

# City of Calistoga

  

## Staff Report

**TO:** Honorable Mayor and City Council  
**FROM:** Dan Takasugi, Public Works Director/City Engineer  
**DATE:** July 19, 2011  
**SUBJECT:** Consideration of a Resolution Authorizing the Execution of Amendment No. 2 to the Agreement with Coastland Civil Engineering, Inc. in an Amount Not to Exceed \$12,500 for Additional Engineering Services Related to Development of an Area of Benefit Determination and Reimbursement Program Related to Public Infrastructure Improvements Installed in Conjunction with the Solage Spa & Resort Project

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**APPROVAL FOR FORWARDING:**



Richard D. Spittler, City Manager

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**ISSUE:**

Consideration of a Resolution authorizing the execution of Amendment No. 2 to the agreement with Coastland Civil Engineering, Inc. in an amount not to exceed \$12,500 for additional engineering services related to development of an Area of Benefit determination and reimbursement program related to public infrastructure improvements installed in conjunction with the Solage Spa & Resort Project.

**RECOMMENDATION:**

Adopt the Resolution.

**BACKGROUND/DISCUSSION:**

In order to comply with the conditions of approval and terms of the Development Agreement for the Palisades Resort and Spa Project (Solage), various public infrastructure improvements have been constructed. Improvements include both on-site and off-site public water, sanitary sewer, recycled water, and drainage facilities. A portion of these improvements directly and solely benefit the Solage development project,

21 while other improvements, or portions thereof, provide benefit to parcels beyond the  
22 Solage project limits.

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24 In order to begin to establish the mechanism to fund the public improvements that benefit  
25 others, a reimbursement agreement was outlined within the Solage project Development  
26 Agreement (DA). Although the DA does not address any of the specifics of a  
27 reimbursement agreement, it recognizes the benefit of some of the public improvements  
28 to certain surrounding properties and the appropriateness for reimbursement of some of  
29 the improvement costs by the other benefited properties.

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31 An agreement with Coastland was approved by City Council on May 15, 2007 to develop  
32 the Area of Benefit and Reimbursement Program in the amount of \$55,608. That  
33 agreement included an analysis of the improvements that are subject to reimbursement  
34 and an assessment of which parcels benefit from such improvements. In addition, a  
35 thorough evaluation has been conducted to determine whether the developer's actual  
36 costs exceeded those that the City might reasonably expect to pay to install those  
37 improvements itself. As such, the City requested that the scope include a comparison of  
38 recent, similar public improvements costs. The expected costs are being reviewed  
39 against the developer's actual costs in order to determine which costs are allowable for  
40 reimbursement. Ultimately, the allowable costs will be applied to the actual eligible  
41 improvements, leading to a final cost 'pool' that will be distributed to the other benefited  
42 parcels.

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44 Coastland's costs to perform the work necessary to determine the area of benefit has  
45 exceeded the contract. There are several contributing factors as explained below:

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47 Although the Solage resort itself opened in June 2007, certain of the  
48 public improvements were not completed until August 2008.

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50 It was anticipated that the as-built drawings of project improvements would  
51 be submitted to Coastland all at once, and that the quantity take-offs and  
52 determination of comparable City costs could be performed for all of the  
53 reimbursable improvements efficiently and at the same time. This was not  
54 the case. As-built drawings for various improvements were submitted in  
55 four separate transmittals from August 2008 through March 2009. Also,  
56 the Silverado Trail Water Main comparable City costs were prepared  
57 separately from the rest of the improvements.

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59 The Developer was to submit both detailed and summarized cost  
60 information with supporting documentation in a format that allowed a  
61 relatively efficient audit of their actual costs. While that information has  
62 now been summarized, the process required multiple iterations of review  
63 and requests for additional information to obtain adequate supporting

64 documentation to confirm that the submitted costs were in fact incurred.  
65 Many cost items required further information to confirm that they were  
66 associated with reimbursable improvements identified in the Development  
67 Agreement. Further, the Developer was not able to produce any signed  
68 change orders or progress payments for the work, which increased the  
69 amount of review necessary to confirm costs.

