

# City of Calistoga

## Staff Report

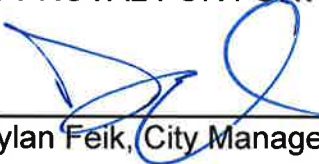
**TO:** Honorable Mayor and City Council  
**FROM:** Dylan Feik, City Manager  
**DATE:** April 5, 2016  
**SUBJECT:** Consideration of Resolution to Amend the Agreement between County of Napa and City of Calistoga for Provision of Public Library Services in the City of Calistoga to Facilitate a Library Renovation

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**APPROVAL FOR FORWARDING:**




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Dylan Feik, City Manager

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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.  
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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.  
 18

19 At present there is \$790,000 in the Library Fund designated for this project.  
 20 However, a recent review of the proposed renovation plans by the architect has a  
 21 revised cost estimate of \$1.1 million. However, until bids are received the total  
 22 cost of the project is unknown. This gap in funding is of concern to the County.  
 23

24 On August 4, 2015, staff and Council found a solution to the funding gap through  
25 an amendment to Agreement No. 5089 with Napa County. The amendment kept  
26 the library hours of operation fixed at 33 per week with a baseline cost of  
27 \$337,402 per year. This is paid by property taxes from the City, the County and  
28 an area in the county within the local school district. It is assumed that each year  
29 the property tax would increase due to higher valuations of property. The  
30 difference between the base amount of \$337,402 per year and the increment of  
31 tax increase will be used to pay back the loan by the Library Fund to cover the  
32 gap in funding, *to a maximum of \$400,000*. Any inflationary increase in operating  
33 the library (at 33 hours per week) would be paid by the City. An estimate of this  
34 inflation (operations and maintenance) is 3.5%, the historic average increase for  
35 this library. This is around \$12,000 per year.

36  
37 Once the renovation project loan is paid off, the increased tax revenue will be  
38 diverted to a capital improvement fund for the Calistoga library until a balance of  
39 \$250,000 is achieved. After this objective is met the total tax revenue would be  
40 available to pay the entire operating cost of the library, including the possibly that  
41 the hours of operation of the library may be increased.

42  
43 Due to unforeseen circumstances related to the renovation project as presented  
44 on March 15<sup>th</sup>, Napa County Library staff is requesting the City of Calistoga  
45 consider Amendment #2 to Agreement No. 5089. *This proposed amendment to*  
46 *the agreement sets a new maximum limit of up to \$500,000* to the tax revenue  
47 that would be diverted for the library renovation and \$250,000 for the capital  
48 improvement fund, *for a total of up to \$750,000*. After the project is completed,  
49 the exact amount will be identified for future repayment.

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

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61 **ATTACHMENTS:**

- 62 1. Draft Resolution
- 63 2. Draft Amendment No. 2

## RESOLUTION NO. 2016-XXX

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6 **RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALISTOGA, COUNTY OF**  
7 **NAPA, STATE OF CALIFORNIA, APPROVING THE PROPOSED AMENDMENT NO.**  
8 **2 TO THE AGREEMENT BETWEEN THE COUNTY OF NAPA AND CITY OF**  
9 **CALISTOGA FOR RENOVATION OF THE CALISTOGA LIBRARY BY NAPA**  
10 **COUNTY**  
11

12  
13 **WHEREAS**, the City has a long history of providing library services since the late  
14 1880's; and  
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16 **WHEREAS**, in 1979, the City joined the Napa County Library system to provide  
17 for the operation of the Calistoga Library; and  
18

19 **WHEREAS**, in 2003, the City and County entered into an agreement (City  
20 Agreement #0009, April 22, 2003; County Agreement No. 5089) to provide for the  
21 operations and funding of the Calistoga Library; and  
22

23 **WHEREAS**, on March 3, 2015, the City Council adopted Resolution No. 2015-  
24 028, indicating its approval of the proposed renovation; and  
25

26 **WHEREAS**, on August 11, 2015, the City and County entered into City  
27 agreement #0009 Amendment No. 1 to close the funding gap for the cost of the Library  
28 renovations; and  
29

30 **WHEREAS**, at the March 15, 2016 City Council meeting, an update of the  
31 Calistoga Library renovations was presented indicating a maximum funding gap of  
32 \$400,000 due to unanticipated change orders during the renovation; and  
33

34 **WHEREAS**, the Napa County Library staff is requesting the City of Calistoga  
35 consider Amendment #2 to City Agreement #0009 setting a new maximum limit of  
36 \$500,000 as opposed to the maximum of \$400,000, as stated in Amendment No 1.  
37

38 **NOW, THEREFORE BE IT RESOLVED** that the City Council of the City of  
39 Calistoga hereby approves Amendment No. 2 of City Agreement #5089, which sets a  
40 new maximum limit of up to \$500,000 to the tax revenue that would be diverted for the  
41 library renovation and \$250,000 for the capital improvement fund, for a total of up to  
42 \$750,000.  
43  
44

