City of St. Helena
St. Helena Asset Planning Engagement (SHAPE) Committee Meeting

Vintage Hall Board Room - Second Floor
465 Main Street, St. Helena, CA 94574
Wednesday, November 29, 2017 @ 6:30 PM

***Please note this meeting will be broadcast on Public Access Channel 27 instead of 28.**

Page

1. CALL TO ORDER
2. ROLL CALL
   Chair Mark Smithers, Vice Chair Anna Chouteau, Doug Barr, Oliver Caldwell, Pat Dell, Jeff Feeney, Stan Knight, Tim Nieman, Joshua Parke, Susanne Salvestrin and Glenn Smith
3. PUBLIC COMMENT PERTAINING TO THE SHAPE COMMITTEE:
   Please observe the three minute limit.
4. CONSENT ITEMS
   - 4.1. Approval of SHAPE Committee Minutes of November 1, 2017 — 3

     CEQA Determination: Not a CEQA project
     Prepared By: Allison Mattioli, Management Analyst
     SHAPE Committee Minutes of November 1, 2017
   - 4.2. Approval of SHAPE Committee Minutes of November 16, 2017 — 5

     CEQA Determination: Not a CEQA project
     Prepared By: Allison Mattioli, Management Analyst
     SHAPE Committee Minutes of November 16, 2017
5. NEW BUSINESS
   - 5.1. Facilities Tour Debrief
   - 5.2. City of St. Helena Budget and Financial Overview (April Mitts, Finance Director) — 7 - 34
     Presentation
   - 5.3. Review Meeting Calendar
6. ADJOURNMENT
   The next SHAPE Committee meeting date, time and location is to be

determined.

This agenda was posted at City Hall, 1480 Main Street, and at Vintage Hall, 465 Main Street, St. Helena, California on November 21, 2017.

Allison Mattioli, Management Analyst

In Compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please call the City Clerk's Office (707) 967-2792. Notification 72 hours prior to the meeting as required by Section 202 of the Americans with Disabilities Act will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

MINUTES OF THE SPECIAL MEETING OF THE
ST. HELENA ASSET PLANNING ENGAGEMENT (SHAPE) COMMITTEE

HALL CONFERENCE ROOM | 1480 MAIN STREET, ST. HELENA, CA 94574

WEDNESDAY, NOVEMBER 1, 2017, 6:03 PM

1. CALL TO ORDER
The meeting was called to order at 6:03 PM by Chair Smithers.

2. ROLL CALL
Present: Committee Members: Chair Mark Smithers, Vice Chair Anna Chouteau, Doug Barr, Oliver Caldwell, Pat Dell, Jeff Feeney, Stan Knight, Tim Nieman, Joshua Parke, Susanne Salvestrin, Glenn Smith
Staff: Mark Prestwich, Allison Mattioli, Erica Ahmann Smithies, April Mitts, Cindy Tzafopoulos
Absent: None

3. PUBLIC COMMENT PERTAINING TO THE SHAPE COMMITTEE
There was no public comment.

4. NEW BUSINESS
4.1 Welcome and Introductions
Chair Smithers welcomed the members, who each introduced themselves, and spoke to their interest in becoming a member of the SHAPE Committee.

4.2 Legal Issues/Communication
City Clerk Tzafopoulos gave the Committee an overview of the Brown Act.

4.3 Logistics
Chair Smithers asked the Committee to give thought to the regular meeting schedule of the SHAPE Committee, and inquired as to any potential scheduling conflicts.

4.4 Overview of the Committee
City Manager Prestwich and Councilmembers Koberstein and Dohring gave an overview of the Committee's role and purpose, and the Council's direction as it pertained to the Committee.

4.5 Selection of Vice Chair
Committee Member Nieman nominated himself for the role of Vice Chair. Committee Member Salvestrin nominated Committee Member Chouteau for the role, which was seconded by Committee Member Barr. Committee Member Chouteau was unanimously appointed as Vice Chair.

5. ADJOURNMENT
Chair Smithers adjourned the meeting at 7:19 PM.

SUBMITTED BY: Allison Mattioli, Staff Liaison

MINUTES OF THE SPECIAL MEETING OF THE
ST. HELENA ASSET PLANNING ENGAGEMENT (SHAPE) COMMITTEE

CITY HALL BREAKROOM | 1480 MAIN STREET, ST. HELENA, CA 94574

THURSDAY, NOVEMBER 16, 2017, 9:02 PM

1. CALL TO ORDER
The meeting was called to order at 9:02 AM by Vice Chair Chouteau.

2. ROLL CALL
Present: Committee Members: Doug Barr, Oliver Caldwell, Anna Chouteau, Pat Dell, Jeff Feeney, Stan Knight, Tim Nieman, Joshua Parke, Susanne Salvestrin, Glenn Smith
Staff: Mark Prestwich, Allison Mattioli, Carlos Uribe, Erica Ahmann Smithies
Absent: Chair Smithers

3. PUBLIC COMMENT PERTAINING TO THE SHAPE COMMITTEE
There was no public comment.

4. NEW BUSINESS
4.1 Facility Tours
Maintenance Manager Carlos Uribe led the Committee on an informational tour of the following locations:
- City Hall, 1480 Main Street
- Police Department, 1480 Main Street
- Fire Station, 1500 Main Street
- Scout Hall, 1515 Railroad Avenue (Corrected from 1530 Railroad Avenue as agendized)
- Teen Center, 1574 Railroad Avenue
- Office Building, 1572 Railroad Avenue
- St. Helena Public Library, 1492 Library Lane
- Carnegie Building, 1360 Oak Avenue
- Head Start Building, 360 Crane Avenue
- Fire Station 2, 1025 Dowdell Lane
- Corporation Yard, 1405 Charter Oak Avenue
- Signorelli Barn, 933 Signorelli Circle

5. ADJOURNMENT
Committee Member Barr made a motion to adjourn the meeting, seconded by Committee Member Nieman. The meeting was adjourned at 12:49 PM.

