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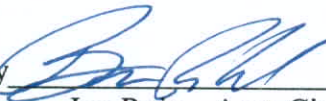
Office of the City Clerk
of the City of Fresno
2600 Fresno Street
Fresno, California 93721-3603
Attention: City Clerk

FRESNO County Recorder
Robert C. Werner
DOC- 2008-0061225
Monday, APR 28, 2008 09:54:35
Ttl Pd \$0.00 Nbr-0002754016
JZG/R3/1-50

(SPACE ABOVE THIS LINE FOR RECORDER'S USE)

This Agreement is recorded at the request and for the benefit of the City of Fresno and is exempt from the payment of a recording fee pursuant to Government Code Section 6103.

CITY OF FRESNO
a municipal corporation

By 
Jon Ruiz - Asst. City Manager

Dated: 4/24/08

DEVELOPMENT AGREEMENT
by and between
THE CITY OF FRESNO,
a municipal corporation
and
BETTS SPRING COMPANY
a California Corporation

(APN: 487-04-229S - Approximately 12.89 acres located at 2867 South Maple, Fresno CA)

**DEVELOPMENT AGREEMENT
BETWEEN THE CITY OF FRESNO AND
BETTS SPRING COMPANY**

This Development Agreement ("Agreement") is entered into as of the Effective Date (defined in Section 1), between the CITY OF FRESNO, a municipal corporation (the "City"), and BETTS SPRING COMPANY, a California corporation (the "Developer").

Recitals

A. It is in the best interests of the City and essential to the health and welfare of the City and its residents to increase employment opportunities, to generate stable long-term sources of revenue to support public services and improvements, and to provide a stable economy within the City. To further these objectives the City Council has variously adopted a Comprehensive Economic Development Policy dated May 12, 1987, amended June 26, 1990 (the "Economic Development Policy"), enabled/applied for Enterprise Zone Incentives ("Enterprise Zone Incentives") and adopted Municipal Restoration Zone Incentives under Resolutions No. 2006-480, 2006-251 and 2006-521 ("Municipal Restoration Zone Incentives"), each and all attached hereto as Exhibit A and incorporated herein;

B. The Policy and Incentives provide that the City is to take steps, among other things, to attract industries and businesses to the City and to expand the breadth and diversity of economic activity in the City and provide additional employment opportunities to City residents;

C. The Policy and Incentives establish the City's intent to attract industries and businesses by providing economic development incentives that encourage locating in or expanding businesses in, and investing private capital in the City, thereby providing direct and substantial benefits to the City by creating employment opportunities for City residents, providing additional revenue to the City, and generally fostering stability and growth in the City's economy;

D. The health, safety, and welfare of City residents depend on development, stability, and expansion of private business, industry and commerce;

E. The City, under its home rule powers, desires to provide economic incentives to new business per the above Policy and Incentives in order to increase economic development and employment opportunities for City residents, thereby reducing unemployment and poverty;

F. To carry out the Economic Development Policy and policies/goals underlying the above Incentives, the City desires to expand the breadth and diversity of the economic activity in the City and to provide additional employment opportunities to City residents by (a) attracting new industries and businesses to the City, (b) encouraging industries and firms to locate and expand in the City, (c) using public improvements to stimulate business development and private capital investment, and (d) instituting development incentives which stimulate private capital investment. The City carries out these objectives by offering development incentives that encourage industries, businesses, and firms to locate and expand their operations in the City and to invest private capital in the City. This, in turn,

provides direct and substantial benefits to the City and its residents by creating employment opportunities for City residents, providing the City with additional revenue, and generally fostering economic stability and growth;

G. Developer proposes to develop corporate/commercial facilities at 2867 So. Maple Avenue in Fresno, California, which property is legally described in Exhibit B, attached to this Agreement (the "Property");

H. The City desires to increase its net property taxes, to increase its sales tax revenues, and to provide new jobs and employment opportunities to its residents;

I. The Developer's business is manufacturing a variety of metal products for use in the transportation industry. Developer has advisors and consultants with expertise in developing the Property for this purpose. The Property will be improved with corporate and manufacturing facilities for office and manufacturing/industrial uses ("Project");

J. Developer has obtained or is in the process of obtaining from the City approval of the Project Site Plan and related permits/approvals (collectively "Land Use Plan/Entitlements"); The City's final Conditions of Approval for the Land Use Plan/Entitlements are incorporated into this Agreement;

K. To carry out the Economic Development Policy and further its economic development policies, goals and Incentives, and as more specifically provided in the November 27, 2007 record at City Council including the Staff Report, related oral testimony and findings and determinations therein in support of the public interest/this Agreement incorporated herein, the City desires to promote economic development and job creation by providing the certain Project specific performance based assistance ("Project Specific Assistance") provided hereunder, provided Developer agrees to certain incentive reimbursement to City through a "gain sharing" methodology regarding increased sales and property tax revenue to the City, all as specifically set out in Exhibit C Project Specific Assistance/Developer Incentive Reimbursement attached to this Agreement and incorporated herein. The Developer is willing to develop the Property with the Project, and to finance and construct the necessary public facilities described in this Agreement if the City will provide the Project Specific Assistance upon the terms and conditions herein;

L. The City is willing to provide the Project Specific Assistance because the Project will provide direct and substantial benefits to the City and its residents by (i) furthering the objectives of the Economic Development Policy and Enterprise Zone and Municipal Restoration Zone Incentives, (ii) generating additional business license fees and sales and property tax revenue to the City, and (iii) providing additional short-term and long-term employment opportunities for City residents. The City finds these benefits outweigh the City's costs to provide the Project Specific Assistance to the Developer;

M. The Developer has a Development Plan, economic modeling and Site Plan ("Development Plan"), and a copy of the Plan is attached to this Agreement as Exhibit D;

N. To carry out their recited desires and objectives, the parties are entering into this Development Agreement under California Government Code sections 65864 through 65869.5;

O. Any private benefit that may accrue to the Developer from the Incentives and Project Specific Assistance herein does not outweigh the public benefit to the City and its residents from creating jobs, reducing unemployment and poverty, and encouraging economic growth;

P. This Agreement was reviewed at a duly noticed public hearing before the Planning Commission of the City;

Q. The City, with regard to the MRZ has approved and adopted a Finding of Conformity with MEIR No. 10130 for the 2025 General Plan RDA ; 2005-1. The City has environmentally assessed the Project Land Use Plan/Entitlements, and this Agreement, in compliance with the environmental review requirements of the California Environmental Quality Act ("CEQA"), resulting in a finding of conformity with the 2025 Fresno General Plan Master Environmental Impact Report (MEIR) No. 10130 under Environmental Assessment No. S-07-04 with Addendum dated March 1, 2007;

R. The Council, as an express condition precedent to the effectiveness of this Agreement, has reviewed and considered Environmental Assessment No. S-07-04 with Addendum;

S. The City Council, after a duly noticed public hearing, found that the provisions of this Agreement are consistent with the City's 2025 General and Specific Plan(s), the Roosevelt Community Plan and the Southeast Fresno Revitalization Redevelopment Plan, and all other applicable plans and policies of the City;

T. On November 27, 2007 the City Council adopted Ordinance No. 2007-84 approving this Agreement. The ordinance, a copy of which is attached to this Agreement as Exhibit E, will take effect at 12:01 a.m. of the 31st day following its adoption.

AGREEMENT

1. Recitals as Contract.

The above recitals are hereby adopted by the parties as true and correct and are incorporated herein.

2. Term of Agreement; Condition to City's Obligations.

This Agreement becomes effective on the date that Ordinance No. 2007-84 takes effect ("Effective Date"), and continues for 10 years unless terminated earlier as provided hereunder. Notwithstanding the Effective Date of this Agreement, the conditional approval of the entitlements/Site Plan is a condition precedent to the City's obligations under this Agreement.

3. Development.

3.1 **The Property; Development; Permitted Uses.** The Property contains approximately 12.89 acres, is in the Southeast area of Fresno, California, at S. Maple and E. Commerce Avenues. The Developer shall develop approximately 120,000 square feet of gross

buildable area into corporate and manufacturing facilities for office and manufacturing/industrial uses consistent with the Development Plan, as permitted by the applicable zoning ordinances. Development details are set forth in Developer's Exhibit D.

Subject to Subdivision Map Act requirements for multiple final maps, the Developer may develop the Property in phases. If so, Developer will develop the Property in a manner that results each year in Qualified Lot(s) per the schedule set forth in Exhibit "G". The obligations of Developer shown in Exhibits D, F and G, in the entitlements/Site Plan, in any Final Subdivision Map(s), and in any agreement(s) entered into in connection therewith, as applicable are collectively referred to in this Agreement as the "Development".

3.2 Representations and Warranties; Title; Subordination. The Developer represents and warrants that (a) it has fee title to the Property, (b) it has the requisite corporate power and has been authorized by the requisite corporate action to enter into this Agreement, and (c) all persons having or acquiring an interest, including but not limited to any security interest, in all or any portion of the Property before this Agreement is recorded are bound by the terms of this Agreement. Developer will take all action necessary to make this representation and warranty true on or before this Agreement is recorded. Necessary action includes, but is not limited to giving notice of this Agreement to all persons with an interest in the Property, and recording a subordination of any interests prior to the recording of this Agreement.

3.3 Land Use Designations; Applications; Permits and Entitlements. During the term of this Agreement, the City will retain commercial, industrial or other land use designation(s) and zoning on the Property that permit the Development. If Developer delivers to the City the environmental clearances required hereunder; and if Developer's applications for development entitlements and development permits comply with the standards of this Agreement and applicable law, statutes, City ordinances, rules, regulations and official policies (including, but not limited to, all environmental laws, e.g. federal and state superfund laws), the City will accept, process and review the applications in good faith. The Developer shall apply for the permits and entitlements required for each phase of the Development, as applicable in sufficient time to permit the Developer to qualify lots in accordance with the development schedule set forth in Exhibit G.

3.4 Environmental Clearances. As a condition precedent to the City's obligations under subsection 3.3 immediately above, the Developer shall furnish the City with all environmental clearances and other evidence required under state and federal laws, and local laws to permit the Property to be developed, acceptable to the City.

3.5 Development Standards. In completing the development, Developer shall substantially comply with (a) those ordinances, policies, and standards in effect on the date the entitlements/Site Plan is/are conditionally approved; (b) those standards set forth in applicable City land use plans and applicable zone districts, as the standards may be amended or modified in accordance with applicable laws; (c) any City Site Plan Review prepared for all or any part of the Property; (d) any conditional use permit obtained for all or any part of the Property, and the mitigation measures set forth in Environmental Assessment No. S-07-04 with Addendum dated March 1, 2007. Without limiting the generality of the foregoing, the property development standards for density and intensity of use, and for maximum height and size of buildings are those set forth in the zoning

ordinances applicable to the Property, as the ordinances are modified in accordance with the law; and the Developer's dedications of land for public purposes are those set forth herein.

3.6 **New Standards Consistent with Similar Development.** The City, in subsequent actions applicable to the Property, or to any phase of the Development, may apply new rules, regulations or policies as long as the new rules, regulations or policies do not conflict with those standards, ordinances, rules, regulations and policies in force when the entitlements/Site Plan is/are approved (subject to the limitations and conditions imposed on vested rights under the California Government Code and related laws and ordinances), and as long as the new standards, ordinances, rules, regulations and policies do not impose any requirements on the Development that are in addition to, or more restrictive than, those applicable to all similar commercial development in the City. The City may deny or conditionally approve any subsequent development project application on the basis of existing or new rules, regulations, and policies.

3.7 **New Standards to Protect Public Health and Safety.** The City may impose new or different standards, ordinances, rules, regulations or policies to the Development or any phase of the Development to the extent the City deems it necessary to alleviate or prevent a threat to public health or safety. The City may deny condition or regulate any development project or any development or construction by the Developer on any property in the City other than the Property.

3.8 **Changes Required by Federal or State Law Changes.** If any new federal or state law or regulation, or any change in any federal or state law or regulation, enacted after the Effective Date, prevents compliance with one or more provisions of this Agreement or requires changes in plans, permits, or development entitlements approved by the City for the Development or any phase of the Development, the provisions, plans, permits or entitlements may be modified or suspended as necessary to comply with the new or changed federal or state law or regulation.

4. Necessary Public Facilities and Project Specific Incentives/Reimbursements.

4.1 **Financing and Construction.** Developer is responsible for financing and constructing the following necessary public facilities in conjunction with the Development, as may be set forth in Exhibit D, and entitlements, Site Plan, Review Application No. 5-07-04 and Conditions of Approval (collectively the "Maps and Agreements"):

4.1.1 **On-site Street Improvements.** Any/all On-site street improvements required and in compliance with the Maps and Agreements.

4.1.2 **Off-Site Street Improvements.** Any/all Off-site street improvements required and in compliance with the Maps and Agreements.

4.2 **Development Standards; Specifications.** Developer shall construct the public facilities described above at its sole cost and expense (including, but not limited to all costs of engineering, inspection, and testing). In completing the construction, Developer shall comply with (a) the conditions and terms of the entitlements/Site Plan and Agreements, (b) all approved construction plans, (c) all applicable laws, ordinances, and resolutions, and (d) the construction standards contained in the City's Standard Specifications. If the City does not have standard specifications for any construction to be performed, the Developer will complete the construction in accordance with the standards and specifications of the State of California, Division of Highways. Developer will complete all construction to the satisfaction of, and use materials satisfactory to, the City Engineer. The City Engineer may inspect all construction and materials.

