City of St. Helena
Finance Committee Regular Meeting
Monday, August 3, 2026 @ 4:00 PM
City Hall - Main Conference Room
1088 College Avenue, St. Helena CA

PLEASE NOTE: Any person who wishes to speak regarding an item on the agenda or make a comment under the "Oral Communication" portion of the agenda may do so, but please observe the time limit of four minutes.

Members of the public and other parties are welcome to email their comments to the Staff Liaison Mandy Kellogg at mkellogg@cityofsthelena.gov. All public comments must be received three hours prior to the meeting. Public comments received after the deadline will be attached to the item the next business day or soon thereafter. Public comments will not be read out loud but will be publicly available and attached to the online agenda.

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1. ROLL CALL

   Vice Chair: Christopher Warner, Members: Gregg Dawley, Richard Garber, Garry Rose, George Schisler, Mark Smithers
   City Council Member Liaison: Aaron Barak
   Staff Liaison: Mandy Kellogg, Director of Administrative Services

2. CALL TO ORDER

3. PUBLIC FORUM

4. REPORTS BY STAFF/COMMITTEE

   Reports by staff and/or committee on items of general interest. Brief questions for clarification may be posed and answered, and Committee may request that items be placed on a future agenda. Except under certain circumstances, the Brown Act prohibits any other discussion or action by the Finance Committee.

5. CONSENT ITEMS

   5.1. Finance Committee Meeting Minutes of July 16, 2026

6. SCHEDULED ITEMS

   6.1. Update on Subcommittee Reports, Discussion and Adoption Employee Classification and Compensation Subcommittee Report
   Cost Allocation Subcommittee Report
   Discussion and Next Steps

   6.2. Discussion and Process for Key Assumptions, Methodology, and Schedule for Full Committee Draft Final Report

7. FUTURE AGENDA ITEMS

8. ADJOURNMENT

The next Regular Finance Committee meeting is scheduled for August 14, 2026.

This agenda was posted at City Hall, 1088 College Avenue, St. Helena on July 30, 2026.

Mandy Kellogg, Director of Administrative Services

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
City of St. Helena
Regular Finance Committee Meeting
Thursday, July 16, 2026 @ 3:00 PM
City Hall Main Conference Room
1088 College Avenue, St. Helena CA

Present:
Chair Christopher Warner, Board Member Gregg Dawley, Board Member Richard Garber, Board Member Garry Rose, Board Member Mark Smithers
Absent:
Board Member George Schisler, Staff Liaison Aaron Barak

1. ROLL CALL

   Vice Chair: Christopher Warner, Members: Gregg Dawley, Richard Garber, Garry Rose, George Schisler, Mark Smithers
   City Council Member Liaison: Aaron Barak
   Staff Liaison: Mandy Kellogg, Director of Administrative Services

2. CALL TO ORDER

   Chair Warner called the meeting to order at 3:04 p.m.

3. PUBLIC FORUM

   No public comment was received.

4. REPORTS BY STAFF/COMMITTEE

   Reports by staff and/or committee on items of general interest. Brief questions for clarification may be posed and answered, and Committee may request that items be placed on a future agenda. Except under certain circumstances, the Brown Act prohibits any other discussion or action by the Finance Committee.

5. CONSENT ITEMS

5.1. Finance Committee Meeting Minutes of May 27, 2026

Board Member Richard Garber moved to approve the Finance Committee Minutes of May 27, 2026. The motion was seconded by Board Member Gregg Dawley and on roll call carried by the following vote:

AYES: Board Member Christopher Warner, Board Member Gregg Dawley, Board Member Richard Garber, Board Member Garry Rose, Board Member Mark Smithers
NOES: None
ABSENT: Board Member George Schisler

ABSTAIN: None
RECUSE: None

6. SCHEDULED ITEMS

6.1. Update on Subcommittee Reports, Discussion and Adoption
Employee Classification and Compensation Subcommittee Report
CIP Needs Subcommittee Report
Unfunded Pension Liability Subcommittee Report
Discussion and Next Steps

The report from the Employee Classification and Compensation subcommittee will not be heard and will be moved to a date to allow Council Member Liaison Barak to attend.

Board Members Gregg Dawley and Garry Rose reported on behalf of the Capital Improvement Projects subcommittee, with Board Member Dawley reporting specifically on sidewalks, while Board Member Rose reported on City-Owned Assets, Buildings and Equipment.

Chair Warner opened the public comment, public comment was made by Deanna Griffin. Further discussion was had by the Finance Committee.

Board Member Gregg Dawley moved to approve Capital Improvement Projects Subcommittee Report. The motion was seconded by Board Member Richard Garber and on roll call carried by the following vote:

AYES: Board Member Christopher Warner, Board Member Gregg Dawley, Board Member Richard Garber, Board Member Garry Rose, Board Member Mark Smithers
NOES: None
ABSENT: Board Member George Schisler
ABSTAIN: None
RECUSE: None

Regarding the Unfunded Pension Liability Subcommittee, Board Member Dawley presented a report to the committee. The committee discussed the report.

Chair Warner opened the public comment; no public comment was received.

Board Member Richard Garber moved to approve the Unfunded Pension Liability Subcommittee report. The motion was seconded by Board Member Mark Smithers and on roll call carried by the following vote:

AYES: Board Member Christopher Warner, Board Member Gregg Dawley, Board Member Richard Garber, Board Member Garry Rose, Board Member Mark Smithers
NOES: None
ABSENT: Board Member George Schisler
ABSTAIN: None
RECUSE: None

6.2. Update on City Council July 7 Meeting Sales Tax Agenda Item and Public Comments, including Comments by Finance Committee Members

The Committee discussed the City Council's July 7 meeting regarding the proposed sales tax measure for the ballot and related public comments, including comments made by Finance Committee members.

Chair Warner opened the public comment period. Kelly Wheaton addressed the Committee

During the discussion, it was noted by staff that educational materials regarding the proposed ballot measure would be forthcoming. The Committee also discussed that, should it determine that the information provided is insufficient or inconsistent, it may consider taking a position on the proposed measure.

6.3. Schedule for Full Committee Consideration of Draft Final Report

The Committee discussed the schedule for consideration of the Draft Final Report.

The Draft Final report is anticipated to be completed in approximately six weeks.

7. FUTURE AGENDA ITEMS

8. ADJOURNMENT

The next Regular Finance Committee meeting is scheduled for TBD.
Chair Warner adjourned the meeting at 4:23 p.m.

APPROVED:

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Christopher Warner, Chair

ATTEST:

____
Mandy Kellogg, Staff Liaison

St. Helena Finance Committee: Draft Sub-Committee Report on Employee Classification Compensation and Benefits

Labor compensation and benefits represent approximately 70% of St. Helena's General Fund spending budget for any given year. As such, reviewing labor costs, employee benefits, and employee position classifications that affect the organizational structure and expenditures is vital to any review and projection of General Fund budget surpluses or deficits. Recognizing this important fiscal area, the City contracted for a class and compensation study, and an efficiency and modernization study. The purpose of the class and compensation study and survey was to help determine if, generally speaking, our city employees are fairly and reasonably paid compared to the classification and compensation of employees of other public agencies (other cities and counties). The purpose of the efficiency and modernization study was to gain insight into our operations, make observations regarding the organization and composition of the City and its staffing, and provide suggestions regarding systems and process improvements.

The above information represents only two sets of information that will help the full Finance Committee complete its task of determining the city council directive to communicate our independent opinion of the surpluses and deficits over the five-year forecast period. The information presented in these referenced data sets have been reviewed by the subcommittee (and the full committee) with their decades of expert knowledge gained though personal experience, years of operational experience throughout their careers with significant knowledge and ability to review organizational structures, predict outcomes reasonably well, and with direct knowledge of the city of St Helena community and government. The financial implications will be included in the full committee's five-year forecasts if this recommendation is accepted by the full Finance Committee.

The Finance Committee has only received a draft of the class and compensation study and survey and only very recently received the final efficiency and modernization study. Our comments, analysis, and observations based on the information currently available to us are noted below.

Class and Compensation Study

Executive Summary

1. The survey did not include any data for the city manager's position.
2. Certain cities were included in the study which the Subcommittee considers inappropriately inflate the comparable compensation and benefits data.
3. No private industry compensation data was included in the study, only government agencies. This inflates the comparable data and creates an ever-escalating trend in wages that is likely not comparable to private industry compensation.

4. St Helena is the only agency in the study with no employee cost-sharing for health benefits while all other agencies' employees pay 10% to 20% of the premium cost to reduce the health insurance cost burden on their agency and budgets.
5. Performance bonuses, housing allowances, and car allowances were not included as compensation in the survey, likely negatively impacting the credibility of St Helena's comparability.
6. No metrics or qualitative information was included in the survey for the executive and middle management employee classification groups. This significantly impacts the survey's accuracy in evaluating position responsibility and classification among agencies, which evaluation is required and essential for evaluating wage and overall compensation methodology and comparability.
7. Generally and based on review of the draft labor compensation study and survey provided to us, St Helena's current adopted FY 2026 budget appears to provide a fair and reasonable compensation package to its employees at all levels, and thus there appears to be no need for a general upward adjustment to the steps and pay scale beyond annual COLA adjustments that are demonstrated to be justified based on current compensation levels and costs of living. Moreover, it is possible that many positions are compensated better than many comparable agencies when all the Subcommittee's additions, adjustments, observations, cash and non-cash benefits, etc. are properly considered.

8. The table below provides a quick review of the total compensation and benefits costs average for the city from FY 23 through the budget year FY27. The information indicates that there were significant compensation and benefit increases from FY 23 through FY25, suggesting that further large increases are unnecessary or unsupported.[1]

	FY23 actuals	FY24 actuals	FY25 est.	FY26 est	FY27 est
Comp/benefits (000)	$12,995	$14,620	$17,380	$16,593	$17,189
Average FTE	91.7	93.7	93.95	86.95	86.95
Average per FTE	$141,712	$156,030	$184,992	$190,834	$197,688
Percent increase		10.1%	18.6%	3.2%	3.6%

<u>Study Analysis</u>

[1] Based on review of actual, estimated and forecast salary and benefits expenditures in budget documents on City website, and not taking into account separate City management criteria, evaluation and policies on classification and compensation.

We reviewed the labor compensation survey study, met with PublicPay the consultant contracted to prepare the study, and had several email exchanges. The study is available on the City's website.

Survey Agencies

The first order of business is determining the agencies (cities and counties) to be included in the study and develop "comparable" compensation data. PublicPay used the following agencies:

Calistoga	Yountville	Napa	American Canyon
Napa County	Lake County	Santa Rosa	Healdsburg
Rohnert Park	Vallejo	Fairfield	Benicia
Petaluma	Vacaville		

Conclusion: The Subcommittee does not agree with including Benicia, Petaluma, and Vacaville for the following reasons:

1. St. Helena does not recruit or attract employees from these cities. Of the 119 current full-time, part-time, and temporary City of St. Helena employees, 86 live in Napa County, 14 in Sonoma County, 8 in Lake County, 5 in Solano County, and 6 remotely and none in the three cities.
2. The regular work hours commute to and from St Helena for these three cities is approximately 1hour 15 minutes to 1 hour and 30 minutes, making it likely why the City does not and may not be able to consistently recruit from these cities.
3. These cities compete with larger and higher paying public agencies even further from St Helena, which likely incorrectly inflates the overall compensation comparison using these cities.

Use of public agencies only

The survey only uses government agencies consistent with the city's hiring policy requiring government experience for most positions. This methodology is not efficient or prudent for the SHEA (St Helena Employee Association) bargaining group and certain other positions and classifications in the executive and middle management groups. The work requirements and qualifications of most positions do not require government experience. The SHEA group includes engineers, facility, maintenance, accountants, human resources, landscapers, and financial analyst personnel. Including private industry compensation based on general Napa County EDD wage data would likely result in lower comparable compensation, suggesting the City could as a priority adjust its recruitment requirements to obtain a broader selection of potential employees and position descriptions that are more efficient, cost-effective and credibly comparable.

Labor Market Survey

The second essential order of business for an efficient labor market survey is to gather compensation and certain benefit information from all the agencies to develop an average for each comparable position and classification. Please see the Labor Summary – Median Total Compensation schedule and the Individual Position information that includes the compensation data for each agency within the position in the draft labor market survey available to the subcommitee. The survey is grouped into:

- Executives (directors and department heads)
- Middle Management (not a represented bargaining group)
- St Helena Employee Association (SHEA, represented bargaining group)
- Police – non management (a represented group)
- Fire – non management (a represented group)

Part-time and temporary positions are not included in the survey. Also, not all full-time positions are presented in the survey, making it difficult to gain full transparency into individual position and classification compensation comparability.

The data gathered from each agency is as follows:

1. Base salary (base range). This is the pay at the highest step within a position.
2. Cash supplements. These include longevity pay, deferred compensation, employee pension and social security cost sharing.
3. Insurance benefits. These include the agency's cost for health, dental, and vision premiums. This does not include the cost-sharing paid by the employee.

Base salary and cash supplements are added to arrive at "base+cash," a figure that should be a reasonable approximation of comparable gross wages. However, there are a number of issues and inconsistencies with this "customary" approach to modeling that both inflates total compensation for certain agencies and gives the appearance that St Helena employees are under compensated when compared to the survey agencies. We explain each issue as follows:

1. Longevity Pay. Seven (including St Helena) of the fifteen agencies in the survey boost base compensation at various levels for years of service. The survey's "base compensation" is the max range of the five-step wage scale used by all agencies in the survey. The survey adds the maximum longevity pay awarded to base compensation in developing "base+cash." The maximum longevity pay is based on the maximum award at 25 to 40 years of service. The survey adds to the five-year base compensation longevity pay boosts based on thirty or forty years of service. This increases the five-year base compensation amount by as much as 12.5%. We disagree with adding this to the base compensation as

pay at five years is not comparable to pay at 25 or 40 years. This obviously overstates comparable wages. Including a longevity pay boost awarded at five years of service (as in St Helena's case) would be appropriate, but not well into the future year boosts. The survey overstates comparable wages.

2. Deferred Compensation. Deferred compensation plans offered by various agencies range in value as noted by the survey; they are an additional form of retirement benefit provided beyond CALPERS. All plans include an employer contribution and an employee contribution. Employees must contribute to receive the agency match. Some employee contributions are mandatory and not an election. The issue with the survey model is it assumes all employees participate and that all employees defer to the maximum needed to get the maximum value from the employer match. Given that these deferred compensation plans are in addition to generous CALPERS plans and in some instances in addition to Social Security, it is unrealistic to assume full and maximum employee participation for plans that require more significant employee deferrals when they are not mandatory. As such the survey inflates the "base+cash" totals.
3. Extra EE Pension and Social Security. This column includes two items: the amount employees are required to pay into CALPERS above the standard percentage and the employee's share of social security tax withholding. The presentation of the "extra ee pension" reducing total compensation makes sense for comparability. Social Security taxes require an employer "contribution" and an employee "contribution" very much similar to deferred compensation plans with matching contribution requirements, especially with plans that make the employee contribution mandatory and irrevocable. As such, reducing total compensation for the Social Security employee "contribution" / withholding is not consistent with the presentation of deferred compensation plans and inconsistent with the value of the retirement benefit that is earned by the employee. The consultant has noted that the model is the "customary" approach and further subjectively suggests that "employees don't see the value" of the withholding. We conclude that reducing total compensation for employee Social Security withholdings is both inconsistent with other aspects of the model and deflates total compensation comparability for St Helena.

Each agency's cost of health benefits (the agency's premium costs) are then added to "base+cash" to arrive at theoretical total compensation. Although this approach may be favorable or not to St Helena's survey results, we do not agree with this methodology. We think a better and correct approach is to subtract health benefit cost-sharing paid by employees (towards the agency's total premium costs). Every entity (public or private) generally does not pay 100% of the premium for health insurance; employees participate in an entity's health insurance costs. All survey agencies (other than St Helena) have cost-sharing arrangements with their employees;

between 10% to 20% of premium costs. This cost sharing reduces their gross pay. **However, St Helena employees do not participate in health insurance premium cost-sharing.** The City of St Helena pays 100% of the premium. This is a large benefit to St Helena employees and effectively increases their gross wage comparison compared to most if not all other public agencies. Health insurance premiums do not reflect the value of a plan to a participant. Premiums are influenced by services, deductibles, prescription drug coverage and other items that may increase the premium costs to a public agency while not necessary increasing the "value" to a particular participant. The public agency may also have a broker that does not negotiate as well as another public agency may negotiate. Premiums do not equal value. Our conclusion that cost-sharing is the appropriate metric for accurate comparability is clearly supported by the fact that all public agencies disclose on their benefits websites the percentage of premium costs they cover. They do not speak to premium costs. They recognize potential employees are concerned about what will be deducted from their wages towards healthcare and related benefits.

An example of the impact. The detailed information on page 59 of the draft labor market survey provides that the "base+cash" (i.e. gross pay) of a St Helena firefighter is $9,762 per month while a Calistoga firefighter is lower at $8,877 per month ($885 less). But when the agency cost of health benefits is added, as the survey does, the survey concludes that a St Helena firefighter makes $12 less per month. But a Calistoga firefighter pays for cost-sharing of approximately $300 a month. In reality, the St Helena firefighter makes approximately $1,185 per month ***more*** than a Calistoga firefighter, not ***less***. Further, an under-thirty-year-old healthy potential employee does not care what the premium costs are for a health plan they likely will not use. They do care what will be deducted from their paycheck for health insurance cost-sharing.

Compensation not included in the survey

Several forms of compensation are not included in the survey:

- Car allowances
- Housing allowances
- Performance bonuses

Each of these can be significant and add $10,000 to $20,000 cumulatively to annual pay. These additional forms of compensation are mostly provided to the survey's executive group and maybe a few of the survey's middle management group. The Subcommittee will review more information on these forms of compensation that has been requested from City staff.

Below we review the results by survey group.

Executive Group

This group is comprised of directors and department heads. Please note we did not receive data regarding the city manager's position; we have reiterated this request for full transparency. All positions in this group supervise personnel, some directly at many levels. The executive group is a non-bargaining group. Compensation is determined individually through annual evaluations.

The survey results could indicate to the lay person that our executive team is under compensated. However, many factors need to be considered to equalize the comparison, and the survey does not consider a long list of metrics. Depending on the position, the following factors (to name a few) should "adjust" the comparability of survey agencies to St Helena:

General Fund Budget	Department Budget	Total employees
Department headcount	Capital Project Budget	Number of firehouses
Number of police stations	Emergency calls	Miles of roads
Acres of parks	Miles of water lines	Miles of sewer lines

It is also difficult to line up the position responsibilities and classifications based on titles alone and without referring to detailed position descriptions and detailed position responsibilities. Obviously, it seems reasonable that the Director of Administrative Services (chief accounting and financial manager) would make $3,000 a month less than the comparable position in Santa Rosa. That our police and fire chiefs supervising one station each, with far fewer personnel, and at crime or call levels make less than comparable positions in the survey also makes sense. Department Head salaries should be negotiated consistently based on position descriptions and classifications, including responsibilities, experience, education, credentials, and expertise, comparable to neighboring communities. The Subcommittee finds that all executive group positions are reasonably paid (and some potentially more highly paid) on a comparability basis, and therefore do not need anything other than normal annual compensation adjustments—if at all—that fully take into account their other pay and forms of compensation that are not considered in the survey. This is also supported by the longevity of the existing personnel in these positions that span a decade or more in many instances.

<u>Middle Management Group</u>

This group is also a non-bargaining group with compensation determined individually through annual evaluations. Again, the survey indicates that this group is under compensated. Similar to the executive group, qualitative aspects need to be considered when comparing St Helena positions and classifications to the survey results or individual agencies. Qualitative aspects that may apply (as well as some mentioned above) are:

- Is the position a manager of people or contractors?

- Is the position a non-manager subject expert?
- Does the position work autonomously or do they require significant supervision?
- How many people does the position manage?
- How long have they been in the position?
- Does the position hold a college degree directly related to responsibilities?
- Do they have budget responsibility?

Again, it is difficult to line up the position responsibilities on titles alone and without referring to detailed position descriptions and detailed position responsibilities. Obviously, manager positions in St Helena likely have less responsibility and are less complicated than similar positions in e.g., Santa Rosa, Fairfield, Vallejo, City of Napa, etc. Our conclusion is that all middle management group positions are reasonably paid (and some potentially overcompensated based on position description and classification) and do not appear to need anything other than normal annual compensation adjustments—if at all—that fully take into account their other pay that is not considered in the survey. We respectfully recommend that the City should ensure that processes are in place to consider all the qualitative aspects and metrics in the classification and descriptions of positions to appropriately determine fair and reasonable compensation for this group, including private industry compensation comparables.

SHEA (St Helena Employees Association)

This is a group that should be simple to create a comparable compensation scale, because the positions are most likely comparable among public agencies, and do not require management and supervision factors, and are not impacted by other qualitative factors noted above. As discussed above, the comparison negatively impacts St Helena because it includes the three non-comparable cities we noted that inflate compensation, fails to address other noted areas, does not include private industry data for the many positions that align with needs, and improperly addresses insurance benefits. Although it does not impact the positions and classifications noted in this group, it should be noted that not all positions are listed in the survey because of certain bargaining unit impacts (which necessarily reduces transparency) and specifically excludes part-time and temporary positions used by St Helena.

