

**SUMMARY REPORT PURSUANT TO
CALIFORNIA GOVERNMENT CODE SECTION 53083
ON AGREEMENTS BY AND BETWEEN THE CITY OF EL MONTE AND
Norms Restaurants El Monte, LLC, doing business as Norms Restaurant
November 21, 2016**

The following Summary Report has been prepared pursuant to California Government Code Section 53083 for the economic development initiative program of the City referred to as the "Norms Project." The Summary Report sets forth certain details of the proposed development agreements by and between the City and Norms Restaurants El Monte, LLC ("Norms") which implement the Norms Project. These agreements are identified as:

1. Property Disposition Agreement
2. Ground Lease and Option to Purchase
3. Public Parking Lot Declaration, Covenants and Easements Agreement
4. New Jobs Grant Performance Covenants and Agreement

Each of these agreements are between the following parties:

1. The City of El Monte
2. Norms Restaurants El Monte, LLC, doing business as Norms Restaurant (Norms)

This Summary Report considers the proposed Agreements listed above within the context of evaluating the costs of the Norms Project to the City in light of the public benefits which are expected to result from the implementation of the Norms Project. The purpose of these Agreements is to effectuate economic development of the Norms Project in the City.

This Summary Report is based upon the information contained within the Agreements, and is organized into the following seven sections:

- I. **Identity of the Developer:** This section provides the name and address of the Developer.
- II. **Salient Points of the Agreements:** This section summarizes the major responsibilities imposed on Developer and the City by the Agreements.
- III. **Economic Incentives Provided and Cost of the Agreements:** This section details the economic incentives provided and the costs incurred by the City to implement the Agreements.

IV. **Consideration Received and Comparison with the Economic Incentives Provided:** This section describes the financial compensation to be received by the City.

V. **Creation of Economic Opportunity and Public Purpose:** This section explains how the Agreements will assist in creating economic opportunity in the City.

VI. **Job Creation:** This section describes the number of full-time, part-time and temporary jobs created under the Agreements. This report and the Agreements are to be made available for public inspection prior to the approval of the Agreements.

I. Identity of the Developer

Norms Restaurants El Monte, LLC
Attn: Jim Balis
Capital Spring
950 Third Avenue, 24th Floor
New York, NY 10022

Norms Restaurants, LLC dba
Norms Restaurants
17904 Lakewood Boulevard
Bellflower, CA 90760
Attn: Mike Colona

II. Salient Points of the Agreements

A. Project Description

The Norms Project proposed economic development project includes three (3) general components that provide economic incentives for Norms to construct and operate a restaurant in the City of El Monte, and to create jobs for low- and moderate-income residents:

1. The Property Disposition Agreement set out the general terms for the City and Norms to complete the various "Due Diligence" items associated with the Norms Project which includes the agreement by City to first lease, and later sell a parcel of land at the southeast corner of Valley Boulevard and Santa Anita to Norms. The land is currently owned by the Successor Agency to the former El Monte Community Redevelopment Agency and is scheduled for disposition to the City for the Norms Project pursuant to the Long Range Property Asset Management Plan as approved by the State Department of Finance as part of the redevelopment dissolution process. The "Ground Lease and Option to Purchase," together with an exhibit thereto titled "Option Purchase and Sale Agreement," set forth the terms under which Norms will lease and later purchase the "Property" from City. The Ground

- Lease and Option to Purchase allows Norms to defer and accrue rent payments for a period of 12 months from the date of commencement of the lease, and gives Norms an option to purchase the Property at a fixed purchase price any time within three (3) years of the effective date of the lease, in accordance with the Option Purchase and Sale Agreement.
2. The right to exclusive use of parking spaces within Public Parking Lot No. 1, a public parking lot project adjacent to the Norms Restaurant site will be undertaken by the City as a public works project, to include the reconstruction of City Public Parking Lot No. 1, and to increase the total number of parking spaces. The resulting increase of spaces will be reserved for the exclusive use of Norms, as set forth in the Agreement titled "Property Disposition Agreement" and "Public Parking Lot Declaration, Covenants and Easements Agreement."
 3. A New Jobs Grant of a sum of money dispersed over a period of years; such disbursements being dependent on Norms meeting the hiring and retention requirements of the Agreement titled "New Jobs Grant Performance Covenants and Agreement," and requiring Norms to comply with 24 CFR 570.208 that sets forth regulations for job creation and retention activities under the Community Development Block Grant (CDBG) program, which is the source of the funds.

