

RESOLUTION NO. 00-95

A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF EL PASO DE ROBLES
GRANTING FINANCIAL ASSISTANCE TO PARIS PRECISION

WHEREAS, the City Council adopted an Economic Strategy in 1993, up-dated in 1999, identifying strategies to address community economic opportunities and barriers; and

WHEREAS, the Strategy focused community resources and effort towards five key economic goals, one of which is to increase manufacturing job opportunities; and

WHEREAS, pursuit of this goal led to the development of a financial incentive/assistance program to entice/stimulate business expansion; and

WHEREAS, Paris Precision is a local manufacturing company that is expanding and building a new facility, adding approximately 215,000 square feet of industrial space on Ramada Drive; and

WHEREAS, Paris Precision anticipates that this expansion will involve the hire of up to eight new employees per month during the next five years starting with January 1, 2000; and

WHEREAS, Paris Precision will have an obligation of paying up to approximately \$20,000 in city permit and impact fees; and

WHEREAS, the project fulfills the purpose and intent of the City's Economic Development Strategy (retention & expansion of businesses and employment opportunities); and

WHEREAS, financial incentives/assistance may be calculated against the new property tax income, and job gains generated by this project.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of El Paso de Robles, that consistent with the City's adopted policy for financial assistance, the Council is prepared to provide a financial assistance package of up to a potential total of \$92,000, based on the following parameters:

1. Building Permit fee reductions based on actual valuation of plans submitted up to a maximum of \$20,000 in fee reductions based on building permit valuation (the actual reduction would be based on the valuation reflected by the plans submitted - - which could result in fee reductions of somewhat less than \$20,000). With regards to fees already paid, if the Agreement is approved by the City Council, Paris Precision would be eligible for a reimbursement equal to the fee reduction amount.
2. An employment based incentive in the form of a reimbursement payment at the rate of \$150 per net new employee added in the prior year. Each year, for up to five years, the City would calculate an employment related incentive for the prior year, based on a letter from Paris Precision accompanied by a copy of the form DE-6 that the firm is required to file with the State of California. If the projections of eight employees per month are realized, the total incentive could reach a maximum of \$72,000.

3. Based on a copy of the 12/31/99 DE-6, the City would count net new employment from 1/1/2000 toward the employment incentive if a Certificate of Occupancy for the approved building is issued by 12/31/00. If the construction of the new facility is delayed, the starting date of the employment based incentive would be modified proportionately. (For example, if the Certificate of Occupancy is not issued until February 15, 2001, then the base date for counting new employment would be adjusted to February 15, 2000.)

The City Council hereby approves the attached Agreement (Exhibit A) which is incorporated herein by reference, and the City Manager is hereby authorized to execute said agreement with Paris Precision.

NOW, THEREFORE, BE IT FURTHER RESOLVED by the City Council of the City of El Paso de Robles, that a budget appropriation for a building permit fee reduction of up to \$20,000 during Fiscal Year 1999-2000 is hereby appropriated from Account No. 115-110-5212-101. Future employment based incentive payments would be separately appropriated during the five year period provided for as a part of the incentive package.

PASSED AND ADOPTED by the City Council of the City of Paso Robles this 16th day of May 2000 by the following vote:

AYES:	Baron, Macklin, Mecham, Swanson and Picanco
NOES:	None
ABSENT:	None
ABSTAIN:	None

Duane Picanco, Mayor

ATTEST:

Sharilyn M. Ryan, Deputy City Clerk

**ECONOMIC DEVELOPMENT AGREEMENT
BETWEEN THE CITY OF EL PASO DE ROBLES
AND PARIS PRECISION**

THIS ECONOMIC DEVELOPMENT AGREEMENT (the "Agreement") is entered into this _____ day of _____, 2000, 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 PARIS PRECISION, a _____ ("Owner").

Recitals

A. Owner is the owner of an existing metal fabrication facility, which is located within the City of El Paso de Robles. Owner has expressed its desire to expand its current business operations, which will require relocation of Owner's existing facilities to a new location.

B. Pursuant to the City's Economic Development Assistance Policy, City has encouraged Owner to retain its business operations within the City and desires to assist in the expansion of Owner's facilities and business operations, (the "Project"), which will allow for the retention of a major business establishment within the City, and the generation of additional sales tax, property tax and employment opportunities within the City.

C. In furtherance of the Project, Owner has acquired a new, larger site, located at 1650 Ramada Drive, Paso Robles, CA (the "Property"), and has proceeded with the development of a new facility on the Property.

D. The City has determined that the proposed Project 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 providing 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 and continued operation of the Owner's business operations within the City; and (5) provide for assistance, including reimbursement of certain development fees paid by Owner, in order to make development of the Project economically feasible and achieve the City's goals described in paragraph B. above.

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 success to its rights, powers and responsibilities.

Owner is Paris Precision, a _____. The Owner's offices for purposes of this Agreement are located at 1605 Commerce Way, 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 are 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. Property

The Property is 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 payment 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 relocate and/or continue its business operations on the Property for any specified period of time, or maintain any particular level of employment on the Property. However, the relocation of its existing facilities and continuation of such business operations is a condition to the City's obligations under this Agreement.