As can be seen in the SHEA group summary and details, a large majority of positions are within 5% +/- of the average maximum compensation under the five step scale and classification, and in aggregate the group is minus .4% of the average. There are equal numbers above plus 5% of the average and minus 5% of average. Subcommittee members' professional experience suggests if pay is within 10% of the competitive metric, it is competitive and thus requires no significant action until the pay differential is closer to 15%. While deferring to the City management's role in collective bargaining and all else being equal, the relevant comparability survey data available to the Subcommittee indicates the SHEA bargaining group classifications and positions receive fair and reasonable pay with no need for significant compensation increases, while supporting annual COLA adjustments with other noted compensation survey aspects also needing to be considered. The City should consider the special impact of no health insurance cost-sharing as part of its annual classification and compensation decision-making.

Police and Fire Groups

Both groups are represented with agreed upon pay scales. For certain survey reasons, not all positions are presented. For transparency, we encourage all positions to be presented. The compensation survey does not consider certain qualitative and quantitative factors that impact compensation comparisons for these positions. The survey does not take into account numbers of calls, types of calls, and crime statistics, to name a few. Inclusion of the three inappropriate agencies noted earlier have inflated the compensation comparison negatively for St Helena. When annually evaluating compensation and classification of these groups, we respectfully encourage the City Council to review the detailed agency information for more like-kind public agencies more comparable to St Helena's situation for these positions. Based on the data available to the Subcommittee, it appears that these two groups are fairly and reasonably compensated other than reasonably justified COLA adjustments.

Other Subcommittee observations and comments

1. The City should implement a cost sharing arrangement for health and related benefits for the executive and middle management groups of at least 10% or a more appropriate 15% of city incurred premium costs beginning in fiscal year 2027.

   The City should introduce the same arrangement with bargaining groups that may require a phased implementation over two or three years beginning in fiscal year 2027 to reach 15% cost sharing.

2. At the same time, the City should adopt an "opt out" policy for health and related benefits paying each employee $300- $500 a month to elect not to be covered by our plans. Other agencies within the survey follow this practice as do many private companies. The results can provide tremendous savings while an employee elects to be covered under a spouse's plan.

   Together, once fully implemented, the above changes potentially may save the City $300,000 - $600,000 a year.

3. The City should expand its recruitment policy and job qualification and classification requirements to allow candidates without government experience and those with private industry only experience for a significant number of the City's current positions.

4. The City has a large number of part-time positions whereby employees do not qualify for health insurance and other benefits; presumably to save on benefit costs. However anecdotal information suggests this has created a fair amount of turnover which is a hidden cost to the City. The City should review this and consider adjusting, combining, and aligning multiple part-time positions and creating full-time positions.

Efficiency and Business Transformation Study

Our subcommittee provides the following comments in an advisory capacity for the consideration of City Council and City Manager. Our comments are restricted to labor, organization structure, compensation, and related areas and are not associated with the broader systems, processes, and efficiency recommendations as those are addressed elsewhere by the Committee and its subcommittees. Our recommendations are consistent with our directive to independently determine the fiscal surpluses and deficits of the five-year financial forecast period. Together with other areas of analysis addressed by other subcommittees, they address the financial opportunities available to the city.

Often in small organizations, such as a small town like ours, staffing levels do not warrant positions for every different focus or cannot be afforded. As such, efficient organizational structures will require certain positions to wear "multiple hats" or the use of consultants to fill part-time needs that aren't easily combined with other responsibilities where the knowledge and skills are dissimilar.

We fully support the following recommendations from the Efficiency and Business Transformation study found in deliverable 3A: Organizational Structure and Staffing Component, section 5.0 St Helena Staffing, Organization, and Controls. Most of the recommended changes should occur in the near term.

5.1.1 Financial Analyst. Move the Financial Analyst from Public Works to Administrative Service. The Blackberg report provides many very sound reasons for this recommendation, not the least of which are internal controls, independence, and accountability.

5.1.2 Community Services Department – Library. Blackberg reports our library staffing, and overall operating costs, are significantly higher than cities our size and observes "this represents a higher-than-average number of staff." See our recommendation below to consider whether to return volunteerism to the library which will result in a lower number of paid staff and reduced budget while fully supporting the library's continued high quality and quantity of service.

5.1.3 Community Services Department – Broadly. The Efficiency and Business Transformation Study recommends eliminating the Director of Community Services position as it is not well justified. It is noteworthy, this position was only recently added, increasing overall labor costs and furthering budget stress. The incumbent can be transferred to the Director of Parks and Recreation position while the number of Parks and Recreation Department staff is right sized with this change. Also, please see below our recommended change that will expand the responsibilities of this director's position.

5.1.4 Administrative Services Department. There are many recommendations within this review; personnel, education, experience, process, systems, etc. The near-term essential staffing recommendation is to elevate the department with the hiring a leader who has a degree in accounting, is a CPA, with expert knowledge of accounting software. Hiring such a qualified candidate will provide the opportunity and the ability for the department to then embark on the many recommendations in the study benefiting existing department personnel, the city, and the community.

5.1.5 Community Development Department. We support the observation and recommendation with no further comments.

5.1.6 Fire Department and Police Department. We support the consideration by the City Council of the observation and recommendation. This is a sensitive community issue, given our community's priority for effective and efficient police and fire protection and services. If the recommendation is not supported by the community, the community will need to recognize the costs and impact on the city's budget and potential revenue needs.

5.1.7 City Clerk Department. We support consideration by the City Council of the observation and recommendation with no further comments.

5.1.8 Public Works Department. We support City Council consideration of the observation and recommendations. See comments below regarding transferring the Parks and Trees subdepartment and responsibilities to the Parks and Recreation Department reporting to the Director of Parks and Recreation.

When considering efficient organizational structures and community satisfaction of service levels, it can be useful to review history especially for a small town like ours. History may provide good examples. As such we offer these recommendations, subject to consideration by the City Council and City management as well as advice from the City's Parks and Recreation Commission:

1. Park maintenance supervision should be transferred back to and directly report to the Director of Park and Recreation. In the past park maintenance staff directly reported to the Director of Parks and Recreation; our community was satisfied by and large with park maintenance. This may have many advantages.

    a. This may streamline communications to field employees.

b. There may be more consistency with Park department goals, maintenance, and focus.
c. As noted in the draft Parks Master Plan, there is no clear understanding the hours of labor being spent on park maintenance and improvements making it especially difficult to understand staffing needs to meet community expectations. This change should clarify that issue.
d. Organized in this way, it may help the Public Works Director, the City Manager, and the public, better understand the staffing levels needed to match non-management in-field responsibilities and work load. The suggested organizational change will provide clarity for all.
e. To the limited extent Public Works needs a helping hand from time to time and in case of emergencies and urgencies, Park maintenance would be there to help.
f. Given the Efficiency and Transformation Study recommendation to eliminate the Director of Community Services position, adding these responsibilities to the Director of Parks and Recreation and reassigning maintenance staff supervision to this position may allow the position to maintain a reasonably similar wage scale.

2. The library used to be supported with a team of volunteers. While it is our understanding there is a clause within the SHEA bargaining contract eliminating the use of volunteers, the city needs to consider working with the bargaining groups to reinstate the use of volunteers and reduce the need for paid staff. Blackberg's report noted 8 part-time roles for the library totaling approximately 75 hours per week with individuals working 4-15 hours per week. The advantages are:

   a. This may help our city's budget without reducing the quality or quantity of services. The Blackberg report notes the city "is paying higher than average for that quality and quantity" for library operations.
   b. It should give the community member volunteers a feeling of need, satisfaction, and generosity as they support the library and its visitors.
   c. We have a large retiree population that may be looking for volunteer opportunities.
   d. Visitors may again enjoy seeing and receiving help from these volunteer community members.

St. Helena Finance Committee: Draft Sub-Committee Report on Employee Classification, Compensation and Benefits

Reviewer key: ~~Red strikethrough~~ means do not use as a finding unless it is rewritten or validated. Blue notes explain the concern. Green text is suggested replacement language. Purple notes identify Jim McCann's factual corrections and additions. **Dark purple bold are the subcommittee responses to the city and city council liaison comments and additions to our original draft.**

Citation key: *"PublicPay Comparator Memo" means PublicPay, Selection of Survey Agencies (Jan. 29, 2026); "PublicPay Base Salary" means St Helena Base Salary Data DRAFT (data effective Dec. 2025; printed Mar. 25, 2026); "PublicPay Total Compensation" means St Helena Total Comp Data DRAFT (data effective Dec. 2025; printed Feb. 23, 2026); "Blackberg 3A" means Deliverable 3A: Organizational Structure and Staffing Component; and "Blackberg 4" means Deliverable 4: Final Report and Recommendations. Page references use the printed page number shown in each source.*

Labor compensation and benefits represent approximately 70% of St. Helena's General Fund spending budget for any given year. As such, reviewing labor costs, employee benefits, and employee position classifications that affect the organizational structure and expenditures is vital to any review and projection of General Fund budget surpluses or deficits. Recognizing this important fiscal area, the City contracted for a class and compensation study, and an efficiency and modernization study. The purpose of the class and compensation study and survey was to help determine if, generally speaking, our city employees are fairly and reasonably paid compared to the classification and compensation of employees of other public agencies (other cities and counties). The purpose of the efficiency and modernization study was to gain insight into our operations, make observations regarding the organization and composition of the city and its staffing, and provide suggestions regarding systems and process improvements.

The above information represents only two sets of information that will help the full Finance Committee complete its task of determining the city council directive to communicate our independent opinion of the surpluses and deficits over the five-year forecast period. The information presented in these referenced data sets have been reviewed by the subcommittee (and the full committee) with their decades of expert knowledge gained though personal experience, years of operational experience throughout their careers with significant knowledge and ability to review organizational structures, predict outcomes reasonably well, and with direct knowledge of the city of St Helena community and government. The financial implications will be included in the full committee's five-year forecasts if this recommendation is accepted by the full Finance Committee.

The Finance Committee has only received a draft of the class and compensation study and survey and only very recently received the final efficiency and modernization study. Together, the information noted above

Our comments, analysis, and observations based on the information currently available to us are noted below.

Class and Compensation Study

Executive Summary

1. The survey did not include any data for the city manager's position.
2. ~~Certain cities were included in the study which the Subcommittee considers inappropriately inflate the comparable compensation and benefits data.~~

Note: *This is a methodology concern, not a verified factual finding. PublicPay considered the request to remove Benicia, Petaluma, and Vacaville and expressly retained them because they provide job matches for most City services and help preserve a statistically sufficient sample. The proper way to test whether they materially affect the result is a side-by-side sensitivity analysis. (PublicPay Comparator Memo, pp. 4-5.)*

Proposed language: The Subcommittee questions whether Benicia, Petaluma, and Vacaville are the appropriate comparators and requests a sensitivity analysis showing the results with and without those agencies.

Subcommittee response:

- **A cursory review of the detailed by position agency data verifies the fact expressed.**
- **The agency sample size with or without these cities is not statically valid; removing the three doesn't affect statistical validity.**
- **As noted by PublicPay, geographic proximity is quite important, and these cities do not fit PublicPay's stated criteria.**

3. ~~No private industry compensation data was included in the study, only government agencies. This inflates the comparable data and creates an ever-escalating trend in wages that is likely not comparable to private industry compensation.~~

Note: *The first sentence is factual. PublicPay states that similar municipal employers are generally used because they provide comparable services and job matches; private-sector matches often do not exist. The assertion that publicagency data necessarily inflates wages or creates an escalating trend is not established by the study. (PublicPay Comparator Memo, pp. 1-2.)*

Proposed language: The survey used public-agency comparators. The Subcommittee asks whether private-sector data would be useful for selected classifications, recognizing PublicPay's stated rationale for using employers that provide similar municipal services and job matches.

Subcommittee response: This is our conclusion based on experience with many other compensation surveys over decades and recent cursory review of Napa County EDD information. Review of the position descriptions of the SHEA group supports a significant level of job matches to the private sector. Our observations and recommendations are advisory only.

4. ~~St Helena is the only agency in the study with no employee cost-sharing for health benefits while all other agencies' employees pay 10% to 20% of the premium cost to reduce the health insurance cost burden on their agency and budgets.~~

Note: *This requires verification against each agency's governing benefit documents and MOUs. It also moves from a proposed benefit comparison to a budget conclusion without confirming employee contributions, plan design, or the fiscal* *and labor implications. PublicPay reports employer-paid insurance value; that is not the same measure as employee take-home pay. (PublicPay Total Compensation, pp. 1-3.)*

Proposed language: The Subcommittee asks staff to confirm each survey agency's employer and employee healthpremium contributions, identify material plan-design differences, and model the fiscal and labor effects of any proposed cost-sharing scenario before Council relies on this point.

Subcommittee response: These facts were verified through independent review of agency survey websites, MOU's, and communications with PublicPay (although some of the consultant information was incorrect). The city can debate the facts and prepare their own review at a later date while considering our advisory only observation.

~~Performance bonuses, housing allowances, and car allowances were not included as compensation in the survey, likely negatively impacting the credibility of St Helena's comparability.~~

***Note:** This may be a valid completeness question, but the draft concludes that the omission impairs credibility before confirming whether these items apply, which classifications receive them, and whether comparable agencies were treated consistently.*

Proposed language: The Subcommittee has requested staff confirmation of whether performance bonuses, housing allowances, or car allowances apply, which classifications receive them, their annual value, and whether comparable agencies were treated consistently.

Subcommittee response: Our observation stands. We are not making specific by position statements of omission. Rather we are making general and completely fact-based observations while recognizing the emphasis of these items over the past city manager's tenure. The specifics have been requested for at least four months. We are comfortable with our advisory only observation and comment.

5. ~~No metrics or qualitative information was included in the survey for the executive and middle management employee classification groups. This significantly impacts the survey's accuracy in evaluating position responsibility and classification among agencies, which evaluation is required and essential for evaluating wage and overall compensation methodology and comparability.~~

***Note:** PublicPay's data sheets do more than match titles. They define "No Comparable Class" to include cases where qualifications or scope differ materially, and they identify insufficient samples. That reflects job matching, although it is not necessarily a comprehensive citywide classification audit. Any request for a broader audit should be evaluated against the consultant's contracted scope. (PublicPay Base Salary, p. 3.)*

Proposed language: PublicPay's survey includes job matching and excludes classes where qualifications or scope differ materially. The Subcommittee asks staff and PublicPay whether any executive or middle-management classifications require a separate classification audit beyond the labor-market survey.

Subcommittee response: We are not speaking to job matching or classification matching. We are making a clear observation that the compensation of similarly titled and classified positions in our small city of 5,000 aren't comparable at any scale to that position in a city 10 or 20 times our size. The titles and positions are the same, but the job is more complex, more demanding, has more

responsibility. Without taking into consideration qualitative and quantitative differences, compensation is not a straight up comparison. This is exactly why these are not bargaining group positions. Rather there is a standard annual review process to determine salary that takes all this into consideration. The survey results oversimplify the required analysis, and the results may be inappropriately used.

6. ~~Generally and based on review of the draft labor compensation study and survey provided to us, St Helena's current adopted FY 2026 budget appears to provide a fair and reasonable compensation package to its employees at all levels, and thus there appears to be no need for a general upward adjustment to the steps and pay scale beyond annual COLA adjustments that are demonstrated to be justified based on current compensation levels and costs of living. Moreover, it is possible that many positions are compensated better than many comparable agencies when all the Subcommittee's additions, adjustments, observations, cash and non-cash benefits, etc. are properly considered.~~

Note: *This is the central problem in the draft. It reaches a bottom-line pay conclusion while also saying material information is missing. PublicPay's median total-compensation summary reports St. Helena below the identified market by 11.7% for executives, 8.5% for confidential middle management, 0.4% for SHEA, 4.3% for Police, 9.7% for Fire, and 5.0% overall. Those results do not dictate a pay increase, but the Subcommittee cannot replace them with a contrary finding unless its methodological objections are validated and the analysis is recalculated. (PublicPay Total Compensation, pp. 1-2.)*

Proposed language: PublicPay's median total-compensation analysis places St. Helena below the identified market overall, with substantial variation by employee group and classification. The Subcommittee has identified methodology questions that should be validated and, where material, recalculated before Council relies on any conclusion regarding compensation adjustments.

Subcommittee response: The missing information only supports our conclusion; it does not make it less valid. We agree that the results do not dictate a pay increase. However, they suggest certain groups are under paid. We firmly believe our methodology observations are accurate and factual while logical with clean lines of reasoning.

7. ~~The table below provides a quick review of the total compensation and benefits costs average for the city from FY 23 through the budget year FY27. The information indicates that there were significant compensation and benefit increases from FY 23 through FY25, suggesting that further large increases are unnecessary or unsupported.~~[1]

Note: *The table requires source verification and correction. Based on the figures shown, the FY25 average per FTE is approximately $184,992, not $183,992; the FY24-to-FY25 increase is approximately 18.6%, not 17.7%; and the FY25to-FY26 increase is approximately 3.2%, not 3.7%. Staff should also clarify whether each FTE figure represents actual average staffing, funded positions, or authorized positions. Even if corrected, the table alone does not prove that future increases are unnecessary.*

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[1] Based on review of actual, estimated and forecast salary and benefits expenditures in budget documents on City website, and not taking into account separate City management criteria, evaluation and policies on classification and compensation.

Proposed language: The table should be corrected and sourced before use. Staff should identify whether the FTE figures are actual, funded, or authorized and explain the causes of cost changes. Any conclusion about future compensation should then be tied to the PublicPay study, the five-year forecast, bargaining obligations, and Council policy direction

Subcommittee response: Thank you for pointing out our small error; please note that it doesn't diminish the overall point of compensation and benefit increase in recent years. The corrections are made. The source was provided by Chair Warner's review of the budgets and audited financial statements. Our opinion and observation is that "further LARGE increases are unnecessary…" The data is presented as background information for the benefit of the reader.

	FY23 actuals	FY24 actuals	FY25 est.	FY26 est	FY27 est
Comp/benefits (000)	$12,995	$14,620	$17,380	$16,593	$17,189
Average FTE	91.7	93.7	93.95	86.95	86.95
Average per FTE	$141,712	$156,030	**$184,992**	$190,834	$197,688
Percent increase		10.1%	**18.6%**	**3.2%**	3.6%

Study Analysis

We reviewed the labor compensation survey study, met with PublicPay the consultant contracted to prepare the study, and had several email exchanges. We understand the study is expected to be available on the City's website.

Survey Agencies

The first order of business is determining the agencies (cities and counties) to be included in the study and develop "comparable" compensation data. PublicPay used the following agencies:

Calistoga	Yountville	Napa	American Canyon
Napa County	Lake County	Santa Rosa	Healdsburg
Rohnert Park	Vallejo	Fairfield	Benicia
Petaluma	Vacaville		

~~**Conclusion**: The Subcommittee does not agree with including Benicia, Petaluma, and Vacaville for the following reasons:~~

***Note:** This may remain as the Subcommittee's disagreement, but it should not be presented as a factual finding that the survey is wrong. PublicPay documented the requested changes and retained Benicia, Petaluma, and Vacaville for job-match and sample-size reasons. A sensitivity analysis is the appropriate way to resolve the disagreement.*

(PublicPay Comparator Memo, pp. 4-5.)

Proposed language: The Subcommittee disagrees with PublicPay's inclusion of Benicia, Petaluma, and Vacaville and requests a sensitivity analysis showing results with and without those agencies.

Subcommittee response: As noted in our opening comments "Our comments, analysis, and observations based on the information currently available to us are noted below," we clearly have informed the reading these are our observations, etc. See previous response on this issue. And again, we are advisory only.

1. St. Helena does not recruit or attract employees from these cities. Of the 119 current fulltime, part-time, and temporary City of St. Helena employees, 86 live in Napa County, 14 in Sonoma County, 8 in Lake County, 5 in Solano County, and 6 remotely and none in the three cities.

Note: *Current employee residence is useful background if HR verifies it, but it does not establish the boundaries of the potential recruitment market. PublicPay specifically notes that candidates may live between competing jurisdictions and commute to different employers. (PublicPay Comparator Memo, p. 4.)*

Jims note: *In actuality 27 of 119 employees, approximately 22.7%, live in Sonoma and Solano Counties, where Petaluma, Benicia, and Vacaville are located. The residence figures stated in the draft are therefore incomplete or inaccurate. Excluding those cities solely because no current employee resides within their municipal boundaries lacks a factual basis.*

Proposed language: Staff should correct and confirm the residence data before it is used. According to the City Manager, 27 of 119 employees, approximately 22.7%, live in Sonoma and Solano Counties, where Petaluma, Benicia, and Vacaville are located. Current employee residence information should not be treated as proof of the boundaries of the City's potential recruitment market.

Subcommittee response: See our previous comments on the importance of geographic area as noted by PublicPay. You have correctly summarized the county data. Solano and Sonoma counties are vast. The information we received from Mandy on March 7, 2026, was at the city level. That data confirmed we have no employees in these three cities supporting our conclusion.

2. ~~The regular work hours commute to and from St Helena for these three cities is approximately 1hour 15 minutes to 1 hour and 30 minutes, making it likely why the City does not and may not be able to consistently recruit from these cities.~~

Note: *Commute times can be verified, but PublicPay already included drive-time considerations and explained that commuting depends on where employees and candidates live relative to competing employers. The draft should not infer that the City cannot recruit from these markets without HR or consultant support. (PublicPay Comparator Memo, pp. 3-4.)*

Proposed language: The Subcommittee asks staff and PublicPay to confirm the commute assumptions and explain whether drive time materially affects the survey market after considering where current and potential employees may live.

