

City of Calistoga Staff Report

TO: Honorable Mayor and City Council
FROM: Mike Kirn, Public Works Director
 Lynn Goldberg, Planning & Building Director
DATE: July 19, 2016
SUBJECT: **Periodic Report on Growth Management System and Water/
 Wastewater Availability**

APPROVAL FOR FORWARDING



 Dylan Feik, City Manager

1 **ISSUE:** Periodic report on Growth Management System Program allocations for the
 2 2015–2019 program cycle and update on available water supply and wastewater
 3 treatment capacity.

4 **RECOMMENDATIONS:**

- 5 1. Accept report.
 6 2. Consider increasing the number of available residential allocations during the
 7 2015-2019 growth management cycle by adding unused allocations from
 8 previous years.

9 **BACKGROUND:** Population growth and construction in Calistoga has historically
 10 occurred at rates much lower than elsewhere in the region. This is partially because
 11 limitations in the availability of water and wastewater treatment capacity restricted
 12 growth throughout the 1990s. The City's Resource Management System¹ (RMS), which
 13 limits the amount of water and sewer allocated each year, was instituted in 1990;
 14 wastewater treatment capacity was reached in 1995. The 1990 Calistoga General Plan
 15 allowed for a 3 percent growth rate. The 2003 General Plan revised the annual
 16 residential growth rate to 1.35 percent and the RMS was subsequently amended to
 17 reflect this rate, which has continued until today.

18 In 2005, the City Council established a Growth Management System to regulate the rate
 19 of development within the city limits (Calistoga Municipal Code Chapter 19.02). The
 20 System provides a program for allocating water supply and wastewater treatment
 21 capacity set by the RMS.

¹ CMC Chapter 13.16

22 An annual report to the City Council is required by the System to provide information on
 23 currently available water supply and wastewater capacity, and allocations available
 24 during the current five-year Growth Management System Program cycle (2015–2019).

25 Allocations

26 • Overview of Allocation Process

27 The Resource Management System stipulates on an annual basis the amount of water
 28 available for allocation through the City’s Growth Management System (i.e., 20 acre-
 29 feet). The Growth Management System establishes five-year cycles within which annual
 30 allocations are granted and measured. During a cycle, allocations awarded to new
 31 development cannot result in an annual population growth rate that would exceed
 32 1.35% (or 12 acre feet, whichever is more restrictive) or result in a non-residential water
 33 demand that would exceed an annual average of 8 acre feet.

34 Most new development projects require an “allocation” under Growth Management
 35 System program described above. Projects that are exempted from the allocation
 36 requirement include, but are not limited to, second dwelling units and development
 37 projects for which the City has entered into a development agreement.

38 It is important to note, however, that “exempted” projects are still subject to the
 39 population cap. Similarly, water and wastewater demand associated with exempted
 40 projects are not subject to annual allocation limitations of the Growth Management
 41 System program but are counted against the City’s total water and wastewater
 42 capacities under the RMS.

43 • Allowed Allocations for Current Five-Year Cycle

44 Residential and non-residential allocations allowed for the current cycle (2015–2019)
 45 are as follows:

46 Residential Allocations

| | | |
|----|---|------------------------|
| 47 | Population as of January 1, 2015 ² (A) | 5,050 persons |
| 48 | Allowable annual 1.35% population growth rate (A x 1.35%) | 68 persons/year |
| 49 | Years in cycle (B) | 5 years |
| 50 | Allowable population increase (A x B = C) | 340 persons |
| 51 | Average household size ² (D) | 2.55 persons/household |
| 52 | Residential allocations (C/D) | 133 units |

53 Non-Residential Allocations

| | | |
|----|--|---------------------|
| 54 | Annual available water supply ³ (E) | 20 acre feet |
| 55 | Percentage available for non-residential ⁴ (F) | 40% |
| 56 | Annual available water supply for non-residential uses (E x F = G) | 8 acre feet |
| 57 | Years in cycle | 5 |
| 58 | Non-residential allocations (G x 5) | 40 acre feet |

² California Dept. of Finance Demographic Research Unit, City/County Population and Housing Estimates, 1/1/2016
³ CMC 13.16.040.D
⁴ CMC 13.16.040.E

59 The City is in the second year of the current five-year program cycle. A summary of
 60 awarded and anticipated residential and non-residential allocations follows.

61 • Awarded Allocations - Residential

62 Residential allocations for 55 dwellings have been granted since the beginning of 2015
 63 (Calistoga Family Apartments plus 7 single-family units), with a related population of
 64 approximately 140 persons. No exemptions have been granted to date.

