

CITY of NAPA

Proprietary Funds

Fiscal Years
2013-14 & 2014-15

Proprietary Funds

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

Each Proprietary Fund Summary includes the following:

- Fund Overview
- Major accomplishments in FY 2011-12 & FY 2012-13
- Five year revenue and expenditure detail
- Major budget changes for FY 2013-14 & FY 2014-15
- Key initiatives for FY 2013-14 & FY 2014-15

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

The Internal Service Funds are overseen by the following functional departments:

Public Works	Administrative Services
Fleet Management (Central Garage)	Information Technology Replacement
Central Stores	Risk Management
	Other Post Employment Benefits (OPEB)

Enterprise Funds provide goods or services to the public for a fee that makes the entity self-supporting.

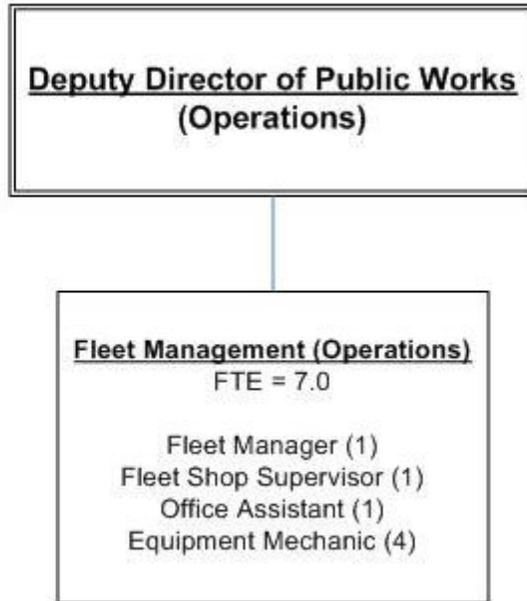
The Enterprise Funds are overseen by the following functional department:

Public Works
Solid Waste and Materials Diversion (Recycling)
Water

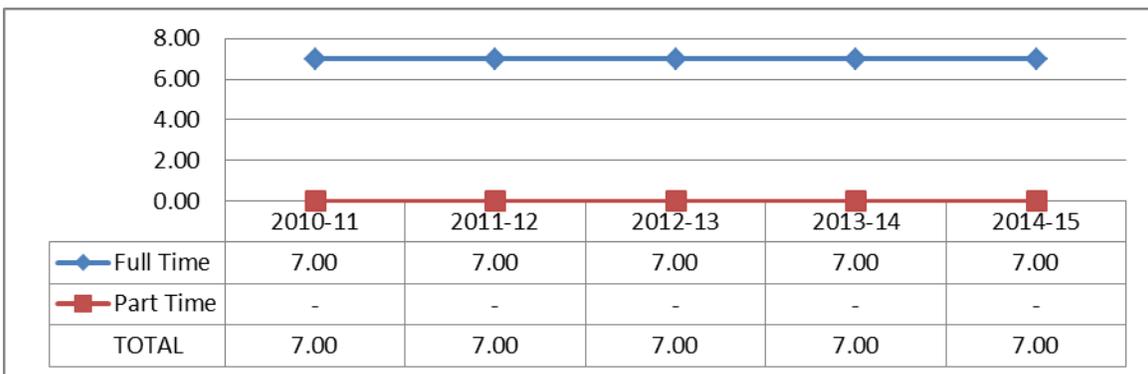
Fleet Management Fund

Fund Overview:

The Fleet Management Division provides full-service, “cradle-to-grave” management of the vehicles and equipment used by all City operations. This begins with specification development and replacement scheduling; including outright purchases as well as leases. Fleet also provides in-service preparation and up-fitting coordination. Fleet’s in-house staff of technicians performs regular repairs and scheduled maintenance and inspections. Other Fleet services provided are regulatory compliance, fuel data capture, decommissioning, and asset sale and disposal. The Fleet Management Division also administers two motor pools for the short-term vehicle needs of the City.



Full Time Equivalent (FTE) Employees:

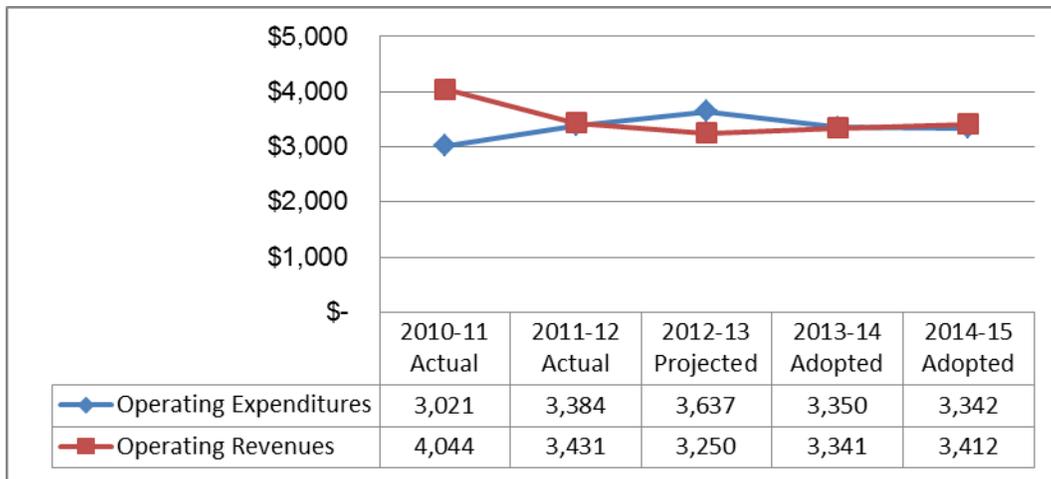


Fleet Management Fund

Major Accomplishments in FY2011-12 & FY 2012-13:

- Insourcing of maintenance and repair services for County-wide AMR Ambulance Services, providing an additional source of revenue.
- Maintained Blue Seal of Excellence ranking from ASE, and “Certified Green Station” recognition from the State of California, CalEPA, Department of Toxic Substances Control, and Bureau of Automotive Repair.
- Formalized the implementation of Telematics in City Vehicles.
- Established a policy of responsible decommissioning for surplus Police patrol cars.
- Continuance of an aggressive “buy local” initiative for vehicle/equipment purchases.

Expenditure/Budget Trends (In Thousands):



Fleet Management Fund

	2010-11 Actual	2011-12 Actual	2012-13 Budget	2012-13 Projected	2013-14 Adopted	% Change	2014-15 Adopted	% Change
Category Revenue Summary								
Intergovernmental	-	28,714	-	-	-		-	
Charges for Services	2,994,430	3,069,492	3,156,700	3,218,059	3,205,790	2%	3,352,443	5%
Investment Earnings	70,237	28,802	31,900	31,900	33,000	3%	35,000	6%
Miscellaneous	-	190,664	-	-	-		-	
Operating Transfer In	979,782	113,765	-	-	102,000		25,000	-75%
Revenues Total	\$ 4,044,449	3,431,437	3,188,600	3,249,959	3,340,790	5%	3,412,443	2%
Category Expenditure Summary								
Salaries & Benefits	444,067	498,803	484,496	476,687	541,031	12%	553,342	2%
Benefits	219,236	262,978	252,353	269,753	277,554	10%	298,470	8%
Materials & Supplies	695,268	746,899	533,518	579,002	658,690	23%	658,690	0%
Services	638,118	694,115	798,914	730,839	695,899	-13%	712,696	2%
Capital Outlay	836,442	988,824	1,176,050	1,351,729	1,009,029	-14%	951,506	-6%
Operating Transfer Out	188,305	192,824	229,272	229,272	167,381	-27%	167,381	0%
Operating Expenditures	\$ 3,021,436	3,384,443	3,474,603	3,637,282	3,349,584	-4%	3,342,085	0%
Net Impact of Operations	\$ 1,023,013	46,994	(286,003)	(387,323)	(8,794)	-97%	70,358	-900%
Net Contribution / (Use)	\$ 1,023,013	46,994	(286,003)	(387,323)	(8,794)	-97%	70,358	4%
Projected Fund Balance at June 30	1,814,179	1,861,173	1,575,170	1,473,850	1,465,056		1,535,414	

Major Budget Changes for FY 2013-14 & FY 2014-15:

- Increase in Salaries & Benefits related to direct charging of Public Works Administration to more accurately reflect the support provided to Fleet.
- Increase in Materials and Supplies related to anticipated increased fuel costs.
- Reduction in Services related to the allocation of General Liability for vehicle-related claims directly to the appropriate department.
- Decrease in Capital Outlay related to planned replacements during the two year cycle. (More vehicles were replaced in FY 2012-13 than originally planned due to incentives available on police vehicles.)

Key Initiatives for FY 2013-14 & FY 2014-15:

- Sustainability:
 - Vehicle/Equipment Engine Idle Reduction Policy
 - Introduce electric and plug-in hybrid technology to City fleet
 - Right-sizing – overall fleet size and individual vehicle size and configuration
- Continue with roll-out of new vehicle platform for Police patrol cars.
- Improve content and functionality of Fleet Division intranet page.

