



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 12/13/2011
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NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors

FROM: Florin, Lawrance - Director
Housing and Intergovernmental Affairs

REPORT BY: Lawrance Florin, DIR HOUSING AND INTERGOVERNMENTAL AFFAIRS - 253-4621

SUBJECT: Request to grant the Napa Valley Opera House \$100,000 from the Special Projects Fund
(Chairman Dodd)

RECOMMENDATION

Discussion and possible direction to staff regarding a grant of \$100,000 from the Special Projects Fund to the Napa Valley Opera House to help retire the remaining debt on the property (Chairman Dodd).

EXECUTIVE SUMMARY

The Napa Valley Opera House, located at 1030 Main Street, first opened its doors in 1880 and served as a regional entertainment venue and cultural center until it closed its doors in 1914. The Opera House remained dark for nearly sixty years when, in the 1980's, a group of concerned citizens took steps to register the building as a national landmark on the National Park Service's National Register of Historic Places, the official list of the nation's historic places worthy of preservation. The historic designation provided the building protection while the citizens group formed a non-profit organization, Napa Valley Opera House (NVOH), and raised funds to purchase the building. In order to reopen the Opera House, NVOH renovated the building at a cost of approximately \$13 million. Approximately \$10 million was raised through donations and grants, however, NVOH borrowed funds to cover the funding gap between the donations received and renovation costs. The loans were later refinanced with secured loans for an approximate amount of \$3.4 million. In 2002, the Opera House was able to reopen its doors to the public.

Today, NVOH owns the Opera House and maintains the daily operations of the theater. Since reopening, ticket sales have been able to generate sufficient revenue to operate and maintain the theatre. The primary concern of the NVOH Board is the debt on the property and the associated payments. Over the past 6 months, NVOH has been conducting a capital campaign to raise the necessary funds to pay off its remaining debt. To date, approximately \$2.4 million in donations have been collected through the capital campaign, with contributors from: the City of Napa (\$1,500,000), The Gasser Foundation (\$100,000) and private donors/other commitments

(\$800,000). Approximately \$100,000 is remaining to fulfill NVOH's capital campaign goals.

The NVOH is requesting a grant from the County in the amount of \$100,000 to help retire the remaining debt on the property. Funding for this grant may potentially come from the County's Special Projects Fund.

PROCEDURAL REQUIREMENTS

1. Staff reports.
2. Public comments.
3. Motion, second, discussion and vote on the item.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No
What is the revenue source?	Approximately \$95,933 from FY 2011-12 Special Projects Fund allocation for the Arts & Culture category and approximately \$4,067 from the Special Projects Fund's current fund balance.
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	For FY 2011-12, approximately \$95,933 of the Special Projects Fund budget has been allocated to fund programs or projects related to the Arts & Culture category. Currently, the FY 2011-12 funds allocated in the Arts & Culture category have not been committed to any Arts & Culture related program or project. The funds may potentially be used as a grant to the Napa Valley Opera House (NVOH) to help retire the remaining debt on the property. The Opera House supports on-going development of the local arts community and provides services designed to supplement and enhance arts education in local schools.
Is the general fund affected?	No
Future fiscal impact:	There will be approximately \$4,067 less in the SPF fund balance to go towards the purchasing of Skyline Park.
Consequences if not approved:	If not approved, NVOH will need to find other contributors/donors to help retire the remaining debt on the property.
Additional Information:	

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

The Napa Valley Opera House, located at 1030 Main Street, first opened its doors in 1880 and served as a regional entertainment venue and cultural center until it closed its doors in 1914. The Opera House remained dark for nearly sixty years when, in the 1980's, a group of concerned citizens took steps to register the building as a national landmark on the National Park Service's National Register of Historic Places, the official list of the nation's historic places worthy of preservation. The historic designation provided the building protection while the citizens group formed a non-profit organization, Napa Valley Opera House (NVOH), and raised funds to purchase the building. In order to reopen the Opera House, NVOH renovated the building at a cost of approximately \$13 million. Approximately \$10 million was raised through donations and grants, however, NVOH borrowed funds to cover the funding gap between the donations received and renovation costs. The loans were later refinanced with secured loans for an approximate amount of \$3.4 million. In 2002, the Opera House was able to reopen its doors to the public.

