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September 18, 2026

The Honorable Presiding Judge Scott R.L. Young  
Superior Court of California, County of Napa  
825 Brown Street  
Napa, California 94559

**RE: City Council Response to the 2025–2026 Napa County Civil Grand Jury Final Report, “Lapsed Leadership: St. Helena’s Problematic Pipes and Murky Waters” (June 24, 2026)**

Dear Presiding Judge Young:

On behalf of the St. Helena City Council, and as directed by the Council at its August 11, 2026 meeting, I am transmitting the City’s response to the above-referenced Final Report, submitted pursuant to Penal Code sections 933 and 933.05. The detailed responses to each Finding and Recommendation, prepared with the Interim City Manager and Public Works Department, are set forth in the attachment to this letter and are incorporated herein by reference.

Consistent with Penal Code § 933.05, which permits two response categories — agreement, or disagreement in whole or in part — the attached responses to several findings are labeled as disagreeing in part. In each case, the City concedes specific, narrow facts — most often, that aesthetic water quality problems exist and that further investment is warranted — while generally disagreeing with the finding’s broader conclusion or characterization. The explanation accompanying each response identifies precisely what is conceded and what is disputed, and why.

The Grand Jury performs an important public service, and the Council does not take that service lightly. The report identifies a real and long-standing problem — aesthetic water quality at the tap — and the Council accepts that continued investment, a comprehensive distribution-system assessment, and improved public reporting are all warranted. Those commitments are reflected fully in the attached responses.

Consistent with the Council’s direction, the City’s response identifies specific next steps, including further assessment of the water distribution system, development of a long-term rehabilitation strategy, improved collection and analysis of customer water-quality complaints, and continued evaluation of water-rate and governance issues. As that work proceeds, the Council commits to measurable milestones, transparent reporting, and periodic public updates so that residents and decision-makers can evaluate the City’s progress.

The Council writes separately, however, because portions of the report are directed not at any particular staff decision or capital project, but at the City Council itself — as a body, across fifteen years and eight election cycles — characterizing its governance as lapsed, its oversight as poor, and its decision-making as ineffective. Under the council-manager form of government by which St. Helena operates, the City Council oversees the affairs of the City as a body; it does not manage them. The City Manager manages day-to-day operations, including the Public Works Department and its staff. Because the report's broadest and most serious findings are institutional findings about the Council's own governance, the Council believes it owes the Grand Jury, and the public, a response in its own voice rather than through staff alone.

The Council does not dispute that the distribution system has real, unresolved problems, or that a fair reviewer could ask hard questions about how fifteen years of rate revenue were prioritized. It rejects the report's central framing — that a single narrative of institutional failure fairly describes eight different Councils, eight city managers, and five public works directors, several of whom are no longer in any position to respond for themselves, and some of whom have served fewer than two years. To be specific, the Council rejects the report's characterizations of poor governance, deficient oversight, dysfunction, or conflicts of interest among its members. Those are serious charges, and on behalf of the body to which they are directed, the Council does not believe the record supports them.

The attached responses document, in detail, the infrastructure investments, legal constraints, and structural workforce pressures the report does not fully account for. The Council asks that those responses be read as a considered, good-faith, and complete account — not as a rejection of accountability, but as an insistence that accountability be assigned accurately.

The Council is grateful for the Grand Jury's attention to a matter of genuine importance to St. Helena residents, and it commits to carrying out the recommendations it has accepted on the timelines set forth in the attached response. We welcome any further dialogue the Grand Jury believes would be useful.

Respectfully submitted,



Paul J. Dohring  
Mayor, City of St. Helena

On behalf of the St. Helena City Council

Attachment: City of St. Helena Response to Findings and Recommendations

cc: City Council

James McCann, Interim City Manager

City Attorney

City Clerk

Joe Leach, PE, Assistant City Manager/Director of Public Works/City Engineer

## **Attachment 1**

### **City of St. Helena Responses to Napa County Civil Grand Jury Report**

#### **REQUIRED RESPONSES (Report Date June 24, 2026 + 90d = September 22, 2026)**

The following responses are required, pursuant to Penal Code sections 933 and 933.05:

- **St. Helena City Council** – all Findings and Recommendations within 90 days

#### **INVITED RESPONSES**

The following responses are invited from the following responsible parties:

- **St. Helena City Manager** – All Findings and Recommendations within 90 days
- **St. Helena Public Works Director** – Findings: F1, F2, F3; Recommendations R1, R2, R3 within 90 days

#### **FINDINGS**

**F1:** *Despite the water rate increases of approximately 183% between 2011-2025, earmarked to address water quality and infrastructure issues, St. Helena's water is still being delivered to customers with taste, odor, and color quality issues. After recent improvements and upgrades to the Bell Canyon Water Treatment Plant, water currently leaves it clear, clean, and healthy; therefore, city staff and consultants now blame decades of silt, debris, and sediment build-up in the water distribution system for the continued water quality troubles.*

#### **Response: The City partially disagrees with Finding F1.**

The City agrees that customers have experienced recurring taste, odor, and color concerns over an extended period of time and acknowledges that continued investigation, operational improvements, and capital investment remain necessary. The City also agrees that significant improvements have recently been completed at the Bell Canyon Water Treatment Plant, resulting in improved treatment performance and reducing iron and manganese breakthrough into the distribution system. Additional improvements and programs include the installation of a Carbon Filtration System in December 2017 to address recurring taste and odor concerns and represented a significant treatment system improvement; the City's tap sampling water quality program; Division of Drinking Water-coordinated coagulant change from aluminum sulfate to ferric chloride to assist with

mitigating organics; pilot program for zero discharge pipeline flushing; and endeavors to update the City's system-wide hydraulic model. All reflect the City's ongoing investment and operational changes to address taste, color and odor.

