

SUPPLEMENTAL REPORTS & COMMUNICATIONS I
Office of the City Clerk

City Council of the City of Napa
Regular Meeting

March 3, 2020

FOR THE CITY COUNCIL OF THE CITY OF NAPA:

AFTERNOON SESSION:

3. PUBLIC COMMENT:

- PowerPoint Presentation by Liam Joy.

4. CONSENT CALENDAR:

4.H. Enterprise Resource Planning (ERP) Software for Managing Information and Systems for Payroll, Human Resources, Utility Billing, Collections, and Other Financial Services.

- PowerPoint Presentation by City Staff.

5. ADMINISTRATIVE REPORTS:

5.A. Fiscal Year 2019/20 Mid-Year Financial Report.

- PowerPoint Presentation by City Staff.

5.B. Audited Comprehensive Annual Financial Report (CAFR), Single Audit and Popular Annual Financial Report (PAFR) for the Fiscal Year ended June 30, 2019.

- PowerPoint Presentation by City Staff.

SUPPLEMENTAL COMMUNICATIONS:

- Email dated February 27, 2020 from Scott Rafferty requesting that the City annex the unincorporated island known as "West Pueblo/Linda Vista."
- Email dated March 2, 2020 from City Attorney Barrett in response to Mr. Rafferty's email.

Accessibility In Napa's Playgrounds

By Liam Joy

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Requirements of Accessibility

Elevated Play Components

- X Ramps or Transfer Systems
- X 50% of components must be accessible by ramp or transfer system
- X Elevated paths should connect 50% of play components
- X Elevated routes should be 36" wide & should include handrails.

Ground Level Components

- X One of each ground level play component must be accessible (Ex. Swings, Spring Riders)
- X Paths & Routes should be 60" wide

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Century Oaks Park



Pros: Elevated Routes, Transfer systems



Cons: No Paths/routes, Large Curb, No Ground level play components, No Ramps, Bark

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Kennedy Park



Pros: Elevated Routes, Ramps, Transfer Systems, Paths/Routes



Cons: No Ground Level Play Components, Bark

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Fuller Park



Pros: Elevated Routes, Transfer Systems, Paths/Routes, Ground level play components, Rubber Cement



Cons: Nothing!
Overall very accessible

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Playground Fantastico



Pros: Elevated Routes, Transfer Systems, Ground level play components



Cons: No Paths/Routes, No Ramps, Bark

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Example of Accessible Playgrounds



Very cool Ground level play component

Oswego, NY



Great all around accessible playground

Herculaneum, Missouri

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Links For Future Reference

- X <https://curemedical.com/accessible-playgrounds-make-play-inclusive-for-all/>
- X <http://magicalbridge.org/>
- X <https://www.youtube.com/watch?v=RtqEqknMn2g>


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Recommended Action

- Adopt a Resolution:
 - Authorizing the City Manager to execute a contract with Tyler Technologies, Inc. for: (a) providing software, hardware, and implementation services to upgrade the City's Enterprise Resource Planning (ERP) system and providing annual maintenance for five years in the amount not to exceed \$3,959,200; and (b) providing an option for an additional five years of annual maintenance at the City's discretion not to exceed an additional \$1,631,892
 - Authorizing the City Manager to amend the FY 2019/20 Budget Staffing Plan to add two Limited Term Accounting Technicians and add one Limited Term Systems Analyst in the Finance Department
 - Approving the transfer of \$2,425,000 from the Non-Recurring General Fund to the IT Replacement Fund and the appropriation of \$4,425,000 in the IT Replacement Fund for the ERP Implementation Project budget, as documented in Budget Adjustment No. BE2003501



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ERP System Background

- Currently use 3 core systems to manage financial, human resources, utility billing and point of sale functions
- Systems are outdated and cannot adapt to changing City needs
- Duplicative processes and inability to adapt cause inefficiencies
- Systems are no longer supported and the cost of maintenance is high



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Goals of the Project

- Review and improve business processes/workflows
- Create a single database
- Improve E-government services
- Automate manual processes and convert to paperless recordkeeping.
- Reduce the need for redundant data entry, storage and paper processing
- Create a user-friendly system that can be accessed by staff at all levels.
- Customer information and data will be in centralized in electronic form.



