

Addendum No. 1 – Questions and Answers

October 3, 2016

Napa County-Facilitation for the Napa County Board of Supervisors Strategic Planning Retreat
RFP No. CEO091601

1. **Q.** Has a budget amount or not-to-exceed amount been set for the services requested in this RFP?
 - A.** **The County has not established a budget or range of fees/project maximum. The budget is 10% of the graded portion of the RFP. The County is interested in the professional opinion of the consultant and is looking for the best overall value when evaluating total cost.**

2. **Q.** How many employees are expected to be interviewed as part of the employee engagement process?
 - A.** **The County has not set a number of employees to interview as part of the employee engagement process. The County would look for the opinion of the consultant to provide dynamic solutions to address this issue.**

3. **Q.** How many community members are expected to be interviewed as part of the community engagement process?
 - A.** **The County has not set a number of public members to be interviewed as part of the public engagement process. The County would look for the opinion of the consultant to provide dynamic solutions to address this issue.**

4. **Q.** Are the public or employee engagement interviews expected to be done in person, by survey, or both?
 - A.** **The County does not have any set process in place. There are many ways to obtain this information and the County would look for the opinions of the consultant to provide dynamic, efficient, and cost effective solutions to obtain this information.**

***See Next Page**

5. Q. Could the Retreat be longer than 8 hours?

A. Section B1(c) (Strategic Planning/Annual Retreat) states, within the expected services, that the Retreat Workshops would be a total of 8 hours, but could be broken down over multiple sessions. The County views the total of 8 Retreat hours as the minimum required. If a consultant believes additional hours are required the County would entertain such a change, evaluating the benefit of the need for additional Retreat hours with the desired outcomes.

This Addendum must be signed as acknowledged and submitted with proposal.

Acknowledged _____ Date _____



**A Tradition of Stewardship
A Commitment to Service**

Request for Proposal

**Facilitation for the Napa County Board of Supervisors
Strategic Planning Retreat**

RFP Number: CEO091601

Release Date: September 12, 2016

Due Date: October 7, 2016

For information: Bret Prebula
Senior Management Analyst
Napa County Executive Office
(707) 253-4826
bret.prebula@countyofnapa.org

Request for Proposals for a Strategic Planning Meeting Facilitator

Napa County (County) seeks proposals from qualified consultants for the purpose of facilitation for the Napa County Board of Supervisors strategic planning process and 2017 annual retreat. A detailed outline of the work to be provided is described in Section B below.

A. INTRODUCTION

Napa County is located approximately 50 miles north of San Francisco, California and encompasses an area of approximately 788 square miles. Approximately 75% of the County's population of 140,326 lives in the cities of American Canyon, Calistoga, Napa, St. Helena, and the Town of Yountville. Napa County is represented by a five-person Board of Supervisors elected by voters in five supervisorial districts. The board members serve four-year staggered terms, and the Board Chair position rotates annually among the board members. The Board is the legislative body of the County and sets policy, passes local laws, approves the annual budget and provides direction to staff on County issues. The blend of urban and rural populations creates a diverse population living in Napa County. With such a diverse population requiring a wide spectrum of services, the County must continue to be judicious in planning for future needs and allocating its finite amount of resources (staff and fiscal).

B. STRATEGIC PLANNING/ANNUAL RETREAT

The County is seeking proposals for a qualified consultant to facilitate the Board of Supervisors Strategic Planning process and annual retreat ("Retreat"). The purpose of the Retreat is to define the Board's priorities and align these priorities to its budget policies and desired outcome measures. The County wishes to utilize the services of a professional facilitator to facilitate its annual strategic planning retreat.

Over the past twelve years the Board of Supervisors has engaged in an annual retreat with the focus on major themes impacting the County. In prior years, the topics have included, however are not limited to: water issues facing the City of American Canyon, the need for new jail construction and the changing Correctional system, consolidation of County services, and maintaining long-term financial stability. In August 2014, Napa County experienced a 6.0 magnitude earthquake. Following this natural disaster it was imperative the County focus its resources on post-earthquake needs. Due to this fact, the Board was unable to hold a retreat in 2014 and 2015. With the earthquake repairs now moving forward, the County is prepared to reinitiate the annual Board Retreat. With the growing demands placed on all government agencies and the need to "do more with less" it will be imperative to not just identify, however, prioritize the strategic goals and link these priorities to a measurable outcome metrics in order to track the progress of each priority. The previous Board Retreats have provided invaluable information to address current and future needs facing the County and have assisted in the development of the County's "*Strategic Financial Plan*" (Exhibit A)

The County invites consultants experienced in strategic planning facilitation in a government setting and/or with executive level staff to submit proposals. The County is looking for an innovative and objective individual(s) who have a modern and collaborative approach to allow the County to identify, and prioritize its strategic objectives. The County anticipates planning and

preparation work to occur in November/December 2016 with the Strategic Retreat(s) being held sometime in January/February 2017. An overview of the expected services is as follows:

1. Facilitation of Strategic Planning Retreat
 - a. Preparatory meetings with the County Executive Officer, Assistant County Executive Officer, County Executive Office staff, County Counsel, and Board Chairman.
 - i. Preparatory meetings
 - ii. Design of session, roles, dates and logistics
 - iii. Outline the participation expectation of Retreat attendees
 - b. Identify and facilitate the use of an employee and public engagement tool to provide a baseline of internal and external issues, as identified by County employees and the public, facing the County.
 - i. Evaluate these results as part of the strategic planning process.
 - c. Retreat Workshop(s) (a total of 8 hours; can be broken down over multiple sessions)
 - i. Attendees may include:
 1. Board of Supervisors
 2. County Executive Officer
 3. County Department Heads
 4. County Executive Office staff
 5. Members of the public
 - ii. Strategic Goals/Objectives
 1. Working with the Retreat attendees, conduct a Strengths/Weaknesses/Opportunities/Threats (SWOT) or similar analysis regarding Napa County.
 2. Through a variety of exercises, identify and prioritize the Board's goals and objectives (short and long term priorities).
 3. Working with Retreat attendees, facilitate a process to identify fiscal conditions that could impact the County's ability to meet the identified goals and objectives (both short and long term).
 4. Working with the Retreat attendees, facilitate a process to identify outcome metrics (new) or refine current outcome metrics that can be used to track the progress of the strategic goals and objectives.
 5. Working with the Retreat attendees, facilitate a process for ongoing review/analysis of the strategic goals and objectives.
 - d. Follow Up (Debrief) Meeting
 - i. After the Retreat has been completed, conduct a follow-up meeting with the County Executive Officer and CEO staff.
 - e. Final Report (Retreat Summary)
 - i. Consultant will work with the County Project Manager to create a report summarizing the outcomes of the Retreat. The report shall contain the following:
 1. Outline the results of the SWOT analysis and engagement survey(s).
 2. Outline the strategic goals and objectives (prioritize) identified during the Retreat.
 3. Outline the outcome metric(s) that will be used to evaluate the progress of each specific strategic goal or objective.

4. Outline the agreed upon approach for ongoing review/analysis of the strategic goals and objectives.

C. PROPOSAL CONTENTS & FORMAT

The Proposal shall contain the following elements in the order specified. Each subsection title shall be used in the proposal, with pertinent information following each title:

An introduction that includes: a) Project title; b) name and address of firm; and c) contact person and telephone number.

Project Approach

Demonstrate understanding of Scope-of-Work through Proposed Work Plan. Proposer shall demonstrate a full understanding of the Scope-of-Work and the effort needed to complete the Project. This shall be achieved through the submittal of a proposed work plan including project deliverables (identify specifically and thoroughly for each portion and phase).

Experience and Success on similar projects

Include a summary of qualifications pertaining to expertise and specific experience in Strategic Planning facilitation similar to those desired by Napa County:

- (a) Client contact names
- (b) Agency name, address, telephone number, and
- (c) Project completion dates
- (d) Name of Project Manager and Team Members

Qualifications of project manager/team

Name, Background, Resumes, and Experience of Proposed Project Manager and/or Project Team Members. Please identify specific staff who will work on each portion and phase of the project and the estimated hours for each person; identification of any subcontractors or outside resources that will be utilized and the specific responsibilities for each.

Project Schedule

Proposer shall include a proposed work schedule to indicate duration and completion time frames.

Project Cost

Proposer shall include in its proposal a fee schedule identifying staff compensation and expenses.

Other Information

Other information may be included as appropriate to highlight experience and ability to perform the desired scope of work.

PSA Exceptions

The successful Proposer will be expected to enter into a Professional Services Agreement (PSA) with the County. The County's standard PSA has been provided in draft for review by prospective Proposers and is attached as Exhibit B. Proposers are not required to submit a signed copy of the County's PSA with their proposal, but are merely directed to review the PSA to ensure a complete understanding of the County's PSA requirements.

Proposers should clearly note in their proposal whether they take exception to any of the PSA requirements, and should include a detailed explanation of the reason for the exception and a counter-proposal or alternative suggestion(s) for the County's review. However, after review of any exceptions, the County reserves the right to reject any and all exceptions taken against the County's PSA. If there are no exceptions to the PSA requirements, a statement indicating such should be included in this section

Insurance

Respondents are directed to review the County's insurance requirements as detailed in the attached draft Professional Services Agreement (Exhibit B) and are required to submit a written statement with their proposal indicating their willingness and ability to meet all of the County's insurance requirements.

Respondents who are unable to meet all of the County's insurance requirements may submit with their proposal an alternative plan for obtaining insurance that will adequately mitigate the risks associated with providing the services detailed above. Any alternative insurance coverage request is subject to review and approval by County Counsel and the County's Risk Management Officer.

Failure to meet the County's insurance requirements (as determined by County Counsel and County Risk Management) may be sufficient reason for disqualification from the selection process.

Disclosures

A complete disclosure of any alleged significant prior or ongoing contract failures, any civil or criminal litigation or investigation pending which involves the Proposer or a verification of no responsive incidents. Failure to comply with the terms of this provision may disqualify any proposal. The County of Napa reserves the right to reject any proposal based upon the Proposer's prior history with the County of Napa or with any other party, which documents, without limitation, unsatisfactory performance, significant failures to meet contract milestones or other contractual failures.

If there are no disclosures to report, this section must still be included in submittal with an indication that there are no reportable disclosures.

RFP Addenda, if any.

Any and all addenda shall include an acknowledgement of receipt that must be returned. The acknowledgement form must be signed and attached to the final response. Failure to attach any acknowledgement form may result in the rejection of the final response.

