



5-Year Forecast February 27, 2024

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5-Year General Fund forecast

- A projection using FY2023-24 adopted budget
- Used for improved decision-making to maintain fiscal discipline and delivering essential community services
 - Includes known issues
 - Uses high-level estimates
 - Not a preliminary budget

Conservative: assumes high expenses, low revenues



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Baseline Forecast

- Existing levels of service
- Capacity to address some of the Board's highest priorities
- Assumes most outside resources (state and federal) will increase consistently
- Assumes replacement jail operating costs will begin Q4 FY2023-24
- Assumes the new Annual Budget Policy Guidelines



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Economic Context

- Inflation moderating
- Interest rates remaining high
- State budget shortfall
- Napa population declining; labor force participation in Napa is recovering
- Real GDP growth has been surprisingly strong
- Little or no change in forecasted median home prices in Napa



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Revenue Projections

- Property Tax annual growth
 - Secured: 3-4%
 - Supplemental: 4%
- Sales tax: based on Consultant
- Transient Occupancy Tax (TOT): slight decline
- Assumes VLF ends in FY2024-25.

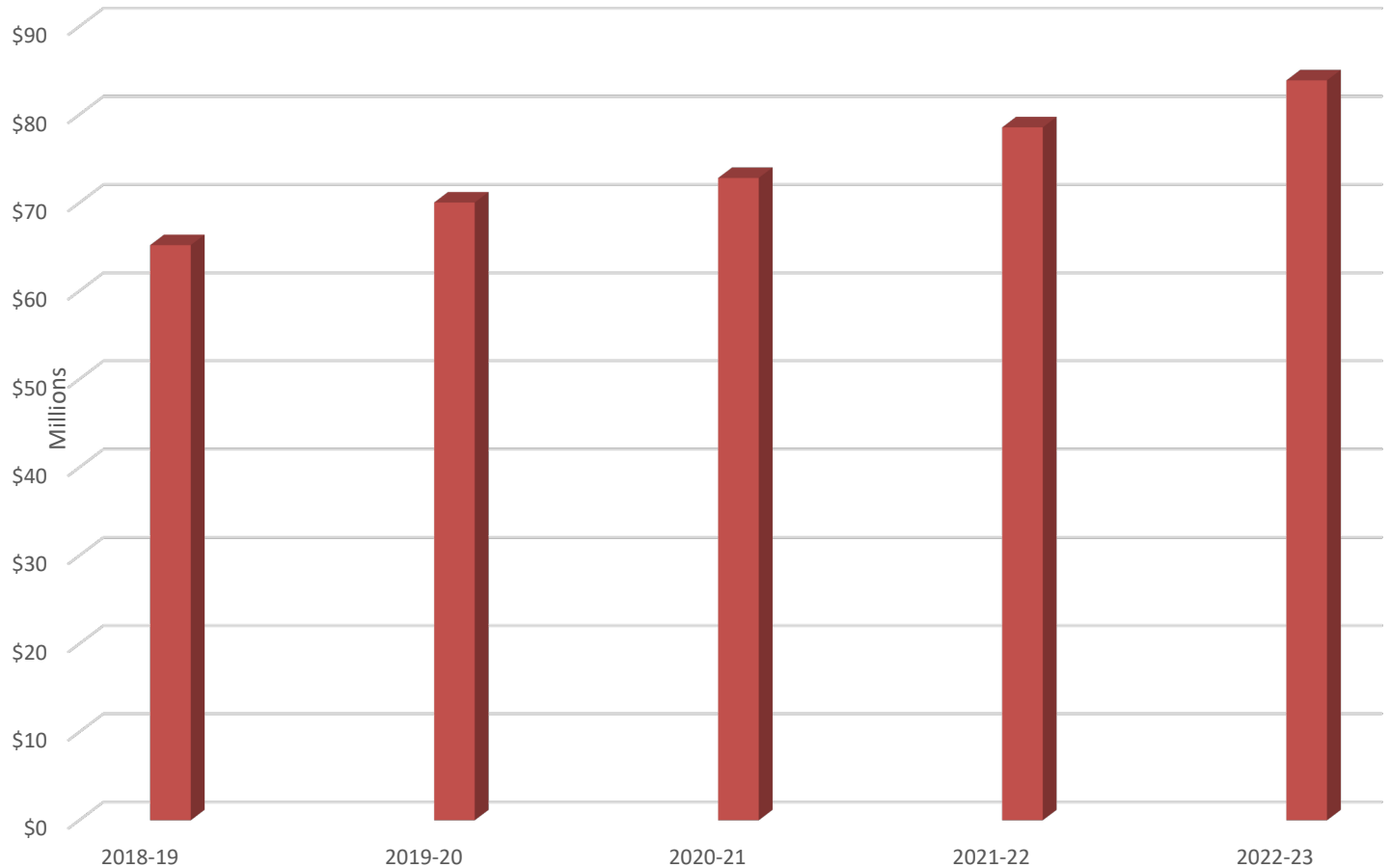


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Property Tax—Secured Actuals



