



Financial Efficiency Review

JANUARY 29, 2026

Efficiency and Business Transformation Study



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1.0 Introduction

This Financial Efficiency Review deliverable draws heavily from Blackberg’s findings in Deliverable 3A: Organizational Structure and Staffing Component. We recommend that one reads Deliverable 3A prior to reading this document. In our analysis of financial efficiency, Blackberg identified three major categories of cost savings or cost avoidance: Market Salary Adjustments, Staffing Reallocations/Reductions, and Strategic Partnerships. Most of the “Staffing Reallocations/Reductions” savings are contingent on the City first making improvements in process maturity, IT automation, and artificial intelligence (AI) deployment. We estimate that the City will need to spend approximately \$80,000-\$120,000 more annually to cover the costs of the IT automation and AI deployment. This is in addition to the City’s current IT budget. However, we estimate that the total annual savings potential for staffing reductions is \$625,000. The savings outweigh the costs. However, instead of using the savings to simply reduce the staffing budget, we recommend the reallocation of some staff to a Human Resources Manager and IT Manager (both part-time positions). Finally, we estimate that the total potential cost savings or avoidance across the three major categories is approximately \$1.6 million annually without investments in the Human Resources Manager or IT Manager. With investments in the Human Resources Manager and IT Manager, this annual savings reduces to approximately \$1.3 million.

2.0 Financial Efficiency Potentials

2.1. Market Salary Adjustments

In Deliverable 3A, Blackberg conducted a salary and total compensation analysis of St. Helena (City). The City identifies 19 Executive or Mid-Management positions on its organizational chart. Blackberg assessed the total compensation of 10 management positions. We identified significant variance from market averages. Considering these 10 positions, all were above market rates except for the Senior Librarian. We believe much of the variance issue for the City is rooted in labor market failures and lack of a Talent Management System (framework, processes, and IT) to properly handle human resources. However, a component (and possibly a major component) of the labor market failure may be rooted in regional corruption issues (i.e. revolving doors). We discuss this in more detail in the following section, “Financial Efficiency Challenges.”

The City has an opportunity to save \$590,000 for these 10 positions alone (See **Figure 1**-Following Page). For the Director of Accounting, we used the mid-sized city data for the average to calculate the potential savings of \$28,000. If we include the other nine (9) management positions, we estimate the City has a total cost savings opportunity of \$590,000. We did not expand our total compensation analysis to the rest of the City’s employees. To be conservative, we will not speculate if those salaries are above or below market; however, we believe the City has a total cost savings opportunity of approximately \$590,000 annually from seeking average market rate salaries for its executive and mid-level management. We do not recommend terminating employees or attempting to reduce existing total compensation. However, the City should seek to reduce compensation to market averages over the long term through “strategic staffing” to realize these savings.

Job Title	Small Town Sample Average Total Compensation	St. Helena Total Compensation	Potential Savings
City Manager	214,745	394,002	179,257
Director of Public Works	194,825	222,429	27,604
Director of Accounting*	-	198,862	28,000
City Clerk	113,032	150,889	37,857
Senior Librarian**	107,643	99,131	(8,512)
Community Development Director	167,753	226,054	58,301
Parks and Recreation Director	123,678	191,017	67,339
Recreation Director	95,410	105,817	10,407
Police Chief	162,925	240,821	77,896
Fire Chief***	169,778	282,309	112,531
Total Potential Savings:			\$ 590,678

*Data for Director of Accounting was not city centric

**No data for populations under 10,000 available, so under 50,000 was used

***Small sample size (only 3 samples available)

Figure 1 – Salary Market Alignment: *The average pay for executive managers derives from Blackberg’s calculations of data from Transparent California, and it is split between base pay and total compensation.*

2.2. Financial Efficiency Challenges

Corruption and related integrity risks can significantly undermine financial stewardship and operational efficiency in local government. Small municipalities face heightened exposure due to structural limitations—namely, limited personnel and resources—that restrict the application of comprehensive accountability, oversight, and transparency controls. A 2016 Columbia Law School report observes: “...the very nature of small municipalities makes them susceptible to corruption, because their small size and workforce do not allow for the kind of oversight and enforcement mechanisms that larger cities, state governments, and the federal government can employ”¹.

A documented risk pattern is the revolving-door phenomenon, characterized by personnel transitions between government positions and private firms that do business with the same public entity. These movements can facilitate conflicts of interest, collusion, or other improper conduct. In practice, such arrangements often involve multiple actors and entities, reducing the visibility of potential misconduct.

A documented risk pattern is the “revolving doors” phenomenon, characterized by personnel transitions between government positions and private firms that do business with the same public entity or vice versa.² These movements can facilitate conflicts of interest, collusion, or other improper conduct.

Revolving-door relationships are frequently more complex than direct, one-to-one transitions between public and private sectors. Such arrangements often involve networks of multiple individuals across several public entities and private firms, which can reduce the visibility and traceability of potential conflicts of interest or improper influence. **Figure 2**, adapted

¹ Columbia Law School, “Fighting “Small Town” Corruption: How to Obtain Accountability, Oversight, and Transparency,” https://scholarship.law.columbia.edu/cgi/viewcontent.cgi?article=1078&context=public_integrity, 2016.

² Pons-Hernandez, Monica, “Power(ful) Connections: Exploring the Revolving Doors Phenomenon as a Form of State-Corporate Crime,” <https://pmc.ncbi.nlm.nih.gov/articles/PMC9034252/>, Apr 23, 2022.

from a June 2025 Cato Institute publication analyzing 15 cases of local government corruption, provides a simplified illustration of how these dynamics can manifest³.

