



Meeting Date: 07/21/09

ACTION	TYPE OF ITEM
<input type="checkbox"/> Approved Recommendation	<input checked="" type="checkbox"/> Info/Consent
<input checked="" type="checkbox"/> Ord. No(s). _____	<input type="checkbox"/> Report
<input type="checkbox"/> Res. No(s). _____	<input type="checkbox"/> Public Hearing (Info/consent)
<input type="checkbox"/> Other _____	<input type="checkbox"/> Other _____

Prepared By: Sabrina Rodriguez *SR* Agenda Item No. I-3  
 Reviewed By: City Manager *[Signature]* City Attorney *[Signature]* Finance *[Signature]* Other (Specify) \_\_\_\_\_

**DATE:** July 14, 2009

**TO:** City Council

**FROM:** Matthew G. Winegar, Development Services Director *[Signature]*  
 Development Services Department  
 James Cameron, Chief Financial Officer *[Signature]*  
 Finance Department

**SUBJECT:** Structured Payment Program for Development Fees for Construction of Homewood Suites

**RECOMMENDATION**

That City Council:

1. Approve the first reading by title only and subsequent adoption of an ordinance allowing a down payment of \$100,000 and payment in monthly installments of the remaining \$389,684 in development fees imposed upon Homewood Suites for construction of an approximately 129 room, four story hotel at 1950 Solar Drive, and
2. Approve and authorize the Mayor to execute an Agreement to Pay Deferred Development Fees (A-7167) between the City and Homewood Suites, requiring Homewood Suites to pay interest on and provide trust deed security for payment of the deferred fees and to pay the deferred fees in installments no later than five years from the date of obtaining a building permit to construct the building.

**DISCUSSION**

Homewood Suites has requested a payment plan for development fees with interest to be paid at 5% per annum. The total amount of Traffic Circulation Facilities fees due for the construction of the Homewood Suites project is \$489,684. Homewood Suites has paid the City \$100,000 towards the total amount due. The amount of the balance is \$389,684. Homewood Suites will make payments to the City of \$7,353.82 per month. Principal and interest (5% per annum) will be paid monthly for no more than five years. The principal amount due may be paid off at the time permanent financing is secured, estimated by Homewood Suites to be 18-24 months after the beginning of construction. Homewood Suites will also be required to provide trust deed security to the City to ensure payment of the fees.

No plan check, building permit, inspection, or outside agency fees would be deferred. To date, Homewood Suites has paid \$348,871 to the City for building permits, plan check, and inspection fees. The payment program applies only to Traffic Circulation Facilities fees.

### Homewood Suites Project Information

1. What is the construction cost of the hotel?

The construction cost of the hotel is \$10,300,000.

2. How many jobs will be created during construction of the hotel?

It is estimated that 150 jobs will be created for this project. The project superintendent, deputy inspectors, and soils engineers are local and Homewood Suites will try to hire as many local contractors as possible.

3. How many permanent jobs will be created once the hotel is completed?

Fifty is the average number of employees for a Homewood Suites of this size.

4. What is the annual payroll forecasted to be?

The payroll is estimated to be in the range of \$800,000-\$900,000 annually.

5. What is the estimated Transient Occupancy Tax (TOT) that will be generated by the hotel?

Homewood Suites anticipates the TOT to be approximately \$375,000-\$450,000 the first year, based upon the number of rooms and 70% occupancy rate.

6. What is the average length of stay at the hotel?

Approximately, 50% of guests stay 3-7 days and 50% stay 7-21 days. Very few guests stay longer.

7. Is the Trust Deed a first or second position lien?

The Trust Deed is a second position lien; it is subordinate to a first trust deed securing a construction loan in the sum of \$11,000,000.

### **FINANCIAL IMPACT**

Revenue in the amount of \$100,000 has been deposited to the related infrastructure account and the balance of revenue totaling \$389,684 will be repaid monthly at 5% interest for no more than five years.

Attachment #1 - Deferral Ordinance

#2 - Agreement to Pay Deferred Fees

CITY COUNCIL OF THE CITY OF OXNARD

ORDINANCE NO.

(UNCODIFIED)

ORDINANCE OF THE CITY COUNCIL OF THE CITY OF OXNARD  
CONCERNING DEFERRAL OF PAYMENT OF DEVELOPMENT FEES FOR  
HOMWOOD SUITES

WHEREAS, the first sentence of subsection (B) of section 15-173 of the Oxnard City Code provides in part: "For development projects for which the city issues a building permit, development fees shall be calculated and collected at the time of issuance of the building permit, based on the development fee schedule then in effect."

WHEREAS, Homewood Suites ("Developer") has applied to the City for entitlements to construct an approximate 100,000 square foot building; and

WHEREAS, the City Council wishes to enhance Developer's ability to construct the building by deferring as set forth herein certain development fees that the Developer will owe to the City in connection with construction of the building.