The City disagrees with the characterization of the relationship between historical water rate increases and the continued occurrence of customer water quality complaints.

First, the Finding states that water rate increases of approximately 183 percent between 2011 and 2025 were "earmarked" to address water quality and infrastructure issues. The historical administrative record reviewed to date indicates that adopted water rates were established to support the full financial requirements of the Water Enterprise, including purchased water costs, operations and maintenance, regulatory compliance, debt service, reserve requirements, staffing, rehabilitation of existing facilities, and capital improvements. Under Proposition 218 (California Constitution, Article XIII D, § 6), water and wastewater revenues are legally restricted to the costs of providing those services and must be applied in order of legal priority: debt service covenant compliance first, then operations and maintenance, then mandated reserve targets, and then capital projects. Rate revenues are accordingly not discretionary infrastructure dollars, and an 183 percent increase in rates does not equate to an 183 percent increase in discretionary infrastructure spending; it reflects, in substantial part, compounded increases from a rate base that was itself below full cost-recovery levels. While infrastructure rehabilitation and water quality improvements were important components of the various rate studies, they were not the sole purposes for which revenues were established. The available record therefore supports a broader characterization of the purposes served by the adopted water rates than is reflected in the Finding.

Second, the City **partially agrees** with the Finding's characterization of an approximately 183 percent cumulative increase in "water rates." The City's adopted rate schedules include multiple fixed charges, volumetric rates, customer classifications and, over time, differing rate structures. Accordingly, there is no single water rate whose percentage change accurately represents every customer between 2011 and 2025. To provide a consistent comparison, the City reconstructed the Council-adopted rate schedules for a representative single-family residential customer within the City using a 5/8-inch meter and a constant 10 HCF of water per month. After accounting for changes in rate structure, seasonal rates, consumption tiers and billing frequency, the representative monthly-equivalent bill increased from approximately **\$65.31 in 2011 to \$183.31 in 2025, or approximately 181 percent**. Actual customer impacts vary based upon meter size, consumption, rate structure, and other applicable rate provisions. The City's detailed

methodology and year-by-year comparison are provided in **Attachment A - Representative Residential Water Bill Comparison (2011–2025)**.

Finally, the City agrees that recent operational experience indicates that the water distribution system is an important contributor to continuing aesthetic water quality complaints. However, the City's understanding of these issues has evolved over time through ongoing operational experience, engineering evaluation, treatment plant improvements, hydraulic investigations, flushing activities, water quality monitoring, and customer complaint analysis. The City does not characterize the historical causes of taste, odor, and color concerns as attributable to a single factor. Rather, the available evidence indicates that source-water conditions, treatment processes, distribution-system conditions, system hydraulics, and, in some cases, private plumbing have all contributed to varying degrees over time. Current investigations increasingly indicate that accumulated material within portions of the distribution system represents an important contributor requiring additional evaluation and long-term capital investment, but the City does not view this as inconsistent with its prior efforts to improve treatment performance or address other contributing factors.

Accordingly, while the City agrees that aesthetic water quality issues have persisted and that additional work remains necessary to improve the performance of the water distribution system, the City disagrees with Finding F1 because it oversimplifies both the historical purposes and legal constraints of the adopted water rates and the technical evolution of the City's understanding of the factors contributing to customer water quality complaints.

**F2:** *The current Capital Improvement Plan approved and implemented by St. Helena's City Council contains no projects dedicated specifically to the long-term rehabilitation of the aged water distribution system. To date, there is no plan in place to address the water distribution system problems. No formal assessment has been done to determine the scope and the severity of the issues in total. Without it, the repair costs and the timeline for repairs remain unknown.*

**Response: The City partially disagrees with Finding F2.**

The City agrees that additional work is necessary to fully characterize the condition of the water distribution system and to develop a comprehensive long-term rehabilitation strategy supported by refined cost estimates, implementation priorities, and funding

strategies. The City also agrees that continued engineering evaluation of the distribution system will improve future capital planning and investment decisions.

The City disagrees, however, with the Finding's characterization that the current Capital Improvement Plan contains no projects dedicated to the water distribution system and that no plan exists to address distribution system concerns.

The adopted Capital Improvement Program includes projects directly involving distribution and transmission infrastructure representing over \$17 million in committed investment, including:

- Napa Intertie Pipeline Replacement (W25-01), \$6.1M budgeted over the next year, replacing the intertie pipeline connecting to the City of Napa water supply;
- Water Treatment Plant Transmission Main Replacement (W25-02), \$9.0 million budgeted over the next two years, replacing the primary transmission main carrying water from the treatment plant into the distribution system;
- Replacement of mains smaller than six inches (W18-118) replacement of mains smaller than six inches in diameter (W18-118), \$1.3 million budgeted over the next three years, targeting undersized distribution mains that are among the most likely sources of sediment accumulation and discoloration;
- Water Distribution Fire Flow Improvements (W24-01), \$0.2 million budgeted over the next two years;
- Water Main Annual Replacement Program (W29-02), \$0.5 million budgeted over two years beginning in FY 2028, providing for ongoing systematic replacement of aging mains.

