

ORDINANCE NUMBER O- 20407 (NEW SERIES)

DATE OF FINAL PASSAGE AUG 08 2014

AN ORDINANCE OF THE COUNCIL OF THE CITY OF
SAN DIEGO AUTHORIZING THE ECONOMIC
DEVELOPMENT AGREEMENT WITH ILLUMINA, INC.
AND APPROVING CERTAIN RELATED ACTIONS.

WHEREAS, Illumina, Inc. (Illumina) is one of the largest biotechnology companies in San Diego and currently develops, manufactures, and sells a wide variety of medical devices and provides related services to its customers; and

WHEREAS, Illumina currently operates an approximately 500,000 square foot industrial complex in the University Community and an approximately 60,000 square foot production facility 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, Illumina is currently manufacturing many of its genome sequencing medical devices in the University and Miramar industrial areas of San Diego; and

WHEREAS, Illumina is committing to create or retain over 100 middle-wage manufacturing job opportunities within San Diego, jobs which are likely to be filled by San Diego residents; and

WHEREAS, Illumina is expected to continue generating approximately \$1,300,000 annually in General Fund tax revenues, which will assist the City in funding essential municipal services within San Diego; and

WHEREAS, Illumina's manufacturing activities are expected to generate 3 additional indirect and induced job opportunities within manufacturing as well as in non-manufacturing sectors, for each direct manufacturing sector job, due to the high job creation multiplier of 4:1, thereby providing additional benefits to the local economy; and

WHEREAS, the City would lose certain tax revenues to be paid by Illumina in connection with the sales of its medical devices if its sales force were to be relocated outside San Diego; and

WHEREAS, the City and Illumina have negotiated the terms of the Economic Development Incentive Agreement, included as Attachment 1 to Report to Council No. 14-054 (Agreement), memorializing the financial assistance offered to Illumina in accordance with the Incentive Program; and

WHEREAS, pursuant to the terms of the Agreement, the financial assistance offered to Illumina shall not exceed \$1,500,000, plus three percent (3%) interest compounded annually, and shall be payable for up to ten years commencing on the date of execution of the Agreement; 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 retention of Illumina's manufacturing operations resulting from the financial assistance offered in the Agreement, as well as the anticipated retention and creation of important middle-wage job opportunities, the continued generation of sales and use 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 retention of Illumina's manufacturing operations 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 provision of up to \$1,500,000 in local sales and use tax rebates.

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. 00-20407.

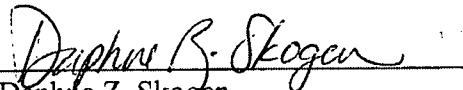
4. The Chief Financial Officer is authorized to appropriate and expend funds, in an amount not to exceed \$1,500,000, plus three percent (3%) interest compounded annually, as required per the terms of the Agreement, contingent upon adoption of future fiscal year

appropriation ordinances by the Council and the Chief Financial Officer certifying that funds are available.

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 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.

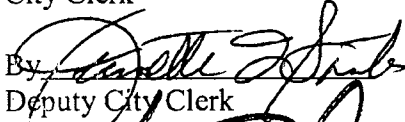
APPROVED: JAN I. GOLDSMITH, City Attorney

By 
Daphne Z. Skogen
Deputy City Attorney

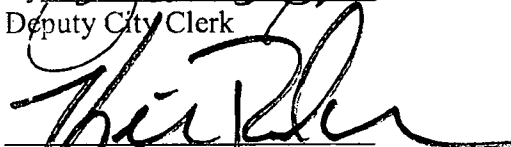
DZS:dkr
7/10/2014
7/17/2014 COR. COPY
Or.Dept: Econ Dev
Doc. No.: 824607

I hereby certify that the foregoing Ordinance was passed by the Council of the City of San Diego, at this meeting of AUG 07 2014.

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

Approved: 8/8/14
(date)


KEVIN L. FAULCONER, Mayor

Vetoed: _____
(date)

KEVIN L. FAULCONER, Mayor

Passed by the Council of The City of San Diego on AUG 07 2014, 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 type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 checked="" type="checkbox"/>	<input type="checkbox"/>
Marti Emerald	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Date of final passage AUG 08 2014

AUTHENTICATED BY:

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

(Seal)

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

By *Janette J. [Signature]*, 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

JUL 22 2014, and on AUG 08 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 *Janette J. [Signature]*, Deputy

Office of the City Clerk, San Diego, California

Ordinance Number O- 20407