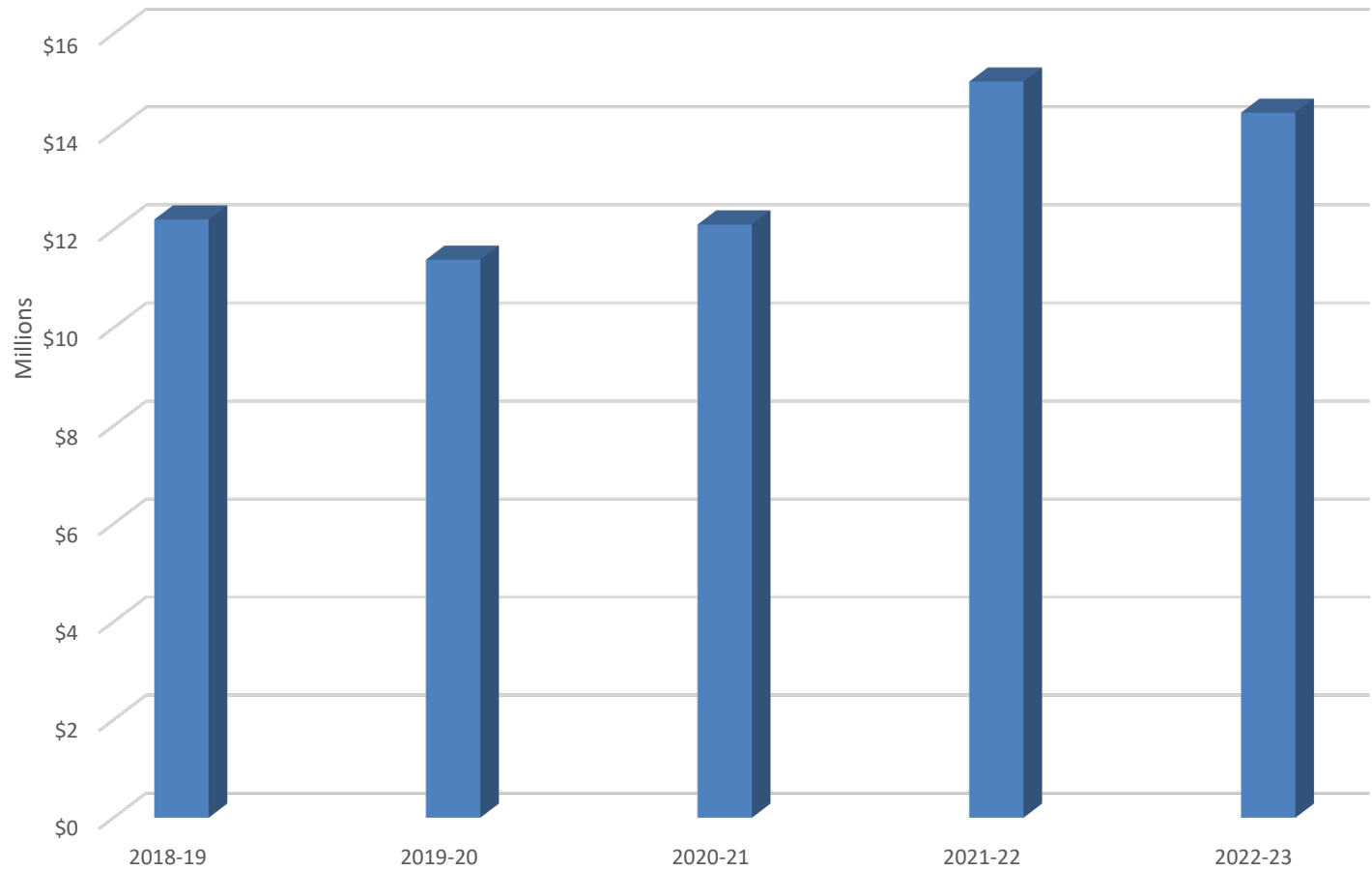
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Sales Tax Actuals



