

# Municipal Service Review and Sphere of Influence Update for the City of St. Helena



Draft Report

Napa LAFCO

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# Chapter 1: ROLE AND RESPONSIBILITY OF LAFCO

Local Agency Formation Commissions (LAFCOs) are independent agencies that were established by state legislation in 1963 in each county in California to oversee changes in local agency boundaries and organizational structures. It is LAFCO's responsibility to:

- oversee the logical, efficient, and most appropriate formation of local cities and special districts;
- provide for the logical progression of agency boundaries and efficient expansion of municipal services;
- assure the efficient provision of municipal services; and
- discourage the premature conversion of agricultural and open space lands (Government Code [GC] §§ 56100, 56301, 56425, 56430, 56378).

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 ("CKH Act") requires each LAFCO to prepare a Municipal Service Review (MSR) for its cities and special districts. MSRs are required prior to and in conjunction with the update of a Sphere of Influence (SOI). This document presents both a MSR and SOI update and is intended to provide Napa LAFCO with the necessary and relevant information for the City of St. Helena, specifically regarding the appropriateness of the City's current and future jurisdictional boundary and SOI.

## 1.1: ABOUT NAPA LAFCO

Although each LAFCO works to implement the CKH Act, there is flexibility in how these statutes are implemented so as to allow adaptation to local needs. As a result, Napa LAFCO has adopted policies and procedures that guide its operations in recognition of local conditions and circumstances. Toward this end, the Commission adopted its Policy on Municipal Service Reviews on November 3, 2008. The Policy on Municipal Service Reviews was most recently amended on October 5, 2015. Policies relating to spheres of influence were adopted as part of the Commission's General Policy Determinations on August 9, 1972, which were most recently amended on October 3, 2011. These policies and procedures can be found on Napa LAFCO's website (<http://www.napa.LAFCO.ca.gov/>).

This MSR serves as an information tool that can be used to facilitate coordination and cooperation among local agencies and LAFCO with respect to achieving logical and orderly growth and development as well as delivery of municipal services. Describing existing efficiencies in service deliveries and recommending new opportunities to improve efficiencies is a core objective of this MSR. Since this MSR and SOI Update for St. Helena will be published on LAFCO's website, it also contributes to LAFCO's principle relating to transparency of process and information. A public hearing will be conducted by LAFCO on this MSR and SOI Update, thereby contributing to LAFCO's aim of encouraging an open and engaged process.

Napa LAFCO has a public Commission with five regular Commissioners and three alternate Commissioners as follows:

### *Commissioners*

- Brad Wagenknecht, Chair, County Member
- Brian J. Kelly, Vice Chair, Public Member
- Diane Dillon, Commissioner, County Member
- Juliana Inman, Commissioner, City Member
- Margie Mohler, Commissioner, City Member
- Ryan Gregory, Alternate Commissioner, County Member
- Kenneth Leary, Alternate Commissioner, City Member
- Gregory Rodeno, Alternate Commissioner, Public Member

### *Staff / Administrative*

- Brendon Freeman, Executive Officer
- Kathy Mabry, Commission Secretary
- Jennifer Gore, Commission Counsel

## 1.2 PURPOSE OF THE MUNICIPAL SERVICE REVIEW

MSRs are intended to provide LAFCO with a comprehensive analysis of services provided by cities and special districts that fall under the legislative authority of LAFCO. This review will provide Napa LAFCO with the information and analysis necessary to evaluate existing boundaries and determine appropriate SOIs for these municipal service providers. The MSR specifically makes determinations in each of seven mandated areas of evaluation, providing the basis for LAFCO to update SOIs and evaluate future proposed boundary changes.

An SOI is defined in GC §56425 as “a plan for the probable physical boundary and service area of a local agency or municipality as determined by the Commission.” LAFCO is required to adopt an SOI for each city and each agency in its jurisdiction. When reviewing and determining SOIs for these service providers, LAFCO will consider and make recommendations based on the following information:

- The present and planned land uses in the area;
- The present and probable need for public services and facilities in the area;
- The present capacity of public facilities and adequacy of public services that the agency provides;
- The existence of any social or economic communities of interest in the area if LAFCO determines that they are relevant to the service provider; and
- The presence of disadvantaged unincorporated communities for those agencies that provide water, wastewater, or structural fire protection services.

The MSR supports LAFCO while also providing the following benefits to affected agencies:

- Provide a broad overview of agency operations including type and extent of services provided;
- Serve as a prerequisite for a sphere of influence update (included herein);
- Evaluate governance options and financial information;
- Demonstrate accountability and transparency to LAFCO and to the public; and
- Allow agencies to compare their operations and services with other similar agencies.

This MSR is designed to provide technical and administrative information on municipal services provided by the City of St. Helena. This information is presented so that LAFCO can make informed decisions based on the best available data for each municipal service provided and area served. Written determinations, as required by law, are presented in Chapter 6 of this MSR for LAFCO's consideration.

### 1.3 METHODOLOGY FOR THIS MSR & SOI UPDATE

The CKH Act indicates that LAFCO should review and update each local agency's SOI every five years, as necessary, consistent with GC §56425(g). The MSR and SOI for St. Helena were last updated in May 2008 and August 2008, respectively, and were approved as part of LAFCO Resolutions #08-04 and #08-08. This report evaluates the structure and operation of each of the municipal services, and discusses possible areas for streamlining, improvement, and coordination. Key references and information sources for this study were gathered, which are included in Chapter 9 of this report. The references utilized in this study include published reports; review of agency files and databases (agendas, minutes, budgets, contracts, audits, etc.); master plans; capital improvement plans; engineering reports; Environmental Impact Reports; finance studies; General Plans; and state and regional agency information (permits, reviews, communications, regulatory requirements, etc.).

This MSR forms the basis for specific judgments, known as determinations, about each agency that LAFCO is required to make (GC §56425, 56430). These determinations are described in the MSR Guidelines from the Office of Planning & Research (OPR) as set forth in the CKH Act, and they fall into seven categories, as listed below:

1. Growth and population projections for the affected area;
2. Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence;
3. Present and planned capacity of public facilities and adequacy of public services including infrastructure needs or deficiencies;
4. Financial ability of agency to provide services;
5. Status of, and opportunities for, shared facilities;
6. Accountability for community service needs, including government structure and operational efficiencies; and
7. Any other matter related to effective or efficient service delivery, as required by commission policy.

### *California Environmental Quality Act*

The California Environmental Quality Act (CEQA) is contained in Public Resources Code §21000, et seq. Under this law, public agencies are required to evaluate the potential environmental effects of their actions. This MSR is exempt from CEQA under a Class 6 categorical exemption. CEQA Guidelines §15306 states that “Class 6 consists of basic data collection, research, experimental management, and resource evaluation activities that do not result in a serious or major disturbance to an environmental resource.” It should be noted that if LAFCO takes formal action to change the SOI for the City, CEQA requirements must be satisfied. The lead agency for CEQA compliance would most likely be LAFCO.

## **1.4 PUBLIC PARTICIPATION**

LAFCO is scheduled to discuss the Draft MSR and SOI Update on October 2, 2017. Comments from the public are solicited through October 13, 2017. The Commission will hold a second public meeting to approve a Final MSR and SOI Update at a future date.

After this MSR and SOI Update is finalized, it will be published on the Commission’s website (<http://www.napa.LAFCO.ca.gov/>), thereby making the information contained herein available to anyone with access to an internet connection. A copy of this MSR and SOI Update and copies of the documents and studies that were utilized in the development of this report may be viewed during posted office hours at LAFCO’s office located at 1030 Seminary Street, Suite B, Napa, CA 94559. In addition to this MSR and SOI Update, LAFCO’s office maintains files for each service provider in Napa County. These materials are also available to the public for review.

# Chapter 2: Overview of City

## 2.1 AGENCY PROFILE

**Name of Agency:** City of St. Helena

**Enabling Legislation:** General-Law City, California Constitution, Article 11, Section 2, and Government Code Section 34000 et seq.

**Functions/Services:** Municipal services provided directly by the City include law enforcement, fire protection and emergency medical response, water, sewer, streets, parks, planning, library, and community recreation. Municipal services provided by St. Helena through contracts or joint-power authorities with other agencies or companies include Housing Authority Services (contracted with the City of Napa), Geographic Information System (contracted through the County of Napa), specialized engineering services, specialized planning services, specialized plan check services, and other specialized services as needed.

**Main Office:** 1480 Main Street, St. Helena, California 94574

**Mailing Address:** same as above

**Email:** nhoush@cityofsthelena.org

**Phone No.:** (707) 967-2792

**Fax No.:** (707) 963-7748

**Web Site:** www.cityofsthelena.org

**City Manager:** Mark Prestwich

**City Clerk:** Cindy Black

<b>Governing Body:</b>	<u>City Council</u>	<u>Term Expires</u>
	Alan Galbraith, Mayor	12/11/2018
	Peter White, Vice Mayor	12/11/2018
	Paul Dohring, Council Member	12/11/2018
	Mary Koberstein, Council Member	12/8/2020
	Geoff Ellsworth, Council Member	12/8/2020

**Meeting Schedule:** 2nd and 4th Tuesday of each month at 6:00 pm.

**Meeting Location:** Vintage Hall Board Room (St. Helena High School), 465 Main Street, St. Helena, CA 94574

**Date of Incorporation:** March 24, 1876

**Principal County:** Napa County

**Other:** registered resident-voter system

## 2.2 SERVICES AND LOCATION

St. Helena was initially settled in 1830's and incorporated as a general-law city in 1876. It provides a full range of municipal services either directly or by contract with other governmental agencies or private companies. St. Helena is currently staffed by 78.68 full-time equivalent employees (Table 2-3), and has an estimated resident population of 6,004<sup>1</sup>.

### Type and Extent of Services

Municipal services provided directly by St. Helena include:

- city administration
- law enforcement
- fire protection and emergency medical
- domestic water
- sewer
- storm drains
- streets and downtown sidewalks
- government buildings and grounds
- library
- planning and community development, and
- parks and recreation

Municipal services provided by St. Helena through contracts with other agencies or companies include Geographic Information Systems (County of Napa), regional storm water compliance, and specialized planning, building and engineering services as needed. Also, the City is part of Joint Powers Agreements/Authorities as follows:

- Upper Valley Waste Management Agency
- Marin Energy Authority
- Napa Valley Transportation Authority
- Napa County Flood Control and Water Conservation District
- Redwood Empire Municipal Insurance Fund

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<sup>1</sup> Per the State Department of Finance, January 2016 estimate.

Residents of St. Helena also benefit from public services that are provided by other agencies and companies, as listed in Table 2-1, below.

Provider	Services
Napa County	Public assistance, elections, tax assessment and collection, treasury management, official records, public and behavioral health, social programs, criminal justice programs, support of affordable housing projects, and auditor's office.
Napa County Flood Control and Water Conservation District	Flood control and water services contract
Napa County Mosquito Abatement District	Mosquito abatement
Napa County Regional Park and Open Space District	Parks, trails, and recreation
Napa County Housing Authority	Farmworker housing
Napa County Resource Conservation District	Resource conservation services
St. Helena Unified School District	Public Education K-12. Also provides playgrounds
Regional Agencies: <ul style="list-style-type: none"> <li>■ Association of Bay Area Governments</li> <li>■ Metropolitan Transportation Commission</li> </ul>	Regional planning & housing allocation studies Regional transportation planning
Pacific Gas and Electric	Gas, Electricity
Comcast	Cable Television
Caltrans	Highway Transportation and Maintenance along Highways 29 and 128

## Location and Size

St. Helena is located towards the northern end of the Napa Valley approximately 18 miles northwest of the City of Napa. St. Helena is bisected by the Sulphur and York Creeks that are tributaries of the Napa River, which lies on the eastern side of the City. St. Helena is also bounded to the east and west by the Howell and Mayacamas Mountains, respectively. St. Helena serves as the regional economic and social anchor for the nearby unincorporated communities of Angwin and Deer Park as well as a commercial development along State Highway 29 immediately south of City limits.

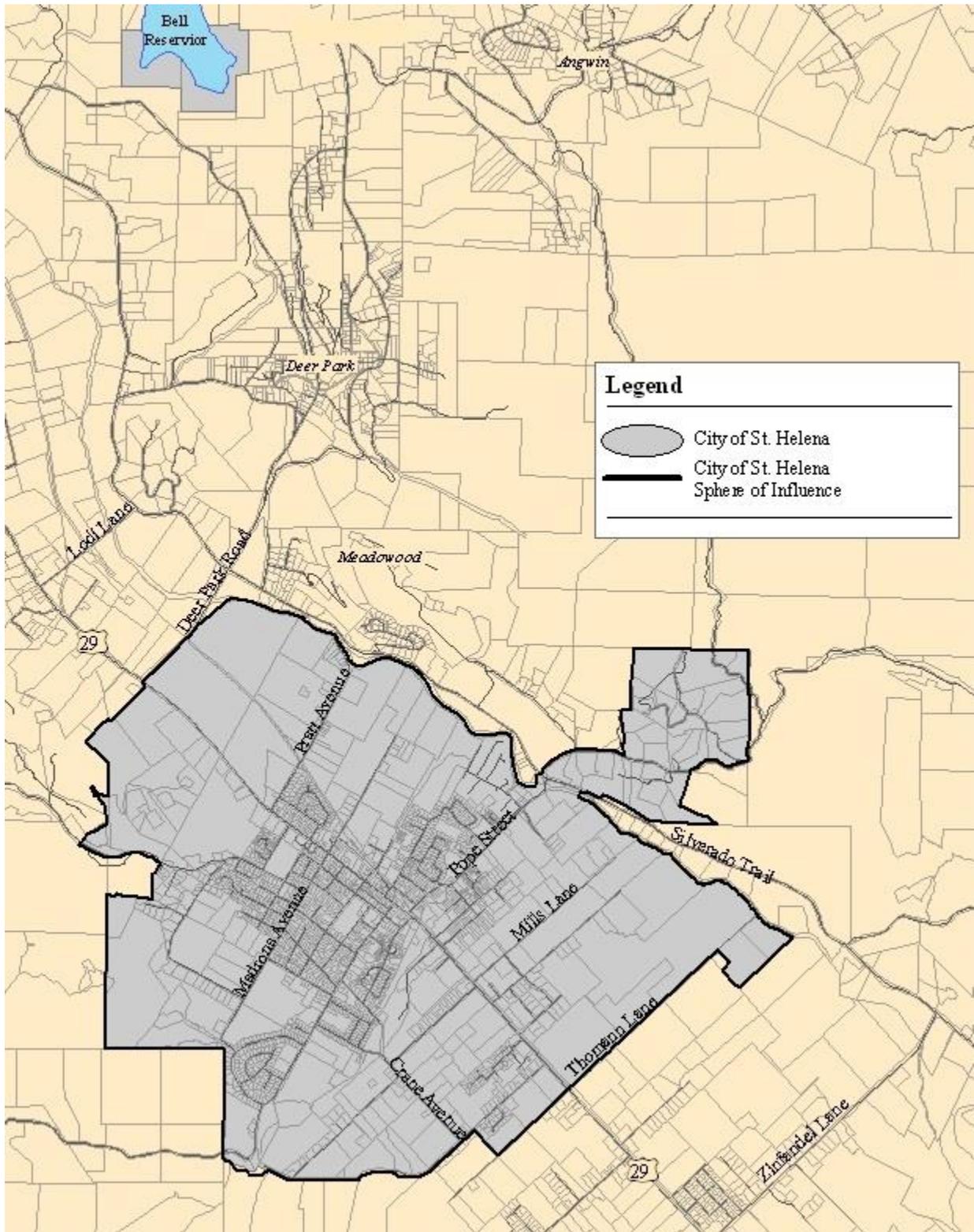
Table 2-2: Geographic Summary for City of St. Helena		
	Incorporated Boundary	Sphere of influence
Total Acres	3,046 acres	2,951 acres
Square Miles	4.7	4.6
Number of Assessor Parcels	2,304	2,302
<i>Data Source: St. Helena EIR on Draft General Plan, May 2016 and Napa County GIS data</i>		

As shown in Table 2-2 above, the SOI is generally coterminous with the City’s jurisdictional boundary. The only exception involves two parcels totaling 95 acres that are owned and used by the City for municipal purposes and located near Bell Canyon Reservoir. These two parcels are within St. Helena’s jurisdictional boundary but outside the City’s sphere of influence consistent with the provisions of California Government Code Section 56742. A map of the City’s boundary and sphere of influence is provided as Figure 2-1.

## 2.3 FORMATION AND BOUNDARY

The community of St. Helena began developing into a commercial center for nearby farmers and ranchers in the 1830s as a result of a land grant from Mexico to General Mariano Vallejo. By the 1860s, the Napa Valley Railroad Company, precursor to future branches of the Central Pacific Railroad and Southern Pacific Railroad Companies, was extended north from Napa to include stops in Yountville, Oakville, Rutherford, St. Helena, and Calistoga. The arrival of the railroad coincided with the expansion of St. Helena’s commercial base as nearby vineyards began to flourish leading to the creation of a business district along Main Street. St. Helena’s emergence as a commercial center in the Napa Valley led to its incorporation on March 24, 1876. St. Helena’s incorporation was the second in Napa County and helped facilitate continued commercial and residential growth in the City over the next several decades.

Figure 2-1: St. Helena's Current Jurisdictional Boundary and Sphere of Influence



## Boundary History

St. Helena's incorporated boundary comprises approximately 3,046 acres, or 4.7 square miles. The Commission has approved a total of eight jurisdictional changes involving St. Helena since 1963. The last jurisdictional change was approved by the Commission in 1997 and involved the detachment of a portion of one parcel approximately 2.36 acres in size located southwest of the intersection of Deer Park Road and State Highway 29.



Table 2-3: Approved Jurisdictional Changes involving the City of St. Helena

Proposal Name	Action Approval	Date
Indian Valley	Annexation	September 23, 1964
Mount La Salle Vineyards	Annexation	November 12, 1964
Stonebridge	Annexation	March 9, 1966
Sewer Treatment Plant	Annexation	December 13, 1966
Beroldo	Annexation	March 13, 1968
Stonebridge*	Detachment	December 12, 1973
St. Helena Lower Reservoir	Annexation	November 9, 1994
State Highway 29/Deer Park Road	Detachment	February 7, 1997

\* Detachment was terminated as a result of protest proceedings

In addition to the boundary changes listed above in Table 2-3, in 2008 LAFCO added 245 acres to the City's sphere (LAFCO Resolution #08-08). The 245-acre area is located generally east of the intersection of Silverado Trail and Howell Mountain Road. This area was annexed to St. Helena in 1966 but excluded from the sphere at the time of its establishment in 1974. The incorporated boundary includes a total of 2,304 assessor parcels with an average size of 1.32 acres.

## Sphere of Influence

St. Helena's sphere includes approximately 3,046 acres, or 4.7 square miles. The sphere was established by the Commission in 1974 and is generally coterminous with St. Helena's incorporated boundary with the exception of two parcels owned and used by the City near Bell Reservoir that are within the City's boundary but outside the sphere consistent with the provisions of California Government Code Section 56742.

The Commission has approved three amendments to St. Helena's sphere since its establishment in 1974. The first amendment was approved in 1994 and extended the sphere as part of concurrent annexation proposal to add an approximate 8.09 acre area located next to the City's Lower Reservoir and the site of a water storage tank. The second amendment was approved in 1997 and reduced the sphere as part of a concurrent detachment proposal to exclude an approximate 2.36 acre area located near the intersection of State Highway 29 and Deer Park Road. The third amendment was approved in 2008 and it added 245 acres east of Silverado Trail and Howell Mountain Road via LAFCO Resolution #08-08.

The City has identified specific areas located outside its boundaries to which it wishes to provide municipal services. The City has also provided communication indicating an interest in expanding its sphere of influence. Please see chapter 7 for additional information.

## Extra-territorial Services

St. Helena provides municipal services to residents located outside the City boundaries. This includes water, fire protection, and law enforcement. It is important to note Assembly Bill (AB) 402<sup>2</sup>, authored by former Napa LAFCO Commissioner and current State Senator Bill Dodd, was signed by Governor Brown on October 2, 2015 and became effective January 1, 2016. This legislation creates a five-year pilot program for Napa and San Bernardino Counties that establishes a mechanism for both Commissions to authorize service provision outside a local agency's jurisdictional boundary and sphere of influence under special circumstances. The Bill has been codified under Government Code Section 56133.5, which expands upon the existing circumstances for which the Commission may authorize services outside a city's jurisdictional boundary and sphere of influence. A staff report presented to LAFCO on April 4, 2016 outlines a process and policies to implement the provisions of AB 402. AB 402 is relevant to this report given that one of the prerequisites to LAFCO authorizing St. Helena to provide new municipal services outside the City's boundary pursuant to Government Code Section 56133.5 is adoption of specific determinations as part of a municipal service review.

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<sup>2</sup> Text of AB 402 is available on-line at: [https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill\\_id=201520160AB402](https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201520160AB402)

Water, Extra-territorial: The City does provide water service (for domestic and fire protection purposes) to 350 long-term existing customers located outside the City's jurisdictional boundary (LAFCO, 2008a). The City serves water customers located as far south as the intersection of Highway 29 and Rutherford Road (including properties off Whitehall Lane, Inglewood Avenue, and Zinfandel Lane); east to include Meadowood Lane, Madrone Knoll Way, Knoll Place, Knoll Circle, Knoll Court, Fawn Park Road, Camino Vista, Via Monte; and as far north as a few hundred feet north of the intersection of Highway 29 and Lodi Lane (St. Helena, 2016a). However, the City has a long standing policy prohibiting new connections which is memorialized in the following excerpts of the Municipal Code. Please note that the prohibition against new water service is mandatory (shall not) whereas the allowance for fire service is discretionary.

*Section 13.04.050 Water service connections*

*H: Service Outside City Limits. No water service connection or water main extension shall be made or given to premises located outside the city limits except (1) to provide private fire service in accordance with Section 13.04.200 and (2) to provide reclaimed water in accordance with city policies and procedures.*

Most of these outside connections were established prior to CKH. Any new or extended services outside St. Helena's jurisdictional boundary would require LAFCO approval pursuant to Government Code §56133 or §56133.5.

Fire, Extra-territorial: The St. Helena Fire Department responds to a geographic area outside the City's boundary. Fire protection is managed through contract and mutual aid services. Specifically, St. Helena has mutual aid agreements for fire service with Calistoga, Napa County, City of Napa and Sonoma County (St. Helena, 2016a). The City's Municipal Code provides in Section 13.04.200 Private Fire Service Requirements:

The department may install a private fire service; provided that the applicant complies with the general requirements governing water services set forth in this chapter or Chapters 13.08 and 13.12, together with the following special requirements:

- A. The applicant shall enter into a private fire service agreement with the department, the terms of which shall be satisfactory to the department.
- B. The services shall be satisfactory to the head of the public agency responsible for fire protection on the premises involved and to the Pacific Fire Rating Bureau. Each private fire service shall have installed therein a detector check valve of pattern and design approved by the superintendent. A "detector check valve" is defined as a spring-loaded or weight-loaded swing check valve equipped with a metered bypass.

- C. The private fire service shall be used only for fighting fires and testing the fire protection system. The charge for the service shall be on a flat basis as provided below. The charge shall include the cost of water used to fight fires and for authorized testing of the fire protection system. Any other use of water from the private fire service shall constitute a breach of the private fire service agreement.

Law Enforcement, Extra-territorial: The St. Helena Police Department (SHPD) responds to incidents in surrounding unincorporated areas based on separate mutual aid agreements with the California Highway Patrol and County of Napa. Calls for service from residents originating outside the City boundary are transferred to the appropriate Dispatch Center and they alert SHPD Officers, who also respond directly when the situation is urgent, or an emergency and the responsible law enforcement agency doesn't have an officer nearby. For example, sometimes the Sheriff will have only one unit nearby and the situation calls for multiple officers. In this example, SHPD would respond to provide assistance.

SHPD enforces traffic laws on Silverado Trail (a portion of the road is parallel to the City and is in the County jurisdiction). SHPD also responds to calls for assistance from the Highway Patrol and the Sheriff's Office. Additionally, SHPD responds to traffic collisions originating in the unincorporated area from Lodi Lane to the north, to Zinfandel Lane to the south, and all along Silverado Trail (St. Helena, 2016a). To summarize, the St. Helena Police Department provides law enforcement responses to several locations beyond the City boundary (as requested).

Sewer, Extra-Territorial: The City does not currently provide wastewater treatment services to areas outside its boundaries. In Chapter 7, several extra-territorial areas are studied for inclusion in the SOI. Additionally, the City has noted that "the City sewer treatment plant and contiguous spray fields are areas of high concern, given that these facilities are not completely within the City's jurisdiction, but are City owned property and serve essential functions provided by the City. From the City's perspective, these properties, as well as other City owned property outside of the City boundary, should be included within the City's jurisdiction and therefore need to be included in the expanded SOI" (St. Helena, 2016a).

## 2.4 GOVERNMENT STRUCTURE AND ACCOUNTABILITY

St. Helena operates under the council-manager system of government. Decision-making authority under this system is equally distributed among a five-member City Council that includes a directly elected mayor. Elections are conducted by general vote; the mayor serves a two-year term while four council members serve staggered four-year terms. Key duties of the City Council include making policies, adopting an annual budget, enacting ordinances, appointing committee members, and hiring the city attorney and city manager. St. Helena City Council meetings are conducted on the second and fourth Tuesdays of each month beginning at 6:00 P.M. in the Vintage Hall Board Room at St. Helena High School, located at 465 Main Street. The current City Council members are listed in the Agency Profile, Section 2.1 of this MSR.

City Council meetings are open to the public and also broadcast live on Channel 28 and are replayed the Friday after the meeting at 9:00 a.m. City Agendas are posted in the public kiosk outside of City Hall, posted at the meeting site, emailed to newsletter subscribers, and uploaded to the City website <http://www.cityofsthelena.org/>. Public hearing items are posted in the local newspaper as well, based on the public hearing requirements for individual project types. Original minutes are kept in an official minute's binder in a fireproof room. They are also uploaded to the City website.

The City furthers its compliance with the Brown Act (Government Code §§ 54950-54926), by providing an in depth Brown Act presentation at an annual public joint City Council and Planning Commission meeting, presented by the City Attorney. All other committees, boards and commissions are also invited and encouraged to attend. The City Clerk also provides Brown Act training to all of the various committees, boards and commissions to ensure understanding and compliance. The Mayor and Chairpersons of the various committees, boards and commissions request public comment on each agenda item before deliberation. The community also shares their opinions by email and paper correspondence which is made public at the meetings. The City also conducts public surveys to encourage participation in local government. City Council and Planning Commission meetings are broadcast live on a local community channel and over the internet which gives the public real time access to the content of these meetings. Additionally, the City Attorney is often present at Council meetings to ensure compliance with the Brown Act, the conflict-of-interest regulations set forth in the Political Reform Act (Government Code § 81000 et seq.), and other applicable laws.

Benefits provided to City Council members include health, dental, and vision insurance, FICA, medicare, life, PERS (100% City-paid ER/EE) and a stipend. Additionally, there is match for deferred compensation up to \$200/month (St. Helena, 2016a).

Governing bodies such as a City Council are required to comply with specific state laws including:

- CA Government 4-23
- e §53235 requires that if a city provides compensation or reimbursement of expenses to its board members, the board members must receive two hours of training in ethics at least once every two years and the city must establish a written policy on reimbursements.
- The CA Political Reform Act (Government Code §81000, et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (California Code of Regulations §18730), which contains the terms of a standard conflict of interest code, which can be incorporated by reference in an agency's code.
- Government Code §87203 requires persons who hold office to disclose their investments, interests in real property and incomes by filing appropriate forms with the Fair Political Practices Commission each year.

The City Council does comply with each of the above laws and regulations.

### *Advisory Boards, Commissions, and Committees*

The St. Helena City Council has established local advisory bodies to assist the City in its decision-making processes. Specific responsibilities for each advisory body are established by their respective ordinance or resolution. St. Helena's seven active advisory bodies<sup>3</sup> are summarized as follows.

#### Planning Commission

The Planning Commission consists of five members appointed by the City Council to four-year terms. The Commission meets on the first and third Tuesdays of each month and is responsible for approving conditional use permits, parcel maps, and variances. The Commission also performs design review for proposed residential, commercial, and industrial development projects, and makes recommendations to the City Council on General Plan amendments, zoning changes, and subdivision maps.

#### Active Transportation/Sustainability Committee

The mission of the Active Transportation/Sustainability Committee is to educate St. Helena citizens, businesses, city staff and elected officials and assist with reasonable measures to achieve greenhouse gas reduction and effective sustainability practices. The Committee strives to make St. Helena programs a model of sustainability for the state. The committee also functions in an advisory capacity to direct its activities to improving bicycling, walking and other active modes of transportation within the City of St. Helena.

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<sup>3</sup> St. Helena's Boards, Commissions, Committees are listed on the City website at: <http://ci.st-helena.ca.us/content/boards-commissions-committees>

### Library Board of Trustees

The Library Board of Trustees consists of seven members appointed by the Mayor with consent of the City Council to two-year terms. The Board meets on the second Wednesday of each month and, subject to Council approval, establishes and enforces rules, regulations, and bylaws for the administration of the public library.

### Parks and Recreation Commission

The Parks and Recreation Commission consist of five members appointed by the City Council to three-year terms. The Commission meets on the third Monday of each month and is responsible for advising the City Council and Recreation Director on matters relating to public recreation, park development, and park management.

### Tree Committee

The Tree Committee consists of five members and two alternates appointed by the City Council to three-year terms. The Committee meets on the fourth Thursday of each month and serves as an appeal board for decisions made by the Director of Public Works on tree related issues. The Tree Committee also reviews and makes recommendations to the Planning Department on all subdivision and parcel map applications with respect to conforming to the procedures and requirements established under St. Helena's Tree Ordinance.

### *Leadership and Goals*

A key element of leadership success is the ability to set goals and describe a vision for the organization's future. The City Council conducts annual Goal Setting sessions. The most recent Goal Setting session was in February 2017. The result of this meeting was the creation of goals to direct staff efforts and resources for the coming year. Specifically, these goals<sup>4</sup> are:

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;
4. Adopt balanced FY 2017-18 Budget; and
5. Adopt General Plan Update

Ideally, all public service providers in Napa County would have an updated strategic plan or master plan that links together goals, objectives, actions, and best management practices. A quality assurance or adaptive management plan that shows how activities and actions undertaken contribute to learning and progress which then leads to an adjustment in objectives and best management plans would also be helpful. The City of St. Helena has taken positive steps in this direction through its articulation of goals. It is recommended that the City take the next step to develop and adopt a formal strategic plan.

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<sup>4</sup> Goals for St. Helena are available on the City's website at: [http://cityofstheleena.org/sites/default/files/fileattachments/finance\\_amp\\_utilities/page/2191/fy\\_17-18\\_adopted\\_budget\\_final.pdf](http://cityofstheleena.org/sites/default/files/fileattachments/finance_amp_utilities/page/2191/fy_17-18_adopted_budget_final.pdf)

The City is currently updating its General Plan and this document contains several goals and objectives for the physical development and infrastructure in the City. The General Plan 2030 (Draft) is available on the City's website at:

[http://cityofsthenana.org/sites/default/files/General%20Plan%20Update%20090815.Reduced%20File%20Size\\_0\\_0.pdf](http://cityofsthenana.org/sites/default/files/General%20Plan%20Update%20090815.Reduced%20File%20Size_0_0.pdf).

## 2.5 MANAGEMENT EFFICIENCIES AND STAFFING

The administration of St. Helena is the principal responsibility of the City Manager, who is appointed to oversee and implement policies on behalf of the City Council. Implementing policies, rules, regulations and laws adopted by the City Council is the responsibility of the City Manager. St. Helena's budget for FY 16/17 authorized 75.54 Full-time equivalent (FTE) employee positions. Part-time positions make up 11.09 FTE's of the total FTE's. The Organization Chart shown in Figure 2-2 shows 78.68 positions and this is because some positions are not actually filled, but are reserved on the Organization Chart. Staff is organized into nine departments shown in Table 2-4 on the following page. Not included in the above figures are one Mayor, four Council Members, five Planning Commissioners, Recreation Program Instructors, and Tree Maintenance Workers who are hired on an as needed basis. The Department Managers, including the Fire Chief, Police Chief, Public Works Director, Planning Director, Library Director, Recreation Director and Finance Director, report to the City Manager, who in turn reports directly to the elected Mayor and City Council.

CONTACT INFORMATION:

Mark Prestwich, City Manager  
(707) 967-2792

<b>Table 2-4: Summary of City Staff Allocation by Function (2016-17)</b>			
<b>City Function</b>	<b>FTE as of July 1, 2005</b>	<b>FTE as of July 1, 2010</b>	<b>FTE as of July 1, 2016*</b>
Administration City Manager	2.75	3	4.5
Admin. Finance	4.63	5	5
Planning/Building	4	5	4.5
Buildings and Maintenance	3	2	.25
Public Works	4	5.5	8.13
Water Service	7	7	7
Wastewater Service	3	2.5	3
Parks	4	5	4.75
Fire Protection and Emergency Services	2	1.8	5.95
Police Protection	19.5	17.5	16.75
Solid Waste Collection/Streets/Garage	4	4	4
Other: Recreation	6.34	5.09	6.85
Library	11.02	10.34	8
<b>Total FTE</b>	<b>75.24</b>	<b>73.73</b>	<b>78.68</b>
<i>Data Source: St. Helena, 2016a and *2016b</i>			
<i>Not Shown: City Attorney is a contracted position</i>			

Complaints about city services are directed to the applicable department and resolved on a case-by-case basis. Official records are not kept of general complaints; however Code Enforcement activities which result from individual complaints regarding land use, construction activities and other municipal code violations are kept and managed as official City records (St. Helena, 2016a).

## Overview Of Municipal Departments

### Administration

Administration includes the City Manager, City Clerk, Administrative Assistant, Human Resources, and IT. The City Manager serves as the administrative head of the City of St. Helena overseeing the general administrative management of the City. The City Manager also serves as the City Treasurer. The City Manager is responsible for implementing policies, rules, regulations and laws adopted by the City Council and for the overall management of the City's approximately 74 employees. City management staff, including the Fire Chief, Police Chief, Public Works Director, Planning Director, Library Director, Human Resources Director, Recreation Director and Finance Director report to the City Manager, who in turn reports directly to the elected Mayor and City Council. The Fire Chief and City Attorney also report directly to the City Council.

The City Clerk is responsible for preparing agendas and minutes, providing public notices, conducting general, municipal, and special elections, and maintaining official records. Administration also includes an Office Assistant position.

Since the 2008 MSR was written, the Administration Department has accomplished several notable tasks including:

1. Purchased Laserfiche to migrate to a central repository to house City records.
2. On September 8, 2015, the City Council adopted resolution 2015-99 approving a new Records & Information Management Policy and Retention Schedule.
3. January 2016, Executed an Agreement with Pacific Gas and Electric (PG&E) Company for a Clothes Washer Rebate Program
4. November 2015, Financial Assistance in the Amount of \$10,000 to Community Action Napa Valley in Support of Napa County's Homeless Shelter Services
5. October 2015, Adopted a Nonprofit Funding Policy and Related Program Application Guidelines open to any nonprofit (does not have to be local) that serves the community of St. Helena.
6. September 2015, New Live Scan machine that services locals and nonlocals alike.
7. September 2015, 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
8. September 2010, Waiving Building Permit and Development Impact Fees for Electric Vehicle Charging Station Installations (St. Helena, 2016a).

### Finance Department

The Finance Department is responsible for providing financial management and administrative services for St. Helena. This includes preparing financial reports, risk management, payroll, accounts payable and receivable, and purchasing. The Department also provides billing and collection for water and sewer services. The Finance Department is managed by the Finance Director and staff includes a Senior Management Analyst, one Accounting Technician and two Accounting Assistants.

### Police Department

The Police Department is responsible for providing all related law enforcement services in St. Helena. These services include crime prevention, parking and traffic control, youth education, community awareness, and criminal investigations (LAFCO, 2008). The Department is managed by the Chief of Police and includes one Lieutenant, two Sergeants, seven sworn officers, four dispatchers, one Corporal, and one Community Service Officer (St. Helena, 2016b). Since the May 2008 MSR was written, the Police Department has worked to upgrade its equipment including purchase of the following: Digital Dispatch Consoles, new e911 system, Avtec Phone system, Sun Ridge Systems records management system (RIMS), GEM electric vehicle (St. Helena, 2016).

### Recreation Department

The Recreation Department is responsible for providing a range of public leisure services in St. Helena. These services include offering youth and adult sports programs, vocational classes, arts and crafts, drama and music, and operating a skateboard park. The Department is managed by the Recreation Director and includes one Recreation Supervisor and one Sports Assistant. The Department also utilizes temporary part-time employees to help operate a community teen center, weight room, and skateboard park. The Recreation Department works closely with the Public Works Department which manages the City's park employees.

### Planning and Building Department

The Planning and Building Department is responsible for providing planning, building inspection, and code enforcement services in St. Helena. The Department is managed by the Planning Director and Community Improvement Director. Staff includes one Senior Planner, one Permit Tech, one Chief Building Official, and an Administrative Assistant.

### Fire Department

The Fire Department is responsible for providing fire protection and emergency medical services in St. Helena as well as certain surrounding unincorporated areas pursuant to a mutual aid agreement between the City and the County of Napa. The Department is staffed by 29 on-call firefighters and managed by Fire Chief formally appointed by the City Council. The Department also includes a Management Analyst and a Fire Marshall. Since the 2008 MSR, the Fire Department has accomplished several notable tasks including:

1. ISO Rating improved to 3
2. Amended the Municipal Code to change from a private Fire Department Corporation to a formal City Department.

### Public Works Department

The Public Works Department manages all public facilities and infrastructure in St. Helena. The Department is divided into eleven operating divisions: 1) Water Treatment, 2) Water Distribution, 3) Wastewater Collection (Sewers), 4) Wastewater Treatment, 5) Streets, 6) Storm Drains, 7) Parks, 8) City Garage, 9) Government Buildings & Grounds, 10) Flood Control, and 11) Administration. The Department is managed by the Public Works Director/City Engineer and includes as Assistant Public Works Director, a Project Manager, Water Conservation Coordinator, Public Works Manager, Water Treatment Plant Operator, three Plant Operators, Water Distribution Manager, four Maintenance Workers, Wastewater Treatment Plant Operator, three WWTP Operators, three Street & Garage Maintenance Workers, and four Park Maintenance Workers.

### Library Department

The Library Department operates the George and Elsie Wood Public Library located at 1492 Library Lane in St. Helena. The library staff manages and maintains 96,000 books, DVDs, books on CD, CDs, newspapers, magazines, microfilm and other media. Additionally, they manage the Napa Valley Wine Library, consisting of some 3,500 titles and over 6,000 items. The Department is managed by the Library Director. Staff support includes one Senior Librarian, two Senior Librarian Assistants, one Outreach Services Librarian, one Library Assistant, and eight part-time staff.

The Library also collaborates with a separate non-profit organization known as the Robert Louis Stevenson Museum which is located in a separate building. The Napa Valley Wine Library Association is a non-profit organization that supports the Napa Valley Wine Library.

### Awards to City

The City of St. Helena and/or its personnel have been honored with multiple awards, grants, and other mentions for distinguished service as listed below.

#### 2011

- City Manager received Outstanding Service Award from Municipal Management Association of Northern California (MMANC)
- Certificate of Achievement for Excellence in Financial Reporting for Comprehensive Annual Financial Reports

#### 2012

- City Manager received Outstanding Service Award from MMANC
- Comprehensive Flood Protection Project, City of St. Helena Department of Public Works, Award for Excellence in Floodplain Management
- Award for Support of Smoke Free Parks, Tobacco Education Program and Tobacco Advisory Board
- Certificate of Achievement for Excellence in Financial Reporting for Comprehensive Annual Financial Reports

#### 2013

- Certificate of Achievement for Excellence in Financial Reporting for Comprehensive Annual Financial Reports
- Engineering Excellence Merit Award for St. Helena Comprehensive Flood Protection Project

#### 2014

- Best Small Library in America 2014 Finalists
- Certificate of Achievement for Excellence in Financial Reporting for Comprehensive Annual Financial Reports

# Chapter 3: Socio-Economics

## 3.1 PRESENT AND PLANNED LAND USES

### Existing land use

Land use decisions are one of the most important legal authorities available to a city. People living within a city may choose to move when social or economic situations change. A city is, by contrast, tied to its geography and cannot move. Thus, it is directly supported by the local water supply and other natural resources in its nearby proximity. The land-use decisions a city makes are critical, since land-use generates local economic conditions and associated tax revenues that support city services.

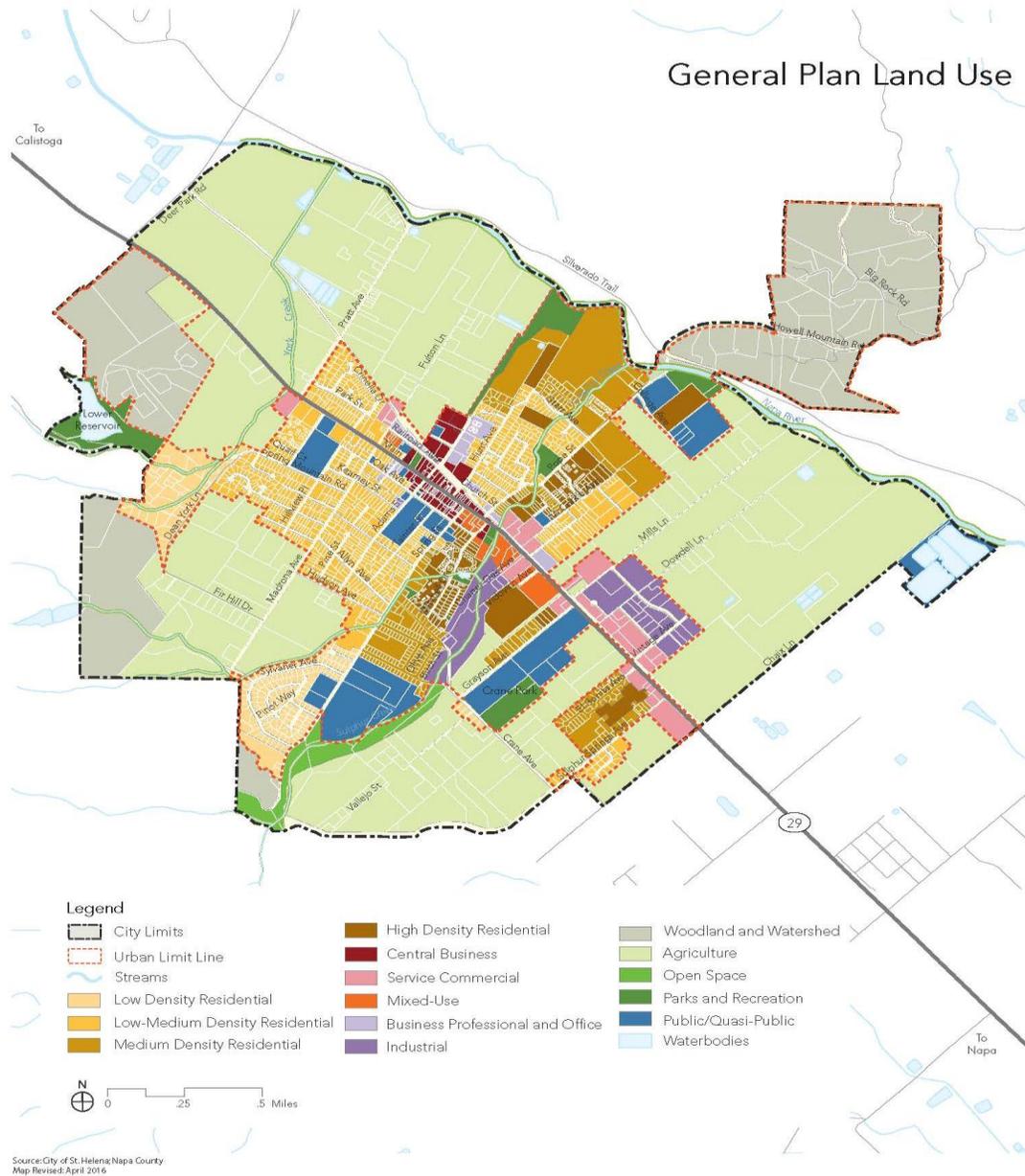
Napa County is a metropolitan statistical area located within the San Jose-San Francisco-Oakland Combined Statistical Area, and is within relatively feasible commuting distance to San Francisco, Oakland, and Sacramento. Easy access to airports and to ports for shipping agricultural and other products to customers around the world is available to residents within the county. These factors, along with its Mediterranean climate and scenic landscape make Napa County an economically robust area and a desirable place to live and work. There is some pressure on the five incorporated cities and the County to balance their opportunities for the private development of housing and commercial facilities along with protecting agricultural and natural resources. A general economic forecast within Napa County is provided for background information in Appendix A.

The City's existing city limits and sphere of influence encompass a land area of roughly 3,046 acres. The City is bisected by State Route 29 and surrounded by agricultural uses. Within the City's Urban Limit Line, land-uses include single and multi-family residential neighborhoods, business and industrial uses, and a downtown serving as the commercial core for the city and surrounding communities as shown in Figure 3-1. Within the City's boundary but outside its own established Urban Limit Line much of the land use is designated as agriculture (St. Helena, 2016).

Since 2008, the City has approved several new residential and commercial projects within the City boundaries including:

- Magnolia Oaks Subdivision (45 residential units),
  - Menegon Building (2,900 square feet of retail and 2,800 square feet of office),
  - Las Alcobas Hotel (70 rooms on 3.83 acres),
  - Crooker Star Winery,
  - Davies Winery
- (Source: St. Helena, 2016).

Figure 3-1: General Plan Land Use



## General Plan, Zoning, and Policies

The City is currently undertaking its first comprehensive update to the City's General Plan since the last update in 1993, which provided for land use policies through 2010 (St. Helena MSR, 2008). The 1993 General Plan contains ten elements, including the seven mandatory elements required under California Government Code §65302. Though a comprehensive update to the General Plan is currently underway, all ten elements of the General Plan were updated as of 2010. However, those updates were never formally adopted by the City due to water supply concerns raised during the EIR phase near the end of 2010. Currently, the only General Plan Element with formally adopted updates is the City's Housing Element, completed in 2015 (St. Helena, 1993; St. Helena, 2016; Housing Element, 2015).

The proposed Draft General Plan Update calls for numerous policy changes to reflect historic development patterns and preserve community character. Other land use revisions are also proposed, projecting anticipated build-out of the City of St. Helena to the year 2035. The proposed Draft General Plan Update contains 14 elements, including the seven mandatory elements required under California Government Code §65302. Two additional elements, Climate Change and Arts & Culture, are proposed in addition to those elements included in the 1993 General Plan. Land Use designations for the Draft General Plan Update as of April 2016 include designating 614 acres for residential development, 86 acres for commercial and mixed-use development, 78 acres for business and industrial development, and 2,247 acres for community and natural resources. The community and natural resources acreage includes open space; parks; public and quasi-public spaces; woodlands and watershed; and agriculture, and comprises 74.3 percent of the total acreage for the City, not including roadways (St. Helena, 2016; St. Helena, 1993).

The City of St. Helena currently uses traditional zoning code methods to divide areas of the city into primary land use categories (St. Helena, 2016). In order to contain development and preserve agricultural lands, the City has created an Urban Limit Line and Urban Reserve Areas. The Urban Limit Line sets the limit of where urban development is permitted within incorporated areas. In general, this line follows the current build-out of urban development and discourages the development of contiguous agricultural lands. Due to the varied nature of anticipating potential needs out to the year 2035, the Draft General Plan Update has designated Urban Reserve Areas where the City anticipates expanding the urban area for urban development if additional land is needed for urban uses. These areas are currently designated Agricultural (AG), are within the city limits, and are contiguous to current urban uses (St. Helena, 2016).

Policies to discourage expansion of the Urban Limit Line include encouraging infill development, supporting redevelopment of vacant or underutilized sites, encouraging mixed-use development at infill sites, and supporting agricultural and low-density uses beyond the Urban Limit Line. In addition to policies affecting the Urban Limit Line, the Draft General Plan suggests the City consider adopting ABAG RHNA numbers when determining the limit of development as part of the City's Residential Growth Management

System (GMS). The current system limits the approval of new residential development to a maximum rate of nine dwelling units per year (St. Helena, 2016). Reviewing adopted ABAG RHNA numbers for a given cycle when establishing limits would allow the City to remain consistent with the Bay Area's growth direction to encourage development of Priority Development Areas (PDA's) near transit and job centers. The City does not have any PDA's identified by ABAG at this time (ABAG, 2016).

## Future Development Potential

A primary concern of LAFCO is whether a city has sufficient infrastructure and public services to support anticipated future growth. St. Helena has adequate land to accommodate new growth within the established Urban Limit Line and proposed Urban Reserve Areas (St. Helena, 2016).

New policies proposed in the City's Draft General Plan Update (April 2016) call for a land use change to 13 specific sites, providing for the addition of Mixed-Use, a new land use designation for the City. The changes proposed for these sites will increase the intensity of land use to include a mix of residential, commercial, and retail for roughly 52.43 acres, while roughly 16 acres will be rezoned to a much lower intensity of land use, such as open space or a parking lot (St. Helena, 2016; St. Helena, 2008).

In addition to those areas identified in the Draft General Plan Update, new development projects that the City is aware of or that are under consideration include:

- Turley Flats: 8-unit Multi-Family Affordable Residential Development (1105 Pope St)
- Hunter Residential Subdivision: Approximately 87 residential units (Adams St)
- Our Town: 8-unit affordable housing project (684 McCorkle Ave)
- 10 Multi-Family Residential units (632 McCorkle Ave)
- 24 Multi-Family Residential units (821 Pope St)  
(St. Helena, 2016).

Additionally, there is strong interest in commercial development at 1000 Mills Lane and the City owned Adams Street parcel (St. Helena, 2016).

Specifically, St. Helena's Draft General Plan (April 2016) projects that nine single family residential units could be built each year for the next 20 years, under the City's growth management program as shown in Table 3-1 on the following page.<sup>5</sup> Additionally, several multi-family units are proposed. At the end of the 20 year planning period, St. Helena projects 260 new residential units providing housing for a total of 632 people.

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<sup>5</sup> Table 3-1, Anticipated Residential Growth was obtained from the City of St. Helena Revised Draft Environmental Impact Report (May 2016) on the Draft General Plan Update. This table can be found on page 3-15 of the RDEIR.

Table 3-1

**GENERAL PLAN UPDATE – ANTICIPATED RESIDENTIAL GROWTH**

	Single-Family Units	Multi-Family Units <sup>a</sup>	Total Housing Units	Population Growth <sup>b</sup>
Development Allowed by Growth Management System (2035) <sup>a</sup>	180	80	260	632

<sup>a</sup> Assumes 4 units/year of affordable housing, which is assumed to be multiple family housing. This annual rate of development of affordable housing is consistent with the City's 2014 Calderon Settlement Agreement and exceeds the City's RHNA numbers.  
<sup>b</sup> Assumes 2.43 persons per unit.  
<sup>c</sup> Growth Management System limit assuming 9 units per year for 20 years.

SOURCE: City of St. Helena, 2015

The proposed Draft General Plan Update (2016) also suggests growth in the commercial sector such that a total of 88,000 sq. ft. of new office space, 75,000 sq. ft. of new retail space, 27,000 sq. ft. of /industrial/winery, and 300 new hotel rooms could be developed by the year 2035, as shown in Table 3-2 below.<sup>6</sup>

Table 3-2

**GENERAL PLAN UPDATE – COMMERCIAL AND JOB GROWTH 2015 TO 2035**

	Total Commercial Square Footage	Jobs
New Office Space (square feet)	88,000	350
New Retail Space (square feet)	75,000	300
New Winery Uses (square feet)	27,000	75
New Hotels (rooms)	300	150

SOURCE: City of St. Helena, 2016

<sup>6</sup> Table 3.2 shows projected commercial and job growth 2015 to 2035. This data was obtained from the City of St. Helena Revised Draft Environmental Impact Report (May 2016) on the Draft General Plan Update. This table can be found on page 3-17 of the RDEIR.

Table 3-3 shown below summarizes the projected growth in housing, commercial space, and jobs the City is expected to experience.<sup>7</sup>

Table 3-3

**CHANGES BETWEEN EXISTING CONDITIONS AND FUTURE CONDITIONS  
(GENERAL PLAN UPDATE)**

Factor	Existing Conditions	Likely Horizon Year Development Scenario		Percent Change from Existing
		Increase	Total	
Population	5,900	+632	6,532	9%
Number of Housing Units		+260	3,011	+9.5%
Commercial Square Footage	7,100,000	+190,000sqft	7,400,000	+4%
Number of Jobs	5,590	+875 jobs		+16%

<sup>a</sup> ABAG. 2013. Projections and Priorities  
<sup>b</sup> Area calculated by measuring the parcels within the Industrial, central business, and service commercial districts.

SOURCE: City of St. Helena, 2010b; 2016

The proposed projects described above could be developed in “change” areas the City has recognized in its Draft General Plan Update (April 2016) as shown in Figure 3-2 on the following page. Additionally, the City has three sites identified as “Urban Reserve Areas”. These Reserve Areas are intended to be considered for urban development after other sites within the City have been developed (City of St. Helena, 2016). The three Urban Reserve Areas are shown in Figure 3-3.

<sup>7</sup> Table 3.3 was obtained from the City of St. Helena Revised Draft Environmental Impact Report (May 2016) on the Draft General Plan Update. This table can be found on page 3-18 of the RDEIR.

Figure 3-2: Land-Use Change Areas

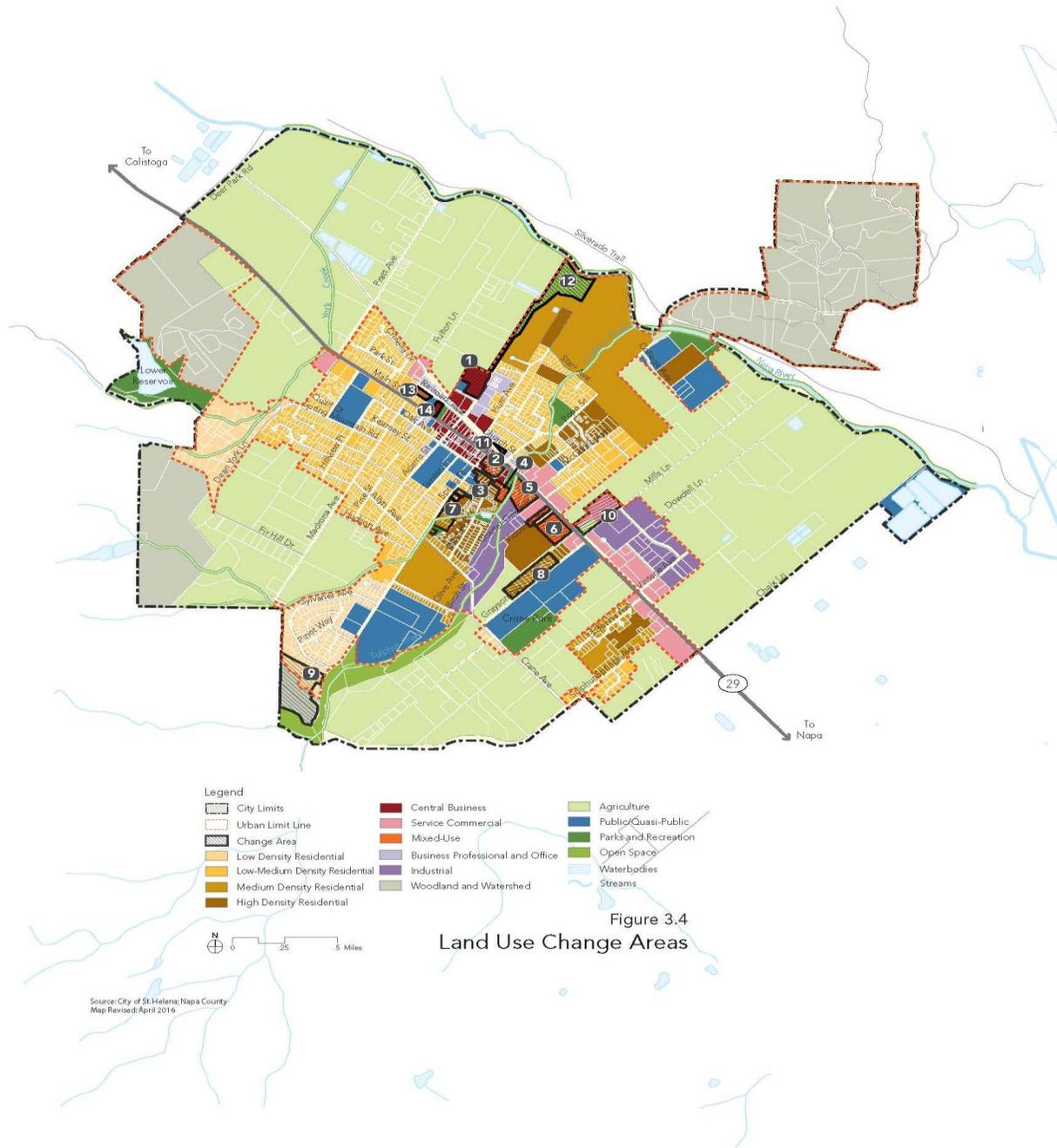
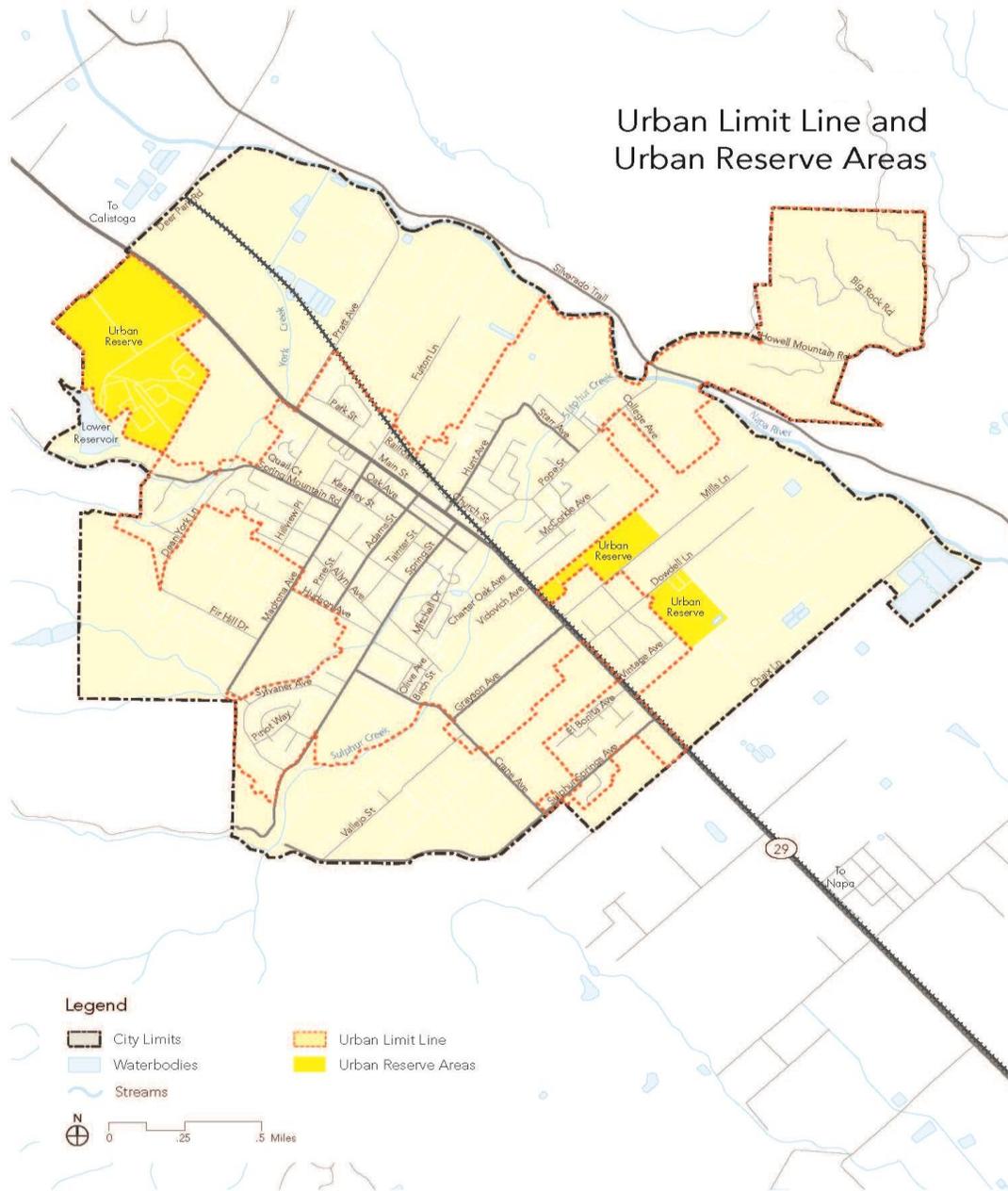


Figure 3-3: Urban Reserve Areas



Due to the City's on-going structural deficit of revenue to expenditures, the City of St. Helena Revenue Task Force recommended six potential actions the City may pursue. The six recommendations are listed below:

1. A voter-approved half-cent sales tax (an additional \$1.4 million a year)
2. A voter-approved 1 percent real estate transfer tax (\$1.6 million)
3. An additional 150-200 hotel rooms, through the approval of one or two new hotels or additions to existing hotels (\$2.5 million-\$3.6 million)
4. The sale of one or more city-owned properties, such as the Adams Street property, City Hall and Railroad Avenue
5. Annexation of unincorporated county land, especially Meadowood (\$2 million, based on estimates of the hotel and sales taxes generated by Meadowood)
6. A community-based economic development committee

Toward this end, St. Helena registered voters approved Measure D in November 2016 to enact a half-cent sales tax. The remaining five recommendations have not been implemented to date. However, St. Helena staff has requested that LAFCO expand the City's sphere of influence (SOI) to acknowledge the levels of service currently provided outside St. Helena's jurisdictional boundary and SOI. Expanding the City's SOI would also potentially provide for future opportunities to address service deficiencies in unincorporated areas that are within close proximity to St. Helena's boundary and SOI (St. Helena RFI, 2016).

## Regional Transportation Plans & Sustainable Community Strategies

SB 215 (Wiggins) was approved by CA legislature in 2009 and chaptered in 2010. The enactment of SB 215 resulted in an amendment to Government Code Section 56668 relating to proposals for changes of organization or reorganization. This Bill requires LAFCOs to consider regional transportation plans and sustainable community strategies before making boundary decisions.

The City of St. Helena and the four other municipalities of Napa County participate in the Napa Valley Transportation Authority (NVTA). NVTA functions as the region's Congestion Management Agency and provides input to the Bay Area-wide Metropolitan Transportation Commission's 20-year Regional Transportation Plan for prioritizing projects and allocating state and federal transportation funds. As a result of this collaboration, there are several local and regional transportation plans which are applicable to St. Helena, as listed in Table 3-4 on the following page.

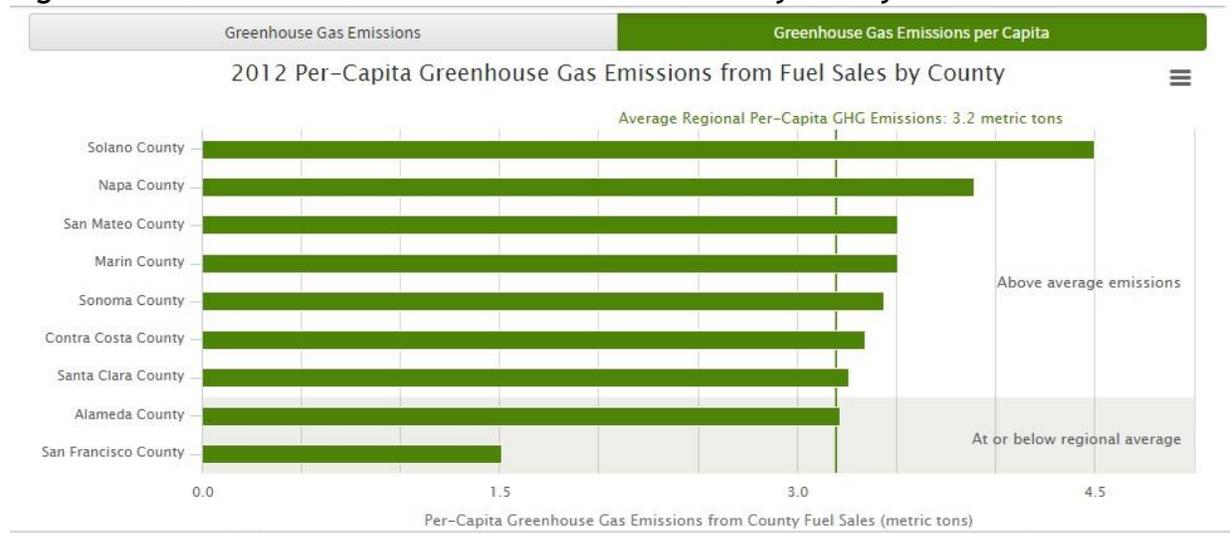
**Table 3-4: Regional and Local Transportation Plans**

<b>Name of Plan</b>	<b>Date</b>	<b>Plan Sponsor</b>	<b>Website Link</b>
1993 Transportation Element of the City General Plan	1993	City of St. Helena	<a href="http://www.cityofstheleena.org/sites/default/files/5_transport.pdf">http://www.cityofstheleena.org/sites/default/files/5_transport.pdf</a>
Bicycle Plan	January, 2012	City of St. Helena & Napa Valley Transportation Authority (formerly NCTPA)	<a href="http://www.nvta.ca.gov/sites/default/files/St.Helena%20Bicycle%20Plan.pdf">http://www.nvta.ca.gov/sites/default/files/St.Helena%20Bicycle%20Plan.pdf</a>
Napa Countywide Pedestrian Plan, Draft	November 2015	Napa Valley Transportation Authority (formerly NCTPA)	<a href="http://www.nctpa.net/sites/default/files/NCPMP_Public_Draft_Updated_3.9.16.pdf">http://www.nctpa.net/sites/default/files/NCPMP_Public_Draft_Updated_3.9.16.pdf</a>
Vision 2040 Moving Napa Forward. A Countywide Transportation Plan	September, 2015	Napa Valley Transportation Authority (formerly NCTPA)	<a href="http://www.nvta.ca.gov/sites/default/files/Vision_2040_Countywide_Plan.pdf">http://www.nvta.ca.gov/sites/default/files/Vision_2040_Countywide_Plan.pdf</a>
Countywide Bicycle Plan	June, 2013	Napa Valley Transportation Authority (formerly NCTPA)	<a href="http://www.nvta.ca.gov/nctpa-countywide-bike-plan-0">http://www.nvta.ca.gov/nctpa-countywide-bike-plan-0</a>
SR 29 Gateway Corridor Implementation Plan	October 2014	Napa Valley Transportation Authority (formerly NCTPA)	<a href="http://www.nvta.ca.gov/sr29-gateway-corridor-improvement-plan">http://www.nvta.ca.gov/sr29-gateway-corridor-improvement-plan</a>
Plan Bay Area 2040	July, 2017	MTC & ABAG	<a href="http://www.planbayarea.org/plan">http://www.planbayarea.org/plan</a>

The City's Transportation Element recognizes that the City needs continuing investment in transit, trails, and parking. As of 1993, it was determined that parking is adequate to meet City needs. Policies were implemented in the 1993 General Plan to provide for pedestrian and cyclist facilities as well as encourage the use of the rail corridor to improve public transportation and circulation. The Draft General Plan Update, as of April 2016, includes an update to the Transportation Element, or Circulation Element to shift from traditional automobile transportation to alternative modes such as walking, biking, golf carts, and other electric non-automobile vehicles. The new Circulation Element works to integrate local and countywide transportation plans to provide safe and convenient bicycle, pedestrian, and multi-modal access to all areas within the City and surrounding areas.

The provision of regional transit and alternative transportation is especially important in Napa County, because Napa County has the second highest per capita greenhouse gas emissions from automobiles on a per capita basis of the nine Bay Area Counties, as shown in Figure 3-2, below (MTC, 2016). Napa County’s high GHG emissions from autos of 3.9 metric tons per capita are significantly higher than the 3.2 metric tons per capita rate that is the average of the nine Bay Area Counties. Napa County’s GHG emissions are partly due to the lack of alternative transit options in the region and to the number of tourists traveling via automobile. Napa County and each of the five cities have actively tried to mitigate this through the adoption of various sustainable transit and climate plans. Construction of several trails in the area serves to increase the use of alternate transportation, reduce emissions from vehicular sources, reduce road and highway traffic, and implement adopted plans. Additionally, it is important to note the Draft Napa County Climate Action Plan (CAP) indicates that on-road vehicles in unincorporated Napa County accounted for 26% of total estimated GHG emissions in 2014. In contrast, energy use in buildings accounted for 31% of total emissions. A breakdown of greenhouse gas emissions from fuel sales by county can be seen in Figure 3-4.

**Figure 3-4: Greenhouse Gas Emissions from Fuel Sales by County**



Source: Metropolitan Transportation Commission, Vital Signs Website at: <http://www.vitalsigns.mtc.ca.gov/greenhouse-gas-emissions>

The 3.9 metric tons per capita of GHG from autos was calculated based on a survey of fueling stations. Greenhouse gas emissions were calculated by MTC based on the gallons of gasoline and diesel sales. Per-capita greenhouse gas emissions were calculated by dividing emissions attributable to fuel sold in that county by the total number of county residents. It is acknowledged that there may be a slight bias in the data given that a fraction of fuel sold in a given county may be purchased by non-residents (i.e. visitors). Since St. Helena’s and Napa County’s economy is heavily dependent upon tourism and since most of the visiting tourists drive into Napa County, it affects the per capita calculation.

All regions in California must complete a Sustainable Communities Strategy (SCS) as part of a Regional Transportation Plan (RTP), consistent with the requirements of state law, Senate Bill 375. SB 375 requires California's 18 metropolitan areas to integrate transportation, land use, and housing as part of an SCS to reduce greenhouse gas emissions from cars and light-duty trucks. In the Bay Area, the Metropolitan Transportation Commission (MTC) and the Association of Bay Area Governments (ABAG) work together along with local governments to develop an SCS that meets greenhouse gas reduction targets adopted by the California Air Resources Board. The RTP and SCS for the Bay Area is Plan Bay Area 2040 and was adopted on July 26, 2017, as described in Table 3-1, above. A few of the goals and outcomes of Plan Bay Area include:

- Climate Protection: Reduce per-capita CO<sub>2</sub> emissions from cars and light-duty trucks by 15 percent (Statutory requirement is for year 2035, per SB 375);
- Healthy and Safe Communities: Reduce by 50 percent the number of injuries and fatalities from all collisions (including bike and pedestrian);
- Open Space and Agricultural Preservation: Direct all non-agricultural development within the urban footprint (existing urban development and urban growth boundaries) (Note: Baseline year is 2010.); and
- Economic Vitality: Increase gross regional product (GRP) by 110 percent – an average annual growth rate of approximately 2 percent (in current dollars)

Plan Bay Area 2040 generally contemplates growth and development occurring within heavily populated metropolitan cities such as Oakland, San Jose, and San Francisco. Plan Bay Area 2040 is neutral for St. Helena with respect to priority development areas. However, significant projected growth and development in other parts of the Bay Area will result in economic, environmental, and traffic impacts for St. Helena as well as the entire Napa County.

## 3.2 POPULATION AND GROWTH

### Existing Population

Growth and development in St. Helena suffered during the Prohibition Era (1920-1933), following a period of intense construction during the end of the 19<sup>th</sup> Century. In 1930, the United States Census estimated St. Helena's population was 1,582 people. The population grew modestly over the next few decades reaching 3,173 by 1970. Between 1970 and 1980, St. Helena's population increased by over half, its most significant period of growth, to a total population of 4,898. The City's growth rate, however, markedly declined over the next decade as the City responded to resident concerns by establishing several growth control policies. These actions, coupled with infrastructure constraints involving water supplies and sewer treatment capacities, contributed to decreasing St. Helena's population to 4,791 by 1990. Since 1990, St. Helena has made a number of infrastructure improvements to increase its water supplies and sewer treatment facilities. Appendix B contains a population study.

Between census years 2000 to 2010, the City’s population declined by 136 people, which equates to a 0.23 percent annual decline (US Census, 2010; US Census, 2000). As of January 1, 2015, the population in St. Helena was estimated by the California Department of Finance (or ABAG) at 6,004 persons. This represents an increase of 0.32 percent since the 2010 U.S. Census. The average population concentration is 1,177 persons per square mile. The 5.1 square mile area is located in Census Tracts 2016.01 and 2016.02 in Napa County.

**Table 3-5: Historic and Existing Population, City of St. Helena**

	Total population	Land area (sq. miles)	Population per sq. mile
2000	5,950	5.1	1,167
2010	5,814	5.1	1,140
2016	6,004	5.1	1,177

*U.S. Census, St. Helena, 2010; California Department of Finance, 2012 and 2016; US Census Geographic Boundary Change, St. Helena, 2015*

The land area for the City did not change from 2010 to 2016, with a greater population per square mile in 2016 when compared to 2010. This suggests that the City has increased population density on existing land to accommodate the population growth in 2016 over what was available in 2010. The decrease in population from 2000 to 2010 could be due to the economic crisis suffered by the country in 2008, stagnating development and slowing growth. St. Helena is divided into six “Block Groups” as shown in Table 3-6 and Figure 3-5. Nearby block groups located in unincorporated Napa County are shown in Table 3-7.

