

NAPA BERRYESSA RESORT IMPROVEMENT DISTRICT

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June 25, 2024

Board of Supervisors
1195 Third Street, Room 310
Napa California 94559

Re: *Request for \$1,625,000 Loan Renewal Pursuant to Government Code Section 25214.4.*

Dear Members of the Board of Supervisors:

The Napa Berryessa Resort Improvement District (“District”) is a special district of the State of California organized under the Resort Improvement District Law (Public Resources Code Section 13000 et seq.) for the provision of water and sewer service in an unincorporated portion of the County of Napa (“County”), which includes Unit 1 and 2 of the Berryessa Highlands and the Oakridge Estates.

Beginning in 1995, the District’s infrastructure suffered significant deterioration due to many components reaching the end of its useful life. In response, staff initiated small-scale rehabilitation projects whenever permissible within the confines of available funding. However, many necessary repairs were beyond the District’s budgetary capacity and critical facility deficiencies resulted in enforcement action by the Regional Water Quality Control Board (“Regional Board”).

The decline of the facilities, mandates imposed by the Regional Board, and the 2020 LNU Lightning Complex Fire that destroyed over 100 homes in the community, prompted a series of requests for loans from Napa County for various repair and improvement projects between 2008 and 2021. The District currently has six active loans from the County totaling \$3,839,634. Loan No. 1 for \$869,000 and Loan No. 2 for \$625,000 are the result of the consolidation of five smaller loans issued between 2008 and 2012, Loan No. 4 for \$1,000,000 is an original loan from 2021, Loan No. 5 for \$339,634 is an original loan from 2022 and Loan No. 6 for \$1,000,000 is an original loan from 2022.

After the 2020 LNU Lightning Complex Fire destroyed over 100 homes in the community, District residents agreed to a small rate increase (~12%) effective December 1, 2021. While the additional revenue received as part of this rate increase did help the District’s financial situation, it was not sufficient to cover prior expected and future anticipated annual deficits that only increased after the wildfire, and the District has not been able to build enough budgetary reserves to satisfy the current payment for the third term of Loan No. 2 for \$625,000 and the first term of Loan No. 4 for \$1,000,000 – both of which are due June 30, 2024. The loan requested as part The District therefore requests the reissuance and consolidation of Loan Nos. 2 and 4 to into a single loan to be designated as Loan No. 7 for a total amount of \$1,625,000. Loan No. 7 will be due by June 30, 2027.

We appreciate the Board of Supervisor’s willingness to help the District work through the difficult problems it is currently facing.

Very truly yours,

Joelle Gallagher,
Chair of the Governing Board
Napa Berryessa Resort ImprovementDistrict