Mayor: Alan Galbraith
Vice Mayor: Peter White
City Council: Sharon Crull
Paul Dohring
Greg Pitts

St. Helena City Council
Regular Meeting
May 10, 2016

6:00 PM Regular Meeting
Vintage Hall Board Room – Second Floor
465 Main Street, St. Helena

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 three minutes.

1. **CALL TO ORDER and PLEDGE OF ALLEGIANCE**

2. **ROLL CALL**

3. **PUBLIC FORUM:** Members of the public are entitled to speak on matters of municipal concern not on the agenda during Public Forum. Each person's comments shall be limited to 3 minutes. Each person is entitled to speak on any non-agendized item only once at any meeting. Brief questions by Councilmembers for clarifications may be posed and answered, and Councilmembers may make requests that items be placed on future agendas, but in accordance with state law, no substantive discussion or action may take place unless and until the matter properly appears on the agenda.

4. **REPORTS BY STAFF AND CITY COUNCIL, FUTURE AGENDA ITEMS, and AB 1234 REPORTS:** Reports by staff and/or Councilmembers on items of general interest. Brief questions for clarification may be posed and answered, and Councilmembers 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 City Council.

PRESENTATIONS AND PUBLIC RECOGNITIONS

5. Presentation – St. Helena Chamber of Commerce 2015-2016 Annual Marketing Report presented by Chamber

6. Proclamation – Mental Health Month 2016 presented to Napa County Health & Human Services Agency, Mental Health Manager Doug Hawker and Upvalley Family Centers Community Representative Indira Lopez

7. Proclamation – National Public Works Week May 15-21, 2016, presented to the Public Works Department Maintenance Manager Carlos Uribe

8. Proclamation – Municipal City Clerks Week May 1-7, 2016 presented to City Clerk Cindy Black

STAFF BRIEFING

9. Water Revenue Update presented by Finance Director April Mitts

CONSENT ITEMS: Members of the Council or the public may ask that any items be considered individually for purposes of considering alternative action, for extended discussion, or for public comment. Unless that is done, one motion may be used to adopt all recommended actions. (Roll Call Vote)

10. Consideration and proposed approval of Regular and Special Meeting Minutes of:

a. Regular Meeting Minutes of January 12, 2016
b. Regular Meeting Minutes of January 26, 2016
c. Special Meeting Minutes of January 27, 2016
d. Regular Meeting Minutes of February 9, 2016
e. Special Meeting Minutes of February 11, 2016
f. Regular Meeting Minutes of February 23, 2016
g. Regular Meeting Minutes of March 8, 2016
h. Regular Meeting Minutes of March 22, 2016
i. Special Meeting Minutes of March 23, 2016
j. Regular Meeting Minutes of April 12, 2016
k. Regular Meeting Minutes of April 26, 2016
l. Special Meeting Minutes of May 4, 2016

CEQA Status: Not a CEQA Project
Prepared By: Cindy Black, City Clerk
Recommendation: Adopt

11. Consideration and proposed approval of a Resolution Approving an Employment Agreement with Cindy Black to serve as an Executive At-Will City Clerk

CEQA Status: Not a CEQA project
Prepared By: Jennifer Phillips, City Manager
Recommendation: Adopt

12. Consideration and proposed approval of a resolution approving the first amendment to the professional services agreement in the amount of $3,500 with Green Valley Consulting Engineering for the design of Holmes Tank Upgrade, Capital Improvement Project W-86

CEQA Status: Categorically Exempt, Article 19 Section 15302 Replacement or Reconstruction, and Article 19 Section 15303 New Construction or Conversion of Small Structures
Prepared By: Tobias Barr, Public Works Project Manager
Steven Palmer, PE, Public Works Director/City Engineer
Recommendation: Adopt

13. Consideration and proposed approval of a resolution approving the St. Helena Community Band to host musical entertainment, mobile food truck, and vendors at Lyman Park on Sunday July 3, 216 from 4:00 pm to 7:00 pm; and waive the encroachment permit fee of $200.00 and the noise permit fee of $25.00

CEQA Status: Not a CEQA project
Prepared By: Christina Cook, Public Works Administrative Assistant
Steven Palmer, PE, Director of Public Works/City Engineer
Recommendation: Adopt

14. Consideration and proposed approval of a resolution accepting the work and directing the filing of the Notice of Completion for the Stonebridge Filter Rehabilitation Project, CIP W-102
CEQA Status: Categorically Exempt, Section 15301, Existing Facilities
Prepared By: Tobias Barr, Public Works Project Manager
Steven Palmer, PE, Public Works Director/City Engineer
Recommendation: Adopt

15. Second reading and proposed adoption of Amendments to Title 17 "Zoning" of the Municipal Code (Attachment A) initiated by the City of St Helena to implement provisions of the City's adopted 2015-2023 Housing Element that require the City to 1) eliminate the requirement for a Use Permit for multiple family residential projects proposed in the "High Density" (HD) Residential District, and 2) eliminate the requirement for a Use Permit for multiple family housing projects proposed on "Key Housing Sites", as designated in the 2015-2023 Housing Element, that are located in the City's "Medium Density (MD) Residential District"
CEQA Status: Negative Declaration
Prepared By: Victor Carniglia, Planning Consultant
Recommendation: Adopt

16. Second reading and proposed adoption of amendments to City of St. Helena Municipal Code Section(s) 17.134 Short Term Rentals creating a permit renewal process, modifying the review and operations criteria and improving enforcement mechanisms for short-term rental uses in the Residential and Agricultural Zoning Districts, Citywide
CEQA Status: Ordinance is determined to be exempt from the requirements of CEQA as a Class 1 Categorical Exemption pursuant to CEQA Guidelines Section 15301 given that the regulations affect existing structures and under the "General Rule", Section 15061(b)(3)
Prepared By: Noah Housh, Planning and Community Improvement Director
Recommendation: Adopt

NEW BUSINESS:

17. Options for the Development of City Owned Properties at Adams Street, 1480 Main Street (City Hall/Police Station) and 1572/1574 Railroad Avenue
CEQA Status: Categorically exempt from the requirements of CEQA under Section 15306 as an effort to gather information on development interest for specific City owned properties within St. Helena. Any future development of a specific project will be subject to separate CEQA review and compliance.
Prepared By: Jennifer Phillips, City Manager
Recommendation: Provide direction

18. Consideration of a Sales Tax Measure for the November 2016 Ballot
CEQA Status: Not a CEQA project
Prepared By: Jennifer Phillips, City Manager
Recommendation: Provide direction

ADJOURNMENT The next Regular City Council meeting is scheduled for May 24, 2016, at 6:00 p.m. in the Vintage Hall Board Room located at 465 Main Street.

This agenda was posted at City Hall, 1480 Main Street, and at Vintage Hall, 465 Main Street, St. Helena, California on May 6, 2016.

Cindy Black

Cindy Black, City Clerk

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.

CHALLENGING DECISIONS OF CITY ENTITIES

The time limit within which to commence any lawsuit or legal challenge to any quasi-adjudicative decision made by the City of St. Helena is governed by Section 1094.6 of the Code of Civil Procedure, unless a shorter limitation period is specified by any other provision, including without limitation Government Code section 65009 applicable to many land use and zoning decisions, Government Code section 66499.37 applicable to the Subdivision Map Act, and Public Resources Code section 21167 applicable to the California Environmental Quality Act (CEQA). Under Section 1094.6, any lawsuit or legal challenge to any quasi-adjudicative decision made by the City must be filed no later than the 90th day following the date on which such decision becomes final. Any lawsuit or legal challenge, which is not filed within that 90-day period, will be barred. Government Code section 65009 and 66499.37, and Public Resources Code section 21167, impose shorter limitations periods and requirements, including timely service in addition to filing.

If a person wishes to challenge the above actions in court, they may be limited to raising only those issues they or someone else raised at the meeting described in this notice, or in written correspondence delivered to the City of St. Helena, at or prior to the meeting. In addition, judicial challenge may be limited or barred where the interested party has not sought and exhausted all available administrative remedies.

SUPPLEMENTAL MATERIAL RECEIVED AFTER THE POSTING OF THE AGENDA

Any supplemental writings or documents distributed to a majority of the City Council regarding any item on this Agenda, after the posting of the Agenda, will be available for public review in the City Clerk's Office located at 1480 Main Street, St. Helena, California, during normal business hours. In addition, such writings or documents will be made available on the City's web site at http://cityofsthelena.org and will be available for public review at the respective meeting.

Item No: 5

ST. HELENA
CHAMBER OF COMMERCE

ST. HELENA
NAPA VALLEY'S MAIN STREET

2015—2016 Annual Marketing Report

2015 – 16 Marketing Report

Goals

The Chamber's overriding Strategic Priority is to market St. Helena business to targeted consumers to build revenue with low impact. The Chamber dedicates more than half of its operating budget to marketing businesses and St. Helena as a destination. Our Marketing Plan is funded through several channels. First, our member dues drive the Strategic Priority. Second, The Chamber contracts with the City of St. Helena to maintain a Welcome Center and to market St. Helena as a destination. Third, the St. Helena Tourist Improvement District adds to our Marketing budget with the directive to increase demand for overnight visitation during key times of the year. Fourth, Visit Napa Valley supplements our Welcome Center operations with an annual grant to network and align our visitor services with other Centers in the Valley. Combining these funding sources, the Chamber has developed a Marketing Plan that cumulates in an effort "to lift all ships." Our efforts are intended to provide direct benefits to our members, to generate sales tax, and to raise occupancy and ADR for the direct benefit of increased revenues and the indirect economic benefit to St. Helena business, namely lodging, restaurants, retail, wineries resulting the overall economic sustainability of St. Helena.

Objectives

1. Continue to effectively position St. Helena as Napa Valley's premier destination.
2. Educate consumers on the different St. Helena destination options.
3. Increase marketing focus to key lifestyle and passion segments including wine, food and romance.
4. Increase the role of technology and digital marketing efforts in order to broaden the reach and increase effectiveness.
5. Develop and implement a marketing dashboard that tracks key indicators for the destination and distribute that information in an effort to educate and support the tourism industry.
6. Implement research that tracks the effectiveness of the StHelena.com website and the influence it has on persuading visitors to visit St. Helena.

AREAS OF FOCUS FOR 2015-2016

Brand Positioning

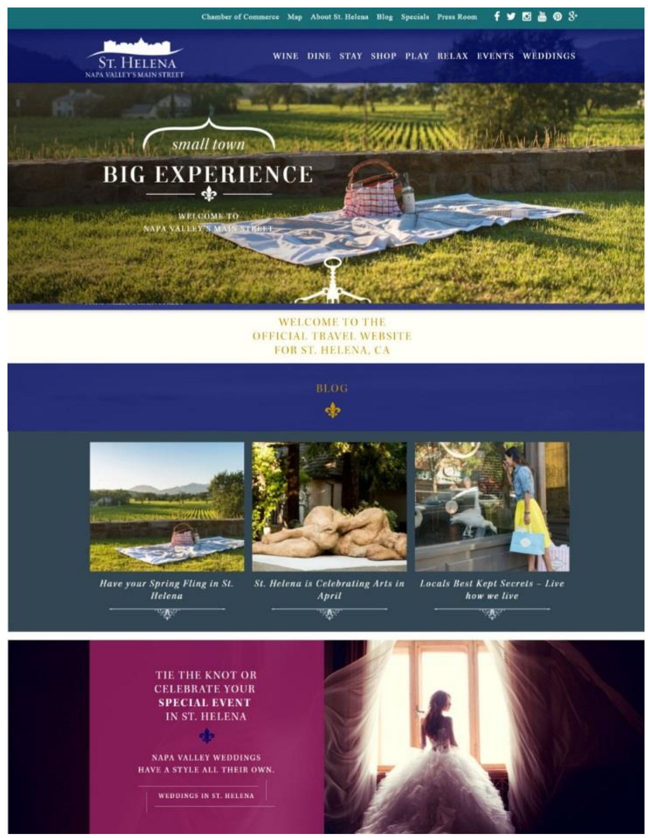
Goal

- Energize the St. Helena brand, its assets and creative approach

Outcome

- Created new secondary tag lines: “small town/Big Charm”, “small town/Big Memories”, “small town/Big Experiences”, “small town/Big Style”, “small town/Big Taste”
- Create a brand book and guidelines that can be applied to all communications

New Website



Goal

Create new StHelena.com website

- Mobile responsive
- Blog
- Itineraries
- Culinary Experiences
- Special Offers
- Stay in VERY limited budget - $15,000
- Deliver by January 2016

Outcome

- Developed and designed new website with Blog, Event page, Wedding page, Special Offer page, interactive map and virtual tours.
- Launched site December 19, 2015
- Delivered at budget $15,000
- Created Top of Page listings for “Top Tier Partners”
- Increased Avg. Session time and decreased Bounce rate by 32%
- Enhanced Press Room

Results

	15-Jul	15-Aug	15-Sep	15-Oct	15-Nov	15-Dec	16-Jan	16-Feb	16-Mar
Website									
Unique Visitors (Users)	8835	8042	8172	8662	8467	7969	10240	8425	9896
Visits (Sesstions)	22072	20859	20593	19958	18479	13598	14703	12111	13656
Pageviews	33634	32576	34958	36410	33907	31530	37214	29007	32644
Bounce rate	76.35	76.02	73.46	69.45	68.99	61.38	49.17	43.65	50.21
Avg. Session Duration	0:00:42	0:00:43	1:00	0:01:09	0:01:12	0:01:56	0:02:44	0:03:10	0:02:38
Pages/Sessions (avg. # of pages viewed in a session)	1.47	1.56	1.73	1.82	1.83	2.32	2.53	2.67	2.39
% New Sessions	38.08%	36.83	38.12	40.69%	42.13%	53.08%	62.82	63.29	64.04

Online Advertising

Goal

- Drive traffic to new website through targeted paid online advertising, SEO, and viral sharing of editorial pieces
- Develop creative for Cabernet Season ads
- Utilize Real time bidding, programmatic buying retargeting, SEM for campaigns
- Research effectiveness of TripAdvisor vs. WineCountry.com/NapaValley.com

Outcome

Digital Campaigns

- Contracted with agency BrandHound
- Used programmatic bidding for digital ads, applying behavioral and demographic data to reach the right prospects, producing measurable results.
- Evaluated throughout the campaign to narrow our target according to what's working so we are paying only for highly effective ads.

Item No: 5

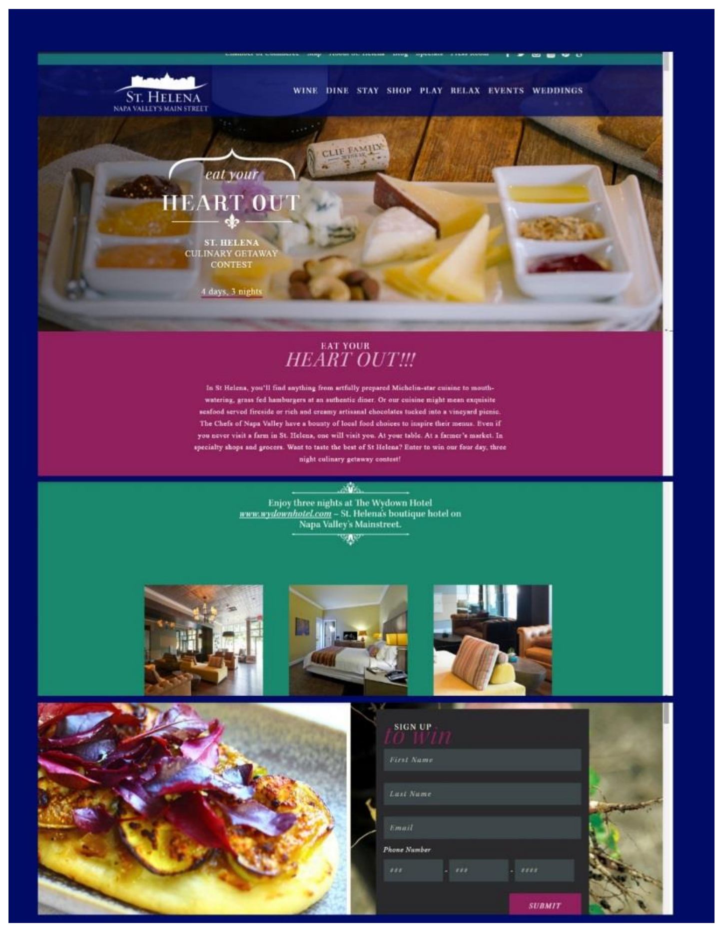
St. Helena Passport Display and Adwords Campaign - Fall/Winter 2015/16

- Impressions: 1,289,192
- Clicks: 3967
- CTR: .29%
- CPC: $1.1
- CPM: $2.90 (net)

St. Helena Passport Getaway Campaign – Spring 2016

- Impressions: 689,856
- Clicks: 1974
- Conversions: 156
- CTR: .25%
- CPC: $.97
- CPM: $2.41 (net)

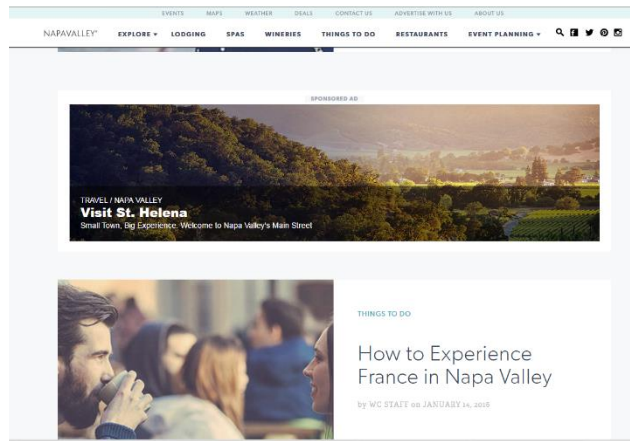
St. Helena Culinary Getaway Campaign – Spring 2016



- This campaign launched April 9, 2016
  - 391,762 impressions
  - 817 clicks
  - .21% CTR
  - .60 cents average CPC
  - 1.25 average net CPM

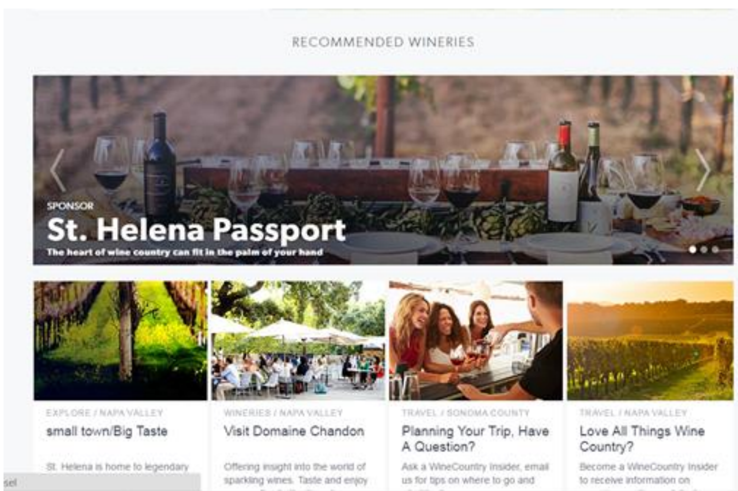
- This campaign has 11 members participating

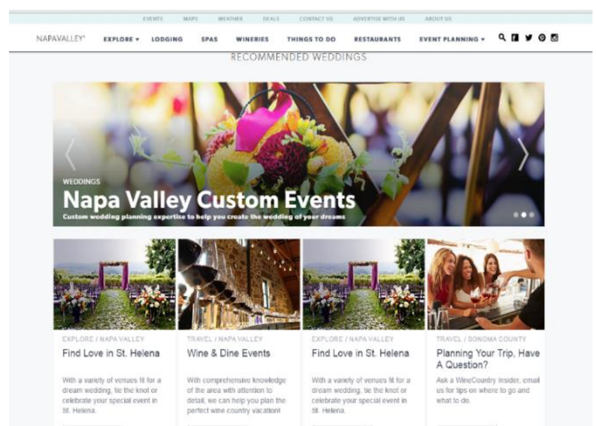
WineCountry.com/NapaValley.com – This year St. Helena invested in a display ad agreement with Wine Country Media. NapaValley.com has consistently been one of the top two referral's to StHelena.com since our ads started running in December 2015. NapaValley.com launched their new site in January 2016 with City Pages. Because of our contract we are receiving additional benefits on the St. Helena page and throughout the site.

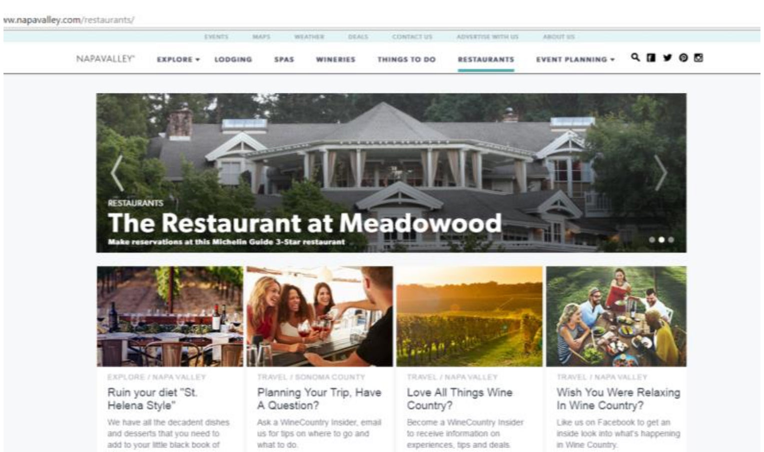


December 2015 – March 20

- Impressions 1.2M, Average CTR: 2.27%, Clicks: 36,000
- Ads directing to our lodging, passport, dining, weddings and shopping pages on sthelena.com







DTC Email

Goal

- Increase visitor email list by 150%
- Build list and learn preferences

Outcome

- Our Passport Getaway Campaign Delivered 156 double opt-in email addresses
- Our Culinary Getaway launched April 9 and has delivered 166 double opt-in addresses so far

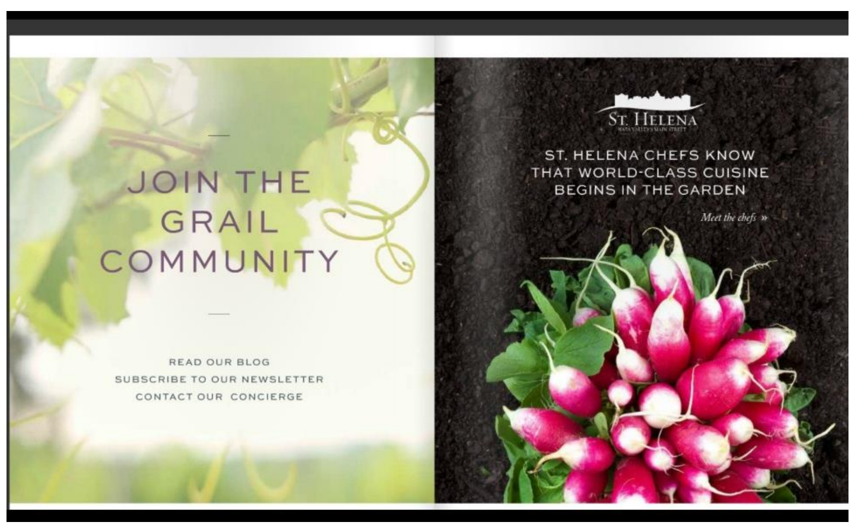
Print

Goal

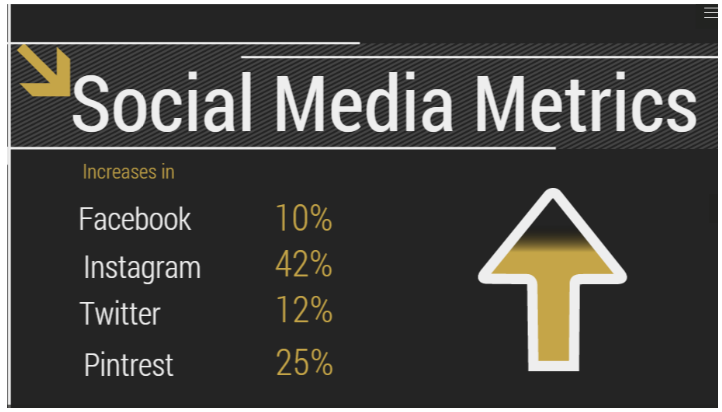
- Create a theme for Scout/GRAIL magazine ads

Outcomes

- SF Chronicle - Passport Campaign Ad
- GRAIL Magazine – Published Chefs of St. Helena theme to support St. Helena's rich and vibrant Culinary Scene



Social Media



Goals

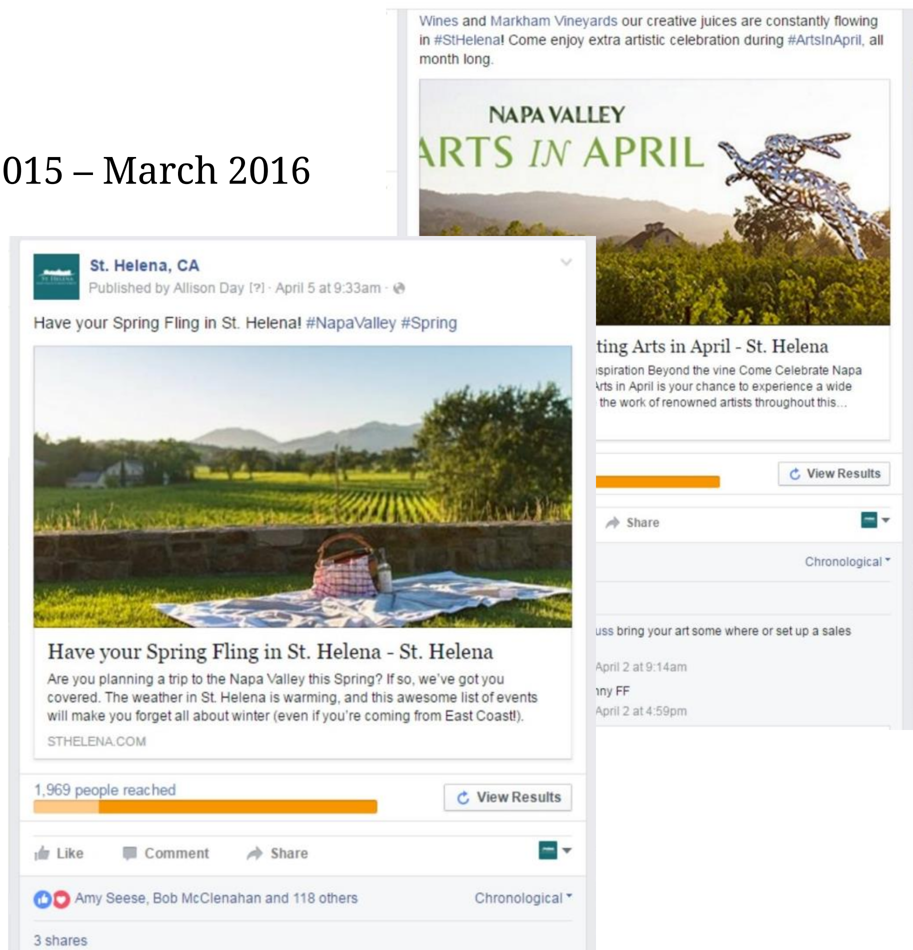
- Grow audience
- Engage with consumers
- Drive traffic to StHelena.com
- Support partner events and promotions through SM

Outcomes

Increased Audience July 2015 – March 2016

- Facebook: 125.5%
- Twitter: 41.09%
- Instagram: 274.26%
- Pinterest: 30.26%

Increased Engagement through entertaining and interesting content and pictures



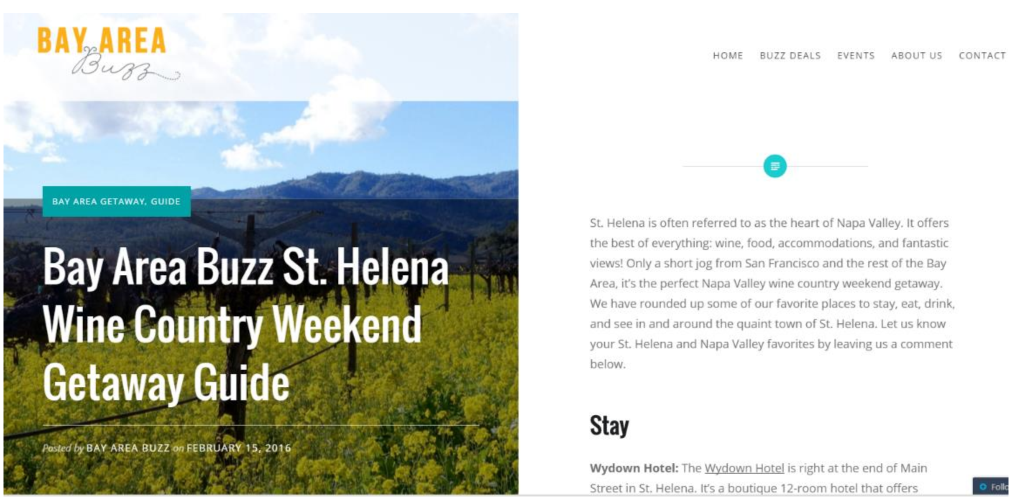
Public Relations

Goals

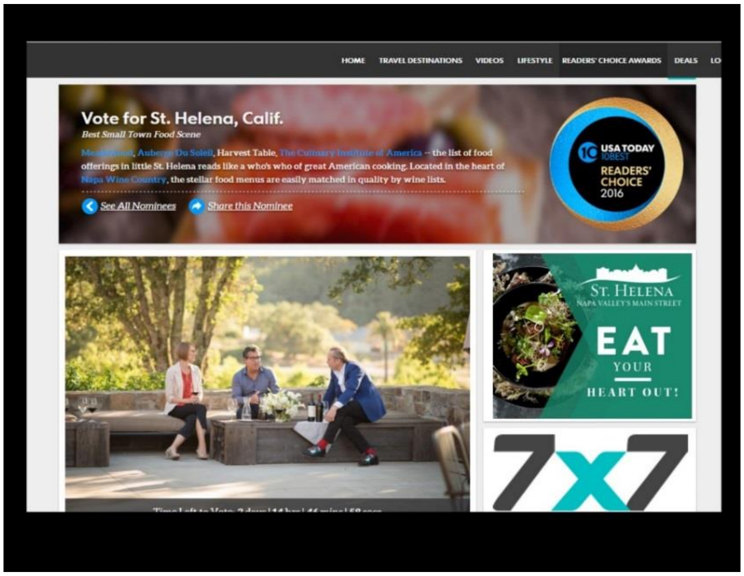
- Retain PR Firm to continue PR Efforts and communicate and collaborate with PR Committee
- Update web content with blogs and digital magazine on wine regions and activities
- Host a FAM tour in late fall
- Host 4 journalists

Outcomes

- Contracted with PR Agency October 15, 2015
- Coordinated one Media FAM with a wedding focus – over 20 Chamber members participating
- Coordinated itineraries for 16 journalists for publications such as: NY Times, The Jetsetting Fashionista, GOOP.com, Food Network Magazine, Wall Street Journal, Sunset Magazine, Conde Nast Traveler, GIRLMEETSGLAM.com and more.
- November – March reports:
    - Total Ad Value: $464,731.52
    - Total Unique Visitors: 29,012,382

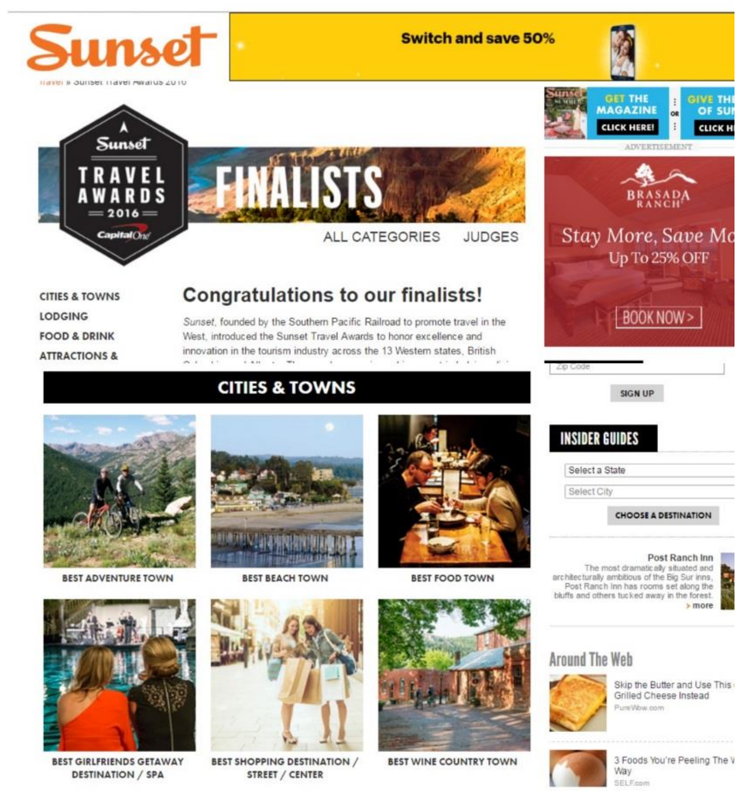


Through our PR efforts St. Helena has 3 nominations:



USA Today 10 Best ReadersChoice Award

"Best Smal Town Food Scene"



Sunset Travel Awards

"Best Food Town"

"Best Shopping Destination"

PR Media FAM

- Coordinated one Media FAM with a wedding focus – over 20 Chamber members participating

Five Journalists Attended

- **Southern Bride**
- **About.com Style**
- **California Wedding Day**
- **Entertainment Weekly**
- **Yahoo!**
- **Equally Wed,**
- **Destination Weddings & Honeymoons Magazine**
- **FSR Magazine**

THIS PAGE IS

INTENTIONALLY

BLANK

Item No. 6

City of St. Helena
PROCLAMATION

Mental Health Month 2016

WHEREAS, one in four individuals will experience mental health issues in their lifetimes, which can affect parents, sisters, brothers, spouses, co-workers and others in our lives; and

WHEREAS, it is essential to eliminate disparities in mental health by promoting well-being for all, regardless of race, ethnicity, sexual orientation, gender identity, language, place of residence or age and ensure equity of access, delivery of services and improvement of outcomes; and

WHEREAS, the Mental Health Division seeks to reduce barriers to access, improve community outreach and engagement that ensures culturally and linguistically competent care to diverse communities through culturally competent services and policies; and

WHEAREAS, while there is still much work to be done to eliminate disparities in services and increase education about mental illness, Napa County service providers are to be commended for their collaborative approach when working with individuals in need; and

WHEREAS, a holistic approach to services which includes prevention and early intervention is an effective way to meet the needs of individuals at risk of developing mental health issues, individuals who are experiencing early onset of the symptoms of mental illness, or individuals with serious mental illness or severe emotional disturbance; and

WHEREAS, there is a strong body of research documenting that with support and treatment, between 70 and 90 percent of individuals with mental illness have a significant reduction in symptoms and improved quality of life; and

WHEREAS, every Napa County resident can be an ally by learning about and dispelling the myths related to mental illness and eliminating stigma by treating individuals with mental illness with respect.

NOW, THEREFORE I, Alan Galbraith, Mayor of the City of St. Helena does hereby proclaim May 2016 as Mental Health Month. As the Mayor of St. Helena, I also call upon the citizens, government agencies, public and private institutions, businesses and schools in St. Helena to recommit ourselves and our community to increasing awareness and understanding of mental health, supporting our community members so that they can take action to protect their mental health, and to promoting appropriate and accessible services for all people with mental health conditions.

Dated: May 10, 2016

____

Alan Galbraith, Mayor
City of St. Helena

THIS PAGE IS

INTENTIONALLY

BLANK

Item No: 7

City of St. Helena

PROCLAMATION

National Public Works Week May 15-21, 2016

WHEREAS, Public Works infrastructure, facilities and services are of vital importance to the health, safety, and well-being of the people of this community; and

WHEREAS, the support of an understanding and informed citizenry is vital to the efficient operation of public works systems and programs such as water, sewer, storm, water management, streets and highways, public buildings and grounds, parks, solid waste collection and waste processing; and

WHEREAS, the quality and effectiveness of these facilities, as well as their planning, design and construction, is vitally dependent upon the efforts and skills of public works personnel; and

WHEREAS, the efficiency of the qualified and dedicated personnel who staff public works departments and offices is materially influenced by the people's attitude and understanding of the importance of the work they perform;

NOW, THEREFORE, BE IT RESOLVED, that I, Alan Galbraith, Mayor of the City of St. Helena, St. Helena City Council, City Staff, and the citizens of the City of St Helena, do hereby proclaim the week of May 15- 21, 2016, to be "National Public Works Week" and encourage all citizens and civic organizations to acquaint themselves with the issues involved in providing our public works and to recognize the contributions which public works officials make every day to our health, safety, comfort, and quality of life.

Dated: May 10, 2016

____

Alan Galbraith, Mayor
City of St. Helena

THIS PAGE IS
INTENTIONALLY
BLANK

City of St. Helena

PROCLAMATION

Municipal City Clerks Week May 1-7, 2016

Whereas, the City Council extends appreciation to all Municipal City Clerks for the services with which they provide their communities. Specifically, the Proclamation cites that the Clerk "serves as the professional link between the citizens, the local governing bodies and agencies of government at other levels."

Whereas, City Clerks pledge to be ever mindful of their neutrality and impartiality, rendering equal service to all; continually striving to improve the administration of their duties through participation in education programs, seminars, workshops and annual meetings of their state, county, city, and international professional organizations."

Whereas, The St. Helena City Clerk's Office serves the City as the Election Official, Political Reform Filing Officer and Custodian of the City Seal; conduct City elections; administer the Oath of Office and provide support to the City Council, and record all Council proceedings; manage the City's records and respond to public records requests. The office also: distributes Council meeting agendas and packets in accordance with the Brown Act, oversees agendas for the City's Boards/Commission/Committees and maintains the Appointments List; maintains the Municipal Code; is the agent authorized to accept service for legal documents and attests to records executed by the Mayor.

Whereas, Cindy Black has served as St. Helena City Clerk since September 2015, Acting City Clerk since March 2014 and working in municipal government since 1988. She is also a member of IIMC and the City Clerks Association of California (CCAC).

Now, therefore, let it be resolved, that I, Alan Galbraith, Mayor of the City of St. Helena, do hereby proclaim Municipal Clerks Week May 1-7, 2016 in St. Helena.

Dated: May 10, 2016

____

Alan Galbraith, Mayor

City of St. Helena

THIS PAGE IS

INTENTIONALLY

BLANK

Item No: 10a

Minutes
ST. HELENA CITY COUNCIL
January 12, 2016

4:30 PM SPECIAL CLOSED SESSION
CITY HALL CONFERENCE ROOM,
1480 MAIN STREET, ST. HELENA

6:00 P.M. REGULAR MEETING
465 MAIN STREET, ST. HELENA
VINTAGE HALL BOARD ROOM – SECOND FLOOR

A complete video recording of this meeting, except for closed session, can be found at www.cityofsthelena.org or by calling the City Clerk at (707) 967-2792. The City Council video is the official record of the Council meeting.

1. PUBLIC COMMENTS PERTAINING TO THE CLOSED SESSION

Mayor Galbraith called for public comment regarding the Closed Session matters listed. There being none, the Council convened into Closed Session.

2. CLOSED SESSION

a. CONFERENCE WITH LEGAL COUNSEL-- SIGNIFICANT EXPOSURE; pursuant to paragraph (2) of subdivision (d) of Government Code § 54956.9, (one potential case)
b. CONFERENCE WITH LABOR NEGOTIATORS -- pursuant to Government Code § 54957.6
City Negotiator: City Manager
Negotiations with Mid-Managers and Executive Staff

3. CALL TO ORDER

The Regular Meeting was reconvened at 6:00 p.m. and City Attorney Thomas B. Brown reported there was no reportable action.

4. PLEDGE OF ALLEGIANCE

Mayor Galbraith called the meeting to order at 6:00 p.m. and the flag was saluted.

5. ROLL CALL

Present: Councilmembers Dohring, Pitts, White, Crull (joined the meeting via conference call at 7:14 pm) and Mayor Galbraith
Absent: None

The agenda was posted that Councilmember Crull will be participating via phone from: The Mauna Kea Resort, 62-3600 Amaui Drive #M101, Kamuela, HI 96743. However, Councilmember Crull did not participate in the meeting and was absent.

6. **PUBLIC FORUM:**

Historical Society representative, Friends & Foundation representative, and Christine Clark addressed the City Council.

7. **REPORTS BY STAFF AND CITY COUNCIL, FUTURE AGENDA ITEMS, and AB 1234 REPORTS:**

City Manager Jennifer Phillips updated the Council regarding the Upper Valley litigation, Fair Housing and FEMA.

Finance Director April Mitts announced Stephanie Killingsworth is the City's new Accounting Assistant I to join the Finance Department.

Library Director Chris Kreiden provided an update of Library activities.

STAFF BRIEFING

8. Monthly water wise update presented by Jennifer Tuell, Water Conservation Coordinator

Water Conservation Coordinator Jennifer Tuell presented the monthly update.

PRESENTATIONS AND PUBLIC RECOGNITIONS

9. Presentation – Napa County Corrections update and future plans presented by Napa County Supervisor Diane Dillon and Director of Corrections Lenard Vare

10. Proclamation – December 19, 2015 National Arbor Day presented to ~~Parks Supervisor / Building Supervisor/ City Arborist Jim Haller~~ Public Works Maintenance Worker II Carlos Uribe

CONSENT ITEMS:

11. Consideration and proposed approval of a Resolution 2016-1 Approving an Employment Agreement with William Imboden to serve as the City's Police Chief
    CEQA Status: Not a CEQA Project
    Lead Staff: Jennifer Phillips, City Manager
    Recommendation: Adopt

12. Consideration and proposed approval of a resolution 2016-2 approving a budget adjustment to the Martin Trust Funds for professional services with BMI Imaging Systems, Inc. (BMI) in the amount of $9,422.00 for the St. Helena Start Digitization Project
    CEQA Status: Not a CEQA Project
    Lead Staff: April Mitts, Finance Director
    Chris Kreiden, Library Director
    Recommendation: Adopt

13. Consideration and proposed approval of a resolution 2016-3 approving a Professional Services Agreement with Kleinfelder Incorporated in the amount of $90,695 for Geotechnical and Seismic Analysis of the St. Helena Lower Dam, Capital Improvement Project W-108

CEQA Status:	Categorically Exempt, Section 15301 and 15304, Existing Facilities, and Minor Alteration to Land
Lead Staff:	Tobias Barr, Public Works Project Manager Steven Palmer, PE, Director of Public Works/City Engineer
Recommendation:	Adopt

14. Consideration and proposed approval of a resolution 2016-4 accepting the work and directing the filing of the Notice of Completion for the Valley View Bike Lane Project, CIP No. R-75

CEQA Status:	Categorically Exempt, Section 15301, Existing Facilities
Lead Staff:	Steven Palmer, PE, Director of Public Works/City Engineer
Recommendation:	Adopt

15. Updated version provided for consideration. Consideration and proposed approval of a resolution 2016-5 approving a proposal to expand the restaurant-cap for an approved restaurant at 1414 Main Street

CEQA Status:	The project is Categorically Exempt from the requirements of CEQA under a Class 31 and Class 1 Categorical Exemption under Sections 15331 and 15301
Lead Staff:	Noah Housh, Planning and Community Improvement Director
Recommendation:	Adopt

16. Second reading and consideration to adopt by title only an ordinance 2016-1 authorizing the City to implement and carry out a community choice aggregation program within the City of St. Helena through membership inclusion with Marin Clean Energy (MCE)

CEQA Status:	Not a CEQA project as defined in accordance with CEQA Guidelines, Section 15378
Lead Staff:	Kathy Robinson, Operations Manager
Recommendation:	Conduct second reading and adopt by title only

17. Consideration and Proposed Approval of a Resolution 2016-6 Authorize the City Manager to Execute an Agreement between Pacific Gas and Electric Company and the City of St. Helena for a Clothes Washer Rebate program, rescind Resolution No. 2004-32B, and authorize a budget adjustment of $2,200 to account 561-2330-0000

CEQA Status:	Categorically Exempt, Sections 15301-Existing Facilities, and 15304-Minor Alterations to Land
Lead Staff:	Jennifer Tuell, Water Conservation Steven Palmer, PE Director of Public Works/City Engineer
Recommendation:	Adopt

18. Consideration and Proposed Approval of a Resolution 2016-7 Authorizing the City Manager to Execute a Memorandum of Understanding – Bay Area Proposition 84 Round 2 Integrated Regional Water Management (IRWM) Grant Conservation Group- Napa County Agencies

CEQA Status:	Categorically Exempt, Sections 15301-Existing Facilities, and

15304-Minor Alterations to Land

Lead Staff: Jennifer Tuell, Water Conservation
Steven Palmer, PE Director of Public Works/City Engineer

Recommendation: Adopt

19. Consideration to adopt resolution 2016-8 accepting CaliforniaFIRST program amended and restated report relating to Financing the Installation of Seismic Strengthening Improvements, Electric Vehicle Charging Infrastructure and Other Authorized Improvement and Other Related Matters; and acknowledge that the City Council does desire for the CaliforniaFIRST to effect financings with respect to the Additional Authorized Improvements.

CEQA Status: Categorically Exempt from CEQA pursuant to section 15061(b)(3)

Lead Staff: Kathy Robinson, Operations Manager

Recommendation: Adopt

Councilmember Dohring pulled item 20.

~~20. Consideration to adopt a resolution approving a Professional Services Agreement with Interwest Consulting Group in the amount of $59,625 for the ADA Evaluation and Transition Plan~~

~~CEQA Status: Not a CEQA Project~~

~~Lead Staff: Steven Palmer, PE, Director of Public Works/City Engineer~~
~~Tobias Barr, Project Manager~~

~~Recommendation: Adopt~~

21. Consideration and proposed approval of a resolution 2016- approving addendum #2 to the approved Contract with Kaizen InfoSource LLC for Records and Information Management services for an additional one time cost of $30,000 to conduct vital onsite records services for each department, training and provide various policies. Total contract not to exceed $70,000, funds for Addendum #2 in the amount of $30,000 will come from General Fund Assigned Reserve

CEQA Status: Not a CEQA Project

Lead Staff: Cindy Black, City Clerk

Recommendation: Adopt

Councilmember Pitts moved to approve Consent Items 11-19 and 21 and noted item 15 is approved as amended. The motion was seconded by Vice Mayor White and on roll call carried by the following vote:

AYES: Councilmembers Pitts, White, Dohring and Mayor Galbraith

NOES: None

ABSENT: Councilmember Crull

20. Consideration to adopt a resolution approving a Professional Services Agreement with Interwest Consulting Group in the amount of $59,625 for the ADA Evaluation and Transition Plan

CEQA Status: Not a CEQA Project

Lead Staff: Steven Palmer, PE, Director of Public Works/City Engineer

Tobias Barr, Project Manager
Recommendation: Adopt

Director of Public Works/City Engineer Steve Palmer reported on this item.

No public comment received.

Councilmember Dohring moved to approve Consent Item 20. The motion was seconded by Vice Mayor White and on roll call carried by the following vote:

AYES: Councilmembers Dohring, White, Pitts and Mayor Galbraith

NOES: None

ABSENT: Councilmember Crull

PUBLIC HEARING:

22. 1) Introduction and First Reading of Proposed Modifications to the St. Helena Municipal Code Chapter 2.48 to repeal sections authorizing a private Fire Department Corporation, and establish the Fire Department as a City Department;

2) Consideration of resolution 2016-11 rescinding resolution No. 2012-60 and transitioning pay-per-call firefighters to part time employees with an hourly rate of $25.00 for a cost of $60,000 for the remainder of FY 2015-16. Total cost for FY 2016-17 is estimated at $120,000.

CEQA Status: Not a CEQA Project
Lead Staff: Jennifer Phillips, City Manager and
John Sorenson, Fire Chief
Recommendation: Open/close Public Hearing, introduce by title only

City Manager Jennifer Phillips reported on this item.

Mayor Galbraith opened the public hearing.

No public comment was received.

Mayor Galbraith closed public hearing.

A motion was made by Vice Mayor White to waive the first reading and introduce by title only the proposed amendments to the St. Helena Municipal Code Chapter 2.48 to repeal sections authorizing a private Fire Department Corporation, and establish the Fire Department as a City Department; and adopt resolution 2016-11 rescinding resolution No. 2012-60 and transitioning pay-per-call firefighters to part time employees with an hourly rate of $25.00 for a cost of $60,000 for the remainder of FY 2015-16. Total cost for FY 2016-17 is estimated at $120,000. The motion was seconded by Councilmember Pitts and on roll call carried by the following vote:

AYES: Councilmembers White, Pitts, Dohring and Mayor Galbraith

NOES: None

ABSENT: Councilmember Crull

Mayor Galbraith called for a recess at 7:05 pm.

The meeting reconvened at 7:11 pm.

23. Introduction and first reading of an Ordinance amending Title 17 of the Municipal Code relating to cottage food operations in dwellings

CEQA Status:	Categorically Exempt Pursuant to CEQA Guidelines Section 15301, 15305, and 15061(b)(3)
Lead Staff:	Noah Housh, Planning and Community Improvement Director Aaron Hecock, Senior Planner
Recommendation:	Open/close Public Hearing, introduce by title only

Councilmember Crull joined the meeting via conference call at 7:14 pm.

Planning and Community Improvement Director Noah Housh reported on this item.

Mayor Galbraith opened the public hearing.

Bobbie Monnette addressed the Council.

Mayor Galbraith closed the public hearing.

A motion was made by Councilmember Dohring to waive the first reading and introduce by title only the proposed amendments to the St. Helena Municipal Code amending Title 17 of the Municipal Code relating to cottage food operations in dwellings. The motion was seconded by Vice Mayor White and on roll call carried by the following vote:

AYES: Councilmembers Dohring, White, Pitts, Crull and Mayor Galbraith

NOES: None

ABSENT: None

24. Introduction and first reading of an Ordinance adding Chapter 17.126 to the St. Helena Municipal Code to prohibit marijuana cultivation, dispensaries and deliveries within the City of St. Helena, subject to limited exceptions, and repealing St. Helena Municipal Code Chapter 9.18

CEQA Status:	The Ordinance is exempt from CEQA pursuant to Guidelines Sections 15061(b)(1), 15061(b)(2), and specifically, the "General Rule" Section 15061(b)(3), where is can be seen with certainty that the proposed action will have no significant effect on the environment. Moreover, the adoption of this Ordinance is further exempt from CEQA because the Ordinance does not change, but instead codifies existing City law and practice.
Lead Staff:	Noah Housh, Planning and Community Improvement Director
Recommendation:	Open/close Public Hearing, introduce by title only

Planning and Community Improvement Director Noah Housh reported on this item.

Mayor Galbraith opened the public hearing.

No public comment received.

Mayor Galbraith closed the public hearing.

A motion was made by Councilmember Pitts to waive the first reading and introduce by title only adding Chapter 17.126 to the St. Helena Municipal Code to prohibit marijuana cultivation, dispensaries and deliveries within the City of St. Helena, subject to limited exceptions, and repealing St. Helena Municipal Code Chapter 9.18 amending language in 17.126.030 Prohibitions and Limited Exceptions, section C 1 to include the designation, the patient "or designated caregiver". The motion was seconded by Councilmember Dohring and on roll call carried by the following vote:

AYES: Councilmembers Pitts, Dohring, White, Crull and Mayor Galbraith

NOES: None

ABSENT: None

25. Introduction and First Reading of Proposed Amendments to the City's Purchasing Ordinance, St. Helena Municipal Code Chapter 3.04.175, Procurement Process for Declared Emergencies

CEQA Status:	Not a CEQA Project
Lead Staff:	April Mitts, Finance Director Tracey Perkosky, Grants Manager
Recommendation:	Open/close Public Hearing, introduce by title only

Finance Director April Mitts reported on this item.

Mayor Galbraith opened the public hearing.

No public comment received.

Mayor Galbraith closed the public hearing.

A motion was made by Vice Mayor White to waive the first reading and introduce by title only Amendments to the City's Purchasing Ordinance, St. Helena Municipal Code Chapter 3.04.175, Procurement Process for Declared Emergencies. The motion was seconded by Councilmember Pitts and on roll call carried by the following vote:

AYES: Councilmembers White, Pitts, Dohring, Crull and Mayor Galbraith

NOES: None

ABSENT: None

NEW BUSINESS:

26. Consideration and proposed approval of a resolution approving amendment number 1 to an agreement with Our Town St. Helena for the sale of public property known as 684 McCorkle Avenue

CEQA Status:	The sale of the McCorkle Property is exempt from review under the California Environmental Quality Act ("CEQA") pursuant to a categorical exemption under 14 CCR 15332, which exempts from review specified "in-fill development projects."
Lead Staff:	Jennifer Phillips, City Manager
Recommendation:	Adopt

City Manager Jennifer Phillips reported on this item.

Project Design representative addressed the City Council.

A motion was made by Councilmember Dohring approving the amended resolution adding 4 points and approving amendment number 1 to an agreement with Our Town St. Helena for the sale of public property known as 684 McCorkle Avenue. The motion was seconded by Councilmember Pitts and on roll call carried by the following vote:

AYES: Councilmembers Dohring, Pitts, White, Crull and Mayor Galbraith

NOES: None

ABSENT: None

27. Consideration and proposed approval of a resolution approving a two year Memorandum of Understanding (MOU) between the City of St. Helena and the St. Helena Employee Association and authorize the City Manager to Execute the MOU and approve a mid-year budget adjustment not to exceed $64,520 from the Assigned General Fund, Water, Sewer and Other Fund Reserves

CEQA Status:	Not a CEQA Project
Lead Staff:	Jennifer Phillips, City Manager
Recommendation:	Adopt

City Manager Jennifer Phillips reported on this item.

No public comment was received.

A motion was made by Vice Mayor White approving the amended resolution adding 4 points and approving amendment number 1 to an agreement with Our Town St. Helena for the sale of public property known as 684 McCorkle Avenue. The motion was seconded by Councilmember Pitts and on roll call carried by the following vote:

AYES: Councilmembers White, Pitts, Dohring, Crull and Mayor Galbraith

NOES: None

ABSENT: None

28. Consideration and Proposed Approval of a Resolution approving a City of St. Helena Volunteer Policy & Procedures Handbook

CEQA Status:	Not a CEQA Project
Lead Staff:	Mari Martinez, St. Helena Public Library Volunteer Coordinator Chris Kreiden, St. Helena Public Library Director
Recommendation:	Adopt

St. Helena Public Library Volunteer Coordinator Mari Martinez reported on this item.

No public comment was received.

A motion was made by Councilmember Pitts approving the amended resolution adding 4 points and approving amendment number 1 to an agreement with Our Town St. Helena for the sale of public property known as 684 McCorkle Avenue. The motion was seconded by Councilmember Dohring and on roll call carried by the following vote:

AYES: Councilmembers Pitts, Dohring, White, Crull and Mayor Galbraith

NOES: None

ABSENT: None

29. Appeal by Gott's Roadside of Administrative Decision for billing of Sewer Base Rates and Sewer Commodity Rates at 933 Main Street from June 2013 to July 2015

CEQA Status:	Not a CEQA Project
Lead Staff:	April Mitts, Finance Director
Recommendation:	Option 1 to deny the appeal by Gott's Roadside

Finance Director April Mitts reported on this item.

Joel Gott addressed the City Council.

A motion was made by Vice Mayor White denying the appeal by Gott's Roadside of Administrative Decision for billing of Sewer Base Rates and Sewer Commodity Rates at 933 Main Street from June 2013 to July 2015. The motion was seconded by Councilmember Pitts and on roll call carried by the following vote:

AYES: Councilmembers White, Pitts, Dohring and Mayor Galbraith

NOES: Councilmember Crull

ABSENT: None

30. 2016 City Council assignments to various City and Napa County Boards and Commissions

CEQA Status:	Not a CEQA Project
Lead Staff:	Cindy Black, City Clerk

Recommendation: Affirm or recommend appointments

City Clerk Cindy Black reported on this item.

No public comment received.

A round table discussion ensued with Mayor Galbraith making recommendations. It was the consensus of the City Council to bring back the ABAG assignment and agree on the following assignments included in the attached Exhibit A.

31. Status Update of Reissuance of National Pollution Discharge Elimination System Permit and Issuance of Cease and Desist Order for the Wastewater Treatment and Reclamation Plant

CEQA Status: Not a CEQA Project
Lead Staff: Steven Palmer, PE, Director of Public Works/City Engineer
Recommendation: ~~Adopt~~ Informational update

Director of Public Works/City Engineer Steve Palmer reported on this informational item.

No public comment received.

ADJOURNMENT

Mayor Galbraith adjourned the meeting at 9:04 p.m.

APPROVED: **ATTEST:**

Alan Galbraith, Mayor

Cindy Black, City Clerk

Item No: 10b

Minutes
ST. HELENA CITY COUNCIL
January 26, 2016

6:00 P.M. REGULAR MEETING
465 MAIN STREET, ST. HELENA
VINTAGE HALL BOARD ROOM – SECOND FLOOR

A complete video recording of this meeting, except for closed session, can be found at www.cityofsthelena.org or by calling the City Clerk at (707) 967-2792. The City Council video is the official record of the Council meeting.

1. **CALL TO ORDER**

   Mayor Galbraith called the meeting to order at 6:00 p.m. and the flag was saluted.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL**

   Present: Councilmembers Dohring, Pitts, Crull, White, Mayor Galbraith
   Absent: None

4. **PUBLIC FORUM:**

   No public comment received.

5. **REPORTS BY STAFF AND CITY COUNCIL, FUTURE AGENDA ITEMS, and AB 1234 REPORTS:**

   City Manager Jennifer Phillips reported on the upcoming Fair Housing and Goal Setting Meetings. She also reported on the recent activity of the AdHoc Revenue Task Force.

   Finance Director April Mitts updated the Council on the mid-year budget.

   City Clerk Cindy Black introduced newly hired Administrative Assistant to the City Clerk and Planning Director Xinia Gamero.

   Mayor Galbraith reported his recent attendance to the Flood Control meeting.

PRESENTATIONS AND PUBLIC RECOGNITIONS

6. Oath of Office – City Clerk Cindy Black administered the oath of office to St. Helena Police Officer Stephen Coultrup

CONSENT ITEMS:

7. Second reading of ordinance 2016-2 proposed modifications to the St. Helena

Municipal Code Chapter 2.48 to repeal sections authorizing a private Fire Department Corporation, and establish the Fire Department as a City Department

<u>CEQA Status:</u> Not a CEQA Project
<u>Lead Staff:</u> Jennifer Phillips, City Manager and
John Sorenson, Fire Chief
<u>Recommendation:</u> Adopt by title only

8. Second reading of an Ordinance 2016-3 amending Title 17 of the Municipal Code relating to cottage food operations in dwellings
<u>CEQA Status:</u> Categorically Exempt Pursuant to CEQA Guidelines Section 15301, 15305, and 15061(b)(3)
<u>Lead Staff:</u> Noah Housh, Planning and Community Improvement Director
Aaron Hecock, Senior Planner
<u>Recommendation:</u> Adopt by title only

9. Second reading of an Ordinance 2016-4 adding Chapter 17.126 to the St. Helena Municipal Code to prohibit marijuana cultivation, dispensaries and deliveries within the City of St. Helena, subject to limited exceptions, and repealing St. Helena Municipal Code Chapter 9.18
<u>CEQA Status:</u> The Ordinance is exempt from CEQA pursuant to Guidelines Sections 15061(b)(1), 15061(b)(2), and specifically, the "General Rule" Section 15061(b)(3), where is can be seen with certainty that the proposed action will have no significant effect on the environment. Moreover, the adoption of this Ordinance is further exempt from CEQA because the Ordinance does not change, but instead codifies existing City law and practice.
<u>Lead Staff:</u> Noah Housh, Planning and Community Improvement Director
<u>Recommendation:</u> Adopt by title only

10. Second reading of ordinance 2016-5 proposed amendments to the City's Purchasing Ordinance, St. Helena Municipal Code Chapter 3.04.175, Procurement Process for Declared Emergencies
<u>CEQA Status:</u> Not a CEQA Project
<u>Lead Staff:</u> April Mitts, Finance Director
Tracey Perkosky, Grants Manager
<u>Recommendation:</u> Adopt by title only

11. Administrative correction to Ordinance 2015-8 Amendments to the City's Purchasing System Ordinance, St. Helena Municipal Code Chapter 3.04 Purchase of Supplies, Equipment and Services and Procedures for Public Works Projects. The proposed correction corrects the erroneous dollar figure in section 3.04.230 D from ($185,500.00 to $187,500)
<u>CEQA Status:</u> Not a CEQA Project
<u>Lead Staff:</u> Cindy Black, City Clerk
<u>Recommendation:</u> Approve

Vice Mayor White moved to approve Consent as presented. The motion was seconded by Councilmember Crull and on roll call carried by the following vote:

AYES: Councilmembers White, Crull, Dohring, Pitts and Mayor Galbraith

NOES: None

ABSENT: None

PUBLIC HEARING:

12. Consideration and proposed approval of an amended resolution 2016-16 adopting a Tentative Parcel Map Extension-Request for an extension of previously approved Tentative Parcel Map 2005-77 which subdivides an existing 40,946 square foot site into four individual parcels for single family residential development at 1486 Sulphur Springs Avenue; modifying the resolution to include language: work with the applicants to draft an improvement agreement to require their fair share of costs tied to the four parcels to cover costs of frontage improvements in keeping with City standards, at such time when that is appropriate, language to be agreed upon with the applicants, or get an in lieu fee if the improvement agreement can't be agreed upon, and frontage improvement requirements are in keeping with the proposed alternative, to accept that the paving be widened and striped to accommodate a bike lane

CEQA Status:	The project is consistent with the previously adopted Mitigated Negative Declaration
Lead Staff:	Noah Housh, Planning and Community Improvement Director
Recommendation:	Open/close Public Hearing and adopt

Planning and Community Improvement Director Noah Housh reported on this item.

Lester addressed the City Council.

Councilmember Dohring moved to approve an amended resolution 2016-16 adopting a Tentative Parcel Map Extension-Request for an extension of previously approved Tentative Parcel Map 2005-77 which subdivides an existing 40,946 square foot site into four individual parcels for single family residential development at 1486 Sulphur Springs Avenue. The motion was seconded by Vice Mayor White and on roll call carried by the following vote:

AYES: Councilmembers Dohring, White, Crull, Pitts and Mayor Galbraith

NOES: None

ABSENT: None

13. Introduction and first reading of Zoning Code Text Amendment - Amendments To The City's Zoning Ordinance, St. Helena Municipal Code ("SHMC") Chapter 17.40, Eliminating Certain Floor Area Ratio Exemptions in the Medium Density Residential District

CEQA Status:	The Ordinance is exempt from CEQA pursuant to Guidelines Sections 15061(b)(1), 15061(b)(2), and specifically, the "General Rule" Section 15061(b)(3), where is can be seen with certainty that the proposed action will have no significant effect on the environment.
Lead Staff:	Noah Housh, Planning and Community Improvement Director
Recommendation:	Open/close Public Hearing and introduce by title only

Planning and Community Improvement Director Noah Housh reported on this item.

Michael Hannah, Bobbi Monnette and Donna Hicks addressed the Council.

A round table discussion ensued and for a lack of motion this is item will not be considered.

NEW BUSINESS:

14. Discussion and determination of Tree Committee membership of Scott Freeland due to moving outside of St. Helena City limits
<u>CEQA Status:</u> Not a CEQA Project
<u>Lead Staff:</u> Cindy Black, City Clerk
<u>Recommendation:</u> Discuss and advise

City Clerk Cindy Black reported on this item.

No public comment was received.

It was the consensus of the Council to accept Scott Freeland's request to remain on the Tree Committee even though he has relocated outside of the City limits.

15. Consideration and proposed approval of a resolution 2016-17 authorizing the Police Department to fund one Police Officer position, effective May 1, 2016, at a cost of not more than $19,568.50
<u>CEQA Status:</u> Not a CEQA Project
<u>Lead Staff:</u> William Imboden, Chief of Police
<u>Recommendation:</u> Adopt

Chief of Police William Imboden reported on this item.

Bobbie Monnette addressed the City Council.

Vice Mayor White moved to adopt resolution 2016-17 authorizing the Police Department to fund one Police Officer position, effective May 1, 2016, at a cost of not more than $19,568.50. The motion was seconded by Councilmember Crull and on roll call carried by the following vote:

AYES: Councilmembers White, Crull, Dohring, Pitts and Mayor Galbraith

NOES: None

ABSENT: None

16. Consider Approval of Recommendation to Contract with a Forensic Accountant, Direct Staff to Return with an Agreement for Council Approval, and Receive and File Report on Analysis of the Comprehensive Flood Control Project
<u>CEQA Status:</u> Not a CEQA Project
<u>Lead Staff:</u> April Mitts, Finance Director
Tracey Perkosky, Grants Manager
<u>Recommendation:</u> Informational only

City Manager Jennifer Phillips provided a high level analysis of the comprehensive Flood Control Project.

ADJOURNMENT

Mayor Galbraith adjourned the meeting at 8:10 p.m.

APPROVED:	**ATTEST:**
______________________	______________________
Alan Galbraith, Mayor	Cindy Black, City Clerk

MINUTES
SPECIAL MEETING
ST. HELENA CITY COUNCIL AND PLANNING COMMISSION
January 27, 2016

5:00 to 7:00 PM Special Meeting
St. Helena Fire House Conference Room
1500 Main Street, St. Helena

The special meeting was not video recorded.

1. PLEDGE OF ALLEGIANCE

Mayor Galbraith called the special meeting to order at 5:00 pm and the flag was saluted.

2. ROLL CALL

City Council
Present: Councilmembers Dohring, White and Mayor Galbraith
Absent: Councilmember Crull and Pitts

Planning Commission
Present: Commissioners Kistner, Monnette, Koberstein and Chair Parker
Absent: Commissioner Sweeney

- **Affordable Housing and Napa County:**
  Presentation by Fair Housing Napa Valley for an interactive discussion

Fair Housing Napa Valley Executive Director Pablo Zatarain provided Council, Commissioners, City staff and the public with a presentation regarding programs and services offered.

ADJOURNMENT

Mayor Galbraith adjourned the meeting at 7:00 p.m.

APPROVED: **ATTEST:**

Alan Galbraith, Mayor

Cindy Black, City Clerk

Item No: 10d

MINUTES
ST. HELENA CITY COUNCIL
February 9, 2016

6:00 P.M. REGULAR MEETING
465 MAIN STREET, ST. HELENA
VINTAGE HALL BOARD ROOM – SECOND FLOOR

A complete video recording of this meeting, except for closed session, can be found at www.cityofsthelena.org or by calling the City Clerk at (707) 967-2792. The City Council video is the official record of the Council meeting.

1. **CALL TO ORDER**

   Mayor Galbraith called the meeting to order at 6:00 p.m. and the flag was saluted.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL**

   Present: Councilmembers Dohring, Pitts, Crull, White, Mayor Galbraith
   Absent: None

4. **PUBLIC FORUM:**

   Geoff Ellsworth, Oliver Caldwell, George David and Andy Bartlett addressed the City Council.

5. **REPORTS BY STAFF AND CITY COUNCIL, FUTURE AGENDA ITEMS, and AB 1234 REPORTS:**

   City Manager Jennifer Phillips reported on scheduling an upcoming study session for the sale of the Adams Street property and goal setting session.

   Public Works Director and City Engineer Steve Palmer provided an update on the annual main water flushing of the hydrants in town.

   Grants Manager Tracey Perkosky provided an update on the nonprofit grants funding policy.

   Mayor Galbraith reported on the recent activities at the boys & girls club and the Library Friends & Foundation fundraiser.

CONSENT ITEMS:

6. Consideration and proposed approval of a resolution 2016-18 approving amendment No. 10 to the Joint Powers Agreement for the Napa County Transportation and Planning Agency approving the name change from Napa County Transportation and

Planning Agency (NCTPA) to Napa Valley Transportation Authority (NVTA), a Joint Powers Agency
CEQA Status: Not a CEQA Project
Lead Staff: Cindy Black, City Clerk
Recommendation: Adopt

7. Consideration and proposed approval of a resolution 2016-19 authorizing the St. Helena Chamber of Commerce to display flags on the historic electroliers on Main Street for three events in 2016 including: Premiere Napa Valley, Auction Napa Valley, and Flavor! Napa Valley
CEQA Status: Categorically Exempt, Section 15301, Existing Facilities
Lead Staff: Steven Palmer, PE, Director of Public Works/City Engineer
Recommendation: Adopt

Councilmember Dohring moved to approve Consent as presented. The motion was seconded by Vice Mayor White and on roll call carried by the following vote:

AYES: Councilmembers Dohring, White, Crull, Pitts and Mayor Galbraith

NOES: None

ABSENT: None

NEW BUSINESS:

Councilmember Pitts recused himself from Item 8 due to a conflict and left the dais.

8. Ad Hoc Revenue Source Task Force of St. Helena Revenue Source Recommendation Report
**Note: Task Force Report will be posted by 5:00 PM, Monday, February 8, 2016*
CEQA Status: Not a CEQA Project
Lead Staff: Jennifer Phillips, City Manager
Recommendation: Receive and file

Ad Hoc Revenue Source Task Force Chairperson Donna Hinds reported on this item.

Glenn Smith and Kevin Diamond addressed the Council.

Councilmember Pitts returned to the dais.

9. Fiscal Year 2015/16 2nd Quarter Finance Report and Proposed Consideration of Resolution 2016-20 Approving Mid-Year Budget Adjustments for FY 2015/16
CEQA Status: Not a CEQA Project
Lead Staff: April Mitts, Director of Finance
Recommendation: Adopt

Finance Director April Mitts reported on this item.

No public comment received.

Councilmember Dohring moved to approve resolution 2016-20 Approving Mid-Year Budget Adjustments for FY 2015/16. The motion was seconded by Councilmember Pitts and on roll call carried by the following vote:

AYES: Councilmembers Dohring, Pitts, White, Crull and Mayor Galbraith

NOES: None

ABSENT: None

10. Consideration of proposed resolution 2016-21 approving a Professional Services Agreement with Valley Architects LLP for engineering and design services for the Downtown Restroom Project CIP C-82

<u>CEQA Status:</u>	Not a CEQA Project
<u>Lead Staff:</u>	Tobias Barr, Project Manager Steven Palmer, PE, Director of Public Works/City Engineer
<u>Recommendation:</u>	Adopt

Director of Public Works/City Engineer Steve Palmer reported on this item.

No public comment received.

Councilmember Crull moved to approve resolution 2016-21 approving a Professional Services Agreement with Valley Architects LLP for engineering and design services for the Downtown Restroom Project CIP C-82. The motion was seconded by Vice Mayor White and on roll call carried by the following vote:

AYES: Councilmembers Crull, White, Pitts and Mayor Galbraith

NOES: Councilmember Dohring

ABSENT: None

11. Long Range Financial Forecast - Update

<u>CEQA Status:</u>	Not a CEQA Project
<u>Lead Staff:</u>	Jennifer Phillips, City Manager
<u>Recommendation:</u>	Receive and file

City Manager Jennifer Phillips reported on this item.

No public comment was received.

ADJOURNMENT

Mayor Galbraith adjourned the meeting at 8:18 p.m.

Item No: 10d

APPROVED:	**ATTEST:**
______________________________	______________________________
Alan Galbraith, Mayor	Cindy Black, City Clerk

Item No: 10e

Minutes
ST. HELENA CITY COUNCIL
SPECIAL ANNUAL STRATEGIC PLANNING MEETING
February 11, 2016

9:00 AM to 4:00 PM Special Meeting
St. Helena Fire Department Conference Room
1480 Main Street, St. Helena

A complete video recording of this meeting, except for closed session, can be found at www.cityofsthelena.org or by calling the City Clerk at (707) 967-2792. The City Council video is the official record of the Council meeting.

1. ROLL CALL

Mayor Galbraith called the meeting to order at 9:00 a.m. and the flag was saluted.

Roll Call:
Present: Councilmembers Dohring, Pitts, Crull, White, Mayor Galbraith
Absent: None

2. Public comments pertaining to the Annual Strategic Planning meeting. (Please observe the time limit of three minutes.)

Doug Barr, Andy Bartlett, Geoff Ellsworth, Clare Kirkconnell, Mary Stephenson, Jack Stuart, Michael Caldarola, Susan Kenward, Nancy Parrish and a citizen addressed the City Council.

3. Overview of Goal Setting Session

Mayor Galbraith introduced goal setting session facilitator Dr. Bill Mathis.

Dr. Bill addressed the community and City Council regarding the goal setting session process and purpose. The session will consist of community information sharing, looking at accomplishments, needs and challenges, fiscal overview, community, Council and staff priorities and identify priorities for FY 16/17 budget process.

Dr. Bill requested each Councilmember highlight accomplishments from the year.

Vice Mayor White commented on thorough staff reports, staff trust, and the progress of the flood project.

Councilmember Pitts commented on the bike path in town, staff trust and the success of staff triaging problems.

Councilmember Crull commented on staff, fear of the unknown of what's next to deal with, but all issues are brought forward in a public and transparent manner.

Councilmember Dohring noted he would like public comment to have an additional 2 minutes for a total of five minutes.

City Manager Jennifer Phillips reviewed the 10 year financial forecast with Council and the community.

City Manager Jennifer Phillips shared accomplishments such as staff, solid public administration, service and delivery and gained public trust.

It was the consensus of the City Council to extend the public comment from three to five minutes.

City Attorney Thomas B. Brown shared the accomplishment of governance by the City Manager and commitment to effective governance to Council and the community.

4. Overview of department core services, accomplishments and additional needs

Department presentations were made highlighting the following:

- Core Services
- Accomplishments
- Additional items for consideration

Mayor Galbraith called for a short recess at 10:37 am.

The meeting reconvened at 10:50 am.

Mayor Galbraith called for a lunch recess at 12:20 pm.

The meeting reconvened at 1:17 pm.

5. Discussion on Ad Hoc Revenue Source Task Force report

May Galbraith reported on the Ad Hoc Revenue Source Task Force Revenue Source Recommendations Report and a round table discussion ensued.

Councilmember Pitts recused himself for the portion of the hotel subject matter of the report due to conflict and left the meeting room.

Public Comment:

Glenn Smith, Geoff Ellsworth, Ann Carr, Olicer Caldwell, citizen, George David, Mike Thomas, Andy Bartlett and Jack Stuart addressed the City Council.

Councilmember Pitts rejoined the meeting room.

The City Council discussed the sales and use tax, City owned properties, annexation, economic development committee, parking meters on Main Street, wine train disembarkation and short term rental issues raised in the Revenue Source Recommendations Report.

~~Lunch Break~~

6. **Public comments pertaining to the Annual Strategic Planning meeting. (Please observe the time limit of three minutes.)**

Doug Barr, Jack Stuart, Donna Hinds, Henry Lumley, Glenn Smith, Mary Stephenson, George David and a citizen addressed the City Council.

Mayor Galbraith called for a recess at 3:25 pm.

The meeting reconvened at 3:40 pm.

7. **Council Generated Discussions**

Dr. Bill requested each Councilmember share their vision for the community:

Councilmember Dohring noted youth and family life, regional government, affordable housing, safety and health of citizens, community infrastructure, care for working/middle class and sense of community.

Councilmember Pitts noted family friendly, community center, water security, enrichment programs, keeping charm, infrastructure and safe route to school.

Councilmember Crull noted efficient and high quality of services, public safety and maintain economic vibrant town.

Vice Mayor White noted to take care of what hasn't been taken care of, provide services, ability to keep diverse community and take care of working class, revenue to care for core infrastructure needs and affordable housing.

Mayor Galbraith noted friendliness maintained, functional city government, revenue, safe city, downtown core sidewalks, roadways, maintain level of services and tax increase to "step-up" to the needs.

8. Council Discussion/Priorities

Dr. Bill facilitated a round table discussion regarding:

a. Financial Capacity/Economic Development
b. Public Safety & Traffic
c. Planning, Development
d. Community Services
e. Utilities
f. Infrastructure
g. Administrative Capacity = Service Delivery

9. Priority Setting/Goals 2016

It was the consensus of the City Council identifying three goals:

1. Maintain our quality of life by sustaining and enhancing revenues
2. Maintain a functional and safe city by supporting and maintaining City staff
3. Manage workloads and dedicate adequate resources for proper project management

10. Summary / Next Steps

- Present Goals and Priorities to Council for final review and adoption at the March 22, 2016 City Council meeting.

ADJOURNMENT

Mayor Galbraith adjourned the meeting at 4:20 p.m.

APPROVED: **ATTEST:**

________________________ ________________________

Alan Galbraith, Mayor Cindy Black, City Clerk

Item No: 10f

Minutes
ST. HELENA CITY COUNCIL
February 23, 2016

6:00 P.M. REGULAR MEETING
465 MAIN STREET, ST. HELENA
VINTAGE HALL BOARD ROOM – SECOND FLOOR

A complete video recording of this meeting, except for closed session, can be found at www.cityofsthelena.org or by calling the City Clerk at (707) 967-2792. The City Council video is the official record of the Council meeting.

1. **CALL TO ORDER**

   Mayor Galbraith called the meeting to order at 6:00 p.m. and the flag was saluted.

   Mayor Galbraith called for a moment of silence in remembrance of Vintner Peter Mondavi.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL**

   Present: Councilmembers Dohring, Pitts, Crull, White, Mayor Galbraith
   Absent: None

4. **PUBLIC FORUM:**

   Geoff Ellsworth and Napa Valley College Board Chair Michael Baldini.

5. **REPORTS BY STAFF AND CITY COUNCIL, FUTURE AGENDA ITEMS, and AB 1234 REPORTS:**

   Planning and Community Improvement Director Noah Housh updated the Council on the Catholic Church construction and the Short Term Rental Ordinance status.

   Library Director Chris Kreiden reported that January 2016 saw 18 volunteers donating hours to the Library.

STAFF BRIEFING

6. Monthly water wise update presented by Jennifer Tuell, Water Conservation Coordinator

   Water Conservation Coordinator Jennifer Tuell presented a monthly water wise report.