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Implementation Process

- Conducted over three phases of implementation
 - Phase 1 – Payroll & Human Resources
April 2020 thru July 1, 2021
 - Phase 2 – Utility Billing & Collections
July 2020 thru October 1, 2021
 - Phase 3 – Financials
July 2021 thru July 1, 2022
 - Project Closeout
July 2022 – October 2022



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Project Budget

- Total Project Budget of \$4.425 M
 - Tyler Technologies Contract \$2.96 M
 - Limited Term Positions (2.5 years) \$1.02 M
 - Server Maintenance (Current) \$ 208 K
 - Other Project Costs \$ 240 K
- Project Resources
 - \$3.25 M Set Aside in Previous Council Action
 - Recommendation includes an additional \$1.175 M transferred from Non-Recurring GF
- Internal Cost Controls
 - Milestone payments within contract after City Approval
 - Project Manager/Finance Department oversight
 - Ongoing budget reviews



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End of Presentation






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PURPOSE

- Update Council & Community
 - Financial Status Report
 - Investment Status Report



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Financial Status Report



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FINANCIAL STATUS

Fiscal Year 2019/20 Unaudited

- Fiscal Year Performance
- Projections & Operating Position
- Fund Balance & Reserves
- Recommendation



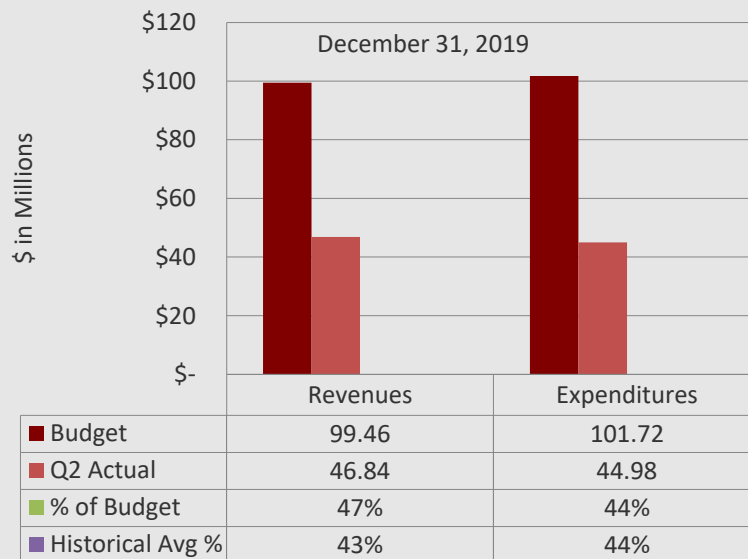
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GENERAL FUND



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FY 2019/20 Budget to Actual



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FY 2019/20 Revenue

	Budget	Actual	YTD %	5-year Historical %
Property Tax	35.38	19.44	54.9%	51.2%
Sales Tax	19.89	6.55	32.9%	35.2%
Transient Occupancy Tax	23.74	10.80	45.5%	44.0%
Business License Tax	4.10	1.71	41.8%	42.8%
Charges for Services	6.01	4.02	67.0%	41.3%
Other Revenues	10.35	4.32	41.7%	39.0%
Total Revenue	99.46	46.84	47.1%	43.5%



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FY 2019/20 Expenditures

	Budget	Actual	%	5-year Historical %
Salaries & Wages & Benefits	70.89	31.89	45.0%	46.3%
Materials & Supplies & Services	23.50	9.34	39.8%	43.0%
Other Expenditures (Includes Transfers to CIP Reserves)	4.74	3.74	79.0%	25.2%
Total Operating Expenditures	99.12	44.98	45.4%	44.1%
Set-Aside for Civic Center Termination Payment	2.60	-	0.0%	0.0%



