

RESOLUTION NO. 2022-110

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 SAUL CHEVROLET, INC.

WHEREAS, Saul Chevrolet, Inc. (“Saul”) owns and/or operates three automobile sales dealership and service centers within the City, which are currently located at 2525 Wardlow Road, 2595 Wardlow Road and 2603 Wardlow Road in the City of Corona, County of Riverside (“Facilities”); and

WHEREAS, the City of Corona (“City”) and Saul entered into that certain Operating Covenant Agreement dated June 20, 2012, as amended on March 5, 2014 (“Agreement”), which provides incentives for the construction and operation of a new automobile dealership and to ensure Saul maintains and continues operating the Facilities within the City for a term of at least 15 years; and

WHEREAS, pursuant to the Agreement, Saul 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 quarterly payments equal to 50% of the sales tax, above a base sales tax amount, generated by transactions allocated to the Facilities; 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

SAUL CHEVROLET, INC.

(ADOPTED BY RESOLUTION NO. 2022-110: 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 Saul Chevrolet, Inc. ("Saul") previously entered into that certain Operating Covenant Agreement dated June 20, 2012 ("Original Agreement"), and that certain First Amendment dated March 5, 2014 ("First Amendment"). The Original Agreement, together with the First Amendment, shall be referred to herein collectively as the "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 Saul Chevrolet, Inc., a California corporation. Saul Chevrolet, Inc. is the sole beneficiary of the economic development subsidy.

Saul Chevrolet, Inc.

2525 Wardlow Road

Corona, CA 92879

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

As provided in the Original Agreement, the start date of the economic development subsidy commenced on the first calendar day of the first operating year for the new Mazda dealership, which occurred on or about July 1, 2013. The end date under the Original Agreement was established as the date that is no later than 15 years after the start date, which is on or around June 30, 2028.

The economic development subsidy is paid annually (every 12 months), 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 an amount equal to fifty percent (50%) of the sales tax revenue received by the City during a Computation Year from annual taxable sales occurring at Saul during that Computation Year in excess of \$200,000 (base amount). Under the Agreement, the cumulative total of any and all Sales Tax Revenues paid to Saul Chevrolet Inc. shall not exceed six million dollars (\$6,000,000).

Through Fiscal Year 2022, the total amount paid by the City to Saul Chevrolet, Inc. is \$1,824,018.07.

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, the creation and continued operation of a Mazda dealership, a permanent, full-service automobile sales dealership and service center, for a period of not less than 15 years from the Effective Date of the Original Agreement. The establishment of the dealership within the city generates substantial revenue for the City and creates new jobs. Further, the dealership 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. **5. The net tax revenue to the local agency as a result of the economic development subsidy.**

The City has received \$3,224,018.06 in net Sales Tax Revenues from taxable sales occurring at Saul.

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

- 110 full-time jobs
- 2 part-time jobs

- 0 temporary positions