Subcommittee response: See previous responses. PublicPay had agreed to not include cities with commute times in excess of one hour, however they included these three as they were "close to an hour." The information provided above is based on actual review through google maps for commute times arriving and departing during normal opening and closing city business hours; when employees generally arrive and when they leave. These commute times are supported by personal experience as

well. Our observation and comment are based on the facts and our experience as employers in St Helena.

3. ~~These cities compete with larger and higher paying public agencies even further from St Helena, which likely incorrectly inflates the overall compensation comparison using these cities.~~

Note: *This is a causal conclusion that has not been demonstrated. PublicPay expressly considered these agencies and retained them for job matches and sample sufficiency. The effect, if any, should be measured through a recalculation rather than asserted. (PublicPay Comparator Memo, pp. 4-5.)*

Proposed language: The Subcommittee requests a sensitivity analysis to determine whether including Benicia, Petaluma, and Vacaville materially changes the survey results.

Subcommittee response: Our conclusion is demonstrated by the fact that we have no employees living in these cities, cursory review of the detailed agency information for numerous positions as previously noted, geographic criteria importance noted by PublicPay, and other previously noted analysis and responses. A sensitivity analysis is unnecessary and costly. Our comments and recommendations are advisory only.

Use of public agencies only

~~The survey only uses government agencies consistent with the city's hiring policy requiring government experience for most positions. This methodology is not efficient or prudent for the SHEA (St Helena Employee Association) bargaining group and certain other positions and classifications in the executive and middle management groups. The work requirements and qualifications of most positions do not require government experience. The SHEA group includes engineers, facility, maintenance, accountants, human resources, landscapers, and financial analyst personnel. Including private industry compensation based on general Napa County EDD wage data would likely result in lower comparable compensation, suggesting the City could as a priority adjust its recruitment requirements to obtain a broader selection of potential employees and position descriptions that are more efficient, cost-effective and credibly comparable.~~

Note: *This paragraph combines two distinct questions: which employers should be used for market comparison and whether the City should change recruitment qualifications. PublicPay explains why municipal employers generally provide the closest service and job matches. Recruitment qualifications are a separate HR and management policy matter. (PublicPay Comparator Memo, p. 1.)*

Proposed language: The survey used public agencies because they generally provide similar municipal services and job matches. The Subcommittee asks whether private-sector data would be useful for selected classifications and recommends that any review of recruitment qualifications proceed separately through staff and HR.

Subcommittee response: See previous comments in the executive summary section.

Labor Market Survey

The second essential order of business for an efficient labor market survey is to gather compensation and certain benefit information from all the agencies to develop an average for each comparable position and classification. Please see the Labor Summary – Median Total Compensation schedule and the Individual Position information that includes the compensation data for each agency within the position in the draft labor market survey available to the subcommitee. The survey is grouped into:

- Executives (directors and department heads)
- Middle Management (not a represented bargaining group)
- St Helena Employee Association (SHEA, represented bargaining group)
- Police – non management (a represented group)
- Fire – non management (a represented group)

~~Part-time and temporary positions are not included in the survey. Also, not all full-time positions are presented in the survey, making it difficult to gain full transparency into individual position and classification compensation comparability.~~

Note: *The survey covers selected classifications rather than every City position and flags classes with insufficient comparable data. Omission from a labor-market survey is not, by itself, a lack of transparency. Staff should identify the study's intended scope, which positions were excluded, and why. (PublicPay Base Salary, pp. 1-3.)*

Proposed language: The Subcommittee asks staff and PublicPay to identify the study's intended scope, which fulltime, part-time, and temporary positions were not included, and the reason for each exclusion.

Subcommittee response: We have made a factual clarifying point that is helpful to readers that may be less knowledgeable of the intricacies of the data presented in the class and compensation study. We think the comment is useful to the community, and maybe to city council.

The data gathered from each agency is as follows:

1. Base salary (base range). This is the pay at the highest step within a position.
2. Cash supplements. These include longevity pay, deferred compensation, employee pension and social security cost sharing.
3. Insurance benefits. These include the agency's cost for health, dental, and vision premiums. This does not include the cost-sharing paid by the employee.

~~Base salary and cash supplements are added to arrive at "base+cash," a figure that should be a reasonable approximation of comparable gross wages. However, there are a number of issues and inconsistencies with this "customary" approach to modeling that both inflates total compensation for certain agencies and gives the appearance that St Helena employees are under compensated when compared to the survey agencies. We explain each issue as follows:~~

Note: *PublicPay separately presents Base, Base + Cash, and Base + Cash + Insurance. The Subcommittee may question particular assumptions, but it should distinguish an alternative policy metric from a demonstrated methodological or* *arithmetic error. Any material concern should be answered by PublicPay and, where appropriate, tested through recalculation. (PublicPay Total Compensation, pp. 1-3 and individual class sheets.)*

Proposed language: The Subcommittee asks PublicPay and staff to explain the Base, Base + Cash, and Base + Cash + Insurance methodology and, where a disputed assumption is material, provide a clearly labeled alternative calculation.

Subcommittee response: We've simply stated how the data is presented and what each grouping includes. Further explanation of our concern is noted below.

1. ~~Longevity Pay. Seven (including St Helena) of the fifteen agencies in the survey boost base compensation at various levels for years of service. The survey's "base compensation" is the max range of the five-step wage scale used by all agencies in the survey. The survey adds the maximum longevity pay awarded to base compensation in developing "base+cash." The maximum longevity pay is based on the maximum award at 25 to 40 years of service. The survey adds to the five-year base compensation longevity pay boosts based on thirty or forty years of service. This increases the five-year base compensation amount by as much as 12.5%. We disagree with adding this to the base compensation as pay at five years is not comparable to pay at 25 or 40 years. This obviously overstates comparable wages. Including a longevity pay boost awarded at five years of service (as in St Helena's case) would be appropriate, but not well into the future year boosts. The survey overstates comparable wages.~~

Note: *PublicPay's base-salary methodology states that the range maximum excludes longevity, merit, and performance pay. Longevity is shown separately as a cash supplement in the total-compensation sheets. The draft should not suggest longevity is embedded in base salary. The remaining question is whether the longevity amount used is the appropriate standardized amount, which PublicPay should explain and test. (PublicPay Base Salary, p. 3;*
PublicPay Total Compensation, individual class sheets.)

Proposed language: The Subcommittee asks PublicPay to explain the longevity amount used in the totalcompensation analysis and show whether using currently earned or another standardized longevity amount would materially change the results.

Subcommittee response: Longevity pay as we state is part of base+cash. We haven't said anything different. Our observation is clearly stated; a reader can form their own conclusion which may agree with ours or be something different. Our observation is based in clean logic with clear reasoning. Our observation is advisory only.

2. ~~Deferred Compensation. Deferred compensation plans offered by various agencies range in value as noted by the survey; they are an additional form of retirement benefit provided beyond CALPERS. All plans include an employer contribution and an employee contribution. Employees must contribute to receive the agency match. Some employee contributions are mandatory and not an election. The issue with the survey model is it assumes all employees participate and that all employees defer to the maximum needed to get the maximum value from the employer match. Given that these deferred compensation plans are in addition to generous CALPERS plans and in some instances in addition to Social Security, it is unrealistic to~~

~~assume full and maximum employee participation for plans that require more significant employee deferrals when they are not mandatory. As such the survey inflates the "base+cash" totals.~~

Note: *This is a reasonable question, but the draft assumes participation behavior without supporting data. PublicPay should explain whether the deferred-compensation figure represents a maximum contractual employer contribution, a mandatory amount, or actual participation, and whether an alternative treatment would materially affect the results.* **Proposed language:** The Subcommittee asks PublicPay to explain whether deferred compensation reflects a maximum contractual benefit, a mandatory amount, or actual participation and whether an alternative treatment would materially change the results.

Subcommittee response: Our inference to participation behavior is based on our decades of experience with 401(k) matching plans in private industry, numerous country wide analysis regarding participation rates and deferral levels as well as a limited amount of communication from PublicPay that supports there isn't 100 % participation and there isn't 100% deferral, but it would be too difficult to gather the information from the agencies surveyed.

3. ~~Extra EE Pension and Social Security. This column includes two items: the amount employees are required to pay into CALPERS above the standard percentage and the employee's share of social security tax withholding. The presentation of the "extra ee pension" reducing total compensation makes sense for comparability. Social Security taxes require an employer "contribution" and an employee "contribution" very much similar to deferred compensation plans with matching contribution requirements, especially with plans that make the employee contribution mandatory and irrevocable. As such, reducing total compensation for the Social Security employee "contribution" / withholding is not consistent with the presentation of deferred compensation plans and inconsistent with the value of the retirement benefit that is earned by the employee. The consultant has noted that the model is the "customary" approach and further subjectively suggests that "employees don't see the value" of the withholding. We conclude that reducing total compensation for employee Social Security withholdings is both inconsistent with other aspects of the model and deflates total compensation comparability for St Helena.~~

Note: *This is a technical methodology question, not a validated Committee conclusion. PublicPay should explain what is included in the combined "Extra EE Pension and SS" adjustment, why it is treated as a negative cash supplement, and the effect of any alternative treatment. (PublicPay Total Compensation, individual class sheets.)*

Proposed language: The Subcommittee asks PublicPay to explain the treatment of employee pension cost-sharing and Social Security withholding, including what is included in the combined adjustment and the effect of any alternative treatment on St. Helena's comparison.

Subcommittee response: PublicPay has explained that this is the customary approach and their subjective comment noted above. We do not agree with the inconsistent presentation of essestially two deferred compensation alternatives. As noted above, both forms require employer contributions that benefit the employee in retirement so why aren't they both treated the same. Our logical observation and clear reasoning are only advisory while it along with much other analysis in our report helps the full committee determine what appropriate level of compensation adjustments will be included in our five- year forecast.

~~Each agency's cost of health benefits (the agency's premium costs) are then added to "base+cash" to arrive at theoretical total compensation. Although this approach may be favorable or not to St Helena's survey results, we do not agree with this methodology. We think a better and correct approach is to subtract health benefit cost-sharing paid by employees (towards the agency's total premium costs). Every entity (public or private) generally does not pay 100% of the premium for health insurance; employees participate in an entity's health insurance costs. All survey agencies (other than St Helena) have cost-sharing arrangements with their employees; between 10% to 20% of premium costs. This cost sharing reduces their gross pay.~~ ~~**However, St Helena employees do not participate in health insurance premium cost-sharing.**~~ ~~The City of St Helena pays 100% of the premium. This is a large benefit to St Helena employees and effectively increases their gross wage comparison compared to most if not all other public agencies. Health insurance premiums do not reflect the value of a plan to a participant.~~

~~Premiums are influenced by services, deductibles, prescription drug coverage and other items that may increase the premium costs to a public agency while not necessary increasing the "value" to a particular participant. The public agency may also have a broker that does not negotiate as well as another public agency may negotiate. Premiums do not equal value. Our conclusion that cost-sharing is the appropriate metric for accurate comparability is clearly supported by the fact that all public agencies disclose on their benefits websites the percentage of premium costs they cover. They do not speak to premium costs. They recognize potential employees are concerned about what will be deducted from their wages towards healthcare and related benefits.~~

Note: *The submitted report is arguing for employee net cash compensation as the controlling metric, while PublicPay reports employer-paid total compensation. Both may be useful, but they answer different questions. The report should not label one method correct and the other incorrect without a side-by-side explanation of employer cost, employee contribution, plan value, and net cash impact. (PublicPay Total Compensation, pp. 1-3.)*

Proposed language: The Subcommittee asks staff and PublicPay to provide a side-by-side presentation showing base and cash compensation, total premium cost, employer contribution, employee contribution, and net employee cash impact before characterizing either measurement as controlling.

Subcommittee response: We are aware many agencies and business annually send a "total rewards" statement to their employees adding cost of health insurance premiums to compensation. Our experience is that employees generally don't view it that way; they are most concerned with what they are paying (cost sharing) towards the premium. We've explained above the concern with inefficient management of premiums on the part of the employer; you can pay a lot for a substandard plan if you don't analysis and negotiate well. How is that more beneficial to an employee? In our experience, employees are concerned with what it costs them. PublicPay did not analyze the value of the plan for coverage, deductibles, copays, etc. Their presentation assumes plans are more or less the same and if the premium cost is higher, it is more valuable to the employee. We disagree.

~~**An example of the impact**. The detailed information on page 59 of the draft labor market survey provides that the "base+cash" (i.e. gross pay) of a St Helena firefighter is $9,762 per month while a Calistoga firefighter is lower at $8,877 per month ($885 less). But when the agency cost of health benefits is added, as the survey does, the survey concludes that a St Helena firefighter makes $12 less per month. But a Calistoga firefighter pays for cost-sharing of approximately $300 a month. In reality, the St Helena firefighter makes approximately $1,185 per month **_more_** than a Calistoga firefighter, not **_less_**. Further, an under-thirty-year-old healthy potential employee does not care what the premium costs are for a health plan they likely will not use. They do care what will be deducted from their paycheck for health insurance cost-sharing.~~

Note: *PublicPay's firefighter sheet confirms the underlying arithmetic: St. Helena is shown at $9,762 in Base + Cash and $12,597 in Base + Cash + Insurance; Calistoga is shown at $8,877 and $12,609, respectively. The $12 difference is therefore consistent with PublicPay's stated total-compensation method. The dispute is about which metric should control, not an arithmetic error. The claimed Calistoga employee contribution must be verified, and the speculation about what an employee under 30 values should be deleted. (PublicPay Total Compensation, p. 60.)*

Proposed language: The firefighter example should state PublicPay's figures accurately and distinguish employee cash compensation from employer total-compensation cost. Staff should verify the claimed employee contribution and remove speculation regarding employee age or benefit preferences.

Subcommittee response: The example is accurate. The observation regarding younger employees is accurate as well based on our experience.

Compensation not included in the survey

Several forms of compensation are not included in the survey:

- Car allowances
- Housing allowances
- Performance bonuses

~~Each of these can be significant and add $10,000 to $20,000 cumulatively to annual pay. These additional forms of compensation are mostly provided to the survey's executive group and maybe a few of the survey's middle management group. The Subcommittee will review more information on these forms of compensation that has been requested from City staff.~~

Note: *The $10,000 to $20,000 range is not sourced. It should not be used until staff confirms whether these compensation elements apply, which classifications receive them, their annual value, and whether comparable agencies were treated consistently.*

Proposed language: The Subcommittee has requested staff confirmation of whether these compensation elements apply, which classifications receive them, their annual value, and whether they are treated consistently across the comparator agencies.

Subcommittee response: See previous response to this issue. We requested this information months ago from the city. PuplicPay provided that it is not customary to include this information. The range is

a rough estimate that we feel is reasonably accurate based on anecdotal information and the best we have to communicate the observation and our concern with the effects on the comparable compensation. It is advisory only.

Below we review the results by survey group.

Executive Group

This group is comprised of directors and department heads. Please note we did not receive data regarding the city manager's position; we have reiterated this request for full transparency. All positions in this group supervise personnel, some directly at many levels. The executive group is a non-bargaining group. Compensation is determined individually through annual evaluations.

~~The survey results could indicate to the lay person that our executive team is under compensated. However, many factors need to be considered to equalize the comparison, and the survey does not consider a long list of metrics. Depending on the position, the following factors (to name a few) should "adjust" the comparability of survey agencies to St Helena:~~

***Note:** State PublicPay's result neutrally before presenting any critique. PublicPay reports the executive group approximately 11.7% below the market median on Base + Cash + Insurance, with material variation by classification. Any proposed adjustment for department size, service complexity, tenure, allowances, or local policy should be validated rather than assumed. (PublicPay Total Compensation, p. 1.)*

Proposed language: PublicPay reports the executive group approximately 11.7% below the market median on Base + Cash + Insurance, with substantial variation by classification. Any adjustment for department size, service complexity, tenure, allowances, or local policy should be validated before the Committee reaches a contrary conclusion.

Subcommittee response: Our observation is generally in line with yours. We'll move forward with our language.

General Fund Budget	Department Budget	Total employees
Department headcount	Capital Project Budget	Number of firehouses
Number of police stations	Emergency calls	Miles of roads
Acres of parks	Miles of water lines	Miles of sewer lines

~~It is also difficult to line up the position responsibilities and classifications based on titles alone and without referring to detailed position descriptions and detailed position responsibilities. Obviously, it seems reasonable that the Director of Administrative Services (chief accounting and financial manager) would make $3,000 a month less than the comparable position in Santa Rosa.~~

~~That our police and fire chiefs supervising one station each, with far fewer personnel, and at crime or call levels make less than comparable positions in the survey also makes sense. Department Head~~

~~salaries should be negotiated consistently based on position descriptions and classifications, including responsibilities, experience, education, credentials, and expertise, comparable to neighboring communities. The Subcommittee finds that all executive group positions are reasonably paid (and some potentially more highly paid) on a comparability basis and therefore do not need anything other than normal annual compensation adjustments—if at all—that fully take into account their other pay and forms of compensation that are not considered in the survey. This is also supported by the longevity of the existing personnel in these positions that span a decade or more in many instances.~~

Note: *The first sentence about difficulty aligning responsibilities is fair. The remainder reaches a pay conclusion without a validated alternative model. PublicPay reports the executive group approximately 11.7% below the market median on total compensation, with position-level variation. Employee tenure is not, by itself, evidence that pay is adequate. (PublicPay Total Compensation, p. 1.)*

Jims note: *Only the Fire Chief has served in an executive position for ten years or more. The other executives have served from a few months to almost four years. The statement that executive tenure spans a decade or more in many instances is therefore factually inaccurate and does not support the compensation conclusion.*

Proposed language: Remove the longevity statement. The Subcommittee asks staff and PublicPay to determine whether selected executive classifications require position-specific review. No conclusion regarding pay adequacy should be drawn until any material methodological concerns are validated and recalculated.

Subcommittee response: An alternative model is not available while our observation helps to inform the full committee regarding future needed compensation adjustments. Recall we are working against a narrative from the previous city manager suggesting our structural deficit was between $6-$8 million dollars with significant need for large upward compensation adjustments. As to tenure, the compensation information was as of December 2025. At that time the Fire Chief, Police Chief, and Administrative Services director had been employed for well over a decade. The Community Development Director was here for six years and subsequently retired, indicating it wasn't a pay issue. Also, please see previous response regarding this issue

Middle Management Group

This group is also a non-bargaining group with compensation determined individually through annual evaluations. Again, the survey indicates that this group is under compensated. Similar to the executive group, qualitative aspects need to be considered when comparing St Helena positions and classifications to the survey results or individual agencies. Qualitative aspects that may apply (as well as some mentioned above) are:

Note: *PublicPay reports confidential middle management approximately 8.5% below the market median on Base + Cash + Insurance, with substantial variation by classification. Qualitative adjustments may be appropriate, but they must be tested against job descriptions and consultant or staff analysis. (PublicPay Total Compensation, p. 1.)* **Proposed language:** PublicPay reports confidential middle management approximately 8.5% below the market median on Base + Cash + Insurance, with substantial variation by classification. Any qualitative adjustment should be referred to staff and PublicPay for validation against the applicable job descriptions.

Subcommittee response: See previous comments addressing more or less the same observation.

- Is the position a manager of people or contractors?
- Is the position a non-manager subject expert?
- Does the position work autonomously or do they require significant supervision?
- How many people does the position manage?
- How long have they been in the position?
- Does the position hold a college degree directly related to responsibilities?
- Do they have budget responsibility?

~~Again, it is difficult to line up the position responsibilities on titles alone and without referring to detailed position descriptions and detailed position responsibilities. Obviously, manager positions in St Helena likely have less responsibility and are less complicated than similar positions in e.g., Santa Rosa, Fairfield, Vallejo, City of Napa, etc. Our conclusion is that all middle management group positions are reasonably paid (and some potentially overcompensated based on position description and classification) and do not appear to need anything other than normal annual compensation adjustments—if at all—that fully take into account their other pay that is not considered in the survey. We respectfully recommend that the City should ensure that processes are in place to consider all the qualitative aspects and metrics in the classification and descriptions of positions to appropriately determine fair and reasonable compensation for this group, including private industry compensation comparables.~~

Note: *This reaches a pay conclusion and recommends private-sector comparables without validating either proposition. PublicPay's middle-management results vary significantly by classification. Any additional classification review or use of private-sector data should be framed as a question for staff and PublicPay, not a finding that positions are overcompensated. (PublicPay Total Compensation, p. 1.)*

Proposed language: The Subcommittee asks whether selected middle-management classifications require additional classification review and whether private-sector data would be useful for those specific classifications. No finding of overcompensation should be made without a validated alternative analysis.

Subcommittee response: See previous response that covers the main issue of comparable job responsibilities, complexity, number of staff supervised, etc. The importance of qualitative and quantitative aspects are significant and guide us to our conclusion when you look at the few towns in the survey that approach our small size.

