



NAPA COUNTY CIVIL GRAND JURY

2025-2026

FINAL REPORT

June 24, 2026

Lapsed Leadership:

**St. Helena's Problematic Pipes
and Murky Waters**

SUMMARY

The 2025-2026 Napa County Civil Grand Jury investigated complaints of poor water quality in St. Helena and found that the St. Helena Water Enterprise suffers from decades of deferred maintenance, neglect, poor decision-making, and a lack of long-term operational and financial planning - mostly due to the overall lack of effective governance and the failure of City Council leadership. Between 2011-2025, St. Helena's water rates and city taxes were raised significantly with promises to address the aging infrastructure and bring the Water Enterprise back into good working order and financial stability. Instead, the water system as a whole has fallen further into decline.

The Grand Jury examined five specific areas impacting the operation of the St. Helena Water Enterprise and found them all deficient.

Water Rate Studies and Capital Improvement Projects: The Civil Grand Jury analyzed the 2011, 2016, and 2023 water rate studies and found that water rates increased approximately 183% during that time. Even though many of the exact same Capital Improvement Projects related specifically to water infrastructure were cited as justification for the increases in all three studies, several of them have not been funded and/or have not been completed. Therefore, the physical and financial condition of the St. Helena Water Enterprise has continued to deteriorate significantly, leaving its customers with water having taste, odor, and color issues.

Outside Service Area Agreements (OSAAs), Measure H, Proposition 218, and Additional Costs: The Civil Grand Jury reviewed the more than

30 Outside Service Area Agreements (OSAA) for water delivery that exist between St. Helena and a variety of residential and commercial entities located outside the city limits. The St. Helena Water Enterprise incurs significant expenses while delivering water to the OSAA customers without recouping the additional costs. In 2016, St. Helena's City Council changed the fee structure to eliminate differentiated water rates and specific water surcharges, passing those additional costs on to all water ratepayers. With the passing of the Measure H Bond in 2022, OSAA customers reap the benefits from it without the repayment responsibility.

High Turnover, Retention and Recruitment Issues: Since 2011, St. Helena has experienced significantly high rates of turnover on the City Council, in the City Manager's Office, and in the Public Works Department. The high turnover has resulted in the loss of institutional knowledge and created high levels of dysfunction. Coupled with the absence of adequate project management expertise, St. Helena suffers from the inability to problem solve effectively and the inability to plan, oversee, and complete large infrastructure projects.

City Governance Failures: The Civil Grand Jury found that poor decision-making, poor oversight, and poor governance by several terms of the City Council have contributed to the current state of the St. Helena Water Enterprise. While water rates and taxes have increased significantly to fund the necessary repair work on the water system, the City Council has not provided the oversight of city staff and consultants to ensure that the projects promised in the rate studies would and/or could be delivered in a timely manner. Since the revenues were raised, the staff and monies have

not been allocated or spent effectively for the intended approved purposes by the City Council.

The Current State of St. Helena's Water System: Within the last few years, significant investments have been made to update and rehabilitate the Bell Canyon Water Treatment Plant. The Civil Grand Jury verified that water is currently leaving the facility clear, clean, and healthy. Even though good strides have been made in addressing the deferred maintenance and neglect at the Bell Canyon Treatment Plant, water is still arriving to the customer with taste, odor, and color quality issues. Despite working with the Water and Wastewater Advisory Committee, the City Council and city staff still have significant work ahead of them to understand the full scope of the infrastructure problems throughout the entire water system, when the needed repair work can be done, and how much that work will cost.

Findings and Recommendations: The Civil Grand Jury made several findings during their investigation including: (1) water is leaving the Bell Canyon Water Treatment Plant clear, clean, and healthy after recent work but not arriving to the customer that way, (2) the current Capital Improvement Plan does not contain projects dedicated to the rehabilitation of the aged water distribution system, (3) St. Helena lacks an effective system for data collection related to water issues, (4) revenues were raised through water rate increases that were not utilized effectively by the City Council, (5) St. Helena lacks a differential water rate fee structure, (6) OSAs benefit from Measure H without repaying it, and (7) St. Helena suffers from poor governance and a lack of professional project management expertise.

The Civil Grand Jury's findings led to the following recommendations: (1) St. Helena's City Manager should conduct a comprehensive assessment of the water distribution system, (2) St. Helena's City Manager should develop a plan to address the failing water infrastructure, (3) St. Helena's City Manager should expand the use of their data collection system to track water issues, (4) St. Helena's City Council should implement a differential water rate fee structure, and (5) St. Helena's City Council should require its members and Senior City Management Staff to attend governance training in addition to training on the Brown Act.

METHODOLOGY

The Civil Grand Jury interviewed city governmental leadership, city management and line staff, as well as residents and community members. Jury members toured the water facilities to better understand the complexity and severity of the water issues firsthand. Jury members analyzed St. Helena's water rate studies dating 2011 to the present day, as well as reviewed the Capital Improvement Projects cited as justification for the water rate increases. Jury members reviewed the Outside Service Area Agreements (OSAAs) providing water to customers outside the city limits. Lastly, jury members attended community meetings related to St. Helena's water troubles and witnessed how the community interacted with the City Council and City Management Staff.