Fleet (Fire Apparatus) Fund

Fund Overview:

The Fleet Fire Apparatus Fund provides funding for Fire Apparatus purchases as determined through a Council approved contribution schedule.

Revenue / Expenditure Detail:

	2010-11 Actual	2011-12 Actual	2012-13 Budget	2012-13 Projected	2013-14 Adopted	% Change	2014-15 Adopted	% Change
Category Revenue Summary								
Charges for Services	126,221	271,163	276,722	276,722	276,722	0%	276,722	0%
Investment Earnings	(261)	7,489	18,000	3,000	3,000	-83%	3,000	0%
Operating Transfer In	-	34,000	36,000	36,000	-	-100%	-	-
Revenues Total	\$ 125,960	312,652	330,722	315,722	279,722	-15%	279,722	0%
Category Expenditure Summary								
Operating Transfer Out	675,000	-	-	-	-	-	-	-
Operating Expenditures	\$ 675,000	-	-	-	-	-	-	-
Net Impact of Operations	\$ (549,040)	312,652	330,722	315,722	279,722	-15%	279,722	0%
Net Contribution / (Use)	\$ (549,040)	312,652	330,722	315,722	279,722	-15%	279,722	4%
Projected Fund Balance at June 30	1,618	314,270	644,992	629,992	909,714		1,189,436	

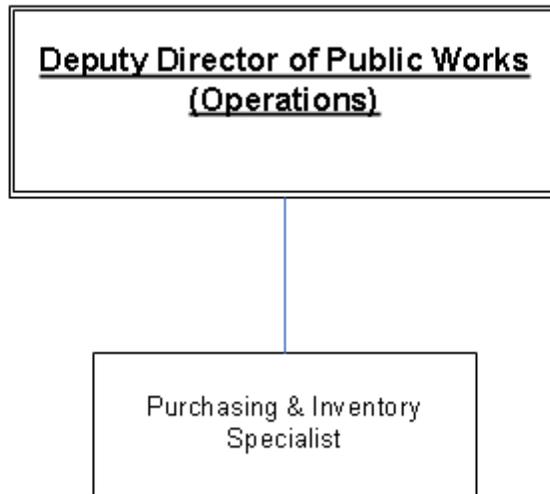
Major Budget Changes for FY2013-14 & FY 2014-15:

- Revise the contribution schedule to ensure adequate funding is available for Fire Department apparatus replacement needs. A revised schedule will be presented to Council in FY 2013-14.

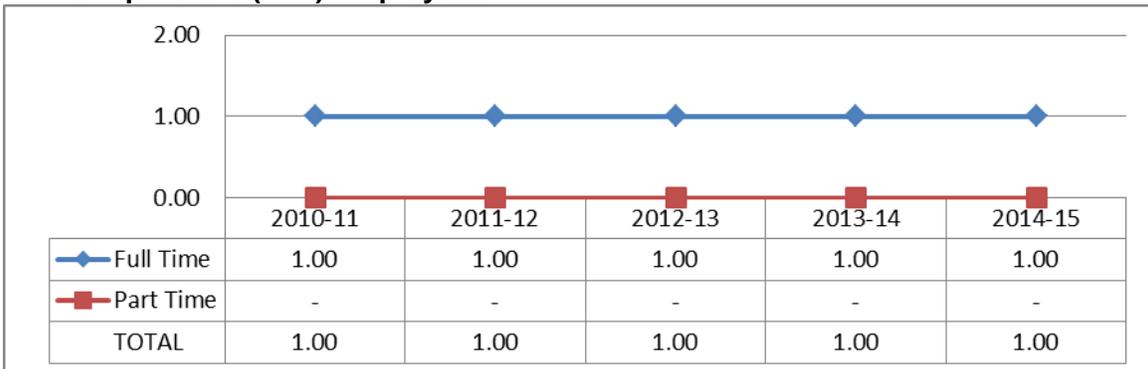
Central Stores Fund

Fund Overview:

The Central Stores facility was established to manage inventory for the City's Water, Streets, Electrical, Parks, Building and Facilities Maintenance Divisions, as well as emergency (disaster preparedness) and general office operations. Materials used frequently by City departments or required for emergency repair are ordered and centrally stocked in the warehouse facility located at the Corporation Yard. Consolidation of various departments' usage allows effective cost control and effective quantity control. Staff works together to reduce inventory through effective techniques such as just-in-time delivery, vendor-managed inventory and establishment of correct minimum and maximum stock quantities. Central Stores also handles in-bound and out-bound freight as needed.



Full Time Equivalent (FTE) Employees:

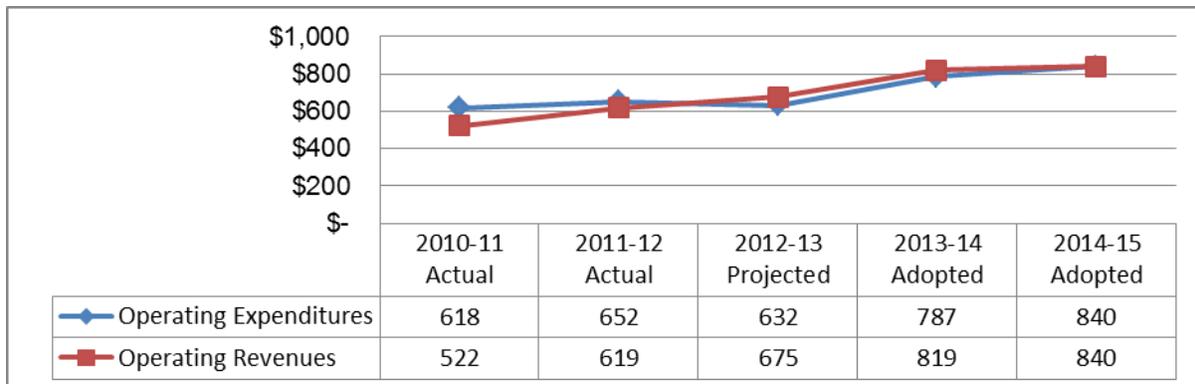


Central Stores Fund

Major Accomplishments in FY2011-12 & FY 2012-13:

- Completed detailed inventory review and began liquidation of outdated or unused inventory.
- Developed and implemented just-in-time (JIT) contracts with suppliers for applicable inventory items to reduce hold costs.
- Reconfigured Central Stores to maximize use efficiencies and take advantage of best practices.

Expenditure/Budget Trends (In Thousands):



Central Stores Fund

Revenue / Expenditure Detail:

	2010-11 Actual	2011-12 Actual	2012-13 Budget	2012-13 Projected	2013-14 Adopted	% Change	2014-15 Adopted	% Change
Category Revenue Summary								
Charges for Services	532,400	632,011	674,957	674,957	825,040	22%	845,824	3%
Interest	(10,560)	(13,142)	-	-	(6,292)		(5,969)	-5%
Revenues Total	\$ 521,840	618,869	674,957	674,957	818,748	21%	839,855	3%
Category Expenditure Summary								
Salaries & Wages	64,198	66,161	60,392	61,607	62,504	3%	62,454	0%
Benefits	39,858	40,050	41,298	40,492	41,743	1%	44,210	6%
Materials & Supplies	7,453	1,462	7,800	1,500	1,500	-81%	1,500	0%
Services	457,279	540,139	441,610	435,550	512,201	16%	562,759	10%
Capital Outlay	4,487	4,487	-	-	-		-	
Operating Transfer Out	44,273	-	93,333	93,333	168,932	81%	168,932	0%
Operating Expenditures	\$ 617,548	652,299	644,433	632,482	786,880	22%	839,855	7%
Net Impact of Operations	\$ (95,708)	(33,430)	30,524	42,475	31,868	4%	-	
Net Contribution / (Use)	\$ (95,708)	(33,430)	30,524	42,475	31,868	4%	-	
Projected Fund Balance at June 30	(40,913)	(74,343)	(43,819)	(31,868)	-		-	

Major Budget Changes for FY 2013-14 & FY 2014-15:

- Increase in Charges for Services (Revenue) in FY 2013-14 as the final inventory is liquidated.
- Decrease in Materials and Supplies to “right-size” budget to more accurately reflect the materials and supplies required for operation of Central Stores.
- Increase in Operating Transfer Out related to Indirect Costs identified as received by Central Stores through the Cost Allocation Plan.

Key Initiatives for FY 2013-14 & FY 2014-15:

- Expense new purchases to reduce inventory value to \$0 as of June 30, 2013.
- Transfer management of Central Stores function from Purchasing to Public Works.
- Continue to assist departments with centralized purchasing initiatives.

