



Legislation Text

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Report to Mayor and City Council

Tuesday, May 07, 2024
Special Orders of the Day

SUBJECT:

PUBLIC HEARINGS TO CONSIDER MULTIPLE ECONOMIC DEVELOPMENT SUBSIDIES (COMMERCIAL FACADE IMPROVEMENT PROGRAM GRANT AGREEMENTS - ROUND 1) TO PROVIDE CERTAIN COMMERCIAL BUSINESSES WITH GRANT FUNDING (CITY COUNCIL)

I. SUMMARY

On June 21, 2022, the City Council approved the establishment of a citywide Commercial Façade Improvement Program (“Program”) by adoption of Resolution No. 22-131, and approved funding for the Program in the amount of \$1,000,000.00 by adopting Resolution No. 22-132. The Program establishes a variety of specific goals for commercial development of the City as part of a citywide economic development strategy. These goals frame the near-term economic development objectives for the City. The City is proposing to enter into multiple funding agreements with the following parties (“Round 1 Grantees”) to provide financial assistance in the form of an economic development subsidy (Commercial Façade Improvement Program Grant Agreements - Round 1):

1. Ky and Ky LLC, 302 E. Carson Street - A two story office center at the southeast corner of Carson and Dolores with a law office (Exhibit No. 1).
2. Backic Trust (Victoria Park Plaza), 18409 S. Avalon Blvd - The neighborhood shopping center immediately across from the entrance to Dignity Health Sports Park (Exhibit No. 2).
3. Tambuli Corporation, 22200 S. Main Street - A neighborhood shopping center with Uni Supermarket as an anchor business, near Carson High School (Exhibit No. 3).
4. Reynaldo Z. Roxas, Jr. (Manila Sunrise), 21828 S. Main Street - A long-time Filipino restaurant (Exhibit No. 4).
5. AMI Enterprises Inc., DBA Tony Roma’s, 20720 Avalon Blvd - A long-time sit-down restaurant fronting Avalon in front of the South Bay Pavilion (Exhibit No. 5).

6. Manila Business Center Inc., 198 E. Carson Street - A new financial and travel service business near the Carson Library (Exhibit No. 6).

The City is authorized to enter into these funding agreements pursuant to Section 206 of the City of Carson Charter, Chapter 3 of Article X of the Carson Municipal Code, and Section 53083 of the California Government Code. Public hearings are required by law for approval of each economic subsidy agreement (each, sometimes an "Agreement") entered into under the Program.

The activities under these Agreements amount to \$806,250 in City funds and an additional \$791,250 in Round 1 Grantees' contribution (dollar for dollar match over \$2,500). When factoring the complementary architectural services, staff expects the City's entire one-million dollars (\$1,000,000) previously allocated to the Program to be fully spent over the next eighteen months.

Additional funding maybe needed to continue the Program for future applicants. Staff will request a budget amendment request to the Council for additional Program funding when additional serious candidates are identified later this year. With the additional funding request, staff will report on the progress of the projects for Round 1 Grantees and propose revisions to improve the existing Program guidelines. In the interim, staff will continue to market the Program and accept applications to better gauge future funding needs.

Finally, as provided in the Economic Development Subsidy Reports section of the staff report, the Program Funding Agreements are anticipated to "pay for themselves" through increase of sales (and sales taxes), decrease in vacancies, increase in private investment/funding sources and improving the City's image.

Each of the agreements will be considered in its own, separate public hearing, as follows.

RECOMMENDATION

TAKE the following actions:

1. For Ky and Ky LLC, 302 E. Carson Street;
 - a. **OPEN** the public hearing; **TAKE** public testimony and accept any written and/or oral communications; and **CLOSE** the public hearing;
 - b. **APPROVE** the funding Agreement; AND
 - c. **AUTHORIZE** the City Manager to execute all documents including the funding agreement in a form acceptable to the City Attorney.

2. For Backic Trust (Victoria Park Plaza), 18409 S. Avalon Blvd:
 - a. **OPEN** the public hearing; **TAKE** public testimony and accept any written and/or

oral communications; and **CLOSE** the public hearing;

- b. **APPROVE** the funding Agreement; AND
- c. **AUTHORIZE** the City Manager to execute all documents including the funding agreement in a form acceptable to the City Attorney.

3. For Tambuli Corporation, 22200 S. Main Street:

- a. **OPEN** the public hearing; **TAKE** public testimony and accept any written and/or oral communications; and **CLOSE** the public hearing;
- b. **APPROVE** the funding Agreement; AND
- c. **AUTHORIZE** the City Manager to execute all documents including the funding agreement in a form acceptable to the City Attorney.

