**ECONOMIC DEVELOPMENT SUBSIDY REPORT**

**PURSUANT TO GOVERNMENT CODE SECTION 53083**

**TO BE GIVEN UNDER AGREEMENT BETWEEN TOWN OF APPLE VALLEY AND DESAI FAMILY TRUST, A HOTEL DEVELOPMENT AND OPERATING ENTITY (“HOTEL”)**

NOTICE IS HEREBY GIVEN that the Town of Apple Valley will hold a public hearing in the Town Council Chambers at Town Hall (14955 Dale Evans Pkwy, Apple Valley, CA 92307) on November 14, 2017 at 6:30 p.m. to consider the proposed economic development subsidy for Desai Family Trust to develop and operate, a 70-room, nationally recognized full service branded hotel, at Jess Ranch Marketplace, located at the northwest corner of Jess Ranch Parkway and Towne Center Drive, south of Cinemark and 24 Hour Fitness, Assessor’s Parcel Number: 0399-271-01-0000

All interested parties are invited to attend this hearing and express opinions regarding this item.

Pursuant to Government Code Section 53083, the Town Council must hold a public hearing, and prior to the public hearing, provide all of the following information to the public in written form available through the Town’s website. This report shall remain available to the public (and posted on the Town’s website) during the entire term of the Agreement (described in Item #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 incentive:**

The proposed economic incentive agreement (the “Agreement”) is with Desai Family Trust (“Hotel”), located at 8787 North Eureka Avenue, Fresno, CA 93720

1. **The start and end dates and schedule, if applicable, for the economic development incentive.**

The term shall last twenty (20) years from the date the Town issues the Certificate of Occupancy, subject to the satisfaction of specified employment and investment obligations by Hotel, or until the maximum allowable reimbursement has been made, whichever occurs first.

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

Desai’s financial projections estimate his project will generate upwards of $53.69 million (based on 70-room hotel) during the first 20-years of operations, generating approximately $3.76 million in TOT revenues, with a loss in Net Operating Income of approximately $1.4 million over the first four years of operations.

As a result, Desai’s request ranges from $2.5 million to $3.55 million depending on the final number of hotel rooms, which will be determined during his capital fundraising.

Per the terms of the agreement, the Town will reimburse to Desai one hundred percent (100%) of the Town’s current TOT rate through operating years 1-6; seventy percent (70%) through operating years 7-13; and fifty percent (50%) through operating years 14-20, collected from the Project, in an amount estimated between $2.5 and $3.55 million, dependent on the total number of rooms built.

1. **A statement of the public purposes for the economic development incentive.**

The Town Council has determined that encouraging economic development, including private investment that involves creation of new jobs and income in the Town, or the retention of existing jobs and income that would otherwise be lost or be unavailable to the residents of the Town, is a valid exercise of its powers and provides an important public benefit and serves an important public purpose. By authorizing the Town to enter into this Agreement, the Town Council has determined that the benefits accruing as a result of the transactions contemplated by this Agreement, including, without limitation, (i) direct benefits such as the increase in high quality hotel rooms and their role in increasing tourism; (ii) increased revenues from property, sales, parking, business license, utility and Transient Occupancy Taxes (TOT), (iii) enhanced economic opportunities generated by the development of a new hotel serving Apple Valley, and (iv) the acceleration of quality jobs and infrastructure to the Town represent fair consideration for all of the obligations to be undertaken by the Town as contemplated by this Agreement.

Moreover, the incentive is responsive to a 2017 Citizen Survey which states,

“When asked to prioritize among a series of projects and programs that could be funded by

the Town of Apple Valley in the future, more than eight-in-ten residents viewed improving

the maintenance of streets and roads (89%), providing incentives to attract new employers

and jobs to town (84%), and hiring more police officers (81%) as high or medium priorities.”

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

Desai’s financial analysis estimates the Hotel project will produce upwards of $53.69 million during the first 20-years of operations, generating approximately $3.76 million in TOT revenues.

As a result, Desai’s request ranges from $2.5 million to $3.55 million depending on the final number of hotel rooms, which will be determined during his capital fundraising. Per the terms of the agreement, the Town will reimburse to Desai one hundred percent (100%) of the Town’s current TOT rate through operating years 1-6; seventy percent (70%) through operating years 7-13; and fifty percent (50%) through operating years 14-20, collected from the Project, in an amount estimated between $2.5 and $3.55 million, dependent on the total number of rooms built.

1. **The estimated number of jobs created by the economic development incentive, broken down by full-time, part time and temporary positions.**

The HOTEL is projected to employ a minimum of 20 area residents for new full-time equivalent (“FTE”) jobs.

POSTED AT TOWN HALL AND ON TOWN WEB SITE AS OF November 3, 2017.