



AGENDA

Thursday, July 17, 2025

5:00 P.M. Open Session

SPECIAL MEETING CITY COUNCIL

THIS MEETING WILL BE HELD IN PERSON AND VIRTUALLY (HYBRID).

Council Chambers
211 Hillcrest Avenue
Marina, California

AND

Zoom Meeting URL: <https://zoom.us/j/730251556>

Zoom Meeting Telephone Only Participation: 1-669-900-9128 - Webinar ID: 730 251 556

PARTICIPATION

You may participate in the City Council meeting in person or in real-time by calling Zoom Meeting via the weblink and phone number provided at the top of this agenda. Instructions on how to access, view and participate in remote meetings are provided by visiting the City's home page at <https://cityofmarina.org/>. Attendees can make oral comments during the meeting by using the "Raise Your Hand" feature in the webinar or by pressing *9 on your telephone keypad if joining by phone only.

The most effective method of communication with the City Council is by sending an email to marina@cityofmarina.org. Comments will be reviewed and distributed before the meeting if received by 5:00 p.m. on the day of the meeting. All comments received will become part of the record. Council will have the option to modify their action on items based on comments received.

AGENDA MATERIALS

Agenda materials, staff reports and background information related to regular agenda items are available on the City of Marina's website www.cityofmarina.org. Materials related to an item on this agenda submitted to the Council after distribution of the agenda packet will be made available on the City of Marina website www.cityofmarina.org subject to City staff's ability to post the documents before the meeting.

VISION STATEMENT

Marina will grow and mature from a small town bedroom community to a small city which is diversified, vibrant and through positive relationships with regional agencies, self-sufficient. The City will develop in a way that insulates it from the negative impacts of urban sprawl to become a desirable residential and business community in a natural setting. **(Resolution No. 2006-112 - May 2, 2006)**

MISSION STATEMENT

The City Council will provide the leadership in protecting Marina's natural setting while developing the City in a way that provides a balance of housing, jobs and business opportunities that will result in a community characterized by a desirable quality of life, including recreation and cultural opportunities, a safe environment and an economic viability that supports a high level of municipal services and infrastructure. **(Resolution No. 2006-112 - May 2, 2006)**

LAND ACKNOWLEDGEMENT

The City recognizes that it was founded and is built upon the traditional homelands and villages first inhabited by the Indigenous Peoples of this region - the Esselen and their ancestors and allies - and honors these members of the community, both past and present.

1. CALL TO ORDER 
2. ROLL CALL & ESTABLISHMENT OF QUORUM: (City Council, Airport Commissioners, Marina Abrams B Non-Profit Corporation, Preston Park Sustainable Communities Nonprofit Corporation, Successor Agency of the Former Redevelopment Agency Members and Marina Groundwater Sustainability Agency)

Jennifer McAdams, Brian McCarthy, Kathy Biala, Mayor Pro-Tem/Vice Chair Liesbeth Visscher, Mayor/Chair Bruce C. Delgado
3. MOMENT OF SILENCE & PLEDGE OF ALLEGIANCE (Please stand)
4. OTHER ACTION:
 - a. Adopting Resolution No. 2025-, amending sales tax revenue sharing agreement between the City of Marina and Unstoppable Automotive MBMCA LLC to assist in covering high site development and construction costs associated with developing a Mercedes-Benz automobile dealership in Marina.
5. ADJOURNMENT:

CERTIFICATION

I, Anita Sharp, Deputy City Clerk, of the City of Marina, do hereby certify that a copy of the foregoing agenda was posted at City Hall and Council Chambers Bulletin Board at 211 Hillcrest Avenue, Monterey County Library Marina Branch at 190 Seaside Circle, City Bulletin Board at the corner of Reservation Road and Del Monte Boulevard on or before 4:45 p.m., Wednesday, July 16, 2025.

ANITA SHARP, DEPUTY CITY CLERK

City Council, Airport Commission and Redevelopment Agency meetings are recorded on tape and available for public review and listening at the Office of the City Clerk and kept for a period of 90 days after the formal approval of MINUTES.

City Council meetings may be viewed live on the meeting night and at 12:30 p.m. and 3:00 p.m. on Cable Channel 25 on the Sunday following the Regular City Council meeting date. In addition, Council meetings can be viewed at 6:30 p.m. every Monday, Tuesday and Wednesday. For more information about viewing the Council Meetings on Channel 25, you may contact Access Monterey Peninsula directly at 831-333-1267.

Agenda items and staff reports are public record and are available for public review on the City's website (www.cityofmarina.org), at the Monterey County Marina Library Branch at 190 Seaside Circle and at the Office of the City Clerk at 211 Hillcrest Avenue, Marina between the hours of 10:00 a.m. 5:00 p.m., on the Monday preceding the meeting.

Supplemental materials received after the close of the final agenda and through noon on the day of the scheduled meeting will be available for public review at the City Clerk's Office during regular office hours and in a 'Supplemental Binder' at the meeting.

ALL MEETINGS ARE OPEN TO THE PUBLIC. THE CITY OF MARINA DOES NOT DISCRIMINATE AGAINST PERSONS WITH DISABILITIES. Council Chambers are wheelchair accessible. Meetings are broadcast on cable channel 25 and recordings of meetings can be provided upon request. To request assistive listening devices, sign language interpreters, readers, large print agendas or other accommodations, please call (831) 884-1278 or e-mail: marina@cityofmarina.org. Requests must be made at least **48 hours** in advance of the meeting.

July 16, 2025

Item No: **4a**

Honorable Mayor and Members
of the Marina City Council

City Council Meeting
of July 17, 2025

**CITY COUNCIL CONSIDER ADOPTING RESOLUTION NO. 2025-,
AMENDING THE SALES TAX REVENUE SHARING AGREEMENT
BETWEEN CITY OF MARINA AND UNSTOPPABLE AUTOMOTIVE
MBMCA LLC TO ASSIST WITH THE CONSTRUCTION COSTS AND
SITE DEVELOPMENT OF AN AUTOMOBILE DEALERSHIP, AND;
AUTHORIZING THE CITY MANAGER TO EXECUTE THE
AMENDMENT, SUBJECT TO FINAL REVIEW BY THE CITY
ATTORNEY.**

REQUEST:

It is requested that the City Council consider:

1. Adopting Resolution No. 2025-, amending the sales tax revenue sharing agreement between the City of Marina and Unstoppable Automotive MBMCA LLC to assist in covering high site development and construction costs associated with developing a Mercedes-Benz automobile dealership in Marina, and;
2. Authorize the City Manager to execute the amendment subject to final review by the City Attorney, and:

BACKGROUND:

At the May 20, 2025, City Council meeting, the City Council adopted Resolution No. 2025-49 approving a sales tax revenue sharing agreement with the Unstoppable Automotive MBMCA LLC group to assist in covering the high site development and construction costs associated with developing a Mercedes-Benz automobile dealership in Marina. Additionally, the City Council included some other conditions for approval of the sales tax revenue sharing agreement which are listed in the Resolution. One of the conditions of approval required that the dealership signage refer to “Mercedes-Benz of Marina”.

Attached is the staff report, Resolution No. 2025-49, sales tax revenue sharing agreement, and economic development subsidy report.

ANALYSIS:

The Unstoppable Automotive Group reached out to Mercedes-Benz USA to see if they could get approval of the name change and were informed that this is not possible. MBUSA stated that the relocation to Marina was approved and processed under the name “Mercedes-Benz of Monterey. MBUSA is requiring that the name be retained to ensure continuity across customer communications, manufacturer systems, and branding efforts. Attached is a letter from Hannah J. Wilder, Mercedes-Benz USA.

The Unstoppable Automotive group is requesting that the condition requiring the dealership signage change to “Mercedes-Benz of Marina” be changed to allow them to continue with their current name of Mercedes-Benz of Monterey.

All other conditions of approval will remain the same.