B. Developer (Norms) Responsibilities

- 1. Developer Responsibilities Related to the Norms Restaurant, Ground Lease, and Option to Purchase**
 - a. Norms will construct a new sit-down restaurant consisting of approximately 7,176 square feet, in accordance with the plans and specifications set forth in the Ground Lease and Option to Purchase, and subject to design review, plan check, and other entitlement and permitting processes of City.
 - b. Norms will first lease the Norms Property from the City in accordance with the terms of the Ground Lease and Option to Purchase, and later purchase the site from the City in accordance with the terms of an Option Purchase and Sale Agreement, the form of which is an exhibit to the Ground Lease and Option to Purchase.
 - c. The Term of the Lease will be three (3) years following the Commencement Date of the Lease.
 - d. The Property Purchase Option period will commence on the Effective Date of the Lease and end at the end of the Term of the Lease. Norms may exercise its option to purchase the site at any time during the option period.

- e. Norms will pay Rent under the Lease to the City in the amount of \$8,000 per month until it exercises its option to purchase the site. During the first twelve months of the Lease, the Rent will be deferred and accrued. Norms will then pay \$12,000 per month for the following 24 months.
- f. The purchase price of the Norms property will be \$1,980,000. Any unpaid deferred Rent will also be payable to the City upon purchase of the site.
- g. Should Norms hold-over beyond the three-year lease term, increased rent of \$16,000 per month will be payable by Norms to the City.
- h. Norms will be required to provide a Completion Guarantee in favor of the City to secure its obligation to complete the construction of the new restaurant improvements. The Completion Guarantee is an exhibit to the Ground Lease and Option to Purchase, and requires Norms to “construct, equip and complete the Restaurant Improvements free and clear of liens in accordance with the Plans for Restaurant Improvements and the Lease.”
- i. Norms is required to pay all of the cost of the construction of the restaurant improvements subject to two contributions by City: (i) City will pay to Norms an allowance of \$100,000 in lieu of extending and modifying utilities to the Norms property and in lieu of City performing other work identified in the Agreements as “City Property Adjustment Work,” and (ii) if, and only if, an environmental condition uncovered on the Norms site causes Norms to incur in excess of \$75,000 in environmental remediation costs, City will pay the remediation costs in excess of \$75,000 up to an additional \$75,000 contribution to environmental remediation costs. If the remediation costs exceed the combined \$150,000, the City is under no obligation to pay for any additional remediation costs and if Norms is not prepared to advance such additional remediation costs in excess of \$150,000, Norms may terminate the Lease.
- j. To attract patrons and as a landmark for this important project and its distinctive architecture, Norms will install a new advertising sign. The City will permit the Norms advertising sign to have a maximum height of 57 feet.
- k. In addition to the requirements imposed by the Agreements, Norms must complete all the usual entitlement and permitting processes of the City of El Monte, and comply with any Conditions of Approval imposed on the Norms project by the Planning Commission and/or City Council. Approvals that will be required as part of the proposed project’s implementation include the following:
 - i. A Design Review Approval for the Norms Restaurant;
 - ii. A Conditional Use Permit to permit an exceedance in height for the Norms sign;

- iii. Approval of this Summary Report for the project pursuant to Government Code Section 53083; and,
- iv. Approval of the disposition of the Norms Restaurant parcel by the City to Norms for redevelopment purposes as authorized by the California Redevelopment Dissolution Law and the Long Range Property Asset Management Plan of the successor agency of the former El Monte Community Redevelopment Agency.
- v. Other permits as required, including permits for demolition and construction, grading, utility connections, and building occupancy.
- l. In addition, Norms has the customary responsibilities typical of a ground lease, and must abide by all obligations and laws imposed on the restaurant improvements and operations by the authorities having jurisdiction over the project, including the City of El Monte in its capacity as a regulatory entity, and as a utility provider.

