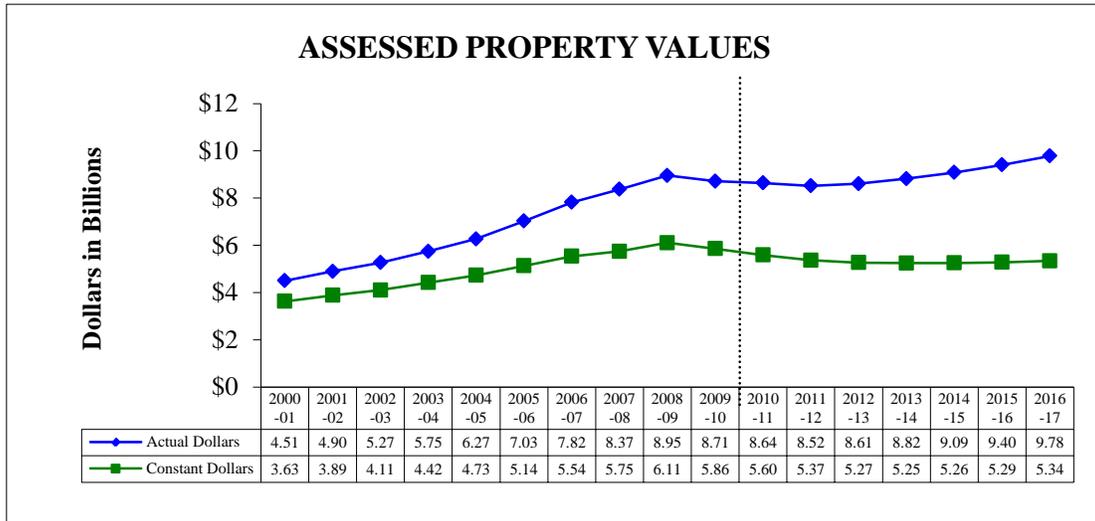
Finally, the population of the City has been analyzed over time to determine its impact on the tax base as well as the effects on additional service demands.

The following indicators are detailed in this section:

- Assessed Property Values
- Population

## 2011 Long Term Financial Plan Summary

### Indicator 16: Assessed Property Values



**2011 Finding: Unfavorable**  
**2009 Finding: Caution**

#### Description

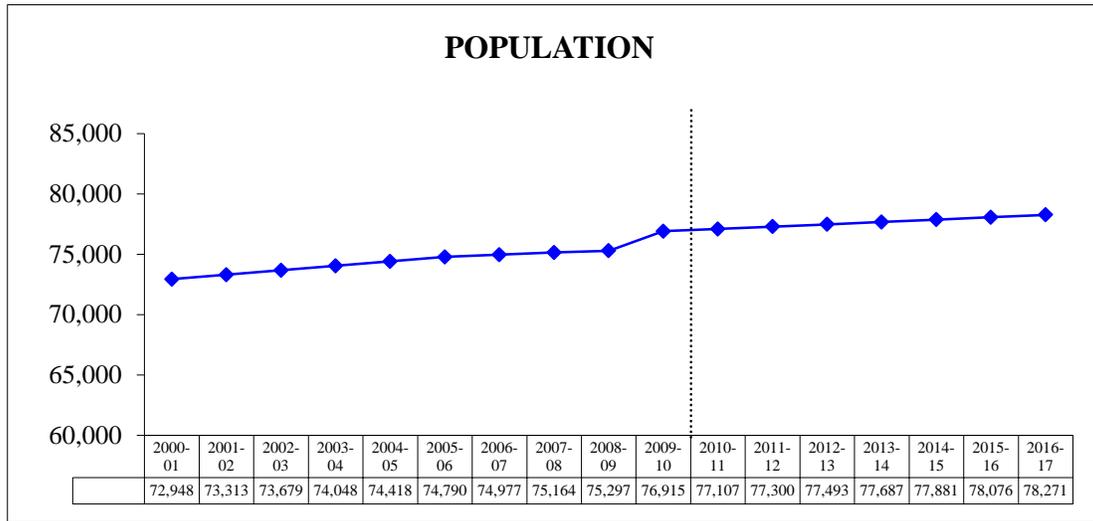
Assessed property values, in both actual and constant dollars, are of primary importance to the City because property tax revenue, comprising 38% of the total General Fund operating revenues in fiscal year 2009-10, is the City's largest source of revenue. The effect of declining property values on total General Fund revenues is a significant concern considering the city's reliance on property taxes. Likewise, a positive trend indicates an improvement in the City's financial condition.

#### Comments and Analysis

Real estate valuation had been negatively impacting the City since FY 2008-09. With the unstable housing and credit markets, further decline is projected through FY 2011-12 due to revaluation of both residential and commercial properties. Recovery in FY 2012-13 and beyond is anticipated to be slow over the next few years.

## 2011 Long Term Financial Plan Summary

### Indicator 17: Population



**2011 Finding: Favorable**  
**2009 Finding: Favorable**

#### Description

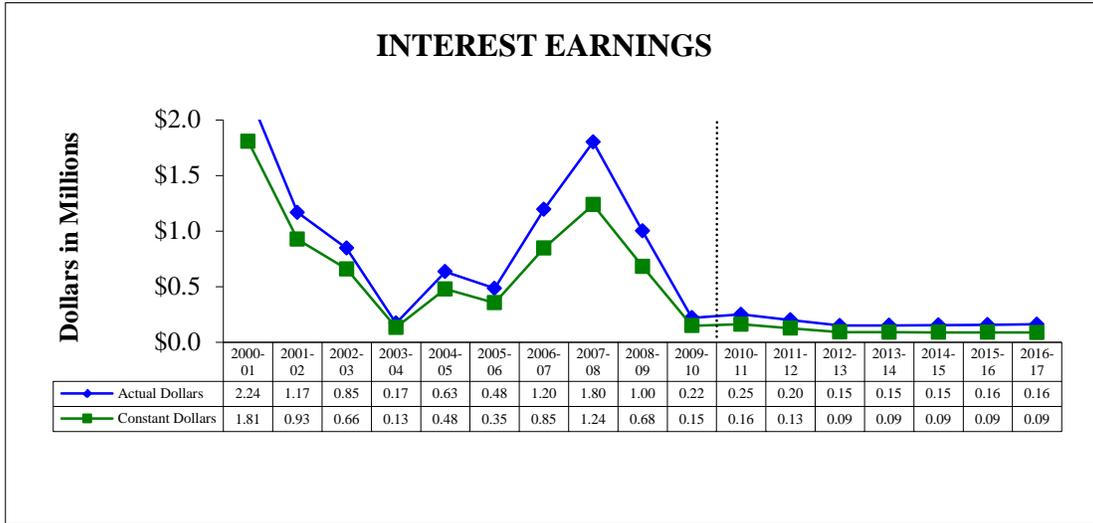
The exact relationship between population change and other economic and demographic factors is uncertain. However, a sudden increase in population can create immediate pressures for new capital expenditures and higher levels of service. Conversely, a rapid decline in population allows for a smaller tax base for spreading City costs that cannot be reduced in the short run, such as debt service, pensions, and governmental mandates.

#### Comments and Analysis

Population growth in the City has progressed slowly and steadily in recent years, averaging less than 1% per year. As a result, the City has not had to increase expenditures unreasonably to provide increased service levels to the residential population. Staff should monitor future growth based on residential and commercial development activity to identify changing trends that may impact service demands.