The CIP also includes related investments in SCADA, storage, and supply and treatment facilities that support overall system reliability. An additional significant investment scheduled for development and delivery includes a \$1.8 million immediate improvement phase for SCADA (Supervisory Control and Data Acquisition) system-wide modernization, which will enable more precise and automated process control, faster detection of and response to system anomalies, and better management of organic material that contributes to Haloacetic Acid (HAA) formation. Overall, the Water CIP projects represent substantial investments in the City's water infrastructure and directly support distribution system reliability and operation.

The City further notes that the understanding of distribution system conditions has evolved significantly over the past several years as treatment plant improvements have been completed, operational data have expanded, and additional field investigations have been

performed. As evidence increasingly indicated that portions of the distribution system may be contributing to recurring aesthetic water quality concerns, the City initiated additional operational investigations, hydraulic evaluations, flushing programs, and engineering analysis to better understand system conditions. Those efforts continue today, and as noted above, include the tap water quality pilot program launched in early 2026, the use of ferric coagulant, systematic pipe flushing, hydraulic model update, and a high-velocity water main flushing pilot program. This flushing program was performed during the week of June 8 through June 12, 2026, in the Crinella and surrounding neighborhoods, which cleaned nearly seven miles of water main — approximately one-sixth of the City's 45-mile distribution system — without loss of water service or significant water (i.e. extracted, filtered, pumped water back into system), while removing significant accumulated sediment and debris.

An additional project that represents a substantial investment in water infrastructure is the development is the Bell Canyon Intake Tower and Valve House Project, a \$10+ million project which includes intake tower replacement, valve house modification, new valves and piping, and stream channel work. While in active procurement for large valves, the design is nearly complete and currently under review by the State's Division of Safety of Dams. The City Council is poised to authorize the execution of an agreement with a construction management firm, with construction expected to commence in Fall 2027/Winter 2028.

The City agrees that completion of a comprehensive condition assessment will further improve long-term planning by better defining system deficiencies, project prioritization, anticipated costs, and implementation timelines. The City intends to continue refining its capital planning as additional engineering information becomes available.

Accordingly, while the City agrees that additional assessment and long-range planning remain appropriate, it disagrees with Finding F2 because the adopted Capital Improvement Program (CIP) contains numerous projects addressing water system infrastructure, and the Finding does not fully reflect the City's ongoing planning and engineering efforts related to the water distribution system.

**F3:** *St. Helena lacks a thorough and effective system for analyzing citizen water complaints. The Grapevine app implemented in 2023 provides only a basic level of data gathering and analysis. Therefore, City Council and city management staff do not have sufficient*

*information to make informed decisions about how money and resources should be prioritized or allocated to resolve water issues.*

**Response: The City partially disagrees with Finding F3.**

The City agrees that accurate, consistent, and comprehensive collection of customer water quality information is essential to effective system management, operational decision-making, and long-term capital planning. The City also agrees that its historical methods of documenting customer complaints were inconsistent and did not provide the level of analytical information desirable for identifying long-term trends or prioritizing system improvements.

The City disagrees, however, with the Finding's conclusion that City Council and City management staff do not possess sufficient information to make informed decisions regarding the allocation of resources and any implication that no complaint management process existed prior to 2023. As documented in the City's August 28, 2019 response to a prior Grand Jury water quality report, a complaint log and Public Works follow-up protocol were operational well before adoption of the St. Helena Grapevine app: staff followed up on individual complaints, conducted investigations, and communicated results to affected customers, and the City maintained regular public communication on water quality matters through Consumer Confidence Reports, monthly and weekly water reports, NIXLE emergency notifications, and the SHINE Newsletter.

In 2023, the City implemented the St. Helena Grapevine customer service platform to improve the collection, tracking, and management of customer service requests, including water quality complaints. The implementation of Grapevine represented a significant improvement over prior practices by providing a centralized system for documenting customer concerns, identifying geographic patterns, tracking response activities, and improving communication with customers. The City has supplemented this information through operational monitoring, field investigations, water quality sampling, hydraulic analysis, maintenance activities, and ongoing coordination with the Water and Wastewater Advisory Committee. These combined sources of information have informed both operational responses and capital planning efforts. The Grand Jury inaccurately oversimplifies that Grapevine provides a basic level of data gathering and analysis, representing an improvement over prior practice.

The City recognizes, however, that opportunities exist to further enhance the use of customer complaint data. Continued refinement of reporting capabilities, trend analysis, geographic mapping, integration with asset management information, and periodic

reporting to decision-makers will strengthen future planning efforts and improve the City's ability to evaluate the effectiveness of operational and capital improvements over time.

Additionally, the City recognizes that not all customers currently report water quality concerns through Grapevine. Staff therefore continues to receive and document concerns through other communication channels and will evaluate opportunities to consolidate those reports into a more complete complaint-management and analytical system.

Accordingly, the City agrees that continued enhancement of its customer complaint management system is appropriate but disagrees with Finding F3 because the City has implemented meaningful improvements to complaint collection and analysis, and management decisions are informed by multiple sources of operational, engineering, and customer information rather than customer complaints alone.

