



March 4, 2024

Mr. Gabriel Perez
Development Services Director
City of Coachella
53990 Enterprise Way
Coachella, CA 92236

Dear Mr. Perez,

In response to your request for information supporting Coach RV LLC's request to allow guest stays beyond 30-days at Coachella Lakes RV Resort in advance of the Planning Commission meeting on March 20th, 2024, please find the following; an explanation as to why we are making this request, information gathered from the competitive RV resorts in adjacent cities, comparative data from one of our RV Resorts in Camp Verde Arizona, and an explanation from a tax expert regarding TOT tax collection.

Background, length of stay at the resort, and TOT tax for stays over 30 days:

The resort was purchased with the intent to host a mixture of short-term transient and seasonal, or longer-term guest stays, as is standard practice at RV resorts across the country. Unfortunately, the seller did not inform us of the 30-day maximum stay stipulation prior to acquisition.

We are requesting lengths of stay up to 179 days. We do not expect to fill all spots with this length of stay, but it could be up to 30% of the total mix. Please understand that it is industry standard across the country, as well as the neighboring cities to Coachella, to offer varying lengths of stays. Seasonal stays are particularly vital in the Coachella Valley to capture "Snowbird" transient business, and particularly seasonal Canadian Snowbird business for up to 179 days (which is the maximum allowable consecutive time Canadians may stay in the US).

The resort cannot operate competitively or successfully without the ability to capture seasonal guests. Guests will simply stay at other RV Resorts in the Coachella Valley or in other areas or states. Furthermore, if the resort is not able to accommodate longer-term stays, it will negatively impact the volume of the short-term, less than 30-day stays as well. This is because affinity groups are very influential within the industry and generally only support or recommend resorts that can serve the needs of all their members. So, if a resort doesn't offer seasonal or longer-term stays, they are not included in the group's 'Recommended Resort List' or promoted by the group.

The ordinance in most states and municipalities that we are aware across the country collect TOT (or tax by other name) on stays of 30-days or less for RV resorts, hotels, VRBO and Airbnb rental homes. However, they do not assess or collect tax on stays exceeding 30 days.

Industry and CRR comparative data:

- Most resorts in the neighboring cities provide options for stays longer than 30 days. A brief list is provided in **Exhibit A**. We are happy to provide a more extensive list if needed.
- According to the California Civil Code relating to Recreational Vehicle Park Law, there are classifications for various lengths of stays, see **Exhibit B**. We intentionally cap stays at 179 days to ensure that **no guest** can be



classified as a “Resident”. **The property is a resort, not a community, and as such will not allow guests to establish residency in the resort.**

- In **Exhibit C**, we provided operational information from an RV resort we own and operate, Verde Ranch RV Resort, in Camp Verde Arizona, to demonstrate the mostly transient nature of our resorts. For the years 2022 and 2023, **more than 80% of reservations are less than 30 days.**
- For the years 2022 and 2023, **the average length of stay has been 15 days.**

Ancillary spend in a city by resort guests:

- **Exhibit D** is data provided by the National Association of RV Parks and Campgrounds (ARVC) regarding additional spend into the community for a family of 4 staying at a resort illustrating it is likely for them to spend an additional \$200 per day into the local community. We estimate this could drive more than \$10 million into the city of Coachella annually – at approximately 35% long term mix, 2.5 guests per site.

TOT tax information:

- As noted previously, most municipalities across the country collect TOT tax on stays of 30 days or less, but do not collect tax on stays longer than 30 days. To underscore this fact, we provide an example of how Airbnb operates in Coachella. In this example at the Vineyards, they collect tax from the guest who books for less than 30 days, but not on a stay longer than 30 days. **Exhibit E.**
- **Exhibit F** is a letter from WWP, LLC a national tax consultant firm that we engaged in 2022 to confirm the tax ordinance in Coachella. We do this as standard practice in every municipality we operate to confirm we understand the local ordinances and abide by them. As previously mentioned, we were not aware there was a 30-day maximum stay stipulation when we acquired the property.

We appreciate your support in allowing the resort to accommodate guest stays up to a maximum of 179 days. It is vital to our business, and the industry in general, to allow longer-term transient stays. And as is customary practice throughout the state and the country, we request the city assess the TOT tax only on stays of 30 days or less. This will allow the resort to be competitive in the market and, as has been demonstrated throughout the country, our guests’ ancillary spending in the local community will help other businesses thrive and create additional tax revenue for the city.

Regards,

A handwritten signature in black ink, appearing to be 'Mike Harrison', is written over a horizontal line.

