

SUPPLEMENTAL REPORTS & COMMUNICATIONS I
Office of the City Clerk

City Council of the City of Napa
Special Meeting
January 11, 2019

FOR THE CITY COUNCIL OF THE CITY OF NAPA:

4. SPECIAL SESSION

4.A. Council Workshop: Discussion of the City's Priorities and Work Plan for the 2019/2021 Fiscal Year Budget

- Memo from City Manager's Office
- PowerPoint presentations by city staff.
- Examples of City Council Norms

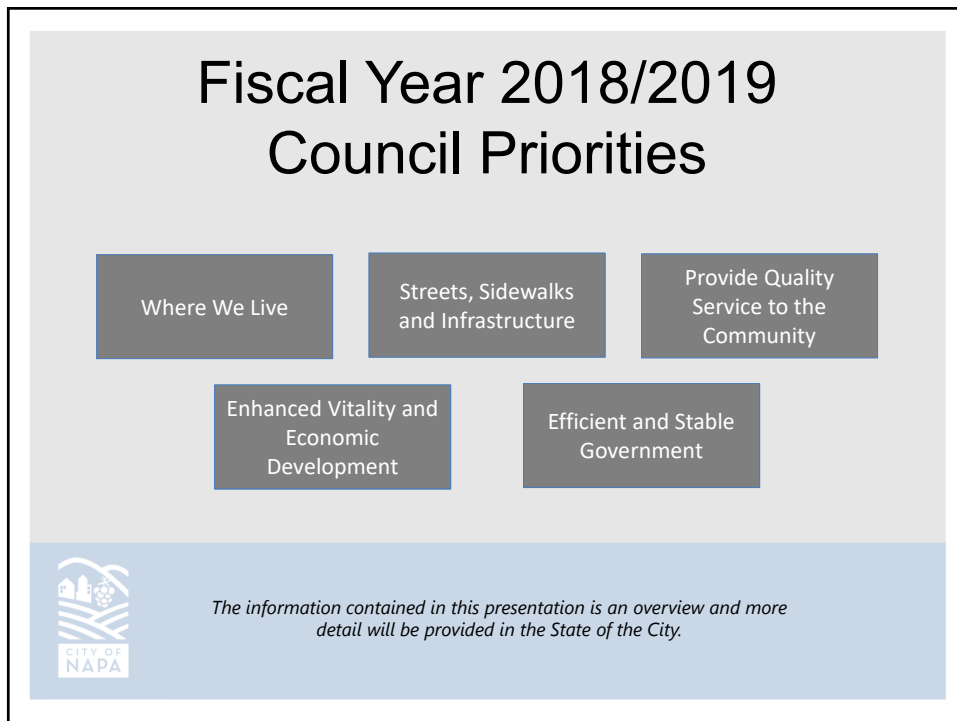
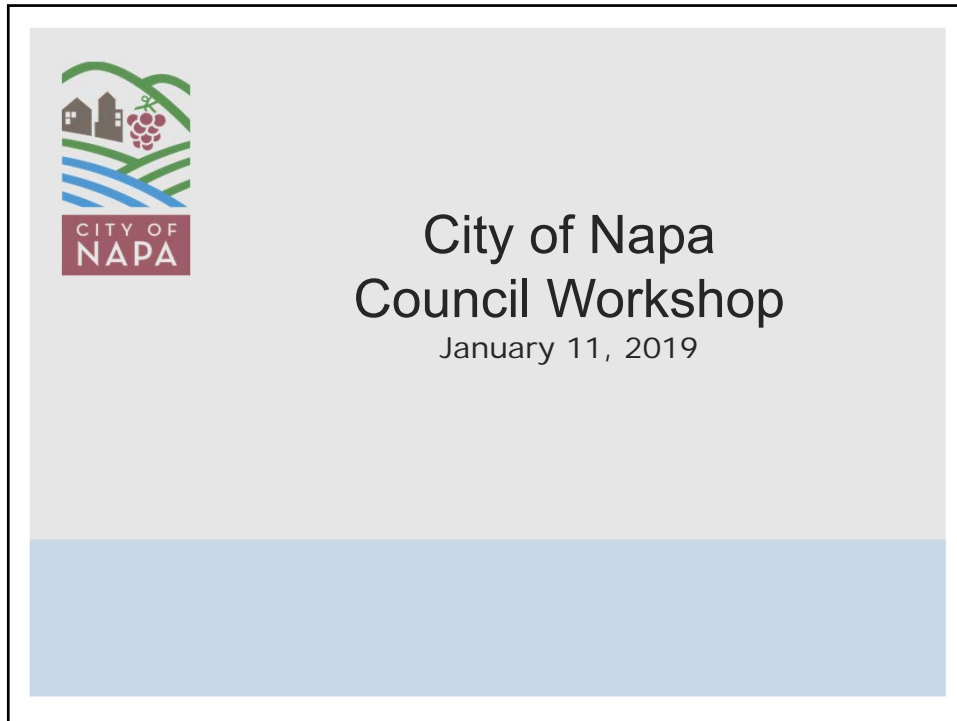


City Manager's Office

We have the annual City Council Workshop scheduled for Friday, January 11, 2019 at the Napa Valley College Community Room.

The Workshop will begin at 9 AM (light breakfast snacks will be provided beginning at 8:30 AM) and facilitation of the Workshop will be handled by Rod Gould. We are expecting to complete the Workshop between 4 and 5 PM.

1. Call Meeting to Order
2. Public Comment
3. Review Today's Agenda
4. Discussion by Council and Staff
5. Identify Significant Opportunities and Challenged
6. Review Effective Practices
- Lunch
7. Review Status of City
8. Council's Discussion of Priorities
9. CIP Overview
10. Adjourn



Where We Live

In support of our local residents, we have undertaken several initiatives to address their current and future needs.



Where We Live

Support Programs for Low-Income Residents



Low-income Assistance

- Emergency repair grants
- Rehab loans to low-income homeowners
- Bilingual counselor at Rainbow House
- Landlord tenant counseling for low and moderate income residents
- First time homebuyer assistance
- Parks and Rec free classes

Homeless Shelter Services Funding



Permit Process



Development Review Process - Currently Under Review

Post-Discretionary Review Process - *Calendar Year 2018 (construction started)*

- 517 Building Permits issued for new housing units
- 34 Single family dwellings
- 18 accessory dwelling units

Streamline Permit Process for Affordable Housing



Affordable Housing

- Waiving the City's Affordable Housing Impact Fee for units 500 square feet or less
- Allocating General Fund dollars for affordable housing
- Awarding over \$2,000,000 in Community Development Block Grant program income to affordable housing projects
- Amending the City's Accessory Dwelling Unit Ordinance to make it easier to create second units
- Launching innovative housing programs such as a shared housing program and the Junior Unit Initiative
- Fast tracking/prioritizing applications for affordable housing
- Partnering with County of Napa to leverage local housing funds