**F4:** *The water rate studies between 2011-2025 each cited the same core justifications for the need to raise water rates: declining infrastructure, deferred maintenance, depleted reserves, and debt covenant non-compliance. Even though additional revenues were raised, they were not utilized effectively by St. Helena's City Council. Therefore, most of the justifications for water rate increases have not been met.*

**Response: The City partially disagrees with Finding F4.**

The City agrees that portions of the water distribution system have exceeded their intended service life and that continued investment in rehabilitation and replacement is necessary to ensure long-term system reliability and performance. The City also agrees that infrastructure replacement needs have historically exceeded available financial resources and that additional investment will be required over many years to address the City's aging water infrastructure.

The City disagrees, however, with the Finding's conclusion that water rate revenues were not effectively utilized or that the continued condition of the water distribution system is attributable solely to a failure to invest available resources. According to City staff records, between 2011 and 2021 the City expended 73% of estimated CIP funding under the 2011, 2016, and 2023 rate studies — \$16 million of \$22 million — completing 62 of 100 total projects, and the Water Enterprise ending fund balance as of June 30, 2021 was \$4.158 million higher than projected. Unexpended CIP funds were retained in fund balances for future use; they were not lost or diverted. The subsequent FY 2022 fund balance decrease was attributable to two documented exogenous causes: a drought emergency that reduced

water revenues by \$1.7 million below projections, and an extended contract with outside treatment plant operators necessitated by a statewide shortage of certified water system personnel. In addition, the resident-led Water and Wastewater Rate Study Advisory Committee itself voted for and recommended a reduction in the proposed 2023 CIP budget of approximately \$10 million, illustrating a community-driven decision to reduce funding of the capital program and should not be attributed to City Council inaction.

Water Enterprise revenues have been used to support the full range of services necessary to own, operate, maintain, and improve a municipal water utility. These expenditures have included the purchase and treatment of potable water, operations and maintenance, regulatory compliance, staffing, emergency repairs, debt service, reserve funding, replacement of aging facilities, and capital improvements throughout the water system. The City's outside legal counsel (Best Best & Krieger LLP, memorandum dated June 21, 2025) confirmed that the City's allocation of revenues to operations, enterprise-related litigation defense, and staff salaries is legally appropriate under Proposition 218. The City's annual capital planning process has required balancing numerous competing infrastructure priorities while maintaining reliable water service and complying with evolving regulatory requirements. Accordingly, Water Enterprise revenues have been expended in accordance with annual budgets adopted by the City Council to support operation, maintenance, regulatory compliance, debt obligations, capital improvements, and other lawful enterprise purposes.

The City further notes that capital investment decisions have evolved over time as additional engineering information became available and as the City's understanding of the underlying causes of recurring water quality concerns continued to develop. Significant investments were made in source water reliability, treatment facilities (e.g. the 2017 Carbon Filtration System which reduced taste and odor complaints by 75%), storage infrastructure, transmission facilities, control systems, and other water system improvements that were reasonably believed, at the time, to improve system performance and reliability. As more recent operational experience and engineering evaluation have identified distribution system conditions as an increasingly significant contributor to aesthetic water quality concerns, the City's capital planning efforts have correspondingly evolved to place greater emphasis on distribution system assessment and rehabilitation. The City acknowledges that specific high-priority projects — most notably the Bell Canyon Intake Tower — were not completed on originally estimated timelines due to documented project management and staffing constraints, and that additional investment in distribution system rehabilitation remains necessary.

Accordingly, the City disagrees with Finding F4 because it does not fully recognize the broad range of legitimate Water Enterprise expenditures, the documented exogenous causes of reduced fund balances, the competing infrastructure priorities addressed over the past decade, or the evolution of the City’s understanding of the most effective investments necessary to improve overall water system performance.

**F5:** *The St. Helena City Council changed the St. Helena Water Enterprise’s fee structure in 2016 to implement a single water rate regardless of the location or type of customer. Prior to 2016, water rates included surcharges to offset the cost of pumping water to customers in elevated areas or customers outside the city limits. Therefore, the St. Helena Water Enterprise currently passes the additional costs on to all water ratepayers rather than those benefiting outside the city limits.*

**Response: The City partially disagrees with Finding F5.**

The City agrees that the City Council modified the water rate structure in 2016 and that the current rate structure differs from the rate structure previously in effect. The City also agrees that utility rate design should fairly allocate costs among customer classes while complying with applicable legal requirements and sound utility rate-setting principles.

The City disagrees, however, with the Finding’s characterization that the City currently charges “a single water rate regardless of the type of user,” and with any implication that the current rate structure necessarily results in an inequitable allocation of costs. Following the 2023 rate study process — conducted by Raftelis and including an extensive, publicly debated process before the resident-led Water and Wastewater Rate Study Advisory Committee — the City adopted a consumption-based tiered rate structure. Rather than separate customer classes based on property type, the structure assigns all customers to three tiers based on gallons per capita per day of water consumption, an approach the advisory committee developed specifically to strongly incentivize conservation. The tiered structure does effectively differentiate costs by customer type in practice, because commercial and industrial high-volume users advance through the tiers faster and into higher-priced usage bands than typical residential customers, shifting a greater share of the cost burden to high-volume users.

