

RESOLUTION NO. 2022-111

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORONA, CALIFORNIA, ACCEPTING THE FIVE YEAR ECONOMIC DEVELOPMENT SUBSIDY REPORT PREPARED PURSUANT TO GOVERNMENT CODE SECTION 53083 FOR THE OPERATING COVENANT AGREEMENT BY AND BETWEEN THE CITY OF CORONA AND ALL AMERICAN ASPHALT

WHEREAS, All American Asphalt (“All American”) owns and operates a corporate sales/administrative office involving the retail and wholesale sale of products that consist primarily of asphalt and concrete used in the construction industry, which is currently located at 1776 All American Way in the City of Corona, County of Riverside (“Facility”); and

WHEREAS, the City of Corona (“City”) and All American entered into that certain “Operating Covenant Agreement II” dated August 6, 2008, as amended on September 17, 2008, March 20, 2013, and December 16, 2015 (“Agreement”), which provides incentives to ensure All American maintains and continues operating the Facility within the City for a term of at least 10 years and expands its operations within the City as appropriate; and

WHEREAS, pursuant to the Original Agreement, All American has also covenanted to, among other things, designate the City as the point of sale for certain transactions; and

WHEREAS, the City agreed to purchase those covenants through annual payments equal to up to 50% of the sales tax generated by transactions allocated to the Facility; and

WHEREAS, California Government Code section 53083(e) provides that the City must hold a public hearing within five years to provide an update on the economic development subsidy; and

WHEREAS, in accordance with Government Code section 53083(d), the City prepared and made available to the public, including on its website, a Five Year Economic Development Subsidy Report attached hereto as Exhibit “A” and incorporated herein by reference (“Five Year Report”); and

WHEREAS, in accordance with Government Code Section 53083(e), the City held a noticed public hearing on August 17, 2022 to consider all written and oral comments on the Five Year Report; and

WHEREAS, all other legal prerequisites to the adoption of this Resolution have occurred.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CORONA, CALIFORNIA, AS FOLLOWS:

SECTION 1. Incorporation of Recitals. The foregoing recitals are true and correct and are incorporated herein and made an operative part of this Resolution.

SECTION 2. Acceptance of Five Year Report. The City Council finds and determines that the Five Year Report is in compliance with applicable law, specifically Government Code Section 53083, and hereby accepts the Five Year Report.

SECTION 3. CEQA. The City Council hereby finds that pursuant to the California Environmental Quality Act (“CEQA”) (Pub. Res. Code, § 21000 et seq.) and the State CEQA Guidelines (Cal. Code Regs, tit. 14 § 15000 et seq.), acceptance of the Five Year Report is not a “project” for purposes of CEQA and therefore is not subject to CEQA review. Acceptance of the Five Year Report is not a project pursuant to State CEQA Guidelines section 15378(b)(4), which states that government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant environmental impact are not subject to CEQA. Further, acceptance of the Five Year Report is not a project under State CEQA Guidelines section 15061(b)(3), which states that CEQA does not apply where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

SECTION 4. Severability. If any provision of this Resolution is held invalid, the remainder of this Resolution shall not be affected by such invalidity, and the provisions of this Resolution are severable.

SECTION 5. Effective Date. This Resolution shall become effective immediately upon its adoption.

PASSED, APPROVED AND ADOPTED this 17th day of August 2022.

Mayor of the City of Corona, California

Attest:

City Clerk of the City of Corona, California

CERTIFICATION

I, Sylvia Edwards, City Clerk of the City of Corona, California, do hereby certify that the foregoing Resolution was regularly passed and adopted by the City Council of the City of Corona, California, at a regular meeting thereof held on the 17th day of August 2022 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINED:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Corona, California, this 17th day of August 2022.