DISCUSSION

St. Helena – the stats

Napa County has 5 incorporated cities (largest to smallest using the US Census population data estimates from July 2024): the City of Napa with 76,921, the City of American Canyon with 21,742, the City of St. Helena with 5,257, the City of Calistoga with 5,022, and the City of Yountville with 3,280-3,350 (depending on the number of Veteran's Home residents).

Although St. Helena's population decreased approximately 10% between the 2010 and the 2020 US Census, in 2024, the United States government estimated there to be 2,341 separate households within the city limits, but 2,831 actual housing units.

St. Helena provides drinking water to all households and businesses within the city limits and has Outside Service Area Agreements (OSAAs) to provide

water services to residential and commercial customers located outside the city limits. In 2023, single and multiple family residences used about 12% more water overall than commercial entities and city-wide landscaping. (Additional information can be found at [Water & Wastewater Rate Update \(2023\) | St Helena, CA](#))

St. Helena receives drinking water from three sources: the Bell Canyon Reservoir, the Stonebridge wells, and the City of Napa. According to the St. Helena's city records, 26% comes from the Bell Canyon Reservoir, 27% comes from the Stonebridge wells, and 47% comes from the City of Napa. The overall production of water in fiscal year 2024/25 was 1,159 acre-feet (equating to over 377 million gallons) which was an 18% reduction from fiscal year 2023/24. In total, there are nearly 46 miles of water pipes in St. Helena's water delivery system.

(Additional information can be found at [CITY OF ST. HELENA MONTHLY WATER REPORT](#))

The Impetus for this Investigation

The Civil Grand Jury received a complaint filed by a resident of St. Helena regarding the persistent taste, odor, and color problems with their water. The complaint was supported by photographs, news articles, and social media posts. Overall water issues are multifaceted and significant in nature, but due to the Civil Grand Jury's time constraints, the investigation was narrowed in scope. This report focuses on the city leadership failures and how they have affected the St. Helena Water Enterprise negatively since at least 2011.

Additionally, this Civil Grand Jury noted water issues were also investigated by the 2018-2019 Napa County Civil Grand Jury. Refer to <https://www.napa.courts.ca.gov/system/files/gj-18-19-st-helena-small-town-big-city-problems-f.pdf> for additional information.

Gathering Historical Data was Challenging

For more than a decade, St. Helena's water customers have experienced sporadic episodes of taste, odor, and color issues with their water. The issues were believed to be seasonal (mainly in the summer) and caused by higher levels of iron, manganese, and organic material in the water sourced from the Bell Canyon Reservoir. A simple change to the treatment and flushing of the distribution system was usually enough to address the problem and resolve the complaints. That system seemed to work until around 2010 (potentially earlier) when complaints about water quality issues became more prevalent, persistent, and widespread. The issues are now common all year long and seem to be spread throughout the water service areas.

The Civil Grand Jury discovered gathering historical information regarding water quality issues problematic. Until recently, there was no formal process for recording complaints, and thus no system for analyzing the number of complaints received, when complaints were received, the frequency of complaints, the nature of the complaints, the locations of the complaints, and how the complaints were resolved. According to interviews with city staff, complaints were simply written on notes that were passed off to be addressed and then thrown away. With no data for the City Council or

city staff to analyze, it was nearly impossible for them to make informed decisions about how money and resources should be prioritized or allocated. St. Helena began using the Grapevine app in 2023 to capture customer complaints, providing a basic level of data gathering and analysis, however it is still lacking sufficient data to provide a holistic view of the city's targeted problem areas.

Water Rate Studies & Increases and the Capital Improvement Projects used as Justifications

The Civil Grand Jury analyzed St. Helena's 2011, 2016, and 2023 water rate studies and found that the financial and physical condition of the water system and its infrastructure remained in a state of distress despite all the water rate increases that were approved. Across all three water rate studies, the same reasons were used to justify significant rate increases: the same Capital Improvement Projects were cited repeatedly, yet most were never started let alone completed; substantial investments in infrastructure were needed to address decades of deferred maintenance and modernization; revenues needed to be raised to restore debt coverage ratios as required by debtholders; and additional revenues were required to establish healthy financial reserves. The water distribution system (referring to the mains, pipes, and underground infrastructure) was never mentioned specifically in any of the water rate studies even though the distribution system is now believed to be the main source of taste, odor, and color issues.

2011 Water Rate Study

Summary: The Water Rate Study found that the St. Helena Water Enterprise was in a precarious financial state. Its approximate \$2,900,000 in annual revenues did not cover its approximate \$3,800,000 in operating, maintenance, and debt service costs. The insufficient cash in the operating fund necessitated \$1,000,000 to be transferred from the Capital Funds to maintain prudent reserves for the fiscal year 2010/11. The St. Helena Water Enterprise failed to meet its debt covenant, which required net revenues to be at least 1.2 times the annual debt service. There was a significant backlog of projects totaling approximately \$11,500,000 that could not be funded without issuing new debt. Additional debt would most likely have to be issued to fund any projects beyond the 2011/12 fiscal year, although no specific project plans were included in the water rate study. In fact, the City Council made a conscious decision to defer capital improvements and approved a smaller rate increase than recommended, prioritizing debt covenants over long-term infrastructure and deferring maintenance yet again. A quote from the water rate study:

“because of the City’s desire to keep the required water rate increase to the level needed to meet debt covenants, not all the planned capital improvement programs will be funded during the planning period, even with the planned debt issuance. As a result, approximately \$1.1 million of the planned capital improvement program has been deferred beyond the planning period used for this study”.

