

- City Council
- Successor Agency
- Housing Authority
- Reclamation Authority
- Joint Powers Authority

City of
IRWINDALE
AGENDA REPORT

Date: January 26, 2022
 To: Honorable Mayor and Members of the City Council
 From: William K. Tam, City Manager
 Issue: ADOPT ECONOMIC DEVELOPMENT INCENTIVE PROGRAM

City Manager’s Recommendation:

It is recommended that the City Council:

- 1) **ADOPT RESOLUTION NO. 2022-08-3258 ENTITLED “A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF IRWINDALE, CALIFORNIA ADOPTING AN ECONOMIC DEVELOPMENT INCENTIVE PROGRAM,” or provide other direction.**

Administrative Action:

Submitted by:

Theresa Olivares, Assistant City Manager

Electronically approved

Prepared by:

Iris Espino, Assistant to the City Manager

Iris Espino

Reviewed by:

Adrian R. Guerra, City Attorney

Electronically approved

Jeanette Duran, Interim Finance Director /
 City Treasurer

Jeanette Duran

Approved by:

William K. Tam, City Manager

William K. Tam

Background and Analysis:

With direction from the City Council, the Economic Development Division has identified the following three goals for the City of Irwindale:

1. To establish and promote a business-friendly environment to create and retain good quality jobs.
2. To proactively attract new business industries, jobs and investments.
3. To promote the rehabilitation of developable land to meet the strategic development objectives.

In an effort to satisfy goal #2 above, the Economic Development Division is continuously searching for business partnerships and incentive programs to compete for targeted industry jobs and investments. These partnerships will enable growth and expand the local economy while affording fiscal sustainability for the City, and ensuring ongoing revenues to support the unique municipal services and benefits that our community enjoys.

As such, it is the intent of the City to establish an Economic Development Incentive Program (EDIP) through a clear and transparent policy regarding economic development incentives as a way to encourage and promote economic development activities. The City of Irwindale is committed to providing powerful new resources and incentives for development sites and vacant buildings in an effort to attract new businesses while remaining competitive.

This EDIP Policy ("Policy") is being proposed to capture new additional sales and use tax revenues principally from large manufacturing, sales distribution and business operations that the City would otherwise not realize. These targeted operations have the potential to generate the greatest tax revenue increases for the City. The proposed Policy will allow the City an incentive tool to encourage business participation in the program while also providing for increased transparency in the administration of the program.

Proposed Program

Per the Bradley Burns Uniform Local Sales and Use Tax Law and the Irwindale Municipal Code Chapter 3.12, a sales or use tax of 1% is imposed upon business within the City for transactions occurring within the City's jurisdiction. The City, at its sole discretion, is able to enter into a sale and/or use tax-sharing agreement with a business located within the City for a percentage rebate of the local sale or use that that the City would otherwise not realize from that business. The proposed EDIP provides the City Council with the final decision for each individual agreement and subject to a maximum rebate in accordance to the following schedule:

Minimum Revenue Tax Base of Sales or Use	Maximum Agreement Term	Maximum Rebate Amount
\$100,000,000	10-years	35%
\$100,000,000	15-years	40%
\$100,000,000	20-years	45%

Procedures

1. Application

To be considered for an agreement, an authorized representative of the business shall submit a written application to the City's Economic Development Division in the form of a letter providing information about the business as specified in the Policy.

2. Economic Development Division Review and Preparation of Agreement

City staff will analyze and evaluate the application and any supporting material, such as prior tax returns, to determine whether it would be advantageous to the City to enter into an agreement with the business and will make a recommendation to the City Council for consideration. Staff shall prepare all required public hearing notices, staff reports, resolutions, and the agreement, in a form approved by the City Attorney.

3. City Council Final Decision

The City Council will review the proposed agreement and, in its sole discretion and upon a majority vote, will approve or deny the proposed agreement.

Fiscal Impact:

There is no fiscal impact to the General Fund at this time. Should this Policy be approved, as Economic Development Incentive agreements are brought before the City Council for consideration, the fiscal impact will be identified.

Attachment: Resolution No. 2022-08-3258
Economic Development Incentive Program (Draft)

RESOLUTION 2022-08-3258

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF IRWINDALE,
CALIFORNIA ADOPTING AN ECONOMIC DEVELOPMENT INCENTIVE
PROGRAM**

WHEREAS, the Economic Development Division is continuously searching for business partnerships and incentive programs to compete for targeted industry jobs and investments; and

WHEREAS, it is the intent of the City to establish an Economic Development Incentive Program through a clear and transparent policy regarding economic development incentives as a way to encourage and promote economic development activities; and

WHEREAS, this Economic Development Incentive Program is being proposed to capture new additional sales and use tax revenues principally from large manufacturing, sales distribution and business operations that the City would otherwise not realize through a sales and/or use tax sharing agreement; and

WHEREAS, these targeted operations have the potential to generate the greatest tax revenue increases for the City; and

WHEREAS, the proposed Policy will allow the City an incentive tool to encourage business participation in the program subject to the maximum rebate amount in accordance with the approved schedule while also providing for increased transparency in the administration of the program.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF IRWINDALE,
CALIFORNIA DOES HEREBY RESOLVE AS FOLLOWS:**

SECTION 1. The recitals are true and correct and incorporated as findings herein.

