

Carson City Agenda Report

Date Submitted: November 24, 2008

Agenda Date Requested: December 4, 2008

Time Requested: 5 Minutes

To: Redevelopment Authority

From: Office of Business Development

Subject Title: Action to consent and approve a Commitment Agreement for Continuing Business Operation between Carson City and Michael Hohl Motor Company that provides a financial incentive catalyst for the development of Mr. Hohl's new car sale facilities located within Redevelopment Project Area No. 2 in exchange for Mr. Hohl's commitment to retain all his auto dealerships in Carson City for a period of no less than 20 years.

Staff Summary: Carson City's new franchised auto dealers generate approximately \$200,000,000 in annual sales, which constitutes approximately 29 percent of Carson City's annual sales tax revenue. The Redevelopment Authority's Incentive Program for Redevelopment Project Area No. 2, South Carson Street - Carson Auto Row - provides for the use of redevelopment incentives to retain and expand Carson City's auto sales sector. On March 17, 2005, the Board of Supervisors adopted Resolution No. RAR-2, a resolution to allow the Redevelopment Authority/Board of Supervisors to consider, on an individual basis, projects/incentive packages that are clearly designed to secure and stimulate auto sales investment along South Carson Street. Consistent with the goals of Project Area No. 2's Redevelopment Plan, the Auto Sales Workgroup is proposing a 2-tiered incentive package for the Michael Hohl Motor Company to help Mr. Hohl develop state-of-the-art Honda, Subaru and possibly additional facilities to strengthen the auto sales sector in Carson City and generate increased new car sales. Mr. Hohl and the City have negotiated a Commitment Agreement that pledges his dealerships to remain in Carson City for no less than 20 years.

Type of Action Requested: (check one)

() Resolution

() Ordinance

(X) Formal Action/Motion

() Other (Specify)

Does This Action Require A Business Impact Statement: () Yes (X) No

Recommended Board Action: I move to consent and approve a Commitment Agreement for Continuing Business Operation between Carson City and Michael Hohl Motor Company that provides a financial incentive catalyst for the development of Mr. Hohl's new car sale facilities located within Redevelopment Project Area No. 2 in exchange for Mr. Hohl's commitment to retain all his auto dealerships in Carson City for a period of no less than 20 years.

Explanation for Recommended Board Action: This incentive award is a project-specific public/private partnership with Mr. Hohl. This incentive award protects the City's fiscal base, both short and long term. Mr. Hohl and the Auto Sales Workgroup has invested a considerable amount of time and effort negotiating the elements of this incentive package while keenly aware that the investment will stimulate increased new car sales over a 20- year period that will potentially offset this initial investment.

Applicable Statue, Code, Policy, Rule or Regulation: NRS 279

Fiscal Impact: \$2,400,000 initially with the promise of an additional \$2,400,000 that will be invested in one or more additional new car sales facilities as part of this the two-tiered incentive package.

Explanation of Impact: Pursuant to NRS 279, local governments are permitted to grant to the Redevelopment Authority funding specific for redevelopment purposes. This financial incentive package will be offset by increased sales growth over the next fifteen years at all of Mr. Hohl's new car dealerships: Honda, Subaru, Chevrolet, his General Motors products, and his RV sales.

Funding Source: Redevelopment Project Area No. 2

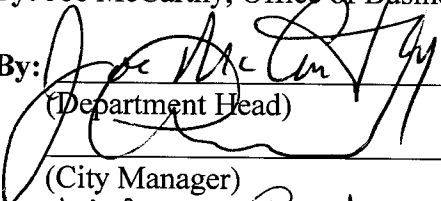
Alternatives: Provide additional direction to the Auto Sales Workgroup.

Supporting Material: Commitment Agreement for Continuing Business Operation

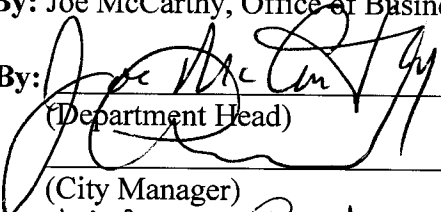
Prepared By: Joe McCarthy, Office of Business Development

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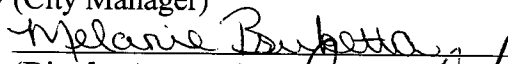
Reviewed By:


(Department Head)

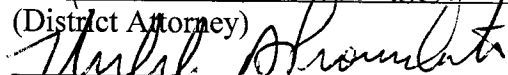
Date: 11-24-08


(City Manager)

Date: 11-24-08


(District Attorney)

Date: 11-24-08


(Finance Director)

Date: 11-24-08

Board Action Taken:

Motion: _____

1) _____

Aye/Nay

2) _____

(Vote Recorded By)