



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 8/11/2015

Agenda Placement: 6M

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors
FROM: Danis Kreimeier - Director
Library
REPORT BY: Dawn Boggs, Staff Services Analyst II - 253-4819
SUBJECT: Amendment No. 1 to Agreement No. 5089 with the City of Calistoga

RECOMMENDATION

Director of Library Services and Community Outreach requests approval of and authorization for the Chair to sign Amendment No. 1 to Agreement No. 5089 with the City of Calistoga (City) to formalize a spending plan for capital improvement projects.

EXECUTIVE SUMMARY

The Director of Library Services and Community Outreach requests approval of and authorization for the Chair to sign an amendment to the current agreement between the City of Calistoga and the County. The current agreement does not allow for funding from the City to support needed capital improvements to the library branch in Calistoga. The proposed amendment will make appropriate changes resulting in increased funding to go towards the current planned capital project to remodel the branch facility, as well as provide a formula for ensuring funds are set-aside for future capital projects.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	Yes
Where is it budgeted?	The revenue to fund 33 hours of Library service is budgeted in the Library's FY15/16 budget.
Is it Mandatory or Discretionary?	Discretionary

Discretionary Justification:	This amendment will formalize a spending plan for current and future capital improvement projects at the Calistoga Branch.
Is the general fund affected?	No
Future fiscal impact:	As described in the amendment, any revenue generated in excess of \$395,164, the operating expenses for FY 2014-15, shall be applied annually to the remodel and renovation of the Calistoga Branch's construction cost requirements, not to exceed \$400,000, and the establishment of a Capital Improvement Reserve in the amount of \$250,000.
Consequences if not approved:	If the amendment is not approved, the spending plan will not be implemented, and the remodel and renovation of the Calistoga Branch will not be completed.
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 City of Calistoga (City) and the County of Napa (County) have a contractual agreement for the County to provide Library service in Calistoga. A portion of the City's property tax revenues, as well as its property tax revenues from the Calistoga Unified School District and the County, currently fund 33 hours of Library service. In addition, the Library has approximately \$790,000 in its Calistoga Branch fund balance designation that is reserved for capital improvements. The fund balance consist of the Toni Egger Trust, donations from the Friends of the Calistoga Library, salary savings, and unanticipated increase in revenues.

Plans are underway to remodel the Calistoga Branch; however, the estimated costs exceed the amount of the Branch's fund balance designation. The current renovation project is estimated at \$1,010,000. The proposed amendment to the contract will formalize a spending plan for the planned renovation project and to establish a procedure for budgeting for future capital improvement projects. The amendment would allow the Library Fund to loan the project up to \$400,000 as needed depending on bid amounts, which together with the existing \$790,000 in the Calistoga Branch fund balance would allow the project to be completed.

Additionally, the proposed amendment to the agreement would fix the Calistoga library hours of operation to 33 per week. Using property taxes from the City and an area in the county within the local school district, Calistoga would continue to pay the costs of operating the facility 33 hours a week estimated at \$395,164 for FY 2014-15. Assuming that property taxes will generally increase each year, the difference between the base amount of \$395,164 per year plus any inflationary increases in operating costs for 33 hours a week of service and the increment of tax increase would be used to pay back the proposed loan by the Library Fund to cover the gap in funding, up to a maximum of \$400,000.

Excess revenue above operating costs would return to the Library Fund first to repay the loan and eventually to re-establish the Calistoga designated fund balance. This would continue until all funds are reimbursed and the Calistoga designated fund balance for future capital projects is \$250,000. The Director of Library Services and Community Outreach requests approval of and authorization for the Chair to sign the amendment.

SUPPORTING DOCUMENTS

None

CEO Recommendation: Approve

Reviewed By: Liz Habkirk