

TO: James L. App, City Manager
FROM: Mike Compton, Director of Administrative Services
SUBJECT: Budget Appropriation for Paso Robles GMC Economic Incentive Payment
DATE: September 21, 2004

Needs: For the City Council to consider a \$144,000 appropriation for an economic incentive payment pursuant to an agreement with Paso Robles GMC.

Facts:

1. The Council entered into an economic incentive agreement with PRGMC dated July 18, 2000.
2. The agreement provides for two different incentives. One for bringing in a new line of vehicles not already provided within the City and a second incentive for expanding its vehicle dealership on the property.
3. PR GMC has established an expanded sales lot, .7 acres, for commercial trucks on the property.
4. PR GMC has installed public improvements consisting of approximately 530 linear feet of curb, gutter and sidewalk along Golden Hill Road, Mesa Drive and Vanderlip Court frontages.
5. The current operating budget does not contain a budget appropriation for said incentive payment since the amount of the incentive payment was unknown.

Analysis
and
Conclusion:

It is desirable that the Council appropriate funds from the General Fund to cover the economic incentive payment to be made to PR GMC.

The agreement provides that PR GMC would receive 50% of all sales generated above a defined baseline. The baseline is defined as the average sales tax revenues generated for the three calendar years of 1997, 1998 and 1999.

Fiscal
Impact:

Monies to pay the incentive will come from the Economic Incentive Fund. At June 30, 2004, subject to any final year end audit adjustments, had a cash balance of \$580,400. The balance is sufficient to pay said incentive.

Options:

- a. Adopt Resolution No. 04-xxx approving a budget appropriation in the amount of \$144,000 from the Economic Incentive Fund; or
- b. Amend, modify, or reject the above option.

RESOLUTION NO. 04-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES
APPROVING A BUDGET APPROPRIATION FOR THE ECONOMIC
INCENTIVE PAYMENT TO PASO ROBLES GMC

WHEREAS, the City has an economic incentive agreement with Paso Robles GMC; and

WHEREAS, this agreement provides financial incentives based upon the expansion of their operations; and

WHEREAS, Paso Robles GMC has successfully expanded their operations at the site; and

WHEREAS, the agreement calls for fifty percent of all sales tax revenues generated beyond the established baseline; and

WHEREAS, the current budget does not contain an appropriation for the revenue incentive payment totaling \$143,995; and

WHEREAS, it is desirable to provide a budget appropriation to cover the revenue incentive payment.

THEREFORE BE IT HEREBY RESOLVED by the City Council of the City of El Paso de Robles to approve a one time budget appropriation from Economic Incentive Fund reserves in the amount of \$144,000 to budget account 115-110-5235-101 for fiscal year 2005.

PASSED AND ADOPTED by the City Council of the City of Paso Robles this 21st day of September 2004 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Frank Mecham, Mayor

ATTEST:

Sharilyn M. Ryan, Deputy City Clerk