D. EVALUATION CRITERIA OF RESPONSES TO REQUEST FOR PROPOSAL

The County intends to award a contract to a consulting firm after reviewing the responses to the RFP submitted by interested firms, and conducting follow-up interviews. No more than four firms will be selected for subsequent interviews. Initial selection of firms to be interviewed will be based upon the County’s evaluation of the firm’s response to the RFP with the evaluation criteria listed below:

<u>Criterion</u>	<u>Maximum Score</u>
Project approach	35
Experience and success on similar projects (references)	20
Qualifications of project manager/team	20
Project schedule	15
Cost	10
TOTAL POSSIBLE SCORE	100

E. SCHEDULE OF EVENTS*

September 12, 2016	Request for Proposal released
September 22, 2016	Questions due by 4:00 pm pst
September 29, 2016	Responses to questions will be published
October 7, 2016	Proposals due by 4 pm pst
October 10-November 10, 2016	County review period and negotiations
November 14, 2016	Intent to Award Notifications sent out
November 22, 2016	Contract approval and contract start date

*These dates may change at the discretion of Napa County. Changes to the due date for questions or due date for the proposal submittals will be made by written addendum.

F. SUBMITTAL REQUIREMENTS

In order to be considered, a response to the RFP must be submitted in a sealed envelope identified by proposal title “Response to Request for Proposal for Strategic Planning Facilitation” no later than **October 7, 2016, at 4 p.m.**

Responses can be delivered in person, U.S. Mail, or Common Carrier. No electronic or facsimile copies will be accepted. It is the responsibility of the party to insure timely delivery. Please submit one (1) signed original and six (6) copies of your response to:

Bret Prebula, Senior Management Analyst
Napa County Executive Office
1195 Third Street, Room 310
Napa, CA 94559

Each RFP submitted shall include a cover letter plus a maximum of fifteen (15) pages to address the RFP criteria, excluding resumes. Resumes for key team members shall be limited to two pages each, and should be attached as an appendix to the RFP. Total submittal should not exceed thirty (30) pages.

Submittals which do not contain the required numbers of copies and all the information requested in the RFP may be considered as non-responsive and rejected without evaluation. Submittals received after the deadline or addressed to the wrong location will be considered as non-responsive.

All written proposals received by the submission deadline will be evaluated by a team comprised of staff from the County Executive Office. The evaluation team will select no more than four firms who will be invited to make an oral presentation of their proposals and qualifications between **October 10-November 10, 2016 (exact dates and times not yet scheduled)**. Work is expected to commence **in November 2016** with the Retreat being held sometime in **January/February 2017**.

G. AWARD

The County will attempt to negotiate a contract with the firm submitting the top ranked proposal, as evaluated through the process outlined in this RFP. If no contract can be successfully negotiated with the top ranked respondent, then the County may, at its discretion, enter into negotiations with the next highest ranked respondent; and move down the list of respondents in order of scoring until a contract can be negotiated.

Depending on the total cost of the proposal either the Board of Supervisors or the County Executive Officer shall have the final authority as to the selection of a consultant to complete the project represented by this RFP.

H. INFORMATION RESOURCE

Questions about this RFP shall be submitted via email and be referenced to:

Bret Prebula, Senior Management Analyst
1195 Third Street, Room 310
Napa, CA 94559
Email: bret.prebula@countyofnapa.org

Questions will not be answered that would tend to constitute an evaluation of a response being prepared or that might give an unfair advantage to a potential respondent. Except for the above named, potential respondents should not contact Napa County officials or staff regarding any aspect of this RFP. If such contact is made, the County reserves the right to reject the proposal.

I. GENERAL CONDITIONS

1. By submitting a response, the proposer represents and warrants that:

(a) The information provided is genuine and not a sham, collusive, or made in the interest or in behalf of any party not therein named, and that the respondent has not directly or indirectly induced or solicited any other respondent to put in a sham statement, or any other respondent to refrain from presenting information and that the prospective provider has not in any manner sought by collusion to secure an advantage.

(b) The proposer has not paid or agreed to pay any fee or commission, or any other thing of value contingent upon the award of an exclusive operating area, to any employee, official, or existing contracting consultant of Napa County.

2. All costs of preparation of responses including travel for any interviews scheduled shall be borne by the proposer.

3. All statements become the property of Napa County. The County reserves the right to reject any and all submittals; to request clarification of information submitted; to request additional information from competitors; and to waive any irregularity in the submission and review process. None of the materials submitted will be returned to the respondent unless they are not submitted in a timely manner.

4. All proposals received shall be public records, with the exception of those elements of any proposal which are identified by the consultant as business trade secrets and are plainly marked "Trade Secret", "Confidential" or "Proprietary". If disclosure is required under the California Public Records Act or otherwise by law, the County shall not be liable or responsible for the disclosure of any such records and the consultant shall indemnify, defend, and hold City harmless for any such disclosure. Proposals will become a public record and available for release to the public upon selection of a successful respondent and an award recommendation is made

5. The County reserves the right to request additional information not included in this RFP from any or all respondents after October 7, 2016.

6. The County reserves the right to contact references not provided in the submittals.

7. At any time prior to the specified time and date set for the RFP due date, a designated representative of the proposer may withdraw the submission provided that such person provides acceptable proof of his or her identity and such person signs a receipt. No submissions may be withdrawn or returned after the date and time set for final submission.

8. Any modification, amendment, addition or alteration to any submission must be presented, in writing, executed by an authorized person or persons, and submitted prior to the final date for submissions.

**NO AMENDMENTS, ADDITIONS OR ALTERATIONS WILL BE ACCEPTED
UNLESS REQUESTED BY THE COUNTY AFTER THE TIME AND DATE
SPECIFIED AS THE SUBMISSION DEADLINE.**

9. No prior, current, or post award verbal conversations or agreements with any officer, agent, or employee of the County or any other person or entity shall affect or modify any terms or obligations of this RFP or any agreement resulting from this process.

10. Napa County has a local vendor preference which covers the acquisition of requested services. Local vendors will be awarded contracts for services where qualifications are determined by the reviewing panel to be otherwise equal; unless such preference is not allowable by law. For this matter, a local vendor is a vendor who has a billing address located within Napa County. Where appropriate, out of county vendors are encouraged to subcontract with qualified local vendors.

11. The County reserves the right to modify or terminate this RFP at any time, and reserves the right to reject all responses to this RFP.

12. Except for the person named on the cover sheet and section H, potential respondents should not contact Napa County officials or staff regarding any aspect of this RFP. If such contact is made, the County reserves the right to reject the proposal.

13. Acceptance of any proposal submitted pursuant to this (RFP) shall not constitute any implied intent to enter into a contract for services.

14. It is recommended that proposals be submitted on paper that is made from at least 30% recycled content and that proposals be submitted on paper that is printed on both sides.

15. This solicitation and related information can be found at www.countyofnapa.org/procurement. Napa County does not guarantee the accuracy of information posted on or obtained from third party organizations.

J. PROTESTS OR OBJECTIONS

Any directly affected party who is aggrieved in connection with the solicitation or award of a purchase order or contract issued through a formal sealed bid procedure may protest the procurement action taken. Such protests must be filed in writing with:

Napa County
Purchasing Agent
1195 Third Street, Suite 101
Napa, CA 94559

Protests must be filed in writing within five (5) working days from the time of the occurrence generating the protest. Protests received after this time will not be considered. Any protest shall include the following information:

- (a) The date and action taken resulting in a protest, and
- (b) Identification of the material issue, including a detailed explanation of the basis for the protest, and the remedy sought.

Resolution Process

(a) **Informal Resolution.** Upon receipt of the protest, the Purchasing Agent will convene, at the earliest possible convenience, discussions between the protesting party and appropriate County staff to seek informal resolution and/or to clarify the issues.

(b) **Response to Protest/Appeal.** If the protest is not resolved by mutual agreement, the Purchasing Agent shall provide a written response to the protesting party within fifteen (15) working days following the informal meeting. County Counsel shall be consulted before the written response is issued.

The response shall state the Purchasing Agent's decision, the facts supporting the decision, and shall inform the protesting party of its right to appeal the decision to the Board of Supervisors.

(c) **Appeal to the Board of Supervisors.** In the event the informal resolution procedure is unsuccessful, the protesting party may request an appeal hearing before the Board of Supervisors by filing a written request with the Clerk of the Board no later than five (5) working days after notification of the Purchasing Agent's decision. Any appeal hearing shall be scheduled within thirty (30) working days from the date request is received by the Clerk of the Board. The Clerk of the Board shall notify the appellant by personal service of the scheduled hearing date not less than ten (10) working days from the date of hearing.

The appellant shall have the right to testify at the hearing, to be represented by counsel, to present witnesses on his behalf, and to present oral and written documents and evidence on the issue.

After the conclusion of the hearing, the Board of Supervisors shall make findings of fact and a decision concerning the issue(s).

(d) **Stay of Procurement Action During a Protest.** In the event of a timely protest under this section, the County shall not proceed further with the solicitation or the award of the contract or purchase order until the protest is resolved, unless the Purchasing Agent, in consultation with the head of the using department and County Counsel, makes a written determination that the award of the purchase order or contract without further delay is necessary to protect a substantial interest of the County.

Exhibit "A"

Strategic Financial Plan



A Tradition of Stewardship
A Commitment to Service

Napa County 2020 Strategic Financial Plan

Recommended by the
COUNTY EXECUTIVE OFFICE

January 5, 2016

1. Introduction and Background

For many years, the primary source of fiscal policy for Napa County was the “Budget Policies,” adopted annually by the Board of Supervisors. These policies provided direction to County staff in preparing the upcoming fiscal year budget and included policies that remained fairly consistent from year to year. In 2008, in response to the economic downturn (“Great Recession”) the Board approved a “Fiscal Contingency Plan – FY 2008-09 through FY 2012-13” to guide the County’s response to the risk to the County’s financial condition. The Fiscal Contingency Plan articulates a general philosophy and guiding principles and prioritizes steps to be taken to reduce expenditures during times of economic stress. In 2011, the Board approved a Fund Balance policy that, among other things, confirmed provisions in the Fiscal Contingency Plan that set goals for General Fund reserves and Fiscal Uncertainties Designation and specified priorities for use of any remaining available fund balance. On February 12, 2012, the Board first approved a five-year Strategic Financial Plan to articulate the overarching fiscal policies of the Board. This plan was updated in April 2012 and then again in January 2013.

The January 2016 Strategic Financial Plan builds on the original, reflects current economic conditions, updates revenue and expenditure projections through Fiscal Year 2019-20, and makes minor revisions to the three strategies to reflect changes since 2013. The plan uses actual revenue, expenditure, and fund balance data beginning in FY 2012-13 as the basis for projections. Beginning in 2012-13, the Health and Human Services Agency (HHS) revenues, expenditures and fund balance were accounted for in a fund separate from the General Fund. The Health and Human Services fund is expected to be self-sustaining and to operate with a stable General Fund contribution. Thus, HHS activities, other than the General Fund transfer to the HHS fund, are not considered within the General Fund analysis.

