City of St. Helena
Finance Committee
Regular Meeting
1088 College Avenue, St. Helena, CA 94574
Monday, October 27, 2025 @ 3:00 PM

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 <u>please observe the time limit of four minutes.</u>

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

Page

1. CALL TO ORDER

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

3. PUBLIC FORUM:
An opportunity for the public to directly address the Committee on items of interest to the public that are not listed on the agenda. Any person addressing the Committee should provide his or her name and address, and limit comments to four minutes. **Because of restrictions imposed by the <u>Brown Act, the Committee may not engage in substantive discussion, nor take action on matters not described on the agenda</u>.**

4. REPORTS BY STAFF AND COMMITTEE:
Reports by staff and/or committee on items of general interest. ***Brief questions for clarification may be posed and answered, and Committee may request that items be placed on a future agenda. Except under certain circumstances, <u>the Brown Act prohibits any other discussion or action by the Finance Committee.</u>***

5. CONSENT CALENDAR:
Members of the Finance Committee 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, on motion may be used to adopt all recommendation actions.

   5.1. Finance Committee Meeting Minutes of October 13, 2025 — 3 - 5
   Finance Committee - 13 Oct 2025 - Minutes - Draft

6. SCHEDULED MATTERS:

   6.1. Sub-Committee Update Regarding Budget Deficit — 7 - 14
   Finance Definitions Criteria Draft Clean 10.21.25

[Finance Definitions Criteria Draft Redline 10.21.25]

6.2. Sub-Committee Update on Capital Improvement Plan (CIP) Long-Term Needs

6.3. Sub-Committee Update on Unfunded Accrued Liability (UAL) Exposure and Recommended Funding Levels

6.4. Sub-Committee Update on Classification and Compensation Study

6.5. Sub-Committee Update on Cost Allocation Plan

6.6. Other Expense and Revenue Variables (e.g. investment earnings, equipment replacement, development revenues and impact fees, Vine Trail, et. al.)

7. FUTURE AGENDA ITEMS:

8. ADJOURNMENT

The next regular Finance Committee meeting is scheduled for November 17, 2025 at 3:00 p.m., City Hall,1088 College Avenue, St. Helena.

This agenda was posted at City Hall, 1088 College Avenue, St. Helena on October 23, 2025.

Mandy Kellogg, Administrative Services Director

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in the meeting, please contact City Hall at (707) 967-2792. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting (28 CFR35.102-35.104 ADA Title II). However, City staff will attempt to assist at any time with accessibility.

MINUTES
City of St. Helena
Finance Committee Meeting
Monday, October 13, 2025 @ 3:00 PM
City Hall, 1088 College Avenue, St. Helena

Present: Chair Arlene Corsetti, Vice Chair Christopher Warner, Members: Garry Rose, George Schisler (joined remotely at 3:15), Gregg Dawley (remote), Mark Smithers (remote), Richard Garber

City Council Member Liaison: Aaron Barak

Staff Liaison: Mandy Kellogg, Administrative Services Director

Absent:

1. CALL TO ORDER

Meeting was called to order at 3:01 p.m. by Vice Chair Warner

Chair Corsetti requested that Vice Chair Warner act as Chair for the meeting.

2. ROLL CALL

3. PUBLIC FORUM:

No public comment was received.

4. REPORTS BY STAFF AND COMMITTEE:

None.

5. CONSENT CALENDAR:

5.1. Finance Committee Meeting Minutes of October 2, 2025

A motion was made by committee member Garber to adopt the minutes of October 2, 2025. The motion was seconded by Chair Corsetti. By voice vote, all were in favor. (Rose, Garber, Corsetti, Warner – (Smithers and Dawley were remote and could not vote).

6. SCHEDULED MATTERS:

6.1. Sub-Committee Update Regarding Budget Deficit

Committee member Dawly presented on the Budget Deficit.

Discussion turned over to the Finance Committee; comments and questions ensued.

No public comment was received for item 6.1.

No formal action was taken.

6.2. Sub-Committee Update on Timeline for Capital Improvement Plan (CIP) Long-Term Needs

Vice Chair Warner introduced the item.

Committee member Rose provided a draft Excel document on CIP Long Term needs agenda item.

