

SUPPLEMENTAL REPORTS & COMMUNICATIONS I
Office of the City Clerk

City Council of the City of Napa
Special Meeting

November 10, 2020

FOR THE CITY COUNCIL OF THE CITY OF NAPA:

AFTERNOON SESSION:

3. ADMINISTRATIVE REPORTS:

3.A. Fiscal Year 2019/20 End of Year Report .

- PowerPoint Presentation by City Staff.
- Email from Terri Ritchie, President of NCEA-SEIU received on November 10, 2020. *

****EMAIL OR HANDWRITTEN COMMENTS WILL BE READ INTO THE RECORD BY CITY STAFF
DURING THE MEETING.***



End of Year Report FY 2019/20

**July 1, 2019 –
June 30, 2020**



Overview

- Update Council & Community on the Financial Status of the City as of June 30, 2020
- City Budget and Expense Reductions addressed by Departments and Council Action in April 2020
- No Quick Economic Rebound in Forecast
- Flu Season
- Review City's pressing Unmet Needs
- Request Council Action



FISCAL YEAR-END CLOSING PROCESS



Year-End Closing Process

July – September: pay invoices, accrue revenue and expenses, book adjusting entries

October: auditor review of draft financial statements

November: final closing entries posted; begin CAFR/PAFR preparation

December: finalize CAFR and PAFR and submit to GFOA

January/February: present CAFR and PAFR to Council



Year-End Closing Process

- All amounts presented to Council today are **unaudited estimates**
- Final numbers in the CAFR and PAFR will be slightly different



More than Revenues & Expenditures!

- The CAFR and PAFR include **all** City accounts
 - Revenues and Expenditures
 - Assets, Liabilities, Fund Balance
- Closing Entries are posted to the different accounts in accordance with GAAP



