

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

**FOR AN OPERATING COVENANT AGREEMENT
BY AND BETWEEN CITY OF LONG BEACH AND
HTL PROPERTIES, INC., DBA HOOMAN TOYOTA OF LONG BEACH**

Pursuant to Government Code Section 53083, the City Council of the City of Long Beach 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 a Sales Tax Incentive Program Agreement by and between the City of Long Beach and HTL Properties, Inc., dba Hooman Toyota of Long Beach ("Agreement"). Notice was published on City's website for a public hearing to be held on September 1, 2015.

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 HTL Properties, Inc., who owns and operates an existing business that will benefit from the economic development subsidy: Hooman Toyota of Long Beach ("Hooman").

Hooman Toyota of Long Beach
4401 Pacific Coast Highway
Long Beach, CA 90804

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

The Long Beach City Council previously considered this Agreement on October 21, 2014, although that action did not satisfy the public hearing requirement pursuant to Government Code 53083. Therefore, no Agreement was executed and no subsidy yet provided to Hooman. It was expected that the Agreement would become effective as of January 1, 2015 with an end date no later than December 31, 2030. This originally proposed term would be reflected in a final Agreement.

The economic development subsidy will be paid quarterly, within 60 days of the end of each quarter.

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 equal to fifty percent (50%) of the sales tax revenue received by the City in excess of a base of \$270,826 for each year, not to exceed a total aggregate payment amount of Four Million Two Hundred Thousand Dollars (\$4,200,000) which reflects 50% of the total construction costs for the site improvements.

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

In 2008 Hooman acquired Beach Toyota, located at 4401 Pacific Coast Highway, which had an existing Sales Tax Incentive Agreement that expired in September 2013. In order to expand and continue operation in the City of Long Beach, Hooman recently acquired the former Coast Cadillac property at the northwest corner of Redondo Avenue and Willow Street. It is Hooman's intent to relocate its Toyota dealership to the Willow Street location and has requested that the expired Sales Tax Incentive Agreement be renewed to assist in the costs of renovation of the new site.

After renovation, relocation and consolidation of sales activities to the new site, sales activity is expected to increase sales tax to the City by approximately \$8,000,000 over the term of the proposed Agreement.

Hooman has submitted conceptual plans for the relocation and expansion of its dealership to the 3399 E. Willow Street site. The total cost of the proposed improvement and expansion is estimated at \$8.4 million. Hooman has requested that the 1996 Sales Tax Incentive Agreement, which expired in 2013, be renewed to assist in defraying the significant costs of renovation. Relocation to this new site is necessary for the long term viability of Hooman Toyota of Long Beach. Additionally, the subsidy would assist in preserving 138 existing jobs, and facilitate potential job growth at the location to over 300 when the site is fully operational and staffed.

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

Based on current projections, the cumulative total of local sales tax generated during the 15-year term of the proposed Agreement is estimated to be over \$12 Million. Of this amount, a maximum of \$4.2 Million will be paid to Hooman, while the City would receive the expected \$8 Million in excess of that amount.

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

The proposed Agreement will assist in retaining a local business while preserving approximately 138 existing jobs, with the expectation that the number of jobs would grow to over 300 when the site is fully operational and staffed.