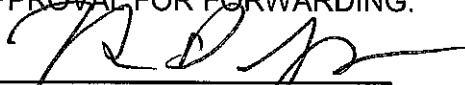


City of Calistoga

Staff Report

TO: Honorable Mayor and City Council
FROM: Erik V. Lundquist, Senior Planner
DATE: February 15, 2011
SUBJECT: Amendment to a previously executed Memorandum of Understanding guiding the redevelopment of the Roman Spa Hot Springs Resort

APPROVAL FOR FORWARDING:



Richard Spittler, City Manager

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ISSUE: Consideration of a Resolution authorizing the City Manager to execute an amendment to the existing Memorandum of Understanding between the City of Calistoga and Michael Quast for the redevelopment of the Roman Spa Hot Springs Resort.

RECOMMENDATION: Adopt Resolution

BACKGROUND: Renovation and rehabilitation of existing spa/resort properties has been a long-standing interest of the City. In 2006, the City entered into a Memorandum of Understanding (MOU) with Max & Genoveva and Michael Quast indicating the City's support for renovation and redevelopment of two parcels collectively referred to as the "Roman Spa Property". The MOU (Attachment 6) outlines general terms for the project, including execution of a Development Agreement, securing requisite land use entitlements, payment of development fees, and improvement of area infrastructure. It should be clearly noted that the MOU is not binding on either party and does not grant project approval; it is a vehicle by which the City is able to express its support for renovation and redevelopment of the property.

Since execution of the MOU, the Quast's have been perfecting their redevelopment plans and negotiating the terms of the Development Agreement. Additionally, the Quast's are now in contract to purchase the property at 1455 First Street, which has provided additional opportunities in the scope of the project. Significant time and resources have been put into these refinements and

26 prior to further expenditure the Quast's are interested in a modification to the
27 MOU to incorporate a third parcel.

28

29 On November 10, 2010, Mr. Quast presented conceptual development plans for
30 the three properties to the Planning Commission for feedback and guidance.
31 During the meeting, the Planning Commission took written and oral reports from
32 staff and the public. The Planning Commission made favorable comments
33 regarding the modified conceptual development plans, specifically related to land
34 use, site plan & architecture and parking. Ultimately, the Planning Commission
35 supported the overall direction of the project and the inclusion of the third parcel.

36

37 **DISCUSSION:** Amending the MOU to add a third parcel to the project is
38 necessary for allowing the project to proceed through the entitlement process. All
39 other terms of the MOU will remain unchanged.

40

41 **FISCAL IMPACT:** Amendment of the MOU does not have any direct fiscal
42 impact. The costs to the City related to processing a development application
43 will not be affected by the proposed amendment.

44

45 Should a development project occur on the property as a result of the property
46 owner's efforts through the process outlined above, revenue will be derived to the
47 benefit of the community. The nature and amount of any fiscal impact derived
48 from a development project will be determined by staff in conjunction with the
49 evaluation of any future development proposal.

50

51 **ATTACHMENTS:**

52

- 53 1. Draft Resolution
- 54 2. Assessor's Parcel Map (Vicinity Map)
- 55 3. Susan Baxter Letter received November 4, 2010
- 56 4. Margaret Nicholson letter received November 10, 2010
- 57 5. City Council Resolution 2006-091
- 58 6. Executed MOU dated October 17, 2006
- 59 7. Excerpt of Planning Commission Meeting Minutes of November 10, 2010
- 60 8. Abbreviated Planning Commission Staff Report dated November 10, 2010
61 (No Attachments)
- 62 9. Design Review Narrative and Revised Project Concept Plans dated Nov. 10,
63 2010
- 64 10. Letter from Second Street Homeowners dated February 5, 2011

RESOLUTION NO. 2011 - _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALISTOGA, COUNTY OF NAPA,
STATE OF CALIFORNIA AUTHORIZING THE CITY MANAGER TO EXECUTE AN AMENDMENT
TO THE EXISTING MEMORANDUM OF UNDERSTANDING WITH MICHAEL QUAST
REGARDING THE DEVELOPMENT OF THE ROMAN SPA HOT SPRINGS RESORT LOCATED
AT FIRST AND WASHINGTON STREETS**

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3 **WHEREAS**, the City Council wishes to encourage the economic vitality of the community through well
4 considered development which is in keeping with the community character and which enhances the amenities
5 available to residents and visitors to Calistoga; and

6 **WHEREAS**, on October 17, 2006, the City entered into a Memorandum of Understanding (MOU) with
7 Michael and Kathy Quast to guide the renovation and redevelopment of the Roman Spa Hot Springs Resort
8 properties at First and Washington Streets; and

9
10 **WHEREAS**, since execution of the MOU, the Quast's have been perfecting their redevelopment plans
11 and negotiating the terms of the Development Agreement; and

12
13 **WHEREAS**, Mr. and Mrs. Quast are in contract to acquire the adjoining parcel located at 1455 First
14 Street and would like to add it to the project described in the executed MOU; and

15
16 **WHEREAS**, the Planning Commission considered the addition of a third parcel and the revised
17 project scope during a presentation of conceptual development plans during its regular meeting of November
18 10, 2010. Prior to making comments in support of the addition of a third parcel into the project, the Planning
19 Commission received oral and written reports from staff, the owner, the owner's consultants and the public;
20 and

21
22 **WHEREAS**, amendment of the MOU to add a third property to the project and revised to the project
23 scope is necessary for allowing the project to proceed through the entitlement process; and

24
25 **WHEREAS**, the proposed amendments will not change any other terms of the originally executed
26 MOU; and

27
28 **WHEREAS**, it is understood by all parties to the MOU that any renovation and redevelopment project
29 for the subject property is subject to the normal public hearing and land use entitlement process.

30
31 **NOW, THEREFORE, BE IT RESOLVED** that the Calistoga City Council hereby authorizes the City
32 Manager to execute an amendment to the MOU that is substantially in the same form as the draft considered
33 by the City Council at the October 17, 2006 public meeting subject to review by the City Attorney.

34
35 **PASSED, APPROVED AND ADOPTED** by the City Council of the City of Calistoga at a regular
36 meeting held this 15th day of February, 2011, by the following vote:

37
38 **AYES:**

39 **NOES:**

40 **ABSENT/ABSTAIN:**

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42
43 JACK GINGLES, Mayor

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45
46 **ATTEST:**

47
48 SUSAN SNEDDON, City Clerk
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