Rate Increases: Below is a list of the recommended water rate increases and what increases were approved by the City Council.

<u>Recommended</u> <u>Rate Increases</u>	<u>Actual</u> <u>Rate Increases</u>
Fiscal Year 2011/12 - 58%	Fiscal Year 2011/12 - 29%
Fiscal Year 2012/13 - 3%	Fiscal Year 2012/13 - 3.0%
Fiscal Year 2013/14 - 3%	Fiscal Year 2013/14 - 2.5%
Fiscal Year 2014/15 - 3%	Fiscal Year 2014/15 - 2.6%
Fiscal Year 2015/16 - 3%	Fiscal Year 2015/16 - 2.6%

Justifications for increases: The reasons for necessitating water rate increases include several items. Rate hikes were needed to cover the increased costs of treated water purchased from the City of Napa to supplement St. Helena’s local supplies. Increases were needed to cover the debt service coverage requirements and to support the issuance of \$7,500,000 in new debt acquired for projects, including the removal of the Upper Reservoir Dam costing \$3,100,000. Additional monies were needed to raise the minimum operating reserve target from 15% to 25% to handle revenue volatility. Increases would also provide monies to support hiring new staff including a Water Conservation Specialist and a shared Assistant Engineer.

Capital Improvement Projects: Between the 2011/12 to 2015/16 fiscal years, 29 Capital Improvement Projects were completed (many requiring several years and 2 rate studies). Although minimal progress was made on the “priority” projects listed in the 2011 water rate study, some maintenance and repairs were made to the pumps and to the Bell Canyon Water

Treatment Plant. No Capital Improvement Projects were dedicated to the water distribution system.

Additional information is listed in the Appendix.

2016 Water Rate Study

Summary: The 2016 Water Rate Study found that once again, the St. Helena Water Enterprise was in a critical financial position. The operating fund's unrestricted net position was expected to drop from roughly \$5,000,000 in the 2016/17 fiscal year to approximately \$525,000 by the end of the 2017/18 fiscal year. Without water rate increases, the water fund was projected to have a negative balance of -\$11,100,000 by the end of the 2022/23 fiscal year. St. Helena would fail to meet its bond requirement of a 1.2x minimum debt service coverage ratio, with only 0.72 coverage projected for the 2017/18 fiscal year. The St. Helena Water Enterprise pulled monies from reserves to cover operations and project costs because water rates at the time did not include funding for depreciation or system rehabilitation.

Rate Increases: Below is a list of the recommended water rate increases and what increases were approved by the City Council.

Recommended Rate Increases	Actual Rate Increases
Fiscal Year 2016/17 - 63%	Fiscal Year 2016/17 -25%
Fiscal Year 2017/18 - 15%	Fiscal Year 2017/18 - 3.7%
Fiscal Year 2018/19 - 4%	Fiscal Year 2018/19 - 3.7%
Fiscal Year 2019/20 - 4%	Fiscal Year 2019/20 - 3.7%
Fiscal Year 2020/21 - 4%	Fiscal Year 2020/21 - 3.7%

Justifications for increases: The reasons for water rate increases include several items. Rate hikes were needed to cover operational sufficiency in operating and maintaining water related expenses without relying on St. Helena’s General Fund or other services. Additional monies were needed to fund Capital Improvement Projects such as the removal of the York Creek Dam, the removal of the Upper Reservoir Dam, and the Bell Canyon Intake Tower Replacement. Increases were also needed to establish a healthy cash reserve (targeting 6 to 12 months of operating expenses) to fund emergencies and unanticipated capital needs.

Capital Improvement Projects: Between the 2016/17 to 2021/22 fiscal years, 18 Capital Improvement Projects were completed (many requiring several years and 2 rate studies). About 30% progress was made on the “priority” projects listed in the 2016 water rate study, although no Capital Improvement Projects were dedicated to the distribution system.

Additional information is listed in the Appendix.

2023 Water Rate Study

Summary (additional information at

<https://www.cityofsthelena.gov/386/Water-Wastewater-Rate-Update>):

In August 2023, The City Manager declared a “State of Emergency” for St. Helena’s Water System. The St. Helena Water Enterprise required immediate revenue adjustment to remain viable. Without changes, the St. Helena Water Enterprise faced depleted reserves. With 2023 water rates, fund balances were projected to be in the negatives each year. The St. Helena Water Enterprise was also projected to fall below the minimum debt coverage requirements as well as the target reserve policies. Existing revenues were insufficient to cover the rising costs of operations, maintenance, and the significant increase in planned capital reinvestments.

Rate Increases: Below is a list of the recommended water rate increases and what increases were approved by the City Council.