Information Technology Replacement Fund

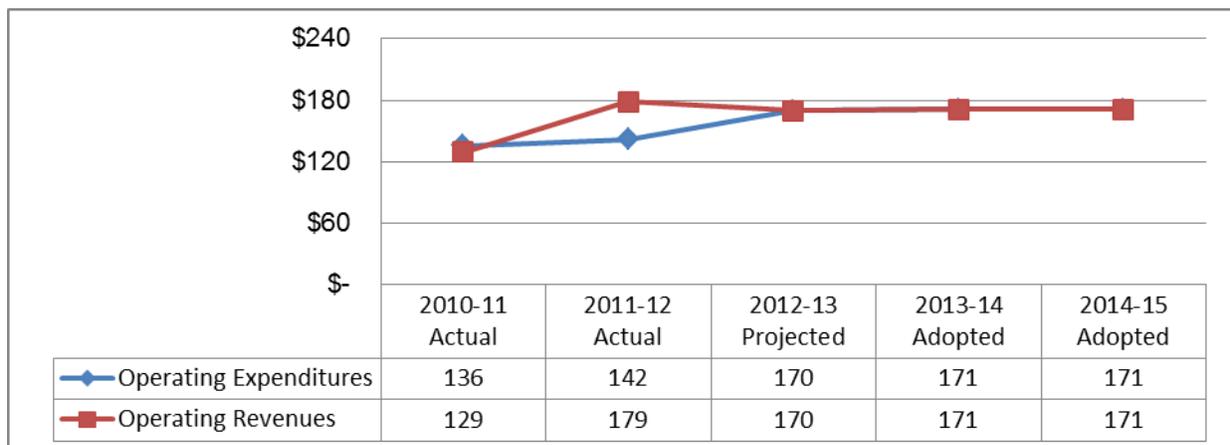
Fund Overview:

The Information Technology Replacement Fund provides for the replacement of IT and telephone infrastructure throughout General Fund departments as necessary to maintain staff productivity.

Major Accomplishments in FY2011-12 & FY 2012-13:

- Replaced 130 workstations out of a total of 375.
- Replaced seven servers out of a total of 20.
- Replaced 11 network switches out of a total of 45.

Expenditure/Budget Trends (In Thousands):



Information Technology Replacement Fund

Revenue / Expenditure Detail:

	2010-11 Actual	2011-12 Actual	2012-13 Budget	2012-13 Projected	2013-14 Adopted	% Change	2014-15 Adopted	% Change
Category Revenue Summary								
Charges for Services	129,600	178,929	169,550	169,550	171,200	1%	171,200	0%
Interest	(141)	(82)	-	500	-		-	
Revenues Total	\$ 129,459	178,847	169,550	170,050	171,200	1%	171,200	0%
Category Expenditure Summary								
Materials & Supplies	135,500	142,017	169,550	170,050	171,200	1%	171,200	0%
Operating Expenditures	\$ 135,500	142,017	169,550	170,050	171,200	1%	171,200	0%
Net Impact of Operations	\$ (6,041)	36,830	-	-	-		-	0%
Net Contribution / (Use)	\$ (6,041)	36,830	-	-	-		-	0%
Projected Fund Balance at June 30	\$ (4,216)	32,614	32,614	32,614	32,614		32,614	

Major Budget Changes for FY2013-14 & FY 2014-15:

- Contribution per workstation held flat at \$400 per year. Number of units (workstations, scanners, monitors, printers, etc.) covered by the replacement fund is 428.

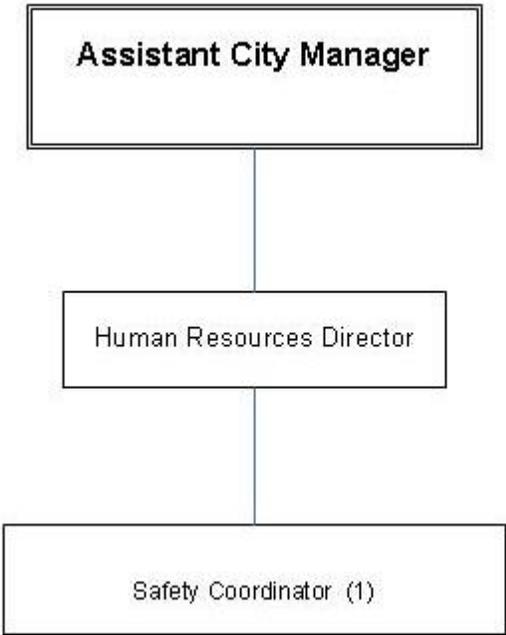
Key Initiatives for FY2013-14 & FY 2014-15:

- Replace 150 computer work stations
- Replace 75 radios for Public Safety

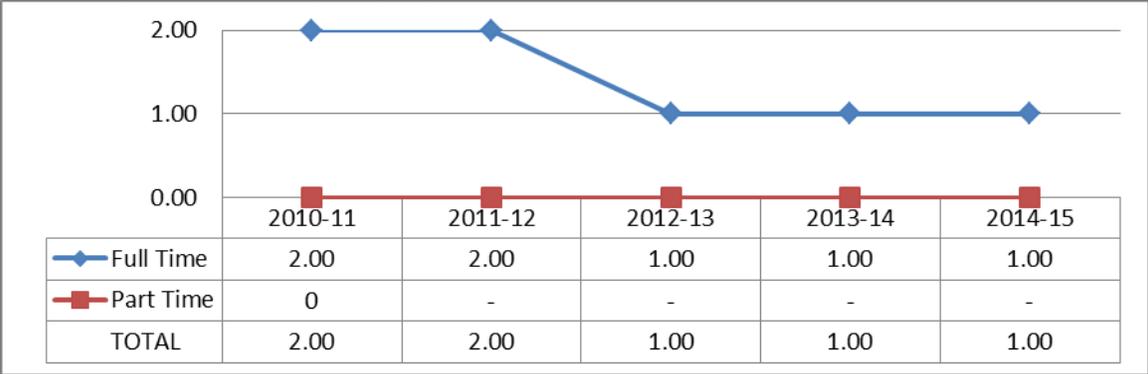
Risk Management Fund

Fund Overview:

The Risk Management fund is an internal service fund established to account for resources and uses related to the City's self insurance program. The City's self insurance retention amounts are: \$150,000 for general liability claims, \$300,000 for Workers' Compensation claims and 100% of Dental and Unemployment Claims. The risk management function is funded by charges to the various City departments.



Full Time Equivalent (FTE) Employees:

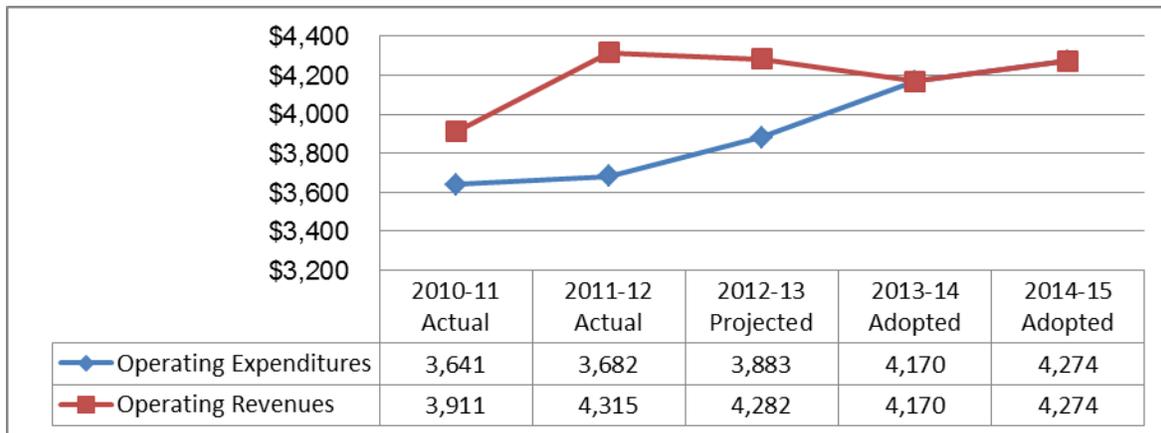


Risk Management Fund

Major Accomplishments in FY 2011-12 & FY 2012-13:

- Hired full-time Management Analyst to replace part-time risk consultant
- Hired full-time safety coordinator to replace part-time coordinator
- Moved Risk Management function into City Manager Office
- Completed American's with Disability Act (ADA) staff training
- Transitioned claims reporting process and many risk management functions previously performed by our Third Party Administrator in house to the risk management division
- Established Risk Management page on ICON (City Intranet)
- Renegotiated contract with Third Party Administrator from "flat rate" to "time and expense" agreement to recognize additional savings
- Established process for returning contracts and providing insurance certificate requests within 48 hours
- Achieved 80% confidence level of funding for both General Liability and Workers' Compensation as recommended by the Actuarial

Expenditure/Budget Trends (In Thousands):



Risk Management Fund

Revenue / Expenditure Detail:

