

ORDINANCE NUMBER O- 20385

DATE OF FINAL PASSAGE JUL 30 2014

AN ORDINANCE OF THE COUNCIL OF THE CITY OF  
SAN DIEGO AUTHORIZING THE ECONOMIC  
DEVELOPMENT AGREEMENT WITH JDZ INC., DBA  
ALESMITH BREWING COMPANY AND APPROVING  
CERTAIN RELATED ACTIONS

WHEREAS, JDZ Inc., dba AleSmith Brewing Company (AleSmith) is one of the oldest and highly-acclaimed beer manufacturers located in San Diego and currently operates an approximately 20,000 square foot production brewery in the Miramar industrial area of San Diego; and

WHEREAS, Council Policy 900-12 sets forth the City's Business and Industry Incentive Program (Incentive Program), which provides for flexible economic development incentives, and standards for use of the incentives, enabling the City to attract, retain, expand, or assist businesses or projects that meet both of the following criteria:

1. Either:
  - a. Provide significant revenues and/or jobs that contribute to a sound and healthy economy;
  - b. Promote the stability and growth of City taxes and other revenues;
  - c. Encourage new business and other appropriate development in older parts of the City; or
  - d. Respond to other jurisdictions' efforts to induce businesses to relocate from San Diego;

and

2. Are consistent with the City's current adopted Community and Economic Development Strategy; and

WHEREAS, AleSmith is currently planning the layout and phasing for a large production brewery in the Miramar industrial area of San Diego, which is anticipated to be the eighth largest brewery in California; and

WHEREAS, AleSmith is expected to create and retain over 50 middle-wage job opportunities at this brewery, which are likely to be filled by San Diego County residents; and

WHEREAS, AleSmith's new production brewery is expected to generate approximately \$50,000 annually in net new General Fund tax revenues to fund essential municipal services within the San Diego; and

WHEREAS, AleSmith's substantial investment in property, facilities and equipment will greatly enhance the City's reputation as one of the nation's top locations for the manufacturing of beer; and

WHEREAS, AleSmith's new brewery, because of its size, layout, and features, will anchor San Diego as a destination for beer tourism, thereby generating additional base sector jobs and tax revenues in and from local lodging and other service-sector establishments; and

WHEREAS, the manufacturing of beer generates 4.7 additional indirect and induced job opportunities within non-manufacturing sectors, for each direct manufacturing sector job, due to the extraordinarily high job creation multiplier of 5.7:1, thereby providing additional benefits to the local economy; and

WHEREAS, the City most likely would not receive certain tax revenues to be paid by AleSmith in connection with the construction or operation of a large-scale brewery, had the brewery been located outside San Diego, within another taxing jurisdiction; and

WHEREAS, AleSmith ultimately selected a vacant factory site in San Diego for adaptive re-use, based in part upon the City's willingness to offer financial assistance to AleSmith in accordance with the Incentive Program; and

WHEREAS, the City and AleSmith have negotiated the terms of the Economic Development Agreement, included as Attachment 2 to Report to Council No. 14-051 (Agreement), memorializing the financial assistance offered to AleSmith under the Incentive Program; and

WHEREAS, the Council has considered certain information regarding the Agreement and has held a public hearing as required by California Government Code section 53083; NOW THEREFORE,

BE IT ORDAINED, by the Council of the City of San Diego, as follows:

1. The Council finds that the attraction of investment from AleSmith resulting from the financial assistance offered in the Agreement, as well as the anticipated retention and creation of important middle-wage job opportunities, generation of new tax revenues, and other economic public benefits, will serve public purposes and are in the best interests of the City.

2. The Council finds that the AleSmith's proposed project meets the necessary public benefit criteria enumerated in Council Policy 900-12 to therefore justify the provision of financial assistance under the Incentive Program, such as the reimbursement of AleSmith's development fees from project-generated tax revenues.

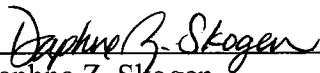
3. The Mayor, or his designee, is authorized and directed to execute the Agreement on the City's behalf and to take any and all actions necessary to implement the Agreement. A fully-executed copy of the Agreement shall be placed on file in the Office of the City Clerk as Document No. 00-20385.

4. The Chief Financial Officer is authorized to appropriate and expend funds as required per the terms of the Agreement, contingent upon adoption of future fiscal year appropriation ordinances by the City Council and the Chief Financial Officer certifying that funds are available, and provided that AleSmith has delivered sufficient documentation to the City substantiating AleSmith's payment of local sales and use taxes or local property taxes, of which the City receives a shared portion, to the State of California or the County of San Diego.

5. A full reading of this ordinance is dispensed with prior to its passage, a written or printed copy having been made available to the City Council and the public prior to the day of its passage.

6. This ordinance shall take effect and be in force on the thirtieth day from and after its final passage.

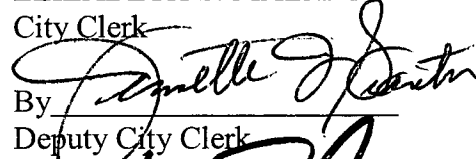
APPROVED: JAN I. GOLDSMITH, City Attorney

By   
Daphne Z. Skogen  
Deputy City Attorney

DZS:dkr  
6/5/2014  
Or.Dept: Econ Dev

I hereby certify that the foregoing Ordinance was passed by the Council of the City of San Diego, at this meeting of JUL 15 2014

ELIZABETH S. MALAND  
City Clerk

By   
Deputy City Clerk

Approved: 7/30/14  
(date)

  
KEVIN L. FAULCONER, Mayor

Vetoed: \_\_\_\_\_  
(date)

\_\_\_\_\_  
KEVIN L. FAULCONER, Mayor

**JUL 15 2014**

Passed by the Council of The City of San Diego on \_\_\_\_\_, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Sherri Lightner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ed Harris	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Todd Gloria	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Myrtle Cole	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mark Kersey	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lorie Zapf	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Scott Sherman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
David Alvarez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marti Emerald	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage **JUL 30 2014**

AUTHENTICATED BY:

KEVIN L. FAULCONER  
Mayor of The City of San Diego, California.

ELIZABETH S. MALAND  
City Clerk of The City of San Diego, California.

(Seal)

By \_\_\_\_\_, Deputy

I HEREBY CERTIFY that the foregoing ordinance was not finally passed until twelve calendar days had elapsed between the day of its introduction and the day of its final passage, to wit, on

**JUN 23 2014**

and on

**JUL 30 2014**

I FURTHER CERTIFY that said ordinance was read in full prior to passage or that such reading was dispensed with by a vote of five members of the Council, and that a written copy of the ordinance was made available to each member of the Council and the public prior to the day of its passage.

(Seal)

ELIZABETH S. MALAND  
City Clerk of The City of San Diego, California.

By *[Signature]*, Deputy

<p>Office of the City Clerk, San Diego, California</p> <p>Ordinance Number O- <u><b>20385</b></u></p>
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