Today, NVOH owns the Opera House and maintains the daily operations of the theater. Since reopening, ticket sales have been able to generate sufficient revenue to operate and maintain the theatre. The primary concern of the NVOH Board is the debt on the property and the associated payments. Over the past 6 months, NVOH has been conducting a capital campaign to raise the necessary funds to pay off its remaining debt. To date, approximately \$2.4 million in donations have been collected through the capital campaign, with contributors from: the City of Napa (\$1,500,000), The Gasser Foundation (\$100,000) and private donors/other commitments (\$800,000). Approximately \$100,000 is remaining to fulfill NVOH's capital campaign goals.

Following the fulfillment of the capital campaign, ownership of the land and theater will be transferred to the Historic Theater Napa Valley (HTNV), a new non-profit organization whose charter will prohibit any further encumbrances on the property. Once the transfer of ownership is complete, HTNV will lease the theater to the existing NVOH non-profit, which will be responsible for maintaining the building and its equipment and providing programming consistent with the current mix of entertainment desirable to the community and overnight visitors.

NVOH supports the on-going development of the arts community within Napa in various ways, including the utilization of its presentation facilities to give voice to local artists and organizations and offering discounted rental terms to non-profit organizations. In addition, NVOH supports community education and other non-profits through various outreach efforts including subsidized, discounted or free tickets from time-to-time to senior citizens, veterans and other underserved segments of the population. Approximately 30% percent of the Opera House's programming has a community orientation. NVOH provides services designed to supplement and enhance arts education in local schools.

The NVOH is requesting a grant from the County in the amount of \$100,000 to help retire the remaining debt on the property. Funding for this grant may potentially come from the County's Special Projects Fund.

In 2005, the voter-approved increase in the Transient Occupancy Tax (TOT) rate for visitors renting hotel and motel rooms in the unincorporated area took effect, increasing the TOT rate from 10.5% to 12%. The revenue generated by the increase in TOT rate provided an opportunity for the County to consider investments in projects or programs that were considered a Board priority. To that end, the Board established the Special Projects Fund (SPF) to finance projects or programs related to three priority areas: Parks & Open Space, Visitor Management and Arts & Culture and committed an annual contribution of 12.5% of the prior calendar year's Transient Occupancy Tax (TOT) revenues to the fund, fiscal conditions permitting.

In accordance with this policy, approximately \$969,408 (12.5% of the 2010 Calendar Year TOT revenue received by the County) was transferred to the SPF and allocated as follows for FY 2011-12:

<u>Priority Area Categories</u>	<u>FY 2011-12</u>
OMB A-87 & ITS Costs	\$10,077

Parks & Open Space (60%)	\$575,599
Visitor Management (30%)	\$287,799
Arts & Culture (10%)	\$95,933
TOTAL:	\$969,408

For FY 2011-12, approximately \$95,933 of the SPF budget has been allocated to fund programs or projects within the Arts & Culture category. In September of 2010, the Board delegated the responsibility for managing the solicitation process, screening applications for funding and making project/program recommendations to the Board for approval within the Arts & Culture category to the Napa County Commission for Arts and Culture. Currently, none of the FY 2011-12 funds allocated in the Arts & Culture category have been committed to any Arts & Culture related program or project. The allocations in the Parks & Open Space and Visitor Management categories have already been committed to fund related activities in FY 2011-12.

In addition, there is approximately \$1 million the SPF fund balance that is being reserved in fund balance to purchase Skyline Park. In order to fulfill the grant request from the Special Projects Fund, the Board may direct staff to remove approximately \$4,067 from the SPF fund balance and combine it with the total allocation available in the Arts & Culture category for FY 2011-12 to obtain the entire \$100,000 requested amount.

SUPPORTING DOCUMENTS

None

CEO Recommendation: Approve

Reviewed By: Danny Nguyen