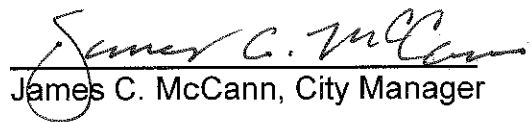


City of Calistoga

Staff Report

TO: Honorable Mayor and City Council
FROM: Dan Takasugi, Public Works Director/City Engineer
DATE: June 2, 2009
SUBJECT: Consideration of a Resolution Approving Amendment No. 6 to the Funding Agreement with the Napa County Flood Protection and Watershed Improvement Authority Requesting Additional Funds

APPROVAL FOR FORWARDING:


James C. McCann, City Manager

1
2 **ISSUE:**
3

4 Consideration of a Resolution approving Amendment No. 6 to the funding agreement
5 with the Napa County Flood Protection and Watershed Improvement Authority
6 (NCFPWIA Agreement No. 19; Calistoga Agreement No. 0042).
7

8 **RECOMMENDATION:**
9

10 Adopt Resolution.
11

12 **BACKGROUND/DISCUSSION:**
13

14 Measure A was passed by Napa County voters on March 3, 1998, establishing a half-
15 cent sales tax to fund the local share of projects in Napa County. The Measure A
16 ordinance is also known as the "Napa County Flood Protection Sales Tax Ordinance".
17 The term of this sales tax extends for a maximum of 20-years. All the Napa County
18 governments involved in Measure A signed a Joint Powers Agreement to spell out
19 structure and responsibilities for the use of Measure A funding.
20

21 Aside from the County's Napa River Flood Protection Project, the Measure A enabling
22 ordinance states that for the rest of the County, projects should be designed to protect
23 against flooding, improve water quality, preserve the integrity of groundwater resources,
24 and/or stabilize the water supply reliability for the existing Napa County population.

25 None of the projects are intended or designed to expand water capacity for growth and
26 new development.

27
28 The enabling ordinance of Measure A identifies eligible projects in Calistoga as follows:
29 Stabilization and enhancement of Kimball Reservoir which shall be for the purpose of
30 flood protection and water supply reliability; and Flood protection and drainage
31 improvements in the Grant Street area and other critical areas to protect residents and
32 businesses from flooding. In engineering studies, staff has determined that dredging
33 Kimball Reservoir would not yield much benefit in terms of additional water storage and
34 would face significant environmental challenges.

35
36 On November 18, 2003, the City of Calistoga entered into an agreement with the Napa
37 County Flood Protection and Watershed Improvement Authority (NCFPWIA) to provide
38 Measure A funds to pay for the engineering expenses of the Kimball Reservoir
39 Maintenance Dredging Program. On April 19, 2005, the Council approved an
40 amendment to that agreement in the amount of \$85,408 and an additional amendment
41 on October 4, 2005 to fund the storm drain improvements that were included in the
42 Grant Street Reconstruction Project. On July 5, 2006, the Council approved
43 Amendment No. 4 to extend the agreement to June 30, 2008. The Grant Street
44 Reconstruction Project has been completed and reimbursements have been received.
45 The Kimball Maintenance Dredging Program engineering study has been partially
46 completed and all costs expended to date have been reimbursed by Measure A. On
47 June 17, 2008, Council approved Amendment No. 5 to the agreement that extended the
48 agreement for two years and requested additional funds in the amount of \$16,000 to
49 replace a culvert that has collapsed at Fischer Street and Lake Street. The culvert has
50 been replaced, and reimbursement of costs has been requested from the County.

51
52 The City's projected balance of Measure A funds at the end of FY08/09 is approximately
53 \$3 million dollars, after the expenditure of funds in the 5 amendments noted above.
54 Measure A sales tax revenues will cease in FY17/18. During the entire 20-year term of
55 Measure A revenues, Calistoga's share is expected to be approximately \$11 million, but
56 could vary up or down, depending upon continuously changing sales tax and interest
57 rate assumptions.

58
59 There are 2 major utility project initiatives that would greatly benefit from Measure A
60 funding and help to mitigate future water utility rate increases. They are the Kimball
61 Water Facility Improvement Project and the Mt. Washington Water Storage Tank
62 Project. Both projects are required to ensure compliance with a California Department
63 of Public Health (CDPH) Compliance Order #02-03-96CO-003. Future Measure A
64 eligible projects include maintenance dredging at Kimball Reservoir, drainage
65 improvements on Grant St. in accordance with the adopted Northwest Drainage Study,

66 other general community drainage improvements throughout the City, other water
67 supply reliability improvements at Kimball Reservoir, and potentially some
68 reimbursement to Solage for Northeast drainage improvements that provided excess
69 drainage capacity improvements beyond the requirements of their own development.