Mike Harrison
Coach RV LLC
Chief Operating Officer – CRR Hospitality



Exhibit A

Local Competitor Information on Extended stays

1. Shadow Hills RV Resort

40655 Jefferson St., Indio, CA 92203

(760) 360-4040

Number Sites – 120 RV Sites, Cottages, Vintage Trailers, Tent Sites, Tee Pees

Extended Stays – YES, 3 Month Maximum on Extended Stays

No Restriction on Percentage

2. Sky Valley Resort

74711 Dillon Road, Desert Hot Springs, CA 92241

(760) 329-2900

Number of Sites – 130 RV Sites, Vacation Rentals

Extended Stays – YES, 6 Month maximum on extended stays

No Restriction on Percentage

3. Caliente Springs

70200 Dillon Rd, Desert Hot Springs, CA 92241

(760) 329-8400

Number of Sites – Over 114 RV Sites

Extended Stays – YES, 6 Month maximum on extended stays

No Restriction on Percentage

4. Indian Waters RV Resort and Cottages

47202 Jackson St., Indio, CA 92201

(760) 342-8100

Number of Sites – 274 RV Sites

Extended Stays – YES

No maximum on extended stays – must checkout in April due to the festival

No Restriction on Percentage

5. Emerald Desert RV Resort

76000 Frank Sinatra Dr., Palm Desert, CA 92211

(760) 406-5240

Number of Sites – 261 RV Sites plus Cottages

Extended Stays – YES, 6 Month Maximum

No Restriction on Percentage

6. Cathedral Palms RV Resort

35901 Cathedral Canyon Dr., Cathedral City, CA 92234

Number of Sites – 85 RV Sites

Extended Stays – YES, No Maximum

35% for Long term stays



Exhibit B Recreational Vehicle Park Occupancy Law

CHAPTER 2.6 OF THE CALIFORNIA CIVIL CODE states:

799.25 DEFINITION OF GUEST

“Guest” means a person who is lawfully occupying a recreational vehicle located in a park but who is not an occupant, tenant, or resident. An occupant, tenant, or resident shall be responsible for the actions of his or her guests.

(Repealed and added by Stats. 1992, Chap. 310 (AB 3074, Wyman), eff. 1/1/1993)

799.26 DEFINITION OF MANAGEMENT

“Management” means the owner of a recreational vehicle park or an agent or representative authorized to act on his or her behalf in connection with matters relating to the park.

(Repealed and added by Stats. 1992, Chap. 310 (AB 3074, Wyman), eff. 1/1/1993)

799.27 DEFINITION OF OCCUPANCY

“Occupancy” and “occupy” refer to the use of a recreational vehicle park lot by an occupant, tenant, or resident.

(Repealed and added by Stats. 1992, Chap. 310 (AB 3074, Wyman), eff. 1/1/1993)

799.28 DEFINITION OF OCCUPANT

“Occupant” means the owner or operator of a recreational vehicle who has occupied a lot in a park for 30 days or less.

(Repealed and added by Stats. 1992, Chap. 310 (AB 3074, Wyman), eff. 1/1/1993)

799.29 DEFINITION OF RV

“Recreational vehicle” has the same meaning as defined in Section 18010 of the Health and Safety Code.

(Repealed and added by Stats. 1992, Chap. 310 (AB 3074, Wyman), eff. 1/1/1993)

799.30 DEFINITION OF RV PARK

“Recreational vehicle park” or “park” has the same meaning as defined in Section 18862.39 of the Health and Safety Code.

(Amended by Stats. 2004, Chap. 530 (AB 196, (Leslie), eff. 1/1/2005)

799.31 DEFINITION OF RESIDENT

“Resident” means a tenant who has occupied a lot in a park for nine months or more.

(Repealed and added by Stats. 1992, Chap. 310 (AB 3074, Wyman), eff. 1/1/1993)