City Clerk of the City of Corona, California

[SEAL]

EXHIBIT A
FIVE YEAR ECONOMIC DEVELOPMENT SUBSIDY REPORT

[SEE ATTACHED THREE (3) PAGES]

**FIVE-YEAR ECONOMIC DEVELOPMENT SUBSIDY REPORT
PURSUANT TO GOVERNMENT CODE SECTION 53083**

**FOR THE OPERATING COVENANT AGREEMENT
BY AND BETWEEN
CITY OF CORONA
AND
ALL AMERICAN ASPHALT
(ADOPTED BY RESOLUTION NO. 2022-111: 08-17-22)**

Pursuant to Government Code Section 53083, the City Council of the City of Corona must hold a noticed public hearing within 5 years of the approval of an economic development subsidy and, prior to the public hearing, provide all of the following information in written form and make it available to the public and through the City's website. Notice was published in the local newspaper for a public hearing to be held on August 17, 2022.

The City and All American Asphalt ("All American") previously entered into that certain Operating Covenant Agreement II dated September 17, 2008, that certain "First Amendment to Operating Covenant Agreement II" dated September 17, 2008, that certain "Second Amendment to Operating Covenant Agreement II" dated March 20, 2013, and that certain "Third Amendment to Operating Covenant Agreement II" dated December 16, 2015 (collectively, "Agreement").

The purpose of this report is to provide the information required pursuant to Government Code Section 53083 in regard 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 All American Asphalt, a California limited partnership. All American Asphalt is the sole beneficiary of the economic development subsidy.

All American Asphalt
400 East Sixth Street
Corona, CA 92879

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

As provided in the Agreement, the start date of the economic development subsidy commenced on the first day of Computation Year 1, as defined in the Agreement, which occurred on or about July 1, 2008. The end date under the Agreement was established as the date that is no later than 5 years after the start date, which is on or around June 30, 2013. The City Manager approved a five-year extension on behalf of the City extending the term to June 30, 2018. On December 16, 2015, the City Council approved an

amendment to the Agreement that provides for automatic renewals for subsequent 60-month periods, unless terminated pursuant to the terms of the Agreement. If the term is automatically renewed, the economic development subsidy shall continue for such 60-month renewal period.

The economic development subsidy is paid annually, within 120 days of the end of each Computation Year. Computation Years run from July 1 to June 30.

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: (a) if the sales tax revenue exceeds \$1,000,000 during a Computation Year, an amount equal to fifty percent (50%) of the sales tax revenue received by the City during a Computation Year from taxable sales occurring at All American during that Computation Year in excess of \$250,000; (b) if the sales tax revenue is at least \$500,000 but less than \$1,000,000 during a Computation Year, an amount equal to twenty-five percent (25%) of the sales tax revenue received by the City during a Computation Year from taxable sales occurring at All American during that Computation Year in excess of \$250,000; and (c) if the sales tax revenue is less than \$500,000 during a Computation Year, the economic development subsidy is zero.

Through Fiscal Year 2022, the total amount paid by the City to All American is \$1,640,571.73.

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

The public purpose of the economic development subsidy includes, but is not limited to, having a company establish and maintain a physical presence in the City, which creates jobs and stimulates the economic recovery of the Inland Empire. All American maintains a sales office within the City, has expanded its operations within the City and has remained in the City for a longer period than required in the Agreement. The establishment of the sales office within the City generates substantial revenue for the City, creates new jobs, revitalizes an area of the City which has suffered a loss of jobs and businesses during the economic downturn of the mid-2000's, and results in community and public improvements that might not otherwise be available to the community for many years. Additionally, by having a company like All American maintain a physical presence in Corona we have added diversity to and generated new opportunities for economic growth. Further, the sales office serves the additional public purpose of fostering a business and civic environment that may attract additional businesses and investment in the community due to the availability of the increased public and private services and economic activity resulting therefrom, thereby assisting the City in its goal of furthering the development of the community. The Agreement also facilitates the retention of high paying/management jobs within the City and provides opportunity for additional job growth throughout the term of the Agreement.

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

The City has received \$8,171,715.15 in net Sales Tax Revenues from taxable sales occurring at All American.

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

- 650 full-time jobs
- 3 part-time jobs
- 0 temporary positions