FISCAL IMPACT:

First year direct new tax revenue to the City will be \$882,000. Cumulative over five years, the new direct tax annual revenue will be \$6,420,000. The revenue will go to the General Fund. Additionally, the City's portion of the Monterey County pooled sales tax is expected to increase annually by an estimated additional \$150,000.

CONCLUSION

This request is submitted for City Council consideration and direction.

Respectfully submitted,

Layne Long
City Manager
City of Marina

RESOLUTION NO. 2025-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MARINA
APPROVING AN AMENDMENT TO THE SALES TAX REVENUE
SHARING AGREEMENT BETWEEN THE CITY OF MARINA AND
UNSTOPPABLE AUTOMOTIVE MBMCA LLC TO ASSIST WITH THE
CONSTRUCTION COSTS AND SITE DEVELOPMENT OF AN
AUTOMOBILE DEALERSHIP, AND; AUTHORIZING THE CITY
MANAGER TO EXECUTE THE AMENDMENT SUBJECT TO FINAL
REVIEW BY THE CITY ATTORNEY

WHEREAS, the City on May 20, 2025 approved a sales tax revenue sharing agreement with the Unstoppable Automotive MBMCA LLC;

WHEREAS, the Unstoppable Automotive MBMCA LLC proposes to change one of the conditions changing the name from Mercedes-Benz of Marina to Mercedes-Benz of Monterey.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Marina does hereby:

1. Approve amending the sales tax revenue sharing agreement between the City of Marina and Unstoppable Automotive MBMCA LLC to change the dealership name from Mercedes-Benz of Marina to Mercedes-Benz of Monterey, and;
2. Authorize the City Manager to execute the amendment subject to final review by the City Attorney, and;

PASSED AND ADOPTED by the City Council of the City of Marina at a regular meeting duly held on July 17, 2025 by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ATTEST:

Bruce C. Delgado, Mayor

Anita Sharp, Deputy City Clerk



VIA ELECTRONIC DELIVERY

July 8, 2025

Dear City of Marina,

As Mercedes-Benz USA, we are writing to express our support and provide clarity around our position regarding changing the name from Mercedes-Benz of Monterey following their proposed relocation to the Dunes at Marina, located in Marina, CA.

While the dealership would be relocating to the city of Marina, it would also still be operating in Monterey County. Due to this distinction, their relocation was approved and processed under the name "Mercedes-Benz of Monterey." As such, we, as MBUSA, would require that they retain this name to ensure continuity across customer communications, manufacturer systems, and branding efforts.

Additional factors should also be considered as Mercedes-Benz of Monterey has a rich history since opening in 1957 including established long-term client loyalty, brand recognition and existing goodwill. We also want to emphasize that we value their strong partnership and commitment to the local community and customers across Monterey County.

This commitment to maintaining the business as Mercedes-Benz of Monterey is strictly administrative and branding-related, and in no way diminishes our appreciation for their new location or their service to the city of Marina.

We appreciate your understanding and support in allowing the dealership to continue operating under the name Mercedes-Benz of Monterey.

Should you need any additional information or clarification, please don't hesitate to contact me at 904-248-2147 or hannah.wilder@mbusa.com.

Sincerely,

A handwritten signature in cursive script that reads "Hannah J. Wilder".

Hannah J. Wilder
Senior Manager, Dealer Network Operations
Network Development
Mercedes-Benz USA, LLC

RESOLUTION NO. 2025-49

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MARINA
APPROVING A SALES TAX REVENUE SHARING AGREEMENT
BETWEEN THE CITY OF MARINA AND UNSTOPPABLE AUTOMOTIVE
MBMCA LLC TO ASSIST WITH THE CONSTRUCTION COSTS AND SITE
DEVELOPMENT OF AN AUTOMOBILE DEALERSHIP; AND
AUTHORIZING THE CITY MANAGER TO EXECUTE THE AGREEMENT,
SUBJECT TO FINAL REVIEW BY THE CITY ATTORNEY**

WHEREAS, the City desires to encourage private investment and economic development within the City's commercial areas; and

WHEREAS, the Unstoppable Automotive MBMCA LLC (Developer) proposes to construct and operate a new Mercedes-Benz automotive dealership located in the Dunes development within the City of Marina; and

WHEREAS the project involves a capital investment estimated at over \$40 million dollars, which includes land purchase, site development, construction of facilities and equipment; and

WHEREAS, the dealership is anticipated to generate substantial local sales tax revenue and other direct tax revenue for the City and create quality jobs; and

WHEREAS, in consideration of the Developer's significant capital investment and contribution to the City's economic base, the City agrees to rebate 50% of its local (1%) sales tax revenue for five years to support the financial feasibility of the project.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Marina does hereby:

- 1. Approve the sales tax revenue sharing agreement between the City of Marina and Unstoppable Automotive MBMCA LLC to assist in covering high site development and construction costs associated with developing a Mercedes-Benz automobile dealership in Marina, with the following conditions:**
 - a. The City Council shall have final approval after review from the Tree Committee and the Planning Commission for Site Plan and Architectural Design Review;**
 - b. That the dealership produces an accurate computer simulation video prior to Planning Commission review;**
 - c. That any gateway sign be consistent with City monument design requirements and that any dealership signage refer to "Mercedes of Marina";**
 - d. That the proposed lighting for the dealership site minimizes impact to the night sky;**
 - e. To consider future specific agreement amendments subject to mutual agreement by City and Developer; and**
 - f. Implement preference for local hires when feasible.**
- 2. Authorize the City Manager to execute the agreement subject to final review by the City Attorney, and;**
- 3. Authorize the Finance Director to make the necessary budgetary and accounting entries.**

PASSED AND ADOPTED by the City Council of the City of Marina at a regular meeting duly held on May 20, 2025, by the following vote:

AYES: COUNCIL MEMBERS: McAdams, McCarthy, Biala Delgado, Visscher

NOES: COUNCIL MEMBERS: None

ABSENT: COUNCIL MEMBERS: None

ABSTAIN: COUNCIL MEMBERS: None

ATTEST:



Liesbeth Visscher, Mayor Pro Tem

Anita Sharp, Deputy City Clerk

May 15, 2025

Item No: **13a**

Honorable Mayor and Members
of the Marina City Council

City Council Meeting
of May 20, 2025

**CITY COUNCIL CONSIDER ADOPTING RESOLUTION NO. 2025-,
APPROVING A SALES TAX REVENUE SHARING AGREEMENT
BETWEEN CITY OF MARINA AND UNSTOPPABLE AUTOMOTIVE
MBMCA LLC TO ASSIST WITH THE CONSTRUCTION COSTS AND
SITE DEVELOPMENT OF AN AUTOMOBILE DEALERSHIP, AND;
AUTHORIZING THE CITY MANAGER TO EXECUTE THE
AGREEMENT, SUBJECT TO FINAL REVIEW BY THE CITY
ATTORNEY.**

REQUEST:

It is requested that the City Council consider:

1. Adopting Resolution No. 2025-, approving a sales tax revenue sharing agreement between the City of Marina and Unstoppable Automotive MBMCA LLC to assist in covering high site development and construction costs associated with developing a Mercedes-Benz automobile dealership in Marina, and;
2. Authorize the City Manager to execute the agreement subject to final review by the City Attorney, and;
3. Authorize the Finance Director to make the necessary budgetary and accounting entries.

BACKGROUND:

The City of Marina has actively sought to attract high-value commercial businesses that can stimulate economic development, create jobs, expand the tax base, and generate sustainable revenue for the City. This dealership provides a new revenue stream to help meet the public safety, service needs, infrastructure, and maintenance demands of Marina. In alignment with the City's Mission and Vision Statement and the City Council's goals and objectives, staff have been in discussions with the Unstoppable Automotive group who are interested in constructing a Mercedes-Benz dealership on a parcel within the Dunes development area.

The Dunes development is a mixed-use development that includes retail, commercial, office, hotel, residential and affordable housing uses. A Specific Plan adopted for the Dunes development guides the development and land use of this development.