SUBMITTED BY: Allison Mattioli, Staff Liaison

SHAPE Committee Financial Overview

By: April Mitts, Finance Director

Government Finance

Budget

A Primer on California City Revenues

- Restricted vs. Unrestricted Revenues
- Sales Tax – 8.25%
  - St. Helena – 1% Sales Tax
  - St. Helena - .5% Use Tax

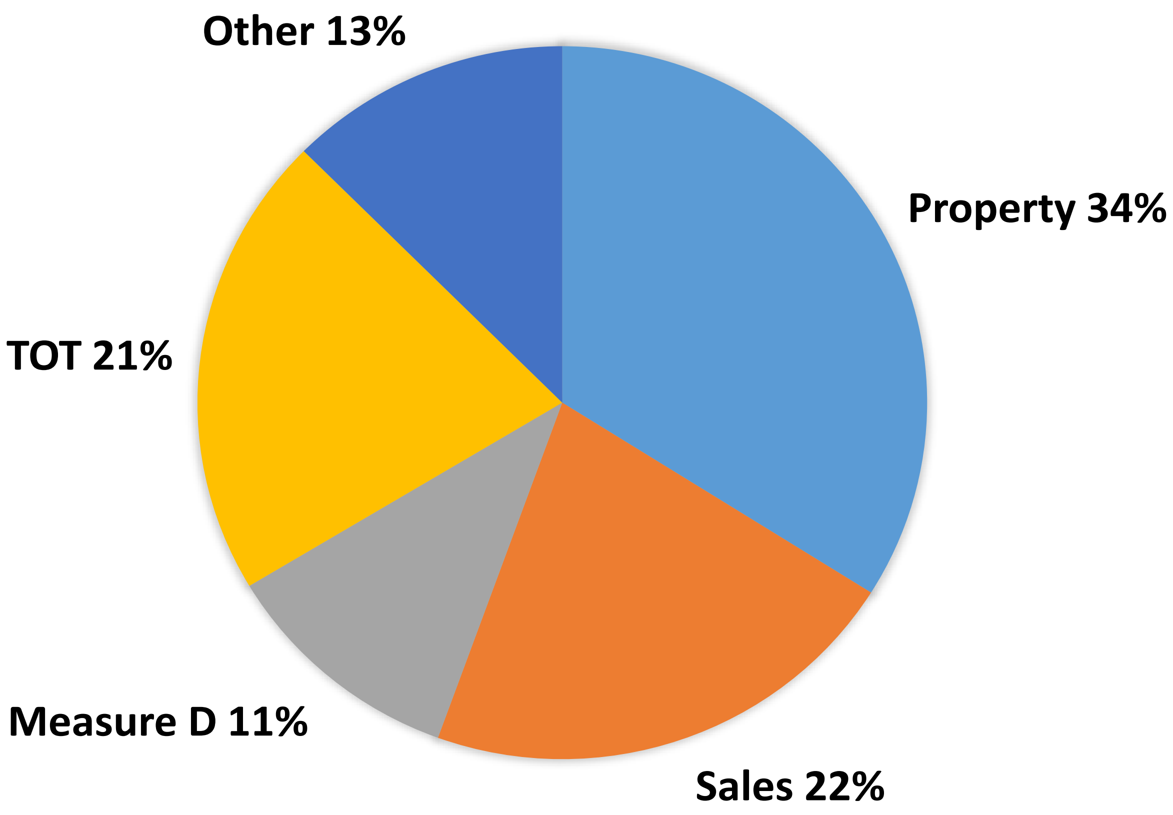
Comprehensive Annual Financial Report (CAFR)

- Governmental vs. Enterprise Activities

General Fund - Revenue

- General Fund Revenue Categories:
  - Property Tax
  - Sales Tax
  - Transient Occupancy Tax (TOT)
  - Other Taxes
  - Licenses and Permits
  - Fines & Forfeits
  - Intergovermental
  - Interest & Rents
  - Charges for Services and Misc.

FY 18 - General Fund Revenues - $13,338,519



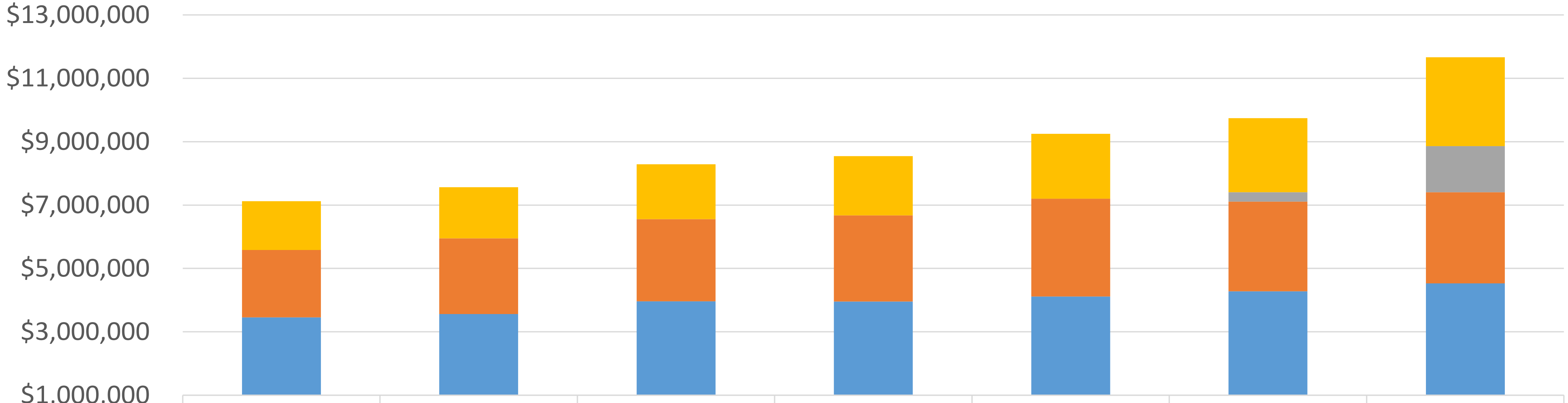
FY 18 General Fund – Revenues
Revenue Assumptions