4. For Reynaldo Z. Roxas, Jr. (Manila Sunrise), 21828 S. Main St.:

- a. **OPEN** the public hearing; **TAKE** public testimony and accept any written and/or oral communications; and **CLOSE** the public hearing;
- b. **APPROVE** the funding Agreement; AND
- c. **AUTHORIZE** the City Manager to execute all documents including the funding agreement in a form acceptable to the City Attorney.

5. For AMI Enterprises Inc., DBA Tony Roma's, 20720 Avalon Blvd:

- a. **OPEN** the public hearing; **TAKE** public testimony and accept any written and/or oral communications; and **CLOSE** the public hearing;
- b. **APPROVE** the funding Agreement; AND
- c. **AUTHORIZE** the City Manager to execute all documents including the funding agreement in a form acceptable to the City Attorney.

6. For Manila Business Center Inc., 198 E. Carson Street:

- a. **OPEN** the public hearing; **TAKE** public testimony and accept any written and/or oral communications; and **CLOSE** the public hearing;

- b. **APPROVE** the funding Agreement; AND
- c. **AUTHORIZE** the City Manager to execute all documents including the funding agreement in a form acceptable to the City Attorney.

II. ALTERNATIVES

TAKE another action the City Council deems appropriate.

III. BACKGROUND

The goal of the Commercial Façade Improvement Program is to facilitate commercial revitalization, stimulate private investment, preserve and beautify the commercial corridors, upgrade the physical image of the City, and to generate shopping, tourism, and a pleasant walking environment by improving the visual aesthetics of the targeted areas with enhancements in design, color schemes and building façades.

Under the Program, tenants and/or property owners may qualify for a reimbursement grant of \$2,500 to \$25,000 for storefront aesthetic improvements. A dollar-for-dollar matching is required for amounts over \$2,500. For owners of multi-tenant centers, the maximum grant is \$250,000 based on a total expenditure of no less than \$497,500 on eligible exterior improvements (subject to additional requirements). Starting in late 2022, property and business owners could officially take advantage of this program.

Since the Program's inception, staff have been working with applicants to advance their façade project to meet the goals of the Program and other adopted plans such as the Carson 2040 Community Character and Design Element, the Economic Development Strategic Plan, and applicable city codes. This entailed refining the scope of projects to meet planning objectives, achieving compliance with building codes, addressing budgetary and legal constraints and more.

Tonight's action is to formally approve the funding agreement for each applicant. The six applicants currently include the following, as detailed below in the descriptions of each project ("Nature of Projects"):

1. **Ky and Ky LLC, 302 E. Carson Street** - A two story office center at the southeast corner of Carson and Dolores with a law office (Exhibit No. 1). The project site spans 10,670 square feet within the Downtown Mixed Use (DMX) Zone. The existing 7,394 square foot multi-tenant commercial building will undergo refurbishment, including roof replacement, landscaping, exterior paint, accessible parking enhancements, and a new trash enclosure. The proposed enhancements are poised to elevate the property's appeal and functionality. The City will contribute \$250,000 and the property owner will contribute at least \$247,500 towards eligible façade improvement.
2. **Backic Trust (Victoria Park Plaza), 18409 S. Avalon Blvd** - Located across

the street from Dignity Health Sports Park, the façade of Victoria Park Plaza will be updated to present a fresh new look (Exhibit No. 2). Improvements will include new signage, new faux wood wall covering, new exterior paint, exterior stucco repair, exterior stonework, new exterior lighting, and parking lot repaving. The City will contribute \$250,000 and the Property owner will contribute at least \$247,500 towards eligible façade improvement.

