

# City of Calistoga

## Staff Report

**TO:** Honorable Mayor and City Council  
**FROM:** Ken MacNab, Senior Planner  
**VIA:** Charlene Gallina, Director of Planning & Building  
**DATE:** November 3, 2010  
**SUBJECT:** Mills Act Historic Property Preservation Agreement Request

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**APPROVAL FOR FORWARDING:**

  
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William C. Norton, Interim City Manager

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**ISSUE:** Consideration of a request by Bob Fiddaman and Susan Hoffman to enter into a Mills Act Historic Property Preservation Agreement for preservation of the historic Palmer House located at 1300 Cedar Street.

**RECOMMENDATION:** Adopt a Resolution (Attachment 1).

**BACKGROUND:** The Palmer house (also known in recent years as "The Elms" when it operated as a 7 unit bed & breakfast inn from about 1988 to 2007) has long been considered one of the finest examples of Victorian architecture in Napa County. As one of the few remaining examples in the area of French Second Empire design (and one of only two in Calistoga), the Palmer House was placed on the National Register of Historic Places in 1979.

The Palmer House also has local significance since it was built in 1871 by Judge A. C. Palmer, a former leading citizen of Calistoga. Judge Palmer was the first Justice of the Peace in the upper Napa Valley, and owned a lumber yard, stables, and an insurance business in Calistoga. He is mentioned frequently in newspaper accounts from the late 1800's, and is known to have conducted business with Sam Brannan. It is also believed he knew Robert Louis Stevenson, and that it is likely Stevenson dined at the Palmer house on occasion.

24 **PROJECT SUMMARY:** The subject property is bordered by the Napa River to the  
25 north, the downtown area to the east, Pioneer Park to the west and Cedar Street to the  
26 south. Development on the 18,000 square-foot property includes the historic Palmer  
27 house and a detached carriage house (formerly used as a “manager’s unit and two  
28 guest units when The Elms was in operation). The landscaping is relatively subdued  
29 with much of the east side and rear yard comprised of aging asphalt parking areas.  
30

31 Mr. Fiddaman and Ms. Hoffman purchased the Palmer house in mid-2009 with the idea  
32 of preserving this important building for future generations to enjoy. They consider  
33 themselves caretakers of an important piece of Calistoga history. As such, it is their  
34 intent to restore/renovate the Palmer house to its former status as a high quality  
35 residence. Although the house is in relatively good condition for its age, it has been  
36 neglected for the past several years and needs extensive repairs and maintenance.  
37

38 In pursuing the preservation of Palmer house, the owners have been guided by the  
39 advice of Juliana Inman, AIA, who has an extensive background in the preservation of  
40 historical buildings and is President of Napa County Landmarks. In addition, they have  
41 consulted other local experts, read extensively about preservation techniques, and have  
42 researched historical archives to learn as much about the Palmer house’s history as  
43 possible.  
44

45 Mr. Fiddaman and Ms. Hoffman have obtained sketches and photographs of the house  
46 from earlier times that provide information about its original appearance and various  
47 changes that have been made over the years. Sanborn maps have also provided a  
48 clue about additions that were made around the turn of the century. Several additions  
49 have been made in the last 139 years, including the bay windows in the living/dining  
50 rooms, a bay window extension in the kitchen, and a second story addition at the rear,  
51 most of which were completed prior to 1910. A more recent one-story addition at the  
52 rear was completed in 1995.  
53

54 From an appearance standpoint, evidence suggests that the house originally had  
55 shutters on the front elevation, and had wrought iron “cresting” at the roof. It is believed  
56 that the house has always been white, with dark trim at the windows and doors. In  
57 general, the house as it appears today resembles very closely what the house probably  
58 looked like in the early 1900’s.  
59

60 It is the overall intent to preserve the house (and its earliest “turn of the century”  
61 additions) in its original form to the greatest extent possible. While some nominal  
62 changes (almost all to the interior) will be made to the house to accomplish usability in

63 today's living context, these changes will only be to the rear part of the exterior of the  
64 building and affect only previous updates that have occurred in the last fifteen years.

65  
66 A restoration plan was presented to the Planning Commission on April 28, 2010 (DR  
67 2010-01). The Planning Commission approved the proposed renovation / restoration  
68 plans which included construction of a new perimeter foundation, re-roofing, porch  
69 repairs and a 72 square foot addition. The approved restoration work will be done in  
70 conformance with the Secretary of the Interior's Standards for Treatment of Historic  
71 Properties. Restoration plans are attached for review (Attachment 5). Table 1  
72 summarizes the improvements planned as part of the restoration effort.

