

**ECONOMIC DEVELOPMENT SUBSIDY REPORT
PURSUANT TO GOVERNMENT CODE SECTION 53083
FOR OPERATING COVENANT AGREEMENT
BY AND BETWEEN
CITY OF UPLAND
AND HOLLIDAY ROCK**

Pursuant to Government Code Section 53083, the City Council of the City of Upland 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 Upland (“City”) and Holliday Rock Co., Inc. and Holliday Trucking Inc. (collectively, “Company”). Notice was published in the local newspaper for a public hearing to be held on July 26, 2021.

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.

HOLLIDAY ROCK CO., INC.
1401 N BENSON AVENUE
UPLAND, CA, 91786

HOLLIDAY TRUCKING INC.
1401 N BENSON AVENUE
UPLAND, CA, 91786

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

This Economic Subsidy shall remain in effect for fifteen (15) fiscal years following the effective date of the Operating Covenant Agreement between the City and Company, if approved by the City Council.

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.

For each Fiscal Year in which Company produces local sales tax revenues to the City of Upland that are in excess of \$400,000 from its qualifying sales tax generating facilities, the City will retain 60% of such local sales tax revenues, or \$400,000, whichever is greater, and Company will receive 40% of those local sales tax revenues (“Covenant Payment”).

For example, if Company’s qualifying sales tax generating facilities produce \$400,000 or less during a Fiscal Year while Agreement is in effect, the Company would receive zero dollars. If local sales tax revenues from Company’s qualifying sales tax generating facilities is \$600,000 over a Fiscal Year, then Company would receive a Covenant Payment for such Fiscal Year of \$200,000.

The total annual expenditure of public funds based on the Agreement terms of fifteen fiscal years and Covenant Payment(s), as detailed above, are estimated by the Company to be as follows:

Fiscal Year	Estimated Revenue Sourced to City	Estimated Covenant Payment to Company
1	\$181,395,426.94	\$725,581.71
2	\$185,930,312.61	\$743,721.25
3	\$190,578,570.43	\$762,314.28
4	\$195,343,034.69	\$781,372.14
5	\$200,226,610.56	\$800,906.44
6	\$205,232,275.82	\$820,929.10
7	\$210,363,082.72	\$841,452.33
8	\$215,622,159.78	\$862,488.64
9	\$221,012,713.78	\$884,050.86
10	\$226,538,031.62	\$906,152.13
11	\$232,201,482.41	\$928,805.93
12	\$238,006,519.47	\$952,026.08
13	\$243,956,682.46	\$975,826.73
14	\$250,055,599.52	\$1,000,222.40
15	\$256,306,989.51	\$1,025,227.96
TOTAL:	\$3,252,769,492.33	\$13,011,077.97

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

By entering into this Agreement, the City ensures the continuous operation of Company sales tax generating facilities over the Agreement term, which will provide significant public benefits to the City, in that the additional local sales tax revenues and employment opportunities to be generated by such activities represent a significant source of new and additional public revenue for the City, which may be used by the City for the funding of necessary public services and facilities, including public safety services and facilities. The City has further determined that the continuous operation of Company facilities serves the additional public purpose of fostering a business and civic environment which 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.

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

Fiscal Year	Estimated Revenue Sourced to City	Estimated Tax Revenue Retained by City
1	\$181,395,426.94	\$1,088,372.56
2	\$185,930,312.61	\$1,115,581.88
3	\$190,578,570.43	\$1,143,471.42
4	\$195,343,034.69	\$1,172,058.21
5	\$200,226,610.56	\$1,201,359.66
6	\$205,232,275.82	\$1,231,393.65
7	\$210,363,082.72	\$1,262,178.50
8	\$215,622,159.78	\$1,293,732.96
9	\$221,012,713.78	\$1,326,076.28
10	\$226,538,031.62	\$1,359,228.19
11	\$232,201,482.41	\$1,393,208.89
12	\$238,006,519.47	\$1,428,039.12
13	\$243,956,682.46	\$1,463,740.09
14	\$250,055,599.52	\$1,500,333.60
15	\$256,306,989.51	\$1,537,841.94
TOTAL:	\$3,252,769,492.33	\$19,516,616.95

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

Employee Department	Number of projected additional jobs created	Type of Job Position
Office	5	Full-Time
Sales	3	Full-Time
Dispatch	3	Full-Time
Drivers/Plant	3	Full-Time
TOTAL:	14	