

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

**FOR AN AMENDMENT TO AN AGREEMENT
BY AND BETWEEN CITY OF LONG BEACH AND
CABE BROTHERS., DBA CABE TOYOTA 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 Amendment to an economic development subsidy provided by the City pursuant to a Sales Tax Incentive Program Agreement by and between the City of Long Beach and Cabe Brothers, a California Corporation, DBA Cabe Toyota Long Beach ("Agreement"). Notice was published on City's website for a public hearing to be held on January 5, 2016.

The purpose of this report is to provide the information required pursuant to Government Code Section 53083 in regards to the Amended 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 Cabe Brothers, a California Corporation., who owns and operates an existing business that will benefit from the economic development subsidy: Cabe Toyota Long Beach ("Cabe").

Cabe Toyota Long Beach
2895 Long Beach Blvd.
Long Beach, CA 90806

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

The City of Long Beach and Cabe entered into the original Agreement as of January 1, 2011, although the action at that time did not require the public hearing requirement pursuant to Government Code 53083.

The proposed Amendment to Agreement would extend the term from December 31, 2026 to December 31, 2031. 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 \$170,340 for each year, not to exceed a total aggregate payment amount of Three Million Dollars (\$3,000,000) which reflects the independently identified funding gap for the dealership expansion project.

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

In 2011, Cabe Brothers submitted conceptual plans to improve and expand their existing Toyota dealership located at 2895 Long Beach Boulevard. The project was necessary for Cabe to remain both profitable and competitive in the highly competitive automotive sales industry.

The current 50% share beyond base year subsidy fills a project funding gap that was originally identified as \$3,000,000. This proposed Amendment would reset the Base Year to reflect significant project spending that occurred in early 2010, and allow Cabe to recover the full project funding gap.

The project's resulting 15-year sales tax revenue projections have already increased from \$5,000,000 in 2011 to a current projection of over \$10,800,000. Over the term of the Agreement the City's net sales tax revenue from Cabe Toyota is estimated at \$7,800,000. Additionally, the project preserves 105 existing jobs, and has resulted in 20 additional jobs since 2011.

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 \$10.8 Million. Of this amount, a maximum of \$3 Million will be paid to Cabe, while the City would receive the expected \$7.8 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 105 existing jobs.