**Table 3-6 Block Group Population in City Boundary**

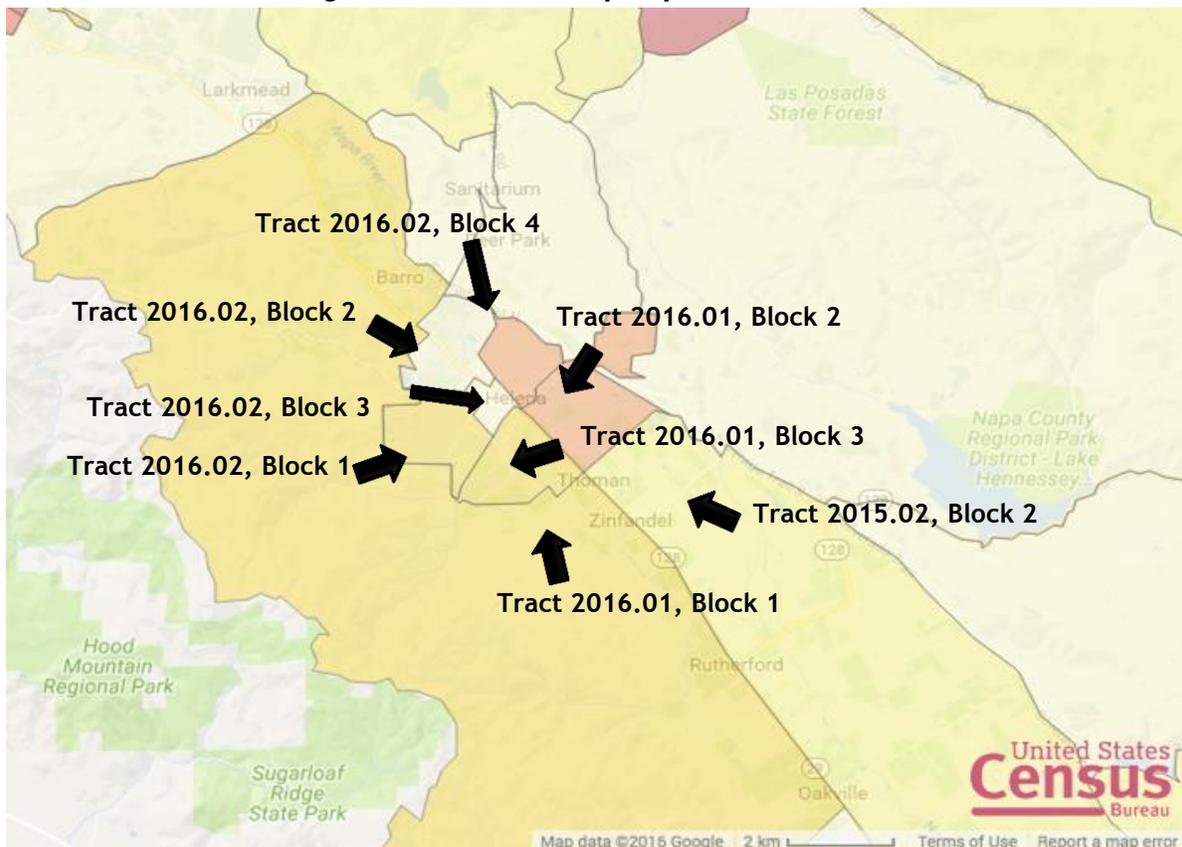
Census Tract 2016.01	Total population in 2010	Median Household Income
Block Group 1	1,053	\$86,705
Block Group 2	1,234	\$43,713
Census Tract 2016.02		
Block Group 1	1,007	\$87,150
Block Group 2	687	\$105,469
Block Group 3	580	\$64,833
Block Group 4	1,253	\$80,469

*Data Source: Population from <http://www.census.gov/2010census/popmap/>  
Household income from <http://factfinder.census.gov/>*

**Table 3-7 Block Group Population near St. Helena**

Census Tract 2015.01	Total population in 2010	Median Household Income
Block Group 1	1038	\$106,953
Block Group 2	830	\$104,567
Census Tract 2017.01	Total population in 2010	Median Household Income
Block Group 1	605	\$112,679
Block Group 6	619	\$88,438

*Data Source: Population from <http://www.census.gov/2010census/popmap/>  
Household income from <http://factfinder.census.gov/>*

**Figure 3-5: Block Group Population, St. Helena**

Data Source: <http://www.census.gov/2010census/popmap/>

The City of St. Helena's Housing Element provides a detailed description of the socio-economic factors within the City, including age distribution, household trends, employment, and economic factors. Since the Housing Element is readily available online at the City's website<sup>8</sup>, readers are referred to the Housing Element to learn details about socio-economic factors within the City. Information found in the Housing Element that is relevant to this report is summarized as follows.

The median age in St. Helena increased from 41 years of age in 1990, to 43 years of age by 2010. Similarly, the median age of Napa County also increased slightly from 36 years of age to 40 years of age. Though the median age in St. Helena was higher than Napa County, the gap between the City and the County diminished to only a 3-year age difference by 2010. The City was eight years older than the State's median of 35.2 years. Median household income for St. Helena was \$71,118 in 2012 and is higher than the median income of Napa County, but lower than that of the Bay Area (St. Helena, 2015).

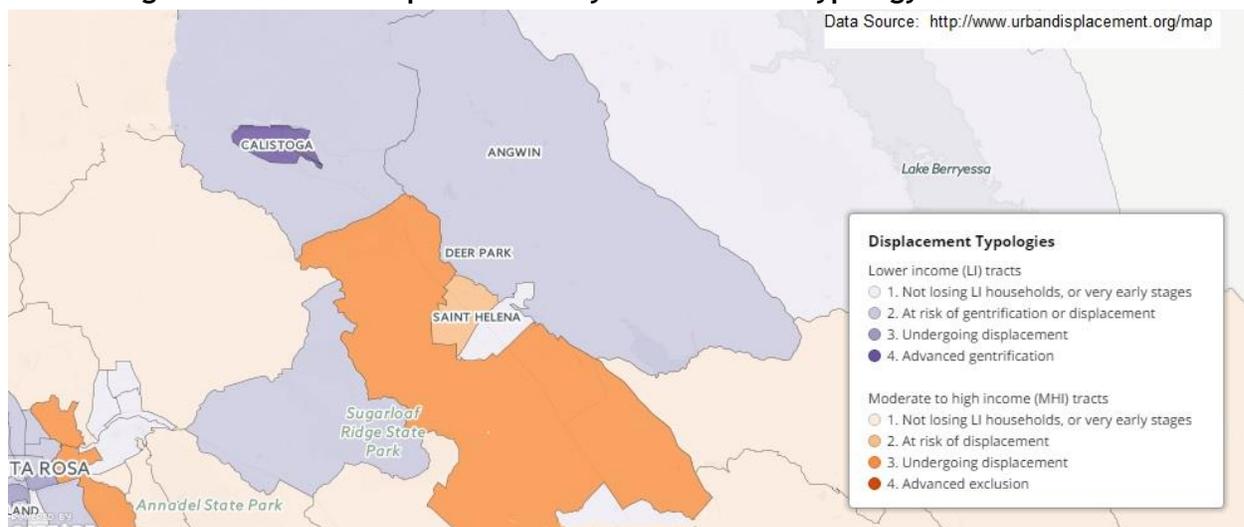
<sup>8</sup> Housing Element is available at: <http://www.ci.st-helena.ca.us/content/general-plan-0>

Approximately 2,802 housing units existed in St. Helena in 2014, an increase of 26 units since 2010. St. Helena has a higher share of single-family homes relative to the Bay Area, about 70% of total units in 2010 to the Bay Area’s 63%, and a higher share of mobile homes, around 6 to 7% compared to 2 percent that same year. St. Helena exhibits a lower proportion of multifamily units in structures with five or more units (19% in 2010) when compared to the Bay Area at 25%, but has a higher proportion when compared to the County at only 12 percent. In general, the condition of the housing stock in St. Helena is good (St. Helena, 2015).

In St. Helena, approximately 52% of homes were owner occupied and 43% were renter occupied in 2010. A high percentage of homes were vacant in 2012, 7.8%, however of those vacant homes, 45% of them were kept for seasonal, recreational, or occasional use, totaling 97 units. In 2013, the median single-family housing price was \$960,000. The City looked extensively at home purchase prices and determined home prices would need to be significantly lower than current market rate levels in 2013 for lower-income households to be able to purchase a home. The average household size was estimated at 2.38 persons per household in 2010 (St. Helena, 2015).

The percentage of St. Helena residents who had incomes of \$100,000 or more in 2012 is close to 38% while the percentage of households with incomes of less than \$25,000 fell by 6% in 2012. With the high median housing prices and increased incomes for residents in the area, it is evident that the City is experiencing some displacement typologies as shown in Figure 3-6 below.

**Figure 3-6: Urban Displacements by Census Tract Typology Classification**



Census tract 2016.02 shows “at risk of displacement,” which is a classification defined by the Urban Displacement Project as a reaction to the following: Strong market, in TOD, Historic housing stock, Losing market rate affordable units, and Employment center (Zuk & Chapple, 2015). Based on the factors related to the City of St. Helena, the strong market and historic housing stock are the reasons most likely for this classification of the tract as at risk of displacement.

## Projected Growth and Development

The Association of Bay Area Governments (ABAG) publishes population, household, job, labor force, and income projections for the nine-county San Francisco Bay Region. ABAG recently issued growth and population projects as of 2013, which includes a range of growth-related estimates for St. Helena through 2040. ABAG projections for St. Helena relating to population, households, and jobs are listed below in Table 3-8.

**Table 3-8: ABAG Growth & Population Projections, City of St. Helena**

	2015	2020	2025	2030	2035	2040
Population	5,900	6,000	6,100	6,100	6,200	6,300
Households	2,420	2,450	2,480	2,490	2,500	2,520
Total Jobs	5,590	5,860	5,910	5,970	6,110	6,230

*ABAG Projections 2013, Napa County*

ABAG uses a Compound Annual Growth Rate of 1.10% to project future growth for the City between the years 2015 to 2020. The population is expected to remain stagnant between the years 2025 to 2030. Overall, ABAG predicts a slightly lower rate of future growth than the City of St. Helena predicts for itself. The Draft General Plan Update for 2035 projects an increase of 400 persons for the City, roughly 200 more than that predicted by ABAG by 2035 (St. Helena, 2016; ABAG, 2013).

Per the General Plan policies and Growth Management System, the City's growth rate should remain consistent with previous years. Approximately 26 housing units were added to the existing stock from 2010 to 2014, for a total of 2,802 housing units or a growth rate of roughly 6.9 units per year. This growth rate is consistent with growth that occurred from 2000 to 2010 at roughly 6.5 units per year. Numerous Housing goals and actions presented in the Housing Element Update 2015-2035 anticipate providing for the City's housing needs while also managing growth. In addition to the limitations imposed by the Urban Limit Line, the City manages growth through the implementation of several policies including:

- **Floor Area Limitations:** The City of St Helena utilizes Floor Area Ratios to determine the appropriate square footage of individual retail buildings in the Central Business Zoning District. Use Permit approval sets maximum foot-prints for individual buildings to not exceed 10,000 square feet in area (Zoning Code Section 17.48.070 C. 2., City of St. Helena, 2016)
- **Growth Management System:** The City of St. Helena has a Residential Growth Management System that limits the maximum number of residential dwelling units that can be constructed in any one year to nine (9). Affordable units and second dwelling units are exempted from these limitations, while attached units of 850 square feet or less count as one-half of a unit (Zoning Code Section 17.152, City of St. Helena, 2016).
- **Water Neutrality:** The City of St. Helena adopted a Water Neutrality Ordinance, requiring new development to "completely offset its water requirement". While there is some flexibility to allow developers to utilize creative and innovative

methods of mitigating a project’s water use, all developers of projects within the City are expected to understand and identify implementation of this policy as a component of their development projects. (Municipal Code Section 13.12.050, City of St. Helena, 2016).

- **Formula Businesses:** The City of St Helena strives to support local business and requires any “formula business” to gain Use Permit approval from the Planning Commission. Formula restaurants and time shares are prohibited from operating within St. Helena (Zoning Code Section 17.48.030, City of St. Helena, 2016).

## Regional Housing Allocation

In compliance with state law, the California Department of Housing and Community Development (HCD) identifies the number and affordability level of housing units needed for the San Francisco Bay Area at-large for an eight-year period (in this cycle, from 2014 to 2022). ABAG<sup>9</sup> then uses a standard methodology to distribute these housing needs to local governments in a way that is compatible with the Sustainable Communities Strategy. Once a local government has received its final Regional Housing Need Allocation (RHNA), it will update its Housing Element to describe how its portion of the region’s housing need can be accommodated. City Housing Element updates were required to be completed, with a finding of compliance by HCD, by January 31, 2015. Napa County, along with its five cities, chose to form a sub-region to carry out the RHNA process. The housing numbers provided in Table 3-9, below reflect the final allocations adopted by this sub-region.

**Table 3-9: ABAG Regional Housing Needs Allocation**

<b>Affordability</b>	<b>Very Low</b>	<b>Low</b>	<b>Moderate</b>	<b>Above Moderate</b>	<b>Total</b>
American Canyon	116	54	58	164	392
Calistoga	6	2	4	15	27
Napa	185	106	141	403	835
<b>St. Helena</b>	<b>8</b>	<b>5</b>	<b>5</b>	<b>13</b>	<b>31</b>
Yountville	4	2	3	8	17
Unincorporated	51	30	32	67	180
<b>Napa Total</b>	<b>370</b>	<b>199</b>	<b>243</b>	<b>670</b>	<b>1,482</b>

ABAG, 2014

In Table 3-9, “Very Low” is up to 50 percent of Area Median Income; “Low” is between 51 and 80 percent of Area Median Income; “Moderate” is between 81 and 120 percent of Area Median Income; “Above Moderate” is above 120 percent of Area Median Income. St. Helena is responsible for accommodating a total of 31 new housing units. If developed, this amount would represent a roughly one percent increase to St. Helena’s existing number of housing units. This equates to about 3.8 units per year, within the City’s current Growth Management System limit of 9 units per year.

<sup>9</sup> ABAG’s Regional Housing Need Allocation is described on its website at:  
<http://abag.ca.gov/planning/housingneeds/>

### Local Policies and Plans

To some extent, population growth in St. Helena is dependent upon land use, general plan designations, and zoning on properties. The current St. Helena General Plan was adopted in 1993 and is designed to address community needs and the City's growth pattern to 2010. The only General Plan element with formally adopted updates is the City's Housing Element, completed in 2015. The 2015 Housing Element determined St. Helena has a lack of affordable housing units to meet community needs, with single bedroom units counted as the bulk of affordable housing available as rentals within the City. In addition, most people who work in St. Helena commute in from residences located outside of the City. The City Council has discussed amendments to the Growth Management System to encourage the production of regulated affordable and workforce housing units, however no action has been taken at this time (St. Helena, 2015).

## 3.3 DISADVANTAGED UNINCORPORATED COMMUNITIES

Senate Bill (SB) 244, which became effective in January 2012, requires LAFCO to consider the presence of any Disadvantaged Unincorporated Communities (DUCs) when preparing a MSR that addresses agencies that provide water, wastewater or structural fire protection services. A DUC is an unincorporated geographic area with 12 or more registered voters with a median household income of 80 percent or less of the statewide median household income. In 2014, the statewide annual median household income (MHI) in California<sup>10</sup> was \$61,489 and 80 percent of this equals \$49,191. This state legislation is intended to ensure that the needs of these unincorporated communities are met when considering service extensions and/or annexations, in particular, water, wastewater, drainage, and structural fire protection services. Since St. Helena is an incorporated city, it does not have any DUC's within its boundaries. However, the data presented below suggests that there may be disadvantaged neighborhoods within and contiguous to the City boundary (DWR, 2014).

### Disadvantaged Unincorporated Communities

The unincorporated area of Napa County which surrounds St. Helena was reviewed along with pertinent data from the U.S. Census to determine the presence of any DUCs. The results of this analysis are shown in Table 3-7. The surrounding unincorporated areas have a fairly high median household income and do not meet the financial threshold criteria to be classified as a DUC.

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<sup>10</sup> Median income data from: <https://www.census.gov/quickfacts/table/INC110214/06,2412150,00>

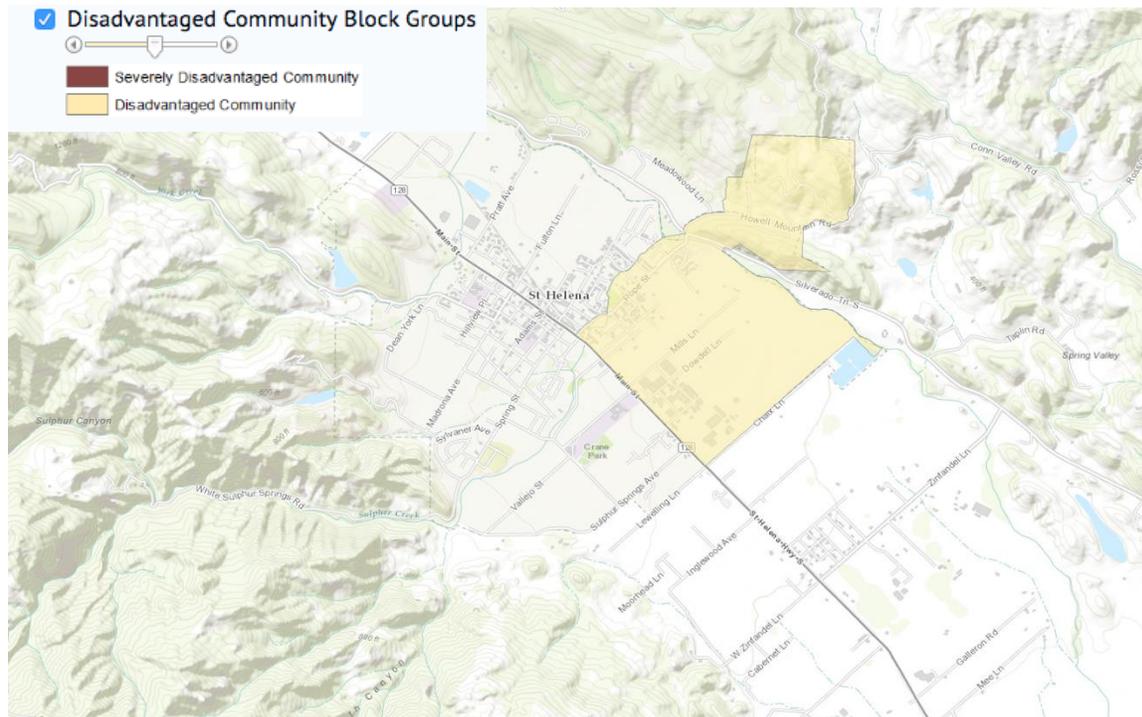
### City Disadvantaged Community Requirements

LAFCO is not required to study the status of disadvantaged neighborhoods that are located within incorporated cities that provide water, wastewater, drainage and structural fire protection services. However, SB 244 required cities to update their land use and housing elements to include an analysis of the water, wastewater, storm water, and structural fire protection services in the area along with financing options to help encourage investment in disadvantaged unincorporated areas, should it be needed. As part of this effort, the bill required cities to identify and address any disadvantaged unincorporated communities within their sphere of influence (SOI). The cities base their analysis on income levels from the U.S. Census, American Community Survey, or other supplemental sources. A disadvantaged community is characterized as having a median household income of 80 percent or less of the statewide median household income. As mentioned previously, the MHI threshold is \$49,191. The 2010 U.S. Census found that the median household income in St. Helena is \$78,421 (US Census, 2014). This is significantly higher than the DUC threshold MHI.

St. Helena does appear to contain households, which meet the “disadvantaged” status (although they are incorporated). According to the California Department of Water Resources online mapping tool<sup>11</sup>, the southeast side the St. Helena area may meet the financial criteria for classification as disadvantaged as shown in Figure 3-7 on the following page. The map depicts Disadvantaged Communities by Block Groups. This layer is derived from data of the US Census ACS 2010-2014 showing census block groups identified as disadvantaged communities (less than 80% of the State's median household income) or severely disadvantaged communities (less than 60% of the State's median household income). Figure 3-8 from DWR shows Census Tract 2016.01, Block Group 2 and it contains 1,234 individuals with a median household income of \$43,713.00. The margin of error is \$15,634 and depending on LAFCO's statistical approach, this may meet the financial threshold for a disadvantaged community. Within this Block Group, 55% of housing units are renter occupied. Of the total individuals, 205 have had income in the past 12 months below the MHI threshold as of 2014 (DWR, 2014).

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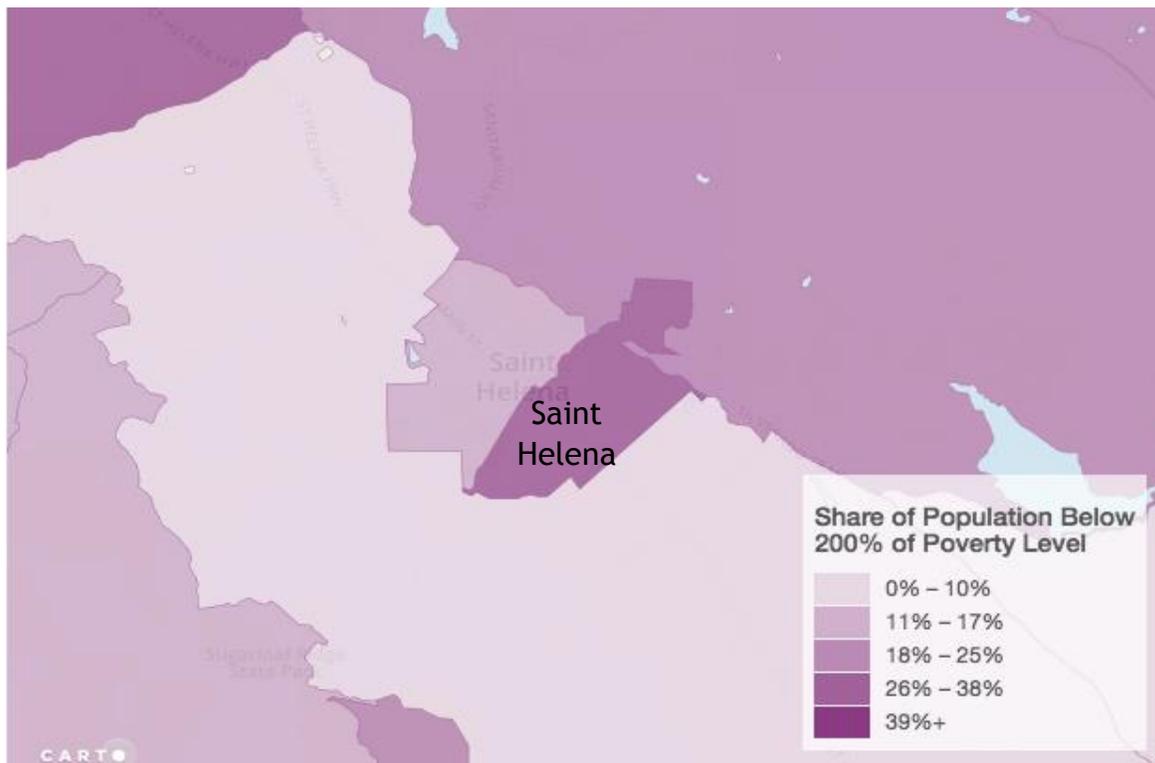
<sup>11</sup> DWR mapping tool is available at: <https://gis.water.ca.gov/app/dacs/>

**Figure 3-7: DWR Disadvantaged Community by Block Groups, St. Helena**

*Data Source: DWR Disadvantaged Communities Mapping Tool - <https://gis.water.ca.gov/app/dacs/>*

The City's Housing Element (2015) does not provide a poverty rate for St. Helena. Instead, the element states single female-headed households with children represent around 5 percent of total St. Helena households. Although the number of single female-headed households is small, it is likely that a higher percentage of these types of households relative to the general household population in St. Helena have incomes below the poverty line (St. Helena, 2016). This suggestion is expressed in the US Census ACS by Census Tract 5-year Estimates that identified roughly 26% (+/- 11.3% margin of error) of the total 692 families in Tract 2016.01 as female-headed households with a median income of \$25,967 (+/- \$11,276 margin of error) in 2014 (US Census, 2014). Even taking into account the margin of error, the MHI is significantly below the \$49,191 threshold and is classified as "disadvantaged." Appendix C contains a list of grants potentially available for disadvantaged communities.

The Metropolitan Transportation Commission has mapped the poverty rate for the St. Helena areas as shown in Figure 3-8 on the following page. Tract 2016.01 within city limits is identified as an area with a higher percentage of individuals below the federal poverty level in 2013. In addition, the unincorporated areas that comprise Tract 2017.00 are also identified as an area with individuals below the federal poverty level. However, the average household income in Tract 2017.00 is above the financial criteria for DUCs as listed in Table 3-7.

**Figure 3-8: 2013 Poverty Rates for Counties, Cities, and Neighborhoods**

Data Source: <http://www.vitalsigns.mtc>

Tract 2016.01 in dark purple as part of the city's jurisdiction is showing a share of the population below 200% of the poverty level. Within this tract, over 25% of the population would be considered earning less than 200 percent of the federal poverty limit in 2013. Though MHI thresholds are only interested in the median income for the state, it may be worth noting the level of poverty for this area of the City in relation to the federal poverty limit. It may also be worthy to note that the contiguous tract identified above at 18-25% below the poverty level, Tract 2017.00, can be seen in the 2014 US Census ACS 5-year estimates to no longer have individuals below the MHI thresholds.

### Summary of DUCs

In summary, no disadvantaged unincorporated areas were found within the vicinity of St. Helena as shown in Table 3-7. However, within the City's jurisdictional boundary, one census block group (Tract 2016.01, Block Group 2) has a median household income of \$43,713 which meets the disadvantaged criteria. However, this number has a high margin of error assigned to it from the U.S. Census. Within the City boundary, sufficient water, sewer, and fire protection services are provided. No public health and safety issues have been identified within Census Tract 2016.01, Block Group 2.

# Chapter 4: City Services and Infrastructure

## 4.1: CITY SERVICES

### Service Overview

St. Helena provides a full range of municipal services either directly or through contracts or joint power authorities with other governmental agencies or private companies. Municipal services provided directly by St. Helena include water, sewer, law enforcement, fire protection and emergency medical, library, parks, streets, planning, and community recreation. Municipal services provided by St. Helena through contracts or joint-power authorities with other agencies or companies include specialized engineering services, building inspection and plan check services, GIS, and other specialized services as needed.

#### Customers

Consistent with most cities, customers of St. Helena public services include all City residents and County residents with proximity to the City boundary. Three care facilities are located within the City boundaries and residents of these facilities contribute to the demand for City services. Additionally, residents of neighboring communities sometimes utilize the Recreation Department's services. There is a daytime population of commuting workers who do not live within the St. Helena's jurisdiction boundary. Daytime population estimates have been as high as 15,000 people within the City's boundary. Tourism results in a large number of visitors to local wineries and the Culinary Institute of America and these tourists utilize city services such as water and sewer. Travelers passing through the City in both directions to and from Calistoga and Lake Counties may sometimes require emergency or other services. St. Helena's municipal services are provided to this diverse range of individuals on a daily basis.

These customers can be tracked using a variety of metrics, including typical methods like general population, dwelling units, individual parcels and sewer and water connections for domestic water supply and fire protection. Other less typical methods of tracking customers are also utilized such as library cards, the library door counter (to measure individual customer visits), mutual aid territories, and participation in recreation programs, including after school services at the Teen Center. In other cases, such as with the provision of law enforcement service, customers are not tracked at all. For purposes of this MSR, St. Helena staff narrowed the definition of a customer and quantified the number of customers for particular city services. However, the definition of a water and sewer customer is based on the number of connections; hence the lower number of "customers" listed in Table 4-1, below. Most services provided by St. Helena serve the City's entire resident population, which was 6,004 individuals as of 2016. It is noted that the number of visitors and tourists directly affects the "Customer" counts provided in Table 4-1 on the following page.

Service	Out of boundary customers 2016	Total # Customers in 2010	Total # Customers in 2015
Water <sup>1</sup>	348	2,532	2,549
Sewer <sup>1</sup>	0	1,698	1,726
Law Enforcement	N/A	N/A	N/A
Fire Protection	N/A	516	562
Other-Library	N/A	N/A	7,986
<sup>1</sup> Measured by number of connections			
Data Source: City Staff Response to LAFCO's RFI, 2016.			

### 4.1.1: Water Services

#### Water - Overview

St. Helena's Public Works Department is responsible for providing water services in the City and to unincorporated properties. A total of approximately 6,000 individuals on residential, commercial, and agricultural properties receive water service through approximately 1,964 water connections within city limits (St. Helena, 2016b). The major type of customer receiving municipal water is residential (50 percent), followed by commercial (23 percent), and industrial use (18 percent). Four new water customers were added to the system in 2015 as shown in Table 4-2 below. Additionally, the City serves 348 connections outside the city limits, providing water to an additional estimated population of about 770 people, making up about 7 percent of water use outside of the city limits (St. Helena, 2016b). A complete list and/or map of out-of-boundary water customers is not readily available, however details about water service in St. Helena can be found on the City's website at: <http://www.ci.st-helena.ca.us/node/232>.

	2010	2011	2012	2013	2014	2015
Number new connections	0	0	-1	12	31	4
Production in MGD Daily	1.500	1.500	1.615	1.692	1.637	1.373
Average water consumption in MGD	1.413	1.413	1.460	1.369	1.577	1.375
Data Source: CAFR-2015, Schedule 24						

The City of St. Helena is located within the Napa River watershed as part of the greater San Francisco Bay watershed. St. Helena is not required to have an Urban Water Management Plan; however the City does participate in the Watershed Information & Conservation Council of Napa County, which helps to implement the Bay Area Integrated Regional Water Management Plan (IRWMP) (WICC, Napa County Website, 2016; St. Helena, 2016). Water quality in St. Helena is subject to the Regional Water Control Board-San Francisco Region. Other regulatory requirements related to the provision of municipal water are described in Appendix F.

In 2010, the Napa County Grand Jury studied municipal water suppliers within the County and made several recommendations that were relevant to St. Helena (Napa County, 2010). The City Engineer responded to the Grand Jury report and described how St. Helena has addressed each of the recommendations (St. Helena Office of the Director of Public Works, 2010 and 2011). The City is working to address those issues that have not yet been implemented with regard to water facilities and supply.

The City's audited financial statement lists water costs under the category of a Business-Type activity accounted for in the Water and Wastewater Enterprise Funds. The City charges customer fees designed to cover the costs of water service. Due to water conservation measures associated with the drought, the City has sold less water to its customers in recent years. This reduction in water sales has had a financial impact for Fiscal Year (FY) 14/15 of 8 percent less revenue than in FY 13/14. These funds are used to pay for debt service payments, operations and maintenance, and capital projects. Revenues are anticipated to continue to decline. The City adopted new water and wastewater rates in 2016.

In 2015, the cost of the City's water service program was \$4.5 million and this represents 25 percent of the City's expenditures (St. Helena CAFR, 2015). As shown in Table 5-6, since 2012, the City's composite water service enterprise fund revenues have exceeded operating expenses. For the 2014-2015 Fiscal Year, the City's operating expenses increased by 11 percent while revenues decreased by 2 percent as compared to 2013-2014. This increase in operating expenses is mainly attributed to an increase in water distribution and water treatment costs (St. Helena CAFR, 2015).

### *Water Facilities*

The City’s municipal water system includes facilities and infrastructure for the collection, treatment, and distribution of water to its customers. In this section, the present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to municipal water are considered.



### Collection & Treatment Facilities

The City’s potable water supply is obtained from three sources:

- Bell Canyon Reservoir,
- Stonebridge Well Complex, and
- The City of Napa (treated)

Please see the “Water Supply” Section below for details on water supply.

### Water Treatment Facilities

Bell Canyon water is treated at the Louis Stralla Treatment Plant, which has a treatment capacity of 4.3 million gallons per day (mgd). The plant typically operates at 3.5 mgd, less than peak demand due to flow limitations in the inlet piping, which restricts use of the plant to less than capacity (St. Helena General Plan Update Draft, 2016). Water purchased from the City of Napa is treated either at Napa’s Water Treatment Plant near Lake Hennessey or Napa’s Water Treatment Plant near Jameson Canyon and delivered via pipeline and several pump stations to St. Helena. Water from the Stonebridge wells are treated in a small water treatment plant located in close proximity to the wells (St. Helena, 2016b).

The U.S. Environmental Protection Agency and the State Water Resources Control Board propose regulations that limit the amount of certain contaminants in water provided by public water systems. The City of St. Helena’s 2015 Annual Water Quality Report concluded that the City was not in violation of any State or Agency regulated drinking water contaminants, however water purchased from the City of Napa did not maintain the Local Running Annual Averages (LRAAs) below the Total Trihalomethanes (TTHMs) Maximum Containment Level (MCL) of 80 parts per billion (ppb) at multiple locations. TTHMs are referred to as disinfection by-products and are formed by a reaction between dissolved organic carbon and chlorine. The amount detected in the City of Napa water was 96.9 ppb.

In order to address the problem, the City of Napa installed aerator/blower systems at two distribution storage tanks and instituted unidirectional flushing, which had not been conducted in the past two years due to the drought in 2013 and earthquake in 2014 (St. Helena Annual Water Quality Report, 2016).

The City maintains a Domestic Water Supply Permit issued by the State Department of Health Services for treatment and delivery of drinking water from the Stonebridge Well Complex and Bell Canyon Reservoir for domestic purposes for the City of St. Helena. The State Water Resources Control Board (SWRCB) inspects the water system and plant annually.

### Water Distribution Facilities

St. Helena treats water and distributes it to domestic users, including residential, commercial, lodging, and resort users. In 2015, St. Helena provided water service to approximately 2,312 connections. Of those, 348 connections are located outside the City's jurisdictional boundary<sup>12</sup>. The City maintains many miles of pipelines, a reservoir, six storage tanks, a water treatment plant, a filtration facility, two active groundwater wells, pumps, and four pump stations (St. Helena, 2016d). The City's Water Master Plan (2006) describes four water pressure zones based on the elevation of water storage facilities within the system (St. Helena, 2006).

### Current Infrastructure Needs

The City updates the Capital Improvement Plan annually as part of its Annual Budget. The Capital Improvement Program (CIP) serves as a comprehensive plan to identify new construction and rehabilitation projects. The FY 2015-16 CIP Budget identified eight projects related to the City Water System as listed here:

- Pratt Avenue Transmission Main & Bridge Program
- York Creek Upper Dam Removal
- Meadowood & Holmes Tank Upgrades
- WTP Worker Housing
- Recycled Water Mains
- Vehicle Replacement Program
- Bell Canyon Intake Tower
- Lower Reservoir Water Treatment

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<sup>12</sup> A list and/or a map of water customers located outside the city limits were not readily available for this MSR.

Additional projects have been funded by the City's FY16/17 budgets (St. Helena, 2016). In addition, inspections of the City's water facilities in December 2014 and 2015 identified outstanding items that need to be addressed by the City. The inspection completed in December 2015 indicated replacement of the tower at Bell Canyon Reservoir is on the City's five-year capital improvement plan. The inspector urged the City to proceed with haste to plan, design, and replace the tower within the five-year timeframe, if not sooner (State of California Inspection of Dam & Reservoir, 2015).

### *Water Supply & Demand*

As mentioned above, the City of St. Helena obtains potable water from three major sources: the Bell Canyon Reservoir, the Stonebridge Wells Complex, and the City of Napa. The Bell Canyon Reservoir is the City's primary source of potable water. Water from Bell Canyon Reservoir is treated at the Louis Stralla Treatment Plant, located near the reservoir (St. Helena, 2016b).

The Stonebridge Well Complex (Stonebridge Wells Nos. 1 & 2) contains two groundwater wells and a small treatment plant near the wells to treat the water. These wells are located near the Napa River, south of Pope Street. The current production capacity of Stonebridge Well No. 1 is 245 gallons per minute (gpm) and the current production capacity of Stonebridge Well No. 2 is 350 gpm (St. Helena, 2016b).

The City also purchases significant water quantities from the City of Napa through a long-term water supply agreement. The delivery terms were materially revised in April 2009 and in November 2011 with the initial term of the contract to expire in December 2035. Napa is required to make available 600 acre-feet each year. St. Helena has the option to purchase additional water from Napa (above 600 acre-feet per year) if Napa has available water to sell (St. Helena, 2016b).

In addition to the above-mentioned sources, the City has access to two sources of non-potable water that can be used for irrigation or other purposes. The City has a pre-1913 claim to store up to 160 acre-feet of water at the Lower Reservoir, an off-stream reservoir with a physical capacity of between 200 and 225 acre-feet. The City has no facility to treat water from Lower Reservoir, though about 50 acre-feet per year is used by Spring Mountain Winery and by RLS Middle School for irrigation purposes. The City has also supplied Lower Reservoir water to local contractors for construction purposes (St. Helena, 2016b). The second source of non-potable water is a groundwater well located north of the Pope Street Bridge. In the future, new technologies or new treatment facilities could potentially be developed to make these sources potable.

Table 4-3 below summarizes the amount of water obtained by the City of St. Helena based on a safe annual yield assessment conducted as part of the Water Supply Plan completed in 2011 (West Yost, 2011). For more information, please see the “Water Demand” section below.

**Table 4-3: Safe Annual Yield of Water Supply**

Source	Amount Allowed (Safe Yield)	Amount Actually Withdrawn (2014)	Potable?	Percentage of total potable supply (2015)
Bell Canyon Reservoir	900 AF	743 AF	Yes	46%
Stonebridge Well Complex	450 AF	317 AF	Yes	23%
City of Napa	600 AF	540 AF	Yes	31%
<i>Sub-Total</i>	<i>1,950 AF</i>	<i>1,600</i>	<i>Yes</i>	<i>N/A</i>
Lower Reservoir	N/A	N/A	No	N/A
Groundwater well	N/A	N/A	No	N/A

(St. Helena General Plan Update Draft, 2016, Chapter 4 and Table 4.R-1 in GP Draft Environmental Impact Report, 2016)

Out of the 1,950 acre-feet (AF) of total available water supply, the Bell Canyon Reservoir accounts for the greater percentage of local water supply at 46%. Water from the Reservoir is subject to by-pass requirements to support fish and other environmental habitat in Bell Creek. In order to account for climatically shifting runoff availability, the City has developed an Excel based statistical model based on historical precipitation data as part of the safe yield analysis completed in 2011 (St. Helena, 2016). In addition to the fresh water supplies listed in Table 4-3 above, St. Helena owns a capped well on Adams Street which could potentially be utilized to access groundwater, after improvements and tests are conducted. The City participates in water conservation to help the City make it through drought conditions.

The actual original constructed storage capacity in Bell Canyon Reservoir was approximately 2,400 acre-feet (St. Helena 2016d, GPU RDEIR, page 4.R.2). In 2006, the City’s Water Master Plan estimated the total safe yield for the Bell Canyon Reservoir at 1,575 acre-feet per year (St. Helena<sup>13</sup>, 2006). More recent estimates indicate that the City could reliably obtain 1,100 acre feet during wet weather years and only 500 acre feet during critically dry weather years<sup>14</sup>. Since 2011, actual withdrawals have been only 975 acre feet or less (St. Helena 2016d, GPU, RDEIR, page 4.R.2)

<sup>13</sup> The safe yield is described on page 3-1 of the 2006 Water Master Plan.

<sup>14</sup> Please see Table 4.R.2 in the St. Helena, GPU, RDEIR, 2016d on page 4.R.2

For example, in 2014 Bell Canyon Reservoir supplied only 743 AF or 46% of total supply utilized. In 2014 the City utilized 540 AF of water purchased from the City of Napa through an agreement discussed in the “State Water Project” section below.

#### State Water Project

In 2000, the City of St. Helena purchased 1,000 acre-feet of the State Water Project (SWP) entitlement from the Kern County Water Agency (KCWA) even though the City had no facilities to take delivery of the water. In 2006, the City of Napa acquired the 1,000 acre-feet entitlement in exchange for Napa agreeing to sell between 200 and 400 acre feet of water per year to St. Helena, depending on the amount of water available from the SWP. In 2009, the City of Napa approved a new contract to provide additional water, between 400 and 800 acre-feet, to St. Helena.

In 2011, an amendment to the agreement now requires the City of Napa to deliver a minimum of 600 acre-feet of water to St. Helena, regardless of the SWP water allotment. The original agreement closed the connection during peak-demand summer months, while the updated agreement now allows St. Helena to take delivery of water throughout the year. The agreement is effective through 2034, provided that the SWP maintains the agreement with the City of Napa (Napa County, 2013).

The City of Napa charges St. Helena based on the cost of service for customers located outside of the City of Napa’s city limits. Water purchased from Napa is significantly more expensive than water produced by St. Helena from Bell Canyon Reservoir or the Stonebridge Well Complex; for example in 2012, the cost of 600 acre-feet was approximately \$1.2 million. The price has continued to escalate at the rate of 3 percent per year. St. Helena has acknowledged that the reliability of Napa water provides assurance that the City will receive significant water in drought years when water production from Bell Canyon and groundwater wells is not sufficient to avoid a serious or extreme water shortage (St. Helena, 2016b).

#### Bell Canyon Reservoir

The Bell Canyon Reservoir and its associated dam were constructed in 1958 (Napa County Central Napa River Watershed Project, 2005) on Bell Creek (also known as Howell Creek). Bell Creek is a tributary to the Napa River. The dam is 75 feet high and is classified as “earthen”. Any future modification to the dam may trigger a need to comply with the state’s new earthquake safety regulations. The reservoir is located northeast of St. Helena, in the unincorporated area. The Reservoir operates under Permits 9157 and 14810 with the State Water Board. The State Board’s Decision D-1222 adopted in May 1965 is also applicable. Bell Canyon is an on-stream reservoir with a physical storage capacity of 2,400 acre-feet per Permit 14180. The City currently has the right to divert and store 1,800 acre-feet and divert 1 cubic foot per second (cfs). In addition, the City can divert and store an additional 181 acre-feet. However, capacity does not always reflect water availability, which is variable.

Reservoir bypass flows are required to satisfy the needs of downstream fish habitat. Based on model analysis conducted in the Water Supply Plan, the required bypass flow quantities average 1,170 acre-feet per year using the monthly reservoir supply model and 905 acre-feet per year using the historical weekly reservoir inflow water balance. The difference of 476 acre-feet per year represents flow into the reservoir outside of the diversion season, meaning the water is not available for City use. According to the Water Supply Plan, if flow into the reservoir is less than the required bypass, the bypass rate is set to equal the flow into the reservoir with exceptions to the minimum required bypass flows during severe drought years and approved by the State Water Resources Control Board (St. Helena, 2006).

St. Helena was recently sued for allegedly failing to bypass enough water into Bell Creek from the Bell Canyon Reservoir. The lawsuit was filed August 10, 2016, alleging the City violated state regulatory limits for the diversion of water and failed to install state-mandated equipment to monitor water flows at the dam. The suit also claims that this failure to bypass enough water contributed to the decline of steelhead in Bell Creek. It is unclear how this suit will affect the City's ability to retain the necessary water at Bell Canyon Reservoir, while also maintaining the required bypass flow quantities needed to satisfy the needs of fish habitat.

#### Stonebridge Well Complex

Water is also treated and produced at two groundwater wells at the Stonebridge Well Complex (Stonebridge Wells Nos. 1 & 2) located near the Napa River. The current production capacity of Stonebridge Well No. 1 is 245 gallons per minute (gpm) while the current production capacity of Stonebridge Well No. 2 is 350 gpm. The City typically operates both wells at the same time (St. Helena, 2016b). A third well, near the Napa River, provides irrigation water to Jacob Meily Park and also nearby properties. The City routinely monitors the elevation of the aquifer in the area of the City wells, noting spring and fall elevation levels have declined since Stonebridge Well No. 1 went into production in 1992. The cause and significance of this decline warrants further study (St. Helena, 2016d).

The wells are fed by the Sonoma Volcanic aquifer. The Sonoma Volcanics have a highly variable specific yield. Wells within this basal unit derive groundwater principally from the pumice and tuffs. It is considered to be a good water producer where unwelded tuff, scoria, and volcanic sediments are present. Well yields within this aquifer are moderate and proportional to the thickness of the tuff penetrated below the water table (DWR, 1982). Table 4-4 on the following page provides a breakdown in production and pump hours for the Stonebridge Well Complex from 2006 to 2015 (St. Helena, 2016).

Year	2006	2007	2008	2009	2010
Prod. MG	133.4776	152.4391	156.0685	165.6687	105.8304
Pump Hrs.	NA	NA	NA	NA	NA
Year	2011	2012	2013	2014	2015
Prod. MG	74.2653	59.0117	171.3985	103.1601	79.5451
Pump Hrs.	1,977	3,877	11,516	2,018	5,359

(St. Helena, 2016)

From 2006 to 2009, the City enjoyed higher production from the wells, with a decline in production beginning in 2011. Despite a large single-year increase in 2013, the available gallons per minute have declined overall.

#### Water Recycling

St. Helena does not participate in the North Bay Water Reuse Program, nor does the City have a recycling program for discharging water (North Bay Water Reuse Program, 2016). According to the City's General Plan Update, the City recognizes that water should be recycled and that recycled water should be put to beneficial use (St. Helena General Plan Update Draft, 2016). The City has contracted with West Yost Associates to identify potential customers and users of recycled water within and contiguous to City limits and prepare cost estimates for the required infrastructure to achieve zero discharge into the Napa River. Potential customers identified include City turf areas (parks and schools), large landscape areas, and vineyards. The achievement of net zero discharge was found to be prohibitively expensive, thus the City hopes to develop a smaller recycled water program that does not require seasonal storage in the future (West Yost Associates, 2016).

The City does provide non-potable water from the Lower Reservoir for non-potable irrigation use, such as landscaping and agriculture. Roughly 50 acre feet per year is used by Spring Mountain Winery and by RLS Middle School for irrigation purposes as well as additional water supplied to local contractors for construction purposes (St. Helena, 2016).

### Water Conservation

Water conservation can function as a water “source” during droughts. The City of St. Helena, along with most of the State is experiencing the effects of a multi-year drought from 2012 to 2016. The City Council adopted an updated water conservation ordinance in 2015 in order to comply with the California emergency drought regulations. The current regulations now state:

- Water from irrigation should not flow into non-irrigated areas such as driveways, parking lots or roadways;
- Hoses should be fitted with shut-off nozzles when being used to wash a car or other vehicle;
- Using water to clean driveways and sidewalks is prohibited;
- Fountains or other decorative water features should only be used if they have a recirculating system;
- No outdoor watering within 48 hours of rain (New);
- Irrigation for landscaping is limited to two days per week (New);
- Drinking water will only be served upon request at eating and drinking establishments (New);
- And to promote water conservation, hotels must notify guests they have the option to opt out of having towels and linens laundered daily (New).

By adopting these regulations, the City complies with statewide regulations without needing to establish a mandatory conservation target. The City Council has an unofficial goal of 25% reduction in water use as compared to water use levels in 2013. Since adopting the conservation ordinance, the City’s water use has dropped by approximately 20% as compared to water use levels in 2013 (St. Helena, 2016).

### Water Demand

The City provides water to 2,312 connections as of 2015. Recent years have seen a significant reduction in water supplied to customers, from a high of 2,290 acre-feet in 2002 to 1,570 acre-feet in 2015. This decline is attributed to reductions in residential consumption and general commercial and industrial (winery) use (St. Helena General Plan Update, 2016). Total existing metered potable water demand averages about 1,790 acre-feet per year in normal water supply years. Figure 4-1 shows estimated annual water demand by land use (West Yost Associates, 2015). Figure 4-2 shows the trend in water production by location from 1990 to 2015.

Sources of information utilized to assess total water demand for St. Helena include:

- Table 4-5 below
- Table 4-6 below
- 2016 St. Helena General Plan Update Revised Draft EIR,
- 2016 St. Helena General Plan Update, and
- 2010 Water Supply Plan

As presented in Figure 4-1 below, residential accounts for the highest demand in average annual water use followed by Commercial, Retail and Institutional. Use outside of the city limits accounts for 17 percent of total water demand. Residential also has the highest annual unit water demand in acre-feet per unit (St. Helena General Plan Update Revised Draft EIR, 2016).

**Figure 4-1: Estimated Annual Water Demand by Land Use**

Land Use	Total Existing Units <sup>1</sup>	Average Annual Metered Water Demand (acre-feet) <sup>2</sup>	Annual Unit Water Demand (acre-feet per unit)
<b>Inside City Limits</b>			
Residential	2,402.0	958	0.40
Commercial, Retail, Institutional	1,186.3	371	0.31
Industrial	518.9	154	0.30
	Subtotal	1,483	
<b>Outside City Limits</b>			
	Total	307	
		1,790	

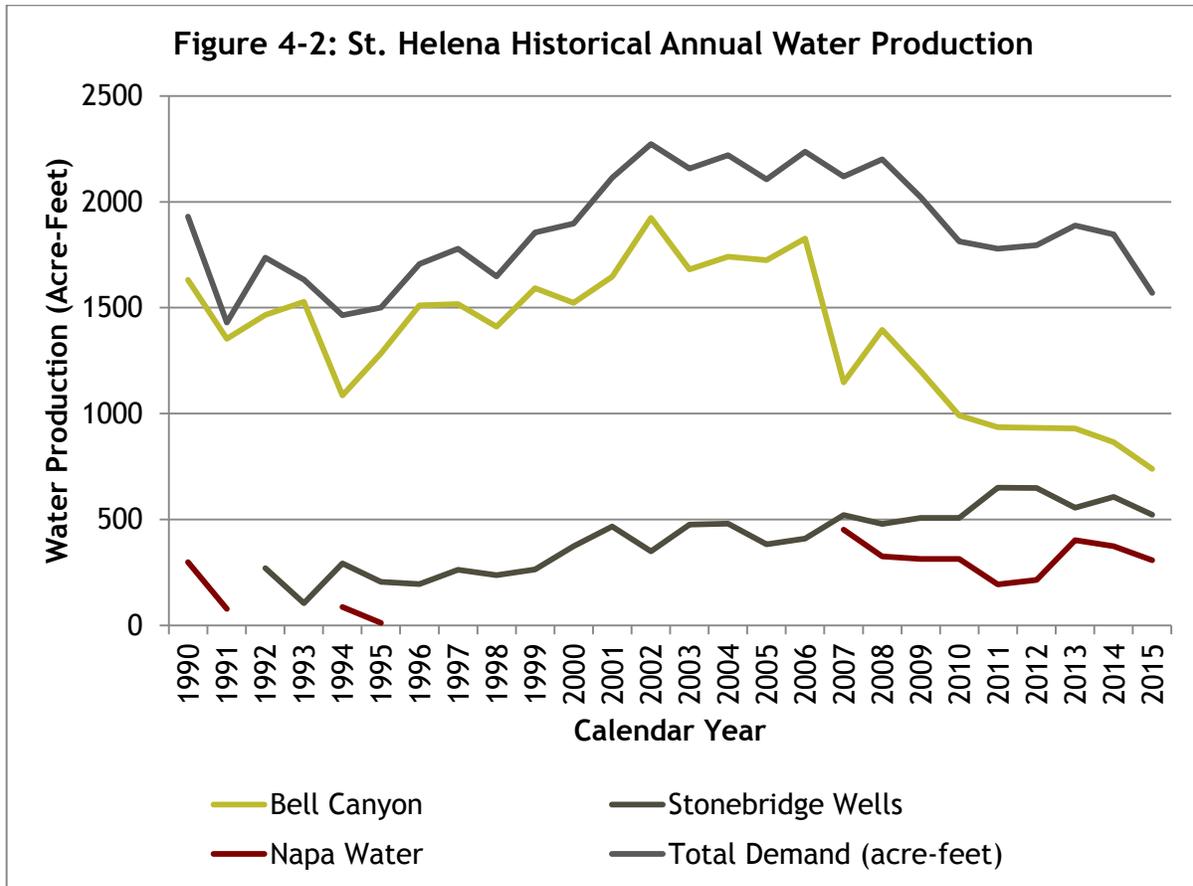
<sup>1</sup> "Units" are occupied dwelling units for residential land use areas and thousand square feet of floor space for commercial, retail, institutional, and industrial land use areas. The quantity of units was provided by the City and represents the average values for 2002-2008. These numbers differ from those in Table 3-10 in Chapter 3 because they consider only occupied (not total) residential units and non-residential floor space is considered rather than parcel size.

<sup>2</sup> Average water demand for fiscal years 2002-2008.

SOURCE: West Yost Associates, 2015

(Source: St. Helena General Plan Update Revised Draft EIR, 2016d)

According to the City's Draft General Plan Update, the annual yield from Bell Canyon Reservoir in recent years has declined significantly when compared to prior years due to the required water releases into the Napa River to support fish. Due to this trend, water purchased from the City of Napa has become an increasing percentage of the total supply. The City is seeking to reduce withdrawal of groundwater in non-drought years, in order to give the aquifers in the Stonebridge Well Complex the ability to recharge (St. Helena, 2016b). Figure 4-2 on the following page shows water production by type from 1990 to 2015.



(Source: St. Helena General Plan Update Draft, 2016b)

The Water Supply Plan produced in 2010 by West Yost Associates discusses the City’s future water demand for the two build out scenarios: The “Likely Build out Scenario” and the “Full Build out Scenario” based on the City’s General Plan. It is important to note that this document is based on build out for the City’s General Plan Update. The City subsequently formed a Safe Yield Committee for purposes of adopting a definition of “safe yield” and established a systemwide safe yield of 1,950 acre-feet for the City.

Table 4-5 on the following page is derived from the Water Supply Plan and shows potable water production, estimated population, and per capita water use from 1990 through 2009 (Water Supply Plan, 2010).

**Table 4-5: Potable Water Production Summary and Per Capita Water Use**

Calendar Year	Bell Canyon Reservoir <sup>(a)</sup> , AF	Stonebridge Wells, AF	Napa Water, AF <sup>(b)</sup>	Total Water Supplied, AF	Service Area Population <sup>(c)</sup>	Per capita Water use, gpcd	10-Year Moving Average per capita water use, gpcd
1990	1,632	—	299	1,931	5,763	299	—
1991	1,353	—	77	1,430	5,859	218	—
1992	1,466	270	—	1,736	5,955	260	—
1993	1,528	105	—	1,634	6,051	241	—
1994	1,086	292	87	1,465	6,147	213	—
1995	1,285	205	11	1,501	6,243	215	—
1996	1,511	195	—	1,706	6,339	240	—
1997	1,517	262	—	1,779	6,435	247	—
1998	1,411	237	—	1,647	6,531	225	—
1999	1,592	264	—	1,857	6,627	250	241
2000	1,524	373	—	1,897	6,723	251	236
2001	1,647	467	—	2,114	6,720	281	242
2002	1,942	349	—	2,290	6,717	304	247
2003	1,681	476	—	2,157	6,713	287	251
2004	1,741	480	—	2,221	6,710	295	259
2005	1,725	382	—	2,186	6,707	280	266
2006	1,827	410	—	2,237	6,704	298	272
2007	1,147	521	452	2,120	6,700	282	275
2008	1,396	479	326	2,201	6,697	293	282
2009	1,200	508	314	2,022	6,741	268	284

<sup>(a)</sup> Because of concerns over meter accuracy, LSWTP flows are based on the LSWTP Effluent flow meter prior to 2005, the LSWTP Influent flow meter (adjusted for return flows) from January 2005 to June 2006, and the Dam meter from July 2007 to December 2009.

<sup>(b)</sup> Napa Water use prior to 2006 is Emergency Water Use, water used after 2006 is Napa Contract Water.

<sup>(c)</sup> Service area population is based on a straight-line interpolation of the milestone data shown in Table 1-3. gpcd = gallons per capita per day.

Data Source: City of St. Helena, 2016

According to the City's 2016 Draft General Plan Update, the City established a "safe annual yield" defined as follows: "The safe annual yield of the St. Helena water supply system is that quantity of water which can be reliably delivered on annual basis through most rainfall years, including a Dry Year (rainfall at 22" to 25.9") without undue hardship on water customers through water shortage restrictions." The City also defined undue hardship as "three or more consecutive months of Phase II or Phase III water restrictions." The City Water Shortage Emergency Ordinance adopted this definition of annual safe yield and requires a yearly calculation of the annual safe yield (St. Helena, 2016b).

This safe annual yield assumes groundwater withdrawals will not exceed 450 acre-feet in normal years and that the City will purchase 600 acre feet each year from the City of Napa. The benchmark also takes into account the storage and bypass requirements for the Bell Canyon Reservoir. Based on water supplies available in 2013, the City estimates the safe annual yield is 1,950 acre feet. The average five-year demand is currently less than the annual safe yield giving the City an 80-acre feet water surplus in 2013. Demand has continued to decline due to a decline in residential water demand (St. Helena, 2016b).

Future water supply and demand projections are based on historical data and presented in the Water Supply Plan prepared by West Yost Associates, dated October 2010. West Yost Associates updated this Plan to reflect the results of the Safe Yield Committee and the City's conservation efforts, through a Technical Memorandum dated March 29, 2012. (St. Helena, 2016). Table 4-6 on the following page summarizes the City's water needs based on available supplies and future demands categorized into three anticipated water yields: 1) Normal Water Year (Annual Safe Yield), 2) Dry Year (Phase 2 Water Emergency), and 3) Critical Year (Phase 3 Water Emergency).

**Table 4-6: City Water Needs based on Available Supplies and Future Demands (AF)**

	Normal Water Year (Annual Safe Yield)	Dry Year (Phase 2 Water Emergency)	Critical Year (Phase 3 Water Emergency)
<b>City Import Supply</b>			
Total Imported <sup>2</sup>	600	600	600
<b>City Local Surface Water Supply</b>			
Bell Canyon	1,000	600	500
<b>Groundwater Supply</b>			
Wells (Stonebridge)	350	514 (30%)	471 (30%)
<b>Total Water Supply Available</b>	<b>1,950</b>	<b>1,714</b>	<b>1,571</b>
City Retailer Demand 2015 (ACTUAL FOR FY14/15)	1,570	1,570	1,570
City Retailer Demand 2020	1,762	1,665	1,587
City Retailer Demand 2025	1,955	1,760	1,604
City Retailer Demand 2030	2,147	1,855	1,621
City Retailer Demand 2035 (Full Buildout)	2,340	1,950	1,638
<b>Water Surplus (+) or Deficit (-) at 2015</b>	380	144	1
<b>Water Surplus (+) or Deficit (-) at 2020</b>	188	79	(16)
<b>Water Surplus (+) or Deficit (-) at 2025</b>	(5)	(46)	(33)
<b>Water Surplus (+) or Deficit (-) at 2030</b>	(197)	(141)	(50)
<b>Water Surplus (+) or Deficit (-) at 2035</b>	(390)	(236)	(67)
<b>Notes:</b>			
Normal water year is interpreted as the City's self-calculated annual safe yield, which was implemented in 2011. Future year demands are planning estimates and very difficult to predict. The City is approaching build out and growth is very slow. Therefore, demand is affected greatly by City declared water emergencies and conservation efforts.			
Source: St. Helena, 2016 and Water Supply Plan, 2010.			

As summarized in Table 4-6, the City is projected reach a deficit in available water by 2025 for the normal water year and dry year scenarios, and to reach a deficit in 2020 for the critical year scenario. These projections assume no alternative water supplies are obtained than what is currently available to the City (West Yost, 2010). The City does promote several programs to conserve water and new development within the City must comply with the City’s Water Neutral Ordinance (Municipal Code Section 13.12.050)<sup>15</sup>. New development must be water-neutral (from the City-delivered water system) through any combination of on-site water conservation measures and/or off-site retrofitting and/or well water. Project developers are asked to demonstrate water neutrality through a quantitative water analysis.

Using 2008 population and housing projections from the St. Helena General Plan, the Water Supply Plan projected municipal water demand and supply through 2030 based on the Likely Build out Scenario and the Full Build out Scenario. A summary of these projections is shown below in Tables 4-7 and 4-8 based on the normal year potable water and critical dry year potable water respectively. Only projections to 2020 were available for the critical dry year scenario.

**Table 4-7: City of St. Helena Water Demand and Supply Projections for Normal Year Potable Water (acre-feet)**

Scenario	2020			2030		
	Demand	Supply	Surplus (Deficit)	Demand	Supply	Surplus (Deficit)
Likely Build out Scenario	2,230	2,250	20	2,350	2,250	(100)
Full Build out Scenario	2,370	2,250	(120)	2,600	2,250	(350)

(Water Supply Plan, 2010)

**Table 4-8: City of St. Helena Water Demand and Supply Projections for Critical Dry Year Potable Water (acre-feet)**

Scenario	2020		
	Demand	Supply	Surplus (Deficit)
Likely Build out Scenario	1,321	1,286	(35)
Full Build out Scenario	1,499	1,286	(213)

(West Yost, 2010)

<sup>15</sup> The Water Neutral Policy is available on-line at: [http://www.ci.st-helena.ca.us/sites/default/files/Water%20Demand%20Analysis%20White%20Paper%20r1\\_0.pdf](http://www.ci.st-helena.ca.us/sites/default/files/Water%20Demand%20Analysis%20White%20Paper%20r1_0.pdf)

Table 4-7 indicates that the City could face water supply deficits by the year 2020 under two scenarios. The water demand projection for the Likely Build out Scenario assumes an annual growth rate of 7.7 percent. This is much higher than the growth rate assumed by the City's General Plan because this scenario assumes the number of dwelling units is limited by the City's Growth Ordinance and not by the General Plan Land Use and it takes into account the population serviced by the City outside of the city limits (West Yost, 2010).

The Full Build out Scenario assumes an annual growth rate of 18 percent. Again, this is significantly higher than the growth rate assumed by the City's General Plan because this scenario assumes the City will build to the maximum extent provided for in the General Plan Land Use without regard to the City's current growth ordinance (West Yost, 2010). Though these two scenarios are above the anticipated growth rate based on the City's General Plan, and the City has a growth ordinance currently in place, the future is always unknown. In addition, development of resorts and commercial areas also create a water demand and these projections are accounted for in the Water Supply Plan.

#### Water for Fire Protection

One important use of local water is to supply fire hydrants and other fire protection facilities. The California Fire Code does have fire flow requirements.

#### Water Service Summary

The primary factor that influences the City's ability to supply and/or deliver water to its customers is the availability of source water. Climate and precipitation affect the amount of water available from Bell Canyon Reservoir and from the groundwater located in the Stonebridge Well Complex. At this point in time, the availability of water from the City of Napa is fairly stable as the agreement provides for 600 acre-feet (St. Helena, 2016). The City's General Plan Update, which projects out to the year 2035 acknowledges that the City needs to obtain new water supplies and/or achieve more water savings, even under current conditions. Any new water supply is likely to be expensive and has the potential to further increase the unit cost of potable water. Emphasis is placed, therefore, on conservation, seeking to reduce demand by all classes of users (St. Helena, 2016b).

The 2008 MSR LAFCO produced for the City contained a recommendation regarding water service as follows: "St. Helena has established water service to several properties located outside its incorporated boundary. LAFCO and St. Helena must work together to ensure new and extended services provided by the City outside its jurisdiction is consistent with the provisions of California Government Code Section 56133." This recommendation continues to be relevant to St. Helena.

Given the City's reliance on water supplied by the City of Napa, it is recommended that the City of St. Helena prepare a brief study of alternative water supply sources and projects to be prepared by a professional hydrologist. Future water supply sources/projects to be included in the study may include, but is not limited to, the following: 1) develop a treatment facility at Lower Reservoir, 2) increase in water rates to promote water savings or 3) implement the City's water recycling plan. This study should be presented to LAFCO prior to completion of the next MSR prepared for St. Helena. It is acknowledged that the City did increase water rates in 2016. However, additional water rate increases may be warranted in the foreseeable future.

#### 4.1.2: Wastewater (Sewer) Service

St. Helena's Public Works Department is responsible for providing sewer services in the City. St. Helena's sewer system conveys wastewater for the area within the city limits to the Wastewater Treatment and Reclamation Plant (WTRP). The WTRP is a secondary level of treatment, low maintenance, advanced integrated pond system that stores treated effluent and disposes effluent by spray irrigation onto a field owned by the City (Sewer System Master Plan, 2016; St. Helena General Plan Update Revised Draft EIR, 2016; St. Helena General Plan Update, 2016). The City currently provides sewer service to approximately 1,726 connections, of which 75 percent are residential (St. Helena CAFR-2015, May 2016 and Water & Wastewater Rate Study, 2016). The City's treatment plant has a permitted dry-weather flow design capacity of 0.5 million gallons per day (mgd) (St. Helena General Plan Update Revised Draft EIR, 2016).

Funding for City sewer service is provided through fees the City charges to customers to cover the cost of services. The City's wastewater enterprise is classified as Business-Type activities in the annual financial statement. Wastewater is reported as a separate enterprise fund. In FY 15/16, St. Helena's budgeted operating cost for its sewer enterprise was \$1.06 million (CAFR, 2016). The system is funded through rates, annexation fees, investment earnings and sewer connection fees with more than 99 percent of revenue from wastewater rates. This amount represents an approximate per connection expense of \$75/month.

All sewer connections are located within City boundaries, with no out-of-agency boundary sewer services provided. Primary services provided by the City for the wastewater system are collection, treatment, disposal, and maintenance. The City prohibits new connections outside of the urban service boundary. The City municipal code requires connection to the City sewer under the following conditions:

- Approval by the city of any use permit or variance applied for by or with the consent of the owner of the parcel on which the building or structure is located;
- Approval by the city for recordation of any final parcel map, subdivision map or lot line adjustment effecting any portion of the parcel upon which said building or structure is located, in which case the prorated charge under Section 13.20.050 of this chapter shall be paid for the entire parcel as constituted prior to recordation of any such parcel or subdivision map or documents effecting the lot adjustment;
- Issuance of a building permit or permits for any parcel on which the building or improvements are located for improvements totaling more than twenty thousand dollars (\$20,000.00) in value within any continuous sixty (60) month period or for improvements which comprise replacement, relocation, or substantial reconstruction of an existing discrete sewage disposal system serving the parcel;
- Determination by the city's health officer or city engineer that the existing discrete sewage disposal system serving a parcel on which the building or structure is located, or the nonexistence of such a discrete disposal system, constitutes a public health hazard. (Prior code § 12.8) (St. Helena, 2016).

## Wastewater Facilities

In this section, the present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to the sewer system are considered. The City's sewer system serves a total of 1,726 including 1,536 residential, 2 industrial, 6 hotel/spa, and 182 commercial customers. In 2015, the City added eighteen new customers to the sewer system as shown in Table 4-9 below.

	2010	2011	2012	2013	2014	2015
Number new connections	0	0	1	11	3	18
Daily average treatment in millions gallons (MGD)	0.577	0.577	0.542	0.408	0.403	0.384
<i>Data Source: CAFR 2015, Schedule 24</i>						

The Wastewater system is comprised of three basic parts:

- Wastewater collection
- Wastewater Treatment
- Waste Disposal

### *Wastewater Collection System*

The City maintains a network of more than 22 miles of pipe and trunk lines that collect sewage from homes and businesses and transport the sewage to the Wastewater Treatment and Reclamation Plant (WTRP). Pipes adequately sized at 8-24 inches for dry weather flows, with the exception of the original City site's four-inch sewer lines, service the majority of the City. Private lateral lines connect a house to the City's main line, typically located within a street right-of-way (St. Helena Wastewater Rate Study, 2016). The City's General Plan Update Draft acknowledged that several areas of the City's sewer system suffer from defects, which prevent free flow of sewage, resulting in backwater in the system (St. Helena General Plan Update Draft, 2016). One lift station is located east of Main Street while the remaining system operates by gravity.

The City's wastewater collection facilities face many challenges including:

- Age of infrastructure
- Reduced root maintenance
- Grease and oil from restaurants
- Infiltration/inflow (I&I)

The City continues to work to address these challenges through updates to the City's Sewer System Management Plan. The goal of the Sewer System Management Plan (SSMP) is to maintain the collection system and prevent sanitary sewer overflows (SSOs). Toward this end, the City recently completed a sewer line video inspection of the entire collection system (St. Helena, 2016).

Sewer line maintenance is completed by the City's Street Department and is generally performed twice per year. The City has a planned schedule in place for cleaning sewer lines that are highly susceptible to root intrusion, grease, and various debris. The City's collection system includes 22 miles of sewer lines, 268 manholes, and one lift station (St. Helena Draft General Plan Update, 2016; St. Helena SSMP, 2014).

### *Treatment System*

The City of St. Helena's wastewater treatment plant (WWTP) was designed to accommodate 0.51 million gallons per day (MGD) average dry weather flow and 3.73 MGD maximum wet weather flow, with a 2.8 MGD average wet weather flow. The City of St. Helena owns and operates the WWTP site located at 1 Chaix/Thomann Lane, St. Helena. The City's sewer lines do not measure flow. However, sewage flow can be estimated based on use of treated municipal (fresh) water supplied to various land-uses as measured with water meters.

The City of St. Helena WWTP treats sewage to a secondary level. The treatment processes at the plant includes a headworks, a comminuter, an advanced integrated waste pond system, chlorine disinfection, and dechlorination. Wastewater enters the plant at the influent pump station by gravity flow through two open channels. The influent is pumped into the primary pond influent control structure. From the pond influent control structure, wastewater enters two facultative ponds with in-pond digesters, via two submerged inlet ports at the bottom of each pond (California Regional Water Quality Control Board, Order No R2-2010-0105, 2010).

One pond serves as an aeration pond while the second serves as a settling pond for biological solids. The effluent control facility provides disinfection, a sampling point, and pumping equipment to dispose the effluent by spray irrigation onto a 90-acre grass field or into a third storage pond. This third storage pond allows for the most effective release of discharge into the Napa River (California Regional Water Quality Control Board, Order No R2-2010-0105, 2010; St. Helena General Plan Update Revised Draft EIR, 2016). When pond storage capacity is exceeded during wet months, treated effluent may be discharged into the Napa River under strict regulation. The wastewater treatment plant is regulated through the San Francisco Regional Water Quality Control Board and State laws (St. Helena General Plan Update Revised Draft EIR, 2016).

Table 4-10: Water Treatment Plant Design Capacity

Description	Capacity/Flow
Permitted Daily Dry-Weather Flow Capacity	0.50 mgd
Permitted Daily Wet Flow Capacity	2.8 mgd
Average Wet Weather Flow Volume	0.36 mgd
Peak flow within the past year	1.03 mgd
Projected future demand for services by 2030, Average Dry Weather Flow	0.50 mgd

(Source: St. Helena, 2016)

### *Effluent Disposal*

After secondary treatment, effluent may be discharged directly into the Napa River under very strict conditions outlined waste discharge requirements (Order No. 87-090) and other permits with the San Francisco Regional Water Quality Control Board.

On November 1, 2010, the California Regional Water Quality Control Board Order No. R2-2010-0105 served to reissue NPDES Permit No. CA0038016 and regulated the City's Wastewater Treatment Plant. This permit expired October 31, 2015. A new regulatory permit was issued by the San Francisco RWQCB in 2016 (ORDER No. R2-2016-0003 and NPDES No. CA0038016) setting higher treatment standards for the WWTP and it was accompanied by a cease-and-desist-order, requiring the plant to meet upgrade requirements by 2021 (Permit No. R2-2016-0004). The 2016 Cease and Desist Order (CDO)

No. R2-2016-0004 addressed chronic permit exceedances and established tasks and a time schedule for the City to comply with the 2016 Permit's new biochemical oxygen demand (BOD) and total suspended solids (TSS) effluent limits. The state recently issued a \$290,177 settlement penalty due to untreated wastewater contaminating groundwater and nearby wells, caused by an improperly restored holding pond (Napa Vision 2050, 2015).

As required by the NPDES permit, the City must undertake to meet the 2016 permit's new BOD and TSS effluent limits over the next five years. The CDO requires the City to incorporate filtration or another process into the treatment system. An upgrade to an advanced secondary treatment system may be required. The City's 2015 Wastewater Facilities Evaluation Update provided three recommendations to improve plant performance: 1) construct solids management systems to manage solids accumulation within design recommendations, 2) automate disinfection and dechlorination during river discharges, and 3) construct a rock filtration system and disinfection facility to improve removal of TSS from algae growth in ponds. If implemented, the Order identifies the rock filtration system as the best recommendation to facilitate compliance with the 2016 Permit's effluent limits (CDO No R2-2016-0003). The CDO allows the City to continue discharging effluent under the old discharge limitations as long as they are complying with the task schedule (St. Helena, 2016).

#### *Future Demand for Wastewater Service*

The City's most recent regulatory permit (No. R2-2016-0003) issued by the San Francisco Regional Water Quality Control Board (RWQCB) references the City's 2015 Wastewater Facilities Evaluation Update which indicates the service area population is only growing slightly and that per capita wastewater flows are declining due to conservation measures. Therefore, the existing treatment system is capable of meeting the City's near-term waste loads and flows. The report also indicated that 2030 average dry weather flows will be 0.50 mgd, the current capacity, however the City should plan to increase capacity to 0.65 mgd by 2030 to account for uncertainty (St. Helena, 2016; Permit No. R2-2016-0003).

Demand for wastewater service is typically impacted by development occurring within the City that could result in an increase in the demand for this services and the need for additional infrastructure. Other factors that impact supply in the City are prolonged drought and storm water intrusion. During the rainy season, stormwater flows can infiltrate into the wastewater collection system. It is important to reduce this inflow and infiltration into the wastewater collection and treatment system. St. Helena has communicated there are no outstanding will-serve letters for wastewater service to new/proposed developments. However, approved projects are granted the ability to connect to City services based on availability (St. Helena, 2016).

### Current Infrastructure Needs

The 2008 Municipal Service Review produced by LAFCO for the City contained one recommendation regarding St. Helena's provision of wastewater services as follows: "St. Helena's sewer system is nearing capacity with regard to meeting existing wastewater flow demands. Improvements are needed to help solidify the ability of St. Helena to adequately collect, treat, and discharge existing service demands as well as to accommodate future service demands." However, based on the data presented in Table 4-10, above, the City's WWTP has sufficient capacity to meet future growth demands until the year 2030.