While such patterns can theoretically appear at any organizational level, they tend to emerge more prominently in roles with significant decision-making authority. Research has examined this issue in the context of city managers through the lens of principal-agent theory, identifying “agent capture”—a situation in which the agent (e.g., the City Manager) aligns with external interests (sometimes linked to revolving-door connections) rather than prioritizing the interests of the principal (the public and residents). Municipal governments should implement appropriate preventive measures, including strong conflict-of-interest policies, procurement transparency, and independent oversight, to address these risks.

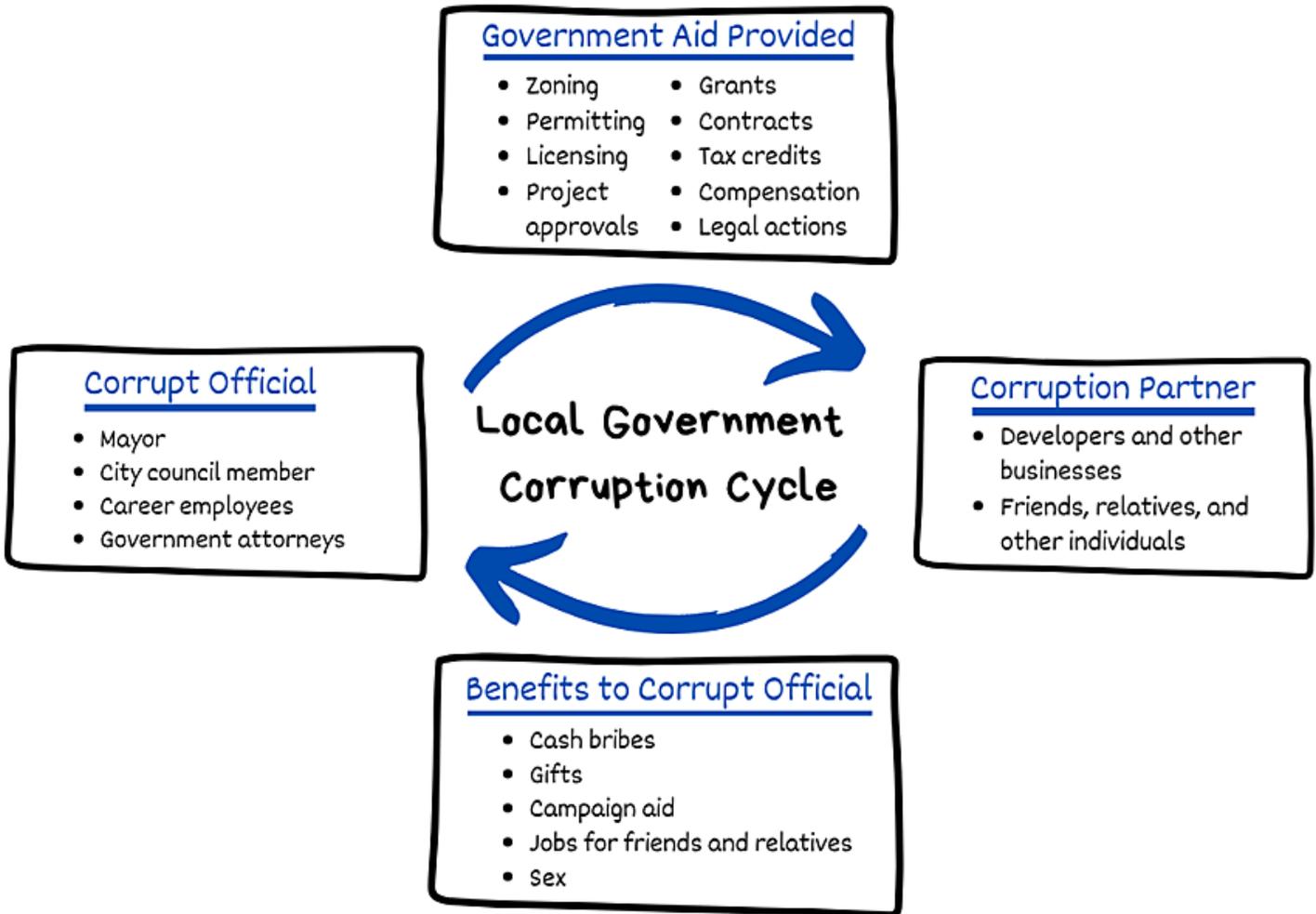


Figure 2 – Local Government Corruption Cycle: *This image is taken from footnote reference #3.*

Blackberg makes no assertion that corruption is occurring in St. Helena. However, the review has identified a number of governance, control, and compensation-related conditions that collectively heighten the risk of improper conduct or resource inefficiency remaining undetected.

