

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the City Council of the City of El Centro will conduct a Public Hearing to consider the proposed Participation Agreement between the City of El Centro ("City"), and Imperial Valley Cycle Center, Inc., dba Coyne Powersports, on February 16, 2016 at 6.00 p.m. in the City Council Chambers, City of El Centro, 1275 Main Street, El Centro, CA 92243.

According to Assembly Bill 562, a public hearing is required before granting an economic development subsidy. The proposed Participation Agreement provides for an economic development subsidy as defined in Section 53083 of the Government Code.

A written description of the economic development subsidy, as defined in Section 53083 of the Government Code, will be available for public review at the following locations from February 1, 2016 through February 16, 2016:

- City Hall, 1275 Main Street, El Centro, CA 92243
- City of El Centro Public Library, 1140 N. Imperial Avenue, El Centro, CA 92243
- El Centro Community Center, 375 S. 1st Street, El Centro, CA 92243

The Government Code Section 53083 Report is also available on the City of El Centro's website at www.cityofelcentro.org

The El Centro City Council will consider all comments received during the public review period. All interested persons are invited to the Public Hearing to comment on the City's proposed economic development subsidy. In addition, written comments may be submitted to the Community Services Department prior to the public hearing. The location of the Community Services Department is 1249 Main Street, El Centro, CA 92243. The telephone number is 760.337.4543.

If you wish to challenge the action taken on this proposed in court, you may be limited to raising only those issues you or someone else raised at the Public Hearing described in this notice, or in written correspondence delivered to the City of El Centro at or prior to the Public Hearing.

Additional information may be obtained by contacting the City of El Centro Community Services Department at 760.337.4543.

L. Diane Caldwell
City Clerk

Publish: January 31, 2016

**CITY OF EL CENTRO ECONOMIC DEVELOPMENT
REIMBURSEMENT AGREEMENT REPORT BETWEEN
CITY OF EL CENTRO AND
IMPERIAL VALLEY CYCLE CENTER, INC., dba COYNE POWERSPORTS**

The City of El Centro, to maintain sustainable economic development, community vitality and recovery from the annual loss of approximately \$6.5 million in redevelopment tax increment revenues previously received by the former El Centro Redevelopment Agency, is implementing economic development strategies and programs that include the application of CA Assembly Bill 562. The City of El Centro and Imperial Valley Cycle Center, Inc., dba Coyne Powersports proposes to enter into a Reimbursement Agreement (the "Agreement"). The Agreement requires Coyne Powersports to expand its business to include a new dealership location to be constructed at Coyne Powersports at 4th Street and Wake Avenue in El Centro, adjacent to Interstate 8, and for the City of El Centro to provide a sales tax sharing agreement with Coyne Powersports for a term that ends once Coyne Powersports receives the maximum payment obligation in the amount of \$937,000, but not exceeds a 10 year period.

The California Legislature, based on direction from Governor Brown, made the decision to terminate all Redevelopment Agencies throughout the State of California resulting in the elimination of the major economic development tools available to local government agencies. Following the decision to terminate redevelopment, the Governor and Legislature recognized the necessity of cities, counties and the State to encourage employment, retain jobs, and promote expansion of sales tax producers for each community.

Assembly Bill 562 which added Section 53083 to the Government Code, requires public input prior to approving an economic development subsidy, by requiring, among other things:

- A public hearing prior to approving an economic development subsidy.
- A report regarding the economic development subsidy including the terms and details of said subsidy; and,
- An additional public hearing, not less than 5 years after the approval of the Agreement, reporting on the economic development subsidy.

This report includes the information required by AB 562 and the fiscal analysis to describe the projected revenue generated to the City, as well as the financial subsidy provided to Coyne Powersports.

AB 562 Reporting Requirements:

Effective January 1, 2014, each local agency shall, before approving any Economic Development Subsidy within its jurisdiction, provide all of the following information in written form available to the public and through its Internet website, if available:

- 1. The name and address of all corporation or any other business entities, except for sole proprietorships, that are the beneficiary of the economic development subsidy, if applicable.**

Coyne Powersports, 1334 N. Imperial Avenue, El Centro, CA will continue to retain 100% ownership.

