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

St. Helena City Council
Meeting
September 13, 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**

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL**

4. **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.

5. **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.

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)

6. Consideration and proposed approval of Regular Meeting Minutes of August 23, 2016
CEQA Status: Not a CEQA Project
Prepared By: Cindy Black, City Clerk
Recommendation: Adopt

7. Consideration and proposed approval of a resolution setting a hearing to approve the annexation of territory into the St. Helena Municipal Sewer District No. 1, MSD Annexation No. 129 (1357 El Bonita Avenue, St Helena, CA. APN. 009-431-003)
Prepared By: Christina Cook, Public Works Administrative Assistant
Steven Palmer, PE, Director of Public Works/City Engineer
CEQA Status: Categorically Exempt, CEQA Guidelines Section 15319, Annexations of Existing Facilities and Lots for Exempt Facilities, and Section 15061, No Possibility of Significant Effect on the Environment
Recommendation: Adopt

8. Consideration and proposed approval of a Resolution approving a MOU between the St. Helena School District and the St. Helena Recreation Department to provide services for an After-School Enrichment Program for the St. Helena Primary and St. Helena Elementary Schools for the period August 1, 2016 – June 30, 2017
CEQA Status: Not a CEQA Project
Prepared By: Haidi Arias, Recreation Director
Recommendation: Adopt

9. Consideration and proposed of a resolution approving temporary closure of Oak Avenue and Adams Street and authorizing possession of open alcoholic beverages on those public streets for the October 15, 2016 Hometown Harvest Festival
CEQA Status: Categorically Exempt, Section 15323
Prepared By: Haidi Arias, Recreation Director
Recommendation: Adopt

10. Consideration and proposed approval of a resolution approving out-of-state travel for City Manager Jennifer Phillips to attend a Harvard Kennedy School Program in Cambridge, Massachusetts September 18-23, 2016 for a total not to exceed amount of $9,000
CEQA Status: Not a CEQA Project
Prepared By: Jennifer Phillips, City Manager
Recommendation: Adopt

11. Consideration and proposed approval of a resolution approving a Budget adjustment transferring the remaining $444.52 in Fund 380-4600-2244 for Elsie the Library Cat from Fiscal Year 2015/16 to Fiscal Year 2016/17
CEQA Status: Not a CEQA Project
Prepared By: Chris Kreiden, Library Director

Tracey Perkosky, Grants and Finance Manager
Recommendation: Adopt

12. Consideration and proposed approval of a resolution and rescinding resolution No. 2015-147 adopting Investment Policy for the City of St. Helena and review Annual Investment Report
CEQA Status: Not a CEQA Project
Prepared By: Jennifer Phillips, City Manager
April Mitts, Finance Director
Recommendation: Adopt

13. Consideration and proposed approval of a resolution authorizing the St. Helena High School annual homecoming parade on Main Street and authorizing City staff to assist with traffic control before, during, and after the parade
Prepared By: Christina Cook, Public Works Administrative Assistant
Steven Palmer, PE, Director of Public Works/City Engineer
CEQA Status: Categorically Exempt, Section 15323, Normal Operations of Facilities for Public Gatherings
Recommendation: Adopt

14. Consideration and proposed approval of a resolution authorizing amendment to Unrepresented Compensation Resolution to include a new compensation schedule for the Assistant Public Works Director position and for the position to receive 40 additional hours of executive leave per the same conditions as at-will executive positions
CEQA Status: Not a CEQA Project
Prepared By: Mandy Kellogg, Administrative Services Manager
Kathy Robinson, Human Resources and IT Director
Recommendation: Adopt

15. Consideration and proposed approval of the First Amendment to the Professional Service Agreement, with Hansford Economic Consulting to provide additional work outside the original Water and Waste Water Rate Study scope, increasing the contract amount by $13,020 for a total contract of $61,370; and authorizing a budget increase of $13,020 split equally between accounts 561-4300-2130 and 571-4300-2130. Funds for 561 will be taken from the Water Enterprise Unrestricted Net Position and funds for 571 will be transferred from the Wastewater Capital Project Fund to the Wastewater Operating Fund identified above.
Prepared By: Jennifer Tuell, Water Conservation Coordinator
Steven Palmer, PE, Director of Public Works/City Engineer
CEQA Status: Not a CEQA project
Recommendation: Adopt

NEW BUSINESS:

16. Annual Residential Growth Management Update
CEQA Status: Project is found to be in compliance with the City of St Helena General Plan, including the Housing Element and have no specific environmental impacts requiring mitigation and therefore is consistent with the requirements of CEQA under

Section 15183
Prepared By: Noah Housh, Planning and Community Improvement Director
Recommendation: Receive and Provide direction

17. Presentation by PD Staff showing the new style of load bearing and non-load bearing ballistic vest choices for Police Officers
CEQA Status: Not a CEQA Project
Prepared By: William Imboden, Chief of Police
Recommendation: Information only

18. Report to City Council on the regularly scheduled State Revolving Loan Fund (SRF) payment of $526,805 for the Comprehensive Flood Control Project for FY 16/17
CEQA Status: Not a CEQA Project
Prepared By: April Mitts, Finance Director
Tracey Perkosky, Grants & Finance Manager
Recommendation: Receive and file

19. Professional Standards Established by the International City/County Management Association
CEQA Status: Not a CEQA Project
Prepared By: Jennifer Phillips, City Manager
Recommendation: Receive and file

20. Council Discussion of Measure D and Potential Budget Adjustments
CEQA Status: Not a CEQA Project
Prepared By: Jennifer Phillips, City Manager
Recommendation: Information only

ADJOURNMENT The next Regular City Council meeting is scheduled for September 27, 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 September 9, 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.

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Item No: 6

Minutes
St. Helena City Council
August 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**

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL**

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

4. **PUBLIC FORUM:**

   Pam Smithers addressed the City Council.

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

   City Manager Jennifer Phillips advised the City Council the November meeting dates fall on potential conflicts and will be rescheduled to different dates.

   Finance Director April Mitts announced the adopted budget is available for viewing online and in City Hall. The annual audit will begin next week.

   Recreation Director Haidi Arias reported that summer camps are over and it was a successful season. Soccer season has started with over 200 participants, Bocce is nearly ending and the Teen Center will open September 6th.

   Councilmember Pitts attended the Stonebridge renovation celebration.

   Vice Mayor White reported that Napa County Watershed Information Center & Conservancy (WICC) is conducting public workshops regarding the Sustainable Ground Water Act. The first public meeting will be held September 22nd, 3:00 pm at the NVTPA Board Room in Napa. The second meeting will take place November 3rd at 3:00 pm at a place to be determined.

6. **CLOSED SESSION** held on August 17, 2016 – Report out of any actions taken if

any.

a. CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION; Government Code section 54956.9(d)(1): Water Audit California v. City of St. Helena, Napa County Superior Court No. 16CV000680
b. CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION; Government Code section 54956.9(d)(2); one potential case

No action was taken.

STAFF BRIEFING

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

Public Works Director Steve Palmer presented the water wide update report.

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)

8. Consideration and proposed approval of Regular Meeting Minutes of August 9, 2016
CEQA Status: Not a CEQA Project
Prepared By: Cindy Black, City Clerk
Recommendation: Adopt

9. Consideration and proposed approval of a resolution 2016-108 accepting the Work and Directing the Filing of the Notice of Completion for the 2015 Pavement Rehabilitation Project, Capital Improvement Project R-74
CEQA Status: Categorically Exempt, Section 15301, Existing Facilities Class I
Prepared By: Steven Palmer, PE, Director of Public Works/City Engineer
Recommendation: Adopt

10. Consideration and proposed approval of a resolution 2016-109 approving the First Amendment to the Consultant Service Agreement in an amount not to exceed $37,000 with Frank's Janitorial Service for janitorial services of City facilities
CEQA Status: Not a CEQA Project
Prepared By: Carlos Uribe, Public Works Manager
Steven Palmer, PE, Director of Public Works/City Engineer
Recommendation: Adopt

11. Consideration and proposed approval of a resolution 2016-110 approving the use of Lyman Park on September 16, 2016 for the Mexican Independence Day celebration event hosted by the St. Helena Multicultural Committee
CEQA Status: The project has been determined to qualify for a Class 23 Categorical Exemption under CEQA Section 15323
Prepared By: Christina Cook, Public Works Administration
Steven Palmer, PE, Director of Public Works/City Engineer
Recommendation: Adopt

12. Consideration and proposed approval of a resolution 2016-111 approving out-of-state travel for Finance Director April Mitts to attend the Government Finance Officers Association (GFOA) Budget Academy in Chicago, Illinois, September 27-30, 2016 in an amount not to exceed $3,100
CEQA Status: Not a CEQA Project
Prepared By: April Mitts, Finance Director
Recommendation: Adopt

13. Consideration and proposed approval of a resolution 2016-112 approving a Professional Services Agreement with Larry Walker Associates for storm water consulting services in an amount not to exceed $30,000
CEQA Status: Not a CEQA Project
Prepared By: Tobias Barr, Public Works Project Manager
Steven Palmer, PE, Director of Public Works/City Engineer
Recommendation: Adopt

Item 14 was continued to an undetermined date.

~~**14.** Consideration and proposed approval of a resolution and rescinding Resolution No. 2015-147 and approving an Investment Policy for the City of St. Helena and review annual Investment Report~~
~~CEQA Status: Not a CEQA Project~~
~~Prepared By: Jennifer Phillips, City Manager~~
~~April Mitts, Finance Director~~
~~Recommendation: Adopt~~

Councilmember Pitts moved to approve Consent Items 8-13 with Item 14 continued to an undetermined date. The motion was seconded by Vice Mayor White and on roll call carried by the following vote:

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

NOES: None

ABSENT: None

NEW BUSINESS:

15. Consideration and proposed approval of:

a. Resolution 2016-113 of Intention to approve an amendment to the Contract between the Board of Administration of the California Public Employees' Retirement System and the City Council to incorporate the provisions of Government Code Section 20156 and include 1% employee cost share
b. Introduction and first reading of an ordinance authorizing an amendment to the Contract between the City Council of the City of St. Helena and the Board of Administration of the California Public Employee's Retirement System

CEQA Status: Not a CEQA Project

Prepared By: Mandy Kellogg, Administrative Services Manager
Recommendation: Adopt resolution, introduce ordinance by title only and waive further reading

Administrative Services Manager Mandy Kellogg reported on this item.

No public comment received.

Councilmember Dohring moved to adopt resolution 2016-113 of Intention to approve an amendment to the Contract between the Board of Administration of the California Public Employees' Retirement System and the City Council to incorporate the provisions of Government Code Section 20156 and include 1% employee cost share; Introduce by title only and waive further reading of an ordinance authorizing an amendment to the Contract between the City Council of the City of St. Helena and the Board of Administration of the California Public Employee's Retirement System. The motion was seconded by Councilmember Crull and on roll call carried by the following vote:

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

NOES: None

ABSENT: None

16. Grant Quarterly Report for FY 2016, Quarter 4 and consideration and proposed adoption of a resolution 2016-114 accepting the Grants Quarterly Report Ending June 30, 2016 as Part of the City's Permanent Record to Ensure Transparency and Accountability for Grant Agreements
Prepared By: April Mitts, Finance Director
Tracey Perkosky, Grants & Finance Manager
Recommendation: Adopt

Grants & Finance Manager Tracey Perkosky reported on this item.

Bobbie Monnette addressed the City Council.

Vice Mayor White moved to adopt resolution 2016-114 accepting the Grants Quarterly Report Ending June 30, 2016 as Part of the City's Permanent Record to Ensure Transparency and Accountability for Grant Agreements. 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

17. Consideration to approve the Napa County City Selection Committee recommendation to appoint Napa County Board of Supervisor Brad Wagenknecht to represent the Napa County Cities and Town on the Marin Clean Energy Board of Directors

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

City Clerk Cindy Black reported on this item.

No public comment received.

Councilmember Pitts moved to approve Napa County City Selection Committee recommendation to appoint Napa County Board of Supervisor Brad Wagenknecht to represent the Napa County Cities and Town on the Marin Clean Energy Board of Directors. 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

18. Consideration to designate two members of the St. Helena City Council as the 2016 League of California Cities Annual Conference voting delegate and an alternate voting delegate

CEQA Status:	Not a CEQA project
Lead Staff:	Cindy Black, City Clerk
Recommendation:	Provide direction

City Clerk Cindy Black reported on this item.

No public comment received.

Vice Mayor White nominated Mayor Galbraith as the voting delegate.

Mayor Galbraith nominated Vice Mayor White as the alternate voting delegate.

Mayor Galbraith moved to approve the nominated voting delegates. The motion was seconded by Councilmember Crull and on roll call carried by the following vote:

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

NOES: None

ABSENT: None

19. Council to review the proposed resolution committing the League of California Cities to supporting vision zero, towards zero deaths, and other programs or initiatives to make safety a top priority for transportation projects and policy formulation, while encouraging cities to pursue similar initiatives; provide voting direction to the voting delegate and alternate voting delegate

<u>CEQA Status:</u> Not a CEQA Project
<u>Lead Staff:</u> Cindy Black, City Clerk
<u>Recommendation:</u> Provide direction to voting delegate

City Clerk Cindy Black reported on this item.

No public comment received.

It was the consensus of the City Council to support the proposed resolution committing the League of California Cities to supporting vision zero, towards zero deaths, and other programs or initiatives to make safety a top priority for transportation projects and policy formulation, while encouraging cities to pursue similar initiatives and direct the voting delegates to vote accordingly.

20. Fiscal Year 2015/16 4th Quarter Finance Report - Unaudited

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

Finance Director April Mitts reported on this item.

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

21. Consideration and proposed approval of a resolution 2016-115 authorizing the Police Department to Over Hire one Police Officer position effective September 9th, 2016, in advance of an announced Officer retirement in December, 2016, at no additional cost to the City

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

Chief of Police William Imboden reported on this item.

No public comment received.

Councilmember Dohring moved to approve resolution 2016-115 authorizing the Police Department to Over Hire one Police Officer position effective September 9th, 2016, in advance of an announced Officer retirement in December, 2016, at no additional cost to the City. The motion was seconded by Councilmember Crull and on roll call carried by the following vote:

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

NOES: None

ABSENT: None

22. Consideration and proposed approval of a resolution 2015-16 authorizing the City Manager to accept a conditional offer from the Regional Water Quality Control Board to settle alleged discharge violations at the wastewater treatment and reclamation plant through payment of mandatory penalty in the amount of $15,000; and authorizing transfer of $15,000 from the wastewater capital project fund to the wastewater operating fund to pay for the penalty

CEQA Status: Not a CEQA Project
Prepared By: Steven Palmer, PE, Director of Public Works/City Engineer
Recommendation: Adopt

Public Works Director Steve Palmer reported on this item.

Bobbie Monnette addressed the City Council.

Councilmember Dohring moved to approve resolution 2015-16 authorizing the City Manager to accept a conditional offer from the Regional Water Quality Control Board to settle alleged discharge violations at the wastewater treatment and reclamation plant through payment of mandatory penalty in the amount of $15,000; and authorizing transfer of $15,000 from the wastewater capital project fund to the wastewater operating fund to pay for the penalty. The motion was seconded by Councilmember Crull and on roll call carried by the following vote:

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

NOES: None

ABSENT: None

ADJOURNMENT

Mayor Galbraith adjourned the meeting at 7:25 p.m.

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

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CITY OF ST. HELENA

Report to the City Council
Council Meeting of September 13, 2016

Agenda Section: **Consent**

Subject: **Consideration and proposed approval of a resolution setting a hearing to approve the annexation of territory into the St. Helena Municipal Sewer District No. 1, MSD Annexation No. 129 (1357 El Bonita Avenue, St Helena, CA. APN. 009-431-003)**

CEQA Status: **Categorically Exempt, CEQA Guidelines Section 15319, Annexations of Existing Facilities and Lots for Exempt Facilities, and Section 15061, No Possibility of Significant Effect on the Environment**

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

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

BACKGROUND

Laurie B. Daw, owner of 1357 El Bonita Avenue, St Helena, CA, Napa County Assessor Parcel Number (APN) 009-431-003, has applied to be annexed into the St. Helena Municipal Sewer District No. 1 (District). A location map & description for the property is shown in Attachment 1. City Council approval of the connection is the formal administrative process to change the property's tax rate area code from septic to sanitary sewer for tax purposes.

DISCUSSION

The property is currently on a septic system. The Magnolia Oaks Subdivision recently completed construction of a public sewer main in El Bonita Avenue, which now provides this property with access to the City sewer system. The Property owner is responsible for: (1) constructing a sewer lateral from their residence to the City sewer, and (2) paying fees for annexation, connection, and sewer impact. The sewer impact fee will be paid prior to the physical hook-up and is calculated on the livable area currently on file with the Napa County Assessor's office. At the time of connection to the City sewer, the existing septic system will be destroyed in accordance with Napa County Department of Environmental Management guidelines.

This resolution is the first step of the process to annex the property into the District. The resolution requires a vote of at least two-thirds of all the members of the City Council (at least four affirmative votes) to incorporate the property into the District. (Health & Saf. Code § 4643.)

The next step will be to notice and hold a public hearing for objections, if any, from persons interested in the proposed annexation during a regularly scheduled City Council meeting (September 27, 2016), the final step in the annexation process is to consider a second resolution for property annexation (which will also require at least four affirmative votes). (Health & Safety Code § 4645-47.)

If the City Council approves the second resolution, City staff will then process the annexation with Napa County and the State Board of Equalization to change the tax rate area code for the property. Staff will work with the applicant to obtain required encroachment and sewer connection permits.

FISCAL IMPACT

The Applicant is responsible to construct a sewer lateral from their residence to the sewer lateral in the street and connect to the City sewer; and pay annexation, connection, and impact fees.

RECOMMENDED ACTION

Staff recommends the City Council adopt Resolution Setting a Hearing to Approve the Annexation of Territory to the St. Helena Municipal Sewer District No. 1, MSD Annexation No. 129 (1357 El Bonita Avenue, St Helena, CA. APN. 009-431-003).

ATTACHMENTS

1. Location Map & Description
2. Resolution

Written Description
for the
Annexation of the Lands of Laurie B. Daw
to the
St. Helena Municipal Sewer District

Napa County APN 009-431-003
1357 El Bonita Avenue, St. Helena CA 94574

The real property located in the City of St. Helena, Rancho Carne Humana, County of Napa, State of California, described as follows:

Beginning at the centerline of El Bonita Avenue at a point that bears South 47°44'00" West 275.00 feet from the centerline intersection of El Bonita Avenue with Rosebud Lane; thence South 42°16'00" East for 107.00 feet to the center of a cul-de-sac as shown on the Map entitled "El Bonita Park Unit No. 1" filed September 7, 1956 in Book 6 of Maps at pages 52 and 53 in the Office of the Napa County Recorder; thence continuing South 42°16'00" East for 57.00 feet to the northeasterly corner of Lot 1 in Block 1 as shown on said map, said corner being the TRUE POINT OF BEGINNING; thence along the perimeter of said Lot 1 the following courses:

1. South 42°16'00" East for 59.00 feet;
2. thence South 47°44'00" West for 150.00 feet;
3. thence North 42°16'00" West for 82.75 feet;
4. thence North 35°14'00" East for 96.64 feet to a point of cusp with a curve concave to the north to which a radial line bears South 35° 14' 15" East;
5. thence easterly along said curve having a radius of 57.00 feet and a central angle of 77°30'15" an arc length of 77.10 feet to the True Point of Beginning;

Containing 0.3 acres of land.

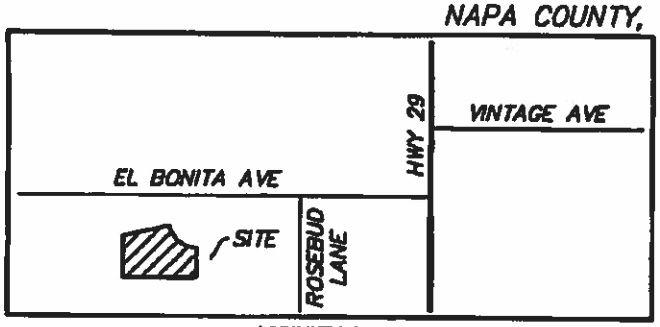
LICENSED LAND SURVEYOR
GREG
ZEL…NY
LS8772
STATE OF CALIFORNIA

Exp 12/31/16

ANNEXATION

OF THE LANDS OF LAURIE B. DAW
TO THE ST. HELENA MUNICIPAL SEWER DISTRICT

APN 009-431-003
1357 EL BONITA AVE
ST HELENA, CALIFORNIA
RANCHO CARNE HUMANA
NAPA COUNTY, CALIFORNIA

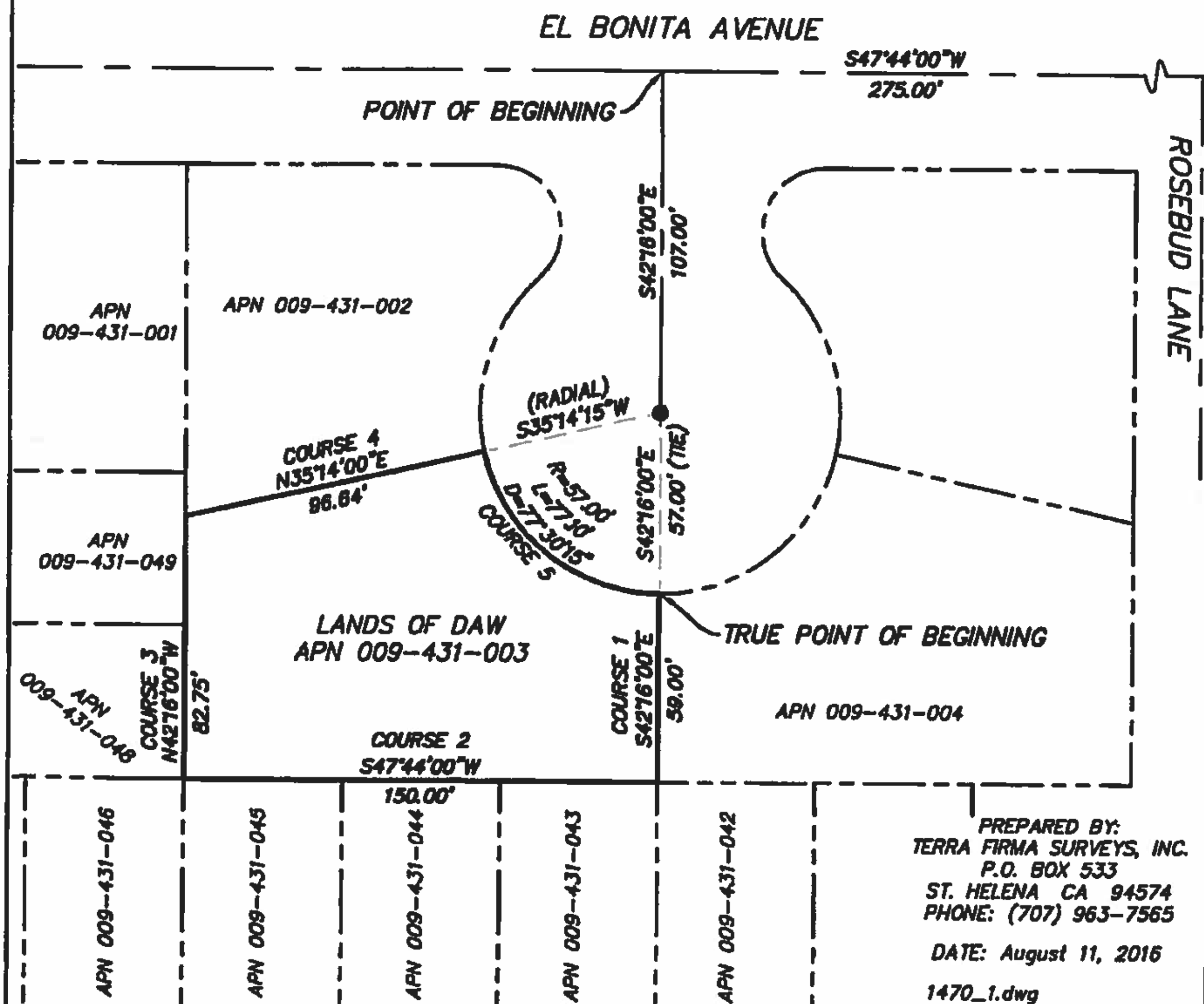


VICINITY MAP
NO SCALE

SCALE 1"=50'

LICENSED LAND SURVEYOR
GREG
ZELAZNY
PLS8772
STATE OF CALIFORNIA

Exp 12/31/16



PREPARED BY:
TERRA FIRMA SURVEYS, INC.
P.O. BOX 533
ST. HELENA CA 94574
PHONE: (707) 963-7565

DATE: August 11, 2016

1470_1.dwg

CITY OF ST. HELENA

RESOLUTION NO. 2016-

APPROVE THE ANNEXATION OF TERRITORY INTO THE ST. HELENA MUNICIPAL SEWER DISTRICT NO. 1 MSD ANNEXATION NO. 129 1357 EL BONITA AVENUE, ST. HELENA, CA. APN. 009-431-003

RECITALS

A. The property located at 1357 El Bonita Avenue, St Helena, California, APN. 009-431-003 will benefit from annexation into the St. Helena Municipal Sewer District No. 1; and

B. The owner of 1357 El Bonita Avenue, St Helena, California, APN. 009-431-003 has requested annexation into the St. Helena Municipal Sewer District No. 1; and

C. The legal description and boundary for the territory to be annexed is described in the attached Exhibit A- Annexation Map & Description; and

E. All annexation fees have been paid.

RESOLUTION

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

1. The territory described in the attached Exhibit A-Annexation Map & Description, commonly known as 1357 El Bonita Avenue, St. Helena, CA, APN. 009-431-003, is hereby ordered annexed; and

2. A hearing for objections, if any, by any person interested in the proposed annexation shall be held during the regular meeting of the City Council at 6:00 pm on September 27, 2016.

Approved at a Regular Meeting of the St. Helena City Council on September 13, 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

Exhibit A

Written Description
for the
Annexation of the Lands of Laurie B. Daw
to the
St. Helena Municipal Sewer District

Napa County APN 009-431-003
1357 El Bonita Avenue, St. Helena CA 94574

The real property located in the City of St. Helena, Rancho Carne Humana, County of Napa, State of California, described as follows:

Beginning at the centerline of El Bonita Avenue at a point that bears South 47°44'00" West 275.00 feet from the centerline intersection of El Bonita Avenue with Rosebud Lane; thence South 42°16'00" East for 107.00 feet to the center of a cul-de-sac as shown on the Map entitled "El Bonita Park Unit No. 1" filed September 7, 1956 in Book 6 of Maps at pages 52 and 53 in the Office of the Napa County Recorder; thence continuing South 42°16'00" East for 57.00 feet to the northeasterly corner of Lot 1 in Block 1 as shown on said map, said corner being the TRUE POINT OF BEGINNING; thence along the perimeter of said Lot 1 the following courses:

1. South 42°16'00" East for 59.00 feet;
2. thence South 47°44'00" West for 150.00 feet;
3. thence North 42°16'00" West for 82.75 feet;
4. thence North 35°14'00" East for 96.64 feet to a point of cusp with a curve concave to the north to which a radial line bears South 35° 14' 15" East;
5. thence easterly along said curve having a radius of 57.00 feet and a central angle of 77°30'15" an arc length of 77.10 feet to the True Point of Beginning;

Containing 0.3 acres of land.

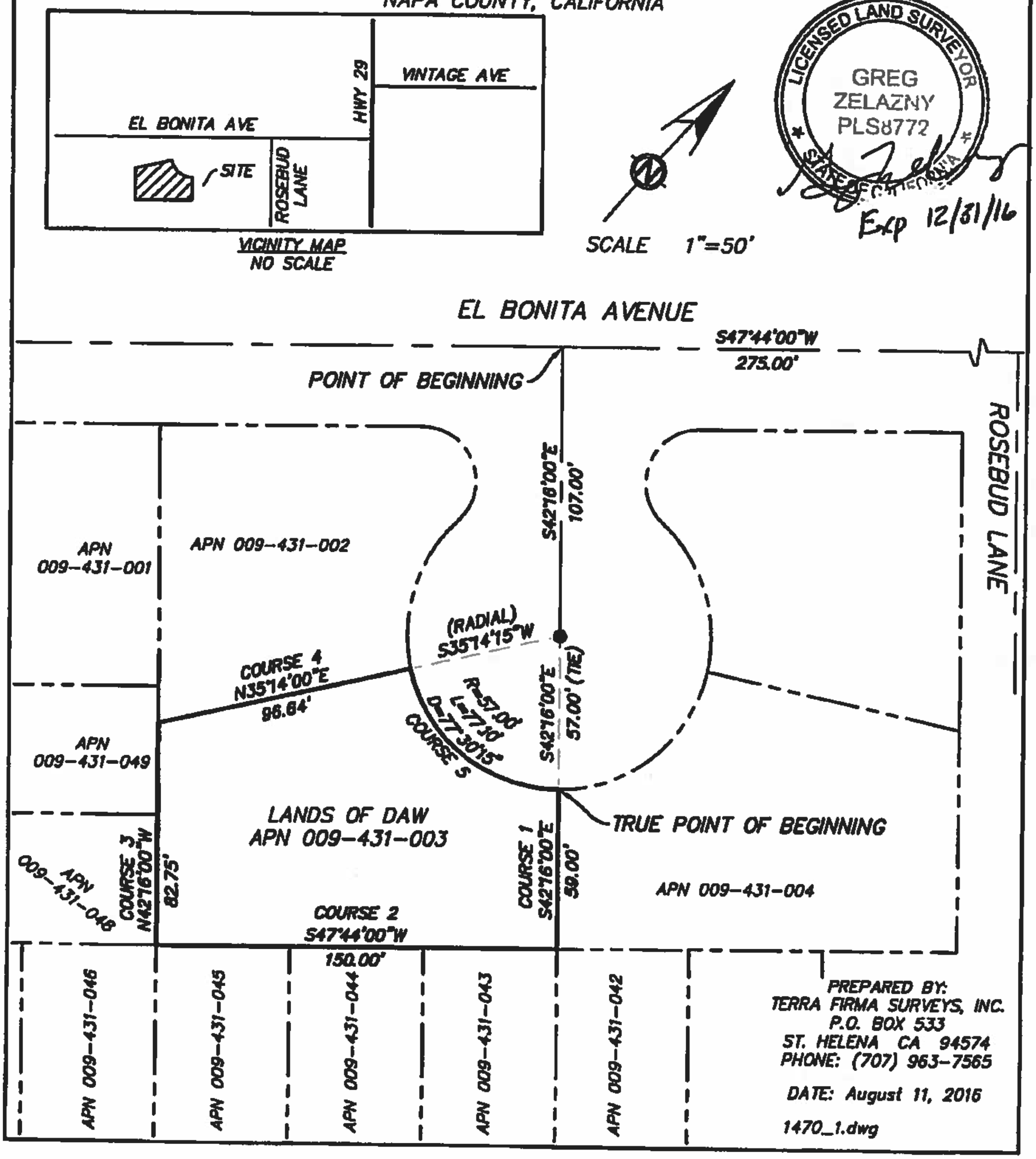
LICENSED LAND SURVEYOR
GREG
ZEL[illegible]NY
RLS8772
STATE OF CALIFORNIA

Exp 12/31/16

ANNEXATION

OF THE LANDS OF LAURIE B. DAW TO THE ST. HELENA MUNICIPAL SEWER DISTRICT

APN 009-431-003
1357 EL BONITA AVE
ST HELENA, CALIFORNIA
RANCHO CARNE HUMANA
NAPA COUNTY, CALIFORNIA



Item No: 8

Report to the City Council
Council Meeting of September 13, 2016

Agenda Section: **Consent**

Subject: **Consideration and proposed approval of a Resolution approving a MOU between the St. Helena School District and the St. Helena Recreation Department to provide services for an After-School Enrichment Program for the St. Helena Primary and St. Helena Elementary Schools for the period August 1, 2016 – June 30, 2017**

CEQA Status: **Not a CEQA Project**

Prepared By: **Haidi Arias, Recreation Director**

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

BACKGROUND

The After-School Enrichment Program provides a warm, caring environment beyond school hours where children have the opportunity to play with school friends. The After-School Enrichment Program offers exciting activities which stimulate children to be healthier and happier which include sports, art activities, drama, dance, and computer exploration. The After-School Enrichment Program has been operating at the St. Helena Elementary for the past two years. The Recreation department, school administrators, and teachers want to continue working together to ensure their After-School Enrichment Program supplement the learning taking place during the school year and utilizing age-appropriate materials and equipment for students.

DISCUSSION

The St. Helena Unified School District, hereinafter referred to as SHUSD, and the St. Helena Recreation Department, hereinafter referred to as SHRD, will continue to work cooperatively to build an asset-based approach to the delivery of services to children, youth and families. SHUSD and SHRD will implement effective enrichment programming for positive youth development as part of the After-School Enrichment program at St. Helena Elementary and St. Helena Primary.

Students in the After-School Enrichment Program will participate in:
Arts and Music
Drama and Dance
Technology and Robotics

Science experiments
Nutrition and fitness activities

DESCRIPTION OF PROGRAM SERVICES

A. The City of St. Helena agrees to:

1. Provide program coordination which includes;
    - Negotiating agreements with outside agencies
    - Organizing student registration in conjunction with school site administrators
    - Developing schedules for all program aspects

B. SHUSD agrees to:

1. Assist and facilitate advertising the program to students and families.

2. Provide payment to the City of St. Helena based on invoices received from outside vendors that provide enrichment opportunities, within the above parameters, not to exceed $12,000.

3. Provide payment to the City of St. Helena for administration of the services under this agreement, totaling $6,000.

FISCAL IMPACT

The City of St. Helena will be compensated in a total of $18,000 for all services described in this agreement.

RECOMMENDED ACTION

Staff recommends the City Council of the City of St. Helena adopt the attached MOU.

ATTACHMENTS

1. MOU

CITY OF ST. HELENA

RESOLUTION NO. 2016-

Approving a MOU between the St. Helena School District and the St. Helena Recreation Department to provide services for an After-School Enrichment Program for the St. Helena Primary and St. Helena Elementary Schools

RECITALS

A. There is a need in St. Helena community for an After-School Enrichment Program.

B. The After-School Enrichment Program will provide a warm, caring environment beyond school hours where children have the opportunity to play and socialize with school friends.

C. The After-School Enrichment Program will also offer exciting activities which stimulate children to be healthier and happier and includes sports, art activities, drama, dance, and computer exploration.

D. The After-School Enrichment Program has been operating at the St. Helena Elementary for the previous two years. The Recreation department, school administrators, and teachers work together to ensure the After-School Enrichment Program supplements the learning taking place during the school year and utilizing age-appropriate materials and equipment for students.

RESOLUTION

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

1. The City Council approves the MOU between the St. Helena School District and the St. Helena Recreation Department to provide services for an After-School Enrichment Program for the St. Helena Primary and St. Helena Elementary Schools for the period of August 1, 2016 through June 30, 2017; and
2. The City Council authorizes the City Manager to execute the MOU on behalf of the City.

Approved at a Regular Meeting of the St. Helena City Council on September 13, 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

Memorandum of Understanding
Between
St. Helena Unified School District
and
The City of St. Helena

The purpose of this MOU is to outline the agreement between the St. Helena Unified School District (SHUSD) and the City of St. Helena as it relates to the payment for the operation of after school enrichment programs for St. Helena Primary School and St. Helena Elementary School for the period August 1, 2016 – June 30, 2017.

Compensation to the City of St. Helena for all services as described by this agreement shall be $18,000.

The City of St. Helena agrees to:

- Provide program coordination which includes;
    - Negotiating agreements with outside agencies
    - Organizing student registration in conjunction with school site administrators
    - Developing schedules for all program aspects

SHUSD agrees to:

- Assist and facilitate advertising the program to students and families.
- Provide payment to the City of St. Helena based on invoices received from outside vendors that provide enrichment opportunities, within the above parameters, not to exceed $12,000.
- Provide payment to the City of St. Helena for administration of the services under this agreement, totaling $6,000.

City of St. Helena Jennifer Phillips City Manager	Date	St. Helena USD	Date

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Item No: 9

Report to the City Council
Council Meeting of September 13, 2016

Agenda Section: **Consent**

Subject: **Consideration and proposed of a resolution approving temporary closure of Oak Avenue and Adams Street and authorizing possession of open alcoholic beverages on those public streets for the October 15, 2016 Hometown Harvest Festival**

CEQA Status: **Categorically Exempt, Section 15323**

Prepared By: **Haidi Arias, Recreation Director**

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

BACKGROUND

The Hometown Harvest Festival is an annual event put on by the St. Helena Recreation Department. The event is held on third Saturday, each year on Oak Ave. and open to the community.

DISCUSSION

The St. Helena Recreation Department is hosting the 30th Annual Harvest Festival celebration on Oak Ave. on October 15, 2016. The event is approximately from 6:00am to 5:00 pm and will be open to the community of Napa Valley.

Fun Run: (5K Run & 10K)
Time: 7:00am – 10:00am
Location: Adams St. (between Oak Ave. and Kearney St.)
Organized by the Sarah Gott

Pet Parade
Time: 9:00am – 12:00pm
Location: Oak Ave. (between Pine St. and Adams St) & Adams St. (between Oak Ave. and Kearney St.)
Judges: Located on the corner of Oak Ave. and Adams St.
Organized by Parks & Recreation Commissioners; Tracy Smith and Donna Hinds

Harvest Festival
Time: 11:00am – 4:00pm
Location: Oak Ave. (between Adams St and Spring St.)
Includes craft vendors, non-profits food booths, wine tasting, kid zone, games and music.
Organized by the St. Helena Recreation Department

Non-Profits selling alcohol beverages:

St. Helena Kiwanis Foundation
St. Helena Rotary Club
St. Helena Oddfellows

FISCAL IMPACT
None

RECOMMENDED ACTION
Staff recommends the City Council of the City of St. Helena adopt the attached resolution.

ATTACHMENTS

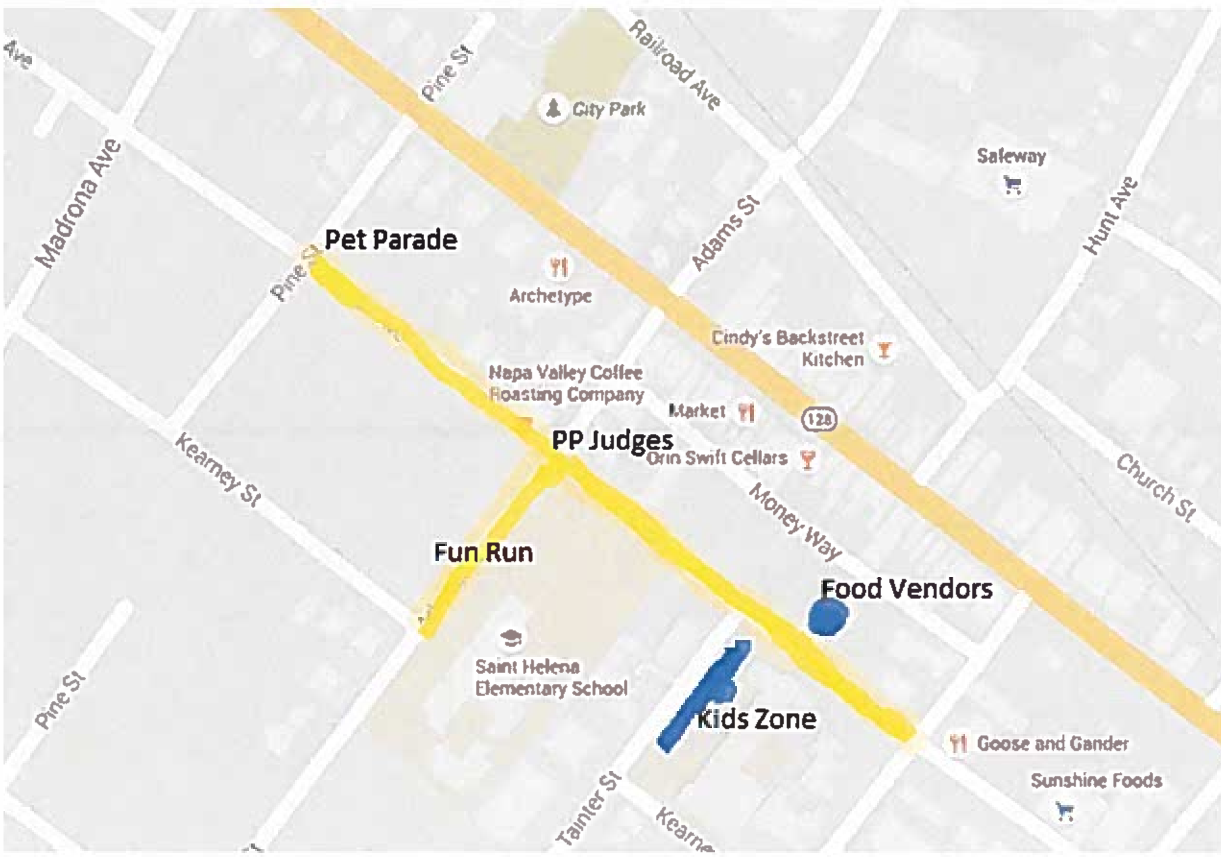
1. Site Map
2. Resolution

Site Map: Harvest Festival Date: October 15, 2016

Fun Run:
Time: 7:00am – 10:00am Location: Adams (between Oak Ave. & Kearney St.)

Pet Parade:
Time: 9:00am – 12:00pm Location: Oak Ave. (Between Pine St. & Adams)
Adams St. (Between Oak Ave. & Kearney St.)

Harvest Festival:
Time: 11:00am – 4:00pm Location: Oak Ave. (Between Adams St. & Spring St.)



CITY OF ST. HELENA

RESOLUTION NO. 2016 -

APPROVING TEMPORARY CLOSURE OF OAK AVENUE AND ADAMS STREET AND AUTHORIZING POSSESSION OF OPEN ALCHOHOLIC BEVERAGES ON THOSE PUBLIC STREETS FOR THE OCTOBER 15, 2016 HOMETOWN HARVEST FESTIVAL

RECITALS

A. The St. Helena Recreation Department has requested temporary closure of Oak Avenue between Spring St. and Pine St. and Adams Street between Oak Ave. and Kearney St. for the October 15, 2016 Hometown Harvest Festival;

B. Closure of City streets in the area will provide space for Harvest Festival activities and are situated adjacent to where event will take place;

C. St. Helena Kiwanis Foundation, St. Helena Oddfellows and St. Helena Rotary Club have requested authorization to sell beer and wine at the event. St. Helena Municipal Code Section 9.04.010 authorizes the Council, by permit, to allow possession of open alcoholic beverages on public streets or any private or public off-street parking lot;

D. In consideration for the benefits of this event to the community of St. Helena, the City Council desires to waive the Encroachment Permit fee for the event but does not waive the permit requirements and the General Conditions applicable to said permit;

E. Section 21101(e) of the California Vehicle Code provides the local authorities may, by resolutions, temporarily close a portion of any street for celebrations, parades, local special events, and other purposes when, in the opinion of local authorities having jurisdiction or a public officer of employee that the local authority designated by resolution, the closing is necessary for the safety and protection of persons who are to use that portion of the street during the temporary closing;

RESOLUTION

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

1. The City Council finds that the benefits derived from the temporary closing of portions of City streets for the Hometown Harvest Festival outweigh the anticipated inconvenience to the neighborhood and citizens generally, and authorize closure of:
    - Oak Avenue between Adams Street and Pine Street on October 15, 2016 from 6:00 a.m. to 3:00 p.m.
    - Oak Avenue between Spring Street and Adams Street on October 15, 2016 from 6:00 a.m. to 5:00 p.m.
    - Adams Street between Oak Avenue and Kearney Street on October 15, 2016 from 6:00 a.m. to 5:00 p.m.

2. The possession of open container of beer and wine is permitted on public streets and parking lots encompassed by this event.

3. Temporarily closing a portion of the subject streets is necessary for the safety and protection of persons who are to use that portion of the street during the temporary closing.

4. The City insurance policy covers this event at no additional cost to the City.

5. The City Manager is directed to provide reasonable levels of City staff support to accomplish the closure of streets and related activities.

Approved at a Regular Meeting of the St. Helena City Council on September 13, 2016 by the following vote:

Mayor Galbraith: ____________

Vice Mayor White: ____________

Councilmember Crull: ____________

Councilmember Dohring: ____________

Councilmember Pitts: ____________

APPROVED: ATTEST:

______________________________ ______________________________

Alan Galbraith, Mayor Cindy Black, City Clerk

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Item No: 10

Report to the City Council
Council Meeting of September 13, 2016

Agenda Section: **Consent**

Subject: **Consideration and proposed approval of a resolution approving out-of-state travel for City Manager Jennifer Phillips to attend a Harvard Kennedy School Program in Cambridge, Massachusetts September 18-23, 2016 for a total not to exceed amount of $9,000**

CEQA Status: **Not a CEQA project**

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

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

BACKGROUND

In the 1930s Harvard University saw that government was grappling with historic challenges, both domestic and international, and created a school of public affairs. For the past 80 years, Harvard Kennedy School (HKS) has strived to place itself at the forefront of studying public policy and preparing its practitioners. The Executive Education program offers programs that address critical subjects from crisis leadership and decision making to economic development and national security. Participants must apply to a specific program and be accepted.

DISCUSSION

Section 7.A. of the City Manager's agreement states that the Council shall review and evaluate the performance of City Manager's, including eligibility for any discretionary, performance-based increase, at least once annually no later than May of each year following Employee's commencement of employment. On April 6, 2016, the City Council conducted the City Manager's annual performance evaluation and determined that she was eligible for a performance-based increase. However, the City Manager agreed to forgo a raise and instead requested the opportunity to attend a HKS program. Due to workload constraints, the City Manager has not been able to attend the Annual ICMA Conference or City Manager's Meeting, both of which are also included in her agreement. Funds for this program are included in the Adopted FY 2016-17 Budget.

The City Manager submitted her application to the HKS program entitled: Leadership in the 21st Century. She has been accepted. The program is scheduled for September 18 through September 23, 2016 and is held in Cambridge, Massachusetts. The program fee is $7,600 and includes tuition, housing, curricular materials and meals. Transportation is expected not to exceed $1,000.

FISCAL IMPACT

Funds for this training program are included in the Adopted FY 2016/17 Budget. It is estimated total costs for this program will not exceed $9,000.

RECOMMENDED ACTION

Staff recommends the City Council adopt the resolution approving out-of-state travel for City Manager Jennifer Phillips to attend a Harvard Kennedy School Program in Cambridge, Massachusetts September 17-23, 2016 for a total not to exceed amount of $9,000.

ATTACHMENTS

1. Attachment A – Resolution 2016-___

Attachment A

CITY OF ST. HELENA

RESOLUTION NO. 2016-

Resolution Approving Out-of-State Travel for City Manager Jennifer Phillips to a Harvard Kennedy School Program in Cambridge, Massachusetts, September 18-23, 2016 in an Amount Not To Exceed $9,000

RECITALS

A. City Council Resolution 85-44 requires City Council approval for staff to attend out-of-state conferences; and

B. The Harvard Kennedy School (HKS), John F. Kennedy School of Government was established over 80 years ago with the vision of studying public policy and preparing its practitioners.

C. HKS offers various executive education programs to support government leaders.

D. Per her contract and following a successful evaluation by the City Council, City Manager Phillips is contractually eligible for a raise but she agreed to forgo the raise and instead requested the opportunity to attend a HKS program; and

E. $9,000 has been budgeted in the FY 2016-17 for the program registration and transportation.

RESOLUTION

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

1. Approves the out-of-state travel for City Manager Jennifer Phillips to attend the Harvard Kennedy School Program in Cambridge, Massachusetts, September 18-23, 2016 for a total not to exceed amount of $9,000.

Approved at a Regular Meeting of the St. Helena City Council on September 13, 2016, by the following vote:

Mayor Galbraith: __________

Vice Mayor White: __________

Councilmember Crull: __________

Councilmember Dohring: __________

Councilmember Pitts: __________

APPROVED: ATTEST:

Alan Galbraith, Mayor

Cindy Black, City Clerk

Item No: 11

Report to the City Council
Council Meeting of September 13, 2016

Agenda Section: Consent

Subject: **Consideration and proposed approval of a resolution approving a Budget adjustment transferring the remaining $444.52 in Fund 380-4600-2244 for Elsie the Library Cat from Fiscal Year 2015/16 to Fiscal Year 2016/17**

CEQA Status: **Not a CEQA project**

Prepared By: Chris Kreiden, Library Director
Tracey Perkosky, Grants and Finance Manager

Approved By: Jennifer Phillips, City Manager

BACKGROUND

In 2012, Elsie the Library Cat became a feature of the St. Helena Public Library. Since that time, her expenses have been covered by grants from the Friends & Foundation, St. Helena Public Library and through donations of food, toys, and veterinary care from members of the community. Before Fiscal Year 2015/16 any Elsie related expenses were paid for directly by Friends & Foundation. Last fiscal year the City of St. Helena took over administration of these funds.

DISCUSSION

For Fiscal Year 2015/16, Friends & Foundation granted, and therefore the City of St. Helena budgeted, $600 for Elsie's care. During the year only $155.48 of these funds was spent, thanks to the many kind donations by Elsie's followers. $600 was again granted and budgeted for Elsie in Fiscal Year 2016/17.

Elsie, who is about 12 years old, is a healthy cat. At this time, her yearly checkup is generously donated by a local veterinarian. She is, however, getting older and in the future will need more care and have additional expenses that could include medications and a special diet. Friends & Foundation has asked that the City of St. Helena roll these remaining funds from FY2015/16 to 2016/17 in preparation for these future expenses. As such the City will have $600 available for routine expenses, with the remaining held over special veterinary or other care. If the City Council decides not to roll over last year's remaining funds, per the City's agreement with the Friends, these unused funds will be returned to them.

FISCAL IMPACT

If City Council approves this transfer there will be an increase of $444.52 for a total of $1044.52 for Elsie's care in Fiscal Year 2016/17. If this resolution is not approved the $444.52 will be returned to Friends & Foundation and the amount budgeted for Elsie will stay at $600.

RECOMMENDED ACTION

Staff, along with Friends & Foundation, recommends that the City Council approve Resolution No. 2016-____, which approves a budget adjustment transferring $444.52 in Fund 380-4600-2244 from Fiscal Year 2015/16 to FY 2016/17.

ATTACHMENTS

1. Resolution 2016-

CITY OF ST. HELENA

RESOLUTION NO. 2016-

APPROVING A BUDGET ADJUSTMENT TRANSFERRING $444.52 IN FUND 380-4600-2244 FROM FISCAL YEAR 2015/16 TO FISCAL YEAR 2016/17 IN SUPPORT OF ELSIE THE LIBRARY CAT

RECITALS

A. The City of St. Helena approved $600 in the Fiscal Year 2015/16 budget for the care of Elsie the Library Cat (Fund 380-4600-2244); and

B. During Fiscal Year 2015/16, because of donations for her care and upkeep, expenditures to this fund amounted to only $155.48; and

C. In anticipation of future expenses as Elsie matures, with the permission of the Friends and Foundation, the remaining $444.52 in Fund 380-4600-2244 would be transferred from Fiscal Year 2015/16 to Fiscal Year 2016/17.

RESOLUTION

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

1. Approves the transfer of $444.52 in Fund 380-4600-2244 from Fiscal Year 2015/16 to Fiscal Year 2016/17.

Approved at a Regular Meeting of the St. Helena City Council on September 13, 2016, by the following vote:

Mayor Galbraith: ___________

Vice Mayor White: ___________

Councilmember Crull: ___________

Councilmember Dohring: ___________

Councilmember Pitts: ___________

APPROVED: ATTEST:

______________________ ______________________

Alan Galbraith, Mayor Cindy Black, City Clerk

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Item No: 12

Report to the City Council
Council Meeting of August 23, 2016

Agenda Section: **Consent**

Subject: **Consideration and proposed approval of a resolution and rescinding resolution No. 2015-147 adopting Investment Policy for the City of St. Helena and review Annual Investment Report**

CEQA Status: **Not a CEQA project**

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

April Mitts, Finance Director

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

BACKGROUND

California Government Code Section 53646(a)(2) states that the treasurer or chief fiscal officer of any other local agency (other than County agencies) may annually render to its legislative body and any oversight committee an investment policy and that the legislative body shall consider this policy at a public meeting.

Since 1999, the City utilizes PFM Asset Management LLC (PFM) to manage the City's investment accounts in an account called California Asset Management Program (CAMP). In addition, the City has funds in the Local Agency Investment Fund (LAIF) which is held by the State of California. The City meets with the PFM investment advisor at least twice a year to review the City's portfolio and discuss economic conditions and market trends. Staff also receives quarterly reports from LAIF.

DISCUSSION

Investment Policy

Annually PFM reviews the City's Investment Policy and recommends changes based on legislation or best practices. Effective 2016, there was only one change to the California Government Code Section 53601—AB 283 which revised the requirements of Code sections 53601.8 and 53635.8 regarding the use of placement service deposits. However, the City's Policy does not permit this investment type, so no revision is needed.

During the annual review of the City's Investment Policy, PFM had several recommended changes; however, none of the recommend changes are required by legislation and staff is recommending re-adoption of the current Investment Policy with no changes.

CAMP and LAIF Accounts
The City of St. Helena currently has an investment portfolio of approximately $8.4 million in CAMP, which is managed by PFM, and approximately $6.9 million invested in LAIF.

The majority of the funds in the CAMP portfolio are impact fees being held until the capital improvement projects listed in the impact fee study are initiated. Impact fees are special revenue funds that can only be spent for specific purposes. The impact fees include public safety, civic improvement, park, traffic mitigation, storm drain improvement, housing, water and sewer. Recent Impact Fee balances and activity can be found in the following places: (1) The annual AB 1600 impact fee report presented to City Council on November 24, 2015, (2) FY 2016-17 Adopted Budget, pages 213-221, and (3) 2015 Comprehensive Annual Financial Report (CAFR), pages 54-106.

In addition to the CAMP portfolio, which primarily holds impact fees, LAIF also holds funds for the City. LAIF is a low interest bearing investment account held by the State of California. The source of the majority of funds invested in LAIF require accessibility such as the General Fund Reserve, water and wastewater net position, and other various special revenue funds. Recent Special Revenue fund balances and activity can be found in the following places: (1) FY 2016-17 Adopted Budget, pages 173-221 and (2) 2015 CAFR, pages 54-106.

The City's portfolio is well diversified by both sector and the holdings are in compliance with California Code and the City's Investment Policy. In addition the portfolio holdings are diversified by maturity with the majority in the 1-3 year range.

PFM Agreement
As stated in the Discussion section above, the City of St. Helena has had an agreement with PFM Investment Services since 1999 for the investment of certain funds in Individual Portfolios in CAMP. At this time City management is considering an RFP to explore different financial advisors and other options for the City. If an RFP is issued, it does not indicate the City is dissatisfied with the services of PFM, but it is merely a part of normal course of business to ensure sound financial policies.

FISCAL IMPACT
None

RECOMMENDED ACTION

Item No: 12

Approve Resolution 2016-__ and Rescinding Resolution No. 2015-147 and Approving an Investment Policy for the City of St. Helena.

ATTACHMENTS

Attachment A – 2016 Investment Policy Redlined
Attachment B – 2016 Investment Policy - Final
Attachment C – Resolution No. 2016-__
Attachment D – City of St. Helena CAMP Account Statement ending June 30, 2016
Attachment E – City of St. Helena Local Agency Investment Fund Remittance Advice

Attachment A

CITY OF ST. HELENA
STATEMENT OF INVESTMENT POLICY
~~October 2015~~ September 2016

1. Policy

It is the policy of the City of St. Helena ("the City") to invest public funds in a manner that will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City and conforming to all California laws and local statutes governing the investment of public funds.

2. Scope

This investment policy applies to all the funds and investment activities under the direct authority of the City as accounted for in the Comprehensive Annual Financial Report (CAFR). Policy statements outlined in this document focus on the City's pooled funds, but will also apply to all other funds under the City Treasurers' span of control unless specifically exempted by statue or ordinance. This policy is applicable, but not limited to, all funds listed below:

- General Fund
- Enterprise Funds
- Special Revenue Funds
- Capital Project Funds
- Trust and Agency Funds

Excluded funds are those held with a fiscal agent, which has their own specific "permitted investments" section in the bond covenants. These funds include funds reserved for debt service and pension funds.

3. Prudence

Pursuant to California Government Code Section 53600.3, all persons authorized to make investment decisions on behalf of the City are trustees and therefore fiduciaries subject to the prudent investor standard: "When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency."

The City Treasurer and/or City Manager, acting within the intent and scope of the investment policy and other written procedures and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations that result in a loss of principal are reported to the City Manager immediately, and to the City Council at their next meeting addressing appropriate actions to be taken to control adverse developments.

4. Objective

The primary objectives in priority order of the City's investment activities shall be:

4.1. ***Safety:*** Safety of principal is the foremost objective of the investment program. Investments of the City shall be undertaken in a manner that seeks to ensure that capital losses are avoided, whether from securities default, broker-dealer default, or erosion of market value. To attain this objective, diversification is required in order that potential losses on individual securities would not exceed the income generated from the remainder of the portfolio.

4.2. ***Liquidity:*** The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements that might be reasonably anticipated.

4.3. ***Return:*** The City's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the City's investment risk constraints and the cash flow characteristics of the portfolio.

5. Delegation of Authority

Authority to manage the City's investment program is derived from the California Government Code. Management responsibility for the investment program is hereby delegated to the Treasurer, who shall establish written procedures for the operation of the investment program consistent with this investment policy. Procedures shall include, but not limited to, references to: safekeeping, wire transfer agreements, collateral/depository agreements, banking services contracts, local banking preferences, and other investment-related activities. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Treasurer. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinates.

The Treasurer may delegate investment decision making and execution authority to an investment advisor. The advisor shall follow the Investment Policy and such other written instructions as are provided.

Delegation of authority shall expire one year from the date of adoption of this policy as required by State law.

6. Ethics and Conflicts of Interest

The City Council, City Manager and City Treasurer shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Council members, City Manager and City Treasurer shall disclose to the City Attorney any material financial interests in financial institutions that conduct business within the jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the City's portfolio. The City Attorney and Treasurer shall review all disclosures made to insure there are no conflicts with any planned investment.

7. Authorized Financial Dealers and Institutions

The Treasurer will maintain a list of financial institutions and primary dealers authorized to provide investment services. "Primary" dealers include those that regularly report to the Federal Reserve Bank and should qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule).

All financial institutions, dealers and cash managers who desire to become qualified bidders for investment transactions must supply the City with the following: audited financial statements, proof of National Association of Security Dealers certification when applicable, completed questionnaire and certification of having read the City of St. Helena's investment policy and depository contracts.

If the City has an investment advisor, the investment advisor may use their own list of authorized broker/dealers to conduct transactions on behalf of the City.

Purchase and sale of securities shall be made on the basis of competitive bids and offers with a minimum of three quotes being obtained, when practical.

8. Authorized Investments and Limitations on Investments

Investment of City funds is governed by the California Government Code Sections 53600 et seq. Within the context of the limitations, the following investments are authorized, as further limited herein:

a) United States Treasury Bills, Bonds, and Notes or those for which the full faith and credit of the United States are pledged for payment of principal and interest. There is no percentage limitation of the portfolio that can be invested in this category.

b) Federal Agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

c) Local Agency Investment Fund (LAIF) which is a State of California managed investment pool may be used up to the maximum permitted by LAIF. The LAIF portfolio should be reviewed periodically.

d) California Asset Management Program (CAMP), which is a Joint Powers Authority, which offers an investment pool and individually managed portfolios.

e) Insured savings accounts are permitted without limitations.