<u>SHEA (St Helena Employees Association)</u>

~~This is a group that should be simple to create a comparable compensation scale, because the positions are most likely comparable among public agencies, and do not require management and supervision factors, and are not impacted by other qualitative factors noted above. As discussed above, the comparison negatively impacts St Helena because it includes the three noncomparable cities we noted that inflate compensation, fails to address other noted areas, does not include private industry data for~~

~~the many positions that align with needs, and improperly addresses insurance benefits. Although it does not impact the positions and classifications noted in this group, it should be noted that not all positions are listed in the survey because of certain bargaining unit impacts (which necessarily reduces transparency) and specifically excludes parttime and temporary positions used by St Helena.~~

Note: *This overstates the simplicity of bargaining-unit classification and repeats unvalidated conclusions about comparator selection and insurance methodology. PublicPay's group average does not establish that every SHEA classification is properly matched or compensated.*

Proposed language: The Subcommittee asks PublicPay and staff to identify any SHEA classifications where job matching, comparator selection, benefit assumptions, or sample size materially affect the result.

Subcommittee response: We maintain that our previous conclusions on certain aspects are valid. See further notes below forming our introductory comments above.

~~As can be seen in the SHEA group summary and details, a large majority of positions are within 5% +/- of the average maximum compensation under the five step scale and classification, and in aggregate the group is minus .4% of the average. There are equal numbers above plus 5% of the average and minus 5% of average. Subcommittee members' professional experience suggests if pay is within 10% of the competitive metric, it is competitive and thus requires no significant action until the pay differential is closer to 15%. While deferring to the City management's role in collective bargaining and all else being equal, the relevant comparability survey data available to the Subcommittee indicates the SHEA bargaining group classifications and positions receive fair and reasonable pay with no need for significant compensation increases, while supporting annual COLA adjustments with other noted compensation survey aspects also needing to be considered. The City should consider the special impact of no health insurance cost-sharing as part of its annual classification and compensation decision-making.~~

Note: *The 0.4% figure is PublicPay's SHEA median result for Base + Cash + Insurance, not a general conclusion that every position is within 0.4% of market. The no-increase conclusion is a bargaining and policy judgment. Also, unless there is a formal Council action, the report should not state that the City Council has directed this work. Aaron Barak and Paul Dohring requested on December 16, 2025 that the Finance Committee consider high-level compensationpolicy guidelines for possible Council review; that is separate from findings on individual classifications or bargaining outcomes. (PublicPay Total Compensation, p. 2.)*

Proposed language: PublicPay's total-compensation summary shows SHEA approximately 0.4% below the market median on Base + Cash + Insurance. Any policy conclusion about future increases should proceed through staff, Council direction, and the meet-and-confer process. Aaron Barak and Paul Dohring previously requested that the Finance Committee consider high-level compensation-policy guidelines for possible Council review; that separate policy discussion should not be confused with findings on individual classifications or bargaining outcomes.

Subcommittee response: As noted by our committee chair Chris Warren, by our mayor, and previous city manager, we are an independent committee providing advisory only analysis, observations, and recommendations to city council as it relates to forming our view of the surpluses and deficits over the five year forecast period which requires us to interpret data presented to us and form an opinion

about its impact on the city's future spending. Specifically, we did not come to a "no-increase conclusion." We said "…no need for significant compensation increases."

Police and Fire Groups

~~Both groups are represented with agreed upon pay scales. For certain survey reasons, not all positions are presented. For transparency, we encourage all positions to be presented. The compensation survey does not consider certain qualitative and quantitative factors that impact compensation comparisons for these positions. The survey does not take into account numbers of calls, types of calls, and crime statistics, to name a few. Inclusion of the three inappropriate agencies noted earlier have inflated the compensation comparison negatively for St Helena. When annually evaluating compensation and classification of these groups, we respectfully encourage the City Council to review the detailed agency information for more like-kind public agencies more comparable to St Helena's situation for these positions. Based on the data available to the Subcommittee, it appears that these two groups are fairly and reasonably compensated other than reasonably justified COLA adjustments.~~

Note: *PublicPay reports Police approximately 4.3% below and Fire approximately 9.7% below the market median on Base + Cash + Insurance. Those results do not dictate a policy outcome, but they do not support a blanket finding that both groups are adequately compensated and need only COLAs. Any qualitative service metrics should be validated before Council reaches a conclusion. (PublicPay Total Compensation, p. 2.)*

Proposed language: PublicPay reports Police approximately 4.3% below and Fire approximately 9.7% below the market median on Base + Cash + Insurance. Staff and PublicPay should identify whether any qualitative service metrics materially affect those results before Council reaches a policy conclusion.

Subcommittee response: We agree city council should consider all the information provided to them though the class and compensation study, the efficiency study, and our analysis, observations, and recommendations before city council reaches a conclusion.

Other Subcommittee observations and comments

1. ~~The City should implement a cost sharing arrangement for health and related benefits for the executive and middle management groups of at least 10% or a more appropriate 15% of city incurred premium costs beginning in fiscal year 2027.~~

Note: *This is a policy, labor, HR, and fiscal recommendation. It should not be in a Finance Committee fact-finding report unless Council specifically asks for policy options and staff/labor counsel review it first.*

Proposed language: Move this to a separate policy-options memo for staff, City Attorney, labor counsel, and Council review.

Subcommittee response: Our comments and recommendations are advisory only.

~~The City should introduce the same arrangement with bargaining groups that may require a phased implementation over two or three years beginning in fiscal year 2027 to reach 15% cost sharing.~~

Note: *This is a policy, labor, HR, and fiscal recommendation. It should not be in a Finance Committee fact-finding report unless Council specifically asks for policy options and staff/labor counsel review it first.*

Proposed language: Move this to a separate policy-options memo for staff, City Attorney, labor counsel, and Council review.

Subcommittee response: Our comments and recommendations are advisory only.

2. ~~At the same time, the City should adopt an "opt out" policy for health and related benefits paying each employee $300- $500 a month to elect not to be covered by our plans. Other agencies within the survey follow this practice as do many private companies. The results can provide tremendous savings while an employee elects to be covered under a spouse's plan.~~
   Note: *This is a policy, labor, HR, and fiscal recommendation. It should not be in a Finance Committee fact-finding report unless Council specifically asks for policy options and staff/labor counsel review it first.* **Proposed language:** Move this to a separate policy-options memo for staff, City Attorney, labor counsel, and Council review.

   ~~Together, once fully implemented, the above changes potentially may save the City $300,000 - $600,000 a year.~~

Note: *This is a policy, labor, HR, and fiscal recommendation. It should not be in a Finance Committee fact-finding report unless Council specifically asks for policy options and staff/labor counsel review it first.*

Proposed language: Move this to a separate policy-options memo for staff, City Attorney, labor counsel, and Council review.

Subcommittee response: Our comments and recommendations are advisory only.

3. ~~The City should expand its recruitment policy and job qualification and classification requirements to allow candidates without government experience and those with private industry only experience for a significant number of the City's current positions.~~

Note: *This is a policy, labor, HR, and fiscal recommendation. It should not be in a Finance Committee fact-finding report unless Council specifically asks for policy options and staff/labor counsel review it first.*

Proposed language: Move this to a separate policy-options memo for staff, City Attorney, labor counsel, and Council review.

Subcommittee response: Our comments and recommendations are advisory only.

4. ~~The City has a large number of part-time positions whereby employees do not qualify for health insurance and other benefits; presumably to save on benefit costs. However anecdotal information suggests this has created a fair amount of turnover which is a hidden cost to the City. The City should review this and consider adjusting, combining, and aligning multiple part-time positions and creating full-time positions.~~

Note: *This is a policy, labor, HR, and fiscal recommendation. It should not be in a Finance Committee fact-finding report unless Council specifically asks for policy options and staff/labor counsel review it first.*

Proposed language: Move this to a separate policy-options memo for staff, City Attorney, labor counsel, and Council review.

Subcommittee response: Our comments and recommendations are advisory only.

Efficiency and Business Transformation Study

~~Our subcommittee provides the following comments in an advisory capacity for the consideration of City Council and City Manager. Our comments are restricted to labor, organization structure, compensation, and related areas and are not associated with the broader systems, processes, and efficiency recommendations as those are addressed elsewhere by the Committee and its subcommittees.~~ **Our recommendations are consistent with our directive to independently determine the fiscal surpluses and deficits of the five-year financial forecast period. Together with other areas of analysis addressed by other subcommittees, they address the financial opportunities available to the city.**

Note: *This section leaves the compensation-study fact-review lane and moves into organizational implementation. The City's study webpage states that Council and staff will evaluate implementation strategies. The Finance Committee can summarize consultant recommendations and assess verified fiscal effects, but it should not independently select, sequence, or design organizational, personnel, bargaining, or operational changes. (City of St. Helena, Efficiency and Business Transformation Study webpage.)*

Proposed language: The Finance Committee may summarize Blackberg's recommendations and evaluate verified fiscal effects for the five-year forecast. Selection, sequencing, organizational design, personnel implementation, labor relations, and operational management remain matters for the City Manager, staff, legal and labor review, and Council direction.

Subcommittee response: Our observations, analysis, and recommendations are developed from personal experience, years of operational and organizational knowledge gained throughout our careers with significant knowledge and ability to review organizational structures, predict outcomes reasonably well, and with direct knowledge of the city of St Helena community and government. They are advisory only.

~~Often in small organizations, such as a small town like ours, staffing levels do not warrant positions for every different focus or cannot be afforded. As such, efficient organizational structures will require certain positions to wear "multiple hats" or the use of consultants to fill part-time needs that aren't easily combined with other responsibilities where the knowledge and skills are dissimilar.~~

Note: *This is a general management view, not a factual finding from the compensation study or a specific Blackberg recommendation. Remove it from this report or present it separately as a policy proposition.*

Proposed language: Remove from this report or move to a separate policy memo.

Subcommittee response: Our observation, analysis, and recommendation is developed from personal experience, years of operational and organizational knowledge gained throughout our careers with significant knowledge and ability to review organizational structures, predict outcomes reasonably well, and with direct knowledge of the city of St Helena community and government. They are advisory only.

~~We fully support the following recommendations from the Efficiency and Business Transformation study found in deliverable 3A: Organizational Structure and Staffing Component, section 5.0 St Helena Staffing, Organization, and Controls. Most of the recommended changes should occur in the near term.~~

Note: *The Committee may accurately summarize Blackberg's independent recommendations and their fiscal implications. It should not convert workshop input into a Blackberg recommendation or endorse implementation choices within a class-and-compensation fact review. Blackberg expressly distinguishes City employee workshop input from its independent analysis and recommendations. (Blackberg 3A, Introduction and §5.1.)*

Proposed language: Summarize only Blackberg's independent recommendations, cite the applicable sections, and ask staff to identify the verified fiscal impacts and implementation status.

Subcommittee response: Our observation, analysis, and recommendation is developed from personal experience, years of operational and organizational knowledge gained throughout our careers with significant knowledge and ability to review organizational structures, predict outcomes reasonably well, and with direct knowledge of the city of St Helena community and government. They are advisory only.

~~5.1.1 Financial Analyst. Move the Financial Analyst from Public Works to Administrative Service. The Blackberg report provides many very sound reasons for this recommendation, not the least of which are internal controls, independence, and accountability.~~

Note: *Blackberg expressly recommends moving the Public Works Financial Analyst under Administrative Services for independence, internal controls, and accountability. Keep this only as a neutral summary with a precise citation, not as editorial endorsement. (Blackberg 3A, §5.1.1, p. 44.)*

Proposed language: Blackberg recommends moving the Public Works Financial Analyst under Administrative Services for internal-control, independence, and accountability reasons. (Blackberg 3A, §5.1.1, p. 44.)

Subcommittee response: It appears we are in agreement. Our reference to the Blackberg report is properly noted.

~~5.1.2 Community Services Department – Library. Blackberg reports our library staffing, and overall operating costs, are significantly higher than cities our size and observes "this represents a higher-than-average number of staff." See our recommendation below to consider whether to return volunteerism to the library which will result in a lower number of paid staff and reduced budget while fully supporting the library's continued high quality and quantity of service.~~

Note: *Blackberg reports that the Library provides higher-than-average quality and quantity at higher-than-average cost, but states that it did not identify significant staffing, automation, or process efficiencies. It also states that reducing staffing would reduce service quality and quantity. Its primary recommendation is to resolve the Library's uncertainty; its secondary recommendation is to explore revenue sources. Replacing paid staff with volunteers is a separate Subcommittee proposal, not a Blackberg recommendation, and may raise labor issues. (Blackberg 3A, §5.1.2, p. 45.)*

Proposed language: Blackberg found that the Library provides higher-than-average service at higher-than-average cost and did not identify significant staffing efficiencies; reducing staff would reduce service quality and quantity. It recommends resolving uncertainty and exploring revenue sources. Any volunteer-staffing proposal is separate and should be referred to staff, HR, and labor counsel. (Blackberg 3A, §5.1.2, p. 45.)

Subcommittee response: Our observation, analysis, and recommendation is developed from personal experience, years of operational and organizational knowledge gained throughout our careers with significant knowledge and ability to review organizational structures, predict outcomes reasonably well, and with direct knowledge of the city of St Helena community and government. The financial implications will be included in the full committee's five-year forecasts if this recommendation is accepted by the full Finance Committee. Our recommendations and suggestions to city council are advisory only.

~~5.1.3 Community Services Department – Broadly. The Efficiency and Business Transformation Study recommends eliminating the Director of Community Services position as it is not well justified. It is noteworthy, this position was only recently added, increasing overall labor costs and furthering budget stress. The incumbent can be transferred to the Director of Parks and Recreation position while the number of Parks and Recreation Department staff is right sized with this change. Also, please see below our recommended change that will expand the responsibilities of this director's position.~~

Note: *Blackberg recommends eliminating the Director of Community Services, separating Library and Recreation so each reports to the City Manager, and adding a second Recreation Supervisor. It does not recommend transferring the incumbent, recreating a Director of Parks and Recreation position, or "right-sizing" staff as written here. (Blackberg 3A, §5.1.3, p. 46.)*

Proposed language: Blackberg recommends eliminating the Director of Community Services, separating Library and Recreation so each reports to the City Manager, and adding a second Recreation Supervisor. Remove the transfer, right-sizing, and incumbent-specific language unless staff brings it forward. (Blackberg 3A, §5.1.3, p. 46.)

Subcommittee response: Our observation, analysis, and recommendation is developed from personal experience, years of operational and organizational knowledge gained throughout our careers with significant knowledge and ability to review organizational structures, predict outcomes reasonably well, and with direct knowledge of the city of St Helena community and government. Our recommendation is slightly different and softens the harshness of eliminating a position's impact on personnel. The financial implications will be included in the full committee's five-year forecasts if this recommendation is accepted by the full Finance Committee. Our recommendations and suggestions to city council are advisory only.

~~5.1.4 Administrative Services Department. There are many recommendations within this review; personnel, education, experience, process, systems, etc. The near-term essential staffing recommendation is to elevate the department with the hiring a leader who has a degree in accounting, is a CPA, with expert knowledge of accounting software. Hiring such a qualified candidate will provide~~

~~the opportunity and the ability for the department to then embark on the many recommendations in the study benefiting existing department personnel, the city, and the community.~~

Note: *The dedicated City Accountant recommendation appears in Blackberg's final Deliverable 4 as a Phase 2 recommendation, not as the recommendation stated in this subsection of Deliverable 3A. Blackberg proposes a City Accountant with CPA and accounting-degree qualifications reporting to the Administrative Services Director, together with specified staffing reallocations and estimated fiscal effects. The current wording could be read as calling for a leadership replacement beyond the report. (Blackberg 4, §4.2 and §7.1, p. 18 and following.)*

Proposed language: Blackberg's final Deliverable 4 recommends a Phase 2 City Accountant with CPA and accounting-degree qualifications reporting to the Administrative Services Director. Staff should explain the proposed staffing reallocations, implementation sequence, and net fiscal impact. (Blackberg 4, §4.2 and §7.1.)

Subcommittee response: Our observation, analysis, and recommendation is developed from personal experience, years of operational and organizational knowledge gained throughout our careers with significant knowledge and ability to review organizational structures, predict outcomes reasonably well, and with direct knowledge of the city of St Helena community and government. <u>Our recommendation is to implement this ASAP and not in Phase 2.</u> The financial implications will be included in the full committee's five-year forecasts if this recommendation is accepted by the full Finance Committee. Our recommendations and suggestions to city council are advisory only.

~~5.1.5 Community Development Department. We support the observation and recommendation with no further comments.~~

Note: *This is operational, organizational, or labor-related. It belongs with the City Manager, staff, City Attorney, labor counsel, and Council, not in a Finance Committee factual report.*

Proposed language: Remove from this report or refer to staff for separate review.

Subcommittee response: Our observation, analysis, and recommendation is developed from personal experience, years of operational and organizational knowledge gained throughout our careers with significant knowledge and ability to review organizational structures, predict outcomes reasonably well, and with direct knowledge of the city of St Helena community and government. They are advisory only.

~~5.1.6 Fire Department and Police Department. We support the consideration by the City Council of the observation and recommendation. This is a sensitive community issue, given our community's priority for effective and efficient police and fire protection and services. If the recommendation is not supported by the community, the community will need to recognize the costs and impact on the city's budget and potential revenue needs.~~

Note: *This is operational, organizational, or labor-related. It belongs with the City Manager, staff, City Attorney, labor counsel, and Council, not in a Finance Committee factual report.*

Proposed language: Remove from this report or refer to staff for separate review.

Subcommittee response: Our observation, analysis, and recommendation is developed from personal experience, years of operational and organizational knowledge gained throughout our careers with significant knowledge and ability to review organizational structures, predict outcomes reasonably well, and with direct knowledge of the city of St Helena community and government. They are advisory only.

~~5.1.7 City Clerk Department. We support consideration by the City Council of the observation and recommendation with no further comments.~~

Note: *This is operational, organizational, or labor-related. It belongs with the City Manager, staff, City Attorney, labor counsel, and Council, not in a Finance Committee factual report.*

Proposed language: Remove from this report or refer to staff for separate review.

Subcommittee response: Our observation, analysis, and recommendation is developed from personal experience, years of operational and organizational knowledge gained throughout our careers with significant knowledge and ability to review organizational structures, predict outcomes reasonably well, and with direct knowledge of the city of St Helena community and government. They are advisory only.

~~5.1.8 Public Works Department. We support City Council consideration of the observation and recommendations. See comments below regarding transferring the Parks and Trees subdepartment and responsibilities to the Parks and Recreation Department reporting to the Director of Parks and Recreation.~~

Note: *I did not find a Blackberg recommendation transferring Parks and Trees or park-maintenance supervision to Parks and Recreation. Blackberg's Public Works future-state recommendation instead proposes a leaner structure with a Director of Water and Sanitation and separate Capital Improvements and Ongoing Operations branches. The transfer proposed here is an independent Subcommittee organizational recommendation. (Blackberg 3A, §5.1.8.)* **Proposed language:** Remove the Parks and Trees transfer from this report or identify it expressly as an independent Subcommittee proposal and refer it to the City Manager and Council for separate organizational review.

Subcommittee response: Our observation, analysis, and recommendation is developed from personal experience, years of operational and organizational knowledge gained throughout our careers with significant knowledge and ability to review organizational structures, predict outcomes reasonably well, and with direct knowledge of the city of St Helena community and government. They are advisory only.

~~When considering efficient organizational structures and community satisfaction of service levels, it can be useful to review history especially for a small town like ours. History may provide good examples. As such we offer these recommendations, subject to consideration by the City Council and City management as well as advice from the City's Parks and Recreation Commission:~~

Note: *This is operational, organizational, or labor-related. It belongs with the City Manager, staff, City Attorney, labor counsel, and Council, not in a Finance Committee factual report.*

Proposed language: Remove from this report or refer to staff for separate review.

Subcommittee response: Our observation, analysis, and recommendation is developed from personal experience, years of operational and organizational knowledge gained throughout our careers with significant knowledge and ability to review organizational structures, predict outcomes reasonably well, and with direct knowledge of the city of St Helena community and government. They are advisory only.

1. ~~Park maintenance supervision should be transferred back to and directly report to the Director of Park and Recreation. In the past park maintenance staff directly reported to the Director of Parks and Recreation; our community was satisfied by and large with park maintenance. This may have many advantages.~~

Note: *This is an independent organizational and personnel recommendation, not a finding from the compensation study or an identified Blackberg recommendation. It should be removed from this report or referred to the City Manager and Council through the implementation process.*

Proposed language: Remove this recommendation from the report or refer it to the City Manager and Council through the Blackberg implementation process.

Subcommittee response: Our observation, analysis, and recommendation is developed from personal experience, years of operational and organizational knowledge gained throughout our careers with significant knowledge and ability to review organizational structures, predict outcomes reasonably well, and with direct knowledge of the city of St Helena community and government. They are advisory only.

a. ~~This may streamline communications to field employees.~~

Note: *This is operational, organizational, or labor-related. It belongs with the City Manager, staff, City Attorney, labor counsel, and Council, not in a Finance Committee factual report.*

Proposed language: Remove from this report or refer to staff for separate review.

Subcommittee response: Our observation, analysis, and recommendation is developed from personal experience, years of operational and organizational knowledge gained throughout our careers with significant knowledge and ability to review organizational structures, predict outcomes reasonably well, and with direct knowledge of the city of St Helena community and government. They are advisory only.

b. ~~There may be more consistency with Park department goals, maintenance, and focus.~~ ***Note:*** *This is operational, organizational, or labor-related. It belongs with the City Manager, staff, City Attorney, labor counsel, and Council, not in a Finance Committee factual report.*

Proposed language: Remove from this report or refer to staff for separate review.

