



CALISTOGA AFFORDABLE HOUSING

A Non-Profit Tax Exempt Corporation

1332 Lincoln Avenue

Calistoga, CA 94515

Board of Directors

Carol Bush
Retail Business owner

Kimberly Dorcik
Napa Fair Housing
Program Director
Co-Chair LTR Board

Aaron Harkin
Calistoga Hills
Management

Mary Ellen Hester
Retired Admin. Assist.
Secretary

Allison Hof
Bank of the West
Branch manager
Treasurer

James Jacobsen
Retired property
Developer

Larry Kromann
Retired Ed. Admin.
President

Danny Merchant
Indian Springs Resort
Owner/developer

Steve Patel
Motel owner/operator
Board President,
Calistoga Chamber of
Commerce

George Pellegrini
Retired administrator
American Legion rep.
Board Chair

July 5, 2018

Ms. Molly Rattigan, Napa County Deputy County Executive Officer
Ms. Nancy Johnson, Napa County Housing and Community
Development Program Manager

Subject: Turley Flats search for additional funding

Dear Molly Rattigan and Nancy Johnson,

The purpose of this letter is to follow up on your recent email request for additional information regarding the funding gap needs of the Turley Flats project as well as more details regarding the soil/water contamination that was encountered during the pier drilling for the foundation.

CAH would also like this letter to serve as an official funding request to the County and City of St. Helena for additional funding to complete the project. CAH also seeks other potential funding sources that the County and/or City might suggest. We have been quite active over the past six months contacting and applying for construction funds from various foundations and grant giving organizations in our area. CAH is also a member of the Napa COAD and Long Term Recovery Board. However, we are finding that the main interest of most grants currently is providing help for short term family needs of those directly affected by the October Wild Fires, or looking to provide funding for rebuilding lost homes. Unfortunately, there doesn't appear to be much interest in providing immediate help for the few housing projects that were already underway when the October Wild Fires erupted. Projects such as Turley Flats appear to be on their own for finding funding as the Napa/Sonoma area struggles with the large task of rebuilding lost housing combined with the past history of insufficient work force housing. CAH must immediately find the funds to complete this project that is scheduled for completion by October 15, 2018.

The Turley Flats project was impacted by the October Wild Fires but the impact was not direct. We didn't lose any materials or had physical damage. Our direct impact from the Fires was from our contractors and sub contracts losing construction personnel that immediately caused time delays and schedule changes. The work load of all construction businesses was immediately increased which has further delayed projects such as Turley Flats. And these delays did cause increased expenses such as higher bank interest costs, higher relocation costs, and increased material/labor costs.

The attached Financial Report on Turley Change Orders shows the timings and reasons for the nine Change Orders. Please note that Change Orders 7 and 8 were made after the City of St. Helena's \$135,000 loan increase. Change Order 7 and 8 were needed because of unforeseen utility connection problems to the City's main lines under the street. The two Change Orders plus the Deferred Developers Fee is \$105,000 of the \$148,000 new gap. The remaining gap need is for cost increases described above. The current projects funding gap is \$163,803 (including a contingency amount of \$16,647.

CAH has used two methods to determine the final gap figures: 1) updating the original Draw Schedule, and 2) creating End of Project Review that shows the remaining construction items and costs not yet completed as of June 27 and all available funds as of June 27. Though this approach has taken time and effort, it is important that we have accurate and up to date information. And even though the final gap numbers appear to be very high, the per unit cost is still under \$395,000, and the sq. ft. costs per unit is under \$250. The concept of using factory modular construction is proving to be a useful tool in keeping housing affordable with factory units (fully complete with appliances and finish paint) staying under \$95 per sq. ft. However there is much work to be done in the planning/design/permitting process to eliminate unnecessary costs. One suggestion would be for the architects and engineers to work closer with city planners so that the need for expensive Change Orders are eliminated or greatly reduced. Though the CAH Design Team believed it had communicated with City planners and building department staff, in hindsight we should have spent more time on this aspect of the project. And it should also be stated that there was a lot of personnel changes at the City during the planning period of the project (2013-2018) in administrative and building department staff. CAH worked with three different City Managers during the planning period and though this did create a challenge for planning, it should also be stated that the Turley project was well supported by staff and administration.

I have attached the following items for your review: 1) Report on Turley Change Orders Resulting in a Budget Gap, 2) Financial Report on Expected Turley Budget Needs, and 3) the Turley Draw Schedule that has been updated to reflect current and projected expenses. If there are questions, please don't hesitate to call (707 299-7073) or email me at (lgkromann@msn.com)

In Appreciation,

LG Kromann

Larry Kromann,
President

Cc:

Ms. April Mitts, City of St. Helena Finance Director

Mr. Noah Housh, City of St. Helena Planning & Community Improvement Director

Ms. Janet Connors, Poppy Bank, SVP Real Estate Officer