# 2011 Long Term Financial Plan Summary

## Interest Earnings

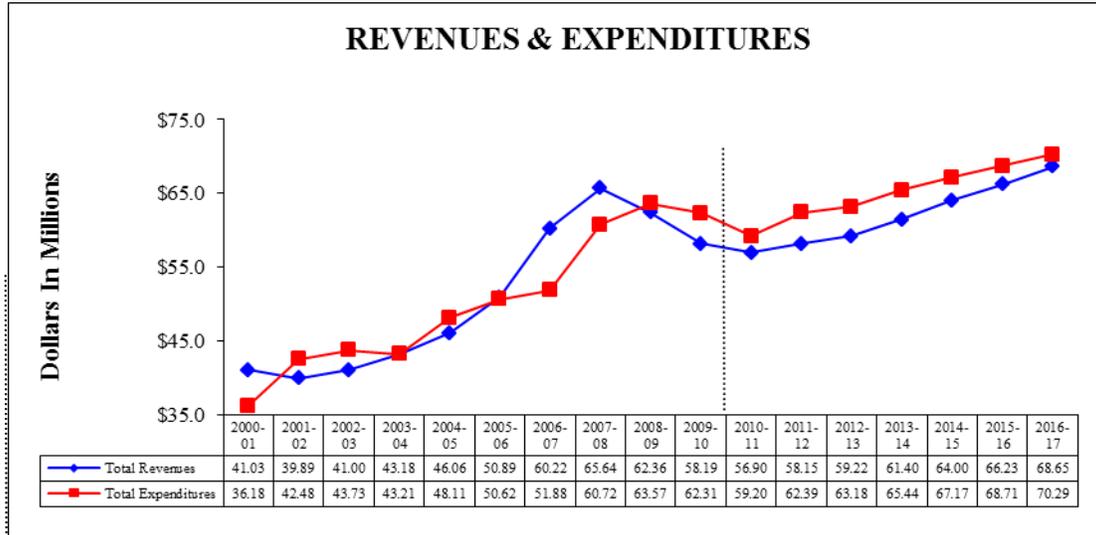


*The City's investment policy, reviewed and adopted each year places emphasis of the investment of City funds on safety, liquidity and then yield, so an independent rating is not given for Interest earnings*

This revenue is based on the earnings generated by the investment of cash on hand. The General Fund portfolio is made up of accumulated revenues in excess of expenditures. It is also comprised of funds committed for Capital Improvement Projects and other purposes, but not spent. Much of the portfolio is invested in short-term instruments because of these commitments; therefore, has realized lower yields. Low interest rates have contributed to a decline in overall yield. Investment earnings are not expected to rebound until the City returns to a positive operating position.

# 2011 Long Term Financial Plan Summary

## Revenues & Expenditures



Total revenues are forecast to grow by an average annual increase of 2.4% per year.

While there is expected moderation of benefit costs, expenditures are projected to increase at an average annual rate of approximately 2.1% per year. Projected expenditures are based on a “hold the line” budget with no new General Fund positions, and no new programs throughout this plan.

As indicated on the graph, the forecast predicts that the City will experience a deficit position through 2017, given the assumptions in the model unless additional expenditure reductions are initiated.

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## 2011 Long Term Financial Plan Summary

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### IV: FINDINGS AND CONCLUSIONS

The information provided in the preceding pages indicates that the City of Napa is experiencing a period of fiscal challenge. The local economy is struggling to recover from the recent recession that had world-wide impacts.

This report reflects the impact of the current recession on the City of Napa and reiterates the need to maintain adequate reserves for such events. It must be noted that a forecasted structural deficit continues through 2017, unless additional reductions are implemented.

It should also be noted that the above report focused on the City's ability to provide for operating service delivery programs that are currently in effect using existing sources of revenue. Clearly there is a need for the growth of current programs. The City has committed to building additional facilities including parks, trails and bridges, but we have not allowed for sufficient new staff to meet the increasing demands.

In addition, the report does not identify or quantify the lack of funds necessary to provide for the capital projects needed to meet expanding program requirements and to repair, maintain, and in some cases replace existing infrastructure. For example, a recent evaluation of the City's street inventory has identified the need for \$9 million over the next ten years to bring local streets to acceptable operating condition and allow for needed preventative maintenance of the remainder of the road system. Funding for street maintenance not provided by State bonds or gas tax proceeds must compete for limited funding within the General Fund. Failure to address these infrastructure needs on a timely basis will result in increased liability and rapidly escalating costs as relatively inexpensive preventative maintenance projects become reconstruction projects due to deferred spending. An ongoing local, state or federal funding source to address the City's major maintenance or reconstruction projects needs to be identified.

The following actions that have been identified in this report warrant consideration by the City Council and City staff in order to stabilize and secure the City's fiscal future. Some can be studied and implemented in the immediate future as part of the budget review; others will require considerable study and evaluation involving interested stakeholders. The status quo is not acceptable. A combination of measures aimed at increasing revenues and/or reducing expenditures must be identified and implemented during the next budget cycle to avoid serious financial problems.

### **RECOMMENDED ISSUES FOR STUDY/ACTION**

- Bringing operating revenues and expenditures into alignment.
- Long term funding sources for new facilities and existing infrastructure.
- Labor cost containment alternatives.
- Impact of new development on service delivery and financial position.
- Various options for sharing resources with other local entities.
- Funding for capital equipment and major maintenance.
- Opportunities for revenue development:
  - Fees;
  - Strengthen tax base;
  - Tax options;
  - Collection practices.

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## Revenue Assumptions

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### ***General Fund:***

Revenue projections are based on a combination of factors including analysis of historical revenue receipts, anticipated changes in the local economic environment, projected City growth through development and anticipated changes in revenue receipts.

General Fund revenues are anticipated to be \$58.1 million for FY 2011-12 (\$62.0 million including non-recurring revenues). For FY 2012-13, revenues are projected to amount to \$59.2 million, or \$60.2 million including non-recurring revenues. The assumptions used to project major General Fund revenues are explained below.

### *Property Tax Revenues*

Property taxes are the City's largest source of revenue (36%) and are relatively inelastic in that they should remain constant as the economy changes. By State law (Proposition 13), the County levies property taxes at one percent of full market value at the time of purchase. Assessed values can be increased by no more than two percent per year until resold. The City also has the authority to impose an excess property tax levy to pay debt service on voter-approved debt. Currently, no such debt exists. The City of Napa's assessed property values have declined 4.7% over the past two years, due to the recession. Residential reassessments were completed in FY 2010-11, and commercial reassessments are currently underway. Due to the continued slow housing market, property tax revenues are anticipated to decline another one percent (1%) in FY 2011-12, then increase by one percent (1%) in FY 2012-13 as recovery from the recession continues.

### *Sales Tax Revenues*

Sales tax revenue is a strong indicator of the City's economic health. Sales tax revenues are the City's second largest source of revenue (21%) and are elastic in nature, varying with changes in the economy. The State Board of Equalization levies the sales tax on most retail sales with principal exemptions applying to sales of food for home consumption and prescription drugs. The overall Napa County sales tax rate is 8.75%, of which the City receives the 1% local portion. The City also receives a portion of the 0.5% earmarked for public safety as mandated by the State. Napa's sales tax revenue is heavily dependent on the tourism industry and therefore tends to follow economic cycles. Sales tax receipts declined by over 10% between FY 2007-08 and FY 2009-10. Sales Tax revenues for FY 2010-11 are projected to remain steady at \$11.6 million (consistent with FY 2009-10 actuals) and increase by 2.7% to \$12.0 million in FY 2011-12, and another 1.9% in FY 2012-13.

