

**ECONOMIC DEVELOPMENT SUBSIDY REPORT PURSUANT TO GOVERNMENT
CODE SECTION 53083**

**FOR A TRANSIENT OCCUPANCY TAX SHARING AGREEMENT SILVERROCK
DEVELOPMENT COMPANY, LLC IN CONNECTION WITH THE DEVELOPMENT
OF TWO LUXRY AND LIFESTYLE HOTELS LOCATED AT THE SILVERROCK
GOLF COURSE ON JEFFERSON STREET BETWEEN AVENUE 52 AND AVENUE
54 IN THE CITY OF LA QUINTA**

Pursuant to Government Code Section 53083, the City Council of the City of La Quinta must hold a noticed public hearing and, prior to the public hearing, provide all of the following information in written form and available to the public and through the City's website, regarding a proposed economic development subsidy to be provided by the City pursuant to a Purchase, Sale, And Development and related Agreements including Hotel TOT Rebate Agreements by and between the City of La Quinta and SilverRock Development Company, LLC (collectively, "Developer") ("Agreement"). Notice was published on City's website for a public meeting held on November 5, 2019.

The purpose of this report is to provide the information required pursuant to Government Code Section 53083 in regards to the Agreement. This report shall remain available to the public and posted on the City's website until the end date of the economic development subsidy, as further described in number 2 below.

1. The name and address of all corporations or any other business entities, except for sole proprietorships, that are the beneficiary of the economic development subsidy.

The Agreement is with SilverRock Development Company, LLC, who owns and operates the business that will benefit from the economic development subsidy:

SilverRock Development Company, LLC
3551 Fortuna Ranch Road
Encinitas, CA 92024

2. The start and end dates and schedule, if applicable, for the economic development subsidy.

The La Quinta City Council approved the Agreement on November 4, 2014. The TOT rebate period would span 15 years, commencing once the luxury hotels are developed and fully operational.

3. A description of the economic development subsidy, including the estimated total amount of the expenditure of public funds by, or of revenue lost to, the local agency as a result of the economic development subsidy.

The provides a Transient Occupancy Tax (TOT) rebate for a period of up to 15 years for the luxury and lifestyle hotels. In years 1-10, 95% of TOT is available for rebate until the developer achieves an 11% return on cost annually. Years 11-15, 75% of TOT is available for rebate until the developer achieves an 11% return on cost annually. In any given year, the TOT rebate stops upon the developer achieving an 11% return.

In addition to generating TOT, the proposed development will generate property and sales tax revenues. The following table outlines the projected tax revenues, the projected rebate amount, and the City's share of the projected tax revenues.

ESTIMATED TAX REVENUE OVER 15-YEAR PERIOD

Revenue Category	Estimated Net New City Revenues
Luxury and Lifestyle Hotel TOT (net revenue after rebate)	\$16,500,000
Branded Residential TOT	\$15,800,000
Sales Tax	\$ 7,600,000*
Property Tax	\$ 7,800,000
Total Net New City Revenues	\$47,700,000

Note: 15-year period starts at the opening of Luxury Hotel

*Additional tax revenue is due to the passage of Measure G sales tax increase

4. A statement of the public purposes for the economic development subsidy.

The City approved the TOT rebate to enable the development of Silverrock Resort, providing jobs, cultural and recreational opportunities to the community and providing new and ongoing general fund revenue.

5. The projected tax revenue to the local agency as a result of the economic development subsidy.

The projected tax revenue and developer returns would result in the developer receiving an economic development subsidy of up to \$20,100,000 over a fifteen year period beginning in the first year of operations. The revenue and subsequent subsidy are estimated based upon projected financial returns, occupancy rates and average daily rate for the Luxury and Lifestyle hotels. Sales tax revenues are based on estimated sales from the proposed mixed-use village, resort spa and hotel food and beverage sales. Property tax revenues are derived from the improvements made to the property.

No expenditure of public funds is proposed. The estimated economic development subsidy of \$20,100,000 is representative of potential revenue lost by the City. However, the City is estimated to receive \$47,700,00 in TOT (net revenue after rebate), sales and property tax revenue directly attributed to the proposed development.

6. The net tax revenue accruing to the local agency as a result of the economic development subsidy.

To date, the luxury hotels have not been constructed and the City has not yet accrued any tax revenue.

7. Estimated number of jobs created by the economic development subsidy, broken down by full-time, part-time, and temporary positions.

The City anticipates the following jobs created:

<u>Job Category</u>	<u>Full-time Jobs:</u>	<u>Part-time Jobs:</u>
Temporary Construction Jobs	1,750	206
Permanent Operation Jobs	466	169

* Note: Part-time jobs are presented as full-time equivalents

8. The net number of jobs created by the economic development subsidy, broken down by full-time, part-time, and temporary positions.

To date, the luxury hotels have not been constructed and therefore no jobs have been created.