With the Great Recession behind us, the State of California is in a period of significant revenue growth. In November 2014, voters passed Proposition 2, which provides direction on paying off state debt and establishing a “rainy day fund” at the state level. While this is a positive sign, the state has historically used counties as a significant part of budget “solutions” when resources are insufficient to fund state programs. Further, some economists predict that the current economic growth is waning, and that another recession may be on the horizon. Therefore, the County will likely continue to face future fiscal challenges including:

- Continuing and enhanced demand for services and a growing backlog of unmet needs in some areas, particularly infrastructure and capital needs;
- The impact of certain state programs realigned to counties without sufficient dedicated revenue to *fully* cover the cost of those programs;
- Limited growth in discretionary, semi-discretionary and certain other revenues and the possibility of reduced state revenues for services the County provides on behalf of the state; and
- Increased costs of doing business; including potentially enhanced inflationary pressure.

In light of the uncertainties and challenges, this updated Strategic Financial Plan continues the comprehensive strategic framework to ensure that the County's financial sustainability over the current and four subsequent fiscal years (FY 2015-16 through FY 2019-20). The Strategic Financial Plan is different from other fiscal policy documents in that it is comprehensive – it does not focus on just one year or one aspect of fiscal policy – like resource reduction strategies or reserve levels – though it does focus on the General Fund and certain related funds. The Plan is strategic, however, in that it does not attempt to lay out a detailed blueprint for everything that will be done. Instead, it provides a policy and priority framework for dealing with the Board's priorities over a five-year period. The Strategic Financial Plan will continue to be implemented through the annual Budget Policies and budget process and other Board actions.

2. General Fund Financial Picture

The General Fund remains strong, with a fund balance that represents approximately 39% of General Fund expenditures at the close of FY 2014-15. On August 24, 2014, the County experienced a magnitude 6.0 earthquake that caused widespread damage to County-owned buildings and other infrastructure such as roads and bridges. A significant portion of the cost of response and recovery is covered by funds provided by the Federal Emergency Management Agency (FEMA) and the California Office of Emergency Services (Cal-OES) as well as insurance reimbursement. However, receipt of FEMA and Cal-OES funding will come over a period of multiple years. Thus, the Board of Supervisors authorized the use of up to \$13.9 million from the General Reserve for Earthquake response and recovery costs. As of June 30, 2015, \$5.8 million in costs were supported by the assigned General Reserve funds. Over the next two years, the General Reserve is expected to be replenished through assignment of ending fund balance each fiscal year in accordance with County fiscal policy, as well as funds from FEMA, Cal-OES and insurance reimbursements.

Further, the planned transfer of Tobacco MSA and Special Projects funds to help pay for construction on the HHSA campus reduced the ending fund balance in the General Fund (see table on page 5). As a result, and despite strong revenue performance and expenditure savings within the departments, the overall General Fund ending fund balance declined by approximately \$5.1 million, or 6.3% over FY 2013-14.

	FY 2012-13	FY 2013-14	FY 2014-15
Ending Fund Balance	78,809,185	81,709,870	76,582,894
Percent Change		3.7%	-6.3%
Balance as % of Expenditures	47.5%	47.9%	38.8%

Performance of fund balance can be a useful tool for measuring fiscal condition, and maintaining a reasonable fund balance provides a hedge against economic downturns and unforeseen expenditure needs. The Government Finance Officers Association has a “Best Practice” of maintaining at least two months – or 17% of operating revenues or expenditures in fund balance. Napa County’s current General Fund status compares favorably with this benchmark.

Because the fund balance does not fully reflect all of the discretionary resources available to deal with economic downturns or unanticipated expenditure needs, it is important to acknowledge other available resources. The Board established two other programs within the General Fund – the Tobacco Master Settlement Agreement (MSA) and Special Projects – and the Accumulated Capital Outlay within the Capital Projects Fund as repositories for resources that the Board has self-earmarked for certain purposes. Legally, however, these resources can be spent on anything the Board deems appropriate and effectively represent General Fund fund balance by another name. When the resources are fully recognized, the General Fund fund balance as a percentage of expenditures is strengthened. While the

elimination of these programs is not recommended, the option does provide the Board with additional resources in times of dire fiscal conditions.

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Actual
Fund Balance:			
General Fund	65,836,347	68,290,852	68,209,516
Tobacco MSA	11,811,133	12,014,883	8,147,042
Special Projects	1,161,705	1,404,135	226,336
Total General Fund	78,809,185	81,709,870	76,582,894
Accumulated Capital Outlay	39,032,972	14,626,106	23,098,834
Total Fund Balance	117,842,157	96,335,976	99,681,728
% of Total GF Expenditures	72.2%	57.2%	52.4%

While a declining fund balance may indicate that annual expenditures are exceeding revenue, there can be reasonable exceptions, and it is problematic to use this measure alone to assess fiscal health. This is, in part, because there are a number of one-time or limited duration revenues and expenditures that can obscure the structural status of the fund. These include:

- Excess ERAF. In FY 2012-13, the General Fund received approximately \$13.8 million in excess ERAF. By Board direction, the use of excess ERAF was limited to \$5 million per year in FY 2012-13 and FY 2013-14. Beginning in FY 2014-15, excess ERAF for ongoing operations was reduced to \$2.5 million, and, in FY 2015-16, it was eliminated entirely. The revenues below are adjusted to reflect these changes.
- State Payment of Pre-2004 Mandated Cost Reimbursement. In FY 2014-15, the County received approximately \$3.9 million in reimbursement for the cost of unfunded mandated programs incurred prior to 2004. This revenue was one-time in nature and was transferred in its entirety to the Accumulated Capital Outlay/Capital Projects fund.
- Transfers to Accumulated Capital Outlay. Over the period of FY 2012-13 through FY 2014-15, \$25.6 million was transferred from the General Fund to the Accumulated Capital Outlay fund. These transfers are related to excess ERAF revenue as well as receipt of other one-time monies, so do not reflect the ongoing operations of the County. Therefore, the expenditures are adjusted to remove these transfers.
- Special Projects and Tobacco MSA Programs. While discretionary to the Board, these programs are not considered an ongoing General Fund operation. Any surplus or deficit in the programs would skew the true picture of General Fund operations.

- Declared Emergency. The cost of response and recovery activities related to the August 24, 2014 Napa Earthquake are identified within a specific subdivision within the General Fund and any deficit related to activities not yet reimbursed is supported by a Board-authorized assignment of General Fund dollars. Thus, this cost does not reflect ongoing County operations.

To provide a better picture of what the General Fund’s status would be based on ongoing or operating costs and revenues, the following table adjusts the General Fund’s actual revenues and expenditures as follows:

- No more than \$5 million in excess ERAF revenue is recognized in FY 2012-13 and FY 2013-14; no more than \$2.5 million in excess ERAF revenue is recognized in FY 2014-15.
- Pre-2004 Mandated Cost reimbursement of \$3.9 million is not included in revenues.
- Transfers to Accumulated Capital Outlay are excluded in the expenditures.
- Revenues and expenditures for Special Projects and Tobacco MSA programs are excluded.
- Revenues and expenditures for the Declared Emergency are excluded.

Fiscal Year	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Actual
Revenue	157,654,187	164,021,053	171,872,748
Expenditures	154,232,106	161,332,524	166,041,439
Difference	3,422,081	2,688,529	5,831,309
% Change from Prior Year		-21.4%	116.9%

In each of the past three years, operating revenues have exceeded expenditures. These amounts are used to fund the General Reserve and Fiscal Uncertainty components of fund balance and to provide a resource for balancing the subsequent year’s budget.

Financial Projections – General Fund

Using the actual revenues and expenditures from above as a starting point and applying the assumptions mentioned above, as well as normal growth in revenues and expenditures, it is possible to project various scenarios that may affect the County’s financial health. Each of the scenarios below represents a feasible condition that may have to be addressed. Potential solutions consistent with the Strategic Financial Plan are suggested, but would only need to be considered if the scenario (or a similar fiscal condition) materialized.

Scenario 1 – Baseline Assumption: Revenue and expenditures continue at stable growth rates.

		ACTUAL			PROJECTED				
Fiscal Year	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20	
Surplus/(Deficit)	\$3.4 M	\$2.7 M	\$5.8 M	\$2.2 M	\$1.6 M	\$1.0 M	\$1.7 M	\$2.4 M	

Scenario 2 – Revenue Reduction Assumption: Departmental and discretionary revenues are reduced by 5% and expenditures continue to grow at a stable rate.

		ACTUAL			PROJECTED				
Fiscal Year	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20	
Surplus/(Deficit)	\$3.4 M	\$2.7 M	\$5.8 M	(\$6.5 M)	(\$7.3 M)	(\$8.2 M)	(\$7.9 M)	(\$7.5 M)	

In this case, it could be necessary to implement the Fiscal Contingency Strategy to reduce expenditures to be in line with available revenue or plan for the use of the Fiscal Uncertainty to temporarily support ongoing operations.

Scenario 3 – Expenditure Increase Assumption: Revenues continue to grow at a stable rate and expenditures increase by 5% above baseline projection.

		ACTUAL			PROJECTED				
Fiscal Year	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20	
Surplus/(Deficit)	\$3.4 M	\$2.7 M	\$5.8 M	(\$6.3 M)	(\$7.3 M)	(\$8.2 M)	(\$7.8 M)	(\$7.4 M)	

If this scenario were to occur, it may be necessary to implement the Fiscal Contingency Strategy to reduce expenditures. This is more easily addressed, however, since increased expenditures would be subject to appropriation by the Board and expenditure reduction, identification of supporting revenue or use of reserves could be planned.

Scenario 4 – Revenue Decrease / Expenditure Increase Assumption: Revenues decrease by 5% and expenditures increase by 5%.

		ACTUAL			PROJECTED				
Fiscal Year	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20	
Surplus/(Deficit)	\$3.4 M	\$2.7 M	\$5.8 M	(\$15.0 M)	(\$16.2 M)	(\$17.4 M)	(\$17.3 M)	(\$17.2 M)	

If this scenario were to occur, it would be necessary to immediately implement the Fiscal Contingency Strategy.

Scenario 5 – Revenue Increase Assumption: Revenues increase by 5% and expenditures continue at a rate consistent with the baseline scenario.

		ACTUAL			PROJECTED				
Fiscal Year	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20	
Surplus/(Deficit)	\$3.4 M	\$2.7 M	\$5.8 M	\$10.8 M	\$10.5 M	\$10.2 M	\$11.2 M	\$12.2 M	

Additional revenues should be appropriated in accordance with established policies (e.g., fully fund the General Reserve, fully fund the Fiscal Uncertainty, transfer remaining available funds to Accumulated Capital Outlay) and, if applicable, with the Resource Allocation Strategy.

Scenario 6 – Jail Operating Cost Illustration: At this time, the County continues to develop a plan to address future jail needs. It is prudent to examine the General Fund effect of an increase in cost associated with a significant change from current operations. Jail operating costs are assumed to increase by approximately \$5 to \$9 million annually by FY 2020-21. The Board could incrementally increase appropriations and establish a Jail Operations Assignment within fund balance to provide funding for future jail operation costs if the County has to operate a larger single facility, operate a split facility or contract with another county to provide housing for Napa County inmates. This illustration adds \$1.5 million cumulatively to Baseline Assumption operating costs each year beginning in FY 2016-17, bringing the total annual increase to \$6 million by FY 2019-20.