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FY 2019/20 Reserves

	Target Balance	Current Balance	Estimated FY20 Contribution
Operating (5%)	4.72	4.66	0.06
Emergency (14%)	13.22	13.05	0.11
Contingency (1%)	0.94	0.93	0.03



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FY 2019/20 Operating Position

	FY 2019/20 Adjusted Budget	FY 2019/20 Actual
General Fund (\$ in millions)		
Revenues	99.5	46.8
Operating Expenditures	96.4	42.2
Contributions to CIP Reserves	2.8	2.8
Contributions to General Fund Reserves	0.7	-
Projected Surplus / (Deficit)	(0.3)	1.9
Set-Aside for Civic Center Termination Payment	2.6	-



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CIP PROJECT FUND



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FY 2019/20 CIP Reserves

- CIP Facilities Reserve:
 - \$6.27 million in budgeted projects
 - \$0.23 million available
- CIP General Reserve:
 - \$7.23 million in budgeted projects
 - \$3.64 million available



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PENSION & POST- EMPLOYMENT BENEFITS FUND



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Section 115 Trust

- Created to fund pension obligations
- Balance at 6/30/19: \$3.5 million
- FY 2018/19 contribution to Trust: \$978k
- FY 2019/20 contribution will post at the end of the fiscal year



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ENTERPRISE FUNDS



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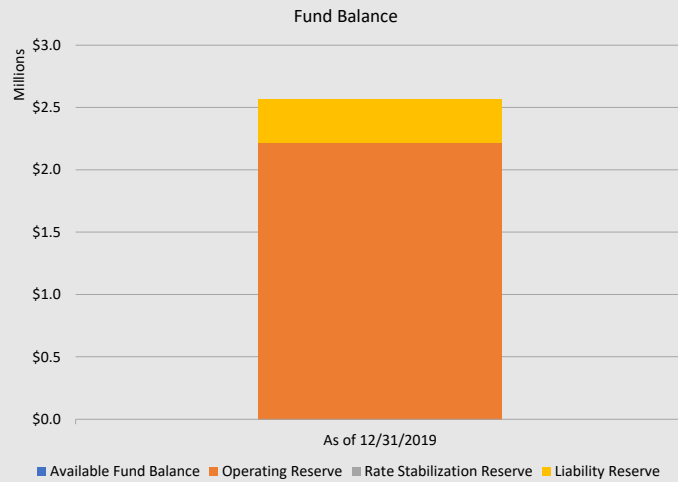
Enterprise Funds - MDF

Solid Waste / MDF	Budget	Actual YTD	%	5-year Historical %
Operating Revenues	32.86	16.98	51.7%	49.9%
Operating Expenditures	30.20	16.02	53.0%	41.1%
Operating Surplus / (Deficit)	2.66	0.96		
Non-Recurring/Capital Revenues	-	-	0.0%	
Non-Recurring/Capital Expenditures	5.53	2.30	41.5%	
Transfer to Street Resurfacing	1.11	0.56	50.0%	
Debt Service Expenditures	0.87	0.71	81.4%	
Total Surplus / (Deficit)	(4.86)	(2.60)		



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Enterprise Funds - MDF



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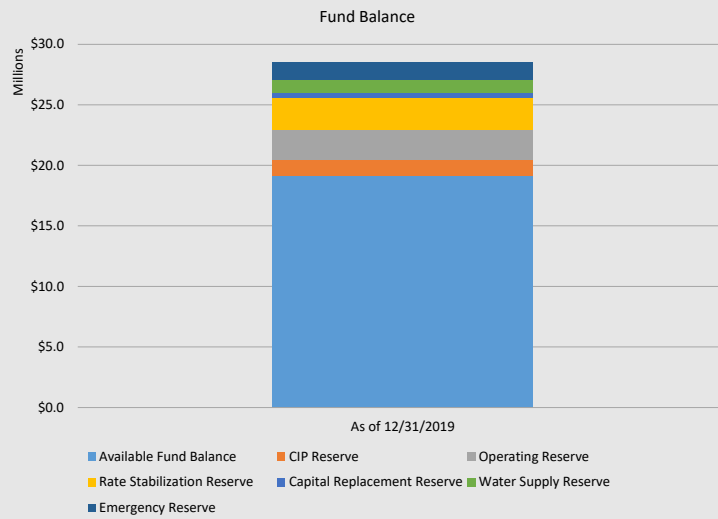
Enterprise Funds – Water