A prominent example is the materially above-market total compensation levels for managers in the City, which present a substantial challenge to fiscal prudence and long-term budgetary balance. Additional indicators of concern include various documented deficiencies in oversight, data integrity, professional qualifications, performance tracking, and procurement-

³ Edwards, Chris & Kallash-Kyler, Yasmeen, “Local Government Corruption: 15 Case Studies”, <https://www.cato.org/blog/local-government-corruption-15-case-studies>, CATO Institute, June 3, 2025.

related practices. Blackberg provides the following examples of support for these concerns; however, these examples are not exhaustive:

- 1) Multiple stakeholders, including Finance Committee members, City employees and managers (from 12 separate interviews), and respondents to the City Satisfaction Survey, have indicated a significant level of distrust toward City operations and leadership.
- 2) Blackberg's contract with the City spans approximately nine months for the conduct of this study. At project inception, Blackberg representatives met with the City Manager and City Clerk. During this meeting, the City Manager inquired whether the study could be completed in one month, which was inconsistent with the agreed-upon scope and timeline. Additionally, when asked about the appropriate frequency of engagement with the City Council—including the possibility of a contract kickoff meeting—the City Manager advised that no meetings with the Council were necessary during the study, with potential presentation of findings only at the conclusion. This guidance differed markedly from standard expectations for stakeholder involvement in such engagements. Accordingly, Blackberg sought direct clarification from City Council members, who confirmed the need for periodic updates and input throughout the study, explicitly advising against deferring engagement until the end. These interactions raised questions regarding the level of support for independent review, appropriate oversight, and general professionalism of City management.
- 3) The City lacks a centralized asset management system. Although limited, piecemeal tracking exists for major assets (e.g., vehicles), the absence of comprehensive monitoring and controls creates a significant risk that other assets could be misappropriated without timely detection.
- 4) Multiple individuals have informed Blackberg of alleged threats—experienced personally or observed—attributed to St. Helena employees or managers. Among the reported incidents are claims of physical threats made in relation to requirements that a contractor, rather than City employees, be used to perform a particular project.
- 5) Baker Tilly reports, “on October 25, 2022, City Council authorized a Professional Services Agreement (PSA) with Baker Tilly to: (1) provide an **independent** review of the existing LRFF [Long-Range Financial Forecast].” However, we see in the report that “Furthermore, City leaders have identified the need to increase staffing levels to support service delivery and, due to a number of factors including location and high cost of living, the City has become less attractive as an employer and therefore needs to ensure compensation is competitive to attract and retain staff.” This statement attributes certain observations and needs directly to 'City leaders,' raising questions about the extent to which the analysis and related recommendations reflect independent assessment versus input received from City personnel. Notably, Baker Tilly’s recommendations included staffing-related cost increases totaling \$2.776 million.
- 6) In reference to the Baker Tilly reports, on October 25, 2022, the discussion of additional public works expenses references the following explanation: “In addition, over the past few years, numerous capital improvement and infrastructure needs have been identified totaling into the tens of millions of dollars for which General Fund support will be needed. In the past, these additional expenses were not incorporated into the forecast because of the magnitude of the costs on an already burdened General Fund operation.”

The language suggests that significant identified capital and infrastructure requirements were deliberately omitted from earlier forecasts solely due to their scale and the resulting strain on the General Fund. This practice raises questions about adherence to Generally Accepted Accounting Principles (GAAP) requirements for comprehensive and transparent financial forecasting in governmental entities, as well as potential implications for fiduciary obligations under California law. This may warrant further evaluation regarding compliance with GAAP applicable to governmental entities, as well as alignment with expectations of fiduciary responsibilities (including duties of care, loyalty, and candor) under California law. The matter is highlighted here strictly as a risk management concern and is not intended as legal advice.

- 7) During discussions with Administrative Services, it was reported that none of the seven individuals in the Accounting function (excluding the HR Analyst) holds a bachelor's or master's degree in accounting, nor does any possess a significant accounting certification, such as a CPA.

This staffing composition is noteworthy considering the magnitude of certain budget and financial reporting issues that have arisen in recent years, including substantial revisions to prior figures. The City Manager explained that he observed confusion amongst some individuals (including within the Finance Committee) about the budget deficiencies and what they comprise.

- 8) An executive manager reported that, during the tenure of a former (now-terminated) executive manager in Public Works, employees were instructed that they were not permitted to perform work without specific authorization and that required tasks must instead be assigned to contractors. The same executive manager further indicated that, because of this directive—combined with an overall lack of management oversight and assignment of duties—many Public Works employees were not performing their assigned responsibilities.
- 9) A formal request was made to the Director of Public Works for work volume and performance data in the following functional areas: buildings and streets, parks and trees, underground utilities, water treatment, and wastewater. The requested information was not provided in any meaningful detail. Subsequent discussions with the Director indicated that systematic tracking of such data does not currently exist.

Considering Public Works' status as a significant cost center and the projected multi-million-dollar scale of infrastructure investments, the lack of robust performance and workload monitoring represents a material weakness in oversight. This gap impairs the City's capacity to evaluate the efficiency and effectiveness of its workforce and contractor expenditures and elevates the risk of undetected resource misallocation.

- 10) Interviews with City personnel and examination of existing records indicate that minimal data is captured and maintained through formalized management systems. Data that is retained is predominantly stored in hard-copy documents or standalone Excel files, without version control, change tracking, or audit trails to monitor edits or safeguard integrity.

These conditions reduce the reliability and traceability of information and heighten the potential for undetected modifications to critical records.

- 11) In Deliverable 3A, Blackberg recommended that the City implement minimum capability requirements for Administrative Services and other departments, specifically including accounting degree qualifications and professional certifications (e.g., CPA licensure) for relevant accounting positions. We were informed that the City Manager shared this interim deliverable with the Director of Administrative Services prior to completion of Deliverable 3 or the overall report, resulting in a requested meeting between Blackberg and the Director.

During the discussion, the City indicated that it did not support mandating accounting degrees or significant certifications for its accounting staff (e.g. CPA), including senior-level personnel. The City requested additional research to substantiate the recommendation (which has been performed and will be submitted separately).