- Property Tax Increase – Initial 3% - updated 6.56%
- Sales Tax Increase – 1.9%
  - Measure D – $1.4
- Transient Occupancy Tax Increase – 1 %
  - Los Alcobas at 50% occupancy

Measure D

- General Tax – ½ cent
- Estimated Income FY 18 - $1.4 million
- No sunset

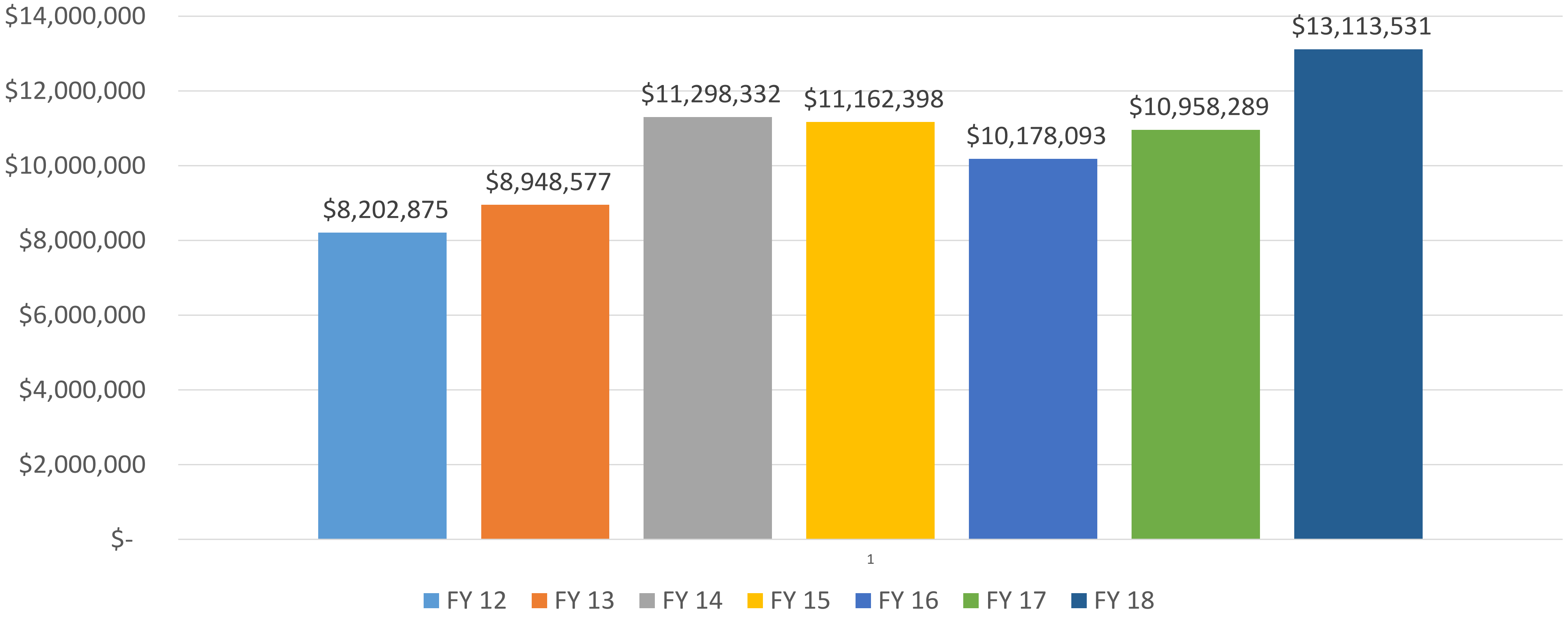
General Fund Revenue – Top 3



	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
TOT	$1,535,388	$1,612,399	$1,732,606	$1,870,180	$2,048,832	$2,336,237	$2,809,152
Measure D						$296,936	$1,449,937
Sales Tax	$2,130,561	$2,386,053	$2,594,935	$2,714,310	$3,090,695	$2,832,293	$2,880,466
Property Tax	$3,454,804	$3,561,933	$3,962,991	$3,958,142	$4,112,115	$4,277,441	$4,527,303

Property Tax Sales Tax Measure D TOT

General Fund – Expenses



Final Budget Summary – General Fund

Ending Fund Balance @ 6/30/2017	$ 4,220,087
Estimated Revenue @ 6/30/2018	$ 13,338,519
Estimated Expenses @ 6/30/2018	$ 13,113,531
Revenue Less Expenses	$ 24,988
Use of Reserves	-
Estimated Net Position	$ 4,445,075
Net Position Percentage	34%

