

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

**FOR ESTABLISHING A CAPITAL INVESTMENT INCENTIVE PROGRAM (CIIP) AND
FOR A COMMUNITY SERVICES AGREEMENT
BY AND BETWEEN CITY OF LONG BEACH
AND WEBER METALS, INC.**

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 Community Services Agreement by and between the City of Long Beach and Weber Metals, Inc. ("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 Weber Metals, Inc., who owns and operates an existing business that will benefit from the economic development subsidy: Weber Metals, Inc. of Long Beach.

Weber Metals, Inc.
6976 Cherry Avenue
Long Beach, CA 90805

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

If the Agreement is approved by the City Council, the start date of the economic development subsidy will be on or around October 1, 2015 and the end date will be no later than 15 years after the start date, on or around October 1, 2030.

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

- 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 Seventy Five Percent (75%) of the property taxes above the base and attributable to Weber's investment for the next fifteen (15) years.

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

With the elimination of both redevelopment and enterprise zones, cities in California are trying to find ways to assist businesses wishing to locate or expand in their communities. With this in mind, the State of California has established the Capital Investment Incentive Program (CIIP). Companies meeting certain criteria may be eligible to receive some assistance with their property tax. The eligible companies must be in manufacturing, aerospace, or alternative energy production.

The CIIP establishes a property tax base that must be achieved before any subsidy can be considered. The property tax base established in the CIIP is the sum of the existing property tax base, plus the ad valorem value of the next \$150 million in investment. The CIIP provides for sharing of property tax above the base at seventy-five percent to the property owner and twenty-five percent to the City over a period of fifteen years.

Any city or county seeking to offer assistance under the CIIP must first adopt a resolution by its governing body authorizing its staff to work with the State of California in participating in the CIIP and offering this incentive to qualified businesses. Companies seeking assistance under the CIIP must make a written request to the City, provide a detailed description of the investment being contemplated, and specify the number and types of jobs being created. The City and the potential company enter a Community Services Agreement (Agreement) detailing the terms and conditions of the CIIP.

Weber intends to implement a major expansion to its Long Beach manufacturing facility including the installation of a 60,000-ton hydraulic forging press for the manufacture of aircraft parts. The investments in real and business personal property necessary for the full and normal operation of the facility is an estimated at Two Hundred and Ninety Five Million Dollars (\$295,000,000). The property on which these improvements are to be made is referred to as the Qualified Manufacturing Facility (QMF) and is located in the former North Long Beach Redevelopment Project Area in the City of Long Beach.

If approved, CIIP payments will be made over fifteen (15) consecutive fiscal years commencing in the fiscal year after the QMF is certified for occupancy or if no certification is issued, the first fiscal year after the date the QMF commences operation. Prior to making CIIP payments, Weber shall have invested at least One Hundred and Fifty Million Dollars (\$150,000,000) in real and personal property for the full and normal operation of the QMF.

This investment will provide new property tax revenue to the City. Under the CIIP, the City would pay to Weber Seventy Five Percent (75%) of the property taxes above the base and attributable to Weber's investment for the next fifteen (15) years. Because the proposed project is located in a former redevelopment project area, the amount of property tax revenue generated by the new development must be reduced by the hierarchy of payments required the Redevelopment Dissolution Act, which includes a Los Angeles County administrative fee, pass-through payments to the affected taxing entities and the payment of all enforceable obligations of the former

redevelopment agency before the remaining property tax revenue, known as residual revenue, can be distributed to the affected taxing agencies, including the City.

If a total of \$295 million is invested into the property, it is estimated that the City's residual revenue attributable to Weber's assistance over the 15-year period, which is seventy-five percent of the residual revenue above the base, would be approximately \$790,000. The estimated residual revenue attributable to the City's twenty-five percent over the 15-year period is estimated to be approximately \$265,000. The City also will retain the residual revenue attributable to the first One Hundred and Fifty Million Dollars which is estimated to be approximately \$2,550,000 over the 15-year period. The City will received its full share of residual revenue after the term of the Agreement.

To implement the CIIP, the City and Weber must enter a Community Services Agreement. This Agreement includes a Job Creation Plan (Plan).

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

If a total of \$295 million is invested into the property, it is estimated that the City's residual revenue attributable to Weber's assistance over the 15-year period, which is seventy-five percent of the residual revenue above the base, would be approximately \$790,000. The estimated residual revenue attributable to the City's twenty-five percent over the 15-year period is estimated to be approximately \$265,000. The City also will retain the residual revenue attributable to the first One Hundred and Fifty Million Dollars which is estimated to be approximately \$2,550,000 over the 15-year period. The City will received its full share of residual revenue after the term of the Agreement.

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

Weber has projected that the average number of employees for this project will grow from 11 in 2015 to 86 by 2020. Jobs created will generally be in engineering (including design, mechanical, electrical software, flight test, environmental, and manufacturing); production (including planning, tooling, fabrication, quality, and final assembly); and support (such as accounting, finance, human relations, clerical, environmental, and security).