

MISSION INNvest Mills Act Plus+

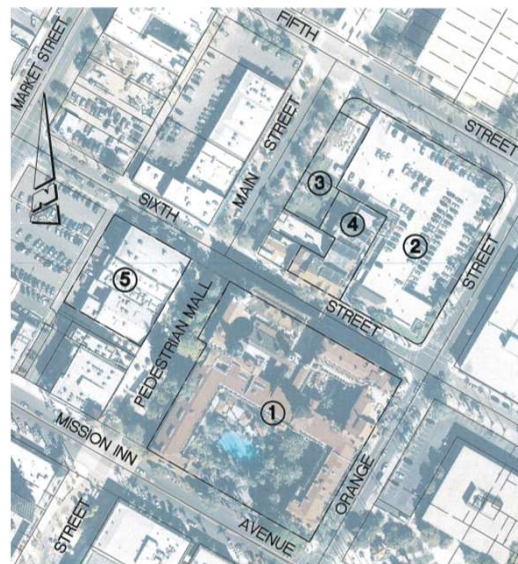
Community & Economic Development

City Council
November 5, 2019

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MISSION INN PROPERTIES


The Mission Inn
HOTEL & SPA
A NATIONAL HISTORIC LANDMARK



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BACKGROUND

October 1, 2019 – City Council conceptually approved:

1. Economic Incentives for Mills Act + Framework;
2. Preparation of 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. Preparation of a 20-year Property Tax Sharing Agreement in the amount of \$200,000 for the historic Annex property with a minimum investment of \$5 million into a completed project.



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FUNDING OPTIONS

- A Property Tax Sharing Agreement still remains the most viable funding option to fund the additional \$200,000 annually
 1. Use Measure Z funds for the Mission Inn Hotel & Spa in conjunction with a Mills Act award over a 17-year period; or
 2. Defer the \$200,000 annually to the completion of a new project with a minimum investment of \$5 million into the historic Annex property; or
 3. Do not fund the additional \$200,000 annually and keep the original staff recommendation of a Property Tax Sharing Agreement for 20-years for the Mission Inn Hotel & Spa along with a Mills Act match up to \$200,000 annually.



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RECOMMENDATIONS

That the City Council:

1. Direct staff to prepare a property tax sharing agreement with The Mission Inn Hotel & Spa and increase the proposed amount by an additional \$200,000, for a total of \$400,000 annually, using Measure Z funds to cover the additional \$200,000 annually for a term of 17 years to coincide with the end of the Measure Z tax and a Mills Act award, and return to City Council for approval; or
2. Direct staff to prepare a property tax sharing agreement with The Mission Inn Hotel & Spa for the historic Annex property and increase the proposed amount by an additional \$200,000, for a total of \$400,000 annually for a term of 20 years upon completion of The Mission Inn Hotel & Spa investing a minimum of \$5,000,000 into the historic Annex for a completed development project as evidenced by a Certificate of Occupancy, and return to City Council for approval; or
3. Direct staff to prepare a property tax sharing agreement with The Mission Inn Hotel & Spa and reduce the amount from \$400,000 annually to \$200,000 annually; and not fund the additional \$200,000 per annum as requested by City Council for a term of 20 years to coincide with a Mills Act award, and return to City Council. 5