Water	Budget	Actual YTD	%	5-year Historical %
Operating Revenues	33.03	17.07	51.7%	45.3%
Operating Expenditures	25.53	8.67	34.0%	34.2%
Operating Surplus / (Deficit)	7.50	8.39		
Non-Recurring/Capital Revenues	1.32	1.53	115.7%	
Non-Recurring/Capital Expenditures	18.13	0.87	4.8%	
Disaster Project Revenues	-	(0.54)	-	
Disaster Project Expenditures	3.56	1.63	45.8%	
Debt Service Expenditures	3.42	0.74	21.5%	
Interfund Transfer Revenue	3.91	0.61	15.7%	
Interfund Transfer Expense	3.91	0.61	15.7%	
Total Surplus / (Deficit)	(16.28)	6.14		



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Enterprise Funds – Water



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INVESTMENT STATUS REPORT



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INVESTMENT STATUS

- Investment Approach
- Current Market Conditions
- Portfolio Information



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Investment Approach

- Goals are Safety, Liquidity, Yield
- Compliance with approved Investment Policy
 - Approved by City Council in June 2019

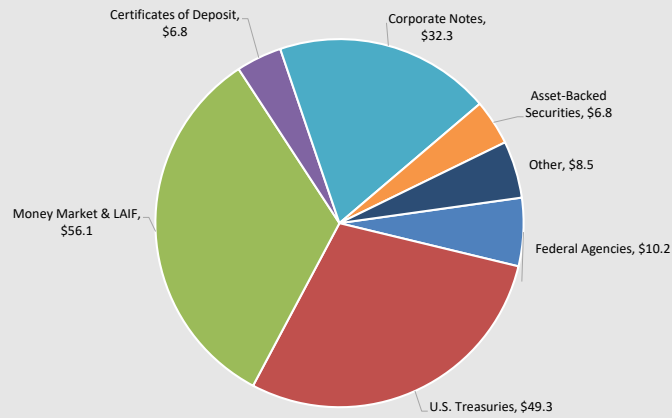


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Investment Portfolio

As of December 31, 2019 invested funds totaled \$170,001,893

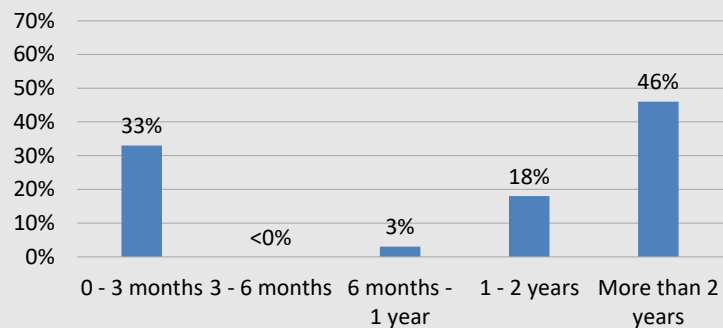
Investments by Type, amounts in millions
December 31, 2019



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Investment Portfolio

Maturities in Months/Years
December 31, 2019



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Investment Report

Total Return Comparison
Periods Ending June 30, 2019

	Past Quarter	Past Year	Past 3 Years	Past 5 Years
City of Napa	0.47%	4.88%	2.56%	2.01%
BofA Merrill Lynch 1-5 Year Government Index	0.36%	4.18%	2.11%	1.68%
LAIF Yield	0.57%	2.46%	1.82%	1.26%



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Investment Report

- Conclusion
 - All funds invested in accordance with adopted investment policy
 - Continue close monitoring of investment portfolio
 - Avoid risk
 - Respond to changes in market conditions
 - Analyze liquid balances/cash flow needs and invest excess pooled cash



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Recommended Action

Move to:

- Receive the Mid-Year Financial Report for Fiscal Year 2019/20



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Mid-Year Report
FY 2019/20


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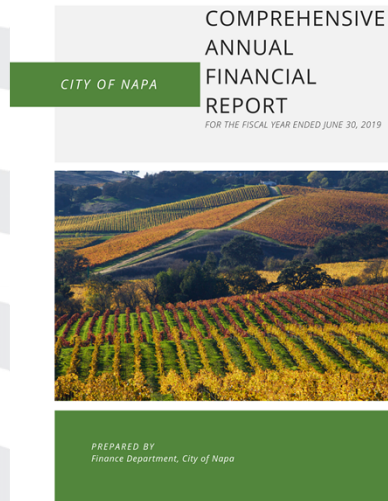
Three Reports

- **Comprehensive Annual Financial Report (CAFR)**
 - Prepared in conformity with Generally Accepted Accounting Principles (GAAP)
 - Audited by The Pun Group, LLP
- **Single Audit**
 - Report on compliance of major federal programs with Uniform Guidance
 - Report on Internal Controls
- **Popular Annual Financial Report (PAFR)**
 - First year issuing



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CAFR



- The Pun Group, LLP
 - New auditors
 - Interim – internal controls
 - Final
- 3 sections of CAFR
 - Introductory Section (MD&A)
 - Financial Statements
 - Statistical Section (unaudited)
- GFOA award
 - 5 consecutive years
- An unmodified opinion



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Single Audit

City of Napa
Single Audit Report
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Section I – Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness (es) identified? No
- Significant deficiency (ies) identified? 2019-001

Type of auditors' report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster	Expenditures
1487-1-14879	Housing Voucher Cluster	\$ 12,374,537
97-006	Disaster Grants - Public Assistance	1,481,295
	Total Expenditures of All Major Federal Programs	\$ 14,185,832
	Total Expenditures of Federal Awards	\$ 17,407,835
	Percentage of Total Expenditures of Federal Awards	80.39%

Dollar threshold used to distinguish between type A and type B programs \$750,000

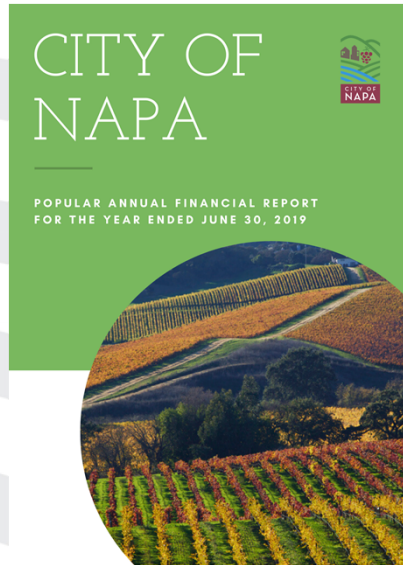
Auditee qualified as low-risk auditee in accordance with 2 CFR 200.520? Yes

- Required by entities that spend over \$750,000 in federal assistance
- Ensures compliance with Uniform Guidance
- Report on Internal Control
 - No deficiencies identified in financial reporting
 - Deficiency identified in enforcement of Housing Quality Standards
 - Due to staffing changes
 - Corrective action plan submitted
- Schedule of Expenditures of Federal Awards (SEFA)
 - Fairly stated



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PAFR



- First time!
- Simplified reporting – uncomplicated, understandable
- City operations, services, programs, financial condition
- GFOA award
 - Received by only 22 California cities in FY2018



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Questions?

Recommended Action:

Move to receive City's Audited Comprehensive Annual Financial Report (CAFR), Single Audit and Popular Annual Financial Report (PAFR) for the Fiscal Year ended June 30, 2019



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From: Scott Rafferty

Sent: Thursday, February 27, 2020 1:36 PM

To: Michael Barrett <mbarrett@cityofnapa.org>; Tiffany Carranza <tcarranza@cityofnapa.org>; Marguerite Leoni <MLEoni@nmgovlaw.com>; jbrax@countyofnapa.org

Cc: Carly Graf <cgraf@napanews.com>

Subject: Annexation of Redlined Latino "Island" in West Pueblo

[EXTERNAL]

I hope it is a misapprehension, but my clients left Tuesday's meeting under the impression that the Latino islands within the city, particularly West Pueblo, would not be annexed prior to the preparation of maps (absent a court order).

