



A Tradition of Stewardship  
A Commitment to Service

Agenda Date: 7/10/2012

Agenda Placement: 7W

## NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

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**TO:** Board of Supervisors

**FROM:** Britt Ferguson for Watt, Nancy - County Executive Officer  
County Executive Office

**REPORT BY:** Kevin Berryhill, ENGINEERING MGR-WATER RESOURCE - (707)299-1755

**SUBJECT:** Letter to United States Department of Agriculture regarding Napa Berryessa Resort Improvement District Loan Applications

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### **RECOMMENDATION**

County Executive Officer requests approval of and authorization for the Chairman to sign a letter providing assurances to the United States Department of Agriculture (USDA) regarding loans to Napa Berryessa Resort Improvement District.

### **EXECUTIVE SUMMARY**

On June 22, 2012, the Napa Berryessa Resort Improvement District (District) submitted loan applications for water and sewer improvements to the USDA. USDA representatives asked the District to explain how the existing temporary loans, totaling \$1,461,149, the County of Napa (County) has issued to the District are to be repaid.

Director of Public Works requests approval of and authorization for the Chairman to sign a letter addressed to USDA stating the County's intent regarding loans to the District.

### **PROCEDURAL REQUIREMENTS**

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

### **FISCAL IMPACT**

Is there a Fiscal Impact?                      No

### **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**

On June 22, 2012, the Napa Berryessa Resort Improvement District (District) submitted loan applications for water and sewer improvements to the USDA. USDA representatives asked the District to explain how the existing temporary loans the County has issued to the District are to be repaid.

The Board has historically made loans to the District for operational shortfalls and to provide funding for capital improvements required by regulatory agencies. Following are the three methods by which the Board can approve financing loans, outlined as follows:

1. Government Code Section 23010 - this the section used for the previous loan of \$480,000 to the District. Pursuant to this section, loans are limited to 85% of the anticipated revenue. In the case of the District, this would be approximately \$456,416. However, the section goes on to require that the loan must be paid back out of the first available revenues received prior to the payment of any other obligations. Staff currently does not recommend the continued use of this section.
2. Government Code Section 25214.4 - this section is similar to the previous section however, does not limit the loan amount and provides the County the ability to waive the requirement for repayment within the same fiscal year so long as repayment occurs within 3 years from the date of the loan. It is important to note that this waiver requires a 4/5 vote by the Board. This section also provides that in the event of demonstrated economic or fiscal hardship the loan may be waived in whole or in part. Once the Districts' fiscal condition is better known and the actions of the Regional Water Quality Control Board have been identified, staff will be able to evaluate and propose options for repayment of the loans within the three year time period. Therefore, staff has been recommending the use of this particular section.
3. Government Code Section 25214.5 - this section allows the County to establish a revolving fund of up to \$2,000,000. Staff does not recommend the use of this section.

Staff requests approval of and authorization for the Chairman to sign a letter addressed to USDA stating the County's intent regarding existing principal due dates for outstanding loans to the District.

### **SUPPORTING DOCUMENTS**

A . USDA Letter Regarding Loans

CEO Recommendation: Approve

Reviewed By: Helene Franchi