799.32 DEFINITION OF TENANT

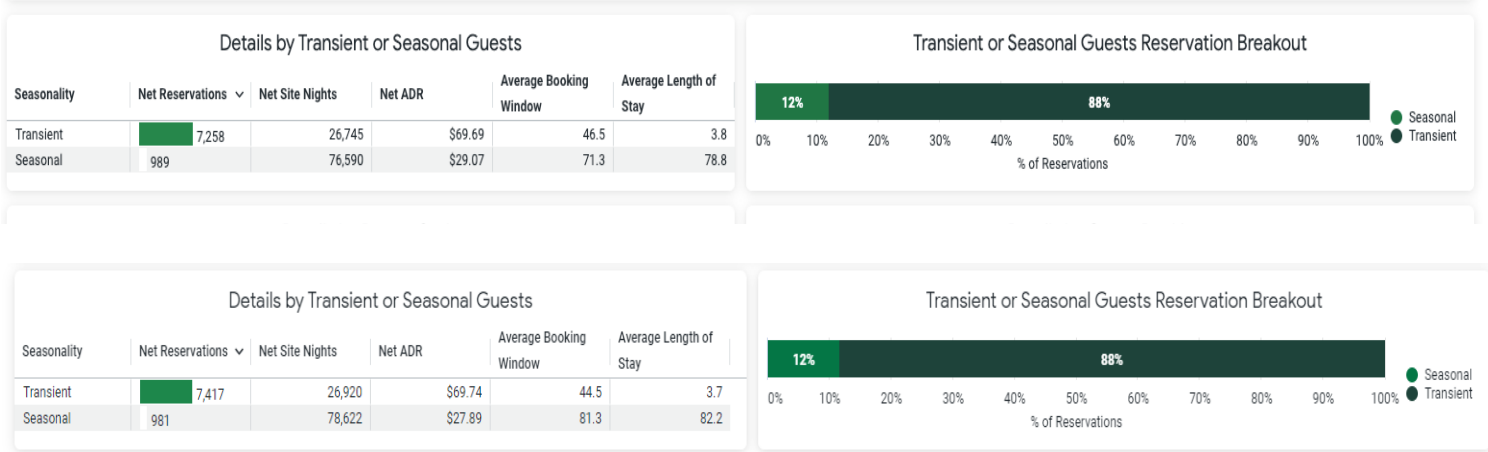
“Tenant” means the owner or operator of a recreational vehicle who has occupied a lot in a park for more than 30 consecutive days.

(Added by Stats. 1992, Chap. 310 (AB 3074, Wyman), eff. 1/1/1993)



Exhibit C
Verde Ranch RV Resort 2022-2023:

This shows a reservation mix of 88% Transient and 12% Seasonal in 2022 and 2023



Average Length-of-Stay for all reservations of 14.9 days in 2022 and 15.0 days in 2023:

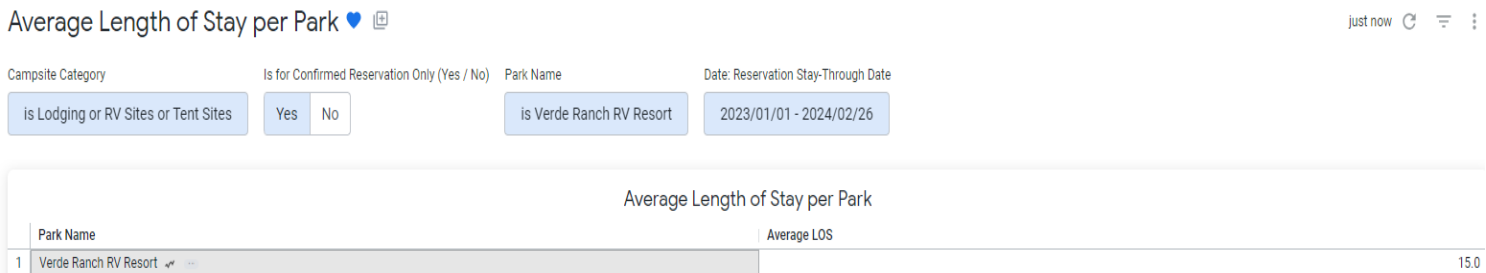
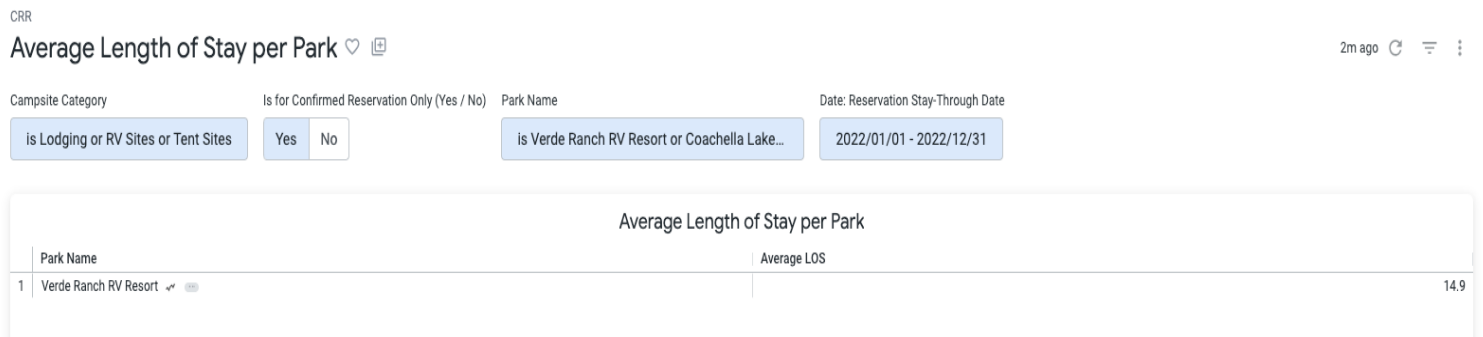