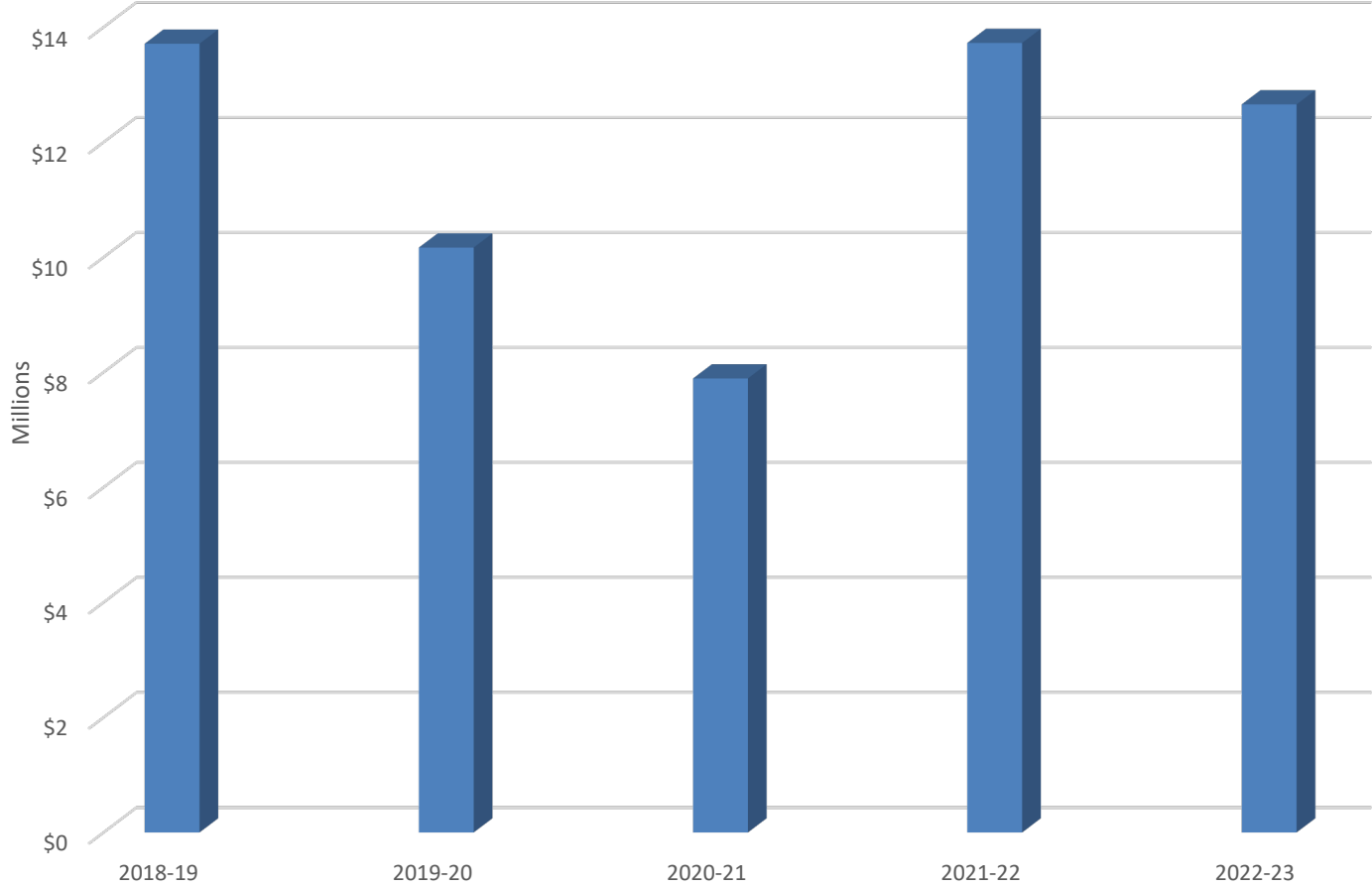
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Transient Occupancy Tax Actuals



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Expenditure Projections

- Salary and Benefits: 3% in FY2024-25, then declining slightly with inflation
- Services and Supplies: 3% in FY2024-25 then declining slightly with inflation
- Fire Protection roughly \$6 million annually
- Debt payment for county facilities: \$9 million annually
- Replacement Jail additional operating cost:
 - FY2023-24: \$707K
 - FY2024-25: \$2.8 million



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Major Issues

- Vehicle License Fee (VLF) approximately \$27 million in FY2023-24 and \$29 million in FY2024-25; ending after that
- Fire prevention costs, assuming no new revenue
- Replacement Jail operating cost
- Maintain or replace county facilities
- Debt for county facilities