FINANCIAL STATUS REPORT

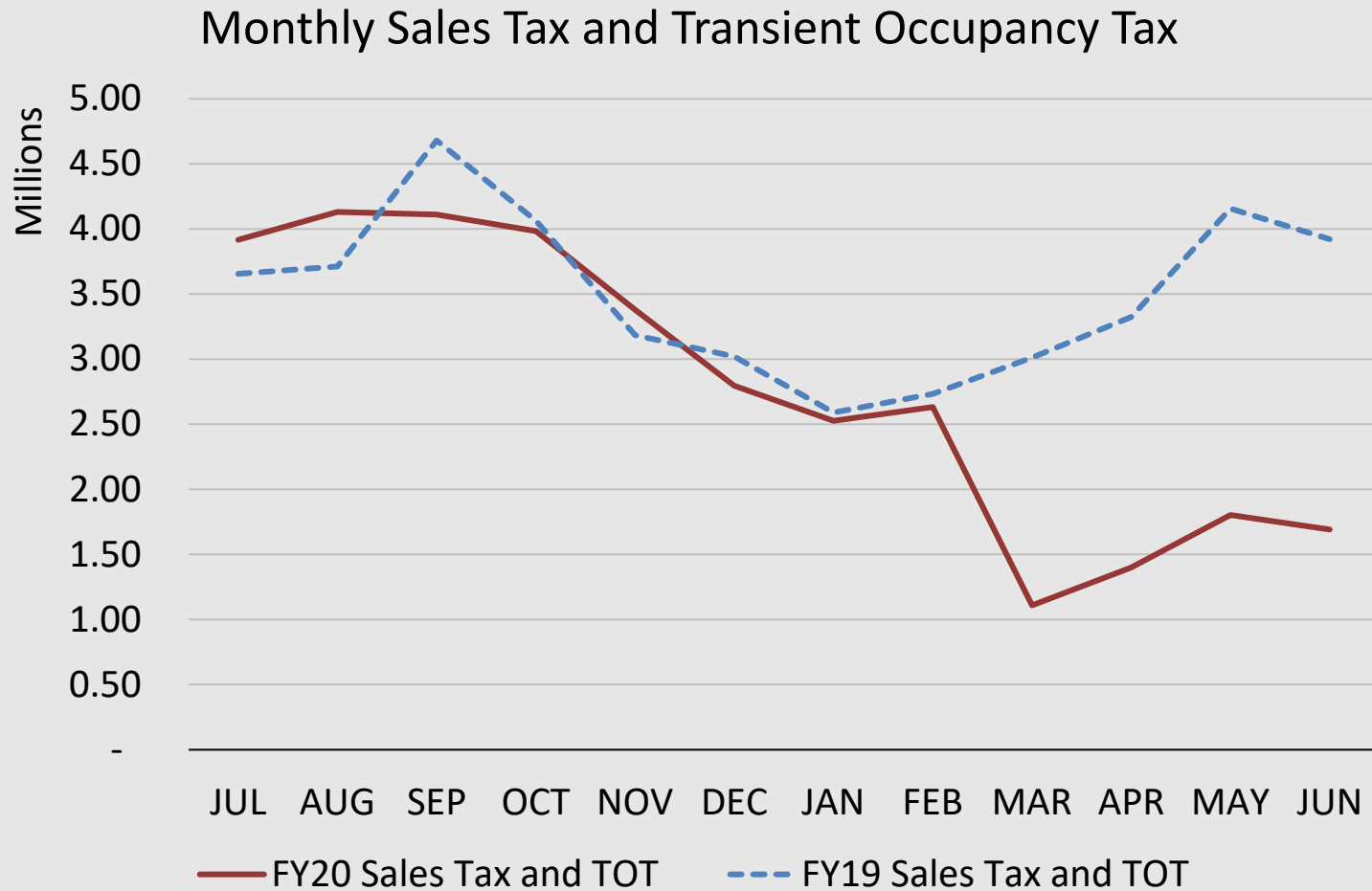
FY 2019/20 UNAUDITED



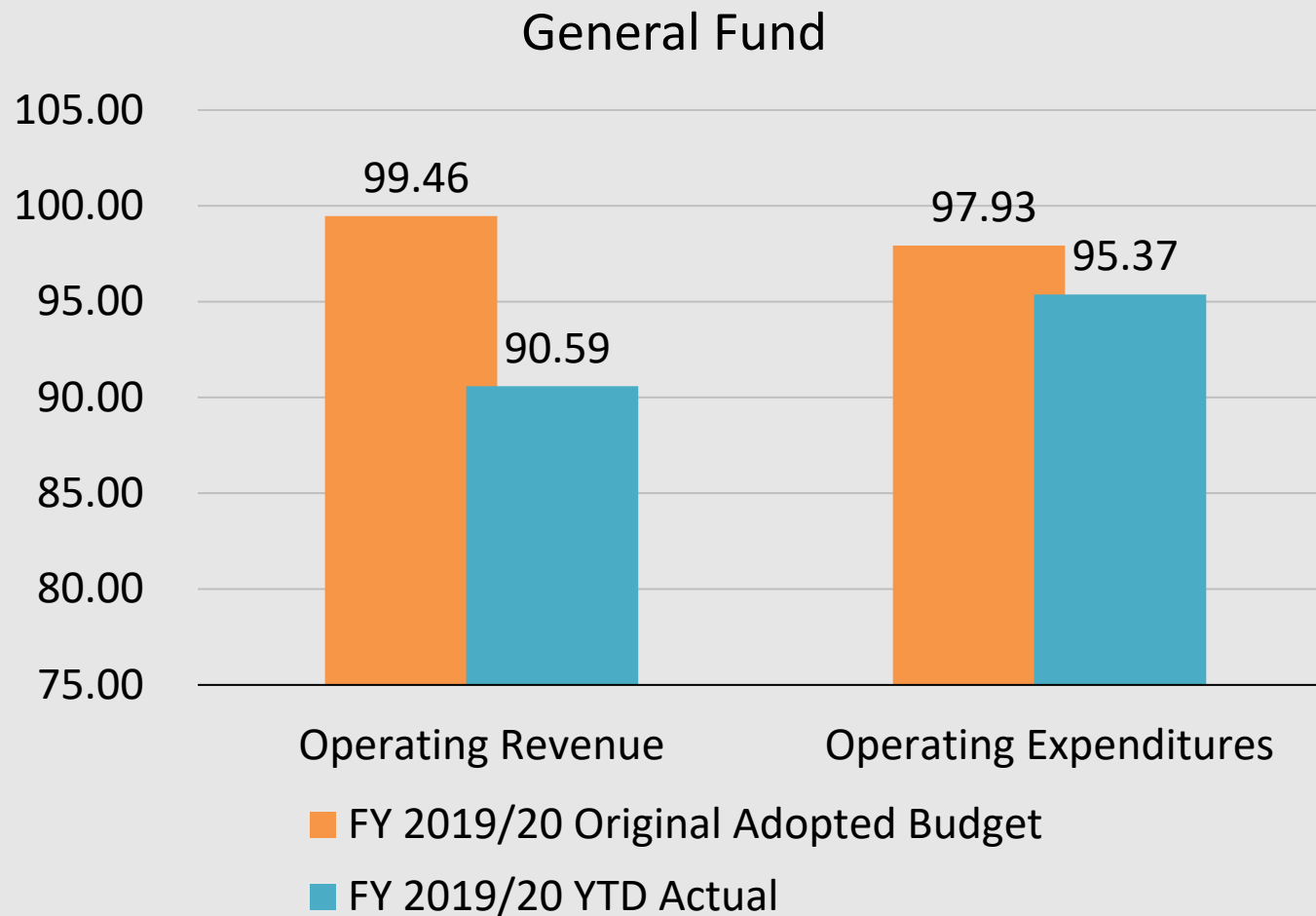
GENERAL FUND



Impacts of COVID-19



FY 2019/20 Budget to Actual



FY 2019/20 General Fund Revenue

	Original Adopted Budget	Amended Budget	Unaudited Actual
Property Tax	35.38	35.38	36.35
Sales Tax	19.89	17.69	16.96
Transient Occupancy Tax	23.74	15.44	16.75
Other Revenues	20.45	20.45	20.53
Total Operating Revenue	99.46	88.96	90.59
One-Time Revenue: PG&E Settlement	-	-	2.34
One-Time Revenue: Transfers In From CIP Reserves	-	4.60	4.60
Total Revenue	99.46	93.56	97.53

FY 2019/20 General Fund Expenditures

	Original Adopted Budget	Amended Budget	Unaudited Actual
Salaries & Wages & Benefits	70.62	70.77	69.46
Materials & Supplies & Services	22.57	22.39	20.71
Other Expenditures (Includes Transfers to CIP Reserves)	4.74	5.13	5.20
Total Operating Expenditures	97.93	98.29	95.37
Set-Aside for Civic Center Termination Payment	-	2.60	-
Total Expenditures	97.93	100.89	95.37



FY19 to FY20 Expenditure Comparison



City spending on Salaries/Benefits/Services was \$4.1 million higher in FY20 as compared to FY19, even with the fourth quarter cost-saving measures.