		ACTUAL			PROJECTED				
Fiscal Year	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20	
Surplus/(Deficit)	\$3.4 M	\$2.7 M	\$5.8 M	\$2.2 M	\$0.08 M	(\$2.0 M)	(\$2.8 M)	(\$3.6 M)	

All of the scenarios reinforce that the General Fund continues to be very finely balanced, and the need for clear fiscal policy direction and discipline in spending is evident.

3. Philosophy, Guiding Principles and Key Policies

As the only general purpose local government covering a geographic area that includes cities and special districts – and with responsibility for both countywide and municipal services and for administering various programs on behalf of the state – counties are under pressure to be the funder or service provider of last resort when it comes to local interest and needs. At the same time, counties' ability to raise revenue is limited and more constrained than many other local governments by state mandates and requirements. Given this, a key premise of this Strategic Financial Plan is that:

The County cannot be all things to all people nor can it be the “government of last resort.” We recognize the County’s role as a provider of services in keeping with the traditional county model. Although the County is a significant thread in a tapestry of federal, state and local government services, it must rely on other government organizations as well as not-for-profit agencies, faith-based and family institutions to provide the spectrum our community requires.

Consequently, a major focus of this Plan is setting priorities for use of limited discretionary resources.

The following outlines the Guiding Principles and key Multi-Year Fiscal Policies that will guide the County in its efforts to ensure fiscal sustainability over the five-year period covered in the Plan.

Guiding Principles

1. The County will maintain sufficient General Fund reserves and fund balance to provide for adequate cash flow and avoid the need for short term borrowing and to provide a hedge against an unanticipated fiscal crisis.
2. The County’s emphasis will be on using General Fund discretionary resources to finance “core” County programs. These include traditional County programs or services that state law has made the responsibility of counties and that have historically been funded by local taxpayers.
3. In those cases where a significant need exists, and Napa County has determined that it will not assume responsibility for funding or service delivery, the County may opt to provide advocacy, coordination, technical assistance and start-up financial assistance to aid others in the provision of those necessary services.
4. Generally, the County will not use one-time or limited duration revenue to fund ongoing operating costs. Instead, one-time or limited duration revenue will be used to meet non-recurring needs, like capital projects or paying down unfunded liabilities.
5. Over the five-year planning period, except in times of fiscal distress, the County’s goal is that, on average, actual annual General Fund operating expenditures not exceed operating revenue.

6. In periods of fiscal distress it is appropriate to temporarily use fund balance and/or reserves to help balance the General Fund budget, but only if that is part of a plan to achieve long-term structural balance.
7. Generally speaking, it is better to do a few things well than a lot of things poorly. The County's goal is to provide high priority services in a professional, effective and efficient manner, even if it means limiting the number or type of lower priority services provided.
8. The County administers a number of costly state programs that are primarily funded by state and federal dollars. Recognizing the limitations on the County's ability to increase discretionary revenues, in the event of a reduction in resources for these programs, the County's goal, to the extent legally possible, is to avoid backfilling reductions in state and federal dollars with discretionary dollars.
9. To maintain as much flexibility as possible to address priority needs and deal with exigent circumstances, wherever legally possible, revenues are to be treated as discretionary resources, rather than dedicated to a particular program.
10. When charging for services or claiming federal or state revenues, the County's goal is to recover the full cost of services provided, including departmental and County overhead.
11. Generally, it is appropriate to use discretionary resources to fund programs or services that provide a broad public benefit. To the extent legally possible, programs or services that primarily benefit a smaller sub-group should be paid for with user fees or assessments.
12. The County provides countywide services to people who live in all areas of the County and municipal services to residents of the unincorporated area. Because city residents already pay taxes or fees to their cities for municipal services, it is important to insure that city residents not subsidize the cost of providing services to residents of the unincorporated area.
13. The County has a fiduciary responsibility to the taxpayers to insure that public funds are spent only to achieve an appropriate public purpose and that any expenditure of public funds incorporates appropriate control and accountability measures to insure that the public purpose is being achieved. In addition, the County will use appropriate performance measures to help evaluate the effectiveness and efficiency of County programs and services.

Key Multi-Year Fiscal Policies – FY 2016-17 through FY 2019-20

1. Maintain a General Reserve balance of 10% of General Fund and Health and Human Services Fund appropriations, not including the General Fund appropriation for Contingency, any budgeted transfer to the Accumulated Capital Outlay Fund, and the General Fund Contribution

to the Health and Human Services Fund. General Reserves are to be maintained at this level at all times, except in the case of dire fiscal emergency or declared emergency.

2. Strive to maintain a Designation for Fiscal Uncertainties balance in the General Fund of 10% of General Fund appropriations, not including the General Fund appropriation for Contingency, any budgeted transfer to the Accumulated Capital Outlay Fund and the General Fund contribution to the Health and Human Services Fund. In times of fiscal distress, these funds can be used to help balance the General Fund budget as part of a plan to achieve long-term structural balance. Any plan to achieve long-term structural balance should include a provision to replenish the Designation for Fiscal Uncertainties balance to the 10% level.

Strive to maintain a Designation for Fiscal Uncertainties in the Health and Human Services Fund of 10% of the Health and Human Services Fund appropriations. In times of fiscal distress, including the loss of state and/or federal revenues for priority programs, these funds can be used to help balance the Health and Human Services Fund budget as part of a plan to achieve long-term structural balance in that fund. Any plan to achieve long-term structural balance should include a provision to replenish the Designation for Fiscal Uncertainties (HHS Fund) balance to the 10% level.

3. Place a minimum of 3% of General Fund appropriations in an appropriation for Contingency, to be used during the fiscal year to address unanticipated expenditure increases or revenue decreases.
4. To the extent that the General Fund Five-Year Forecast provides clear evidence that there is a significant structural surplus (that is, that discretionary revenues exceed the projected operating Net County Cost, General Reserve, Designation and Contingency requirements) during the five year projection period, any available resources may be invested in program enhancements as set forth in the Resource Allocation Strategy.
5. To the extent that the annual General Fund Five-Year Forecast shows that there is a structural deficit (that is, that discretionary revenues are less than projected operating Net County Cost, General Reserve, Designation and Contingency requirements) during the five-year projection period, expenditure reductions or other actions may be taken, if needed, to address a significant reduction in resources, as set forth in the Resource Reduction Strategy.

6. Generally, one-time or limited-duration resources (including fund balance) will be spent on one-time or non-recurring obligations.
 - a. One-time or non-recurring obligations include:
 - Adding to Reserves and Designation;
 - Infrastructure, capital and technology improvements;
 - Reduction of unfunded liabilities, including Retirement and Retiree Health obligations;
 - Debt retirement;
 - Cost-avoidance projects;
 - Other non-recurring needs, in accordance with Board Budget Policies.

7. Generally, during this five-year period, the Health and Human Services Agency (HHSA) will receive an annual County General Fund contribution of approximately \$16 - \$17 million, adjusted annually for changes in County overhead charged to the HHSA. HHSA has the authority to allocate this contribution among its various programs as it deems appropriate, taking into account changes in state and federal funding and Board priorities, and subject to approval by the Board of Supervisors during the annual budget process. HHSA's fixed Net County Cost may be adjusted as follows:
 - a. In the event that fiscal condition requires the County to implement the Resource Reduction Strategy, HHSA's General Fund contribution may be reduced in accordance with the provisions of that Strategy.
 - b. If, due to local priorities, the Board assigns additional discretionary (i.e., non-state-mandated) responsibilities to HHSA, HHSA's General Fund contribution may be increased to cover the cost of those responsibilities.
 - c. If, due to local priorities, the Board decreases HHSA's discretionary responsibilities, HHSA's General Fund contribution may be decreased to reflect that reduction in responsibilities.

8. For all programs that are currently primarily fee supported, the goal should be to fully cover the cost of the programs with user fees, unless the Board has made a specific decision to subsidize a program with discretionary resources.

4. Resource Allocation Strategy

This Resource Allocation strategy essentially describes the method used to determine how the various types of County services are to be prioritized over the Plan period and, subsequently, how they are to be funded. The Strategy first makes a distinction between those services that are to be funded primarily by the General Fund (and discretionary resources) and those services that are to be funded primarily by special revenue funds or other funding mechanism. The following lists identify the services that fall into these two categories:

(A) Services Appropriately Funded by the General Fund (Discretionary Resources)	(B) Services Appropriately Funded by Dedicated Resources
<p><u>Law, Justice and Public Safety</u></p> <ul style="list-style-type: none"> • Criminal Prosecution (District Attorney) • Public Defender • Corrections • Probation • Coroner (Sheriff) • Patrol and Investigations in Unincorporated Area (Sheriff) • Animal Control Services (Unincorporated Area) <p><u>Health & Human Services</u></p> <ul style="list-style-type: none"> • HHS – Public Health (communicable & sexually transmitted disease control, epidemiology) • HHS: Indigent Healthcare for Non-MediCal eligible population • HHS: General Assistance • HHS: Homeless Assistance <p><u>Community Resources/Infrastructure</u></p> <ul style="list-style-type: none"> • County Surveyor (Public Works) • Agricultural Commissioner (Pesticide Use Enforcement; Plant Protection/Commodity Regulation except for contracted services; Weights and Measures except for device regulation and Price Verification programs; Wildlife Services) • Environmental Management (Green Business Program; Abandoned Vehicle Program) • Watershed Information Center and Conservancy (Conservation, Development & Planning) • Conservation, Development & Planning (long-range) • Planning; code enforcement • Roads Fund (Public Works) <p><u>General Government - Civic Services</u></p> <ul style="list-style-type: none"> • Treasurer-Tax Collector • Assessor (Assessor-Recorder-County Clerk) • Elections (Assessor-Recorder) <p><u>General Government – Overhead</u></p> <ul style="list-style-type: none"> • Board of Supervisors • County Executive Officer • Auditor-Controller • County Counsel (except services to outside agencies) • Purchasing (Public Works) • Property Management (Public Works) 	<p><u>Law Justice and Public Safety</u></p> <ul style="list-style-type: none"> • District Attorney – Grant Programs and Consumer Fraud • Special Investigations Unit (Sheriff) • Child Support Services • Patrol and Investigations in cities (Sheriff) • Animal Control Services in cities (Sheriff) <p><u>Health & Human Services</u></p> <ul style="list-style-type: none"> • HHS: Mental Health • HHS: Substance Abuse Services • HHS: Public Guardian-Administrator • HHS Social Services (including CalWORKS, Child Welfare Services, Adult Protective Services, IHSS, Workforce Investment Act, etc.) • HHS: Public Health (WIC, Maternal & Child Health programs, CHDC, other state/federal programs) <p><u>Community Resources/Infrastructure</u></p> <ul style="list-style-type: none"> • Airport (Public Works) • Public Works (Contract Services for other agencies) • Public Works (Permitting services) • Public Works (Animal Shelter) • Planning, Building & Environ. Services (development review; Building Inspection; Environ. Health; Local Enforcement Agency) • Agricultural Commissioner/Sealer (Glassy Winged Sharpshooter and Vine Mealybug programs; contract plant protection and commodity regulation programs; Wine Grape Inspection program; Device Regulation and Price Verification Programs) • Library • Water Programs and climate change activities <p><u>General Government – Civic Services</u></p> <ul style="list-style-type: none"> • Recorder-County Clerk (Assessor-Recorder-County Clerk) <p><u>General Government – Overhead</u></p> <ul style="list-style-type: none"> • Fleet Management (Public Works) • Information Technology Services (CEO) • Affordable Housing (CEO) • Risk Management (CEO)