Investments detailed in items f) through l) are further restricted to 10% of the market value of all investments and cash accounts (the portfolio) at the time of purchase, in any one issuer name. Credit criteria listed refer to the credit of the issuing organization at the time the security is purchased. In the event a rating drops below the minimum allowed rating category for that given investment type, the investment advisor, if any, shall notify the City Treasurer and/or Designee and recommend a plan of action.

f) Bills of exchange or time drafts drawn on and accepted by commercial banks, otherwise known as banker's acceptances are permitted. Banker's acceptances purchased may not exceed 180 days to maturity or 40% of the cost value of the portfolio.

g) Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical-rating organization (NRSRO). Commercial paper purchased may not exceed 270 days to maturity or 25% of the cost value of the portfolio. The City may purchase no more than 10% of the outstanding commercial paper of any single issuer. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or paragraph (2):
   (1) The entity meets the following criteria:
      (A) Is organized and operating in the United States as a general corporation.
      (B) Has total assets in excess of five hundred million dollars ($500,000,000).
      (C) Has debt other than commercial paper, if any, that is rated "A" or higher by a nationally recognized statistical-rating organization (NRSRO).

   (2) The entity meets the following criteria:
      (A) Is organized within the United States as a special purpose corporation, trust, or limited liability company.
      (B) Has program wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or surety bond.
      (C) Has commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally recognized statistical-rating organization (NRSRO).

h) Negotiable certificates of deposit issued by nationally or state chartered banks or state or federal savings institutions or by a federally-licensed or state-licensed branch of a foreign bank; provided that the senior debt obligations of the issuing institution are rated "A" or better by a NRSRO. Purchases of negotiable certificates of deposit may not exceed 30% of total portfolio.

i) Obligations of the State of California or any local agency within the state, including bonds payable solely out of revenues from a revenue-producing property owned, controlled or operated by the state or any local agency or by a department, board, agency or authority of the state or any local agency; provided that the obligations are rated "A" or higher by a NRSRO.

j) Registered treasury notes or bonds of any of the other 49 United States in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 United States, in addition to California. Obligations are required to be rated in the "A" category or better by a NRSRO.

k) Time deposits, non-negotiable and collateralized in accordance with the California Government Code, may be purchased through banks or savings and loan associations. Since time deposits are not liquid, no more than 25% of the investment portfolio may be invested in this investment type.

l) Medium-Term Notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Securities eligible for investment shall be rated "A" or better by a NRSRO. Purchase of medium term notes may not exceed 30% of the purchase value of the portfolio and no more than 5% of the purchase value of the portfolio may be invested in notes issued by one corporation.

m) Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940. To be eligible for investment pursuant to this subdivision these companies shall either: (1) attain the highest ranking letter or numerical rating provided by not less than two of the three largest nationally recognized rating services or (2) have an investment advisor registered with the Securities and Exchange Commission with not less than five years experience investing in securities and obligations authorized by Government Code section 53601 and with assets under management in excess of $500,000,000. The purchase price of shares shall not exceed 15% of the investment portfolio.

9. Ineligible Investments

The City shall not invest any funds in inverse floaters, range notes, or interest-only strips that are derived from a pool or mortgages, or in any security that could result in zero interest accrual if held to maturity, or any other investment not listed in this policy.

10. Safekeeping and Custody

All securities owned by the City, including collateral for repurchase agreements, shall be held in safekeeping by the City's custodian bank or a third party bank trust department, acting as agent for the City under the terms of a custody or trustee agreement executed by the bank and by the City. All securities will be received and delivered using standard delivery-versus-payment (DVP) procedures.

11. Percentage Limitations

Where a section specifies a percentage limitation for a particular category or investments, that percentage is applicable only at the date of purchase. Where a section does not specify a limitation on the term or remaining maturity at the time of the investment, no investment shall be made in any security that at the time of the investment has a term remaining to maturity in excess of five years, unless the City Council has granted express authority to make that investment either specifically or as a part of an investment program approved by the City Council no less than three months prior to the investment.

12. Reporting Requirements

The Treasurer shall annually, render to the City Council a statement of investment policy, which the Council must consider at a public meeting. The Council at a public meeting shall also consider any changes to the policy.

The Treasurer shall render a monthly transaction report to the City Council.

The Treasurer shall periodically render an investment report to the Council, which shall include for each individual investment:

- Description of investment instrument
- Issuer name
- Maturity date
- Purchase price
- Par value
- Current market value and the source of the valuation.

The report shall also include the following: (I) state compliance of the portfolio to the investment policy, or manner in which the portfolio is not in compliance, (II) include a description of any of the City's funds, investments or programs that are under the management of contracted parties, including lending programs, and (III) include a statement denoting the ability of the City to meet its expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may not be available.

GLOSSARY

AGENCIES: Federal agency securities.

BANKERS ACCEPTANCE (BA): A bearer time draft for a specified amount payable on a specified date. It is drawn on a bank by an individual or business seeking to finance domestic or international trade. The BA is collateralized by commodity products. Sale of goods is usually the source of the borrower's repayment to the bank. The bank finances the borrower's transaction and then often sells the BA on a discount basis to an investor. At maturity, the bank is repaid and the investor holding the BA receives par value from the bank.

BOND: An interest-bearing security issued by a corporation, quasi-governmental agency or other body, which can be executed through a bank or trust company. A bond is a form of debt with an interest rate, maturity, and face value, and is usually secured by specific assets. Most bonds have a maturity of greater than one year, and generally pay interest semiannually.

BOND RATING: The classification of a bond's investment quality.

BOOK VALUE: The amount at which a security is carried on the books of the holder or issuer. The book value is often the cost, plus or minus amortization, and may differ significantly from the market value.

BROKER: A broker brings buyers and sellers together for a commission paid by the initiator of the transaction or by both sides; he does not position. In the money market, brokers are active in markets in which banks buy and sell money and in interdealer markets.

CERTIFICATE OF DEPOSIT (CD): A time deposit debt instrument issued by a bank with a specific maturity evidenced by a certificate. Institutional CD's are issued in denominations of $100,000 or more. Maturities range from a few weeks to several years. Interest rates are set by competitive forces in the marketplace.

COMMERCIAL PAPER: Short-term obligations with maturities ranging from 2 to 270 days issued by banks, corporations, and other borrowers to investors with temporarily idle cash. Such instruments are unsecured and usually discounted, although some are interest bearing.

COLLATERAL: Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledges by a bank to secure deposits of public monies.

COUPON: The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. A certificate attached to a bond evidencing interest due on a payment date.

DEALER: A dealer, as opposed to a broker acts as a principal in all transactions, buying and selling for his own account.

DELIVERY VERSUS PAYMENT: There are two methods of delivery of securities: delivery versus payment and delivery versus receipts (also called free). Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipts is delivery of securities with an exchange of signed receipt for the securities.

DEBENTURES: A bond secured only by the general credit of the issuer.

DISCOUNT: The difference between the cost price of a security and its value at maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued at discount and redeemed at maturity for full face value, e.g. U.S. Treasury bills.

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

FEDERAL DEPOSIT INSURANCE COPRORATION (FDIC): A federal agency established in 1933 that guarantees (within limits) funds on deposit in member banks and performs other functions such as making loans to or buying assets from members banks to facilitate mergers or prevent failures.

FISCAL YEAR: An accounting or tax period comprising any twelve-month period. The City's fiscal year begins on July 1.

FULL FAITH AND CREDIT: The unconditional guarantee of the United States government backing a debt for repayment.

INTEREST RATE: The interest payable each year on borrowed funds, expresses as a percentage of the principal.

INVESTMENT: Use of capital to create more money, either through income-producing vehicles or through more risk-oriented ventures designed to result in capital gains.

INVESTMENT PORTFOLIO: A collection of securities held by a bank, individual, institution, or government agency for investment purposes.

LAIF: Trade name for the California State Local Agency Investment Fund.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without substantial loss of value.

LOCAL AGENCY INVESTMENT FUND (LAIF): Funds from local governmental units may be remitted to the California State Treasurer for deposit in this special fund for the purpose of investment.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MEDIUM-TERM NOTES: Debt obligations issued by corporations and banks, usually in the form of unsecured promissory notes. These are negotiable instruments that can be bought and sold in a large and active secondary market. For the purposes of California Government Code, the term "Medium Term" refers to a maximum remaining maturity of five years or less. They can be issued with fixed or floating-rate coupons, and with or without early call features, although the vast majority are fixed-rate and non-callable. Corporate notes have greater risk than Treasuries or Agencies because they rely on the ability of the issuer to make payment of principal and interest.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

NEGOTIABLE CERTIFICATES OF DEPOSIT: Large-denomination CDs that are issued at face value and typically pay interest at maturity, if maturing in less than 12 months. CDs that mature beyond this range pay interest semi-annually. Negotiable CDs are issued by U.S. banks (domestic CDs), U.S. branches of foreign banks (Yankee CDs), and thrifts. There is an active secondary market for negotiable domestic and Yankee CDs. However, the negotiable thrift CD secondary market is limited. Yields on CDs exceed those on U.S. treasuries and agencies of similar maturities. This higher yield compensates the investor for accepting the risk of reduced liquidity and the risk that the issuing bank might fail. State law does not require the collateralization of negotiable CDs.

PORTFOLIO: The collection of securities held by an investor.

PRIMARY DEALER: A group of government securities dealers that submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC) registered securities broker-dealers, banks, and a few unregulated firms.

PRINCIPAL: The face or par value of an instrument.

RATE OF RETURN: 1) The yield obtainable on a security based on its purchase price or its current market price. 2) Income earned on an investment, expressed as a percentage of the cost of the investment. This may be the amortized yield to maturity on a bond or the current income return.

RATING: The designation used by investors' services to rate the quality of a security's creditworthiness. Moody's ratings range from the highest Aaa, down through Aa, A, Bbb, Ba, B, etc. while Standard and Poor's rating range from the highest AAA, down through AA, A, BBB, BB, B, etc.

SAFEKEEPING: A service offered to customers for a fee, where securities and valuables of all types and descriptions are held in the vaults for protection.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES: Investment instruments such as bonds, stocks and other instruments of indebtedness or equity.

SPREAD: The difference between two figures or percentages. For example, it may be the difference between the bid and asked prices of a quote, or between the amount paid when brought and the amount received when sold.

TREASURY BILLS (T-Bill): A non-interest bearing security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three month, six month, or one year, and are sold in minimum amounts of $10,000 in multiples of $5,000 above the minimum. Treasury Bills are issued in book entry form only and are sold on a discount basis

TREASURY BONDS: Treasury Bonds are issued for a term of 30 years and pay a fixed rate of interest every six months until they mature.

TREASURY NOTES: Intermediate term coupon bearing U.S. Treasury securities having initial maturities of from one to ten years.

TRUSTEE: A bank designated as the custodian of funds and the official representative for bondholders.

UNDERWRITER: A dealer bank or financial institution, which arranges for the sale and distribution of a large batch of securities and assumes the responsibility for paying the net purchase price.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain maximum ratios of indebtedness to liquid capital of 15 to 1: also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one-reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

U.S. GOVERNMENT AGENCIES: Instruments issued by various U.S. government agencies most of which are secured only by the credit worthiness of the particular agency.

YIELD: The rate of annual income return on an investment, expressed as a percentage. a) INCOME YIELD is obtained by dividing the current dollar income by the current market price for the security. b) NET YIELD or YIELD TO MATURITY is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

CITY OF ST. HELENA
STATEMENT OF INVESTMENT POLICY
September 2016

1. Policy

It is the policy of the City of St. Helena ("the City") to invest public funds in a manner that will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City and conforming to all California laws and local statutes governing the investment of public funds.

2. Scope

This investment policy applies to all the funds and investment activities under the direct authority of the City as accounted for in the Comprehensive Annual Financial Report (CAFR). Policy statements outlined in this document focus on the City's pooled funds, but will also apply to all other funds under the City Treasurers' span of control unless specifically exempted by statue or ordinance. This policy is applicable, but not limited to, all funds listed below:

- General Fund
- Enterprise Funds
- Special Revenue Funds
- Capital Project Funds
- Trust and Agency Funds

Excluded funds are those held with a fiscal agent, which has their own specific "permitted investments" section in the bond covenants. These funds include funds reserved for debt service and pension funds.

3. Prudence

Pursuant to California Government Code Section 53600.3, all persons authorized to make investment decisions on behalf of the City are trustees and therefore fiduciaries subject to the prudent investor standard: "When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency."

The City Treasurer and/or City Manager, acting within the intent and scope of the investment policy and other written procedures and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations that result in a loss of principal are reported to the City Manager immediately, and to the City Council at their next meeting addressing appropriate actions to be taken to control adverse developments.

4. Objective

The primary objectives in priority order of the City's investment activities shall be:

4.1. ***Safety:*** Safety of principal is the foremost objective of the investment program. Investments of the City shall be undertaken in a manner that seeks to ensure that capital losses are avoided, whether from securities default, broker-dealer default, or erosion of market value. To attain this objective, diversification is required in order that potential losses on individual securities would not exceed the income generated from the remainder of the portfolio.

4.2. ***Liquidity:*** The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements that might be reasonably anticipated.

4.3. ***Return:*** The City's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the City's investment risk constraints and the cash flow characteristics of the portfolio.

5. Delegation of Authority

Authority to manage the City's investment program is derived from the California Government Code. Management responsibility for the investment program is hereby delegated to the Treasurer, who shall establish written procedures for the operation of the investment program consistent with this investment policy. Procedures shall include, but not limited to, references to: safekeeping, wire transfer agreements, collateral/depository agreements, banking services contracts, local banking preferences, and other investment-related activities. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Treasurer. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinates.

The Treasurer may delegate investment decision making and execution authority to an investment advisor. The advisor shall follow the Investment Policy and such other written instructions as are provided.

Delegation of authority shall expire one year from the date of adoption of this policy as required by State law.

6. Ethics and Conflicts of Interest

The City Council, City Manager and City Treasurer shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Council members, City Manager and City Treasurer shall disclose to the City Attorney any material financial interests in financial institutions that conduct business within the jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the City's portfolio. The City Attorney and Treasurer shall review all disclosures made to insure there are no conflicts with any planned investment.

7. Authorized Financial Dealers and Institutions

The Treasurer will maintain a list of financial institutions and primary dealers authorized to provide investment services. "Primary" dealers include those that regularly report to the Federal Reserve Bank and should qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule).

All financial institutions, dealers and cash managers who desire to become qualified bidders for investment transactions must supply the City with the following: audited financial statements, proof of National Association of Security Dealers certification when applicable, completed questionnaire and certification of having read the City of St. Helena's investment policy and depository contracts.

If the City has an investment advisor, the investment advisor may use their own list of authorized broker/dealers to conduct transactions on behalf of the City.

Purchase and sale of securities shall be made on the basis of competitive bids and offers with a minimum of three quotes being obtained, when practical.

8. Authorized Investments and Limitations on Investments

Investment of City funds is governed by the California Government Code Sections 53600 et seq. Within the context of the limitations, the following investments are authorized, as further limited herein:

a) United States Treasury Bills, Bonds, and Notes or those for which the full faith and credit of the United States are pledged for payment of principal and interest. There is no percentage limitation of the portfolio that can be invested in this category.

b) Federal Agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

c) Local Agency Investment Fund (LAIF) which is a State of California managed investment pool may be used up to the maximum permitted by LAIF. The LAIF portfolio should be reviewed periodically.

d) California Asset Management Program (CAMP), which is a Joint Powers Authority, which offers an investment pool and individually managed portfolios.

e) Insured savings accounts are permitted without limitations.

Investments detailed in items f) through l) are further restricted to 10% of the market value of all investments and cash accounts (the portfolio) at the time of purchase, in any one issuer name. Credit criteria listed refer to the credit of the issuing organization at the time the security is purchased. In the event a rating drops below the minimum allowed rating category for that given investment type, the investment advisor, if any, shall notify the City Treasurer and/or Designee and recommend a plan of action.

f) Bills of exchange or time drafts drawn on and accepted by commercial banks, otherwise known as banker's acceptances are permitted. Banker's acceptances purchased may not exceed 180 days to maturity or 40% of the cost value of the portfolio.

g) Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical-rating organization (NRSRO). Commercial paper purchased may not exceed 270 days to maturity or 25% of the cost value of the portfolio. The City may purchase no more than 10% of the outstanding commercial paper of any single issuer. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or paragraph (2):
   (1) The entity meets the following criteria:
      (A) Is organized and operating in the United States as a general corporation.
      (B) Has total assets in excess of five hundred million dollars ($500,000,000).
      (C) Has debt other than commercial paper, if any, that is rated "A" or higher by a nationally recognized statistical-rating organization (NRSRO).

   (2) The entity meets the following criteria:
      (A) Is organized within the United States as a special purpose corporation, trust, or limited liability company.
      (B) Has program wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or surety bond.
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k) Time deposits, non-negotiable and collateralized in accordance with the California Government Code, may be purchased through banks or savings and loan associations. Since time deposits are not liquid, no more than 25% of the investment portfolio may be invested in this investment type.

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MEDIUM-TERM NOTES: Debt obligations issued by corporations and banks, usually in the form of unsecured promissory notes. These are negotiable instruments that can be bought and sold in a large and active secondary market. For the purposes of California Government Code, the term "Medium Term" refers to a maximum remaining maturity of five years or less. They can be issued with fixed or floating-rate coupons, and with or without early call features, although the vast majority are fixed-rate and non-callable. Corporate notes have greater risk than Treasuries or Agencies because they rely on the ability of the issuer to make payment of principal and interest.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

NEGOTIABLE CERTIFICATES OF DEPOSIT: Large-denomination CDs that are issued at face value and typically pay interest at maturity, if maturing in less than 12 months. CDs that mature beyond this range pay interest semi-annually. Negotiable CDs are issued by U.S. banks (domestic CDs), U.S. branches of foreign banks (Yankee CDs), and thrifts. There is an active secondary market for negotiable domestic and Yankee CDs. However, the negotiable thrift CD secondary market is limited. Yields on CDs exceed those on U.S. treasuries and agencies of similar maturities. This higher yield compensates the investor for accepting the risk of reduced liquidity and the risk that the issuing bank might fail. State law does not require the collateralization of negotiable CDs.

PORTFOLIO: The collection of securities held by an investor.

PRIMARY DEALER: A group of government securities dealers that submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC) registered securities broker-dealers, banks, and a few unregulated firms.

PRINCIPAL: The face or par value of an instrument.

RATE OF RETURN: 1) The yield obtainable on a security based on its purchase price or its current market price. 2) Income earned on an investment, expressed as a percentage of the cost of the investment. This may be the amortized yield to maturity on a bond or the current income return.

RATING: The designation used by investors' services to rate the quality of a security's creditworthiness. Moody's ratings range from the highest Aaa, down through Aa, A, Bbb, Ba, B, etc. while Standard and Poor's rating range from the highest AAA, down through AA, A, BBB, BB, B, etc.

SAFEKEEPING: A service offered to customers for a fee, where securities and valuables of all types and descriptions are held in the vaults for protection.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES: Investment instruments such as bonds, stocks and other instruments of indebtedness or equity.

SPREAD: The difference between two figures or percentages. For example, it may be the difference between the bid and asked prices of a quote, or between the amount paid when brought and the amount received when sold.

TREASURY BILLS (T-Bill): A non-interest bearing security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three month, six month, or one year, and are sold in minimum amounts of $10,000 in multiples of $5,000 above the minimum. Treasury Bills are issued in book entry form only and are sold on a discount basis

TREASURY BONDS: Treasury Bonds are issued for a term of 30 years and pay a fixed rate of interest every six months until they mature.

TREASURY NOTES: Intermediate term coupon bearing U.S. Treasury securities having initial maturities of from one to ten years.

TRUSTEE: A bank designated as the custodian of funds and the official representative for bondholders.

UNDERWRITER: A dealer bank or financial institution, which arranges for the sale and distribution of a large batch of securities and assumes the responsibility for paying the net purchase price.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain maximum ratios of indebtedness to liquid capital of 15 to 1: also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one-reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

U.S. GOVERNMENT AGENCIES: Instruments issued by various U.S. government agencies most of which are secured only by the credit worthiness of the particular agency.

YIELD: The rate of annual income return on an investment, expressed as a percentage. a) INCOME YIELD is obtained by dividing the current dollar income by the current market price for the security. b) NET YIELD or YIELD TO MATURITY is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

Attachment C

CITY OF ST. HELENA

RESOLUTION NO. 2016-

Rescinding Resolution 2015-147 and Approving an Investment Policy for the City of St. Helena

RECITALS

A. The City of St. Helena has an Investment Policy, which was adopted by Resolution 94-13. Government Code Sections 53600 et seq. were amended following the aftermath of the Orange County financial disaster. Many restrictions were placed on government investment practices, and reporting requirements were tightened. These changes went into effect on January 1, 1997, and call for the investment policy to be reviewed by the Council annually at a regular meeting; and

B. The proposed policy meets all state standards and has stricter standards in many areas. The policy will be reviewed each year.

RESOLUTION

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

1. City Resolution 2015-147 and any other previous resolutions adopting an investment policy for the City are hereby rescinded, and The Statement of Investment Policy, a copy of which is attached and hereby made a part of this resolution, is hereby approved and shall remain in effect for one year.

Approved at a Regular Meeting of the St. Helena City Council on September 13 2016, by the following vote:

Mayor Galbraith: __________

Vice Mayor White: __________

Councilmember Crull: __________

Councilmember Dohring: __________

Councilmember Pitts: __________

APPROVED: ATTEST:

____________________ ____________________

Alan Galbraith, Mayor

Cindy Black, City Clerk

Attachment D

BETTY T. YEE

California State Controller

LOCAL AGENCY INVESTMENT FUND
REMITTANCE ADVICE

Agency Name	ST HELENA
Account Number	98-28-897

As of 07/15/2016, your Local Agency Investment Fund account has been directly credited with the interest earned on your deposits for the quarter ending 06/30/2016.

Earnings Ratio		.00001495296852820
Interest Rate		0.55%
Dollar Day Total	$	627,547,660.04
Quarter End Principal Balance	$	6,897,351.60
Quarterly Interest Earned	$	9,383.70

Attachment E

CAMP

Customer Service
PO Box 11813
Harrisburg, PA 17108-1813

ACCOUNT STATEMENT

For the Month Ending
June 30, 2016

CITY OF ST HELENA

Client Management Team

Nancy Jones
Managing Director
50 California Street, Suite 2300
San Francisco, CA 94111
415-982-5544
jonesn@pfm.com

Charles Cook
Senior Analyst
50 California St. Suite 2300
San Francisco, CA 94111
415-393-7266
cookc@pfm.com

Contents

Accounts Included in Statement

521-00 OPERATING FUND

Important Messages

CAMP will be closed on 07/04/2016 for Independence Day.

CITY OF ST HELENA
APRIL MITTS
1480 MAIN STREET
SAINT HELENA, CA 94574

Online Access www.camponline.com **Customer Service** 1-800-729-7665

CAMP

Important Disclosures

Account Statement

For the Month Ending **June 30, 2016**

Attachment E

Important Disclosures

This statement is for general information purposes only and is not intended to provide specific advice or recommendations. PFM Asset Management LLC ("PFM") is an investment advisor registered with the Securities and Exchange Commission, and is required to maintain a written disclosure statement of our background and business experience. If you would like to receive a copy of our current disclosure statement, please contact Service Operations at the address below

Proxy Voting PFM does not normally receive proxies to vote on behalf of its clients. However, it does on occasion receive consent requests. In the event a consent request is received the portfolio manager contacts the client and then proceeds according to their instructions. PFM's Proxy Voting Policy is available upon request by contacting Service Operations at the address below

Questions About an Account PFM's monthly statement is intended to detail our investment advisory activity as well as the activity of any accounts held by clients in pools that are managed by PFM. The custodian bank maintains the control of assets and executes (i.e., settles) all investment transactions. The custodian statement is the official record of security and cash holdings and transactions. PFM recognizes that clients may use these reports to facilitate record keeping and that the custodian bank statement and the PFM statement should be reconciled and differences resolved. Many custodians use a settlement date basis which may result in the need to reconcile due to a timing difference.

Account Control PFM does not have the authority to withdraw funds from or deposit funds to the custodian. Our clients retain responsibility for their internal accounting policies; implementing and enforcing internal controls and generating ledger entries or otherwise recording transactions.

Market Value Generally, PFM's market prices are derived from closing bid prices as of the last business day of the month as supplied by Interactive Data, Bloomberg or Telerate. Where prices are not available from generally recognized sources the securities are priced using a yield-based matrix system to arrive at an estimated market value. Prices that fall between data points are interpolated. Non-negotiable FDIC-insured bank certificates of deposit are priced at par. Although PFM believes the prices to be reliable, the values of the securities do not always represent the prices at which the securities could have been bought or sold. Explanation of the valuation methods for money market and TERM funds is contained in the appropriate fund information statement.

Amortized Cost The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discount or premium with respect to short term securities (those with less than one year to maturity at time of issuance) is amortized on a straightline basis. Such discount or premium with respect to longer term securities is amortized using the constant yield basis.

Tax Reporting Cost data and realized gains / losses are provided for informational purposes only. Please review for accuracy and consult your tax advisor to determine the tax consequences of your security transactions. PFM does not report such information to the IRS or other taxing authorities and is not responsible for the accuracy of such information that may be required to be reported to federal, state or other taxing authorities.

Financial Situation In order to better serve you, PFM should be promptly notified of any material change in your investment objective or financial situation.

Callable Securities Securities subject to redemption prior to maturity may be redeemed in whole or in part before maturity, which could affect the yield represented.

Portfolio The securities in this portfolio, including shares of mutual funds, are not guaranteed or otherwise protected by PFM, the FDIC (except for certain non-negotiable certificates of deposit) or any government agency. Investment in securities involves risks, including the possible loss of the amount invested.

Rating Information provided for ratings is based upon a good faith inquiry of selected sources, but its accuracy and completeness cannot be guaranteed.

Shares of some money market and TERM funds are marketed through representatives of PFM's wholly owned subsidiary, PFM Fund Distributors, Inc. PFM Fund Distributors, Inc. is registered with the SEC as a broker/dealer and is a member of the Financial Industry Regulatory Authority ("FINRA") and the Municipal Securities Rulemaking Board ("MSRB"). You may reach the FINRA by calling the FINRA Regulator Public Disclosure Hotline at 1-888-289-9999 or at the FINRA Regulation Internet website address www.nasd.com. A brochure describing the FINRA Regulation Public Disclosure Program is also available from the FINRA upon request.

Key Terms and Definitions

Dividends on money market funds consist of interest earned, plus any discount ratably amortized to the date of maturity, plus all realized gains and losses on the sale of securities prior to maturity, less ratable amortization of any premium and all accrued expenses to the fund. Dividends are accrued daily and may be paid either monthly or quarterly. The monthly earnings on this statement represent the estimated dividend accrued for the month for any program that distributes earnings on a quarterly basis. There is no guarantee that the estimated amount will be paid on the actual distribution date.

Current Yield is the net change, exclusive of capital changes and income other than investment income, in the value of a hypothetical fund account with a balance of one share over the seven-day base period including the statement date, expressed as a percentage of the value of one share (normally $1.00 per share) at the beginning of the seven-day period. This resulting net change in account value is then annualized by multiplying it by 365 and dividing the result by 7. The yields quoted should not be considered a representation of the yield of the fund in the future, since the yield is not fixed.

Average maturity represents the average maturity of all securities and investments of a portfolio, determined by multiplying the par or principal value of each security or investment by its maturity (days or years), summing the products, and dividing the sum by the total principal value of the portfolio. The stated maturity date of mortgage backed or callable securities are used in this statement. However the actual maturity of these securities could vary depending on the level or prepayments on the underlying mortgages or whether a callable security has or is still able to be called.

Monthly distribution yield represents the net change in the value of one share (normally $1.00 per share) resulting from all dividends declared during the month by a fund expressed as a percentage of the value of one share at the beginning of the month. This resulting net change is then annualized by multiplying it by 365 and dividing it by the number of calendar days in the month.

YTM at Cost The yield to maturity at cost is the expected rate of return, based on the original cost, the annual interest receipts, maturity value and the time period from purchase date to maturity, stated as a percentage, on an annualized basis.

YTM at Market The yield to maturity at market is the rate of return, based on the current market value, the annual interest receipts, maturity value and the time period remaining until maturity, stated as a percentage, on an annualized basis.

Managed Account A portfolio of investments managed discretely by PFM according to the client's specific investment policy and requirements. The investments are directly owned by the client and held by the client's custodian.

Unsettled Trade A trade which has been executed however the final consummation of the security transaction and payment has not yet taken place.

Please review the detail pages of this statement carefully. If you think your statement is wrong, missing account information, or if you need more information about a transaction, please contact PFM within 60 days of receipt. If you have other concerns or questions regarding your account you should contact a member of your client management team or PFM Service Operations at the address below

PFM Asset Management LLC
Attn. Service Operations
One Keystone Plaza, Suite 300
N. Front & Market Sts
Harrisburg, PA 17101

CAMP

Account Statement - Transaction Summary

For the Month Ending June 30, 2016

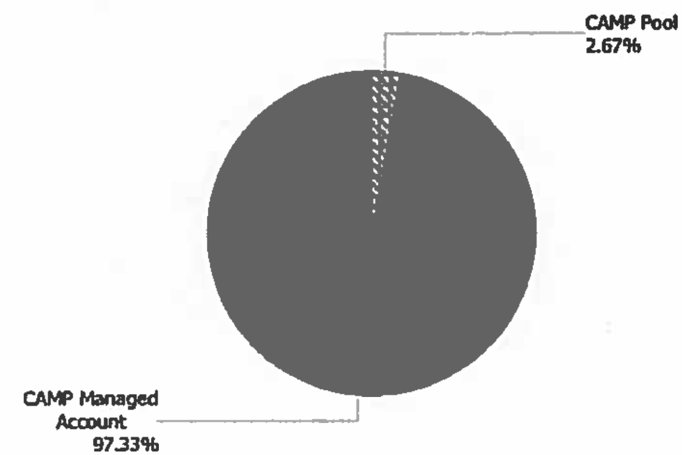
CITY OF ST HELENA - OPERATING FUND - 521-00

CAMP Pool	
Opening Market Value	61,754.36
Purchases	988,174.93
Redemptions	(825,794.79)
Unsettled Trades	0.00
Change in Value	0.00
Closing Market Value	**$224,134.50**
Cash Dividends and Income	52.36

CAMP Managed Account	
Opening Market Value	8,299,860.16
Purchases	823,570.39
Redemptions	(981,815.98)
Unsettled Trades	0.00
Change in Value	32,952.73
Closing Market Value	**$8,174,567.30**
Cash Dividends and Income	2,039.40

Asset Summary	June 30, 2016	May 31, 2016
CAMP Pool	224,134.50	61,754.36
CAMP Managed Account	8,174,567.30	8,299,860.16
Total	**$8,398,701.80**	**$8,361,614.52**

Asset Allocation



Attachment E

Managed Account Summary Statement

For the Month Ending **June 30, 2016**

CITY OF ST HELENA - OPERATING FUND - 521-00 - (12512360)

Transaction Summary - Money Market	
Opening Market Value	**$61,754.36**
Purchases	988,174.93
Redemptions	(825,794.79)
Closing Market Value	**$224,134.50**
Dividend	52.36

Transaction Summary - Managed Account	
Opening Market Value	**$8,299,860.16**
Maturities/Calls	(7,138.57)
Principal Dispositions	(974,677.41)
Principal Acquisitions	823,570.39
Unsettled Trades	0.00
Change in Current Value	32,952.73
Closing Market Value	**$8,174,567.30**

Account Total	
Opening Market Value	**$8,361,614.52**
Closing Market Value	**$8,398,701.80**

Earnings Reconciliation (Cash Basis) - Managed Account	
Interest/Dividends/Coupons Received	6,306.59
Less Purchased Interest Related to Interest/Coupons	(1,443.16)
Plus Net Realized Gains/Losses	(2,824.03)
Total Cash Basis Earnings	**$2,039.40**

Cash Balance	
Closing Cash Balance	**$0.00**

Earnings Reconciliation (Accrual Basis)	Managed Account	Total
Ending Amortized Value of Securities	8,129,090.36	8,353,224.86
Ending Accrued Interest	25,532.46	25,532.46
Plus Proceeds from Sales	977,810.26	1,803,605.05
Plus Proceeds of Maturities/Calls/Principal Payments	7,138.57	7,138.57
Plus Coupons/Dividends Received	3,173.74	3,173.74
Less Cost of New Purchases	(825,013.55)	(1,813,188.48)
Less Beginning Amortized Value of Securities	(8,285,903.56)	(8,347,657.92)
Less Beginning Accrued Interest	(21,745.28)	(21,745.28)
Dividends	0.00	52.36
Total Accrual Basis Earnings	**$10,083.00**	**$10,135.36**

Cash Transactions Summary- Managed Account	
Maturities/Calls	0.00
Sale Proceeds	977,810.26
Coupon/Interest/Dividend Income	3,173.74
Principal Payments	7,138.57
Security Purchases	(825,013.55)
Net Cash Contribution	(163,109.02)
Reconciling Transactions	0.00

Attachment E

CAMP

Portfolio Summary and Statistics

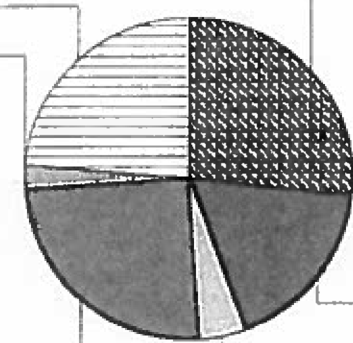
For the Month Ending **June 30, 2016**

CITY OF ST HELENA - OPERATING FUND - 521-00 - (12512360)

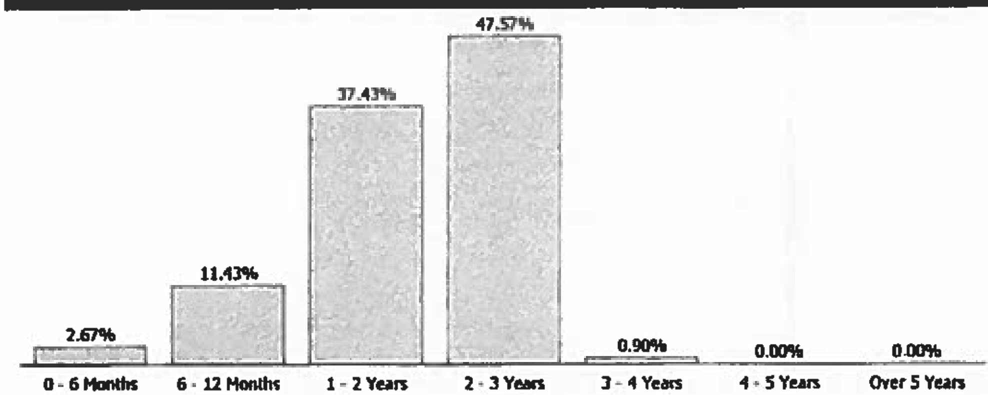
Account Summary

Description	Par Value	Market Value	Percent
U.S. Treasury Bond / Note	1,940,000.00	1,971,968.23	23.48
Federal Agency Collateralized Mortgage Obligation	352,761.54	355,835.79	4.24
Federal Agency Bond / Note	2,090,000.00	2,103,422.57	25.04
Corporate Note	1,500,000.00	1,515,072.86	18.04
Certificate of Deposit	2,225,000.00	2,228,267.85	26.53
Managed Account Sub-Total	**8,107,761.54**	**8,174,567.30**	**97.33%**
Accrued Interest		25,532.46	
Total Portfolio	**8,107,761.54**	**8,200,099.76**	
CAMP Pool	224,134.50	224,134.50	2.67
Total Investments	**8,331,896.04**	**8,424,234.26**	**100.00%**
Unsettled Trades	**0.00**	**0.00**	

Sector Allocation



Maturity Distribution



Characteristics

Yield to Maturity at Cost	1.15%
Yield to Maturity at Market	0.87%
Duration to Worst	1.91
Weighted Average Days to Maturity	712

Attachment B

CAMP

Managed Account Issuer Summary

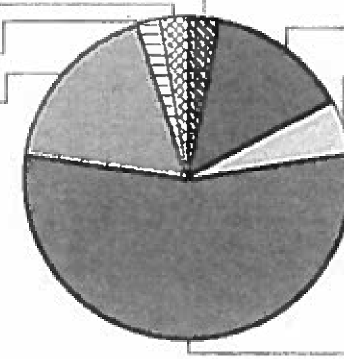
For the Month Ending **June 30, 2016**

CITY OF ST HELENA - OPERATING FUND - 521-00 - (12512360)

Issuer Summary

Issuer	Market Value of Holdings	Percent
3M COMPANY	136,333.67	1.62
BANK OF MONTREAL	200,379.00	2.39
BANK OF NEW YORK CO INC	166,641.75	1.98
BANK OF NOVA SCOTIA	276,421.75	3.29
CAMP Pool	224,134.50	2.67
CANADIAN IMPERIAL BANK OF COMMERCE	250,057.50	2.98
CHEVRON CORP	100,522.00	1.20
CISCO SYSTEMS INC	278,180.95	3.31
EXXON MOBIL CORP	161,248.64	1.92
FANNIE MAE	1,600,968.23	19.06
FEDERAL HOME LOAN BANKS	799,146.20	9.52
FREDDIE MAC	59,143.93	0.70
HSBC HOLDINGS PLC	200,373.00	2.39
IBM CORP	203,509.80	2.42
JOHNSON & JOHNSON	186,027.59	2.21
NORDEA BANK AB	150,075.00	1.79
RABOBANK NEDERLAND	249,970.00	2.98
SKANDINAVISKA ENSKIDA BANKEN AB	200,212.00	2.38
SVENSKA HANDELSBANKEN	250,125.00	2.98
TORONTO-DOMINION BANK	249,985.00	2.98
TOYOTA MOTOR CORP	182,300.76	2.17
UNITED STATES TREASURY	1,971,968.23	23.48
US BANCORP	200,669.60	2.39
WELLS FARGO & COMPANY	100,307.70	1.19
Total	**$8,398,701.80**	**100.00%**

Credit Quality (S&P Ratings)



Attachment E

Managed Account Detail of Securities Held

For the Month Ending June 30, 2016

CITY OF ST HELENA - OPERATING FUND - 521-00 - (12512360)

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
UNITED STATES TREASURY NOTES DTD 07/15/2015 0.875% 07/15/2018	912828XK1	45,000.00	AA+	Aaa	01/06/16	01/11/16	44,646.68	1.19	181.73	44,712.38	45,242.60
US TREASURY NOTES DTD 08/01/2011 2.250% 07/31/2018	912828QY9	100,000.00	AA+	Aaa	07/01/15	07/06/15	103,425.78	1.11	939.56	102,337.18	103,386.70
US TREASURY NOTES DTD 07/31/2013 1.375% 07/31/2018	912828VQ0	240,000.00	AA+	Aaa	05/03/16	05/06/16	243,112.50	0.79	1,378.02	242,900.53	243,768.72
US TREASURY NOTES DTD 09/15/2015 1.000% 09/15/2018	912828L40	635,000.00	AA+	Aaa	12/02/15	12/04/15	632,370.70	1.15	1,863.59	632,908.52	640,159.38
US TREASURY NOTES DTD 09/30/2011 1.375% 09/30/2018	912828RH5	390,000.00	AA+	Aaa	10/08/15	10/14/15	394,935.94	0.94	1,347.95	393,759.85	396,443.97
US TREASURY NOTES DTD 10/31/2013 1.250% 10/31/2018	912828WD8	30,000.00	AA+	Aaa	11/05/15	11/09/15	30,089.06	1.15	63.18	30,070.06	30,416.01
US TREASURY NOTES DTD 04/15/2016 0.875% 04/15/2019	912828Q52	10,000.00	AA+	Aaa	05/26/16	05/27/16	9,957.81	1.02	18.41	9,959.20	10,047.66
US TREASURY NOTES DTD 04/30/2014 1.625% 04/30/2019	912828D23	485,000.00	AA+	Aaa	06/27/16	06/29/16	497,560.74	0.70	1,327.82	497,536.91	497,390.30
US TREASURY NOTES DTD 06/02/2014 1.500% 05/31/2019	912828WL0	5,000.00	AA+	Aaa	03/30/16	03/31/16	5,079.30	0.99	6.35	5,073.11	5,112.89
Security Type Sub-Total		**1,940,000.00**					**1,961,178.51**	**0.95**	**7,126.61**	**1,959,257.74**	**1,971,968.23**
Federal Agency Collateralized Mortgage Obligation											
FNMA SERIES 2012-M14 ASQ2 DTD 10/01/2012 1.114% 02/01/2017	3136A9MK1	109,345.58	AA+	Aaa	06/18/15	06/23/15	109,712.91	0.79	101.51	109,418.82	109,453.09
FHLMC SERIES KP03 A1 DTD 04/01/2016 1.738% 03/01/2019	3137BNMZ4	58,415.96	AA+	Aaa	04/15/16	04/28/16	58,999.65	0.99	84.61	58,956.10	59,143.93
FNMA SERIES 2016-M9 ASQ2 DTD 06/01/2016 1.785% 06/01/2019	3136ASPX8	110,000.00	AA+	Aaa	06/09/16	06/30/16	111,099.95	1.05	163.63	111,098.89	111,431.7[illegible]
FANNIE MAE SERIES 2015-M13 ASQ2 DTD 10/01/2015 1.646% 09/01/2019	3136AQDQ0	75,000.00	AA+	Aaa	10/07/15	10/30/15	75,751.04	1.08	102.88	75,602.41	75,806.9[illegible]

Attachment E

Managed Account Detail of Securities Held

For the Month Ending June 30, 2016

Attachment E

CITY OF ST HELENA - OPERATING FUND - 521-00 - (12512360)

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Federal Agency Collateralized Mortgage Obligation											
Security Type Sub-Total		**352,761.54**					**355,563.55**	**0.97**	**452.63**	**355,076.22**	**355,835.79**
Federal Agency Bond / Note											
FHLB NOTES DTD 02/18/2016 0.875% 03/19/2018	3130A7CX1	350,000.00	AA+	Aaa	02/17/16	02/18/16	349,891.50	0.89	867.71	349,910.18	351,230.95
FNMA NOTE DTD 03/04/2016 0.875% 03/28/2018	3135G0J61	260,000.00	AA+	Aaa	03/02/16	03/04/16	259,480.00	0.97	587.71	259,560.89	260,894.92
FEDERAL HOME LOAN BANKS AGCY DTD 05/27/2016 0.875% 06/29/2018	3130A8BD4	230,000.00	AA+	Aaa	05/26/16	05/27/16	229,445.70	0.99	11.18	229,470.17	230,920.69
FANNIE MAE GLOBAL NOTES DTD 10/01/2013 1.625% 11/27/2018	3135G0YT4	150,000.00	AA+	Aaa	04/22/16	04/27/16	152,359.50	1.01	230.21	152,199.30	153,193.05
FNMA NOTES DTD 11/03/2015 1.125% 12/14/2018	3135G0G72	200,000.00	AA+	Aaa	03/02/16	03/04/16	200,230.00	1.08	106.25	200,204.10	201,818.20
FNMA BENCHMARK NOTE DTD 02/23/2016 1.000% 02/26/2019	3135G0J53	150,000.00	AA+	Aaa	02/19/16	02/23/16	149,646.00	1.08	520.83	149,687.25	150,738.00
FNMA BENCHMARK NOTE DTD 02/23/2016 1.000% 02/26/2019	3135G0J53	235,000.00	AA+	Aaa	05/03/16	05/06/16	235,216.45	0.97	815.97	235,205.11	236,156.20
FNMA BENCHMARK NOTE DTD 02/23/2016 1.000% 02/26/2019	3135G0J53	300,000.00	AA+	Aaa	03/02/16	03/04/16	299,007.00	1.11	1,041.67	299,113.98	301,476.00
FHLB GLOBAL NOTE DTD 06/03/2016 1.125% 06/21/2019	3130A8D86	215,000.00	AA+	Aaa	06/02/16	06/03/16	214,909.70	1.14	67.19	214,911.67	216,994.56
Security Type Sub-Total		**2,090,000.00**					**2,090,185.85**	**1.02**	**4,248.72**	**2,090,262.65**	**2,103,422.57**
Corporate Note											
WELLS FARGO & COMPANY CORP NOTES DTD 09/09/2014 1.400% 09/08/2017	94974BGB0	100,000.00	A	A2	09/02/14	09/09/14	99,901.00	1.43	439.44	99,960.32	100,307.7[illegible]
CHEVRON CORP NOTE DTD 11/18/2014 1.345% 11/15/2017	166764AL4	100,000.00	AA-	Aa2	11/10/14	11/18/14	100,000.00	1.35	171.86	100,000.00	100,522.0[illegible]

Managed Account Detail of Securities Held

CITY OF ST HELENA - OPERATING FUND - 521-00 - (12512360)

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note											
JOHNSON & JOHNSON CORP NOTES DTD 11/21/2014 1.125% 11/21/2017	478160BL7	115,000.00	AAA	Aaa	11/18/14	11/21/14	114,909.15	1.15	143.75	114,957.56	115,620.54
CISCO SYSTEMS INC CORP NOTE DTD 02/29/2016 1.400% 02/28/2018	17275RBA9	100,000.00	AA-	A1	02/22/16	02/29/16	100,000.00	1.40	470.56	100,000.00	100,905.60
EXXON MOBIL CORP NOTES DTD 03/06/2015 1.305% 03/06/2018	30231GAL6	160,000.00	AA+	Aaa	03/04/15	03/06/15	160,000.00	1.31	667.00	160,000.00	161,248.64
BANK OF NEW YORK MELLON CORP (CALLABLE) DTD 05/29/2015 1.600% 05/22/2018	06406HDB2	165,000.00	A	A1	05/22/15	05/29/15	164,985.15	1.60	286.00	164,990.37	166,641.75
CISCO SYSTEMS INC CORP NOTE DTD 06/17/2015 1.650% 06/15/2018	17275RAU6	175,000.00	AA-	A1	06/10/15	06/17/15	174,970.25	1.66	128.33	174,980.37	177,275.35
3M COMPANY CORP NOTE DTD 08/07/2015 1.375% 08/07/2018	88579YAP6	135,000.00	AA-	A1	08/04/15	08/07/15	134,759.70	1.44	742.50	134,830.73	136,333.67
TOYOTA MOTOR CREDIT CORP DTD 02/19/2016 1.700% 02/19/2019	89236TCU7	180,000.00	AA-	Aa3	02/16/16	02/19/16	179,978.40	1.70	1,122.00	179,980.98	182,300.76
JOHNSON & JOHNSON CORP NOTES DTD 03/01/2016 1.125% 03/01/2019	478160BR4	70,000.00	AAA	Aaa	02/26/16	03/01/16	69,991.60	1.13	262.50	69,992.52	70,407.05
IBM CORP NOTES DTD 02/19/2016 1.800% 05/17/2019	459200JE2	200,000.00	AA-	Aa3	02/16/16	02/19/16	199,918.00	1.81	1,320.00	199,929.29	203,509.80
Security Type Sub-Total		**1,500,000.00**					**1,499,413.25**	**1.50**	**5,753.94**	**1,499,622.14**	**1,515,072.86**
Certificate of Deposit											
CANADIAN IMPERIAL BANK NY YCD DTD 04/10/2015 1.010% 04/06/2017	13606JYY9	250,000.00	A-1	P-1	04/06/15	04/10/15	250,000.00	1.01	596.18	250,000.00	250,057.50
RABOBANK NEDERLAND NV CERT DEPOS DTD 04/27/2015 1.070% 04/21/2017	21684BXH2	250,000.00	A-1	P-1	04/22/15	04/27/15	250,000.00	1.07	520.14	250,000.00	249,970.00
BMO HARRIS BANK NA CD DTD 10/23/2015 1.000% 04/24/2017	05574BFW5	200,000.00	A-1	Aa3	10/22/15	10/23/15	200,000.00	1.01	1,400.00	200,000.00	200,379.00

Attachment E

CAMP

Managed Account Detail of Securities Held

For the Month Ending **June 30, 2016**

CITY OF ST HELENA - OPERATING FUND - 521-00 - (12512360)

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Certificate of Deposit											
NORDEA BANK FINLAND NY CD DTD 05/29/2015 1.150% 05/26/2017	65558LFA5	150,000.00	AA-	Aa3	05/27/15	05/29/15	150,000.00	1.15	172.50	150,000.00	150,075.00
SVENSKA HANDELSBANKEN NY FLT CERT DEPOS DTD 11/24/2015 1.111% 08/24/2017	86958DH54	250,000.00	A-1+	P-1	11/20/15	11/24/15	250,000.00	0.84	293.26	250,000.00	250,125.00
US BANK NA CINCINNATI (CALLABLE) CD DTD 09/11/2014 1.375% 09/11/2017	90333VPF1	200,000.00	AA-	Aa1	09/09/14	09/11/14	199,678.00	1.41	840.28	199,871.61	200,669.60
BANK OF NOVA SCOTIA HOUSTON YCD DTD 11/09/2015 1.560% 11/06/2017	06417GAS7	275,000.00	A-1	P-1	11/06/15	11/09/15	275,000.00	1.55	655.42	275,000.00	276,421.75
SKANDINAVISKA ENSKILDA BANKEN NY CD DTD 11/17/2015 1.480% 11/16/2017	83050FBG5	200,000.00	A-1	P-1	11/16/15	11/17/15	200,000.00	1.48	1,866.44	200,000.00	200,212.00
HSBC BANK USA NA FLOATING CERT DEPOS DTD 11/18/2015 1.218% 11/17/2017	40428AR41	200,000.00	A-1+	P-1	11/17/15	11/18/15	200,000.00	0.97	304.40	200,000.00	200,373.00
TORONTO DOMINION BANK NY CD DTD 03/14/2016 1.720% 03/14/2018	89113E5E2	250,000.00	AA-	Aa1	03/14/16	03/16/16	250,000.00	1.72	1,301.94	250,000.00	249,985.00
Security Type Sub-Total		2,225,000.00					2,224,678.00	1.23	7,950.56	2,224,871.61	2,228,267.85
Managed Account Sub-Total		8,107,761.54					8,131,019.16	1.15	25,532.46	8,129,090.36	8,174,567.30
Money Market Fund											
CAMP Pool		224,134.50	AAAm	NR			224,134.50		0.00	224,134.50	224,134.50
Money Market Sub-Total		224,134.50					224,134.50		0.00	224,134.50	224,134.50
Securities Sub-Total		$8,331,896.04					$8,355,153.66	1.15%	$25,532.46	$8,353,224.86	$8,398,701.80
Accrued Interest											$25,532.4[illegible]
Total Investments											$8,424,234.2[illegible]

Attachment E

PFM Asset Management LLC

Managed Account Fair Market Value & Analytics

For the Month Ending June 30, 2016

CITY OF ST HELENA - OPERATING FUND - 521-00 - (12512360)

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Effective Duration	Duration to Worst	YTM at Mkt
U.S. Treasury Bond / Note											
UNITED STATES TREASURY NOTES DTD 07/15/2015 0.875% 07/15/2018	912828XK1	45,000.00	CITIGRP		100.54	45,242.60	595.92	530.22	2.01	2.01	0.61
US TREASURY NOTES DTD 08/01/2011 2.250% 07/31/2018	912828QY9	100,000.00	WELLSFAR		103.39	103,386.70	(39.08)	1,049.52	2.03	2.03	0.61
US TREASURY NOTES DTD 07/31/2013 1.375% 07/31/2018	912828VQ0	240,000.00	JEFFERIE		101.57	243,768.72	656.22	868.19	2.05	2.05	0.62
US TREASURY NOTES DTD 09/15/2015 1.000% 09/15/2018	912828L40	635,000.00	MORGANST		100.81	640,159.38	7,788.68	7,250.86	2.18	2.18	0.63
US TREASURY NOTES DTD 09/30/2011 1.375% 09/30/2018	912828RH5	390,000.00	MORGANST		101.65	396,443.97	1,508.03	2,684.12	2.21	2.21	0.63
US TREASURY NOTES DTD 10/31/2013 1.250% 10/31/2018	912828WD8	30,000.00	MORGANST		101.39	30,416.01	326.95	345.95	2.30	2.30	0.65
US TREASURY NOTES DTD 04/15/2016 0.875% 04/15/2019	912828Q52	10,000.00	HSBC		100.48	10,047.66	89.85	88.46	2.75	2.75	0.70
US TREASURY NOTES DTD 04/30/2014 1.625% 04/30/2019	912828D23	485,000.00	MERRILL		102.55	497,390.30	(170.44)	(146.61)	2.77	2.77	0.71
US TREASURY NOTES DTD 06/02/2014 1.500% 05/31/2019	912828WL0	5,000.00	MORGANST		102.26	5,112.89	33.59	39.78	2.85	2.85	0.72
Security Type Sub-Total		**1,940,000.00**				**1,971,968.23**	**10,789.72**	**12,710.49**	**2.31**	**2.31**	**0.65**
Federal Agency Collateralized Mortgage Obligation											
FNMA SERIES 2012-M14 ASQ2 DTD 10/01/2012 1.114% 02/01/2017	3136A9MK1	109,345.58	MORGANST		100.10	109,453.09	(259.82)	34.27	0.55	0.49	0.76
FHLMC SERIES KP03 A1 DTD 04/01/2016 1.738% 03/01/2019	3137BNMZ4	58,415.96	MERRILL		101.25	59,143.93	144.28	187.83	2.02	2.44	1.18
FNMA SERIES 2016-M9 ASQ2 DTD 06/01/2016 1.785% 06/01/2019	3136ASPX8	110,000.00	CSFB		101.30	111,431.79	331.84	332.90	1.99	2.69	1.26
FANNIE MAE SERIES 2015-M13 ASQ2 DTD 10/01/2015 1.646% 09/01/2019	3136AQDQ0	75,000.00	MORGANST		101.08	75,806.98	55.94	204.57	2.15	2.94	1.24
Security Type Sub-Total		**352,761.54**				**355,835.79**	**272.24**	**759.57**	**1.58**	**2.02**	**1.05**
Federal Agency Bond / Note											

Attachment E

Managed Account Fair Market Value & Analytics

For the Month Ending **June 30, 2016**

CITY OF ST HELENA - OPERATING FUND - 521-00 - (12512360)

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Effective Duration	Duration to Worst	YTM at Mkt
Federal Agency Bond / Note											
FHLB NOTES DTD 02/18/2016 0.875% 03/19/2018	3130A7CX1	350,000.00	BARCLAYS		100.35	351,230.95	1,339.45	1,320.77	1.70	1.70	0.67
FNMA NOTE DTD 03/04/2016 0.875% 03/28/2018	3135G0J61	260,000.00	CITIGRP		100.34	260,894.92	1,414.92	1,334.03	1.73	1.73	0.68
FEDERAL HOME LOAN BANKS AGCY DTD 05/27/2016 0.875% 06/29/2018	3130A8BD4	230,000.00	MORGANST		100.40	230,920.69	1,474.99	1,450.52	1.98	1.98	0.67
FANNIE MAE GLOBAL NOTES DTD 10/01/2013 1.625% 11/27/2018	3135G0YT4	150,000.00	MERRILL		102.13	153,193.05	833.55	993.75	2.36	2.36	0.73
FNMA NOTES DTD 11/03/2015 1.125% 12/14/2018	3135G0G72	200,000.00	GOLDMAN		100.91	201,818.20	1,588.20	1,614.10	2.42	2.42	0.75
FNMA BENCHMARK NOTE DTD 02/23/2016 1.000% 02/26/2019	3135G0J53	150,000.00	JPMCHASE		100.49	150,738.00	1,092.00	1,050.75	2.61	2.61	0.81
FNMA BENCHMARK NOTE DTD 02/23/2016 1.000% 02/26/2019	3135G0J53	235,000.00	CITIGRP		100.49	236,156.20	939.75	951.09	2.61	2.61	0.81
FNMA BENCHMARK NOTE DTD 02/23/2016 1.000% 02/26/2019	3135G0J53	300,000.00	WELLSFAR		100.49	301,476.00	2,469.00	2,362.02	2.61	2.61	0.81
FHLB GLOBAL NOTE DTD 06/03/2016 1.125% 06/21/2019	3130A8DB6	215,000.00	WELLSFAR		100.93	216,994.56	2,084.86	2,082.89	2.92	2.92	0.81
Security Type Sub-Total		**2,090,000.00**				**2,103,422.57**	**13,236.72**	**13,159.92**	**2.27**	**2.27**	**0.74**
Corporate Note											
WELLS FARGO & COMPANY CORP NOTES DTD 09/09/2014 1.400% 09/08/2017	94974BGB0	100,000.00	WELLSFAR		100.31	100,307.70	406.70	347.38	1.17	1.17	1.14
CHEVRON CORP NOTE DTD 11/18/2014 1.345% 11/15/2017	166764AL4	100,000.00	MERRILL		100.52	100,522.00	522.00	522.00	1.36	1.36	0.96
JOHNSON & JOHNSON CORP NOTES DTD 11/21/2014 1.125% 11/21/2017	478160BL7	115,000.00	JPMCHASE		100.54	115,620.54	711.39	662.98	1.38	1.38	0.73
CISCO SYSTEMS INC CORP NOTE DTD 02/29/2016 1.400% 02/28/2018	17275RBA9	100,000.00	MERRILL		100.91	100,905.60	905.60	905.60	1.63	1.63	0.85
EXXON MOBIL CORP NOTES DTD 03/06/2015 1.305% 03/06/2018	30231GAL6	160,000.00	JPMCHASE		100.78	161,248.64	1,248.64	1,248.64	1.66	1.66	0.8[illegible]

Attachment E

PFM Asset Management LLC

CAMP

Managed Account Fair Market Value & Analytics

For the Month Ending June 30, 2016

CITY OF ST HELENA - OPERATING FUND - 521-00 - (12512360)

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Effective Duration	Duration to Worst	YTM at Mkt
Corporate Note											
BANK OF NEW YORK MELLON CORP (CALLABLE) DTD 05/29/2015 1.600% 05/22/2018	06406HDB2	165,000.00	GOLDMAN	04/22/18	101.00	166,641.75	1,656.60	1,651.38	1.75	1.78	1.07
CISCO SYSTEMS INC CORP NOTE DTD 06/17/2015 1.650% 06/15/2018	17275RAU6	175,000.00	GOLDMAN		101.30	177,275.35	2,305.10	2,294.98	1.92	1.92	0.98
3M COMPANY CORP NOTE DTD 08/07/2015 1.375% 08/07/2018	88579YAP6	135,000.00	GOLDMAN		100.99	136,333.67	1,573.97	1,502.94	2.06	2.06	0.90
TOYOTA MOTOR CREDIT CORP DTD 02/19/2016 1.700% 02/19/2019	89236TCU7	180,000.00	CITIGRP		101.28	182,300.76	2,322.36	2,319.78	2.56	2.56	1.21
JOHNSON & JOHNSON CORP NOTES DTD 03/01/2016 1.125% 03/01/2019	478160BR4	70,000.00	JPMCHASE		100.58	70,407.05	415.45	414.53	2.62	2.62	0.90
IBM CORP NOTES DTD 02/19/2016 1.800% 05/17/2019	459200JE2	200,000.00	JPMCHASE		101.75	203,509.80	3,591.80	3,580.51	2.79	2.79	1.18
Security Type Sub-Total		**1,500,000.00**				**1,515,072.86**	**15,659.61**	**15,450.72**	**1.97**	**1.97**	**1.00**
Certificate of Deposit											
CANADIAN IMPERIAL BANK NY YCD DTD 04/10/2015 1.010% 04/06/2017	13606JYY9	250,000.00	GOLDMAN		100.02	250,057.50	57.50	57.50	0.76	0.76	0.97
RABOBANK NEDERLAND NV CERT DEPOS DTD 04/27/2015 1.070% 04/21/2017	21684BXH2	250,000.00	GOLDMAN		99.99	249,970.00	(30.00)	(30.00)	0.80	0.80	1.07
BMO HARRIS BANK NA CD DTD 10/23/2015 1.000% 04/24/2017	05574BFW5	200,000.00	MERRILL		100.19	200,379.00	379.00	379.00	0.82	0.82	0.75
NORDEA BANK FINLAND NY CD DTD 05/29/2015 1.150% 05/26/2017	65558LFA5	150,000.00	MERRILL		100.05	150,075.00	75.00	75.00	0.90	0.90	1.08
SVENSKA HANDELSBANKEN NY FLT CERT DEPOS DTD 11/24/2015 1.111% 08/24/2017	86958DH54	250,000.00	MERRILL		100.05	250,125.00	125.00	125.00	0.25	1.14	1.08
US BANK NA CINCINNATI (CALLABLE) CD DTD 09/11/2014 1.375% 09/11/2017	90333VPF1	200,000.00	US BANK	08/11/17	100.33	200,669.60	991.60	797.99	1.11	1.11	1.06
BANK OF NOVA SCOTIA HOUSTON YCD DTD 11/09/2015 1.560% 11/06/2017	06417GAS7	275,000.00	UBS AG		100.52	276,421.75	1,421.75	1,421.75	1.35	1.35	1.1[illegible]
SKANDINAVISKA ENSKILDA BANKEN NY CD DTD 11/17/2015 1.480% 11/16/2017	83050FBG5	200,000.00	GOLDMAN		100.11	200,212.00	212.00	212.00	1.38	1.38	0.3[illegible]