The Unstoppable Automotive LLC is proposing to acquire land from the Dunes development (Marina Community Partners) to develop a new Mercedes-Benz automobile dealership. The proposed dealership represents a significant capital investment estimated at over \$40 million dollars that includes land acquisition, site development and construction of dealership facilities with a new showroom and service center. This dealership will generate substantial new sales tax revenue for the City and is expected to create over 80 full-time equivalent jobs, initially, and expanding to over 140 full-time equivalent jobs over five years. ("EXHIBIT A")

The dealership has requested a sales tax revenue sharing agreement to support the significant upfront capital investment costs that will enhance their long-term competitiveness in the regional automotive market area.

The dealership will serve as an important catalyst for the continued economic growth and development needs of the City. The project will provide substantial direct and indirect benefits to the City and economic opportunities, including sales tax revenues, increased property tax revenues, and increased jobs in the region. It will enhance the City's position as a regional retail and commercial destination and serve as a catalyst for additional retail and commercial development opportunities.

In general, the City typically does not provide economic incentive agreements to businesses. However, the former Fort Ord property area has some unique challenges due to constraints placed on the property when it was transferred from the Army to the Fort Ord Reuse Authority and then to the City of Marina. Some of the unique constraints of these properties include requirements for all first-generation construction to pay a prevailing wage for all new construction which in many cases can double the constructions costs verses other cities in the area or state. There are also blighted military housing units that have lead and asbestos which add a significant cost to remove; decaying water and sewer infrastructure to replace; various endangered species that must be mitigated; and housing and water allotment caps.

Other major developments in the former Fort Ord properties in Marina have needed an economic incentive to be able to move forward. Examples include the current Dunes development, Marina Heights development (now Sea Haven), Cinemark theatre, Marriott Springhill Suite, and most recently the 225,000 square foot manufacturing building constructed by Joby Aviation at the Marina Municipal Airport.

ANALYSIS:

Mercedes-Benz, as a premier luxury auto brand, is anticipated to bring notable economic and brand value to the City of Marina. The dealership is projected to generate substantial annual sales revenue, which in turn would increase the City's share of local sales tax and the City's share of the Monterey County pooled sales tax.

To help offset the upfront capital burden of the development, the dealership has requested a temporary sales tax revenue sharing agreement. The proposed agreement includes the following terms: ("EXHIBIT B")

- The City will rebate fifty percent (50%) of the City's portion of the one percent (1%) local share of sales tax revenue generated by the dealership for a period of up to five (5) years
- Commence construction no later than January 1, 2026, and complete construction no later than fifteen (15) months after commencement.
- A high building design standard
- Annual report that includes annual gross sales, total number of employees, total full-time employees, breakdown of job types and number of employees that are Marina residents.

The firm Keyser Marston Associates was hired to evaluate the fiscal and economic benefits associated with the Mercedes-Benz automobile dealership. Included with their evaluation is a tax revenue analysis, an economic impact analysis, along with an assessment of the justification of the sales tax revenue sharing agreement. ("EXHIBIT C")

The new facility will be over 60,000 square feet, consisting of a showroom, service area, and detail bay. Sales will include new vehicles, used vehicles, parts and service sales.

The sales tax generated by the dealership goes to the City's General Fund for city-wide benefit and use and is not limited to the former Fort Ord area.

A premium brand like Mercedes-Benz will likely generate high sales volumes, particularly since this will be the only dealership in Santa Cruz County, San Benito County, South Santa Clara County and Monterey County. Significant short-term economic activity will occur from site development and construction of the dealership facility. When completed it is expected to attract regional shoppers. Visitors to the dealership may spend additional money at nearby restaurants, gas stations, and hotels.

Estimated Fiscal Impact

	Year 2027	Year 2031
Annual Taxable Sales	\$93, 593,200	\$194,074,694
Sales Tax Revenue (1%)	\$935,932	\$1,940,747
50% Rebate to Dealership	\$467,966	\$970,373
Annual Net to City	\$467,966	\$970,373

Over five years, the cumulative total net sales revenue to City is approximately \$3,482,411. In addition to sales tax revenue, the City will receive Measure N (1.5%) tax on parts, business license gross tax receipts, vehicle in lieu property tax revenues. The cumulative total new direct tax revenue the City will receive over the five-year rebate will be \$6,420,000. After year five, 100% of the sales tax revenue will come to the City.

FISCAL IMPACT:

First year direct new tax revenue to the City will be \$882,000. Cumulative over five years, the new direct tax annual revenue will be \$6,420,000. The revenue will go to the General Fund. Additionally, the City's portion of the Monterey County pooled sales tax is expected to increase annually by an estimated additional \$150,000.

CONCLUSION

This request is submitted for City Council consideration and direction.

Respectfully submitted,

Layne Long
City Manager
City of Marina

SALES TAX REVENUE SHARING AGREEMENT

This Sales Tax Revenue Sharing Agreement (this “**Agreement**”) is entered into on _____, 2025 by and between the City of Marina, a California municipal corporation (the “**City**”), and Unstoppable Automotive MBMCA LLC, a California limited liability company (“**Developer**”). The City and Developer are collectively referred to herein as the “**Parties**” and individually as a Party.

RECITALS

- A. The City and Marina Community Partners (“**MCP**”) entered into that certain Development Agreement dated July 8, 2005 and recorded in the Official Records of Monterey County as Document No. 2005080655 on August 5, 2005, as modified by that Administrative Modification to Development Agreement dated May 28, 2010 and that Second Administrative Modification to Development Agreement dated March 29, 2013 (collectively, the “**Development Agreement**”) with regards to that certain development commonly referred to as the Dunes on Monterey Bay. The Dunes development is a mixed-use development including retail, office, hotel and residential uses.
- B. MCP entered into a Disposition and Development Agreement with the former Redevelopment Agency of the City of Marina dated as of May 31, 2005 as modified by that certain Implementation Agreement Regarding University Village dated September 6, 2006 and that certain Second Implementation Agreement dated August 5, 2008, that certain Operating Agreement Clarifying and Modifying Certain Project Approvals for the Specific Plan for the Dunes on Monterey Bay dated December 17, 2019, that certain University Villages Settlement Agreement between MCP, the City of Marina and Save Our Peninsula Committee and that certain Order of The Court of Appeal dismissing appeal filed September 20, 2006 and that certain Stipulation Between Plaintiffs Monterey/Santa Cruz County Building And Construction Trades Council; International Brotherhood of Electrical Workers, Local 234; Mechanical Contractors Council of Central California and Ranae and William Gary Martin and Defendants Marina Community Partners, LLC; Shea Properties LLC; W.L. Butler Construction, Inc.; City of Marina Redevelopment Agency and Board of the City of Marina Redevelopment Agency; Cypress Marina Heights LP and East Garrison Partners I LLC and Order of Approval filed October 9, 2008 (collectively, the “**DDA**”) setting forth rights, terms, conditions and requirements for the acquisition and development of certain real property described therein (the “**Site**”) and referred to originally as University Villages and currently referred to as the Dunes. The City has succeeded to the former Redevelopment Agency’s rights and obligations under the DDA.
- C. Developer is proposing to acquire certain property consisting of a portion of the Site and more particularly described in Exhibit A attached hereto (“**Property**”) upon which Developer proposes to develop and operate an approximately 60,000 square foot automobile dealership for the sale and service of Mercedes Benz automobiles and Sprinter Vans and AMG service department (“**Development**”). Developer, as a condition of acquiring the automobile dealership to be located in the Development is

required by the car manufacturer to develop the Development consistent with the manufacturer's standards resulting in development costs that exceed the amount Developer can reasonably be expected to recover from operation of the Development.