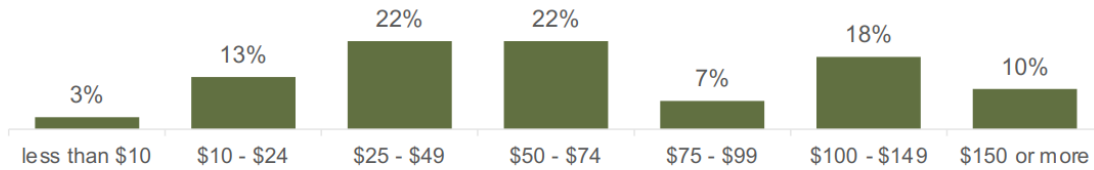
Exhibit D
Ancillary Spend in Local City
by Resort Guests

GENERATIONAL
CAMPING
REPORT
2023

The typical (median) daily amount spent by respondents per day/person in the local community of their campground is \$50.

Typical Spend Per Day/Per Person In Local Community

mean: \$69
median: \$50



When camping, how much do you typically spend per day/per person in the local community--including food (both groceries and restaurants), gas and entertainment?

base: 656 respondents who have gone camping, RVing or "glamping" in the past 12 months (fill-in answers)



Example from the Airbnb info for the Vineyards in Coachella. Airbnb is charging tax on stays less than 30 days, but not stays exceeding 31 days, as is standard throughout the country.

Under 30 Days

Your trip


Dates [Edit](#)
Jul 1 – 31


Guests [Edit](#)
1 guest

Travel insurance

Add peace of mind for \$330.79
Get reimbursed if you cancel due to illness, flight delays, and more. Plus, get assistance services like emergency help.

[What's covered](#)

Pay with




86161 Arrowood Ave - Is a 1 BDR
Entire home
★ 4.76 (21 reviews) · Superhost

Price details

Accommodation	\$6,128.00
Monthly stay discount	-\$1,838.40
Cleaning fee	\$135.00
Airbnb service fee	\$469.79
Taxes	\$398.21
Total (USD)	\$5,292.60

Over 31 Days – No Taxes

< Confirm and pay

Your trip


Dates [Edit](#)
Jul 1 – Aug 2


Guests [Edit](#)
1 guest

Travel insurance

Add peace of mind for \$325.60
Get reimbursed if you cancel due to illness, flight delays, and more. Plus, get assistance services like emergency help.

[What's covered](#)

Pay with




86161 Arrowood Ave - Is a 1 BDR
Entire home
★ 4.76 (21 reviews) · Superhost

Today's payment
This place is \$4,431.55 a month on average.

Jul 1 – Aug 1	\$6,334.00
Monthly stay discount	-\$1,900.20
Cleaning fee	\$130.78
Airbnb service fee	\$484.65
Due today (USD)	\$5,049.23

Upcoming payments

Due Jul 22	\$160.31
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Exhibit F

WWP, LLC

March 1, 2024

Mr. Mike Harrison

Vice President of Operations

Contemporary Resort & Residences

283 3rd Street

Camp Verde, AZ 86322

RE: City of Coachella, Riverside County, California -Transient Occupancy Tax (TOT)

Dear Mr. Harrison:

In the Winter of 2022, you asked our firm to perform an “Sales Tax Study” for the City of Coachella, Riverside County, CA for a pending development your firm was considering. We reviewed several areas of taxation within the City of Coachella and Riverside County, one of particular interest was the TOT in the City of Coachella and surrounding communities.

Our findings were the following regarding the TOT for the City of Coachella:

Based on the business activities you were considering, namely the rental of “RV” spaces. ***The TOT tax would apply to your customers that stayed 30 days or less. To the extent that the rental was greater than 30 consecutive days the TOT would not apply.*** We reviewed the “Uniform Transient Occupancy Tax Ordinance of the City of Coachella” specifically 4.28.020 and Ordinance No. 206 from January 1, 1965. Furthermore, we confirmed our conclusions in writing with Mr. Cesar Lucrecio, Business License Technician, Finance Department with the City of Coachella.