Subcommittee response: Our observation, analysis, and recommendation is developed from personal experience, years of operational and organizational knowledge gained throughout our careers with significant knowledge and ability to review organizational structures, predict outcomes reasonably well, and with direct knowledge of the city of St Helena community and government. They are advisory only.

c. ~~As noted in the draft Parks Master Plan, there is no clear understanding the hours of labor being spent on park maintenance and improvements making it especially difficult to understand staffing needs to meet community expectations. This change should clarify that issue.~~ ***Note:*** *This is operational, organizational, or labor-related. It belongs with the City Manager, staff, City Attorney, labor counsel, and Council, not in a Finance Committee factual report.*

Proposed language: Remove from this report or refer to staff for separate review.

Subcommittee response: Our observation, analysis, and recommendation is developed from personal experience, years of operational and organizational knowledge gained throughout our careers with significant knowledge and ability to review organizational structures, predict outcomes reasonably well, and with direct knowledge of the city of St Helena community and government. They are advisory only.

d. ~~Organized in this way, it may help the Public Works Director, the City Manager, and the public, better understand the staffing levels needed to match non-management in-field responsibilities and work load. The suggested organizational change will provide clarity for all.~~ ***Note:*** *This is operational, organizational, or labor-related. It belongs with the City Manager, staff, City Attorney, labor counsel, and Council, not in a Finance Committee factual report.*

Proposed language: Remove from this report or refer to staff for separate review.

Subcommittee response: Our observation, analysis, and recommendation is developed from personal experience, years of operational and organizational knowledge gained throughout our careers with significant knowledge and ability to review organizational structures, predict outcomes reasonably well, and with direct knowledge of the city of St Helena community and government. They are advisory only.

e. ~~To the limited extent Public Works needs a helping hand from time to time and in case of emergencies and urgencies, Park maintenance would be there to help.~~

Note: *This is operational, organizational, or labor-related. It belongs with the City Manager, staff, City Attorney, labor counsel, and Council, not in a Finance Committee factual report.*

Proposed language: Remove from this report or refer to staff for separate review.

Subcommittee response: Our observation, analysis, and recommendation is developed from personal experience, years of operational and organizational knowledge gained throughout our careers with significant knowledge and ability to review organizational structures, predict outcomes reasonably well, and with direct knowledge of the city of St Helena community and government. They are advisory only.

f. ~~Given the Efficiency and Transformation Study recommendation to eliminate the Director of Community Services position, adding these responsibilities to the Director of Parks and Recreation and reassigning maintenance staff supervision to this position may allow the position to maintain a reasonably similar wage scale.~~

Note: *This is operational, organizational, or labor-related. It belongs with the City Manager, staff, City Attorney, labor counsel, and Council, not in a Finance Committee factual report.*

Proposed language: Remove from this report or refer to staff for separate review.

Subcommittee response: Our observation, analysis, and recommendation is developed from personal experience, years of operational and organizational knowledge gained throughout our careers with significant knowledge and ability to review organizational structures, predict outcomes reasonably well, and with direct knowledge of the city of St Helena community and government. They are advisory only.

2. ~~The library used to be supported with a team of volunteers. While it is our understanding there is a clause within the SHEA bargaining contract eliminating the use of volunteers, the city needs to consider working with the bargaining groups to reinstate the use of volunteers and reduce the need for paid staff. Blackberg's report noted 8 part-time roles for the library totaling approximately 75 hours per week with individuals working 4-15 hours per week. The advantages are:~~

Note: *Blackberg expressly clarifies that the eight part-time Library workers are City employees, not volunteers. It does not recommend replacing paid Library staff with volunteers. Any volunteer proposal is a separate management, labor, and service-level issue that requires staff, HR, and labor-counsel review. (Blackberg 3A, Community Services workshop discussion, p. 22; §5.1.2, p. 45.)*

Proposed language: Remove the volunteer-staffing recommendation from this report or refer it separately to staff, HR, labor counsel, and Council for service-level and labor review.

Subcommittee response: Blackberg did not make this recommendation, likely due to a lack of historical knowledge. Our observation, analysis, and recommendation is developed from personal experience, years of operational and organizational knowledge gained throughout our careers with

significant knowledge and ability to review organizational structures, predict outcomes reasonably well, and with direct knowledge of the city of St Helena community and government. The financial implications will be included in the full committee's five-year forecasts if this recommendation is accepted by the full Finance Committee. Our recommendations and suggestions to city council are advisory only.

a. ~~This may help our city's budget without reducing the quality or quantity of services. The Blackberg report notes the city "is paying higher than average for that quality and quantity" for library operations.~~

Note: *This statement is not supported by Blackberg. Blackberg says the Library is delivering excellent quality and quantity at higher-than-average cost and that reducing staffing would reduce both the quality and quantity of services. The draft therefore cannot promise budget savings without service reduction. (Blackberg 3A, §5.1.2, p. 45.)*

Proposed language: Remove this statement. Blackberg does not support the claim that Library staffing can be reduced without reducing service quality or quantity.

Subcommittee response: While the Blackberg report does confirm our library is delivering excellent quality and quantity, the report notes in Deliverable 3A, section 5.1.2 concerns "that expenses are high relative to other Libraries in cities of similar size to St Helena's…" Our observation, analysis, and recommendation is developed from personal experience, years of operational and organizational knowledge gained throughout our careers with significant knowledge and ability to review organizational structures, predict outcomes reasonably well, and with direct knowledge of the city of St Helena community and government. They are advisory only.

b. ~~It should give the community member volunteers a feeling of need, satisfaction, and generosity as they support the library and its visitors.~~ ***Note:*** *This is operational, organizational, or labor-related. It belongs with the City Manager, staff, City Attorney, labor counsel, and Council, not in a Finance Committee factual report.*

Proposed language: Remove from this report or refer to staff for separate review.

Subcommittee response: Our observation, analysis, and recommendation is developed from personal experience, years of operational and organizational knowledge gained throughout our careers with significant knowledge and ability to review organizational structures, predict outcomes reasonably well, and with direct knowledge of the city of St Helena community and government. They are advisory only.

c. ~~We have a large retiree population that may be looking for volunteer opportunities.~~

Note: *This is operational, organizational, or labor-related. It belongs with the City Manager, staff, City Attorney, labor counsel, and Council, not in a Finance Committee factual report.*

Proposed language: Remove from this report or refer to staff for separate review.

Subcommittee response: Our observation, analysis, and recommendation is developed from personal experience, years of operational and organizational knowledge gained throughout our careers with significant knowledge and ability to review organizational structures, predict outcomes reasonably well, and with direct knowledge of the city of St Helena community and government. They are advisory only.

d. ~~Visitors may again enjoy seeing and receiving help from these volunteer community members.~~

Note: *This is operational, organizational, or labor-related. It belongs with the City Manager, staff, City Attorney, labor counsel, and Council, not in a Finance Committee factual report.*

Proposed language: Remove from this report or refer to staff for separate review.

Subcommittee response: Our observation, analysis, and recommendation is developed from personal experience, years of operational and organizational knowledge gained throughout our careers with significant knowledge and ability to review organizational structures, predict outcomes reasonably well, and with direct knowledge of the city of St Helena community and government. They are advisory only.

Reviewer source list

- *PublicPay, Selection of Survey Agencies, Jan. 29, 2026.*
- *PublicPay, St Helena Base Salary Data DRAFT, data effective Dec. 2025, printed Mar. 25, 2026.*
- *PublicPay, St Helena Total Comp Data DRAFT, data effective Dec. 2025, printed Feb. 23, 2026.*
- *Blackberg Group, Efficiency and Business Transformation Study, Deliverable 3A: Organizational Structure and Staffing Component, City of St. Helena, https://www.cityofsthelena.gov/DocumentCenter/View/6149/Deliverable-3A---OrganizationalStructure-and-Staffing-Component-PDF.*
- *Blackberg Group, Efficiency and Business Transformation Study, Deliverable 4: Final Report and Recommendations, City of St. Helena, https://www.cityofsthelena.gov/DocumentCenter/View/6153/Deliverable-4---Final-Report-and-RecommendationsPDF.*
- *City of St. Helena, Efficiency and Business Transformation Study webpage, https://www.cityofsthelena.gov/972/Efficiency-andBusiness-Transformation-S.*

TO: Chair Warner and members of the Finance Committee

FROM: Mayor Paul Dohring, Council Member and Finance Committee Liaison Aaron Barak, Interim City Manager Jim McCann

DATE: July 30, 2026

SUBJECT: **Joint Comments on Class and Compensation Subcommittee Report**

Thank you for the substantial time the Subcommittee has devoted to the classification and compensation review, the response to our redline, and the revised report. We appreciate the correction of the compensation table and the clearer distinction between certain Blackberg recommendations and the Subcommittee's own proposals.

We support an open discussion of the Subcommittee's work. We are not asking that its views be suppressed or withdrawn. We think the Subcommittee's effort and perspective add real value, and our goal is to make sure the full record is complete. We are submitting these comments for the agenda packet so the full Committee, Council, employees, the public, and future readers can understand both the Subcommittee's recommendations and the concerns that remain. These questions are not new and do not arise simply because we disagree with recommendations. During the Committee's work, the Council liaison, Mayor, and City management have raised similar concerns about distinguishing financial analysis and advisory recommendations from classification, organizational, staffing, labor, personnel, and implementation decisions. We recognize that reasonable people may disagree about where particular lines should be drawn. If the Committee believes its assignment is broader, the Council can clarify that assignment.

Having reviewed the revised report and the Subcommittee's responses, we believe several core factual, methodological, and scope questions remain. Our purpose is not to resolve those questions by asserting our professional judgment over the Subcommittee's. It is to make clear what the City has and has not verified, accepted, or authorized for use in the official forecast.

In several places, the Subcommittee points to a "cursory review," personal or professional experience, rough estimates, anecdotal information, and the repeated statement that its recommendations are "advisory only." Experience and judgment are useful for raising questions and informing policy discussion. When those judgments conflict with the consultant's findings, however, they should be identified as the Subcommittee's perspective unless PublicPay, staff, or another qualified professional confirms the alternative treatment. We are not asking the Subcommittee to conduct additional technical recalculations. Those questions are better directed to PublicPay, staff, or another qualified professional. We also believe that missing information creates uncertainty and cannot fairly be presumed to support one conclusion or the other.

The report also continues to contain recommendations concerning employee benefit cost sharing, bargaining-unit benefits, recruitment standards, part-time staffing, reporting relationships, incumbent transfers, hiring sequence, park-maintenance supervision, organizational structure, and volunteer replacement of paid Library work. Those proposals may have financial implications, but they also involve organizational, operational, personnel, and labor-policy judgments. We think those distinctions should be clear for a few reasons that matter beyond this report:

First, leaving them in without clear labeling could set a precedent that an advisory committee may expand its assignment whenever a subject has a fiscal consequence. Nearly every City policy has a fiscal consequence. Under that logic, the Finance Committee could end up weighing in on land use, public safety policy, utilities, contracting, service delivery, or other areas simply because they affect the budget.

Second, it could blur accountability. Under the City's council-manager structure, the City Manager is responsible for administration and organizational recommendations, while the Council is responsible for policy. Labor and personnel matters also require appropriate legal review and, where applicable, the meet-and-confer process. We recognize that an advisory committee may raise ideas in these areas, but final responsibility remains with the City Manager and Council.

Third, it could weaken the reliability of the forecast if hypothetical savings are incorporated in the final report without clear qualification. Whatever advisory scenario the Committee may present, proposed savings from benefit changes, staffing reorganizations, volunteer staffing, position changes, or departmental restructuring will remain outside the City's official five-year forecast unless the City Manager has evaluated and recommended the underlying action and the Council has provided the necessary direction or approval.

Fourth, it could create avoidable labor and personnel complications. Even nonbinding recommendations can affect bargaining dynamics, employee confidence, recruitment, and retention when they identify classifications, benefits, reporting relationships, incumbents, or staffing reductions.

With that in mind, here's where we land:

Objective factual disagreements should be visible in the record. Where staff has identified corrections involving arithmetic, employee-residence information, executive tenure, or the content of Blackberg's recommendations, the agenda materials should present the Subcommittee's statement, staff's correction, and the supporting source so readers can understand the disagreement. The full Committee can then decide whether to amend its report.
Methodology disagreements should be identified as disagreements unless they are addressed by PublicPay, staff, or another qualified professional. The Subcommittee is free to question PublicPay's methodology and explain its reasons. We are not asking the Subcommittee to conduct further technical recalculations. Where its conclusion departs from the consultants, the report should make clear that it reflects the Subcommittee's judgment and should not be presented as a validated replacement for the consultant's finding unless confirmed by PublicPay, staff, or another qualified professional.

Proposed savings should be treated as advisory scenarios, not expected reductions in the City's official forecast. Compensation, benefits, staffing, or organizational savings will not be incorporated into the official forecast unless the City Manager has evaluated and recommended the underlying action and the Council has provided the necessary direction or approval.

Policy and organizational proposals may be transmitted as clearly labeled Subcommittee recommendations. They should not be described as Blackberg recommendations, City-validated findings, or implementation direction unless supported by the applicable consultant work, staff analysis, legal and labor review where necessary, and Council direction.

We understand that these recommendations are labeled advisory, and we agree that the Subcommittee has the right to make them. The advisory label does not by itself resolve the concerns above, because advisory reports can still shape the public record, employee relations, collective bargaining, financial planning, and eventual Council decisions.

We recommend that the full Committee receive and discuss the Subcommittee report and response. We are not asking the Committee to conduct another line-by-line editing session at the meeting, nor do we intend to revisit every annotation orally. Our purpose is to place these concerns in the public record and allow the full Committee to take whatever advisory action it believes appropriate.

We ask that the agenda packet and minutes clearly state:

- the documents represent Subcommittee recommendations;
- the identified factual and methodological disputes remain unresolved and are not City findings;
- any action reflects the vote of the full Finance Committee; and
- proposed savings arising from benefit, staffing, labor, or organizational changes are advisory assumptions only and will not be incorporated into the City's official forecast absent City Manager analysis and recommendation and Council direction or approval.

We want to be clear: none of this is about limiting what the Subcommittee has to say or suggesting that our professional judgment is inherently superior. We respect the Subcommittee's right to make recommendations. Our responsibility is to make clear what the City has verified, what remains disputed, and what has been authorized for use in the official forecast, while preserving the respective decision-making roles of the Committee, City Manager, staff, and Council.

St. Helena Financials

Audited Summaries

2015 through 2025

CITY OF ST. HELENA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Property taxes	$ 6,750,727	$ 7,020,226	$ 7,064,579	$ 44,353
Sales and other taxes	10,978,804	9,832,240	9,924,699	92,459
Charges for services	91,700	91,700	286,031	194,331
Fines and forfeitures	75,774	75,774	53,631	(22,143)
Licenses and permits	862,409	934,894	989,409	54,515
Development fees	7,500	7,500	1,600	(5,900)
Intergovernmental	58,906	325,506	506,079	180,573
Interest and rents	87,360	297,360	461,064	163,704
Other revenues	215,156	304,906	536,685	231,779
Total revenues	19,128,336	18,890,106	19,823,777	933,671
EXPENDITURES				
Current:				
General government	4,467,135	5,137,936	3,824,265	1,313,671
Planning and building	1,262,102	2,070,108	1,686,124	383,984
Public safety	7,027,903	7,922,080	7,828,680	93,400
Public works	3,223,074	3,909,174	3,981,423	(72,249)
Library	1,024,538	1,021,428	913,061	108,367
Parks and Recreation	2,425,871	3,047,145	1,401,753	1,645,392
Capital outlay	-	-	853,627	(853,627)
Debt service:				
Principal	63,674	29,615	398,769	(369,154)
Interest	2,031	395	57,171	(56,776)
Total expenditures	19,496,328	23,137,881	20,944,873	2,193,008
Deficiency of revenues over expenditures	(367,992)	(4,247,775)	(1,121,096)	3,126,679
OTHER FINANCING SOURCES (USES)				
Lease and SBITAs	-	-	487,547	487,547
Transfers in	6,066	726,934	527,846	(199,088)
Transfers out	(657,939)	(870,326)	(849,175)	21,151
Total other financing sources (uses)	(651,873)	(143,392)	166,218	309,610
Net change in fund balance	(1,019,865)	(4,391,167)	(954,878)	3,436,289
Fund balance, beginning of year	16,223,921	16,223,921	16,223,921	-
Restatement	-	-	892,315	892,315
Fund balance, end of year	$ 15,204,056	$ 11,832,754	$ 16,161,358	$ 4,328,604

	Actual										
Year	Revenue	Expenses	Net Transfers	Expense+Transfers	Surplus/Deficit	Beg Fund Balance	End Fund Balance	End - Beginning	Prior Adjust	Unassigned	Reserve
2015	$10,495,264	$10,041,980	($1,038,981)	$11,080,961	($585,697)	$3,399,605	$3,267,071	($132,534)	$453,163	$2,270,078	21.6%
2016	$11,535,370	$10,295,071	$0	$10,295,071	$1,240,299	$3,267,071	$4,452,508	$1,185,437	($54,862)	$3,285,963	28.5%
2017	$12,165,701	$10,329,186	($721,561)	$11,050,747	$1,114,954	$4,452,508	$5,567,462	$1,114,954	$0	$4,344,086	35.7%
2018	$14,745,065	$11,178,390	($1,491,850)	$12,670,240	$2,074,825	$5,567,462	$7,642,287	$2,074,825	$0	$6,384,307	43.3%
2019	$16,356,755	$12,857,180	($1,936,063)	$14,793,243	$1,563,512	$7,642,287	$9,205,799	$1,563,512	$0	$8,001,414	48.9%
2020	$14,418,175	$13,109,996	($1,375,310)	$14,485,306	($67,131)	$9,205,799	$9,138,668	($67,131)	$0	$7,919,110	54.9%
2021	$16,010,952	$14,366,674	$593,063	$13,773,611	$2,237,341	$9,138,668	$11,376,009	$2,237,341	$0	$9,787,545	61.1%
2022	$20,561,585	$14,430,856	($641,019)	$15,071,875	$5,489,710	$11,376,009	$16,865,719	$5,489,710	$0	$15,030,806	73.1%
2023	$18,646,610	$19,115,077	($664,817)	$19,779,894	($1,133,284)	$16,865,719	$15,732,435	($1,133,284)	$0	$14,039,235	75.3%
2024	$19,773,578	$17,685,308	($1,596,784)	$19,282,092	$491,486	$15,732,435	$16,223,921	$491,486	$0	$15,381,399	77.8%
2025	$19,823,777	$20,944,873	$166,218	$20,778,655	($954,878)	$16,223,921	$16,161,358	($62,563)	$892,315	$15,211,912	76.7%
								($1,395,512)	Restatement(above)		
								$14,157,265	$12,761,753		

Summary of ACTUAL data by Fiscal Year

KEY OBSERVATIONS for Actual Data

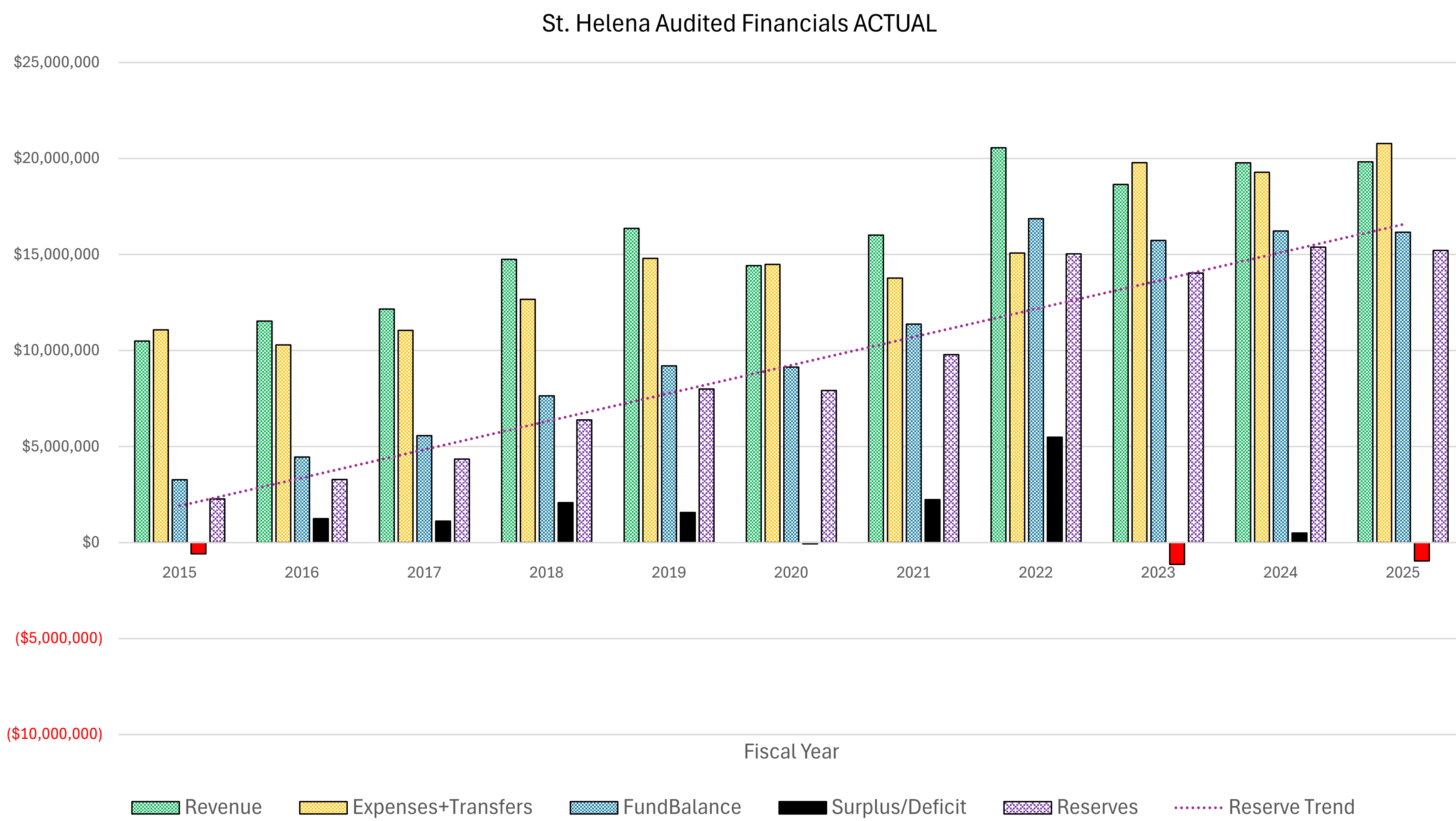
1. Revenue exceeds (Expenses + Transfers) for 7 of 11 years.
2. Beginning year fund balance was forced to match previous year ending fund balance
3. Annual Deficit ranges from ($67,000) to ($1,133,00).
4. Annual Surplus ranges from $491,000 to $5,490,000.
5. Since 2015, the General Fund Reserve has increased from $2.27 million to $15.21 million in 2025.

