

**ECONOMIC DEVELOPMENT SUBSIDY REPORT  
PURSUANT TO GOVERNMENT CODE SECTION 53083  
FOR THE FIRST AMENDMENT TO SALES TAX SHARING AGREEMENT  
WITH PALM SPRINGS MOTORS, LLC IN CONNECTION WITH THE  
EXPANSION AND RENOVATION OF PROPERTY LOCATED AT 69-200 EAST PALM CANYON DRIVE**

Pursuant to California Government Code Section 53083, the City Council of the City of Cathedral City must hold a noticed public hearing and, prior to the public hearing, provide all of the following information in written form and made available to the public through the City's website, regarding a proposed economic development subsidy to be provided by the City pursuant to an amendment to a Sales Tax Sharing Agreement by and between the City of Cathedral City and Palm Springs Motors, LLC, in connection with the expansion and renovation of the property located at 69-200 East Palm Canyon Drive. Notice was published on the City's website for a public hearing to be held on June 14, 2017.

The purpose of this report is to provide the information required pursuant to Government Code Section 53083 in regard to the amended Agreement. This report shall remain available to the public and posted on the City's website until the end date of the economic development subsidy, as further described in No. 2 below.

**1. The name and address of all corporations or any other business entities, except for sole proprietorships, that are the beneficiary of the economic development subsidy.**

Palm Springs Motors, LLC  
69-200 East Palm Canyon Drive  
Cathedral City, CA 92234

**2. The start and end dates for the subsidy.**

Commencing approximately July 31, 2018, for a period of seven (7) years.

**3. A description of the subsidy and estimated total amount of the expenditure of public funds, or revenue lost, as a result of the subsidy.**

The economic development subsidy is equal to fifty percent (50%) of the incremental sales tax revenue received by the City from the 69-200 East Palm Canyon Drive automobile dealership. The Sales Tax Sharing Program is a reimbursement of fifty (50) percent of incremental sales tax revenue generated by the business up to \$1,300,000, including the \$400,000 incremental sales tax revenue per the Sales Tax Sharing Agreement dated September 12, 2012, for a maximum period of seven (7) years following completion of the Mazda improvements and acceptance by the City.

**4. A statement of the public purpose for the economic development subsidy.**

Automobile dealerships generate a significant amount of sales tax revenue to the City that result in community-wide benefit through the use of these revenues for municipal services such as police and fire safety services, as well as street maintenance and other public works projects. Palm Springs Motors automobile dealership represent three automobile brands – Ford, Lincoln and Mazda. The Mazda manufacturer is contemplating a singular Mazda dealership in the Coachella Valley and its approval of retaining the current location is contingent upon improvements to that facility. In addition to retaining the Mazda facility within the City, the improvements are projected to increase automobile sales and translate into increased demand for parts and service thereby resulting in increased sales tax generation and employment opportunities. Without these improvements, Mazda proposes to relocate the facility out of Cathedral City, which would lead to a reduction in both sales and employees. The projected cost of the improvements is over \$1.6 million. The Sales Tax Sharing Program will be used to assist the Applicant in providing the improvements and provide Mazda with the assurance of City support for the brand. The result will be retention of the Mazda dealership within the city and no net loss of sales tax revenue generation, but with a potential for increased sales taxes to further provide community benefit.

**5. Projected tax revenue to the city or county as a result of the subsidy.**

Based on current projections, the cumulative total of sales tax revenue to the city generated from the renovated and expanded Mazda facility during the up to 7-year term of the amended Sales Tax Sharing Agreement is estimated to be approximately \$1.87 million. It is proposed that up to 50 percent of this amount be shared with the Applicant to assist with the renovations to retain the Mazda facility in the city. At the end of the up to 7-year term, the City would enjoy 100 percent of the sales tax revenue. The City's other tax revenues and positive economic impacts on the other two brands sold at the dealership and on surrounding retail sales and services are additional benefits to be realized from the Agreement.

**6. The estimated number of jobs created by the economic development subsidy, broken down by full-time, part-time, and temporary positions.**

The Agreement is estimated to generate 10 full-time positions, including 5 sales personnel, 1 sales manager, 2 technicians, and one service advisor.