

TO: James L. App, City Manager
FROM: Mike Compton, Director of Administrative Services
SUBJECT: Budget Appropriation for Economic Incentive Agreement
DATE: April 5, 2005

Needs: For the City Council to consider a \$23,400 appropriation for payment of economic incentive pursuant to the agreement with Jerry Reneau Chrysler, Plymouth & Dodge.

Facts:

1. The Council previously approved economic incentive agreement with Jerry Reneau Chrysler, Plymouth & Dodge.
2. The agreement provided for an economic incentive payment based upon sales tax revenue growth during each of the five years following issuance of the certificate of occupancy for their expansion and improvements.
3. To receive the incentive, Jerry Reneau Chrysler, Plymouth & Dodge's annual sales tax generation must exceed their base year amount.
4. This condition for the fourth annual period has been met.

Analysis
and
Conclusion:

It is desirable that the Council appropriate funds from the Economic Incentive Fund to cover the economic incentive payment to be made to Jerry Reneau Chrysler, Plymouth & Dodge.

The economic incentive due this business has resulted in new direct recurring revenues to the City's General Fund.

Fiscal
Impact:

There are sufficient funds in the Economic Incentive Fund to cover the requested budget appropriation. The Economic Incentive Fund has a balance of \$436,400 as of February 28, 2005.

Options:

- a. Adopt Resolution No. 05-xxx approving a budget appropriation in the amount of \$23,400 from the Economic Incentive Fund; or
- b. Amend, modify, or reject the above option.

RESOLUTION NO. 05-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES
APPROVING A BUDGET APPROPRIATION FOR THE CITY'S ECONOMIC
INCENTIVE PAYMENT TO JERRY RENEAU CHRYSLER, PLYMOUTH & DODGE

WHEREAS, the City has an economic incentive agreement with Jerry Reneau Chrysler, Plymouth & Dodge; and

WHEREAS, this agreement provides financial incentives based upon sales tax generation; and

WHEREAS, Jerry Reneau Chrysler, Plymouth & Dodge has successfully earned the incentive payment based upon performance; and

WHEREAS, the current budget does not contain an appropriation for the incentive payment; and

WHEREAS, it is desirable to provide a budget appropriation to cover the 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 \$23,400 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 5th day of April 2005 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Frank Mecham, Mayor

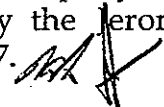
ATTEST:

Sharilyn M. Ryan, Deputy City Clerk

**ECONOMIC DEVELOPMENT AGREEMENT
BETWEEN THE CITY OF EL PASO DE ROBLES
AND ROSE CAR INC.**

THIS ECONOMIC DEVELOPMENT AGREEMENT (the "Agreement") is entered into this _____ day of _____, 1999, by and between the CITY OF EL PASO DE ROBLES, a municipal corporation organized and existing under the laws of the State of California (the "City") and ROSE CAR, INC., a California corporation, dba Jerry Reneau Chrysler Plymouth Dodge ("Owner").

Recitals

A. Owner is the owner of an automobile dealership located at 2235 Spring Street, (the "Existing Property") which is located within the City of El Paso de Robles and currently operates an automobile dealership on such property. Owner wishes to expand his automobile dealership onto adjacent property located at 2223 and 2225 Spring Street, and to include the sales of used cars and automobile repair facilities. The proposed expansion of the facilities and operation of the automobile dealership and associated uses is referred to herein as the "Project." The property on which the dealership will be expanded is referred to herein as the "Expansion Property." Both the Existing Property and the Expansion Property are owned by the Jerome C. Reneau and Kathleen R. Reneau Family Trust, dated August 27, 1987. 

B. Pursuant to the City's Economic Development Assistance Policy, City wishes to encourage and assist in the expansion of the facility, which will generate additional sales tax, property tax and employment opportunities within the City.

C. The City has determined that the proposed Project, if approved, will present certain public benefits and opportunities which are made possible by the parties entering into this Agreement. The Agreement will, among other things: (1) ensure the productive use of property and foster orderly growth and quality development in the City; (2) strengthen the City's economic base by provide a means of retaining existing sales tax revenues and existing jobs and providing the opportunity to increase its sales tax base and employment opportunities; (3) increase property tax revenues, resulting in fiscal benefits to the City; (4) reduce uncertainties in planning and provide for the orderly development of the Project; (5) contribute to the provision of needed public improvements; and (6) provide for the reimbursement of certain development fees to Owner in order to make development of the Project economically feasible and achieve the City's goals described in paragraph B. above.