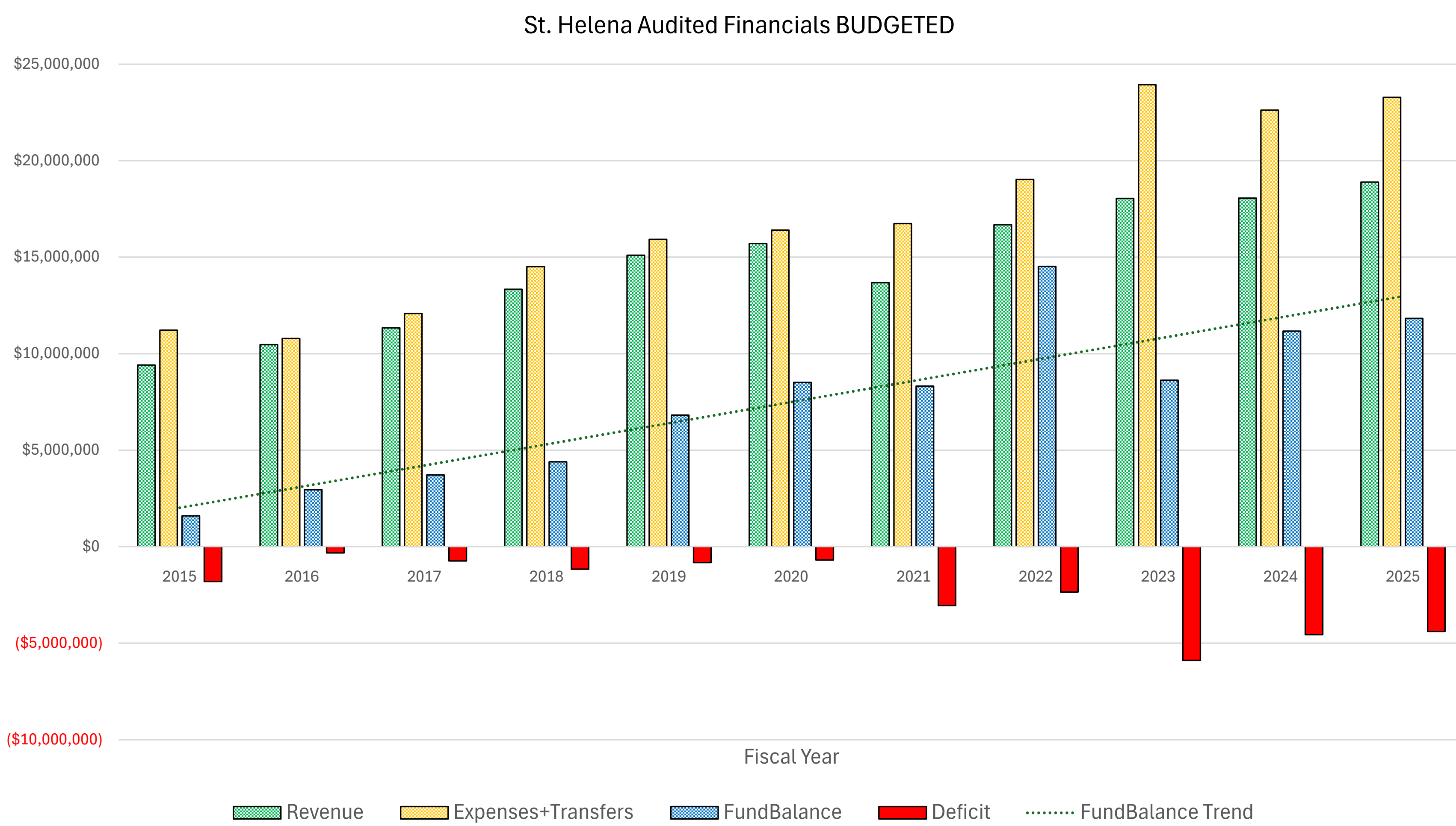
	Final Budget							
Year	Revenue	Expenses	Net Transfers	Expense+Transfers	Surplus/Deficit	Beg Fund Balance	End Fund Balance	End - Beginning
2015	$9,416,335	$9,844,741	($1,376,502)	$11,221,243	($1,804,908)	$3,399,605	$1,594,697	($1,804,908)
2016	$10,469,293	$10,790,044	$0	$10,790,044	($320,751)	$3,267,071	$2,946,320	($320,751)
2017	$11,342,712	$11,556,510	($525,763)	$12,082,273	($739,561)	$4,452,508	$3,712,947	($739,561)
2018	$13,340,174	$12,647,013	($1,863,545)	$14,510,558	($1,170,384)	$5,567,462	$4,397,078	($1,170,384)
2019	$15,097,011	$13,830,740	($2,091,813)	$15,922,553	($825,542)	$9,205,799	$6,816,745	($2,389,054)
2020	$15,709,633	$15,139,083	($1,260,011)	$16,399,094	($689,461)	$9,205,799	$8,516,338	($689,461)
2021	$13,679,973	$17,436,111	$703,285	$16,732,826	($3,052,853)	$11,376,009	$8,323,156	($3,052,853)
2022	$16,676,469	$18,874,923	($149,772)	$19,024,695	($2,348,226)	$16,865,719	$14,517,493	($2,348,226)
2023	$18,040,199	$22,708,107	($1,225,654)	$23,933,761	($5,893,562)	$14,517,493	$8,623,931	($5,893,562)
2024	$18,057,335	$21,972,229	($644,630)	$22,616,859	($4,559,524)	$15,732,435	$11,172,911	($4,559,524)
2025	$18,890,106	$23,137,881	($143,392)	$23,281,273	($4,391,167)	$16,223,921	$11,832,754	($4,391,167)

Summary of BUDGETED data by Fiscal Year

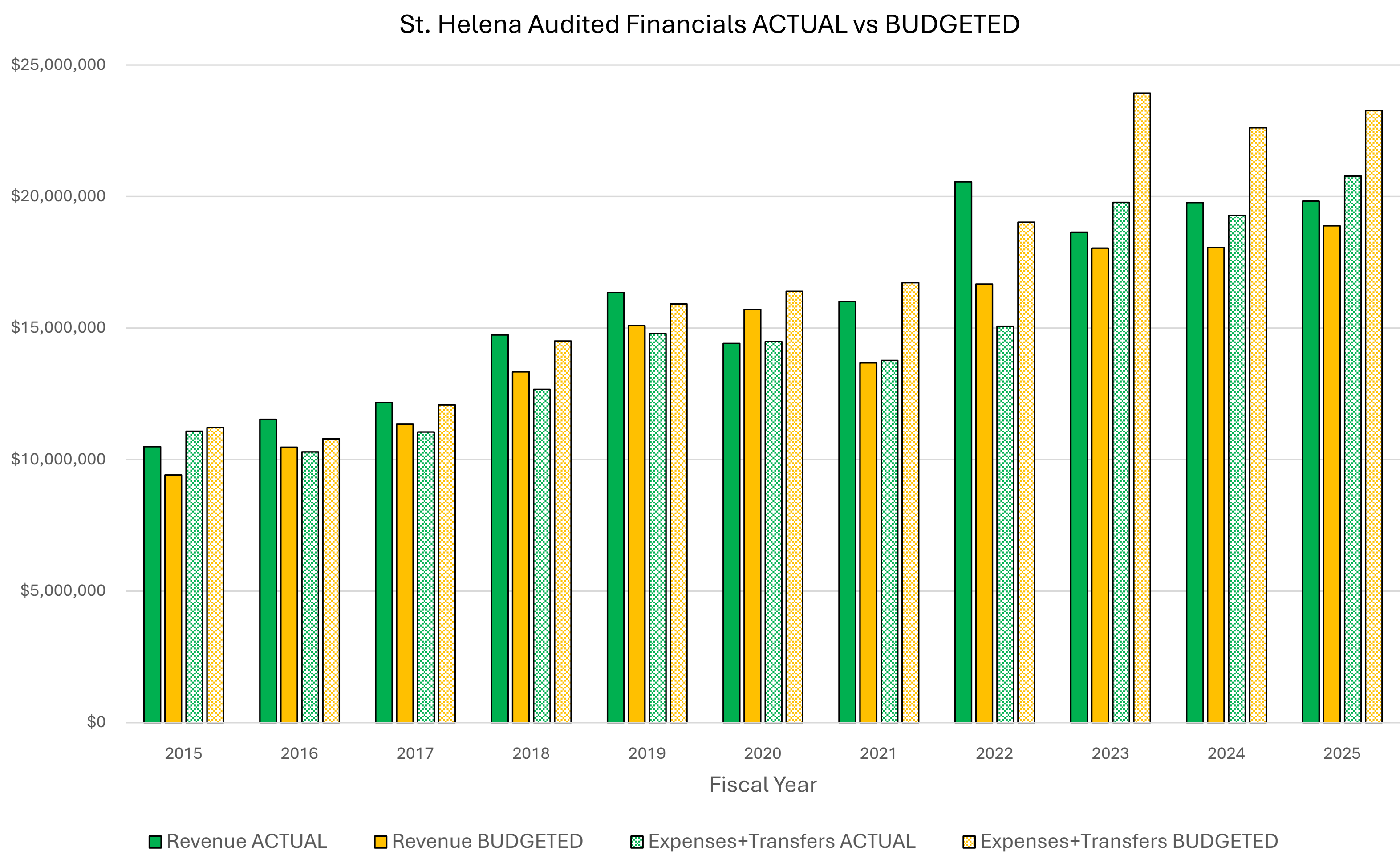
KEY OBSERVATIONS for Budget Data

1. Estimated Revenue never exceeds (Expenses + Transfers) for any year.
2. Estimated Annual Deficit ranges from ($320,750) to ($5,894,000).
3. No Surplus is ever predicted.
4. Since 2015, the General Fund Balance was estimated to increase from $1.59 million to $11.17 million in 2025, with a peak of $14.52 million.
5. **Variance of Actual to Budget General Fund Balance ranged from $622,000 in 2020 to $7.84 million in 2022.**


St. Helena Audited Financials ACTUAL
$25,000,000
$20,000,000
$15,000,000
$10,000,000
$5,000,000
$0
($5,000,000)
($10,000,000)
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
Fiscal Year
Revenue
Expenses+Transfers
FundBalance
Surplus/Deficit
Reserves
Reserve Trend



St. Helena Audited Financials BUDGETED
$25,000,000
$20,000,000
$15,000,000
$10,000,000
$5,000,000
$0
($5,000,000)
($10,000,000)
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
Fiscal Year
Revenue
Expenses+Transfers
FundBalance
Deficit
FundBalance Trend


St. Helena Audited Financials ACTUAL vs BUDGETED
$25,000,000
$20,000,000
$15,000,000
$10,000,000
$5,000,000
$0
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
Fiscal Year
Revenue ACTUAL
Revenue BUDGETED
Expenses+Transfers ACTUAL
Expenses+Transfers BUDGETED

Finance Committee, July 16, 2026 Meeting

Agenda Item 6.2

Trend in Forecast General Fund Expenditures, Revenues and Reserves

1. The June, 2025 adopted FY 2027 budget included the following estimates of GF revenues, expenditures and resulting reserves:

Estimated revenue at 6/30/27 $21,402,954

Estimated expense at 6/30/27 $23,021,620

Resulting Reserves/Expense % $ 7,884,725 **(34.2%)**

2. The July 7, 2026 City Council staff report included the following updated FY 2027 budget, expenditure and revenues estimates:

Estimated revenue at 6/30/27 $22,196,913

Estimated expense at 6/30/27 $23,021,620

Resulting Reserves/Expense % $10,100,936 **(43.9%)**

The difference between the estimated end of FY 27 reserves from June, 2025 to July, 2026 is **more than a $2.2 million increase**, and the **percentage change in the reserves estimate % is over 28% increase** in one year

For comparison, the FY 28- FY 30 forecasts in the July 7, 2026 City Council staff report forecast that the reserves will drop to 27.4% in FY 29 and 17.1% in FY 30.

Estimated General Fund Net Position FY 2027

June, 2025 Adopted Budget

	FY 2026-27 General Fund Estimated Net Position
Estimated Unassigned Ending Fund Balance@ 6/30/2026	9,503,391
Estimated Revenue @ 6/30/2027	21,402,954
Estimated Expense @ 6/30/2027	(23,021,620)
Excess of Revenues over Expenditures	(1,618,666)
Estimated Unassigned Ending Fund Balance @ 6/30/2027	**7,884,725**
Percent of Expenses Based on Total Net Position	**34.2%**

Estimated General Fund Net Position FY 2027

July 7, 2026 Staff Report to City Council

Description	FY26 (1)	FY27	FY28	FY29	FY30
Estimated Expenses	22,183,691	23,021,620	24,172,701	25,381,336	26,650,403
Estimated Revenues	21,550,401	22,196,913	22,862,820	23,548,705	24,255,166
Reserve	10,925,643	10,100,936	8,791,056	6,958,425	4,563,188
Net Position	**49.3%**	**43.9%**	**36.4%**	**27.4%**	**17.1%**

(1) Removed 1x Expenses for Net Position Calculation

FY26 General Fund Budget to Actuals - Summary of All Departments

Period 01 - 12, Fiscal Year 2026

Department	Budget	Encumbered	YTD Spent	Available Budget
Attorney	$425,000.00	-	$350,711.20	$74,288.80
City Council	$490,118.00	-	$388,008.82	$102,109.18
City Manager	$755,583.00	$48,332.50	$670,249.97	$37,000.53
City Clerk	$593,951.22	$55,823.10	$451,216.72	$86,911.40
Administrative Services	$1,939,465.80	$62,387.40	$1,782,255.05	$94,823.35
Community Development	$2,206,385.11	$471,622.86	$1,417,371.63	$317,390.84
Non Department	$2,284,155.08	$125,612.84	$1,899,105.68	$259,436.56
Library	$1,083,176.00	$16,925.69	$928,478.57	$137,771.74
Recreation	$1,286,861.00	-	$1,154,870.86	$131,990.14
Fire	$3,273,755.00	-	$3,200,692.04	$73,062.96
Police	$5,239,003.34	$4,834.45	$4,652,688.91	$581,479.98
Public Works Admin	$1,321,729.40	$110,384.01	$830,340.21	$381,005.18
Government Buildings	$1,205,876.47	$104,745.18	$933,807.16	$167,325.13
Stormwater	$444,370.70	$14,048.70	$218,315.81	$212,006.19
Streets	$678,986.78	$44,105.35	$481,872.72	$153,008.71
Tree City	$382,488.90	$136,835.90	$106,632.28	$139,020.72
Parks	$1,297,768.17	$74,660.39	$1,151,728.76	$71,379.02
TOTAL - ALL DEPARTMENTS	**$24,908,673.97**	**$1,270,318.37**	**$20,618,346.39**	**$3,020,010.43**

General Ledger

Quarterly Budget Report GF Expenses

Description	Adopted Budget	Encumbered	Adjusted Budget	YTDSpent	Available Budget	% of Budget Available
Non Departmental	1,584,261	151,847	1,778,268	1,065,324	561,097	31.55%
Council	490,118	15,595	490,118	144,042	330,480	67.43%
Administration	1,192,341	140,717	1,388,934	547,105	701,113	50.48%
Finance	1,835,517	157,907	1,924,466	843,232	923,327	47.98%
Attorney	425,000		425,000	117,647	307,353	72.32%
Planning/Building	1,562,616	564,441	2,104,385	683,109	856,835	40.72%
Library	1,067,176	42,948	1,067,176	481,176	543,052	50.89%
Parks & Recreation	1,256,611		1,256,611	703,473	553,138	44.02%
Fire	3,133,755		3,133,755	1,671,132	1,462,623	46.67%
Police	5,132,103	33,841	5,132,103	2,290,736	2,807,526	54.71%
Public Works	4,504,193	635,918	5,331,220	1,921,247	2,774,056	52.03%
Grand Total	**22,183,691**	**1,743,214**	**24,032,037**	**10,468,223**	**11,820,600**	**0.49%**

FY26 General Fund - Salaries & Benefits Detail by Department

Period 01 - 12, Fiscal Year 2026 — Account Category "20 - Salaries & Benefits", all line items

Department	Account Number	Description	Budget	Encumbered	YTD Spent	Available Budget
Attorney *	—	*No Salaries & Benefits line items*	-	-	-	-
City Council	101-41-00-20-20	Temp/Part Time	$63,600.00	-	$59,325.00	$4,275.00
City Council	101-41-00-20-40	FICA/Medicare	$5,141.00	-	$4,825.45	$315.55
City Council	101-41-00-20-55	Health Insurance	$133,309.00	-	$117,834.01	$15,474.99
City Council	101-41-00-20-75	Deferred Comp	$4,068.00	-	$3,928.22	$139.78
City Council Subtotal			**$206,118.00**	**-**	**$185,912.68**	**$20,205.32**
City Manager	101-42-00-20-10	Salary-Regular	$345,102.00	-	$345,101.56	$0.44
City Manager	101-42-00-20-40	FICA/Medicare	$31,785.00	-	$31,784.20	$0.80
City Manager	101-42-00-20-45	Employer PERS	$24,292.00	-	$23,982.52	$309.48
City Manager	101-42-00-20-47	PERS Unfunded Liability	$37,006.00	-	$37,006.23	($0.23)
City Manager	101-42-00-20-55	Health Insurance	$28,025.00	-	$27,476.41	$548.59
City Manager	101-42-00-20-61	Workers Comp	$6,217.00	-	$6,216.93	$0.07
City Manager	101-42-00-20-65	SDI	$9,801.00	-	$9,800.71	$0.29
City Manager	101-42-00-20-75	Deferred Comp	$35,085.00	-	$27,462.40	$7,622.60
City Manager	101-42-00-20-85	Auto Allowance	$6,000.00	-	$4,840.00	$1,160.00
City Manager	101-42-00-20-97	Housing Allowance	-	-	-	-
City Manager Subtotal			**$523,313.00**	**-**	**$513,670.96**	**$9,642.04**
City Clerk	101-42-10-20-10	Salary-Regular	$277,749.00	-	$258,261.45	$19,487.55
City Clerk	101-42-10-20-30	Overtime	$92.00	-	$91.59	$0.41
City Clerk	101-42-10-20-40	FICA/Medicare	$21,507.00	-	$19,857.64	$1,649.36
City Clerk	101-42-10-20-45	Employer PERS	$19,009.00	-	$17,515.57	$1,493.43
City Clerk	101-42-10-20-47	PERS Unfunded Liability	$24,936.00	-	$24,861.03	$74.97
City Clerk	101-42-10-20-55	Health Insurance	$46,262.00	-	$44,422.56	$1,839.44
City Clerk	101-42-10-20-61	Workers Comp	$12,433.00	-	$12,432.85	$0.15
City Clerk	101-42-10-20-65	SDI	$3,334.00	-	$3,264.08	$69.92
City Clerk	101-42-10-20-75	Deferred Comp	$3,476.00	-	$2,118.33	$1,357.67
City Clerk	101-42-10-20-85	Auto Allowance	$2,400.00	-	$1,971.00	$429.00
City Clerk Subtotal			**$411,198.00**	**-**	**$384,796.10**	**$26,401.90**
Administrative Services	101-43-00-20-10	Salary-Regular	$763,553.00	-	$763,552.26	$0.74
Administrative Services	101-43-00-20-30	Overtime	$45.00	-	$44.91	$0.09
Administrative Services	101-43-00-20-40	FICA/Medicare	$56,415.00	-	$56,414.55	$0.45
Administrative Services	101-43-00-20-45	Employer PERS	$58,342.00	-	$58,340.46	$1.54
Administrative Services	101-43-00-20-47	PERS Unfunded Liability	$82,422.00	-	$82,421.83	$0.17

