

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

**FOR AMENDMENT TO AN AGREEMENT
BY AND BETWEEN CITY OF LONG BEACH AND
ALANT CORPORATION., DBA CIRCLE PORSCHE AUDI**

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 the City pursuant to a Sales Tax Incentive Program Agreement by and between the City of Long Beach and Alant Corporation, a California Corporation, DBA Circle Porsche Audi ("Agreement"). Notice was published on the City's website for a public hearing to be held on August 9, 2022.

The purpose of this report is to provide the information required pursuant to Government Code Section 53083 in regard to the Amendment Agreement. The 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 with Alant Corporation, a California Corporation., who owns and operates an existing business that will benefit from the economic development subsidy: Circle Porsche Audi.

Circle Porsche Audi
1855 N. Lakewood Blvd.
Long Beach, CA 90815

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

The City of Long Beach and Circle Porsche Audi entered into the original Agreement as of January 1, 2012. The proposed Amendment to the Agreement would extend the term from December 31, 2022 to December 31, 2032. 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 \$294,465 for each year, not to exceed a total aggregate payment amount of Two Million Five Hundred Thousand Dollars (\$2,500,000) 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, Alant Corporation completed an expansion and redevelopment project that included renovation of its existing Audi dealership and expanding operations by adding an additional Porsche dealership. The project was necessary to remain both profitable and competitive in the highly competitive automotive sales industry. The original Agreement was necessary to fill a project feasibility gap that was originally identified as \$4.3 million.

Alant Corporation is now completing an additional expansion of its dealership. Expansion costs are estimated to exceed \$9.2 million. The project includes a new showroom, new parts and service department, and a new storage lot. The economic development subsidy is needed to support an annual feasibility gap for the expansion of \$338,000.

Over the term of the Agreement, the City's net sales tax revenue from Alant Corporation is estimated at \$7.6 million. Additionally, the project preserves 87 existing full-time jobs, and expected to result in 18 additional full-time jobs.

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 10-year term of the proposed Agreement is estimated to be over \$10.1 million. Of this amount, a maximum of \$2.5 million will be paid to Alant Corporation, while the City would receive the expected \$7.6 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 87 existing full-time jobs and creating approximately 18 additional full-time jobs.