Recommended Rate Increases	Actual Rate Increases
Fiscal Year 2023/24- 28%	Fiscal Year 2023/24- 28%
Fiscal Year 2024/25 - 8%	Fiscal Year 2024/25 - 8%
Fiscal Year 2025/26 - 8%	Fiscal Year 2025/26 - 8%
Fiscal Year 2026/27 - 8%	Fiscal Year 2026/27 - 8%
Fiscal Year 2027/28 - 8%	Fiscal Year 2027/28 - 8%

Justifications for increases: The additional revenues are designated to fund several critical areas of the St. Helena Water Enterprise’s operations.

Funding significantly expands the Capital Improvement Plan, which averages approximately \$6,700,000 per year, a huge increase from the historical average of \$1,000,000 annually. Several projects account for the bulk of the \$35,800,000 in planned spending over the study's 5-year period (2023-2028) including:

- The Napa Intertie Pipeline & Pump Station project is needed to ensure water reliability. It involves the replacement of the intertie pipeline and the construction of a new pump station. The projected cost for the project is approximately \$10,000,000.
- The Water Treatment Plant Transmission Main project involves the replacement of the main line carrying water from the treatment plant. The projected cost for the project is approximately \$9,100,000.
- The Bell Canyon Intake Tower Replacement project involves replacing the intake infrastructure at the reservoir for the cost of approximately \$3,700,000.
- The Spring Mountain Pressure Zone (the Holmes Tank) project includes a variety of upgrades needed to support the local pressure zone. The projected cost was approximately \$3,600,000.
- The system-wide transition to Smart Water Meters, an advanced metering infrastructure to improve billing accuracy and leak detection, is projected to cost approximately \$2,200,000. About 5% of the meters will be replaced annually over a 20-year period.

Capital Improvement Projects: It is unclear what if any Capital Improvement Projects have been completed since the implementation of the 2023 water rate study as it covers fiscal years 2023/24 to 2027/28.

However, once again, no Capital Improvement Projects were dedicated specifically to the distribution system.

Additional information is listed in the Appendix

Based on the Civil Grand Jury's overall analysis of the water rate studies and the approved Capital Improvement Projects, disturbing trends were revealed. The St. Helena Water Enterprise has been in a constant state of physical decline and financial distress, despite the large water rate increases between 2011-2025. The totality of costs related to the deferred and/or delayed improvement projects continue to rise significantly without any timeline of completion, creating a constant state of financial instability. The identified and approved infrastructure projects lack professional project plans and project management. The Public Works staff lack sufficient resources and project management expertise to perform all the needed work identified by each water rate study.

As a result, the Civil Grand Jury found that water rates in St. Helena have climbed steadily since 2011 with little to no progress made in addressing any of the water quality issues. In fact, water rates have increased approximately 183% in that time, resulting in St. Helena residents and St. Helena Water Enterprise customers paying exorbitantly higher rates for water than in neighboring communities.

Outside Water Agreements, Measure H, and Additional Costs

While investigating the water problems in St. Helena, the Civil Grand Jury also investigated where water is dispersed and how that might affect the overall financial picture for the St. Helena Water Enterprise.

In addition to providing water services to properties within the city limits, the St. Helena Water Enterprise provides water to many properties outside of the city limits. More than 30 Outside Service Area Agreements (OSAAs), dating back to 1991, exist between the St. Helena Water Enterprise and a variety of residential and commercial entities. The OSAA's outline several items: the user's yearly allocation and type of water, their use restrictions for the water provided, the water rate charged, as well as the penalties for surpassing their allocation levels. OSAA water user allocations total over 302.06 acre-feet per year or approximately 98,602,495 gallons (1 ac-ft = 325,850.943 gal). Based on the OSAA's, annual allocations equate to approximately 24% of St. Helena's total annual water consumption. The full listing of the OSAA's is available online at: [Water Agreements | St Helena, CA](#)

Although city staff actively monitors annual water consumption for compliance per the OSAAs, there is no monitoring for prohibited usage (using treated water for irrigation as an example).

In addition, Civil Grand Jury members toured the Holmes tank, a legacy concrete water tank that requires significant overhead and expense to maintain. The Holmes tank supports only 6 households; all located at high elevation. The Civil Grand Jury noted that the additional costs are not being recovered from the 6 households serviced by the Holmes tank simply because the fee structure is not in place to do so. Instead, the additional fees are absorbed by all water customers.

Currently, St. Helena only has one base rate for water regardless of the type of user or the location of the user, while other cities in Napa County differentiate between residential users and commercial users, inside city limits users and outside city limits users, or the elevation of the user. Prior to 2016, St. Helena water rates included additional surcharges to offset the costs of pumping water to OSAA users such as Meadowood Resort, a development outside of St. Helena's city limits. Following the 2016 water rate study, elected officials at the time decided to eliminate the surcharge(s), leaving all ratepayers (inside and outside the city limits) to absorb the entirety of those additional costs. Other jurisdictions in Napa County, such as the City of Napa, include a water rate surcharge for pumping water to elevated properties.