- 3. Tambuli Corporation, 22200 S. Main Street** - A neighborhood shopping center with Uni Supermarket as an anchor business, near Carson High School (Exhibit No. 3). Two concurrent projects will take place. The property owner is pursuing her own plans for new construction on a portion of the property. The other portion will remain intact and will receive a façade upgrade that will include new storefront doors and windows, stucco repair, new signage, and overhang roof repair. Additionally, new landscaping and exterior lighting will be installed, a new trash enclosure will be constructed, and a new parking layout will be designed and constructed. The City will contribute \$250,000 and the property owner will contribute at least \$247,500 towards eligible façade improvement.
- 4. Reynaldo Z. Roxas, Jr. (Manila Sunrise), 21828 S. Main Street** - A long-time family owned and operated restaurant located a block south of E. Carson Street (Exhibit No. 4). Funds will be used to update exterior façade and install security features. More specifically, the exterior façade will include a new stucco finish, new paint, a new roof parapet and a new roof screen wall. The City will contribute \$25,000 and the property owner will contribute at least \$22,500 towards eligible façade improvement.
- 5. AMI Enterprises Inc., DBA Tony Roma's, 20720 Avalon Blvd** - A long-time sit-down restaurant fronting Avalon by the South Bay Pavilion (Exhibit No. 5). The requested improvements include landscaping and lighting fixtures. The Program funds will be used to update landscaping to bring the property landscaping up to date with the City model water efficiency landscaping ordinance. The lighting on the exterior of the building will provide a nice new brightness to make the building highly visible on the busy corridor on which it is located. The City will contribute \$25,000 and the property owner will contribute at least \$22,500 towards eligible façade improvement.
- 6. Manila Business Center Inc., 198 E. Carson Street** - A new financial and travel service business near the Carson Library (Exhibit No. 6) in an existing commercial plaza. Funding will provide the new business with a fresh new sign. The business currently only has a banner, and the proposed funding will bring a new sign that will blend harmoniously into the existing plaza. The City will contribute \$6,250 and the Property owner will contribute at least \$3,750 towards eligible façade improvement.

Economic Development Benefit Agreement Subsidy Reports:

In June 2022, the City of Carson adopted the Program to provide financial incentives to businesses to promote economic activity, including the assistance with commercial

revitalization. Commercial corridors have historically lagged the progress made in other areas in the city, and the Program was adopted to encourage improvement and investments that contribute to the overall city-wide commercial corridor revitalization. In 2023, the City also adopted the Economic Development Strategic Plan (EDSP) which includes a “Reinvigorate Retail” initiative that calls for the long-term commitment to funding commercial façade improvement. These economic development benefit agreements are necessary to achieve the goals of the EDSP and the overall city-wide commercial corridor revitalization effort. Additionally, the improvements will likely result in development efforts to bring into the City high quality commercial businesses, higher sales tax revenues and create jobs within the City.

The City is able to implement the provisions of Government Code Section 53083 (AB 562), a statewide economic development tool passed by Governor Brown in late 2013 that applies to economic development subsidies of \$100,000 or more, for the purpose of allowing local jurisdictions to induce economic development, as well as under Section 206 of the City Charter and Chapter 3 of Article X of the Carson Municipal Code which specifically authorizes the City to enter into agreements to loan, grant, fund or finance projects.

The subsidy report that follows below will be posted on the City’s website for the entire term of the economic development subsidies (required only for the three funding agreements with Ky and Ky LLC, Backic Trust and Tambuli Corporation). It is important to note that Section 53083 (a) of the California Government Code requires subsidy reports be prepared and made available to the public for subsidies of \$100,000 or more (“Large Subsidies”); for these, the subsidy report must comply with both Section 53083 and the City’s Charter. Where the subsidy is less than \$100,000 (“Small Subsidies”), the subsidy report must comply with only the City’s Charter. However, in the interest of full transparency, the subsidy report will cover both Large Subsidies and Small Subsidies in a manner that addresses the requirements of both Section 53083 and the City’s Charter, as applicable.

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, if applicable. (Section 53083 of Government Code)

The City of Carson is proposing to enter into six agreements to provide financial assistance in the form of economic development subsidies to the following businesses, as further described in each parties’ Economic Development Benefit Agreements (Façade Improvement Program Grant Agreements):

Business Entity and Address:

1. Ky and Ky LLC, 302 E. Carson Street, Carson CA 90745
2. Backic Trust (Victoria Park Plaza), 18409 S. Avalon Blvd, Carson CA 90746
3. Tambuli Corporation, 22200 S. Main Street, Carson CA 90745
4. Manila Sunrise, 21828 S. Main St. Carson, CA 90745
5. AMI Enterprises Inc. DBA Tony Roma’s, 20720 Avalon Blvd, Carson, CA 90746
6. Manila Business Center Inc., 198 E. Carson Street, Carson CA 90745

2) The start and end dates and schedule, if applicable, for the economic development subsidy. (Section 53083 of Government Code)

If approved, the start date of the economic subsidy will begin on the day the City issues a Notice to Proceed and will continue through the term of the agreement with each entity.

Business Name and Term Start Date / End Date:

1. *Ky and Ky LLC, 302 E. Carson Street, Carson CA 90745*

Start date: Upon a Notice to Proceed (to be determined after May 7, 2024)
End date: No later than two years after Agreement Effective Date.

2. *Backic Trust (Victoria Park Plaza), 18409 S. Avalon Blvd, Carson CA 90746*

Start date: Upon a Notice to Proceed (to be determined after May 7, 2024)
End date: No later than two years after Agreement Effective Date.