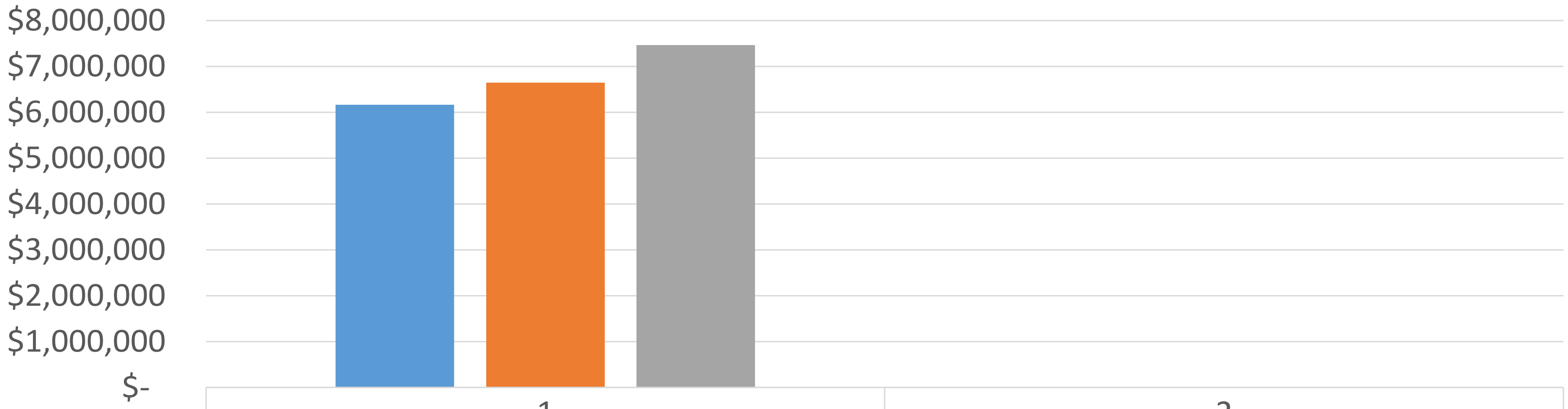
General Fund Fixed Costs

- Debt Service
- Labor Costs
- Maintenance of Effort (MOE)

Fixed Costs - Debt Service

- Adams Street Property - $344,127
  - Annual Payment of $77,192 through FY 2021
- Fire Station Property - $93,891
  - Final Payment of $93,891 in FY 18
- State Revolving Fund (SRF) - $5,567,184
  - Measure A – 4,300,000
  - Balance - $1,267,184

Fixed Costs – Labor – General Fund



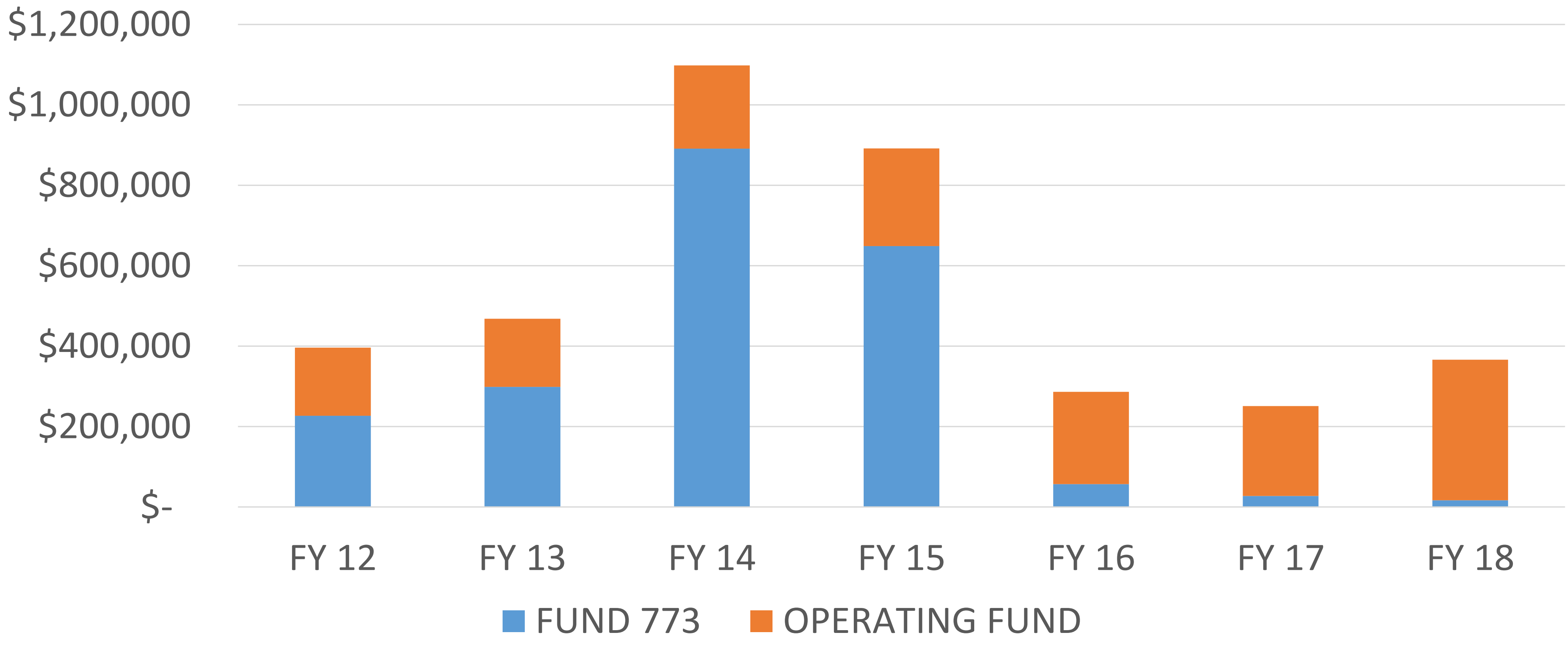
	1	2
FY 16	$6,168,085	61%
FY 17	$6,644,218	61%
FY 18	$7,464,662	57%