Where We Live

Underway – And Still to be Done

Inclusionary housing analysis & ordinance update underway

Innovative Housing Request for Proposals

TOT for Workforce/Affordable Housing

7 Affordable Housing Projects in Process



Where We Live

Housing the Homeless



National model has changed from short term to long term housing strategy

- Expansion of Housing Authority's Section 8 Landlord Incentive & Mitigation
- Mainstream vouchers increased by eleven
- VASH vouchers for veterans increased by five

Valley View Senior Homes expected to open in February 2019

Expansion of outreach services by Abode Services and Napa Police



Where We Live

Preparing the General Plan Update

General Plan Process is underway

- 15 committee members selected and sworn in
- Currently in Issues Identification/Visioning phase

Community engagement through survey and workshops to begin in February/March

Joint Council and Planning Commission session planned for April

Overall update process to include:

- Three planned citywide workshops
- Eight neighborhood/pop up outreach events
- Two youth outreach events
- Twelve study sessions
- Hearings with the Council and Planning Commission



Special web site at www.napa2040.com for updates



Streets, Sidewalks and Infrastructure

In an effort to improve our neighborhoods, make our roads and sidewalks safer, as well as alleviate traffic concerns, we are working on several projects to address the concerns of our residents and business owners.



Streets and Sidewalks



- \$1,800,000 allotted for sidewalk work and \$3,000,000 for asphalt (various funding sources)
 - More work accomplished by using combination City staff and contractors
 - Concrete (sidewalks) focus on neighborhoods but some spot work done
 - More heavy need concrete repair areas remain
 - May need to redesign 10-Mile Paving Program



Gateway Enhancements



- Improvements to Soscol Avenue gateway project to address access issues north of Silverado Trail intersection are planned
- Soscol Avenue and Imola Ave working with CalTrans on encroachment permit
- Projects are General Fund projects



Traffic Calming

Traffic Calming will be achieved through:

- Rectangular rapid flashing beacons, bulb outs, roundabouts, coordination of signal timing, raised crosswalks and reduced speed limits (one location)
 - 4 additional rectangular rapid flashing beacons near schools
- Evaluation of five-way intersection still in process



Additional Traffic Safety Enhancements

- Westwood Neighborhood: sidewalks and resurface
- Additional safety achieved by:
 - Green conflict zones (bike lanes), bike lanes on Trancas, use of yield lines at crosswalks, and raised intersection and pedestrian scramble



Streets, Sidewalks and Infrastructure

Measure T Implementation

Spending forward \$6,000,000 this year:

- Trower Avenue Resurfacing underway
- Highway 29 to Jefferson Street nearing completion
- Dry Creek Road to Linda Vista work is on-going

Visit www.cityofnapa.org/MeasureT for project updates.



Streets, Sidewalks and Infrastructure

Oxbow Bypass

- Urban Land Institute Technical Assistance Panel included staff and Oxbow District to determine elements that make it a special place
- Held Stakeholder meetings and made presentation to Council
- Follow-up presentation to be made to Council regarding evaluation and prioritization of identified recommendations
- Initiate implementation of prioritized recommended actions



Provide Quality
Services to the
Community

*The following initiatives are in progress to ensure that
Napa continues to be a great place to live, work and play.*



Provide Quality
Services to the
Community

Neighborhood Parks and Outdoor Event Spaces

Park Ranger Program

Park Enhancements

- Equipment replacement and retrofits, irrigation improvements and pathway repairs, sports court resurfacing, availability of public address system for park events
- Kiwanis Park field lighting replacement
- Permanent restroom at Alston Park in process



Provide Quality
Services to the
Community

Senior Center Remodel



Construction expected to be
completed by early May 2019.



Provide Quality
Services to the
Community

Social Media Use

Improving and enhancing the City's social media presence in the community

- Engaging City departments to help spread our news, tell stories and engage our community
- Highlight City Projects
- Inform about upcoming events
- Share alerts about traffic, weather, road construction, etc.



Water Policies



Bulk Water Policy

- Draft policy will come to Council in March 2019
- Final policy expected in June 2019

Watershed Study with Napa County

- Draft watershed model developed
 - ✓ Simulates runoff and quality of all areas upstream from Hennessey and Milliken reservoirs
 - ✓ More robust calibration will be implemented to collect data as part of monitoring plan
 - ✓ Monitoring plan is expected to be completed in late January 2019
 - ✓ Information to be presented to the City Council and Board of Supervisors in February 2019
- Drought Contingency Plan
 - ✓ City of Napa is the lead agency to manage county-wide Contingency plan
 - ✓ Nearly half of costs covered by Bureau of Reclamation
 - ✓ Scheduled kick-off in February 2019 and completion is expected in mid/late 2020
 - ✓ The kick-off meeting for the LAFCO Water/Wastewater Municipal Services Review took place in December 2018. Completion is expected December 2019

Marijuana Ordinance



Photo courtesy Napa Valley Register

Review and revise ordinance to address marijuana dispensing and cultivation in the City, to include commercial and personal cultivation.

First dispensary has opened in Napa.



Enhanced Vitality and
Economic
Development

*Keeping our City safe is always a top priority,
as well as preserving our City's economic health.*



Enhanced Vitality and
Economic
Development

Maintain Downtown Safety



Photo courtesy Napa Valley Register

Police Department dedicated to city-wide community safety

Police Department Downtown safety includes: staffing, officers on bicycles, and resurrecting camera program



Enhanced Vitality and
Economic
Development

Parking Management



- Parking Focus Group was created and meetings held with the group
- Assessment of parking structure usage has been completed
- Pilot program for inventory sign at structure parking to begin within a few months
- Moving toward on-line permit parking purchase and management
- Looking to implement additional technology improvements
- Preparing for Municipal Code updates



Efficient and Stable
Organization

The following initiatives are being pursued in order to retain and attract quality employees, and build a solid organization and culture within our City.



Efficient and Stable
Organization

Public Safety/Administration Building

- Small Council Workgroup formed
- Changes made to project team
- Staff evaluating process for improvements
 - ✓ Bringing discussion of process updates to Council on February 19, 2019
 - ✓ Project updates will include, but are not limited to, community needs as well as cost containment
- Building maintenance for existing structures will need to be addressed in budget



Efficient and Stable
Organization

Recruitment and Retention

Allocated Positions

Number of Budgeted Positions	F/T	P/T	Total
2015/16	458	43.42	501.42
2016/17	464	44.26	508.26
2017/18	476	53.42	529.42
2018/19	479	52.03	531.03

Turnover rate 11.5%

Retirements/Separations (Regular Employees only)	2013	2014	2015	2016	2017	2018
Total	31	27	39	38	42	41

Recruitment Goals

- Goal of 60 days between requisition and job offer



Recruitment and Retention

27% eligible for retirement

- Currently 21 vacant FTE positions, as of January 4th 19 recruitments underway.

