

**NOTICE OF HEARING AND REPORT PURSUANT TO  
GOVERNMENT CODE SECTION 53083**

**ECONOMIC DEVELOPMENT INCENTIVE TO BE GIVEN UNDER  
AGREEMENT BETWEEN CITY OF COMPTON AND UNITED  
PARCEL SERVICE, INC. (“UPS”)**

NOTICE IS HEREBY GIVEN that the City of Compton City Council will hold a public hearing in the City Council chambers at City Hall (205 S. Willowbrook Avenue, Compton CA 90220) on September 13, 2016 at 5:35 p.m. to consider the proposed economic development incentive for UPS to lease, improve, and operate a package delivery facility at the “Brickyard” site, which is bounded by Sam Littleton Street to the north, Central Avenue to the east, Rosecrans Avenue to the south and McKinley Avenue to the west.

All interested parties are invited to attend this hearing and express opinions regarding this item.

Pursuant to Government Code Section 53083, the City Council must hold a public hearing, and prior to the public hearing, provide all of the following information to the public in written form available through the City’s website.

This report shall remain available to the public (and posted on the City’s website) during the entire term of the economic development incentive agreement (described in Item #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 incentive:**

The proposed economic incentive agreement (the “Agreement”) is with United Parcel Service, Inc. (“UPS”). UPS’ corporate

headquarters is located at 55 Glenlake Parkway NE, Atlanta GA, 30328.

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

The term shall last ten (10) years from the date the City approves and executes the Agreement, subject to the satisfaction of specified employment and investment obligations by UPS.

**3. A description of the economic development incentive, including the estimated total amount of the expenditure of public funds by, or revenue lost to, the local agency as a result of the economic development incentive.**

UPS is considering leasing, improving, and operating a package delivery center at the 59 acre “Brickyard” site, bounded by Sam Littleton Street to the north, Central Avenue to the east, Rosecrans Avenue to the south and McKinley Avenue to the west.

The Agreement would obligate UPS to: (1) hire a minimum of 50 Compton residents as net new full time equivalent (“FTE”) employees at its facility, and (2) invest a minimum of \$70 million in taxable capital expenditures (e.g., heavy equipment purchases) within five (5) years of execution of the Agreement. To encourage UPS to operate the facility in Compton, the City would provide the equivalent of a rebate to UPS of 30 percent of the sales/use and transaction/use taxes generated from the minimum \$70 million in capital expenditures (sourced to the City) for up to a ten (10) year period.

The Agreement would obligate UPS to report and remit sales/use and transaction/use taxes to the City from at least \$70 million in

capital expenditures, at the City's applicable taxable rate, which will be 1 percent (1%) through September 30, 2016, and 2 percent (2%) for all purchases and transactions occurring on or after October 1, 2016, when Measure P takes effect. Over the term of the Agreement, UPS will generate a minimum of \$1.4 million in gross taxable revenue for the City.

Under the Agreement, the City of Compton would rebate 30% of the approximately \$1.4 million gross revenue (or approximately \$420,000.00) to UPS. ( $\$70 \text{ million in taxable expenditures} \times \text{City's applicable 2 percent tax rate} = \$1.4 \text{ million total gross revenue} \times 30 \text{ percent rebate} = \text{approximately } \$420,000.00 \text{ rebate to UPS}$ ).

As a tenant of the Brickyard site, UPS would also be obligated to comply with the Brickyard Development Agreement local hiring requirements.

**4. A statement of the public purposes for the economic development incentive.**

In accordance with the core services mission of the City of Compton's Economic Development Department, the purpose of this Agreement is to provide an incentive to UPS to lease, improve, and operate its proposed facility in the City of Compton. Under the terms of the proposed Agreement, attracting UPS's investment in the proposed facility will provide at least 50 Compton residents with high quality employment opportunities and generate substantial new tax revenue and economic activity for the City.

In March 2015 the City Council approved the Brickyard Development Agreement with the goal of transforming the site from an underutilized Brownfield to a center of economic productivity. The economic growth and activity resulting from

UPS operating a package delivery center within the City limits at this location would be economically desirable and advantageous, and therefore justifies and supports the proposed incentive agreement.

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

As described above, the Agreement ensures the City would generate at least \$980,000.00 in net new tax revenue by attracting UPS's investment in the proposed facility (i.e., \$1.4 million gross revenue - \$420,000.00 UPS rebate = \$980,000.00 in net new taxable revenue to be collected by the City over the term of the Agreement).

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

The Agreement obligates UPS to hire a minimum of 50 Compton residents for net new full time equivalent ("FTE") jobs. This is in addition to UPS' compliance with the Brickyard Development Agreement's local hiring requirements.

POSTED AT CITY HALL AND ON CITY WEB SITE AS OF  
September 6, 2016.