73  
74 **TABLE 1 – PALMER HOUSE RESTORATION PLAN**

75  
76 2010 Completed

77  
78 Landscaping – Elm tree pruning/cabling spraying \$ 15,000  
79 Fireplace/chimney repairs \$ 19,000

80  
81 2010 In-Progress

82  
83 Foundation replacement \$ 35,000  
84 Kitchen/bath remodel \$125,000  
85 New roofing \$ 40,000  
86 New porches \$ 15,000  
87 Window restoration \$ 12,000  
88 Miscellaneous repairs \$ 10,000  
89 Design and engineering \$ 15,000  
90 Permits and fees \$ 6,000

91  
92 **SUB-TOTAL: \$292,000**

93  
94 2011 Planned

95  
96 River bank restoration \$ 40,000  
97 Landscaping, rear \$ 25,000  
98 Garage remodel \$ 60,000  
99 Interior décor (carpet, drapes) \$ 20,000  
100 Exterior painting \$ 30,000

|     |  |                             |
|-----|--|-----------------------------|
| 103 | <u>2011 Planned (cont.)</u>                        |                             |
| 104 |  |                             |
| 105 | Interior painting                                  | \$ 15,000                   |
| 106 | Miscellaneous repairs                              | \$ 10,000                   |
| 107 | Permits and fees                                   | \$ 1,000                    |
| 108 |  |                             |
| 109 |  | <b>SUB-TOTAL: \$201,000</b> |
| 110 |  |                             |
| 111 | <u>Estimated Annual Expenditures (2012 – 2020)</u> |                             |
| 112 |  |                             |
| 113 | On-going restoration, maintenance or repair        | \$ 7,500                    |
| 114 |  |                             |
| 115 |  | <b>SUB-TOTAL: \$ 60,000</b> |
| 116 |  |                             |
| 117 | <b>TOTAL RESTORATION COSTS:</b>                    | <b>\$553,000</b>            |
| 118 |  |                             |
| 119 |  |                             |

120 **ANALYSIS:** On September 7, 2010, the City Council passed Resolution 2010-085  
121 establishing a Mills Act program to incentivize preservation of historic resources within  
122 the City (Attachment 7). The Mills Act program allows the City to enter into a historical  
123 property preservation agreement, also known as a “Mills Act contract” with the owner of  
124 a qualified owner-occupied or income-producing property for the purpose of protecting  
125 and preserving properties of historical significance. A “qualifying” historic property is  
126 defined as one of the following:

- 127
- 128 A. A property listed in the National Register of Historic Places or located in a  
129 registered historic district; or
  - 130
  - 131 B. A property listed in any state, city, county, or city and county official  
132 register of historical or architecturally significant sites, places, or  
133 landmarks.
  - 134

135 The subject property is listed on the National Register of Historic Places and therefore is  
136 eligible to participate in the City’s Mills Act program. It should also be noted that the  
137 subject property is identified as a historic resource in the City’s General Plan.

138

139 The proposed restoration plan has been reviewed by the Preservation Action  
140 Committee of Napa County Landmarks for compliance with the Secretary of the  
141 Interior’s Standards for Treatment of Historic Properties. The Committee found the

142 work to be in conformance with applicable standards and offers no additional comments  
143 or suggestions (see Attachment 6).

144  
145 Conservation of Calistoga's historic, architectural and cultural resources is one of the  
146 goals identified in the Community Identity Element of the General Plan (Goal CI-3).  
147 However, there are no financial incentives (other than the Mills Act) available to owners  
148 of historic properties to encourage renovation and on-going maintenance and repair of  
149 their properties. The City's Mills Act program was specifically established to meet this  
150 need, providing an opportunity for the City to facilitate owners of historic properties with  
151 properly maintaining these important resources.

152  
153 Staff believes that the proposed project is an exemplary candidate for a Mills Act  
154 contract and supports the applicant's request. A draft Mills Act Historic Property  
155 Preservation Agreement has been prepared and is attached to this report (Attachment  
156 2).