### *Transient Occupancy Tax Revenues*

Transient occupancy tax revenue (TOT) is a strong indicator of the city's economic health. This revenue source is the City's third largest source of revenue (16%) and is elastic in nature, varying with changes in the economy. The City of Napa levies the tax on rooms at hotels, motels, bed and breakfasts and vacation rentals within the City. The TOT rate is 12%, of which the City receives 100%. In addition, effective July 1, 2010, the city began collecting an additional 2% on behalf of the newly established Napa Valley Tourism Improvement District (NVTID). Transient occupancy tax revenue is heavily dependent on the tourism industry and therefore tends to follow economic cycles. Although FY 2008-09 showed a sharp decline of 7% from FY 2007-08, FY 2009-10 held steady, and we are projecting a 10% rebound in FY 2010-11. Using the assumption of moderate economic recovery throughout this budget cycle, transient occupancy tax revenues are expected to see annual increases of 2.5% in FY 2011-12 and FY 2012-13.

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## Revenue Assumptions

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### Investment Revenues

This revenue is based on the earnings generated by the investment of cash on hand. The General Fund portfolio is made up of accumulated revenues in excess of expenditures. It is also comprised of funds committed for Capital Improvement Projects and other purposes, but not spent. Low interest rates have contributed to a decline in overall yield. For FY 2011-12 and FY 2012-13, interest revenues were calculated at approximately 0.5% of average anticipated cash balance.

### **Special Revenue Funds:**

The major sources of revenue received in Special Revenue Funds include Federal and State grants, shared revenues from the State of California or County of Napa, developer impact fees, and special assessments. The assumptions used for the FY 2011-12 and FY 2012-13 major revenues are described below:

*Traffic Fund: State Gas Tax (Highway Users Tax) Allocations (Sections 2105, 2106, 2107, 2107.5 and 2103 of Streets and Highways Code)* – The State of California Highway Users Tax is a \$0.18 per gallon tax on fuel. Taxes are allocated to the City based on population. For FY 2011-12 and 2012-13, the City anticipates gas tax allocations of \$415,424 (2105), \$215,126 (2106), \$552,842 (2107), \$7,500 (2107.1), and \$873,015 (2103: Prop 42 replacement) for a total of \$2.1 million in both FY 2011-12 and FY 2012-13.

*Community Development Block Grant (CDBG)* – Housing and Urban Development (HUD) awards grants to entitlement community grantees to carry out a wide range of community development activities directed toward revitalizing neighborhoods, economic development, and providing improved community facilities and services. The City of Napa is an entitlement community and anticipates receiving \$0.83 million in grant income for fiscal year 2010-11. It is anticipated this revenue source will decline to \$752,314 in FY 2011-12 and FY 2012-13 as there is no anticipated reprogrammed income.

*Down Payment Assistance (CalHOME Grant)* – The Down Payment Assistance Fund accounts for funding received by the City of Napa from the California Department of Housing and Community Development CalHOME grant program. Funds from this award are Proposition 1C funds and are restricted to down payment assistance for low-income first-time homebuyers. It is anticipated that the City of Napa will \$436,000 in FY 2011-12 and FY 2012-13.

*Assessment District Revenues* – These revenues come from assessments for lighting and landscaping of various site-specific locations around the City. These sites are located within established boundaries that make up the funding districts and zones. It is anticipated the City will receive \$0.8 million in FY 2010-11 and increase slightly to \$0.9 million in FY 2011-12 and FY 2012-13.

*Parking Maintenance & Security* – These revenues are derived from special assessments of downtown Napa businesses within specified boundaries, parking fines and permits and General Fund contributions. Anticipated revenues for FY 2010-11 are \$0.3 million in Parking Security and \$0.2 million in Parking Maintenance, and are expected to remain steady through FY 2011-12 and FY 2012-13.

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## Revenue Assumptions

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### ***Enterprise Funds:***

The revenues received in Enterprise Funds are from user fees. The fees are based upon the cost to provide the goods and services used by customers. The assumptions used for the FY 2011-12 and FY 2012-13 revenues are described below:

#### *Water Fund*

A total of \$21.4 million in revenue is projected for the Water Fund for FY 2010-11 from metered water sales, penalties, service connection fees, and interest income. With over 95% of its revenue coming from variable water sales, the Fund has been affected by reduced water use caused by recent economic conditions and customer water conservation. For 2011-12, revenues are projected to increase 5% to \$22.5 million. Connection fees are based on the size of the water meter installed. Metered water charges are based upon actual consumption. Rate structure is uniform volumetric with no fixed charges. One billing unit is 1,000 gallons.

#### *Solid Waste and Materials Diversion Fund*

A total of \$23.7 million in revenue is anticipated in the Solid Waste Fund in FY 2010-11. This fund has three major categories of revenue: 1) collection service fees, 2) materials sales and 3) gate fees at the City's Materials Diversion Facility (MDF). For FY 2011-12, approximately \$16.6 million is anticipated for solid waste and recycling collection service fees for residential, commercial, multi-family, schools and roll-off (drop box) services. All of these service charges are based on rates approved by the Napa City Council and depend on equipment size and frequency of service. Gross revenue from materials sales for FY 2010-11 is anticipated at \$6.1 million, with approximately \$500,000 coming from MDF direct sales (e.g., compost, topsoil and gravel) and 5.6 million generated from secondary market bulk sales (e.g., various grades of paper, metal, plastics, chipped wood, etc.).

#### *Golf Fund*

The Golf Fund projected revenues for FY 2010-11 are projected to come in approximately \$300K under budget due mainly to the local economic conditions and a wet spring. To help return the Golf Course to financial health, the 2011-12 green fees have been increased by \$3.00/round. \$1.00 of the increase will be set aside for improvements to the course. The revenue projections for FY 2011-12 and 2012-13 are \$1.6 million and \$1.7 million respectively.

### ***Internal Service Funds:***

Internal Service Funds receive revenues from City departments for goods and services provided by another City department on a cost reimbursement basis. Charges are established annually. The assumptions used for the FY 2011-12 and FY 2012-13 major revenues are described below:

#### *Fleet Management Fund*

The Fleet Management Division uses a six component rental rate system. The six components are the sole funding source of the Fleet Management Fund and include operations and maintenance costs, a vehicle replacement value, department overhead, insurance allocation, fuel costs and accident repair costs. In addition to the revenue from these fixed, annual rental rates, Fleet also receives revenue from City Motor Pool transactions, O&M costs of 'direct bill' classified equipment, and from actual costs billed for user-requested modifications and additions that were not budgeted. Anticipated revenues are \$3.3 million and \$3.4 million for FY 2011-12 and FY 2012-13 (respectively).

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## Revenue Assumptions

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### Risk Management Fund

The Risk Management Fund is an internal service fund established to account for resources and uses related to the City's self-insured programs and is funded by charges to the various City departments. Anticipated revenues for FY 2011-12 and FY 2012-13 are \$4.0 million. Worker's compensation and general liability insurance rates were calculated at the 75% confidence level. Unemployment charges were determined by applying a CPI increase to the previous year's projections, and adjusting for known changes in the City's workforce.