Another important item affecting the financial health of St. Helena's water services is Measure H, passed by the voters within the city limits of St. Helena on June 7, 2022. Measure H allowed up to \$19,150,000 in bonds to be issued. The purpose of the bonds is to pay for the much-needed Capital Improvements for St. Helena's aging and/or failing water, stormwater and sewage systems. Repayment of the bonds equate to \$14.82 per \$100,000 of the assessed property value annually for every parcel within St. Helena's city limits. Measure H bond repayment property tax does not apply to those properties located outside of St. Helena's city limits. Therefore, customers represented by the OSAA's which are provided water, stormwater, or sewage services

directly benefit from Measure H without the financial responsibility for its repayment.

Additional information on Measure H can found at: [Measure H | St Helena, CA](#)

Additional information on Proposition 218 can be found at: [Understanding Proposition 218](#)

High Turnover, Retention and Recruitment Issues Across the Board

The Civil Grand Jury discovered that between 2011-2026, the 5-member City Council experienced a high level of turnover. During that time, 19 different individuals have served on St. Helena's City Council spanning the 8 election cycles. *Refer to Table 1 in the Appendix for a complete list of the Council Persons.* Many reasons contributed to the turnover, including ethics complaints made to the Fair Practices Commission (which were later dismissed), a mid-term resignation, a closely contested mayoral defeat, a near recall of a sitting mayor, and a shifted balance of power after the 2024 election. In fact, the most recent example saw a City Council member expelled due to lack of attendance in April 2026.

In a city of approximately 5,200 people, personal relationships, local business ties, and individual personalities matter enormously. Multiple council members have faced conflict-of-interest scrutiny tied to their personal and business interests. Ultimately, dysfunctional conflict has hindered if not totally impeded much-needed progress in St. Helena, especially for the St. Helena Water Enterprise.

City Council instability feeds city staff instability and vice versa. St. Helena has had 8 City Managers (3 of which have been interim) and 5 Public Works Directors during the same time frame. *Refer to Table 2 in the Appendix for a complete list.* Currently, approximately 60% of the Public Works employees have less than 5 years on the job, and 100% of the St. Helena Water Enterprise employees have less than a 3-year tenure. At the time of this report's publication, the city is in the process of hiring another City Manager.

Based on interviews with staff members, there are significant challenges with recruiting and retaining employees as well. While the high cost of living in the Napa Valley and the high commuting costs from outside the area are concerning to employees, there is also a lot of competition with other nearby municipalities that pay a more competitive salary and provide better career opportunities. All of which are problematic for St. Helena's financial bottom line.

High turnover and council dysfunction has contributed to the loss of institutional knowledge, the lack of long-term financial planning, and the lack of oversight, decision-making, and leadership required for the existing Capital Improvement Plan related to the St. Helena Water Enterprise.

The Civil Grand Jury recognizes that it is difficult to go from being a resident one day to a city's decision and policy maker the next day after being elected as a council member. The entire city bears responsibility for its decisions; residents for electing the council members, council members for hiring management staff, and so on. There are shared accountability and oversight needs across the board, and everyone should acknowledge that St. Helena's water issues have passed through many hands between

2011-2025; no one person, department, or entity is the sole culpable party. Dysfunctional conflict has prohibited much-needed progress.

Governance Challenges

One of the most important roles of the City Council and its advisory boards and committees is to ensure the long-term financial stability of the city and all its enterprises. To do this requires rigorous oversight and the active involvement of the city council.

The Civil Grand Jury's investigation revealed that St. Helena's City Council has failed to govern effectively for decades. Several examples of poor governance, poor decision-making, and poor oversight include the lack of long-term planning for and execution of water infrastructure maintenance, the lack of progress made on key water related Capital Improvement Projects, and using the same Capital Improvement Projects over and over in the 2011, 2016, and 2023 water rate studies without ensuring progress. The City Council's lack of governance and oversight has resulted in significantly higher costs to replace aging infrastructure. Additionally, The Blackberg Group found similar governance lapses in its recently released Efficiency and Business Transformation Study. More information about the study can be found on the [City of St. Helena's website at https://www.cityofstheleena.gov/972/Efficiency-and-Business-Transformation-S](https://www.cityofstheleena.gov/972/Efficiency-and-Business-Transformation-S).

In 2016, the City Council changed the water rate fee structures and cancelled water assessment and surcharges to OSAA customers and

customers in high elevation locations without having a plan in place to recoup the lost revenues.

Another theme the Civil Grand Jury uncovered during its investigation was the lack of project management expertise within St. Helena's Public Works Department and City Manager's Office. The lack of project management was evident to jurors when schedules and/or project plans for many key infrastructure jobs could not be found. Staff with no training or previous project management expertise were delegated responsibilities and oversight erroneously.

The Grand Jury also learned that other than required ethics and legal training (known as the Brown Act) there is no additional training offered to or required by City Council members or advisory board members.

In St. Helena, being a member of the City Council is considered a "part-time" job. The reality is that being a City Council member is a significant investment of time and energy, and the Civil Grand Jury believes that City Council members would be more effective and potentially feel more supported by their constituents if additional training was made available, such as [League of California Cities Mayors and Council Members Academy](#).