Attachment E

Managed Account Fair Market Value & Analytics

For the Month Ending June 30, 2016

CITY OF ST HELENA - OPERATING FUND - 521-00 - (12512360)

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Effective Duration	Duration to Worst	YTM at Mkt
Certificate of Deposit											
HSBC BANK USA NA FLOATING CERT DEPOS DTD 11/18/2015 1.218% 11/17/2017	40428AR41	200,000.00	HSBC		100.19	200,373.00	373.00	373.00	0.25	1.37	1.10
TORONTO DOMINION BANK NY CD DTD 03/14/2016 1.720% 03/14/2018	89113E5E2	250,000.00	TD SEC U		99.99	249,985.00	(15.00)	(15.00)	1.69	1.69	1.72
Security Type Sub-Total		2,225,000.00				2,228,267.85	3,589.85	3,396.24	0.94	1.14	1.05
Managed Account Sub-Total		8,107,761.54				8,174,567.30	43,548.14	45,476.94	1.83	1.91	0.87
Money Market Fund											
CAMP Pool		224,134.50			1.00	224,134.50	0.00	0.00	0.00	0.00	
Money Market Sub-Total		224,134.50				224,134.50	0.00	0.00	0.00	0.00	
Securities Sub-Total		$8,331,896.04				$8,398,701.80	$43,548.14	$45,476.94	1.83	1.91	0.87%
Accrued Interest						$25,532.46					
Total Investments						$8,424,234.26					

Attachment E

PFM Asset Management LLC

Managed Account Security Transactions & Interest

For the Month Ending June 30, 2016

CITY OF ST HELENA - OPERATING FUND - 521-00 - (12512360)

Transaction Type Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
BUY										
06/02/16	06/03/16	FHLB GLOBAL NOTE DTD 06/03/2016 1.125% 06/21/2019	3130A8DB6	215,000.00	(214,909.70)	0.00	(214,909.70)			
06/09/16	06/30/16	FNMA SERIES 2016-M9 ASQ2 DTD 06/01/2016 1.785% 06/01/2019	3136ASPX8	110,000.00	(111,099.95)	(158.17)	(111,258.12)			
06/27/16	06/29/16	US TREASURY NOTES DTD 04/30/2014 1.625% 04/30/2019	912828D23	485,000.00	(497,560.74)	(1,284.99)	(498,845.73)			
Transaction Type Sub-Total				810,000.00	(823,570.39)	(1,443.16)	(825,013.55)			
INTEREST										
06/01/16	06/25/16	FNMA SERIES 2012-M14 ASQ2 DTD 10/01/2012 1.114% 02/01/2017	3136A9MK1	115,735.48	0.00	116.59	116.59			
06/01/16	06/25/16	FHLMC SERIES KP03 A1 DTD 04/01/2016 1.738% 03/01/2019	3137BNMZ4	59,164.63	0.00	85.69	85.69			
06/01/16	06/25/16	FANNIE MAE SERIES 2015-M13 ASQ2 DTD 10/01/2015 1.646% 09/01/2019	3136AQDQ0	75,000.00	0.00	102.88	102.88			
06/14/16	06/14/16	FNMA NOTES DTD 11/03/2015 1.125% 12/14/2018	3135G0G72	200,000.00	0.00	1,125.00	1,125.00			
06/15/16	06/15/16	CISCO SYSTEMS INC CORP NOTE DTD 06/17/2015 1.650% 06/15/2018	17275RAU6	175,000.00	0.00	1,443.75	1,443.75			
06/21/16	06/21/16	FHLB GLOBAL NOTE DTD 06/03/2016 1.125% 06/21/2019	3130A8DB6	215,000.00	0.00	120.94	120.94			
06/29/16	06/29/16	FEDERAL HOME LOAN BANKS AGCY DTD 05/27/2016 0.875% 06/29/2018	3130A8BD4	230,000.00	0.00	178.89	178.89			
Transaction Type Sub-Total				1,069,900.11	0.00	3,173.74	3,173.74			
PAYDOWNS										
06/01/16	06/25/16	FHLMC SERIES KP03 A1 DTD 04/01/2016 1.738% 03/01/2019	3137BNMZ4	748.67	748.67	0.00	748.67	(7.48)	0.00	
06/01/16	06/25/16	FNMA SERIES 2012-M14 ASQ2 DTD 10/01/2012 1.114% 02/01/2017	3136A9MK1	6,389.90	6,389.90	0.00	6,389.90	(21.47)	0.00	
Transaction Type Sub-Total				7,138.57	7,138.57	0.00	7,138.57	(28.95)	0.00	

Attachment E

CITY OF ST HELENA - OPERATING FUND - 521-00 - (12512360)

Transaction Type Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
SELL										
06/02/16	06/03/16	US TREASURY NOTES DTD 06/02/2014 1.500% 05/31/2019	912828WL0	90,000.00	91,244.53	11.07	91,255.60	(182.81)	(105.50)	SPEC LOT
06/02/16	06/03/16	US TREASURY NOTES DTD 04/15/2016 0.875% 04/15/2019	912828Q52	125,000.00	124,472.66	146.43	124,619.09	0.00	(3.46)	SPEC LOT
06/14/16	06/17/16	US TREASURY NOTES DTD 08/01/2011 2.250% 07/31/2018	912828QY9	110,000.00	113,519.14	938.32	114,457.46	(249.22)	901.38	SPEC LOT
06/27/16	06/29/16	FREDDIE MAC GLOBAL NOTES DTD 06/25/2012 1.000% 07/28/2017	3137EADJ5	80,000.00	80,329.60	335.56	80,665.16	57.60	204.08	SPEC LOT
06/27/16	06/29/16	FHLB GLOBAL NOTE (CALLABLE) DTD 08/25/2015 0.900% 08/25/2017	3130A64C8	250,000.00	250,130.00	775.00	250,905.00	180.00	158.99	SPEC LOT
06/27/16	06/29/16	US TREASURY NOTES DTD 11/30/2010 2.250% 11/30/2017	912828PK0	210,000.00	214,946.48	374.39	215,320.87	(2,731.65)	851.52	SPEC LOT
06/28/16	06/29/16	WELLS FARGO & COMPANY DTD 07/29/2013 1.250% 07/20/2016	94974BFL9	100,000.00	100,035.00	552.08	100,587.08	131.00	36.91	SPEC LOT
Transaction Type Sub-Total				**965,000.00**	**974,677.41**	**3,132.85**	**977,810.26**	**(2,795.08)**	**2,043.92**	
Managed Account Sub-Total					**158,245.59**	**4,863.43**	**163,109.02**	**(2,824.03)**	**2,043.92**	
Total Security Transactions					**$158,245.59**	**$4,863.43**	**$163,109.02**	**($2,824.03)**	**$2,043.92**	

Attachment E

CAMP

Account Statement

For the Month Ending **June 30, 2016**

CITY OF ST HELENA - OPERATING FUND - 521-00

Trade Date	Settlement Date	Transaction Description	Share or Unit Price	Dollar Amount of Transaction	Total Shares Owned
CAMP Pool					
Opening Balance					**61,754.36**
06/03/16	06/03/16	Purchase - Interest 912828Q52	1.00	146.43	61,900.79
06/03/16	06/03/16	Purchase - Principal 912828Q52	1.00	124,472.66	186,373.45
06/03/16	06/03/16	Purchase - Interest 912828WL0	1.00	11.07	186,384.52
06/03/16	06/03/16	Purchase - Principal 912828WL0	1.00	91,244.53	277,629.05
06/03/16	06/03/16	Redemption - Principal 3130A8DB6	1.00	(214,909.70)	62,719.35
06/14/16	06/14/16	Purchase - Interest 3135G0G72	1.00	1,125.00	63,844.35
06/15/16	06/15/16	Purchase - Interest 17275RAU6	1.00	1,443.75	65,288.10
06/17/16	06/17/16	Purchase - Interest 912828QY9	1.00	938.32	66,226.42
06/17/16	06/17/16	Purchase - Principal 912828QY9	1.00	113,519.14	179,745.56
06/21/16	06/21/16	Purchase - Interest 3130A8DB6	1.00	120.94	179,866.50
06/27/16	06/27/16	Purchase - Interest 3136A9MK1	1.00	107.44	179,973.94
06/27/16	06/27/16	Purchase - Interest 3136AQDQ0	1.00	102.88	180,076.82
06/27/16	06/27/16	Purchase - Interest 3137BNMZ4	1.00	85.69	180,162.51
06/27/16	06/27/16	Purchase - Principal 3136A9MK1	1.00	6,389.90	186,552.41
06/27/16	06/27/16	Purchase - Principal 3137BNMZ4	1.00	748.67	187,301.08
06/28/16	06/28/16	Purchase - Interest 3136A9MK1	1.00	9.15	187,310.23
06/28/16	06/28/16	IP Fees May 2016	1.00	(707.38)	186,602.85
06/28/16	06/28/16	U.S. Bank Fees April 2016	1.00	(73.86)	186,528.99
06/29/16	06/29/16	Purchase - Interest 3130A8BD4	1.00	178.89	186,707.88
06/29/16	06/29/16	Purchase - Interest 3137EADJ5	1.00	335.56	187,043.44
06/29/16	06/29/16	Purchase - Principal 3137EADJ5	1.00	80,329.60	267,373.04

Attachment E

CITY OF ST HELENA - OPERATING FUND - 521-00

Trade Date	Settlement Date	Transaction Description	Share or Unit Price	Dollar Amount of Transaction	Total Shares Owned
CAMP Pool					
06/29/16	06/29/16	Purchase - Interest 912828PK0	1.00	374.39	267,747.43
06/29/16	06/29/16	Purchase - Principal 912828PK0	1.00	214,946.48	482,693.91
06/29/16	06/29/16	Purchase - Interest 94974BFL9	1.00	552.08	483,245.99
06/29/16	06/29/16	Purchase - Principal 94974BFL9	1.00	100,035.00	583,280.99
06/29/16	06/29/16	Purchase - Interest 3130A64C8	1.00	775.00	584,055.99
06/29/16	06/29/16	Purchase - Principal 3130A64C8	1.00	250,130.00	834,185.99
06/29/16	06/29/16	Redemption - Interest 912828D23	1.00	(1,284.99)	832,901.00
06/29/16	06/29/16	Redemption - Principal 912828D23	1.00	(497,560.74)	335,340.26
06/30/16	06/30/16	Redemption - Interest 3136ASPX8	1.00	(158.17)	335,182.09
06/30/16	06/30/16	Redemption - Principal 3136ASPX8	1.00	(111,099.95)	224,082.14
06/30/16	07/01/16	Accrual Income Div Reinvestment - Distributions	1.00	52.36	224,134.50

Attachment E

CAMP

Account Statement

For the Month Ending June 30, 2016

CITY OF ST HELENA - OPERATING FUND - 521-00

Trade Date	Settlement Date	Transaction Description	Share or Unit Price	Dollar Amount of Transaction	Total Shares Owned
Closing Balance					**224,134.50**

	Month of June	Fiscal YTD January-June
Opening Balance	61,754.36	11,039.93
Purchases	988,174.93	4,695,295.41
Redemptions (Excl. Checks)	(825,794.79)	(4,482,200.84)
Check Disbursements	0.00	0.00
Closing Balance	**224,134.50**	**224,134.50**
Cash Dividends and Income	52.36	96.02

Closing Balance	224,134.50
Average Monthly Balance	124,644.27
Monthly Distribution Yield	0.51%

Attachment E

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Item No: 13

Report to the City Council
Council Meeting of September 13, 2016

Agenda Section: **Consent**

Subject: **Consideration and proposed approval of a resolution authorizing the St. Helena High School annual homecoming parade on Main Street and authorizing City staff to assist with traffic control before, during, and after the parade**

CEQA Status: **Categorically Exempt, Section 15323, Normal Operations of Facilities for Public Gatherings**

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

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

BACKGROUND

The St. Helena High School annual homecoming parade on Main Street is a long standing tradition.

DISCUSSION

The St. Helena High School requests approval from the City Council to hold its annual homecoming parade on Main Street. The parade will take place on Friday, October 21, 2016, from 2:10 pm to 2:30 pm, starting at Sunshine Market parking lot (Main St. and Mitchell) and ending with a rally at Lyman Park.

The Police Department also participates by controlling/detouring traffic during the parade festivities.

The St. Helena Unified School District is required to obtain an encroachment permit from CalTrans if required for the route traveled on Hwy 29.

FISCAL IMPACT

The City will provide staff to assist with pre-planning, setup and tear down of "no parking" and traffic control, and traffic control during the event. This will require approximately 15 man-hours from public works staff, and approximately 4 man-hours from police department.

RECOMMENDED ACTION

Staff recommends the City Council adopt the resolution authorizing the St. Helena High School annual homecoming parade on Main Street and authorizing City staff to assist with traffic control before, during, and after the parade.

ATTACHMENTS

1. Resolution
2. Encroachment Permit

CITY OF ST. HELENA

RESOLUTION NO. 2016-

AUTHORIZING THE ST. HELENA HIGH SCHOOL ANNUAL HOMECOMING PARADE ON MAIN STREET AND AUTHORIZING CITY STAFF TO PROVIDE TRAFFIC CONTROL BEFORE, DURING, AND AFTER THE PARADE

RECITALS

A. St. Helena High School students have requested authorization to conduct their annual Homecoming Parade on Main Street on Friday, October 21, 2016 at 2:10 p.m. until 2:30 p.m.

B. The parade shall start at the Sunshine Market Parking Lot and proceed up Main Street to Lyman Park.

C. City staff is able to provide the necessary controlling and detouring of traffic on Highway 29, Railroad Avenue, and the parade route.

D. Section 21101(e) of the California Vehicle Code provides the local authorities may, by resolutions, temporarily close a portion of any street for celebrations, parades, local special events, and other purposes when, in the opinion of local authorities having jurisdiction or a public officer of employee that the local authority designated by resolution, the closing is necessary for the safety and protection of persons who are to use that portion of the street during the temporary closing.

RESOLUTION

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

1. The City Council hereby approves the St. Helena High School request for a Homecoming Parade on Main Street on October 21, 2016 from 2:10 pm to 2:30 pm.

2. The City Council finds that the benefits derived from authorizing the St. Helena High School Homecoming Parade starting from Sunshine Market Parking Lot on Main Street and ending at Lyman Park outweigh the anticipated inconvenience to the businesses and citizens generally.

3. City staff is directed provide necessary traffic control for the safety and protection of persons who are to use the portion of Main Street during the Homecoming Parade.

4. Temporarily closing a portion of the subject streets is necessary for the safety and protection of persons who are to use that portion of the street during the temporary closing.

Approved at a Regular Meeting if the St. Helena City Council on September 13, 2016 by the following vote:

Mayor Galbraith: __________

Vice Mayor White: __________

Councilmember Crull: __________

Councilmember Dohring: __________

Councilmember Pitts: __________

APPROVED: ATTEST:

____________________ ____________________

Alan Galbraith, Mayor Cindy Black, City Clerk

Permit # ___________

City of St. Helena
Encroachment Permit
Application

TO: Department of Public Works
1480 Main Street
St. Helena, CA 94574

Applicant: St. Helena High School, Benjamin Scinto, Principal
(Property Owner or Contractor)

Email: bscinto@sthelenaunified.org dcarr@sthelenaunified.org

Diana Carr

Phone: (707) 967-2740

Job Location: Pope Street to Pine Street (Lyman Park)

I (or we) hereby apply for an encroachment permit to carry out the following work:
St. Helena High School Annual Homecoming Parade

Estimated Start Date 10/21/2016 (2:10 pm) **Estimated Completion Date** 10/21/2016 (2:30 pm)

DIAGRAM OF LOCATION OF PROPOSED WORK

Attach diagram on separate sheet(s) if necessary

Permittee agrees to comply with all ordinances, regulations, specifications and conditions which may apply or be required as a condition of this Permit/Contract. (See insurance requirements and general and special conditions pages).

Permittee shall indemnify, defend and hold harmless The City of St. Helena and its agents, officers, officials employees and volunteers in interest from and against all claims, damages, losses and expenses including attorney fees arising out of or in connection with work performed under this Permit/Contract, except where caused by the sole negligence or willful misconduct of The City of St. Helena. This obligation of Permittee to indemnify, defend and hold harmless shall continue in effect after the completion of the project authorized under this Permit/Contract.

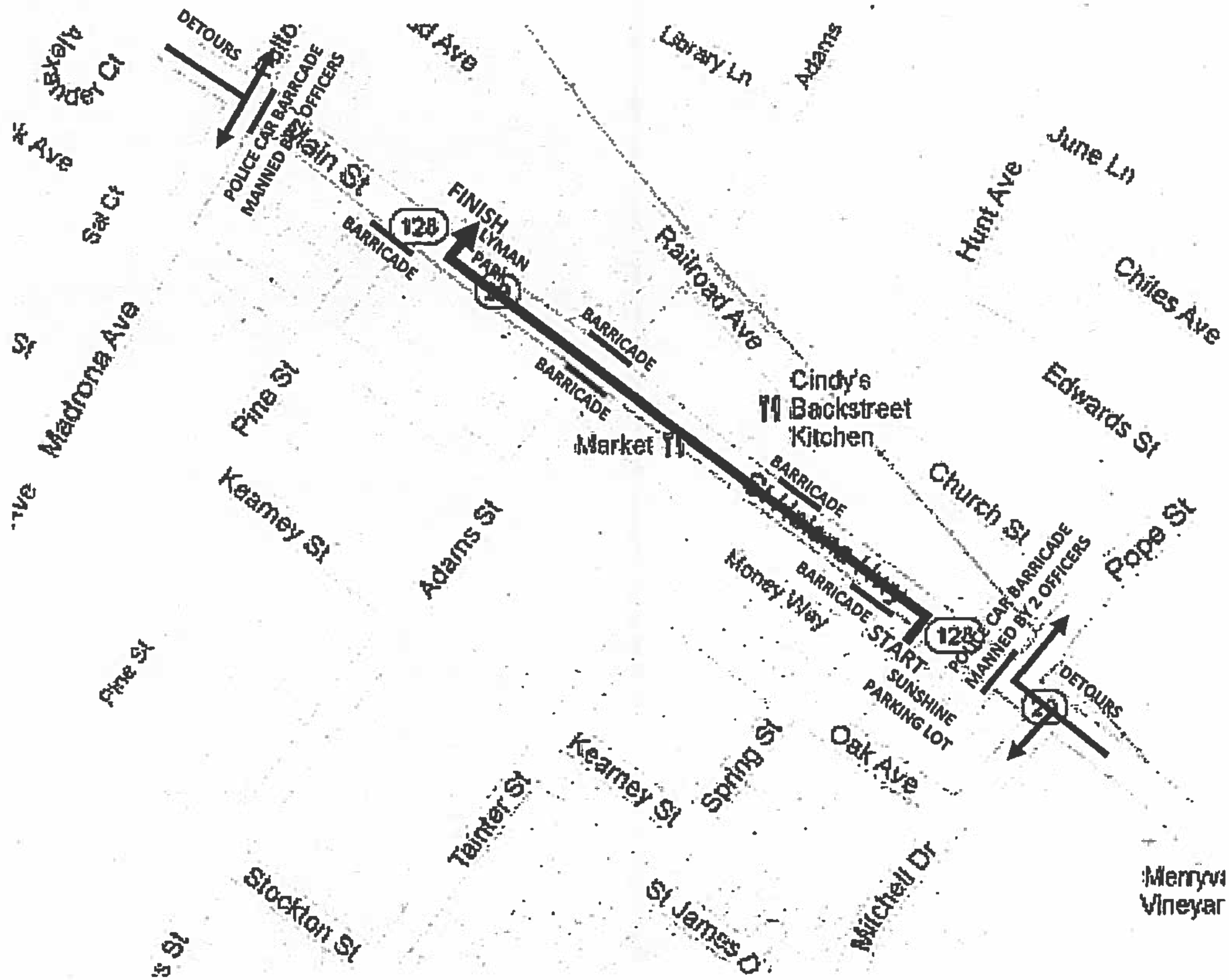
State Law required U.S.A. to be alerted for all underground work two (2) working days prior to start date

Applicant: ____________ Principal 8/24/16
Signature Title Date

Conditions: ____________

Approved By: ____________
Public Works/Arborist Staff Date

ST. HELENA HIGH SCHOOL: HOMECOMING PARADE
1401 Grayson Avenue
St. Helena, CA 94574
707 967-2740



Item No: 14

Report to the City Council
Council Meeting of September 13, 2016

Agenda Section: Consent

Subject: Consideration and proposed approval of a resolution authorizing amendment to Unrepresented Compensation Resolution to include a new compensation schedule for the Assistant Public Works Director position and for the position to receive 40 additional hours of executive leave per the same conditions as at-will executive positions

CEQA Status: Not a CEQA Project

Prepared By: Mandy Kellogg, Administrative Services Manager

Kathy Robinson, Human Resources and IT Director

Approved By: Jennifer Phillips, City Manager

BACKGROUND

In September 2013, upon resignation of the Public Works Director, the City embarked on three unsuccessful recruitments for the Public Works Director. In August 2014, the position of Assistant Public Works Director became vacant. Given the challenges in finding a qualified professional for the Public Works Director position, the City chose to keep the Assistant Public Works Director position vacant while focusing on recruiting for a qualified professional engineer for the Public Works Director position. In November 2014, the vacancy for the Public Works Director was filled and the Assistant Public Works Director position remained vacant until it was eliminated with the FY 2015/16 budget process and adoption.

On November 24, 2015 City Council approved Reso 2015-145 approving the request for a Public Works Utility Manager position that would provide compliance administration and operations support for the Water and Wastewater plants. Recruitment for the position began shortly thereafter and after two recruitments a viable candidate had not been identified and the recruitment was closed.

Due to the difficulty in recruiting a candidate, an additional assessment was done to asses the needs of the Public Works Department. It was determined that reestablishing the position as an Assistant Public Works Director would closer match the needs of the department and would hopefully garner a larger candidate pool. Recruitment for the position began in March 2016 and the position was anticipated to be filled by the beginning of the 2016/17 fiscal year, therefore funding for the position was included in the FY 2016/17 proposed and adopted budget. The recruitment for the position closed on April 15th and after a thorough review of fewer than ten applicants, a viable candidate was not identified.

In May 2016 the Human Resources Director conducted a compensation analysis of the Mid-Management and Executive staff salaries. The salaries in the surrounding Napa County cities were compared to the salaries of the City of St. Helena and the Assistant Public Works Director salary was identified as below average for the area. The salary range was amended by a 5% increase and presented to City Council with the Unrepresented Compensation Program on June 14, 2016. Per Resolution 2016-75 the request authorizing and approving revised salary schedules for Mid-Management and At-Will employees was adopted.

In June 2016 an open until filled recruitment for the Assistant Public Works Director was reopened and one applicant with a professional engineer's license was identified and interviewed for the position.

DISCUSSION

During that time staff continued comparison of the salary range of the position to include cities that are comparable in size to surrounding counties. Upon further analysis it was determined that the salary range was still below average, Attachment 2. The Assistant Public Works Director is a management level class responsible for planning and organizing the work activities of operations staff engaged in construction, repair, and maintenance work. Areas of responsibility include streets, storm drains, streetlights and signals, sidewalks, parks, trees, landscapes, facilities, and the water distribution and wastewater collection systems. In addition, the Assistant Public Works Director is the only mid-manager with the direct responsibility to act in the capacity of the Director of Public Works and City Engineer in his/her absence.

Due to the past challenges that the City has faced in recruiting for both the Public Works Director and the Assistant Public Works Director in finding a professional licensed engineer with local government experience, staff recommends that the salary be raised to at least the average salaries in the surrounding cities as identified in Attachment 2. Staff also recommends granting an additional 40 hours of executive leave for the position of Assistant Public Works Director. The additional hours will be awarded on July 31 of the calendar year and must be used by December 31 of the same calendar year or it will be forfeited. These two amendments to the Unrepresented Compensation will solidify the City's ability to offer an employment package to an Assistant Public Works and retain a professional engineer with over 15 years of local government experience.

FISCAL IMPACT

In the Adopted FY 2015/16, the Assistant Public Works Director position salary was budget at $93,216, the offer to the candidate would be $112,223 a difference of $19,007. With the recent vacancies of three employees in Public Works, and two being tenured employees the difference will be covered by the salary savings of vacancies.

RECOMMENDED ACTION

Approve.

ATTACHMENTS

1. Resolution
2. Salary Comparison
3. Amendment to Unrepresented Compensation Program
4. Salary Schedule

Attachment 1

CITY OF ST. HELENA

RESOLUTION NO. 2016-

Resolution authorizing amendment to Unrepresented Compensation Resolution to include a new compensation schedule for the Assistant Public Works Director position and for the position to receive 40 additional hours of executive leave per the same conditions as at-will executive positions

RECITALS

A. In September 2013, upon resignation of the Public Works Director, the City embarked on three unsuccessful recruitments for the Public Works Director.
B. In August 2014, the position of Assistant Public Works Director became vacant and given the challenges in finding a qualified professional for the Public Works Director position, the City chose to keep the Assistant Public Works Director position vacant while focusing on recruiting for a qualified professional engineer for the Public Works Director position.
C. In November 2014, the vacancy for the Public Works Director was filled and the Assistant Public Works Director position remained vacant until it was eliminated with the FY 2015/16 budget process and adoption.
D. On November 24, 2015 City Council approved Reso 2015-145 approving the request for a Public Works Utility Manager position that would provide compliance administration and operations support for the Water and Wastewater plants.
E. Two recruitments and a viable candidate had not been identified and the recruitment was closed.
F. The position was reclassified and recruitment open for an Assistant Public Works Director was open March 2016 and closed on April 15; after a thorough review of fewer than ten applicants, a viable candidate was not identified.
G. In May 2016 after a compensation analysis, the Assistant Public Works Director salary was identified as below average for the area and the salary range was amended and approved by a 5% increase by City Council on June 14, 2016, per Resolution 2016-75.
H. In June 2016 an open until filled recruitment for the Assistant Public Works Director was reopened and one applicant with a professional engineer's license was identified and interviewed for the position.

Now, therefore, the City Council of the City of St. Helena resolves as follows:

1. The City Council authorizes amendment to Unrepresented Compensation Resolution to include a new compensation schedule for the Assistant Public Works Director position and for the position to receive 40 additional hours of executive leave per the same conditions as at-will executive positions.

Approved at a regular meeting of the St. Helena City Council on September 13, 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

Attachment 2

Assistant Public Works Director Salary Comparison			
Agency	**Title**	**Low**	**High**
City of Petaluma	Deputy Director	112,798.40	137,113.60
	City Engineer	107,432.00	130,582.40
City of Rohnert Park	City Engineer	111,326.52	135,317.28
City of Healdsburg	Deputy Director	101,352.00	123,660.00
Town of Windsor	Deputy Director	109,643.04	136,940.64
City of Calistoga	Deputy Director	95,557.00	116,150.00
American Canyon	Deputy Director	88,440.00	132,660.00
Yountville	Assistant PW Director	87,063.00	105,826.00
City of Napa	Assistant PW Director	130,208.00	157,291.00
	Average Salary:	**104,868.88**	**130,615.66**

Attachment 3

UNREPRESENTED COMPENSATION PROGRAM (Amended)

March 8, 2016 – June 30, 2017

Approved ~~June 14~~September 13, 2016

Attachment 3

CITY OF ST. HELENA
UNREPRESENTED EMPLOYEE COMPENSATION PROGRAM

SECTION 1: INTRODUCTION

All provisions of this resolution only apply to At-will Executive Management, Mid-Management, and Confidential employees (together "Employees") as defined herein.

1.1 Employee Definitions:

At-Will Executive Management Employee – an employee who serves at the will of the City Manager and who has responsibility for formulating, administering, and/or managing City policies and programs. In the City, this would typically be department heads.

Mid-Management Employee – an employee whose position is just below the department heads or City Manager and is responsible for managing a distinct responsibility area. Mid-Managers are in regular City service and are not at-will.

Confidential Employee – a Mid-Management employee, who in the course of his or her duties, has access to confidential information relating to the City's administration of employer-employee relations. This access may include instances of an occasional but critical nature or due to the employee whose position requires the incumbent to provide direct administrative support to a manager who has such access.

1.2 Purpose of the Unrepresented Employee Compensation Program:

For At-will Executive Management, Mid-Management, and Confidential employees (together "Employees"), this resolution is adopted to promote the development of a stronger, more effective Management Team, not merely for purposes of employer-employee relations but also as a means of recognizing outstanding management performance in all public service areas. These general purposes may be achieved through several means, notably: training, more effective communication among departments, and clear identification of goals and objectives. Also inherent in such a program is the means of retaining good department heads and mid-managers and strengthening the managers (if any) who's effectiveness and performances fall short of reasonable levels of expectation. This resolution is also referred to herein as the "Unrepresented Program." This resolution sets forth all of the compensation and benefits for the positions set forth in section 1.3.

1.3 Employees Covered:

Employees covered under this program shall include the following:

A. At-Will Executive Management

Finance Director
Fire Chief
Library Director
Planning/Community Development Director
Police Chief
Public Works Director
Recreation Director
Human Resources & Information Technology Director

B. <u>Mid-Management</u>
Assistant Public Works Director
Chief Building Official
Grant & Finance Manager
Library Manager Police
Lieutenant
Management Analyst
Public Works Manager
Senior Management Analyst (non-Confidential)
Senior Planner
Water Conservation Coordinator

C. <u>Confidential</u>
Administrative Services Manager
City Clerk

Additional job classes may be added to the Unrepresented Program from time to time, based upon the creation of additional City departments/divisions, the addition of new positions, or by the reclassification of existing positions to either At-will Management, Mid-Management, or Confidential based upon the nature of the work.

1.4 Exempt Status of Employees Covered:
The City has reviewed the salaries and duties of the Employees covered under the Unrepresented Program and has determined that these employees are exempt from the overtime provisions of the federal Fair Labor Standards Act.

SECTION 2: EMPLOYMENT CONTRACTS

The Executive Management employees as designated in Section 1.3(A) shall be "At Will" employees, and shall enter into an employment contract, confirming the "At Will" status of the employee and setting forth any special pay or benefits such as severance pay. Employment contracts with all At-will Executive Management employees will be approved by the City Manager, or, in the case of the City Manager's employment contract, approved by the Council, pursuant to the terms of the City of St. Helena Municipal Code, authorizing the City Manager to appoint all At-will Executive Management employees except the City Attorney.

SECTION 3: EMPLOYMEE SALARY COMPENSATION

3.1 Annual Salary Adjustment:

3.1.1 Effective on the same date as the pension cost sharing arrangement described in Sections 4.1.3.2, 4.2.3.2, and 4.3.3.2 becomes effective pursuant to the required CalPERS contract amendment process, miscellaneous employees salary ranges shall be increased by an additional one percent (1%). This additional 1% salary range increase is expressly contingent upon the implementation of the pension cost sharing arrangement, and will not be implemented unless and until the cost sharing arrangement is implemented. The City will consider cost sharing for safety employees (Fire Chief, Police Chief, and Police Lieutenant) covered by this resolution at a future date.

3.1.2 The City recognizes that it is appropriate to provide unrepresented employees with a three percent (3%) salary increase, in addition to the one (1%) percent contained in 3.1.1. However, due to the City's current financial challenges, it is unable to provide unrepresented employees with the three percent (3%) increase at this time. The City will review whether there is adequate funding after the FY 2016-17 Budget is finalized and determine whether unrepresented employees shall receive a salary increase and the effective date of any salary increase.

3.2 Salary Schedule:
The salary ranges for Employees covered by this Unrepresented Compensation Program are set forth in Exhibit 1, attached to this resolution, and made a part hereof by reference.

3.3 Confidential Pay Differential:
Each Confidential employee will receive a 3% pay differential to be added to the employee's base pay. This 3% pay differential will not be added to the salary range for that job class. If at any time that a currently designated Confidential employee who receives the confidential differential is deemed to be Non-Confidential, the 3% confidential differential will cease at that time, and the City will take appropriate steps to reclassify the position.

3.4 Bilingual Pay:
Bilingual pay for fluency in both English and Spanish will be paid to employees who are routinely and consistently assigned to communicate in Spanish or to provide translation for City business by communicating in Spanish. For employees who are certified as fluent in both written and verbal Spanish language, bilingual pay will be five percent (5%) of the designated employee's base salary. For employees who are certified as fluent only in verbal Spanish language, bilingual pay will be two and one-half percent (2.5%) of the designated employee's base salary. Only designated employees certified by the City as fluent in both English and Spanish are eligible for this additional pay.

SECTION 4: RETIREMENT BENEFITS

Management Employees are provided retirement benefits under the California Public Employee Retirement System (CalPERS) as described in this Section 4.

4.1 Tier One: 2% at 55 Retirement Program (Miscellaneous Group) and 3% at 50 (Safety Group) – Employees Hired Before July 1, 2012 (Tier One Classic Members)
This section 4.1 (including subsections) shall apply to miscellaneous employees hired before July 1, 2012.

4.1.1 2% at 55 or 3% at 50 Pension Formulas: The "2% @ 55" (for miscellaneous employees) or "3% @ 50" (for safety employees) retirement programs will be available to members covered by this Section 4.1.

4.1.2 Final Compensation Based On 12-Month Period: For the purposes of determining a retirement benefit, final compensation for members covered by this

Section 4.1 shall mean the highest twelve (12) consecutive month period as specified in Government Code Section 20042.

4.1.3 Required Member Contributions:

4.1.3.1 Members covered by this Section 4.1 shall continue to pay, through payroll deduction, the full 7.0% member contribution for Miscellaneous Group and 9.0% member contribution for the Safety Group.

4.1.3.2 Miscellaneous Member Pension Cost Sharing: Beginning on the effective date of the amendment to the CalPERS contract providing for cost sharing (estimated date, Spring 2016), miscellaneous members covered by this Section 4.1 shall pay, through payroll deduction, the full 7.0% employee contribution plus an additional 1% of compensation earnable toward the City's costs for a total contribution of 8% toward the normal cost of pension benefits as permitted by Government Code Section 20516.

4.2 Tier Two: 2% at 60 Retirement Program (Miscellaneous Group) or 3% at 55 (Safety Group) for Members Hired On or After July 1, 2012, and Before December 31, 2012, and Unit Members Qualified for Reciprocity (Tier Two Classic Members):

This Section 4.2 (including subsections) shall apply to members hired on or after July 1, 2012, and before January 1, 2013. In addition, this Section 4.2 shall apply to members hired on or after January 1, 2013, who are qualified for pension reciprocity as stated in Government Code Section 7522.02(c) and related CalPERS reciprocity (Classic Member) requirements:

4.2.1 2% at 60 or 3% at 55 Pension Formulas: The "2% @ 60" (for miscellaneous) or "3% @ 55" (for safety) retirement programs will be available to members covered by this Section 4.2.

4.2.2 Final Compensation Based On 36-Month Period: For the purposes of determining a retirement benefit, final compensation for members covered by this Section 4.2 shall mean the highest annual average pensionable compensation earned during thirty-six (36) consecutive months of service.

4.2.3 Required Member Contributions

4.2.3.1 Employees covered by this Section 4.2 shall continue to pay, through payroll deduction, the full 7.0% member contribution for Miscellaneous Group and 9.0% member contribution for the Safety Group.

4.2.3.2 Miscellaneous Member Pension Cost Sharing: Beginning on the effective date of the amendment to the CalPERS contract providing for cost sharing (estimated date, Spring 2016), miscellaneous employees covered by this Section 4.2 shall pay, through payroll deduction, the full 7.0% member contribution plus an additional 1% of compensation earnable towards the City's costs for a total contribution of 8% toward the normal cost of pension benefits as permitted by Government Code Section 20516.

4.3 Tier Three: 2% at 62 PEPRA Retirement Tier (Miscellaneous Group) or 3% at 57 (Safety Group) is Required For Members Hired On or After January 1, 2013 and Not Qualified For Reciprocity (Not a Classic Member):

This Section 4.3 (including subsections) shall apply to members who were hired on or after January 1, 2013, and who do not qualify for pension reciprocity (not a Classic Member) as stated in Government Code Section 7522.02(c).

4.3.1 2% at 62 or 3% at 57 Pension Formulas: The "2% @ 62" (for miscellaneous) or "3% @ 57" (for safety) retirement programs will be available to members covered by this Section 4.3.

4.3.2 Final Compensation Based On 36-Months: Effective January 1, 2013, for the purposes of determining a retirement benefit, final compensation for members covered by this Section 4.3 shall mean the highest annual average pensionable compensation earned during thirty-six (36) consecutive months of service as required by Government Code Section 7522.32.

4.3.3 Required Member Contributions

4.3.3.1 Required 50% of Normal Costs: As required by Government Code Section 7522.04(g), effective January 1, 2013, members covered by this Section 4.3 shall pay, through payroll deduction, fifty percent (50%) of normal costs.

4.3.3.2 Miscellaneous Member Pension Cost Sharing: Beginning on the effective date of the amendment to the CalPERS contract providing for cost sharing (expected Spring of 2016), in addition to paying 50% of normal costs as described above, employees covered by this Section 4.3 shall pay, through payroll deduction, an additional 1.0% of pensionable compensation toward the City's cost of pension benefits as permitted by Government Code Section 20516.

4.4 Cost Sharing Implementation – All Tiers:

CalPERS mandates an election of employees, separate from adoption of this resolution, to provide for this cost sharing pursuant to Government Code Section 20516. As soon as practicable, the City will initiate the contract amendment process for miscellaneous employee cost sharing. Upon completion of the City's amendment to the CalPERS contract, miscellaneous member contributions will be made pursuant to Government Code Section 20516, Member Cost Sharing of Additional Benefits. The City will consider cost sharing for the Fire Chief at a future date.

4.5 Converting Sick Leave Balance:

An employee who retires may convert his/her unused sick leave balance to service credit as provided by Government Code Section 20965. Any accrued unused sick leave credit that is paid out at termination will not be available for conversion to service credit.

4.6 Other Options Included In CalPERS Contract: Employees shall be eligible for other options included in the City's contract with CalPERS as stated in that contract, and allowed by law.

4.7 Implementation of Internal Revenue Code Section 414(h)(2):

As permitted by Internal Revenue Code Section 414(h)(2) and Government Code Section 20516, each employee shall pay, through payroll deductions, the PERS contributions described in this Article 11 with state and federal income tax on the PERS member contribution deferred to the extent permitted by Internal Revenue Code, 26 USC Section 414(h)(2).

4.8 All Provisions Subject to Requirements of Law:

The City is required to comply with all requirements of law governing the CalPERS retirement program, including, but not limited to eligibility and reporting requirements. In implementing this Unrepresented Compensation Program Resolution and related practices, the City will comply with the requirements of law, and those legal requirements prevail over any inconsistent prior practices or prior resolutions.

SECTION 5: INSURANCE BENEFITS

5.1 General Provisions:

The City will pay the full cost of the employee's health insurance plan to cover both the employee and the employee's dependents. The City will pay the full cost for dental coverage for the employee and her/his dependents. When an employee commences work with the City, the effective date of coverage of his/her benefits distribution selection shall be established by the individual carrier. In most cases, coverage begins the first of the month following date of hire.

Employees will choose from available insurance programs and/or health and welfare plans at the time of hire or as carriers allow during Open Enrollment periods. Dependent coverage may be added or deleted between Open Enrollment periods subject to conditions imposed by the selected carriers.

5.2 Life Insurance:

The City will provide term life insurance for each employee, not to exceed $50,000.

Employees may elect to increase the value of their life insurance policy by $20,000 at their own expense for a total policy value of $70,000. Employees opting for the additional coverage will have the cost of that coverage deducted from their pay.

5.3 Short-term Disability Insurance: The City will pay for the employee's cost to participate in the State Disability Insurance (SDI) program.

5.4 Vision Care: The City will pay for vision care benefits, for the employee and all dependents through VSP Vision Care Insurance.

SECTION 6: HOLIDAYS

All Unrepresented employees shall receive 12 paid holidays per year, as follows:

Holiday	Day Observed
New Year's Day	January 1
Martin Luther King, Jr. Birthday	3rd Monday in January
President's Day	3rd Monday in February
Cesar Chavez Birthday	March 31st
Memorial Day	Last Monday in May
Independence Day	July 4th
Labor Day	1st Monday in September
Veteran's Day	November 11th
Thanksgiving Day	4th Thursday in November
Day after Thanksgiving	Friday following Thanksgiving

Christmas Eve Day	December 24th
Christmas Day	December 25th

It is the intent of this resolution that all full-time employees receive 12 paid holidays regardless of their assigned workweek. When a holiday falls on a Saturday, the preceding Friday shall be deemed a holiday. When a holiday falls on a Sunday, the following Monday shall be deemed a holiday. When an employee is required to work on a holiday, s/he may select another day as holiday leave with pay during the fiscal year with the consent of the City Manager.

Floating Holidays: Except for the calendar year they are hired, on January 1st of each year, employees earn 16 hours of floating holiday for use during that calendar year, taken in at least 8-hour increments. The hours must be used by the end of the calendar year and does not accrue. After five years of service, employees earn 40 hours of floating holiday.

SECTION 7: VACATION LEAVE

7.1 Vacation Entitlement:

Employees shall accumulate vacation in accordance with the following vacation entitlement schedule:

Years of Continuous Service	Vacation Days Earned/Year
1 – 5 years	10
6th year	15
7th year	16

This pattern continues until 20 days per year is reached. On the employee's 25th anniversary and every five years thereafter, one additional day will be awarded on that year.

7.2 Vacation Accrual:

Employees shall begin earning vacation upon the first day of employment. Vacation leave time shall be accrued as it is earned; odd fractions rounded to the nearest tenth. Vacation time shall not be taken until earned and shall be subject to other provisions of this resolution. When an employee is on a leave without pay status, s/he shall not be entitled to earn vacation.

For purposes of calculating vacation earned upon termination, the employee's final accrual will be prorated, based on the days worked in the employee's last month of employment. Upon termination of an employee's service with the City, s/he shall be paid a lump sum for all earned vacation not taken, at the employee's hourly rate then in effect.

7.3 Vacation Usage:

An employee may take vacation at a time approved by the employee's direct supervisor, or, in the case of the City Manager, after notification of the City Council. It is the policy of the City that employees take their normal provided vacation leave each year.

Employees should not be earning vacation leave once their accrued vacation balance has reached 380 hours. All employees who have accrued at least 380 hours of vacation shall expend at least 80 hours of vacation leave per calendar year with at least 40 hours being consecutive.

SECTION 8: EXECUTIVE LEAVE

In recognition of the extra hours required to perform at the level of management, including attendance at numerous meetings outside normal working hours and the fact that employees who are exempt from FLSA are not compensated for overtime work, the following executive leave policy shall be implemented:

Each FLSA-exempt, unrepresented employee may receive up to five (5) days Executive Leave annually at the discretion of the City Manager provided on January 1st of each year. On January 1st of each year, all hours not taken in the prior year will be lost unless an extension of time is granted by the City Manager. Additionally, A~~a~~t-W~~w~~ill E~~e~~xecutive staff and the Assistant Public Works Director (a member of the Mid-Management staff) may receive up to another five (5) days Executive Leave annually at the discretion of the City Manager provided on July 1st of each year, and all hours not taken by December 31st of the same year will be lost unless an extension of time is granted by the City Manager.

Newly hired employees shall have Executive Leave awarded to them in the following pro-rated manner:

If the employee is hired from:

January – March	40 hours awarded on the date of hire
April – June	30 hours awarded on the date of hire
July – September	20 hours awarded on the date of hire, 40 hours additional at-will
October – December	10 hours awarded on the date of hire, 20 hours additional at-will

SECTION 9: OTHER LEAVES OF ABSENCE

9.1 Sick Leave:

Employees shall accrue and use sick leave in accordance with City of St. Helena Personnel/Administrative on Sick Leave.

9.2 Family Care:

Except as otherwise required by state or federal law, sick leave may be used to care for the employee's child, spouse, or domestic partner who is incapacitated by a serious health condition as defined by state of federal Law. Sick leave utilized for Family Care shall not exceed forty-eight (48) hours per occurrence.

9.3 Bereavement Leave:
Leave with pay up to 3 days per year in state/5 days out of state shall be granted by the City Manager to employees in case of the death of spouse or domestic partner regardless of gender, parent or step-parent, grand-parent, child, or stepchild, brother or sister, parent-in-law, brother/sister-in-law, son/daughter-in-law, or any relative in the immediate household of the employee. Bereavement leave shall not be charged against any accumulated leave. Additional time off (vacation, executive leave) may be taken if approved by the City Manager.

9.4 Industrial Accident Leave:
The City shall provide paid leave and benefits consistent with the State's Worker's Compensation laws.

9.5 Miscellaneous Leave With Pay:
Employees shall be granted a leave of absence with full pay for jury duty; subpoena of the employee as a witness; or attendance in court resulting from the employee's official duties as assigned by the City Manager. Any compensation received by the employee for the above, except for travel reimbursement, shall be promptly remitted to the City by the employee.

9.6 Leave Pursuant to the Family and Medical Care Leave Act and the California Family Rights Act:
Employees shall be entitled to take leave in response to the birth or adoption of a child, or the placement of a child with the employee for foster care; the employee's own serious health condition, or to care for a child, parent or spouse of the employee who has a serious health condition; for a "qualifying exigency" arising from the foreign deployment of the employee's spouse, son, daughter, or parent with the Armed Forces; or to care for a servicemember with a serious injury or illness if the employee is the servicemember's spouse, son, daughter, parent or next of kin, as specified in the federal Family and Medical Care Leave Act (FMLA) and the California Family Rights Act (Government Code Section 12945.2). Employees may use their accrued leave balances during such leave.

If the period of leave exceeds the employer's accrued leave balances, the employee shall take the balance of the leave as unpaid leave.

9.7 Leave for Pregnancy, Childbirth and Related Medical Conditions (California Government Code Section 12945):
In addition to leave authorized by Section 9.6, eligible employees may take leave based on pregnancy, childbirth, or related medical conditions pursuant to California Government Code Section 12945. Generally, this leave should not exceed six (6) weeks for a normal pregnancy, childbirth, or related conditions, but may be taken for a period of up to a total of four (4) months if the employee is disabled due to pregnancy, childbirth, or other medical conditions. The need for leave beyond six (6) weeks due to disability shall be verified in writing by the employee's physician. The employee may use accrued leave balances during leave taken pursuant to this Section. If the period of leave exceeds the employee's accrued leave balances, the balance of the leave shall be taken as unpaid leave.

9.8 Leave of Absence Without Pay:

Upon the written request of any employee, the City Manager may approve in writing a leave of absence without pay for a period up to thirty (30) calendar days. Except in the cases of illness or maternity, an employees' request for Leave Without Pay shall be submitted to the City Manager, accompanied by a recommendation or an explanation from the manager as to how an adequate level of service can be maintained during her/his absence. Such leave may be extended up to one calendar year by action of the City Council.

9.9 Military Leave:

An employee called to active duty in any reserve component of the Armed Forces of the United States or the National Guard shall be granted a leave of absence for the duration of said active duty. Any full-time employee on a military leave of absence shall be compensated as outlined in the City's Personnel Policies Manual if the employee provides proper documentation from the Commanding Officer concerning their active duty; or, if the employee is a Commanding Officer, with a copy of the order to report to active duty and any applicable extension orders.

SECTION 10: TRAINING AND PROFESSIONAL GROWTH

10.1 Professional Seminars and Training:

To promote continued development of skills, knowledge, and abilities among the Employee, the City Manager may grant time off to employee(s) for educational leave. Such leave may be received in order to attend professional, technical, or managerial workshops, courses, conferences, conventions, seminars, or related activities. The cost of attendance at these activities, including travel, per diem, registration, tuition, materials or other reasonable costs, are legitimate City expenditures as provided for in the annual City Budget.

10.2 Professional Membership Fees:

Most At-will Executive Management, Mid-Management, and Confidential personnel are expected to maintain membership in appropriate professional organizations. These memberships serve to acquaint the City with the current state-of-the-art in these professional areas by means of publications and special activities. The City will include the costs of these membership fees in the respective department budgets, subject to approval by the City Manager.

10.3 College Tuition Reimbursement:

An employee who is taking courses in a field related to his/her employment may receive reimbursement for tuition and/or materials up to $1,500 per year of the reasonable cost for books and tuition per fiscal year.

SECTION 11: OTHER BENEFITS

11.1 Vehicle Reimbursement:

Covered employees to a far greater extent than most other City employees are required to travel throughout the City and the County to fulfill their job requirements. This travel is frequently required outside of normal working hours. In recognition of this employment requirement, the City may provide either the use of a City vehicle or pay an auto allowance of $100 per pay period. In addition, if travel is required by the employee in his/her personal vehicle beyond the County line, mileage shall be reimbursed at the same rate as set by the IRS.

11.2 Deferred Compensation Plan:

Employees may elect payroll deductions in an amount permissible under IRS regulations, to be placed in a deferred compensation program administered at no cost to the City. To the extent allowed by law, such monies deposited would become tax deferred and would be subject to income taxation in the year they are withdrawn from the deferred compensation program. The City shall match up to $100 per pay period to the employee's contribution into the City's deferred compensation program.

11.3 Health Club Membership:

The City will pay a one-time membership fee of $25.00 towards employee enrollment in a health clubs.

11.4 Sick Leave Payout:

Upon separation, the City will pay out 50% of accrued sick leave. Retirees have the option of using 100% of their accrued sick leave towards health premiums.

11.5 St. Helena Charity Based Events:

In recognition of the importance of being engaged with the St. Helena community, Unrepresented Employees are eligible to be reimbursed for charity event tickets related to their employment. To be eligible for reimbursement, the event must be held within the County of Napa and directly benefit the St. Helena community. Event tickets may be purchased only for the employee up to a total reimbursable amount of $750.00 per calendar year.

SECTION 12: TERMINATION ALLOWANCE

12.1 Severance Pay:

In order to foster job security within a professional climate, At-will Executive Management employees who receive no protection from the City's Personnel System may be entitled to severance pay when they are discharged from the City service. At-will Management employees terminated for cause are not eligible for severance benefits.

12.2 Allowance Schedule:

At-will Executive Management employees shall generally be entitled to two (2) months' salary, excluding fringe benefits. All specific severance pay terms and conditions must be included in the employee's Employment Contract, as noted in section 2 (Employment Contracts). In no event shall an employee receive a severance that is greater than the employee's salary multiplied by the number of months left on the unexpired term of the employee's employment contract, and all severance provisions shall comply with all other requirements of law..

City of St. Helena
Publicly Available Salary Schedule
FY 2016-2017

Position		Steps A	B	C	D	E
St. Helena Employee Association - Miscellaneous Group						
Accounting Assistant I	Annual	40,667.00	42,700.00	44,835.00	47,077.00	49,431.00
Accounting & HR Assistant I [6]	Monthly	3,389.00	3,558.00	3,736.00	3,923.00	4,119.00
Office Assistant 75%	Pay Period	1,694.44	1,779.17	1,868.12	1,961.53	2,059.61
Office Assistant	Hourly	19.55	20.53	21.56	22.63	23.77
Library Assistant I						
Maintenance Worker I	Annual	41,487.00	43,561.00	45,740.00	48,027.00	50,428.00
	Monthly	3,457.00	3,630.00	3,812.00	4,002.00	4,202.00
	Pay Period	1,728.63	1,815.06	1,905.81	2,001.11	2,101.16
	Hourly	19.95	20.94	21.99	23.09	24.24
Library Assistant II	Annual	42,219.00	44,330.00	46,546.00	48,873.00	51,317.00
	Monthly	3,518.00	3,694.00	3,879.00	4,073.00	4,276.00
	Pay Period	1,759.11	1,847.06	1,939.42	2,036.39	2,138.21
	Hourly	20.30	21.31	22.38	23.50	24.67
Plant Operator in Training	Annual	43,070.00	45,224.00	47,485.00	49,859.00	52,352.00
Maintenance Worker I-Water Dist.	Monthly	3,589.00	3,769.00	3,957.00	4,155.00	4,363.00
	Pay Period	1,794.60	1,884.33	1,978.55	2,077.47	2,181.35
	Hourly	20.71	21.74	22.83	23.97	25.17
Building Permit Technician I	Annual	45,959.00	48,257.00	50,670.00	53,204.00	55,864.00
Recreation Coordinator	Monthly	3,830.00	4,021.00	4,223.00	4,434.00	4,655.00
	Pay Period	1,914.97	2,010.72	2,111.25	2,216.82	2,327.66
	Hourly	22.10	23.20	24.36	25.58	26.86
Accounting Assistant II	Annual	46,887.00	49,231.00	51,692.00	54,277.00	56,991.00
Accounting & HR Assistant II [6]	Monthly	3,907.00	4,103.00	4,308.00	4,523.00	4,749.00
	Pay Period	1,953.60	2,051.28	2,153.85	2,261.54	2,374.62
	Hourly	22.54	23.67	24.85	26.10	27.40
Senior Library Assistant	Annual	47,952.00	50,350.00	52,867.00	55,511.00	58,286.00
	Monthly	3,996.00	4,196.00	4,406.00	4,626.00	4,857.00
	Pay Period	1,998.00	2,097.90	2,202.80	2,312.94	2,428.58
	Hourly	23.05	24.21	25.42	26.69	28.02
Plant Operator I - Wastewater	Annual	48,676.00	51,110.00	53,665.00	56,348.00	59,166.00
Plant Operator I - Water	Monthly	4,056.00	4,259.00	4,472.00	4,696.00	4,930.00
	Pay Period	2,028.16	2,129.57	2,236.05	2,347.85	2,465.24
	Hourly	23.40	24.57	25.80	27.09	28.45
Accounting Assistant III	Annual	49,287.00	51,752.00	54,339.00	57,056.00	59,909.00
Accounting & HR Assistant III [6]	Monthly	4,107.00	4,313.00	4,528.00	4,755.00	4,992.00
	Pay Period	2,053.64	2,156.32	2,264.14	2,377.34	2,496.21
	Hourly	23.70	24.88	26.13	27.43	28.80
Librarian I	Annual	49,411.00	51,881.00	54,475.00	57,199.00	60,059.00
Lib Assoc Bilingual Services	Monthly	4,118.00	4,323.00	4,540.00	4,767.00	5,005.00
	Pay Period	2,058.77	2,161.71	2,269.80	2,383.29	2,502.45
	Hourly	23.76	24.94	26.19	27.50	28.87
Administrative Assistant	Annual	49,658.00	52,141.00	54,748.00	57,485.00	60,360.00
	Monthly	4,138.00	4,345.00	4,562.00	4,790.00	5,030.00
	Pay Period	2,069.08	2,172.53	2,281.16	2,395.22	2,514.98
	Hourly	23.87	25.07	26.32	27.64	29.02
Maintenance Worker II	Annual	50,533.00	53,060.00	55,713.00	58,499.00	61,424.00
	Monthly	4,211.00	4,422.00	4,643.00	4,875.00	5,119.00
	Pay Period	2,105.56	2,210.84	2,321.38	2,437.45	2,559.32
	Hourly	24.30	25.51	26.79	28.12	29.53

Attachment 4

Position		Steps A	B	C	D	E
Equipment Operator/Maint Worker III	Annual	51,041.00	53,593.00	56,272.00	59,086.00	62,040.00
	Monthly	4,253.00	4,466.00	4,689.00	4,924.00	5,170.00
	Pay Period	2,126.70	2,233.03	2,344.68	2,461.92	2,585.01
	Hourly	24.54	25.77	27.05	28.41	29.83
Building Permit Technician II	Annual	51,168.00	53,727.00	56,413.00	59,234.00	62,195.00
	Monthly	4,264.00	4,477.00	4,701.00	4,936.00	5,183.00
	Pay Period	2,132.01	2,238.61	2,350.55	2,468.07	2,591.48
	Hourly	24.60	25.83	27.12	28.48	29.90
Maintenance Lead Worker	Annual	51,553.00	54,131.00	56,837.00	59,679.00	62,663.00
Accounting Assistant/Building Tech	Monthly	4,296.00	4,511.00	4,736.00	4,973.00	5,222.00
	Pay Period	2,148.04	2,255.45	2,368.22	2,486.63	2,610.96
	Hourly	24.79	26.02	27.33	28.69	30.13
Maintenance Worker II-Water Dist.	Annual	52,593.00	55,223.00	57,984.00	60,883.00	63,927.00
	Monthly	4,383.00	4,602.00	4,832.00	5,074.00	5,327.00
	Pay Period	2,191.38	2,300.95	2,416.00	2,536.80	2,663.64
	Hourly	25.29	26.55	27.88	29.27	30.73
Plant Operator II - WW	Annual	53,654.00	56,337.00	59,154.00	62,112.00	65,217.00
Plant Operator II - Water	Monthly	4,471.00	4,695.00	4,929.00	5,176.00	5,435.00
Maintenance Lead Worker-Water Dist.	Pay Period	2,235.60	2,347.38	2,464.74	2,587.98	2,717.38
	Hourly	25.80	27.09	28.44	29.86	31.35
Librarian II	Annual	53,923.00	56,619.00	59,450.00	62,423.00	65,544.00
	Monthly	4,494.00	4,718.00	4,954.00	5,202.00	5,462.00
	Pay Period	2,246.79	2,359.13	2,477.08	2,600.94	2,730.98
	Hourly	25.92	27.22	28.58	30.01	31.51
Project Coordinator/Admin Asst.	Annual	54,737.00	57,474.00	60,347.00	63,365.00	66,533.00
Building Permit Technician III	Monthly	4,561.00	4,789.00	5,029.00	5,280.00	5,544.00
	Pay Period	2,280.70	2,394.74	2,514.47	2,640.20	2,772.21
	Hourly	26.32	27.63	29.01	30.46	31.99
Plant Operator III - Water	Annual	54,874.00	57,617.00	60,498.00	63,523.00	66,699.00
	Monthly	4,573.00	4,801.00	5,042.00	5,294.00	5,558.00
	Pay Period	2,286.40	2,400.72	2,520.76	2,646.80	2,779.14
	Hourly	26.38	27.70	29.09	30.54	32.07
Recreation Supervisor	Annual	55,148.00	57,906.00	60,801.00	63,841.00	67,033.00
	Monthly	4,596.00	4,825.00	5,067.00	5,320.00	5,586.00
	Pay Period	2,297.85	2,412.74	2,533.38	2,660.05	2,793.05
	Hourly	26.51	27.84	29.23	30.69	32.23
Accounting Technician	Annual	55,563.00	58,341.00	61,258.00	64,321.00	67,537.00
	Monthly	4,630.00	4,862.00	5,105.00	5,360.00	5,628.00
	Pay Period	2,315.13	2,430.88	2,552.43	2,680.05	2,814.05
	Hourly	26.71	28.05	29.45	30.92	32.47
Senior Librarian	Annual	56,121.00	58,927.00	61,873.00	64,967.00	68,215.00
	Monthly	4,677.00	4,911.00	5,156.00	5,414.00	5,685.00
	Pay Period	2,338.36	2,455.28	2,578.05	2,706.95	2,842.30
	Hourly	26.98	28.33	29.75	31.23	32.80
Equipment Mechanic	Annual	56,826.00	59,667.00	62,650.00	65,783.00	69,072.00
	Monthly	4,735.00	4,972.00	5,221.00	5,482.00	5,756.00
	Pay Period	2,367.74	2,486.13	2,610.43	2,740.96	2,878.00
	Hourly	27.32	28.69	30.12	31.63	33.21
Plant Operator III - Water & WW	Annual	60,789.00	63,828.00	67,020.00	70,371.00	73,889.00
Building Technician III/Office Manager	Monthly	5,066.00	5,319.00	5,585.00	5,864.00	6,157.00
	Pay Period	2,532.87	2,659.51	2,792.49	2,932.11	3,078.72
	Hourly	29.23	30.69	32.22	33.83	35.52

Attachment 4

Position		Steps A	B	C	D	E
Jr. Engineer	Annual	63,266.00	66,430.00	69,751.00	73,239.00	76,901.00
Assistant Planner	Monthly	5,272.00	5,536.00	5,813.00	6,103.00	6,408.00
HR Manager / Acctg Technician II	Pay Period	2,636.10	2,767.91	2,906.30	3,051.62	3,204.20
	Hourly	30.42	31.94	33.53	35.21	36.97
Public Works Supervisor	Annual	64,704.00	67,940.00	71,336.00	74,903.00	78,648.00
	Monthly	5,392.00	5,662.00	5,945.00	6,242.00	6,554.00
	Pay Period	2,696.01	2,830.81	2,972.35	3,120.97	3,277.02
	Hourly	31.11	32.66	34.30	36.01	37.81
Public Works Supervisor-Parks	Annual	68,018.00	71,418.00	74,989.00	78,739.00	82,676.00
	Monthly	5,668.00	5,952.00	6,249.00	6,562.00	6,890.00
	Pay Period	2,834.06	2,975.77	3,124.55	3,280.78	3,444.82
	Hourly	32.70	34.34	36.05	37.86	39.75
Associate Planner*	Annual	68,188.00	71,597.00	75,177.00	78,936.00	82,882.00
	Monthly	5,682.00	5,966.00	6,265.00	6,578.00	6,907.00
	Pay Period	2,841.15	2,983.21	3,132.37	3,288.98	3,453.43
	Hourly	32.78	34.42	36.14	37.95	39.85
Chief Plant Operator - Water	Annual	70,613.00	74,144.00	77,851.00	81,744.00	85,831.00
Chief Plant Operator - Wastewater	Monthly	5,884.00	6,179.00	6,488.00	6,812.00	7,153.00
Chief Water Distribution Operator	Pay Period	2,942.22	3,089.33	3,243.80	3,405.99	3,576.29
	Hourly	33.95	35.65	37.43	39.30	41.27

(1) Longevity Pay - Employees are eligible to receive longevity based on continuous years of employment according to the dates and rates below:

5 years - 2.5% of base salary
10 years - 5.0% of base salary
15 years - 7.5% of base salary
20 years - 10% of base salary

(2) Bilingual Pay - Employees who are certified as fluent in both written and verbal Spanish language will receive a 5% pay differential that is added to the employee's base salary. Employees who are certified as fluent only in verbal Spanish language will receive a 2.5% pay differential that is added to the employee's base salary.