2. Developer Responsibilities Related to Norms Exclusive Use of Parking Spaces within Public Parking Lot No. 1

- a. Norms will provide a total of new 47 *on-site* private parking stalls on the Norms Property for the project. The new 47 on-site parking stalls will be constructed by Norms as part of the new restaurant improvement on the leasehold land, and shall satisfy the City code-required on-site parking for Norms. However, Norms believes that 47 on-site patron parking spaces are not adequate for the viability of Norms as a successful restaurant and City staff investigation of the patron parking demand for Norms Restaurant in surrounding communication confirms this view.
- b. The City parcel on which Public Parking Lot No. 1 is located (adjacent to the Norms Restaurant parcel – see attached maps) contains a total of 132 existing, code-compliant public parking spaces. The reconstruction and reconfiguration of Public Parking Lot No. 1 by the City as part of the Norms Project will increase the total number of parking spaces from 132 to 179 spaces on Public Parking Lot No. 1--, an increase of 47 spaces. The additional 47 stalls within City Public Parking Lot No. 1 will be reserved for Norms exclusive use between the hours of 8:00 AM and 10:00 PM. The number of existing parking spaces in Public Parking Lot No. 1 (132 parking stalls) will continue to be available for public use, and the additional 47 spaces will be available for public use from 10:00 PM to 8:00 AM. However, this reservation of use in favor of Norms shall be subject to the City's right to displace the Norms exclusive parking use area in order for the City to construct a

new public parking structure on the site to accommodate the parking of potentially may move cars.

- c. Norms intends to operate 24 hours a day, 7 days a week. Norms covenants that it will be open to the general public for a minimum of one year and for not less than 16 hours per day, 7 days a week, except legal holidays, during that first year. If Norms is closed to the public for more than 60 consecutive calendar days after first opening to the public, then with respect to the Public Parking Lot Declaration, Covenants and Easements Agreement granting exclusive use of parking spaces to Norms, City may terminate the Norms exclusive use of parking.
- d. Norms may not license its exclusive use of parking to another entity. Parking in the 47 exclusive spaces will be restricted to the owner and authorized invitees of the Norms Property.
- e. The public parking lot use covenant between the City and Norms, which sets forth the conditions under which Norms may utilize the 47 spaces on an exclusive use basis, will expire after 55 years.

3. Developer Responsibilities Related to the New Jobs Grant

- a. Norms expects to create approximately 41 full-time-equivalent (FTE) positions at its operation on the Norms Property.
- b. Norms will be required to make a minimum of 51% of its full-time-equivalent (FTE) jobs available to low- and moderate-income persons as defined by 24 CFR 570.208(a)(4).
- c. Norms will be required to preferentially hire low- and moderate-income residents, first from El Monte, then from San Gabriel Valley.
- d. The City will provide to Norms a grant that may total up to \$800,000 over a period of 6 years, dependent on the Norms restaurant operation recruiting and retaining low- and moderate-income employees. The source of this funding is provided to City and administered by the U.S. Department of Housing and Urban Development (HUD) through the Community Development Block Grant (CDBG) program.
- e. Norms must adhere to restrictions and requirements on new employees/new hires for the El Monte Restaurants consistent with both 24 CFR 570.208(a)(4), and the New Jobs Grant Performance Covenants and Agreement.
- f. To receive the full amount of the CDBG new jobs grant, a minimum of 27 full-time-equivalent employment positions must be recruited, hired, retained, and

- held by low- and moderate-income El Monte residents, or if not reasonably available, by low- and moderate-income San Gabriel Valley residents.
- g. The minimum number of low- and moderate-income employees must be retained annually for the 6 year compliance term of the new jobs grant.
 - h. Should Norms fail to adhere to the requirements and restrictions of the new jobs grant CDBG funding, the New Jobs Grant Performance Covenants and Agreement provides for a “claw-back” of funds from Norms.
 - i. Norms intends to operate 24 hours a day, 7 days a week. If Norms is closed to the public for more than 60 consecutive calendar days after first opening to the public, then with respect to the New Jobs Grant Performance Covenants and Agreement, City may terminate payment of installments under the New Jobs Grant.
 - j. Installment payments of the New Jobs Grant funds will terminate after 6 years, whether or not the full \$800,000 grant has been paid.

