



A Tradition of Stewardship
A Commitment to Service

County Executive Office

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MEMORANDUM

To: Board of Supervisors	From: Maiko Klieman Chief Budget Officer <i>MK</i>
Date: March 24, 2026	Re: BOS Agenda March 24, 2026 Item 26-398

As part of the presentation today, we will be reviewing the 2026-27 Fiscal Strategy and Budget Policies Document, formerly called the Annual Budget Policy Guidelines.

Due to both formatting changes and organizational changes of the document, the resulting red-line version was not meaningful or useful. This memo is to emphasize that there were no substantive changes to the language within the overall document content except in the section of the budget policy regarding the General Fund contributions to Non-General Fund departments. We will walk through this modification in our presentation.

To provide clarity of the changes, please see the attached:

- Recommended language in the 2026 Fiscal Strategy and Budget Policies (page 9)
- Language as approved in the 2025 Budget Policy Guidelines (pages 2-3)
- Redline comparison of the two documents

Budget Policies, Section 1

Recommended Revised Section:

- **Maintain Sustainable Levels of County Contribution to Non-General Fund Departments or Programs:**
 - a. HHSA Fund: It is the intent for the General Fund to support the existing service level, while the agency continues to maximize the leveraging of State and Federal Funds. The annual contribution for HHSA operations will be the previous year contribution plus the negotiated cost of living adjustment (COLA).
 - b. HHSA - IHSS MOE in accordance with WIC Section 12306.16. It is the intent for the General Fund to cover the statutory General Fund obligation to IHSS, with realignment covering the appropriate share.
 - c. IHSS Authority: It is the intent for the General Fund to provide the Federal and State matching requirements for the In-Home Supportive Services Authority
 - d. Roads Fund: The contribution to the Roads fund will be evaluated to determine need based on dedicated funding sources (Measure U and SB1), matching requirements, and capacity of staff to complete projects. The minimum annual General Fund contribution will be the Measure U required maintenance of effort (MOE) Obligation.
 - e. Fire Fund: Contributions to the Fire Fund will be considered annually, limited to one-time health and safety capital expenditures, if funding within the fund is inadequate to cover replacement cost.
 - f. Housing and Community Services: The contribution to the Housing and Community Services fund will be considered annually and evaluated to determine need based on dedicated funding sources, matching requirements, and Board priority.
 - g. Community Investment Fund: In accordance with Section 8F of County Policies, fiscal conditions permitting, transfer General Fund resources to the Community Investment Fund in an amount equal to 12.5% of the prior calendar year's actual General Fund Transient Occupancy Tax (TOT) revenue. The current primary focus of expenditures is on programs or services of regional significance related parks and open space, and arts and culture.
 - h. All Other Funds: Contributions to all other Non-General Fund Departments will be reviewed annually and unless identified as unnecessary or unwarranted, the transfer amount shall remain consistent with the prior fiscal year transfer amount. Amounts based on actual costs such as salary and benefits, e.g. transfer to the Library Fund for the cost of the Library Director (required by State Code), will be adjusted accordingly.

2025 Budget Guidelines
Current Language

Maintain Sustainable Levels of County Contribution to Non-General Fund Departments or Programs:

- a. HHS Fund: It is the intent for the General Fund to support the existing service level, while the agency continues to maximize the leveraging of State and Federal Funds.
- b. The calculated baseline General Fund contribution in the prior fiscal year shall be considered the baseline for calculating the following fiscal year General Fund contribution. The General Fund contribution should be the previous year's General Fund contribution plus the negotiated Cost of Living Adjustment (COLA).
- c. IHSS: It is the intent for the General Fund to cover the statutory General Fund obligation to IHSS, with realignment covering the appropriate share.
- d. Roads Fund: The General Fund contribution to the Roads fund will be evaluated to determine need based on new funding sources (Measure T and SB1), matching requirements, and capacity of staff to complete projects. Currently, the County's Maintenance of Effort (MOE) obligation required by the state is \$1,294,820.
 1. The calculated baseline contribution in FY2023-24 of \$4,123,020 is the recommended baseline for FY2024-25.
 2. The addition of the Vine Trail in FY2024-25 shall be \$80,000 and adjusted by the COLA.
- e. Fire Fund: The General Fund contribution shall be at minimum the previous year's General Fund contribution for operations and mitigation plus the negotiated Cost of Living Adjustment (COLA).
- f. All Other Funds: Transfers to all other Non-General Fund Departments shall remain consistent with the FY 2023-24 transfer amount unless the transfer amount is based on salary and benefit, e.g., transfer to the Library Fund for the cost of the Library Director. If the transfer is based on salary and benefits, the General Fund contribution shall be increased to cover the increased cost of the applicable salary and benefits.
 1. All transfers from the General Fund to Non-General Funds may be considered discretionary until and unless there is a legal obligation that restricts the funds to not be considered part of the General Fund. As such, based on Board Priority at a 4/5th vote, the Board with CEO recommendation, may choose to transfer these available funds for a one-time strategic use.