Residential Construction since 2015

| Address | Units | Issued | Population ¹ |
|----------------------|----------|--------|-------------------------|
| 1809 Michael | 1 | 2015 | 2.55 |
| 1706 Myrtle | 1 | 2015 | 2.55 |
| 957 Petrified Forest | 1 | 2015 | 2.55 |
| 1749 Emerald | 1 | 2015 | 2.55 |
| Totals | 4 | | 10.20 |

¹ Based on 2015 DOF average household size estimate

65 • Awarded Allocations – Non-Residential

66 For non-residential development, no allocations have been granted to projects since the
 67 beginning of 2015. Therefore, the amount of water available for allocation over the
 68 remainder of the cycle is 40 acre-feet.

69 • Assessment of Available Water and Wastewater

70 The Public Works Department has prepared assessments of available water supply and
 71 wastewater treatment capacity (Attachments 1 and 2).

72 Total available water supply ranges from 278.4 to 469.0 afy, based on a firm water yield
 73 supply of 90% reliability, which is a methodology accepted by the State Department of
 74 Water Resources. In addition, drought conditions and actual allocations over the last
 75 five years from the State Water Project delivered through the North Bay Aqueduct were
 76 factored in.

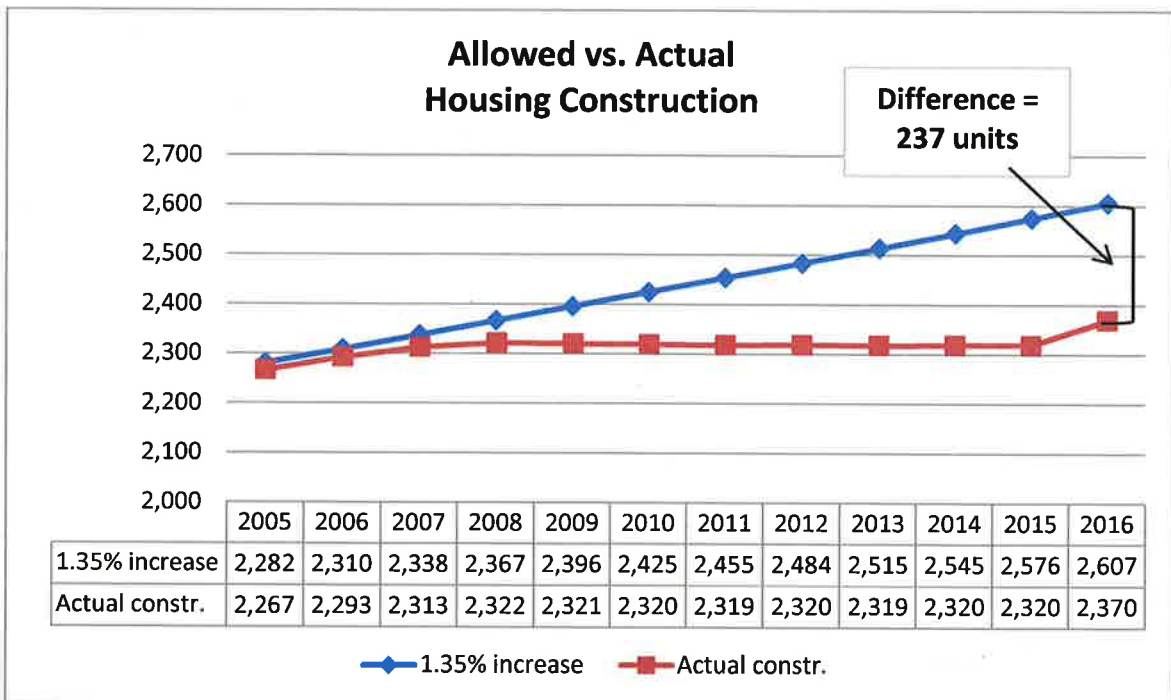
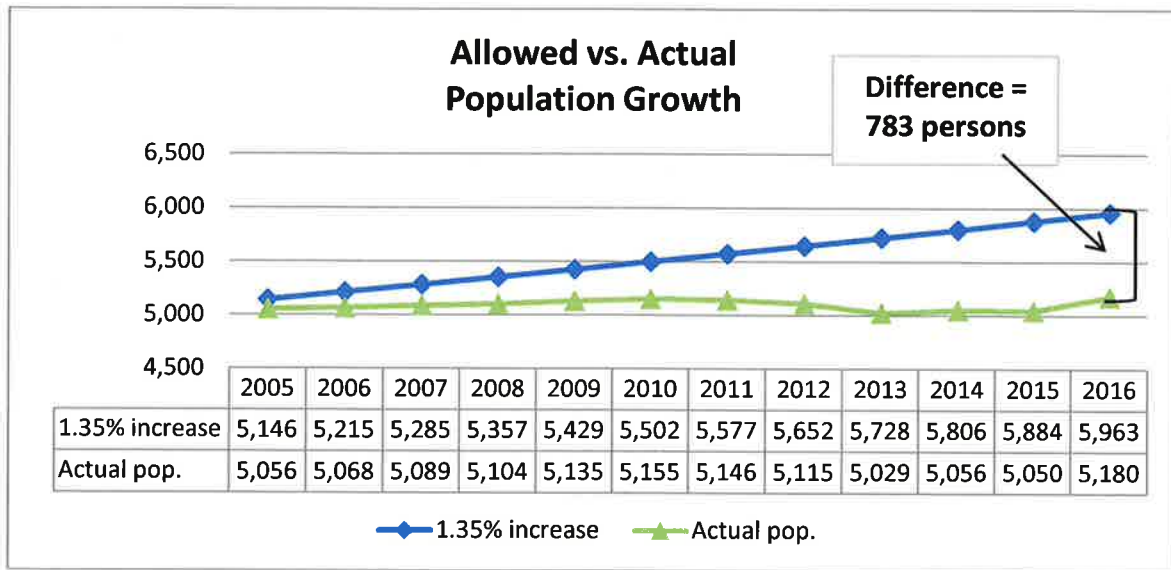
77 Total available wastewater capacity is estimated at 164.4 acre-feet. The estimate takes
 78 into account approved projects, paid allocations, standby accounts (customers with
 79 meters but no usage) and obligations toward the two bottling operations that are
 80 currently not using their entire baselines.

