

**RESOLUTION NO. \_\_\_\_\_ (N.C.S.)**

**A RESOLUTION AUTHORIZING THE MAYOR TO ENTER INTO AN  
ECONOMIC DEVELOPMENT INCENTIVE AGREEMENT WITH  
LOVE’S COUNTRY STORES OF CALIFORNIA, INC.**

WHEREAS, the Salinas City Council has identified economic development objectives of an enhanced sale tax revenue base, increased job creation, and diversification in the local economy; and

WHEREAS, the City wishes to provide economic incentives for businesses or projects which will provide a substantial positive economic impact on the Community, including the employment impact provided through either job retention or creation; and

WHEREAS, Love’s Country Stores of California, Inc. (“Developer”) has proposed the development of 20,000 square feet of travel center uses (“Project”), including 23 fuel stations, a 50,000 square feet, 78-room Comfort Suites hotel, Arby’s restaurant and mechanic shop located in unincorporated Monterey County south of the City of Salinas and is anticipated to annex into the City as part of the Project entitlement process; and

WHEREAS, the City would share 32% of the sale and transactions and use tax revenue, which is estimated at \$266,700 per year based on the City’s sales tax consultant’s estimate. The City would keep 68%, or approximately \$566,700 of the sales and transactions and use tax plus approximately \$203,600 in property tax, hotel TOT tax and other revenue per year, for a total of \$770,300 per year. The proposed agreement would last for the earlier of seven years or a total subsidy limit of \$1,650,000. All development impact fees would be paid upfront on the normal dates required. The development would generate approximately 50 full time jobs and 10 part-time jobs. During the 7 year period, the City would retain an estimated \$5.4 million; and

WHEREAS, based on the Fiscal Impact Analysis, the Project is projected to generate a net surplus of \$898,900 per year to the City; and

WHEREAS, the Developer approached the City after determining the actual amount of the development impact fees associated with the project, as well as the estimated costs for off-site improvements and other costs, were more than expected and the development could not generate the financial return necessary to justify the investment; and

WHEREAS, based on the economic analysis prepared for the project, as well as the information and the analysis provided by the City staff, the City Council finds and determines that the Project meets the criteria established under the City’s Economic Development Incentive Policy Guidelines for the receipt of economic incentives; and

WHEREAS, the City Council further finds and determines that development of the project will result in positive diversification of the local economy and will provide a substantial positive economic impact on the community through job creation and through the projected increase in revenue to the City; and

WHEREAS, the City Council further finds and determines that the development, improvements, and use of the Project, and the provision of economic incentives are in the vital and the best interest of the City and the welfare of the residents, and in accordance with the public purposes and the provisions of applicable laws.

NOW, THEREFORE, be it resolved by the Council of Salinas, that the Mayor be authorized for and on behalf of the City of Salinas to enter into an Economic Development Incentive Agreement with Love's Country Stores of California, Inc. for the development of a travel center in the City of Salinas; and

BE IT FURTHER RESOLVED, that the City Manager shall have the authority to take whatever additional steps may be necessary to effectuate the intent of this Resolution.

PASSED AND APPROVED this 6<sup>th</sup> day of March, 2018, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

---

Joe Gunter, Mayor

ATTEST:

---

Patricia M. Barajas, City Clerk