

RESOLUTION NO. 95-145

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES
APPROPRIATING \$13,800 FROM THE ECONOMIC DEVELOPMENT INCENTIVE
FUND TO UNDERTAKE THE EXPANSION OF PARIS PRECISION**

WHEREAS, in May 1993, the City Council adopted the Economic Strategy for the City of El Paso de Robles; and

WHEREAS, the Economic Strategy has stated goals and objectives for expanded manufacturing development in order to create new manufacturing jobs for both entry level and skilled positions; and

WHEREAS, the City Council adopted procedures for directing financial participation in Economic Development projects which provide a quantifiable economic return to the City; and

WHEREAS, Paris Precision has requested financial incentives from the City of Paso Robles to expand their existing manufacturing facility, located at 1605 Commerce Way; and

WHEREAS, the expansion of Paris Precision meets the objectives for expanded manufacturing development within the Economic Strategy; and

WHEREAS, it has been determined that a \$13,800 Economic Development Financial Incentive to assist Paris Precision for expansion of their existing facility is consistent with City Council Policy A-3A "Requests for City/Agency Assistance per the Economic Strategy" (see Exhibit A); and

WHEREAS, the Financial Incentive Fund shall be drawn down by fees required by the City of Paso Robles for processing and constructing plant expansion, and/or be applied towards public improvements associated with the project.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of El Paso de Robles does hereby appropriate \$13,800 from the City's Economic Development Incentive Fund; and

BE IT FURTHER RESOLVED, that the City Manager is hereby authorized to use up to \$13,800 of said Fund to write-down fees or public infrastructure associated with the Paris Precision expansion from said fund to undertake expansion of Paris Precision at their existing facilities located at 1605 Commerce Way, as outlined above.

PASSED AND ADOPTED THIS 7th day of November, 1995 by the following roll call vote:

AYES: Heggarty, Martin, Picanco and Macklin

NOES: None

ABSENT: Iversen

Walter J. Macklin
MAYOR WALTER MACKLIN

ATTEST:

Richard J. Ramirez
RICHARD J. RAMIREZ, CITY CLERK

City of El Paso de Robles
POLICIES & PROCEDURES

POLICY NO.: A - 3A

DATE: JANUARY 18, 1994

**SUBJECT: REQUESTS FOR CITY/AGENCY ASSISTANCE
PER THE ECONOMIC DEVELOPMENT STRATEGY**

PURPOSE:

To establish a City Council policy regarding how staff should process requests for City or Community Redevelopment Agency financial assistance.

BACKGROUND:

As provided under the City's Economic Development Strategy, a property owner or leasehold would typically seek City/Agency financial participation in one or more of the following ways:

- Agency participation in defraying the cost of off-site public improvements.
- Agency assistance in financing a project (e.g. through interest "write-downs" or other direct participation in acquiring or preparing the property for use/reuse).
- Payment of City fees or purchase of equipment.

POLICY:

1. It shall be the City's/Agency's policy to consider financial participation in a private development project when findings can be made that:
 - a. The project's implementation would be of substantial benefit to the purpose and intent of the Redevelopment Project or the Economic Development Strategy as determined by Economic Development staff; or
 - b. The project may not be economically feasible without City/Agency financial participation.

Regardless of the staff determination, the above evaluation will be forwarded to an ad hoc committee of the City Council. The City Council ad hoc committee will review the staff evaluation and the staff's recommendation for participation.

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The committee will forward their recommendation to the City Council for final determination. A recommendation not to participate by staff will also be reviewed, and in the opinion of the ad hoc committee, said denial by the staff may be forwarded to the City Council for further consideration.