### Post Employment Benefits Fund

This fund was established to collect contributions from the General Fund and proprietary funds to cover the cost of retiree benefits for current and past employees. A contribution rate of 3.0% of payroll for both budget years is factored into labor costs and determined the revenue projections. This amounts to approximately \$1.3 million in both FY 2011-12 and FY 2012-13.

### ***Redevelopment Agency (RDA) Funds***

The Napa Community Redevelopment Agency receives property tax increment revenue from properties within the project area. Property tax increment revenue is anticipated to increase to \$6.0 million in FY 2011-12 and \$6.1 million in FY 2012-13. The Low and Moderate Housing Fund will receive 20% of the gross property tax increment revenue, as required by state law.

### ***Housing Authority Section 8 Fund***

The federally funded Housing Choice Voucher Program administers rental assistance to over twelve hundred households in the City of Napa. The fund also supports 30 rental assistance subsidies for the disabled and the Section 8 Mod Rehab Program. This fund expects to receive revenues of \$11.4 million in FY 2011-12 and FY 2012-13.

## Appropriations Limit

### RESOLUTION R2010 155

#### RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NAPA, STATE OF CALIFORNIA, ESTABLISHING THE GANN APPROPRIATIONS LIMIT FOR THE 2010-11 FISCAL YEAR

WHEREAS, Article XIIB of the California Constitution (enacted with the passage of Proposition 4 in 1979; with modifications under Proposition 111, passed by the voters of California in June 1990; and implemented by California Government Code sections 7900, and following), limits increases of appropriations by governmental entities by an amount not to exceed the change in population and the change in either the California per capita income or the changed in non-residential assessed valuation due to new construction within the City (this limitation on appropriations by governmental agencies is known as the "Gann Appropriations Limit"); and

WHEREAS, documentation used in the determination of the 2010-11 fiscal year appropriations limit has been available to the public prior to City Council's determination in this matter, as required by Government Code Section 7910; and

WHEREAS, the City Council has considered all information related to this matter, as presented at the public meetings of the City Council identified herein, including any supporting reports by City staff, and any information provided during public meetings.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Napa, as follows:

1. Pursuant to the appropriations limit formula set forth in California Government Code Sections 7900-7913, the City Council hereby establishes the appropriations limit for the 2010-11 fiscal year for the City of Napa as documented in Exhibit "A," attached hereto and incorporated here by reference.

2. The City Council hereby finds that the facts set forth in the recitals to this resolution are true and correct, and establish the factual basis for the City Council's adoption of this resolution.

3. This Resolution shall take effect immediately upon its adoption.

I HEREBY CERTIFY that the foregoing Resolution was duly adopted by the City Council of the City of Napa at a public meeting of said City Council held on the 19th day of October, 2010, by the following vote:

AYES: van Gorder, Inman, Mott, Krider, Techel

NOES: None

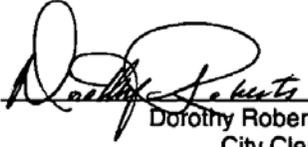
ABSENT: None

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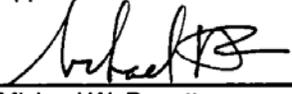
## Appropriations Limit

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ABSTAIN: None

ATTEST:   
Dorothy Roberts  
City Clerk

Approved as to form:

  
\_\_\_\_\_  
Michael W. Barrett  
City Attorney

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## Appropriations Limit

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### EXHIBIT "A"

The calculations required by the Gann appropriation limits are set forth in Article XIII B of the California Constitution (enacted with the passage of Proposition 4 in 1979, with modifications under Proposition 111 passed in June 1990 and implemented by California Government Code sections 7900, and following). In brief, the City's appropriation growth rate is limited to changes in population and either the change in California per capita income or the change in the local assessment roll due to new, non-residential construction.

The formula to be used in calculating the growth rate is:

$$\frac{\text{\% change in population (City or County) + 100}}{100}$$

*times*

*either*

$$\frac{\text{\% change in per capita income + 100}}{100}$$

*or*

$$\frac{\text{Change in non-residential assessments + 100}}{100}$$

The resultant rate times the previous appropriation limit equals the new appropriation limit.

Both the California per capital personal income price factor and the population percentage change factors are provided by the State Department of Finance to local jurisdictions each year. Population percentage change factors estimate changes in the City's and County's population between January of the previous fiscal year and January of the current fiscal year. Reports that present changes in new, non-residential assessments are provided by the County of Napa. These numbers provide the basis for the factor to be used in the City's calculation of the Gann Limit.

Of the two methods above, the City is using the City's population growth factor and the change in per capita income factor, as they result in the higher appropriations limit.

On May 1, 2010, the State Department of Finance notified each city of the population changes and the per capita personal income factor to be used in determining appropriation limits.

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## Appropriations Limit

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The City population on January 1 of the previous year compared to the population of January 1, 2010 has increased by 1.12%.

The per capita personal income growth factor decreased by 2.54%

The factor for determining the year to year increase is computed as:

$$\frac{1.12 +}{100} \times \frac{-2.54 +}{100} = .9855$$

Applying this year's factor of .9855 to last year's limit of \$149,184,036, the Gann Limit for FY2010-11 yields \$147,023,183. Based on an operating budget of approximately \$62.3 million, the City of Napa is not at risk of exceeding the Gann Limit.

## Budget Process

### Budget Process

The budget process begins with the distribution of the budget instructions in January at the Budget Kick-Off meeting. Intended to set the tone for the budget preparation cycle, the budget instructions detail the City's economic outlook for the upcoming fiscal years including specific instructions for addressing budget constraints, additions and deadlines.

All staff are invited to attend the Budget Kick-Off meeting. It is especially important for Department Heads, Budget Coordinators and Budget Technicians to attend. The meeting provides a forum in which staff can ask questions of the Budget Team about the process.

Departments are typically given about six weeks to develop their budgets. The exact deadlines and due dates are included in the budget calendar.

### Budget Timeline

<b>MONTH</b>	<b>BUDGET ITEM</b>
OCTOBER	Department Heads designate Budget Coordinators and Budget Technicians for upcoming budget cycle.
NOVEMBER	CIP Budget Kick-Off
DECEMBER	City Council Meetings with Commissions
JANUARY	CIP Requests due to Public Works Department Budget Kick-Off meeting Departments receive updated Budget Manual and Instructions Detailed budget training and labs City Council/Staff goals and priorities workshop
FEBRUARY	CIP Committee review of new project requests Budget entry labs New position & new vehicle request forms due Year-end projections due to Finance Department budget requests due to Finance
MARCH	Department narratives & organizational charts due to City Manager's office Finance budget review with departments
APRIL	City Manager budget review meetings with departments City Manager's Recommended Budget available to departments
MAY	City Council Budget Workshop
JUNE	Long Term Financial Plan presented to City Council City Council review and Public Hearings on Proposed Budget City Council adopts budget Budget published

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## Budget Process

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### **Budget Approval Process**

Each department is responsible for consulting with and seeking input regarding their budget requests from the City Manager, Assistant City Manager (as applicable), and respective commissions or committees (as applicable) prior to submittal.