Since the last meeting, my clients had collected a panoply of complaints from the disenfranchised Latinos living in West Pueblo. As LAFCO has shown, exclusion from the City of Napa is economically disadvantageous to these residents in terms of taxes and utility fees. Latinos inside the redlined area are also exposed to economic discrimination in a number of forms - loss of scholarship eligibility, nonresident charges for recreation programs, ineligibility for city programs and facility privileges. Generations of school children have been denied the sidewalks that all the surrounding Anglo neighborhoods enjoy. The boundary is so complex that residents cannot resolve basic land use issues (such as complaints regarding ditches and fences) with either the city or county.

The exclusionary boundaries is more irregular than that condemned by the Supreme Court in Gomillion v. Lightfoot, which dispensed with any requirement that plaintiffs show discriminatory intent. In contrast to Gomillion, the city's exclusion of the West Pueblo Latinos departs from affirmative mandates and policies codified in state law and clearly articulated in the recent Lafco report. It also violates the annexation policies articulated decades ago in the General Plan.

Of course, the violation of these resident's political rights has persisted for many years. Fundamentally, this is a matter of disenfranchisement in violation of the constitution and Voting Rights Act. Few, if any, of the council's constituents would support such official discrimination if it were publicly known. None of this discriminatory effects could have persisted if the islands had a district representative or even the right to cast a diluted vote for an at-large member of this council. As a candidate for council at-large has explained to us, the island is also a formidable barrier to Latino candidates who seek to campaign on neighborhood streets and gathering places, because many of the residents do not know whether or not they are eligible to vote in city elections. It will impair the demographer's ability to draw a strong Latino district. This is a clear violation of Section 2 and of Sections 1983 and 1985(3) of Title 42.

If necessary to file for legal relief, we would also expect to include a class action seeking damages for decades of economic injuries inflicted on the residents of redlined island due to the deprivation of and discrimination in the provision of municipal services. Again, Gomillion establishes that exclusionary municipal boundaries violate the Fourteenth and Fifteenth Amendments without any showing of discriminatory intent. Under the Arlington Heights test, however, procedural irregularities and implausible rationalizations are likely sufficient to prove intent. It was irrational for the Council to claim that developers demanded the area be redlined, because it was fully built out prior to the General Plan, which provided the basis for transferring areas from the county to the city as they were developed, which was consistently applied to the surrounding Anglo neighborhoods.

Like President Kennedy's promise to end federal discrimination against minority neighborhoods, this is a constitutional violation that can be ended with "the stroke of a pen" - in this case the city and county signing a request that Lafco will grant summarily. My clients request that the city make a commitment and timeframe to make this request to Lafco by Monday.

In the alternative, we propose to negotiate a schedule to seek expedited judicial intervention. Thanks for your prompt attention.

Scott Rafferty
1913 Whitecliff Ct
Walnut Creek CA 94596
mobile 202-380-5525

From: Michael Barrett <mbarrett@cityofnapa.org>

Sent: Monday, March 02, 2020 6:38 PM

To: Scott Rafferty

Cc: Steve Potter <spotter@cityofnapa.org>; Tiffany Carranza <tcarranza@cityofnapa.org>; Vincent Smith <vsmith@cityofnapa.org>; Julie Lucido <jlucido@cityofnapa.org>; Marguerite Leoni <MLEoni@nmgovlaw.com>; jbrax@countyofnapa.org; Carly Graf <cgraf@napanews.com>

Subject: Process for Annexing Unincorporated Islands into the City

Mr. Rafferty:

This email is in response to your email dated February 27, 2020, to several representatives of the City, the County, and the Napa Valley Register (copied on this response).