<p><u>Capital Improvement Program (CIP)</u></p> <ul style="list-style-type: none"> • General Fund building projects 	<p><u>Capital Improvement Program (CIP)</u></p> <ul style="list-style-type: none"> • Non-General Fund building projects <p><u>County Service Districts and Other Districts Governed by the Board of Supervisors</u></p> <ul style="list-style-type: none"> • Lake Berryessa Resort Improvement District • Napa Berryessa Resort Improvement District • Napa County Flood Protection and Watershed Improvement Authority • County Service Area #3 • County Service Area #4 • Silverado Community Services District • Monticello Cemetery District • IHSS Public Authority • Napa County Housing Authority • Napa Valley Tourism Improvement District • Milliken-Sarco-Tulocay Recycled Water Project • Devlin Road Construction
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The Strategy then identifies those General Fund-supported services (category A) that will receive additional General Fund (discretionary) support during the FY 2016-17 through FY 2019-20 period:

- The General Fund Contribution to the Roads Fund will increase by \$560,000 a year, through FY2017-18, when the total additional General Fund Contribution will be \$2,800,000 a year and the total annual General Fund Contribution to the Roads Fund will be \$3,732,000.

The Strategy then makes a distinction between those General Fund-supported services (category A) that, to the extent additional resources are available, are slated for growth in General Fund (discretionary) support. For the FY 2016-17 through FY 2019-20 period, priority will be given to:

1. Funding Law, Justice and Public Safety programs and corrections-related HHSA programs, focusing particularly on two areas: (a) Funding, above and beyond the Realignment revenue provided by the state, that may be needed to continue the 2011 Public Safety Realignment approved by the State Legislature in 2011. This funding will focus on research-tested, evidence-based, practices to control and sanction offenders and reduce recidivism in the most cost-effective way possible; and (b) Setting aside funding capacity in order to cover the higher operating costs associated with a new, larger, jail.
2. Funding Capital Improvement Program and/or General Government – Overhead (Debt Service) to provide resources to construct Phases I and II of the Health & Human Services Campus Redevelopment Plan and to begin construction of a new jail (if an alternative source of funding is not identified and secured).

In addition to the above, it may be necessary to “loan” (with little chance of being repaid) General Fund resources to the Lake Berryessa Resort Improvement District to address critical health and safety needs. If such loans are required, they will likely take precedence over any of the above priorities.

5. Fiscal Contingency Strategy

The potential components of any fiscal contingency strategy are essentially the same for all local governments: incremental expenditure cuts; major program cuts; identification and implementation of new revenue sources; distinguishing between high priority and lower priority programs; across-the-board funding cuts; etc. The differences come in how these components are structured in any particular jurisdiction (i.e., what happens first, what programs, if any, are exempt from reductions, etc.).

The County's approach to structuring the components of a fiscal contingency strategy is set forth below.

General Philosophy

To the extent possible, across-the-board reductions in expenditures will be avoided. Reductions will be made on a case-by-case basis, focusing particularly (though not exclusively) on discrete programs or services. Maintaining a highly professional service delivery system is of foremost importance to the County. Thus, if it becomes necessary to make significant service level reductions, the goal will be to reduce the quantity of a service provided rather than the quality of service.

Also, it does not necessarily make sense to fund current operations at the expense of long-term capital or planning programs. Consequently, every effort will be made to continue capital and planning programs geared to meeting the County's long-term needs.

Resource Reduction Priorities

Short-term Actions

The following actions will be considered when dealing with the immediate impact of a significant reduction in resources. The purpose of these actions is to achieve immediate savings and/or better position the organization to deal with the impact of longer-term actions once they are implemented. The actions are listed in priority order:

1. Major General Fund-supported office space remodels will be halted, unless they are required to address critical health or safety needs.
2. Purchase of equipment will be selectively deferred. Funding source and impact on service delivery will be considered in implementing the deferral.
3. Implementation of new programs not fully operational and/or not fully revenue offset, will be halted.
4. Approval of contracts for services, not fully revenue offset, will be selectively deferred. Funding sources and impact on service delivery will be considered in implementing the deferral.
5. A selective hiring freeze will be implemented.

Longer-Term Actions

The following actions will be considered when dealing with the longer-term impact of a significant reduction in resources. The actions are listed in priority order and lower priority actions will be implemented only if higher priority actions are insufficient to deal with the fiscal shortfall. Once the County's fiscal situation improves, staff will seek direction from the Board on whether to restore funding or otherwise return to the pre-reduction levels.

1. A moratorium will be placed on implementing new programs or expanding existing programs if the cost of those programs or expansions is not fully revenue offset and a secure, long-term funding source is not identified (an exception will be programs associated with Public Safety Realignment).
2. Cancel General Fund designations in an amount not to exceed the General Fund Contingency policy level and up to an additional \$2 million a year.
3. To the extent legally possible or where it does not impact the public's health and safety, place a hard freeze on backfilling reductions in federal or state funding or in using General Fund money to cover cost of doing business increases for programs primarily funded by state or federal resources.
4. Moderate reductions in discretionary support will be made on a case-by-case basis. These reductions will focus first on programs appropriately funded by dedicated resources (such as fee-supported programs where fees are not yet at full cost recovery or state or federal programs where the County provides an over-match). Reductions made at this point will generally have only a limited impact on service levels and may, in some cases, be offset by increases in fees.
5. Discretionary funding for programs appropriately funded by dedicated resources (see Section 3 above) will be significantly reduced or eliminated. This may involve reducing the County match to the minimal mandated level. In the case of programs that are primarily the state's responsibility, the County will consider returning responsibility to the state for operating those programs, to the extent permitted by law. In the case of fee-supported programs where the fee structure does not fully cover program costs, fees will be increased to fully cover those costs.
6. Do not make the annual transfer of General Fund revenue to the Special Projects Fund as called for in current Board policy. Do not enter into any new contracts or renew any contracts for use of Special Projects Fund money.
7. Discretionary resources that have been earmarked by the Board for certain purposes will be proposed for re-allocation to fund core County programs. Examples include Tobacco Master Settlement Agreement (MSA) revenue and unallocated monies in the Tobacco MSA trust fund.

8. Major program reductions will be proposed in programs appropriately funded with discretionary resources, starting with the lowest priority service areas and moving on to higher priority service areas as needed. Reductions will be made in the following priority order, focusing on maintaining adequate service levels in core programs:
 - Community Resources/Infrastructure (excluding the General Fund Contribution to the Roads Fund)
 - General Government – Civic Services (excluding services related to property tax assessment and collection)
 - Law, Justice and Public Safety (excluding costs related to dealing with Public Safety Realignment)
 - Human Services
 - General Fund Contribution to the Roads Fund
 - Overhead (General Government) will be sized to the needs and size of the rest of the organization.
9. Place a moratorium on all General Fund supported facilities capital improvement projects, other than those needed to address critical health and safety needs. Transfer any unobligated funds in the Accumulated Capital Outlay Fund to the General Fund.
10. Revise the amortization schedule for the County's Other Post-Employment Benefits (OPEB) unfunded liability from 20 years to 25 or 30 years as appropriate.
11. A reduced work week or period of unpaid leave may be proposed to achieve salary savings.

6. Revenue Enhancement Strategy

This Revenue Enhancement Strategy describes whether, and how, the County will seek additional revenue to fund needed services. The Strategy is divided into two parts: (1) Funding Operating Costs; and (2) Funding Capital Projects.

NEW REVENUE FOR OPERATING COSTS

During the period covered by this Plan, the County will not seek increases in major discretionary revenue sources or new discretionary revenue sources, such as a local option sales tax or an increase in the Transient Occupancy Tax (TOT). The County may seek additional funding through:

- Pursuit of grants, though grants will only be pursued for operational funding if the funding is for programs or services the County would otherwise have provided and the grant provides on-going funding or will be used to supplant General Fund resources.
- Increases in fees for fee-supported programs, where the current fees do not fully cover the cost of the program or to keep pace with increases in the cost of doing business.

FUNDING CAPITAL PROJECTS

The County will seek grant funds for major capital projects, including construction of a new jail.

In addition to use of grant funds, if available, the County may ask the voters to approve General Obligation (GO) bond funding for a new jail.

Exhibit "B"

Example Agreement

NAPA COUNTY AGREEMENT NO. _____

PROFESSIONAL SERVICES AGREEMENT

THIS AGREEMENT is made and entered into as of this _____ day of _____, _____, by and between NAPA COUNTY, a political subdivision of the State of California, hereinafter referred to as "COUNTY", acting by and through its Purchasing Agent, and _____ "doing business as _____"; **IF THE** a _____ corporation"], whose mailing [or business] address is _____, hereinafter referred to as "CONTRACTOR";

RECITALS

WHEREAS, COUNTY wishes to obtain specialized services, as authorized by Government Code section 31000, in order to _____; and

WHEREAS, CONTRACTOR is willing to provide such specialized services to COUNTY under the terms and conditions set forth herein; and

WHEREAS, because the aggregate compensation by COUNTY to CONTRACTOR through this and any prior agreements for the same services does not exceed \$63,000 annually and this Agreement does not exceed a total term, including renewals, of three (3) years, COUNTY's Purchasing Agent, or designee, is authorized by Napa County Code section 2.36.040(G) to execute this Agreement on behalf of COUNTY.

TERMS

NOW, THEREFORE, COUNTY hereby engages the services of CONTRACTOR, and CONTRACTOR agrees to serve COUNTY in accordance with the terms and conditions set forth herein:

1. **Term of the Agreement.** The term of this Agreement shall commence on the date first above written and shall expire on _____, unless terminated earlier in accordance with Paragraphs 9 (Termination for Cause), 10 (Other Termination) or 23(a) (Covenant of No Undisclosed Conflict); except that the obligations of the parties under Paragraphs 7 (Insurance) and 8 (Indemnification) shall continue in full force and effect after said expiration date or early termination in relation to acts or omissions occurring prior to such dates during the term of the Agreement, and the obligations of CONTRACTOR to COUNTY shall

also continue after said expiration date or early termination in relation to the obligations prescribed by Paragraphs 15 (Confidentiality), 20 (Taxes) and 21 (Access to Records/Retention).

