



AB562 REPORT

GEOVEL, INC
(Temporary Chrysler/Dodge/Jeep Dealership)

Indio, CA
January 2015

INTRODUCTION

This report is provided pursuant to Assembly Bill 562 (“AB562”), which requires local agencies to provide specific information to the public before applying 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

Geovel, Inc. (“Business”)
36-444 Auto Park Drive
Cathedral City, CA 92234
Attn: Jorge Velarde

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 temporary Dodge/Chrysler/Jeep new car dealership at the temporary location described as “a portion of APN 607-251-024.” The Subsidy was approved per the terms of the Operating Covenant Agreement, which was approved by the City Council on January 21, 2015. The subsidy will end 18 months 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 18 months of the subsidy term, the City shall have purchased an operating covenant that will ensure that this high tax-revenue generating Business will establish in Indio and remain operational for a continuous 18 month period. In return for the operating covenant, the City will pay the Business 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 eighteen (18) months of operation at this temporary location.

The Business's projected gross sales for the Business at this temporary facility is \$25,000,000 per year. Therefore, it is estimated that the business's gross sales for the 18 month subsidy period ("Total Gross Sales") will be \$37,500,000. It is estimated the Total Gross Sales will generate \$375,000 in sales tax revenue to the City. Per the terms of the Operating Covenant Agreement, the City will pay the Business \$187,000 ($\$375,000 \times 50\%$) 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 establish itself 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.

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

It is estimated that the City will receive approximately \$187,500 in new revenue.

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

The subsidy is estimated to create 90 full-time jobs, 25 part-time jobs, and 20 temporary jobs.