PRESENTATIONS AND PUBLIC RECOGNITIONS

7. Proclamation recognizing 2016 MS Awareness Week presented to the Reid Family, the founders and organizers of Crush MS

8. Proclamation declaring February 2016 as Teen Dating Violence Prevention Month presented to UpValley Family Centers representatives Youth Specialist, Adriana Montañez and Development and Communications Associate Ricky Hurtado

9. Presentation - Napa Countywide Pedestrian Master Plan presented by Napa Valley Transportation Authority (formerly the Napa County Transportation & Planning Agency - NCTPA) Manager of Planning Danielle Schmitz

   Note: The Napa Countywide Pedestrian Master Plan can be accessed via the following link:

   http://www.nctpa.net/first-draft-countywide-pedestrian-master-plan-released

CONSENT ITEMS: M

10. Consideration and proposed approval of a resolution 2016-22 approving the use of the Fire Station parking lot for Earth Day activities by the St. Helena Chamber of Commerce and waiver of the Encroachment Fee in the amount of $200
    CEQA Status: Not a CEQA Project
    Lead Staff: Cindy Black, City Clerk
    Recommendation: Adopt

11. Consideration and proposed approval of a resolution 2016-23 updating the September 8, 2015 adopted Retention Schedule
    CEQA Status: Not a CEQA Project
    Lead Staff: Cindy Black, City Clerk
    Recommendation: Adopt

12. Consideration and proposed approval of a Resolution 2016-24 Approving an Employment Agreement with Kathy Robinson to serve as the Human Resources and Information Technology Director
    CEQA Status: Not a CEQA Project
    Lead Staff: Jennifer Phillips, City Manager
    Recommendation: Adopt

13. Consideration and proposed approval of a Resolution 2016-25 Approving Amendment No. 1 to the Employment Agreement with John Sorensen to serve as the Fire Chief for three additional years
    CEQA Status: Not a CEQA Project
    Lead Staff: Jennifer Phillips, City Manager
    Recommendation: Adopt

14. Consideration and proposed approval of a resolution 2016-26 authorizing the City Manager to approve the purchase of equipment for and outfitting of the two new Police Department patrol vehicles in the amount of $27,126
    CEQA Status: Not a CEQA Project
    Lead Staff: William Imboden, Chief of Police
    Recommendation: Adopt

15. Consideration and proposed approval of a resolution 2016-27 finding an Exemption from CEQA for the 2016 Slurry Seal Project; Approving and Adopting the Project Manual; and Authorizing the Bid Request for 2015 Pavement Rehabilitation Project
CEQA Status: Categorically Exempt Section 15301, Existing Facilities Class I
Lead Staff: Steven Palmer, PE, Director of Public Works/City Engineer
Recommendation: Adopt

16. Consideration and proposed approval of a resolution 2016-28 finding an Exemption from CEQA; Approving and Adopting the Project Plans and Manual; and Authorizing the Bid Request for Mitchell Drive Sidewalk Project, Capital Improvement Project R-76
CEQA Status: Categorically Exempt Section 15304, Minor Alterations to Land
Lead Staff: Steven Palmer, PE, Director of Public Works/City Engineer
Recommendation: Adopt

17. Consideration and proposed approval of a resolution 2016-29 approving out-of-state travel for Library Director Chris Kreiden to attend the Public Library Association (PLA) Conference in Denver, Colorado April 5-9, 2016 in an amount not to exceed $1,400
CEQA Status: Not a CEQA Project
Lead Staff: Chris Kreiden, Library Director
Recommendation: Adopt

Vice Mayor White moved to approve Consent as presented. The motion was seconded by Councilmember Pitts and on roll call carried by the following vote:

AYES: Councilmembers White, Pitts, Crull, Dohring and Mayor Galbraith

NOES: None

ABSENT: None

PUBLIC HEARING:

18. Introduction and first reading of an ordinance to consider amendments to City of St. Helena Municipal Code Sections 17.08.180, 16.24.060 and 16.24.100 establishing a uniform 14-day appeal period
CEQA Status: The project is exempt from the requirements of CEQA under Section 15061 the "General Rule" where it can be seen with certainty that the City's decision will not have an adverse environmental impact
Lead Staff: Noah Housh, Planning and Community Improvement Director
Recommendation: Introduce by title only

Planning and Community Improvement Director Noah Housh reported on this item.

Mayor Galbraith opened the public hearing.
No public comment received.

Mayor Galbraith closed the public hearing.

Vice Mayor White moved to accept staff's recommendation and modify St. Helena Municipal Code Section 17.08.180 B from "resident" to "occupant/property owners". The motion was seconded by Councilmember Crull and on roll call carried by the following vote:

AYES: Councilmembers White, Crull, Pitts, Dohring and Mayor Galbraith

NOES: None

ABSENT: None

NEW BUSINESS:

19. Introduction and first reading of an ordinance to consider amendments to City of St. Helena Municipal Code Chapter 2.52 Concerning the Board of Library Trustees

CEQA Status:	Not a CEQA Project
Lead Staff:	Chris Kreiden, Library Director
Recommendation:	Introduce by title only

Library Director Chris Kreiden reported on this item.

No public comment received.

Councilmember Dohring moved to accept staff's recommendation. The motion was seconded by Councilmember Pitts and on roll call carried by the following vote:

AYES: Councilmembers Dohring, Pitts, White, Crull and Mayor Galbraith

NOES: None

ABSENT: None

20. Review and direction on a request from Our Town St Helena to use Affordable Housing Trust Fund monies in the estimated cost ranging from $32,000 to $65,000 to cover planning application review fees for an affordable 8-unit housing project at 684 McCorkle

CEQA Status:	This item is exempt from CEQA pursuant to Guidelines Sections 15061(b)(1), 15061(b)(2), and specifically, the "General Rule" Section 15061(b)(3), where is can be seen with certainty that the proposed action will have no significant effect on the environment.
Lead Staff:	Noah Housh, Planning and Community Improvement Director
Recommendation:	Provide direction

Planning and Community Improvement Director Noah Housh reported on this item.

Bobbie Monnette and Mary Stephenson addressed the City Council.

Our Town St. Helena Project Manager Howard Siegel provided the Council with a presentation.

Vice Mayor White moved to off-set the required Planning, Building and Public Works application fees with funds from the Affordable Housing Trust Fund for their project at 684 McCorkle. The motion was seconded by Councilmember Crull and on roll call carried by the following vote:

AYES: Councilmembers White, Crull, Pitts, Dohring and Mayor Galbraith

NOES: None

ABSENT: None

ADJOURNMENT

Mayor Galbraith adjourned the meeting at 7:38 p.m.

APPROVED: **ATTEST:**

____________________________ ____________________________

Alan Galbraith, Mayor

Cindy Black, City Clerk

Minutes
ST. HELENA CITY COUNCIL
March 8, 2016

5:15 PM SPECIAL CLOSED SESSION
CITY HALL CONFERENCE ROOM,
1480 MAIN STREET, ST. HELENA

6:00 P.M. REGULAR MEETING
465 MAIN STREET, ST. HELENA
VINTAGE HALL BOARD ROOM – SECOND FLOOR

A complete video recording of this meeting, except for closed session, can be found at www.cityofsthelena.org or by calling the City Clerk at (707) 967-2792. The City Council video is the official record of the Council meeting.

1. **PUBLIC COMMENTS PERTAINING TO THE CLOSED SESSION**

   Mayor Galbraith called for public comment regarding the Closed Session matters listed. There being none, the Council convened into Closed Session.

2. **CLOSED SESSION**
   a. CONFERENCE WITH LEGAL COUNSEL -- ANTICIPATED LITIGATION; Determination whether to initiate litigation pursuant to Government Code Section 54956.9(d)(4): (Two potential cases)

3. **CALL TO ORDER**

   The Regular Meeting was reconvened at 6:00 p.m. and City Attorney Thomas B. Brown reported the City Council authorized to initiate litigation and when the initiation of the lawsuit is filed it will be made public upon request.

4. **PLEDGE OF ALLEGIANCE**

   Mayor Galbraith called the meeting to order at 6:00 p.m. and the flag was saluted.

5. **ROLL CALL**

   Present: Councilmembers Dohring, Pitts, White, Mayor Galbraith
   Absent: Councilmember Crull

6. **PUBLIC FORUM:**

   Richard Seifert and Wendell Laidley addressed the City Council.

7. **REPORTS BY STAFF AND CITY COUNCIL, FUTURE AGENDA ITEMS, and AB**

Item No: 10g

1234 REPORTS:

City Manager Jennifer Phillips announced there will be an upcoming Study Session on March 22, 2016 at 4:30.

Finance Director April Mitts announced the Budget Workshop will be held on May 4, 2016 and the community feedback survey is circulating.

Vice Mayor White reported the recent MTC and ABAG survey.

Mayor Galbraith reported on attending the recent Flood Control meeting.

CONSENT ITEMS:

8. Consideration and proposed approval of a resolution 2016-30 accepting the work and directing the filing of the Notice of Completion for the El Bonita Avenue Sewer
CEQA Status: Mitigated Negative Declaration adopted on November 13, 2007
Lead Staff: Steven Palmer, PE – Director of Public Works/City Engineer
Recommendation: Adopt

9. Consideration and proposed approval of a resolution 2016-31 approving temporary street closures on March 25, 2016 for the RLS Parent Group and St Helena Public Schools Foundation Run Big! Event, waiving the Encroachment and Banner Permit Fees totaling $300.00, and authorizing City staff to assist with road closures
CEQA Status: Categorically Exempt 15061, General Rule
Lead Staff: Christina Cook, Administrative Assistant
Steven Palmer, PE, Director of Public Works/City Engineer
Recommendation: Adopt

10. Consideration and proposed approval of a resolution 2016-32 approving Planning Commission By-Law Revisions
CEQA Status: Not a CEQA Project
Lead Staff: Noah Housh, Planning and Community Improvement Director
Recommendation: Adopt

11. Second reading and proposed adoption of an ordinance 2016-6 to consider amendments to City of St. Helena Municipal Code Chapter 2.52 Concerning the Board of Library Trustees
CEQA Status: Not a CEQA Project
Lead Staff: Chris Kreiden, Library Director
Recommendation: Adopt

12. Second reading and proposed adoption of an ordinance 2016-7 to consider amendments to City of St. Helena Municipal Code Sections 17.08.180, 16.24.060 and 16.24.100 establishing a uniform 14-day appeal period
CEQA Status: The project is exempt from the requirements of CEQA under Section 15061 the "General Rule" where it can be seen with certainty that the City's decision will not have an adverse environmental impact.
Lead Staff: Noah Housh, Planning and Community Improvement Director

Recommendation: Adopt

13. Consideration and proposed approval of a resolution 2016-33 accepting an Addendum to the Initial Study/Mitigated Negative Declaration for the Las Alcobas Hotel project at 1915 Main Street

CEQA Status: The Mitigated Negative Declaration, adopted on August 24, 2010, and as amended on March 10, 2015, September 11, 2015, and February 29, 2016

Lead Staff: Noah Housh, Planning and Community Improvement Director

Recommendation: Adopt

Vice Mayor White moved to approve Consent as presented. The motion was seconded by Councilmember Dohring and on roll call carried by the following vote:

AYES: Councilmembers White, Dohring, Pitts and Mayor Galbraith

NOES: None

ABSENT: Councilmember Crull

NEW BUSINESS:

14. Grant Quarterly Report for FY 2016, Quarter 2

CEQA Status: Not a CEQA Project

Lead Staff: April Mitts, Finance Director
Tracey Perkosky, Grants Manager

Recommendation: Receive and file

Grants Manager Tracey Perkosky reported on this item.

No public comment received.

15. Consideration and proposed approval of a resolution 2016-34 authorizing a Grant Request to the Metropolitan Transportation Commission for the allocation of Fiscal Year 2016-2017 Transportation Development Act Article 3 Pedestrian/Bicycle Project Funding in the Amount of $51,500 for ADA Curb Ramps on Railroad Avenue

CEQA Status: Not a CEQA Project

Lead Staff: Tracey Perkosky, Grants Manager

Recommendation: Adopt

Grants Manager Tracey Perkosky reported on this item.

No public comment received.

Councilmember Dohring moved approval of a resolution 2016-34 authorizing a Grant Request to the Metropolitan Transportation Commission for the allocation of Fiscal Year 2016-2017 Transportation Development Act Article 3 Pedestrian/Bicycle Project Funding in the Amount of $51,500 for ADA Curb Ramps on Railroad Avenue. The motion was seconded by Vice Mayor White and on roll call carried by the following vote:

AYES: Councilmembers Dohring, White, Pitts and Mayor Galbraith

NOES: None

ABSENT: Councilmember Crull

16. Consideration and proposed approval of a resolution 2016-35 adopting the City Council 2016 Strategic Objectives
<u>CEQA Status:</u> Not a CEQA Project
<u>Lead Staff:</u> Jennifer Phillips, City Manager
<u>Recommendation:</u> Adopt

City Manager Jennifer Phillips reported on this item.

No public comment received.

Vice Mayor White moved approval of a resolution 2016-35 adopting the City Council 2016 Strategic Objectives. The motion was seconded by Councilmember Pitts and on roll call carried by the following vote:

AYES: Councilmembers Dohring, White, Pitts and Mayor Galbraith

NOES: None

ABSENT: Councilmember Crull

It was the consensus of the Council to have the vision/mission statements for St. Helena agendized for future discussion.

17. Informational Item: Review of Additional Revenue Options including Parcel Tax, Payroll Tax, and Gross Receipts Tax
<u>CEQA Status:</u> Not a CEQA Project
<u>Lead Staff:</u> Jennifer Phillips, City Manager
<u>Recommendation:</u> Informational

City Manager Jennifer Phillips reported on this item.

Doug Barr, Geoff Ellsworth, Richard Seifert and Pam Simpson addressed the City Council.

18. Consideration and proposed approval of a resolution 2016-36 approving a New Unrepresented Compensation Program that covers all City employees not represented by an Employee Group
<u>CEQA Status:</u> Not a CEQA Project
<u>Lead Staff:</u> Jennifer Phillips, City Manager
<u>Recommendation:</u> Adopt

City Manager Jennifer Phillips reported on this item.

No public comment received.

Councilmember Pitts moved approval of a resolution 2016-36 approving a New Unrepresented Compensation Program that covers all City employees not represented by an Employee Group. The motion was seconded by Vice Mayor White and on roll call carried by the following vote:

AYES: Councilmembers Pitts, White, Dohring and Mayor Galbraith

NOES: None

ABSENT: Councilmember Crull

19. Residential Growth Management Update

CEQA Status:	Not a CEQA Project
Lead Staff:	Noah Housh, Planning and Community Improvement Director
Recommendation:	Informational

Planning and Community Improvement Director Noah Housh reported on this item.

No public comment received.

ADJOURNMENT

Mayor Galbraith adjourned the meeting at 7:31 p.m.

APPROVED: **ATTEST:**

Alan Galbraith, Mayor

Cindy Black, City Clerk

Item No: 10h

MINUTES
ST. HELENA CITY COUNCIL
March 22, 2016

4:30 P.M. SPECIAL STUDY SESSION
465 MAIN STREET, ST. HELENA
VINTAGE HALL BOARD ROOM – SECOND FLOOR

6:00 P.M. REGULAR MEETING
465 MAIN STREET, ST. HELENA
VINTAGE HALL BOARD ROOM – SECOND FLOOR

A complete video recording of this meeting, except for closed session, can be found at www.cityofsthelena.org or by calling the City Clerk at (707) 967-2792. The City Council video is the official record of the Council meeting.

1. PUBLIC COMMENTS PERTAINING TO THE STUDY SESSION SESSION

Public comments will be taken after each study session item presentation.

2. STUDY SESSION

a. Culinary Institute of America at Greystone (CIA) - Conceptual proposal from the Culinary Institute of America seeking general input on the construction on 4-new dormitory buildings to provide 135 new beds at 830 Pratt Avenue and a complete renovation of the Greystone facility on Highway 29, 2555 Main St.

Managing Director at The Culinary Institute of America Tom Bensel presented the conceptual proposal from the Culinary Institute of America seeking general input on proposed the construction.

Faith Echtermeyer, Donna Hinds, Rusty Hinds and Geoff Ellsworth addressed the Council.

b. Adams Street/Lyman Park - Presentation from Citizen Group "Rebuild St. Helena" proposing a direct sale of the Adams Street parcel to a hotel developer, to fund the construction of a new City Hall and to make improvements to Lyman Park as an alternative to the issuance of an open Request for Proposals (RFP) to purchase and/or lease the Adams Street and City Hall properties for potential development

Citizen Group "Rebuild St. Helena" Andy Bartlett, George Caloyannidis, George David, Mike Thomas and Oliver Caldwell presented to Council their conceptual proposal of Adams Street/Lyman Park.

Suzanne Silverstein, Faith Echtermeyer, Pat Dell, Geoff Ellsworth, Jack Oliver, Mary Stephensen, Trisha Westbrook, Kathleen Karwic and Marty Bennett addressed the City Council.

It was the consensus of the City Council to direct City Manager Phillips and Planning & Community Development Director Housh to issue an RFP for consulting services to develop proposals for the Adams Street and City Hall properties for Council's consideration.

Mayor Galbraith called for recess at 6:14 pm.

The meeting reconvened at 6:30 pm.

3. CALL TO ORDER

Mayor Galbraith called the meeting to order at 6:30 p.m. and the flag was saluted.

4. PLEDGE OF ALLEGIANCE

5. ROLL CALL

4:30 P.M. STUDY SESSION and 6:00 P.M. REGULAR MEETING:
Present: Councilmembers Dohring, Crull, White and Mayor Galbraith

Absent: Councilmember Pitts

6. PUBLIC FORUM:

Geoff Ellsworth and Marty Bennett addressed the City Council

7. REPORTS BY STAFF AND CITY COUNCIL, FUTURE AGENDA ITEMS, and AB 1234 REPORTS:

City Manager Jennifer Phillips reminded the community that City offices will be closed March 31st in observance of Caesar Chavez Day.

Finance Director April Mitts noted the upcoming Budget Workshop will be held on May 4th.

Planning & Community Development Director Noah Housh noted the upcoming finalization of the General Plan process.

Councilmember Crull reminded the community of the e-waste recycling being held on April 23rd.

Councilmember Dohring encouraged the community to donate towards "Give Big!". He also noted he'd like the Council's protocols reviewed concerning the public comment time being increased.

Mayor Galbraith discussed the upcoming "Try Transit", ride the Vine for free April 18th through the 22nd.

PRESENTATIONS AND PUBLIC RECOGNITIONS

8. Proclamation – Beringer Celebratory Proclamation was presented to President of Treasury Wine Estates, Americas Bob Spooner, Senior Winemaker Mark Beringer and Beringer Vineyards General Manager Tracy Sweeney

9. Proclamation – National Library Week was presented to Volunteer Coordinator & Library Spanish Services Associate Mari Martinez Serrano

10. Proclamation – Recognizing April 10-16, 2016 as National Volunteer Week was presented to Volunteer Coordinator & Library Spanish Services Associate Mari Martinez Serrano and student volunteer Raina Erwin.

11. Presentation - Household Hazardous Waste Program was presented by by Steve Lederer, Upper Valley Waste Management Agency Manager and Napa County Director of Public Works Management

CONSENT ITEMS:

12. Consideration and proposed approval of Regular and Special Meeting Minutes of:
    a. Special Meeting Minutes of March 24, 2015
    b. Regular Meeting Minutes of March 24, 2015
    c. Regular Meeting Minutes of April 14, 2015
    d. Special Meeting Minutes of April 15, 2015
    e. Regular Meeting Minutes of April 28, 2015
    f. Special Meeting Minutes of May 11, 2015
    g. Regular Meeting Minutes of May 12, 2015
    h. Regular Meeting Minutes of May 26, 2015

13. Consideration and proposed approval of a resolution 2016-37 amending the Two Year Memorandum of Understanding (MOU) Between the St. Helena Employee Association (SHEA) and the City of St. Helena, authorize the City Manager to execute the amended MOU and approve a revised mid-year budget adjustment not to exceed $30,100

    CEQA Status: Not a CEQA Project
    Lead Staff: Mandy Kellogg, Senior Management Analyst
    Kathy Robinson, Human Resources/IT Director
    Recommendation: Adopt

    Vice Mayor White moved to approve Consent Items 12 and 13. The motion was seconded by Councilmember Dohring and on roll call carried by the following vote:

    AYES: Councilmembers White, Dohring, Crull and Mayor Galbraith

    NOES: None

ABSENT: Councilmember Pitts

NEW BUSINESS:

14. Informational Item: Review of General Obligation Bonds as a possible revenue measure
CEQA Status: Not a CEQA Project
Lead Staff: Jennifer Phillips, City Manager
Recommendation: Informational

City Manager Phillips reported and reviewed General Obligation Bonds as a possible revenue measure.

No public comment was received.

It was the consensus of the Council not to pursue General Obligation Bonds as a possible revenue measure.

15. Voter Survey Results for a City Charter and Vital Services Measure in St. Helena
CEQA Status: Not a CEQA Project
Lead Staff: Jennifer Phillips, City Manager
Recommendation: Provide direction

FM3 Consultant Lucia Del Puppo reported to the City Council the voter survey results.

North Bay Association of Realtors Representative Daniel Sanchez and Donna Hinds addressed the City Council.

It was the consensus of the City Council to agendize a future staff report discussing a timeline for a sales tax with a sunset provision consisting of 5 or 9 years. Councilmember Dohring noted for the record he opposes this measure.

16. Receive and File Administrative Policy P-FI-007 Grant Application and Management Policy; Consideration and Proposed Approval of a Resolution 2016-38 Rescinding any Previous Policies or Administrative Memorandum which are Inconsistent with Administrative Policy P-FI-007 Grant Application and Management Policy
CEQA Status: Not a CEQA Project
Lead Staff: April Mitts, Finance Director
Tracey Perkosky, Grants Manager
Recommendation: Receive and file/adopt

Grants Manager Tracey Perkosky reported to the Council on this item.

No public comment received.

Councilmember Crull moved to approve resolution 2016-38 rescinding any previous policies or administrative memorandum which are inconsistent with Administrative

Policy P-FI-007 Grant Application and Management Policy. The motion was seconded by Vice Mayor White and on roll call carried by the following vote:

AYES: Councilmembers Crull, White, Dohring and Mayor Galbraith

NOES: None

ABSENT: Councilmember Pitts

17. Request for Direction on Repayment Strategy for State Revolving Loan Fund (SRF)
<u>CEQA Status:</u> Not a CEQA Project
<u>Lead Staff:</u> April Mitts, Finance Director
<u>Recommendation:</u> Provide direction

Finance Director Mitts reported to Council on this item.

Bobbi Monnette addressed the City Council.

It was the consensus of the Council directing staff to further pursue scenario 1 with the gradual repayment method.

The Council also directed staff to agendize the assigned general fund policy for possible updates.

18. Consider opposition letter of Senate Bill 876 (Liu) - Homelessness
<u>CEQA Status:</u> Not a CEQA Project
<u>Lead Staff:</u> Jennifer Phillips, City Manager
<u>Recommendation:</u> Provide direction

City Manager Phillips reported on this item.

Bobbi Monnette addressed the City Council.

Vice Mayor White moved to approve the opposition letter of Senate Bill 876 (Liu) - Homelessness. The motion was seconded by Councilmember Crull and on roll call carried by the following vote:

AYES: Councilmembers White, Crull, Dohring and Mayor Galbraith

NOES: None

ABSENT: Councilmember Pitts

ADJOURNMENT

Mayor Galbraith adjourned the meeting at 8:24 p.m.

APPROVED: **ATTEST:**

Item No: 10h

Alan Galbraith, Mayor

Cindy Black, City Clerk

Item No: 10i

Minutes
ST. HELENA CITY COUNCIL
March 23, 2016
9:00 AM Special Meeting
St. Helena City Hall Conference Room
1480 Main Street, St. Helena

A complete video recording of this meeting, except for closed session, can be found at www.cityofsthelena.org or by calling the City Clerk at (707) 967-2792. The City Council video is the official record of the Council meeting.

1. **Roll Call**

   Present: Councilmembers Dohring, Crull, Pitts, White, Mayor Galbraith
   Absent: None

2. **Public comments pertaining to the closed session**

   Mayor Galbraith called for public comment regarding the Closed Session matters listed. There being none, the Council convened into Closed Session.

3. **Closed Session**

   a. CONFERENCE WITH REAL PROPERTY NEGOTIATORS Govt Code Section 54956.8

Property:	Lower Reservoir, located on the northerly side of Spring Mountain Rd., assessor parcel number 9-131-13
Agency negotiator:	Jennifer Phillips, City Manager and Steve Palmer, Public Works Director
Negotiating parties:	Susan Boyle, General Manager, Spring Mountain Vineyard (SMV) and Good Wine Company
Under negotiation:	Price and terms of payment for water from Lower Reservoir

ADJOURNMENT

Mayor Galbraith adjourned the meeting at 10:00 a.m.

APPROVED: **ATTEST:**

Alan Galbraith, Mayor

Cindy Black, City Clerk

Minutes
St. Helena City Council
Regular Meeting
April 12, 2016

6:00 PM Regular Meeting
Vintage Hall Board Room – Second Floor
465 Main Street, St. Helena

A complete video recording of this meeting, except for closed session, can be found at www.cityofsthelena.org or by calling the City Clerk at (707) 967-2792. The City Council video is the official record of the Council meeting.

1. CALL TO ORDER

Mayor Galbraith called the meeting to order at 6:00 p.m. and the flag was saluted.

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL

Present: Councilmembers Dohring, Crull, Pitts and Mayor Galbraith

Absent: Councilmember White

4. PUBLIC FORUM:

Geoff Ellsworth addressed the City Council.

5. REPORTS BY STAFF AND CITY COUNCIL, FUTURE AGENDA ITEMS, and AB 1234 REPORTS:

Item 5 a. was heard at the end of reports.

a. ~~Consideration for the City Council to go dark during the Month Of July 2016 or for the second meeting only, which is July 26, 2016. – Cindy Black, City Clerk~~

Planning & Community Development Director Noah Housh announced The General Plan Planning Commission Study Session on April 19, 2016.

Finance Director April Mitts invited the public to attend the upcoming Special City Council Budget Hearing meeting at the Fire House, May 4, 2016 from 9:00 am to 5:00 pm.

Recreation Director Haidi Arias reported on the upcoming St. Helena summer activities.

a. **Consideration for the City Council to go dark during the Month Of July 2016 or for the second meeting only, which is July 26, 2016. – Cindy Black, City Clerk (**Please see the action taken after the presentations were completed)

City Clerk Cindy Black reported on this item. City Attorney Thomas B. Brown noted the item would have to return at a future meeting for action.

PRESENTATIONS AND PUBLIC RECOGNITIONS

6. Proclamation – National Crime Victims' Rights Week - April 10 to 16, 2016 was presented to Napa County District Attorney Gary Lieberstein and District Attorney's Office Victim Services Manager Yuka Kamiishi

7. Proclamation – Sexual Assault Awareness Month – April 2016 was presented to Napa Emergency Women's Services, Sexual Assault Victim Services, Program Manager/Lead Advocate Judy Durham and Bilingual Advocate Alma Garcia

**Planning & Community Development Director Noah Housh addressed the City Council and announced per the City Attorney's direction it was appropriate for the City Council to consider going dark during the Month of July 2016 or for the second meeting only, which is July 26, 2016.

City Clerk Cindy Black addressed the City Council regarding this item.

It was the consensus of the City Council to cancel the July 26, 2016 City Council meeting only.

CONSENT ITEMS:

8. Consideration and proposed approval of Regular and Special Meeting Minutes of:
    a. Regular Meeting Minutes of June 9, 2015
    b. Regular Meeting Minutes of June 23, 2015
    c. Regular Meeting Minutes of July 14, 2015
    d. Regular Meeting Minutes of July 28, 2015
    e. Regular Meeting Minutes of August 11, 2015

    CEQA Status: Not a CEQA Project
    Prepared By: Cindy Black, City Clerk
    Recommendation: Adopt

9. Consideration and proposed approval of a resolution 2016-38 requesting to purchase City-wide access to Safety Data Sheets (SDS) through MSDS Online and request a budget adjustment from FY 2015-16 City Manager General Fund Salary savings to Non-Departmental in an amount not to exceed $1,494.00

    CEQA Status: Not a CEQA Project
    Lead Staff: Kathy Robinson, Human Resources/IT Director
    Recommendation: Adopt

10. Consideration and proposed approval of a resolution 2016-39 awarding Construction Contract for Mitchell Drive Sidewalk, Capital Improvement Project R-76 in the amount of $87,400 to AAA Concrete Construction; and authorize the Director of Public Works to approve change orders not to exceed 15% of the contract amount.

<u>CEQA Status:</u> Categorically Exempt from CEQA, Sections 15304, Minor Alterations to Land, 15061, "Common Sense" exemption".
<u>Lead Staff:</u> Tobias Barr, Public Works Project Manager
Steven Palmer, PE, Director of Public Works/City Engineer
<u>Recommendation:</u> Adopt

11. Consideration and proposed approval of a resolution 2016-40 awarding Construction Contract for 2015 Pavement Rehabilitation Project, Capital Improvement Project R-74 in the amount of $124,920 to American Asphalt Repair and Resurfacing Company; and authorize the Director of Public Works to approve change orders not to exceed 10% of the contract amount

<u>CEQA Status</u>: Categorically Exempt from CEQA, Sections 15301, Existing Facilities Class I, 15061, "Common Sense" exemption".
<u>Prepared By</u>: Steven Palmer, PE, Director of Public Works/City Engineer
<u>Recommendation</u>: Adopt

12. Consideration and proposed approval of a resolution 2016-41 approving out-of-state travel for Wastewater Treatment Operator 2 Jarratt Rossini to attend the California Rural Water Association (CRWA) Conference in South Lake Tahoe, Nevada April 25-28, 2016 in an amount not to exceed $1,300.00

<u>CEQA Status</u>: Not a CEQA Project
<u>Prepared By</u>: Carlos Uribe, Public Works Maintenance Manager
Steven Palmer, PE, Director of Public Works/City Engineer
<u>Recommendation</u>: Adopt

13. Consideration and proposed approval of Resolution 2016-42 authorizing the City Manager to Execute a Joint Powers Agreement between the City of Napa and Participating Cities in the County of Napa for the Purpose of Disbursing California Board of State and Community Corrections Police Grant Funds Amongst the Parties and accept $9,504 in grant funds.

<u>CEQA Status</u>: Not a CEQA Project
<u>Prepared By</u>: William Imboden, Chief of Police
Tracey Perkosky, Grants Manager
<u>Recommendation</u>: Adopt

14. Consideration and proposed approval of Resolution 2016-43 approving an agreement with Nigro & Nigro to provide a Forensic Accounting Audit of the Comprehensive Flood Control Project for a total not to exceed amount of $60,000

<u>CEQA Status</u>: Not a CEQA Project
<u>Prepared By</u>: April Mitts, Finance Director
<u>Recommendation</u>: Adopt

15. Consideration and proposed approval of Resolution 2016-44 approving the SHES/SHPS Parent Teacher Group to host musical entertainment, and vendors at

Lyman Park on Friday, May 6, 2016, between the hours of 5:00pm and 10:00pm, and waive the Encroachment Permit fee in the amount of $200.00, and authorizing City staff time to set-up and tear down of equipment
CEQA Status: Categorically exempt from CEQA, Sections 15323, 15061
Prepared By: Steven Palmer, PE, Director of Public Works/City Engineer
Recommendation: Adopt

Finance Director April Mitts replied to Councilmember Pitts clarifying question to item 16.

Councilmember Dohring moved to approve the Consent Items as presented. The motion was seconded by councilmember Pitts and on roll call carried by the following vote:

AYES: Councilmembers Dohring, Pitts, Crull and Mayor Galbraith

NOES: None

ABSENT: White

NEW BUSINESS:

16. Consideration and proposed approval of a resolution 2016-45 approving the St. Helena Chamber of Commerce to host musical entertainment, mobile food truck, and vendors at Lyman Park on the 2nd and 4th Thursdays of June, July and August of 2016, between the hours of 5:30pm and 8:00pm and waive the Encroachment Permit fee in the amount of $200.00, and authorize City staff time for set up and tear down of equipment
CEQA Status: Categorically exempt from CEQA, Sections 15323, 15061
Prepared By: Steve Palmer, PE, Director of Public Works/City Engineer
Recommendation: Adopt

Director of Public Works/City Engineer reported on this item.

Chamber President Pam Simpson and Bobbi Monnette addressed the City Council.

Councilmember Crull moved to approve a resolution 2016-45 approving the St. Helena Chamber of Commerce to host musical entertainment, mobile food truck, and vendors at Lyman Park on the 2nd and 4th Thursdays of June, July and August of 2016, between the hours of 5:30pm and 8:00pm and waive the Encroachment Permit fee in the amount of $200.00, and authorize City staff time for set up and tear down of equipment with the modification to include additional language "if required" at the end of resolution item 6:

6. Two parking spaces on Main Street are reserved for the mobile food vendor between 3:00 pm and 8:00 pm on the days of the Musical Picnic, upon the St. Helena Chamber of Commerce receiving an encroachment permit from CalTrans "if required".

The motion was seconded by Councilmember Pitts and on roll call carried by the following vote:

AYES: Councilmembers Crull, Pitts, Dohring and Mayor Galbraith

NOES: None

ABSENT: Councilmember White

17. Consideration and proposed approval of a resolution 2016-46 setting fees for Special Events; Harvest Festival and 4th of July Fireworks
<u>CEQA Status</u>: Not a CEQA Project
<u>Prepared By</u>: Haidi Arias, Recreation Director
<u>Recommendation</u>: Adopt

Recreation Director Haidi Arias reported on this item.

Grace Kistner and Kim Phinney addressed the Council.

Councilmember Crull moved to approve resolution 2016-46 setting fees for Special Events; Harvest Festival and 4th of July Fireworks. The motion was seconded by Councilmember Pitts and on roll call carried by the following vote:

AYES: Councilmembers Crull, Pitts, Dohring and Mayor Galbraith

NOES: None

ABSENT: Councilmember White

18. Consideration and proposed approval of a resolution approving an In-Lieu Water Neutrality Fee in the amount of $38,000 for Tentative Parcel Map at 601 Fulton Lane
<u>CEQA Status</u>: Categorically Exempt from CEQA, Sections 15315 Class 15, Minor Land Divisions, 15061, "Common Sense exemption"
<u>Prepared By</u>: Steven Palmer, PE, Director of Public Works/City Engineer
<u>Recommendation</u>: Adopt

Director of Public Works/City Engineer Steven Palmer reported on this item.

Brad Oldenbrook and Bobbi Monnette addressed the City Council.

Councilmember Dohring moved to disapprove the resolution denying an In-Lieu Water Neutrality Fee in the amount of $38,000 for Tentative Parcel Map at 601 Fulton Lane. The motion was seconded by Mayor Galbraith and on roll call carried by the following vote:

AYES: Councilmember Dohring, Mayor Galbraith and Councilmembers Crull, Pitts

NOES: None

ABSENT: Councilmember White

19. Provide direction for the closure of the existing residential used motor oil recycling facility adjacent to 1574 Railroad Avenue

CEQA Status:	Categorically Exempt from CEQA, Sections 15301, 15330 and 15061, "Common Sense exemption"
Prepared By:	Carlos Uribe, Public Works Maintenance Manager Steven Palmer, PE, Director of Public Works/City Engineer
Recommendation:	Provide direction

Director of Public Works/City Engineer Steven Palmer reported on this item.

No public comment was received.

Councilmember Crull moved to approve resolution 2016-47 for the closure of the existing residential used motor oil recycling facility adjacent to 1574 Railroad Avenue. The motion was seconded by Councilmember Dohring and on roll call carried by the following vote:

AYES: Councilmembers Crull, Dohring, Pitts and Mayor Galbraith

NOES: None

ABSENT: Councilmember White

20. Fiscal Year 2015/16 3rd Quarter Finance Report

CEQA Status:	Not a CEQA Project
Prepared By:	April Mitts, Finance Director
Recommendation:	Receive and file

Finance Director April Mitts reported on this item.

No public comment was received.

The City Council requested City Council for Finance Director April Mitts to make a monthly water revenue update to Council.

It was the consensus of Council to receive and file the report.

21. Consideration and proposed approval of a resolution 2016-47 adopting the City of St. Helena's Vision and Mission Statements

CEQA Status:	Not a CEQA Project
Prepared By:	Jennifer Phillips, City Manager
Recommendation:	Adopt

Planning & Community Development Director Noah Housh reported on this item on behalf of City Manager Jennifer Phillips.

No public was received.

Councilmember Pitts moved to approve 2016-47 adopting the City of St. Helena's Vision and Mission Statements as amended to change the word from "continue" to "strive", remove "an", and add "and continue to be a" in the vision statement:

> The City of St. Helena will ~~continue~~ "strive" to be ~~an~~ economically sustainable, "and continue to be" family-friendly, diverse and safe community which prudently manages its financial and human resources, continues to upkeep and improve its infrastructure, ensures its water security, provides a full range of housing, business, cultural and recreational opportunities and embraces and retains its historic, small-town character, beautiful natural environment and high quality of life.

The motion was seconded by Councilmember Crull and on roll call carried by the following vote:

AYES: Councilmembers Pitts, Crull, Dohring and Mayor Galbraith

NOES: None

ABSENT: Councilmember White

ADJOURNMENT

Mayor Galbraith adjourned the meeting at 8:43 p.m.

APPROVED:	**ATTEST:**
________________________	________________________
Alan Galbraith, Mayor	Cindy Black, City Clerk

Item No. 10k

Minutes
St. Helena City Council
April 26, 2016

5:15 PM SPECIAL CLOSED SESSION
CITY HALL CONFERENCE ROOM,
1480 MAIN STREET, ST. HELENA

6:00 P.M. REGULAR MEETING
465 MAIN STREET, ST. HELENA
VINTAGE HALL BOARD ROOM – SECOND FLOOR

A complete video recording of this meeting, except for closed session, can be found at www.cityofsthelena.org or by calling the City Clerk at (707) 967-2792. The City Council video is the official record of the Council meeting.

1. PUBLIC COMMENTS PERTAINING TO THE CLOSED SESSION

Mayor Galbraith called for public comment regarding the Closed Session matters listed. There being none, the Council convened into Closed Session.

2. CLOSED SESSION

a. CONFERENCE WITH REAL PROPERTY NEGOTIATORS Govt Code Section 54956.8
Property: Lower Reservoir, located on the northerly side of Spring Mountain Rd., assessor parcel number 9-131-13
Agency negotiator: Jennifer Phillips, City Manager and Steve Palmer, Public Works Director
Negotiating parties: Susan Doyle, General Manager, Spring Mountain Vineyard (SMV) and Good Wine Company
Under negotiation: Price and terms of payment for water from Lower Reservoir

b. CONFERENCE WITH LEGAL COUNSEL--ANTICIPATED LITIGATION; Determination whether to initiate litigation pursuant to Government Code Section 54956.9(d)(4): (One potential case)

3. OPEN SESSION – COUNCIL WILL RETURN TO OPEN SESSION AND ANNOUNCE ACTIONS TAKEN IF ANY (6:00 P.M.)

The Regular Meeting was reconvened at 6:00 p.m. and City Attorney Thomas B. Brown announced the City Council authorized the initiation of litigation. When the litigation is ultimately initiated the details of the litigation including the claimants and complaint itself will be made available to the public upon request.

4. PLEDGE OF ALLEGIANCE

Mayor Galbraith called the meeting to order at 6:00 p.m. and the flag was saluted.

5. ROLL CALL

Present: Councilmembers Crull, Pitts, White, Mayor Galbraith
Absent: Councilmember Dohring

6. PUBLIC FORUM:

Geoff Ellsworth, Mark Van Gorder and Pam Simpson addressed the City Council.

7. REPORTS BY STAFF AND CITY COUNCIL, FUTURE AGENDA ITEMS, and AB 1234 REPORTS:

City Manager Jennifer Phillips noted the sales tax initiative will be on the May 10, 2016 City Council agenda.

Finance Director April Mitts reminded the City Council about the upcoming May 4, 2016 Budget Workshop and the City's FY 14/15 audited financials are complete.

Planning & Community Development Director Noah Housh announced the second Planning Commission General Plan study session will be held May17, 2016.

Vice Mayor Peter White reported on the recent WICC meeting in Napa.

Mayor Galbraith reported on the recent Earth Day activities held at the St. Helena Fire Department.

STAFF BRIEFING

8. Monthly water wise update presented by Jennifer Tuell, Water Conservation Coordinator

Public Works Director/City Engineer Steve Palmer provided the monthly water wise update in Water Conservation Coordinator Jennifer Tuell's absence.

PRESENTATIONS AND PUBLIC RECOGNITIONS

9. Presentation – Pam Simpson, CEO/President, St. Helena Chamber of Commerce provided a presentation on a conceptual plan for Telegraph Alley.

CONSENT ITEMS:

10. Consideration and proposed approval of Regular and Special Meeting Minutes of:
a. Regular Meeting Minutes of September 8, 2015
b. Regular Meeting Minutes of September 22, 2015
c. Special Meeting Minutes of September 23, 2015
d. Regular Meeting Minutes of October 13, 2015
e. Special Meeting Minutes of October 27, 2015

f. Regular Meeting Minutes of October 27, 2015
g. Regular Meeting Minutes of November 10, 2015
h. Regular Meeting Minutes of November 24, 2015
i. Regular Meeting Minutes of December 8, 2015

CEQA Status: Not a CEQA Project
Prepared By: Cindy Black, City Clerk
Recommendation: Adopt

11. Consideration and proposed approval of a resolution 2016-48 authorizing City Manager to Submit Application to the Bicycle Rack Voucher Program and Authorize Matching Funds not to exceed $150

CEQA Status: Categorically Exempt, Section 15301, Existing Facilities
Lead Staff: Steven Palmer, PE, Public Works Director/City Engineer
Tracey Perkosky, Grants Manager
Recommendation: Adopt

12. Consideration and proposed approval a of resolution 2016-49 approving a Production Agreement with Zambelli Fireworks in the amount of $40,000 for a City-Sponsored Firework Show located at Crane Park on July 4th

CEQA Status: Not a CEQA Project
Lead Staff: Haidi Arias, Recreation Director
Recommendation: Adopt

13. Consideration and proposed approval a of resolution 2016-50 authorizing four (4) 60 Month Lease Agreement between the City of St. Helena and Xerox for new Multifunction Devices at the Police Department, Library, and City Hall (City Clerk/Finance) for an annual savings

CEQA Status: Not a CEQA Project
Lead Staff: Kathy Robinson, Human Resources & IT Director
Recommendation: Adopt

14. Consideration and proposed approval a of resolution 2016-51 approving a Professional Services Agreement with Michael Baker International in the amount of $461,813 for engineering services for the Upper York Creek Ecosystem Restoration Project, Capital Improvement Project W-26

CEQA Status: Environmental Impact Report (SCH. No. 2006092096)
Lead Staff: Steven Palmer, PE, Director of Public Works/City Engineer
Recommendation: Adopt

15. Consideration and proposed approval a of resolution 2016-52 authorizing an agreement for Fire/Emergency Mutual Aid Services with the Napa County Fire Department

CEQA Status: Not a CEQA Project
Lead Staff: John Sorensen, Fire Chief
Recommendation: Adopt

16. Consideration and proposed approval of a resolution 2016-53 accepting the Work and Directing the Filing of the Notice of Completion for the Magnolia Oaks Subdivision

CEQA Status: Mitigated Negative Declaration adopted on November 13, 2007
Lead Staff: Steven Palmer, PE, Director of Public Works/City Engineer

Recommendation: Adopt

17. Consideration and proposed approval a of resolution 2016-54 approving the St. Helena Unified School District to have a mobile food vendor at Crane Park on May 11, 2016 between the hours of 4:00 pm and 6:00 pm for a staff appreciation event
CEQA Status: Categorically exempt from CEQA, Sections 15323, 15061
Lead Staff: Steven Palmer, PE, Director of Public Works/City Engineer
Christina Cook, Public Works Administrative Assistant
Recommendation: Adopt

18. Revise Work Scope of the San Francisco Bay Water Quality Improvement Fund Grant Award to Include $50,000 of Eligible Engineering Costs for the Upper York Creek Ecosystem Restoration Project
CEQA Status: Environmental Impact Report (SCH. No. 2006092096)
Prepared By: Tracey Perkosky, Grants Manager
Recommendation: Approve

19. Grant Quarterly Report for FY 2016, Quarter 3
CEQA Status: Not a CEQA Project
Lead Staff: April Mitts, Finance Director
Tracey Perkosky, Grants Manager
Recommendation: Adopt

Councilmember Crull moved to approve Consent as presented. The motion was seconded by Councilmember Pitts and on roll call carried by the following vote:

AYES: Councilmembers Crull, Pitts, White and Mayor Galbraith

NOES: None

ABSENT: Councilmember Dohring

PUBLIC HEARING:

20. Consideration of an appeal of a Planning Commission decision to deny a covered parking Variance and Design Review to renovate and remodel the existing home including the construction of a new 400-sf second unit at the property located at 1508 Spring Street in the MR: Medium Density Residential district resolution 2016-55
CEQA Status: Categorically exempt pursuant to Sections 15301, 15303, and 15331
Prepared By: Noah Housh, Planning and Community Improvement Director
Aaron Hecock, Senior Planner
Recommendation: Provide direction

Planning and Community Improvement Director Noah Housh reported on this item.

Mayor Galbraith opened the public hearing.

A citizen, John Kelly and Wayne Armstrong addressed the City Council.

Mayor Galbraith closed the public hearing.

A motion was made by Councilmember Crull granting the appeal of a Planning Commission decision to deny a covered parking Variance and Design Review to renovate and remodel the existing home including the construction of a new 400-sf second unit at the property located at 1508 Spring Street in the MR: Medium Density Residential district, accept the required findings and approve the variance to the covered parking requirement and design review. The motion was seconded by Vice Mayor White and on roll call carried by the following vote:

AYES: Councilmembers Crull, White and Pitts

NOES: Mayor Galbraith

ABSENT: Councilmember Dohring

21. Introduction and first reading of an ordinance considering amendments to Title 17 "Zoning" of the Municipal Code (Attachment A) initiated by the City of St Helena to implement provisions of the City's adopted 2015-2023 Housing Element that require the City to 1) eliminate the requirement for a Use Permit for multiple family residential projects proposed in the "High Density" (HD) Residential District, and 2) eliminate the requirement for a Use Permit for multiple family housing projects proposed on "Key Housing Sites", as designated in the 2015-2023 Housing Element, that are located in the City's "Medium Density (MD) Residential District".

CEQA Status: Negative Declaration
Prepared By: Victor Carniglia, Planning Consultant
Recommendation: Staff recommends that the City Council:

1) Find the previously adopted Negative Declaration adequate to address the environmental aspects of the proposed changes to the Zoning Code; and

2) Introduce, waive first reading and read by title only the proposed ordinance making amendments to the City's Zoning Code as described in this staff report and as contained in the attached Ordinance amending "Title 17: Zoning" of the City's Municipal Code, Section 17.40 Medium Density

Planning Consultant Victor Carniglia reported on this item.

Mayor Galbraith opened the public hearing.

Bobbie Monnette, Joe McGrath, William Wagner, Geoff Ellsworth, Paul Skinner, Jason Strofs, Jessica Hague, Pay Ansley and Steve Goldfarb addressed the City Council.

Mayor Galbraith closed the public hearing.

A motion was made by Councilmember Crull finding the previously adopted Negative Declaration adequate to address the environmental aspects of the proposed changes to the Zoning Code; and introduced, waived the first reading and read by title only the proposed ordinance making amendments to the City's Zoning Code as described in this staff report and as contained in the attached Ordinance amending "Title 17: Zoning" of the City's

Municipal Code, Section 17.40 Medium Density. The motion was seconded by Vice Mayor White and on roll call carried by the following vote:

AYES: Councilmembers Crull, White, Pitts and Mayor Galbraith

NOES: None

ABSENT: Councilmember Dohring

The Mayor called for a recess at 8:00 pm.

The meeting was reconvened at 8:10 pm.

22. Introduction and first reading of an ordinance considering amendments to City of St. Helena Municipal Code Section(s) 17.134 Short Term Rentals creating a permit renewal process, modifying the review and operations criteria and improving enforcement mechanisms for short-term rental uses in the Residential and Agricultural Zoning Districts, Citywide.

<u>CEQA Status:</u> Ordinance is determined to be exempt from the requirements of CEQA as a Class 1 Categorical Exemption pursuant to CEQA Guidelines Section 15301 given that the regulations affect existing structures and under the "General Rule", Section 15061(b)(3).

<u>Prepared By:</u> Noah Housh, Planning and Community Improvement Director

<u>Recommendation:</u> Staff recommends that the City Council:

1. Find that the Ordinance is exempt from the requirements of CEQA as a Class 1 Categorical Exemption pursuant to CEQA Guidelines Section 15301 given that the regulations affect existing structures and under the "General Rule", Section 15061(b)(3); and

2. Introduce, waive first reading and read by title only the proposed ordinance amendments to City of St. Helena Municipal Code Section(s) 17.134 Short Term Rentals creating a permit renewal process, modifying the review and operations criteria and improving enforcement mechanisms for short-term rental uses in the Residential and Agricultural Zoning Districts, Citywide.

Planning and Community Improvement Director Noah Housh reported on this item.

Mayor Galbraith opened the public hearing.

Jim Sweeney, Jay Green, Geoff Ellsworth, Kathy Brotemarkle and a citizen addressed the City Council.

Mayor Galbraith closed the public hearing.

A motion was made by Councilmember Crull finding Find that the Ordinance is exempt from the requirements of CEQA as a Class 1 Categorical Exemption pursuant to CEQA Guidelines Section 15301 given that the regulations affect existing structures and under the "General Rule", Section 15061(b)(3); and Introduced, waived the first reading and read by title only the proposed ordinance amendments to City of St. Helena Municipal Code Section(s) 17.134 Short Term Rentals creating a permit renewal process, modifying the review and operations criteria and improving enforcement mechanisms for short-term rental uses in the Residential and Agricultural Zoning Districts, Citywide. The motion was seconded by Vice Mayor White and on roll call carried by the following vote:

AYES: Councilmembers Crull, White, Pitts and Mayor Galbraith

NOES: None

ABSENT: Councilmember Dohring

NEW BUSINESS:

None

ADJOURNMENT

Mayor Galbraith adjourned the meeting at 9:02 p.m.

APPROVED:	**ATTEST:**
______________________________	______________________________
Alan Galbraith, Mayor	Cindy Black, City Clerk

Item No: 10I

MINUTES
SPECIAL MEETING
ST. HELENA CITY COUNCIL
May 4, 2016

9:00 A.M. Special Pubic Budget Workshop Meeting
ST. HELENA FIRE STATION
1480 MAIN STREET, ST. HELENA
(Entrance on Railroad Avenue)

A complete video recording of this meeting, except for closed session, can be found at www.cityofsthelena.org or by calling the City Clerk at (707) 967-2792. The City Council video is the official record of the Council meeting.

1. **PLEDGE OF ALLEGIANCE**

   Mayor Galbraith called the special meeting to order at 4:00 pm and the flag was saluted.

2. **ROLL CALL**

   Present: Councilmembers Dohring, Pitts, White, Crull and Mayor Galbraith
   Absent: None

3. **Public comments pertaining to the Budget Public Workshop meeting.**

   No public comment received.

4. **Consideration to Recommend Non Profit Grant Application Requests for Funding in the Fiscal Year (FY) 16/17 Budget for Federated Women of Upper Napa Valley; Rianda House Senior Activity Center; UpValley Family Centers; Nimbus Arts, LLC; Boys and Girls Club of St. Helena and Calistoga; St. Helena Preschool for All, Inc.; St. Helena Little League; Friends of the Cameo; and St. Helena Historical Society; in an aggregate amount up to $70,100**

   Each agendized non profit entity addressed the City Council.

   It was the consensus of the Council to hold a discussion in regards to the non profit requests until after the budget discussion has taken place.

5. **Discuss and provide direction on the St. Helena Proposed FY 16/17 Budget**

   City Manager Jennifer Phillips provided an introduction.

   a. **Budget overview**

   Finance Director Mitts presented a comprehensive budget overview presentation.

b. Departments:

Each department listed reported on the FY 2015/2016 accomplishments, FY 2016-2017 goals and unfunded goals.

- **City Council**

City Manager Jennifer Phillips reported on this item.

Jeff Farmer addressed the City Council

- **City Manager**

City Manager Jennifer Phillips reported on the office of the City Manager.

Human Resources & Information Technology Director Kathy Robinson reported on the office of Human Resources and Information Technology.

City Clerk Cindy Black reported on the office of the City Clerk.

No public comment received.

Mayor Galbraith called for a lunch recess at 12:20 pm.

The meeting reconvened at 1:45 pm.

- **Finance**

Finance Director April Mitts reported on the Finance Department.

No public comment received.

- **Planning/Building**

Planning & Community Development Director Noah Housh reported on the Planning/Building Department.

No public comment received.

- **City Attorney**

City Manager Jennifer Phillips reported on the City Attorney.

No public comment received.

- **Non-Departmental**

Finance Director April Mitts reported on the Non-Departmental.

No public comment received.

- **Library**

Library Directory Chris Kreiden reported on the Library Department.

No public comment received.

- **Recreation**

Recreation Director Haidi Arias reported on the Recreation Department.

No public comment received.

- **Fire**

Fire Chief John Sorenson reported on the Fire Department.

No public comment received.

- **Police**

Police Chief William Imboden reported on the Police Department.

No public comment received.

Mayor Galbraith called a recess at 3:50 pm.

The meeting reconvened at 4:06 pm.

- **Public Works**

Public Works Director and City Engineer Steve Palmer reported on the Public Works Department.

No public comment received.

- **Water/Wastewater**

Public Works Director and City Engineer Steve Palmer reported on the Water and Wastewater.

No public comment received.

- City Council to provide direction to City Staff Regarding the FY 2016/17 Operations Budget:
  - Non-Profit Funding
  - Use of General Fund Assigned Reserves for $52,413 gap
  - Use of Water Reserves for $1,337,807 gap
  - Establishment of a Capital Reserve Fund for the Flood Control Project

A round table discussion ensued regarding Council direction and consideration of Non Profit Grant Application Requests for Funding in the Fiscal Year (FY) 16/17 Budget. It was the consensus of the City Council to award 50% of the requested amount to each qualified applicant, the funds will come from the City Attorney budget. These non profits will be reviewed again in November or December for reconsideration of the remainder of the requested funds. It was also the consensus of the City Council to use funds from the City Attorney budget to fund the $52,413 gap.

A motion was made by Vice Mayor White to use Water Reserves for the $1,337,807 gap. The motion was seconded by Councilmember Dohring and on roll call carried by the following vote:

AYES: Councilmembers White, Dohring, Pitts, Crull and Mayor Galbraith

NOES: None

ABSENT: None

A motion was made by Councilmember Dohring for the establishment of a Capital Reserve Fund for the Flood Control Project. The motion was seconded by Vice Mayor White and on roll call carried by the following vote:

AYES: Councilmembers Dohring, White, Pitts, Crull and Mayor Galbraith

NOES: None

ABSENT: None

ADJOURNMENT

Mayor Galbraith adjourned the meeting at 9:04 p.m.

APPROVED:	**ATTEST:**
______________________________	______________________________
Alan Galbraith, Mayor	Cindy Black, City Clerk

Item No: 11

Report to the City Council
Council Meeting of May 10, 2016

Agenda Section: **Consent**

Subject: **Consideration and proposed approval of a Resolution Approving an Employment Agreement with Cindy Black to serve as an Executive At-Will City Clerk**

CEQA Status: **Not a project**

Prepared By: **Jennifer Phillips, City Manager**

Approved By: **Jennifer Phillips, City Manager**

BACKGROUND

Title 2. Administrative and Personnel of the St. Helena Municipal Code gives the City Manager the authority to appoint and supervise the City Clerk, Director of Public Works, Director of Finance/Treasurer, Director of Planning, Library Director, Recreation Director, and Chief of Police. Accordingly, all positions, with the exception of the City Clerk, serve as at-will department heads on the City Manager's Executive Staff.

Cindy Black began service as Interim City Clerk under an at-will employment agreement on March 25, 2014 until her full-time appointment as a Mid-Manager on September 22, 2014.

DISCUSSION

Cindy Black has been an integral part of the City Manager's Executive Staff since her employment as City Clerk. Cindy has worked collaboratively with City Executive staff and City Officials, and has earned the trust and respect of all her colleagues, councilmembers, and constituents. Cindy has worked in local government for over 26 years and brings a wealth of knowledge with respect to the duties and responsibilities of a City Clerk. Cindy was responsible for the successful implementation of a citywide records management program involving the coordination and active participation of multiple departments. Cindy's success can be attributed to her always positive and can-do attitude. As a result of her achievements, commitments to teamwork, and cooperative leadership style, Cindy has been offered an Executive Staff position as City Clerk for the City of St. Helena.

FISCAL IMPACT

The position is included in the FY 2015-16 adopted budget and proposed FY 2016-2017 budget.

RECOMMENDED ACTION

Approve an Employment Agreement with Cindy Black.

ATTACHMENTS

1. Employment Agreement
2. Resolution

Attachment 1

EMPLOYMENT AGREEMENT FOR CITY CLERK

Between

CITY OF ST. HELENA AND CINDY BLACK

THE AT-WILL EMPLOYMENT AGREEMENT (the Agreement) is entered into as of May 10, 2016, between THE CITY OF ST. HELENA, a municipal corporation (City), and CINDY BLACK (Executive Employee), collectively "the Parties."

RECITALS

WHEREAS, City desires to employ CINDY BLACK as City Clerk for the City of St. Helena.

WHEREAS, CINDY BLACK desires to continue service as City Clerk of the City of St. Helena beginning on May 10, 2016.

WHEREAS, CINDY BLACK has the necessary education, experience, skills and expertise to serve as the City's City Clerk; and

WHEREAS, the City Manager, as appointing power, and CINDY BLACK desire to agree in writing to the terms and conditions of CINDY BLACK's employment as City Clerk;

NOW, THEREFORE, in consideration of the above recitals, promises and conditions contained herein, the Parties agree as follows:

AGREEMENT

1. Powers and Duties of the City Clerk

(a) Employee shall have the powers and shall perform the functions and duties specified in state and federal law, the St. Helena Municipal Code, and the ordinances and resolutions of City, and to perform other legally permissible and proper duties and functions as City Manager may from time to time assign.

(b) Employee shall perform her duties to the best of her ability in accordance with the professional and ethical standards of the profession and shall comply with the laws of the State of California, the Municipal Code of the City, and Ordinances and Resolutions of the City, and as they may be amended.

(c) Employee shall not engage in any activity which is or may become a conflict of interest, prohibited contract, or which may create an incompatibility of office as defined under

California law. Prior to performing any services under this Agreement and annually thereafter, Employee must complete disclosure forms required by law.

(d) Employee shall report to the City Manager who has authority to dismiss, discipline, and give direction to the City Clerk.

(e) Employee shall devote full time to the performance of her duties; the Employee shall notify the City Manager of any outside employment, which employment shall not interfere with the Employee's City job duties, pose a conflict of interest, or be inappropriate for a City employee.

(f) Employee shall maintain a valid California Driver's License as a condition of her employment unless it is not possible because of a documented medical reason.

2. Term

This Agreement is effective May 10, 2016, and will continue in effect until terminated as provided herein.

3. At-Will Employment

(a) The Parties recognize and affirm that: (1) the Employee is an "at will" employee whose employment may be terminated by the City Manager at any time with or without cause, (2) there is no express or implied promise made to the Employee for any form of continued employment and (3) upon termination of this Agreement, the Employee understands that she has no right to any further employment, in any capacity, with the City. This Agreement is the sole and exclusive basis for an employment relationship between the Employee and the City.

(b) Termination for cause means termination based upon a breach of any of the terms of this Agreement, malfeasance of any nature occurring during the course and scope of the Employee's duties as City Clerk; or a conviction, plea bargain, or personal adverse State or federal determination against Employee individually involving any felony, intentional tort, crime of moral turpitude, violation of statute or law constituting forfeiture of office, misconduct in office for personal gain, misuse of public funds for personal benefit, conflict of interest resulting in conviction, or any other incompatible activity or conflict of interest.

4. Termination of Agreement

This Agreement may be terminated as follows:

(a) **By Mutual Agreement**. The City Manager and Employee may terminate this

Agreement at any time by mutual written agreement.

(b) **Termination by City**. The City Manager may, in her or her sole and unrestricted discretion, terminate this Agreement with or without cause at any time upon written notice to the Employee.

(c) **Severance**. If the City Manager terminates this Agreement without cause while the Employee is still willing and able to perform the duties of City Clerk, the Employee shall be entitled to three (3) months' base salary, less applicable deductions, plus applicable accrued leaves as provided in this Agreement together with any extension of benefits required under California and federal law. No time served by the Employee after notice of the termination shall be debited from the period of severance pay. However, in the event the Employee is terminated for cause, the Employee shall be entitled to only the compensation earned and accrued and such other termination benefits and payments as may be required by law. Employee shall not be entitled to any severance benefits.

(c) **Resignation by Employee**. Nothing in this Agreement shall prevent, limit or otherwise interfere with the right of Employee to resign at any time from her position as City Clerk. Employee may terminate this Agreement by submitting written notice of her resignation to City. As a courtesy, Employee shall give the City thirty (30) days written notice of her intention to resign.

(d) **Rights and Remedies of Employee upon Termination**. Nothing in this Agreement is intended to, or does, confer upon Employee any due process right to a hearing or other administrative process pertaining to termination, before or after a decision by the City to terminate her employment, unless Employee is entitled to a name clearing hearing under California or federal law. Employee may appeal a determination of for cause termination to the City Council for the sole purpose of qualifying for severance pay; the City Council shall not have the authority to overturn the termination.

(e) **Resignation in Lieu of Termination**. If the Employee is terminated without cause, the Employee shall have the opportunity to resign in lieu of being terminated. In such an event, any public announcement issued by the City will state that the Employee resigned.

(f) **Administrative Leave.** The City Manager may place the Employee on administrative leave with or without pay pending investigation of any allegations of misconduct.

Attachment 1

5. Compensation and Benefits.

(a) City agrees to pay Employee for her services rendered an annual salary of $99,307.00, payable in instalments at the same time as other employees of City are paid and subject to all applicable payroll taxes and withholdings. Such salary may be adjusted from time to time at the sole discretion of the City Manager. The Employee shall be an "exempt" employee under all applicable state and federal labor laws, including, but not limited to, the Federal Labor Standards Act and the regulations of the California Industrial Welfare Commission.

(b) Performance Review. The City Manager shall evaluate the Employee's performance by November 30, 2016 and at least annually thereafter.

(c) CalPERS. Employee shall be included in the City's Miscellaneous Plan with the California Public Employees' Retirement System ("CalPERS") as a Classic Member, and continue to be enrolled in the 2% at age 62, highest year average program. Employee shall contribute the total "employee contribution".

(d) The City participates in Social Security; the employee contribution (6.2%) will be deducted from the Employee's gross pay.

(e) Employee shall be entitled to all benefits, rights and privileges accorded to Department Heads as set forth in the St. Helena Employees' Handbook, as may be amended from time to time, except as otherwise provided in this Agreement or as they may conflict with the Employee's status as an "At-will" employee. If there is any conflict between this Agreement and any resolution or policy fixing compensation and benefits for City Department Heads or other unclassified employees, this Agreement shall control.

(f) Employee shall receive accruals based on original hire date of hire of March 18, 2014 which is ten (10) days paid vacation annually. During years six (6) through ten (10), the Employee may accrue an additional eight (8) hours of vacation per year. The maximum vacation that may be accrued by the Employee is twenty (20) days per year. The maximum amount of accrued vacation may not exceed 380 hours.

(g) Employee shall receive five (5) days of paid floating holidays awarded January 1st of each full year of employment. Employee shall receive ten (10) days of executive leave, five (5) days awarded January 1st, and five (5) days awarded at July 1 of each full year. Floating holidays and executive leave must be used within the year accrued or the time shall be forfeited. For purpose of calculating Vacation accruals and Floating Holidays; time shall be based on the Employee's initial date of hire with the City.

(h) Employee shall be entitled to twelve (12) days sick leave each year.

Attachment 1

(i) Vehicle Allowance. Employee will receive a Vehicle Allowance of $200 per month.

(j) Deferred Compensation. Employee will receive a matching contribution of $200 per month towards her deferred compensation account.

(k) Communications. Employee will have the use of a City cellular phone and iPad pursuant to policies established by the City.

(l) Professional Development and Training. City shall pay for Employee's annual training and membership to essential professional associations.

(m) Hours of Work. The Employee is an exempt employee but is expected to engage in those hours of work that are necessary to fulfill the obligations of the Employee position. If mutually agreed to between the City Manager and the Employee, the Employee may have a modified work schedule, such as 4/10 or 9/80 or have the opportunity to telecommute as deemed appropriate by the City Manager.

6. Return of City Property

In the event of termination, any City equipment or property will be promptly returned to the City. In addition, any and all finished and unfinished documents, data, reports and materials are the property of the City and shall be promptly delivered to the City Manager. Employee shall keep all information acquired through her position in the strictest confidence.

7. Indemnification

In accordance with the terms, conditions, and limitations of the Government Claims Act (Gov't Code §§ 810 et seq.), City shall defend, save harmless, and indemnify the Employee against any tort, professional liability claim or demand or other legal action, whether groundless or otherwise, arising out of an alleged act or omission occurring in the performance of Employee's duties as City Clerk. City will determine whether to compromise and settle any such claim or suit and the amount of any settlement or judgment rendered thereon.

8. Attorney's Fees

In the event of any mediation, arbitration or litigation to enforce any of the provisions of this Agreement, each party shall bear its own attorney's fees and costs.

9. Jurisdiction and Venue

This Agreement shall be construed in accordance with the laws of the State of California, and the Parties agree that venue shall be in Napa County, California.

10. Notices

Any notices required by this Agreement shall be in writing and either given in person or by first class mail with postage prepaid and addressed as follows:

TO CITY:	City Manager City of St. Helena 1480 Main Street St. Helena, CA 94574
TO EMPLOYEE:	CINDY BLACK City of St. Helena 1480 Main Street St. Helena, CA 94574

11. Entire Agreement

This Agreement is the final expression of the complete agreement of the parties with respect to the matters specified herein and supersedes all prior oral or written understandings. However, the Agreement may be amended or altered by the City Manager at any time. Any such amendments or alterations must be in writing, signed by Employee and the City Manager and approved by the City Council.

12. Severability

If any provision of this Agreement is found to be unenforceable by judgment or court order, the remainder of the Agreement shall remain in full force and effect, as if the unenforceable provision had never been included.

13. Assignment

Employee may not assign or transfer any rights granted or obligations assumed under this Agreement.

14. Informed and Voluntary Agreement

Employee acknowledges that she has had the opportunity to receive legal representation and advice in connection with this Agreement and that she voluntarily enters in to her Agreement

Attachment 1

fully informed about the rights and obligations she assumes and waives by entering into her Agreement.

IN WITNESS WHEREOF, City and the City Clerk have entered into and executed this Agreement as of the 10th day of May 2016.

CITY OF ST. HELENA A Municipal Corporation	CITY CLERK
By: ____________________ Jennifer Phillips City Manager	By: ________________________ CINDY BLACK

Approved as to Form:

By: ______________________
Thomas B. Brown
City Attorney

CITY OF ST. HELENA
RESOLUTION NO. 2016-

APPROVING AN EMPLOYMENT AGREEMENT BETWEEN THE CITY OF ST HELENA AND CINDY BLACK

RECITALS

A. To provide the proper level of leadership, independence, abilities and skills necessary to effectively manage the City Clerk's, it was determined that the City Clerk's position should be reclassified to At-will Executive Staff City Clerk.

B. Ms. Cindy Black joined the City of St. Helena over two years ago and brought with her over 26 years of public administration and City Clerk experience.

RESOLUTION

NOW, THEREFORE, the City Council of the City of St. Helena hereby resolves as follows:

1. Approve and authorize the City Manager to enter into an employment agreement effective May 10, 2016, with Cindy Black as the City Clerk of the City of St. Helena.

Approved at a Regular Meeting of the St. Helena City on May 10, 2016 by the following vote:

Mayor Galbraith: ___________
Vice Mayor White: ___________
Councilmember Crull: ___________
Councilmember Dohring: ___________
Councilmember Pitts: ___________

APPROVED:

____
Alan Galbraith, Mayor

ATTEST:

____
Cindy Black, City Clerk

Item No: 12

Report to the City Council
Council Meeting of May 10, 2016

Agenda Section: **Consent Calendar**

Subject: **Consideration and proposed approval of a resolution approving the first amendment to the professional services agreement in the amount of $3,500 with Green Valley Consulting Engineering for the design of Holmes Tank Upgrade, Capital Improvement Project W-86**

CEQA Status: **Categorically Exempt, Article 19 Section 15302 Replacement or Reconstruction, and Article 19 Section 15303 New Construction or Conversion of Small Structures**

Prepared By: **Tobias Barr, Public Works Project Manager**
Steven Palmer, PE, Public Works Director/City Engineer

Approved By: **Jennifer Phillips, City Manager**

BACKGROUND

On November 10, 2015, City Council approved a Professional Services Agreement with Green Valley Consulting Engineers in the amount of $94,100 to complete design and engineering documents for the project, which will construct a new pumping station and improve pressure at the Holmes Tank and surrounding pressure zones.

DISCUSSION

City Staff intended for the project to include upgrades to meet California Department of Health requirement to add backup generator power to the Holmes Pumping Station for fire and service protection during a power outage. Staff has determined that the Pumping Station should have a permanent, propane fueled back-up generator. The proposal and current Professional Services Agreement with Green Valley Consulting Engineering does not include a permanent, propane fueled back-up generator. As such, Staff requested a proposal from Green Valley Consulting Engineering to provide the additional work. The cost for the additional scope of work is $3,500, bringing the total cost of the design and engineering portion of the project to $97,610. Because this is a change to the contract's Scope of Work and requires additional design and engineering services, the City Council needs to authorize additional services in accordance with Section 2 of the City's Professional Service Agreement.

FISCAL IMPACT

The current approved budget in the 2015-2020 Capital Improvement Plan Holmes Tank Upgrades CIP W-86 is $250,000. The current estimated Project expenditures are summarized in the table below.

Phase	Amount
Engineering - Green Valley Original PSA	($94,110)
Engineering - Green Valley PSA First Amendment	($3,500)
TOTAL COST	**$97,610**

The total expenditures to date are less than the total Project budget of $250,000, and there is no need for an additional budget adjustment at this time. As Project design is completed, the engineering cost estimate will be prepared and the construction cost re-evaluated. At this point in time, Staff anticipates that the construction cost including contingency and construction management and inspection may exceed the remaining budget of $152,390. If this occurs, City Council action will be required to increase the Project budget prior to advertising for construction or awarding the construction contract.

RECOMMENDED ACTION

Adopt attached resolution authorizing the City Manager to execute the First Amendment to the Professional Services Agreement in the amount of $3,500 with Green Valley Consulting Engineering for the design of Holmes Tank Upgrade, Capital Improvement Project W-86.

ATTACHMENTS

1. Resolution
2. First Amendment to Professional Services Agreement

CITY OF ST. HELENA

RESOLUTION NO. 2016-

APPROVING FIRST AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT IN THE AMOUNT OF $3,500 WITH WITH GREEN VALLEY CONSULTING ENGINEERS FOR THE DESIGN HOLMES TANK UPGRADE, CAPITAL IMPROVEMENT PROJECT W-86

A. Following a competitive solicitation process, City Council approved a Professional Services Agreement with Green Valley Consulting Engineers for the Holmes Tank Upgrade CIP W-86 on November 10, 2015; and

B. Back-up generation adds significant safety and reliability to the pressure zones fed from the Holmes Tank and associated pump station; and

B. The City desires backup generation at the Holmes Tank pump station; and

C. The City Engineer requested and Green Valley Consulting Engineer responded with a proposal to design backup generation for the Holmes Tank Upgrade; and

D. City staff has reviewed and evaluated the proposal received and confirmed Green Valley Consulting Engineering has the skills, experience, and qualifications to provide the desired services; and

D. The attached First Amendment to the Professional Services Agreement establishes the terms and conditions under which Green Valley Consulting Engineering will provide the necessary services; and

E. The City Attorney has reviewed and approved the agreement; and

E. The agreement will be funded through Capital Improvement Project W-86 Holmes Tank Upgrade.

RESOLUTION

The City Council of the City of St. Helena hereby resolves as follows:

1. Approve the First Amendment to Professional Services Agreement with Green Valley Consulting Engineering.
2. The City Manager is authorized to execute the First Amendment to Professional Services Agreement with Green Valley Consulting Engineering.

Approved at a Regular Meeting of the St. Helena City Council on May 10, 2016, by the following vote:

Mayor Galbraith: ____________

Vice Mayor White: ____________

Councilmember Crull: ____________

Councilmember Dohring: ____________

Councilmember Pitts: ____________

APPROVED:

____

Alan Galbraith, Mayor

ATTEST:

____

Cindy Black, City Clerk

FIRST AMENDMENT
TO PROFESSIONAL SERVICES AGREEMENT
WITH GREEN VALLEY CONSULTING ENGINEERS.

This First Amendment to Agreement for Professional services dated November 10th, 2015 ("Agreement") is made as of this 10th day of May 2016 by and between the City of St. Helena, a municipal corporation ("City"), and Green Valley Consulting Engineers. ("Consultant").

RECITALS

A. On November 10th, 2016 the City and Consultant entered into the Agreement for Consultant to provide professional engineering services for the preparation of bid documents for the Holmes Tank Upgrades, Capital Improvement Project W-86

B. City Staff intended the project to include upgrades to meet California Department of Health requirements for a back-up power; and

C. The current Scope-of-Services does not include funds for the design of a stationary propane back-up power system; and

C. City and Consultant now desire to amend the Agreement with Consultant for the purpose of including the design of a stationary propane back-up power system for Holmes Tank Upgrades, Capital Improvement Project W-86.

AGREEMENT

NOW, THEREFORE, in consideration of the promises and of the mutual covenants and agreements herein contained, for good and valuable consideration, the adequacy of which is hereby acknowledged, the parties agree to amend the Agreement as follows:

1. Section 1. Basic Services

Exhibit A to the Agreement is replaced with the attached Exhibit A-1.

2. Section 4. Compensation and Method of Payment

Section 4.A is amended to increase the total compensation payable to Consultant under the Agreement by $97,610 to read as follows:

> "Subject to any limitations set forth in this Agreement, City agrees to pay consultant the amount specified in Exhibit B-1, "Compensation," attached hereto and made a part hereof. Total compensation shall not exceed $97,610, unless additional compensation is approved in accordance with Section 2."

All other terms of the Agreement shall remain in full force and effect.

Entered as of the day and year first above stated.

CONSULTANT:

Green Valley Consulting Engineers.
335 Tesconi Circle.
Santa Rosa, CA 95401

____

Signatures of Authorized Persons:

By: ______________________________

Print Name:______________________

Title: ____________________________

CITY OF ST. HELENA
a Municipal Corporation

By:__________________________________

Print Name: Jennifer Phillips
City Manager
City of St. Helena

APPROVED AS TO FORM:

____
Thomas B. Brown, City Attorney

ATTEST:

____
Cindy Black, City Clerk

Attachments:

Exhibit A-1, " Scope of Services"
Exhibit B-1, "Compensation"

EXHIBIT A-1 – SCOPE OF SERVICES

The Scope of Services includes the following tasks:

Task 1 – Underwater Inspection and Condition Assessment

1. Develop work plan for the dive inspection
2. Mobilization of divers and gear to the site and one day's U/W inspection; demobilization
3. Brief letter report on findings

Task 2 – PS&E for Replacement of the Sluice Gate and Control Mechanism
Prepare plans, specifications, and cost estimates (PS&E) for the replacement of the sluice gate and control mechanism. All specifications will be provided on the drawings. Submittals to be made at 90% and final by PDF. Final submittal will be signed and stamped by a California PE. Attend one kickoff meeting.

Task 3 – Construction Management and Inspection

Respond to Requests for Information from both the City and the Contractor, review Submittals and Shop Drawings, attend one pre-construction meeting in St. Helen, and, provide a post construction above and underwater inspection of the installed frame, sluice gate, stem, guides, pedestal, and wheel, providing a report of the findings of the inspection. Work shall be completed as soon as practical following completion of construction and request for inspection by the City.

Assumptions

1. Access to top of dam for a van and divers will be facilitated by the City.
2. No flow of water through the intake tower valve being inspected.

<u>EXHIBIT B-1 – COMPENSATION</u>

All work to be performed time and materials in accordance with the attached fee schedule, with a not to exceed amount of $60,900

Following is an estimate cost breakdown by task:

Task 1 – Underwater Inspection and Condition Assessment - $16,400

Task 2 – PS&E for Replacement of the Sluice Gate and Control Mechanism - $19,500

Task 3 – Construction Inspection - $25,000

Report to the City Council Meeting of May 10, 2016

Agenda Section: Consent

Subject: **Consideration of a resolution approving the St. Helena Community Band to host musical entertainment, mobile food truck, and vendors at Lyman Park on Sunday July 3, 216 from 4:00 pm to 7:00 pm; and waive the encroachment permit fee of $200.00 and the noise permit fee of $25.00**

CEQA Status: **Not a CEQA project**

Prepared By: CC **Christina Cook, Public Works Administrative Assistant**
Steven Palmer, PE, Director of Public Works/City Engineer

Approved By: **Jennifer Phillips, City Manager**

BACKGROUND

St. Helena Community Band Performance in Lyman Park is an annual event. It is a free summer concert Sunday July 3, 2016, from 4:00-7:00 pm.

DISCUSSION

Current City municipal code does not include provisions for reserving Lyman Park, allowing mobile food vendors, or allow staff to waive fees. Staff is requesting City Council approve these items.

The St. Helena Community Band has requested permission to host musical entertainment and vendors at Lyman Park on July 3 2016, between the hours of 4:00 pm and 7:00 pm. This is a family friendly concert open to the general community. The Community Band has requested to include merchandise, food and a wine vendor during the event.

The St. Helena Community Band is requesting that the mobile food vendor be allowed to park in the parking spaces on Main Street. Parking in those spaces would be saved between the hours of 3:00 p.m. and 8:00 p.m. on event dates for the purpose of allowing a mobile food vendor to set up and serve. City staff recommends that the food vendor is allowed on Railroad Avenue and not Main Street. The Railroad Avenue location is preferred due to improved safety for residents and food vendor patrons. If the council wishes, it can approve the use of the parking spaces on Main Street. It is important to note that Main Street right of way is owned by Caltrans, and the City is only responsible for parking enforcement. The St. Helena Community Band will need to obtain an encroachment permit from Caltrans, if required

The St. Helena Community Band would like to have the $200.00 encroachment permit for using Lyman Park, and $25.00 noise permit issued by the St Helena Police Department waived.

FISCAL IMPACT

Waiver of the encroachment permit fee in the amount of $200.00, and the waiver of the noise permit fee of $25.00.

RECOMMENDED ACTION

Adopt the attached resolution allowing use of Lyman Park subject to a City encroachment permit, allowing the mobile food vendor, and waiving the encroachment and noise permit fees.

ATTACHMENTS

Attachment 1 – Resolution

Attachment 1

CITY OF ST. HELENA

RESOLUTION NO. 2016-____

APPROVING THE USE OF LYMAN PARK FOR MUSICAL ENTERTAINMENT EVENT TO INCLUDE A MOBILE FOOD TRUCK AND VENDORS AT LYMAN PARK BY THE ST. HELENA COMMUNITY BAND JULY 3, 2016 4:00 PM – 7:00 PM AND WAIVE ASSOCIATED FEES

RECITALS

A. The Municipal Code for the City of St. Helena does not allow or disallow mobile food vendors in areas designated as "Park District"; and

B. The St. Helena City Council has the authority to regulate the use of public property; and

C. This event will be open to the general community; and

D. The St. Helena Community Band has requested permission to host a musical concert and vendors at Lyman Park on July 3 2016, between the hours of 4:00 pm and 7:00 pm. This is a family friendly concert open to the general community. The Community Band has requested to include a food truck and a wine vendor during the event.

E. St. Helena Community Band promotes music appreciation and education in the community; and

F. St. Helena Community Band is requesting two Main Street parking spaces immediately adjacent to the park for a mobile food vendor. Parking in those spaces would be saved between the hours of 3:00 p.m. and 8:00 p.m. on event date for the purpose allowing a food truck to set up and serve; and

G. In consideration of the benefits of this event to the City, the City Council also desires to regulate the use of public property to include a mobile food vendor.

RESOLUTION

NOW, THEREFORE, the City Council of the City of St. Helena resolves as follows:

1. Permission is hereby granted to the St. Helena Community Band to use Lyman Park for their "Musical Picnic" events.
2. The encroachment permit fee of $200.00 and noise permit fee of $25.00 are waived.
3. The St. Helena Community Band can coordinate one mobile food vendor at the Musical Picnics.

4. Two parking spaces on Main Street are reserved for the mobile food vendor between 3:00 pm and 8:00 pm on July 3, 2016 upon receiving an encroachment permit from CalTrans if required.
5. Mobile food vendor must:
   a. Possess a valid City of St. Helena Business License; and
   b. Only operate business between 4:00 pm to 7:00 pm; and
   c. Possess a valid Napa County Health Permit.