The City updates a Capital Improvement Plan annually as part of its Annual Budget. The Capital Improvement Plan (CIP) serves as a comprehensive plan to identify new construction and rehabilitation projects. The FY 2012-2016 CIP Budget included several wastewater related improvements listed here:

- Recycled Water Project
- Corporation Yard Improvements
- Chlorine Analyzer/Tank & SCADA System
- Rock Slope Protection and Levee Repair
- WWTP & Crinella Surge Suppressor
- Main Sewer Rehabilitation
- Brush Aerators
- WWTP Diffuser Permits
- Regulatory Compliance Permit
- Crinella Pump Station

In addition to these improvements, the City will also need to upgrade its infrastructure to come into compliance with the City's permit.

### 4.1.3: Storm Drainage

The City provides stormwater/flood management to residents of the City. The City owns and operates a conveyance system of pipes and drains that discharges storm water to Sulphur Springs Creek, York Creek, and the Napa River. All precipitation and other water going into the City storm drains eventually runs to the Napa River then onward to the Pacific Ocean. All three of these waterways pass through the City limits, and have some floodplain within the City. Although the Napa River often appears relatively small and mild, especially during droughts, it is subject to flash floods. The City is therefore also the floodplain manager for these waterways (St. Helena, 2016).

Storm drainage infrastructure includes the City maintained storm drain line, privately maintained storm drain lines, and a Caltrans storm drain line. There are also several ponds, ditches and channels. The City Public Works Department maintains drain inlets and drain manholes. Many of the storm drainage structures are located within sidewalks or other public rights-of-way. Additionally, natural drainage features include the Napa River, Sulphur Springs Creek, York Creek.

Maintenance by City staff includes actively watching for all types of potential hazards, storm drain blockages, and any other unforeseen safety problems. The City has an inspection program to routinely inspect and maintain storm water inlets and outfalls for debris and obstructions, sand & gravel build-up, and structural damage or vandalism.

The City of St. Helena Pollution Prevention Plan (SWPPP). St. Helena has adopted the Bay Area Stormwater Management Agencies Association (BASMAA) Post-Construction Manual for Design Guidance for Stormwater Treatment and Control for Projects. Also an information flyer for Erosion & Sediment Control Measures for construction projects is available on the City's website. Individuals who make unlawful discharges into any storm drain would potentially be subject to enforcement actions described in an array of county, state and federal laws.

St. Helena has adopted the Bay Area Stormwater Management Agencies Association (BASMAA) Post-Construction Manual for Design Guidance for Stormwater Treatment and Control for Projects as described in Chapter 13.32 (Stormwater and Runoff Pollution Control) of the Municipal Code. Storm drain management is subject to a permit the City obtained from the State Water Board under Phase II Small MS4 General Permit Order No. 2013-0001-DWQ and NPDES General Permit No. S000004 (California, 2013). St. Helena participates in the Napa Countywide Stormwater Pollution Prevention Program<sup>16</sup> (NCSPPP) which is funded by the member agencies and is administered by the Napa County Flood Control and Water Conservation District. This Prevention Program aims to prevent stormwater pollution and to help member agencies comply with State and Federal regulations. Additionally, St. Helena has its own individual stormwater pollution prevention program. The City's website contains many helpful e-documents to assist and educate local residents with storm water pollution prevention.

The neighborhood near the Vineyard Valley Mobile Home Park suffered from severe flooding in 1986 and 1995, primarily from the Napa River. The flooding was due to creek and river overflows, with some flooding due to sheet flow of water across agricultural land. The mobile home park is located within the one hundred year floodplain contiguous to the west bank of the Napa River. To help deal with this flooding, the City developed the Flood Protection and Flood Corridor Restoration Project which included a large levee and floodwall to protect the Vineyard Valley area, bank stabilization, removal of a channel constriction, internal stormwater management, and creation of a terrace. The Vineyard Valley Levee was constructed at an estimated cost of \$37.2 million<sup>17</sup>.

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<sup>16</sup> The Storm Water Pollution Prevention Program has a website at: <http://www.countyofnapa.org/Stormwater/>.

<sup>17</sup> Data source: [http://napavalleyregister.com/star/news/opinion/mailbag/true-cost-of-st-helena-s-flood-project/article\\_6d175275-af0a-5dd6-b675-64368771be5d.html](http://napavalleyregister.com/star/news/opinion/mailbag/true-cost-of-st-helena-s-flood-project/article_6d175275-af0a-5dd6-b675-64368771be5d.html) and <https://californiawaterblog.com/2016/07/17/st-helena-california-dealing-with-a-field-of-dreams-levee-residual-risk-and-a-flood-of-controversy/>

Although the City has a Stormwater Master Plan, it is approximately 10 years old and some of the proposed collection line projects described in the Plan have not yet been constructed (St. Helena, 2016). It is recommended that the City's Stormwater Master Plan be updated to reflect changes in state law and local conditions that have occurred since the adoption of the last plan.

The City's Draft General Plan Update (2016) notes that by incorporating green infrastructure into the City's existing built and natural landscapes, St. Helena can simultaneously improve the efficiency of stormwater management, reduce flood risks, enhance the City's design character and protect natural communities and wildlife.

Funding for storm drain and flood control services in St. Helena has a long and complex history. St. Helena receives benefits from Measure A, a half-percent county sales tax, approved by County voters in March of 1998. Measure A funds provide financing for large-scale flood engineering throughout Napa County. The City also uses its own general fund sources for on-going operation of the storm drain system.

The Vineyard Valley Levee, completed in 2010, was funded through an array of sources. The total cost for this project was estimated to be approximately \$37.2 million<sup>18</sup>. This cost was funded by \$1.9 million in flood control grants from the Federal Emergency Management Agency - Hazard Mitigation Grant Program; \$8 million state loan State Water Resources Control Board and State Revolving Loan Fund; a \$2.4 million grant from the California Department of Water Resources; Napa County Measure A funds; and other local sources (St. Helena, August 2016). The high cost of this project along with some accounting irregularities by a previous City administration and inconsistent accounting software did create financial difficulties for the City of St. Helena. The City continues to work to resolve these issues (St. Helena, January 26, 2016).

#### 4.1.4 Law Enforcement Services

In June 2012, LAFCO approved the Municipal Service Review: Countywide Law Enforcement Services, which covered law enforcement within the City of St. Helena. The City's law enforcement situation remains similar to that described in the 2012 MSR and readers are referred to that document for details. This section provides an overview of existing police facilities and services, and provisions for future growth and systems improvements. The St. Helena Police Department (SHPD) is responsible for providing law enforcement services within City's jurisdictional boundary. Specific services that SHPD provides include: crime prevention, animal control services, parking and traffic control, youth education, community awareness, and criminal investigations (St. Helena, 2016; Napa Humane, 2016). SHPD responds to incidents in surrounding unincorporated areas

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<sup>18</sup> Data source: [http://napavalleyregister.com/star/news/opinion/mailbag/true-cost-of-st-helena-s-flood-project/article\\_6d175275-af0a-5dd6-b675-64368771be5d.html](http://napavalleyregister.com/star/news/opinion/mailbag/true-cost-of-st-helena-s-flood-project/article_6d175275-af0a-5dd6-b675-64368771be5d.html) and <https://californiawaterblog.com/2016/07/17/st-helena-california-dealing-with-a-field-of-dreams-levee-residual-risk-and-a-flood-of-controversy/>

based on separate mutual aid agreements with California Highway Patrol, the Calistoga Police Department, and the County of Napa. The County of Napa's Department of Corrections provides long-term holding and the Napa County Sheriff's Department provides the bomb squad and special weapons/tactics expertise. SHPD responds to incidents in surrounding unincorporated areas on an as-needed or as-requested basis. The SHPD frequently covers Sheriff's Deputies in the County for calls requiring more than one unit and traffic collisions outside of City Limits for California Highway Patrol (St. Helena, 2016). It is important to note the County Sheriff responds to St. Helena on major cases including SWAT calls, bomb calls, and hostage negotiations. The County Sheriff also provides routine coverage within St. Helena when SHPD's staffing is insufficient.

The St. Helena Police Department is responsible for:

- Protection of life and property
- The maintenance of order
- The control and prevention of crime
- Enforcement of vehicle laws and regulations  
(St. Helena, 2016)

SHPD operates out of a central police station located at 1480 Main St., St. Helena, CA. It is an outdated building with space limitations and unsafe working conditions for officers. Interrogations are conducted in an office that is also the passageway from the main police station to City Hall. Storage in the evidence area is "secure," however, improvements are needed (Napa Valley Register, 2016).

#### Animal Control

LAFCO's 2012 Law Enforcement MSR noted: "Calistoga and St. Helena both provide their own animal control services within their respective jurisdictions. Given their geographic locations, it would seem appropriate for the two agencies to consider merging their animal control services and/or contracting with the County Sheriff as a cost-savings and streamlining measure" (LAFCO, 2012). This recommendation remains relevant to the City of St. Helena.

#### Police Staffing

The St. Helena Police Department (SHPD) provides law enforcement services within the City. The Department is managed by the Chief of Police and includes one Lieutenant, two Sergeants, eight sworn officers, four dispatchers, and one Community Service Officer. Five patrol vehicles are operational at any given time and each is equipped with multi-frequency radio and an MDC. The SHPD is currently staffed by 12 sworn officers; including the Chief of Police. This provides St. Helena with a ratio of 2 sworn officers for every 1,000 residents. For Priority One calls, the department had an average response time of 4 minutes, 39 seconds from dispatch to arrival, which is just within St. Helena's operating standard of five minutes (St. Helena, 2016). The Police Department is authorized 17 full time equivalent (FTE) positions. This is a decline of three FTE's since 2008. Slightly less (16.75) FTE's are actually filled as shown in Table 4-11 on the following page.

**Table 4-11: Current Police Department Staffing levels by Type & Full-time Equivalent (FTE)**

Staff	Career/Paid	Volunteer
Police Chief	1	
Lieutenant	1	
Sergeant	2	
Police Officer	7	
K-9 Officer	1	
Dispatcher	4	
Community Service Officer	.75	
Reserve Officer		1
<i>Total</i>	<i>16.75</i>	<i>1</i>

Source: St. Helena, 2016

Dispatch: The City indicates that its dispatch system is currently capable of servicing the areas surrounding the City boundaries in the event of a mutual aid incident. The City provides law enforcement dispatch services and receives 911 calls for police, fire, and medical response for the County and for Calistoga on a limited basis. 911 calls for fire and medical services are received and transferred to the County dispatch on a daily basis (St. Helena, 2016).

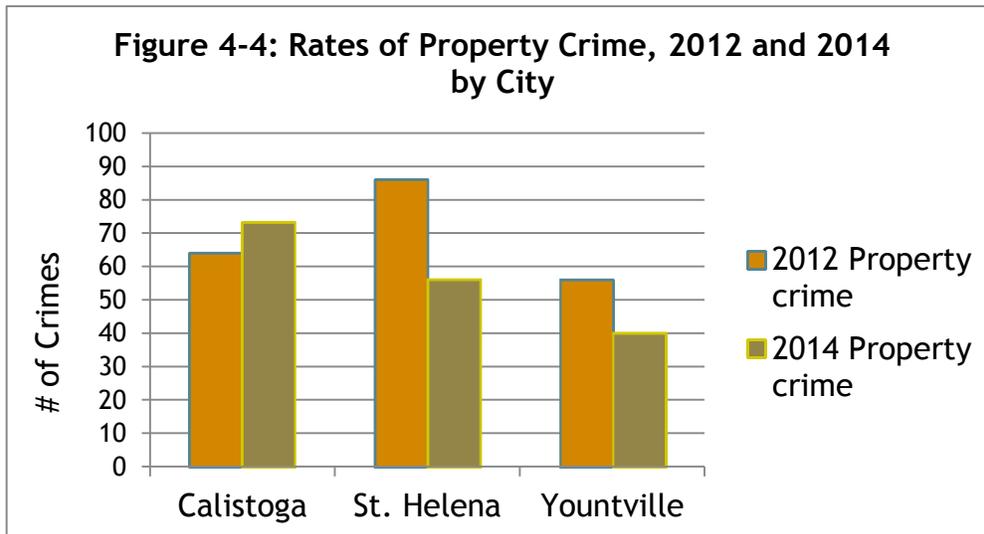
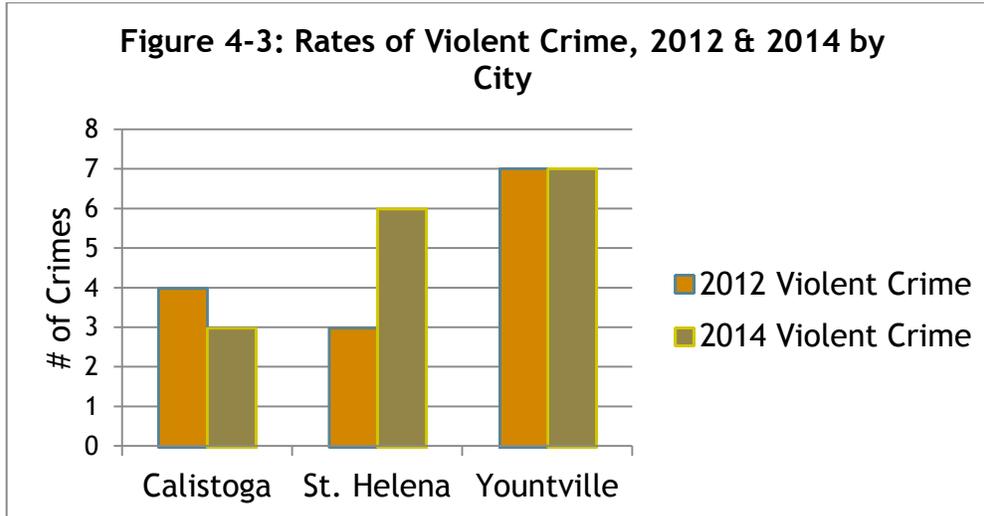
Vehicles: The Department maintains several vehicles and other equipment including 4 Patrol, 1 K9, 1 CSO, 1 Admin, 1 Training, 1 Electric GEM, and 1 Dual Purpose MC (Total: 10) (St. Helena, 2016).

LAFCO's 2012 Law Enforcement MSR noted that: "Measuring motor vehicle capacity relative to minimum law enforcement needs of having at least one vehicle for every two sworn officers is a reasonable tool in assessing resource adequacy for each agency. This measurement is particularly relevant to cities given their predominant focus on patrol. Towards this end, all five cities in Napa County adequately meet their respective calculated minimum standards for motor vehicle capacity for law enforcement services" (LAFCO, 2012). With a total of 12 sworn officers and 10 total vehicles (five patrol cars, one patrol MC, two unmarked emergency vehicles, Chief and Training car), St. Helena meets the resource adequacy for the agency as described in LAFCO's 2012 Law Enforcement MSR.

### Crime Statistics

SHPD shares alerts, crime statistics, and police logs during City Council meetings. The SHPD averaged roughly 4,567 calls for service from 2008-2015 with general consistency across all years. There were 4,622 calls for service in 2014. Based on the number of reported crimes in 2014, there was a high ratio of 75 service calls for every one reported crime in 2014 (St. Helena, 2016). This high ratio appears to be attributed to "community casualness" in contacting the police on a variety of issues as noted in LAFCO's 2012 Law Enforcement MSR (LAFCO, 2012). In FY 14/15, SHPD made 187 physical arrests and issued 398 traffic citations (St. Helena, CAFR, 2015). It is recommended that reports on alerts, crime statistics, and police logs be accessible via the SHPD's web page.

The City reports crime statistics to the Federal Bureau of Investigation (FBI) to be included in the Uniform Crime Reports. An increase in violent crime was experienced in St. Helena from 2012 to 2014 as shown in Figure 4-3 below. In 2014, St. Helena experienced 6 violent crimes, which was one less than that experienced by Yountville and three more than Calistoga. It is important to note Yountville’s population is approximately half the population of St. Helena and Calistoga.



In 2014, there were 56 property crimes in St. Helena reported to the FBI which represents a decrease of 53% when compared to those reported in 2012, as shown in Figure 4-4 above. The 56 reported property crimes in St. Helena are less than that reported in Calistoga (73), but more than those property crimes reported in Yountville (40) that same year. Property crimes include burglary, larceny, theft, motor vehicle theft, and arson (Uniform Crime Reports, 2012; 2014). The 62 total reported crimes in 2014 represents 10.4 crimes per 1,000 persons on an annual basis which is significantly lower than the statewide average of 287 crimes per 1,000 persons (CA DOJ, 2014).

### Complaints Regarding Police

The St. Helena Police Department does have a formal complaint process. In 2014, no complaints were received. In 2015, two complaints were received and both have since been closed (St. Helena, 2016).

### Police Funding

The St. Helena Police Department is funded primarily by the City's General Fund; however donations and grants also contribute a small amount. In FY 15/16, the SHPD budgeted \$2.7 million for salary and benefits. Expenditures on equipment, computers, and other supplies added \$234,000 to the Department's budget. This amount accounts for 27 percent of St. Helena's general fund budget for that fiscal year (St. Helena Budget FY 15/16). Total Department expenditures (including grants) are calculated at a per capita<sup>19</sup> expense of \$493. However, this figure does not reflect the services the City Police Department provides to unincorporated Napa County and visitors passing through the City. However, the per capita expense of SHPD is higher than that described in LAFCO's 2012 Law Enforcement MSR, which found that the average law enforcement expenses in Napa County on a per capita basis, was \$372 (LAFCO, 2012). The police training development fund had a balance of \$2,000 for FY 15/16 (St. Helena, 2016). For the past several years, the City has received grant funding from the State of California Citizen's Option for Public Safety (COPS) program. For FY 15/16, the City allocated these grant funds towards professional contracts, contract services, training and conferences, computer equipment, special department supplies, and field supplies (St. Helena Budget FY 15/16).

In order to reduce spending for the FY 2015/16, City Council discussed and approved option 6 of the General Fund reduction consideration to lay off the Police Chief, effective on June 30, 2015, and appoint an Acting Chief. This decision saved the general fund \$229,400 during FY 2015/16 (St. Helena, 2015). As of January 2016, the acting chief was hired as permanent chief with a contracted annual salary of \$131,216 for the FY 2016/17 (Napa Valley Register, 2016).

LAFCO's 2012 Law Enforcement MSR noted that the City has its own competitive procurement processes with respect to purchasing motor vehicles for law enforcement services. It would seem reasonable and more efficient for St. Helena to consider pooling its respective resources and establish a joint procurement process with other local agencies such as American Canyon, Calistoga, Napa, and County Sheriff. Their combined buying power would presumably produce cost-savings (LAFCO, 2012). This recommendation remains relevant to the City of St. Helena. Additionally, City staff reports that they achieve similar efficiency by using the state procurement process known as the California Multiple Award Schedules and staff reports this process has resulted in lower bids.

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<sup>19</sup> SHPD per capita expense calculated as \$ 2,961,430 / 6004 = 493.

LAFCO’s 2012 Law Enforcement MSR noted that “It would seem appropriate for Calistoga and St. Helena, given the costs and related challenges associated with sustaining relatively small stand-alone departments, to consider structural alternatives in providing law enforcement services. This includes - based on a cursory review of potential alternatives - the two affected local agencies exploring the feasibilities of forming a joint-powers authority with one another and/or one or both agencies contracting with County Sheriff.” This recommendation remains relevant to the City of St. Helena. It is important to note SHPD is exploring the ability to dispatch between Calistoga and St. Helena in emergency situations. However, important factors such as radio limitations need to be evaluated further. Additionally, St. Helena has communicated a preference for local control with respect to law enforcement (St. Helena Police Department, 2017).

#### 4.1.5 Fire Protection and Emergency Medical Services

The City of St. Helena Fire Department (St. Helena Fire Department) primarily aims to serve residents of the City of St. Helena and to provide fire protection services within city limits including fire suppression, fire prevention, education, emergency medical and rescue services, and response to incidents involving hazardous materials (St. Helena, GPEIR, 2016). Additionally, the Department also has agreements to respond to emergencies in Calistoga, City of Napa, and Sonoma County, and an auto aid agreement with the Napa County Fire Department (St. Helena, RFI, 2016a; Napa County Fire Department, 2016).

**Table 4-12: Type of Fire Service by Provider**

<b>Service</b>	<b>Provider</b>
Structure Fire Protection	St. Helena Fire Department
Wildland Fire Protection	St. Helena Fire Department
Emergency Medical Response	St. Helena Fire Department
Rescue/Extrication	St. Helena Fire Department
Hazardous Materials	St. Helena Fire Department
Water Supply	St. Helena Fire Department
Dispatch	CAL FIRE
Ambulance Transport	AMR
Air Ambulance/Helicopter	CAL FIRE
Public Safety Answering Point	St. Helena Fire Department
Training	St. Helena Fire Department
Fire Safety Education	St. Helena Fire Department
Arson Investigations	St. Helena Fire Department
Fire Prevention	St. Helena Fire Department

*Source: St. Helena, 2016*

In 2016, the Department responded to 851 emergencies within the roughly 50-square mile service area<sup>20</sup>, as shown in Table 4-13 below and Figure 4-5 on the following page. Within the unincorporated area of Napa County near St. Helena, the St. Helena Fire Department has two types of service areas: 1) North and northeast of the City (including the Meadowood Resort), the Department responds to emergency calls, with the exception of medical aids, and 2) south, east, and west of the City, the Department responds to all emergency calls unless otherwise requested and dispatched by the County as of the Napa County Emergency Response Services Agreement (FY 15-17) (Napa LAFCO, 2008; St. Helena, 2016). Please see Figure 4-5 on the following page for service area details. Fire protection is particularly important because the unincorporated area surrounding St. Helena is within the Urban Wildland Interface, a geographic area that CAL FIRE defines as a “Fire Hazard Severity Zone” in accordance with the Public Resources Code and the Government Code. Figure 4-6 depicts the wildland fire hazard areas, while Figure 4-7 depicts historic wildfire perimeters from 1950-2014 (ABAG, 2016).

Fire Service: Year	2010	2011	2012	2013	2014	2015	2016
Emergency responses	707	673	667	729	733	763	851
Fire-related responses	33	34	57	59	72	27	25

*Data Source for Table 4-13: St. Helena, 2016 (CAFR for FY2015, Schedule 24)*

It is important to note the Napa County Fire Department provides response and back-up to calls throughout St. Helena’s jurisdictional boundary when an increased response is necessary or the City is delayed in its response. Additionally, the St. Helena Fire Department has requested the Napa County Fire Department to monitor radio traffic to determine if there is a need to respond to incidents in the City as back-up if St. Helena is delayed in its response.

<sup>20</sup> Per Fire Dept. average calls from 2007 and 2014 and the Napa County Emergency Response Services Agreement at: [http://www.ci.st-helena.ca.us/sites/default/files/15\\_22.pdf](http://www.ci.st-helena.ca.us/sites/default/files/15_22.pdf)

Figure 4-5: St. Helena Fire Department Contract Service Area

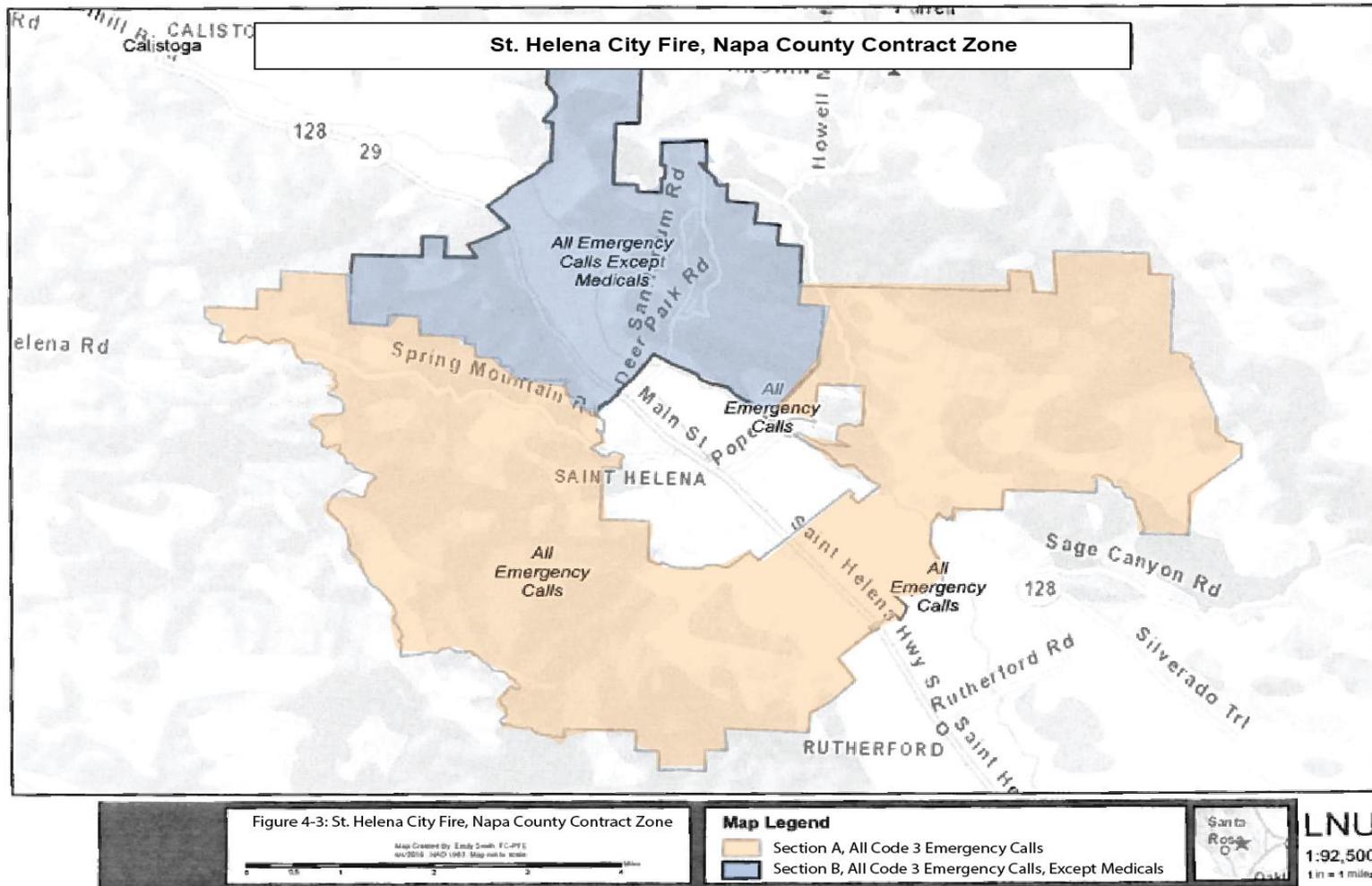


Figure 4-6: Fire Hazard Severity Zones

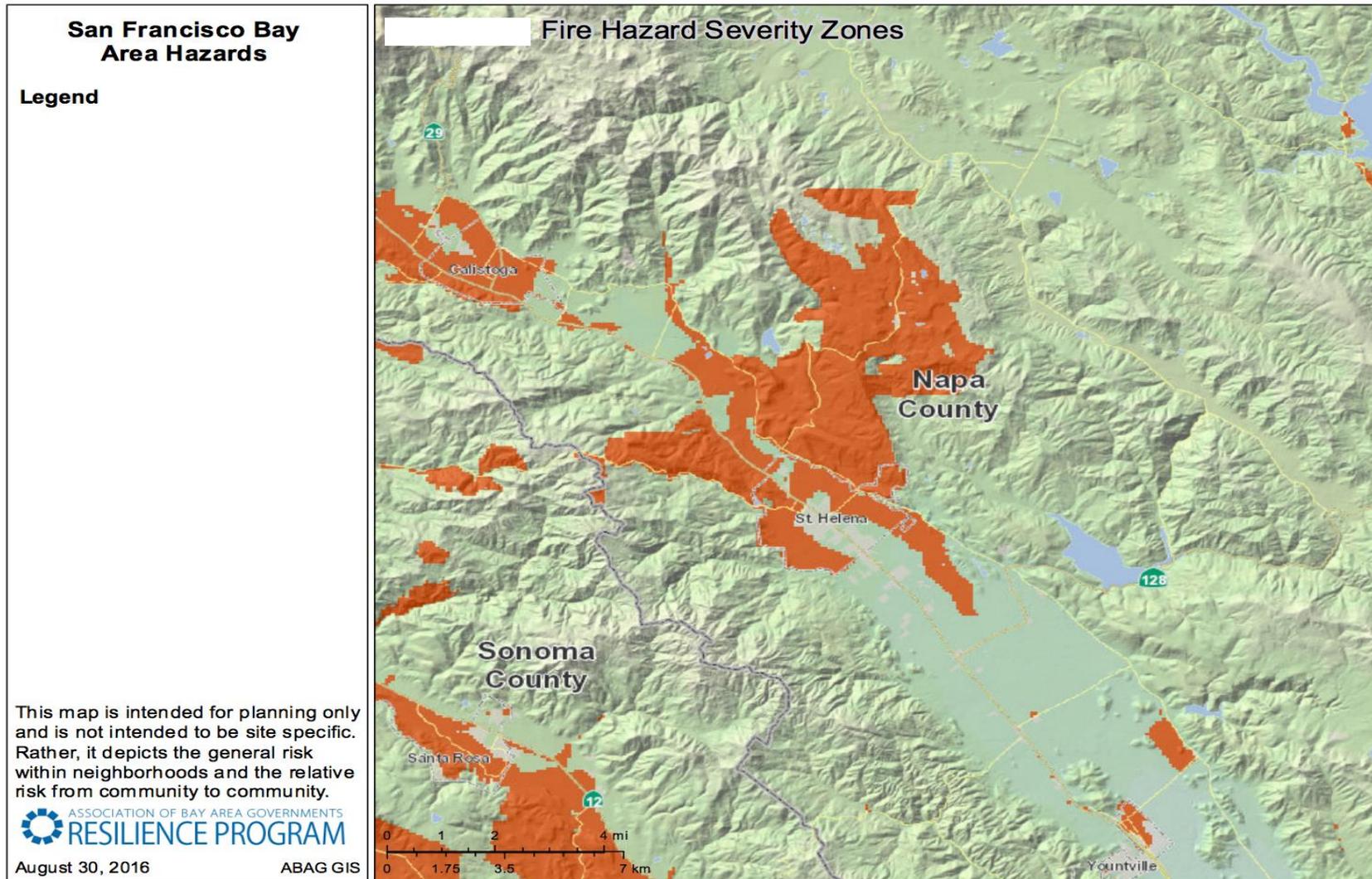
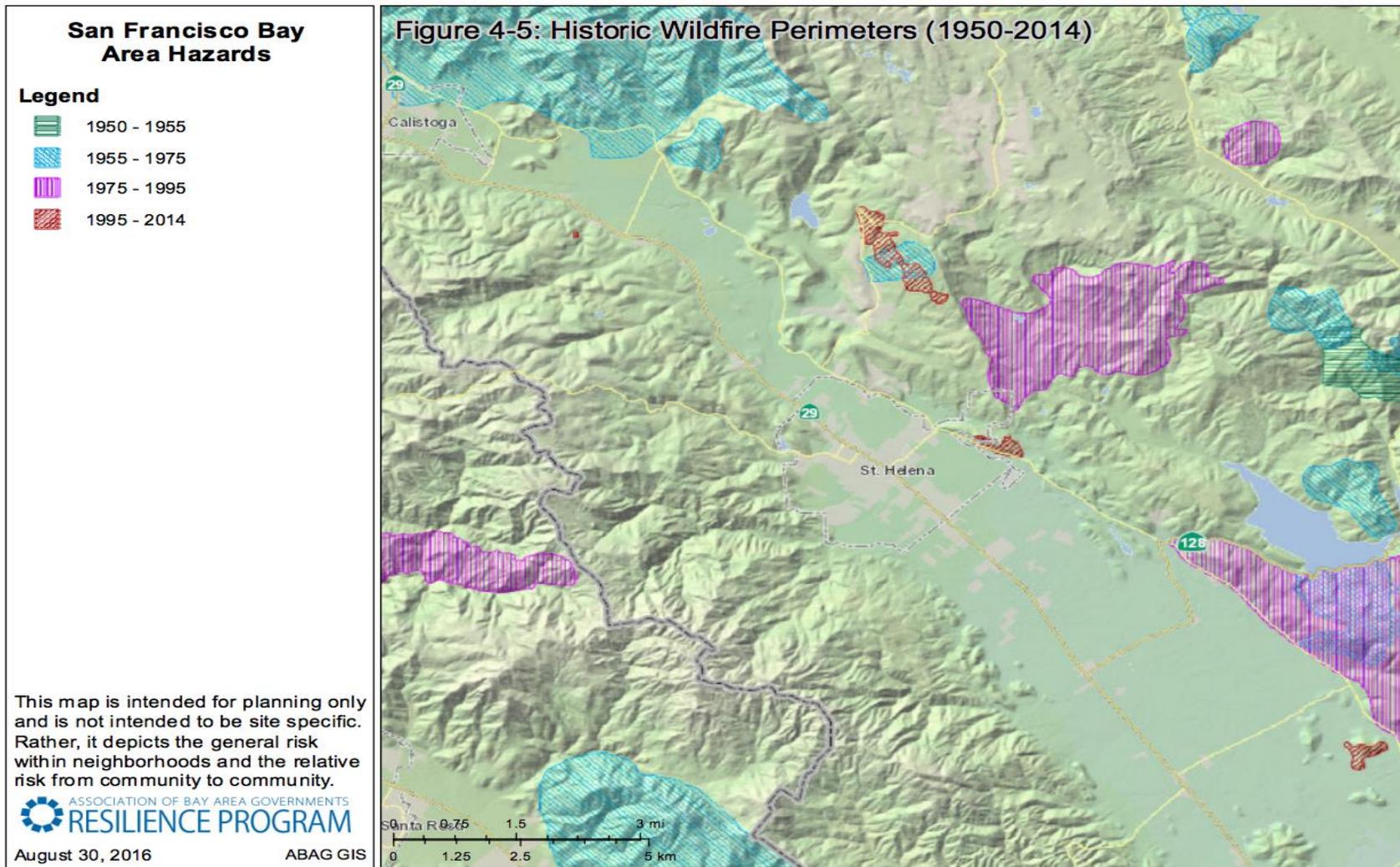


Figure 4-7: Historic Wildfire Perimeters (1950-2014)



A significant area within the St. Helena city limits and surrounding areas are within fire hazard severity zones. Fortunately, the City and its surrounding areas have not experienced any major wildfires since 1995. Figure 4-7 on the previous page shows that wildfires have historically burned in close proximity to St. Helena.

The St. Helena Fire Department is the primary service provider for fire protection services within City limits including fire protection, both prevention and suppression; public life safety education; emergency medical and rescue services; response to natural and man-made disasters; and response to incidents involving hazardous materials. The remaining services are provided collaboratively with other local agencies, state agencies, or private entities. Wildland Fire Protection is a joint effort between the St. Helena Fire Department, Napa County Fire, and CAL FIRE (Napa County, 2014). A private company called “AMR” conducts ambulance ground transport for the area. CAL FIRE provides the Air Ambulance/Helicopter service. The St. Helena Fire Department contracts with CAL FIRE to provide dispatching services (St. Helena, 2016). The St. Helena Police Department serves as the secondary Public Safety Answering Point (PSAP) as of April 2010, with the City of Napa acting as Primary PSAP (Federal Communications Commission, 2016). The City Fire Department is a member of the Napa County Training Grounds, which multiple agencies share cost and use.

Dispatch: The St. Helena Fire Department contracts with CAL FIRE, who provide dispatching services for the City of St. Helena in the form of CAD pages, and siren and radio alerts. St. Helena pays an annual flat rate for dispatching.

Fire Protection Water: Water supplies available for fire suppression primarily consist of hydrants, however in an emergency; local swimming pools could also be utilized. Water for the hydrant system is sourced from the City of St. Helena municipal water supply. The hydrant capacity is sufficient for all areas of the City. The 2015 ISO rating for water supply was as follows:

■ Supply system:	26.11/30
■ Hydrants:	2.9/3
■ Inspection/flow testing:	5.4/7

(St. Helena, 2016).

No increases to the capacity of the system are planned in the near future (St. Helena, 2016).

Response Times: The City’s Fire Department average response time is 6 minutes. The Department goal is 3-5 minutes (St. Helena, 2016).

Staffing: Professional fire personnel work directly for the St. Helena Fire Department as part-time employees. The St. Helena Fire Department staff are part-time employees with the Fire Chief reporting to the City Manager. Table 4-14 on the following page provides more details about staffing.

**Table 4-14: Current St. Helena Fire Department Staffing levels by Type & Full-time Equivalent (FTE)**

Staff	Career/Paid	Part-time/Paid on call
Fire Chief	0.2	
Firefighter		4.75
Management Analyst	1	
Other: Fire Marshal	0.2	
<b>Total</b>	<b>1.4</b>	<b>4.75</b>

Source: St. Helena RFI, 2016a and St. Helena 16/17 Budget, 2016b

The Fire Department allocates positions for 1 full-time staff member and up to 31 part-time staff as listed in Table 4-14 above. However, the staff allocation is not filled to the maximum since currently 29 firefighters work for the City on a part-time basis and are paid per call. The full-time equivalent for these 29 firefighters is 4.75. 1.4 FTE City employees also staff the St. Helena Fire Department as listed in Table 4-14. There are 1.2 firefighter/EMT's who are on-call and are paid by the call. City Staff's Response to LAFCO's request for information has indicated that at this time the Fire Department has adequate staffing (St. Helena, March 2016a). However, subsequent communication indicates staffing levels may not be sufficient. The RDEIR<sup>21</sup> (May 2016) for the draft General Plan Update, indicates that the level of residential and commercial growth proposed under the new General Plan may increase demand for fire protection services in the future.

Fire Department personnel attend a 2-3 hour "drill," once a week, to learn, perform, and test various skills. In addition, St. Helena firefighters attend countywide drills and EMS seminars regularly throughout the year. St. Helena Fire Department is a member of the Napa County Training Grounds, which are funded primarily by the County and managed in coordination with the Napa County Firefighters Association.<sup>22</sup> The Fire Department's ISO rating in 2015 was a 3, improved from 2010's classification of 4 (St. Helena, 2016).

### City of St. Helena Fire Dept. Mission Statement

The mission of the St. Helena Fire Department to provide efficient and cost effective emergency services including: fire protection, both prevention and suppression; public life safety education; emergency medical and rescue services; response to natural and man-made disasters; and respond to incidents involving hazardous materials. This service should, at all times, provide for the safety of the members of the Fire Department and serve the interest of the residents of the City of St. Helena and the surrounding area.

<sup>21</sup> Page 5-11 of the RDEIR

<sup>22</sup> Each member agency contributes \$500 annually as part of the Association, but this does not fund the operations of the training grounds. The County covers a majority of the cost of the operations of the training grounds.

Fire prevention education and planning is a service the Department provides to the general public. The Department also implements fire prevention by inspecting commercial businesses on a regular basis. The Department provides fire extinguisher training, consulting for plan review, fire code interpretation, station tours and demonstrations for schools, an annual weed abatement program, and an annual open house event during the NFPA's fire prevention week (St. Helena, 2016).

In 2014, the Department responded to a total of 741 calls as shown in Table 4-15 below.<sup>23</sup> This represents 123 calls for every 1,000 person in the City's jurisdiction on average. The number of calls for every 1,000 persons has remained constant when compared to LAFCO's 2008 Fire MSR. This suggests that although the population has increased over the past seven years, the number of calls in relation to population has remained consistent (St. Helena, 2016). The 741 total calls in 2014 (St. Helena, 2016) are broken down as follows:

**Table 4-15: Number and Type of Incident Responded to, 2014 & 2016**

Type	# Of Calls 2014	2016
Fires	28	25
Rescue/Emergency	447	435
Hazardous Conditions	32	23
Service Calls	14	65
Good Intent Calls	161	256
False Alarms	58	47
Weather/Natural Disaster	1	
<b>TOTAL</b>	<b>741</b>	<b>851</b>

Source: St. Helena, 2016 and 2017

Responses for Rescue/Emergency services made up 60% of all calls in 2014 followed by Good Intent Calls at 22%. Of those 741 calls, 79% of the calls to the Fire Department were from residents and businesses located inside the City's boundary as shown in Table 4-16 below (St. Helena, 2016).

**Table 4-16: Response Area Calls, 2014**

Type of Response	# Of Calls
City	582
Contract	119
Mutual Aid	40

Source: St. Helena, 2016

<sup>23</sup> Of the 741 total responses provided by the Department, 582 were located within St. Helena's jurisdictional boundary. The remaining 159 responses were located outside the City's boundary.

The remaining 159 calls were from areas outside of the City and were responded to by the St. Helena Fire Department to meet contract and mutual aid agreements with surrounding jurisdictions. Table 4-17 below groups calls by type in 2014.

**Table 4-17: Calls by Type, 2014**

	Fire Suppression	EMS/ALS	Rescue	Hazardous Materials	False Alarms	Mutual Aid
Number of calls in 2014	28	446	1	32	58	40

Source: St. Helena, 2016

The majority of calls during 2014 were for responses related to emergency medical services and advanced life support services. This can be compared to local demographics which suggest the City has a high number of senior citizens relying upon the Department's emergency medical services, which would account for the high number of calls the Department experienced. It is noted that EMS calls also relate to the influx of tourist-related calls.

#### Fire Protection Equipment

The City's 15,000-square-foot fire station located in downtown St. Helena was constructed in 1998. Additionally, the Fire Department maintains the following apparatus and vehicles: two engines of Type 1, one engine of Type 2, one rescue vehicle of Type 2, one brush vehicle of Type 6, one command vehicle of Ford F350 4x4, one utility vehicle of Ford 250, one water tender of Type 1, one truck of Type 1, and one rescue trailer of medium duty complement. The Department also maintains the following equipment as seen in Table 4-18 on the following page.

**Table 4-18: St. Helena Fire Department Equipment**

Equipment	Amount
Radios	35
Swiss Phones/Pagers	36
SCBA	25
Lucas	2
AED	9
Saws	14
Holmatro Combi Tools, Rams, Cutters & Spreaders	8
1500 portable tank	1
Thermal imagers	4
Engine mounted light towers	3
RIC Pacs	2
Portable hydrant	3
4 gas meters	2

Source: St. Helena, 2016

Given the level of staffing, expertise, equipment, and practices, the Napa County Operational Area Hazard Mitigation Plan (2013 - 2018) gave St. Helena a Risk Assessment score of 1.4 for Wildfire, which is classified as “Low Risk”. St. Helena has several plans and programs in place to guide the City’s mitigation of development in hazard prone areas. These include new building codes and regulations that protect new development and buildings from wildfires. This Hazard Mitigation Plan did not assigned St. Helena mitigation actions (Napa County, 2013).

Since fire protection is a basic City service, it is accounted for in the General Fund. In FY 16/17, \$769,827 was budgeted for fire protection and emergency medical services (St. Helena Budget, 2016b). This amount accounts for 7.23% of St. Helena’s total General Fund expenditures for the fiscal year. Although the per capita expense equates to \$128, this figure does not reflect the services the City Fire Department provides to unincorporated Napa County and visitors passing through St. Helena. For comparison purposes, in 2016 LAFCO found that Calistoga’s per capita Fire Department expense equated to \$185 (LAFCO, 2016). In addition to the general fund, the Department also receives fees for fire inspections and reimbursements through a contract with Napa County.

#### 4.1.6: Street and Transportation Services

St. Helena’s Public Works Department, Streets Maintenance/ Operation Division, is responsible for maintaining the public right of way within incorporated limits in safe and accessible condition. This includes provision of street signage; striping and painting of curbs; sweeping of all City streets and Main Street sidewalks; routine pavement, sidewalk and curb repairs; maintenance of traffic structures; street lighting; vegetation removal; and clean up of spills and discharges. The City resurfaced four miles of streets in the year 2014, as shown in Table 4-19, below. St. Helena also provides minor street repair such as potholes and patching. The City maintains bike routes, bike lanes, and bike pathways within the City’s public right of way. Larger construction projects, such as overlays, handicapped curb cuts, and striping, are contracted out to private companies. Transit service is provided by Napa Valley Transportation Authority.

Year	2010	2011	2012	2013	2014	2015
Miles streets resurfaced	0	0	2	2	4	0
<i>Data Source: CAFR, 2015, Schedule 24</i>						

The Metropolitan Transportation Commission (MTC) issued a June 2016 update to its annual report on the condition of the Bay Area’s transportation system. The report includes evaluating and ranking current street conditions for all local agencies in the nine county Bay Area. The most recent update computing 2014 pavement conditions using special equipment measuring road vibrations ranked St. Helena’s pavement condition index at “50” which is “at risk.” This score indicates that pavement in St. Helena is generally deteriorated requiring immediate attention, including rehabilitative work. Of particular concern are Pratt Ave, Sulphur Springs Ave, and Dowdell Ln which were rated as “poor/failed” The City has made paving improvements, but more are still needed.<sup>24</sup>

Primary funding for street related expenditures comes from St. Helena’s General Fund as well as its proportional share of gas tax revenues. The 16/17 budget allocates \$249,098 in general funds towards streets (St. Helena Budget 16/17, 2016b). State gas tax revenue can be used towards street or road construction, maintenance and allocated overhead related to streets, roads, bridges, culverts, curbs, gutters, sidewalks, traffic signals, right-of-way landscaping, traffic signs, bike paths contiguous to streets and roads. Street maintenance staff consists of 2.10 FTE public works employees (St. Helena, 16/17 Budget, 2016b). Capital Funds (Fund 741) have been allocated towards street improvement in the 16/17 budget in the amount of \$618,079.

#### 4.1.7: Planning

St. Helena’s Planning Department provides a variety of services relating to development review, CEQA determinations, and preparation of the General Plan. This includes the review of all proposed improvement and development projects, such as General Plan amendments, rezoning requests, use permits, and parcel and subdivision maps. As part of its current planning process, the Department coordinates an interdepartmental review to determine if the project will impact existing services in St. Helena including confirming the availability of water and sewer services.

The Department provides staff support to the Planning Commission, City Council, and the Active Transportation & Sustainability Advisory Committee. In addition Planning staff assists other Departments and committees as needed and review project and CEQA referrals from the County of Napa, and the Cities of Calistoga and Yountville.

Long-Range Planning activities that the Department manages include updating the St. Helena General Plan and St. Helena Bicycle Plan and coordinating the Climate Action Plan. At the regional level, planning staff coordinate with the Association of Bay Area Governments, and participates in county-wide technical and planning advisory committees.

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<sup>24</sup> Data Source: MTC Website at: <http://www.vitalsigns.mtc.ca.gov/street-pavement-condition>

Since 2008, the City has approved several new residential and commercial projects within the City boundaries including:

- Magnolia Oaks Subdivision (45 residential units),
- Menegon Building (2,900 square feet of retail and 2,800 square feet of office),
- Las Alcobas Hotel (70 rooms on 3.83 acres),
- Crooker Star Winery,
- Davies Winery

Other recent development projects that the Department has worked on includes 1380 Main Street Project, Culinary Institute of America Campus Master Plan, and the Redmon Ranch Winery. As these projects proceed, City staff will be busy issuing building and grading permits, conducting building and landscape inspections, and ensuring compliance with a variety of city planning permits. Additionally, the Planning Department is managing the update of St. Helena's General Plan, including preparation of an environmental impact report. In FY 15/16 the Department accomplished several of its goals including: processed 66 discretionary (Planning) applications; implemented pre-application neighborhood meeting process; finalized and processed multiple Zoning Code updates to address changes in State law and Council direction; supported affordable housing efforts; and initiated discussion of Adams Street/City Hall development.

Department Staffing: The Planning Department has 4.5 FTE of staffing (St. Helena, 16/17 Budget, 2016b).

Department Funding: The Planning Department collects fees for land-use planning applications and permit fees. Additional funding is provided by the City's General Fund. Although Planning and Building are separate departments, they use the same funding code as part of the City budget process. The FY 16/17 budget allocates \$976,373 towards planning and building (St. Helena, 16/17 Budget, 2016).

### 4.1.8: Building Services

The Building Department focuses on building inspections and code enforcement. On a day-to-day basis, building staff implement state and local building standards for the protection of public health and safety by reviewing building plans and conducting building-inspections. Adopted standards relate to building and fire safety, energy efficiency, and disabled accessibility. Department staff regularly interacts with the public to facilitate plan submittals and to increase understanding of the building permit review process. In 2015, the Department issued 623 building permits as shown in Table 4-20 below.

Year	2010	2011	2012	2013	2014	2015
Building permits issued	452	469	278	414	237	623
<i>Data Source: CAFR, 2015, Schedule 24</i>						

### 4.1.9: Parks

City Parks are managed by the Public Works Department Parks Division. The City owns and operates eight developed City parks totaling 25.58 acres as listed in Table 4-21 below. Additionally, the Division maintains four pathways, City parking lots, and street trees and benches. Landscaping around five government buildings and application of herbicide around city facilities and roadsides are the responsibility of the Parks Division. Tree City U.S.A., a program sponsored by the Arbor Day Foundation is supported by the Division.

Type of Park	Park Name	Number of Acres	Characteristics
Mini	Baldwin Park	1.00	Mowed grass; picnic tables; handicapped-accessible from Voorhees Circle
	Lewis Station	0.13	“Pocket park” with picnic tables, benches, and restroom
	Lyman Park	1.00	Picnic tables; grassy areas; children’s play area; gazebo for events; one restroom
	Mary Fryer Park	1.00	Picnic tables; play equipment designed for pre-school-aged children
	Stonebridge Park	0.25	Located on the Napa River; grassy areas with limited parking
Neighborhood	Jacob Meily Park	4.00	Play field; heritage orchard; picnic area; children’s playground; restroom
	Wappo Park	6.20	Trail and picnic facilities
Community	Crane Park	12.00	Six lighted tennis courts; six lighted bocce courts; two Little League baseball fields; horseshoe pits; children’s playground; two restrooms; picnic areas; Farmer’s Market; skate park
<b>Total</b>		<b>25.58</b>	
<b>Potential Future Parks</b>			
	City-owned “Lower Reservoir	21.65	
Passive	flood control project site	15	Envisioned to include provisions for passive open space use, such as pathways and interpretive trails.
<i>Data Source: City of St. Helena, Draft General Plan Update Environmental Impact Report, Section 4Q, page 4Q-3, 2016</i>			

Currently, St. Helena’s public park acreage does not meet applicable standards for the amount of parkland provided per 1,000 residents as listed in Table 4-22 below.

Table 4-22: Parkland Acreage Standards	
Park Acreage Standards	Acres per 1,000 residents
Existing Situation	3.86 acres per 1,000 residents
National Park and Recreation Association municipal parklands standard	6.0 to 10.5 acres per 1,000 residents
City of St. Helena current standard	5.0 acres per 1,000 residents
City goal	10.5 acres of parks per 1,000 residents
<i>Data Source: City of St. Helena, Draft General Plan Update 2016b and RDEIR (2016d)</i>	

Parks maintenance is allocated 3.65 FTE staff in the FY 16/17 budget which represents a decline in staffing of 1.2 FTE from previous years. Staff includes the Parks Supervisor and City Arborist and other maintenance workers. The City collects fees for use parks facilities. The Parks Division is allocated \$596,990 in the FY 16/17 City budget (St Helena, 2016e). The Parks Division receives revenues from Park Impact Fees charged to private developers.

#### 4.1.10 Recreation Services

Recreation Services is a separate department which provides a variety of community-related services offering recreational activities for youth, adults, and seniors. Programs include sports such as bocce, softball, basketball & soccer, along with arts programs such as crafts, drama and music. Civic programs include vocational skills, educational classes, Teen Center, and summer camps & childcare. Special events, such as the 4th of July Fireworks, are quite popular. The Recreation Director provides staff support to the Parks and Recreation Commission.

The Recreation Department does collaborate with nearby agencies and organizations to provide more efficient services. For example, the Department recently merged youth sports programs with other Napa Valley cities and partnered with the St. Helena School District to enhance the After-School program.

This Department utilizes a staff of 2.5 full-time FTE and 30+/- part-timers which equates to 4.35 FTE. The part-time employees include seasonal workers. The City’s FY 16/17 Budget allocates \$175,265 towards recreation programs from the General Fund (Fund 101). The City collects fees for recreation services and \$234,291 from the Recreation Program (Fund 289) is also noted in the FY 16/17 budget.

### 4.1.11 Library Services

The City Library is located at 1492 Library Lane and was constructed in 1979. It is named for a local physician, Dr. George Wood, who was a long-time supporter of the library. The Napa Valley Wine Library is located inside the City Library. The Robert Louis Stevenson Silverado Museum is located in a separate building within close proximity. The Napa Valley Wine Library and the Robert Louis Stevenson Silverado Museum are both non-profit organizations with separate budgets.

In 1996 the City of St. Helena entered into contract with the County of Solano for the provision of library automation services. This agreement helped result in a consortium known as SNAP (Solano Napa and Partners). The Solano County Library's automation department, based in Fairfield, has managed the St. Helena Public Library's integrated library system which includes digitized collection and patron information management, online access to the library's catalog, and the acquisitions and cataloging modules of the library's computer maintenance software. The contract for services includes staffing for system support, database management, equipment, hardware and software, vendor licenses, subscriptions to electronic databases, etc. In July 2016 a few libraries dropped out of the consortium and St. Helena chose to remain in the consortium. The remaining partners, which include Solano County Library, Benicia Public Library, and Dixon Public Library, will continue to share their collections and resources but are now known as SPLASH (Solano Partner Libraries and St. Helena) (St Helena, Staff Report, 2016g). In fiscal year 2015-16, the St. Helena Public Library had over 113,000 visits and lent over 240,000 items.

The library has a staff of 6 FTE which includes the Library Director, Senior Librarian, two Senior Library Assistants, Library Assistant, and an Outreach Services Librarian. Additionally, there are eight part-time staff which equates to 1.99 FTE. Many volunteers also support the library. It should be noted that this staffing level represents a decline of 2.21 FTE positions over the past several years as part of budget cuts (St. Helena, FY 16/17 Budget, 2016e).

The City's FY 16/17 Budget allocates \$842,179 towards library programs from the General Fund (Fund 101). This represents 7.91 percent of the General Fund. Other sources of revenue include the Ryan Library Trust (Fund 381) for \$7000, Friends and Foundation (Fund 380) for \$135,000, the Martin Library Trust (Fund 382) for \$1,400, and the Tweed Trust (Fund 384) for \$59,328.

The Library Board of Trustees consists of seven members appointed by the Mayor with consent of the City Council to two-year terms. The Board meets on the second Wednesday of each month and, subject to Council approval, establishes and enforces rules, regulations, and bylaws for the administration of the public library.

### 4.1.12: Contract/JPA Services

Municipal services provided by St. Helena through contracts or joint powers authorities/agreements with other agencies or companies include coordination of regional waste services, specialized engineering services, building inspection and plan check services, and other specialized services as needed. Also, the City is part of Joint Powers Agreements as follows:

- Upper Valley Waste Management Agency
- Marin Energy Authority
- Napa Valley Transportation Authority
- Napa County Flood Control and Water Conservation District
- Board of State and Community Corrections
- Redwood Empire Municipal Insurance Fund
- Napa Valley Tourism Improvement District (NVTID)
- Housing Authority of the City of Napa (HACN)

The Napa Valley Housing Authority was created to provide subsidized public housing and related assistance. The Authority was created pursuant to a Joint Powers Agreement, and the City's obligations are limited to providing funds for a pro-rata share of the Authority's operating costs. The City is a member of the Upper Valley Waste Management Agency along with the City of Calistoga, Town of Yountville, and County of Napa. The Agency was formed to provide for economical regional waste management services including uniform rate reviews. Funding for operations is provided from a surcharge placed on landfill dumping fees. The Napa Valley Transportation Authority is a Joint Powers Agency formed for the purpose of developing transportation planning throughout the County. The City's obligation is limited to serving on the Agency's committees. The City is a member of the Flood Protection Sales Tax Joint Powers Agreement for the purpose of establishing a plan for the use and equitable distribution of the 1/2% Flood Protection Sales Tax which was passed by voters in March 1998. As a member, the City will receive allocations of the sales tax to be used for projects outlined in the agreement (St. Helena CAFR-2015, May 2016).

#### *Garbage Collection Services*

The Upper Valley Waste Management Agency (UVWMA) provides coordination of regional waste services. UVWMA contracts with the Upper Valley Disposal & Recycling Service (UVDRS), which in turn provides garbage collection service to residences within its service area.<sup>25</sup> UVDRS also provides an extensive recycling program and a variety of waste reduction programs. A single stream recycling program accommodates a wide array of wastes including plastic, glass, steel, tin, aluminum and most types of paper and cardboard. UVWMA conducts

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<sup>25</sup>UVMA's contract with the Upper Valley Disposal & Recycling Service is called Agreement #95-09 (Ninth Amendment) and is available on their website for review at: <http://www.countyofnapa.org/Pages/DepartmentContent.aspx?id=4294976158>

public education to teach residents and businesses about composting and its recycling and electronic waste disposal programs. Solid waste is disposed of in the Clover Flat Landfill (via contract with the provider). With a permitted capacity of 5.1 million cubic yards, it is anticipated that the Clover Flat Landfill can accommodate St. Helena's demand until at least 2035, after which the landfill will close. California state law requires that the City identify appropriate landfill sites to accommodate solid waste disposal after 2021 as part of the General Plan Update process (St. Helena, 2016b, page 4-15).

UVDRS offers weekly residential refuse and recycling service. Available cart sizes for refuse: 32, 64, and 96 gallons. Included in these services per customer are one 96-gallon blue recycling cart and one 96-gallon green waste recycling cart. Upon request, customers are offered a 2-gallon motor oil-recycling container for curbside or roadside collection (St. Helena, 2016).

Solid waste is disposed of in the Clover Flat Landfill. With a permitted capacity of 5.1 million cubic yards, it is anticipated that the Clover Flat Landfill can accommodate St. Helena's demand until at least 2035, after which the landfill will close. California state law requires that the City identify appropriate landfill sites to accommodate solid waste disposal after 2021 as part of the General Plan Update process (St. Helena, 2016b).

Recycling is handled through the Whitehall Lane Recycle Center in St. Helena. Clover Flat Resource Recovery Park has been producing power made from landfill methane since the end of 2014. Recycling is facilitated by providing customers with one 96-gallon blue recycling cart and one 96-gallon green waste recycling cart. Upon request, customers are offered a 2-gallon motor oil-recycling container for curbside or roadside collection (St. Helena, 2016).

Upper Valley Waste Management Authority reports an annual per capita disposal rate for the entire service area. Data is not available for the City as an individual entity. Data is available here:

<http://www.calrecycle.ca.gov/LGCentral/reports/diversionprogram/JurisdictionDiversionPost2006.aspx> (St. Helena, 2016)

Hazardous materials are disposed of properly through a private, licensed hazardous waste handling company. UVDRS hosts an annual one-day hazardous waste collection event that allows local residents to bring in used paint cans and other household hazardous materials for disposal. Electronic Waste (or e-waste) consists of computer equipment and printers etc. and UVDRS also hosts an annual one-day hazardous waste collection event that allows local residents to bring in and dispose of their household e-waste.

*Specialized Engineering Services*

St. Helena contracts with private firms to provide specialized engineering services in the City on an as needed basis.

*Other Specialized Services*

St. Helena contracts with a variety of private firms to provide specialized audit, financial, legal, planning, information/communication systems, and other services for the City. This is a typical and cost effective method of cities to contract for these types of periodic and specialized services instead of providing the services with city staff.

## 4.2: INFRASTRUCTURE AND PUBLIC FACILITIES

Infrastructure development and maintenance is an important part of the service that the City provides. A list of major types facilities owned by the City is provided in Table 4-23 the value of the City's capital assets is described in Table 4-24.

Table 4-23: Major City Facilities	
Department/Division/Service	Infrastructure/Facilities
Administration	City Hall
Water	Pipelines, Water Treatment Plant, Pipe connection to City of Napa, North Bay Aqueduct as described in section 4.1.1.
Sewer	Pipelines, Wastewater Treatment Plan, other infrastructure described in Section 4.1.2.
Storm Drainage	Pipes and drains as described in Section 4.1.3.
Law Enforcement	Police station, patrol vehicles, other equipment as described in Section 4.1.4.
Fire Protection And Emergency Medical	Fire station, Fire trucks, other equipment as described in Section 4.1.5.
Street and Transportation Services	City roads and trails and other infrastructure as described in Section 4.1.6.
Planning	None
Parks	Parks as listed in Section 4.1.9.
Recreation	None
Library	Library and books listed in Section 4.1.11

Assets are resources owned or held by the City which have monetary value. At the end of 2015, the City had invested \$58.48 million (net of accumulated depreciation) in a broad range of capital assets, including land, equipment, vehicles, buildings, park facilities, and water and sewer systems. This amount represents a net decrease (including additions and deductions) of about \$1.02 million, or 1.7% as shown in Table 4-24 on the following page. (St. Helena, CAFR, 2015 pg 11).

Table 4-24: Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$8,336,654	\$8,336,654	\$3,432,490	\$3,432,490	\$11,769,144	\$11,769,144
Construction in Progress	1,931,574	1,980,280	4,392,859	5,330,697	6,324,433	7,310,977
Buildings	3,379,646	3,294,348	1,568,216	1,648,622	4,947,862	4,942,970
Improvements	5,004,434	5,132,488	-	-	5,004,434	5,132,488
Flood Wall Infrastructure	17,778,804	18,157,076	-	-	17,778,804	18,157,076
Vehicle Fleet	777,739	838,744	-	-	777,739	838,744
Equipment	541,596	549,050	1,233,849	1,376,986	1,775,445	1,926,036
Utility systems	-	-	10,107,047	9,425,042	10,107,047	9,425,042
<b>Total</b>	<b>\$37,750,447</b>	<b>\$38,288,640</b>	<b>\$20,734,461</b>	<b>\$21,213,837</b>	<b>\$58,484,908</b>	<b>\$59,502,477</b>

St. Helena routinely adopts a Capital Improvement Plan (CIP) that serves a five-year timeframe. The most recent CIP identifies projects and funding sources for the period of 2016-2021. The projects are organized into four categories: civic, streets, water, and wastewater. The CIP guides the construction of new infrastructure and the expansion, rehabilitation or replacement of existing City-owned assets. The five-year CIP is developed by City Staff and adopted City Council, then becomes the guiding document for the prioritization of projects. The CIP outlines \$6 million in project costs for FY 16-17 (St. Helena CIP, 2016f).

The City's infrastructure needs primarily deal with addressing deferred maintenance, and system upgrades to comply with State regulatory agencies. The City is aware of the need to address infrastructure related to ADA compliance, street maintenance to improve pavement condition index, wastewater treatment plant upgrades to comply with new discharge permit, and Lower Reservoir and Bell Canyon Reservoir improvements to comply with State regulator inspection directives. Proposed reservoir improvements include intake tower replacement and improved flow monitoring (St. Helena, 2016a).

Assets that are developed or improved under the CIP need to be maintained and managed. The Public Works Department has identified a goal to initiate an asset management system (St. Helena Budget FY 16/17, 2016e).

### 4.3: Adequacy and Challenges in Provision of Service and Infrastructure

The major challenges facing the City include the constrained capacity of local infrastructure, primarily traffic and parking infrastructure, and constraints on available water supply (St. Helena, 2016a and St. Helena GPU, 2016b [page 3-5]). Paying for the projects listed in the Capital Improvement Plan and paying for maintenance of existing facilities is also a challenge. For example, decreased spending in Public works/streets reflects a reduction of transfers to the Capital Improvement Plan (St. Helena, CAFR, 2015, pg 10).

One challenging regulatory issue which most cities in California face is water quality regulations and compliance with the RWQCB. As the City continues to dispose of treated wastewater and continues to deal with stormwater, this issue is likely to extend into the future. St. Helena provides several types of service to properties located outside the City boundaries including water, police protection, and fire protection.

### 4.4: Opportunities for Shared Facilities

Although its small size and geographic location represents constraints to collaboration, St. Helena does pursue multiple opportunities to share facilities and services with its neighboring government agencies as follows:

- The Recreation Department collaborates with nearby agencies and organizations to provide more efficient services. For example, the Department recently merged youth sports programs with other Napa Valley cities and partnered with the St. Helena School District to enhance the After-School program.
- The St. Helena Fire Department is a member of the Napa County Training Grounds, which multiple agencies share cost and use.
- The City library participates in the Integrated Library System (ILS) with the County of Solano, and the Cities of Benicia, and Dixon. The ILS allows the various library systems to share library materials, and subscribe to online datasets as a group to reduce costs.
- There is a multiparty agreement between the City of St. Helena, City of Napa, City of Calistoga, Town of Yountville, City of American Canyon, and the County of Napa for the County to serve as lead agency for municipal stormwater discharge permit (NPDES MS4) compliance.
- The St. Helena Fire Department provides fire services to Calistoga, Napa County, City of Napa and Sonoma County under mutual aid agreements.
  
- St Helena Police Department provides law enforcement assistance to Calistoga PD, Napa PD, Napa Sheriff's Office, American Canyon PD, and California Highway Patrol.

It is recommended that the City continue to be open to new opportunities to share facilities and to assess these ideas as they arise.

# Chapter 5: Financing

## 5.1: FINANCIAL OVERVIEW

The City of St. Helena prepares an annual operating budget which includes capital improvements. The City also contracts with an auditor to review its financial information and the auditor's report is incorporated into the City's Comprehensive Annual Financial Report (CAFR). St. Helena's adopted budget serves as the base for the City's financial planning and budget control systems. Additionally, each fiscal Year, the City Staff prepare a Comprehensive Annual Financial Report (CAFR). Contained within the CAFR is an audit prepared by a qualified Certified Public Accountant. The most recent City Audit was for the 2014-15 Fiscal Year and was prepared by Van Lant & Fankhanel LLP (CPA).

The City's website makes both budgets and audits available to the public; however the audit for FY 15/16 and the budget for FY 16/17 have not yet been posted (as of February 2017). Please note that for purposes of this MSR, the financial analysis relies upon the City's Financial Statement and Independent Auditor's Report. Budget information is also included in this MSR and is primarily utilized to compare expenditures for each functional category or City department.

As provided under its municipal code, the City Manager is required to submit an annual budget to the City Council by May 15th of each year. The adoption of the budget generally occurs in late June and is preceded by a process in which each municipal department submits a budget request to the Finance Department, which is then reviewed individually by the City Manager and Finance Director. The City Manager uses these requests, along with revenue projections prepared by the Finance Department, as the foundation in preparing a proposed budget for consideration by the City Council. The City Council conducts budget study sessions prior to adopting the budget to receive input from constituents as it relates to their desired level and range of municipal services for the upcoming fiscal year. Additionally, the City's adopted goals and objectives are included in the budget. The budget is adopted at a noticed public hearing and is continually monitored to consider whether revisions are appropriate. The Fiscal Year begins on July 1<sup>st</sup> and ends on June 30th. The City updates the budget periodically throughout the fiscal year to reflect current conditions.

The City has several policies related to financial management including:

- Grants management policy
- Purchasing policy
- Investment policy

(Data Source: St. Helena City Budget 2016/2017 and CAFR, 2015)

St. Helena's budget is divided into several sections: Data Source: St. Helena City Budget 2016/2017)

- Preface with an economic outlook and table of contents
- Introduction with the Fund Budget Summary and description of revenue sources
- General Fund
- Administrative Departments
- Other City Departments
- Water Enterprise Fund
- Waste Water Enterprise Fund
- Other Funds
- Appendix

General Fund revenues are primarily drawn from taxes, fees, and operating licenses. The General Fund supports both discretionary and non-discretionary general governmental services. Enterprise Fund revenues are collected from user fees and charges. Restricted Fund revenues are generated from a variety of sources, including impact fees, grants and governmental subventions, and are used to fund specific programs or services. For the current 2016-2017 FY, the City is projected to end with a General Fund balance of 2,313,170 which is 20 percent of its annual operating expenditures.

The most recent independent auditor's report was prepared for Fiscal Year (FY) 2014/2015 and dated May 17, 2016, and was attached to the Agency's Financial Statements. The audit found that the City's financial statements "present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of St. Helena, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America" (City of St. Helena CAFR, 2016).

St. Helena is currently subject to litigation regarding whether the Bell Canyon Reservoir discharges enough water to adequately support downstream fish. The City has also been threatened with litigation on the topic of removal of Upper York Creek Dam (NVR, 2017). For some cities, the costs associated with litigation can affect its financial status. In St. Helena's case, the costs of litigation have been significant.

In the 2008, LAFCO's Final MSR<sup>26</sup> described financial matters related to the provision of public service in St. Helena and found the following:

- “In 2007-2008, St. Helena anticipates collecting approximately \$313 per capita in sales tax revenues. Comparatively, the Cities of American Canyon, Calistoga, Napa, and Town of Yountville anticipate per capita sale tax revenues in 2007-2008 at \$104, \$146, \$177, and \$180, respectively.
- The limited amount of planned new growth and development in St. Helena presents a long-term financing constraint for the City in providing water and sewer services due the diseconomies of scale associated with having confined customer bases.” (Napa LAFCO. 2008.)

## Revenues and Expenses

The City of St. Helena conducts its operations through four types of funds: 1) General Fund; 2) Water Enterprise Fund; 3) Wastewater Enterprise Fund; and 4) Special Funds. This section describes sources of revenues and expenses associated with the City's normal operations.

### *Revenue*

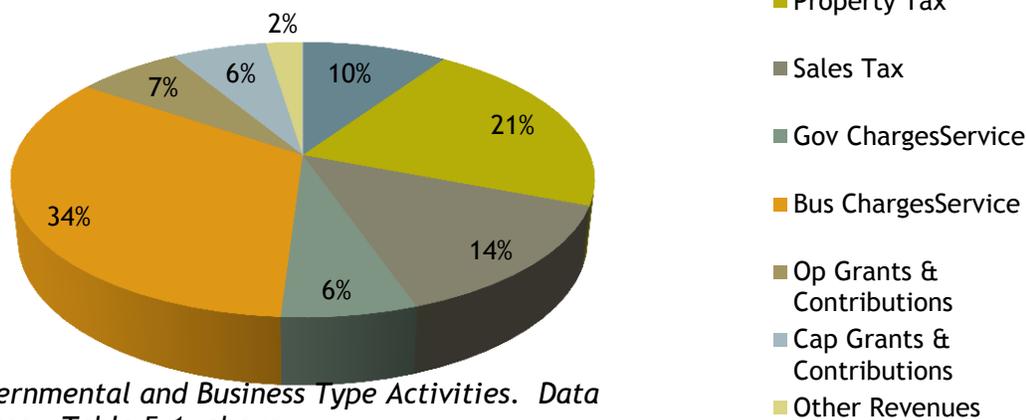
St. Helena's total revenues from all governmental and enterprise type activities in fiscal year 14/15 were approximately \$19.61 million. The City receives revenue from several sources including sales tax, property tax, transient occupancy tax, grants and other sources. Almost 35 percent of St. Helena's total revenue is generated from charges for water and sewer service, which are part of an Enterprise Fund (City of St. Helena CAFR, 2016). Most of the other revenues are utilized in the Agency's general fund. Property tax, sales tax, and transient occupancy tax account for about 76% of all general fund revenues and 45% of total revenue (City of St. Helena CAFR, 2016). The City has multiple revenue streams as shown in Table 5-1 and Figure 5-1, below.

For comparison purposes, LAFCO's 2016 MSR for Calistoga and Yountville<sup>27</sup> showed that the transient occupancy tax accounted for 31.7% and 45% respectively of annual revenues. In St. Helena, the transient occupancy tax provides a much smaller percentage of annual revenue at 10%.

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<sup>26</sup> LAFCO's 2008 MSR for St. Helena is available on-line at:  
[http://www.napa.lafco.ca.gov/s\\_municipal\\_reviews.aspx](http://www.napa.lafco.ca.gov/s_municipal_reviews.aspx)

<sup>27</sup> It is acknowledged that Yountville is an outlier in that its TOT revenue is exceptionally high.

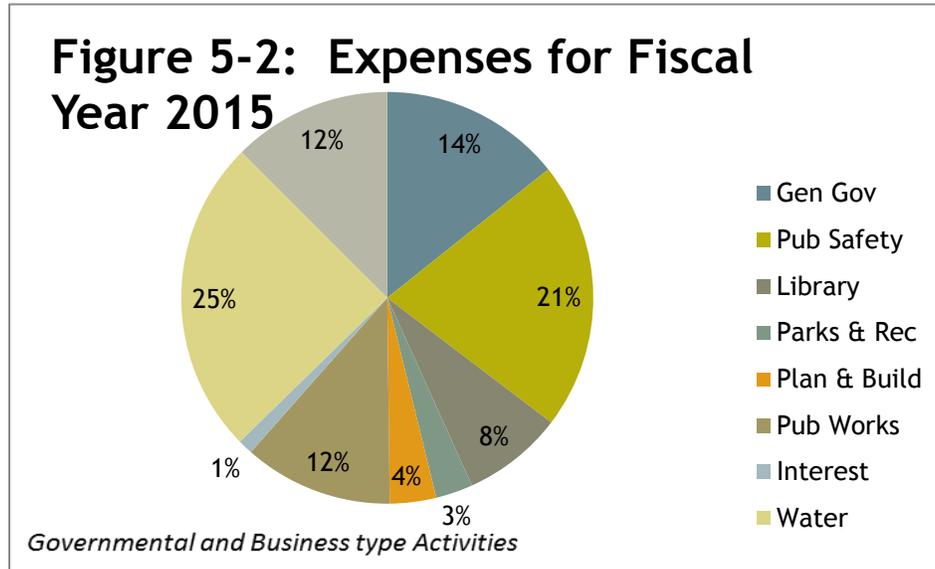
**Figure 5-1: Sources of Total Revenue for Fiscal Year 2015**

<b>Table 5-1: Sources of Revenue St. Helena FY 14/15 (Governmental and Business type Activities)</b>	
Transient Occupancy Tax	\$1,870,180
Property Tax	\$4,172,204
Sales Tax	\$2,714,310
Government Charges for Service	\$1,244,980
Business/Enterprise Charges for Service	\$6,567,844
Operating Grants & Contributions	\$1,335,269
Capital Grants & Contributions	\$1,230,856
Other Revenues	\$473,887
<b>Total Revenue</b>	<b>\$19,609,530</b>
<i>Data Source: Table A-2 Changes in City of St Helena Net Position, City of St. Helena CAFR, 2016</i>	

### Expenses

The City expended approximately \$18.5 million of its funds in 2015 to maintain basic services for residents and businesses. The two categories with the largest expenditures are water at \$4.6 and public safety at \$3.9 million. Other expenditures include \$2.2 million for public works, 2.6 million on general government, \$2.3 million for sewer service, and \$2.9 million on other governmental services, as shown in Table 5-2 and Figure 5-2.