Administrative Services	101-43-00-20-55	Health Insurance	$128,728.00	-	$128,727.80	$0.20
Administrative Services	101-43-00-20-61	Workers Comp	$30,915.00	-	$30,915.00	-
Administrative Services	101-43-00-20-65	SDI	$8,803.00	-	$8,801.24	$1.76
Administrative Services	101-43-00-20-75	Deferred Comp	$9,677.00	-	$8,893.69	$783.31
Administrative Services	101-43-00-20-85	Auto Allowance	$4,814.00	-	$4,814.00	-
Administrative Services	101-43-10-20-10	Salary Regular	$88,921.00	-	$88,916.93	$4.07
Administrative Services	101-43-10-20-20	Temp/Part Time	$26,290.00	-	$26,289.61	$0.39
Administrative Services	101-43-10-20-40	FICA/Medicare	$8,837.00	-	$8,836.59	$0.41
Administrative Services	101-43-10-20-45	Employer PERS	$6,190.00	-	$6,189.83	$0.17
Administrative Services	101-43-10-20-47	PERS Unfunded Liability	$8,094.00	-	$8,094.00	-
Administrative Services	101-43-10-20-55	Health Insurance	$12,343.00	-	$12,342.51	$0.49
Administrative Services	101-43-10-20-61	Workers Comp	$6,714.00	-	$6,713.93	$0.07
Administrative Services	101-43-10-20-65	SDI	$1,118.00	-	$1,117.60	$0.40
Administrative Services	101-43-10-20-75	Deferred Comp	$967.00	-	$966.88	$0.12
Administrative Services Subtotal			**$1,303,188.00**	**-**	**$1,302,393.62**	**$794.38**
Community Development	101-45-00-20-10	Salary-Regular	$834,311.00	-	$834,310.58	$0.42
Community Development	101-45-00-20-20	Temp/Part Time	$6,000.00	-	$5,500.00	$500.00
Community Development	101-45-00-20-30	Overtime	$1,000.00	-	-	$1,000.00
Community Development	101-45-00-20-40	FICA/Medicare	$61,103.00	-	$60,755.11	$347.89
Community Development	101-45-00-20-45	Employer PERS	$54,760.00	-	$48,465.09	$6,294.91
Community Development	101-45-00-20-47	PERS Unfunded Liability	$82,830.00	-	$82,372.81	$457.19
Community Development	101-45-00-20-55	Health Insurance	$148,319.00	-	$141,331.73	$6,987.27
Community Development	101-45-00-20-61	Workers Comp	$37,300.00	-	$37,299.56	$0.44
Community Development	101-45-00-20-65	SDI	$9,968.00	-	$9,967.73	$0.27
Community Development	101-45-00-20-75	Deferred Comp	$10,427.00	-	$8,230.20	$2,196.80
Community Development	101-45-00-20-85	Auto Allowance	$7,200.00	-	$7,121.00	$79.00
Community Development Subtotal			**$1,253,218.00**	**-**	**$1,235,353.81**	**$17,864.19**
Non Department	101-40-00-20-08	Post-Employment Disbursemen	$457,287.00	-	$457,287.00	-
Non Department	101-40-00-20-15	Pay for Performance	$32,000.00	-	$16,313.75	$15,686.25
Non Department	101-40-00-20-40	FICA/Medicare	-	-	-	-
Non Department	101-40-00-20-61	Workers Comp	$48,600.00	-	$48,600.00	-
Non Department	101-40-00-20-65	SDI	-	-	-	-
Non Department	101-40-00-20-89	Charity Event Reimbursement	$13,500.00	-	$740.85	$12,759.15
Non Department Subtotal			**$551,387.00**	**-**	**$522,941.60**	**$28,445.40**
Library	101-46-00-20-10	Salary-Regular	$423,054.00	-	$415,802.02	$7,251.98
Library	101-46-00-20-20	Temp/Part Time	$74,144.00	-	$63,118.15	$11,025.85
Library	101-46-00-20-30	Overtime	$3,500.00	-	$39.63	$3,460.37

Library	101-46-00-20-37	Holiday Pay	$2,840.00	-	$1,479.91	$1,360.09
Library	101-46-00-20-40	FICA/Medicare	$39,273.00	-	$36,568.32	$2,704.68
Library	101-46-00-20-45	Employer PERS	$37,152.00	-	$32,551.82	$4,600.18
Library	101-46-00-20-47	PERS Unfunded Liability	$48,737.00	-	$48,736.93	$0.07
Library	101-46-00-20-55	Health Insurance	$130,744.00	-	$103,865.63	$26,878.37
Library	101-46-00-20-61	Workers Comp	$37,156.00	-	$37,156.47	($0.47)
Library	101-46-00-20-65	SDI	$5,168.00	-	$5,167.68	$0.32
Library	101-46-00-20-75	Deferred Comp	$8,301.00	-	$4,525.34	$3,775.66
Library	101-46-00-20-85	Auto Allowance	$2,407.00	-	$2,407.00	-
Library	101-46-00-20-96	Education Reimbursement	$1,500.00	-	-	$1,500.00
Library Subtotal			**$813,976.00**	**-**	**$751,418.90**	**$62,557.10**
Recreation	101-47-28-20-10	Salary-Regular	$184,420.00	-	$158,059.68	$26,360.32
Recreation	101-47-28-20-40	FICA/Medicare	$12,533.00	-	$11,882.14	$650.86
Recreation	101-47-28-20-45	Employer PERS	$16,948.00	-	$9,840.10	$7,107.90
Recreation	101-47-28-20-47	PERS Unfunded Liability	$22,233.00	-	$21,888.78	$344.22
Recreation	101-47-28-20-55	Health Insurance	$30,621.00	-	$4,315.63	$26,305.37
Recreation	101-47-28-20-61	Workers Comp	$5,595.00	-	$5,594.53	$0.47
Recreation	101-47-28-20-65	SDI	$2,213.00	-	$1,918.41	$294.59
Recreation	101-47-28-20-75	Deferred Comp	$2,357.00	-	$317.14	$2,039.86
Recreation	101-47-28-20-85	Auto Allowance	$2,160.00	-	$1,883.15	$276.85
Recreation	101-47-40-20-10	Salary-Regular	$201,939.00	-	$186,172.45	$15,766.55
Recreation	101-47-40-20-20	Temp/Part Time	$142,064.00	-	$142,063.77	$0.23
Recreation	101-47-40-20-30	Overtime	$11,025.00	-	$11,024.55	$0.45
Recreation	101-47-40-20-37	Holiday Pay	$2,391.00	-	$2,390.76	$0.24
Recreation	101-47-40-20-40	FICA/Medicare	$28,457.00	-	$26,034.15	$2,422.85
Recreation	101-47-40-20-45	Employer PERS	$16,832.00	-	$16,831.70	$0.30
Recreation	101-47-40-20-47	PERS Unfunded Liability	$22,012.00	-	$21,957.21	$54.79
Recreation	101-47-40-20-55	Health Insurance	$73,250.00	-	$68,847.60	$4,402.40
Recreation	101-47-40-20-61	Workers Comp	$39,165.00	-	$39,165.10	($0.10)
Recreation	101-47-40-20-65	SDI	$2,916.00	-	$1,626.79	$1,289.21
Recreation	101-47-40-20-75	Deferred Comp	$3,543.00	-	$671.64	$2,871.36
Recreation	101-47-40-20-85	Auto Allowance	$2,520.00	-	$1,279.05	$1,240.95
Recreation Subtotal			**$825,194.00**	**-**	**$733,764.33**	**$91,429.67**
Fire	101-48-00-20-10	Salary-Regular	$1,133,883.00	-	$1,133,881.93	$1.07
Fire	101-48-00-20-20	Temp/Part Time	$515,741.00	-	$515,740.34	$0.66
Fire	101-48-00-20-24	Strike Team Salary	$79,500.00	-	$79,347.32	$152.68
Fire	101-48-00-20-25	Standby	-	-	-	-

Fire	101-48-00-20-30	Overtime	$254,200.00	-	$254,167.46	$32.54
Fire	101-48-00-20-37	Holiday Pay	$53,256.00	-	$53,201.01	$54.99
Fire	101-48-00-20-40	FICA/Medicare	$141,914.00	-	$139,554.14	$2,359.86
Fire	101-48-00-20-45	Employer PERS	$160,534.00	-	$160,516.05	$17.95
Fire	101-48-00-20-47	PERS Unfunded Liability	$157,624.00	-	$157,466.48	$157.52
Fire	101-48-00-20-50	Employee PERS	-	-	-	-
Fire	101-48-00-20-55	Health Insurance	$269,485.00	-	$269,478.16	$6.84
Fire	101-48-00-20-61	Workers Comp	$96,750.00	-	$96,731.56	$18.44
Fire	101-48-00-20-65	SDI	$18,097.00	-	$17,783.36	$313.64
Fire	101-48-00-20-75	Deferred Comp	$25,845.00	-	$25,844.33	$0.67
Fire	101-48-00-20-95	Uniform Allowance	$10,000.00	-	$8,469.38	$1,530.62
Fire Subtotal			**$2,916,829.00**	**-**	**$2,912,181.52**	**$4,647.48**
Police	101-49-00-20-10	Salary-Regular	$2,086,954.00	-	$1,926,146.57	$160,807.43
Police	101-49-00-20-30	Overtime	$345,142.00	-	$345,141.53	$0.47
Police	101-49-00-20-37	Holiday Pay	$70,603.00	-	$48,885.07	$21,717.93
Police	101-49-00-20-40	FICA/Medicare	$181,784.00	-	$168,946.71	$12,837.29
Police	101-49-00-20-45	Employer PERS	$358,851.00	-	$315,189.93	$43,661.07
Police	101-49-00-20-47	PERS Unfunded Liability	$505,630.00	-	$505,630.00	-
Police	101-49-00-20-55	Health Insurance	$433,791.00	-	$352,734.37	$81,056.63
Police	101-49-00-20-61	Workers Comp	$148,872.00	-	$148,872.00	-
Police	101-49-00-20-65	SDI	$29,110.00	-	$28,987.16	$122.84
Police	101-49-00-20-75	Deferred Comp	$17,495.00	-	$14,464.43	$3,030.57
Police	101-49-00-20-85	Auto Allowance	$2,407.00	-	$2,407.00	-
Police	101-49-00-20-95	Uniform Allowance	$18,250.00	-	$16,464.72	$1,785.28
Police	101-49-00-20-96	Education Reimbursement	$7,000.00	-	$3,500.00	$3,500.00
Police Subtotal			**$4,205,889.00**	**-**	**$3,877,369.49**	**$328,519.51**
Public Works Admin	101-50-00-20-10	Salary-Regular	$473,850.00	-	$416,612.87	$57,237.13
Public Works Admin	101-50-00-20-20	Temp/Part Time	$21,000.00	-	$20,996.16	$3.84
Public Works Admin	101-50-00-20-30	Overtime	$750.00	-	$42.86	$707.14
Public Works Admin	101-50-00-20-40	FICA/Medicare	$34,296.00	-	$32,164.28	$2,131.72
Public Works Admin	101-50-00-20-45	Employer PERS	$38,111.00	-	$30,920.89	$7,190.11
Public Works Admin	101-50-00-20-47	PERS Unfunded Liability	$49,401.00	-	$49,074.45	$326.55
Public Works Admin	101-50-00-20-55	Health Insurance	$98,632.00	-	$83,049.23	$15,582.77
Public Works Admin	101-50-00-20-61	Workers Comp	$19,893.00	-	$19,892.57	$0.43
Public Works Admin	101-50-00-20-65	SDI	$5,947.00	-	$5,219.20	$727.80
Public Works Admin	101-50-00-20-75	Deferred Comp	$5,595.00	-	$5,080.08	$514.92
Public Works Admin	101-50-00-20-85	Auto Allowance	$3,840.00	-	$2,862.10	$977.90

Public Works Admin Subtotal			**$751,315.00**	**-**	**$665,914.69**	**$85,400.31**
Government Buildings	101-50-06-20-10	Salary-Regular	$100,358.00	-	$66,976.82	$33,381.18
Government Buildings	101-50-06-20-25	Standby	$785.00	-	$784.13	$0.87
Government Buildings	101-50-06-20-30	Overtime	$5,060.00	-	$5,059.60	$0.40
Government Buildings	101-50-06-20-40	FICA/Medicare	$7,800.00	-	$5,545.83	$2,254.17
Government Buildings	101-50-06-20-45	Employer PERS	$9,669.00	-	$6,106.20	$3,562.80
Government Buildings	101-50-06-20-47	PERS Unfunded Liability	$12,685.00	-	$12,045.36	$639.64
Government Buildings	101-50-06-20-55	Health Insurance	$28,541.00	-	$19,730.59	$8,810.41
Government Buildings	101-50-06-20-61	Workers Comp	$4,973.00	-	$4,973.14	($0.14)
Government Buildings	101-50-06-20-65	SDI	$1,274.00	-	$907.40	$366.60
Government Buildings	101-50-06-20-75	Deferred Comp	$1,390.00	-	$858.77	$531.23
Government Buildings	101-50-06-20-85	Auto Allowance	$482.00	-	$481.40	$0.60
Government Buildings Subtotal			**$173,017.00**	**-**	**$123,469.24**	**$49,547.76**
Stormwater	101-50-13-20-10	Salary-Regular	$76,902.00	-	$68,357.83	$8,544.17
Stormwater	101-50-13-20-25	Standby	$3,857.00	-	$1,568.25	$2,288.75
Stormwater	101-50-13-20-30	Overtime	$22,804.00	-	$22,803.23	$0.77
Stormwater	101-50-13-20-40	FICA/Medicare	$7,991.00	-	$7,089.01	$901.99
Stormwater	101-50-13-20-45	Employer PERS	$6,348.00	-	$4,760.12	$1,587.88
Stormwater	101-50-13-20-47	PERS Unfunded Liability	$8,327.00	-	$8,327.36	($0.36)
Stormwater	101-50-13-20-55	Health Insurance	$30,594.00	-	$26,082.32	$4,511.68
Stormwater	101-50-13-20-61	Workers Comp	$6,217.00	-	$6,216.93	$0.07
Stormwater	101-50-13-20-65	SDI	$1,243.00	-	$1,159.09	$83.91
Stormwater	101-50-13-20-75	Deferred Comp	$959.00	-	$716.40	$242.60
Stormwater Subtotal			**$165,242.00**	**-**	**$147,080.54**	**$18,161.46**
Streets	101-50-15-20-10	Salary-Regular	$120,175.00	-	$97,390.25	$22,784.75
Streets	101-50-15-20-25	Standby	$3,857.00	-	$2,174.78	$1,682.22
Streets	101-50-15-20-30	Overtime	$13,988.00	-	$13,987.12	$0.88
Streets	101-50-15-20-40	FICA/Medicare	$10,655.00	-	$8,669.14	$1,985.86
Streets	101-50-15-20-45	Employer PERS	$8,746.00	-	$6,723.11	$2,022.89
Streets	101-50-15-20-47	PERS Unfunded Liability	$11,473.00	-	$11,472.59	$0.41
Streets	101-50-15-20-55	Health Insurance	$41,745.00	-	$30,985.98	$10,759.02
Streets	101-50-15-20-61	Workers Comp	$8,703.00	-	$8,702.50	$0.50
Streets	101-50-15-20-65	SDI	$1,656.00	-	$1,418.96	$237.04
Streets	101-50-15-20-75	Deferred Comp	$1,342.00	-	$724.17	$617.83
Streets Subtotal			**$222,340.00**	**-**	**$182,248.60**	**$40,091.40**
Tree City	101-50-26-20-10	Salary-Regular	$60,262.00	-	$16,399.97	$43,862.03
Tree City	101-50-26-20-40	FICA/Medicare	$4,663.00	-	$1,241.83	$3,421.17

Tree City	101-50-26-20-45	Employer PERS	$5,370.00	-	$1,868.89	$3,501.11
Tree City	101-50-26-20-47	PERS Unfunded Liability	$6,961.00	-	$6,960.58	$0.42
Tree City	101-50-26-20-55	Health Insurance	$17,093.00	-	$4,268.72	$12,824.28
Tree City	101-50-26-20-61	Workers Comp	$3,730.00	-	$3,730.36	($0.36)
Tree City	101-50-26-20-65	SDI	$723.00	-	$203.71	$519.29
Tree City	101-50-26-20-75	Deferred Comp	$731.00	-	$251.99	$479.01
Tree City	101-50-26-20-85	Auto Allowance	$240.00	-	$240.70	($0.70)
Tree City Subtotal			**$99,773.00**	**-**	**$35,166.75**	**$64,606.25**
Parks	101-50-27-20-10	Salary-Regular	$427,217.00	-	$427,216.73	$0.27
Parks	101-50-27-20-25	Standby	$10,574.24	-	$10,575.75	($1.51)
Parks	101-50-27-20-30	Overtime	$13,189.30	-	$13,189.30	-
Parks	101-50-27-20-40	FICA/Medicare	$34,589.00	-	$34,589.75	($0.75)
Parks	101-50-27-20-45	Employer PERS	$33,686.00	-	$33,685.08	$0.92
Parks	101-50-27-20-47	PERS Unfunded Liability	$45,036.00	-	$45,035.73	$0.27
Parks	101-50-27-20-55	Health Insurance	$129,863.00	-	$129,862.54	$0.46
Parks	101-50-27-20-61	Workers Comp	$30,462.00	-	$30,462.24	($0.24)
Parks	101-50-27-20-65	SDI	$5,664.46	-	$5,664.46	-
Parks	101-50-27-20-75	Deferred Comp	$3,013.00	-	$3,013.03	($0.03)
Parks Subtotal			**$733,294.00**	**-**	**$733,294.61**	**($0.61)**
TOTAL - ALL DEPARTMENTS			**$15,155,291.00**	**-**	**$14,306,977.44**	**$848,313.56**

** Attorney has/have no Salaries & Benefits line items in the General Fund (fully contracted services); shown as $0.*

Draft Inputs to Consider for Final Report
Forecasting General Fund Expenditures and Revenues

1. Based on publicly available financial data and information provided by the City staff and reasonable and conservative forecasts of General Fund revenues and expenditures, whether the City of St. Helena has an existing or forecast significant "structural deficit" over the next four fiscal years (FY 27- FY 30), and if so, the magnitude of such existing and forecast "structural deficit" per year over the next four fiscal years (FY 27- FY 30).

2. To establish a "baseline" and forecasts under #1, above, adjustments to the City's adopted General Fund FY 27 and future budgets for forecast revenues and expenditures should be considered, including consideration of recorded FY 26 General Fund actuals line item by line item, and the following potential adjustments for FY 27 through FY 30:

a. Maintain a reasonable level of City reserves/net position throughout the period, e.g. 30%.

b. Whether full cost-of-living adjustments per year are assumed for all City employees, as well as maintaining existing compensation levels for all employees with benefits cost-sharing and employee benefits choices comparable to other Napa cities, town, and public agencies, including adjustments to assumed personnel levels and General Fund salaries and benefits costs due to open, unfilled and to-be-filled positions.

c. Adjustments to the FY 27 adopted budget to include accurate, prudent assumptions regarding City General Fund cash interest earnings compared to assumptions/forecasts in the adopted FY 27 budget.

d. Whether full funding of Fire and Police Departments is provided, including existing staffing, salaries and benefits, and necessary building and equipment renovations and replacement, and the sources of such funding e.g. General Funds, other non-General Fund sources, grants, restricted reserve funds.

e. Whether additional General Funds are needed for streets, sidewalks and stormwater annual projects to achieve service level improvements with or without the need for additional General Fund expenditures or new revenue sources.

f. Whether significant General Fund expenditure increases are needed for Library, Parks, Trails and City building capital improvements and operating expenditures and service levels using prudent, conservative use of existing City reserves and special reserve funds intended for such uses, with or without significantly affecting overall City reserve levels or requiring new revenue sources.

g. Whether adoption of a near-term (12- 24 month) implementation plan based on the City's Efficiency and Modernization Study recommendations can achieve significant 12- 24 month expenditure savings identified by the Study but not in the existing adopted FY 27 or future budgets or expenditure forecasts.

h. Whether FY 27 General Fund budget expenditures should be increased by $360,000- $480,000 per year to prudently "pay down" the City's unfunded pension liability without the need for new tax revenues.

i. Whether any adjustments should be made to forecasts of traditional sources of General Fund revenue in the FY 27 and subsequent years budgets and forecasts, e.g. sales tax revenues, property tax revenues, TOT revenues.

j. Whether any adjustments should be made to forecasts of one-time or non-traditional sources of General Fund revenues in the FY 27 and subsequent years budgets and forecasts, e.g. sales of surplus property; new hotels.

k. Adjust FY 27 and subsequent years budgets and forecasts for "one-time," non-recuring expenses.

BEST BEST & KRIEGER LLP
ATTORNEYS AT LAW

Memorandum

To: City of St. Helena

From: Best Best & Krieger, LLP

Date: July 31, 2026

Re: Eligible Use of Funds

QUESTIONS PRESENTED

The City of St. Helena (the "City") has requested legal guidance regarding whether the funds held in the following City accounts are subject to legal restrictions on their use:

Fund No. 216 – Public Safety Impact
Fund No. 224 – Public Safety (COPS)
Fund No. 240 – Measure T (now Measure U)
Fund No. 289 – Recreation Program
Fund No. 384 – Tweed Trust
Fund No. 581 – Internal Service Garage
Fund No. 592 – Equipment Replacement
Fund No. 593 – Fire Equipment Replacement
Fund No. 713 – Civic Impact
Fund No. 734 – Park Impact
Fund No. 740 – Traffic Mitigation Impact
Fund No. 741 – Street Capital Improvement
Fund No. 742 – Storm Drain Improvement
Fund No. 745 – Parking In-Lieu

Specifically, the City asks whether the funds in each account must be used solely for their originally intended purpose or if they may lawfully be used for other municipal purposes, and, if restrictions exist, the source and scope of those restrictions.