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

The commencement date for the Agreement shall begin after receipt of a Certificate of Occupancy but not later than December, 2016. The proposed end date for the Agreement shall be upon the attainment of the \$937,000 maximum financial assistance amount, but no longer than 10 years.

- 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.**

In furtherance of the City's economic development strategies, an Agreement with Coyne Powersports is being proposed. AB 562 defines an economic development subsidy as an expenditure of public funds or loss of revenue to local agency in the amount of one hundred thousand dollars (\$100,000) or more, for the purpose of stimulating economic development within the jurisdiction of a local agency. The City of El Centro and Coyne Powersports are proposing entering into a revenue sharing agreement that will be mutually beneficial. Coyne Powersports in the event of the contemplated expansion to the proposed site at 4th Street and Wake Avenue, will continue being a sales tax producer and contributor to the City's General Fund. Providing an economic development subsidy in the form of revenue tax sharing, is a financial incentive for Coyne Powersports to expand its business to the City of El Centro (as opposed to expanding to another city), and to ensure that Coyne Powersports is able to continue being a sales tax producer for the City. Failure to offer a financial incentive may ultimately cause loss of revenue to the City if Coyne Powersports decides to expand to another city.

Sales tax data for specific businesses such as Coyne Powersports is required to be kept confidential per California Revenue and Taxation Code Section 7056. To comply with the provisions of California Assembly Bill AB 562, which became effective January, 2014, as well as adhere to disclosure requirements contained in California Revenue and Taxation Code Section 7056, a range of potential sales tax revenue projections was generated based on possible increased sales volumes. The economic development subsidy is based on a sales tax sharing methodology that includes the following: Annual sales tax revenue that the City would otherwise receive will be split 50% to Coyne Powersports and 50% to the City of El Centro. The agreement will be in effect (but no longer than 10 years) until such time as the \$937,000 has been received by Coyne Powersports.

It is understood and agreed that the City portion of sales tax revenues from Coyne Powersports is being used merely as a measure of the amount of the subsidy payments that will be provided and that the subsidy will be paid from any source of funds legally available to the City.

The maximum amount of subsidy to Coyne Powersports shall be \$937,000. Sales tax revenue for the City of El Centro is dependent on actual sales performance generated by Coyne Powersports which is estimated at \$3.5 million (using conservative or optimistic sales performance numbers) in sales tax revenue to the City of El Centro over a ten year period.

All sales taxes are collected by the State Board of Equalization with a local tax rate of 8% with 1% of said sales taxes apportioned back to the City. Payments from sales tax receipts will be paid to Coyne Powersports on an annual basis, after the taxes have been collected by the State and analyzed by the City's sales tax consultants, HdL.

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

The proposed Agreement is consistent with the City's economic goals and objectives and is in the best interest of the general public. The loss of redevelopment throughout the State has significantly impacted the City's major economic development program. Providing a financial incentive to a business such as Coyne Powersports to expand in the City of El Centro adds significant sales tax to the City. Coyne Powersports is proposing to expand its business by developing a new, state-of-the-art showroom of the finest collection of off-road recreational vehicles. The new facility will be freeway (I-8) adjacent and will generate increased sales tax revenue due to this proposed location. Coyne Powersports has indicated that the proposed Agreement and financial incentives provided therein are necessary to facilitate Coyne Powersports contemplated development and investment in the City of El Centro of approximately \$7 million. Further, every job created by Coyne Powersports proposed expansion to the City of El Centro will mean new jobs for the City that does not presently exist.

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

The maximum amount of subsidy to Coyne Powersports shall not exceed \$937,000. Sales tax revenue for the City of El Centro is dependent on actual sales performance generated by Coyne Powersports with estimates projected to be \$3.5 million over a 10 year period.

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

During the term of the proposed Agreement, Coyne Powersports expects to hire 75 full-time employees during the 10 year period. Absent the expansion by Coyne Powersports to the City of El Centro, none of these new jobs will otherwise exist.