These interactions are recorded as they reflect an atypical level of departmental involvement at the interim stage and a substantive disagreement with a foundational professional qualification standard.

- 12) Blackberg delivered Draft Deliverable 3A on November 5, 2025. On November 6, 2025, the City Manager, issued a response (refer to Email A in the Appendix). This immediate reply—evidently prompted by the deliverable's first paragraph—departed from the City's typical review timeline for prior deliverables.

The City Manager's email reproduced a paragraph from Draft Deliverable 3A (italicized) with added yellow highlighting, which he associated with his statement that the introductory remarks were "disconcerting." For the record, Blackberg did not understand why the City Manager would find Blackberg's statement, "*Blackberg decided to conduct a salary benchmark analysis*" to be "disconcerting." The highlighted material addressed Blackberg's conduct of a salary benchmark analysis, based on information obtained through discussions with the City's HR Analyst.

Prior to submission, in October 2025, Blackberg requested current salary and staffing data from Mandy Kellogg, Director of Administrative Services (see Email B). No responsive data was received. Blackberg therefore sourced and analyzed publicly available salary information from the State of California website, with accuracy subsequently confirmed by Ms. Kellogg.

The City Manager further commented, “While I applaud you for taking the initiative to conduct a compensation study, it is truly not needed and if your firm has additional capacity, we would like you to focus on some additional areas. Please do not misunderstand, if you intend to verify the work of the city’s consultant for some reason, go for it, but I believe that would be duplicative (thus inefficient). Glad to discuss this with you if you so desire.”

The documented exchange is noted as it represents an atypical engagement dynamic in the context of compensation benchmarking findings that revealed substantial upward variances in managers’ total compensation compared to market benchmarks. Our expectation was that the City Manager would be very interested in this and ask for more details and investigation because our results showed that the City might be systematically and largely overpaying many managers. Based on our experience, the City Manager’s email response is a highly unusual reaction to such data and findings.

- 13) In Draft Deliverable 3A, Blackberg reported: (1) that interviews with the HR Technician indicated the City had not maintained significant or reliable benchmark data on salaries, benefits, and other compensation; and (2) that the City should establish minimum capability standards for financial and accounting personnel, with preferred qualifications such as accounting degrees or certifications. The City responded that these statements were in error, citing a Compensation Analysis by Ralph Andersen & Associates and a Full Classification and Compensation Study that included minimum qualifications for City positions.

However, we emphasize that we discovered it had not “maintained...benchmark data...based on interviews with the HR Technician.” If the HR Technician, who is the **only** City employee with an HR designation, does not have the Compensation Analysis or the Full Class and Comp Study, then how can anyone be confident that it is being **maintained**? Further, multiple managers reported that consultant deliverables are frequently received but infrequently referenced or utilized in ongoing operations.

Blackberg responded to the City by verbally requesting copies of the referenced Compensation Analysis and Full Classification and Compensation Study. The immediate verbal response was: “well we might not have it available, but we can probably get it from our consultant.” The subsequent email providing one of the documents included a consultant in the thread to furnish the information. If the City does not have the documents readily available, it indicates that the City is neither routinely using nor maintaining benchmark data.

Review of the reports provided by the City revealed the following:

- A. The Full Classification and Compensation Study is dated November 5, 2018—approximately seven years old as of 2025/2026—and is labeled 'DRAFT' on the document. A study of this age and status does not align with the concept of ongoing maintenance of current benchmark compensation and classification data, particularly given the passage of time into 2025/2026. Questions remain regarding whether a final version was delivered, is retained by the City, or contains substantive differences from the draft provided. Blackberg sample reviewed the Finance Manager role (contained in the study), the study specifies the following educational qualification: “Any combination of education and experience that has provided the knowledge, skills and abilities necessary for a Finance Manager.” This criterion lacks specificity and does not establish clear, objective standards for minimum or preferred educational qualifications. The description’s breadth leaves it open to almost any interpretation, arguably the exact opposite of a standard.
- B. Blackberg reviewed the 2024 Compensation Analysis provided by Ralph Andersen & Associates. For the position of Assistant Administrative Services Director (See **Figure 3**), the analysis presents multiple descriptive statistics, including: St. Helena Rank, Coefficient of Variance, Number of Observations, Variability, Labor Market Mean, Labor Market Median, 25th Percentile, 75th Percentile, and Percentile Rank. The underlying sample size for this position consists of **three** observations. While a sample of three comparator agencies may be sufficient for narrowly targeted recruitment from those specific entities, the

application of extensive descriptive statistics to such a small sample limits the statistical reliability of the results when used to assess fairness of salaries and total compensation relative to the broader regional labor market.

Blackberg requested additional clarification from the City via email on January 5, 2026. As of the date of this report, no reply has been received.

The email stated: “Good morning and Happy New Year! I'm working on updating the Deliverable 3A with the information that you shared. You sent me the Ralph Andersen data for 2024; however, the documents that you sent in this email were from 2018/2019. Did Ralph Andersen conduct the 2024 update? Also, do you have documents from Ralph Andersen for the 2024 that provide information on their approach (similar to how these attached documents do)?”

The purpose of the request was to verify whether Ralph Andersen & Associates performed a 2024 update and, if so, to obtain any accompanying documentation describing their methodology, consistent with the detail level of the previously submitted materials."

