

ECONOMIC DEVELOPMENT SUBSIDY REPORT
(GOVERNMENT CODE SECTION 53083)

**REGARDING A TRANSIENT OCCUPANCY TAX SHARING AGREEMENT
BETWEEN THE CITY OF MURRIETA
AND
THE HOTEL MURRIETA**

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 Smith Kading Investment, LLC, dba The Hotel Murrieta (“Developer”).

This Economic Development Subsidy Report (“Report”) was published on the City’s website in advance of the public meeting to be held on September 21, 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 Smith Kading Investment, LLC, dba The Hotel Murrieta, with respect to the proposed development on the property located at APN 910-020-014 (“Property”). Smith Kading Investment, LLC 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 September 21, 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 full-service hotel on 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 hotel 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. 7.2) that states, "Encourage the development of business-oriented hotels that capitalize on the superior freeway locations in Murrieta and the expanding office, professional and technical job base.."

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 Developer would receive a total economic development subsidy of \$12,590.554. The City would receive an equal estimated benefit of \$12,590.554 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 yet been constructed, nor is there an existing hotel on site for hospitality use 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.

This project projects to create 1,168 direct, indirect and induced jobs. This includes all activities found in the table below:

Table 2: Economic Impact Summary

Activity (RIMS II)	Employment	Economic Output	Household Earnings
Nonresidential structures (2332C0)*	751.0	\$117,013,542	\$33,617,488
Architectural, engineering, and related services (541300)*	47.9	\$6,581,827	\$2,117,953
Wholesale trade (420000)*	57.8	\$8,467,453	\$2,600,784
Accommodation (721000)	260.1	\$35,104,666	\$10,280,806
Total	1,116.8	\$167,167,488	\$48,617,031

* Indirect and induced effects only.

Note: Total may not sum due to rounding.

Ongoing jobs would include the accommodations with 260 jobs forecasted. From this, 110 would be projected to be full-time jobs and 150 would be part-time jobs.

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 constructed by the Developer, the hotel has not yet been developed on the Property, and no jobs have been created at this time.