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Board Priorities and Unmet Needs

- Fire protection/prevention
- Affordable Housing and Homelessness
- Climate Action
- Water
- General Plan update
- County Infrastructure needs: Accumulated Capital Outlay
 - Roads and Bridges
 - Cybersecurity
 - County facilities system repair and maintenance
 - New County Administration Building

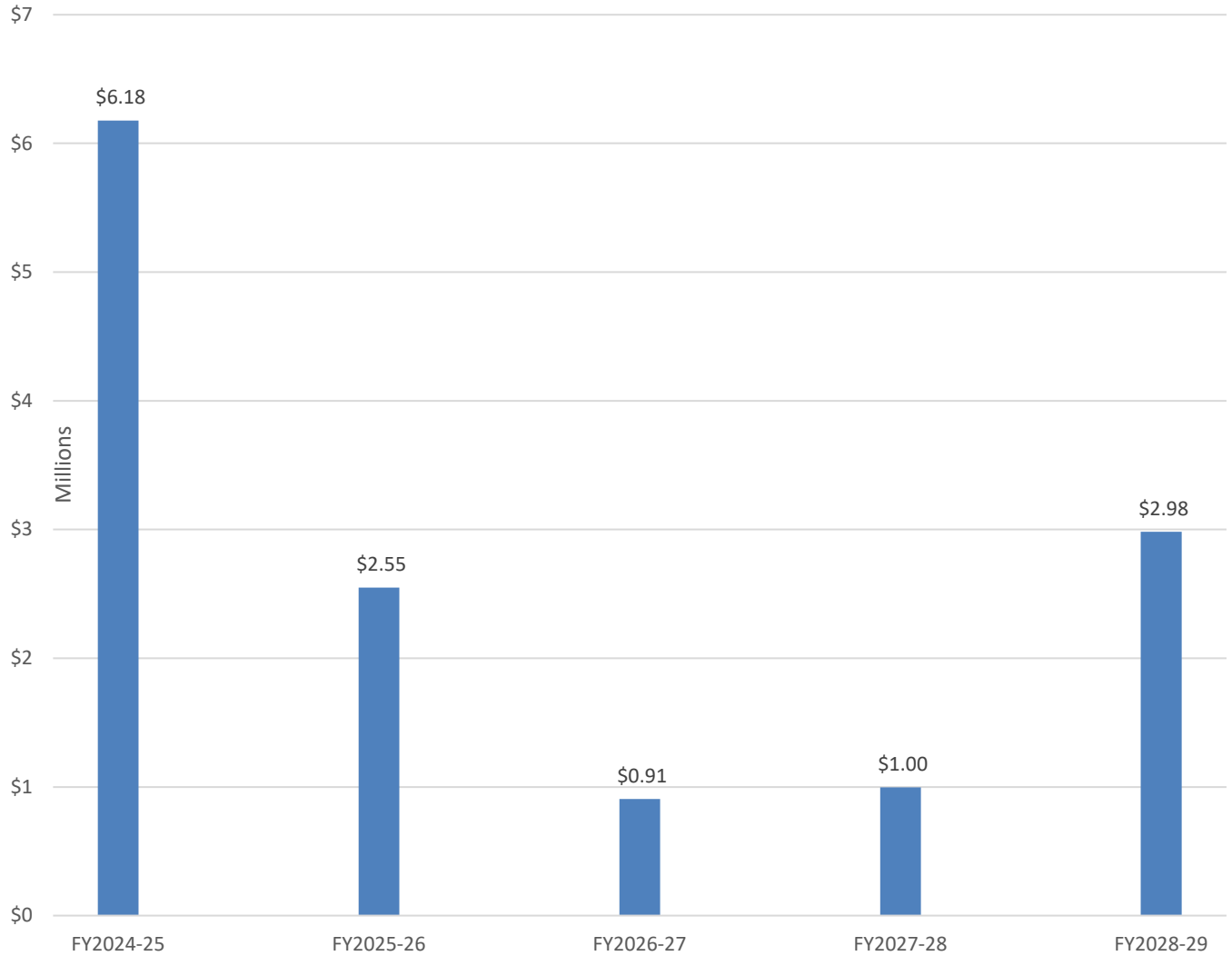


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Conclusion



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Conclusion

General Fund budget structurally sound

Projection assumes:

- Steady and modest growth
- County committed to funding fire prevention measures
- Non-receipt of VLF revenue

The General Fund has the means to address the boards' currently identified priorities, but not beyond this



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Request



1. Receive and discuss presentation on the 5-Year Forecast.

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