FY 2019/20 Reserves

- Operating Reserve: \$4.66 million
 - 5% of budgeted operating expenditures
 - Current obligation: \$2.6 million appropriated for potential Civic Center termination payment
- Emergency Reserve: \$15.40 million
 - 14% of budgeted operating expenditures
 - Includes \$2.34 million of PG&E Settlement revenue
 - Planned usage of \$3.6 million in FY21
- Contingency Reserve: \$0.93 million
 - 1% of budgeted operating expenditures



CIP PROJECT FUND



FY 2019/20 CIP Reserves

- CIP Facilities Reserve

	As of 6/30/20
Reserve Balance	2.72
Approved Project Budgets	2.48
Available Reserve Balance	0.24

- CIP General Reserve

	As of 6/30/20
Reserve Balance	9.71
Approved Project Budgets	6.02
Available Reserve Balance	3.70

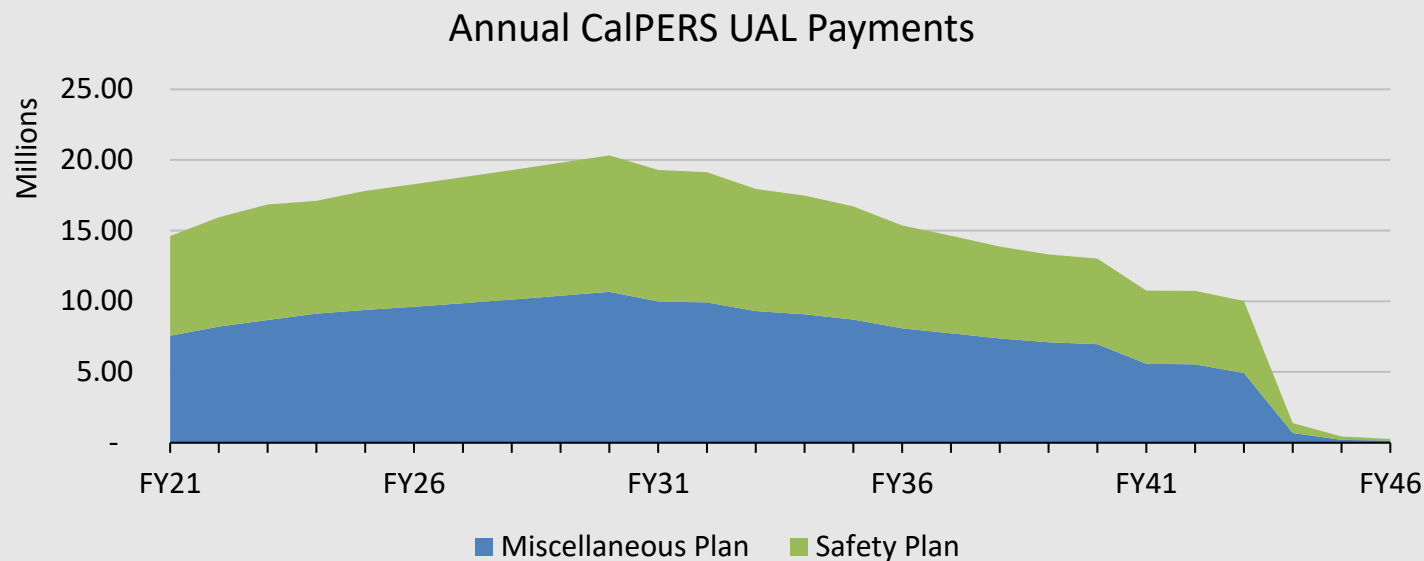


PENSION & POST- EMPLOYMENT BENEFITS FUND



Section 115 Trust

- Created to help mitigate increases in future pension costs
- Balance at 6/30/20: \$4.8 million
- FY 2019/20 contribution to Trust: \$85k



