

**ECONOMIC DEVELOPMENT SUBSIDY REPORT  
PURSUANT TO GOVERNMENT CODE SECTION 53083**

**FOR THE THIRD AMENDMENT TO OPERATING COVENANT AGREEMENT II  
BY AND BETWEEN  
CITY OF CORONA  
AND  
ALL AMERICAN ASPHALT  
(ADOPTED 12-16-15 BY RESOLUTION NO. 2015-083)**

Pursuant to Government Code Section 53083, the City Council of the City of Corona must hold a noticed public hearing and, prior to the public hearing, provide all of the following information in written form and available to the public and through the City's website, regarding a proposed economic development subsidy to be provided by the City pursuant to that certain Third Amendment to Operating Covenant Agreement II by and between the City of Corona and All American Asphalt. ("Third Amendment"). Notice was published in the local newspaper for a public hearing to be held on December 16, 2015.

The City and All American Asphalt ("All American") previously entered into that certain Operating Covenant Agreement II dated September 17<sup>th</sup>, 2008, that certain "First Amendment to Operating Covenant Agreement II" dated September 17, 2008 and that certain "Second Amendment to Operating Covenant Agreement II" dated March 20, 2013 (collectively, "Original Agreement"). The City and All American now intend to enter into the Third Amendment to provide for automatic extensions of the term of the Original Agreement. The Original Agreement, together with the Third Amendment, shall be referred to herein collectively as the "Agreement."

The purpose of this report is to provide the information required pursuant to Government Code Section 53083 in regards to the 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 number 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.**

The Agreement is with All American Asphalt a California corporation. All American Asphalt is the sole beneficiary of the economic development subsidy.

All American Asphalt  
400 East Sixth St. Corona, CA 92879

**2. The start and end dates and schedule, if applicable, for the economic development subsidy.**

As provided in the Original Agreement, the start date of the economic development subsidy commenced on the first day of Computation Year 1, as defined in the Agreement, which occurred on or about July 1, 2008. The end date under the Original Agreement

was established as the date that is no later than 5 years after the start date, on or around June 30, 2013. The City Manager approved a (5) five year extension on behalf of the City extending the term to June 30, 2018. If the Third Amendment is approved by the City Council, the term of the Original Agreement will automatically renew for subsequent 60 month periods, unless terminated pursuant to the terms of the Agreement, either before the end date of the Original Agreement or during any subsequent renewal period. If the term is automatically renewed, accordingly, the economic development subsidy shall continue for such 60 month renewal period.

The economic development subsidy is paid annually, within 120 days of the end of each Computation Year. Computation Years run from July 1 to June 30.

**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 local agency as a result of the economic development subsidy.**

The economic development subsidy is calculated based on All Americans sales tax revenue received by the City during a Computation Year in an amount equal to the sum of \$195,610 of the Sales Tax Revenues attributable to annual taxable sales. This Calculation is an estimate based on most recent fiscal year receipts.

The City estimates that the total amount of the expenditure of public funds as a result of the economic development subsidy under the Original Agreement will be \$978,050. Each (5) five year extension based on current sales history would be an additional \$978,050.

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

Through this Agreement, All American will be committed to operating and maintaining a retail sales office in the City for transacting merchandise sales.

The public purpose of the economic development subsidy includes, but is not limited to, having a company establish and maintain a physical presence in the City which will create jobs and stimulate the economic recovery of the Inland Empire. All American has agreed to maintain a sales office within the City, expand its operations within the City over the term of the Agreement and remain in the City for a period of not less than 10 years from the Effective Date of the Original Agreement. The City has determined that the establishment of the sales office within the City will generate substantial revenue for the City, create new jobs, revitalize an area of the City which has suffered a loss of jobs and businesses during the economic downturn of the mid-2000's, and result in community and public improvements that might not otherwise be available to the community for many years. Additionally, by having a company like All American maintain a physical presence in Corona we will be adding diversity to and generating new opportunities for economic growth.

Further, the sales office serves the additional public purpose of fostering a business and civic environment that may attract additional businesses and investment in the community due to the availability of the increased public and private services and

economic activity resulting therefrom, thereby assisting the City in its goal of furthering the development of the community.

Entering into the Third Amendment will also ensure the retention of high paying/management jobs within the City and provide opportunity for additional job growth throughout the term of the Agreement.

**5. The projected tax revenue to the local agency as a result of the economic development subsidy.**

The City anticipates that the continued operation of a sales office within the City will result in an approximate increase of sales tax revenue by \$782,440 per year, minus the covenant payments to be paid to All American, as set forth in number 2 above.

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

The continued operation of the sales office within the City is anticipated to result in the retention of approximately up to 596 jobs over the term of the Agreement, as follows:

- Up to 596 full-time jobs
- Up to 0 part-time jobs
- Up to 0 temporary positions