	2010-11 Actual	2011-12 Actual	2012-13 Budget	2012-13 Projected	2013-14 Adopted	% Change	2014-15 Adopted	% Change
Category Revenue Summary								
Charges for Services	3,793,623	4,211,958	4,214,213	4,212,335	4,099,668	-3%	4,203,628	3%
Investment Earnings	117,157	103,526	105,000	70,000	70,000	-33%	70,000	0%
Revenues Total	\$ 3,910,780	4,315,484	4,319,213	4,282,335	4,169,668	-3%	4,273,628	2%
Category Expenditure Summary								
Salaries	115,684	48,157	90,080	63,643	109,647	22%	109,583	0%
Benefits	68,139	14,860	38,989	25,886	45,773	17%	48,917	7%
Materials & Supplies	6,080	794	2,142	2,000	7,000	227%	7,000	0%
Services	3,139,325	3,299,782	4,578,800	3,209,074	3,532,200	-23%	3,633,080	3%
Operating Transfer Out	311,329	318,800	582,093	582,093	475,048	-18%	475,048	0%
Operating Expenditures	\$ 3,640,557	3,682,393	5,292,104	3,882,696	4,169,668	-21%	4,273,628	2%
Net Impact of Operations	\$ 270,223	633,091	(972,891)	399,639	-	-100%	-	
Net Contribution / (Use)	\$ 270,223	633,091	(972,891)	399,639	-	-100%	-	
Projected Fund Balance at June 30	\$ 1,293,956	\$ 1,927,047	954,156	2,326,686	2,326,686		2,326,686	

Major Budget Changes for FY 2013-14 & FY 2014-15:

- Reduction of Investment Earnings estimate to “right size” the revenue anticipation in light of low interest rates and estimated daily fund balance for FY 2013-14 & FY 2014-15.
- Increase in Salaries & Benefits reflects the reallocation of the Workers’ Compensation Safety officer from 50% Water fund/50% Risk Fund to 100% Risk Fund to more accurately reflect the support provided.
- Increase in Materials and Supplies resulting from the development of an “on-line” safety video library.
- Decrease in Services related to revised/updated estimates required for additional insurance coverage.
- Decrease in Operating Transfers out due to the one-time initial funding of a new “damage claims” Special Revenue Fund in FY 2012-13.

Key Initiatives for FY 2013-14 & FY 2014-15:

- To maintain confidence levels of 80% for the Liability and Workers’ Compensation programs.
- Continually streamline the claims reporting process to ensure the reduction and reporting of liability claims in a timely manner.
- Continual visibility for the City of Napa in Risk Management program by participation in events sponsored by organizations such Public Agency Risk Management Association (P.A.R.M.A.), Municipal Management Association Northern California (M.M.A.N.C.) and California State Association of Counties, Excess Insurance Authority (C.S.A.C./E.I.A.) committees.
- Reduce overhead costs by combining the General Liability and Worker’s Compensation oversight functions.

Post Employment Benefits Fund

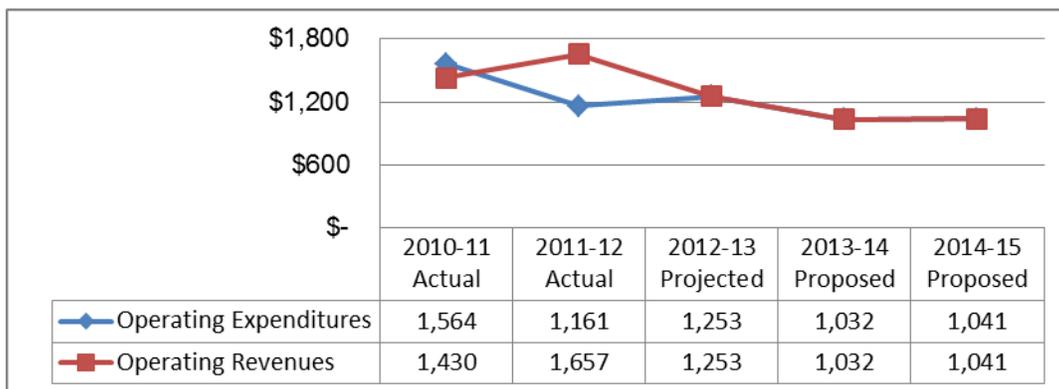
Fund Overview:

The Post Employment Benefits Fund is established to collect contributions from the General Fund and proprietary funds to cover the cost of retiree benefits for current and past employees. Expenditures from this fund would include payments for current retirees' benefits earned in prior years and contributions to an irrevocable trust to provide resources from which future retiree benefits will be paid.

Major Accomplishments in FY2011-12 & FY 2012-13:

- Full funding by the General Fund for retiree benefits as determined by the December 31, 2011 Governmental Accounting Standards Board Statement 45 Other Post Employment Benefit (GASB 45, OPEB) Actuarial Study.

Expenditure/Budget Trends (In Thousands):



Post Employment Benefits Fund

Revenue / Expenditure Detail:

	2010-11 Actual	2011-12 Actual	2012-13 Budget	2012-13 Projected	2013-14 Adopted	% Change	2014-15 Adopted	% Change
Category Revenue Summary								
Charges for Services	1,415,442	1,654,999	1,248,294	1,248,294	1,026,903	-18%	1,036,221	1%
Investment Earnings	14,496	1,857	7,675	5,000	5,000	-35%	5,000	0%
Revenues Total	\$ 1,429,938	1,656,856	1,255,969	1,253,294	1,031,903	-18%	1,041,221	1%
Category Expenditure Summary								
Benefits	1,658	27	-	-	-	-	-	-
Services	1,562,812	1,160,678	1,255,969	1,253,294	1,031,903	-18%	1,041,221	1%
Operating Expenditures	\$ 1,564,470	1,160,705	1,255,969	1,253,294	1,031,903	-18%	1,041,221	1%
Net Impact of Operations	\$ (134,532)	496,151	-	-	-		-	
Net Contribution / (Use)	\$ (134,532)	496,151	-	-	-		-	
Projected Fund Balance at June 30	\$ (367,120)	\$ 129,031	129,031	129,031	129,031		129,031	

Major Budget Changes for FY2013-14 & FY 2014-15:

- Reduction in *Charges for Services* (Revenues) and *Services* (Expenditures) due to the negotiation of HRA/RMT plans with NCFA and NPOA. These agreements resulted in a reduction in the actuarial calculation for funding needed from 3.0% to 2.7%.

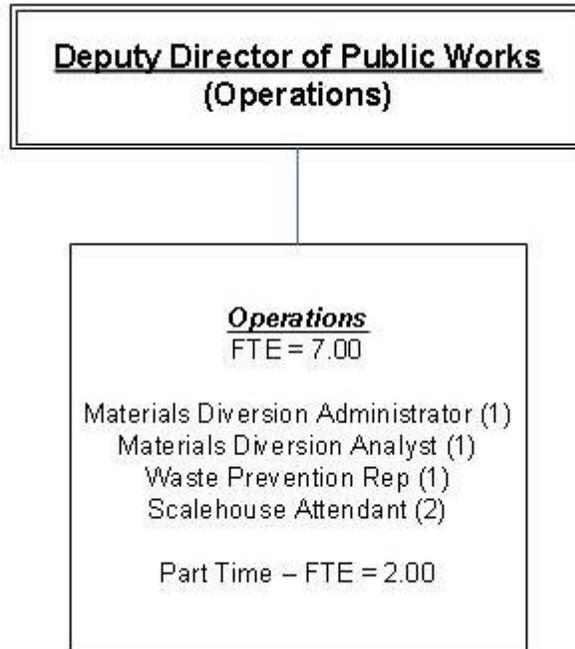
Key Initiatives for FY2013-14 & FY 2014-15:

- Continue to contribute toward the trust for future retiree benefits.

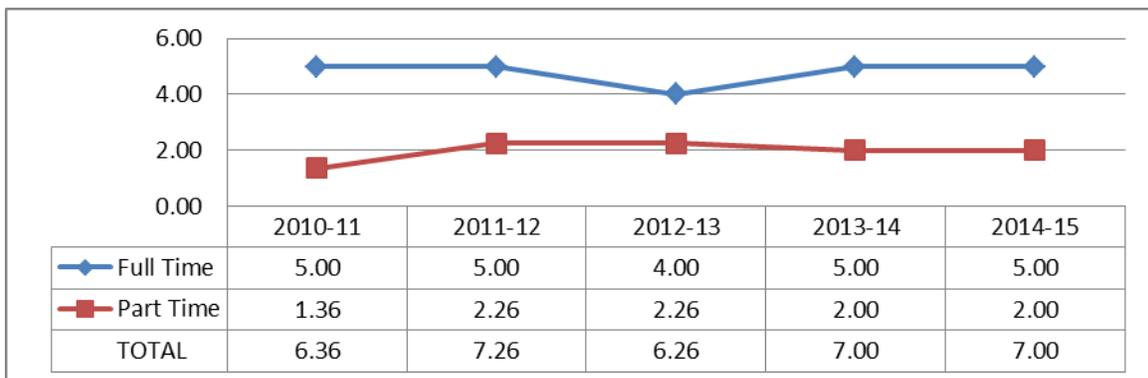
Solid Waste and Materials Diversion (Recycling) Fund

Fund Overview:

The Solid Waste and Materials Diversion (Recycling) Enterprise Fund is responsible for the collection, processing, public education and long-term planning related to solid waste materials generated in the City of Napa. Beyond the safe and cost-effective handling of solid waste materials, the fund's primary mission is to maximize the diversion of solid waste materials from landfill disposal in order to meet or exceed State mandates. To this end, the City owns the Napa Materials Diversion Facility (MDF).



