

**CITY OF KING
ECONOMIC DEVELOPMENT SUBSIDY REPORT
JULY 2019**

Project: Hotel project proposed on Parcel #026-391-025-000 (1023 Broadway Street) owned by the Successor Agency to the Former King City Community Development Agency.

Subsidy Beneficiary: Stay Cal Hotels, Inc.
2110 South El Camino Real
San Mateo, CA 94403

Description of Subsidy: The subsidy provided consists of the reimbursement of a portion of Transient Occupancy Tax generated by the project and deferral of development impact fees as follows:

Transient Occupancy Tax (TOT) Reimbursement

- Year 1 to 2 – 75% rebate
- Year 3 to 4 – 50% rebate
- Year 4 to 6 – 25% rebate

Development Impact Fee Deferrals

- Fire Facilities and Equipment - Certificate of Occupancy/Temporary Occupancy
- Wastewater Treatment Plant - January 2024
- Wastewater Collection System - January 2024
- Storm Drainage Facilities - January 2026
- Streets, Traffic Signals and Bridges - January 2026
- General Government Facilities - January 2026
- Law Enforcement Facilities - January 2026

The subsidy over the life of the Agreement is projected to result in a subsidy of \$406,250 to \$838,500 in TOT reimbursement. Development Impact Fee deferrals are scheduled in order to ensure funding is received prior to dates needed for projects to mitigate the impacts of the project. Therefore, there is minimal cost associated with the fee deferrals.

Effective Dates: The effective date of the Agreement is projected to be August 1, 2019. Subsidies will take place when the project receives a Certificate of Occupancy or Temporary Certificate of Occupancy and begins operation, which is projected to be January 2021. It would then be in effect for six (6) years until projected expiration in December 2026.

Statement of Purpose: The purpose of the project is to support expansion of visitor and tourism activity to the City. The project will benefit the general public by increasing jobs, City revenues to fund local services, and to increase business development in the City. Each increased visitor will increase revenue for local businesses, particularly restaurants, shops, grocery stores and gas stations. As a result, the project will generate both TOT revenues, as well as increase sales tax from other businesses.

Projected Tax Revenue: The proposed project is projected to increase City TOT revenue annually in an average amount of \$67,000 to \$184,640 for the first seven (7) years. After that, it is projected to provide annual TOT revenue in an amount of \$125,000 to \$258,000. Visitors are projected to generate an additional \$25,000 to \$50,000 in sales tax revenues to the City.

Projected Job Creation: 9 full-time
7 part-time
65 temporary