



STAFF REPORT
8/25/2021

TO: Honorable Mayor and City Council Members

FROM: Gabriel Martin, City Manager

SUBJECT: Ordinance No. 1182, Updates to the Hotel Operations Incentive Program (*Second Reading*)

RECOMMENDED ACTION:

Staff recommends that the Mayor and City Council review the updated draft Hotel Operations Incentive Program (“Program”) policy document and Ordinance No. 1182, extending the sunset period of the Program for an additional three years, provide staff with guidance and direction, and consider approval of the policy and adoption of the ordinance as proposed.

BACKGROUND:

As a result of the COVID-19 pandemic and larger economic trends, the City of Coachella is currently suffering from one of the highest unemployment rates in the County: 13.8% as of late March 2021, per a report by the California Employment Development Department. The City is continuing to work to attract and retain business, to encourage the creation of jobs for its residents, and to improve the quality of life of its workers and their families. City staff has determined that an update to the existing Hotel Operations Incentive Program policy, and the ordinance that codified such policy, is needed to further pursue these goals as the City recovers from an economic downturn that particularly impacted the travel and leisure sector.

On May 26, 2021, the City Council approved the first reading of the attached Ordinance No. 1182 amending Section 4.49.020 of the Coachella Municipal Code. On June 23, 2021, the City Council continued the item to allow more research on comparing the City’s Program to other similar hotel incentive programs in the region.

DISCUSSION:

Currently, the Hotel Operations Incentive Program is expired and needs to be updated with a new expiration date in the future, if the City Council wishes to continue to implement its provisions. Likewise, the proposed ordinance amends Section 4.49.020 of the Municipal Code to bring its dates into accordance with the updated Program. The revised policy document will extend the date by which a developer can enter into an agreement with the City to develop a compliant hotel project to June 1, 2023. The revised policy document will also extend the deadline for a project to be fully entitled to be no later than December 31, 2025, to be under construction no later than June 30,

2026, and for construction to be completed, a Certificate of Occupancy issued, and the hotel open and operational no later than June 30, 2027. In accordance with these suggested changes, the revised Section 4.49.020 of the Coachella Municipal Code will now define “new hotel,” “first class new hotel,” and “comfort new hotel” to include hotels fully entitled after January 1, 2018 but before December 31, 2025. No other changes are suggested at this time.

ALTERNATIVES:

- 1) Recommend approval of Hotel Operations Incentive Program and Ordinance No. 1182 as presented. (Recommended by staff.)
- 2) Continue this item and provide staff with direction.

FISCAL IMPACTS

There are no fiscal impacts associated with this action in that it merely modifies Coachella Municipal Code to extend the existing Hotel Operations Incentive Program until the end of 2025.

ATTACHMENTS

1. Ordinance No. 1182: An Ordinance of the City Council of the City of Coachella, California, Amending Section 4.49.020 of the Coachella Municipal Code Regarding the Hotel Operations Incentive Program
2. Draft Revised Hotel Incentive Program policy document (in redline)