FY 16 FY 17 FY 18

Fixed Costs - Measure T

- ½% Sales Tax Countywide
  - St. Helena – $600,000 per year
- Maintenance of Effort (MOE) Required
  - $379,189 per year from the General Fund

Facility Maintenance



Long Range Financial Forecast (LRFF)

- Presented February 24, 2015
- Presents a potential range of financial outcomes
- Offers strategies for the Council to consider
- Offers a roadmap for financial stability
- Offers 2 revenue/expenditure scenarios
- Base - FY 2014-15 Adopted Operating Budget

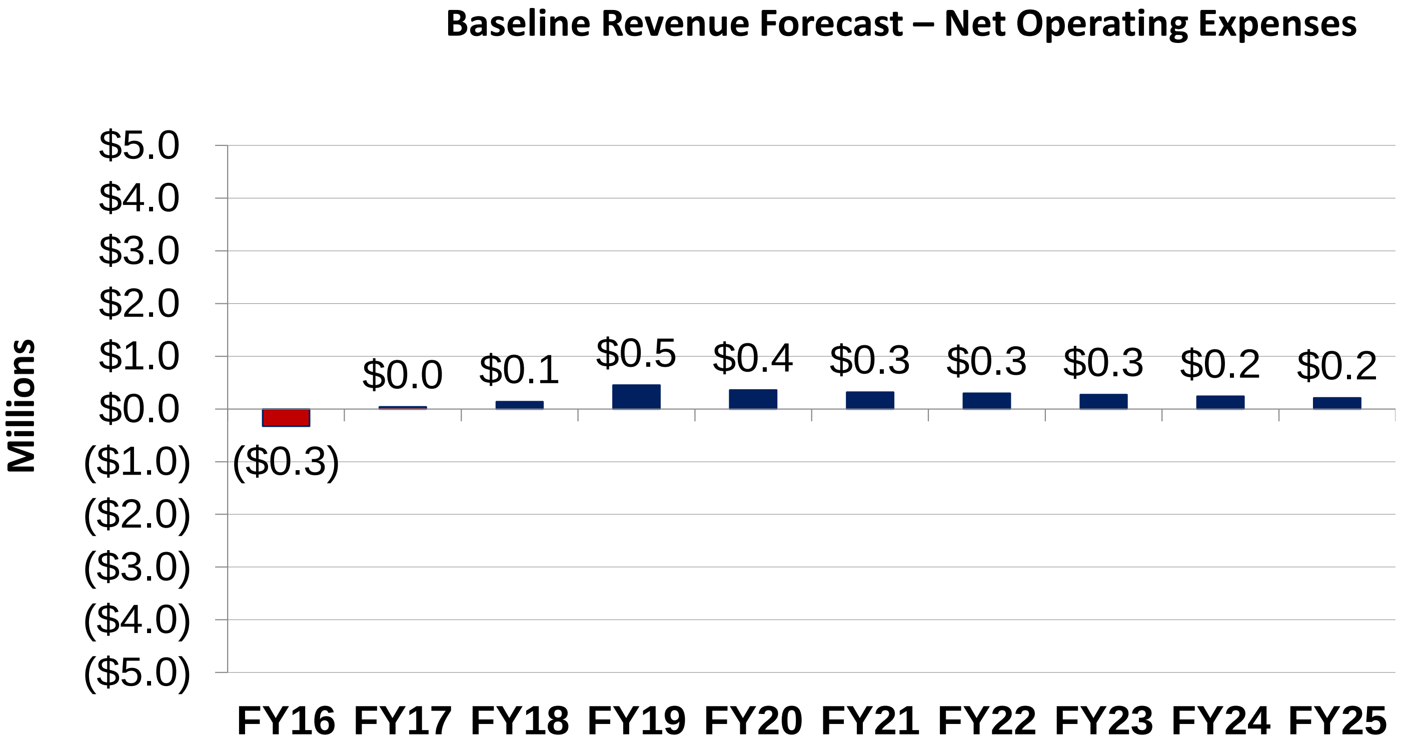
Long Range Financial Forecast (LRFF)

- Revenue Scenarios
  - Baseline – modest economic recovery
  - Baseline with a minor recession
- Expenditure Scenarios
  - Current levels with escalators
  - Current levels with escalators and modest level of asset recapitalization
    - $1.6 million per year

LRFF - Baseline Revenue Scenario

Key Assumptions:

1) Sales Tax - 3% per year
2) Property Tax - 3% per year
3) TOT - 4%
4) Salary - 2.5% per year (COLA)
5) Pension - (8%) to 22% first 5 years
6) Health Premiums - 6%
7) Other Benefits - 3.8%
8) Services, Supplies, & IT - 4.5%