Full Time Equivalent (FTE) Employees:

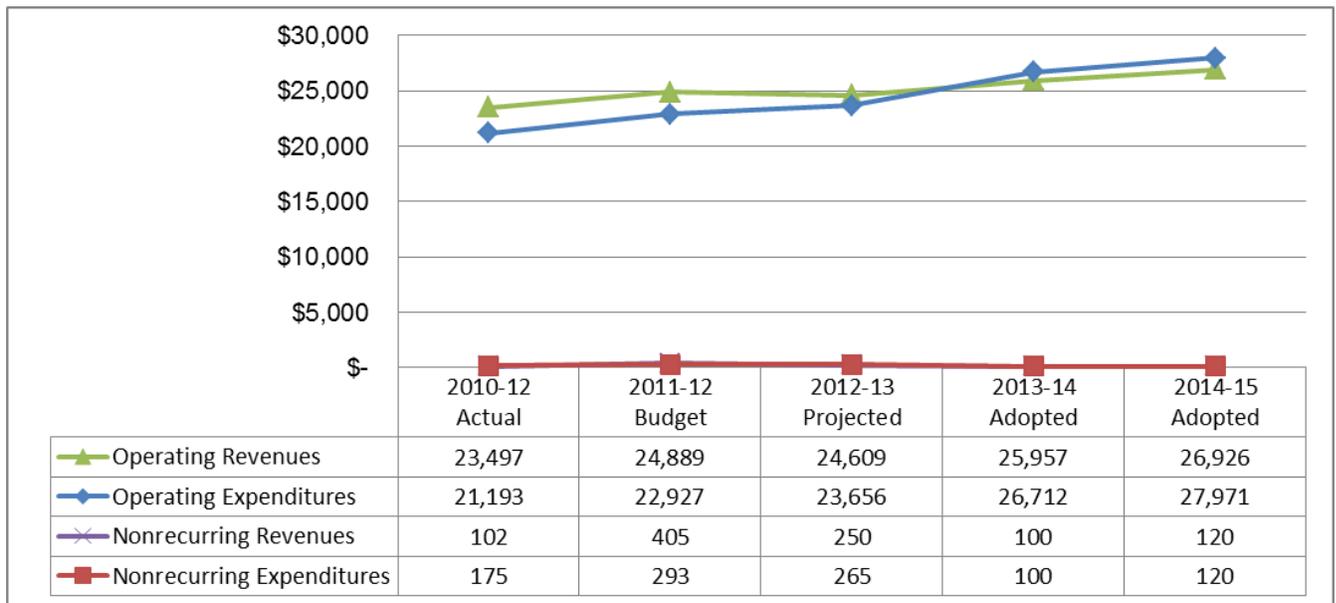


Solid Waste and Materials Diversion (Recycling) Fund

Major Accomplishments in FY2011-12 & FY 2012-13:

- The City of Napa achieved and maintains a 63% (2011) landfill diversion rate.
- A “cost review” of NRWS was completed in 2011 that applied to CY12 to CY15.
- Per Fund fiscal policy, all reserve targets fully funded; no rate increase in CY12.
- A comprehensive Construction & Demolition Debris Recycling Ordinance in place.
- Carpet and “Split-Box” recycling introduced in 2011 & both continue to grow rapidly.
- Working with NVUSD, public school recycling rate improved from 33% to over 50%.
- Pilot Commercial Food Composting Route established with over 50 participants.
- Very successful grants, e-waste/fluorescents recycling & ongoing education efforts.

Expenditure/Budget Trends (In Thousands):



Solid Waste and Materials Diversion (Recycling) Fund

The table below shows the Solid Waste and Materials Diversion Fund by category.

	2010-11 Actual	2011-12 Actual	2012-13 Budget	2012-13 Projected	2013-14 Proposed	% Change	2014-15 Proposed	% Change
Category Revenue Summary								
Intergovernmental	62,135	43,730	30,000	30,000	54,800	83%	56,800	4%
Charges for Services	23,132,558	24,520,953	24,869,200	24,309,019	25,247,300	2%	26,004,489	3%
Interest	265,394	224,364	212,000	220,396	227,000	7%	227,000	0%
Miscellaneous	36,985	44,705	44,900	49,342	45,000	0%	46,000	2%
Operating Transfer In	-	55,000	-	-	382,700		592,000	55%
Revenues Total	\$ 23,497,072	24,888,752	25,156,100	24,608,757	25,956,800	3%	26,926,289	4%
Category Expenditure Summary								
Salaries & Wages	515,947	491,194	597,549	514,016	663,120	11%	670,465	1%
Benefits	138,232	175,282	181,680	189,577	203,051	12%	215,778	6%
Materials and Supplies	17,774,795	18,222,902	20,664,816	18,704,529	20,383,740	-1%	21,000,845	3%
Services	681,642	1,007,298	1,408,866	1,030,340	1,575,694	12%	1,629,668	3%
Capital Outlay	314,745	301,916	4,118,582	300,280	535,700	-87%	825,400	54%
Debt Service	261,716	235,567	678,073	689,458	679,671	0%	673,719	-1%
Operating Transfers Out	1,505,827	2,492,514	2,227,891	2,227,891	2,670,821	20%	2,955,449	11%
Operating Expenditures	\$ 21,192,904	22,926,673	29,877,457	23,656,091	26,711,797	-11%	27,971,324	5%
Net Impact of Operations	\$ 2,304,168	1,962,079	(4,721,357)	952,666	(754,997)	-84%	(1,045,035)	
Nonrecurring Revenues	102,326	405,356	250,000	250,000	100,000	-60%	120,000	20%
Nonrecurring Expenses	175,326	293,063	363,986	265,000	100,000	-73%	120,000	20%
Net Impact of Nonrecurring	\$ (73,000)	112,293	(113,986)	(15,000)	-	-100%	-	

	2010-11 Actual	2011-12 Actual	2012-13 Budget	2012-13 Projected	2013-14 Proposed	% Change	2014-15 Proposed	% Change
Available Fund Balance (as of July 1)	10,406,603	12,398,910	13,117,092	13,117,092	10,084,379		9,329,382	
Reserve Balances [1]	(1,030,315)	(1,030,315)	(1,030,315)	(1,030,315)	(1,180,315)		(1,180,315)	
Net Transfers to/from Reserves			(268,000)	(268,000)	(536,000)		(536,000)	
CIP Project in progress (funds obligated but not yet spent)	(865,610)	(1,168,523)	(1,075,631)	(3,970,379)				
Less Transfer to Rate Stabilization					(236,668)		(245,729)	
Less Operating Threshold	(5,033,288)	(5,240,666)	(5,822,876)	(5,230,287)	(4,733,361)		(4,914,573)	
Net Available Capital (as of June 30)	\$ 5,708,558	\$ 7,033,778	\$ 84,927	\$ 3,555,777	\$ 2,643,038		\$ 1,407,731	

[1] Rate Stabilization; Liability Reserve; CIP Replacement Reserve; CIP Maintenance Reserve

Solid Waste and Materials Diversion (Recycling) Fund

The table below shows the Solid Waste and Materials Diversion Fund by program.