(3) Standby Pay - Shall be paid at a rate of $75.00 per weekend to those employees in the Public Works Department who are required to be on Standby on weekends (3:30 p.m. Friday to 7:00 a.m. Monday), $75.00 per week for those employees who are required to Standby for the week (Monday - Friday) and $75.00 for those employees who are required to Standby on holidays (3:30 p.m. to 7:00 a.m. of the next regular work day).

(4) Certification Pay - $50.00 per month for each governmental certificate or licensing as follow:

"Operator Cross-certification" (Class I or above) for employees assigned to the Water Treatment Plant or Waste Water Treatment Plant, enabling those employees to perform duties at the other plant
A necessary pesticide certificate, for Public Works employees responsible for pesticide applications programs for the city
Certification for back-flow prevention devices for Public Works employees
Playground Inspection Certification for employees working in the Parks Division
Arborist Certificate for employees working in the Parks Division

(5) Uniform Allowance - The city will provide uniforms to employees in the following Public Works positions: Public Works Supervisor, Maintenance Worker I, Maintenance Worker II, Maintenance Lead Worker, Chief Water Distribution Operator, Plant Operator in Training, Plant Operator I, Planter Operator II, Planter Operator III, Chief Operator. The City will provide and pay for cleaning services for the uniforms of employees. These costs will be reported each pay period as follows:

Employees assigned to Water Distribution and Public Works - $35.49 per pay period
Employees assigned to Parks-Trees-Buildings - $33.06 per pay period
Employees assigned to the Wastewater Treatment Plant (Chief Plant Operator and Plant Operator II) - $9.29 per pay period
Employees assigned to the Wastewater Treatment Plant (Plant Operator III) - $5.79 per pay period
Employees assigned to the Water Treatment Plant - $11.49 per pay period

(6) Confidential Positions receive a 3% pay differential that is added to the employee's base salary

__Police Officers Association__

Dispatcher	Annual	50,035.00	52,537.00	55,164.00	57,922.00	60,818.00
	Monthly	4,170.00	4,378.00	4,597.00	4,827.00	5,068.00
	Pay Period	2,084.79	2,189.03	2,298.48	2,413.41	2,534.08
	Hourly	24.06	25.26	26.52	27.85	29.24
Police Officer	Annual	58,358.00	61,276.00	64,340.00	67,557.00	70,935.00
	Monthly	4,863.00	5,106.00	5,362.00	5,630.00	5,911.00
	Pay Period	2,431.58	2,553.16	2,680.82	2,814.86	2,955.61
	Hourly	28.06	29.46	30.93	32.48	34.10
Corporal	Annual	63,088.00	66,242.00	69,554.00	73,032.00	76,683.00
	Monthly	5,257.00	5,520.00	5,796.00	6,086.00	6,390.00
	Pay Period	2,628.67	2,760.08	2,898.09	3,042.99	3,195.14
	Hourly	30.33	31.85	33.44	35.10	36.87
Sergeant	Annual	69,554.00	73,032.00	76,683.00	80,518.00	84,544.00
	Monthly	5,796.00	6,086.00	6,390.00	6,710.00	7,045.00
	Pay Period	2,898.09	3,042.99	3,195.14	3,354.90	3,522.65
	Hourly	33.44	35.10	36.87	38.71	40.65

(1) Longevity Pay - Employees are eligible to receive longevity based on continuous years of employment according to the dates and rates below:

5 years - 2.5% of base salary
10 years - 5.0% of base salary
15 years - 7.5% of base salary
20 years - 10% of base salary

(2) Bilingual Pay - Employees who are certified as fluent in both written and verbal Spanish language will receive a 5% pay differential that is added to the employee's base salary. Employees determined to be able to communicate in Spanish at a level adequate for law enforcement purposes will receive incentive pay of an additional $150.00 per month.

(3) POST Certificates - Additional monthly salary compensation shall be received by an employee attaining certificates, as follows:

POST Intermediate Certificate - $100.00
POST Advanced Certificate - $200.00
POST Records Supervisor Certificate - $100.00

(4) Special Assignment Pay:

Motorcycle Officer, Range Master or Reserve Coordinator - $100.00 per month
Field Training Officers or Communication Training Officers - 7% of their daily salary, per day, while assigned to the trainee
Records Coordinator - 5% of regular salary
Investigator Position - 2 1/2% of base salary
Police Service Dog Handler - $228.13 per pay period

(5) Holiday Accrual - Full-time employees will accrue 3.833 hours per pay period, which will be paid out twice a year (in June and December) at the employee's current hourly rate.

(6) Uniform Allowance - Employees shall receive an annual uniform allowance as follows:

Sworn Personnel - $750.00

Dispatch and CSO Personnel - $750.00

Motorcycle Officers - 1 pair of Police motorcycle boots, 2 pairs of Police motorcycle pants, 1 Police motorcycle leather jacket, 2 sets of riding gloves (1 cold weather and 1 warm set) and Protective eyeglasses (not to exceed $150.00)

Bicycle Patrol - Gloves, Helmet, Padded Shorts, Padded Pants, Protective Eyeglasses, Pedal Retention Devices, and Inclement Weather Clothing

Attachment 4

City of St. Helena
Publicly Available Salary Schedule
FY 2016-2017[1]

Position		Steps A	B	C	D	E
Mid-Management Exempt						
Assistant Public Works Director	Annual	104,272.00	109,486.00	114,960.00	120,708.00	126,743.00
	Monthly	8,689.00	9,124.00	9,580.00	10,059.00	10,562.00
	Pay Period	4,345.00	4,562.00	4,790.00	5,029.00	5,281.00
	Hourly	50.13	52.64	55.27	58.03	60.93
Chief Building Official	Annual	91,659.00	96,242.00	101,054.00	106,107.00	111,411.00
	Monthly	7,638.00	8,020.00	8,421.00	8,842.00	9,284.00
	Pay Period	3,819.00	4,010.00	4,211.00	4,421.00	4,642.00
	Hourly	44.07	46.27	48.58	51.01	53.56
Grants and Finance Manager	Annual	79,874.00	83,867.00	88,061.00	92,463.00	97,087.00
Public Works Project Manager	Monthly	6,656.00	6,989.00	7,338.00	7,705.00	8,091.00
Senior Management Analyst	Pay Period	3,328.00	3,494.00	3,669.00	3,853.00	4,045.00
Water Conservation Coordinator	Hourly	38.40	40.32	42.34	44.45	46.68
Library Manager	Annual	88,704.00	93,139.00	97,796.00	102,687.00	107,821.00
	Monthly	7,392.00	7,762.00	8,150.00	8,557.00	8,985.00
	Pay Period	3,696.00	3,881.00	4,075.00	4,279.00	4,493.00
	Hourly	42.65	44.78	47.02	49.37	51.84
Lieutenant	Annual	87,504.00	91,880.00	96,473.00	101,297.00	106,362.00
	Monthly	7,292.00	7,657.00	8,040.00	8,442.00	8,864.00
	Pay Period	3,646.00	3,828.00	4,020.00	4,221.00	4,432.00
	Hourly	42.07	44.18	46.38	48.70	51.14
Management Analyst	Annual	73,047.00	76,699.00	80,534.00	84,561.00	88,789.00
Public Works Maintenance Manager	Monthly	6,087.00	6,392.00	6,711.00	7,047.00	7,399.00
	Pay Period	3,044.00	3,196.00	3,356.00	3,523.00	3,700.00
	Hourly	35.12	36.88	38.72	40.65	42.69
Senior Planner	Annual	84,867.00	89,110.00	93,566.00	98,245.00	103,156.00
	Monthly	7,072.00	7,426.00	7,797.00	8,187.00	8,596.00
	Pay Period	3,536.00	3,713.00	3,898.00	4,094.00	4,298.00
	Hourly	40.80	42.84	44.98	47.23	49.59
Confidential Positions						
Administrative Services Manager [4]	Annual	92,217.00	96,828.00	101,669.00	106,753.00	112,090.00
	Monthly	7,685.00	8,069.00	8,472.00	8,896.00	9,341.00
	Pay Period	3,842.00	4,034.00	4,236.00	4,448.00	4,670.00
	Hourly	44.34	46.55	48.88	51.32	53.89
Executive Management						
City Manager [2]	Annual					189,880.00
	Monthly					15,823.00
	Pay Period					7,912.00
	Hourly					91.29
City Clerk	Annual	95,524.00	100,300.00	105,315.00	110,581.00	116,110.00
	Monthly	7,960.00	83.58	8,776.00	9,215.00	9,676.00
	Pay Period	3,980.00	4,179.00	4,388.00	4,608.00	4,838.00
	Hourly	45.93	48.23	50.64	53.17	55.83
Fire Chief [2] [3]	Annual					31,000.00
Finance Director	Annual	109,066.00	114,519.00	120,245.00	126,258.00	132,571.00
	Monthly	9,089.00	9,543.00	10,020.00	10,521.00	11,048.00
	Pay Period	4,544.00	4,772.00	5,010.00	5,261.00	5,524.00
	Hourly	52.44	55.06	57.81	60.70	63.74

Attachment 4

Position		Steps A	B	C	D	E
Human Resources/IT Director	Annual	109,066.00	114,519.00	120,245.00	126,258.00	132,571.00
	Monthly	9,089.00	9,543.00	10,020.00	10,521.00	11,048.00
	Pay Period	4,544.00	4,772.00	5,010.00	5,261.00	5,524.00
	Hourly	52.44	55.06	57.81	60.70	63.74
Library Director	Annual	99,915.00	104,911.00	110,157.00	115,664.00	121,447.00
	Monthly	8,326.00	8,743.00	9,180.00	9,639.00	10,121.00
	Pay Period	4,163.00	4,371.00	4,590.00	4,819.00	5,060.00
	Hourly	48.04	50.44	52.96	55.61	58.39
Planning/Community Services Director	Annual	127,394.00	133,764.00	140,452.00	147,474.00	154,848.00
	Monthly	10,616.00	11,147.00	11,704.00	12,290.00	12,904.00
	Pay Period	5,308.00	5,573.00	5,852.00	6,145.00	6,452.00
	Hourly	61.25	64.31	67.52	70.90	74.45
Police Chief	Annual	132,528.00	139,154.00	146,112.00	153,417.00	161,088.00
	Monthly	11,044.00	11,596.00	12,176.00	12,785.00	13,424.00
	Pay Period	5,522.00	5,798.00	6,088.00	6,392.00	6,712.00
	Hourly	63.71	66.90	70.25	73.76	77.45
Public Works Director	Annual	139,596.00	146,576.00	153,905.00	161,600.00	169,680.00
	Monthly	11,633.00	12,215.00	12,825.00	13,467.00	14,140.00
	Pay Period	5,817.00	6,107.00	6,413.00	6,733.00	7,070.00
	Hourly	67.11	70.47	73.99	77.69	81.58
Recreation Director	Annual	104,272.00	109,486.00	114,960.00	120,708.00	126,743.00
	Monthly	8,689.00	9,124.00	9,580.00	10,059.00	10,562.00
	Pay Period	4,345.00	4,562.00	4,790.00	5,029.00	5,281.00
	Hourly	50.13	52.64	55.27	58.03	60.93

(1) Mid-Management, Confidential and Executive salary ranges include a 1% salary increase that is expressly contingent upon the implentation of the pension cost sharing arrangement, and will not be implemented unless and until the cost sharing arrangement is implemented.

(2) Positions do not have a pay range

(3) 1% Increase was not applied to Safety Fire Position: Fire Chief

(4) Confidential Positions receive a 3% pay differential that is added to the employee's base salary

(5) Bilingual Pay - Employees who are certified as fluent in both written and verbal Spanish language will receive a 5% pay differential that is added to the employee's base salary. Employees who are certified as fluent only in verbal Spanish language will receive a 2.5% pay differential that is added to the employee's base salary.

Position		Steps A	B	C	D	E
<u>*Part-time Positions*</u>						
Casual Worker I	Hourly	10.00	10.51	11.03	11.58	12.16
Casual Worker II	Hourly	12.78	13.43	14.10	14.79	15.54
Casual Worker III	Hourly	16.31	17.14	17.99	18.88	19.83
Casual Worker IV	Hourly	20.80	21.86	22.95	24.09	25.30
Casual Worker V	Hourly	26.54	27.90	29.28	30.73	32.27
Firefighter [1][2][3]	Hourly					25.00
Fire Marshal [1]	Hourly					45.00
<u>*Elected Positions*</u>						
Mayor [1]	Annual					3,600.00
Vice Mayor [1]						
Council Member [1]						
Planning Chairperson [1]	Annual					1,200.00
Planning Vice Chairperson [1]						
Planning Commissioner [1]						

(1) Positions do not have a pay range

(2) Standby Pay - Shall be paid at a rate of $50.00 per 24 hour period

(3) Classification Pay - Additional monthly salary compensation shall be received as follows.

1st and 2nd Assistant Chief Classification - $315.00
Captain Classification - $210.00
Engineer Classification - $105.00

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Item No: 15

Report to the City Council
Council Meeting of September 13, 2016

Agenda Section: **<u>Consent</u>**

Subject: **Consideration and proposed approval of the First Amendment to the Professional Service Agreement, with Hansford Economic Consulting to provide additional work outside the original Water and Waste Water Rate Study scope, increasing the contract amount by $13,020 for a total contract of $61,370; and authorizing a budget increase of $13,020 split equally between accounts 561-4300-2130 and 571-4300-2130. Funds for 561 will be taken from the Water Enterprise Unrestricted Net Position and funds for 571 will be transferred from the Wastewater Capital Project Fund to the Wastewater Operating Fund identified above.**

CEQA Status: **Not a CEQA project**

Prepared By: **<u>Jennifer Tuell, Water Conservation Coordinator</u>**
<u>Steven Palmer, PE, Director of Public Works/City Engineer</u>

Approved By: **<u>Jennifer Phillips, City Manager</u>**

BACKGROUND

In September 2015, staff issued a Request for Proposals and on October 9, 2015, the City received four proposals. A team of managers and an outside consultant reviewed the proposals. Hansford Economic Consulting was considered the top proposer. On September 26, staff conducted an interview with Catherine Hansford and contacted references for additional feedback. Based on the proposal, consultant's relevant experience, references and interview, staff has selected Hansford Economic Consulting.

On November 10, 2015 City Council approved Resolution No. 2015-136 awarding the contract to Hansford Economic Consulting to provide a Utility Rate Study for the Water and Wastewater Rates for a total not to exceed amount of $48,350.

DISCUSSION

Staff spent considerable time extracting data and pertinent information from the City's customer and water use data base. This information was difficult to extract in a usable format from the billing software. It took the consultant a significant amount of time to clean-up the data provided from staff. Additionally, as the consultant became more familiar with the circumstances in St. Helena both staff and the consultant determined that additional review and modeling work would need to be done. The additional work is related to standby changes, water agreements and a more in-depth review of peak water use months. The need for this additional work could not have been identified until staff and the consultant began to extract and analyze data, and begin preparation of the rate models.

The total additional work equates to $13,020 for a total contract of $61,370. The additional cost associated with the database clean-up equated to $8,500 in additional work and the additional rate modeling work equated to $4,630 in additional work.

The additional work is summarized below:

Task 2A – Additional Database Work

The City's customer and metered water use data was difficult to use as extracted from the billing software. As the building block on which the analysis is conducted it was critical that the data be accurate otherwise all the rate calculations would have been compromised. HEC and City staff both put in a lot of extra time working through the database to achieve a high confidence level in the base data for both the water and wastewater rate studies. HEC will be transferring an Excel database back to the City with coding as needed to implement the new rate studies. The additional cost associated with this work is $8,400.

Task 8A – Additional Modeling

The rate modeling work was more extensive than anticipated when the original budget was developed. Certain City circumstances influence the financial models, and these have caused increased cost. These include standby charges, agreements with individual customers that complicated HEC's understanding of the Project, multiple water sources (also with associated use agreements) for which more than the typical amount of data had to be analyzed to determine appropriate rate structure, and more in-depth review of costs incurred during the peak water use months. The additional cost associated with this work is $4,620.

FISCAL IMPACT

Funds for the original agreement in the amount of $48,350 were budgeted in the FY 2015-16 Adopted Budget under 561-4300-2145 Other Contract Services and 571-4300-2145 Other Contract Services.

The additional $13,020 in funding for this First Amendment to the Professional Services Agreement for the Water and Waste Water Rate Study will be funded from the Water Enterprise Unrestricted Net Position and from a transfer from the Wastewater Capital

Project Fund. The net position of the Water Enterprise Fund will remain unchanged at 70% (net position not including pension liability). The full cost of the Water and Waste Water Rate Study, including this increase, is eligible to be funded from the utility user rates.

RECOMMENDED ACTION

Adopt attached resolution authorizing the City Manager to execute the First Amendment to the Professional Services Agreement with Hansford Economic Consulting increasing the contract by $13,020 for a total contract amount not to exceed $61,370 for Water and Waste Water rate study; and authorizing a budget increase of $13,020 split equally between accounts 561-4300-2130 and 571-4300-2130 from Water Enterprise Unrestricted Net Position and from a transfer from the Wastewater Capital Project Fund.

ATTACHMENTS

1. Letter from Hansford Economic Consulting Dated August 17, 2016
2. Resolution
3. First Amendment to the Professional Services Agreement
    - Exhibit A-1: Scope of Service and Schedule
    - Exhibit B-1: Cost Proposal

Attachment 1

HANSFORD ECONOMIC CONSULTING

PO Box 10384
Truckee, CA 96162

Phone: 530-412-3676
Email: catherine@hansfordecon.com

August 17, 2016

Jennifer Tuell, Project Manager
1480 Main St.
St. Helena, CA

Subject: City of St. Helena Water and Wastewater Rate and Fee Study

Dear Jennifer:

It has been a great privilege to work on the City of St. Helena (City) water and wastewater rate and fee study (the Project). The Project is nearing its completion and is on schedule for implementation of new rates in February 2017.

Hansford Economic Consulting (HEC) has worked to ensure that the updated rate schedules meet the City's short and long term financial goals, while equitably sharing costs to customers. The City Council approved a budget of $48,350 for HEC's services in November 2015. As of August 10, 2016, $45,431 (94%) of the total budget authorized has been exhausted; however, there remains a lot of work to be done to implement new rates. Costs have been greater than originally estimated and authorized for the following reasons:

1. The City's customer and metered water use data was difficult to use as extracted from the billing software. As the building block on which the analysis is conducted it was critical that the data be accurate otherwise all the rate calculations would have been compromised. HEC and City staff both put in a lot of extra time working through the database to achieve a high confidence level in the base data for both the water and wastewater rate studies. HEC will be transferring an Excel database back to the City with coding as needed to implement the new rate studies. *The additional cost associated with this work is $8,400.*

2. The rate modeling work was more extensive than anticipated when the original budget was developed. Certain City circumstances influence the financial models, and these have caused increased cost. These include standby charges, agreements with individual customers that complicated HEC's understanding of the Project, multiple water sources (also with associated use agreements) for which more than the typical amount of data had to be analyzed to determine appropriate rate structure, and more in-depth review of costs incurred during the peak water use months. *The additional cost associated with this work is $4,620.*

This letter respectfully requests an amendment to authorize an additional $13,020 to complete the Project. HEC is not proposing any changes in billing rates, and will continue to bill direct expenses with no ($0) markup. If approved, the total budget will increase from $48,350 to $61,370.

The scope of services includes ten tasks which are detailed in HEC's original proposal and budget estimate, and incorporated into the agreement for services. Since the authorization of the original scope of services, HEC has completed the first seven tasks. The status of each task follows:

- Task 1 – Project Initiation and Management: **COMPLETE**
- Task 2 – Cost Classification and Customer Profiling: **COMPLETE**
- Task 3 – CIP Financing Strategy and Connection Fee Calculations: **COMPLETE**
- Task 4 – Revenue Requirement Projections: **COMPLETE**
- Task 5 – Cost of Service Analysis: **COMPLETE**
- Task 6 – Rate Design Analysis: **COMPLETE WITH THE EXCEPTION OF MEADOWOOD SURCHARGE**
- Task 7 – Cash Flow Projections: **COMPLETE**
- Task 8 – Prepare Reports and Support Implementation: **ABOUT 30% COMPLETE**
- Task 9 – Stakeholder Group Participation: **ONE RATES COMMITTEE MEETING HELD; DRAFT REPORT AND ONE RATES COMMITTEE MEETING REMAINING**
- Task 10 – Presentations and/or Meetings: **FOUR MEETINGS HAVE BEEN HELD IN ST. HELENA TO DATE**

Table 1 summarizes the original authorized budget, budget expended to date, remaining budget, and estimated remaining costs to complete the Project. The total estimated additional cost to complete the Project is $13,020.

Table 1
Budget Summary

Task	Original Budget	Invoices through July	Estimate of Costs 8/1 - 8/10	Remaining Budget	Estimated Remaining Costs	Estimated Total Cost
	a	*b*	*c*	*d = a-b-c*	*e*	*f = a+e-d*
1 Project Initiation & Management	$3,050	$3,050	$0	$0	$0	$3,050
2 Cost Classification and Customer Profiling	$5,100	$5,100	$0	$0	$0	$5,100
Additional / Unanticipated Database Costs	*$0*	*$8,400*	*$0*	*($8,400)*	*$0*	*$8,400*
3 Financing Strategy	$2,370	$2,370	$0	$0	$0	$2,370
4 Revenue Requirement Projections	$2,850	$2,850	$0	$0	$0	$2,850
5 Cost of Service Analysis	$3,650	$3,650	$0	$0	$0	$3,650
6 Rate Design Analysis	$4,930	$4,930	$0	$0	$665	$5,595
7 Cash Flow Projections	$3,300	$3,300	$0	$0	$0	$3,300
8 Prepare Reports & Support Implementation	$4,420	$0	$3,270	$1,150	$9,440	$12,710
9 Stakeholder Group Participation	$3,300	$1,650	$0	$1,650	$2,110	$3,760
10 Presentations / Meetings (9)	$12,940	$4,263	$1,438	$7,239	$2,790	$8,491
Subtotal Staff Costs	**$45,910**	**$39,563**	**$4,708**	**$1,640**	**$15,005**	**$59,276**
Reimbursable Costs	$2,440	$616	$544	$1,280	$935	$2,095
Total Cost [1]	**$48,350**	**$40,179**	**$5,251**	**$2,919**	**$15,940**	**$61,370**
Additional Budget Authorization Request (f-a)						**$13,020**

[1] HEC reserves the right to move budget between tasks as necessary to complete the scope of work up to the authorized budget amount.

Table 2 provides the estimate of remaining cost to complete the scope of services.

Table 2
Remaining Cost Estimate

Remaining Work	**HEC Staff** **Catherine** $160	**Rachel** $115	**Zach** $90	**Admin** $75	**Total Cost**
Staff Expense					
Complete Model (25% of time for Meadowood)	8	12	0	0	$2,660
Prepare Draft & Final Reports	14	22	10	5	$6,045
Assist with public hearing notice & staff reports	3	8	0	0	$1,400
Prepare for 2nd Rates Committee Meeting	6	10	0	0	$2,110
Ad Hoc Mtg & Council Mtg & Public Hearing	9	0	0	18	$2,790
Total Staff Expense	**40**	**52**	**10**	**23**	**$15,005**
Direct Expense					
Hotel (2 nights)					$330
Mileage (3 trips)					$605
Meals					$0
Total Direct Expense					**$935**
Estimated Remaining Costs					**$15,940**

HEC looks forward to continuing to work with the City to ensure that the Project is successful. Please review this request and call with any questions or comments.

Sincerely,

C R Hansford

Catherine R. Hansford
HANSFORD ECONOMIC CONSULTING

CITY OF ST. HELENA
RESOLUTION NO. 2016-

RESOLUTION APPROVING THE FIRST AMENDMENT TO THE AGREEMENT WITH HANSFORD ECONOMIC CONSULTING TO PROVIDE ADDITIONAL WORK ON THE WATER AND WASTEWATER RATE STUDY, AUTHORIZE CITY MANAGER TO EXECUTE THE AMENDMENT, AND APPROVE BUDGET INCREASE OF $13,020 SPLIT EQUALLY BETWEEN ACCOUNTS 561-4300-2130 AND 571-4300-2130 FROM THE WATER ENTERPRISE UNRESTRICTED NET POSITION AND FROM A TRASFER FROM THE WASTEWATER CAPITAL PROJECT FUND

RECITALS

A. The City conducted its most recent utility rate study in 2011 and as a result, water rates were increased 2.8% in 2013, and 2.5% in 2014 and 2.6% in January 2015. Wastewater rates were increased 2.8% in 2013, and 2.5% in 2014 and 2.6% in January 2015; and

B. In September 2015, staff issued a Water and Waste Water Rate Study Request for Proposals; and

C. On November 10, 2015 City Council approved Resolution No. 2015-136 awarding the contract to Hansford Economic Consulting to provide a Utility Rate Study for the Water and Wastewater Rates for a total not to exceed amount of $48,350; and

D. The data and pertinent information from the City's customer and water use data base information was difficult to extract in a usable format and it took the consultant a significant amount of time to clean-up the data provided from staff; and

E. As the consultant became more familiar with the circumstances in St. Helena both staff and the consultant determined that additional review and modeling work would need to be done.

RESOLUTION

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

1. Amendment No. 1 to the agreement with Hansford Economic Consulting, increasing the contract amount by $13,020 for a total not to exceed amount of $61,370 is approved.

2. The City Manager is authorized to execute the agreement on behalf of the City.

3. Budged increase of $13,020 split equally between accounts 561-4300-2130 and 571-4300-2130 from Water Enterprise Unrestricted Net Position and a transfer from the Wastewater Capital Project Fund is approved.

Approved at a Regular Meeting of the St. Helena City Council on September 13, 2016, by the following vote:

Mayor Galbraith: __________

Vice Mayor White: __________

Councilmember Crull: __________

Councilmember Dohring: __________

Councilmember Pitts: __________

APPROVED:	ATTEST:
____________________	____________________
Alan Galbraith, Mayor	Cindy Black, City Clerk

Attachment 3

FIRST AMENDMENT
TO PROFESSIONAL SERVICES AGREEMENT
WITH HANSFORD ECONOMIC CONSULTING

This First Amendment to Professional Services Agreement ("Agreement") dated November 10, 2015 ("Agreement") is made as of this <u>13th</u> day of <u>September 2016</u> by and between the City of St. Helena, a municipal corporation ("City"), and Hansford Econonic Consulting. ("Consultant").

RECITALS

A. On November 10, 2015 the City and Consultant entered into the Agreement for Consultant to provide a Utility Rate Study for a total amount not to exceed $48,350 per Resolution No. 2015-136; and

B. The data and pertinent information from the City's customer and water use data base information was difficult to extract in a usable format and it took the consultant a significant amount of time to clean-up the data provided from staff; and

C. As the consultant became more familiar with the circumstances in St. Helena both staff and the consultant determined that additional review and modeling work would need to be done; and

D. The First Amendment shall not exceed $13,020, and the total to be paid to the Consultant shall not exceed $61,370; and

E. The Contract period shall extend until the time new rates are implemented, and the rate study is complete.

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

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

Section 4.A is amended to increase the total compensation payable to Consultant under the Agreement by $13,020 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 $61,370, 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:

Hansford Economic Consulting
PO Box 10384
Truckee, CA 96162

____

Signatures of Authorized Persons:

By: ______________________________

Print Name: ______________________________

Title: ______________________________

CITY OF ST. HELENA
a Municipal Corporation

By: ______________________________

Jennifer Phillips, City Manager

Director, __________ Department

Title: ______________________________

APPROVED AS TO FORM:

____
Thomas B. Brown, City Attorney

ATTEST:

____
Cindy Black, City Clerk

Attachments:

Exhibit A-1, "Scope of Services and Schedule"
Exhibit B-1, "Cost Proposal"

Scope of Services and Schedule

Scope of Services

The rate studies will be built in Microsoft Excel, giving the ability to test various key assumptions such as operating reserve levels and rate structures. All assumptions used in the model will be clearly defined, and tables will be presented in an easily understandable format. A baseline scenario will be developed, which will serve to evaluate the impact of changes from alternative rate structures, changing City policies, and/or measure the impact of rate increases.

The Study will be conducted in ten tasks. Each task is detailed below.

Task 1: Project Initiation and Management

Under this task, HEC will coordinate with staff to collect the base data necessary to conduct the study. HEC will provide the City with a list of data information and needs. HEC will work with staff to ensure good quality data is used in the rate studies. Upon receipt and review of the data HEC will meet with staff to discuss key factors driving the need for rate adjustments for each utility including regulatory requirements, water supply and/use pattern changes, City policies, and legislative mandates. Financial goals and policy objectives, such as asset replacement and funding, of the City's utility enterprise funds will be reviewed as they will shape the development of the financial models and recommendations of the Study.

This task also includes time for project management from inception to completion of the Study.

Meetings: (1) Staff meeting & tour of facilities
Deliverables: Data and information List

Task 2: Cost Classification and Customer Profiling

HEC will review the current cost classifications used by the City and may make suggestions to change the methodology or may recommend continued use of the current methodology. Cost allocation is based on use characteristics of customers and will be determined by customer usage profiling. HEC will use historical demand and billing data as well as industry standard factors to provide customer usage profiles by customer type. The current rates schedules will be examined for alignment with current City goals and objectives and fit with customer usage patterns.

Task 2A – Additional Database Work

The City's customer and metered water use data was difficult to use as extracted from the billing software. As the building block on which the analysis is conducted it was critical that the data be accurate otherwise all the rate calculations would have been compromised. HEC and City staff both put in a lot of extra time working through the database to achieve a high confidence level in the base data for both the water and wastewater rate studies. HEC will be transferring an Excel database back to the City with coding as needed to implement the new rate studies. The additional cost associated with this work is $8,400.

Meetings: *(0)*
Deliverables: None

Task 3: Financing Strategy

Through the capital improvements planning process the City identifies projects that will likely need to be constructed over the next five years. Under this task, HEC will summarize the CIPs as provided by the City and will present a financing strategy to ensure the facilities are completed in a timely fashion, while minimizing the impact to rate payers and the development community such that economic competitiveness is not harmed. HEC will rely on information from the City's engineers to allocate cost of the CIP between existing and future customers. The Excel models will be able to evaluate the impact of several funding options (such as low interest loans, bond sales and so forth) for capital improvements.

Meetings: *(0)*
Deliverables: None

Task 4: Revenue Requirement Projection

The projected revenue requirement is the revenue necessary to fully cover all expenditures net of other operating and non-operating revenues. A projection of revenue deficiency will be conducted by comparing the existing level of operating and non-operating revenues with projected annual expenditures. Operation and maintenance expenses may be projected using historical annual percentage increases, or some other index, such as a consumer price index; projection methodology will be discussed with staff. Expense item categories, such as utility costs and labor costs, will be projected independently. Projected annual costs may also include other non-operating cost considerations, such as an operating reserve, rate stabilization fund, or additional funds to meet debt service coverage requirements.

Non-operating revenues, such as interest revenue, connection charges, and other miscellaneous revenue sources, will be included as credits in the analysis so that the revenue requirement is not over-estimated.

Meetings: *(0)*
Deliverables: None

Task 5: Cost of Service Analysis

Once the projected revenue requirement is established, it is allocated to user groups based on cost classification (collection or treatment plant costs for wastewater, customer or demand costs for water) and customer usage characteristics (flow and load for wastewater, and water demand patterns for average and peak usage). The customer usage factors are determined based on the customer profiling exercise. HEC incorporates the effect of price-elasticity into the future water and wastewater use projection.

The cost allocation analysis leads to a calculation of monthly user rates for the enterprise funds such that they are adequately funded for existing and projected future costs and that the rates are based on the demand for service by each customer type. By establishing a basis and relation between the cost of service and the demand for service by each customer type, the requirements of Proposition 218 will be fully met.

Meetings: (1)
Deliverables: Progress meeting with staff

Task 6: Rate Design Analysis

The current rate structure will be assessed and alternative rate structures examined. New and/or alternative customer classifications, and proportion of charges collected as flat rate versus variable rate will be recommended if appropriate to fit with City objectives. The recommended rate structure will be determined with input from staff and a stakeholder group (potentially) given the City's billing system capabilities, public understanding of utility bills, and other stakeholder concerns.

Considerable time will be spent in this task evaluating the effect of different rate structures on developed policy objectives for water and wastewater, including operations, water conservation, recent legal interpretations of Proposition 218, the bill impacts to different customer groups, and the economic effect / hardship on low-income households.

Meetings: (1)
Deliverables: Progress meeting with staff

Task 7: Cash Flow Projections

Cash flows for each enterprise fund will be presented to ensure sufficiency of funding through the plan period, demonstrating adequate debt service coverage and reserve levels are met. Minimum reserve levels will be recommended for each utility.

HEC will explain how the model works to staff at an interactive meeting where the model is displayed on a large screen.

Meetings: (1)
Deliverables: Model review with staff

Task 8: Prepare Reports and Support City Implementation of Rates

HEC will prepare a joint water and wastewater rate study report unless one utility study moves ahead of the other, or it becomes impractical to put both studies in one report, in which can separate reports will be prepared. The report(s) will include the methodologies used, detailed calculations of rates, findings and recommendations. Draft and final reports of each study will be provided to the City electronically. Hard copies of the final report will be provided on request.

HEC will support the City's implementation of revised rate schedules by assisting with drafting the public hearing notice(s), conducting a public workshop, attending the public hearing(s), and reviewing drafting resolutions.

Task 8A – Additional Modeling

The rate modeling work was more extensive than anticipated when the original budget was developed. Certain City circumstances influence the financial models, and these have caused increased cost. These include standby charges, agreements with individual customers that complicated HEC's understanding of the Project, multiple water sources (also with associated use agreements) for which more than the typical amount of data had to be analyzed to determine appropriate rate structure, and more in-depth review of costs incurred during the peak water use months. The additional cost associated with this work is $4,620.

Meetings: (3) – Public Workshop, Presentation of Report, and Public Hearing
Deliverables: Draft and Final Reports

Task 9: Stakeholder Group Participation

It has been HEC's experience that the more involvement customers have in the process, the greater the likelihood of timely implementation of revised rate schedules.

Under this task a stakeholder group representing different customer classes would be formed. The stakeholder group would be apprised of project progress and be asked for input and feedback on issues that directly affect them. For example, discussion and input from this group would be particularly useful in determining the percentage of revenue requirement to be collected through fixed versus variable charges; whether new customer classes might be warranted, and in ensuring proportionality within the context of Proposition 218 is achieved.

Meetings: (2)
Deliverables: Meeting materials

Task 10: Presentations / Meetings

Materials necessary for presentations and meetings will be prepared under this task. Materials may include PowerPoint, handouts, and so forth. This scope of services provides for up to nine (9) meetings at the City over the course of the project, not necessarily in this order:

1. Data review with staff (Task 1)
2. Progress meeting with staff (Task 5)
3. Progress meeting with staff (Task 6)
4. Stakeholder meeting (Task 9)
5. Stakeholder/ Task Force meeting (Task 8)
6. Model review with staff (Task 7)
7. One Public Workshop/Task Force meeting (Task 8)
8. Presentation of Draft Report (task 8)
9. Public Hearing (Task 8)

Meetings: (9) Total All Tasks
Deliverables: Power Point Presentations

Schedule
The schedule provides for a draft study or studies (if water and wastewater are prepared separately) completed in September 2016. The schedule assumes that both water and wastewater studies are completed concurrently and solid engineering estimates for capital improvements are ready. Following completion of the study are the public workshops, presentation of the study to City Council for action, and a 45-day public noticing period. An aggressive timeframe would be to have rates adopted in early 2017.

Cost Proposal

The estimated manpower and associated costs provided herein assume that HEC conducts the sewer and water studies concurrently and that the City reaps the benefits of efficiencies and cost savings associated with conducting the studies in this manner.

Estimated Budget

The estimated cost for this project was **$45,910** plus **$2,440** for reimbursable expenses. The original cost proposal of **$48,350** was based on an estimate of staff time by task as shown in **Table 1** on the following page. Reimbursable expenses include any travel-related expenses such as mileage reimbursement and parking, postage or delivery charges, meals and lodging if necessary, and report printing.

With the addition of Task 2A – Additional Database Work in the amount of $8,400 and Task 8A – Additional Modeling from Exhibit A-1 in the amount of $4,620, the original cost proposal of $48,350 will be increased by $13,020, for a total project cost of $61,370. Reimbursable expenses are charged with no markup and are included in monthly invoices.

Fee Schedule

Staff hourly rates are $160 per hour for Catherine Hansford, $115 per hour for Rachel Kirkpatrick, $90 per hour for Zach Gustafson, and $75 per hour for clerical support and travel time. HEC hourly rates are valid until project completion.

HEC charges for services on a cost not-to-exceed basis; therefore, you will only be billed for the work completed up to the authorized budget amount. Invoices are issued monthly with a brief description of services performed in the period, and are due on receipt.

HEC reserves the right to move budget between tasks, should one task be completed under the estimated amount, and another task be completed over the estimated amount. If additional work is requested by the City that is beyond the original scope of services, HEC will request authorization for additional budget.

Table 1
Origional Cost Estimate for St. Helena Water and Wastewater Rate Study

	Task/Item Description *Hourly Billing Rates*	HEC Hansford *$160*	 Admin *$75*	Total Estimated Cost
1	Project Initiation & Management	12	15	$3,050
2	Cost Classification and Customer Profiling	30	4	$5,100
3	Financing Strategy	12	6	$2,370
4	Revenue Requirement Projections	15	6	$2,850
5	Cost of Service Analysis	20	6	$3,650
6	Rate Design Analysis	28	6	$4,930
7	Cash Flow Projections	15	12	$3,300
8	Prepare Reports	22	12	$4,420
9	Stakeholder Group Participation	15	12	$3,300
10	Presentations / Meetings (9)	45	77	$12,940
	Subtotal Staff Costs	**214**	**156**	**$45,910**
	Reimbursable Costs			$2,440
	Total Cost Proposal [1]			**$48,350**

[1] HEC reserves the right to move budget between tasks as necessary to complete the scope of work up to the authorized budget amount.

Table 2
Updated Cost for St. Helena Water and Wastewater Rate Study

	Task/Item Description *Hourly Billing Rates*	Total Estimated Cost
1	Project Initiation & Management	$3,050
2	Cost Classification and Customer Profiling	$5,100
2A	Additional Database Work	$8,400
3	Financing Strategy	$2,370
4	Revenue Requirement Projections	$2,850
5	Cost of Service Analysis	$3,650
6	Rate Design Analysis	$4,930
7	Cash Flow Projections	$3,300
8	Prepare Reports & Support Implementation	$4,420
8A	Additional Modeling	$4,620
9	Stakeholder Group Participation	$3,300
10	Presentations / Meetings (9)	$12,940
	Subtotal Staff Costs	**$58,930**
	Reimbursable Costs	$2,440
	Total Cost Proposal [1]	**$61,370**

[1] HEC reserves the right to move budget between tasks as necessary to complete the scope of work up to the authorized budget amount.

PROFESSIONAL SERVICES AGREEMENT

THIS AGREEMENT, made and entered into on November 10, 2015 by and between the City of St. Helena, located in the County of Napa, State of California (City), and Hansford Economic Consulting (Consultant).

RECITALS:

A. City desires to employ Consultant to furnish professional services in connection with the project described as Utility Rate Study.

B. Consultant has represented that Consultant has the necessary expertise, experience, and qualifications to perform the required duties.

NOW, THEREFORE, in consideration of the mutual premises, covenants, and conditions herein contained, the parties agree as follows:

<u>SECTION 1 – BASIC SERVICES</u>

Consultant agrees to perform the services and work (together, "services") set forth in Exhibit A, "Scope of Services" and made part of this Agreement.

<u>SECTION 2 – ADDITIONAL SERVICES</u>

Consultant shall not be compensated for any services rendered in connection with its performance of this Agreement which are in addition to or outside of those set forth in this Agreement or Exhibit A, "Scope of Services", unless such additional services and compensation are authorized in advance and in writing by the City Council or City Manager of the City.

<u>SECTION 3 – TIME FOR COMPLETION</u>

The time for completion of services shall be as identified in Exhibit A, "Scope of Services".

<u>SECTION 4 – COMPENSATION AND METHOD OF PAYMENT</u>

A. Subject to any limitations set forth in this Agreement, City agrees to pay consultant the amount specified in Exhibit B, "Cost Proposal", attached hereto and made a part hereof. Total compensation shall not exceed $48,350.00 unless additional compensation is approved in accordance with Section 2.

B. Consultant shall furnish to City an original invoice for all services performed and expenses incurred during the preceding month. The invoice shall detail charges by the following categories if applicable: labor (by sub-category), travel, materials, equipment, supplies, subconsultant contracts, and miscellaneous expenses. City shall independently review each invoice submitted to determine whether the services performed and expenses incurred are in compliance with the provisions of this Agreement. If no charges or expenses are disputed, the invoice shall be approved and City will use its best efforts to cause Consultant to be paid within

30 days of receipt of invoice. If any charges or expenses are disputed by City, the original invoice shall be returned by City to Consultant for correction and resubmission. If the City reasonably determines, in its sole judgment, that the invoiced charges and expenses exceed the value of the services performed to date and that it is probable that the Agreement will not be completed satisfactorily within the Agreement price, City may retain all or a portion of the invoiced charges and expenses. Within thirty (30) days of satisfactory completion of the project, City shall pay the retained amount, if any, to Consultant. In no event shall City be obligated to pay late fees or interest, whether or not such requirements are contained in Consultant's invoice.

C. Payment to the Consultant for services performed pursuant to this Agreement shall not be deemed to waive any defects in services performed by Consultant.

SECTION 5 – STANDARD OF PERFORMANCE

Consultant represents and warrants that it has the qualifications, experience and facilities necessary to properly perform the services required under this Agreement in a thorough, competent and professional manner. Consultant shall at all times faithfully, competently and to the best of its ability, experience and talent, perform all services described herein. In meeting its obligations under this Agreement, Consultant shall employ, at a minimum, generally accepted standards and practices utilized by persons engaged in providing services similar to those required of Consultant under this Agreement.

SECTION 6 – INSPECTION AND FINAL ACCEPTANCE

City may inspect and accept or reject any of Consultant's services under this Agreement, either during performance or when completed. City shall reject or finally accept Consultant's services within sixty (60) days after submitted to City, unless the parties mutually agree to extend such deadline. City shall reject services by a timely written explanation, otherwise Consultant's services shall be deemed to have been accepted. City's acceptance shall be conclusive as to such services except with respect to latent defects and fraud. Acceptance of any of Consultant's services by City shall not constitute a waiver of any of the provisions of this Agreement including, but not limited to, the sections pertaining to indemnification and insurance.

SECTION 7 – INSURANCE REQUIRED

Consultant shall procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the services hereunder by the Consultant, its agents, representatives, or employees, as indicated:

A. Minimum Scope of Insurance. Coverage shall be at least as broad as:
1. Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001).
2. Insurance Services Office form number CA 0001 (Ed. 1/87) covering Automobile Liability, code 1 (any auto).
3. Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.

B. Minimum Limits of Insurance. Consultant shall maintain limits no less than:

1. General Liability: $1,000,000 per occurrence for bodily injury, personal injury and property damage including operations, products and completed operations, as applicable. If Commercial General Liability Insurance or other form with a General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
2. Automobile Liability: $1,000,000 per accident for bodily injury and property damage.
3. Employer's Liability: $1,000,000 per accident for bodily injury or disease.

C. Professional Liability Insurance. When Consultant under this Agreement is duly licensed under California Business and Professions Code as an architect, landscape architect, professional engineer, or land surveyor ("design professional"), Consultant shall maintain at least $2,000,000 of professional liability insurance.

D. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions of $25,000 or greater must be declared to and approved by the City.

E. Other Insurance Provisions. The commercial general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

1. The City, its agent, officers, officials, employees, and volunteers are to be covered as additional insured as respects: liability arising out of services or operations performed by the Consultant or Consultant's subconsultants; or automobile owned, leased, hired or borrowed by the Consultant.
2. For any claims related to Consultant's conduct while performing the services of this project, the Consultant's insurance coverage shall be primary insurance as respects the City, its agents, officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the City, its agents, officers, officials, employees or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.
3. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be cancelled by either party, except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the City.
4. Coverage shall not extend to any indemnity coverage for the active negligence of the additional insured in any case where an agreement to indemnify the additional insured would be invalid under Subsection (b) of Section 2782 of the Civil Code.

F. Waiver of Subrogation. The workers compensation policy is to be endorsed with a waiver of subrogation. The insurance company, in its endorsement, agrees to waive all rights of subrogation against the City, its agents, officers, officials, employees and volunteers for losses paid under the terms of this policy which arises from the services performed by the named insured for the City.

G. The Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A: VII, unless otherwise acceptable to the City.

H. <u>Verification of Coverage.</u> Consultant shall furnish the City with original certificates and amendatory endorsements effecting coverage required by this clause. The endorsements should be on forms provided by the City or on forms that conform to City requirements. All certificates and endorsements are to be received and approved by the City before services commence. The City reserves the right to require complete, certified copies of all required insurance policies, including endorsements effecting the coverage required by these specifications at any time.

SECTION 8 – INDEMNIFICATION

A. Consultant shall indemnify and hold harmless City, its agents, officers, officials, employees, and volunteers from any and all claims, demands, suits, loss, damages, injury, and/or liability (including any and all costs and expenses in connection therewith), incurred by reason of any negligent or otherwise wrongful act or omission of Consultant, its officers, agents, employees and subcontractors, or any of them, under or in connection with this Agreement; and Consultant agrees at its own cost, expense and risk to defend any and all claims, actions, suits, or other legal proceedings brought or instituted against City, its agents, officers, officials, employees and volunteers, or any of them, arising out of such negligent or otherwise wrongful act or omission, and to pay and satisfy any resulting judgments.

B. When Consultant under this Agreement is a design professional, the provisions of this section regarding Consultant's duty to defend and indemnify apply only to claims that arise out of or relate to the negligence, recklessness, or willful misconduct of the design professional.

C. If any action or proceeding is brought against Indemnitees by reason of any of the matters against which Consultant has agreed to indemnify Indemnitees as provided above, Consultant, upon notice from City, shall defend Indemnitees at Consultant's expense by counsel acceptable to City, such acceptance not to be unreasonably withheld. Indemnitees need not have first paid for any of the matters to which Indemnitees are entitled to Indemnification in order to be so indemnified. The insurance required to be maintained by Consultant shall ensure Consultant's obligations under this section, but the limits of such insurance shall not limit the liability of Consultant hereunder. The provisions of this section shall survive the expiration or earlier termination of this Agreement.

D. The provisions of this section do not apply to claims to the extent occurring as a result of the City's sole negligence or willful acts or misconduct.

SECTION 9 – INDEPENDENT CONTRACTOR STATUS

A. Consultant is and shall at all times remain a wholly independent contractor and not an officer, employee or agent of City. Consultant shall have no authority to bind City in any manner, nor to incur an obligation, debt or liability of any kind on behalf of or against City, whether by contract or otherwise, unless such authority is expressly conferred under this Agreement or is otherwise expressly conferred in writing by City.

B. The personnel performing the services under this Agreement on behalf of Consultant shall at all times be under Consultant's exclusive direction and control. Neither City, nor any elected or appointed boards, officers, officials, employees or agents of City, shall have control over the conduct of Consultant or any of Consultant's officers, employees or agents, except as set forth in this Agreement. Consultant shall not at any time or in any manner represent that Consultant or any of Consultant's officers, employees or agents are in any manner officials, officers, employees or agents of City.

C. Neither Consultant, nor any of Consultant's officers, employees or agents, shall obtain any rights to retirement, health care or any other benefits which may otherwise accrue to City's employees. Consultant expressly waives any claim Consultant may have to any such rights.

SECTION 10 – CONFLICTS OF INTEREST

A. Consultant covenants that neither it, nor any officer or principal of its firm, has or shall acquire any interest, directly or indirectly, which would conflict in any manner with the interests of City or which would in any way hinder Consultant's performance of services under this Agreement. Consultant further covenants that in the performance of this Agreement, no person having any such interest shall be employed by it as an officer, employee, agent, or subcontractor without the express written consent of the City Manager. Consultant agrees to at all times avoid conflicts with the interests of City in the performance of this Agreement.

B. City understands and acknowledges that Consultant is, as of the date of execution of this Agreement, independently involved in the performance of non-related services for other governmental agencies and private parties. Consultant is aware of any stated position of City relative to such projects. Any future position of City on such projects shall not be considered a conflict of interest for purposes of this section.

SECTION 11 – OWNERSHIP OF DOCUMENTS

A. All original maps, models, designs, drawings, photographs, studies, surveys, reports, data, notes, computer files, files and other documents discovered or obtained by Consultant in the course of providing any services pursuant to this Agreement shall become the sole property of City and may be used, reused or otherwise disposed of by City without the permission of the Consultant. In addition, Consultant's final work product prepared or developed in the course of providing services pursuant to this Agreement shall become the sole property of City and may be used, reused or otherwise disposed of by City without the permission of the Consultant. Consultant's notes and drafts prepared or developed in the course of providing any services pursuant to this Agreement shall remain Consultant's sole property. When requested by City, but no later than three years after project completion, Consultant shall deliver to City all such original maps, models, designs, drawings, photographs, studies, surveys, reports, data, notes, computer files, files and other documents discovered or obtained by Consultant in the course of providing any services pursuant to this Agreement.

B. All copyrights, patents, trade secrets, or other intellectual property rights associated with any ideas, concepts, techniques, inventions, processes, improvements, developments, works of authorship, or other products developed or created by Consultant during the course of providing services (collectively the "Work Product") shall belong exclusively to City. The Work Product shall be considered a "work made for hire" within the meaning of Title 17 of the United States Code. Without reservation, limitation, or condition, Consultant hereby assigns, at the time of creation of the Work Products, without any requirement of further consideration, exclusively and perpetually, any and all right, title, and interest Consultant may have in the Work Product throughout the world, including without limitation any copyrights, patents, trade secrets, or other intellectual property rights, all rights of reproduction, all rights to create derivative works, and the right to secure registrations, renewals, reissues, and extensions thereof.

SECTION 12 – CONFIDENTIAL INFORMATION; RELEASE OF INFORMATION

A. All information gained or Work Product produced by Consultant in performance of this Agreement shall be considered confidential, unless such information is in the public domain or already known to Consultant. Consultant shall not release or disclose any such information or Work Product to persons or entities other than City without prior written authorization from the City Manager, except as may be required by law.

B. Consultant, its officers, employees, agents or subcontractors, shall not, without prior written authorization from the City Manager or unless requested by the City Attorney of City, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories or other information concerning the services performed under this Agreement. Response to a subpoena or court order shall not be considered "voluntary" provided consultant gives City notice of such court order or subpoena.

C. If Consultant, or any officer, employee, agent or subcontractor of Consultant, provides any information or Work Product in violation of this Agreement, then City shall have the right to reimbursement and indemnity from Consultant for any damages, costs and fees, including attorneys fees, caused by or incurred as a result of Consultant's conduct.

D. Consultant shall promptly notify City should Consultant, its officers, employees, agents or subcontractors be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions or other discovery request, court order or subpoena from any party regarding this Agreement and the services performed thereunder. City retains the right, but has no obligation, to represent Consultant or be present at any deposition, hearing or similar proceeding. Consultant agrees to cooperate fully with City and to provide City with the opportunity to review any response to discovery requests provided by Consultant. However, this right to review any such response does not imply or mean the right by City to control, direct, or rewrite such response.

SECTION 13 – SUSPENSION OF SERVICES

City may, at any time, by ten (10) days written notice suspend further performance by Consultant. All suspensions shall extend the time schedule for performance in a mutually satisfactory manner and Consultant shall be paid for services performed and reimbursable expenses incurred prior to the suspension date.

SECTION 14 – COMPLIANCE WITH LAW

Consultant shall keep itself informed of and comply with all applicable federal, state and local laws, statutes, codes, ordinances, regulations and rules in effect during the term of this Agreement. Consultant shall obtain any and all licenses, permits and authorizations necessary to perform the services set forth in this Agreement. Neither City, nor any elected or appointed boards, officers, officials, employees or agents of City, shall be liable, at law or in equity, as a result of any failure of Consultant to comply with this section.

SECTION 15 – COMPLIANCE WITH CIVIL RIGHTS

During the performance of this Agreement, Consultant agrees as follows:

A. Equal Employment Opportunity. In connection with the execution of this Agreement, Consultant shall not discriminate against any employee or applicant for employment because of race, religion, color, ancestry, age, sexual orientation, physical handicap, medical condition, marital status, sex, or national origin. Such actions shall include, but not be limited to, the following: employment, promotion, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rate of pay or other forms of compensation; and selection for training including apprenticeship.

B. Nondiscrimination Civil Rights Act of 1964. Consultant will comply with all federal regulations relative to nondiscrimination to federally-assisted programs.

C. Solicitations for Subcontractors including Procurement of Materials and Equipment. In all solicitations, either by competitive bidding or negotiations, made by Consultant for services to be performed under a subcontract, including procurement of materials or leases of equipment, each potential subcontractor, supplier, or lessor shall be notified by Consultant of Consultant's obligations under this Agreement and the regulations relative to nondiscrimination.

SECTION 16 – RECORDS

A. Records of Consultant's direct labor costs, payroll costs, and reimbursable expenses pertaining to this project covered by this Agreement will be kept on a generally recognized accounting basis and made available to City if and when required for a period of up to 3 years from the date of Consultant's final invoice.

B. Consultant's records and design calculations will be available for examination and audit if and as required. The cost of any reproductions shall be paid by City.

SECTION 17 – COOPERATION BY CITY

All public information, data, reports, records, and maps as are existing and available to City as public records, and which are necessary for carrying out the services as outlined in the Exhibit A, "Scope of Services", shall be furnished to Consultant in every reasonable way to facilitate, without undue delay, the services to be performed under this Agreement.

SECTION 18 – NOTICES

All notices required or permitted to be given under this Agreement shall be in writing and shall be personally delivered, or sent by facsimile or first class mail, addressed as follows:

To City: City Manager
1480 Main Street
St. Helena, California 94574

To Consultant: Hansford Economic Consulting
Catherine Hansford
P.O. Box 10384
Truckee, CA 96162
530-412-3676
Catherine@hansfordecon.com

Notice shall be deemed effective on the date personally delivered or transmitted by facsimile, or, if mailed, three (3) days after deposit in the custody of the U.S. Postal Service.

SECTION 19 – TERMINATION

A. City may terminate this Agreement, with or without cause, at any time by giving ten (10) days written notice of termination to Consultant. If such notice is given, Consultant shall cease immediately all services in progress.

B. If either Consultant or City fail to perform any material obligation under this Agreement, then, in addition to any other remedies, either Consultant, or City may terminate this Agreement immediately upon written notice.

C. Upon termination of this Agreement by either Consultant or City, all property belonging to City which is in Consultant's possession shall be delivered to City. Consultant shall furnish to City a final invoice for services performed and expenses incurred by Consultant, prepared as set forth in this Agreement.

SECTION 20 – ATTORNEY FEES

If litigation or other proceeding is required to enforce or interpret any provision of this Agreement, the prevailing party in such litigation or other proceeding shall be entitled to an award of reasonable attorneys' fees, costs and expenses, in addition to any other relief to which it may be entitled. In addition, any legal fees, costs and expenses incurred to enforce the provisions of this Agreement shall be reimbursed to the prevailing party.

SECTION 21 – ENTIRE AGREEMENT

This Agreement, including the attached Exhibits, is the entire, complete, final and exclusive expression of the parties with respect to the matters addressed therein and supersedes all other agreements or understandings, whether oral or written, or entered into between Consultant and City prior to the execution of this Agreement. No statements, representations or other agreements, whether oral or written, made by any party which are not embodied herein shall be valid and binding unless in writing duly executed by the parties or their authorized representatives.

SECTION 22 – SUCCESSORS AND ASSIGNS

This Agreement shall be binding on the heirs, executors, administrators, successors and assigns of the parties. However, this Agreement shall not be assigned by Consultant without written consent of the City.

SECTION 23 – CONTINUITY OF PERSONNEL

Consultant shall make every reasonable effort to maintain the stability and continuity of Consultant's staff assigned to perform the services required under this Agreement. Consultant shall notify City of any changes in Consultant's staff assigned to perform the services required under this Agreement, prior to any such performance.

SECTION 24 – DEFAULT

In the event that Consultant is in default under the terms of this Agreement, the City shall not have any obligation or duty to continue compensating Consultant for any services performed after the date of default and may terminate this Agreement immediately by written notice to Consultant.

