

The Crossing Hotel – Know the Facts

On March 29th the San Bruno City Council approved an agreement to sell a 1.5-acre property at The Crossing in San Bruno to OTO Development, a hotel development company.

Why did the City Council make this decision?

It's simple – San Bruno should have what other communities have and NOW is the time to build a beautiful, upscale hotel with meeting and event space that the community has planned and expected for over 15 years. Development and operation of the hotel will bring new, good jobs with good salaries and benefits to San Bruno. Best of all, the hotel will generate over \$1 million in new revenue to the City every year it is open for business.

The hotel is a good deal for the City of San Bruno both financially and as a benefit to the community. Here are just some of the facts:

- Sale of the property to OTO brings an immediate profit of \$2.57 million to the City.
- OTO will pay over \$850,000 in new development and permit fees to the City.
- There is NO subsidy of public funds to the OTO hotel project.
- The value of the hotel property was established by an independent appraisal based on standard professional appraisal methods using recent sales of comparative local hotel properties.
- Properties zoned for a different use, such as office or residential development, are not comparable for the purpose of establishing the value of the hotel property.
- OTO must share proceeds with the City if it seeks to “flip” the property by selling it for a profit after receiving the hotel development approvals but before hotel construction begins.
- Development of the hotel will create about 100 skilled construction jobs and 30-40 permanent full time hotel operations jobs with competitive pay and benefits offered by OTO that well exceeds minimum wage standards and those offered by other hotels in the area.
- Over \$1 million per year in Hotel Tax (or TOT) and other on-going annual revenues to the City; only a hotel generates this level of revenue, over \$25 million in about 20 years – money that the City can use to address the many pressing needs in the community.
- As designed, the hotel includes many attractive features specifically requested by the City and not typically included in this type of hotel, including 3,000 square feet of high-end event space to accommodate up to 300 people and two levels of underground parking.

So, who is opposing this deal and why?

Local 2, a big, out of town hotel workers union that does not represent any employees who work in San Bruno hotels, is trying to stop the hotel from being built unless the City requires OTO to use union workers for operation of the hotel. By stopping the hotel, Local 2 will damage San Bruno by assuring the property stays vacant for at least several more years to come, by preventing the community from

enjoying the event space and other amenities of the hotel, by eliminating the creation of nearly 150 new jobs in the community and by costing the taxpayers of San Bruno over \$25 million in new hotel revenue.

Here are some facts about Local 2's effort to stop development of San Bruno's hotel:

- Similar hotels are currently under construction in Belmont, South San Francisco, Palo Alto, San Carlos and Redwood City - not one of these construction projects is using all union labor.
- Of the large number of hotels of this type on the Peninsula, only one that was grandfathered, uses union labor to operate the hotel.
- Local 2 is not trying to stop development of the other Peninsula hotels that will not use union labor for their operations - they are only targeting San Bruno.
- The hotel project is not financially feasible with union operations, so OTO won't build the hotel, and neither will any of the other hotel developers building in this region.
- Stopping the new hotel will guarantee NO new union hotel jobs in San Bruno.
- The San Bruno City Council supports the efforts of organized labor to assure good quality, well-paying jobs in the community; nearly all of the City's own 250 full time employees are members of Teamsters Local 856 and 350 based right here in San Bruno.
- Each and every City-funded construction project is constructed by contractors who pay prevailing rate to employ highly skilled construction trades workers.
- No City subsidy for the hotel development means there is no requirement for prevailing rate to be used for hotel construction.
- OTO's general construction contractor will hire local trade workers and pay competitive wages to build the hotel.
- State law protects the right of OTO hotel workers to decide if they want to join a union.

Doesn't San Bruno deserve what other cities up and down the Peninsula already have?

San Bruno needs the hotel that the community has planned and dreamed of for the last 15 years. Now is the time to turn that vision into reality. The new hotel at The Crossing will bring new, good quality jobs and new revenues to the City that no other type of development can offer.

Learn facts about this project by visiting the City website at:

https://www.sanbruno.ca.gov/gov/city_departments/commdev/planning_division/development_activity/crossing_hotel.htm