Recruitments	2013	2014	2015	2016	2017	2018
Total	43	56	78	84	98	93
New Hires (Regular Employees only)	2013	2014	2015	2016	2017	2018
	35	50	48	53	59	47
Promotions (Regular Employees only)	2013	2014	2015	2016	2017	2018
	22	29	22	41	39	43



Workplace, Development and Training

Workplace Trainings

- Human Resources provided Preventing Workplace Harassment/Respectful Workplace Training
- In addition to mandated training, we will be providing additional specific subject matter training to all employees

Hiring Process

- Using competency-based selection model

Training and Development

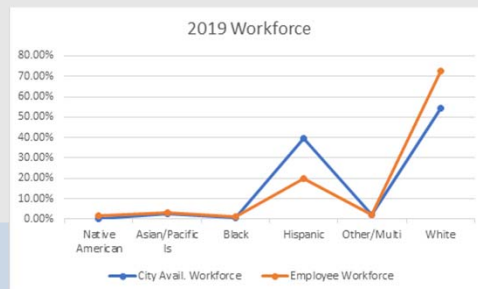
- New schedule for 2019 open to all employees



Workforce Diversity

Hiring for Diversity

- Making significant progress in outreach and inclusion with regard to Workforce Diversity Placement Goals



Body Worn Cameras

- Project has been implemented
- Community meetings/demonstrations held



Photos courtesy Napa Valley Register



Fiscal Year 2018/2019 Council Priorities

Where We Live

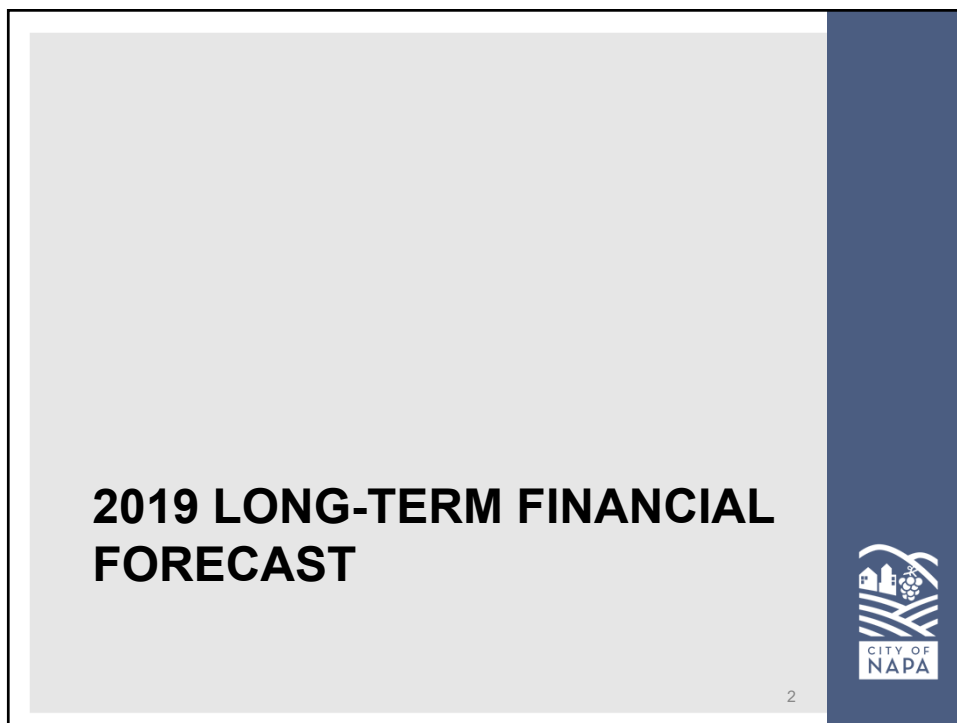
Streets, Sidewalks
and Infrastructure

Provide Quality
Service to the
Community

Enhanced Vitality and
Economic
Development

Efficient and Stable
Government





Agenda

- Introduction
- FY 2017/18 & FY 2018/19 Update
- Preliminary Long-Term Findings
 - Policies & Indicators
 - Key Assumptions
 - Results
- Civic Center Project

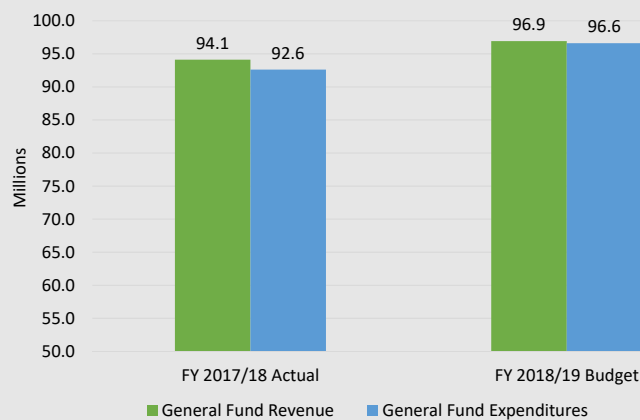


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Financial Status

FY 2017/18 and FY 2018/19

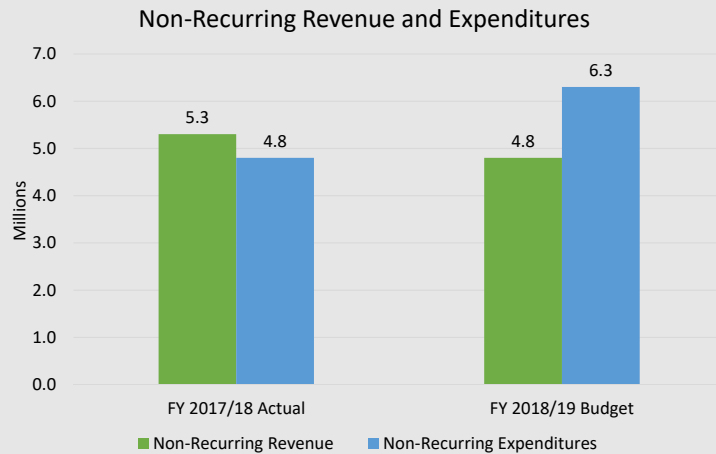
General Fund Revenue and Expenditures



4

Financial Status

FY 2017/18 and FY 2018/19



5



Financial Status: FY 2017/18

- FY 2017/18 revenues increased by 10.8% over prior year, while expenditures increased by 11.7%
- All reserves fully funded as of 6/30/2018
 - \$17.8 million in General Fund reserves
 - \$11.0 million in CIP reserves
- Final surplus of \$2.5 million was transferred to the CIP General Reserve, per Fiscal Policy

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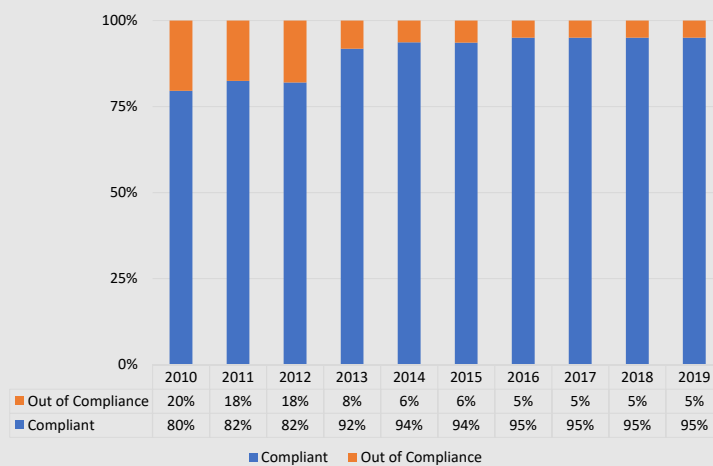
Long-Term Financial Forecast