SECTION 25 – WAIVER

Waiver by any party to this Agreement of any term, condition, or covenant of this Agreement shall not constitute a waiver of any other term, condition, or covenant. Waiver by any party of any breach of the provisions of this Agreement shall not constitute a waiver of any other provision, nor a waiver of any subsequent breach or violation of any provision of this Agreement. Acceptance by City of any work or services by Consultant shall not constitute a waiver of any of the provisions of this Agreement.

SECTION 26 – LAW TO GOVERN; VENUE

This Agreement shall be interpreted, construed and governed according to the laws of the State of California. In the event of litigation between the parties, venue in state trial courts shall lie exclusively in the County of Napa. In the event of litigation in a U.S. District Court, venue shall lie exclusively in the Northern District of California, in San Francisco.

SECTION 27 – SEVERABILITY

If any term, condition or covenant of this Agreement is declared or determined by any court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions of this Agreement shall not be affected thereby and the Agreement shall be read and construed without the invalid, void or unenforceable provision(s).

SECTION 28 – SPECIAL PROVISIONS

This Agreement is subject to the following special provisions: none.

IN WITNESS WHEREOF, the parties hereto have accepted, made, and executed this Agreement upon the terms, conditions, and provisions above stated, the day and year first above written.

Consultant:	City:
By: ______________________________	By: ______________________
Name: ____________________________	Name: Jennifer Phillips
Title: _____________________________	Title: City Manager

Approved as to Form:

By: ______________________________
Name: Thomas B. Brown
Title: City Attorney

SECTION 28 – SPECIAL PROVISIONS

This Agreement is subject to the following special provisions none.

IN WITNESS WHEREOF, the parties hereto have accepted, made, and executed this Agreement upon the terms, conditions, and provisions above stated, the day and year first above written.

Consultant:	City:
By:	By:
Name: CATHERINE HANSFORD	Name: Jennifer Phillips
Title: PRINCIPAL	Title: City Manager

Approved as to Form:

By:

Name: Thomas B. Brown

Title: City Attorney

Exhibit A

Scope of Services and Schedule

Scope of Services

The rate studies will be built in Microsoft Excel, giving the ability to test various key assumptions such as operating reserve levels and rate structures. All assumptions used in the model will be clearly defined, and tables will be presented in an easily understandable format. A baseline scenario will be developed, which will serve to evaluate the impact of changes from alternative rate structures, changing City policies, and/or measure the impact of rate increases.

The Study will be conducted in ten tasks. Each task is detailed below.

Task 1: Project Initiation and Management

Under this task, HEC will coordinate with staff to collect the base data necessary to conduct the study. HEC will provide the City with a list of data information and needs. HEC will work with staff to ensure good quality data is used in the rate studies. Upon receipt and review of the data HEC will meet with staff to discuss key factors driving the need for rate adjustments for each utility including regulatory requirements, water supply and/use pattern changes, City policies, and legislative mandates. Financial goals and policy objectives, such as asset replacement and funding, of the City's utility enterprise funds will be reviewed as they will shape the development of the financial models and recommendations of the Study.

This task also includes time for project management from inception to completion of the Study.

Meetings: *(1) Staff meeting & tour of facilities*
Deliverables: *Data and Information List*

Task 2: Cost Classification and Customer Profiling

HEC will review the current cost classifications used by the City and may make suggestions to change the methodology or may recommend continued use of the current methodology. Cost allocation is based on use characteristics of customers and will be determined by customer usage profiling. HEC will use historical demand and billing data as well as industry standard factors to provide customer usage profiles by customer type. The current rates schedules will be examined for alignment with current City goals and objectives and fit with customer usage patterns.

Meetings: *(0)*
Deliverables: *None*

Task 3: Financing Strategy

Through the capital improvements planning process the City identifies projects that will likely need to be constructed over the next five years. Under this task, HEC will summarize the CIPs as provided by the City and will present a financing strategy to ensure the facilities are completed in a timely fashion, while minimizing the impact to rate payers and the development community such that economic competitiveness is not harmed. HEC will rely on information from the City's engineers to allocate cost of the CIP between existing and future customers. The Excel models will be able to evaluate the impact of several funding options (such as low interest loans, bond sales and so forth) for capital improvements.

Meetings: (0)
Deliverables: None

Task 4: Revenue Requirement Projection

The projected revenue requirement is the revenue necessary to fully cover all expenditures net of other operating and non-operating revenues. A projection of revenue deficiency will be conducted by comparing the existing level of operating and non-operating revenues with projected annual expenditures. Operation and maintenance expenses may be projected using historical annual percentage increases, or some other index, such as a consumer price index; projection methodology will be discussed with staff. Expense item categories, such as utility costs and labor costs, will be projected independently. Projected annual costs may also include other non-operating cost considerations, such as an operating reserve, rate stabilization fund, or additional funds to meet debt service coverage requirements.

Non-operating revenues, such as interest revenue, connection charges, and other miscellaneous revenue sources, will be included as credits in the analysis so that the revenue requirement is not over-estimated.

Meetings: (0)
Deliverables: None

Task 5: Cost of Service Analysis

Once the projected revenue requirement is established, it is allocated to user groups based on cost classification (collection or treatment plant costs for wastewater, customer or demand costs for water) and customer usage characteristics (flow and load for wastewater, and water demand patterns for average and peak usage). The customer usage factors are determined based on the customer profiling exercise. HEC incorporates the effect of price-elasticity into the future water and wastewater use projection.

The cost allocation analysis leads to a calculation of monthly user rates for the enterprise funds such that they are adequately funded for existing and projected future costs and that the rates are based on the demand for service by each customer type. By establishing a basis and relation between the cost of service and the demand for service by each customer type, the requirements of Proposition 218 will be fully met.

Meetings: *(1)*
Deliverables: *Progress meeting with staff*

Task 6: Rate Design Analysis

The current rate structure will be assessed and alternative rate structures examined. New and/or alternative customer classifications, and proportion of charges collected as flat rate versus variable rate will be recommended if appropriate to fit with City objectives. The recommended rate structure will be determined with input from staff and a stakeholder group (potentially) given the City's billing system capabilities, public understanding of utility bills, and other stakeholder concerns.

Considerable time will be spent in this task evaluating the effect of different rate structures on developed policy objectives for water and wastewater, including operations, water conservation, recent legal interpretations of Proposition 218, the bill impacts to different customer groups, and the economic effect / hardship on low-income households.

Meetings: *(1)*
Deliverables: *Progress meeting with staff*

Task 7: Cash Flow Projections

Cash flows for each enterprise fund will be presented to ensure sufficiency of funding through the plan period, demonstrating adequate debt service coverage and reserve levels are met. Minimum reserve levels will be recommended for each utility.

HEC will explain how the model works to staff at an interactive meeting where the model is displayed on a large screen.

Meetings: *(1)*
Deliverables: *Model review with staff*

Task 8: Prepare Reports and Support City Implementation of Rates

HEC will prepare a joint water and wastewater rate study report unless one utility study moves ahead of the other, or it becomes impractical to put both studies in one report, in which can separate reports will be prepared. The report(s) will include the methodologies used, detailed calculations of rates, findings and recommendations. Draft and final reports of each study will be provided to the City electronically. Hard copies of the final report will be provided on request.

HEC will support the City's implementation of revised rate schedules by assisting with drafting the public hearing notice(s), conducting a public workshop, attending the public hearing(s), and reviewing drafting resolutions.

Meetings: *(3) – Public Workshop, Presentation of Report, and Public Hearing*
Deliverables: *Draft and Final Reports*

Task 9: Stakeholder Group Participation

It has been HEC's experience that the more involvement customers have in the process, the greater the likelihood of timely implementation of revised rate schedules.

Under this task a stakeholder group representing different customer classes would be formed. The stakeholder group would be apprised of project progress and be asked for input and feedback on issues that directly affect them. For example, discussion and input from this group would be particularly useful in determining the percentage of revenue requirement to be collected through fixed versus variable charges; whether new customer classes might be warranted, and in ensuring proportionality within the context of Proposition 218 is achieved.

Meetings: *(2)*
Deliverables: *Meeting materials*

Task 10: Presentations / Meetings

Materials necessary for presentations and meetings will be prepared under this task. Materials may include PowerPoint, handouts, and so forth. This scope of services provides for up to nine (9) meetings at the City over the course of the project, not necessarily in this order:

1. Data review with staff (Task 1)
2. Progress meeting with staff (Task 5)
3. Progress meeting with staff (Task 6)
4. Stakeholder meeting (Task 9)
5. Stakeholder meeting (Task 9)
6. Model review with staff (Task 7)
7. One Public Workshop (Task 8)
8. Presentation of Draft Report (task 8)
9. Public Hearing (Task 8)

Meetings: *(9) Total All Tasks*
Deliverables: *Power Point Presentations*

Schedule

The preliminary schedule provides for a draft study or studies (if water and wastewater are prepared separately) within four months. The schedule assumes that both water and wastewater studies are completed concurrently and solid engineering estimates for capital improvements are ready. Following completion of the study are the public workshop, presentation of the study to City Council for action, and a 45-day public noticing period. An aggressive timeframe would be to have rates adopted seven to eight months from commencement of work.

Cost Proposal

The estimated manpower and associated costs provided herein assume that HEC conducts the sewer and water studies concurrently and that the City reaps the benefits of efficiencies and cost savings associated with conducting the studies in this manner.

Estimated Budget

The total estimated cost for this project is **$45,910** plus **$2,440** for reimbursable expenses. The total cost proposal of **$48,350** is based on an estimate of staff time by task as shown in **Table 1** on the following page. Reimbursable expenses include any travel-related expenses such as mileage reimbursement and parking, postage or delivery charges, meals and lodging if necessary, and report printing.

Cost Estimate Assumptions

- HEC will negotiate an authorized budget with the City upon award of work.
- The cost estimate includes up to nine meetings. Additional meetings, workshops or presentations will be billed on a time and materials basis.
- Reimbursable expenses are charged with no markup and are included in monthly invoices.

Fee Schedule

Staff hourly rates are $160 per hour for Catherine Hansford and $75 per hour for clerical support and travel time. HEC hourly rates are valid until project completion.

HEC charges for services on a cost not-to-exceed basis; therefore, you will only be billed for the work completed up to the authorized budget amount. Invoices are issued monthly with a brief description of services performed in the period, and are due on receipt.

HEC reserves the right to move budget between tasks, should one task be completed under the estimated amount, and another task be completed over the estimated amount. If additional work is requested by the City that is beyond the original scope of services, HEC will request authorization for additional budget.

Table 1
Estimated Cost for St. Helena Water and Wastewater Rate Study

Task/Item Description *Hourly Billing Rates*		HEC Hansford *$160*	 Admin *$75*	Total Estimated Cost
1	Project Initiation & Management	12	15	$3,050
2	Cost Classification and Customer Profiling	30	4	$5,100
3	Financing Strategy	12	6	$2,370
4	Revenue Requirement Projections	15	6	$2,850
5	Cost of Service Analysis	20	6	$3,650
6	Rate Design Analysis	28	6	$4,930
7	Cash Flow Projections	15	12	$3,300
8	Prepare Reports	22	12	$4,420
9	Stakeholder Group Participation	15	12	$3,300
10	Presentations / Meetings (9)	45	77	$12,940
	Subtotal Staff Costs	214	156	$45,910
	Reimbursable Costs			$2,440
	Total Cost Proposal [1]			$48,350

[1] HEC reserves the right to move budget between tasks as necessary to complete the scope of work up to the authorized budget amount.

Item No: 16

Report to the City Council
Council Meeting of September 13, 2016

Agenda Section: <u>New Business</u>

Subject: **Residential Growth Management Update**

CEQA Determination: **Project is found to be in compliance with the City of St Helena General Plan, including the Housing Element and have no specific environmental impacts requiring mitigation and therefore is consistent with the requirements of CEQA under Section 15183**

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

Approved By: <u>Jennifer Phillips, City Manager</u>

BACKGROUND

The City of St. Helena has a Residential Growth Management System (GMS) that limits the number of residential building permits that can be issued each year (Municipal Code Chapter 17.152). The stated purpose of the GMS is to regulate the residential growth of the City to approximately 2% per year, while providing for both market rate and affordable housing. Generally, building permits are regulated for new market rate housing units and not for exempt categories of development such as non-residential development (including hotels), replacement or relocated housing, additions, guest cottages, second units and affordable housing units.

According to the current GMS, no more than nine (9) building permits for market rate housing may be issued each year. Annual allocations of regulated building permits are to be issued on January 1st of each year on a first approved, first served basis. Permits that are not issued during the year are carried over (banked) into the next year. These 'banked' units are only available for the construction of market rate units in development projects that include a minimum of 40% regulated affordable housing with affordable units in any such development remaining exempt from the GMS. For example, in the Magnolia Oaks subdivision, all 18 of the affordable units in the 45 unit project were exempt from the GMS and allowed the 27 market rate units to pull building permits from the carryover (or banked) category, given that the project was found to provide 40% of the overall unit count as affordable housing (18/45=0.40 or 40%).

Prior to March 8, 2016, the last update on the Growth Management System was presented to the City Council in January 2012. At this time, it was reported that 70 rollover permits would be available in 2012. Combined with the 9 permits for market rate housing released on January 1st, 79 residential allotments for building permits were available in 2012. Since that time, a total of 46 permits have been issued and there are currently 60 permits available for market rate housing projects in which at least 40% of the units are regulated as affordable ("banked" units).

This update on the Growth Management Ordinance is being brought before the Council at this time given that the GMS Ordinance requires City Council review of the Ordinance at their first regularly scheduled meeting of September of each year. Further, as staff identified in the last presentation of the GMS Ordinance, technical difficulties with the current language of the Ordinance is affecting implementation of the requirements.

DISCUSSION

As is the case at the start of each year, nine allotments for new unregulated market rate housing (see below) were available for 2016, and nine additional allotments will be available in 2017. As of the date of this report, the City has committed to issue three residential allotments to allow building permits to be issued for three new single family homes within St Helena. While the Ordinance currently identifies allotments will be granted on January 1, on a first approved, first served bases, staff has been including allocation of these allotments into the discretionary resolution approving any new residential units approved through the entitlement process for each unit requiring an allotment.

This intention was formally introduced to the City Council in March, when staff last presented an update on the Ordinance and identified a number of issues with implementation of the GMS, as currently written. The primary need for this alternative procedure is twofold. One, City staff does not work on January 1 (as this is the New Year's Day holiday), and therefore allotments could not be issued as identified in the Ordinance. Second, granting discretionary approval to multiple residential projects within the same year, without identifying the year their allotments will be issued could force staff to make a decision to grant one project an allotment over another, with no criteria by which to judge which is more deserving of the allotment (and thereby the right to build in a given year). There are numerous other issues associated with such a limited implementation procedure for the GMS system.

The table below provides a summary of the allotment history over the past five years, including up to date information for 2016.

	Permits Available			Permits Issued	
Year	Rollover	New	Total	Total	Rollover
2012	70	9	79	13	66
2013	66	9	75	5	70
2014	70	9	79	25	54
2015	54	9	63	3	60
2016	60	6	66**	3*	-

*Three allotments have been issued for new market rate SFDs to date in 2016.
**Sixty-six is the number of total allotments remaining, with 6 available for market rate residential units in 2016 and 60 being "banked" for future residential projects which include a minimum of 40% affordable units.

For reasons mentioned above, none of the 2016 allotments were issued on January 1, rather, they were identified (ie. granted) with the entitlement decision for the project or will be issued based on the discretionary approval date of the project.

While staff continues to identify the need to amend the GM Ordinance, the undertaking this update now may not be appropriate. The St. Helena 2035 General Plan update is nearing completion, staff has implemented a procedure to issue GM allotments that is functioning, and there are numerous pressing planning issues and applications currently under review by the Department not the least of which is the General Plan Update itself. Further, the City Attorney's office has reviewed staff's interpretation and modified implementation of the GMS and is supportive of the ability of the Planning Director to interpret an implementation methodology under the current Ordinance language limitations.

Given that the General Plan includes consideration of potential policy revisions associated with the Growth Management ordinance, and the numerous other commitments staff is currently working on, it may be appropriate for the Council to directing staff to bring back a comprehensive analysis of potential GMS revisions after the General Plan is adopted.

Staff has prepared a draft revised GM Ordinance for the City Council to review which essentially maintains the status quo regarding policy, while formalizing the procedure for allotments currently utilized by staff. However, given the pending policy changes associated with the General Plan and subsequent zoning code update, it would be appropriate for the City Council (if they so choose) to review the proposed draft revisions, and provide direction to staff on any further revisions supported by the City Council. Staff would then return with a comprehensive revision to the Ordinance that implements both the policy direction provided by the Council as well as any required revisions directed by the General Plan. This modified Ordinance will be brought to the Planning Commission and City Council for review and consideration at or prior to the next Growth Management review period (September 2017).

To further facilitate this discussion, staff has provided the draft General Plan policy language which could affect the GM Ordinance below. In addition, staff has provided some policy questions for the Council to consider in directing staff to update the GMS. Answers to these questions by the City Council will be utilized to guide future review and potential revision of the GM Ordinance.

General Plan Direction

The (draft) St Helena 2035 General Plan includes several policies which could affect the GMS, however the current Growth Management allocation limitation (9 units per year) is maintained. The General Plan also includes direction on specific housing activity and the GMS itself through "Implementing Actions". The specific language in the Plan is identified below.

Pg 2-31 Policy LU1.5: *In order to minimize and postpone the need for expansion of the Urban Limit Line encourage infill development within currently developed areas.*

Pg 2-31 Policy LU1.6: *Support the development of vacant and underutilized sites within the downtown area with mixed use development opportunities. Encouraging infill development with a mix of uses will support a pedestrian-oriented, vibrant retail and commercial district that is centrally located and easily accessible to resident and neighborhoods.*

Pg 2-31 Policy LU1.7: *Continue to limit the approval of market rate housing to a maximum of 9 units/year. Regulated affordable units, and second units are exempt from this limitation.*

Pg2-32 Implementing Action LU1.A: *Continue to allow the construction of second units-also known as accessory dwelling units-and consider allowing the division of single family homes into two or more units under appropriate circumstances, in order to increase residential density and housing availability without requiring an extension of the Urban Limit Line.*

Pg 2-32: Implementing Action LU1.F: *The City should consider:*

1) Changes to the Growth Management System that would limit the total number of new market rate and affordable units to those included in the Regional Housing Needs Allocation (RHNA),

2) Changes to the Growth Management System to address as part of the building permit allocation process the relative benefits a residential project brings to the City as compared to other residential projects seeking building permit allocations.

The policy language directs staff and policy makers to consider broader policy revisions after the General Plan is adopted. The existing (draft) direction to consider revisions to the GMS, combined with the other on-going planning work in the City, appears to support undertaking a comprehensive review of the Ordinance after the General Plan is adopted.

Additional Questions

In addition to the General Plan direction, the process of granting allotments can be a powerful driver in controlling and focusing growth into areas felt by the City as most appropriate housing types for the community. However the current Ordinance does not take advantage of the opportunities presented by growth management. In response, staff has prepared a number of questions for the City Council to consider in providing policy direction for the future review and update of the GM Ordnance.

1. Should the City look to incentivize certain development types through the use of growth management allotments?

Multi-Family Housing (Apartments, Condominiums, or Townhomes), Mixed Use Residential Units, (units integrated with commercial development), Workforce Housing Units (Housing specifically tied to employees of a specific business or Industry) or other types of residential land uses could be incentivized through modification of the current GM Ordinance. Methods to incentivize vary from exempting specific unit types from the need to receive an allotment, to allowing specific types of units to be issued allotments form the "bank", to giving priority of receiving an allotment to specific one type of development over another.

Staff is requesting direction both on the use of allotments as an incentive, as well as the housing types that should be considered for receiving such incentives.

2. Should the Ordinance limit the number of allotments that can be issued to one individual project without Council approval?

Under the current GM Ordinance language as well as the proposed modifications, there is no limit on the number of allotments that can be issued to one project. This lack of a limit could therefore result in one project being granted all allotments, thereby limiting the ability of another project (even the construction of one new home for a resident) to build an approved project until the following year. Staff requests input on potential limitations to the number of allotments that can be issued to one individual project in a single year.

3. Should the issuance of allotments be prioritized based on specific criteria other than the date of approval, such as a project's overall community benefit?

Given that residential growth is regulated through the GM Ordinance, but no criteria or thresholds are identified in prioritization of allotments, this presents another opportunity for the City to incentivize specific project elements, such as "community benefit". Further, without specific criteria, staff is limited in the ability to contrast similar projects vying for allotments. An update to the GMS will provide an opportunity for the City to identify criteria by which the issuance of allotments is prioritized, with "additional community benefit" being one such element. Staff requests City Council direction on whether to explore specific criteria which could be identified and utilized as a mechanism by which projects are compared and contrasted in deciding which should receive residential allotments.

FISCAL IMPACT

The potential for fiscal impacts associated with revising the GMS are broad, given that each residential unit constructed is subject to development impact fees, primarily based on the square footage of each unit. Therefore if Ordinance revisions result in an increase or decrease in the number of units constructed, the total amount of these impact fees collected will also be affected. Similarly, if the Ordinance is revised in such a way that average unit sizes are increased or decreased, impacts to the total amount of these fees could also occur.

RECOMMENDED ACTION

Staff recommends that the City Council receive the proposed update on the Growth Management Ordinance and provide direction on potential revisions to the Ordinance to improve the implementation of the Residential Growth Management System, and implement policies to incentivize specific project types and/or increase the community benefit of projects.

ATTACHMENTS

1. Municipal Code Section 17.152, Residential Growth Management System with draft revisions to require allotments be identified at the time of discretionary approval incorporated.

Chapter 17.152

RESIDENTIAL GROWTH MANAGEMENT SYSTEM*

Sections:

* Prior code history: Prior code §§ 27.340—27.345.

17.152.010 Purpose.

The purpose of this chapter is to implement the "St. Helena General Plan Residential Growth Management System" as adopted in 1979 and revised in September 1993, with the adoption of a new general plan, and again in June 2002, with the adoption of an updated "Housing Element of the General Plan." The purpose of the policies is to regulate the residential growth of the city to approximately two percent per year, while providing for both market rate and affordable housing units. (Ord. 04-10 (part))

17.152.020 Regulation of building permits.

No building permit for a new residence shall be issued except in conformance with this chapter. (Ord. 04-10 (part))

17.152.030 Population caps and annual growth rate calculation.

The 2002 Housing Element update stated that the prior General Plan Goal 2.6.10 should be amended to reflect the data of the year 2000 census. The 2000 census found that the city had two thousand seven hundred seven (2,707) total dwelling units. With a limitation of nine building permits for market rate housing per year, issued over ten (10) years, the number of dwelling units will be approximately two thousand eight hundred (2,800), not including regulated affordable units, guest cottages, accessory dwelling units or second units. This number shall not be construed as a goal, but as a maximum number of units. (Ord. 04-10 (part))

17.152.040 Exempted and regulated development categories.

A. Exempted Development Categories. This chapter shall not apply to the issuance of building permits for the following projects:

1. Industrial;

2. Commercial;

3. Commercial/residential (daily rental);

4. Replacement housing (on the same site as a preexisting unit which has been removed, demolished or burned within the immediately preceding two years) but not in conjunction with subsection (A)(5) of this section;

5. Relocation of units already existing in the city;

6. Additions, renovations and refurbishment of existing dwelling units;

7. Accessory buildings of any type (except dwelling units);

8. Guest cottages (detached bedroom(s) without kitchen facilities);

9. Second units as defined in Section 17.04.160 and regulated by Section 17.116.030;

10. Affordable Housing. Affordable units are those dwelling units which are required to be rented at affordable rents or purchased at an affordable sales price, consistent with Chapter 17.146. The number of affordable housing units constructed shall be determined by the city council at the time of review of the development agreement authorizing the units. The agreement shall contain guarantees that the dwelling units would continue to be affordable to persons of very low, low, or moderate income for an agreed upon period of time.

B. Annual Allocations and Carryover. No more than nine building permits for market rate housing may be issued each year. Permits remaining unused at the end of the year will carry over into the subsequent year, but shall only be available for allocation for the construction of market rate units in development projects that include a minimum of forty percent (40%) affordable units. (Ord. 04-10 (part))

17.152.050 Distribution of permits.

A. Growth Management. Annual allocations of regulated building permits shall be allotted ~~on January 1st of each year~~ upon approval of a discretionary entitlement for a residential project on a first approved, first served basis.

B. Each ~~building permit~~ discretionary action taken to approve a residential project shall indicate whether the ~~permit~~ approval is exempt from the growth management system, or from what category the allotment (allowing issuance of a building permit for a residential unit) was drawn. The planning department shall maintain a list of how many permits remain available for the year.

C. Each dwelling unit, including those within a multifamily building, is counted as one unit for purpose of allocation of building permits under this chapter. Attached housing units with floor area of eight hundred fifty (850) square feet or less per dwelling unit shall count as one-half unit.

D. After all permits have been allocated in a given year, building permit applications and plans for new units regulated by this chapter ~~will~~ can continue to be reviewed and approved, but not issued until an allotment is available to allow the construction of that unit. Building permits are reviewed under the residential growth management system after a building permit application is deemed complete. ~~A building permit application cannot be considered complete until it is found in compliance with the general plan and zoning ordinance.~~

E. Issuance of Growth Management Allotments for individual residential units ~~building permit allocations~~ begins on January 1st of each year. Individual allocations are granted by condition of approval. The condition shall identify the specific year each allocation is to be granted in, thereby tying each allotment to the growth management year it is being issued from.

F. A building permit will not be issued until the following allocation period in which permits become available for that category. All approved building permits shall be automatically extended to the time when the allotment availability occurs unless the permit is withdrawn by the applicant.

G. Building permits must be obtained within thirty (30) days after notification of permit availability. If the permit is not obtained within thirty (30) days the application will be deemed withdrawn and the ~~building permit~~ allotment will become available to the next priority ~~number~~ building permit.

H. Permits may not be transferred to a different site or substituted for a different dwelling. Minor design changes may be approved by the planning director. The action of the planning director may be appealed to the planning commission in accordance with the provisions of Chapter 17.08.

I. The city council shall review the provisions of the ordinance codified in this chapter at their first regularly scheduled meeting of September of each year. (Ord. 04-10 (part)).

Could consider creating new criteria by which allotments are reviewed and/or issued to incentivize specific development types or increase community benefits of residential development. Such incentives and/or criteria could include:

Incentives for multi-family (Apartments, Condominiums, or Townhomes) residential development

Incentives for residential units within a mixed use development project

Incentives for residential projects constructed to provide work force housing for commercial activities

Community Benefit criteria by which individual projects are judged (examples include contributions toward affordable housing such as including affordable housing within the project or payment of in-lieu fees, providing off-site or on-site public improvements, general aesthetic appeal of the project and design)

Could consider increasing the square footage of attached units qualifying as one-half units to incentivize specific development types.

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Item No: 17

Report to the City Council
Council Meeting of September 13, 2016

Agenda Section: **New Business**

Subject: **Presentation by PD Staff showing the new style of load bearing and non-load bearing ballistic vest choices for Police Officers**

CEQA Status: **Not a CEQA project**

Prepared By: **William Imboden, Chief of Police**

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

BACKGROUND

In May, 2016 the City Council approved funds for the purchase of new ballistic body armor for the Police Department to supplement funds provided through a federal grant being applied for. Once that action was approved, the Department began researching various types of ballistic vests and load bearing ballistic vests. The Department has been field testing the load bearing vest since July, 2016.

DISCUSSION

Police agencies from around the country have begun issuing officers Load Bearing Vests (LBVs) in an effort to help alleviate and prevent a nationwide leading cause of officer injury which is lower back injury. The vest provides relief and helps to mitigate long term injuries by redistributing as much as three-quarters of the weight away from their lower backs and hips.

Officers typically carry up to 30 pounds of equipment on their uniform belt. This includes a gun, radio, handcuffs, firearm, pepper spray, Taser, cell phone, baton, ammunition and other equipment as needed. The load bearing vests are worn over the uniform shirt and allow officers to move much of this equipment to the vest and off of the officers lower back and hips. The load bearing vest also serves as a carrier for the officer's ballistic body armor.

The Saint Helena Police Department is always looking for ways to improve the work environment and protect the health of its officers. While the issuance of load bearing vests to patrol officers is relatively new in Napa Valley, they are quickly gaining nationwide popularity due to their health benefits. Napa PD and Calistoga PD have both expressed interest in offering LBVs to their Patrol Officers. The Saint Helena officer who has been testing the LBV has reported significant relief from pre-existing back and hip pain.

In the recent past Saint Helena PD has had Officers on long term leave due to back injuries. One such injury resulted in a retirement for the Officer. Others have had costly surgeries to repair permanent damage. The purpose and intent of providing LBVs as an option is to reduce the risk of future costly and painful back injuries.

Additionally, the load bearing vests are worn over the uniform shirt and don't trap heat, allowing for increased officer comfort. Currently officers wear their protective body armor under their uniform shirt, which tends to trap heat, causing discomfort during the summer months.

For Officers that do not want to wear the load bearing vests, the Saint Helena Police Department will still allow a newer style over the shirt vest that does not hold equipment, but does contain the ballistic panels, allowing for more comfort and mobility during hot weather.

FISCAL IMPACT

There is no additional fiscal impact to the budget, beyond what was already approved.

RECOMMENDED ACTION

Information only

ATTACHMENTS

None

Item No: 18

Report to the City Council
Council Meeting of September 13, 2016

Agenda Section: **New Business**

Subject: **Report to City Council on the regularly scheduled State Revolving Loan Fund (SRF) payment of $526,805 for the Comprehensive Flood Control Project for FY 16/17**

CEQA Status: **Not a CEQA project**

Prepared By: **April Mitts, Finance Director**

Tracey Perkosky, Grant/Finance Manager

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

BACKGROUND

In 2008, the City borrowed $9.1 million from the State of California – State Water Resources Control Board (SWRCB) to partially finance the Comprehensive Flood Control Project through the State Revolving Loan Fund (SRF). The primary source of repayment is Measure A sales tax revenues. The City made a payment of $143,922 in 2009 and another payment in the amount of $327,756 in 2010. In FY 2010-11 the City began making full principal and interest payments in the amount of $526,804.64 annually. Payments for Fiscal Years (FYs) 14/15 and 15/16 were paid from the General Fund. Other payments have been made through Fund 235. These payments are scheduled to continue through 2028.

DISCUSSION

The regular payment due in November 2016 for the SRF loan is $526,805. FY 16/17 anticipates revenue from Measure A of $1,358,000 that will be placed in Fund 235. This revenue is to be used to make the regularly scheduled SRF payment of $526,805 and an additional principal payment to the SRF debt as Measure A funds were pledged revenues for repayment of the SRF loan. These revenues and expenditures were part of the FY 16/17 adopted budget (page 63 of the adopted FY 16/17 budget).

There are several facets to the process to drawdown additional Measure A funds. The facets include an audit of previous drawdown expenditures, submission of qualifying expenditures to the Flood Control District and the Measure A Financial Oversight Committee (FOC) – via the County of Napa, and finally a contract amendment to include SRF repayment as an allowable expenditure.

Over the past year the City and County of Napa have been working together to audit previous Measure A drawdowns to ensure the appropriate controls of Measure A finances. Once this audit is complete the City and County will be undertaking the process to qualify the SRF loan as a qualifying expenditure for use of Measure A funds. If this is approved, additional drawdowns can be done and will be used towards paying down the SRF loan.

Due to the complexity of the Comprehensive Flood Control Project ("Project") the City has retained the services of Nigro & Nigro to conduct a forensic audit of the Project financials as well as review of the City's internal control processes, as noted in the January 26, 2016 report to City Council. The review of the Project financials includes analyzing revenues and expenses, contract compliance, and procurement processes and procedures. City staff is currently working with Nigro & Nigro on the audit and anticipate their report will be completed by end of calendar year 2016.

As stated at the August 23, 2016 City Council meeting during the Grant Update, City staff is holding off on submitting paperwork for our required Measure A audit until the forensic accounting firm has had a chance to thoroughly review and vet the information so we are confident that the information we are submitting to them is the most accurate information the City can provide.

During the development of the FY 16/17 budget staff anticipated all required audits and contract amendments would be complete and a drawdown from Measure A would be done prior to November 2016 when the FY 16/17 annual payment is due. This was stated in the March 22, 2016 report to City Council, at the May 4, 2016 Budget Workshop, and at the June 14, 2016 City Council meeting during the final budget presentation. Due to timing of the forensic auditor's report, completion of the audit with the County of Napa, and required amendments the drawdown will not take place in the originally anticipated timeframe but is still expected by the end of FY 16/17; however, this is not guaranteed.

In late October or early November, the City will be making the regular scheduled SRF payment of $526,805 from Fund 235. Following Generally Accepted Accounting Principles (GAAP) under the accrual basis of accounting, which the City follows, this is allowable and part of normal course of government. Any additional payments to principal will only take place when a Measure A drawdown is received.

Staff is providing this informational item to the City Council to explain that if a drawdown from Measure A cannot be done prior to close of FY 16/17 use of General Fund Reserves or a loan from the General Fund will be necessary as a fund cannot carry a negative balance from one fiscal year to the next. If this is necessary, staff will bring an item back to City Council to either authorize use of General Fund Reserves or authorize a loan from the General Fund to Fund 235 to cover the SRF regular loan payment of $526,805 being made in November 2016. Use of General Fund Reserves or making a loan from the

General Fund to Fund 235 will be dependent on where the City is at in the process of the contract amendment with the Flood Control District and the FOC.

FISCAL IMPACT

None at this time; however, if use of General Fund Reserves is necessary, the fiscal impact would be the General Fund reserve level would be at approximately 19%.

RECOMMENDED ACTION

Receive and file.

ATTACHMENTS

None

Report to City Council on the Regularly Scheduled SRF Payment of $526,805

By: April Mitts, Finance Director

Finance Department September 13, 2016 City Council Meeting

Background

- In 2008, the City borrowed $9.1 million through the State Revolving Fund Loan (SRF) for the Comprehensive Flood Control Project
- Measure A is listed as a source of repayment of the SRF loan
- The City has been making payments to SRF since 2008
- These payments are scheduled through 2028

Discussion – SRF Payments

- SRF payment due in November 2016 - $526,805
- FY 16/17 anticipates revenues from Measure A of $1.4 million
- Revenue will be used for:
  - Regular payment of $526,805
  - Additional principal payment to SRF of approximately $831,000
- Revenues and expenditures budgeted in FY 16/17

Discussion – Measure A Drawdown

- Drawdown is Dependent On:
  - Completion of audit for previous expenditures
  - Submission of qualifying expenditures to the Flood Control District and the Financial Oversight Committee (FOC)
  - Contract amendment to include SRF repayment as an allowable expenditure

Discussion – Measure A Drawdown

- Audit for previous expenditures:
  - City working with the County to complete the audit for previous expenditures
  - City retained Nigro & Nigro to conduct a forensic audit of the Project – estimated to be completed by 12/31/16
  - Staff is holding off on submitting paperwork for the required Measure A audit until the forensic accounting firm has had a chance to thoroughly review and vet the information

Discussion – SRF Payment

- During the development of the FY 16/17 budget staff anticipated all required audits and amendments for Measure A would be completed prior to the November 2016 SRF payment
- Due to timing of the forensic auditing report, Measure A audit, and contract amendments the drawdown will not take place until after the regular SRF payment is due
- Drawdown is anticipated prior to June 30, 2017
  - This is not guaranteed

Discussion – Informational Item

If a Measure A drawdown can not be done prior to 6/30/17, one of two things will need to happen (dependent on where the City is in the contract amendment process):

1. $526,805 will be transferred from the General Fund Reserves to Fund 235 - would bring the General Fund Reserves to approximately 18%, or

2. The General Fund will loan Fund 235 a total of $526,805 – the loan will be paid when Measure A funds are received

Discussion – Informational Item

- If a General Fund Reserve drawdown or a General Fund loan is necessary, City staff will bring a resolution to City Council for approval

- Informational Report Only

- Receive and File

Discussion – SRF Payment

- Questions?

Item No: 19

Report to the City Council
Council Meeting of September 13, 2016

Agenda Section: New Business

Subject: Professional Standards Established by the International City/County Management Association

CEQA Status: Not a CEQA project

Prepared By: Jennifer Phillips, City Manager

Approved By: Jennifer Phillips, City Manager

BACKGROUND

Founded in 1914, the International City/County Management Association (ICMA), advances professional local government worldwide. The organization's mission and vision is to create excellence in local governance by developing and fostering professional management to build sustainable communities that improve people's lives worldwide.

ICMA provides member support; publications; data and information; peer and results-oriented assistance; and training and professional development to over 10,000 city, town, and county experts and other individuals and organizations throughout the world. The management decisions made by ICMA's members affect millions of individuals living in thousands of communities, from small villages and towns to large metropolitan areas.

Members are the professional city, town, and county managers who are appointed by elected officials to oversee the day-to-day operation of our communities. The association promotes and embraces diversity among its members, including a governing board that reflects ICMA's membership and the communities served.

ICMA was founded with a commitment to the preservation of the values and integrity of representative local government and local democracy and a dedication to the promotion of efficient and effective management of public services. To fulfill the spirit of this commitment, ICMA works to maintain and enhance public trust and confidence in local government, to achieve equity and social justice, to affirm human dignity, and to improve the quality of life for the individual and the community. Members of ICMA dedicate themselves to the faithful stewardship of the public trust and embrace the ideals of management excellence.

Adopted in 1924, the ICMA Code of Ethics defined the principles that today serve as the foundation for the local government management profession and set the standard for excellence. Leadership in a management structure committed to equity, transparency, integrity, stewardship of public resources, political neutrality, and respect for the rights and responsibility of elected officials and residents strengthens democratic local governance.

ICMA members pledge to uphold these principles in their conduct and decisions in order to merit the trust of the public, elected officials, and staff they serve. As a condition of membership, ICMA members agree to submit to a peer-to-peer review under established enforcement procedures should there be an allegation of unethical conduct. Members who are working for a local government in any capacity are required to follow all 12 Tenets of the Code. The Code of Ethics is included with this staff report as Attachment A

The ICMA Voluntary Credentialing Program recognizes professional local government managers qualified by a combination of education and experience, adherence to high standards of integrity, and an assessed commitment to lifelong learning and professional development. Managers are recognized by ICMA through a peer review credentialing process, and this self-directed program offers an opportunity for interested ICMA members to quantify the unique expertise they bring to their communities. The program also assists ICMA members in focusing and reflecting upon their lifelong professional development experience. Members who participate in the program may earn the designation of ICMA Credentialed Manager granted by the ICMA Executive Board. ICMA Credentialed Managers are viewed with growing distinction by local governing bodies and progressive, civically engaged communities.

DISCUSSION

I have been an ICMA Member for 13 consecutive years and have always been a member in good standing. This year, I will be recognized by ICMA for 25 years of dedicated service to local government and have been recommended to receive my ICMA Credential Manager (ICMA-CM) designation.

The Code of Ethics plays an important role in my leadership as City Manager. Each of my executive managers and mid-managers has been provided a copy of the Code of Ethics, we have discussed them as a team and they are all held to this standard. As City Manager, I am dedicated to the faithful stewardship of the public trust and embrace the ideals of management excellence and am committed to the ICMA Code of Ethics. It is these principles that guide my work and leadership in an effort to provide excellence in governance that the entire community can trust and have confidence that public participation is sought and highly valued.

RECOMMENDED ACTION

Receive and file

ATTACHMENTS

1. Attachment A – ICMA Code of Ethics

Attachment 1

ICMA Code of Ethics

The mission of ICMA is to create excellence in local governance by developing and fostering professional local government management worldwide. To further this mission, certain principles, as enforced by the Rules of Procedure, shall govern the conduct of every member of ICMA, who shall:

1. Be dedicated to the concepts of effective and democratic local government by responsible elected officials and believe that professional general management is essential to the achievement of this objective.
2. Affirm the dignity and worth of the services rendered by government and maintain a constructive, creative, and practical attitude toward local government affairs and a deep sense of social responsibility as a trusted public servant.
3. Be dedicated to the highest ideals of honor and integrity in all public and personal relationships in order that the member may merit the respect and confidence of the elected officials, of other officials and employees, and of the public.
4. Recognize that the chief function of local government at all times is to serve the best interests of all of the people.
5. Submit policy proposals to elected officials; provide them with facts and advice on matters of policy as a basis for making decisions and setting community goals; and uphold and implement local government policies adopted by elected officials.
6. Recognize that elected representatives of the people are entitled to the credit for the establishment of local government policies; responsibility for policy execution rests with the members.
7. Refrain from all political activities which undermine public confidence in professional administrators. Refrain from participation in the election of the members of the employing legislative body.
8. Make it a duty continually to improve the member's professional ability and to develop the competence of associates in the use of management techniques.
9. Keep the community informed on local government affairs; encourage communication between the citizens and all local government officers; emphasize friendly and courteous service to the public; and seek to improve the quality and image of public service.
10. Resist any encroachment on professional responsibilities, believing the member should be free to carry out official policies without interference, and handle each problem without discrimination on the basis of principle and justice.
11. Handle all matters of personnel on the basis of merit so that fairness and impartiality govern a member's decisions, pertaining to appointments, pay adjustments, promotions, and discipline.
12. Public office is a public trust. A member shall not leverage his or her position for personal gain or benefit.

Adopted by the ICMA Executive Board in 1924, and most recently revised by the membership in April 2015.

ICMA

Leaders at the Core of Better Communities

ICMA

ICMA Code of Ethics with Guidelines

The ICMA Code of Ethics was adopted by the ICMA membership in 1924, and most recently amended by the membership in April 2015. The Guidelines for the Code were adopted by the ICMA Executive Board in 1972, and most recently revised in June 2015.

The mission of ICMA is to create excellence in local governance by developing and fostering professional local government management worldwide. To further this mission, certain principles, as enforced by the Rules of Procedure, shall govern the conduct of every member of ICMA, who shall:

Tenet 1. Be dedicated to the concepts of effective and democratic local government by responsible elected officials and believe that professional general management is essential to the achievement of this objective.

Tenet 2. Affirm the dignity and worth of the services rendered by government and maintain a constructive, creative, and practical attitude toward local government affairs and a deep sense of social responsibility as a trusted public servant.

GUIDELINE

Advice to Officials of Other Local Governments. When members advise and respond to inquiries from elected or appointed officials of other local governments, they should inform the administrators of those communities.

Tenet 3. Be dedicated to the highest ideals of honor and integrity in all public and personal relationships in order that the member may merit the respect and confidence of the elected officials, of other officials and employees, and of the public.

GUIDELINES

Public Confidence. Members should conduct themselves so as to maintain public confidence in their profession, their local government, and in their performance of the public trust.

Impression of Influence. Members should conduct their official and personal affairs in such a manner as to give the clear impression that they cannot be improperly influenced in the performance of their official duties.

Appointment Commitment. Members who accept an appointment to a position should not fail to report for that position. This does not preclude the possibility of a member considering several offers or seeking several positions at the same time, but once a bona fide offer of a position has been accepted, that commitment should be honored. Oral acceptance of an employment offer is considered binding unless the employer makes fundamental changes in terms of employment.

Credentials. An application for employment or for ICMA's Voluntary Credentialing Program should be complete and accurate as to all pertinent details of education, experience, and personal history. Members should recognize that both omissions and inaccuracies must be avoided.

Professional Respect. Members seeking a management position should show professional respect for persons formerly holding the position or for others who might be applying for the same position. Professional respect does not preclude honest differences of opinion; it does preclude attacking a person's motives or integrity in order to be appointed to a position.

Reporting Ethics Violations. When becoming aware of a possible violation of the ICMA Code of Ethics, members are encouraged to report the matter to ICMA. In reporting the matter, members may choose to go on record as the complainant or report the matter on a confidential basis.

Confidentiality. Members should not discuss or divulge information with anyone about pending or completed ethics cases, except as specifically authorized by the Rules of Procedure for Enforcement of the Code of Ethics.

Seeking Employment. Members should not seek employment for a position having an incumbent administrator who has not resigned or been officially informed that his or her services are to be terminated.

Tenet 4. Recognize that the chief function of local government at all times is to serve the best interests of all of the people.

GUIDELINE

Length of Service. A minimum of two years generally is considered necessary in order to render a professional service to the local government. A short tenure should be the exception rather than a recurring experience. However, under special circumstances, it may be in the best interests of the local government and the member to separate in a shorter time. Examples of such circumstances would include refusal of the appointing authority to honor commitments concerning conditions of employment, a vote of no confidence in the member, or severe personal problems. It is the responsibility of an applicant for a position to ascertain conditions of employment. Inadequately determining terms of employment prior to arrival does not justify premature termination.

Tenet 5. Submit policy proposals to elected officials; provide them with facts and advice on matters of policy as a basis for making decisions and setting community goals; and uphold and implement local government policies adopted by elected officials.

GUIDELINE

Conflicting Roles. Members who serve multiple roles – working as both city attorney and city manager for the same community, for example – should avoid participating in matters that create the appearance of a conflict of interest. They should disclose the potential conflict to the governing body so that other opinions may be solicited.

Tenet 6. Recognize that elected representatives of the people are entitled to the credit for the establishment of local government policies; responsibility for policy execution rests with the members.

Tenet 7. Refrain from all political activities which undermine public confidence in professional administrators. Refrain from participation in the election of the members of the employing legislative body.

GUIDELINES

Elections of the Governing Body. Members should maintain a reputation for serving equally and impartially all members of the governing body of the local government they serve, regardless of party. To this end, they should not participate in an election campaign on behalf of or in opposition to candidates for the governing body.

Elections of Elected Executives. Members shall not participate in the election campaign of any candidate for mayor or elected county executive.

Running for Office. Members shall not run for elected office or become involved in political activities related to running for elected office, or accept appointment to an elected office. They shall not seek political endorsements, financial contributions or engage in other campaign activities.

Elections. Members share with their fellow citizens the right and responsibility to vote. However, in order not to impair their effectiveness on behalf of the local governments they serve, they shall not participate in political activities to support the candidacy of individuals running for any city, county, special district, school, state or federal offices. Specifically, they shall not endorse candidates, make financial contributions, sign or circulate petitions, or participate in fund-raising activities for individuals seeking or holding elected office.

Elections relating to the Form of Government. Members may assist in preparing and presenting materials that explain the form of government to the public prior to a form of government election. If assistance is required by another community, members may respond.

Presentation of Issues. Members may assist their governing body in the presentation of issues involved in referenda such as bond issues, annexations, and other matters that affect the government entity's operations and/or fiscal capacity.

Personal Advocacy of Issues. Members share with their fellow citizens the right and responsibility to voice their opinion on public issues. Members may advocate for issues of personal interest only when doing so does not conflict with the performance of their official duties.

Tenet 8. Make it a duty continually to improve the member's professional ability and to develop the competence of associates in the use of management techniques.

GUIDELINES

Self-Assessment. Each member should assess his or her professional skills and abilities on a periodic basis.

Professional Development. Each member should commit at least 40 hours per year to professional development activities that are based on the practices identified by the members of ICMA.

Tenet 9. Keep the community informed on local government affairs; encourage communication between the citizens and all local government officers; emphasize friendly and courteous service to the public; and seek to improve the quality and image of public service.

Tenet 10. Resist any encroachment on professional responsibilities, believing the member should be free to carry out official policies without interference, and handle each problem without discrimination on the basis of principle and justice.

GUIDELINE

Information Sharing. The member should openly share information with the governing body while diligently carrying out the member's responsibilities as set forth in the charter or enabling legislation.

Tenet 11. Handle all matters of personnel on the basis of merit so that fairness and impartiality govern a member's decisions, pertaining to appointments, pay adjustments, promotions, and discipline.

GUIDELINE

Equal Opportunity. All decisions pertaining to appointments, pay adjustments, promotions, and discipline should prohibit discrimination because of race, color, religion, sex, national origin, sexual orientation, political affiliation, disability, age, or marital status.

It should be the members' personal and professional responsibility to actively recruit and hire a diverse staff throughout their organizations.

Tenet 12. Public office is a public trust. A member shall not leverage his or her position for personal gain or benefit.

GUIDELINES

Gifts. Members shall not directly or indirectly solicit, accept or receive any gift if it could reasonably be perceived or inferred that the gift was intended to influence them in the performance of their official duties; or if the gift was intended to serve as a reward for any official action on their part.

The term "Gift" includes but is not limited to services, travel, meals, gift cards, tickets, or other entertainment or hospitality. Gifts of money or loans from persons other than the local government jurisdiction pursuant to normal employment practices are not acceptable.

Members should not accept any gift that could undermine public confidence. De minimus gifts may be accepted in circumstances that support the execution of the member's official duties or serve a legitimate public purpose. In those cases, the member should determine a modest maximum dollar value based on guidance from the governing body or any applicable state or local law.

The guideline is not intended to apply to normal social practices, not associated with the member's official duties, where gifts are exchanged among friends, associates and relatives.

Investments in Conflict with Official Duties. Members should refrain from any investment activity which would compromise the impartial and objective performance of their duties. Members should not invest or hold any investment, directly or indirectly, in any financial business, commercial, or other private transaction that creates a conflict of interest, in fact or appearance, with their official duties.

In the case of real estate, the use of confidential information and knowledge to further a member's personal interest is not permitted. Purchases and sales which might be interpreted as speculation for quick profit should be avoided (see the guideline on "Confidential Information"). Because personal investments may appear to influence official actions and decisions, or create the appearance of impropriety, members should disclose or dispose of such investments prior to accepting a position in a local government. Should the conflict of interest arise during employment, the member should make full disclosure and/or recuse themselves prior to any official action by the governing body that may affect such investments.

This guideline is not intended to prohibit a member from having or acquiring an interest in, or deriving a benefit from any investment when the interest or benefit is due to ownership by the member or the member's family of a de minimus percentage of a corporation traded on a recognized stock exchange even though the corporation or its subsidiaries may do business with the local government.

Personal Relationships. Member should disclose any personal relationship to the governing body in any instance where there could be the appearance of a conflict of interest. For example, if the manager's spouse works for a developer doing business with the local government, that fact should be disclosed.

Confidential Information. Members shall not disclose to others, or use to advance their personal interest, intellectual property, confidential information, or information that is not yet public knowledge, that has been acquired by them in the course of their official duties.

Information that may be in the public domain or accessible by means of an open records request, is not confidential.

Private Employment. Members should not engage in, solicit, negotiate for, or promise to accept private employment, nor should they render services for private interests or conduct a private business when such employment, service, or business creates a conflict with or impairs the proper discharge of their official duties.

Teaching, lecturing, writing, or consulting are typical activities that may not involve conflict of interest, or impair the proper discharge of their official duties. Prior notification of the appointing authority is appropriate in all cases of outside employment.

Representation. Members should not represent any outside interest before any agency, whether public or private, except with the authorization of or at the direction of the appointing authority they serve.

Endorsements. Members should not endorse commercial products or services by agreeing to use their photograph, endorsement, or quotation in paid or other commercial advertisements, marketing materials, social media, or other documents, whether the member is compensated or not for the member's support. Members may, however, provide verbal professional references as part of the due diligence phase of competitive process or in response to a direct inquiry.

Members may agree to endorse the following, provided they do not receive any compensation: (1) books or other publications; (2) professional development or educational services provided by nonprofit membership organizations or recognized educational institutions; (3) products and/or services in which the local government has a direct economic interest.

Members' observations, opinions, and analyses of commercial products used or tested by their local governments are appropriate and useful to the profession when included as part of professional articles and reports.

Item No: 20

Report to the City Council
Council Meeting of September 13, 2016

Agenda Section: **New Business**

Subject: **Council Discussion of Measure D and Potential Budget Adjustments**

CEQA Status: **Not a CEQA Project**

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

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

This staff report is intended to provide a financial overview and historical documentation of the national, state and local events and decisions that led to the City's current financial challenges. No information in this staff report should be construed as opinion favoring or opposing these events and decisions.

BACKGROUND

Beginning in early 2015, staff has been providing the City Council and the community with information and updates regarding the state of the City's financial condition. In February 2015, the City Manager presented the first Long Range Financial Forecast (LRFF) which showed that the City had insufficient General Fund revenues to maintain current levels of staffing and services as well as maintain an acceptable Assigned General Fund Reserve balance. In addition, the LRFF showed that there was (and remains) inadequate revenue to address the City's seriously neglected infrastructure and capital needs. See Attachment A – Long Range Financial Forecast Report February 2015.

At the February 2015 Council Goal Setting Session, staff reported the City's inability to operate in a functional manner. The City's continuous underfunding of government operations over many years (decades) had resulted in substandard governance and delivery of services that were well below acceptable base levels. In other words, the "status quo" of the City's operations is at a substandard, inadequate level. The new management team estimated at that time that the City required an additional $2 million in revenue annually for the City to operate in a legal, fiscally responsible, efficient and professional manner. The City Council adopted the goal of securing the City's financial future and identified several revenue generation options for the staff to pursue including fee and rate studies, economic development, and tax measures. See Attachment B – 2015 Council Goal Setting Session Minutes February 27, 2015 and Attachment C – 2015 Council Goals Staff Report March 24, 2016.

In May 2015, staff presented the draft FY 2015-16 budget that required nearly $1 million in expenditure reductions due to insufficient revenues to cover existing services. This was a very difficult process for the Council, community and staff. Ultimately, the Council eliminated funding for two positions (one in the City Manager's Office and one in the Police Department), reduced library hours, and reduced various other departments' budgets and service levels in order to balance the City's budget. See Attachment D – FY 2015-16 Budget Adoption Staff Report June 23, 2015. At the adoption of the FY 15/16 budget, staff estimated the General Fund Reserve would be at 23% at year-end FY 2015-16. During FY 2015-16, the City Council authorized nearly $600,000 to cover unexpected expenditures. As a result, it was anticipated the General Fund Reserves would be decreased to an estimated 22% as indicated in the June 14, 2016 Budget Presentation to City Council. The City's General Fund Reserve continues to decline, while necessary due to inadequate revenue, this practice is at odds with sound fiscal management.

On September 8, 2015, the City Council created the Ad Hoc Revenue Source Task Force to address the City's financial challenges outlined above, and evaluate possible additional revenue sources for the City. The Task Force, a broad-based, diverse group of mostly community members, unanimously agreed that the City's finances were dire. The Task Force delivered a final report to the City Council on February 9, 2016 that recommended six actions for City Council consideration to increase revenues. See Attachment E – Ad Hoc Revenue Source Task Force Report. After a review of the City's revenues and current financial status, the Task Force recommended that the Council consider the following actions: (1) implement the process to increase sales tax by 0.5 percent; 2) implement the process to increase the City's real estate transfer tax to 1.0 percent; 3) raise transient occupancy tax revenues by increasing the number of hotel rooms; 4) proceed with the request for proposal process for the sale of one or more City properties; 5) proceed toward annexation of contiguous unincorporated lands, in cooperation with Napa County Local Agency Formation Commission (LAFCO) and the County of Napa; and 6) create an economic development committee comprised of residents, businesses and appropriate City representatives. This report was received at the February 9, 2016 City Council meeting and discussed at the February 11, 2016 Goal Setting. See Attachment F- 2-11-2016 Special Goal Setting Minutes.

Staff updated the City's LRFF in February 2016. Despite some modest revenue growth including the new hotel TOT revenues, the City's overall General Fund revenues only slightly outpaced assumed expenditures over the projected ten-year period with no funding available for either deferred or current maintenance needs or any expansion of services or administration. See Attachment G - February 9, 2016 LRFF. However, at that time the City had not discovered the State Revolving Loan Fund issue which culminated with the City's commitment to repay $2.1 million to the State. The City submitted a repayment schedule to the State and is still awaiting a response. The LRFF does not include repayment of the $2.1 million.

At the 2016 Council Goal Setting Session, the Council continued to support the goal of securing the City's financial future, along with retaining qualified staff and proper project management. Attachment H – Council Goals Staff Report March 8, 2016. As Staff and the City Council acknowledged at this meeting, the City continues to struggle in meeting legal and regulatory requirements, is not able to deliver the level of services desired by the community and has unmet public administration obligations to ensure sound governance. In short, the Council and Staff again concluded that although significant progress has been made in the overall administration, the City is unprepared due to inadequate funding and reserves to address critical City needs.

At public meetings between March 2016 and June 2016, the City Council discussed and considered a variety of revenue enhancing options. See Attachment I – Informational Item: Review of Additional Revenue Options including Parcel Tax, Payroll Tax and Gross Receipts Tax Staff Report March 8, 2016; Attachment J – Informational Item: Review of General Obligation Bonds as Possible Revenue Measure Staff Report March 22, 2016; Attachment K – Voter Survey Results for a City Charter and Vital Services Measure in St. Helena Staff Report; Attachment L – Consideration of a Sales Tax Measure for the November 2016 Ballot Staff Report May 10, 2016; Attachment M – Consideration of, and Direction to Staff on Steps for a Sales Tax Measure for the November 2016 Ballot and Issuance of the Request for Proposals for Adams Street Staff Report May 24, 2016.

Staff developed the City's FY 2016-17 budget as a "status quo" budget with no increases in already underfunded programming, staffing or services due to modest increases in revenues. The General Fund Reserve also remained below 25% of expenditures, once again leaving the City at risk of being unprepared to address the unbudgeted emergencies that routinely befall cities. The City also left vacant two additional full-time positions, one in the Library and one in the Parks Division, due to insufficient revenue to fund these on-going positions resulting in a reduction in services to the community. The additional repayment of the $2.1 State loan was included based on the proposed repayment scheduled which offers only a modest payment in FY 2016-17. Again, the "status quo" budget left the City operating at inadequate, not fully functional levels of service. See Attachment N – FY 2016-17 Budget Adoption Staff Report June 14, 2016 and Attachment O - FY 2016-17 City Manager's Budget Letter June 14, 2016. Importantly, the City's Budget Letter states that if additional General Fund revenues are not secured, service reductions will be required in FY 2017-18.

In recognition of the City's continuing revenue shortfalls, on July 12, 2016 the City Council approved the submission of a ballot measure (Measure D) to the City's voters to approve a ½ percent transactions and use taxes ordinance at the General Municipal Election to be held on Tuesday, November 8, 2016. Measure D is a general tax measure that would generate an estimated $1.4 million in revenue annually to support the City's General Fund. All revenue generated by Measure D would stay in St. Helena. While Measure D will not solve all the City's revenue problems, its new revenue will assist the City in maintaining existing levels of service and in providing some funding toward the City's failing infrastructure and other unmet needs. On August 30, 2016 the City published an educational facts sheet that provides further information about the tax measure.

DISCUSSION

Across California, cities are facing unprecedented financial challenges. Some of the root causes of cities' distress can be connected to major events and decisions such as passage of Proposition 13; continuous approval by the State Legislature of unfunded mandates and regulatory requirements imposed upon local governments; voter initiatives that eliminated/reduced taxes or expanded services; a supermajority requirement for many tax increases; the Great Recession; public employee pensions and lower than projected earnings in the CalPERS investment portfolio; the State's diversion of revenues from cities including the Education Revenue Augmentation Fund (ERAF), and the high cost of doing business in California. Three cities in California have filed for bankruptcy and many others continue to struggle with limited revenues and rising costs. Therefore, St. Helena is not alone in its financial challenges.

Though small, St. Helena is nonetheless a full service city delivering both legally-required and discretionary services to the community. Full-service cities such as St. Helena must satisfy a staggering number of legal, regulatory, and professional responsibilities that the community rarely sees. Just a few examples of such legally-required responsibilities include the Americans with Disabilities Act (ADA), emergency preparedness standards, the Family and Medical Leave Act (FMLA), the Fair Labor Standards Act (FLSA), the Fair Housing Act (FHA), the National Pollution Discharge Elimination System (NPDES), and the Occupational Safety and Health Administration (OSHA) law are imposed by the federal government. Other examples are harassment awareness training, street sign standards, playground safety, workers' compensation, affordable housing laws, open government laws, the Law Enforcement Officers' & Firefighters Bills of Rights, the Brown Act and the Public Records Act, State Division of Dam Safety, State Department of Water Resources and the Fair Employment and Housing Act (FEHA), which are imposed by the State of California. Compliance with these myriad laws and requirements imposes enormous burdens and staffing needs on the City. To comply, and to reduce the City's legal exposure, St. Helena, like other cities, must have adequate staff and resources. Compliance is mandatory, not optional.