### **Recommendation and Department Presentations to City Manager**

Upon submission of departmental budget requests, the City Manager reviews and evaluates all budget requests, decision packages, new personnel requests, and other submitted budget materials to determine whether they fulfill City Council goals and objectives, improve management effectiveness and service delivery, or increase productivity. The Assistant City Manager, Finance Director and Finance Manager typically assist the City Manager in this review process, focusing on:

- Review of line items for any significant changes from the previous year adopted budget or the previous two fiscal year actual amounts.
- Review of existing programs provided in the current level of service.
- Review of summary decision packages to determine which proposals will move forward in the process.

Each department meets with the City Manager to discuss their department's requests. Departments may be asked to submit additional information in writing or adjust certain budget requests. A deadline will accompany all such requests.

Once the City Manager has met with all departments, he meets with the Assistant City Manager, and, with assistance from the Finance Director, determines final recommendations.

### **Presentation of Budget to City Council**

After the departmental meetings, the City Manager's Office, in conjunction with the Finance Department, develops a balanced budget proposal for submission to the City Council. Copies of the City Manager's Proposed Budget are distributed to all City Departments for review prior to presenting to City Council.

The City Council typically holds a series of meetings to discuss the proposed budget, including a budget workshop and a formal public hearing. After receiving comments from the public hearing and directives from the City Council, the City Manager and Finance Director make appropriate changes to the budget. City Council adopts the budget in early to mid June.

### **Adjusting the Budget**

It is the primary responsibility of the City Manager to control and manage the budget. However, the City Manager delegates certain aspects of this responsibility to departments. In most departments, it is the Department Director who is responsible for budget management, although that responsibility may be delegated.

Because the budget is a planning document, it is understood that actual line-item expenditures may not always match the budget, and that as a result, some line-item objects may be over or under expended. Technically, as long as the group of objects for a department within a particular fund is whole, it is not necessary for the department to initiate a budget transfer. However, individual departments may wish to extend that level of control to the division level.

# Budget Process

Throughout the fiscal year, departments may find that it is necessary to modify their budget in order to transfer funds, purchase an unbudgeted capital outlay item, or address an unexpected opportunity or cost. The City Council has adopted a policy specifying the conditions under which budgets may be modified.

All transfers of appropriations require a completed Budget Adjustment Request Form (see *example below*).

A budget adjustment must be made from an object where the savings are located, to the object that requires additional funds. Savings from personnel costs cannot be used for anything other than personnel expenditures. The following bullet points illustrate the approval necessary for certain types of budget adjustments:

- Any budget transfer for a capital project account identified in the CIP program or involving a reservation of fund reserves requires Council approval;
- Any budget transfer involving salaries and benefits account or a transfer between departments requires City Manager approval;
- Additional budget appropriations may be approved by the City Manager when the increased expenditure is offset by new revenues;
- A department head may transfer appropriations between accounts not restricted above within the department as necessary to meet department objectives;
- A division manager may transfer funds between accounts not restricted above within the same division at the discretion of the department head.



**Budget Adjustment Request Form  
(BARF)**

*Finance Department Use Only*

Set/Batch#: \_\_\_\_\_

BE ID#: \_\_\_\_\_

Proof Job #: \_\_\_\_\_

Distrib. Job #: \_\_\_\_\_

Entered By: \_\_\_\_\_

Date: \_\_\_\_\_

Request Date: \_\_\_\_\_

Requesting Department: \_\_\_\_\_

Adjustment Description: (30 Char.) \_\_\_\_\_

Requestor \_\_\_\_\_

Division Head Approval: \_\_\_\_\_

Department Head Approval (if required): \_\_\_\_\_

City Manager Approval (if required\*): \_\_\_\_\_

Revenue Adjustments:	Key	Object	JL Key	JL Object	TO:	FROM:	Net
							-
							-
							-
							-
<b>Total Revenue Adjustments:</b>							-

Expenditure Adjustments:	Key	Object	JL Key	JL Object	TO:	FROM:	Net
							-
							-
							-
							-
							-
<b>Total Expenditure Adjustments:</b>							-

Net Adjustment : \_\_\_\_\_

**\*Note: Transfers from Salary & Benefits accounts or transfers between departments require City Manager approval.**

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## Glossary

### ACRONYMS USED IN THIS MANUAL:

**BID:** Budget Item Details

**CAFR:** Comprehensive Annual Financial Report

**CalPERS:** Public Employees Retirement System provided for public employees by the State of California

**CDBG:** Community Development Block Grant

**CERBT:** California Employer's Retirement Benefit Trust

**CIP:** Capital Improvement Program

**COLA:** Cost of Living Allowance

**FEMA:** Federal Emergency Management Agency

**FLSA:** Fair Labor Standards Act

**FTE:** Full Time Equivalent

**GAAP:** Generally Accepted Accounting Principles

**GASB:** Governmental Accounting Standards Board

**HACN:** Housing Authority of the City of Napa

**IFAS:** Integrated Financial and Administrative Solution

**IT:** Information Technology

**LTFP:** Long-Term Financial Plan

**NCRA:** Napa Community Redevelopment Agency

**NOFA:** Notice of Funding Availability

**NPDES:** National Pollution Discharge Elimination System

**OES:** Office of Emergency Services

**OPEB:** Other (than pensions) Post Employment Benefits

**PERS:** Public Employees Retirement System

**SCADA:** Supervisory Control and Data Acquisition System

**VLF:** Vehicle License Fees

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### **Accounting System:**

The set of records and procedures which are used to record, classify, and report information on the financial status and operations of the City.

### **Accrual Basis Accounting:**

Under this accounting method, transactions are recognized when they occur, regardless of the timing of related cash receipts and disbursements. All proprietary and fiduciary funds are accounted for using the accrual basis of accounting.

### **Appropriation:**

An authorization made by the City Council which permits officials to incur obligations against and to make expenditures of governmental resources. Appropriations are typically granted for a one-year period.

### **Assessed Valuation:**

The estimated value of real and personal property used by the Napa County Assessor as the basis for levying property taxes.

### **Balanced Budget:**

A balanced budget is one in which total expenditures equal total revenues. An entity has a budget surplus if expenditures are less than revenues. It has a budget deficit if expenditures are greater than revenues.

### **Basic Financial Statements:**

The minimum combination of financial statements and note disclosures required for fair presentation of the City's fiscal activities & position in conformity with Generally Accepted Accounting Principles (GAAP) and includes an audit opinion.

### **Benefits:**

Those benefits paid by the City as conditions of employment. Examples include insurance and retirement benefits.

### **Bond (Debt Instrument):**

A written promise to pay a specific sum of money at a specified future date, at a specified interest rate. Bonds are typically used to finance capital facilities.

## Glossary

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**Bond Rating:**

An “issuer bond rating” awarded by a rating firm measuring an entity’s capacity to meet its financial commitments on a debt obligation.

**Budget:**

A financial plan, including proposed expenditures and estimated revenues, for a period in the future.

**Budget Document:**

The official financial spending and resource plan submitted by the City Manager and adopted by the City Council explaining the approved budget to the public and City Council.

**Budget Message:**

A written explanation by the City Manager of the approved budget. The budget message explains principal budget and policy issues and presents an overview of the City Manager’s budget recommendations.

**Budget Overview:**

This section provides an overview of the changes adopted in the budget. Additionally, the significant impacts of budgetary changes are outlined along with dollar amounts (Increase/Decrease).

**Budget Resolution:**

The official legal document approved by the City Council authorizing city officials to obligate and expend resources.