Discussion turned over to the Finance Committee; comments and questions ensued.

Public Comment was received by Deanna Griffin (representing the Friends and Family Foundation and herself as a resident) and Kelly Wheaton.

No formal action was taken.

6.3. Subcommittee Update on Unfunded Accrued Liability (UAL) Exposure and Recommended Funding Levels
Committee members Dawley and Garber provided an update on agenda item. Council Member Barak also helped to clarify the UAL and present the item.

Discussion turned over to the Finance Committee; comments and questions ensued.

No public comment was received on item 6.3.

7. FUTURE AGENDA ITEMS:

Vice Chair Warner asked that each sub committee go back and work to get their items finalized and be ready to report at next meeting.

Chair Corsetti requested an item on Future Revenue for November 2026 Ballott and the potential formation of a subcommittee.

Committee member Smithers asked for future agenda item on clarification on what committee’s role is.

Public Comment was received by Kelly Wheaton.

The November meeting is scheduled for November 17 at 3 p.m.

8. ADJOURNMENT

APPROVED:	**ATTEST:**
______________________________	______________________________
Arlene Corsetti, Chair	Mandy Kellogg, Staff Liaison

City of St. Helena: Budget Expenditure Definitions

Purpose

Finance Committee and City staff have been tasked with developing shared definitions to properly categorize the City's budget expenditures. Budget expenditures can be categorized in three ways:—Obligated Expenditures, Service Level Expenditures, and Aspirational Expenditures—along with corresponding filters. Using these definitions will allow the City to consistently categorize expenditures and better define recurring revenue shortfalls. Establishing this framework is essential to provide Council with a clear, data-driven picture of our revenue-to-expenditure gap and to determine whether and how much new revenue may need to be raised in future budget years.

The proposal is grounded in generally accepted accounting and budget planning definitions already used nationally by the Government Finance Officers Association (GFOA).

Proposed Definitions

1. Obligated General Fund and Enterprise Expenditures[1] (Mandatory Costs)

Costs the City is legally or contractually required to fund. These generally include:

- Current payroll costs for permanent employees
- Required pension liability payments (CalPERS UAL)
- Debt service and legal and regulatory compliance requirements
- Appropriate allocations between General Fund and enterprise funds (e.g., administrative salaries and A&G costs allocated between General Fund and enterprise funds)
- Capital project obligations required for legal compliance or safety
- Third party contracts without discretionary termination rights

Proposed test: Would failure to fund result in a legal default, contractual breach, or violation of compliance standards?

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[1] [1] Government Finance Officers Association (GFOA). 'Defining and Achieving a Structurally Balanced Budget.' Best Practice (2012, 2015).

2. Service Level Expenditures[2] (Essential Operations)

Expenditures not legally mandated but considered important by the community for a functioning and safe City and efficient City government. Examples include:

- Competitive compensation to retain and recruit staff
- Hours of operation for library, recreation, and public safety functions
- Operational IT infrastructure and system upgrades and replacements
- Equipment replacement schedules for obsolescence
- Core public works and community safety services

Proposed test: Does reducing or increasing expenditures materially impact continuous operations, City workforce, risk, community expectations, or long-term efficiency?

3. Aspirational Expenditures[3] (Discretionary Enhancements)

Expenditures that go beyond the Responsible Service Level, offering enhancements but not required for continuity or compliance. Examples include:

- Program expansions or new initiatives, (e.g. insert)
- Amenities beyond baseline hours and functions, (e.g. insert)
- Pilot programs without proven sustainability, (e.g. insert)
- Enhancements not tied to continuity, stability, risk reduction, community expectation, or efficiency, (e.g. insert)

Criteria: Service level and aspirational expenditures should be evaluated based on the following criteria:

Filtering Criteria

- Continuity – If expenditures modified, is the service level materially impacted? (e.g., IT backbone, fire coverage, minimum library hours)
- Workforce Stability – Is it necessary to hire/retain essential staff? (e.g, market pay adjustment, critical training, stipends)
- Risk Reduction – Does it materially impact future financial, legal, safety, or compliance risks? (e.g., audit controls, equipment replacement, regulatory compliance)

[2] [1] Government Finance Officers Association (GFOA). 'Defining and Achieving a Structurally Balanced Budget.' Best Practice (2012, 2015).
[3] [1] Government Finance Officers Association (GFOA). 'Defining and Achieving a Structurally Balanced Budget.' Best Practice (2012, 2015).