3. *Tambuli Corporation, 22200 S. Main Street, Carson CA 90745*

Start date: Upon a Notice to Proceed (to be determined after May 7, 2024)
End date: No later than two years after Agreement Effective Date.

4. *Manila Sunrise, 21828 S. Main St. Carson, CA 90745*

Start date: Upon a Notice to Proceed (to be determined after May 7, 2024)
End date: No later than two years after Agreement Effective Date.

5. *AMI Enterprises Inc. DBA Tony Roma's, 20720 Avalon Blvd, Carson, CA 90746*

Start date: Upon a Notice to Proceed (to be determined after May 7, 2024)
End date: No later than one year after Agreement Effective Date.

6. *Manila Business Center Inc., 198 E. Carson Street, Carson CA 90745*

Start date: Upon a Notice to Proceed (to be determined after May 7, 2024)
End date: No later than one year after Agreement Effective Date.

3) A description of the economic development subsidy, including the estimated total amount of expenditure of public funds, or of revenue lost to, the local agency, as a result of the economic development subsidy. (Section 53083 of Government Code and Section 206 of Charter)

Consistent with Chapter 3 of Article X of the Carson Municipal Code, the City would provide the following economic development subsidies to the following parties:

1. *Ky and Ky LLC, 302 E. Carson Street, Carson CA 90745*

The subsidy is a reimbursement of up to \$250,000 for business owner's expenditures of eligible façade improvements of at least \$497,500.

2. *Backic Trust (Victoria Park Plaza), 18409 S. Avalon Blvd, Carson CA 90746*

The subsidy is a reimbursement of up to \$250,000 for business owner's expenditures of eligible façade improvements of at least \$497,500.

3. *Tambuli Corporation, 22200 S. Main Street, Carson CA 90745*

The subsidy is a reimbursement of up to \$250,000 for business owner's expenditures of eligible façade improvements of at least \$497,500.

4. *Reynaldo Z. Roxas, Jr. (Manila Sunrise), 21828 S. Main St. Carson, CA 90745*

The subsidy is a reimbursement of up to \$25,000 for business owner's expenditures of eligible façade improvements of at least \$47,500.

5. *AMI Enterprises Inc. DBA Tony Roma's, 20720 Avalon Blvd, Carson, CA 90746*

The subsidy is a reimbursement of up to \$25,000 for business owner's expenditures of eligible façade improvements of at least \$47,500.

6. *Manila Business Center Inc., 198 E. Carson Street, Carson CA 90745*

The subsidy is a reimbursement of up to \$6,250 for business owner's expenditures of eligible façade improvements of at least \$10,000.

For each economic development subsidy listed above, the City will provide the business owner(s) with a dollar-for-dollar match for any amount over \$2,500. Additionally, if opted by the business owners, complementary architectural services may also be provided. Cumulatively, the total subsidy amounts to \$806,250 without the inclusion of architectural services. Architectural services may increase the total subsidies to \$1,000,000.

4) A statement of the public purposes for the economic development subsidy. (Section 53083 of Government Code and Section 206 of Charter)

The economic development subsidy achieves the following goals for the City's commercial corridors, including:

- *Create a Stronger Local Economy.* Strengthen the economic base of the corridors and the community at large by installing needed site improvements and stimulating new commercial expansion, employment, and economic growth.
- *Improve Public Infrastructure and Services.* Provide necessary public improvements such as flood control, street improvements, and traffic circulation.
- *Use Land Wisely.* Assemble land into parcels suitable for integrated development with improved pedestrian and vehicular circulation in these areas. Secure the availability of property to attract investors and developers and replan, redesign, and improve areas which are stagnant or improperly utilized.
- *Eliminate Blight.* Eliminate deteriorating buildings, incompatible and uneconomic land

uses, and other environmental, economic, and social deficiencies; improve the overall appearance of buildings, streets, parking areas, and other facilities, and assure that all buildings are safe for people and businesses to occupy.

- *Protect and Enhance Community Character.* Preserve artistically, architecturally, and historically worthwhile structures and sites and upgrade urban design standards to provide unity and to encourage community identity.