- D. The City has determined that the Development is an important catalyst for the continued development of the Dunes Project and that development of the Development will provide substantial direct and indirect benefits to the City and economic opportunities, including sales tax revenues, increased property tax revenues and increased jobs in the region, will enhance the City's position as a regional retail and commercial destination and serve as a catalyst for additional retail and commercial development.
- E. The City has determined that the development and operation of the Development in accordance with this Agreement is in the best interest of the City and will provide significant benefits to the City and the community and therefore is willing to enter into this Agreement to provide financial assistance to the Developer in accordance with the terms and conditions set forth below and in exchange for the Developer's agreement to develop and operate the Development.
- F. The City has determined that an economic development subsidy to the Developer as set forth in this Agreement is appropriate because of the costs associated with the construction of the Development, the sales tax and property tax benefits to the City, and the increased employment expected from the Development all as more specifically described in the Economic Impact Analysis attached as Exhibit C and incorporated herein.
- G. City is a Charter City. The subject matter of this Agreement is a municipal affair and, therefore, except for those provisions of state law expressly adopted by City, the provisions of state law applicable to general law cities do not apply to this Agreement.
- H. City Council of the City approved this Agreement on May 20, 2025 pursuant to Resolution No. 2025-48, attached as Exhibit D and incorporated herein.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual covenants contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

ARTICLE 1. **DEFINITIONS**

Section 1.1 Definitions. In addition to the terms defined elsewhere in this Agreement, the following capitalized words shall have the following meanings:

- (a) "Agreement" means this Sales Tax Revenue Sharing Agreement.

- (b) "City" is defined in the preamble.
- (c) "Conditions Precedent" means all of the following: (i) the Developer has completed the Development within the time set forth in Section 3.2 below; (ii) the Developer has submitted a cost certification pursuant to Section 3.3 below to the City that the Development Costs are not less than Forty Million Dollars (\$40,000,000); and (iii) no Developer Event of Default shall have occurred.
- (d) "Developer" is defined in the preamble.
- (e) "Developer Event of Default" is defined in Section 4.3.
- (f) "Developer Sales Tax Share" means fifty percent (50%) of the Sales Tax generated by the Development during the Term of this Agreement.
- (g) "Effective Date" is defined in Section 2.1.
- (h) "Fiscal Year" means the fiscal year of City beginning on July 1 and ending on June 30 of each year.
- (i) "Fiscal Year Quarter" means each three month period of a Fiscal Year commencing with July 1 of each Fiscal Year.
- (j) "Force Majeure Event" is defined in Section 3.8.
- (k) "Indemnitees" means City and its councilmembers, officers, officials, employees, volunteers, representatives, attorneys, and consultants.
- (l) "Opening" means the date that the Development opens for business for sales and services to Developer's customers during normal business hours.
- (m) "Party" means either the City or Developer.
- (n) "Parties" means collectively the City and Developer.
- (o) "Sales Tax Law" means the Bradley-Burns Uniform Local Sales and Use Tax Law (California Revenue and Taxation Code section 7200, et seq.). If the Bradley-Burns Uniform Local Sales and Use Tax Law is further amended, terminated or rescinded, and Sales Taxes are calculated in an alternate manner or are replaced by an alternate revenue stream (i) arising from the retail sale, use or other consumption of tangible personal property from or on the Property, or (ii) designated as being a replacement for Sales Taxes previously generated by the retail sale, use or other consumption of tangible personal property on or from the Property, then "Sales Taxes" shall also mean those revenues attributable to sales, services or consumption of tangible personal property on or from the Property, collected for City in the alternate manner of calculation, so long as City receives its portion of such revenues and has the legal right under California and/or federal Law to retain and control the disposition of all of its portion thereof.

(p) “Sales Taxes” means for each Fiscal Year Quarter during the Term, that portion of taxes actually received by City from the imposition of Sales Tax Law attributable to the sales, services or business activities of Developer at the Development to the extent allocated and paid by the State Board of Equalization to City for its use, in a particular Fiscal Year Quarter. The defined term “Sales Taxes” shall not include any of the following: (i) any sales tax levied by, collected for or allocated to the State of California, the County, or any district or entity (including an allocation to a statewide or Countywide pool) other than City; (ii) any administrative fee charged by the State Board of Equalization or the County; (iii) any sales tax subject to any sharing, rebate, offset or other charge imposed pursuant to any applicable Law; (iv) any sales tax (or other funds measured as sales tax) required by the State of California to be paid over to another public entity (including the State) or set aside and/or pledged to a specific use other than for deposit into City’s general fund; (v) the district sales tax imposed by the City of Marina currently set at 1.5%; (vi) any other sales tax that is imposed within the boundaries of City and which is intended to fund a specific activity or project, rather than to be used by City as general fund revenues, or which has specific voter approved limitations on its uses. No Sales Taxes shall be considered to have been received by City until City is able to confirm the amount of City’s actual receipt thereof from the State Board of Equalization.

(q) “Term” is defined in Section 2.2.

ARTICLE 2. EFFECTIVE DATE AND TERM

Section 2.1 Effective Date. This Agreement shall take effect the date this Agreement is signed by both Parties (the “Effective Date”).

Section 2.2 Term. The term of this Agreement begins on the Effective Date and ends on the later of (i) the October 1st immediately following the fifth (5th) anniversary of the Opening of the Development, subject to a year-for-year tolling in the event of a Force Majeure Event, or (ii) the date on which the Developer shall have received \$5,000,000 in City Payments under this Agreement, unless terminated pursuant to the express provisions of this Agreement (the “Term”).

ARTICLE 3. DEVELOPER REIMBURSEMENT

Section 3.1 Payment of Development Costs. Developer shall be responsible for the payment of all costs associated with the Development, including, but not limited to costs of construction, permit and impact fees, costs of any off-site improvements required as a condition of approval of the Development and any other costs.

Section 3.2 Development. Developer shall commence construction of the Development no later than January 1, 2026, and complete construction no later than fifteen (15) months after commencement as evidenced by a certificate of occupancy or final permit sign off by the City. The time frames for commencement and completion are subject to extension pursuant to Section 3.8. The Development shall be constructed consistent with the concept

design plan submitted by the Developer to the City and attached hereto as Exhibit B and any City approvals.

Section 3.3 Development Costs. The City payments provided herein are being provided because the costs of the Development exceed the amounts that the Developer can reasonably expect to recover from the operation of the Development. In order to verify the costs of the Development, the Developer shall provide the City within thirty (30) days of completion of construction of the Development a cost certification showing all costs associated with the acquisition, entitlement, construction and marketing of the Development, together with fixtures, furnishings and equipment, including, but not limited to all land costs, design and engineering costs, hard and soft costs, permit and impact fees and all other costs to complete the Development and open for business (collectively, **"Development Costs"**). Upon receipt of the Developer's cost certification, the City may request additional information and supporting documentation including but not limited to construction contracts, contractor payment applications, invoices and other evidence of payments. Submission of a cost certification along with such evidence as the City may require to verify costs documenting that at least Forty Million Dollars (\$40,000,000) was spent on the Development Costs is a Condition Precedent to the City payments set forth in Section 3.6.

Section 3.4 Developer Annual Report. No later than sixty (60) days following the end of each Fiscal Year, commencing upon the end of the first Fiscal Year after the Opening the Developer shall provide the City with a report on the performance of the Development, including, but not limited to, annual gross sales, total number of employees as well as the total full time equivalent employees with a breakdown of the job types and the number of employees that are Marina residents. The City may from time to time request additional information to be included in the annual reports. The City shall have the right by written notice to the Developer to review Developer's books and records to confirm information provided in the annual report.

Section 3.5 City Business License. Developer shall maintain a City Business License at all times that the Development is open for business.

Section 3.6 City Payments.

(a) Subject to satisfaction of all Conditions Precedent, commencing on the date that is ninety (90) days following the end of the first full Fiscal Year Quarter after the Development Opening occurs and ninety (90) days following the end of each Fiscal Year Quarter thereafter throughout the Term, the City shall pay to Developer the Developer Sales Tax Share of the Sales Tax based on the Sales Tax actually received by the City during the immediately previous Fiscal Year Quarter, along with a certification by the City's Finance Director specifying the total amount of Sales Tax received from the operation of the Development during the previous Fiscal Year Quarter ("City Payment(s)"). Nothing contained in this Agreement shall obligate or otherwise commit the City to pay any amount to Developer unless and until the City receives the Sales Taxes attributable to sales, services or business activities of Developer at the Development.