Water rate structures are established through legislative action of the City Council following technical cost-of-service evaluations, public review, and the requirements of Proposition 218 and other applicable laws. The City’s current rate structure reflects policy decisions made by the City Council based upon the information, engineering analysis,

financial conditions, legal considerations, and recommendations available at the time of adoption. While previous rate structures included certain location-based surcharges, subsequent rate studies and Council actions evaluated alternative approaches to allocating utility costs among customer classes.

The City periodically evaluates utility rate structures to promote equitable cost allocation, financial sustainability, compliance with applicable legal requirements, and consistency with evolving system conditions. As part of future water rate studies, the City will continue evaluating whether the existing rate structure appropriately allocates costs among customer classes and service areas based upon updated engineering, operational, financial, and legal analyses.

Accordingly, the City disagrees with Finding F5 because the Finding mischaracterizes the current tiered rate structure as a flat, undifferentiated rate, and because it characterizes a legislative rate design decision compelled by Proposition 218 legal constraints – confirmed by two independent consultants and outside legal counsel – as inherently inequitable.

**F6:** *St. Helena has more than 30 Outside Service Area Agreements (OSAAs), representing approximately 24% of St. Helena’s total annual water consumption. The OSAA customers benefit from the Measure H funded infrastructure improvements but bear no responsibility for the repayment of the bonds because they are not located within the city limits.*

**Response: The City partially disagrees with Finding F6.**

The City agrees that customers served under Outside Service Area Agreements (OSAAs) receive water service pursuant to agreements approved by the City Council and that such customers are not subject to Measure H because the measure applies to taxable property located within the City of St. Helena. Measure H was a general obligation bond measure approved by voters within the city limits of St. Helena on June 7, 2022; under Proposition 218 and established California constitutional law, parcels outside the city limits cannot be assessed for repayment of a bond approved solely by in-city voters. This is a constitutional constraint on the City, not a discretionary policy choice.

The City disagrees, however, with the implication that OSAA customers receive Measure H-funded infrastructure benefits without contributing to the costs of the water system. Outside Service Area Agreement customers pay for water service under contractual agreements approved by the City Council and are subject to the water rates, fees, charges, and contractual obligations applicable to their respective agreements. Measure H and

water enterprise revenues serve different legal and financial purposes, and direct comparisons between Measure H obligations and contractual water service charges do not fully reflect the legal and financial framework governing these separate funding sources.

The City recognizes the equity concern this creates and acknowledges that allocation of infrastructure costs among customers is an appropriate subject for periodic review through future cost-of-service analyses and water rate studies. The City will pursue this both through OSAA contract renegotiations as individual agreements come up for renewal and through the rate study process described in the response to Recommendation R4, within the limits of what Proposition 218 and existing contract terms permit. Any modifications to Outside Service Area Agreements or customer rate structures should be evaluated through the City's established public process and consistent with applicable contractual obligations, Proposition 218 requirements, and other governing laws.

Accordingly, the City agrees with the factual basis of Finding F6 regarding Measure H's inapplicability to OSAA customers but disagrees that direct comparison of Measure H obligations and contractual water service charges does not fully reflect the distinct legal and financial purposes of these two funding mechanisms.

**F7:** *St. Helena suffers from a lack of governance, poor oversight, ineffective management by the City Council and City Manager, and a lack of professional project management expertise. As a result, St. Helena's Water Enterprise remains in a similar state of physical decline and financial distress today as it was in 2011.*

**Response: The City partially disagrees with Finding F7.**

The City agrees that the persistence of recurring aesthetic water quality concerns over an extended period demonstrates the complexity of the issues affecting the municipal water system and reinforces the importance of continued long-term planning, organizational accountability, and transparent communication with the public. The City also agrees that ongoing evaluation of its planning processes, operational practices, and capital investment strategies is appropriate and beneficial to continuous organizational improvement. The City does not dispute that over a 15-year period encompassing eight election cycles, governance quality varied and that there were documented periods of insufficient project management oversight.

The City disagrees, however, with the Finding's conclusion that the City's water quality challenges are indicative of ineffective governance or inadequate organizational oversight,

and disputes applying that conclusion uniformly to Council Members currently serving and to professional staff who have produced measurable infrastructure results in this period.

Municipal water systems are long-lived public infrastructure assets that require continual investment, operational adjustment, and adaptation to changing regulatory requirements, engineering knowledge, infrastructure conditions, and financial constraints. Over the past decade (with focused and intensified efforts in the last three years), the City has undertaken significant efforts to improve the reliability and performance of its water system through capital improvements (e.g. the 2017 Carbon Filtration System installation and corresponding 75% reduction in taste/odor complaints; the \$2M SMART Water Meter Replacement Project that installed 2,700 “high tech” meters; the system-wide SCADA and modernization project now underway), operational modifications, engineering evaluations, enhanced customer communication, expanded water quality monitoring, and increased public engagement. The City has also substantially completed an \$18.8 million wastewater treatment facility upgrades project — a separate utility system from the Water Enterprise — which positions the City to produce recycled water that can reduce demand on the potable water system by supplying irrigation water for non-potable uses, a further indicator of sustained, results-oriented capital investment across the City’s utility systems.

As additional information has become available, the City’s understanding of the contributing factors affecting aesthetic water quality has likewise evolved, resulting in corresponding changes to operational practices and capital planning priorities.

