

**STAFF REPORT**  
City of Lancaster

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5/10/16
MVB

DATE: May 10, 2016

TO: Mayor Parris and City Council Members

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

SUBJECT: **Facilitate 48,000 Square Foot BYD Expansion through Amendments to the Executed Disposition & Development Agreement Between the City and BYD and the Executed Memorandum of Understanding Between the City and Rexhall Industries, Inc.**

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**Recommendations:**

- a. Approve the First Amendment to the Memorandum of Understanding between the City of Lancaster and Rexhall Industries, Inc; as well as the First Amendment to the Disposition & Development Agreement between the City, BYD Energy LLC, and BYD Coach & Bus LLC and authorize the City Manager or his designee to execute all related documents.
- b. Appropriate \$1,450,000 to account number 101-4330-912 Property Acquisition from General Fund reserves.

**Fiscal Impact:**

The Rexhall-owned Expansion Site of approximately 12 acres will be purchased from Rexhall by the City for approximately \$1,450,000 which is currently available in general fund reserves. Payment to Rexhall will be made in three installments: 1) Downpayment of \$234,936 upon execution of the amendments and close of escrow; 2) 50% of the remaining \$1,215,064 balance to be paid by July 31, 2016; and 3) the remaining balance to be paid by July 31, 2017. The property will be transferred to BYD as contemplated in the executed DDA.

**Background:**

Under the leadership of Mayor R. Rex Parris, the Lancaster City Council has made local job creation and investment in alternative energy top priorities for the City. In pursuit of both these initiatives, the Council facilitated the development of BYD's electric bus manufacturing facility right here in Lancaster. This marked BYD's first manufacturing facility in the United States.

Since coming to Lancaster in 2013, BYD has experienced a great deal of success which has led to the creation of more than 250 local jobs. Today, the firm is projecting a need to add at least 500 more jobs in the next two years. To facilitate this growth, BYD is planning a 48,000-square-foot expansion to its existing 120,000-square-foot facility.

Approval of the recommended amendments would enable BYD to achieve this growth and thus create new jobs for residents of the Antelope Valley. The amended agreements reflect that the City will purchase the Rexhall-owned Expansion Site, located immediately south of the existing BYD facility, for a total price of \$1,450,000.

The City Council and the community have continued to support BYD since their arrival in Lancaster. In fact, the Antelope Valley Transit Authority (AVTA) has partnered with BYD to make AVTA the first all-electric bus fleet in California which will be accomplished by 2018. Acquiring the Expansion Site will provide BYD the space needed to continue forming these critical partnerships with our community and beyond, as it will enable them to develop the approximately additional 200,000 square feet they anticipate needing in the coming years in order to create even more new jobs for the residents of Antelope Valley. BYD's growth continues to be both impressive and exponential. Recently the company announced the addition of a full line of all-electric commercial trucks, to be manufactured in Lancaster.

**Attachments:**

First Amendment to Disposition and Development Agreement

First Amendment to Memorandum of Understanding