2. Exception: If the request for City/Agency assistance is limited to off-site improvements that are beyond the level of public improvements that are necessary to serve the private development, and said improvements are consistent with adopted City policy, the Agency and/or City may consent to participate in the cost of public improvements without analysis of economic feasibility.
3. In order to provide a consistent and appropriate approach to considering any requests for City/Agency financial participation in a specific project, the following steps are to be followed:
 - a. All requests for City/Agency financial participation shall be referred to the Economic Development Staff to determine if the private development proposal is one that the Agency can find to be of substantial benefit to the purpose and intent of the Redevelopment Project, or the Economic Development Strategy,
 - b. If the City/Agency makes the required findings, the City/Agency would then determine whether the request for assistance relates to public improvement costs, private development assistance, or fee payments,
 - (1) if the participation is limited to public improvements in the public right-of-way, the City/Agency would consider whether or not the participation would be consistent with the City's Master Plan(s) for such improvements and are beyond the level of public improvements that are necessary to serve the private development,
 - (2) if the participation involves defraying the costs of private development, through the acquisition, improvement of private

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property, or fee payments, the request shall be referred to staff for financial analysis to determine what level of City/Agency assistance could be warranted.

Whether or not the request relates to public or private development improvements, the City/Agency is under no obligation to financially participate in either public or private development costs.

4. If the City/Agency declines to consider any form of participation in the pending development project, no further action is necessary.
5. If the request for City/Agency assistance relates to public improvements in the public right-of-way, the matter should be considered at a joint meeting of the Agency and City Council.

If the City Council determines that the required public improvement would exceed the level of benefit attributable to the subject property or would achieve the Economic Strategy, and that it would be in the interest of the community's health, safety and welfare to have the public improvement done at this time, the City could agree to install the needed public improvement. The City may charge the developer only his pro rata share minus any reoccurring economic/revenue benefit calculated over a period not to exceed five (5) years. It would, however, be possible for the Agency to reimburse the City for the cost of the public works project if found to be of benefit to the Redevelopment program.

6. If the project relates to on-site improvements (non-City), land "write downs," equipment purchase or similar City/Agency participation in private development costs, the request for participation should be referred to staff. Staff shall contract with an independent financial analyst, and unless specifically authorized by the City/Agency, analysis shall be at the applicant's cost. The financial analyst would review a "pro forma" provided by the applicant and, based on the analyst, advise the City/Agency:
 - a. what a reasonable rate of return would be for this type of business investment;

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b. what, if any, gap exists between the cost of development and the expected rate of return on the project that is being analyzed.

7. City/Agency staff will report findings of the pro forma analysis.

If the financial analysis indicates that there is a gap that the City/Agency could participate in filling, then it would be the City's/Agency's discretion to determine whether or not the City's/Agency's investment in this project is justified. This determination would be made by comparing the consistency of this project with City/Agency Goals and Objectives, the Economic Development Strategy, and by comparing the relative degree of benefit generated in relation to other projects in which the City/Agency could participate.

8. In evaluating the level of participation in a given project, the City/Agency may take into consideration the following criteria:

a. A credit for property tax generated over a period of five (5) years: e.g.: \$2.5 million land value at buildout x 1% x 22% = City property tax share or \$5,500. \$5,500 x 5 yrs. = \$27,500 write down available for required fee payments.

b. Up to \$150 in new sales tax per new employee or the City may opt for a detailed analysis re: the possible economic stimulus created by the increased payroll (e.g.: 100 new workers x 5 yrs. x \$150 = \$75,000 in increased sales tax).

c. Up to 100% of sales tax generated over a period of five years assuming the company has a point of sale here and the applicant is in manufacturing. Said sales tax may not be used for a retail project unless approved by the City Council.

d. Increase revenues due to transient occupancy tax figured at \$3.00 + \$50 in sales tax per day. Said audit will be calculated over a three year period with an occupancy factor of 65%.

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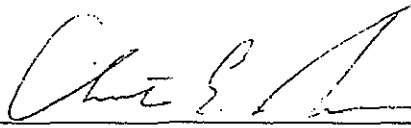
- e. Other quantifiable criteria established by the Economic Development Team.

The use of the above criteria will depend on the extent the proposed project meets the objectives of the Economic Development Strategy.

- 9. City/Agency participation shall be contingent upon execution of binding agreements that will insure that the City will be reimbursed if the applicant does not perform in accordance with the projections upon which City/Agency participation is based.

AUTHORITY:

Approved and adopted on the 18th day of January, 1994.

By 
Christian E. Iversen, Mayor

ATTEST:


Richard J. Ramirez, City Clerk