



Legislation Text

File #: 15-180, Version: 1

TO: Mayor Collins and Town Council Members

FROM: Kevin Burke, Town Manager

DATE: September 24, 2015

DEPARTMENT: Town Manager

Andrew Miller, 480-348-3691

AGENDA TITLE:

Consideration of First Amendment to the Amended and Restated Development Agreement with MTS Land, LLC and other Mountain Shadows Parcel Owners

Agenda Item Relates to Mission/Vision:

- Enhance the community's unique character.

Strategic Initiative:

- Diligently preserve the special character of Paradise Valley by enforcing the land use policies identified in the Town's General Plan, Town Code, and SUP agreements.

RECOMMENDATION:

Approve the first amendment to the amended and restated development agreement with MTS Land, LLC and other Mountain Shadows parcel owners

BACKGROUND

The Amended and Restated Development Agreement (D.A.) between the Town of Paradise Valley and MTS Land, LLC and MTS Golf, LLC contemplates the construction of a Condo-Hotel. This is a Resort Unit connected and integrated into the Resort Hotel consisting of rooms (a.k.a. Hotel Keys) that can be privately owned but then placed into a rental management program and rented out by the Resort Hotel. If you are a guest of the hotel, you could be placed in one of the Condo-Hotel units and not be aware that it was privately owned separate from the Resort Hotel. It would be fully integrated into the Resort Hotel with similar furnishings, fixtures and equipment as the Resort Hotel. Hotel Keys in Paradise Valley pay a bed tax upon the nightly rental. A Condo-Hotel unit placed in the Resort Rental Management Program and rented out would also pay a bed tax.

POLICY DECISION:

Upon review of the submitted site plan and operational narrative of the Condo-Hotel, it was identified that the Development Agreement terms were not sufficiently clear regarding the treatment of a Condo

-Hotel Resort Unit that was not placed in the Resort Rental Management Program. Therefore, some risk existed that a privately owned Condo-Hotel Resort Unit owner could, at times, reside in the unit instead of hotel guest; and that such unit would, at those times, not be subject to a bed tax and could possibly escape the in-lieu fee. The in-lieu fee is a fee provided for in the Development Agreement that is paid to the Town when a resort unit is not being rented for short-term periods that would otherwise generate bed taxes. If a resort unit is not paying bed taxes, it should be paying an in lieu fee.

The owners of the Resort Hotel and Condo-Hotel parcels agree that the Development Agreement was intended to subject all of the resort units, including both the resort residential units and the Condo-Hotel units, to the in lieu fee requirement. Consequently, staff and the owner(s) agree that an Amendment to the in lieu provisions of the Development Agreement is in order so as to clear up any lack of clarity in the Development Agreement. By doing such, it will be abundantly clear that any Condo-Hotel unit that is not in the Resort Rental Management Program will still be considered a Hotel Key and be subject to the in-lieu fee. Moreover, the Amendment will make clear that only Hotel Keys can be built in the Condo-Hotel if so designated by the owner.

AGENDA ITEM RELATES TO COUNCIL GOAL:

Manage resort industry and development such that it maintains the PV Brand & financial health

BUDGETARY IMPACT:

There are no bed tax revenues nor in-lieu fee revenues anticipated in the Fiscal Year 15-16 Budget. However, failure to clarify this issue could result in a loss of in-lieu fee revenues in future years.

ATTACHMENT(S):

First Amendment to the Amended and Restated Development Agreement By, Between and Among the Town of Paradise Valley, Arizona; MTS Land LLC MS Condo-Hotel Owner, LLC, and MS Resort Owner, LLC