4.3 **Acceptance and Warranty of Public Facilities.** The City's final written acceptance of any public facilities will constitute a finding that the public improvements comply with the plans and specifications. But the Developer shall be responsible to the City for any defects in work or material or design in the public improvements or facilities that occur or appear within one year after the date of written acceptance. This one-year obligation is in addition to, and does not limit Developer's obligations under any express or implied warranties. The City shall give the Developer written notice to repair or correct any defect occurring or appearing within one year, and the Developer's cost to repair or correct the defect will not be a Reimbursable Cost (defined below). Failure to repair or correct any defect may result in an offset to, or suspension of, reimbursements until the repair or correction is completed to the satisfaction of the City. Developer shall include the City as a named beneficiary to any subcontract for or warranty of the public facilities.

4.4 **Reimbursement for Financing of Public Facilities.** As permitted under Government Code Sections 65864 and 65865.2, and in the manner specifically set forth in this subsection, the City will reimburse the Developer for its actual out-of-pocket costs in constructing the necessary Off-Site public facilities described in subsection 4.1 after the facilities have been approved and accepted by the City, per Exhibits C and D.

4.4.1 **Due Date of Reimbursement.** The reimbursements and adjustments to reimbursements will be due each year by July 15 solely from funds allocated and available in each City fiscal year.

4.4.2 **Conditions to and Formula for Reimbursement.** Reimbursements will be pro-rated, performance based, determined in accordance with the formula set forth below, and conditioned as follows:

4.4.2.1 **Substantiation and Payment of Reimbursement.** Developer shall, upon City's request reasonably substantiate any and all reimbursement(s) provided under Exhibit C hereto, within 30 days of such request. Such substantiation shall, without limitation: (a) identify each subdivision lot that became a Qualified Lot (defined below); (b) set forth the Reimbursable Costs in the detail, and be accompanied by the supporting documentation, reasonably required by the City's Public Works Director and Controller to confirm the expenditures by Developer; and (c) set forth in detail the Developer's calculation of the reimbursement claimed, and the adjustments, if any, sought for prior reimbursements.

In addition, the Developer will provide with the substantiation materials (i) a certification by an officer of Developer that all costs have been incurred by Developer to construct the public facilities that were completed by Developer and accepted by City within the immediately preceding calendar year, and (ii) lien waivers and releases sufficient to deliver the public facilities to the City free of all liens and encumbrances including, but not limited to, all mechanic's liens.

Within sixty days after receiving the substantiation materials for reimbursement the Director of Public Works shall review the request and determine (a) whether the work on the public facilities for which reimbursement is requested has been completed and the facilities accepted by the City, (b) that the items of material, labor, and services for which reimbursement is sought are within the scope of this Agreement, (c) that a Certificate of Occupancy has been issued within the prior calendar year for the lots claimed as newly Qualified Lots, (d) whether the requisite lien waivers and releases have been received, and (e) whether there are any warranty issues outstanding between the Developer and City for the public facilities. After making these determinations, the Director shall notify Developer of and resolve any discrepancies. If there are no discrepancies, the Director shall approve the request and forward it to the Controller of the City, with notice of any off-sets or hold-backs for unresolved warranty work. The Controller shall verify the Developer's calculations of the reimbursement, notify the Developer of any errors or discrepancies, and provide for payment by July 15 solely from funds allocated and available in each City fiscal year, consistent with Exhibit C.

The City will be obligated to make reimbursements under this Agreement only for lots becoming Qualified within the term of this Agreement. For reimbursements and adjustments to reimbursements payable for the calendar year in which the term of this Agreement expires, the Developer will submit such substantiation materials on the earlier to occur of April 1 following termination or expiration, or within sixty (60) days following the expiration or termination.

4.4.2.2 Reimbursement Formula. The initial reimbursement will be determined under the following formula: (See Exhibit C.)

4.4.2.3 Offsets or Hold-backs for Warranty Work. If the Director of Public Works determines there are unresolved warranty issues, the City may withhold from the reimbursement and adjustments otherwise due, a sum sufficient for the City to perform the warranty work. Unresolved warranty issues may include warranty work that is not completed within a reasonable time or is not completed to the reasonable satisfaction of the Director.

4.4.2.4 Qualified Lot. A "Qualified Lot" is each (subdivision) lot for which the City issues a Certificate of Occupancy for the business structure(s) on the lot. The City's issuance of a Certificate of Occupancy does not constitute an acceptance and approval of public facilities.

4.4.2.5 Example. An illustration of the reimbursement calculations is contained in Exhibit C.

4.5 Project Specific Incentives/Reimbursement. City shall provide those project specific incentives at the times, in the manner and subject to the terms and conditions in Exhibit C, utilizing solely allocated and available funding in each City fiscal year hereunder.

4.6 **Books and Records.** Developer shall establish and maintain throughout the term of this Agreement, and for a four-year period following the date of the last reimbursement, records and accounts on the Property and its development, in accord with normal business practices, in accord with any reasonable request of the City, and in accord with applicable laws, rules, and regulations. At the times and in the forms as the City may reasonably request, Developer shall furnish City with statements, records, reports, data and information related to the costs to be reimbursed. The City, at its cost, has the right during reasonable business hours to inspect and copy Developer's records, books, and documents related to the Reimbursable Costs. Not more frequently than annually, the City at its cost has the right, but not the obligation, to audit the Developer's books and records.

5. **Fees.** Except as expressly provided in this Agreement, Developer shall pay all governmental and public agency fees and charges imposed by any public agency in connection with the Development including, but not limited to, the following:

- 5.1 Building, electrical, plumbing, mechanical and grading permit fees;
- 5.2 Plan check fees;
- 5.3 Site plan review fees;
- 5.4 Street tree fees;
- 5.5 Oversize sewer fees;
- 5.6 Major sewer facilities fees;
- 5.7 Fire hydrant fees;
- 5.8 Transmission grid main fees;
- 5.9 Lateral sewer fees;
- 5.10 Water frontage fees;
- 5.11 Urban Growth Management fees;
- 5.12 School impact fees;
- 5.13 Drainage fees;
- 5.14 Fees and charges imposed by Fresno Irrigation District; and
- 5.15 Any impact fees and other fees and charges which are imposed by the City and/or any other public agency as of the Effective Date.

6. **Excusable Delays.** Subject to the notice and agreement required under this Section, and subject to the requirements hereunder, performance by either party of any of its obligations

hereunder may be excused for a period reasonably necessary to overcome a delay from any cause reasonably unforeseeable and beyond the control of the delayed party including, but not limited to, acts of God; earthquake; fire; flood; strike or other labor unrest; unforeseeable shortage or failure of labor or material supply; substantially adverse conditions in the commercial real estate market; or failure, delay or inability of the City, without fault of the Developer, to accept, process, review or hold hearings on the application for a permit or development entitlement properly submitted by the Developer pursuant to this Agreement. The delayed party shall notify the other party immediately after learning of any reason for delay, describing the cause and requesting a specific extension of time for performance. Any extension of time and any condition to the extension will be specified in a writing, be signed by the authorized representatives of each party, be subject to the approvals required hereunder, and be attached to this Agreement as a modification or amendment.

7. **Default, Termination, Annual Review.**

7.1 **Default.** Subject to the provisions of this Agreement, and without affecting the rights of the City hereunder, any failure or delay by either party in performing its obligations under this Agreement constitutes a default if, within 30 calendar days after receipt of notice of default from the other party, (i) the defaulting party does not remedy the failure or delay or (ii) if the delay or failure cannot be remedied within the 30-day period, the defaulting party does not within the 30-day period begin substantial efforts to remedy the delay or failure, and does not diligently pursue the efforts to completion within a reasonable time. The notice of default will provide reasonable detail of the delay or failure claimed as a default, and the manner, if any, in which the defaulting party may remedy the delay or failure. During the periods specified in (i) or (ii) of this subsection, the defaulting party will not be considered in default for purposes of terminating this Agreement or for invoking any other remedy for default.

7.2 **Termination.** Upon either party's default, the nondefaulting party has the right to terminate this Agreement immediately by giving notice to the defaulting party.

7.3 **Annual Review.** Beginning March 1 each year, Developer will work with the City Manager to prepare a project status report to the City Council. No particular form or format is required provided that the report shall include without limitation: (i) project construction, occupancy and/or operational status, (ii) actual project financial performance versus proforma (i.e., Exhibit D) project economic performance/financial performance for each fiscal year, (iii) any outstanding (under this Agreement) substantiation, performance or payment issues and proposed resolution, (iv) corporate organization and financial information the most recent fiscal year including project property and sales tax payments, (v) any non-City public funding/assistance to the project, (vi) any project litigation/bankruptcy petitions/filings, (vii) any information specifically request by City. The report is to demonstrate the Developer's good faith compliance with the terms of this Agreement. The City, at the first City Council meeting in July of each year, shall review the report and the extent of the Developer's good faith compliance. City shall provide Developer fifteen days prior written notice of the Council meeting. At the meeting the Developer will demonstrate its good faith compliance with this Agreement. If, as a result of the review, the City Council finds and determines on the basis of substantial evidence that the Developer has not complied in good faith with the terms or conditions of this Agreement, the Council may terminate or modify this Agreement without complying with the notice provisions of this Article.

7.4 **Effect of Termination.** If the City terminates this Agreement under this Article, the termination will not affect Developer's rights or duties under any development entitlement, permit or approval finally issued or given by the City for the Development. Termination will not affect any right of Developer to reimbursement as provided in this Agreement for sets of lots becoming Qualified prior to the effective date of the termination. As used in the preceding sentence, the phrase "finally issued or given" means the City's decision with respect to the entitlement, permit or approval is final and not subject to further administrative or judicial appeal.

7.5 **Remedies Cumulative.** All remedies of the parties are cumulative. Termination of this Agreement by either party under this Article is an additional remedy, and does not limit any other rights or remedies available to that party, whether granted by this Agreement or available at law or in equity including, but not limited to, the right to bring an action for specific performance, injunction, mandamus, or damages. The exercise by a party of any remedy is not an election of remedies and is not a waiver of any other remedies.

7.6 **Waiver.** A party's failure to insist on strict performance of any provision of this Agreement or failure to exercise any remedy available to that party is not a waiver of the performance or remedy. A party's waiver of any provision of this Agreement, or waiver of any default by the other party, or waiver of any remedy is not effective unless it is in writing and signed by an authorized representative of the waiving party. A party's waiver of a particular provision or default does not apply to any other provision or default.

7.7 **Specific Performance.** Unless amended, terminated or cancelled under applicable law or the terms of this Agreement, the terms of this Agreement are specifically enforceable by either party notwithstanding any subsequent change in land use plans, zoning, building, fire, plumbing, mechanical or electrical codes, Standard Specifications, the City's Master Fee Resolution, or any other standards, rules, laws, or regulations applicable to any phase of the Development.

8. **Indemnity; Insurance.**

8.1 **Indemnification.** To the furthest extent allowed by law, the Developer shall indemnify, hold harmless and defend the City and each of its officers, officials, employees, agents, volunteers, boards and commissions against all loss, liability, fines, penalties, forfeitures, costs and damages (whether in contract, tort or strict liability including, but not limited to, personal injury, death at any time, and property damages) incurred by the City, the Developer or any other person, and from any and all claims, demands, actions and suits in law or equity (including attorneys' fees and litigation expenses), that arise out of, pertain to, or relate to the negligence, recklessness or willful misconduct of Developer, its principals, officers, employees, agents or volunteers in the performance of this Agreement, including, but not limited to the design and construction of the public facilities/improvements.

If the Developer subcontracts all or any portion of its construction obligations under this Agreement, the Developer will cause the subcontractor to indemnify, hold harmless and defend the City and each of its officers, officials, employees, agents and volunteers in accordance with the terms of the preceding paragraph.

Developer shall indemnify, hold harmless and defend the City against any action or suit by a third party challenging the validity of this Agreement.

Developer's obligations under this subsection will survive and remain in effect following the termination and expiration of this Agreement.

8.2 **Insurance.** Throughout the life of this Agreement, the Developer shall pay for and maintain in full force and effect all policies of insurance required under this Agreement with an insurance company (ies) either (i) admitted by the California Insurance Commissioner to do business in the State of California and rated not less than "A- VII" in Best's Insurance Rating Guide, or (ii) authorized by the City's Risk Manager. The following policies of insurance are required:

8.2.1 **COMMERCIAL GENERAL LIABILITY** insurance that includes contractual, products and completed operations coverages, bodily injury and property damage liability insurance with combined single limits of not less than \$2,000,000 per occurrence.

8.2.2 **BUILDERS RISK INSURANCE** in an amount to provide coverage to 100 percent (100%) of the replacement value of the project, including terms of labor and materials in place or to be used as part of the permanent construction, including surplus miscellaneous materials and supplies incidental to the work and such scaffolding, staging, towers, forms and equipment as are not owned or rented by the Developer, the cost of which is not included in the cost of work, provided that such coverage shall incept not later than the date of lumber drop at the project site.

8.2.3 **COMMERCIAL AUTOMOBILE LIABILITY** insurance, endorsed for "any auto" with combined single limits of liability of not less than \$1,000,000 per occurrence.

8.2.4 **WORKERS' COMPENSATION** insurance as required under the California Labor Code.

8.2.5 **PROPERTY INSURANCE.** Developer shall pay for and maintain, in full force and effect, throughout the remaining life of this Agreement, a policy(ies) of property insurance acceptable to the City, covering the project premises, with limits equal to the full replacement cost (without deduction for depreciation) of all improvements, including fire and Extended Comprehensive Exposure (ECE) coverage in an amount, form, substance, and quality as acceptable to the City's Risk Manager. The City shall be added by endorsement as a loss payee thereon.

All the policies of insurance except the Workers' Compensation policy shall be endorsed to provide an unrestricted thirty (30) day written notice in favor of the City for any policy cancellation and any change or reduction in coverage. The Workers' Compensation policy shall provide for a ten (10) day written notice. **At least fifteen (15) days prior to the expiration date of any policy, the Developer shall provide a new certificate of insurance for a renewal policy.** If the insurer, broker, or agent issues a notice of cancellation, or a notice of change to or reduction in coverage, the Developer shall immediately file with City a certified copy of the new or renewal policy and certificates.