The City also identifies high staff turnover — eight city managers and five Public Works directors in 15 years — as the report’s most consequential structural finding, and one that reflects regional workforce conditions rather than governance failure. This turnover reflects Napa Valley’s high cost of living, competition for qualified municipal staff from larger and better-resourced jurisdictions, and a statewide shortage of certified water system operators that required the City’s extended outside operator contract in FY 2022 — structural regional forces that no single Council could easily reverse through governance decisions alone. The City believes the more durable long-term improvement lies in competitive compensation and stable, experienced professional management carrying institutional knowledge across election cycles, and is committed to investing in both.

The City acknowledges that the duration of these challenges has understandably affected public confidence and that opportunities exist to further strengthen long-term planning, asset management, communication, and implementation of distribution system improvements. The City views these opportunities as part of the normal process of continuous improvement expected of a municipal utility and has already initiated efforts to

expand engineering evaluation and incorporate additional information into future capital planning.

Accordingly, the City disagrees with Finding F7 because the Finding characterizes complex infrastructure and operational challenges — many attributable to structural regional workforce conditions and to decades of accumulated deferred maintenance that predates every current Council member's election — as evidence of ineffective governance without fully recognizing the substantial planning, investment, operational, and policy actions undertaken by successive City Councils, City Managers, Public Works staff, and utility professionals over many years to improve the City's water system. While the City recognizes that additional work remains, it does not agree that the historical record supports the broad conclusions regarding governance and organizational oversight reflected in the Finding.

## **RECOMMENDATIONS**

**R1:** *The Napa County Civil Grand Jury recommends that the St. Helena City Manager should conduct a comprehensive assessment of the water distribution system's condition that includes the mains, the pipes, and the related infrastructure, and that the findings be reported to the St. Helena City Council by September 30, 2026.*

### **Statutory Response: The recommendation requires further analysis.**

The City agrees that a comprehensive engineering assessment of the water distribution system would provide valuable information to support long-term capital planning, project prioritization, and future investment decisions.

The scope, methodology, level of engineering effort, procurement requirements, budget, and schedule necessary to complete such an assessment require additional evaluation before the City can commit to a specific implementation schedule. The City Manager will evaluate the appropriate scope of work, available staffing resources, consultant needs, funding sources, and implementation schedule for consideration by the City Council. The City's ongoing programs and projects (e.g. tap water quality testing, ferric coagulant usage, systematic pipe flushing, hydraulic model development, etc.) will continue to inform the scope and prioritization of the assessment.

The City anticipates completing this evaluation and presenting recommendations regarding the scope, budget, procurement approach, and implementation schedule to the City Council no later than December 22, 2026. The proposed implementation schedule will identify measurable milestones for completion of the assessment and opportunities for reporting progress to the City Council and public. A comprehensive system assessment cannot reasonably be completed within the September 30, 2026, timeframe recommended by the Grand Jury, given the complexity of the issue and the City's purchasing policy requirements for consultant procurement.

**R2:** *The Napa County Civil Grand Jury recommends that the St. Helena City Manager should develop a plan to address the failing water distribution system that includes the Capital Improvement Projects needed, the cost of said projects, the funding source(s) for said projects, and the timeline for completion of said projects; and that the plan be presented to the St. Helena City Council by December 31, 2026.*

### **Statutory Response: The recommendation requires further analysis.**

The City agrees that development of a comprehensive, long-term implementation strategy for rehabilitation of the water distribution system is appropriate and consistent with sound asset management practices.

However, preparation of the recommended implementation plan is dependent upon completion of additional engineering evaluation described in the response to R1, which is necessary to better define system condition, project priorities, probable construction costs, funding alternatives, and implementation sequencing. Because these efforts are interrelated, the City believes that additional analysis should precede preparation of a comprehensive implementation plan. The City notes that the adopted CIP already includes over \$17 million in pipeline replacement projects that directly address distribution system quality — the Napa Intertie Pipeline Replacement, the Water Treatment Plant Transmission Main Replacement, replacement of mains under six inches in diameter, Water Distribution Fire Flow Improvements, and the Water Main Annual Replacement Program — which will be incorporated into, rather than substituted for, the comprehensive plan developed under this recommendation.

Following further analysis, the City Manager will present the City Council with a proposed scope, schedule, and funding strategy for development of a long-term distribution-system rehabilitation plan no later than December 22, 2026. The proposed framework will identify milestones for translating the results of the distribution-system assessment into prioritized rehabilitation projects, anticipated funding needs, and future Capital Improvement Program recommendations, with progress reported publicly as the work advances. Completion of the comprehensive plan itself will depend upon the engineering assessment, consultant procurement, available funding, and subsequent Council direction.

**R3:** *The Napa County Civil Grand Jury recommends that the St. Helena City Manager should expand the use of the Grapevine app (or equivalent) complaint system to collect more in depth information and provide the St. Helena City Council and the Water and Wastewater Advisory Committee with quarterly data reports on water complaints to minimally include complaint type, location, frequency, severity, and resolution status by September 30, 2026.*

**Statutory Response:** The recommendation has not yet been implemented, but will be implemented in the future.

The City agrees that continued enhancement of customer complaint collection, analysis, and reporting will improve operational decision-making and long-term capital planning.

The City has already implemented the St. Helena Grapevine customer service platform and continues to expand its use for documenting and evaluating water quality concerns. The City acknowledges the need to develop a consolidated method for tracking water-quality complaints received through other City communication channels so that the resulting information more completely reflects reported customer experiences. The City will expand its complaint reporting capabilities to include, as practicable, complaint characteristics, geographic trends, frequency and severity, response activities, and resolution status. The information will be used to identify recurring patterns, support operational and engineering investigations, and provide periodic public reporting to the City Council and Water and Wastewater Advisory Committee.

