

REQUEST FOR COUNCIL ACTION



CITY COUNCIL MEETING DATE:

JANUARY 16, 2018

TITLE:

RECEIVE AND FILE REPORT REGARDING
PROPOSED SALES TAX LOAN AGREEMENT
BETWEEN THE CITY OF SANTA ANA AND THE
SANTA ANA AUTO DEALERS ASSOCIATION
(STRATEGIC PLAN NO. 3, 3C)

CITY MANAGER

CLERK OF COUNCIL USE ONLY:

APPROVED

- As Recommended
- As Amended
- Ordinance on 1st Reading
- Ordinance on 2nd Reading
- Implementing Resolution
- Set Public Hearing For _____

CONTINUED TO _____

FILE NUMBER _____

RECOMMENDED ACTION

Receive and File.

DISCUSSION

On November 7, 2017, the City Council authorized the City Manager and Clerk of the Council to execute a Sales Tax Loan Agreement between the City of Santa Ana and the Santa Ana Auto Dealers Association, LLC. The Agreement provided for the City to loan the Association \$1,032,948 to replace the existing Auto Mall digital sign. The Agreement further provided for the loan to be repaid from increased sales tax received over a 10 year period. The proposed source of funds for the loan was the City's General Fund Operating Reserve.

It was brought to staff's attention that prior to the City approving the subsidy for the Auto Mall sign, Government Code Section 53083 requires that the City must hold a public hearing and provide to the public in written form an economic development subsidy report detailing the proposed subsidy. This subsidy report contains information relating to the terms of the agreement, a description of the economic subsidy (including estimated total amount of expenditure of public funds), a public benefit statement, projected tax revenue as a result of the subsidy and the estimated number of jobs that will be created by the subsidy.


Since starting in November, the City Manager has reviewed the City's financial outlook. Based upon that review, staff recommends that the structure of the proposed transaction be modified. In lieu of the previously proposed city loan to be repaid from increased sales tax receipts, on February 6th, subject to acceptance by the Santa Ana Auto Dealers Association of the modified terms, staff will propose a new sales tax reimbursement agreement, without an upfront City loan, for City Council consideration.

STRATEGIC PLAN ALIGNMENT

This item supports the City's efforts to meet Goal #3 Economic Development, Objective #3, (Promote a solutions-based customer focus in all efforts to facilitate development and investment in the community), Strategy C (Explore opportunities to encourage a business friendly environment within the city through the reduction of non-essential regulatory requirements, improved coordination between agencies for development review and addition of monetary incentives).

FISCAL IMPACT

There is no fiscal impact associated with this Council action.


Robert M. Zur Schmiede
Interim Executive Director
Community Development Agency