**Figure 5-2: Expenses for Fiscal Year 2015**



Category	Amount
General Government	\$2,636,016
Public Safety	\$3,892,686
Library	\$1,458,163
Parks & Recreation	\$539,604
Planning & Building	\$671,178
Public Works	\$2,161,735
Interest on long-term loans	\$217,307
Water	\$4,582,241
Sewer	\$2,306,771
<b>Grand Total</b>	<b>\$18,465,701</b>

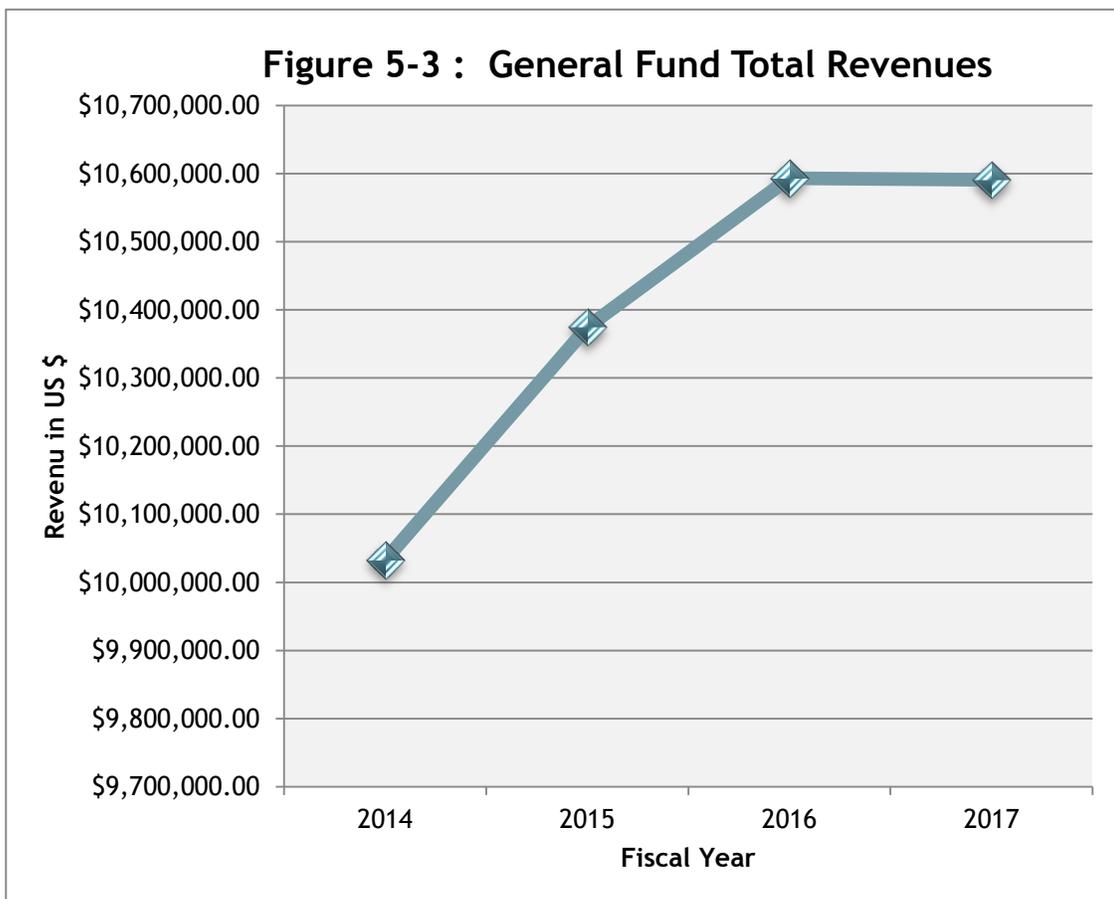
*Data Source: City of St. Helena CAFR, 2016. Table A-2 Changes in City of St Helena Net Position*

**General Fund**

This section discusses the major General Fund financing components for the City of St. Helena and identifies the General Fund revenue sources and expenditures currently being experienced by the City. All City services are funded by the General Fund except: Water Service and Wastewater Service which are operated as Enterprise Funds; and Special Revenue Funds, which are restricted for specific purposes.

### General Fund Revenues

General Fund Revenues for the Fiscal Years 2013 through 2017 are shown in Table 5-3 on the following page. The revenues shown for 2017 are budgeted (projected) and do not represent actual (audited) figures. Total revenues have remained relatively steady over the past four fiscal years; with a slight (5.6%) increase between the years 2014 to 2017 as reflected in Figure 5-3 below. This increase is attributed to a slight but steady increase in unsecured property tax revenues, TOT taxes, Real Property Transfer Tax and other revenue sources. The increased transient occupancy tax revenues likely reflect a post-recession increase in tourism to the region. Please note that total revenues for the fiscal year 12/13 are not shown because the City utilized a different methodology for calculating revenues. St. Helena relies on General Fund revenues to fund a majority of general fund expenses. Primary revenue generators for the city are property tax, sales tax, and transient occupancy tax (TOT).



**Table 5.3: DETAILED GENERAL FUND REVENUES**

Data Source: COSH, Extracted from City Budget FY 16/17 Page 37/17

Description	2013	2014	2015	2016	2017
Property Tax-Secured	\$2,661,767.10	\$2,927,418.79	\$2,977,499.22	\$3,011,875.00	\$3,102,231.25
ERAF Shift to State	\$259,336.00	\$236,484.00	\$187,782.00	\$0.00	\$0.00
Property Tax-Unsecured	\$116,427.60	\$121,625.49	\$122,910.70	\$121,678.00	\$125,328.34
Prior Year Property Tax	\$928.09	\$1,052.01	\$0.00	\$1,632.00	\$1,200.00
Retail Sales/Use Tax	\$1,746,799.46	\$1,926,764.33	\$1,962,589.16	\$2,358,016.00	\$2,765,974.00
Public Safety Sales Tax	\$49,317.33	\$47,612.02	\$57,198.27	\$46,160.00	\$55,700.00
Sales Tax In Lieu	\$589,936.00	\$620,559.00	\$694,523.00	\$487,221.00	\$0.00
Transient Occupancy Tax & Penalty	\$1612399.28	\$1,732,606.42	\$1,870,180.15	\$1,947,243.13	\$2,264,284.81
Franchise Tax & Access Fees	\$188,162.36	\$205,395.72	\$200,400.69	\$204,000.00	\$208,550.00
Application & Permit Fees	\$11,777.00	\$3,525.00	\$9,825.00	\$1,000.00	\$1,000.00
Fire Inspection Fees	\$6,985.00	\$5,280.00	\$5,830.00	\$900.00	\$15,000.00
Business License Fee & Penalty	\$159,552.50	\$149,646.54	\$152803.63	\$149200.00	\$150735.00
Real Property Transfer Tax	\$77,679.47	\$103,780.60	\$92,289.84	\$99,524.00	\$102,509.72
Building Permit, Inspect Fees, & Admin	\$278085.74	\$312155.86	\$424,145.09	\$430,000.00	\$431,200.00
Other Fire Fees	\$0.00	\$0.00	\$80.00	\$25,775.00	\$0.00
County Fire Contract	\$68,865.18	\$28,855.00	\$28,855.00	\$28,855.00	\$48,855.00
A/R Late Penalty	\$4,152.28	-\$3,896.07	\$640.86	\$1,480.00	\$500.00
Investment Earnings	\$14,416.70	\$13,965.97	\$11,251.25	\$11,500.00	\$15,550.00
Interest Income	\$3,827.92	\$0.00	\$0.00	\$1,585.00	\$0.00
In Lieu VLF Recvd	\$507,664.00	\$556,446.00	\$562,034.00	\$593,294.00	\$599,226.94
Motor Vehicle In-Lieu	\$7,796.30	\$0.00	\$2,475.71	\$2,500.00	\$2,500.00
Homeowner Property Tax	\$15,810.00	\$16,184.00	\$15,626.00	\$15,678.00	\$15,550.00
Highway Maintenance	\$7,400.00	\$7,400.00	\$3,700.00	\$7,400.00	\$7,400.00
Emergency Relief	\$97,034.04	\$104,954.93	\$148,524.17	\$191,586.46	\$0.00
Ca Bldg Std Admin Fee	\$0.00	\$0.00	\$0.00	\$102.93	\$0.00
Short Term Rental Permit Fees	\$0.00	\$0.00	\$4,300.00	\$21,500.00	\$4,300.00
Legal Cost Recovery	\$72,000.83	\$59,450.42	\$27,443.60	\$36,315.89	\$25,000.00
Storm Drain Cost Recovery	\$0.00	\$0.00	\$877.05	\$0.00	\$0.00
Sales Of Maps/Publications	\$271.65	\$684.29	\$563.25	\$550.00	\$250.00
Police Services & Fines	\$94,082.40	\$136,204.83	\$123,020.36	\$98,820.00	\$85,000.00
Animal Control Services	\$0.00	\$0.00	-\$836.50	\$0.00	\$0.00
Administrative Fees	\$0.00	\$0.00	\$5,587.69	\$5,000.00	\$0.00
Civil Penalties	\$0.00	\$0.00	\$0.00	\$40,000.00	\$0.00
Planning & Permit Fees	\$214,062.92	\$213,277.77	\$194,254.48	\$305,120.00	\$282,818.18
Engineering & Public Wrk Fees	\$72,564.14	\$49169.50	\$72,492.00	\$52,300.00	\$43150.00
Library Fines & Fees	\$13,617.90	\$13,149.78	\$16,170.13	\$14,450.00	\$14,750.00
Donations	\$262,254.63	\$18,186.08	\$0.00	\$6,000.00	\$2,000.00
Sale of Capital Assets	\$0.00	\$60,000.00	\$0.00	\$0.00	\$0.00
Contributions From Non-Govt	\$0.00	\$0.00	\$6,235.00	\$0.00	\$0.00
Contributions from Government	\$2,570.85	\$89,943.15	\$0.00	\$0.00	\$0.00
Contrib from Gov - Police	\$12,740.00	\$7,635.60	\$9,332.40	\$7,635.00	\$8,400.00
Other Revenue	\$9,311.80	\$7,370.29	\$29,456.42	\$34,500.00	\$20,000.00
Reimb State Mandated Costs	\$1,027.00	\$1,665.00	\$68,268.00	\$21,037.00	\$2,000.00
Other State Revenue	\$0.00	\$5,515.26	\$5,000.00	\$5,000.00	\$5,000.00
Insurance Refund	\$23,725.00	\$24,269.00	\$1,079.40	\$24,000.00	\$0.00
Restitution		\$6,349.17	\$7,408.00	\$5,365.84	\$2,500.00
Cash Overage/Shortage		-\$985.77	\$1,039.79	\$0.00	\$0.00
Rental Income		\$196,537.13	\$187,824.13	\$165,500.00	\$170,150.00
Tennis Court Rentals		\$13,989.50	\$12,455.00	\$5,500.00	\$5,500.00
Library Abatement		\$2,270.33	\$3,576.15	\$3,600.00	\$3,600.00
Restitution Revenue		\$0.00	\$16,817.70	\$0.00	\$0.00
Operating Transfers In		\$10,369.27	\$51,240.00	\$2,984.00	\$3,316.58
<b>Total Income - General Fund</b>		<b>\$10,032,866.21</b>	<b>\$10,374,767.79</b>	<b>\$10,593,383.25</b>	<b>\$10,591,029.82</b>

### General Fund Expenditures

Expenditure fund categories in Table 5-4 are broken down by City Department. Support services include City Manager, Economic Vitality, Legal Services<sup>28</sup>, the Finance Department, Risk Management, and Human Resources. The Public Works Department includes streets and building maintenance. In FY 14/15, the City budget counted park maintenance as a separate line item; however it was lumped with other categories in later fiscal years. Budgeted Total General Fund expenditures for FY 14/15 were \$10.6 million and for FY 15/15, \$10 million. The City anticipates General Fund expenditures to be \$10.6 million by the end of FY 16-17. The Police Department utilizes 29% of the General Fund budget, which is comparable to the City of Calistoga.

Table 5-4:

<b>COSH Budgeted Expenditures by Department</b>						
<b>Data Source: City Budgets for FY 16/17, 15/16, 14/15</b>						
<b>EXPENDITURE BY DEPARTMENT</b>	<b>FY 14/15</b>	<b>%</b>	<b>FY 15/16</b>	<b>%</b>	<b>FY 16/17</b>	<b>%</b>
Non-Departmental	\$555,155	5.25%	\$1,745,739	17.48%	\$1,284,754	12.07%
City Council	\$145,144	1.37%	\$135,877	1.36%	\$172,180	1.62%
City Manager	\$338,106	3.20%	\$481,482	4.82%	\$661,648	6.22%
Finance	\$307,336	2.91%	\$340,917	3.41%	\$352,380	3.31%
City Attorney	\$545,000	5.16%	\$670,000	6.71%	\$582,037	5.47%
Planning/Building	\$731,099	6.92%	\$771,928	7.73%	\$976,373	9.18%
Public Works	\$756,559	7.16%	\$1,605,691	16.07%	\$1,740,856	16.36%
Fire	\$606,639	5.74%	\$581,893	5.83%	\$769,827	7.23%
Police	\$2,855,531	27.01%	\$2,712,578	27.15%	\$3,083,531	28.98%
Library	\$1,007,966	9.53%	\$849,517	8.50%	\$842,179	7.91%
Recreation	\$84,995	0.80%	\$93,905	0.94%	\$175,265	1.65%
Parks	\$751,492	7.11%	*		*	
Financial Transfers etc	\$1,887,077	17.85%				
<b>TOTAL EXPENDITURES</b>	<b>\$10,572,098</b>		<b>\$9,989,527</b>		<b>\$10,641,030</b>	

The core operations of the City are accounted for in the General Fund, and the General Fund balance is a key measure of the financial health of the City. For the period ending June 30, 2015, the available General Fund balance was approximately \$1 million. Two years later, on June 30, 2017 this balance is projected by the City to double to over \$2.3 million, as shown in Table 5-5 on the following page.

<sup>28</sup> Legal services are provided via contract

Fiscal Year	FY 14/15	FY 15/16	FY 16/17
General Fund Balance	\$1,088,858	\$2,192,141	2,313,170
Estimated Reserve %	10%	22%	22%
<i>Data Source: CITY OF ST. HELENA Budgets for FY 16/17, 15/16, 14/15</i>			

## Flood Control Finances

Since flooding is a special concern in St. Helena, detail about the City's finances associated with flood control is provided here. The storm drain system and the new flood wall along the Napa River are managed by the City's Department of Public Works as described in Chapter 4 of this MSR. The City has an Emergency Flood Relief (fund 237) and Flood Control Capital Reserve (fund 700). Flood Control Capital Reserve funds are used for expansion, major repair, or replacement of flood control facilities. The City also receives an equitable distribution of Measure A<sup>29</sup> funds which it tracks in Fund 235. The City also borrowed approximately \$8 million from the State Revolving Fund for the purpose of financing the acquisition of land parcels and construction costs of the new floodwall. This loan is described in more detail on page 5-23 of this MSR under the heading "Outstanding Debt".

In 2015 the local news reported that the City returned a \$1.9 million check to the CA Office of Emergency Services (OES) for the Hazard Mitigation Grant which is also known as the FEMA grant. This grant had been intended to fund a planning study to develop options, cost estimates, and preliminary designs to reduce the potential damages from flooding in St. Helena. FEMA audited expenses charged to the grant, determined that \$1.9 million has been improperly charged, and the City then paid back that amount out of its General Fund. Since then, the City has hired a grants manager to track grant related work activities and finances in more detail. A 254-page staff report on the return of the grant funds was presented to City Council on January 26, 2016. To study the conditions which resulted in the return of grant funds, the City Council approved an agreement with Nigro & Nigro, a CPA firm, on April 12, 2016 to provide a Forensic Accounting Audit of the Comprehensive Flood Control Project for a cost of approximately \$60,000. The results of this audit, provided in 2017, found sloppy accounting practices. The City now has a grants manager in the Finance Department charged not only with looking for grant opportunities but ensuring that grants are administered according to their terms.

<sup>29</sup> Measure A is the Napa County Flood Protection Sales Tax Measure which was approved in 1998 by the citizens of Napa County. This Measure provides a twenty year, half percent sales and use tax increase to fund County flood control projects. Measure A established the Napa County Flood Protection and Watershed Improvement Authority (NCFPWIA) under the California Revenue and Taxation Code. The sales tax expires in 2018.

## Enterprise Funds

Enterprise Funds account for St. Helena’s municipal operations that are intended to be self-funding through the collection of user fees and charges. Enterprise Funds in St. Helena include water and sewer services.

Throughout the State of California, water conservation measures were implemented in response to drought emergency during the years 2013 to 2016. In St. Helena, less water was sold due to the water conservation measures and therefore less water enterprise revenue was collected. The result is that the water and wastewater enterprises are not currently generating sufficient revenue to pay for services they provide, including required and necessitous capital improvements. Funds are used to pay for debt service payments, operations and maintenance, and capital projects. Revenues are anticipated to continue to decline and therefore the City Council approved an updated Water and Wastewater rate study. Additionally, the City Council approved large rate increases during their meeting on November 29, 2016. (St. Helena CAFR, 2016).

### *Water Enterprise Fund*

The City of St. Helena Water Enterprise Fund is managed by the Department of Public Works and it has four sources of funding:

- Water customer charges
- Bonds
- Development Impact Fees, and
- Grants

Charges for services comprise the vast majority of operating revenue for the Water Enterprise Fund and this revenue is utilized for daily operation of the water system. Whereas bonds, development impact fees, and grants are primarily used for capital improvement projects. Revenues and expenses associated with the Water Enterprise Fund are shown in Table 5-6 on the following page.

Table 5-6:

## Historical Water Fund Financial Performance

Revenues and Expenses	Actual Financials for Fiscal Year Ending					Avg. Annual Percentage Change
	2011	2012	2013	2014	2015	
<b>OPERATING</b>						
<b>Revenues</b>						
Charges For Services	\$3,062,669	\$4,313,393	\$4,731,720	\$4,883,409	\$4,237,307	8.5%
Miscellaneous	\$6,117	\$12,088	\$28,246	\$12,491	\$89,673	95.7%
<b>Total Revenues</b>	<b>\$3,068,786</b>	<b>\$4,325,481</b>	<b>\$4,759,966</b>	<b>\$4,895,900</b>	<b>\$4,326,980</b>	<b>9.0%</b>
<b>Expenses</b>						
Personnel	\$1,207,335	\$1,214,927	\$1,176,559	\$1,131,354	\$1,362,727	3.1%
Contracted Services	\$21,451	\$56,561	\$0	\$0	\$0	-100.0%
Purchased Water	\$787,525	\$1,178,400	\$1,189,925	\$1,327,251	\$1,272,770	12.8%
Utilities	\$105,749	\$106,389	\$147,994	\$170,384	\$161,313	11.1%
Fuel	\$0	\$0	\$0	\$0	\$0	n.a.
Other Supplies and Expenses	\$399,366	\$530,562	\$370,484	\$498,635	\$560,847	8.9%
Depreciation and Amortization	\$617,876	\$657,710	\$792,559	\$792,559	\$1,028,037	13.6%
<b>Subtotal Expenses</b>	<b>\$3,139,302</b>	<b>\$3,744,549</b>	<b>\$3,677,521</b>	<b>\$3,920,183</b>	<b>\$4,385,694</b>	<b>8.7%</b>
<b>NET OPERATING INCOME (LOSS)</b>	<b>(\$70,516)</b>	<b>\$580,932</b>	<b>\$1,082,445</b>	<b>\$975,717</b>	<b>(\$58,714)</b>	
<b>NON OPERATING</b>						
Transfers Out	\$0	(\$55,479)	\$0	\$0	\$0	n.a.
Gains (Loss) on Capital Asset Disposals	\$0	(\$124,356)	\$0	\$0	\$0	n.a.
Interest and Investment Revenue	\$49,268	\$34,746	\$16,909	\$25,476	\$40,968	-4.5%
Interest Expense	(\$387,792)	(\$349,084)	(\$396,126)	(\$343,880)	(\$196,547)	-15.6%
<b>Net Non Operating Revenues (Expenses)</b>	<b>(\$338,524)</b>	<b>(\$494,173)</b>	<b>(\$379,217)</b>	<b>(\$318,404)</b>	<b>(\$155,579)</b>	<b>-17.7%</b>
<b>Capital Contributions</b>	<b>\$190,034</b>	<b>\$321,951</b>	<b>\$169,417</b>	<b>\$287,140</b>	<b>\$152,989</b>	<b>-5.3%</b>
<b>Change in Net Assets</b>	<b>(\$219,006)</b>	<b>\$408,710</b>	<b>\$872,645</b>	<b>\$944,453</b>	<b>(\$61,304)</b>	
<b>Net Assets Beginning Balance</b>	<b>\$10,649,155</b>	<b>\$10,430,149</b>	<b>\$10,502,760</b>	<b>\$11,375,405</b>	<b>\$12,319,858</b>	
<b>Net Assets Ending Balance</b>	<b>\$10,430,149</b>	<b>\$10,838,859</b>	<b>\$11,375,405</b>	<b>\$12,319,858</b>	<b>\$12,258,554</b>	

Source: City of St. Helena. Staff Report to City Council. November 29, 2016. Page 85

cafr

As of October 2016 the Water Enterprise Fund had \$525,000 of unrestricted cash. Total cash balances for operating and capital funds combined as of July 1, 2016 were \$6.1 million (Hansford, 2016, page 3). Table 5-7 on the following page shows that annual costs associated with debt have increased dramatically from less than \$200K in 2015 to over \$1 million in 2016. Maintenance costs associated with the water system have risen in recent years. Additionally, the City projects increases in insurance costs and capital improvement costs. The costs associated with purchasing water from the City of Napa have remained steady and are projected to be approximately \$1.35 million in 2017 as shown in Table 5-7.

Table 5-7:

## Historical Revenues and Expenditures

Revenues and Expenses	Fiscal Year Ending				Estimated 2016	Budgeted 2017
	2012	2013	2014	2015		
<b>OPERATING FUND</b>						
<b>Revenues</b>						
Investment Earnings	\$33,247	\$16,718	\$24,907	\$30,781	\$24,900	\$25,000
Fire Service Agreement Fees	\$0	\$0	\$0	\$0	\$0	\$0
Raw Water Permit Fees	\$100	\$400	\$550	\$750	\$650	\$800
Water Conservation Fines	\$0	\$0	\$0	\$0	\$0	\$0
Backflow Testing & Insp Fees	\$0	\$300	\$150	\$150	\$150	\$150
Sale Of Capital Asset	\$0	\$0	\$0	\$0	\$0	\$0
Other Revenue	\$11,988	\$6,165	\$11,791	\$7,594	\$5,500	\$8,500
Insurance Receipts	\$0	\$0	\$0	\$0	\$0	\$0
Water Revenue	\$2,251	\$2,089	\$1,306	\$2,327	\$2,300	\$5,500
Surcharge-Meadowood	\$30,210	\$30,223	\$30,223	\$32,223	\$30,223	\$30,223
Pumping Charge	\$23,120	\$23,038	\$23,956	\$22,890	\$23,650	\$18,420
Rates - Inside City Limits	\$3,862,757	\$4,264,423	\$4,381,060	\$3,821,553	\$4,082,365	\$3,343,945
Rates - Outside City Limits	\$337,510	\$364,387	\$385,337	\$345,644	\$359,600	\$359,600
Finance Charges	\$34,418	\$30,514	\$40,533	\$36,142	\$37,150	\$36,000
Sale of Remote Meters	\$571	\$231	\$4,575	\$3,046	\$1,740	\$1,500
Hydrant Rental	\$150	\$150	\$0	\$0	\$0	\$0
Property Rentals	\$8,400	\$8,400	\$8,400	\$8,400	\$8,400	\$8,400
Water Meter Install Fee	\$14,006	\$8,265	\$8,018	\$10,724	\$5,000	\$8,000
<b>Total Revenues</b>	<b>\$4,358,728</b>	<b>\$4,755,303</b>	<b>\$4,920,806</b>	<b>\$4,322,225</b>	<b>\$4,581,628</b>	<b>\$3,846,038</b>
<b>Expenses</b>						
Salaries & Benefits	\$1,217,968	\$1,168,983	\$1,165,302	\$1,299,809	\$1,565,976	\$1,612,243
Services	\$440,097	\$284,472	\$348,495	\$358,264	\$538,363	\$564,625
Supplies	\$147,577	\$100,683	\$82,066	\$117,593	\$142,949	\$151,490
Napa Purchased Water	\$1,178,401	\$1,189,926	\$1,327,251	\$1,272,770	\$1,311,272	\$1,349,019
Maintenance	\$91,794	\$68,433	\$78,880	\$124,006	\$195,116	\$172,579
Taxes, Insurances & Contributions	\$102,988	\$74,528	\$79,111	\$91,930	\$147,415	\$133,167
Capital	\$13,175	\$33,471	\$11,886	\$15,056	\$59,785	\$137,925
Transfers	\$179,836	\$0	\$200,000	\$979,380	\$111,995	\$0
Debt	\$349,084	\$396,126	\$343,980	\$196,547	\$1,008,078	\$1,001,067
<b>Total Expenses</b>	<b>\$3,720,918</b>	<b>\$3,316,623</b>	<b>\$3,636,971</b>	<b>\$4,455,356</b>	<b>\$5,080,949</b>	<b>\$5,122,115</b>
<b>Operating Fund Net Revenues</b>	<b>\$637,810</b>	<b>\$1,438,681</b>	<b>\$1,283,835</b>	<b>(\$133,132)</b>	<b>(\$499,321)</b>	<b>(\$1,276,077)</b>
<b>WATER CAPITAL FUND</b>						
<b>Revenues</b>						
Transfers In	\$182,000	\$92,045	\$200,000	\$979,380	\$75,541	\$0
<b>Total Revenues</b>	<b>\$182,000</b>	<b>\$92,045</b>	<b>\$200,000</b>	<b>\$979,380</b>	<b>\$75,541</b>	<b>\$0</b>
<b>Expenses</b>						
Salaries & Benefits	\$110,984	\$349	\$0	\$0	\$0	\$0
Professional Services	\$233,894	\$430,235	\$1,638,364	\$424,649	\$0	\$0
Training	\$0	\$0	\$0	\$38	\$0	\$0
Supplies	\$0	\$17,802	\$14,030	\$2,382	\$0	\$0
Advertising	\$421	\$0	\$0	\$0	\$0	\$0
Taxes and Charges	\$0	\$0	\$0	\$3,120	\$0	\$0
Capital Projects Budget	\$0	\$0	\$0	\$4,092	\$0	\$0
Capital Equipment	\$0	\$0	\$5,875	\$0	\$0	\$0
Capital Imp Equipment	\$0	\$222,039	\$10,759	\$0	\$0	\$0
<b>Total Expenses</b>	<b>\$345,300</b>	<b>\$670,426</b>	<b>\$1,669,028</b>	<b>\$434,282</b>	<b>\$0</b>	<b>\$0</b>
<b>Capital Fund Net Revenues</b>	<b>(\$163,300)</b>	<b>(\$578,381)</b>	<b>(\$1,469,028)</b>	<b>\$545,098</b>	<b>\$75,541</b>	<b>\$0</b>
<b>WATER IMPACT FUND</b>						
<b>Revenues</b>						
Investment Revenue	\$1,054	\$17	\$569	\$1,787	\$1,500	\$1,800
Other Revenue	\$0	\$21,381	\$0	\$45,937	\$0	\$0
Water Impact Fees	\$321,951	\$169,417	\$287,140	\$152,989	\$110,000	\$100,000
<b>Total Revenues</b>	<b>\$323,005</b>	<b>\$190,815</b>	<b>\$287,709</b>	<b>\$200,713</b>	<b>\$111,500</b>	<b>\$101,800</b>
<b>Expenses</b>						
Transfers Out	\$182,000	\$92,045	\$0	\$0	\$0	\$0
<b>Total Expenses</b>	<b>\$182,000</b>	<b>\$92,045</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Water Impact Fund Net Revenues</b>	<b>\$141,005</b>	<b>\$98,770</b>	<b>\$287,709</b>	<b>\$200,713</b>	<b>\$111,500</b>	<b>\$101,800</b>

Source: City of St. Helena Financial Data. Staff Report to City Council. Sept 29, 2016. Page 86

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The water enterprise fund debt load is currently over \$11 million as shown in Table 5-8 below. The \$11 million debt was acquired to finance capital improvements to the water system.

Table 5-8:  
Existing Annual Debt Service

Fiscal Year Ending	Principal	Interest	Total	Remaining Principal
2017	\$514,130	\$475,121	\$989,251	\$11,121,087
2018	\$528,043	\$454,873	\$982,916	\$10,593,043
2019	\$550,870	\$434,897	\$985,767	\$10,042,174
2020	\$568,696	\$413,677	\$982,373	\$9,473,478
2021	\$591,522	\$388,991	\$980,513	\$8,881,956
2022	\$618,261	\$361,871	\$980,132	\$8,263,696
2023	\$641,087	\$333,464	\$974,551	\$7,622,609
2024	\$668,913	\$305,114	\$974,027	\$6,953,696
2025	\$696,739	\$275,177	\$971,916	\$6,256,956
2026	\$728,478	\$241,012	\$969,490	\$5,528,478
2027	\$760,217	\$203,870	\$964,087	\$4,768,261
2028	\$800,870	\$166,167	\$967,037	\$3,967,391
2029	\$836,522	\$128,353	\$964,874	\$3,130,870
2030	\$877,174	\$90,504	\$967,678	\$2,253,696
2031	\$908,913	\$51,095	\$960,008	\$1,344,783
2032	\$949,565	\$23,400	\$972,965	\$395,217
2033	\$395,217	\$7,904	\$403,122	\$0

Source: City of St. Helena and HEC.

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The Water enterprise Fund has been operating at a deficit in the recent past, resulting in transfers from other City funds. In October 2016, the City received a study of water rates prepared by Hansford Economic Consulting. The Study found that although water rates have increased in recent years, the rates are not aligned with the current fiscal needs of the water enterprise fund. Specifically, the current water rates do not allocate funding for system rehabilitation and this causes the City to utilize its reserve funds or to delay necessary capital improvements (Hansford, 2016, pg. 3). To address these fiscal challenges, the City Council approved the water rates on November 29, 2016 as shown in Table 5-9 on the following page.

Table 5-9:

**Calculated Water Rates through Fiscal Year Ending 2022**

Charges	Current	Billing Period Beginning *					
		2/8/2017	11/8/2017	11/8/2018	11/8/2019	11/8/2020	11/8/2021
<b>Service Charge</b>		<b>Monthly Charges per Meter</b>					
5/8", 3/4" & 5F 1"	\$27.52	\$43.22	\$51.71	\$60.59	\$64.78	\$68.91	\$73.27
1"	\$63.80	\$80.08	\$96.76	\$114.44	\$123.35	\$132.22	\$141.61
1.5"	\$124.12	\$141.67	\$172.02	\$204.36	\$221.14	\$237.94	\$255.72
2"	\$196.50	\$215.12	\$261.84	\$311.76	\$337.99	\$364.27	\$392.10
3"	\$365.51	\$413.06	\$503.54	\$600.40	\$651.86	\$703.51	\$758.21
4"	\$607.01	\$640.46	\$780.29	\$930.11	\$1,010.10	\$1,090.44	\$1,175.54
6"	\$1,210.18	\$1,252.50	\$1,528.85	\$1,825.17	\$1,983.80	\$2,143.19	\$2,312.05
<b>Private Fire Protection</b>		<b>Monthly Charges per Fire Service Pipe</b>					
4"	\$4.00	\$8.47	\$9.92	\$11.38	\$11.89	\$12.36	\$12.86
6"	\$6.00	\$24.59	\$28.81	\$33.05	\$34.53	\$35.91	\$37.34
8"	\$8.00	\$52.41	\$61.40	\$70.43	\$73.57	\$76.52	\$79.58
<b>Raw Water per Gallon</b>	\$0.00267	\$0.00273	\$0.00320	\$0.00367	\$0.00383	\$0.00398	\$0.00414
		<b>TREATED WATER USE CHARGES PER HCF</b>					
<b>NON-DROUGHT PERIOD</b>	[1]						
Off-Peak (Nov-Apr)		\$5.50	\$6.37	\$7.19	\$7.37	\$7.54	\$7.71
Peak (May-Oct)		\$6.11	\$7.09	\$8.00	\$8.20	\$8.38	\$8.58
<b>DROUGHT PERIOD</b>	[1]						
Off-Peak (Nov-Apr)		\$5.81	\$6.73	\$7.60	\$7.79	\$7.97	\$8.15
Peak (May-Oct)		\$6.46	\$7.49	\$8.45	\$8.66	\$8.86	\$9.06

Source: HEC.

\* Dates reflect the current billing cycle; if the billing cycle date changes so will these effective dates.

[1] Current Rate Structure rates as follows:

Tiers by customer category (in hcf):	Tier 1	Tier 2		Tier 1	Tier 2
Single family	0-14	15+	Non-residential <=1"	0-36	37+
Multi-family	0-5	6+	Non-residential 1.5"	0-120	121+
			Non-residential 2"	0-192	193+
Price per HCF	\$4.48	\$6.74	Non-residential 3"	0-360	361+
Price per HCF - Landscape Irrigation	\$5.22		Non-residential 4"	0-600	601+
			Non-residential 6"	0-1,250	1,251+
			Non-residential 8"	0-1,920	1,921+

Data Source: City Council Resolution 2016-xx , November 29, 2016

The new water rates shown above in Table 5-9 include a Base Rate such that all customers pay a monthly base rate by meter size and Use Rate based on the amount of water used. The rates also reflect seasonal pricing.

*Wastewater Enterprise Fund*

The Wastewater Enterprise Fund is used to support the City's public service work to collect and treat wastewater and the costs associated with operating the sewage treatment plant, the small Crinella lift station, and the sewage collection system. Revenue sources include charges to sewer customers, development impact fees, bonds, and grants. Recent improvements to the wastewater system include pond 2 & 3 levee repairs, reclamation field improvements, improved solids management, construction of the solids pond, split pond 3, disinfection automation, and improvements to the sludge removal system. Monthly charges for sewage collection, treatment and disposal are the primary source of operating revenue which funds the regular and on-going maintenance of infrastructure. Development impact fees, bonds, and grants are primarily used for capital improvement projects. Historic revenues and expenses associated with the Water Enterprise Fund are shown in Table 5-10 below.

Table 5-10:

## Historical Wastewater Fund Financial Performance

Revenues and Expenses	Actual Financials for Fiscal Year Ending					Avg. Annual Percentage Change
	2011	2012	2013	2014	2015	
<b>OPERATING</b>						
<b>Revenues</b>						
Charges For Services	\$1,616,414	\$2,008,709	\$2,050,983	\$2,143,947	\$2,208,105	8.1%
Miscellaneous	\$1,098	\$1,200	\$17,708	\$8,925	\$32,759	133.7%
<b>Subtotal Revenues</b>	<b>\$1,617,512</b>	<b>\$2,009,909</b>	<b>\$2,068,691</b>	<b>\$2,152,872</b>	<b>\$2,240,864</b>	<b>8.5%</b>
<b>Expenses</b>						
Personnel	\$842,317	\$829,804	\$795,479	\$827,027	\$938,472	2.7%
Contracted Services	\$68,782	\$806	\$0	\$0	\$0	-100.0%
Fuel	\$0	\$0	\$0	\$0	\$0	n.a.
Utilities	\$80,906	\$74,339	\$85,819	\$85,755	\$87,970	2.1%
Other Supplies and Expenses	\$313,342	\$327,119	\$361,451	\$429,526	\$525,742	13.8%
Depreciation and Amortization	\$472,561	\$483,070	\$473,784	\$473,784	\$713,189	10.8%
<b>Subtotal Expenses</b>	<b>\$1,777,908</b>	<b>\$1,715,138</b>	<b>\$1,716,533</b>	<b>\$1,816,092</b>	<b>\$2,265,373</b>	<b>6.2%</b>
<b>NON OPERATING</b>						
Gains (Loss) on Capital Asset Disposals	(\$1,169)	(\$2,762)	\$0	\$0	\$0	-100.0%
Interest and Investment Revenue	\$9,180	\$7,990	\$3,478	\$5,515	\$10,347	3.0%
Interest Expense	(\$81,081)	(\$78,070)	(\$86,521)	(\$69,139)	(\$41,398)	-15.5%
<b>Net Operating Revenues</b>	<b>(\$73,070)</b>	<b>(\$72,842)</b>	<b>(\$83,043)</b>	<b>(\$63,624)</b>	<b>(\$31,051)</b>	<b>-19.3%</b>
<b>Capital Contributions</b>	<b>\$94,235</b>	<b>\$217,765</b>	<b>\$98,047</b>	<b>\$4,900</b>	<b>\$19,600</b>	
<b>Change in Net Assets</b>	<b>(\$139,231)</b>	<b>\$439,694</b>	<b>\$367,162</b>	<b>\$278,056</b>	<b>(\$35,960)</b>	
<b>Net Assets Beginning Balance</b>	<b>\$8,421,556</b>	<b>\$8,282,325</b>	<b>\$8,592,123</b>	<b>\$8,959,285</b>	<b>\$9,237,341</b>	
<b>Net Assets Ending Balance</b>	<b>\$8,282,325</b>	<b>\$8,722,019</b>	<b>\$8,959,285</b>	<b>\$9,237,341</b>	<b>\$9,201,381</b>	

Source: City of St. Helena. and Rate Study by Hansford Economic Consultants, October 31, 2016, pg 113.

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As shown in Table 5-10, the Wastewater Enterprise Fund opened FY 14/15 with \$9,237,341 in net assets. The fiscal year ended with \$9,201,381 in net assets. This represents a reduction in the value of net assets in the amount of \$35,960.

Table 5-11:

Historical Revenues and Expenditures						
Revenues and Expenses	Actuals Fiscal Year Ending				Estimated 2016	Budgeted 2017
	2012	2013	2014	2015		
<b>OPERATING FUND</b>						
<b>Revenues</b>						
Investment Earnings	\$1,380	\$1,532	\$2,697	\$1,000	\$4,500	\$4,615
Annexation Fees	\$500	\$3,428	\$8,925	\$0	\$0	\$0
Rates	\$2,008,709	\$2,050,983	\$2,143,947	\$2,151,615	\$2,260,735	\$2,105,132
Sewer Connection Fee	\$0	\$0	\$4,900	\$0	\$0	\$900
<b>Subtotal Revenues</b>	<b>\$2,010,589</b>	<b>\$2,055,942</b>	<b>\$2,160,470</b>	<b>\$2,152,615</b>	<b>\$2,265,235</b>	<b>\$2,110,647</b>
<b>Expenses</b>						
Salaries & Benefits	\$829,613	\$795,480	\$827,047	\$896,865	\$987,778	\$1,071,519
Services	\$231,717	\$194,235	\$220,039	\$406,364	\$822,159	\$319,189
Supplies	\$48,460	\$55,452	\$80,836	\$41,318	\$91,641	\$75,942
Maintenance	\$81,882	\$72,003	\$68,000	\$118,625	\$167,473	\$130,513
Taxes, Insurances & Contribs.	\$76,885	\$54,533	\$64,460	\$73,328	\$122,416	\$105,967
Capital	\$22,631	\$26,001	\$58,925	\$817	\$170,139	\$101,700
Transfers	\$2,763	\$200,000	\$100,000	\$1,541,664	\$352,634	\$0
Debt	\$78,071	\$86,521	\$69,140	\$41,398	\$258,105	\$252,877
<b>Subtotal Expenses</b>	<b>\$1,372,022</b>	<b>\$1,484,224</b>	<b>\$1,488,447</b>	<b>\$3,120,379</b>	<b>\$2,972,345</b>	<b>\$2,057,707</b>
<b>Operating Fund Net Revenues</b>	<b>\$638,567</b>	<b>\$571,718</b>	<b>\$672,023</b>	<b>(\$967,764)</b>	<b>(\$707,110)</b>	<b>\$52,940</b>
<b>CAPITAL FUND</b>						
<b>Revenues</b>						
Transfers In	\$86,000	\$609,793	\$100,000	\$1,541,664	\$389,087	\$0
<b>Subtotal Revenues</b>	<b>\$86,000</b>	<b>\$609,793</b>	<b>\$100,000</b>	<b>\$1,541,664</b>	<b>\$389,087</b>	<b>\$0</b>
<b>Expenses</b>						
Salaries & Benefits	\$118,932	\$6,737	\$0	\$0	\$0	\$0
Professional Services	\$61,042	\$57,831	\$69,810	\$502,161	\$0	\$0
Advertising	\$344	\$0	\$0	\$803	\$0	\$0
Equipment Rental	\$2,345	\$11,727	\$0	\$0	\$0	\$0
Supplies	\$2,999	\$741	\$4,315	\$464	\$0	\$0
Maintenance	\$8,172	\$0	\$0	\$0	\$0	\$0
Capital Imp Land	\$21,993	\$0	\$0	\$0	\$0	\$0
Capital Projects Budget	\$0	\$0	\$0	\$12,420	\$0	\$0
Capital Equipment	\$0	\$3,261	\$17,765	\$13,831	\$0	\$0
Capital Imp Equipment	\$73,415	\$1,056,244	\$122,351	\$19,229	\$0	\$0
<b>Subtotal Expenses</b>	<b>\$289,243</b>	<b>\$1,136,540</b>	<b>\$214,241</b>	<b>\$548,909</b>	<b>\$0</b>	<b>\$0</b>
<b>Capital Fund Net Revenues</b>	<b>(\$203,243)</b>	<b>(\$526,747)</b>	<b>(\$114,241)</b>	<b>\$992,755</b>	<b>\$389,087</b>	<b>\$0</b>
<b>IMPACT FUND</b>						
<b>Revenues</b>						
Investment Earnings	\$6,423	\$1,872	\$2,818	\$2,587	\$2,000	\$2,500
Other Revenues	\$0	\$14,281	\$0	\$30,625	\$0	\$0
Impact Fees	\$217,766	\$98,047	(\$81,929)	\$19,600	\$15,000	\$18,000
<b>Subtotal Revenues</b>	<b>\$224,188</b>	<b>\$114,200</b>	<b>(\$79,111)</b>	<b>\$52,812</b>	<b>\$17,000</b>	<b>\$20,500</b>
<b>Expenses</b>						
Transfers Out	\$86,000	\$409,793	\$0	\$0	\$0	\$0
<b>Subtotal Expenses</b>	<b>\$86,000</b>	<b>\$409,793</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Impact Fund Net Revenues</b>	<b>\$138,188</b>	<b>(\$295,593)</b>	<b>(\$79,111)</b>	<b>\$52,812</b>	<b>\$17,000</b>	<b>\$20,500</b>

Source: City of St. Helena, and Rate Study, Hansford Economic Consultants, October 31, 2016

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Table 5-11 on the previous page shows that operating revenues exceeded operating expenses in four out of the six year study period. Ideally, revenues and expenses would allow for some revenue funds to be saved for capital expenses. In 2016 and 2017 there were no expenses attributed to the capital fund. This indicates that expenses during these years were focused on operations. Operating expenditures related to debt increased in 2016 and 2017 compared to the 2012-2015 timeframe and additional detail about this debt is provided in Table 5-12 below.

Table 5-12:

**Existing Wastewater Debt Service Schedule**

<b>Fiscal Year Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Remaining Principal</b>
2015	\$126,522	\$125,841	\$252,363	\$3,063,478
2016	\$133,696	\$121,538	\$255,233	\$2,929,783
2017	\$135,870	\$117,007	\$252,876	\$2,793,913
2018	\$141,957	\$111,947	\$253,904	\$2,651,957
2019	\$149,130	\$106,900	\$256,030	\$2,502,826
2020	\$151,304	\$101,586	\$252,890	\$2,351,522
2021	\$158,478	\$95,345	\$253,823	\$2,193,044
2022	\$166,739	\$88,653	\$255,392	\$2,026,304
2023	\$168,913	\$82,025	\$250,938	\$1,857,391
2024	\$176,087	\$75,582	\$251,669	\$1,681,304
2025	\$183,261	\$68,762	\$252,022	\$1,498,044
2026	\$191,522	\$60,788	\$252,310	\$1,306,522
2027	\$199,783	\$51,708	\$251,490	\$1,106,739
2028	\$209,130	\$42,220	\$251,351	\$897,609
2029	\$218,478	\$32,763	\$251,241	\$679,131
2030	\$227,826	\$23,359	\$251,185	\$451,304
2031	\$236,087	\$13,584	\$249,671	\$215,217
2032	\$105,435	\$6,500	\$111,935	\$109,783
2033	\$109,783	\$2,196	\$111,978	\$0

Source: City of St. Helena, *and Rate Study*, Hansford Economic Consultants, October 31, 2016, debt service

In the past, the City utilized wastewater fund reserves to fund operations. The 2016 Rate Study found that the wastewater operations fund had no reserves and a negative fund balance. At the end of fiscal year 2016 (June 30) the operating fund had a negative unrestricted net position of (\$79,805). The past lack of investment in wastewater infrastructure created a situation where the City's water infrastructure has incrementally become below par even as water quality requirements have grown more restrictive and the RWQCB has issued notices to the City. The Study noted that in the absence of rate increases, the City's General Fund would continue to subsidize the wastewater enterprise fund, which would potentially have a negative impact on other City services (Hansford, 2016). Additionally, the City's wastewater system has large capital improvement projects which need to be completed over the next 10 years. To address these fiscal problems, the City approved an increase in sewer service rates on November 29, 2016. This rate increase will allow the City Public Works Department to make improvements to the wastewater system including: upgrades to the WWTP, replace WRF operations building and shop, replace 1% of sewer mains annually, and upgrade the Crinella Pump Station.

The new wastewater rates include both a base rate plus a use rate. Under the Base Rate, all residential accounts pay a flat base rate based on number of dwelling units plus use based on winter average. Schools pay a flat monthly charge based on number of students. Commercial and industrial customers pay flat base rate by customer type (per account). The Use Rate is applied to both residential and non-residential (not schools) customers. The Use Rate is calculated based on the average winter water use (Jan-Mar) and are also based on flow and strength of wastewater by customer type. Details about the new rates are provided in Table 5-13 on the following page.

Table 5-13:

Customer Category		Fiscal Year Ending					
		2017	2018	2019	2020	2021	2022
	Billing Period Beginning * ---->	2/8/2017	11/8/2017	11/8/2018	11/8/2019	11/8/2020	11/8/2021
<b>Residential</b>							
Single Family	monthly per unit	\$48.04	\$55.24	\$70.13	\$73.03	\$74.18	\$75.23
Multi-Family	monthly per unit	\$29.07	\$33.42	\$42.43	\$44.18	\$44.88	\$45.52
Mobile Homes	monthly per unit	\$43.11	\$49.57	\$62.93	\$65.53	\$66.56	\$67.51
Residential Rate per HCF	per HCF	\$4.69	\$5.39	\$6.84	\$7.12	\$7.23	\$7.34
Schools Flat Rate per Student	monthly per student	\$1.40	\$1.62	\$2.15	\$2.21	\$2.26	\$2.28
<b>Non-Residential</b>							
Car Wash	monthly per account	\$209.93	\$243.25	\$328.36	\$336.45	\$343.13	\$346.45
Religious Places/Community Centers	monthly per account	\$35.34	\$40.85	\$54.06	\$55.68	\$56.71	\$57.34
Commercial [1]	monthly per account	\$62.70	\$72.20	\$92.64	\$96.19	\$97.78	\$99.09
Groceries and Mortuaries	monthly per account	\$433.93	\$492.12	\$552.00	\$595.15	\$599.41	\$613.71
Laundry	monthly per account	\$970.94	\$1,121.45	\$1,475.85	\$1,522.21	\$1,549.87	\$1,567.76
Mixed Retail w/ Food	monthly per account	\$541.20	\$617.30	\$730.21	\$775.32	\$783.78	\$799.17
Motel with Food	monthly per account	\$2,617.64	\$2,978.36	\$3,444.90	\$3,681.23	\$3,715.59	\$3,795.12
Motel without Food	monthly per account	\$642.15	\$738.08	\$933.28	\$972.87	\$987.93	\$1,002.28
Restaurant	monthly per account	\$840.03	\$952.80	\$1,070.03	\$1,153.27	\$1,161.63	\$1,189.23
Napa Valley College	monthly per account	\$2,889.93	\$3,341.62	\$4,436.77	\$4,565.57	\$4,651.20	\$4,701.87
Service Station	monthly per account	\$93.25	\$107.06	\$134.07	\$140.12	\$142.20	\$144.37
Winery Production (Merryvale/Spottswoode)	monthly per account	\$989.21	\$1,116.93	\$1,199.98	\$1,310.53	\$1,315.85	\$1,351.87
Sutter Home Winery	monthly per account	\$876.04	\$1,007.39	\$1,278.85	\$1,331.67	\$1,352.66	\$1,371.89
Car Wash	per HCF	\$3.43	\$3.97	\$5.36	\$5.49	\$5.60	\$5.65
Religious Places/Community Centers	per HCF	\$3.72	\$4.30	\$5.69	\$5.86	\$5.97	\$6.03
Commercial [1]	per HCF	\$4.27	\$4.92	\$6.31	\$6.55	\$6.66	\$6.75
Groceries and Mortuaries	per HCF	\$10.30	\$11.68	\$13.10	\$14.12	\$14.22	\$14.56
Laundry	per HCF	\$3.81	\$4.40	\$5.79	\$5.97	\$6.08	\$6.15
Mixed Retail w/ Food	per HCF	\$6.73	\$7.68	\$9.08	\$9.64	\$9.75	\$9.94
Motel with Food	per HCF	\$7.91	\$9.00	\$10.41	\$11.12	\$11.23	\$11.47
Motel without Food	per HCF	\$4.59	\$5.27	\$6.67	\$6.95	\$7.06	\$7.16
Restaurant	per HCF	\$10.18	\$11.54	\$12.96	\$13.97	\$14.07	\$14.41
Napa Valley College	per HCF	\$3.67	\$4.24	\$5.63	\$5.79	\$5.90	\$5.97
Service Station	per HCF	\$4.82	\$5.53	\$6.93	\$7.24	\$7.35	\$7.46
Winery Production (Merryvale/Spottswoode)	per HCF	\$17.31	\$19.55	\$21.00	\$22.93	\$23.03	\$23.66
Sutter Home Winery	per HCF	\$4.50	\$5.17	\$6.57	\$6.84	\$6.95	\$7.04

Source: HEC.

\* Dates reflect the current billing cycle; if the billing cycle date changes so will these effective dates.

[1] Commercial includes City buildings. Source: Staff Report to City Council, Prepared by Jennifer Tuell, Water Cons. November 29, 2016.

## Special Funds

Special Funds account for non-discretionary monies that are used by St. Helena for specific purposes. The City's Financial Statement tracks 34 special funds including: Measure A special revenue; Civic Improvement Impact; Housing Impact; Public Safety Impact; CA Library Services Act; Parks and Recreation Facilities; Drainage Impact; Gas Tax 2105, 2106, 2107, 2107.5, and 2103; SB 1186 Fee; Affordable Housing; Emergency Flood Relief; Police Training Development; Public Library Foundation; Asset Forfeiture; Traffic Mitigation Impact; Parking in-lieu; NOAA; Public Safety (COPS); Park Bond Act; Park Impact; Library Construction; Skate Park Lighting; Stabo Land Conservation; Tweed Library; Napa Valley NOW; Fourth of July; Friends & Foundation; Murray Public Safety; Ryan Library Trust; and the Martin Library Trust (St. Helena CAFR, 2016k).

Most special revenue funds derive their monies from specific sources, such as governmental subventions and developer fees, state transportation funds, fees for services, and transfers from other funds. In 2015, St. Helena tracked special fund revenue within the CAFR on the Statement of Revenues, Expenditures and Changes in Fund Balances. Only two of the special funds had deficit fund balances as of June 30, 2015: Gas Tax 2107 special revenue fund at - \$1,536; and Napa Valley NOW special revenue fund at - \$4,689. These deficits are expected to be eliminated by revenues that will become available in subsequent periods.

## Asset Maintenance and Replacement

The City owns buildings, facilities, vehicles and equipment, and other infrastructure. These capital assets and are depreciated over their estimated useful lives. A list of major city facilities is provided in Table 4-23. The value of these capital assets is listed in Table 4-24. Asset maintenance is a significant issue for the City, given the age of the water, wastewater, storm drainage pipes, and other city facilities. During times of financial difficulty, such as the 2008 recession, cities often defer routine maintenance and this sometimes results in more expensive projects down the line. The poor physical condition of the City's police station and city hall are examples of this type of deferred maintenance and investment. Although there are no easy answers to this situation, the City has been working diligently to address asset maintenance and replacement. Additionally, the Public Works Department has identified a goal to initiate an asset management system (St. Helena Budget FY 16/17, 2016k).

## Capital Improvements

The City's Capital Improvement Program (CIP) plan schedules permanent improvements, such as major maintenance projects, new construction, and rehabilitation projects that are needed to keep the City's infrastructure in functional shape. The CIP covers a five year timeframe and the most recent CIP identifies projects and funding sources for the period of 2016-2021. The projects are organized into four categories: civic, streets, water, and wastewater. The CIP outlines \$6 million in project costs for FY 16-17 (St. Helena CIP, 2016f). The City has 14 funds that are held for capital improvements including the following funds: Flood Control Protection; Civic Improvement Impact Fees; Civic Fund Capital Projects; Park Impact Fees; Traffic Mitigation Impact Fees Street Improvement; Storm Drain Impact Fees; Housing Impact Fees; Parking In-Lieu; Affordable Housing; Water Capital Projects; Water Impact Fees; Wastewater Capital Projects; and the Wastewater Impact Fees. The total fund balance in these capital accounts as of June 2016 was \$10.3 million and proposed expenditures from these funds in FY 16/17 are estimated at \$3 million (St. Helena Budget FY 16/17, 2016k). The \$3 million expenditure is 50 percent less than the amount described in the CIP. Notable capital improvement projects described in the CIP include: downtown restrooms, softball lights, street access ramps, street pavement rehabilitation, street pavement overlay, WWTP upgrades, wastewater reclamation field improvements, York Creek Upper Dam mitigation, and the Bell Canyon water intake tower replacement.

## Financial Forecast

The California Institute for Local Government recommends that agencies prepare five-year financial forecasts for both general and other funds, examining issues such as overall economic trends, environmental and regulatory risks, unfunded liabilities, adequacy of fee levels, fund balances, cost deferrals and infrastructure condition and discuss these financial forecasts during public meetings<sup>30</sup>.

St. Helena is one of the few cities that prepares longer-term financial forecasts and uses the forecast to run scenarios. This is a solid business practice for a small city, such as St. Helena. St. Helena's 2016-2026 Long Range Financial Forecast (LRFF) includes projections for the City's revenues and expenses under two economic scenarios: 1) baseline and 2) baseline with a minor recession.<sup>31</sup> It is recommended that St. Helena's LRFF be expanded to include an economic scenario that contemplates a major recession similar to the 2007-2009 Great Recession. The City's LRFF indicates revenues are expected to exceed expenses through the year 2026 in both scenarios. The LRFF includes the following strategies for the City's financial sustainability:

1. Continue to closely manage General Fund expenses
2. Regularly review fees for services
3. Conduct an annual City Council goal setting process to identify community priorities and seek opportunities for community based financial support
4. Evaluate additional revenue measures
5. Evaluate opportunities for economic development
6. Explore opportunities to annex contiguous unincorporated areas of Napa County
7. Develop a long-term funding plan for asset recapitalization of buildings, parks, IT upgrades (software and hardware), and streets

It is important to note the City has already taken several key steps, such as successful passage of the Measure D sales tax increase as well as the new water and wastewater rates to stabilize the General Fund.

## Long-term Financial Considerations

In this section, the long-term liabilities and the debts the City has accumulated are briefly summarized. Additional details about liability and debt can be found in the City's Annual Financial Statement, available on the City's website. To cover capital expenses associated with general government and enterprise activity, it is common for local governments to take advantage of low interest rates by borrowing money from the state or other sources.

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<sup>30</sup> Details on ILG's website: <<http://www.ca-ilg.org/>>.

<sup>31</sup> The City's 2016-2026 LRFF is included as Appendix F to this report.

### Reserves

As of June 30, 2015, the City maintained a number of assets which can be considered to be reserves, although some are restricted for specific purposes. The general fund balance totaled \$3.27 million. The balance for other non-major governmental funds increased 19% to \$8.74 million during FY 14-15 (City of St. Helena, CAFR, 2016). For FY 16/17, the general fund balance is estimated at \$2,313,170 which represents 22 percent of the total general fund. However, this is a decrease of reserve of almost \$1 million. Additionally, the City's special funds and enterprise funds also have reserves.

### Outstanding Debt

At the end of fiscal year 2014-2015, the City carried \$33.8 million in long-term debt and capital lease obligations, primarily related to the water and wastewater systems as listed in Table 5-14 on the following page. All required payments are being made in a timely manner.

Type of Debt	Total for FY 14/15
Long-term debt outstanding	\$ 31.9 million
Other liabilities	\$ 1.9 million
<b>Total Liabilities</b>	<b>\$ 33.8 million</b>
<i>Data Source: CITY OF ST. HELENA, Statement of Net Position, page 6, CAFR for FY 14/15</i>	

St. Helena's \$33.8 million in total liabilities is more substantial than the City of Calistoga's total liabilities of \$20.2 million. On a per capita basis, this represents a liability of \$636 per City of St. Helena resident compared to only \$390 per Calistoga resident.

Debt per capita measures residents' average share of a municipality's total outstanding debt. Since this does not consider the employment status, income or other financial resources of residents, the debt per capita does not reflect a municipality's ability to repay its obligations. The debt per capita of both St. Helena and Calistoga is significantly less than the State of California's 2013 debt per capita at \$2,565 (CA, 2013).

The Notes to the City's FY 14-15 CAFR<sup>32</sup> describe the following sources of debt:

- **Capital Leases:** The City has entered into three capital leases to finance the acquisition of land parcel, fire station improvements, and an aerial fire truck. Total future debt service on this item is \$1 million through the year 2021.
- **State Revolving Fund:** The City borrowed approximately \$8 million for the purpose of financing the acquisition of land parcels and construction costs of the new floodwall<sup>33</sup>.

<sup>32</sup> Pages 37-38 of the FY 14-15 CAFR.

The City's loan repayments are approximately a half-million per year through fiscal year 2029.

- 2012B Installment Agreement: In June 2012, the City entered into a \$7,155,000 installment purchase agreement with the California Statewide Communities Development Authority for the purpose of obtaining funds to make water and wastewater system improvements. Payments are approximately \$400,000 annually through the year 2033.
- 2006A Installment Agreement: The City, on March 28, 2006, entered into an \$8,885,000 installment purchase agreement with the California Statewide Communities Development Authority in connection with the Authority's Pooled Financing Program. Payments are approximately \$580,000 annually through the year 2032.
- 2005B Installment Agreement: In July of 2005 the City entered into a \$2,220,000 installment purchase agreement with the California Statewide Communities Development Authority for the purpose of obtaining funds to make wastewater system improvements. Payments are approximately \$140,000 annually through the year 2031.

It should be noted that Standard & Poor's bond ratings services affirmed its' A- rating on January 4, 2016 regarding the California Statewide Communities Development Authority's (CSCDA) water and wastewater revenue bonds, issued on behalf of the City of St. Helena. The rating indicated the outlook is stable.

### **Risk Management**

The City of St. Helena utilizes insurance and business practices to minimize its financial risk, including reducing hazards and injury to people, and damage to property in providing City services and implementing projects. The City is a member of the Redwood Empire Municipal Insurance Fund (REMIF) for the management and insuring of general liability, property, employee, workers compensation and other risks. Processing liability or property claims as well as processing and management of the insurance certificates required by agreements is a responsibility of the City Clerk's office. Additionally, the City conducts an annual review of the City's self-insured retentions, insurance coverage, and provides programs for training of City staff on safety. City facilities, programs and services are periodically surveyed to identify hazards and improve efficiencies. Legal contracts for construction and other services are carefully considered in order to identify risks in the activity and mitigate or transfer the risk.

### **Cost Avoidance**

This section highlights cost avoidance practices given necessary service requirements and expectations. Ideally, proposed methods to reduce costs would not adversely affect service levels. The City pursues an array of cost avoidance techniques that each contributes incrementally towards keeping costs at a reasonable level, including:

- A range of cost cutting measures, including budget cuts that resulted in staff layoffs and the provision of only essential services that the City undertook to save money and lower expenses during the recession.
- Minimization of financial risks by maintaining professional insurance as a member of REMIF. REMIF is a JPA that provides comprehensive insurance to cities and towns throughout northern California.
- Standardized bidding practices implemented by the City ensure the lowest and most responsive bid for services, supplies, and equipment.

Additionally, each City department seeks cost avoidance opportunities, as follows:

- Fire: participates in automatic aid agreements
- Parks and Recreation: coordinates with local service organizations
- Police: participates in mutual aid agreements

LAFCO's 2012 Law Enforcement MSR noted that the City has its own competitive procurement processes with respect to purchasing motor vehicles for law enforcement services. It would seem reasonable and more efficient for St. Helena to consider pooling its respective resources and establish a joint procurement process motor vehicle purchases with other local agencies such as American Canyon, Calistoga, Napa, and County Sheriff. Their combined buying power would presumably produce cost-savings (LAFCO, 2012). LAFCO's 2012 Law Enforcement MSR also noted that given the costs and related challenges associated with sustaining relatively small stand-alone police department, the City may wish to consider the merits of structural alternatives in providing law enforcement services. This could include exploring the feasibilities of forming a joint-powers authority with other local cities and/or contracting with County Sheriff.

St. Helena also participates in JPAs with the Upper Valley Waste Management Agency, the Napa Valley Transportation Authority, and the Napa County Flood Control and Water Conservation District. These arrangements help maximize local resources among participating agencies in providing regional waste service coordination, public transportation, and flood control services within their respective jurisdictions.

In 2015, City staff presented several ideas to City Council about potential ways to enhance revenue and to reduce expenditures to the City. The ideas for revenue enhancement included the evaluation of building, planning and other fees for service, consideration of lighting and/or landscaping districts, sales tax adjustments, transient occupancy tax adjustments, sale or lease of city-owned property, annexing new land, and others. The ideas for expenditure reduction included reorganization of department service options, reduction in the hours of operation for City Hall, reduce financial support to community groups. The public safety departments (police and fire) utilized approximately 33 percent of the General Fund in 2015-2016 and finding a method to economize on these services is worth exploring. In the 2015 presentation to Council, City staff noted several options for the provision of police services including: consolidate dispatch with Cities of Calistoga or Napa; consolidate

SHPD with City of Calistoga; contract with Napa County Sheriff as a contract City; and service reductions. Public Works including parks and building maintenance consume 22 percent of the general fund and finding a method to economize on these services is worth exploring. In the 2015 presentation to Council, City staff noted several options for the provision of public works and maintenance services including: privatization/shared services such as park maintenance and street sweeping, and service reduction. Although the City’s financial situation has improved since 2015, St. Helena may wish to pursue one or more of the options it identified. A few of the options that relate to service reorganization or other may require approval LAFCO approval prior to implementation.

## 5.2 FINANCIAL METRICS

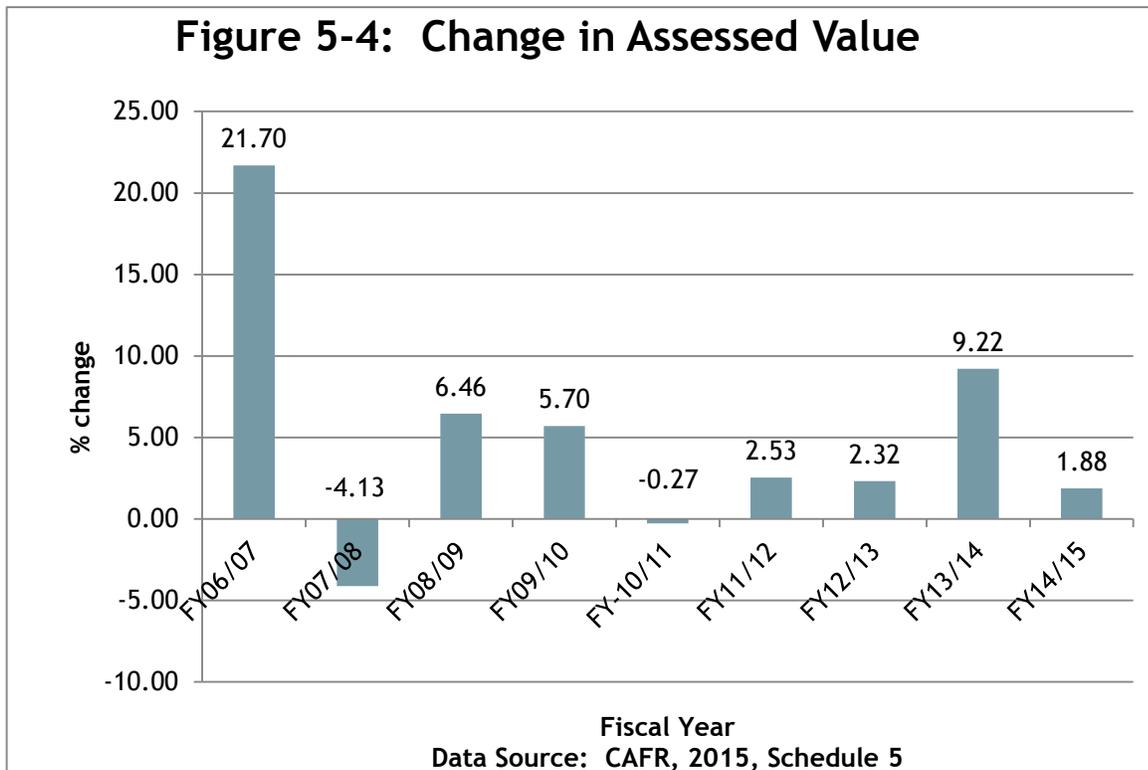
### Change in Assessed Value

In FY14/15, the properties within the City of St. Helena had a total assessed value of \$19.6 billion, which was a 1.88 percent increase over the previous year. Figure 5-4 and Table 5-15, below, depict the percentage change in assessed value year-to-year.

Table 5-15: Data for Assessed Property Value

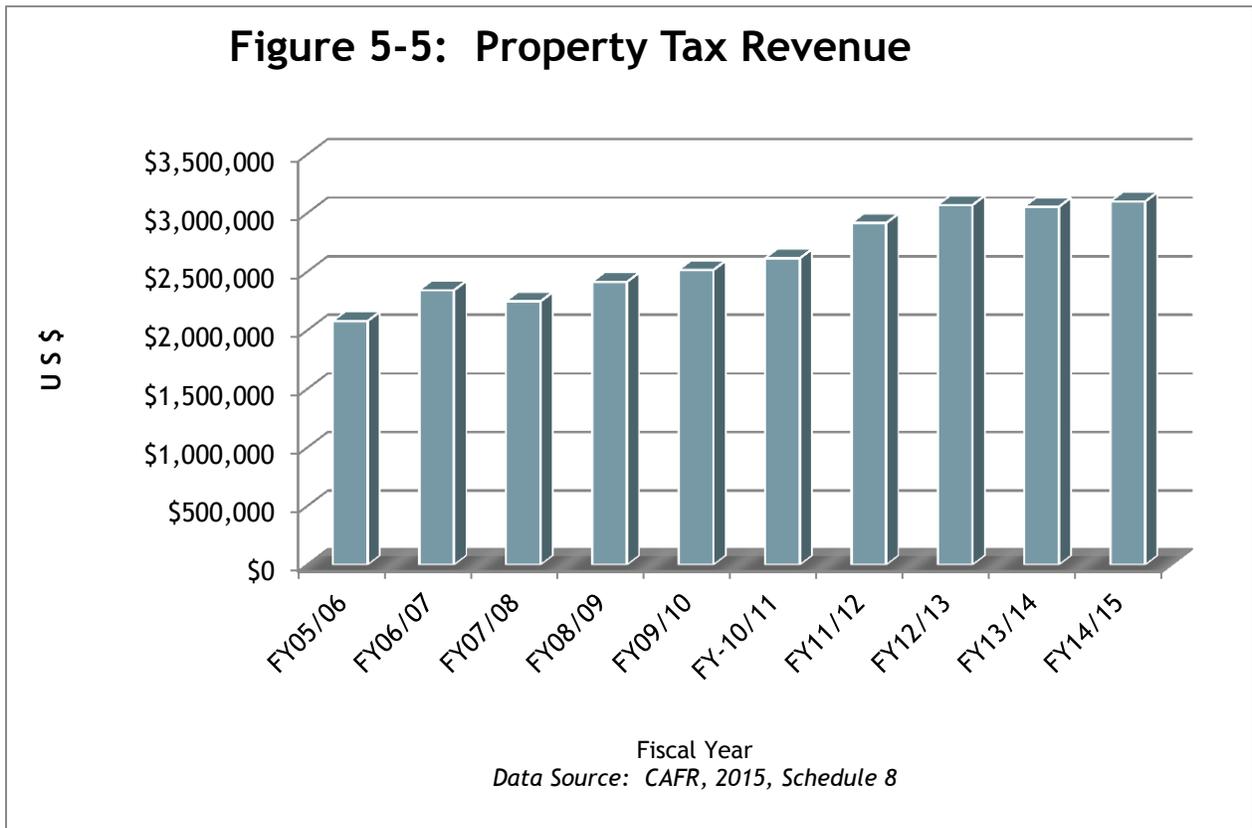
	FY-10/11	FY11/12	FY12/13	FY13/14	FY14/15
End FY Taxroll Value	\$1,687,203	\$1,729,940	\$1,770,102	\$1,933,336	\$1,969,673
Beginning FY Taxroll Value	\$1,691,810	\$1,687,203	\$1,729,940	\$1,770,102	\$1,933,336

*Source of data: Source of Data: Schedule 5, page 112, CAFR-2015 City of St. Helena, Assessed Value and Estimated Actual Value of Taxable Property. Last Ten Fiscal Years, (In thousands of dollars)*



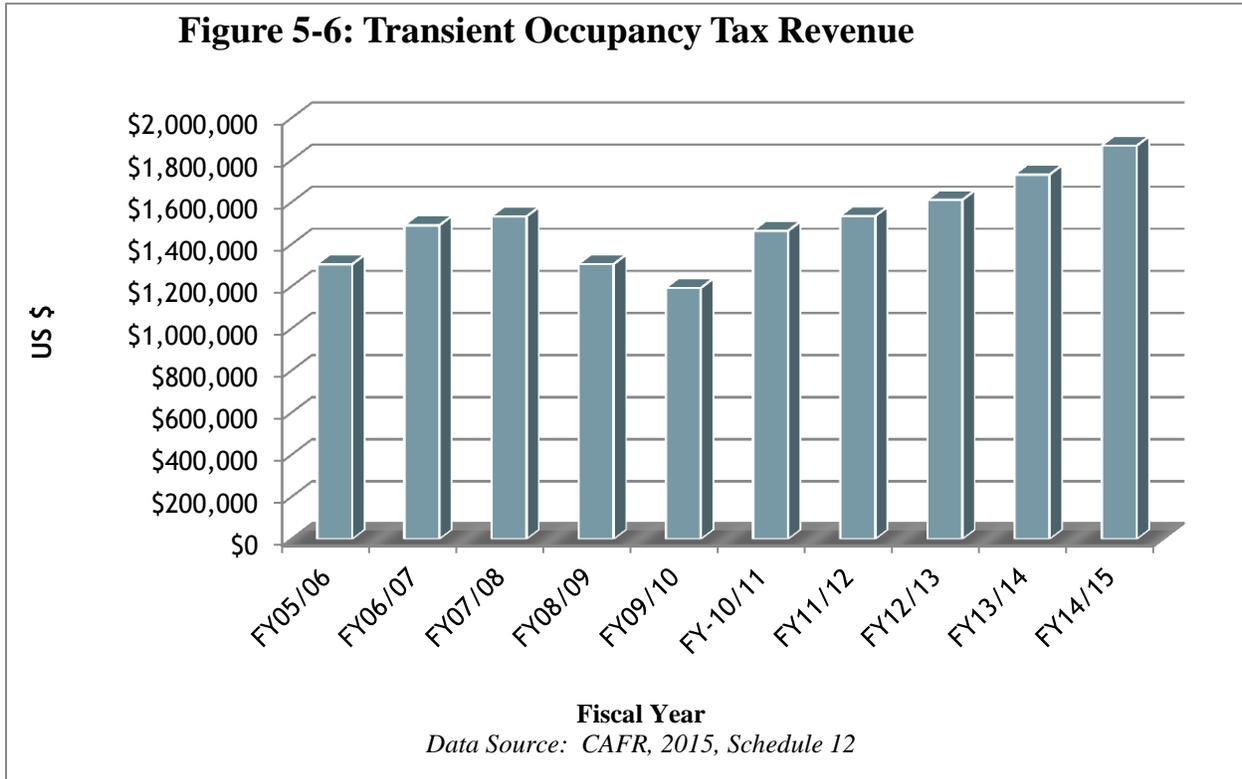
**Property Tax Revenue**

Annual property tax revenue is used as a fiscal indicator for cities. Although property tax revenue can be relatively stable, it does lag approximately two years behind changes in market conditions. In 2015, St. Helena received over \$3 million in property tax revenue as shown in Figure 5-5 below. During the ten year study period, property tax revenue was at its lowest in FY05/06 and took a dip in FY 07/08. Tax revenue has increased since then. This increase is likely due to increased property values as the region recovers from the national economic recession of 2008-2009. These data were derived from Schedule 5 of the City’s Annual Financial Report, 2015.