70
71 The Kimball Water Facilities Improvement Project was constructed in two phases.
72 Phase I included the 3-mile pipeline replacement from the Kimball treatment plant down
73 to Grant St. Phase II included water supply reliability improvements at the Kimball
74 Water Treatment Plant. This work is essentially complete and was funded by a \$2.5
75 million low interest loan and a \$1.0 million grant from the U. S. Department of
76 Agriculture (USDA). The Mt. Washington Water Storage Tank, needed for City water
77 supply reliability, is nearly ready for bid, while staff is exploring many funding options
78 including a USDA low-interest loan and Measure A funding. Unfortunately, staff learned
79 in early May that the City did not compete successfully in our request for \$6 million of
80 economic stimulus SRF drinking water funding.

81
82 On April 7, 2009, staff provided a discussion issue to Council on the proposed use of
83 Measure A funding for City capital projects, which included \$3,161,700 in USDA debt
84 service payments for the Kimball Water Facility Improvement project and \$2.7 million for the Mt.
85 Washington Water Storage Tank. Council direction from that issue was supportive of staff
86 pursuing the use of Measure A funding for City water capital projects.

87
88 Subsequent to that Council discussion, staff sent a letter of application to the County on
89 April 24, 2009 requesting Measure A funding for the two City capital projects. The letter
90 of application resulted in the preparation of the draft Measure A Amendment No. 6 as
91 attached. Staff anticipates that the County Board will consider this Amendment at their
92 second meeting in June. The attached resolution would approve the Amendment No. 6
93 and authorize the City manager to execute it contingent approval by the NCFPWIA.

94
95 **FISCAL IMPACT:**

96
97 Applying the City's Measure A funding toward the noted projects for water supply
98 reliability, will have the positive effect of tempering the degree of water rate increase in
99 the upcoming utility rate setting process. Approximately \$4 million of water enterprise
100 fund interest payments over the 40-year term of USDA financing could be saved with
101 this proposed use of Measure A funds for water supply reliability improvements.

102
103 **ATTACHMENTS**

- 104
105 1. Resolution
106 2. Draft Amendment No. 6

RESOLUTION NO. 2009-

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALISTOGA,
COUNTY OF NAPA, STATE OF CALIFORNIA,
APPROVING AMENDMENT NO. 6 TO THE FUNDING AGREEMENT WITH NAPA
COUNTY FLOOD PROTECTION AND WATERSHED IMPROVEMENT AUTHORITY
REQUESTING ADDITIONAL FUNDS

1 **WHEREAS**, the City of Calistoga entered into an agreement with the Napa County
2 flood Protection and Watershed Improvement Authority (NCFPWIA Agreement No. 19;
3 Calistoga Agreement No. 0042) on November 18, 2003 pursuant to which the NCFPWIA will
4 allocate to the City of Calistoga a portion of the funds available in the City sub-account; and

5 **WHEREAS**, Amendment No. 1 to said agreement was approved on June 15, 2004;
6 and

7 **WHEREAS**, Amendment No. 2 to said agreement was approved on April 19, 2005;
8 and

9 **WHEREAS**, Amendment No. 3 to said agreement was approved on October 4, 2005;
0 and

1 **WHEREAS**, Amendment No. 4 to said agreement was approved on July 5, 2006; and

2 **WHEREAS**, Amendment No. 5 to said agreement was approved on June 17, 2008;
3 and

4 **WHEREAS**, NCFPWIA and the City of Calistoga desire to amend said agreement
5 requesting additional funds in the amount of \$3,161,700 in USDA debt service payments for
6 the Kimball Water Facility Improvement project and \$2.7 million for the Mt. Washington Water
7 Storage Tank.

8 **NOW, THEREFORE BE IT RESOLVED** that the City of Calistoga hereby approves
9 Amendment No. 6 to the funding agreement (attached) with NCFPWIA requesting additional
0 funds in the amount of \$3,161,700 in USDA debt service payments for the Kimball Water
1 Facility Improvement project and \$2.7 million for the Mt. Washington Water Storage Tank.

2 **BE IT FURTHER RESOLVED** that the City Manager is hereby authorized to execute
3 said amendment contingent upon approval by the City Attorney and NCFPWIA.

