

TO: James L. App, City Manager
FROM: Mike Compton, Director of Administrative Services
SUBJECT: Budget Appropriation for Reneau Chrysler Dodge Economic Incentive Payment
DATE: September 19, 2006

Needs:

For the City Council to consider a \$32,400 appropriation for an economic incentive payment pursuant to an agreement with Reneau Chrysler Dodge (RCD).

Facts:

1. The Council previously approved an economic incentive agreement with RCD.
2. The agreement provides for an economic incentive payment based upon incremental sales tax growth over the established base year during each of the subsequent five years following the issuance of the certificate of occupancy for their expansion and improvements.
3. RCD's incremental sales tax growth for the annual period ending July 2005 generated an incentive payment of \$32,400.
4. This payment represents the fifth and final payment under the terms of the agreement with RCD.
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 Economic Incentive Fund to cover the economic incentive payment due RCD.

Fiscal

Impact:

Monies to pay the incentive will come from the Economic Incentive Fund. At June 30, 2006, subject to any final year end audit adjustments, had a cash balance of \$407,750. The balance is sufficient to pay said incentive.

Options:

- a. Adopt Resolution No. 06-xxx approving a budget appropriation in the amount of \$32,400 from the Economic Incentive Fund; or
- b. Amend, modify, or reject the above option.

RESOLUTION NO. 06-

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

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

WHEREAS, this agreement provides financial incentives based upon the incremental growth in sales tax revenues to the City resulting from their expansion; and

WHEREAS, Reneau Chrysler Dodge has successfully expanded their operations at the site and has generated sufficient incremental sales tax growth to be eligible for an incentive payment; and

WHEREAS, this payment represents the fifth and final payment under the terms of the Agreement; and

WHEREAS, the current budget does not contain an appropriation for the revenue incentive payment totaling \$32,400; 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 \$32,400 to budget account 115-110-5235-101 for fiscal year 2007.

PASSED AND ADOPTED by the City Council of the City of Paso Robles this 19th day of September 2006 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Frank Mecham, Mayor

ATTEST:

Deborah Robinson, Deputy City Clerk