

**5-YR ECONOMIC DEVELOPMENT SUBSIDY REPORT
PURSUANT TO GOVERNMENT CODE SECTION 53083**

**FOR AN OPERATING COVENANT AGREEMENT
BY AND BETWEEN
CITY OF ONTARIO
AND
STAPLES CONTRACT AND COMMERCIAL, INC.**

The purpose of this report is to provide the information required pursuant to Government Code Section 53083(d) 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 STAPLES CONTRACT AND COMMERCIAL, INC., a Delaware corporation which is the sole beneficiary of the economic development subsidy.

Staples Contract and Commercial, Inc.
500 Staples Drive,
Framingham, MA 01702

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

The start date of this subsidy was January 1, 2016 through December 31, 2019. The Continuing Subsidy (as defined in #3 below) commenced on January 1, 2020 and will continue until terminated by either party pursuant to the 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.

The Initial Subsidy, for the period of January 1, 2016 through December 31, 2019, provided City receives not less than One Million Two Hundred Thousand (\$1,200,000) ("Base Sales Tax Amount") from Owner's sales attributable to the Property, was an amount of Six Hundred Thousand Dollars (\$600,000) annually.

The Continuing Subsidy, for the period that commenced January 1, 2020 and will continue until the Covenant Agreement is terminated, provided City receives not less than the Base Sales Tax Amount from Owner's sales attributable to the Property, is an amount equal to Fifty percent (50%) of the Sales Tax Revenues attributable to annual taxable sales above the Base Sales Tax Amount. The payment to Owner for the

Continuing Subsidy shall not exceed One Million Eight Hundred Thousand Dollars (\$1,800,000) annually. Through the first quarter of 2020, the full amount paid by the City to Staples has been \$2,400,000.

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

Staples Contract & Commercial, Inc. a retailer of consumer products with distribution in worldwide has an existing distribution center and warehouse located in the City of Ontario. Because of changing market trends and business development issues, Staples Contract and Commercial considered relocating the existing distribution center and warehouse out of the City of Ontario. The loss of this business would have meant the loss of approximately 200 jobs in the City and the loss of substantial tax revenue to the City.

Entering into this Agreement, however, resulted in Staples maintaining the existing warehouse and distribution center within the City and expanding its operations within the City. By entering into this Agreement, the City was able to maintain approximately 200 jobs, and created new jobs continuing to stimulate the economy in an area of the City which suffered a loss of jobs and businesses during the economic downturn of the mid-2000's, and resulted in community and public improvements that might not otherwise have been available to the community for many years.

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

\$15,452,021.80 in net Sales and Business License Tax revenues.

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

- 224 full-time
- 53 part-time