ENTERPRISE FUNDS



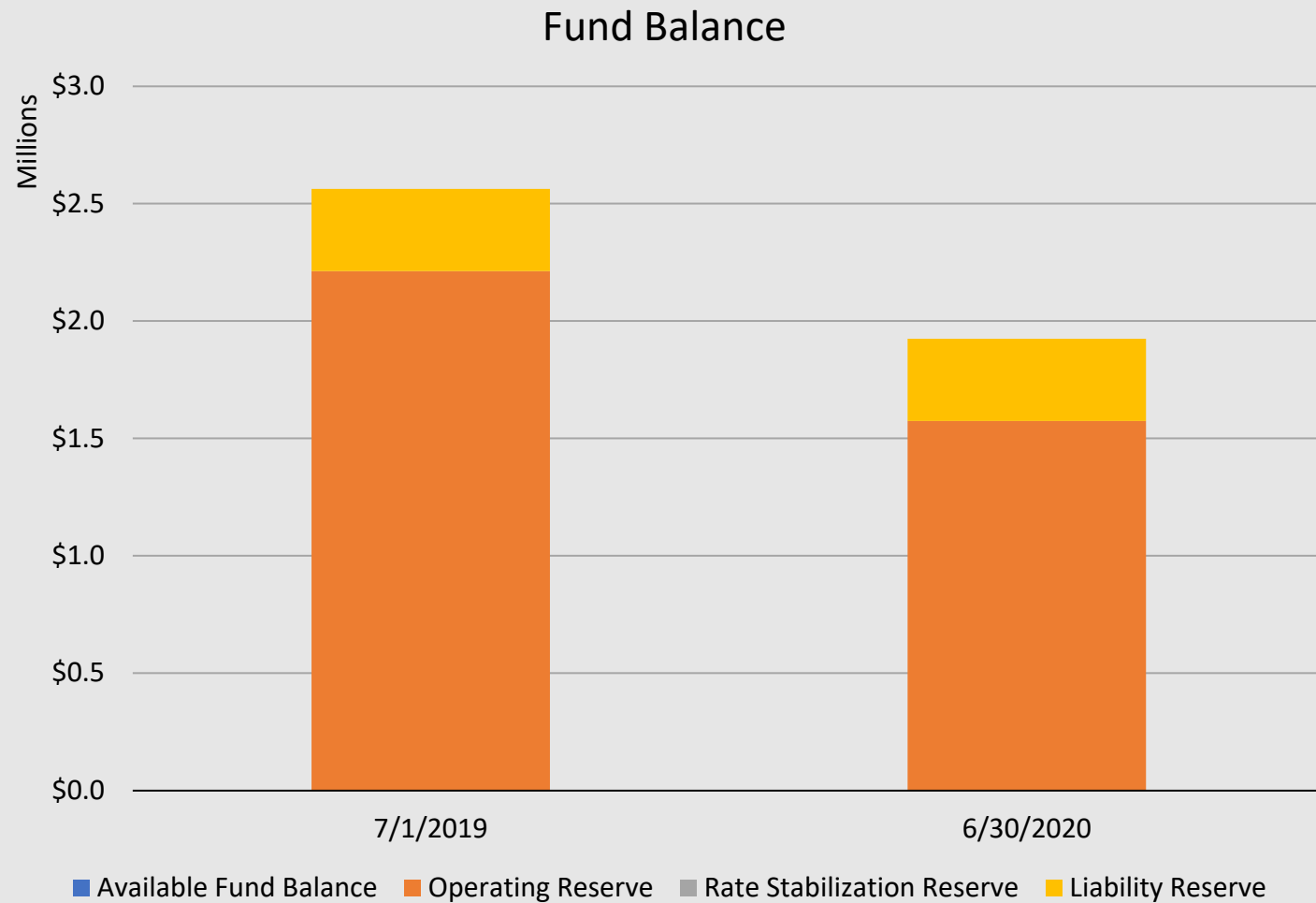
Enterprise Funds – Solid Waste

Solid Waste / MDF	Original Adopted Budget	Amended Budget	Unaudited Actual
Operating Revenues	29.56	35.36	34.67
Operating Expenditures	30.09	33.91	33.17
Operating Surplus / (Deficit)	(0.53)	1.45	1.50
Non-Recurring/Capital Revenues	-	-	-
Non-Recurring/Capital Expenditures	1.31	5.23	1.00
Transfer to Street Resurfacing	1.11	1.11	1.11
Debt Service Expenditures	0.87	0.87	0.32
Total Surplus / (Deficit)	(3.83)	(5.77)	(0.93)

* actuals do not include the \$3.9 million of expenditures that were capitalized as assets or construction in progress in FY20