We also surveyed neighboring city’s TOT laws and regulations and found their ordinances like our findings in the City of Coachella. We reviewed other Counties within the State of California and found like findings and tax policies towards TOT thirty (30) days or less and stays greater than 30 days. In fact, the tax policy of the City of Coachella TOT tax is “**standard**” and consistent with many taxing jurisdictions across the United States.

An exception and potential change to the City of Coachella’s TOT tax policy on stays greater than 30 days would lead to several unintended consequences. Residential apartment units, Single Family Homes, Assisted Living units, hotels and other lodging facilities would now become subject to TOT. Residential taxpayers would now be forced to pay 9% of the gross rental amount in TOT tax.

6750 E Camelback Road · Suite 103 · Scottsdale, Arizona 85251 · (602) 288-2160 · wwptax.com
STATE & LOCAL TAX CONSULTANTS
INNOVATION - IMPLEMENTATION - RESULTS

CRR Hospitality
2800 Niagara Lane N, Plymouth MN 55447



CRR-TOT City of Coachella
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This would create economic hardship for the residents of the City of Coachella. Additionally, this policy would place "Taxpayers" at a substantial competitive disadvantage as compared to other surrounding cities neighboring communities. This potential "draconian" TOT change would lead to a "residential flight" out of the City of Coachella to neighboring communities.

Should you want to discuss matter any further please call me directly,

Best Regards,
WWP, LLC

A handwritten signature in blue ink, appearing to read 'Deron M. Webb'.

Deron M. Webb
Managing Principal



From: Tax Admin <TaxAdmin@coachella.org>
Sent: Tuesday, August 16, 2022 2:03 PM
To: Chad Clark <cclark@wwptax.com>
Subject: RE: Transient Sales Tax Questions/Amounts

Hi Chad,

Please see responses in red text below.

Nathan Statham, CPA, MBA
Finance Director, City of Coachella
53990 Enterprise Way
Coachella, CA 92236
Phone 760-262-6241

Office Hours: Monday – Thursday 7:00 a.m. to 6:00 p.m.

From: Chad Clark
Sent: Tuesday, August 9, 2022 10:13 AM
To: Tax Admin <TaxAdmin@coachella.org>
Subject: RE: Transient Sales Tax Questions/Amounts

Thanks for your help with this Nathan –

As I mentioned below, this is for the sales tax collected for an RV Park in Coachella. We are trying to find out what items are taxable and what are not, and what the total tax rates are for stays at the property. Just want to be sure we are collecting and then submitting the correct amounts.

1. From what I have found, it looks as if CA sales tax is 7.25%, and Riverside is 1.5% for a total of 8.75%. **Yes this is the current sales tax rate.**
2. It looks like there is a Transient Tax that is 9% that is applied during the first 30 days of someone's stay. Is this tax in on top of the 8.75% tax, making it a total of 17.75%? Then starting on day 31, the 9% tax is no longer charged and the tax drops back down to 8.75% total? **No to both parts of this questions. The transient occupancy tax (TOT) is charged for any rental/stay of less than 30 days. After a rental is for a term that exceeds 30 days it falls under a real estate lease and is not considered transitory in nature. Sales taxes are not charged on rentals.**
3. Would an early check-in or late check-out fee be subject to tax? **No, the tax is based on the total charged not the time spent.**
4. Would a damage charge be subject to tax? **No, gross receipts do not include reimbursements for damages.**
5. Would a cleaning charge be subject to tax? **Yes, this is a normal reoccurring charge. It could be excluded if the fee is only charged in situations where excessive or specialized e.g. hazmat cleaning is need and the charge is not a routine charge. When it is routine it is essentially part of the cost of the rental just stated as a separate line item on the receipt.**
6. If there is ever a NSF check return charge, is that subject to tax, (I wouldn't think so, be need to ask)? **No, this is not related to the actual rent.**
7. Would a reservation deposit be subject, (I wouldn't think so, be need to ask). **No, a deposit is intended to be returned. Only the total charge for renting the facilities is taxed.**
8. Would a cancelation fee be subject to tax. Meaning an RVer has a reservation, they cancel before getting there but only get half their deposit back. Would the other half be subject to tax? **No, the retention of the deposit is not a rent, it is a charge for income lost from the vacancy. TOT is designed to reimburse the City for facilities used by non-residents paid for by resident taxes. In this case, no City facilities such as roads would be used.**
9. There is going to be a security gate at the property, where the people renting will potentially be renting a gate remote, assuming that this would be part of the gross receipts and would be subject to tax? **Yes.**

Appreciate your help with these. Thanks and let me know if you need any clarification on any of these.