



PALM DESERT

MINUTES

PALM DESERT HOTEL AND SIGNATURE EVENTS COMMITTEE REGULAR MEETING

Wednesday, October 4, 2017 – 4 p.m.
Administrative Conference Room – Palm Desert Civic Center
73510 Fred Waring Drive, Palm Desert, CA 92260

I. CALL TO ORDER

Mr. Alvarez called the meeting to order at 4:02 p.m. and introduced Cheri Maki from Economic Development and welcomed Vicki Higgins, Vice President of Destination Development at the Greater Palm Springs Convention & Visitors Bureau.

II. ROLL CALL

Present:

Mayor Jan Harnik
Mayor Pro Tem Sabby Jonathan
Member Arnold Kirschenbaum
Member Tom Tabler

Absent:

Vice Chairman Scott White
Member Jim Moran

Staff /Others Present:

Lauri Aylaian, *City Manager*
Martín Alvarez, *Director of Economic Development*
Ryan Stendell, *Director of Community Development*
Kevin Swartz, *Associate Planner*
Ruth Ann Moore, *Economic Development Manager*
Thomas Soule, *Tourism & Marketing Manager*
David Hermann, *Senior Management Analyst*
Amy Lawrence, *Management Analyst*
Vicki Higgins, *Greater Palm Springs CVB*
Cheri Maki, *Recording Secretary*

III. ORAL COMMUNICATIONS

None

IV. CONSENT CALENDAR

A. MINUTES OF THE REGULAR MEETING OF JUNE 7, 2017

Mayor Pro Tem Jonathan moved, by Minute Motion, to approve the minutes of the June 7, 2017, meeting as presented. Motion was seconded by Mayor Harnik and carried by 4-0-2 vote. (AYES: Harnik, Jonathan, Kirschenbaum, and Tabler; NOES: None; ABSENT: White and Moran).

V. CONSENT ITEMS HELD OVER

None

VI. NEW BUSINESS

A. DISCUSSION OF PROPOSED SHORT TERM RENTAL ORDINANCE

Mr. Stendell reported that the Planning Commission held their first public hearing last night to discuss Short Term Rentals (STR). He said that there were many questions regarding how STRs affect local tourism.

Next, Mr. Stendell asked for feedback on how STRs are impacting local hotels currently as well as views on possible expansion limitations in the future. He mentioned that because the STR industry is relatively new, there isn't a lot of historical data.

Mr. Stendell introduced Mr. Swartz as the lead planner on STRs who deals with several inquiries a day regarding the matter. Mr. Swartz stated that there are currently 1,228 STR permits in Palm Desert. He also presented a map of the city that showed their location. He reported that South Palm Desert is where STRs are the densest and added that it is also where the majority of the STR related complaints come from.

Mayor Pro Tem Jonathan inquired about the total number R1 and R2 permits issued for South Palm Desert specifically. Mr. Swartz replied that approximately 80% of them were located there.

Mr. Tabler shared his thoughts from the standpoints of both hotelier and resident. As a hotelier, he's experienced a decrease in the transient demand over the past five years from STRs as well as other significant competitors such as Airbnb and HomeAway. Mr. Tabler said that he doesn't expect STRs to go away but does want them to be held to the same standards such as paying taxes and code compliance.

**MINUTES
REGULAR PALM DESERT HOTEL & SIGNATURE EVENTS
COMMITTEE MEETING**

October 4, 2017

Mayor Harnik inquired about whether or not the lengths of stays for STRs are being tracked. Ms. Aylaiian responded that the City is tracking the total nights per month based on the Transient Occupancy Tax (TOT) report, but not the length of stay.

Mr. Tabler said that there are other factors besides STRs that are causing a decrease in transient demand but STRs have a significant impact not only in Palm Desert but Coachella Valley wide.

Mayor Pro Tem Jonathan asked about the impact that STRs have on attracting new hotel businesses to the area. Mr. Tabler responded that he would need to check with the Marriott's development group and get back to him.

Mr. Tabler said that it is not the "mom and pop" STRs that are concerning factors as much as the corporations that are buying up housing.

