



MEMORANDUM

COUNTY EXECUTIVE OFFICE
ECONOMIC DEVELOPMENT DIVISION

DATE: November 3, 2015

TO: Honorable Board of Supervisors

FROM: David Snyder, Director of Economic Development

SUBJECT: Funding Application for the Hill Top Hotel Project

Action Requested

1. Conduct a public hearing and adopt a Resolution to submit an application for Community Development Block Grant Funds in the amount of \$1,617,875 for the Hill Top Hotel project.
2. Authorize the Economic Development Director or his designee to execute the application and to execute all other related documents in furtherance of the application.

Background

The Hill Top Hotel project is a proposed 127 room Marriott franchise hotel to be located on a 7.5 acre site west of Bowman Road in the Bowman Area. The County would apply for Community Development Block Grant (CDBG) Over the Counter funds from the State Department of Housing and Community Development. The County in turn would then loan \$1,500,000 of the funds to the project developer for furniture, fixtures, equipment and inventory (FF&E). The funds would then be repaid to the County for future CDBG eligible projects.

The \$1,500,000 loan is structured to accommodate the senior lenders and the projected debt service capacity of the borrower with a twenty (20) year amortization (interest only at 1.0% for first 24 months with full amortization over remaining period of eighteen (18) years at 2.0%). This repayment schedule is based on a review of the debt service capacity of the project to meet the debt obligations to be incurred with the two (2) primary lenders as well as the CDBG loan. The total project cost is \$18.5 million.

The proposed CDBG loan of \$1.5 million will be used for FF&E for the proposed 127 room Marriott franchise hotel and is a requirement of Business Loan Capital, the primary project lender. Without the CDBG funds the project cannot go forward. It is anticipated that Forty three (43) FTE jobs will be created by the development of the

Honorable Board of Supervisors
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Project. The loan amount per job at \$34,833 is lower than the federal statute of \$35,000 per job.

Cost estimates for the land work and construction have been provided by experienced contractors familiar with the site and the requirements of Marriott. A complete set of architectural and construction plans were prepared by RYS Architects. The project is feasible as presented based on the updated hospitality research study, the structure of the Business Loan Capital financing, and the proposed CDBG OTC financing.

Environmental Impact

The proposed administrative activity is exempt from California Environmental Quality Act (CEQA) review pursuant to CEQA Guidelines Section 15310 (Loans) and under the National Environmental Protection Act per 24 CFR 58.34.

Fiscal Impact

There is no General Fund impact. The funding application includes \$1.5 million for funds to be loaned to Hill Top Hospitality LLC. The loan funds are to be repaid to the County for future CDBG eligible activities. The application also includes \$5,000 for Activity Delivery and \$112,875 for Administration to cover the costs of County and/or Consultant work associated with implementing the grant, tracking job creation, reporting, and other related functions.

Attachment 1 – Resolution

On file with Clerk of the Board - Application

cc: Gerry Carden, County Counsel

Before the Board of Supervisors
County of Placer, State of California

In the matter of:

Resolution No. _____

AUTHORIZE THE DIRECTOR OF THE OFFICE OF ECONOMIC DEVELOPMENT OR DESIGNEE TO EXECUTE AND SUBMIT AN APPLICATION TO THE CALIFORNIA STATE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT FOR FUNDING OF \$1,617,875, UNDER THE COMMUNITY DEVELOPMENT BLOCK GRANT OTC PROGRAM AND EXECUTE ALL OTHER RELATED DOCUMENTS IN FURTHERANCE OF THE APPLICATION

The following RESOLUTION was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held November 3, 2015 by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Chair, Board of Supervisors

Attest:
Clerk of said Board

WHEREAS, the proposed application for the State of California, Department of Housing and Community Development, 2015 Community Development Block Grant Over The Counter Program has been prepared in compliance with citizen participation and applicable Federal and State regulations; and

WHEREAS, the CDBG-OTC application will provide grant funds to the County to loan to the Hill Top Hotel project, thus creating 43 full time jobs;

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

Section 1:

The county Board of Supervisors has reviewed and hereby approves submittal of an application for up to \$1,617,875 for the following activities:

Business Loan	\$ 1,500,000
General Administration	\$ 112,875
Activity Delivery	\$ 5,000

Section 2:

The County hereby has determined that federal Citizen Participation requirements were met during the development of this application.

Section 3:

The County hereby authorizes and directs David Snyder, Director of the Office of Economic Development, or designee, to sign and submit this application, and act on the County's behalf in all matters pertaining to this application.

Section 4:

If the application is approved, David Snyder, Director of the Office of Economic Development, or designee, is authorized to enter into and sign the grant the agreement and any subsequent amendments with the State of California for the purposes of this grant.

Section 5:

If the application is approved, David Snyder, Director of the Office of Economic Development, or designee, is authorized to sign Funds Request and other required reporting forms.

BE IT FURTHER RESOLVED, this resolution shall become effective immediately upon its adoption.