I HEREBY CERTIFY that this Resolution was adopted at a regular meeting of the City Council held on May 10, 2016 by the following roll call vote:

Mayor Galbraith: ____________

Vice Mayor White: ____________

Councilmember Crull: ____________

Councilmember Dohring: ____________

Councilmember Pitts: ____________

APPROVED:

____

Alan Galbraith, Mayor

ATTEST:

____

Cindy Black, City Clerk

Item No: 14

Report to the City Council
Council Meeting of May 10, 2016

Agenda Section: **Consent Calendar**

Subject: **Consideration and proposed approval of a resolution accepting the work and directing the filing of the Notice of Completion for the Stonebridge Filter Rehabilitation Project, CIP W-102**

CEQA Status: **Categorically Exempt, Section 15301, Existing Facilities**

Prepared By: **Tobias Barr, Public Works Project Manager**
Steven Palmer, PE, Director of Public Works/City Engineer

Approved By: **Jennifer Phillips, City Manager**

BACKGROUND

The 2015-2020 Capital Improvement Plan included a budget of $210,000 for the Stonebridge Well Filter Rehabilitation project.

On September 8, 2015, City Council approved the Project Manual and authorized the project for Bidding. A notice inviting bids was posted and mailed to contractors. The low bid of $182,054 was received by Carbon Activated Corporation, and City Council awarded the project and authorized an increase in project budget of $53,541 from the Unrestricted Net Position of the Water Enterprise Utility Fund on October 27, 2015.

Carbon Activated Corporation has completed all work required by the contract, and the Project is ready for acceptance and filing of the Notice of Completion (NOC).

DISCUSSION

There are no changes from the original contract. There were no Change Orders during the project. Carbon Activated Corporation has completed the work and the Stonebridge Wells Facility is on-line and available for use.

FISCAL IMPACT

The total construction contract amount was $182,054. The Project is funded through the Capital Improvement Project W-102 Stonebridge Well Filter Rehabilitation. The original project budget was $210,000. Following design, bid and award, the project budget was increased by $53,541 to $263,541 in Resolution 2015-131 on October 27, 2015.

The Project Expenditure summary is provided in the table below:

Phase	Amount
Engineering & Inspection	$ 63,282
Final Plans and Closeout	$ 7,500
Construction Contract	$ 182,054
TOTAL COST	**$ 252,836**

The total Project CIP cost of $252,836 is within the approved adjusted project budget of $263,541 and there is no need for an additional budget adjustment.

RECOMMENDED ACTION

Approve the attached Resolution to accept the work and direct the filing of the Notice of Completion for Stonebridge Wells Filter Rehabilitation Project W-102.

ATTACHMENTS

1. Resolution
2. Notice of Completion

CITY OF ST. HELENA

RESOLUTION NO. 2016-____

Accepting the Work and Directing the Filing of the Notice of Completion for the Stonebridge Wells Filter Rehabilitation Project, W-102

RECITALS

A. On September 8, 2015, City Council awarded a contract for the Stonebridge Wells Filter Rehabilitation Project W-102 to Carbon Activated Corporation in the amount of $182,054; and

B. Carbon Activated Corporation completed the work in accordance with the contract documents for the project; and

C. If no liens or claims have been filed within 35 days of filing the Notice of Completion, the retained payment funds and any amount due will be released to Carbon Activated Corporation.

RESOLUTION

The City Council of the City of St. Helena hereby resolves as follows:

1. The work performed by Carbon Activated Corporation under the subject contract is accepted as complete.
2. The Public Works Director/City Engineer is authorized to prepare a Notice of Completion and the City Clerk is directed to file a Notice of Completion with the Napa County Recorder.

I HEREBY CERTIFY that this Resolution was adopted at a regular meeting of the City Council held on May 10, 2016 by the following roll call vote:

Mayor Galbraith: __________

Vice Mayor White: __________

Councilmember Crull: __________

Councilmember Dohring: __________

Councilmember Pitts: __________

APPROVED: ATTEST:

_______________________ _______________________

Alan Galbraith, Mayor Cindy Black, City Clerk

Recording Requested By:
City of St Helena
1480 Main Street
St Helena, CA 94574

Exempt From Recording Fees Per Government Code Sec. 27383

When Recorded Mail To:
City Clerk
City of St Helena
1480 Main Street
St Helena, CA 94574

SPACE ABOVE THIS LINE FOR RECORDERS USE ONLY

NOTICE OF COMPLETION

NOTICE IS HEREBY GIVEN THAT:

1 The undersigned is an owner of an interest of estate in the hereinafter described real property, the nature of which interest or estate is: fee simple.

2 The full name and address of the undersigned owner and of any and all co-owners are:

Name	Street and No.	City	State
City of St Helena	1480 Main Street	St Helena	CA

3 On the 22nd day of September, 2015, there was completed upon the hereinafter described real property a work of improvement as a whole and described as follows: **Stonebridge Wells Filter Rehabilitation CIP W-102**

4 The name of the original contractor for the work of improvement as a whole was: **Carbon Activated Corporation.**

5 The real property herein referred to is situated in the City of St Helena, County of Napa, State of California, and described as follows: **Stonebridge Municipal Water Well and Filter Facility.**

6 The street address of the property is: **990 College Avenue, St. Helena, California 94574 APN 009-070-027-000.**

By: ______________________________
Owner's Authorized Agent's Signature – Sign Before Notary

Steven Palmer, Public Works Director/City Engineer

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of ______________________________)

On ________________________ before me, ____
(insert name and title of the officer)

personally appeared ____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature ______________________________ **(Seal)**

THIS PAGE IS
INTENTIONALLY
BLANK

Item No: 15

Report to the City Council
Council Meeting of April 26, 2016

Agenda Section: Consent

Subject: Second reading and proposed adoption of ordinance to consider amendments to Title 17 "Zoning" of the Municipal Code (Attachment A) initiated by the City of St Helena to implement provisions of the City's adopted 2015-2023 Housing Element that require the City to 1) eliminate the requirement for a Use Permit for multiple family residential projects proposed in the "High Density" (HD) Residential District, and 2) eliminate the requirement for a Use Permit for multiple family housing projects proposed on "Key Housing Sites", as designated in the 2015-2023 Housing Element, that are located in the City's "Medium Density (MD) Residential District"

CEQA Status: Negative Declaration

Prepared By: Victor Carniglia, Planning Consultant

Reviewed By: Noah Housh, Planning Director NJH

Approved By: Jennifer Phillips, City Manager

BACKGROUND

History: The State Office of Housing and Community Development (HCD) requires all incorporated cities in California to periodically update the Housing Element of their General Plan. The most recent such update, known as the 5th Cycle 2015-2023 Housing Element update, was initiated by the City of St Helena in the Spring of 2014, consistent with direction from the State. A number of public workshops were held in 2014 and early 2015 to receive citizen input into the Housing Element update process. A draft of the updated 2015-2023 Housing Element was prepared in early 2015, and that draft was reviewed by the State Office of Housing and Community Development in March 2015. As part of this State review process, State HCD directed that the Zoning Code changes currently before the City Council be included as a requirement of the 2015-2023 Housing Element update. On May 26, 2015, the City Council adopted the 2015-2023 Housing Element. HCD several days later certified the City's Housing Element.

A copy of the State certified 2015-2023 Housing Element is available on the City web site. It should be noted that the Housing Element as posted on the web site consists of two documents. The first, and longer of the two documents, is the "Needs Assessment", which provides a wide range of economic and demographic data on housing in the Napa County area, and on St Helena in particular. The second part of the Housing Element is referred to as the "Goals, Policies, and Eight Year Action Plan Document". As the name implies, this is the part of the Housing Element that contains the various goals and policies the City has agreed to implement to meet the City's housing requirements ("click" the link below for a copy of the 2015-2023 Housing Element).

http://www.cityofsthelena.org/sites/default/files/St.%20Helena%20Housing%20Element%20Goals%20Policies%20and%20Programs%20Adopted%2005%2026%2015.pdf

The Planning Commission on April 5, 2016 considered the Zoning Code changes currently before City Council, and recommended approval of the changes through a series of unanimous motions. A number of residents attended and spoke at the April 5, 2016 Commission meeting, and expressed concerns over multiple family housing becoming a permitted use. While staff and the Commission explained the context to those in attendance, and the fact that the City has no real discretion given the State mandates, nevertheless a number of residents left the Commission meeting somewhat frustrated by the nature of the process.

State HCD Requirements: As City Council members are aware, and as just noted in the preceding section of this staff report, one of the key stipulations of State HCD is that the City is required to modify its Zoning Ordinance to allow multiple family housing as a "Permitted Use" rather than requiring a "Use Permit" in the City's "Medium Density" and "High Density" Zoning Designations. This distinction between a "Permitted Use" versus a "Use Permit" is a meaningful one. With a Use Permit the City has the discretion to deny a given type of use (such as a multiple family project), based on the issue of "use" and impacts associated with the type of "use". However, as a Permitted Use, while the City has the discretion to review and approve the design and layout of a proposed project, the project cannot be denied based on use.

During early 2015, as part of the Housing Element preparation process, the City was able to negotiate with the State the following key clarifications/modifications to HCD's request to eliminate the Use Permit requirement for multiple family housing, as described below:

- The City secured the concurrence of HCD to modify the geographic extent of the City's "Medium Density" Land Use Designation by introducing a new lower density land use category created to better fit the lower density character of existing development in the majority of St Helena's residential neighborhoods. This new lower density land designation, referred to as "Low/Medium Density Residential", is now being implemented as part of the General Plan update process.

- The second change agreed to be HCD, which is more directly relevant to the Housing Element related zoning matter currently before the City Council, is HCD agreed to a compromise that multiple family housing was only required to become a permitted use in the Medium Density Zoning Designation on the specific sites identified as "Key Housing Sites" in the City's 2015-2023 Housing Element. This was a reasonable change from both the perspective of HCD and the City, given the number of residential units that could potentially be developed on the City's Medium Density "Key Housing Sites" (approximately 100 residential units) as compared to the relatively low total target number of 31 residential units HCD allocated to be developed in St Helena during the eight year period (2015-2023) of the Housing Element.. More discussion of the Housing Opportunity sites is contained in the following "**Analysis**" section of this staff report.

- A final point to note in terms of background is that HCD was emphatic that multiple family housing had to be designated as a permitted use in the City "High Density Residential" Zone, irrespective of whether such high density sites were designated as "Key Housing Sites". As a result of the position taken by State HCD, this change to the City's High Density Zoning to designate multiple family housing a "Permitted Use" became a requirement of the City's Housing Element.

The geographic location of the City's current Medium and High Density Residential Districts can be seen on the General Plan/Zoning Map, which is available on the City's web site. A map showing the location of the Housing Element "Key Housing Sites" is attached (Attachment B), along with a list identifying the "Key Housing Sites" (see Attachment C). This map and list are taken from the 2015-2023 Housing Element.

The introduction and first reading was held on April 26, 2016

DISCUSSION

Proposed Zoning Code Changes: As just discussed in the "Background" section of this staff report, the City adopted Housing Element contains wording required by the State committing the City to making certain specific changes to the City Zoning Code in relation to multiple family housing. This wording is embodied in Housing Element "Implementing Action HE1.D", which is located on pg 242 of the adopted 2015 to 2023 Housing Element. A copy of the full text of "Implementing Action HE1.D" taken from the Housing Element is attached to facilitate reference (See Attachment C). This "Implementing Action" contains in part the following wording:

"The City will eliminate the current requirement for a Use Permit for multiple family residential projects proposed in the High Density Residential District, and for the Key Housing Sites in the Medium Density Residential District that are listed in the available land inventory (Table 42) of the Housing Element".

Key Housing Sites: The term "Key Housing Sites" (sometimes referred to as "Housing Opportunity Sites") is used in Housing Elements to refer to properties in a community that are considered to be the best locations on which to develop higher density multiple family housing in the future due to a number of factors, including geographic location, proximity to City services, lack of significant environmental constraints, appropriate zoning etc. It is important to note that the State does not take into account the current plans of the property owner in making this determination of suitability as a "Key Housing Site".

It should also be emphasized that while the City can negotiate what sites within the City are classified as "Key Housing Sites", this negotiation must inherently take place in the context of an update to the Housing Element. As a result, it would not be appropriate as part of this zoning amendment for the City to pick and choose between which "Key Housing Sites" multiple family housing will or will not be a permitted use. This decision as to what properties are identified as Key Housing Sites" was committed to when the City adopted the Housing Element in May of last year.

A final point on this issue is when the City adopted the 2015-2023 Housing Element, the City carried forward the properties that were depicted as "Key Housing sites in the 2009-2014 Housing Element. As a result, no new Key Housing Sites were added as part of the 2015-2023 Housing Element update process.

Proposed Wording Changes to the Zoning Code: In order to achieve the zoning changes as dictated by Housing Element Implementing Action HE1.D, the following wording changes are proposed to the Zoning Code (Attachment A contains the proposed Zoning Ordinance changes):

- Chapter 17.40: Medium Density Residential (MR) District:
  Section 17.040.020: Permitted Uses: Add a new Section 17.40.020.N, as follows: "*Multiple family dwellings, apartments, and dwelling groups at a density up to the maximum allowed by the Medium Density Residential District, shall be allowed as a permitted use on the following MR zoned parcels, which are identified as "Key Housing Sites" in Table 42 of the City's 2015-2023 Housing Element , and are identified as follows by street address and Assessor's Parcel Number (APN); 567 Pope St. APN 009-070-002; 591 McCorkle Ave. APN 009-070-003; 1817 Spring St. APN 009-322-009; Sulphur Springs Ave. APN 009-362-015; Spring St. APN 009-441-023&009-552-002; 576 Pope St. APN 009-552-003; 1105 Pope St. APN 009-090-003.*

- Chapter 17.44: High Density Residential (HR) District:
  Section 17.44.020 Permitted Uses: Delete the following wording from Section 17.44.020.C; "*containing four units or less.*"

  Section 17.44.030: Conditional Uses: Delete the following wording from Section 17.44.030.B; "*Multiple family dwellings, apartments, and dwelling groups containing more than four units*".

As a result of the preceding proposed changes, multiple family housing will be allowed as a Permitted Use within all properties located in the "High Density Residential (HR)" Zoning District, and also as a Permitted Use on the seven properties in the "Medium Density (MR)" Zoning District as identified on Table 42 of the Housing Element as "Key Housing Sites".

Issue of Design Guidelines: The text of "Implementing Action HE1.D", in addition to requiring the changes to the zoning as just described, also references the need for the City to develop Design Guidelines applicable to the various residential neighborhoods in the City (see text of Attachment D). In May 2015 when the Housing Element was approved, it was anticipated that the City's General Plan update would be adopted, and that the Design Guidelines would be in place concurrently with the change to the Use Permit requirement for multiple family housing. In hindsight, this expectation of the timing of the adoption of the General Plan update, and the timing of the formulation and subsequent approval of Design Guidelines, was not realistic.

In order to address this requirement of "Implementing Action HE1.D", it is staff's intent, once the General Plan update is adopted, to begin the process of developing the Design Guidelines as envisioned. It should be noted that the text of the Draft General Plan Update contains a policy requiring the City to prepare Design Guidelines that would be inclusive of all types of development in the City, and not just the City's residential neighborhoods as called for in the Housing Element.

Deadline for Action by City: A final point to mention is that "Implementing Action HE1.D" of the Housing Element requires that the deletion of the Use Permit requirement for multiple family housing must be complete by May 31, 2016. In order to meet this deadline, it is important that the City Council take action on the proposed changes to the zoning at the April 26, 2016 City Council meeting. Assuming City Council action on April 26, 2016A second reading of the Zoning Code changes would take place at the Council meeting of May 10, 2016.

CEQA Status: The adequacy of a Negative Declaration previously prepared for the City's 2015 to 2023 Housing Element Update, was recommended for approval by the Planning Commission on May 5, 2015 and was adopted by the City Council on May 26, 2015. This previously certified Negative Declaration is being utilized to address the environmental effects of the proposed modifications to the City's Zoning Code, as the Zoning Code amendments implement requirements of the previously adopted Housing Element. A copy of this Negative Declaration is attached (see Attachment E)

OPTIONS

With this agenda item, the City is implementing a provision of the City's adopted Housing Element that was agreed to by the City and State HCD in May 2015. As a result, the City has little latitude other than designating multiple family housing as a permitted use as described in this staff report. The only way to remove the obligation to modify the zoning as described in this report would be to amend Implementing Action

HE1.D of the City's Housing Element. However, unless State HCD agreed with such a change, which is very unlikely, the State could decertify the City's Housing Element with negative consequences for the City.

FISCAL IMPACT

While there is no direct fiscal impact of the proposed Zoning Code changes, there is the potential for a significant negative fiscal impact. If the City Council decides to deny the proposed zoning Code changes, or delays taking action on them, the City runs the risk of legal exposure likely brought by Housing Advocates. The City Attorney has informed staff of an instance where a Bay Area City, in this case the City of Pleasanton, faced in many respects a similar situation to the one facing he City of St Helena. However, the City of Pleasanton, instead of adopting Zoning Code changes required by their adopted Housing Element, voted not to adopt the Code changes. The City was subsequently sued by Housing Advocates. Although the City defended the lawsuit, the parties suing the City prevailed. The City was forced to pay attorney's fees, and in addition, as a consequence the City's refusal to implement Housing Element requirements, the City's land use authority was suspended and taken over by the State for a period of time.

RECOMMENDED ACTION

Staff recommends that the City Council take the following actions, as also recommended by the Planning Commission on April 5, 2016:

1. Find the previously adopted Negative Declaration adequate to address the environmental aspects of the proposed changes to the Zoning Code,

2. Hold second reading and adopt the proposed Ordinance by title only the amendments to the City's Zoning Code as described in this staff report and as contained in the attached Ordinance amending "Title 17: Zoning" of the City's Municipal Code, Section 17.40 Medium Density Residential and Section 17.44 High Density Residential.

ATTACHMENTS

A. Ordinance containing Zoning Code Amendments
B. Map depicting Housing Opportunity Sites
C. List of Housing Opportunity Sites
D. Housing Element Implementing Action HE1.D
E. Copy of Negative Declaration

Attachment A

CITY OF ST. HELENA

ORDINANCE NO. ______

AMENDING CHAPTERS 17.40 AND 17.44 OF THE ST. HELENA MUNICIPAL CODE TO ADD A NEW SUBSECTION 17.40.020 N, AND TO AMEND SECTIONS 17.44.020 AND 17.44.030, RELATING TO USE PERMIT REQUIREMENTS FOR MULTIPLE FAMILY HOUSING.

The City Council of the City of St. Helena does hereby ordain as follows:

SECTION 1. Amendment of Section 17.40.020: St. Helena Municipal Code Section 17.40.020 is hereby amended to add a new subsection N to read as follows:

"N. Multiple family dwellings, apartments, and dwelling groups at a density up to the maximum allowed by the Medium Density Residential District, shall be allowed as a permitted use on the following MR zoned parcels, which are identified as "Key Housing Sites" in Table 42 of the City's 2015-2023 Housing Element , and are identified as follows by street address and Assessor's Parcel Number (APN); 567 Pope St. APN 009-070-002; 591 McCorkle Ave. APN 009-070-003; 1817 Spring St. APN 009-322-009; Sulphur Springs Ave. APN 009-362-015; Spring St. APN 009-441-023&009-552-002; 576 Pope St. APN 009-552-003; 1105 Pope St. APN 009-090-003."

SECTION 2. Amendment of Section 17.44.020 C: St. Helena Municipal Code Section 17.44.020 C is hereby amended to read as follows:

"C. Multiple-family dwellings, apartments and dwelling groups ~~containing four units or less~~ consistent with the density requirements of this chapter;"

SECTION 3. Amendment of Section 17.44.030: St. Helena Municipal Code Section 17.44.030 is hereby amended to read as follows:

"**17.44.030 Conditional uses.**

The following uses require approval of a use permit as regulated by Chapter 17.168:

A. New construction of one single-family dwelling on parcels where the minimum density is two units or greater, pursuant to Section 17.44.060;

~~B. Multiple-family dwellings, apartments and dwelling groups containing more than four units;~~

B. Small lot development meeting the standards of Chapter 17.112;

C. Flag lot development subject to the provisions of Chapter 17.112;

Exhibit 1

D. An accessory building or structure with toilet plumbing and/or cooking facilities, and consistent with the provisions of Section 17.116.030;

Residential condominium or townhouse projects subject to the provisions of Chapter 17.112; provided, that the density and development standards of the HR district shall be observed. The minimum lot size of the HR district shall not apply to an individual dwelling lot, airspace unit or common area lot in a condominium project;

E. Bed and breakfast inns when located in an existing residential dwelling subject to the provisions of Chapter 17.132;*

F. Utility substations;

G. Day care facility serving seven or more children;

H. Intermediate care facility or developmentally disabled nursing facility serving seven or more persons;

I. Residential facility serving seven or more persons;

J. Other similar uses found consistent with the general plan and the HR district pursuant to Chapter 17.08.

* Note: The city has established a limit on the number of transient occupancy rooms permitted in the city."

SECTION 4. The City Council hereby finds that the action to adopt this Ordinance to amend Sections 17.040.020, 17.44.020 C and 17.44.030 of the St. Helena Municipal Code is in compliance with the findings and requirements of the City of St Helena Housing Element Negative Declaration, which was recommended for adoption on May 5, 2015, by the St Helena Planning Commission and adopted by the City Council on May 26, 2015. Further, the City Council finds that the zoning code amendments are consistent with the allowances and requirements of CEQA Section 15183, in that they implement previously approved elements of the adopted and certified 2015-2023 Housing Element Update. Finally this action is considered a determination made regarding the City's regional housing needs as identified in Government Code Section 65584 and is therefore also exempt under CEQA Section 15282 (r).

In addition, the City Council hereby further finds that the action to adopt this Ordinance is exempt from the provisions of CEQA because the City Council hereby finds that it can be seen with certainty that there is no possibility the adoption and implementation of this Ordinance may have a significant effect on the environment, and the Ordinance is further exempt from CEQA pursuant to CEQA Guidelines Sections 15061(b)(1), 15061(b)(2), and 15061(b)(3).

SECTION 5. Severability. The City Council hereby declares every section, paragraph, sentence, cause and phrase is severable. If any section, paragraph, sentence, clause or phrase of this ordinance is for any reason found to be invalid or unconstitutional, such invalidity, or unconstitutionality shall not affect the validity or constitutionality of the remaining sections, paragraphs, sentences, clauses or phrases.

SECTION 6. Inclusion in the St. Helena Municipal Code. It is the intention of the St. Helena City Council that the text of the amendments to Sections 17.040.020, 17.44.020 C and 17.44.030 B be made a part of the St. Helena Municipal Code and that the text may be renumbered or relettered and the word "Ordinance" may be changed to "Section," "Chapter," or such other appropriate word or phrase to accomplish this intention.

SECTION 7. Effective Date. This ordinance shall take effect and be in force 30 days after its adoption, and a summary of this ordinance shall be published once with the names of the members of the Council voting for and against the ordinance in the St. Helena Star, a newspaper of general circulation published in the city of St. Helena.

THE FOREGOING ORDINANCE was introduced at a regular meeting of the St. Helena City Council on the __th day of ________ 2016, and was adopted at a regular meeting of the St. Helena City Council on the ___th day of _____, 2016, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Alan Galbraith, Mayor
ATTEST:

CITY OF ST. HELENA

Cindy Black, City Clerk

I, CINDY BLACK, CITY CLERK of the City of St. Helena, California, do hereby certify that the foregoing Ordinance was regularly introduced and placed upon its first reading at a regular meeting of the City Council on the ___th day of ____, 2016. That thereafter said Ordinance was duly adopted and passed at a regular meeting of the City Council on the ___th day of _____, 2016 by the following vote:

AYES:
NOES:
ABSENT:

Attachment B and C

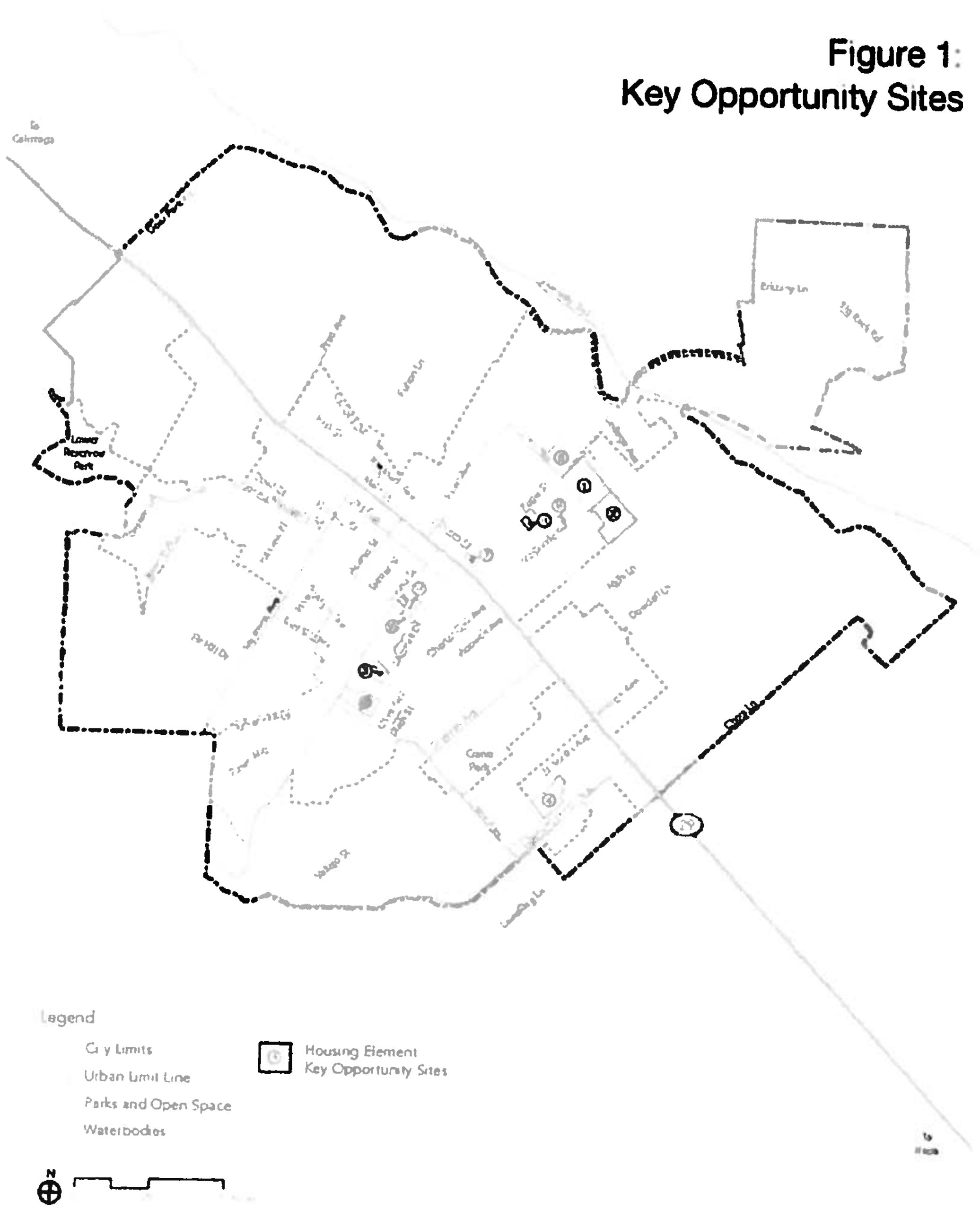
Table 42: Available Land Inventory Summary, Key Housing Sites

Site Number	APN	Address	Current Zoning (a)	Current Gen. Plan (b)	Acreage	Allowable Density (du/ac) Min.	Allowable Density (du/ac) Max.	Potential Unit Capacity Min.	Potential Unit Capacity Max.	Existing Use	Infrastructure Capacity	Environmental Constraints	Realistic Unit Capacity at Min. Density(c)
Medium Density													
1	009-070-002	567 Pope St.	MR	MDR	10.0	5.1	16	51	160	Vacant	Part of the parcel needed for Starr Ave. extension. Water, sewer, and storm drain available.	None Currently identified	51
2	009-070-003	591 McCorkle Ave	MR	MDR	7.9	5.1	16	40	127	Ranch and Vineyard	Water, sewer, and storm drain available.	None Currently identified	40
3	009-322-009	1817 Spring St.	MR	MDR	1.5	5.1	16	8	24	Vacant	Water, sewer, and storm drain available.	None Currently identified	8
4	009-362-015	Sulphur Springs Ave.	MR/AG	MDR/AG	5.3/10.0	5.1	16	27	85	Vineyard	Extend sewer lines to site. Increase access with new road to Sulphur Springs Ave. Not completely within Urban Limit Line.	None Currently identified	27
5	009-441-023	Spring St.	MR	MDR	4.4	5.1	16	22	70	Vineyard	Water, sewer, and storm drain available.	None Currently identified	22
6	009-552-002 009-552-003	576 Pope St.	MR	MDR	4.6	5.1	16	24	74	Vineyard	Water, sewer and storm drain available.	None Currently identified	24
7	009-090-003	1105 Pope St.	MR	MDR	0.2	5.1	16	1	3	Single-family residence	Water, sewer and storm drain available.	None Currently identified	8 (d)
Medium Density Total								173	543				180
High Density													
8	009-502-007	684 McCorkle Ave.	HR	HDR	0.5	16.1	28	9	12	City-owned	Water, sewer and storm drain available.	None Currently identified	9
9	009-590-010	1515 Spring St.	HR	HDR	0.9	16.1	28	14	25	Single-family residence	Water, sewer and storm drain available.	None Currently identified	14
10	009-590-003	1447 Spring St.	HR	HDR	1.5	16.1	28	24	42	Single-family residence	Water, sewer and storm drain available.	None Currently identified	24
11	009-503-001	821 Pope St.	HR	HDR	1.0	16.1	28	15	27	Single-family residence	Water, sewer and storm drain available.	None Currently identified	15
High Density Total								62	106				62

Notes:
(a) AG = Agriculture, CB = Central Business, HR = High Density Residential, MR = Medium Density Residential.
(b) AG = Agriculture, CB = Central Business, HDR = Higher Density Residential, MDR = Medium Density Residential.
(c) Based on minimum density requirements where appropriate.
(d) Number of units based on approved project.
(e) Number of units based on conceptual designs submitted by property owner.

Sources: City of St. Helena staff, June 2014.

Figure 1: Key Opportunity Sites



HE1.D Revise the permitting process to streamline the review of affordable housing and market rate multifamily projects. The City will establish different design guidelines for various neighborhoods in the City in order to provide appropriate guidelines for neighborhood character. The design guidelines will address architectural character, building materials, appropriate "massing" of structures, parking, tree planting/ preservation, mitigating visual impacts, and preserving vineyard views, among other design issues. The City will prioritize the adoption of design guidelines for the Affordable Housing and Mixed-Use overlay zones, should such zones be adopted, as well as for the high density residential zone and key sites in the medium density residential zone. Design guidelines will facilitate and not hinder the production of units affordable to lower-income households. Upon adoption of design guidelines for multifamily projects, the City will eliminate the current requirements for a use permit for multifamily projects in the high density residential district and for the key housing sites in the medium density residential district that are listed in the Available Land Inventory Summary, Table 42, in the Housing Element Needs Assessment. Concurrently, the City will evaluate redesignating and rezoning medium density parcels, other than those listed in the Available Land Inventory Summary (Table 42), with a land use designation that better reflects the type and character of existing development. In addition, the City will eliminate, as appropriate, use permit requirements for multifamily projects for the remaining parcels in the medium density residential district. The City will adopt multifamily design guidelines and eliminate CUP requirements by no later than May 31, 2016. This timing will allow the City to first complete the update and adoption of the 2030 General Plan. Once the General Plan is adopted, the City can begin work on establishing design guidelines for the zones established in the General Plan.

HE1.E Work with private property owners/developers to plan for road and utility improvements necessary to support housing on key opportunity sites, in the event these sites are developed. Funding for off-site improvements will be provided through development impact fees.

HE1.F Fast-track housing developments that meet lower income and special housing needs. Ensure that housing development proposals that meet the needs of lower income households and special needs groups, such as seniors, people with disabilities, farmworkers, and homeless families and individuals, receive the highest priority and quickest turn-around possible in the development review process.

HE1.G Improve and enhance the local preference policy to possibly include people needed for work during city emergencies. The current local preference policy gives weighted preference to local residents as regulated affordable housing units become available. This benefit will be extended to persons employed in

SUMMARY OF CITY OF PLEASANTON AFFORDABLE HOUSING//HOUSING ELEMENT LITIGATION

In 2006, affordable housing advocates sued the City of Pleasanton challenging (1) the validity (under the State Constitution and Housing Element Law) of the City's "hard" housing cap of 29,000 total residential units, and (2) the City's failure to implement one of the programs (requiring the City to rezone certain of its "opportunity sites" to accommodate affordable residential development) contained in the City's Housing Element. After some procedural wrangling (the case was initially dismissed on procedural grounds but later reinstated by the Court of Appeal), the case was tried before the Alameda County Superior Court, which tentatively ruled against the City on both claims.

Before the ruling became final, the parties engaged in settlement negotiations. During that time, the City's entire permitting process was effectively shut down; the City was prohibited from issuing any building permits without the permission of the affordable housing advocate plaintiffs. The parties reached a settlement that required:

- the elimination of the Housing Cap from the City's General Plan;
- the rezoning of three sites for high-density residential use, including at least 130 units affordable to very-low income households;
- the completion of a new Housing Element within one year;
- the adoption of a non-discrimination resolution to require the City to take affirmative steps to support the development of certain affordable housing; and
- the payment of $1.9M in attorneys' fees.

Initial Study/Negative Declaration

For the

The City of St. Helena General Plan Housing Element Update

City of St. Helena

April 2015

PREPARED BY

City of St. Helena Planning Department

TABLE OF CONTENTS

LIST OF FIGURES

NEGATIVE DECLARATION (DRAFT)

TO: X Office of Planning and Research
1400 Tenth Street, Room 121
Sacramento, CA 95814

___ County Clerk, Napa County

FROM: City of St. Helena Planning Department
1480 Main Street
St. Helena, CA 94574

Project Title: St. Helena General Plan Housing Element Update

Proponent: City of St. Helena

Project Location: St. Helena, CA 94574

Project Description: The project is a proposed update of the 2009 City of St. Helena General Plan Housing Element. The Housing Element establishes housing objectives, policies and programs in response to community housing conditions and needs. The Housing Element Update is a comprehensive statement by the City of St. Helena of its current and future housing needs and proposed actions to facilitate the provision of housing to meet those needs. The proposed Housing Element is a policy level document. It provides policy direction for the implementation of various programs to accommodate the housing needs of projected population growth, and to encourage the production of housing units in a range of prices affordable to all income groups. The proposed Housing Element is consistent with the adopted City of St. Helena General Plan. No development is being permitted under the proposed Housing Element where it is not permitted now, and all new development under the proposed Housing Element is proposed in areas already designated for residential or commercial development. The City's housing goal is to promote the social and economic diversity of the City by encouraging safe and affordable housing for all social and economic segments of the community. The proposed Housing Element contains policies and programs and a vision for a community with a diversity of housing types for residents of all ages and all income levels. The guiding principles of the Housing Element include:

- Cooperate and coordinate with other cities, local non-profit housing organizations, private developers, and property owners to provide affordable housing.
- Recognize the limited opportunities to provide new housing in St. Helena; capitalize on every possible resource to meet the housing needs of the community.
- Preserve and maintain existing housing.
- Expand the opportunity for housing available to persons of low- and moderate-income, especially the elderly, educators, health care givers, employees in local businesses, and public employees, to the limit possible within existing constraints.
- Support the creation of more affordable housing units for both above-moderate and limited-income groups and recognize the demographic trends in the community that must be planned for.
- Provide for variety in housing types and prices.
- Relate housing growth to the capacity of the City's infrastructure and high community standards of aesthetics in harmony with the environment.
- Involve citizens in updating and carrying out housing plans.

Finding: **Based on the attached Initial Study, it has been determined that the proposed project would not result in a significant, adverse environmental effect.**

Signature: ______________________ 4-13-15
Aaron Hecock, AICP **Date**
Planner
City of St. Helena
1480 Main Street
St. Helena, CA 94574

A. PROJECT DESCRIPTION

1. **Project Title:** City of St. Helena General Plan Housing Element Update (Fifth Cycle; Planning Timeframe 2015-2023)

2. **Lead Agency Name and Address:**
   City of St. Helena
   1480 Main Street
   St. Helena, CA 94574

3. **Contact Person and Phone Number:**
   Aaron Hecock, Planner (707) 967-2792 aaronh@cityofsthelena.org

4. **Project Location:**
   St. Helena, CA

5. **Project Sponsor's Name and Address:**
   City of St. Helena
   1480 Main Street
   St. Helena, CA 94574

6. **Person Preparing the Submission/Initial Study Checklist**
   Aaron Hecock, AICP
   Planner – City of St. Helena
   1480 Main Street
   St. Helena, CA 94574
   Phone: (707) 967-2792
   Fax: (707) 963-7748
   Email: aaronh@cityofsthelena.org

7. **Assessor Parcel No.** City-wide project.

8. **Type of Approval Sought:** Adoption of updated General Plan Housing Element for the City of St. Helena.

9. **Size of Subject Property:** City-wide project.

10. **Present and Previous Use of Site or Structures:** Vacant, industrial, commercial and residentially developed parcels throughout St. Helena.

11. **General Plan Designation:** Various City-wide land use categories that allow residential uses. This is a proposed update of the City of St. Helena General Plan that would supersede and replace the Housing Element adopted in 2009.

12. **Zoning:** Various vacant, industrial, commercial and residential Zoning designations.

13. **Project Setting/Description of Project:** The City of St. Helena is centrally located in Napa County and sits at the heart of the upper Napa Valley, a region known for its diverse soils, microclimates, and

success as a center for agriculture and the wine-making industry (see Figure 1). Located approximately 65 miles north of San Francisco and 77 miles west of Sacramento, the City is proximal to Northern California's major urban centers. State Route 29 connects St. Helena to other communities in the Valley, including Calistoga to the north and Yountville, Napa and American Canyon to the south. The City serves as a commercial and business center for the surrounding towns and unincorporated areas, including Calistoga, Angwin, Deer Park, Rutherford and the unincorporated area south of St. Helena. St. Helena's Planning Area and Sphere of Influence encompass the entire City, a land area of 3,024 acres. The City is bisected by State Route 29. The development pattern within this area includes an abundance of agricultural lands, business and industrial uses serving agricultural, single and multi-family residential neighborhoods, and a downtown that serves as the commercial center for the City and surrounding communities. The City of St. Helena has an estimated population of 5,814 persons in 2010 (U.S. Census).

Major economic drivers in St. Helena include agriculture, wine-making, tourism and education. Several wineries are located within St. Helena, providing jobs and economic benefits associated with tourism. Educational institutions located in the City, such as the Culinary Institute of America and the Napa Valley College Upper Valley Campus, provide jobs and educational opportunities for the area.

Famous for its scenic Napa Valley location, fine wineries and historic Main Street, St. Helena seeks to protect its small-town, agricultural character through a coordinated approach to growth management and land use planning. The City has developed an urban limit line to control and limit development in order to ensure that prized agricultural and open space lands remain for future generations.

Land in St. Helena is classified according to four broad land use categories: Residential Areas; Commercial and Mixed-use Areas; Business and Industrial Areas; and Community and Natural Resource Areas. The City has a variety of residential areas that include single family, multi-family and secondary residential housing options. These neighborhoods support a range of lifestyles at a broad range of household income levels. Higher density, infill development can expand housing options citywide and create mixed use areas with retail in the heart of the City. St. Helena has a number of commercial areas that include retail and commercial services. Businesses serve tourists, City residents and residents of the unincorporated agricultural areas that have traditionally traveled to St. Helena to shop for goods and services. In the City's historic Central Business District, a small amount of higher-density, mixed-use development that is context appropriate can expand housing options while also supporting additional retail and commercial services.

All California cities and counties are required to have a Housing Element included in their General Plan that establishes housing objectives, policies and programs in response to community housing conditions and needs. The proposed Housing Element Update is a comprehensive statement by the City of St. Helena of its current and future housing needs and proposed actions to facilitate the provision of housing to meet those needs. The proposed Housing Element is a policy level document. It provides policy direction for the implementation of various programs to accommodate the housing needs of projected population growth, and to encourage the production of housing units in a range of prices affordable to all income groups.

The public outreach component of the Housing Element update process began with a community workshop held on April 29, 2014 to solicit comments from the community on directions for the Housing Element. This input helped identify key issues and strategic directions to pursue in the Housing Element update.

The City's 2009 Housing Element was adopted by the City Council in August 2009 and was later certified by the California Department of Housing and Community Development (HCD). Due to the certified status of the current Housing Element, and the minor revisions required for this update, the proposed Element qualified for the "streamlined" review process through the State Department of Housing and Community Development. The adopted 2009 Housing Element, as amended to the preparation of this Initial Study, the current St. Helena General Plan and the current St. Helena Zoning Ordinance serve as the "baseline" for environmental review purposes. A mitigated negative declaration was adopted for the 2009 General Plan and Housing Element.

Key changes proposed in the 2015 update (project) from the adopted 2009 Housing Element include the following:

Key Changes from the 2009 Housing Element

The current update builds upon the 2009 Housing Element as the starting point. As with the 2009 Housing Element, the updated housing element contains two separate documents, a Housing Needs Assessment and Housing Element Goals, Policies and Eight-Year Action Plan. Many changes are updates reflecting what has happened over the past few years. Key changes from the 2009 Housing Element include the following:

(A) Updated Data on Employment, Housing and Population Projections, Housing Needs, and Affordability. The updated housing element contains updated statistics and analysis of housing issues per State law. The projections in the draft Housing Element are consistent with the most recent Association of Bay Area Governments (ABAG) Projections published in 2013.

(B) Updated Information on Governmental and Non-Governmental Constraints. The draft housing element contains updated information on the City's efforts to remove constraints identified in the 2009 Housing Element. In particular, the element discusses the City's adoption of zoning amendments to: allow emergency shelters for the homeless in the Industrial (I) and Service Commercial (SC) zoning districts as a permitted use; allow transitional and supportive housing in all zoning districts that allow residential uses, subject to the same regulations as other housing of the same type in the same zone; allow agricultural employee housing for 6 or fewer employees in all residential zoning districts; allow agricultural employee housing of up to 36 beds or 12 units as a permitted use in the Agricultural (A-20) and Agricultural Preserve (AP) Zoning Districts; allow single room occupancy housing as a permitted use in the High Density Residential (HR) District; provide a procedure to allow for persons with disabilities to seek reasonable accommodation from zoning laws, rules and regulations pertaining to housing; and ensure priority water and sewer service for developments that include affordable housing for lower income households. No new housing constraints were identified.

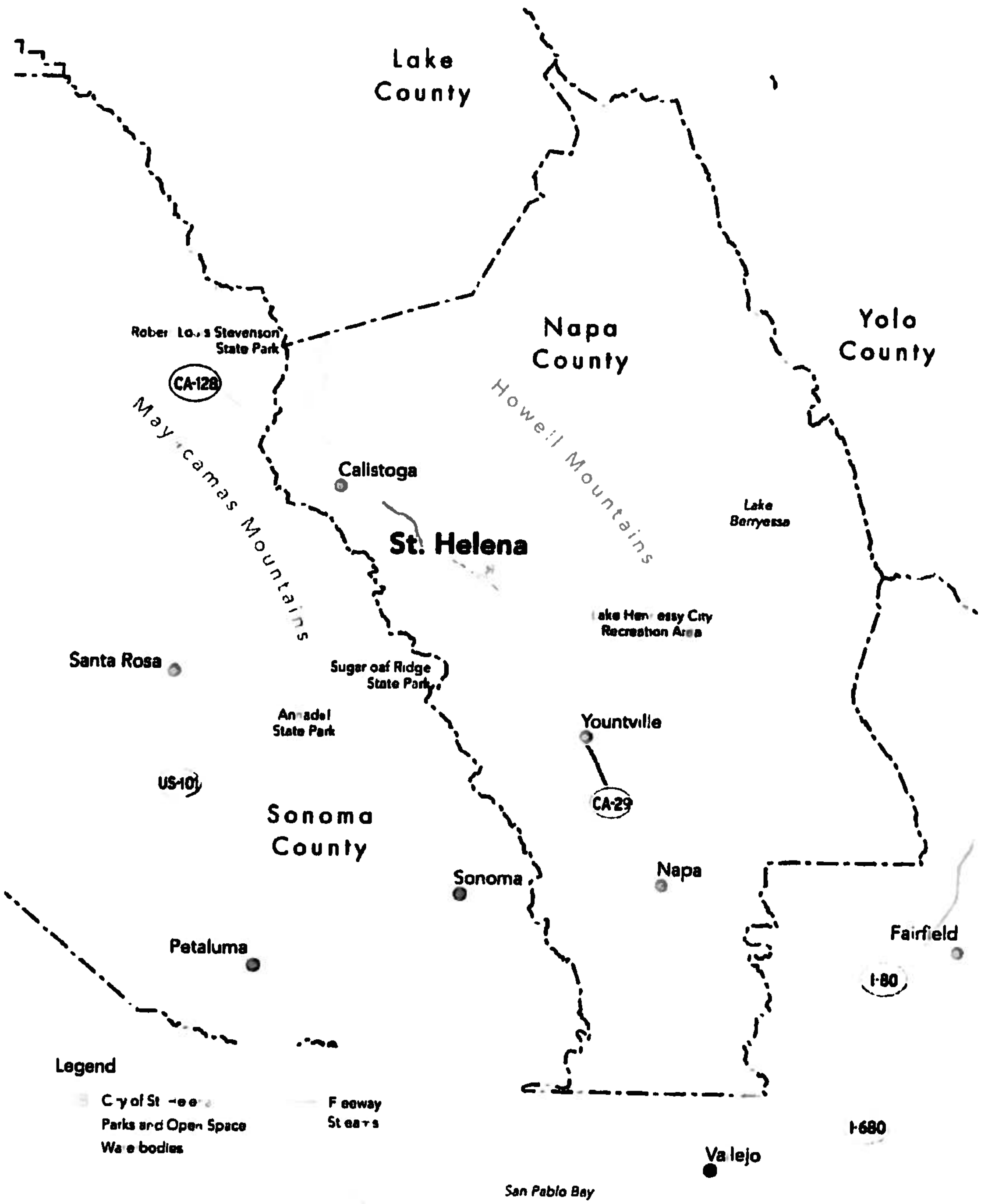
(C) Identification of Sites and Strategies for Housing. The draft element contains an updated listing of medium and high density sites available for new housing over the 2015-2023 period. In particular, the Hunter property and the Library/Adams site have been moved to the "Other Vacant/Underutilized Sites" table (Table 43). In addition, the 821 Pope St. site was moved to the "Key Housing Sites" table (Table 42) and the 1105 Pope St. site was added to this table. A description of the key housing opportunity sites is found beginning on page 130 of the Housing Needs Assessment.

(D) Review of the Previous Element. The City has been effective in implementing several programs contained in the 2009 Housing Element (see pages 5-20 of the draft Housing Needs Assessment), including the zoning ordinance amendments described above. Staff recommends many of the programs that have not yet been implemented to be carried forward to the next planning period.

(D) Revised Policies and Programs
The updated housing element includes many of the programs that were included in the 2009 Housing Element. Several programs were either deleted or modified because the City had accomplished the program actions. Based on public input from the April Community Workshop, one new program was added, as follows:

HE4.F Pursue additional funding for affordable housing. Explore other options for affordable housing funding, including a real estate transfer tax and Housing Trust Fund contributions from the wine and hospitality industry in Napa Valley.

15. **Other agencies or utility providers whose approval is required (e.g., permits, financing approval, or participation agreement.):** Review by the State of California Housing and Community Development Department (HCD), although the project does not require HCD approval or the approval of any other state or local agency. There are no responsible or trustee agencies for this project pursuant to CEQA.



SOURCE City of St Helena, Napa County
Map Revised: January 2010

St. Helena General Plan Update EIR . 210147

Figure 1
Regional Setting

ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED:

The environmental factors checked below would be potentially affected by this project, involving at least one impact that is a "Potentially Significant Impact" as indicated by the checklist on the following pages.

☐ Aesthetics	☐ Agriculture and Forestry	☐ Air Quality
☐ Biological Resources	☐ Cultural Resources	☐ Geology/Soils
☐ Greenhouse Gas Emissions	☐ Hazards and Hazardous Materials	☐ Hydrology/Water Quality
☐ Land Use/Planning	☐ Mineral Resources	☐ Noise
☐ Population/Housing	☐ Public Services	☐ Recreation
☐ Transportation/Traffic	☐ Utilities/Service Systems	☐ Mandatory Findings of Significance

DETERMINATION:

On the basis of this initial evaluation:

☒ I find that the proposed project COULD NOT have a significant effect on the environment and a NEGATIVE DECLARATION will be prepared.

☐ I find that although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because revisions in the project have been made by or agreed to by the project proponent. A MITIGATED NEGATIVE DECLARATION will be prepared.

☐ I find that the proposed project MAY have a significant effect on the environment, and an ENVIRONMENTAL IMPACT REPORT is required.

☐ I find that the proposed project MAY have a "potentially significant impact" or "potentially significant unless mitigated" impact on the environment, but at lest one effect 1) has been adequately analyzed in an earlier document pursuant to applicable legal standards, and 2) has been addressed by mitigation measures based on the earlier analysis as described on attached sheets. An ENVIRONMENTAL IMPACT REPORT is required, but it must analyze only the effects that remain to be addressed.

☐ I find that although the proposed project could have a significant effect on the environment, because all potentially significant effects (a) have been analyzed adequately in an EARLIER EIR or NEGATIVE DECLARATION pursuant to applicable legal standards, and (b) have been avoided or mitigated pursuant to that earlier EIR or NEGATIVE DECLARATION, including revisions or mitigation measures that are imposed upon the proposed project, nothing further is required.

Aaron Hecock
Planner
City of St. Helena

4-13-15
Date

B. REFERENCES

The following is a list of references used in the preparation of this document. Each of the topics addressed in Section C, Evaluation of Environmental Impacts, includes a list of references by number. The numbers for the reference sources correspond with the sources that are listed below by number.

1. City of St. Helena General Plan
2. City of St. Helena Zoning Ordinance
3. Draft City of St. Helena Housing Element
4. Hazardous waste list website: http://www.dtsc.ca.gov/database/Calsites/Cortese_List.cfm.
5. State Planning and Zoning Law
6. National Pollution Discharge Elimination System (NPDES)
7. Composite Flood Hazard Areas - HUD National Flood Insurance Program
8. Field Inspection
9. Experience with other projects of this size and nature
10. Aerial Photography
11. Napa Countywide Plan
12. Bay Area Air Pollution Control District
13. California Natural Areas Coordinating Council Maps
14. U.S. Census
15. ABAG Projections
16. BAAQMD CEQA Guidelines Assessing the Air Quality Impacts of Projects and Plans
17. Department of Fish & Game
18. US Army Corps of Engineers
19. USGS Data Contribution
20. California Natural Diversity Database
21. State/Federal Environmental Standards
    - (a) Ambient Air Quality Standards
    - (b) Noise Levels for Construction Equipment
22. Federal Environmental Standards
    - (a) Water Quality Standards - 40 CFR 120
    - (b) Low-Noise Emission Standards - 40 CFR 203
    - (c) General Effluent Guidelines & Standards - 40 CFR 401
    - (d) National Primary & Secondary Ambient Air Quality Standards - 40 CFR 50

C. EVALUATION OF ENVIRONMENTAL IMPACTS

Note: For each topic listed below, a reference source was used to complete the Environmental Checklist. The reference sources are listed by number in Section B of this document.

1. Aesthetics Would the project have:				
	Potentially Significant Impact	**Less Than Significant with Mitigation Incorporated**	**Less Than Significant Impact**	**No Impact**
a) Have a substantial adverse effect on a scenic vista? (Sources: 1, 2, 3, 9, 10, 11)	☐	☐	☒	☐
b) Substantially damage scenic resources, including, but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway? (Sources: 1, 2, 3, 9, 10, 11)	☐	☐	☒	☐
c) Substantially degrade the existing visual character or quality of the site and its surroundings? (Sources: 1, 2, 3, 9, 10, 11)	☐	☐	☒	☐
d) Create a new source of substantial light or glare that would adversely affect day or nighttime views in the area? (Sources: 1, 2, 3, 9, 10, 11)	☐	☐	☒	☐

Discussion:

A substantial adverse effect to visual resources could result in situations where a project introduces physical features that are not characteristic of current development, obstructs an identified public scenic vista, or has a substantial change to the natural landscape. All new development under the proposed Housing Element would be consistent with the City's General Plan and current zoning. The revisions to the current 2009 Housing Element that are proposed in this project (the 2015 Housing Element) will not result in a significant increase in visual impacts over those identified in the mitigated negative declaration for the 2009 Housing Element, or more recently adopted CEQA documents. The proposed Housing Element will not affect scenic vistas or damage scenic resources because any new development, including possible homeless facilities, would be subject to the City's zoning and design review requirements intended to protect the visual character and quality of areas and to limit light sources on any property to avoid any new sources of substantial light or glare. The City's current development standards are consistent with the proposed Housing Element in the regulation of building height, setbacks, massing, and overall design in St. Helena. These general guidelines are to provide property owners and project designers certain basic development and design criteria in order to reinforce the desired building and character. No rezoning that would permit new or increased construction in areas near scenic vistas or State scenic highways is proposed in the 2015 Housing Element. Based on the above, the project would have a less than significant impact on aesthetics and visual resources.

Mitigation Measures. None Required.

2. Agriculture and Forestry Resources: Would the project:				
	Potentially Significant Impact	**Less Than Significant with Mitigation Incorporated**	**Less Than Significant Impact**	**No Impact**
a) Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use? (Sources: 1, 2, 3, 9, 10, 11, 12)	☐	☐	☐	☒
b) Conflict with existing zoning for agricultural use, or a Williamson Act contract? (Sources: 1, 2, 3, 12)	☐	☐	☐	☒
c) Conflict with existing zoning for, or cause rezoning of, forest land (as defined in Public Resources Code section 12220(g)), timberland (as defined by Public Resources Code section 4526), or timberland zoned Timberland Production (as defined by Government Code section 51104(g))? (Sources: 1, 2, 10, 12)	☐	☐	☐	☒

d) Result in the loss of forestland or conversion of forestland to non-forest use? (Sources: 1, 2, 10, 12)	☐	☐	☐	☒
e) Involve other changes in the existing environment that, due to their location or nature, could result in conversion of Farmland, to non-agricultural use? (Sources: 1, 2, 9, 10, 11, 12)	☐	☐	☐	☒

Discussion:

The proposed Housing Element does not change any boundaries or the potential for agricultural activities. There are no proposals contained in the proposed Housing Element to convert Prime Farmland or any farmland of unique or State-wide importance. In addition, there is no rezoning or development proposed on forest land or land or timber property zoned Timberland Production. There are also no proposals that would conflict with existing agricultural zoning or a Williamson Act contract, or result in the conversion of Prime Farmland, Unique Farmland, or Farmland of Statewide Importance to non-agricultural use, or conversion or loss of forest land. Based on the above, the proposed project would result in no impacts to agricultural or forest resources.

Mitigation Measures. None Required.

3. Air Quality Would the project:				
	Potentially Significant Impact	**Less Than Significant with Mitigation Incorporated**	**Less Than Significant Impact**	**No Impact**
a) Conflict with or obstruct implementation of the applicable air quality plan? (Sources: 1, 2, 3, 10, 12, 13, 17)	☐	☐	☐	☒
b) Violate any air quality standard or contribute substantially to an existing or projected air quality violation? (Sources: 1, 2, 3, 10, 12, 13, 17)	☐	☐	☒	☐
c) Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an	☐	☐	☒	☐

applicable federal or state ambient air quality standard (including releasing emissions which exceed quantitative thresholds for ozone precursors)? (Sources: 1, 2, 3, 10, 12, 13, 17)				
d) Expose sensitive receptors to substantial pollutant concentrations? (Sources: 1, 2, 3, 9, 10, 11, 12, 13, 17)	☐	☐	☒	☐
e) Create objectionable odors affecting a substantial number of people? (Sources: 1, 2, 3, 9, 10, 11, 12, 13, 17)	☐	☐	☐	☒

Discussion:

The project (updated Housing Element) would not conflict with or obstruct implementation of the *Bay Area Clean Air Plan* (BAAQMD, 2000). The project site (City of St. Helena) is within the San Francisco Bay Area Air Basin. The Bay Area Air Quality Management District (BAAQMD) is the regional government agency that monitors and regulates air pollution within the air basin. Three pollutants are known to exceed the state and federal standards in the Town: ozone, particulates (PM10), and carbon monoxide. Both ozone and PM10 are considered regional pollutants, because their concentrations are not determined by proximity to individual sources, but show a relative uniformity over a region. Carbon monoxide is considered a local pollutant, because elevated concentrations are usually only found near the source (e.g., congested intersections).

The proposed Housing Element will not generate more vehicle trips as compared with the 2009 Housing Element or create more vehicle trips than permitted under the City's current zoning or general plan. The number of dwelling units accommodated by the proposed Housing Element is less than that accommodated by the 2009 Housing Element. In addition, there are several City policies intended to address air pollutants and/or odors in the City. The number of dwelling units that could be developed under the proposed Housing Element would not result in significant cumulative impacts to air quality as growth and land use intensity are consistent with the City's current General Plan and current zoning. Development under the proposed Housing Element is also consistent with ABAG's projections for St. Helena. Since the proposed Housing Element is consistent with ABAG projections and the City's current General Plan and zoning, development under the proposed Housing Element will not conflict with or obstruct implementation of the applicable air quality plans.

The project would not expose sensitive receptors to substantial pollutant concentrations or create objectionable odors affecting a substantial number of people. Based on the above, the proposed project would result in no impact or less than significant impact to air quality.

Mitigation Measures. None Required.

4. Biological Resources Would the project:	**Potentially Significant Impact**	**Less Than Significant with Mitigation Incorporated**	**Less Than Significant Impact**	**No Impact**
a) Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service? (Sources: 1, 2, 3, 9, 10, 11, 12, 18, 22)	☐	☐	☒	☐
b) Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, regulations or by the California Department of Fish and Game or US Fish and Wildlife Service? (Sources: 1, 2, 3, 9, 10, 11, 12, 18, 22)	☐	☐	☐	☒
c) Have a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means? (Sources: 1, 2, 3, 9, 10, 11, 12, 18, 22)	☐	☐	☐	☒
d) Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites? (Sources: 1, 2, 3, 9, 10, 11, 12, 18, 22)	☐	☐	☒	☐

Discussion:

Depending on the location, any future urban development in the City has the potential to affect important biological resources by disturbing or eliminating areas of remaining natural communities. This could include (a) a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service, (b) a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, regulations or by the California Department of Fish and Game or US Fish and Wildlife Service, (c) a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act, or (d) interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites. However, the proposed Housing Element would not modify the location or amount of residentially-designated land allowed in the City's current General Plan and zoning. All new development under the proposed Housing Element would be consistent with the General Plan and current zoning, and would be consistent with local policies or ordinances protecting biological resources, and would not conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan. Biological impacts would not be intensified over those analyzed in the 2009 Housing Element mitigated negative declaration. Based on the above, the proposed project (2015 Housing Element update) would result in no impact or less than significant impact to biological resources.

Mitigation Measures. None Required.

5. Cultural Resources

Would the project:

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Cause a substantial adverse change in the significance of a historical resource as defined in CEQA Guidelines Section 15064.5? (Sources: 1, 2, 3, 9, 10)	☐	☐	☐	☒
b) Cause a substantial adverse change in the significance of an archaeological resource pursuant to CEQA Guidelines Section 15064.5? (Sources: 1, 2, 3, 9, 10, 11, 12)	☐	☐	☒	☐
c) Directly or indirectly destroy a unique	☐	☐	☒	☐

paleontological resource or site or unique geologic feature? (Sources: 1, 2, 3, 9, 10, 11)				
d) Disturb any human remains, including those interred outside of formal cemeteries? (Sources: 1, 2, 3, 9, 10, 11, 12)	☐	☐	☒	☐

Discussion

Depending on the location, any future urban development in the City has the potential to (a) cause a substantial adverse change in the significance of a historical resource as defined in CEQA Guidelines Section 15064.5, (b) cause a substantial adverse change in the significance of an archaeological resource pursuant to Guidelines Section 15064, (c) directly or indirectly destroy a unique paleontological resource or site or unique geologic feature, or (d) disturb any human remains, including those interred outside of formal cemetery. The current General Plan and zoning, City development standards, and project review are intended to protect any impact to cultural resources. All new development identified in the Housing Element and the changes from the 2009 Housing Element would be consistent with the General Plan and current zoning. No development is being permitted where it is not currently permitted under the General Plan and Zoning Ordinance. Based on the above, the proposed project would result in no impact or less than significant impact to cultural resources as compared to the impacts analyzed in the 2009 Housing Element negative declaration.

Mitigation Measures. None Required.

6. Geology And Soils

Would the project:

a) Expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death involving:

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact
i) Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault? Refer to Division of Mines and Geology Special Publication 42. (Sources: 1, 2, 3, 9, 10, 11, 12, 20)	☐	☐	☒	☐

ii) Strong seismic ground shaking? (Sources: 1, 2, 3, 9, 10, 11, 12, 20)	☐	☐	☒	☐
iii) Seismic-related ground failure, including liquefaction? (Sources: 1, 2, 3, 9, 10, 11, 12, 20)	☐	☐	☒	☐
iv) Landslides? (Sources: 1, 2, 3, 9, 10, 11, 12, 20)	☐	☐	☒	☐
b) Result in substantial soil erosion or the loss of topsoil? (Sources: 1, 2, 3, 9, 10, 11, 12, 20)	☐	☐	☐	☒
c) Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction or collapse? (Sources: 1, 2, 3, 9, 10, 11, 12, 20)	☐	☐	☐	☒
d) Be located on expansive soil, as defined in California Building Code, creating substantial risks to life or property? (Sources: 1, 2, 3, 9, 10, 11, 12, 20)	☐	☐	☐	☒
e) Have soils incapable of adequately supporting the use of septic tanks or alternative waste water disposal systems where sewers are not available for the disposal of waste water? (Sources: 1, 2, 3, 9, 10, 11, 12, 20)	☐	☐	☐	☒

Discussion:

There are no Alquist-Priolo Earthquake Fault Zones within the City of St. Helena. The nearest known active faults are: the Rodgers Creek fault, approximately 13 miles to the west; the Maacama fault, approximately 14 miles to the northwest; the Hunting Creek Berryessa fault, approximately 17 miles to the northeast; and the West Napa fault, approximately 21 miles to the south. Therefore, the potential for fault surface rupture (as opposed to ground shaking) within the City limits is low. Most lowland areas with relatively level ground surface are not prone to landslides. Other forms of slope instability, such as the formation of slumps, translational slides, or earth flows, are also unlikely to occur except along stream banks and terrace margins. The highland areas are more susceptible to slope instability. The strong ground motion that occurs during earthquakes is capable of inducing landslides and debris flow (mudslides). These types of failure generally occur where unstable slope conditions already exist. The City has in place regulations and geologic review procedures to address these hazards. Hillside areas with landslide potential are of particular concern, and slope stability requires appropriate treatment of vegetative cover during and after residential development. The City's General Plan and zoning do not prohibit new development on areas of geologic hazard, however many precautionary recommendations and restrictions are established in the policies and City requirements in order to minimize potential impacts from developing on geologically hazardous land. City regulations and policies cover slope stability, landslides, earthquake faults, seismic shaking requirements, requirements for sewerage, and expansive soils. All new development would be consistent with the General Plan and current zoning and development regulations.

Depending on the location, any future urban development in the City has the potential to expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death. This could include (a) rupture of a known earthquake fault, strong seismic ground shaking, and seismic-related ground failure, including liquefaction, (b) result in substantial soil erosion or the loss of topsoil, (c) be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction or collapse, (d) be located on expansive soil, as defined in the California Building Code (CBC), creating substantial risks to life or property, or (e) have soils incapable of adequately supporting the use of septic tanks or alternative waste water disposal systems where sewers are not available for the disposal of waste water. No development is being permitted where it is not currently permitted in the General Plan, Zoning Ordinance, and 2009 Housing Element, and all new development under the proposed Housing Element would be in areas already designated for residential or mixed use development. Any new construction would be required to meet CBC requirements and all development regulations of the City of St. Helena. Based on the above, the proposed project would result in no impact or less than significant impact on geology and soils as compared to the 2009 Housing Element.

Mitigation Measures. None Required.

7. Greenhouse Gas Emissions Would the project:				
	Potentially Significant Impact	**Less Than Significant with Mitigation Incorporated**	**Less Than Significant Impact**	**No Impact**
a) Generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment? (Sources: 1, 2, 10, 12, 17, 21)	☐	☐	☒	☐
b) Conflict with an applicable plan, policy or regulation adopted for the purpose of reducing the emissions of greenhouse gases? (Sources: 1, 2, 10, 12, 17, 21)	☐	☐	☐	☒

Discussion:

On June 2, 2010, the Bay Area Air Quality Management District's (BAAQMD) Board of Directors unanimously adopted new CEQA thresholds of significance. The thresholds of significance are included in the Air District's updated CEQA Guidelines. The updated CEQA Guidelines address recent changes in air quality standards for ozone and particulate matter (PM) from the State of California and the U.S. EPA. The new health-protective air quality standards are in response to growing scientific evidence that exposure to ozone, fine particles and air toxics have greater health effects than previously estimated. In addition, the Air District's new greenhouse gas thresholds were developed to ensure that the Bay Area meets the State's plan to address climate change. The CEQA Guidelines also address exposure to toxic air contaminants, which is associated with increased risk for cardiovascular disease, asthma, reduced birth weight and mortality. Although air quality in the Bay Area has improved over the last thirty years, fine PM and other air toxic contaminants released by transportation and industrial activities threaten the health of local residents. The updated CEQA Guidelines seek to better protect the health and well-being of Bay Area residents. Development under the proposed Housing Element is consistent with ABAG projections, the City's General Plan, and current zoning and, therefore, will not generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment over current projections. It will also not conflict with an applicable plan, policy or regulation adopted for the purpose of reducing the emissions of greenhouse gases. No BAAQMD threshold of significance would be reached.

The City of St Helena is implementing the International Council for Local Environmental Initiatives (ICLEI) program to reduce the GHG emissions from City-controlled sources. The City of St Helena Greenhouse Gas Emission Reduction Action Plan provides five measure-specific plans to reduce City-controlled GHG emissions by more than 20 percent. The plan actually includes five plans to reduce GHG emissions to meet the overall goal. These plans consist of numerous measures to reduce GHG emissions, reduce energy costs, address equipment problems, and reduce the volatility of the City's annual energy costs. Changes in the 2015 Housing Element accommodate and envision fewer housing units than the 2009 Housing Element and would this constitute a reduction in greenhouse gas emission over the baseline conditions set forth in the 2009 Housing Element. Since the project would not result in the creation of more dwelling units, or dwelling units in locations different than those allowed in the current General Plan, Zoning Ordinance, and 2009 Housing Element; the proposed project would result in no impact or less than significant impact on greenhouse gas emissions.

Mitigation Measures. None Required.

8. Hazards And Hazardous Materials Would the project:				
	Potentially Significant Impact	**Less Than Significant with Mitigation Incorporated**	**Less Than Significant Impact**	**No Impact**
a) Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials? (Sources: 1, 2, 3, 9, 10, 11, 12)	☐	☐	☐	☒
b) Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment? (Sources: 1, 2, 3, 9, 10, 11, 12)	☐	☐	☐	☒
c) Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school? (Sources: 1, 2, 3, 9, 10, 11, 12)	☐	☐	☐	☒
d) Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, would it create a significant hazard to the public or the environment? (Sources: 1, 2, 3, 9, 10, 11, 12)	☐	☐	☐	☒

e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard for people residing or working in the project area? (Sources: 1, 2, 3, 9, 10, 11, 12)	☐	☐	☐	☒
f) For a project within the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working in the project area? (Sources: 1, 2, 3, 9, 10, 11, 12)	☐	☐	☐	☒
g) Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan? (Sources: 1, 2, 3, 9, 10, 11, 12)	☐	☐	☐	☒
h) Expose people or structures to a significant risk of loss, injury or death involving wildland fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands? (Sources: 1, 2, 3, 9, 10, 11, 12)	☐	☐	☐	☒

Discussion:

The proposed Housing Element will not result in potential impacts from hazards and hazardous material that may endanger residents or the environment. No hazards are associated with the policies or programs contained in the updated Housing Element. Implementation of the updated Housing Element will also not generate significant quantities of hazardous materials, significantly affect the mitigation of hazardous materials manufacture, storage, transport or use within the City, or expose residences to hazardous materials. All new development under the proposed Housing Element would be consistent with the General Plan and current Zoning. This includes the City's emergency response plan and any impacts related to air safety or risk from fire. There is no public airport within two miles of the City of St. Helena. The nearest public airport is Angwin-Parrett Field Airport, which is approximately 8 miles northeast of St. Helena. There would be no impact. No airstrips are located in the City of St. Helena. The nearest private airstrip is located at Pope Valley Airport, which is approximately 14 miles northeast of St. Helena. There would be no impact.

Development under the proposed Housing Element is proposed in areas already designated for residential. Areas designated for possible homeless facilities are already developed areas and many areas are already built upon. Based on the above, the proposed project would result in no impact on hazards or hazardous materials.

Mitigation Measures None Required

9. **Hydrology And Water Quality** Would the project:				
	Potentially Significant Impact	**Less Than Significant with Mitigation Incorporated**	**Less Than Significant Impact**	**No Impact**
a) Violate any water quality standards or waste discharge requirements? (Sources: 1, 2, 3, 7, 9, 10, 11, 12)	☐	☐	☐	☒
b) Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted)? (Sources: 1, 2, 3, 7, 9, 10, 11, 12)	☐	☐	☐	☒
c) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner that would result in substantial erosion or siltation on- or off-site? (Sources: 1, 2, 3, 9, 10, 11, 12)	☐	☐	☒	☐
d) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, or	☐	☐	☒	☐

substantially increase the rate or amount of surface runoff in a manner which would result in flooding on- or off-site? (Sources: 1, 2, 3, 9, 10, 11)				
e) Create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff? (Sources: 1, 2, 3, 7, 9, 10, 11)	☐	☐	☒	☐
f) Otherwise substantially degrade water quality? (Sources: 1, 2, 3, 7, 9, 10, 11)	☐	☐	☒	☐
g) Place housing within a 100-year flood hazard area as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map? (Sources: 1, 2, 3, 8, 9, 10, 11, 12)	☐	☐	☒	☐
h) Place within a 100 year flood hazard area structures that would impede or redirect flood flows? (Sources: 1, 2, 3, 8, 9, 10, 11, 12)	☐	☐	☐	☒
i) Expose people or structures to a significant risk of loss, injury or death involving flooding, including flooding as a result of the failure of a levee or dam? (Sources: 1, 2, 3, 8, 9, 10, 11, 12)	☐	☐	☐	☒
j) Inundation by seiche, tsunami, or mudflow? (Sources: 1, 2, 3, 9, 10, 11, 12, 20)	☐	☐	☐	☒

Discussion:

Development under the proposed Housing Element will have no impact or less than significant impact in (a) violating any water quality standards or waste discharge requirements, (b) substantially depleting groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level, (c) substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner which would result in substantial erosion or siltation on- or off-site, (d) substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, or substantially increase the rate or amount of surface runoff in a manner which would result in flooding on- or off-site, (e) create or contribute runoff water which would exceed the capacity of existing or planned storm-water drainage systems or provide substantial additional sources of polluted runoff, (f) substantially degrade water quality, or (g) expose people to risks from flooding. The proposed Housing Element is consistent with ABAG projections, the City's General Plan, and current zoning, and any new development would require consistency with other City regulations and development standards related to flood control and drainage. The proposed Housing Element will not generate a significant impact on hydrology and water quality over current projections for population and housing units. No development is being permitted where it is not currently permitted, and all new development under the proposed Housing Element is proposed in areas and at densities already designated for residential or mixed use development.

Areas of development will not expose people or structures to a significant risk of loss, injury or death involving flooding, including flooding as a result of the failure of a levee or dam, or inundation by seiche, tsunami, or mudflow. Housing location within the 100-year flood hazard area would be covered under current City policies and regulations protecting future development (floor elevations and mitigation). The amount of development under the proposed Housing Element is the same or less than amount allowed under the General Plan, current zoning and 2009 Housing Element. These policies and regulations adopted with the General Plan would continue to be implemented for future housing projects. Based on the above, the proposed project would result in no impact or less than significant impact on or from hydrology and water quality.

10. Land Use And Planning Would the project:				
	Potentially Significant Impact	**Less Than Significant with Mitigation Incorporated**	**Less Than Significant Impact**	**No Impact**
a) Physically divide an established community? (Sources: 1, 2, 3, 9, 10)	☐	☐	☐	☒
b) Conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to the general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect? (Sources: 1, 2, 3, 9, 10)	☐	☐	☒	☐
c) Conflict with any applicable habitat conservation plan or natural community conservation plan? (Sources: 1, 2, 3, 9, 10, 11)	☐	☐	☐	☒

Discussion:

No development is being permitted under the proposed Housing Element where it is not permitted now, and all new development under the proposed Housing Element is proposed in areas already designated for residential or mixed use development. Implementation of the proposed Housing Element will not (a) physically divide an established community, (b) conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to the general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect, or (c) conflict with any applicable habitat conservation plan or natural community conservation plan. The proposed Housing Element is consistent with current City policy documents, including the General Plan and zoning. It is also consistent with ABAG projections for St. Helena. The updated Housing Element carries forward many of the programs contained in the 2009 Housing Element related to potential housing sites. No changes are made in the updated Housing Element as they relate to the density or development potential on housing sites. Based on the above, the proposed project would result in no impact or less than significant impact on land use and planning as compared to the 2009 Housing Element that serves as the baseline for CEQA analysis.

Mitigation Measures. None Required.

11. Mineral Resources Would the project:				
	Potentially Significant Impact	**Less Than Significant with Mitigation Incorporated**	**Less Than Significant Impact**	**No Impact**
a) Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state? (Sources: 1, 2, 3, 9, 10, 11)	☐	☐	☐	☒
b) Result in the loss of availability of a locally-important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan? (Sources: 1)	☐	☐	☐	☒

Discussion:

The City of St. Helena is largely built out with residential and some commercial uses. There are no mineral resources or operations in the city. As a result, there would be no impact to mineral resources associated with adoption of the proposed Housing Element. The city contains no sites designated by the California State Department of Conservation. Division of Mines and Geology as having significant mineral resources for the

North Bay region. As such, changes contemplated by the City's proposed Housing Element Update and General Plan would have no impact on mineral resources.

Mitigation Measures. None Required.

12. Noise Would the project result in:				
	Potentially Significant Impact	**Less Than Significant with Mitigation Incorporated**	**Less Than Significant Impact**	**No Impact**
a) Exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies? (Sources: 1, 9, 10)	☐	☐	☒	☐
b) Exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels? (Sources: 1, 9, 10)	☐	☐	☐	☒
c) A substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project? (Sources· 1, 9, 10)	☐	☐	☒	☐
d) A substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project? (Sources: 1, 9, 10)	☐	☐	☒	☐
e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels? (Sources: 1, 12)	☐	☐	☐	☒

f) For a project within the vicinity of a private airstrip, would the project expose people residing or working in the project area to excessive noise levels? (Sources: 1, 12)	☐	☐	☐	☒

Discussion:

The proposed Housing Element carries forward many of the programs contained in the 2009 Housing Element related to potential housing sites, which are consistent with the City's General Plan and zoning, as well as other City regulations and requirements pertaining to noise impacts and impacts on residents who might live in housing that could be constructed. The proposed Housing Element will not result in the exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies because all land use designations are consistent with current plans. The same is true regarding the exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels, and for the same reasons. The proposed Housing Element will not cause a substantial permanent increase in ambient noise levels in St. Helena above levels existing levels. The location of homeless facilities (required under SB2) requires a facility to be located within one-quarter mile of a transit stop. These facilities generate minimal traffic and potential noise impacts. When construction occurs, City practices are in place to reduce to a less than significant level any substantial temporary or periodic increase in ambient noise levels in the City. The City is not affected by noise levels from air traffic. Based on the above, the proposed project would result in no impact or less than significant impact to the noise environment in St. Helena or on future residents of the housing that may be constructed as compared to the 2009 Housing Element baseline.

Mitigation Measures. None Required.

13. Population And Housing Would the project:				
	Potentially Significant Impact	**Less Than Significant with Mitigation Incorporated**	**Less Than Significant Impact**	**No Impact**
a) Induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure)? (Sources: 1, 2, 3, 4, 12, 16)	☐	☐	☒	☐
b) Displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere? (Sources: 1, 2, 3, 4)	☐	☐	☐	☒
c) Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere? (Sources: 1, 2, 3, 4)	☐	☐	☐	☒

Discussion:

The updated Housing Element utilizes Association of Bay Area Governments (ABAG) projections to determine the Regional Housing Needs Allocation (RHNA) for an 8-year planning period. Minimal population growth is projected either in the St. Helena General Plan or the Napa Countywide Plan. Since the proposed Housing Element is consistent with the current General Plan and zoning, as well as ABAG projections, it will not induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure). The proposed Housing Element proposes various housing programs to assist in providing housing for low and moderate income households. Therefore the project would likely not displace any existing residents, but would facilitate adequate housing for city residents. Implementation of the updated Housing Element will create a positive impact by addressing population and housing needs. The proposed Housing Element carries forward many of the programs contained in the 2009 Housing Element related to potential housing sites, but must accommodate a smaller number of housing units to meet regional needs. No changes are made in the updated Housing Element as they relate to the density or development potential on housing sites. Therefore, the proposed Housing Element will not displace substantial numbers of existing housing or people, necessitating the construction of replacement housing elsewhere. Based on the above, the proposed project would result in no impact or less than significant impact to the population and housing environment in St. Helena, or on future residents of the housing that it contemplates, as compared to the 2009 Housing Element baseline.

Mitigation Measures. None Required.

14. Public Services				
	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Would the project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the public services:	☐	☐	☒	☐
Fire protection? (Sources: 1, 2, 3, 4, 12)	☐	☐	☒	☐
Police protection? (Sources: 1, 2, 3, 4, 12)	☐	☐	☒	☐
Schools? (Sources: 1, 2, 3, 4, 12)	☐	☐	☒	☐
Parks? (Sources: 1, 2, 3, 4, 12)	☐	☐	☒	☐
Other public facilities? (Sources: 1, 2, 3, 4, 12)	☐	☐	☒	☐

Discussion:

All potential impacts to public services, including fire and police protection, medical aid, schools, parks, maintenance of public facilities and other governmental services are considered in the proposed Housing Element in determining whether a housing site is available for and appropriate for development. The proposed Housing Element evaluates the zoning, the slope and topography, whether the site is sufficiently served by public facilities, such as sewer and water, and whether there are environmental barriers to development. The estimated unit capacity is based on all applicable land-use controls and site improvement requirements, including standards such as maximum lot coverage, height, open space, and parking. Since all housing sites are consistent with the current General Plan and zoning, the proposed Housing Element will not result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the public services listed above (fire, police, parks, schools and others). For sites identified as being underdeveloped, the projected development considers existing development trends and site redevelopment potential. All new development projected under the updated Housing Element and special needs housing policies and programs are consistent with the service levels established in the General Plan, current zoning, and ABAG projections. Based on the above, the proposed project would result in no impact or less than significant impact to public services as compared to the 2009 Housing Element baseline.