2. **Scope of Services.** CONTRACTOR shall provide COUNTY those services set forth in Exhibit "A", attached hereto, in addition to the RFP and CONTRACTOR's proposal, incorporated by reference herein..

3. **Compensation.**

(a) Rates. In consideration of CONTRACTOR's fulfillment of the promised work, COUNTY shall pay CONTRACTOR at the rate set forth in Exhibit "B", attached hereto and incorporated by reference herein.

(b) Expenses. No travel or other expenses will be reimbursed by COUNTY. Travel and other expenses will be reimbursed by COUNTY upon submission of an invoice in accordance with Paragraph 4 at the rates and/or in accordance with the provisions set forth in Exhibit "B."

(c) Maximum Amount. Notwithstanding subparagraphs (a) and (b), the maximum payments under this Agreement shall be a total of _____ (\$_____) for professional services and _____ (\$_____) for expenses per fiscal year; provided, however, that such amounts shall not be construed as guaranteed sums, and compensation shall be based upon services actually rendered and reimbursable expenses actually incurred.

4. **Method of Payment.**

(a) Professional Services. All payments for compensation and reimbursement for expenses shall be made only upon presentation by CONTRACTOR to COUNTY of an itemized billing invoice in a form acceptable to the Napa County Auditor which indicates, at a minimum, CONTRACTOR's name, address, Social Security or Taxpayer Identification Number, itemization of the hours worked, a detailed description of the tasks completed during the billing period, the names of person(s) performing the services and the position(s) held by such person(s), and the approved hourly or task rate.

(b) Expenses. If the Agreement provides for expense reimbursement, requests for reimbursement shall describe the nature and cost of the expense, the date incurred. With the exception of per diem reimbursements, receipts must be attached.

(c) Fixed Price. If the Agreement provides for a fixed price, if CONTRACTOR presents interim invoices, CONTRACTOR must state the percentage of work completed, which must be verified by COUNTY, i.e., 35% design, 95% design, draft report, et cetera, at which time CONTRACTOR shall be paid the equivalent percentage of the fixed price.

(d) CONTRACTOR shall submit invoices not more often than _____ to the _____ who, after review and approval as to form and content, shall submit the invoice to the Napa County Auditor no later than fifteen (15) calendar days following receipt. A sample invoice showing the level of detail required is attached as Exhibit "C".

(e) Legal status. So that COUNTY may properly comply with its reporting obligations under federal and state laws pertaining to taxation, if CONTRACTOR is or becomes a corporation during the term of this Agreement, proof that such status is currently recognized by and complies with the laws of both the state of incorporation or organization and the State of California, if different, shall be provided to the [INSERT POSITION TITLE] upon request in a form satisfactory to the Napa County Auditor. Such proof shall include, but need not be limited

to, a copy of any annual or other periodic filings or registrations required by the state of origin or California, the current address for service of process on the corporation or limited liability partnership, and the name of any agent designated for service of process by CONTRACTOR within the State of California.

5. **Independent Contractor.** CONTRACTOR shall perform this Agreement as an independent contractor. CONTRACTOR and the officers, agents and employees of CONTRACTOR are not, and shall not be deemed, COUNTY employees for any purpose, including workers' compensation and employee benefits. CONTRACTOR shall, at CONTRACTOR's own risk and expense, determine the method and manner by which duties imposed on CONTRACTOR by this Agreement shall be performed; provided, however, that COUNTY may monitor the work performed by CONTRACTOR. COUNTY shall not deduct or withhold any amounts whatsoever from the compensation paid to CONTRACTOR, including, but not limited to amounts required to be withheld for state and federal taxes, unless required to do so by court order. As between the parties to this Agreement, CONTRACTOR shall be solely responsible for all such payments.

6. **Specific Performance.** It is agreed that CONTRACTOR, including the agents or employees of CONTRACTOR, shall be the sole providers of the services required by this Agreement. Because the services to be performed by CONTRACTOR under the terms of this Agreement are of a special, unique, unusual, extraordinary, and intellectual or time-sensitive character which gives them a peculiar value, the loss of which cannot be reasonably or adequately compensated in damages in an action of law, COUNTY, in addition to any other rights or remedies which COUNTY may possess, shall be entitled to injunctive and other equitable relief to prevent a breach of this Agreement by CONTRACTOR.

7. **Insurance.** CONTRACTOR shall obtain and maintain in full force and effect throughout the term of this Agreement, and thereafter as to matters occurring during the term of this Agreement, the following insurance coverage:

(a) **Workers' Compensation Insurance.** To the extent required by law during the term of this Agreement, CONTRACTOR shall provide workers' compensation insurance for the performance of any of CONTRACTOR's duties under this Agreement, including but not limited to, coverage for workers' compensation and employer's liability and a waiver of subrogation, and shall provide COUNTY with certification of all such coverages upon request by COUNTY's Risk Manager.

(b) **Liability Insurance.** CONTRACTOR shall obtain and maintain in full force and effect during the term of this Agreement the following liability insurance coverages, issued by a company admitted to do business in California and having an A.M. Best rating of A:VII or better, or equivalent self-insurance:

(1) **General Liability.** Commercial general liability [CGL] insurance coverage (personal injury and property damage) of not less than ONE MILLION DOLLARS (\$1,000,000) combined single limit per occurrence, covering liability or claims for any personal injury, including death, to any person and/or damage to the property of any person arising from the acts or omissions of CONTRACTOR or any officer, agent, or employee of CONTRACTOR under this Agreement. If the coverage includes an aggregate limit, the aggregate limit shall be no less than twice the per occurrence limit.

(2) Professional Liability/Errors and Omissions. Professional liability [or errors and omissions] insurance for all activities of CONTRACTOR arising out of or in connection with this Agreement in an amount not less than ONE MILLION DOLLARS (\$1,000,000) per claim.

(2) Professional Liability/Errors and Omissions. [RESERVED]

(3) Comprehensive Automobile Liability Insurance. Comprehensive automobile liability insurance (Bodily Injury and Property Damage) on owned, hired, leased and non-owned vehicles used in conjunction with CONTRACTOR's business of not less than ONE MILLION DOLLARS (\$1,000,000) combined single limit per occurrence. Coverage shall be business auto insurance coverage using Insurance Services Office (ISO) form number CA 0001 06 92 including symbol 1 (any Auto) or the exact equivalent. If CONTRACTOR owns no vehicles, this requirement may be satisfied by a non-owned auto endorsement to the General Liability Insurance described in subparagraph (b)(1) above. If CONTRACTOR or CONTRACTOR's employees, officers, or agents will use personal automobiles in any way in the performance of this Agreement, CONTRACTOR shall provide evidence of personal auto liability coverage for each such person upon request.

(c) Certificates of Coverage. All insurance coverages referenced in 7(b), above, shall be evidenced by one or more certificates of coverage or, with the consent of COUNTY's Risk Manager, demonstrated by other evidence of coverage acceptable to COUNTY's Risk Manager, which shall be filed by CONTRACTOR with the _____ prior to commencement of performance of any of CONTRACTOR's duties.

(1) The certificate(s) or other evidence of coverage shall reference this Agreement by its COUNTY number or title and department; shall be kept current during the term of this Agreement; shall provide that COUNTY shall be given no less than thirty (30) days prior written notice of any non-renewal, cancellation, other termination, or material change, except that only ten (10) days prior written notice shall be required where the cause of non-renewal or cancellation is non-payment of premium; and shall provide that the inclusion of more than one insured shall not operate to impair the rights of one insured against another insured, the coverage afforded applying as though separate policies had been issued to each insured, but the inclusion of more than one insured shall not operate to increase the limits of the company's liability.

(2) Waiver of Subrogation and Additional Insured Endorsements. For the commercial general liability insurance coverage referenced in 7(b)(1) and, for the comprehensive automobile liability insurance coverage referenced in 7(b)(3) where the vehicles are covered by a commercial policy rather than a personal policy, CONTRACTOR shall also file with the evidence of coverage an endorsement from the insurance provider naming COUNTY, its officers, employees, agents and volunteers as additional insureds and waiving subrogation. For the Workers Compensation insurance coverage, CONTRACTOR shall file with the evidence of coverage an endorsement waiving subrogation.

(3) The certificate or other evidence of coverage shall provide that if the same policy applies to activities of CONTRACTOR not covered by this Agreement, then the limits in the applicable certificate relating to the additional insured coverage of COUNTY shall pertain only to liability for activities of CONTRACTOR under this Agreement, and that the insurance provided is primary coverage to COUNTY with respect to any insurance or self-insurance programs maintained by COUNTY. The additional insured endorsements for the general liability coverage shall use Insurance Services Office (ISO) Form No. CG 20 09 11 85 or CG 20

10 11 85, or equivalent, including (if used together) CG 2010 10 01 and CG 2037 10 01; but shall not use the following forms: CG 20 10 10 93 or 03 94.

(4) Upon request by COUNTY's Risk Manager, CONTRACTOR shall provide or arrange for the insurer to provide within thirty (30) days of the request, certified copies of the actual insurance policies or relevant portions thereof.

(d) Deductibles/Retentions. Any deductibles or self-insured retentions shall be declared to, and be subject to approval by, COUNTY's Risk Manager, which approval shall not be denied unless the COUNTY's Risk Manager determines that the deductibles or self-insured retentions are unreasonably large in relation to compensation payable under this Agreement and the risks of liability associated with the activities required of CONTRACTOR by this Agreement. At the option of and upon request by COUNTY's Risk Manager if the Risk Manager determines that such deductibles or retentions are unreasonably high, either the insurer shall reduce or eliminate such deductibles or self-insurance retentions as respects COUNTY, its officers, employees, agents and volunteers or CONTRACTOR shall procure a bond guaranteeing payment of losses and related investigations, claims administration and defense expenses.

(e) Inclusion in Subcontracts. CONTRACTOR agrees to require all subcontractors and any other entity or person who is involved in providing services under this Agreement to comply with the Workers Compensation and General Liability insurance requirements set forth in this Paragraph 7.

8. Hold Harmless/Defense/Indemnification.

(a) In General. To the full extent permitted by law, CONTRACTOR shall defend at its own expense, indemnify, and hold harmless COUNTY and its officers, agents, employees, volunteers, or representatives from and against any and all liability, claims, actions, proceedings, losses, injuries, damages or expenses of every name, kind, and description, including litigation costs and reasonable attorney's fees incurred in connection therewith, brought for or on account of personal injury (including death) or damage to property, arising from all acts or omissions of CONTRACTOR or its officers, agents, employees, volunteers, contractors and subcontractors in rendering services under this Agreement, excluding, however, such liability, claims, actions, losses, injuries, damages or expenses arising from the sole negligence or willful acts of COUNTY or its officers, agents, employees, volunteers, representatives, or other contractors or their subcontractors. Each party shall notify the other party immediately in writing of any claim or damage related to activities performed under this Agreement. The parties shall cooperate with each other in the investigation and disposition of any claim arising out of the activities under this Agreement, providing that nothing shall require either party to disclose any documents, records or communications that are protected under peer review privilege, attorney-client privilege, or attorney work product privilege.