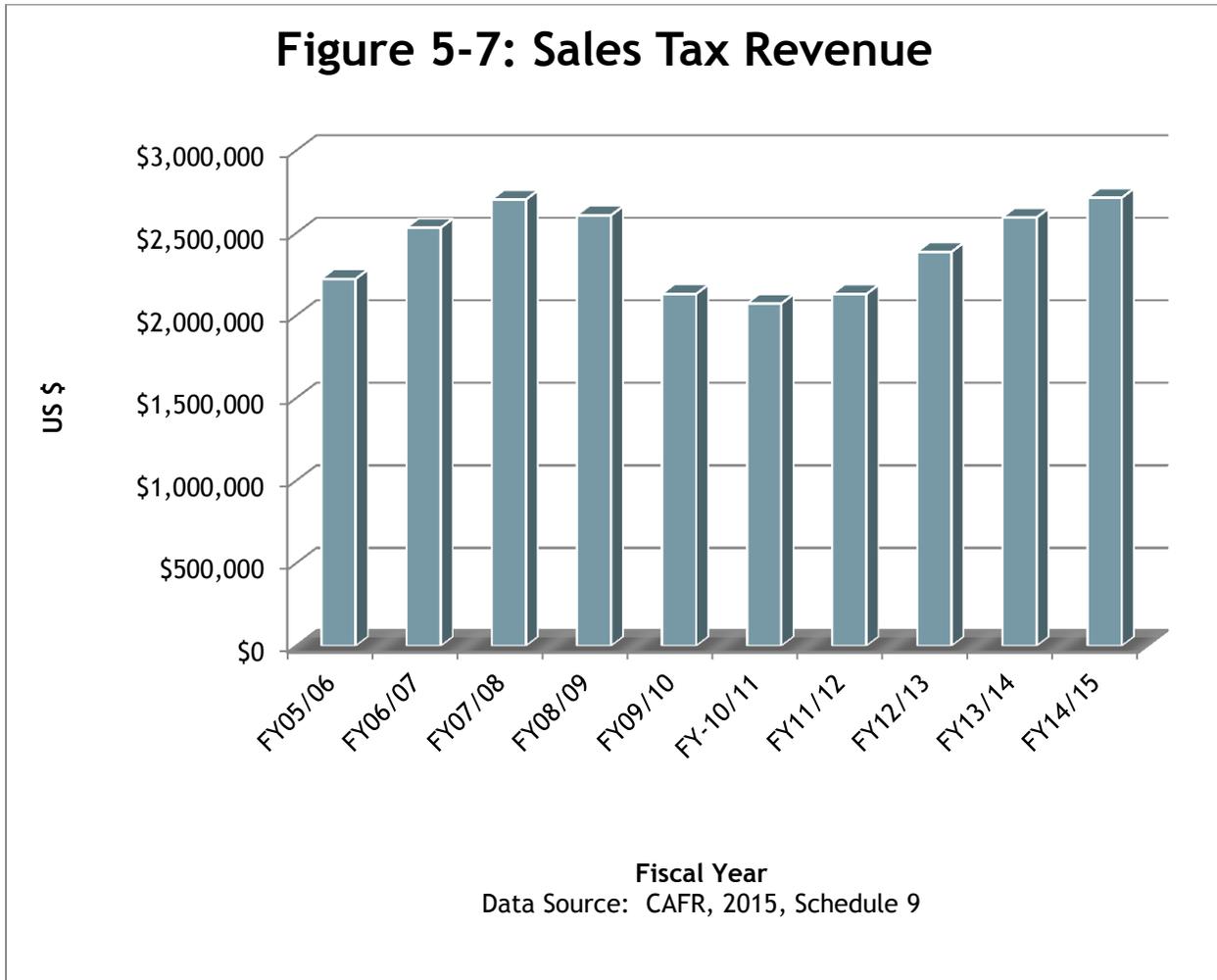
**Transient Occupancy Tax**

In 2015, the Transient Occupancy Tax represented 9.54% of the City’s total revenue and totaled almost \$1.9 million, as shown in Figure 5-6 below. The revenue from the Transient Occupancy Tax has been variable over the ten-year study period.



**Sales Tax Revenue**

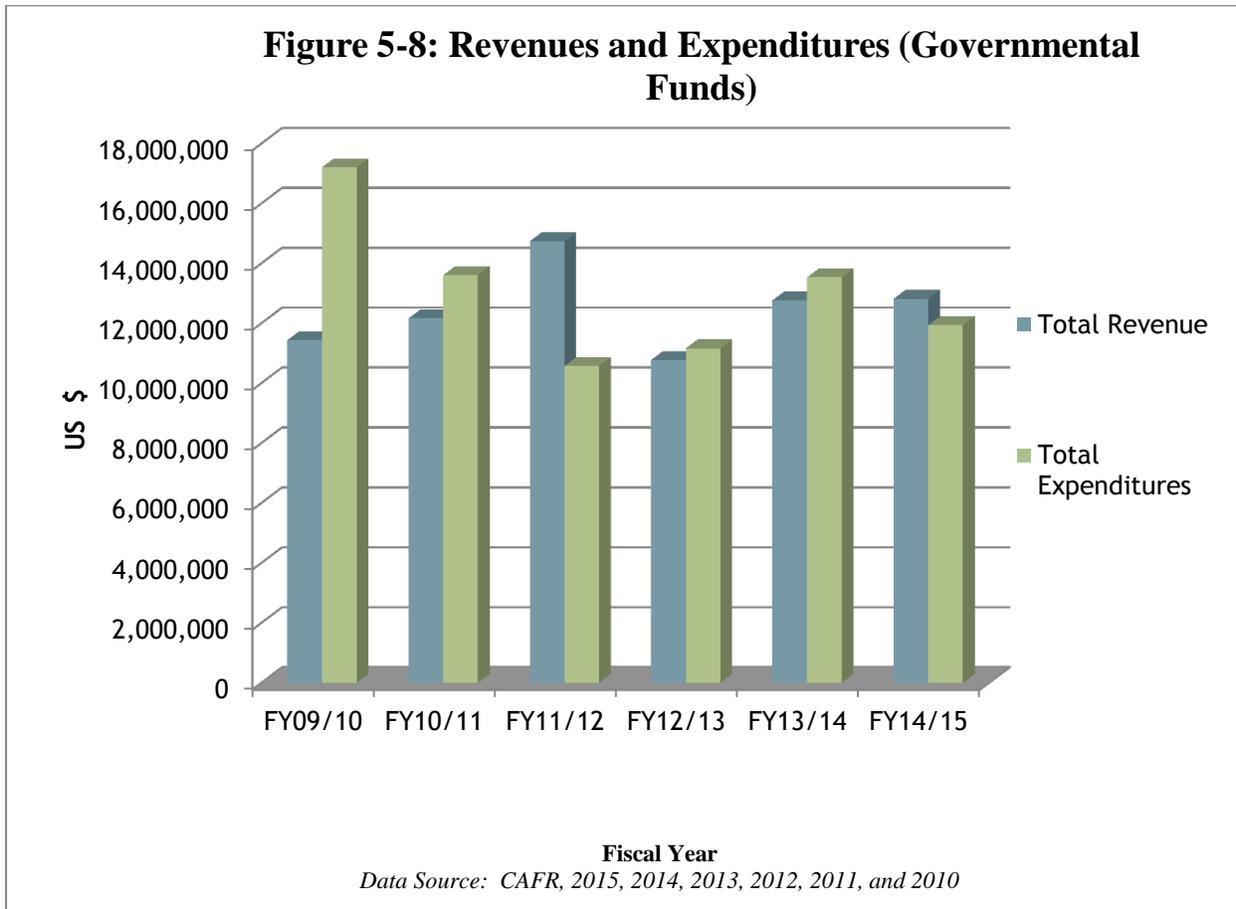
Annual sales tax revenue is used as a fiscal indicator for cities because it can help determine sensitivity to changes in local economic conditions, possibly impacting the ability of cities to fund and provide services. In 2015<sup>34</sup>, sales tax revenue in St. Helena was approximately \$2.7 million, as shown in Figure 5-7 below. Sales tax revenue has increased since FY10/11 and has remained steady during the FY12/13 to FY14/15 timeframe.



<sup>34</sup> In November 2016 City voters approved a local 0.50 percentage point local sales tax measure that is projected to bring in an additional \$1.4 million annually in general fund revenue.

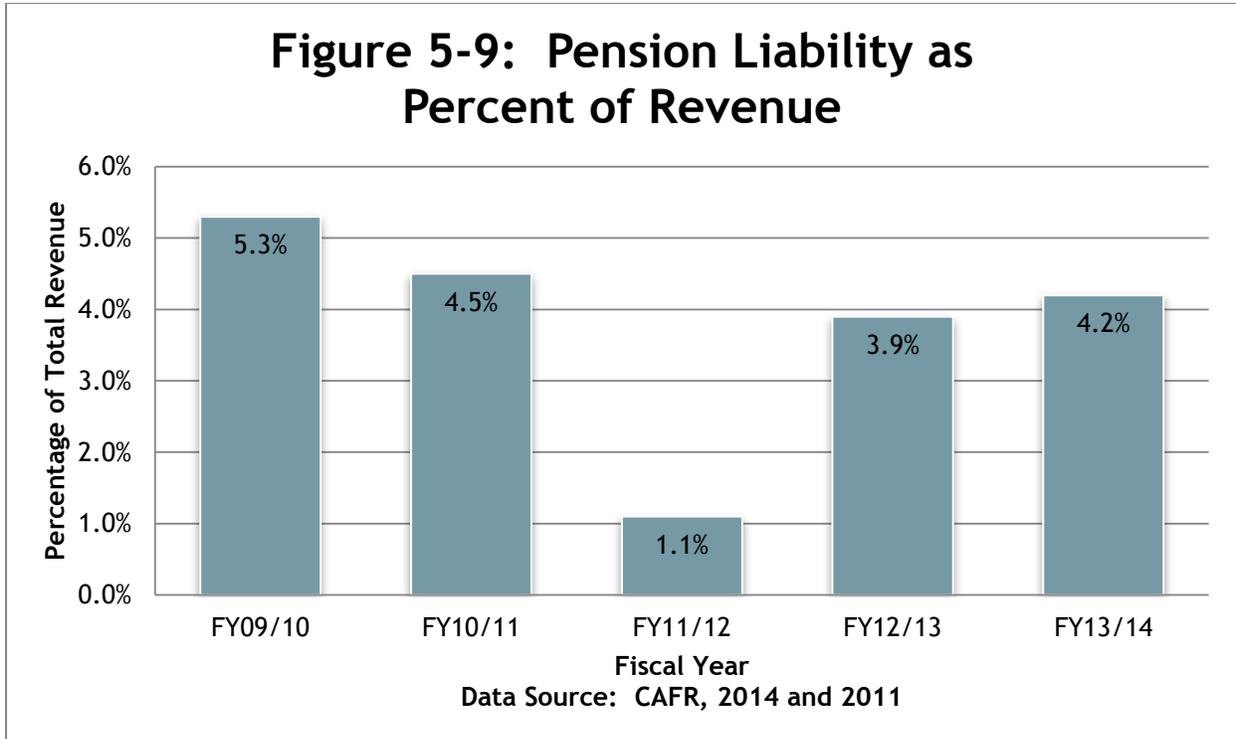
**Revenues vs. Expenditures**

Expenses exceeded revenues in four out of the six years studied as shown in Figure 5-8 below. City revenues are variable and took a dip in FY12/13. City expenses are also highly variable and although expense declined in FY 11/12, they have increased since then. In FY 14/15 the City’s revenues for governmental funds was \$12.8 million and expenses were \$11.9 million. This represented a positive difference of less than \$1 million.



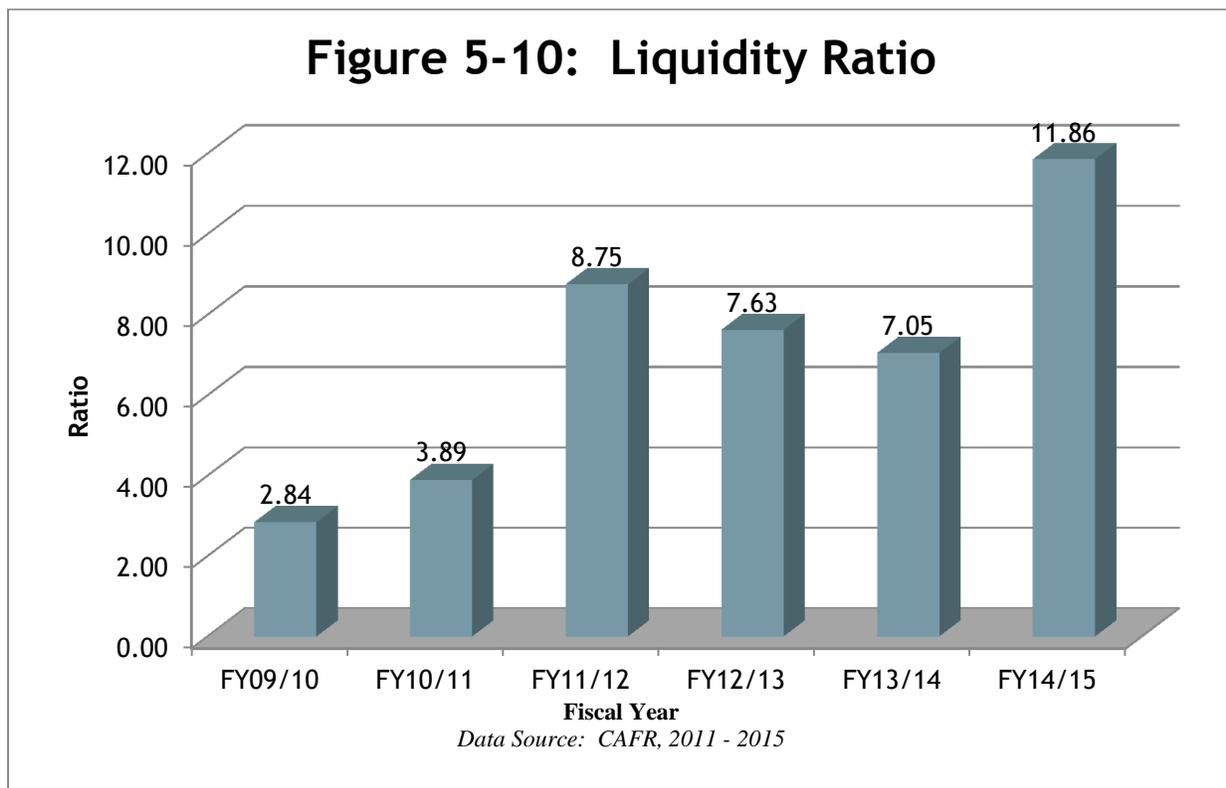
**Pension Payments**

The amount of pension payments as a percentage of total revenues is a fiscal health indicator, as shown in Figure 5-10, below. This was calculated by dividing the annual pension cost by the total revenue of both government and business funds. In 2015, the City changed the way it described pension for workers and therefore the data was not easily integrated. In FY 13/14, annual pension costs for regular employees totaled \$437,035. Annual Pension Costs for safety employees was \$415,738. Total revenue was \$20 million. The ratio between pension costs and total revenue was 4.2 percent as shown in Figure 5-9 below.



### **Liquidity Ratios**

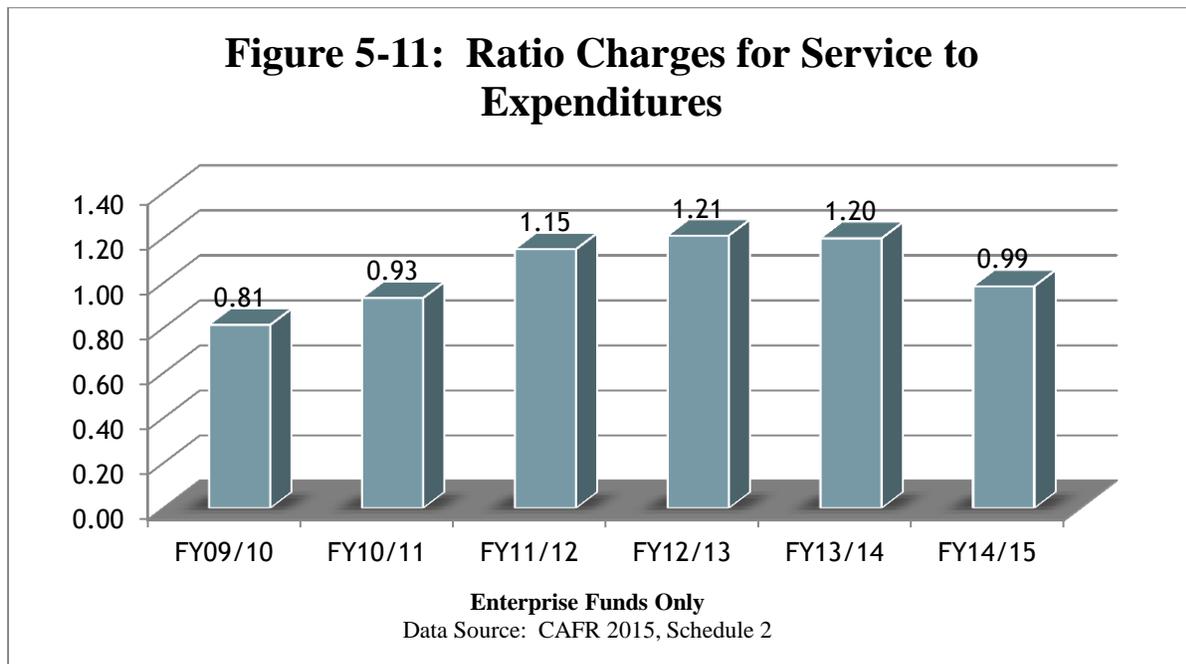
Liquidity measures a government's ability to meet its short-term obligations. A high ratio suggests a government is able to meet its short-term obligations. This liquidity ratio was calculated by dividing "cash and cash equivalents" by "current liabilities". The data for Figure 5.11, below was derived from the Statement of Net Assets within the CAFR, years 2011 to 2015, as shown in Table 5-16 below. The Enterprise Funds and the Government Funds were summed together. The City's Liquidity Ratio has been highly variable in recent years. The City was best able to meet its short term obligations in FY 14/15 when the liquidity ratio was 11.86, as shown in Figure 5-10 below.



	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15
Total Cash and Investments	\$11,905,363	\$11,059,668	\$27,300,230	\$26,409,407	\$24,897,696	\$22,632,086
Current Liabilities	\$4,185,067	\$2,841,917	\$3,118,656	\$3,463,339	\$3,531,503	\$1,908,873
Cash/Liabilities	2.84	3.89	8.75	7.63	7.05	11.86
<i>Data Source: Statement of Net Position/Assets, CAFR 2015, 2014, 2013, 2012, 2011, 2010, 2009</i>						
<i>Notes: Numbers include both Government &amp; Enterprise Funds. This formula for Liquidity is a ratio of two numbers.</i>						

**Enterprise Fund Ratio of Charges**

The Ratio of Charges for Services (business) is a metric that addresses the extent to which charges for service covered total expenses. A ratio of one or higher indicates that the service is self-supporting. The formula for calculating this ratio is the “charge for service” divided by the “operating expenses”. The operating expenses do not include depreciation. The data originated from CAFR, 2009-2015 in the Statement of Activities and Schedule 2. As shown in Figure 5-11 below, the Enterprise Fund is self-sustaining in some years from an operational basis. However, this does not include the funding needed to support capital improvement projects. In FY 14/15, the City collected \$6,791,748 in fees for water and sewer service, as shown in Table 5-17 below.

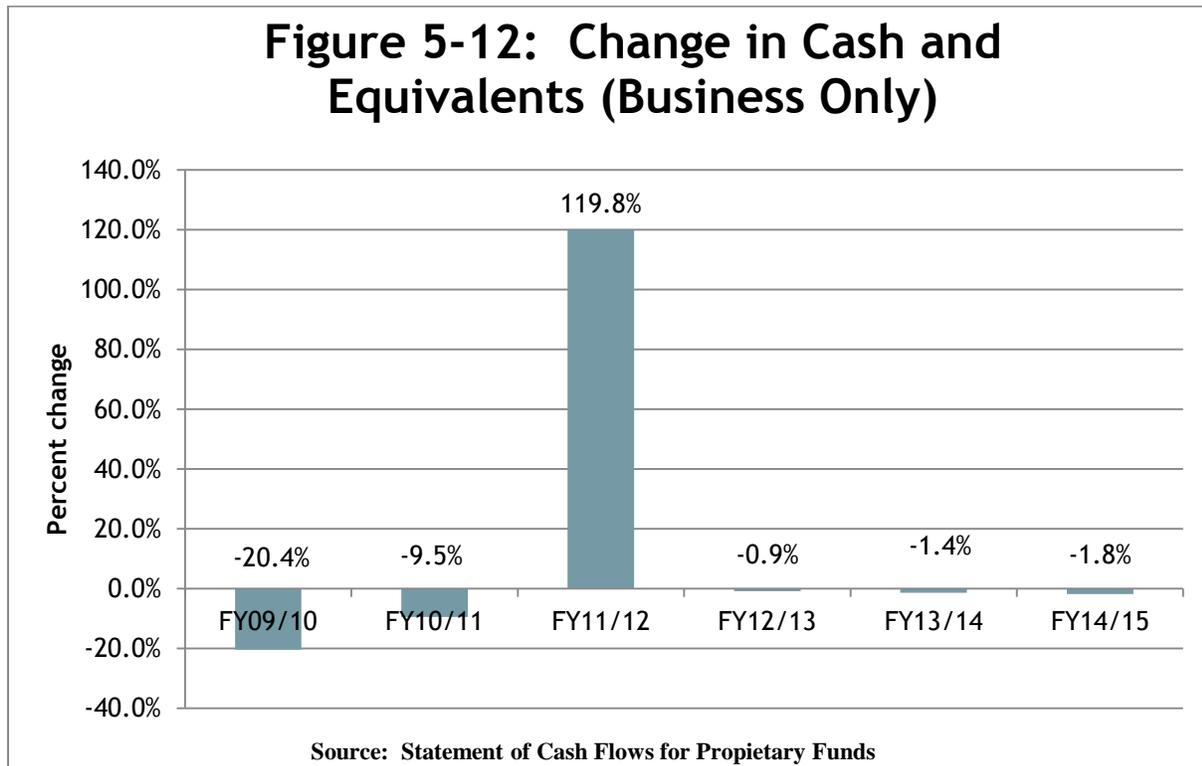


	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15
Charges for Service (revenues)	\$4,511,437	\$5,029,015	\$6,917,842	\$7,116,508	\$7,371,803	\$6,791,748
Operating Expenses (minus depreciation)	\$5,540,842	\$5,387,252	\$6,013,959	\$5,876,701	\$6,149,294	\$6,889,012

*Source of Data: CAFR, 2009-2015, Statement of Activities (charges for service) AND Schedule 2*

**Change in Cash and Cash Equivalents**

Cash and Cash Equivalents are the most liquid assets of an agency’s assets and can be readily converted into cash, as needed. A positive percentage change indicates that an agency’s cash position has improved. The “Change in Cash and Cash Equivalents” metric shown below in Figure 5-12 was calculated by dividing the ending year total cash and cash equivalents for the Enterprise Funds by the previous years. Five the six study years had a negative percentage change, indicating a worsening of the City’s cash position as compared to the previous year. FY11/12 had the largest change and had the largest actual value of cash and its equivalents at the end of the fiscal year (\$15,333,769) as shown in Table 5-18 below.

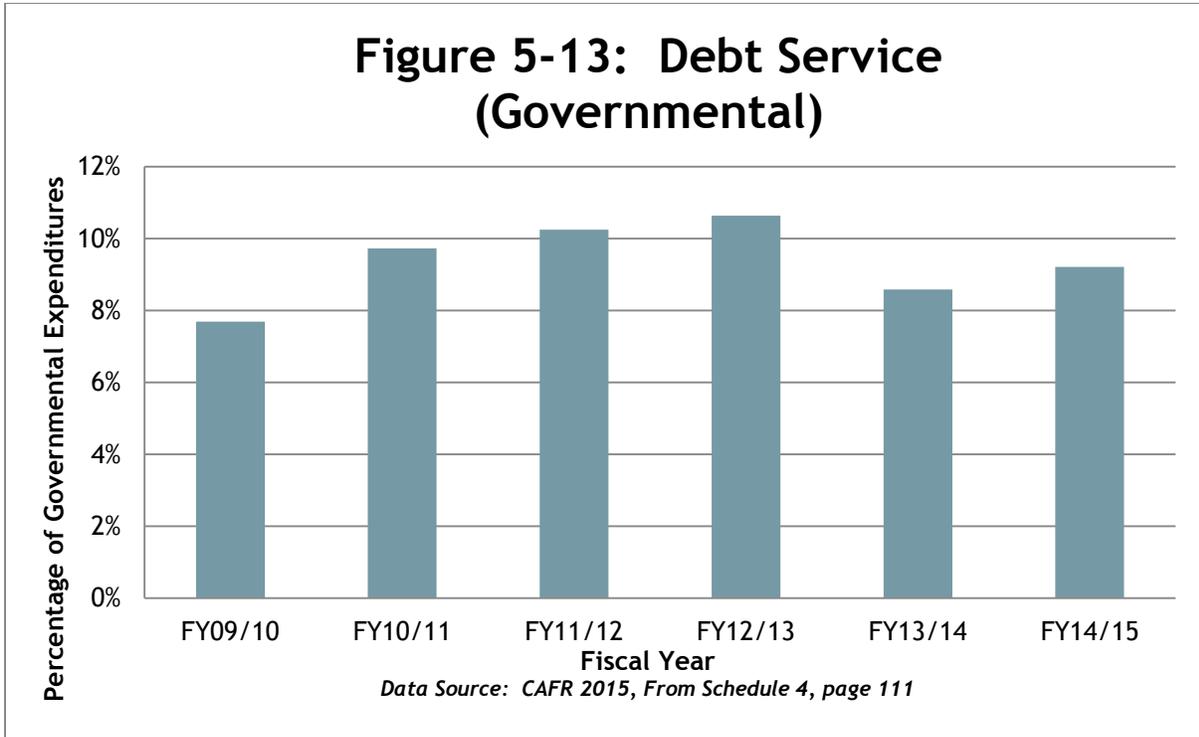


	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15
Beginning Cash and Investments	\$8,934,153	\$7,709,852	\$6,974,853	\$15,333,769	\$15,196,464	\$14,980,491
End Cash and Investments	\$7,109,852	\$6,974,853	\$15,333,769	\$15,196,464	\$14,980,491	\$14,711,039

Data Source: Statement of Cash Flows Proprietary Funds, CAFR 2015, 2014, 2013, 2012, 2011, and 2010

**Debt Service**

The percentage of “Debt Service” to operating expenses (minus depreciation and capital outlays) is used as a fiscal indicator because it considers the service flexibility by determining the amount of total expenses committed to annual debt service. Service flexibility decreases as more resources are committed to annual debt service. In FY 14/15 the annual service on debt related to regular governmental activities was \$945,923 and this represented 7.7 percent of the \$10,269,096 in governmental expenditures, as shown in Figure 5-13 and Table 5-19.

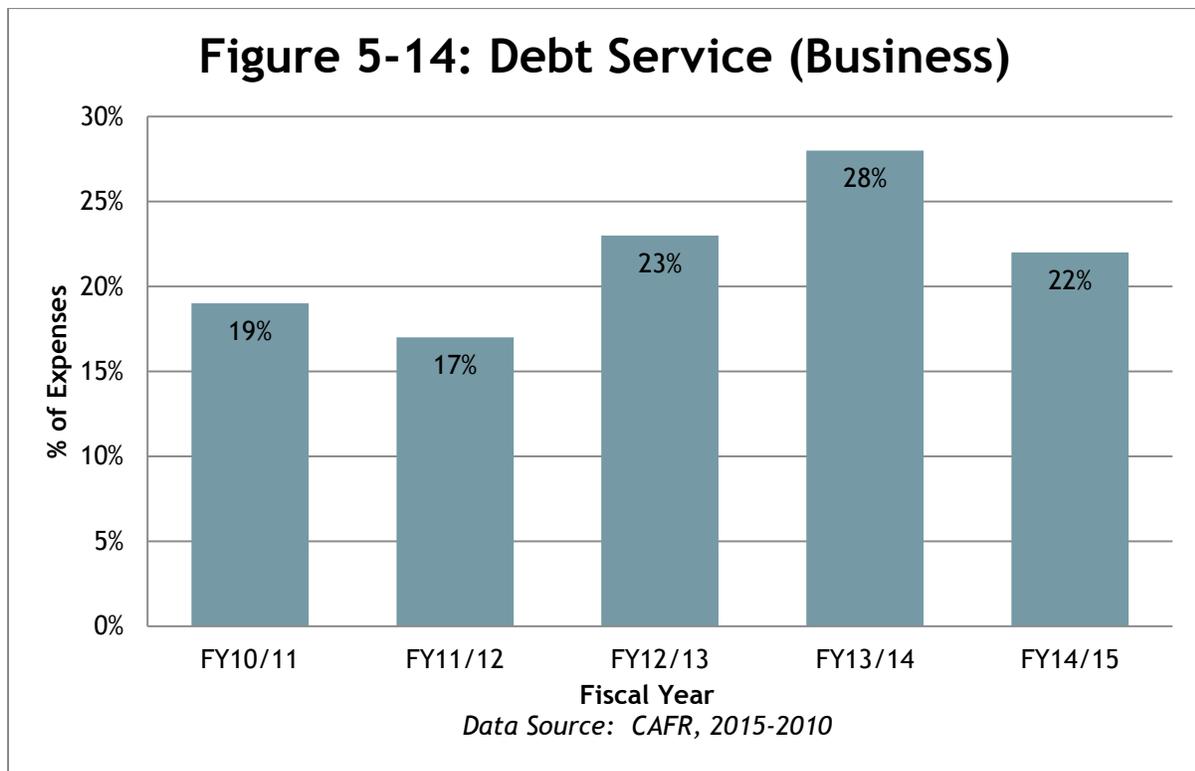


	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15
Annual Gov Debt Service (Principal & Interest)	\$660,646	\$758,874	\$943,983	\$946,735	\$958,451	\$945,923
Operating Expenditures (minus depreciation)	\$8,591,427	\$7,806,621	\$9,208,986	\$8,904,044	\$11,169,023	\$10,269,096

Data Source: CAFR 2015, From Schedule 4, page 111

In St. Helena, water and sewer funds are managed as an “enterprise” fund or business fund that is separate from the general fund. This allows the City to track and ensure that water and sewer customers only pay the amount that is directly required to sustain those services. However, sewer and water infrastructure are quite expensive due to the capital outlay for pipes, treatment plants, and associated facilities. To cover these capital expenses it is common for local governments to take advantage of low interest rates by borrowing money from the state or other sources. As a result, the City has acquired debt for water and sewer services.

In 2015, the joint expenses for the water and sewer system totaled \$ 4,909,841, as shown in Table 5-20 below. Approximately 22% of this was spent on debt service, paying off the principal and interest associated with the above listed loans, as shown in Figure 5-14 below.



	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15
Debt Service (Total)	\$742,002	\$718,516	\$940,385	\$1,256,077	\$1,104,341
Operating Expenses (minus depreciation)	\$3,826,773	\$4,318,907	\$4,127,711	\$4,469,932	\$4,909,841

Source: CAFR, 2010 -2015, Statement of Revenues, Expenses, and Changes in Net Position, Proprietary Funds, and Statement of Cash Flows Proprietary Funds

### Comparison of Revenues Per Acre

The average revenue the City of St. Helena generated on a per acre basis in 2015 was \$3,406 and this is lower than its neighboring Cities of Calistoga and Yountville, as shown below in Figure 5-15. Revenue per acre is used as a fiscal indicator in this MSR/SOI because land development patterns have a significant influence on the finances of a city. A municipality has no management authority over its residents or businesses and they are free to move as they wish. Management of a municipality's water and air resources are regulated for the most part by state and federal agencies. The key management authority of a municipality is its land-use and zoning authority as found in its general plan and ordinances. The revenue per acre metric measures the efficiency of cities in utilizing its land use authority to maximize local revenue generation. Since land is a finite resource, this metric also provides an indication of land-use sustainability (SMA, 2013).

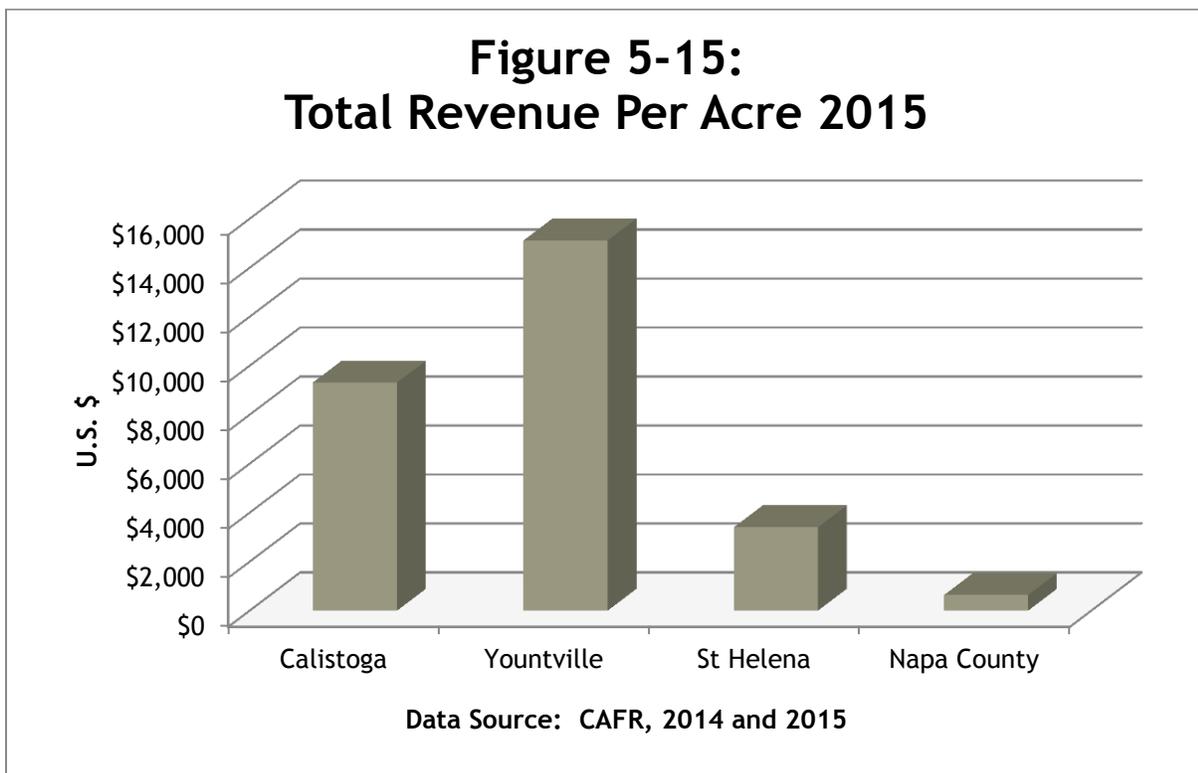


Figure 5-15, Total Revenues Per Acre, shows that the unincorporated area of Napa County generates a much lower amount of revenue on a per acre basis (\$638), as compared to the three cities. This is due to several factors related to different land-use patterns in the unincorporated area, including the preservation of agriculture and open space. The County's Measure J in 1990, as extended by Measure P in 2008, requires the protection of agricultural land in the unincorporated area and focuses residential and commercial development in cities. Another factor is Proposition 13, a statewide ballot initiative passed by voters in 1978, which resulted in a state-wide standard for the amount and distribution of property tax.

# Chapter 6: MSR Determinations

## 6.1: MSR DETERMINATIONS

Based on the information included in this report, the following written determinations make statements involving the service factors the Commission must consider as part of a municipal service review<sup>35</sup>. The determinations listed below are recommendations from LAFCO staff to the Commission. The Commission's final MSR determinations will be part of a Resolution which the Commission formally adopts during a public meeting.

### Growth and Population Projections

1. St. Helena's population 6,004 persons as of January 1, 2015. This represents an increase of 0.32 percent since the 2010 U.S. Census. The average population concentration is 1,177 persons per square mile.
2. St. Helena has been proactive in adopting polices to control the amount of new growth and development in the City. These efforts include an urban limit line.
3. The Association of Bay Area Governments estimates that by the year 2025, the City's population will increase by 100 residents for a total population of 6,100. ABAG generally uses a Compound Annual Growth Rate of 1.10% to project future growth for the City during the next five years. This estimate reflects a regional assumption that growth in the Bay Area will increasingly migrate towards existing urban areas.
4. The County of Napa's existing land use policies for unincorporated lands located within the Planning Area of the St. Helena General Plan limit opportunities for new growth and development contiguous to the City.

### Disadvantaged Unincorporated Communities

5. Since St. Helena is an incorporated city, there are no disadvantaged unincorporated communities within its jurisdictional boundary.
6. A disadvantaged community is characterized as having a median household income of 80 percent or less of the statewide median household income, which is \$49,191. The 2010 U.S. Census found that the median household income in St. Helena is \$78,421. This is significantly higher than the DUC threshold MHI.
7. Within the City limits, one census block group (Tract 2016.01, Block Group 2) has a median household income of \$43,713 which meets the disadvantaged criteria. However, this number has a high margin of error assigned to it from the U.S. Census. Within the City boundary, sufficient water, sewer, and fire protection services are provided. No public health and safety issues have been identified within Census Tract 2016.01, Block Group 2.

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<sup>35</sup> The service factors addressed in this report reflect the requirements of California Government Code §56430(a)

## Present and Planned Capacity of Public Facilities

8. The City of St. Helena has been diligent in developing plans to accommodate the service needs of current and future constituents. St. Helena regularly reviews and updates its service plans to help address infrastructure needs and deficiencies.
9. St. Helena has made significant investments over the last several years in funding various capital improvements and this reflects a concerted effort by the City to maintain the level and range of its municipal services. However, due to budget constraints, the City has fallen behind in key capital improvements and maintenance projects.

### Water Facilities

10. St. Helena's local municipal average annual water demand is approximately 1,790 AF.
11. St. Helena contracts with the City of Napa for an annual water entitlement of 600 AF.
12. Factors that influence the City's ability to supply and/or deliver water to its customers include drought and pipe size.
13. Given the City's reliance on the SWP and potential future shortfalls in water supply during dry or extremely dry water years, it is recommended that the City of St. Helena prepare a brief (3-pages) study of potential for future water supply alternatives, which may include: 1) desalinization, 2) developing a recycled water program, 3) constructing wells [possibly down valley], 4) increased water use efficiency, or 5) other. This study should be prepared by a qualified hydrologist. St. Helena should explore this concept of new future water supply alternatives collaboratively with other municipalities in Napa County. Ideally, this study should be submitted to LAFCO within the next five years, prior to preparation of the next MSR.

### Wastewater Facilities

14. The City provides wastewater collection, treatment and disposal services. The City owned and maintained Wastewater Treatment and Reclamation Plant provides a secondary level of treatment, low maintenance, and advanced integrated pond system that stores treated effluent and disposes effluent by spray irrigation onto a field owned by the City.
15. The City currently provides sewer service to approximately 1,726 connections, of which 75 percent are residential.
16. The City's treatment plant has a permitted dry-weather flow design capacity of 0.5 million gallons per day. The daily average treatment is 0.384 million gallons.
17. Although the City has made improvements to the wastewater collection, treatment, and disposal system over the past several years, additional work is needed.

### Street and Transportation Facilities

20. St. Helena recently received a score of “pavement condition index” at “50” which is “at risk.” This score indicates that pavement in St. Helena is generally deteriorated requiring immediate attention, including rehabilitative work. Of particular concern are Pratt Ave, Sulphur Springs Ave, and Dowdell Ln which were rated as “poor/failed”. The Pratt Avenue Bridge, in particular, was recently closed as a result of a slide on the east side of Silverado Trail. St. Helena has made paving improvements, but additional improvements are still needed to increase the City’s pavement condition index rating.

### Financial Ability of Agency to Provide Services

21. The City adopts a comprehensive budget and receives an audited financial statement on an annual basis.
22. St. Helena is one of the few cities that prepares longer-term financial forecasts and uses the forecast to run scenarios. St. Helena’s 2016-2026 Long Range Financial Forecast allows the City to project its future ability to fund municipal service delivery and to plan for future improvements. This is a solid business practice for a small city such as St. Helena.
23. It is recommended St. Helena include an economic scenario in the Long Range Financial Forecast that projects revenues and expenses in a manner that contemplates a major recession.
24. Both the Water and the Wastewater Enterprise Funds are managed in a manner that meets the requirements of state laws. St. Helena recently enacted significant rate increases for its municipal water and sewer services to avoid using Enterprise Funds to subsidize the General Fund.
25. At the end of fiscal year 2014 -2015, the City carried \$33.8 million in long-term debt and capital lease obligations, primarily related to the water and wastewater systems.
26. St. Helena adopts its budget at public meetings in which members of the public are allowed to comment with regard to expenditures and service programs. The budget process enhances the accountability of elected officials and provides a clear directive towards staff with regard to prioritizing local resources.
27. St. Helena’s rates and fees for municipal services are established by ordinance or resolution. The ordinances or resolutions are based on staff recommendations and adopted by the City Council. This administrative process provides an opportunity for public input and strengthens the ability of St. Helena to allocate costs with the desired levels of service of its constituents.
28. St. Helena has been proactive in establishing and implementing a number of impact fees relating to new development. These fees help ensure that St. Helena is practicing an appropriate level of cost-recovery as it relates to serving new development in a manner that is equitable to existing constituents.
29. St. Helena periodically reviews and updates its rates for public services.

30. St. Helena benefits from participating in a number of cost-sharing programs with other local governmental agencies as described in Chapter 4.4 of this MSR. These programs promote the benefits of regional partnerships and provide significant cost-savings in providing key governmental services, such as affordable housing, regional waste service coordination, and public transit.
31. St. Helena maintains a five-year capital improvement plan to coordinate the financing and construction of needed infrastructure and facility improvements. This process enables St. Helena to maximize its operational efficiencies while avoiding unnecessary expenditures associated with deferring improvements.
32. St. Helena's annual budget process includes several checks and procedures during the fiscal year to help allocate available funding in a manner that ensures adequate municipal service levels. However, the City continues to have several unfunded needs.
33. The City generated \$3,406 per acre in average revenue in 2015 and this is lower than its neighboring Cities of Calistoga and Yountville. This indicates that St. Helena's administration of its land-use authority is less fiscally sustainable than neighboring cities and explains some of the financial difficulties the City has experienced in past years.
34. In FY14/15, St. Helena collected approximately \$1,870,180 (total) in transient-occupancy tax revenues which represents 10 percent of annual total revenue. As a percentage of revenue, this is much lower than the transient occupancy tax revenue collected by the City of Calistoga (31.7%) and the Town of Yountville (45%).
35. St. Helena's total revenues from all governmental and enterprise type activities in fiscal year 14/15 were approximately \$ 19.61 million. The City receives revenue from several sources including sales tax, property tax, grants and other sources. Almost 35 percent of St. Helena's total revenue is generated from charges for water and sewer service, which are enterprise funds. Most of the other revenues are utilized in the Agency's general fund. Property tax, sales tax, and transient occupancy tax account for about 76% of all general fund revenues and 45% of total revenue. The City has multiple revenue streams.

## Opportunities for Shared Facilities

36. St. Helena has a solid track record of working cooperatively with neighboring jurisdictions.
37. St. Helena participates in joint-power arrangements with the Upper Valley Waste Management Agency, the Napa Valley Transportation Authority, and the Napa County Flood Control and Water Conservation District and others. These arrangements help maximize local resources among participating agencies in providing garbage collection, public transportation, and flood control services within their respective jurisdictions.
38. LAFCO's 2012 Law Enforcement MSR noted that the City has its own competitive procurement processes with respect to purchasing motor vehicles for law enforcement services. It would seem reasonable and more efficient for St. Helena to consider pooling its respective resources and establish a joint procurement process with other local agencies such as American Canyon, Calistoga, Napa, and/or the County Sheriff.

Their combined buying power would presumably produce cost-savings (LAFCO, 2012). This recommendation remains relevant to the City of St. Helena.

39. LAFCO's 2012 Law Enforcement MSR noted that "Calistoga and St. Helena should consider the merits of establishing a joint dispatch system for law enforcement for their respective jurisdictions. This type of joint arrangement, as evident in other parts of the county, would enhance communication and delivery of emergency response services for a relatively confined area that shares similar social and economic communities of interest" (LAFCO, 2012). This recommendation remains relevant to the City of St. Helena.

## Accountability for Community Service Needs

40. St. Helena City Council meetings are held twice a month and are open to the public.
41. Regularly scheduled meetings provide an opportunity for residents to ask questions of elected representatives and help ensure service information is effectively communicated to the public. The meetings are noticed and conducted according to the Brown Act.
42. St. Helena provides effective services through its council-manager form of government, and utilizes other governmental advising bodies, community organizations, and the general public to help inform its decision-making process. Through this structure, public engagement is encouraged and City plans and programs reflect citizen input.
43. St. Helena has utilized its General Plan and other planning tools to:
- Steer a course for its own future
  - Promote economic development
  - Protect historic areas, neighborhoods, and farmland
  - Limit the obligations of government by strategic building and maintaining infrastructure through capital improvement planning and investments.
44. In the past, St. Helena established water service to approximately 350 properties located outside its incorporated boundary. LAFCO and St. Helena must work together to ensure new and extended services provided by the City outside its jurisdiction are consistent with the provisions of California Government Code Sections 56133 and 56133.5, including AB 402 and the recommendations of this MSR/SOI Update.
45. The Institute for Local Government's Sustainability Best Practices Framework offers options for cities and water service providers to take local action concerning Energy Efficiency & Conservation, Water and Wastewater Systems, Waste Reduction and Recycling, and other civic topics as described here: [http://www.ca-ilg.org/sites/main/files/file-attachments/sustainability\\_best\\_practices\\_framework\\_7.0\\_version\\_june\\_2013\\_final.pdf](http://www.ca-ilg.org/sites/main/files/file-attachments/sustainability_best_practices_framework_7.0_version_june_2013_final.pdf). When St. Helena next develops new programs or policies on water, wastewater, or waste reduction it is recommended that some of the ideas listed in the Best Practices Framework be briefly reviewed.

### **Accountability of Police Services**

46. The City's Police Department is effectively managed and is responsive to current community needs.
47. LAFCO's 2012 MSR on Law Enforcement noted the following: "The planning and delivery of local law enforcement services are generally guided by qualitative goals outlined in the six affected agencies' general plans. Measuring the achievement of these goals would be strengthened by each affected local agency establishing quantitative standards to help track performance and inform decision-making as it relates to current and future resource needs." This recommendation remains pertinent to the City of St. Helena.
48. LAFCO's 2012 MSR on Law Enforcement noted the following: "Calistoga and St. Helena's geographic and socioeconomic similarities suggest there may be viable opportunities to share and/or combine resources in delivering law enforcement services within their respective jurisdictions. This includes back-officing dispatch." This recommendation remains pertinent to the City of St. Helena.
49. LAFCO's 2012 MSR on Law Enforcement noted the following: "Visitors are an integral component in supporting Napa County's economy as evident by sales and transient-occupancy tax revenues and create additional and fluid demands on all six local law enforcement agencies." This determination remains pertinent for the City of St. Helena.
50. SHPD shares alerts, crime statistics, and police logs during City Council meetings. It is recommended that reports on alerts, crime statistics, and police logs be accessible via the SHPD's web page.
51. The SHPD averaged roughly 4,567 calls for service from 2008-2015 with general consistency across all years. There were 4,622 calls for service in 2014. There was a high ratio of 75 service calls for every one reported crime in 2014. This high ratio appears to be attributed to "community casualness" in contacting the police on a variety of issues as noted in LAFCO's 2012 Law Enforcement MSR. In FY 14/15, SHPD made 187 physical arrests and issued 398 traffic citations (St. Helena, CAFR, 2015).
52. In 2014 the Department reported a total of 62 crimes to the FBI and this represents 10.4 crimes per thousand persons on an annual basis. This is significantly lower than the statewide average of 287 crimes per 1,000 persons.
53. LAFCO's 2012 Law Enforcement MSR noted that "It would seem appropriate for Calistoga and St. Helena, given the costs and related challenges associated with sustaining relatively small stand-alone departments, to consider structural alternatives in providing law enforcement services. This includes - based on a cursory review of potential alternatives - the two affected local agencies exploring the feasibilities of forming a joint-powers authority with one another and/or one or both agencies contracting with County Sheriff." This recommendation remains relevant to the City of St. Helena. Furthermore, it is recommended that the St. Helena Police Chief work with the Calistoga Police Chief to submit a brief (two-pages) joint analysis of this issue to LAFCO prior to the next City MSR.

### **Accountability for Fire Services**

54. The St. Helena Fire Department is the primary service provider for fire protection services within City limits including fire protection, both prevention and suppression; public life safety education; emergency medical and rescue services; response to natural and man-made disasters; and response to incidents involving hazardous materials.
55. The St. Helena Fire Department responded to 763 calls for service within its 50-square mile service area in 2015 and 741 calls for service in 2014.
56. In the unincorporated area near St. Helena, fire protection is managed through contract and mutual aid services. Specifically, St. Helena has mutual aid agreements for fire service with Calistoga, Napa County, City of Napa and Sonoma County. Under its contract with Napa County, the St. Helena Fire Department receives fees for fire inspections and reimbursements.

### **Relationship with Regional Growth Goals and Policies**

57. St. Helena is entirely surrounded by lands designated by the County of Napa for agricultural land uses. The majority of these surrounding agricultural lands are protected from land use redesignations by the voter-approved Measure J adopted in 1990. These agricultural land use protections were reaffirmed by voters with the passage of Measure P in 2008. It is a basic policy of the County of Napa that lands designated for agricultural land uses shall not be included within a city's jurisdictional boundary for purposes of urban development. Based on these regional growth goals and policies, expansion of St. Helena's jurisdictional boundary is unlikely within the timeframe of this review.
58. The Metropolitan Transportation Commission and the Association of Bay Area Governments recently adopted Plan Bay Area 2040, which serves as the Regional Transportation Plan and Sustainable Communities Strategy for the San Francisco Bay Area. This document discusses how the Bay Area will grow over the next 20 years and identifies transportation and land use strategies to enable a more sustainable, equitable, and economically vibrant future. Plan Bay Area 2040 contemplates growth and development occurring within heavily populated metropolitan cities such as Oakland, San Jose, and San Francisco. Plan Bay Area 2040 is neutral for St. Helena with respect to priority development areas. However, significant projected growth and development in other parts of the Bay Area will result in economic, environmental, and traffic impacts for St. Helena as well as the entire Napa County.

# CHAPTER 7: SPHERE OF INFLUENCE ANALYSIS AND DETERMINATIONS

## 7.1: SPHERE OF INFLUENCE UPDATE OPTIONS

### Sphere of Influence Considerations

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (“CKH Act”) requires that LAFCO review and update the Sphere of Influence (SOI) for each city and special district within the county every five years, as needed. In determining the SOI for an agency, LAFCO must consider and prepare written determinations with respect to five specific factors [Government Code §56425(e)]. These factors relate to the present and planned land uses including agricultural and open-space lands, the present and probable need for public facilities and services, the present capacity of public facilities and adequacy of public services, the existence of any social or economic communities of interest in the area, and the present and probable need for public facilities and services of any disadvantaged unincorporated communities within the existing sphere. Further, specific Napa LAFCO policies that are relevant for the St. Helena SOI update include the following:

- City SOIs are intended to be guides for urban growth and development (General Policy Determinations Section III(C)(1))
- City SOIs should reflect existing and planned service capacities (General Policy Determinations Section III(C)(2))
- The Commission shall use the County General Plan to identify designated agricultural and open-space lands (General Policy Determinations Section III(C)(3))
- City SOIs generally shall not include lands designated as agricultural or open-space for the purpose of urban development (General Policy Determinations Section III(C)(4))
- The Commission discourages inclusion of vacant or undeveloped land within city SOIs that requires extension of urban facilities, utilities, and services where infill is more appropriate (General Policy Determinations Section III(C)(5))
- City SOIs generally guide annexations within a five year planning horizon (General Policy Determinations Section III(C)(6))
- City SOIs shall be developed in cooperation with input from cities and the County (General Policy Determinations Section III(C)(8))
- The Commission encourages cities to first develop vacant and undeveloped infill lands, and discourages the premature conversion of agricultural and open-space lands to urban uses (General Policy Determinations Section III(C)(8)(a))

Napa LAFCO policies and the CKH Act also require the relevant MSR data be utilized to document service, facility, and financial capacities.

This chapter represents Napa LAFCO's scheduled SOI update for the City of St. Helena. The most recent comprehensive update of St. Helena's SOI was approved by the Commission in August 2008 as part of LAFCO Resolution #08-08 and resulted in the addition of approximately 245 acres of existing jurisdictional lands east of Silverado Trail to the City's SOI.

## Objective

The objective of this Chapter is to identify and evaluate areas that warrant consideration for inclusion or removal from St. Helena's SOI as part of a comprehensive review. The intent is to be consistent with the provisions of the CKH Act and the Commission's adopted policies. The Commission's General Policy Determinations provide direction with respect to establishing and amending an agency's SOI in relationship to local conditions and circumstances.

## Existing Sphere of Influence

St. Helena's SOI was established by the Commission in 1974. The Commission designated the SOI to be coterminous with St. Helena's incorporated boundary with the notable exception of excluding an approximate 245-acre hillside area located along Howell Mountain Road east of its intersection with Silverado Trail. The Commission's decision to exclude the incorporated hillside area from the SOI was consistent with its determination one year earlier to approve St. Helena's request to detach these lands after a planned 148-lot subdivision failed to materialize. Detachment proceedings, however, were abandoned due to sufficient protest from property owners. The Commission also excluded from the SOI an approximate 95-acre detached incorporated area comprising the lower portion of Bell Reservoir, which is owned and used by St. Helena as the City's primary water supply.

The Commission has approved three amendments to St. Helena's SOI since its establishment in 1974. The first amendment was approved in 1994 and extended the SOI as part of concurrent annexation proposal to add an approximate 8.1-acre area located next to the City's Lower Reservoir and the site of a water storage tank. The second amendment was approved in 1997 and reduced the SOI as part of a concurrent detachment proposal to exclude an approximate 2.4-acre area located near the intersection of State Highway 29 and Deer Park Road. The third amendment occurred in 2008 when LAFCO added 245 acres to the City's SOI to include this hillside area located along Howell Mountain Road east of its intersection with Silverado Trail (See LAFCO Resolution #08-08). This area was annexed to St. Helena in 1966 but excluded from the SOI at the time of its establishment in 1974.

In terms of proportions, St. Helena’s SOI is approximately 2,951 acres or 4.6 square miles in size. The SOI includes a total of 2,302 assessor parcels with an average size of 1.28 acres. The SOI is coterminous with the City’s boundary, as shown in Table 7-1, below. A map of the Agency boundaries and SOI is provided as Figure 2-1.

Table 7-1: Geographic Summary for City of St. Helena		
	Incorporated Boundary	Sphere of influence
Total Acres	3,046 acres	2,951 acres
Square Miles	4.7	4.6
Number of Assessor Parcels	2,304	2,302
<i>Data Source: City of St. Helena EIR on Draft General Plan, May 2016 and Napa County GIS data</i>		

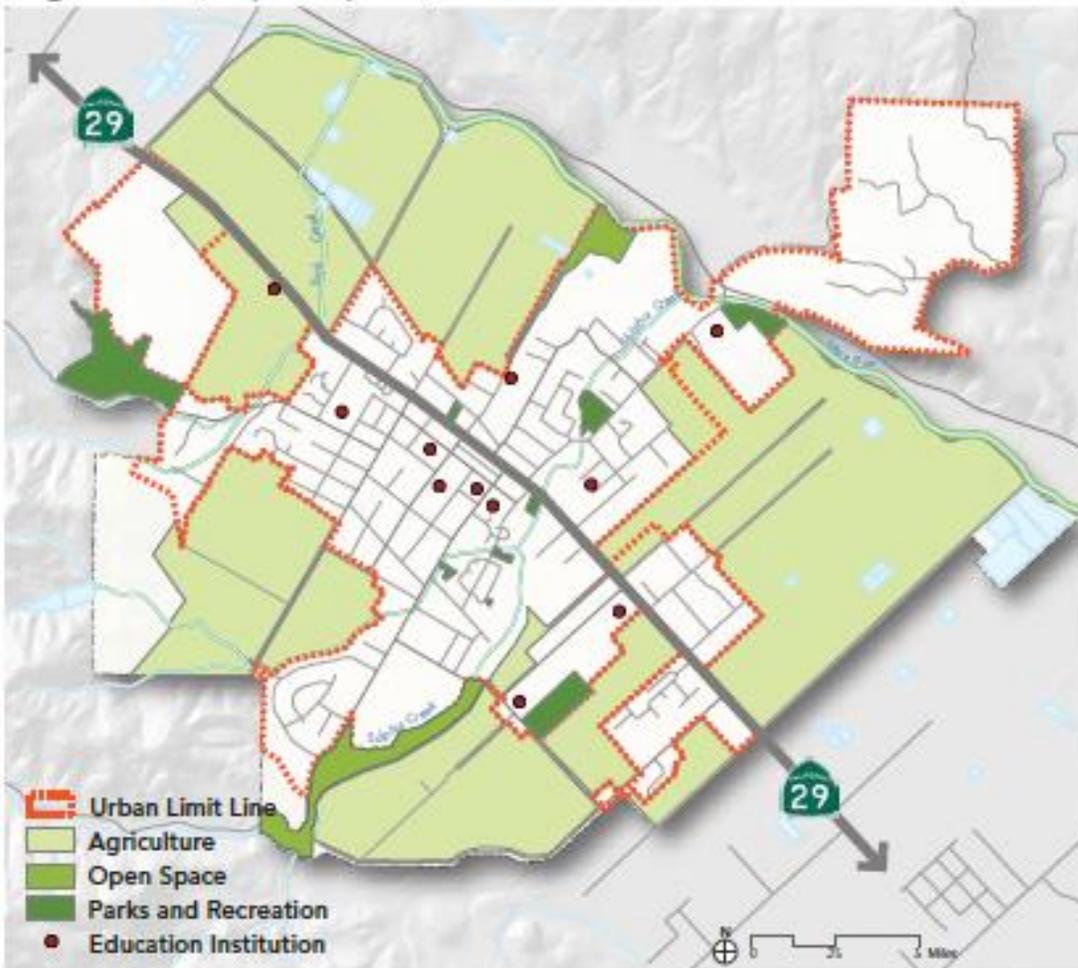
## SOI BACKGROUND INFORMATION

The intent of an SOI is to identify the most appropriate areas for an agency’s probable future service area. Pursuant to Napa LAFCO policies relating to SOIs, LAFCO discourages inclusion of land in an agency’s Sphere if a need for services provided by that agency cannot be demonstrated. Accordingly, territory included in an agency’s Sphere is an indication that the probable need for service has been established, and that the subject agency has been determined by LAFCO to be the most logical service provider for the area. The St. Helena Draft General Plan Update 2035 identifies almost 1,500 acres of agricultural, park, and open space land located within the existing City limits. Although developing these lands at some point in the future would be inconsistent with City policy, Figure 7-1 on the following page does show that if City policies were to change, there is a sufficient quantity of land within existing boundaries to host infill development, provided that zoning, CEQA, and other requirements can be met. City of St. Helena staff<sup>36</sup> has identified specific areas located outside its boundaries that require services from the Agency. St. Helena staff has also communicated an interest in expanding the City’s SOI. Toward this end, this report includes evaluation of four study areas for potential SOI expansions as requested by City staff.

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<sup>36</sup> Personal correspondence with Noah House, Planning Director, and Larry Pennell, former Interim City Manager, St. Helena, April 2017.

**Figure 7-1: Agricultural Land within City's Boundary**  
Source: St. Helena Draft General Plan Update 2035



Presented within this Chapter are SOI Options for the City of St. Helena. The options presented are not mutually exclusive, but can be utilized in combination to allow the Commission to adopt the most appropriate SOI update for the City. SOI Options are presented, followed by a discussion of the options, along with a matrix of SOI factors that LAFCO considers in updating an SOI.

## Agricultural Preservation

Agricultural preservation has long been important to the citizens of Napa County and the County's policies aim to ensure a sustainable future. This approach has eased Napa County's retention of its prime vineyard lands in production as compared to the large tracts of farmland in other parts of the Bay Area which have been urbanized. Notably, the County established the first Agricultural Preserve in California in 1968. Further, Measure J was adopted by County voters in 1990 for purposes of providing an elevated level of agricultural protection. Measure J's term was extended beyond the original sunset date of 2020 when the voters adopted Measure P in 2008. Measure P is scheduled to sunset in the year 2058. Policies and regulations that implement Measure J and P are included in the Napa County General Plan and the Napa County Zoning Ordinance (Napa County, 2013b). Measures J and P require a majority vote of the County's citizens to redesignate land from agriculture to a different use. Only a handful of these rezoning attempts have passed, and all were very specific, such as allowing the sale of pumpkins and produce in a rural site and allowing a local restaurant to serve meals on its existing patio. The resistance the local citizenry has shown to rezoning attempts reflect local values and the importance placed on agricultural land. Additional details regarding the importance of the Agricultural Preserve can be found in Appendix G, Napa Vintners: 40 years of Agricultural Preservation.

Although Measures J and P and the Napa County General Plan are important in the context of countywide land use planning, they do not apply to local cities such as St. Helena. Since local jurisdictions retain land-use authority, city councils and/or planning commissions have the ability to rezone land from Agriculture to other uses. Since cities can rezone properties without putting the rezoning in front of the voters and since cities are not required to comply with the Napa County General Plan or County Ordinances, allowing new and diverse land uses is significantly more probable within a city. This relates to the sphere of influence update given that a potential future annexation of land into a city allows the city to rezone an annexed parcel from Agricultural Preserve to a non-agricultural use. However, it should be noted that rezoning has not been proposed and is not currently contemplated by the City of St. Helena. This paragraph merely describes what could be possible at some future date if certain actions are taken.

## Summary of Sphere Update Process

This Chapter presents options for updating the SOI for the City of St. Helena. The presented options are informational and may assist the Commission in considering next steps. When LAFCO moves to choose a specific option for updating the SOI, the Commission may request additional information from LAFCO staff or St. Helena at that time. LAFCO's process provides for a meeting/conference between cities and the County prior to updating a city's SOI. Additionally, the Commission will hold a public hearing and adopt written statements of fact regarding the SOI prior to or in conjunction with adopting any option for a specific update. Consideration of requirements of the California Environmental Quality Act could also be

required. This SOI analysis relied upon a wide range of information as detailed in Chapter 9, References. When requesting SOI study areas, City staff relied upon the following factors:

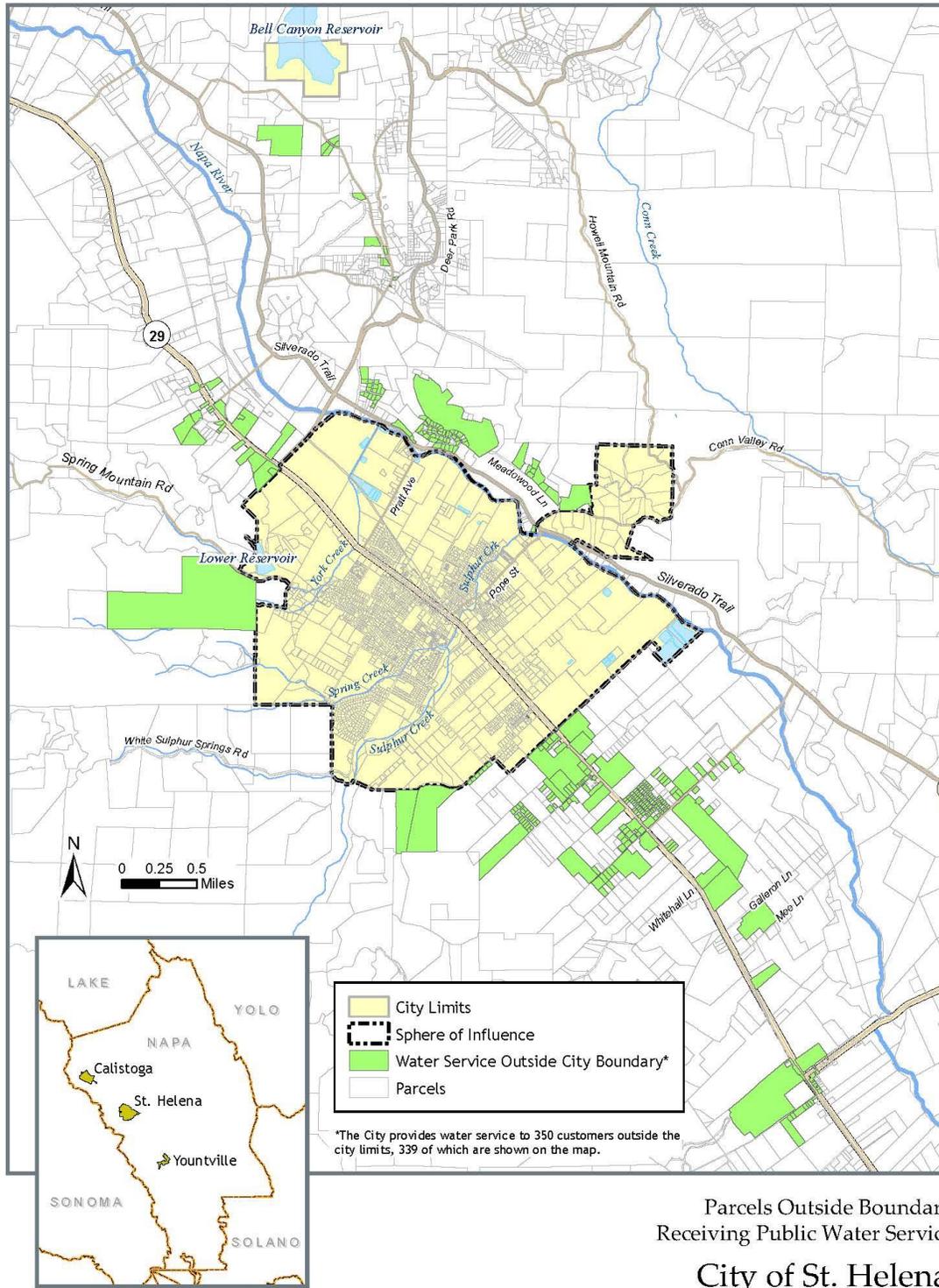
- Parcels that receive water service
- Fire protection area (per agreement)
- Police protection area (per agreement)

Traditionally, cities, towns, and special districts have been required to request and receive written approval from LAFCO before providing new or extended services by contract or agreement outside their jurisdictions but within their spheres. However, Assembly Bill 402 (Dodd), codified under Government Code Section 56133.5, establishes a pilot program to authorize service provision outside a local agency's jurisdictional boundary and sphere of influence to support existing or planned uses that do not involve a threat to public health. This includes LAFCO making a determination that there exists a need for service or a services deficiency was identified and evaluated in a municipal service review prepared pursuant to Government Code Section 56430. Further, LAFCO would be required to determine that a sphere of influence change involving the subject territory and its affected agency is not feasible or desirable based on the adopted LAFCO policies.

## STUDY AREAS

St. Helena staff requested LAFCO evaluate four study areas for potential SOI expansions. Several factors were used to identify these study areas to evaluate adding or removing from St. Helena's sphere as part of this comprehensive review. These factors include (a) relationship and proximity to incorporated boundary, (b) existing land uses, (c) infrastructure capacities, and (d) existing provision of municipal services from the City. The four study areas were developed with an emphasis on St. Helena's outside water service area, which extends around the periphery of the City to the north, south, east, and west as shown in Figure 7-2. Additionally, the role of the SOI in designating the City's present and probable future service area was considered.

Figure 7-2: Water Customers Located Outside City Boundaries



In addition to the geographic distribution of water customers located outside City boundaries, City staff also considered the fire protection and law enforcement services that St. Helena provides outside the City's jurisdictional boundary. The four study areas shown in Figure 7-3 below and include the following:

- Study Area #1: 1,055.37 acres located south of the City
- Study Area #2: 663.82 acres located west of the City
- Study Area #3: 795.35 acres located north and northeast of the City
- Study Area #4: 100.98 acres located south to southwest of the City

An analysis of each of these four study areas is located in Tables 7-2 to 7-5.