Enterprise Funds – Solid Waste

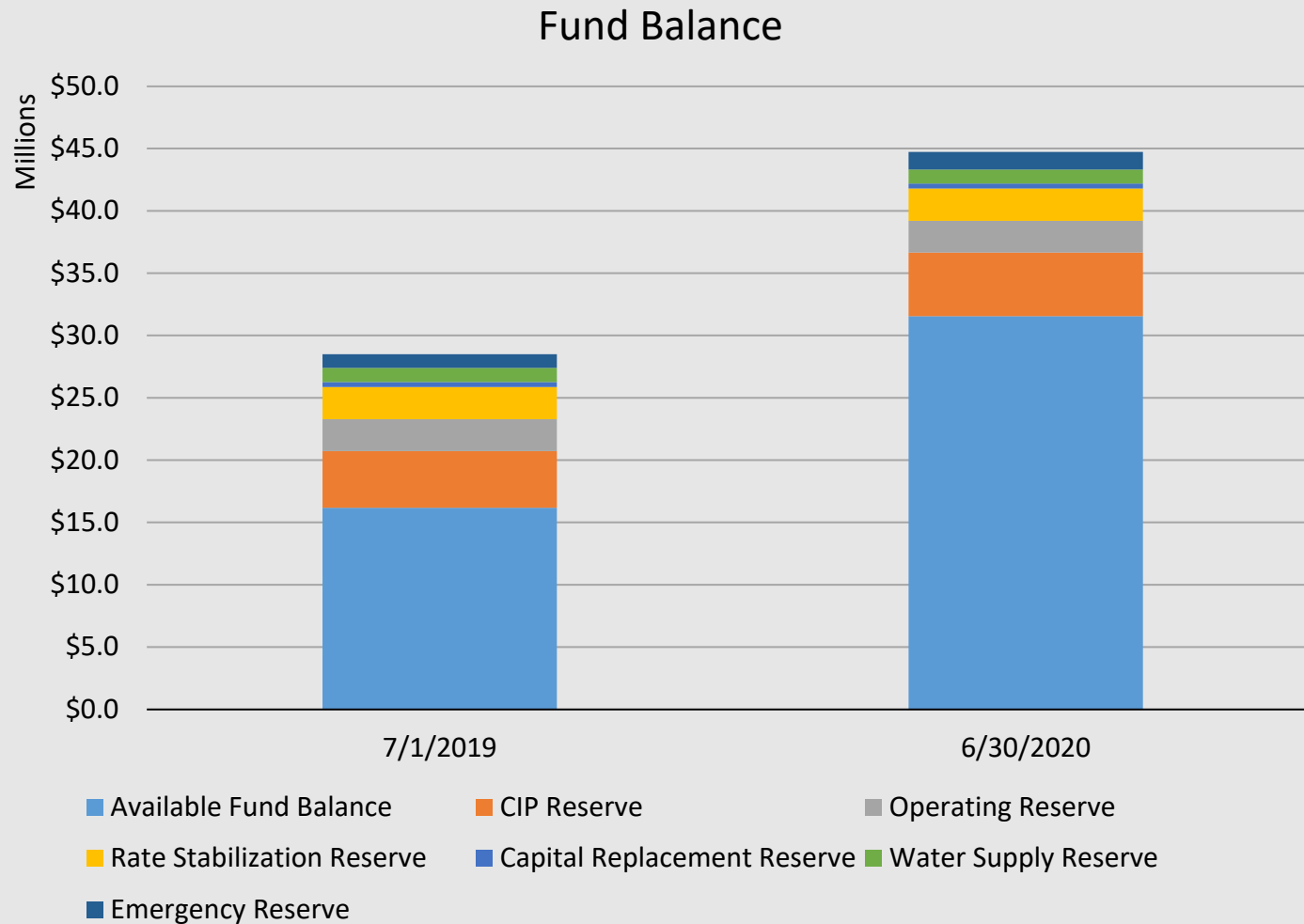


Enterprise Funds – Water

Water	Original Adopted Budget	Amended Budget	Unaudited Actual
Operating Revenues	33.03	33.03	37.75
Operating Expenditures	25.34	25.43	24.40
Operating Surplus / (Deficit)	7.69	7.60	13.35
Non-Recurring/Capital Revenues	1.03	1.32	2.09
Non-Recurring/Capital Expenditures	14.08	15.18	4.45
Disaster Project Revenues	-	-	3.31
Disaster Project Expenditures	-	8.10	3.66
Debt Service Expenditures	3.42	3.42	1.46
PG&E Settlement Revenue	-	-	4.00
Interfund Transfer Revenue	-	4.06	4.06
Interfund Transfer Expense	-	4.06	4.06
Total Surplus / (Deficit)	(8.77)	(17.78)	13.18

* actuals do not include the \$2.4 million of expenditures that were capitalized as assets or construction in progress in FY20

Enterprise Funds – Water



OPERATING POSITION: GENERAL FUND & NON-RECURRING GENERAL FUND



FY 2019/20 General Fund Operating Position

	FY 2019/20 Original Adopted Budget	FY 2019/20 Amended Budget (as of 6/30/2020)	FY 2019/20 YTD Actual (as of 6/30/2020)
General Fund (\$ in millions)			
Total Revenues	99.46	93.56	97.53
Operating Expenditures	95.16	95.52	92.58
Contributions to CIP Reserves	2.77	2.77	2.80
Contributions to General Fund Reserves	0.66	0.66	2.34
Projected Surplus / (Deficit)	0.88	(5.39)	(0.19)
Closing Adjustments to Fund Balance	-	-	1.43
Projected Available Fund Balance	0.88	(5.39)	1.24

* Budgeted Operating Expenditure amount does not include the \$2.60 million appropriation for the potential Civic Center Termination Payment



FY 2019/20 NR General Fund Operating Position

	FY 2019/20 Original Adopted Budget	FY 2019/20 Amended Budget (as of 6/30/2020)	FY 2019/20 YTD Actual (as of 6/30/2020)
Non-Recurring General Fund (\$ in millions)			
Beginning Available Fund Balance	11.62	11.62	11.62
Total Revenues	2.83	5.86	1.71
Total Expenditures	2.97	13.12	6.84
Projected Surplus / (Deficit)	(0.14)	(7.25)	(5.13)
Reserve for Carryforwards	-	-	(2.66)
Reserve for Timing Issues	-	-	(2.00)
Closing Adjustments to Fund Balance	-	-	0.50
Projected Available Fund Balance	11.49	4.37	2.34



Requested Uses of Available Fund Balance

General Fund Available Fund Balance	1.24
Non-Recurring General Fund Available Fund Balance	2.34
Total Available Fund Balance	3.58

Unmet Needs

Hold Funds for Future Appropriations

Facility Maintenance (CIP Facilities Reserve)	1.00
Permit Software Upgrade (NR General Fund)	0.75
Homeless Needs (NR General Fund)	0.25

Requested Appropriations

Civic Center Project for Potential Termination Payment (CIP Facilities Reserve)	1.20
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Unmet Needs	3.20
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UNMET NEEDS



CITY FACILITY NEEDS



Building Facilities Overview



City Hall & Public Safety Building
Project suspended indefinitely

Necessary to invest in buildings to
support our workforce and
services for the community

Completed study to estimate
costs to maintain & repair City's
27 existing buildings

Additional improvements to
support workforce and
community needed

The revisions to FY 20/21 budget
reduced the facilities allocation by
\$1,072,000