	2010-11 Actual	2011-12 Actual	2012-13 Budget	2012-13 Projected	2013-14 Proposed	% Change	2014-15 Proposed	% Change
Program Revenue Summary								
Collection Charges	15,690,954	16,469,927	16,856,300	16,572,817	16,906,300	0%	17,413,489	3%
Material Sales	6,267,706	6,681,256	6,800,000	6,256,742	7,000,000	3%	7,200,000	3%
Gate Fees	1,162,488	1,351,524	1,200,000	1,445,254	1,300,000	8%	1,350,000	4%
Other Revenues	375,924	331,045	299,800	333,944	367,800	23%	370,800	1%
Operating Transfers In from Reserves	-	55,000	-	-	382,700		592,000	55%
Revenues Total	\$ 23,497,072	24,888,752	25,156,100	24,608,757	25,956,800	3%	26,926,289	4%
Program Expenditure Summary								
MDF Transfer and Contributions	1,801,740	2,557,378	2,233,691	2,283,391	2,761,370	24%	3,049,872	10%
MDF Debt Service	283,832	262,966	678,073	694,458	684,671	1%	678,719	-1%
MDF Trsf St Tip Fees	2,446,037	2,409,209	2,890,715	2,381,982	2,838,465	-2%	2,923,619	3%
MDF Contractor Service	13,959,086	14,318,023	16,095,500	14,648,566	15,995,402	-1%	16,558,751	4%
MDF Facility	1,504,808	1,866,291	2,185,469	1,987,062	2,174,603	0%	2,178,850	0%
MDF Operations / Admin	987,303	1,080,935	1,287,777	1,146,536	1,400,961	9%	1,413,186	1%
MDF Recycling Programs (Non-Grant)	183,039	227,998	267,051	166,470	201,625	-24%	205,627	2%
MDF Recycling Grants	1,140	2,830	31,300	7,140	75,000	140%	77,000	3%
MDF Capital Maint & Replacement	25,919	201,043	4,207,881	340,486	579,700	-86%	885,700	53%
Program Expenditures	\$ 21,192,904	22,926,673	29,877,457	23,656,091	26,711,797	-11%	27,971,324	5%
Net Impact of Operations	\$ 2,304,168	1,962,079	(4,721,357)	952,666	(754,997)	-84%	(1,045,035)	
Nonrecurring Revenues	102,326	405,356	250,000	250,000	100,000	-60%	120,000	20%
Nonrecurring Expenses	175,326	293,063	363,986	265,000	100,000	-73%	120,000	20%
Net Impact of Nonrecurring	\$ (73,000)	112,293	(113,986)	(15,000)	-	-100%	-	
Available Fund Balance	10,406,603	12,398,910	13,117,092	13,117,092	10,084,379		9,329,382	
Reserve Balances [1]	(1,030,315)	(1,030,315)	(1,030,315)	(1,030,315)	(1,180,315)		(1,180,315)	
Net Transfers to/from Reserves	-	-	(268,000)	(268,000)	(536,000)		(536,000)	
CIP Project in progress (funds obligated but not yet spent)	(865,610)	(1,168,523)	(1,075,631)	(3,970,379)	-		-	
Less Transfer to Rate Stabilization					(236,668)		(245,729)	
Less Operating Threshold	(5,033,288)	(5,240,666)	(5,822,876)	(5,230,287)	(4,733,361)		(4,914,573)	
Net Available Capital	\$ 5,708,558	\$ 7,033,778	\$ 84,927	\$ 3,555,777	\$ 2,643,038		\$ 1,407,731	

[1] Rate Stabilization; Liability Reserve; CIP Replacement Reserve; CIP Maintenance Reserve

Major Budget Changes for FY 2013-14 & FY 2014-15 (by program table):

Revenues

- Increase in *Other Revenues* in FY2013-14 includes interest, but most of change is from a new administrative fee for reviewing recycling plans for construction & demolition projects and some added grant revenue.
- Increase in *Operating Transfers In* from FY2013-14 to FY2014-15 reflects more major capital improvements projects (over \$125,000) scheduled for second year of the budget where the source of revenue is the Fund's capital improvement reserve.

Expenditures

- Increase in *MDF Transfer and Contributions* conveys the full contribution from this Fund to mitigate the impact of refuse & recycling vehicles on City streets and has been indexed for inflation (the contribution has increased from \$750K in FY2010-11 to \$1.83M in FY2014-15).
- Increase in *MDF Operations / Admin* expenditures is partially do to costs associated with a new Waste Prevention Representative that will be a key element of achieving the City's goal of 75% recycling and composting by the year 2020. This new position mimics a similar Water Conservation Representative in the Water Fund and like that position will be working

Solid Waste and Materials Diversion (Recycling) Fund

closely with businesses, institutions and residents on programs and best practices to help achieve or exceed City environmental sustainability goals.

- Decrease in *MDF recycling programs (non-grant)* and corresponding increase *MDF Recycling Grants* reflects reallocations of expenses among budget key codes in the Fund that were revised to better track grant revenue and grant matching funds; this resulted in lower general recycling program expenditures but higher grant specific budget allocations.
- Reduction in *Capital Maintenance & Replacement* expenditures is related to the Covered Compost & Anaerobic Digestion System CIP at MDF. This project, partially funded at \$3M in the FY2012-13 budget will be carried forward for further analysis and supplemental action in FY2013-14.
- Decrease in previous one-time, *Nonrecurring Revenues* and *Expenses* either ceased as one-time events (e.g., delinquent account revenue capture) or were moved to the operating budget they are now ongoing programs (e.g., commercial food scrap collection activities).

Other Items:

- The base contractor (NRWS) costs for CY2012 through CY2015 were reset as a result of the 2011 NRWS cost review process (second & final in 10-year contract). This “reset” meant savings of over \$135,000 each year in contractor costs to the Fund to help offset other contractual inflation-related cost escalators.
- Commercial food waste collection and composting program may be initiated (timing and feasibility partially dependent on covered compost system at MDF).
- Anticipation of NRWS agreement 3rd amendment with revised diversion incentives

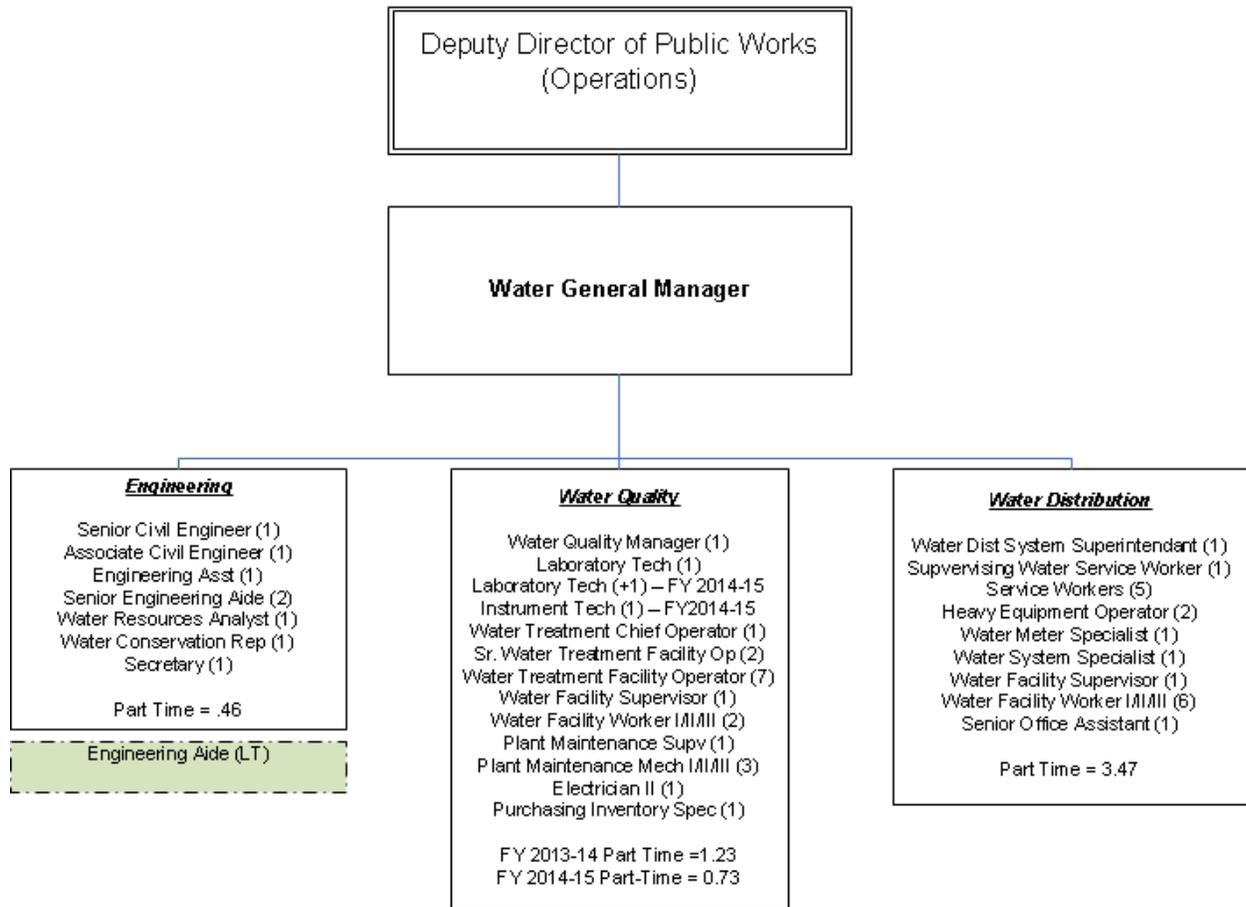
Key Initiatives for FY2013-14 & FY 2014-15:

- Per City’s adopted Disposal Reduction Policy (R2012 100), programs and policies to achieve or exceed 75% recycling and composting by 2020 will be developed.
- Stormwater and Covered Compost system CIPs will be considered, analyzed, refined and acted upon. Other elements of “Napa Renewable Resources Project” or NRRP including anaerobic digestion, biomass and solar power will also be evaluated.
- Maintain or expand flow of organics to MDF with improved composting system.
- Further explore new commercial food waste composting collection program.
- Implement and refine Construction and Demolition Debris (C&DD) Ordinance.
- Review and seek innovative use of the MDF as a valuable public resource.

