

TO: James L. App, City Manager  
FROM: Mike Compton, Director of Administrative Services  
SUBJECT: Budget Appropriation for Paso Robles GMC Truck Economic Incentive Payment  
DATE: November 21, 2006

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Needs:

For the City Council to consider a \$125,100 appropriation for an economic incentive payment pursuant to an agreement with Paso Robles GMC Truck (GMC).

Facts:

1. The Council previously approved an economic incentive agreement with GMC.
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 in exchange for their operations remaining within the city limits for five years.
3. GMC's incremental sales tax growth generated an incentive payment of \$125,100 representing 50% of the incremental sales tax growth.
4. This payment represents the final payment under the terms of the agreement with GMC.
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 GMC.

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 \$125,100 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 PASO ROBLES GMC TRUCK

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

WHEREAS, this agreement provides financial incentives based upon the incremental growth in sales tax revenues to the City resulting from the requirement that they continue operations within the city limits; and

WHEREAS, Paso Robles GMC Truck has successfully met their obligation under the contract and has generated sufficient incremental sales tax growth to be eligible for an incentive payment; and

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

WHEREAS, the current budget does not contain an appropriation for the revenue incentive payment totaling \$125,100; 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 \$125,100 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 21<sup>st</sup> day of November 2006 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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Frank Mecham, Mayor

ATTEST:

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Deborah Robinson, Deputy City Clerk