**ST HELENA
LABOR MARKET SALARY SURVEY**

Statistics computed using range Control Point/Max

Assistant Administrative Services Director

Agency	Comparable Class Title	Minimum	C.P./Max	Spread
Vacaville	Assistant Dir of Finance	\$ 11,942	\$ 14,509	21.5%
St Helena	Assistant Administrative Services Director	\$ 11,517	\$ 13,999	21.6%
Santa Rosa	Deputy Director of Finance	\$ 10,549	\$ 13,645	29.3%
Novato	Deputy Director of Administrative Services	\$ 11,184	\$ 13,594	21.5%
American Canyon	No Comparable Class			
Calistoga	No Comparable Class			
Fairfield	No Comparable Class			
Healdsburg	No Comparable Class			
Napa	No Comparable Class			
Petaluma	No Comparable Class			
Rohnert Park	No Comparable Class			
San Rafael	No Comparable Class			
Yountville	No Comparable Class			
St Helena Rank		2/4		
Coefficient of Variance		4%		
Number of Observations		3	Market Value	Percent +/-
Variability		Low		
Labor Market Mean			\$ 13,916	0.59%
Labor Market Median			\$ 13,645	2.53%
25th Percentile			\$ 13,619	2.71%
75th Percentile			\$ 14,077	-0.56%
Percentile Rank			70	

Figure 3 – Compensation Analysis: This image was taken from the Compensation Analysis that City told us was completed by Ralph Andersen in 2024.

The preceding examples illustrate select findings from Blackberg’s review. The combination of limited data tracking, inadequate performance monitoring, weak internal controls over financial and operational information, minimal

professional qualifications in key functions, and reliance on outdated or externally sourced consultant materials creates a significant control environment vulnerability.

Historically (not in St. Helena), we have seen examples of municipal government employees developing “revolving door” style relationships with small, local/regional consulting firms. These consulting firms deliver reports and data that are mostly inaccurate, misleading or unreliable but support what government employees want. In turn, these firms receive repeated contracts for work. Historically (not in St. Helena), we saw this involve multiple municipalities with the same network of individuals and consulting firms engaged in revolving door style situations. Blackberg is not saying that this is happening in St. Helena. However, the current control deficiencies and oversight gaps materially elevate the inherent risk of undetected misuse of resources or improper influence in procurement and advisory relationships.

Critical Recommendation: Based on the findings from Blackberg's current state assessment—scheduled to conclude this month (January 2026)—which has identified potential vulnerabilities in financial controls, operational processes, and resource stewardship within the City's administration, we recommend the City Council procure specialized consulting services focused on fraud, waste, and abuse (FWA) detection, prevention, and mitigation.

Blackberg Group, LLC cannot serve in this capacity due to an inherent conflict of interest. As the firm that recently conducted the current state assessment (concluding this month, January 2026), Blackberg has deep prior involvement in evaluating the City's financial controls, operational processes, and potential vulnerabilities. Engaging the same firm to perform the subsequent specialized FWA analysis and detection work would potentially compromise objectivity, independence, and the integrity of the investigation. This could undermine public confidence in the findings and expose the City to risks of perceived or actual bias. However, Blackberg will provide recommendations in Deliverable 4 that will include tactics to detect and prevent FWA.

To preserve the credibility, thoroughness, and impartiality of this next step, **the City should engage an entirely independent third-party consulting firm with no prior contractual relationship or involvement with the City.**

- The selected firm should have:
 - **no previous engagements** with the City (as contractor, consultant, subcontractor, or otherwise) to avoid any appearance—or reality—of compromised independence.
 - Comprehensive FWA risk assessments and data-driven analytics to identify irregularities in procurement, payroll, grants, contracts, and other high-risk municipal functions.
 - Forensic accounting capabilities, including transaction tracing, loss quantification, evidence preservation, and expert witness support for investigations or litigation.
 - Proactive prevention strategies, such as enhancing internal controls, establishing or improving anonymous hotlines, conducting staff training, and implementing continuous monitoring tools.
 - A track record of serving city or local governments, ensuring familiarity with public sector regulations, transparency requirements, and taxpayer accountability.
- Procurement guidelines should explicitly require disclosure of any past or current relationships with the City, its officials or employees, or related entities, with disqualification for any material conflicts.
- Preference should be given to firms demonstrating a strong track record of ethical independence in public sector engagements, including adherence to professional standards (e.g., those from the Association of Certified Fraud Examiners or Government Auditing Standards).

2.3. Staffing Reductions

Overall, the City is somewhat lean in terms of number of staff if you assume low/no use of automation, artificial intelligence solutions, and poorly defined business processes, which is the City's current state. However, there are some interventions that could lead to staff reductions.

Community Services Department (Library) – The Library is well-managed and well-run. We found extensive evidence that, based on performance ratios, one could argue that the Library is in a top 10 position (in terms of performance quality) for libraries of its size across the country. We base this on its performance ratios compared to Public Library Survey (PLS).

Nonetheless, based on the same PLS, the Library is also highly staffed and expensive. To bring the Library closer to average (it would still be above average), the City could remove 1 Master of Library Sciences (MLS) prepared staff member and 1 junior individual.

The total annual savings from a 2 FTE reduction would reach approximately \$270,000. However, such a reduction would undoubtedly diminish the quality and quantity of services. Blackberg does not recommend this reduction action; however, we believe it is important for the City to be aware of the facts and option.

Community Services Department (Broadly) – Based on our recommendation to restructure the Community Services Department, the City could eliminate the Director of Community Services position. However, we believe it would need to hire an additional Recreation Supervisor. The reduction would save approximately \$240,000; however, the additional Recreation Supervisor would cost \$135,000 more. This results in a net savings of about \$105,000.