The liability insurance policies will be written on an occurrence form and will name the City, its officers, officials, agents, employees and volunteers as an additional insured. These policy(s) of insurance will be endorsed so the Developer's insurance shall be primary and the City will not be required to contribute. **The Developer shall furnish the City with the certificate(s) and applicable endorsements for ALL required insurance prior to City's execution of this Agreement.** The Developer shall furnish the City with copies of the actual policies upon the request of the City's Risk Manager.

The City may terminate this Agreement if Developer fails to maintain the required insurance.

If the Developer subcontracts all or any portion of the work to be performed under this Agreement, the Developer shall require each subcontractor to provide insurance protection in favor of the City, its officers, officials, employees, agents, and volunteers in accordance with the terms of each of the preceding paragraphs. Developer will cause the contractor's and subcontractors' certificates and endorsements to be on file with the Developer and City before the contractor or subcontractor begins any work.

Upon request by the City's Risk Manager, and in any event at least 10 calendar days before beginning to construct any phase of the Development, the Developer shall promptly furnish the City certificate(s) confirming that the required insurance is in effect and, in the case of the public liability insurance, that the City and its officers, officials, employees, agents, and volunteers are named as additional insureds. Each certificate will be in a form acceptable to the City's Risk Manager. Any insurance required to be maintained by the Developer may be maintained under a blanket policy covering other locations and other persons, if the blanket policy is acceptable to the City's Risk Manager and the insurance coverage is equivalent to the coverage otherwise required under this Agreement.

8.3 Environmental Indemnification. To the fullest extent allowed by law, the Developer shall defend, indemnify, and hold City, and its representatives, employees, consultants, officers, and volunteers free and harmless from any and all claims, liabilities, damages, remediation costs, and judgments which may result from the presence, removal, and storage of any Hazardous Materials on the Property. This indemnification shall apply to any and all claims, damages, remediation costs, and judgments, that arise out of, pertain to, or relate to the negligence, recklessness or willful misconduct of Developer, its principals, officers, employees, agents or volunteers in the performance of this Agreement. This indemnity shall survive the termination or expiration of this Agreement.

For purposes of this Agreement, "Hazardous Material" or "Hazardous Substances" shall mean: (a) any "hazardous substance" as defined in Section 101(14) of CERCLA (42 U.S.C. Section 9601(14)) or Section 25281(d) or 25316 of the California Health and Safety Code at such time; (b) any "hazardous waste", "infectious waste" or "hazardous material" as defined in Section 25117, 25117.5 or 25501 (j) of the California Health and Safety Code at such time; (c) any other waste, substance or material designated or regulated in any way as "toxic" or "hazardous" in the RCRA (42 U.S.C. Section 6901 *et seq.*), CERCLA, Federal Water Pollution Control Act (33 U.S.C. Section 1521 *et seq.*), Safe Drinking Water Act (42 U.S.C. Section 3000 (f) *et seq.*), Toxic Substances Control Act (15 U.S.C. Section 2601 *et seq.*), Clean Air Act (42 U.S.C. Section 7401 *et seq.*),

California Health and Safety Code (Section 25100 *et seq.*, Section 3900 *et seq.*), or California Water Code (Section 1300 *et seq.*) at such time (d) any "hazardous materials," "hazardous substances," "hazardous materials" or "toxic substances" as defined in the Hazardous Materials Transportation Act at such time (49 U.S.C. Section 1801 *et seq.*); and (e) any additional wastes, substances or material which at such time are classified, considered or regulated as hazardous or toxic under any other present or future environmental or other similar law, ordinance or regulation, including without limitation, those relating to soil and groundwater conditions.

9. **Recording and Appurtenant Nature.** As required under Government Code section 65868.5, the City will record a copy of this Agreement in the Official Records of Fresno County within 10 calendar days after the City has signed it. The burdens of this Agreement will bind, and the benefits of this Agreement will inure to, all successors in interest to the parties hereto.

10. **Assignment.**

10.1 **Written Consent Required.** Except as permitted in this Agreement, the Developer will not assign, sell or otherwise transfer this Agreement or any of its rights, duties or obligations under this Agreement without first obtaining written consent from the City. Transfer of more than ten percent (10%) interest in the ownership of Developer will be deemed an assignment or transfer for purposes of this subsection.

10.2 **Sale of the Property; Assumption of Obligations.** This Agreement, its rights, duties or obligations may be assigned, sold, or transferred in connection with a transfer by Developer of all its interest in the Property, only if the assignee or transferee agrees to assume and be bound by all duties, obligations and covenants of the Developer under this Agreement. The assumption must be set forth in an assumption agreement in a form reasonably acceptable to and approved in writing by the City. Failure to deliver a written assumption agreement will not impair the effect of Section 8 of this Agreement.

11. **Amendment, Modification and Cancellation.** This Agreement may be amended, modified or cancelled by mutual consent of the parties but only in accordance with Government Code sections 65867, 65867.5 and 65868. All amendments and modifications, when properly approved and executed, will be recorded in the same manner as this Agreement.

12. **Further Assurances.** Upon request of the other party, each party will execute any additional documents and take any additional steps reasonably necessary to carry out the purposes of this Agreement.

13. **Notices.** All notices under this Agreement will be in writing and will be given by personal delivery; or by registered or certified U.S. mail, postage prepaid, return receipt requested; or by facsimile if transmitted by a machine that produces a transmission report verifying the date and time of transmission and the telephone number to which transmitted, and a confirming hard copy is mailed to the recipient; or by overnight delivery service that issues a receipt; and addressed to the appropriate party at the address set forth below. Notice given (a) by personal delivery will be effective upon delivery; (b) by mail will be effective upon receipt or three calendar days after the postmark date, whichever is earlier; (c) by facsimile will be effective on the date shown on the transmission receipt; and (d) by overnight delivery service will be effective on the date of receipt.

To the City:

City of Fresno
Attn: Director - HECD
2600 Fresno Street, Room 3076
Fresno, California 93721-3605
Attention: City Manager
Fax No.: (559) 488-1015

With Copy to:

City Attorney
2600 Fresno Street, Room 2031
Fresno, California 93721-3602
Fax No.: (559) 488-1084

To the Developer:

BETTS SPRING COMPANY
Attn: PRESIDENT
2867 S MAPLE AVE
FRESNO CA 93725
FAX NO. 559 498 9621

With Copy to:

NA

FAX NO. _____

Either party may change its address or the addressee for notice by giving notice in accordance with this section.

14. Nature of Project and Relationship of Parties.

14.1 **Nature of Project as Private Undertaking.** Both parties acknowledge that (a) the Development is a private undertaking; (b) the Developer will have exclusive control over the Property and over the construction and operation of the Development, subject only to this Agreement, to the standards, ordinances, rules, regulations and policies specified herein, and to the entitlements/Site Plan and Agreements; and (c) the City has no duties or responsibilities to the Developer or any third party with respect to any public improvement or facility constructed by the Developer until the City accepts the improvement or facility for public use.

14.2 **Relationship of Parties.** Nothing in this Agreement or any document signed in connection with this Agreement will be construed as creating a partnership, joint venture, agency relationship or employment relationship between the City and the Developer or any of the Developer's contractors, subcontractors, employees, agents or representatives.

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15. **Attorneys' Fees and Litigation Expenses.** If either party is required to bring a lawsuit, arbitration, or other proceeding with respect to breach, interpretation, or enforcement of this Agreement, the losing party shall reimburse the prevailing party reasonable attorneys' fees and expenses incurred in connection with the lawsuit or proceeding and any appeal, in such amount as may be determined by the court or other tribunal having jurisdiction.

16. **Governing Law.** This Agreement will be interpreted and construed, and the rights and duties of the parties (both procedural and substantive) will be determined according to California law.

17. **Counterparts.** This Agreement may be signed in one or more counterparts, each of which when signed, irrespective of the date signed and delivered, will be deemed to constitute one instrument.

18. **Exhibits.** Each of the exhibits referenced as attached to this Agreement is by the reference incorporated into and made a part of this Agreement for all purposes.

19. **Entire Agreement.** This Agreement, including all attached exhibits, contains the entire understanding and agreement between the parties concerning the matters described in this Agreement. This Agreement merges with and supersedes all prior understandings, negotiations, agreements, representations, correspondence and documents relating to the matters contained in this Agreement.

20. **Compliance with Applicable Laws.** Developer shall perform all its rights, duties, and obligations under this Agreement in compliance with all applicable laws, statutes, ordinances, rules and regulations including, but not limited to, all environmental laws.

20.1 Developer acknowledges that Developer, not the City, is responsible for determining applicability of and Developer's compliance with all local, state, and federal laws including, but not limited to, provisions of the California Labor Code/federal and state prevailing wage requirements, Public Contract Code, and Government Code. The Council of the City of Fresno has adopted Resolution No. 82-297 ascertaining the general prevailing rate of per diem wages and per diem wages for holidays and overtime in the Fresno area for each craft, classification, or type of workman needed in the execution of City contracts. A copy of the resolution is on file at the Office of the City Clerk. Actual wage schedules are available at Construction Management Office, 1721 Van Ness Avenue, Fresno, CA 93721 (559) 621-5600. The City makes no express or implied representation as to the applicability or inapplicability of any such laws to this Agreement or to the parties' respective rights or obligations under this Agreement including, but not limited to, payment of prevailing wages, competitive bidding, subcontractor listing, or similar or different matters. Developer further acknowledges that the City will not be liable or responsible at law or in equity for any failure by Developer to comply with any such laws, regardless of whether the City knew or should have known of the need for compliance, or whether the City failed to notify Developer of the need for compliance.

21. **Venue.** Venue for any action arising out of this Agreement and brought by any of the parties will be the Fresno County Superior Court or the United States District Court for the Eastern District in Fresno County.

22. **Improvement Agreement/Bonding.** Nothing in this Agreement limits the terms of, the security/warranty requirements under, or the bonding requirements under, any improvement/subdivision or early construction agreement between City and Developer.

23. **Consent, Reasonableness.** Except when this Agreement specifically authorizes a party to withhold its approval, consent, or satisfaction in its sole discretion, any consent, or approval, or satisfaction required of a party under this Agreement, will not be unreasonably withheld, conditioned, or delayed by the party.

24. **Assessment District/CFD.** Nothing in this Agreement limits Developer's rights to apply for/petition for an Assessment District or Community Facilities District to pay for a portion of the necessary public facilities described herein.

<p>CITY OF FRESNO, a municipal corporation</p> <p>By: <u>[Signature]</u> Title: <u>Asst City Manager</u></p> <p>ATTEST: REBECCA E. KLISCH CITY CLERK</p> <p>By: <u>[Signature]</u> Deputy <u>4/25/08</u></p> <p>APPROVED AS TO FORM: JAMES C. SANCHEZ CITY ATTORNEY</p> <p>By: <u>[Signature]</u> <u>4-17-08</u> Robert R. Coyle, Deputy</p> <p>(Attach notary acknowledgements)</p>	<p>BETTS SPRING COMPANY a California Corporation</p> <p>By: <u>[Signature]</u> Title: <u>Vice President Finance</u></p> <p>By: <u>[Signature]</u> Title: <u>Vice President of Manufacturing</u></p> <p>APPROVED AS TO FORM:</p> <p>By: _____</p> <p>(Attach <u>notary</u> acknowledgements)</p>
--	---

ACKNOWLEDGMENT

State of California
County of Fresno)

On April 24, 2008 before me, Theresa Saldivar, Notary Public
(insert name and title of the officer)

personally appeared Bruce Rudd -
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing
paragraph is true and correct.

WITNESS my hand and official seal.

Signature Theresa Saldivar (Seal)



CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Fresno

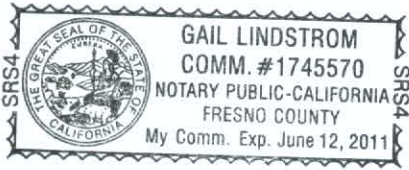
On March 24 2008 before me, Gail Lindstrom Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Marcus H. Shiveley
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature Gail Lindstrom
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Development Agreement; City of Fresno and Betts Spring

Document Date: March 24, 2008 Number of Pages: 19

Signer(s) Other Than Named Above: Terry Holcomb, Rebecca E. Klisch, James C Sanchez

Capacity(ies) Claimed by Signer(s)

- Signer's Name: Marcus H. Shiveley
- Individual
 - Corporate Officer — Title(s): _____
 - Partner — Limited General
 - Attorney in Fact
 - Trustee
 - Guardian or Conservator
 - Other: _____



Signer Is Representing: _____

- Signer's Name: _____
- Individual
 - Corporate Officer — Title(s): _____
 - Partner — Limited General
 - Attorney in Fact
 - Trustee
 - Guardian or Conservator
 - Other: _____



Signer Is Representing: _____

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Fresno

On March 24 2008
Date

before me,

Gail Lindstrom Notary Public
Here Insert Name and Title of the Officer

personally appeared

Terry Holcomb

Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature Gail Lindstrom
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Development Agreement, City of Fresno and Betts Spring

Document Date: March 24 2008 Number of Pages: 19

Signer(s) Other Than Named Above: Marcus H Shiveley, Rebecca A. Klisch, James C. Sanchez

Capacity(ies) Claimed by Signer(s)

Signer's Name: Terry Holcomb

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here



Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here



EXHIBIT LIST

- | | |
|-----------|---|
| Exhibit A | Economic Development Policy; Enterprise Zone Incentives; MRZ Incentives |
| Exhibit B | Property Description/Depiction |
| Exhibit C | Project Specific Assistance/Developer Incentive Reimbursement |
| Exhibit D | Development Plan Including Updated Project Proposal, Proforma with Economic Modeling, and Site Plan |
| Exhibit E | Ordinance |
| Exhibit F | INTENTIONALLY OMITTED |
| Exhibit G | Construction Schedule/Development into Qualified Lot(s) (Estimated) |

EXHIBIT A

**ECONOMIC DEVELOPMENT POLICY AND PROGRAM/
ENTERPRISE ZONE INCENTIVES/
MRZ INCENTIVES**

(On file with/available from City Housing, Economic and Community Development Department)

EXHIBIT B

PROPERTY DESCRIPTION/DEPICTION

(Insert/Attach)



Description of Project

Betts Spring Company (Betts), founded in 1868 and wholly owned by the Betts family of Piedmont CA, is comprised of three business units. Two of such business units are involved in manufacturing component products for the transportation industry and certain other industrial sectors primarily using a variety of commercial spring steels as base materials. The third business unit provides commercial parts distribution and vehicle service for the heavy duty truck sector. The Project objective is to consolidate Betts' manufacturing operations in a single location in Fresno CA for productivity and cost reduction and enable consolidated distribution of product for all business units where logistically appropriate. In addition, corporate headquarters will be relocated to Fresno from San Leandro CA.

