

STAFF REPORT
City of Lancaster

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DATE: July 22, 2014

TO: Mayor Parris and City Council Members

FROM: Mark V. Bozigian, City Manager
Vern Lawson, Economic Development Director

SUBJECT: **Agreement with 7 Jays, LLC**

Recommendation:

Adopt **Resolution No. 14-53**, approving a Disposition and Development Agreement by and between the City of Lancaster and 7 Jays, LLC (Antelope Valley Chevrolet - Dealer), a California limited liability company.

Fiscal Impact:

The City will enter into an agreement to provide 2.09 acres of land to the Dealer and in exchange, the Dealer will agree to operate this site as a car dealership for a period of 20 years. The approval of this agreement will place the property on the tax rolls. It will also increase sales and consequently, sales tax, as well as provide additional private sector jobs.

Background:

It has been four years since Antelope Valley Chevrolet opened in the Lancaster Auto Mall. The Chevrolet dealership has surpassed expectations and is now one of the top 10 sales tax generators in the City of Lancaster. This is a remarkable achievement for a four-year-old startup. Antelope Valley Chevrolet is a family-operated company; Lou and Joyce Gonzales manage the dealership while their son, Justin, serves as General Manager. This multi-generational ownership structure helps to solidify this business' long-term presence in Lancaster.

Antelope Valley Chevrolet has recently completed a new attractive façade improvement which helps to enhance the Chevy brand. These improvements are part of Chevrolet's Essential Brand Element Program and cost Antelope Valley Chevrolet over 1.2 million dollars. The Gonzales's have already made a substantial investment in Lancaster and their plan to expand into an additional 2.09 acre parcel will create even more opportunities for expanding the tax base and jobs base of the Antelope Valley.

The Gonzales's are great corporate citizens who support the community in many ways. Most recently, they donated a car to a deserving local high school graduate through their annual "Be Cool, Stay in School" program. The Gonzales family's combination of community-serving objectives and demonstrated business savvy make them an ideal partner to the City.

The Lancaster Auto Mall has become very successful because of a number of factors, including substantial renovations by all of the dealerships, and the increased demand created by the softening of the great recession. We are fortunate to have a collection of owners who all contribute generously to the community and who possess many years of experience in operating Lancaster based car dealerships. The leadership of Antelope Valley Chevrolet is our newest family of auto dealer entrepreneurs and is well positioned to be a long-term contributor to the City.

The proposed transaction will require that the City provide Antelope Valley Chevrolet with the 2.09 acre parcel that is adjacent to and directly east of the existing dealership. This land is currently used as overflow parking for the Auto Mall and Lancaster City Park. The Dealer will be required to develop this parcel, initially as a product storage area and ultimately as an expansion of their dealership interests.

The Dealer will agree to operate this site as a dealership-related entity for a period of 20 years. The City Attorney has developed the attached agreement, to which 7 Jays, LLC has agreed.

While this agreement is not subject to the requirements of SB 470 (Gov. Code §52201) or AB 562 (Gov. Code §53083), the attached Economic Opportunity Report and Economic Development Information Summary are nevertheless provided as additional information for the proposed transaction.

VL:tb

Attachments:

Resolution No. 14-53

SB 470 (52201) Economic Opportunity Report

AB 562 (53083) Economic Development Information Summary

Agreement