

RESOLUTION NO. 2026-____

**RESOLUTION OF THE NAPA COUNTY BOARD OF SUPERVISORS,
STATE OF CALIFORNIA, WAIVING REPAYMENT OF LOANS MADE TO
THE NAPA BERRYESSA RESORT IMPROVEMENT DISTRICT**

WHEREAS, the Napa Berryessa Resort Improvement District (“NBRID”) is a rural dependent special district formed under the Resort Improvement District Law (Public Resources Code section 13000 *et seq.*) in the 1960s for which the Board of Supervisors is the Governing Board; and

WHEREAS, NBRID was created to provide water and sewer utility service to Unit 1 and 2 of the Berryessa Highlands and the Oakridge Estates subdivisions and the Steele Park Resort; and

WHEREAS, the Steele Park Resort closed in 2008 reducing the District’s operations budget revenue stream by one-third; and

WHEREAS, of the original 552 parcels created in the subdivisions, 350 were developed and actively utilizing service prior to August 2020 LNU Lightning Complex Fire; and

WHEREAS, the fire destroyed over 100 homes in the Berryessa Highlands, reducing the customer base to approximately 230 active customers; and

WHEREAS, as of May 1, 2026, NBRID provides water and sewer service to only about 260 active customers including fire rebuilds and new construction; and

WHEREAS, from 1995 through 2011, NBRID’s infrastructure suffered significant, gradual deterioration due to many components reaching the end of their useful life and in response, staff performed small-scale rehabilitation projects whenever possible within constraints of available funding; and

WHEREAS, NBRID’s financial struggles limited its ability to make many necessary repairs, resulting in various equipment and infrastructure failure throughout the water and sewer systems; and

WHEREAS, the Regional Water Quality Control Board (“Regional Board”) took enforcement action against NBRID for several sewer system permit violations, and NBRID had to temporarily implement a sewer connection moratorium; and

WHEREAS, pursuant to California Government Code section 25214.4, the Board of Supervisors may loan any available funds of the County to a county service area to pay for any lawful expenses of the county service area; and

WHEREAS, California Public Resource Code section 13031 applies the provisions of the county service area law, including Government Code section 25214.4, to the conduct of the business of resort improvement districts; and

WHEREAS, NBRID received multiple loans from Napa County between 2008 and 2012 to repair and replace essential infrastructure, balance NBRID's operations budget, and fund compliance related expenses; and

WHEREAS, in 2012, property owners in NBRID's service area approved a per parcel water and sewer assessment to fund repayment of a capital improvement project loan of about \$11 million from the US Department of Agriculture ("USDA") Rural Development Program for three major projects: the Wastewater Storage Capacity Upgrades Project, the Wastewater Treatment Plant Replacement Project, and the Water Treatment Plant Replacement Project; and

WHEREAS, outside of the reserve fund created for the timely replacement of short-lived assets related to the USDA projects, the NBRID operations fund balance (consisting primarily of funds from NBRID customers) and loans from Napa County have been the only funding sources for non-USDA related assets and other infrastructure rehabilitation projects; and

WHEREAS, NBRID customers last approved a rate increase in December 2021; however, the approved increase was not sufficient to balance NBRID's budget nor to build a reserve for necessary capital improvements; and

WHEREAS, NBRID's fund balance fell to nearly zero, with solvency maintained through additional loans from Napa County between 2021 and 2025; and

WHEREAS, the total outstanding principal loan balance owed to Napa County by NBRID is \$5,000,000; and

WHEREAS, in April 2024, NBRID's service area was certified as a Disadvantaged Community (DAC) District in that customers paid up to 6% of their annual income on water and sewer related charges, well above the 3% benchmark for the Environmental Protection Agency's estimated affordable rates for water and sewer service; and

WHEREAS, a DAC is eligible for state and federal grant and principal loan forgiveness project funding opportunities, provided the water and sewer utilities maintain a balanced operating budget and have no outstanding debt payments; and

WHEREAS, this year, voters in NBRID's service area approved a ten-year special tax ("Measure A") of \$1,560 per parcel annually for the purposes of funding operation and maintenance, capital projects, and replenishing reserves, which increases the estimated amount NBRID customers pay for water and sewer service to 9% of their annual income; and

WHEREAS, even with the passage of Measure A, the only way NBRID would be able to repay the County loans would be to further increase water and sewer rates, which would cause a grave economic hardship to NBRID residents; and

WHEREAS, each of the NBRID water and sewer systems needs upwards of \$10 million of capital improvements to maintain compliance with Division of Drinking Water (“DDW”) and Regional Board regulatory permits; and

WHEREAS, further delay in initiating large-scale capital improvement project planning, design, and construction could result in permit violations and enforcement action by the DDW or the Regional Board; and

WHEREAS, with a balanced budget projected due to the passage of Measure A, the remaining issue that could prevent award of funding from state and federal programs is the existence of the outstanding County loans; and

WHEREAS, NBRID has \$5 million in loans from Napa County, broken down as Loan No. 6 for \$1,000,000 which is an original loan from 2023, Loan No. 7 for \$1,625,000 which is a consolidation of two prior loans in 2024, Loan No 8 for \$1,160,366 which is an original loan from 2024, and Loan No 9 for \$1,214,634 which is a consolidation of two prior loans in 2025, and

WHEREAS, Napa County is authorized to waive repayment of the County loans pursuant to Government Code section 25214.4(c) with a four-fifths vote if it finds that repayment may result in an economic or fiscal hardship to the property owners or residents of NBRID;

NOW, THEREFORE, BE IT RESOLVED by the Napa County Board of Supervisors as follows:

1. The foregoing recitals are true and correct.
2. Repayment of the following loans would cause economic or fiscal hardship to the property owners or residents served by NBRID:

<u>Loan</u>	<u>Amount</u>
Loan 6 (2023)	\$ 1,000,000
Loan 7 (2024)	\$ 1,625,000
Loan 8 (2024)	\$ 1,160,366
Loan 9 (2025)	<u>\$ 1,214,634</u>
Total:	\$ 5,000,000

3. Waiving repayment of the loans in the total amount of \$5 million plus accumulated interest is in the best interest of NBRID because it will allow NBRID to qualify for state and federal grant and loan programs.

4. The Board hereby waives repayment of the loan balance of \$5 million and all accrued interest pursuant to Government Code section 25214.4(c).

THE FOREGOING RESOLUTION WAS DULY AND REGULARLY ADOPTED
by the Napa County Board of Supervisors, State of California, at a regular meeting of the Board held on the _____ day of _____, 2026, by the following vote:

AYES: SUPERVISORS _____

NOES: SUPERVISORS _____
ABSTAIN: SUPERVISORS _____
ABSENT: SUPERVISORS _____

NAPA COUNTY, a political subdivision of
the State of California

By: _____
AMBER MANFREE, Chair of the
Board of Supervisors

APPROVED AS TO FORM
Office of County Counsel

APPROVED BY THE NAPA COUNTY
BOARD OF SUPERVISORS

ATTEST: NEHA HOSKINS
Clerk of the Board of Supervisors

By: Thomas C. Zeleny
Chief Deputy County Counsel

Date: _____
Processed By:

By: _____

Date: May 7, 2026
FV 13112809

Deputy Clerk of the Board