Figure 7-3: SOI Study Areas

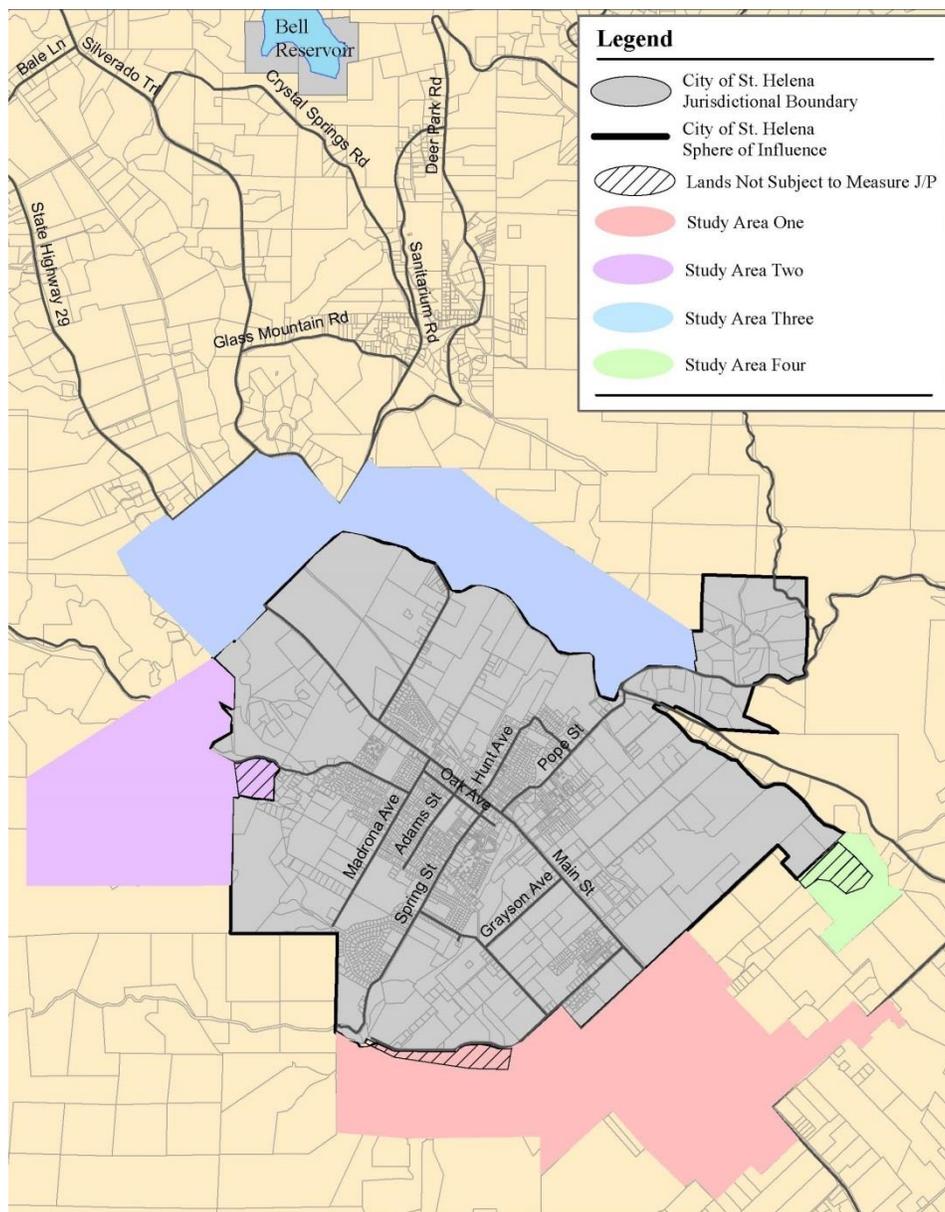
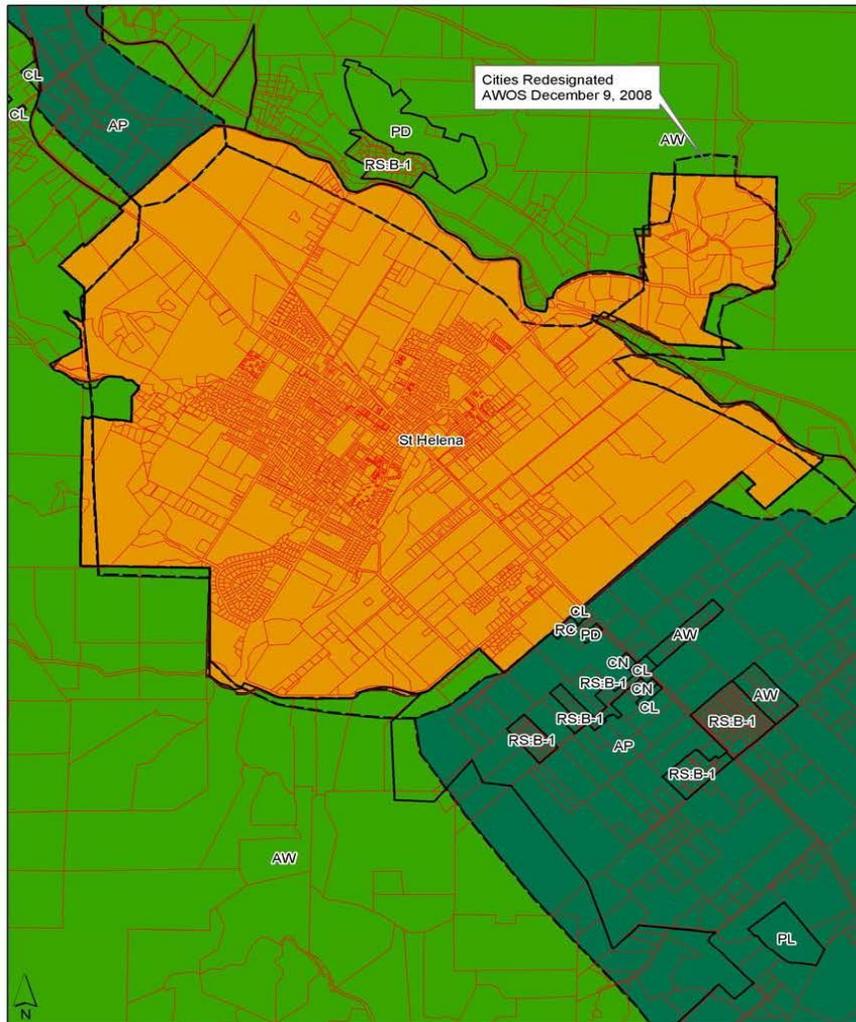


Figure 7-4: Napa County General Plan for Lands Surrounding St. Helena



**SOUTH ST. HELENA**



June 23, 2009

**AG/LU-59**

Napa County General Plan

Figure 7-5: Prime Farmland Near St. Helena

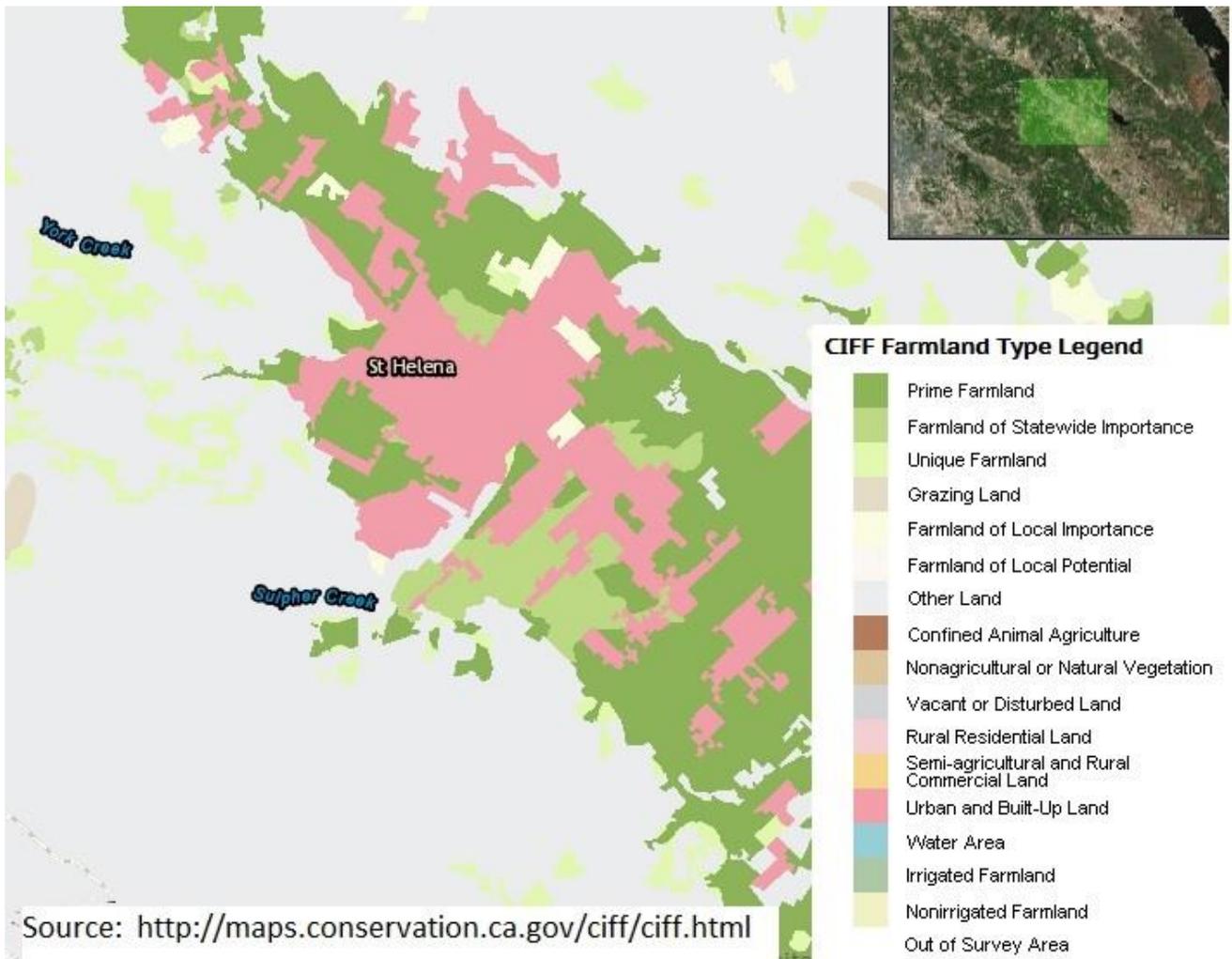


Table 7-2: Analysis of Study Area #1	
Issue	Comments
Parcel Numbers	Study Area #1 is 1,055.37 acres in size and contains 292 parcels (Napa County GIS data, 2017). The average parcel size is 3.61 acres. Although there are too many Assessor Parcel Numbers to list herein, this data has been extracted from the Napa County GIS database.
Location	Study Area #1 is located south of City and is bisected by Highway 29 as shown in Figure 7-3. Specifically, it is located south of Sulphur Springs Avenue and north of Whitehall Lane. Streets within this study area include Inglewood Ave., St. Helena Hwy., Zinfandel Lane, and Cabernet Lane.
Services Provided	The City currently provides municipal water service to approximately 30 percent of the properties within Study Area #1. Law Enforcement and fire protection services are occasionally provided by the City through mutual aid agreements with the County of Napa.
Present and planned land uses in the area	<p>There are a variety of land-uses with the 1,055.37 acre study area including:</p> <ul style="list-style-type: none"> <li>▪ Irrigated active agriculture</li> <li>▪ Other agricultural</li> <li>▪ Wineries</li> <li>▪ Industrial</li> <li>▪ Commercial</li> <li>▪ Residential</li> <li>▪ Vacant</li> </ul> <p>Since these parcels lie within the unincorporated area, the Napa County General Plan and Zoning Ordinance serve as the guide for land use decisions. A large portion of study area #1 is described as “South St. Helena” with specific policies assigned to this geographic area in the County General Plan as shown in Figure 7-5. The Napa County General Plan designations within the study area are listed below (Napa County Planning Dept., 2008):</p> <ul style="list-style-type: none"> <li>▪ Agricultural Resource (73%)</li> <li>▪ Agriculture, Watershed and Open Space (27%)</li> </ul> <p>The County zoning designations include the following:</p> <ul style="list-style-type: none"> <li>▪ CL: Commercial Limited (1%)</li> <li>▪ CN: Commercial Neighborhood (1%)</li> <li>▪ RC: Residential Country (1%)</li> <li>▪ PD: Planned Development (&lt;1%)</li> <li>▪ AW: Agricultural Watershed (4%)</li> <li>▪ RS: B-1: Residential Single/B-1 (8%)</li> <li>▪ AP: Agricultural Preserve (85%)</li> <li>▪ PL: Public Lands</li> </ul> <p>It should be noted that there are pre-existing commercial areas designated on the Napa County land use map for agricultural uses. The City’s existing General Plan (1993) and its General Plan 2030 (Draft) do not describe Study Area #1.</p>

Table 7-2: Analysis of Study Area #1

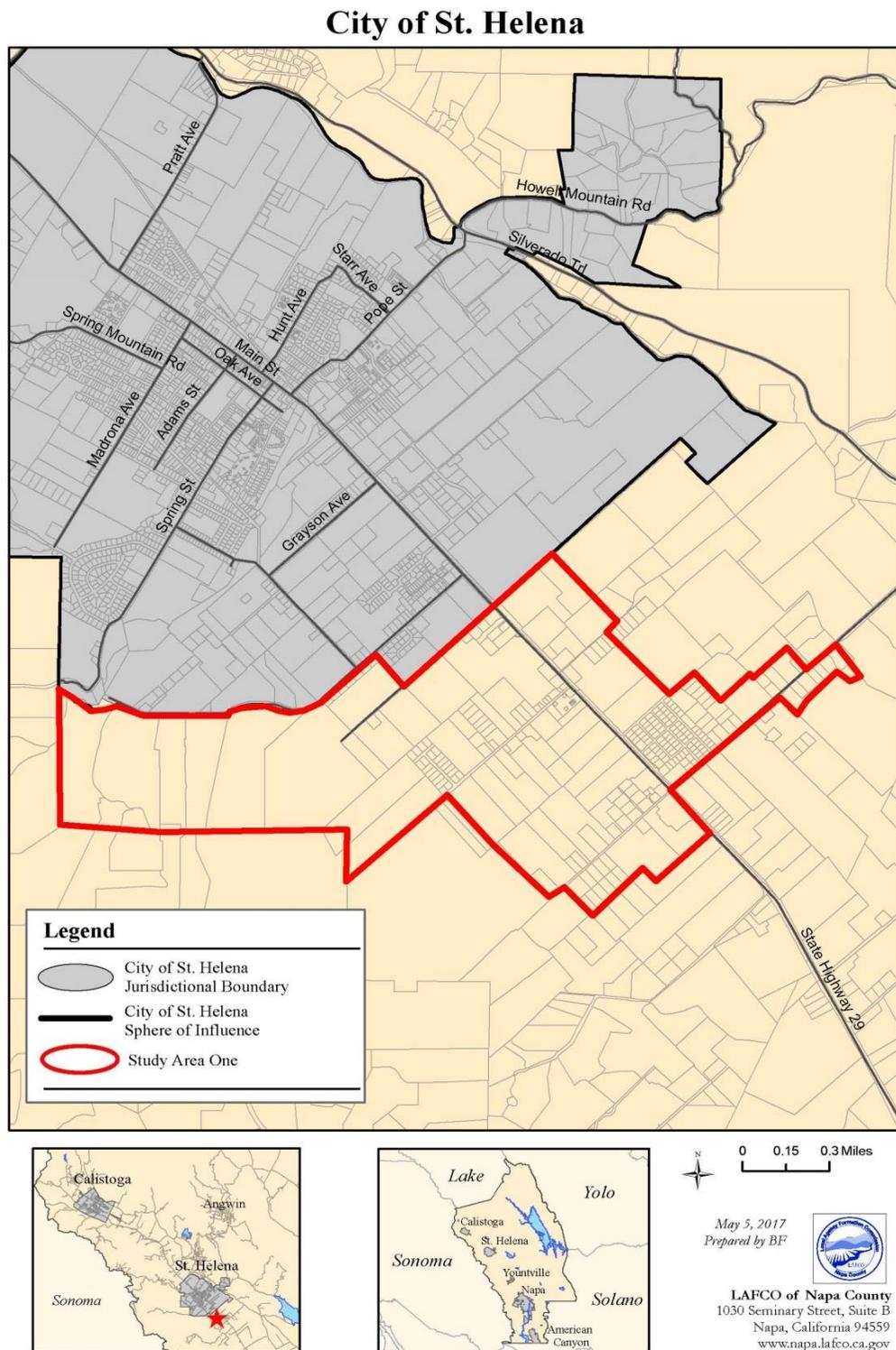
Issue	Comments
Potential effects on agricultural and open-space lands	<p>The State Dept. of Conservation Farmland Mapping and Monitoring Program designates a significant portion of Study Area #1 as “Prime Farmland” or “Farmland of Statewide Importance” as shown in Figure 7-6. Additionally, 11 parcels within the area are under Williamson Act Contracts. If including Study Area #1 into the city’s SOI and boundary resulted in future land-use changes, this could potentially indicate the possibility of removing agricultural soils from production. Napa County General Plan Figure AG/LU-3.5: AR AND AWOS LANDS NOT SUBJECT TO MEASURE J, indicates that a small portion of Study Area #1 is not subject to Measures J and P.</p>
Present and probable need for public facilities and services in the area	<p>Presently, the City provides municipal water service to approximately 30 percent of the properties within Study Area #1. Police protection and fire protection services are provided by the City and the County through mutual aid agreements. The present arrangement for public service provision could remain unchanged into the future. Alternatively, Option #B below studies inclusion of the area into the City’s SOI (and boundary) and under this scenario, the mix of public service providers could change. Future extension of wastewater service or other public services to Study Area #1 have not been contemplated.</p>
Present capacity of public facilities and adequacy of public services	<p>Presently, Study Area #1 receives adequate public services. Several parcels located within Study Area #1 currently receive public water service from the City. Due to resource constraints described in Chapter 4 of the MSR, it is recommended that the City conduct studies of future water supply options for both existing and future demand. Parcels in Study Area #1 may currently pay an out-of-boundary rate for water service and this rate may change if the area were to be annexed. To ascertain financial impacts on property owners and service providers, additional fiscal analysis would be needed.</p> <p>The City’s wastewater system is highly constrained and the permitted capacity and average flow volume of the Wastewater Treatment Plant (WWTP) is described in Chapter 4. The City has indicated that the WWTP can be expanded to meet future projected increases in demand. The cost of extending the existing the sewer pipelines beyond the city limits is not known and a detailed engineering and cost study is recommended before this is contemplated. The City received Cease and Desist Orders from the San Francisco Water Board due to exceedances of biological oxygen demand and total suspended sediment in its WWTP effluent (RWQCB, 2016). In August 2016, the City did sign an agreement to conditionally settle the issue with the Water Board and under the terms must meet specific requirements (St. Helena Public Works, August 2016).</p> <p>The Napa County Fire Department provides fire protection to Study Area #1 and mutual aid agreements indicate that the City of St. Helena is occasionally the first responder to this area. Please see section 4.1.5 for more information on fire protection services and mutual aid agreements. The Napa County Sheriff provides police protection to Study Area #1 and mutual aid agreements indicate that the City of St. Helena is occasionally the first responder to this area. Please see section 4.1.4 for more information on police protection services and mutual aid agreements.</p>

Table 7-2: Analysis of Study Area #1	
Issue	Comments
Present capacity of public facilities and adequacy of public services ('continued)	<p>St. Helena appears to be sufficiently reimbursed for its costs associated with police and fire service to Study Area #1.</p> <p>Prior to considering future annexation, a detailed fiscal analysis of future tax revenue would be needed to determine if additional public services can be provided at an adequate level. Various fees for service might increase or decrease. For example, the City currently receives a fee for service when responding to fire related calls in the unincorporated area. When an area is annexed, the City would no longer receive this fee. This fiscal analysis should also consider potential difference in taxes a property owner would potentially need to pay if annexed.</p>
The existence of any social or economic communities of interest in the area	None. The City incorporated in 1876 and has a long history as an established community. As described in Chapter 3, no DUCs have been identified within Study Area #1.
The present and probable need for water, sewer and structural fire protection of any DUC within the existing SOI	There are no DUCs within the City's SOI, as described in Chapter 3. Additionally, no DUCs have been identified within Study Area #1.
Effects on other agencies	As discussed in the Options below, Study Area #1 is studied for possible future inclusion in the City's SOI, which would facilitate future annexation. This could have an effect on other agencies and their associated policies. Including Study Area #1 in the SOI as a stand-alone action would not likely affect other agencies. However, if this area were to eventually be annexed, some agencies that provide services to this area, such as the Napa County Sheriff and the Napa County Fire Department, would experience a reduction in service demands, which would be accompanied by corresponding revenue reductions. Other agencies such as Caltrans could experience an increase in service demand.
Policy Considerations	<p>The following Napa County and LAFCO policies should be considered:</p> <ul style="list-style-type: none"> <li>■ Napa County General Plan, including policies related to agricultural protection;</li> <li>■ Measure J, approved by voters in 1990, is the Agricultural Lands Preservation Initiative; and</li> <li>■ Measure P, approved by voters in 2008, extends the life of Measure J through to the year 2058.</li> <li>■ LAFCO's General Policy Determinations</li> </ul> <p>Please see the description of Agricultural Preservation on page 7-5 for additional detail on agricultural policy considerations.</p>
Potential for consolidations or other reorganizations when boundaries divide communities	The City's existing SOI does not divide communities. Study Area #1 is contiguous to the City's existing jurisdictional boundary. There are no topographic or geographic barriers between the City and Study Area #1.
Location of facilities, infrastructure and natural features	Study Area #1 is located contiguous to the City's boundary and the existing infrastructure is sufficient for the current land-use. Regarding the study of Option #B, the feasibility and cost of extending public sewer service infrastructure to Study Area #1 is not known. The City currently

Table 7-2: Analysis of Study Area #1	
Issue	Comments
	provides water service to several parcels within Study Area #1; however, the cost of extending public water service infrastructure to additional properties is not known. The location of the WWTP is southeast of the City, near Study Area #4. Additional studies of feasibility and cost are needed prior to formal consideration of Option #B for Study Area #1.
Willingness to serve	The City wishes to continue to provide water service within Study Area #1 and it wishes to continue its participation in mutual aid agreements for fire and police protection arrangements that provide public safety services to this area. An annexation plan and a plan for future services have not yet been contemplated for Study Area #1.
Potential environmental impacts	Sulphur Creek and its tributaries traverse Study Area #1 and this riparian habitat should be protected, consistent with local, state, and federal regulations. If parcels within Study Area #1 are slated for future development, potential environment impacts could relate to availability of sufficient water supply and water quality as a result of increased sewage treatment demand. Other potential environmental impacts could include traffic, water quality, and air quality impacts. Environmental review in compliance with CEQA is required prior to moving Study Area #1 into the City’s sphere of influence. This environmental review should include a detailed policy analysis, including Measures J and P, the policies of the County of Napa, the policies of the City, and the policies of LAFCO.

A map of Study Area #1 is presented on the following page.

Figure 7-6: Study Area #1



<b>Table 7-3: Analysis of Study Area #2</b>	
<b>Issue</b>	<b>Comments</b>
Parcel Numbers	<p>Study Area #2 is 663.82 acres in size and contains 11 parcels. The average parcel size is 60.35 acres. The Assessor Parcel Numbers are as follows:</p> <ul style="list-style-type: none"> <li>■ 022-250-008-000, 022-250-013-000, 022-180-056-000, 022-180-054-000, 022-180-015-000, 022-180-020-000, 022-180-051-000, 022-190-005-000, 022-180-017-000, 022-180-021-000, 022-180-052-000</li> </ul>
Location	<p>Study Area #2 is located northeast of the City as shown in Figure 7-7. Spring Mountain Road crosses the northern portion of Study Area #2. Tributaries to York Creek bisect Study Area #2.</p>
Services Provided	<p>The City currently provides municipal water service to some properties within Study Area #2. Law Enforcement and fire protection services are occasionally provided by the City through mutual aid agreements with the County of Napa.</p>
Present and planned land uses in the area	<p>Of the 11 parcels, four are developed with a winery and vineyard. Four parcels are developed with a vineyard and one or more single family homes on parcels larger than 5 acres. The remaining three parcels contain one or more rural residential structure (s) on parcels less than 5 acres in size.</p> <p>Since these parcels lie within the unincorporated area, the Napa County General Plan and Zoning Ordinance serve as the guide for land use decisions. The Napa County General Plan designation for the 11 parcels is Agriculture, Watershed and Open Space (AW). The Napa County Zoning Designation for all of the parcels in this is Agricultural Watershed.</p> <p>The City’s existing General Plan (1993) and its General Plan 2030 (Draft) do not contemplate the development of or designate land uses for Study Area #2. Additionally, the City has not pre-zoned the parcels within Study Area #2.</p>
Potential effects on agricultural and open-space lands	<p>All of the 663.82 acres within this study area are designated for agriculture under the County General Plan. The State Dept. of Conservation Farmland Mapping and Monitoring Program has mapped important farmland in Napa County as shown in Figure 7-6. This map shows that only a small sliver of land near the creek is considered “prime farmland”. There are a few scatted areas that are considered to be “unique farmland”. However, four total wineries and eight total vineyards that represent existing agricultural land uses are located within the study area as shown in Figure 7-8. Including Study Area #2 into the City’s SOI and boundary could result in removing agricultural soils from production. Further, a small portion of Study Area #2 is not subject to Measures J and P, as shown in Figure 7-3.</p>
Present and probable need for public facilities and services in the area	<p>Presently, the City provides municipal water service to approximately half of the acreage within Study Area #2 as shown in Figure 7-2. Police protection and fire protection services are provided by the City and the County through mutual aid agreements. The present arrangement for public service provision could remain unchanged into the future. Alternatively, Option #C below studies inclusion of the site into the City’s</p>

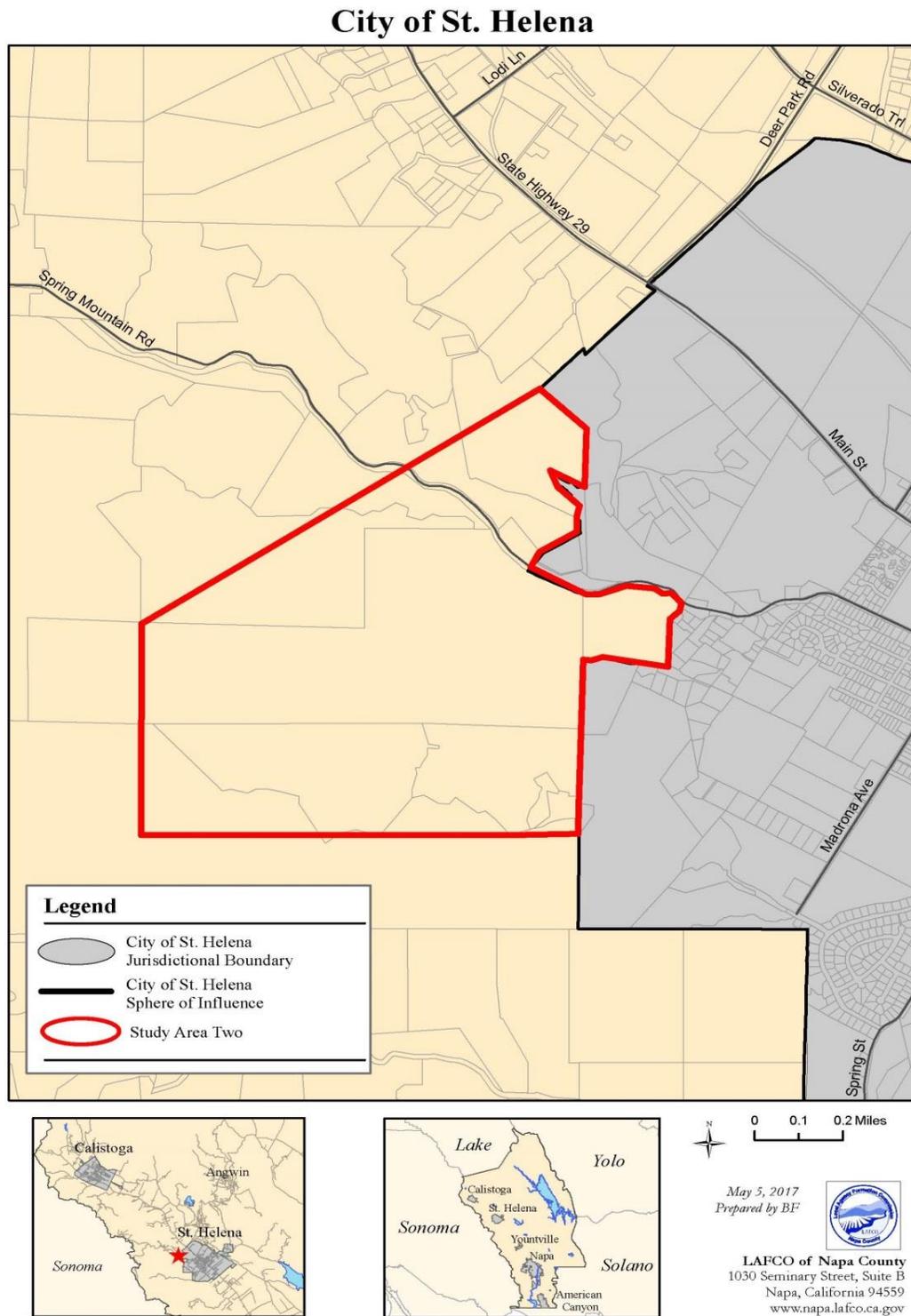
<b>Table 7-3: Analysis of Study Area #2</b>	
<b>Issue</b>	<b>Comments</b>
	<p>SOI (and boundary) and under this scenario, the mix of public service providers could change. It is important to note future extension of wastewater service or other public services to Study Area #2 have not been contemplated.</p>
<p>Present capacity of public facilities and adequacy of public services</p>	<p>Presently, Study Area #2 receives adequate public services. One large parcel (Spring Mountain Vineyard) located within Study Area #2 currently receives municipal water from the City. Due to resource constraints described in Chapter 4 of this MSR/SOI Update, it is recommended that the City conduct studies of future water supply options. This parcel in Study Area #2 may currently pay an out-of-boundary rate for water service and this rate may change if the area were to be annexed. To ascertain financial impacts on property owner(s) and service providers, additional financial analysis would be needed.</p> <p>The City’s wastewater system is highly constrained and the permitted capacity and average flow volume of the Wastewater Treatment Plant (WWTP) are described in Chapter 4. The City has indicated that the WWTP can be expanded to meet future projected increases in demand; however, the costs of an expansion have not been ascertained. The cost of extending the existing sewer pipelines beyond city limits is not known and a detailed engineering and cost study is recommended before sewer service extensions occur. Notably, the City received Cease and Desist Orders from the San Francisco Water Board due to exceedances of biological oxygen demand and total suspended sediment in its WWTP effluent (RWQCB, 2016). In August 2016, the City signed an agreement to conditionally settle the issue with the Water Board and under the terms the City must meet specific requirements (St. Helena Public Works, August 2016).</p> <p>The Napa County Fire Department provides fire protection to Study Area #2 and mutual aid agreements indicate that the City of St. Helena is occasionally the first responder to this area. Please refer to section 4.1.5 for more information on fire protection services and mutual aid agreements. The Napa County Sheriff provides police protection to Study Area #2 and mutual aid agreements indicate that the City of St. Helena is occasionally the first responder to this area. Please refer to section 4.1.4 for more information on police protection services and mutual aid agreements. St. Helena appears to be sufficiently reimbursed for its costs associated with police and fire service to this area.</p> <p>Prior to considering future annexation, a detailed fiscal analysis of future tax revenue would be needed to determine if additional public services can be provided at an adequate level. Various fees for service might increase or decrease. For example, the City currently receives a fee for service when responding to fire related calls in the unincorporated area. When an area is annexed, the City would no longer receive this fee. This fiscal analysis should also consider potential differences in taxes that a property owner would potentially need to pay if annexed.</p>

<b>Table 7-3: Analysis of Study Area #2</b>	
<b>Issue</b>	<b>Comments</b>
The existence of any social or economic communities of interest in the area	None. The City incorporated in 1876 and has a long history as an established community. As described in Chapter 3, no DUCs have been identified within Study Area #2.
The present and probable need for water, sewer and structural fire protection of any DUC within the existing SOI	There are no DUCs within the City’s SOI, as described in Chapter 3. Additionally, no DUCs have been identified within Study Area #2.
Effects on other agencies	As discussed in the Options below, Study Area #2 is studied for possible future inclusion in the City’s SOI, which would facilitate future annexation. This could have an effect on other agencies and their associated policies. Including Study Area #2 in the SOI as a stand-alone action would not likely affect other agencies. However, if this area were to eventually be annexed, some agencies that provide services to this area, such as the Napa County Sheriff and the Napa County Fire Department, would experience a reduction in service demands, which would be accompanied by corresponding revenue reductions. Other agencies such as Caltrans could experience an increase in service demand.
Policy Considerations	<p>The following Napa County and LAFCO policies should be considered:</p> <ul style="list-style-type: none"> <li>■ Napa County General Plan, including policies related to agricultural protection;</li> <li>■ Measure J, approved by voters in 1990, is the Agricultural Lands Preservation Initiative; and</li> <li>■ Measure P, approved by voters in 2008, extends the life of Measure J through to the year 2058.</li> <li>■ LAFCO’s General Policy Determinations</li> </ul> <p>Please see the description of Agricultural Preservation on page 7-5 for additional detail on agricultural policy considerations.</p>
Potential for consolidations or other reorganizations when boundaries divide communities	The City’s existing boundary and SOI do not divide communities. Study Area #2 is contiguous to the City’s existing jurisdictional boundary. There are no topographic or geographic barriers between the City and Study Area #2.
Location of facilities, infrastructure and natural features	Study Area #2 is located contiguous to the City boundary and the existing infrastructure is sufficient for the current land-use. Regarding the study of Option #C, the feasibility and cost of extending sewer lines to Study Area #2 is not known. The City currently provides water service to several parcels within Study Area #2; however, the cost of extending public water service to additional properties is not known. The location of the WWTP is southeast of the City. Additional studies of feasibility and cost are needed prior to formal consideration of this Option #C.
Willingness to serve	The City wishes to continue to provide public water service within Study Area #2 and it wishes to continue its participation in mutual aid agreements for fire and police protection arrangements that provide service to this area. However, an annexation plan and a plan for future services have not been developed for Study Area #2.

Table 7-3: Analysis of Study Area #2	
Issue	Comments
Potential environmental impacts	York Creek and its tributaries traverse Study Area #2 and this riparian habitat should be protected, consistent with local, state, and federal regulations. If parcels within Study Area #2 are slated for future development, potential environment impacts could relate to availability of sufficient water supply and water quality as a result of increased sewage treatment demand. Other potential environmental impacts could include traffic, water quality, and air quality impacts. Environmental review in compliance with CEQA is required prior to moving this study area into the City’s sphere of influence. This environmental review should include a detailed policy analysis, including Measures J and P, the policies of the County of Napa, the policies of the City, and the policies of LAFCO.

A map of Study Area #2 is presented on the next page.

Figure 7-7: Study Area #2



<b>Table 7-4: Analysis of Study Area #3</b>	
<b>Issue</b>	<b>Comments</b>
Parcel Numbers	Study Area #3 is 795.35 acres in size and contains 180 parcels. The average parcel size is 4.42 acres. Although there are too many Assessor Parcel Numbers to list herein, this data has been extracted from the Napa County GIS database and is available upon request.
Location	Study Area #3 is located north and northeast of the City as shown in Figure 7-9. Highway 128 bisects the northern portion of Study Area #3. The Napa River and Silverado Trail serve as the western boundary of the study area.
Services Provided	The City currently provides municipal water service to approximately 20 percent of the properties within Study Area #3 as shown in Figure 7-2. Law Enforcement and fire protection services are occasionally provided by the City through mutual aid agreements with the County of Napa.
Present and planned land uses in the area	<p>The predominant land use within this study area is rural residential on less than 5 acres with one single family home. Many of these parcels are within or near the “Meadowood” development. Other existing land-uses include vineyards, wineries, motel/ B &amp; B, a condominium/townhouse, an apartment building, triplexes, and single-family homes. Additionally, there are 11 parcels under a Williamson Act Contract and 21 vacant parcels. An aerial view of existing land-uses is shown in Figure 7-10.</p> <p>Since these parcels lie within the unincorporated area, the Napa County General Plan and Zoning Ordinance serve as the guide for land use decisions. The Napa County General Plan designation for most of the 180 parcels is Agricultural Watershed (AW). There are also areas designated as Agricultural Preserve (AP), Planned Development (PD), and Residential Single/B-1 as shown in Figure 7-5, above. The County Zoning Ordinance has the following zoning designations in Study Area #3:</p> <ul style="list-style-type: none"> <li>▪ Commercial Limited (&lt; 1%)</li> <li>▪ Residential Single (4%)</li> <li>▪ Planned Development (10%)</li> <li>▪ Agricultural Watershed (58%)</li> <li>▪ Agricultural Preserve (28%) [Data Source: County GIS]</li> </ul> <p>The City’s existing General Plan (1993) and its General Plan 2030 (Draft) do not contemplate the development of or designate land uses for Study Area #3. Additionally, the City has not pre-zoned the parcels within Study Area #3.</p>
Potential effects on agricultural and open-space lands	Much of the 795.35 acres within this study area is designated for agriculture by the County General Plan. The State Dept. of Conservation Farmland Mapping and Monitoring Program has mapped important farmland in Napa County as shown in Figure 7-6, above. This map shows that there are several acres of both “prime farmland” and “unique farmland” within the study area. However, several wineries and vineyards that represent agricultural land use are located within the study area as shown in Figure 7-8. Including Study Area #3 into the city’s SOI and boundary could result in removing agricultural soils from production.

<b>Table 7-4: Analysis of Study Area #3</b>	
<b>Issue</b>	<b>Comments</b>
Present and probable need for public facilities and services in the area	<p>Presently, the City provides municipal water service to approximately 20 percent of the acreage within Study Area #3 as shown in Figure 7-2. Police protection and fire protection services are provided by the City and the County through mutual aid agreements. The present arrangement for public service provision could remain unchanged into the future. Alternatively, Option #D below studies inclusion of the site into the City’s SOI (and boundary) and under this scenario, the mix of public service providers could change. Future extension of wastewater service or other public services to Study Area #3 have not yet been studied.</p>
Present capacity of public facilities and adequacy of public services	<p>Presently, Study Area #3 receives adequate public services. Approximately 20 percent of the parcels located within Study Area #3 currently receive municipal water from the City. Due to resource constraints described in Chapter 4 of this MSR/SOI Update, it is recommended that the City conduct studies of future water supply options. These parcels within Study Area #3 may currently pay an out-of-boundary rate for water service and this rate may change if the area were to be annexed. To ascertain financial impacts on property owner(s) and service providers, additional financial analysis would be needed.</p> <p>The City’s wastewater system is highly constrained and the permitted capacity and average flow volume of the Wastewater Treatment Plant (WWTP) are described in Chapter 4. The City has indicated that the WWTP can be expanded to meet future projected increases in demand; however, the costs of an expansion have not been ascertained. The cost of extending the existing the sewer pipelines beyond the city limits is not known and a detailed engineering and cost study is recommended before this is contemplated. The City received Cease and Desist Orders from the San Francisco Water Board due to exceedances of biological oxygen demand and total suspended sediment in its WWTP effluent (RWQCB, 2016). In August 2016, the City signed an agreement to conditionally settle the issue with the Water Board and under the terms must meet specific requirements (St. Helena Public Works, August 2016).</p> <p>The Napa County Fire Department provides fire protection to Study Area #3 and mutual aid agreements indicate that the City of St. Helena is occasionally the first responder to this area. Please refer to section 4.1.5 for more information on fire protection services and mutual aid agreements. The Napa County Sheriff provides police protection to Study Area #3 and mutual aid agreements indicate that the City of St. Helena is occasionally the first responder to this area. Please refer to section 4.1.4 for more information on police protection services and mutual aid agreements. St. Helena appears to be sufficiently reimbursed for its costs associated with police and fire service to this area.</p> <p>Prior to considering future annexation, a detailed fiscal analysis of future tax revenue would be needed to determine if additional public services can be provided at an adequate level. Various fees for service might increase or decrease. For example, the City currently receives a fee for service when responding to fire related calls in the unincorporated area.</p>

<b>Table 7-4: Analysis of Study Area #3</b>	
<b>Issue</b>	<b>Comments</b>
	When an area is annexed, the City would no longer receive this fee. This fiscal analysis should also consider potential difference in taxes a property owner would potentially need to pay if annexed.
The existence of any social or economic communities of interest in the area	None. The City incorporated in 1876 and has a long history as an established community. As described in Chapter 3, no DUCs have been identified within Study Area #3.
The present and probable need for water, sewer and structural fire protection of any DUC within the existing SOI	There are no DUCs within the City’s SOI, as described in Chapter 3. Additionally, no DUCs have been identified within Study Area #3.
Effects on other agencies	As discussed in the Options below, Study Area #3 is studied for possible future inclusion in the City’s SOI, which would facilitate future annexation. This could have an effect on other agencies and their associated policies. Including Study Area #3 in the SOI as a stand-alone action would not likely affect other agencies. However, if this area were to eventually be annexed, some agencies that provide services to this area, such as the Napa County Sheriff and the Napa County Fire Department, would experience a reduction in service demands, which would be accompanied by corresponding revenue reductions. Other agencies such as Caltrans could see an increase in service demand.
Policy Considerations	<p>The following Napa County and LAFCO policies should be considered:</p> <ul style="list-style-type: none"> <li>■ Napa County General Plan, including policies related to agricultural protection;</li> <li>■ Measure J, approved by voters in 1990, is the Agricultural Lands Preservation Initiative; and</li> <li>■ Measure P, approved by voters in 2008, extends the life of Measure J through to the year 2058.</li> <li>■ LAFCO’s General Policy Determinations</li> </ul> <p>Please see the description of Agricultural Preservation on page 7-5 for additional detail on agricultural policy considerations.</p>
Potential for consolidations or other reorganizations when boundaries divide communities	The City’s existing boundary and SOI do not divide communities. Study Area #3 is contiguous to the existing city boundary. The Napa River forms a natural topographic or geographic barrier between the City and Study Area #3.
Location of facilities, infrastructure and natural features	Study Area #3 is located contiguous to the City’s jurisdictional boundary and the existing infrastructure is sufficient for the current land-use. Regarding the study of Option #D, the feasibility and cost of extending sewer lines to Study Area #3 is not known. The City currently provides water service to several parcels within Study Area #3; however, the cost of extending public water infrastructure to additional properties is not known. The location of the WWTP is southeast of the City, near Study Area #4. Additional studies of feasibility and cost are needed prior to formal consideration of Option #D.

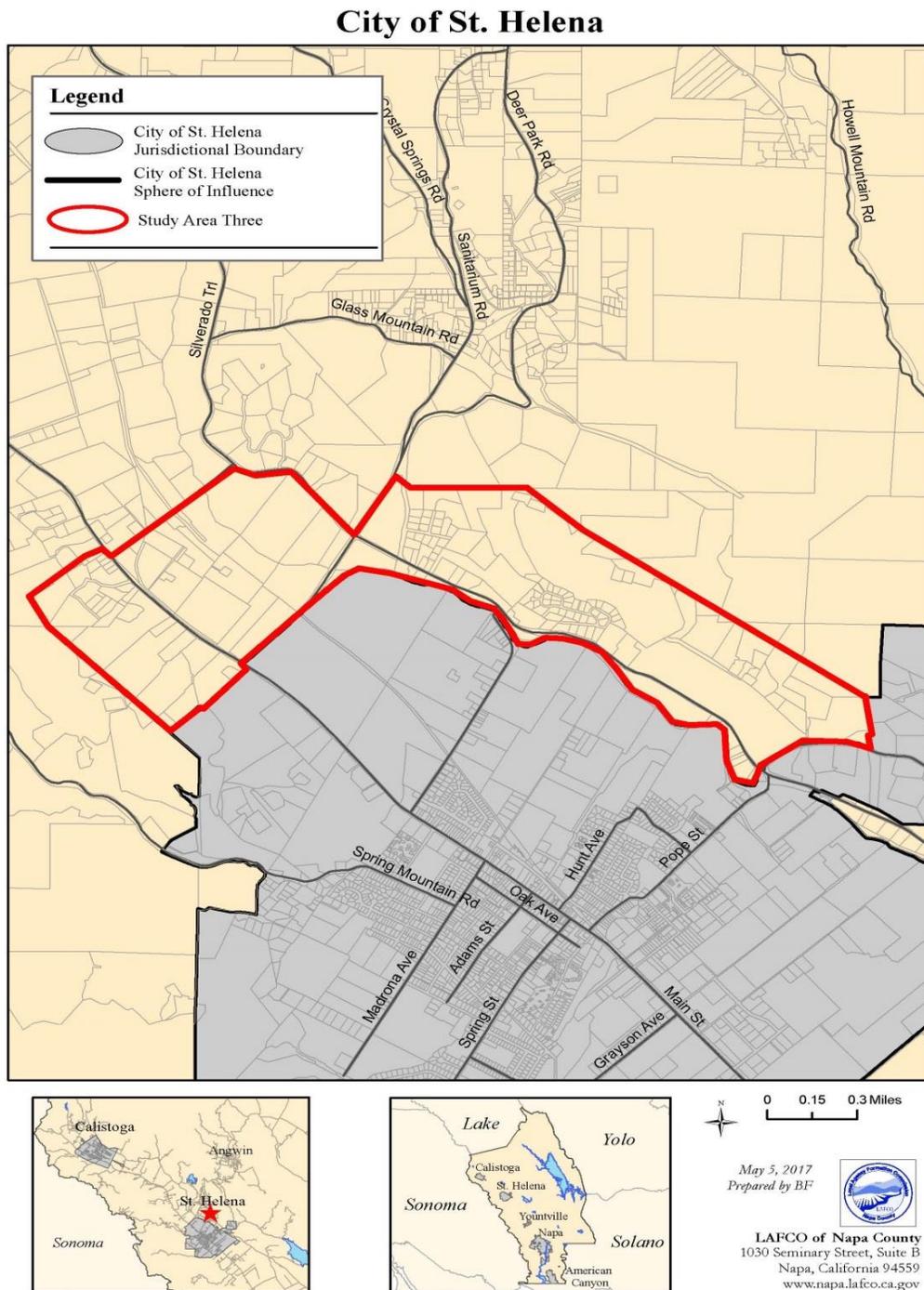
Table 7-4: Analysis of Study Area #3	
Issue	Comments
Willingness to serve	The City wishes to continue to provide water service within Study Area #3 and it wishes to continue its participation in mutual aid agreements for fire and police protection arrangements that provide public safety services to this area. However, an annexation plan and a plan for future services have not been contemplated for Study Area #3.
Potential environmental impacts	Study Area #3 is within the Napa River watershed. Riparian habitat should continue to be protected, consistent with local, state, and federal regulations. Portions of Study Area #3 are prone to flooding (St. Helena, GPU <sup>37</sup> , 2016). If parcels within Study Area #3 are slated for future development, potential environment impacts could relate to availability of sufficient water supply and water quality as a result of increased sewage treatment demand. Other potential environmental impacts could include traffic, water quality, and air quality impacts. Environmental review in compliance with CEQA should be required prior to moving this study area into the City's sphere of influence. This environmental review should include a detailed policy analysis, including Measures J and P, the policies of the County of Napa, the policies of the City, and the policies of LAFCO.

A map of Study Area #3 is presented on the next page.

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<sup>37</sup> Source: Figure 9-1 in the Draft General Plan Update, April 2016

Figure 7-8: Study Area #3



<b>Table 7-5: Analysis of Study Area #4</b>	
<b>Issue</b>	<b>Comments</b>
Parcel Numbers	Study Area #4 is 100.98 acres in size and contains two parcels. Assessor Parcel Number 030-240-017-000 is 37.21 acres and 030-250-018-000 is 63.77 acres in size.
Location	Study Area #4 is located contiguous to and southeast of the City as shown in Figure 7-11. The City’s Wastewater Treatment and Reclamation Plant, and Chaix Road, lie to the north of Study Area #4. The Napa River serves as the eastern boundary to Study Area #4.
Services Provided	Law Enforcement and fire protection services are occasionally provided by the City through mutual aid agreements with the County of Napa. Since the parcels are vacant, they do not receive either water or sewer service from the City.
Present and planned land uses in the area	<p>The two parcels within Study Area #4 are both owned by the City of St. Helena. The historic land-use was agriculture. Since the City purchased the properties, the City has used them for wastewater spray irrigation purposes. In 2008, the City proposed annexation of the two parcels as allowed under G.C. Section 56742. The City later withdrew this proposal due to the County’s concerns regarding future land uses given that the lands are designated by the County as agriculture. Additionally, since the parcels are located contiguous to the City’s Wastewater Treatment and Reclamation Plant, it would be logical for any potential future Treatment Plant expansion to consider use of Study Area #4.</p> <p>Since these parcels lie within the unincorporated area, the Napa County General Plan and Zoning Ordinance would normally serve as the guide for land use decisions. However, the County’s General Plan and Zoning Designations do not apply to Study Area #4 given that the land is owned and used by the City for municipal purposes. Nevertheless, the Napa County General Plan designates one parcel as “Agriculture, Watershed and Open Space” and the second parcel as “Agricultural Resource”. Further, the Napa County Zoning Ordinance designates both parcels as “Agricultural Preserve” (Napa County GIS data, 2017).</p> <p>The City’s existing General Plan (1993) and its General Plan 2030 (Draft) do not contemplate the development of or designate land uses for Study Area #4. Additionally, the City has not pre-zoned the parcels within Study Area #4.</p>
Potential effects on agricultural and open-space lands	All of the 100.98 acres within this study area are included in a Williamson Act Contract designed to protect agriculture. Additionally, the County General Plan designates the area for agricultural use. The State Dept. of Conservation Farmland Mapping and Monitoring Program has mapped important farmland in Napa County as shown in Figure 7-6. This map shows that both parcels are considered “prime farmland”. Including Study Area #4 into the city’s SOI and boundary could result in removing agricultural soils from production. Small portions of Study Area #4 are not subject to Measure J, as shown in Figure 7-3.

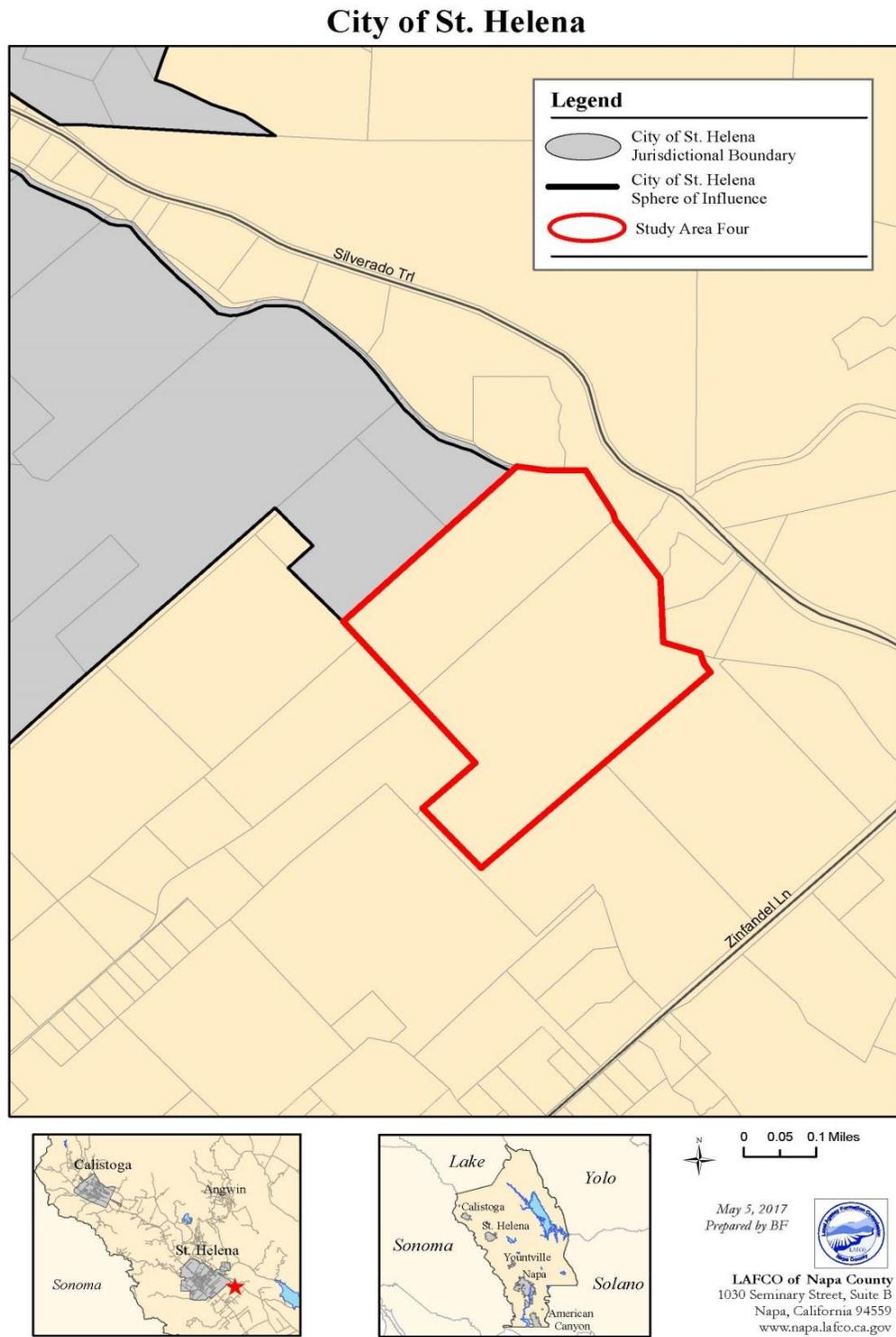
<b>Table 7-5: Analysis of Study Area #4</b>	
<b>Issue</b>	<b>Comments</b>
Present and probable need for public facilities and services in the area	Police protection and fire protection services are provided to Study Area #4 by the City and the County through mutual aid agreements, as needed. As St. Helena continues to work with the Regional Water Quality Control Board to improve its wastewater service facilities, continued use of this area for wastewater spraying or for new or expanded facilities may be needed.
Present capacity of public facilities and adequacy of public services	<p>The permitted capacity and average flow volume of the Wastewater Treatment Plant (WWTP) are described in Chapter 4. The City has indicated that the WWTP can be expanded to meet future projected increases in demand; however, the costs of an expansion have not been ascertained. The cost of extending the existing sewer pipelines beyond the City’s existing jurisdictional boundary and sphere is not known and a detailed engineering and cost study is recommended before this is contemplated. The City received Cease and Desist Orders from the San Francisco Water Board due to exceedances of biological oxygen demand and total suspended sediment in its WWTP effluent (RWQCB, 2016). In August 2016, the City signed an agreement to conditionally settle the issue with the Water Board and under the terms must meet specific requirements (St. Helena Public Works, August 2016).</p> <p>Since the two parcels within Study Area #4 are currently vacant and used for wastewater spray irrigation, they do not generally demand public service. However, the Napa County Fire Department provides fire protection service to Study Area #4 and mutual aid agreements indicate that the City of St. Helena is occasionally the first responder to this area. Please refer to section 4.1.5 for more information on fire protection services and mutual aid agreements. The Napa County Sheriff provides police protection to Study Area #4 and mutual aid agreements indicate that the City of St. Helena is occasionally the first responder to this area. Please refer to section 4.1.4 for more information on police protection services and mutual aid agreements. St. Helena appears to be sufficiently reimbursed for its costs associated with police and fire service to this area.</p> <p>Prior to considering future annexation, LAFCO may wish to request additional information about proposed land-use for this area. Additionally, LAFCO may request a detailed fiscal analysis of future tax revenue associated with annexation of Study Area #4.</p>
The existence of any social or economic communities of interest in the area	None. The City incorporated in 1876 and has a long history as an established community. As described in Chapter 3, no DUCs have been identified within Study Area #4.
The present and probable need for water, sewer and structural fire protection of any DUC within the existing SOI	There are no DUCs within the City’s SOI, as described in Chapter 3. Additionally, no DUCs have been identified within Study Area #4.
Effects on other agencies	As discussed in the Options below, Study Area #4 is studied for possible future inclusion in the City’s SOI, which would facilitate future annexation. This could have an effect on other agencies and their

Table 7-5: Analysis of Study Area #4	
Issue	Comments
	associated policies. Including Study Area #4 in the SOI as a stand-alone action would not likely affect other agencies. However, if this area were to eventually be annexed, some agencies that provide services to this area, such as the Napa County Sheriff and the Napa County Fire Department, would experience a reduction in service demands, which would be accompanied by corresponding revenue reductions.
Policy Considerations	<p>The following Napa County and LAFCO policies should be considered:</p> <ul style="list-style-type: none"> <li>■ Napa County General Plan, including policies related to agricultural protection;</li> <li>■ Measure J, approved by voters in 1990, is the Agricultural Lands Preservation Initiative; and</li> <li>■ Measure P, approved by voters in 2008, extends the life of Measure J through to the year 2058.</li> <li>■ LAFCO’s General Policy Determinations</li> </ul> <p>Please see the description of Agricultural Preservation on page 7-5 for additional detail on agricultural policy considerations.</p>
Potential for consolidations or other reorganizations when boundaries divide communities	The City’s existing boundary and SOI do not divide communities. Study Area #4 is contiguous to the existing City boundary. There are no topographic or geographic barriers between the City and Study Area #4.
Location of facilities, infrastructure and natural features	The location of the WWTP is southeast of the City, directly contiguous to Study Area #4. If future development were to be proposed in this area, the feasibility and cost of extending public services, such as sewer lines should be studied.
Willingness to serve	The City wishes to continue its participation in mutual aid agreements for fire and police protection arrangements that provide service to this area. However, an annexation plan and a plan for future services have not yet been contemplated for Study Area #4.
Potential environmental impacts	The Napa River is directly contiguous to Study Area #4 and this riparian habitat should be protected, consistent with local, state, and federal regulations. Portions of Study Area #4 are prone to flooding (St. Helena, GPU <sup>38</sup> , 2016). If parcels within Study Area #4 are slated for future development, potential environment impacts could relate to availability of sufficient water supply and water quality as a result of increased sewage treatment demand. Other potential environmental impacts could include traffic, water quality, and air quality impacts. Environmental review in compliance with CEQA is required prior to moving this study area into the City’s sphere of influence. This environmental review should include a detailed policy analysis, including Measures J and P, the policies of the County of Napa, the policies of the City, and the policies of LAFCO.

A map of Study Area #4 is presented on the next page.

<sup>38</sup> Source: Figure 9-1 in the Draft General Plan Update, April 2016

Figure 7-9: Study Area #4



## SOI OPTIONS

### *Sphere of Influence Options*

Five preliminary options have been identified for potential future action regarding the City of St. Helena Sphere of Influence, as listed below. The Commission may consider each option individually or may combine two or three options to form a new SOI plan. These options are intended to provide the Commission with examples of the types of actions that could be taken in regards to the SOI. It is not intended to be a comprehensive or all-inclusive list of potential actions. If the Commission has a suggestion for a new or different option, they may direct staff to further study that new option. The five preliminary options are as follows:

- A. Affirm the sphere of influence, no modification needed.
- B. Include Study Area #1 within the City's SOI
- C. Include Study Area #2 within the City's SOI
- D. Include Study Area #3 within the City's SOI
- E. Include Study Area #4 within the City's SOI

### *Discussion of Preliminary Five Options*

#### A. Affirm the Existing Sphere of Influence (Recommended)

If Napa LAFCO determines that the existing SOI and jurisdictional boundary are appropriate to provide public services, then the existing Sphere of Influence should be affirmed. Under this option the City would continue to provide existing public services within its City boundary. The City would also continue to provide water, police, and fire service to specific parcels located outside its jurisdictional boundary. The existing SOI allows sufficient opportunities for infill development, as the City has approximately 1,500 acres of land designated as agriculture, parks and open space, as shown in Figure 7-1.

#### B. Add Study Area #1 to the Sphere of Influence

Expand the City's Sphere of Influence to include Study Area #1. This option would expand the City's SOI to add 1,055.37 acres. The area would not necessarily be annexed into the City immediately. Rather, including this area into the SOI indicates that the City may annex the area at some future time, after the appropriate cost analysis, environmental, plan for service, and other studies have been completed. Upon annexation, it is also likely that the existing land uses would change to allow higher density residential development and this change could bring along associated traffic, air quality, solid waste, storm drainage changes.

An increased demand for public facilities and services is inherent in urban settings and, if Study Area #1 were to be annexed into the City, increased public service would become necessary. However, at this early state, inclusion of a study area into a sphere of influence would have no immediate impact on the type and level of services now being provided by the County to residents in the unincorporated area. Expansion of a sphere of influence will, however, provide the City of St. Helena with suitable assurance and means to properly plan for the most cost-efficient manner of adequate service provision.

*Water Service:* As described in described in Chapters 1-6 of this MSR/SOI, the City has multiple water sources including: Bell Canyon Reservoir, purchase of up to 600 acre-feet from the City of Napa, and pumping ground water. However, studies completed by the City as described in Chapters 1-6 indicate potential water shortfalls are forecasted for the year 2020 in critically dry water year types (See Chapter 4 of the MSR) within St. Helena's existing boundary and General Plan (1993) build-out. The adequacy of the water supply to support the parcels within any proposed SOI expansion may not be sufficient, especially if new development is proposed therein. Additional data and modeling of future water demand from the SOI study areas is needed.

City staff has communicated that analysis of water supply for the proposed SOI expansion is premature due to the following points:

- the City does not have plans to annex these areas in the near-term.
- any future annexation would trigger CEQA analysis specific to the properties/project in question. Water supply and demand can be analyzed on a case-by-case basis.

Additionally, St. Helena has adopted a Water Neutral Policy. The Water Neutral Policy requires that for all new development, any project must demonstrate that it will be water neutral through onsite improvements, retrofitting offsite properties to gain the water savings required to offset their use, or other method such as making improvements within the existing water system to gain the savings. Implementation of this policy could substantially improve the City's water forecast, given that a new development project could be conditioned on the replacement of existing water lines as a means of demonstrating water neutrality, and the replacement of a leaky line could result in overall savings in excess of the demands of that project. Toward this end, City staff estimates that it may lose approximately 15% of its water through transmission (including transmission to the properties outside of the City's jurisdiction) due to the age and dilapidated state of infrastructure. However, on the Water Neutral Policy remains an internal City water policy managed solely by the City. LAFCO could request calculations for the amount of water saved through this program compared to water demand from the potential future SOI expansion and annexation areas.

The provision of water service to study areas analyzed for potential future inclusion within the City's SOI is a critical and timely topic for the MSR/SOI Update document. LAFCO's policies define a SOI expansion as having a five year planning time horizon for potential annexation. SOI expansion by itself can trigger CEQA analysis. There are no existing studies which demonstrate the City has enough water to supply existing demand, existing general plan build out, and study areas. It is not yet known how future annexation of the proposed SOI study areas could affect water demand. The public services that the City provides to its boundary area and to the study areas is described in Chapters 1-7 of this report. Further study of water supply and demand to each of the study areas is warranted prior to further consideration of potential expansion of the SOI.

*Summary:* Prior to including Study Area #1 into the Sphere of Influence, it is recommended that the Commission obtain additional study of potential impacts on fiscal, policy, physical infrastructure, water supply & demand, public services, environmental, and agricultural systems. Regarding annexations, LAFCO has limited authority and could only recommend the City initiate annexation proceedings.

C. Add Study Area #2 to the Sphere of Influence

Expand the City's Sphere of Influence to include Study Area #2. The process and potential impacts of this option are nearly identical to adding Study Area #1 to the SOI as described in Option #B, above.

D. Add Study Area #3 to the Sphere of Influence

Expand the City's Sphere of Influence to include Study Area #3. The process and potential impacts of adding Study Area #3 are nearly identical to adding Study Area #1 to the SOI as discussed in Option #B, above.

E. Add Study Area #4 to the Sphere of Influence

Expand the City's Sphere of Influence to include Study Area #4. The process and potential impacts of adding Study Area #4 are nearly identical to adding Study Area #1 to the SOI as discussed in Option #B, above. However, because the two parcels within Study Area #4 are owned and used by the City for municipal purposes, the County General Plan and Zoning Designations do not apply to Study Area #4, consistent with CA Planning and Zoning Law. Additionally, it is possible that the City would continue to use these parcels to function as part of its wastewater treatment system.

Analysis of Tradeoffs

An analysis of tradeoffs regarding the potential inclusion of each of the four Study Areas within the City’s SOI is provided below in Table 7-6.

Table 7-6: Analysis of Potential Tradeoffs Associated with including Study Areas in the SOI.

Tradeoff	Inclusion Factor	Exclusion Factor	Insufficient information	Notes
The geographic proximity of Study Areas #1, 2, 3 and 4 are such that they are contiguous to the City boundary			X	Each study area is contiguous to the City’s existing jurisdictional boundary and sphere of influence. Geographic proximity alone is neither an inclusion nor an exclusion factor.
Parcels located within Study Areas likely contain agricultural uses and/or soils		X		Parcels in Study Areas 1, 2, 3, and 4 contain agricultural uses or agricultural soils/designations. Consistent with local policies, this is a potential exclusion factor.
Future development potential in the Study Areas has been evaluated		X		Annexation and/or development of land within Study Areas #1, #2, and #3 have not been considered in the City or County General Plan. Study Area #4 is currently owned by the City; however future development and use of this area has not yet been formally described for LAFCO. This is an exclusion factor based on the requirements of CEQA as well as LAFCO’s General Policy

				Determinations.
Amount of existing vacant or underdeveloped land located within an affected agency's jurisdiction		X		St. Helena has sufficient vacant land within its existing boundaries to accommodate infill development. This is an exclusion factor consistent with LAFCO's General Policy Determinations.
Service provision			X	The City provides water service, fire and police protection to parcels within Study Areas #1, #2, and #3. Study Area #4 does not receive municipal potable water. Sufficient water supply to continue to serve existing or future land uses within the study areas has not yet been demonstrated. Additionally, capacity to expand wastewater infrastructure to serve the areas has not been demonstrated.
Financial effects on other agencies			X	Sphere expansion and future annexation of any of the four study areas would result in reduced service demands for both County Sheriff and County Fire, which would be accompanied by corresponding revenue reductions for the County.
Financial effects on property owners within the Study Area			X	Insufficient data exists to determine financial impacts.

<p>Area is expected to be developed for urban uses or require urban-type services within the next 10 years</p>			<p>X</p>	<p>Insufficient data exists to determine potential future development and/or municipal service extensions associated with any sphere expansions.</p>
<p>Consistency with County General Plan and City General Plan</p>		<p>X</p>		<p>The majority of each study area is designated and zoned by the County for agricultural land uses. See tables 7-2, 7-3, 7-4, and 7-5 for additional details.</p>
<p>Adopted Urban Growth boundary</p>		<p>X</p>		<p>None of the study areas are within St. Helena’s adopted urban limit line. This is an exclusion factor based on LAFCO’s General Policy Determinations.</p>
<p>Would vacant or underdeveloped land that requires the extension of urban facilities, utilities, and services be added to the SOI?</p>		<p>X</p>		<p>Yes. Consistent with LAFCO’s General Policy Determinations, this is an exclusion factor.</p>
<p>City and County agree that Study Areas should be added to SOI.</p>		<p>X</p>		<p>The City and County have not reached agreement regarding sphere expansions for any of the four study areas. This is an exclusion factor based on LAFCO’s General Policy Determinations.</p>

## Recommendation

It is recommended that the Commission affirm St. Helena's SOI with no changes based on the following factors:

- LAFCO's adopted policies.
- All of the information presented in this MSR/SOI Update.
- The City's existing General Plan (1993) and its General Plan 2030 (Draft) do not evaluate the future expansion of the City's SOI to include any of the study areas.
- If the Commission wishes to pursue Options B, C, D, or E, provide direction to staff to prepare a list of studies that should be prepared prior to SOI expansion and prior to annexation. Studies may include analysis of potential impacts on fiscal, policy, physical infrastructure, water supply, public services, environmental, and agricultural systems. A plan for future land use and public service should also be developed. Additional documentation of the process to SOI expansion and annexation is also recommended.

Additionally, it is recommended that the Commission carefully consider each of the five sphere options presented above. After the Commission provides direction to staff regarding the preferred option, formal determinations will be provided for the Commission's consideration as described below.

## 7.2: DRAFT SOI DETERMINATIONS: OPTION #A

In order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local governmental agencies to advantageously provide for the present and future needs of the County and its communities, LAFCO is required to develop and determine the sphere of influence of each local governmental agency within the county. CKH directs LAFCOs to update each agency's SOI every five years. As part of this process and pursuant to CA Government Code Sections 56425-56434, the Commission is required to make specific written determinations on five factors as follows:

1. Present and planned land uses in the area, including agricultural and open-space lands.
2. Present and probable need for public facilities and services in the area.
3. Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
4. Existence of social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.
5. Present and Probable need for Public Facilities and Services of Disadvantaged Unincorporated Communities.

Chapters 1-6 of this MSR/SOI Update provide sufficient factual information to support the Commission's determinations for the five SOI factors listed above. Chapter 7 of this MSR/SOI Update provides a detailed analysis of five options for updating the sphere of influence for the City of St. Helena. Each of these five options plus other options may be considered by the Commission. The Commission may request additional information regarding the options, as needed.

This section provides draft SOI determinations for Option #A and these determinations may be modified to correlate with the specific option that the Commission chooses. The final determinations will be included in a resolution that the Commission will formally adopt during a noticed public hearing.

### The present and planned land uses in the sphere, including agricultural and open-space lands.

1. The present and planned land uses in the City's existing sphere are adequately contemplated under the St. Helena General Plan (1993). The St. Helena General Plan provides for the current and future urban uses characterizing the majority of the sphere.
2. Present land uses within the SOI include residential and commercial uses. Approximately 1,500 acres of land located within in the existing sphere is designated for agriculture, parks and open space as shown in Figure 7-1. These existing agricultural, parks and open space uses will not be affected by their retention in the sphere.
3. The territory within St. Helena's existing boundary and sphere provides several opportunities for infill development and SOI expansion is not necessary.

### The present and probable need for public facilities and services in the study area.

4. The City of St. Helena provides a full range of municipal services within the sphere either directly or through contracts with other public or private entities as detailed in Chapters 1-7 of this document. These public services support the present and planned urban uses within the sphere as contemplated in the St. Helena General Plan.
5. Undeveloped and unincorporated parcels located contiguous to the City do not need traditional urban services, as most of the area is currently agricultural or rural residential.

The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

6. St. Helena has demonstrated its ability to provide an adequate level and range of public services within its sphere of influence. The City has developed policies, service plans, and programs to provide adequate and effective municipal services for the area. These public services were comprehensively evaluated by LAFCO as part the municipal service review update provided in Chapters 1-6 of this document.

The existence of any social or economic communities of interest in the sphere if the commission determines that they are relevant to the agency.

7. The City of St. Helena has established social and economic interdependencies within the sphere that are distinct from neighboring unincorporated areas. This MSR/SOI Update acknowledges these established community ties.
8. The social and economic health of the area is measurably enhanced by the municipal services provided by the City of St. Helena.

Present and Probable need for Public Facilities and Services of Disadvantaged Unincorporated Communities.

9. No disadvantaged unincorporated communities meeting the definition under State law have been formally identified in Napa County. Since St. Helena is an incorporated city, there are no unincorporated communities within its boundaries and sphere of influence. Disadvantaged community status is described in detail in chapter 3.3.

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## **Appendices**

- A. Economic Forecast within Napa County by Caltrans
- B. Population Study of Napa County
- C. Grants for Disadvantaged Communities
- D. Regulatory requirements - Municipal Water
- E. City of St. Helena 2016-2026 Long Range Financial Forecast
- F. City of St. Helena Contract with City of Napa for Water Supply Entitlements

Appendix A: Economic Forecast within Napa County by Caltrans

# NAPA COUNTY ECONOMIC FORECAST

Napa County is home to the Napa Valley, a popular tourist destination known for wine grapes and premium wine production. Napa County has a population of 140,300 people and a total of 74,200 wage and salary jobs. The per capita income in Napa County is \$60,576, and the average salary per worker is \$58,557.

Wine grapes account for 99 percent of all agricultural output in Napa County. Red grapes are dominant in the region, with a total value that is almost 5 times than that of white grapes. The viticulture industry also attracts a large number of tourists to the county each year, generating a substantial amount of economic activity.

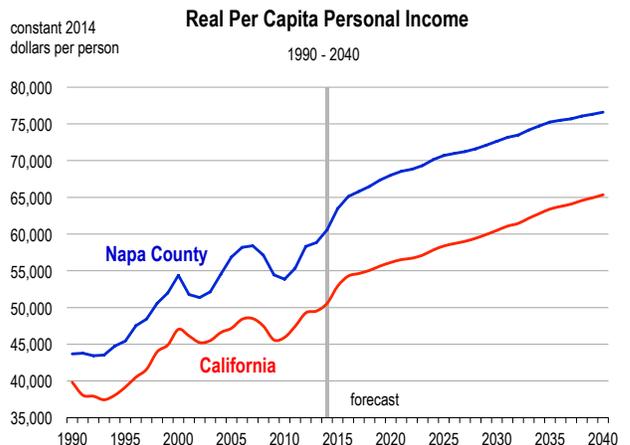
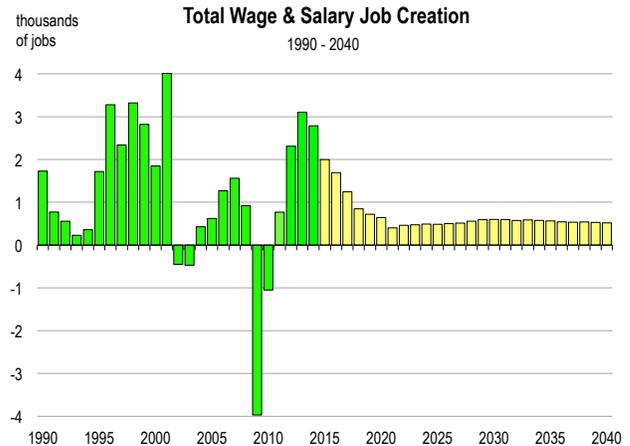
In 2014, employment in Northern California increased by 3.4 percent, whereas employment in the greater Bay Area grew by 4.0 percent. In Napa County, a total of 2,800 jobs were created, representing a growth rate of 3.9 percent. Non-farm employment increased by 4.1 percent, while farm employment increased by 1.8 percent. The unemployment rate improved substantially, falling from 6.8 percent in 2013 to 5.6 percent in 2014.

During 2014, the largest employment increases were observed in leisure and hospitality (+670 jobs), manufacturing (+670 jobs), education and healthcare (+420 jobs), and construction (+410 jobs). No industries were characterized by jobs losses.

Between 2009 and 2014, the population of Napa County grew at an annual average rate of 0.7 percent. Net migration accounted for more than 60 percent of this growth, with an average of 600 net migrants entering the county each year.

## FORECAST HIGHLIGHTS

- Job growth of 2.7 percent is forecasted for 2015. Between 2015 and 2020, the annual growth rate for total wage and salary jobs will average 1.3 percent.
- Average salaries are below the California average, and will remain so over the foreseeable future. In Napa County, inflation-adjusted salaries are forecasted to rise by 0.6 percent per year from 2015 to 2020.
- Between 2015 and 2020, job creation will be concentrated in leisure services (+1,700 jobs), professional and business services (+1,000 jobs), education and healthcare (+530 jobs), and wholesale and retail trade (+500 jobs). Together, these industries will account for 71 percent of net job creation in the county.
- Population growth is expected to average 0.4 percent per year from 2015 to 2020.
- During the 2015-2020 period, an average of 470 net migrants will enter the county each year, accounting for 77 percent of total population growth.
- Real per capita income will rise by 4.8 percent in 2015. From 2015 to 2020, real per capita income is forecasted to increase by 1.4 percent per year.
- Total taxable sales, adjusted for inflation, are expected to increase by an average of 2.7 percent per year between 2015 and 2020.
- Industrial production is expected to rise by 4.1 percent in 2015. From 2015 to 2020, industrial production will grow at an average rate of 2.6 percent per year.
- Farm production is forecasted to increase by 1.2 percent per year between 2015 and 2020. Wine grapes will continue to account for the vast majority of all output.