Current State of the St. Helena Water Enterprise

Civil Grand Jury members conducted an extensive tour of all the St. Helena Water Enterprise facilities. Jurors found that significant investments have been made within the last few years at the Bell Canyon Treatment Plant to begin addressing the deferred maintenance. Monitors with automated alerts and notifications were installed. Filters and filter media were

replaced. A Supervisory Control and Data Acquisition (SCADA for short) system was installed with new upgrades. Remote operations capabilities were installed to enable staff to respond more effectively and faster to changing water conditions. Improved water sampling and data gathering methods were implemented to help identify and address water taste, odor, and color issues more efficiently. Overall, there has been an improvement in the water treatment process as a whole at the Bell Canyon Treatment Plant. As a result of all the recent improvements, jurors verified that treated water is currently leaving the plant clean and clear, with no obvious signs of taste, odor, or color issues.

It is important to note that no recent improvements have been made to either the Stonebridge Wells or the Rutherford pump station.

Over the past two-plus years, city staff and consultants have worked closely with the recently established water and wastewater advisory committee and the City Council to develop a strategy and approach for addressing the decades of deferred maintenance. Collectively, they believe that the dominant source of the water taste, odor, and color issues currently rest with the decades of debris, silt, and sediment that has accumulated in the water distribution system, meaning the mains and pipes that transport water to customers. If water is leaving the treatment plant clean but arrives to the customer with problems; their analysis seems reasonable to the Civil Grand Jury.

Beyond proposed testing, city staff and consultants have no clear plan on how to attack the debris and sediment located throughout the distribution system. They are exploring options that range from finding a way to remove the sediment from the mains and pipes to replacing them

altogether. To date, city staff has made no assessment to understand the scope and severity of the infrastructure issues, thus there is no understanding of what money, time, and resources are needed to address the issues with the water distribution system long-term.

Furthermore, the Civil Grand Jury analyzed the fiscal years 2026 – 2030 Capital Improvement Plans that were provided. According to the analysis, over \$51,000,000 of Capital Improvement Projects are identified as “water priorities” for fiscal years 2026-2030, although none of them are dedicated to addressing the aged water distribution system, and nearly 39% of the funding has not yet been identified to pay for the planned projects.

Supporting information is located in the appendix.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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](#).

REQUIRED RESPONSES

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

Reports issued by The Civil Grand Jury do not identify individuals interviewed. Penal Code Section 929 requires that reports of The Civil Grand Jury do not contain the name of any person or facts leading to the identity of any person who provides information to The Civil Grand Jury.

APPENDIX

Below is a summary of justifications cited for the water rate increases in the 2011, 2016, and 2023 water rate studies, followed by list of delivered Capital Improvement Projects funded from revenues raised by the water rate increases.

2011 WATER RATE STUDY

Justifications for water rate increases:

- City of Napa Water Purchases: Covering the increased costs of purchasing treated water to supplement local supplies (pp. 3, 5).
- Debt Obligations: Meeting existing 1.2 times the debt service coverage requirements and supporting the issuance of \$7,500,000 in new debt for capital projects (pp. 4, 15).
- Infrastructure Projects: Funding critical capital improvements, most notably the removal of the Upper Reservoir Dam (estimated at \$3.1 million) (pp. 4, 14).
- Operating Reserves: Increasing the minimum operating reserve target from 15% to 25% to handle revenue volatility (pp. 11, 21).
- New Staffing: Supporting new positions, including a Water Conservation Specialist and a shared Assistant Engineer (p. 14).

Capital Improvement Projects Delivered:

- W01 - Bale Slough
- W-02 - Tank 2 - PAX Mixer
- W-08 - Pratt Avenue Transmission Bridge
- W-12 - Community Drive

- W-13 - Howell Mountain Road
- W-28 - Rutherford
- W31 - Water Treatment Plant Upgrades
- W-37 - Corp Yard Improvements
- W-38 - Machinery & Equipment
- W-42 - Supervisory Control and Data Acquisition (SCADA)
- W-57 - WTP Worker Housing
- W-62 - Water Valve Replacement
- W-67 - Charter Oak Water Main Replacement
- W-69 - Stonebridge Wells Upgrades
- W-83 - Tank 1A Design/Construction
- W-84 - Bell Canyon Intake Mid-Valve Repair
- W-88 - Surge Protection at LSWTP & SBW
- W-89 - Fixed Gas Chlorine Analyzer
- W-98 - Toilet Retrofit Program
- W-99 - Radio Repeater/Infrastructure
- W76-01 - Distribution Vehicle Replacement Program
- W76-02 - Treatment Vehicle Replacement Program
- W-102 - Well Filter Rehab
- W-103 - Stonebridge Well Roof
- W-104 - 412 Crystal Springs Road Roof

2016 WATER RATE STUDY

Justifications for water rate increases:

The additional revenue generated by these increases is intended to fund four primary areas:

- **Operational Sufficiency:** Meeting all annual operating and maintenance expenses without relying on the City's General Fund or other services (like parks and libraries). (pp. 7, 16)
- **Capital Improvement Projects:** Funding a \$13.8 million five-year capital plan (part of a larger \$20.8 million ten-year plan), including projects like the York Creek dam removal and Bell Canyon Reservoir improvements. (pp. 16, 41)
- The following projects represent the most significant investments planned for the water system (p. 41):
 - **York Creek Dam Removal & Creek Restoration:** This project is partially funded by \$1.78 million in grants and \$2.7 million in existing bonds (p. 16).
 - **Bell Canyon Intake Tower Replacement:** A critical infrastructure project estimated at \$2.1 million, assumed to be financed by new debt (pp. 16, 43).
 - **Upper Reservoir Dam Removal & Mitigation:** Identified as a key project for the system (p. 12).
 - **Pump Station Upgrades:** General upgrades to system pump stations, estimated at \$212,514 and funded by new debt (pp. 16, 43).

