

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

**FOR AN OPERATING COVENANT AGREEMENT
BY AND BETWEEN
CITY OF ONTARIO
AND
CONCRETE HOLDING COMPANY OF CALIFORNIA, INC.**

Pursuant to Government Code Section 53083, the City Council of the City of Ontario 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 an Operating Covenant Agreement by and between the City of Ontario and Concrete Holding Company of California, Inc. ("Agreement"). Notice was published in the local newspaper for a public hearing to be held on December 18, 2018.

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 CONCRETE HOLDING COMPANY OF CALIFORNIA, INC. a Delaware corporation ("Concrete Holding"). Concrete Holding is the sole beneficiary of the economic development subsidy.

CONCRETE HOLDING COMPANY OF
CALIFORNIA, INC.

15821 Ventura Blvd., Suite 475

Encino, CA 91436;

Telephone (818) 728-5200;

Facsimile (818) 788-0615

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 term will begin on the Effective Date of the Agreement and continue for 40 years. The first Covenant Payment will be paid following the first Covenant Quarter in which Concrete Holding has performed its covenants and other obligations pursuant to the Agreement.

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 shall be the sum of (a) fifty percent (50%) of the Sales Tax Revenues attributable to annual taxable sales for the calendar year which includes such Computation Quarter plus (b) an amount equal to fifty percent (50%) of the Sales Tax Revenues attributable to Owner's self-accrual of use tax which is directly allocated to the City, including, without limitation, in connection with Owner's purchase of machinery and equipment from outside of California during such Computation Quarter.

The City estimates that the total amount of the expenditure or loss of revenue of public funds as a result of the economic development subsidy will be up to sixty million dollars (\$60,000,000). However, Concrete Holding's covenants to City will cause Concrete Holding's Taxable Sales to be paid to the City which is estimated to be one hundred twenty million dollars (\$120,000,000).

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

CONCRETE HOLDING COMPANY OF CALIFORNIA, INC. is a national retailer of cement and concrete products and does not currently have a sales office in California to facilitate retail sales transactions. Through this Agreement, Concrete Holding will establish a business location in the City of Ontario for the purpose of operating a regional sales office for facilitating retail sales transactions.

The City has determined that Concrete Holding's presence will generate substantial revenue for the City, allow for the retention and creation of new jobs, revitalize an area of the City which has suffered a loss of jobs and businesses during the economic downturn of the mid-2000's, and result in community and public improvements that might not otherwise be available to the community for many years.

Further, the location of Concrete Holding in Ontario 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. This Agreement furthers the policies of the City to be business friendly and support economic growth including providing for the creation of new job opportunities and new sources of revenue that support residents and city services.

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

The City anticipates that the location of Concrete Holding facilities within the City will result in an approximate increase of annual sales tax revenue in the amount of three million dollars (\$3,000,000), minus the covenant payments to be paid to Concrete Holding, as set forth in number 2 above.

In addition, the value of the new improvements associated with the business is valued at approximately fifty thousand dollars (\$50,000) and will result in additional real property taxes in the amount of five hundred dollars (\$500).

The City will receive an estimated one thousand dollars (\$1,000) in business license tax from Concrete Holding annually.

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

The location of Concrete Holding within the City is anticipated to result in the location of 60 jobs currently over the term of the agreement as the facility grows, as follows:

- 40 full-time jobs
- 10 part-time jobs
- 10 temporary positions

Concrete Holding will be leasing a facility and completing certain tenant improvements that are anticipated to create up to 10 temporary jobs. Additionally, upon opening the sales office, the Ontario location will support up to 20 full-time office-based jobs and up to 20 full-time sales associates.