- Components
 - Financial Trend Analysis – 9 Year History
 - Financial Forecast – 6 Years Forward
 - Economic and Demographic Assumptions
 - Anticipated Development
 - Two Scenarios
 - Most Likely
 - Recession
 - Civic Center Project



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Fiscal Policy Compliance



8

Financial Trend Analysis

Indicator	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Revenues per Capita	C	C	C	F	F	F	F	F
Property Tax Revenues	W	W	C	C	C	F	F	F
Sales Tax Revenues	C	C	F	F	F	F	F	F
Transient Occupancy Tax Revenues	F	F	F	F	F	F	F	F
Business License Tax Revenues	W	W	C	C	F	F	F	F
Fringe Benefits as Compared to Total Operating Expenditures	U	U	C	C	C	C	C	C
Salary Expenditures as Compared to Total Operating Expenditures	F	F	F	F	F	F	F	F
Capital Outlay as a Percentage of Operating Expenditures	W	W	W	C	C	C	F	F
Operating Position	U	U	C	C	F	F	F	F
Reserve Fund Balances	U	U	F	F	F	F	F	F
Liquidity Ratio	F	F	F	F	F	F	F	F

F: Favorable

C: Caution

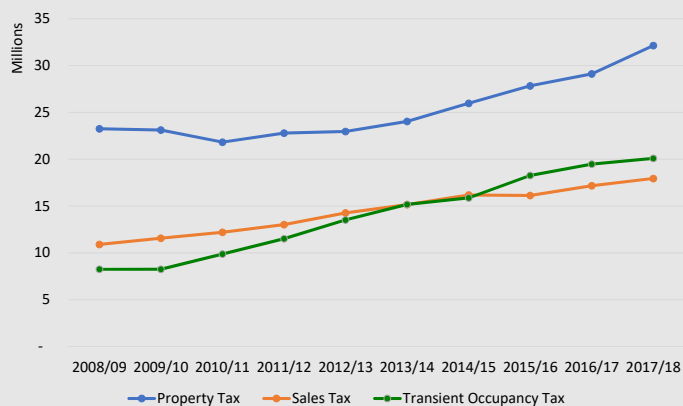
U: Unfavorable

W: Warning!



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Historical Revenue Growth



In the past ten years

- Property Tax has grown from \$23.3 to \$32.1 million
- Sales Tax has grown from \$10.9 to \$17.9 million
- Transient Occupancy Tax has grown from \$8.2 to \$20.1 million

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What is the forecast?

- 6-year time horizon
- A set of reasonable, most likely assumptions about future revenues and expenditures
- Changes to assumptions → Changes in the forecast
- Planning tool
 - Allows us to model future impacts of current budget decisions
 - Allows us to see surplus / deficit trends over time
 - Assists us with making changes needed to avoid future deficits
- GFOA best practice



The forecast is not...

- A budget – Council has final authority to establish each 2-year budget and amend it as needed
- A labor relations plan – Collective bargaining is a separate process from forecasting; assumptions in the forecast are for modeling purposes only
- A set of promises – COLA increase assumptions, new position assumptions, etc are for modeling purposes only
- Set in stone – Assumptions are changed over time in response to a variety of factors and trends



Forecast

- What's Included
 - Economic Assumptions
 - Major Development Currently Underway plus Anticipated Growth
- What's Not Included
 - Unfunded Needs
 - New or Enhanced Programs / Services

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Forecast Assumptions Annual Growth Rates

- Population: 0.5%
- Revenue
 - Property Tax: 4.0%
 - Sales Tax: 3.1% average
 - Transient Occupancy Tax
 - 4% annual increase in room rates (existing hotels)
 - \$51.7 million in revenue from new development over next 6 years
 - Business License Tax: 5.1%

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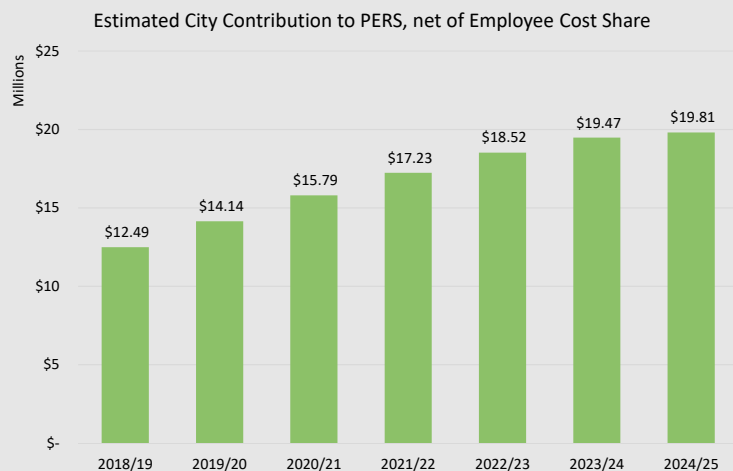
Forecast Assumptions Annual Growth Rates

- Expenditures
 - Staffing: Add 5 positions per year
 - 2 Sworn and 3 Non-Sworn
 - Salaries & Wages: 3.9% combined rate for COLA and step increases
 - Benefits
 - 4-7% annual increase in healthcare/dental costs
 - 7.7% average annual increase in CalPERS costs



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CalPERS City Costs



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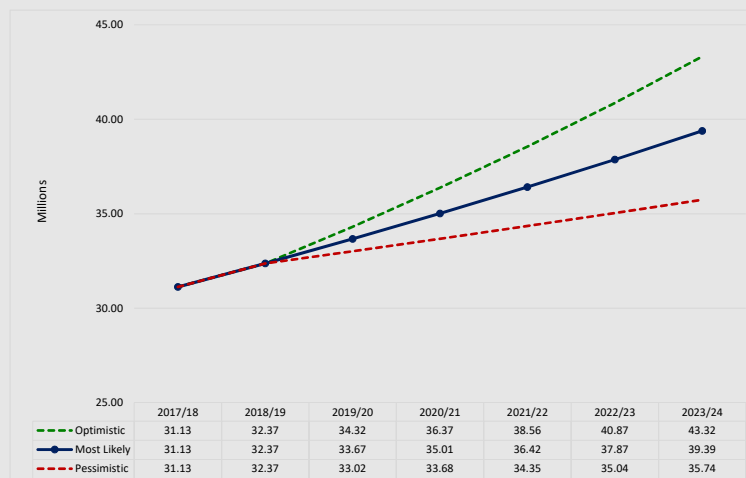
Forecast Assumptions Annual Growth Rates