The City of St. Helena has a Municipal Code and adopted policies that further impose laws on it and its citizenry. Some illustrations are building codes, land use and zoning laws, nuisance/code enforcement laws, sign laws, speed limits, noise laws, leaf blower laws, parking, purchasing policies, and budget authority. Though the community expects that the City will enforce these laws, the City has little or no budget to do so.

Finally, city leadership is expected to meet a professional standard which includes openness and transparency; community engagement; compliance with City policies and procedures; and proper financial, records, human resources and project management. Compliance with all of these laws, regulations, and standards requires adequate revenue to fund these critical aspects of local government administration.

Over the past 20 years, St. Helena has made decisions that directly or indirectly impacted the City's financial condition. These decisions have culminated into the current financial challenges facing the City which can be categorized as:

- inadequate revenue to cover ongoing expenses and maintain services to meet community expectations;
- insufficient reserves in the General Fund, Water Fund and Wastewater Water Fund;
- lack of capital replacement funds; and
- seriously deteriorated infrastructure due to years of deferred maintenance coupled with a limited asset management program inhibiting staff's ability to effectively manage City assets.

Important decisions have been made that positively impacted the City's finances. These consist of the purchase of the Adams Street parcel for $2 million (currently valued at $12 million); approval of the Los Alcobas Hotel which is expected to generate over $1 million annually in TOT revenue; purchase of the Railroad Avenue property; passage of Measure A for flood control projects and Measure T for street improvements (beginning in 2019); passage of a parcel tax to fund the construction of the Fire Station; and significant increases in water and wastewater rates in 2011. Despite these positive decisions, however, the City's financial condition remains dire, and City's operations below functional levels.

The Fire Department's operation as a paid-by-call service has been another significant cost saving for the City. A full service fire department would increase operational costs by well over $1 million annually. In addition, the community's generous donations have provided funding for the purchase of many of the fire engines and equipment, relieving the City of this financial obligation. However, this historic model is at-risk due to lack of affordable housing in St. Helena. Paid-by-call firefighters must live within 10 minutes of the Fire Station and currently the department has six vacancies that it is unable to fill. If solutions to this problem cannot be found, the City will be faced with considering full-service options and identifying the necessary funds to pay for this far more costly model.

Other events and decisions have put a strain on the City's finances. Examples of these include:

- construction and management of the $37 million comprehensive flood control projects that continue to require General Fund contributions;

- not approving rate increases for 20 years until 2011 to properly operate the water and wastewater system;
- a locally operated but regionally serving public library with historically a $1 million annual General Fund budget;
- lack of financial controls and transparency to fully understand City's financial condition;
- a City-operated Police Department to deliver highest level of service and response time;
- deferred and inadequate infrastructure maintenance to streets, sidewalks, trees, parks, vehicles, and buildings;
- limited economic development and tourism related initiatives; and
- opposition to revenue generating options such as sales tax initiatives and hotel development.

The City of St. Helena is at a critical crossroad, and the community is facing major decisions that will set a course for the future of the City and have significant financial impacts. Some of these include consideration of an Updated General Plan, initial consideration of hotel developments, availability of adequate affordable and workforce housing, possible sale/lease of the Adams Street and City Hall properties, initial consideration of two sizable residential developments, water and wastewater rate increases; and addressing growth and tourism.

As noted, the City is obligated to fund the necessary staffing and resources needed to comply with federal and state laws. Violation of these laws places the City at serious financial and legal risk and must remain a priority. Compliance is mandatory, not optional. In addition, the City has been unable to rigorously enforce the City's municipal codes; the City has enforced City codes at a nominal level based mostly on health and safety compliance. However, the community has a great interest in enforcement of these codes and is often disappointed when the City cannot respond to their complaints.

Staff and the Council have placed great emphasis on improving the management of the City over the past two years. Funding for adequate staffing and required resources is key to continuing this effort which in the long term is expected to keep City costs down by reducing errors and risk, increasing efficiencies, complying with federal and state mandates, improving operations and achieving and maintaining a functional government.

Another critical aspect of the City's financial sustainability is achieving and maintaining adequate reserves and replacement funds. Reserves provide government agencies with options for responding to unexpected—but inevitable-- issues that include sharp declines in revenue, cash flow shortfalls, unbudgeted major repairs for City owned infrastructure and buildings, and unexpected expenditures, lawsuits and extreme events, such as floods, fires and earthquakes. For the past several years, the City of St. Helena has had an informal Council goal of maintaining a 25% General Fund Reserve which equates to approximately $2.5 million. As Staff has emphasized to the Council and the community, even a 25% reserve is minimal in adequately protecting St. Helena from the kinds of risks that are certain to befall every community.

The Government Finance Officers Association (GFOA), a national organization that promotes excellence in state and local government finance, recommends that governments establish a formal policy on the level unrestricted General Fund balance. Generally accepted accounted principles (GAAP) define unrestricted General Fund balances as including committed, assigned and unassigned fund balances. There is no set amount or standard for General Fund Reserve amounts as each government agency is expected to consider its own unique circumstances and risks. Factors to consider include the diversification of its revenue streams, revenue volatility, exposure to one-time risks such as disasters, immediate capital needs, state budget cuts, drain on General Fund by other funds, and impact on bond rating.

The City of St. Helena has possible exposure in all of these areas, rendering a 25% goal too low. For example, both the water and wastewater enterprise funds are experiencing financial challenges. The water fund, due to drought related lower water use, is operating at a loss and the wastewater enterprise fund has depleted its reserve. If a major, unexpected event occurred at either facility, the General Fund Reserve must have adequate funds available to cover the expenditures. Once again, doing so is mandatory, not optional. The majority of the City's revenues come from property tax, sales tax and transient occupancy tax and thus was deeply impacted by the Great Recession and would be again impacted with another economic downturn. The City is also at high-risk of natural disasters including floods, fires and earthquakes. Also, the City will need to issue debt in the near future for the water and waste water systems, and possibly for a new city hall, police station and corporation yard. Without additional revenue, the City cannot meet a higher, more appropriate General Fund Reserve amount and presents a weaker financial condition to rating agencies resulting in higher interest rates for bond sales.

Government agencies establish replacement funds to ensure adequate funds for replacement of all capital assets. When cities build projects and purchases equipment, most cities take basic steps to identify the useful life of the asset, establish a fund and make an annual contribution to fund the replacement/renovation of the asset. St. Helena, however, has not established any such replacement funds. As a result, the City has made all major building repairs and vehicle, equipment, computer, and large machinery purchases from operating revenues. This is not a sound financial or governmental practice. A majority of the City's assets have been used beyond their useful life but no funds are available for repair, replacement or renovation. Three of the most notable assets that are well beyond their useful lives (and substandard) are the City Hall, Police Station and Corporation Yard. Four other important buildings are also in need of repairs and renovation. The Carnegie Building, although recently restored, has concerning issues with the elevator and needs all the windows replaced. The Crane

Park building, used for summer camps has been poorly maintained and requires many repairs and upgrades. And two of the City's "newer" buildings, the library and fire station, require repairs and improvements to ensure they remain properly maintained.

The City is also responsible for maintenance of the streets, public sidewalks, and parks. On February 10, 2015 staff presented the Pavement Management Program, which rated the City's streets at a pavement condition index of 54 out of 100. This report demonstrated that the City's streets and roads are ranked low among Bay Area cities, and that at current funding levels the deterioration will continue, with a sharp increase in the costs of repair and replacement. See Attachment P – Pavement Management Program Report February 10, 2015. The passage of Measure T, with funds beginning in 2019 estimated at $665,000 annually, and modest gas tax and transportation grants will help the problem to some extent, and should enable the City to begin a street maintenance program that, over a multi-year period of time, can improve and maintain the City's streets to only a 65 rating. This rating is still in the "at-risk" range. The goal for proper pavement condition maintenance is generally 80. This will not enable the City to bring its road system anywhere near to the level necessary for safety, function and cost containment. In short, the City has insufficient funds to maintain not only its streets, but also all City assets, including the downtown sidewalks, City trees, parks, play equipment and ball fields, and City buildings.

One of the main purposes of a city is to provide services to its community. The ability to deliver the desired level of services and standard of maintenance hinges completely on the availability of revenue. Due to a lack of available ongoing funding the library has sharply reduced its hours of operation and all part-time staff are funded through non-profit support. Recreation programs cannot be expanded to meet growing demand, and cuts may soon be necessary. The City performs street sweeping at minimal levels. The City cannot enhance its police services for more traffic and parking enforcement or school/community services. Code enforcement is performed only on health and safety matters. Highly desired community events are limited to only a few each year, and many are funded through private donations and ticket sales. These discretionary services are at risk of further reductions and/or elimination if the City does not secure additional revenue.

It must be emphasized that passage of Measure D will not fully solve the City's financial challenges. The City must consider and secure other revenue enhancing options that will provide stability and the ability to withstand unexpected events.

If Measure D fails to pass, the City will be required to make tough choices. Non-essential, discretionary programs and services such as the library, recreation programs, park maintenance, traffic enforcement and other valued services will be vulnerable to reductions and/or elimination. The financial, legal and operational sustainability of the City, and compliance with mandatory legal requirements imposed by federal and state laws, must be the priority. Therefore, after years of underfunding both essential City obligations and discretionary programs and services, a crisis point has been reached. To appropriately operate and fund essential City services (police, fire and public works) the City must live within its means and eliminate those services it cannot support financially. Deferred maintenance of streets, parks and buildings must be addressed; reserves for vehicle replacement, building repairs, IT equipment and large equipment must be established; essential project, financial and records management positions must be funded and filled with capable staff; the downtown and public sidewalks and public trees must be properly maintained; a new city hall, police station and corporation yard must be funded and built in the coming years, and a formal General Fund Reserve goal must be established by the City Council and then strictly followed.

If Measure D does not pass in November 2016, staff will return to the City Council in January 2017 with recommendations to the amend the FY 2016-17 Adopted Budget to begin the painful process of identifying discretionary service reductions that could include partial or total elimination of the Recreation Department, significant reductions to or closure of the Library, and partial or full closure of City parks. This initial process will be the precursor to consideration of the FY 2017-18 budget which will propose further service reductions. Failure to take those steps will only lead to further erosion of the City's ability to operate and provide any services.

RECOMMENDED ACTION
Information only.

Attachment A – LRFF February 2015
Attachment B – Notes from Council Goal Setting – February 2015
Attachment C – Council Goals Staff Report - March 2015
Attachment D – FY 2015-16 Proposed Budget Staff Report
Attachment E – Task Force Final Report
Attachment F – Special Goal Setting Minutes – February 2016
Attachment G – 2016-2026 LRFF
Attachment H –Council Goals Staff Report – March 2016
Attachment I – Revenue Options Staff Report
Attachment J – General Obligation Bonds Staff Report
Attachment K – Voter Survey and Vital Services Measure
Attachment L – Consideration of Sales Tax Measure
Attachment M – Sales Tax Measure and Adams Street RFP
Attachment N – FY 2016-17 Proposed Budget Staff Report
Attachment O – FY 2016-17 Budget Letter

Attachment A

Long Range
Financial Forecast

City of St. Helena
2015 – 2025

February 2015

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Summary of Findings and Recommendations

The City of St. Helena is located in the heart of the Napa Valley and has a population of approximately 6,000 residents. The City was incorporated in 1876 and reincorporated in 1889. St. Helena is a general law city and operates under a Council-Manager form of government. The City Council is comprised of five members, with a directly elected Mayor serving a two year term, and the other four at-large members serving four-year overlapping terms. The City Manager, is appointed by the Council and is responsible for administration of City affairs and implementation of Council policy.

The City's Fiscal Year (FY) 2014-15 Operating and Capital Budget is $10.6 million with approximately 67 budgeted positions. As a full-service City, St. Helena has the following departments: City Manager, Planning and Community Improvement, Recreation, Library, Finance, Public Works, Police and a voluntary Fire Department.

The Long Range Financial Forecast (LRFF) has been developed to help the City of St. Helena plan a path of stability. This begins with the principle that the City must operate with a long-term structurally balanced budget and strong reserves to have an effective role in sustaining the vitality of our community.

This analysis is centered on the City's General Fund because it is the primary operating budget for tax supported municipal services. Long range financial forecasting assists the City in making decisions that lead to our ability to sustain core services to the community.

The City has weathered the Great Recession through budget cuts that included reduction of staff and deferred maintenance. This report presents a potential range of financial outcomes, none of which are certain, based on available data and conditions. It recommends strategies that City Council and staff can take now to ensure the ongoing provision of core municipal services over the next few years. The LRFF also offers strategies for the Council to consider in terms of revenue options that can provide additional revenues to strengthen the City's financial health. The findings and recommended strategies provide a road map for financial stability to help lead the City through the next ten years of economic uncertainty and begin to identify the financial limitations and revenue options for the future.

It is important to note that this is the first LRFF and is intended to serve as a tool for financial planning and decision making in the years ahead. It should become a standard practice for the City to update this plan annually.

The LRFF uses two revenue scenarios and two expenditure scenarios to illustrate trends of the City's expenditures and revenues over the next ten years. The FY 2014-15 Adopted Operating Budget is used as the base for all scenarios.

The two revenue forecasts are as follows:

- **Baseline** - The baseline revenue growth estimate is based on a continuing modest economic recovery. This forecast is similar to the actual revenue growth the City incurred over the last ten years. However, economic history shows that over a ten year period, the country always experiences a recession. Therefore, this baseline forecast can be considered optimistic, but still conservative.

- **Baseline with a minor recession** - This forecast assumes a minor recession during Fiscal Years 2018 through FY 2020, which is in line with fundamental economics that have shown that the country experiences a recession about every ten years.

The two expense forecasts are as follows:

- **Current levels with escalators** – This expense forecast is based on the FY 2014-15 expenditure levels, which includes current level of staffing and services. Annual escalators are based on modest cost increases as described in the following section. In addition projections are provided for the annual Assigned General Fund Reserve, which serves as the City's "savings account" for emergencies.

- **Current levels with escalators and with modest level of asset recapitalization** - This second expense forecast is identical to the above forecast except it includes an annual expenditure of $1.6 million for capital projects. Necessary staffing increases to perform and oversee these projects are not included in the operating budget as it is clearly evident the City is unable to afford just the annual capital expense. No Assigned General Fund Reserve is provided in this forecast, because in this scenario the General Fund is immediately in an operating deficit, which only worsens with each year.

Using a set of assumptions, currently available data and economic projections, the following findings were reached.

Summary of Findings

1. Operating Revenues:

Recent modest gains in revenue through an improving economy and reductions in expenditures and deferred maintenance helped the City begin its recovery from the Great Recession.

- *Using the baseline revenue forecast, the City faces a budget deficit in the first year, due to expenses exceeding revenues. Beginning in FY 2017, forecasted net operating revenues slightly exceed expenditures. Note: the FY 2016 property tax revenue was increased to reflect the higher level of property tax collected in FY 2014 per the CAFR.*

- *The baseline with a recession revenue forecast shows a scenario in which the City revenues basically equal expenditures.*

2. Assigned General Fund Reserve:
The Council has set an informal goal of achieving and maintaining a 25% Assigned General Fund Reserve. This amount is deemed essential not only based on the informal Council goal, but is also considered a reasonable amount by industry standards based on an expectation of retaining reserves that equal three months of operating expenditures. Also, if the City has any anticipation of borrowing funds or issuing bonds, the rating agencies consider this reserve as part of their ratings. A sustained 25% Assigned General Fund Reserve can assist the City in achieving a better credit rating and thereby being eligible for lower interest rates on bonds or loans. The current forecasts show the Assigned General Fund Reserve to fluctuate from 16% to 24% until the 25% target reserve is met in FY 2024.

- *Under the baseline forecast, beginning in FY 2016, the Assigned General Fund Reserve balance is at $2.1 million, which is below the 25% informal Council goal. This reserve remains below the 25% informal goal through FY 2024. Therefore, even though the City's net operating budget shows a surplus beginning in FY 2018, there is inadequate revenue to maintain a critical Assigned General Fund Reserve balance of 25%.*

- *If the economy experiences a minor slowdown as illustrated in the second revenue forecast the result will be General Fund revenues meeting expenditures but a growing Assigned General Fund Reserve deficit that totals $1.9 million, and a reserve at 12%. This is due to the fact that even though the reserve amount remains relatively stable at $1.8 to $2.0 million, expenditures increase each year requiring a contribution to maintain a higher percentage.*

3. Operating Costs:
The City's current staffing level of 67 employees along with a volunteer fire department are diligently delivering the programs and services to the community and managing all the required administrative functions as well. It is important to recognize that staffing levels remain at near recession lows, while revenues now exceed pre-recession highs.

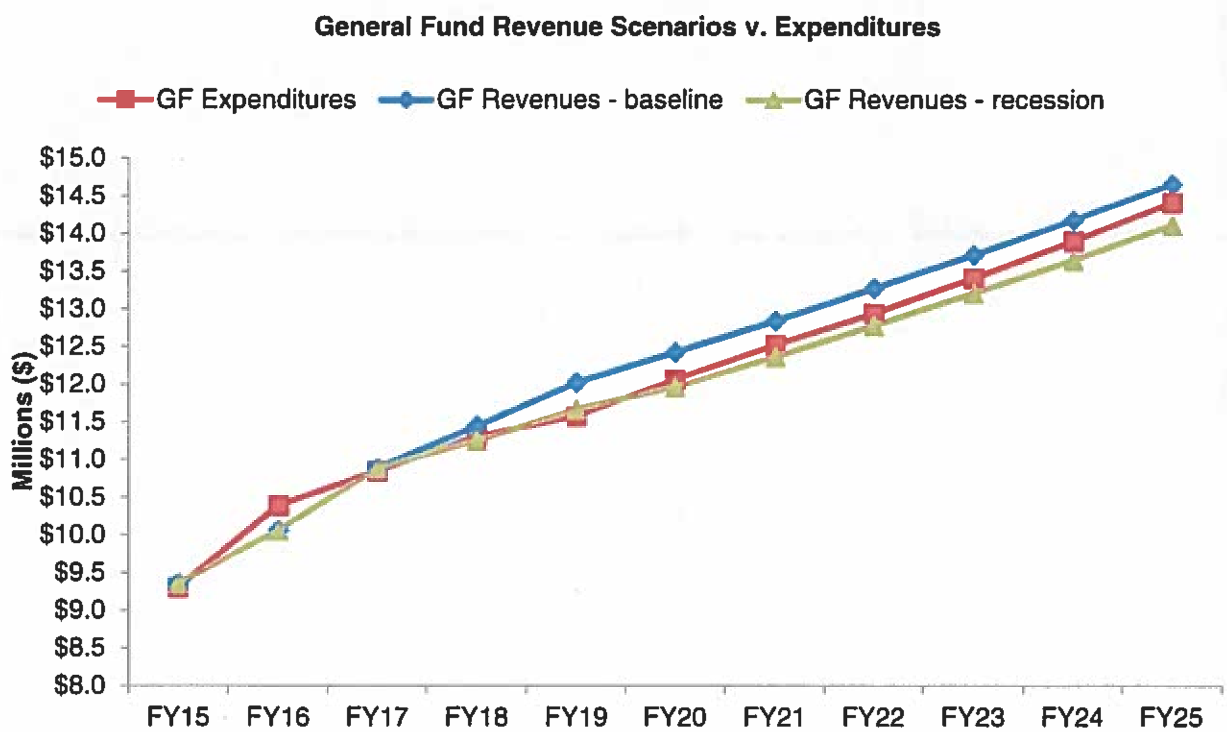
- *The base costs to provide the current level of City services will continue to grow over the next ten years. Cost increases currently known are driven by scheduled increases in CalPERS pension rates, employee salaries and healthcare premium increases. General City operating expenses are expected to increase due to CPI. In addition, in FY 2016, the General Fund must assume a $528,000 State Revolving Fund Debt Service payment. This payment continues through 2028 (three years beyond the forecast). More detail on this payment is provided in the next section.*

- *Under both revenue forecasts, the first year requires either a reduction in expenditures by $300,000 or use of Unassigned General Fund Reserves. In subsequent years revenues slightly exceed expenditures, but adequate ongoing funding is not available to allow the City to add critical administrative staffing, or enhance services. Nor is funding available to hire additional consultants, fund new programs or initiatives, implement unfunded mandates or support community proposals. Essentially, as forecasted with the current* *revenue sources, the City has inadequate revenue to maintain current levels of staffing and services, as well as maintain an acceptable Assigned General Fund Reserve balance. The inability to add any additional staff or respond to unfunded state and federal mandates could place the City at risk. It is important to note that the current staffing levels are considered inadequate and the workload exceeds capacity.*

4. ***Asset Recapitalization:***
   - *In an effort to control costs, the City has deferred maintenance of buildings, parks, streets and information technology asset needs. There are currently insufficient monies in the General Fund budget to address the City's asset recapitalization needs. At some point, the City may be faced with significant costs to replace or repair a major building subsystem, park amenity, IT upgrade or roadway paving that will spike the budget and compete with ongoing services for revenue.*

   - *There is also insufficient revenue to support any type of bond measure or loan for the purpose of building a new city hall, police station, corporation yard or community center.*

In summary, the following graph illustrates the two revenue projections when compared to the projected expenses (without asset recapitalization).



Strategies for Sustainability

Many cities across California are facing similar revenue and expense challenges and no one action can resolve this financial challenge, but with solid and diverse strategies, a city can begin to develop a course of action that is focused on delivering core services and achieving their own goals. The following strategies are recommended as proactive steps the City of St. Helena should be prepared to take in order to continue delivering core programs and services to the community.

1. ***Closely manage General Fund expenses.*** *Through the annual budget process it is vital that a strong focus on core and essential services remain a guiding principle. It is important to recognize that the expense structure of the forecast does not take into consideration additional expenses related to any increases in staffing, programs and services that are unforeseen at this time. The increases included in this plan are fundamentally nondiscretionary, covering projected pension cost increases, healthcare cost increases, growth of salaries at a modest rate, general inflation and the state loan payment of $528,000. An annual mid-year budget update should be presented to Council to provide an estimate of year-end revenue and expenditures projections, allowing Council the opportunity to make necessary adjustments. Staff continues to seek cost savings through efficiencies.*

2. ***Regularly review fees for services.*** *In 2012 staff prepared a fee schedule for Planning, Building and Public Works related fees for services. It was adopted by Council in May 2012 but overall cost recovery was not significantly enhanced. Since that time Planning and Building staffing levels have decreased and recently have been increased again. An updated fee study should be conducted and a target cost recovery rate should be set by the Council. Building, planning and public works fees should then be regularly reviewed and adjusted to achieve this cost recovery rate.*

3. ***Conduct an annual Council goal setting process to identify community priorities and seek opportunities for community based financial support.*** *The City is expected to provide core and essential services to the community and maintain its infrastructure, while also complying with all laws and mandates. Full compliance requires a base level of staffing and funding that is adequate to perform all these functions. Many of these functions are purely administrative and have no source of revenues. Other community priorities and initiatives may have the opportunity to collaborate with the private or non-profit sectors. These existing or potential partnerships should be identified and explored.*

4. ***Evaluate additional revenue measures.*** *Any increase, addition or extension of a tax or assessment requires approval by registered voters or property owners, as provided by law. Monies raised would depend on the level of tax or assessment levied. Before moving forward on any new revenue measure, the City needs to explore how the existing*

revenue measures are viewed as well as what type of additional revenue measures voters might be likely to pass, if any.

Opportunities that the City could explore include:

a. *Sales Tax increase requires a majority vote if the uses are general in nature or a 2/3rd vote if the uses are specific.*

b. *Real Property Transfer Tax requires the City to become a charter city, which could necessitate a significant public process that would require dedicated staffing and funding, to create a charter, which must then be approved by a majority vote. Recently, a California city became a charter city for the sole purpose of enacting a real property transfer tax, and in every other aspect of law continues to follow general California law. As a charter city, a real property transfer tax could be placed on the ballot and requires a majority vote for passage.*

c. *Parcel Taxes can be used for a variety of municipal services and are considered a special tax and therefore require a 2/3rds vote to pass.*

d. *Assessment Districts can be used to fund landscaping, parks, streetlight maintenance, and roadway maintenance and construction. The primary issue is that Proposition 218 limited assessment districts to funding for property-related costs with a finding of special benefit. It is likely that roadway maintenance would be a general benefit and could not be funded by an assessment district.*

4. ***Evaluate opportunities for economic development.*** *Two of the City's three main sources of revenue are sales tax and transient occupancy tax. The additional revenue provided by the City's newest hotel is estimated to provide the General Fund with $900,000 in additional revenue. Without this additional revenue, it is forecasted that the City would continue the projected operating deficiency that begins in FY 2016 for ten years. An economic development strategy should be developed that helps guide the City in determining the types and amount of business development it is interested in retaining and attracting.*

5. ***Explore opportunities to annex contiguous unincorporated areas of Napa County.*** *The City provides services and supports residents and businesses in neighborhoods immediately surrounding St. Helena. There have been discussions for many years regarding the annexation of the Meadowood community, for example. Annexation of certain neighborhoods would result in the City receiving an increase in revenue with minor increases in expenditures.*

6. ***Develop a long-term funding plan for asset recapitalization of municipal facilities, parks, IT upgrades (software and hardware) and streets.*** *The City has not set aside adequate funds to recapitalize its major assets to rehabilitate or replace assets as*

needed. In the FY 2014-15 Adopted Budget, the City created two replacements funds; one for equipment in which $30,000 was set aside; and a second for buildings for which $25,000 was set aside.

a. *Buildings – The City owns and maintains approximately 64,000 square feet of government buildings. In 2012, the City eliminated the Government Buildings function within Public Works. Since then, existing staff and some contract services have been used to keep the buildings operating. No preventative maintenance has been performed in nearly three years. The City established a building replacement fund in FY 2014-15 to cover major repairs or to replace buildings and deposited $25,000. Currently, the Parks crews have assumed the government buildings duties.*

b. *Parks – The City owns 10 parks and four pathways totaling approximately 40 acres. The Parks crews maintain all the parks and pathways, and as noted above now also maintain the government buildings. The City has not established an asset replacement fund to cover major repairs, replace equipment, or address safety concerns related to failing infrastructure.*

c. *Information Technology – The City contracts with a private IT consulting company to support its network, PC and service needs. It has become industry standard to replace PCs every 3-5 years and to make enhancements to servers, storage and other IT equipment annually. The City established a computer replacement fund in FY 2014-15 and deposited $30,000 into the fund. Generally, PC replacements and other IT infrastructure and equipment are funded from the annual operating budget.*

d. *Streets – The City is responsible for 26 centerline miles of roadway. The Pavement Management Plan, presented to Council in February 2015 provided estimates for maintaining and improving the City's streets. The Plan shows that an additional $1.25 million of annual road maintenance is inadequate to maintain the City's streets at a Pavement Management Index of 58. An investment of $2.5 million annually would maintain the Pavement Management Index at 58 and an investment of $3.5 million annually would increase the Pavement Management Index to 63. In FY 2018, Measure T is expected to provide the City with approximately $665,000 annually for pavement management projects. This revenue is included only in the asset recapitalization scenario, as it can be used only for pavement management projects.*

Risks to the Forecast

Every projection is a combination of assumptions based on analysis of historical data, use of actual data when available (e.g., labor contracts, CalPERS rates estimates), and educated assumptions based on an analysis of available information. In addition to the built-in uncertainty of projections, the City continues to experience a particularly volatile economic climate and uncertainty in the future of revenue and major expenses that could impact the City's budget. The major risks to these projections are discussed below. This discussion is meant to provide an overview of the major issues and projections that the City will have to monitor and update in the years to come.

1. **Volatile Economy** - The City's revenues are impacted by what is going on in the economy. As evidenced in the recent recession, the City's three largest revenue sources, property, sales and transient occupancy taxes, are tied to the broader economic trends.

2. **Pension Costs** - CalPERS pension costs continue to rise and are projected to increase through 2020. The projections in this forecast are based on five years of CalPERS estimates and then extrapolated out at a 1% increase per year. CalPERS continually reassess the employer contribution and based on market returns and other factors, rates can be increased or decreased annually. The past few years the stock market has experienced gains, which provide revenue towards the CalPERS liabilities. As was experienced in the early 2000's, declines in the stock market can result in increased employer contributions.

3. **Compensation Increases** – The Memorandum of Understand (MOU) with the St. Helena Employees Association expires in January 2016 and the MOU with the St. Helena Police Officers Foundation expires in 2017. Increases in compensation will be discussed as part of renegotiating both of these MOUs. Currently the expense forecast includes merit increases and modest salary increases to keep pace with inflation.

4. **Health Premiums** - The City pays 100% of employee and dependent health premiums. Health premiums are projected to continue to rise over the next decade by 6% annually. The risk is that health premiums rise faster than forecast, increasing total compensation costs. As mentioned in the expense section, the City's insurance pool is exploring a self-funded insurance program which would offer cost containment if successfully implemented.

5. **Asset Recapitalization** - The City has not been putting monies aside for maintenance of municipal buildings, streets, IT and park facilities. At some point, the City may be faced with significant current-term costs for replacement or repair of a major building subsystem, park amenity, software package or roadway paving that will spike the budget and compete with ongoing services for revenue.

6. **Major New One-Time Expenses** - The expenditure forecast does not include any provisions for unexpected one-time expenses, such as changes in legislation, unexpected events, acts of nature or other such factors that could require the City to expend a significant amount of General Fund monies.

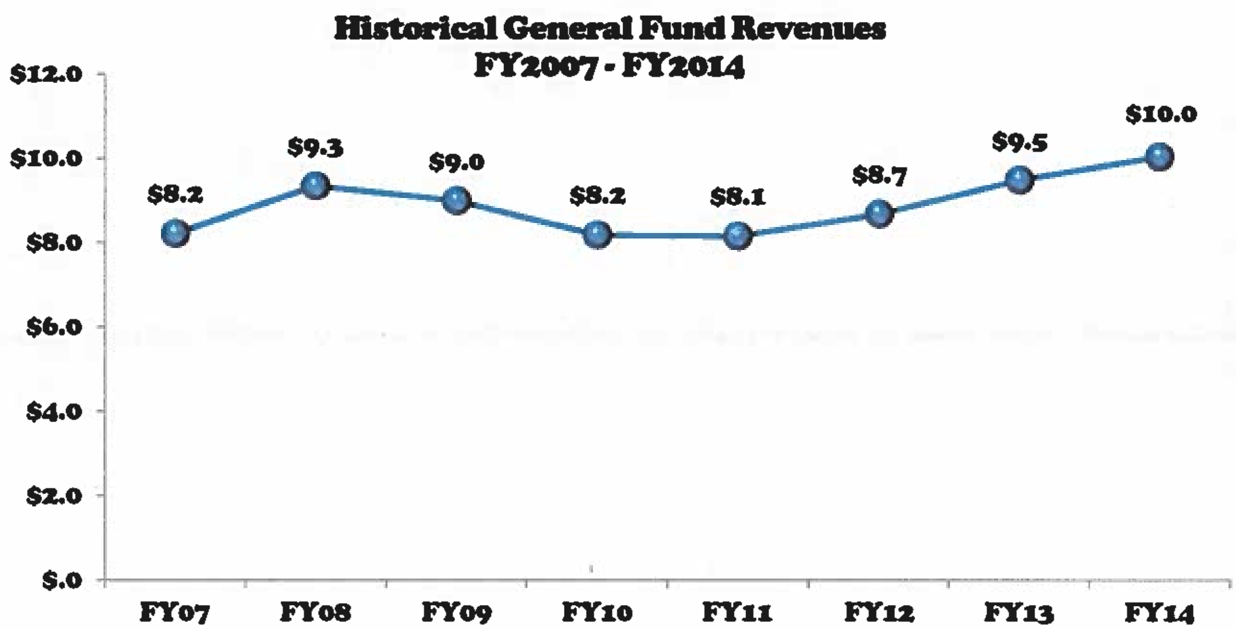
In summary, the LRFF is intended to illustrate revenue and expense trends over the next ten years and is an important tool to develop financial strategies to ensure the City is financially stable. The next few years will require strong leadership, community involvement and difficult decisions as a plan for fiscal stability is developed and implemented.

Historical Perspective

St. Helena has gone through a period of economic volatility over the last six years. Led by a decrease in revenues in FY 2009, the City made reductions in staffing and deferred Citywide maintenance in order to balance the budget. In FY 2009, the City employed 82 full-time equivalent (FTE) staff members, and when compared to the current FY 2014-15 budget, this number has been reduced to 67, a 18% reduction in staff Citywide. General Fund revenue in FY 2008 totaled $9.3 million, compared to $8.1 million in FY 2011 and $10 million in FY 2014.

City Revenues

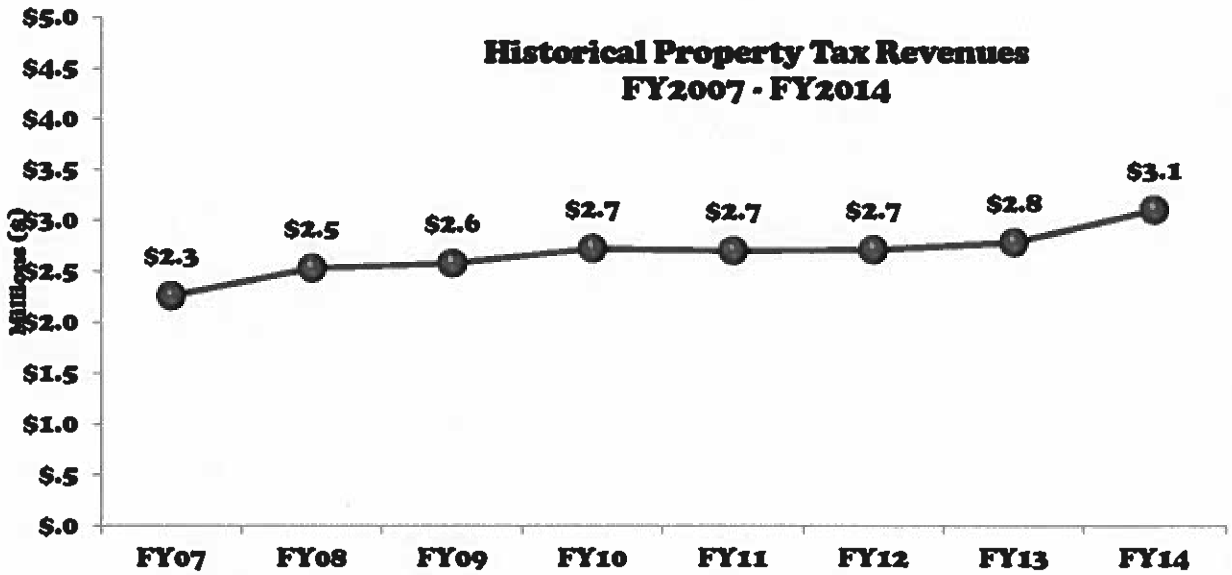
The City has several revenue sources, with the major three sources being sales, property and transient occupancy taxes. The following chart illustrates the past eight years of total General Fund revenue and the impact of the Great Recession is clearly illustrated by the decline in revenues in FY 2008-09 and continuing into FY 2010-11. This chart also illustrates that the City's General Fund revenue now exceeds pre-recession levels, yet staffing levels remain at near recession lows.



Numbers in $ Millions – source: FY 2007 through FY 2014 CAFRs

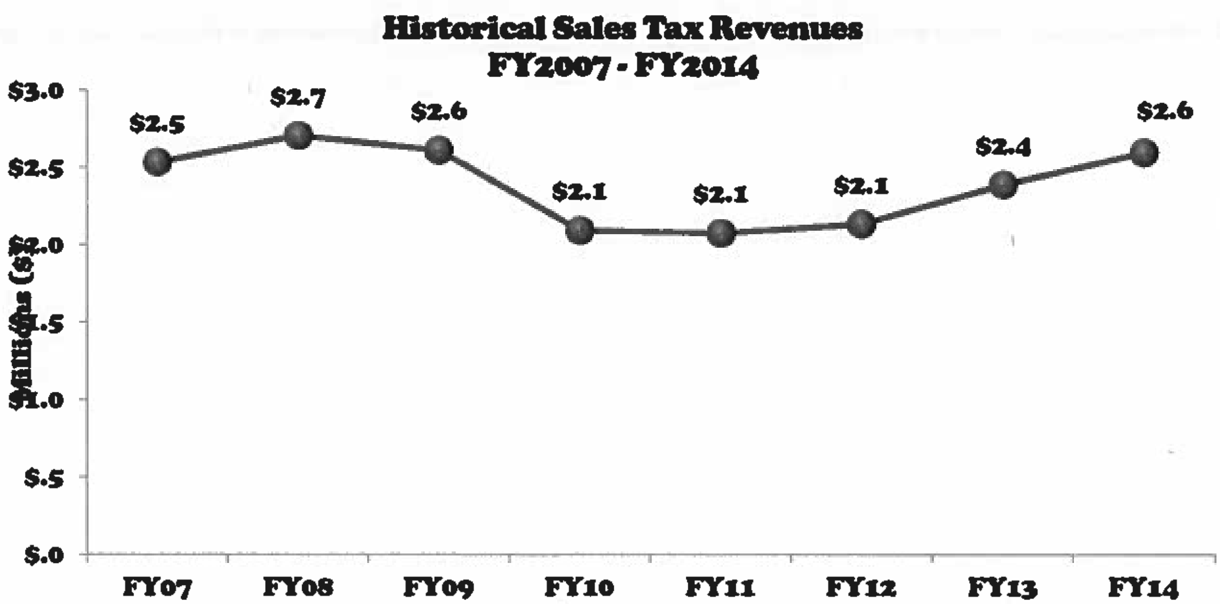
The City has three major sources of General Fund revenue: property tax, sales tax and transient occupancy tax.

Property tax revenue was only modestly impacted by the Great Recession by remaining steady rather than increaings for three years but has experienced increases in FY 2013 and FY 2014.



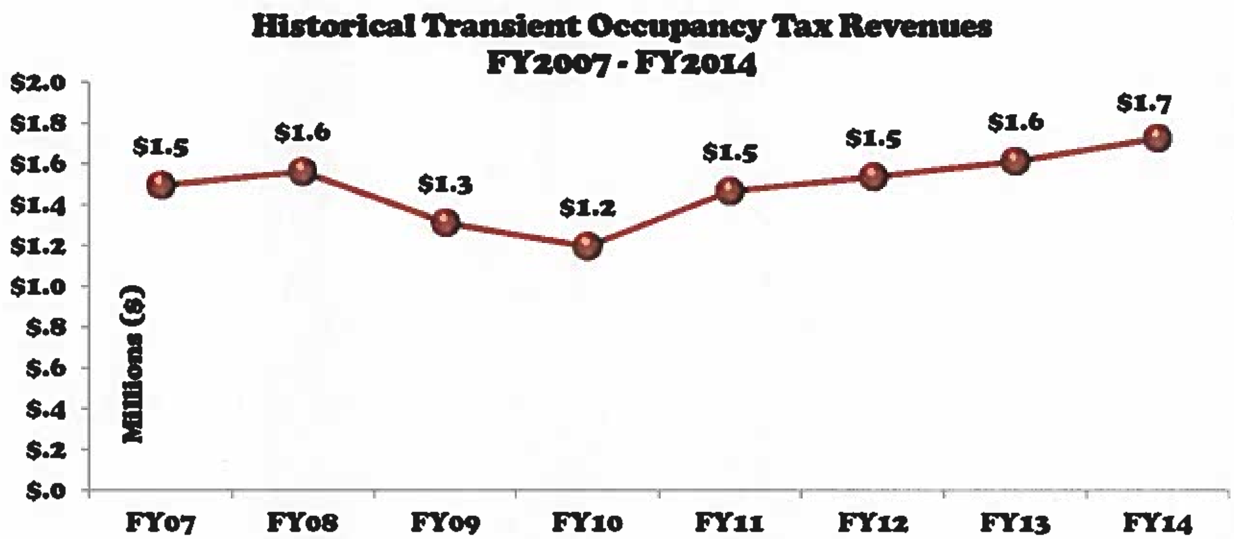
Numbers in $ Millions – source: FY 2007 through FY 2014 CAFRs

Sales tax revenue declined to a low of $2.1 million in FY 2010-11 and remained at this rate for two more years and began rebounding in FY 2013 with another increase in FY 2014.



Numbers in $ Millions – source: FY 2007 through FY 2014 CAFRs

Transient Occupancy Tax is the City's third largest revenue source and similar to sales tax revenue declined during the Great Recession, but has been slowly increasing each year and exceeded prerecession levels in FY 2013-14.

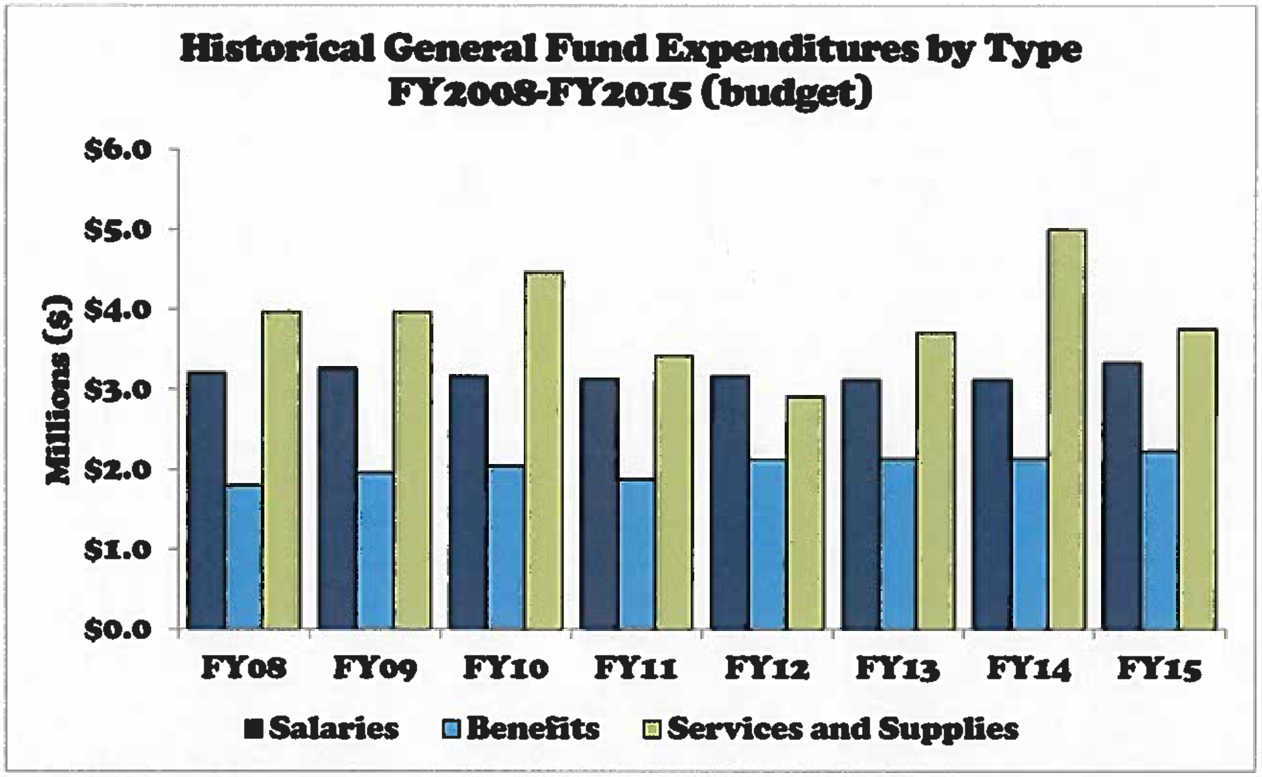


Numbers in $ Millions – source: FY 2007 through FY 2014 CAFRs

A fourth revenue source, specifically fees for planning and building services, experienced a decline in FY 2014. In FY 2013, actual license and permit revenue totaled nearly $440,000 and in FY 2014, actual revenue totaled slightly over $300,000. Other sources of General Fund revenue include in-lieu vehicle license fees, fines, penalties, interest earnings, rents, and other charges for services. These revenues have remained relatively flat or experienced slight increases over the past few years.

City Expenses

In response to the Great Recession and related decline in revenues, the City worked diligently to reduce its operating costs, achieved mostly by reductions in staffing. The City has established and maintains 21% Assigned General Fund Reserve of budgeted operating expenditures. In addition, the FY 2014-15 budget had indicated an Unassigned General Fund reserve of $2.26 million. However, following the completion of the FY 2013-14 Comprehensive Annual Financial Report, this amount was reduced to $1.29 million.



	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15
Salaries	$3.2	$3.3	$3.2	$3.1	$3.1	$3.1	$3.1	$3.1
Benefits	$1.8	$1.9	$2.0	$1.9	$2.1	$2.1	$2.1	$2.1
Services & Supplies	$4.0	$4.0	$4.5	$3.4	$2.9	$3.7	$5.0	$3.7
Total	**$9.0**	**$9.2**	**$9.7**	**$8.4**	**$8.2**	**$9.0**	**$10.2**	**$9.3**

***Numbers in millions*

This period of retraction was difficult on the City, with reductions coming in the following areas and are described in more detail below:

- **Preservation of Service Levels:** A major focus during the recession was to achieve cost savings by reducing staffing levels and deferring maintenance while preserving service levels.

- **Administrative Staffing:** Throughout the City, mostly administrative positions were eliminated in an effort to preserve services to the community. This approach can work in the short term to weather an economic downturn, but within a few years, the backlog of work and the inability to meet legally required mandates grows exponentially, resulting in an exhausted staff, potential legal exposure, and a frustrated community.

- **Capital Projects:** Few projects have been funded through the General Fund over the past several years. Due to the City's poor road condition, $1.2 million was budgeted in FY 2014-15 for road repairs. The budgeting of these funds results in an estimated General Fund unreserved fund balance of $1.09 million, which is being adjusted per the FY 2013-14 CAFR to $.1 million.

- ***Salary and Benefit Costs:*** *Personnel costs, which include salaries and benefits, make up more than 60% of the City's General Fund expenditures in the FY 2014-15 Adopted Budget. Both the Police Officers Foundation and St. Helena Employees Association agreed in their recent contracts to contribute more towards the employer's PERS contribution, while also receiving modest salary increases to offset these contributions. These actions have helped to reduce the City's pension contributions.*

  Subsequent reforms enacted independently by the City to create a second benefit tier for employees hired after July 2012 and reforms implemented by the Public Employees' Pension Reform Act of 2013, will eliminate enhancements prospectively and have required the City's employees to contribute more toward their benefits.

  Most recently, CalPERS recalculated pension contributions to include a higher rate related to mortality, resulting in an increase in the City's PERS contribution that will be effective in FY 2017 through FY 2023. This rate increase is in addition to the rate increase announced in April 2013, which will become effective in FY 2015-16. Also, for FY 2016, PERS created a new contribution formula that includes an annual lump sum employer payment of unfunded liability. These changes result in a nearly 25% increase in employer PERS contribution for FY 2016 and estimated 4% increases thereafter.

- ***Supplies and Services:*** *An area of major expense reductions was in the area of supplies and services. However, supplies and services are increasing annually due to cost increases in equipment, materials and consulting services. In FY 2014 expenditures increased by nearly $1.0 million due to the $1.9 million refund paid to grantors related to the City's flood response.*

Forecast Revenues and Expenses

The City has worked diligently during these challenging and volatile economic times to manage its budget. Reductions in expenditures have resulted in revenues exceeding expenses in the last four years. At the same time, the City is experiencing cost pressures from CalPERS' contribution rate increases, health premiums, merit & salary increases, along with general CPI increases that put this trend at risk. In addition, the City has not been putting monies aside for the long-term funding for recapitalization of facilities, parks, information technology or streets. This has led to significant current funding needs, which will only increase in the future and/or result in severe deterioration of the City's building and infrastructure assets if not addressed in the near term.

The forecasts included in this plan have been made for revenues and expenses over the next ten fiscal years based on the best available information. Due to the volatile and unpredictable nature of General Fund revenues, two revenues scenarios have been developed for this forecast: one with a baseline and a second that is a baseline with a minor recession. Two expense forecasts are used for this plan, one that focuses on operating expenses, while the second includes the financial challenges in addressing the City's asset recapitalization needs. This section discusses these two forecasts.

Revenues

Projections of future revenue are based on a set of assumptions at a point in time and intended to highlight trends and should be updated annually. Because the City's three major revenue sources for the General Fund (property, sales and transient occupancy taxes) are affected by the economy, significant changes in the local, regional and national economic outlook, positive or negative, can shift these revenue sources significantly. As realized in the reductions in revenue that started in FY 2009-10, history is not always a reliable indicator of the near future. That being said, this plan assumes in the forecasts that recent improvements in economic conditions locally and nationally will continue at a modest pace over the next several years. The baseline forecast predicts a modest but still positive (optimistic) forecast, while the baseline with a minor recession includes a very minor recession for three years.

To capture the uncertainty of revenue growth, this forecast includes two revenue scenarios:

- **Baseline** - The baseline revenue growth estimate is based on a continuing modest economic recovery. This forecast is similar to the actual revenue growth the City incurred over the last ten years. However, economic history shows that over a ten year period, the country always experiences a recession. Therefore, this baseline forecast can be considered optimistic, but still conservative.

- **Baseline with a minor recession** – this forecast generally follows the baseline forecast but illustrates the impact of a minor recession in FY 2018 through FY 2020.

The table below shows the escalator assumptions for the revenue sources under these two scenarios. The difference in the revenue forecasts between the baseline and baseline with a minor recession are in sales tax, property tax, and transient occupancy taxes.

Revenue	Baseline Forecast Growth Per Year	Baseline with Recession Growth Per Year
Property & VLF Tax	3%	2 to 3%
Sales Tax	3%	-1 to 3%
Transient Occupancy Tax	4%	2% to 4%
Other Taxes	4%	4%
Licenses and Permits	0%	0%
Other Revenue	5%	5%

The City's major revenue categories are discussed below, as well as the assumptions used for each forecast.

Property Taxes. After three years of flat revenues of a moderate decline , property tax revenue began increasing again in FY 2013. This increase is due to rising property values from existing homes and the sale of homes. St. Helena is projected to experience minor new development over the next ten years. Increases in property tax are based mostly on increases in property values.

- **Baseline** - Under the City's baseline growth scenario, property taxes are assumed to grow at an annual increase of 3%, which assumes full Proposition 13 increases of 2.0% per year plus an additional 1% increase due to property turnover and new growth, for a total forecast growth rate of 3%.

- **Baseline with a minor recession –** In this scenario, property taxes follow the same annual increase of 3% except during FY 2018-2020 when the annual increase is reduced 2% annual and returns to 3% in FY 2021.

Sales Tax. Growth in sales tax depends on a variety of factors but for St. Helena it is the economy and tourism that have the largest impact. Five-year sales tax projections are provided to the City by MuniServices, the City's sales tax consultant. MuniServices provides growth scenarios for the City on a quarterly basis.

- **Baseline** - The 3% annual growth level assumes moderate growth in sales taxes in line with long-term inflationary expectations.

- **Baseline with a minor recession –** This projection assumes an annual growth rate of 3% each year. A minor recession in fiscal years FY 2018 through 2020, reduces sales tax growth to 1% in the first year, -1% in the second year and 1% in the third year. The 3% escalator is reinstated in FY 2021.

Transient Occupancy Tax (TOT). The City charges 12% transient occupancy tax on all overnight stays when occupying a room or rooms or other living space in a hotel, inn, tourist home or house, motel or other lodging (defined below) unless the stay is for a period of 31 days or more.

- **Baseline** – Under the City's baseline growth scenario, TOT is projected to increase 4% annually. In addition, the opening of the Las Alcobas Hotel is projected for FY 2016-17 with an additional $500,000 in TOT. The following two fiscal years each include $200,000 in additional revenue for a total of $900,000 annually in additional TOT by FY 2019-20.

- **Baseline with a minor Recession** – TOT is projected to increase 4% and is reduced to 2% for FY 2017-18 through FY 2019-20 and returns to 4% through the end of the forecast. The additional TOT from Las Alcobas is included at the same rate as in the baseline forecast.

Other Taxes, Licenses, Permits and Other Revenues. These revenues comprise the remaining 25% of the General Fund revenues and their escalating assumptions range from 0% increase for licenses and permits; 1% for interest and rents, 2.4% for charges for services and 5% for other revenues.

Expenses

The City's expense profile includes a combination of costs that the City controls and does not control. For example, the City controls labor costs to the extent that it authorizes a certain number of positions and negotiates labor contracts that govern pay and benefits. Pension costs, on the other hand, (the result of past labor negotiations and CalPERS contracts) are a cost the City has little control over in the near term. The third category for expenses is services and supplies. This category includes most non-labor expenditures.

The major assumptions in the City's cost projections are included in the table below and are further discussed thereafter.

Forecast Expense Assumptions		
Expense	Growth per Year	Notes
Salaries	2.5%	Increases based on merits and moderate CPI
Pension Costs	-8% to 22%	Based on PERS estimates
Health Premiums	6%	Experience and industry projections
Other Benefits	3.8%	Moderate growth compared to health care
Services and Supplies	4.5%	Lower growth rate than last two years

Salaries. For the projection, salaries are assumed to grow at a modest rate of 2.5% per year. Without any changes to staffing totals or the granting of any significant salary increases, this represents the anticipated cost of step increases for those employees not at top step, as well as very modest cost of living increases. Over the past two years, the City has added a few select, critical positions. This expense scenario does not include additional positions. New services, unfunded mandates and other demands will require the addition of positions over the next ten years.

Pension Costs. The City is a part of the California Public Employees Retirement System (CalPERS) and is required to pay an employer contribution toward the contracted pension benefits as determined by CalPERS. City employees pay a portion of pension costs based on a CalPERS formula and some employees contribute more through negotiated cost sharing.

Pension cost projections are provided by CalPERS on an annual basis. In addition, rate increases for the mortality rate adjustment are also factored into this forecast as well as the unfunded liability payment being imposed in FY 2015-16. These factors result in a 25% increase in the City's PERS contribution for FY 2015-16. In the following years, the contribution rates fluctuate from an increase of 9% to a decrease of 9% and finally level off to 1% increase in the last few years of the forecast.

Health Premiums. The City pays 100% of employee health care premiums. This means that as premiums rise, the City's contribution increases as well. Based on recent history and expectations for increases over the next decade, the City assumes health premium costs will increase 6% per year. However, the City's is a member of the Redwood Empire Municipal Insurance Foundation (REMIF) which is currently exploring a self-funded program for health care. If this can be accomplished, REMIF is projecting that for the first few years, the member cities would experience no cost increases. More information will be forthcoming as REMIF continues work on this proposal.

Other Benefits. In addition to health premiums, the City provides dental and vision care to employees. This is not expected to increase as fast as health premiums and is projected to rise at an average of 3.8% per year.

Services and Supplies. These non-employee costs were reduced during the Great Recession but have increased in recent years. These costs are projected to increase at a modest rate of around 4.5% per year through the projection period. However, this projection may be too low as material costs and operational needs are already being identified as near term needs. In addition, with the limited capacity of full-time staff, the City retains consultants to perform necessary work.

Also included in this category is the State Revolving Fund Loan annual payment of $528,000 beginning in FY 2016. Measure A funds are not available to cover this loan amount as had been the case since the debt was incurred in FY 2009 for the partial funding of the flood control project. As this is a long term obligation, it is factored into the expense budget for all ten years of the forecast. Upon release of the Measure A funds in FY 2018, the City will have options regarding use of these remaining funds estimated to be approximately $4.5 million.

Assigned General Fund Reserve at a minimum 25%. Based on an informal Council goal and industry best practices, the City's Assigned General Fund reserve should be 25% of budgeted operating expenditures. This goal is not achieved in either of the revenue scenarios and unachievable when expenditures toward asset recapitalization are illustrated.

The graphs and tables below show the results of the revenue projections as compared to the expense projection.

Scenarios

The following section illustrates the two revenue forecasts, both of which utilize the same expense forecast.

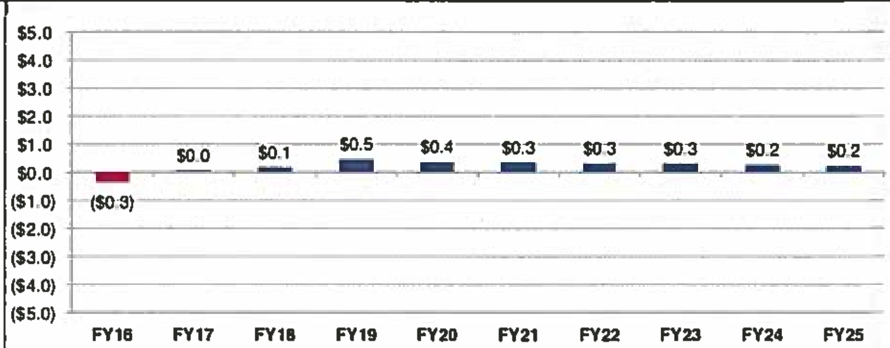
Baseline Revenue Forecast – Net Operating Revenues

The baseline revenue growth estimate is based on a continuing modest but optimistic economic recovery. This forecast is similar to the actual revenue growth the City incurred over the last ten years.