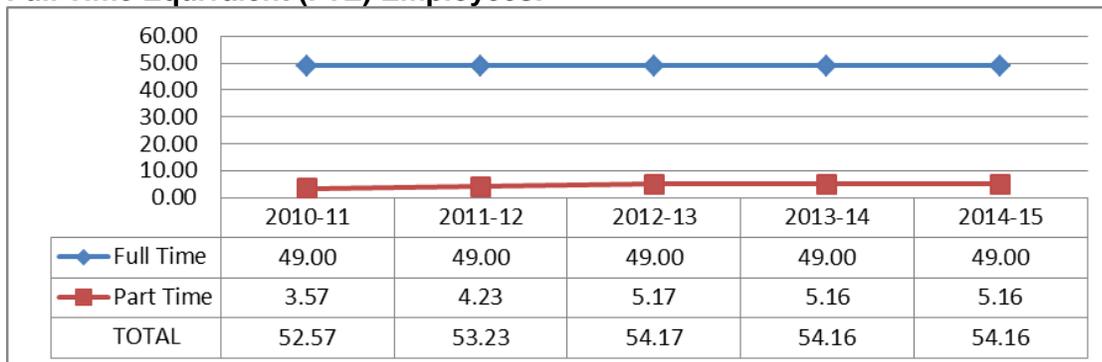
Water Fund

Fund Overview:

The Water Enterprise Fund is responsible for the operation, maintenance and improvement of the municipal water system serving the City and adjacent areas. The Fund’s mission is to provide an uninterrupted supply of high quality and reasonably priced water to the community for consumption and fire protection. The Water Fund’s Administration and Engineering, Treatment, and Distribution sections accomplish this mission by delivering over 15,000 acre-feet (5-billion gallons) of water meeting State and Federal drinking water regulations, investing in capital improvements, planning for future water supply needs, responding to emergency repairs, and maintaining a proactive water conservation program.



Full Time Equivalent (FTE) Employees:

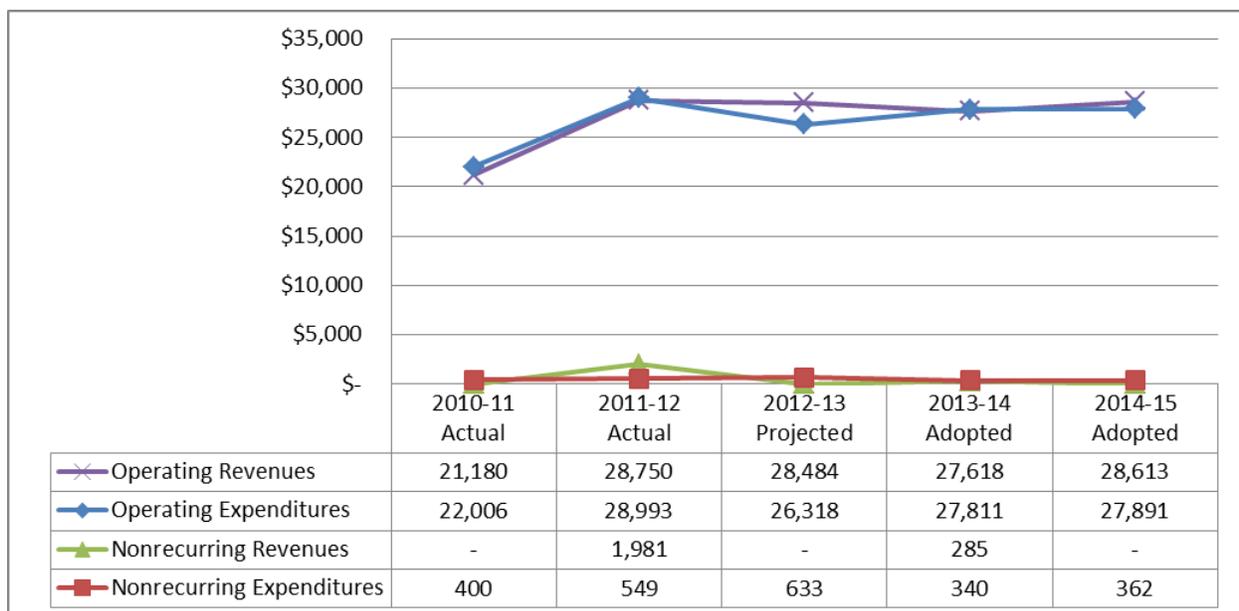


Water Fund

Major Accomplishments in FY2011-12 & FY 2012-13:

- Upgrade of Highway 221 Transmission Main (16 – 24”) – complete
- Implementation of Hennessey Chemical Containment Basin Project – complete
- Assessment of Water System Corrosion and Installation of Cathodic Protection – ongoing
- Improvements to Distribution System Water Circulation and Reliability - ongoing
- Installation of Storage Tank Mixers for Disinfection Byproduct Control – ongoing
- Replacement and Installation of two 36-inch Transmission Line Valve - complete
- Installation of Network Panels & Fiber-optic Data Transmission Lines at critical locations throughout the water transmission system - ongoing
- Establishment of Geo-spatial Database for system assets - ongoing
- Automation and Replacement Program for water meters – ongoing
- Implementation of Cash for Grass Rebate Program - ongoing

Expenditure/Budget Trends (In Thousands):



Water Fund

The table below shows the Water Fund by category.

	2010-11 Actual	2011-12 Actual	2012-13 Budget	2012-13 Projected	2013-14 Proposed	% Change	2014-15 Proposed	% Change
Category Revenue Summary								
Taxes	-	3,456	-	-	-	-	-	-
Charges for Services	19,533,662	22,379,462	23,033,424	25,245,516	27,340,570	19%	28,335,170	4%
Interest on Investments	421,314	233,743	74,800	107,932	150,000	101%	150,000	0%
Miscellaneous	210,770	129,377	125,200	130,539	127,500	2%	127,500	0%
Operating Transfer In	1,014,625	6,003,905	3,100,547	3,000,000	-	-100%	-	-
Revenues Total	\$ 21,180,371	28,749,943	26,333,971	28,483,987	27,618,070	5%	28,612,670	4%
Category Expenditure Summary								
Salaries and Wages	3,301,421	3,958,615	4,411,449	4,147,949	4,246,678	-4%	4,455,858	5%
Benefits	1,628,234	1,831,500	1,997,875	1,907,418	1,966,894	-2%	2,174,454	11%
Materials and Supplies	6,814,345	6,659,537	8,326,508	8,486,029	9,243,020	11%	9,343,920	1%
Services	1,927,117	2,312,961	2,924,069	2,639,273	3,034,738	4%	3,177,509	5%
Capital Outlay	3,070,514	3,011,764	5,673,642	3,561,923	3,701,900	-35%	3,073,570	-17%
Debt Service	2,406,822	3,303,541	3,799,763	3,806,950	3,802,483	0%	3,803,233	0%
Operating Transfers Out	2,857,452	7,915,388	1,963,178	1,768,178	1,815,515	-8%	1,862,585	3%
Operating Expenditures	\$ 22,005,905	28,993,306	29,096,484	26,317,720	27,811,228	-4%	27,891,129	0%
Net Impact of Operations	\$ (825,534)	(243,363)	(2,762,513)	2,166,267	(193,158)	-93%	721,541	-474%
Nonrecurring Revenues	(8,188)	1,980,916	-	-	285,000	-	-	-
Nonrecurring Expenses	400,279	549,308	560,727	632,830	340,000	-39%	362,381	7%
Water CIP in excess of \$3 million	-	-	-	-	635,400	-	7,070	-
Net Impact of Nonrecurring	\$ (408,467)	1,431,608	(560,727)	(632,830)	(690,400)	23%	(369,451)	-46%
Net Contribution / (Use)	\$ (1,234,001)	1,188,245	(3,323,240)	1,533,437	(883,558)		352,090	
Available Fund Balance	17,507,906	18,696,151	15,372,911	15,887,232	10,680,645		11,425,723	
<i>Designated Reserve Balances [1]</i>	<i>(6,000,000)</i>	<i>(6,160,000)</i>	<i>(6,360,000)</i>	<i>(4,446,410)</i>	<i>(4,646,410)</i>		<i>(4,846,410)</i>	
<i>CIP Project in progress (funds obligated but not yet spent)</i>				<i>(2,410,836)</i>				
<i>45 day Operating Reserve Threshold</i>	<i>(2,066,071)</i>	<i>(2,834,750)</i>	<i>(2,452,885)</i>	<i>(2,381,795)</i>	<i>(2,526,780)</i>		<i>(2,569,172)</i>	
Net Available Capital	\$ 9,441,835	\$ 9,701,401	\$ 6,560,027	\$ 6,648,191	\$ 3,507,455		\$ 4,010,141	

[1] Rate Stabilization, Drought Response Reserve, Water Supply Reserve, Emergency Reserve

Water Fund

The following table below shows the Water Fund by program.