- Expenditures
 - Services - External: 3.0%
 - Services - Internal: 3.9%
 - Materials & Supplies: 2.7%
 - Capital Outlay: 2.4%
 - Transfers Out
 - CIP Facilities Reserve: 2% of Operating Budget
 - CIP General Fund Reserve: 1% of Operating Budget, plus \$0.1 million for the General Plan
 - Parking Garage: \$2.5 million in FY 2018/19
 - Sidewalk Replacement Fund: \$0.9 million/year
 - Equipment Replacement Fund: \$0.1 million/year

17



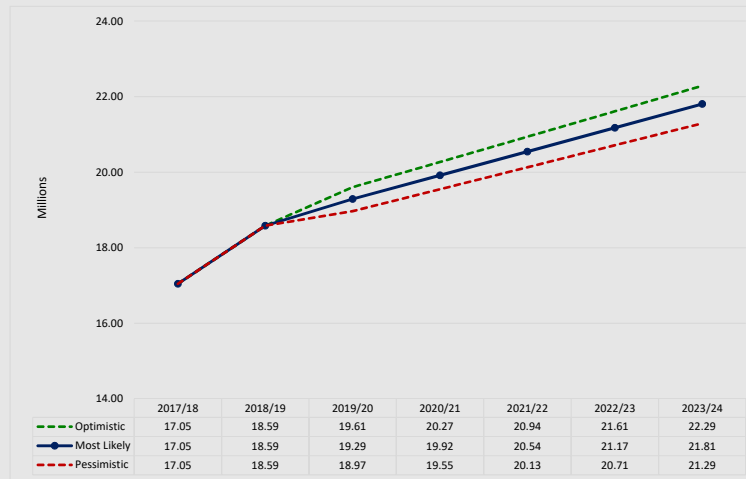
Property Tax Forecast



18



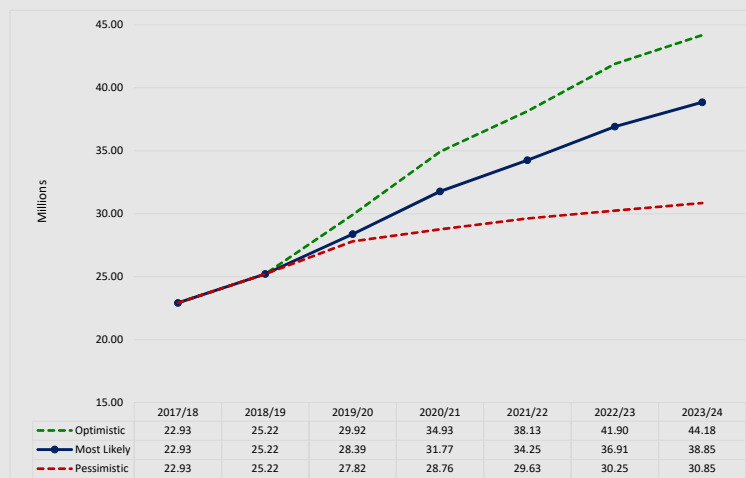
Sales Tax Forecast



19



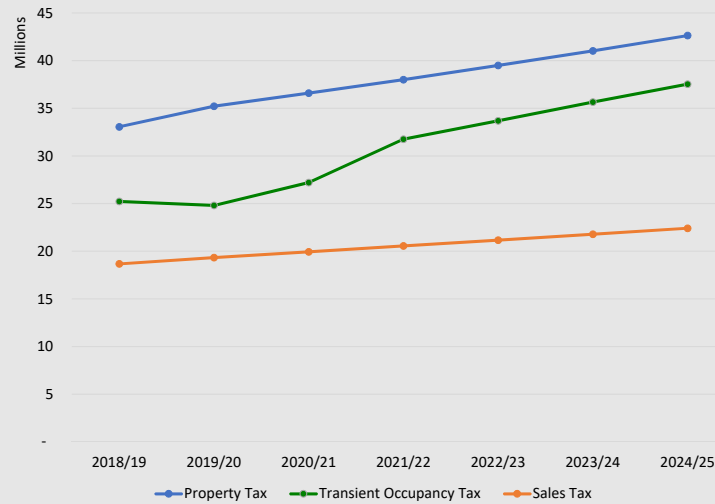
Transient Occupancy Tax Forecast



20



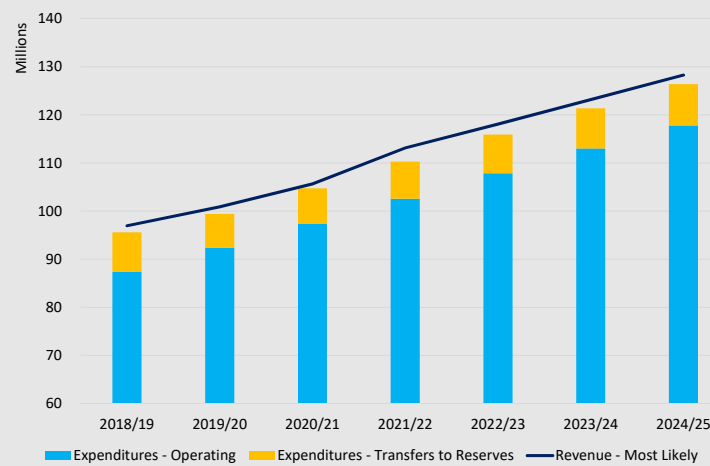
Property, Sales & TOT Revenue Most Likely Scenario



21



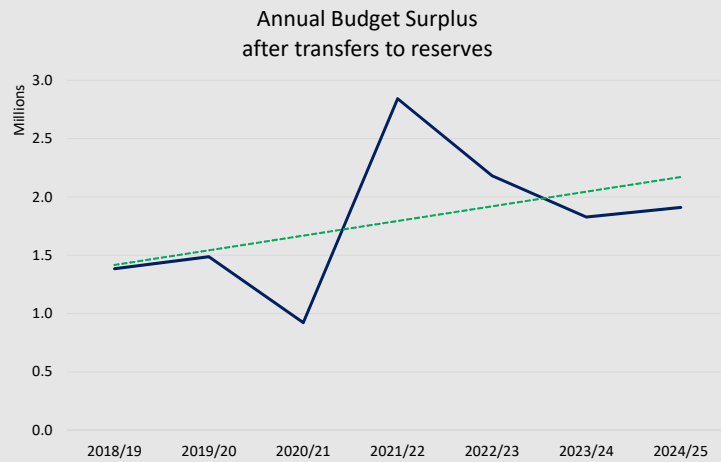
Revenue & Expenditures Most Likely



22



Annual Budget Surplus



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Forecast Assumptions Recession Scenario