During several recent public meetings, including the Council meeting on February 25, 2020, the City has summarized that it is in the process of establishing an updated plan for annexing unincorporated islands into the City, as a part of the City's ongoing process of updating its General Plan. The City has generally described that the process for annexing unincorporated islands into the City includes a technical evaluation of the property to be annexed and the public facilities needed to serve that property. For example, Government Code Sections 56652, 56653, and 56654 require the City to establish a plan for providing services within the affected territory, including:

- (1) A resolution of application to the Local Agency Formation Commission of Napa County ("LAFCO") initiating the proposal.
- (2) A statement of the nature of each proposal.
- (3) A map and description, acceptable to the LAFCO executive officer, of the boundaries of the affected territory for each proposed annexation.
- (4) Any data and information as may be required by any LAFCO regulation (including the requirements documented on the [LAFCO webpage](#)).
- (5) Any additional data and information, as may be required by the LAFCO executive officer, pertaining to any of the matters or factors which may be considered by LAFCO.
- (6) An enumeration and description of the services currently provided or to be extended to the affected territory.
- (7) The level and range of those services.
- (8) An indication of when those services can feasibly be extended to the affected territory, if new services are proposed.
- (9) An indication of any improvement or upgrading of structures, roads, sewer or water facilities, or other conditions the local agency would impose or require within the affected territory if the annexation is completed.
- (10) Information with respect to how those services will be financed.
 - a. NOTE: One of the issues that the City will need to evaluate is whether or not it will be feasible to install sidewalks after annexation of the "West Pueblo/Linda Vista" unincorporated island (as was suggested in your email, and by speakers at the Council meeting on February 25); and, if sidewalks are feasible, how will the improvements be financed. There are many older neighborhoods throughout the City that do not have sidewalks; and the City has a backlog of sidewalks in need of maintenance (see City's webpages on [Sidewalks, Curbs, & Gutters](#); and the [Napa Neighborhood Streets and Sidewalks Program](#)).
 - b. NOTE: residents of an unincorporated island on Penny Lane who requested connection to the City's water service were required to participate in a proportionate share of the

costs of the water lines as a condition of approval of the annexation (see [City Council meeting of February 18, 2020](#), Item 4H).

- (11) Additionally, Government Code Section 56375.3 requires the City to provide additional information to establish the status of the affected territory as an unincorporated island. This section also includes the possibility of negotiating a separate property tax transfer agreement between the City and the County.
- (12) Additionally, the City is required to document compliance with the California Environmental Quality Act ("CEQA"), Public Resources Code Sections 21000, *et seq.*

After the City has established the plan for the proposed annexation of unincorporated islands, the City is required to conduct a public hearing, with at least 21 days prior notice (per Government Code Sections 56654 and 56755). If, after considering public testimony at the public hearing, the Council adopts a resolution to initiate annexation proceedings, the City would submit the application to LAFCO, and LAFCO processes the application in accordance with its processes (including Government Code Section 56658). In general, LAFCO reviews each application for completeness and provides specified notices to affected parties before LAFCO issues its certificate of filing; and, after the certificate of filing, LAFCO conducts a public hearing to consider the application with at least 21 days prior notice.

For some factual context, over the past fifteen years, the City has successfully processed more than a dozen applications for annexations of unincorporated islands within the City's sphere of influence, in response to applications filed by property owners of the affected territory. As I explained to you during our face-to-face conversation on February 11, 2020, when the City receives annexation applications, the City contacts neighboring property owners and considers any comments or concerns the property owners may have regarding the proposed annexation, as required by Government Code Section 56755. While the City has generally not approved an annexation of property over the objection of the property owner, there have been occasions when property has been annexed without a request or approval from the property owner in order to facilitate the orderly growth of the City (see [City Council meeting of May 20, 2014](#), Item 15A, regarding the annexation of properties on West Pueblo Avenue at 2063, 2065, 2075, 2083, and 2091).

As an alternative to the annexation processes outlined above, your client may file a petition with LAFCO to annex property to the City, under the processes set forth in Government Code Sections 56700, *et seq.*

Michael.

Michael W. Barrett

City Attorney

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