Mitigation Measures. None Required.

15. Recreation				
	Potentially Significant Impact	**Less Than Significant with Mitigation Incorporated**	**Less Than Significant Impact**	**No Impact**
a) Would the project increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated? (Sources: 1, 2, 3, 9, 10)	☐	☐	☒	☐
b) Does the project include recreational facilities or require the construction or expansion of recreational facilities that might have an adverse physical effect on the environment? (Sources: 1, 2, 3, 9, 10)	☐	☐	☒	☐

Discussion:

No development is being permitted under the proposed Housing Element where it is not permitted now, and all new development under the proposed Housing Element is proposed in areas already designated for residential or mixed use development. Implementation of the proposed Housing Element will not increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated. The proposed Housing Element will not result in recreational facilities or require the construction or expansion of recreational facilities that might have an adverse physical effect on the environment. The availability, maintenance, and management of park and recreation facilities are covered under the General Plan, the City's Capital Improvement Program (CIP), and the City's budget. No specific recreational facilities or the construction or expansion of recreational facilities that might have an adverse physical effect on the environment is included in the updated Housing Element. Development under the proposed Housing Element is consistent with ABAG projections, the City's General Plan, and current zoning and, therefore, will not generate a significant impact on the environment over current projections for recreation needs. Based on the above, the proposed project would result in no impact or less than significant impact on recreation in St. Helena as compared to the 2009 Housing Element baseline.

Mitigation Measures None Required

16. Transportation/Traffic Would the project:				
	Potentially Significant Impact	**Less Than Significant with Mitigation Incorporated**	**Less Than Significant Impact**	**No Impact**
a) Conflict with an applicable plan, ordinance or policy establishing measures of effectiveness for the performance of the circulation system, taking into account all modes of transportation including mass transit and non-motorized travel and relevant components of the circulation system, including but not limited to intersections, streets, highways and freeways, pedestrian and bicycle paths, and mass transit? (Sources: 1, 2, 3, 4, 5)	☐	☐	☐	☒
b) Conflict with an applicable congestion management program, including, but not limited to level of service standards and travel demand measures, or other standards established by the county congestion management agency for designated roads or highways? (Sources: 1, 2, 9, 10, 12)	☐	☐	☐	☒
c) Result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks? (Sources: 1, 2, 9, 10, 12)	☐	☐	☐	☒
d) Substantially increase hazards due to a design feature (e.g., sharp curves or dangerous	☐	☐	☐	☒

intersections) or incompatible uses (e.g., farm equipment)? (Sources: 1, 2, 9, 10, 12)				
e) Result in inadequate emergency access? (Sources: 1, 2, 9, 10, 12)	☐	☐	☐	☒
f) Conflict with adopted policies, plans, or programs regarding public transit, bicycle, or pedestrian facilities, or otherwise decrease the performance or safety of such facilities? (Sources: 1, 2, 9, 10, 12)	☐	☐	☐	☒

Discussion:

Development under the proposed Housing Element will not cause an increase in traffic which is substantial in relation to the existing traffic load and capacity of the street system (i.e., result in a substantial increase in either the number of vehicle trips, the volume to capacity ratio on roads, or congestion at intersections), as compared to the 2009 Housing Element baseline. No development is being permitted under the proposed Housing Element where it is not currently permitted, and all new development under the proposed Housing Element is proposed in areas already designated for residential or commercial development. Traffic levels and improvements are identified as part of the City's General Plan. Project specific impacts that could result from residential development under the Housing Element will be evaluated on case-by-case basis through an appropriate level of environmental review under the California Environmental Quality Act as new projects come forward. All new development under the proposed Housing Element would be consistent with the General Plan and current zoning. The proposed Housing Element will not increase hazards due to a design feature, result in inadequate emergency access, result in inadequate parking capacity, or conflict with adopted policies, plans, or programs supporting alternative transportation. The proposed Housing Element supports current City policies as they relate to the identification of potential sites for housing. Based on the above, the proposed project would result in no impact on transportation/traffic in St. Helena as compared to the 2009 Housing Element baseline.

Mitigation Measures. None Required.

17. Utilities And Service Systems Would the project:				
	Potentially Significant Impact	**Less Than Significant with Mitigation Incorporated**	**Less Than Significant Impact**	**No Impact**
a) Exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board? (Sources: 1, 16)	☐	☐	☐	☒
b) Require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects? (Sources: 1, 12)	☐	☐	☐	☒
c) Require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects? (Sources: 1)	☐	☐	☐	☒
d) Have sufficient water supplies available to serve the project from existing entitlements and resources, or are new or expanded entitlements needed? (Sources: 1, 12)	☐	☐	☐	☒
e) Result in a determination by the wastewater treatment provider which serves or may serve the project that it has adequate capacity to serve the project's projected demand in addition to the provider's existing commitments? (Sources: 1, 12)	☐	☐	☐	☒
f) Be served by a landfill with sufficient permitted capacity to accommodate the project=s solid waste disposal needs? (Sources: 1, 12)	☐	☐	☐	☒

g) Comply with federal, state, and local statutes and regulations related to solid waste? (Sources: 1, 12)	☐	☐	☐	☒

Discussion:

No changes are made in the proposed Housing Element, as compared to the 2009 Housing Element, as they relate to the density or development potential on housing sites. No development is being permitted under the proposed Housing Element where it is not currently permitted, and all new development under the proposed Housing Element is proposed in areas already designated for residential or mixed use development. All new development under the proposed Housing Element would be consistent with the General Plan and current zoning. Development under the proposed Housing Element is also consistent with ABAG projections, which provide the basis for planning for water, solid waste, and wastewater treatment. Therefore, the proposed Housing Element will not (a) exceed wastewater treatment requirements, (b) require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects, or (c) require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects. With the above policies associated with land use, impacts to the community as a result of implementing the proposed Housing Element are less than significant. The proposed Housing Element would not alter the intensity or density of development allowed within the broader zoning land use category. Based on the above, the proposed project would result in no impact on utilities and service systems in St. Helena, including compliance with federal, state, and local statutes and regulations related to solid waste, as compared to the 2009 Housing Element baseline.

Mitigation Measures. None Required.

Mandatory Findings Of Significance				
	Potentially Significant Impact	**Less Than Significant with Mitigation Incorporated**	**Less Than Significant Impact**	**No Impact**
a) Does the project have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the	☐	☐	☒	☐

major periods of California history or prehistory?				
b) Does the project have impacts that are individually limited, but cumulatively considerable? ("Cumulatively considerable" means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects)?	☐	☐	☐	☒
c) Does the project have environmental effects which will cause substantial adverse effects on human beings, either directly or indirectly?	☐	☐	☒	☐

Discussion:

No development is being permitted under the proposed Housing Element where it is not currently permitted, and all new development under the proposed Housing Element is proposed in areas already designated for residential or mixed use development. All new development under the proposed Housing Element would be consistent with the General Plan and current Zoning, and development would occur consistent with current City regulations and development review practices. Development under the proposed Housing Element is also consistent with ABAG projections, which provide the basis for planning for future needs. Thus, the project does not have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory.

The updated Housing Element carries forward many of the programs contained in the 2009 Housing Element related to potential housing sites. The updated Housing Element supports affordable housing development on sites already identified in the 2009 Housing Element as potential housing sites. No new housing sites are being added, neither is the density increased on any sites from that shown in the General Plan and Zoning Ordinance. The proposed Housing Element also better addresses special needs populations. The limited modifications contained in the proposed Housing Element will not have impacts that are individually limited, but cumulatively considerable because the proposed Housing Element is consistent with the City's current General Plan and zoning.

THIS PAGE IS
INTENTIONALLY
BLANK

Item No: 16

Report to the City Council
Council Meeting of May 10, 2016

Agenda Section: **Consent**

Subject: **Second reading and proposed adoption of amendments to City of St. Helena Municipal Code Section(s) 17.134 Short Term Rentals creating a permit renewal process, modifying the review and operations criteria and improving enforcement mechanisms for short-term rental uses in the Residential and Agricultural Zoning Districts, Citywide**

CEQA Status: **Ordinance is determined to be exempt from the requirements of CEQA as a Class 1 Categorical Exemption pursuant to CEQA Guidelines Section 15301 given that the regulations affect existing structures and under the "General Rule", Section 15061(b)(3)**

Prepared By: **Noah Housh, Planning and Community Improvement Director** NH

Approved By: **Jennifer Phillips, City Manager**

PROJECT DESCRIPTION

Project proposes modifications and additions to the existing Short-Term Rental Ordinance to create a renewal process, modify the review and operations criteria and improve enforcement mechanisms for short-term rental uses in the Residential and Agricultural Districts, Citywide. These modifications were directed to be implemented by the Planning Commission and City Council through their review of the issue at multiple meetings in the Fall of 2015.

BACKGROUND

The City Council adopted the Short-Term Rental Ordinance on April 10, 2012, and the Ordinance became effective on May 10, 2012. Prior to adoption of the Short-Term Rental Ordinance, it was illegal to rent a home for fewer than 30-days in St. Helena.

Chapter 17.134 "Short-Term Rentals" of the Municipal Code establishes a permitting process for the rental of single family dwellings for fewer than 30 consecutive days. Short-term rental uses are permitted in residential and agricultural zoning districts provided that the proposed short-term rental meets the standards of the ordinance and has been issued a Short-Term Rental permit. A maximum of 25 short-term rental permits are allowed at any time within the City.

The ordinance was designed to address the issue of illegal short-term rentals operating within the community and to accomplish the following objectives:

1. Establish a permitting process and appropriate restrictions and standards for short-term rental of single-family dwellings.
2. Provide a visitor experience and accommodation as an alternative to the hotel, motel, and bed and breakfast accommodations currently existing in the City.
3. Ensure the collection and payment of Transient Occupancy Taxes (TOT).
4. Minimize the negative secondary effects of short-term rental use on surrounding residential neighborhoods.
5. Retain the character of the neighborhoods in which such use occurs.

On June 10, 2014, the City Council reviewed the STR Ordinance as many of the original permits approved in 2012, were set to expire and there was no mechanism in the regulations for renewal of these permits. At this meeting, the City Council directed staff to initiate a renewal process for expiring permits whereby a two-year renewal would be issued to the permit holder, subject to the following specific criteria:

1. Paid an application fee;
2. Had a current City Business License
3. Was current on their TOT payments; and
4. Had no complaints on file against them.

The Council also directed staff to continue enforcement on those illegally renting on a short-term basis.

On September 23, 2015, the Planning Department held a "Town Hall" style meeting to gain additional citizen input on the STR Ordinance prior to drafting revisions to the ordinance (as Directed by the Council at the June 2014 meeting). Approximately 80 people attended the meeting and a variety of input was received, including opinions on the Ordinance, desired changes and general feedback on short-term rental operations within the City. Those opposed to the existing Ordinance and/or short-term rental operations in general, identified concerns such as noise, safety, traffic, parking, neighborhood and community impacts and potential loss in property value. Those in support of the Ordinance and short-term rental units operating within the City identified revenue generation, job creation, a lack of hotel rooms, and STRs being a positive alternative to hotels for tourists, as reasons for their support and why the Ordinance should remain in place.

Additionally, current permit holders identified concerns about being unfairly punished for the actions of a few individuals who are not managing their STR well, or potentially operating an STR without City approvals. Requests were made from this group to improve City enforcement of the current Ordinance before considering revoking the allowance to operate an STR generally. A more comprehensive summary of the comments made at the meeting is attached. In addition, each of the individual comment letters sent to staff and decision makers have also been attached to this report (Attachment B).

On November 17, 2015, the Planning Commission was presented with a general summary of the short term rental issues facing the community and a menu of three options for possible revisions to the Ordinance. These options included expanding on the number of allowed STR permits beyond 25, eliminating al STR permits within the City, or making modifications to the Ordinance to address voiced concerns and identified issues to improve administration of the STR permits. After reviewing the staff report, hearing all testimony and discussing the issues, the Planning Commission voted unanimously to recommend keeping the existing 25 STR permits while also modifying the Ordinance to improve administration and enforcement of the current regulations to the City Council. A more detailed summary of this meeting and their recommendations are provided below.

On December 8, 2015, the City Council reviewed the same menu of three options presented to the Planning Commission. After reviewing the staff report, hearing all testimony from the public and discussing the issues at length, the City Council also voted unanimously to recommend keeping the existing 25 STR permits while also directing staff to modify the current Ordinance to improve administration and enforcement of the STR regulations. The Council discussion and direction included making extensive modifications to the existing ordinance to reduce impacts associated with STR operation. A more detailed summary of this meeting and their recommendations are provided below.

The introduction and first reading was held on April 26, 2016.

DISCUSSION

The staff research and analysis, citizen input, Planning Commission concerns and City Council direction resulted in identifying a range of issues, from a number of different perspectives. The summary below provides the issues or concerns with the current Ordinance and STR uses in general, as heard from each of these perspectives. Following this is a summary of the modifications to the ordinance proposed to address the concerns identified, as well as to implement the direction provided by policy makers.

Citizen Input

The presence of an STR in a neighborhood has been identified as concerning to some residents who feel STRs present an impact the community in general. This concern is supported by statements about the impacts of not knowing who is staying in the home, a lack of accountability that comes from knowing a neighbor and impact to local serving businesses. Separate form this broader issue, many citizen concerns voiced regarding STR operations identify nuisance activities from STR tenants as a prominent issue.

Staff has researched the number of complaints filed on each permitted STR with the St Helena Police Department. The maximum number of complaints on any one STR is four, complaints over a three-year period. This complaint data indicates that that a majority of STR permit holders do not create violations of the Ordinance or other City regulations. The absence of significant numbers of complaints suggests that the short-term rental of permitted single-family dwellings has generally not created significant numbers of violations of City regulations in residential neighborhoods where STRs are present and operate.

However, there are specific neighborhoods where a perceived concentration of STR operations has contributed to a feeling of impacts on the neighborhood (a map of current permitted STR units is attached-Attachment D). These impacts are generally categorized as a loss of community; one neighborhood having to carry an un-due burden from the number of STRs operating within concentrated areas and commercial activity occurring within residential zoning districts.

All individual comments on the STR issue have been compiled by staff and are attached to this report for review (Attachments E. and F.).

Staff Input

City staff has identified several issues with specific provisions of the Ordinance, primarily addressing the implementation and enforcement of certain requirements, but also inclusive of the need to create a formal and codified renewal process. A summary of the staff perspective of the problematic sections and un-addressed issues is provided below.

Specifically, Section 17.134.040 I., which requires STR permit holders to send contact and other relevant information out to neighboring property owners is problematic as City staff has no way of ensuring this information was sent, or that all intended individuals have received the notices.

Similarly, Section 17.134.050 D. 3. requires on-site signs be installed for a limited period of time prior to actions on an STR application. No other noticing procedure in the City requires on-site signage and it is difficult for staff to monitor if the signs have been installed for the required period of time. Finally, there are no specific requirements for the size, location, etc. of the required signs, which adds to the inconsistencies.

Section 17.134.060 C., currently states STR permit applications shall be reviewed by staff, even if none area available for issuance. This is an inefficient use of staff time and application fees. Further, the amount of time individual applications/locations are on the waiting list can significantly impact the information that would be provided in an application.

Section 17.134.060 E., currently requires the applicant to notify property owners of an approval of an STR permit within ten days of an approval. This is a redundant requirement as notification to surrounding property owners occurs with the initial application. Further, by requiring the applicant to send to notification, staff has no mechanism to verify that the notices were sent, when they were sent, or to whom they were sent.

Finally, there is no formal renewal process for expiring STR permits, which are granted for a two-year period. This is problematic for a number of reasons, primarily that all permits are granted on a two-tear cycle, expiring after this two years and requiring renewal. Additionally, staff has put language into Section 17.134.040 O. allowing the City to request documentation to verify a STR permitted property was rented for greater than 30-days (and therefore exempt from payment of TOT) when such claims are made on TOT reporting forms.

Planning Commission Direction

On November 17, 2015, the Planning Commission reviewed the staff report and heard public comments on the STR Ordinance at a publically noticed hearing. To supplement the presentation by Planning Department staff, Sgt. Fleming of the St. Helena Police Department (SHPD) presented briefly on the calls-for-service data provided to the Commission. Sgt. Fleming confirmed that the maximum number of calls for service/complains received by the SHPD for any of the STR addresses was 4 since 2012. Additionally, Sgt. Fleming was able to answer citizen and Commission questions regarding how comments are logged and responded to, confirming that all calls about a specific property are logged and tracked.

After reviewing the material provided by staff and considering the public testimony on the issue, the Commission voted unanimously to direct staff to make revisions to the Ordinance and improve enforcement mechanisms, allow time for these improvements to be enacted and properly enforced and review the Ordinance again to see if the community impacts are lessened.

Although the Commission discussion was varied and many individual comments were made on the STR issue, the Commission as a whole identified four specific elements that should be considered with the proposed Ordinance revisions. These recommended elements are:

1. Explore ways to increase owner involvement in STR operations, including possibly limiting STR operators to St. Helena residents only.

2. Explore methods to improve enforcement of the STR regulations on permitted and un-permitted STR operations, including potentially dedicating portion of TOT funds to STR enforcement.

3. Explore methods to minimize clustering of STRs within neighborhoods or close proximity to other STR operations.

4. Improve methods and process for revoking problematic STR permits.

In reviewing the STR Ordinance, the Commission also requested more prescriptive standards be created for measuring STR performance and permit review, should the Ordinance remain in place. Further the Commission also requested that documented and verified un-permitted operation of an STR shall result in an automatic prohibition of issuance of an STR permit.

City Council Direction

At their December 8, 2015, meeting to review and discuss options for revising the STR ordinance, the City Council provided a number of recommendations to City staff regarding desired changes and improvements to the STR permit and renewal process.

These recommendations include:

1. Ensuring that the contact person for each STR is locally available.
2. Increase enforcement mechanisms and efforts.
3. Explore a requirement that the home must have been owned for 3-5 years prior to use as an STR.
4. Significantly increase fines charged for violators of STR Ordinance and other established City regulations and explore the ability to charge these fines to STR renters as well as their owners.
5. Prohibit issuance of an STR permit to documented violators of the STR Ordinance, specifically those who engaged in STR activities without receiving STR Permit approval.
6. Explore further limitations on the number of guests who may stay at an STR.
7. Establish a local preference on issuance of an STR permit.
8. Prohibit any events from occurring as STR activities.
9. Require existing STR permit holders seeking renewal, who have be the subject of documented violations of any City regulation to seek renewal through by the Planning Commission at a Public Hearing.
10. Require publishing of STR permit number on all advertisements for STR rentals.
11. Consider requiring all new STR permits to be reviewed and issued by the Planning Commission at a Public Hearing.
12. Expand noticing for STR activities to include residents and property owners.
13. Prohibit issuance of a STR permit to any individual or agent whom has been determined to have engaged in unpermitted short-term rental activities.
14. Explore the implementation of a "Use It or Lose It" provision to expand on the revenue coming into the City.
15. Increase the financial impact of fines and penalties associated with violations of the STR Ordinance.

Proposed Ordinance Revisions

In response to the direction received from the Planning Commission and City Council and the administrative issues identified by staff, the following modifications to the STR Ordinance were proposed to, and reviewed by the Planning Commission:

1. Modify Section 17.134.040 H., to include a requirement that the contact information for the local contact person responsible for responding to issues at individual STR locations (twenty-four hours per day, and to be able to be on-site within 30 minutes) be posted and available on the City website.

2. Modify Section 17.134.040 J. 4. and 17.134.040 K. to completely prohibit events, parties and/or group gatherings from occurring as an element of STR activities.

3. Modify Section 17.134.040 L. and M. to strengthen the requirement that STR owners ensure their renters do not create disturbances and the ability for any disturbances that are created to result in direct fines, penalties and ultimately revocation of the STR permit.

4. Modify Section 17.134.040 N. to strengthen the requirement that the STR permit number be included on all advertising of the STR property, including electronic advertising.

5. Add Section 17.134.040 P. to create a new "local-preference" for STR permit review and issuance.

6. Add Section 17.134.040 Q. to create a requirement that applicants for STR permits have owned their homes for a minimum of two-years before being issued an STR permit.

7. Add Section 17.134.040 R. to create a requirement that STR permit holders rent their property on a short term basis a minimum of 60-days per year (or approximately 16-percent of the year) or their renewal may be reviewed by the Planning Commission at a Public Hearing and possibly recommended for denial.

7. Add Section 17.134.060 B. 3. To provide the Planning Director more discretion in referring individual STR permit applications to the Planning Commission for action.

8. Add Section 17.134.060 G. to prohibit individuals known to have operated a STR without a permit from receiving approval.

9. Add Section 17.134.040 S. to limit the proximity and density of short term rental activities occurring within any one neighborhood.

In addition, Staff also included the following revisions to the STR Ordinance in response to the staff identified issues above with the goal to make administration of the review process and application of the requirements more efficient, effective and enforceable.

1. Remove Section 17.134.040(I) as it is difficult for staff to adequately monitor and enforce. Rather than requiring the STR permit holder to provide this information, staff proposes to require the permit holder to provide it to the Department, and City staff will post the information online and make it available at City Hall. This

ensures staff can verify the information and that it is readily available to the community at any time.

2. Remove Section 17.134.050(D)(3). Staff finds that the direct mailing notification process is more effective in noticing the application and requesting citizen input into the process. Further, this is consistent with the notification process for all other applications. Therefore, staff has deleted the specific provision for a sign to be posted onsite and proposes to include this information in a notice to all *residents* within 300-feet rather than requiring the applicant to put a sign with this information onsite. Currently only *property owners* are noticed.

3. Amend Section 17.134.060(C) to formalize the waiting list process and postpone review of STR applications until an opening is available. Going through the application review process when no permits are available (as is currently required by the Ordinance) is not an effective use of staff's time or application fees. Staff has proposed the waiting list to be administered on a first-come first-served request, with St Helena residents being given preference as directed. Applications will only be accepted and processed when a permit becomes available. These proposed revisions simply codify current practice, with the exception of the "local preference" which was directed by the City Council and Planning Commission.

4. Remove Section 17.134.060(E). This is a redundant provision as all neighboring properties will have been notified during the Notice of Application period, the list of approved permits available online and through any subsequent public hearings (if required); the contact person's information will be on the City's website; and the current language defers the determination as to the most appropriate form of notification to the Director. Similar to other proposed revisions, this puts the notification responsibility onto City staff, while also allowing staff more control of the process.

5. There is currently no administrative policy on renewals in the Ordinance. The current renewal process was informally created based on direction from the City Council. As such, staff has included a renewal provision be added to the Ordinance as Section 17.134.065. This section also includes a requirement to verify that the permit holder has rented their property on a short term basis for an average of 60-days per year over the permit period.

All of these modifications are identified and included in an <u>underline</u> / ~~strikethrough~~ version of the Ordinance attached to this report as Attachment A.

<u>PLANNING COMMISSION REVIEW AND RECOMMENDATIONS</u>

The draft STR Ordinance revisions were heard by the Planning Commission at a Public Hearing on April 5, 2016. At this hearing approximately six members of the public chose to speak on the item. Generally, most speakers were appreciative of the efforts to revise the Ordinance and felt that the changes were reflective of the direction provided by the Planning Commission and City Council in their earlier review of the

Ordinance. While generally accepting of the revisions, several speakers did identify concerns over the proposed 60-night rental minimum and that some of the revisions may unfairly penalize good STR operators. Copies of all written comments received during the previous STR Ordinance input meetings as well as those received specifically on the draft changes have been provided as attachments to this report.

After taking public comment and reviewing all of the materials provided, the Planning Commission made the following recommendations regarding the revisions to the STR Ordinance:

1. The Planning Commission supported the requirement that a property be owned by the applicant for a STR permit for a minimum of three years prior to approval and use of the property as an STR.

2. Consider reducing the maximum number of individuals who are permitted to visit and/or stay in a STR at any time.

3. Consider limiting the number of renewals one individual may get to encourage turn-over in STR permit holders.

4. A majority of the Commission felt that the staff recommended 60-night rental minimum (proposed to implement a "us it or lose it" mechanism) was too many nights. They recommended the number of nights be reduced, or that individuals who's STR is their primary residence, be exempted from the 60-night minimum requirement.

5. The Commission supported modifying the (staff proposed) proximity limitations, going from a combination of linear-feet and overall proximity between properties approved for STR activities, to a strict proximity measurement.

6. Consider revising the STR application review process to require that all new STR permits come before the Planning Commission for decision.

7. Explore requiring STR permit holders to provide a security deposit or "bond" to address potential violations of the STR or other City Ordinances.

8. Explore implementing measures to work toward having a percentage of STR permit holders be local.

9. Consider drafting new findings for approval of STR permits.

Staff Response: In response to the direction received, staff has incorporated an exemption to the "Use-It or Lose It" provision for STR permit holders who utilize their STR as their permanent residence. Staff has also revised the required separation between approved STR permit locations to implement a strict 300-foot separation requirement between properties approved for STR activities. Staff had previously lowered the number of individuals who can be at an STR property by eliminating the allowance for any event to occur at a. STR.

Staff seeks further direction from the City Council regarding:

- Requiring all new STR permit applications to come before the Planning Commission. The current application fee would not cover the costs of this level of review.

- Limitation on the maximum number of renewals allowed for any individual permit holder.

- Implementing additional measures to work toward a certain percentage of locally held STR permits. Staff finds that the local preference policy will ensure the mix of STR permit holders will become more localized over time.

Finally, staff has proposed the following to implement new findings required for STR Permit Approval. If supported, some combination of these findings will be incorporated into the Ordinance prior to second reading and adoption.

A. The establishment of a short-term rental at the subject property is consistent with the purpose of the general plan, including policies regarding the displacement of rental units in the housing stock.

B. The establishment of a short-term rental at the subject property will not be detrimental to a building, structure or feature of significant aesthetic, cultural, architectural or engineering interest or value of a historical nature.

C. The establishment of a short term rental at the project site is compatible with and will not be detrimental to the character of the neighborhood and surrounding land uses.

D. The establishment of a short-term rental at the project site will provide an enhanced visitor experience and accommodation as an alternative to the hotel, motel, and bed and breakfast accommodations currently existing in the city and will help to ensure the collection and payment of transient occupancy taxes.

FISCAL IMPACT

According to the Finance Department, the 25 STR permit holders contributed approximately $144,053.53, in Transit Occupancy Tax (TOT) revenue to the City in fiscal year 2014/2015 (or approximately 1.44% of the City General Fund Budget).

Unfortunately, 2015/2016 revenues are not yet available however the trend is indicating an increase over last year.

The revised Ordinance includes a requirement that STR units be rented a minimum of 60-days per year (however an exemption is provided for those individuals who use their primary residence as an STR). This requirement will require any (non-resident) existing STR units currently renting below 60-days, to increase rental activity and therefore increase (TOT) revenue to the City. This is not expected to be a significant increase but will improve the consistency with which TOT revenues from STR operations are received.

CORRESPONDENCE

As mentioned, numerous comments and input have been received on the proposed Ordinance revisions and STR operations and issues in general. While no specific comment had been received on the draft ordinance itself, as of the completion of this report, all previous comments on this issue have been included as an attachment to this report.

RECOMMENDED ACTION

It is recommended by the Planning Commission and the Planning and Community Improvement Department that the City Council

1. Find that the Ordinance is exempt from the requirements of CEQA as a Class 1 Categorical Exemption pursuant to CEQA Guidelines Section 15301 given that the regulations affect existing structures and under the "General Rule", Section 15061(b)(3); and

2. Hold second reading and adopt by title only the proposed amendments to City of St. Helena Municipal Code Section(s) 17.134 Short Term Rentals creating a permit renewal process, modifying the review and operations criteria and improving enforcement mechanisms for short-term rental uses in the Residential and Agricultural Zoning Districts, Citywide.

ATTACHMENTS

1. Draft Ordinance
2. STR Location Map
3. Public Comments
4. November 17, 2015, PC Meeting Minutes
5. December 8, 2015, CC DRAFT Meeting Minutes

CITY OF ST. HELENA

ORDINANCE NO. ______

AMENDING CHAPTER 17.134 OF THE ST. HELENA MUNICIPAL CODE TO REVISE AND ENHANCE THE CITY'S REGULATIONS OF SHORT TERM RENTALS.

The City Council of the City of St. Helena does hereby ordain as follows:

SECTION 1. Amendment of Chapter 17.134. Chapter 17.134 of Title 17 of the St. Helena Municipal Code is hereby amended to read in its entirety as shown on Exhibit A, attached hereto and incorporated herein by reference.

SECTION 2. Compliance with CEQA. The City Council hereby finds that the action to adopt this Ordinance to amend Chapter 17.134 of the St. Helena Municipal Code is exempt from, the provisions of the California Environmental Quality Act (Public Resources Code Section 21000, et seq.) (CEQA) because the City Council hereby finds that it can be seen with certainty that there is no possibility the adoption and implementation of this Ordinance may have a significant effect on the environment, and the Ordinance is exempt from CEQA pursuant to CEQA Guidelines Sections 15061(b)(1), 15061(b)(2), and 15061(b)(3).

SECTION 3. Severability. The City Council hereby declares every section, paragraph, sentence, cause and phrase is severable. If any section, paragraph, sentence, clause or phrase of this ordinance is for any reason found to be invalid or unconstitutional, such invalidity, or unconstitutionality shall not affect the validity or constitutionality of the remaining sections, paragraphs, sentences, clauses or phrases.

SECTION 4. Inclusion in the St. Helena Municipal Code. It is the intention of the St. Helena City Council that the text in Exhibit A of this ordinance be made a part of the St. Helena Municipal Code and that the text may be renumbered or relettered and the word "Ordinance" may be changed to "Section," "Chapter," or such other appropriate word or phrase to accomplish this intention.

SECTION 5. Effective Date. This ordinance shall take effect and be in force 30 days after its adoption, and a summary of this ordinance shall be published once with the names of the members of the Council voting for and against the ordinance in the St. Helena Star, a newspaper of general circulation published in the city of St. Helena.

SECTION 6. Amendment Declarative Of Existing Law. The City Council finds that the amendment of Section 17.134.100 by this ordinance with respect to the imposition of civil penalties, and the right of the City to seek and obtain civil penalties by civil action, is intended to be declarative of existing law.

THE FOREGOING ORDINANCE was introduced at a regular meeting of the St. Helena City Council on the __th day of ________ 2015, and was adopted at a regular meeting of the St. Helena City Council on the ___th day of _____, 2015, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Alan Galbraith, Mayor
ATTEST:

CITY OF ST. HELENA

Cindy Black, City Clerk

I, CINDY BLACK, CITY CLERK of the City of St. Helena, California, do hereby certify that the foregoing Ordinance was regularly introduced and placed upon its first reading at a regular meeting of the City Council on the ___th day of ____, 2015. That thereafter said Ordinance was duly adopted and passed at a regular meeting of the City Council on the ___th day of _____, 20__ by the following vote:

AYES:
NOES:
ABSENT:

EXHIBIT A

Chapter 17.134
SHORT-TERM RENTALS

Sections:

17.134.010 Purpose and findings.

A. The city council hereby finds that unregulated transient occupancy uses in residential and agricultural district present a threat to the public welfare.

B. The purposes of this chapter are to establish a permitting process and appropriate restrictions and standards for short-term rental of single-family dwellings; to provide a visitor experience and accommodation as an alternative to the hotel, motel, and bed and breakfast accommodations currently existing in the city; to ensure the collection and payment of transient occupancy taxes; to minimize the negative secondary effects of short-term rental use on surrounding residential neighborhoods; and to retain the character of the neighborhoods in which any such use occurs.

C. This chapter is not intended to regulate hotels and bed and breakfast inns that do not qualify as short-term rentals.

D. This chapter is not intended to provide any owner of residential property with the right or privilege to violate any private conditions, covenants and restrictions applicable to the owner's property that may prohibit the use of such owner's residential property for short-term rental purposes as defined in this chapter.

E. The city council hereby finds that the adoption of a comprehensive ordinance regulating the issuance of and operating conditions attached to short-term rental permits is necessary to protect the public health, safety and welfare. The purposes of this chapter are: to provide a permit system and to impose operational requirements in order to minimize the potential adverse impacts of transient uses in residential neighborhoods and zoning districts on traffic, noise and density; to ensure the health, safety and welfare of renters and guests patronizing short-term rentals; to impose limitations on the total number of permits issued in order to ensure the long-term availability of the affordable housing stock; and to provide for robust enforcement remedies and penalties to prevent and deter violations of this chapter and unjust enrichment by those who violate this chapter.

F. The city council hereby finds that the city's regulation of short-term rental uses in accordance with this chapter, including the establishment of the non-transferability provisions, is a valid exercise of the city's police power in furtherance of the legitimate governmental interests documented in this chapter. (Ord. 12-2 § 8 (part))

17.134.020 Short-term rental permit required.

No person shall use or maintain, nor shall any person authorize, aid, facilitate or advertise the use of, any single-family dwelling on any parcel in any zoning district for short-term rental without a short-term rental permit. (Ord. 12-2 § 8 (part))

17.134.030 Districts in which permitted.

Short-term rentals shall be permitted in accordance with the provisions established in each zoning district and as provided in this chapter. (Ord. 12-2 § 8 (part))

17.134.040 Restrictions and standards.

Short-term rentals shall be subject to the following restrictions and standards:

A. The short-term rental use shall be permitted in no more than one single-family dwelling per lot.

B. The short-term rental permit shall be in the name of the owner-applicant, who shall be an owner of the real property upon which the short-term rental use is to be permitted. One person may hold no more than one short-term rental permit. The permit shall not be transferable.

C. Short-term rental uses shall be limited to single-family dwellings existing and constructed as of the date of application for the short-term rental permit.

D. The total number of permits for short-term rental dwellings shall not exceed twenty-five (25) at any time.

E. The maximum number of bedrooms used for short-term rental use in the short-term rental dwelling shall be no greater than five. The total number of guests staying in the short-term rental dwelling at any one time shall be no greater than two times the number of bedrooms plus two persons, up to a maximum of twelve (12) persons.

F. Short-term rental dwellings shall meet all applicable building, health, fire and related safety codes at all times and shall be inspected by the fire department before any short-term rental activity can occur.

G. A minimum of two on-site parking spaces shall be provided for use by the short-term rental occupants.

H. The owner-applicant shall keep on file with the city the name, telephone number, cell phone number, and e-mail address of a local contact person who shall be responsible for responding to questions or concerns regarding the operation of the short-term rental. This information shall be posted in a conspicuous location within the short-term rental dwelling. The local contact person shall be available twenty-four (24) hours a day to accept telephone calls and respond physically to the short-term rental within thirty (30) minutes when the short-term rental is rented and occupied. The City shall post the name and contact information of the local contact person associated with each short-term rental on the City's webpage.

J. The owner-applicant shall post "house policies" within each guest bedroom. The house policies shall be included in the rental agreement, which must be signed by the renter and shall be enforced by the owner-applicant or the owner-applicant's designated contact person. The house policies at a minimum shall include the following provisions:

1. Quiet hours shall be maintained from ten p.m. to seven a.m., during which noise within or outside the short-term rental dwelling shall not disturb anyone on a neighboring property.

2. Amplified sound that is audible beyond the property boundaries of the short-term rental dwelling is prohibited.

3. Except as permitted by the planning director, vehicles shall be parked in the designated on-site parking area and shall not be parked on the street overnight.

4. Parties or group gatherings which exceed the maximum number of allowed guests and/or which have the potential to cause traffic, parking, noise or other problems in the neighborhood are prohibited from occurring at the short-term rental property, as a component of short-term rental activities.

K. Auctions, weddings, commercial functions, and any other similar events which have the potential to cause traffic, parking, noise or other problems in the neighborhood are prohibited from occurring at the short-term rental property, as a component of short-term rental activities..

L. The owner-applicant shall ensure that the occupants and/or guests of the short-term rental use do not create unreasonable noise or disturbances, engage in disorderly conduct, or violate provisions of this code or any state law pertaining to noise, disorderly conduct, the consumption of alcohol, or the use of illegal drugs or be subject to fines and penalties levied by the City up to and including revocation of the Short Term Rental Permit.

M. The owner-applicant, upon notification that occupants and/or guests of his or her short-term rental use have created unreasonable noise or disturbances, engaged in disorderly conduct or committed violations of this code or state law pertaining to noise, disorderly conduct, the consumption of alcohol or the use of illegal drugs, shall prevent a recurrence of such conduct by those occupants or guests or be subject to fines and penalties levied by the City up to and including revocation of the short-term rental permit.

N. All advertising for any short-term rental, including electronic advertising on short-term rental websites, shall include the number of the short-term rental permit granted to the owner-applicant.

O. The owner-applicant shall maintain city business licenses and pay all transient occupancy taxes in accordance with Chapter 3.28 as required. (Ord. 12-2 § 8 (part)) Declarations that the property was rented for greater than 30-days within a transient occupancy tax reporting period shall be supported by contractual and financial documentation as requested by City staff.

P. Preference for the review and issuance of new short-term rental permits shall be given to current residents of St. Helena over non-resident applicants. Applicants whose primary residence is within the City of St. Helena shall be reviewed and acted on ahead of other non-resident applications to implement the local preference policy for short-term rental permits.

Q. Applicants for short-term rental permits are required to have owned their homes for a minimum of three-years prior to applying for and being issued, a short-term rental permit.

R. Short-term rental permit holders are required to rent their properties on a short term basis a minimum (average) of 60-days per year. Individual permit holders who do not meet this minimum rental activity, may (at the determination of the Director) have their renewal denied and/or reviewed by the Planning Commission at a noticed Public Hearing. Short-term rental permit holders who utilize their primary residence for short-term rental activities are exempted from this requirement.

17.134.050 Procedures for application and public notice.

A. Prospective owner-applicants of a short-term rental use shall apply for a permit with the planning director in accordance with the provisions of this chapter and on a form provided by the city.

B. The application shall be accompanied by a fee in an amount to be fixed from time to time by resolution to cover the administrative costs of issuing a short-term rental permit and, but not limited to, inspecting the short-term rental dwelling.

C. The application shall include the following information:

1. The name, address and phone number of the applicant, and verification that the applicant is the owner of the property.

2. The assessor's parcel number of the lot on which the short-term rental use is proposed.

3. Certification that the permit will be nontransferable.

4. Certification that the local contact person is available twenty-four (24) hours a day to accept telephone calls and respond physically to the short-term rental within thirty (30) minutes when the short-term rental is rented and occupied.

5. A site and floor plan identifying the location of parking on the site and the location of any bedrooms to be used for short-term rental use.

6. A list of the names and addresses of the property owners within a three hundred (300) foot distance from the lot on which the short-term rental use is proposed, and a map, drawn to scale, that clearly identifies the lots and the assessor parcel numbers of the lots identified pursuant to this section.

7. Acknowledgement of receipt and inspection of a copy of all regulations pertaining to the operation of a short-term rental use.

8. Additional information as may be requested by the planning director to determine impact and mitigation measures.

D. Notice of Application.

1. The planning director shall provide a notice of application for a short-term rental permit to the property owners and residents located within a three hundred (300) foot distance from the lot on which the short-term rental use is proposed.

2. The notice of application shall contain a description of the proposed short-term rental operation, parking on the site, and number of bedrooms to be used for short-term rental use, together with a location map identifying the short-term rental dwelling lot in relationship to all other lots within a three hundred (300) foot distance.

4. The notice of application shall state that the noticed owners may file a written protest against the proposed short-term rental use with the planning director; provided, that all protests must be postmarked or received within thirty (30) days of the mailing of the notice of application. (Ord. 12-2 § 8 (part))

17.134.060 Permit processing.

A. Short-term rental permit applications shall be submitted to the Planning Commission at a noticed Public Hearing pursuant to the requirements of this chapter.

The Planning Commission shall review and either approve or deny the application pursuant to the requirements of this chapter after considering the effects the proposed use would have on surrounding uses and the cumulative impacts within the community. In approving a short-term rental (STR) application, the Planning Commission must make the following findings:

1. The establishment of a short-term rental at the subject property is consistent with the purpose of the general plan, including policies regarding the displacement of rental units in the housing stock.

2. The establishment of a short-term rental at the subject property will not be detrimental to a building, structure or feature of significant aesthetic, cultural, architectural or engineering interest or value of a historical nature.

3. The establishment of a short term rental at the project site is compatible with and will not be detrimental to the character of the neighborhood and surrounding land uses.

4. The establishment of a short-term rental at the project site will provide an enhanced visitor experience and accommodation as an alternative to the hotel, motel, and bed and breakfast accommodations currently existing in the city and will help to ensure the collection and payment of transient occupancy taxes.

C. If no short-term rental permits are available pursuant to the limitation on short-term rentals described in Section 17.134.040(D), the planning director shall place interested property owners on a waiting list in the order in which they were received. ~~New~~ If a permit becomes available, applications shall be accepted and reviewed in the order that they are listed on the waiting list, subject to the local preference policy established in Section 17.134.040 P.

D. The planning director or planning commission may impose conditions on the granting of an application for a short-term rental permit to mitigate the impacts of the proposed land use.

~~E. Within ten (10) days of the approval of a short-term rental permit, the owner-applicant shall mail to all property owners within three hundred (300) feet of the lot on which the short-term rental use is approved, notice of the issuance of a permit for short-term rental use and the name, phone number, cell phone number, and e-mail address of the local contact person available twenty-four (24) hours a day to accept telephone calls and respond physically to the short-term rental within thirty (30) minutes when the short-term rental is rented and occupied. Notice shall be provided on a form acceptable to the planning director. Within ten (10) days of the mailing, the owner-applicant shall provide evidence to the planning director that such mailing occurred.~~

F. Short-term rental permits shall be valid for a period of two years. In reviewing subsequent requests for a short-term rental permit, the planning director shall require evidence of compliance with conditions of the short-term rental permit and this chapter. No subsequent permit shall be approved without written verification of tax payments, and no permit shall be approved if the operation of the short-term rental has created adverse impacts on the neighborhood in which it is situated or has otherwise caused the loss of the character of that neighborhood.

G. Substantial evidence identifying operation of an unpermitted short-term rental within the City of St Helena shall prohibit approval and/or issuance of a short-term rental permit to the property owner and/or agent conducting the unpermitted rental activity,

H. Short-term rental permits shall be subject to any changes to this chapter that the city council may make and conditions that the council may impose subsequent to the issuance of the permit. (Ord. 12-2 § 8 (part))

17.134.065 Renewals.

A. A minimum of 30-days prior to the expiration of a current short-term rental permit, the permit holder shall submit a short-term rental permit renewal application and pay applicable fees to the City.

B. Upon receipt of a renewal application, the Planning Department will confirm with the Finance Department that the applicant's business license is current and that all required Transient Occupancy Taxes (TOT) have been reported and paid (see Municipal Code Section 5.08 for addressing lack of payment/business license).

C. The Planning Department will refer the application to the St Helena Police Department to request all police calls for services and/or complaints lodged against the property over the course of the two-year permit.

D. If the permit holder has a current business license, has rented their property on a short-term basis for an average of 60-days per year (as applicable), has been properly reporting and paying TOT, and has fewer than three STR related complaints filed over the two years, the Planning Department may administratively approve the renewal which shall be good for an additional two years. If all of these provisions are not met, the renewal shall be referred to the Planning Commission for action at a Public Hearing. The Planning Department also has discretion to refer the renewal application to the Planning Commission for a decision pursuant to the process and standards set forth in Section 17.134.060.

E. The Planning Director may deny the renewal if the applicant has violated any provision of this chapter.

17.134.070 Appeals.

Any person whose application for a short-term rental permit (including a renewal application) has been denied by the planning director, or whose permit has been suspended or revoked by the planning director, may appeal to the city council pursuant to Section 17.08.180. The appeal shall be accompanied by a filing fee, if any, as established by city council resolution. (Ord. 12-2 § 8 (part))

17.134.080 Inspections.

A. The planning director or his or her designee shall have the right to enter upon any property at any reasonable time to make inspections and examinations for the purpose of enforcement of this chapter, subject to the provisions of Code of Civil Procedure Section 1822.50 et seq.

B. The fire department shall annually inspect the short-term rental dwelling.

C. The planning director shall have the right to inspect any records related to the use and occupancy of the short-term rental to determine that the objectives and conditions of this chapter are being fulfilled. (Ord. 12-2 § 8 (part))

17.134.090 Revocation.

A. The planning director may revoke a short-term rental permit pursuant to Section 17.04.140 if the planning director determines that:

1. The owner-applicant gave false or misleading information during the application process;

2. There has been a violation of any of the terms, conditions and restrictions on the use of the dwelling unit for short-term rental use;

3. The owner-applicant has violated any provision of this chapter;

4. The owner-applicant has failed to timely pay the transient occupancy tax as required by this code; or

B. If an owner-applicant's short-term rental permit is revoked, the owner-applicant may not reapply for another permit for two years after the date of revocation. (Ord. 12-2 § 8 (part))

17.134.100 Violations, enforcement and civil penalties.

A. Any property owner or responsible person who uses, or allows the use of, or advertises or causes to be printed, published, advertised or disseminated in any way, the availability of residential property in violation of this chapter is guilty of a misdemeanor for each day in which such residential property is used, or allowed to be used, in violation of this chapter. Such violation shall be punishable pursuant to Chapter 1.20. For purposes of this chapter, "responsible person" shall mean and include and manager or other person responsible for allowing property to be used for short-term rental in violation of this chapter.

B. Short-term rental use, and/or advertisement for use, of a residential property in violation of this chapter is a threat to public health, safety or welfare and is thus declared to be unlawful and a public nuisance. Any such nuisance may be abated and/or restored by the enforcement official and also may be abated pursuant to Chapter 1.12, except that the civil penalty for a violation shall be one thousand dollars ($1,000). Each day the violation occurs shall constitute a separate offense.

C. Any property owner or responsible person who violates this chapter shall be liable and responsible for a civil penalty of one thousand dollars ($1,000) per violation per day such violation occurs. The city may recover such civil penalty by either civil action or administrative citation. Such penalty shall be in addition to all other costs incurred by the city, including without limitation the city's staff time, investigation expenses and attorney's fees.

1. Where the city proceeds by civil action, the court shall have discretion to reduce the civil penalty based upon evidence presented by the property owner or responsible person that such a reduction is warranted by mitigating factors including, without limitation, lack of culpability and/or inability to pay. Provided, however, that in exercising its discretion the court should consider the purpose of this chapter to prevent and deter violations and whether the reduction of civil penalties will frustrate that purpose by resulting in the property's owner's or responsible person's enrichment or profit as a result of the violation of this chapter. In any such civil action the city also may abate and/or enjoin any violation of this chapter.

2. Where the city proceeds by administrative citation, the city shall provide the property owner or responsible person notice of the right to request an administrative hearing to challenge the citation and penalty, and the time for requesting that hearing.

(a) The property owner or responsible person shall have the right to request the administrative hearing within forty-five (45) days of the issuance of the administrative citation and imposition of the civil penalty. To request such a hearing, the property owner or responsible person shall notify the city clerk in writing within forty-five (45) days of the issuance of the citation. The appeal notification shall include all specific facts, circumstances and arguments upon which the appeal is based.

(b) The city manager is hereby authorized to designate a hearing officer to hear such appeal. The city hearing officer shall conduct a hearing on the appeal within ninety (90) days of the request for the hearing unless one of the parties requests a continuance for good cause. The hearing officer shall only consider those facts, circumstances or arguments that the property owner or responsible person has presented in the appeal notification.

(c) The hearing officer shall render a decision in writing within thirty (30) days of the conclusion of the hearing. The hearing officer shall have discretion to reduce the civil penalty based upon evidence presented by the property owner or responsible person that such a reduction is warranted by mitigating factors including, without limitation, lack of culpability and/or inability to pay. Provided, however, that in exercising its discretion the hearing officer should consider the purpose of this chapter to prevent and deter violations and whether the reduction of civil penalties will frustrate that purpose by resulting in the property's owner's or responsible person's enrichment or profit as a result of the violation of this chapter.

(d) Any aggrieved party to the hearing officer's decision on the administrative appeal may obtain review of the decision by filing a petition for writ of mandate with the Napa County Superior Court in accordance with the timelines and provisions set forth in Government Code Section 53069.4.

(e) If following an administrative hearing, appeal, or other final determination, the owner of the property is determined to be the responsible person for the civil penalty imposed by this section, such penalty, if unpaid within forty-five (45) days of the notice of the final determination, shall become a lien to be recorded against the property on which the violation occurred pursuant to chapter 1.12. Such costs shall be collected in the same manner as county taxes, and thereafter the property upon which they are a lien shall be sold in the same manner as property now is sold for delinquent taxes.

D. Any violation of this chapter may also be abated and/or restored by the enforcement official and also may be abated pursuant to Chapter 1.12, except that the civil penalty under Chapter 1.12 for a violation shall be one thousand dollars ($1,000).

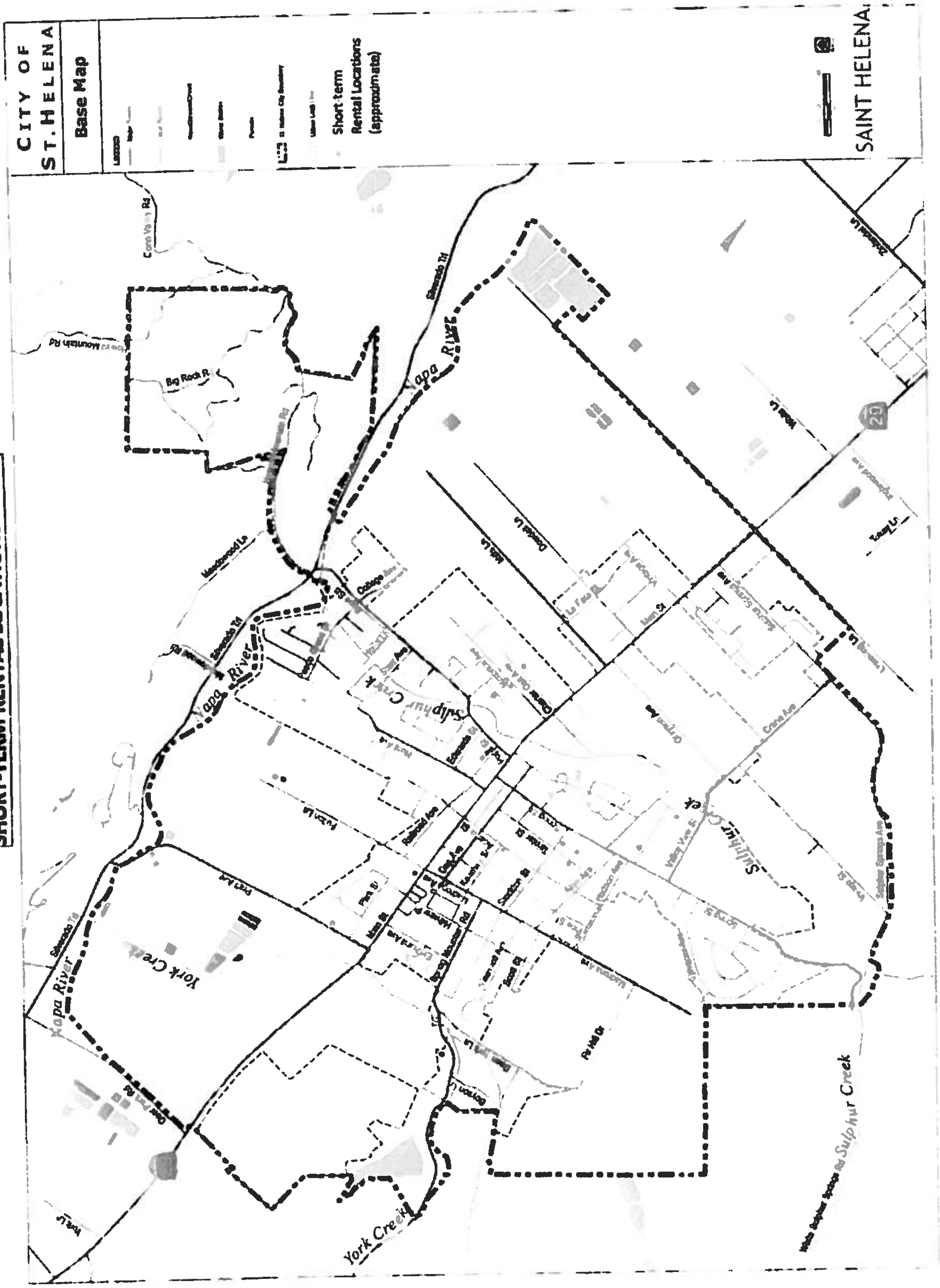
E. Each day the violation of this chapter occurs shall constitute a separate offense.

F. Any property owner who uses, or allows the use of, residential property as a short-term rental without a permit shall be liable for the transit occupancy tax that would have been owed under Chapter 3.28 had the use been legal, including the penalty and interest provisions of Section 3.28.070. (Ord. 12-2 § 8 (part))

G. The remedies under this chapter are cumulative and in addition to any and all other remedies available at law and equity.

Attachment 2

SHORT-TERM RENTAL LOCATIONS – 2015



Attachment 3

To: City Council Members
City of Saint Helena

From: Jeanne Cabral
2150 Spring Mountain Road – Short Term Rental Permit No. 2012-71

Date: November 30, 2015

Subject: Short Term Rental Permit Ordinance Amendment
December 8, 2015 City Council Meeting

Dear City Council Members;

We have a permitted Short Term Rental (STR) on a 2 acre parcel at 2150 Spring Mountain Road.

Recently, a couple of legal STR's have come under scrutiny for behavior that has been disruptive to the neighbors and in violation of the STR ordinance as confirmed by police reports.

In reaction to this and other concerns raised by some community members, several of the STR permit holders, including ourselves, have met as a group on several occasions with the intent of helping to find solutions. We completely understand the concerns and we are in favor of doing all that is necessary and reasonable to make sure that disruptive activity does not occur. Also, those of us STR permit holders that are managing our properties properly hope that we and the validity of the process will not be judged based on the actions of one or two individuals that have poorly managed their STR's.

The vast majority of the STR permit holders care greatly about the community and want to help find a solution.

To better understand our situation and to characterize most of the type of individuals that we have met who have STR Permits, I think it helps to explain our relationship to our house and our STR experience:

> Ours is a family home on two acres. It was purchased by my mother's great aunt and uncle in 1935. My great aunt and uncle helped raise my mother in this home. My great uncle owned a downtown local hangout bar/restaurant for many years called Gee Gee's. Following my great uncles death, my mother and father inherited the house in the late 1970's and lived there for many years until their passing just a few years ago. At that time my siblings and I took over ownership of the home and our families continue to enjoy it. No one currently lives at the house full time. My husband and I live locally in Yountville and we have taken over the responsibility for the day-to-day care and maintenance of the home. There are a lot of great memories attached to this house and it is a very special place that continues to be enjoyed by family and friends. In order to help pay for extensive renovations to the old house and to maintain the property, in May 2013 we applied for and received one of the STR permits. This process has allowed us to keep the house that we love so much.
>
> To ensure that all goes well, we make contact with and welcome all guests to the house. My husband and I respond to any questions or issues that the guest may have and we are the ones that would respond if there were any complaints from neighbors. We have not had any complaints thus far.
>
> For us this has been a very positive experience, we have had people from all over the country and all over the world stay at our home. Everyone has been gracious and are generally here to enjoy the area and are looking for a quiet relaxing time.

Short Term Rental Permit Ordinance Amendment
November 30, 2015

I understand that one of the Planning Commission recommendations is that the ordinance be revised to require owners to be local and live within the city limits of Saint Helena. We understood that this was suggested as a response to absentee owners that may not be responsive to disruptive activity and to discourage out-of-town speculators. We feel that, the owners should be judged on their ability to properly manage the activities at their STR. The goal should be to attract conscientious STR owners by including proper regulations and then following up with enforcement when there are violations. As long as a STR is properly managed, has no complaints and has a local contact per the ordinance it should be allowed to continue to operate. My husband and I have lived in Yountville for 34 years, I have worked for Heitz Wine Cellars for 27 years and my office is located in downtown Saint Helena and we have long time family roots in Saint Helena, we have been proven to be conscientious STR owners, but would be eliminated from the process if this requirement is enacted.

We understand that City Planning Department was short staffed through much of the life of the ordinance and that affected the ability to properly enforce the ordinance regulations during that time. We have been informed that staffing issues are now resolved and it is apparent based on recent Planning Department actions against illegal STR's that enforcement efforts have been stepped up substantially. So, we feel that the STR regulations as written have not completely been given a chance. Had enforcement been pursued in the past possibly the issues that occurred at a couple of the legal STR's would have been resolved and more illegal STR's would have been tracked down and prosecuted similar to those instances that occurred recently. So we feel that the ordinance as written is basically sound but just needs a little tweaking and follow-through.

Things that we feel should be considered when updating the ordinance are as follows:

1. The majority of the permit holders have done a great job and are respectful of the neighbors and community, so allow those permits to continue in perpetuity.
2. Continue to limit the number of permits to 25 which should address the town character concerns.
3. Enforcement:
    a. Actively search for illegal rentals, shut them down, impose fines and collect back taxes per the ordinance.
    b. There should be repercussions, including loss of permit, for those legal STR's that violate the regulations, disturb neighbors, etc. based on confirmed complaints and Planning Commission review.
    c. Implement complaint coordination between the Police Department and the Planning Department.
4. Require that homes be owned for a certain length of time before a STR can be processed to discourage speculators.
5. Do not require that STR owners reside in Saint Helena.

We have a lot of respect for the community, we have done all we can to make sure that this process goes well and works for all, we are grateful for the opportunity to have a STR permit, and would very much like to continue. Thank you for your consideration.

Respectfully,

Jeanne Cabral

Jeanne Cabral

Attachment 3

Noah Housh

From:	Carolyn Kelperis <ckelperis@hotmail.com>
Sent:	Friday, December 04, 2015 4:37 PM
To:	Alan Galbraith; Greg Pitts, Paul Dohring; Peter White; Sharon Crull
Cc:	Grace Kistner; Mary Koberstein; Sarah Parker; Tracy Sweeney; Aaron Hecock; Noah Housh; Jennifer Phillips
Subject:	Proposed Revision of STR Ordinance
Attachments:	12-4-2015 UPDATED RECOMMENDATIONS FOR REVISING STR ORDINANCE.docx

Dear Council Members,

I have previously addressed the Planning Commission, both in writing and at meetings, concerning Short Term Rentals. I am offended at the idea that since St Helena has insufficient hotel rooms, that we should allow commercial operations to encroach upon residential neighborhoods.

I have experienced living next to an illegal STR. I complained in writing for over 10 years, before the City finally took action against the owner.

However, if it is the decision of the majority of the City Council to continue to allow STRs, I believe the existing Ordinance needs to be revised. I have attached an updated list of my recommendations, after reading the Summary prepared by the Planning Department, as well as the recommended line item changes.

For the record, I was recently solicited by airbnb to "earn money renting my vacation home". I responded by advising them of the restrictions here in St. Helena. A few days later, I perused both the airbnb and vrbo websites, and learned that both of these platforms require the applicant to certify that they will comply with all local laws, rules and regulations. If any STR Applicant has previously listed with any of these websites offering rentals for less than 30 days, they have not only been cheating the City, but have also been lying to the websites. Such an application for an STR permit should automatically be rejected.

The bottom line is, any STR ordinance for the City of St Helena, needs to be written in a manner so that it can be enforced with the resources and staff available.

Thank you for your consideration.

Sincerely,
Carolyn Kelperis
1615 Main Street
St. Helena, CA 94574

Attachment 3

12/4/2015 UPDATED RECOMMENDATIONS FOR REVISING STR ORDINANCE

I BELIEVE STRs SHOULD ONLY BE ALLOWED FOR SITUATIONS WHERE THE RESIDENCE IS OWNER OCCUPIED (INCLUDING ADJACENT GRANNY UNITS)

THE 300' RADIUS OF NOTIFICATION IS TOO BROAD. IT IS THE IMMEDIATELY ADJACENT RESIDENTS WHO ARE MOST AFFECTED. NOTIFICATION SHOULD BE REDUCED TO A SMALLER RADIUS—100-150'?

I AGREE WITH THE PROPOSED AMENDMENT TO 17.134.050 D1 TO INCLUDE NOTICE TO ALL RESIDENTS, NOT JUST OWNERS. HOWEVER, D4 SHOULD ALSO BE CHANGED TO ALLOW THE NOTICED RESIDENTS TO FILE A WRITTEN PROTEST, NOT JUST OWNERS.

THE CURRENT 30% THRESHOLD OF OBJECTIONS BY NEIGHBORS TO THE PROPOSED PERMIT ONLY RESULTS IN A HEARING. THE OBJECTIONS BY ADJACENT RESIDENTS SHOULD BE GIVEN GREATER WEIGHT IN THE "FINDINGS"

I AGREE WITH STAFF PROPOSAL TO POST THE LOCATION OF PERMITTED STRs AND CURRENT CONTACT INFORMATION ON THE CITY WEBSITE, IN LIEU OF STR OWNERS SENDING WRITTEN NOTICES. I ALSO BELIEVE THE INFORMATION ON THE WEBSITE SHOULD INCLUDE THE EXPIRATION DATE OF THE PERMIT.

PERMIT RENEWALS—THE PROPOSED 17.134.065 Renewals **PROPOSES THAT UPON RECEIPT OF A RENEWAL APPLICATION THE PLANNING DIRECTOR SHALL CONFIRM THAT:**
(1) ALL TOT TAXES HAVE BEEN REPORTED AND PAID
(2) WHETHER THE POLICE DEPT HAS RECEIVED COMPLAINTS AGAINST THE PROPERTY WITHIN THE PRECEDING 2 YEARS
(3) WHETHER BUSINESS LICENSE IS CURRENT
(4) WHETHER ANY PROVISION OF THE ORDINANCE HAS BEEN VIOLATED.

THERE IS NO PROVISION IN THE RENEWAL PROCESS TO NOTIFY NEARBY PROPERTY RESIDENTS. THERE MAY BE ISSUES THAT HAVE ARISEN THAT WERE NOT ELEVATED TO THE LEVEL OF A POLICE DEPARTMENT COMPLAINT. OWNERS OR RESIDENTS MAY HAVE CHANGED IN THE INTERVENING PERIOD, AND THEY SHOULD HAVE THE OPPORTUNITY TO PROTEST AN APPLICATION. I BELIEVE THE RENEWAL APPLICATION SHOULD GO THROUGH THE SAME NOTIFICATION PROCESS AS THE INITIAL APPLICATION.

APPLICATION FORM FOR THE PERMIT SHOULD CONTAIN A QUESTION AS TO WHETHER THE OWNER HAS BEEN RENTING THE UNIT FOR LESS THAN 30 DAYS SINCE THE DATE THE ORDINANCE WENT INTO EFFECT. I AGREE THAT AN UNPERMITTED OPERATION OF AN STR SHOULD BE AN AUTMOATICE PROHIBITION TO THE ISSUANCE OF A PERMIT.

THE BOTTOM LINE IS THAT ANY ORDINANCE FOR THE CITY OF ST HELENA, NEEDS TO BE WRITTEN IN A MANNER THAT IT CAN BE ENFORCED WITH THE RESOURCES AND STAFF AVAILABLE.

Attachment 3

Noah Housh

Subject: FW: Short-Term Rental Ordinance

From: Connie Wilson [clw1956@comcast.net]
Sent: Thursday, December 03, 2015 9:19 PM
To: Peter White
Subject: Short-Term Rental Ordinance

Dear Vice Mayor White,

I am disheartened by the recent decision of the Planning Commission and its recommendations regarding the Short – Term Rental Ordinance. Rather than repeal an ordinance that clearly has not worked for three years, the PC has chosen to recommend "tweaking" it. However, under the City's own admission, there are no resources for enforcement of existing or new rules to this ordinance. We can assume that any TOT from STRs would result in a wash if the City were to hire an enforcement officer. Once again, the onus falls upon the neighbors to monitor and report disturbances.

What an awful situation to be in, if one has the misfortune to live next to a legal or illegal STR. I know from experience that the very transient nature of STRs changes neighborhoods. I live across from the illegal STR on Scott Street that was finally taken to court by the City, after THREE years of complaints by myself and other neighbors. It is now a long-term rental with a young family, and this is a wonderful change. No more late night drunken parties, loud music, vehicles coming and going at all hours and parking in front of neighbors' homes, limos and tour buses idling in the street, or folks wandering around with wines glasses in hand. I truly sympathize with anyone who has to contend with a legal or illegal STR and all the woes it brings every time a new occupant arrives. I find it inconceivable that the Planning Commission would side with 25 permit holders and ignore the plight of all other citizens impacted by dramatic changes to their neighborhoods.

If indeed you plan on making changes to the ordinance, then it should be your due diligence to contact neighbors who live in the immediate area of legal STRs and get feedback on their experiences. Our Police Department has only recently tried to correlate STR disturbance calls, and this has been woefully inadequate to form any conclusions. Please make changes that protect the majority of St. Helena's citizens. Insist on owners of STRs being residents of St. Helena (or better yet, live on the property). This is a lucrative business – many outsiders know this and will take advantage of our ordinance. Limit STRs to agriculture zones and business districts, not in compacted neighborhoods. NEVER allow someone who operated an illegal rental to apply for a legal permit. Objections by adjacent neighbors should be given greater weight in the "findings" to determine if a permit is to be granted or renewed.

You are making a decision that benefits a few, to the potential detriment of many. You were elected to represent ALL the people and to protect and preserve the rights of ALL citizens. Allowing commercial STRs in residential neighborhoods is a serious breach of faith to your constituents.

Thank you.

Respectfully,

Connie Wilson
1658 Scott Street
St. Helena, CA 94574
707.337.2210

Attachment 3

Survey Results
of
Neighbors of Legal STRs in St. Helena

September 2015

SURVEY OVERVIEW

A survey of the neighbors of legal Short-Term Rentals (STRs) was taken in August and September of this year. It was conducted by the Stockton/Pine Street Neighborhood Group in order to quantify the nature of legal STRs in residential neighborhoods in the view of the people who live near them.

Neighbors of STRs in the residential part of St. Helena were contacted; STRs in the rural areas of Spring Mountain, Fulton and Pratt Avenue were not included.

The questions asked along with the responses and their statistics are below.

RATIONALE FOR A SURVEY OF OPINIONS AND POTENTIAL IMPACTS

There are two fundamental reasons for conducting our survey of legal STRs:

1. According to the City's STR Ordinance, all legal STRs presumably comply with a strict set of requirements relative to conducting a business operation in a residential zone. In order for a permit to have been approved, the findings needed for approval document that there will be no impacts due to the STR's operation. Further, the STR's operation must not harm the public health, safety and welfare, and it is required that such an operation will not change the character of the neighborhood. The Ordinance has now been on the books for nearly three years. A survey of people who live near STRs seemed appropriate to learn if the legally required "no impact" conditions are in reality being realized in our neighborhoods.

2. The official City position on STRs is that "there hasn't been a problem." A survey of those living near a legal STR, presumably constrained by the law's rules and regulations, seemed to be appropriate in order to shed some light on whether the City's "no problem" position is true.

Short-Term Rental Survey
of Neighbors of Legal STRs
St. Helena
September 2015

SURVEY RESULTS AND STATISTICS

- Of the residential legal STRs considered, we were able to speak with at least one neighbor relative to eleven (11) legal STRs.
- Of these eleven STRs, we were able to interview a total of twenty-eight (28) neighbors.

List of Question Items, Responses and Statistics from 28 Respondents

1. Are you aware of an STR in this vicinity?
   Yes: 28 100%
   No: 0 0%
2. Does the STR Impact your property in any way?
   Yes: 23 82%
   No: 5 18%
3. Are you OK with your specific STR situation?
   Yes: 6 22%
   Kind of: 4 14%
   No: 18 64%
4. Do you think St. Helena should have STRs?
   Yes: 4 14%
   No: 24 86%
5. Do you believe that STRs change the character of your neighborhood?
   Yes: 24 86%
   No: 4 14%

Most Common Impact Complaints

1. Noise, Music, Talking Having to Call the Police
2. Parties, drunks, disrespectful people
3. Parking and cars coming and going.

Other Typical Complaints

1. Lack of Privacy
2. Safety, not knowing who comes and goes, fear for their children
3. Reduced property values
4. Reduced work-force housing and rental housing.

Short-Term Rental Survey
of Neighbors of Legal STRs
St. Helena
September 2015

TYPICAL COMMENTS FROM NEIGHBORS OF LEGAL STRs [Note: One respondent stated they were happy to have an STR next door, and there were some who didn't mind them. See Survey #2, #3, #4]

- It definitely impacts me negatively, and I'm concerned I'll have to declare it if I ever sell.
- Takes away the privacy I used to have in my backyard.
- I'm not OK with the situation, but what can I do?
- These kinds of rentals belong in a commercial area, or an area with larger lots or acreage.
- The tax income is not worth the impact on me.
- Thank goodness my kids are grown and out of the house. I'd worry about strangers next door if I had small children
- This STR has affected me greatly. People stand outside talking on their cell phones and looking straight into me kitchen and sliding door.
- The owner intimidates me. I'm a senior, and live alone. I'm intimidated by him.
- Rentals like this don't belong in areas with homes built with small side yards.
- This has changed the way I am able to live, and enjoy my home. I don't like it.
- I worry that my dog will be poisoned. The renters have thrown food into my yard.
- It affects me in that I never know who's coming and going.
- I would prefer to know my neighbors.
- It's right next door. Cars are in and out at all hours.
- It has definitely changed the character of this area.
- We don't like it, but what can we do about it?
- I have small children and I'm concerned about Megan's Law people.
- The STRs create a more transient community which reduces the community feel.
- I have to call the police about every week.
- The STR people are disrespectful and the owners don't live here so they can't do anything, and they don't contribute to the community.
- I have to call the police regularly. An ambulance came once because a drunk fell off the porch.
- The renters are disrespectful. Service people, limos, caterers and pool people are in and out all week.
- I have to call the police constantly. There are different people there every week, like it's a hotel.
- I had to buy a sound machine to mask the noise so I can sleep.

Short-Term Rental Survey
of Neighbors of Legal STRs
St. Helena
September 2015

BRIEF DISCUSSION

A review of the survey results begs the following questions.

- Since the STR Ordinance legally mandates that STRs will not create "impacts" nor change the character of a neighborhood, do the survey results hold up to these standards?
- Since the City claims that STRs are not a problem, do the survey results tell us otherwise?

Statements from the Results

- All respondents knew there was an STR in their vicinity.
- 82% of neighbor respondents claim they are impacted by the operation of a nearby legal STR in St. Helena
- 64% were "not OK" with their specific impact situation
- 86%, all of the respondents, regardless of whether they are personally impacted or not, felt that St. Helena SHOULD NOT have STRs
- 86% of the respondents claimed that they thought STRs change the character of their neighborhood.
- The people who were OK with St. Helena having STRs (Q #4) are the same people who thought that STRs do not change the character of their neighborhood (Q #5).

Survey conducted and reported by members of the *Stockton/Pine Street Neighborhood Group:*

- Tona Kovacevic
- Kati Lynn
- Connie Wilson
- Lana Ivanoff
- Jerry Hyde
- Michele Barberi
- Marianne Brooks
- Carolyn Kelperis

Attachment 3

Comments before the Town Hall meeting on Short Term Rentals

Larry Vermeulen
1350 Oak Avenue

First, let me say that those speaking against short-term vacation rentals are not an anti-business or anti-tourism group. This is simply a group of folks who want to go home at night and relax and enjoy the privacy of their homes and yards. They want to leave the commercial part of town behind and return to the sanctuary of their residential neighborhoods where commercial activities have traditionally not been allowed.

And criticism of the ordinance is not blanket criticism of all operators of STRs. Some folks may be managing their STRs in full compliance with the ordinance and with sensitivity to their neighbors. Unfortunately too many of the STRs have become party houses whose owners have shown little regard for the surrounding neighborhoods.

St. Helena is not alone in dealing with this issue. Communities all over the country and indeed, the world, are dealing with the issues that arise from placing STRs in residential neighborhoods; impacts of noise and traffic, long term rental homes being converted to STRs and squeezing out low and moderate income renters, and inflated real estate prices due to absentee owners and speculators purchasing homes solely for use as STRs or conversely, loss of property value for the neighbor that wants to sell and has to disclose that there's a mini-hotel operating next door.

The STR ordinance was an experiment. One of its goals was to see if a limited number of tightly-regulated vacation rentals could operate in residential neighborhoods without negatively impacting those neighborhoods. Another goal of the STR ordinance was to put an end to the illegal vacation rentals that had operating with impunity in our town for years. The experiment has failed on both counts.

You've heard from many that having an STR in their neighborhoods has diminished their quality of life And a quick search of the Internet will reveal that there are no fewer illegal STRs than there were 3 years ago.

Some would have you believe that the revenue from the TOT makes this all worthwhile. $134,000 (last year's TOT revenue from STRs) is not chump change but it doesn't go very far toward balancing our budget either. We've heard repeatedly that the City doesn't have the resources to properly enforce the ordinance, or until recently, to even bother collecting the TOT on a regular basis. And we clearly don't have the resources to shut down the illegal rentals. What that would probably require is a full-time staff member. And that would pretty-much eat up the $134,000, wouldn't it?

So what have you created in the end? An ordinance that destroys the quality of life in the residential neighborhoods and creates a bureaucracy to manage it, with a net gain of zero dollars. This simply isn't defensible.

Much has been made or our visitors' desire to partake in a "neighborhood experience" in the wine country. The residents of St. Helena are under no obligation to provide a neighborhood experience to anyone. Visitors cannot have a neighborhood experience because they're not neighbors. Being a neighbor means getting to know the people that live around you. Keeping an eye on their homes. Watching out for each other's kids. When real neighbors have disputes they often work them out among themselves because they have a vested interest in getting along. They don't want to have to call the cops on each other.

But the STR ordinance has created an environment where that's often the only option. When an absentee owner rents their house to short-term vacationers there's nobody responsible to turn to when there's a problem.

The ordinance says there shall be a local contact available 24-hours a day who will respond physically to the STR within 30 minutes to address problems. Based upon what we're hearing from those who live closest to some of these STRs that clearly isn't working.

I simply do not believe that if we do not provide lodging in our neighborhoods for our visitors they will cease to visit and our town will become a wasteland. There is no end to the number of folks that want to visit St. Helena and new hotel projects are coming online in the immediate and near future. There are buildings in our commercial area that could be converted to bed and breakfasts and inns. If there are folks that want to get into the hotel business then let them. Just do it in the commercial districts, not the residential neighborhoods.

You City Council Members were elected to represent the citizens of our City. And you Planning Commissioner were appointed by proxy to do the same. First and foremost among your duties must be to provide safe and secure neighborhoods for our residents. And in order for those residents to get the rest and relaxation they need at the end of the day those neighborhoods need to be relatively quiet and peaceful, not disturbed by party houses and idling livery vehicles, and excessive traffic and noise.

I ask you to give higher priority to your citizens' quality of life than to some tourist's desire for a "neighborhood experience", or some absentee owner's desire to finance their weekend home through short term rentals, or some misguided notion that we can balance our city's budget by cramming our neighborhoods full of STRs and collecting the TOT.

Attachment 3

Noah Housh

From: Rodney Friedrich <rodney.friedrich@gmail.com>
Sent: Sunday, August 30, 2015 6:18 PM
To: Jennifer Phillips; Pam Simpson; Noah Housh
Subject: Short Term Rental Units

Jennifer and Noah,

Regarding the upcoming discussion on short term rental units:

St. Helena has had numerous illegal rental units going on within our town prior to having a short term rental agreement in place. Now that we have an ordinance in place we need to continue to work with and modify, as needed, in such a way in order to continue to legalize the ones that make sense to our community.

The process is not perfect, nor was it expected to be perfect from day one. It was written in such a way as to work through the issues and modify them as needed. This is the process we are seeing now, and with continued effort, this will legitimize what are possible legal units and take away those units that do not abide by the guidelines or those not wanted by surrounding neighbors.

To terminate the short term rental agreement completely is not the answer and will only bring back illegal units once again of which this City does not have the funds to monitor or control.

The group trying to eliminate this effort completely will only bring back illegal rental units.

Rodney Friedrich

****

Rodney Friedrich
PO Box 392
St. Helena, CA.
94574
707-486-7070
www.friedrichcompany.com
www.vinelandstation.com

Attachment 3

Noah Housh

From: Gregory Hunter <gregorylanehunter@yahoo.com>
Sent: Thursday, August 27, 2015 12:55 PM
To: Noah Housh
Cc: Jennifer Phillips
Subject: City of St. Helena--Short-Term Rental Program--Town Hall Meeting--September 23, 2015--Resident Input

To Whom It May Concern:

I have resided at 974 Allison Avenue in St. Helena since March 1978 and since then I have been subjected to a few unwelcome developments and benign neglect in my general vicinity. From Steve Sherwin's adjacent 5 2-story home Manhattanization project with minimal off-street parking to the approval of at least 2 short-term rental permits at 940 Brown (Jill Russo) and 962 McCorkle (Frances Nestor Management Trust), my neighbors and I have been oppressed. Plus, despite years of promises from Mayor Britton on down, Allison and Charter Oak avenues have not been repaved and are literally falling apart. As a major Main Street bypass, Allison Avenue should be renamed Allison Speedway.

My May 9, 2013 comments, e-mailed to the then-City Planner Greg Desmond, still apply to the City's STRP review:

"I hereby protest against the short-term rental permit application, as filed by Jill Russo, regarding the property located at 940 Brown Street in St. Helena. It is a most inappropriate usage of St. Helena's very limited residential-zoned real property given the ongoing City-approved reduction in its scarce affordable rental housing. Providing more affordable rental housing options for locals should be a much higher priority than chasing TOT while further degrading our neighborhood's overall quality of life.

More specifically, this nice modern 3-bedroom residence, within easy walking distance to shopping and the CBD, was purchased for $745,000 on March 29, 2013 with the probable objective of being changed from a local-serving single-family residence into a tourist-oriented facility, i.e., a business opportunity. Thus, one of the St. Helena City Council's clearly foreseeable but unintended consequences of its adoption of the Short-Term Rental Program, in its rapid rush to raise revenue, is an almost automatic reduction in affordable housing and upward pressure on housing prices due to the current lack of supply but not high demand for affordable housing.

The negative precedent-setting nature of approval of this particular application should be seriously considered as an approval would only serve to encourage others to seek to do the same investment in the near future."

Please seriously consider the facts and opinions expressed herein during the City's review, etc. of its current STRP.

Sinc

erely,

Attachment 3

Greg

ory Lane Hunter

974

Allison Avenue

St.

Helena, CA 94574-1304

Attachment 3

Noah Housh

From: Aaron Hecock
Sent: Friday, August 14, 2015 11:27 AM
To: Noah Housh
Subject: FW: public comment attached

FYI.

Aaron Hecock, AICP
Senior Planner
City of St. Helena
1480 Main Street
St. Helena, CA 94574
707-967-2792
aaronh@cityofsthelena.org

From: psmithrs@comcast.net [mailto:psmithrs@comcast.net]
Sent: Friday, August 14, 2015 11:21 AM
To: Alan Galbraith <AlanG@cityofsthelena.org>; Paul Dohring <PDohring@cityofsthelena.org>; Greg Pitts <GregP@cityofsthelena.org>; Sharon Crull <SCrull@cityofsthelena.org>; Peter White <PWhite@cityofsthelena.org>; Bobbi Monnette <BobbiM@cityofsthelena.org>; Sarah Parker <SarahP@cityofsthelena.org>; Mary Koberstein <MKoberstein@cityofsthelena.org>; Tracy Sweeney <TSweeney@cityofsthelena.org>; Grace Kistner <GraceK@cityofsthelena.org>
Cc: Jennifer Phillips <JPhillips@cityofsthelena.org>; Aaron Hecock <AaronH@cityofsthelena.org>; Cindy Black <CindyB@cityofsthelena.org>
Subject: public comment attached

August 13, 2015
City of St Helena
City Council members
Planning Commission members

re: illegal short term rentals/1134 Valley View

I am writing to urge City leaders to (follow the County's lead and) start being proactive in holding people to their permits (and penalize those acting outside of their permits). All types of businesses need to follow the rules: wineries, industrial, short term vacation rentals but this letter is in response to illegal vacation rental operations.