**CalPERS:**

Public Employees Retirement System provided for public employees by the State of California.

**Capital Assets:**

Assets of significant value and having a useful life of several years. Capital assets are also called fixed assets.

**Capital Improvements:**

Buildings, structures, or attachments to land such as sidewalks, trees, drives, tunnels, drains, water lines & plants.

**Capital Improvement Program (CIP):**

A plan over a period of five years setting forth each capital project, the amount to be expended in each year and the method of financing capital expenditures.

**Capital Projects Fund:**

In governmental accounting, a fund that accounts for financial resources to be used for the acquisition or construction of capital improvements. The total cost of a capital project is accumulated in a single expenditure account which accumulates until the project is completed, at which time the account ceases to exist.

**Capital Outlay:**

Expenditures which result in the acquisition of or additions to fixed assets. Examples include land, buildings, machinery and equipment, and construction projects.

**CDBG (Community Development Block Grant):**

Federal grant funds distributed from the U.S. Department of Housing and Urban Development. The City primarily uses these funds for housing rehabilitation, public improvements, and local social programs.

**Carry Forward Projects:**

Capital improvement projects approved in prior fiscal years which have been brought forward into the new fiscal year budget.

**Comprehensive Annual Financial Report (CAFR):**

A CAFR includes an audit opinion as well as basic financial statements and supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions.

**Contingency:**

A budgetary set aside for emergencies or unforeseen expenditures not otherwise budgeted.

**Contingent Liabilities:**

Items which may become liabilities of the City but are undetermined at a given date, such as pending lawsuits, unsettled disputed claims, unfilled purchase orders, and uncompleted contracts.

**Contract Services:**

Services provided to the City from the private sector or other public agencies.

## Glossary

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**Contributed Capital:**

Resources which are externally restricted for the acquisition or construction of capital assets. This category includes, but is not limited to, capital grants, residual equity transfers in and contributions from developers.

**Cost Allocation:**

A fair and equitable methodology for identifying and distributing direct and indirect cost, from a service provider to the service consumer.

**Council Priorities:**

The key issues facing the City which are prioritized by the City Council. These priorities are then used in preparing and approving the City budget.

**Debt Service:**

Payment of interest and repayment of principal to holders of the City's debt instruments.

**Debt Service Fund:**

A fund established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

**Decision Package:**

A standardized format where departments may request budget consideration for new or revised programs, positions, and capital equipment.

**Deficit:**

The excess of liabilities over assets.

**Department:**

As defined in the budget resolution.

**Developer Fees and Permits:**

Fees that are charged for specific services provided by the City to applicants for private development projects.

**Developer Impact Fund:**

The Developers Improvement Fund accounts for revenue and expenditures from development impact fees, intended to pay for the design and construction of capital improvements required to mitigate the impacts of new development.

**Division:**

An organized unit within a Department that has unique or specific responsibilities and focus.

**Encumbrance:**

An amount of money committed for the payment of goods and services not yet received or paid for.

**Enterprise Fund:**

In governmental accounting, a fund that provides goods or services to the public for a fee that makes the entity self-supporting. It basically follows GAAP as does a commercial enterprise.

**Expenditures:**

Where accounts are kept on the accrual or modified accrual basis of accounting, expenditures are recognized when goods are received or services rendered.

**Fiscal Policies:**

A set of policy statements that have been adopted to address General Financial Goals; Operating Budget Policies; Revenue Policies; Expenditures Policies; Utility Rate and Fees Policies; Capital Improvement Budget Policies; Debt Policies; Reserve Policies; Investment Policies; Accounting, Auditing & Financial Reporting Policies.

**Fiscal Year:**

A 12-month period to which the annual operating budget applies and at the end of which the City determines its financial position and results of its operations. Napa's fiscal year runs from July 1 - June 30.

**Fixed Assets:**

Assets which are intended to be held or used for a long term, such as land, buildings, improvements other than buildings, machinery and equipment.

**Fleet Management Fund:**

The Fleet Management Fund is used to account for the operation, maintenance and replacement of City owned vehicles and equipment.

**Fleet Replacement Reserve:**

The Fleet Replacement Reserve accounts for funds set aside for replacement of Fleet vehicles and equipment.

## Glossary

***FLSA (Fair Labor Standards Act):***

The Fair Labor Standards Act sets minimum wage, overtime pay, equal pay and Child Labor Standards for private and public sector employees. Enforcement of the FLSA is assigned to the Department of Labor, Wage and Hour Division.

***Full Time Equivalent (FTE):***

A measure of the total quantity of all employees. The FTE converts all employee work activity into a number equivalent to work activity hours performed by full-time employees. For example, a full-time employee (1 FTE) is paid for 2,080 hours per year, while a .5 FTE would work 1,040 hours per year.

***Fund:***

An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves and equities. See list of each fund in the budget resolution.

***Fund Accounting:***

System used by nonprofit organizations, particularly governments. Since there is no profit motive, accountability is measured instead of profitability. The main purpose is stewardship of financial resources received and expended in compliance with legal requirements.

***Fund Balance:***

The excess of fund assets and resources over fund liabilities is defined as Fund Equity. A portion of Fund Equity may be reserved or designated; the remainder is available for appropriation and is referred to as the undesignated fund balance.

***Fund Equity:***

The excess of fund assets and resources over fund liabilities. A portion of the equity of a governmental fund may be reserved or designated; the remainder is referred to as undesignated fund balance.

***General Employee:***

Administrative and clerical support, maintenance workers, skilled trade and craft workers.

***General Fund:***

In governmental accounting, the fund used to account for all assets and liabilities of a nonprofit entity, except those particularly assigned for other purposes in another more specialized fund. It is the primary operating fund of the City of Napa.

***General Services:***

General Services includes those revenue and expenditure items not associated directly with administrative or operating programs.

***General Obligation Bonds:***

Bonds for which the full faith and credit of the City is pledged for payment.

***Generally Accepted Accounting Principals (GAAP):***

Uniform minimum standards for financial accounting and reporting. They govern the form and content of the basic financial statements of the City.

***Golf Course Fund:***

The Golf Course Fund is used to account for the operation, maintenance and replacement of assets associated with the City owned 18-hole golf course.

***Government Accounting Standards Board (GASB):***

An organization created to provide comparability and consistency between different government agencies. GASB issues statements regarding various accounting issues and provides guidelines on how accounting transactions should be recorded.

***GASB Statement No. 34:***

GASB 34 requires state and local governments to produce financial statements on an accrual basis, in much the same manner as private sector businesses. The objective is to enhance the understandability and usefulness of the financial reports of state and local governments to the public, legislative and oversight bodies, and investors and creditors.

## Glossary

***GASB Statement No. 45:***

GASB 45 requires the measurement and recognition criteria for other Post Employment Benefits (OPEB) for reporting purposes. The objective is to recognize the cost of benefits, provide information on related liabilities and provide information for assessing fiscal health for future periods.

***Grant:***

A grant is contributions or gifts of cash or other assets from another organization or governmental entity for use in a specific purpose, activity, or facility.

***HACN:***

Housing Authority of the City of Napa.

***Improvements:***

Buildings, structures, or attachments to land such as sidewalks, trees, drives, tunnels, drains, water lines and plants.

***Information Technology Replacement Fund:***

The IT Replacement fund is used to account for the costs associated with the replacement of the City's centralized computer system and personal computers, and to distribute these costs to the departments using the system on a pro-rata basis. Included costs are for hardware only.