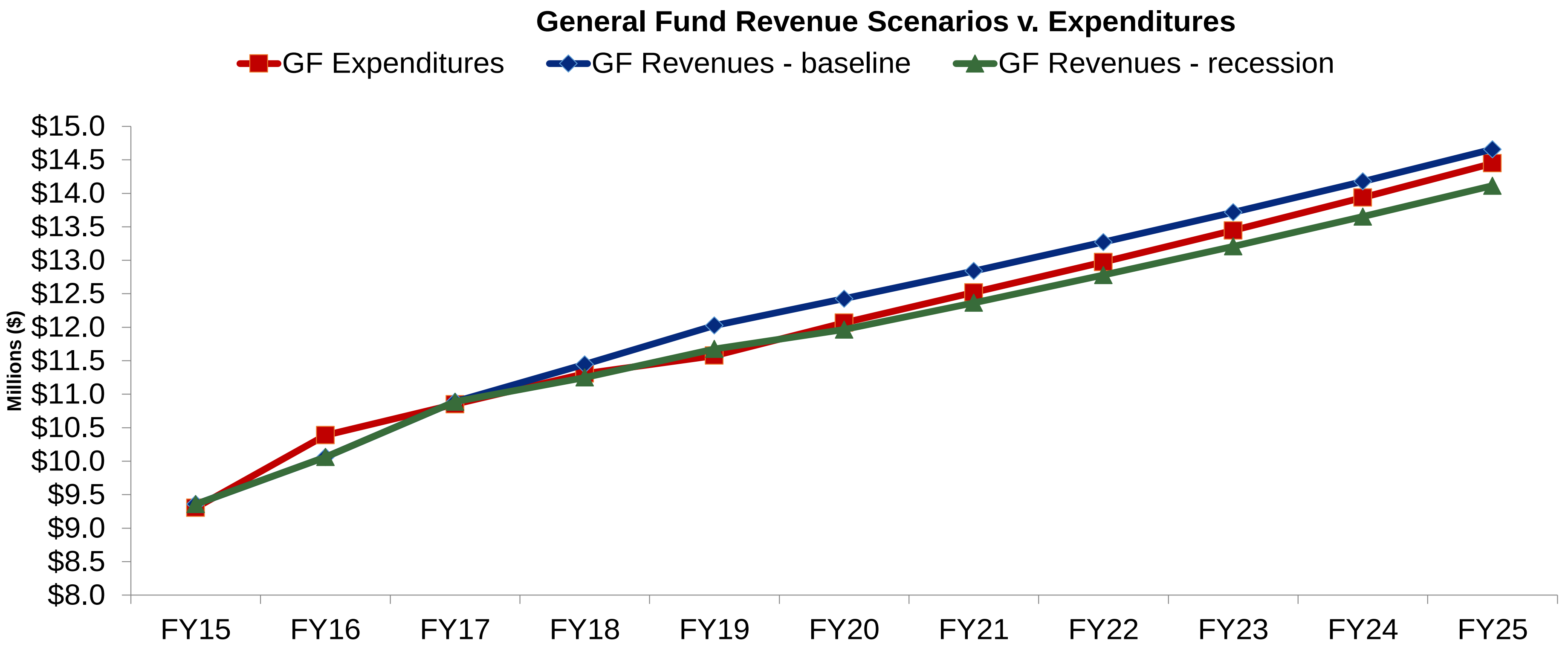
LRFF - Baseline with Minor Recession Scenario

<u>Key Assumptions:</u>

1) Sales Tax – (1%) - 3% per year
2) Property Tax – 2%-3% per year
3) TOT – 2% to 4% per year
4) Salary - 2.5% per year (COLA)
5) Pension - (8%) to 22% first 5 years
6) Health Premiums - 6%
7) Other Benefits - 3.8%
8) Services, Supplies, & IT - 4.5%

