

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

**FOR A RETAIL SALES TAX INCENTIVE PROGRAM AGREEMENT
BY AND BETWEEN CITY OF LONG BEACH
AND WORTHINGTON FORD**

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 Retail Sales Tax Incentive Program Agreement by and between the City of Long Beach and Worthington Ford ("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 Worthington Ford, who owns and operates an existing business that will benefit from the economic development subsidy: Worthington Ford of Long Beach.

Worthington Ford
2950 Bellflower Boulevard
Long Beach, CA 90815

- 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 end date may occur earlier than 15 years from the effective date upon payment of the economic development subsidy in the aggregate amount of \$339,476.

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 \$382,286 for each year, not to exceed a total aggregate payment amount of Three Hundred Thirty Nine Thousand Four Hundred and Seventy Six Dollars (\$339,476).

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

Worthington Ford currently leases a City-owned 3.24-acre parcel located adjacent to the Lakewood Boulevard off-ramp of the southbound I-405 Freeway. Worthington uses this site for storage of inventory and maintenance of an existing electronic Sign. Limited access and isolation preclude other commercial uses of the property, but make it ideal for an electronic display Sign and secured storage for inventory. The Sign has allowed Worthington to effectively compete with other dealers and has resulted in increased sales volume, however, outdated technology is now limiting the Sign's effectiveness. As required under the lease, the City controls the use of 20 percent of the advertising time on the Sign for civic and community promotional purposes.

Worthington seeks to implement a significant renovation of the Sign, including two full color LED displays in a "V" configuration for better visibility. The top band will be repainted, the lighting will be refurbished, and the Sign will read Worthington Ford instead of the existing Cal Worthington. Likewise, the bottom band will be refurbished and will continue to read City of Long Beach. The renovation costs are estimated at \$678,952.

These enhancements to the Sign will overcome physical and functional obsolescence and make the Sign more visible to the more than 285,000 cars traveling past that location, which, at 1.2 persons per car, is equal to a 342,000-person viewing audience per day. Based on similar upgrades in nearby communities, these changes are projected to increase dealer sales by at least 6 percent.

If Worthington Ford is able to renovate the Sign, the City has determined that this would result in substantial benefits to the City and its citizens including sales tax revenues, the creation of significant new numbers of employment opportunities, and other ancillary benefits. Further, the City has determined that, in similar scenarios, sales volume may increase around 6 percent. The present value of the sales tax generated by the increased volume is estimated at \$868,000. The goal of the investment into the renovation of the Sign is intended to, at a minimum, maintain market share. Without the requested renovation, the advertising impact will diminish and sales volumes may decline. The agreement will assist in retaining a major local auto dealer and preserving approximately 165 existing jobs, with the expectation that the number of jobs could grow within the next few years.

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

After renovation of the electronic display Sign, projections indicate that, over the 15-year period of the sales tax sharing agreement, roughly \$868,000 in present value dollars in additional sales tax revenue could be received by the City. Of this amount, the City would pay Worthington a maximum of \$339,476 for one-half of the

renovation cost. Additionally, the City will be able to use 20 percent of the display time for City-related advertising valued between \$192,000 and \$240,000 per year.

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

The City anticipates the renovation will result in increased sales and yield a minimum of 15 new jobs with 80% of those being full time, and 20% being part time.