

**CITY COUNCIL OF THE CITY OF SAN DIEGO  
SUPPLEMENTAL DOCKET NUMBER 2  
MONDAY, JUNE 23, 2014  
CITY ADMINISTRATION BUILDING  
COUNCIL CHAMBERS – 12<sup>TH</sup> FLOOR  
202 “C” STREET  
SAN DIEGO, CA 92101**

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**ADOPTION AGENDA, DISCUSSION, OTHER LEGISLATIVE ITEMS  
ORDINANCES TO BE INTRODUCED:**

ITEM-S400: Approval of an Economic Development Agreement with JDZ Inc., a California Corporation dba AleSmith Brewing Company. (Mira Mesa Community Area. District 6.)

**ITEM DESCRIPTION:**

Authorize the Mayor to enter into an Economic Development Agreement with JDZ Inc., dba AleSmith Brewing Company to reimburse the company for fees paid (or to be paid) to the City in connection with the improvement of a shuttered factory building in Mira Mesa. The source of funding for the reimbursement of the company's fee costs would be future tax revenues to be paid into the General Fund by the company as a result of real property improvements and the operation of a beer manufacturing plant with a retail component.

**STAFF'S RECOMMENDATION:**

Introduce the following ordinance:

(O-2014-127)

Introduction of an Ordinance authorizing the Economic Development Agreement with JDZ Inc., dba Alesmith Brewing Company and approving certain related actions;

Finding that the attraction of investment from AleSmith resulting from the financial assistance offered in the Agreement, as well as the anticipated retention and creation of important middle-wage job opportunities, generation of new tax revenues, and other economic public benefits, will serve public purposes and are in the best interests of the City;

Finding that the AleSmith's proposed project meets the necessary public benefit criteria enumerated in Council Policy 900-12, to therefore justify the provision of financial assistance under the Incentive Program, such as the reimbursement of AleSmith's development fees from project-generated tax revenues;

Authorizing and directing the Mayor, or his designee, to execute the Agreement on the City's behalf and to take any and all actions necessary to implement the Agreement;

Authorizing the Chief Financial Officer to appropriate and expend funds as required per the terms of the Agreement, contingent upon adoption of future Fiscal Year Appropriation Ordinances by the City Council and the Chief Financial Officer, certifying that funds are available, and provided that AleSmith has delivered sufficient documentation to the City substantiating AleSmith's payment of local sales and use taxes or local property taxes, of which the City receives a shared portion, to the State of California or the County of San Diego.

**NOTE: 6 votes required pursuant to Section 99 of the City Charter.**

**STAFF SUPPORTING INFORMATION:**

**FISCAL CONSIDERATIONS:**

Fiscal impacts of the proposed Council action are entirely revenue positive. In order to obtain the investment, the City would forego any net tax revenue gains until all of AleSmith's City fee costs are reimbursed. This is expected to take approximately three to four years. After that time, the City expects to receive approximately \$50,000 annually in net new tax revenues which would likely not be received unless the Van Can factory was re-used by a business generating an equal or greater amount of tax revenue. The City has been receiving only approximately \$18,000 annually in property tax revenue, and no sales or tax revenue annually. Reimbursement of fees would be done through expenditure of funds budgeted for the Business Cooperation Program (BCP) budgeted in the Citywide Program.

**PREVIOUS COUNCIL AND/OR COMMITTEE ACTION:**

The proposed Economic Development Agreement with AleSmith Brewing Company was presented as an informational item to the Economic Development and Intergovernmental Relations Committee on April 9, 2014, since the exact terms of the EDA had not yet been negotiated and drafted. The Committee forwarded the item to Council without a recommendation.

The Committee requested that staff investigate the applicability of the Equal Opportunity Contracting and Non-Discrimination in Contracting Ordinances. The City Attorney's Office has subsequently determined that neither ordinance applies to the proposed EDA.

**ACTION:** Motion by Councilmember Kersey, second by Councilmember Emerald, to move staff recommendation to the full Council for approval to enter into an Economic Development Agreement with Ballast Point Brewing & Spirits Company and to forward the Economic Development Agreement with AleSmith Brewing Company to the City Council without recommendation, with full documentation to be provided at Council. Additionally, Committee requested that staff conclude its review of the Equal Opportunity Contracting provisions prior to Council consideration.

**VOTE:** 3-0-1; Lightner-yea, Kersey-yea, Alvarez-absent, Emerald-yea.

Fulton/Graham

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