Betts will maintain its already owned thirteen (13) acre property in Fresno (2867 S Maple Ave) and continue its current manufacturing and truck parts distribution and service operations in an already constructed 55,000 square foot facility that has been owned and operated by Betts since 1991.

A new building will be constructed on the Maple Avenue property that has approximately 120,000 square foot size. This facility will house corporate headquarters, manufacturing operations dedicated to leaf, coil and wire spring making and a distribution facility designed for aggregation of customer shipments and product redistribution to Betts' nine (9) parts distribution centers located in California, Arizona and Oregon.

The newly constructed facility will be located on the north end of the Betts' Maple Avenue property. Raw material delivery and outbound shipment will both be directed from Commerce Avenue. Spring making operations have been designed to operate in an environmentally sensitive and energy conservative manner using best available control technologies and are centrally located in the building. Management offices have been designed in a two story configuration on the west end of the building. The distribution center is approximately 22,000 square feet and located on the east end of the building.

EXHIBIT C

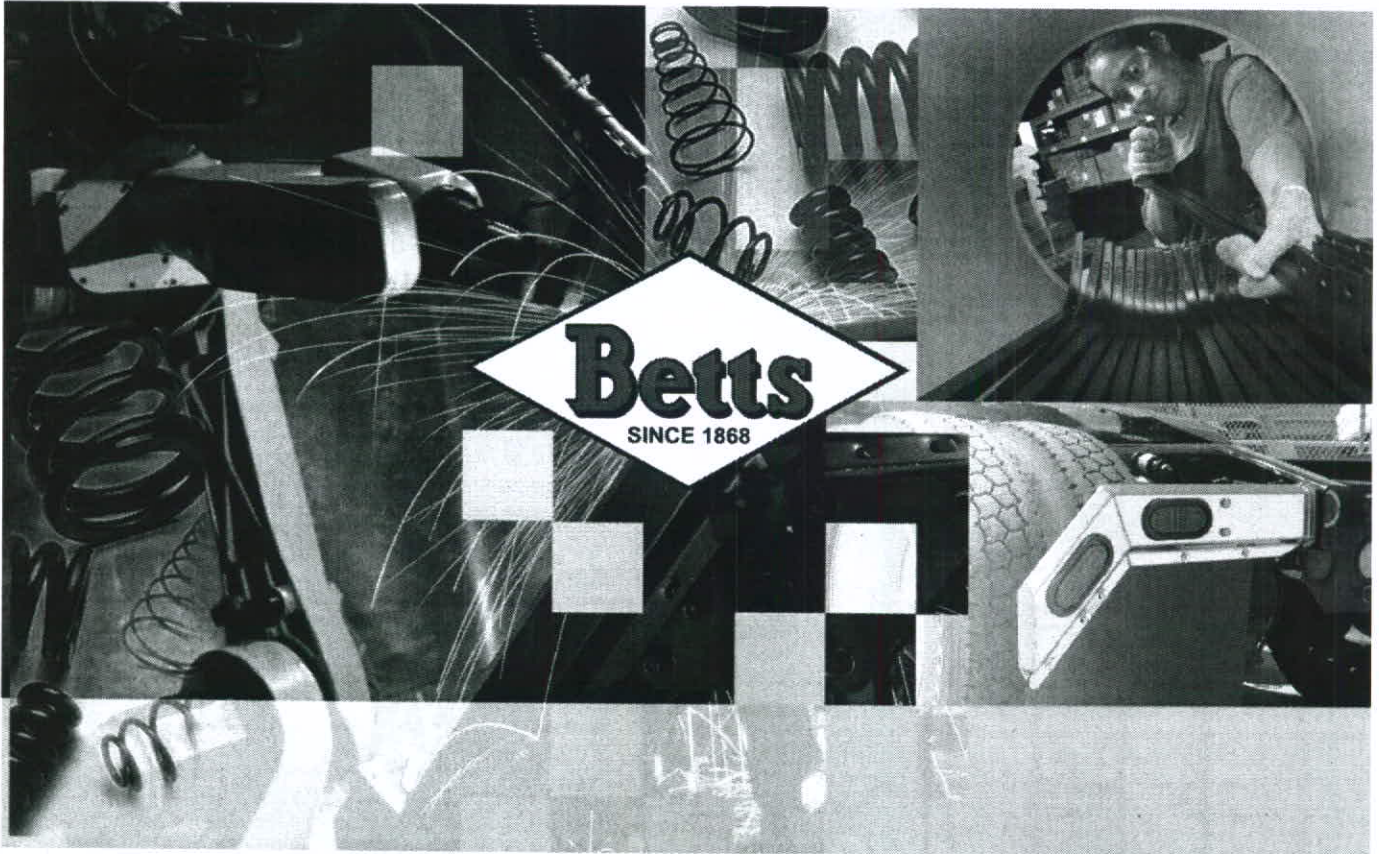
**PROJECT SPECIFIC ASSISTANCE/DEVELOPER
INCENTIVE REIMBURSEMENT**

1. A one-time permit and development fee reimbursement equal to fifty thousand dollars (\$50,000), payable upon occupancy from allocated and available City funds, consistent with Constitutional and local law requirements;
2. A one-time one-hundred percent (100%) reimbursement for costs associated with off-site improvements, but not to exceed forty-two thousand dollars (\$42,000) payable upon occupancy from allocated and available City funds, consistent with Constitutional and local law requirements;
3. A seventy percent (70%) reimbursement of the City's portion of increased real and personal property (general fund) taxes actually received by the City and associated with the project not to exceed eighty thousand dollars (\$80,000) per year for a period of ten (10) years, from annually allocated and available City funds, consistent with Constitutional and local law requirements;
4. A fifty percent (50%) reimbursement of City's portion of increased sales (general fund) tax actually received by the City and generated by Betts Spring for a period not to exceed ten (10) years, from annually allocated and available City funds, consistent with Constitutional and local law requirements;
5. A one-hundred percent (100%) reimbursement of Betts Spring's business license (general fund) tax for a period of five (5) years payable from annually allocated and available City funds, consistent with Constitutional and local law requirements;
6. Best efforts to expedite City permitting process and City related approvals to no more than forty-five (45) days after City receives a complete application for Betts Spring;
7. Reasonable cooperation with Betts Spring regarding Betts Spring restructuring of its sales contract taxable events to facilitate California taxable sales through Fresno CA as the point of sale, consistent with constitutional and local law requirements;
8. Any incentives that Betts Spring receives pursuant to the MRZ shall be credited against any/all of reimbursements above and not in addition thereto.

EXHIBIT D

**DEVELOPMENT PLAN INCLUDING UPDATED
PROJECT PROPOSAL, PROFORMA WITH
ECONOMIC MODELING, AND SITE PLAN**

(Insert/Attach)



Economic Impact Analysis – Fresno MSA

Betts Spring Company – Proposed Expansion

Prepared by:



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Company Background

In 1868 Betts Spring Company ("Betts") founded the first spring manufacturing plant west of the Mississippi River located in San Francisco, CA. The original products manufactured were wagon and buggy springs. Today, over 137 years later, our diversified spring manufacturing firm also houses corporate headquarters in San Leandro, CA. In addition, our company has expanded to include complete drive-in service and a full product line of truck parts with Betts Truck Parts and Service. Our facilities now include ten locations spanning throughout Arizona, California, and Oregon. Betts has made springs for the first cable cars, the space shuttle Columbia, Bumper cars at Disneyland, "Big-Foot" Monster Truck, the California aqueduct, the Hoover dam, and most recently manufactured springs for the NASCAR circuit. In addition one of the main products over the years that has sustained the company is the manufacturing of the "Betts Mud Flap Hanger", invented and patented by William Michael Betts III in 1954.

Betts needs to expand its spring manufacturing operations, but has no room for expansion at the existing San Leandro, CA location. Given the company's land-locked situation, a site selection process was initiated based on a number of key decision criteria. Betts is committed to initiating this expansion as quickly as possible, given the company's financial metrics are met.

Executive Summary

We have narrowed our short list of potential site locations to three separate areas: Fresno, CA; Barstow, CA; Salt Lake City, UT ("SLC"). The finalist locations were chosen based on our top financial and strategic site selection criteria. The chief site location criteria include start-up and operating costs, proximity to suppliers, proximity to customers, reliability of electricity and gas, availability and cost of labor, availability and cost of land, and a business-friendly community.

Fresno made the short list as a result of our existing operations. We own enough land at the current site in order to accommodate the expansion. Additionally, the existing operations would provide synergies with the proposed expansion. Other factors in Fresno rated high on our decision criteria, such as an available workforce, business-friendly community, and proximity to customers.

In order to provide a broad economic picture to Fresno public officials, we commissioned this Economic Impact Analysis to show the positive impacts our proposed expansion would have on the Fresno MSA, above and beyond the hard dollar tax revenue impacts. The analysis was prepared by Tax Incentives Group, LLC and is based on a widely used input-output multiplier methodology developed by the federal Bureau of Economic Analysis called RIMS II. These multipliers are specific to the Fresno MSA and the analysis is specific to Betts' industry code 332600: Spring and wire product manufacturing.

Introduction to RIMS II

Effective planning for public- and private-sector projects and programs at the State and local area levels requires systematic analysis of the economic impacts of the projects and programs on affected regions. In turn, systematic analysis of economic impacts must take into account inter-industry relationships within regions because these relationships largely determine how regional economies are likely to respond to project and program changes. Thus, regional input-output (I-O) multipliers, which account for inter-industry relationships within regions, are useful tools for regional economic impact analysis.

In the mid-1970's, the Bureau of Economic Analysis ("BEA") developed a method for estimating regional I-O multipliers known as RIMS (Regional Industrial Multiplier System), which was based on the work of Garnick and Drake. In the mid-1980's, BEA completed an enhancement of RIMS, known as RIMS II (Regional Input-Output Modeling System), and published a handbook for RIMS II users. In 1992, BEA published a second edition of the handbook, in which the multipliers were based on more recent data and improved methodology. In 1997, BEA published a third edition of the handbook, which provides more detail on the use of the multipliers and on the data sources and methods for estimating them.

RIMS II is based on an accounting framework called an I-O table. For each industry, an I-O table shows the distribution of inputs purchased and outputs sold. A typical I-O table in RIMS II is derived mainly from two data sources: BEA's national I-O table, which shows the input and output structure of nearly 500 U.S. industries, and BEA's regional economic accounts, which are used to adjust the national I-O table to show a region's industrial structure and trading patterns.

RIMS II has several advantages for use in impact analysis. RIMS II multipliers can be estimated for any region composed of one or more counties and for any industry or group of industries in the national I-O table. The accessibility of the main data sources for RIMS II keeps the cost of estimating regional multipliers relatively low. Empirical tests show that estimates based on the modeling system and estimates based on relatively expensive surveys are similar in magnitude.

Effective use of the multipliers for impact analysis requires that users provide geographically and industrially detailed information on the initial changes in output, earnings, or employment that are associated with the project or program under study. The multipliers can then be used to estimate the total impact of the project or program on regional output, earnings, and employment.

RIMS II is widely used in both the public and private sectors. In the public sector, for example, the Department of Defense uses RIMS II to estimate the regional impacts of military base closings. State transportation departments use RIMS II to estimate the regional impacts of airport construction and expansion. In the private sector, analysts and consultants use RIMS II to estimate the regional impacts of projects such as the development of shopping malls, sports stadiums, and new facility expansions.

RIMS II Multipliers

RIMS II provides five types of multipliers: final demand multipliers for output, earnings, and employment and direct-effect multipliers for earnings and employment. These multipliers measure the economic impact of a change in final demand, earnings, or employment on a region's economy.

RIMS II provides three types of final-demand multipliers: (1) final-demand multipliers for output; (2) final-demand multipliers for earnings, and (3) final-demand multipliers for employment.

- (1) The final-demand multipliers for output can be used if data on final-demand changes are available. They appear in table 1.1. Each entry in this table measures the dollar change in output in each row industry that results from a \$1 change in output delivered to final demand by Betts' industry. The impact on each row industry is calculated by multiplying the final-demand change in Betts' industry by the multiplier for each row industry. The total impact on regional output is calculated by multiplying the final-demand change in Betts' industry by the sum of all entries except the household row entry.
- (2) The final-demand multipliers for earnings can be used if data on final-demand changes are available. They appear in table 1.2. Each entry in this table measures the change in earnings in each row industry that results from a \$1 change in output delivered to final demand by Betts' industry. The impact on each row industry is calculated by multiplying the final-demand change in Betts' industry by the multiplier for each row industry. The total impact on regional earnings is calculated by multiplying the final-demand change in Betts' industry by the sum of all entries.
- (3) The final-demand multipliers for employment can be used if data on final-demand changes are available. They appear in table 1.3. Each entry in this table measures the change in employment in each row industry that results from a \$1 million change in output delivered to final demand by Betts' industry. The impact on each row industry is calculated by multiplying the final-demand change in Betts' industry by the multiplier for each row industry. The total impact on regional employment is calculated by multiplying the final-demand change in Betts' industry by the sum of all entries.

