



CITY COUNCIL STAFF REPORT

DATE: March 16, 2011

LEGISLATIVE

SUBJECT: INTRODUCTION OF AN ORDINANCE OF THE CITY OF PALM SPRINGS, CALIFORNIA, AMENDING SUBSECTION (a) OF SECTION 5.26.040 OF THE PALM SPRINGS MUNICIPAL CODE, WITH RESPECT TO FIRST CLASS NEW HOTELS PARTICIPATING IN THE CITY'S HOTEL OPERATIONS INCENTIVE PROGRAM.

FROM: David H. Ready, Esq., Ph.D., City Manager

BY: Community Development Department

SUMMARY

The proposed Amendment would apply only to the Incentive Program for First Class New Hotels. This Ordinance amends the existing City's Hotel Operations Incentive Program by changing the percent of the "adjusted tax rate"/Transient Occupancy Tax shared with an operator of a First Class New Hotel from 50% to 75%. The Amendment provides for the new incentive to be available if vertical construction of a new First Class Hotel begins by December 31, 2013.

RECOMMENDATION:

Waive reading and introduce "AN ORDINANCE OF THE CITY OF PALM SPRINGS, CALIFORNIA, AMENDING SUBSECTION (a) OF SECTION 5.26.040 OF THE PALM SPRINGS MUNICIPAL CODE, WITH RESPECT TO FIRST CLASS NEW HOTELS PARTICIPATING IN THE CITY'S HOTEL OPERATIONS INCENTIVE PROGRAM."

STAFF ANALYSIS:

The proposed Ordinance would amend the City's Hotel Operations Incentive Program by changing the incentive available to be paid to an operator of a First Class New Hotel from 50% to 75% of a portion of the City's Transient Occupancy Tax, which in the Ordinance is defined as the "adjusted tax rate", to 75%.

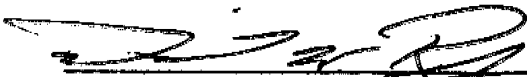
The Amendment to the Ordinance also provides that the new incentive would be available only to new First Class Hotels which begin vertical construction of the new hotel no later than December 31, 2013.

ITEM NO. 3.B.

Finally, the Amendment provides that a qualified participant/operator of a new First Class Hotel may request to increase the incentive percentage above 75% for the first two years of the program. Any such increase in the incentive percentage above 75% is reserved at the sole discretion of the City.

The proposed adjustments reflect an increase in the incentives potentially available for First Class New Hotels. Staff believes that the increase in the incentives may provide a basis to stimulate the construction of one or more First Class New Hotels in this difficult development environment.

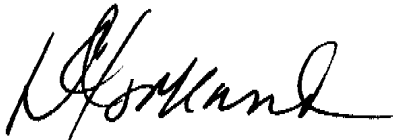
FISCAL IMPACT:



David H. Ready, Esq. Ph.D.
City Manager



Thomas J. Wilson
Assistant City Manager



Douglas C. Holland, Esq.
City Attorney

Attachments:

1. Ordinance Amending Subsection (a) of Section 5.26.040

AN ORDINANCE OF THE CITY OF PALM SPRINGS, CALIFORNIA, AMENDING SUBSECTION (a) OF SECTION 5.26.040 OF THE PALM SPRINGS MUNICIPAL CODE, WITH RESPECT TO FIRST CLASS NEW HOTELS PARTICIPATING IN THE CITY'S HOTEL OPERATIONS INCENTIVE PROGRAM.

City Attorney Summary

Currently a First Class New Hotel is eligible to receive an incentive of 50% of the adjusted tax rate. This Ordinance amends the existing hotel incentive program for a First Class New Hotel to receive 75% of the adjusted tax rate.

THE CITY COUNCIL OF THE CITY OF PALM SPRINGS ORDAINS:

SECTION 1. Subsection (a) of Section 5.26.040 is amended to read as follows:

(a) First Class New Hotels. The city shall pay to an operator of a first class new hotel an amount equal to seventy-five percent (75%) of the adjusted tax rate. Such payments shall be made for twenty years or until the operator has been paid fifty million dollars, whichever event occurs first. Without regard to any other provision of Chapter 5.26, a First Class New Hotel must have begun vertical construction no later than December 31, 2013 to qualify to submit an application to participate in the Incentive Program.

The City and a qualified participant under this section may enter into an agreement, at the sole discretion of the City, to receive an increase in the percent of the adjusted tax rate, for no longer than the first two-years of the qualified participant's Incentive program.

Without regard to any preceding conditions of this section, the program shall terminate at any point the first class new hotel is not operated as a first class hotel.

SECTION 2. The Mayor shall sign and the City Clerk shall certify to the passage and adoption of this Ordinance and shall cause the same, or the summary thereof, to be published and posted pursuant to the provisions of law and this Ordinance shall take effect upon adoption.

PASSED, APPROVED, AND ADOPTED BY THE PALM SPRINGS CITY COUNCIL THIS ___ DAY OF _____, 2011.

STEPHEN P. POUQUET, MAYOR

ATTEST:

JAMES THOMPSON, CITY CLERK

CERTIFICATION:

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss.
CITY OF PALM SPRINGS)

I, JAMES THOMPSON, City Clerk of the City of Palm Springs, California, do hereby certify that Ordinance No. ____ is a full, true, and correct copy, and was introduced at a regular meeting of the Palm Springs City Council on _____ and adopted at a regular meeting of the City Council held on _____ by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

JAMES THOMPSON, CITY CLERK
City of Palm Springs, California