SHORT ANSWER

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The answer depends on the legal source of each fund. Some funds are restricted by state statute, others by voter-approved measures, grant conditions, contractual arrangements, trust instruments, City ordinances, and/or City Council policy. Accordingly, each fund is analyzed below.

The City's development impact fee funds, including the Public Safety, Civic, Park, Traffic Mitigation, and Storm Drain Improvement funds, are governed by California's Mitigation Fee Act (Gov't Code section 66000, *et seq*., at times referred to as the "Act" in this Memorandum), the City's Development Impact Fee Ordinance (St. Helena Municipal Code, ch. 3.32), and the City's adopted Development Impact Fee Study. Those authorities collectively require that development impact fees be separately accounted for and expended solely for the public improvements for which they were imposed. Similarly, the City's parking in-lieu fees are subject to the Act if they are imposed as a condition of development to fund public parking facilities; those revenues remain restricted to parking-related improvements.

Other funds are restricted for different reasons. Measure T (now Measure U) revenues are governed by voter-approved action, the associated expenditure plan, and agreements administered by the Napa Valley Transportation Authority. The Public Safety (COPS) Fund is governed by state law establishing the Citizens' Option for Public Safety Program. The Tweed Trust Fund is restricted by the terms of the trust, the City's acceptance of the gift, and subsequent agreements governing the use of the donated assets. In contrast, the Equipment Replacement and Fire Equipment Replacement Funds appear to be restricted primarily by City Council policy, meaning the Council generally retains discretion to modify the applicable policy.

Before using money from any of the funds examined herein for a purpose other than that for which they have historically been earmarked, the City should first identify the legal source of the restriction of the fund, if any. Funds restricted by statute, voter initiative, trust, grant agreement, or contract generally may not be redirected. On the other hand, funds established solely as a matter of City policy may be repurposed through City Council action.

ANALYSIS

A. Funds Nos. 216 (Public Safety), 713 (Civic), 734 (Park), 740 (Traffic Mitigation), 742 (Storm Drain Improvement)

The City's Public Safety Impact, Civic Impact, Park Impact, Traffic Mitigation Impact, and Storm Drain Improvement Funds (collectively, the "Impact Fee Funds") are development impact fee accounts established pursuant to Chapter 3.32 of the St. Helena Municipal Code. These funds are subject to both the City's Development Impact Fee Ordinance and California's Mitigation Fee Act. Together, those authorities significantly restrict how revenues may be collected, administered, and expended.

1. The City's Ordinance Restricts the Use of the Impact Fee Funds

The City's Development Impact Fee Ordinance, as set forth in St. Helena Municipal Code Chapter 3.32 (the "Ordinance") establishes a separate account for each category of impact fee and expressly limits the use of those revenues. Under St. Helena Municipal Code section 3.32.030, impact fee revenues, together with any interest earned on them, may be used only to (1) finance future public improvements identified in the City's Capital Improvement Projects List that are at least partially attributable to new development; (2) reimburse the City for eligible public improvements previously constructed using other funding sources; or (3) reimburse developers who construct oversized public facilities in accordance with the reimbursement provisions of the Ordinance. The Ordinance further provides that each impact fee exists for the sole purpose of funding the public facilities identified for that particular fee program. (*See, e.g.*, St. Helena Mun. Code, § 3.32.050(C).) Accordingly, the City may not redirect these revenues to unrelated governmental purposes merely because money remains in the account.

The City's 2023 Development Impact Fee Update Study (the "Study") reinforces these restrictions. The Study explains that development impact fees are analyzed through the City's Capital Improvement Plan to ensure a continuing nexus between new development, the fees collected, and the public facilities those fees finance. The Study further recognizes that impact fees fund only a portion of the City's planned capital improvements and that substantial additional funding from other sources will be required to complete the planned public facilities. (*See* Study at page 4.) Consequently, available impact fee revenues already have identified public purposes and should not be viewed as surplus funds available for unrelated expenditures.

2. The Mitigation Fee Act Imposes Continuing Restrictions on Development Impact Fees

The City's ordinance operates within the broader framework established by California's Mitigation Fee Act. Government Code section 66001 requires a local agency to establish a "reasonable relationship" between the development project, the fee imposed, and the public facilities to be financed. (Gov't Code section 66001(a)(3) and 66001(a)(4).) These statutory requirements parallel the constitutional limitations recognized by the United States Supreme Court in *Nollan v. California Coastal Commission* (1987) 483 U.S. 825, *Dolan v. City of Tigard* (1994) 512 U.S. 374, and most recently *Sheetz v. County of El Dorado* (2024) 601 U.S. 267, which collectively require development exactions to bear an appropriate relationship to the impacts of development.

Once collected, the Act imposes a separate set of accounting and expenditure requirements. Government Code section 66006 requires agencies to maintain development fees in separate capital facilities accounts "in a manner to avoid any commingling of the fees with other revenues and funds of the local agency, except for temporary investments, and expend those fees solely for the purpose for which the fee was collected," prepare annual reports regarding the receipt and expenditure of those funds, and account for any interest or investment earnings attributable to each account. Government Code section 66001(d) further requires agencies that retain fees for more than five years to make specified findings demonstrating the continuing need for the retained funds or, absent those findings, refund the fees as required by statute.

Effective January 1, 2024, the Legislature strengthened these protections through Assembly Bill 516 (Stats. 2023, ch. 741) which added Government Code section 66008 to the Act. The Act now expressly provides that development fees "shall be expended solely and exclusively for the purpose or purposes for which the fee was collected" and "shall not be levied, collected, or imposed for general revenue purposes." (Gov't Code section 66008.)

3. Case Law Confirms That Development Fees Are Restricted Revenues

California case law decisions likewise recognize that development impact fees are restricted revenues collected to mitigate the impacts of development rather than general governmental revenues. In *Ehrlich v. City of Culver City* (1996) 12 Cal.4th 854, the California Supreme Court explained that the Legislature adopted the Mitigation Fee Act to establish uniform procedures governing the imposition, collection, accounting, and expenditure of development fees. Subsequent decisions, including *San Remo Hotel L.P. v. City and County of San Francisco* (2002) 27 Cal.4th 643 and *California Building Industry Assn. v. City of San Jose* (2015) 61 Cal.4th 435, recognize the continuing importance of the reasonable relationship requirements embodied in Government Code section 66001.

Although these decisions principally address the validity of imposing development fees, they underscore the legislature's intent that such fees remain tied to the public improvements necessitated by new development. The Court of Appeal reached a similar conclusion in *Home Builders Assn. of Tulare/Kings Counties, Inc. v. City of Lemoore* (2010) 185 Cal.App.4th 554, when it rejected certain fire protection fees as being improperly imposed for general revenues. The Court determined there was no need for additional fire facilities in one side of the city in that case, and consequently there was no nexus between the fees and the burden posed by new housing on that side of the city. (*Id.* at 572.) Compliance therefore requires more than adopting a valid fee program; it also requires maintaining separate accounts, satisfying the Act's reporting requirements, and ensuring that collected revenues remain available for the public improvements identified when the fees were imposed.

4. Interfund Loans from Development Impact Fee Funds Must be Repaid

One issue that potentially arises is whether development impact fee revenues may be temporarily borrowed for other municipal purposes. The current statutory framework does not provide a definitive answer. The Legislature now requires agencies to disclose interfund transfers and loans involving impact fee accounts in the annual report, including the amount transferred, the purpose of the transfer, the applicable interest rate, and the anticipated repayment date. (Gov't Code section 66006(b)(1)(G).) Those reporting requirements, however, should not be interpreted as creating independent authority to borrow from impact fee accounts. Rather, they recognize that another source of law may authorize such a transaction and require transparency when one occurs.

Accordingly, before any temporary transfer or loan of impact fee revenues, the City should first identify independent legal authority authorizing the transaction. If such authority exists, the City should ensure that the loan is formally documented, the required annual disclosures are made, the impact fee account receives appropriate interest or investment earnings, repayment occurs within the stated repayment period, and the temporary transfer does not impair the City's ability to construct the public improvements for which the fees were collected.

5. Practical Guidance on Development Impact Fees

Based upon the Act, Ordinance, Study, and the applicable case law, the Impact Fee Funds should be treated as legally restricted revenues. The City should continue to maintain separate accounting for each impact fee program; complete the annual reports and five-year findings required by the Mitigation Fee Act; use fee revenues only for the public facilities identified in the applicable fee program and Capital Improvement Plan; avoid using impact fee revenues as a source of general governmental financing; and if another source of law authorizes a temporary interfund loan, ensure full compliance with Government Code sections 66006 and 66008, including repayment of principal and applicable interest.

B. Fund No. 745 (Parking In-Lieu)

Parking in-lieu fees are a well-established tool in California. They allow a developer to pay a fee instead of constructing some or all of the required off-street parking spaces, usually in downtowns, transit-oriented areas, or historic districts where on-site parking is impractical. Rather than constructing the required parking spaces, a developer pays a fee that allows the local agency to construct, expand, improve, or maintain shared public parking facilities that serve the development.

Although parking in-lieu fees differ from traditional development impact fees in their method of calculation, they serve the same fundamental purpose: mitigating the impacts of new development by financing public facilities needed as a result of that development. As a result, California courts have recently analyzed parking in-lieu fees under the Mitigation Fee Act when those fees are imposed as a condition of development approval. In *Hamilton & High, LLC v. City of Palo Alto* (2023) 96 Cal.App.5th 595, developers sought refunds of in-lieu parking fees after the City failed to make the five-year findings required by Government Code section 66001(d). The City argued that the fees were outside the scope of the Act because developers could elect to pay the fee rather than construct parking. The Court of Appeal rejected that argument, concluding that the elective nature of the fee nevertheless constituted a development fee because it was imposed in connection with project approval and financed facilities necessitated by development. (*Id.* at 549.) The court further concluded that the City's failure to timely adopt the findings required by Government Code section 66001(d) triggered the Act's refund provisions.

Several aspects of *Hamilton & High* are relevant here. First, the decision confirms that courts will apply the Mitigation Fee Act broadly where a monetary exaction is imposed as a condition of development approval to fund public facilities, which would apply to the parking in-lieu fees the City has collected previously. Second, the court treated the accounting and five-year finding requirements as mandatory statutory obligations for parking in-lieu fees. Failure to satisfy the statutory requirements governing retained impact fees may result in a refund obligation, even years after the fees were collected.

Like the City's other development fee programs, parking in-lieu fees in Fund No. 745 should be separately accounted for, reported annually, and expended only for parking facilities or other parking-related capital improvements that mitigate the impacts of the development generating the fees. These revenues should not be transferred to the General Fund or used to finance unrelated municipal operations.

C. Fund No. 224 (Public Safety (COPS) Fund)

The City's Public Safety (COPS) Fund consists of state funds distributed pursuant to California's Citizens' Option for Public Safety ("COPS") Program. Unlike the City's Impact Fee Funds, the COPS Fund is not governed by the Mitigation Fee Act. Instead, its use is controlled by the statutes establishing the COPS Program, annual State Budget Act appropriations, and applicable guidance issued by the California Department of Finance and the Board of State and Community Corrections.

The COPS Program was established by Assembly Bill 3229 (Stats. 1996, ch. 134) to provide continuing financial assistance to local law enforcement agencies for front-line public safety services. The Legislature's objective was to supplement existing local public safety expenditures by providing dedicated funding for specified law enforcement purposes. Government Code sections 30061 through 30065 establish the framework for the COPS Program. Under those provisions, each participating city is required to maintain a separate COPS account into which program revenues are deposited. The funds may be expended only for the purposes authorized by statute and the annual Budget Act.

Although the permissible expenditures have evolved through successive budget acts, COPS funding has consistently been limited to front-line public safety activities, including crime prevention programs, gang suppression activities, equipment used in front-line law enforcement operations, and other qualifying public safety expenditures authorized under the applicable Budget Act. (*See* Gov't Code section 30061.) The City should continue maintaining these revenues separately from unrestricted General Fund revenues and should ensure that expenditures remain adequately documented as qualifying COPS expenditures.

D. Fund No. 240 (Measure T/Measure U)

Fund No. 240 consists of revenues distributed to the City pursuant to Napa County's voter-approved local transportation sales tax, originally adopted as Measure T, the Napa Countywide Road Maintenance Act of 2012, and subsequently extended through Measure U as approved by Napa County voters in 2024. The tax is administered by the Napa Valley Transportation Authority ("NVTA"), acting through the Napa Valley Transportation Authority Tax Agency ("NVTA-TA"). The City's authority to receive and expend these funds is governed by the voter-approved action, the Measure U Expenditure Plan, the City's funding agreement with NVTA, and applicable state law governing local transportation sales taxes.

The legal restrictions applicable to Measure U revenues arise principally from the measure approved by Napa County voters. Because the tax was presented to the electorate for specific transportation purposes, the revenues must be expended consistently with those purposes. The

Measure U Expenditure Plan generally authorizes local street maintenance and rehabilitation projects, including: pavement preservation; reconstruction and rehabilitation of public streets; sidewalks and pedestrian improvements; bicycle facilities; curb, gutter, and drainage improvements associated with roadway projects; and other transportation infrastructure identified in the Expenditure Plan. (*See generally* NVTA-TA Ordinance No. 2024-01.)

To receive annual allocations, participating jurisdictions typically enter into funding agreements with NVTA establishing the terms and conditions governing receipt and expenditure of Measure U revenues. The City's obligations arise not only from the voter-approved measure itself but also from contractual commitments accepted as a condition of receiving Measure U funding. As a result, the City does not have discretion outside of the voter-approved purposes and the funding agreement purposes in terms of using the funds for other projects.

E. Fund No. 289 (Recreation Program)

According to City staff, Fund No. 289 is no longer active. Based on the information provided, the fund has been closed and no balance remains for expenditure. Therefore no legal analysis is necessary with respect to this fund.

F. Fund No. 384 (Tweed Trust)

Unlike many of the other funds addressed in this memorandum, the Tweed Trust Fund is not governed primarily by statute. Instead, the restrictions applicable to this fund arise from the law of charitable trusts, the terms of the trust instrument itself, the City's acceptance of the gift, and subsequent agreements governing administration of the donated assets.

The Dorothy L. Tweed Revocable Trust (the "Trust") was created on January 7, 2000, and contained a provision allocating a portion of Mrs. Tweed's estate to the St. Helena Public Library. (*See* Trust at Section 6.3.) The First Amendment to the Trust was executed on March 19, 2004 and replaced in full the bequest to the St. Helena Public Library and provided that one part of Ms. Tweed's estate is to be distributed to the "ST. HELENA PUBLIC LIBRARY (or its lawful successor), 1492 Library Lane, St. Helena, California, if such library or its lawful successor is in existence at my death, for its general purposes[.]" (*See* First Amendment to Tweed Trust at Section 6.3.2(a).) Mrs. Tweed passed away in April 2004. Prior to the Trust property transfer, the attorney for the Tweed Trust wrote the City and requested that "any assets distributed to the city from [the Trust], and any income and proceeds of sale of such assets, will be used solely for the benefit of the St. Helena Public Library." (*See* City Resolution No. 2006-47.) The City passed a resolution to that effect and the money was subsequently accepted by the City on behalf of the library in 2006. (*See id.*)

The legal restrictions applicable to the Tweed Trust arise not only from the language of the Trust itself, but also from the conditions under which the City accepted the gift. California law has long recognized that when a public agency accepts a charitable gift subject to stated conditions, the agency ordinarily must administer the property in accordance with the donor's expressed intent. (*See In re Hart's Estate* (1957) 151 Cal.App.2d 271, 286 (holding that property donated to a public entity subject to charitable use restrictions remained subject to those restrictions)). A municipality may not simply accept a restricted charitable gift and later divert the donated assets to unrelated governmental purposes because doing so would be inconsistent with both the donor's intent and the City's acceptance of the gift.

Here, the City expressly represented that all trust assets, together with any income or proceeds derived from those assets, would be used solely for the benefit of the St. Helena Public Library. That commitment is reflected both in Resolution No. 2006-47 and in the correspondence exchanged with the trustee before distribution of the estate. Fund No. 384 is administered in consultation with the Library Board of Trustees, and City Council has adopted resolutions concerning administration procedures in the past. (*See, e.g.*, Resolution No. 2006-102, Tweed Trust Administration.) The City has received previous inquiries about more specific uses of the fund as related to the library (e.g., should the funds be used for general operations, for enhancements, or for other purposes), but in any event the money is dedicated towards library uses and not General Fund uses. This was memorialized in the City's resolution accepting the funds, where the City Council directed that "funds resulting from the administration of the Tweed Trust will be used solely for the benefit of the St. Helena Public Library." (*See* Resolution No. 2006-47.)

G. Fund No. 581 (Internal Service Garage)

This fund is an internal service fund used to support the City's fleet operations. Money is allocated from various departments to cover their share of fleet costs. Per City staff, the fund rarely has a fund balance, so there are no available money to be used for other City purposes.

H. Fund Nos. 592 (Equipment Replacement) and 593 (Fire Equipment Replacement)

Fund No. 592 has been designated by City Council as an equipment replacement reserve. Per City staff, the fund is financed entirely through General Fund appropriations and is used to replace City equipment as it reaches the end of its useful life. Unlike the City's development impact fee programs or other restricted special revenue funds, no state statute, grant agreement, voter initiative, or trust instrument appears to restrict the legal use of these monies. Instead, the current limitation arises from City Council policy establishing the reserve and identifying its intended purpose.

Because the reserve consists of General Fund monies that have been internally designated for equipment replacement, the City Council generally retains authority to modify or eliminate that designation through subsequent legislative action in light of policy considerations, including long-term financial stability. Consequently, any proposal to redirect reserve money should be considered in light of the City's overall capital replacement strategy rather than solely from a legal perspective. Accordingly, the City Council generally may amend the reserve policy and redirect the funds elsewhere if it determines that doing so is in the City's best interests.

Fund No. 593 serves a similar purpose but is funded differently. According to City staff, this reserve is financed primarily through reimbursements received from the California Governor's Office of Emergency Services ("Cal OES") for strike team deployments. Historically, the City has used these funds to purchase firefighting equipment, including personal protective equipment, fire hose, apparatus-related equipment, and other capital items necessary to support Fire Department operations. The reserve also contributed to the purchase of the City's fire engine in 2022.

Based upon the information currently available, Cal OES has not imposed continuing restrictions requiring reimbursement funds to be used solely for fire equipment. Once received by the City, those revenues appear to become unrestricted municipal revenues unless otherwise limited by the terms of the applicable reimbursement agreement. The principal limitation on the use of Fund No. 593 therefore appears to arise from City Council policy establishing the reserve rather than from other legal requirements.

Before redirecting monies from Fund No. 593, however, the City should confirm that no conditions contained in the applicable Cal OES reimbursement agreements continue to apply to the funds at issue. Subject to confirming the absence of continuing restrictions contained therein, the City Council generally may modify the reserve designation through subsequent legislative action.

I. Fund No. 741 (Street Capital Improvement)

Fund No. 741 is the City's Streets Capital Fund that is funded with a combination of Highway User Taxes, Measure U money, Traffic Mitigation impact fees, or grants for specific projects identified in the Capital Improvement Fund. Each funding source has its own separate requirements, stemming from either elective (in the case of Highway User Taxes, Measure U), statutory (Traffic Mitigation impact fees), or contractual (grants) authorities that apply to restrict uses of the funds. The Streets Capital Fund is administered according to the City's Five-Year Capital Improvement Plan for Fiscal Years 2025-26 to 2029-30, as adopted by resolution of the City Council on May 27, 2025.

The existence of multiple funding sources within a single fund does not eliminate the restrictions applicable to each individual revenue source. Rather, the City must continue tracking each funding source separately to ensure that the money is expended consistently with the applicable legal authority. Each of the funding sources remains subject to its own legal restrictions after being deposited into the Street Capital Improvement Fund. For example:

1. Traffic Mitigation Impact Fees remain subject to the Mitigation Fee Act and the City's Development Impact Fee Ordinance.

2. Measure U revenues remain subject to the voter-approved measure, the expenditure plan, and the City's funding agreement with NVTA.

3. Grant proceeds remain subject to the terms and conditions contained in the applicable grant agreements.

4. Highway Users Tax revenues remain subject to the statutory restrictions governing the use of such tax.

Consequently, the City should continue tracking each funding source separately throughout the life of every capital project to ensure that each revenue source is expended consistently with its governing legal authority. The Street Capital Improvement Fund may therefore not be treated as unrestricted capital revenue simply because it combines multiple funding sources for accounting purposes.

CONCLUSION

The City should view development impact fees, in-lieu fees, and fees subject to contractual agreements and/or trusts as restricted revenues held for identified public purposes rather than as a source of general financing. Without such restrictions, the City may use money in unrestricted funds towards general governmental purposes. Before expending monies from any City fund for a purpose different from that for which the fund has historically been used or as originally earmarked, the City should first determine the legal source of any applicable restriction. While the City generally may modify its own policies through future legislative action, it may not unilaterally alter restrictions imposed by statute, voter initiative, trust, contract, or other binding legal authority.

ETHAN WALSH
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