(b) Employee Character and Fitness. CONTRACTOR accepts responsibility for determining and approving the character and fitness of its employees (including volunteers, agents or representatives) to provide the services required of CONTRACTOR under this Agreement, including completion of a satisfactory criminal/background check and period rechecks to the extent permitted by law. Notwithstanding anything to the contrary in this Paragraph, CONTRACTOR shall hold COUNTY and its officers, agents and employees harmless from any liability for injuries or damages resulting from a breach of this provision or CONTRACTOR's actions in this regard.

9. **Termination for Cause.** If either party shall fail to fulfill in a timely and proper manner that party's obligations under this Agreement or otherwise breach this Agreement and fail to cure such failure or breach within ten (10) days of receipt of written notice from the other party describing the nature of the breach, the non-defaulting party may, in addition to any other remedies it may have, terminate this Agreement by giving five (5) days prior written notice to the defaulting party in the manner set forth in Paragraph 13 (Notices). The Napa County Purchasing Agent or designee pursuant to Napa County Code section 2.36.050 is hereby authorized to make all decisions and take all actions required under this Paragraph to terminate this Agreement on behalf of COUNTY for cause.

10. **Other Termination.** This Agreement may be terminated by either party for any reason and at any time by giving prior written notice of such termination to the other party specifying the effective date thereof at least thirty (30) days prior to the effective date, as long as the date the notice is given and the effective date of the termination are in the same fiscal year; provided, however, that no such termination may be effected by COUNTY unless an opportunity for consultation is provided prior to the effective date of the termination. COUNTY hereby authorizes the Napa County Executive Officer to make all decisions and take all actions required under this Paragraph to terminate this Agreement on behalf of COUNTY for the convenience of COUNTY.

11. **Disposition of, Title to and Payment for Work Upon Expiration or Termination.**

(a) Upon expiration of this Agreement or termination for cause under Paragraph 9 or termination for convenience of a party under Paragraph 10:

(1) To the extent CONTRACTOR has provided services through Software and Applications materials licensed to COUNTY, COUNTY shall promptly return the Software and Application materials to CONTRACTOR. In addition, to the extent CONTRACTOR maintains COUNTY data on those portions of digital software hosted by CONTRACTOR and not controlled by COUNTY ("County data"), CONTRACTOR shall promptly return County data to COUNTY Information Technology Department (ITS) in a format designated by ITS and shall subsequently purge County data from CONTRACTOR's systems upon confirmation from COUNTY that the copy of the data provided to COUNTY is comprehensive of the data previously hosted by CONTRACTOR.

(2) All finished or unfinished documents and other materials, if any, and all rights therein shall become, at the option of COUNTY, the property of and shall be promptly returned to COUNTY, although CONTRACTOR may retain a copy of such work for its personal records only, except as otherwise provided under Paragraph 15 (Confidentiality) of this Agreement. Unless otherwise expressly provided in this Agreement, any copyrightable or patentable work created by CONTRACTOR under this Agreement shall be deemed a "work made for hire" for purposes of copyright or patent law and only COUNTY shall be entitled to claim or apply for the copyright or patent thereof. Notwithstanding the foregoing and to the extent services under this Agreement involve the development of previously patented inventions or copyrighted software, then upon expiration or termination of this Agreement, title to, ownership of, and all applicable patents, copyrights and trade secrets in the products developed or improved under this Agreement, shall remain with CONTRACTOR or any other person or entity if such person previously owned or held such patents, copyrights, and trade secrets, and such persons shall retain complete rights to market such product; provided, however, that

COUNTY shall receive, at no additional cost, a perpetual license to use such products for its own use or the use of any consortium or joint powers agency to which COUNTY is a party. If the product involves a source code, CONTRACTOR shall either provide a copy of the source code to COUNTY or shall place the source code in an escrow account, at CONTRACTOR's expense, from which the source code may be withdrawn and used by COUNTY for the sole purpose of maintaining and updating the system dependent upon such code when such use is necessary to prevent loss of service to COUNTY.

(b) CONTRACTOR shall be entitled to receive compensation for any satisfactory work completed prior to expiration or receipt of the notice of termination or commenced prior to receipt of the notice of termination and completed satisfactorily prior to the effective date of the termination; except that CONTRACTOR shall not be relieved of liability to COUNTY for damages sustained by COUNTY by virtue of any breach of the Agreement by CONTRACTOR whether or not the Agreement expired or otherwise terminated, and COUNTY may withhold any payments not yet made to CONTRACTOR for purpose of setoff until such time as the exact amount of damages due to COUNTY from CONTRACTOR is determined.

12. **No Waiver.** The waiver by either party of any breach or violation of any requirement of this Agreement shall not be deemed to be a waiver of any such breach in the future, or of the breach of any other requirement of this Agreement.

13. **Notices.** All notices required or authorized by this Agreement shall be in writing and shall be delivered in person or by deposit in the United States mail, by certified mail, postage prepaid, return receipt requested. Any mailed notice, demand, request, consent, approval or communication that either party desires to give the other party shall be addressed to the other party at the address set forth below. Either party may change its address by notifying the other party of the change of address. Any notice sent by mail in the manner prescribed by this paragraph shall be deemed to have been received on the date noted on the return receipt or five days following the date of deposit, whichever is earlier.

COUNTY

CONTRACTOR

[Name]

[Name]

[Address]

[Address]

14. **Compliance with COUNTY Policies on Waste, Harassment, Drug/Alcohol-Free Workplace, and Computer Use.** CONTRACTOR hereby agrees to comply, and require its employees and subcontractors to comply, with the following policies, copies of which are on file with the Clerk of the Board of Supervisors and incorporated by reference herein. CONTRACTOR also agrees that it shall not engage in any activities, or permit its officers, agents and employees to do so, during the performance of any of the services required under this Agreement, which would interfere with compliance or induce violation of these policies by COUNTY employees or contractors.

(a) Waste Source Reduction and Recycled Product Content Procurement Policy adopted by resolution of the Board of Supervisors on March 26, 1991.

(b) County of Napa "Policy for Maintaining a Harassment and Discrimination Free Work Environment" revised effective August 23, 2005.

(c) County of Napa Drug and Alcohol Policy adopted by resolution of the Board of Supervisors on June 25, 1991.

(d) Napa County Information Technology Use and Security Policy adopted by resolution of the Board of Supervisors on April 17, 2001. To this end, all employees and subcontractors of CONTRACTOR whose performance of services under this Agreement requires access to any portion of the COUNTY computer network shall sign and have on file with COUNTY's ITS Department prior to receiving such access the certification attached to said Policy.

(e) Napa County Workplace Violence Policy, adopted by the BOS effective May 23, 1995 and subsequently revised effective November 2, 2004, which is located in the County of Napa Policy Manual Part I, Section 37U.

15. Confidentiality.

(a) Maintenance of Confidential Information. Confidential information is defined as all information disclosed to CONTRACTOR which relates to COUNTY's past, present, and future activities, as well as activities under this Agreement. CONTRACTOR shall hold all such information as CONTRACTOR may receive, if any, in trust and confidence, except with the prior written approval of COUNTY, expressed through its _____ [INSERT POSITION TITLE]. Upon cancellation or expiration of this Agreement, CONTRACTOR shall return to COUNTY all written and descriptive matter which contains any such confidential information, except that CONTRACTOR may retain for its files a copy of CONTRACTOR's work product if such product has been made available to the public by COUNTY.

(b) Protection of Personally Identifiable Information and Protected Health Information.

(1) To the extent CONTRACTOR is provided, creates, or has access to, Protected Health Information (PHI), Personally Identifiable Information (PII), or any other legally protected confidential information or data in any form or matter (collectively referred to as "Protected Information"), CONTRACTOR shall adhere to all federal, state and local laws, rules and regulations protecting the privacy of such information. CONTRACTOR shall adhere to all existing and future federal, state and local laws, rules and regulations regarding the privacy and security of Protected Information, including, but not limited to, laws and regulations requiring data encryption or policy and awareness programs for the protection of COUNTY Protected Information provided to, or accessed or created by, CONTRACTOR.

(2) CONTRACTOR shall ensure that its staff is trained to its privacy and security policies and procedures and that appropriate physical, technological and administrative safeguards are in place to protect the confidentiality of COUNTY's Protected Information, including, but not limited to, PHI and PII. Upon request, CONTRACTOR shall make available to COUNTY its policies and procedures, staff training records and other documentation of compliance with this Paragraph 15.

(3) CONTRACTOR agrees to notify COUNTY immediately of any unauthorized access to or disclosure of Protected Information that it becomes aware of.

(4) CONTRACTOR will be responsible for all costs associated with CONTRACTOR's breach of the security and privacy of COUNTY's Protected Information, or its unauthorized access to or disclosure of COUNTY's Protected Information, including, but not limited to, mitigation of the breach, cost to the County of any monetary sanctions resulting from

breach, notification of individuals affected by the breach, and any other action required by federal, state, or local laws, rules or regulations applicable at the time of the breach.

16. No Assignments or Subcontracts.

(a) In General. A consideration of this Agreement is the personal reputation of CONTRACTOR; therefore, CONTRACTOR shall not assign any interest in this Agreement or subcontract any of the services CONTRACTOR is to perform hereunder without the prior written consent of COUNTY, which shall not be unreasonably withheld. The inability of the assignee to provide personnel equivalent in experience, expertise, and numbers to those provided by CONTRACTOR, or to perform any of the remaining services required under this Agreement within the same time frame required of CONTRACTOR shall be deemed to be reasonable grounds for COUNTY to withhold its consent to assignment. For purposes of this subparagraph, the consent of COUNTY may be given by the _____

(b) Effect of Change in Status. If CONTRACTOR changes its status during the term of this Agreement from or to that of a corporation, limited liability partnership, limited liability company, general partnership, or sole proprietorship, such change in organizational status shall be viewed as an attempted assignment of this Agreement by CONTRACTOR. Failure of CONTRACTOR to obtain approval of such assignment under this Paragraph shall be viewed as a material breach of this Agreement.

17. Amendment/Modification. Except as specifically provided herein, this Agreement may be modified or amended only in writing and with the prior written consent of both parties. Failure of CONTRACTOR to secure such authorization in writing in advance of performing any extra or changed work shall constitute a waiver of any and all rights to adjustment in the contract price or contract time and no compensation shall be paid for such extra work.

18. Interpretation; Venue.

(a) Interpretation. The headings used herein are for reference only. The terms of the Agreement are set out in the text under the headings. This Agreement shall be governed by the laws of the State of California without regard to the choice of law or conflicts.