C. City Responsibilities

1. City Responsibilities Related to the Norms Restaurant, Ground Lease, and Option to Purchase

- a. The land which will become the Norms Property under the Ground Lease and Option to Purchase is, primarily, made up of several remnant parcels left over upon the conclusion of construction by the former redevelopment agency and the City of the \$6.4M Santa Anita Avenue and Valley Boulevard intersection improvement project. The Santa Anita and Valley Boulevard intersection project was completed in 2013 as part of the City’s general plan for revitalization of the Valley Mall and Downtown El Monte area.
- b. City has vacated a portion of Granada Avenue and a portion of a public alleyway, which vacated areas constitute the balance of the Norms Property.
- c. City will process and approve a parcel map to assemble the public street intersection project remnant parcels and vacated areas of the former rights of way into a single new parcel that will become the Norms Property. The area of the new parcel that will become the Norms Property is approximately 40,400 SF.
- d. City will first lease the Property to Norms in accordance with the terms of the Ground Lease and Option to Purchase, and later sell the Property in accordance with the terms of an Option Purchase and Sale Agreement, the form of which is an exhibit to the Ground Lease and Option to Purchase.

- e. City will allow Norms to defer the Rent due under the lease for the first 12 months of the lease term. City will receive payment of the deferred rent over the period from the 13th month through the 36th month of the lease, or upon Norms exercise of the purchase option and payment of the option purchase price.
- f. City will pay to Norms an allowance of \$100,000 in lieu of extending and modifying utilities to the Norms property and in lieu of City performing other work identified in the Agreements as “City Property Adjustment Work.”
- g. If, and only if, an environmental condition uncovered on the Norms site causes Norms to incur in excess of \$75,000 in environmental remediation costs, City will pay the remediation costs in excess of \$75,000 up to an additional \$75,000 contribution to environmental remediation costs.

2. City Responsibilities Related to Norms Exclusive Use of Parking Spaces within Public Parking Lot No. 1

- a. Concurrent with the Norms Project, City will undertake its first major capital investment in the Valley Mall off-street public parking lot system in the past 25 years. This capital improvement is necessary to restore and improve the condition of City Public Parking Lot No. 1, to reduce trip hazards, to reduce and better manage stormwater runoff, to improve accessibility for persons with disabilities and comply with ADA requirements, to support the downtown El Monte business community with a public parking facility which is in first-class condition and to lay a foundation for the planning and design of new public parking structures over the next few years.
- b. City identified the opportunity to increase the number of parking spaces within the City-owned parcel that constitutes Public Parking Lot No. 1, and recognized that such an increase in parking spaces could support the economic development goals of the City and increase the value and development potential of the odd-shaped remnant parcels left over from the Valley Boulevard and Santa Anita Avenue intersection improvement. By making the increase of parking spaces available to support what will become the Norms Property, the City could attract a major sit-down, 24-hour restaurant amenity.
- c. The renovation and reconstruction of Public Parking Lot No. 1 will include new storm drains, new pavement, new lighting, new landscaping, and restriping to accommodate the increased number of parking spaces. The City parcel on which Public Parking Lot No. 1 is located contains a total of 132 existing, code-

compliant public parking spaces. The reconstruction and reconfiguration of Public Parking Lot No. 1 will increase the number of spaces from 132 to 179 spaces, an increase of 47 spaces.

- d. To create adequate parking and ensure the viability of Norms as a key economic development initiative for the City, City will allow Norms the exclusive use of the additional newly constructed 47 parking stalls within City Public Parking Lot No. 1 between the hours of 8:00 AM and 10:00 PM.
- e. City will be responsible for the maintenance of Public Parking Lot No. 1 once the public parking restructure and enhancement work has been completed by the City, including the new 47 parking spaces reserved for Norms exclusive use.