Redline Comparison, Prior to Recommended Language:

• **Maintain Sustainable Levels of County Contribution to Non-General Fund Departments or Programs:**

- a. HHS Fund: It is the intent for the General Fund to support the existing service level, while the agency continues to maximize the leveraging of State and Federal Funds. The annual contribution for HHS operations will be the previous year contribution plus the negotiated cost of living adjustment (COLA).
 - b. ~~The calculated baseline General Fund contribution in the prior fiscal year shall be considered the baseline for calculating the following fiscal year General Fund contribution. The General Fund contribution should be the previous year's General Fund contribution plus the negotiated Cost of Living Adjustment (COLA).~~
- e.b. IHSS: HHS - IHSS MOE in accordance with WIC Section 12306.16. It is the intent for the General Fund to cover the statutory General Fund obligation to IHSS, with realignment covering the appropriate share.
- c. IHSS Authority: It is the intent for the General Fund to provide the Federal and State matching requirements for the In-Home Supportive Services Authority
- d. Roads Fund: The ~~General Fund~~ contribution to the Roads fund will be evaluated to determine need based on new dedicated funding sources (Measure ~~FU~~ and SB1), matching requirements, and capacity of staff to complete projects. ~~Currently, the County's Maintenance~~ The minimum annual General Fund contribution will be the Measure U required maintenance of Effort/effort (MOE) obligation required by the state is \$1,294,820 Obligation.
 0. ~~The calculated baseline contribution in FY2023-24 of \$4,123,020 is the recommended baseline for FY2024-25.~~
 0. ~~The addition of the Vine Trail in FY2024-25 shall be \$80,000 and adjusted by the COLA.~~
- d. ~~Fire Fund: The General Fund contribution shall be at minimum the previous year's General Fund contribution for operations and mitigation plus the negotiated Cost of Living Adjustment (COLA).~~
- e. Fire Fund: Contributions to the Fire Fund will be considered annually, limited to one-time health and safety capital expenditures, if funding within the fund is inadequate to cover replacement cost.
- f. Housing and Community Services: The contribution to the Housing and Community Services fund will be considered annually and evaluated to determine need based on dedicated funding sources, matching requirements, and Board priority.
- g. Community Investment Fund: In accordance with Section 8F of County Policies, fiscal conditions permitting, transfer General Fund resources to the Community Investment Fund in an amount equal to 12.5% of the prior calendar year's actual General Fund Transient Occupancy Tax (TOT) revenue. The current primary focus of expenditures is on programs or services of regional significance related parks and open space, and arts and culture.
 - d. All Other Funds: ~~Transfers~~ Contributions to all other Non-General Fund

Departments will be reviewed annually and unless identified as unnecessary or unwarranted, the transfer amount shall remain consistent with the ~~FY 2023-24~~prior fiscal year transfer amount ~~unless the transfer amount is~~. Amounts based on actual costs such as salary and benefit~~benefits~~, e.g., transfer to the Library Fund for the cost of the Library Director. ~~If the transfer is based on salary and benefits, the General Fund contribution shall be increased to cover the increased cost of the applicable salary and benefits.~~

~~2.h. All transfers from the General Fund to Non-General Funds may be considered discretionary until and unless there is a legal obligation that restricts the funds to not be considered part of the General Fund. As such, based on Board Priority at a 4/5th vote, the Board with GEO recommendation, may choose to transfer these available funds for a one-time strategic use (required by State Code), will be adjusted accordingly.~~