

NAPA BERRYESSA RESORT IMPROVEMENT DISTRICT

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June 6, 2023

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

Re: *Request for \$1,000,000 Loan 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.

In August 2020, when the Hennessey Fire destroyed over 100 homes in the Berryessa Highlands community, the District's revenue from water and sewer user charges decreased by nearly \$200,000 per year. Compounding this loss of revenue, delinquencies for currently active water and sewer customers has steadily declined due to higher customer delinquencies. Combine the loss of revenue with an increase in operating expenses related to 1) operator overtime necessary to address treatment plant process challenges at the water and wastewater plant and storm-related response, 2) services necessary to repair or replace of multiple unexpected equipment malfunctions and failures, and 3) increased costs for most commodities resulting from inflationary increases throughout the water and wastewater industry, and the District' operations budget is unbalanced and the available fund balance is unable to keep up.

Due to the reduction in revenue and increased expenditures noted above, the District is expected to end Fiscal Year 2022-23 with a large deficit. Additionally, a revised budget projection completed by staff utilizing the tools provided by the consultant that assisted the District with the 2020 Cost of Service Rate Analysis, shows an accumulated deficit through Fiscal Year 2023-24 of over \$500,000.

In an effort to provide staff time to 1) update a Median Household Income Survey to determine eligibility for Federal and State grants for capital projects that will contribute to reduced operating and maintenance costs and 2) proceed with measures (ie, rate adjustment, special tax, other) to bring in enough revenue to balance the budget over the next five years, the District respectfully requests that the Board of Supervisors approve the District's request to issue a loan in the amount of \$1,000,000 pursuant to Government Code Section 25214.4. The term of the new loan shall be from June 6, 2023 until June 30, 2026.

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

Very truly yours,

Belia Ramos,
Chair of the Governing Board
Napa Berryessa Resort Improvement District