***Infrastructure:***

The physical assets or foundation of the City, including buildings, parks, streets, and water and sewer systems.

***Interest and Rentals:***

Revenue derived from the use of property or money.

***Interfund Advance:***

Amounts provided between funds and blended component units of the primary government with a requirement for repayment.

***Interfund Transfers:***

Flows of assets (such as cash or goods) without a requirement for repayment.

***Intergovernmental Revenue:***

Revenue received from other governmental agencies and municipalities, such as grants from the State or Federal government.

***Internal Service Fund:***

Funds used to account for the financing of goods or services provided by one department to other departments of the City.

***Lease-Purchase Agreements:***

Contractual agreements which are termed "leases" but which in substance amount to purchase contracts.

***Levy:***

(Verb): To impose taxes, special assessments or service charges for the support of governmental activities.

(Noun): The total amount of taxes, special assessments or service charges imposed by Napa County levying property taxes

***Licenses and Permits:***

Revenues earned by the issuance of licenses or permits levied in accordance with the benefits conferred by the license or permit.

***Long-Term External Debt:***

Debt borrowed from a source outside the City with a maturity of more than one year after the date of issuance.

***Long-Term Financial Plan (LTFP):***

A plan which identifies fiscal issues and opportunities, establishes fiscal policies and goals, examines fiscal trends, produces a financial forecast, and provides for feasible solutions.

***Maintenance:***

Expenditures made to keep an asset in proper condition or to keep an asset in working order to operate within its original capacity.

***Managerial:***

Department Heads, Division Managers and Supervisors.

***Materials and Supplies:***

An expenditure classification for articles and commodities purchased for consumption or resale. Examples include office and operating supplies, fuel, power, water, gas, inventory or resale items and small tools and equipment.

## Glossary

**Miscellaneous:**

Revenues from sources other than those specifically identified that are too immaterial in amount to justify the creation of new revenue account line items.

**Modified Accrual Basis:**

Under this accounting method, revenues are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures for the most part are recognized when the related fund liability is incurred except for prepayments accumulated employee leave and long term debt. All governmental funds are accounted for using the modified accrual basis of accounting.

**NCRA:**

Napa Community Redevelopment Agency (see Redevelopment Agency).

**NPDES (National Pollution Discharge Elimination System):**

Permit system established by the U. S. Environmental Protection Agency to regulate discharge of treated sewage storm water and urban runoff.

**Non-Recurring:**

Budgeted revenues or expenditures that are not ongoing from year-to-year. These are one-time or non-regular revenues or expenditures.

**Object:**

The object code is the component of the chart of accounts that facilitates reporting of outflows (expenses) and inflows (revenues) as well as asset and liability balances.

**Operating Budget:**

The operating budget is the primary means by which most of the financing of acquisition, spending and service delivery activities of a government are controlled.

**Operating Funds:**

Funds which are utilized to account for the day-to-day activities of the fund. Examples of this type of fund would be Central Stores and the General Fund.

**Operating Position:**

The projected operating position is the net of forecasted operating revenues and expenditures.

**Operating Revenues/Expenditures:**

Operating revenues and expenditures are the normal ongoing financial activities of the City, and exclude significant one-time items.

**Operating Transfer:**

Routine or recurring transfer of assets between funds.

**Other (than pensions) Post Employment Benefits (OPEB):**

Other Post Employment Benefits refer to benefits other than pensions paid by the employer for retired employees. This refers to retiree medical, dental, prescription drug, vision, life insurance, group legal and long-term care benefits.

**Overhead Charges:**

General Fund Overhead (Cost Allocation Program) charges are the recapturing of the cost of services provided to the other funds from the General Fund. These costs would include Personnel, Finance, Payroll, Accounts Payable, Accounts Receivable, City Clerk, and general administration, utilities, maintenance, etc.

**Park Acquisition and Development Funds:**

The Park Acquisition and Development Funds are used to account for the revenues received from developer fees and the expenditures for the acquisition, construction, improvement or renovation of City owned parks.

**Projected Surplus/Deficit:**

The projected surplus/deficit is the net of forecasted receipts and forecasted disbursements. A surplus is the result of receipts exceeding disbursements, and a deficit is the result of disbursements exceeding receipts.

**Projections:**

A forecast of the revenues expected to be received and/or the expenditures expected to be incurred up to and including the end of the fiscal year.

## Glossary

### **Project Manager:**

A project manager is the person accountable for accomplishing the stated project objectives.

### **Proposition 13:**

Limits the local property tax rate to a maximum of 1% of a property's assessed market value, rolled back assessments to 1975 values and unless a property was sold, capped the increase in assessed values at 2%. New taxes, such as a parcel tax, must be approved by two-thirds of local voters.

### **Proposition 57:**

Proposition 57, the Governor's Economic Recovery Bond bill, was approved by the voters in March 2004. This bill authorized the State to sell \$15 billion of deficit financing bonds to put the budget back in balance. Proposition 57 includes a proposed "triple flip" which essentially swaps one-quarter percent of the local sales tax for an equal amount of "in-lieu" sales tax.

### **Proposition 58:**

Passed in March 2004, this proposition changed the State Constitution and mandates the passage of a balanced budget. If the Legislature and Governor do not pass a balanced budget by July 1, the appropriation level from the previous year's budget will remain in effect. Constitutional changes were enacted upon which set up a special reserve account that would reach \$8 billion or 5% of the General Fund. This legislation also restricts the use of certain types of borrowing to cover state deficits.

### **Proposition 218:**

A statewide initiative passed by the voters of California on November 5, 1996. The initiative provided voters with the right to vote on new taxes.

### **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.

### **Quimby Act:**

The Quimby Act was first established in 1965 by the California legislature. It authorizes cities to require developers to dedicate fees or land for

public parks at a ratio of five (5) acres per 1,000 residents.

### **Redevelopment:**

The planning, development, clearance, reconstruction, or rehabilitation, or any combination of these, of all or part of a survey area, and the provision of such residential, commercial, industrial, public or other structures or spaces as may be appropriate or necessary in the interest of the general welfare, including recreational and other facilities incidental or appurtenant to them.

### **Redevelopment Agency Capital Projects Fund:**

The Redevelopment Agency Capital Projects Fund is used to account for the proceeds of indebtedness, and the expenditure of these funds for improvement, reconstruction and redevelopment projects within the specified boundaries of the Napa Redevelopment Agency.

### **Redevelopment Agency Debt Service Fund:**

The Redevelopment Agency Debt Service Fund is used to account for the accumulation of funds for the payment of interest and principal on long-term debt. Debt service is financed through property tax revenues.

### **Redevelopment Agency Low and Moderate Income Housing Fund:**

The Redevelopment Agency Low and Moderate Income Housing Fund is used to account for the 20% set aside property tax increment revenues and the associated expenditures to be used for increasing or improving low and moderate income housing, as required by Section 33334.2 of the Health and Safety Code.

### **Reserve:**

An account used to indicate that a portion of fund equity is restricted for a specific purpose.

### **Resources:**

Total dollars available for appropriations including estimated revenues, fund transfers and beginning fund balances.

### **Revenue Bonds:**

Bonds issued pledging future revenues, usually water or sewer charges to cover debt payments.