Baseline Revenue Forecast

	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Revenues											
Property Taxes & VLF	$3.4	$3.9	$4.0	$4.2	$4.3	$4.4	$4.6	$4.7	$4.8	$5.0	$5.1
Sales Tax	$2.5	$2.6	$2.7	$2.8	$2.9	$3.0	$3.0	$3.1	$3.2	$3.3	$3.4
Transit Occupancy Tax	$1.7	$1.8	$2.4	$2.7	$3.0	$3.1	$3.2	$3.3	$3.5	$3.6	$3.8
Other Taxes	$0.2	$0.2	$0.3	$0.3	$0.3	$0.3	$0.3	$0.3	$0.3	$0.3	$0.3
Licenses and Permits	$0.5	$0.5	$0.5	$0.5	$0.5	$0.5	$0.5	$0.5	$0.5	$0.5	$0.5
Other Revenues	$0.9	$1.0	$1.0	$1.1	$1.1	$1.2	$1.2	$1.3	$1.4	$1.4	$1.5
Total Revenues	**$9.4**	**$10.1**	**$10.9**	**$11.4**	**$12.0**	**$12.4**	**$12.8**	**$13.3**	**$13.7**	**$14.2**	**$14.7**
Expenses											
Salaries	($3.3)	($3.4)	($3.5)	($3.6)	($3.7)	($3.8)	($3.8)	($3.9)	($4.0)	($4.1)	($4.2)
PERS	($0.9)	($1.1)	($1.2)	($1.3)	($1.2)	($1.3)	($1.3)	($1.3)	($1.3)	($1.4)	($1.4)
Health Premiums	($0.8)	($0.9)	($0.9)	($1.0)	($1.0)	($1.1)	($1.1)	($1.2)	($1.3)	($1.4)	($1.4)
Other Benefits	($0.5)	($0.5)	($0.5)	($0.5)	($0.5)	($0.5)	($0.6)	($0.6)	($0.6)	($0.6)	($0.7)
Services & Supplies	($3.8)	($4.5)	($4.7)	($4.9)	($5.2)	($5.4)	($5.6)	($5.9)	($6.2)	($6.4)	($6.7)
Total Expenses	**($9.3)**	**($10.4)**	**($10.8)**	**($11.3)**	**($11.6)**	**($12.1)**	**($12.5)**	**($13.0)**	**($13.4)**	**($13.9)**	**($14.4)**
Net Operating Revenues		**($0.3)**	**$0.0**	**$0.1**	**$0.5**	**$0.4**	**$0.3**	**$0.3**	**$0.3**	**$0.2**	**$0.2**
Beginning Assigned GF Reserve	**$2.0**	**$2.1**	**$1.8**	**$1.8**	**$1.9**	**$2.4**	**$2.7**	**$3.0**	**$3.3**	**$3.6**	**$3.9**
Operating Surplus/(Deficit)		**($0.3)**	**$0.0**	**$0.1**	**$0.5**	**$0.4**	**$0.3**	**$0.3**	**$0.3**	**$0.2**	**$0.2**
Net Assigned GF Reserve		**$1.8**	**$1.8**	**$1.9**	**$2.4**	**$2.7**	**$3.0**	**$3.3**	**$3.6**	**$3.9**	**$4.1**
Assigned GF Reserve of 25%		**$2.6**	**$2.7**	**$2.8**	**$2.9**	**$3.0**	**$3.1**	**$3.2**	**$3.4**	**$3.5**	**$3.6**
Assigned GF Reserve surplus/(deficit)		($0.8)	($0.9)	($0.9)	($0.5)	($0.3)	($0.1)	$0.1	$0.2	$0.4	$0.4
Ending Unassigned GF Reserve	**$0.1**							**$0.1**	**$0.3**	**$0.7**	**$1.2**

Key Assumptions:
1) Sales taxes grow at 3.0% per year
2) Property taxes grow at 3%per year FY 15/16 adjusted to CAFR actuals
4) Salary expense grows at 2.5% per year (COLA). No change in headcount for 10 years
5) PERS expense includes cost of recent actuarial assumption changes approved by CalPERS board in April 2013 and February 2014 and estimates for issued Oct 2014
6) Beginning Unassigned GF Reserve adjusted per the FY 2013-14 CAFR



Baseline with a minor recession – Net Operating Revenues

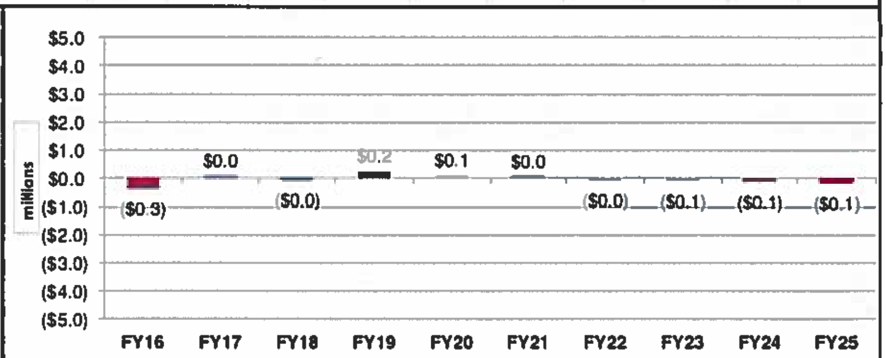
The baseline with a minor recession forecast assumes the same level of revenue growth as the baseline however a minor recession is included in FY 2018 through 2020.

Baseline Revenue Forecast (Recession)

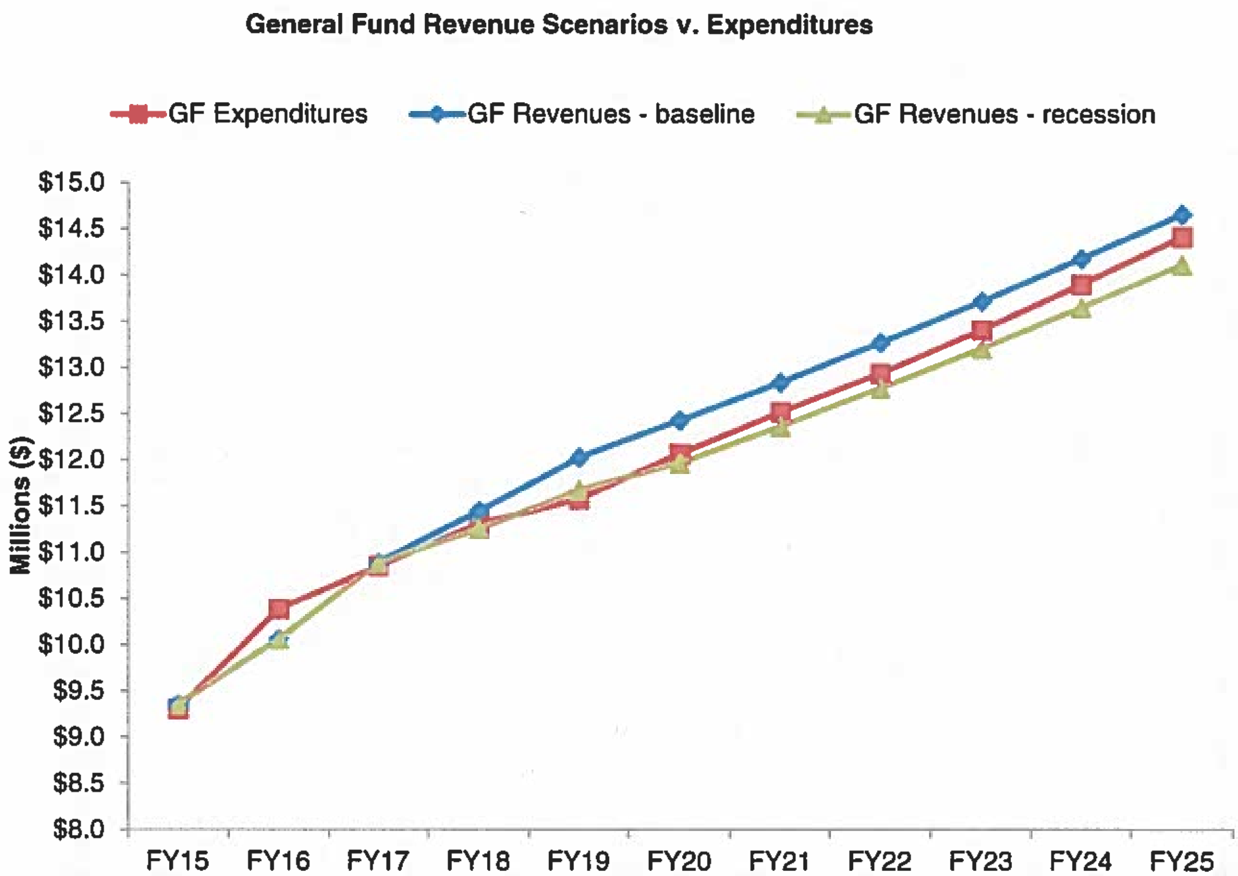
	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Revenues											
Property Taxes & VLF	$3.4	$3.9	$4.0	$4.1	$4.2	$4.3	$4.4	$4.6	$4.7	$4.8	$5.0
Sales Tax	$2.5	$2.6	$2.7	$2.7	$2.7	$2.8	$2.9	$3.0	$3.0	$3.1	$3.2
Transit Occupancy Tax	$1.7	$1.8	$2.4	$2.7	$3.0	$3.1	$3.2	$3.3	$3.5	$3.6	$3.8
Other Taxes	$0.2	$0.2	$0.3	$0.3	$0.3	$0.3	$0.3	$0.3	$0.3	$0.3	$0.3
Licenses and Permits	$0.5	$0.5	$0.5	$0.5	$0.5	$0.5	$0.5	$0.5	$0.5	$0.5	$0.5
Other Revenues	$0.9	$1.0	$1.0	$1.1	$1.1	$1.2	$1.2	$1.3	$1.4	$1.4	$1.5
Total Revenues	$9.4	$10.1	$10.9	$11.3	$11.8	$12.1	$12.5	$13.0	$13.4	$13.8	$14.3
Expenses											
Salaries	($3.3)	($3.4)	($3.5)	($3.6)	($3.7)	($3.8)	($3.8)	($3.9)	($4.0)	($4.1)	($4.2)
PERS	($0.9)	($1.1)	($1.2)	($1.3)	($1.2)	($1.3)	($1.3)	($1.3)	($1.3)	($1.4)	($1.4)
Health Premiums	($0.8)	($0.9)	($0.9)	($1.0)	($1.0)	($1.1)	($1.1)	($1.2)	($1.3)	($1.4)	($1.4)
Other Benefits	($0.5)	($0.5)	($0.5)	($0.5)	($0.5)	($0.5)	($0.6)	($0.6)	($0.6)	($0.6)	($0.7)
Services & Supplies	($3.8)	($4.5)	($4.7)	($4.9)	($5.2)	($5.4)	($5.6)	($5.9)	($6.2)	($6.4)	($6.7)
Total Expenses	($9.3)	($10.4)	($10.8)	($11.3)	($11.6)	($12.1)	($12.5)	($13.0)	($13.4)	($13.9)	($14.4)
Net Operating Revenues		($0.3)	$0.0	($0.0)	$0.2	$0.1	$0.0	($0.0)	($0.1)	($0.1)	($0.1)
Beginning Assigned GF Reserve	$2.0	$2.1	$1.8	$1.8	$1.8	$2.0	$2.0	$2.0	$2.0	$2.0	$1.9
Operating Surplus/(Deficit)		($0.3)	$0.0	($0.0)	$0.2	$0.1	$0.0	($0.0)	($0.1)	($0.1)	($0.1)
Net Assigned GF Reserve		$1.8	$1.8	$1.8	$2.0	$2.0	$2.0	$2.0	$2.0	$1.9	$1.7
Assigned GF Reserve of 25%		$2.6	$2.7	$2.8	$2.9	$3.0	$3.1	$3.2	$3.4	$3.5	$3.6
Assigned GF Reserve surplus/(deficit)		($0.8)	($0.9)	($1.1)	($0.9)	($1.0)	($1.1)	($1.2)	($1.4)	($1.6)	($1.9)
Ending Unassigned GF Reserve	$0.1										

Key Assumptions:

1) Sales taxes grow at 3.0% per year reduced to 1% in FY 18, -1% in FY 19 and 1% in FY 20
2) Property taxes grow at 3%per year reduced to 2% in FY 18-20
3) TOT grows at 4% per year reduced to 2% in FY 18-20
4) Salary expense grows at 2.5% per year (COLA). No change in headcount for 10 years
5) PERS expense includes cost of recent actuarial assumption changes approved by CalPERS board in April 2013 and February 2014 and estimates for issued Oct 2014



In summary, the graph below illustrates the two revenue projections when compared to the projected expenses.



In addition to general operating expenses, the City has capital assets it is responsible for maintaining and replacing when their useful life has expired. Like many cities in California, St. Helena has significantly reduced its General Fund contribution to preventative and ongoing maintenance of its capital assets.

The City has not set aside adequate funds to recapitalize its major assets to rehabilitate or replace assets for streets, parks, buildings and information technology as needed. In the FY 2014-15 Adopted Budget, the City created two replacements funds; one for equipment in which $30,000 was set aside; and a second for buildings for which $25,000 was set aside. This section discusses these major areas of asset recapitalization and steps the City should be taking to develop asset plans and funding reserves in an effort to put aside adequate funds to maintain these important City assets.

The City's water and wastewater long-term rehabilitation is funded and allocated through the water and wastewater enterprise fund and is not included in this analysis.

The City is responsible for maintaining government buildings, parks, and streets and must also ensure adequate and secure information technology for both the staff and citizens to store and access information.

Buildings – The City owns and maintains approximately 64,000 square feet of government buildings including city hall, fire station, Carnegie Building, library, police station and park restrooms. In 2012, the City eliminated the Government Buildings function within Public Works. Since then, existing staff and some privatization of services have been used to keep the buildings operating. Recently, the Parks crews have assumed the government buildings duties. No preventative maintenance has been performed in nearly three years. The City established a building replacement fund in FY 2014-15 to cover major repairs or to replace buildings and deposited $25,000.

Best practices in building management require, what is often referred to as the recapitalization of these assets. This means the replacement of building sub-systems (e.g., roofs, electrical distribution equipment, HVAC, floor coverings, parking lots, paving, fire alarms, etc.) that wear out over time.

There are several ways to fund these improvements:

1) **Pay for expenses as they occur from available operating funds.** A pay-as-you-go approach to maintaining government buildings only works when the City has created a facilities replacement reserve to fund needed major subsystem replacements. The City is not reinvesting in facilities, and there is a backlog of deferred items from at least 1990 on city hall and the police station just to name two significantly deteriorated buildings. As a result, a pay-as-you-go funding mechanism cannot provide the adequate annual funding needed to maintain and replace needed subsystems.

2) **Set monies aside as a percent of building value.** It is common to set aside funds based on building value. A common amount is 1% to 2% of a building's value

3) **Forecast replacement costs and dates** for subsystems and set monies aside sufficient to replace these systems as needed. Under this method, the City reviews the age and condition of each major subsystem, estimates the replacement cost and date, and develops a funding plan that would allow for proper replacement of subsystems over time. This option provides a good estimate of actual needs.

Parks – The City owns 10 parks and four pathways totaling approximately 40 acres. The Parks crews maintain all the parks and pathways, and as noted above now also maintains the government buildings. The City has not established an asset replacement fund to cover major repairs or replace equipment.

Having monies to replace play structures, resurface courts, and re-seed fields is not only a safety issue but community enjoyment issue for the City. The City should develop a park asset plan which would identify the cost of recapitalization of park assets which would be based on an average number of assets per year for replacement based on lifespan and estimated cost of each unit. Funding options for recapitalization of park assets is identical to those listed above for buildings.

Information Technology – The City contracts with a private IT consultant company to provide its network, PC and service needs. It has become industry standard to replace PCs every 3-5 years and to make enhancements to servers, storage and other IT equipment annually. The City established a computer replacement fund in FY 2014-15 and deposited $30,000 into the fund. Generally, PC replacements and other IT infrastructure and equipment are funded from the annual operating budget.

The City should develop an IT strategic plan that identifies the hardware, software, network, storage and security needs for the next five years. Currently, the City's IT infrastructure is outdated and insufficient to meet current storage, operational and security needs. In addition, funding is only available to support one technician on site for 12 hours a week. For a $20 million organization, this level of technical staffing is not sufficient. Funding for the recapitalization of IT assets is identical to those listed above for buildings.

Streets – The City is responsible for 26 centerline miles of roadway. The Pavement Management Plan, presented to Council in February 2015 provided estimates for maintaining and improving the City's streets. The Plan shows that an additional $1.25 million of annual road maintenance is inadequate to maintain the City's streets at a Pavement Management Index of 58. An investment of $2.5 million annually would maintain the Pavement Management Index at 58 and an investment of $3.5 million annually would increase the Pavement Management Index to 63. In FY 18, Measure T is expected to provide the City with approximately $665,000 annual for pavement management projects. This revenue is included only in the asset recapitalization scenario, as it can used only for pavement management projects.

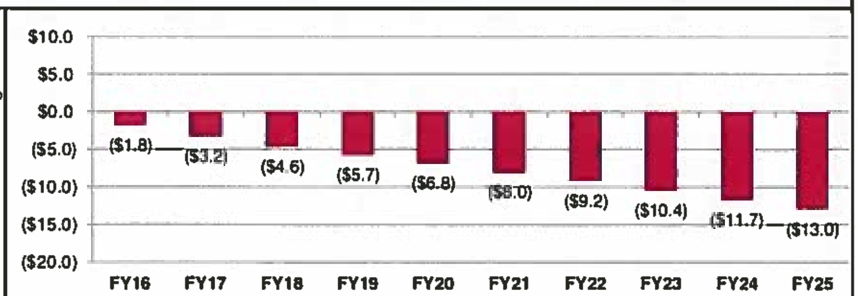
Funding for roadway maintenance is funded by State Gas Tax monies. The FY 2014-15 Adopted Budget estimates the City will receive approximately $160,000 annually from source. These revenues are not nearly enough to keep up with the maintenance requirements. Unfortunately, as roadways deteriorate, the cost of returning the roadways to adequate conditions rise significantly. For example, a roadway that could be maintained by periodic sealing and re-paving may require complete reconstruction if not maintained properly.

To illustrate the financial challenges faced by the City related to asset recapitalization, the following chart depicts a revenue scenario using the baseline forecast and $1.6 million annual expenditure for asset recapitalization. This includes $1.25 million for pavement projects and $300,000 for parks and building maintenance, and $50,000 for IT assets. With inadequate revenue to cover this minor contribution towards asset recapitalization, the net operating budget experiences a nearly $13 million deficit by FY 2025. Over the 10 year period, total unfunded operating expenses are estimated at $74.2 million.

Baseline Revenue Forecast (optimistic) with Asset Recapitalization

	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Revenues											
Property Taxes & VLF	$3.4	$3.9	$4.0	$4.2	$4.3	$4.4	$4.6	$4.7	$4.8	$5.0	$5.1
Sales Tax	$2.5	$2.6	$2.7	$2.8	$2.9	$3.0	$3.0	$3.1	$3.2	$3.3	$3.4
Transit Occupancy Tax	$1.7	$1.8	$2.4	$2.7	$3.0	$3.1	$3.2	$3.3	$3.5	$3.6	$3.8
Other Taxes	$0.2	$0.2	$0.3	$0.3	$0.3	$0.3	$0.3	$0.3	$0.3	$0.3	$0.3
Licenses and Permits	$0.5	$0.5	$0.5	$0.5	$0.5	$0.5	$0.5	$0.5	$0.5	$0.5	$0.5
Other Revenues*	$2.2	$1.0	$1.0	$1.1	$1.1	$1.2	$1.2	$1.3	$1.4	$1.4	$1.5
Total Revenues	**$10.6**	**$10.1**	**$10.9**	**$11.4**	**$12.0**	**$12.4**	**$12.8**	**$13.3**	**$13.7**	**$14.2**	**$14.7**
Expenses											
Salaries	($3.3)	($3.4)	($3.5)	($3.6)	($3.7)	($3.8)	($3.8)	($3.9)	($4.0)	($4.1)	($4.2)
PERS	($0.9)	($1.1)	($1.2)	($1.3)	($1.2)	($1.3)	($1.3)	($1.3)	($1.3)	($1.4)	($1.4)
Health Premiums	($0.8)	($0.9)	($0.9)	($1.0)	($1.0)	($1.1)	($1.1)	($1.2)	($1.3)	($1.4)	($1.4)
Other Benefits	($0.5)	($0.5)	($0.5)	($0.5)	($0.5)	($0.5)	($0.6)	($0.6)	($0.6)	($0.6)	($0.7)
Services & Supplies	($3.8)	($4.5)	($4.7)	($4.9)	($5.2)	($5.4)	($5.6)	($5.9)	($6.2)	($6.4)	($6.7)
Total Expenses	**($9.3)**	**($10.4)**	**($10.8)**	**($11.3)**	**($11.6)**	**($12.1)**	**($12.5)**	**($13.0)**	**($13.4)**	**($13.9)**	**($14.4)**
Net Operating Revenues	**$1.3**	**($0.3)**	**$0.0**	**$0.1**	**$0.5**	**$0.4**	**$0.3**	**$0.3**	**$0.3**	**$0.2**	**$0.2**
Unassigned General Fund Reserve (per forecast)	$1.3		$0.0	$0.0	$0.0	$0.0	$0.0	$0.1	$0.5	$0.9	$1.5
Asset Recapitalization - Pavement	($1.1)	($1.3)	($1.3)	($1.3)	($1.3)	($1.3)	($1.3)	($1.3)	($1.3)	($1.3)	($1.3)
Asset Recap - Other	($0.2)	($0.3)	($0.3)	($0.3)	($0.3)	($0.3)	($0.3)	($0.3)	($0.3)	($0.3)	($0.3)
Net Operating Revenues with Asset Recap	**$0.0**	**($1.8)**	**($3.2)**	**($4.6)**	**($5.7)**	**($6.8)**	**($8.0)**	**($9.2)**	**($10.4)**	**($11.7)**	**($13.0)**

Key Assumptions:
1) Sales taxes grow at 3.0% per year
2) Property taxes grow at 3% per year FY 15/16 adjusted to CAFR actuals
4) Salary expense grows at 2.5% per year (COLA). No change in headcount for 10 years
5) PERS expense includes cost of recent actuarial assumption changes approved by CalPERS board in April 2013 and February 2014 and estimates for issued Oct 2014
6) Includes $665,000 in revenue beginning in FY 18 for Measure T pavement maintenance
*7) FY 15 includes $1.29 GF unreserved fund balance for Asset Recapitalization



City of St. Helena
Annual Strategic Planning Meeting
February 27, 2015 9 am-4 pm
Meeting Notes

9:00 A.M. (Fire Dept. Conference Room)

1. **CALL TO ORDER AND ROLL CALL**
   Mayor Galbraith called the meeting to order at 9:00 A.M. Council Members present: Peter White, Sharon Crull, Paul Dohring and Greg Pitts. Mayor Galbraith introduced Dr. Bill Mathis, who is the professional facilitator for this meeting.

2. **PUBLIC COMMENT**
   - Three things: 1) broaden horizons, 2) think big, need long-view perspective and be visionary with big ideas, 3) set quantifiable goals and accountability in meeting our goals
   - Four principles for budget: 1) say yes, 2) we have jewels in our community like the library and fire house, 3) think of bigger pie vs. cutting, more money with services, 4) align decisions with values of citizens, such as education, open space, bringing people in, sense of community, contribution of workers, safe schools and access.
   - Would like to see more patrolling on streets that have higher traffic volumes or known problems
   - Keep family values in mind, family programing is key and consider what is already working such as the Library and Lego Club!
   - Bicycling/Drivers – PD needs to focus on better enforcement; need better bike paths/lanes
   - Difficulties with Budget – we need to look at new ways of organizing government, and what services are funded; this means culture shift – all options need to be on the table, look for synergy with other communities
   - Support of Library – we hope there is a draft report from the meeting today so the community can view and comment on
   - We need more money for our community, we want to see a tax to fix roads and increase safety, especially related to children's safety and student safety
   - Friends of Library: Friends and Foundation continues to fund the Library, citizens /residents are more likely to use services of library than PD or Fire. We should reconsidered roundabouts downtown
   - Our economic reality is a sobering reality, we need to make hard decisions and move forward, but need to understand we can't have everything. Don't be swayed by a few loud voices, these don't fully represent our community, we should focus on revenues and needs

- Economic Development is our highest priority, the business community wants to partner and the Chamber can help with increasing revenue, development fees are driving revenue, economic vitality can be helped by Chamber, we should focus on using an open mind and collaboration
- Revenue should be moved to the top of the priority list, non-profits need fiscal support, partnering can further benefit the community , we should also compare to what other cities are funding

3. PURPOSE OF ANNUAL PLANNING SESSION

City Manager Phillips: We don't have staff capacity to deliver services and staff is struggling to meet required functions. Each department will discuss current roles and responsibilities, and address what is needed to be a functional department with reasonable staffing schedules.

Staff would like feedback from Council so we can prioritize needs. We would also like to hear directly from Council on:

- Council addressing their ideas
- Status of Staff Capacity
- City Manager's Goals
- New Member Integration into Council
- Status of Budget
- Priorities
- Next Steps – March 24th review and adoption of goals and priorities

Dr. Mathis opened a discussion with the Council that focused on the items listed below:

4. COUNCIL'S PERSPECTIVE OF ROLES AND CHALLENGES

- What is my role on Council?
- My approach to City Business?
- 3 Biggest challenges for the day?
- My Ideal Outcomes for the session?

5. CHALLENGES AS SEEN BY COUNCIL

- Ability to deliver core services
- Economic growth vs. stay small (reductions)
- General maintenance vs. falling behind
- Business friendly vs. keeping town character
- Budget reduction impact vs. new ideas/direction

Council Member Dohring:

Role: oversight to make sure we are using our resources justly, equitably and effectively, providing essential core services and maintaining public safety. Approach: To get signal from community; it's what the community wants. Want to hear about core values and our mission statement so that we can better serve the community. Need to know vision and mission before we can move forward with long-term goal setting. Three Challenges: 1) Improving communication with community to effectively manage existing polarities; 2) Maintaining our commitment to seek common ground; 3) Emphasizing the importance of ongoing professional planning and financial expertise. Ideal outcomes from today: not to be gloom and doom but realistic and positive about government. Optimistic as well as a realistic view of City operations

Council Member Crull:

Role – develop policies, policy-making group and look to City staff to execute. Main priority is addressing revenue. Can't cut our way out of this problem, especially with limited ways to raise revenue. Business approach: need to focus, have goals to implement; City Manager Phillips is doing great job of setting the course, however we have out of date record keeping system and need to continue on a better track. Challenges: revenue and engagement with community with a wider group of people and would like to see a more balanced community voice. Outcome – need to feel that we are taking steps forward while getting input from community for their priorities. Need to look at ways to allocate services, outsource, sharing services with other towns, etc.

Council Member Pitts:

To serve as a voice for future generations; our General Plan needs to be put into a financial model; never had this. We need to explore options for engagement like social media. Need to analyze how much revenue we needed to function and focus on approved projects first. Need to get smart and pragmatic about change – there is logic and reason behind decisions. Want more volunteerism and collaboration in our small town. While we're short on money, we need to encourage improvement plans – without building more. Raising occupancy plans and working collaboratively, helping business community. Need to empower volunteers so they can help in all of these needs and desires. Biggest challenge today: be open minded, think big ideas, listen and work through as community. Ideal outcome would be to have an Action Plan.

Council Member White:

Role: Conduit between citizens/City government/staff. Policy maker; making resources available to staff so they can carry out the goals we decide. Need to prioritize goals with revenue for staff to carry out. Need capacity in City Hall to implement. We've cut back in many areas – need to bring all ideas for raising new revenue that we've been talking about for so long. Need to focus on long range goals. We have to provide staff in order for them to carry out. Challenge – Can't say "no" but must say "yes" as we decide from everything on the table what we can proceed on and implement, supporting staff during this process. We're all frustrated.

Mayor Galbraith:

Role: To work collaboratively with colleagues as they work with the City; making decisions that need to be made. Leading Council – We need money; we're revenue short – must identify sources of revenue and then proceed to raise them. Time is short and we need to move now. We have long term issues and need shorter and quicker results; becoming a Charter City will help, move to adopt a property transfer tax, these will help right the ship. Focus on revenue today, move forward with ideas after making decisions after today.

6. **10-YEAR FORECAST/BUDGET 2015-16**

City Manager Phillips: Two critical services: Water and Sewer that must continue and be well managed. General Fund revenue comes from property tax, sales tax, TOT and more. Our organization is working hard to deliver services; some areas are difficult to deliver. We need to organize our revenues, focus on the increases, plan for next recession, look at revenue sources all while working toward a 25% general fund reserve. Haven't hired any new staff except for a couple of part time interim positions; bringing in just enough revenue to cover what's due. We need to do is focus on covering basic operating costs. Our capital assets are our responsibility and include buildings, streets, public safety and technology. Costs are rising, park assets and streets and buildings are not being taken care adequately. Serious building issues will continue and we do not currently have funds or plans to address these issues. Equipment is out of date and needs to be upgraded or replaced, such as police vehicles, computers and software. Really appreciate staff, Council members and the community. We have a dynamic team today with a lot of confidence in them as they work together to make St. Helena amazing.

7. **DEPARTMENT ACTIVITIES, CAPACITY AND NEEDS**

City Manager Phillips – Administration Department: Overview of current staffing in City Manager's office. She explained her current roles, duties, and what her basic job description is as well as her staff's, which are the HR Manager and City Clerk. Additional positions are needed to address the current workload. Council asked about possibility of sharing services, which could be considered. Her priority would be getting records manager/coordinator on board, and an Administrative Assistant to support the two managers. However, although this option covers only functional services, currently there is no room for more staff in City buildings.

Finance Department: Finance Director took Council through the duties, roles, and all that is mandated to get done each year. Additional positions are needed to address the current workload. Council asked about sharing services with neighboring communities and outsourcing grant administration, how current grants are managed and how much grant work one employee can handle. Partnering with other cities and outsourcing may be options but, it would depend on the situation/program and more information would be needed to make this determination.

Fire Department: Fire Chief has a new hire coming in March to serve as Administrative Assistant and explained all current duties and roles of Fire Department. Programs include: fire suppression, safety programs, school programs, on site programs for kids and more. He's paid to work one day per week (Thursdays); however, he works full time on a volunteer basis. Fire dept. will be cross training their new admin asst. with Administration. City Manager is working on emergency preparedness with Fire and other departments will work together to update the plan. Volunteer organization handles 740 calls annually the top three reasons for calls are: 1) medical, 2) falls by elderly, 3) public assist fires.

Library: Library Director presented one chart, as the Library is staffed at a functional level. She explained the structure of employees, volunteers, library advisors and all roles and duties. She talked about Library services and what they offer. If the library budget is cut, services would be impacted. Council asked about the people who use our Library who do not live in St. Helena and was looking for creative opportunities for contributions from users that are not residents. Council also asked about reviewing best practices for small libraries, increasing use of volunteers, automation of services, and other options to help off-set costs.

Planning Department: Community Development, Planning, permits, zoning, etc. Building inspection functions are contracted out and chain of command, roles and duties were discussed. Good relationships and partnerships help in small cities with limited resources. City does not have dedicated staff focused on affordable housing, code enforcement or economic development. Department has come a long way to today; there used to be one person taking care of all duties; now there are three full time permanent staff members in this Planning Department. Also, there is a potential of having a new Planning Director coming on board next month who can help to expedite projects. Council would like to have a new Economic Development Director who can handle issues at hand, oversee all that needs to be completed; there is no capacity currently for anyone to take that on.

Police: Police Chief explained her Org Chart. The department is in need of additional staff to help balance the workload, additional staff would allow for current staff to take vacation and holidays without the managers having to backfill. The department has no administrative support staff. The Police Dog is worth the funding, because in the long run he saves the department money, while building relationships in the community.

Public Works (including Water and Wastewater) – Went through the process of the Department that includes Parks, Wastewater Plant, Encroachment permits, Public Works, all Water issues –

regional, storm water, trees, engineering. Additional staff is needed to ensure all laws and regulations are being met and facilities are properly maintained.

Recreation – With very limited staff (only 2.5 full-time employees), recreation provides summer Camps, Teen Center, Performance, Classes, summer staff, schools, facilities management, temps, sports, high school, summer, summer picnics, working with schools and supplements with the help of volunteers. They also partner with other towns, Calistoga, Yountville to improve and expand programing. Local businesses help to underwrite some of the costs in Soccer and other sports and a scholarship fund is currently being evaluated.

8. Council Discussion / Priorities & 9. Priority Setting/Goal: 2015-16

Highest needs/Projects by Council Member

Mayor Galbraith:

1. City's revenue - 1½ % Property Transfer Tax
2. Look at our Fees
3. Utility Enterprises

Council Member Dohring:

1. Start with Mission and Goals
2. Agrees with Mayor on his goals
3. Infrastructure

Council Member Pitts:

1. Solid long term financial plan
2. Transportation
3. Alternative Housing = Shared Service

Council Member Crull:

1. Right hotel, facelift, right fit in community
2. Looking at fees
3. Agrees with above

Council Member White:

1. Revenues
2. Capital Improvement – Reinvestment
3. Economic Development Director

Additionally, Council agreed that the following should be priorities:

- Long term financial plan should be updated annually
- Focus on what the City must have to operate. Grants are important. New hotels facilitated and expansion of existing hotels – either approve and see why approved pieces aren't being done; why are we at 53% when Yountville is 80% occupancy?
    - Existing hotels, occupancy rates
    - Why existing hotels are not expanding
  - Property Transfer tax

Public Comment:

- Thank you so much for doing this; long overdue. Need high wage jobs; develop transportation solutions; streets; cost-benefit for City projects; City sponsored events; build up the middle class; Garden events with food; use professional people in town, retired, volunteers. Campaign for 2/3 vote; parking meters; design review board.
- Support the Transfer tax
- New hotel, Harvest Inn, will be renovated; annex Meadowood,; want to have fun together – revenue raising by community dinner = fun fund raiser
- Long term affordable housing from commercial developers coming in to the city

9. Summary by Council Members/Next Steps

- Thanks to everyone for coming; very educational for us in hearing from staff today; fantastic job. We all need to understand that we don't have cash; we all feel the hit in our revenue problem. Need to become functional – we can get there.
- Appreciate the positive input, all going the same direction; looking forward to progress and support.
- Thank you for coming; incredible group of people. Need to keep moving forward; when we come up with programs and look forward to March 24.
- I (Mayor) do endorse my colleagues and elegance of community input helped me a lot. This was well thought through presentation. Hope that everybody will take the word into the community. We need adequate staff on firm footing. Need revenue – property transfer tax will help us, also the TOT side is mostly in hands of private enterprise. CM has looked down the road and is figuring into her financial forecast. Let's take time to read and understand. Community needs to understand and support us.
- Very optimistic in going forward; can see the staff we have, our City Manager and staff are dedicated to the City. We all need to look at the work being done. We're

committed to fiscal planning, wastewater planning. We're focused in the right direction with competent folks here. Need 2-way communication with all. As we set forth short term goals, need to also plan long term and come up with measurement so we can gauge how well we're doing.

- City Manager – wants to deliver services; is a doer – this has been very helpful to her and staff; very optimistic.

- **Summary of Top 6 Goals by Council - Outline of initiatives to be brought back as goals by March 24, 2015:**
    - Property Tax Transfer Tax
    - Look at all fee schedules and bring back options
    - Utility Enterprise rates and cost with recommendations
    - Set priorities for infrastructure improvements; bring back priorities
    - Bring back long term financial improvement plan – reviewed annually – include hotel completions and new and proposed projects
    - Hire Economic Manager/Assistant City Manager.

- **Present Goals and Priorities to Council for final review and adoption on March 24, 2015.**

Meeting adjourned at 3:32 p.m.

Attachment C

Report to the City Council
Council Meeting of March 24, 2015

Agenda Section: **New Business**

Subject: **Approval of the 2015 Strategic Objectives**

CEQA Status: **Not a project**

Prepared By: **Jennifer Tuell, Assistant to the City Manager (Interim)**

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

BACKGROUND

On February 27, 2015, in a special public meeting City Council met to discuss and develop the Annual Strategic Plan/Objectives. The purpose of this meeting was for City staff provide the Council and community information regarding the current levels of services, department roles and responsibilities, staffing capacity, City organizational structure, City Manager's goals, and financial and organizational challenges. The overall goal of the meeting was for Council to set objectives directing and guiding staff in decision making, and prioritization of work for the upcoming year. Each Council member was able to share their personal views and approach to City business, biggest challenges and ideal outcomes for the meeting. Approximately 35 community members attended the planning session, and the majority stayed for the entire day. Public comment was made available at both the beginning and end of the meeting.

DISCUSSION

Each council member discussed their role on Council and personal views on the current challenges facing St. Helena. Then heard from staff the current activities, roles, responsibilities and capacity of each department. The key discussion topics have been summarized below. For additional information the meeting notes are attached: ***Meeting Notes: 2015 Annual Strategic Planning Meeting.***

City Council: Current Challenges

- Need revenue sources to make the City functional
- Need better understanding of funding needed to be a functional City
- Make educated decisions before implementing projects/changes
- Provide resources to staff, so that Council goals can be implemented
- Community Engagement:

  - Better communication with the residents
  - Find common ground between polarizing opinions
  - Hear a more balance community voice
  - Wider group of people participating in government
  - Better understanding of community priorities
  - Utilization of technology for community input: Social media
- Partner with other organization to share services and resources
- Seek out help from subject matter experts

City Staff: Current Challenges

- Staff is unable to address the current workload with present staffing levels
- Limited staff have done everything possible to maintain service levels even though budgets have been cut, volunteers have been utilized to help fill in some gaps
- Many managers are working well over a 40 hr. work week, and still unable to address workload
- Managers have to fill in for admin level jobs, because there is a very limited pool of employees to back fill for vacations, holidays and sick days
- 20.5 new positions are needed to make departments functional
- Estimated cost of new positions is $2.2M

Department	# of Positions	Est. Annual Cost
City Manager's Office	5	$515,000
Finance	1	$101,000
Fire		
Library		
Planning & Community Improvement	5	$574,000
Police	3.5	$393,000
Public Works	4	$408,000
Recreation	2	$187,000
Totals	**20.5**	**$2,178,000**

Outcome:

After hearing from the public, Council Members and staff, an in-depth discussion about priorities followed. Each Council member discussed their highest priorities, goals and objectives for the coming year. Under a unanimous agreement Council identified six initiatives to focus on in the upcoming year, that all support the goal to **Secure City's Financial Future.** The Strategic Objectives are:

1. **Long-term Revenue Options:**

Explore the adoption of a Property Transfer Tax, coupled with identifying the process to become a Charter City.

2. **Fee Changes:**
Direct staff to review all current and potential City fee schedules, then identify options and areas where changes, increases or addition of new fees would help to close funding gaps. These options will be brought back and presented to Council for consideration.
3. **Financial Assessment of Water & Waste Water:**
Conduct a financial assessment of the Water & Waste Water Enterprise Fund (similar to the Long Range Financial Forecast) and review options that may help to close funding gaps. These options will be brought back and presented to Council for consideration.
4. **Infrastructure Needs:**
Identify infrastructure needs for all City facilities and assets, set priorities and identify the funding needs to make improvements and options for funding and implementation. These plans will be brought back and presented to Council for consideration.
5. **Long Range Financial Forecast (LRFF)**
Implement a standard practice of reviewing the LRFF annually, and more often if applicable. This annual review should include updates on the hotel completion and inclusion of new and proposed projects.
6. **Economic Manager/Assistant City Manager**
Identify ongoing revenue to hire a manager focused on economic development and special projects. This position could also be structured as an Assistant City Manager.

FISCAL IMPACT

Fiscal impacts related to these strategic objectives will be addressed in the upcoming FY 2015/16 Budget, except #6 Economic Manager/Assistant City Manager which is being presented to the Council on this same agenda.

RECOMMENDED ACTION

It is recommended by the City Manager and the Executive Staff team that the Council, by resolution, adopts the goal of Securing the City's Financial Future for the upcoming year, and the six objectives to be implemented in FY 2014-15 and FY 2015/16.

ATTACHMENTS

1. Meeting Notes: 2015 Annual Strategic Planning Meeting
2. Resolution

Attachment D

Report to the City Council
Council Meeting of June 23, 2015

Agenda Section: **Regular Business**

Subject: **Consideration of Resolution No. 2015-70 Adopting Fiscal Year 2015/16 City of St. Helena Annual Budget**

CEQA Status: **Not a CEQA project**

Prepared By: **April Mitts, Finance Director**

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

BACKGROUND

On February 24, 2015, the City Manager presented to the City Council a Long Range Financial Forecast, which provided a high level view of projected General Fund revenues and expenditures over the next ten years. This forecast indicated that with only modest increases in operating expenditures the City was projected to fall short in revenues in the coming years, especially when any type of capital expenditures were included.

In February 2015, the City Council held an all-day goal setting session to discuss priorities for FY 2015-16. The goal of securing the City's financial future was set and six strategic objectives were agreed to that would help guide the City over the year ahead.

On May 11, 2015, staff presented the draft proposed FY 2015-16 budget during a seven-hour workshop. This draft budget was presented with an estimated $1 million General Fund shortfall. Each department presented their proposed budgets and many offered service options for Council consideration and direction for staff to further pursue and analyze for the purpose of reducing expenditures and presenting a balanced proposed budget to Council as required by State law.

On June 9, 2015, the City Manager presented to Council a staff report with proposed General Fund budget reductions and various revenue enhancements (Attachment A). In addition the City Council was presented information about the use of Tweed Trust Funds. After much discussion the Council provided direction to the City Manager regarding the proposed budget reductions and revenue enhancements and adopted Resolution No. 2015-61 (Attachment C) re-establishing governing framework for the administration of the Tweed Trust Funds for St. Helena Public Library. From this direction, staff has finalized the Proposed Fiscal Year 2015/16 Budget which is balanced and being presented to Council for consideration and adoption.

DISCUSSION

General Fund

Seven items were presented to the City Council for budget reduction consideration.

1. Postpone filling the Economic Vitality/Assistant City Manager Position
    - Estimated GF Savings = $118,150
2. Reduce City Attorney Budget by $100,000
    - Estimated GF Savings = $100,000
3. Close City Hall During Winter Holidays - proposal of furloughs for staff
    - Estimated GF Savings = 40,800
4. Library Services - Reduce Library General Fund Budget
    - Estimated GF Savings = $300,000
5. Consolidation of Library and Recreation - proposal to close the Teen Center so the property could potentially be leased or sold
    - Estimated GF Savings = $0
6. Police Department Service Options - Lay off of Police Chief effective June 30, 2015 and appoint Lt. Imboden as Acting Chief
    - Estimated GF Savings = $229,400
7. Fire Department - Expenditure Reductions
    - Estimated GF Savings = $40,000

Following discussion by City Council, items #3 and #5 were removed. After the removal of these items the total General Fund savings is $785,500.

Additional Information Gathered Since the June 9, 2015 Council Meeting

1. Kaiser Health Care Benefits – The City of St. Helena received confirmation from Kaiser that they are lowering their rates for fiscal year 2015/16. This resulted in a 20% reduction in anticipated rates for health care coverage. Total savings is: $118,646. A total of $78,421 for General Fund (101), $23,952 for Water Fund (561), $14,905 for Wastewater Fund (571), and $1,370 for other funds.

2. COPS (224) – The Police Department proposed new equipment that is eligible for the Citizens Options for Public Safety Grant (COPS) because it serves front line officers in the amount of $25,000.

Budget Changes by Department:

NON-DEPARTMENTAL	May 11, 2015 Proposed Budget	June 23, 2015 Proposed Budget
General Fund	$1,745,251	$1,745,739
Water Fund	$1,226,239	$1,226,239
Wastewater Fund	$ 413,931	$ 413,931
Other Funds	$ 627,076	$ 508,270
TOTAL	**$4,012,497**	**$3,894,179**
VARIANCE		**($ 118,318)**

The primary reduction in Non-Departmental is in "Other Funds" and is due to the use of the State Gas Tax. In previous years, the State Gas Tax funds were placed in the General Fund and transferred to the City's individual State Gas Tax funds. For FY 2015/16 these funds will be placed directly into the City's individual State Gas Tax fund accounts.

CITY COUNCIL	May 11, 2015 Proposed Budget	June 23, 2015 Proposed Budget
General Fund	$149,505	$135,877
Water Fund	$ 54,936	$ 52,114
Wastewater Fund	$ 31,392	$ 29,780
TOTAL	**$235,833**	**$217,771**
VARIANCE		**($ 18,062)**

The reduction in City Council is primarily attributed to: (1) the decrease in health care benefit costs through Kaiser and (2) $10,000 erroneously stated in the May 11, 2015 Proposed Budget.

CITY MANAGER	May 11, 2015 Proposed Budget	June 23, 2015 Proposed Budget
General Fund	$622,171	$481,482
Water Fund	$133,221	$110,843
Wastewater Fund	$124,345	$102,100
TOTAL	**$879,737**	**$694,425**
VARIANCE		**($185,312)**

The primary reduction in City Manager is attributed to the postponement of the Economic Vitality Manager position, the secondary reduction is due to the decrease in heath care benefit costs through Kaiser.

FINANCE	May 11, 2015 Proposed Budget	June 23, 2015 Proposed Budget
General Fund	$348,588	$340,917
Water Fund	$273,358	$267,679
Wastewater Fund	$232,598	$228,373
TOTAL	**$854,544**	**$836,969**
VARIANCE		**($17,575)**

The reduction in Finance is primarily attributed to the decrease in health care benefit costs through Kaiser.

CITY ATTORNEY	May 11, 2015 Proposed Budget	June 23, 2015 Proposed Budget
General Fund	$770,000	$670,000
Water Fund	$ 15,000	$ 15,000
Wastewater Fund	$ 15,000	$ 15,000
Affordable Housing	$ 0	$ 2,000
TOTAL	**$800,000**	**$702,000**
VARIANCE		**($98,000)**

The reduction in City Attorney was at the directive of the City Council on June 9, 2015.

PLANNING/BUILDING	May 11, 2015 Proposed Budget	June 23, 2015 Proposed Budget
General Fund	$787,918	$771,928
VARIANCE		**($ 15,990)**

The reduction in Planning/Building is primarily attributed to the decrease in health care benefit costs through Kaiser.

PUBLIC WORKS	May 11, 2015 Proposed Budget	June 23, 2015 Proposed Budget
General Fund	$1,662,849	$1,605,691
Water Fund	$ 452,918	$ 415,674
Wastewater Fund	$ 279,330	$ 273,040
Garage Fund	$ 214,820	$ 212,560
Tree City	$ 73,120	$ 72,533
TOTAL	**$2,683,037**	**$2,579,498**
VARIANCE		**($ 103,539)**

The reduction in Public Works is primarily attributed to the decrease in health care benefit costs through Kaiser.

WATER	May 11, 2015 Proposed Budget	June 23, 2015 Proposed Budget
Water Fund	$2,720,486	$2,768,243
VARIANCE		**$ 47,757**

The increase in the Water fund is primarily due to a combination of the following: (1) a correction from the original budget document increasing the amount the City pays to the City of Napa per the water contract and (2) a decrease in health care benefit costs through Kaiser.

WASTEWATER	May 11, 2015 Proposed Budget	June 23, 2015 Proposed Budget
Wastewater Fund	$897,123	$880,885
VARIANCE		**($ 16,238)**

The reduction in the Wastewater fund is primarily attributed to the decrease in health care benefit costs through Kaiser.

FIRE	May 11, 2015 Proposed Budget	June 23, 2015 Proposed Budget
General Fund	$620,702	$581,893
VARIANCE		**($ 38,809)**

The reduction in Fire is primarily due to the Fire Department expenditure reductions presented to Council on June 9, 2015.

POLICE	May 11, 2015 Proposed Budget	June 23, 2015 Proposed Budget
General Fund	$3,001,920	$2,712,578
Other Funds	$ 103,000	$ 128,800
TOTAL	**$3,104,920**	**$2,841,378**
VARIANCE		**($ 263,542)**

The decrease in the Police Department General fund is primarily due to a combination of the following: (1) the layoff of the Police Chief and appointment of Lt. Imboden as Acting Chief and (2) a decrease in health care benefit costs through Kaiser.

RECREATION	May 11, 2015 Proposed Budget	June 23, 2015 Proposed Budget
General Fund	$ 95,211	$ 93,905
Teen Center	$171,731	$169,263
Bocce Ball	$ 36,982	$ 36,495
Recreation Program	$186,841	$185,292
TOTAL	**$490,765**	**$484,955**
VARIANCE		**($ 5,810)**

The reduction in Recreation is primarily attributed to the decrease in health care benefit costs through Kaiser.

LIBRARY	May 11, 2015 Proposed Budget	June 23, 2015 Proposed Budget
General Fund	$1,079,961	$849,517*
Public Library Foundation	$ 10,353	$ 10,353
California Library Services Act	$ 0	$ 15,000
Napa Valley Now	$ 11,000	$ 6,000
Friends & Foundation	$ 103,901	$111,031
Ryan Trust	$ 10,983	$ 7,000
Tweed Trust	$ 181,753	$ 75,774
TOTAL	**$1,397,951**	**$1,074,675**
VARIANCE		**($ 323,276)**

The reductions and changes in the various Library funds are primarily due to the following: (1) not filling vacated positions, (2) cancellation of a proposed position, (3) reduction of service hours, (4) reduction in part-time staffing, (5) renegotiated contracts, (6) cancellation or reduction of subscriptions, (7) expenditures reallocated to various funds, (8) reduction in library materials and supplies, (9) a decrease in health care benefit costs through Kaiser.

*The target General Fund reduction for the Library was $300,000. To achieve this amount, reductions to the Library would have been too drastic, so the City Manager has worked with Library Staff and the Finance Director to develop the proposed budget which recommends a total General Fund reduction of $230,444.

Notes:
Most expenditure reductions listed above are one time solutions to help close the budget shortfall for fiscal year 2015-16. To address the ongoing structural deficit, the City Manager, Finance Director, Library Director, Library staff, the Library Board of Trustees, and the Friends and Foundation have committed to work over the next year to find more permanent solutions to that will allow Library still produce quality services at a reduced budget.

<u>Final Budget Summary (General Fund, Water Fund, and Wastewater Fund):</u>

GENERAL FUND:

Estimated GF Reserves (total) @ 6/30/15		$2,173,868
Total Revenues	$10,004,816	
Transfers In	$2,984	
Total GF Revenues & Transfers In		$10,007,800
Total Expenditures	($9,665,439)	
Transfers Out	($324,088)	
Total GF Expenditures and Transfers Out		($9,989,527)
Surplus to General Fund Reserve	$18,273	
Estimated GF Reserves (total) @ 6/30/16		$2,192,141
Estimated Reserve Percentage		22%

WATER FUND BUDGET SUMMARY

Water Unrestricted Net Position @ 6/30/14		$6,140,160
Estimated Water Unrestricted Net Position @ 6/30/15		$4,680,824
Total Revenues	$4,581,628	
Total Expenses	($4,855,792)	
Revenue less Expenses		($274,164)
Use of Water Cash	$266,691	
Estimated Water Net Position @ 6/30/16		$4,406,660
Restricted Funds for Water Capital Projects	$3,059,438	
Estimated Water Unrestricted Net Position @ 6/30/15		$1,347,222
Estimated Percentage of Expenses		28%

WASTEWATER FUND BUDGET SUMMARY

Wastewater Unrestricted Net Position @ 6/30/14		$1,550,443
Estimated WW Unrestricted Net Position @ 6/30/15		$328,927
Total Revenues	$2,265,235	
Total Expenses	($1,943,109)	
Revenue less Expenses		$322,126
Use of Waste Water Cash	$0	
Estimated WW Unrestricted Net Position @ 6/30/16		$651,053
Estimated Percentage of Expenses		34%

RECOMMENDED ACTION

Staff recommends adoption of Resolution No. 2015-70 approving Fiscal Year 2015-16 budget.

ATTACHMENTS

Attachment A – Resolution No. 2015-70

Attachment E

Revenue Source Recommendations

Prepared by

Ad Hoc Revenue Source Task Force of St. Helena

February 9, 2016

Contents

Introduction

On September 8, 2015, the City of St. Helena (the City) City Council adopted Resolution 2015-115 authorizing the establishment of an Ad Hoc Revenue Source Task Force (the Task Force) with a mission to review the City's financial challenges and based on this information to evaluate possible additional revenue sources for the City that can gain general consensus in the community and provide adequate revenue to support the City Council's goal of securing the City's financial future. The resolution provided that the Task Force would provide a final report to the City Council by January 2016, to ensure the recommendations can be discussed at the annual goal setting and any required expenses incorporated into the FY 2016-17 Proposed Budget. The Task Force will be dissolved upon submitting its final report to the City Council. City staff, led by City Manager Jennifer Phillips, was directed to guide the process and provide administrative support.

The Task Force was composed of Mayor Alan Galbraith, Vice Mayor Peter White, Planning Commission Chair Sarah Parker, and six community members nominated by the Mayor and approved by the Council. Community members were Chair Donna Hinds, retailer Wayne Armstrong, businessman Cameron Crebs, vintner Katie Leonardini, winemaker Jack Stuart, and consultant Chuck Vondra, all citizens of the City.

City staff who guided and supported the work of the Task Force were Ms. Phillips, Finance Director April Mitts, Planning and Community Development Director Noah Housh, Public Works Director Steve Palmer, and City Clerk Cindy Black. Staff provided background on the City's budget and financial condition, a legal and fiscal primer for California municipalities, and successful examples from other cities.

The Task Force met eight times at City Hall between November 4, 2015 and February 5, 2016. All meetings were open to the public and subject to provisions of the Brown Act. Members of the public attended all meetings and were given opportunities to pose questions and offer suggestions. A reporter from the Saint Helena Star was present at the majority of the meetings.

Members of the Task Force identified, discussed, evaluated, and rejected or approved revenue sources, in order of benefit and feasibility. The recommendations in this report are advisory only. The City Council has the authority to adopt the recommendations it approves and to conduct any further study or public review as necessary. Although the Task Force was briefed by staff on the financial condition and needs of the City, the primary goal of the Task Force was to identify and recommend potential revenue sources that would be useful to the City Council in its deliberations.

Executive Summary

The Task Force spent three months reviewing the City's critical financial challenges and evaluating potential additional revenue sources. Our goal was to identify sources that could gain broad support in the community and feasibly provide adequate revenue to secure the City's financial future. Revenue sources were evaluated during comprehensive, factual discussions, with the full participation of all six community members of the Task Force and technical guidance from City staff and leadership. We considered increases in existing revenue sources as well as new sources.

The Task Force recommends six actions be considered by City Council: 1) Implement the process to increase sales tax by 0.5 percent; 2) Implement the process to increase the City's real estate transfer tax to 1.0 percent; 3) Raise transient occupancy tax revenues by increasing the number of hotel rooms; 4) Proceed with the request for proposal process for the sale of one or more City properties; 5) Proceed toward annexation of contiguous unincorporated lands, in cooperation with Napa County Local Agency Formation Commission (LAFCO) and the County of Napa; and 6) Create an economic development committee comprised of residents, businesses and appropriate City representatives.

It is not our intent that the City Council necessarily implement all of the revenue sources we recommend but rather that they consider them all and enact those that are feasible and sufficient together to secure the City's financial future. The Task Force recognizes that City Council must consider a great variety of revenue sources as the financial needs of the City evolve.

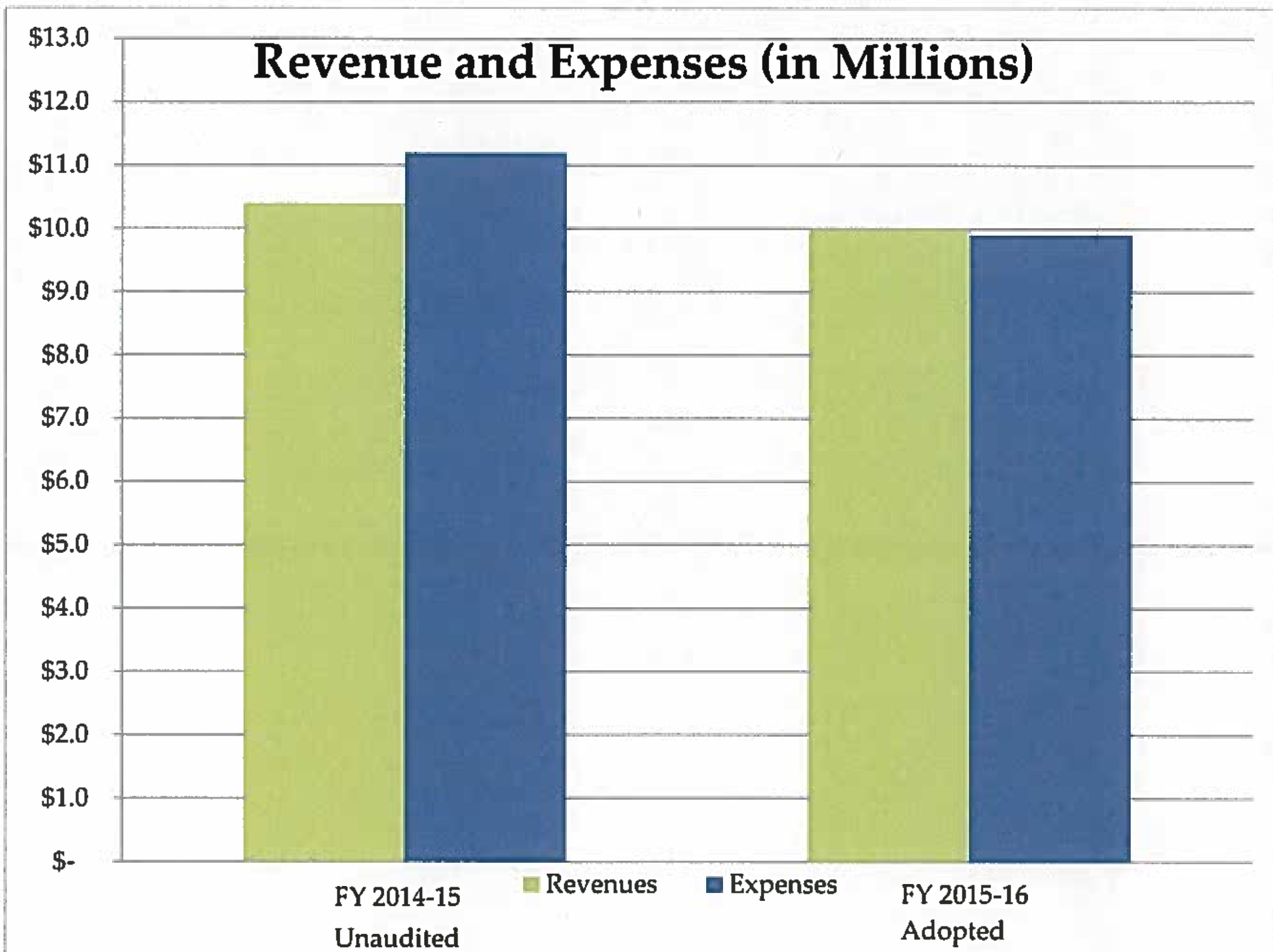
The Task Force also considered additional revenue that might be generated by paid parking, disembarkation of Napa Valley Wine Train passengers, and development of the short-term rental program. We had insufficient information to fully evaluate these options or make recommendations.

Finally, the Task Force believes that support of the community for new sources of revenue can only be achieved by encouraging widespread awareness and understanding of the City's financial challenges among an informed citizenry. Therefore we recommend that the City Council engage a communications consultant to assist the City in disseminating to the community accurate and convincing information about any revenue initiatives it adopts. Without an informed public, these actions are less likely to be supported by the community and ultimately by voters.

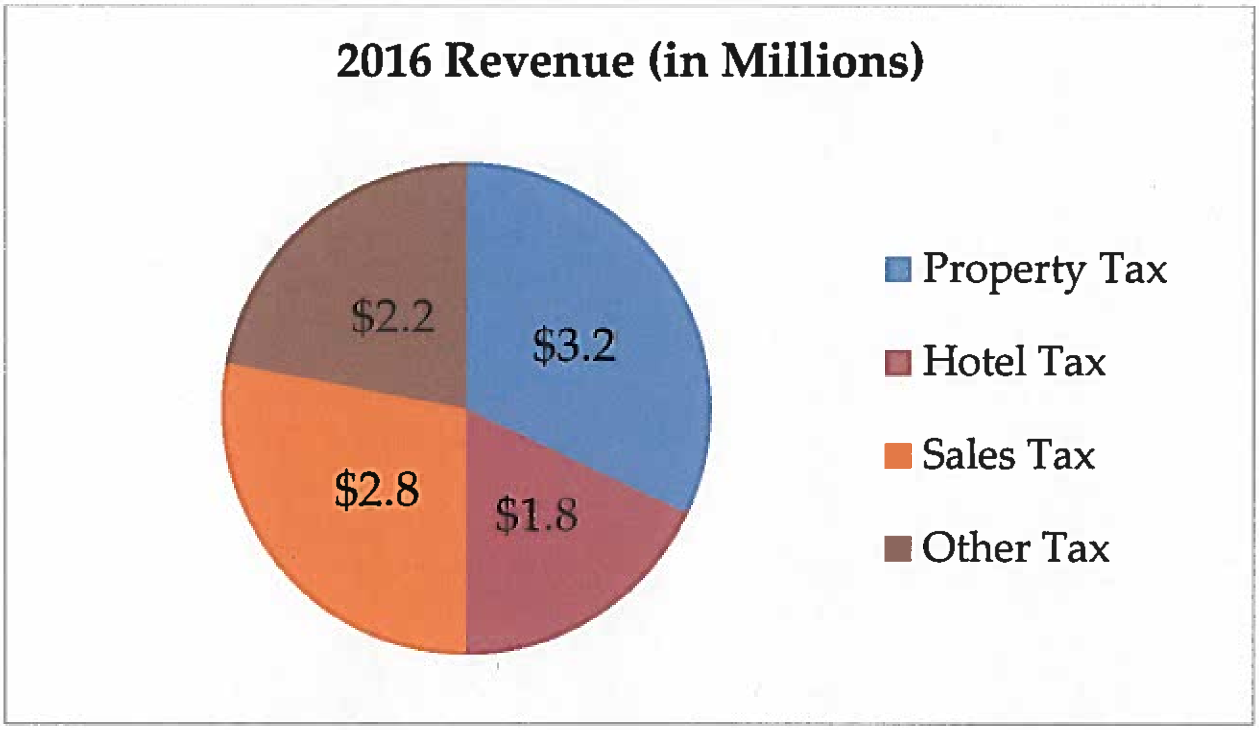
The members of the Ad Hoc Revenue Source Task Force are honored to have been chosen to be a part of this important community effort and are pleased to present our report to City Council and the citizens of St. Helena. We are hopeful you will seriously consider the information and recommendations we have presented here. Thank you.