- Community Expectation – Is it a service residents reasonably expect they are receiving or should be receiving with current revenues? (e.g., police response time, parks maintenance)
- Efficiency – Do the long-term benefits materially exceed the short-term, up-front costs? (e.g, automation, outsourcing where cheaper and/or higher-level business continuity, mitigates security risk)

Illustrative Categorization—EXAMPLE ONLY 😊

Item	Proposed Category	Criteria/Test Applied	Notes
$__ Existing Contracts	Obligated Expenditure	Legal obligation	Required payments unless terminated
$1.3M CalPERS UAL Amortization	Obligated Expenditure	Contractual pension obligation	Required amortization commitment
$___K Current payroll	Obligated Expenditure	Compliance & continuity	Police, Public Works core equipment
Fire Dept. Full-Time Staffing (post-2022)	Service Level Expenditure	Continuity & Community Expectation	Not legally required, but baseline safety
Competitive compensation & benefits ($___K)	Service Level Expenditure	Workforce Stability	Retention essential across departments
New Park Amenity (e.g., Skatepark Expansion)	Aspirational Expenditure	None of the five tests met	Enhancement, not baseline
New City Hall	Aspirational Expenditure	None of five tests met	Assumes cost effective benefits

City of St. Helena: Budget Expenditure Definitions

Purpose

Finance Committee and City staff have been tasked with developing shared definitions to properly categorize the City's budget expenditures. Budget expenditures can be categorized in three ways:—Obligated Expenditures, ~~Responsible~~ Service Level Expenditures, and Aspirational Expenditures—along with corresponding filters. Using these definitions will allow the City to consistently categorize expenditures and ~~,~~ better define recurring revenue shortfalls~~, and obligated expenditures~~. Establishing this framework is essential to provide Council with a clear, data-driven picture of our revenue-to-expenditure gap and to determine whether and how much new revenue may need to be raised in future budget years.

The proposal is grounded in generally accepted accounting and budget planning definitions already used nationally by the Government Finance Officers Association (GFOA).

Proposed Definitions

1. Obligated General Fund and Enterprise Expenditures[1] (Mandatory Costs)

Costs the City is legally or contractually required to fund. These generally include:

- Current payroll costs for permanent employees
- Required pension liability payments (CalPERS UAL)
- Debt service and legal and regulatory compliance requirements
- Appropriate allocations between General Fund and enterprise funds (e.g., administrative salaries and A&G costs allocated between General Fund and enterprise funds)
- Capital project obligations required for legal compliance or safety
- Third party contracts without discretionary termination rights

Proposed test: Would failure to fund result in a legal default, contractual breach, or violation of compliance standards?

[1] [1] Government Finance Officers Association (GFOA). 'Defining and Achieving a Structurally Balanced Budget.' Best Practice (2012, 2015).

2. ~~Discretionary~~ Service Level Expenditures[2] (Essential Operations)

Expenditures not legally mandated but considered ~~a priority~~important by the community for a functioning and safe City and efficient City government. Examples include:

- Competitive compensation to retain and recruit staff
- Hours of operation for library, recreation, and public safety functions
- Operational IT infrastructure and system upgrades and replacements
- Equipment replacement schedules for obsolescence
- Core public works and community safety services

Proposed test: Does reducing or increasing expenditures materially impact continuous operations, City workforce, risk, community expectations, or long-term efficiency?