- Declines in Sales Tax and TOT in FY 21 and FY 22

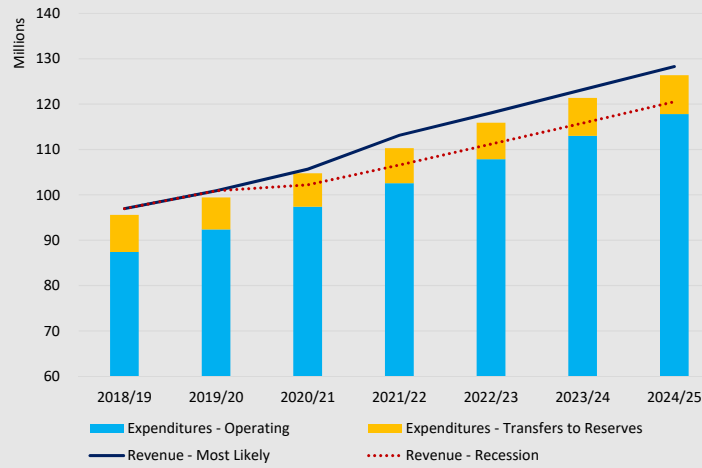
Growth Rates	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25
Sales Tax	3.3%	-3.2%	-1.4%	2.9%	2.8%	2.7%
TOT	4.0%	-5.0%	-2.5%	5.0%	4.5%	4.0%

- No changes to Expenditure Assumptions

24



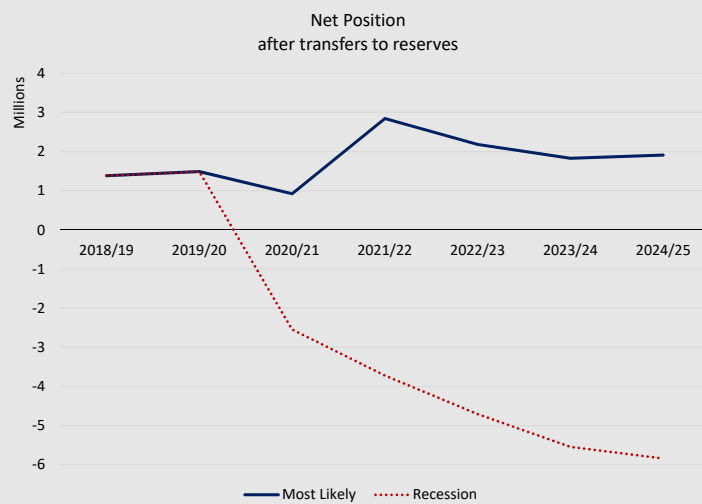
Revenue & Expenditures with Recession



25



Net Position with Recession



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Summary

- Revenues outpace expenditures over the 6-year period
 - By end of forecast expenditures are growing at a faster rate than revenues
- Most Likely Scenario shows Operating Surplus ranging from \$0.9 million to \$2.8 million
- Surplus position driven mostly by growth in TOT and new hotels coming online during forecast
- Currently known CalPERS costs are fully accounted for in forecast

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Civic Center Project

ADDITIONAL SCENARIO

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Civic Center Project

- Buildings: Civic Center, Fire Station No. 1, Parking Garage
- Estimated bond issuance: \$143.6 million
- CIP Facilities Reserve paying for costs prior to bond issuance



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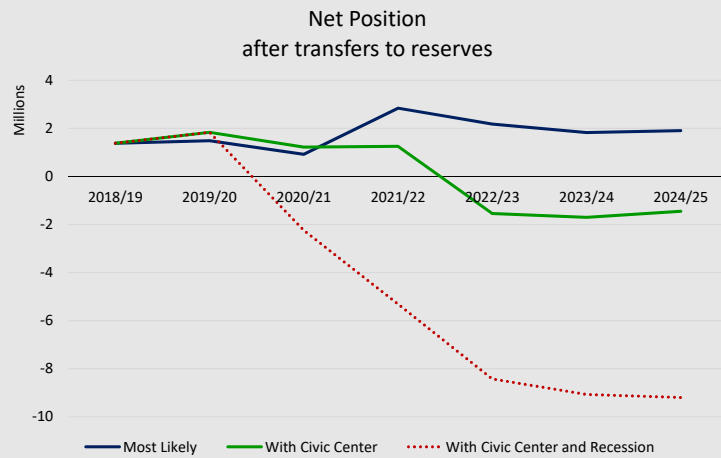
Civic Center Forecast

- Based on the Most Likely baseline forecast, with lease payments beginning in FY 2021/22.
- Eliminate the budgeted 2% transfer to the CIP Facilities Reserve beginning in FY 2021/22.
- No swing of Superblock during Civic Center construction; private development hotel/retail opens in FY 2022/23.



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Civic Center Project



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Comments / Questions?

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End of Presentation



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Photo Courtesy of the Napa Valley Register

City Council Friday Workshop Capital Improvement Program

January 11, 2019



AGENDA

Friday :

- High Level Overview
- Capital Improvement Program
- Capital and Enterprise Funds

Saturday:

- Detailed Look
- Various Funds
- Projects by the Numbers



CAPITAL IMPROVEMENT PROGRAM

Definition:

- Capital Improvement refers to major, physical expenditures such as land, buildings, public infrastructure and equipment

Comprehensive Capital Improvement Program used to guide capital investments

Optimizing available resources to maintain and construct infrastructure

Goals:

Emphasis on public health, safety and quality of life that is Napa.

Evaluate Resources and Determine Capacity to Deliver Projects



PURPOSE

Ensure the timely repair and replacement of aging infrastructure

Identify the most economical means of funding capital improvements

Provide an opportunity for public input in the budget and financing process

Eliminate unanticipated, poorly planned, or unnecessary capital expenditures

Balance desired public improvements with the community's maintenance needs



PROCESS

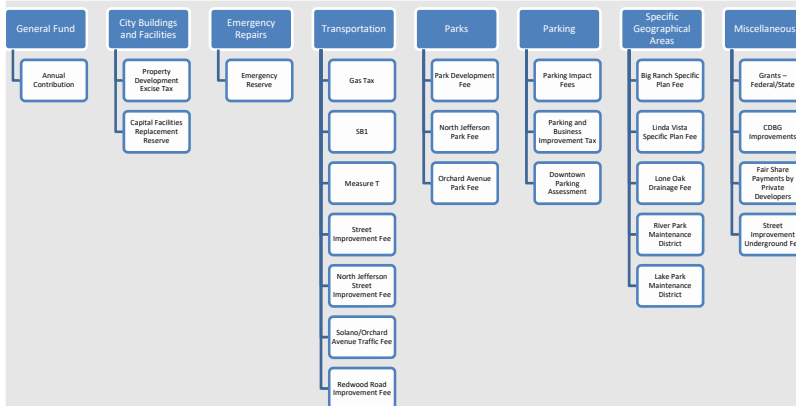
- 2 years: CIP adopted with the City Operational budget
- 5 years: Plan that identifies projects, priorities, and financing
- 6 to 10 years: Long-term planning and prioritization of need and financing opportunities



FUNDING MECHANISMS

General Fund revenue (property tax, sales tax, TOT) may be used for any City purpose

All non-General Fund revenue must be used for its specified limited purpose, including:



PROJECT CATEGORIES

CIP “project” means the construction, reconstruction, alteration, renovation, improvement, demolition, and repair of City facilities

Existing Projects

- Funded
 - Single-Year
 - Multi-Year

New Projects

- Funded “Above the Line”
- Unfunded “Below the Line”



CIP MANAGEMENT & USE

Management:
Public Works
Engineering and
Finance

**C
I
P**

Collaboration

- Public Works
- Parks and Recreation
- Community Development
- Fire Department
- Police Department



PLANNING CONSIDERATIONS

Community Priorities as set by City Council

Cost to Deliver Projects

Schedule over Multiple Years

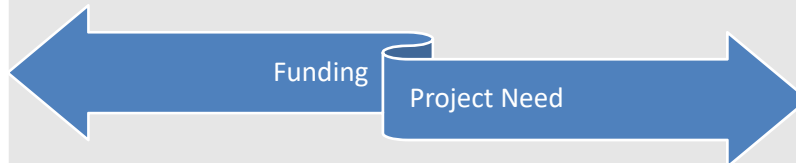
Deferred Maintenance

Capital versus Maintenance

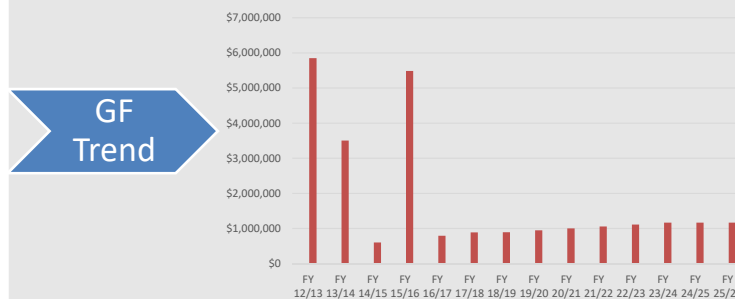
Program most restrictive money first, least (GF) last



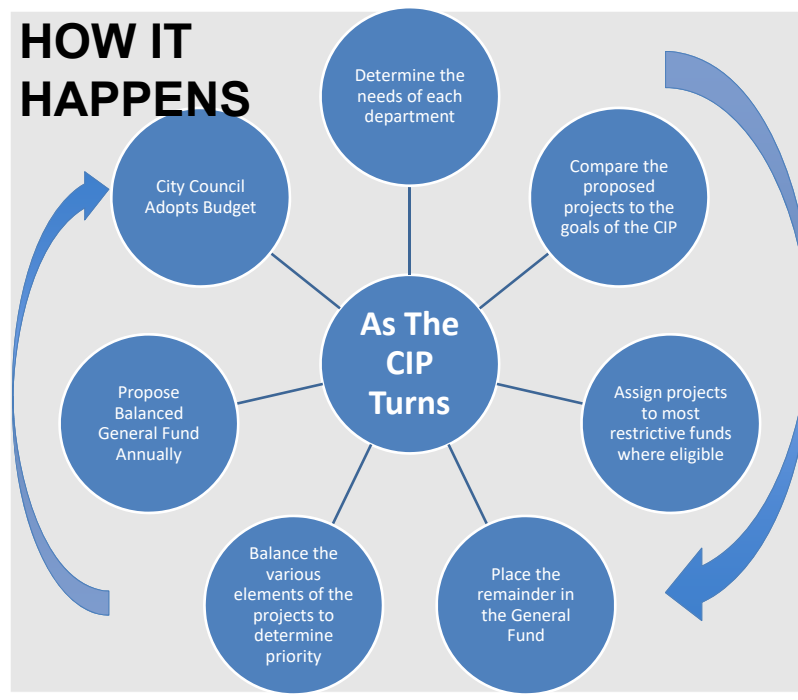
CURRENT STATUS



General Fund Contribution



HOW IT HAPPENS



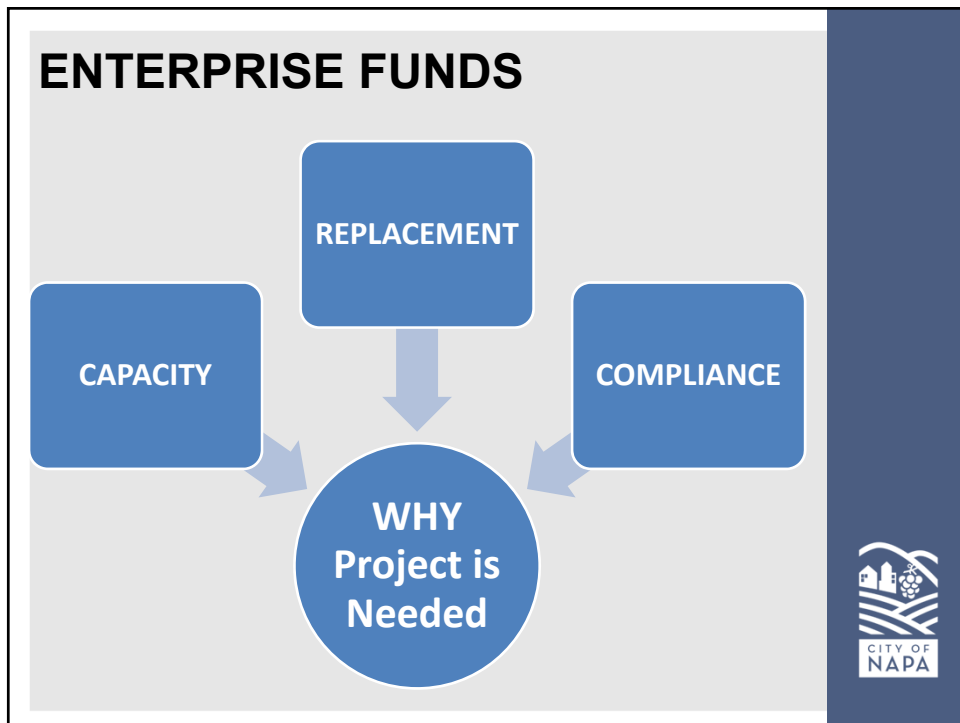
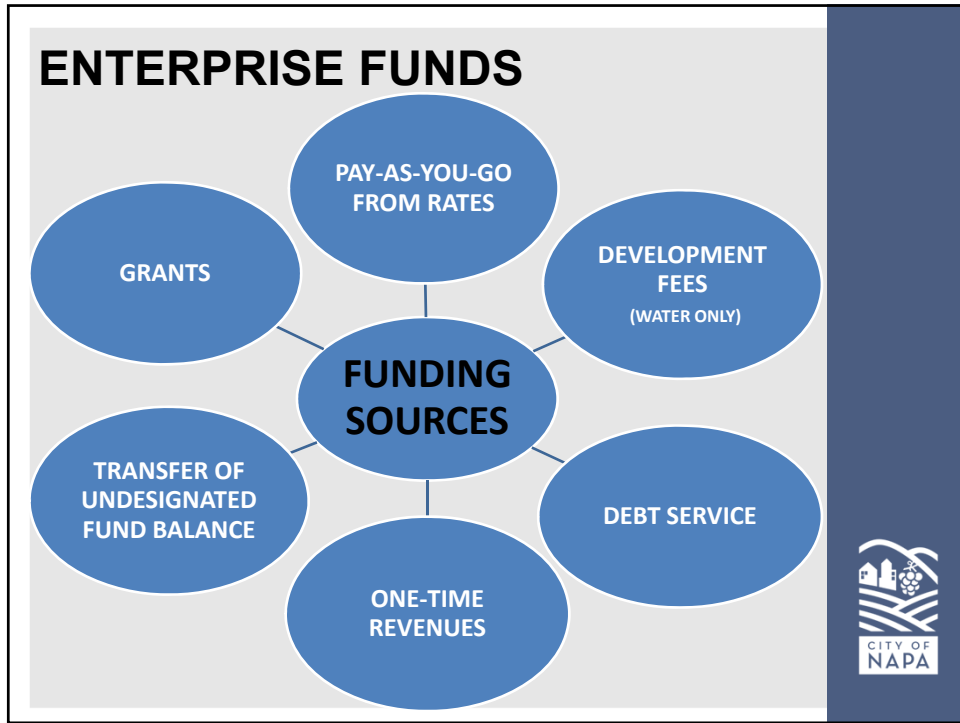
ENTERPRISE FUNDS