Administrative Services Department – Reductions to Administrative Services are not possible until AI, automation, and process improvement solutions are complete. However, once those efforts are completed, a reduction of 1-2 FTEs is possible (most likely 1.5). To be conservative, we will assume only a one (1) FTE reduction (likely an Accounting Technician). The cost savings is approximately \$100,000. However, we do believe this Department is likely in need of staff reallocation. Specifically, Blackberg believes the City needs a part-time IT Manager and part-time HR Manager. This will likely cost an additional \$200,000 - \$300,000 for both part-time positions. Of the two positions, Blackberg believes the HR Manager is most critical for the City's future success.

Community Development Department – Community Development may be able to reduce staffing by one (1) FTE with the implementation of AI, automation, and process improvement. The Permit Technician I is the potential position; however, a full 1 FTE reduction is optimistic. It is more likely that the City could reduce this position to a 0.5 FTE. The cost savings would be approximately \$50,000.

Public Works – Public Works has an opportunity for some personnel reductions through restructuring. Based on our recommendations, the City could remove the Project Manager and Environment Services Technician II positions. However, we recommend adding a Director of Water and Sanitation. The cost savings from the reduction is approximately \$280,000. The cost increase of the Director Water and Sanitation is approximately \$180,000. This results in an approximate total cost savings of \$100,000.

These are all the areas within the City where Blackberg identified potential cost savings through staff reductions/reallocations. The total potential cost savings is approximately \$625,000 if you do not include hiring the part-time IT Manager and part-time HR Manager.

2.4. Strategic Partnerships for Human Resources

The City may have opportunities to reduce costs on certain employee positions through strategic partnerships. Strategic partnerships include forming relationships with other municipal governments to share human resources. There are two areas of possibility:

- 1) The HR Technician position is an enabler for much needed improvements to the Talent Management System. The City currently pays a total compensation of approximately \$80,000 annually with additional benefits costs of about \$18,600. We believe the total compensation is reasonable to acquire the expertise needed. However, the City does not need a full-time employee to develop and run the Talent Management System. This is an opportunity for the City to partner with another small town (possibly Calistoga) to split the cost and employee time. If successful, this would produce an approximate cost savings of \$48,000 annually.
- 2) The Fire Chief and Police Chief positions also have a similar possibility of sharing the cost with another small town; however, the opportunity will be much more geographically limited than with the HR Technician. Likely, Calistoga is the only small town with geographic proximity to the City to enable such a strategic partnership. However, if

successful, the two cities could split the costs of both the Fire Chief and Police Chief positions. This would result in a cost savings of approximately \$335,000 annually. This is a function of splitting their combined total pay and benefits for both positions.

2.5. Total Potential Cost Savings

Blackberg examines three primary areas for cost savings: Management Compensation Reduction, Staffing Reductions, and Strategic Partnerships. **Figure 4** summarizes the potential cost savings.

With Staffing Reductions, the City needs process maturation, IT automation, and artificial intelligence (AI) solutions to enable the staff reductions in all areas except for the Library. If the City decides to reduce Library staffing, it will reduce the availability of services and programs. However, the reductions in the other Departments should not negatively impact effectiveness of services because the efficiency gains are enabling the staff reductions.

The Strategic Partnership cost reductions are contingent on the City’s ability to form an agreement with Calistoga (or other nearby city).

In addition to the cost savings, Blackberg estimates that the increased use of IT automation and AI solutions will cost the City approximately \$80,000 more per year than current IT SaaS spending.

Further, it would be inaccurate to assume that the City can capture the cost savings of both the reduction in salaries of the Fire Chief and Police Chief while also capturing the reductions of strategic partnerships for those two positions. Therefore, we need to look at a few scenarios:

Scenario 1: The cost savings of salary reductions are fully realized, but the strategic partnerships do not happen. In this case, the total cost savings are \$1,283,678.

Scenario 2: The salary reductions are not possible, but the strategic partnerships do occur. In this case, the total cost savings are \$1,354,817.

Scenario 3: Both the salary reductions and the strategic partnership occur. In this case, the total cost savings are \$1,640,456.

2.6. Sensitivity Analysis

The three cost savings scenarios in Figure 4 assume an aggressive and highly successful set of results across all areas (particularly with staff total compensation reduction efforts). Realistically, there is likely to be some flaws and missed opportunities in these efforts. Therefore, Blackberg provides a high, expected, and low success set of outcomes for these three scenarios (See **Figure 5**). Further, the cost reductions will accumulate over time. If the City were to seek all cost savings opportunities, we expect those savings could begin within three (3) months and be fully realized within three (3) years.

Potential Cost Savings

Management Compensation Reduction	Savings
Analyzed Postions	590,678
Additional Management Positions	100,000
Total:	690,678
Staffing Reductions	
Library	270,000
Community Services Department	105,000
Administrative Service Department	100,000
Community Development Department	50,000
Public Works	100,000
Total:	625,000
Strategic Partnerships	
HR Technician	48,000
Fire Chief and Police Chief	261,565
Total:	309,565
Total Potential Cost Savings:	
Scenario 1: \$	1,363,678
Scenario 2: \$	1,434,817
Scenario 3: \$	1,720,456
Additional IT & AI SaaS costs	80,000
Total Potential Cost Savings (IT Cost Adustment):	
Scenario 1: \$	1,283,678
Scenario 2: \$	1,354,817
Scenario 3: \$	1,640,456

Figure 4 - Potential Cost Savings Areas: The City has an opportunity to capture approximately \$1.6 million in cost savings.