	2010-11 Actual	2011-12 Actual	2012-13 Budget	2012-13 Projected	2013-14 Proposed	% Change	2014-15 Proposed	% Change
Program Revenue Summary								
Water Sales	16,286,865	16,334,130	18,654,467	18,400,000	19,980,000	7%	20,865,000	4%
Service Charges	46,501	1,209,920	38,000	1,800,000	1,990,000	5137%	2,140,000	8%
Contract Sales	1,637,968	3,139,186	3,088,833	3,422,000	3,468,500	12%	3,502,100	1%
Connection Fees	322,355	352,060	250,000	375,000	300,000	20%	350,000	17%
Other Revenue	2,886,682	7,714,647	4,302,671	4,486,987	1,879,570	-56%	1,755,570	-7%
Revenues Total	\$ 21,180,371	28,749,943	26,333,971	28,483,987	27,618,070	5%	28,612,670	4%
Program Expenditure Summary								
Water Admin	8,383,179	8,715,391	9,783,970	9,107,984	9,202,700	-6%	9,722,983	6%
Water Billing	181,046	227,173	285,142	204,331	211,135	-26%	273,616	30%
Water Distribution	563,158	770,934	659,462	638,215	761,703	16%	747,084	-2%
Water Engineering	78,276	90,809	132,600	71,491	206,577	56%	206,737	0%
Water Supply	5,001,636	5,434,242	6,171,063	6,163,063	6,742,100	9%	6,842,100	1%
Water Transmission	124,285	109,554	146,900	151,212	146,900	0%	146,900	0%
Water Treatment	1,579,916	1,925,463	2,311,400	2,347,373	2,674,300	16%	2,674,500	0%
Water Laboratory	122,004	140,578	158,020	159,119	167,260	6%	167,260	0%
Water Conservation	155,800	176,360	228,375	211,575	290,565	27%	306,715	6%
Water Debt Service	2,360,245	2,307,939	3,799,763	3,806,950	3,802,483	0%	3,803,234	0%
Water CIP	341,748	110,029	5,419,789	3,456,407	3,000,000	-45%	3,000,000	0%
Water CIP Bonds	3,114,612	8,984,834	-	-	-	-	-	-
Program Expenditures	\$ 22,005,905	28,993,306	29,096,484	26,317,720	27,205,723	-6%	27,891,129	3%
Net Impact of Operations	\$ (825,534)	(243,363)	(2,762,513)	2,166,267	412,347		721,541	
Nonrecurring Revenues	(8,188)	1,980,916	-	-	285,000	-	-	-
Nonrecurring Expenses	400,279	549,308	560,727	632,830	340,000	-39%	362,381	7%
Water CIP in excess of \$3 million	-	-	-	-	635,400	-	7,070	-
Net Impact of Nonrecurring	\$ (408,467)	1,431,608	(560,727)	(632,830)	(690,400)	23%	(369,451)	-46%
Net Contribution / (Use)	\$ (1,234,001)	1,188,245	(3,323,240)	1,533,437	(278,053)		352,090	
Available Fund Balance	17,507,906	18,696,151	15,372,911	15,887,232	10,680,645		11,425,723	
<i>Designated Reserve Balances [1]</i>	<i>(6,000,000)</i>	<i>(6,160,000)</i>	<i>(6,360,000)</i>	<i>(4,446,410)</i>	<i>(4,646,410)</i>	-	<i>(4,846,410)</i>	
<i>CIP Project in progress (funds obligated but not yet spent)</i>	-	-	-	<i>(2,410,836)</i>	-	-	-	
<i>45 day Operating Reserve Threshold</i>	<i>(2,066,071)</i>	<i>(2,834,750)</i>	<i>(2,452,885)</i>	<i>(2,381,795)</i>	<i>(2,526,780)</i>	-	<i>(2,569,172)</i>	
Net Available Capital	\$ 9,441,835	\$ 9,701,401	\$ 6,560,027	\$ 6,648,191	\$ 3,507,455		\$ 4,010,141	

[1] Rate Stabilization, Drought Response Reserve, Water Supply Reserve, Emergency Reserve

Major Budget Changes for FY 2013-14 & FY 2014-15:

Revenues

- Increase in Water Sales is due to the rate adjustments effective October 2011, a return to normal weather patterns after two historically cool summers and conservative demand projections assuming compliance with SBx7-7 state conservation mandates of 20% reduction by 2020.
- Increase in Service Charges reflects the October 2011 change in rate structure that includes a fixed bimonthly service charge.
- Increase in Contract Sales is due to the guaranteed floor of the St. Helena contract that previously varied with the State Water Project allocation.
- Decrease in Other Revenue reflects the change in accounting principles to not include Capital Improvement fund transfers from operating fund balance.

Water Fund

Major Budget Changes for FY 2013-14 & FY 2014-15 (continued):

Operating Expenditures

- Decrease in Water Billing is due to a change in professional service contracts required to maintain the antiquated AS400 Utility Billing System and completion of changed rate structure implementation.
- Increase in Water Distribution is due to rising costs for disposal of trench materials including soils and asphalt associated with water main breaks that average approximately 100 per year.
- Increase in Water Engineering is due to a one time budget reduction in FY13 since on-call legal and hydraulic modeling support was not needed. FY14 budget returns to normal level.
- Increase in Water Supply is due to higher costs of debt service for the replacement North Bay Aqueduct (NBA) Terminal Tanks and modified accounting practices by the contract administrator NCFWCD. Refunds for true-ups of annual energy cost estimates through the State Water Project are issued after charges incurred instead of the past practice of direct pass-through and reduction of actual costs. There is no net cost for this accounting change since revenue has been increased to offset these specific charges, typically in the range of \$500,000, depending on consumption.
- Increase in Water Treatment is due to rising energy costs and increased chemical consumption due to need to comply with Stage II Disinfection By-Product Rule effective in 2013 as well as an increase specialty SCADA programming professional services while internal capabilities are developed.
- Increase in Water Conservation reflects Proposition 84 Grant funds that fund programs such as the popular cash for grass program, toilet and efficient clothes washer rebates. There is no net cost increase since revenue is offset by Grant funds.

Capital Expenditures

- Decrease in Water CIP reflects the FY13 accounting of Capital Projects carried over from previous fiscal years but not completed. As approved with the 2011 water rate adjustments, the Water Division included an average of \$3M per year in Capital Projects in its budget.

Key Initiatives for FY 2013-14 & FY 2014-15:

- Freeway Crossing Transmission Main Installations at Salvador, Sierra and F Streets
- Work Order Asset Management (WAM) System
- Hydraulic Improvements to comply with Stage II Disinfection Byproduct Rule
- Cathodic Protection Program to prevent corrosion of underground pipelines
- Supervisory Control And Data Acquisition (SCADA) System Improvements and System Reliability
- Water Meter Replacement and Automation Program
- Hennessey Reservoir Algae Control Pilot Program
- Dwyer Road Pump Station Construction
- Water Conservation Programs to comply with SBx7-7

Water Capital Improvement Projects

Fund Overview:

The Water Capital Improvement Projects Fund is responsible for the planned capital improvements of the municipal water system serving the City and adjacent areas.

Water Capital Improvement Projects Overview:

The top priority for the budget cycle is the annual infrastructure replacement programs (water mains and meters), transmission system upgrades (valves on 36-inch Conn line and Dwyer Road pump station), and various watershed improvements are featured in the CIP.

Detailed worksheets for the projects shown below are included in the Capital Improvement Program section of the budget document.

Project Type	Project Number	Project Description	2013-14 Adopted	2014-15 Adopted
General	MS14PW01	Workorder Asset Management	86,000	86,000
General	WA11PW01	Asset Management Software		20,000
General	WA12PW01	Asset Management Hardware		10,000
General Admin Subtotal			86,000	116,000
Supply	WS10PW01	Hennessey Watershed Improvements	-	40,000
Supply	WS14PW01	Hennessey Algae Pilot Test	79,564	
Supply Subtotal			79,564	40,000
Transmission	WT14PW01	Falcon Ridge Tank Replacement	200,000	-
Transmission	WT14PW02	Holly Court Improvements	25,000	175,000
Transmission	WT15PW01	Dwyer Road Pump Station	-	1,262,070
Transmission	WT15PW02	Alta Heights II Pressure Tank	-	225,000
Transmission Subtotal			225,000	1,662,070
Quality	WQ14PW01	Barwick Jamieson Improvements	300,000	-
Quality	WQ15PW01	Hennessey Treatment Improvements	-	100,000
Quality	WQ15PW02	Barwick Jamieson Sludge	-	550,000
Quality Subtotal			300,000	650,000
Distribution	WD14PW01	Water Main Replacement 2013-14	2,410,836	-
Distribution	WD14PW02	Pressure Regulators 2013-14	50,000	-
Distribution	WD14PW03	Appurtenance Improvements 2013-14	250,000	-
Distribution	WD14PW04	Development / Cal Trans CIP	220,000	-
Distribution	WD14PW05	Automated Meter Reading Program	100,000	-
Distribution	WD15PW01	Minor Water Main Projects (2014-15)	-	100,000
Distribution	WD15PW02	Appurtenance Improvements 2014-15	-	250,000
Distribution	WD15PW03	Automated Meter Reading Program	-	200,000
Distribution	WD15PW04	Pressure Regulators 2014-15	-	75,000
Distribution Subtotal			3,030,836	625,000
TOTAL WATER CIP Projects			3,721,400	3,093,070