(b) Developer shall, at the request of the City, provide the City with its Sales Tax reporting forms submitted to the State Board of Equalization to verify the Sales Tax reported to

the Board of Equalization. Developer shall designate the Property as the point of sale for sales tax purposes for all goods and services sold or leased on the Property, whose sales or leases originate from the Property.

(c) Following receipt of the City's certification of the Sales Tax for the prior Fiscal Year Quarter, Developer shall review the amount of Sales Tax determined by the City's Finance Director and shall either approve or disapprove the amount within thirty (30) days of receipt. Failure to notify the City of Developer's disapproval within thirty (30) days of receipt shall be deemed Developer's approval of the City Finance Director's calculations. Any disapproval shall state in writing the reasons for disapproval and the requested changes and shall provide any additional information or documentation available to Developer to support Developer's determination of the Sales Tax. The City, upon receipt of a disapproval by Developer and the additional information, shall review all information provided by Developer and either re-determine the Sales Tax for the previous Fiscal Year Quarter or provide Developer with a statement of disagreement with regards to the Sales Tax received by the City. In the event the City and Developer cannot agree on any item of the certification, the City and Developer shall submit the item mediation pursuant to Section 4.5 below.

Section 3.7 Failure to Operate. If the Development ceases to operate for a period of sixty (60) consecutive days absent a Force Majeure Event, the City shall have the right to terminate this Agreement, and the City shall have no obligation to make any further payments to Developer. Any expansion, renovation, repair or restoration of damage by Developer shall not be deemed a discontinuance of operations under this Section.

Section 3.8 Force Majeure. In addition to specific provisions of this Agreement, performance by any Party hereunder shall not be deemed to be in default where delays or defaults are due to war; insurrection; riots; pandemics, floods; earthquakes; fires; or casualties (a "Force Majeure Event"). An extension of time for Force Majeure Event shall only be for the period of the enforced delay, which period shall commence to run from the time of the notification of the delay by the Party requesting the extension to the other Party. The Party requesting an extension of time under this Section 3.8 shall give notice promptly following knowledge of the delay to the other Party. If, however, notice by the Party claiming such extension is sent to the other Party more than thirty (30) days after knowledge of the commencement of the delay, the period shall commence to run upon the earliest of (i) thirty (30) days prior to the giving of such notice; (ii) the date that the other Party received knowledge of the events giving rise to the delay or (iii) if the Force Majeure Event is one that results in the temporary closure of the Developer Store, the date of such closure.

Section 3.9 Limited City Obligation. The obligations arising from this Agreement are not a debt of the City, nor a legal or equitable pledge, charge, lien, or encumbrance upon any of its property or upon any of its monies, income, receipts, or revenues, except the revenues from the Sales Tax as provided herein. Neither the general nor any other fund of the City shall be liable for the payment of any obligations arising from this Agreement. The credit or taxing power of the City is not pledged for the payment of any obligation arising from this Agreement. Nothing herein shall provide Developer any right to compel the forfeiture of any of the City's property to satisfy any obligations arising from this Agreement. The obligations created by this

Agreement do not create an immediate indebtedness of the City, but rather create a liability only when a payment becomes due hereunder.

ARTICLE 4. DEFAULT AND REMEDIES

Section 4.1 Application of Remedies. The provisions of this Article shall govern the Parties' remedies for breach of this Agreement.

Section 4.2 Fault of City.

(a) Event of Default. Following notice and opportunity to cure as set forth in subsection (b) below, each of the following events constitutes a "**City Event of Default**" and a basis for Developer to take action against the City:

(i) The City fails to make any payment to Developer when required under this Agreement.

(ii) The City breaches any other material provision of this Agreement.

(b) Notice and Cure Procedure. Upon the occurrence of any of the above-described events, Developer shall first notify the City in writing of its purported breach or failure, giving the City thirty (30) days from receipt of such notice to cure such breach or failure. In the event the City does not then cure the default within such thirty (30)-day period (or, if the default is not reasonably susceptible of cure within such thirty (30)-day period, the City fails to commence the cure within such period and thereafter to prosecute the cure diligently to completion), then Developer shall be entitled to pursue any or both of the following remedies: (1) terminating this Agreement by written notice to the City; and (2) exercising its remedies as provided in Section 4.4. If Developer elects to terminate this Agreement, the provisions of this Agreement that are specified to survive such termination shall remain in full force and effect.

Section 4.3 Fault of Developer.

(a) Event of Default. Following notice and opportunity to cure as set forth in subsection (b) below, each of the following events constitutes a "**Developer Event of Default**" and a basis for the City to take action against Developer:

(i) Developer fails to construct the Development or fails to Open the Development.

(ii) Developer fails to maintain a valid City Business License or fails to comply with any other material City laws or regulations.

(iii) Developer: (1) files for bankruptcy, dissolution, or reorganization, or fails to obtain a full dismissal of any such involuntary filing brought by another party before the earlier of final relief or ninety (90) days after the filing; (2) makes a general assignment for the benefit of creditors; (3) applies for the appointment of a receiver, trustee, custodian, or

liquidator, or fails to obtain a full dismissal of any such involuntary application brought by another party before the earlier of final relief or ninety (90) days after the filing; (4) becomes insolvent; or (5) fails, is unable or admits in writing to its inability to pay its debts as they become due.

(iv) Developer breaches any other material provision of this Agreement.

(b) Notice and Cure Procedure. Upon the happening of any of the above-described events the City shall first notify Developer in writing of its purported breach or failure, giving Developer thirty (30) days from receipt of such notice to cure such breach or failure. If Developer does not cure the default within such thirty (30)-day period (or if the default is not reasonably susceptible of being cured within such thirty (30)-day period, Developer fails to commence the cure within such period and thereafter to prosecute the cure diligently to completion), then the City shall be entitled to pursue any or both of the following remedies: (1) terminating this Agreement by written notice to Developer; (2) exercising its remedies pursuant to Section 4.4. If the City elects to terminate this Agreement, the provisions of this Agreement that are specified to survive such termination shall remain in full force and effect.

Section 4.4 Remedies.

(a) Either Party may, in addition to any other rights or remedies that it may have available in law or equity (excluding punitive damages and consequential damages), institute legal action to cure, correct, or remedy any default by the other Party to this Agreement, to enforce any covenant or agreement herein, or to enjoin any threatened or attempted violation hereunder or to seek specific performance. For purposes of instituting a legal action under this Agreement, any City Council determination under this Agreement as it relates to an alleged default hereunder shall be deemed a final agency action. Developer acknowledges that it may not collect for future years based on a current or prior default, and that the City's obligation to pay with respect to any Fiscal Year Quarter is contingent upon receipt of Sales Taxes for that Fiscal Year Quarter and dependent upon the amount of those Sales Taxes and fees for determination of the amount to be paid.

(b) The Parties hereby acknowledge and agree that it is a material part of Developer's consideration to City that Developer, on the one hand, and the City, on the other hand, for themselves, their successors and assignees, hereby release one another's officers, trustees, directors, agents and employees from any and all claims, demands, actions, or suits of any kind or nature arising out of any liability, known or unknown, present or future, including, but not limited to, any claim or liability, based or asserted, pursuant to Article I, Section 19 of the California Constitution, the Fifth and Fourteenth Amendments of the United States Constitution, or any other law or ordinance which seeks to impose any money damages, whatsoever because of the terms of this Agreement, or because of the manner of implementation or performance of this Agreement.

Section 4.5 Mediation. If Developer and City have any disputes relating to this Agreement, the Sales Tax amount, each Party's respective performance or obligations hereunder or a notice of default has been issued, then, upon the written request of either Party given within

ten (10) days after written notice of the dispute or the notice of default, as applicable, the issue shall be submitted to nonbinding mediation with a neutral mediator selected by mutual agreement of the Parties. Failure of either Party to timely request mediation shall be deemed a waiver of the mediation process. The mediator shall be selected and the mediation scheduled as soon as is reasonably practicable. The cost of mediation shall be borne equally by the Parties. At the mediation meeting, the mediator shall attempt to bring the Parties together to close the gap between their respective positions, in an effort to settle the dispute or claim, without deciding the matter for the Parties.

