



AB562 REPORT

**ARCO AM/PM
(44-333 GOLF CENTER PARKWAY)**

Indio, CA
April 2016

Posting on City's website required for the term of 4 years.

www.indio.org

INTRODUCTION

This report is provided pursuant to Assembly Bill 562 (“AB562”), which requires local agencies to provide specific information to the public before approving an economic subsidy within its jurisdiction. This report will be available to the public through the City’s Clerk’s Office and through the City of Indio’s website (www.indio.org) as required.

The report must include: (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, if applicable; (2) The start and end dates and schedule, if applicable, for the economic development subsidy; (3) A description of the economic development subsidy, including the estimated total amount of the expenditure of public funds by, or of revenue lost to, the City as a result of the economic development subsidy; (4) A statement of the public purposes for the economic development subsidy; (5) The projected tax revenue to the City as a result of the economic development subsidy; and (6) The estimated number of jobs created by the economic development subsidy, broken down by full-time, part-time, and temporary positions. AB 562 also requires that this information remain available and be posted on the City’s website, if any, for the entire term of the economic development subsidy.

SUBSIDY REPORT COMPONENTS:

I. NAME AND ADDRESS OF THE BUSINESS

Chandi & Karan, LLC
KSC & Son Corporation
42270 Spectrum Street
Indio, CA 92202
Attn: Nachhattar S.Chandi

II. THE START AND END DATES, AND THE SCHEDULE, FOR THE SUBSIDY

The scheduled subsidy “start date” is to be dictated by the date the Business obtains a business license and begins operations of a new ARCO AM/PM gas station, convenience store and car wash at the location described as 44-333 Golf Center Parkway, Indio, CA. The Subsidy was approved per the terms of the Operating Covenant Agreement, which was approved by the City Council on April 20, 2016. The subsidy will end four (4) years from the start date.

III. DESCRIPTION OF THE SUBSIDY, INCLUDING THE ESTIMATED TOTAL AMOUNT OF THE EXPENDITURE OF PUBLIC FUNDS BY, OR REVENUE LOST TO, THE LOCAL AGENCY AS A RESULT OF THE SUBSIDY

For the four (4) years of the subsidy term, the City shall have purchased an operating covenant that will ensure that this high tax-revenue generating Business will remain operational for a continuous 10 year period. In return for the operating covenant, the City will pay the Business, on an anniversary basis, an amount that is equal to 50% of the sales tax revenue the City will receive as a result of the Business’s taxable sales for the first four (4) years of continuous operation at this location.

The Business's projected gross sales for the Business are \$11,667,000 for year 1, \$12,593,000 for year 2, \$13,602,000 for year 3, and \$14,498,000 for year 4. Therefore, it is estimated that the business's gross sales for the 4 year subsidy period ("Total Gross Sales") will be \$52,360,000.

It is estimated the Total Gross Sales will generate \$523,600 in sales tax revenue to the City. Per the terms of the Operating Covenant Agreement, the City will pay the Business \$261,800 ($\$523,600 \times 50\%$) out of the City's General Fund during the term of the subsidy.

IV. STATEMENT OF THE PUBLIC PURPOSE FOR THE SUBSIDY

The subsidy is being provided to encourage this high-revenue generating business to remain in Indio, resulting in the revitalization of commercial activity and removal of blight in the area, creation of jobs, and increase of the City's tax base.

The Business is located within an important City gateway along the I-10 Freeway and in close proximity to Fantasy Springs Resort Casino. This area is becoming a high-quality highly-trafficked hospitality and leisure/entertainment district. It is anticipated that the business will help spur additional needed development and create positive economic spinoff within this high-priority economic development area. Additionally, the Business's continued operation will provide a much-needed amenity and services that will minimize the leakage of tourism and hospitality spending.

V. PROJECTED TAX REVENUE TO THE LOCAL AGENCY AS A RESULT OF THE SUBSIDY

It is estimated that the City will receive approximately \$261,800 in net tax revenues during the initial 4 years of the 10 year operating covenant.

VI. ESTIMATED NUMBER OF JOBS CREATED BY THE SUBSIDY, CATEGORIZED BY FULL-TIME, PART-TIME, AND TEMPORARY POSITIONS

The subsidy is estimated to create 25-32 jobs, as follows:

Full-time: 15 – 20 full-time, which includes store and car wash facility managers, plus supervisors, and some hourly wage earners

Part-time: 10 – 12 part-time, generally hourly wage earners

Temporary/Seasonal: none anticipated; however, executive and administrative support is provided by Business to this site, which will most likely require another full-time hourly wage earner to be employed at this level