4 **PASSED, APPROVED, AND ADOPTED** by the City Council of the City of Calistoga at
5 a regular meeting held this 2nd day of June, 2009, by the following vote:
6
7

8 **AYES:**

9 **NOES:**

0 **ABSTAIN/ABSENT:**

1
2
3 _____
4 **JACK GINGLES, Mayor**

5 **ATTEST:**

6
7 _____
8 **SUSAN SNEDDON, City Clerk**

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AMENDMENT NO. 6 OF
NAPA COUNTY FLOOD PROTECTION AND WATERSHED
IMPROVEMENT AUTHORITY AGREEMENT NO. 19
and
CITY OF CALISTOGA AGREEMENT NO. 0042
MEASURE A FUNDING AGREEMENT

THIS AMENDMENT NO. 6 OF NAPA COUNTY FLOOD PROTECTION AND WATERSHED IMPROVEMENT AUTHORITY AGREEMENT NO. 19 and CITY OF CALISTOGA AGREEMENT NO. 0042 (“Agreement”) is made and entered into as of this 23rd day of June, 2009, by and between the NAPA COUNTY FLOOD PROTECTION AND WATERSHED IMPROVEMENT AUTHORITY, a public authority established pursuant to section 7285.5 of the Revenue and Taxation Code (“NCFPWIA”) and the CITY OF CALISTOGA (“CITY”);

RECITALS

WHEREAS, on or about November 18, 2003, NCFPWIA and CITY entered into the Agreement for funding by NCFPWIA to CITY of proceeds from the Flood Protection Sales Tax, a voter-approved special tax authorized by Measure A, for the purpose of funding the Kimball Reservoir Treatment Plant Maintenance Dredging Project; and

WHEREAS, on or about July 13, 2004, NCFPWIA and CITY amended the Agreement to extend the term of the Agreement (“Amendment No. 1”); and

WHEREAS, on or about April 19, 2005, NCFPWIA and CITY amended the Agreement to extend the term of the Agreement and add \$85,408 in Measure A funding for the purpose of funding the Grant Street Drainage Improvements (“Amendment No. 2”); and

WHEREAS, on or about October 4, 2005, NCFPWIA and CITY amended the Agreement to add \$34,315 in additional Measure A funding for the Grant Street Drainage Improvements, for a new maximum amount of Measure A funding of CITY's projects in the amount of \$304,723 (“Amendment No. 3”); and

WHEREAS, on or about July 5, 2006, NCFPWIA and CITY amended the Agreement to extend the term of the Agreement (“Amendment No. 4”); and

WHEREAS, on June 24th, 2008, NCFPWIA and CITY amended the Agreement to extend the term and to add \$16,000 in additional Measure A funding for culvert repair at Fischer and Lake Streets for a new maximum amount of Measure A funding in the amount of \$320,723 (“Amendment No. 5”); and

WHEREAS, NCFPWIA and CITY now desire to amend the Agreement further extending the term through FY 2017/2018 to provide Measure A funds for a USDA loan debt service payment for Phase I and II of the Kimball Reservoir Water Treatment Plant reliability improvements and also a one time cost-share payment for construction of a water storage tank which shall be used to store water

49 from Kimball Reservoir and other sources and enhance water supply reliability from Kimball
50 Reservoir;

51
52 **TERMS**

53
54 **NOW, THEREFORE,** NCFPWIA and CITY hereby amend the Agreement as follows:

55
56 1. Sections 1 and 2 of the Agreement are hereby amended to read in full as follows:

57
58 **1. Term of the Agreement.** The term of this Agreement shall commence on
59 November 18, 2003, and shall expire on June 30, 2018, except that the obligations of
60 CITY to NCFPWIA under Sections 7 (Insurance) and 15 (Mutual Indemnification) shall
61 continue in full force and effect after said expiration date as to the liability for acts and
62 omissions occurring during the term of this Agreement. In addition, the obligations of
63 CITY to NCFPWIA under Section 5 (Reporting) and Section 6 (Records and Monitoring)
64 shall also survive said expiration date.

65
66
67 **2. Funding.** NCFPWIA hereby agrees to transfer to City the amounts of Measure A
68 funds corresponding to the Project Costs for each of the Projects described in Exhibit A-
69 2, attached and incorporated into the Agreement by such reference, replacing in full the
70 previous exhibits denoted as Exhibits A through A-1. The total amount of such
71 disbursements for all of the described Projects shall not exceed a maximum of Six
72 Million One Hundred Eighty Two Thousand Four Hundred Twenty Three Dollars
73 (\$6,182,423). The amounts of the Project Costs shall be disbursed for the Fiscal Years
74 noted in Exhibit A-2 in accordance with Section 3 (Disbursal of Funds) of the
75 Agreement, as reimbursement for expenditures City has made or is legally committed to
76 make in connection with the described Projects. On and after the effective date of
77 Amendment No. 6, all references in the Agreement to "Exhibit A" shall mean Exhibit A-
78 2

79
80 2. This Amendment No. 6 shall be effective as of the date first above written.

