

ECONOMIC DEVELOPMENT SUBSIDY REPORT

(GOVERNMENT CODE SECTION 53083)

**REGARDING A TRANSIENT OCCUPANCY TAX SHARING AGREEMENT
BETWEEN THE CITY OF MURRIETA**

AND

SAFAR & SAFAR BROTHERS, INC., A CALIFORNIA CORPORATION

AND

**IN CONNECTION WITH A HOTEL DEVELOPMENT TO BE LOCATED AT
APN #384-240-003 AND #384-240-004**

Pursuant to Government Code Section 53083, the City Council of the City of Murrieta must hold a noticed public hearing and, prior to the public hearing, provide all of the following information in written form and available to the public and through the City's website, regarding a proposed economic development subsidy to be provided by the City of Murrieta ("City") pursuant to a Transient Occupancy Tax ("TOT") Rebate Agreement ("Agreement") by and between the City and Safar & Safar Brothers, Inc. ("Developer").

This Economic Development Subsidy Report ("Report") was published on City's website in advance of the public hearing to be held on June 17, 2025. The purpose of this Report is to provide the information required pursuant to Government Code Section 53083 regarding the Agreement. This Report shall remain available to the public and posted on the City's website until the end date of the economic development subsidy, as further described in Section two (2) below.

1. The name and address of all corporations or any other business entities, except for sole proprietorships, that are the beneficiary of the economic development subsidy.

This Agreement is between the city and Safar & Safar Brothers, Inc., located at 19510 Van Buren Blvd, F3-484, Riverside, CA 92508, or its assignee, at APN # 384-240-003 and 384-240-004. Safar & Safar Brothers, Inc., will own the business benefitting from the economic development subsidy.

2. The start and end dates and schedule, if applicable, for the economic development subsidy.

The proposed Transient Occupancy Tax Revenue Share Agreement will be presented to the City Council at a public hearing on June 17, 2025. The TOT Revenue Sharing Agreement will be for a three-year period (from commencement of operations) for a not-to-exceed \$600,000. The A portion of the TOT generated by the new hotel constructed by Developer on the above-described property will be shared with the Developer, beginning after issuance of the Certificate of Occupancy, for a three-year-period if the hotel remains operational during said period.

3. A description of the economic development subsidy, including the estimated total amount of the expenditure of public funds by, or of revenue lost to, the local agency as a result of the economic development subsidy.

The Agreement proposes a maximum of \$600,000 as an economic development subsidy with a 50/50 revenue split until that amount has been paid in the first three years of operations of the new hotel. This means that fifty percent (50%) of the revenue generated by Transient Occupancy Tax would go to the Developer, City retaining the other fifty percent (50%). At the end of the payout period, all future TOT revenues would be retained by the City.

4. A statement of the public purposes for the economic development subsidy.

The purpose of this economic development subsidy is to assist our medical services sector with new hospitality options in our innovation corridor. This hotel will benefit both Loma Linda University Medical Center and Kaiser Permanente by providing rooms services for traveling staff and patient families, and will assist with stays for outpatient services in the region. In addition, the development will generate new revenue funding sources for the City, create new job opportunities, as well as new tourism and destination components, and will specifically meet the Goal of the Economic Development Element of the City of Murrieta General Plan (E.D. 7.2) that states, “Encourage the development of business-oriented hotels that capitalize on the superior freeway locations in Murrieta and the expanding office, professional and technical job base.”

5. The projected tax revenue to the local agency as a result of the economic development subsidy.

The Transient Occupancy Tax Revenue forecast is for Safar & Safar Brothers, Inc. to receive a not to exceed total subsidy of \$600,000 with a 50/50 revenue split until that amount has been earned during the first three years of operations. The project is estimated to achieve to generate sufficient Transient Occupancy Tax to fulfill this payment obligation in approximately 3 years from opening. The forecasted Transient Occupancy Tax Revenue’s to the City will be \$1,530,273 in the first four years, less \$600,000 that will be paid to the Developer.

6. The net tax revenue accruing to the local agency as a result of the economic development subsidy.

The City will retain fifty percent of the Transient Occupancy Tax generated until the Developer has received a maximum of \$600,000 in Transient Occupancy Tax during the first three years of the hotel’s operations, after which time the City retains one hundred percent of the Transient Occupancy Tax generated by the project. The City is estimated to retain a net of approximately \$900,000 in Transient Occupancy Tax during the first four years of the project’s operation.

7. Estimated number of jobs created by the economic development subsidy, broken down by full-time, part-time, and temporary positions.

It is anticipated that a total of 20 full-time and 8 part-time positions will be created at opening.

8. The net number of jobs created by the economic development subsidy, broken down by full-time, part-time, and temporary positions.

All job creation outlined is based on future projections. To date, no resort rooms have been developed and no jobs created.