3. City Responsibilities Related to the New Jobs Grant

- a. The City will provide to Norms a grant that may total up to \$800,000 over a period of 6 years, dependent on the Norms restaurant operation employing low- and moderate-income persons. The source of this funding shall be provided to the City by the U.S. Department of Housing and Urban Development (HUD) through the Community Development Block Grant (CDBG) program.
- b. City will monitor and enforce the New Jobs Grant Performance Covenants and Agreement for the 6 year compliance term of the new jobs grant.
- c. City will audit and review the records required to be kept by Norms under the terms of the New Jobs Grant Performance Covenants and Agreement, to verify that a minimum of 27 full-time-equivalent employment positions are recruited, hired, retained, and held by low- and moderate-income El Monte residents, or if not reasonably available, by low- and moderate-income San Gabriel Valley residents. City will review these records quarterly.
- d. The maximum quarterly amount of the new jobs grant payable by City to Norms, assuming Norms makes available 51% of its full time equivalent (FTE) positions to low- and moderate-income employees, and assuming that Norms in fact employs at least 27 FTE low- and moderate-income employees, is \$33,333.33 per quarter.
- e. Should Norms fail to adhere to the requirements and restrictions of the new jobs grant CDBG funding, City will enforce the provisions of the New Jobs Grant Performance Covenants and Agreement to recapture funds paid to Norms, on a pro-rata basis.

III. Economic Incentives Provided and Cost of the Agreements

The economic incentives which the City proposes to provide to Norms to attract the benefits of the Norms Project are discussed below:

1. **Deferment of Rent: \$4,798** —City will defer the Rent due under the Norms Property ground lease for 12 months. The Rent paid by Norms under the ground lease is a market-rate rent, with the exception that Rent under the Ground Lease and Option to Purchase will be deferred for 12 months before it is paid in fully by Norms to the City. The net present value of the deferment of rent is \$4,798, which is an economic benefit to Norms.¹
2. **Difference between Appraised Value and Option Purchase Price: \$240,000** —The option purchase price of the Norms Property is \$1,980,000. The option purchase price was set in accordance with fair market value appraisal of \$1,980,000 effective December 8, 2014.² Since that time, the value of land in the downtown El Monte area has increased. The fair market value of the Norms Property is now estimated by City staff to be \$2,220,000.³ City will honor the option purchase price agreed with Norms based on the December 2014 appraisal. The difference between the option purchase price and the current fair market value of the Norms Property is approximately \$240,000, which is an economic benefit to Norms.
3. **Development Allowance: \$100,000** —City will pay to Norms an allowance of \$100,000 in lieu of extending and modifying utilities to the Norms property and in lieu of City performing other work identified in the Agreements as “City Property Adjustment Work.” Such an allowance is a common practice when delivering a development site “as-is,” but is considered herein as an economic benefit to Norms.
4. **Excess Remediation Costs: Not an Economic Incentive** —If, and only if, an environmental condition uncovered on the Norms site causes Norms to incur in excess of \$75,000 in environmental remediation costs, City will pay the remediation costs in excess of \$75,000 up to an additional \$75,000 contribution to environmental remediation costs. If such environmental contamination exists, it is an impairment to the fair market value of the Norms Property and thus City’s contribution towards remediation is *not* considered an economic benefit to Norms.

¹ \$4,798 is the net present value of 12 months of deferred Rent of \$8,000 per month, followed by 24 months of repayment of deferred Rent at \$4,000 per month, at a discount rate of 3.5% per annum, which is the City’s estimated cost of capital. The net present value is as of the commencement date of the ground lease.

² Integra Realty Resources File Number 121-2014-0198.

³ Based on an estimated current land value of \$55.00 per square foot, per comparable sales identified by Integra Realty Resources in another appraisal, File Number 121-2016-0171.