Overview of Revenue and Budget

The City had General Fund revenues for Fiscal Year ("FY") 2014-15 of $10.4 million and General Fund operating expenses of $11.1 million. The General Fund is used to account for all financial resources except those required to be accounted for in separate funds. The Assigned General Fund Reserve serves as the City's "savings account" and should be used only for unexpected, specific and one-time purposes. The City has had an informal policy of maintaining 25 percent of annual expenditures in the Assigned General Fund Reserve. In FY 2014-15 the City withdrew over $700,000 to cover the shortfall. By reducing costs across a wide variety of areas, the 2015-16 budget calls for expenses of $9.9 million and revenues projected at $10,000,000. As of December 31, 2015 the Assigned General Reserve Fund was at $2.4 million or 23 percent of expenses.



Revenues are broken down as follows:



St. Helena's Revenue Challenge

Because of a variety of factors that have accumulated over the years, the City's current annual revenues are essentially equal to its expenditures. The lack of any revenue surplus means that the City is less and less able to provide adequate services to the community or maintain or replace its infrastructure. Previous financial forecasts based on optimistic conditions do not anticipate unexpected expenses or a likely future recession. In addition, the Assigned General Fund Reserve is too low (22 percent), with no identified funding source. City staff recommends an Assigned General Fund Reserve closer to 40 percent of operating expenditures.

The Unassigned General Fund Reserve, which is additional discretionary funds above the Assigned General Fund Reserve that are available for Council-approved uses throughout the fiscal year, is at zero. Therefore, if unexpected expenses arise, funds must be drawn from the Assigned General Fund Reserve. For a city the size of St. Helena, a $1-2 million Unassigned General Fund Reserve would be appropriate.

The City has also neglected its asset recapitalization for many years, increasing long term recapitalization costs. The City owns a collection of capital assets that include buildings, equipment, parks, vehicles, technology, streets and sidewalks, for example. Proper management of these assets would include an annual contribution to the maintenance and ultimately replacement of these assets when they reach their useful life. The City has set aside no funds to repair or place any of its capital assets.

The largest future unfunded costs include an estimated $3.1 million annually for street, sidewalk, curbs, gutter, and ramp repairs and maintenance. The City currently has a pavement condition index (PCI) of 58, which is based on a hundred-point scale established by the Metropolitan Transportation Commission (MTC). In 2015, the City spent only a few hundred thousand dollars on street improvements and as a result in the most recent draft MTC report, the City's PCI has been downgraded to 55. If this rating was equated to a letter grade, the City's roads would receive an "F". MTC's rating scales rate street condition as follows: 100-80 Very Good; 79-70 Good; 69-60 Fair; 59-50 At Risk; 49-25 Poor and 24-0 Failed. Saint Helena's streets fall into the following categories: 46 percent are in good to very good condition; 14 percent are at risk to fair; and 40 percent are failed to poor.

It is important to note that the delivery of this level of capital projects would require additional staff. Neglect of infrastructure also affects the City's buildings, parks and information technology, which are estimated to need at least $800,000 annually for needed improvements.

When factoring in the City's expected future costs, it is clear that it needs to increase revenue. The current City management has inherited a legacy of inadequate attention to the financial impacts of the challenges facing St. Helena, including the poor planning and management of the Flood Control project and our deteriorating streets and other infrastructure.

Review of all Revenue Sources

The primary revenue sources the committee agendized and discussed are summarized below.

Sales and Use Tax:

Saint Helena currently receives approximately $2.8 million in revenue each year from the sales and use tax levied by the state. The statewide minimum rate is seven-and-a-half percent of sales. Merchants in all of Napa County now collect eight percent on retail purchases of tangible goods. In cases where retailers do not collect sales tax, such as some internet sales, a use tax is collected from the buyer and paid by the seller to the state. The City of St. Helena receives one percent of such purchases made within its boundaries.

Counties and cities may, by a majority vote, levy an additional tax of up to two-and-a half percent above the state minimum, or a maximum of 10 percent. If the City of St. Helena were to enact a half-cent sales tax increase, it would generate an estimated $1.4 million additional revenue each year. One hundred percent of the funds raised by a sales tax increase enacted by St. Helena would go to the City. Such increases require a simple majority of voters to approve an increase if the uses of the revenue are to be general in nature, or two-thirds majority if the use is for a specific purpose. It has been estimated that non-residents pay a portion of St Helena's sales tax revenue, making such a measure attractive as a revenue source.

A sales tax measure on St. Helena's November 2010 ballot failed, with the recession no doubt playing a part. The Task Force agrees that the success for any sales tax measure is dependent on public outreach and education. We reviewed the recent half-cent sales tax increase implemented by the City of Hayward, which passed with a two-thirds majority (only a simple majority was necessary). Hayward's city management shared with us what they considered the keys to their success, which included engaging a communications consultant, creating a list of projects that would be supported by the funds raised, and getting local interest groups to walk precincts—not only to promote the measure, but also to ask citizens what they thought the money should be used for.

The County of Napa may place multiple tax measures on the November 2016 ballot and in future years. If these measures pass and accumulate over time, keeping in mind the maximum sales tax of ten percent, the margin available for an increase by St. Helena becomes slimmer. In addition, if multiple revenue measures are placed on the same ballot or have recently been passed, voters may be unwilling to approve more than one or additional tax measures.

Recommendation:

The Task Force recommends that the City consider a half-cent sales tax increase, which would generate additional annual revenue of about $1.4 million. The Task Force also recommends

engaging a communications consultant to help inform the public, gather citizens' opinions, and build support for this measure.

Real Property Transfer Tax:

California's Transfer Tax Act allows a county, a city, or both to impose a tax on the transfer or conveyance of real property, with some exceptions. At present, Napa County and the City of St. Helena each collect $0.55 per $1,000 of property value when a property changes hands. Many general law cities and most counties in California collect the same amount, but some cities have become charter cities in order to collect significantly more. For example, Santa Rosa collects $2.00 per $1,000 of value, and Vallejo collects $3.30. Berkeley and Oakland each collect $15.00.

St. Helena is now a general law city. Since state law allows only charter cities to raise their real property transfer tax rates, St. Helena would have to become a charter city to do so, requiring a local ballot measure to be approved by majority vote. Emeryville recently became a charter city for the sole purpose of enacting a real property transfer tax. In every other respect that city continues to follow general California law.

Like most other real estate closing costs, real estate transfer taxes are customarily paid by the seller, but in Alameda, Contra Costa, Santa Clara, and Los Angeles counties, some city transfer taxes are split between buyer and seller. Whatever the local custom, partition of these and other closing costs are often negotiated. The City of Napa is the only charter city in Napa County.

The Task Force discussed the option of a tiered rate structure based on property value or length of ownership and rejected it, concluding that a flat rate was fairest and most effective. An exception for the transfer of regulated affordable housing was recommended.

Based on the value of conveyed properties in St. Helena in fiscal year 2014-2015, a one-percent real property tax ($10.00 per $1,000 of valuation) would generate about $1.6 million a year.

Recommendation:

The Task Force recommends that the city pursue the enactment of a one-percent real property transfer tax. Taking Emeryville's approach, St. Helena would convert to a charter city only for the purpose of raising its real estate transfer tax. All other general law practices would remain in place.

Transient Occupancy Tax:

For the privilege of occupancy in any St. Helena hotel, bed-and-breakfast, or short-term (less-than-thirty-day) rental, a visitor ("transient") is subject to a tax of 12 percent of the room rate or rent charged by the operator. The entire amount of this transient occupancy tax (TOT) collected by innkeepers is retained by the City. The TOT rate can be increased only by a ballot measure approved by a simple majority. The City currently has 224 rooms generating TOT revenue of $1.8 million annually.

By comparison, Calistoga has 720 rooms generating $5 million per year, and Yountville has 450 rooms generating $9 million. Las Alcobas, comprising 70 rooms, is expected to open in the summer of 2016 and generate TOT revenue of $1.2 million per year. (This revenue has already been recognized in the Long Range Financial Forecast prepared by City staff.) So far only one other hotel development has been formally proposed—Vineland Station on the Friedrich property south of town ($500,000 in anticipated TOT revenue).

The Task Force debated the need for additional luxury hotel rooms, which are more numerous in Yountville and Calistoga. In addition to increased TOT revenues, the addition of hotel rooms would bring additional revenues to city retail shops and restaurants. It is estimated that a typical tourist who stays a night in St. Helena spends an average of $389 per day for retail goods, dining, and wine.

Recommendation:

The Task Force recommends that the City consider one or two new hotel developments or additions to existing hotels that would create 150 to 200 new hotel rooms. We estimate such an increase would raise TOT revenues by $2.5 to $3.6 million per year.

City-Owned Properties:

The primary real estate assets owned by the City are:

- Adams Street – currently undeveloped and valued at between $9 and $12 million, with a current debt obligation of $700,000
- City Hall and Police Station – estimated value of $4.7 million
- Fire Department
- Library
- Carnegie Building
- Teen Center and the office buildings located on Railroad Avenue

City staff presented to the City Council two draft Request for Proposals (RFPs) for the City Hall property and Adams Street property. Staff expects to release the RFPs in February, 2016, with a submittal date of April 2016. The RFP does not specify a hotel, but staff anticipates that some of the proposals will be for hotel development projects.

Recommendation:

The Task Force supports the sale of one or more City owned properties (Adams Street, City Hall, Railroad Avenue) for the purpose of creating significant one-time revenue together with potential for securing significant longer term annual revenue streams of transient occupancy taxes and other economic benefits. The Task Force supports the RFP currently in process, which will provide meaningful benchmarks for revenue potential. The Task Force also understands that this issue is complex, potentially involving multiple properties, and will necessitate community input and visioning.

Annexation of Unincorporated Areas Contiguous with the City:

If the City were to annex contiguous unincorporated lands in the county outside the city limits, as is permitted by state law under certain conditions, significant revenue could be raised from property taxes, sales taxes and transient occupancy taxes (TOT). Nevertheless, annexation is a long and complicated process.

According to Brendon Freeman, executive officer of the Napa County Local Agency Formation Commission (LAFCO), areas targeted for annexation must be within the city's "sphere of influence," which at present lies entirely within its municipal boundaries. A city may file for a sphere of influence amendment, which must be supported by appropriate studies, including a California Environmental Quality Act (CEQA) evaluation and LAFCO's periodic municipal service reviews, which focus on police, fire, water, and sewer services. The last LAFCO review was in 2008, and the next is planned to take place before the end of this year.

Potential lands for annexation lie to the northeast of St. Helena (Meadowood Napa Valley, which we estimate generates over $2 million in TOT and sales tax) and along Highway 29 north and south of the city. Any annexation filing can be opposed by Napa County or affected property owners. For that reason, the City must make a case for the extension of its sphere of influence and be able to negotiate, if necessary, with the county and property owners about shared costs and benefits.

Recommendation:

The Task Force recommends that the City explore opportunities for the annexation of contiguous unincorporated lands, with special emphasis on Meadowood Napa Valley. While the process is complicated and may be contentious, it is likely to benefit both owners of annexed properties and the city, and it should be begun now. The Task Force noted that this option has few negative impacts on the community when compared to the amount of revenue that could be gained. However, it was also recognized that this option will take the longest to implement, if it is possible at all.

Economic Development Committee:

The Task Force discussed the benefits of creating an economic development committee. Many of the issues currently faced by the City are the result of a lack of long range economic planning. An community-based economic development committee could be tasked with setting goals for the City's economic sustainability; working to support local businesses, while also considering business expansion and business development programs; identifying short term wins and initiating action items; making recommendations to assist the planning commission and the City Council (advisory only); creating a long range master plan to complement the General Plan; seeking balance between the revenue initiatives and the needs of the residents; and creating a partnership for action between the community. The economic development committee would consist of citizens, business leaders, and, as appropriate, City staff and representatives from City Council and the Planning Commission.

Recommendation:

The Task Force recommends the formation of an economic development committee for the purpose of long range planning and supporting existing local business that generate sales tax and TOT tax revenues for the City.

Further Options Needing Analysis

Parking Meters on Main Street:

According to City Manager Phillips, the potential revenue that could be generation if 180 parking meters were installed in the central two-block stretch of Main Street would be over $300,000 a year. The costs to install, maintain and monitor meter were not discussed. Phillips distributed a parking analysis from Steamboat Springs, Colorado. To perform a similar analysis would cost St. Helena $30,000 to $50,000. Also discussed were the possible impacts of pushing parking into residential neighborhoods, reducing local retail sales, and creating a barrier to the City's image as a visitor-friendly downtown.

Recommendation:

The potential revenue may not outweigh the possible negative implications of paid parking. A city-wide parking study would have to be conducted to properly evaluate parking as a potential revenue source.

Wine Train Disembarkation:

The City currently prohibits passengers of the Napa Valley Wine Train from disembarking at the St. Helena railroad station. City Council approval would be required to remove the restriction and permit Wine Train passengers to disembark. At a Task Force meeting, Chamber of Commerce CEO Pam Simpson suggested developing tourist packages combining Wine Train tickets and hotel accommodations. The possibility of charging the Wine Train a per-passenger fee for the right to disembark was also discussed. In general, the Task Force did not object to allowing Wine Train disembarkation, but the question of regulatory requirements for point-to-point transportation was raised.

Recommendation:

The Task Force recommends further research to determine the benefits, obstacles and drawbacks of permitting Napa Valley Wine Train passengers to disembark in St. Helena.

Short-Term Rentals:

The committee discussed the possibility of increasing revenues from short-term vacation rentals by incorporating minimum usage or "use it or lose it" language into the short-term rental ordinance. While the Task Force recognized such a change as a potential revenue source, members did not believe the potential revenues that would be generated warranted further consideration without additional research.

Recommendation:

The Task Force had no specific recommendations regarding short-term vacation rentals.

Public Education

Throughout our Task Force meetings, members recognized the critical need to inform the entire community, residents and business owners, of the City's precarious condition and the need for immediate action. Each of us found our participation on the Task Force to be highly informative. Our personal experience over the last three months gave each of us a better understanding of the City's financial condition and the ways we can improve it. The Task Force expressed strong support for the current City leadership and management. The City's financial challenges developed over many years and were not created by the present administration. Righting our ship will require time, hard work and cooperation among all citizens of St. Helena.

Task Force members are committed to expanding our own educational process by sharing the information we have learned during these meetings with others in the community. Communication travels in both directions, and we hope that the community will take an active interest in the City's efforts. Stay informed, share your ideas, and participate as the City Council discusses these important matters. Finally, and to that end, the Task Force recommends that a public relations firm be hired to assist the City in effectively communicating accurate information to the community on revenue initiatives. The same approach has been used successfully by other cities, and based on St. Helena's history, without an informed public, revenue enhancements are less likely to be supported by the community and ultimately by voters.

Conclusion

The members of the Ad Hoc Revenue Source Task Force are honored to have been chosen to be a part of this important community effort and are pleased to present our report to City Council and the citizens of St. Helena. We are hopeful you will seriously consider the information and recommendations we have presented here. Thank you.

Attachment F

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

LONG RANGE FINANCIAL FORECAST 2016-2026 - UPDATE

February 9, 2016
City Council Meeting

Jennifer Phillips, City Manager

1

Overview of LRFF

- Focus is entirely on General Fund
- Second Edition of LRFF - updated
  - Base year is FY 2015-16 **Adjusted** Budget
  - Revenue & Expenses increase by calculation only
    - Expect as noted

2

Revenues and Expenses

- Revenue Scenarios
  - **Baseline** - modest economic recovery for all ten years (increases each year)
  - **Baseline with a minor recession** - same forecast as Baseline but with a minor recession in FY 2018 through FY 2020

3

Baseline Revenue Scenario

Revenue	Baseline Forecast Growth Per Year
Property Tax & VLF	3.0%
Sales Tax	4.2%
Transient Occupancy Tax	4.0%
Other Taxes	4.0%
Licenses & Permits	0.0%
Other Revenue	5.0%

4

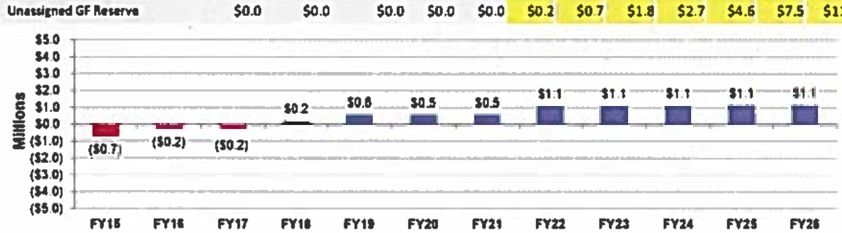
Expense Forecast Assumptions

Expense	Growth per Year	
Salaries	2.5%	Merit increases and modest increases for CPI plus Council approved increases
Pension Costs	5%	First 4 years per CalPERS estimates (15% decline in FY 2018-19) 4% thereafter
Health Premiums	6%	Experience and industry projections
Other Benefits	3.8%	Moderate growth
Services, Supplies, and IT	4.5%	Lower growth rate than last two years

5

Baseline Revenue Scenario

	unaudited FY15	adjusted FY16	estimated FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Net Operating Revenues	($0.7)	($0.2)	($0.2)	$0.2	$0.6	$0.5	$0.5	$1.1	$1.1	$1.1	$1.1	$1.1
Beginning Assigned GF Reserve	$2.3	$2.5	$2.3	$2.0	$2.2	$2.8	$3.3	$3.3	$3.3	$4.3	$5.4	$6.5
Operating Surplus/(Deficit)	($0.7)	($0.2)	($0.2)	$0.2	$0.6	$0.5	$0.5	$1.1	$1.1	$1.1	$1.1	$1.1
Ending GF Reserve	$2.5	$2.3	$2.0	$2.2	$2.8	$3.3	$3.8	$4.3	$4.3	$5.4	$6.5	$7.6
Assigned GF Reserve of 25% (goal)	$2.8	$2.6	$2.8	$3.0	$3.0	$3.1	$3.3	$3.3	$3.4	$3.5	$3.7	$3.8
Assigned GF Reserve surplus/(deficit)	($0.3)	($0.3)	($0.8)	($0.8)	($0.3)	$0.2	$0.6	$1.1	$0.9	$1.9	$2.8	$3.8
Unassigned GF Reserve	$0.0	$0.0	$0.0	$0.0	$0.0	$0.2	$0.7	$1.8	$2.7	$4.6	$7.5	$11.3



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Baseline Revenue Scenario with 40% GF Reserve

	unaudited FY15	adjusted FY16	estimated FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Net Operating Revenues	($0.7)	($0.2)	($0.2)	$0.2	$0.6	$0.5	$0.5	$1.1	$1.1	$1.1	$1.1	$1.1
Beginning Assigned GF Reserve	$2.3	$2.5	$2.3	$2.0	$2.2	$2.8	$3.3	$3.8	$4.9	$5.4	$5.6	$5.8
Operating Surplus/(Deficit)	($0.7)	($0.2)	($0.2)	$0.2	$0.6	$0.5	$0.5	$1.1	$1.1	$1.1	$1.1	$1.1
Ending GF Reserve	$2.5	$2.3	$2.0	$2.2	$2.8	$3.3	$3.8	$4.9	$6.0	$6.5	$6.7	$6.9
Assigned GF Reserve of 40% (goal)	$4.4	$4.2	$4.5	$4.7	$4.8	$5.0	$5.2	$5.2	$5.4	$5.6	$5.8	$6.1
Assigned GF Reserve surplus/(deficit)	($1.9)	($0.3)	($2.5)	($2.5)	($2.1)	($1.7)	($1.4)	($0.3)	$0.5	$0.9	$0.9	$0.9
Unassigned GF Reserve	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.5	$1.4	$2.3	$3.2

7

Baseline with a Minor Recession Revenue Scenario

Revenue	Baseline Forecast Growth Per Year
Property Tax & VLF	2.0% to 3.0%
Sales Tax	-1% to 4.2%
Transient Occupancy Tax	2.0% to 4.0%
Other Taxes	4.0%
Licenses & Permits	0.0%
Other Revenue	5.0%

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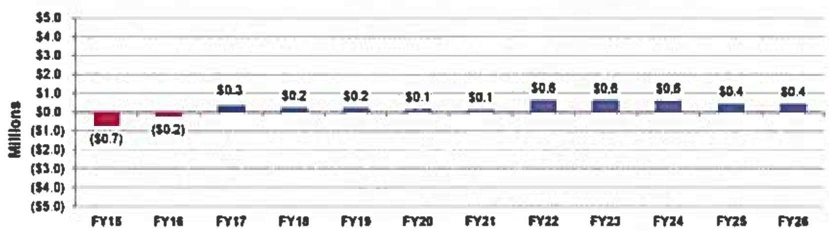
Baseline with Minor Recession

	unaudited FY15	adjusted FY16	estimated FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Net Operating Revenues	($0.7)	($0.2)	$0.3	$0.2	$0.2	$0.1	$0.1	$0.6	$0.6	$0.6	$0.4	$0.4
Beginning Assigned GF Reserve	$2.3	$2.6	$2.4	$2.7	$2.9	$3.1	$3.2	$3.3	$3.3	$3.4	$3.5	$3.7
Operating Surplus/(Deficit)	($0.7)	($0.2)	$0.3	$0.2	$0.2	$0.1	$0.1	$0.6	$0.6	$0.6	$0.4	$0.4
Ending GF Reserve	$2.6	$2.4	$2.7	$2.9	$3.1	$3.2	$3.3	$3.9	$3.3	$4.0	$3.9	$4.1
Assigned GF Reserve of 25% (goal)	$2.8	$2.6	$2.8	$3.0	$3.0	$3.1	$3.3	$3.3	$3.4	$3.5	$3.7	$3.8
Assigned GF Reserve surplus/(deficit)	($0.2)	($0.2)	($0.1)	($0.0)	$0.1	$0.1	$0.1	$0.7	($0.1)	$0.5	$0.3	$0.3
Unassigned GF Reserve	$0.0	$0.0	$0.0	$0.0	$0.1	$0.0	$0.1	$0.8	$0.7	$1.1	$1.4	$1.7



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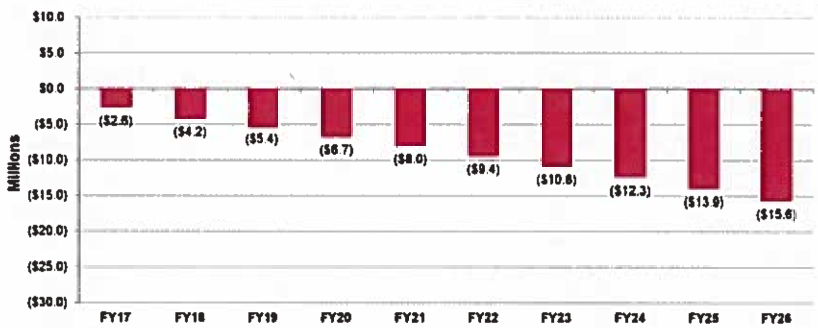
Asset Recapitalization

- Annual Funding Example = $3.9 million
  - Buildings - $500,000
  - Parks - $200,000
  - Information Technology- $100,000
  - Streets -$3.1 million
    - Streets, Curbs, Sidewalks, Gutters and Ramps

10

Asset Recapitalization

Baseline Revenue Forecast with $3.9 million Asset Recapitalization – Net Operating Revenues



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Questions

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Attachment G

Report to the City Council
Council Meeting of February 9, 2016

Agenda Section: **Regular Business**

Subject: **2016-2026 Long Range Financial Forecast - Update**

CEQA Status: **Not a Project**

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

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

DISCUSSION

The City's first Long Range Financial Forecast (LRFF) 2015-25 was developed in early 2015 to help the City of St. Helena plan a path of financial stability. The next year, the LRFF 2016-2026 was developed and included FY 2014-15 unaudited actuals and the FY 2015-16 Adopted Budget. This plan was presented to the City Council on October 27, 2015 in correlation with the creation of the Ad Hoc Revenue Source Task Force so members could be provided up-to-date information regarding the City's projected revenues and expenditures.

The LRFF 2016-26 was updated to incorporate the FY 2015-16 Adjusted Budget and was presented to the Ad Hoc Revenue Source Task Force on Friday, February 5, 2015. For this update the following changes were incorporated:

- Revenues were increased by approximately $220,000 as indicated in the FY 2015-16 Adjusted Budget.
- Expenses were increased by approximately $450,000 to reflect Council approved changes including the new Fire Department service model, updated salary and benefit calculations as well as unexpected expenses. These increases were carried over into the estimated FY 2016-17 budget.
- $528,000 for State Revolving Loan Fund payments was included only through FY 2020-21, assuming Measure A will fund the remaining debt.
- In addition, a 40% General Fund Reserve target was calculated and the Asset Recapitalization projection was updated.

The Baseline Forecast (which is considered optimistic) shows positive operating revenue beginning in FY 2017-18 and an Assigned General Fund Reserve of 25% being met in FY 2019-20. Under this scenario, the Unassigned General Fund Reserve totals $11.3 million in FY 2025-26.

A new scenario was prepared using a 40% General Fund Reserve target and the Baseline Forecast. Under this scenario, the 40% reserve is met in FY 2021-22 and the Unassigned General Fund Reserve totals $3.2 million in FY 2025-26.

A Recession Forecast was also prepared which includes a minor reduction in sales, property and transient occupancy taxes during fiscal years 2018-20. This is a more realistic scenario as the economy generally experiences a recession during every ten year period. Under this scenario, the Assigned General Fund Reserve goal of 25% is met in FY 2018-19 but the Unassigned General Fund Reserve totals only $1.7 million in FY 2025-26.

Finally, using the Baseline Forecast, the Capital Asset scenario was also updated incorporating new expense estimates and identifying a new pavement condition index. Because nominal funds were spent on street improvements during FY 2014-15, the City's pavement condition index has been reduced to 58 to 55 in the draft report from the Metropolitan Transportation Commission. Without additional funding the City will be able to use only available gas tax revenue and beginning in FY 2018-19 Measure T anticipated revenue of $665,000 for street improvements. This level of funding will result in the pavement condition index remaining in the 50s.

This Capital Asset Scenario utilized was formulated around three goals: 1) improving the City's pavement condition index to 80; 2) replacing the roughly 380 curb ramps to meet American with Disabilities Act guidelines within five years; and 3) begin replacing deteriorated sidewalks, curbs and gutters. An estimated expenditure of $2 million for street improvements over five years would improve the City's pavement condition index to 80. (Note this is a change from previous LRFF documents). An annual expenditure of $400,000 over five years is estimated to update the curb ramps. Finally, $0.95 million annually is estimated to begin making improvement to sidewalks, curbs and gutters. Annually, this totals $3.35 million. Assuming current funding levels, the estimated funding short fall is $3.1 million in FY 2016-17. With the addition of Measure T in FY 2018-19, this shortfall is reduced to $2.3 and again reduces to $1.3 million with the completion of the curb ramp upgrades. Also included in this scenario are modest annual contributions to the parks of $200,000, buildings of $500,000 and information technology of $100,000 for a total of $800,000 annually. The projected outcome of this scenario shows that the City had inadequate funding to meet its basic infrastructure needs resulting in deficit of $15.3 million in FY 2025-26.

It should also be again mentioned that the City has no sinking funds for any vehicles or large equipment, streets, buildings, parks or IT. This means that anytime replacement or repairs are needed, funds must be taken from annual operating revenues and these types of expenses are not considered in any of the scenarios.

RECOMMENDED ACTION

Receive and file.

ATTACHMENTS

Attachment 1 – Baseline Revenue Forecast
Attachment 2 – Baseline Revenue Forecast with 40% General Fund Assigned Reserve
Attachment 3 – Recession Revenue Forecast
Attachment 4 – Baseline Revenue Forecast for Capital Assets

Attachment H

Report to the City Council
Council Meeting of March 8, 2016

Agenda Section: **New Business**

Subject: **Consideration and proposed approval of a resolution adopting the City Council 2016 Strategic Objectives**

CEQA Status: **Not a project**

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

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

BACKGROUND

On February 11, 2016, in a special public meeting, the City Council met to discuss and develop the Annual Strategic Goals and Objectives. The purpose of this meeting was for City staff provide the Council and community information regarding the current levels of services, department roles and responsibilities, staffing capacity, City organizational structure, City Manager's goals, and financial and organizational challenges. The overall goal of the meeting was for Council to set objectives directing and guiding staff in decision making, and prioritization of work for the upcoming year. Each Council member was able to share their personal views and approach to City business, biggest challenges and ideal outcomes for the meeting. Approximately 40-50 community members attended the planning session, and the majority stayed for the entire day. Public comment was made available at both the beginning and middle of the meeting. This special meeting was videotaped and is available at:

http://sthelena-ca.granicus.com/MediaPlayer.php?view_id=2&clip_id=610

DISCUSSION

At the beginning of the special annual strategic planning meeting, the executive staff presented each department's core duties and responsibilities, accomplishments, and highlighted areas of additional needs which at this time there are inadequate resources available to address these needs.

The Council also discussed the Ad Hoc Revenue Source Task Force Report dated February 9, 2016. Each recommendation was discussed and Council directed staff to return with a report that provided further information on parcel tax, gross proceeds tax and a payroll tax. This information will be provided in a separate staff report.

The Council agreed that revenue enhancement continues to be the main goal of the City for 2016 but at the same time the City needs to also maintain the quality of life in St. Helena.

The Council's discussion related to goals and objectives focused on taking care of St. Helena including fixing the City's infrastructure, providing high level public safety, maintaining and supporting a diverse community, delivering efficient services, keeping current projects moving forward, and maintaining a family friendly environment.

Three goals were identified by the City Council:

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

As part of the FY 2016-17 budget, staff will include objectives for accomplishing these goals.

RECOMMENDED ACTION

Approve Resolution ___ adopting three Council goals for 2016.

ATTACHMENTS

1. Resolution

Attachment I

Report to the City Council
Council Meeting of March 8, 2016

Agenda Section: **New Business**

Subject: **Informational Item: Review of Additional Revenue Options including Parcel Tax, Payroll Tax, and Gross Receipts Tax**

CEQA Status: **Not a 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 the Ad Hoc Revenue Source Task Force report which included recommendations for Council's consideration related to revenue enhancing options. During this session, members of the community requested the City Council consider three additional taxes: parcel tax, payroll tax and gross receipts tax. Council directed staff to research these three options and return to Council with information.

DISCUSSION

Parcel Tax:

Parcel taxes are a form of property tax and can be imposed by local government, with a supermajority vote of the people, on a per-parcel basis. The City of St. Helena is authorized by the State of California to impose this tax as long as the tax is not based on the value of a property and is approved by a two-thirds vote of the electorate. A parcel is defined as an area of land in one ownership and one general use and must be located within the boundaries of the City.

The first parcel tax in California was passed in 1983 by a school district. This tax is still used heavily by school districts but has also been passed by fire protection districts, hospital districts and local governments. Over half of local government parcel taxes were passed under the Mello-Roos tax to fund new development.

There are several types of parcel taxes with the most common being:

- Flat per-parcel levy based on the existence of a parcel within the City boundaries
- Flat levy based on the square footage of land or improvements located on a parcel

- Per acre tax
- Complex calculation that determines a property's "single-family equivalent" or "benefit unit"

Some common exemptions from parcel taxes include seniors, disability and contiguous parcels. Generally the proper owner is required to file the exemption.

Between 2003 and 2014, nearly 800 parcel tax measures were placed before voters in California. Of those, 56% passed and 44% failed. As of the end of 2012, the median parcel tax was $60 for cities, $96 for school districts and $68 for special districts. The City of St. Helena has 2,433 parcels. Therefore, if the City imposed a $100 parcel tax, an estimated $243,300 would be generated annually.

<u>Payroll Tax:</u>
Payroll taxes are taxes imposed on employers or employees, and are usually calculated as a percentage of the salaries that employers pay their staff. Payroll taxes generally fall into two categories. First are deductions from an employee's wages such as social security and income tax. The second are taxes paid by the employer based on the employee's wages. These can consist of fixed charges or be proportionally linked to an employee's pay. The charges paid by the employer usually include the employer's funding of the social security system, and other insurance programs. The State of California imposes four state payroll taxes, but staff was not able to find any California cities or counties other than the City/County of San Francisco that impose a payroll tax on businesses.

In 1970, San Francisco imposed a 1% payroll tax. Along with the enactment of this tax, the Board adopted a gross receipts tax which taxed a business' total revenue before deducting expenses. Whichever yielded more money, the business paid. Businesses with less than $250,000 in payroll were exempt from the tax. In 2011, San Francisco abandoned its gross receipts tax as part of a lawsuit settlement, when a California court ruled that the two-tiered gross receipts tax was unconstitutional. In November 6, 2012 voters in San Francisco approved Proposition E, which phases out the city's current payroll tax over a five year period and replaces it with a gross receipts tax.

Staff does not have access to payroll amounts for businesses in St. Helena and therefore an estimate of revenue generated through such a tax is not feasible at this time.

<u>Gross Receipts Tax:</u>
A gross receipts tax is a tax on the total gross revenues of a company, regardless of their source. Gross receipts taxes have a simple structure, taxing all business sales with few or no deductions and taxing all transactions, including intermediate business-to-business purchases of supplies, raw materials and equipment. As a result, gross

receipts taxes create an extra layer of taxation at each stage of production that sales and other taxes do not—something economists call "tax pyramiding." Staff does not have access to gross receipts for businesses in St. Helena and therefore an estimate of revenue generated through such a tax is not feasible at this time. Staff had difficulty finding up-to-date information on which California cities and counties impose a gross receipts tax, but it appears that both the City of Los Angeles and City/County of San Francisco do impose the tax. Many California cities have a tiered business license tax based on gross receipts. St Helena charges a flat tax with additional charges based on number of employees.

Staff is unfamiliar with the process for implementation of a payroll or gross receipts tax. Significant additional research would be required if the City Council is interested in pursuing either of these taxes.

RECOMMENDED ACTION
Information only

Attachment J

Report to the City Council
Council Meeting of March 22, 2016

Agenda Section: **New Business**

Subject: **Informational Item: Review of General Obligation Bonds as possible revenue measure**

CEQA Status: **Not a 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 the Ad Hoc Revenue Source Task Force report which included recommendations for Council's consideration related to revenue enhancing options. During this session, members of the community requested the City Council consider three additional taxes: parcel tax, payroll tax and gross receipts tax. Council directed staff to research these three options and return to Council with information. This information was presented to the City Council on March 8, 2016. Following the meeting, Mayor Galbraith requested an additional item be presented to the City Council on general obligations bonds.

DISCUSSION
In June 1986, Proposition 46 was passed by California voters that restored the authority of cities, counties and school districts to issue General Obligation bonds. General Obligation bonds are backed by the issuing agency, are paid by increasing local property taxes above the limited imposed by Proposition 13, and must be approved by a 2/3rd majority vote of the electorate.

General Obligation bonds are commonly used by cities, counties and school districts to finance schools, libraries, jails, and other large capital projects including street and road repair projects. Bond proceeds may not be used for equipment, maintenance or operations.

If a General Obligation bond is approved, the issuing agency is authorized to levy an ad valorem property tax at the rate necessary to repay the principal and interest of the bonds. The amount levied is calculated based on the assessed property value. Overall levy limitations exist to avoid excessive general obligation debt.

It should be noted that this "revenue option" was not presented to the Ad Hoc Revenue Source Task Force because General Obligation bonds are a financing mechanism resulting in debt versus a consistent revenue source for the City. Many of the City's General Fund revenues including sales, transient and transfer taxes can be used as collateral to issue and repay bonds. Issuing debt is always an option available to the Council to fund capital projects, but the cost of debt issuance and interest generally results in roughly doubling the cost of the capital projects. In addition, as part of the bond issuance process, the City's financial condition will be assessed and considered in determining the interest rate paid by the City.

RECOMMENDED ACTION

Information only

Attachment K

Report to the City Council
Council Meeting of March 22, 2016

Agenda Section: **New Business**

Subject: **Voter Survey Results for a City Charter and Vital Services Measure in St. Helena**

CEQA Status: **Not a project**

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

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

BACKGROUND
In February 2015 the City Council adopted a Council Goal to consider long term revenue options including exploration of the process for the adoption of a real property transfer tax, coupled with identifying the process to become a Charter City. On September 8, 2015, Council directed staff to initiate the process for the City of St Helena to become a charter city and explore a real property transfer tax. On November 10, 2015, Council approved a contract with The Lew Edwards Group to provide polling and public outreach related to a City Charter and Real Property Transfer Tax.

DISCUSSION
Under the direction of the City and The Lew Edwards Group, FM3 conducted a voter survey beginning in January 26 and ending on February 6, 2016. FM3 has prepared the attached presentation and will present the survey methodology and results to the City Council.

RECOMMENDED ACTION
Provide direction to staff regarding pursuit of revenue options.

ATTACHMENTS
FM3 Presentation on St. Helena voter survey results

Attachment L

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 2/3^rds^ 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 2/3^rd^ 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.

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[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.

Attachment M

Report to the City Council
Council Meeting of May 24, 2016

Agenda Section: **New Business**

Subject: **Consideration of, and Direction To Staff On Steps for a Sales Tax Measure for the November 2016 Ballot and Issuance of the Request for Proposals for Adams Street.**

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 Sales Tax Measure

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 were 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. At the May 10, 2016 Council meeting, staff presented an item for Council's consideration regarding a sales tax measure for the November 2016 ballot. At this meeting, Council directed staff to return at the May 24, 2016 meeting with additional information on options relating to sales tax measures.

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 percentage points to 10 percentage points. The State imposes a 6.5 percentage point sales tax rate with an additional mandatory 1 percentage point local rate. Certain food products (groceries), prescription drugs, medical devices and items paid for with food stamps are exempt from sales tax. The City of St. Helena receives 1 percentage point of the 8 percentage points collected in St. Helena. Measure A accounts for the additional 0.5 percentage point, 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 0.125 percentage points. (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 percentage points. (§7251.1). As noted above, Measure A accounts for 0.5%, and thus the most the City could propose is 1.5 percentage points. 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). For St. Helena's five person City Council, this 2/3rd vote requirement means four Council members must vote to approve the measure.

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, these actions 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. Therefore, time is limited for the City Council to discuss and decide upon this matter.

The Adams Street RFP

Coupled with the sales tax increase discussion is the need to decide on the issuance of the Request for Proposals (RFP) for Adams Street. On October 27, 2015, staff presented to the City Council a draft conceptual Request for Proposals for development

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[1] Unless otherwise noted, all statutory references are to the California Revenue and Taxation Code.

[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.

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. On May 10, 2016 Council again considered the RFP for Adams Street but made no decision on issuance at this time based on Council's desire to further consider various sales tax options.

DISCUSSION

The Sales Tax

Based on the City Council's discussions at the various Council meetings, staff has identified four sales tax measure options for Council's further discussion and consideration. Attachment A provides the current sales tax rates for all counties and cities in California. Staff is seeking direction from the City Council to prepare an ordinance and ballot measure for Council's consideration.

At the June 14, 2016 meeting, the Council would be presented with the first reading of an ordinance imposing the transaction and use (sales) tax. Staff would also present the draft of the resolution that would place the ordinance on the ballot, which resolution would contain the actual ballot question that would be presented to the voters. Accordingly, the Council would have an opportunity to weigh in on the ballot question. At the June 28, 2016 meeting, the Council would be presented with the second reading of the transaction and use (sales) tax ordinance, along with the aforementioned resolution placing the measure on the ballot (assuming the ordinance is passed by a $4/5^{th}$ vote of the Council). The Council would also be presented with other resolutions related to the ballot measure; a resolution directing the City Attorney to prepare an impartial analysis, setting priorities for ballot arguments, and whether to allow for rebuttal arguments.

.50 percentage point sales tax increase – general use

A .50 percentage point sales tax increase would generate approximately $1.4 million annually (without calculating anticipated annual increases – currently ranging from 3% to 4.2% per year). A general use sales tax measure would only require a 50% plus one vote to pass. A general use tax, if passed by the voters would allow the City Council to determine through the annual budget process how the funds would be spent.

An additional option to a general use sales tax measure would be to include a second companion measure that would be a non-binding measure, if approved by the voters would be intended to guide the Council in its decision making process for the use of the funds.

.50 percentage point sales tax increase - special use

A .50 percentage point sales tax increase would generate approximately $1.4 million annually (without calculating anticipated annual increases – currently ranging from 3% to 4.2% per year). The ballot measure for a special use tax would specifically identify the uses for the sales tax revenue requiring that the funds be used for these uses in perpetuity. A special use sales tax measure requires a 2/3rds vote of the electorate to pass.

.50 percentage point sales tax increase – special use for the Adams Street Property

A .50 percentage point sales tax increase would generate approximately $1.4 million annually (without calculating anticipated annual increases – currently ranging from 3% to 4.2% per year). The ballot measure for a special use tax for Adams Street would specifically identify the uses for the sales tax revenue would be used solely for the purpose of maintaining the Adams Street property for the specific uses identified in the ballot language. A special use sales tax measure requires a 2/3rds vote of the electorate to pass.

1.0 percentage point sales tax increase – special use for the Adams Street Property and other specific uses

A 1.0 percentage point sales tax increase would generate approximately $2.8 million annually (without calculating anticipated annual increases – currently ranging from 3% to 4.2% per year). The ballot measure for a special use tax for Adams Street and other uses would specify that the sales tax revenue would be used solely for the purpose of maintaining the Adams Street property for the specific uses identified in the ballot language along with other specific uses citywide also as identified in the ballot measure. A special use sales tax measure requires a 2/3rds vote of the electorate to pass.

The Adams Street RFP

In addition, the Council may wish to decide on the issuance of the Adams Street Property RFP. The draft of this RFP, which staff previously presented to the City Council and public, 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.

RECOMMENDED ACTION

1) Direct staff to prepare the necessary legislation to call an election to be held on November 8, 2016 submitting to the voters an ordinance imposing a transactions and use (sales) tax and identify the amount of the sales tax increase, whether the uses will be general or special and if a non-binding ballot measure should also be prepared for Council's consideration.
2) Direct staff to issue, postpone or cancel the RFP for the Adams Street property.

ATTACHMENTS

Attachment A - Board of Equalization Sales Taxes for California Counties and Cities

Attachment N

Report to the City Council
Council Meeting of June 14, 2016

Agenda Section: **New Business**

Subject: **Consideration and Proposed Approval of a Resolution Adopting Fiscal Year 2016/17 City of St. Helena Annual Budget**

CEQA Status: **Not a CEQA project**

Prepared By: **April Mitts, Finance Director**

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

BACKGROUND

On February 11, 2016, in a special public meeting, the City Council met to discuss and develop the Annual Strategic Goals and Objectives. The purpose of this meeting was for City staff provide the Council and community information regarding the current levels of services, department roles and responsibilities, staffing capacity, City organizational structure, City Manager's goals, and financial and organizational challenges. The overall goal of the meeting was for Council to set objectives directing and guiding staff in decision making, and prioritization of work for the upcoming year. Each Council member was able to share his or her personal views and approach to City business, biggest challenges and ideal outcomes for the meeting. Approximately 40-50 community members attended the planning session, and the majority stayed for the entire day. Public comment was made available at both the beginning and middle of the meeting. This special meeting was videotaped and is available at:

http://sthelena-ca.granicus.com/MediaPlayer.php?view_id=2&clip_id=610

Three goals were identified by the City Council:

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

On March 8, 2016, City Council adopted the strategic objectives via Resolution No. 2016-35.

On May 4, 2016, a special public budget workshop was held at the City of St. Helena Fire Station. This special meeting was videotaped and is available at:

http://sthelena-ca.granicus.com/MediaPlayer.php?view_id=2&clip_id=624

During this day-long special budget workshop City Council gave consideration to recommend non-profit grant application requests for funding. City staff presented the draft proposed FY 2016-17 budget. Each department presented its proposed budgets for Council consideration. This draft budget was presented with an estimated $52,413 General Fund shortfall and an estimated $1,337,807 Water Fund shortfall.

DISCUSSION

During the May 4, 2016 special public budget workshop City Council provided the following direction to staff to balance the budget as required by State law:

1. Fund each non-profit 50% of its original request for a total of $35,050; and
2. Decrease City Attorney General Fund budget to offset the amount for non-profit funding; and
3. Decrease City Attorney General Fund budget to offset the estimated $52,413 General Fund shortfall;
4. Establish a $50,000 Capital Reserve Fund, from General Fund reserves, for the Comprehensive Flood Control Project as required by the State Revolving Fund Agreement; and
5. Use Water Fund reserves of $1,337,807 to offset the Water Fund shortfall.

From this direction, staff has finalized the Proposed Fiscal Year 2016/17 Budget which is balanced and being presented to Council for consideration and adoption.

There were only slight modifications to the FY 2016/17 proposed budget presented at the May 4, 2016 budget workshop. These changes are outlined below:

	May 4, 2016 Proposed Budget	June 14, 2016 Proposed Budget	Variance	Reason for Variance
City Council	$185,628	$220,678	$35,050	Non-Profit funding as directed by City Council
Finance	$804,828	$807,329	$2,501	Estimated increase in online transaction fees
City Attorney	$730,000	$642,037	($87,963)	Reduction as directed by City Council to offset the General Fund shortfall and fund non-profits at 50%
Library	$1,043,472	$1,044,907	$1,435	Correction to Friends & Foundation grant expenses
Non-Departmental	$4,657,647	$4,707,647	$50,000	Establishment of Flood Protection Project Fund from General Fund reserves as directed by City Council

Final Budget Summary (General Fund, Water Fund, and Wastewater Fund):

GENERAL FUND:

Estimated GF Reserves (total) @ 6/30/16		$2,363,170
Total Revenues	$10,591,030	
Transfers In	$0	
Total GF Revenues and Transfers In		$10,591,030
Total Expenditures	($10,641,030)	
Total GF Expenditures and Transfers Out		($10,641,030)
Deficit to General Fund Reserve	($50,000)	
Estimated Reserves @ 6/30/17		$2,313,170
Estimated Reserve percentage		22%

WATER FUND:

Estimated Water Unrestricted Net Position @ 6/30/16		$4,923,632
Total Revenues	$3,783,308	
Total Expenses	($5,122,115)	
Revenues less Expenses		($1,338,807)
Use of Water Cash	($1,338,807)	
Estimated Water Net Position @ 6/30/17		$3,584,825
Estimated Percentage of Expenses		70%

WATER FUND – WITH NET PENSION LIABILITY:

Estimated Water Unrestricted Net Position @ 6/30/16		$3,680,198
Total Revenues	$3,783,308	
Total Expenses	($5,122,115)	
Revenues less Expenses		($1,338,807)
Use of Water Cash	($1,338,807)	
Estimated Water Net Position @ 6/30/17		$2,341,391
Estimated Percentage of Expenses		46%

WASTEWATER FUND:

Estimated WW Unrestricted Net Position @ 6/30/16		($79,804)
Total Revenues	$2,110,647	
Total Expenses	($2,057,934)	
Revenues less Expenses		$52,713
Use of WW Cash	$0	
Estimated WW Unrestricted Net Position @ 6/30/17		($27,091)
Estimated Percentage of Expenses		(1%)

WASTEWATER FUND – WITH NET PENSION LIABILITY:

Estimated WW Unrestricted Net Position @ 6/30/16		($908,760)
Total Revenues	$2,110,647	
Total Expenses	($2,057,934)	
Revenues less Expenses		$52,713
Use of WW Cash	$0	
Estimated WW Unrestricted Net Position @ 6/30/17		($856,047)
Estimated Percentage of Expenses		(42%)

RECOMMENDED ACTION

Staff recommends adoption of Resolution No. 2016-____ approving Fiscal Year 2016-17 budget.

ATTACHMENTS

Attachment A – Resolution No. 2016-_______

Attachment O

City of St. Helena

"We will conduct city affairs on behalf of our citizens using an open and creative process."

1480 Main Street
St. Helena, CA 94574
Phone: (707) 967-2792
Fax: (707) 963-7748

www.cityofsthelena.org

June 14, 2016

Mayor Galbraith, City Council Members and Residents of St. Helena,

I am submitting the proposed Fiscal Year (FY) 2016-17 Operations and Maintenance Budget for the City of St. Helena. Following the Council's policy direction and goals, services levels were maintained, good governance remains a focus, and staff continues to seek opportunities to streamline and modernize operations to achieve efficiencies and increase productivity.

The past few years have been filled with financial and operational challenges for the City and despite a very modest increase in General Fund revenues, the cost of delivering programs and service to our community continues to outpace revenues. This is a "status quo" budget, in which no additional discretionary services, staff or programming were added to the budget. To balance the General Fund budget, two positions were unfunded due to inadequate revenues. In addition, the Waste Water and Water Funds are both experiencing financial shortfalls which will be further addressed during the rate review currently underway. Nominal General Fund monies have been budgeted for asset recapitalization, resulting in further deterioration of the City's infrastructure including our parks, streets, sidewalks, buildings, vehicles and information technology.

The past year, the City focused on operational stabilization and on continuing to develop strategies for securing the City's financial future. In addition to maintaining service levels, the City is continually faced with implementation of and compliance with local, state, and federal mandates, most of which are unfunded. Staff has been working tirelessly to identify areas which need attention, taking proactive or corrective measures to ensure ongoing compliance. Staff has continued to focus on records management, improved transparency and community engagement to assist the public in accessing public records and feeling connected to the decision making and governance of the City.

In February 2016, the City Council conducted a goal setting session. During this session the Council agreed that revenue enhancement continues to be the main goal of the City for FY 2016-17 but at the same time the City needs to also maintain the quality of life in St. Helena. The Council's discussion related to goals and objectives focused on taking care of St. Helena including fixing the City's infrastructure, providing high level public safety and public administration, maintaining and supporting a diverse community, delivering efficient services, keeping current projects moving forward, and maintaining a family friendly environment.

Three goals were identified by the City Council and adopted on March 8, 2016:

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

In addition, the City also conducted its second community budget survey which garnered over 300 responses and provided staff with another tool for understanding community priorities. The community's top priorities included maintaining the City's long-term financial stability, maintaining 9-1-1 emergency medical, police and fire response times, and repairing roads and streets.

The FY 2016-17 Budget Workshop was conducted on May 4, 2016. Each Department Head presented their department budget, accomplishments for FY 2015-16, goals for FY 2016-17 and highlighted critical unfunded needs. Despite staffing shortages, financial challenges and unexpected setbacks, staff was able to accomplish a great deal this past fiscal year. A few important highlights include adopting a balanced FY 2015-16 budget, initiating several revenue enhancing options, continuing work on the General Plan Update, conducting an Emergency Operations Drill, transitioning the paid-by-call Fire Department to a City operated part-time department, supporting several affordable housing initiatives, resolving the Pond 1A matter, completing a comprehensive assessment of the Flood Control Projects and hiring a forensic accountant to conduct further review, adopting a document retention schedule, starting the Human Resources Department upgrade and modernization, developing and implementing numerous finance policies and practices, updating the Short-Term Rental ordinance, issuing RFPs for the City Hall/Police Station and Adams Street properties, continuing to provide excellent Library and Recreation programs, and installing Napa Valley's first green bike lane.

FY 2016-17 Budget Overview

Revenues

Overall, as the economy slowly improves, General Fund revenues are showing modest increases but operating costs continue to outpace these revenue increases. The City's three main General Fund revenue sources are property, sales and transient occupancy taxes (TOT). These three funding sources account for 80% of General Fund revenues. Property taxes are projected to increase 3% and sales taxes are projected to increase by 3.8%; however due to a one-time true up payment received in FY 2015-16 for the final triple-flip payment, overall sales taxes are projected to decrease by 1% when compared to FY 2015-16. TOT revenues are projected to increase by 1% for FY 2016-17. The opening of the City's first new hotel was projected for Spring 2016; however, delays have occurred and it is estimated the hotel will open during FY

2016-17. Due to the uncertainty of the opening date, only a modest increase in TOT has been included in this budget.

Although there is a net increase in the three main revenue sources, total General Fund revenue projections are estimated to be flat due to the following; (1) number of short-term rental permits being renewed in FY 2016-17, (2) fire department strike team revenues not being included in revenue projections, (3) end of the triple-flip, and (4) one-time revenues received during FY 2015-16. The Proposed FY 2016-17 General Fund revenue totals $10,591,030. This is a 6% increase from the adopted FY 2015-16 budget projections of $10,007,800, but is flat when compared to FY 2015-16 adjusted revenue projections.

The Water and Waste Water funds are both financially stressed. The Water Fund has experienced a significant reduction in revenue due to conservation efforts, yet the cost of operating and maintaining the system is increasing. The net position for the Waste Water Fund is projected to be negative by the end of FY 2016-17 due to emergency repairs and the Pond 1A penalty. Significant capital improvements are required for both the water and waste water systems, along with the need for enhanced maintenance and operations. These systems must generate adequate revenue to fund all these necessary short and long term expenses. Additionally, in 2012, the City entered into an installment purchase agreement with the California Statewide Communities Development Authority to finance water and wastewater system improvements. This agreement includes provisions requiring that the City set rates, fees, and charges for each fiscal year to yield system net revenues during each fiscal year equal to at least 120% of the annual debt service. For FY 2014-15 the City's net revenues in the Water Fund were not sufficient to meet this requirement and it is anticipated the same will be true for FY 2015-16. To comply with Debt Covenants and to meet capital improvement, enhanced maintenance, and operation needs, the City is currently conducting a rate study. The results of the rate study will be presented to the community and City Council this Fall along with recommended rate increases.

Operational Initiatives for FY 2016-17

Operational initiatives for FY 2016-17 include:

1) Continuing to assess the organization and seek opportunities to achieve efficiencies and increase productivity, including review of each vacant position to ensure the level and assigned duties are appropriate and necessary;
2) Continuing to build a strong organization with a foundation in good governance;
3) Seeking opportunities for sharing services with neighboring communities;
4) Enhancing records management and transparency to offer our community more access to public records and involvement in the City's governance;
5) Assessing all fees and rates and presenting options to Council for consideration;
6) Begin identifying City infrastructure assets and potential funding strategies; and

7) Continue delivering high quality programs and services that meet the interests and needs of our diverse and active community.

FY 2016-17 is a pivotal year for the City of St. Helena. Without significant and sustained increases in revenue for the General Fund, Water Fund and Waste Water Funds, the City will be faced with even more serious financial challenges in the coming years. Many of the City's facilities are beyond their useful life and much of the infrastructure is deteriorating and even failing. Addressing these obligations, including establishing capital replacement accounts, must be included in the City's overall operational and financial strategies. If additional General Fund revenues are not secured, service reductions will be required in FY 2017-18. For the Water and Waste Water funds, service reductions are not an option. Both systems are heavily regulated by oversight agencies that prescribe detailed operational, maintenance and environmental requirements mandating the City's financial commitments. If these enterprise funds are inadequately funded through the established rates, General Fund monies must be used to finance these operations and capital improvements. Continued focus on developing strategies to achieve the Council's goal of securing the City's financial future is imperative.

The City staff remains deeply committed to delivering quality programs and services to our community and we are all proud to serve our residents, businesses and visitors. I want to thank Finance Director April Mitts for leading the organization through this budget process. Also, my appreciation to Kathy Robinson, Human Resource/IT Director, Mandy Kellogg, Administrative Services Manager, and Tracey Perkosky, Finance & Grant Manager for their excellent work on preparing the data necessary for the budget to come together, updating the Long Range Financial Forecast, and for verification of budget accuracy. Budget preparation is a true team effort and I appreciate the department heads due diligence in preparing their status quo budgets, identifying ambitious goals and passionately delivering services to our community.

Sincerely,

Jennifer Phillips
City Manager

Attachment P

Report to the City Council
Council Meeting of February 10, 2015

Agenda Section: **New Business**

Subject: Pavement Management Program Report

CEQA Status: **Not a CEQA Project**

Prepared By: **Steven Palmer, PE – Director of Public Works/City Engineer**

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

BACKGROUND

The City utilizes the StreetSaver Pavement Management Program (PMP) which is a computerized data management tool used in prioritizing pavement treatments. The PMP assists City staff in developing cost-effective and strategic recommendations on the maintenance program for the City streets.

The condition of pavements is quantified through the use of a Pavement Condition Index (PCI) which ranges from 0 to 100. The numerical ranges for PCI's correspond to: Good 100-70, Fair 69-50, Poor 49-25, and Very Poor 24-0. The PCI is calculated based on a field survey, then adjusted each year for deterioration and any maintenance treatments that were performed. The PMP calculates a PCI for each City street segment, and provides recommended treatment programs for various budget scenarios. The PMP utilizes a pro-active maintenance strategy where streets are maintained before there is major deterioration. Comparatively lower cost investments which prevent a street from falling into major disrepair is a proven strategy in raising the pavement quality of City streets in the most cost effective manner.

The City's PMP was recently updated by Nichols Consulting Engineers (NCE). This work was performed as part of the Metropolitan Transportation Commission's (MTC) Pavement Management Technical Assistance Program, Round 15 (PTAP-15) at no cost to the City. NCE's pavement management update report (PMP Report) presents the funding needs and various budget scenarios. Staff will use the recommendations from this pavement management update to identify and plan the most cost- effective strategies to preserve and to improve the street network.

DISCUSSION

The City's roadway network consists of approximately 26 centerline miles. This roadway network is made up of approximately one centerline mile of arterial streets, 11 centerline miles of collector streets, and 14 centerline miles of residential streets; with an estimated replacement value of $22.4 million.

Taken as a network, the average PCI in the City for 2014 is 58. As a comparison, the average PCI for local streets and roads in all of Napa County is 59, and the average for all of California is 66. Best management practices for pavement management recommend an average of low 80's. The PMP Report shows that approximately 44% of the City's roadway network is in "Good" condition, 16% is in "Fair" condition, and 40% is in "Poor" or "Very Poor" condition.

The PMP Report provides a budget needs analysis that shows an initial investment of $6.2M is needed to increase the PCI to 80, as recommended by best management practices for pavement practices. In order to maintain that treated PCI of 80, the City would need to spend approximately $700,000 per year over the following four years.

The PMP Report by NCE also analyzed four different scenarios:

1. Continue current budget level
2. Maintain PCI at current level
3. Improve PCI to 63
4. Improve PCI to 70

The following table presents the results of budget needs and the four alternate scenarios.

Scenario	PCI (2019)	Five Year Funding	Deferred Maintenance
Existing	58	--	$6.2M
Needs	80	$8.9M	--
1	51	$1.25M	$9.5M
2	58	$2.5M	$7.5M
3	63	$3.5M	$6.5M
4	70	$5.6M	$4.3M

The above table and the PMP Report illustrate that by deferring maintenance, the cost to repair the roadway network increases. Historical data further emphasizes this point, as it costs nearly 32 times as much to repair a road in "Poor or Very Poor" condition as it does to maintain a road that is in "Good" condition.

The financial reality is that the City does not have unlimited financial resources. The challenge for the City is to find a cost-effective strategy that maximizes every dollar invested in maintenance against other transportation needs.

Based on the PMP Report and recommendations, the following strategies are recommended:

1. Receive and file this report.
2. Update the PMP database annually, including: completed maintenance projects, new and changed streets, maintenance and rehabilitation decision trees and associated unit costs, and treatment strategies (new technologies).
3. Inspect the street network surveyed every 2 years for arterials/collectors and 4-5 years for residential streets. This requirement complies with State and Federal funding grants.
4. Update the PMP report every two years, as required by State and Federal funding.
5. Continue to look for new funding opportunities and funding sources as the current annual allocated amount is not sufficient.

FISCAL IMPACT

There is no fiscal impact associated with receiving and filing this report.

RECOMMENDED ACTION

Receive and file the report.

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