- Tank Rehabilitation & Upgrades: Including the Meadowood Tank upgrades (partially grant-funded), Holmes Tank upgrades, and Tank 2 rehabilitation (p. 41).
- Operational Infrastructure: Replacing the Bell House valve and installing Bell Canyon Creek flow measurement devices (p. 41).
- Reservoir Improvements: General improvements and spill containment at Bell Canyon Reservoir and the Stonebridge Well (p. 12).
- Water Meter Replacement Program: A recurring program to replace approximately 5% of the system's meters annually (roughly 125 meters per year) (p. 44).
- Debt Service & Compliance: Restoring the required 1.20x debt service coverage ratio and supporting the issuance of \$2.7 million in new debt for pump station upgrades and the Bell Canyon intake tower replacement. (pp. 16, 42)
- Reserve Building: Establishing a healthy cash reserve (targeting 6 to 12 months of operating expenses) to fund emergencies and unanticipated capital needs. (pp. 16, 44)
- Meter Replacement: Implementing a new routine program to replace roughly 5% of the system's meters annually over a 20-year cycle. (pp. 13, 43)

Capital Improvement Projects Delivered:

- W18-119 - Bell Canyon Spillway Stability Assessment
- 301-W-26 - Upper York Creek Ecosystem Restoration
- 302-W-27 - Meadowood Tank Upgrades

- 308-W-93 - Sludge Handling Program
- 0315-W18-112 - Spill Containment at Bell Creek
- 0317-W18-114 - Spill Containment at SB Wells
- 0319-W18-116 - Update GIS Maps of Water System
- 0320-W18-117 - Water Master Plan Update
- 03005-W-110 - Rutherford Pump Upgrade
- 03002-W-106 - Pump Station Upgrades
- 03018-W18-115 - Remove Restrictions - Rutherford Pump Station
- 03024-W20-01 - Bell Canyon Spillway Repairs
- 03025-W21-01 - Kearney and Andrea Water Main Replacement

2023 WATER RATE STUDY

Justifications for water rate increases:

The additional revenue is designated to fund several critical areas of the water utility's operations (p. 13):

- **Major Capital Reinvestment:** Funding a significantly expanded Capital Improvement Plan averaging \$6.7 million per year—a massive jump from the historical average of \$1 million annually (pp. 13, 28). The following projects account for the bulk of the \$35.8 million in planned spending over the five-year rate period:
- **Napa Intertie Pipeline & Pump Station:** A critical project to ensure water reliability, involving the replacement of the intertie pipeline and the construction of a new pump station (approx. \$10 million total). (pp. 42-43)

- Water Treatment Plant (WTP) Transmission Main: A major replacement of the main line carrying water from the treatment plant (approx. \$9.1 million). (p. 43)
- Bell Canyon Intake Tower Replacement: Replacing the aging intake infrastructure at the reservoir (approx. \$3.7 million). (pp. 42-43)
- Spring Mountain Pressure Zone (Holmes Tank): Significant improvements and upgrades to the Holmes Tank to support the local pressure zone (approx. \$3.6 million). (p. 43)
- Smart Water Meters: A system-wide transition to advanced metering infrastructure to improve billing accuracy and leak detection (approx. \$2.2 million). (p. 43)
- Tank 2 Rehabilitation: Repairs and upgrades to the existing storage tank at the Lower Reservoir (approx. \$1 million). (p. 43)
- Operational Inflation: Offsetting rising costs for personnel (salaries/benefits), utilities, and supplies (pp. 13, 35).
- Debt Service: Meeting the 1.20x coverage ratio required to issue approximately \$33.5 million in new revenue bonds for large-scale infrastructure projects (pp. 16, 44).
- Reserve Replenishment: Restoring cash reserves that have been used to mitigate previous drought impacts and unexpected operating costs (pp. 15, 28).

Capital Improvement Projects Delivered

- Installing monitors with automated alerts and notifications at Bell Canyon Treatment Plant
- Replacing filters and filter media at Bell Canyon

- Installing remote operation capabilities at Bell Canyon to enable staff to respond better and faster to changing water conditions.
- SCADA system installation and upgrades at Bell Canyon.
- Improved water sampling and data gathering to help identify and address water taste, odor, and color issues more efficiently.