5. **Exclusive Use of 47 Parking Spaces: \$411,250** — Without the agreement for exclusive use, Norms patrons would have the right to use the public parking spaces in Public Parking Lot No. 1 on a non-exclusive basis within the public generally. Accordingly, the economic incentive to Norms with respect to Public Parking Lot No. 1 is only the *exclusivity* of use of 47 parking spaces during the hours between 8:00 AM and 10:00 PM subject to the suspension of such exclusive parking upon notice from the City for construction of a public parking facility as provided in the Public Parking Lot Covenant document. Since that value is difficult to quantify, it is assumed for the purpose of this Summary Report that a valuation based on the pro-rata share of the cost of the reconstruction and reconfiguration of Public Parking Lot No. 1, which is estimated between \$7,500 and \$10,000 per space, the mean of which is \$8,750. The estimated range of the cost of reconstruction and reconfiguration for the 47 exclusive spaces for Norms is \$352,500 to \$470,000 with a mean estimated construction cost of \$411,250, which is considered the economic value of the exclusive parking incentive to Norms for the exclusive use of the 47 parking spaces.⁴
6. **Maintenance of the Exclusive Parking Spaces: Not an Economic Incentive** — City will be responsible for the maintenance of Public Parking Lot No. 1, including the 47 spaces reserved for Norms exclusive use. The City's Public Works Department estimates that current maintenance costs of public parking spaces within the Valley Mall area to the City is approximately \$164.50 per year per space. However, the exclusivity of the 47 parking spaces for Norms does not increase the City's cost of maintaining the parking spaces. The non-exclusive use of the parking spaces would be available to Norms absent the Public Parking Lot Declaration, Covenants and Easements Agreement, and Public Parking Lot No. 1 would be maintained regardless of the exclusive use. Furthermore, the land area of Public Parking Lot No. 1 will not change, and City does not expect the annual parking lot maintenance costs associated with Public Parking Lot No. 1 to increase after its reconstruction and reconfiguration. Thus, the City's maintenance of the Norms-exclusive parking spaces is not considered an economic incentive to Norms.

⁴ Other potential valuations of the 47 spaces were considered by City staff: (i) the value of an income stream for renting the parking spaces for 55 years, assuming \$25 per month per space discounted at the City's estimated cost of capital of 3.5%, yields a present value of \$342,123; (ii) the Fee Simple value of land area of the 47 spaces was appraised at \$55.00 per square foot (Integra Realty Solutions File Number 121-2016-0171), however that value must be discounted because the fee is not being transacted, only the exclusivity of use for 14 hours per day and for 55 years is being offered (subject to suspension for the public parking structure right reserved by the City under the Public Parking Lot Declaration); and the non-exclusive use of the parking spaces would be available to Norms absent the Public Parking Lot Declaration, Covenants and Easements Agreement, thus the appraised value of the Fee is not an appropriate valuation for the purpose of providing an estimate of the economic incentive being proposed for Norms.

7. **New Jobs Grant: \$718,762** — A grant of up to \$800,000 is payable to Norms in quarterly installments of \$33,333.33, subject to Norms complying with the terms of the New Jobs Grant Performance Covenants and Agreement. To receive the full amount of the grant, a minimum of 27 full time equivalent (FTE) low- and moderate-income employees must be attracted, trained, employed and retained for the 6 year compliance term. Assuming that all of the New Jobs Grant is disbursed to Norms, and discounting the quarterly installments of \$33,333.33 over the 6 year term at the City's estimated cost of capital of 3.5%, the present value of the New Jobs Grant is \$718,762, which is the value of the economic incentive to Norms.

IV. **Consideration Received and Comparison with the Economic Incentives**

City expects the Norms project to create significant economic benefits:

1. **Creation of Jobs for Low- and Moderate-Income Residents: Meets HUD Standards** — A minimum of 27 new FTE positions reserved for low- and moderate-income residents, with preferential hiring of El Monte residents. The HUD guidelines for job creation activities suggest that no more than \$35,000 of CDBG funds should be expended per FTE position created or retained.⁵ The \$800,000 New Jobs Grant is \$29,630 for each of the minimum 27 FTE positions reserved for low- and moderate-income residents. The New Jobs Grant is paid out over a 6-year period, with a claw-back of funds should the number of low- or moderate- FTEs fall below 27, to ensure that the jobs are maintained.
2. **Creation of Jobs, Generally: Estimated 41 Full-Time-Equivalent Positions** — An expected 41⁶ new full time equivalent (FTE) positions at the Norms restaurant to staff its 24-hour operations. At least 51% of these positions must be offered to low- and moderate-income employees.
3. **Increase in Local Economic Activity:** — The expected total payroll of the Norms restaurant operation in the City of El Monte is expected to be \$900,000⁷ per year.
4. **Increase of Local Sales Taxes: Present Value of \$1,200,000** — Norms estimates that the El Monte restaurant will generate \$4.2M of sales revenue annually. Of the total 9.5% sales tax rate applicable to sales at the Norms Property, El Monte receives 1.0% from the Statewide Base Sales Taxes local City of El Monte sales tax.⁸ The estimated sales tax increment from the Norms restaurant is thus \$63,000. The present value of \$63,000 per

⁵ Source: HUD, Office of Block Grant Assistance publication "Basically CDBG (May 2014)" page 8-10.