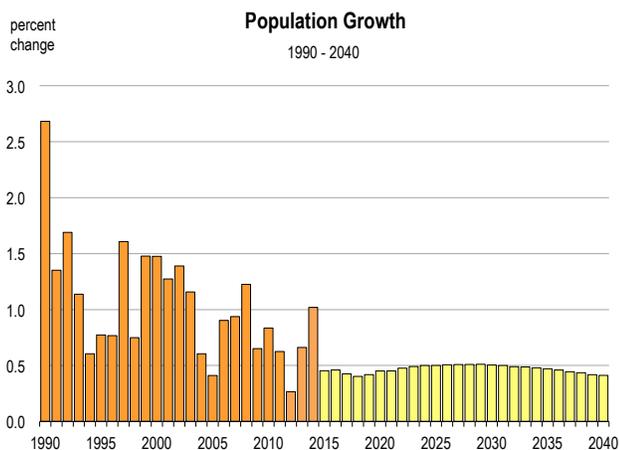


This Forecast was prepared by Caltrans, Economic Analysis Branch. On-line at:  
[http://www.dot.ca.gov/hq/tpp/offices/eab/socio\\_economic\\_files/2015/Final%20Forecasts/Napa.pdf](http://www.dot.ca.gov/hq/tpp/offices/eab/socio_economic_files/2015/Final%20Forecasts/Napa.pdf)

# Napa County Economic Forecast

## 2006-2014 History, 2015-2040 Forecast

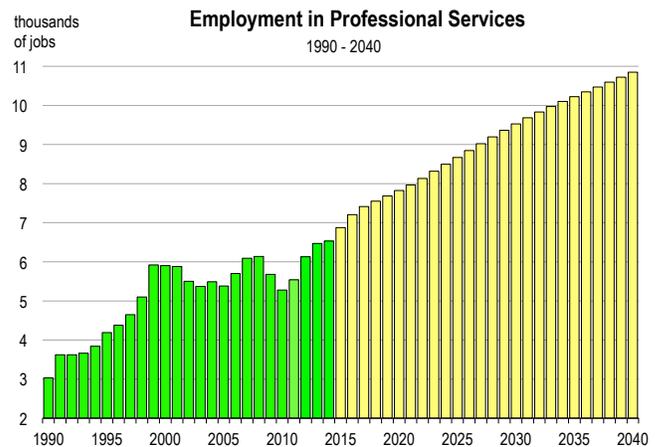
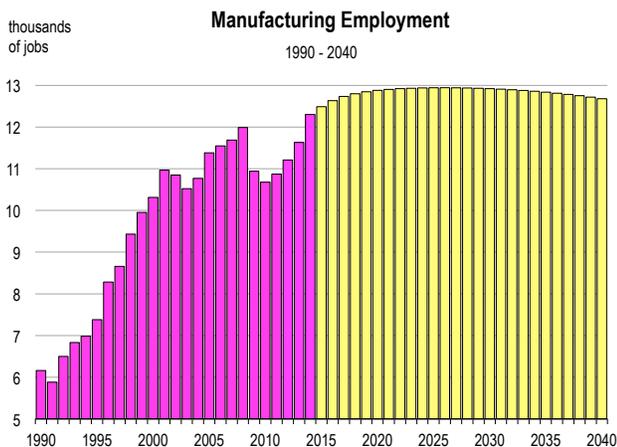
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2006	131,920	630	138	48.4	503	\$2.4	\$6.4	\$58,181	3.2	576.3	2.4	3.9
2007	133,155	701	138	48.8	314	\$2.6	\$6.7	\$58,407	3.4	562.1	2.6	4.0
2008	134,786	1,170	139	48.9	247	\$2.5	\$6.8	\$57,124	2.9	463.4	3.0	5.1
2009	135,664	321	138	48.9	132	\$2.2	\$6.6	\$54,441	0.8	564.0	2.7	8.6
2010	136,798	648	138	48.9	106	\$2.3	\$6.6	\$53,865	1.3	511.5	2.6	10.3
2011	137,653	496	137	49.0	131	\$2.5	\$7.1	\$55,359	2.7	464.8	2.5	9.8
2012	138,019	-43	137	49.1	153	\$2.7	\$7.7	\$58,326	2.7	699.7	2.8	8.4
2013	138,932	742	141	49.2	237	\$2.9	\$7.9	\$58,830	2.3	681.0	2.9	6.8
2014	140,348	1,149	143	49.2	126	\$3.1	\$8.5	\$60,576	2.8	682.0	3.1	5.6
2015	140,984	537	144	49.4	143	\$3.3	\$9.1	\$63,464	1.2	696.6	3.2	5.1
2016	141,633	542	146	49.5	172	\$3.6	\$9.6	\$65,126	3.2	700.0	3.3	4.3
2017	142,235	477	147	49.7	189	\$3.8	\$10.1	\$65,791	3.2	708.1	3.4	4.1
2018	142,808	434	147	49.9	202	\$4.0	\$10.5	\$66,499	3.0	711.2	3.5	4.0
2019	143,405	438	148	50.1	204	\$4.2	\$11.0	\$67,355	2.8	720.5	3.6	3.9
2020	144,053	468	148	50.3	206	\$4.4	\$11.5	\$68,033	2.9	739.1	3.7	3.9
2021	144,704	455	149	50.5	199	\$4.6	\$12.0	\$68,562	3.0	737.9	3.8	3.9
2022	145,393	473	149	50.7	196	\$4.8	\$12.5	\$68,824	3.1	750.1	3.9	3.9
2023	146,107	477	149	50.9	197	\$5.0	\$13.0	\$69,327	2.7	754.3	4.0	3.8
2024	146,837	479	150	51.1	189	\$5.2	\$13.5	\$70,149	2.6	762.4	4.1	3.8
2025	147,572	474	150	51.3	188	\$5.4	\$14.1	\$70,699	2.8	768.9	4.2	3.8
2026	148,320	475	150	51.5	186	\$5.6	\$14.6	\$70,990	2.8	776.2	4.4	3.8
2027	149,074	472	151	51.6	184	\$5.8	\$15.2	\$71,230	2.8	783.3	4.5	3.8
2028	149,833	470	151	51.8	189	\$6.0	\$15.7	\$71,598	2.7	790.6	4.6	3.8
2029	150,599	465	152	52.0	186	\$6.2	\$16.3	\$72,096	2.5	797.9	4.8	3.8
2030	151,359	454	152	52.2	180	\$6.4	\$16.9	\$72,628	2.4	805.5	4.9	3.8
2031	152,116	442	152	52.4	174	\$6.6	\$17.5	\$73,177	2.3	813.1	5.1	3.8
2032	152,860	426	153	52.6	167	\$6.8	\$18.1	\$73,480	2.5	820.7	5.3	3.8
2033	153,604	420	153	52.7	162	\$7.1	\$18.8	\$74,152	2.1	828.3	5.4	3.8
2034	154,341	411	154	52.9	157	\$7.3	\$19.4	\$74,725	2.3	836.2	5.6	3.8
2035	155,068	404	154	53.0	152	\$7.6	\$20.1	\$75,264	2.4	844.0	5.8	3.8
2036	155,781	395	154	53.2	147	\$7.8	\$20.8	\$75,501	2.8	851.9	5.9	3.8
2037	156,473	387	155	53.3	142	\$8.1	\$21.6	\$75,702	2.8	860.1	6.1	3.8
2038	157,154	382	155	53.5	137	\$8.4	\$22.4	\$76,071	2.7	868.0	6.3	3.8
2039	157,811	375	155	53.6	132	\$8.6	\$23.2	\$76,311	2.8	876.4	6.4	3.8
2040	158,460	368	156	53.8	128	\$8.9	\$24.0	\$76,587	2.8	884.6	6.6	3.8

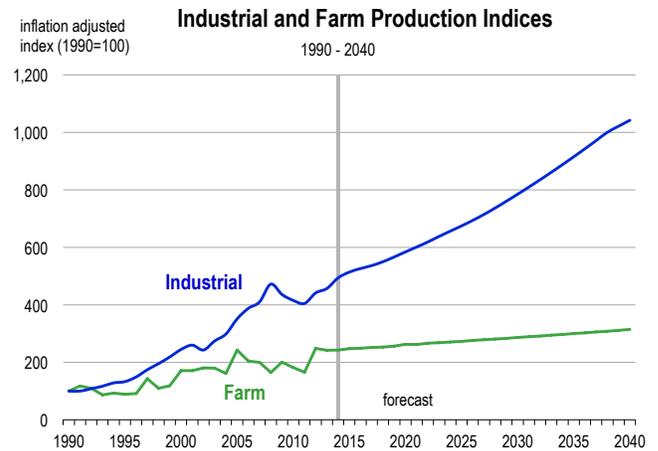
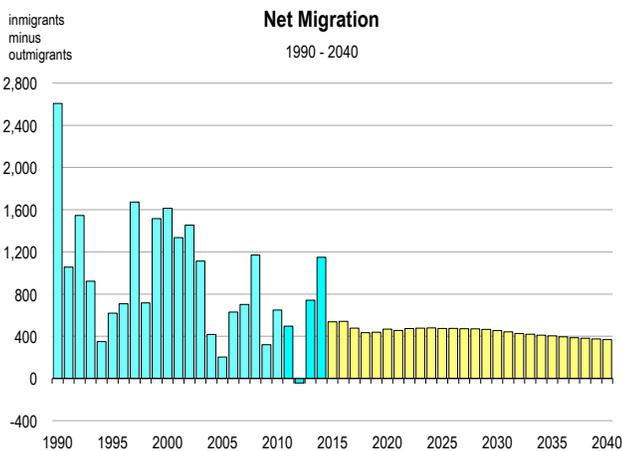
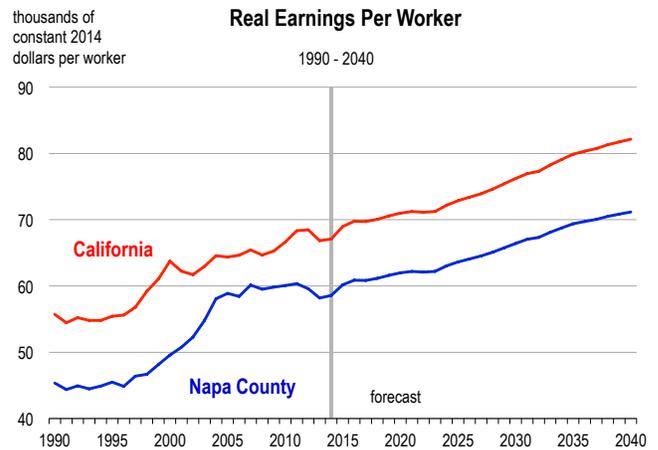
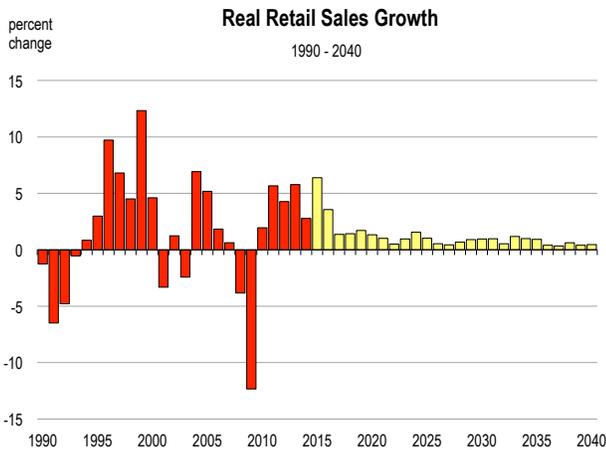


# Napa County Employment Forecast

## 2006-2014 History, 2015-2040 Forecast

	Total Wage & Salary	Farm	Construction	Manufacturing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
-----employment (thousands of jobs)-----												
2006	67.8	4.74	5.1	11.6	1.4	7.6	2.8	5.7	0.7	8.0	8.5	10.0
2007	69.4	4.91	4.6	11.7	1.6	7.8	2.6	6.1	0.7	8.4	9.1	10.2
2008	70.3	4.87	4.0	12.0	1.7	7.7	2.6	6.1	0.7	8.6	9.3	10.6
2009	66.3	4.93	3.0	10.9	1.6	7.3	2.4	5.7	0.6	8.5	8.8	10.7
2010	65.3	4.67	2.6	10.7	1.5	7.3	2.3	5.3	0.6	8.7	9.3	10.4
2011	66.0	4.80	2.5	10.9	1.6	7.1	2.3	5.5	0.6	8.8	10.0	10.1
2012	68.3	4.81	2.7	11.2	1.8	7.3	2.3	6.1	0.6	9.1	10.7	9.9
2013	71.4	4.95	3.2	11.6	1.9	7.7	2.2	6.5	0.6	9.6	11.3	10.0
2014	74.2	5.04	3.6	12.3	2.0	7.9	2.2	6.5	0.6	10.0	12.0	10.1
2015	76.2	5.09	3.6	12.5	1.9	8.1	2.3	6.9	0.6	10.2	12.8	10.2
2016	77.9	5.12	3.7	12.6	2.0	8.2	2.2	7.2	0.6	10.4	13.4	10.3
2017	79.2	5.17	3.7	12.7	2.0	8.3	2.2	7.4	0.6	10.5	13.9	10.4
2018	80.0	5.19	3.7	12.8	2.0	8.4	2.2	7.6	0.6	10.6	14.2	10.4
2019	80.7	5.25	3.7	12.8	2.0	8.5	2.3	7.7	0.6	10.7	14.4	10.5
2020	81.4	5.38	3.7	12.9	2.0	8.6	2.3	7.8	0.7	10.7	14.4	10.5
2021	81.8	5.37	3.7	12.9	2.1	8.7	2.3	8.0	0.7	10.8	14.5	10.5
2022	82.2	5.45	3.7	12.9	2.1	8.7	2.3	8.1	0.7	10.9	14.5	10.5
2023	82.7	5.48	3.7	12.9	2.1	8.8	2.3	8.3	0.7	11.0	14.5	10.6
2024	83.2	5.53	3.7	12.9	2.1	8.8	2.3	8.5	0.7	11.1	14.5	10.6
2025	83.7	5.57	3.7	12.9	2.1	8.9	2.3	8.7	0.7	11.1	14.6	10.6
2026	84.2	5.62	3.6	12.9	2.2	8.9	2.4	8.8	0.7	11.2	14.6	10.7
2027	84.7	5.67	3.6	12.9	2.2	9.0	2.4	9.0	0.7	11.3	14.7	10.7
2028	85.3	5.72	3.6	12.9	2.2	9.0	2.4	9.2	0.7	11.4	14.8	10.7
2029	85.9	5.77	3.6	12.9	2.2	9.1	2.4	9.4	0.7	11.5	14.9	10.8
2030	86.5	5.82	3.6	12.9	2.3	9.1	2.4	9.5	0.7	11.7	15.0	10.8
2031	87.1	5.87	3.6	12.9	2.3	9.2	2.5	9.7	0.7	11.8	15.2	10.8
2032	87.6	5.92	3.6	12.9	2.3	9.2	2.5	9.8	0.7	11.9	15.3	10.8
2033	88.2	5.97	3.6	12.9	2.3	9.3	2.5	10.0	0.7	12.0	15.5	10.9
2034	88.8	6.02	3.6	12.9	2.4	9.4	2.5	10.1	0.7	12.1	15.6	10.9
2035	89.4	6.07	3.6	12.8	2.4	9.4	2.5	10.2	0.7	12.3	15.7	10.9
2036	89.9	6.12	3.6	12.8	2.4	9.5	2.5	10.3	0.7	12.4	15.9	11.0
2037	90.4	6.18	3.6	12.8	2.4	9.5	2.5	10.5	0.7	12.5	16.0	11.0
2038	91.0	6.23	3.6	12.8	2.4	9.5	2.6	10.6	0.7	12.6	16.2	11.0
2039	91.5	6.29	3.6	12.7	2.5	9.6	2.6	10.7	0.7	12.7	16.3	11.0
2040	92.0	6.34	3.6	12.7	2.5	9.6	2.6	10.9	0.7	12.8	16.5	11.1





## County Economic and Demographic Indicators

### Projected Economic Growth (2015-2020)

Expected retail sales growth:	16.8%
Expected job growth:	9.6%
Fastest growing jobs sector:	Leisure Services
Expected personal income growth:	15.3%

Expected population growth:	2.6%
Net migration to account for:	76.8%
Expected growth in number of vehicles:	3.8%

### Demographics (2015)

Unemployment rate (March 2015):	4.6%
County rank* in California (58 counties):	6th
Percent of population working age:(16-64)	63.6%

Population with B.A. or higher:	30.8%
Median home selling price (2014):	\$485,000
Median household income:	\$69,717

### Quality of Life

Violent crime rate (2013):	262 per 100,000 persons
County rank* in California (58 counties):	15th
Average commute time to work (2015):	26.1 minutes

High School drop out rate (2014):	9.3%
Households at/below poverty line (2015):	7.3%

\* The county ranked 1st corresponds to the lowest rate in California

Appendix B: Population Study of Napa County

## Appendix B

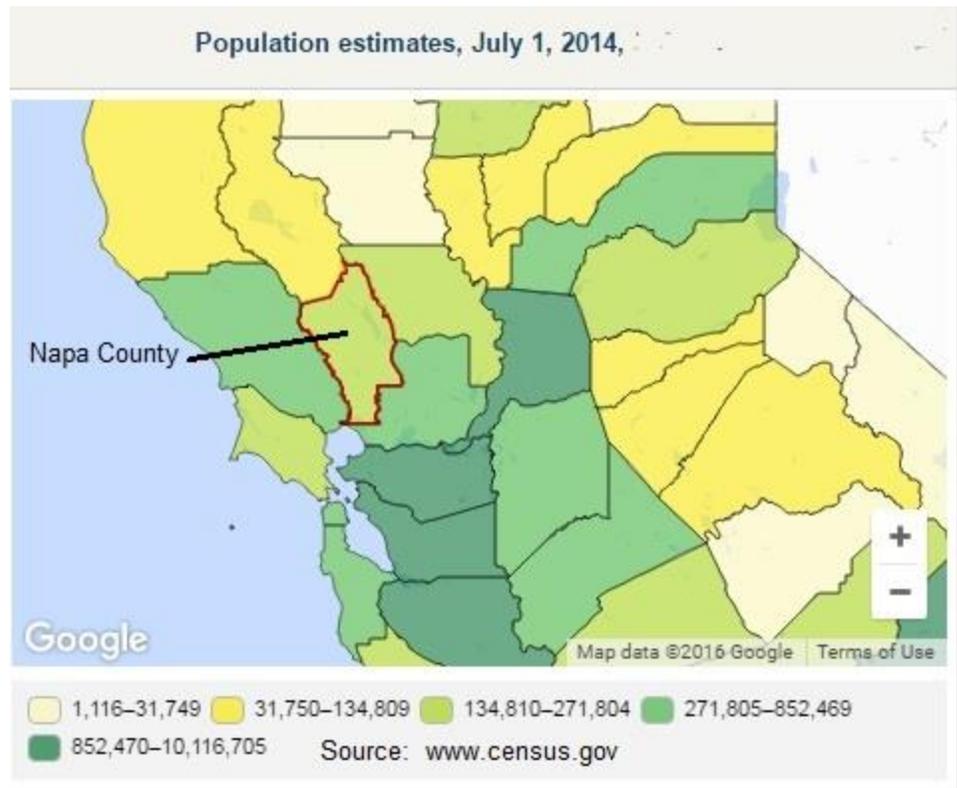
### Population Study for Napa County

This appendix analyzes the existing and projected population in Napa County. This information is provided as context to the City of Calistoga as studied in this MSR/SOI.

Napa County has the smallest population of any of the nine bay area counties that participate in Association of Bay Area Governments (ABAG). The population of Napa County is approximately 140,300 persons in 2015. The second smallest county in the ABAG region is Marin County at 258,972 persons and this is 84% larger than Napa County (DOF, 2015). Figure D-1, below depicts the general population of Napa County in relation to the surrounding counties.

ABAG provides analysis of population data for local governments throughout the nine county region it serves. Projections 2013 is the most recent in the Association of Bay Area Governments' series of statistical compendia on demographic,

economic, and land use changes in coming decades. This current version covers the period between 2010 and 2040. Table D.1, below lists ABAG's projected population for Napa County in the years 2020, 2025, 2030, 2035, and 2040. Between the years 2015 to 2040, Napa County's population will grow by 23,400 persons or an overall increase of 17%. Currently, most (56%) of the population of Napa County resides within the City of Napa, making Napa the largest city in the County. Nineteen percent live in the unincorporated area of the County.



	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>	<b>2035</b>	<b>2040</b>
AMERICAN CANYON	20,500	21,500	22,600	23,700	25,000	26,200
CALISTOGA	5,200	5,300	5,400	5,500	5,500	5,600
NAPA	78,800	80,700	82,800	85,100	87,700	90,300
ST. HELENA	5,900	6,000	6,100	6,100	6,200	6,300
YOUNTVILLE	3,000	3,100	3,300	3,400	3,600	3,800
UNINCORPORATED	26,900	27,600	28,400	29,300	30,400	31,500
<b>NAPA COUNTY</b>	<b>140,300</b>	<b>144,200</b>	<b>148,600</b>	<b>153,100</b>	<b>158,400</b>	<b>163,700</b>

*Source: ABAG Projections 2013 for Napa County*

The number of persons sharing a household is projected to increase slightly by the year 2040 to 2.77, on average as shown in Table D-2, below (ABAG, 2013).

	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>	<b>2035</b>	<b>2040</b>
AMERICAN CANYON	3.41	3.40	3.40	3.40	3.41	3.43
CALISTOGA	2.53	2.54	2.55	2.56	2.58	2.60
NAPA	2.69	2.69	2.71	2.72	2.74	2.76
ST. HELENA	2.39	2.39	2.40	2.41	2.43	2.45
YOUNTVILLE	1.86	1.86	1.87	1.88	1.89	1.91
UNINCORPORATED	2.48	2.49	2.50	2.51	2.53	2.55
<b>NAPA COUNTY</b>	<b>2.70</b>	<b>2.70</b>	<b>2.72</b>	<b>2.73</b>	<b>2.75</b>	<b>2.77</b>

*Source: ABAG Projections 2013 for Napa County*

The Metropolitan Transportation Commission analyzes and publishes various statistics about local counties as part of their transportation planning process. The historical trend of poverty rates is shown in Figure below. Napa County is shown as a blue line and it indicates that poverty in Napa County has become more variable and has increased during the past decade.

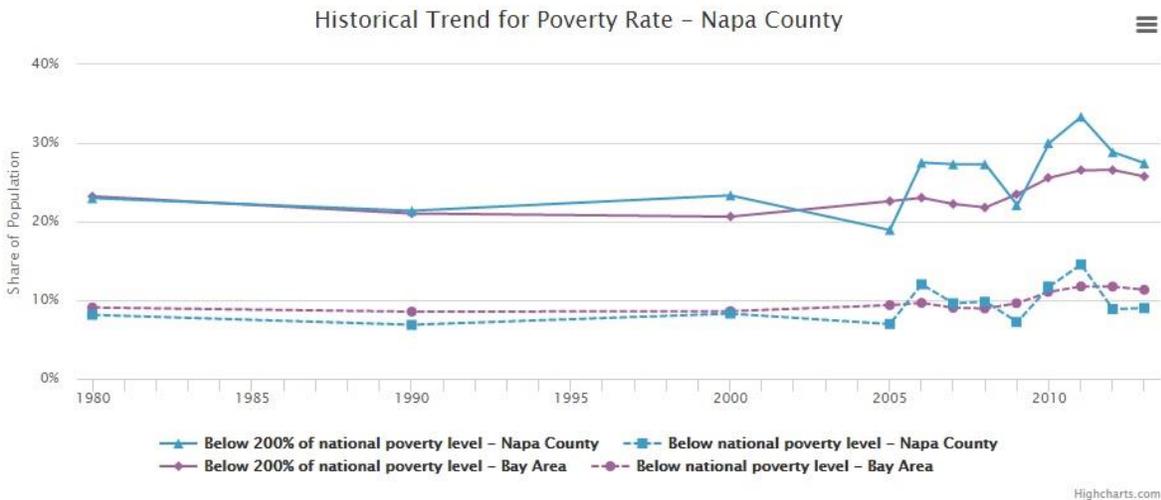
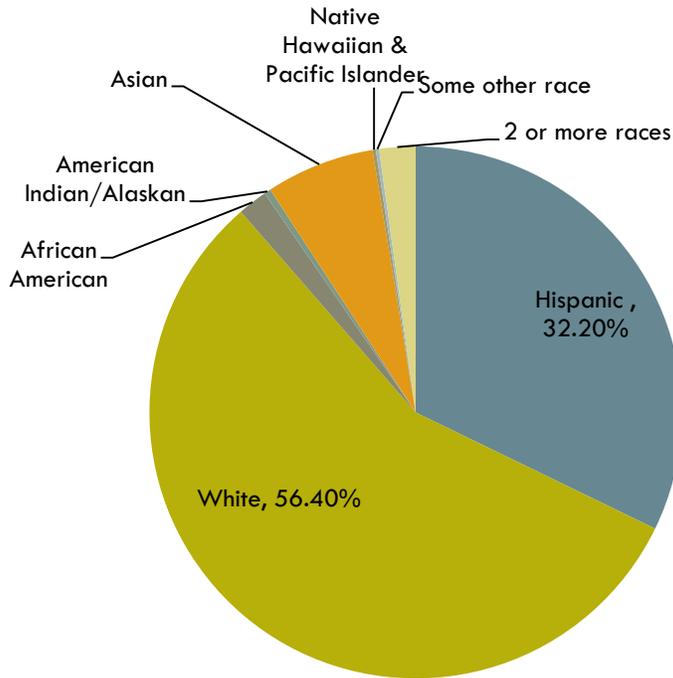


Figure D-2 with Data Source: Metropolitan Trans Commis

The U.S. Census collects data on race and this provides background information about ancestry and ethno-linguistic categories. This data also provides contextual information on the historical role of immigration, race and inequality in American society. The Bay Area Census<sup>1</sup> reports this data for Napa County. California is a racially diverse state and Napa County somewhat reflects this diversity. White and Hispanics are the two largest racial categories in Napa County as shown in Figure D-3 below. Other categories include African American (1.20%); American Indian/Alaskan (0.50%); Asian (2.90%); and Native Hawaiian & Pacific Islander (0.20%). 0.20% of people self-identify as belonging to some other race and 2.10% identify as belonging to two or more races (MTC-ABAG, 2010).

<sup>1</sup> The Bay Area Census is a project and website provided jointly by provided by the Metropolitan Transportation Commission and the Association of Bay Area Governments and it contains selected Census data for the San Francisco Bay Area.

**Figure D-3: Racial Distribution Napa County**



Data Source: MTC-ABAG , 2010

Age distribution

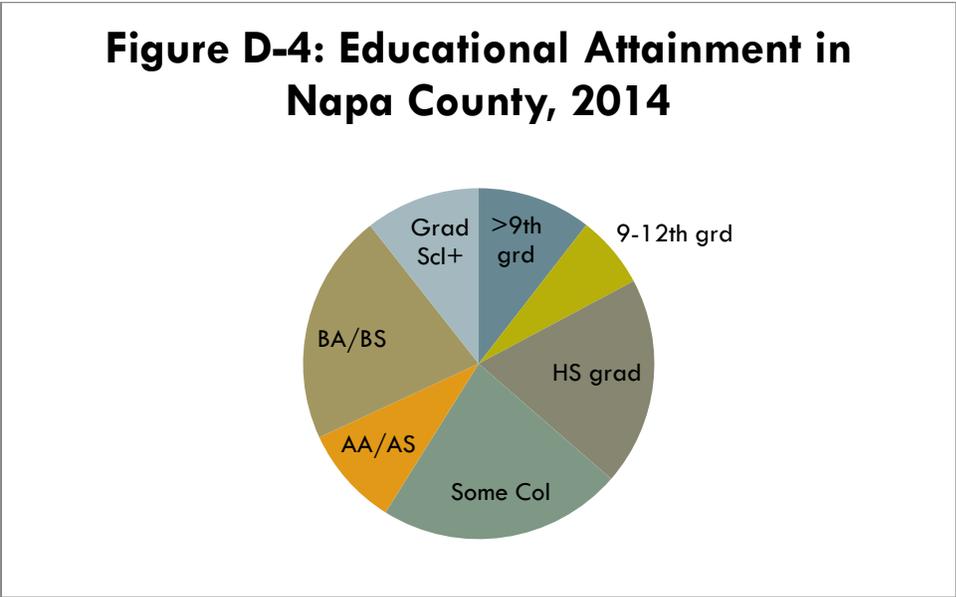
The Median age in Napa County is 39.7 years. There are 20,594 senior citizens living in the County, as shown in Table D-3, below.

Age Category	# of residents
Under 5 years	8,131
5 to 17 years	23,355
18 to 64 years	84,404
65 years and over	20,594
Data Source: <a href="http://www.bayareacensus.ca.gov/counties/NapaCounty.htm">http://www.bayareacensus.ca.gov/counties/NapaCounty.htm</a>	

Average household size was 2.69 persons in 2010. There were a total of 54,759 housing units in Napa County in 2010. Approximately 11% or 5,883 of these units were vacant or used as vacation homes. Of the occupied homes, approximately 63% or 30,597 were owner-occupied and 37% (18,279 units) were rental homes (MTC-ABAG, 2010).

The total number households in the County in 2014 was 49,631. The median household income was \$70,925. The Mean household income was estimated to be \$95,454 in 2014. The percentage of people whose income in the past 12 months is below federal poverty level was 10.30% (approximately 13,000 people) (US Census, 2014).

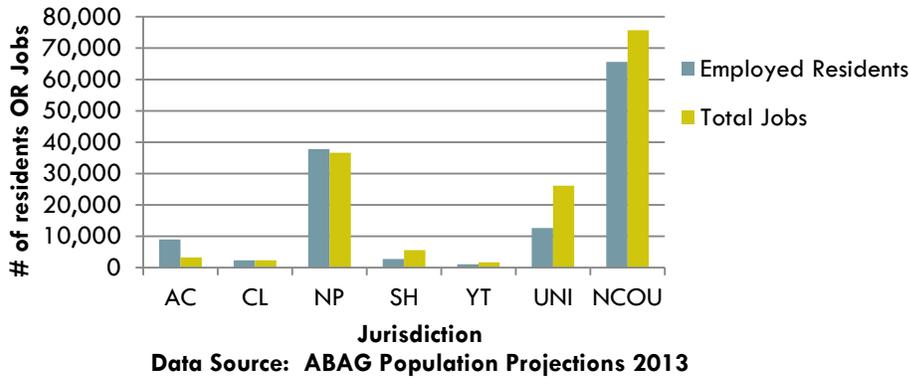
The Educational Attainment In the population aged 25 years and over is that 82.80% of the county’s population is a high school graduate or higher. Almost 32% of the county’s population has attained a bachelor’s degree or higher, as shown in Figure D-4, below (US Census, 2014).



US Census, 2014

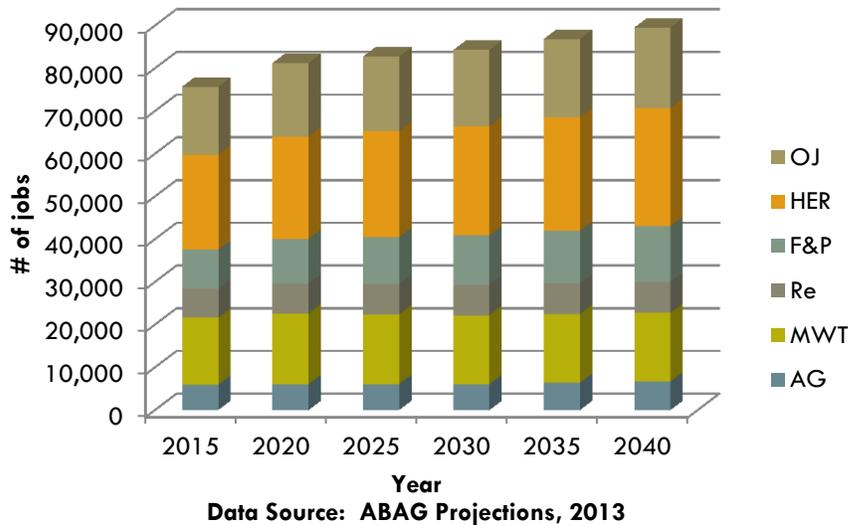
Figure D-5, below depicts a comparison between the number of employed residents an area has to the total number of jobs that area provides, as of 2015. In the Figure, abbreviations for the jurisdictions along the horizontal access are as follows: City of American Canyon, AC; City of Calistoga, CL; City of Napa, NP; City of St. Helena , SH; City of Yountville, YT; Unincorporated, UNI; and Napa County, NCOU. Three cities, such as American Canyon and Calistoga, and Napa have more employed residents and fewer jobs, in comparison. This indicates that many people commute out of the city to work. The cities of St. Helena and Yountville along with the unincorporated area provide more jobs than employed residents. This indicates that these areas provide jobs that attract people to commute there for work. By the year 2040, the number of employed residents in Napa County is expected to rise to 74,690 persons (ABAG, 2013).

**Figure D-5: Comparison # Employed Residents and Jobs in 2015**



There are 75,700 jobs in Napa County as of the year 2015, as shown in Figure D-6, below, according to ABAG. The number of jobs is expected to increase to 89,540 by the year 2040, an overall increase of almost two percent. The jobs cover a range of economic sectors. In the Figure below, these economic sectors are given the following abbreviations: Agriculture and Natural Resources Jobs, AG; Manufacturing, Wholesale and Transportation Jobs, MWT; Retail Jobs, Re; Financial and Professional Service Jobs, F&P; Health, Educational and Recreational Service Jobs, HER; and Other Jobs, OJ.

**Figure D-6: Projected Job Growth - Napa County**



Although the agricultural sector represents only a small fraction of the number of current and projected jobs, this sector does provide many other ancillary benefits. For example, many of the retail jobs in Napa County are related to the wine industry. The scenic vineyards and pastures create an attractive visual amenity which increase the quality of life and helps other businesses and industries attract workers. The agricultural sector also supports the creation and protection of green open space which is one of LAFCO's goals.

## References

- Association of Bay Area Governments (ABAG). Bay Area Plan Projections 2013. Oakland, California. Available on-line at: <http://abag.ca.gov/planning/housing/projections13.html>. Accessed March 23, 2016.
- CA Department of Finance (DOF), Demographic Research Unit. Table E-1, Cities, Counties, and the State Population Estimates with Annual Percent change - January 1, 2014 and 2015. May 2015. Sacramento, California. Available on-line at: <http://www.dof.ca.gov/research/demographic/reports/estimates/e-1/view.php>. Accessed March 23, 2016.
- MTC-ABAG Library. Bay Area Census website. 2010 Census data for Bay Area. Oakland, California. Available on-line at: <http://www.bayareacensus.ca.gov/index.html>. Accessed March 23, 2016.
- U.S. Census Bureau; 2014. American Community Survey 5-Year Estimates Educational Attainment. Generated by Kateri Harrison; using American FactFinder; <http://factfinder2.census.gov>. Accessed March 23, 2016.

Appendix C: Grants for Disadvantaged Communities

## Appendix C

### *Grants for Disadvantaged Communities*

**Cap and Trade Funds:** AB 32 (Global Warming Solutions Act of 1996) requires the reduction of greenhouse gas emissions back down to 1990 levels by 2020 within California. AB 32 required the California Air Resources Board to administer this program. Facilities subject to the cap must obtain permits (called allowances) to emit these GHG. These allowances are auctioned by the state, and businesses can then sell or trade them. California's cap-and-trade program was launched in November 2012 and has generated hundreds of millions of dollars in revenue. SB 535, signed into law in September 2012, requires that 25 percent of the cap-and-trade funds go to projects that will benefit disadvantaged areas and that at least 10 percent must be allocated to projects actually located in disadvantaged communities. The law defines "disadvantaged communities" as those that are disproportionately affected by pollution and suffering from high concentrations of unemployment, low levels of homeownership, high rent burden, and low levels of educational attainment. The California Air Resources Board has Maps for Evaluating Benefits to Disadvantaged Communities and has additional information about potential funding opportunities. See their website at: <http://www.arb.ca.gov/cc/capandtrade/auctionproceeds/535investments.htm> for more information.

**Safe Drinking Water State Revolving Fund:** The California Department of Public Health administers the Safe Drinking Water State Revolving Fund which provides low interest loans to fund water infrastructure projects and public water system planning. Disadvantaged communities that are unable to afford loans for water systems may be eligible for these grants. Projects that solve public health and significant compliance issues are emphasized by the grant funders.

**State Water Resources Control Board Revolving Fund Program:** The U.S. Clean Water Act (amended in 1987) established the Clean Water State Revolving Fund program. Through this program, low interest financing agreements for water quality projects may be provided to state and local governments. \$200 and \$300 million is offered to eligible projects each year across the country.

**Proposition 1, Water Quality, Supply, and Infrastructure:** This water bond measure was approved by California voters on November 4, 2014. Proposition 1, known as the Water Quality, Supply, and Infrastructure Improvement Act of 2014 authorized \$1.4 billion for water-quality projects, as part of Integrated Regional Water Management Implementation and Planning efforts in each hydrologic region of the State. The \$1.4 billion in funding includes \$260 million for drinking water in disadvantaged communities.

**Community Development Block Grant Funds:** This program began in 1974, and is administered by the federal Housing and Urban Development (HUD). The Community Development Block Grant Funds program provides annual grants to allow communities address a wide range of unique community development needs.

**Greenhouse Gas Reduction Fund:** California's Greenhouse Gas Reduction Grant and Loan Program contributes towards capital investments in recycling manufacturing facilities and composting/digestion infrastructure. CalRecycle administers this program whose aim is to reduce greenhouse gas emissions and to realize economic benefits in disadvantaged communities. Ideally, material can be diverted from landfills and utilized to produce beneficial products such as compost or bio-digesters. Grants may also be used to expand infrastructure for manufacturing products with recycled content fiber, plastic, or glass. Details are available on the CalRecycle website at: <http://www.calrecycle.ca.gov/Climate/GrantsLoans/>.

Appendix D: Regulatory Requirements - Municipal Water

# APPENDIX D: REGULATORY REQUIREMENTS - MUNICIPAL WATER

## Federal Regulations

### *U.S. Clean Water Act (1972)*

The Clean Water Act (CWA) is the primary federal statute governing the protection of water quality. The EPA's implementation of this law provides a comprehensive program to protect the nation's surface waters. Under CWA Section 304, states are required to ensure that potable water retailed to the public meets specific standards.

Section 303(d) of the CWA requires states to identify water bodies that do not meet water quality objectives and that do not support beneficial uses. The 303(d) list includes the Napa River for pathogens, nutrients, and sedimentation/siltation.

### *U.S. Safe Drinking Water Act (1974)*

Under the Safe Drinking Water Act (SDWA, 42 USC Sections 300f et seq.), U.S. EPA regulates contaminants of concern to domestic water supply. Contaminants of concern relevant to domestic water supply are defined as those that pose a public health threat or that alter the aesthetic acceptability of the water. The California Department of Public Health (CDPH) has been granted primary enforcement responsibility for the SDWA. Title 22 of the California Administrative Code establishes CDPH authority, and stipulates drinking water quality and monitoring standards.

## State Regulations

### *California Porter-Cologne Water Quality Control Act (1969)*

The Porter-Cologne Act provides the statutory authority for the protection of water quality in California. Consistent with the Porter-Cologne Act, the state adopts water quality policies, plans, and objectives to protect the state's waters. The Act outlines the obligations of the SWRCB and nine RWQCBs to adopt and periodically update basin plans.

### *San Francisco Bay (Region 2) Water Quality Control Plan*

The State Water Resources Control Board and nine RWQCBs are responsible for ensuring implementation and compliance with the provisions of the CWA and the Porter-Cologne Act.

### ***Urban Water Management Planning Act (1983)***

The Urban Water Management Planning Act (California Water Code, Division 6, Part 2.6, Section 10610 et seq.) requires water suppliers to document water supplies available during normal, single dry, and multiple dry water years during a 20-year projection period, and to document the existing and projected future water demand during a 20-year projection period. The Act applies to municipal water suppliers that serve more than 3,000 customers or provides more than 3,000 afy of water.

### ***Senate Bill 610 and Senate Bill 221***

SB 610 (now CEQA Guidelines Section 15155) amended the Water Code requirements within the CEQA process and broadened the types of information required in a UWMP. SB 221 is applicable within the Subdivision Map Act and it allows jurisdictions to condition a tentative map such that documentation from a public water supplier regarding availability of sufficient water supply is needed.

### ***Recycled Water Regulations***

Recycled water is regulated by the U.S. Environmental Protection Agency (EPA), the State Water Resources Control Board (SWRCB), Regional Water Quality Control Boards (RWQCB), and the CA Department of Health Services (DHS). Resolution No. 77-1 from the SWRCB, allows the SWRCB and RWQCB to encourage and consider funding of water reclamation projects that do not impair water rights or beneficial instream uses.

### ***California Water Code***

The California Water Code outlines the general state authority and responsibilities over water in California.

### ***Title 22***

The California Water Code requires the DHS to establish water reclamation criteria. In 1975, the DHS prepared Title 22 to fulfill this requirement. Title 22 regulates the production and use of reclaimed water in California.

### ***California Water Code (Division 3, Dams and Reservoirs)***

The State of California inspects dams to prevent failure in order to safeguard life and protect property. DWR Division of Safety of Dams implements this legislation.

## **Local Regulations**

Napa County has several policies related to water quality including its General Plan. The County Environmental Health Department also aims to ensure drinking water is safe.

Appendix E: City of St. Helena 2016-2026 Long Range Financial Forecast

# Long Range Financial Forecast

## City of St. Helena 2016 – 2026



**October 27, 2015**

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# Overview

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The City of St. Helena is located in the heart of 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 operations and implementation of Council policy. The City's Fiscal Year (FY) 2015-16 General Fund Operating Budget totaled \$10 million. As a full-service City, St. Helena has eight departments: City Manager, Planning and Community Improvement, Recreation, Library, Finance, Public Works, Police and a paid-by call Fire Department.

The Long Range Financial Forecast (LRFF) was developed in 2014 and presented to the Council in early 2015 to assist the City of St. Helena plan a path of fiscal 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. The LRFF became a critical tool used by staff and City Council to better understand the long-term structural deficit faced by the City.

The Council used the first LRFF during the 2015 Council Goal Setting Session to help craft the year's strategic objectives, all six of which focused on revenue enhancing strategies that would help meet the Council goal of securing the City's financial future. The LRFF was also used as part of the FY 2015-16 budget process providing critical information that indicated a reduction in expenditures was necessary to ensure the City's financial stability. After a difficult FY 2015-16 budget process, the City Council adopted a FY 2015-16 Budget that reduced General Fund expenditures by over \$1 million over the previous fiscal year's final budget.

The LRFF 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 for sustainable core services.

The City weathered the Great Recession through budget cuts that included reduction of staff and deferred maintenance. This LRFF presents a potential range of financial outcomes, none of which are certain, based on available data and conditions. It recommends the same strategies that City Council and staff can take 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 may provide additional revenues to strengthen the City's financial health. The findings and recommended strategies provide a road map for financial stability to lead the City through the next ten years of economic uncertainty and identify the financial limitations and revenue options for the future.

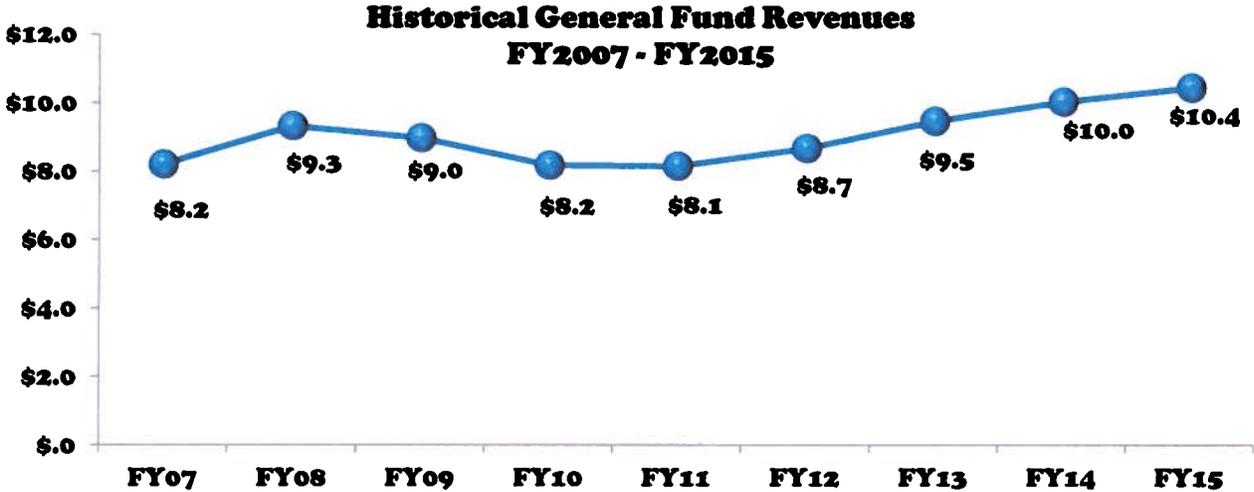
# Historical Perspective

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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, 68 FTEs in the current FY 2015-16 adopted budget resulting in an 18% reduction in staff Citywide.

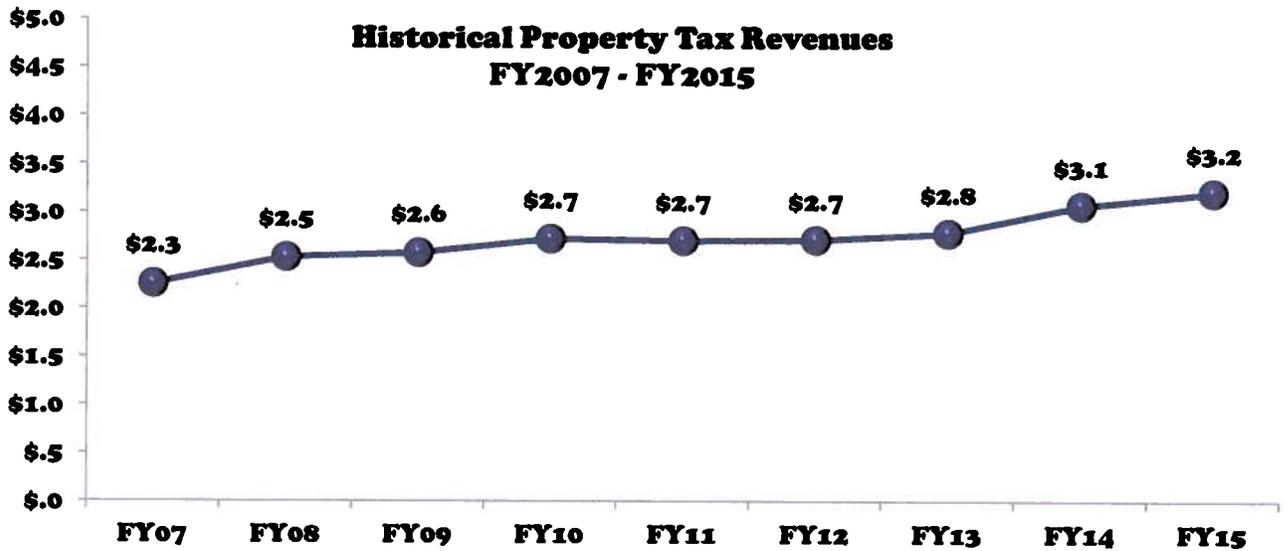
**City Revenues**

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 by over \$1 million.



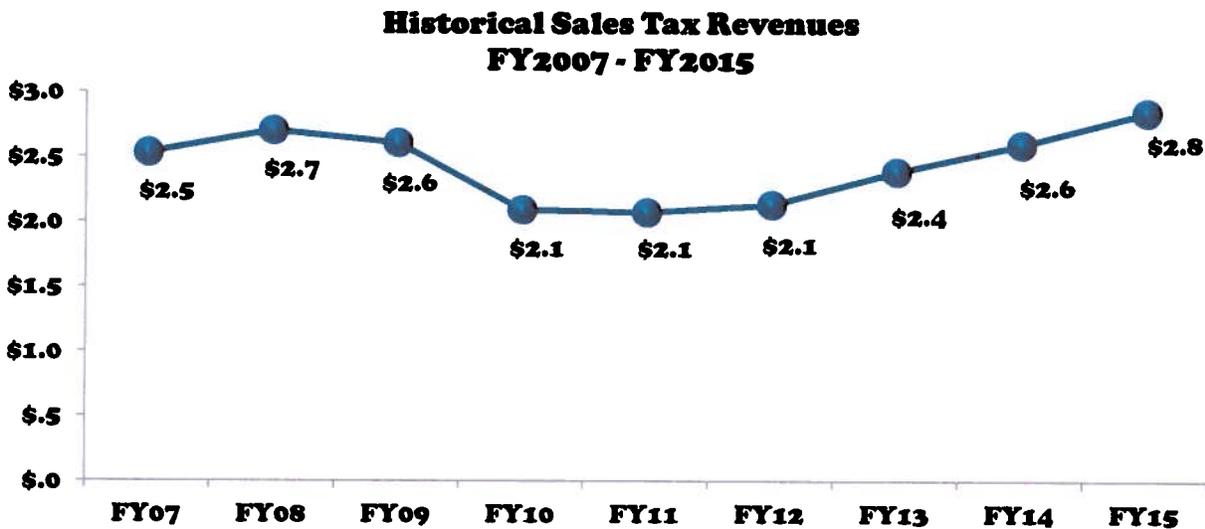
Numbers in \$ Millions – source: FY 2007 through FY 2014 CAFRs; unaudited FY 2014-15 actuals

Property tax revenue was only modestly impacted by the Great Recession and remained steady for three years and has experienced increases since FY 2013.



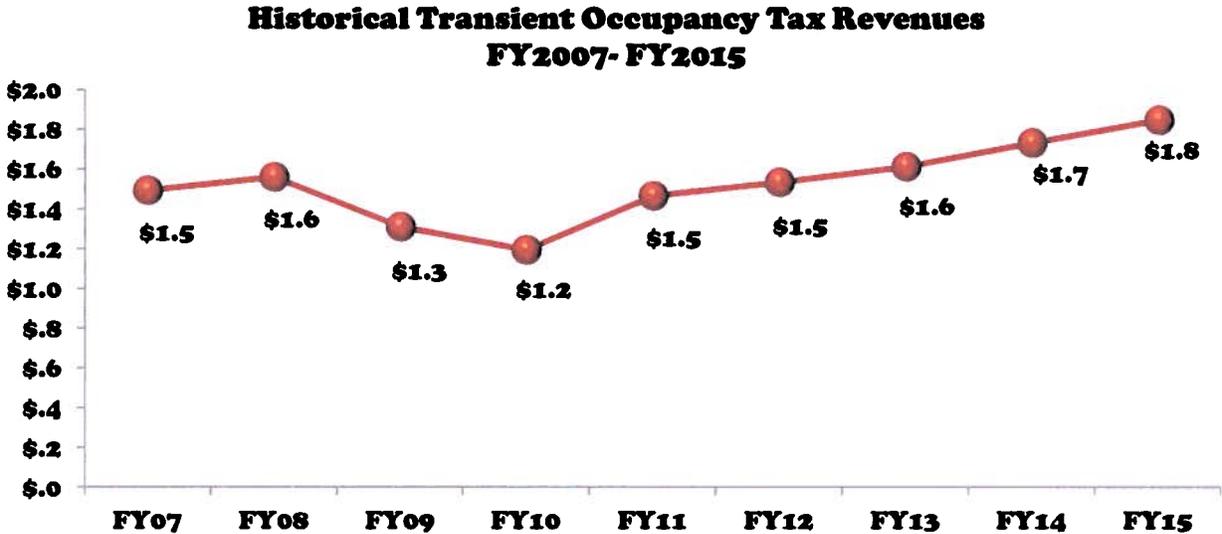
Numbers in \$ Millions – source: FY 2007 through FY 2014 CAFRs; FY 2014-15 unaudited actuals

Sales tax revenue declined to a low of \$2.1 million in FY 2010-11 and remained at this rate for two more years before it began rebounding by \$200,000 annually beginning in FY 2013.



Numbers in \$ Millions – source: FY 2007 through FY 2014 CAFRs; FY 2014-15 unaudited actuals

Transient Occupancy Tax is the City’s third largest revenue source and similar to sales tax revenue declined during the Great Recession, but has slowly increased each year and exceeded prerecession levels in FY 2013-14.

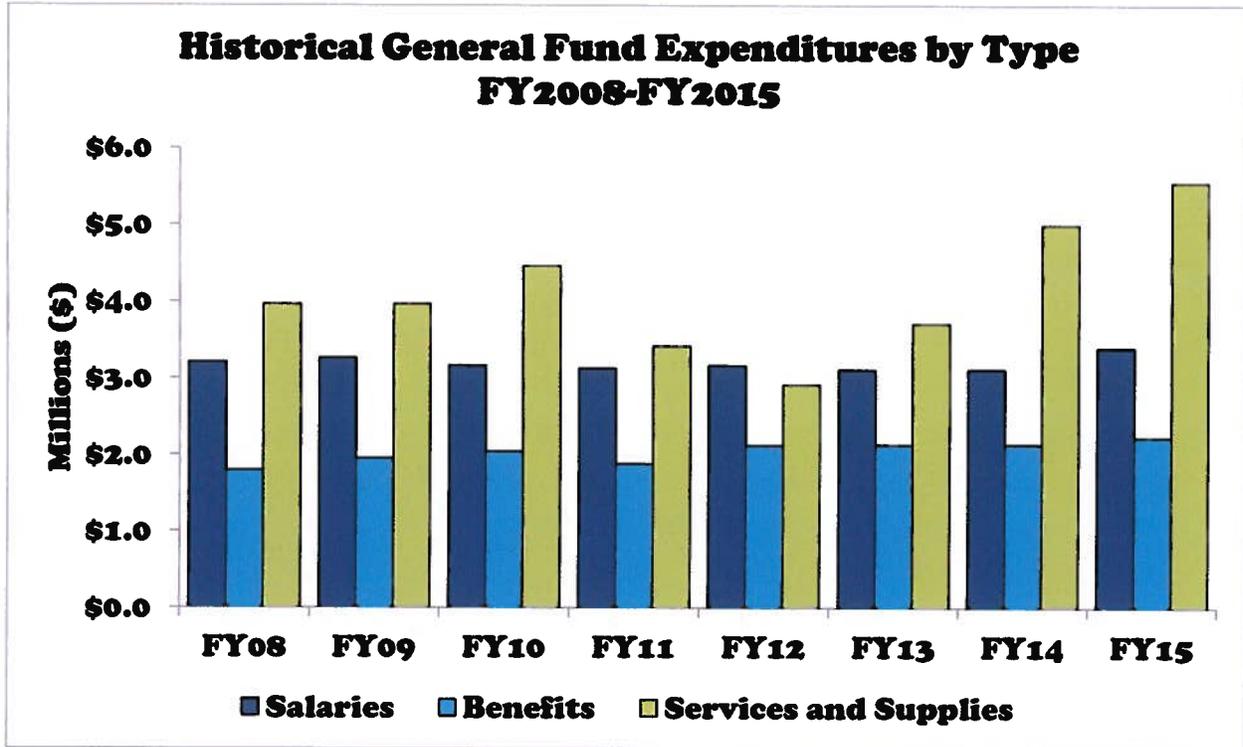


Numbers in \$ Millions – source: FY 2007 through FY 2014 CAFRs; FY 2014-15 unaudited actuals

A fourth revenue source, specifically fees for planning and building services, experienced a decline in FY 2013-14. In FY 2012-13, actual license and permit revenue totaled nearly \$440,000 and in FY 2013-14, actual revenue totaled slightly over \$460,000. For FY 2014-15 unaudited actual revenues totaled \$580,000. 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 maintains a 22% 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. The FY 2015-16 Adopted Budget projects a 22% General Fund Reserve totaling \$2.2 million at fiscal year-end.



	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15
Salaries	\$3.2	\$3.3	\$3.2	\$3.1	\$3.1	\$3.1	\$3.1	\$3.4
Benefits	\$1.8	\$1.9	\$2.0	\$1.9	\$2.1	\$2.1	\$2.1	\$2.2
Services & Supplies	\$4.0	\$4.0	\$4.5	\$3.4	\$2.9	\$3.7	\$5.0	\$5.6
<b>Total</b>	<b>\$9.0</b>	<b>\$9.2</b>	<b>\$9.7</b>	<b>\$8.4</b>	<b>\$8.2</b>	<b>\$9.0</b>	<b>\$10.2</b>	<b>\$11.2</b>

**\*\*Numbers in millions**

*This period of retraction was difficult on the City, with reductions coming in the following areas:*

- **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. In September 2015, the City Council approved a new shared Administrative Assistant

position for the Planning Department and City Clerk's Office to assist with legally required noticing, filing and records management responsibilities.

- **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 however, \$900,000 was unencumbered to assist in covering the unexpected refund of \$1.9 million to Federal Emergency Management Agency (FEMA). The FY 2015-16 Adopted Budget included one project funded out of the General Fund which is the downtown restroom project. This project has long been planned and awaited by the merchants, visitors and customers of Main Street.
- **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 Public Employees Retirement System (PERS) contribution, while also receiving modest salary increases to offset these contributions. All executive staff members and managers also contribute 7% of their salary towards employer's PERS. 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.

Over past few years, CalPERS recalculated pension contributions to include a higher rate related to mortality, resulting in an increase in the City's PERS contribution that was applied to the City's rates for FY 2017 through FY 2023. This rate increase is in addition to the rate increase announced in April 2013, which became effective in FY 2015-16. Also, for FY 2015-16, PERS created a new contribution formula that includes an annual lump sum employer payment toward the unfunded liability. All of these factors were expected to increase the City's PERS contributions. However, due to calculation errors by CalPERS and changes in staffing, the City experienced instead a 6% decline in PERS contributions between FY 2014-15 and the FY 2015-16 Adopted Budget. The LRFF has been recalculated using this lower rate and saves the City approximately \$200,000 in the early years and over \$400,000 in the later years of the LRFF. It is important to caution that CalPERS can implement rate recalculations and changes annually, and with the issues recently identified and corrected for St. Helena, it is possible that CalPERS may change the City's contribution as part of the next annual valuation report.

- **Services and Supplies:** An area of major expense reductions was in the supplies and services, which are non-employee costs. However, supplies and services are increasing annually due to cost increases in equipment, materials and consulting services. In FY

2013-14 expenditures increased by nearly \$1.0 million due in part to the \$1.9 million refund paid to FEMA related to the City's flood project.

## Forecast Revenues and Expenses

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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 prior years. This trend changed in FY 2014-15 and FY 2015-16. At the same time, the City is experiencing cost pressures from CalPERS' contribution rate increases, health premiums, merit and 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 deferred funding needs that will only increase in the future and 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 developed 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 ten 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	4.2%	-1 to 4.2%
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, property tax revenue began increasing in FY 2012-13. This increase is due primarily to rising property values from existing homes and home sales. 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. Estimates are provided by the County of Napa. The City has not received the FY 2015-16 updated estimates as of the publication of this LRFF, but is expected shortly thereafter.

- **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% 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 to 2% annually 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 overall 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 4.2% 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 4.2% each year. A minor recession in fiscal years 2018 through 2020, reduces sales tax

growth to 2% in the first year, -1% in the second year and 2% in the third year. The 4.2% 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 to increase TOT revenue in FY 2016-17 by \$500,000. The following two fiscal years add \$500,000 in FY 2017-18 and an additional \$200,000 in FY 2018-19.
- **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 the Las Alcobas Hotel 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, which includes most non-labor expenditures.

It is extremely important to note, that due to the actions by the City Council in reducing expenditures by a \$1 million when compared to year end FY 2014-15 budget estimates, the City set a new baseline for the LRFF which results in significantly improved financial stability throughout the ten year forecast. Some of these reductions were one-time while others were permanent. It will be vital that the City’s long term financial strategy maintain this fiscal prudence during the FY 2016-17 budget process to ensure this more positive financial outlook.

The major assumptions in the City’s cost projections are included in the table below and are further discussed thereafter. These are the only increases in the expenditure forecast (unless specifically noted in a category).

Forecast Expense Assumptions		
Expense	Growth per Year	Notes
Salaries	2.5%	Increases based on merits and moderate CPI
Pension Costs	4%-10%	Based on PERS estimates; recent recalculations; new valuation report pending
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 which are included. This expense scenario does not include any more additional positions except the reinstatement of a Lieutenant position in FY 2016-17. The Council approved Assistant City Manager/Economic Development Director remains unfunded and is also not included in this forecast. 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 all employees now contribute more through recent negotiated cost sharing.

Pension cost projections are provided by CalPERS on an annual basis. Rate increases for the mortality rate adjustment are factored into this forecast as well as the unfunded liability payment imposed in FY 2015-16. These factors were expected to result in a 25% increase in the City's PERS contribution for FY 2015-16, as was shown in the 2015-2025 LRFF. However, due to calculation errors and adjustments, the City's PERS contribution decreased by 6%. In the following years, the contribution rates increase annually about 5% for two years, drop down about 20% in FY 2018-19 (based on the PERS valuation report) and increase the next year and level off with a projected 4% increase annually.

**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. The City offers two health care plans: Kaiser and self-funded Anthem PPO. However, the City is a member of the Redwood Empire Municipal Insurance Foundation (REMIF) and REMIF has created a self-funded program for health care and is projecting that for the first few years, the member cities would experience no cost increases. This plan is used by less than half of the City's employees. Kaiser is projecting increases in future years. Due to the uncertainty of health care costs, the expense forecast continues to show a 6% increase.

**Other Benefits.** In addition to health premiums, the City provides dental and vision care to employees. This is not expected to increase at the same rate 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 critical 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. In previous years, this loan was paid with Measure A funds. However, Measure A will no longer be able to fund these loan payments until other obligations have been met per the Measure A Flood Control Committee. As this is a long term obligation, it is factored into the expense budget for all ten years of the forecast. The City is currently conducting a detailed internal audit on all the revenues and expenditures related to the flood control project, which will be used for the required Measure A drawdown documentation and finalization of documentation for the FEMA hazard mitigation grant.

Upon release of the Measure A funds in FY 2018, the City has options regarding use of these remaining funds estimated to be approximately \$4.5 million. In addition, the City is working with the Measure A Committee to identify opportunities to drawn down earlier on these funds, which would free up precious General Fund monies for other uses.

**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 achieved in both of revenue scenarios. Under the Baseline Forecast, the model forecasts not only meeting the 25% General Fund Assigned Reserve but also contributing a total of \$5.9 million toward the Unassigned General Fund Reserve. Using the Baseline with a Recession Forecast, the ending fund balance for the Unassigned General Fund Reserve is projected at \$2.6 million.

Scenarios

The following section illustrates the two revenue forecasts, both of which utilize the same expense forecast.

Baseline Revenue Forecast

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 with FY 2014-15 actuals (unaudited) and adopted FY 2015-16 budget

	actuals FY15	adopted FY16	estimated FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
<b>Revenues</b>												
Property Taxes & VLF*	\$4.0	\$3.7	\$3.8	\$4.0	\$4.1	\$4.2	\$4.3	\$4.4	\$4.6	\$4.7	\$4.9	\$5.0
Sales Tax	\$2.7	\$2.8	\$3.0	\$3.1	\$3.2	\$3.4	\$3.5	\$3.6	\$3.8	\$4.0	\$4.1	\$4.3
Transit Occupancy Tax	\$1.8	\$1.9	\$2.4	\$3.0	\$3.3	\$3.4	\$3.5	\$3.6	\$3.7	\$3.8	\$3.9	\$4.0
Other Taxes	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3	\$0.4	\$0.4	\$0.4	\$0.4	\$0.4
Licenses and Permits	\$0.6	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5
Other Revenues	\$1.1	\$0.8	\$0.8	\$0.8	\$0.8	\$0.9	\$0.9	\$0.9	\$0.9	\$0.9	\$0.9	\$1.0
<b>Total Revenues</b>	<b>\$10.4</b>	<b>\$10.0</b>	<b>\$10.9</b>	<b>\$11.7</b>	<b>\$12.3</b>	<b>\$12.6</b>	<b>\$13.0</b>	<b>\$13.4</b>	<b>\$13.9</b>	<b>\$14.3</b>	<b>\$14.8</b>	<b>\$15.2</b>
<b>Expenses</b>												
Salaries	(\$3.4)	(\$3.4)	(\$3.7)	(\$3.8)	(\$3.9)	(\$4.0)	(\$4.1)	(\$4.2)	(\$4.3)	(\$4.4)	(\$4.5)	(\$4.7)
PERS	(\$0.9)	(\$0.8)	(\$0.9)	(\$0.9)	(\$0.8)	(\$0.8)	(\$0.8)	(\$0.9)	(\$0.9)	(\$0.9)	(\$1.0)	(\$1.0)
Health Premiums	(\$0.8)	(\$0.8)	(\$0.9)	(\$0.9)	(\$1.0)	(\$1.0)	(\$1.1)	(\$1.2)	(\$1.2)	(\$1.3)	(\$1.4)	(\$1.5)
Other Benefits	(\$0.5)	(\$0.5)	(\$0.5)	(\$0.6)	(\$0.6)	(\$0.6)	(\$0.6)	(\$0.6)	(\$0.7)	(\$0.7)	(\$0.7)	(\$0.7)
Services & Supplies	(\$5.6)	(\$4.4)	(\$4.6)	(\$4.8)	(\$5.1)	(\$5.3)	(\$5.5)	(\$5.8)	(\$6.0)	(\$6.3)	(\$6.6)	(\$6.9)
<b>Total Expenses</b>	<b>(\$11.1)</b>	<b>(\$9.9)</b>	<b>(\$10.6)</b>	<b>(\$11.1)</b>	<b>(\$11.3)</b>	<b>(\$11.7)</b>	<b>(\$12.2)</b>	<b>(\$12.6)</b>	<b>(\$13.1)</b>	<b>(\$13.7)</b>	<b>(\$14.2)</b>	<b>(\$14.7)</b>
<b>Net Operating Revenues</b>	<b>(\$0.7)</b>	<b>\$0.1</b>	<b>\$0.2</b>	<b>\$0.6</b>	<b>\$1.0</b>	<b>\$0.9</b>	<b>\$0.9</b>	<b>\$0.8</b>	<b>\$0.7</b>	<b>\$0.7</b>	<b>\$0.6</b>	<b>\$0.5</b>
<b>Beginning Assigned GF Reserve</b>	<b>\$2.3</b>	<b>\$2.6</b>	<b>\$2.6</b>	<b>\$2.7</b>	<b>\$2.8</b>	<b>\$2.8</b>	<b>\$2.9</b>	<b>\$3.0</b>	<b>\$3.2</b>	<b>\$3.3</b>	<b>\$3.4</b>	<b>\$3.6</b>
<b>Operating Surplus/(Deficit)</b>	<b>(\$0.7)</b>	<b>\$0.1</b>	<b>\$0.2</b>	<b>\$0.6</b>	<b>\$1.0</b>	<b>\$0.9</b>	<b>\$0.9</b>	<b>\$0.8</b>	<b>\$0.7</b>	<b>\$0.7</b>	<b>\$0.6</b>	<b>\$0.6</b>
<b>Ending GF Reserve</b>	<b>\$2.6</b>	<b>\$2.7</b>	<b>\$2.7</b>	<b>\$3.3</b>	<b>\$3.7</b>	<b>\$3.7</b>	<b>\$3.8</b>	<b>\$3.8</b>	<b>\$3.9</b>	<b>\$3.9</b>	<b>\$4.0</b>	<b>\$4.0</b>
<b>Assigned GF Reserve of 26% (goal)</b>	<b>\$2.8</b>	<b>\$2.6</b>	<b>\$2.7</b>	<b>\$2.8</b>	<b>\$2.8</b>	<b>\$2.9</b>	<b>\$3.0</b>	<b>\$3.2</b>	<b>\$3.3</b>	<b>\$3.4</b>	<b>\$3.6</b>	<b>\$3.7</b>
<b>Assigned GF Reserve surplus/(deficit)</b>	<b>(\$0.2)</b>	<b>\$0.2</b>	<b>\$0.1</b>	<b>\$0.5</b>	<b>\$0.9</b>	<b>\$0.8</b>	<b>\$0.7</b>	<b>\$0.7</b>	<b>\$0.6</b>	<b>\$0.5</b>	<b>\$0.4</b>	<b>\$0.4</b>
<b>Unassigned GF Reserve</b>	<b>\$0.0</b>	<b>\$0.2</b>	<b>\$0.3</b>	<b>\$0.8</b>	<b>\$1.7</b>	<b>\$2.6</b>	<b>\$3.3</b>	<b>\$4.0</b>	<b>\$4.6</b>	<b>\$5.1</b>	<b>\$5.6</b>	<b>\$5.9</b>

Key Assumptions:	
1) Sales taxes grow at 4.2% per year	
2) Property taxes grow at 3% per year	
3) TOT at 4%	
4) Salary expense grows at 2.5% per year (COLA). No change in headcount for 10 years (except 1.5 new FTE in 16/17)	
5) PERS expense includes cost of recent actuarial assumption changes approved by CalPERS board in April 2013 and February 2014 and estimates issued Oct 2014 with recent adjustments made by CalPERS	
6) Beginning Unassigned GF Reserve adjusted per the FY 2014-15 audited actual	

Fiscal Year	Net Operating Revenue
FY16	(\$0.7)
FY17	\$0.1
FY18	\$0.2
FY19	\$0.6
FY20	\$1.0
FY21	\$0.9
FY22	\$0.9
FY23	\$0.8
FY24	\$0.7
FY25	\$0.7
FY26	\$0.6

\*14-15 property tax includes final full year triple payments

**Baseline with a minor recession**

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.

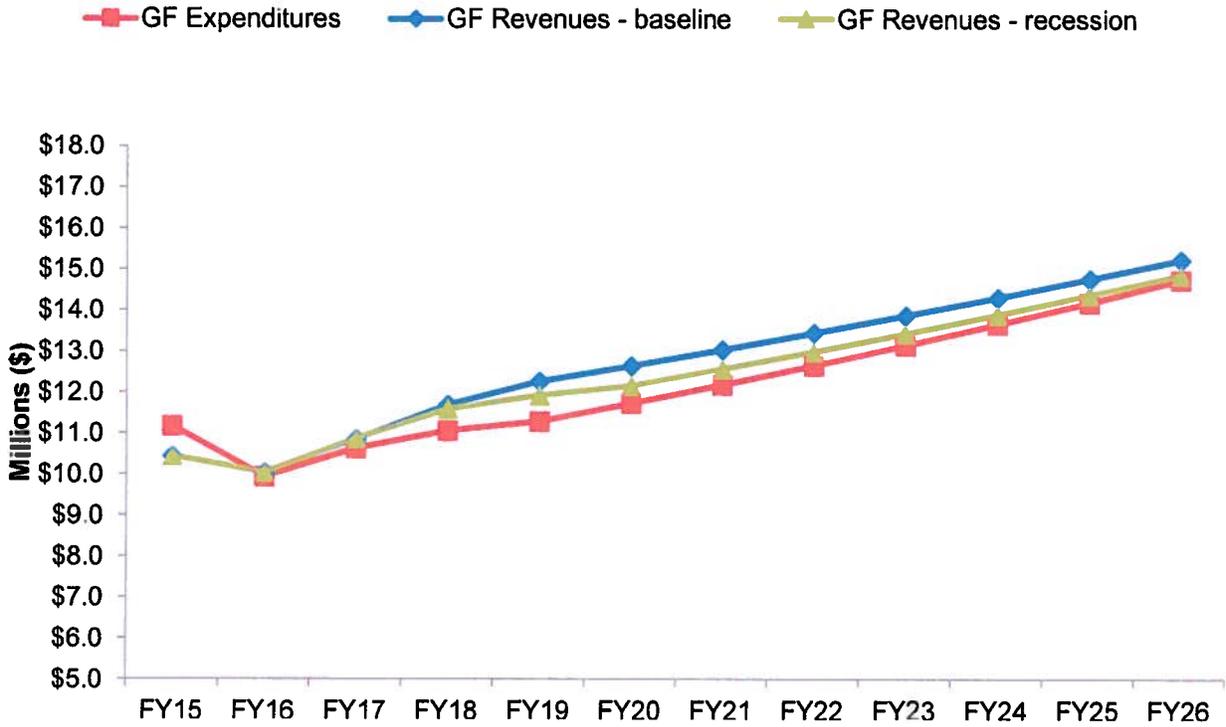
**Baseline Revenue Forecast with FY 2014-15 actuals (unaudited) and adopted FY 2015-16 budget - RECESSION**

	actuals FY15	adopted FY16	estimated FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
<b>Revenues</b>												
Property Taxes & VLF*	\$4.0	\$3.7	\$3.8	\$3.9	\$4.0	\$4.1	\$4.2	\$4.3	\$4.4	\$4.6	\$4.7	\$4.9
Sales Tax	\$2.7	\$2.8	\$3.0	\$3.0	\$3.0	\$3.1	\$3.2	\$3.3	\$3.5	\$3.6	\$3.8	\$3.9
Transit Occupancy Tax	\$1.8	\$1.9	\$2.4	\$3.0	\$3.2	\$3.3	\$3.4	\$3.6	\$3.7	\$3.9	\$4.0	\$4.2
Other Taxes	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3	\$0.4	\$0.4	\$0.4	\$0.4	\$0.4
Licenses and Permits	\$0.6	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5
Other Revenues	\$1.1	\$0.8	\$0.8	\$0.8	\$0.8	\$0.9	\$0.9	\$0.9	\$0.9	\$0.9	\$0.9	\$1.0
<b>Total Revenues</b>	<b>\$10.4</b>	<b>\$10.0</b>	<b>\$10.9</b>	<b>\$11.6</b>	<b>\$11.9</b>	<b>\$12.2</b>	<b>\$12.6</b>	<b>\$13.0</b>	<b>\$13.4</b>	<b>\$13.9</b>	<b>\$14.4</b>	<b>\$14.9</b>
<b>Expenses</b>												
Salaries	(\$3.4)	(\$3.4)	(\$3.7)	(\$3.8)	(\$3.9)	(\$4.0)	(\$4.1)	(\$4.2)	(\$4.3)	(\$4.4)	(\$4.5)	(\$4.7)
PERS	(\$0.9)	(\$0.8)	(\$0.9)	(\$0.9)	(\$0.8)	(\$0.8)	(\$0.8)	(\$0.9)	(\$0.9)	(\$0.9)	(\$1.0)	(\$1.0)
Health Premiums	(\$0.8)	(\$0.8)	(\$0.9)	(\$0.9)	(\$1.0)	(\$1.0)	(\$1.1)	(\$1.2)	(\$1.2)	(\$1.3)	(\$1.4)	(\$1.5)
Other Benefits	(\$0.5)	(\$0.5)	(\$0.5)	(\$0.6)	(\$0.6)	(\$0.6)	(\$0.6)	(\$0.6)	(\$0.7)	(\$0.7)	(\$0.7)	(\$0.7)
Services & Supplies	(\$5.6)	(\$4.4)	(\$4.6)	(\$4.8)	(\$5.1)	(\$5.3)	(\$5.5)	(\$5.8)	(\$6.0)	(\$6.3)	(\$6.6)	(\$6.9)
<b>Total Expenses</b>	<b>(\$11.1)</b>	<b>(\$9.9)</b>	<b>(\$10.6)</b>	<b>(\$11.1)</b>	<b>(\$11.3)</b>	<b>(\$11.7)</b>	<b>(\$12.2)</b>	<b>(\$12.6)</b>	<b>(\$13.1)</b>	<b>(\$13.7)</b>	<b>(\$14.2)</b>	<b>(\$14.7)</b>
<b>Net Operating Revenues</b>	<b>(\$0.7)</b>	<b>\$0.1</b>	<b>\$0.2</b>	<b>\$0.5</b>	<b>\$0.6</b>	<b>\$0.4</b>	<b>\$0.4</b>	<b>\$0.3</b>	<b>\$0.3</b>	<b>\$0.2</b>	<b>\$0.2</b>	<b>\$0.1</b>
<b>Beginning Assigned GF Reserve</b>	<b>\$2.3</b>	<b>\$2.6</b>	<b>\$2.7</b>	<b>\$2.7</b>	<b>\$2.8</b>	<b>\$2.8</b>	<b>\$2.9</b>	<b>\$3.0</b>	<b>\$3.2</b>	<b>\$3.3</b>	<b>\$3.4</b>	<b>\$3.6</b>
<b>Operating Surplus/(Deficit)</b>	<b>(\$0.7)</b>	<b>\$0.1</b>	<b>\$0.2</b>	<b>\$0.5</b>	<b>\$0.6</b>	<b>\$0.4</b>	<b>\$0.4</b>	<b>\$0.3</b>	<b>\$0.3</b>	<b>\$0.2</b>	<b>\$0.2</b>	<b>\$0.1</b>
<b>Ending GF Reserve</b>	<b>\$2.6</b>	<b>\$2.7</b>	<b>\$2.9</b>	<b>\$3.2</b>	<b>\$3.4</b>	<b>\$3.2</b>	<b>\$3.3</b>	<b>\$3.4</b>	<b>\$3.6</b>	<b>\$3.6</b>	<b>\$3.6</b>	<b>\$3.7</b>
<b>Assigned GF Reserve of 25% (goal)</b>	<b>\$2.8</b>	<b>\$2.6</b>	<b>\$2.7</b>	<b>\$2.8</b>	<b>\$2.8</b>	<b>\$2.9</b>	<b>\$3.0</b>	<b>\$3.2</b>	<b>\$3.3</b>	<b>\$3.4</b>	<b>\$3.6</b>	<b>\$3.7</b>
<b>Assigned GF Reserve surplus/(deficit)</b>	<b>(\$0.2)</b>	<b>\$0.2</b>	<b>\$0.3</b>	<b>\$0.4</b>	<b>\$0.6</b>	<b>\$0.3</b>	<b>\$0.3</b>	<b>\$0.2</b>	<b>\$0.2</b>	<b>\$0.1</b>	<b>\$0.0</b>	<b>(\$0.0)</b>
<b>Unassigned GF Reserve</b>	<b>\$0.0</b>	<b>\$0.2</b>	<b>\$0.6</b>	<b>\$0.9</b>	<b>\$1.5</b>	<b>\$1.8</b>	<b>\$2.1</b>	<b>\$2.3</b>	<b>\$2.6</b>	<b>\$2.6</b>	<b>\$2.6</b>	<b>\$2.6</b>
<b>Key Assumptions:</b>	\$5.0											
1) Sales taxes grow at 4.2% per year (recession 2% -1%, 2%)												
2) Property taxes grow at 3% per year (recession - 2%)												
3) TOT - 4% (recession 2%)												
4) Salary expense grows at 2.5% per year (COLA). No change in headcount for 10 years (except 1.5 new FTE in 16/17)												
5) PERS expense includes cost of recent actuarial assumption changes approved by CalPERS board in April 2013 and February 2014 and estimates issued Oct 2014 with recent adjustments made by CalPERS												
6) Beginning Unassigned GF Reserve based on unaudited FY 14-15 actuals												

\*14-15 property tax includes final full year triple payments

In summary, the graph below illustrates the two revenue projections when compared to the projected expenses.

