


City of Calistoga

Staff Report

4

TO Honorable Mayor and City Council
FROM Lynn Goldberg, Planning and Building Director
DATE March 20, 2018
SUBJECT Annual Review of Silver Rose Development Agreement

APPROVAL FOR FORWARDING



Dylan Feik, City Manager

1 **ISSUE:** Consideration of an annual report on the status of the Silver Rose Development
2 Agreement

3 **RECOMMENDATION:** Approve the attached resolution finding that the developer is in
4 good faith compliance with the terms and conditions of the development agreement.

5 **BACKGROUND:** The City of Calistoga entered into a development agreement
6 (Agreement) with Silver Rose Venture, LP (Developer), on June 14, 2012 (effective date
7 of Ordinance No. 682). The Agreement provided the Developer with certain assurances
8 that they could proceed with the Silver Rose Resort Project that includes a resort hotel
9 with 85 guestrooms, 20 single-family homes, a spa, a restaurant, a winery, recreational
10 amenities and support facilities. The project is required to make certain public
11 improvements, such as to Silverado Trail and Rosedale Road, and pay development
12 impact fees, among other obligations.

13 The initial term of the Agreement is five years, with the possibility of term extensions.
14 The City Manager approved one-year term extensions on April 11, 2017 and March 2,
15 2018 to accommodate the project's construction. The Developer anticipates that no
16 additional term extensions will be necessary.

17 The Agreement requires the City to annually review the Developer's good faith
18 compliance with the Agreement and that the Developer work with City in good faith in
19 connection with any such review.

20 **DISCUSSION:** As required in the Agreement and by Government Code Section
21 65865.1, the City Council must determine whether the Developer has, in good faith,
22 substantially complied with the terms of the Agreement up to and including the date of
23 the review. Based on the information provided with the Annual Compliance Evaluation
24 Form, this finding can be made.

25 The Developer has completed an Annual Compliance Evaluation Form that provides
26 evidence of its good faith compliance with its obligations under the Agreement
27 (Attachment 2). Between April 1, 2017 and April 1, 2018, the Developer undertook the
28 following project activities:

- 29 • Completed major site grading and utilities
- 30 • Obtained building permits for the construction of the lodge complex, guest villas,
31 pool buildings and residences
- 32 • Substantially completed the hotel core and winery core concrete work
- 33 • Framed, roofed and dried-in 4 of the 20 residences; and framed and roofed 6 of
34 the 18 villa buildings
- 35 • Paid development impact, school impact, and Solage sewer and water
36 reimbursement fees totaling more than \$4 million

37 The Developer is targeting the first quarter of 2019 for substantial completion of the
38 project, and a second quarter grand opening. Hiring of the hotel staff has begun.
39 Fourteen of the 20 residences are under binding contract.

40 Additional activities are detailed in the Addendum to the Evaluation Form.

41 **ENVIRONMENTAL REVIEW:** The annual review of the Agreement is not subject to the
42 California Environmental Quality Act (CEQA) under CEQA Guidelines Section
43 15061(b)(3) because it can be seen with certainty that there is no possibility it could
44 have a significant effect on the environment.

45 **ALTERNATIVES TO RECOMMENDATION:** Pursuant to Government Code Section
46 65865.1, "If, as a result of such periodic review, the local agency finds and determines,
47 on the basis of substantial evidence, that the applicant or successor in interest thereto
48 has not complied in good faith with the terms or conditions of the agreement, the local
49 agency may terminate or modify the Agreement." There is no evidence that this has
50 occurred.

ATTACHMENTS

1. Draft resolution
2. Annual Compliance Evaluation Form and Addendum for Silver Rose Venture, LP
Development Agreement

RESOLUTION NO. 2018-XXX

1 **RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALISTOGA FINDING**
2 **THAT THE DEVELOPER OF THE SILVER ROSE RESORT PROJECT IS IN GOOD**
3 **FAITH COMPLIANCE WITH THE TERMS AND CONDITIONS OF THE PROJECT'S**
4 **DEVELOPMENT AGREEMENT**

5
6 **WHEREAS**, on June 14, 2012, the City of Calistoga (City) entered into a
7 Development Agreement (Agreement) with Silver Rose Venture, LP (Developer)
8 through its approval of Ordinance No. 682; and

9 **WHEREAS**, the Agreement provided the Developer with certain assurances that
10 they could proceed with a development project known as the Silver Rose Resort on
11 property located on Silverado Trail involving a resort hotel, spa, restaurant, winery and
12 single-family residences; and

13 **WHEREAS**, the term of the Agreement is for a period of five years and the City
14 Manager has extended that term to June 14, 2019, as allowed by the terms of the
15 Agreement; and

16 **WHEREAS**, as required by Government Code Section 65865.1 and by the
17 Agreement, the City shall annually determine whether the Developer has, in good faith,
18 substantially complied with the terms of the Agreement up to and including the date of
19 the review; and

20 **WHEREAS**, at its meeting of March 20, 2018, the City Council considered the
21 Annual Compliance Evaluation Form and Addendum submitted by the Developer that
22 provides evidence of its good faith compliance with its obligations under the Agreement
23 and other information provided by staff; and

24 **WHEREAS**, the Developer and members of the public were provided an
25 opportunity to be heard regarding the Agreement's status before the City Council
26 conducted its review.

27 **NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of
28 Calistoga hereby finds that:

- 29 1. The Developer is in good faith substantial compliance with the terms and
30 conditions of the Development Agreement between the City of Calistoga and
31 Silver Rose Venture, LP for the Silver Rose Resort project.
- 32 2. This review satisfies the annual review of development agreement
33 requirements as provided in Government Code §65865.1.

35 **PASSED, APPROVED, AND ADOPTED** by the City Council of the City of
36 Calistoga at its meeting held the **20th day of March, 2018** by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

CHRIS CANNING, Mayor

ATTEST:

KATHY FLAMSON, City Clerk