157  
158 **ENVIRONMENTAL REVIEW:** In accordance with the California Environmental Quality  
159 Act (CEQA), the City of Calistoga Planning and Building Department prepared an Initial  
160 Study for the project. Potentially significant impacts to aesthetics, air quality, biological  
161 resources, cultural resources and noise were identified. The applicant has agreed to  
162 incorporate mitigation measures that will reduce potentially significant impacts to a level  
163 that is less than significant. Therefore, it was determined that the proposed project as  
164 amended by mitigation measures would not have a significant adverse impact on the  
165 environment.

166  
167 A Mitigated Negative Declaration was sent to the State Clearinghouse for distribution to  
168 state agencies. The comment period for the environmental document was March 26 to  
169 April 28, 2010. Both a Notice of Intent to Adopt a Mitigated Negative Declaration and a  
170 Notice of Public Hearing were sent to all property owners within 300 feet of the subject  
171 site. No comments were received in response to this notice.

172  
173 On April 28, 2010, the Planning Commission passed PC Resolution 2010-06 adopting a  
174 Mitigated Negative Declaration for restoration of the Palmer House (Attachment 3). The  
175 restoration work being proposed as part of the requested Mills Act Historic Property  
176 Preservation Agreement is consistent with the improvements identified and analyzed in  
177 the adopted Mitigated Negative Declaration.

178  
179 **FISCAL IMPACT:** Once a Mills Act contract is recorded (prior to January 1 of any  
180 year), the County Assessor values the property using a formula set forth in State  
181

182 Revenue and Taxation Code Sections 439 through 439.4. This formula involves a  
 183 number of variables that are too complex to detail in this report. Based on a preliminary  
 184 estimate made by the County Assessor's Office, the estimated fiscal impact of entering  
 185 into the requested Mills Act contract is summarized in Table 2 below.

186  
 187 TABLE 2 – ESTIMATED FISCAL IMPACT – 1300 CEDAR STREET

188

| Property Type:   | Single-Family Residential |
|--|---------------------------|
| 191 Prop. 13 Factored Base Year Value (Market)             | : \$ 740,000              |
| 192 Estimated Annual Property Tax                          | : \$ 7,400                |
| 193 City Share of Annual Property Tax (20%)                | : \$ 1,480                |
| 194  |                           |
| 195 Estimated Re-Assessed Value (48% of Market)            | : \$ 355,000              |
| 196 Estimated Annual Property Tax                          | : \$ 3,550                |
| 197 City Share of Annual Property Tax (20%)                | : \$ 710                  |
| 198  |                           |
| 199 ANNUAL LOSS IN PROPERTY TAX REVENUE                    | : \$ 770                  |
| 200  |                           |
| 201 ESTIMATED LOSS OVER 10-YEAR CONTRACT                   | : \$7,700                 |
| 202 "Contract Loss"  |                           |
| <hr/>  |                           |
| 205 ANNUAL LOSS FROM OTHER MILLS CONTRACTS:                | \$ 0                      |
| 206 <i>No other contracts to date.</i>                     |                           |
| 207  |                           |
| 208 CONTRACT LOSS FROM OTHER MILLS CONTRACTS:              | \$ 0                      |
| 209 <i>Combined contract loss of all active agreements</i> |                           |
| 210  |                           |
| 211 EST. FISCAL IMPACT OF MILLS ACT PROGRAM:               | \$ 7,700                  |

212  
 213 It should be noted that the minimum term of a Mills Act agreement is 10 years.  
 214 Therefore, the long term fiscal impact of the requested agreement is estimated to be  
 215 \$7,700. In addition, there is a state-required provision in the agreement that calls for  
 216 annual automatic renewals of an approved agreement that extend the term of the  
 217 contract by one year. Thus, the long term fiscal impact may be greater than \$7,700  
 218 depending on the number of years added to the contract through the automatic renewal  
 219 provision.

220 Either party (the City or the property owner) may elect not to renew the agreement on  
221 the annual anniversary date of the contract. If the agreement is not renewed, the  
222 agreement would then automatically expire in ten years from the year of non-renewal.  
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**ATTACHMENTS:**

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- 227 1. Draft City Council Resolution 2010-XXX
- 228 2. Draft Mills Act Historic Preservation Agreement
- 229 3. PC Resolution 2010-06 and Mitigated Negative Declaration
- 230 4. Narrative Statement and Materials Submitted by Applicant
- 231 5. Site Plan, Floor Plan and Elevations of Palmer House
- 232 6. Correspondence from Napa County Landmarks dated February 3, 2010.
- 233 7. City Council Resolution 2010-085 Establishing Mills Act Program.
- 234 8. Vicinity Map
- 235 9. Palmer House Photos