



**OFFICE OF THE CITY MANAGER/EXECUTIVE DIRECTOR
65 Civic Avenue
Pittsburg, CA 94565**

TO: Mayor/Chair and Council/Governing Board Members

FROM: Garrett Evans, Executive Director/City Manager

SUBJECT: Adoption of 1) a City Council Resolution Approving a Grant and Loan Agreement with Platinum Pittsburg LLC, Authorizing the City Manager to Negotiate and Execute Subsequent Documents to Carry Out the Grant and Loan Agreement, Allocating Funding from the American Rescue Pan Act, and Adopting an Economic Development Subsidy Report; and 2) Adoption of a Pittsburg Power Company Resolution Allocating Funding for the Loan

MEETING DATE: September 16, 2024

EXECUTIVE SUMMARY

The City is proposing to enter into a Grant and Loan Agreement (“Agreement”) that would authorize a City-funded loan of up to \$1,500,000 (“Loan”), as well as a grant contribution of up to \$599,999 (“Grant”) to facilitate construction of the proposed 115-room Home 2 Suites Hotel (“Hotel”) on a 2.09-acre site located at 2112 Loveridge Road (Assessor’s Parcel No. 088-240-080; the “Project”). Pursuant to the Requirements of state law, the City has prepared and published an Economic Development Subsidy Report.

FISCAL IMPACT

As part of the proposed Agreement, the City would provide Platinum Pittsburg LLC (“Platinum”) with a contribution equal to the maximum \$599,999, so long as it is less than 2% of the total cost of the Project. The City would also provide a loan of up to \$1,500,000, payable over a 30-year term, and carry an interest rate of 8%-12%.

The proposed funding of the Loan will come from the Pittsburg Power Company (PPC).

Staff anticipates the Project, once operational, would generate approximately \$500,000 annually in transit occupancy tax (“TOT”), which would support the City’s general fund.

RECOMMENDATION

Staff recommends the following actions:

1. City Council adopt the attached resolution approving the Agreement with Platinum Pittsburg LLC, authorizing the City Manager to negotiate and execute subsequent documents to carry out the terms of the Agreement, allocating from the American Rescue Plan Act (ARPA) up to \$599,999 to fund the Grant, and adopting an Economic Development Subsidy Report; and
2. Governing Board of the PPC adopt the attached resolution allocating funding of up to \$1,500,000 for the Loan.

BACKGROUND

On November 15, 2021, the City Council adopted Resolution No. 21-14011, approving a General Plan map amendment, use permit, and design review for the Project. On December 20, 2021, the City Council adopted Ordinance No. 21-14011, approving the rezoning of the property to facilitate the Project's development.

Pursuant to the requirements of Government Code Section 53083, the City has prepared and published an Economic Development Subsidy Report (Attachment 3).

SUBCOMMITTEE FINDINGS

This item was not presented to a subcommittee.

STAFF ANALYSIS

As mentioned above, the proposed Agreement would authorize a grant contribution of up to \$599,999, so long as it is less than 2% of the total cost of the Project, as well as a market rate loan of up to \$1,500,000, to be repaid over a 30-year term, to facilitate the Project's construction.

As part of the proposed Agreement:

1. The Loan shall be evidenced by the executed Agreement and a Promissory Note, and secured by a recorded Deed of Trust.
2. The Loan shall include amounts of all City fees, including but not limited to fees for Building and Engineering permits. The remaining balance shall be provided to Platinum. For example, if City fees total \$500,000, the Loan will be used to pay all City Fees first and the remaining balance of \$1,000,000 will be disbursed to Platinum.
3. Interest shall accrue at commercially reasonable interest rates calculated on the unpaid principal outstanding. (Years 0-6: 8%; Years 7-30: 12%)
4. Platinum shall start making monthly principal and interest payments on the Loan commencing on the 1st day of the month and every 1st day of the month thereafter, beginning twenty-four (24) months after Fund Disbursement Date. If Platinum receives a certificate of occupancy and commences operation of a hotel within twenty-four (24) months following Fund Disbursement Date, the Monthly Payment Commencement Date shall be extended for twelve (12) months.
5. Platinum shall make all reasonable efforts to commence construction by December 31, 2024. If Platinum fails to commence construction on or before March 31, 2025,

the City shall have a right to terminate this Agreement and no further obligation to disburse any funds.

6. Platinum shall provide a personal guarantee equal to or greater than \$1,500,000 prior to the disbursement of funds.

ATTACHMENTS:

1. City Council Resolution
2. Pittsburg Power Company Resolution
3. Economic Development Summary Report prepared pursuant to CGC 53083 (Exhibit A to Resolution)
4. Proposed Agreement

Report Prepared By: Jordan Davis, Director of Community and Economic Development