Although Blackberg believes the cost savings are available, we do not believe that the City should seek to simply reduce personnel spending one-for-one. There are known gaps in roles and capabilities into which the City should seek to reallocate some of the cost savings. These roles include an HR Manager and an IT Manager.

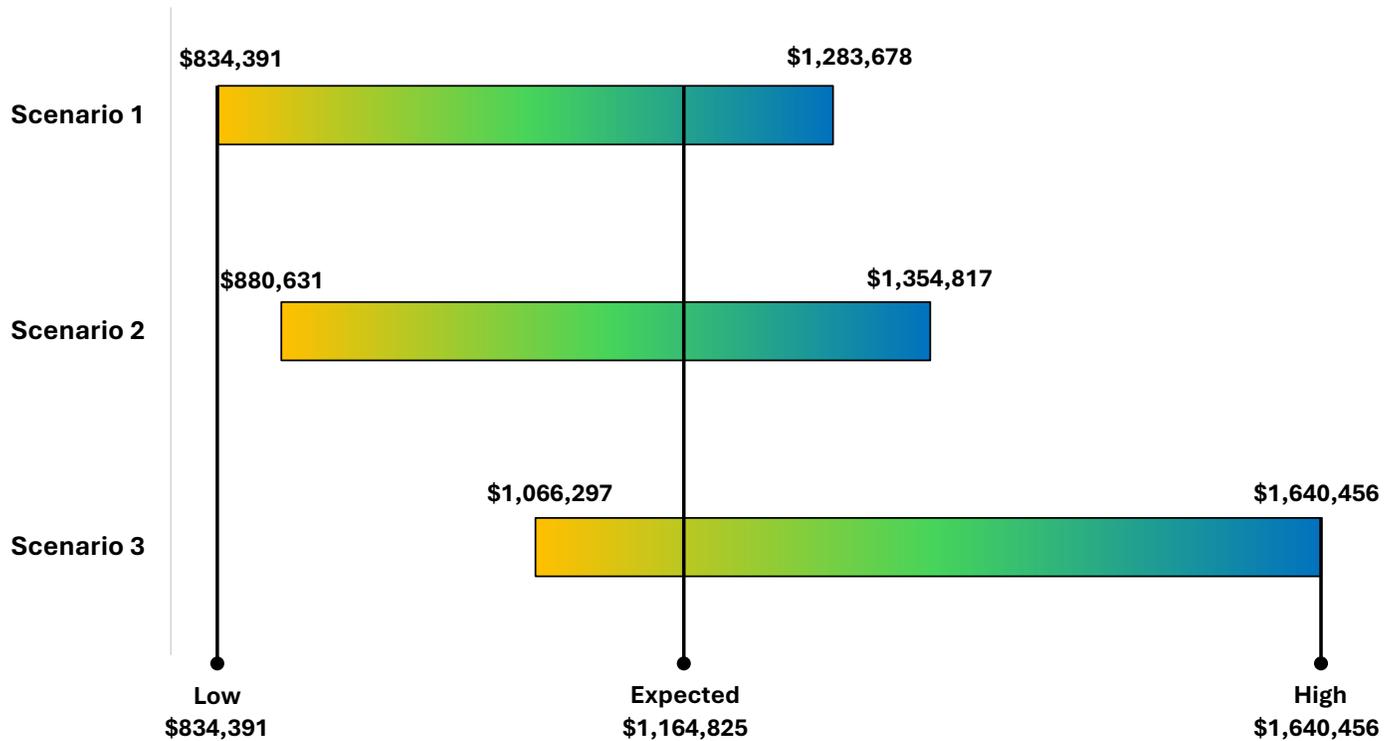


Figure 5 - Sensitivity Analysis: The sensitivity analysis explores outcomes per scenario based on fluctuations in the total compensation reductions that the City can achieve in attempting to align it with Small Town averages.

3.0 Cost Avoidance

Blackberg would like to highlight two areas of potential cost avoidance for the City. First, with implementation of a Talent Management System, the City will improve overall staff capabilities and expertise. This will enable the City to reduce its need for outside consultants to provide expertise. It’s very difficult to estimate what the amounts might be; however, they will generate material reductions. Second, the City may have some opportunities to avoid costs through improved procurements for contractor support. We believe these opportunities may be present in Public Works, particularly with the increased expected spending on capital projects. We reviewed the “5-Year Capital Improvement Plan” in the “Proposed Operating Budget Fiscal Year 2026 & 2027.” There are many “projects” listed that have similar scopes of work. Rather than considering these as individual projects, there may be economies of scale and scope possible from consolidating the efforts planned for contractor performance into two to three contracts. The projects would become individual tasks within a contract with project management applied across the design-repair-build efforts of all tasks collectively.

4.0 Conclusion

Blackberg’s Financial Efficiency Review identifies approximately \$0.8–\$1.6 million in annual potential cost savings or avoidance through three key areas: aligning management compensation with market benchmarks, targeted staffing reallocations enabled by process maturation and IT/AI adoption, and strategic partnerships for select roles such as HR Technician, Fire Chief, and Police Chief. Realizing these savings will require disciplined execution: incremental investment in automation/AI (\$80,000–\$120,000 annually), process maturation, partial reallocation of funds to essential part-time HR

and IT Manager positions, and pursuit of viable strategic partnerships. With phased implementation, net savings of approximately \$1.16 million annually are achievable within three years.