5) Projected tax revenue to the local agency as a result of the economic development subsidy, return on the project and public benefits. (Section 53083 of Government Code and Section 206 of Charter)

Although difficult to accurately quantify, the economic development subsidies are anticipated to “pay for itself” over time through increased taxes (e.g., sales tax etc.), decrease in vacancies, increase in private investment/funding sources and more. For all subsidies, staff estimates that the direct, indirect, and/or induced tax revenue generated will be recouped within a 15-year period or less. Additionally, economic development subsidies also offer many other public benefits as stated above that are not included in a tax revenue calculation. The approximate breakdown of tax revenues generated over a 15-year period is as follows:

1. Ky and Ky LLC - \$286,395
2. Victoria Park Plaza - \$1,026,450
3. Tambuli Corporation - \$363,637
4. Manila Sunrise - \$75,150
5. AMI Enterprises Inc. DBA Tony Roma’s - \$231,720
6. Manila Business Center Inc. - \$36,222

6) Estimated number of jobs created by the economic development subsidy, broken down by full-time, part-time and temporary positions. (Section 53083 of Government Code)

The City roughly estimates that the economic development subsidies will cumulatively generate 11 full time (FT), 19 part time (PT), and 29 temporary jobs (Temp). The approximate breakdown of jobs created is as follows:

1. Ky and Ky LLC - 2 full time, 3 part time, 5 temp.
2. Victoria Park Plaza - 5 full time, 8 part time, 7 temp.
3. Tambuli Corporation - 2 full time, 3 part time, 5 temp.
4. Manila Sunrise - 1 full time, 2 part time, 4 temp.
5. AMI Enterprises Inc. DBA Tony Roma’s - 0 full time, 1 part time, 2 temp.
6. Manila Business Center Inc. - 0 full time, 1 part time, 2 temp.

7) Nature of Project. (Section 206 of City Charter)

The nature of each project is described above under the description Nature of Projects.

8) Necessity of Assistance. (Section 206 of City Charter)

The financial assistance provided by City is necessary for the reasons articulated in the statement of purpose above. Additionally, these businesses would likely not elect to make the proposed improvements to their businesses without City’s subsidies, which in turn means City would not be able attain the objectives and public benefits set out in the statement of purpose.

9) The regulations and conditions governing the project. (Section 206 of City Charter)

The regulations governing each project are Section 206 of the City of Carson Charter, Chapter 3 of Article X of the Carson Municipal Code and Section 53083 of the California Government Code. The conditions governing each project are set out in each Agreement.

CEQA Analysis

Each Agreement has been reviewed by City with respect to applicability of the California Environmental Quality Act (“CEQA”), the State CEQA Guidelines (California Code of Regulations, Title 14, §§ 15000 *et seq.*, hereafter the “CEQA Guidelines”), and any applicable local CEQA policies and procedures and City has determined that each such agreement is not a “project” for purposes of CEQA, as that term is defined by CEQA Guidelines section 15378, because City has determined that these agreements present no potential for resulting in either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. Alternatively, even if they did constitute a project, it would be exempt pursuant to Section 15301 of the CEQA Guidelines (Class 1 exemption for minor alteration of existing public or private structures involving negligible or no expansion of existing use).

IV. FISCAL IMPACT

As described above, the City will provide a cumulative direct subsidy amount of \$806,250 to Round 1 Grantees. Round 1 Grantees will also contribute at least \$791,250 in required matching funds toward improvement of their properties. The Program also offers complementary architectural services. Therefore, the total fiscal impact to the City is approximately one-million dollars (\$1,000,000). The Program has already been budgeted under 101-70-701-100-6004 (Community Development/Professional Services).

These subsidies are anticipated to “pay for themselves” over time through increased taxes (e.g., sales tax etc.), decrease in vacancies, increase in private investment/funding sources and more. Additionally, the Program’s dollar-for-dollar match will encourage private dollars to be immediately invested in Carson properties. As provided in the economic development subsidy report analysis in the section above, staff estimates that the direct, indirect, and/or induced tax revenue generated from these subsidies will be recouped within a 15-year period or less.

V. EXHIBITS

1. Funding Agreement (Ky and Ky LLC, 302 E. Carson Street) (pgs.12-39)

2. Funding Agreement (Backic Trust, Victoria Park Plaza, 18409 S. Avalon Blvd) (pgs.40-62)
3. Funding Agreement (Tambuli Corporation, 22200 S. Main Street) (pgs.63-82)
4. Funding Agreement (Reynaldo Z. Roxas, Jr., Manila Sunrise, 21828 S. Main St) (pgs.83-102)
5. Funding Agreement (AMI Enterprises Inc., DBA Tony Roma's, 20720 Avalon Blvd) (pgs.103-124)
6. Funding Agreement (Manila Business Center Inc.,198 E. Carson Street) (pgs.125-146)
7. Notice of Public Hearings (pgs.147-148)

Prepared by: Jacob Collins, Assistant Planner / Richard Garcia, Assistant Planner, Aaron Whiting, Associate Planner / James Nguyen, Special Projects Manager / Saied Naaseh, Director of Community Development