

**ECONOMIC DEVELOPMENT SUBSIDY REPORT
PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 53083
ON AMENDED AND RESTATED PURCHASE AND SALE AGREEMENT BETWEEN
THE CITY OF PITTSBURG AND STAY CAL PITTSBURG LLC**

The following Summary Report has been prepared pursuant to California Government Code Section 53083. The report sets forth certain details of the Amended and Restated Purchase and Sale Agreement, including the Sixth Amendment (“Agreement”) between the following parties:

1. The City of Pittsburg (“City”), a municipal corporation; and
2. Stay Cal Pittsburg LLC, a California limited liability corporation (“Developer”).

The Agreement requires the City to provide a development incentive to the Developer for the purpose of constructing a 117-room hotel (“Project”). The project is located at the southwest corner of Center Drive and Railroad Avenue (APN 086-100-045) in Pittsburg, CA.

The purpose of this Agreement is to effectuate economic development in the City. The purpose of this report is to provide the information required pursuant to Government Code Section 53083 in regards to the Agreement. This report shall remain available to the public and posted on the City’s website until the economic development subsidy, as further described in section II, is fully distributed.

I. Name and address of all corporations or any other business entities, except for sole proprietorships, that are the beneficiary of the economic development subsidy:

Stay Cal Pittsburg LLC
2110 S. El Comino Real
San Mateo, CA 94403
Contact Name: Hiten Suraj

II. Start and end dates and schedule, if applicable, for the economic 2 development subsidy:

The proposed economic development subsidy includes a one-time payment to Stay Cal. The Sixth Amendment to Agreement memorializing the incentive shall become effective upon execution of the Sixth Amendment. The Contribution (as defined in section III below) shall be paid by City directly to Stay Cal within ten (10) business days of completion and approval of the inspection of the entire foundation of the Project. In the event Stay Cal has not received approval of the entire foundation of the Project by December 31, 2023, City shall not be required to provide Contribution; this deadline may be extended by the City Manager for a

period(s) not to exceed six months. At the time the Contribution is provided to Stay Cal in full, this subsidy shall cease.

III. Description of the economic development subsidy, including the estimated total amount of the expenditure of public funds by, or of revenue lost to, the local agency as a result of the economic development subsidy:

The City is making economic incentive payments to facilitate the development of the Project and the operation of the hotel. The City agrees to provide Stay Cal with a contribution equal to the maximum of Five Hundred Ninety-Nine Thousand Nine Hundred and Ninety-Nine Dollars (\$599,999), so long as it is less than two percent (2%) of the total cost of the Project (the “**Contribution**”).

IV. Statement of the public purposes for the economic development subsidy:

The Pittsburgh City Council has determined that encouraging economic development, including private investment that involves creation of new jobs and income in the City, or the retention of existing jobs and income that would otherwise be lost or be unavailable to the residents of the City, is a valid exercise of its powers and provides an important public benefit and serves an important public purpose. By authorizing the City to enter into this Agreement, the City Council has determined that the benefits accruing as a result of the transactions contemplated by this Agreement, including, without limitation, (i) direct benefits such as the increase in higher-end hotel rooms near the Pittsburgh Center BART Station; (ii) increased meeting and convention activity; (iii) increased revenues from property, sales, and TOT taxes; (iii) enhanced economic opportunities generated by the development of a new hotel serving Pittsburgh, and (iv) the provision of infrastructure to the City, together with the Developer’s obligations in the Agreement represent fair consideration for all of the obligations to be undertaken by the City as contemplated in the Agreement.

Other important goals and objectives that are satisfied by the Project include generation of a substantial numbers of construction jobs and the potential increase in private investment as a result of the public investment in this Project. To this end, the Project has already warranted the development of a new Starbucks restaurant adjacent to the hotel. A Courtyard by Marriot or comparable hotel brand would likely increase the number of visitors to the City, which will spend money on dining, retail and entertainment activities.

V. The projected tax revenue to the local agency as a result of the economic development subsidy:

The City expects to receive a significant increase in transient occupancy tax, property tax, permit fees, and community facilities district and lighting and landscaping district fees from the development of the Project. The anticipated revenues are summarized below:

1. Transient Occupancy Tax (TOT) – The current City TOT rate is 10% of room revenues. Based on the anticipated stabilized Average Daily Rate (ADR) and an occupancy rate, the Project will generate \$560,000 annually in TOT.
2. Property Tax – Within the Site’s Tax Rate Area, the City receives 18.33408% of the general property tax levy of 1.0% of assessed value, with the balance of the collected property taxes going to other taxing jurisdictions. At the anticipated level of value, the Project will generate approximately \$58,000 in property tax annually.
3. Development Fees – The City’s latest estimate indicated the Developer will pay over \$800,000 total in permitting and impact fees (this includes the EBART CFD fee).
4. CFDs and LLD – The project will be required to annex into the Public Safety and Fire Safety community facilities districts (CFDs) as well as the City’s existing Lighting and Landscaping District, and pay the annual cost(s) for these ongoing assessments.

VI. Job Creation:

The Project is projected to create the following number of temporary jobs during construction, and full-time and part-time jobs during operation:

Full-time jobs: 5-10

Part-time jobs: 10-15

Temporary construction jobs: 30-50