The City anticipates implementation of these enhanced reporting practices for presentation to and review by the Water and Wastewater Advisory Committee at its January 2027 meeting, substantially consistent with the recommendation.

**R4:** *The Napa County Civil Grand Jury recommends that St. Helena's City Council should implement a water rate fee structure with differentiated rates based on the customer's location (inside city limits vs. outside city limits) and the customer's type (residential vs. commercial), as well as assessing surcharges for customers in elevated locations and surcharges for the Outside Service Area Agreement customers benefiting from Measure H by September 30, 2026.*

**Statutory Response: The recommendation requires further analysis.**

The City recognizes that equitable allocation of water system costs is an important component of responsible utility rate design and, as described in the response to F5, the City already operates a consumption-based tiered rate structure — adopted following a full Proposition 218 process in 2023 and recommended by the resident-led Water and Wastewater Rate Study Advisory Committee — that effectively differentiates costs by usage level.

Implementation of further differentiated water rates and customer surcharges involves legal, engineering, financial, and policy considerations. As documented in the response to F5, Proposition 218 permits differentiated charges only where the City can demonstrate with evidence that the cost of serving a specific customer differs from the cost of serving

others; two independent rate consultants (2017 and 2023) and the City's outside legal counsel have concluded that no such evidentiary basis currently exists within St. Helena's integrated distribution system, and that a surcharge imposed without basis would violate Proposition 218 and applicable California case law governing outside-service-area rate differentials, exposing the City to legal challenge. In addition, existing Outside Service Area Agreements (OSAA) are binding contracts, and the City cannot impose new charges on OSAA customers beyond their contracted amounts without individually renegotiating those agreements as they come up for renewal. Rate design is ultimately a legislative decision of the City Council that must be supported by legally defensible cost-of-service analyses and applicable constitutional and statutory requirements.

Staff will evaluate the applicable legal requirements, existing Outside Service Area Agreements, cost-of-service considerations, operational impacts, and public-process requirements and will present the City Council with the results of that analysis and recommended next steps no later than December 22, 2026. Should that analysis warrant a further rate study, the City anticipates that any resulting Proposition 218 process and rate revisions would not be completed before approximately July 1, 2027, and the City will renegotiate OSAA surcharge provisions as individual agreements come up for renewal.

**R5:** *The Napa County Civil Grand Jury recommends that the St. Helena City Council require its members and St. Helena City Senior Management Staff attend governance training (in addition to Brown Act training) within the first quarter of their tenure after election by December 31, 2026.*

*Training opportunities such as [Mayors and Council Members Academy](#). can be found at [The League of California Cities](#).*

**Statutory Response: The recommendation requires further analysis.**

The City supports ongoing professional development for elected officials and executive management and recognizes the value of governance training in promoting effective leadership, sound decision-making, and organizational excellence.

The City Council supports governance training and will evaluate adoption of a formal policy to encourage or require newly elected Council Members and designated senior management employees to participate in governance-focused training in addition to legally mandated ethics and Brown Act training, including making training such as the League of California Cities Mayors and Council Members Academy available to, and budgeting for the

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cost of such training for, all Council members and senior staff. With respect to senior management staff, the City will evaluate requiring participation in governance and project management training as a condition of employment, to be incorporated into future employment agreements including for the City Manager and Public Works Director.

With respect to elected Council Members, the City notes that mandating training as a condition of exercising elected office raises constitutional questions regarding the source of elected officials' authority, which derives from the voters rather than from administrative requirements. The City will therefore evaluate a policy strongly encouraging such training for Council Members while leaving the ultimate decision to individual members consistent with their constitutional status as elected representatives.

The City anticipates consideration and adoption of such a training requirement no later than December 31, 2026, consistent with the recommendation.

Attachment A - Representative Residential Water Bill Comparison (2011–2025)

## Attachment A

### Representative Residential Water Bill Comparison (2011–2025)

*City of St. Helena – Supplemental Reference for Civil Grand Jury Response*

**Assumed representative customer:** inside-City single-family residential account, 5/8-inch meter, constant consumption of 10 HCF per month, base/non-drought conditions. All amounts are shown on a monthly-equivalent basis for comparability.