Baseline with a Minor Recession – Net Operating Revenue

LRFF - Summary

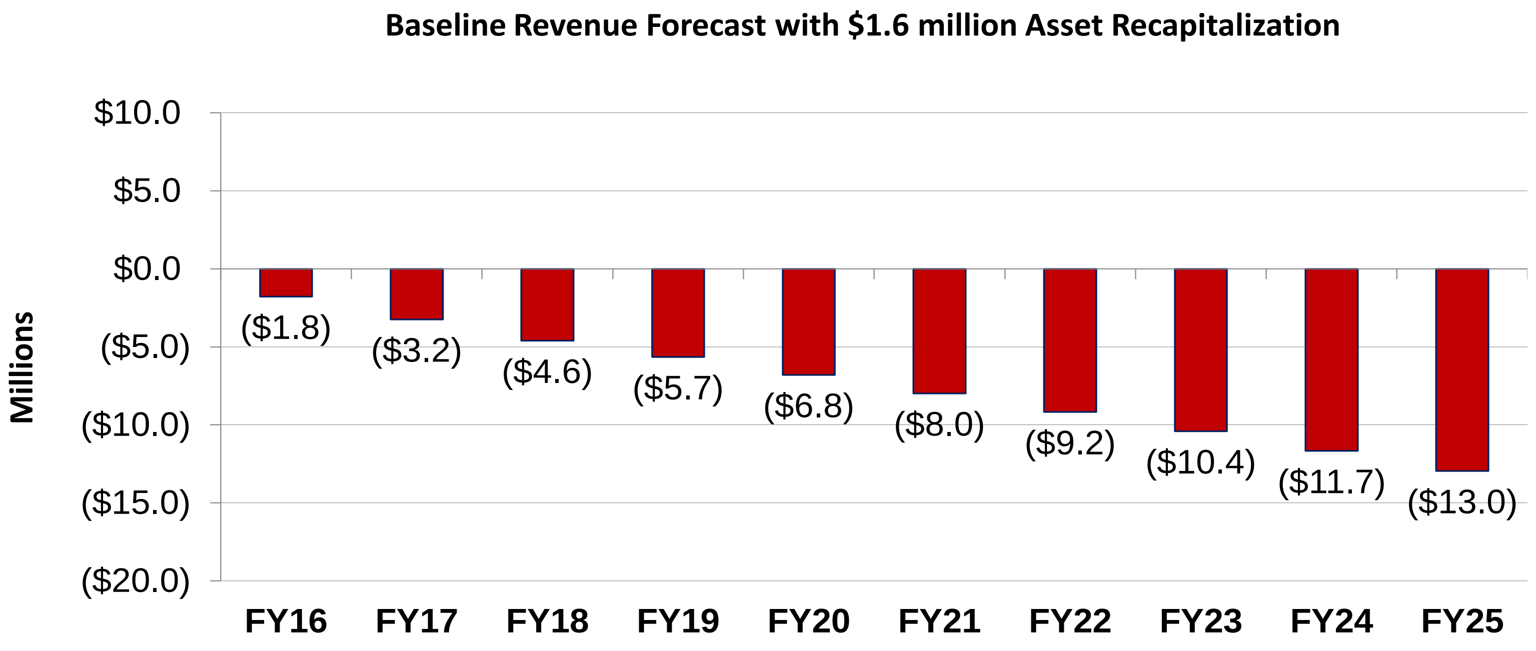


*does not include annual GF Reserve contribution

LRFF - Asset Recapitalization

- Annual Funding Example - $1.6 million per year
  - Buildings - $250,000
  - Parks - $50,000
  - Information Technology- $50,000
  - Streets -$1.25 million

LRFF - Asset Recapitalization



LRFF - Risks to the Forecast

- Volatile Economy
- Pension Costs
- Compensation Increases
- Health Care Premiums
- Asset Recapitalization
- Major New One-Time Expenses

LRFF - Summary of Findings

<u>Operating Revenues:</u>

- Baseline Forecast projects budget deficit beginning in FY 2015-16 with following years revenues slightly exceed expenditures
- Baseline with Minor Recession shows revenues equal expenditures

<u>Operating Costs:</u>

- Increase only by estimated percentages
- No increases in staff
- No additional programs or projects

LRFF - Summary of Findings

Assigned General Fund Reserve:

- Baseline Forecast projects reserve below 25% target
- Baseline with Minor Recession projects reserve well below 25% target at 14% = ($1.9M) deficit

Asset Recapitalization:

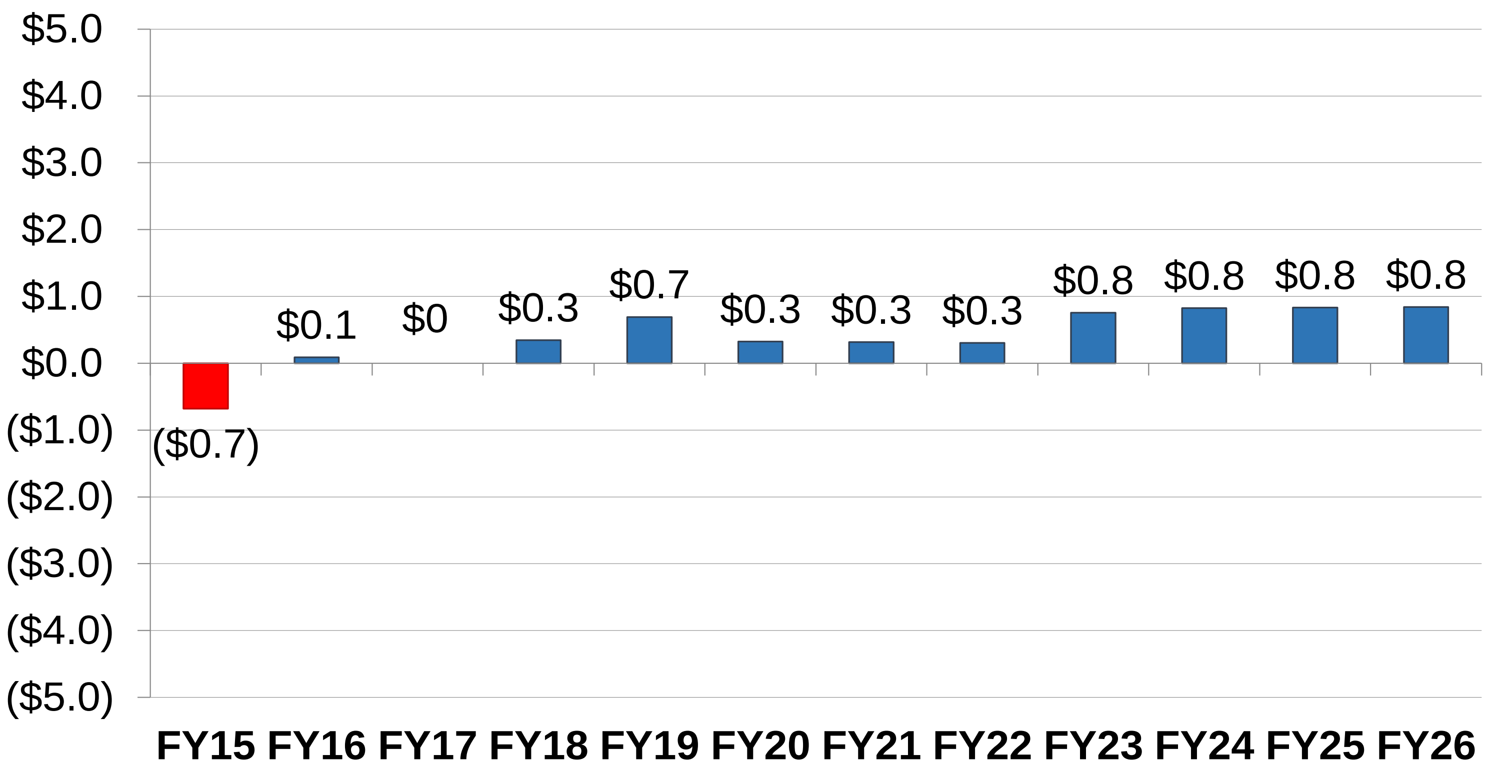
- Insufficient funds for proper building, park, IT and street maintenance and replacement
- Insufficient revenue to support a bond or loan to build a new building