Facilities Condition Assessment

- Developed maintenance and replacement schedules for buildings and systems
- Evaluated building condition only (no upgrades included)
- Overall findings:
 - *\$61M+ over the next 20 years to remain at current functionality*
 - *\$115M over 30 years*
 - *Recommends investing \$11.6M in the next 3 years*

Future facility program elements for Council approval:

Create CIP project for limited modifications to City Hall office space

- Reconfigure space in south wing of City Hall
- Add closed office space and conference room space

Unfreeze 1 full-time associate engineer position for facility program manager

- Prioritize projects and develop facilities workplan
- Execute work: planning, engineering, bid documents, construction contracts

Develop Program Policy Considerations (Examples)

- Design life for downtown buildings
- Assumed building occupancy (policies for staffing plans, work from home, etc.)
- New technologies
- Efficiencies & Sustainability



PERMIT SOFTWARE NEEDS



Permit Software

- Planning, Building, Code Enforcement, and Fire Prevention current software application is Central Square Community(.NET) 2019.
- The Permitting System will reach the end of technical support on 12/31/2021.
- New Community Development software will provide comprehensive development services via a secure website protecting the health of our citizens and staff.



HOMELESS NEEDS



Background

- **2015: City-County Funded Napa Plan to End Homelessness:**
- **2018: Update Napa plan to End Homelessness**



Background

- **2017: City-County Homeless Services Agreement:**
 - Defined Roles and Responsibilities
 - Defined Funding Sources/Amounts and Services Provided
 - \$650,000 GF to County for Shelter Ops and Homeless Coordinator; Funds Matched by County





Encampment Cleanup



Encampment Cleanup

Homeless Support Costs

- **Encampment Cleanup:**
 - \$25,000: California Blvd @ Napa Creek
 - \$30,000+: River Trail Lincoln to Trancas Bridge
- **Future Cleanup Projects**
 - Kennedy Park
 - Nursery Area
 - River Trail/BMX/Golf Course Area
 - NSD Property (aka “Bowl”): Napa Flood Control Project



Homeless Support

- **Other Needs:**
 - Security Assistance: Park Ranger, other
 - Revisit City-County Agreement
 - Consultant Assistance
 - Additional Costs for Support Services
 - Staff Resources to Support City Programs



RECOMMENDATIONS:

HOW CAN WE MEET THESE NEEDS?



