



Hotel (Transient Occupancy Tax) Incentive Program

PURPOSE:

To offer a financial incentive program which encourages the development of new hotels, as well as promote reinvestment in existing hotels in the City of Dublin.

ELIGIBILITY:

1. Hotel must be of a high quality that it meets a four (first class) / three star (comfort new hotel) or four (first class) / three diamond (comfort new hotel) hotel rating or higher under the rating criteria established by the American Automobile Association (AAA), JD Power and Associates, or comparable hotel rating entity which includes hotel operations on a 24-hour per day, 7 days a week basis; Hotel must offer housekeeping services, food and beverage services, high-quality finishes, room services, banquet and meeting services, including at least 10,000 square feet of meeting/banquet space, concierge and bell services, and parking services.
2. Hotel must provide independent, third-party, certification acceptable to the City of the level of the quality of the new hotel as a four (first class)/three-star (comfort new hotel) or four (first class)/three diamond (comfort new hotel) hotel as defined above.
3. Hotel must have 125 or more rooms.
4. Existing hotels seeking funds for redevelopment must measurably and demonstrably improve the quality of the hotel through either increased capacity or ability to charge higher room rates, and/or enhancements to the hotel's ratings by AAA, JD Power, etc.
5. On a case-by-case basis, the City Manager or his/her designee may negotiate with the applicant regarding the meeting space requirement and additional improvements that are deemed to be consistent with the intent of the program.

FINANCIAL NEED:

As part of the application, a feasibility analysis shall be completed by the applicant to demonstrate a funding gap between operating performance and project development or improvement cost. The analysis will be independently reviewed by a City consultant, and must prove that, but for this program, the development or improvement would not occur.

LIMITS:

1. The Transient Occupancy Tax (TOT) rebate will be no more than 70% for a 4-star hotel and no more than 50% for a 3-star hotel. Existing hotels that are renovated are eligible to receive a TOT rebate of no more than 50% of the increment above existing TOT levels for no longer than 10 years.
2. The term of the TOT rebate shall be no longer than 20 years for a 4-star hotel, and no longer than 15 years for a 3-star hotel. Any change in star rating below 3 stars for the applicant throughout the lifetime of the agreement will result in termination of the agreement. A reduction from a 4-star hotel rating to a 3-star hotel rating will result in a reduction of the term of the TOT rebate, consistent with that of a 3-star hotel.
3. The amount of the TOT rebate shall be no greater than the funding gap.
4. The Applicant must enter into a binding agreement with the City.



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DOCUMENTATION:

Requests to participate in the program must include the following:

1. A letter of request;
2. Third party certification of the development's rating status;
3. A feasibility analysis; and
4. An executed binding agreement.

Determination of the applicant's TOT revenues will be based on revenues received, as documented by the City's Administrative Services (Finance) Department.

APPLICATION PROCESS:

Program applicants will follow all procedures required by Assembly Bill 562 (2013), including prevailing wage, public hearings and reporting requirements.

Upon receipt of a complete request to participate in the City's Hotel Incentive Program, the request packet will be presented to the Economic Development Committee for review and recommendation. Requests approved by the Economic Development Committee will then be presented to City Council for final approval.

PROGRAM FACTS:

- The feasibility analysis will be independently reviewed by a City consultant, and must prove that, but for this program, the development or improvement would not occur.
- Determination of the applicant's TOT revenues will be based on revenues received, as documented by the City's Administrative Services (Finance) Department.
- Program applicants will follow all procedures required by Assembly Bill 562 (2013), including prevailing wage, public hearings and reporting requirements.
- Upon receipt of a complete request to participate in the City's Hotel Incentive Program, the request packet will be presented to the Economic Development Committee for review and recommendation. Requests approved by the Economic Development Committee will then be presented to City Council for final approval.
- Requests to participate in the program may be sent or submitted to:

City of Dublin
Attention: Office of Economic Development
100 Civic Plaza
Dublin CA 94568
(925) 833-6650