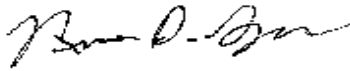


City of Calistoga

Staff Report

TO: Honorable Mayor and City Council
FROM: Richard Spitler, City Manager
DATE: August 4, 2015
SUBJECT: Consideration of Resolution to Amend the Agreement between County of Napa and City of Calistoga for Provision of Public Library Services in the City of Calistoga to Facilitate a Library Renovation

APPROVAL FOR FORWARDING:



Richard Spitler, City Manager

1 **ISSUE:** Consideration of Resolution to amend the agreement between County of
 2 Napa and City of Calistoga for Provision of Public Library Services in the City of
 3 Calistoga to facilitate a library renovation.

4
 5 **RECOMMENDATION:** Adopt Resolution.

6
 7 **BACKGROUND:** On April 22, 2003 the City of Calistoga entered into an
 8 agreement with the County of Napa for them to provide library services within the
 9 City Limits. This agreement sets forth the minimum number of hours per week
 10 that the library would be open based upon property tax revenue to the Library
 11 Fund (presently 33 hour per week). It also provided that any major renovation
 12 would need City approval.

13
 14 Napa County has been working on the plans for a major renovation of the
 15 Calistoga Library for the past 3 years. It has presented its plans to the public and
 16 before the City Council. On March 3, 2015 the City Council adopted Resolution
 17 No. 2015-028 indicating its approval of the proposed renovation. During this
 18 process the Library Director indicated her concern that the existing capital funds
 19 necessary to complete the project may not be enough.

20
 21 At present there is \$790,000 in the Library Fund designated for this project.
 22 However, a recent review of the proposed renovation plans by the architect has a

23 revised cost estimate of \$1.1 million. However, until bids are received the total
24 cost of the project is unknown. This gap in funding is of concern to the County.

25

26 They cannot go out to bid for this project until the funding is secured.

27

28 **DISCUSSION:** A solution to the funding gap has been developed and is
29 presented for City Council consideration through an amendment to the
30 agreement with Napa County.

31

32 The proposal is to keep the library hours of operation fixed at 33 per week. The
33 baseline cost of this is \$337,402 per year. This is paid by property taxes from the
34 City, the County and an area in the county within the local school district. It is
35 assumed that each year the property tax would increase due to higher valuations
36 of property. The proposal is that the difference between the base amount of
37 \$337,402 per year and the increment of tax increase would be used to pay back
38 the loan by the Library Fund to cover the gap in funding, to a maximum of
39 \$400,000. Any inflationary increase in operating the library (at 33 hours per
40 week) would be paid by the City. An estimate of this inflation (operations and
41 maintenance) is 3.5%, the historic average increase for this library. This is
42 around \$12,000 per year.

43

44 Once the renovation project loan is paid off, the increased tax revenue would be
45 diverted to a capital improvement fund for the Calistoga library until a balance of
46 \$250,000 is achieved. After this objective is met the total tax revenue would be
47 available to pay the entire operating cost of the library, including the possibly that
48 the hours of operation of the library may be increased.

49

50 The proposed agreement sets a limit of \$400,000 to the tax revenue that would
51 be diverted for the library renovation and \$250,000 for the capital improvement
52 fund, for a total of \$650,000.

53

54 **FISCAL IMPACT:** The proposed change would obligate the City of Calistoga to
55 pay the annual inflationary costs of operating the library 33 hours a week until
56 such time the capital costs necessary to complete the project (above that already
57 in the capital fund) is reimbursed to the Library Fund. In addition there is a goal to
58 have a \$250,000 reserve fund. Assuming a 3.5% inflationary factor, it could be
59 an annual cost to the City of \$12,000 per year. This inflationary amount would be
60 reviewed on an annual basis and is subject to change. It is estimated that it will
61 take at least 7 years for increased property tax revenue to pay back the loan for
62 the renovation and to secure a capital improvement reserve for this library.

63

64 **ATTACHMENTS:**

65

1. Draft Resolution to amend the agreement between Napa County and City
66 of Calistoga for provision of library services

67

2. Draft Amendment No. 1 to the Napa County Agreement No. 5089 with
68 Library Financial Plan

- 69 3. Napa County Agreement No. 5089
- 70 4. Existing and Proposed Floor Plan of Library
- 71 5. Resolution No. 2015-028

RESOLUTION 2015-XXX

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALISTOGA, COUNTY OF NAPA, STATE OF CALIFORNIA, AUTHORIZING THE CITY MANAGER TO EXECUTE AN AGREEMENT BETWEEN THE COUNTY OF NAPA AND CITY OF CALISTOGA FOR PROVISION OF PUBLIC LIBRARY SERVICES IN THE CITY OF CALISTOGA

Authorizing Agreement No. 0009-01

WHEREAS, the City has a long history of providing library services since the late 1880's; and

WHEREAS, in 1979, the City joined the Napa City-County Library system to provide for the operation of the Calistoga Library; and

WHEREAS, in 2003, the City and County entered into an agreement (City Agreement #0009, April 22, 2003; County Agreement No. 5087) to provide for the operations and funding of the Calistoga Library; and

WHEREAS, due to the need to have a capital replacement fund and to become a part of the Napa City-County Library funding system, the County of Napa has requested an amendment to the 2003 agreement; and

WHEREAS, the City Council has reviewed the proposed amendment at a public meeting held on August 4, 2015 and considered the concerns of all participants; and

WHEREAS, the City and County have developed an agreement to amend the 2003 agreement.

NOW THEREFORE BE IT RESOLVED that the City Council of the City of Calistoga hereby authorizes the City Manager to execute an agreement no. 1 (Exhibit A) between the County of Napa and City of Calistoga for provision of public library services in the City of Calistoga, upon approval as to form and content by the City Attorney and City Manager.

NOW THEREFORE BE IT FURTHER RESOLVED that the City Attorney and City Manager are directed and authorized to take all necessary actions to implement provisions of the agreement as soon as feasible.

PASSED, APPROVED, AND ADOPTED by the City Council of the City of Calistoga at a regular meeting held this 4th of August, 2015 following vote:

- AYES:
NOES:
ABSTAIN:
ABSENT:

CHRIS CANNING, Mayor

ATTEST:

KATHY FLAMSON, City Clerk