General Fund Revenue Scenarios v. Expenditures



### *Asset Recapitalization*

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. It is important to note that beginning in FY 2017-18 the City will begin receiving \$665,000 in Measure T funds for pavement improvement projects. This new revenue plus the required minimum maintenance of effort General Fund contribution of approximately \$160,000, provides guaranteed funds for pavement improvement projects. Although not nearly enough it will be the foundation for developing a financial strategy for maintaining and improving the City's streets, roads and sidewalks.

The exact opposite is true for the other three categories of capital assets. Parks, Buildings and Information Technology have absolutely no dedicated revenue sources and all three have major deficiencies.

**Buildings** – The City owns and maintains approximately 64,000 square feet of government buildings including City Hall, Fire Station, Carnegie Building, Library, Police Station, Teen Center 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 was performed for nearly three years however, this past year the Parks Crews have worked valiantly to reinstitute basic preventative maintenance in the City's buildings. The City established a building replacement fund in FY 2014-15 to cover major repairs or to replace buildings and allocated \$25,000 to this fund. No additional funds were added in FY 2015-16.

Many of the City's buildings but most notably the City Hall, Police Station and Corporation Yard have exceeded their useful lives. Working conditions at these three facilities are cramped, inadequate, and outdated often times making work inefficient or operationally challenging.

Best practices in building management require the recapitalization of assets. This means that cities should establish a financial strategy to fund the anticipated 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 recapitalize assets:

- 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 are two significantly deteriorated buildings. As a result, a pay-as-you-go funding mechanism cannot provide adequate annual funding needed to maintain and replace the extensive number subsystems that need repair or full replacement.
- 2) **Set monies aside as a percent of building value.** It is common to annually set aside funds based on building value. A common amount is 1% to 2% of a building's value. This option requires no planning or asset management, but can result in inadequate funds being set aside.
- 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 maintain the government buildings. The City has not established an asset replacement fund to cover major repairs or replace equipment in the parks. There is no dedicated revenue source for park maintenance.

Having monies to replace play structures, resurface courts, and re-seed fields is not only a safety issue but community enjoyment issue. 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. However, as noted above pay-as-you-go and setting aside a percent of all park assets could be used to fund the recapitalization of assets.

**Information Technology (IT)** – The City contracts with a private IT 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. No additional funds were budgeted in FY 2015-16. Generally, the City funds PC replacements and other IT infrastructure and equipment from the annual operating budget. The FY 2015-16 Adopted Budget included a few critically important security and storage upgrades totaling approximately \$80,000. However, many more essential projects and upgrades remain unfunded. The City has no revenue sources for recapitalization of IT assets.

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. In addition the Library, Teen Center and Carnegie buildings do not have network access to the City's main servers which limits access to key programs and information for these departments. However, as noted above pay-as-you-go and setting aside a percent of all IT assets could be used to fund the recapitalization of assets.

**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 (which is a failing grade and the lowest in the entire Bay Area). An investment of \$2.5 million annually would maintain the Pavement Management Index at 58 and an investment of \$3.5 million annually could increase the Pavement Management Index to 63. Beginning in FY 2017-18, 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 only be used for pavement management projects.

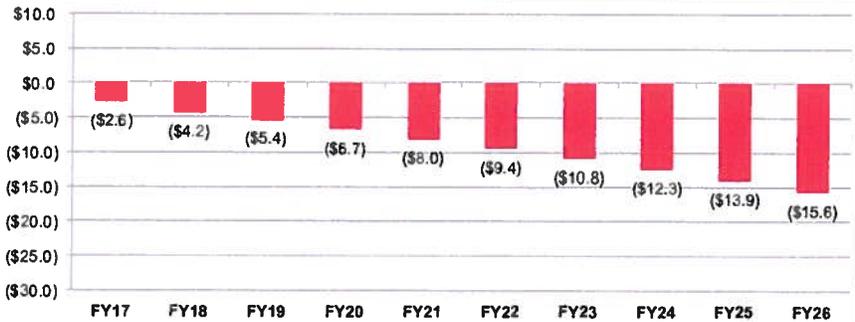
Funding for roadway maintenance is funded by State Gas Tax monies. The FY 2014-15 Adopted Budget estimates the City will receive approximately \$160,000 annually from this source. These revenues are not nearly enough to keep up with the maintenance requirements. Unfortunately, as roadways deteriorate, 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 charts depict one revenue scenario (baseline forecast) and two expense scenarios.

The first scenario shows a \$2.9 million annual expenditure which is comprised of \$2.5 million for pavement projects and \$300,000 for parks and building maintenance, and \$50,000 for IT assets. Not including contributions from the Unassigned General Fund Reserve, the City has inadequate revenue to cover this contribution towards asset recapitalization and as a result the net operating budget experiences a \$15.6 million cumulative deficit by FY 2026, despite the increase in revenue from Measure T in FY 2017-18.

**Baseline Revenue Forecast with FY 2014-15 actuals (unaudited) and adopted FY 2015-16 budget (\$2.9 M Capital Assets)**

	actuals		adopted									
	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
<b>Revenues</b>												
Property Taxes & VLF*	\$4.0	\$3.7	\$3.8	\$4.0	\$4.1	\$4.2	\$4.3	\$4.4	\$4.6	\$4.7	\$4.9	\$5.0
Sales Tax	\$2.7	\$2.8	\$3.0	\$3.1	\$3.2	\$3.4	\$3.5	\$3.6	\$3.8	\$4.0	\$4.1	\$4.3
Transit Occupancy Tax	\$1.8	\$1.9	\$2.4	\$3.0	\$3.3	\$3.4	\$3.5	\$3.6	\$3.7	\$3.8	\$3.9	\$4.0
Other Taxes	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3	\$0.4	\$0.4	\$0.4	\$0.4	\$0.4
Licenses and Permits	\$0.6	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5
Other Revenues	\$1.1	\$0.8	\$0.8	\$1.5	\$1.5	\$1.5	\$1.5	\$1.6	\$1.6	\$1.6	\$1.6	\$1.6
<b>Total Revenues</b>	<b>\$10.4</b>	<b>\$10.0</b>	<b>\$10.9</b>	<b>\$12.4</b>	<b>\$12.9</b>	<b>\$13.3</b>	<b>\$13.7</b>	<b>\$14.1</b>	<b>\$14.5</b>	<b>\$15.0</b>	<b>\$15.4</b>	<b>\$15.9</b>
<b>Expenses</b>												
Salaries	(\$3.4)	(\$3.4)	(\$3.7)	(\$3.8)	(\$3.9)	(\$4.0)	(\$4.1)	(\$4.2)	(\$4.3)	(\$4.4)	(\$4.5)	(\$4.7)
PERS	(\$0.9)	(\$0.8)	(\$0.9)	(\$0.9)	(\$0.8)	(\$0.8)	(\$0.8)	(\$0.9)	(\$0.9)	(\$0.9)	(\$1.0)	(\$1.0)
Health Premiums	(\$0.8)	(\$0.8)	(\$0.9)	(\$0.9)	(\$1.0)	(\$1.0)	(\$1.1)	(\$1.2)	(\$1.2)	(\$1.3)	(\$1.4)	(\$1.5)
Other Benefits	(\$0.5)	(\$0.5)	(\$0.5)	(\$0.6)	(\$0.6)	(\$0.6)	(\$0.6)	(\$0.6)	(\$0.7)	(\$0.7)	(\$0.7)	(\$0.7)
Services & Supplies	(\$5.6)	(\$4.4)	(\$4.6)	(\$4.8)	(\$5.1)	(\$5.3)	(\$5.5)	(\$5.8)	(\$6.0)	(\$6.3)	(\$6.6)	(\$6.9)
<b>Total Expenses</b>	<b>(\$11.1)</b>	<b>(\$9.9)</b>	<b>(\$10.6)</b>	<b>(\$11.1)</b>	<b>(\$11.3)</b>	<b>(\$11.7)</b>	<b>(\$12.2)</b>	<b>(\$12.6)</b>	<b>(\$13.1)</b>	<b>(\$13.7)</b>	<b>(\$14.2)</b>	<b>(\$14.7)</b>
<b>Net Operating Revenues</b>	<b>(\$0.7)</b>	<b>\$0.1</b>	<b>\$0.2</b>	<b>\$1.3</b>	<b>\$1.6</b>	<b>\$1.6</b>	<b>\$1.5</b>	<b>\$1.5</b>	<b>\$1.4</b>	<b>\$1.3</b>	<b>\$1.2</b>	<b>\$1.2</b>
Asset Recapitalization (streets)			(\$2.5)	(\$2.5)	(\$2.5)	(\$2.5)	(\$2.5)	(\$2.5)	(\$2.5)	(\$2.5)	(\$2.5)	(\$2.5)
Asset Recapitalization (other)			(\$0.4)	(\$0.4)	(\$0.4)	(\$0.4)	(\$0.4)	(\$0.4)	(\$0.4)	(\$0.4)	(\$0.4)	(\$0.4)
<b>Net Operating Revenues with Asset Recapitalization</b>			<b>(\$2.6)</b>	<b>(\$4.2)</b>	<b>(\$5.4)</b>	<b>(\$6.7)</b>	<b>(\$8.0)</b>	<b>(\$9.4)</b>	<b>(\$10.8)</b>	<b>(\$12.3)</b>	<b>(\$13.9)</b>	<b>(\$15.6)</b>
<b>Key Assumptions:</b>												
1) Sales taxes grow at 4.2% per year 2) Property taxes grow at 3% per year 3) TOT at 4% 4) Salary expense grows at 2.5% per year (COLA). No change in headcount for 10 years (1.5 new FTE in 16/17) 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 with recent adjustments made by CalPERS 6) \$665,000 added in FY 17-18 for Measure T 7) no GF reserves added to this forecast												

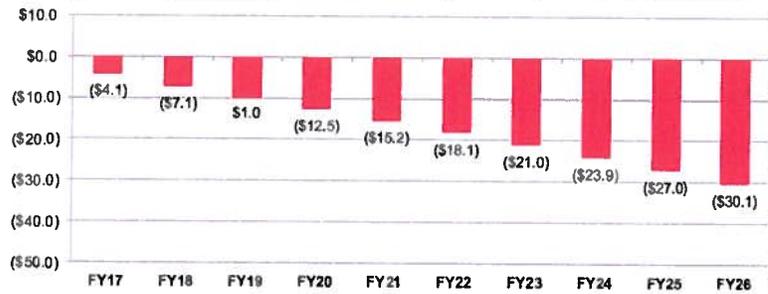


\*14-15 property tax includes final full year triple payments

The second scenario identifies \$4.3 million in annual expenditures for asset recapitalization comprised of \$3.5 million for pavement projects (which is an adequate annual investment to reach a 63PMI over time), \$200,000 for parks, \$500,000 buildings and \$100,000 for IT assets (with the last three contributions still inadequate to meet the infrastructure deficiencies). This scenario includes Measure T revenue of \$665,000 beginning in FY 2017-18. The result is that the City has insufficient revenue to cover this more appropriate, yet still inadequate, contribution towards asset recapitalization and the net operating budget experiences a \$30.1 million cumulative deficit by FY 2026.

Baseline Revenue Forecast with FY 2014-15 actuals (unaudited) and adopted FY 2015-16 budget (\$4.3 M Capital Assets)

	actuals		adopted									
	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
<b>Revenues</b>												
Property Taxes & VLF*	\$4.0	\$3.7	\$3.8	\$4.0	\$4.1	\$4.2	\$4.3	\$4.4	\$4.6	\$4.7	\$4.9	\$5.0
Sales Tax	\$2.7	\$2.8	\$3.0	\$3.1	\$3.2	\$3.4	\$3.5	\$3.6	\$3.8	\$4.0	\$4.1	\$4.3
Transit Occupancy Tax	\$1.8	\$1.9	\$2.4	\$3.0	\$3.3	\$3.4	\$3.5	\$3.6	\$3.7	\$3.8	\$3.9	\$4.0
Other Taxes	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3	\$0.4	\$0.4	\$0.4	\$0.4	\$0.4
Licenses and Permits	\$0.6	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5
Other Revenues	\$1.1	\$0.8	\$0.8	\$1.5	\$1.5	\$1.5	\$1.5	\$1.6	\$1.6	\$1.6	\$1.6	\$1.6
<b>Total Revenues</b>	<b>\$10.4</b>	<b>\$10.0</b>	<b>\$10.9</b>	<b>\$12.4</b>	<b>\$12.9</b>	<b>\$13.3</b>	<b>\$13.7</b>	<b>\$14.1</b>	<b>\$14.5</b>	<b>\$15.0</b>	<b>\$15.4</b>	<b>\$15.9</b>
<b>Expenses</b>												
Salaries	(\$3.4)	(\$3.4)	(\$3.7)	(\$3.8)	(\$3.9)	(\$4.0)	(\$4.1)	(\$4.2)	(\$4.3)	(\$4.4)	(\$4.5)	(\$4.7)
PERS	(\$0.9)	(\$0.8)	(\$0.9)	(\$0.9)	(\$0.8)	(\$0.8)	(\$0.8)	(\$0.9)	(\$0.9)	(\$0.9)	(\$1.0)	(\$1.0)
Health Premiums	(\$0.8)	(\$0.8)	(\$0.9)	(\$0.9)	(\$1.0)	(\$1.0)	(\$1.1)	(\$1.2)	(\$1.2)	(\$1.3)	(\$1.4)	(\$1.5)
Other Benefits	(\$0.5)	(\$0.5)	(\$0.5)	(\$0.6)	(\$0.6)	(\$0.6)	(\$0.6)	(\$0.6)	(\$0.7)	(\$0.7)	(\$0.7)	(\$0.7)
Services & Supplies	(\$5.6)	(\$4.4)	(\$4.6)	(\$4.8)	(\$5.1)	(\$5.3)	(\$5.5)	(\$5.8)	(\$6.0)	(\$6.3)	(\$6.6)	(\$6.9)
<b>Total Expenses</b>	<b>(\$11.1)</b>	<b>(\$9.9)</b>	<b>(\$10.6)</b>	<b>(\$11.1)</b>	<b>(\$11.3)</b>	<b>(\$11.7)</b>	<b>(\$12.2)</b>	<b>(\$12.6)</b>	<b>(\$13.1)</b>	<b>(\$13.7)</b>	<b>(\$14.2)</b>	<b>(\$14.7)</b>
<b>Net Operating Revenues</b>	<b>(\$0.7)</b>	<b>\$0.1</b>	<b>\$0.2</b>	<b>\$1.3</b>	<b>\$1.6</b>	<b>\$1.6</b>	<b>\$1.5</b>	<b>\$1.5</b>	<b>\$1.4</b>	<b>\$1.3</b>	<b>\$1.2</b>	<b>\$1.2</b>
Asset Recapitalization (streets)			(\$3.5)	(\$3.5)	(\$3.5)	(\$3.5)	(\$3.5)	(\$3.5)	(\$3.5)	(\$3.5)	(\$3.5)	(\$3.5)
Asset Recapitalization (other)			(\$0.8)	(\$0.8)	(\$0.8)	(\$0.8)	(\$0.8)	(\$0.8)	(\$0.8)	(\$0.8)	(\$0.8)	(\$0.8)
<b>Net Operating Revenues with Asset Recapitalization</b>			<b>(\$4.1)</b>	<b>(\$7.1)</b>	<b>(\$9.7)</b>	<b>(\$12.5)</b>	<b>(\$15.2)</b>	<b>(\$18.1)</b>	<b>(\$21.0)</b>	<b>(\$23.9)</b>	<b>(\$27.0)</b>	<b>(\$30.1)</b>
<b>Key Assumptions:</b> 1) Sales taxes grow at 4.2% per year 2) Property taxes grow at 3% per year 3) TOT at 4% 4) Salary expense grows at 2.5% per year (COLA). No change in headcount for 10 years (1.5 new FTE in 16/17) 5) PERS expense includes cost of recent actuarial assumption changes approved by CalPERS board in April 2013 and February 2014 and estimates issued Oct 2014 with recent adjustments made by CalPERS 6) \$665,000 added in FY 17-18 for Measure T												



\*14-15 property tax includes final full year triple payments

## STRATEGIES AND RISKS TO THE FORECAST

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## 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. **Continue to 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. During the FY 2015-16 budget process, the Council was faced with difficult decisions based on the need to reduce expenditures by \$1 million. General Fund reserves, already depleted from the \$1.9 million refund to the Federal Emergency Management Agency were not used to balance the budget. The budget was adopted with a 22% General Fund Reserve which totals nearly \$2.2 million.

As with the first LRFF, the expense structure of the forecast does not take into consideration additional expenses related to any increases in staffing, programs and services 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.

2. **Regularly review fees for services.** In 2012, staff prepared and Council adopted a fee schedule for Planning, Building and Public Works related fees for services. The Council's strategic objectives include updating the fee study. An RFP has been issued and staff expects to bring a contract for services to the City Council for consideration and approval in early November 2015. Once the fee study is complete, staff will present the new fee schedule and request that a target cost recovery rate be set by the Council. Once set, Building, Planning and Public Works fees should 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 Council Goal Setting Session was held in February 2015 and the next session will be scheduled for February 2016. It is vital that the Council review the prior year's strategic objectives and related accomplishments as well as review and select priorities for the coming year.
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 2/3<sup>rd</sup> vote if the uses are specific.*
- b. *Real Property Transfer Tax requires the City to become a charter city, which must be approved by a majority vote. As a charter city, a real property transfer tax could be placed on the ballot and requires a majority vote for passage. Council has directed staff to pursue exploration of this process, which is currently underway.*
- c. *Parcel Taxes can be used for a variety of municipal services and are considered a special tax and therefore require a 2/3<sup>rd</sup>s 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.*

*The City Council provided direction to staff to initiate the process to pursue ballot measures for becoming a charter city and passing a real property transfer tax. An RFP has been issued seeking assistance for both polling and public outreach regarding these two measures. In addition, the City has created an Ad Hoc Revenue Source Task Force to evaluate all potential sources of revenue available to the City and to identify those that should be further considered by the City and community.*

4. **Evaluate opportunities for economic development.** *Two of the City's three main sources of revenue are sales tax and transient occupancy tax. The City's newest hotel is estimated to provide the General Fund with \$1.2 million in additional revenue when fully operational. 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. Staff will be presenting draft RFPs for development of the Adams Street and City Hall properties to the City Council for consideration and direction. The sale, lease and development of these properties would provide the City with development opportunities that would result in additional revenues in TOT, property and sales taxes.*

- 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 Buildings, 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. No additional funds were budgeted in either account. The LRFF discusses the positive impacts of Measure T toward creating a financial strategy for pavement improvements. However, it should be stressed again that the Parks, Buildings and IT have NO sources of revenue to fund long deferred maintenance, preventative maintenance and replacement of assets. These long neglected areas are in desperate need of significant investments and the City must begin assessing revenue sources for the recapitalization of these assets.*

### *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** – In the last LRFF, CalPERS pension costs were projected to increase through 2020. The projections were based on five years of CalPERS estimates and then extrapolated out at a 1% increase per year. This LRFF uses the FY 2015-16 PERS contribution as a new base and then applies the CalPERS formulas through FY 2019-20 with 4% increases annually thereafter. 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. In addition, since CalPERS identified errors related to the City's formulas, the City should anticipate a new valuation study that could increase the City's 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 has transition to a self-funded insurance program which is expected to offer some cost containment.

5. **Asset Recapitalization** - The City has not been putting monies aside for maintenance of 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 continued strong leadership, community involvement and difficult decisions as the city continues its plans and actions towards long term fiscal stability.*

Appendix F: Water Supply Agreement Between the City of Napa and the City of St. Helena

**WATER SUPPLY AGREEMENT BETWEEN  
THE CITY OF NAPA AND THE CITY OF ST. HELENA**

THIS WATER SUPPLY AGREEMENT (hereinafter referred to as "Agreement") is made and entered into this 12<sup>th</sup> day of September 2006, by and between the City of Napa, a municipal corporation (hereinafter referred to as "Napa") and the City of St. Helena, a municipal corporation (hereinafter referred to as "St. Helena").

**RECITALS**

- A. St. Helena acquired 1,000 acre-feet of State Water Project water entitlements from the Kern County Water Agency under a contract with the Napa County Flood Control and Water Conservation District, hereinafter referred to as "NCFWCWD", on September 19, 2000; and
- B. St. Helena does not have entitlement to capacity in the North Bay Aqueduct system nor sufficient treatment or transmission facilities to convey said water entitlements to the point of use of its water customers for domestic purposes; and
- C. St. Helena desires to put the water entitlements to beneficial use for its intended purpose; and
- D. The 2050 Napa Valley Water Resources Study (2050 Study) completed in 2005, predicts St. Helena to experience a water supply deficit of nearly 400 acre-feet annually (afa) in multiple dry-years (6 years of below normal rainfall) currently and through the year 2020 and over 500 afa in multiple dry-years by 2050. The 2050 Study also predicts St. Helena to experience a water supply deficit of over 600 afa in a single dry-year currently through 2050; and
- E. St. Helena would face significant capital costs for capacity in the North Bay Aqueduct system and in treatment and transmission infrastructure to make beneficial use of their State Water Project entitlements; and
- F. St. Helena incurs a significant yearly cost to maintain State Water Project entitlements without receiving any benefit from use of said entitlements and has determined that it is in their best interest to sell said entitlements; and
- G. St. Helena has determined that a long term agreement with Napa for water supply of up to 400 afa is the preferred solution to meet the majority of dry-year water demand deficits as specified in the 2050 Study; and

H. Napa entered into a contract with the Napa County Flood Control and Water Conservation District, hereinafter referred to as "NCFWCWD", on April 5, 1966 in order to receive State Water Project water entitlements and has entitlement to conveyance capacity in the North Bay Aqueduct system, and

I. Napa owns and operates treatment and transmission facilities sufficient to deliver potable water to St. Helena in the quantities specified in this Agreement; and

J. Napa is willing to purchase the 1,000 acre-feet of State Water Project water entitlements from St. Helena for the purpose of acquiring sufficient supply to provide a long term water supply of up to 400 afa to St. Helena to enhance the reliability of water supplies for St. Helena's water customers; and

K. Napa's purchase of the 1,000 acre-feet of State Water Project water entitlements from St. Helena may also enhance the reliability of water supplies for Napa's water customers in those years when State Water Project entitlements exceed the amount Napa has allocated to St. Helena; and

L. Napa's ability to provide the treated water will require a capital investment of \$1,700,000 and on-going yearly carrying costs to maintain the entitlements, which will be recovered through the water rates charged by Napa to St. Helena over the term of this agreement; and

M. Napa is willing to invest in the capital and carrying costs needed to supply water to St. Helena in accordance with this Agreement (up to 400 afa), and St. Helena is willing to guarantee minimum purchases of said water supply on a yearly basis (through the payment of water rates in accordance with this Agreement) to provide a guaranteed long-term revenue source for Napa to recover costs of supplying said water to St. Helena (including proportionate costs for anticipated infrastructure upgrades, such as the Jamieson Canyon Water Treatment Plant Improvements which is anticipated to rely in part on debt financing).

NOW THEREFORE, the parties mutually agree as follows:

1) Term and Option of Agreement:

- a) The Initial Term of this Agreement shall be from the date of its execution until December 31, 2035 unless terminated earlier as provided herein.
- b) This Agreement, and any successor agreement hereto, may be renewed upon written request of St. Helena submitted no earlier than three (3) years, and no later than two (2) years prior to the date this agreement expires, *provided that* St. Helena is in compliance with the terms and conditions of this Agreement. Unless St. Helena is not in compliance with the terms and

conditions of this Agreement, it is the intent of the parties to renew this Agreement, upon terms and conditions that are agreeable to both parties, and which shall take into consideration the then-existing and projected needs of both parties for water supply at the time of renewal. The term of any renewal shall coincide with any extended term of the Water Supply Agreement between the City of Napa and the NCFCWCD for North Bay Aqueduct water.

- 2) Release of Water Entitlement: St. Helena hereby releases to Napa its entitlement to 1000 acre-feet of State Water Project water pursuant to the contract between St. Helena and NCFCWCD. Said release shall be complete, permanent and irrevocable upon payment by Napa to St. Helena made in accordance with Paragraph 6a hereof.
- 3) Delivery of Water to St. Helena: On the terms and conditions set forth herein, Napa shall deliver to St. Helena annually the amount and quality of water described herein for the term of this agreement. The term “annually” or “fiscal year” as used herein shall refer to the period from July 1 of any year through June 30 of the following year.
- 4) Quantity of Water Deliveries: The quantity of water to be made available and delivered each fiscal year to St. Helena under this Agreement is dependent on the allocation of water from the State Water Project to NCFCWCD, as announced by the California Department of Water Resources in its Notice to State Water Project Contractors (hereinafter “DWR Notice”). The DWR Notice identifies the percentage of State Water Project Allocations available to SWP Contractors under “Table A.” For the purpose of this Agreement, the latest DWR Notice issued on or before April 15 of each year shall be the “Effective DWR Notice” used to determine the quantity of water to be made available and delivered for each subsequent fiscal year, as follows:
  - i) Tier A Water – Napa shall deliver and St. Helena shall accept 200 Acre-feet of water annually regardless of the State Water Project allocation of water to NCFCWCD.
  - ii) Tier B Water – Napa shall deliver and St. Helena shall accept an additional 100 Acre-feet of water for each fiscal year when the Effective DWR Notice identifies a State Water Project Allocation of 30% or greater of the SWP Contractors’ Table A amounts. If the State Water Project Allocation on the Effective DWR Notice is less than 30%, Tier B water will be unavailable for the subsequent fiscal year.
  - iii) Tier C Water – St. Helena may request, and Napa shall deliver, subject to St. Helena’s written request for a specified quantity of “Tier C Water” received by May 1<sup>st</sup>, up to an additional 100 Acre-feet of water for each fiscal year when the Effective DWR Notice identifies a State Water Project Allocation of 50% or greater of the SWP Contractors’ Table A

amounts. If the State Water Project Allocation on the Effective DWR Notice is less than 50%, Tier C water will be unavailable for the subsequent fiscal year.

5) Water Quality:

- a) The water delivered to St. Helena by Napa shall be of suitable quality for human consumption. No later than 24 hours after either party becomes aware of any significant impairment of water quality (delivered under this Agreement) that affects its suitability for human consumption, that party shall notify the other party.
- b) St. Helena shall install and maintain a double check valve cross connection control device as close as practical to the point of delivery as described in paragraph 7 hereof. The double check valve shall be approved by Napa prior to installation. St. Helena shall provide yearly testing reports to Napa to certify that the device is operational. St. Helena shall repair or replace a malfunctioning or failing device within fifteen (15) days of notification.

6) Price and Payment:

- a) Napa Napa shall pay St. Helena a lump sum of \$1,700,000 for St. Helena's release of its 1,000 acre-feet of State Water Project water entitlement. Payment is contingent upon execution of an amendment to the contract between Napa and NCFWCWD to add said 1,000 acre-feet to Napa's entitlement as reflected in "Table A" of that contract, and will be made within 60 days after execution of said amendment.
- b) St. Helena:
  - i) St. Helena shall pay Napa for the water delivered by Napa at Napa's outside-city rates at the time of delivery. Napa's outside-city rate is tied to CPI adjustments after October 1, 2007 and will be subject to other adjustments by Napa from time to time when various water rates are revised. Napa shall bill St. Helena monthly for water supplied during the previous month, and St. Helena shall pay the bill within thirty (30) days of the date of the bill. Delinquent bills shall bear interest at the rate of ten percent (10%) per annum.
  - ii) In the event that St. Helena contests the accuracy of any bill submitted to it pursuant to this paragraph, it shall give Napa notice thereof at least ten (10) days prior to the day upon which payment of the stated amounts is due. To the extent that Napa finds St. Helena's contentions regarding the bill to be correct, it shall revise the bill accordingly, and St. Helena shall make payment of the revised amounts on or before the due date. To the extent that Napa does not find St. Helena's

contentions to be correct, or where time is not available for a review of such contentions prior to the due date, St. Helena shall make payment of the stated amounts on or before the due date, but may make the contested part of such payment under protest and seek to recover the amount thereof from Napa.

- iii) St. Helena shall be obligated to pay Napa for all water delivered by Napa to the point of delivery (which amount shall be no less than the combined Tier A, Tier B, and Tier C quantities described herein) whether or not St. Helena is able to make beneficial use of the total quantity of such water.
- iv) In the event of any default by St. Helena in the payment of any money required to be paid to Napa hereunder, Napa may, upon not less than one month's written notice to St. Helena, suspend deliveries of water under this Agreement for so long as such default continues: *Provided*, That during such period St. Helena shall remain obligated to make all payments required under this Agreement. Action taken pursuant to this paragraph shall not deprive Napa of or limit the applicability of any remedy provided by this Agreement or by law for the recovery of money due or which may become due under this Agreement.
- v) St. Helena's failure or refusal to accept delivery of water to which it is entitled under paragraph 4 shall in no way relieve St. Helena of its obligation to make payments to Napa as provided for in this Agreement. In June of each year, Napa shall bill St. Helena for the difference between metered usage and the amount of water entitled or requested pursuant to the provision in paragraph 4.

7) Point of Delivery: Water will be delivered by Napa to the existing meter connecting Napa's water system with the St. Helena water system near the intersection of State Highway 29 and State Highway 128 in Rutherford, Napa County, California. St. Helena has the physical ability to control the rate, time and amount of delivery, and shall not take delivery of more water than it is entitled to receive under this agreement, take water outside the periods set forth in Paragraph 8 except during emergency conditions, nor at rates greater than that set forth in Paragraph 9.

8) Time of Delivery:

- a) Water shall be made available to St. Helena at the point of delivery during the following time periods:
  - i) Tier A Water –Tier A water shall be made available during the period from October 1<sup>st</sup> through April 30<sup>th</sup>.

- ii) Tier B Water – Tier B water shall be made available during the period from October 1<sup>st</sup> through April 30<sup>th</sup>.
  - iii) Tier C Water – Tier C water shall be made available during the period from September 1 through May 31<sup>st</sup>.
- b) Entitlement to water not used within the first allowable period of delivery may not be carried over into ensuing delivery periods.
  - c) No water shall be taken by St. Helena outside the periods set forth in this paragraph, except as separately authorized in writing by Napa (i) for temporary emergencies as provided for in paragraph 13 hereof or (ii) for replacement supplies to make up for interruptions in deliveries as provided for in paragraph 10 hereof.
- 9) Rate of Delivery: Absent *force majeure* or other exigent circumstances beyond St. Helena's control, the rate of delivery shall not exceed 700 gallons per minute at any time.
- 10) Interruption of Delivery: Napa may temporarily discontinue or reduce water deliveries as herein provided for the purposes of investigation, inspection, maintenance, repair or replacement of its water system facilities necessary for the delivery of water to St. Helena, as well as due to outages in, or reduction in capabilities of such facilities beyond Napa's control, or in the event of an emergency. Napa shall provide notice as far in advance as practicable of any such interruption, except in the case of emergency in which case no advance notice will be required, but notice will be given as promptly as feasible. Napa will use its best efforts to avoid and minimize any such temporary interruption of deliveries, and shall resume deliveries as soon as Napa determines, in its sole and exclusive discretion, that it is practicably feasible to do so. In the event of a delivery interruption, Napa may, in its sole and absolute discretion, make water available to St. Helena outside the delivery period set forth in Paragraph 8 above to make up for the loss of water deliveries during the interruption, but is not required to do so. Interruption in deliveries shall not affect St. Helena's payment obligation set forth herein.
- 11) Measurement of Water Delivered: The water delivered under this Agreement shall be measured by a meter at the point of delivery. The meter shall be owned, operated, maintained, replaced and read by Napa, subject to St. Helena's right to annual testing and calibration of the flow meter to verify accuracy. Each party shall have the right to test the meter at its own expense.
- 12) Operations: St. Helena hereto recognizes and agrees that Napa shall have the right, in its sole and exclusive discretion, to operate the Napa water system including but not limited to treatment plants, transmission facilities,

storage tanks, and pump stations. St. Helena acknowledges that there is no guarantee of consistent pressure at the meter and that fluctuations will occur based on Napa's operation of various treatment plants. St. Helena bears full responsibility for providing adequate conveyance facilities to accept and make beneficial use of the water once it passes through the meter.

- 13) Emergency Water Supply:** Upon request from St. Helena, Napa will provide water supplies to St. Helena during temporary emergency situations, not including drought, in the time period not covered by Tier A, B and C deliveries herein so long as delivery of emergency water supply does not adversely affect other customers on the Napa system. Napa shall have the right, in its sole and exclusive discretion, to determine what constitutes a temporary emergency situation and to determine the adverse effect of emergency deliveries on Napa customers, and to determine the reasonable period such emergency deliveries may continue. Water delivered for emergency purposes outside the delivery period in this Agreement shall be in addition to quantities specified in this Agreement and shall be paid for in the same manner and at the same rate as other water deliveries hereunder.
- 14) Water Conservation Requirements:** In the event of a water supply shortage, as determined by Napa in its sole discretion, St. Helena shall apply water conservation requirements and restrictions to its customers that are no less restrictive than those placed on Napa customers. Napa shall not determine that there is a water supply shortage unless it is imposing water conservation requirements and restrictions on its customers.
- 15) Participation in Dwyer Road Pump Station:** St. Helena agrees to participate in discussions related to the construction of a pump station at Dwyer Road, at such time that either Napa or Calistoga requests, and to consider a funding contribution based on the project's benefit to St. Helena.
- 16) Agreement Subject to Amendment with NCFCWCD:** St. Helena and Napa acknowledge and agree that separate amendments to the water supply contracts with NCFCWCD for St. Helena and for Napa are necessary to transfer 1000 acre-feet per year of State Water Project water entitlements from St. Helena to Napa. Since this transfer of water entitlements is an essential consideration for this Agreement, failure to execute amendments to transfer said water entitlements by no later than one (1) year after the date of execution of this Agreement shall render all terms of this Agreement null and void.
- 17) Liability and Indemnity:**
- a) Neither Napa nor any of its officers, agents, or employees shall be liable for the control, carriage, handling, use, disposal or distribution of water after it has passed the delivery point hereunder, nor for any damage or

claim of damage of any nature whatsoever, including but not limited to property damage, personal injury or death arising out of or connected with the same.

- b) St. Helena shall indemnify, hold harmless, release and defend Napa, its officers, employees and agents from and against any and all actions, claims, demands, damages, disability, losses, expenses including attorney's fees and other defense costs and liabilities of any nature that may be asserted by any person or entity including, but not limited to, St. Helena or any other third person arising out of this Agreement excepting only liabilities due to the sole negligence or willful misconduct of Napa. This indemnification obligation is not limited in any way by any limitation on the amount or type of damages or compensation payable by or for St. Helena under Worker's Compensation, disability or other employee benefit acts or the terms, applicability of limitations or any insurance held or provided by St. Helena and shall continue to bind the parties after termination/completion of this Agreement.

**18) No Damages Allowable Against the City of Napa:** Napa has entered into this Agreement solely as an act of inter-jurisdictional co-operation. In the event it is claimed that Napa has in any manner failed to satisfy any obligation under this Agreement, or otherwise has breached this Agreement, the sole and exclusive remedy against Napa shall be injunctive relief, specific performance, declaratory relief, writ of mandate or similar remedy. Under no circumstances shall Napa be liable for any damages of any kind arising from any asserted failure to satisfy an obligation under, or breach of, this Agreement. It is understood that this provision constitutes material consideration under which Napa agreed to enter into this Agreement, and that Napa would not have entered into this Agreement had it known it would have been subject to damages of any kind arising from its failure to satisfy any provision of, or breach of, this Agreement.

**19) Responsibility of St. Helena:** St. Helena shall be solely responsible for the control, carriage, handling, use, disposal and distribution of water supplied to St. Helena hereunder after it has passed the delivery point.

**20) No Third Party Beneficiary Intended:** Nothing in this Agreement shall be construed or deemed as intending to create or confer any third party beneficiaries or rights in any third parties.

**21) Termination:**

In addition to any other rights of termination and suspension set forth under this Agreement or at law, Napa shall have the right, at its sole option, to terminate this Agreement upon 30 days' written notice for the following causes:

a) St. Helena takes water at a rate greater than that specified or at times not authorized in this agreement.

b) St. Helena defaults in payment of monthly bill for greater than 90 days.

**22) Dispute Resolution:** Should any dispute arise concerning any provisions of this agreement, or the parties' rights and obligations hereunder, the parties shall meet and confer in an attempt to resolve the dispute. Prior to commencing any legal action, the complaining party shall provide to the other party 30 days' written notice of the intent to take such action; Provided, That such notice shall not be required where a delay in commencing an action would prejudice the interests of the party that intends to file suit. During the 30 day notice period, the parties shall meet and confer in an attempt to resolve the dispute. Except as specifically provided, nothing herein is intended to waive or abridge any right or remedy that either party may have.

**23) Remedies:** The sole and exclusive remedy against Napa for claims arising under this agreement shall be injunctive relief, specific performance, declaratory relief, writ of mandate or similar remedy. Under no circumstances shall Napa be liable for any damages of any kind arising from any asserted failure to satisfy an obligation under, or breach of, this Agreement. The use by either party of any remedy specified herein for the enforcement of this Agreement is not exclusive and shall not deprive the party using such remedy of, or limit the application of, any other remedy provided by law.

**24) Attorneys' Fees.** In the event any legal action is commenced to enforce this Agreement, the prevailing party is entitled to reasonable attorney's fees, costs, and expenses incurred.

**25) Notices:** All notices that are required either expressly or by implication to be given by one party to the other under this Agreement shall be signed for Napa by its Public Works Director, and for St. Helena by its City Manager, or, for either party, by such officer as it may, from time to time, authorize in writing to so act. All such notices shall be deemed to have been given if delivered personally or if enclosed in a properly addressed envelope and deposited in a United State Post Office for delivery by registered or certified mail. Unless and until formally notified otherwise, all notices shall be addressed to the parties at their addresses as shown on the signature page of this Agreement.

a) St. Helena shall address notices to:

City of Napa  
Director of Public Works  
Post Office Box 660  
Napa, California 94559-0660

b) Napa shall address notices to:

City of St. Helena  
City Manager  
1480 Main St  
Saint Helena, California 94574

- 26) Books and Records:** During regular office hours, each of the parties hereto and their duly authorized representatives shall have the right to inspect and make copies of any books, records, or reports of the other party pertaining to this Agreement or matters related hereto. Each of the parties hereto shall maintain and make available for such inspection accurate records of all of its costs, disbursements and receipts with respect to its activities under this Agreement.
- 27) Successors and Assigns:** This Agreement and all of its provisions shall apply to and bind the successors and assigns of the parties hereto.
- 28) Assignment:** No assignment or transfer of this Agreement or any part hereof, rights hereunder, or interest herein by St. Helena shall be valid unless and until it is approved in writing by Napa and made subject to such reasonable terms and conditions as Napa may impose.
- 29) Privileges and Immunities:** The parties hereby agree that the activities of each parties' officers, agents, and employees shall be subject to the privileges, immunities, and protections of Government Code section 6513.
- 30) Waiver:** Any waiver at any time by either party hereto of its rights with respect to a default or any other matter arising in connection with this Agreement shall not be deemed to be a waiver with respect to any other default or matter.
- 31) Modifications:** This Agreement may not be modified orally or in any manner other than by an agreement in writing signed by both parties.
- 32) Agreement Interpretation:** Each party to this Agreement has had an opportunity to review the Agreement, confer with legal counsel regarding the meaning of the Agreement, and negotiate revisions to the Agreement. Accordingly, neither party shall rely upon Civil Code section 1654 in order to interpret any uncertainty in the meaning of the Agreement.
- 33) Entire Agreement:** This Agreement, including all documents incorporated herein by reference, comprises the entire integrated understanding between the parties concerning the subject matter described herein. This Agreement

supersedes all prior negotiations, agreements, and understandings regarding the matter, whether written or oral, including but not limited to Agreement 7148 for emergency water deliveries. The documents incorporated by reference into this Agreement are complementary; what is called for in one is binding as if called for in all.

- 34) Signatures:** The individuals executing this Agreement represent and warrant that they have the right, power, legal capacity, and authority to enter into and to execute this Agreement on behalf of the respective legal entities of St. Helena and Napa.

IN WITNESS WHEREOF, St. Helena and Napa do hereby agree to the full performance of the terms set forth herein.

By St. Helena this 12 day of September, 2006

and By Napa this 25 day of October, 2006

**CITY OF NAPA**, a municipal corporation

**CITY OF ST. HELENA**, a municipal corporation

BY: Jill Techel  
Jill Techel, Mayor

BY: Delford Britton  
Delford Britton, Mayor

ATTEST: Patt Osborne  
for Sara Cox, City Clerk

ATTEST: Delia Guijosa  
Delia Guijosa, City Clerk

APPROVED AS TO FORM:

APPROVED AS TO FORM:

Michael Barrett  
Michael Barrett, City Attorney

Amy L. Lyman  
Amy L. Lyman, City Attorney

COUNTERSIGNED:

COUNTERSIGNED:

Scott Nielsen  
Scott Nielsen, City Auditor

Karen Scalabrini  
Karen Scalabrini, Finance Director

**CITY OF ST. HELENA**  
**RESOLUTION No. 2009-40**

**APPROVING AMENDMENT No. 1 TO  
WATER SUPPLY AGREEMENT BETWEEN  
THE CITY OF NAPA AND THE CITY OF ST. HELENA**

**RECITALS**

- A. Resolution 2006-131 adopted Water Supply Agreement between the City of Napa and the City of St. Helena in September 2006 to provide a minimum annual delivery of 200 acre-feet of water to St. Helena; and
- B. St. Helena has requested an additional minimum annual delivery of 200 acre-feet of water in order to meet dry year demand deficits as specified in the 2050 Study; and
- C. City of Napa's purchase of 1,100 acre-feet of State Water Project water entitlements from Yountville will provide Napa's base supply to support an additional minimum annual delivery of 200 acre-feet of water to the City of St. Helena; and
- D. A Notice of Intent to adopt a Negative Declaration for the project referred to as "Amendment to Water Supply Agreement between City of Napa and City of St. Helena" was circulated by the City of Napa for public review from March 11, 2009 to March 31, 2009; and
- E. The Napa City Council held a noticed public hearing on the project on April 7, 2009, and considered all information related to this matter, as presented at the public meeting of the City Council and determined that the adoption of the amended agreement, as analyzed in the Initial Study titled "Amendment to Water Supply Agreement between City of Napa and City of St. Helena" and dated March 6, 2009, will have no significant effect on the environment; and the City Council adopted said negative declaration and the proposed amendment; and
- F. Staff has determined the additional water delivery is significant because the minimum 400 acre-feet represents 17-percent and the maximum 800 acre-feet represents 34-percent of the total storage in Bell Canyon Reservoir. The year-round season of delivery is very significant because it provides for water delivery during the peak demand summer months and it provides sufficient time for our pumps to move the volume of water.

**RESOLUTION**

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

1. Amendment No. 1 to the Water Supply Agreement between the City of Napa and the City of St. Helena is approved.

Approved at a Regular Meeting of the St. Helena City Council on April 14, 2009 by the following vote:

AYES: Councilmembers Schoch, Sklar, Sanchez, Crull, Mayor Britton

NOES: None

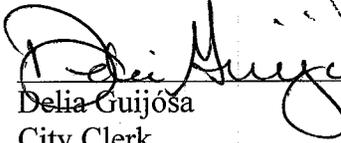
ABSENT: None

ABSTAIN: None

APPROVED:

  
\_\_\_\_\_  
Delford Britton  
Mayor

ATTEST:

  
\_\_\_\_\_  
Delia Guijosa  
City Clerk



**AMENDMENT NO. 1 TO  
WATER SUPPLY AGREEMENT BETWEEN  
THE CITY OF NAPA AND THE CITY OF ST. HELENA  
(City of Napa Agreement No. 9381)  
(City of St. Helena Agreement No. 2006-131)**

**THIS AMENDMENT NO. 1 TO WATER SUPPLY AGREEMENT BETWEEN THE CITY OF NAPA AND THE CITY OF ST. HELENA (City of Napa Agreement No. 9381 and City of St. Helena Agreement No. 2006-131),** hereinafter referred to as "Water Supply Agreement", is made and entered into this 17th day of April, 2009, by and between the City of Napa, a municipal corporation (hereinafter referred to as "Napa") and the City of St. Helena, a municipal corporation (hereinafter referred to as "St. Helena").

**RECITALS**

A. Napa and St. Helena entered into Water Supply Agreement on September 12, 2006 ("2006 Agreement") to provide St. Helena with a minimum delivery of 200 acre-feet annually (afa) of water from Napa; and

B. The 2050 Napa Valley Water Resources Study (2050 Study) completed in 2005, predicts St. Helena to experience a water supply deficit of nearly 400 acre-feet annually (afa) in multiple dry-years (6 years of below normal rainfall) currently and through the year 2020 and over 500 afa in multiple dry-years by 2050. The 2050 Study also predicts St. Helena to experience a water supply deficit of over 600 afa in a single dry-year currently through 2050; and

C. St. Helena has determined that an additional minimum delivery of 200 afa, for a total minimum delivery of 400 afa, of water from Napa is the preferred solution to meet the majority of dry-year water demand deficits as specified in the 2050 Study; and

D. Napa purchased 1,100 AF of State Water Project water entitlements from the Town of Yountville, and Napa's purchase of an additional 1,000 AF of State Water Project water entitlements from St. Helena referenced in Recitals J and K, and paragraphs 2, 6a, and 16 of the 2006 Agreement has been completed; and Napa is willing to use this additional water supply to support an additional minimum delivery of 200 afa to St. Helena; and

E. Napa entered into an agreement with the Napa County Flood Control and Water Conservation District, hereinafter referred to as "NCFCWCD", on April 5, 1966 in order to receive State Water Project water entitlements and has entitlement to conveyance capacity in the North Bay Aqueduct system; and

F. Napa owns and operates treatment and transmission facilities sufficient to deliver potable water to St. Helena in the quantities specified in the Water Supply Agreement and this Amendment; and

NOW THEREFORE, the parties mutually agree that the Water Supply Agreement (City of Napa Agreement No. 9381 and City of St. Helena Agreement No. 2006-131) shall be amended as follows:

1) Paragraph 4 is replaced in its entirety by the following:

4) Quantity of Water Deliveries: The quantity of water to be made available and delivered each fiscal year to St. Helena under this Agreement is in part dependent on the allocation of water from the State Water Project to NCFWCDC, as announced by the California Department of Water Resources in its Notice to State Water Project Contractors (hereinafter "DWR Notice"). The DWR Notice identifies the percentage of State Water Project Allocations available to SWP Contractors under "Table A." For the purpose of this Agreement, the latest DWR Notice issued on or before April 15 of each year shall be the "Effective DWR Notice" used to determine the quantity of water to be made available and delivered for each subsequent fiscal year, as follows:

- i) Tier A Water – Napa shall deliver and St. Helena shall accept 400 Acre-feet of water annually regardless of the State Water Project allocation of water to NCFWCDC.
- ii) Tier B Water – Napa shall deliver and St. Helena shall accept an additional 200 Acre-feet of water for each fiscal year when the Effective DWR Notice identifies a State Water Project Allocation of 30% or greater of the SWP Contractors' Table A amounts. If the State Water Project Allocation on the Effective DWR Notice is less than 30%, Tier B water will be unavailable for the subsequent fiscal year.
- iii) Tier C Water – St. Helena may request, and Napa shall deliver, subject to St. Helena's written request for a specified quantity of "Tier C Water" received by May 1<sup>st</sup>, up to an additional 200 Acre-feet of water for each fiscal year when the Effective DWR Notice identifies a State Water Project Allocation of 50% or greater of the SWP Contractors' Table A amounts. If the State Water Project Allocation on the Effective DWR Notice is less than 50%, Tier C water will be unavailable for the subsequent fiscal year.

2) Paragraph 8 is replaced in its entirety by the following:

8) Time of Delivery:

- a) Water shall be made available to St. Helena at the point of delivery during the following time periods:
  - i) Tier A Water – Tier A water shall be made available during the period from September 1<sup>st</sup> through May 31<sup>st</sup>.
  - ii) Tier B Water – Tier B water shall be made available during the period from July 1<sup>st</sup> through June 30<sup>th</sup>.
  - iii) Tier C Water – Tier C water shall be made available during the period from July 1<sup>st</sup> through June 30<sup>th</sup>.
- b) Entitlement to water not used within the first allowable period of delivery may not be carried over into ensuing delivery periods.
- c) No water shall be taken by St. Helena except in compliance with this paragraph, except as separately authorized in writing by Napa (i) for temporary emergencies as provided for in paragraph 13 hereof or (ii) for replacement supplies to make up for interruptions in deliveries as provided for in paragraph 10 hereof.

3) Paragraph 10 is replaced in its entirety by the following:

10) Interruption of Delivery: Napa may temporarily discontinue or reduce water deliveries as herein provided for the purposes of investigation, inspection, maintenance, repair or replacement of its water system facilities necessary for the delivery of water to St. Helena, as well as due to outages in, or reduction in capabilities of such facilities beyond Napa's control, or in the event of an emergency. Napa shall provide notice as far in advance as practicable of any such interruption, except in the case of emergency in which case no advance notice will be required, but notice will be given as promptly as feasible. Napa will use its best efforts to avoid and minimize any such temporary interruption of deliveries, and shall resume deliveries as soon as Napa determines, in its sole and exclusive discretion, that it is practicably feasible to do so. In the event of a delivery interruption, Napa shall make water available to St. Helena to make up for the loss of water deliveries during the interruption, on a reasonable schedule coordinated with St. Helena. Time of delivery shall be July 1<sup>st</sup> through June 30<sup>th</sup>. Interruption in deliveries shall not affect St. Helena's payment obligation set forth herein.

- 4) Except as provided in (1), (2), and (3) above, all of the terms and provisions of the Water Supply Agreement shall remain, after the effective date set forth above, in full force and effect as previously approved.

IN WITNESS WHEREOF, St. Helena and Napa do hereby agree to the full performance of the terms set forth herein.

By St. Helena this 27 day of May, 2009

and By Napa this 17 day of April, 2009

**CITY OF NAPA**, a municipal corporation

**CITY OF ST. HELENA**, a municipal corporation

BY: Jill Techel  
Jill Techel, Mayor

BY: [Signature]  
Mayor

ATTEST: [Signature]  
City Clerk

ATTEST: [Signature]  
City Clerk

APPROVED AS TO FORM:

[Signature]  
Michael Barrett, City Attorney

APPROVED AS TO FORM:

[Signature]  
City Attorney

COUNTERSIGNED:

[Signature]  
Scott Nielsen, City Auditor

COUNTERSIGNED:

[Signature]  
Finance Director



**CITY OF ST. HELENA**

**RESOLUTION NO. 2010-123**

**APPROVING AMENDMENT NO. 2 TO RESOLUTION  
2006-131 AUTHORIZING WATER SUPPLY AGREEMENT  
BETWEEN THE CITY OF NAPA AND THE CITY OF ST.  
HELENA AND ADJUSTMENT TO THE WATER  
ENTERPRISE BUDGET**

**RECITALS**

- A. Resolution 2006-131 adopted Water Supply Agreement between the City of Napa and the City of St. Helena is September 2006 to provide a minimum annual delivery of 200 acre-feet of water to St. Helena; and
- B. Resolution 2009-40 approved Amendment No. 1 to the Water Supply agreement between the City of Napa and the City St. Helena where the City requested an additional minimum annual delivery of 200 acre-feet of water in order to meet dry year demand deficits as specified in the 2050 Study; and
- C. During the 2010 water year the City of St. Helena performed major upgrades to its pipeline infrastructure and the Cities of Napa and St. Helena did not make temporary accommodations to deliver and receive the water per the agreement.; and
- D. As a result the City of St. Helena was not able to receive delivery of 511 AF of the 600 AF water made available by the City of Napa for the delivery year; and
- E. Subsequently the City requested that the City of Napa make available the 511 AF of water that was not delivered in water year 2010; and
- F. The City of Napa operations does have sufficient capacity to make the water available.

**RESOLUTION**

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

- 1. Amendment No. 2 to the Water Supply Agreement between the City of Napa and the City of St. Helena is approved; and
- 2. Approves the budget adjustment of \$486,691 from Water Enterprise Reserves to the Water Enterprise Budget to cover the City's water purchase obligation to the City of Napa.

Approved at a Regular Meeting of the St. Helena City Council on November 23, 2010, by the following vote:

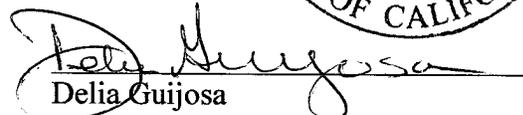
AYES: Councilmembers Schoch, Sanchez, Sklar, Crull, Mayor Britton  
NOES: None  
ABSENT: None



APPROVED:

ATTEST:

  
\_\_\_\_\_  
Delford Britton  
Mayor

  
\_\_\_\_\_  
Delia Guijosa  
City Clerk

AMENDMENT NO. 2 TO  
WATER SUPPLY AGREEMENT BETWEEN  
CITY OF NAPA AND CITY OF ST HELENA  
(City of Napa Agreement No. 9381  
City of St Helena Agreement No. 2006-131)

THIS AMENDMENT NO. 2 TO WATER SUPPLY AGREEMENT BETWEEN CITY OF NAPA AND CITY OF ST HELENA (City of Napa Agreement No. 9381; and City of St Helena Agreement No. 2006-131), "Amendment No. 2", is made and entered into this <sup>12<sup>th</sup></sup> day of January, 2011, ~~2010~~, by and between the City of Napa, a municipal corporation (hereinafter referred to as "Napa") and the City of St. Helena, a municipal corporation (hereinafter referred to as "St. Helena").

**RECITALS**

- A. Napa and St. Helena entered into the Water Supply Agreement (City of Napa Agreement No. 9381; and City of St. Helena Agreement No. 2006-131) on September 12, 2006 ("2006 Agreement") to provide St. Helena with a minimum delivery of 200 acre-feet annually (afa) of water from Napa; and
- B. Napa and St. Helena entered into Amendment No. 1 to 2006 Agreement on April 17, 2009 ("Amendment No. 1") to increase the minimum delivery of water (from Napa to St. Helena) from 200 acre-feet annually (afa) to 400 afa; and
- C. The State Water Project Allocation as of April 15, 2009 was 30%, therefore according to Amendment No. 1, Paragraph 4 Napa shall deliver and St. Helena shall accept Tier B water, (600 af) in fiscal year (FY) 2010.
- D. The 2006 Agreement and Amendment No. 1 states that St. Helena shall be obligated to pay Napa for all water delivered by Napa to the point of delivery (which amount shall be no less than the combined Tier A, Tier B, and Tier C quantities described therein) whether or not St. Helena is able to make beneficial use of the total quantity of such water.
- E. The 2006 Agreement and Amendment No. 1 states St. Helena's failure or refusal to accept delivery of water to which it is entitled under said Agreement shall in no way relieve St. Helena of its obligation to make payments to Napa as provided for in said Agreement. In June of each year, Napa shall bill St. Helena for the difference between metered usage and the amount of water entitled or requested pursuant to the provision in paragraph 4 of said Agreement.
- F. St. Helena performed major construction upgrades on its pipeline infrastructure during the 2010 water year, did not make temporary accommodations to receive the Amendment No. 1 water and did not take beneficial use of 511 af of the 600 af water made available by Napa.
- G. St. Helena requested Napa make available the 511 af of water that was undelivered during FY 10.

- H. Napa water operations have sufficient capacity in order to make available to St. Helena up to 250 af of undelivered water per fiscal year (under the limited terms of this Amendment No. 2), due to the status of local surface water reservoirs and available SWP supplies.

NOW THEREFORE, the parties mutually agree as follows:

The 2006 Agreement, as previously amended by Amendment No. 1, is hereby amended by this Amendment No. 2 as set forth herein. All terms and conditions of the 2006 Agreement (as previously amended by Amendment No. 1) which are not specifically modified by this Amendment No. 2 shall remain in full force and effect.

1. Napa hereby characterizes the unused 511 af of water from FY 2010 as 'Undelivered Water'. Napa will make the 'Undelivered Water' available to St. Helena under the terms of this Amendment No. 2 over the course of three years: Fiscal Years 2011, 2012, and 2013. No more than 250 af of 'Undelivered Water' shall be made available in any one fiscal year. No more than 511 af of 'Undelivered Water' shall be made available in all three years combined.
2. St Helena shall make a written request to Napa identifying the amount of 'Undelivered Water' requested for each fiscal year pursuant to the following schedule: by January 1, 2011 for FY 2011 water, by September 20, 2011 for FY 2012 water, and by September 20, 2012 for 2013 water. Compliance with these timing requirements is essential so that Napa can incorporate the request into its annual water supply planning.
3. St. Helena will pay Napa the water rate in effect at the time of receipt of 'Undelivered Water'.
4. The 'Undelivered Water' is in addition to the quantity to be delivered in accordance with paragraph 4 of Amendment No. 1.
5. At the end of FY 2013, to the extent that St. Helena has not submitted a timely request to Napa or failed to take delivery of all or any portion of the 'Undelivered Water', Napa will bill St. Helena for the remaining balance of the 511 af of 'Undelivered Water', and St. Helena will pay Napa the water rate in effect on June 30, 2013.

IN WITNESS WHEREOF, St. Helena and Napa do hereby agree to the full performance of the terms set forth herein.

By St. Helena this 23<sup>rd</sup> day of November, 2010

and by Napa this 12<sup>th</sup> day of January, ~~2010~~ 2011.

CITY OF NAPA, a municipal corporation

BY: Jacques R. LaRochelle  
Jacques R. LaRochelle, Public Works Director

ATTEST: Dorothy Roberts  
Dorothy Roberts, City Clerk

APPROVED AS TO FORM:

Michael Barrett  
Michael Barrett, City Attorney

COUNTERSIGNED:

Ann Mehta  
Ann Mehta, City Auditor

CITY OF ST. HELENA, a municipal corporation

BY: Del Britton  
Del Britton, Mayor

ATTEST: Delja Guijosa  
Delja Guijosa, City Clerk

APPROVED AS TO FORM:

John Truxaw  
John Truxaw, City Attorney

COUNTERSIGNED:

Karen Scalabrini  
Karen Scalabrini, Finance Director

**CITY OF ST. HELENA**

**RESOLUTION NO. 2011-82**

**APPROVING AMENDMENT NO. 3 TO RESOLUTION 2006-131  
AUTHORIZING WATER SUPPLY AGREEMENT  
BETWEEN THE CITY OF NAPA AND  
THE CITY OF ST. HELENA**

**RECITALS**

- A. Resolution 2006-131 adopted Water Supply Agreement between the City of Napa and the City of St. Helena is September 2006 to provide a minimum annual delivery of 200 acre-feet of water to St. Helena; and
- B. Resolution 2009-40 approved Amendment No. 1 to the Water Supply agreement between the City of Napa and the City St. Helena where the City requested an additional minimum annual delivery of 200 acre-feet of water in order to meet dry year demand deficits as specified in the 2050 Study; and
- C. Resolution 2010-23 approved Amendment No. 2 to the Water Supply agreement between the City of Napa and the City St. Helena where the City requested that the City of Napa make available the 511 AF of water that was not delivered in water year 2010; and
- D. City of St. Helena desires additional reliability and has requested a third amendment to increase the minimum annual delivery to 600 AFA with no change to the optional delivery up to a total of 800 AFA.; and
- E. The unit price for water purchased by City of St. Helena requires a commitment from the City of Napa to ensure the City's revenue assumptions in the recent cost of service analysis are achieved; and
- F. The City of Napa and the City of St. Helena have mutually agreed to the terms of Amendment No. 3.

**RESOLUTION**

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

1. Amendment No. 3 to the Water Supply Agreement between the City of Napa and the City of St. Helena is approved.

Approved at a Regular Meeting of the St. Helena City Council on November 8, 2011, by the following vote:

AYES: Councilmembers Crull, White, Nevero, Mayor Britton

NOES: None

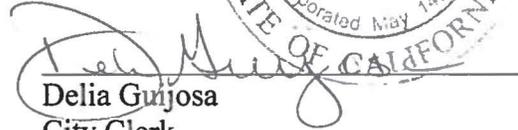
ABSENT: Councilmember Sanchez

APPROVED:



Delford Britton  
Mayor

ATTEST:



Delia Gujosa  
City Clerk



**AMENDMENT NO. 3 TO  
WATER SUPPLY AGREEMENT BETWEEN  
THE CITY OF NAPA AND THE CITY OF ST. HELENA  
(City of Napa Agreement No. 9381)  
(City of St. Helena Agreement No. 2006-131)**

**THIS AMENDMENT NO. 3 TO WATER SUPPLY AGREEMENT BETWEEN THE CITY OF NAPA AND THE CITY OF ST. HELENA (City of Napa Agreement No. 9381 and City of St. Helena Agreement No. 2006-131),** hereinafter referred to as "Amendment #3", is made and entered into this 15<sup>th</sup> day of December, 2011, by and between the City of Napa, a municipal corporation (hereinafter referred to as "Napa") and the City of St. Helena, a municipal corporation (hereinafter referred to as "St. Helena").

**RECITALS**

A. Napa and St. Helena entered into Water Supply Agreement on September 12, 2006 ("the 2006 Agreement") to provide St. Helena with a minimum delivery of 200 acre-feet annually (afa) of water from Napa; and

B. Napa and St. Helena entered into Amendment No. 1 to the 2006 Agreement on May 27, 2009 to provide St. Helena with a minimum delivery of 400 acre-feet annually of water from Napa("the 2009 Agreement"); and

C. Napa and St. Helena entered into Amendment No. 2 to the 2006 Agreement on January 12, 2011 to allow St. Helena to take beneficial use of unused water from Fiscal Year 2010/2011 ("the 2011 Agreement"); and

D. St. Helena has determined that an additional minimum delivery of 200 acre-feet annually, for a total minimum delivery of 600 acre-feet annually, of water from Napa is the preferred solution to meet the majority of dry-year water demands; and

E. Napa purchased 1,100 AF of State Water Project water entitlements from the Town of Yountville, and Napa's purchase of an additional 1,000 AF of State Water Project water entitlements from St. Helena referenced in Recitals J and K, and paragraphs 2, 6a, and 16 of the 2006 Agreement has been completed; and Napa is willing to use this additional water supply to support an additional minimum delivery of 200 afa to St. Helena; and

F. Napa entered into Agreement No. 1482 with the Napa County Flood Control and Water Conservation District, hereinafter referred to as "NCFCWCD", on April 5, 1966 in order to receive State Water Project water entitlements and has entitlement to conveyance capacity in the North Bay Aqueduct system; and

G. Napa entered into Amendment No. 13 to Agreement No. 1482 with the Napa County Flood Control and Water Conservation District on October 6, 2009 in order to amend Napa's entitlement schedule for the State Water Project water to be the maximum Table A entitlement of 21,900 acre-feet in 2010 and in each subsequent year thereafter rather than incrementally increasing entitlements annually to achieve the maximum Table A entitlement of 21,900 acre-feet in 2021; and

H. On May 6, 2011, Napa completed improvements to the Edward I. Barwick Jamieson Canyon Water Treatment Plant in order to maximize the use of State Water Project entitlements and thereby maintain additional storage in Lake Hennessey for dry-year use; and

I. Napa's water supply from the State Water Project, Lake Hennessey, and Milliken Reservoir is sufficient to deliver potable water to St. Helena in the quantities specified in the Water Supply Agreement, previous Amendments and this Amendment; and

J. Napa owns and operates treatment and transmission facilities sufficient to deliver potable water to St. Helena in the quantities specified in the Water Supply Agreement, the 2009 and 2011 Amendments 1 and 2 respectively and this Amendment #3; and

NOW THEREFORE, the parties mutually agree that the 2006 Agreement as amended by Amendments 1, 2, and 3, shall be amended as follows:

1) Paragraph 4 is replaced in its entirety by the following:

4) Quantity of Water Deliveries: The quantity of water to be made available and delivered each fiscal year to St. Helena under this Agreement is as follows:

i) Base Supply – Napa shall deliver and St. Helena shall accept 600 acre-feet of water annually.

ii) Optional Supply – St. Helena may request an additional 200 acre-feet of water annually. If, in Napa's sole discretion, water supply is available to fulfill the request, Napa will deliver the requested quantity of water to St. Helena. If supplies are not available and if Napa attempts to acquire supplemental dry-year water on a single year basis from an outside source; Napa will add St. Helena's requested quantity to the total quantity requested. Napa makes no guarantees that dry-year water will be available or purchased in any given year. Napa reserves the exclusive right to determine the terms of purchase and to avoid such

purchase if the terms are unacceptable or if Napa's need for the water is alleviated. If Napa executes a supplemental dry-year water purchase on a single year basis, St. Helena agrees to purchase the requested amount or a proportional share thereof at the rate described in Paragraph 6) b) iii). See Exhibit A for example.

2) Paragraph 6, Section b) is replaced in its entirety by the following:

6) Price and Payment:

b) St. Helena:

- i) Base Supply: St. Helena shall pay Napa a rate of \$5.78 per 1,000 gallons of water. On January 1, 2012 the rate shall increase 3%. On July 1, 2012 and each July 1 thereafter, the rate shall increase 3%. See Exhibit A for example calculations.
- ii) Base Supply: On July 1, 2022 and July 1, 2032 the rate shall be adjusted to equal 8% below the rate associated with the then current Outside City single family residential customers. If the adjustment is greater than +/-3%, then +/-3% shall take effect on July 1, 2022 and the remaining amount shall be equally distributed on July 1, 2023 and July 1, 2024 in addition to the +3% annual adjustment applicable in those years pursuant to paragraph 6)b)i). See Exhibit A for example calculations.
- iii) Optional Supply: If Napa supplies water from existing sources, St. Helena shall pay the rate in effect pursuant to paragraph 6)b)i) and 6)b)ii). If Napa purchases supplies from an outside source, St. Helena shall pay Napa the actual price paid by Napa to fulfill St. Helena's requested quantity from an outside source plus a 10% administration fee. In addition, St. Helena shall pay Napa the then current treat and wheel rate in effect to American Canyon (current rate is \$2.69/1,000 gallons). See Exhibit A for example calculations.
- iv) Napa shall bill St. Helena monthly for water supplied during the previous month, and St. Helena shall pay

the bill within thirty (30) days of the date of the bill. Delinquent bills shall bear interest at the rate of ten percent (10%) per annum.

- v) In the event that St. Helena contests the accuracy of any bill submitted to it pursuant to this paragraph, it shall give Napa notice thereof at least ten (10) days prior to the day upon which payment of the stated amounts is due. To the extent that Napa finds St. Helena's contentions regarding the bill to be correct, it shall revise the bill accordingly, and St. Helena shall make payment of the revised amounts on or before the due date. To the extent that Napa does not find St. Helena's contentions to be correct or where time is not available for a review of such contentions prior to the due date, St. Helena shall make payment of the stated amounts on or before the due date, but may make the contested part of such payment under protest and seek to recover the amount thereof from Napa.
- vi) St. Helena shall be obligated to pay Napa for all water delivered by Napa to the point of delivery, which amount shall be no less than 600 acre-feet annually, whether or not St. Helena is able to make beneficial use of the total quantity of such water.
- vii) In the event of any default by St. Helena in the payment of any money required to be paid to Napa hereunder, Napa may, upon not less than one month's written notice to St. Helena, suspend deliveries of water under this Agreement for so long as such default continues: *Provided*, That during such period St. Helena shall remain obligated to make all payments required under this Agreement. Action taken pursuant to this paragraph shall not deprive Napa of or limit the applicability of any remedy provided by this Agreement or by law for the recovery of money due or which may become due under this Agreement.
- viii) St. Helena's failure or refusal to accept delivery of water to which it is entitled under paragraph 4 shall in no way relieve St. Helena of its obligation to make payments to Napa as provided for in this Agreement. In June of each year, Napa shall bill

St. Helena for the difference between metered usage and the amount of water entitled or requested pursuant to the provision in paragraph 4.

3) Paragraph 8 is replaced in its entirety by the following:

8) Time of Delivery: Water shall be made available to St. Helena at the point of delivery at all times except as provided for in paragraph 10.

4) Paragraph 10 is replaced in its entirety by the following:

10) Interruption of Delivery: Napa may temporarily discontinue or reduce water deliveries as herein provided for the purposes of investigation, inspection, maintenance, repair or replacement of its water system facilities necessary for the delivery of water to St. Helena, as well as due to outages in, or reduction in capabilities of such facilities beyond Napa's control, or in the event of an emergency. Napa shall provide notice as far in advance as practicable of any such interruption, except in the case of emergency in which case no advance notice will be required, but notice will be given as promptly as feasible. Napa will use its best efforts to avoid and minimize any such temporary interruption of deliveries, and shall resume deliveries as soon as Napa determines, in its sole and exclusive discretion, that it is practicably feasible to do so. In the event of a delivery interruption, Napa shall make water available to St. Helena to make up for the loss of water deliveries during the interruption, on a reasonable schedule coordinated with St. Helena. Interruption in deliveries shall not affect St. Helena's payment obligation set forth herein unless the interruptions exceed 20 calendar days annually. If the days of interruptions exceed 20 days, St Helena may request the 600 acre feet annual delivery be reduced by 2 acre feet per calendar day of interruption in excess of 20 days.

5) Except as provided in (1), (2), (3) and (4) above, all of the terms and provisions of the 2011 Agreement shall remain, after the effective date set forth above, in full force and effect as previously approved.

IN WITNESS WHEREOF, St. Helena and Napa do hereby agree to the full performance of the terms set forth herein.

By St. Helena this 8<sup>th</sup> day of November, 2011

and By Napa this 15<sup>th</sup> day of December, 2011

**CITY OF NAPA**, a municipal corporation

**CITY OF ST. HELENA**, a municipal corporation

BY: Jill Techel  
Jill Techel, Mayor

BY: Alfred Sutton  
Mayor

ATTEST: Dorothy Roberts  
Dorothy Roberts, City Clerk

ATTEST: Ted Muijose  
City Clerk

APPROVED AS TO FORM:  
Michael Barrett  
Michael Barrett, City Attorney

APPROVED AS TO FORM:  
[Signature]  
City Attorney

COUNTERSIGNED:  
Ann Mehta  
Ann Mehta, City Auditor

COUNTERSIGNED:  
[Signature]  
Finance Director

**EXHIBIT A**

**AMENDMENT NO. 3 TO  
WATER SUPPLY AGREEMENT BETWEEN  
THE CITY OF NAPA AND THE CITY OF ST. HELENA  
(City of Napa Agreement No. 9381)  
(City of St. Helena Agreement No. 2006-131)**