| Effective Rate Period | 5/8" Fixed Charge (monthly equivalent) | Applicable Volumetric Rate(s)                                                         | Volumetric Charge @ 10 HCF/month | Total Monthly-Equivalent Water Bill | Increase from Jul. 2011 |
|-----------------------|----------------------------------------|---------------------------------------------------------------------------------------|----------------------------------|-------------------------------------|-------------------------|
| Jul. 2011             | \$24.81                                | Tier 1: \$4.05/HCF                                                                    | \$40.50                          | <b>\$65.31</b>                      | —                       |
| 2012                  | \$24.81                                | Tier 1: \$4.05/HCF                                                                    | \$40.50                          | <b>\$65.31</b>                      | 0.0%                    |
| Jan. 2013             | \$25.50                                | Tier 1: \$4.16/HCF                                                                    | \$41.60                          | <b>\$67.10</b>                      | 2.7%                    |
| Jan. 2014             | \$26.14                                | Tier 1: \$4.26/HCF                                                                    | \$42.60                          | <b>\$68.74</b>                      | 5.3%                    |
| Jan. 2015             | \$26.82                                | Tier 1: \$4.37/HCF                                                                    | \$43.70                          | <b>\$70.52</b>                      | 8.0%                    |
| Jan. 2016             | \$27.52                                | Tier 1: \$4.48/HCF                                                                    | \$44.80                          | <b>\$72.32</b>                      | 10.7%                   |
| Feb. 2017             | \$43.22                                | Off-peak: \$5.50/HCF<br>Peak: \$6.11/HCF<br>Average: \$5.805/HCF                      | \$58.05                          | <b>\$101.27</b>                     | 55.1%                   |
| Dec. 2017             | \$54.17                                | Off-peak: \$5.88/HCF<br>Peak: \$6.54/HCF<br>Average: \$6.21/HCF                       | \$62.10                          | <b>\$116.27</b>                     | 78.0%                   |
| Nov. 2018             | \$56.20                                | Off-peak: \$5.84/HCF<br>Peak: \$6.50/HCF<br>Average: \$6.17/HCF                       | \$61.70                          | <b>\$117.90</b>                     | 80.5%                   |
| Nov. 2019             | \$61.36                                | Off-peak: \$6.15/HCF<br>Peak: \$6.84/HCF<br>Average: \$6.495/HCF                      | \$64.95                          | <b>\$126.31</b>                     | 93.4%                   |
| Nov. 2020             | \$65.63                                | Off-peak: \$6.33/HCF<br>Peak: \$7.04/HCF<br>Average: \$6.685/HCF                      | \$66.85                          | <b>\$132.48</b>                     | 102.8%                  |
| Nov. 2021–Aug. 2023   | \$69.89                                | Off-peak: \$6.50/HCF<br>Peak: \$7.23/HCF<br>Average: \$6.865/HCF                      | \$68.65                          | <b>\$138.54</b>                     | 112.1%                  |
| Sep. 2023             | \$67.75                                | Tier 1 (1–11 HCF): \$5.99<br>Tier 2 (12–15 HCF): \$12.06<br>Tier 3 (16+ HCF): \$12.91 | \$89.34                          | <b>\$157.09</b>                     | 140.5%                  |
| Jul. 2024             | \$73.17                                | Tier 1 (1–11 HCF): \$6.47<br>Tier 2 (12–15 HCF): \$13.03<br>Tier 3 (16+ HCF): \$13.95 | \$96.52                          | <b>\$169.69</b>                     | 159.8%                  |
| Jul. 2025             | \$79.03                                | Tier 1 (1–11 HCF): \$6.99<br>Tier 2 (12–15 HCF): \$14.08<br>Tier 3 (16+ HCF): \$15.07 | \$104.28                         | <b>\$183.31</b>                     | 180.7%                  |

## Methodology and Notes

1. This is an illustrative customer-level comparison, not a reconstruction of the Grand Jury's approximately 183% calculation. It holds customer type, meter size, and water use constant to show how adopted rate structures affect one representative residential account.
2. For 2011–2016, 10 HCF/month remains entirely within the single-family Tier 1 allocation (0–14 HCF), so the volumetric charge equals 10 HCF multiplied by the applicable Tier 1 rate.
3. Beginning in 2017, the City used seasonal volumetric rates. Because this comparison assumes the same 10 HCF of use in every month, the monthly-equivalent volumetric rate is the simple average of six off-peak months (November–April) and six peak months (May–October). Drought surcharges are excluded.
4. The 2023 adopted schedule was established on a bi-monthly basis with Tier 1 = 1–11 HCF, Tier 2 = 12–15 HCF, and Tier 3 = 16 HCF or greater. For a constant 10 HCF/month assumption, the comparison uses 20 HCF per bi-monthly cycle: 11 HCF in Tier 1, 4 HCF in Tier 2, and 5 HCF in Tier 3, then divides the resulting bi-monthly bill by two to produce a monthly equivalent.
5. The City transitioned from bi-monthly to monthly utility billing in summer 2025. The July 2025 row remains normalized from the adopted bi-monthly rate schedule so that the entire 2011–2025 comparison uses a consistent monthly-equivalent methodology. The billing-frequency change does not itself create a rate increase.
6. Actual customer impacts vary with meter size, consumption, tier placement, seasonal usage, drought conditions/surcharges, customer class, and other applicable provisions. This table therefore should not be interpreted as the rate experience of every customer.

## Source Documents

- City of St. Helena, 2011–4 Water and Wastewater Rates (adopted 2011 rate schedule).
- City of St. Helena, 2013 Water Rate Increase; 2014 Water Rate Increase; 2015 Water/Sewer Rates; 2016 Water Rates.
- City of St. Helena, Resolution No. 2017-159 and November 28, 2017, City Council agenda materials establishing the revised five-year water rate schedule.
- City of St. Helena, Water and Wastewater Rate Table (September 2023) and 2023 Water and Wastewater Cost of Service and Rate Study.
- City of St. Helena, Utility Billing Services Division / Important Changes to Your Utility Bill (2025), documenting transition to monthly billing.

**Illustrative result: under the assumptions above, the representative monthly-equivalent water bill increases from \$65.31 in July 2011 to \$183.31 in July 2025, an increase of approximately 180.7%.**