RIMS II provides two types of direct-effect multipliers: (1) direct-effect multipliers for earnings and (2) direct-effect multipliers for employment.

- (1) Direct-effect multipliers for earnings can be used if data on the initial changes in earnings by industry are available. They appear in table 1.4. Each entry measures the total change in earnings of households employed by Betts that results from a \$1 change in earnings paid directly to households employed by Betts. The total

impact on regional earnings is calculated by multiplying the initial change in earnings in the Betts' industry by the multiplier for Betts.

- (2) Direct-effect multipliers for employment can be used if data on the initial changes in employment by industry are available. They appear in table 1.4. Each entry measures the total change in number of jobs in all industries that results from a change of one job in Betts' industry. The total impact on regional employment is calculated by multiplying the initial change in employment in the Betts' industry by the multiplier for Betts.

Results of Betts Spring Company's Proposed Expansion

Based on the RIMS II multipliers, we have identified the specific economic impacts that would occur as a direct result of Betts' expansion. All analysis has been developed over a 10-year period. The following assumptions were made: Year 1 revenue is estimated at \$35,000,000, new full-time jobs are estimated at 95, and Year 1 annual payroll is estimated at \$2,301,850.

- The **increase in output** for all industries as a result of this expansion would be an additional **\$739,242,140** to the Fresno MSA.
- The **increase in earnings** by households employed by Fresno MSA industries would equal an additional **\$182,646,534**.
- An **increase in output and revenue** from Betts would translate to **4,958 new jobs**.
- An **additional \$51,982,642 in earnings** of households employed by all Fresno MSA industries would occur as a result of increased payroll from Betts.
- A total of **2,204 new jobs** would be created as a direct result of Betts 95 new hires.

Appendix A

1. Final Demand Output represents the total dollar change output that occurs in all industries for each additional dollar of output delivered to final demand by Betts' industry.
2. Final Demand Earnings represents the total dollar change in earnings of households employed by all industries for each additional dollar of output delivered to final demand by Betts industry.
3. Final Demand Employment represents the total change in number of jobs that occurs in all industries for each additional \$1 million of output delivered to final demand by Betts' industry.
4. Direct Effect Earnings represents the total dollar change in earnings of households employed by all industries for each additional dollar of earnings paid directly to households employed by Betts.
5. Direct Effect Employment represents the total change in number of jobs in all industries for each additional job in Betts' industry.

NOTE: Multipliers are based on the 1997 Benchmark Input-Output Table for the nation and 2003 regional accounts data.

SOURCE: Regional Input-Output Modeling System (RIMS II), Regional Economic Analysis Division, Bureau of Economic Analysis

Fresno - Economic Impact
(with Proposed Incentives)

	Rate	Unit Base	Base	Year 1	Year 2	Year 3	Year 4	Year 5
Startup Costs:								
<i>Development Fees</i>								
Application Fees				\$1,920				
Permit Fees				18,016				
Plan Check Fees				14,968				
Water Connection Fees				13,516				
Sewer Connection Charges				15,420				
<i>Non-UGM Impact Fees</i>								
Fire Impact Fee	\$ 150.00	1,000	132,000	19,800				
Police Facilities Impact Fee	\$ 422.00	1,000	132,000	55,704				
Traffic Signal Charge	\$ 0.29		132,000	38,280				
<i>Off-site Improvements</i>								
Survey				5,700				
Demo				7,200				
Earthwork				18,200				
Utilities - Storm Drain				60,905				
AC-Paving - Maple				59,750				
AC-Paving - N. Side of Commerce				48,980				
Curb & Gutter				16,535				
Sidewalk	\$5	7,000		35,000				
Street Lighting	\$2,500	11		27,500				
Subtotal City Fees/Off-site Impr:				\$457,395				

Incentive:

Permit Fee Reduction	50%			(\$50,000)				
Off-site Improvements Rebate	100%			(\$42,000)				
Subtotal Startup Costs:				\$365,395				

Property Tax:

Real Property - Improvements Only	1.24%		\$ 5,300,000	\$ 65,720	67,034	68,375	69,743	71,137
Personal Property - Relocated	1.24%		\$ 3,360,000	\$41,664	38,331	34,998	32,081	28,748
Personal Property - Initial	1.24%		\$ 2,500,000	\$31,000	28,520	26,040	23,870	21,390
Personal Property (Y 2-5)	1.24% Per Year		\$ 350,000		4,340	8,333	11,978	15,320

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Fresno - Economic Impact
(with Proposed Incentives)

Year 6 Year 7 Year 8 Year 9 Year 10 Total

Startup Costs:

<i>Development Fees</i>	
Application Fees	
Permit Fees	
Plan Check Fees	
Water Connection Fees	
Sewer Connection Charges	
<i>Non-UGM Impact Fees</i>	
Fire Impact Fee	
Police Facilities Impact Fee	
Traffic Signal Charge	
<i>Off-site Improvements</i>	
Survey	
Demo	
Earthwork	
Utilities - Storm Drain	
AC-Paving - Maple	
AC-Paving - N. Side of Commerce	
Curb & Gutter	
Sidewalk	
Street Lighting	
Subtotal City Fees/Off-site Impr:	\$457,395

Incentive:

Permit Fee Reduction	
Off-site Improvements Rebate	
Subtotal Startup Costs:	(\$92,000)

Property Tax:

Real Property - Improvements Only	72,560	74,011	75,492	77,001	78,541	719,616
Personal Property - Relocated	25,415	22,499	18,749	15,832	12,499	270,816
Personal Property - Initial	18,910	16,740	13,950	11,780	9,300	201,500
Personal Property (Y 2-5)	13,975	12,629	11,327	9,939	8,593	96,435

Depreciation Schedule
Personal Property

Year 1	100%
2	92%
3	84%
4	77%
5	69%
6	61%
7	54%
8	45%
9	38%
10	30%
11	24%
12	20%

10 year life purchased in 2006

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Fresno - Economic Impact
(with Proposed Incentives)

	Rate	Unit Base	Base	Year 1	Year 2	Year 3	Year 4	Year 5
Personal Property (Y 6-10)	1.24% Per Year	\$	250,000					
Subtotal Property Tax:				\$138,384	138,225	137,746	137,672	136,596
Property Tax Abatement				(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)
Subtotal Personal Property:				\$43,125	\$6,038	\$6,038	\$6,038	\$6,038
Hard Costs - Real Property	1.00% City/County	\$	26,500					
Hard Costs - Real Property	0.73% County	\$	19,213					
Materials	\$	5	\$ 2,650,000					
Labor	\$	3						
Soft Costs	\$	2						
Subtotal Building Costs:	\$	10		\$ 45,713				
Tenant Improvement			\$ 368,780					
Materials (City)	1.00%	60%	\$ 221,268	\$ 2,213				
Materials (County)	0.73%	60%	\$ 221,268	1,604				
Labor	40%		\$ 147,512					
Subtotal TIs:	100%			\$ 3,817				
POS Restructuring	1.73%	\$	12,000,000	207,000	213,210	219,606	226,194	232,980
Sales Tax Rebate	0.50%	\$	12,000,000	(\$60,000)	(61,800)	(63,654)	(65,564)	(67,531)
Baseline Sales Tax	1.00%	\$	1,600,000	16,000	16,000	16,000	16,000	16,000
Net Sales Tax Rebate Benefit				(\$44,000)	(\$45,800)	(\$47,654)	(\$49,564)	(\$51,531)
Business License Tax:				\$15,564	\$15,564	\$15,564	\$15,564	\$15,564
Gross Receipts Tax	\$0.71	\$1,000	\$40,000,000					
Subtotal Business License Tax:				\$15,564	\$15,564	\$15,564	\$15,564	\$15,564
Business License Tax Waiver				(\$15,564)	(\$15,564)	(\$15,564)	(\$15,564)	(\$15,564)
Grand Total - Tax and Other Revenue				(\$231,564)	(\$141,364)	(\$143,218)	(\$145,128)	(\$147,095)
Grand Total - Est. Incentives								
Grand Total w/ Incentives								

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Fresno - Economic Impact
(with Proposed Incentives)

	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Personal Property (Y 6-10)	3,100	5,952	8,556	10,943	13,082	41,633
Subtotal Property Tax:	133,960	131,831	128,074	125,495	122,016	\$1,329,999
Incentive:						
Property Tax Abatement	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$800,000)
Sales or Use Tax:						
Personal Property - M&E (Initial)						\$43,125
Personal Property - M&E (Y 2-5)						\$24,150
Personal Property - M&E (Y 6-10)	4,313	4,313	4,313	4,313	4,313	\$21,563
Subtotal Personal Property:	4,313	4,313	4,313	4,313	4,313	\$88,838
Hard Costs - Real Property						26,500
Hard Costs - Real Property Materials						19,213
Labor						-
Soft Costs						
Subtotal Building Costs:						\$ 45,713
Tenant Improvement						
Materials (City)						2,213
Materials (County)						1,604
Labor						
Subtotal TIs:						\$ 3,817
POS Restructuring	239,970	247,169	254,584	262,221	270,088	\$ 2,373,023
Sales Tax Rebate	(69,556)	(71,643)	(73,792)	(76,006)	(78,286)	
Baseline Sales Tax	16,000	16,000	16,000	16,000	16,000	
Net Sales Tax Rebate Benefit	(\$53,556)	(\$55,643)	(\$57,792)	(\$60,006)	(\$62,286)	\$ (527,833)
Business License Tax:						
Gross Receipts Tax	\$15,564	\$15,564	\$15,564	\$15,564	\$15,564	
Subtotal Business License Tax:	\$15,564	\$15,564	\$15,564	\$15,564	\$15,564	\$155,640
Incentive:						
Business License Tax Waiver						(\$77,820)
Grand Total - Tax and Other Revenue						\$4,454,424
Grand Total - Est. Incentives	(\$133,556)	(\$135,643)	(\$137,792)	(\$140,006)	(\$142,286)	(\$1,497,653)
Grand Total w/ Incentives						\$2,956,771

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Table 1.1

Economic Impact Analysis - Fresno MSA
 Betty Spring Company - Proposed Expansion

Output Multiplier	Input	Input Base	Multiplier	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
0.0036	\$35,000,000	\$1	\$144,257	\$154,355	\$165,160	\$170,722	\$189,692	\$202,328	\$216,491	\$231,648	\$241,786	\$250,024	\$260,338	\$1,740,872
0.0005	\$35,000,000	\$1	\$20,036	\$21,438	\$22,939	\$24,545	\$26,263	\$28,101	\$30,068	\$32,173	\$34,414	\$36,794	\$39,316	\$2,708,024
0.0101	\$35,000,000	\$1	\$20,036	\$21,438	\$22,939	\$24,545	\$26,263	\$28,101	\$30,068	\$32,173	\$34,414	\$36,794	\$39,316	\$2,708,024
0.0058	\$35,000,000	\$1	\$20,036	\$21,438	\$22,939	\$24,545	\$26,263	\$28,101	\$30,068	\$32,173	\$34,414	\$36,794	\$39,316	\$2,708,024
1.0857	\$35,000,000	\$1	\$43,505,899	\$46,551,028	\$49,656,916	\$52,824,900	\$56,057,003	\$59,359,228	\$62,724,684	\$66,148,372	\$69,627,294	\$73,157,460	\$76,734,880	\$5,250,018,114
0.0422	\$35,000,000	\$1	\$1,691,017	\$1,809,369	\$1,938,046	\$2,076,169	\$2,222,854	\$2,378,119	\$2,542,074	\$2,713,830	\$2,893,497	\$3,081,176	\$3,277,069	\$20,406,894
0.0444	\$35,000,000	\$1	\$1,691,017	\$1,809,369	\$1,938,046	\$2,076,169	\$2,222,854	\$2,378,119	\$2,542,074	\$2,713,830	\$2,893,497	\$3,081,176	\$3,277,069	\$20,406,894
0.0204	\$35,000,000	\$1	\$1,138,031	\$1,217,693	\$1,302,931	\$1,394,136	\$1,491,729	\$1,595,147	\$1,704,878	\$1,820,340	\$1,942,067	\$2,070,572	\$2,205,369	\$13,733,549
0.0204	\$35,000,000	\$1	\$1,138,031	\$1,217,693	\$1,302,931	\$1,394,136	\$1,491,729	\$1,595,147	\$1,704,878	\$1,820,340	\$1,942,067	\$2,070,572	\$2,205,369	\$13,733,549
0.0366	\$35,000,000	\$1	\$1,466,817	\$1,569,290	\$1,678,130	\$1,792,669	\$1,923,136	\$2,059,950	\$2,203,500	\$2,353,200	\$2,508,460	\$2,669,780	\$2,836,570	\$18,664,944
0.0742	\$35,000,000	\$1	\$2,973,305	\$3,181,437	\$3,404,137	\$3,642,427	\$3,895,897	\$4,165,000	\$4,449,260	\$4,748,080	\$5,051,960	\$5,371,400	\$5,706,000	\$35,887,910
0.0296	\$35,000,000	\$1	\$1,186,116	\$1,260,145	\$1,347,985	\$1,440,044	\$1,536,850	\$1,638,950	\$1,746,800	\$1,860,950	\$1,981,950	\$2,109,450	\$2,243,000	\$14,313,840
0.0133	\$35,000,000	\$1	\$316,965	\$338,724	\$362,435	\$387,866	\$414,952	\$443,969	\$474,916	\$506,833	\$540,334	\$576,248	\$614,357	\$3,820,248
0.0079	\$35,000,000	\$1	\$1,959,496	\$2,096,661	\$2,243,427	\$2,400,467	\$2,568,500	\$2,747,133	\$2,936,960	\$3,138,100	\$3,352,160	\$3,578,640	\$3,817,000	\$23,646,851
0.0489	\$35,000,000	\$1	\$2,008,372	\$2,222,958	\$2,450,965	\$2,694,661	\$2,954,500	\$3,230,100	\$3,522,000	\$3,832,700	\$4,158,700	\$4,500,600	\$4,859,000	\$30,445,235
0.0052	\$35,000,000	\$1	\$865,544	\$914,740	\$966,920	\$1,021,333	\$1,079,200	\$1,139,900	\$1,201,600	\$1,265,600	\$1,332,400	\$1,401,400	\$1,472,200	\$9,445,235
0.0216	\$35,000,000	\$1	\$1,286,009	\$1,352,345	\$1,420,009	\$1,489,168	\$1,559,268	\$1,630,800	\$1,703,300	\$1,777,200	\$1,852,000	\$1,928,200	\$2,005,400	\$12,868,477
0.0281	\$35,000,000	\$1	\$1,126,009	\$1,194,865	\$1,265,006	\$1,336,968	\$1,410,000	\$1,484,600	\$1,560,200	\$1,637,400	\$1,715,800	\$1,795,800	\$1,877,000	\$11,598,477
0.3777	\$35,000,000	\$1	\$15,135,006	\$16,194,456	\$17,328,068	\$18,541,033	\$19,838,905	\$21,227,628	\$22,713,962	\$24,303,512	\$25,998,800	\$27,799,400	\$29,614,800	\$182,646,534