## Glossary

***Risk Management Fund:***

The Risk Management Fund is used to provide the City with liability, property, and workers' compensation insurance. The fund holds reserves for the City's self-insured retention.

***Salary & Wages:***

Salaries paid to City employees. Included are items such as regular full time, regular part time, premium overtime and special duty pay.

***Services:***

An expenditure classification for work performed by others.

***Service Charges:***

Charges for specific services rendered.

***Service Description:***

A description of the services or functions provided by each department or division.

***Single Audit:***

All non-Federal entities that expend \$500,000 or more of Federal awards in a year (\$300,000 for fiscal year ending on or before December 30, 2003) are required to obtain an annual audit in accordance with the Single Audit Act Amendments of 1996, OMB Circular A-133, the OMB Circular Compliance Supplement and Government Auditing Standards. A single audit is intended to provide a cost-effective audit for non-Federal entities in that one audit is conducted in lieu of multiple audits of individual programs.

***Six-Year Financial Forecast:***

Estimates of future revenues and expenditures to help predict the future financial condition of the community. The Six Year Financial Forecast is included in the City's annual Long Term Financial Plan.

***Solid Waste & Materials Diversion Fund:***

The Solid Waste & Materials Diversion Fund is used to account for the activities associated with the collection, recycling, and disposal of residential and commercial solid waste within the City.

***Special Revenue Fund:***

In governmental accounting, fund used to account for the proceeds of special revenue sources (other than special assessments, expendable trusts, or for major capital projects)

that are legally restricted to expenditure for specified purposes.

***Stormwater System Fees:***

The Stormwater System Fees are collected to defray the cost of designing and constructing local drainage facilities and the expenditures for those purposes.

***Subventions:***

Revenues collected by the State which are allocated to the City on a formula basis. For example, motor vehicle and gasoline taxes.

***Supplemental Appropriation:***

An appropriation approved by the Council after the initial budget is adopted.

***Supplies:***

An expenditure classification for articles and commodities purchased for consumption or resale. Examples include office and operating supplies, fuel, power, water, gas, inventory or resale items and small tools and equipment.

***Taxes:***

Compulsory charges levied by the City, County & State for the purpose of financing services performed for the common benefit.

***Traffic Fund:***

The Traffic Fund is used to account for revenues and expenditures apportioned under the Streets and Highways Code of the State of California. Expenditures may be made for any street related purpose in the City's system of streets, County bikeways and pedestrian walkways.

***Triple Flip:***

The "triple flip" swaps one-quarter of the City's local sales taxes to secure \$15 billion in deficit financing bonds approved through the passage of Proposition 57 (flip #1). The State intends to replace this revenue with Educational Revenue Augmentation Fund (ERAF) property tax money that was taken from cities and counties in the early '90's (flip #2). Using ERAF money to backfill the sales tax taken from cities will increase the States obligation to fund schools from *other* general fund resources (flip #3).

***Useful Life:***

The length of time that a depreciable asset is expected to be useable.

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## Glossary

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***Vehicle License Fees (VLF):***

An annual fee on the ownership of a registered vehicle in California paid to the Department of Motor Vehicles (DMV). The state retains authority over both the amount of revenues that are collected and the method of their distribution to local governments and the Legislature holds the authority to alter the level of VLF revenues.

***Water Fund:***

The Water Fund is used to account for the activities associated with the purchase, treatment, distribution and transmission of water by the City and its users.

***Working Capital:***

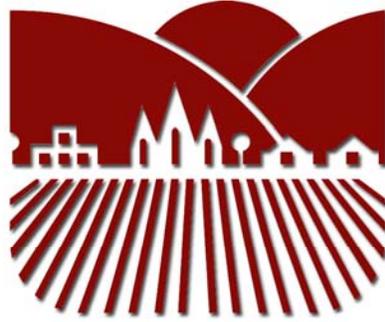
Working Capital is a common accounting formula used for financial analysis. It is defined as current assets minus current liabilities. Usually simply called working capital and used in lieu of fund balance for proprietary funds.

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## City of Napa By The Numbers

Size .....	17.83 square miles
Townsite Founded on the Napa River .....	1847 by Nathan Coombs and John Grigsby
Original Name .....	Nappa City
Incorporated as Nappa City .....	1872
Incorporated as City of Napa .....	1874
Form of Government .....	Council / Manager
Dedicated 955 School Street as Napa City Hall .....	1952
Number of City Departments .....	11
Number of City Employees .....	442
Number of City Boards / Commissions .....	11
Birthplace Of .....	Magnavox Loudspeaker (1915) Napa Patent Leather Process (1926)
Rainfall .....	24" / year October - March
Average maximum temperature in July .....	82 degrees
Average minimum temperature in January .....	37 degrees
Elevation .....	17 '
City Bond Rating (Water Revenue Bonds).....	Standard & Poor's AA-; Fitch AA+
Population .....	76,915 (2010 Census)
Family Households .....	18,537
Total Number of Dwelling Units .....	30,149
Number of Units Permitted in last 10 years .....	2,373
Median age of residents .....	36.1 years
Male Residents .....	36,966
Female Residents .....	38,331
Registered Voters in the City of Napa .....	38,190
2009 Median Household Income .....	\$ 65,309
2009 Owner Occupied Units .....	59.9 %
2009 Renter Occupied Units .....	40.1 %
Percentage of county population and jobs in City of Napa .....	56 %
Percent age 25 or older with Bachelor's degree or higher .....	23.3 %
Percent with graduate or professional degree .....	8.3 %
Mean travel time to work .....	23.9 minutes
Neighborhood, community and open space parks in Napa .....	50
Total acres of park land .....	800
Street trees maintained by city crews .....	28,000 +
Trees designated under Significant Tree Program .....	36
Consecutive years Napa has been awarded 'Tree City USA' .....	20
Miles of streets maintained by the City .....	220
Miles of water pipeline .....	340
Streetlights .....	6,000
Signalized intersections .....	52
City Fire Stations .....	4
Average number Fire/Paramedic calls responded to annually .....	6,930
Police Officers .....	71
Water Storage Tanks .....	14
Hydrants in the city .....	2,505
Gallons of drinking water produced annually at 3 water plants .....	5 billion
Planning applications processed annually .....	170
Colleges within 35 miles .....	8
Zagat-Rated Restaurants in the City of Napa .....	30
Wine Bars and/or Tasting Rooms in Downtown .....	23
Companies Licensed to do Business in Napa .....	8,229
3 Largest Revenue Sources .....	Property Tax: 38%; Sales Tax: 20%; Transient Occupancy Tax: 14%
Local Sales Tax Rate .....	8.75%
Transient Occupancy Tax Rate .....	12%
Hotel Rooms in the City of Napa .....	1,888
B&B Rooms in the City of Napa .....	228
National Register Buildings in Downtown Napa .....	32
Historic Districts (2) .....	Napa Abajo/Fuller Park & Calistoga Avenue
Redevelopment Project Areas (2) .....	Parkway Plaza (Downtown) & Soscol Gateway
Public Investment Dollars in Downtown 1999 – 2009 .....	\$ 194,866,900
Private Investment Dollars in Downtown 1999 – 2009 .....	\$ 408,432,560
Average number of visits to <i>CityofNapa.org</i> each day .....	1,650

Numbers current thru May 31, 2011



# CITY of NAPA

## **Adopted Budget** **Fiscal Years 2011-12 and 2012-13**

*Prepared by  
The Finance Department  
June 2011*