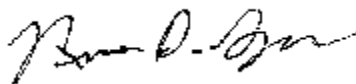


City of Calistoga

Staff Report

TO: Honorable Mayor and City Council
FROM: Dan Takasugi, Public Works Director/City Engineer
DATE: February 7, 2012
SUBJECT: Proposed Solage Local Benefit Districts Reimbursement Agreement Relating to Certain Water, Sewer and Storm Drain Improvements Installed During the Construction of the Solage Calistoga (Palisades) Resort Located at 755 Silverado Trail

APPROVAL FOR FORWARDING:



Richard D. Spitler, City Manager

1 **ISSUE:**

2
 3 Proposed Solage Local Benefit Districts Reimbursement Agreement relating to certain
 4 water, sewer and storm drain improvements installed during the construction of the
 5 Solage Calistoga (Palisades) Resort located at 755 Silverado Trail.

6
 7 **RECOMMENDATION:**

8
 9 Hold public hearing, continue hearing to 7:00pm on March 6, 2012, and provide
 10 direction to staff.

11
 12 **BACKGROUND/DISCUSSION:**

13
 14 On December 7, 2001, the City Council approved the Palisades Spa and Resort Project
 15 to be located on a 25.86 acre site at the southeast corner of Brannan Street and
 16 Silverado Trail. On December 21, 2004, the City Council approved a Development
 17 Agreement with Palisades Resorts, LP, for the development of this project. The

18 developer agreed to a number of project conditions of approval requiring the installation
19 and improvement of municipal infrastructure systems to accommodate the project's new
20 demand and to enhance aging or deficient systems.

21
22 Public sewer system improvements included approximately 3,500 linear feet of new
23 sewer main and a new sewer lift station. Public water distribution system improvements
24 included approximately 5,400 feet of water main. Public storm drainage improvements
25 included widening of the existing Central Creek channel from the Chateau Calistoga
26 Mobile Home Park to the existing channel downstream. A vehicular bridge was also
27 provided as needed due to channel widening. Public frontage improvements were
28 provided along Brannan Street and Silverado Trail.

29
30 The construction of the off-site water, sewer, storm drainage, and frontage public
31 improvements was completed in accordance with the approved plans and City
32 standards. The off-site improvements were accepted as complete by Council on
33 January 18, 2011. The Council also approved a partial Measure A funded
34 reimbursement of the developer's stormwater drainage improvements on January 18,
35 2011, in the amount of \$600,000, which will reduce the total amount of drainage benefit
36 to be spread.

37
38 The approved Development Agreement states in Section 8.3.d.i that the City shall use
39 reasonable efforts to reimburse a portion of the costs incurred by the Developer based
40 on a benefit formula prepared by the City and approved by the City Council. The
41 process involved several years of obtaining as-built construction drawings and cost data
42 from the developer. The City, using the services of Coastland Engineering, then
43 identified the areas of benefit and prepared a methodology to proportion benefit
44 amongst all potentially benefiting parcels.

45
46 A Statement of Methodology to spread the benefit is included as Attachment 1. A draft
47 copy of the text Reimbursement Agreement is included as Attachment 2. The Area of
48 Benefit maps for drainage, sewer and water, are included as Attachment 3. And the
49 Spread of Benefit tables for drainage, sewer and water are included as Attachment 4.

50
51 A special Council Study Session was held on January 24, 2012, to discuss the
52 proposed Reimbursement Agreement and receive public comment. Out of that study
53 session, several concerns were noted by the City Council. Those concerns are
54 summarized as follows:

- 55
56 a. Reimbursement payments should only be required for actual development
57 that intensifies the existing use. Payment should not be required when
58 discretionary land use entitlements are granted.
59

- 60 b. Should properties be allowed to reduce or eliminate the reimbursement
61 obligation for drainage? This question addresses the situation where a
62 development does not intensify drainage beyond pre-development conditions.
63
- 64 c. Can a fairer allocation of reimbursement costs for water improvements be
65 established? Only 4 properties are in the Water area of benefit. Some
66 having a significant reimbursement because of their potential development
67 yield at highest and best use. Yet the entire water reimbursement will be
68 triggered with the addition of one residence or residential addition. Look into
69 why the Silver Rose property was not included in the Water area of benefit.
70
- 71 d. Should the Calistoga Village Inn be included in the Sewer area of benefit?
72 This property was not included in the draft Sewer area of benefit, as staff
73 believed that there is currently no reasonable way to connect the property to
74 Solage-built sewer infrastructure. Additionally, there is a much more direct
75 route of sewer discharge onto the Lincoln Avenue sewer main.
76

77 In the time since the January 24th Council study session, staff has had discussions of
78 these issues with Solage ownership, but there has not yet been full agreement on how
79 the issues can be resolved within the agreement.
80

81 As this Public Hearing tonight had already been noticed, it would be a good opportunity
82 to take comments from the public and further comments from the City Council, in order
83 that refinements can be made to the reimbursement agreement prior to a continued
84 Public Hearing on March 6, 2012.
85

86 **ATTACHMENTS**

87

- 88 1. Statement of Methodology for Spread of Benefit
- 89 2. Frequently Asked Questions (revised on 2/1/12)
- 90 3. Area of Benefit Maps for Drainage, Sewer, and Water
- 91 4. Spread of Benefit Tables for Drainage, Sewer, and Water