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Table 1.2

Economic Impact Analysis - Fresno MSA
Beta Spring Company - Proposed Expansion

Input	Input Base	Multplier	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
1. Agriculture, forestry, fishing, and hunting	\$35,000,000	\$1	\$17,500	\$16,725	\$20,036	\$21,438	\$22,939	\$24,545	\$26,263	\$28,101	\$30,068	\$32,173	\$241,788
2. Mining	\$35,000,000	0.0001	\$3,500	\$3,745	\$4,007	\$4,286	\$4,588	\$4,909	\$5,253	\$5,620	\$6,014	\$6,435	\$48,358
3. Utilities	\$35,000,000	0.0014	\$49,000	\$52,450	\$56,100	\$60,027	\$64,229	\$68,725	\$73,536	\$78,663	\$84,181	\$90,085	\$677,006
4. Construction	\$35,000,000	0.016	\$560,000	\$577,410	\$72,129	\$77,178	\$92,580	\$99,361	\$107,546	\$116,164	\$125,246	\$134,823	\$870,436
5. Manufacturing	\$35,000,000	0.012	\$420,000	\$429,600	\$9,307,732	\$10,633,373	\$11,377,009	\$12,174,148	\$13,026,338	\$13,938,163	\$14,913,856	\$15,957,826	\$118,926,768
6. Wholesale trade	\$35,000,000	0.013	\$455,000	\$469,800	\$450,889	\$514,518	\$550,534	\$589,072	\$630,307	\$674,428	\$721,638	\$772,153	\$5,802,908
7. Retail trade	\$35,000,000	0.0138	\$483,000	\$498,810	\$450,889	\$514,518	\$550,534	\$589,072	\$630,307	\$674,428	\$721,638	\$772,153	\$5,802,908
8. Transportation and warehousing*	\$35,000,000	0.0094	\$294,000	\$314,580	\$326,867	\$351,695	\$381,374	\$412,850	\$447,215	\$485,771	\$526,655	\$569,307	\$4,062,036
9. Information	\$35,000,000	0.0087	\$304,500	\$325,815	\$348,622	\$376,029	\$405,963	\$438,544	\$472,990	\$509,771	\$548,461	\$589,611	\$4,207,108
10. Finance and insurance	\$35,000,000	0.0044	\$154,000	\$164,780	\$176,315	\$188,657	\$201,863	\$215,993	\$231,172	\$247,290	\$264,601	\$283,123	\$2,321,163
11. Real estate and rental and leasing	\$35,000,000	0.0044	\$154,000	\$164,780	\$176,315	\$188,657	\$201,863	\$215,993	\$231,172	\$247,290	\$264,601	\$283,123	\$2,321,163
12. Professional, scientific, and technical services	\$35,000,000	0.0095	\$332,500	\$355,775	\$380,679	\$407,327	\$436,817	\$468,348	\$501,923	\$537,554	\$575,287	\$614,288	\$4,583,969
13. Management of companies and enterprises	\$35,000,000	0.0146	\$511,000	\$546,770	\$585,044	\$625,997	\$669,817	\$716,704	\$766,628	\$818,688	\$873,993	\$931,653	\$7,000,205
14. Administrative and waste management services	\$35,000,000	0.0034	\$119,000	\$127,330	\$136,243	\$145,780	\$155,985	\$166,904	\$178,567	\$191,088	\$204,463	\$218,770	\$1,644,157
15. Educational services	\$35,000,000	0.0024	\$78,000	\$83,880	\$89,760	\$96,634	\$103,604	\$110,769	\$118,128	\$125,783	\$133,737	\$141,992	\$1,082,025
16. Health care and social assistance	\$35,000,000	0.0022	\$77,000	\$82,530	\$87,900	\$94,224	\$100,503	\$106,836	\$113,324	\$120,073	\$127,094	\$134,387	\$1,024,025
17. Arts, entertainment, and recreation	\$35,000,000	0.0022	\$77,000	\$82,530	\$87,900	\$94,224	\$100,503	\$106,836	\$113,324	\$120,073	\$127,094	\$134,387	\$1,024,025
18. Accommodation and food services	\$35,000,000	0.0079	\$276,500	\$295,655	\$316,565	\$338,724	\$362,435	\$387,806	\$414,952	\$443,969	\$475,078	\$508,324	\$3,820,241
19. Other services*	\$35,000,000	0.0083	\$290,500	\$310,635	\$332,593	\$355,875	\$380,786	\$407,441	\$435,962	\$466,480	\$498,133	\$534,072	\$4,013,676
20. Households	\$35,000,000	0.0006	\$21,000	\$22,470	\$24,043	\$25,726	\$27,527	\$29,454	\$31,515	\$33,721	\$36,082	\$38,608	\$290,145

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Table 1.3

Economic Impact Analysis - Fresno MSA
Betts Spring Company - Proposed Expansion

Employment Multiplier	Input	Input Base	Multiplier	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
1. Agriculture, forestry, fishing, and hunting	\$35,000,000	\$1,000,000	0.0220	0.77	0.82	0.88	0.94	1.01	1.08	1.16	1.24	1.32	1.42	11
2. Mining	\$35,000,000	\$1,000,000	0.0008	0.03	0.03	0.03	0.03	0.04	0.04	0.04	0.04	0.05	0.05	0
3. Utilities*	\$35,000,000	\$1,000,000	0.0165	0.58	0.62	0.66	0.71	0.76	0.81	0.87	0.93	0.99	1.06	8
4. Construction	\$35,000,000	\$1,000,000	0.0413	1.45	1.55	1.65	1.77	1.89	2.03	2.17	2.32	2.48	2.66	20
5. Manufacturing	\$35,000,000	\$1,000,000	6.5320	228.92	244.92	261.75	280.07	298.67	320.65	343.10	367.11	392.81	420.31	3,159
6. Wholesale trade	\$35,000,000	\$1,000,000	0.2263	7.92	8.47	9.07	9.70	10.38	11.11	11.89	12.72	13.61	14.56	109
7. Retail trade	\$35,000,000	\$1,000,000	0.5688	19.91	21.30	22.79	24.39	26.10	27.92	29.88	31.97	34.21	36.60	275
8. Transportation and warehousing*	\$35,000,000	\$1,000,000	0.0797	2.79	2.98	3.19	3.42	3.68	3.91	4.19	4.48	4.79	5.13	39
9. Information	\$35,000,000	\$1,000,000	0.1480	5.18	5.54	5.93	6.35	6.79	7.27	7.77	8.32	8.90	9.52	72
10. Finance and insurance	\$35,000,000	\$1,000,000	0.1821	6.37	6.82	7.30	7.81	8.35	8.94	9.56	10.23	10.95	11.72	88
11. Real estate and rental and leasing	\$35,000,000	\$1,000,000	0.1388	4.86	5.20	5.58	5.99	6.43	6.91	7.42	7.96	8.53	9.13	67
12. Professional, scientific, and technical services	\$35,000,000	\$1,000,000	0.2322	8.13	8.70	9.30	9.96	10.65	11.40	12.20	13.05	13.96	14.94	112
13. Management of companies and enterprises	\$35,000,000	\$1,000,000	0.2028	7.10	7.60	8.13	8.70	9.31	9.96	10.66	11.40	12.20	13.06	98
14. Administrative and waste management services	\$35,000,000	\$1,000,000	0.1355	4.74	5.07	5.43	5.81	6.22	6.65	7.12	7.62	8.15	8.72	66
15. Educational services	\$35,000,000	\$1,000,000	0.3696	12.94	13.83	14.76	15.73	16.74	17.79	18.88	19.99	21.14	22.33	172
16. Health care and social assistance	\$35,000,000	\$1,000,000	0.0869	3.04	3.25	3.48	3.73	3.99	4.27	4.56	4.88	5.23	5.59	42
17. Arts, entertainment, and recreation	\$35,000,000	\$1,000,000	0.5115	17.90	19.16	20.50	21.93	23.47	25.11	26.87	28.75	30.76	32.91	247
18. Accommodation and food services	\$35,000,000	\$1,000,000	0.2810	9.84	10.52	11.26	12.05	12.89	13.79	14.76	15.79	16.90	18.08	136
19. Other services*	\$35,000,000	\$1,000,000	0.0575	2.01	2.15	2.30	2.47	2.64	2.82	3.02	3.23	3.46	3.70	28
20. Households	\$35,000,000	\$1,000,000	0.0575	2.01	2.15	2.30	2.47	2.64	2.82	3.02	3.23	3.46	3.70	28

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Table 1.4

Economic Impact Analysis - Fresno MSA
Beta Spring Company - Proposed Expansion

	Input	Input Base	Multplier	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Total Multipliers														
Final Demand Output	\$35,000,000	\$1	1.5287	\$53,504,500	\$57,246,815	\$61,237,302	\$65,545,313	\$70,133,485	\$75,042,829	\$80,285,827	\$85,916,535	\$91,930,692	\$98,385,841	\$739,242,140
Final Demand Earnings	\$35,000,000	\$1	0.7777	\$15,219,300	\$14,144,965	\$15,135,006	\$16,194,456	\$17,328,088	\$18,541,033	\$19,838,905	\$21,227,628	\$22,713,562	\$24,303,512	\$182,646,534
Final Demand Employment	\$35,000,000	\$1,000,000	10.2527	355	364	411	440	470	503	538	578	617	660	4,958
Direct Effect Earnings	\$2,301,850	\$1	1.6328	\$3,762,374	\$4,025,740	\$4,307,542	\$4,608,070	\$4,931,705	\$5,276,924	\$5,646,309	\$6,041,560	\$6,464,459	\$6,916,971	\$51,882,642
Direct Effect Employment	95	1	1.6788	158	171	183	195	208	224	239	258	274	293	2,204