(b) Venue. This Agreement is made in Napa County, California. The venue for any legal action in state court filed by either party to this Agreement for the purpose of interpreting or enforcing any provision of this Agreement shall be in the Superior Court of California, County of Napa, a unified court. The venue for any legal action in federal court filed by either party to this Agreement for the purpose of interpreting or enforcing any provision of this Agreement lying within the jurisdiction of the federal courts shall be the Northern District of California. The appropriate venue for arbitration, mediation or similar legal proceedings under this Agreement shall be Napa County, California; however, nothing in this sentence shall obligate either party to submit to mediation or arbitration any dispute arising under this Agreement.

19. Compliance with Laws. CONTRACTOR shall observe and comply with all applicable Federal, State and local laws, ordinances, and codes. Such laws shall include, but not be limited to, the following, except where prohibited by law:

(a) Non-Discrimination. During the performance of this Agreement, CONTRACTOR and its subcontractors shall not deny the benefits thereof to any person on the

basis of race, color, ancestry, national origin or ethnic group identification, religion or religious creed, gender or self-identified gender, sexual orientation, marital status, age, mental disability, physical disability, genetic information, or medical condition (including cancer, HIV and AIDS), or political affiliation or belief, nor shall they discriminate unlawfully against any employee or applicant for employment because of race, color, ancestry, national origin or ethnic group identification, religion or religious creed, gender or self-identified gender, sexual orientation, marital status, age (over 40), mental disability, physical disability, genetic information, or medical condition (including cancer, HIV and AIDS), use of family care leave, or political affiliation or belief. CONTRACTOR shall ensure that the evaluation and treatment of employees and applicants for employment are free of such discrimination or harassment. In addition to the foregoing general obligations, CONTRACTOR shall comply with the provisions of the Fair Employment and Housing Act (Government Code section 12900, et seq.), the regulations promulgated thereunder (Title 2, California Code of Regulations, section 7285.0, et seq.), the provisions of Article 9.5, Chapter 1, Part 1, Division 3, Title 2 of the Government Code (sections 11135-11139.5) and any state or local regulations adopted to implement any of the foregoing, as such statutes and regulations may be amended from time to time. To the extent this Agreement subcontracts to CONTRACTOR services or works required of COUNTY by the State of California pursuant to agreement between COUNTY and the State, the applicable regulations of the Fair Employment and Housing Commission implementing Government Code section 12990 (a) through (f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations are expressly incorporated into this Agreement by reference and made a part hereof as if set forth in full, and CONTRACTOR and any of its subcontractors shall give written notice of their obligations thereunder to labor organizations with which they have collective bargaining or other agreements.

(b) Documentation of Right to Work. CONTRACTOR agrees to abide by the requirements of the Immigration and Control Reform Act pertaining to assuring that all newly-hired employees of CONTRACTOR performing any services under this Agreement have a legal right to work in the United States of America, that all required documentation of such right to work is inspected, and that INS Form 1-9 (as it may be amended from time to time) is completed and on file for each employee. CONTRACTOR shall make the required documentation available upon request to COUNTY for inspection.

(c) Inclusion in Subcontracts. To the extent any of the services required of CONTRACTOR under this Agreement are subcontracted to a third party, CONTRACTOR shall include all of the provisions of this Paragraph 19 in all such subcontracts as obligations of the subcontractor.

(d) Prevailing Wages. **RESERVED**

20. **Taxes.** CONTRACTOR agrees to file federal and state tax returns or applicable withholding documents and to pay all applicable taxes or make all required withholdings on amounts paid pursuant to this Agreement and shall be solely liable and responsible to make such withholdings and/or pay such taxes and other obligations including, without limitation, state and federal income and FICA taxes. CONTRACTOR agrees to indemnify and hold COUNTY harmless from any liability it may incur to the United States or the State of California as a consequence of CONTRACTOR's failure to pay or withhold, when due, all such taxes and obligations. In the event that COUNTY is audited for compliance regarding any withholding or

other applicable taxes or amounts, CONTRACTOR agrees to furnish COUNTY with proof of payment of taxes or withholdings on those earnings.

21. **Access to Records/Retention.** COUNTY, any federal or state grantor agency funding all or part of the compensation payable hereunder, the State Controller, the Comptroller General of the United States, or the duly authorized representatives of any of the above, shall have access to any books, documents, papers and records of CONTRACTOR which are directly pertinent to the subject matter of this Agreement for the purpose of making audit, examination, excerpts and transcriptions. Except where longer retention is required by any federal or state law, CONTRACTOR shall maintain all required records for at least seven (7) years after COUNTY makes final payment for any of the work authorized hereunder and all pending matters are closed, whichever is later.

22. **Authority to Contract.** CONTRACTOR and COUNTY each warrant hereby that they are legally permitted and otherwise have the authority to enter into and perform this Agreement.

23. **Conflict of Interest.**

(a) Covenant of No Undisclosed Conflict. The parties to the Agreement acknowledge that they are aware of the provisions of Government Code section 1090, et seq., and section 87100, et seq., relating to conflict of interest of public officers and employees. CONTRACTOR hereby covenants that it presently has no interest not disclosed to COUNTY and shall not acquire any interest, direct or indirect, which would conflict in any material manner or degree with the performance of its services or confidentiality obligation hereunder, except as such as COUNTY may consent to in writing prior to the acquisition by CONTRACTOR of such conflict. CONTRACTOR further warrants that it is unaware of any financial or economic interest of any public officer or employee of County relating to this Agreement. CONTRACTOR agrees that if such financial interest does exist at the inception of this Agreement, COUNTY may terminate this Agreement immediately upon giving written notice without further obligation by COUNTY to CONTRACTOR under this Agreement.

(b) Statements of Economic Interest. CONTRACTOR acknowledges and understands that COUNTY has developed and approved a Conflict of Interest Code as required by state law which requires CONTRACTOR to file with the Elections Division of the Napa County Assessor-Clerk Recorder "assuming office", "annual", and "leaving office" Statements of Economic Interest as a "consultant", as defined in section 18701(a)(2) of Title 2 of the California Code of Regulations, unless it has been determined in writing that CONTRACTOR, although holding a "designated" position as a consultant, has been hired to perform a range of duties so limited in scope as to not be required to fully comply with such disclosure obligation.

By executing this Agreement, the _____ hereby determines in writing on behalf of COUNTY that CONTRACTOR has been hired to perform a range of duties so limited in scope as to not be required to comply with such disclosure obligation.

24. **Third Party Beneficiaries.** Nothing contained in this Agreement shall be construed to create any rights in third parties and the parties do not intend to create such rights.

25. **Attorney's Fees.** In the event that either party commences legal action of any kind or character to either enforce the provisions of this Agreement or to obtain damages for breach thereof, the prevailing party in such litigation shall be entitled to all costs and reasonable attorney's fees incurred in connection with such action.

26. **Severability.** If any provision of this Agreement, or any portion thereof, is found by any court of competent jurisdiction to be unenforceable or invalid for any reason, such provision shall be severable and shall not in any way impair the enforceability of any other provision of this Agreement.

27. **Entirety of Contract.** This Agreement, including any documents expressly incorporated by reference whether or not attached hereto, constitutes the entire agreement between the parties relating to the subject of this Agreement and supersedes all previous agreements, promises, representations, understandings and negotiations, whether written or oral, among the parties with respect to the subject matter hereof.

28. **Special Terms and Conditions. [RESERVED]**

IN WITNESS WHEREOF, this Agreement was executed by the parties hereto as of the date first above written.

[TYPE IN LEGAL NAME OF CONTRACTOR; IF THE CONTRACTOR USES A FICTITIOUS BUSINESS NAME AS WELL, ADD "doing business as _____" FOLLOWED BY THE FICTITIOUS BUSINESS NAME]

By _____
[NAME], [Title]

[IF CONTRACTOR IS A CORPORATION, TWO SIGNATURES ARE NEEDED FROM EACH OF THESE 2 GROUPS: 1. PRESIDENT, OR ANY VICE PRESIDENT and 2. SECRETARY, ASSISTANT SECRETARY, CHIEF FINANCIAL OFFICER OR ASSISTANT TREASURER. IF ONE PERSON CONCURRENTLY HOLDS OFFICES FROM EACH GROUP, ONE SIGNATURE IS ACCEPTABLE BUT LIST BOTH TITLES OF OFFICE; OR OBTAIN EVIDENCE OF AUTHORIZATION FROM THE CORPORATION FOR A SINGLE PERSON OR POSITION TO SIGN THE CORPORATION'S CONTRACTS.]

By _____
[NAME], [Title]

"CONTRACTOR"

NAPA COUNTY, a political subdivision of
the State of California, acting by and through its Purchasing
Agent

By _____
Leanne Link, Napa County Executive/
Purchasing Agent

"COUNTY"

<p>APPROVED AS TO FORM Office of County Counsel</p> <p>By: _____</p> <p>Date: _____</p>
--

EXHIBIT "A"

SCOPE OF WORK

CONTRACTOR shall provide COUNTY with the following services:

I. DESCRIPTION OF SERVICES

II. COMPLIANCE WITH GOVERNMENT CODE SECTION 7550. As required by Government Code section 7550, each document or report prepared by CONTRACTOR for or under the direction of COUNTY pursuant to this Agreement shall contain the numbers and dollar amounts of the Agreement and all subcontracts under the Agreement relating to the preparation of the document or written report. The Agreement and subcontract dollar amounts shall be contained in a separate section of the document or written report. If multiple documents or written reports are the subject of the Agreement or subcontracts, the disclosure section may also contain a statement indicating that the total contract amount represents compensation for multiple documents or written reports.

EXHIBIT "B"

COMPENSATION AND EXPENSE REIMBURSEMENT

EXHIBIT "C"

[Company Name]
 [Street Address]
 [City, ST ZIP Code]
 Phone [phone] Fax [fax]

**SAMPLE
 INVOICE**

INVOICE # _____
 DATE: _____

TO:
 [Customer Name]
 [Street Address]
 [City, ST ZIP Code]

FOR:
 [Project or service description]
 Contract No.

Date	DESCRIPTION	Employee & Title	HOURS	RATE	AMOUNT
1/1/15	Site visit/investigation 123 Main St, Napa. Conf w/Owner AutoCad, Bldg X, 3 rd Floor	Smith, Engineer	1.5	\$165.00	247.50
1/1/15		Smith, Engineer	1	\$165.00	165.00
1/1/15		Smith, Engineer	4	\$165.00	660.00
1/2/15	Rev plans, phone conf w/Owner	Jones, PE	1.75	\$195.00	341.25
1/2/15	AutoCad Bldg X, 3 rd Floor Conf w/Owner re 2 nd Floor	Smith, Engineer	4	\$165.00	660.00
1/2/15		Smith, Engineer	.5	\$165.00	82.50
1/3/15	Mtg w/Jones re 2 nd Floor; conf w/Owner Mtg w/Smith; conf w/Owner re 2 nd Floor	Smith, Engineer	1.5	\$165.00	247.50
1/3/15		Jones, PE	1.5	\$195.00	292.50
TOTAL					