



MISSION INNvest Mills Act Plus+

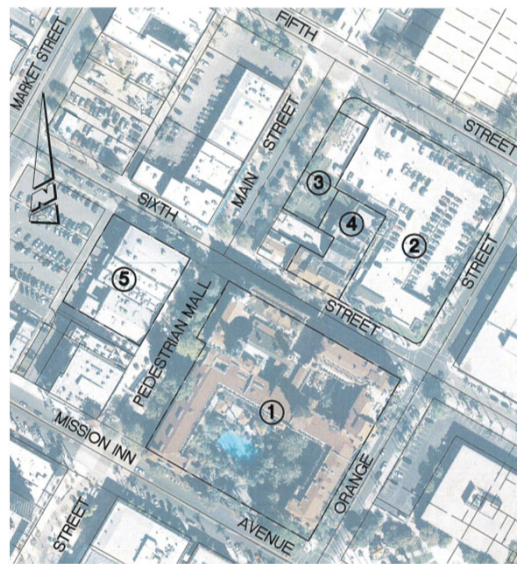
Community & Economic Development

Budget Engagement Commission
January 16, 2020

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MISSION INN PROPERTIES


The Mission Inn
HOTEL & SPA
A NATIONAL HISTORIC LANDMARK



2



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BACKGROUND

On May 7, 2019, City Council approved developer selection of Lot 33 - "Riverside Alive" and asked staff to explore options available to the City relative to supporting the Historic Mission Inn Hotel & Spa and Festival of Lights and to bring back a report for discussion.



3

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BACKGROUND

August 28, 2019 – The Finance Committee recommended:

1. That the City Council approve the Mills Act Plus+ framework for The Mission Inn Hotel & Spa and historic Annex; and
2. Requested Staff to prepare two separate property tax sharing agreements in the amount of \$200,000 annually and to increase staff's recommended term from ten (10) years to twenty (20) years for City Council approval.



4

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BACKGROUND

October 1, 2019 – City Council conceptually approved:

1. Economic Incentives for Mills Act + Framework;
2. Prepare a 20-year Property Tax Sharing Agreement for \$400,000 and directed staff to return to City Council with a recommendation for a funding source for the additional \$200,000 in conjunction with a Mills Act application for the Mission Inn Hotel & Spa; and
3. Prepare a 20-year Property Tax Sharing Agreement in the amount of \$200,000 for the historic Annex with a minimum investment of \$5 million in a completed project.



5

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BACKGROUND

November 5, 2019 – City Council directed staff to:

1. Prepare a property tax sharing agreement with the Mission Inn Hotel & Spa in the amount of \$400,000 annually for a term of 20 years and use Transient Occupancy Tax (TOT) revenues to fund the additional \$200,000 in conjunction with a Mills Act award.



6

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PROPOSED FRAMEWORK

1. Mills Act Program - \$200,000 annually (City portion = \$28,000)
2. Mission Inn Hotel & Spa - Property Tax Sharing Agreement totaling \$400,000 annually (20 years) using Transient Occupancy Tax (TOT) and General Fund to contribute \$200,000 each
3. Historic Annex – Property Tax Sharing Agreement totaling \$200,000 annually if a minimum investment of at least \$5,000,000 is completed with a certificate of occupancy.
4. TOT Sharing Agreement - If TOT is increased, Mission Inn’s portion of the increase would be returned.



7

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FUTURE STEPS

1. Mills Act – An application could be submitted in 2020 to the Cultural Heritage Board and for final review by the City Council. The Mills Act Agreement could be effective in 2021.
2. Agreements – Prepare two Property Tax Sharing Agreements (20 years)
 - a. \$400,000 annually for The Mission Inn Hotel & Spa to coincide with a Mills Act; and
 - b. \$200,000 annually for the historic Annex upon completion of a new project worth at least \$5 million and return to City Council.



8



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RECOMMENDATION

That the Budget Engagement Commission receive and file an update on the conceptual framework to facilitate reinvestment and economic business development for The Mission Inn Hotel & Spa and historic Annex properties.