NOW, THEREFORE, the City Council of the City of Oxnard does ordain as follows:

Part 1. As used in this ordinance, "development fees" shall mean planned traffic circulation facilities fees imposed pursuant to section 15-215 et seq. of the City Code. As used in this ordinance, "development fees" shall not include any other fees, including fees collected on behalf of other agencies, fees collected to mitigate environmental impacts, and processing fees.

Part 2. Notwithstanding the first sentence of subsection (B) of section 15-173 or subsection (E) of section 15-173 of the City Code, the Director of Development Services is directed to allow Developer to defer for five years from the date of issuance of a building permit to construct a building at 1950 Solar Drive, the payment of development fees owed to the City in connection with such permit, provided the permit is issued within six months from the effective date of this ordinance and further provided that the Developer does not protest the calculation of such fees, pays any fees not deferred by this ordinance, executes documents or obtains instruments satisfactory to the Development Services Manager and City Attorney providing security for payment of deferred development fees in an amount equal to 125% of the amount of deferred fees, and enters into an Agreement to Pay Deferred Development Fees, in a form and substance approved by the City Attorney and Development Services Manager, to pay the deferred fees according to a schedule providing for a \$100,000 cash payment and amortization of the remaining fees over a five year period with interest at 5% per annum.

Part 3. This Ordinance shall not be included in the City Code.

ATTACHMENT NO. 1  
PAGE 1 OF 2

Part 4. Within fifteen days after passage, the City Clerk shall cause this ordinance to be published one time in a newspaper of general circulation within the City. Ordinance No. \_\_\_\_\_ was first read on \_\_\_\_\_, 2009, and finally adopted on \_\_\_\_\_, 2009 to become effective thirty days thereafter.

AYES:

NOES:

ABSENT:

\_\_\_\_\_  
Dr. Thomas E. Holden, Mayor

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Daniel Martinez, City Clerk

  
\_\_\_\_\_  
Alan Holmberg, City Attorney

**AGREEMENT TO PAY DEFERRED DEVELOPMENT FEES**

This Agreement to Pay Deferred Development Fees (this "Agreement") is entered into this 21st day of July, 2009, by and between the City of Oxnard, a municipal corporation ("City"), and Homewood Suites ("Developer").

WHEREAS, Developer has applied for permits to construct an approximately 100,000 square foot building located at 1950 Solar Drive ("The Improvements"); and

WHEREAS, Developer has requested that City defer Developer's payment of certain development fees in the amount of \$ 489,684.00 as shown on Exhibit A attached hereto and incorporated herein by reference - that City ordinances require be paid prior to issuance of a building permit to construct the Improvements.

NOW, THEREFORE, City and Developer agree:

1. The City Council has adopted an ordinance authorizing deferral with interest to be paid at 5 % per annum for five years of Developer's payment of certain development fees specified in Exhibit "A," attached hereto and incorporated herein by reference, provided that Developer obtain a building permit to construct the Improvements within six months from the date of execution of this Agreement, does not protest the calculation of such fees; pays any fees not deferred; makes an initial payment of \$100,000, (receipt of which is acknowledged) executes this Agreement; and executes a Promissory Note and Trust Deed with a monthly payment schedule providing for full amortization over five years and security satisfactory to the Development Services Manager and City Attorney for the amount of fees so deferred.
2. Developer shall pay the deferred fees of \$389,684.00 and interest at the rate of 5% per annum to City in full on or before September 1, 2014 or the date upon which permanent financing for the Improvements is funded, whichever comes first.
3. City's Agreement to permit deferral is contingent upon satisfaction of the conditions set forth in paragraph 1 hereof.
4. Time is of the essence of this Agreement.

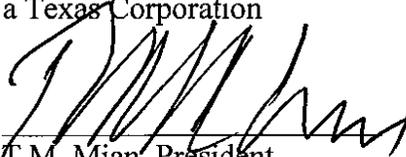
*[CONTINUED ON NEXT PAGE]*

5. This Agreement shall not go into effect unless and until the ordinance referred to section 1 of this Agreement becomes effective.

CITY OF OXNARD

MIAN EXTENDED STAY, INC.  
a Texas Corporation

\_\_\_\_\_  
Dr. Thomas E. Holden, Mayor

  
\_\_\_\_\_  
T.M. Mian, President

ATTEST:

\_\_\_\_\_  
Daniel Martinez, City Clerk

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Alan Holmberg, City Attorney

**EXHIBIT "A"**

**LIST OF DEFERRED DEVELOPMENT FEES**

Fees Deferred by Ordinance No. _____	<u>Fee Amount</u>
Traffic Circulation Facilities Fees	\$489,684.00