ARTICLE 5. GENERAL PROVISIONS.

Section 5.1 General Indemnity. Developer shall indemnify, defend (with counsel approved by the City) and hold harmless the City, Councilmembers, officials, employees, agents, consultants, and contractors (collectively, the “**Indemnitees**”) from and against any and all liabilities, losses, costs, expenses (including without limitation attorneys’ fees and costs of litigation), claims, demands, actions, suits, causes of action, writs, judicial or administrative proceedings, penalties, deficiencies, fines, orders, judgments and damages (all of the foregoing collectively “**Claims**”) which in any manner, directly or indirectly, in whole or in part, are caused by, arise in connection with, result from, relate to, or are alleged to be caused by, arise in connection with this Agreement, including the negligent or wrongful performance of this Agreement by Developer or any contractor or subcontractor of Developer. This indemnity includes the fees and costs reasonably incurred by the City by its own in-house or special counsel retained to protect the City's interests. Each Party is entitled to legal counsel of its choice, at Developer's expense. The Parties and their respective counsel shall cooperate with each other in the defense of any such actions, including in any settlement negotiations. If a court in any such action awards any form of money damages to such third party, or any attorneys' fees and costs to such third party, Developer shall bear full and complete responsibility to comply with the requirements of such award, and hereby agrees to timely pay all fees and costs on behalf of City. This indemnity obligation shall not extend to any claim to the extent arising solely from the City's gross negligence or the City's failure to perform its obligations under this Agreement, and shall survive termination of this Agreement.

Section 5.2 Challenges to Agreement. Developer hereby agrees to defend (with counsel approved by the City), indemnify, protect and hold harmless the Indemnitees from any costs, losses, damages, claims including reasonable attorneys' fees and costs, resulting from any challenges brought by any third parties to the City's authority to enter into this Agreement or to make the payments provided for herein. In the event of any such third-party challenge, the Parties shall meet and confer on the defense of such litigation; and Developer may elect, in Developer’s sole discretion, in lieu of defending (or continuing to defend) against such third-party challenge, to terminate this Agreement.

Section 5.3 Notices, Demands and Communications. Any approval, disapproval, demand, document or other notice to be provided under this Agreement shall be given in writing and shall be sent (i) for personal delivery by a delivery service that provides a record of the date of delivery, the individual to whom delivery was made, and the address where delivery was

made; (ii) by first-class United States mail, postage prepaid, return receipt requested; or (iii) by a nationally recognized overnight courier service, marked for next day business delivery. All notices shall be addressed to the Party to whom such notice is to be given at the address stated in this Section 5.2 or to such other address as a Party may designate by written notice to the other; notices sent by a Party's attorney on behalf of such Party shall be deemed delivered by such Party.

City Notice Address:

City of Marina
211 Hillcrest Avenue
Marina, CA 93933
Attn: City Manager

With copies to:

City of Marina
211 Hillcrest Avenue
Marina, CA 93933
Attn: City Attorney

Developer Notice Address:

Unstoppable Automotive MBMCA LLC
40910 Temecula Center Dr
Temecula, CA 92591
Attn: Garth Blumenthal
Email: garth@unstoppablegroup.com

With a copy to:

Tribune Law Firm, LLP
601 University Ave, Suite 288
Sacramento, CA 95825
Attn: Sylvia Arostegui
Email: sylvia@tribunelaw.com

All notices shall be deemed effective on the earliest of (a) actual receipt; (b) rejection of delivery; (c) if sent by first class mail, the third day on which regular United States mail delivery service is provided after the day of mailing or; (d) if sent by overnight delivery service, on the next day on which such service makes next-business-day deliveries after the day of sending.

Section 5.4 No Assignment. Developer may not assign any of its rights or obligations under this Agreement without the prior written consent of the City, which may be withheld or granted in its sole discretion. Notwithstanding the foregoing, Developer shall have the right to assign its rights without the prior written consent of the City in connection with the following: (i)

any assignment to an affiliate or related party, or (ii) any assignment for financing purposes or for collateral purposes, provided that prior to any such assignment, the Developer shall provide the City with notice of such assignment and a signed assignment agreement.

Section 5.5 **No Joint Venture.** It is expressly agreed that City is not, in any way or for any purpose, a partner of Developer or any of Developer's partners, officers, members, directors, shareholders, principals, agents, employees, contractors or subcontractors, or its or their successors or assigns (each, a "**Developer Party**") in the conduct of its or their business or a member of a joint enterprise with Developer or any Developer Party. Neither City nor Developer shall be deemed or construed for any purpose to be the agent of the other, and City does not assume any responsibility for Developer or any Developer Party's conduct or performance of this Agreement.

Section 5.6 **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

Section 5.7 **No Waiver.** A waiver by either Party of a breach of any of the covenants, conditions or agreements under this Agreement to be performed by the other Party shall not be construed as a waiver of any succeeding breach of the same or other covenants, agreements, restrictions or conditions of this Agreement.

Section 5.8 **Modifications.** Any alteration, change, amendment or modification of or to this Agreement, in order to become effective, shall be made in writing and in each instance signed on behalf of each Party.

Section 5.9 **Severability.** If any provision of this Agreement or the application thereof to any person, entity or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such provision to persons, entities or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each other provision of this Agreement shall be valid and be enforceable to the full extent permitted by Law.

Section 5.10 **Legal Advice.** Each Party represents and warrants to the other the following: they have carefully read this Agreement, and in signing this Agreement, they do so with full knowledge of any right which they may have; they have received independent legal advice from their respective legal counsel as to the matters set forth in this Agreement, or have knowingly chosen not to consult legal counsel as to the matters set forth in this Agreement; and, they have freely signed this Agreement without any reliance upon any agreement, promise, statement or representation by or on behalf of the other Party, or its officers, officials, agents, employees, volunteers, representatives, attorneys, or consultants, except as specifically set forth in this Agreement, and without duress or coercion, whether economic or otherwise.

Section 5.11 **Cooperation.** Each Party agrees to cooperate with the other in this transaction and, in that regard, shall execute any and all documents which may be reasonably necessary, helpful, or appropriate to carry out the purposes and intent of this Agreement.

Section 5.12 Conflicts of Interest. No member, official or employee of City shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official or employee participate in any decision relating to the Agreement which affects his or her personal interests or the interests of any corporation, partnership or association in which he or she is directly or indirectly interested.

Section 5.13 Applicable Law. The laws of the State of California, without regard to conflict of laws principles, shall govern the interpretation and enforcement of this Agreement.

Section 5.14 No Third-party Beneficiaries. There are no third-party beneficiaries to this Agreement.

Section 5.15 Interpretation. The captions preceding the sections of this Agreement have been inserted for convenience of reference only and such captions shall in no way define or limit the scope or intent of any provision of this Agreement. This Agreement has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with herein and shall be interpreted to achieve the intents and purposes of the Parties, without any presumption against the Party responsible for drafting any part of this Agreement. Provisions in this Agreement relating to number of days shall be calendar days. Use of the word "including" means "including, without limitation." As used in this Agreement, masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others where and when the context so dictates. The recitals to this Agreement and all exhibits attached hereto are incorporated by reference, as though fully restated herein.

Section 5.16 Time of Essence. Time is of the essence with respect to all obligations of Developer under this Agreement.

Section 5.17 City Approvals and Actions. Whenever a reference is made herein to an action or approval to be undertaken by City, the City Manager or his or her designee is authorized to act on behalf of City unless specifically provided otherwise or the context should require otherwise.

Section 5.18 Attorneys' Fees. In the event that either Party to this Agreement brings an action or proceeding for a declaration of the rights of the parties under this Agreement, for injunctive relief or for an alleged breach or default of this Agreement, or in any other action arising out of this Agreement or the transactions contemplated by this Agreement, the predominantly prevailing party in any such action shall be entitled to an award of reasonable attorneys' fees and any court costs incurred in such action or proceeding, in addition to any other damages or relief awarded, regardless of whether such action proceeds to final judgment.