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71 The initial Coastland proposal was prepared based on an anticipated  
72 seven to nine months completion schedule. However, the project has now  
73 been worked on, intermittently, for thirty-three months.

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75 Following is an outline (as provided by Coastland) of the work remaining and the  
76 estimated costs to complete the work:

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78	1. Current Over Budget Amount	\$908
79	2. Task 6a, Revise Sewer Spread of Benefit	\$1,390
80	3. Task 7 – Public Meetings/Response to Owner Inquiries	\$5,964
81	4. Task 8 – Reimbursement Agreement Coordination	<u>\$4,238</u>
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83	Total	\$12,500
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85 Staff has reviewed the proposal and recommends approval of Amendment No. 2 to the  
86 contract with Coastland Civil Engineering. Staff has met with Solage Calistoga  
87 representatives to discuss this amendment and the steps necessary to complete this  
88 work. Solage Calistoga has agreed with the necessity for this amendment and has  
89 already submitted the necessary funds to complete the project.

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91 **FISCAL IMPACT:**

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93 This contract will be paid for by the developer of the Palisades (Solage) Project through a  
94 Developer Deposit Account. Developer funds are available to complete the project.

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96 **ATTACHMENTS:**

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98 1. Resolution  
99 2. Professional Services Agreement Amendment No. 2

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RESOLUTION 2011- \_\_\_\_\_

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALISTOGA,  
COUNTY OF NAPA, STATE OF CALIFORNIA,  
AUTHORIZING AMENDMENT NO. 2  
TO THE AGREEMENT WITH COASTLAND CIVIL ENGINEERING, INC.  
FOR DEVELOPMENT OF AN AREA OF BENEFIT  
DETERMINATION AND REIMBURSEMENT PROGRAM  
FOR PUBLIC INFRASTRUCTURE IMPROVEMENTS INSTALLED  
BY THE SOLAGE SPA & RESORT PROJECT**

**WHEREAS**, in order to comply with conditions of approval and terms of the Development Agreement for the Palisades Resort and Spa (Solage), various public improvements including both on-site and off-site public water, sanitary sewer, recycled water, and drainage facilities have been constructed; and

**WHEREAS**, a portion of these public improvements provide benefits to other parcels and areas beyond the Solage project limits; and

**WHEREAS**, the Solage project Development Agreement recognized the appropriateness for a Reimbursement Program to provide funding for the portions of the public improvements that benefit others; and

**WHEREAS**, City Council approved an agreement with Coastland Civil Engineering in the amount of \$55,608 on May 15, 2007, for pertinent engineering services to the Reimbursement Program; and

**WHEREAS**, City Council approved Amendment No. 1 to the agreement with Coastland Civil Engineering in the amount of \$23,366 on April 10, 2010; and

**WHEREAS**, additional engineering services are required to complete the project; and

**WHEREAS**, staff has requested and received a proposal from Coastland Civil Engineering to complete the additional engineering services (attached) in the amount of \$12,500; and

**WHEREAS**, staff has reviewed the proposal and recommends that Amendment No. 2 to the Professional Services Agreement with Coastland Civil Engineering, Inc. be approved in the amount of \$12,500; and

**WHEREAS**, the cost of Amendment No. 2 to the Agreement has been accepted and paid for by the Solage project owner, by way of a Developer Deposit Account.

**NOW, THEREFORE BE IT RESOLVED** that the City Council of the City of Calistoga approves the attached Amendment No. 2 to the Professional Services Agreement with Coastland Civil Engineering, Inc. for development of an Area of Benefit and Reimbursement Program for the Palisades Resort and Spa (Solage) Project in an amount not to exceed \$12,500; and

**BE IT FURTHER RESOLVED** that the City Manager is authorized to execute the agreement contingent upon approval of the City Attorney.

**PASSED, APPROVED, AND ADOPTED** by the City Council of the City of Calistoga at a regular meeting held this 19<sup>th</sup> day of July, 2011 by the following vote:

**AYES:**

**NOES:**

**ABSTAIN/ABSENT:**

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**JACK GINGLES, Mayor**

**ATTEST:**

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**SUSAN SNEDDON, City Clerk**