There are a number of short term vacation rental homes in St Helena still operating without permits. I watched somewhat incredulously the Stockton Street (alleged) illegal rental/permit application proceedings before the Planning Commission a few weeks ago. The fact that they were operating illegally was barely discussed. Instead the focus was on the width of Stockton Street. *Illegal operations alone should be cause for an automatic no vote on a permit application, without a public hearing.*

The Stockton Street owners claimed the vacation reviewers on their website were just their friends. If they didn't have a permit, why have their property online? *This "friends" defense needs to be examined in detail and the ordinance revised as necessary so future scofflaws cannot use it.*

When we debated the idea of allowing short term rentals in town originally, a couple of years ago, there was much concern for neighbors in that original discussion and the presumption was that the neighbors would know exactly what was or wasn't happening, and that they would be part of the solution and get a strong voice. Now it seems like neighborhoods have to come out in force, in person, with dates, photos and the like, in order to persuade the Commission to deny permit applications for rule evaders. Neighborhoods should NOT have to organize around denying a permit to an *illegal* rental. Why do they even get a hearing? *There should be a clause whereby illegal operations are denied a legal permit for some number of years, so the advantage to operating illegally is zero.*

Attachment 3

A quick reading of the current ordinance on the City website says the fines are $1000/day for illegal operations, plus TOT on all past rentals. With just the illegal operations I'm aware of over the last year or two (1134 Valley View, 710 McCorkle), this money could add up for the City, although our legal costs would rise as well, I suppose, if our ordinance is poorly written. I'm frankly surprised that *legal* holders of short term vacation rentals aren't more upset about this situation. It seems like an "unfair business advantage", to quote Napa County's David Morrison. *Please collect this money that is due to our City.*

Planning Commission and City Council, please rigorously enforce the ordinance you wrote and adopted, or rewrite it. Without proactive enforcement, you are putting full time residents in the awful position of having to rally the neighborhood. Not everyone is comfortable doing this, or has the time, and, this was not the intent of the original ordinance nor should it be the responsibility of the residents. And, it only encourages more scofflaws, who then will take more City staff time. Please take the burden off the residents. We will thank you.

PS Regarding the permit application before you for 1134 Valley View, please count us as a no vote to converting the illegal rental to a legal one in the upcoming hearing next Tuesday. We will be out of town through Labor Day, otherwise I would come and speak up in public.

Pam Smithers
1819 Vallejo Street, St Helena, CA 94574
707-696-0530

Attachment 3

Noah Housh

From: Ethan Brown <ethanbrownemail@yahoo.com>
Sent: Friday, August 21, 2015 11:23 AM
To: Noah Housh; Aaron Hecock
Subject: Short Term Rental Town Hall meeting

Gentlemen,

My wife and I have one of the 25 short-term rental permits, and look forward to attending the Town Hall meeting in September. I have noticed a couple bits of press recently that concern me with respect to the discussion.

The first was an article about a month ago regarding a permit denial. (I do not have issue with the denial and consider the Commission's deliberation and ruling to be a good example of the ordinance working.) In that article, a statement was made that the police have received numerous calls reporting noise disturbances at short term rentals. What the article did NOT report was exactly how many calls there were or, more importantly, how many were for addresses with valid short term rental permits. This is a very important distinction for the City to understand, especially given the proliferation of illegal short term rentals. Thus, prior to the Town Hall meeting, we suggest that you work with the Police Department to determine how many of the "numerous calls to police" this past year were for actual permit holder locations versus illegal operations or simply parties by residents.

Second was the article describing this week's Planning Commission meeting that denied the Valley View permit application. In this case, the neighbors were understandably upset at the effects of this illegal operation that had gone on for some time. My concern again is that any of that activity was for an illegal operation and not by a permit holder.

I urge staff to provide the Council and Commission with as much fact-based information about violations by actual permit holders and/or calls to the police for actual permitted locations. Permit holders are highly incentivized to screen applicants and generally manage their properties to avoid disturbances to neighbors. If permit holders have in fact been successful at this, then this should provide great incentive to the City to further crack down on the illegal operations, not the legal ones! If, rather, there have been numerous infractions at permit holder locations, then of course it makes sense to consider ordinance modification to mitigate impact to the neighbors going forward.

Let me provide a couple thoughts regarding potential ordinance modifications to further mitigate parties:

First, the ordinance allows a body count of (number of bedrooms x 2) + 2 + 6 "guests of guests." So, for a typical three bedroom house, we are talking about a body count of (3 x 2) + 2 + 6 = 14. Fourteen people at a short term rental--that's practically a party by definition! We would never want 14 people at our house and we don't need to offer that to book guests at the rate we want to earn. Our ideal guests are one or two adult couples, no kids, no additional guests. So, it is a no-brainer to reduce the allowable guests and/or guests of guests to mitigate the potential for party-sized gatherings.

Attachment 3

Second, there are a number of potential penalties you can consider for violating renters and/or permit holders depending on the violation. If renters will be fined by police for noise violations or excessive guests, I would gladly post that information in our ad to discourage potential violators from applying.

Just a few thoughts for your consideration in advance of the Town Hall--happy to discuss if you wish.

Regards,

Ethan Brown
489 Fulton Lane

Attachment 3

Noah Housh

From: Mariam Hansen <wartuhi@comcast.net>
Sent: Wednesday, August 26, 2015 6:18 PM
To: Noah Housh
Subject: Short term rentals

Dear Mr. Housh,
Thank you for the opportunity to comment on the issue of the short term rentals. I won't be able to attend Sept. 23. I believe the city should not allow short term rentals. In a small town surrounded by vineyards housing is already in short supply for those on a budget. The residents of the city are not served by purchasers of our meager supply of houses who want to use them as investments.

We need homes in St. Helena to be for people who work here and need to live here. Adding money making potential to a residential home increases its value, putting it out of reach for middle class people who are part of our community and want to buy here. We are already seeing this happening. Just ask the full time neighbors how many houses on their street are owned by part timers. Some whole blocks are owned by part timers. These part timers want to make money when they are not in town.

The recent example on Valley View is a classic case of the aforementioned. Thanks to the neighbors for speaking up and to the city for saying no.

I used to live next to a short term rental on Pope Street. The renters hired a live band, invited 200 people and blasted us out of our house. Then the police department issued a noise permit the next week and they did it again!!!! They damaged the property and the owners had to collect for repairs.

Don't let this happen to our housing stock. Stop short term rentals now. Don't put more pressure on our vineyards to be torn out!!

Best wishes,
Mariam Hansen
5 San Lucas Ct.
St. Helena, CA 94574

Noah Housh

To: Tona Kovacevic; Aaron Hecock; Alan Galbraith
Subject: RE: TOWN HALL MEETING TENTATIVELY SCHEDULED FOR SEPTEMBER 23RD

Tona,

Thank you for reaching out to share your opinions on the Short Term Rental issue.

Yes, the Planning Department has tentatively scheduled a Town Hall Meeting for September 23, 2015, from 5-7 at Vintage Hall to receive public input on the STR issue. This is an informational meeting intended to inform the policy process. No decisions will be made and no formal actions will be taken. This meeting is in response to both the variety of community interest and opinion on the issue and to Council direction (provided when the ordinance was passed) to bring the item back before the Council for review approximately one year after adoption of the current ordinance. Prior to bringing the issue back to the Council, staff is seeking public input to inform the recommendations.

Separate from this information gathering process, the existing ordinance is guiding the procedures for review. As existing permit holders relinquish their permits and those on the waiting list become eligible to receive permit approval, they are reviewed in accordance with the existing ordinance requirements and stipulations.

To answer your specific questions:

1) With complaints filed against the owners of 1134 Valley View for running an illegal STR, who made the decision to allow them to submit an application for a permit? No individual made a decision. 1134 Valley View was next on the waiting list when an STR permit became available and, according to the provisions of the adopted ordinance, they are next to be reviewed.

2) With proof that the applicant had been operating a short term rental illegally for quite some time, why weren't they placed at the BOTTOM of the list of applicants? To ensure they are legally binding, all decisions must be made in keeping with the adopted ordinance, which does not dictate the next be placed at the" bottom of the list" due to unpermitted rental of the property.

3) It is painfully obvious to me that the owners of 1134 Valley View do not have any connection to St. Helena or to our community at large, let alone their neighborhood. The owners are based in London, England, they could not possibly give two hoots about St. Helena and the impact this STR could have on their Valley View neighbors. When they agreed to pay their back taxes, why weren't they told that they would not be allowed to submit a permit application for a lengthy period of time? Say 12 to 24 months, as a punishment, of sorts, for their blatant disregard for St. Helena's ordinances??? Again to ensure the decision is legally binding, all decisions must be made in keeping with the adopted ordinance, which does not dictate the punishment you suggest.

Attachment 3

Again, I thank you for your interest and will take these comments as suggestions for Ordinance revisions when the policy is brought before the Council.

Noah Housh
Planning and Community Improvement Director
City of Saint Helena
(707) 968-2659

From: Tona Kovacevic [mailto:tonak@rombauer.com]
Sent: Friday, August 14, 2015 9:16 AM
To: Aaron Hecock; Noah Housh; Alan Galbraith
Subject: TOWN HALL MEETING TENTATIVELY SCHEDULED FOR SEPTEMBER 23RD
Importance: High

Good Morning Gentlemen: Thank you for taking the time to read this email. After reading the agenda for the Planning Commission meeting scheduled for Tuesday, August 18th, I have a few questions about the STR application for 1134 Valley View Avenue.

It is my understanding that the City of St. Helena is planning a town hall meeting for September 23rd to bring the community together to discuss STR permits. If this is the case, then why wouldn't the permit request for 1134 Valley View be placed on hold until after that meeting? The applicants have already admitted that they have violated the regulations and have finally paid the back taxes, bully for them!!! So now the city may REWARD them by granting this permit for another 2 years – that makes no sense to me.

My specific questions are as follows, I would greatly appreciate a reply:

1) With complaints filed against the owners of 1134 Valley View for running an illegal STR, who made the decision to allow them to submit an application for a permit?

2) With proof that the applicant had been operating a short term rental illegally for quite some time, why weren't they placed at the BOTTOM of the list of applicants?

3) It is painfully obvious to me that the owners of 1134 Valley View do not have any connection to St. Helena or to our community at large, let alone their neighborhood. The owners are based in London, England, they could not possibly give two hoots about St. Helena and the impact this STR could have on their Valley View neighbors. When they agreed to pay their back taxes, why weren't they told that they would not be allowed to

Attachment 3

PCL XL error

Subsystem: TEXT

Error: InternalError 0x50

Operator: Text

Position: 1836

Attachment 3

Date September 17, 20'5

To: City of St Helena Planning Department

From: Carolyn Kelperis

Re: **City of St. Helena Short Term Rental Town Hall Meeting**

The following comments are submitted to be included in the Staff Report in preparation for the Town Meeting scheduled for September 23, 2015.

I have been a resident of St. Helena for the past 45 years I have also been a St. Helena landlord (long term rentals) for approximately 30 years. I am writing these comments as an individual, not a representative of any group.

An illegal short term rental was conducted next door to my residence for over 10 years. I submitted frequent wr tten complaints regarding the ongoing operation. The City finally was able to bring an end to the activities, and the owner paid back TOT taxes.

The Short Term Renta Ordinance adopted in April of 2012 established a permitting process whose stated purpose was to (1) ensure the collection and payment of TOTs, (2) to minimize the negative secondary effects on surrounding residential neighborhoods and (3) to retain the character of such neighborhoods.

Allowing commercial operations in residential neighborhoods, is the antithesis of the stated purpose of the Genera Plan—to preserve the small town quality and character of St. Helena,

If the City chooses to continue the STRs, consider the following modifications:

TYPES OF PROPERTIES ELIGIBLE FOR STR PERMITS—OWNER OCCUPIED VS. ABSENTEE?

There is a considerable difference between an onsite homeowner w~o chooses to rent a port on of a single family residence or a "granny" unit to short term guests versus buyers who purchase a single family residence (previously occupied by long term owners or tenants), with the sole purpose of making it a short term vacation rental without ever living there. This removes the property from the possibility of becoming a residence for a work ng family.

Should STRs be owner occupied?

RADIUS OF NOTIFICATIO TO ADJACENT PROPERTIES

I watched the February 18, 2014 Planning Commission meeting on delayed video-on-demand As I recall, there was some discussion with reference to the fact that the 300 foot radius of notification was too broad. It is the immediately adjacent residents who are most affected.

Should the radius be reduced to 100 or 150 feet?

NOTIFICATION OF RESIDENTS, NOT JUST OWNERS

Only owners of properties within the stated radius receive notice of the permit application. If the owner of a property has a different mailing address from the one nearest the applicant address ***there should also be a notice sent to "Resident" of the nearby address, since they would be most affected.***

FINDINGS REQUIRED TO GRANT PERMIT

The 30% threshold of objections to the proposed permit only results in a hearing before the Planning Commission.

The objections of adjacent residents to the permit should in itself be given weight in the "findings"—not simply bring about a hearing.

NOTIFICATIONS REQUIRED AFTER PERMIT GRANTED

Sec. 17.134.060 Permit processing:

The current ordinance requires that within 10 days of the approval of a permit, the owner-applicant shall notify all property owners within 300 feet, the contact information of the person available 24 hours a day. Notice shall be on a form acceptable to the Planning Director. Within 10 days of the mailing of such notice, the owner-application shall provide evidence that such mailing occurred.

In addition, **17.134.040 Restrictions and standards**

I. The owner shall, prior to April 1st annually, provide written notice to all neighboring property owners within a three hundred (300) foot distance from the lot on which the short-term rental is located the following information:

1. The name, telephone number, cell phone number, and e-mail address of the local contact person provided to the city pursuant to subsection H of this section.
2. The maximum number of guests permitted to stay in the short-term rental unit.
3. Parking restrictions attached to the short-term rental permit.
4. Contact information for the city official that members of the public may contact to report violations of the short-term rental regulations or conditions of approval attached to the short-term rental permit.

The Planning Department has confirmed that this required notification process by the owner-applicant is not monitored due to limited staff. If the radius is reduced from 300', there would be fewer notifications required by the permit owners, and less to be monitored by Planning Department staff.

LOCATING PERMITTED STRs

The location of the permitted STRs can only be found on the City website, buried under Financial Reports. Even there, there is no listing of the site address of the STR.

There needs to be an indexed place on the City website that identifies the location of the permitted STRs and includes the expiration date of the permit.

Attachment 3

PERMIT RENEWALS

I recently learned that when a permit comes up for renewal, there is no notification of nearby owners or residents—because there is no provision in the current ordinance for such notice.

Requests for permit renewals should be required to go through the same notification process as the initial application.

COMPLAINTS

I attended the community meeting at the Firehouse earlier this year, at which time the Interim Planning Director, Victor Carniglia, stated that due to lack of resources ordinances were not being enforced unless they were complaint driven.

There is no procedure in place whereby the Planning Department is notified of complaints made regarding the disruptive behavior of guests. The Police Department has no way of knowing if a disturbance is occurring at a permitted STR.

There needs to be a workable procedure for reporting and monitoring complaints so that the Planning Department may determine if appropriate action should be taken to terminate a permit.

ENFORCEMENT

If STRs are to continue to be permitted, the provisions need to be of such a nature that they can be enforced with the resources and staff available.

In its present form, added to the lack of enforcement, the current ordinance is as effective in regulating STRs in St. Helena, as the National Do-Not-Call Registry is in controlling telemarketers!

Sincerely,

Carolyn Kelperis

Carolyn Kelperis
1615 Main Street
St. Helena, CA 94574
Email: ckelperis@hotmail.com

Attachment 3

From: tmbelt@comcast.net [tmbelt@comcast.net]
Sent: Tuesday, June 30, 2015 3:07 PM
To: Alan Galbraith
Cc: ,; regp@cityofsthelena.org; Paul Dohring
Subject: Short Term Rental Permits

Dear Mayor Galbraith,
I have been told by two St. Helena residents that the city council will be reviewing its municipal code section regarding short term rental permits in the next few months. First of all, can you confirm that this will be taking place?

Secondly, I would like to express my concerns and the concerns of many of my neighbors, about the city continuing to allow these permits:

1. The city does not currently have the staff to monitor the illegal verses legal short term rentals existing in our town. Today, I went online to the VRBO website and counted 51 listings for St.Helena rentals offered on a daily or weekly basis. It is my understanding that there are 24 approved short term rental permits, of which two are currently available. And VRBO is only one rental website advertising short term rentals.

2. The city does not currently have a municipal code that empowers our police department to issue citations to the unruly renters of these properties when the neighbors of the short term rentals call about late night noise disturbances. While our police department will respond to noise complaints and contact the responsible parties of the complaint, they will not issue citations to the disturbing parties, even if the complaint reoccurs on the same date . As a result of this, there have been several instances where St. Helena residents have called the police department multiple times a night because of reoccurring noise, and the disturbance continues. According to our past and present police chiefs, if a police officer responds to a "public" disturbance call after hours and witnesses the loud noise them-self, they cannot issue a citation because they are not considered the public. In order to have a citation issued, the neighbor calling in the complaint must have the responding officer issue a citizen's arrest to the unruly renters. This requires the neighbor to sign the citation initiating the arrest. Obviously, this pits neighbor against neighbor and has the potential to cause even more grief. I can confirm this with an email I have received from our present chief of police and by the personal experiences my neighbors and I have had to endure.

3. To my knowledge, there is no system in place for our police department to document the complaints it receives about short term rentals and reporting those complaints to the city council. In deed, it wouldn't surprise me if the city council was unaware of how many residents in our town have complained about the late night disturbances or how grave the situation is.

In summation, based upon the fact that our city does not have the staff to effectively control the illegal short term rental market in our town and because our police department cannot by itself enforce disturbance complaints, I would like the city council to postpone extending any current short-term rental permits and cease any consideration off expanding the number of permits issued until such time as the city can responsibly manage the adverse impact these permits have in our neighborhoods.

Tom Belt

Noah Housh

From: Alan Galbraith
Sent: Wednesday, July 08, 2015 2:44 PM
To: Sara Cakebread
Subject: Re: Vacation Rentals

Thanks, Sara. This issue, and how the city should approach it, is much on my mind. Best, Alan

Sent from my iPad

On Jul 8, 2015, at 1:13 PM, Sara Cakebread <scakebread@comcast.net> wrote:

> Dear Mayor Galbraith, Vice Mayor White and Members of the St. Helena City Council:
>
> As much of the conversation in the city these days is around budgets and austerity measures, I wanted to share a thought about a potential source of revenue; vacation rentals. This came to mind after reading about the property on Scott St. that is facing a lawsuit for operating a short term vacation rental illegally, and then learning that a few of my neighbors are doing the same thing—and making a lot of money. It seems unfair to single out one property owner when, according to my very rough calculations, there are possibly 20 or so St. Helena listings on Airbnb, and 50+ listings on VRBO that are likely not following the rules either.
>
> As it took me just a few minutes to find the above, it would not take long for a volunteer, intern or modestly paid high school student to find all the addresses of these listings, compare them to the list of permit holders and see if they are in the city limits. Then, the city could either fine those renting illegally, enhance an existing source of funding by increasing the number of vacation rental permits, or go for the most you can and do both. In addition to neighbors renting for weekends and weeks under the table, I also have friends with permits who are following the rules and paying the taxes. The system as it is now does not seem fair nor should it be ignored, especially in light of our financial challenges.
>
> I'm sure I'm not the first or last to suggest this, but it just seems to make a lot of sense.
>
> Thank you for your time and consideration.
>
> Sara Cakebread
>
> "Life is too important to be taken seriously." -- Oscar Wilde
>
> 990 Allison Ave.
> St. Helena, CA 94574
> 707-254-5309
> scakebread@comcast.net

Attachment 3

Noah Housh

From:	rhnunn <rhnunn@aol.com>
Sent:	Sunday, September 06, 2015 8:07 PM
To:	Noah Housh
Subject:	Vacation Rentals in St Helena

September 6, 2015

Thank you for compiling feedback from the community of St Helena on the Vacation Rental Ordinance that was sadly approved a few years ago.

As a long time resident of St Helena (and the west side of town), Vacation Rentals have done an enormous damage to the tranquility of our neighborhoods. Not only are there disturbances of noise, but constant changes of visitors coming in and out of the streets at all hours.

The small town character we so value is very fragile and more commercial activity has not helped anyone~~not even the City's coffers. Legal challenges, police security issues, and additional administrative work are all directed in a non- productive way.

Also it seems very unfair to the legal hospitality businesses, as Hotels, Inns,and Bed and Breakfasts who indeed will pay the Transient Occupancy Tax.

This has been a ill conceived Ordinance from the very beginning. It will be doing the City of St Helena a large FAVOR to rescind the Vacation Rentals!

We have been overwhelmed with the avarice of the City to grab more and more revenue~~losing forever what is so special about our small town.

It shouldn't always be about money.

Thanking you in advance for your attention to this matter.

Hannah and Ron Nunn
1385 St James Drive
St Helena, CA (707) 963-3431

Attachment 3

Noah Housh

From: joyrb@aol.com
Sent: Wednesday, September 23, 2015 1:38 PM
To: Noah Housh
Subject: short term rental

Commissioners:

Despite whatever attendance this evening's meeting elicits... this issue is very important to virtually all fulltime residents and there are many opinions circulating.

The following are some of mine:

1. Any and all of the 25 permitted short term rentals should be identified and listed.
2. A city street map with *starred* addresses indicated would be beneficial.
3. Contact persons and numbers for all parties (owners and managers) should be notated.
4. Fines for failing to follow permitted uses should be identified.
5. Consequences for repeat violations should result in loss of permit.
6. Any parties operating short term rentals without permit should be fined and lose the privilege of acquiring any future permit.
7. All parties who violate city rules and regulations should not benefit...e.g. (forgiveness vs permission).

The abuses and problems with existing short term rentals are well known.
Noise is an ongoing problem...as is parking and trespassing.
Calling the police does not solve any of these issues.

Thanks for the meeting. I hope many resolutions are discussed and new ideas forthcoming

Sincerely,
Joy Roades

Attachment 3

Noah Housh

From:	Shannon Pestoni <shannon@jellyjarwines.com>
Sent:	Friday, October 02, 2015 9:36 AM
To:	Noah Housh
Subject:	Short term rentals

Hello Noah,

I'm writing to you regarding the short term rentals in St. Helena. The number of rentals permits is up for review, as I understand, and I would like to urge the city to keep them at the 25 currently permitted without increasing the number.
One of these 25 permitted rentals (1025 Pratt Ave) is behind our home. I've never formally placed a complaint since I was able to find out that they are, indeed, operating legally, but I will say it is a huge nuisance. Every weekend or so there is a new, large group of people who are partying and loud. The noise carries into our backyard, kitchen, living room and bedroom. It's like living next to a hotel, which we would not have chosen to do had we known when purchasing our home.
Not only do these rentals rob you of your privacy, I fear they will devalue property value as they are not desirable neighbors.

We live an area where many of us are reliant on the tourism for business, I get that. We are in the wine business ourselves and support progress and business here, but at the end of the day we should be able to come home to our own home and have some privacy and to get away from the tourism and have a peaceful place to raise our families and enjoy our own backyards.

I urge you to keep the permits at 25 and not to increase the number. I also would like to see more enforcement of those operating illegal rentals. VRBO show 90+ rentals in St. Helena alone. I'm not sure if all of these are in the city limits, but that is a lot more than 25. Clearly there is an issue with illegal short term rentals at this moment.

My husband and I were both raised in St. Helena, and while change is inevitable, we are saddened to see a loss of community due to the overabundance of absentee owners and investors buying properties in the hopes of operating short term rentals. We have always had a special community and I really would hate to see it totally disappear.

Thank you for your time.

Best regards,
Shannon Pestoni

Shannon Pestoni
Jelly Jar Wines | Hearsay Wines
707-738-3050
www.jellyjarwines.com

Attachment 3

Noah Housh

From: Rodney Smith <rbsmith1160@gmail.com>
Sent: Wednesday, September 23, 2015 2:05 PM
To: Noah Housh
Subject: Short term vacation rentals

Hi Noah, I'm unable to attend the meeting this evening but I'd like to say a few words on the subject. I live next door to a short term vacation rental and I would not recommend it to anyone.
The renters are often drunk and loud late at night when most people are trying to sleep. If the city is looking for revenue sources, look elsewhere, the short term vacation rentals in residential neighborhoods do not improve the quality of life in St. Helena. Thanks for listening, Rod Smith

Sent from my iPad

Attachment 3

Noah Housh

From: mcoy@napanet.net
Sent: Tuesday, September 22, 2015 12:01 PM
To: Noah Housh
Subject: short term vacation rentals

Importance: High

Dear Mr. Housh,

We are writing because we wanted to voice our opinions on the short-term rental ordinance as we can not attend the meeting this Wednesday. There has been such a dramatic change in St. Helena since the vacation home trend escalated and it is not for the good of our town. The fact that there are many vacation or 2nd/3rd homes and many of them end up being rented, some legally but many not. It has impacted the city, citizens and sense of community in a negative way.

I applaud the Planning Commission on their two recent denials of short-term rental permits. Houses in neighborhoods with not much space between dwellings are not conducive to such rentals. The noise and traffic are too much. I agree that the Police Dept. and the department that handle these agreements are not communicating when there are complaints.

People who come to stay at these rentals, though not all, think of their stay as PARTY TIME!. They show no concern for the noise they make at all hours, how their voices carry to neighboring yards and residences, how their parking impact those that live near by and the hours they keep. They paid good money for the rental and figure it is their right to use it how they want.

We back up to a vacation home, though to our knowledge it has never been rented for a short term. The owners have been very loud on occasion. They probably did not know of the noise ordinance and hours. It took a phone call from us to the police after midnight for them to become aware. Then as a result of our call they made a derogatory remark from their yard that was heard by us. Since that time things have been a little better.

On our street now recent home sales have been to part timers. Though one of the new owners are very nice and respectful of the neighborhood the other is another story which we have already spoken about to the Planning Commission. But my concern is that future sales may attract those interested in short term rentals. That is our fear.

As a person active in the community through a service club I am finding that it is hard to get new members. I have shared this concern with others and it seems to be happening with other clubs too. Enrollment in our public schools is declining. Having less full time residences, not to mention the lack of affordable housing for the MIDDLE CLASS and those that grew up in St. Helena and now work here, is the cause.

I realize we must adapt to change but how much should we put up with just so the city can get more money through tourism? We moved here to live when I got a teaching job at the local high school. We chose to make this our home and raise a family. We want to keep St. Helena nice for others to do the same thing. If we wanted to live in a resort town we would have moved to Tahoe or Carmel.

Attachment 3

Thank you for your time to hear how this ordinance is affecting locals. I hope this makes it in time for the meeting on Wednesday, September 23rd.

Sincerely,

Marilyn and Nick (Louis) Coy
1221 Soring Brook Ct.
St. Helena, CA 94574
963-306

Attachment 3

Noah Housh

From: Alan Galbraith
Sent: Tuesday, May 19, 2015 11:14 PM
To: Noah Housh
Cc: Jennifer Phillips
Subject: Short Term Vacation Rentals

A constituent asked today whether the City could post on its website the addresses of the 25 permittee holders. My reaction was that this might be a good idea as it would assist residents in identifying illegal operators. I would appreciate your reaction to this idea. Best. Alan

P.S.: I am assuming this issue falls in your bailiwick. Also, FYI, there is significant history on the general issue, and I am happy to brief you at some point if relevant to your work. I was the author of a substantial study prepared for the Planning Department that identified the many illegal rentals and set out the pros and cons of allowing them.

Sent from my iPad

Noah Housh

From: Katalin Kádár Lynn <editor@helenahistorypress.com>
Sent: Thursday, September 24, 2015 12:43 PM
To: Noah Housh
Cc: Aaron Hecock; Douglas G. Lynn
Subject: STR Town Hall Meeting

Dear Noah,

Doug and I want to congratulate you and your team on a well run and valuable forum last night. I think almost everyone who wished to speak had an opportunity to do so, which was wonderful. Thank you for organizing the forum and for gently keeping everyone "on message". You did a terrific job!

Some thoughts related to STR's which would be valuable to add to our future conversation on this subject.

All the best,

Kati & Doug Lynn
1440 Stockton St.

1. There are investors who have purchased homes in St. Helena with the specific intent of using them as STR's. If you look at the application for our next door neighbors at 1450 Stockton which was denied, it is clear from the dates that immediately after purchasing their home they applied for an STR permit but also were renting the home for short term rental for the two years while they waited to be considered for a permit as proven by the VRBO comments on line. While they were denied (a good thing) the $1000 fine for violation of the short term permit ordinance was not imposed, nor were they retroactively charged TOT. We believe imposition of this fine is not optional, it is the law. Once imposed, it will send a clear message that the City of St.Helena is not going to tolerate scofflaws. If the per-stay fine is difficult to calculate retroactively in order to impose it, then the ordinance needs to be re-written to impose a fine that is sizable and non-negotiable i.e. $10,000 that is imposed for all infractions.

We would also like to suggest that a provision be written into the STR ordinance that any homeowner who applies for an STR permit who has been proven to rent their home commercially prior to the STR being issued is DENIED a permit for a period of no less than 3 years. Why reward people who simply ignore the law?

In this same vein the young homeowner last night who says he can't apply for an STR because he would owe $25,000 we can all calculate that at 12% he has income of over $ 200,000 from his property!! In addition to committing a misdemeanor by ignoring the STR ordinance and shortchanging the city of St. Helena (and US as taxpayers) is he also not reporting the income to the proper tax authorities - another misdemeanor. Something must be done about persons renting illegally sooner rather than later as it makes a mockery of the law and sends a message that one can easily get away with it.

2. If STR's continue require proof from the STR permit holders that they are declaring the revenue from the STR rentals. That should also separate those who are operating professionally vs those who think they will pay for their vacation home with undeclared income.

3. The point made about local ownership of STR's is also a good one. A local resident who has to face his neighbors if an STR gets out of hand is going to be more responsive than the investor in London! If the

ordinance could be written to give preference to local owners that would take a big step toward shutting down many of the problems we heard about last night.

4. If STR's are going to continue to be allowed, real estate firms must be required to disclose a nearby STR to potential buyers of property in St. Helena. There is no question that it devalues a property to have a commercial establishment next door or nearby. We would never have purchased our home at 1440 Stockton had we known that 1450 Stockton had an application in for an STR. NEVER. We still see traffic in and out on short term basis and lots of non local cars - while the owners deny they rent short term and these are all "friends and family". Coincidentally, none of their "guests" have occupied the home for 30 days or more.

Dr. Katalin Kádár Lynn PhD
Editor in Chief
Helena History Press LLC
www.helenahistorypress.com
USA 1 415 518-1089
Hungary 36 30 924-7626

Attachment 3

Noah Housh

From:	Carolyn Bond <bond@napanet.net>
Sent:	Friday, September 25, 2015 11:25 AM
To:	Noah Housh
Subject:	Wednesday night STR meeting

Dear Commissioner Housh,

Thank you for your leadership during the discussion Wednesday night. I thought it was respectful and fair and I learned and understood more about all sides of this complicated issue.

However, I'm sure you understand that the vote at the end was completely skewed and made meaningless, in my opinion, by the last minute plea for ending STRs. That camp went right over and voted for that option, while the other side scattered their votes throughout the points listed.

Again, I feel that overall, it was a very valuable evening, despite the heat!

Respectfully,

Carolyn Bond
1165 Valleyview Street

Sent from my iPad

Attachment 3

Noah Housh

From:	Donna Hinds <dhinds@me.com>
Sent:	Thursday, September 24, 2015 10:22 AM
To:	Noah Housh; Aaron Hecock
Subject:	Additional Thoughts related to STR's
Attachments:	Cities with Short term rental ordinances.docx

Noah and Aaron,

Thank you for putting on the town hall meeting. I believe it was very successful and enabled everyone who has an opinion on the issue of short term rentals to voice their opinions.

I have some additional thoughts that were too detailed to share at the meeting last night. The first thought relates to insuring that the STR ordinance maximizes revenues for the city. I was surprised to hear that the city is only collecting $130K +/- in TOT. I think there is much more potential income from STR's. If there are permit holders that are only renting a few times a year, they are preventing a possible more serious STR owner from obtaining a permit and providing additional revenue to the city. It is also possible that some of the STR's are not generating revenue because they are not getting great reviews and are not building referral and repeat business. There are a few ways of maximizing the income to the city: Option 1: Require the permit holders to produce a minimum level of TOT annually to retain their permits (maybe $5000); Option 2: Rank the income of the permit holders and have the bottom 2 or 3 performers lose their permits each year; Option 3: Provide for a annual permit fee that would make it uneconomical for the non performers to retain their permits. New permit holders should be given a two year period to build their business prior to being subject to this review. The city should also provide for a system of insuring that the STR owners are reporting all income. This could be accomplished, in part, by having the owners keep a log of guests and dates that must be kept current at all times and open for review.

The current trend around the country is ordinances allowing "home sharing". This is renting out a portion of personal homes to vacationers. The most common website used is airbnb.com. Some ordinances are providing for two categories of rentals: one for STR's and one for home sharing. Several of the current STR permit holders are actually doing home sharing. The city should consider, as a means to increase revenue, creating two categories of rentals. My suggestion would be to create a new category of Home Sharing permits and start with 15 permits in this category. This could be defined to include all situations where the owner is on the premises with the renters (renting out rooms in a house or a guest house as long as the owner is sleeping on the premises). The current holders of STR permits that are actually home sharing could move into this category and create openings on the wait list for new STR owners. The home sharers should not be subject to the minimum fee requirements that I am suggesting for STR's, as many of them may be doing this on a part time basis to supplement their income. There seems to be consensus among the proponents and opponents to STR's that when the owner is on premises, the concerns of noise and parties are diminished. For this reason, the opponents of STR's may be willing to accept the addition of home sharing permits. Napa is considering this two category approach.

Finally, I believe the number of STR's could be expanded provided the ordinance is revised to include a detailed process for dealing with complaints and penalties for offenders. Based on what I heard at the meeting, the owners who provide their guests with clear rules and requirements concerning noise and respect for neighbors do not seem to be creating issues. The ordinance should provide that every guest must sign a form notifying them of the noise requirements and penalties. These forms should be maintained in a binder by the owner and subject to review by the city in the event of complaints.

I am attaching a list of cities that I found in my brief google search that have ordinances regulating short term rentals (STR's). I thought this may be of help to the planning commissioners as they move forward with possible modifications to the current ordinance. I am willing to help the planning commissioners with review of other city ordinances and drafting, if that would be helpful.

Please include this email in the packet you are preparing for the planning commissioners. Thank you for consideration of my suggestions.

Warm regards,

Donna Hinds
Cell: 707-799-4844

September 20, 2015

To: City of St. Helena Planning Department

Aaron Hecock: Director of Planning

Re: STR Permits in St. Helena

As St. Helena homeowners for more than 18 years my husband and I wish to share our views regarding the ordinance that permits STR's in our city.

The STR Permit Situation in St. Helena:

1) The current ordinance makes little or no provision for monitoring, compliance and follow up after STR permits are granted. By their own admission the city does not have the staff to follow up and make certain that residences are in compliance. Since the STR ordinance has been in place it has put the burden on the neighbors and the neighborhood in which the STR are located to "police" STR's that are not following the letter of the law. No City ordinance should be passed that cannot be supervised and monitored by the paid professionals of the city administration.

2) At the same time the city of St. Helena appears not to have tracked complaints by its citizens since the ordinance has been in force. That means that data available related to STR issues other than gathered by neighbors of STR's is non-existent. The city administration should have a system in place which flags all calls to the police or city hall that are related to STR's. This should have been done when the ordinance was passed. If STR's are to be allowed to continue a transparent reporting system regarding STR complaints must be established in this regard.

3) If the City of St. Helena continues to allow STR's the contract should be amended to require the owners of the STR's to report the income that they are deriving from STR's to the appropriate US tax authorities.

The present situation we find ourselves in is unacceptable and potentially dangerous. Essentially the city of St. Helena has permitted 25 short term rental properties with virtually no controls placed over them save the fact that they need to report their income and pay their prescribed tax. The notion that STR's would manage themselves without city oversight seems to have been the practice. And while hotels have to adhere to life safety issues such as sprinklers, handicapped access, these properties do not, nor is there any form of control over or supervision of these "transients visitors" that we find in our residential neighborhoods throughout the city. Unlike hotels where there are personnel in place who can be on the lookout for problems – our neighborhoods have had short term visitors foisted on them who are present without any form of oversight.

Ultimately the leadership of the City of St. Helena will have to decide which is more important to the quality of life in our community – a few hundred thousand dollars in tax revenue or the potential destruction and commercialization of our residential neighborhoods. Strangers living next door for a day or two, noise, traffic, safety. Had the city recorded the complaints to police department and logged them in as STR related the city management would have long ago been aware that STR's have been and are a problem

Property owners already have the right to rent on a more than 30 day basis and there are many members of our community who do rent their properties for 30 days or more – we welcome those non-transient residents. It is the transients guests next to which we object.

We join the majority of our neighbors in the Stockton Pine Street community to urge the City of St.Helena administration to revoke STR permits in St. Helena's residential neighborhoods.

Sincerely,

Katalin Kádár Lynn and Douglas G. Lynn

1440 Stockton St.

Attachment 3

Noah Housh

From:	Peter White
Sent:	Tuesday, June 30, 2015 5:18 PM
To:	William Imboden; Noah Housh
Subject:	FW: Short Term Rental Permits
Follow Up Flag:	Flag for follow up
Flag Status:	Flagged

Bill and Noah,

When you have time, could you review Mr. Belt's letter and advise me on the accuracy of his assertions? I know short term rentals has been a hot topic and considered a nuisance to some residents and I would very much like to hear your perspectives.

Thanks,

Peter

Peter White
City Council
1480 Main Street
St. Helena, CA 94574
707-480-9958
PeterW@ci.st-helena.ca.us

From: tmbelt@comcast.net [tmbelt@comcast.net]
Sent: Tuesday, June 30, 2015 3:18 PM
To: Peter White
Subject: Fwd: Short Term Rental Permits

Sorry Peter, I mistakenly sent your copy of this message to Alan to the wrong address.
Tom Belt

From: tmbelt@comcast.net
To: alang@cityofsthelena.org
Cc: "," <pwhite@cityofsthelena.org>, regp@cityofsthelena.org, pauld@cityofsthelena org
Sent: Tuesday, June 30, 2015 3:07:54 PM
Subject: Short Term Rental Permits

Dear Mayor Galbraith,
I have been told by two St. Helena residents that the city council will be reviewing its municipal code section regarding short term rental permits in the next few months. First of all, can you confirm that this will be taking place?

Secondly, I would like to express my concerns and the concerns of many of my neighbors, about the city continuing to allow these permits:

Attachment 3

1. The city does not currently have the staff to monitor the illegal verses legal short term rentals existing in our town. Today, I went online to the VRBO website and counted 51 listings for St.Helena rentals offered on a daily or weekly basis. It is my understanding that there are 24 approved short term rental permits, of which two are currently available. And VRBO is only one rental website advertising short term rentals.

2. The city does not currently have a municipal code that empowers our police department to issue citations to the unruly renters of these properties when the neighbors of the short term rentals call about late night noise disturbances. While our police department will respond to noise complaints and contact the responsible parties of the complaint, they will not issue citations to the disturbing parties, even if the complaint reoccurs on the same date . As a result of this, there have been several instances where St. Helena residents have called the police department multiple times a night because of reoccurring noise, and the disturbance continues. According to our past and present police chiefs, if a police officer responds to a "public" disturbance call after hours and witnesses the loud noise them-self, they cannot issue a citation because they are not considered the public. In order to have a citation issued, the neighbor calling in the complaint must have the responding officer issue a citizen's arrest to the unruly renters. This requires the neighbor to sign the citation initiating the arrest. Obviously, this pits neighbor against neighbor and has the potential to cause even more grief. I can confirm this with an email I have received from our present chief of police and by the personal experiences my neighbors and I have had to endure.

3. To my knowledge, there is no system in place for our police department to document the complaints it receives about short term rentals and reporting those complaints to the city council. In deed, it wouldn't surprise me if the city council was unaware of how many residents in our town have complained about the late night disturbances or how grave the situation is.

In summation, based upon the fact that our city does not have the staff to effectively control the illegal short term rental market in our town and because our police department cannot by itself enforce disturbance complaints, I would like the city council to postpone extending any current short-term rental permits and cease any consideration off expanding the number of permits issued until such time as the city can responsibly manage the adverse impact these permits have in our neighborhoods.

Tom Belt

Attachment 3

Noah Housh

From: joyrb@aol.com
Sent: Wednesday, September 23, 2015 1 38 PM
To: Noah Housh
Subject: short term rental

Commissioners:

Despite whatever attendance this evening's meeting elicits... this issue is very important to virtually all fulltime residents and there are many opinions circulating.

The following are some of mine:

1. Any and all of the 25 permitted short term rentals should be identified and listed.
2. A city street map with *starred* addresses indicated would be beneficial.
3. Contact persons and numbers for all parties (owners and managers) should be notated.
4. Fines for failing to follow permitted uses should be identified.
5. Consequences for repeat violations should result in loss of permit.
6. Any parties operating short term rentals without permit should be fined and lose the privilege of acquiring any future permit.
7. All parties who violate city rules and regulations should not benefit...e.g. (forgiveness vs permission).

The abuses and problems with existing short term rentals are well known.
Noise is an ongoing problem...as is parking and trespassing.
Calling the police does not solve any of these issues.

Thanks for the meeting. I hope many resolutions are discussed and new ideas forthcoming

Sincerely,
Joy Roades

Attachment 3

Noah Housh

From: mcoy@napanet.net
Sent: Tuesday, September 22, 2015 12:01 PM
To: Noah Housh
Subject: short term vacation rentals

Importance: High

Dear Mr. Housh,

We are writing because we wanted to voice our opinions on the short-term rental ordinance as we can not attend the meeting this Wednesday. There has been such a dramatic change in St. Helena since the vacation home trend escalated and it is not for the good of our town. The fact that there are many vacation or 2nd/3rd homes and many of them end up being rented, some legally but many not. It has impacted the city, citizens and sense of community in a negative way.

I applaud the Planning Commission on their two recent denials of short-term rental permits. Houses in neighborhoods with not much space between dwellings are not conducive to such rentals. The noise and traffic are too much. I agree that the Police Dept. and the department that handle these agreements are not communicating when there are complaints.

People who come to stay at these rentals, though not all, think of their stay as PARTY TIME!. They show no concern for the noise they make at all hours, how their voices carry to neighboring yards and residences, how their parking impact those that live near by and the hours they keep. They paid good money for the rental and figure it is their right to use it how they want.

We back up to a vacation home, though to our knowledge it has never been rented for a short term. The owners have been very loud on occasion. They probably did not know of the noise ordinance and hours. It took a phone call from us to the police after midnight for them to become aware. Then as a result of our call they made a derogatory remark from their yard that was heard by us. Since that time things have been a little better.

On our street now recent home sales have been to part timers. Though one of the new owners are very nice and respectful of the neighborhood the other is another story which we have already spoken about to the Planning Commission. But my concern is that future sales may attract those interested in short term rentals. That is our fear.

As a person active in the community through a service club I am finding that it is hard to get new members. I have shared this concern with others and it seems to be happening with other clubs too. Enrollment in our public schools is declining. Having less full time residences, not to mention the lack of affordable housing for the MIDDLE CLASS and those that grew up in St. Helena and now work here, is the cause.

I realize we must adapt to change but how much should we put up with just so the city can get more money through tourism? We moved here to live when I got a teaching job at the local high school. We chose to make this our home and raise a family. We want to keep St. Helena nice for others to do the same thing. If we wanted to live in a resort town we would have moved to Tahoe or Carmel.

Attachment 3

Thank you for your time to hear how this ordinance is affecting locals. I hope this makes it in time for the meeting on Wednesday, September 23rd.

Sincerely,

Marilyn and Nick (Louis) Coy
1221 Soring Brook Ct.
St. Helena, CA 94574
963-306

Attachment 3

Noah Housh

From: mdmilat@comcast.net
Sent: Tuesday, September 22, 2015 7:42 PM
To: Noah Housh; Alan Galbraith; Sharon Crull; Greg Pitts; Paul Dohring; Bobbi Monnette; Grace Kistner; Sarah Parker; Tracy Sweeney; Mary Koberstein; Peter White
Cc: sthelenastrong@gmail.com
Subject: Short term rental ordinance

Sept. 22, 2015

Dear Mayor, Councilmembers and Commissioners,

I hope you will listen to your constituents and revise the short-term rental ordinance. The rules contained in the original ordinance have been blatantly ignored and violated since it was put in place.

These rentals were originally mostly bed and breakfast rooms in private homes, with the owners present. Now we have people, often from out of town or even out of the country, buying single family homes in strictly residential neighborhoods and turning them into mini commercial hotels. The city has done a very poor job of implementing and policing this ordinance. There are only 25 permits. A quick look at VRBO and other sites shows over 90 such properties, mostly within the city limits. It should not be that hard to identify them and stop them. We know that even if they are shown to be 30 day minimum rentals, they are routinely rented for shorter periods. You should publish a list of the 25 legal sites so we can tell if the ones in our neighborhoods are illegal. Some of these homes are on very small lots with the neighboring homes only a few feet away. Many have only 5 foot side yards to separate us. Some are even in condo complexes with only walls separating them. If these uses are permitted, they should be in mixed use or agriculture zoning on larger lots, preferably with the owners living on the property.

There should be no additional permits issued unless there is a thorough study of how the existing permits are being used and the impact on the neighbors involved. Nobody who has been running an existing illegal rental should be allowed to apply for a permit, at least without a long waiting period, and should be fined for the illegal use. The $1000 per day fine is ridiculous. Make it a reasonable amount and actually collect it.

With the rental housing shortage in St. Helena these strictly family homes in residential neighborhoods should be kept that way. While the prospect of colleting the transient tax may be tempting, it's not worth it. There are enough hotels now being built or in the planning pipeline to significantly increase the taxes collected.

Mark Milat
1180 Valley View St.

Attachment 3

Noah Housh

From: Daniel E. Siri <dan@desiricpa.com>
Sent: Thursday, September 24, 2015 9:39 AM
To: Noah Housh
Cc: 'Denise Siri<denise.siri@gmail.com>'
Subject: Comments on Short Term Rental Permit town hall

Noah:

Thank you for a very well organized and well run town hall meeting last night.

Denise and I have been STRP holders since June 2012; our St Helena home is located at 1242 Madrona Avenue; it has 2 bedrooms/2 baths, and is conveniently located on a nice corner lot that allows us and our rental guests to easily walk to the downtown area for dining and shopping.

We have two neighbors that abut our property; Peter and Karen Dahl at 1234 Madrona Avenue, and Richard and Charlene Paulson at 1660 Oak Avenue; the set back between these 3 homes is very small as these homes very constructed well before the modern day set back requirements.

In the 3 years we have had short term rental guests the Dahls and the Paulsons have never experienced in negative impacts such as excess cars or traffic, loud noise or any other type of disturbance; as a matter of fact some or our guests have greeted them in person while walking the neighborhood; both of these neighbors have told us we are the "ideal" neighbor to have as a STRP holder. We also allow family and close friends to use our home outside of the rental program – that use would continue even if we did not have a STRP as it is not a violation of any city ordinance.

We are very selective about our rental guests; this is a second home to us and we expect our rental guests to treat it in the same manner. Our typical guest renters are mature and responsible; they prefer staying in a house with kitchen and laundry amenities that they would not get at a hotel/motel/B&B.

I will summarize my points:

1. There is a small vocal minority that simply don't want STRP's – I don't believe they will prevail in eliminating the ordinance, and I don't think the ordinance should be eliminated.
2. There is definitely a lack of enforcement by the Planning Dept – back in June 2014 I attended a City Council meeting to request a renewal process be put in place – at that time there was no permanent city manager or planning director which resulted the STRP program being ignored as a city priority; now that these two positions have real city employees I think they may take some steps to do better enforcement for noise and disturbance violations, and illegal operators.
3. There seem to be a couple of STRP's that are pushing their rentals beyond what I thought STRP's were about – we were about allowing couples and families to rent our houses as alternatives to higher priced hotel/motel/B&B alternatives whereby they have multiple bedrooms and baths, a kitchen and laundry facility, and an enjoyable outdoor patio and garden; this was not about having catering trucks, buses, and large party gatherings at our homes; remember, these are homes and not meant to be commercial gathering places; your guests are meant to "live and stay" like it was their own second home.
4. For those properties that may fall into the complaint and enforcement process I think you need to realize that your STRP can be revoked and possibly never renewed.

Please include this communication in your report to the Planning Commission and City Council.

Attachment 3

Sincerely yours,

Dan Siri

Daniel E. Siri CPA
363 Village Square
Orinda, CA 94563-2505
T: 925-253-4882
F: 925-253-4898
C: 925-766-6107
E-mail: dan@desiricpa.com

Attachment 3

Noah Housh

From:	Paul Dohring
Sent:	Wednesday, July 08, 2015 1:31 PM
To:	Sara Cakebread
Cc:	Noah Housh
Subject:	RE: Vacation Rentals

Hi Sara,
Thank you for sharing your comments. I am not sure what the total number is but I have heard from others that we may have several illegal rentals within the city limits. As a planning commissioner Alan did a report a few years ago about the existence of these illegal operations but I am not sure whether that information has been updated since the short-term rental ordinance was adopted. I agree that we need to get a better handle of the situation for the reasons you cite. One way to reduce or eliminate illegal operations inside the city is to bring well-publicized enforcement actions. Such actions could dissuade others from going down the wrong path.
Paul

From: Sara Cakebread [scakebread@comcast.net]
Sent: Wednesday, July 08, 2015 1:10 PM
To: Alan Galbraith; Peter White; Sharon Crull; Greg Pitts; Paul Dohring
Subject: Vacation Rentals

Dear Mayor Galbraith, Vice Mayor White and Members of the St. Helena City Council:

As much of the conversation in the city these days is around budgets and austerity measures, I wanted to share a thought about a potential source of revenue; vacation rentals. This came to mind after reading about the property on Scott St. that is facing a lawsuit for operating a short term vacation rental illegally, and then learning that a few of my neighbors are doing the same thing—and making a lot of money. It seems unfair to single out one property owner when, according to my very rough calculations, there are possibly 20 or so St. Helena listings on Airbnb, and 50+ listings on VRBO that are likely not following the rules either.

As it took me just a few minutes to find the above, it would not take long for a volunteer, intern or modestly paid high school student to find all the addresses of these listings, compare them to the list of permit holders and see if they are in the city limits. Then, the city could either fine those renting illegally, enhance an existing source of funding by increasing the number of vacation rental permits, or go for the most you can and do both. In addition to neighbors renting for weekends and weeks under the table, I also have friends with permits who are following the rules and paying the taxes. The system as it is now does not seem fair nor should it be ignored, especially in light of our financial challenges.

I'm sure I'm not the first or last to suggest this, but it just seems to make a lot of sense.

Thank you for your time and consideration.

Sara Cakebread

"Life is too important to be taken seriously." -- Oscar Wilde

990 Allison Ave.
St. Helena, CA 94574
707-254-5309
scakebread@comcast.net

St. Helena City Council
1480 Main Street
St. Helena, CA

September 14, 2015

Dear St. Helena City Council,

We are writing in support of the Short Term Rental Ordinance. Current permit holders in full compliance who have had no opposition should not be penalized for the transgressions of others. A stringent permit application process is currently in place. A permit renewal process, which would allow any new opposition to be addressed, would mitigate any future problems.

We have been full time residents of St. Helena for 25 years. We live in our home 100% of the time and do not own a second home. We raised our children here and are active community members. Now that we are retired we have the opportunity to travel more often. For security reasons we prefer our home to be occupied while we are away. Having a short-term rental permit has allowed us to occasionally rent our home while we are away, and thus keep the house occupied.

We live down a country lane and all residents have ample space surrounding their properties. We have the support of our neighbors and have had no issues, opposition, or complaints of any kind. It has been a win-win situation for us, our visitors, and the City of St. Helena, which benefits from the TOT taxes we pay each month.

We urge the City Council to uphold the Short Term Rental Ordinance for permit holders who are in full compliance. With 2708 households in St. Helena, the 25 permit holders constitute less than 1% of the households. If a permit holder is in full compliance their permit should remain valid. Energy should be spent on preventing homeowners from renting their homes for short terms without permits.

Thank you,

David and Kathi Brotemarkle

503 Fulton Lane
St. Helena, CA
Permit number PL14-052

Attachment 3

October 26, 2015

Dear Mayor, City Council, Planning Commission, and Planning Department,

We would like to thank you for holding the recent Town Hall Meeting about the Short Term Rental Permit Ordinance. We were unable to attend but we later watched the video and feel that much valuable information was gathered.

We understand that some in our community would like to abolish the STR Ordinance. We commiserate with those who have been adversely affected by rentals in close proximity to their homes. But we must focus on the primary issues discussed at the meeting: enforcement, regulation, and a stringent renewal process. Abolishing the STR Ordinance would be a mistake. Having a strong ordinance in place would provide a valuable tool to control short term rentals in St. Helena by providing enforceable parameters. The September 30th editorial in the St. Helena Star also suggests there is room for compromise.

The group St. Helena Strong is currently circulating a petition aimed at abolishing the STR Ordinance. Many residents who are unaware of the issue and not directly affected by it are being urged to sign this petition. St. Helena Strong and others opposed to the ordinance continue to state that one third of St. Helena's homes are second homes. This fact is not relevant to the STR ordinance issue. With 2708 households in St. Helena, 25 legal short term rental permits constitute less than 1% of all households. We cannot prevent people from buying second homes in St. Helena, but we can limit the number of rental permits and strictly regulate them.

It was clear from the Town Hall meeting that several crucial points need to be addressed. The ordinance needs to be rewritten, an enforcement process needs to be established, a stringent renewal policy is required, as well as penalties for permit violations. A properly enforced and regulated STR Ordinance can be successful and will provide revenue for the City. The amount of TOT tax collected from short term rentals can be significant and should not ignored. Restrictions could be incorporated into a revised ordinance and might include a limit on the number of people allowed on the property, prohibiting of parties, events, and weddings, and a limit on the number of rental days per year.

Short term rental permits for current permit holders who are in full compliance should remain valid. We trust the city staff and our elected officials to give this issue thoughtful review. By focusing on the facts, and not emotions, we are confident a reasonable solution will be achieved.

Thank you,

Kathi Brotemarkle

David and Kathi Brotemarkle

503 Fulton Lane
St. Helena, CA
Permit number PL14-052

Attachment 3

Noah Housh

From:	Nick Leinen <nickl@gailmaterials.net>
Sent:	Wednesday, September 23, 2015 12:04 PM
To:	Noah Housh
Subject:	short term rental

Please excuse this late submittal. I am in So. Cal on business and have had the stomach flu since Monday. I live at 1537 main St. St. Helena. My immediate two neighbors are Both established B&B's I am across the street from city hall and for all practical purposes live in a commercial like setting. After eight years my remaining children are gone with my youngest starting college at P.U.C. I have a 5 bedroom home with a guest cottage in back. In addition I have a neighbor behind me with a short term rental which I believe is active. With all the noise in my location it seems to me my home would make an ideal location for a short term rental as the noise is already present. In addition I think my two remaining residential neighbors fill the same way. I can't say for sure if this program works everywhere in the city but surely in high traffic areas like mine it should be looked at closely. With the city of St. Helena being the only city in the Napa valley struggling to pay its bills this city counsel has inherited a hornets nest to clean up. If we keep doing the same, things will stay the same. All forms of revenue should be looked at closely so we can remain the heart of the Napa Valley. Good luck. Nick Leinen

Attachment 3

Noah Housh

From:	Mila Holt <mholt@johlt.com>
Sent:	Saturday, September 26, 2015 8:04 AM
To:	Noah Housh
Subject:	Short Term Rental comments
Attachments:	curb in front of Tona's house on Stockton Street.png; looking down the street from Doug and Kati Lynne's house parking.png; Pine Street and Stockton Street parking.png

Hi,

I have some suggestions after the meeting Wednesday. Thanks so much for your consideration.

NOISE ENFORCEMENT:
Perhaps renters could put down not just a security deposit, but a "noise" deposit. If a noise complaint by a neighbor is corroborated by police or by the property manager, a portion of the noise deposit is forfeit. Even better, the money should go to a local charity of the neighbors' choice. If there is money involved, people will be quiet. Neighbors should have contact numbers for the property manager and owner.

SHORT TERM RENTAL LOCATION:
I don't agree that there should be limitations based on parcel size or setbacks or local ownership. The program should exist and be available on an equal basis to all, because success rests on the owner and renters. A responsible owner and considerate renters can be quiet and considerate in a densely populated neighborhood. We have been renting on the west side and never caused any complaint from neighbors. However, if the permit holder can't control guests' noise, they lose their permit. Innocent until proven guilty! If the owner does a good job of booking respectful guests, a rental will work in any neighborhood.

PERMIT APPLICATION HEARINGS:
Respectfully, I believe the hearing process should get an overhaul. Right now, it is spectacularly unfair to permit applicants. Since decisions are made somewhat naturally on the basis of which side can draw the biggest crowd and make the most noise, the applicant is immediately at a disadvantage. No applicant can drum up 15 or 20 supporters to come to her hearing. Friends and neighbors who support, or don't oppose, will not take time our of their busy lives, nor want to confront angry neighbors. A group like St. Helena Strong, while well-intentioned in many ways, Ican get together and agree on a line of argument. In my hearing, they insisted that the 1450 block of Stockton Ave has a terrible parking and traffic problem. My application was denied on this basis. No traffic or parking problem exists near my house (see photos). It is simply untrue. Yet I was one lone voice against what felt like a mob of people, and I had no proof on hand (since I never anticipated this line of argument). A planning commissioner visited the block after the hearing to see for herself, and my neighbor Gregg Pitts will surely confirm that there is plenty of parking in front of my home and that you could eat breakfast in the middle of the street without having to move for a passing car (my husband did this after the hearing):).

There needs to be a method for rebuttal once the commissioners weigh in, or a chance to ask for a continuance to gather proof.

Speakers should only include those truly affected by the permit. At my hearing, I only recognized three of the speakers (one spoke in support of my application). The rest lived on other blocks, or too far away to truly be bothered by a short term rental in my home. It is just too easy for someone who lives five blocks away to state unequivocally that "this is clearly the wrong place for a permit." What does this person actually know about the situation? He knows nothing about the house, the applicant, the actual details at all. He is just there because he is part of a group that works together and has organized an all-purpose offensive strategy against short-term rentals.

Narrow the distance range for notifications of a permit application:
300 feet casts too wide a net. The people notified at my hearing included people who lived a block down, around the corner, and in three houses. This person couldn't possibly be affected by a rental at my home, unless my tenants threw a gigantic party (in which case nearer neighbors would surely complain).

I realize residents resent second home-owners like me. Please know that many second homes here are owned by people who come every single week, care about the community, and want a great relationship with neighbors. We are not owners visiting once a year. We live an hour and fifteen minutes away. Not local, but quite close. Our property manager lives across the street and practically on our property. We have never had a noise complaint. Our renters have been quiet and responsible (and mostly elderly). There is no parking or traffic issue on our street. No limos have ever lined up in front of our home to disturb neighbors. There have been no parties. There was no real reason we should have been turned down for a permit we waited two years and ponied up $1400 in fees for. The hearing process really and truly needs an overhaul.

Thanks so much for taking the time to read this and for opening up the matter for discussion. I really like being part of the political process in St. Helena, meeting more neighbors, and hearing their perspective. Neighbors should not suffer because of short term rentals. Bad actors need to lose their permits.

Cheers,

Mila Holt

P.S., For commissioners who were absent, I am attaching photos of my block to demonstrate that there really is no traffic or parking problem and to prove that the complaints about this were trumped up. I don't think neighbors were trying to be unfair, as much as they were looking for a way to win their argument and ban permits in St. Helena. It's only human. By the way, I felt that the survey taken by St. Helena Strong and quoted at the meeting should have included quotes they got in support of the program, if such quotes exist.

--
....

MILA HOLT

Executive Producer I President
JOHLT Productions
6400 Hollis Street, Suite 10
Emeryville, CA 94608
510.879-7620 X102
Cell: 510-599-9689

website: johlt.com

....

Attachment 3

Noah Housh

From: Stone, Jim <jstone@frosthrconsulting.com>
Sent: Sunday, September 20, 2015 11:20 AM
To: Noah Housh
Subject: Short Term Rental Permits- Permit Holder Comments

Noah,

My name is Jim Stone and I am one of the 25 City of St. Helena Short Term Rental Permit holders. Our property is located at 2080 Spring Mountain Road. I have noted the scheduled town hall meeting on this coming Wednesday, September 23 and I plan to travel from Austin in order to attend the meeting. However, I thought it might be helpful for me to put some of my comments in writing as I hope to be helpful as an interested party.

As background, please note my wife and I live in Austin, Texas, which happens to be the corporate home of Home Away-one of the main players promoting short term rentals. Just this morning there was an article in our main Austin newspaper discussing the fact that the Austin City Council was being challenged by Austin residents and homeowners to reconsider the rules and regulations concerning this type of business activity. And recently we owned a home in Beaver Creek, Colorado which also has had a troubled time defining and fine tuning how short term rentals should be regulated and controlled. I mention this only to suggest to you that it is certainly a hot topic and few have yet to conclude exacting standards that have met the expectation of all stakeholders.

I would also like to state that my wife and I do spend about one week every month in our St. Helena home and plan to eventually retire in St. Helena and live in our current home. So I am sensitive to the neighbors and homeowners of St. Helena and I would also be troubled if a neighboring property became an obvious transient location that caused noise, parking problems, excessive trash, periodic rude occupants who did not value the standards and goals of most St. Helena neighborhoods and homeowners. And despite whatever rules and regulations are in place you sometimes just cannot control (the homeowner or police department) the actions of other people, especially one-time renters. Based on my experiences, here are some concerns/suggestions I would have as a neighbor or homeowner or official of the City staff or elected official:

- The City of St. Helena chose to implement guidelines and regulations to permit 25 Short Term Rental Permits. If you are going to enact such regulations, please know you must enforce them fairly. In 2012 I spent a considerable amount of time and effort and attorney fees to get my permit. Our property has rental activity most every month of the calendar year and we have paid our TOT and filled out the required forms and paid for an annual business license. Why should I continue if the City openly disregards its' own regulations by allowing so many other properties to operate without paying the TOT, getting the permit and business license. I know staffing positions are over-burdened but if you cannot fairly and equitably enforce the STR regulations then you should abandoned them until such time as you can properly go forward.
- The City needs revenue and I know that a lot of citizens would like to think that growth and tourism is not needed to support the facilities and infrastructure that they want and demand. But they are wrong. Like it or not, the City of St. Helena is an expensive community in which to both live and maintain. One of the City's best attributes is the ability to attract tourism. And it is possible to control growth and high quality standards for the types of businesses endorsed and permitted so that you drive the type of visitor you want to attract. Just like the discussion of possible hotel additions for added tax base revenue, Short Term Rentals can also be a great source of added revenue. But if you are only going to permit 25 perhaps you need some stated goals as to locations, density targets and expected TOT. Maybe so many of the permits should be allocated for high end properties, so many for inter-city densely populated properties, etc.
- Related to my last point, over the years I have rented a number of vacation homes and now I own one. What has been successful in the homes I have rented and what I think has been successful for our St. Helena property is the fact that many of these homes tend to sit in a somewhat private setting. Certainly I think you should have

some very strong goals with respect to densely populated areas- maybe greater distances between adjacent properties in regard to applicable entrances and entertainment areas.

- Perhaps you should have different permits for rentals that are full property rentals (the whole house) versus those renting a portion- and maybe that is already in place more under the bed and breakfast type concept.
- I do think that it would be reasonable for you to impose monetary penalties for the STR permit holders to help control noise and the like. I think that permit holders could ask for a refundable deposit by renters so that they have some greater clout to avoid unwanted behaviors- but those need to be at a level to have some meaning and also recognize that there (again) is the added burden on the City for regulation and enforcement.

Thanks for the opportunity to be part of the conversation.

Jim Stone

Jim Stone
Frost HR Consulting
President and Director
401 Congress Avenue, 14th Floor
Austin, Texas 78701
512-473-4560 (Direct)
512-751-7829 (Mobile)

Compensation | Consulting | HR Outsourcing

A Division of Frost Bank

Attachment 3

Noah Housh

From:	Gisela Campagne <campagne123@socal.rr.com>
Sent:	Monday, September 21, 2015 10:35 AM
To:	Alan Galbraith; Peter White; Sharon Crull; Greg Pitts; Paul Dohring
Cc:	Bobbi Monnette; Grace Kistner; Sarah Parker; Tracy Sweeney; Mary Koberstein; Noah Housh
Subject:	SHORT TERM RENTAL REVIEW

Honorable Mayor Galbraith and Members of the City Council
Cc: City Planning Commission
Noah Housh, Planning & Community Development Director

Dear Distinguished Leaders,

We are Charles Sheldon and Ingrid Campagne, owners of a home at 1160 Church Street, St. Helena. We have owned our home in excess of 10 years. We live in San Francisco, however have enjoyed and are continuously enjoying spending a lot of time IN beautiful St. Helena.

We have been very fortunate in obtaining a short term rental permit since its inception. This has been such a wonderful partnership, for the City of St. Helena, the folks coming to St. Helena to visit and, of course, for us.

I am hoping you'll continue this amazing short rental program because it benefits so many. This practice is so very good for the city. First of all, the City benefits with the added revenue. Our rental alone brings the City of St. Helena a minimum of $5,000 annually. Think about the number of families you're helping because there is no other option for a family to stay economically in the Valley. Please give some consideration to all the added income our guests bring to your city by visiting the restaurants and local businesses. You must see that it's a WIN-WIN for everyone.

I know our neighbors are more than happy with having folks come and stay at our house. We follow the rules and our guests often make new friends with the neighbors. Right now, St. Helena is providing a great service, and we, the homeowner are delighted to pay our fair share of taxes through the short rental program. Please don't allow a few disgruntled folks to take such a great privilege away.

We sincerely thank you and are in great hope that you will allow the continuance of this practice because it benefits a great many wonderful people.

Thank you and best regards,

Ingrid Campagne
Charles Sheldon

Best regards,

714-328-8661

Attachment 3

Every once
in a while
a dog enters
your life
and changes
everything

http://www.WagsNWine.com
http://www.WagginTrails.org

Attachment 3

Noah Housh

From: Katie Leonardini <katie@whitehalllane.com>
Sent: Tuesday, September 29, 2015 11:25 AM
To: Noah Housh; Noah Housh
Subject: Short Term Rentals in St. Helena

Hi Noah,

Thank you for hosting the Town Hall Meeting last week to discuss Short Term Rentals.
I attended the meeting and thought it was a healthy way for our town to discuss the item at hand.

I own a home on the corner of Allyn and Pine (1504 Allyn Ave). I have not had any issues with short term rentals as neighbors, so I do not have any horror stories to share!

I do believe that if short term rentals become illegal once again, many home owners will continue to host these short term guests, and the problems we have heard will increase. If we continue to have rules and regulations in place, and improve enforcement of the rules, then we can co-exist with minimal issues. Most home owners want to be law abiding citizens and follow the rules that have been put in place.
KEEP SHORT TERM RENTALS AS THEY ARE WITH IMPROVED ENFORCEMENT OF RULES.

The number of short term rental permits should not be increased. I do believe that 25 is a good number for the size our town. The map on the city website is really helpful in order to grasp the number of rentals in a town of our size. Again, improvement of rule enforcement will minimize issues. Further, those that continually break the rules, should have their permits revoked. **KEEP THE NUMBER OF SHORT TERM RENTAL PERMITS AT 25.**

There is one additional note that I would like to add. When an application is submitted for a permit, please take special note of the address. If there are already one or two permits on that block, please bear this in mind. It would be unfortunate for full time residents if multiple homes on their block were short term rentals. In other words, **DO NOT ALLOW FOR A HEAVY CONCENTRATION OF SHORT TERM RENTALS ON ANY ONE BLOCK.**

Thanks again, Noah.

Katie Leonardini

Whitehall Lane Winery
1563 St. Helena Hwy
St. Helena, CA 94574
C: 707-815-3650

Attachment 3

Noah Housh

From: Kimberly Phinney <kimbophinney@gmail.com>
Sent: Thursday, October 01, 2015 7:05 AM
To: Noah Housh
Subject: Short Term Rentals

Hello Noah,

I attended the Town Hall meeting to discuss short term rentals but had to leave around 6:15pm.

I appreciated the opportunity to have this discussion take place and think it is definitely a hot, yet important topic for our community.

Below are my thoughts regarding short term rentals:

-The guidelines in place are good and make sense without completely handcuffing a paying guest, while respecting the neighborhoods with parking, noise and time restrictions.

-We should not punish those abiding by the guidelines currently. There seems to be a few that are doing a fantastic job of respecting the neighbors, the community and the rental guidelines set up by the city of St. Helena.

-I do not think we should add any more permits, 25 is great and is a suitable amount for a community our size. I believe in a use it or lose it approach. Maybe a minimum of revenue if there isn't a high enough fee to have a rental warranting a permit in the first place.

-Enforcement is paramount. Giving neighbors that have issues with neighboring rentals a voice and back up is essential. I think one warning per house is suitable since the rules are laid out so well. Along with a list of addresses for these short term rentals, it would be nice to see the owners name and contact phone number. It puts a person/name with a rental property and furthers their responsibility knowing that they could be called as well, at any hour, like the police.

As a side note generally speaking of short term rentals, there is an obvious short term rental in our neighborhood by the amount of car turnover, out of state plates and the cleaning crew regularly. I have had two morning encounters regarding this property and the cars being parked there. You pointed out at the night of the meeting that two on property parking spaces are required. I thought that was one of the best guildelines. This house has zero and yet is still operating, frequently. The address is 1512 Hudson Ave. My reason for mentioning this is not only to further the enforcement of rentals, but ask how they got their permit in the first place?

Thank you for your time on this and again for having the town hall meeting. If you would like any of this discussed further due to lack of understanding with my writing, please let me know.

Thank you again.

Ciao,
Kim Phinney

Attachment 3

CITIES WITH SHORT TERM RENTAL ORDINANCES

1. Napa, Ca
2. Petaluma, Ca
3. Newport Beach, Ca
4. San Bernardino County, CA
5. Carlsbad, CA
6. Monterey County, CA
7. Solana Beach, Ca
8. San Francisco, CA
9. Palm Desert, Ca
10. Santa Monica, CA (House Sharing)
11. Ventura, Ca
12. Indian Wells, CA
13. Dana Point, CA
14. Encinitis, CA
15. Pacific Grove, Ca

1. Spokane, WA
2. Savannah, GA
3. Charlottesville, VA
4. Manzanita, OR
5. Aspen, Co
6. Charleston, SC
7. Cape Elizabeth, Mn
8. Santa Fe, NM
9. New Orleans, LA
10. Portland, OR
11. Austin, Tx
12. Cape Code, Ma
13. Maui, Ha
14. Bend, Or
15. Nashville, TN

Attachment 3

Noah Housh

From: Nick Leinen <nickl@gailmaterials.net>
Sent: Wednesday, September 23, 2015 12:04 PM
To: Noah Housh
Subject: short term rental

Please excuse this late submittal. I am in So. Cal on business and have had the stomach flu since Monday. I live at 1537 main St. St. Helena. My immediate two neighbors are Both established B&B's I am across the street from city hall and for all practical purposes live in a commercial like setting. After eight years my remaining children are gone with my youngest starting college at P.U.C. I have a 5 bedroom home with a guest cottage in back. In addition I have a neighbor behind me with a short term rental which I believe is active. With all the noise in my location it seems to me my home would make an ideal location for a short term rental as the noise is already present. In addition I think my two remaining residential neighbors fill the same way. I can't say for sure if this program works everywhere in the city but surely in high traffic areas like mine it should be looked at closely. With the city of St. Helena being the only city in the Napa valley struggling to pay its bills this city counsel has inherited a hornets nest to clean up. If we keep doing the same, things will stay the same. All forms of revenue should be looked at closely so we can remain the heart of the Napa Valley. Good luck. Nick Leinen

Attachment 3

Noah Housh

From: Alan Galbraith
Sent: Wednesday, September 23, 2015 10:38 AM
To: Noah Housh
Subject: Fwd: letter for commissioners for short term rentals
Attachments: short term rental pg 1.pdf; ATT00001.htm; short term rental pg 2 pdf; ATT00002.htm

For the record. Alan

Sent from my iPhone

Begin forwarded message:

> **From:** Darlene Walsh <walsh3dsw@gmail.com>
> **Date:** September 23, 2015 at 9:36:04 AM PDT
> **To:** Bobbi Monnette <BMonnette@cityofsthelena.org>, Grace Kistner <gkistner@cityofsthelena.org>, Sarah Parker <sparker@cityofsthelena.org>, Tracy Sweeney <TSweeney@cityofsthelena.org>, Mary Koberstein <MKoberstein@cityofsthelena.org>, Alan Galbraith <AGalbraith@cityofsthelena.org>, Peter White <PWhite@cityofsthelena.org>, "shraonc@cityofsthelena.org" <shraonc@cityofsthelena.org>, Greg Pitts <GPitts@cityofsthelena.org>, Paul Dohring <PDohring@cityofsthelena.org>
> **Subject: Fwd: letter for commissioners for short term rentals**
>
> Hello.
>
> I am writing to you regarding the short term rental process. I have lived in St Helena for over 30 years and as a Real Estate Appraiser, I have observed numerous changes in our community , some good and some not so good. Having most recently been a part of the short term rental process, I would like to share a few thoughts. I am unable to attend the forum this evening but felt there may be a few things I observed that may shed some light on how this process is going I thank you for taking the time to read my attached letter.
>
> Sincerely
>
> Darlene Walsh

Another Commissioner based her vote on a neighbors comment regarding traffic (which was stated in the St Helena Star) did they know her house was in escrow at the time of the hearing and she no longer lives on this street, in fact has moved out of town? The neighbor to the South of the house complained about parking issues. I live directly across from this house and never see anyone parked there for any length of time. That neighbor has **chosen** to convert their garage to an office and has a five "one car" drive way which they choose not to use. Then there was a comment from a neighbor on the adjoining street "Pine Street" a dead end street. This neighbor spoke about traffic. I have never seen traffic on Pine Street or an issue of them with egress and ingress from Pine Street onto Stockton (I live across from the entrance). They spoke about the safety of 90 year old Mr Del Bondio walking on the dead end Pine Street. How was that a valid concern? After the meeting, I met with Sara Parker at my house. I wanted to interview her about what it is like being on the planning commission. At the end of our visit I asked her if she had heard traffic and her answer was no, as there is very little traffic on this street.

I apologize for the long letter but it is my hope you see where I am going with this. If you continue to have these short term rental discussions, let's try to have them be more pertinent to who is most directly involved and let's get away from the " I want you to make changes for me so I can have it like I want it but once you do that, don't let it change for anyone else" mentality that we have risen to. Take time after you hear public comment to further look into the issues and not make an on the spot decision. If you do not want short term rentals in neighborhoods, build criteria that would eliminate this issue. If parcel size is not sufficient, make the criteria start with a larger parcel size with greater set backs. I was disenchanted by the reaction I heard that night. The folks at the hearing all took the guilty before proven innocent stand. Yes the permit does allow for 20 people maximum at a party, yes it does allow for two to four cars but not everyone who rents a house on a shot term rental basis wants a rager. It has been my experience that the renters that I have seen in this area are considerate, quiet and respectful of our neighborhoods and city. I see short term rentals' as an opportunity to explore all we have to offer and potentially become permanent residences further supporting our city and its resources. This used to be a great community where everyone supported everyone else. It is sad to see its demise

Thank you for listening

Sincerely,

Darlene Walsh

Attachment 3

Noah Housh

From: Carolyn Bond <bond@napanet.net>
Sent: Friday, September 25, 2015 11:25 AM
To: Noah Housh
Subject: Wednesday night STR meeting

Dear Commissioner Housh,

Thank you for your leadership during the discussion Wednesday night. I thought it was respectful and fair and I learned and understood more about all sides of this complicated issue.

However, I'm sure you understand that the vote at the end was completely skewed and made meaningless, in my opinion, by the last minute plea for ending STRs. That camp went right over and voted for that option, while the other side scattered their votes throughout the points listed.

Again, I feel that overall, it was a very valuable evening, despite the heat!

Respectfully,

Carolyn Bond
1165 Valleyview Street

Sent from my iPad

Attachment 3

Noah Housh

From: Ethan Brown <ethanbrownemail@yahoo.com>
Sent: Tuesday, April 19, 2016 10:03 PM
To: Noah Housh
Subject: Short Term Rental Ordinance

Greetings Noah,

Regarding the notion of rotating or limiting the terms of STR permits, please consider the following:

1) I think the Council already discussed this idea during their previous deliberations on the STRO before they sent it back for your analysis. My recollection is that they rejected this idea.

2) As with use permit holders on Main St, holders of STR permits go through a process of obtaining a permit, investing in their property, marketing their property, and managing their property. The City doesn't force Main Street use permit holders to relinquish their permits, in part because the City and the community benefit from the experience of operators as they gain experience and a solid customer base. The same is true for STR properties. I'm not sure where the pressure to consider rotating the permits comes from, but considering what the City just went through regarding community objections to poorly managed properties, why would the City invite more of the same by regularly forcing out well-managed properties and introducing new permits which might or might not be well managed? Consider also that if neighbors are tiring of an STR property next door, they can always address this during the renewal process. I don't understand the logic of this rotation/expiration idea whatsoever.

3) There are several permits available and the permitting process will be increasingly difficult going forward due to heightened community awareness and activism. Why would the City jeopardize this revenue source by forcing out the well-managed properties?

4) In contrast to this idea, I would actually urge you to consider allowing permit holders who do not have any complaints against them to renew automatically. This would be consistent with other changes you made that ensure efficient use of staff time.

Thanks for your consideration,

Ethan Brown
489 Fulton Lane

Attachment 3

Attachment 3

Noah Housh

From:	Jackson and Sandra Carr <fowldog@sbcglobal.net>
Sent:	Monday, April 11, 2016 4:51 PM
To:	Noah Housh; Aaron Hecock
Subject:	Short term Rental Permit 2012-30

Dear Director of Planning and Community Development and the Honorable City Council Members,

St Helena has been our home since 1980. We raised our children here and have seen lots of changes. We always have the best intentions representing our city and we are proud to be a part of this community.

We have attended all Planning and City Council meetings from the beginning regarding the Short Term Rentals. We are in agreement with all the changes that are being proposed except for the renewal process. This change would affect our return guests who frequent our town and enjoy the ambiance of St. Helena. Since obtaining our permit we have never had a complaint from our neighbors in fact they embrace the visitors and enjoy their company.

The suggested change would have a negative impact on the visitors, the permit holders and the city.

We respectfully request that those short term permit holders who abide by all rules and regulations be granted automatic renewals.

