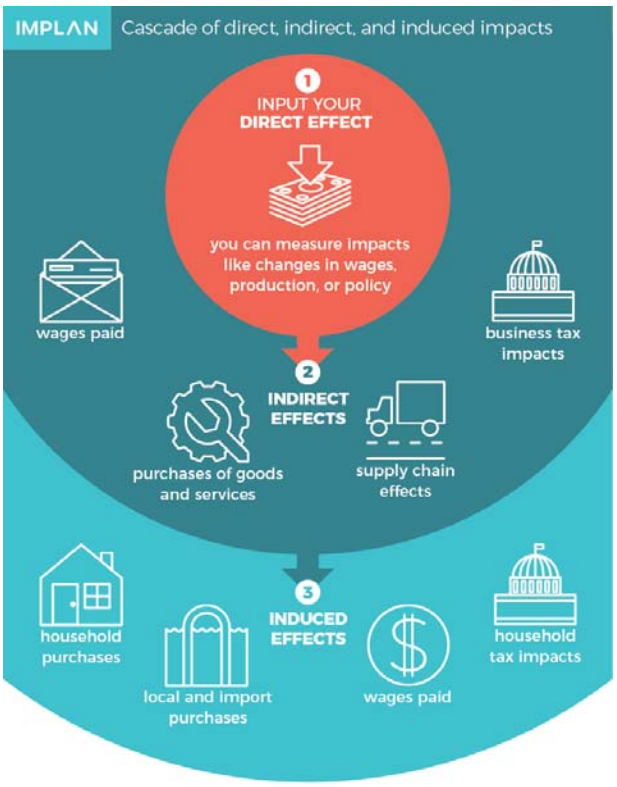
The Pitstop Specific Plan

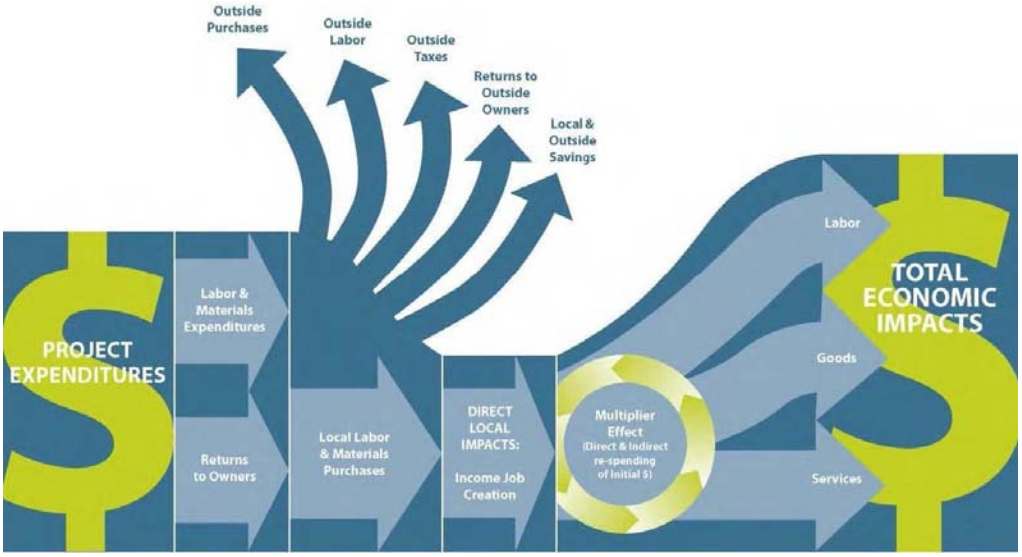
CONCLUSIONS OF THE ECONOMIC IMPACT ANALYSIS ("EIA") FOR THE PITSTOP SPECIFIC PLAN

INTRODUCTION

The purpose of this summary is to identify the general economic impacts of the Pitstop Specific Plan (the "Project") on the City of Irwindale (the "City"). General economic impacts considered in the attached analysis include additions to the City's employment (number of average annual full-time and part-time jobs), economic output (e.g., gross receipts), and earnings (the sum of wages, salaries and benefits, and other labor income). **An Economic Impact Analysis ("EIA") operates under the basic assumption that any increase in impacts has direct, indirect, and induced effects.** First, there is a direct effect caused by the additional output of goods or services on-site. Second, there is a ripple of indirect effects on all the industries whose outputs are used by firms located within the Project and various firms' supply chains. Third, there are induced effects that arise when employment increases in the region and stimulates greater household spending.



