



Hotel Incentive Program (HIP)

Much of the Coachella Valley depends on the growth and expansion of the tourism and travel industries. The City of Coachella intends to participate more fully in the tourism, travel industry, and aggressively encourage hotel development in Coachella's municipal boundaries. The Hotel Incentive Program (HIP) is designed to encourage the first hotel developments in the City of Coachella.

Hotels would provide visitors a convenient and enjoyable experience, enabling visitors to spend more time in the city, exploring the many cultural, entertainment and outdoor attractions unique to this region in the Coachella Valley. The HIP will help diversify our local economy by incentivizing the creation of a new business sector within the City. It will increase the employment options for residents currently employed in this well-established valley industry sector and will provide new employment opportunities for residents of the City of Coachella.

The HIP is a benefit to the Hotel Operator with the intention being to provide an incentive that will assist the operator in offering a competitive room rate as they establish their new hotel in the market.

TRANSIENT OCCUPANCY TAX (TOT) RATE

The City of Coachella continues to maintain a Transient Occupancy Tax (TOT) rate that is lower than the average TOT rate of neighboring municipalities and is currently the lowest TOT in the Coachella Valley at 9%. This low TOT rate provides the Hotel Operator the ability to offer gross room rates at several percentage points below (approx. 2-4% lower) neighboring municipalities. The low TOT likely would be an inducement to encourage development of new hotels in the City of Coachella.

TOT OPERATOR INCENTIVE

The City shall provide the following TOT Incentive based on the type of hotel product proposed:

- A. First Class New Hotels. The city shall pay to an operator of a first class new hotel an amount equal to fifty (50) percent of the adjusted tax rate. Such payments shall be made for twenty (20) years from the certificate of occupancy for the hotel or until the operator has been paid twenty-five million dollars (\$25,000,000.00), whichever event occurs first.

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.

A. Comfort New Hotels:

- a. The city shall pay to an operator of a comfort hotel with one hundred twenty-five (125) or more rooms an amount equal to fifty (50) percent of the adjusted tax rate and such payments shall be made for twenty (20) years from the certificate of occupancy for the hotel or until the operator has received twenty-five million dollars (\$25,000,000.00), whichever event occurs first.
- b. The city shall pay to an operator of a comfort hotel with fifty-one (51) to one hundred twenty-four (124) rooms an amount equal to fifty (50) percent of the adjusted tax rate and such payments shall be made for ten (10) years or until the operator has received ten million dollars (\$10,000,000.00), whichever event occurs first.
- c. The city shall pay to an operator of a comfort hotel with fifty (50) or fewer rooms an amount equal to fifty (50) percent of the adjusted tax rate and such payments shall be made for five years or until the Operator has received five million dollars (\$5,000,000.00), whichever event occurs first. Without regard to any preceding conditions of this section, the program shall terminate at any point the hotel is not operated as a comfort hotel.

Each operator eligible to participate in the city's hotel operations incentive program shall execute operating covenants approved by the city council, and recorded with the county of Riverside recorder's office.

AGREEMENT ACCEPTANCE PERIOD

As time is of the essence, a developer must enter into an agreement with the City on or before June 1, 2025 to qualify for this program.

PROJECT COMPLETION PERIOD

The project must be fully entitled as a hotel no later than December 31, 2025 and be under construction no later than June 30, 2026 with the project completed, Certificate of Occupancy issued, hotel open and operational no later than June 30, 2027.

OTHER QUALIFICATIONS AND CONDITIONS

1. The program shall terminate at any point the covenanted property ceases to operate as a hotel.
2. An Operating Covenant, covering a ten (10) year period, will be executed, reviewed and approved by the City Council and recorded with the County of Riverside.

HOTEL CLASS & RATING SYSTEM

The Hotel class is identified by the specific amenities offered at the property. Forbes Travel Guide, formerly Mobil Travel Guide, launched its star rating system in 1958 and the “Hotel Stars Union” was established in 2010 in Europe to differentiate the classes of hotel accommodations and their respective levels of service. The AAA auto association uses a similar rating system with diamonds, rather than stars, to express hotel and restaurant rating level. The Hotel.com is a popular hotel reservation website, which uses star rating descriptions to draw distinctions between accommodations and the services expected. The rating system classifies the differences between “First Class” (4 Star), “Superior Comfort” (3 Star +) and “Comfort” (3 Star) Hotels. The star rating system noted below is a combination of components from both Hotels.com and Hotel Stars Union.

“STAR” RATING SYSTEM:

5 Star = Luxury

These are hotels that offer the highest level of accommodations and services with a high degree of personal service. Although most five star hotels are large properties, sometimes the small independent (non-chain) property offers an elegant intimacy that cannot be achieved in the larger setting. The hotel locations can vary from the very exclusive locations of a suburban area, to the heart of downtown. The hotel lobbies are sumptuous, the rooms complete with stylish furnishing and quality linens. The amenities often include: in room video/movie libraries, DVD's, CD stereos, garden tubs or Jacuzzis, heated pools and more. The hotels feature full service restaurants with exquisite menus. Room service is usually available 24 hours a day. Fitness Centers and valet and/or garage parking are typically available. A concierge is also available to assist you.