Jackson and Sandra Carr
1172 Hudson Ave.
St. Helena, CA 94574
707-963-1172
707-486-5123

Attachment 3

Attachment 3

Noah Housh

From:	Kathi Brotemarkle <kathi.brotemarkle@yahoo.com>
Sent:	Monday, April 11, 2016 10:07 AM
To:	Noah Housh; Alan Galbraith; Peter White; Sharon Crull; Greg Pitts; Paul Dohring
Subject:	STR Ordinance revisions

Dear Noah and Members of the St. Helena City Council,

We attended the recent Planning Commission meeting regarding the proposed modifications and additions to the STR Ordinance. We would like to thank Noah Housh, city staff, and the members of the Planning Commission for their very thorough and thoughtful work on the ordinance. It is very evident that they listened to the complaints and suggestions of the citizens in the drafting of the proposed revisions. We believe the revised ordinance will be a tremendous improvement and will satisfy many who were initially opposed to the STRs.

There is one proposed addition which is of great concern to us as current STR permit holders. It was suggested that there could be a limit set on the number of renewals a permit holder could be issued. We do not think this is necessary or beneficial for the following reasons.

1. There is already natural attrition and turnover within the current 25 permits allowed; people sell their homes and move, decide they no longer desire to rent their homes, or permits may be revoked due to violations. New, stricter permit requirements will eliminate some potential permit applicants.
2. There are currently 4 permits available which will give a number of persons on the waiting list an opportunity to apply for a permit.
3. It takes time to learn how to properly and successfully run a STR. It may be 2 years before a permit holders is experienced and capable of running a good operation.
4. Constant turnover of STR permits would likely result in a decrease in TOT taxes as it takes time to get up and running, create a listing, and to begin hosting guests. In our case, our STR permit was issued to us in December of 2014 and we hosted our first rental in April, four months later. This illustrates a possible decrease of TOT revenue for some months while new STRs become fully operational. In the meantime, ongoing TOT from the current permit who is denied renewal is lost.
5. Constant turnover of STR permits will result in increased time spent and work for city staff and Planning Commission.
6. Current permit holders in full compliance have built good neighbor relationships and have put considerable time and energy into their preparations for hosting guests. Denying renewal of their permits in favor of a new and inexperienced permit holder is problematic at best.

Permit holders in good standing, who pay their TOT, have not had any complaints, and have build good neighborhood relationships should not be subject to renewal limits. We have properly managed our rentals and should be allowed to continue. Natural attrition and the new, stricter STR restrictions will allow for a manageable number of new permits being issued without penalizing those who have done everything right.

Thank you,

Kathi & David Brotemarkle
503 Fulton Lane
Permit number PL14-052

Attachment 3

Attachment 3

Noah Housh

From:	Matthew Demchuk <matthew@demchuk.com>
Sent:	Tuesday, April 05, 2016 1:46 PM
To:	Bobbi Monnette; Grace Kistner; Sarah Parker; Tracy Sweeney; Mary Koberstein
Cc:	Aaron Hecock; Noah Housh
Subject:	Proposed Short Term Rental Permit Ordinance Revisions

Dear Commissioners and City Staff,

I represent my families Trust which is currently one of the Short Term Rental Permit Holders here in St. Helena (#2013-59). My folks purchased the home at 1702 Tainter Street back in 1986. I find that I am in a very peculiar position in that my permit expired on March 31, 2016. I did submit my renewal to the City on February 18, 2016 and since then my check has been cashed and the notices were sent to my neighbors as required by the ordinance. Per City staff, there were only two letters of opposition received, which is well below the 30% required to bring the application to the Planning Commission. As some of you may recall, my original application resulted in the first application being heard by the Planning Commission because our now mayor, Alan Galbraith, mounted a one-man opposition effort and convinced some of my neighbors to send in pre-addressed cards in opposition. However, after you, the Planning Commission, heard my position, my permit was granted. Now I find out that even though I have appropriately submitted my renewal application, paid my fees and based on my knowledge, complied with all of the requirements of the existing ordinance, my permit will not be renewed until the ordinance is revised and will be subject to those revisions. I have some concerns regarding some of the revisions, as I will elaborate below, but my biggest concern is that because of "timing", I now find myself once again in a unique position. Should the ordinance be revised as submitted, my renewal may not be granted because I have not met the suggested minimum nights. Even though I did receive the permit in 2014, we did not actually start renting the home till July 2015. We had experienced a pipe burst that caused extensive damage to the entire first floor of the home and we finally completed repairs in June 2015. However, since July 2015, I have rented the home a total of 47 nights and generated $4,543 in TOT revenue for the City.

With all that being said, I would like to respectfully request that my permit application be accepted as complete and that my Short Term Rental Permit be renewed without being subjected to any revision of the ordinance.

In regards to the proposed revisions, I have the following comments.

I understand and support enforcement provisions in the ordinance, but feel that there really are two separate types of violations. Those that occur due to individuals conducting illegal short term rentals without a permit and those that are by legal permit holders in violation of the ordinance provisions. The penalties should not be equal for both. I wholeheartedly support enforcing illegal rentals because not only do they take money away from the City in lost TOT, but they are also competition for the legal permit holders. Those violators should be subject to severe penalties. However, in regards to legal permit holders, the language in the ordinance has been changed from "best efforts" to "shall". Although I know that most permit holders attempt to screen their potential renters, it is impossible to be able to ensure every renter will be the perfect renter. I would suggest some type of graduated fine for repeat offenders so that a permit holder that unfortunately rents to a bad apple once, isn't severely penalized. The way the ordinance is currently drafted, a legal permit holder that has one bad renter can be fined $1,000/day.

Again, I support a "use it or lose it" provision, but 60 nights a year is significant. One of the reasons that I applied for the Rental Permit was because this home is in our families Trust and it was a way to offset some of the expenses of home ownership. However, I wanted it to still be available for the family to use and thus didn't want to get into a long term lease. There are five of us that benefit from the Trust and part of my arrangement is that each of us are allowed to use the rental properties in the Trust 2 weeks a year. That leaves 42 weeks a year to have the property rented. If I would need to have a minimum of 60 nights a year, that would mean I would have to rent the property at least 30 weekends out of 42 or 70% of the time. I am just expressing my situation, but I know that there are several permit holders that actually are renting out their primary residence and would not be able to meet this requirement either. I would suggest as an alternative, that a minimum amount of TOT tax generation be the measure as opposed to a minimum number of nights.

I am sensitive to the proximity provision because I am within 300 feet of at least one other permit holder and may be within 600 feet of several others. Although there is language that exempts existing permits from this provision, I think that this should be evaluated on a case by case basis and not have such stringent restrictions as to completely ban two permits within 300 feet. Also, going back to my original request above, depending on when my permit is actually issued, will I be exempt from this provision?

I understand that there are definitely opinions on whether this ordinance should exist at all, but for our situation, it has been a tremendous benefit to our family. I encourage you to listen to the current permit holders and the suggestions that we have. Most of us agree that the ordinance needs revisions, but they should not penalize current permit holders that are abiding by the existing ordinance.

Thank you.

[illegible]
Attorney at Law

[illegible]

[illegible]

Attachment 3

489 Fulton Lane
St. Helena, CA 94574
April 4, 2016

Planning Commission
City of St. Helena
St Helena, CA 94574

Greetings Commissioners:

The draft revised ordinance before you on Tuesday April 5, 2016 represents the culmination of a series of steps taken by the City over the past year to address concerns raised by members of the community over the impact of short term rentals to our neighborhoods. The draft is thoughtful and thorough, and staff should be commended for it as well as for how the entire process has been handled. I have one primary comment and two minor comments for your consideration as you deliberate on the draft.

My primary comment concerns the establishment of a minimum of 60 rental days per year (Section 17.134.040.R). 60 days could result in permit operators taking riskier bookings just to hit the minimum days. Furthermore, as a permit holder who uses our house as our primary residence, 60 days will pose a hardship for us to maintain our permit. Primary residence rentals add a beneficial element to the STRO inventory by ensuring minimal or no impact to neighborhoods with a modest number of rental days while still providing meaningful tax revenue, albeit perhaps not as much as a full time rental. It's good to have these homes in the mix, and I urge the Commission to adopt a figure of 30 days which works for primary residence homes.

First minor comment: Section 17.134.040.K states that "Auctions, weddings, commercial functions, and other similar events which have the potential to cause traffic, parking, noise or other problems in the neighborhood are prohibited..." I suggest striking the phrase "which have the potential to cause traffic...in the neighborhood." Leaving the phrase as presently written allows for subjective interpretation on the part of operators who might claim, for example, that a wedding they are allowing will be managed to mitigate potential problems. Striking this phrase would simply ban auctions, weddings and commercial functions—all of which are risky events for short term rentals.

Second minor comment: Section 17.134.100 Violations, enforcement and civil penalties. I applaud the expansion of this section to include specific and robust enforcement. However, I found the legal nomenclature difficult to follow and generally inconsistent with City ordinance language. May I suggest an edit is in order to ensure comprehension by permit holders and the general population?

Thanks for listening,

Ethan Brown

Attachment 3

Noah Housh

From: Jay Greene <greene7375@comcast.net>
Sent: Tuesday, April 05, 2016 1:27 PM
To: Noah Housh
Subject: PlanningComm mtg 5April - STRO amendments

Dear Noah,

Thanks for updating me at our impromptu meeting this morning regarding the origin of the 60 night minimum you are proposing as an amendment to the STRO. This minimum derives, you say, from Councilmember Crull's statement in December, "Use it or lose it".

Paulina Humeres Greene and I (at 1516 Oak Avenue) hold a permit under this ordinance. We believe this minimum is too high and suggest 30 nights as a reasonable substitute.

The unintended consequences of too high a minimum will cause:

a) those who are unwilling or unable to rent for as many nights as the minimum to abandon their permit. There may not be new applicants willing/able to meet the minimum. In any event, new applications will be resisted by those who advocated the abolition of STRO and there may be sufficient public demand to resist all new applications.

b) those who are unwilling or unable to rent for as many nights as the minimum to consider leasing for 30 days for more (but less than the minimum).

In both instances, the City loses present levels of TOT, with questionable possibilities of replacement.

We urge the Planning Commission to adopt a more realistic minimum of not more then 30 nights - the transition point between short term and long term rental..

Jay Greene
Editor & Webmaster
http://www.becominghuman.org/
http://celebratingsthelena.net/

1516 Oak Avenue • St Helena CA 94574
707.815.7432
greene7375@comcast.net
jay.greene@asu.ediu

Attachment 3

Noah Housh

From:	Carolyn Kelperis <ckelperis@hotmail.com>
Sent:	Sunday, April 03, 2016 6:29 PM
To:	Noah Housh
Cc:	Sarah Parker; Bobbi Monnette; Grace Kistner; racys@cityofsthelena.org; Mary Koberstein
Subject:	Short Term Rentals--Proposed Changes

Hi Noah,

Thank you for your email alerting me of the upcoming PC Meeting which includes consideration of amendments to the STR Ordinance.

I have reviewed the attached documentation and have the following comments or questions:

1. Page 1 of both the Red Lined/Strike through and Draft finalized versions:

The first paragraph under "The City Council of St. Helena does hereby ordain as follows: begins with "Helena"...the "St." is missing

2. **17.134.050** Procedures for application and public notice.

Application must include:

Sec. C, Item 6.
A list of the names and addresses of the property owners within a three hundred (300) foot distance from the lot on which the short-term rental use is proposed, and a map, drawn to scale, that clearly identifies the lots and the assessor parcel numbers of the lots identified pursuant to this section.

Sec. D, Item 1.

The planning director shall provide a notice of application for a short-term rental permit to the property owners

and residents located within a three hundred (300) foot distance from the lot on which the short-term rental use

is proposed.

Is it correct to assume that in order to implement the proposal that residents, as well as owners receive notification, that it would be up to the Planning Department to send a notice to "Resident" if the mailing address of the owner was different from the address of the property located within 300 feet?

Once the amendments to the Ordinance are finalized by the Planning Commission and City Council, will the STR Permit Application Form be revised to conform to the provisions of the amended Ordinance--especially to include a question as to whether the property has previously been rented as an STR without a permit?

Sincerely,
Carolyn Kelperis
1615 Main Street
St. Helena

Attachment 3

Noah Housh

From: Carolyn Kelperis <ckelperis@hotmail.com>
Sent: Sunday, April 03, 2016 6:39 PM
To: Noah Housh
Subject: STR Enforcement

Hi Noah,

The proposed amendment to the STR Ordinance, adds the following language to **17.134.010 Purpose and findings.**

E. The city council hereby finds that the adoption of a comprehensive ordinance regulating the issuance of and operating conditions

attached to short-term rental permits is necessary to protect the public health, safety and welfare. . . . . .and to provide for robust enforcement remedies and penalties to prevent and deter violations of this chapter and unjust enrichment by those who violate this chapter.

At some of the previous town meetings it was reported that the City had contracted with a company who would be seeking out the "scofflaws" who continue to flaunt the rules by providing STRs without permits. Can you tell me if this service is still continuing and what success they might have had?

In past correspondence I noted that **1570 Main Street in St Helena** was continuing to advertise on airbnb--and they are still doing so as of this date:

https://www.airbnb.com/rooms/4342790?guests=8&s=b-HkGnlK

What action, if any, has been taken against this property owner?

This morning's NAPA VALLEY REGISTER contained an article about Airbnb cracking down on "iffy" hosts in San Francisco.

http://napavalleyregister.com/ap/travel/airbnb-pledges-host-crackdown-in-san-francisco/article_e2872b30-5537-5915-a0b5-6552fe7687ad.html

The article indicated that Airbnb was pledging to purge its listings of hosts who have turned private homes into hotels, . . .that they (Airbnb) are seeking to adapt its policies "so it serves the best interest of each city we're in". . . and that they plan to do more to police its own listings in some cities.

Airbnb hosts certify that they are in compliance with all applicable laws (such as zoning laws and laws governing rentals of residential and other properties) -- so those listings in St. Helena without permits are lying to both Airbnb and the City.

Sincerely,

Carolyn Kelperis

1615 Main Street

St Helena

Attachment 4

ACTION MINUTES
ST. HELENA PLANNING COMMISSION
VINTAGE HALL BOARD ROOM – 2ND FLOOR
465 MAIN STREET, ST. HELENA
NOVEMBER 17, 2015
6:00 P.M. REGULAR MEETING

1. **PLEDGE OF ALLEGIANCE**

2. **CALL TO ORDER AND ROLL CALL:**

3. Chairperson: Sarah Parker
   Vice Chair: Grace Kistner
   Commissioners: Bobbi Monnette, Tracy Sweeney, Mary Koberstein
   STAFF: Noah Housh, Planning Director, Aaron Hecock, Senior Planner, Jim Kerrigan Building Permit Technician

4. **PUBLIC FORUM:** This is an opportunity for the public to address the Commission on items of interest to the public that are NOT listed on the agenda. Because of restrictions imposed by the Brown Act, the Commission may not engage in discussion nor take action on matters not described on the agenda. **Please observe the time limit of three minutes.**

   Chair Parker opened Public Forum.

   Geoff Ellsworth addressed the Commission.

   Chair Parker closed Public Forum.

CONSENT ITEMS: Members of the Commission or the public may ask that any items be considered individually for purposes of considering alternative action, for extended discussion, or for public comment. Unless this is done, one motion may be used to adopt all recommended actions. (Roll Call Vote)

5. **APPROVAL OF MINUTES:** *October 20, 2015*

   MOTION: *It was moved by Commissioner Kistner and seconded by Commissioner Monnette to approve the minutes of October 20, 2015.*

   Ayes: Commissioners Koberstein, Sweeney, Monnette, Kistner Chair Parker
   Noes: None
   Abstain: None

Absent: None

Chair Parker requested that Department Report be heard before Public Hearings

DEPARTMENT REPORT: This is an opportunity for staff to report on or update the Commission on any relevant matters.

- *General update on Planning Department activities.*

PUBLIC HEARINGS:

Commissioner Sweeney recused herself from Item 6 and left the room.

6. **DESCRIPTION:** *Consider conceptual amendments to the City's Zoning Ordinance, St. Helena Municipal Code ("SHMC") Chapter 17.134, Short-term Rentals.*

   RECOMMENDED ACTION: *Staff recommends that the Planning Commission review and discuss the proposed options for revisions to the STR Ordinance and provide direction on any recommended revisions to SHMC Chapter 17.134, Short-term Rentals to the City Council.*

Noah Housh reported on Item 6.

Chair Parker opened Public Hearing.

Chair Parker invited Sgt. Scott Fleming of the St. Helena Police Department to the podium to answer questions from the audience present.

Maryann Brooks, Tom Belt, Geoff Ellsworth, Lana Ivanoff, Dave Brotemarkle, Pam Simpson, Susan Gaze, Lisa Cabral, Tona Kovacevic, Jim Sweeney, Conie Wilson, Jill Russo, Paulina Wedesgreen, Kathy Brotemarkle, Larry Vermulon, Tom Belt, Kevin Diamond, Byron Smith, David Tate, Matthew Demchek addressed the Commission.

Chair Parker closed Public Hearing.

MOTION: *It was moved by Commissioner Kistner and seconded by Commissioner Koberstein to make revisions* to the Ordinance and improve enforcement mechanisms, allow time for these improvements to be enacted and properly enforced and review the Ordinance again in a short time to see if the community impacts are lessened.

Ayes: Commissioners Koberstein, Monnette, Kistner Chair Parker
Noes: None
Recusal: Commissioner Sweeney
Absent: None

~~**DEPARTMENT REPORT:** This is an opportunity for staff to report on or update the Commission on any relevant matters.~~

- ~~*General update on Planning Department activities.*~~

ADJOURNED: 8:14 pm

APPROVED:

Sarah Parker
Chair, Planning Commission

ATTEST:

Noah Housh
Planning Director

Attachment 5

DRAFT MINUTES
REGULAR MEETING
ST. HELENA CITY COUNCIL
December 8, 2015

3:00 PM SPECIAL MEETING - CLOSED SESSION
CITY HALL CONFERENCE ROOM,
1480 MAIN STREET, ST. HELENA

6:00 P.M. REGULAR MEETING
465 MAIN STREET, ST. HELENA
VINTAGE HALL BOARD ROOM – SECOND FLOOR

A complete video recording of this meeting, except for closed session, can be found at www.cityofsthelena.org or by calling the City Clerk at (707) 967-2792. The City Council video is the official record of the Council meeting.

1. PUBLIC COMMENTS PERTAINING TO THE CLOSED SESSION

Mayor Galbraith called for public comment regarding the Closed Session matters listed. There being none, the Council convened into Closed Session.

2. CLOSED SESSION

a. CONFERENCE WITH LEGAL COUNSEL–ANTICIPATED LITIGATION; Government Code § 54956.9, subdiv. (d)(2): Significant exposure to litigation (one potential case)
b. CONFERENCE WITH LEGAL COUNSEL–ANTICIPATED LITIGATION; Initiation of litigation pursuant to Government Code Section 54956.9(d)(4): (One potential case)
c. CONFERENCE WITH LEGAL COUNSEL–EXISTING LITIGATION; Government Code Section 54956.9(d)(1); City of St. Helena v. Upper Valley Disposal Service, Napa County Superior Court No. 26-64875.
d. CONFERENCE WITH REAL PROPERTY NEGOTIATOR; Government Code Section 54956.8;
Property: PG&E Property on Mitchell Drive APN 009-263-005
Agency Negotiator: City Manager Jennifer Phillips and Planning and Community Improvement Director Noah Housh
Negotiating Party: Pacific Gas and Electric Company Government Relations Representative Mark Van Gorder and Maya Herr-Anderson
Under Negotiation: Price and terms of payment

3. CALL TO ORDER

Attachment 5

The Special Meeting was reconvened at 6:00 p.m. and City Attorney Thomas B. Brown reported there was no reportable action.

4. **PLEDGE OF ALLEGIANCE**

4:00 PM CLOSED SESSION
Present: Councilmembers Dohring, Pitts, Crull, Mayor Galbraith
Absent: Vice Mayor White

6:00 P.M. REGULAR MEETING
Present: Councilmembers Dohring, Pitts, Crull, Mayor Galbraith
Absent: Vice Mayor White

5. **ROLL CALL**

6. **PUBLIC FORUM:**

Geoff Ellsworth addressed the City Council.

7. **REPORTS BY STAFF AND CITY COUNCIL, FUTURE AGENDA ITEMS, and AB 1234 REPORTS:**

City Manager Jennifer Phillips noted the December 15, 2015 City Council meeting is cancelled.

<u>STAFF BRIEFING</u>

8. Monthly water wise update presented by Jennifer Tuell, Water Conservation Coordinator

Water Conservation Coordinator Jennifer Tuell provided a monthly water update.

<u>CONSENT ITEMS:</u>

9. Second reading and proposed adoption of ordinance 2015-7 by title only of Proposed Modifications of the Development Impact Fee Ordinance No. 2013-2, Section 3.32.070 Water Impact Fees B. Schedule of Water Impact Fees. Modification is to Correct a Calculation Error Discovered in the October 3, 2013 Development Impact Fee Study Report
   <u>CEQA Status:</u> Exempt. (CEQA Guidelines §§ 15061(b)(3), 15273.)
   <u>Lead Staff:</u> April Mitts, Finance Director
   <u>Recommendation:</u> Waive reading and adopt by title only

10. Second reading and proposed adoption of ordinance 2015-8 by title only of Proposed Amendments to the City's Purchasing System Ordinance, St. Helena Municipal Code Chapter 3.04 Purchase of Supplies, Equipment and Services and Procedures for Public Works Projects. Specific Amendments Apply to the Following:

    Article 1 §3.04.010 Purpose Objectives / Scope / Responsibilities, Article 1 §3.04.020

Definitions, Article 2 §3.04.060 Requisitions, Article 2 §3.04.080 Contracts, Article 2 §3.04.100 Bidding procedures for various purchase amounts, Article 2 §3.04.110 Departmental purchases, Article 2 §3.04.120 Informal bid procedure, Article 2 §3.04.130 Formal bid procedure, Article 2 §3.04.150 Cooperative purchasing with other agencies, Article 2 §3.04.170 Emergencies, Article 3 §3.04.200 Uniform construction cost accounting procedures, Article 3 §3.04.210 Bidding procedures for various project amounts, Article 3 §3.04.230 Informal bidding procedures, Article 3 §3.04.240 Formal bidding procedures, Article 3 §3.04.250 Bonds, Article 3 §3.04.270 Tie bids, Article 3 §3.04.300 Prevailing wages required, Article 3 §3.04.310 Pre-qualification of bidders, Article 4 §3.04.320 Award of professional service contracts based on competence, and Article 4 §3.04.340 Contracting authority.

The proposed amendments will increase purchasing limits and add clarifying language and definitions.
CEQA Status: Not a CEQA project
Lead Staff: April Mitts, Finance Director
Recommendation: Waive reading and adopt by title only

11. Consideration and proposed approval of a resolution 2015-148 authorizing a budget transfer from Fund 238 – Training Development Fund to the Public Safety budget (238-4900-2155), in the amount of $4,000.00 to be used for reimbursable Police Department training
CEQA Status: Not a CEQA Project
Lead Staff: William Imboden, Acting Chief of Police
Recommendation: Adopt

12. Consideration and proposed approval of a resolution 2015-149 award for the Purchase Order in the Amount of $58,857.82 to Downtown Ford Sales for the Purchase of Two 2016 Ford Interceptor All Wheel Drive SUV and Approve a Resolution to Adjust Citizens' Option for Public Safety Fund (COPS) in the Amount of $109,356.82 for the Purchase and Outfitting of the Two Vehicles
CEQA Status: Not a CEQA Project
Lead Staff: William Imboden, Acting Chief of Police
Tracey Perkosky, Grants Manager
Recommendation: Adopt

Councilmember Dohring moved to approve Consent as presented. The motion was seconded by Councilmember Pitts and on roll call carried by the following vote:

AYES: Councilmembers Dohring, Pitts, Crull and Mayor Galbraith

NOES: None

ABSENT: Vice Mayor White

PUBLIC HEARING:

13. Consideration to adopt a resolution 2015-150 requesting membership in Marin Clean Energy (MCE); introduce the first reading by title only of an ordinance authorizing the City to implement and carry out a community choice aggregation program within the

City of St. Helena through membership inclusion with Marin Clean Energy (MCE); authorize the City Manager to execute an MOU exploring inclusion with MCE; and authorize the Mayor to sign a letter requesting confidential load data from PG&E

CEQA Status:	Not a CEQA project as defined in accordance with CEQA Guidelines, Section 15378
Lead Staff:	Kathy Robinson, Operations Manager
Recommendation:	Open/close Public Hearing, introduce by title only

City Manager Jennifer Phillips reported on this item.

Mayor Galbraith opened the public hearing.

Henry Gunther addressed the City Council.

Mayor Galbraith closed the public hearing.

A motion was made by Councilmember Pitts to approve resolution 2015-150 requesting membership in Marin Clean Energy (MCE); introduce the first reading by title only of an ordinance authorizing the City to implement and carry out a community choice aggregation program within the City of St. Helena through membership inclusion with Marin Clean Energy (MCE); authorize the City Manager to execute an MOU exploring inclusion with MCE; and authorize the Mayor to sign a letter requesting confidential load data from PG&E. A second was mad by Councilmember Crull and on roll call carried by the following vote:

AYES: Councilmembers Pitts, Crull, Dohring and Mayor Galbraith
NOES: None
ABSENT: Vice Mayor White

NEW BUSINESS:

14. Consideration of Potential Amendments to the City's Zoning Ordinance, St. Helena Municipal Code ("SHMC") Chapter 17.134, Short-Term Rentals (STRs)

CEQA Status:	Not a Project Under CEQA; Any Future Legislative Actions will require CEQA review and a Determination
Lead Staff:	Noah Housh, Planning and Community Improvement Director
Recommendation:	Provide direction

Planning and Community Improvement Director Noah Housh reported on this item.

Jim Sweeney, Geoff Ellsworth, Jay Green, Ernie Cabral, Pam Simpson, Larry Mullin, Kathy Brotemarkle, Tom Belt, Lana Ivanoff and two citizens addressed the City Council.

Mayor Galbraith called for a recess at 7:14 pm.

The meeting reconvened at 7:19 pm.

Planning and Community Improvement Director Noah Housh summarized the direction and consensus from the City Council.

a. Establish a local contact person
b. Stricter enforcement
c. Must own a home or own a home for time specific
d. Increase fines
e. No permit issued if previous violations on record
f. Cap guests to two per room plus two
g. Consider local preference
h. No events and weddings prohibited
i. Complaints trigger Planning Commission review
j. Identify STR permit number on all advertising
k. Further consideration of use it or lose it permit criteria
l. Renewal will be reviewed by the Planning Commission if warranted and neighbors within 300' will be notified of Planning Commission review
m. Increase the ability to revoke the permit

ADJOURNMENT

Mayor Galbraith adjourned the meeting at 8:22 p.m.

APPROVED:	**ATTEST:**
______________________________	______________________________
Alan Galbraith, Mayor	Cindy Black, City Clerk

THIS PAGE IS
INTENTIONALLY
BLANK

Item No: 17

Report to the City Council
Council Meeting of May 10, 2016

Agenda Section: **New Business**

Subject: **Options for the Development of City Owned Properties at Adams Street, 1480 Main Street (City Hall/Police Station) and 1572/1574 Railroad Avenue**

CEQA Status: **Categorically exempt from the requirements of CEQA under Section 15306 as an effort to gather information on development interest for specific City owned properties within St. Helena. Any future development of a specific project will be subject to separate CEQA review and compliance.**

Prepared By: **Jennifer Phillips, City Manager**

Approved By: **Jennifer Phillips, City Manager**

BACKGROUND

The Adams Street property was purchased by the City in 2000, and at the time it was envisioned that the Property might be used for city facilities, a community center, facilities for nonprofit organizations, a library expansion, parkland and/or open space. In the 16 years since the City purchased the Property, the City has made several efforts to identify the most appropriate use for the site. These efforts included a community visioning and consensus-building process in 2009 which resulted in the *Adams Street Property Visioning Design Portfolio* (attached) and General Plan Update efforts (on-going).

In June/July 2011, the City issued a Request for Proposals (RFPs) for the planning, design and construction of 28-units of affordable housing, potentially combined with office and/or retail, on a portion of the Adams Street site. Each of the proposals received, required a significant financial contribution from the City to supplement the cost of constructing the affordable housing requested. Due to the relatively large financial contribution from the City required to supplement the development costs, the City Council rejected each of the responses. Essentially, development of an affordable housing project on the site was limited by the costs to construct the units and City's inability to contribute significant amounts of General Fund monies to the project(s).

On October 27, 2015, staff presented to the City Council a draft conceptual Request for Proposals for development of the Adams Street Property as well as the City Hall Property. Council directed staff to issue the RFPs. However, on March 22, 2016, a community group called "Rebuild St Helena" presented to the City Council another option for the Adams Street Property. The group requested that the City Council direct staff not to issue the RFP and instead pursue the direct sale of the Adams Street Property to a high-end hotel developer. At this Study Session, the Council made no decision regarding the property or RFP. The City Manager offered to return with information on issuing an RFP for consulting services to develop proposals for the Adams Street and City Hall properties for Council's consideration.

DISCUSSION

Staff has worked diligently to identify options to support the Council's goal of securing the City's financial future, which includes the drafting of RFPs for the Adams Street and City Hall properties. The purpose of the RFPs is to solicit proposals from interested developers, thereby allowing the open market to identify financially feasible projects for these properties. Although the previous RFPs issued for the Adams Street site required a large financial contribution from the City, the current real estate market, combined with the variety and flexibility written into the RFPs could work to meet many of the financial goals outlined by the City Council, while also providing the citizens with elements of their stated vision for the site. The benefit of an RFP process is that the private development community makes the determination as to the financial feasibility of a specific development type or proposal, with little financial outlay from the City. Elected officials, City staff and the public then review these responses to determine if any of the proposals provide the benefits expected. A final draft of the RFP for the Adams Street Property is included as Attachment A to this staff report.

The RFP includes information on the 2009 Adams Street Property Visioning Design Portfolio and identifies that the Property Visioning document should be utilized as an "informational framework" for crafting development proposals. Further, this RFP offers prospective developers the options of leasing or purchasing the property as well as proposing a public/private partnership to assist in site development. Staff also requested an updated appraisal on the Adams Street Property to incorporate the proposed zoning changes approved by the City Council for inclusion into the General Plan Update. The new appraisal values the property at $12.8 million (up from $8.9 million) and identifies a hotel as the highest and best use. The appraisal is attached to this staff report as Attachment B.

Another option for Council's consideration would be to direct staff to develop an entirely new RFP that would evaluate uses and opportunities for three City-owned parcels which include 1480 Main Street (City Hall/Police Station), Adams Street and 1572/1574 Railroad Avenue. The RFP would seek architectural consulting services to design three conceptual plans using these three parcels that include estimated revenue generation, construction costs, operating costs and maintenance costs for all city-owned buildings and open spaces. One of the conceptual plans should be the plan created through the Adams Street Property Visioning Design Portfolio. Another could be a hotel development on Adams Street, and use of Main Street and Railroad for new government/community uses. While a third could be left open to the creativity of the architectural team. No funds are budgeted for these consultant services requiring use of Assigned General Fund Reserves.

FISCAL IMPACT

Costs associated with either option are unknown at this time. Minor specialized consultant services may be required to finalize the review and selection of proposals for the Adams Street Property. Significant costs may be required to fund the proposal to develop conceptual plans with revenue and cost estimates for the three City owned parcels and would need to be appropriated from the Assigned General Fund Reserve.

RECOMMENDED ACTION

Selection one of the two options and provide direction to staff:

1) Issue the RFP for only the Adams Street Property
2) Prepare an entirely new RFP to solicit proposals from architecture firms that can develop conceptual plans that include revenues and costs for the construction, operation and maintenance for the three City owned parcels located at Adams Street, 1480 Main Street and 1572/1574 Railroad Avenue.

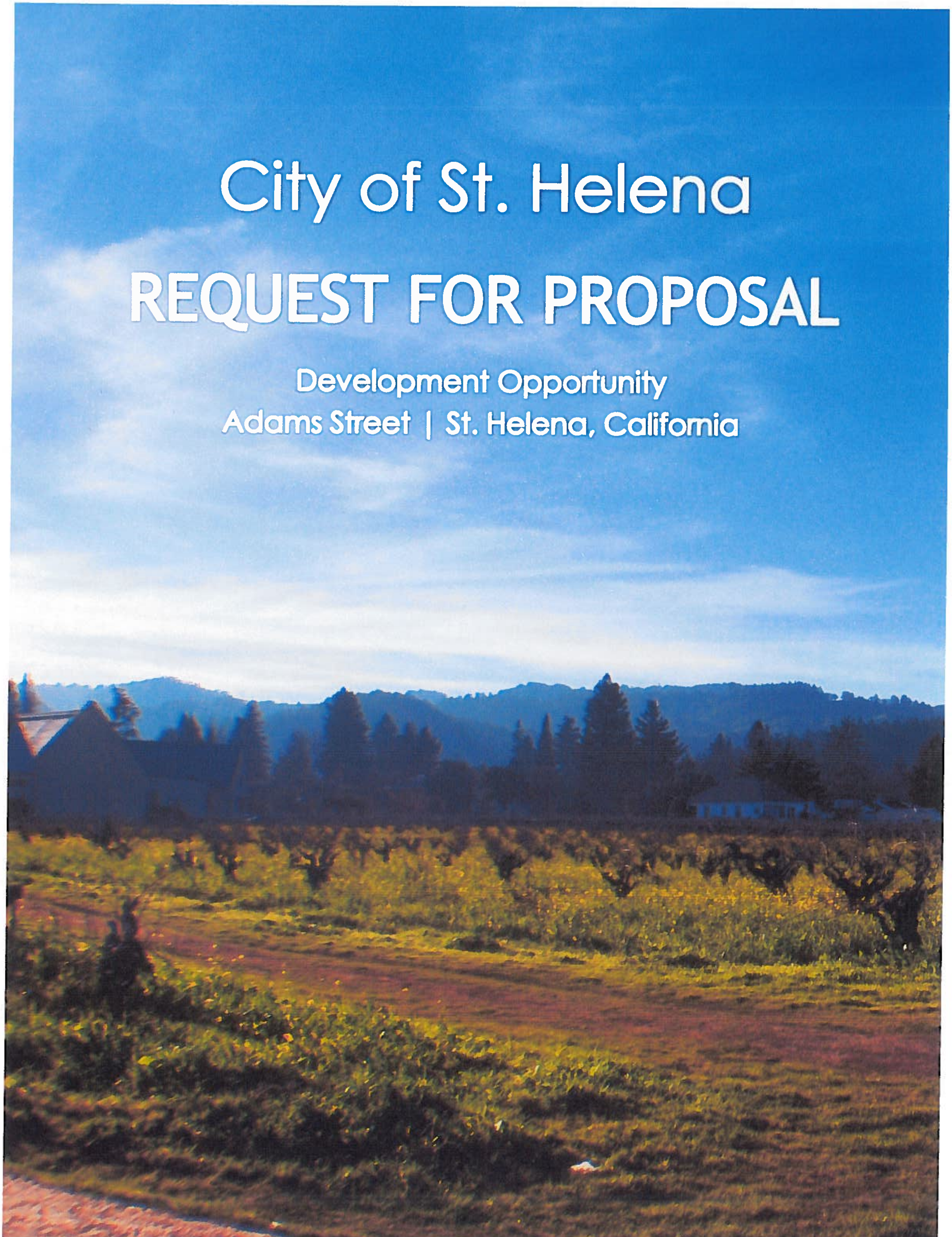
ATTACHMENTS

Attachment A - Final Adams Street RFP
Attachment B – Updated Appraisal for Adams Street Property

City of St. Helena

REQUEST FOR PROPOSAL

Development Opportunity
Adams Street | St. Helena, California



For the development of the Adams Street Parcel

St. Helena, California

A.P.N. 009-150-006

For the Development of the 5.6 acre Adams Street parcel in St. Helena, CA (A.P.N. 009-150-006)

Timeline	Date	Time
RFP Issue Date	Monday, May 2, 2016	
Site Tour Date	Friday, May 20, 2016	11 AM PST
Deadline to Submit Questions	Friday, May 27, 2016	5:00 PM PST
Deadline to Submit Proposals	Friday June 17, 2016	5:00 PM PST

Table of Contents

I. INTRODUCTION

The City of St. Helena is seeking qualified proposals for the purchase and/or long-term lease and development (the "Project") of an approximately 5.6 acre site (A.P.N. 009-150-006) located at the intersection of Adams Street and Library Lane in St. Helena, CA (the "Site"). The City will entertain viable development options to develop the Site in a manner that best meets to the goals, needs and vision of the community including a public/private partnership.

The City of St. Helena

St. Helena is located in the heart of world-renowned Napa Valley, which is considered the most rural of all the San Francisco Bay Area counties. This is partly due to the extensive land area consumed by lakes, rivers, forests and craggy mountains and partly by human design. Napa County stepped out in front of the rest of the United States in the 1960's by adopting the first agricultural land protection policy. Known to locals as the Ag Preserve, the policy was then and is to this day, a groundbreaking land use policy that protects the agricultural character and quality of this unique valley by asserting that agriculture and open space are the "best use" for this extraordinarily fertile land. As a result the opportunity to purchase or lease 5.6 vacant acres in downtown St. Helena is very rare.

St. Helena is one of five municipalities located within Napa County, which has a total population of 141,660 people. The City of St. Helena has a population of approximately 6,000 people and is approximately 5 square miles in size. Despite its small stature, St. Helena is a full service city with its own Police Department, Public Library, Building Department, Water and Sewer Departments, and Fire Department. The St. Helena Unified School District includes a primary school, elementary school, middle school and high school.

The City was incorporated in 1876 and is considered one of the most picturesque cities in California. Located at the narrow, central portion of the Napa Valley, the dominant western and eastern mountain ranges touch the city edges. The downtown Main Street is a designated National Register District and many residential neighborhoods retain the charm of the 19th and early 20th centuries. The City is known for exceptional agricultural soils that produce outstanding wines. Small family wineries and large internationally-known wineries are located within the city limits. The City is known for fine dining and shopping as well as quiet family-friendly neighborhoods.

Napa Valley and St Helena are also major tourist destinations. For additional information, please see the 2014 Napa Valley Visitor Industry Economic Impact Report as well as its 2014 Visitor Profile Report (link below).

A FEW KEY FACTS FROM THESE REPORTS

In 2014, the Napa Valley welcomed a total of 3.3 million visitors.

86.4 percent of visitors were from the United States and 13.6 percent were international visitors.

The Napa Valley visitor industry generated $1.63 billion in total visitor spending inside the county, most of which was generated from local hotel guests ($1.2 billion) or 75 percent of the total.

Hotel guests spent an average of $389 per person, per day.

Visitors staying in a lodging property spent an average of 2.9 days in the Napa Valley.

93 percent of visitors said they are "likely or very likely" to return.

City Demographics

2014 Residential Sales Data

City	Sales	Median Sales Price
St. Helena	57	$1,025,000
Yountville	15	780,000
Napa	446	540,000
Calistoga	28	530,000
Am. Canyon	74	396,350

Demographics

2013 Population
- 5,862

Population change since 2000
- +1.1%

Male population
- 2,904 (49.5%)

Female Population
- 2,958 (50.4%)

Median Resident age
- 46.8 years

California Median age
- 35.4 years

St. Helena Median Household Income 2009-2013
- $77,786

California Median Household Income 2009-2013
- $61,094

Median Monthly Housing Cost Renter Occupied 2013
- $1,634

Median Monthly Housing Cost Owner Occupied 2013
- $1,898

RPF Purpose and Project Site

The City of St. Helena (City) seeks to receive initial project proposals from qualified development teams that possess the experience and innovation to design a successful project for the City-owned property known as the Adams Street parcel.

The Site was purchased by the City in 2000, and at the time it was envisioned that the Property might be used for city serving facilities, such as a community center, facilities for nonprofit organizations, a library expansion, parkland and open space. In the 16 years since the City purchased the Property, the City has made efforts to identify the most appropriate use for the site. These efforts included a community visioning and consensus-building process in 2008-2009 and resulted in an "Adams Street Property Visioning Design Portfolio" which includes a project vision statement, design recommendations, and provides the envisioned land use plan and feasibility analysis as a graphically oriented document that was intended to serve as a guiding framework for development of the Property (links below). The City's General Plan Update is nearing completion as well with adoption expected during the summer of 2016.

The community discussion resulted in a variety of potential elements that would come from development of the site.

Specifically these uses and facilities include:

- Community Center
- Additional Library Facilities
- Event Center
- Police Station
- Housing including onsite affordable and/or workforce housing
- Retail Store Fronts
- Public Spaces
- City Hall (approximately 15,000 square feet)

While a strict implementation of the land use plan is not required in the RFP response, all qualified responses are expected to review and utilize the Design Portfolio as an informational framework for crafting development proposals.

In response to the City's current financial status, the City Council has set as a goal of securing the City's financial future and staff sees development of the Adams Street property as a potential step toward achieving that goal. Nearly 75% of the City's $10 million General Fund revenues are derived from property tax ($3.3 million), sales tax ($2.7 million) and transient occupancy tax ($1.7 million). It is the intent of this RFP that any response incorporates project elements that would support and add to the current tax base and improve the finances of the City. However, while revenue generation is a goal of the project, St. Helena is also committed to selecting a high quality development project that balances revenue generation, financial viability, aesthetic appeal and community benefit.

Selection Criteria are described in greater detail in Section V herein, and will include the Project's projected financial contribution to the City's revenue base (including property taxes, sales taxes and Transit Occupancy Taxes), Community Benefits (community oriented uses, community center, active and passive public spaces), Housing (a mix of market rate, affordable, workforce, and /or farmworker) Economic Impact (stimulating direct and indirect economic activity in the local municipality and region) and the project's fiscal viability along with the Developer's financial stability and development experience. Each party that submits a response ("Proposal") to this RFP is referred to herein as a "Respondent," and the Respondent that is conditionally designated through this RFP process is referred to herein as the "Designated Developer."

II. RFP TIMELINE

Site Tour Date:	May 20, 2016, at 11 AM PST
Deadline to Submit Questions:	May 27, 2016, at 5:00 PM PST
Deadline to Submit Proposals:	June 17, 2016, at 5:00 PM PST

III. SITE DESCRIPTION

Site Summary

The Site provides a unique development opportunity and is noteworthy for its location, size, expansive vineyard and mountain views and proximity to downtown St Helena.

The 5.6 acre Adams Street parcel is located within the City of St. Helena in the beautiful Napa Valley and is currently planted with "head trained" grape vines. To the north and east are beautiful agriculturally designated lands planted with expansive vineyards with mountain views beyond.

The parcel is currently designated both Central Business and Agriculture by the City of St. Helena General Plan (1993) and is bisected by the Urban Limit Line on an east-west axis. The site's Central Business and A-20 zoning districts implement the existing General Plan designations. **However, the City has initiated a change to designate the entire site as Central Business to revise the urban limit line to bring the entire site into the urban limit boundary with the current General Plan update** (changes formally initiated by the City Council November 24, 2015). The Draft General Plan was released in April 2016 and is available for review on the City's website.

While a change to the General Plan designation of the property to Central Business has been initiated, it is anticipated re-zoning for General Plan conformance will be a required discretionary application to facilitate development of the entire site. Additionally, infrastructure upgrades will be required and roadway extensions may be required based on General Plan policies, proposed project scale and the outcome of the environmental review.

Site Infrastructure and Access and Maintenance Responsibilities

Power to the Site is supplied by Pacific Gas and Electric. Water and sewer infrastructure is available to the Site from Library Lane and Adams Street and is provided by the City of St. Helena.

Adequate sewer capacity is available however some utility infrastructure upgrades may be required to facilitate development of the Site.

Currently, Adams Street, Library Lane and Starr Avenue dead end at or near the Site. The environmental review for the Project will require a traffic impact analysis and a determination if one or more of these streets must be extended or improved (for automotive, bicycle or pedestrian use) to mitigate the increase in traffic associated with the Project. The Designated Developer will also need to provide a sewer master plan, preliminary hydrology, storm drain design, and preliminary storm water quality plan per Bay Area Stormwater Management Agencies Association requirements to further document the development potential of the Site based on the available infrastructure, as components of their development applications.

Development Criteria

The City of St. Helena General Plan and Zoning Code identify a number of specific development criteria and limitations. While most respondents will be familiar with researching these type of documents for development criteria and guidelines, several specific regulations (listed below) are notable and worth mentioning in this RFP.

Floor Area Limitations

The City of St Helena utilizes Floor Area Ratios to determine the appropriate square footage of individual buildings in the Central Business Zoning District. Generally, individual structures are limited to a maximum Floor Area Ratio of 10,000 square feet however this may be increased (subject to specific criteria) upon approval of a Use Permit by the Planning Commission. Even with Use Permit approval however, maximum foot-prints for individual buildings shall not exceed 10,000 square feet in area (Zoning Code Section 17.48.070 C. 2.)

Growth Management System

The City of St. Helena has a residential growth management system (Zoning Code Section 17.152) which limits the maximum number of residential dwelling units that can be constructed in any one year to nine (9). Affordable units and second dwelling units are exempted from these limitations. Further, attached units of 850 square feet or less are deemed to count as one-half of a unit for Growth Management purposes.

Additionally, the City has not met the Growth Management allotment of nine new residential dwelling units per year and there is currently a bank of 60 units, available to residential projects that propose 40% of the total unit count as affordable. Any proposals which incorporate a residential component should understand the requirements of the Growth Management System and/or request utilization of these "banked" units as a component of their response submittal.

Water Neutrality

The City of St. Helena has adopted a Water Neutrality Ordinance (Municipal Code Section 13.12.050), which requires new development to "completely offset its water requirement". While there is some flexibility to allow developers to utilize creative and innovative methods of mitigating a project's water use, it is important Respondent's understand and identify implementation of this policy as a component of their proposals. Refer to Saint Helena Municipal Code Section 13.12 Water Use Efficiency and Use Guidelines for more details.

Economic Development Incentives

The City of St. Helena is supportive of development of the Site and is particularly interested in proposals that both enhance the revenue prospects for the City and address the community vision outlined in the attached documents and referenced above. Any specific requests for fee deferrals, cost sharing agreements, recouping of costs through tax concessions, or similar requests known by respondents at the time of responding to the RFP should be clearly identified and justified as an aspect of the proposal.

Formula Businesses

It should be understood that the City of St Helena strives to support local business and in this vein, requires any "formula business" to gain Use Permit approval. For information on the definition and process for approval of a 'Formula Business" see zoning code section 17.48.030. Formula restaurants and time shares are prohibited from operating within St. Helena.

IV. PROPOSAL REQUIREMENTS

The following are the submission requirements for all Proposals. The City of St. Helena reserves the right, in its sole discretion, to reject any Proposal that is deemed incomplete or unresponsive to the RFP requirements. The City of St. Helena also reserves the right, in its sole discretion, to reject any and all Proposals for any reason or for no reason, and to proceed (or not proceed) with the development of the Site (either by itself or in conjunction with one or more third-party(ies)) without completing this RFP process.

In evaluating the capabilities of each Respondent, the City may utilize any and all information available (including information not provided by the Respondent). Proposals should clearly and concisely state the unique capabilities, experience, and advantages of the Respondent, and demonstrate the Respondent's capability to satisfy the requirements and objectives set forth in this RFP.

Ideally, respondents should seek to limit proposal length to 30 pages of text, and a total of 100 pages for the entire proposal including any attachments or appendices.

A. Transaction Structure and Certain Costs

It is intended that the Site will be conveyed/leased to the Designated Developer upon approval of an executed disposition and Development Agreement for the Site. A public/private partnership proposal will also be considered.

The Designated Developer will be required to enter into a Disposition and Development Agreement that provides the terms of any phasing of the Project, specifies purchase/lease terms, cost/revenue sharing, and infrastructure improvements which also defines agreements to develop the Site in compliance with the proposed development plan.

The City is requesting Proposals for sale and/or long term lease of the Site. The City reserves the right to request revised proposals that reflect a lease of the land only, or a sale or lease of all or a portion of the improvements, a combination thereof, or a public/private partnership. St. Helena reserves the right to make such requests to all Respondents or to a subset of all Respondents as set forth in Section V. Selection Criteria. The determination of whether the City will elect to dispose of the Site by sale, lease, or a combination thereof will depend on the offers received, and the City's assessment of the best interests of the Community. Any such Respondents still under consideration shall be given the opportunity to revise their Proposals and any related provisions of the RFP will be amended or deemed amended as necessary.

Please also note that Section VIII. of this RFP requires that the Designated Developer enter into an Exclusive Negotiation Agreement with St. Helena that, commencing from the date of its conditional designation, will require the Designated Developer to pay:

1. A $50,000 deposit to secure the Designated Developer's good faith efforts to process the required project approvals with the City and negotiate the Disposition and Development Agreement regarding the acquisition and development of the Site;

2. The City's out-of-pocket costs and expenses incurred in connection with processing the Project entitlements and negotiating the Disposition and Development Agreement with the Designated Developer of the Site, including, without limitation, costs and expenses of the City's third party economic, financial and engineering consultants and legal counsel;

3. All development application review fees;

4. All costs associated with the required environmental analysis.

Respondents should assume that the Site, including any and all improvements, infrastructure and equipment at the Site, will be sold/leased "AS IS" and "WHERE IS" without any representation, warranty, or guaranty as to quantity, quality, title, character, condition, size, or kind or that the same is in condition or fit to be used for the Designated Developer's purpose.

B. Required Elements of the Proposal

The City is seeking highly professional and complete proposals that will clearly demonstrate the qualifications, experience and abilities of the Respondents. Past design and development experience with similar projects on locally owned properties will be important criteria in evaluating proposals. Respondents shall following the format outlined in this RFP. Proposals shall not exceed 100 pages.

One original proposal, one unbound proposal, ten (10) bound copies and one digital copy shall be submitted.

1. Respondent Description

Each Proposal must include a description of the Respondent owner or development team, including:

- The intended form and structure of the ownership. Any proposed partnership or joint venture must be clearly explained. A chart/diagram of the proposed ownership structure (percentages) of ownership/lease rights and investment must be included.
- Name, address, phone number and email of each member of the Respondent owner or development team. Respondents must provide the Federal EIN numbers (if applicable) of the development entity and identify a primary contact person.
- Current operating budget and previous three (3) years of certified audited financials for all entities with an ownership percentage in the Proposal.
- A copy of the most recent credit report for key members of the ownership team.
- Documentation addressing whether the Respondent, or any participating member of the team, has been involved in any litigation or legal dispute regarding a real estate venture during the past seven (7) years.
- Evidence of financial ability to acquire the Site and develop the Project including letters of interest and/or intent from equity sources and lenders. Include a five-year proforma that details costs, expected income, proposed funding sources and developer's expected profit or return.
- Evidence of Designated Developer's commitment to pay, from the date of its conditional designation: (i) the security deposit; and (ii) the City's out-of-pocket costs and expenses incurred in connection with the Project and the disposition to the Designated Developer of the Site, including, without limitation, costs and expenses of consultants and legal counsel.
- Any additional documentation or information evidencing the strength of the Respondent and its ability to complete the Project in a timely manner.

- Disclosure of any existing or contemplated relationship with any other person or entity, including relationships with any parent, subsidiary or affiliated firm, which would constitute an actual or potential conflict of interest in connection with Respondents' Proposal or selection as the Designated Developer and completing the project. Respondents must also indicate how they will notify The City if a conflict arises at any point after the submission of this Response, and how such a conflict would be resolved.

Every effort will be made by the City to maintain the confidentiality of the above propriety information.

2. Project Description

The Project description should include a detailed narrative describing all relevant aspects of the Project and any plans/timing of phasing of the development. The description should address:

- The proposed use(s).
- Type, bulk and size of each component of the development (gross and net square footages, Floor Area Ratios and total building foot print and height).
- Description of the proposed uses, a list of potential tenants or tenant types and any letters of interest and/or intent from potential tenants.
- The description should address how this project will advance the objectives set forth in Section VI. "Selection Criteria" below.

3. Site Plan and Architectural Design

It is expected that the proposed design, materials and site plan of the proposed development acknowledge and support St. Helena's reputation as a world class destination for both residents and visitors. The design of the project must acknowledge the site context and the historic development patterns of the City. The proposal is expected to result in a timeless design, appropriate for both the setting and location within the City.

Each entity submitting a Proposal must provide the following:

- A summary of the proposed building program for the Project with square footages for each use.
- At a minimum, a set of concept sketches on 8.5" x 11" paper, showing the proposed Project and a set of schematic renderings of the proposed Project showing the principal elevations and massing, floor plans for each use, streetscape and landscape plans, entry features and signage.
- A description of the proposed exterior materials and other relevant specifications.
- A description of sustainable building practices that will be incorporated into the project during construction/renovation and operation of the improvements.
- A description of the anticipated entitlement process demonstrating a general understanding of the City of St. Helena development requirements
- A description of the basic infrastructure needs to accommodate the proposed development (as referenced in Section III above).

4. Development Timeframe

Respondent must submit a development timeline (subdivided into phases, if necessary), identifying the estimated length of time to reach key milestones, including: processing of entitlements; commencement and completion of design; financing; commencement and completion of construction; potential tenants; and anticipated occupancy for each component of the development program. Any contingencies that may affect this time line should also be identified.

5. Mechanicals, Equipment, Infrastructure

Proposal should outline all necessary development, including modifications to existing infrastructure from current "as-is" condition, and include an estimated scope, schedule, budget and funding sources for these necessary modifications.

6. Team Member Qualifications

Proposals should include a list of and background information for all key members of the development team, including:

- Identification and qualifications of each member of the development team, including all persons or entities that will design, develop, or operate the Project, as well as the attorney, engineer, general contractor and other professionals, as appropriate, including leasing and management, who will be involved with this Project.
- A description of similar projects undertaken by the members of the Respondent's team.
- A summary of the availability of each of the principal members of each firm and their availability for commitment to the Project.
- Documentation addressing whether any participating team members have been involved in litigation or legal dispute regarding a real estate venture during the past five years.
- Background information of the owner, including resumes describing the relevant experience of all principal members. This information must be submitted for every participant in a joint venture and should highlight similar projects (including a project description and approximate dollar value for each).

VI. SELECTION CRITERIA

City staff will complete a review and evaluation of the qualifications and proposals submitted by Respondents to this RFP based on the selection criteria described below. City staff may assemble an evaluation committee to provide technical expertise if necessary. The City may request that Respondents clarify or supplement information submitted, and may interview some or all Respondents. If, based upon evaluations of proposals, the City determines there are multiple viable and competitive proposals, staff will notify finalists to make presentations to staff and an evaluation committee for the purpose of ranking the proposals for City Council consideration. Selected Respondents will receive additional instructions about the interview format and any further requests for information.

The City, in its sole discretion, may select one of the Respondents for the purpose of negotiating an Exclusive Negotiation Agreement (ENA) with the City for the proposed acquisition and development of the Site as described further below. The City reserves the right to reject any and all submittals, request additional information and/or modify the selection process schedule.

The City retains the sole right to determine timing, arrangement and method of public presentations throughout the selection process. Respondents are cautioned not to take any actions to promote or advertise their interests except in the context of the process being undertaken by the City.

In evaluating received Proposals, the City will consider the following Selection Criteria to select the Designated Developer:

A. Overall Project Plan

- Efforts to Implement elements of the Community Visioning Process and Resulting Vision
- Project Design and architectural compatibility with City of St. Helena
- Environmental Impact: The incorporation of sustainable building practices including adaptive reuse, the degree of LEED or Energy Star Certification, and overall impact of the project on the environment, including any on-site renewable energy generation and water conservation.

B. Overall Financial Benefits and Feasibility of the Project

- *Economic benefit to the City of St. Helena General Fund:* The projects overall and ongoing projected revenue generation to the City.
- *Employment Impact*: Creation of construction and permanent on-site jobs and payroll. Indirect job creation through on-site job training programs may also be considered.
- *Economic Impact:* Projected expenditures, construction costs, annual operating costs and other direct spending that will help support local economic activity while also providing diversity in the retail and housing options for residents and visitors. The City will also consider the impact of indirect spending that the Project will generate and any applicable tax revenues.
- *Financial Feasibility*: Respondent's demonstrated financial ability to complete the Project; availability of identifiable funding sources to finance the Project; sufficient revenue to support operating costs, scheduled payments related to capital costs, reserve fund contributors and debt service.

C. Strength and Experience of Development Team

- *Development Team Qualifications*: Experience, development skills, and financial resources necessary to complete a high-quality Project on time and within budget.

D. Schedule

- *Schedule and Timing:* Proven ability to complete the Project in a timely manner.

Prior to selecting the Designated Developer, the City reserves the right to remove Respondents from competitive consideration at one or more points throughout the solicitation based on these criteria and/or a failure to achieve minimum satisfaction of the Selection Criteria. In order to remain in competitive consideration, Respondents are encouraged to present their most competitive Proposal.

Proposals may be reviewed by The City and other governmental officials. The sale/lease of the Site may be subject to various approvals, as required under applicable law and regulation.

VII. DEVELOPER DUE DILIGENCE

"As Is, Where Is" Condition

Respondents should assume that the Site, including land, improvements, and any supporting building infrastructure, will be sold or long-term leased "AS IS" and "WHERE IS" without representation, warranty, or guarantee as to quantity, quality, title, character, condition, size, or kind, or that the same is in condition or fit to be used for the Respondent's purpose (*e.g.*, long term-leased for development, conveyed by quitclaim, etc.).

VIII. SUBMISSIONS

Ten (10) hard copies and one (1) electronic copy (in the form of a flash drive or CD-ROM) of the Proposal identified by "Adams Street RFP" must be received by 5:00 PM PST on June 17, 2016, at the following address:

City of St. Helena
1480 Main Street
St. Helena, CA 94574
Attn: Noah Housh, Planning and Community Improvement Director
Re: Adams Street RFP

RFP Inquiries

The City will accept written questions via email from prospective Respondents regarding the RFP. All questions must be submitted in written (electronic) form to:

Noah Housh, Planning and Community Improvement Director
nhoush@cityofsthelena.org

and should be received by **5:00 PM PST on May 27, 2016.** All questions (timely) received and the responses thereto will be posted on the City of St. Helena website at: cityofsthelena.org

No information other than through the process outlined above will be provided once the RFP has been released. Respondents shall not direct questions to any other person within the City of St. Helena, including staff, appointed officials, elected officials or consultants to the City. It is essential that all potential Respondents and interested parties adhere to this directive so that the communications are consistent and the process remains fair, objective and transparent. Failure to adhere to this single point of contact directive shall be a basis for the City to disqualify a Respondent in its sole discretion.

Site Tours

Potential Respondents may also attend a Site tour that is anticipated to be scheduled on or around **May 20, 2016, at 11:00 AM PST**. Please email nhoush@cityofsthelena.org at least three business days in advance if you plan on participating in the Site tour. The City may choose to offer one or more additional tour(s) at its discretion.

The City of St. Helena reserves the right to modify this RFP schedule at its discretion. Notification of changes in connection with this RFP will be made available to all interested parties by e-mail and via the City of St. Helena website at:

http://www.cityofsthelena.org/content/planning

Proposals are Public Records

Each Respondent is hereby informed that, upon submittal of its proposal to the City in accordance with this RFP, the proposal is the property of the City.

- Unless otherwise compelled by a court order, the City will not disclose any proposal while the City conducts its deliberative process in accordance with the procedures identified in this RFP. However, after the City either enters into an Exclusive Negotiating Agreement with the Designated Developer, or the City rejects all proposals, the City shall consider each proposal subject to the public disclosure requirements of the California Public Records Act (California Government Code sections 6250, *et seq.*), unless there is a legal exception to public disclosure.

- If a Respondent believes that any portion of its proposal is subject to a legal exception to public disclosure, the Respondent shall: (1) clearly mark the relevant portions of its proposal "Confidential", and (2) upon request from the City, identify the legal basis for exception from disclosure under the Public Records Act. By submitting its proposal, the

Respondent agrees to defend, indemnify, and hold the City harmless from any claim by any third party for the public disclosure of the "Confidential" portion of the proposal.

IX. DISPOSITION PROCESS

If the City selects a Respondent with whom to further negotiate, that Respondent, or the "Designated Developer", will be expected to enter into an Exclusive Negotiation Agreement (ENA) with the City for the proposed acquisition and development of the Site. The ENA is not transferable and not assignable. The initial term of the ENA will be for a period of 12 months from the date of the City Council's approval of the ENA with the Designated Developer. If the City and the Designated Developer fail to enter into an ENA within 90 days after selection, the initially selected Designated Developer will have no further rights with respect to the Site or this RFP, and the City may, at its option, select another developer from those development teams submitting proposals in response to the RFP.

A copy of proposed form of ENA is attached hereto as Exhibit C. Each Respondent shall identify any proposed changes to the ENA by providing requested additions, deletions or modifications.

During the term of the ENA the Designated Developer will be obligated to timely and diligently process the required land use entitlements for the Project and negotiate with the City regarding the terms of disposition of the Site and development of the Project thereon. The ENA will also require payment by the Designated Developer of expenses as described throughout this RFP. At the expiration of the ENA term, it is anticipated that the land use entitlements for the Project will have been secured by the Designated Developer and the City and Developer will have negotiated a Disposition and Development Agreement for consideration by the City Council.

Deposit

A deposit is not required to be submitted with a proposal. Upon the City Council's approval of an ENA, the Designated Developer shall be required to deposit a good faith deposit with the City. The deposit amount of $50,000 will be established in the ENA, and will secure the Designated Developer's obligation to negotiate diligently and in good faith regarding the final terms of the property disposition and development, and all other terms of the final DDA. If the Designated Developer and City enter into a DDA, the deposit may be applied to the good faith deposit required under the DDA. If the Designated Developer and City fail to enter into a DDA, the good faith deposit will be refunded to the Designated Developer, unless the Designated Developer has failed to meet the milestones set forth in the ENA or to otherwise negotiate diligently and in good faith, in which case the deposit shall be retained by the City as liquidated damages.

Disposition and Development Agreement

During the Exclusive Negotiation period, the City and Designated Developer will attempt to finalize the specific terms for disposition and development of the Site to be set forth in a Disposition and Development Agreement (DDA). The DDA will include the purchase price, terms, and conditions for site acquisition and development, including conditions precedent to closing and milestones and time frames for development of the Site.

Note that the City will not pay commissions to brokers for the transaction and will require the Designated Developer to indemnify the City against any claims for broker's commission.

X. CONCLUSION

Thank you for taking interest in the City of St. Helena and this RFP.

XII. INSURANCE REQUIREMENTS

The Designated Developer will be expected to provide pursuant to the ERN evidence of the following insurance requirements (at a minimum and to the extent applicable), as listed below:

A. Commercial General Liability insurance
- $1 million per occurrence / $2 million aggregate.

B. Auto Liability insurance
- $1 million per occurrence

C. Excess Umbrella Liability insurance
- $10 million per occurrence / $10 million aggregate minimum

D. Professional Liability insurance
- $1 to $3 million minimum (preferably $5 million)

E. Worker's Compensation & Employer's Liability insurance
- At State statutory limits.

F. Disability insurance coverage
- At State statutory limits.

XIII. LINKS TO INFORMATION

A. Community Visioning Documents

B. Current Land Use Designations Graphic

C. Water Neutrality Policy

D. Draft 2035 General Plan

E. Growth Management System

F. http://www.codepublishing.com/CA/sthelena/#!/StHelena17/StHelena17152.html

G. 2014 Napa Valley Visitor Industry Economic Impact Report https://www.dropbox.com/s/q78xr5e6wo83uk4/Napa%20Valley%2014%20Economic%20Impact%20Report.pdf?dl=0 and

H. 2014 Visitor Profile

I. https://www.dropbox.com/s/oaxghn2gel6wmzk/Destination%20Analysts-1.pptx?dl=0

J. Water Master Plan

K. Water and Sewer Facilities Maps[SP1]

L. BASMAA Stormwater Manual

M. Draft Exclusive Negotiation Agreement

AN UPDATE APPRAISAL REPORT

of

A 5.60 Acre Site
NWC Adams Street and Library Lane
St. Helena, CA 94574

DATE OF VALUE

April 29, 2016

PREPARED FOR

Jennifer Phillips
City Manager
City of St. Helena
1480 Main Street
St. Helena, CA 94574
(707) 968-2744

PREPARED BY

Ryan C. Ward, MAI
Howard R. Levy, MAI, AI-GRS
Ward Levy Appraisal Group, Inc.
533 Fifth Street, Suite 300
Santa Rosa, CA 95401
(707) 575-7778

WARD LEVY APPRAISAL GROUP, INC
Real Property Valuation

533 Fifth Street, Suite 300
Santa Rosa, CA 95401
(707) 575-7778
info@wardlevy.com

May 2, 2016

Jennifer Phillips
City Manager
City of St. Helena
1480 Main Street
St. Helena, CA 94574

RE: 5.60 Acres
NWC Adams Street & Library Lane
St. Helena, CA 94574

Dear Ms. Phillips:

As requested by you, I have conducted the required investigation, gathered the necessary data and made certain analyses that have enabled the formation of the following opinion of value:

Appraisal Premise	Interest Appraised	Date of Value	Opinion of Value
Hypothetical – Zoned Commercial	**Fee Simple**	**April 29, 2016**	**$12,800,000**

This letter and related exhibits must remain attached to the report in order for the value opinion set forth to be considered valid.

The original report had a valuation date of September 18, 2015. You have stated that you have a copy of this report. As per the scope of this assignment, I have not re-inspected the site but have utilized a valuation date reflecting the date of preparation of this report, April 29, 2016. As the only value opinion provided herein reflects the hypothetical value assuming the parcel is zoned commercial, any changes to the physical condition of the site since the original valuation date are immaterial. However, market conditions and values have changed since the valuation date of the original report.

The appraisal that follows is an updated narrative appraisal report that sets forth the scope of the assignment, identification of the property, pertinent facts about the area and the subject property, comparable data, the results of the research and analyses and the reasoning leading to the conclusions set forth.

The value opinion is subject to the Statement of Assumptions and Limiting Conditions and Certifications set forth in this report, as well as all information contained in the original appraisal report with a valuation date of September 18, 2015, as well as the following Extraordinary Assumptions and Hypothetical Conditions, the use of which might have affected the assignment results:

533 Fifth Street, Suite 300
Santa Rosa, CA 95401
(707) 575-7778
info@wardlevy.com

Extraordinary Assumptions:

- No Preliminary Title Report was provided. The value opinion set forth in this appraisal report is subject to and conditioned upon the absence of any easements or encumbrances that would materially affect the subject's market value, and is subject to review and possible revision upon the receipt of any conflicting information.

Hypothetical Conditions:

- The hypothetical value of the subject assumes that as of the date of the appraisal the parcel is zoned Downtown Commercial. As of the date of the appraisal, the zoning is split between Downtown Commercial and Agricultural.

Respectfully submitted,

Ryan C. Ward

Ryan C. Ward, MAI
State of California Certified General Real Property Appraiser
OREA License Number AG026338
Expiration: December 22, 2016

Howard Levy

Howard R. Levy, MAI, AI-GRS
State of California Certified General Real Property Appraiser
OREA License Number AG003852
Expiration: August 30, 2016

TABLE OF CONTENTS

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is for no purpose other than property valuation, and the appraisers are neither qualified to nor attempting to go beyond that narrow scope. The reader should be aware that there are inherent limitations to the accuracy of the information and analyses contained in this appraisal. Before making any decision based on the information and analyses contained in this report, it is critically important to read this entire section to understand these limitations. Please note that all of the following assumptions and limiting conditions are considered to be effective *unless otherwise noted within this report.*

Appraisal is not a Survey: It is assumed that the utilization of the land and improvements is within the boundaries of the property lines of the property described and that there is no encroachment or trespass unless noted within the report.

No survey of the property has been made by the appraisers and no responsibility is assumed in connection with such matters. Any maps, plats or drawings reproduced and included in this report are intended only for the purpose of showing spatial relationships. The reliability of the information contained on any such map or drawing is assumed by the appraisers and cannot be guaranteed to be correct. A surveyor should be consulted if there is any concern on boundaries, setbacks, encroachments or other survey matters.

Appraisal is not a Legal Opinion: No responsibility is assumed for legal matters that affect title to the property nor is an opinion of title rendered. The title is assumed to be good and marketable. The value estimate is given without regard to any questions of title, boundaries, encumbrances or encroachments. We are not usually provided a complete title report of the property being appraised and, in any event, we neither made a detailed examination of it nor do we give any legal opinion concerning it.

It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws, unless non-compliance is stated, defined and considered in the appraisal report. A comprehensive examination of laws and regulations affecting the subject property was not performed for this appraisal.

It is assumed that all applicable zoning and land use regulations and restrictions have been complied with, unless a non-conformity has been stated, defined and considered in the appraisal report. Information and analyses shown in this report concerning these items are based only on a preliminary investigation. Any significant question should be addressed to local zoning or land use officials and/or an attorney.

It is assumed that all required licenses, consents or other legislative or administrative authority from any local, state or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based. Appropriate government officials and/or an attorney should be consulted if an interested party has any questions or concerns on these items, inasmuch as we have not made a comprehensive examination of laws and regulations affecting the subject property.

Appraisal is not an Engineering or Property Inspection Report: This appraisal should not be considered a report on the physical items that are a part of this property. Although the appraisal may contain information about the physical items being appraised (including their adequacy and/or condition), it should be clearly understood that this information is only to be used as a general guide for property valuation and not as a complete or detailed physical report. The appraisers are not construction, engineering, environmental or legal experts, and any statement given on these matters in this report should be considered preliminary in nature.

If the subject property is improved with structures, the observed condition of the foundation, roof, exterior walls, interior walls, floors, heating system, plumbing, insulation, electrical service and all mechanical and construction are based on casual inspection only and no detailed inspection was made. The structures were not checked for building code violations, and it is assumed that all buildings meet applicable building codes unless so stated in the report.

It is assumed that there are no hidden or unapparent conditions of the property, sub-soil or structures that would render it more or less valuable. No responsibility is assumed for such conditions, nor for the engineering that may be required to discover such factors. Since no engineering or percolation tests were made, no liability is assumed for soil conditions. Sub-surface rights (mineral and oil) were not considered in making this appraisal.

We are not environmental experts, and we do not have the expertise necessary to determine the existence of environmental hazards such as the presence of urea-formaldehyde foam insulation, toxic waste, asbestos or hazardous building materials, or any other environmental hazards on the subject or surrounding properties. If we know of any problems of this nature which we believe would create a significant problem, they are disclosed in the report. Nondisclosure should not be taken as an indication that such a problem does not exist, however. An expert in the field should be consulted if any interested party has questions on environmental factors.

No chemical or scientific tests were performed by the appraisers on the subject property, and it is assumed that the air, water, ground and general environment associated with the property present no physical or health hazard of any kind unless otherwise noted in the report. It is further assumed that the property does not contain any type of dump site and that there are no underground tanks (or any underground source) leaking toxic or hazardous chemicals into the groundwater or the environment unless otherwise noted in the report.

Because no detailed inspection was made, and because such knowledge goes beyond the scope of this appraisal, any condition or other comments given in this appraisal report should not be taken as a guarantee that a problem does not exist. Specifically, no guarantee is made as to the adequacy or condition of the foundation, roof, exterior walls, interior walls, flooring, heating system, air conditioning system, plumbing, electrical service, insulation or any other components of buildings or structures that are located on the land. If any interested party is concerned about the existence, condition or adequacy of any particular item, we would strongly suggest that a construction expert be hired for a detailed investigation.

Appraisal is Made Under Conditions of Uncertainty with Limited Data: As can be seen from the limitations presented above, this appraisal has been performed with a limited amount of data. Data limitations result from a lack of certain areas of expertise by the appraisers (that go beyond the scope of the ordinary knowledge of an appraiser), the inability of the appraisers to view certain portions of the property and the inherent limitations of relying upon information provided by others. We have spent our time and effort in the investigative stage of this appraisal in those areas where we think it will do the most good, but inevitably there is a significant possibility that we do not possess all information relevant to the subject property.

Information provided by local sources, such as government agencies, financial institutions, accountants, attorneys and others is assumed to be true, correct and reliable. No responsibility for the accuracy of such information is assumed by the appraisers.

The comparable sales data relied upon in the appraisal is believed to be from reliable sources. Though all of the comparable sales were examined, it was not possible to inspect them all in detail. The value conclusions are subject to the accuracy of said data.

Engineering analyses of the subject property were neither provided for use nor made as a part of this appraisal contract. Any representation as to the suitability of the property for uses suggested in this analysis is therefore based only on a preliminary investigation by the appraisers and the value conclusions are subject to said limitations.

All values shown in the appraisal report are projections based on our analyses as of the date of the appraisal. These values may not be valid in other time periods or as conditions change. We take no responsibility for events, conditions or circumstances affecting the property's market value that take place subsequent to either the date of value contained in this report or the date of our field inspection, whichever occurs first.

Since projected mathematical models and other projections are based on estimates and assumptions which are inherently subject to uncertainty and variation depending upon evolving events, we do not represent them as results that will actually be achieved.

This appraisal is an estimate of value based on an analyses of information known to us at the time the appraisal was made. We do not assume any responsibility for incorrect analyses because of erroneous or incomplete information. If new information of significance comes to light, the value estimates are subject to change without notice.

Opinions and estimates expressed herein represent our best judgment, but should not be construed as advice or a recommendation to act. Any actions taken by you, the client, or any others should be based on your own judgment, and the decision process should consider many factors in addition to the value estimates and information given in this report.

Appraisal reports are technical documents addressed to the specific technical needs of clients. Casual readers should understand that this report does not contain all of the information we have concerning the subject property or the real estate market.

This appraisal was prepared at the request of and for the exclusive use of the client to whom the appraisal is addressed. No third party shall have any right to use or rely upon this appraisal for any purpose.

There are no requirements, by reason of this appraisal, to give testimony or appear in court or any pretrial conference or appearance required by subpoena with reference to the property in question, unless agreed to previously by the appraiser, sufficient notice is given to allow adequate preparation and additional fees are paid by the client at our regular rates for such appearances and the preparation necessitated thereby.

This report is made for the information and/or guidance of the client, and possession of this report, or a copy thereof, does not carry with it a right of publication. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales or other media without the written consent and approval of the appraisers. Nor shall the appraisers, firm or professional organization of which the appraisers are members be identified without the written consent of Ward Levy Appraisal Group, Inc.

It is suggested that those who possess this appraisal report should not give copies to others. Legal advice should be obtained on potential liability issues before this is done. Anyone who gives out an incomplete or altered copy of the appraisal report (including all attachments), does so at his/her own risk and assumes complete liability for any harm caused by giving out an incomplete or altered copy. Neither the appraisers nor Ward Levy Appraisal Group, Inc. assumes any liability for harm caused by reliance upon an incomplete or altered copy of the appraisal report given out by others.

Values and conclusions for various components of the subject property as contained within this report are valid only when making a summation; they are not to be used independently for any purpose and must be considered invalid if so used.

The Americans with Disabilities Act became effective January 26, 1992. Ward Levy Appraisal Group, Inc. has not made a specific compliance survey and analysis of the subject property to determine whether or not any improvements which are located on the land conform with the detailed requirements of the Act. It is possible that a compliance survey of the property could reveal that some or all of the improvements are not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible non-compliance with the requirements of the Act in estimating the value of the property.

DESCRIPTION, VALUATION AND ANALYSIS

The scope of this analysis includes the following: Obtaining the gross site size from the Assessor's records, researching local area use trends and construction activity from public agencies and local market participants, determining probable marketing and exposure time based on recent sales and interviews with local real estate professionals, conducting telephone and personal interviews with persons considered knowledgeable regarding the subject property and general market conditions, verifying the comparable market data with at least one party to the transactions.

The purpose of this update appraisal assignment is to provide an updated opinion of the hypothetical market value of the fee simple interest of the subject property, assuming it is zoned for downtown commercial, as of April 29, 2016.

The function of the update appraisal report is to assist the client, The City of St. Helena, in the intended use of establishing a sales price. Neither the update report in its entirety nor any part of the appraisal is valid for use by nor reliance upon by any other parties, either presently or at any time in the future, without the express written consent of Ward Levy Appraisal Group, Inc., and it can be relied upon only by a reader familiar with the original date of value of September 18, 2015.

The definition of market value is the same as in the original report. The property rights appraised are the same as in the original report, that is, the fee simple interest.

The valuation opinion included within this appraisal is for the real property only. No personal property, fixtures or intangible items of material value are included as part of the real property.

The subject site is located at the northwest corner of Adams Street and Library Lane in the City of St. Helena, Napa County, California. The subject is referred to as Napa County Assessor's Parcel Number 009-150-006 and does not have a street address, but is accessible from either Adams Street or Library Lane.

The subject ownership is vested in the City of St. Helena. Ward Levy Appraisal Group, Inc. is unaware of any transfers, offers, options or agreements to purchase pending on the subject property within the last three years.

The appraisers have re-analyzed the highest and best use as vacant, as well as any new land sales. Any areas of the report changed have been addressed below:

Highest and Best Use: Since the original report in September 2015, the tourism market has continued to strengthen. Since a resort or lodging facility remains the most profitable type of development if permitted, that would be the highest and best use as vacant for the subject site. PKF Consulting reports that in Napa County, Revenue Per Available Room (RevPAR) increased 9.3% in 2015 when compared to 2014. Napa County has seen a substantial increase in tourism revenue in the past five years and 2015 was no exception. As such, a resort related use would remain the highest and best use of the subject site, if one were to be approved through the city.

Land Valuation: The appraisers found one pending sale of a hotel site in Healdsburg, one sale of a mixed-use site in Healdsburg and another sale of a hotel site in Saint Helena. The appraisers attempted to confirm the sales with at least one party to the transaction, but for two sales only public record was utilized despite repeated attempts at reaching a party to the transaction. The relevant characteristics discussed in the analysis are from County Assessor's records or other public records.

Included below are the comparable land sales followed by a locational map, summary table and analysis and conclusion of land value.

Land Comparable 1

Transaction			
Land Type	Mixed-Use	**Date**	N/A
APN	089-082-030	**Transaction Type**	Pending Offer
Address	110 Dry Creek Road	**Price**	$4,950,000
City	Healdsburg	**Adjustments to Price**	$0
County	Sonoma	**Adjusted Price**	$4,950,000
Grantor	Engelke	**Price Per Land SF**	$29.36
Grantee	N/A	**Days on Market**	280
Doc#	N/A	**Verification Source**	Dana Wood
Financing	Cash To Seller	**Affiliation**	Listing Agent

Site			
Gross Land Area (AC)	3.87	**Site Status**	Raw
Gross Land Area (SF)	168,577	**Entitlements**	See comments
Usable Land Area (AC)	3.87	**Topography**	Level
Usable Land Area (SF)	168,577	**Utilities**	All Public Utilities
Zoning	MU	**Shape**	Irregular
General Plan Designation	Mixed Use	**Improvements of Value**	No

Comments

Site is situated a few lots east of the Dry Creek Road freeway interchange, just west of Healdsburg Avenue. The site is improved with a 50-year-old, 5,000 sf office/shop building and outbuildings, all of which are likely to be tear-downs. Agent stated that the site has had very good interest from hotel developers, with several offers ranging from $4.7 to $5.5 million. He stated that one offer for "just under" $5 million included a seven month contingency period, while the other offers included contingency periods ranging from 19 to 33 months. This analysis reflects the offer with the shortest contingency period, whose price is estimated at $4.95 million.