D. Inasmuch as this Agreement provides for the participation of Owner in financing the public improvements required to carry out the project approvals for this Project, this Agreement constitutes a financing agreement within the meaning and scope of Government Code section 53511 in that it provides for a means of satisfying financing obligations for various public improvements and facilities to be owned by or maintained for the benefit of City and the public generally in the City's planning area.

NOW, THEREFORE, in consideration of the mutual covenants and promises of City and Owner, City and Owner agree as follows:

Agreements

Section 1. Parties

The City is a municipal corporation. The office of the City is located at 1000 Spring Street, Paso Robles 93446. "City" as used in this Agreement, includes the City of El Paso de Robles and any assignee of or successor to its rights, powers and responsibilities.

Owner is Rose Car, Inc., a California corporation. Owner's offices are located at 2235 Spring Street, Paso Robles, CA. 93446. Wherever the term "Owner" is used herein, such term shall include any permitted nominee, assignee or successor in interest as herein provided. The qualifications and identity of Owner is of particular concern to the City, and it is because of such qualifications and identity that the City has entered into this Agreement with Owner. No voluntary or involuntary success in interest of Owner shall acquire any rights or powers under this Agreement.

Section 2. Project Site

The Existing Property and Expansion Property shall be referred to collectively herein as the "Project Site". The Existing Property and the Expansion Property are described in Exhibit A, attached hereto and incorporated herein by this reference.

Section 3. Obligations Conditional

a. Owner acknowledges and agrees that the City's reimbursement obligations, as set forth in Section 5 below, are entirely contingent upon Owner's satisfaction of the conditions set forth in Section 6, below.

b. The City acknowledges and agrees that Owner does not by this Agreement covenant to continue its business operations on the Project Site for any specified period of time, or maintain any particular level of employment on the Project Site. However, the continuation of such business operations is a condition to the City's obligations under this Agreement.

Section 4. Acquisition and Development of the Project Site

Owner intends to develop improvements on the Project Site, which shall include the development of an additional 1,600 square feet of office space and 6,000 square feet of automobile repair shop area. Owner agrees that it will be responsible, at its sole cost and expense, for applying for and obtaining all necessary environmental and land use approvals and making any submissions required by the City for the development of the Project.

It is anticipated that in connection with the development of the Project, Owner will be required to install certain public improvements which include, but are not limited to, the installation of curbs, gutters and sidewalks, cross-gutters, parkway landscaping, streetlights, handicapped access ramp, concrete alley approach and undergrounding of utilities (the "Public Improvements"). The cost of such Public Improvements is estimated to exceed SIXTY THOUSAND DOLLARS (\$60,000). A list of the Public Improvements required to be installed by Owner is attached hereto as Exhibit B and incorporated herein by reference. Owner shall install all such required Public Improvements in accordance with all City requirements, and maintain complete and detailed records and invoices of the costs of such Public Improvements, including evidence of all payment therefor, and submit all such documentation to the City.

Section 5. City Obligations

Subject to the satisfaction by Owner of all of the conditions described in Section 6., below, the City agrees as follows:

a. City agrees that, in consideration of the Owner's development of the Project on the Project Site, that it shall waive a portion of the building permit fees to be paid by Owner in an amount not to exceed SIX THOUSAND ONE HUNDRED FIFTY DOLLARS (\$6,150).

b. City agrees to reimburse Owner for a portion of the cost of the Public Improvements, until the earlier of the following: (a) when the total aggregate amount of such reimbursement payments equal the total aggregate amount actually expended by Owner for the Public Improvements described in Exhibit B hereof ; or (b) five (5) years from the date of the City's issuance of a Certificate of Occupancy for the improvements developed by Owner on the Project Site. The amount of any such reimbursement shall be made as follows:

After the issuance of a Certificate of Occupancy for the new improvements on the Project Site, and within thirty (30) days of receipt by the City of four (4) full quarters of sales tax generated by Owner on the Project Site and for each year thereafter during the term of this Agreement, City shall pay to Owner an amount equal to ONE HUNDRED PERCENT (100%) of the Additional Sales Tax (as defined below). As used herein, "Additional Sales Tax" shall mean that portion of the annual sales tax generated from the Project Site and allocated to the City that is in excess of the "Base Sales Tax," as defined herein. "Base Sales Tax" shall mean the amount of sales tax generated from the Project Site for the 12 months prior to the issuance of a Certificate of Occupancy for the improvements installed by Owner on the Project Site after the date of this Agreement and that is allocated to the City.

Section 6. Conditions to Reimbursement

Owner shall be entitled to receive a reimbursement payment if and only if the following conditions have been or are continuing to be satisfied:

a. The Project has been completed in accordance with the description set forth in Section 4. hereof, and the City has issued a Certificate of Occupancy for the improvements on the Project Site.

b. Owner has submitted evidence reasonably satisfactory to the City of all the costs of the Public Improvements and documentation of its full payment therefor.

c. Owner is operating an automobile sales dealership on the Project Site.

d. The City has received Additional Sales Tax from the Project Site.