This analysis is based on the latest version of the Impact Analysis for Planning ("IMPLAN") economic modeling system. IMPLAN is a nationally recognized input-output model that can be used to estimate the impacts of new development on the economy through the use of an economic multiplier analysis that is applied to individual counties (e.g., Los Angeles County). Its economic multipliers are based on a proprietary model that inputs a series of extensive databases, local economic factors, and demographic statistics.



Source: Northern Economics, Inc., 2011.

The IMPLAN multiplier model allows one to gauge the effect on a city or county of each dollar expended by an industry as it diffuses through a regional economy. The analysis identified economic impacts for two stages of the development process: construction and recurring operations. First, there is a ***one-time impact*** from the construction of the various land uses within the Project. Then, after the construction and tenant improvement phases are complete, the analysis determines the magnitude of the ***permanent annual recurring impact*** on the economy through the ongoing operations of the development that has occurred within the Project. Both the one-time and permanent recurring impacts of the Project are summarized on the following page.

DESCRIPTION OF THE PROJECT

Project Site: Home of the former Irwindale Speedway ("Prior Use"), a 6,000-seat motorsports event facility featuring twin 1/2- and 1/3-mile paved banked oval racetracks and a 1/8-mile National Hot Rod Association-sanctioned dragstrip that was permanently closed at the end of 2024.

Proposed Project: Demolishes existing structures and redevelops the Project site into mixed-use development ("Proposed Redevelopment"), including the following:

- **Dining Component**: Contains four fast-food restaurants with a drive-through totaling 16,000 SF and limited-service restaurants totaling 11,600 SF.
- **Neighborhood Service Component**: Comprised of 3,600 SF for personal care service businesses.
- **Automobile Service Component:** Consists of a tunnel car wash and an EV charging station with a 4,000-SF convenience store.
- **Industrial Component**: Encompasses approximately 549,430 SF of warehousing space.
- **Energy Storage Component**: Consists of a 400-megawatt ("MW") energy storage ("ES") facility spanning 20 acres. The ES facility includes racked battery modules and power conversion equipment, with an HVAC system utilized to maintain specific operating temperatures within the enclosed containers. The ES facility operations will be controlled and monitored via a supervisory control and data acquisition system. The ES facility will be designed in accordance with the latest applicable codes and safety certifications for the design, construction, and operations of the facility.

ECONOMIC IMPACT DEFINITIONS

"**Total Economic Output**" represents the total value of all goods and/or services produced throughout a designated economy during a specified period of time, including Labor Income, Other Value Added, and the cost of Intermediate Inputs. Each of these components are defined below.

- **"Labor Income"** includes employee compensation (wages and benefits) and payments received by self-employed individuals and unincorporated business owners;
- **"Other Value Added"** encompasses other property income, such as the consumption of capital investment, profits, royalties, dividends, interest impacts, and taxes on production and imports; and
- **"Intermediate Inputs"** include purchases of non-durable goods and services used for the production of other goods and services within a project, rather than for final consumption. Intermediate Inputs equal the Total Economic Output minus the sum of Labor Income and Other Value Added.

RECURRING ECONOMIC IMPACTS OF THE PROPOSED REDEVELOPMENT TO THE CITY

As shown in Table 1 below, **the annual recurring economic impacts to the City at the build-out of the Proposed Redevelopment will be substantial at $85.5 million, creating a total of 595 permanent jobs and payrolls of $40.7 million**. The total jobs to be generated by the Proposed Redevelopment will provide Labor Income at an average of $66,890 per direct Full-Time Equivalent ("FTE") employee on-site, with an average Labor Income of $68,439 per job, including both indirect and induced jobs. Notably, these projected economic impacts **exclude** the outputs from the ES operation, which cannot be estimated at this time.

Table 1: Proposed Redevelopment's Total Recurring Impacts on the City

Recurring Impacts	Direct	Indirect/Induced	Total
Employment	**476**	**119**	**595**
Total Economic Output	**$60,441,816**	**$25,055,110**	**$85,496,926**
Labor Income	$31,839,627	$8,904,781	$40,744,408
Other Value Added	$6,162,702	$6,656,843	$12,819,544
Intermediate Inputs	$22,439,487	$9,493,486	$31,932,973

ONE-TIME ECONOMIC IMPACTS OF THE PROPOSED REDEVELOPMENT TO THE CITY

As reflected in Table 2 below, **the one-time economic impacts from the construction of the Proposed Redevelopment on the City will also be significant at $547.1 million, generating a total of 2,578 one-time jobs, with payrolls of $197.3 million**. The average Labor Income is $76,484 per direct FTE job on-site, with an average Labor Income of $76,521 per job, including both indirect and induced jobs.