Land Comparable 2

Transaction			
Land Type	Commercial	**Date**	September 10, 2015
APN	009-070-049, -052, -053, -054	**Transaction Type**	Closed
Address	1000 Mills Lane	**Price**	$9,000,000
City	St. Helena	**Adjustments to Price**	$0
County	Napa	**Adjusted Price**	$9,000,000
Grantor	Doumani	**Price Per Land SF**	$20.60
Grantee	LMR Property	**Days on Market**	N/A
Doc#	23246	**Verification Source**	Public Record
Financing	Cash Plus SF	**Affiliation**	N/A

Site			
Gross Land Area (AC)	10.03	**Site Status**	Raw
Gross Land Area (SF)	436,907	**Entitlements**	Unentitled
Usable Land Area (AC)	10.03	**Topography**	Level
Usable Land Area (SF)	436,907	**Utilities**	All Public Utilities
Zoning	Urban Reserve Residential & Urban Reserve Industrial	**Shape**	Irregular
General Plan Designation	Service Commercial/Agriculture	**Improvements of Value**	None

Comments

This is a site purchased for development with an 80-room hotel that is still in preliminary design phase but which had preliminary support from the city council prior to close of escrow. The project would have an agricultural theme and would have farming demonstrations and fruit orchards on the property resulting in a fairly low density development with approximately half of the site dedicated to agricultural preserve in the conceptual site plan. The seller financed $7 million at unknown terms.

Land Comparable 3

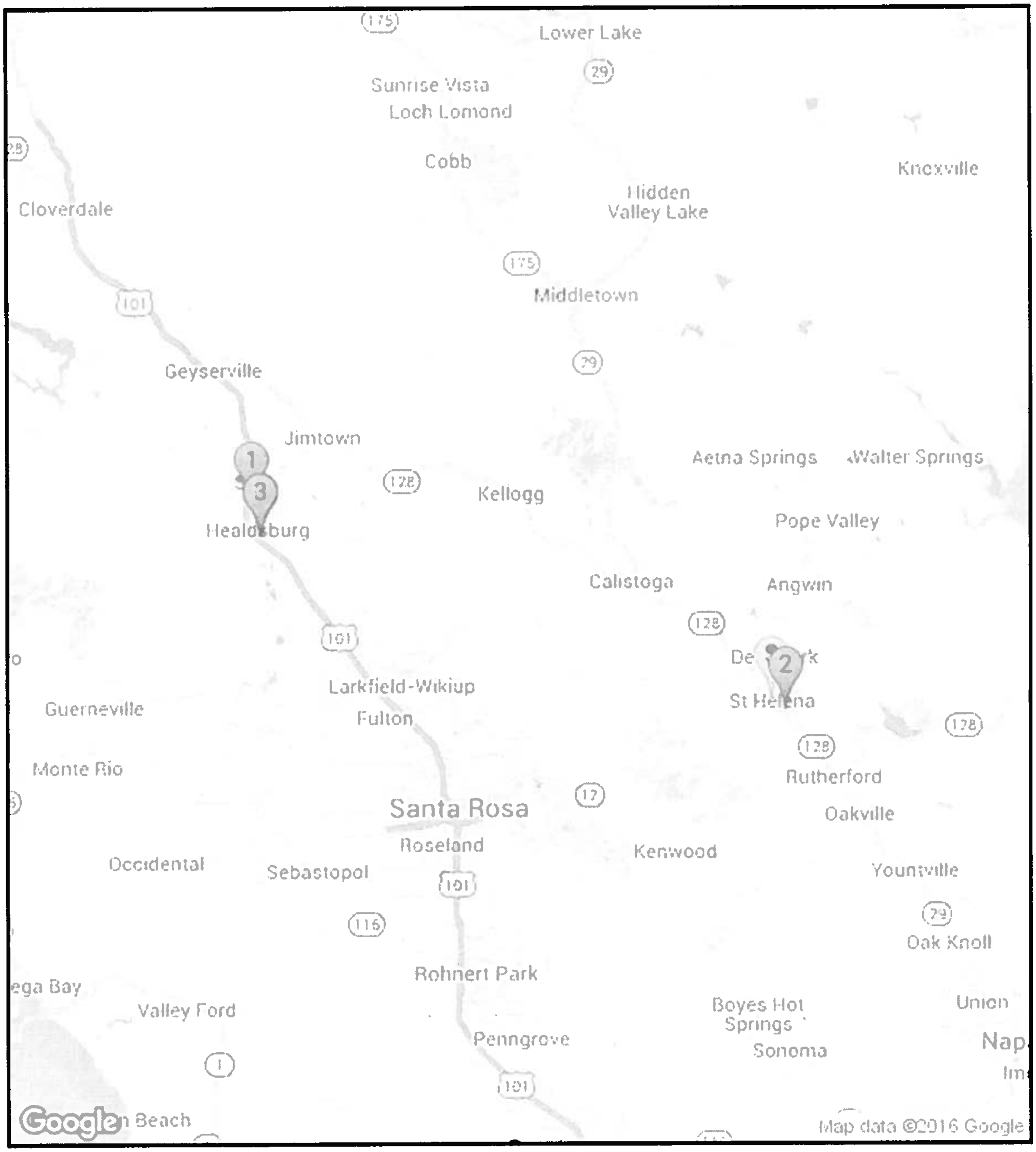
Transaction			
Land Type	Mixed-Use	**Date**	April 6, 2016
APN	002-261-023, -024, 002-303-012 & -013	**Transaction Type**	Closed
Address	146 - 180 Healdsburg Avenue	**Price**	$16,525,909
City	Healdsburg	**Adjustments to Price**	$750,000
County	Sonoma	**Adjusted Price**	$17,275,909
Grantor	Various	**Price Per Land SF**	$38.21
Grantee	Replay Healdsburg LLC	**Days on Market**	N/A
Doc#	30350 & 15427	**Verification Source**	Public Record
Financing	Cash To Seller	**Affiliation**	N/A

Site			
Gross Land Area (AC)	10.38	**Site Status**	Raw
Gross Land Area (SF)	452,153	**Entitlements**	None
Usable Land Area (AC)	10.38	**Topography**	Level
Usable Land Area (SF)	452,153	**Utilities**	All Public Utilities
Zoning	Mixed-Use	**Shape**	Irregular
General Plan Designation	Mixed-Use	**Improvements of Value**	None

Comments

This is the sale of the Nu Forest Products mill and lumberyard as well as the nearby former Chamber of Commerce office building. The entire property is eyed for redevelopment with a 20 to 30 room hotel as well as fewer than 120 duplex or triplex units, though plans are very preliminary. The mill will remain on site for the next year. Demolition costs are estimated.

Land Comparable Map



Land Comparable Summary

Comp	Address City	Date	Adjusted Price	Usable Land Area (AC) Usable Land Area (SF)	Price Per Land SF	Time Adjusted Price Per Land SF	General Plan Designation	Zoning
1	110 Dry Creek Road Healdsburg	Pending	$4,950,000	3.87 168,577	$29.36	$29.36	Mixed Use	MU
2	1000 Mills Lane St. Helena	9/10/2015	$9,000,000	10.03 436,907	$20.60	$20.60	Service Commercial/Agriculture	Urban Reserve Residential & Urban Reserve Industrial
3	146 - 180 Healdsburg Avenue Healdsburg	4/6/2016	$17,275,909	10.38 452,153	$38.21	$38.21	Mixed-Use	Mixed-Use

The three new comparables indicate prices of $20.60 to $38.21 per square foot. Comparable 1 is located at the northern edge of Healdsburg, which is a similar tourist-oriented area centered around the wine industry. This particular comparable is located at the periphery and while planned for a hotel is a much longer walk to the downtown area and is also in a more traditional commercial area, surrounded by shopping centers and other more budget-oriented hotels. The subject is within walking distance of the downtown area and the significant shops, retail and other amenities. Overall, the subject's appeal and location are considered superior to the comparable and would warrant an overall upward adjustment.

Comparable 2 is located in St. Helena, but the property is located further south and further from the downtown area. Its walkability is considered inferior to the subject. In addition to the location, the comparable buyer is only planning on developing roughly half the site with a resort, with the other half being devoted to an agricultural preserve so as to not negatively impact the aesthetics of the neighborhood. This would indicate an effective purchase price per developable land of approximately $40.00 per square foot. Given the subject's superior location and walkability, a higher value would be indicated.

Comparable 3 is a gateway site at the entrance to Healdsburg that has been used as a lumber mill for many years. The adjusted price is $38.21 per square foot. The zoning is inferior to the subject, which is assumed to allow for a greater level of commercial development than the comparable, which is mixed-use and requires residential as well as commercial uses. The comparable size is also larger than the subject, nearly double the subject's size. Lastly, the subject's location in St. Helena is deemed superior overall to the Healdsburg area, though both are wine and food-oriented tourist locations that appeal to similar clienteles. Nonetheless, for size, zoning and location an upward adjustment is warranted.

In the original report, numerous other sales were utilized in the estimate of a land value of $50.00 per square foot. The more recent sales do not necessarily point to an increased land value, but neither sale is perfectly comparable to the subject. The overall sentiment in the tourism market and demand for tourist-oriented land is higher than it was in September 2015. Some support is indicated by the improved RevPAR seen in the Napa area, with yearly increases in the 10% range. Given that it has been seven months since the date of the previous appraisal, a reasonable market condition adjustment of 5% is made to the previously concluded value of $50.00 per square foot, resulting in a current estimated value of $52.50 per square foot. This indicates the following value for the subject.

Hypothetical Market Value Zoned CB	
Indicated Value per square foot:	$52.50
Subject Size:	243,936
Indicated Value:	$12,806,640
Rounded:	$12,800,000

The hypothetical market value of the fee simple estate of the property at the NWC of Adams Street and Library Lane, as of April 29, 2016 is estimated to be $12,800,000.

CERTIFICATION OF RYAN C. WARD, MAI

I certify, to the best of my knowledge and belief, that

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial unbiased professional analyses, opinions and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, a requested minimum valuation, a specific valuation, the attainment of a stipulated result or the occurrence of a subsequent event directly related to the intended use of this appraisal.
6. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute.
7. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
8. My engagement in this appraisal assignment was not contingent upon developing or reporting predetermined results.
9. I have made a personal inspection of the property that is the subject of this report.
10. No one provided significant professional assistance to the person signing this report.
11. This appraisal report conforms to the current Uniform Standards of Professional Appraisal Practice (USPAP).
12. I meet all of the requirements of the Competency Provision of the current Uniform Standards of Professional Appraisal Practice (USPAP).
13. As of the date of this report I have completed the requirements under the continuing education program of the Appraisal Institute.
14. I have performed appraisal services regarding this property in the three years prior to accepting this assignment.

Ryan C. Ward

Ryan C. Ward, MAI
State of California Certified
General Real Estate Appraiser
OREA License Number AG026338
Expiration: December 22, 2016

CERTIFICATION OF HOWARD R. LEVY, MAI, AI-GRS

I certify, to the best of my knowledge and belief, that

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial unbiased professional analyses, opinions and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, a requested minimum valuation, a specific valuation, the attainment of a stipulated result or the occurrence of a subsequent event directly related to the intended use of this appraisal.
6. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute.
7. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
8. My engagement in this appraisal assignment was not contingent upon developing or reporting predetermined results.
9. I have not made a personal inspection of the property that is the subject of this report.
10. No one provided significant professional assistance to the person signing this report.
11. This appraisal report conforms to the current Uniform Standards of Professional Appraisal Practice (USPAP).
12. I meet all of the requirements of the Competency Provision of the current Uniform Standards of Professional Appraisal Practice (USPAP).
13. As of the date of this report I have completed the requirements under the continuing education program of the Appraisal Institute.
14. I have performed or provided appraisal services regarding this property in the three years prior to accepting this assignment.

Howard Levy

Howard R. Levy, MAI, AI-GRS
State of California Certified
General Real Estate Appraiser
OREA License Number AG003852
Expiration: August 30, 2016

533 Fifth Street, Suite 300
Santa Rosa, CA 95401
(707) 575-7778
info@wardlevy.com

QUALIFICATIONS OF RYAN C. WARD, MAI

Education

University of California – San Diego, California
- Bachelor of Arts, Economics
- Bachelor of Arts, Urban Studies and Planning

Real Estate Course Work

- Capitalization Theory
- Real Estate Valuation Theory
- Uniform Standards of Professional Appraisal Practice (USPAP)
- Legal Aspects of Real Estate
- Vineyard Valuation
- Highest and Best Use and Market Analysis
- Advanced Income Capitalization
- Advanced Cost and Sales Comparison Approach
- Advanced Applications
- Business Practice & Ethics
- Report Writing and Valuation Analysis

Appraisal Experience

Partner, Ward Levy Appraisal Group, Inc., an independent real property valuation services firm (2014 – Present)

Senior Appraisal Associate with the independent real property valuation and right of way acquisition services firm of Howard Levy Appraisal Group, Inc., formerly Hornsby Levy Appraisal Group, Inc. (2004 – 2014)

Project Manager with the independent real property valuation firm of Carneghi-Blum & Partners, Inc. (Formerly Carneghi-Bautovich & Partners, Inc.), San Francisco, California (1996 – 2004)

Twenty years of experience that includes preparation of narrative appraisals for a variety of property types including single-family residential subdivisions, multi-family housing, office buildings, industrial properties, shopping centers, marinas, retail centers, hotels, lodging facilities, auto service stations and special uses.

Professional Affiliations

Appraisal Institute (MAI) - Continuing Education Requirements Completed

Licensure

California Certified General Real Estate Appraiser, License AG026338, Expires December 22, 2016

533 Fifth Street, Suite 300
Santa Rosa, CA 95401
(707) 575-7778
info@wardlevy.com

QUALIFICATIONS OF HOWARD R. LEVY, MAI, AI-GRS

Education

University of Wisconsin - Madison

- Master of Science, Real Estate Appraisal and Investment Analysis
- Bachelor of Business Administration, Finance

Appraisal Experience

President of Ward Levy Appraisal Group, Inc., an independent real property valuation services firm (2014 – Present)

President of Howard Levy Appraisal Group, Inc., formerly Hornsby Levy Appraisal Group, Inc., an independent real property valuation and right of way acquisition services firm (2002 – 2014)

Senior Appraisal Associate with the independent real property valuation and right of way acquisition services firm of G.F. Hornsby and Associates in Santa Rosa, California (1995 – 2002)

Associate Appraiser with the independent real property valuation firm of Crocker Hornsby in Santa Rosa, California (1988 – 1995)

Associate Appraiser with the independent real property valuation firm of William L. Hafner, MAI, in Santa Rosa, California (1987 – 1988)

Twenty-nine years of experience that includes preparation of appraisal reviews, narrative, form and oral appraisal reports on unimproved lands, conservation easements, single and multi-family residential developments, affordable housing, PUD subdivisions, professional and medical office buildings, retail buildings, shopping centers, light and heavy industrial buildings, restaurants, senior care facilities, funeral homes, resorts, lodging, movie theaters, feasibility and marketability analysis for lending, sale, estate, legal and eminent domain purposes.

Qualified as an expert witness before the Superior Court of California and the United States Bankruptcy Court.

Professional Membership

Designated Member of the Appraisal Institute (MAI)
Appraisal Institute General Review Specialist (AI-GRS)
Continuing Education Requirements Completed

Licensure

California Certified General Real Estate Appraiser, License AG003852, Expires August 30, 2016

Item No: 18

Report to the City Council
Council Meeting of May 10, 2016

Agenda Section: **New Business**

Subject: **Consideration of a Sales Tax Measure for the November 2016 Ballot**

CEQA Status: **Not a CEQA project**

Prepared By: **Jennifer Phillips, City Manager**

Approved By: **Jennifer Phillips, City Manager**

BACKGROUND

During the February 11, 2016 Goal Setting Session, the City Council discussed and considered the report from the Ad Hoc Revenue Source Task Force which included recommendations related to revenue enhancing options. On March 22, 2016, the survey results of a real property transfer tax and a sales tax was presented by staff and The Lew Edwards Group. Based on the survey results, Council directed staff to not pursue the real property transfer tax and instead return to the City Council with information about a sales tax measure for the November 2016 ballot.

DISCUSSION

Based on the Council's goal to secure the City's financial future, and the recommendations of the Ad Hoc Revenue Source Task Force, staff has been exploring revenue enhancing options for Council's consideration. A sales tax measure is a viable option for consideration.

The City has experienced minimal revenue growth in recent years and this tepid growth is expected to continue into the future due to the City's limited revenue streams, which are primarily comprised of property tax and sales tax. The City's transient occupancy tax (TOT) is expected to increase in FY 2016-17 and thereafter in FY 2017-18 due to the opening of the Los Alcobas Hotel. Despite this increase in TOT revenue, City expenses still outpace revenues and additional revenue is needed to not only adequately fund the City's operations, but also long neglected infrastructure and capital improvements within the City.

Cities in California have very few options available for raising revenues. Approving a ballot measure to increase the City's sales and use tax (or consumption tax) is an option available to the City Council for enhancing revenues. Currently, sales tax in Napa County and for all Napa cities is 8%. Several revenue initiatives could be placed on the November 2016 by various public agencies in Napa County. At this time, there is no specific information on any proposed measures. In addition, cities and counties across California are again considering sales tax increases, many struggling with similar challenges facing St. Helena. With many cities nearly built out or imposing no or slow-growth policies, uncertain economic growth over the next few years coupled with consistent increase in demand for services and deteriorating infrastructure, sales tax measures have become the means for communities to support their needs and responsibilities.

A sales tax is a direct tax on consumption that is imposed by state and local governments when goods and services are purchased. In California, sales tax rates range from 7.5% to 10%. The State imposes a 6.5% sales tax rate with an additional 1% mandatory local rate. Certain food products (groceries), prescription drugs, medical devices and items paid for with food stamps are exempt from sales tax. Attachment A includes a complete list of exemptions and exclusions from sales and use taxes. The City of St. Helena receives 1% of the 8% collected in St. Helena. Measure A accounts for the additional 0.5%, which is also received by the City of St. Helena but is restricted to specific uses (flood control). Any additional sales tax imposed by the City would be received solely by the City of St. Helena and due to Proposition 22, passed by California voters in 2010, these revenues could not be raided by the State.

Currently, the City receives $2.8 million annually in sales tax revenue. A 0.5% increase in sales tax would generate approximately $1.4 million annually and a 1% increase would generate approximately $2.8 million. Increases in the applicable tax rate can be proposed in increments of 1/8% (0.125 percent). (California Revenue and Taxation Code §§7285.9, 7285.91[1]). The combined rate of all taxes in the county pursuant to the Transaction and Use Tax Law cannot exceed 2%. (§7251.1). As noted above, Measure A accounts for 0.5%, and thus the most the City could propose is 1.5%. If the sales tax measure identifies general uses, then the measure requires a majority plus one vote to pass. (§7285.9). If specific uses are identified, then the measure would require a 2/3rds vote to pass; additionally, the ordinance imposing the tax must contain an expenditure plan describing specific projects the revenues would be spent on. (§7285.91). Regardless of whether the City Council decides to pursue a general tax versus a special tax, in either instance the ordinance proposing the sales tax increase must be approved by a 2/3rd vote of the City Council to be placed on the November 8, 2016 ballot. (§§7285.9, 7285.91).

[1] Unless otherwise noted, all statutory references are to the California Revenue and Taxation Code.

An option available in connection with a general sales tax measure would be a companion advisory measure that would seek voters' input on how the general revenue raised by the sales tax measure should be used by the City. This would be a non-binding advisory measure. However, given the limitation on the number of words that may be used in the ballot question, it may prove difficult to craft a question that would generate meaningful advice or direction.

The impacts of increasing a sales tax are difficult to quantify. Each community is different and the impacts on consumers and their purchasing behavior vary. Tourism, geography, type of retail, price of gasoline, time of year, and weather, along with many other factors impact customer spending and decisions. It is not feasible for staff to conduct an analysis on the impacts on consumer spending based on a slightly increased sales tax rate over neighboring communities.

To place a measure on the November 2016 ballot, the City Council must adopt a resolution approving the proposed ballot language as it will appear on the ballot, and the underlying ordinance to be enacted if approved by the voters. Again, the resolution of the City Council would need to be approved by a 2/3rd vote of the City Council. (§§7285.9, 7285.91). The resolution must be adopted by the City Council and submitted to the County Registrar no later than 88 days before the November 8, 2016 election, or August 12, 2016[2]. The cost to place one measure on the ballot is estimated to range from $10,000 to $15,000. In addition, the Council would need to decide the percentage increase for the sales tax measure, determine if the sales tax would have an expiration date, and if the measure is a general or special tax. Again, note that if the Council decides to dedicate revenues to specific items as part of a special tax, then an expenditure plan will need to be developed to accompany the measure. The Council may also wish to consider if an advisory measure for the non-binding expenditure of funds should accompany a general sales tax measure.

RECOMMENDED ACTION

Provide direction to staff regarding continuing the process for placing a sales tax measure on the November 2016 ballot.

ATTACHMENTS

Attachment A – Sales and Use Taxes: Exemptions and Exclusions, California State Board of Equalization, July 2014.

---

[2] The County Registrar will publish a schedule for submission of material for placement on the November 8, 2016 ballot, such as the City Attorney's impartial analysis, ballot arguments and rebuttal argument, if called for by the City Council.

Sales and Use Taxes: Exemptions and Exclusions

California Revenue and Taxation Code Part 1, Division 2

July 2014

Publication 61

FOREWORD

SALES AND USE TAXES EXEMPTIONS AND EXCLUSIONS

This publication summarizes the exemptions and exclusions from sales and use tax in effect when the publication was printed (as noted on the front cover). However, statutory or regulatory changes may have occurred since that time. If there is a conflict between the text in this publication and the law, the decision will be based on the law and not this publication.

In general, California sales and use taxes are imposed on the retail sale or the use of tangible personal property in this state. Since the enactment of the Sales and Use Tax Law in 1933, many exemptions have been granted that remove the liability for tax for various types of property and certain individuals or organizations. In addition to complete exemptions, provisions have been enacted that reduce the tax base by defining certain persons to be consumers of property sold, or provide a partial exemption or credit. Other transactions are excluded from the imposition of sales and use taxes because of basic definitions contained in the law or because they do not involve the transfer of merchandise.

The following two comprehensive listings are intended to identify and provide a brief general description of exemptions and exclusions from the imposition of California sales and use taxes, first by category and second by alphabetical reference. The explanations are not meant to provide detailed information as to the requirements or conditions of qualifying for exemption, and should not be used as a legal reference. For example, not all nonprofit organizations qualify for the exemptions and special rules summarized in this publication. The California Sales and Use Tax Law, as implemented by duly adopted regulations of the State Board of Equalization (BOE), should be consulted to determine the requirements and complete description of the exemptions and exclusions identified by the listings.

The listing by category places the exemptions and exclusions into the following categories: I. Necessities of Life; II. General Public Benefit; III. Industry Benefit; IV. Exclusions by Definition; and V. Other Exemptions, Exclusions, or Credits. In addition to identifying the exemptions and exclusions, this listing provides the section(s) of the Sales and Use Tax Law that provides the exemption or exclusion along with an estimate of annual revenue lost, if available. Revenue lost refers to revenue which is not realized due to the exemption or exclusion and includes both state and local revenue. The estimates of revenue lost are based on the most recent data available and are provided to give an order of magnitude of the revenue lost attributable to the exemption or exclusion. It should be noted that the amount of revenue lost is not extracted from the Sales and Use Tax returns filed with the BOE by taxpayers, since taxpayers are not required to report sales by commodity. In order to estimate the revenue lost attributable to the various exemptions and exclusions, the BOE relies on data from outside sources. However, for many of the exemptions and exclusions contained in this publication, reliable data is not available. Where the revenue lost is not known because the information is not available, "N/A" is noted.

In some cases, the publication identifies certain sellers and lessors as consumers of the tangible personal property they sell or lease. These persons do not owe sales tax on their transfers of the property. Instead, the sale to them or their use is subject to sales or use tax. The sales to them are not nontaxable sales for resale.

The placing of exemptions and exclusions into categories is in many instances subjective. Many provisions of the law impact numerous types of individuals or businesses. However, an attempt was made to place the exemptions or exclusions within the category that is perceived to be the main beneficiary of the granting of relief from tax, or that was intended to benefit from the enactment of specific legislation.

CONTENTS

SECTION A

SALES AND USE TAX
EXEMPTIONS AND EXCLUSIONS
(BY CATEGORY)

I. NECESSITIES OF LIFE—Provisions that exempt property necessary to the sustenance of life.

A. Food

- FOOD PRODUCTS—Sales of food for human consumption are generally exempt from tax unless sold in a heated condition (except hot bakery items or hot beverages, such as coffee, sold for a separate price), served as meals, consumed at or on the seller's facilities, ordinarily sold for consumption on or near the seller's parking facility, or sold for consumption where there is an admission charge.

  REVENUE: $8,181.6 million SECTION: 6359

- CANDY, CONFECTIONERY, SNACK FOODS, AND BOTTLED WATER—The exemption for sales of food products includes candy and confectionery, snack foods and bottled water.

  REVENUE: $1,146.6 million SECTION: 6359

- FOOD PRODUCTS SOLD THROUGH VENDING MACHINES—The vending machine operator is the consumer of (1) food products which sell at retail for fifteen cents or less and (2) food products which are sold through a bulk vending machine for twenty-five cents or less. For sales of cold food products, hot coffee, hot tea and hot chocolate through other vending machines at a price greater than fifteen cents, 67% of the receipts from such sales are also exempt from tax.

  REVENUE: $26.5 million SECTIONS: 6359.2 and 6359.4

- ANIMAL LIFE, FEED, SEEDS, PLANTS AND FERTILIZER, DRUGS AND MEDICINES—The sale and use of animal life or feed for animal life, seeds, and plants the products of which normally constitute food for human consumption are exempt from tax. The sale and use of fertilizer to be applied to land the products of which are to be used for human consumption are also exempt. In addition, the sale and use of drugs and medicines including oxygen that are administered to food animals, the primary purpose of which is the prevention or control of disease, are exempt from tax. This is an expansion of the general food exemption.

  REVENUE: $464.1 million SECTION: 6358

- MEDICATED FEED AND DRINKING WATER—The sale and use of drugs or medicines administered to animal life as an additive to feed or drinking water, the primary purpose of which is the prevention and control of disease of food animals, or of nonfood animals which are to be sold in the regular course of business, are exempt from tax.

  REVENUE: $500,000 SECTION: 6358.4

- PURCHASES MADE WITH CALFRESH BENEFITS—When otherwise taxable purchases are made with CalFresh benefits, only the amounts paid with CalFresh benefits are exempt from tax. Amounts paid with forms of consideration other than CalFresh benefits, such as cash or manufacturer's coupons, remain taxable. Examples of otherwise taxable sales which are exempt from tax when purchased with CalFresh benefits, include sales of carbonated beverages, food coloring and ice.

  REVENUE: N/A SECTION: 6373

B. Health Related

- PROFESSIONAL HEALTH SERVICES—A licensed chiropractor, optometrist, physician, surgeon, podiatrist, licensed hearing aid dispenser, or registered dispensing optician is generally the consumer and not the retailer of property furnished in the performance of professional services. Also, producers of X-ray films or photographs are the consumers of property used to produce the films or photographs for use in diagnosing the medical or dental conditions of a human being. In addition, licensed pharmacists dispensing certain replacement contact lenses are regarded as consumers, rather than retailers, with respect to those lenses.

  REVENUE: N/A   SECTIONS: 6018, 6018.4, 6018.5, 6018.7 and 6020

- MEALS FURNISHED BY INSTITUTIONS—Sales of meals and food products served to residents and patients of a health facility, a community care facility, a residential care facility for the elderly, any housing that is financed by state or federal programs and that primarily serves older persons, any house or institution supplying board and room for a flat rate to persons 62 years and older, an alcoholism recovery facility and a drug abuse recovery or treatment facility are exempt from tax.

  REVENUE: Major   SECTION: 6363.6

- BLOOD STORAGE UNITS—The sale and use of any container used to collect or store human blood, plasma, blood products, or blood derivatives, including any disposable tubing, filters, grommets, and needles sold along with the bags and held in a blood bank for medical purposes are exempt from tax. This exemption includes, but is not limited to, blood collection units and blood pack units.

  REVENUE: N/A   SECTION: 6364.5

- PRESCRIPTION MEDICINES—Sales of medicines are exempt from sales and use taxes if (1) prescribed for treatment of human beings and dispensed by a registered pharmacist; (2) furnished by or sold to a licensed physician and surgeon, podiatrist, or dentist for patient treatment; (3) furnished by a health facility for patient treatment pursuant to the order of a licensed physician; (4) sold to this state or any political subdivision or municipal corporation for use in treating human beings; (5) dispensed by prescription for the treatment of human beings and furnished without charge by a pharmaceutical manufacturer or distributor to a doctor, a health facility for the treatment of human beings, or to an institution of higher education for instruction or research; (6) furnished by a medical facility or clinic operated by this state or any political subdivision or municipal corporation; or (7) sold to outpatient clinics, as defined under Health and Safety Code 1200, for the treatment of any person pursuant to the order of a licensed physician and surgeon, dentist, and podiatrist. In addition to substances commonly recognized as medicines, the following items are specifically included in the definition of "medicine" for sales and use tax purposes:

  Sutures

  Bone screws and pins, pacemakers and other articles (excluding dentures) permanently implanted or which dissolve in the body.

  Orthotic devices, including custom-made biomechanical foot orthoses, as defined in Regulation 1591(b)(4).

  Prosthetic devices other than auditory, opthalmic and ocular devices, and other than dental prostheses.

  Artificial limbs and eyes

  Programmable drug infusion devices worn on or implanted in the body.

  Insulin syringes

  Mammary prostheses

  Appliances and related supplies necessary as a result of surgery by which an artificial opening was made to eliminate natural waste.

  Hemodialysis products

  Any product fully implanted or injected in the human body, or any drug or any biologic, when such are approved by the U.S. Food and Drug Administration to diagnose, cure, mitigate, treat or prevent any disease, illness or medical condition.

Dispensed on prescription includes furnishing insulin and insulin syringes, and furnishing appliances and supplies necessary to eliminate natural waste, if such items are furnished pursuant to a physician's written order. Dispensed on prescription also includes furnishing certain orthotic and prosthetic devices and replacement parts pursuant to a written order of a physician or podiatrist.

REVENUE: $3,368.2 million SECTIONS: 6369 and 6369.1

- WHEELCHAIRS, CRUTCHES, CANES AND WALKERS—Sales to and purchases by persons of wheelchairs, crutches, canes, quad canes, white canes for the legally blind, and walkers under the direction of a physician, are exempt from tax.

REVENUE: N/A SECTION: 6369.2

- VEHICLE MODIFICATIONS FOR HANDICAPPED—The sale of property used to modify vehicles for physically handicapped persons is exempt from tax. When a previously modified vehicle is resold, the sale of the portion of the vehicle which has been modified is exempt if the vehicle is sold to a disabled person who qualifies for a distinguishing license plate or placard.

REVENUE: N/A SECTION: 6369.4

- OXYGEN DELIVERY SYSTEMS—Sales of medical oxygen delivery systems are exempt from tax when sold or leased to an individual as directed by a physician.

REVENUE: N/A SECTION: 6369.5

- MEDICAL IDENTIFICATION TAGS—Sales of medical identification tags are exempt from tax when furnished by a qualifying organization.

REVENUE: Less than $100,000 SECTION: 6371

- MEDICAL HEALTH INFORMATION—The use of medical health information literature purchased by a qualifying charitable organization which is engaged in the dissemination of such information, is exempt from use tax when the literature is purchased from either the national office or a branch of the national office of the same organization.

REVENUE: N/A SECTION: 6408

- HEALTH AND SAFETY MATERIALS—The use of health and safety educational materials and insignia routinely sold in connection with health and safety and first aid classes, is exempt from use tax if the materials are: 1) purchased or sold by a qualifying nonprofit national organization which disseminates such information, and 2) purchased from a national office or a branch or chapter of such national office of the same organization.

REVENUE: N/A SECTION: 6409

C. Housing

(1) EXEMPTIONS:

- GAS, ELECTRICITY, WATER AND STEAM—The sale of gas, electricity and water, including steam and geothermal steam, brines, and heat is exempt from taxation if delivered through mains, lines, or pipes. Further, water sold to an individual in bulk quantities of 50 gallons or more for household use is exempt from taxation if the residence is not serviced by mains, lines, or pipes. Also, sales and purchases of liquid petroleum gas (LPG) are exempt from tax when delivered into a tank of 30 gallons or more to either a qualified residence for household use, or, a qualified person to be used in producing and harvesting agricultural products.

REVENUE: $5,128.8 million SECTION: 6353

(2) EXCLUSIONS:

- TELEPHONE LINES AND POLES—Telephone and telegraph lines, electrical transmission and distribution lines, and the poles, towers, or conduit by which they are supported or in which they are contained are excluded by statute from the definition of tangible personal property when sold in place.

REVENUE: None SECTION: 6016.5

- RENTALS OF HOUSEHOLD FURNISHINGS—The rental of household furnishings is not subject to tax when rented with living quarters. Tax must be paid on the cost of such items unless purchased in an exempt occasional sale.

  REVENUE: N/A SECTIONS: 6006 and 6010

II. GENERAL PUBLIC BENEFIT—Provisions that give special tax treatment for items or activities which benefit the general public.

A. Alternate Energy

- ALTERNATE ENERGY AND ADVANCED TRANSPORTATION PROJECT—There is a specific exemption for the sale of property constituting any project of the California Alternative Energy and Advanced Transportation Financing Authority when transferred or leased pursuant to certain provisions of the Public Resources Code.

  REVENUE: $25.3 million SECTION: 6010.8

- COGENERATION TECHNOLOGY—The sale of exhaust steam, steam waste, heat or resultant energy produced by cogeneration technology, as defined, is exempt from sales and use taxes.

  REVENUE: N/A SECTION: 6353

- FUEL FROM ORGANIC PRODUCTS AND WASTE BY-PRODUCTS—Sales of organic products grown for fuel, and waste by-products from agricultural or forest products operations, municipal refuse, or manufacturing, that are used in an industrial facility as a source of fuel are exempt from tax.

  REVENUE: N/A SECTION: 6358.1

B. Museums and Public Art Exhibits

- ART WORKS—Sales of original works of art are exempt from sales and use tax when purchased by any California state or local entity, or by certain nonprofit organizations under contract with such governmental entities, or by certain nonprofit organizations for public exhibit, or by persons for donation directly to any such governmental or nonprofit organization, if such works of art are purchased to become a part of the permanent collection of a museum or certain qualifying nonprofit organizations that regularly loan at least 85 percent of the value of their art collection to museums, or to this state or any local government entity which displays the art to the public in public places. Also, leases of original works of art are exempt from the use tax if both the lessor and lessee are nonprofit organizations qualified for exemption from state income tax pursuant to Section 23701d of the Revenue and Taxation Code or a nonprofit organization operating any public museum for, and pursuant to contract with, a governmental entity. In addition, works of art that are purchased to become part of the permanent collection of a governmental entity that leases from another governmental entity art for public display are exempt from tax.

  REVENUE: $300,000 SECTION: 6365

- MUSEUMS—Sales to and purchases by the state or a local government entity as part of a public art collection, a nonprofit museum regularly open to the public and operated by a local or state government entity, or operated by certain nonprofit organizations, are exempt from tax when the property is purchased to replace destroyed property used exclusively for display purposes. In addition, only property that has value as a museum piece and is purchased within three years from the date the original property was destroyed qualifies for exemption.

  REVENUE: Less than $100,000 SECTION: 6366.3

- SAN DIEGO AEROSPACE MUSEUM AND THE CALIFORNIA SCIENCE CENTER —The sale and use of museum display items and sprung instant structures used as temporary exhibit housing sold to or purchased by these museums are exempt from sales and use tax.

  REVENUE: Less than $100,000 SECTION: 6366.4

- AUXILIARY SERVICES TO MUSEUMS—Nonprofit associations and organizations that perform auxiliary services to any city or county museum in this state are consumers of property which they sell provided the profits are used for purposes of the organization.

  REVENUE: $400,000 SECTION: 6370.5

C. Nonprofit, Religious, and Educational Organizations

- NONPROFIT ORGANIZATIONS, PROMOTIONAL ITEMS—Until January 1, 2015, a qualifying nonprofit organization is a consumer of certain promotional items sold to its members when the cost to the member of the organization for the acquisition of the promotional item is not more than the cost to the nonprofit organization to obtain and transfer to the member the promotional item, including any applicable sales or use tax paid by the nonprofit organization.

  REVENUE: $0 SECTION: 6018.9

- VEHICLES LOANED TO UNIVERSITY EMPLOYEES—A retailer will not owe use tax on his or her full purchase price of vehicles loaned to any employee of the University of California or the California State University provided the vehicle is for the employee's exclusive use, the loan has been approved by the chancellor or president of the university, and it is demonstrated that the loan is not dependent on the retailer receiving any automotive-related business from the university. The retailer will instead owe tax on the fair rental value of the loaned vehicle for the period of the loan.

  REVENUE: N/A SECTION: 6202.7

- NONPROFIT VETERANS' ORGANIZATIONS—Such organizations are consumers of flags of the United States of America which they sell if profits are used solely for furtherance of the purposes of the organization.

  REVENUE: Less than $100,000 SECTION: 6359.3

- VENDING MACHINE SALES—Nonprofit, charitable or educational organizations are consumers of tangible personal property sold through vending machines for 15 cents or less. Library districts, municipal libraries, or county libraries and any vendor making sales pursuant to a contract with these libraries are consumers of, and shall not be considered the retailers of, photocopies which are sold at retail through coin-operated or card-operated copy machines located at a library facility.

  REVENUE: N/A SECTION: 6359.45

- YOUTH ORGANIZATION—The following organizations are consumers, rather than retailers, of food products, nonalcoholic beverages, and tangible personal property made or produced by members of the organization when those sales are made on an irregular or intermittent basis and the organization's profits from those sales are used exclusively in furtherance of the purposes of the organization: (1) any nonprofit organization which qualifies for tax exempt status under Section 501(c) of the Internal Revenue Code whose primary purpose is to provide a supervised program of competitive sports for youth or to promote good citizenship in youth and which does not discriminate on the basis of race, sex, nationality, or religion; (2) any youth group sponsored by or affiliated with a qualified educational institution, including, but not limited to, any student activity club, athletic group, or musical group; and (3) any Little League, Bobby Sox, Boy Scouts, Cub Scouts, Girl Scouts, Campfire, Inc., Young Men's Christian Association, Young Women's Christian Association, Future Farmers of America, Future Homemakers of America, 4-H Clubs, Distributive Education Clubs of America, Future Business Leaders of America, Vocational Industrial Clubs of America, Collegiate Young Farmers, Boys' Clubs, Girls' Clubs, Special Olympics, Inc., American Youth Soccer Organization, California Youth Soccer Association-North, California Youth Soccer Association-South, and Pop Warner Football.

  REVENUE: N/A SECTION: 6361

- "BUDDY POPPIES" AND SIMILAR LAPEL PINS—The sale and use of a "Buddy Poppy" or any other symbolic, impermanent lapel pin that memorializes United States Military veterans killed in foreign wars of the United States, by any corporation established by the United States Congress pursuant to Chapter 2301 (commencing with Section 230101) of Title 36 of the United States Code, or any of that corporation's subordinate state or territorial subdivisions, local chapters, posts, or auxiliaries, are exempt from tax.

  REVENUE: Less than $100,000 SECTION: 6360.1

- NONPROFIT ORGANIZATIONS, ARTISTIC OR HANDCRAFTED PROPERTY—A qualified nonprofit organization whose primary purpose is to provide services to children with severe emotional disturbances or individuals with developmental disabilities, and that does not discriminate on the basis of race, sex, nationality or religion, is a consumer of tangible personal property which it sells, provided that the property is of a handcrafted or artistic nature and is designed, created, or made by individuals with developmental disabilities or children with severe emotional disturbances who are members of, or receive services from, the organization. In order for the organization to qualify as a consumer, the price of each item sold must not exceed $20, and the profits from the sales must be used exclusively in furtherance of the purposes of the organization. In addition, the organization's sales must be made on an irregular or intermittent basis.

  REVENUE: Less than $100,000 SECTION: 6361.1

- SCHOOL YEARBOOKS AND CATALOGS—Public or private schools, school districts, county offices of education, or student organizations are consumers of yearbooks and catalogs prepared by or for them and distributed to students.

  REVENUE: N/A SECTION: 6361.5

- STUDENT MEALS—The sales and use of meals and food products are exempt from tax when sold or furnished to students by a public or private school, school district, student organization, parent-teacher association, and any blind vendor operating a restaurant or vending stand in an educational institution unless sold for consumption within a place subject to an admission charge except for national and state parks and monuments.

  REVENUE: N/A SECTION: 6363

- NONPROFIT ORGANIZATIONS, AUCTION SALES—The sale and use of tangible personal property that is sold to a successful bidder at an auction that is conducted no more than once in any 12-month period by a qualifying nonprofit organization are exempt from sales and use tax if the purpose of that auction is to obtain revenue for funding of a shelter for homeless individuals and families and those revenues obtained are actually used for that purpose.

  REVENUE: $100,000 SECTION: 6363.2

- NONPROFIT ORGANIZATIONS, THRIFT STORES—The sale and use of used clothing, household items, or other retail items sold by thrift stores operated by a qualifying nonprofit organization are exempt from tax until January 1, 2019, if the purpose of that thrift store is to obtain revenue for the funding of medical and social services to chronically ill individuals with HIV or AIDS and at least 75 percent of the net income derived from operations of the thrift store are expended for that purpose.

  REVENUE: $200,000 SECTION: 6363.3

- MILITARY DESIGNATED ENTITIES, THRIFT STORES—The sales and use of tangible personal property sold by a thrift store located on a military installation and operated by a specified designated entity are exempt from sales and use tax until January 1, 2024, provided the designated entity, in partnership with the United States Department of Defense, provides financial, educational, and other assistance to members of the armed forces of the United States, eligible family members, and survivors when in need.

  REVENUE: Less than $100,000 SECTION: 6363.4

- RELIGIOUS ORGANIZATIONS—The sale and use of meals and food products furnished or served by a religious organization at a social or other gathering conducted by it or under its auspices are exempt from tax if the proceeds are used to carry on the functions and activities of the organization.

  REVENUE: N/A SECTION: 6363.5

- MEALS DELIVERED TO HOMEBOUND ELDERLY AND DISABLED—The sale and use of meals that are delivered to homebound elderly or disabled persons by a nonprofit volunteer home delivery meal provider are exempt from tax.

  REVENUE: Less than $100,000 SECTION: 6363.7

- NONPROFIT VETERANS' ORGANIZATIONS—The sales and use of meals and food products furnished or served by any nonprofit veterans' organization at a social or other gathering conducted by it or under its auspices are exempt from tax if the proceeds are used to carry on the functions and activities of the organization

  REVENUE: $444,000 SECTION: 6363.8

- ENDANGERED AND THREATENED ANIMAL AND PLANT SPECIES—The sale and use of endangered and threatened animal and plant species are exempt from tax if both the seller and the purchaser are qualifying nonprofit zoological societies.

  REVENUE: N/A SECTION: 6366.5

- FRIENDS OF THE LIBRARY AND EQUIVALENT ORGANIZATIONS—Nonprofit associations commonly called The Friends of the Library and equivalent organizations performing auxiliary services to any library district, municipal library, or county library in the state, which are authorized to operate within the library by the governing authority of the library, are consumers of tangible personal property which they sell if the profits from the sales are used exclusively to further the organization's purposes.

  REVENUE: N/A SECTION: 6370

- PARENT-TEACHER ASSOCIATIONS—Nonprofit parent-teacher associations chartered by the California Congress of Parents, Teachers, and Students, Incorporated (PTA) or equivalent organizations authorized to operate within the school by the governing authority of the school are consumers of property which they sell if the profits are used exclusively to further the organization's purposes.

  REVENUE: N/A SECTION: 6370

- PARENT COOPERATIVE NURSERY SCHOOLS—Nonprofit parent cooperative nursery schools are consumers of property which they sell if the profits are used exclusively to further the organization's purposes.

  REVENUE: N/A SECTION: 6370

- CHARITABLE ORGANIZATIONS—The sale and use of property that is made, prepared, assembled, or manufactured by certain nonprofit charitable organizations that are engaged in relief of poverty and distress, and whose sales or donations are made to assist purchasers or donees, are exempt from sales and use taxes.

  REVENUE: N/A SECTION: 6375

- NONPROFIT ORGANIZATION, NEW CHILDREN'S CLOTHING—The sale and use of new children's clothing are exempt if sold to a qualifying nonprofit organization for distribution without charge to elementary schoolchildren.

  REVENUE: N/A SECTION: 6375.5

- DONATIONS—A seller's donation of property to a qualifying nonprofit organization located in California is exempt from use tax. If the donee is a qualifying nonprofit museum, the donee must use the donated property exclusively for display purposes.

  REVENUE: N/A SECTION: 6403

- PROPERTY LOANED TO EDUCATIONAL INSTITUTIONS—A retailer's loan of property to any school district for an educational program is exempt from use tax. In addition, a retailer's loan of a vehicle to a California State College or the University of California, or to an accredited private or parochial secondary school for use in a qualified driver education program, is exempt from use tax. A retailer's loan of a vehicle to a veteran's hospital or such other nonprofit facility or institution to provide instruction in specially equipped vehicles to disabled veterans is also exempt from use tax.

  REVENUE: N/A SECTION: 6404

D. Other

- POLLUTION CONTROL FACILITY—The transfer of title to property constituting any project or pollution control facility by the California Pollution Control Financing Authority is not a "sale" or "purchase" for purposes of sales and use tax when the transfer or lease is made pursuant to certain provisions of the Health and Safety Code.

  REVENUE: N/A SECTION: 6010.10

- ITINERANT VETERAN VENDORS—A qualified itinerant veteran vendor is a consumer of tangible personal property owned and sold by him or her, except alcoholic beverages and tangible personal property sold for more than $100, until January 1, 2022, provided (1) the qualified itinerant vendor was a member of the United States Armed Forces, who received an honorable discharge or a release from active duty under honorable conditions from service, (2) the vendor is unable to obtain a livlihood by manual labor due to a service-connected disability, (3) for the purposes of selling tangible personal property, the vendor is a sole proprietor with no employees, and (4) the vendor has no permanent place of business in this state. These provisions do not apply to caterers or vending machine operators.

  REVENUE: Less than $100,000 SECTION: 6018.3

- BRACELETS, PRISONERS OF WAR—Charitable organizations which qualify for the welfare exemption from property taxation are consumers of bracelets designed to commemorate American prisoners of war where profits are used solely in furtherance of the purposes of such organizations.

  REVENUE: None SECTION: 6360

- MEALS, LOW-INCOME ELDERLY—The sale of meals and food products is exempt from tax when furnished to low-income elderly persons at or below cost by a nonprofit organization or government entity under a program funded by this state or the United States.

  REVENUE: Less than $100,000 SECTION: 6374

- MEALS, ELDERLY CONDOMINIUM RESIDENTS—The sale of meals and food products furnished on a regular basis and consumed by persons 62 years and older who reside in a condominium, is exempt when such persons own equal shares in a common kitchen facility.

  REVENUE: Less than $100,000 SECTION: 6376.5

- OUT-OF-STATE PURCHASES BY MILITARY MEMBERS AND OTHERS—Until January 1, 2019, purchases of tangible personal property by U.S. Armed Forces members, U.S. Armed Forces and National Guard active duty reserves, their spouses, and registered domestic partners are exempt from use tax when those purchases were made outside California prior to the report date on official transfer orders to this state. This exemption does not apply, however, to purchases of vehicles, vessels or aircraft.

  REVENUE: Insignificant SECTION: 6412

III. INDUSTRY BENEFIT—Exemptions and special tax treatments that benefit various industry groups.

A. Transportation Related Industry

- VESSELS—Sales of vessels of more than 1,000 tons burden are exempt from tax if sold by the builder.

  REVENUE: None SECTION: 6356

- MOTOR VEHICLE FUEL—Tax does not apply to the sale or use of motor vehicle fuel (except aircraft jet fuel) used in propelling aircraft if such fuel is subject to the Motor Vehicle Fuel Tax. The fuel tax is included in the price of motor vehicle fuel when purchased but is not due when the fuel is used in aircraft. Sales tax is not paid on the sale of such fuel but the purchaser may obtain refund of fuel tax less sales tax liability which becomes due if the motor vehicle fuel tax is refunded.

  REVENUE: N/A SECTION: 6357

- FUEL SOLD TO AIR COMMON CARRIERS—Sales of fuel and petroleum products are exempt from sales tax when sold for immediate consumption by an air common carrier on a flight whose final destination is a point outside the United States. To qualify for this exemption, the air common carrier must furnish the seller with a properly executed exemption certificate.

  REVENUE: $190.6 million SECTION: 6357.5

- HOT PREPARED FOOD SOLD TO AIR CARRIERS—Sales of hot prepared food products to airlines and sales to passengers by such airlines engaged in interstate or foreign commerce are exempt from tax.

  REVENUE: N/A SECTION: 6359.1

- AIRCRAFT AND COMPONENT PARTS SALES: COMMON CARRIERS, FOREIGN GOVERNMENTS, NONRESIDENTS—Sales of aircraft to common carriers, to foreign governments for use outside California, and to nonresidents of this state who make no use of the aircraft in this state except to remove it, are exempt from tax. Only usage during the first twelve months is considered to determine if the transaction qualifies for exemption as a sale to a common carrier. In addition, the sale and use of property becoming a component part of such aircraft as a result of the maintenance, repair, overhaul, or improvement of that aircraft in compliance with Federal Aviation Administration requirements, and any charges made for the labor and services rendered with respect to that maintenance, repair, overhaul, or improvement are exempt from tax.

  REVENUE: $18.7 million SECTION: 6366

- AIRCRAFT LEASES AND COMPONENT PARTS: COMMON CARRIERS, FOREIGN GOVERNMENTS, NONRESIDENTS—The sale of an aircraft is exempt if leased to lessees using the aircraft as common carriers, or to any foreign government as lessees who use the aircraft outside California, or leased to lessees who are not residents of this state who will not use the aircraft in this state except for removal. In addition, the sale of property to an aircraft manufacturer is exempt if the property is incorporated into aircraft to be leased by the manufacturer to such persons or entities. Also, the sale and use of property becoming a component part of such aircraft as a result of the maintenance, repair, overhaul, or improvement of that aircraft in compliance with Federal Aviation Administration requirements, and any charges made for the labor and services rendered with respect to that maintenance, repair, overhaul, or improvement are exempt from tax.

  REVENUE: N/A SECTION: 6366 and 6366.1

- GROUND CONTROL STATIONS—The sale of a ground control station, as defined, to any foreign government for use by that government outside California or to any person who is not a California resident and who will not use that ground control station in California other than in removing it outside this state is exempt from tax.

  REVENUE: N/A SECTION: 6366

- NEW VEHICLES, FOREIGN RESIDENT—The sale of a new motor vehicle manufactured in the United States and sold to a resident of a foreign country who arranged for the purchase through an authorized vehicle dealer in the foreign country prior to arriving in the United States is exempt from tax, provided 1) the purchaser is issued an in-transit permit pursuant to the Vehicle Code, and 2) prior to the expiration of the permit, the retailer ships or drives the vehicle to a point outside the United States by the retailer's facilities or by delivery to a carrier, customs broker or forwarding agent for shipment to that point.

  REVENUE N/A SECTION: 6366.2

- WATERCRAFT—The sale, use, or lease of watercraft and component parts thereof sold or leased for use in interstate or foreign commerce, or for use in commercial deep sea fishing outside California's territorial waters, is exempt from tax. Only the operational use, excluding storage or repair, during the first twelve months is considered to determine if the exemption applies. Usage of the watercraft after the first twelve months does not affect the exemption. Tax does not apply to the sale or use of watercraft functionally used 80 percent or more of the time in the transporting for hire of property or persons to vessels or offshore drilling platforms located outside the territorial waters of this state.

  REVENUE: N/A SECTIONS: 6368 and 6368.1

- RAIL FREIGHT CARS—The sale or lease of rail freight cars used in interstate or foreign commerce is exempt from tax.

  REVENUE: N/A SECTION: 6368.5

- PUBLIC PASSENGER TRANSPORTATION VEHICLES —The sale and purchase of public passenger transportation vehicles when purchased by a transit authority, special district, or governmental entity at the end of a lease or sublease pursuant to any exercise of a purchase option under the lease or sublease are exempt from sales and use tax under specified conditions.

  REVENUE: N/A SECTION: 6368.9

- COMMON CARRIERS—Sales of tangible personal property, other than fuel and petroleum products, to a common carrier for use in its business as a common carrier are exempt from tax when the seller ships the property to a destination outside California via the facilities of the purchasing common carrier under a bill of lading, and the purchasing common carrier makes no use of the property until after delivery to the out-of-state destination. The seller must accept and retain an exemption certificate from the purchasing carrier. The same exemption applies to sales to foreign common carriers for use in their business as common carriers after the delivery to the first foreign destination. An exemption certificate is also required for this exemption, but a bill of lading is not.

  REVENUE: N/A SECTION: 6385

- WATER COMMON CARRIERS—The sale of fuel and petroleum products is exempt from sales tax when sold to a water common carrier for immediate shipment outside this state for consumption in the conduct of its business as a common carrier after its first out-of-state destination. To qualify for the exemption, the common carrier must furnish the seller a properly executed exemption certificate. This provision will expire January 1, 2024, unless extended by legislation.

  REVENUE: $88.5 million SECTION: 6385

- NEW VEHICLES, OUT-OF-STATE DEALER—The sale of a new truck or trailer with an unladen weight of 6,000 pounds or more, or a new trailer coach or auxiliary dolly, purchased from an out-of-state dealer for use outside California is exempt from sales tax if the property is delivered to the purchaser in California by the manufacturer, and the purchaser removes such vehicle out of state within 30 days.

  REVENUE: N/A SECTION: 6388

- NEW TRAILERS, INTERSTATE OR OUT-OF-STATE USE—The sale of a new trailer or semitrailer with an unladen weight of 6,000 pounds or more which is purchased for use outside California, or for use exclusively in interstate or foreign commerce, or both, but delivered to the purchaser inside this state is exempt from tax if: the vehicle is manufactured outside this state and the purchaser removes the property from California within 30 days of delivery, or the vehicle is manufactured in California and the purchaser removes the vehicle from California within 75 days of delivery.

  REVENUE: N/A SECTION: 6388.5

- TRAILERS OR SEMITRAILERS, NEW OR USED—When a new or used trailer or semitrailer is moved or operated laden in accordance with a one-trip permit issued pursuant to Section 4003.5, the use is exempt from use tax.

  REVENUE: N/A SECTION: 6410

- COMPONENT PARTS OF RAILROAD EQUIPMENT—When component parts of any railroad equipment that is owned or used by a common carrier engaged in interstate or foreign commerce are purchased outside this state in the course of repairing, cleaning, altering, or improving that railroad equipment outside this state, the use is exempt from use tax. In addition, any related charges for labor or services rendered outside this state in the course of repairing, cleaning, altering, or improving that railroad equipment are also exempt from use tax.

  REVENUE: $200,000 SECTION: 6411

B. Entertainment Industry

(1) EXEMPTIONS:

- MASTER RECORDS AND TAPES—The sale and lease of master records or tapes is exempt from tax except for the actual tangible personal property physically incorporated and sold.

  REVENUE: N/A SECTION: 6362.5

(2) EXCLUSIONS:

- LEASE OF MOTION PICTURE AND TELEVISION FILMS AND TAPES—Leases of motion pictures, animated motion pictures, and television films and tapes (except video cassettes, tapes, and discs leased for private use under which the lessee does not obtain the right to license or broadcast) do not constitute sales. The lessor is the consumer of such tangible personal property it leases.

  REVENUE: $63.2 million SECTIONS: 6006 and 6010

- MOTION PICTURE PRODUCTION PARTNERSHIPS—When certain persons form partnerships to reduce the cost of producing motion pictures through sharing of equipment and other assets, the furnishing of such property, without the transfer of title, by the partnership to its members for the purpose of producing motion pictures does not constitute a "sale." The partnership is the consumer of any such property.

  REVENUE: N/A SECTION: 6010.4

- QUALIFIED MOTION PICTURES AND QUALIFIED PRODUCTION SERVICES—For sales and use tax purposes, "sale" and "purchase" do not include the following: 1) any transfer of any qualified motion picture or any interest or rights therein when the transfer is prior to the date that the qualified motion picture is exhibited or broadcast to its general audience, and (2) the performance of qualified production services, as defined, in connection with the production of any qualified motion picture, as defined.

  REVENUE: N/A SECTION: 6010.6

- ART TRANSFERRED FOR ENTERTAINMENT—For sales and use tax purposes, "sale" and "purchase" do not include transfers of original drawings, sketches, illustrations, or paintings by an artist or designer at a social gathering for entertainment purposes if *all* of the following conditions are met:

- Eighty percent or more of the drawings, sketches, illustrations, or paintings are delivered by the artist or designer to someone other than the purchaser.

- Eighty percent or more of the drawings, sketches, illustrations, or paintings are provided to someone other than the purchaser, at no cost to the person who becomes the owner of the drawings or sketches.

- The charge for the drawings, sketches, illustrations or paintings is based on a preset fee, and that fee is contingent upon a minimum number of at least three drawings, sketches, illustrations or paintings to be created by the artist or designer at the social gathering.

  REVENUE: Less than $100,000 SECTION: 6010.30

C. Petroleum Industry

- FUNGIBLE GOODS—When property purchased for resale is commingled with property not purchased for resale so that specific property can no longer be identified, sales from that commingled property will be considered sales of property purchased for resale until the quantity sold equals the quantity purchased for resale. Also, property withdrawn from such a commingled inventory for use is considered to be from property not purchased for resale until the quantity consumed equals the quantity not purchased for resale. Therefore, a person who self-produces property and also purchases similar property for resale will not be required to pay use tax if the quantity of such property the person uses does not exceed the quantity self-produced (except with respect to the cost of any raw materials purchased for resale using the same method of reporting). Without specific legislation, such withdrawal of property for use would be taxed on a proration basis. The petroleum industry is the main beneficiary of this provision, but producers of steel rebar, quarry rock, and other self-produced property also benefit.

  REVENUE: N/A SECTIONS: 6095 and 6245

D. Manufactured Housing and Buildings

(1) EXEMPTIONS:

- FACTORY-BUILT SCHOOL BUILDINGS—Partial exemption which excludes from tax sixty percent (60%) of the sales price of factory-built school building to the consumer.

  REVENUE: N/A SECTION: 6012.6

- FACTORY-BUILT HOUSING—Partial exemption which excludes from tax sixty percent (60%) of the sales price of factory-built housing to the consumer.

  REVENUE: N/A SECTION: 6012.7

- NEW MOBILEHOMES—Partial exemption for sales of new mobilehomes installed for occupancy as a residence when the mobilehome is thereafter subject to real property taxation. The tax on sales of such mobilehomes is based on seventy-five percent (75%) of the cost of the mobilehome to the retailer who, for sales and use tax purposes, is generally considered to be the consumer. The subsequent sale of a mobilehome that qualified for this special treatment is exempt.

  REVENUE: N/A SECTIONS: 6012.8 and 6012.9

- USED MOBILEHOMES—When a used mobilehome that is subject to vehicle license fees is sold between private parties, or in a brokerage transaction, tax applies to the retail value of the used mobilehome as determined in accordance with an approved value guide, or the actual sales price, whichever is less.

  REVENUE: N/A SECTIONS: 6012.2 and 6276.1

- Sales of used mobilehomes subject to local property taxation are exempt from the imposition of sales and use taxes whether sold in a private party transaction or by a retailer.

  REVENUE: N/A SECTION: 6379

- USED FLOATING HOMES—Tax does not apply to sales of used floating homes subject to local property taxation whether sold in a private party transaction or by a retailer.

  REVENUE: N/A SECTION: 6379

(2) EXCLUSIONS:

- LEASES OF MOBILE HOMES—A lease of a mobile home is not a taxable lease if the mobile home is subject to property taxation.

  REVENUE: N/A SECTIONS: 6006 and 6010

E. Leasing Industry

(1) EXEMPTIONS:

- MASS COMMUTING VEHICLES—"Sale" and "Purchase" do not include any transfer of qualified mass commuting vehicles such as a bus, subway car, rail car, or similar equipment, pursuant to certain safe harbor lease arrangements.

  REVENUE: N/A SECTION: 6010.11

- SALE AND LEASEBACK ARRANGEMENTS—For sales and use tax purposes, "sale" and "purchase" do not include any transfer of title to, nor any lease of, tangible personal property pursuant to an acquisition sale and leaseback. An acquisition sale and leaseback is a sale by a person and leaseback to that person of tangible personal property where (1) that person has paid California sales tax reimbursement or use tax with respect to that person's purchase of the property, and (2) the acquisition sale and leaseback is consummated within 90 days of that person's first functional use of the property.

  REVENUE: N/A SECTION: 6010.65

(2) EXCLUSIONS:

- LEASES OF PROPERTY PURCHASED TAX-PAID—When California tax or tax reimbursement is timely paid on the purchase price of tangible personal property and the property is leased in substantially the same form as acquired by lessor, the lease receipts are not taxable. In addition, leases of property acquired in a transfer of substantially all assets of a business when ownership remains substantially the same, and leases of property acquired by will or the laws of succession, are not taxable if the previous owner timely paid California tax or tax reimbursement on the original purchase price and the property is leased in substantially the same form as acquired by the previous owner. Persons that acquire property to be leased without payment of tax or tax reimbursement measured by the purchase price may elect to report tax on cost. If they do not make a timely election to report tax on cost, tax will be due on the rentals.

  REVENUE: N/A SECTIONS: 6006 and 6010

- VEHICLES SOLD TO LESSEE—Normally the sale of a vehicle by a lessor to a lessee is subject to tax. However, it is rebuttably presumed that if the lessee transfers the vehicle to a third party within ten days from the date the lessee acquired title from the lessor at the lease termination, the sale by the lessor is a nontaxable sale for resale, and no tax would be due for the interim ten day period.

  REVENUE: N/A SECTION: 6277

- RENTALS OF LINEN SUPPLIES—A person leasing linen supplies and similar articles who furnishes the recurring service of laundering or cleaning such linen supplies and similar articles is the consumer of tangible personal property provided, and tax applies to the purchase of such items.

  REVENUE: $59.6 million SECTIONS: 6006 and 6010

- LEASES OF MOBILE TRANSPORTATION EQUIPMENT—Certain property such as trucks, aircraft, and large vessels are classified as mobile transportation equipment (MTE). The lease of MTE is never a sale, and a person who purchases MTE for purposes of leasing is always the consumer of the MTE. However, a person who purchases MTE solely for purposes of leasing may elect to pay tax on the fair rental value of such MTE if the election is made timely. If the lessor makes such an election rather than paying tax on purchase price, tax is due on fair rental value whether the property is inside or outside California.

  REVENUE: N/A SECTIONS: 6006, 6010, 6094 and 6244

- LEASE, CERTAIN PROPERTY EXCLUDED—"Lease" does not include use of property for less than one day for a charge of less than twenty dollars ($20) when the privilege of use is restricted to the premise or other business location of the grantor of use. Examples of such property are pool tables, coin operated amusement devices, golf carts, etc. The grantor of such use is the consumer of the property.

  REVENUE: N/A SECTION: 6006.3

- PASSENGER TRANSPORTATION VEHICLES—The Department of Transportation is a consumer of, rather than a retailer of passenger transportation vehicles, including but not limited to, rail passenger cars, locomotives, other rail vehicles, bus and van fleets, and ferryboats, which it sells and leases back pursuant to a certain type of safe harbor lease.

  REVENUE: N/A SECTIONS: 6018.8 and 6368.7

- LEASES OF PROPERTY ACQUIRED IN AN OCCASIONAL SALE—The lease of property acquired in an exempt occasional sale, other than mobile transportation equipment, is generally a taxable continuing sale. The lessor, however, may instead elect to report tax measured by its purchase price. For property acquired in the transfer of substantially all assets of a business with substantially similar ownership, the purchase price for this purpose is considered the same as the purchase price of the original purchaser.

  REVENUE: N/A SECTION: 6094.1

- RENTAL RECEIPTS SUBJECT TO USE TAX OR FROM PROPERTY OUTSIDE STATE—Rentals payable under a lease of tangible personal property are exempt from sales tax when the rental receipts are required to be included in the measure of use tax or where the rental property is located outside this state. The exemption does not apply to leases of mobile transportation equipment, with respect to which a lessor who has elected to pay tax on the fair rental value must report and pay tax on that basis whether the mobile transportation equipment is inside or outside this state.

  REVENUE: N/A SECTION: 6390

F. Other Industry or General Business Exemptions and Exclusions

(1) EXEMPTIONS:

- OCCASIONAL SALE OF BUSINESS—A person's sale of all or substantially all its tangible personal property is exempt from tax provided that after the sale the real or ultimate ownership of the property is substantially similar to that which existed before the sale. "Substantially all the property" means 80 percent or more of all the tangible personal property, whether inside or outside this state, which is held or used in the course of any activities of that person which require the holding of a seller's permit, or which would require the holding of a seller's permit if the activities were conducted in this state. The real or ultimate ownership is "substantially similar" to that which existed before the sale if 80 percent or more of that ownership of the tangible personal property is unchanged after the transfer. For purposes of this exemption only, stockholders, bondholders, partners, or other persons holding an ownership interest rather than a security interest in the corporation or other entity are regarded as having the real or ultimate ownership of the property of the corporation or other entity.

  REVENUE: N/A SECTIONS: 6006.5 and 6367

- HAY PRODUCERS—Tax does not apply to the final sale of tangible personal property, other than hay, by producers of hay, provided the sale is not one of a series of sales sufficient in number, scope or character to constitute an activity for which the producer would be required to hold a seller's permit if the producer was not also selling hay.

  REVENUE: N/A SECTIONS: 6006.5 and 6367

- VEHICLES, SUBSTANTIALLY SAME OWNERSHIP—The only occasional sale exemption for sales of vehicles, vessels, and aircraft is for sales of such property as part of the sale of all or substantially all the assets of a business (whether those assets are inside or outside this state) when the ownership of the property remains substantially similar to that which existed before the sale.

  REVENUE: N/A SECTION: 6281

- CALIFORNIA GOLD MEDALLIONS—The sale or use of commemorative "California Gold" medallions is exempt from the sales and use tax.

  REVENUE: Less than $100,000 SECTION: 6354

- MONETIZED AND NONMONETIZED BULLION AND NUMISMATIC COINS—Sales in bulk (market value of $1,000 or more, subject to adjustment based on inflation) of monetized bullion, nonmonetized gold or silver bullion, and numismatic coins are exempt from tax when those sales are substantially equivalent to transactions in securities or commodities.

  REVENUE: N/A SECTION: 6355

- DIESEL FUEL USED IN FARMING ACTIVITIES AND FOOD PROCESSING—Sales and purchases of diesel fuel are exempt from the 5.5 percent state sales and use tax when that fuel is consumed during the activities of a farming business as set forth in Internal Revenue Code 263A or food processing. Farming business activities include transporting farm products to the marketplace.

  REVENUE: $48.0 million SECTION: 6357.1

- FARM EQUIPMENT AND MACHINERY—Sales and purchases of farm equipment, machinery, and their parts are exempt from the 5.5 percent state sales and use tax when sold to or purchased by qualified persons who are engaged in the business of producing and harvesting agricultural products, as identified in Standard Industrial Classification Codes, or when sold to qualified persons that assist those so identified.

  REVENUE: $139.7 million SECTION: 6356.5

- TIMBER HARVESTING EQUIPMENT—Sales and purchases of equipment, machinery and their parts designed primarily for off-road use in commercial timber harvesting are exempt from the 5.5 percent state sales and use tax when sold to or purchased by a qualified person engaged in commercial timber harvesting operations.

  REVENUE: $2.0 million SECTION: 6356.6

- GASOLINE—The sale and purchase of gasoline is exempt from the 5.25 percent state sales and use tax.

  REVENUE: $2,700 million SECTION: 6357.7

- POULTRY LITTER—The sale and use of wood shavings, sawdust, rice hulls, or other products used as litter in poultry and egg production and ultimately resold or incorporated into fertilizer products are exempt from the sales and use tax.

  REVENUE: N/A SECTION: 6358.2

- RACEHORSE BREEDING STOCK—Sales and purchases of racehorse breeding stock are exempt from the 5.5 percent state sales and use tax. "Racehorse breeding stock" means a horse that is capable of reproduction and for which the purchaser states that it is the purchaser's sole intent to use the horse for breeding purposes.

  REVENUE: $200,000 SECTION: 6358.5

- ICE OR DRY ICE—The sale of ice or dry ice used in packing and shipping or transporting food products for human consumption is exempt from the sales and use tax when the food products are shipped or transported in intrastate, interstate, or foreign commerce by common carriers, contract carriers, or proprietary carriers.

  REVENUE: N/A SECTION: 6359.7

- CARBON DIOXIDE—The sale of carbon dioxide is exempt from sales tax when it is used in packing and shipping or transporting fruits and vegetables for human consumption when those fruits and vegetables are not sold to the ultimate consumer in a package containing the carbon dioxide. The sale of any nonreturnable materials used to contain the qualifying carbon dioxide atmosphere are also exempt from sales tax.

  REVENUE: $600,000 SECTION: 6359.8

- NEWSPAPERS AND PERIODICALS—The sale of newspapers and periodicals distributed without charge and regularly issued at average intervals not exceeding three months, including component parts and ingredients thereof, are exempt from tax.

  REVENUE: N/A SECTION: 6362.7

  The sale of newspapers or periodicals issued at average intervals not exceeding three months which are published or purchased by specified nonprofit organizations are exempt from tax when those newspapers and periodicals: are distributed to the members of an IRC §501(c)(3) organization in consideration of payment of the organization's membership fee, or to the organization's contributors; are published by an IRC §501(c)(3) organization that does not receive revenue from or accept any commercial advertising; or, are distributed by any nonprofit organization which distributes the publications to any member of the nonprofit organization in consideration, in whole or in part, of payment of the organization's membership fee, where the cost of printing the newspaper or periodical to the nonprofit organization is less than 10 percent of the membership fee attributable to the period for which the newspaper or periodical is distributed.

  REVENUE: N/A SECTION: 6362.8

- PERIODICALS—Sales of periodicals that appear at stated intervals of at least 4 times per year but not more than 60 times per year, and their ingredient and component parts, are exempt from the sales and use tax when the periodical is sold by subscription and delivered by mail or common carrier.

  REVENUE: $24.9 million SECTION: 6362.7

- MANUFACTURING AND RESEARCH AND DEVELOPMENT EQUIPMENT—On or after July 1, 2014, and before July 1, 2022, sales, purchases, and leases of manufacturing and research and development equipment are exempt from the 4.1875 percent state sales and use tax when sold to or purchased by qualifying manufacturers and certain research and developers for use primarily in manufacturing or research and development activities.

  REVENUE: $637 million SECTION: 6377.1

- PRINTED SALES MESSAGES—The sale and use of printed material consisting substantially of sales messages for goods and services are exempt from sales and use tax if the material is 1) printed to the special order of the purchaser, 2) mailed or delivered by the seller, the seller's agent, or a mailing house, acting as the agent for the purchaser, through the United States Postal Service or by common carrier, and 3) delivered to any other person at no cost to that person who becomes the owner of the printed material.

  REVENUE: $43.0 million SECTION: 6379.5

- CONTAINERS—The sale or use of the following containers is exempt from tax: nonreturnable containers when sold to persons who place the contents in such containers for subsequent sale; containers when sold with contents whose sale is exempt from tax; returnable containers when sold with the contents or when resold for refilling; and any container, when sold without the contents to persons who place food products for human consumption in the container for shipment, provided the food products will be sold, whether in the same container or not, and whether the food products are remanufactured or repackaged prior to sale. Items such as twine, gummed tape, and wrapping materials are considered to be included in the term "container."

  REVENUE: N/A SECTION: 6364

- TELEPRODUCTION AND POST PRODUCTION EQUIPMENT—The sale of teleproduction and post production equipment to businesses primarily engaged in teleproduction and post production activities (as described in Code 512191 of the North American Industry Classification System Manual) is exempt from the 5.5 percent state sales and use tax when that property is used 50 percent or more in those activities, subject to specified conditions.

  REVENUE: $18.9 million SECTION: 6378

- SPACE FLIGHT PROPERTY—The sale or use of specified qualified property for use in space flight, including an orbital space facility, space propulsion system, space vehicle, satellite, or space station of any kind, or any property which is placed or used aboard any such system, including fuel adapted and used exclusively for space flight is exempt from sales and use tax.

  REVENUE: N/A SECTION: 6380

- CONSTRUCTION CONTRACTS TO BE PERFORMED OUTSIDE CALIFORNIA—A sale of property to a construction contractor who holds a valid California seller's permit is exempt from sales tax when the property is used by the purchaser outside of this state in the performance of a contract to improve real property and, as a result of such use, is incorporated into and becomes a part of real property located outside of this state. This exemption applies only if the purchaser certifies in writing to the seller at the time of purchase that the property will be used in a manner qualifying for the exemption.

  REVENUE: N/A SECTION: 6386

- MAILING LISTS—Charges for the transfer or use of mailing lists are exempt from the sales and use tax when the contract restricts the transferee or user to use of the mailing list one time only. Such lists may be in the form of gummed labels, index cards, magnetic tape or similar devices or means of communication.

  REVENUE: $1.4 million SECTION: 6379.8

(2) EXCLUSIONS:

- STORAGE AND USE EXCLUSION—The keeping or retention of property for sale in the regular course of business is not a use. In addition, the keeping or retention of property for purpose of subsequent transportation outside California for use solely outside the state is not a "use." Therefore, no tax applies with respect to property purchased outside California and brought into the state solely for subsequent transportation to an out-of-state point for use thereafter by the purchaser solely outside California.

  REVENUE: N/A SECTIONS: 6008, 6009 and 6009.1

- PRINTING MATERIALS—The fabrication or transfer by a typographer of composed type or reproduction proofs for use in preparing printed matter is excluded from the definition of a "sale" and "purchase." Also, the fabrication or transfer of such reproduction proofs or impressed mats is not subject to tax when the fabrication is for, or the transfer is to, a printer or publisher for use in printing.

  REVENUE: N/A SECTION: 6010.3

- CUSTOM COMPUTER PROGRAMS—The transfer of custom programs, other than a basic operational program, and separate charges for custom modifications to existing prewritten programs are excluded from the definition of a "sale" and "purchase."

  REVENUE: $374.2 million SECTION: 6010.9

- PET ADOPTIONS AND RELATED SERVICES—For sales and use tax purposes, "sale" and "purchase" do not include transfers by a city, city and county, county, or other local government animal shelter or nonprofit animal welfare organization of any animal to an individual for use as a pet, or any charges made by the government shelter or nonprofit organization for services in connection with the transfer of that animal, including, the spaying or neutering or future spaying or neutering of the animal, or any vaccination, future vaccination, or similar service. This exclusion applies only to transfers of pets by organizations that are formed and operated for the primary purpose of prevention of abuse, neglect, or exploitation of animals, and that qualifies for an exemption from income tax pursuant to Section 23701(d) of the Revenue and Taxation Code.

  REVENUE: N/A SECTION: 6010.40

- ENDANGERED AND THREATENED ANIMALS AND PLANTS—Transfers of any endangered or threatened animal or plant species acquired or disposed of through a trade or exchange between nonprofit zoological societies or between a member of the American Zoo and Aquarium Association and a nonprofit zoological society are excluded from the definition of "sale" and "purchase."

  REVENUE: N/A SECTION: 6010.50

- EXCISE TAX ON FUEL—Sales tax does not apply to the federal excise tax on diesel fuel or aviation fuel when the purchaser certifies that he or she is entitled to either a direct refund or credit against his or her income tax for the federal excise tax paid.

  REVENUE: N/A SECTIONS: 6011 and 6012

- TRANSPORTATION OF LANDFILL—The amount charged for transporting landfill from an excavation site to a site specified by a purchaser is not subject to sales and use tax if (1) the charge is separately stated and is reasonable or (2) the entire amount charged relates to transportation.

  REVENUE: N/A SECTIONS: 6011 and 6012

- CONSUMER COOPERATIVES—Tax does not apply to membership fees, and labor performed in lieu of such fees, for organizations engaged in business for the mutual benefit of its shareholders, and which are composed of ultimate producers or consumers. Certain other restrictions apply.

  REVENUE: N/A SECTIONS: 6011.1 and 6012.1

- VETERINARIANS—Licensed veterinarians are generally consumers of, rather than retailers of, drugs and medicines which they use or furnish in the performance of their professional services. However, tax does not apply to licensed veterinarians of drugs or medicines which are purchased to be administered: (1) to animal life as an additive to feed or drinking water of food animals or of other animals which are being held for resale in the regular course of business, and the primary purpose of those drugs or medicines is the prevention and control of disease, or (2) directly to food animals and the primary purpose of the drugs or medicines is the prevention or control of disease.

  REVENUE: N/A SECTIONS: 6018.1, 6358 and 6358.4

- ALTERATIONS OF GARMENTS—A person who receives at least 75 percent of his or her total gross receipts from garment cleaning or dyeing services and no more than 20 percent of his or her total gross receipts from altering garments during the preceding calendar year is a consumer of tangible personal property which he or she will use or furnish in altering new or used clothing in the following year. Sales tax does not apply to charges for those alterations.

  REVENUE: N/A SECTION: 6018.6

(3) OTHER:

- WORTHLESS ACCOUNTS—A retailer is relieved from sales tax liability for accounts found worthless and which are charged off for income tax purposes. If any such accounts are thereafter collected in whole or in part, the retailer must pay tax on the amount so collected. Special rules also apply to assignees of accounts receivable.

  REVENUE: $74.8 million SECTIONS: 6055 and 6203.5

- DEMONSTRATION AND DISPLAY—A purchaser may retain, demonstrate, and display property without incurring liability for tax as long as the property is being held for sale in the regular course of business.

  REVENUE: N/A SECTIONS: 6094 and 6244

- LOANS TO CUSTOMERS—A person will not owe use tax on that person's full purchase price of property loaned to customers as an accommodation while the customers' property is being repaired or while the customers await delivery of property they have purchased provided the loaned property is held for resale and is returned to resale inventory after the loan. The person will instead owe tax on the fair rental value of the loaned property for the period of the loan.

  REVENUE: N/A SECTIONS: 6094 and 6244

- USE OF PROPERTY HELD FOR SALE—If a person uses property frequently for demonstration and display while holding it for sale in the regular course of business and uses it partly for other purposes, the person owes tax on the fair rental value of the property for the period of such other use.

  REVENUE: N/A SECTIONS: 6094 and 6244

IV. EXCLUSIONS BY DEFINITION—Various types of property and business activities are excluded from the imposition of tax because of basic definitions contained in the Sales and Use Tax Law.

A. "Sales Price" and "Gross Receipts"

- CASH DISCOUNTS—Discounts taken on sales are excluded from the measure of tax. Manufacturers' coupons are rebates and do not reduce the measure of tax, but a retailer's own coupons qualify for exclusion as cash discounts.

  REVENUE: N/A SECTIONS: 6011 and 6012

- DIESEL AND USE FUEL TAX—Excise tax on diesel and alternative fuels imposed under the California Diesel Fuel Tax Law and the Use Fuel Tax Law is not included in the sales price subject to tax. California motor vehicle fuel license taxes and federal excise taxes on fuels such as gasoline are, however, included in the measure of tax.

  REVENUE: $40.0 million SECTIONS: 6011 and 6012

- FEDERAL EXCISE TAXES—The amount of any tax imposed by the United States on retail sales is not subject to sales or use taxes. However, federal taxes levied on property are included in the measure of tax if imposed at other than the retail level such as on manufacturers or wholesalers.

  REVENUE: N/A SECTIONS: 6011 and 6012

- INDIAN TRIBAL TAXES—The amount of any tax imposed by an Indian tribe within California with respect to a retail sale of tangible personal property measured by a stated percentage of the sales or purchase price, whether the tax is imposed upon the retailer or the consumer, is not subject to the use tax. However, this exclusion only applies to an Indian tribe that is in substantial compliance with California's sales and use tax laws.

