

**ECONOMIC DEVELOPMENT SUBSIDY REPORT PURSUANT TO GOVERNMENT  
CODE SECTION 53083**

**FOR THE SALES TAX SHARING AGREEMENT BETWEEN ONE ELEVEN LA  
QUINTA, LLC AND THE CITY OF LA QUINTA IN CONNECTION WITH THE  
HOBBY LOBBY BOUNDED BY WASHINGTON STREET, HIGHWAY 111, ADAMS  
STREET AND THE WHITEWATER CHANNEL**

Pursuant to Government Code Section 53083, the City Council of the City of La Quinta must hold a noticed public hearing and, prior to the public hearing, provide all of the following information in written form and available to the public and through the City's website, regarding active economic development subsidies. As of November 5, 2019, the City has one existing sales tax sharing agreement. Notice was published on City's website for a public meeting held on November 5, 2019.

The purpose of this report is to provide the information required pursuant to Government Code Section 53083 representing the economic opportunity and development subsidy report associated with the Sales Tax Sharing Agreement ("Agreement") by and between One Eleven La Quinta, LLC ("Developer") and the City of La Quinta ("City"). This report shall remain available to the public and posted on the City's website until the end date of the economic development subsidy, as further described in number 2 below.

**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.**

Hobby Lobby is a craft supply retailer. A majority of the 111 La Quinta Center ("Center"), including Hobby Lobby, is owned by One Eleven La Quinta, LLC, managed by Michael Shovlin.

One-Eleven La Quinta, LLC.  
71084 Tamarisk Avenue  
Rancho Mirage, CA 92270

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

On September 9, 2014, the City entered into a sales tax sharing agreement with One Eleven La Quinta, LLC ("Hobby Lobby"). Under the terms of the agreement the City shall make quarterly payments of 50 percent of any sales tax revenue generated (including Measure G transaction and use tax) from Hobby Lobby in an amount not

to exceed \$400,000 over an eight-year period. The agreement terminates when either the \$400,000 limit is reached or in eighth year (December 2022) whichever comes first.

**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.**

*Status of the Agreement*

The Hobby Lobby business opened in December 2014. A traffic signal was installed at Adams Street and Corporate Center Drive, landscaping has been enhanced and continues to be maintained to City standards, pedestrian connectivity within the shopping center was improved along with signage and aesthetics. Anchor stores continue to exist since the Agreement was executed and include Stater Bros., Staples, Big 5, Petco, Ross, Kohl’s, AAA, and Hobby Lobby. In addition, Mor Furniture opened in August of 2018. As of June 30, 2019, the City made \$173,017 in reimbursement payments to the owner leaving an outstanding balance of \$226,983. The City anticipates making reimbursement payments until the agreement ends in 2022.

**Summary of Reimbursements**

Calendar Year	2015 <sup>a</sup>	2016	2017 <sup>b</sup>	2018	2019 <sup>c</sup>	<b>TOTAL</b>
Agreement Year	Year 1	Year 2	Year 3	Year 4	Year 5	
Sales Tax Reimbursement	27,342	25,888	42,673	51,884	25,229	<b>173,017</b>

<sup>a</sup> Includes December of 2014.

<sup>b</sup> Increase due to the passage of Measure G 1% sales tax effective 4/1/2017.

<sup>c</sup> Reimbursements from 1/1/19 through 6/30/19.

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

The Center is one of the first and largest shopping centers in La Quinta. The Center consists of approximately 60 acres bounded by Washington Street, Highway 111, Adams Street and the Whitewater Channel. The project Specific Plan identifies approximately 617,000 square feet of retail space when built out. Approximately 539,000 square feet of retail space exist today and includes numerous anchor stores and businesses such as Stater Bros., Staples, Big 5, Petco, Ross, Kohl’s, Mor Furniture, AAA, and Hobby Lobby.

The Agreement facilitated improvements such as a new traffic signal located at Adams Street and Corporate Center Drive, creating a new access point to the Center, landscape enhancements, pedestrian connectivity within the shopping center, signage and aesthetic improvements. The Center continues to provide additional shopping interest at the Highway 111 business district.

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

The City retains 50 percent of the sales tax generated by Hobby Lobby and all sales tax revenue generated by the additional anchor stores within the Center. The Agreement is limited to Hobby Lobby, therefore, the additional sales tax generated equals the payments made to date, \$173,017. Under current economic conditions, from July 1, 2019 through December 31, 2022, the City anticipates generating an additional \$187,000 in sales tax revenue and approximately \$53,000 every year thereafter.

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

In October 2019, Staff attempted to obtain employment information from Hobby Lobby's local and corporate offices. At the time this report was published, the City had not received a response.