Section 4. Construction of Improvements on the Property

Owner intends to develop improvements on the Property, which shall include the construction of a new commercial building containing approximately 215,000 square feet of commercial/manufacturing space, together with all standard frontage improvements required for such development. Owner agrees that it shall 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 and construction of the Project and the use, operation and maintenance of Owner's expanded metal fabrication operations on the Property.

Section 5. City's 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 Property, it shall reimburse a portion of the building permit fees paid by Owner in an amount not to exceed TWENTY THOUSAND DOLLARS (\$20,000). The actual amount of building permit fees to be reimbursed to Owner will be based on the building valuation, and shall be determined using the formula set forth in the City's Economic Development Assistance Policy (Policy No. A-3A).

b. City shall pay to Owner an amount equal to ONE HUNDRED FIFTY DOLLARS (\$150.00) for each Net New Employee (as defined below) hired by Owner during the term of this Agreement, up to a maximum of SEVENTY-TWO THOUSAND DOLLARS (\$72,000). The number of Net New Employees shall be determined as set forth below:

(1) The number of "Base Year Employees" shall be equal to the total number of Employees (as defined in subparagraph (5), below) employed by Owner on the date which is one (1) year prior to issuance by the City of a Certificate of Occupancy for the Project.

(2) The number of "Net New Employees" shall be equal to the total aggregate increase in the number of Employees employed by Owner over the number of Base Year Employees during the term of this Agreement.

(3) The number of Employees shall be determined as of the date of issuance of a Certificate of Occupancy for the Project (end of Year 1), and each Year thereafter. For purposes of this Agreement, the term "Year" shall mean a 12-month period, with Year 1 being the 12-month period immediately preceding issuance of a Certificate of Occupancy for the Project; and Years 2 through 5 being each 12-month period thereafter, commencing on the Certificate of Occupancy and continuing through each subsequent anniversary. The Owner shall be entitled to receive any amounts owed to Owner under this paragraph b, in annual installments, to be paid by City within 30 days after receipt by City of the letter and information provided for under subparagraph (6), below, and verification of the number of Net New Employees for each of said Years.

(4) Owner shall be entitled to only one payment for each Net New Employee hired by Owner throughout the term of this Agreement. As such, Owner shall be eligible for payment in each year only to the extent the number of Net New

Employees in such year exceeds the total number of Net New Employees reported by Owner in the prior year (or years, as applicable). [E.g., if the number of Base Year Employees is established as 50 Employees, and the number of Employees employed in Year 1 equals 60, then Owner will be eligible to receive payment for 10 Net New Employees for Year 1. If, in Year 2, the number of Employees drops to 55, Owner shall not be eligible to any payment for Year 2. If, in Year 3, the number of Employees increases to 70, Owner shall be eligible to receive payment for only 10 Net New Employees for Year 3 (70 employees, less the 50 Base Year Employees, and less the 10 Net New Employees reported in Year 1).]

(5) As used herein, "Employee" means a full-time equivalent employee of Owner who works an average of at least thirty-seven and one-half (37.5) hours per week.

(6) Following the end of each Year during the term of this Agreement, the Owner shall submit to the City a letter certifying to the City the number of Employees employed by Owner as of the end of the Year just ended, together with a calculation of the number of Net New Employees hired by Owner during such Year. The letter shall be accompanied by evidence satisfactory to the City supporting Owner's certification, which evidence shall include, without limitation, a copy of the latest Form DE-6 (or its equivalent) filed by Owner with the State of California for such Year.

(7) In no event shall the total aggregate amount of assistance paid to Owner under this paragraph b., exceed the amount of SEVENTY-TWO THOUSAND DOLLARS (\$72,000).

Owner acknowledges and agrees that any amounts to be paid by City under this paragraph b. are specifically dependent and conditioned upon information being provided by Owner to the satisfaction of the City. City shall have no obligation to make payments to Owner unless and until, and only to the extent that, Owner provides the required information and certifications to City.

Section 6. Conditions to Reimbursement

Owner shall be entitled to receive payments under Section 5, above, if and only if all of the following conditions have been 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 Property.

b. Owner has relocated its business operations to and thereafter continues operating its metal fabrication operations on the Property.

c. Owner maintains accurate records and pays all taxes and assessments on the Property and the improvements thereon when due.

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. The prevailing party in any such action shall be entitled to attorneys' fees and costs.

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 its metal fabrication operation on the Property; or
- b. Payment by City of all amounts owed to Owner hereunder; or
- c. Four (4) years following issuance of a Certificate of Occupancy for the Project.

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

Paris Precision
1605 Commerce Way
Paso Robles, CA 93446
Attention: Clay Running, President

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 Picanco
Mayor

Attest:

By: _____
Sharilyn M. Ryan
Deputy City Clerk

OWNER:

PARIS PRECISION,
a _____

By: _____
Clay Running
President

EXHIBIT A

DESCRIPTION OF THE PROPERTY

[To Be Inserted.]