41 **PASSED, APPROVED, AND ADOPTED** by the City Council of the City of  
42 Calistoga at a regular meeting held this **5<sup>th</sup> of April, 2016** following vote:

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44 **AYES:**  
45 **NOES:**  
46 **ABSTAIN:**  
47 **ABSENT:**

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**ATTEST:**

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**CHRIS CANNING, Mayor**

\_\_\_\_\_  
**KATHY FLAMSON, City Clerk**

AGREEMENT BETWEEN NAPA COUNTY AND CITY OF CALISTOGA FOR PROVISION OF PUBLIC LIBRARY SERVICES IN THE CITY OF CALISTOGA

Napa County Agreement No. 5089  
City of Calistoga Agreement No. 9

AMENDMENT NO. 2

**THIS FIRST AMENDMENT TO NAPA COUNTY AGREEMENT No. 5089 and CALISTOGA AGREEMENT No. 9** is made and entered into as of this \_\_\_ day of \_\_\_ 2016, by and between Napa County, hereinafter referred to as "COUNTY", and the City of Calistoga, a municipal corporation, hereinafter referred to as "CITY."

RECITALS

**WHEREAS**, the NAPA COUNTY LIBRARY, hereinafter "LIBRARY" has a branch located at 1108 Myrtle, Calistoga, CA and that building owned by COUNTY is in need of repairs; and

**WHEREAS**, on April 22, 2003, COUNTY and CITY entered into COUNTY Agreement No. 5089 and CITY Agreement No. 9 regarding the provision of library services stating that revenue from property tax revenue described in the Agreement would be applied to Operations for the Calistoga branch; and

**WHEREAS**, COUNTY and CITY amended the Agreement to direct a portion of CITY's property tax money used for Operations pursuant to the above agreement for LIBRARY's remodel and renovation of the Calistoga Branch.

**WHEREAS**, COUNTY and CITY would like to further amend the Agreement to direct a greater portion of CITY's property tax money to address unexpected needed repairs that occurred during LIBRARY's remodel and renovation of the Calistoga Branch.

TERMS

**NOW, THEREFORE**, the parties amend the Agreement as follows:

- 1. A new Section 5.5 is hereby added to the Agreement and shall read in full as follows:
  - 5.5 Notwithstanding the requirements as set forth in Subsections 5.2 (d) provided in this Agreement, revenue generated within the Calistoga Unified School District outside the CITY limits and by the CITY and COUNTY in excess of \$654,600, the Napa County Board of Supervisors approved fiscal year budget for 2015-2016 shall be applied annually to the remodel and renovation of the CALISTOGA LIBRARY until the combined contribution to the project reaches the final construction cost requirements, not to exceed \$500,000, and the establishment of a Capital Improvement Reserve in the amount of \$250,000, for a total maximum contribution of \$750,000. The \$500,000 is in addition to the approximately \$790,000 set aside in the LIBRARY's Calistoga designation fund balance for the project. CITY may use its own funds for the difference between \$654,600 and the true cost of operations each year to maintain thirty three (33)

hours of LIBRARY Services for the Calistoga Branch. If property tax revenue is less than \$654,600 in any fiscal year the hours of LIBRARY Services for the Calistoga Branch will be decreased to twenty-eight (28) hours for the following fiscal year and any surplus operations funds will be contributed to the renovation and remodel. When revenues exceed the amount (up to \$500,000) necessary to fund the CALISTOGA LIBRARY remodel and renovation and the Calistoga's Capital Improvement Reserve has a balance of \$250,000, the requirements as set forth in Subsections 5.2 (d) shall apply.

2. This Amendment No. 2 shall be effective as of, 2016.
3. In all other respects the Agreement shall remain in full force and effect.

**IN WITNESS THEREOF**, the parties have executed this Second Amendment to Napa County Agreement No. 5089/City of Calistoga Agreement No. 9 as of the day and year first written above.

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| <p>COUNTY OF NAPA</p> <p>By: _____<br/> ALFREDO PEDROZA, Chair of the Board of Supervisors</p> | <p>ATTEST: GLADYS I. COIL</p> <p>By: _____<br/> Clerk of the Board</p>  |
|  | <p>Approved as to form:<br/> MINH TRAN, County Counsel</p> <p>By: _____<br/> SUSAN ALTMAN,<br/> Deputy County Counsel</p> |
|  | <p>Approved as to content:</p> <p>By: _____<br/> DANIS KREIMEIER, Library Director for the Napa County Library</p>        |
| <p>CITY OF CALISTOGA</p> <p>By: _____<br/> Chris Canning, Mayor of the City of Calistoga</p>   | <p>ATTEST: KATHY FLAMSON</p> <p>By: _____<br/> Calistoga City Clerk</p>   |
| <p>Approved as to content:</p> <p>By: _____<br/> Dylan Feik,<br/> Calistoga City Manager</p>   | <p>Approved as to form:</p> <p>By: _____<br/> MICHELLE KENYON,<br/> Calistoga City Attorney</p>                           |