⁶ Source: Norms estimate.

⁷ Source: Norms estimate.

⁸ Per the City of El Monte Finance Department, of the 9.5% total sales tax imposed in El Monte, 0.5% is a local sales tax imposed per Measure GG and 1.0% is the City's share of the 7.5% Statewide Base Sales Tax.

year of local El Monte sales taxes, discounted at the City's estimated cost of capital of 3.5%, is \$1,200,000. In addition, El Monte imposes a 0.5% local sales tax from Measure GG, however this tax is scheduled to expire in April of 2019 and thus is not included in the calculation of economic benefits.⁹

5. **Increase of Local Property Taxes: Present Value of \$239,143** — The estimated increase of Ad Valorem (property) taxes is \$79,000 per year, of which \$8,370 is City of El Monte property taxes.¹⁰ The present value of \$8,370 per year of local El Monte property taxes, discounted at the City's estimated cost of capital of 3.5%, is \$239,143. In addition, the City receives a share of the statewide property tax rate of 1%, however that share varies from year to year, and thus cannot be accurately quantified.¹¹
6. **Increase of Utility Users Tax: Present Value of \$230,538** — El Monte imposes a Utility Users Tax of 7% for gas and electricity. Norms estimates its annual gas and electric usage will be \$115,269.¹² This will generate approximately \$8,067 per year in utility users tax to the City of El Monte, which capitalized at the City's estimated cost of capital of 3.5% is a present value of \$230,538.
7. **Business License Fees and Downtown BID: Present Value of \$184,286** —Based on Norms estimated annual sales revenue of #4.2M, City will impose a Business License Tax of \$1,075, and Norms will pay Valley Mall Parking and Business Improvement Area Tax of \$5,375, for an annual business license tax total of \$6,450, which capitalized at the City's estimated cost of capital of 3.5% is a present value of \$184,286.
8. **Economic Activity During Construction:** — Norms estimates that its construction spending will be \$3,600,000 for the Norms restaurant improvements.¹³
9. **Temporary Construction Jobs:** — It is estimated that 42 temporary construction jobs will be created during construction of the Norms restaurant.¹⁴

⁹ Measure GG is scheduled to expire in April of 2019. It was first imposed in 2008 and has been extended, however this report assumes that the Measure GG sales tax will be allowed to expire, and given the development timeline of the Norms project, no economic benefit of Measure GG sales taxes is included.

¹⁰ The Norms Property is currently owned by a municipal entity and thus not taxed. The increase in ad valorem taxes assumes an assessed value of \$1,980,000 for land (which is the option purchase price), and \$3,600,000 for improvements (which is the Norms estimate of construction costs). The Norms Property is in tax rate area 03651, with a rate of \$1.4286 per \$100 of valuation, of which \$0.15 per \$100 is a local City of El Monte property tax.

¹¹ Per the El Monte Finance Department publication "General Fund Revenue Sources"

¹² Norms estimate.

¹³ Norms estimate.

¹⁴ The Sacramento Regional Research Institute's Stimulus Calculation Tool estimates that every \$1M of construction spending supports 11.7 total jobs.
www.edcgov.us/Economic/Reports/StimCalcTool.aspx

TABLE: COMPARISON OF QUANTIFIABLE ECONOMIC BENEFITS AND INCENTIVES

Quantifiable Economic Incentive		Quantifiable Economic Benefit		Comparison
New Jobs Grant	\$800,000	Low/Moderate Income Job Creation	27 FTEs	\$29,630 per FTE. Meets HUD Std.
	Present Value		Present Value	
Deferment of Rent	\$4,798	Increase of Local Sales Taxes	\$1,200,000	Dollars of Quantifiable Benefit per Dollar of Incentive
Difference between Appraised Value and Option Purchase Price	\$240,000	Increase of Local Property Taxes	\$239,143	
Development Allowance	\$100,000	Increase of Utility Users Tax	\$230,538	
Exclusive Use of 47 Parking Spaces	\$411,250	Business License Tax and Valley Mall Business Improvement Tax	\$184,286	
PV of Economic Incentives:		PV of Economic Benefits:		
	\$756,048		\$1,853,967	\$2.45

