

City of Calistoga

Staff Report

TO: Honorable Mayor and City Council
FROM: James M. Smith, Senior Civil Engineer
VIA: Dan Takasugi, Public Works Director/City Engineer
DATE: July 21, 2009
SUBJECT: Consideration of a Resolution Re-Approving Amendment No. 9 to the Water Supply Contract with the Napa County Flood Control and Water Conservation District Agreement No. 1926 to Participate in Funding Certain Costs Related to the North Bay Aqueduct Alternate Intake Project

APPROVAL FOR FORWARDING:


 James C. McCann, City Manager

1 **ISSUE:** Consideration of a Resolution re-approving Amendment No. 9 to the
 2 Water Supply Contract with the Napa County Flood Control and Water
 3 Conservation District (District) Agreement No. 1926 to participate in funding
 4 certain costs related to the North Bay Aqueduct (NBA) Alternate Intake project.
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6 **RECOMMENDATION:** Adopt the Resolution.
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8 **BACKGROUND:** On March 3, 2009, the City Council received a presentation
 9 from Felix Riesenbergr with the Napa County Flood Control and Water
 10 Conservation District regarding the North Bay Aqueduct Alternate Intake project.
 11 The City's participation in the project (as a very small percentage of the overall
 12 project cost) would help the long-term reliability of our State Water Project/North
 13 Bay Aqueduct water source.
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15 On March 17, 2009, the City Council approved Amendment No. 9 to District
 16 Agreement 1926 to cover the City's share of costs for the planning,
 17 environmental analysis, and conceptual design of the NBA Alternate Intake
 18 project. Please see the attached staff reports that were presented at the March
 19 3rd and March 17th City Council meetings for complete background information
 20 about this project. {Note that concurrent with these prior Council deliberations,

21 the Council also approved an Amendment No. 8 to District Agreement 1926,
22 which is related to a different project; Amendment No. 8 is 'settled' and is not
23 being re-considered at this time.}

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25 The reason that this Amendment No. 9 is being brought back to the Council for
26 re-consideration is that the financial conditions of the project are different than
27 what was presented in March. Specifically, there has been a delay in the
28 implementation and funding of the Proposition 84 grant that has been identified
29 and programmed for this project, which is recognized as highly beneficial and
30 thus a 'priority' project. As the Council may recall, Prop 84 funds are anticipated
31 to cover approximately one-half of the cost for this initial phase of the project.
32 The impact from the delay is that, instead of the Prop 84 funding being available
33 and spent during the first half of the project phase, the Prop 84 funds may only
34 be available during the second half of the phase. Thus, the City's expenditure
35 cash flow has been accelerated. The City's initial cost for the project, which at
36 \$93,331 is essentially the same as previously estimated, will now be fully payable
37 in FY09-10, instead of over the next three fiscal years. See 'Fiscal Impact' below
38 for more information.

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40 In March, when Calistoga first considered Amendment No. 9 for the Alternate
41 Intake project, we were the first of the State Water Project sub-contractor cities
42 within Napa County. Since that time, the cities of American Canyon and Napa
43 have each approved similar amendments with the District. Therefore, upon the
44 re-approval of the proposed Amendment No. 9 by Calistoga, all the participating
45 cities will have approved the project, and the District Board is scheduled to act on
46 the project on August 4, 2009.

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48 Lastly, please note that the Exhibit A referenced in the attached draft Resloution
49 is available for inspection at the City Clerk's office.

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51 **FISCAL IMPACT:** Calistoga's proportional share of costs for planning,
52 environmental analysis, and conceptual design for the NBA Alternate Intake
53 project are now estimated at \$93,331 for FY 09/10. This cost is for Calistoga's
54 proportional cost share on the basis and assumption that \$4.5 million of
55 Proposition 84 funds from the State are ultimately allocated to the project, and
56 that a proportional benefit from this outside funding will accrue to the benefit of
57 the City of Calistoga. However, given that the finances of the State of California
58 are quite stressed, it is worthy to note that the final allocation and delivery of the
59 Proposition 84 funds might not come to fruition and therefore not defray the
60 project costs. If that occurred, the City's cost share would approximately double,
61 and additional allocations of around \$46,000 would be required in each of FY
62 10/11 and FY11/12. This item would be brought back to the City Council for
63 further consideration if the Prop 84 funds do not materialize.

64 A portion of the funds for this special project were previously approved (though
65 unspent) in the Water Distribution account 02-4131-4402 for FY 08/09. The
66 increased funding now identified for this project will be included in the
67 forthcoming FY 09/10 budget request.

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69 **ATTACHMENTS:**

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71 1. Draft Resolution

72 2. Amendment No. 9

73 3. March 2009 Staff Reports

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