Section 7. Indemnification

Owner hereby indemnifies and holds the City harmless from all demands, claims, actions and damages to any person or property arising out of or connected with the terms of this Agreement.

Section 8. Default

Failure by either party to perform its obligations hereunder shall constitute a default under this Agreement, and the other party may institute legal action to cure, correct or remedy such default, to recover damages for such default or to obtain any other remedy whether at law or in equity, consistent with the purpose of this Agreement.

Section 9. Termination of this Agreement

This Agreement and the obligations of Owner and City hereunder shall terminate upon the earliest occurrence of any of the following events:

a. The termination of Owner's operation of an automobile dealership on the Project Site;

b. When the total aggregate amount of the reimbursement payments paid to Owner by City equals Owner's actual cost of installing the Public Improvements; or

c. Five (5) years from the issuance of a Certificate of Occupancy for Owner's improvements on the Project Site that are installed after the date of this Agreement.

Section 10. Miscellaneous Provisions

a. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

b. Time of the Essence. Time is of the essence of each and every provision of this Agreement.

c. Notices. Notices or other communications given under this Agreement shall be in writing and shall be served personally or transmitted by first-class mail, postage prepaid. Notices shall be deemed received either at the time of actual receipt or, if mailed in accordance herewith, on the third (3rd) business day after mailing, whichever occurs first. Notices shall be directed to the parties at the following addresses or at such other addresses as the parties may indicate by notice:

City of El Paso de Robles
1000 Spring Street
Paso Robles, CA 93446
Attention: City Manager

Jerry Reneau
Rose Car, Inc.
2235 Spring Street
Paso Robles, CA 93446

d. Headings. The titles and headings of the various sections of this Agreement are intended solely for reference and are not intended to explain, modify or place any interpretation upon any provision of this Agreement.

e. Waiver. No waiver of any provision of this Agreement shall be deemed or shall constitute a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

f. Further Assurances. The parties shall execute, acknowledge, file or record such other instruments and statements and shall take such additional action as may be necessary to carry out the purpose and intent of this Agreement.

g. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties' respective heirs, legal representatives, successors and assigns.

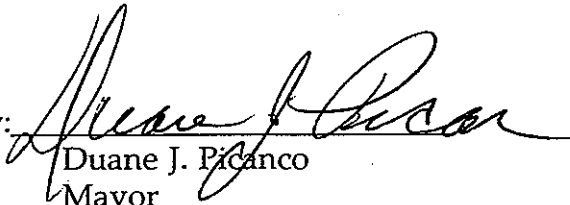
h. Entire Agreement. This Agreement and Exhibit A, which is incorporated herein, together constitute the entire agreement between the parties and supersede all prior or contemporaneous agreements, representations, warranties and understandings of the parties concerning the subject matter contained herein, written or oral. No change, modification, addendum or amendment to any provision of this Agreement shall be valid unless executed in writing by each party hereto.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective representatives thereunto duly authorized as of the day first written above.

CITY:

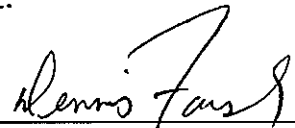
CITY OF EL PASO DE ROBLES

By:


Duane J. Picanco
Mayor

Attest:

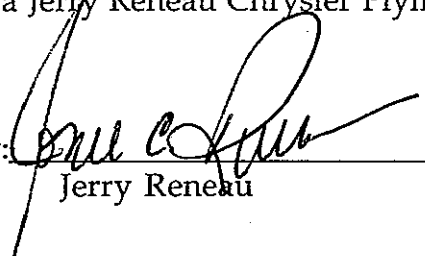
By:


Dennis Fansler
City Clerk

OWNER:

ROSE CAR, INC., a California corporation,
dba Jerry Reneau Chrysler Plymouth Dodge

By:


Jerry Reneau

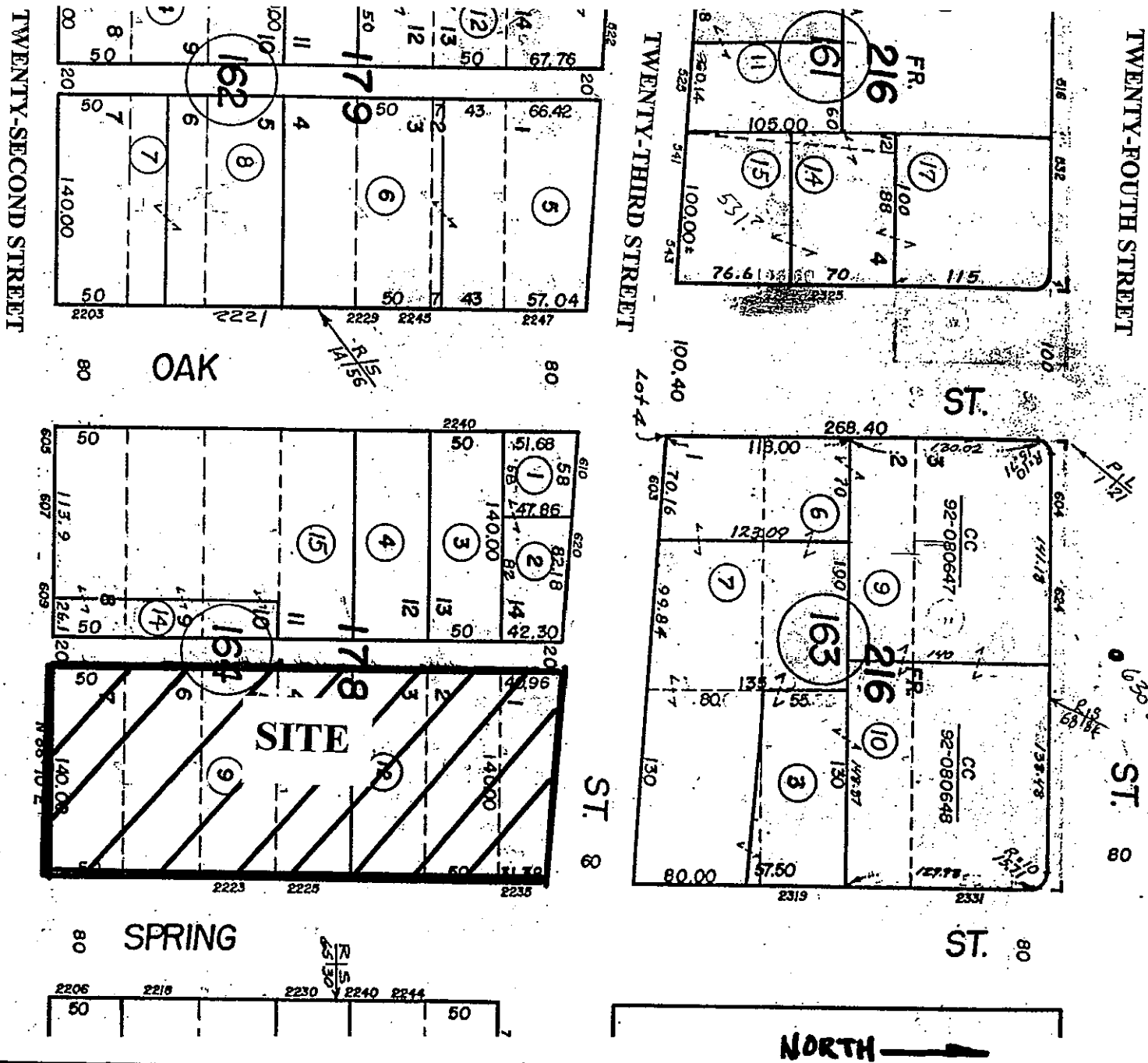


EXHIBIT A
DESCRIPTION OF THE PROJECT SITE
(JERRY RENEAU)

EXHIBIT B

Public Improvements for Proposed Expansion Reneau Car Dealership

Item		Cost
Curb & Gutter	350 LF @ \$15.00/LF =	\$5,250
Sidewalk	2000 SF @ \$2.50/SF =	\$5,000
A.C. Pave-out	5000 SF @ 2.00/SF =	\$10,000
Cross-gutter w/spandrel	1 ea. @ \$7,000/ea. =	\$7,000
Parkway Landscaping	200 SF @ \$1.00/SF =	\$2,000
Street Trees	11 ea. @ \$300/ea. =	\$3,300
Streetlights	4 ea. @ \$3,000/ea. =	\$12,000
Handicap Ramp	1 ea. @ \$1,500/ea. =	\$1,500
Concrete Alley Approach	1 ea. @ \$5,000 ea. =	\$5,000
Underground Utilities @ Spring St.	L.S. =	\$5,000
Remove Existing Trees, demo retaining wall @ Right-of-Way	L.S. =	\$10,000
	Sub-total	\$66,050
	Contingency	\$15,000
	Design Costs	\$15,000
	GRAND TOTAL	\$96,050
		Say \$100,000

Note:

Proposed Improvements are at Spring Street, 22nd Street and a streetlight at 23rd Street.

Date: August 11, 1998

By: D. Esperanza