(The labeling on this Table was edited on November 22, 2016)

V. Creation of Economic Opportunity and Public Purpose

City expects the Norms project to create significant economic benefits and improve the quality of life in the City of El Monte:

1. Provide a 24-hour, sit-down restaurant, with an extensive menu, serving the downtown El Monte community, including residents and tourists.
2. Bring the regionally recognized Norms brand and distinctive architecture to one of the City's most prominent intersections.
3. Promote job creation opportunities through attraction of a round-the-clock restaurant operation, with positions reserved for lower income residents.
4. Encourage and support the vibrancy of the downtown El Monte business district with an all-night dining option.
5. Indirectly encourage other property owners to upgrade and enhance their properties and businesses.
6. Enhance the business-friendly reputation of the City.
7. Generate increased sales and property taxes.
8. Increase the number and frequency of visits to the City of El Monte and the downtown neighborhood, and the dollars spent within downtown.
9. Meet the City's obligation to dispose the surplus property from the intersection improvement project completed by City at Valley Boulevard and Santa Anita Avenue,

and enable the City to repay a portion of the redevelopment funds used in the process of completing the intersection improvements.

10. Accelerate the revitalization of Valley Mall by continuing to attract new customers to the area, and build on the success of City's redevelopment efforts including:
 - a. The completion and opening of the first phase of Santa Fe Trail Plaza with 109,000 square feet of development, opened in 2015,
 - b. The phased opening of the Gateway Transit-Oriented-Development project, with 132 affordable units opened in 2015, and 420 residential units approved and in the development process.
 - c. The Olson Project at the northwest corner of Ramona and Valley Boulevards, with 58 residential units under construction.
 - d. A Specific Plan in process for the Downtown area increasing housing density near the transit hubs.
 - e. The future reconstruction of the intersection of Ramona and Valley Boulevards.

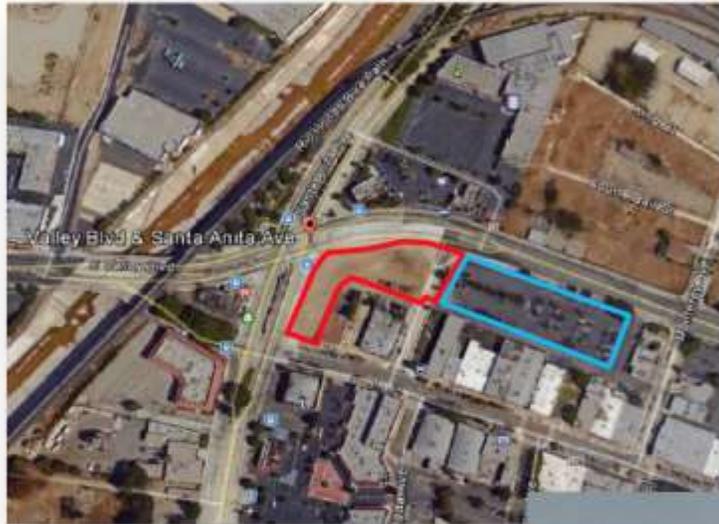
VI. Job Creation

The Norms Project is projected to create 42 temporary jobs during construction¹⁵, and 41 full-time-equivalent (FTE) positions, long-term, for the operation of the Norms restaurant.¹⁶ Per the terms of the New Jobs Grant Performance Covenants and Agreement, Norms is obligated to create 27 FTEs for low- and moderate-income employees.

¹⁵ The Sacramento Regional Research Institute's Stimulus Calculation Tool estimates that every \$1M of construction spending supports 11.7 total jobs.
www.edcgov.us/Economic/Reports/StimCalcTool.aspx

¹⁶ Source: Norms estimate.

Affected Lands



- Proposed Norms Development Project Site
- City Parking Lot No. 1

SEC Santa Anita & Valley
Looking southeast