3. Aspirational Expenditures[3] (Discretionary Enhancements)

Expenditures that go beyond the Responsible Service Level, offering enhancements but not required for continuity or compliance. Examples include:

- Program expansions or new initiatives, (e.g. insert)
- Amenities beyond baseline hours and functions, (e.g. insert)
- Pilot programs without proven sustainability, (e.g. insert)
- Enhancements not tied to continuity, stability, risk reduction, community expectation, or efficiency, (e.g. insert)

Criteria: ~~Responsible s~~Service level and aspirational expenditures should be evaluated based on the following criteria:

Filtering Criteria

- Continuity – If expenditures modified, is the service level materially impacted? (e.g., IT backbone, fire coverage, minimum library hours)
- Workforce Stability – Is it necessary to hire/retain essential staff? (e.g. market pay adjustment, critical training, stipends)
- Risk Reduction – Does it materially ~~prevent~~ impact future financial, legal, safety, or compliance risks? (e.g., audit controls, equipment replacement, regulatory compliance)

[2] [1] Government Finance Officers Association (GFOA). 'Defining and Achieving a Structurally Balanced Budget.' Best Practice (2012, 2015).
[3] [1] Government Finance Officers Association (GFOA). 'Defining and Achieving a Structurally Balanced Budget.' Best Practice (2012, 2015).

- Community Expectation – Is it a service residents reasonably expect they are receiving or should be receiving with current revenues? (e.g., police response time, parks maintenance)
- Efficiency – Do the long-term benefits materially exceed the short-term, up-front costs? (e.g. automation, outsourcing where cheaper and/or higher-level business continuity, mitigates security risk)

Illustrative Categorization—EXAMPLE ONLY 😊

Item	Proposed Category	Criteria/Test Applied	Notes
$~~1.8M~~__ ~~Annual Structural Deficit~~Existing Contracts	Obligated ~~Deficit~~Expenditure	Legal ~~baseline – expenses > revenues~~obligation	~~Must be closed to achieve balance~~Required payments unless terminated
$1.3M~~765K~~ CalPERS UAL Amortization	Obligated ~~Deficit~~Expenditure	Contractual pension obligation	~~20-year~~ Required amortization commitment
$~~605K~~___K ~~Capital Equipment Replacement~~Current payroll	Obligated ~~Deficit~~Expenditure	Compliance & continuity	Police, Public Works core equipment
Fire Dept. Full-Time Staffing (post-2022)	~~Responsible~~ Service Level Expenditure	Continuity & Community Expectation	Not legally required, but baseline safety
~~Market Median Pay Adjustments~~Compentitive compensation & benefits ($~~670K~~___K)	~~Responsible~~ Service Level Expenditure	Workforce Stability	Retention essential across departments
New Park Amenity (e.g., Skatepark Expansion)	Aspirational Expenditure	None of the five tests met	Enhancement, not baseline
~~Pilot Program – Expanded Library Hours~~New City Hall	Aspirational Expenditure	~~Not tied to continuity or~~	~~Community benefit, but not essential~~Assumes

	~~compliance~~None of five tests met	cost effective benefits

~~Application and Next Steps~~

~~The value of this exercise is not just in drawing distinctions, but in creating a disciplined process the city can rely on. Recommend we focus on confirming the framework proposed here this coming Thursday and after this foundational step the following sequence is proposed:~~

1. ~~**Confirm Framework:** The immediate next step is for the subcommittee and staff to review the proposed definitions and criteria, discuss any modifications, and ultimately adopt a shared framework.~~
2. ~~**Apply Framework:** Once adopted, staff will tag each budget request or obligation with the agreed-upon categories and criteria.~~
3. ~~**Review and Finalize:** The subcommittee will test the categorizations, challenge justifications, and finalize the classifications.~~
4. ~~**Quantify the Deficit:** The resulting baseline will identify the true deficit — Obligated Deficit plus Responsible Service Levels — clearly separated from Aspirational requests.~~

~~With this shared framework in place, Council and the public will have a transparent foundation for evaluating the City's financial position, determining how much new revenue is required, and preparing a credible 2026 ballot strategy.~~

~~References~~

~~[1] Government Finance Officers Association (GFOA). 'Defining and Achieving a Structurally Balanced Budget.' Best Practice (2012, 2015).~~

~~[2] Government Finance Officers Association (GFOA). 'The Use of Long-Term Financial Planning in Budgeting.' Best Practice (2019).~~

~~[3] Government Finance Officers Association (GFOA). 'Establishing Government Charges and Fees.' Best Practice (2014).~~

~~[4] California State Auditor. 'Local Government High-Risk Program.' Reports on structural deficits and fiscal sustainability.~~