  REVENUE: Less than $100,000 SECTIONS: 6011 and 6012

- INSTALLATION LABOR—Labor or service to install or apply property sold is not subject to tax, but the charges for other services in connection with a sale are subject to tax.

  REVENUE: N/A SECTIONS: 6011 and 6012

- INTANGIBLE PERSONAL PROPERTY—When a seller who holds a patent or copyright interest transfers property and assigns or licenses to another person pursuant to a technology transfer agreement the right to make and sell a product or to use a process that is subject to the patent or copyright interest, the amount charged for the value of intangible personal property in that agreement is not subject to sales and use tax.

  REVENUE: $75.3 million SECTIONS: 6011 and 6012

- LOCAL TAXES—Taxes imposed on retail sales by local governments and transit districts are excluded from the sales price for state sales and use taxation purposes.

  REVENUE: N/A SECTIONS: 6011 and 6012

- MOTOR VEHICLE, MOBILEHOME, OR COMMERCIAL COACH FEES AND TAXES—Taxes or fees imposed by the State of California added to or measured by the sales price of a motor vehicle, mobilehome, or commercial coach, such as DMV license fees, are not subject to sales or use tax.

  REVENUE: N/A SECTIONS: 6011 and 6012

- RETURNED MERCHANDISE—Amounts allowed by a retailer for returned merchandise are not subject to tax provided the full sales price and any amount designated as "sales tax" is returned to the customer, and the customer is not required to purchase a more expensive item in order to receive credit. The retailer may deduct actual expenses for rehandling and restocking without affecting this deduction.

  REVENUE: N/A SECTIONS: 6011 and 6012

- TAX-PAID PURCHASES RESOLD—A deduction is allowed a retailer who pays California tax or tax reimbursement on the purchase of property that is resold in California prior to any use.

  REVENUE: N/A SECTION: 6012

- TRANSPORTATION CHARGES—Separately stated charges for transportation from the retailer to its customer are not subject to tax if transported by common carrier and the amount charged is the cost of the transportation. In addition, reasonable charges for transportation by the retailer's facilities or for property sold for a delivered price are not taxable if separately stated and if title to the property passes to the purchaser prior to such transportation. Note, however, that title passes to the customer prior to transportation by the retailer's own facilities only if the seller and purchaser explicitly contract for such early passage of title.

  REVENUE: N/A SECTIONS: 6011 and 6012

B. Transactions Not Considered Sales or Purchases of Tangible Personal Property

- ADMISSION CHARGES—Fees charged for the use of amusement parks, theaters, sports events, golf courses, etc., are not subject to sales or use taxes because there is no exchange of tangible personal property.

- FINANCE CHARGES—Receipts for finance charges are for the use of money or other value transferred on credit. Therefore, such receipts are not subject to sales or use taxes even though the debt was incurred due to the transfer of tangible personal property.

- LODGING—Motel, hotel, apartment, house, duplex, and other charges for short-term or long-term use of real property are not subject to sales or use taxes since such charges do not constitute consideration for the sale or use of tangible personal property.

- REAL PROPERTY—Sales and purchases of land along with the structures thereon and their component parts, and other items permanently attached to the land sold are generally not subject to tax because such items do not fall within the definition of tangible personal property under the Sales and Use Tax Law.

- SECURITIES—The sale of stocks, bonds, and other securities including memberships in limited liability companies are not subject to sales or use taxes because they are not considered to be sales of tangible personal property.

- SERVICES—The sale of services where no tangible personal property is transferred or where the transfer of property is incidental, are not subject to sales and use taxes. Persons providing services are consumers of property used in their business activities. However, persons who engage in service operations are retailers of any supplies or other tangible personal property sold to their customers or clients, and tax applies to gross receipts from such sales. Certain services, however, are defined as sales of tangible personal property. For example, the fabrication of tangible personal property for a consumer is defined as a "sale" even when the consumer provides all the tangible personal property used to fabricate the end product.

- TRAVEL ACCOMMODATIONS—Charges for tickets to travel on aircraft, trains, ships, and other modes of transportation are not subject to sales or use tax.

C. Exclusion From The Term "Person"

- FOREIGN GOVERNMENTS—Foreign government entities are not "persons" for sales and use tax purposes. Sales by and purchases from such entities are not subject to sales or use tax. In addition, the use of property by the entities is not subject to use tax. However, sales to these entities in California are subject to sales tax except when a treaty requires an exemption.

  REVENUE: N/A SECTION: 6005

- STATE GOVERNMENTS—State government entities, other than California state and local government entities, are not "persons" for sales and use tax purposes. Sales by and purchases from such governmental entities are not subject to tax. The use of property in California by other states is not taxable. However, sales in California to other states are subject to sales tax.

  REVENUE: N/A SECTION: 6005

V. OTHER EXEMPTIONS, EXCLUSIONS, AND CREDITS

- CREDIT FOR TAX PAID TO OTHER STATES—Credit is allowed as an offset against a person's liability for California use tax on tangible personal property for any sales or use taxes imposed on that property and paid by that person to any other state, political subdivision thereof, or the District of Columbia.

  REVENUE: N/A SECTION: 6406

- DELIVERY TO EXPORT PACKERS—Sales of property purchased for use solely outside this state are exempt from sales tax if the property is delivered to a forwarding agent, export packer, or other person engaged in business of preparing goods for exportation, and the goods are delivered to a port outside the continental limits of the United States prior to any use.

  REVENUE: N/A SECTION: 6387

- INTERSTATE AND FOREIGN COMMERCE—Sales of property which, pursuant to the contract of sale, are shipped by the retailer to a point outside this state are exempt from tax. Generally, no exemption applies if the property is delivered to the purchaser or purchaser's representative in this state, even if the purchaser subsequently removes the property from this state.

  REVENUE: N/A SECTION: 6396

- OCCASIONAL SALES—A sale by (and purchase from) a person who is not engaged in a business requiring a seller's permit is exempt from sales and use taxes. These types of sales are "occasional" sales (some states have similar exemptions for "casual" sales). Generally, a person who makes three or more sales for substantial amounts in any period of 12 months is required to hold a seller's permit. A person who makes a substantial number of sales for relatively small amounts is also required to hold a seller's permit. (The 12 month test period can be the 12 months before the sale in question, the 12 months after the sale in question, or any other 12 month period in which the sale occurs.) A person holding two garage sales with no other sales in any 12 month period in which the garage sales are held are regarded as making exempt occasional sales. A business that is not required to hold a seller's permit would be making an occasional sale when making a single sale of its assets upon termination of its business. Such persons should be aware that making two or three sales in anticipation of final liquidation will generally result in all the sales being subject to sales tax.

  REVENUE: N/A SECTIONS: 6006.5 and 6367

- PURCHASES IN FOREIGN COUNTRIES—The first eight hundred dollars ($800) purchase price of tangible property purchased in a foreign country by an individual and personally hand carried into this state from the foreign country within any 30-day period is exempt from the use tax.

  REVENUE: N/A SECTION: 6405

- PURCHASES FROM UNITED STATES—The use of property purchased by a consumer from the United States, or any agency or instrumentality thereof, is exempt from use tax except when property has been declared "surplus property" pursuant to the Surplus Property Act of 1944.

  REVENUE: N/A SECTION: 6402

- SALE FOR RESALE—The sale of property purchased for subsequent sale in the regular course of business, and property purchased that will become a component part of such property, is not subject to tax provided the purchaser makes no use of it prior to its resale.

  REVENUE: N/A SECTIONS: 6007 and 6008

- UNITED STATES—Sales and leases to the United States or its incorporated agencies and instrumentalities, any incorporated agency or instrumentality wholly owned by the United States or by a corporation wholly owned by the United States, and sales to the American National Red Cross are exempt from sales tax.

  REVENUE: N/A SECTION: 6381

- VEHICLES, VESSELS, AND AIRCRAFT PURCHASED OUTSIDE CALIFORNIA—A presumption is made that if a vehicle, vessel, or aircraft is purchased outside of California, first functionally used outside of California, and brought into California more than 12 months after purchase, the vehicle, vessel, or aircraft was not purchased for use in California and use tax does not apply.

  REVENUE: N/A SECTIONS: 6248

- VEHICLES SOLD TO FAMILY—The sale and use of vehicles, vessels, and aircraft is exempt from tax when sold by the parent, grandparent, child, grandchild, spouse or registered domestic partner, or the brother or sister if the sale is between two minors, provided that the seller is not engaged in business of selling that type of property.

  REVENUE: N/A SECTION: 6285

INDEX A

* "Revenue lost" refers to revenue which is not realized due to the exemption or exclusion and includes both state and local revenue. The notation "minor" or "major" is shown for provisions that result in revenue loss of less than $100,000 or more than $10 million respectively, but for which no single revenue estimate could be made with an acceptable degree of confidence. Where the revenue impact is not known because the information is not available, "N/A" is noted.

	REVENUE LOST IN MILLION(S)*	SECTION(S)	PAGE
C. Nonprofit, Religious, and Educational Organizations			
Nonprofit Organizations, Promotional Items	$ 0	6018.9	5
Vehicles Loaned to University Employees	N/A	6202.7	5
Nonprofit Veterans' Organizations	Less than $ 0.1	6359.3	5
Vending Machine Sales	N/A	6359.45	5
Youth Organizations	N/A	6361	5
"Buddy Poppies" and Similar Label Pins	Less than $ 0.1	6360.1	5
Nonprofit Organizations, Artistic or Handcrafted Property	Less than $ 0.1	6361.1	6
School Yearbooks and Catalogs	N/A	6361.5	6
Student Meals	N/A	6363	6
Nonprofit Organizations, Auction Sales	$ 0.1	6363.2	6
Nonprofit Organizations, Thrift Stores	$ 0.2	6363.3	6
Military Designated Entities, Thrift Stores	Less than $ 0.1	6363.4	6
Religious Organizations	N/A	6363.5	6
Meals Delivered to Homebound Elderly and Disabled	Less than $ 0.1	6363.7	6
Nonprofit Veterans' Organizations	$ 0.4	6363.8	7
Endangered and Threatened Animal and Plant Species	N/A	6366.5	7
Friends of the Library and Equivalent Organizations	N/A	6370	7
Parent-Teacher Associations	N/A	6370	7
Parent Cooperative Nursery Schools	N/A	6370	7
Charitable Organizations	N/A	6375	7
Nonprofit Organization, New Children's Clothing	N/A	6375.5	7
Donations	N/A	6403	7
Property Loaned to Educational Institutions	N/A	6404	7
D. Other			
Pollution Control Facility	N/A	6010.10	8
Itinerant Veteran Vendors	Less than $ 0.1	6018.3	8
Bracelets, Prisoners of War	None	6360	8
Meals, Low-Income Elderly	Less than $ 0.1	6374	8
Meals, Elderly Condominium Residents	Less than $ 0.1	6376.5	8
Out-of-State Purchases by Military Members and Others	Insignificant	6412	8
III. INDUSTRY BENEFIT			
A. Transportation Related Industry			
Vessels	None	6356	8
Motor Vehicle Fuel	N/A	6357	8
Fuel Sold to Air Common Carriers	$ 190.6	6357.5	8
Hot Prepared Food Sold to Air Carriers	N/A	6359.1	8
Aircraft and Component Parts Sales: Common Carriers, Foreign, Governments, Nonresidents	$ 18.7	6366	9

	REVENUE LOST IN MILLION(S)*	SECTION(S)	PAGE
Aircraft Leases and Component Parts: Common Carriers, Foreign, Governments, Nonresidents	N/A	6366, 6366.1	9
Ground Control Stations	N/A	6366	9
New Vehicles, Foreign Resident	N/A	6366.2	9
Watercraft	N/A	6368, 6368.1	9
Rail Freight Cars	N/A	6368.5	9
Public Passenger Transportation Vehicles	N/A	6368.9	9
Common Carriers	N/A	6385	10
Water Common Carriers	$ 88.5	6385	10
New Vehicles, Out-of-State Dealer	N/A	6388	10
New Trailers, Out-of-State or Interstate Commerce	N/A	6388.5	10
Trailers or Semitrailers, New or Used	N/A	6410	10
Component Parts of Railroad Equipment	$ 0.2	6411	10
B. Entertainment Industry			
Master Records and Tapes	N/A	6362.5	10
Lease of Motion Picture and Television Films & Tapes	$ 63.2	6006, 6010	10
Motion Picture Production Partnerships	N/A	6010.4	11
Qualified Motion Pictures and Qualified Production Service	N/A	6010.6	11
Art Transferred for Entertainment	Less than $ 0.1	6010.30	11
C. Petroleum Industry			
Fungible Goods	N/A	6095, 6245	11
Factory-Built School Buildings	N/A	6012.6	11
Factory-Built Housing	N/A	6012.7	11
New Mobilehomes	N/A	6012.8, 6012.9	12
Used Mobilehomes	N/A	6012.2, 6276.1, 6379	12
Used Floating Homes	N/A	6379	12
Leases of Mobilehomes	N/A	6006, 6010	12
E. Leasing Industry			
Mass Commuting Vehicles	N/A	6010.11	12
Sale and Leaseback Arrangements	N/A	6010.65	12
Leases of Property Purchased Tax-Paid	N/A	6006, 6010	12
Vehicles Sold to Lessee	N/A	6277	13
Rentals of Linen Supplies	$ 59.6	6006, 6010	13
Leases of Mobile Transportation Equipment	N/A	6006, 6010, 6094, 6244	13
Lease, Certain Property Excluded	N/A	6006.3	13
Passenger Transportation Vehicles	N/A	6018.8, 6368.7	13
Leases of Property Acquired In An Occasional Sale	N/A	6094.1	13
Rental Receipts Subject to Use Tax or From Property Outside State	N/A	6390	13

	REVENUE LOST IN MILLION(S)*	SECTION(S)	PAGE
F. Other Industry or General Business Exemptions and Exclusions			
(1) EXEMPTIONS			
Occasional Sale of Business	N/A	6006.5, 6367	14
Hay Producers	N/A	6006.5, 6367	14
Vehicles, Substantially Same Ownership	N/A	6281	14
California Gold Medallions	Less than $ 0.1	6354	14
Monetized And Nonmonetized Bullion and Numismatic Coins	N/A	6355	14
Diesel Fuel Used in Farming Activities and Food Processing	$ 48.0	6357.1	14
Farm Equipment and Machinery	$ 139.7	6356.5	14
Timber Harvesting Equipment	$ 2.0	6356.6	14
Gasoline	$ 2,700	6357.7	15
Poultry Litter	N/A	6358.2	15
Racehorse Breeding Stock	$ 0.2	6358.5	15
Ice or Dry Ice	N/A	6359.7	15
Carbon Dioxide	$ 0.6	6359.8	15
Newspapers and Periodicals	N/A	6362.7, 6362.8	15
Periodicals	$24.9	6362.7	15
Manufacturing and Research and Development Equipment	$637	6377.1	15
Printed Sales Messages	$ 43.0	6379.5	15
Containers	N/A	6364	16
Teleproduction and Post Production Equipment	$ 18.9	6378	16
Space Flight Property	N/A	6380	16
Construction Contracts Performed Outside California	N/A	6386	16
Mailing Lists	$ 1.4	6379.8	16
(2) EXCLUSIONS			
Storage and Use Exclusion	N/A	6008, 6009, 6009.1	16
Printing Materials	N/A	6010.3	16
Custom Computer Programs	$ 374.2	6010.9	16
Pet Adoptions and Related Services	N/A	6010.40	17
Endangered and Threatened Animals and Plants	N/A	6010.50	17
Excise Tax on Fuel	N/A	6011, 6012	17
Transportation of Landfill	N/A	6011, 6012	17
Consumer Cooperatives	N/A	6011.1, 6012.1	17
Veterinarians	N/A	6018.4	17
Alteration of Garments	N/A	6018.6	17
(3) OTHER			
Worthless Accounts	$ 74.8	6055, 6203.5	17
Demonstration and Display	N/A	6094, 6244	18

SECTION B

SALES AND USE TAX

EXEMPTIONS AND EXCLUSIONS

(ALPHABETICAL REFERENCE)

- ADMISSION CHARGES—Fees charged for the use of amusement parks, theaters, sports events, golf courses, etc., are not subject to sales or use taxes because there is no exchange of tangible personal property.
- AIRCRAFT LEASES AND COMPONENT PARTS: COMMON CARRIERS, FOREIGN GOVERNMENTS, NONRESIDENTS—The sale of an aircraft is exempt if leased to lessees using the aircraft as common carriers, or to any foreign government as lessees who use the aircraft outside California, or leased to lessees who are not residents of this state who will not use the aircraft in this state except for removal. In addition, the sale of property to an aircraft manufacturer is exempt if the property is incorporated into aircraft to be leased by the manufacturer to such persons or entities. Also, the sale and use of property becoming a component part of such aircraft as a result of the maintenance, repair, overhaul, or improvement of that aircraft in compliance with Federal Aviation Administration requirements, and any charges made for the labor and services rendered with respect to that maintenance, repair, overhaul, or improvement are exempt from tax. (SECTIONS 6366 and 6366.1)
- AIRCRAFT AND COMPONENT PARTS SALES: COMMON CARRIERS, FOREIGN GOVERNMENTS, NONRESIDENTS—Sales of aircraft to common carriers, to foreign governments for use outside California, and to nonresidents of this state who make no use of the aircraft in this state except to remove it, are exempt from tax. Only usage during the first twelve months is considered to determine if the transaction qualifies for exemption as a sale to a common carrier. In addition, the sale and use of property becoming a component part of such aircraft as a result of the maintenance, repair, overhaul, or improvement of that aircraft in compliance with Federal Aviation Administration requirements, and any charges made for the labor and services rendered with respect to that maintenance, repair, overhaul, or improvement are exempt from tax. (SECTION 6366)
- ALTERATION OF GARMENTS—A person who receives at least 75 percent of his or her total gross receipts from garment cleaning or dyeing services and no more than 20 percent of his or her total gross receipts from altering garments during the preceding calendar year is a consumer of tangible personal property which he or she will use or furnish in altering new or used clothing in the following year. Sales tax does not apply to charges for those alterations. (SECTION 6018.6)
- ALTERNATE ENERGY AND ADVANCED TRANSPORTATION PROJECT—There is a specific exemption for the sale of property constituting any project of the California Alternative Energy and Advanced Transportation Financing Authority when transferred or leased pursuant to certain provisions of the Public Resources Code. (SECTION 6010.8)
- ANIMAL LIFE, FEED, SEEDS, PLANTS, FERTILIZER, DRUGS, AND MEDICINES—The sale and use of animal life or feed for animal life, seeds, and plants the products of which normally constitute food for human consumption are exempt from tax. The sale and use of fertilizer to be applied to land the products of which are to be used for human consumption are also exempt. In addition, the sale and use of drugs and medicines including oxygen that are administered to food animals, the primary purpose of which is the prevention or control of disease, are exempt from tax. This is an expansion of the general food exemption. (SECTION 6358)
- ART TRANSFERRED FOR ENTERTAINMENT—For sales and use tax purposes, "sale" and "purchase" do not include transfers of original drawings, sketches, illustrations, or paintings by an artist or designer at a social gathering for entertainment purposes if *all* of the following conditions are met:
- Eighty percent or more of the drawings, sketches, illustrations, or paintings are delivered by the artist or designer to someone other than the purchaser.
- Eighty percent or more of the drawings, sketches, illustrations, or paintings are provided to someone other than the purchaser, at no cost to the person who becomes the owner of the drawings or sketches.

- The charge for the drawings, sketches, illustrations or paintings is based on a preset fee, and that fee is contingent upon a minimum number of at least three drawings, sketches, illustrations or paintings to be created by the artist or designer at the social gathering. (SECTION 6010.30)
- ART WORKS—Sales of original works of art are exempt from sales and use tax when purchased by any California state or local entity, or by certain nonprofit organizations under contract with such governmental entities, or by certain nonprofit organizations for public exhibit, or by persons for donation directly to any such governmental or nonprofit organization, if such works of art are purchased to become a part of the permanent collection of a museum, certain qualifying nonprofit organizations that regularly loan at least 85 percent of the value of their art collection to museums, or to this state or any local government entity which displays the art to the public in public places. Also, leases of original works of art are exempt from the use tax if both the lessor and lessee are nonprofit organizations qualified for exemption from state income tax pursuant to Section 23701d of the Revenue and Taxation Code or a nonprofit organization operating any public museum for, and pursuant to contact with, a governmental entity. In addition, works of art that are purchased to become part of the permanent collection of a governmental entity that leases from another governmental entity art for public display are exempt from tax. Also, leases of original works of art are exempt from the use tax if both the lessor and lessee are nonprofit organizations qualified for exemption from state income tax pursuant to Section 23701d of the Revenue and Taxation Code or a nonprofit organization operating any public museum for, and pursuant to contract with, a governmental entity. In addition, works of art that are purchased to become part of the permanent collection of a governmental entity that leases from another governmental entity art for public display are exempt from tax. (SECTION 6365)
- AUXILIARY SERVICES TO MUSEUMS—Nonprofit associations and organizations that perform auxiliary services to any city or county museum in this state are consumers of property which they sell provided the profits are used for purposes of the organization. (SECTION 6370.5)
- BLOOD STORAGE UNITS—The sale and use of any container used to collect or store human blood, plasma, blood products, or blood derivatives, including any disposable tubing, filters, grommets, and needles sold along with the bags and held in a blood bank for medical purposes are exempt from tax. This exemption includes, but is not limited to, blood collection units and blood pack units. (SECTION 6364.5)
- BRACELETS, PRISONERS OF WAR—Charitable organizations which qualify for the welfare exemption from property taxation are consumers of bracelets designed to commemorate American prisoners of war where profits are used solely in furtherance of the purposes of such organizations. (SECTION 6360)
- "BUDDY POPPIES" AND SIMILAR LAPEL PINS—The sale and use of a "Buddy Poppy" or any other symbolic, impermanent lapel pin that memorializes United States Military veterans killed in foreign wars of the United States, by any corporation established by the United States Congress pursuant to Chapter 2301 (commencing with Section 230101) of Title 36 of the United States Code, or any of that corporation's subordinate state or territorial subdivisions, local chapters, posts, or auxiliaries, are exempt from tax. (SECTION 6360.1)
- CALFRESH BENEFITS PURCHASES—When otherwise taxable purchases are made with CalFresh benefits, only the amounts paid with CalFresh benefits are exempt from tax. Amounts paid with forms of consideration other than CalFresh benefits, such as cash or manufacturer's coupons, remain taxable. Examples of otherwise taxable sales which are exempt from tax when purchased with CalFresh benefits, include sales of carbonated beverages, food coloring and ice. (SECTION 6373)
- CALIFORNIA GOLD MEDALLIONS—The sale or use of commemorative "California Gold" medallions is exempt from sales and use tax. (SECTION 6354)
- CALIFORNIA SCIENCE CENTER—The sale and use of museum display items and sprung instant structures used as temporary exhibit housing sold to or purchased by the California Museum of Science and Industry are exempt from sales and use tax. (SECTION 6366.4)
- CARBON DIOXIDE—The sale of carbon dioxide is exempt from sales tax when it is used in packing and shipping or transporting fruits and vegetables for human consumption when those fruits and vegetables are not sold to the ultimate consumer in a package containing the carbon dioxide. The sale of any nonreturnable materials used to contain the qualifying carbon dioxide atmosphere are also exempt from sales tax. (SECTION 6359.8)

- CASH DISCOUNTS—Discounts taken on sales are excluded from the measure of tax. Manufacturers' coupons are rebates and do not reduce the measure of tax, but a retailer's own coupons qualify for exclusion as cash discounts. (SECTIONS 6011 and 6012)

- CHARITABLE ORGANIZATIONS—The sale and use of property that is made, prepared, assembled, or manufactured by certain nonprofit charitable organizations that are engaged in relief of poverty and distress, and whose sales or donations are made to assist purchasers or donees, are exempt from sales and use taxes. (SECTION 6375)

- COGENERATION TECHNOLOGY—The sale of exhaust steam, steam waste, heat or resultant energy produced by cogeneration technology, as defined, is exempt from sales and use taxes. (SECTION 6353)

- COMMON CARRIERS—Sales of tangible personal property, other than fuel and petroleum products, to a common carrier for use in its business as a common carrier are exempt from tax when the seller ships the property to a destination outside California via the facilities of the purchasing common carrier under a bill of lading, and the purchasing carrier makes no use of the property until after delivery to the out-of-state destination. The seller must accept and retain an exemption certificate from the purchasing carrier. The same exemption applies to sales to foreign common carriers for use in their business as common carriers after the delivery to the first foreign destination. An exemption certificate is also required for this exemption, but a bill of lading is not. (SECTION 6385)

- COMPONENT PARTS OF RAILROAD EQUIPMENT—When component parts of any railroad equipment that is owned or used by a common carrier engaged in interstate or foreign commerce are purchased outside this state in the course of repairing, cleaning, altering, or improving that railroad equipment outside this state, the use is exempt from use tax. In addition, any related charges for labor or services rendered outside this state in the course of repairing, cleaning, altering, or improving that railroad equipment are also exempt from use tax. (SECTION 6411)

- CONSTRUCTION CONTRACTS PERFORMED OUTSIDE CALIFORNIA—A sale of property to a construction contractor who holds a valid California seller's permit is exempt from sales tax when the property is used by the purchaser outside of this state in the performance of a contract to improve real property and, as a result of such use, is incorporated into and becomes a part of real property located outside of this state. This exemption applies only if the purchaser certifies in writing to the seller at the time of purchase that the property will be used in a manner qualifying for the exemption. (SECTION 6386)

- CONSUMER COOPERATIVES—Tax does not apply to membership fees, and labor performed in lieu of such fees for organizations engaged in business for the mutual benefit of its shareholders, and which are composed of ultimate producers or consumers. Certain other restrictions apply. (SECTIONS 6011.1 and 6012.1)

- CONTAINERS—The sale or use of the following containers is exempt from tax: nonreturnable containers when sold to persons who place the contents in such containers for subsequent sale; containers when sold with contents whose sale is exempt from tax; returnable containers when sold with the contents or when resold for refilling; and any container, when sold without the contents to persons who place food products for human consumption in the container for shipment, provided the food products will be sold, whether in the same container or not, and whether the food products are remanufactured or repackaged prior to sale. Items such as twine, gummed tape, and wrapping materials are considered to be included in the term "container." (SECTION 6364)

- CREDIT FOR TAX PAID TO OTHER STATES—Credit is allowed as an offset against a person's liability for California use tax on tangible personal property for any sales or use taxes imposed on that property and paid by that person to any other state, political subdivision thereof, or the District of Columbia. (SECTION 6406)

- CUSTOM COMPUTER PROGRAMS—The transfer of custom programs other than a basic operational program, and separate charges for custom modifications to existing prewritten programs are excluded from the definition of a "sale" and "purchase." (SECTION 6010.9)

- DELIVERY TO EXPORT PACKERS—Sales of property purchased for use solely outside this state are exempt from sales tax if the property is delivered to a forwarding agent, export packer, or other person engaged in business of preparing goods for exportation, and the goods are delivered to a port outside the continental limits of the United States prior to any use. (SECTION 6387)

- DEMONSTRATION AND DISPLAY—A purchaser may retain, demonstrate, and display property without incurring liability for tax as long as the property is being held for sale in the regular course of business. (SECTIONS 6094 and 6244)
- DIESEL AND USE FUEL TAX—Excise tax on diesel and alternative fuels imposed under the California Diesel Fuel Tax Law and the Use Fuel Tax Law is not included in the sales price subject to tax. California motor vehicle fuel license taxes and federal excise taxes on fuels such as gasoline are, however, included in the measure of tax. (SECTIONS 6011 and 6012)
- DIESEL FUEL USED IN FARMING ACTIVITIES AND FOOD PROCESSING—Sales and purchases of diesel fuel are exempt from the 5.5 percent state sales and use tax when that fuel is consumed during the activities of a farming business as set forth in Internal Revenue Code 263A or food processing. Farming business activities include transporting farm products to the marketplace. (SECTION 6357.1)
- DONATIONS—A seller's donation of property to a qualifying nonprofit organization located in California is exempt from tax. If the donee is a qualifying nonprofit museum, the donee must use the donated property exclusively for display purposes. (SECTION 6403)
- ENDANGERED AND THREATENED ANIMAL AND PLANT SPECIES—The sale and use of endangered and threatened animal and plant species are exempt from tax if both the seller and the purchaser are qualifying nonprofit zoological societies. Also, transfers of any endangered or threatened animal or plant species acquired or disposed of through a trade or exchange between nonprofit zoological societies or between a member of the American Zoo and Aquarium Association and a nonprofit zoological society are excluded from the definition of "sale" and "purchase." (SECTIONS 6010.50 and 6366.5)
- EXCISE TAX ON FUEL—Sales tax does not apply to the federal excise tax on diesel fuel or aviation fuel when the purchaser certifies that he or she is entitled to either a direct refund or credit against his or her income tax for the federal excise tax paid. (SECTIONS 6011 and 6012)
- FACTORY-BUILT HOUSING—Partial exemption which excludes from tax sixty percent (60%) of the sales price of factory-built housing to the consumer. (SECTION 6012.7)
- FACTORY-BUILT SCHOOL BUILDINGS—Partial exemption which excludes from tax sixty percent (60%) of the sales price of factory-built school building to the consumer. (SECTION 6012.6)
- FARM EQUIPMENT AND MACHINERY—Sales and purchases of farm equipment, machinery, and their parts are exempt from the 5.5 percent state sales and use tax when sold to or purchased by qualified persons who are engaged in the business of producing and harvesting agricultural products, as identified in Standard Industrial Classification Codes, or when sold to qualified persons that assist those so identified. (SECTION 6356.5)
- FEDERAL EXCISE TAXES—The amount of any tax imposed by the United States on retail sales is not subject to sales or use taxes. However, federal taxes levied on property are included in the measure of tax if imposed at other than the retail level such as on manufacturers or wholesalers. (SECTIONS 6011 and 6012)
- FINANCE CHARGES—Receipts for finance charges are for the use of money or other value transferred on credit. Therefore, such receipts are not subject to sales or use taxes even though the debt was incurred due to the transfer of tangible personal property.
- FOOD PRODUCTS—Sales of food for human consumption are generally exempt from tax unless sold in a heated condition (except hot bakery items or hot beverages, such as coffee, sold for a separate price), served as meals, consumed at or on the seller's facilities, ordinarily sold for consumption on or near the seller's parking facility, or sold for consumption where there is an admission charge. The exemption for food products includes snack foods, candy, confectionery, and chewing gum. (SECTION 6359)
- FOOD PRODUCTS SOLD THROUGH VENDING MACHINES—The vending machine operator is the consumer of (1) food products, candy and confectionery which sell at retail for fifteen cents or less and (2) food products which are sold through a bulk vending machine for twenty-five cents or less. For sales of cold food products, hot coffee, hot tea and hot chocolate through other vending machines at a price greater than fifteen cents, 67% of the receipts from such sales are also exempt from tax. (SECTIONS 6359.2 and 6359.4)

- FOREIGN GOVERNMENTS—Foreign government entities are not "persons" for sales and use tax purposes. Sales by and purchases from such entities are not subject to sales or use tax. In addition, the use of property by the entities is not subject to use tax. However, sales to these entities in California are subject to sales tax except when a treaty requires an exemption. (SECTION 6005)
- FRIENDS OF THE LIBRARY AND EQUIVALENT ORGANIZATIONS—Nonprofit associations commonly called The Friends of the Library and equivalent organizations performing auxiliary services to any library district, municipal library, or county library in the state, which are authorized to operate within the library by the governing authority of the library, are consumers of tangible personal property which they sell if the profits from the sales are used exclusively to further the organization's purposes. (SECTION 6370)
- FUEL FROM ORGANIC PRODUCTS AND WASTE BY-PRODUCTS—Sales of organic products grown for fuel, and waste byproducts from agricultural or forest products that are delivered in bulk and are used in an industrial facility as a source of fuel are exempt from tax. (SECTION 6358.1)
- FUEL SOLD TO AIR COMMON CARRIERS—Sales of fuel and petroleum products are exempt from sales tax when sold for immediate consumption by an air common carrier on a flight whose final destination is a point outside the United States. To qualify for this exemption, the air common carrier must furnish the seller with a properly executed exemption certificate. (SECTION 6357.5)
- FUNGIBLE GOODS—When property purchased for resale is commingled with property not purchased for resale so that specific property can no longer be identified, sales from that commingled property will be considered sales of property purchased for resale until the quantity sold equals the quantity purchased for resale. Also, property withdrawn from such commingled inventory for use is considered to be from property not purchased for resale until the quantity consumed equals the quantity not purchased for resale. Therefore, a person who self-produces property and also purchases similar property for resale will not be required to pay use tax if the quantity of such property the person uses does not exceed the quantity self-produced (except with respect to the cost of any raw materials purchased for resale, using the same method of reporting). Without specific legislation, such withdrawal of property for use would be taxed on a proration basis. The petroleum industry is the main beneficiary of this provision, but producers of steel rebar, quarry rock, and other self-produced property also benefit. (SECTIONS 6095 and 6245)
- GAS, ELECTRICITY, WATER AND STEAM—The sale of gas, electricity and water, including steam and geothermal steam, brines, and heat is exempt from taxation if delivered through mains, lines, or pipes. Further, water sold to an individual in bulk quantities of 50 gallons or more for household use is exempt from taxation if the residence is not serviced by mains, lines or pipes. Also, sales and purchases of liquid petroleum gas (LPG) are exempt from tax when delivered into a tank of 30 gallons or more to either a qualified residence for household use, or, a qualified person to be used in producing and harvesting agricultural products. (SECTION 6353)
- GASOLINE—The sale and purchase of gasoline is exempt from the 5.25 percent state sales and use tax. (SECTION 6357.7)
- GROUND CONTROL STATIONS—The sale of a ground control station, as defined, to any foreign government for use by that government outside California or to any person who is not a California resident and who will not use that ground control station in California other than in removing it outside this state is exempt from tax. (SECTION 6366)
- HAY PRODUCERS—Tax does not apply to the final sale of tangible personal property, other than hay, by producers of hay, provided the sale is not one of a series of sales sufficient in number, scope or character to constitute an activity for which the producer would be required to hold a seller's permit if the producer was not also selling hay. (SECTIONS 6006.5 and 6367)
- HEALTH AND SAFETY MATERIALS—The use of health and safety educational materials and insignia routinely sold in connection with health and safety and first aid classes, are exempt from tax if the materials are: (1) purchased or sold by a qualifying nonprofit national organization which disseminates such information, and (2) purchased from a national office or a branch or chapter of such national office of the same organization. (SECTION 6409)

- HOT PREPARED FOOD SOLD TO AIR CARRIERS—Sales of hot prepared food products to airlines and sales to passengers by such airlines engaged in interstate or foreign commerce are exempt from tax. (SECTION 6359.1)
- ICE OR DRY ICE—The sale of ice or dry ice used or employed in packing and shipping or transporting food products for human consumption is exempt from the sales and use tax when the food products are shipped or transported in intrastate, interstate, or foreign commerce by common carriers, contract carriers, or proprietary carriers. (SECTION 6359.7)
- INDIAN TRIBAL TAXES—The amount of any tax imposed by an Indian tribe within California with respect to a retail sale of tangible personal property measured by a stated percentage of the sales or purchase price, whether the tax is imposed upon the retailer or the consumer, is not subject to the use tax. However, this exclusion only applies to an Indian tribe that is in substantial compliance with California's sales and use tax laws. (SECTIONS 6011 and 6012)
- INSTALLATION LABOR—Labor or service to install or apply property sold is not subject to tax, but the charges for other services in connection with a sale are subject to tax. (SECTIONS 6011 and 6012)
- INTANGIBLE PERSONAL PROPERTY—When a seller who holds a patent or copyright interest transfers property and assigns or licenses to another person pursuant to a technology transfer agreement the right to make and sell a product or to use a process that is subject to the patent or copyright interest, the amount charged for the value of intangible personal property in that agreement is not subject to sales and use tax. (SECTIONS 6011 and 6012)
- INTERSTATE AND FOREIGN COMMERCE—Sales of property which pursuant to the contract of sale are shipped by the retailer to a point outside this state are exempt from tax. Generally, no exemption applies if the property is delivered to the purchaser or the purchaser's representative in this state, even if the purchaser subsequently removes the property from this state. (SECTION 6396)
- ITINERANT VETERAN VENDORS—A qualified itinerant veteran vendor is a consumer of tangible personal property owned and sold by him or her, except alcoholic beverages and tangible personal property sold for more than $100, until January 1, 2022, provided (1) the qualified itinerant vendor was a member of the United States Armed Forces, who received an honorable discharge or a release from active duty under honorable conditions from service, (2) the vendor is unable to obtain a livlihood by manual labor due to a service-connected disability, (3) for the purposes of selling tangible personal property, the vendor is a sole proprietor with no employees, and (4) the vendor has no permanent place of business in this state. These provisions do not apply to caterers or vending machine operators. (SECTION 6018.3)
- LEASE OF MOTION PICTURE AND TELEVISION FILMS AND TAPES—Leases of motion pictures, animated motion pictures, and television films and tapes (except video cassettes, tapes, and discs leased for private use under which the lessee does not obtain the right to license or broadcast) do not constitute sales. The lessor is the consumer of such tangible personal property it leases. (SECTIONS 6006 and 6010)
- LEASE, CERTAIN PROPERTY EXCLUDED—"Lease" does not include use of property for less than one day for a charge of less than twenty dollars ($20) when the privilege of use is restricted to the premise or other business location of the grantor of use. Examples of such property are pool tables, coin operated amusement devices, golf carts, etc. The grantor of such use is the consumer of the property. (SECTION 6006.3)
- LEASES OF MOBILE TRANSPORTATION EQUIPMENT—Certain property such as trucks, aircraft, and large vessels are classified as mobile transportation equipment (MTE). The lease of MTE is never a sale, and a person who purchases MTE for purposes of leasing is always the consumer of the MTE. However, a person who purchases MTE solely for purposes of leasing may elect to pay tax on the fair rental value of such MTE if the election is made timely. If the lessor makes such an election rather than paying tax on purchase price, tax is due on fair rental value whether the property is inside or outside California. (SECTIONS 6006, 6010, 6094 and 6244)
- LEASES OF MOBILEHOMES—A lease of a mobilehome is not a taxable lease if the mobilehome is subject to property taxation. (SECTIONS 6006 and 6010)

- LEASES OF PROPERTY ACQUIRED IN AN OCCASIONAL SALE—The lease of property acquired in an exempt occasional sale, other than mobile transportation equipment, is generally a taxable continuing sale. The lessor, however, may instead elect to report tax measured by its purchase price. For property acquired in the transfer of substantially all assets of a business with substantially similar ownership, the purchase price for this purpose is considered the same as the purchase price of the original purchaser. (SECTION 6094.1)

- LEASES OF PROPERTY PURCHASED TAX-PAID—When California tax or tax reimbursement is timely paid on the purchase price of tangible personal property and the property is leased in substantially the same form as acquired by the lessor, the lease receipts are not taxable. In addition, leases of property acquired in a transfer of substantially all assets of a business when ownership remains substantially the same, and leases of property if acquired by will or the laws of succession, are not taxable if the previous owner timely paid California tax or tax reimbursement on the original purchase price and the property is leased in substantially the same form as acquired by the previous owner. Persons that acquire property to be leased without payment of tax or tax reimbursement measured by the purchase price may elect to report tax on cost. If they do not make a timely election to report tax on cost, tax will be due on the rentals. (SECTIONS 6006 and 6010)

- LOANS TO CUSTOMERS—A person will not owe use tax on that person's full purchase price of property loaned to customers as an accommodation while the customers' property is being repaired or while the customers await delivery of property they have purchased provided the loaned property is held for resale and is returned to resale inventory after the loan. The person will instead owe tax on the fair rental value of the loaned property for the period of the loan. (SECTIONS 6094 and 6244)

- LOCAL TAXES—Taxes imposed on retail sales by local governments and transit districts are excluded from the sales price for state sales and use taxation purposes. (SECTIONS 6011 and 6012)

- LODGING—Motel, hotel, apartment, house, duplex, and other charges for short- or long-term use of real property are not subject to sales or use taxes since such charges do not constitute consideration for the sale or use of tangible personal property.

- MAILING LISTS—Charges for the transfer or use of mailing lists are exempt from the sales and use tax when the contract restricts the transferee or user to use of the mailing list one time only. Such lists may be in the form of gummed labels, index cards, magnetic tape or similar devices or means of communication. (SECTION 6379.8)

- MANUFACTURING AND RESEARCH AND DEVELOPMENT EQUIPMENT—On or after July 1, 2014 and before July 1, 2022, sales, purchases, and leases of manufacturing and research and development equipment are exempt from the 4.1875 percent state sales and use tax when sold to or purchased by qualifying manufacturers and certain research and developers for use primarily in manufacturing or research and development activities. (SECTION 6377.1)

- MASS COMMUTING VEHICLES—"Sale" and "Purchase" do not include any transfer of qualified mass commuting vehicles such as a bus, subway car, rail car, or similar equipment, pursuant to safe harbor lease arrangements. (SECTION 6010.11)

- MASTER RECORDS AND TAPES—The sale and lease of master records or tapes is exempt from tax except for the actual tangible personal property physically incorporated and sold. (SECTION 6362.5)

- MEALS DELIVERED TO HOMEBOUND ELDERLY AND DISABLED—The sale and use of meals that are delivered to homebound elderly or disabled persons by a nonprofit volunteer home delivery meal provider are exempt from tax. (SECTION 6363.7)

- MEALS FURNISHED BY INSTITUTIONS—Sales of meals and food products served to residents and patients of a health facility, a community care facility, a residential care facility for the elderly, any housing that is financed by state or federal programs and that primarily serves older persons, any house or institution supplying board and room for a flat rate to persons 62 years and older, an alcoholism recovery facility and a drug abuse recovery or treatment facility are exempt from tax. (SECTION 6363.6)

- MEALS, ELDERLY CONDOMINIUM RESIDENTS—The sale of meals and food products furnished on a regular basis and consumed by persons 62 years and older who reside in a condominium, are exempt when such persons own equal shares in a common kitchen facility. (SECTION 6376.5)

- MEALS, LOW-INCOME ELDERLY—The sale of meals and food products are exempt from tax when furnished to low-income elderly persons at or below cost by a nonprofit organization or government entity under a program funded by this State or the United States. (SECTION 6374)
- MEDICAL IDENTIFICATION TAGS—Sales of medical identification tags are exempt from tax when furnished by a qualifying organization. (SECTION 6371)
- MEDICAL HEALTH INFORMATION—The use of medical health information literature purchased by a qualifying charitable organization which is engaged in the dissemination of such information, is exempt from use tax when the literature is purchased from either the national office or a branch of the national office of the same organization. (SECTION 6408)
- MEDICATED FEED AND DRINKING WATER—The sale and use of drugs or medicines administered to animal life as an additive to feed or drinking water, the primary purpose of which is the prevention and control of disease of food animals, or of nonfood animals which are to be sold in the regular course of business are exempt from tax. (SECTION 6358.4)
- MILITARY DESIGNATED ENTITIES, THRIFT STORES—The sales and use of tangible personal property sold by a thrift store located on a military installation and operated by a specified designated entity are exempt from sales and use tax until January 1, 2024, provided the designated entity, in partnership with the United States Department of Defense, provides financial, educational, and other assistance to members of the armed forces of the United States, eligible family members, and survivors when in need. (SECTION 6363.4)
- MONETIZED AND NONMONETIZED BULLION AND NUMISMATIC COINS—Sales in bulk (market value of $1,000 or more, subject to adjustment based on inflation) of monetized and nonmonetized bullion, nonmonetized gold or silver bullion, and numismatic coins are exempt from tax when those sales are substantially equivalent to transactions in securities or commodities. (SECTION 6355)
- MOTION PICTURE PRODUCTION PARTNERSHIPS—When certain persons form partnerships to reduce the cost of producing motion pictures through sharing of equipment and other assets, the furnishing of such property, without the transfer of title, by the partnership to its members for the purpose of producing motion pictures does not constitute a "sale." The partnership is the consumer of any such property. (SECTION 6010.4)
- MOTION PICTURES, QUALIFIED, AND QUALIFIED PRODUCTION SERVICES—For sales and use tax purposes, "sale" and "purchase" do not include the following: (1) any transfer of any qualified motion picture or any interest or rights therein when the transfer is prior to the date that the qualified motion picture is exhibited or broadcast to its general audience, and (2) the performance of qualified production services, as defined, in connection with the production of any qualified motion picture, as defined. (SECTION 6010.6)
- MOTOR VEHICLE FUEL—Tax does not apply to the sale or use of motor vehicle fuel (except aircraft jet fuel) used in propelling aircraft if such fuel is subject to the Motor Vehicle Fuel Tax. The fuel tax is included in the price of motor vehicle fuel when purchased but is not due when the fuel is used in aircraft. Sales tax is not paid on the sale of such fuel but the purchaser may obtain refund of fuel tax less sales tax liability which becomes due if the motor vehicle fuel tax is refunded. (SECTION 6357)
- MOTOR VEHICLE, MOBILEHOME, OR COMMERCIAL COACH FEES AND TAXES—Taxes or fees imposed by the State of California added to or measured by the sales price of a motor vehicle, mobilehome, or commercial coach, such as, DMV license fees are not subject to sales or use tax. (SECTIONS 6011 and 6012)
- MUSEUMS—Sales to and purchases by the state or a local government entity as part of a public art collection, a nonprofit museum regularly open to the public and operated by a local or state government entity, or operated by certain nonprofit organizations, are exempt from tax when the property is purchased to replace destroyed property used exclusively for display purposes. In addition, only property that has value as a museum piece and is purchased within three years from the date the original property was destroyed qualifies for exemption. (SECTION 6366.3)
- NEW MOBILEHOMES—Partial exemption for sales of new mobilehomes installed for occupancy as a residence when the mobilehome is thereafter subject to real property taxation. The tax on sales of such mobilehomes is based on seventy-five percent (75%) of the cost of the mobilehome to the retailer who, for sales and use tax purposes, is generally considered to be the consumer. The subsequent sale of a mobilehome that qualified for this special treatment is exempt. (SECTIONS 6012.8 and 6012.9)

- NEW TRAILERS, INTERSTATE OR OUT-OF-STATE USE—The sale of a new trailer or semitrailer with an unladen weight of 6,000 pounds or more which is purchased for use outside California, or for use exclusively in interstate or foreign commerce, or both, but delivered to the purchaser inside this state is exempt from tax if: the vehicle is manufactured outside this state and the purchaser removes the vehicle from California within 30 days of delivery; or the vehicle is manufactured in California and the purchaser removes the vehicle from California within 75 days of delivery. (SECTION 6388.5)
- NEW VEHICLES, FOREIGN RESIDENT—The sale of a new motor vehicle manufactured in the United States and sold to a resident of a foreign country who arranged for the purchase through an authorized vehicle dealer in the foreign country prior to arriving in the United States is exempt from tax, provided 1) the purchaser is issued an in-transit permit pursuant to the Vehicle Code, and 2) prior to the expiration of the permit, the retailer ships or drives the vehicle to a point outside the United States by the retailer's facilities or by delivery to a carrier, customs broker or forwarding agent for shipment to that point. (SECTION 6366.2)
- NEW VEHICLES, OUT-OF-STATE DEALER—A new truck or trailer with an unladen weight of 6,000 pounds or more, or a new trailer coach or auxiliary dolly, purchased from an out-of-state dealer for use outside California is exempt from sales tax if the property is delivered to the purchaser in California by the manufacturer, and the purchaser removes such vehicle out of state within 30 days. (SECTION 6388)
- NEWSPAPERS AND PERIODICALS—The sale of newspapers and periodicals distributed without charge and regularly issued at average intervals not exceeding three months, including component parts and ingredients thereof, are exempt from tax. The sale of newspapers or periodicals issued at average intervals not exceeding three months which are published or purchased by specified nonprofit organizations are exempt from tax when those newspapers and periodicals: are distributed to the members of an IRC §501(c)(3) organization in consideration of payment of the organization's membership fee or to the organization's contributors; are published by an IRC §501(c)(3) organization that does not receive revenue from or accept any commercial advertising; or are distributed by any nonprofit organization which distributes the publications to any member of the nonprofit organization in consideration, in whole or in part, of payment of the organization's membership fee where the cost of printing the newspaper or periodical to the nonprofit organization is less than 10 percent of the membership fee attributable to the period for which the newspaper or periodical is distributed. (SECTION 6362.8)
- NONPROFIT ORGANIZATION, NEW CHILDREN'S CLOTHING—The sale and use of new children's clothing are exempt if sold to a qualifying nonprofit organization for distribution without charge to elementary schoolchildren. (SECTION 6375.5)
- NONPROFIT ORGANIZATIONS, AUCTION SALES—The sale and use of tangible personal property that is sold to a successful bidder at an auction that is conducted no more than once in any 12-month period by a qualifying nonprofit organization are exempt from sales and use tax if the purpose of that auction is to obtain revenue for funding of a shelter for homeless individuals and families and those revenues obtained are actually used for that purpose. (SECTION 6363.2)
- NONPROFIT ORGANIZATIONS, HANDCRAFTED PROPERTY—A qualified nonprofit organization whose primary purpose is to provide services to individuals with developmental disabilities, and that does not discriminate on the basis of race, sex, nationality or religion, is a consumer of tangible personal property which it sells, provided that the property is of a handcrafted nature and is designed, created, or made by individuals with developmental disabilities who are members of, or receive services from, the organization. In order to qualify as a consumer, the price of each item sold must not exceed $20, and the profits from the sales must be used exclusively in furtherance of the purposes of the organization. In addition, the organization's sales must be made on an irregular or intermittent basis. (SECTION 6361.1)
- NONPROFIT ORGANIZATIONS, PROMOTIONAL ITEMS—Until January 1, 2015, a qualifying nonprofit organization is a consumer of certain promotional items sold to its members when the cost to the member of the organization for the acquisition of the promotional item is not more than the cost to the nonprofit organization to obtain and transfer to the member the promotional item, including any applicable sales or use tax paid by the nonprofit organization. (SECTION 6018.9)
- NONPROFIT ORGANIZATIONS, THRIFT STORES—The sales and use of used clothing, household items, or other retail items sold by thrift stores operated by a qualifying nonprofit organization are exempt from tax until January 1, 2019, if the purpose of that thrift store is to obtain revenue for the funding or medical and social services to chronically ill individuals with HIV or AIDS and at least 75 percent of the net income derived from operations of the thrift store are expended for that purpose. (SECTION 6363.3)

- NONPROFIT VETERANS' ORGANIZATIONS—Such organizations are consumers of flags of the United States of America which they sell if profits are used solely for furtherance of the purposes of the organization. (SECTION 6363.8)

- NONPROFIT VETERANS' ORGANIZATIONS, MEALS AND FOOD PRODUCTS—The sales and use of meals and food products furnished or served by any nonprofit veterans' organization at a social or other gathering conducted by it or under its auspices are exempt from tax if the proceeds are used to carry on the functions and activities of the organization. (SECTION 6363.8)

- OCCASIONAL SALE OF BUSINESS—A person's sale of all or substantially all its tangible personal property is exempt from tax provided that after the sale, the real or ultimate ownership of the property is substantially similar to that which existed before the sale. "Substantially all the property" means 80 percent or more of all the tangible personal property, whether inside or outside this state, which is held or used in the course of any activities of that person which require the holding of a seller's permit, or which would require the holding of a seller's permit if the activities were conducted in this state. The real or ultimate ownership is "substantially similar" to that which existed before the sale if 80 percent or more of that ownership of the tangible personal property is unchanged after the transfer. For purposes of this exemption only, stockholders, bondholders, partners, or other persons holding an ownership interest rather than a security interest in the corporation or other entity are regarded as having the real or ultimate ownership of the property of the corporation or other entity. (SECTIONS 6006.5 and 6367)

- OCCASIONAL SALES—A sale by (and purchase from) a person who is not engaged in a business requiring a seller's permit is exempt from sales and use taxes. These types of sales are "occasional" sales (some states have similar exemptions for "casual" sales). Generally, a person who makes three or more sales for substantial amounts in any period of 12 months is required to hold a seller's permit. A person who makes a substantial number of sales for relatively small amounts is also required to hold a seller's permit. (The 12 month test period can be the 12 months before the sale in question, the 12 months after the sale in question, or any other 12 month period in which the sale occurs.) A person holding two garage sales with no other sales in any 12 month period in which the garage sales are held are regarded as making exempt occasional sales. A business that is not required to hold a seller's permit would be making an occasional sale when making a single sale of its assets upon termination of its business. Such persons should be aware that making two or three sales in anticipation of final liquidation will generally result in all the sales being subject to sales tax. (SECTIONS 6006.5 and 6367)

- OUT-OF-STATE PURCHASES BY MILITARY MEMBERS AND OTHERS—Until January 1, 2019, purchases of tangible personal property by U.S. Armed Forces members, U.S. Armed Forces and National Guard active duty reserves, their spouses, and registered domestic partners are exempt from use tax when those purchases were made outside California prior to the report date on official transfer orders to this state. This exemption does not apply, however, to purchases of vehicles, vessels or aircraft. (SECTION 6412)

- OXYGEN DELIVERY SYSTEMS—Sales of medical oxygen delivery systems are exempt from tax when sold or leased to an individual as directed by a physician. (SECTION 6369.5)

- PARENT-TEACHER ASSOCIATIONS—Nonprofit parent-teacher associations chartered by the California Congress of Parent, Teachers, and Students, Incorporated (PTA) or equivalent organizations authorized to operate within the school by the governing authority of the school, are consumers of property which they sell if the profits are used exclusively to further the organization's purposes. (SECTION 6370)

- PARENT COOPERATIVE NURSERY SCHOOLS—Nonprofit parent cooperative nursery schools are consumers of property which they sell if the profits are used exclusively to further the organization's purposes. (SECTION 6370)

- PASSENGER TRANSPORTATION VEHICLES—The Department of Transportation is a consumer of, rather than a retailer of passenger transportation vehicles, including but not limited to, rail passenger cars, locomotives, other rail vehicles, bus and van fleets, and ferryboats, which it sells and leases back pursuant to a certain type of safe harbor lease. (SECTIONS 6018.8 and 6368.7)

- PERIODICALS—Sales of periodicals that appear at stated intervals of at least 4 times per year but not more than 60 times per year, and their ingredient and component parts, are exempt from the sales and use tax when the periodical is sold by subscription and delivered by mail or common carrier. (SECTION 6362.7)

- PET ADOPTIONS AND RELATED SERVICES—For sales and use tax purposes, "sale" and "purchase" do not include transfers by a city, city and county, county, or other local government animal shelter or nonprofit animal welfare organization of any animal to an individual for use as a pet, or any charges made by the government shelter or nonprofit organization for services in connection with the transfer of that animal, including, the spaying or neutering or future spaying or neutering of the animal, or any vaccination, future vaccination, or similar service. This exclusion applies only to transfers of pets by organizations that are formed and operated for the primary purpose of prevention of abuse, neglect, or exploitation of animals, and that qualifies for an exemption from income tax pursuant to Section 23701(d) of the Revenue and Taxation Code. (SECTION 6010.40)

- POLLUTION CONTROL FACILITY—The transfer of title to property constituting any project or pollution control facility by the California Pollution Control Financing Authority is not a "sale" or "purchase" for purposes of sales and use tax when the transfer or lease is made pursuant to certain provisions of the Health and Safety Code. (SECTION 6010.10)

- POULTRY LITTER—The sale and use of wood shavings, sawdust, rice hulls, or other products used as litter in poultry and egg production and ultimately resold or incorporated into fertilizer products are exempt from the sales and use tax. (SECTION 6358.2)

- PRESCRIPTION MEDICINES—Sales of medicines are exempt from sales and use taxes if (1) prescribed for treatment of human beings and dispensed by a registered pharmacist; (2) furnished by or sold to licensed physician and surgeon, podiatrist, or dentist for patient treatment; (3) furnished by a health facility pursuant to the order of a licensed physician; (4) sold to this state or any political subdivision or municipal corporation for use in treating human beings; (5) dispensed by prescription for the treatment of human beings and furnished without charge by a pharmaceutical manufacturer or distributor to a doctor, a health facility for the treatment of human beings, or to an institution of higher education for instruction or research; (6) furnished by a medical facility or clinic operated by this state or any political subdivision or municipal corporation; or (7) sold to outpatient clinics, as defined under Health and Safety Code 1200, for the treatment of any person pursuant to the order of a licensed physician and surgeon, dentist, and podiatrist. In addition to substances commonly recognized as medicines, the following items are specifically included in the definition of "medicine" for sales and use tax purposes:

  Sutures

  Bone screws and pins, pacemakers and other articles (excluding dentures) permanently implanted or which dissolve in the body.

  Orthotic devices, including custom-made biomechanical foot orthoses.

  Prosthetic devices other than auditory, opthalmic and ocular devices, and other than dental prostheses.

  Artificial limbs and eyes.

  Programmable drug infusion devices worn on or implanted in the body.

  Insulin syringes.

  Mammary prostheses.

  Appliances and related supplies necessary as a result of surgery by which an artificial opening was made to eliminate natural waste.

  Hemodialysis products.

  Any product fully implanted or injected in the human body, or any drug or any biologic, when such are approved by the U.S. Food and Drug Administration to diagnose, cure, mitigate, treat or prevent any disease, illness or medical condition.

  Dispensed on prescription includes furnishing insulin and insulin syringes and furnishing appliances and supplies necessary to eliminate natural waste, if such items are furnished pursuant to a physician's written order. Dispensed on prescription also includes furnishing certain orthotic and prosthetic devices and replacement parts pursuant to a written order of a physician or podiatrist. (SECTIONS 6369 and 6369.1)

- PRINTED SALES MESSAGES—The sale and use of printed material consisting substantially of sales messages for goods and services are exempt from sales and use tax if the material is (1) printed to the special order of the purchaser, (2) mailed or delivered by the seller, the seller's agent, or a mailing house, acting as the agent for the purchaser, through the United States Postal Service or by common carrier; and (3) delivered to any other person at no cost to that person who becomes the owner of the printed material. (SECTION 6379.5)

- PRINTING MATERIALS—The fabrication or transfer by a typographer of composed type or reproduction proofs for use in preparing printed matter is excluded from the definition of a "sale" and "purchase." Also, the fabrication or transfer of such reproduction proofs or impressed mats is not subject to tax when the fabrication is for, or the transfer is to, a printer or publisher for use in printing. (SECTION 6010.3)

- PROFESSIONAL HEALTH SERVICES—A licensed chiropractor, optometrist, physician, surgeon, podiatrist, licensed hearing aid dispenser, or registered dispensing optician is generally the consumer and not the retailer of property furnished in the performance of professional services. Also, producers of x-ray films or photographs are the consumers of property used to produce the films or photographs for use in diagnosing the medical or dental conditions of a human being. In addition, licensed pharmacists dispensing certain replacement contact lenses are regarded as consumers, rather than retailers, with respect to those lenses. (SECTIONS 6018, 6018.4, 6018.5, 6018.7, and 6020)

- PROPERTY LOANED TO EDUCATIONAL INSTITUTIONS—A retailer's loan of property to any school district for an educational program is exempt from use tax. In addition, a retailer's loan of a vehicle to a California State College or the University of California, or to an accredited private or parochial secondary school for use in qualified driver education program, is exempt from use tax. A retailer's loan of a vehicle to a veteran's hospital or such other nonprofit facility or institution to provide instruction in specially equipped vehicles to disabled veterans is also exempt from use tax. (SECTION 6404)

- PUBLIC PASSENGER TRANSPORTATION VEHICLES—The sale and purchase of public passenger transportation vehicles when purchased by a transit authority, special district, or governmental entity at the end of a lease or sublease pursuant to any exercise of a purchase option under the lease or sublease are exempt from sales and use tax under specified conditions. (SECTION 6368.9)

- PURCHASES IN FOREIGN COUNTRIES—The first eight hundred dollars ($800) purchase price of tangible personal property purchased in a foreign country by an individual and personally hand carried into this state from the foreign country within any 30-day period is exempt from use tax. (SECTION 6405)

- PURCHASES FROM UNITED STATES—The use of property purchased by a consumer from the United States, or any agency or instrumentality thereof, is exempt from use tax except when property has been declared "surplus property" pursuant to the Surplus Property Act of 1944. (SECTION 6402)

- RACEHORSE BREEDING STOCK—Sales and purchases of racehorse breeding stock are exempt from the 5.5 percent state sales and use tax. "Racehorse breeding stock" means a horse that is capable of reproduction and for which the purchaser states that it is the purchaser's sole intent to use the horse for breeding purposes. (SECTION 6358.5)

- RAIL FREIGHT CARS—The sale or lease of rail freight cars used in interstate or foreign commerce is exempt from tax. (SECTION 6368.5)

- REAL PROPERTY—Sales and purchases of land, along with the structures thereon, and their component parts, and other items permanently attached to the land sold are generally not subject to tax because such items do not fall within the definition of tangible personal property under the Sales and Use Tax Law.

- RELIGIOUS ORGANIZATIONS—The sale and use of meals and food products furnished or served by a religious organization at a social or other gathering conducted by it or under its auspices are exempt from tax if the proceeds are used to carry on the functions and activities of the organization. (SECTION 6363.5)

- RENTAL RECEIPTS SUBJECT TO USE TAX OR FROM PROPERTY OUTSIDE STATE—Rentals payable under a lease of tangible personal property are exempt from sales tax when the rental receipts are required to be included in the measure of use tax or where the rental property is located outside this state. The exemption does not apply to leases of mobile transportation equipment, with respect to which a lessor who has elected to pay tax on the fair rental value must report and pay tax on that basis whether the mobile transportation equipment is inside or outside this state. (SECTION 6390)

- RENTALS OF HOUSEHOLD FURNISHINGS—The rental of household furnishings is not subject to tax when rented with living quarters. Tax must be paid on the cost of such items unless purchased in an exempt occasional sale. (SECTIONS 6006 and 6010)

- RENTALS OF LINEN SUPPLIES—A person leasing linen supplies and similar articles who furnishes the recurring service of laundering or cleaning such linen supplies and similar articles is the consumer of tangible personal property provided, and tax applies to the purchase of such items. (SECTIONS 6006 and 6010)

- RETURNED MERCHANDISE—Amounts allowed by a retailer for returned merchandise are not subject to tax provided the full sales price and any amount designated as "sales tax" is returned to the customer, and the customer is not required to purchase a more expensive item in order to receive credit. The retailer may deduct actual expenses for rehandling and restocking without affecting this deduction. (SECTIONS 6011 and 6012)

- SALE AND LEASEBACK ARRANGEMENTS—For sales and use tax purposes, "sale" and "purchase" do not include any transfer of title to, nor any lease of, tangible personal property pursuant to an acquisition sale and leaseback. An acquisition sale and leaseback is a sale by a person and leaseback to that person of tangible personal property where (1) that person has paid California sales tax reimbursement or use tax with respect to that person's purchase of the property, and (2) the acquisition sale and leaseback is consummated within 90 days of that person's first functional use of the property. (SECTION 6010.65)

- SALES FOR RESALE—The sale of property purchased for subsequent sale in the regular course of business, and property purchased that will become a component part of such property, is not subject to tax provided the purchaser makes no use of it prior to its resale. (SECTIONS 6007 and 6008)

- SAN DIEGO AEROSPACE MUSEUM—The sale and use of museum display items and sprung instant structures used as temporary exhibit housing sold to or purchased by the San Diego Aerospace Museum are exempt from sales and use tax. (SECTION 6366.4)

- SCHOOL YEARBOOKS AND CATALOGS—Public or private schools, school districts, county offices of education, or student organizations are consumers of yearbooks and catalogs prepared by or for them and distributed to students. (SECTION 6361.5)

- SECURITIES—The sale of stocks, bonds, and other securities including memberships in limited liability companies are not subject to sales or use taxes because they are not considered to be sales of tangible personal property.

- SERVICES—The sale of services where no tangible personal property is transferred, or where the transfer of property is incidental, are not subject to sales and use taxes. Persons providing services are consumers of property used in their business activities. However, persons who engage in service operations are retailers of any supplies or other tangible personal property sold to their customers or clients, and tax applies to gross receipts from such sales. Certain services, however, are defined as sales of tangible personal property. For example, the fabrication of tangible personal property for a consumer is defined as a "sale" even when the consumer provides all the tangible personal property used to fabricate the end product.

- SPACE FLIGHT PROPERTY—The sale or use of specified qualified property for use in space flight, including an orbital space facility, space propulsion system, space vehicle, satellite, or space station of any kind, or any property which is placed or used aboard any such systems, including fuel, adapted and used exclusively for space flight, is exempt from sales and use tax. (SECTION 6380)

- STATE GOVERNMENTS—State government entities, other than California state and local government entities, are not "persons" for sales and use tax purposes. Sales by and purchases from such governmental entities are not subject to tax. The use of property in California by other states is not taxable. However, sales in California to other states are subject to sales tax. (SECTION 6005)

- STORAGE AND USE EXCLUSION—The keeping or retention of property for sale in the regular course of business is not a use. In addition, the keeping or retention of property for purpose of subsequent transportation outside California for use solely outside the state is not a "use." Therefore, no tax applies with respect to property properly purchased outside California and brought into the state solely for subsequent transportation to an out-of-state point for use thereafter by the purchaser solely outside California. (SECTIONS 6008, 6009, and 6009.1)
- STUDENT MEALS—The sale and use of meals and food products are exempt from tax when sold or furnished to students by a public or private school, school district, student organization, parent-teacher association, and any blind vendor operating a restaurant or vending stand in an educational institution unless sold for consumption within a place subject to an admission charge except for national and state parks and monuments. (SECTION 6363)
- TAX-PAID PURCHASES RESOLD—A deduction is allowed a retailer who pays California tax or tax reimbursement on the purchase of property that is resold in California prior to any use. (SECTION 6012)
- TELEPHONE LINES AND POLES—Telephone and telegraph lines, electrical transmission and distribution lines, and the poles, towers, or conduit by which they are supported or in which they are contained are excluded by statute from the definition of tangible personal property when sold in place. (SECTION 6016.5)
- TELEPRODUCTION AND POST PRODUCTION EQUIPMENT—The sale of teleproduction and post production equipment to businesses primarily engaged in teleproduction and post production activities (as described in Code 512191 of the North American Industry Classification System Manual) is exempt from the 5.5 percent state sales and use tax when that property is used 50 percent or more in those activities, subject to specified conditions. (SECTION 6378)
- TIMBER HARVESTING EQUIPMENT—Sales and purchases of equipment, machinery and their parts designed primarily for off-road use in commercial timber harvesting are from the 5.5 percent state sales and use tax when sold to or purchased by a qualified person engaged in commercial timber harvesting operations. (SECTION 6356.6)
- TRAILERS OR SEMITRAILERS, NEW OR USED—When a new or used trailer or semitrailer is moved or operated laden in accordance with a one-trip permit issued pursuant to Section 4003.5, the use is exempt from use tax. (SECTION 6410)
- TRANSPORTATION CHARGES—Separately stated charges for transportation from the retailer to its customer are not subject to tax if transported by common carrier and the amount charged is the cost of the transportation. In addition, reasonable charges for transportation by the retailer's facilities, or for property sold for a delivered price are not taxable if separately stated and if title to the property passes to the purchaser prior to such transportation. Note, however, that title passes to the customer prior to transportation by the retailer's own facilities only if the seller and purchaser explicitly contract for such early passage of title. (SECTIONS 6011 and 6012)
- TRANSPORTATION OF LANDFILL—The amount charged for transporting landfill from an excavation site to a site specified by a purchaser is not subject to sales and use tax if (1) the charge is separately stated and is reasonable or (2) the entire amount charged relates to transportation. (SECTIONS 6011 and 6012)
- TRAVEL ACCOMMODATIONS—Charges for tickets to travel on aircraft, trains, ships, and other modes of transportation are not subject to sales or use tax.
- UNITED STATES—Sales and leases to the United States or its incorporated agencies and instrumentalities, any incorporated agency or instrumentality wholly owned by the United States or by a corporation wholly owned by the United States, and sales to the American National Red Cross are exempt from sales tax. (SECTION 6381)
- USE OF PROPERTY HELD FOR SALE—If a person uses property frequently for demonstration and display while holding it for sale in the regular course of business and uses it partly for other purposes, the person owes tax on the fair rental value of the property for the period of such other use. (SECTIONS 6094 and 6244)

- USED FLOATING HOMES—Tax does not apply to sales of used floating homes subject to local property taxation whether sold in a private party transaction or by a retailer. (SECTION 6379)

- USED MOBILEHOMES—Tax does not apply to the sale of a used mobilehome if, at the time of sale, the mobilehome is subject to local property tax. For mobilehomes that are not subject to property tax at the time of sale, such mobilehomes are subject to vehicle license fees. When a used mobilehome that is subject to vehicle license fees is sold between private parties, or in a brokerage transaction, tax applies to the retail value of the used mobilehome as determined in accordance with an approved value guide, or the actual sales price, whichever is less. (SECTIONS 6012.2, 6276.1 and 6379)

- VEHICLE MODIFICATIONS FOR HANDICAPPED—The sale of property used to modify vehicles for physically handicapped persons is exempt from tax. When a previously modified vehicle is resold, the sale of the portion of the vehicle which has been modified is exempt if the vehicle is sold to a disabled person who is eligible to be issued a distinguishing license plate or placard. (SECTION 6369.4)

- VEHICLES LOANED TO UNIVERSITY EMPLOYEES—A retailer will not owe use tax on his or her full purchase price of vehicles loaned to any employee of the University of California or the California State University provided the vehicle is for the employee's exclusive use, the loan has been approved by the chancellor or president of the university, and it is demonstrated that the loan is not dependent on the retailer receiving any automotive-related business from the university. The retailer will instead owe tax on the fair rental value of the loaned vehicle for the period of the loan. (SECTION 6202.7)

- VEHICLES, VESSELS, AND AIRCRAFT PURCHASED OUTSIDE CALIFORNIA—A presumption is made that if a vehicle, vessel, or aircraft is purchased outside of California, first functionally used outside of California, and brought into California more than 12 months after purchase, the vehicle, vessel, or aircraft was not purchased for use in California and use tax does not apply. (SECTION 6248)

- VEHICLES SOLD TO FAMILY—The sale and use of vehicles, vessels, and aircraft is exempt from tax when sold by the parent, grandparent, child, grandchild, spouse, or registered domestic partner, or the brother or sister if the sale is between two minors, provided that the seller is not engaged in business of selling that type of property. (SECTION 6285)

- VEHICLES SOLD TO FOREIGN RESIDENT—A new motor vehicle manufactured in the United States and sold to a resident of a foreign country who arranged for the purchase through an authorized vehicle dealer in the foreign country prior to arriving in the United States is exempt from tax, provided (1) the purchaser is issued an in-transit permit pursuant to the Vehicle Code, and (2) prior to the expiration of the permit, the retailer ships or drives the vehicle to a point outside the United States by the retailer's facilities or by delivery to a carrier, customs broker or forwarding agent for shipment to that point. (SECTION 6366.2)

- VEHICLES SOLD TO LESSEE—Normally the sale of a vehicle by a lessor to a lessee is subject to tax. However, it is rebuttably presumed that if the lessee transfers the vehicle to a third party within ten days from the date the lessee acquired title from the lessor at the lease termination, the sale by the lessor is a nontaxable sale for resale, and no tax would be due for the interim ten day period. (SECTION 6277)

- VEHICLES, SUBSTANTIALLY SAME OWNERSHIP—The only occasional sale exemption for sales of vehicles, vessels, and aircraft is for sales of such property as part of the sale of all or substantially all the assets of a business (whether those assets are inside or outside this state) when the ownership of the property remains substantially similar to that which existed before the sale. (SECTION 6281)

- VENDING MACHINE SALES—Nonprofit, charitable or educational organizations are consumers of tangible personal property sold through vending machines for 15 cents or less. Library districts, municipal libraries, or county libraries and any vendor making sales pursuant to a contract with these libraries are consumers of photocopies which are sold at retail through coin-operated or card-operated copy machines located at a library facility. (SECTION 6359.45)

- VENDING MACHINE SALES OF FOOD—The vending machine operator is the consumer of (1) food products which sell at retail for 15 cents or less and (2) food products which are sold through a bulk vending machine, as defined in the Revenue and Taxation Code, for 25 cents or less. Sales of cold food products, hot coffee, hot tea and hot chocolate through other vending machines at a price greater than 15 cents are also partially exempt from tax, in the following percentages: 23% in 1988, 45% in 1989 and 67% thereafter. (SECTIONS 6359.2 and 6359.4)

- VESSELS—Sales of vessels of more than 1,000 tons burden are exempt from tax if sold by the builder. (SECTION 6356)
- VETERINARIANS—Licensed veterinarians are consumers of, rather than retailers of, drugs and medicines which they use or furnish in the performance of their professional duties. (SECTION 6018.1)
- WATER COMMON CARRIERS—The sale of fuel and petroleum products is exempt from sales tax when sold to a water common carrier for immediate shipment outside this state for consumption in the conduct of its business as a common carrier after its first out-of-state destination. To qualify for this exemption, the common carrier must furnish the seller with a properly executed exemption certificate. This provision will expire January 1, 2024, unless extended by legislation. (SECTION 6385)
- WATERCRAFT—The sale, use, or lease of watercraft and component parts thereof sold or leased for use in interstate or foreign commerce, or for use in commercial deep sea fishing outside California's territorial waters, is exempt from tax. Only the operational use, excluding storage or repair, during the first 12 months is considered to determine if the exemption applies. Usage of the watercraft after the first 12 months does not affect the exemption. Tax does not apply to the sale or use of watercraft functionally used 80 percent or more of the time in the transporting for hire of property or persons to vessels or offshore drilling platforms located outside the territorial waters of this state. (SECTIONS 6368 and 6368.1)
- WHEELCHAIRS, CRUTCHES, CANES, WHITE CANES AND WALKERS—Sales to and purchases by persons of wheelchairs, crutches, canes, quad canes, white canes for the legally blind, and walkers under the direction of a physician, are exempt from tax. (SECTION 6369.2)
- WORTHLESS ACCOUNTS—A retailer is relieved from sales tax liability for accounts found worthless and which are charged off for income tax purposes. If any such accounts are thereafter collected in whole or in part, the retailer must pay tax on the amount so collected. Special rules also apply to assignees of accounts receivable. (SECTIONS 6055 and 6203.5)
- YOUTH ORGANIZATIONS—The following organizations are consumers, rather than retailers, of food products, nonalcoholic beverages, and tangible personal property made or produced by members of the organization when those sales are made on an irregular or intermittent basis and the organization's profits from those sales are used exclusively in furtherance of organization: (1) any nonprofit organization which qualifies for tax exempt status under Section 501(c) of the Internal Revenue Code whose primary purpose is to provide a supervised program of competitive sports for youth or to promote good citizenship in youth and which does not discriminate on the basis of race, sex, nationality, or religion; (2) any youth group sponsored by or affiliated with a qualified educational institution, including, but not limited to, any student activity club, athletic group, or musical group; and (3) Little League, Bobby Sox, Boy Scouts, Cub Scouts, Girl Scouts, Campfire, Inc., Young Men's Christian Association, Young Women's Christian Association, Future Farmers of America, Future Homemakers of America, 4-H Clubs, Distributive Education Clubs of America, Future Business Leaders of America, Vocational Industrial Clubs of America, Collegiate Young Farmers, Boys' Clubs, and Girls' Clubs, Special Olympics, Inc., American Youth Soccer Organization, California Youth Soccer Association, North, California Youth Soccer Association, South, and Pop Warner Football. (SECTION 6361)

INDEX OF SALES AND USE TAX REGULATIONS

You may obtain copies of a particular regulation by visiting our website at ***www.boe.ca.gov***
You may also contact any office of the State Board of Equalization or by calling toll-free 1-800-400-7115

FOR MORE INFORMATION

For additional information or assistance with how the Sales and Use Tax Law applies to your business operations, please take advantage of the resources listed below.

CUSTOMER SERVICE CENTER

1-800-400-7115

TTY:711

Customer service representatives are available weekdays from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays. In addition to English, assistance is available in other languages.

FIELD OFFICES

City	Area Code	Number
Bakersfield	1-661	395-2880
Culver City	1-310	342-1000
El Centro	1-760	352-3431
Fairfield	1-707	427-4800
Fresno	1-559	440-5330
Glendale	1-818	543-4900
Irvine	1-949	440-3473
Norwalk	1-562	466-1694
Oakland	1-510	622-4100
Rancho Mirage	1-760	770-4828
Redding	1-530	224-4729
Riverside	1-951	680-6400
Sacramento	1-916	227-6700
Salinas	1-831	443-3003
San Diego	1-858	385-4700
San Francisco	1-415	356-6600
San Jose	1-408	277-1231
Santa Clarita	1-661	222-6000
Santa Rosa	1-707	576-2100
Ventura	1-805	677-2700
West Covina	1-626	480-7200
Out-of-State Field Offices		
Chicago, IL	1-312	201-5300
Houston, TX	1-281	531-3450
New York, NY	1-212	697-4680
Sacramento, CA	1-916	227-6600

INTERNET

www.boe.ca.gov

You can log onto our website for additional information—such as laws, regulations, forms, publications, and policy manuals—that will help you understand how the law applies to your business.

You can also verify seller's permit numbers on the BOE website (look for "Verify a Permit/License") or call our toll-free automated verification service at 1-888-225-5263.

Multilingual versions of publications are available on our website at *www.boe.ca.gov.*

Another good resource—especially for starting businesses—is the California Tax Service Center at *www.taxes.ca.gov.*

FAXBACK SERVICE

Our faxback service, which allows you to order selected publications, forms, and regulations, is available 24 hours a day. Call 1-800-400-7115 and choose the fax option. We'll fax your selection to you within 24 hours.

TAX INFORMATION BULLETIN

The quarterly Tax Information Bulletin (TIB) includes articles on the application of law to specific types of transactions, announcements about new and revised publications, and other articles of interest. You can find current and archived TIBs on our website at *www.boe.ca.gov/news/tibcont.htm.* Sign up for our BOE updates email list and receive notification when the latest issue of the TIB has been posted to our website.

FREE CLASSES AND SEMINARS

Most of our statewide field offices offer free basic sales and use tax classes with some classes offered in other languages. Check the Sales and Use Tax Section on our website at *www.boe.ca.gov* for a listing of classes and locations. You can also call your local field office for class information. We also offer online seminars including the Basic Sales and Use Tax tutorial and how to file your tax return that you can access on our website at any time. Some online seminars are also offered in other languages.

WRITTEN TAX ADVICE

For your protection, it is best to get tax advice in writing. You may be relieved of tax, penalty, or interest charges that are due on a transaction if we determine that we gave you incorrect written advice regarding the transaction and that you reasonably relied on that advice in failing to pay the proper amount of tax. For this relief to apply, a request for advice must be in writing, identify the taxpayer to whom the advice applies, and fully describe the facts and circumstances of the transaction.

Please visit our website at: *www.boe.ca.gov/info/email.html* to email your request. You may also send your request in a letter to: Audit and Information Section, MIC:44, State Board of Equalization, P.O. Box 942879, Sacramento, CA 94279-0044.

TAXPAYERS' RIGHTS ADVOCATE

If you would like to know more about your rights as a taxpayer or if you have not been able to resolve a problem through normal channels (for example, by speaking to a supervisor), please see *Understanding Your Rights as a California Taxpayer,* publication 70, or contact the Taxpayers' Rights Advocate Office for help at 1-916-324-2798 (or toll-free, 1-888-324-2798). Their fax number is 1-916-323-3319.

If you prefer, you can write to: Taxpayers' Rights Advocate, MIC:70; State Board of Equalization; P.O. Box 942879; Sacramento, CA 94279-0070.

California State Board of Equalization
450 N Street • Sacramento, California
(Mailing Address: P.O. Box 942879 • Sacramento, CA 94279-0001)