Flow of Funds

GENERAL FUND

\$1.24 M

**NR GENERAL
FUND**

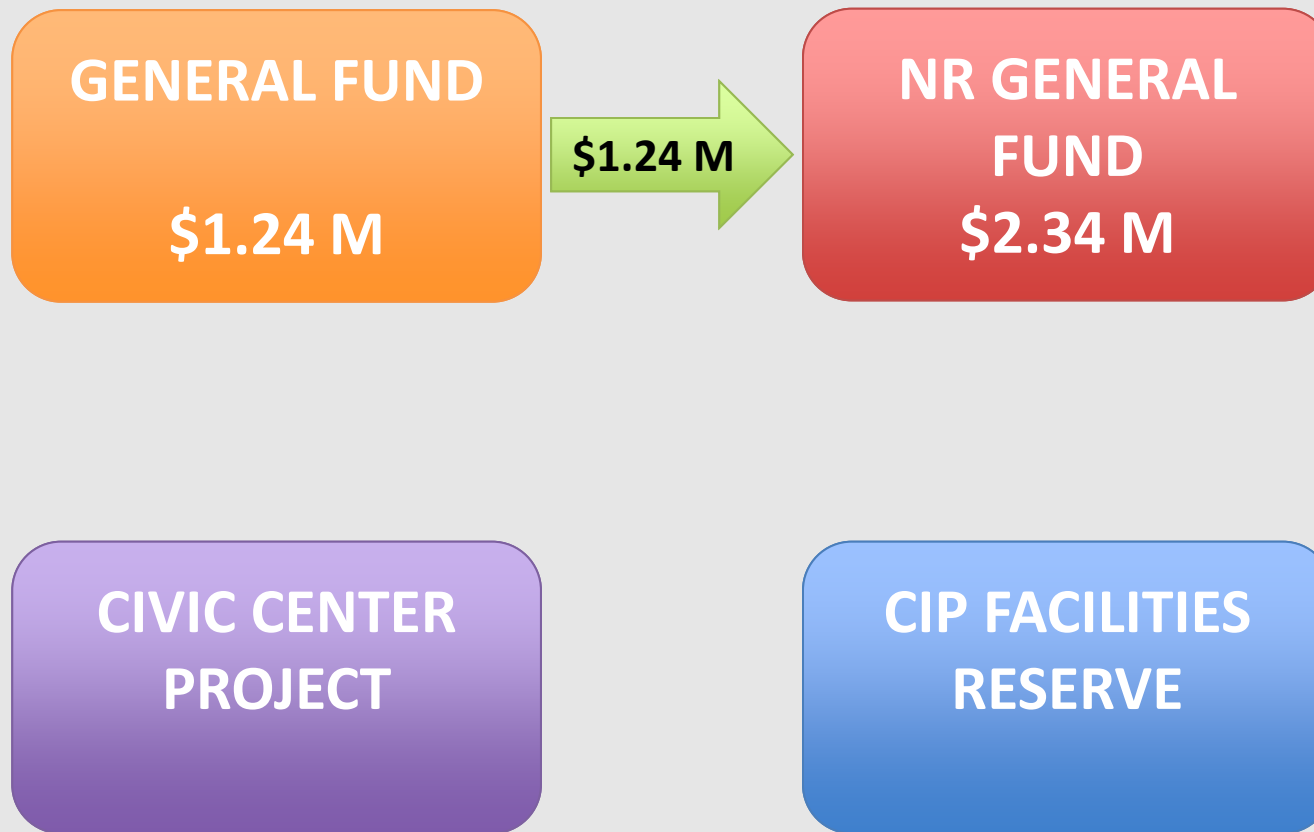
\$2.34 M

**CIVIC CENTER
PROJECT**

**CIP FACILITIES
RESERVE**



Flow of Funds



Flow of Funds

GENERAL FUND

\$0.00 M

NR GENERAL
FUND

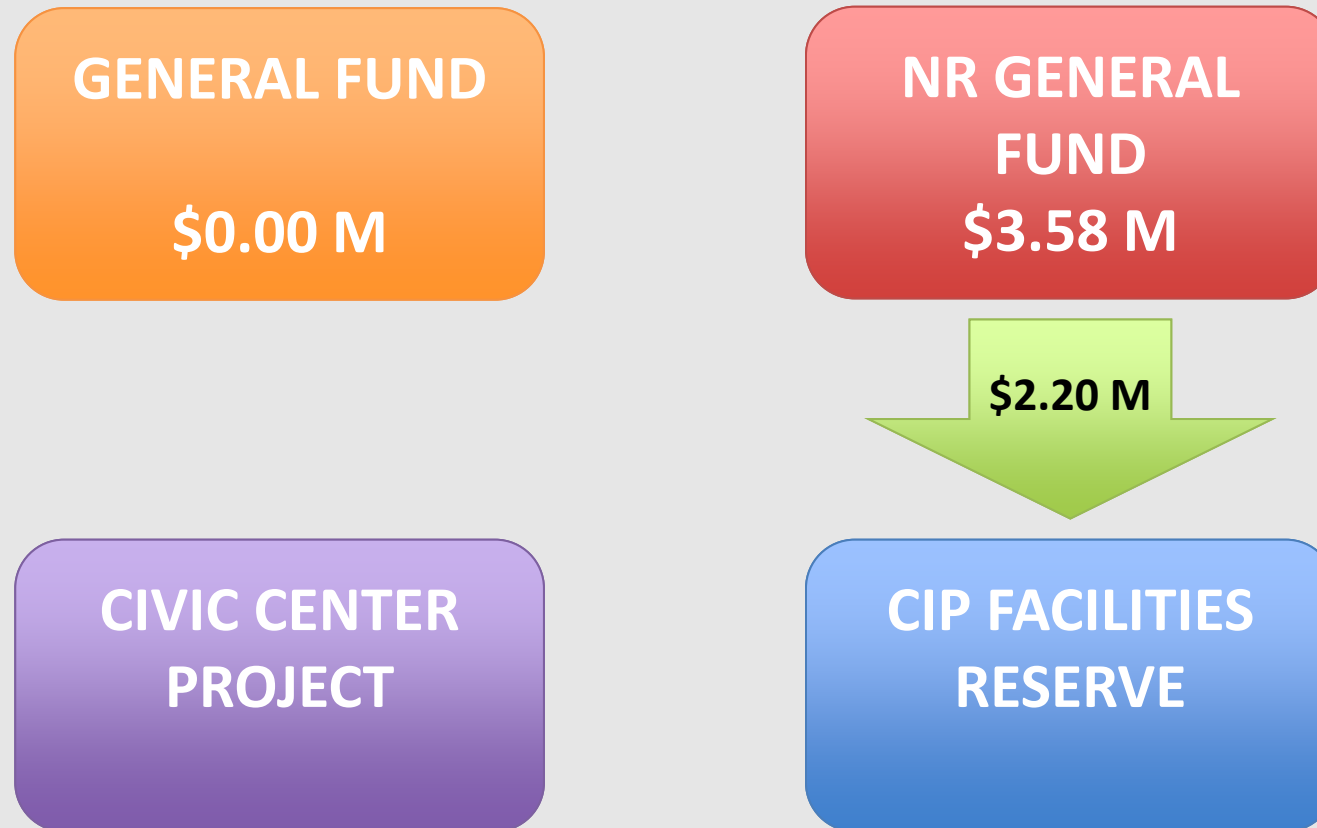
\$3.58 M

CIVIC CENTER
PROJECT

CIP FACILITIES
RESERVE



Flow of Funds



Flow of Funds

GENERAL FUND

\$0.00 M

NR GENERAL
FUND

\$1.38 M

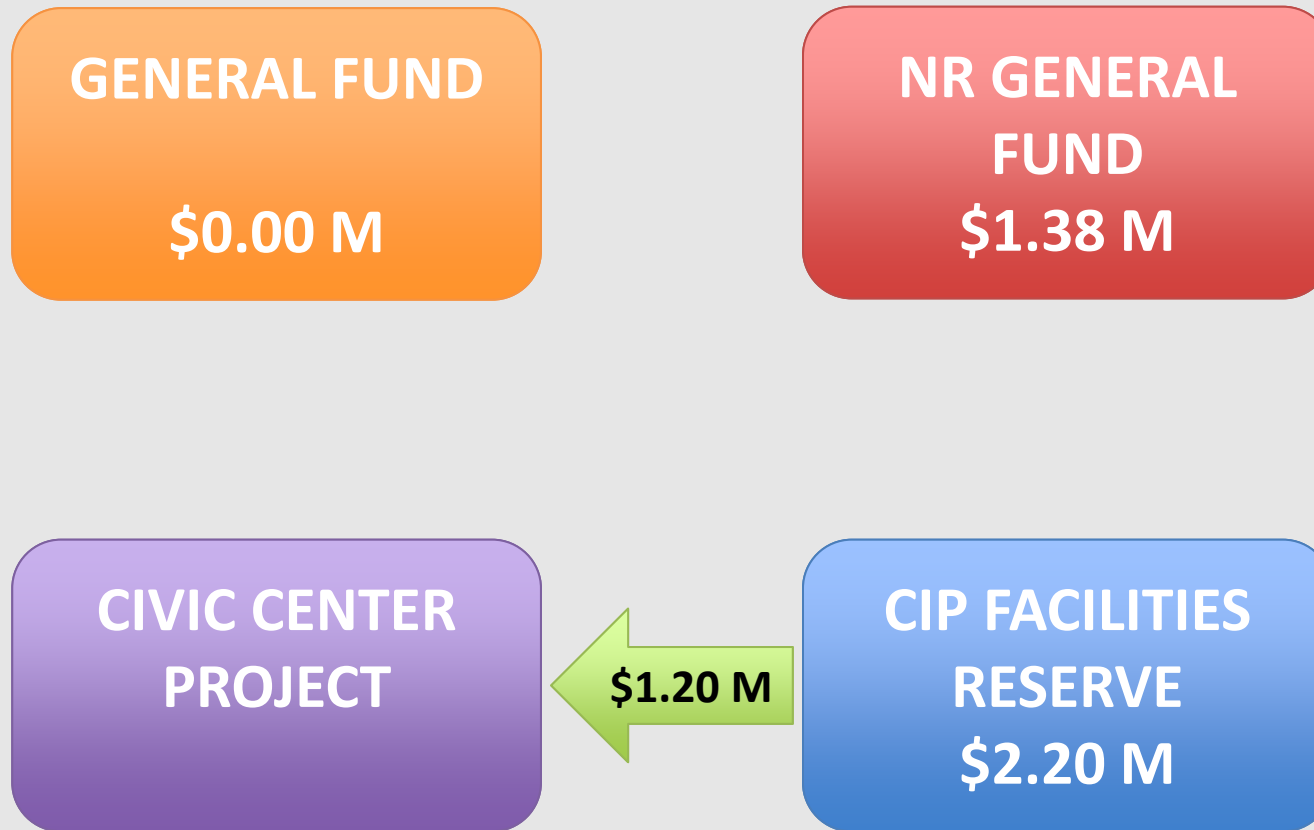
CIVIC CENTER
PROJECT

CIP FACILITIES
RESERVE

\$2.20 M



Flow of Funds



Flow of Funds

GENERAL FUND

\$0.00 M

NR GENERAL
FUND

\$1.38 M

CIVIC CENTER
PROJECT

\$1.20 M

CIP FACILITIES
RESERVE

\$1.00 M



Result of Requested Actions

GENERAL FUND

\$0.00 M

Complies with Fiscal Policy

**NR GENERAL
FUND**

\$1.38 M

Available for future appropriations
(permit software, homeless needs)

**CIVIC CENTER
PROJECT
\$1.20 M**

For Potential Termination Payment;
Removes obligation from
General Fund Operating Reserve

**CIP FACILITIES
RESERVE
\$1.00 M**

Available for future appropriations
(facility maintenance projects)



Requested Action

Adopt a Resolution:

1. Removing the Appropriation of \$2.6 million of General Operating Reserve for the Civic Center Exclusive Negotiation Agreement (FC15PW02) as initially approved by R2017-110
2. Approving a Transfer of General Fund Unassigned Fund Balance of approximately \$1.2 million to Non-Recurring General Fund



Requested Action

Adopt a Resolution:

3. Approving a Transfer of \$2.2 million of Non-Recurring General Fund Unassigned Fund Balance to the CIP Facilities Reserve