LRFF - Strategies for Sustainability

- Closely manage General Fund expenses
- Regularly review fees for services
- Conduct annual Council goal setting process
- Evaluate additional revenue measures
- Evaluate opportunities for economic development
- Explore opportunities for annexation
- Develop long term funding plan for asset recapitalization

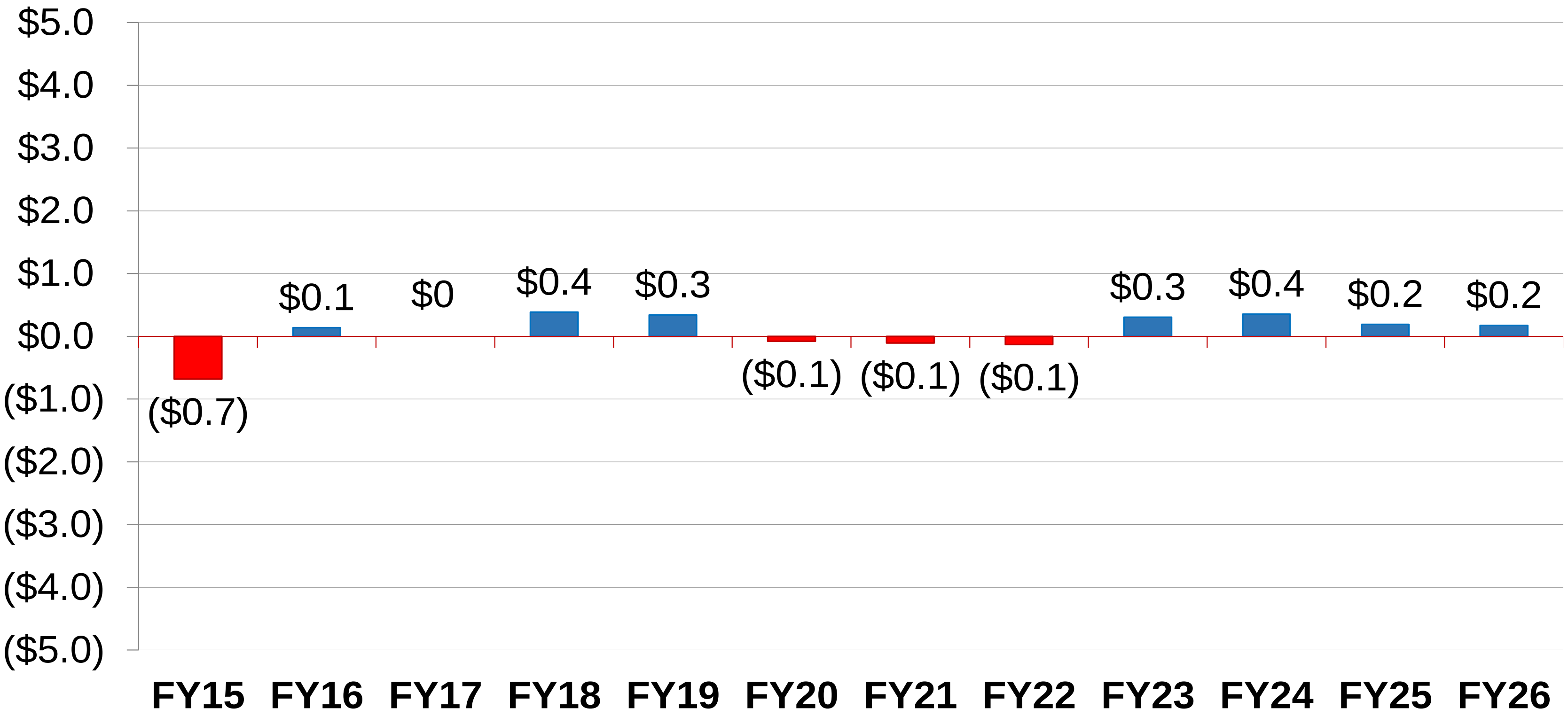
LRFF – Updated FY 17 Baseline

<u>Key Assumptions:</u>
1) Sales Tax - 4.2% per year
2) Property Tax - 3%per year
3) TOT - 4%
4) Salary - 2.5% per year (COLA)
5) PERS - based on Valuation Report as of 6/30/13 and out years from report at 4% increase
6) General Fund payment to SRF ends in FY 22/23; includes $75,000 payment in FY 17/18 & escalations through FY 22/23
7) Regular SRF payment in FY 16/17 from Measure A drawdown



LRFF – Updated FY 17 Recession

Key Assumptions:
1) Property Tax - 3% per year except FY 18-20 when 2%
2) Sales Tax - 3% per year, except in FY 18-20 with 2 years at 2% and 1 year at -1%
3) TOT - 4% per year, except FY 18-20 at 2%
4) Salary - 2.5% per year (COLA)
5) PERS expense based on Valuation Report as of June 30, 2013, out years from report at 4% increase
6) SRF payment from General Fund ends in FY 22/23
7) City makes regular SRF payment in FY 16/17 from Measure A drawdown



LRFF – Updated FY 17 Asset Recapitalization

<u>Key Assumptions:</u>

1) Sales Tax - 4.2% per year
2) Property Tax - 3%per year
3) TOT - 4%
4) Salary expense - 2.5% per year (COLA)
5) PERS expense based on Valuation Report as of June 30, 2013, out years from report at 4% increase
6) General Fund payment of SRF ends in FY 22/23
7) $665,000 - FY 18-19 for Measure T
8) no funds added to GF Reserves (Assigned or Unassigned)