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All Tables

Economic Impact Analysis - Fresno MSA
Beta Spring Company - Proposed Expansion

Input	Input Base	Multiplier	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Total Multiplier													
Final Demand Output	\$1	1.5297	\$53,504,000	\$57,249,815	\$61,257,902	\$65,545,313	\$70,133,485	\$75,042,829	\$80,295,827	\$85,916,535	\$91,939,692	\$98,365,611	\$739,242,140
Final Demand Earnings	\$1	0.3777	\$13,219,000	\$14,144,865	\$15,135,000	\$16,194,450	\$17,328,968	\$18,541,033	\$19,838,905	\$21,227,628	\$22,719,582	\$24,303,512	\$182,046,534
Final Demand Employment	\$1,000,000	0.0056	73	77	81	85	89	93	97	101	105	109	824
Direct Effect Earnings	\$1	1.6345	\$3,762,374	\$4,025,740	\$4,309,070	\$4,609,070	\$4,931,705	\$5,276,924	\$5,646,309	\$6,044,459	\$6,468,459	\$6,916,971	\$51,983,642
Direct Effect Employment	\$5	1.6788	159	171	183	195	209	224	239	256	274	293	2,204
Employment Multipliers													
1. Agriculture, forestry, fishing, and hunting	\$35,000,000	0.0220	0.77	0.82	0.86	0.94	1.01	1.08	1.16	1.24	1.32	1.42	11
2. Mining	\$35,000,000	0.0068	0.03	0.03	0.03	0.03	0.04	0.04	0.04	0.04	0.05	0.05	0
3. Construction	\$35,000,000	0.0155	0.58	0.62	0.66	0.71	0.76	0.81	0.87	0.93	0.99	1.06	8
4. Wholesale trade	\$35,000,000	0.0293	1.05	1.10	1.15	1.20	1.26	1.32	1.38	1.44	1.50	1.57	12
5. Retail trade	\$35,000,000	0.0568	1.91	2.01	2.10	2.20	2.30	2.40	2.50	2.60	2.70	2.80	20
6. Transportation and warehousing	\$35,000,000	0.0193	0.68	0.71	0.74	0.78	0.81	0.84	0.87	0.90	0.93	0.96	7
7. Information	\$35,000,000	0.0797	2.79	2.98	3.19	3.42	3.69	3.91	4.19	4.48	4.79	5.13	39
8. Finance and insurance	\$35,000,000	0.1480	5.18	5.54	5.93	6.35	6.79	7.27	7.77	8.32	8.90	9.52	72
9. Real estate and rental and leasing	\$35,000,000	0.1888	6.67	7.09	7.56	8.06	8.61	9.20	9.82	10.48	11.18	11.92	88
10. Professional, scientific, and technical services	\$35,000,000	0.1821	6.37	6.82	7.30	7.81	8.35	8.94	9.56	10.23	10.95	11.72	88
11. Management of companies and enterprises	\$35,000,000	0.2322	8.13	8.70	9.30	9.96	10.65	11.40	12.20	13.05	13.96	14.94	112
12. Administrative and waste management services	\$35,000,000	0.2029	7.10	7.60	8.13	8.70	9.31	9.96	10.66	11.40	12.20	13.06	98
13. Educational services	\$35,000,000	0.1355	4.74	5.07	5.43	5.81	6.22	6.65	7.12	7.62	8.15	8.72	66
14. Health care and social assistance	\$35,000,000	0.1355	4.74	5.07	5.43	5.81	6.22	6.65	7.12	7.62	8.15	8.72	66
15. Arts, entertainment, and recreation	\$35,000,000	0.0866	3.06	3.24	3.43	3.64	3.89	4.17	4.50	4.88	5.23	5.65	42
16. Accommodation and food services	\$35,000,000	0.1515	5.31	5.65	6.01	6.40	6.83	7.30	7.81	8.36	8.94	9.57	71
17. Other services*	\$35,000,000	0.2610	9.84	10.52	11.26	12.05	12.89	13.79	14.76	15.78	16.85	17.97	136
18. Households	\$35,000,000	0.0575	2.01	2.15	2.30	2.47	2.64	2.82	3.02	3.23	3.46	3.70	28
Earnings Multipliers													
1. Agriculture, forestry, fishing, and hunting	\$35,000,000	0.0005	\$17,500	\$18,725	\$20,036	\$21,438	\$22,939	\$24,545	\$26,263	\$28,101	\$30,068	\$32,173	\$241,788
2. Mining	\$35,000,000	0.0001	\$3,500	\$3,745	\$4,007	\$4,286	\$4,588	\$4,909	\$5,253	\$5,620	\$6,014	\$6,435	\$48,358
3. Construction	\$35,000,000	0.0014	\$52,430	\$56,100	\$60,077	\$64,366	\$68,972	\$73,906	\$79,168	\$84,759	\$90,681	\$96,945	\$707,436
4. Wholesale trade	\$35,000,000	0.0102	\$350,000	\$372,750	\$396,750	\$422,025	\$448,770	\$476,990	\$506,690	\$537,870	\$570,525	\$604,650	\$4,500,000
5. Retail trade	\$35,000,000	0.0218	\$700,000	\$745,500	\$791,000	\$837,500	\$885,000	\$933,500	\$983,000	\$1,033,500	\$1,085,000	\$1,137,500	\$8,500,000
6. Transportation and warehousing	\$35,000,000	0.0084	\$294,000	\$314,700	\$336,600	\$359,700	\$384,000	\$409,500	\$436,200	\$464,100	\$493,200	\$523,500	\$3,900,000
7. Information	\$35,000,000	0.0048	\$168,000	\$179,700	\$192,343	\$206,025	\$220,750	\$236,525	\$253,345	\$271,215	\$290,145	\$310,135	\$2,280,000
8. Finance and insurance	\$35,000,000	0.0087	\$304,500	\$325,815	\$348,622	\$373,026	\$399,137	\$427,077	\$456,872	\$488,560	\$523,148	\$560,631	\$4,000,000
9. Real estate and rental and leasing	\$35,000,000	0.0095	\$322,500	\$343,725	\$366,075	\$390,570	\$417,225	\$446,050	\$477,060	\$510,270	\$545,685	\$583,355	\$4,200,000
10. Professional, scientific, and technical services	\$35,000,000	0.0146	\$511,000	\$546,770	\$585,044	\$625,997	\$669,617	\$716,094	\$764,614	\$816,189	\$871,872	\$930,663	\$6,700,000
11. Management of companies and enterprises	\$35,000,000	0.0005	\$17,500	\$18,725	\$20,036	\$21,438	\$22,939	\$24,545	\$26,263	\$28,101	\$30,068	\$32,173	\$241,788
12. Administrative and waste management services	\$35,000,000	0.0034	\$119,000	\$127,300	\$136,743	\$147,330	\$159,065	\$171,950	\$186,085	\$201,470	\$218,105	\$236,000	\$1,700,000
13. Educational services	\$35,000,000	0.0022	\$78,000	\$83,880	\$89,902	\$96,165	\$102,675	\$109,440	\$116,460	\$123,740	\$131,280	\$139,090	\$1,000,000
14. Health care and social assistance	\$35,000,000	0.0022	\$78,000	\$83,880	\$89,902	\$96,165	\$102,675	\$109,440	\$116,460	\$123,740	\$131,280	\$139,090	\$1,000,000
15. Arts, entertainment, and recreation	\$35,000,000	0.0076	\$270,000	\$286,650	\$304,650	\$324,000	\$344,700	\$366,750	\$390,150	\$414,900	\$441,000	\$467,450	\$3,400,000
16. Accommodation and food services	\$35,000,000	0.0083	\$290,500	\$308,625	\$328,163	\$349,215	\$371,783	\$395,865	\$421,560	\$448,885	\$477,840	\$508,025	\$3,700,000
17. Other services*	\$35,000,000	0.0006	\$21,000	\$22,470	\$24,043	\$25,728	\$27,527	\$29,445	\$31,485	\$33,751	\$36,248	\$38,981	\$290,000
18. Households	\$35,000,000	0.0006	\$21,000	\$22,470	\$24,043	\$25,728	\$27,527	\$29,445	\$31,485	\$33,751	\$36,248	\$38,981	\$290,000
Output Multipliers													
1. Agriculture, forestry, fishing, and hunting	\$35,000,000	0.0036	\$126,000	\$134,820	\$144,257	\$154,355	\$165,160	\$176,722	\$189,092	\$202,328	\$216,481	\$231,646	\$1,740,872
2. Mining	\$35,000,000	0.0005	\$17,500	\$18,725	\$20,036	\$21,438	\$22,939	\$24,545	\$26,263	\$28,101	\$30,068	\$32,173	\$241,788
3. Construction	\$35,000,000	0.0101	\$353,500	\$376,245	\$404,722	\$433,053	\$463,366	\$495,666	\$530,950	\$569,222	\$611,484	\$657,734	\$4,884,114
4. Wholesale trade	\$35,000,000	0.0056	\$196,000	\$209,700	\$224,000	\$240,100	\$256,800	\$274,900	\$294,143	\$313,533	\$338,166	\$360,338	\$2,709,024
5. Retail trade	\$35,000,000	0.0052	\$180,000	\$191,017	\$202,117	\$214,389	\$227,836	\$242,460	\$258,270	\$275,264	\$293,448	\$312,822	\$2,300,000
6. Transportation and warehousing	\$35,000,000	0.0024	\$84,000	\$89,580	\$95,313	\$101,205	\$107,355	\$113,762	\$120,435	\$127,372	\$134,584	\$142,072	\$1,000,000
7. Information	\$35,000,000	0.0096	\$336,000	\$357,840	\$380,688	\$404,640	\$430,704	\$458,880	\$489,168	\$521,568	\$556,080	\$592,800	\$4,300,000
8. Finance and insurance	\$35,000,000	0.0142	\$504,000	\$536,100	\$570,420	\$607,068	\$646,032	\$688,304	\$733,896	\$782,928	\$835,504	\$890,656	\$6,500,000
9. Real estate and rental and leasing	\$35,000,000	0.0142	\$504,000	\$536,100	\$570,420	\$607,068	\$646,032	\$688,304	\$733,896	\$782,928	\$835,504	\$890,656	\$6,500,000
10. Professional, scientific, and technical services	\$35,000,000	0.0226	\$791,000	\$840,520	\$892,640	\$948,360	\$1,007,784	\$1,070,920	\$1,137,768	\$1,208,328	\$1,282,296	\$1,359,576	\$10,000,000
11. Management of companies and enterprises	\$35,000,000	0.0133	\$465,000	\$498,060	\$532,851	\$570,258	\$611,286	\$655,944	\$705,240	\$758,264	\$815,024	\$875,520	\$6,500,000
12. Administrative and waste management services	\$35,000,000	0.0079	\$276,500	\$293,565	\$311,265	\$330,615	\$351,624	\$374,392	\$398,928	\$425,256	\$453,288	\$483,024	\$3,500,000
13. Educational services	\$35,000,000	0.0489	\$1,711,500	\$1,831,305	\$1,959,486	\$2,096,864	\$2,243,427	\$2,400,467	\$2,568,500	\$2,748,228	\$2,939,256	\$3,142,480	\$23,000,000
14. Health care and social assistance	\$35,000,000	0.0052	\$182,000	\$194,740	\$208,372	\$222,958	\$238,595	\$255,284	\$273,033	\$291,848	\$311,733	\$332,688	\$2,500,000
15. Arts, entertainment, and recreation	\$35,000,000	0.0216	\$756,000	\$808,620	\$865,544	\$926,833	\$992,568	\$1,062,756	\$1,137,384	\$1,216,560	\$1,299,288	\$1,385,568	\$10,000,000
16. Accommodation and food services	\$35,000,000	0.0291	\$983,500	\$1,052,345	\$1,126,000	\$1,204,450	\$1,287,708	\$1,375,872	\$1,468,944	\$1,566,936	\$1,669,856	\$1,777,704	\$13,000,000
17. Other services*	\$35,000,000	0.0377	\$1,312,500	\$1,414,865	\$1,515,000	\$1,614,450	\$1,722,000	\$1,837,650	\$1,961,400	\$2,094,150	\$2,235,900	\$2,386,650	\$18,000,000
18. Households	\$35,000,000	0.0377	\$1,312,500	\$1,414,865	\$1,515,000	\$1,614,450	\$1,722,000	\$1,837,650	\$1,961,400	\$2,094,150	\$2,235,900	\$2,386,650	\$18,000,000

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EXHIBIT E
ORDINANCE



BILL NO. B-83

ORDINANCE NO. 2007-84

AN ORDINANCE OF THE CITY OF FRESNO APPROVING A DEVELOPMENT AGREEMENT BETWEEN THE CITY OF FRESNO AND BETTS SPRING COMPANY, A CALIFORNIA CORPORATION, FOR COMMERCIAL, INDUSTRIAL, AND BUSINESS DEVELOPMENT IN THE SOUTHEAST FRESNO REVITALIZATION REDEVELOPMENT AREA OF FRESNO AT 2867 SO. MAPLE AVENUE

WHEREAS, the City of Fresno (the "City") is a home ruled city organized and existing under a charter adopted under the Constitution of California; and

WHEREAS, it is in the best interests of the City and essential to the health and welfare of the City and its residents to increase employment opportunities, to generate stable long-term sources of revenue to support public services and improvements, and to provide a stable economy within the City. To further these objectives the City Council has variously adopted a Comprehensive Economic Development Policy dated May 12, 1987, amended June 26, 1990 (the "Economic Development Policy"), enabled/applied for Enterprise Zone Incentives ("Enterprise Zone Incentives") and adopted Municipal Restoration Zone Incentives under Resolutions No. 2006-480, 2006-251 and 2006-521 ("Municipal Restoration Zone Incentives"), each and all attached hereto as Exhibit A and incorporated herein; and

WHEREAS, the Policy and Incentives establish the City's intent to attract industries and businesses by providing economic development incentives that encourage locating in or expanding businesses in, and investing private capital in the City, thereby providing direct and substantial benefits to the City by creating employment opportunities for City residents, providing additional revenue to the City, and generally fostering stability and growth in the City's economy; and

WHEREAS, to carry out the Economic Development Policy and policies/goals underlying the above Incentives, the City desires to expand the breadth and diversity of the economic activity in the City and to provide additional employment opportunities to City residents by (a) attracting new industries and businesses to the City, (b) encouraging industries and firms to locate and expand in the City, (c) using public improvements to stimulate business development and private capital investment, and (d) instituting development incentives which stimulate private capital investment. The City carries out these objectives by offering development incentives that encourage industries, businesses, and firms to locate and expand their operations in the City and to invest private capital in the City. This, in turn, provides direct and substantial benefits to the City and its residents by creating employment opportunities for City residents, providing

Adopted 11/27/07
Approved 12/10/07
Effective 1/10/08

1 of 4

2007-84

Ordinance Approving A Development
Agreement Between The City Of Fresno
And Betts Spring Company

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the City with additional revenue, and generally fostering economic stability and growth; and

WHEREAS, Developer has proposed to develop property it owns with corporate/commercial facilities at 2867 South Maple Avenue in Fresno, California, which property is legally described in Exhibit A to the Agreement attached hereto (the "Property"); and

WHEREAS, Developer is unable or unwilling to develop its Property without the inducement of the Project Specific Incentives contained in the Development Agreement in the form attached hereto as Exhibit A, Developer has requested that the City enter into the Development Agreement pursuant to California Government Code Section 65864 through Section 65869.5 to reimburse Developer a portion of its costs to construct the necessary public facilities, and to assure Developer that it may develop the project as provided in the Development Agreement; and

WHEREAS, the City is willing to enter into the Development Agreement substantially in the form attached to this Ordinance as Exhibit A; and

WHEREAS, the City has prepared an Environmental Assessment of the proposed Development Agreement, which resulted in finding of conformity with the 2025 Fresno General Plan Master Environmental Impact Report (MEIR) No. 10130 under Environmental Assessment No. S-07-04 with Addendum dated March 1, 2007 under the California Environmental Quality Act.

NOW, THEREFORE, the Council of the City of Fresno does ordain as follows:

SECTION 1. Based upon the testimony and information presented at the hearing and upon review and consideration of the environmental documentation provided, the Council finds that adoption of the Development Agreement is in the best interests of the City of Fresno; and the Council finds that with implementation of the mitigation measures specified in the Environmental Assessment No.S-07-04 with Addendum (the "Environmental Assessment") there is no substantial effect on the environment; and the Environmental Assessment and related Finding of Conformity (collectively the Environmental Documentation") prepared for this project is hereby approved. The Environmental Documentation is incorporated into this Ordinance and compliance therewith is made a condition of the Development Agreement.