81 **DISCUSSION:** The 1.35 percent residential growth rate was apparently selected during
 82 the 2003 General Plan update primarily because it would allow the number of dwelling
 83 units that were needed to meet Calistoga’s 1999-2006 Regional Fair Share allocation,
 84 as determined by the Association of Bay Area Governments.

85 The purchase of additional water supply from Kern County and the expansion of the
 86 wastewater treatment system since 1990 mean that the limitations that created a need
 87 for the original Resource Management System are largely no longer in effect.

88 • Residential growth since 2005

89 Actual population growth since enactment of the Growth Management System has
 90 significantly lagged the maximum allowed, due in part to the economic downturn that
 91 began in 2007. The City's current population could actually be 783 persons higher and
 92 have an additional 237 homes under the allowed growth rate.



- 93 • Remaining allocations

94 Based on the four residential allocations granted since the beginning of 2015, another
95 132 units could receive allocations through 2019, the end of the current five-year cycle.

96 Currently-anticipated residential construction is shown below.

Anticipated Residential Construction through 2019

| Address | Units | Population ¹ |
|-----------------|-----------|-------------------------|
| 1706 Foothill | 1 | 2.57 |
| 2095 Mora | 1 | 2.57 |
| 3000 West Money | 1 | 2.57 |
| 3001 West Money | 1 | 2.57 |
| 3004 West Money | 1 | 2.57 |
| 3005 West Money | 1 | 2.57 |
| 1801 Michael | 1 | 2.57 |
| 1805 Michael | 1 | 2.57 |
| 611 Washington | 30 | 77.00 |
| Four Seasons | 20 | 51.40 |
| Totals | 58 | 148.96 |

¹ Based on 2016 DOF average household size estimate

97 If the anticipated residential construction noted above occurs, only 74 additional units
98 could receive an allocation through 2019. This represents a considerable constraint on
99 the city's ability to promote housing development and work towards a jobs-housing
100 balance, consistent with the City Council's objective of expanding housing opportunities,
101 including workforce housing.

102 Providing housing within the city limits allows current residents to move to more
103 desirable housing, minimizes traffic associated with employees commuting to local jobs
104 and increases support for local-serving businesses. Furthermore, housing growth within
105 Napa County is limited to its cities, as it is not permitted in the unincorporated
106 agricultural areas.

107 Staff has experienced a noticeable increase in inquiries from housing developers. Aside
108 from water and wastewater connection fees, the potential limitations posed by the
109 Growth Management System have been identified as the greatest constraint on the
110 feasibility of housing development. The uncertainty of whether an allocation will be
111 awarded for a particular project negatively affects the ability of a developer to obtain
112 financing. Additionally, it is generally infeasible to phase multi-family projects (if
113 allocations over multiple years are required), which is the type of housing most likely to
114 be affordable to the general workforce.

- 115 • Potential modifications to the residential growth rate

116 The Growth Management System allows the City Council, by resolution, to increase the
117 number of by drawing from unused allocations in previous five-year cycles, provided
118 that the combined allocations do not result in a population growth rate of more than 1.35
119 percent⁵.

120 Adding the 237 allocations that have not been used since 2005 to the 74 available
121 through the remainder of the current cycle would allow for approximately 300 units – an
122 amount that could readily accommodate numerous workforce housing projects.

123 Therefore, staff recommends that the Council consider directing the preparation of a
124 resolution that would increase the number of available residential allocations during the
125 2015-2019 growth management cycle.

ATTACHMENTS

1. Estimated Water Availability
2. Estimated Wastewater Treatment Capacity
3. Potential Water Usage and Wastewater Generation

⁵ CMC 19.02.060 (F)