Mayor Harnik added that Palm Springs has begun limiting STR permits to one per homeowner and asked if that regulation has made a significant difference.

Mr. Tabler responded that increasing the minimum length of stay requirement for STRs would have more of an impact on the hotels since the average hotel stay is only two and a half days.

Mayor Pro Tem Jonathan asked what can be done to increase the demands for hotel business and how is the hotel industry listening to the customers to find out what they want and changing to keep up with the times.

Mr. Tabler replied that STR customers and hotel customers are very different and that the Marriott is still growing despite STRs. He added that competition is good because it keeps the hotels innovative. He also stated that people are attracted, especially millennials, to technology and Marriott has been incorporating it.

Mayor Harnik asked about additional ways that STR's should be held to the same standards as hotels. A brief discussion ensued.

Ms. Higgins shared statistics on a study that the Greater Palm Springs CVB did on non-primary residential ownership in the area which found that 60% of the people who have STRs are owned by someone who lives locally. She also stated that the CVB is an avid supporter of the area's hotels, but encourages alternative lodging options such as STRs as well.

Mr. Stendell talked about the complexity of allowing a homeowner the ability to earn extra income without adversely affecting the neighborhood.

Mr. Tabler shared his experience as a resident who lives across the street from an STR and said that at times it is not ideal, but it is not unbearable. He added

**MINUTES
REGULAR PALM DESERT HOTEL & SIGNATURE EVENTS
COMMITTEE MEETING**

October 4, 2017

that stronger code enforcement and a longer minimum stay restriction would largely reduce disruptive guests in his opinion.

Member Kirschenbaum said that he has both a 32 unit hotel and a 22 unit condominium complex. Overall, his residents do not want a hotel or STR situation in the condominium complex. He added that restricting tourism by not allowing STRs would be limiting and that a better resolution would be stricter code and tax enforcements.

Mr. Stendell brought up how customers search on the VRBO website and whether amenities or location is the most important factor. Mr. Hermann interjected that location is key. Mayor Harnik said that it's crucial for STR owners to manage their properties by making tenants aware of the rules at the homes instead of relying on them to read the lengthy restrictions listed in the rental agreement.

Member Kirschenbaum brought up that allowing both guests and renters to review each other and leave comments online, such as VRBO and Airbnb does, helps hold both sides accountable.

Ms. Higgins mentioned that the Visitor Intercept Study is available on the CVB's website.

VII. INFORMATIONAL ITEMS

A. DESERT ROYAL RALLY

Ms. Lawrence introduced the upcoming exotic car event which will take place April 5 – 11, 2018. Registration fee is \$20,000 and requires a vehicle from the approved list featured on the www.desertroyalrally.com website.

Day one of the six day rally will start at the JW Marriott Desert Springs. Day two will include a car show that coincides with El Paseo Cruise Night on the upper parking deck of The Gardens on El Paseo. The next day, the rally heads to Lake Havasu, continuing on to Scottsdale and ending in Las Vegas. The rally may include Patrick Dempsey as a Celebrity driver and entertainment from the band Styx. The Desert Royal Rally organization is hoping to make this an annual event.

Ms. Lawrence also reported that the costs associated with this event will be minimal to the City other than providing a police escort as the vehicles caravan to the Gardens on El Paseo for the car show.

**MINUTES
REGULAR PALM DESERT HOTEL & SIGNATURE EVENTS
COMMITTEE MEETING**

October 4, 2017

VIII. CONTINUED BUSINESS

None

IX. OLD BUSINESS

None

IX. REPORTS AND REMARKS

A. Chairman

None

B. Committee Members

Member Tabler requested that the destination development plan be discussed at the next meeting.

Mayor Harnik suggested that each member submit a list of events that their organization is participating in and send it to the other members approximately one week before future meetings.

None

C. Staff

None

X. NEXT MEETING DATE – December 6, 2017 at 4:00 p.m.

Mr. Alvarez reminded everyone of the next regular scheduled meeting in December. He also mentioned that if immediate agenda items arise, an interim meeting could be held in November.

XI. ADJOURNMENT

With Committee concurrence, the meeting was adjourned at 5:13 p.m.

Cheri Maki, Recording Secretary