Typical National Chains: Ritz Carlton, Four Seasons.

Offering:

- Reception opened 24 hours, multilingual staff
- Doorman-service or valet parking
- Concierge
- Spacious reception hall with seating and beverage service
- Personalized greeting for each guest with fresh flowers or a present in the room
- Minibar and food and beverage offered via room service 24 hours
- Personal care products
- Internet-PC in the room
- Safe in the room
- Ironing and shoe polish service
- Turndown service in the evening
- Mystery guesting

4 Star + = First Class Superior

The Superior flag is provided when the first class hotel has a proven high quality not only in the rooms. The superior hotels provide for additional facilities in the hotel like a sauna or a workout room. The quality is checked regularly by mystery guesting by an external inspection service.

4 Star = First Class

Mostly large, formal hotels with reception areas, front desk service and bellhop service. The hotels are most often located near other hotels of the same caliber and are usually found near shopping, dining and other major attractions. The level of service is well above average and the rooms are well lit and well furnished. Restaurant dining is usually available and may include more than one choice. Some properties will offer continental breakfast and/or happy hours. Room service is usually available during most hours. Valet parking and/or garage service is also usually available. Concierge services, fitness centers and one or more pools are often provided.

Typical National Chains: Hyatt, Hilton and Marriot.

Offering:

- Reception opened 18 hours, accessible by phone 24 hours from inside and outside
- Lobby with seats and beverage service
- Breakfast buffet or breakfast menu card via room service
- Minibar or 24 hours beverages via room service
- Upholstered chair/couch with side table
- Bath robe and slippers on demand
- Cosmetic products (e.g. shower cap, nail file, cotton swabs), vanity mirror, scale in the bathroom
- Internet access
- "À la carte"-restaurant

3 Star + = Superior Comfort

The Superior flag is provided when the additional service and accommodation provisions are not sufficient for the next star. The accommodation facilities for a superior hotel need to be on a modern level and fully renovated, which is checked regularly.

3 Star = Comfort

Typically, these hotels offer more spacious accommodations that include well-appointed rooms and decorated lobbies. Bellhop service is usually not available. They are often located near major expressways or business areas, convenient to shopping and moderate to high priced attractions. The hotels usually feature medium-sized restaurants that typically offer service breakfast through

dinner. Room service availability may vary. Valet parking, fitness centers and pools are often provided.

Typical National Chains: Holiday Inn, Radisson.

Offering:

- Breakfast buffet
- Reading light next to the bed
- Bath essence or shower gel
- Bath towels
- Linen shelves
- Offer of sanitary products (e.g. toothbrush, toothpaste, shaving kit)
- Reception opened 14 hours, accessible by phone 24 hours from inside and outside, bilingual staff
- Luggage service
- Beverage offer in the room
- Telephone in the room
- Internet access in the room or in the public area
- Heating facility in the bathroom, hair-dryer, cleansing tissue
- Dressing mirror, place to put the luggage/suitcase
- Sewing kit, shoe polish utensils, laundry and ironing service
Additional pillow and additional blanket on demand
- Systematic complaint management system

2 Star + = Superior Standard

The Superior flag is provided when the additional service and accommodation provisions are not sufficient for the next star. The Standard-Superior does usually offer the same service level as three-star hotels, but the interiors of the hotel are smaller and cheaper so that the three stars were not to be awarded by the inspection body. A two-star superior does not require mystery guesting.

2 Star = Standard

Typically smaller hotels managed by the proprietor. The hotel is often 2 - 4 stories high and usually has a more personal atmosphere. It's usually located near affordable attractions, major intersections and convenient to public transportation. Furnishings and facilities are clean but basic. Most will not have a restaurant on site but are usually within walking distance to some good low-priced dining. Public access, past certain hours, may be restricted.

Typical National Chains: Days Inn, Quality Inn and La Quinta Inn.

In addition to the single star hotels offering:

- Breakfast buffet

- Reading light next to the bed
- Bath essence or shower gel
- Bath towels
- Linen shelves
- Offer of sanitary products (e.g. toothbrush, toothpaste, shaving kit)

1 Star + = Superior Tourist

The Superior flag is provided when the additional service and accommodation provisions are not sufficient for the next star. The bathroom facilities are usually at the same level as for two stars hotels but built from cheaper materials.

1 Star = Tourist

Usually denotes independent and name brand hotel chains with a reputation for offering consistent quality amenities. The hotel is usually small to medium-sized and conveniently located to moderately priced attractions. The facilities are typically basic with telephones and TV's in the bedroom. Some hotels offer limited restaurant service, however room service and bellhop service is usually not provided.

Typical National Chains: Econolodge, Motel 6.

Offering:

- 100% of the rooms with shower or bath tub
- Daily room cleaning
- 100% of the rooms with TV and remote control
- Table and chair
- Soap or body wash
- Reception service
- Facsimile at the reception
- Publicly available telephone for guests
- Extended breakfast
- Beverage offer in the hotel
- Deposit possibility

References:

- **Hotels.com** “Star Ratings Explained”
http://www.hotels.com/customer_care/star_rating.html
- **Hotel Star Union** “European star rating system”
http://en.wikipedia.org/wiki/Hotel_rating