Fiscal Years 2026 - 2030 Capital Improvement Projects with funding sources (based on sources)

PROJECT #	PROJECT NAME	FUNDING SOURCES			TOTALS
		BONDS	OTHER	UNIDENTIFIED	
W18-113	Water System SCADA Improvements	\$533,327			\$533,327
W18-118	Replace Mains <6" in diameter	\$1,014,902			\$1,014,902
W24-01	Water Distribution Fire Flow Improvements	\$156,000			\$156,000
W24-02	Napa Intertie Pump Station Replacement	\$1,287,571		\$9,309,649	\$10,597,220
W24-04	Retrofit/Deploy SMART water meters	\$5,000			\$5,000
W24-11	Bell Canyon Dam DSOD Analysis/Improvements	\$2,867,684			\$2,867,684
W24-12	Disinfection by products Project	\$770,713			\$770,713
W25-01	Napa Intertie Pipeline Replacement	\$6,092,269			\$6,092,269
W25-02	Water Treatment Plant Transmission Main Replacement	\$7,400,084			\$7,400,084
W26-01	Water Treatment Plant Microgrid/SCADA Upgrades		\$867,000	\$1,633,000	\$2,500,000
W26-03	Water Treatment Plant Modular Homes		\$150,000		\$150,000
W29-01	Water Treatment Plant Rehabilitation			\$8,400,000	\$8,400,000

W29-02	PWRR-1 yr 6-10 Water Main Annual Replacement Program Allowance			\$485,967	\$485,967
W85	Bell Canyon Valve House Replacement	\$937,955			\$937,955
W86	Spring Mountain Pressure Zone Improvements (Holmes Tank Upgrade)	\$3,615,968			\$3,615,968
W-101	Tank 2 Rehabilitation	\$534,775			\$534,775
W-108	Lower Reservoir Rehab	\$50,000			\$50,000
W-109	Bell Canyon Intake Tower Replacement	\$5,000,000			\$5,000,000
		\$30,266,248	\$1,017,000	\$19,828,616	\$51,111,864

Table 1. City Council, City Manager, Public Works Director Turnover Background (2010-2026)

<u>Year</u>	<u>City Manager</u>	<u>Public Works Director</u>
2010	Mary Neilan	Unknown
2011	Mary Neilan → Gary Broad	Unknown
2012	Gary Broad	John Ferons
2013	Gary Broad	John Ferons (resigned Oct.)
2014	Gary Broad → Jennifer Phillips (Aug.)	Contract/interim (Jan.–Oct.) → Steve Palmer (Oct.)
2015	Jennifer Phillips	Steve Palmer

2016	Jennifer Phillips	Steve Palmer → Erica Ahmann Smithies (Sept., as Asst. Dir.)
2017	Phillips → Larry Pennell, interim (Jan.) → Mark Prestwich (July)	Steve Palmer (left Mar.) → Erica Ahmann Smithies, promoted (Apr.)
2018	Mark Prestwich	Erica Ahmann Smithies
2019	Mark Prestwich	Erica Ahmann Smithies
2020	Mark Prestwich	Erica Ahmann Smithies
2021	Prestwich → Jim McCann, interim (Apr.)	Smithies (left Mar.) → Joe Leach
2022	Jim McCann, interim → Anil Comelo (July)	Joe Leach
2023	Anil Comelo	Joe Leach
2024	Anil Comelo	Joe Leach
2025	Anil Comelo	Joe Leach
2026	Anil Comelo (left Apr.) → Jim McCann, acting	Joe Leach

Table 2. St. Helena City Council Turnover Analysis (2010–2026)

#	<u>Member</u>	<u>Role/Tenure</u>	<u>How Departed</u>
1	Del Britton	Mayor, through ~2013	Died in office
2	Caterina Sanchez	Council, ~2008–2012	End of term
3	Sharon Crull	Council, 2008–2016	Did not seek re-election
4	Ann Nevero	Appointed Mayor after Britton's death; lost 2014 race	Lost to Galbraith
5	Greg Pitts	Council, through at least 2014	Did not seek re-election
6	Mario Sculatti	Council, ~2010–2014	Lost or didn't run in 2014
7	Peter White	Council, ~2010–2014	Lost or didn't run in 2014
8	Alan Galbraith	Mayor, 2014–2018	Conceded after losing to Ellsworth by 41 votes
9	Paul Dohring	Council 2014–2022, Mayor 2022–present	Currently serving

10	Geoff Ellsworth	Council ~2016–2018, Mayor 2018–2022	Did not seek re-election
11	Lester Hardy	Council, elected 2018; served ~2 yrs	Departed mid-term
12	Eric Hall	Council, elected 2018; lost 2022 mayoral race; served to Jan 2023	End of term
13	Anna Chouteau	Council 2018–2022, re- elected 2022; resigned to join Rep. Mike Thompson's staff	Resigned Dec 2024
14	Patrick Kenealy	Council, ~2020–2024	Did not run in 2024
15	Billy Summers	Council, elected 2022– present	Removed from office for lack of attendance on April 27, 2026
16	Michelle Deasy	Council, elected Nov 2024–present	Currently serving
17	Aaron Barak	Council, elected Nov 2024–present	Currently serving
18	Kate Spadarotto	Appointed Jan 2025 to fill Chouteau's seat	Currently serving

19	Scott Diaz	Appointed May 2026 to fill Summers' seat	Currently serving
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