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82 3. Except as provided in (1) and (2), above, the terms and provisions of the Agreement
83 shall remain in full force and effect as last amended.

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IN WITNESS WHEREOF, the duly authorized representatives of the parties to this Agreement have executed this Amendment No. 6 as of the date first above written.

NAPA COUNTY FLOOD PROTECTION AND
WATERSHED IMPROVEMENT AUTHORITY

By _____
MARK LUCE, Chair of the
NCFPWIA

"NCFPWIA"

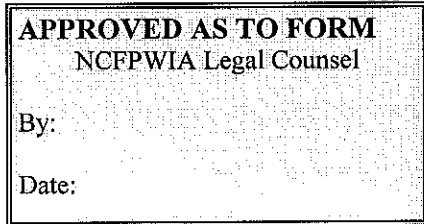
ATTEST: GLADYS I. COIL,
Secretary of the NCFPWIA

By: _____

APPROVED BY THE GOVERNING
BOARD OF THE NCFPWIA

Date: _____
Processed By:

Deputy Clerk



CITY OF CALISTOGA

By _____
JAMES C. MCCANN, City Manager

"CITY"

ATTEST: SU SNEDDON,
Calistoga City Clerk

By _____

APPROVED AS TO FORM:
Calistoga City Attorney

By _____

EXHIBIT A-2

Projects

Project #1 - Stabilization and Enhancement of Kimball Reservoir

This Project is for the purpose of flood protection and water supply reliability.

The Kimball Canyon Dam was constructed for flood control and to provide a water supply for the community of Calistoga. The original storage capacity was estimated to be 409 acre-feet. Since its construction, Kimball Reservoir has accumulated sediment and debris, especially during periods of high runoff. Reservoir soundings taken in 1991 indicated sedimentation had reduced the reservoir capacity to about 312 acre-feet. This sedimentation accumulation has reached a level that is affecting the operation of the intake facilities for the water treatment plant and degrading water quality.

Measure A funds will be utilized to hire a contractor to complete CEQA documents, secure permits, secure grant funding applications and deliver a bid package including plans, specifications and estimates to complete the dredging of Kimball Reservoir by the end of Fiscal year 2005-2006. The Measure A funding for this Project granted under this Agreement is **\$185,000.00**.

Project #2 - Flood Protection and Drainage Improvements in the Grant Street Area

The purpose of this Project is to protect residents from flooding.

The primary route for students walking and bicycling to Calistoga Junior-Senior High School and Palisades High School is along Grant Street from Stevenson Street to Lake Street. Currently, the drainage improvements in this area consist of an open swale that carries water to the drainage system. Installation of approximately 670' of 12" storm drain improvements will direct water to an underground piping system and will help prevent street flooding in this area.

The Measure A funding for this Project granted under this Agreement is **\$119,723.00**.

Project #3 - 24" Culvert Repair - Fischer Street at Lake Street

The purpose of this Project is to protect residents from flooding.

The culvert at Fischer Street and Lake Street is collapsing and slowing the flow of water through the drainage ditch. The project would repair/replace the 24" culvert therefore preventing the drainage ditch from overflowing.

The Measure A funding for this Project granted under this Agreement is **\$16,000**.

Project #4 – 1.5 Million Gallon Water Storage Tank

The purpose of this Project is in accordance with CDPH Compliance Order 02-03-96CO-003 and to provide enhanced water supply reliability. The 1.5 million gallon water storage tank shall be used to store water from Kimball Reservoir and other sources and enhance water supply reliability from Kimball Reservoir While the total cost of water storage tank construction exceeds \$6 million, the City will use Measure A funds to cover a one-time FY 2009/10 cost share.

The Measure A funding for this Project granted under this Agreement is **\$2,700,000**

Project #5 - Schedule of Debt Payments on \$2.5M USDA Loan for Phase I and II of the Kimball Water Facilities Improvement Project

FY 2008/09	\$ 125,600.00
FY 2009/10	\$ 379,850.00
FY 2010/11	\$ 368,993.75
FY 2011/12	\$ 359,093.75
FY 2012/13	\$ 348,106.25
FY 2013/14	\$ 337,075.00
FY 2014/15	\$ 326,000.00
FY 2015/16	\$ 315,881.25
FY 2016/17	\$ 304,675.00
FY 2017/18	\$ 296,425.00
Total Measure A funding under this Agreement	\$3,161,700.00