Table 2: Proposed Redevelopment's One-Time/Construction Impacts on the City

One-Time/Construction Impacts	Direct	Indirect/Induced	Total
Employment	**2,055**	**523**	**2,578**
Total Economic Output	**$425,496,088**	**$121,588,010**	**$547,084,098**
Labor Income	$157,175,049	$40,099,825	$197,274,874
Other Value Added	$71,122,872	$34,011,690	$105,134,562
Intermediate Inputs	$197,198,167	$47,476,495	$244,674,662

RECURRING ECONOMIC IMPACTS OF THE PRIOR USE TO THE CITY

As shown in Table 3 below, the Prior Use generated $7.7 million in the esimated annual recurring economic impacts to the City, with payrolls of $3.7 million. Both outputs are substantially less than the projected impacts generated by the Proposed Redevelopment. The total jobs generated by the Prior Use provided Labor Income at an average of $76,376 per direct Full-Time Equivalent ("FTE") employee on-site, with an average Labor Income of $75,019 per job, including both indirect and induced jobs.

Table 3: Prior Use's Recurring Impacts on the City

Recurring Impacts	Direct	Indirect/Induced	Total
Employment	**38**	**11**	**49**
Total Economic Output	**$5,675,000**	**$2,008,345**	**$7,683,345**
Labor Income	$2,902,273	$794,290	$3,696,562
Other Value Added	$1,104,939	$489,740	$1,594,679
Intermediate Inputs	$1,667,788	$724,315	$2,392,103

ADDITIONAL BENEFICIAL IMPACT OF THE PROJECT TO THE CITY

The 595 permanent jobs and 2,578 one-time jobs generated under the Proposed Redevelopment will have benefits on any City residents who find employment in the Project by decreasing costs associated with commuting and traffic congestion. These jobs would reduce commute times, improve social and cultural involvement for these residents, and provide them with an attractive work/life balance. The shorter commutes could also generate savings for the City in terms of the need to construct and maintain new road improvements and other facilities. For example, any decrease in transportation facility costs experienced by the City will enable it to invest its tax proceeds in libraries, recreational projects, and other community amenities that can improve the quality of life for City residents.

DTA'S QUALIFICATIONS

DTA Public Finance, Inc. ("DTA"), formerly David Taussig and Associates, Inc., is a California-based public finance consulting firm with a national practice focusing on the establishment and implementation of infrastructure and public services financing programs. The firm, which provides public finance consulting services to public and private sector clients, has offices in Irvine, San Francisco, San Jose, and Riverside, California, Houston and Dallas, Texas, Raleigh, North Carolina, and Tampa, Florida. Since its formation in 1985, the firm has assisted over 3,000 clients located in 24 states in meeting their infrastructure and public services goals. Additional information on DTA is available on our website at www.FinanceDTA.com.

In addition to the planning and implementation of public financing mechanisms, DTA is involved in fiscal and economic analyses of land development impacts, project feasibility studies, retail market analyses, and economic development studies. DTA has prepared over 200 EIAs to project the one-time and annual recurring economic impacts of a development project on a local economy. General economic impacts include additions to regional economic output (gross receipts or sales), earnings (the sum of wages and salaries, proprietors' income, and other labor income), and employment (number of average annual full-time and part-time jobs created and the impact on an area's jobs/housing balance). DTA utilizes the IMPLAN economic modeling system to determine induced and indirect economic impacts that complement the direct economic impacts of new development and plans. Our firm's economic analyses also distinguish between one-time impacts that occur on a non-recurring basis as a result of construction activity and impacts that recur annually over the entire term of a development's life.

DTA's EIAs have been utilized by the States of California, Nevada, and New Mexico, local municipalities, redevelopment successor agencies, community development enterprises, and other parties to determine whether such impacts merit the granting of project entitlements or project subsidies to enable a project to move forward. They have also been used in successful applications for New Market Tax Credits ("NMTCs").