Section 5.19 Land Use Entitlements and Permits. The execution of this Agreement does not constitute the grant of any required land use entitlement or permit, and all land use entitlements and permits contemplated by this Agreement and required from the City, shall be granted, denied, or conditionally granted in accordance with the City's established procedures and in compliance with all applicable laws, rules, regulations and requirements including but not limited to the requirements of CEQA and the CEQA Guidelines. Notwithstanding any language in this Agreement that may be construed to the contrary, the City retains its full discretion to

grant, deny or conditionally grant any and all entitlements or permits sought by Developer for the Development, and such discretion includes but is not limited to the discretion to exercise its independent judgment and impose on such approvals all mitigation measures and conditions that City determines are required or appropriate under CEQA and the CEQA Guidelines. No action by Developer or the City with reference to this Agreement shall be deemed a representation or warranty to Developer, or to any other person or entity, that the City will issue or approve any entitlements or permits, nor constitute a waiver of any state or City requirements that are applicable to the Development.

[SIGNATURES ON THE FOLLOWING PAGE.]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the Effective Date.

CITY OF MARINA, a municipal corporation

By: _____
Layne Long, City Manager

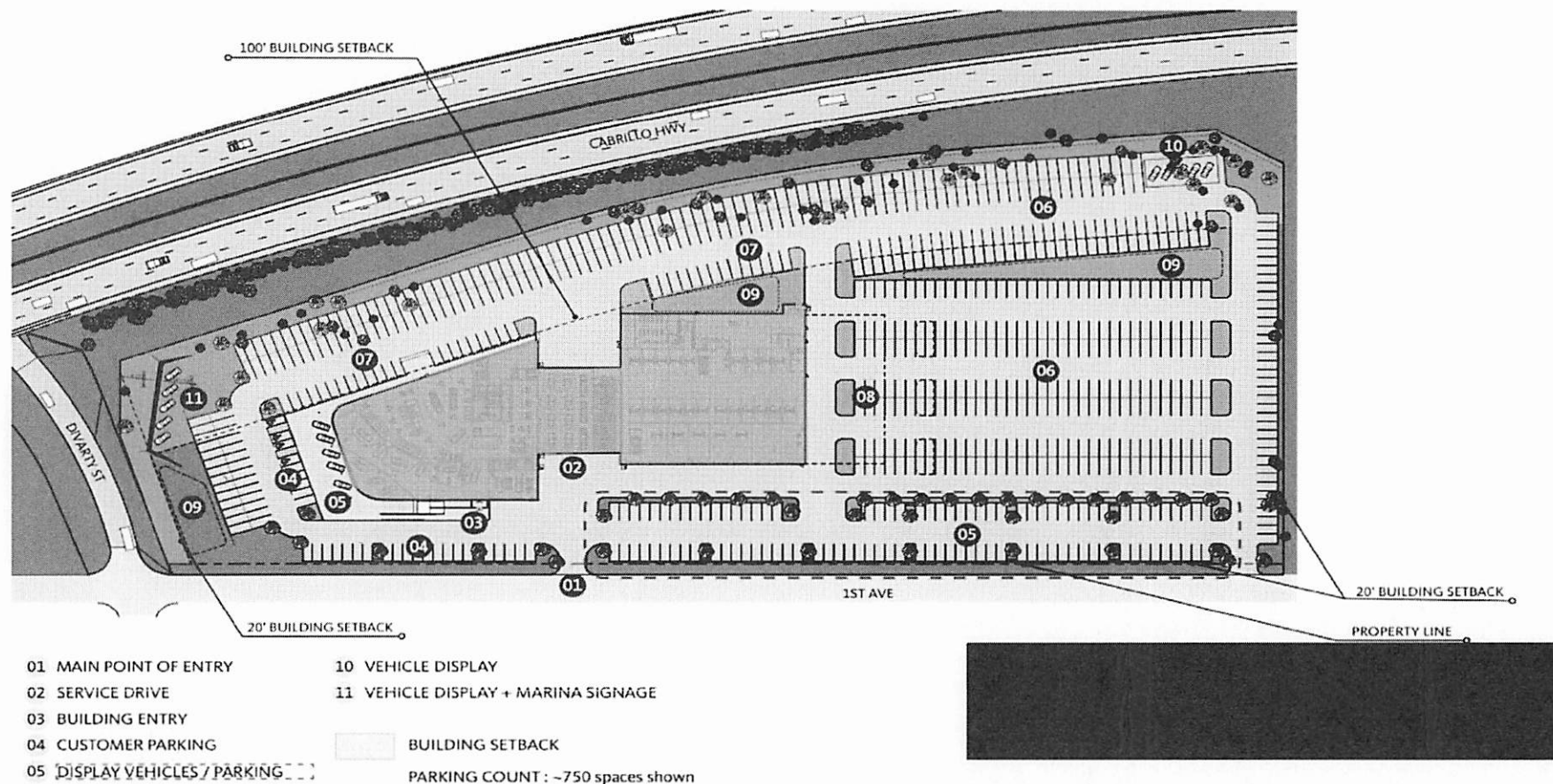
UNSTOPPABLE AUTOMOTIVE MBMCA LLC,
a California limited liability company

By: _____
Garth Blumenthal, Manager

EXHIBIT A
PROPERTY DESCRIPTION

EXHIBIT B
CONCEPT DESIGN

Mercedes of Marina - Conceptual Site Plan



Gensler

MERCEDES OF MARINA | 03.08.2024 2

EXHIBIT C
ECONOMIC IMPACT ANALYSIS

**CITY OF MARINA
ECONOMIC DEVELOPMENT SUBSIDY REPORT PURSUANT TO GOVERNMENT CODE
SECTION 53803 (AB 562 REPORT)**

**MARINA CITY COUNCIL PUBLIC HEARING
MAY 20, 2025**

Legislative Intent

With the adoption of Assembly Bill 562 in 2013, now codified as California Government Code Section 53083, the California Legislature recognized the authority of local officials to use their regulatory powers, direct spending, and tax policies to influence where, when, and how the private sector invests capital and improves real property. The Legislature also intended to promote transparency and accountability in economic development subsidies, similar to annual financial reporting and local fiscal decisions. The legislation requires that subsidies to local businesses in the amount of \$100,000 or more – those intended to increase employment, enhance the local tax base, and attract or retain desirable businesses – be detailed in a written report and placed on an agenda for a public hearing at a regularly scheduled meeting. The City of Marina has determined that the development of the proposed Mercedes-Benz automobile dealership in Marina will provide substantial fiscal and economic benefits to Marina and the broader region, including sales tax revenues and new jobs. It will enhance the City's position as a regional retail and commercial destination and will serve as a catalyst for additional new development. Because of these benefits and the consideration that the cost of developing the new dealership consistent with the manufacturer's standards will exceed the amount that the dealership's owner can reasonably be expected to recover from the operation of the dealership, the City intends to provide a financial subsidy to the owner of the dealership. The terms of the tax sharing agreement are detailed in the proposed "Sales Tax Revenue Sharing Agreement" between the City of Marina ("City") and the owner of the dealership (Developer). This report is intended to satisfy the requirements of Government Code 53083, and is being made available to the public prior to consideration of the proposed Agreement and authorization of the economic development subsidy.

Legal Requirements

In accordance with Government Code Section 53083, the following elements must be addressed in written form, and be made available to the public (including posting on the City's website) prior to the approval of the proposed economic development subsidy:

- 1) The name and address of all corporations or any other business entities, except for sole proprietorships, that are the beneficiary of the economic development subsidy, if applicable.

- 2) The start and end dates and schedule, if applicable, for the economic development subsidy.
- 3) A description of the economic development subsidy, including the estimated total amount of the expenditure of public funds by, or of revenue lost to, the local agency as a result of the economic development subsidy.
- 4) A statement of the public purposes for the economic development subsidy.
- 5) Projected tax revenue to the local agency as a result of the economic development subsidy.
- 6) Estimated number of jobs created by the economic development subsidy, broken down by full-time, part-time, and temporary positions.

