


# City of Calistoga

## Staff Report

**TO:** Honorable Mayor and City Council  
**FROM:** James C. McCann, City Manager   
**DATE:** July 7, 2009  
**SUBJECT:** Authorization of Reimbursement for a Water System Improvement  
in conjunction with the Solage Spa & Resort Project

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2 **ISSUE:** Consideration of a Resolution authorizing the establishment of a  
3 reimbursement agreement and payment for a water system improvement  
4 installed by the Solage Spa & Resort Project.

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6 **RECOMMENDATION:** Adopt Resolution.

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8 **BACKGROUND/DISCUSSION:** The Solage Spa & Resort Project was approved  
9 by the City in December of 2004 and opened to the public in July 2007. The  
10 developer agreed to a number of project conditions of approval requiring the  
11 installation and improvement of municipal infrastructure systems to  
12 accommodate the project's new demand and to enhance aging and deficient  
13 systems. The Development Agreement executed by the City Council recognizes  
14 these off-site infrastructure improvements and authorizes the establishment of a  
15 reimbursement agreement to permit some recouping of costs from future  
16 development which will benefit from these improvements made by Solage.  
17 Public Works Department staff have been working with the Solage developer to  
18 finalize the elements for a reimbursement agreement for these off-site  
19 improvements; it is expected that a reimbursement agreement will be presented  
20 to the City Council for consideration this summer.

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22 During the project construction, the Solage developer agreed to install an  
23 additional infrastructure element which had not been required through the project  
24 conditions of approval. This element, the 12 inch water distribution line along the  
25 project's Silverado Trail frontage is an element of our long planned water system  
26 and will tie into the City's new tank at Mt. Washington. The Solage developer  
27 installed this facility with a commitment from the City that these costs would be  
28 reimbursed. The water line has been installed, inspected and accepted by the  
29 City. The Public Works Department has concluded the evaluation of the  
30 reasonable costs for this installation and the City has concluded that the  
31 improvement has a reasonable reimbursement value of \$405,000. Now that the  
32 pipe is in place, the City's Mt. Washington Water Storage Tank Project will be

33 reduced in its scope and this portion of Silverado Trail will not be disturbed during  
34 the City's construction activities. The improvement clearly is a benefit to the City  
35 and would have otherwise been constructed in conjunction with our upcoming  
36 water tank project.

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38 Staff seeks authorization from the City Council to prepare a reimbursement  
39 agreement for this improvement and to reimburse Solage Spa & Resort for the  
40 reasonably determined costs (not to exceed \$405,000) for the improvement from  
41 the Water Enterprise Fund. It should be noted that these monies will come from  
42 the accumulated funds in the Enterprise as well as Water Tank construction  
43 financing monies.

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45 **FISCAL IMPACT:** The reimbursement costs will be provided from the Water  
46 Enterprise fund which has anticipated this cost of the Mt. Washington Water  
47 Storage Tank Project and has sufficient funds for this reimbursement.

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49 **ATTACHMENTS:**

50 1. Draft Resolution

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**RESOLUTION 2009-XX**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALISTOGA, COUNTY OF NAPA, STATE OF CALIFORNIA, AUTHORIZING THE CITY MANAGER TO DRAFT AND EXECUTE A REIMBURSEMENT AGREEMENT FOR THE DESIGN AND CONSTRUCTION OF A WATER LINE IN SILVERADO TRAIL**

**WHEREAS**, the developer of the Solage Spa and Resort has designed and installed a 12-inch water line in Silverado Trail in conjunction with the completion of the new development project; and

**WHEREAS**, the installation of the Silverado Trail water line was not a condition of project approval of the Solage Spa and Resort; and

**WHEREAS**, the City had anticipated constructing the Silverado Trail water line as a part of the Mt. Washington water storage tank project; and

**WHEREAS**, the developer of the Solage Spa and Resort desired to avoid the disruption which would be experienced by the construction activity associated with the installation of the water line when the City undertakes the Mt. Washington water storage tank project and designed and constructed the water line by their own resources with the understanding that reimbursement for the improvement would be available; and

**WHEREAS**, the developer of the Solage Spa and Resort project has completed the design and installation work related to the Silverado Trail water line and the Director of Public Works has found the improvements to be acceptable; and

**WHEREAS**, Public Works staff have determined the reasonable reimbursement cost for the water line improvement to be \$405,000.

**NOW, THEREFORE BE IT RESOLVED** that the City Council of the City of Calistoga hereby authorizes the City Manager to draft and, subject to the review and approval b the City Attorney, to execute a reimbursement agreement and to reimburse the developer of the Solage Spa and Resort for the reasonable costs of not more than \$405,000 for the 12-inch Silverado Trail water line.

**PASSED, APPROVED AND ADOPTED** by the City Council of the City of Calistoga at a regular meeting held this 7<sup>th</sup> day of July, 2009, by the following vote:

**AYES:**

**NOES:**

**ABSENT/ABSTAIN:**

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JACK GINGLES, Mayor

ATTEST: \_\_\_\_\_  
SU SNEDDON, City Clerk