SECTION 2. Council further finds that the provision of the proposed Development Agreement are consistent with the City's General Plan an all applicable specific plans and that such plans designate the site for commercial, industrial, and business uses, and the Development Agreement as set forth in Exhibit A will ensure development of this site with commercial, industrial, business and related uses consistent with the current plan designations.

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SECTION 3. Council finds that construction and location of Developer's development on the site will provide direct and substantial benefits to the City including but not limited to furthering the City's Economic Development Policy, generating additional revenue to the City from increased local taxes and business license taxes, and providing additional short-term and long-term employment opportunities for City residents.

SECTION 4. The Council approves the Development Agreement between the City and Developer substantially in the form attached hereto as Exhibit A, and authorizes and directs the City Manager to execute the Development Agreement on behalf of the City.

SECTION 5. This Ordinance shall become effective and in full force and effect at 12:01 a.m. on the thirty-first day after its passage.

Attachment: Exhibit A – Development Agreement



* * * * *

STATE OF CALIFORNIA)
COUNTY OF FRESNO) ss.
CITY OF FRESNO)

I, REBECCA E. KLISCH, City Clerk of the City of Fresno, certify that the foregoing ordinance was adopted by the Council of the City of Fresno, at a regular meeting held on the 27th day of November 2007.

AYES : Calhoun, Dages, Duncan, Sterling, Westerlund, Xiong, Perea
NOES : None
ABSENT : None
ABSTAIN : None

Mayor Approval: December 10, 2007

Mayor Approval/No Return: N/A, 2007

Mayor Veto: N/A, 2007

Council Override Vote: N/A, 2007

REBECCA E. KLISCH
City Clerk

BY: Rebecca Klisch
~~Deputy~~

APPROVED AS TO FORM:
CITY ATTORNEY'S OFFICE

BY: R
Robert R. Coyle, Senior Deputy

Dated 11-26-07

RRC:sn [43155sn/rcc/ORD] 11/26/07

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November 28, 2007

Council Adoption: 11/27/07

TO: MAYOR ALAN AUTRY

RECEIVED

Mayor Approval:

Mayor Veto:

Override Request:

FROM: REBECCA E. KLISCH, ^{R&K} CMC
City Clerk

2007 DEC 10 PM 2:21

CITY CLERK, FRESNO CA

SUBJECT: TRANSMITTAL OF COUNCIL ACTION FOR APPROVAL OR VETO

At the Council meeting of 11/27/07, Council adopted the attached Ordinance No. 2007-84 entitled **Appv Dev Agrmnt w/Betts Spring Company, development in S/E Fresno Revitalization RDA**, Item No. 1Y, by the following vote:

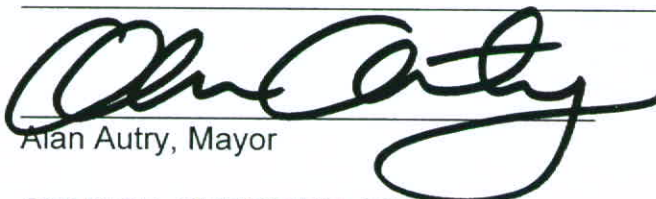
Ayes	:	Calhoun, Dages, Duncan, Sterling, Westerlund, Xiong, Perea
Noes	:	None
Absent	:	None
Abstain	:	None

Please indicate either your formal approval or veto by completing the following sections and executing and dating your action. Please file the completed memo with the Clerk's office on or before December 10, 2007. In computing the ten day period required by Charter, the first day has been excluded and the tenth day has been included unless the 10th day is a Saturday, Sunday, or holiday, in which case it has also been excluded. Failure to file this memo with the Clerk's office within the required time limit shall constitute approval of the ordinance, resolution or action, and it shall take effect without the Mayor's signed approval.

Thank you.

APPROVED:

VETOED for the following reasons: (Written objections are required by Charter; attach additional sheets if necessary.)


Alan Autry, Mayor

Date: 12/10/07

COUNCIL OVERRIDE ACTION:

Date: _____

Ayes	:
Noes	:
Absent	:
Abstain	:

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EXHIBIT F

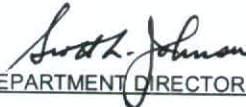

INTENTIONALLY OMITTED.

EXHIBIT G
CONSTRUCTION SCHEDULE
(Estimated)¹

GROUND BREAKING	NOVEMBER 2007
FOUNDATION	DECEMBER 2007
STEEL FRAMING	JANUARY 2008
BUILDING CONSTRUCTION COMPLETE	MAY 2008
OPERATION RELOCATION	JUNE 2008
OPERATIONS COMMENCE	JULY 2008

1 Revised 10/24/07


City of
FRESNO REPORT TO CITY COUNCIL

AGENDA ITEM NO.	1X
COUNCIL MEETING	11/27/07
APPROVED BY	
	
DEPARTMENT DIRECTOR	
CITY MANAGER 	

November 6, 2007

FROM:  SCOTT JOHNSON, Director
Economic Development Department

Presented to City Council
Date 11/27/07
Disposition Ord 2007-84
Adopted

BY:  LYNN BOWNESS, Economic Development Manager
Economic Development Department

SUBJECT: (INTRODUCTION) UNCODIFIED ORDINANCE APPROVING AND COUNCIL APPROVAL OF A DEVELOPMENT AGREEMENT INCLUDING INCENTIVES BETWEEN THE CITY OF FRESNO AND BETTS SPRING COMPANY, A CALIFORNIA CORPORATION, FOR COMMERCIAL, INDUSTRIAL, AND BUSINESS DEVELOPMENT IN THE SOUTHEAST FRESNO REVITALIZATION REDEVELOPMENT AREA, AUTHORIZE EXECUTION OF DOCUMENTS AND ADOPT RELATED ENVIRONMENTAL FINDINGS

KEY RESULTS AREA

Economic Development: Job creation

Presented to City Council
Date 11-6-07
Disposition Bill B-83
intro, laid over

RECOMMENDATIONS

Staff recommends that Council approve the Development Agreement and introduction of the attached uncodified ordinance approving a Development Agreement between the City of Fresno and Betts Spring Company (Betts Spring) providing performance-based financial incentives for assistance in the development of Betts Spring's corporate headquarters and additional facilities at 2867 South Maple Avenue, authorize execution of the Development Agreement/related documents and adopt the project environmental findings.

EXECUTIVE SUMMARY

Betts Spring, a 150+ year old California-based and family-owned manufacturer, has operated one of its manufacturing facilities in Fresno for more than 20 years. On August 22, 2006, the City Council approved a MOU between the City of Fresno and Betts Spring governing negotiation of an agreement providing development incentives for the retention and expansion of Betts Spring's Fresno operations (see Attachment B) in order to promote economic development and job creation. The incentives would assist in retaining the Betts Spring business in Fresno and moving Betts Spring's corporate headquarters from San Leandro to Fresno, thereby creating an estimated 90 new jobs, retaining 75 jobs locally, and providing a capital investment of \$10 million. The incentives are primarily in the form of "gain sharing" of new revenues the City would receive as a result of the expansion, and these have now been incorporated into a Development Agreement. Any financial incentives that the company would receive from the new Municipal Restoration Zone (MRZ) would be used to offset these incentives.

KEY OBJECTIVE BALANCE

The recommended Agreement balances customer satisfaction, financial management, and employee satisfaction. Customer satisfaction is fostered by meeting the needs of the client company, its current Fresno

*SUBJECT TO MAYOR'S VETO

REPORT TO CITY COUNCIL

Betts Spring

Page 2

workers, and the Fresnans who will obtain good paying jobs that will be created as a result of business expansion that will be made possible by this action. Financial management is supported by bringing about the revenue gains that will be shared as spelled out in the attached Agreement. Employee satisfaction is supported when results are achieved.

ENVIRONMENTAL FINDING

An environmental assessment initial study was prepared for this project in accordance with the requirements of the California Environmental Quality Act (CEQA) Guidelines (see Attachment C). This process included the distribution of requests for comment from other responsible or affected agencies and interested organizations.

Preparation of the environmental assessment necessitated a thorough review of the proposed project and relevant environmental issues and considered previously prepared environmental and technical studies pertinent to the Roosevelt Community Plan and the Southeast Fresno Revitalization Redevelopment Plan area including the Master Environmental Impact Report (MEIR) No. 10130 for the 2025 Fresno General Plan. These environmental and technical studies have examined projected sewage generation rates of planned urban uses, the capacity of existing sanitary sewer collection and treatment facilities, and optimum alternatives for increasing capacities; groundwater aquifer resource conditions; water supply production and distribution system capacities; traffic carrying capacity of the planned major street system; and, student generation projections and school facility site location identification.

The study indicates that the project, if approved, would conform to the land use designation and land use policies of the 2025 Fresno General Plan and is within the scope of the Master Environmental Impact Report No. 10130. Therefore, staff has issued a finding of conformity to the 2025 Fresno General Plan Master Environmental Impact Report (MEIR) No. 10130 dated March 1, 2007, which incorporates a MEIR Mitigation Monitoring Checklist. This environmental finding was properly published and noticed on March 1, 2007, with no comments received to date.

BACKGROUND

Betts Spring manufactures a variety of metal products used in the transportation industry and was founded more than 150 years ago. Headquartered in San Leandro, California, this fourth generation company opened a second manufacturing and sales facility in Fresno over 20 years ago. The San Leandro plant cannot support the necessary Betts expansion. They were faced with (1) closing the San Leandro plant and combining it with their Fresno location; (2) closing the San Leandro operation and moving it elsewhere; or, (3) combining both operations and relocating to a totally new location.

Robert Vermeltoort, on behalf of Betts Springs Company, has submitted Site Plan Review Application No. S-07-004 proposing a three phase project (see Aerial map and Vicinity map, as part of Exhibit B to the Agreement). Phase one will consist of the construction of a 92,942 square-foot warehouse/manufacturing/distribution center. Phase two consists of a 14,000 square-foot addition to the proposal of phase one. Phase three proposes to construct an approximately 45,000 square-foot building. The subject property is developed with an existing 56,806 square-foot warehouse and is located on the southeast corner of South Maple and East Commerce Avenues and is zoned M-3 (*Heavy Industrial District*). The property is planned for heavy industrial uses by the 2025 Fresno General Plan, Roosevelt Community Plan, and the Southeast Fresno Revitalization Redevelopment Plan.

The Economic Development Department has been working with Betts Spring for more than two years to retain and expand its manufacturing facility in Fresno. This expansion anticipates a 151,942 square-foot expansion, the investment of \$10 million in capital, and will add 90 new manufacturing jobs and retain its current Fresno workforce of 75.

REPORT TO CITY COUNCIL

Betts Spring

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A performance based MOU was brought to and approved by the Fresno City Council on August 22, 2006, outlining a number of items that needed to be accomplished by Betts Spring prior to an Agreement coming back to Council for approval, as well as a 45-day time frame for negotiations. (See Attachment B, August 22, 2006, MOU). This time frame was exceeded to allow for additional information and projections. Pursuant to the MOU and as reflected in the attached Development Agreement, Attachment A, Betts Spring has provided the City with complete supporting project information and documentation.

Betts Spring will maintain its current 13-acre property in Fresno with its manufacturing, distribution, and service operations in the existing 56,806 square-foot facility. Betts Spring will undertake a project (Project) to construct in three phases certain new administrative and warehouse buildings on real property currently owned by Betts Spring, totaling 151,942 square-foot, including certain related off-site improvements, to house corporate headquarters and additional manufacturing, distribution, and redistribution operations variously with Betts Spring's nine other distribution centers in California, Arizona, and Oregon. The estimated Project completion date is mid-2008 with operations commencing shortly thereafter. The Project Site Plan (Site Plan Review Application No. S-07-004, subject to Conditions of Approval) and Conditional Use Permit (CUP) have been approved, and California Environmental Quality Act (CEQA) review has been completed resulting in a Finding of Conformity to the 2025 General Plan MEIR No. 10130 under Environmental Assessment No. S-07-004 with Addendum filed with the Fresno County Clerk on March 1, 2007. No further environmental assessment is required.

The terms of the incentives were also outlined and have remained the same with the exception of item No. 2 as noted in the following list.

1. City to reimburse up to \$50,000 in development fees and up to \$42,000 in costs associated with off-site improvements, paid at time of occupancy.
2. City to reimburse 70 percent of City's portion of increased real and personal property taxes associated with this project, up to \$80,000 per year for a 10-year period. (Originally read 50 percent and \$60,000 in the MOU).
3. Enter into a Sales Tax Sharing Agreement to reimburse 50 percent of the City's portion of increased tax generated by Betts Spring for up to 10 years.
4. Reimburse Betts Spring's Business License Tax for a period of five years.

Any incentives that Betts Spring would receive due to the Municipal Restoration Zone (MRZ) would be credited against these reimbursements and would not be in addition to these reimbursements. Non-financial obligations of the City include expedited permit processing and restructuring Betts Spring's contracts to facilitate California taxable sales through Fresno as point-of-sale.

FISCAL IMPACT

This Agreement is based on "gain sharing" as opposed to an expenditure of City funds. The impact of adoption of the ordinance approving the Development Agreement on the City's General Fund over the next 10 years is estimated as a gross revenues increase of approximately \$4,617,356, minus the reimbursement to Betts Spring of \$1,497,653. This results in an estimated net revenue increase to the City of \$3,119,703. This does not include the added economic benefit of an additional 90 new manufacturing jobs, the retention of 75 jobs, nor the direct capital investment of \$10 million by Betts Spring.

Attachments: *Attachment A – Development Agreement with Betts Spring Company*
 Attachment B – Betts Springs/City MOU, August 22, 2006
 Attachment C – Environmental Assessment No. S-07-004, Finding of Conformity and
 Addendum, dated March 1, 2007