Proposed Agreement

The City of Marina, in an effort to generate additional sales tax revenue, create additional local jobs, and enhance economic vitality, proposes to provide the type of subsidy included in Government Code Section 53083. The City and Developer intend to enter into a Sales Tax Revenue Sharing Agreement (Agreement). Under the terms of the Agreement, the Developer will purchase a development site within the Dunes project at the former Fort on which it will develop an approximate 60,000 square foot Dealership in accordance with all design and quality requirements stipulated by Mercedes Benz USA. Under the terms of the Agreement, the payment of the subsidy to the Developer is conditioned on:

1. The Developer will privately fund all development costs including City building permit and development impact fees and provide documentation demonstrating that expended development costs exceed \$40 million; and
2. The Developer shall commence construction of the Dealership by no later than January 1, 2026, and subject to Force Majeure, complete construction no later than fifteen (15) months after commencement.

The City will provide Subsidy Payments "¹ to the Developer equal to 50% of the actual amount of annual sales tax revenues that the City receives from the application of the 1% Bradley-Burns Uniform Local Sales Tax Rate ("1% Sale Tax") to the actual annual amount of taxable sales that the Dealership generates until the earlier of: a) the date that the cumulative total of Subsidy Payments to the Developer equals \$5 million; or b) the Agreement terminates due to non-performance terms provided in the Agreement.

¹ Subsidy Payments will be made on a quarterly basis.

Financial Feasibility Analysis and Project's Need for a Subsidy

While not required by California Government Code Section 53083, the amount of the City subsidy has been determined based on an analysis of the development economics of the Marina Dealership, including the cost to develop the new 59,000 square foot facility, annual debt service costs, projected sales volume of the Dealership, and the automobile industry standard relationship between debt service costs and dealership sales volume for luxury dealerships. The cost to develop the Dealership is anticipated to exceed \$40 million, which is unusually high due to the impact fees and prevailing wage requirements that apply to all development at the former Fort Ord and the high design standards required by Mercedes-Benz of USA. Without the subsidy from the City, the cost of developing the Dealership exceeds the amount that the Developer can reasonably expect to recover from the operation of the Dealership. The tax sharing subsidy has been sized to effectively reduce debt service costs, so that the Dealership's debt service costs as a percent of revenues is more aligned with the industry standard for automobile dealerships in the United States.

- 1. The name and address of all corporations or any other business entities, except for sole proprietorships, that are the beneficiary of the economic development subsidy.***

The Agreement is with Unstoppable Automotive MBMCA LLC, which is the sole beneficiary of the economic development subsidy.

Unstoppable Automotive MBMCA LLC
40910 Temecula Center Drive
Temecula, CA 92591

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

Quarterly Subsidy Payments from the City to the Developer will commence ninety days from the date that the City receives its first quarterly sales tax payment from the State of California of sales tax generated by the Dealership. Quarterly Subsidy Payments will end on the date that cumulative Quarterly Subsidy payments made to the Developer equals \$5 million.

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

The economic development subsidy shall be in the form of the City sharing 50% of the amount of sales tax revenue that the City actually receives from the application of the 1% Tax Rate to the actual amount of taxable sales generated by the Dealership until the cumulative total of Subsidy Payments to the Developer equals \$5 million. It is estimated that the cumulative total

of Subsidy Payments paid to the Developer will equal \$5 million during the Dealership's 7th operating year.

	Projected Subsidy/Sales Tax Revenue Sharing Payments from City to Developer, with Cumulative Total to Not Exceed \$5,000,000 (rounded to nearest \$1,000)
1 st 12-month Operating Year	\$468,000
2 nd Operating Year	\$562,000
3 rd Operating Year	\$674,000
4 th Operating Year	\$809,000
5 th Operating Year	\$970,000
6 th Operating Year	\$1,116,000
7 th Operating Year	\$401,000
Cumulative 7-Yr. Total	\$5,000,000

4. A statement of the public purposes for the economic development subsidy.

The proposed Agreement is consistent with City's economic development goals and objectives. Specifically, the following public purposes are achieved:

- The City has determined that the Dealership is an important catalyst for the continued development of the Dunes Project and that the Dealership will provide substantial direct and indirect benefits to the City and economic opportunities, including sales tax revenues, increased property tax revenues, and increased jobs in the region. It will enhance the City's position as a regional retail and commercial destination and serve as a catalyst for additional retail and commercial development.
- The tax revenues to be generated by the Dealership to the City will be used to fund City services, from public safety to operating recreational facilities and programs.
- The Dealership will diversify the City of Marina's economic base by being the City's first automobile dealership to sell new vehicles. The Dealership will sell and provide service for Mercedes-Benz ICE passenger cars, EQ electric vehicles, Sprinter ICE commercial vans, and E-Sprinter electric commercial vans. The dealership will also be one of only fifty Mercedes-Benz dealerships in the Country that will receive an allocation of Mercedes-Benz AMG model vehicles. By being the first luxury automotive franchise in Marina, it also has the potential to attract other luxury franchises and new businesses to Marina.
- The Dealership will attract customers from a large geographic area, extending from Santa Cruz to the North, Fresno to the East, and Carmel to the South. The

customers will be introduced to Marina's world-class recreational areas as well as shopping and dining opportunities and new residential offerings at the Dunes.

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

The dealership will generate significant annual tax revenue to the City of Marina. As shown in the following chart, total taxable revenues to be directly generated by the Dealership are anticipated to total \$882,000 during the first operating year and increase to \$3.20 million by the seventh operating year. Cumulate tax revenues generated during the Dealership's first seven operating years to the City of Marina net of the subsidy payments to the Developer are estimated to approximate \$11.64 million.

Projected Tax Revenues to be Generated by Mercedes-Benz Dealership to the City of Marina

12-Month Operating Year of Dealership	1% Base Sales Tax Levy (Apply to Total Taxable Sales), Net of 50% share to Developer	Measure N 1.5% Tax (Apply to Parts Sales)	Gross Receipts Tax (.2% of Gross Receipts)	VLF Property Tax Revenue	Total New Annual Direct City Tax Revenues
1 st Year	\$468,000	\$145,000	\$203,000	\$66,000	\$882,000
2 nd Year	\$562,000	\$174,000	\$244,000	\$67,000	\$1,047,000
3 rd Year	\$674,000	\$209,000	\$293,000	\$69,000	\$1,245,000
4 th Year	\$809,000	\$251,000	\$352,000	\$70,000	\$1,482,000
5 th Year	\$970,000	\$301,000	\$422,000	\$71,000	\$1,764,000
6 th Year	\$1,116,000	\$346,000	\$485,000	\$73,000	\$2,020,000
7 th Year	\$2,165,000	\$398,000	\$558,000	74,000	\$3,195,000
Cumulative 7-Year Total	\$6,764,000	\$ 1,824,000	\$2,557,000	\$490,000	\$11,635,000

Marina's 1.5% Measure N Tax will also apply to the sale of automobiles. However, this tax revenue is received by the buyer's jurisdiction of residence. Given that Marina represents a relatively small fraction of the population within the Dealership's trade area, for purposes of this analysis, Measure N revenues from the sale of automobiles have not been included in the calculation of projection tax revenues to Marina.

The Dealership's sales are also anticipated to increase the City's share of the County-wide pool of sales/use tax revenue generated by on-line sales. It is estimated that Marina could annually receive an additional \$100,000 to over \$400,000 of revenue from the County-wide pool of sales/use tax. The actual amount to be generated will be driven by several factors, including the size of the County-wide pool of tax revenue and the relative amount of taxable sales generated by each jurisdiction within the County.

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

The Dealership anticipates employing 80 full-time employees during the first operating year and increasing employment annually as sales grow; the Dealership expects to employ over 150 full-time employees by its fifth operating year due to the projected increase in sales volumes.

EXHIBIT D

CITY COUNCIL RESOLUTION NO. 2025-48