WATER

**MATERIALS
DIVERSION**

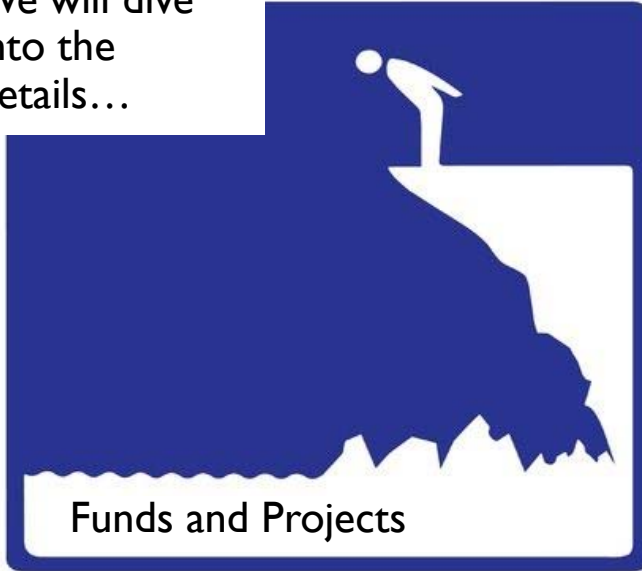
- Process is similar to General Fund
- Funding plan established in Rates
- Restricted use of Funds
- Water – Significant Infrastructure
- Materials Diversion – Recycling and Organics Processing Facility





TOMORROW

We will dive
into the
details...



Funds and Projects



Questions?



General Fund FY19/20 and 20/21 Funded

Expenditures

Non-projects									
Fire Station #5 Staffing	675,000								
Projects									
BP12PW01 - SR25 Pedestrian & Bike Undercrossing		400,000							
PK16PR02 - Parks Parking Lots and Pathway Repair Project	213,750	225,000	225,000	250,000	225,000	215,000	300,000		
PK16PR04 - Park Shade Shelters	567,650	75,000	75,000	-	240,000	-	-		
PK16PR01 - Replacement Field Lighting, Kwanis/Kennedy Baseball	250,000	25,000							
PK16PR05 - Parks Site Furnishing Replacements	100,000	100,000	125,000	90,000	100,000	75,000	200,000		
PK16PR07 - Playground Equipment Replacements/Retrofits	75,000	75,000	75,000	165,000	75,000	75,000	165,000		
ST14PW02 - 1st & 2nd St Roundabouts	1,000,000		1,130,000						
ST16PW08 - Bike Lane Construction "Gap Closure" Vallejo to 3rd Street	65,000	772,000							
SW16PW01 - Stormwater Trash Reduction Policy Implementation	300,000	(150,000)	150,000	350,000	450,000	450,000	450,000		
TS15PW01 - Purchase & Install UPS Units on TS controllers									
Subtotal Projects	2,371,884	1,522,000	1,780,000	1,155,000	1,090,000	1,115,000	9,748,282		
Revenues Minus Expenditures	1,993,801	1,420,801	427,801	4,801	27,801	80,801	133,801	(8,446,481)	
Future Funding Appropriations	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 23/24	FY 23/24	
MS20CDDX - Electric Vehicle Charging Stations - Lot A & Pearl/Clay Garage		125,000							
MS17PW01 - Arterial Gateway Enhancement		90,000							
TS20PW01 - Traffic Signal Socal and Old Socal			325,000						
Subtotal New CIP Funding Requests	-	215,000	325,000	-	-	-	-	-	



General Fund FY19/20 and 20/21 Un-Funded

Future Funding Appropriations	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 23/24	FY 23/24	
MS20ED01 - Wayfinding Sign Program		-							
MS20ED02 - ULI Initiatives									
MS20xxxx - Brown Street Corridor			-						
PK19PR01PP - John F. Kennedy Park MP Phase I Planning & Improvements		X	X	X	X	X	X	X	
PK19PR02PP - Senior Center Site Improvements		0							
PK19PR03PP - Outbow Commons Event Enhancements		0	0						
PK21PR02PP - Indoor Recreation Facility Improvements				0	0				
MS21PDXX - Police Dept Range Bullet Traps			0	0					
FC21FDXX - Fire Station 2 Classroom				0					
SD17PW03 - Trower Ave. Storm Drain Improvements			0		0	0			
ST22PWZA - Saratoga - Socal & Silverado Trail Connection				0	0				
ST16PW03 - Browns Valley Road Pedestrian Improvements		0	0						
SG21PW01 - South Combs Drainage Improvements				0					
Subtotal New CIP Funding Requests	-	215,000	325,000	-	-	-	-	-	



EXAMPLES OF CITY COUNCIL NORMS

1. Work together as a body, modeling teamwork and civility for our community.
2. Demonstrate honesty and integrity in every action and statement.
3. Treat each person with dignity and respect.
4. Work for the common good, not personal interest.
5. Respect the proper roles of elected officials and City staff in ensuring open and effective government.
6. Communicate through the City Manager rather than directly to other staff.
7. Respect Council policy and priorities established as providing direction to the City Manager and staff.
8. Prepare in advance of Council meetings, ask questions beforehand, and be familiar with issues on the agenda.
9. Fully participate in City Council meetings and other public forums while demonstrating respect, consideration, and courtesy to others.
10. Participate in scheduled activities to increase Council effectiveness.
11. Work for win-win -- strive for consensus and seek common ground
12. Honor "discussion" before "decisions" – reserving making formal motions until initial discussions have taken place.
13. Disagree agreeably and professionally. Maintain professional relationships throughout all discussions.
14. Share information and avoid surprises.
15. Approach the business of governing in a professional manner – conducting business in a way that brings honor to the institution of government.