The analysis reveals materially above-market manager compensation, alongside significant control environment vulnerabilities—including limited data tracking, inadequate performance monitoring, outdated consultant resources, low specialized qualifications in critical functions, and governance indicators that collectively heighten the risk of undetected inefficiencies or integrity concerns. While no evidence of active corruption has been substantiated, these structural weaknesses merit serious attention. Blackberg strongly recommends that the City procure an independent, specialized consulting firm to conduct a comprehensive fraud, waste, and abuse (FWA) assessment. This third-party review may need to apply forensic-level scrutiny to high-risk areas (procurement, contracts, payroll, and capital projects) to protect public resources and rebuild trust. Blackberg cannot perform this role due to an inherent conflict of interest.

The City has a clear opportunity to significantly improve financial efficiency by strengthening financial stewardship, modernizing operations, and enhancing accountability for the long-term benefit of St. Helena residents.

Appendix A – Emails.

EMAIL A

The following email was sent to Blackberg on 11/6/2025 at 7:00 PM.

Keith,

I just began to read your most current report and had to stop after reading the very first paragraph. Please see my comments after this quote.

The scope of Blackberg's work does not include reviewing salaries, other compensation, or benefits. However, we discovered that the City has not maintained any significant or reliable benchmark data on salaries, benefits, and other compensation based on interviews with the HR Technician. To the contrary, based on multiple interviews with City staff, there is considerable disagreement about the adequacy of total compensation and many express serious concerns about total compensation data that is discussed (in terms of quality and reliability). While we do not need this data to complete Task 3A, it would be helpful to have some benchmark data. Furthermore, to ensure a robust delivery of a separate future deliverable (i.e. Deliverable 3C-Cost Savings Potential), Blackberg decided to conduct a salary benchmark analysis. This will help inform our future input on the need for a Talent Management System, which the City currently completely lacks. We begin this deliverable with the salary benchmark analysis and then shift to concerns about structure, staffing levels, and resource allocations.

I will make it a priority to review the rest of the report in the next few days. But the statements in the first paragraph are disconcerting.

The City has for several years used a consultant to conduct total compensation surveys. That consultant has over 30 years of experience doing this type of work. The results of the surveys have been reviewed/negotiated with each bargaining group and city council prior to implementation each time. Since labor negotiations are held with representatives of each bargaining group, it is unlikely that individual employees will be fully informed about the basis, logic, and bargaining that goes into the final compensation package. In fact, in California the employer is prohibited from discussing these issues directly with employees. Further, for this year, the consultant has already begun to conduct the compensation study. That consultant has already met with the City Council and Finance Committee sub-committees to discuss the benchmark agencies and has begun to gather data. Compensation, as you can imagine, is a sensitive subject for staff, city council and the residents so conclusions need to be arrived at with strong factual basis. As with my previous email, I emphasize that the source of information needs to be credible.

While I applaud you for taking the initiative to conduct a compensation study, it is truly not needed and if your firm has additional capacity, we would like you to focus on some additional areas. Please do not misunderstand, if you intend to verify the work of the city's consultant for some reason, go for it, but I believe that would be duplicative (thus inefficient). Glad to discuss this with you if you so desire.

Thanks

ANIL COMELO
CITY MANAGER
City of St. Helena

EMAIL B

The following email chain was initiated to Mandy Kellogg on 10/27/2025 at 8:34AM.

From: Mandy Kellogg <mkellogg@cityofsthelelena.gov>

Sent: Tuesday, October 28, 2025 2:16 PM

To: Keith <Keith@blackberggroup.com>

Cc: Andrew Bradley <abradley@cityofsthelelena.gov>; Martin Beltran <mbeltran@cityofsthelelena.gov>

Subject: Re: Salaries and Additional Cost

Hi Keith,

Yes, this was received. We are trying to run a report from our system to provide the data which Martin is working on. If we cannot, I will just provide you with the spreadsheet we use for budget development.

Attached is our cost allocation plan for the indirect costs. It is not finalized as the Finance Committee would like to dive deeper in it, but it was used in our current budget with the expectation that amendments may be necessary depending upon the results of the final version.

Thank you,

MANDY KELLOGG

ADMINISTRATIVE SERVICES DIRECTOR

City of St. Helena | Administrative Services

1088 College Avenue | St. Helena, CA 94574

Direct: (707) 968-2649 | Mobile: (707) 312-1260 | mkellogg@cityofsthelelena.gov | <http://cityofsthelelena.gov/finance>

PLEASE NOTE: we have transitioned to .gov for our email addresses and website. My new email address is mkellogg@cityofsthelelena.gov.

From: Keith <Keith@blackberggroup.com>

Sent: Tuesday, October 28, 2025 10:58 AM

To: Mandy Kellogg <mkellogg@cityofsthelelena.gov>

Cc: Andrew Bradley <abradley@cityofsthelelena.gov>

Subject: Re: Salaries and Additional Cost

Hi Mandy,

I just wanted to circle back on this and make sure you received my email.

Thank You!

Kind Regards,

Keith

From: Keith

Sent: Monday, October 27, 2025 8:34 AM

To: Mandy Kellogg <mkellogg@cityofsthelelena.gov>

Cc: Andrew Bradley <abradley@cityofsthelelena.gov>

Subject: Salaries and Additional Cost

Hi Mandy,

I'm going to examine salaries and staff structure this week. Can you provide me a complete list of City employees and their salaries plus additional costs (fringe benefits, overhead, or indirect costs). I don't need fringe, overhead, and indirect broken out. I simply need the base salary plus the total of fringe, overhead, and indirect. Thank you!

Kind Regards,

Keith