

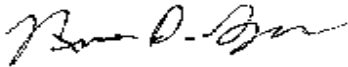
# City of Calistoga

## Staff Report

**TO:** Honorable Mayor and City Council  
**FROM:** Richard Spitler, City Manager  
**DATE:** June 18, 2013  
**SUBJECT:** Consideration of a Resolution authorizing the City Manager to enter into a Payment Plan Agreement for Connection Fees in the amount of \$24,865 between the City of Calistoga and Dan Farris.

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**APPROVAL FOR FORWARDING:**




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Richard D. Spitler, City Manager

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1 **ISSUE:** Consideration of a Resolution authorizing the City Manager to enter into a  
 2 Payment Plan Agreement for Connection Fees in the amount of \$24,865 between the  
 3 City of Calistoga and Dan Farris.

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 5 **RECOMMENDATION:** Adopt Resolution.

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 7 **BACKGROUND/DISCUSSION:** As a part of an economic incentive program the  
 8 previous City Manager allowed commercial property developers an opportunity to have  
 9 their water and wastewater connection fees financed by the City for 3 to 5 year terms. A  
 10 3.52% interest was charged. This was offered to 6 individuals between 2007 and 2009.  
 11 Of these, 3 were eventually consummated. The remaining offer that has not been  
 12 finalized pertains to property owned by Dan Farris on lower Washington Street. Action  
 13 on this offer was delayed due to change in administrative staff and the Recession. The  
 14 present City Manager has stopped this program due to the poor financial condition of  
 15 these enterprise funds. However, the offer to Mr. Farris is being honored and presented  
 16 before the City Council for approval this evening.

17  
 18 The Farris properties that were a part of the original loan proposal included the  
 19 following:

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 21 805 A/B Washington Street (grocery market)

22 Original water/wastewater estimated demand: Water: .037 AF; Wastewater: .033 AF;

23 Cost: \$3,790.73

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25 Existing credits on property: Water: .85 AF; Wastewater: .767 AF  
26 Existing use past 4 years: Water .28 AF; Wastewater: .25 AF  
27 This property does not need water and wastewater allocations and the owner does not  
28 need a loan as the property has ample credits.

29

30 713 A/B & 715 Washington Street (retail, office and residential)

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32 Original water/wastewater estimated demand: Water: .713 AF; Wastewater: .506 AF;  
33 Cost: \$58,565.32

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35 Existing credits on property: Water: 0 AF; Wastewater: 0 AF  
36 Existing use past 4 years: Water .204 AF; Wastewater: .184 AF  
37 Revised Cost: \$24,865

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39 Mr. Farris would like to enter into a 5 year payment agreement on the \$24,865 which  
40 requires 60 monthly payments of \$452.56 per month. This is at a 3.52% interest rate.  
41 The payments would start July 1, 2013 (see attached Loan Amortization Schedule).  
42 There is no prepayment penalty.

43

44 **FISCAL IMPACT:** The Water and Wastewater enterprise funds would have to await  
45 full payment of \$24,865 for 5 years. However, the 3.52% interest is a reasonable return  
46 so it is not a gift of public funds.

47

48 **ATTACHMENTS:**

49

- 50 1. Draft Resolution
- 51 2. Payment Plan Agreement for Connection Fees
- 52 3. March 18 and 19, 2009 letters to Dan Farris