

**ECONOMIC DEVELOPMENT SUBSIDY REPORT
PURSUANT TO GOVERNMENT CODE SECTION 53083
FOR OPERATING COVENANT AGREEMENT
BY AND BETWEEN
CITY OF ONTARIO
AND RUSNAK/ONTARIO
D/B/A GENESIS OF ONTARIO**

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 ("Agreement") by and between the City of Ontario ("City") and Rusnak/Ontario, a California corporation, d/b/a Genesis of Ontario. Notice was published in the local newspaper for a public hearing to be held on October 3rd, 2023.

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 Rusnak/Ontario, a California corporation, d/b/a Genesis of Ontario ("Company").

Rusnak/Ontario
77 St. John Avenue
Pasadena CA 91105

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

The start date of this subsidy will occur only if the Operating Covenant Agreement is approved by the Ontario City Council, and will remain active for no more than 8 years after the effective date of the Operating Covenant 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.

Company has requested from the City assistance for the operation costs associated with the a permanent full-service new Genesis automobile sales dealership in Ontario ("Dealership") in an amount equal to fifty percent (50%) of all sales tax revenue above \$100,000 annually for years 1-4 and \$125,000 annually for years 5-8 that is generated by the Dealership for a period of up to eight (8) years, or a maximum amount of eight

hundred thousand dollars (\$800,000), subject to the limitations set forth in the Operating Covenant Agreement.

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

The economic development subsidy will ensure that the Dealership plans to be and remain open for business within the City for a period of not less than 8 years.

The City has determined that Company's operation of the Business results in substantial benefits to the City and its citizens including, without limitation, the creation of significant new numbers of employment opportunities, property tax revenues, sales tax revenues and other ancillary benefits. Accordingly, the City has also determined that its entry into this Agreement serves a significant public purpose, while providing only incidental benefits to a private party.

Further, the covenanted operation of 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. This Agreement furthers the policies of the City to be business friendly and support economic growth including meeting the goals of the Economic Development Element of the General Plan. The Economic Development Element calls upon the City to align its energies to realize the following goals of its Economic Development Strategy:

- Facilitate development projects within the community;
- Enhance the City's tax base;
- Promote job creation throughout the community;
- Plan and encourage economic development along the City's major transportation corridors;
- Operate as an "ombudsman" to promote and facilitate economic development; and
- Take a proactive role in regional economic development issues.

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

The City anticipates that the operation of the Dealership will result in:

\$17,848,355 in sales tax to the City over 8 years (contract term)

\$42,000 increase in property taxes received by the City

\$ 287,120 in business license tax to the City over 8 years (contract term)

Additionally, the presence of auto dealership customers in town will result in additional patronage of other businesses in the City thereby creating additional sales tax generation.

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

37 full-time employees; and **0** part-time employees.