4. Approving an appropriation of \$1.2 million to the CIP Fund revenues and expenditures for the Civic Center Project budget (FC15PW02), for existing obligations under the Exclusive Negotiation Agreement (FC15PW02)





End of Year Report FY 2019/20

From: [Terri Ritchie](#)
To: [Clerk](#)
Subject: COMMENT TO COUNCIL FOR NOVEMBER 10, 2020 MEETING - PLEASE READ
Date: Tuesday, November 10, 2020 2:30:48 PM

Please read this comment for agenda item 3A.

Madam Mayor and City Council members,
NCEA-SEIU would like to thank you for slowing down the actions that were slated to happen earlier this year. While we are still experiencing the effects of that toll on our members, our members remain committed to providing the best service possible. The many fires close to home did not slow us down, and members of your workforce and their families experienced loss. Again, we were able to come together and address a contract agreement of NCEA-SEIU's and you took action to provide leave to impacted personnel.

We were already working in a leaned down organization and 70 positions is a large chunk out of a small organization. We know there is tough work ahead. Transparency around finances will be paramount to that work.

We hope the course ahead is more measured than it had been, and management staff can pin point and account for revenue generating positions and make favorable recommendations as it pertains to the 21/22 budget.

Again, we thank you for your leadership, for listening and for taking action that brought us a better outcome.

Terri Ritchie
President, NCEA-SEIU