

**ECONOMIC DEVELOPMENT SUBSIDY REPORT**  
**(GOVERNMENT CODE SECTION 53083)**

**REGARDING A TRANSIENT OCCUPANCY TAX SHARING AGREEMENT  
BETWEEN THE CITY OF MURRIETA  
AND  
THE MURRIETA HOT SPRINGS RESORT & SPA**

Pursuant to Government Code Section 53083, the City Council of the City of Murrieta must hold a noticed public hearing and, prior to the public hearing, provide all of the following information in written form available to the public and through its website, regarding a proposed economic development subsidy to be provided by the City of Murrieta (“City”) pursuant to a Transient Occupancy Tax (“TOT”) Sharing Agreement (“Agreement”) between the City and Olympus Real Estate Holdings, LTD, dba The Murrieta Hot Springs Resort & Spa (“Operator”).

This Economic Development Subsidy Report (“Report”) was published on the City’s website in advance of the public meeting to be held on June 1, 2021. 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 shall be posted on the City’s website until the end date of the economic development subsidy, as further described in Section 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 between the City and Olympus Real Estate Holdings, LTD, dba The Murrieta Hot Springs Resort & Spa, with respect to the property located at 39407 Murrieta Hot Springs Road, Murrieta, California 92563 (“Property”). Olympus Real Estate Holdings, LTD will own and operate the business benefitting from the economic development subsidy.

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

The Agreement for the proposed Transient Occupancy Tax revenue share between the City and the Operator will go before the City Council on June 1, 2021. The economic development subsidy will last for a period of fifteen (15) years and will begin after the first day of the month following the opening of a health and wellness resort at the Property, which triggers the taxable room stays generated by the resort.

**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 Agreement proposes a 15-year economic development subsidy with a 50/50 revenue split. This means that fifty percent (50%) of the revenue generated by Transient Occupancy Tax would go to the Operator, with the City retaining the other fifty percent (50%). At the end of the 15-year operational period, all future TOT revenues would be retained by the City.

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

The purpose of this economic development subsidy is to encourage and promote the development of a full-service hot springs resort operating within the City, which would (i) attract visitors to the City; (ii) contribute to the economic vitality of the City; (iii) expand the City's tax base; (iv) generate new revenue funding sources for the City, including increased TOT and sales and use taxes; (v) create new job opportunities in the City, as well as new tourism and destination components; and (vi) otherwise improve economic and physical conditions in the City. Taken together, these benefits would enhance the quality of facilities, goods and services available to the City and its residents, such as police, fire, street maintenance, and parks and recreation programs. More specifically, the economic development subsidy assists the City in meeting its Goal of the Economic Development Element of the City of Murrieta General Plan 2035 (E.D. 7.4) that states, "Promote and encourage future development of a full-service resort that incorporates local amenities and attractions, such as the mineral hot springs and the nearby vineyards and wineries."

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

Over the term of the 15-year Agreement, it is estimated that the Operator would receive a total economic development subsidy of \$14,997,162. The City would receive an equal estimated benefit of \$14,997,162 over that same period of time.

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

The facility has not been zoned for hospitality use, nor have the resort facilities been constructed to date. Therefore, there has not yet been any tax revenue realized.

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

It is anticipated that a total of 120 full-time, 30 part-time, and 0 temporary positions will be created upon the opening of the health and wellness resort contemplated under the Agreement. There is a potential for growth on the site as future expansions are realized that will be determined based on the type and scope of those expansions.

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

All job creation outlined is based on future projections. To date, the Property has not been purchased by the Operator, the resort has not yet been developed on the Property, and no jobs have been created.