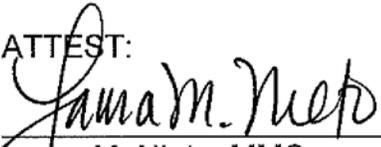
SECTION 2. The City Council of the City of Irwindale hereby adopts the Economic Development Incentive Program Policy, attached hereto as Exhibit "A".

SECTION 3. The Chief Deputy City Clerk shall certify the adoption of this Resolution, which shall take effect immediately.

PASSED, APPROVED AND ADOPTED this 26th day of January 2022.


Larry G. Burrola, Mayor

ATTEST:



Laura M. Nieto, MMC
Chief Deputy City Clerk

STATE OF CALIFORNIA }
COUNTY OF LOS ANGELES } ss.
CITY OF IRWINDALE }

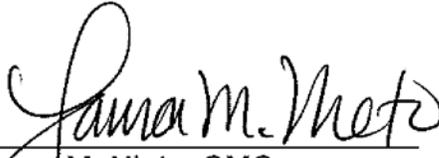
I, Laura M. Nieto, Chief Deputy City Clerk of the City of Irwindale, do hereby certify that the foregoing Resolution No. 2022-08-3258 was adopted by the City Council of the City of Irwindale, at a regular meeting held on the 26th day of January, 2022 by the following vote:

AYES: Councilmembers: Ambriz, Garcia, Ortiz, Mayor Burrola

NOES: Councilmembers: None

ABSENT: Councilmembers: Breceda

ABSTAIN: Councilmembers: None



Laura M. Nieto, CMC
Chief Deputy City Clerk

**City of Irwindale
Economic Development Incentive Program**

Introduction and Purpose:

It is the intent of the City of Irwindale to establish a clear and transparent policy regarding economic development incentives as a way to encourage and promote economic development and business retention within the City of Irwindale. The purpose of this policy is to provide the City with a method to capture local sales and use tax revenues, subject to the limitations of California Government Code sections 53084 and 53084.5.

This policy is consistent with the City's General Plan, Community Development Element Policy 10: "The City of Irwindale will promote development that will benefit the community as a whole in terms of both jobs and revenue generation."

Policy:

In accordance with the Bradley Burns Uniform Local Sales and Use Tax Law and Irwindale Municipal Code (IMC) Chapter 3.12, a sales or use tax at the rate of 1% is imposed upon businesses within the City for transactions occurring within the City's jurisdiction.

The City may, in its sole discretion, enter into a sales and/or use tax sharing agreement with a business located within the City of Irwindale for a percentage rebate of the local sales or use tax that the City would not otherwise have realized from that business, in accordance with the following rebate schedule:

Minimum Revenue Tax Base of Sales or Use	Maximum Agreement Term	Maximum Rebate Amount (Up To)
\$100,000,000	10-years	35%
\$100,000,000	15-years	40%
\$100,000,000	20-years	45%

Each agreement entered into under this Policy shall follow this schedule and may not increase the percentage rebate allocated before the expiration of the above time-periods unless the City Council, in its sole discretion, finds good cause for doing so.

In order to enter into an agreement in accordance with this Policy, the City must make all of the following findings:

1. The net financial benefit to the public is larger than the financial incentive given which shall represent new resources of general fund revenue to the City.
2. The agreement provides a direct public benefit to the City, including any of the following:

- a. revenues that will be used to provide for municipal services, public improvements, and/or civic or community programs;
 - b. the creation, retention and/or expansion of jobs within the City;
 - c. retention of a local or regional business within the City;
 - d. a capital investment by the business into the City for local economic development;
 - e. whether the business is a regional draw for other local businesses and/or economic development; or
 - e. any other direct public benefit identified in the agreement.
3. The business establishes the City of Irwindale as its operative location for point of sale and/or use for purposes of the collection of local sales and use tax revenues directly attributable to the business conducted within the City;
 4. The business itself is located within the City of Irwindale and will remain located within the City for a minimum of 10 years;
 5. In the event that the City Council desires to increase the percentage rebate allocated before the expiration of the rebate schedule, good cause exists for doing so; and
 6. Existing sales tax revenue will not be shared; only net new sales tax revenues resulting from future growth will be shared.

Agreement Administration:

1. Application

To be considered for an agreement, an authorized representative of the business shall submit a written application to the City's Economic Development Department in the form of a letter providing information about the business, including, but not limited to:

- a. a description of the business;
- b. projected annual tax base revenue subject to the Bradley Burns Uniform Local Sales and Use Tax Law and IMC Chapter 3.12 and supporting documentation, including, but not limited to, the previous years' tax returns;
- c. the proposed direct public benefit(s) the business intends to provide the City;
- d. proposed sales tax sharing term requests; and

- e. any other necessary supporting documentation or information upon the City's request.

2. Economic Development Department Review and Preparation of Agreement

City staff will analyze and evaluate the application and any supporting material, such as prior tax returns, to determine whether it would be advantageous to the City to enter into an agreement with the business and will make a recommendation to the City Council for consideration. Staff shall prepare all required public hearing notices, staff reports, resolutions, and the agreement, in a form approved by the City Attorney.

3. City Council Final Decision

The City Council will review the proposed agreement and, in its sole discretion and upon a majority vote, will approve or deny the proposed agreement.

State Reporting Requirements:

All agreements entered into by the City in accordance with this Policy shall, with the help of the business, as necessary, comply with the reporting requirements of Government Code sections 53083, 53083.1, and 53084, as applicable.