



Napa County

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Legislation Text

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TO: Board of Supervisors
FROM: Minh C. Tran, County Executive Officer
REPORT BY: Daniel Sanchez, Senior Management Analyst
SUBJECT: Five-year Forecast and Budget Terminology

RECOMMENDATION

County Executive Officer requests the Board to:

1. Receive a presentation of the 5-year fiscal forecast;
2. Consider Special Projects Fund and Accumulated Capital Outlay Fund name revisions; and
3. Consider revising the percent of the General Fund Transient Occupancy Tax (TOT) which supports the Special Projects Fund from 12.5% to 15%.

EXECUTIVE SUMMARY

As part of the County's annual budget process, the Board reviews the 5-year forecast. Today, staff is presenting this annual update of the 5-year forecast. This presentation is intended to highlight any financial trends in revenues and expenses that may inform policies to guide decision-making and maintain the County's strong financial well-being. This is not a preliminary budget.

During the annual Budget Policies presentation, the Board asked staff to bring back an item to consider renaming both the Special Projects Fund and the Accumulated Capital Outlay Fund. The Board also asked to bring an item to consider revising the percent of the General Fund's Transient Occupancy Tax appropriated to the Special Projects Fund. The current percent is 12.5%. The Board may provide staff direction to draft a resolution to modify the Special Projects Fund policy and affect the Recommended Budget.

FISCAL & STRATEGIC PLAN IMPACT

Is there a Fiscal Impact? No

County Strategic Plan pillar addressed: Effective and Open Government

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.

BACKGROUND AND DISCUSSION

The annual Budget Policies are intended to be used in conjunction with the 5-year Strategic Financial Plan, the County's adopted Strategic Plan, and the annual 5-Year Forecast. This framework guides the development of the annual Recommended Budget and any mid-year budget adjustments. The Budget Policies were adopted by the Board on January 11, 2022.

The Strategic Plan, adopted by the Board in January 2019 and covering July 2019-June 2022 identifies five pillars based on an extensive community outreach process. Each pillar is supported by strategic goals, sixteen in total, and each goal includes specific strategic actions to support the accomplishment of the goals. In adopting the Strategic Plan, the Board established the priority framework for resource allocation for the next several years.

The 5-year Strategic Financial Plan is intended to provide long-term strategies allowing the County to continue to deliver services through periods of economic uncertainty and to apply sound financial principals. The Strategic Financial Plan focuses on the General Fund and certain related funds. As a long-term plan, the Strategic Financial Plan does not attempt to lay out a detailed blueprint for everything that will be done, but instead provides the roadmap to maintain financial stability while continuing essential services and meeting the priorities identified in the Strategic Plan. The Strategic Financial Plan provides the flexibility necessary to respond to significant changes. Potential changes include altering political direction at the state and federal levels, natural disasters, and changes in local or global economics that may impact our community.

The annual 5-Year Forecast provides the Board with a representation of the General Fund revenue outlook, based on continuing the existing level of service, and known variables. The amounts provided in the 5-Year Forecast are high-level assumptions and are intended to show general financial trends to inform policy. The amounts are not intended to establish preliminary budget figures or to present any accounting of fund balances.

During the staff presentation of the annual Budget Policies, the Board of Supervisors asked staff to bring back an item to consider renaming the Special Projects Fund and the Accumulated Capital Outlay Fund. Renaming these funds would also require renaming them in adopted policies. The Board also asked to consider revising the percentage of the General Fund Transient Occupancy Tax appropriated to the Special Projects Fund. The Special Projects Fund invests in projects or services of regional significance in the areas of parks and open space, housing that is affordable, and arts and culture programs. This discussion would provide staff direction

whether to draft a resolution for future consideration.