



Napa County

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Legislation Text

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TO: Members of the Governing Board
FROM: Christopher Silke - District Engineer
REPORT BY: Sarah Geiss - Staff Services Analyst II
SUBJECT: FY 2023-2024 Mid-Year Budget Review

RECOMMENDATION

Approve a Budget Amendment to increase appropriations in the District operations budget in the amount of \$250,000 offset by its available fund balance to cover the cost of continued operations and maintenance expenses through the end of the fiscal year (Fiscal Impact: \$250,000, Napa Berryessa Resort Improvement District Operations Fund, Not Budgeted; Mandatory)
[4/5 vote required]

BACKGROUND

District staff continuously monitors the operations and capital budgets throughout each fiscal year. A part of this continuous review is the submittal of the six-month budget projections to fiscal staff, and a recommendation for additional funds needed to allow the District to operate through the end of the fiscal year.

The six-month review of the operations budget shows that expenditures will exceed approved appropriations by the end of the fiscal year. Since the adoption of the operating budget in June 2023, several unexpected equipment and pipe failures in the water and sewer systems required additional operations contractor oversight and maintenance and repair expenses above and beyond budgeted amounts to maintain uninterrupted operations of the water and sewer systems.

While District staff includes budget for a variety of unexpected repairs each year, the actual and projected costs of these repairs in the current fiscal year exceeded the estimated values adopted by the Board during the budget hearings and a budget transfer from available fund balance in the amount of \$250,000 is needed to allow the District to continue paying invoices through the end of the fiscal year.

Should the requested mid-year budget amendment be approved, the estimated remaining fund balance for the end of the current fiscal year is approximately \$300,000. District staff will return to the Board this Spring to provide an update on the District's finances - both operational and capital. It is likely that after the budget for fiscal year 2024-25 is drafted, the District may need to request another loan from Napa County in order to adopt

the budget in June, as the estimated end of year fund balance for fiscal year 2023-24 may not be sufficient to cover general operational expenses going forward. The amount of the anticipated loan request for fiscal year 2024-25 is currently unknown and will be dependent on multiple factors that will be presented to the Board, including but not limited to insufficient rate revenue, frequent equipment and process failures at the water wastewater plants, and plant monitoring shortfalls due to out of date applications and onsite telemetry.

Requested Actions:

1. Approval of a Budget Amendment for the following:
 - a. Increase appropriations in the District’s operations budget (Fund 5240, Subdivision 5240000, Account 52490) in the amount of \$250,000 to Other Professional Services using available fund balance.

FISCAL & STRATEGIC PLAN IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No
Is it Mandatory or Discretionary?	Mandatory
Discretionary Justification:	Approval of the budget transfer will allow the District to continue paying invoices for operations and maintenance activities through the end of fiscal year.
Is the general fund affected?	No
Consequences if not approved:	If the budget amendment is not approved, operational expenses are anticipated to exceed budgeted appropriations before the end of the fiscal year. Without appropriations to pay invoices, vendors may refuse to provide services or supplies, leaving the District at risk of process and equipment failures - all potentially leading to violations from both drinking water and wastewater regulatory agencies.

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.