

March 9, 2021

MEMORANDUM

TO: Steve Pedretti, Director, Community Resource Development Agency

From: Chuck Wolfe, President

RE: Close-out Summary Report for CDBG Grant 15-CDBG-10788

Claggett Wolfe completed a review of the Over-the-Counter CDBG Grant 15-CDBG-10788 grant activity that involved a loan to a for profit business, Hill Top Hospitality, LLC dba SpringHill Suites by Marriott located at 13535 Bowman Road, Auburn, CA 95603 ("Project"). Based on this review, Claggett Wolfe determined the following:

- Loan funds were used for the purchase of furniture, fixtures and equipment in compliance with the CDBG Underwriting and NEPA completed for the grant.
- The Project created 21 jobs with 14 filled by Low-to-Moderate Income (LMI) individuals as determined by a review of payroll records and associated CA EDD DE9c forms.
- Based on the above, the Project met the CDBG National Objective for job creation.
- The CDBG Public Benefit criteria for the Project involved the creation of a total of 43 jobs. Due to the restrictions imposed during the COVID pandemic, the Project was unable to meet the established CDBG Public Benefit criteria. As a result, the County will continue to monitor and report job creation activity for the project semi-annually or more frequently if needed beyond grant close out. Monitoring and reporting will continue one of the following occurs:
 - The Project meets the level of Public Benefit established for the Project; or
 - A determination is made by the County and the business that the Project will not achieve established the Public Benefit level. This determination will be based on a review of economic conditions as well as the Project's financial condition, payrolls and other pertinent information. Findings and supporting documentation will be entered into the Project file. In addition, the County will adjust its CDBG Policies and Procedures, as appropriate, to minimize the chances for similar outcomes for future projects.

An overview of the of the project is presented in Attachment A. Details on the Project's job creation activity can be found in the Hill Top Hospitality, LLC CDBG Jobs Tracking Form for Completed Project provided under separate cover.

Cc: Shawna Purvines, Principal Planner/Housing Manager
Ann Marie Novotny, Housing Specialist
Devin McNally, Assistant Planner - Housing

ATTACHMENT A

Overview

Claggett Wolfe evaluated the conditions surrounding the Over-the-Counter (OTC) CDBG grant (15-CDBG-10788) to the County of Placer to provide a loan to Hill Top Hospitality, LLC dba SpringHill Suite by Marriott. The uses of loan funds included furniture, fixtures & equipment (including associated software, and products and proceeds thereof) to support the newly constructed 127 room hotel located in unincorporated Placer County, CA, at 13535 Bowman Road, Auburn, CA 95603. The budget for each activity as presented in Standard Agreement 15CDBG-10788 Exhibit A executed on April 4, 2016 and amended on March 13, 2019 (15-CDBG-10788, AM. 1) is outlined below.

Activity Matrix Code	Activity Description	National Objective Code	Amount
18A	ED – Direct Financial Assistance to For-Profits	LMJ	\$1,505,000
21A	General Program Administration	NA	\$112,875
	Total		\$1,617,875

Activity Summary

As outlined in Standard Agreement 15-CDBG-10788, AM. 1 Exhibit A, Section 5.C.1 on page 2 of 8, the grant activity principally benefited LMI or low- and moderate-income household(s) (LMH), and as described in the Application, and consisted of:

A term loan to Hill Top Hospitality, LLC, a California Limited Liability Company with the CDBG loan used to purchase the necessary furniture, fixtures, and equipment for the 127 room Marriott International SpringHill Suites brand hotel. Marriott SpringHill Suites franchise rights were acquired from Marriott International in 2007 and subsequently acquired by the project developers, Hill Top Hospitality, LLC, as part of a master plan to develop a destination center near the City of Auburn with easy access to I-80 in the heart of California Gold Country and the County of Placer. The center is named the Hill Top Center. The hotel will generate 43 full time equivalent positions of which at least 51% (22 jobs) will be filled by members of LMH(s).

The activity was initiated after the execution of Standard Agreement 15CDBG-10788 on April 4, 2016 and execution of the Loan Agreements between the County of Placer and Hill Top Hospitality, LLC on September 5, 2017 after all conditions were cleared.

In a letter dated February 4, 2019, the County of Placer requested a one-year extension of the February 28, 2019 Expenditure Deadline due to project delay including but not limited to the following:

- Unstable soil beyond what was originally anticipated
- Structural design change from concrete garage podium to composite deck design due to five different rock formations discovered during excavation
- Delays with PG&E coordination to provide utility hookups
- Heavy periods of rain which caused significant soil disruption
- Difficulty finding adequate numbers of skilled tradespersons

- Coordination difficulties between 3rd party inspection company and Fire Department caused a six-week delay in closing the interior walls.

The CA Department of Housing and Community Development granted the extension of the Expenditure Deadline to February 28, 2020 as documented in a letter from Connie Mallavia, NOFA Program Manager, dated February 12, 2019 with a subsequent Contract Amendment as noted above dated March 13, 2019.

The construction and setup of the hotel was completed and a Certificate of Completion was obtained from the County of Placer on October 25, 2019. Following receipt of the Certificate of Complete Hill Top Hospitality, LLC worked with The Placer County Business Advantage Network and County staff to advertise, hold job fairs, etc. to recruit local candidates for open positions at the hotel. Hiring was initiated in October 2019 and continued to ramp up through March 2020 at which time the COVID pandemic had a significant impact on the business due to the state mandated restrictions and closures. The Hill Top Hospitality, LLC CDBG Jobs Tracking Form for Completed Project is provided under separate cover and presents the information required to certify the 21 FTE jobs created at that time, 66.7% (14 FTEs) were filled by LMI individuals.