

**Economic Development Subsidy Report
Pursuant to Government Code Section 53083
For an Employment Incentive Loan Agreement
Between the City of Santa Cruz and Joby Aero,
Inc.**

Pursuant to Government Code Section 53083, the City Council of the City of Santa Cruz 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 through the City's website regarding a proposed economic development subsidy provided by the City pursuant to an Employment Incentive Loan Agreement between the City of Santa Cruz and Joby Aero, Inc (Joby). Joby is located at 333 Encinal Street, Santa Cruz, CA 95060. Notice was published on the City's website for a public hearing to be held on February 27, 2024.

The purpose of this report is to provide the information required pursuant to Government Code Section 53083 in regard to the Agreement. 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, if applicable.

The proposed Employment Incentive Loan Agreement (Agreement) is with Joby Aero, Inc.

Joby Aero, Inc.
333 Encinal Street
Santa Cruz, CA 95060

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

Following City Council approval of the proposed Agreement, the Agreement is estimated to commence on March 1, 2024, and end on March 31, 2038.

(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 is in the form of a loan to Joby in an amount not to exceed \$500,000. The loan would be disbursed over a period of not more than five years with installment payments based upon an annual employment survey.

Under the proposed agreement, Joby would submit the annual employment survey to demonstrate the total number of new full-time employees in an agreement year. The employment growth would be determined on a net basis to ensure that Joby is contributing to employment growth in the City. The survey would require Joby to report the total number of employees at its Santa Cruz employment center, the total number of full-time employees (both on an hourly and salary basis), and information about prior year employment to determine the total number of net new full-time employees.

For each new full-time employee, the City would disburse \$2,000. Joby cannot claim more than 100 net new employees in a year, which means that the City's maximum

payment for a given year is \$200,000. The City would have the opportunity to review and approve the requested annual incentive payment. The loan amount would be forgiven within 90 days of submittal by Joby of the annual employment survey if Joby can demonstrate that it has eligible expenses, which include (1) testing, manufacturing, and safety equipment, and (2) communications, security, and other facility-related equipment. The agreement would require reimbursement of specified amounts to the City if: (1) there is a reduction in employment over the course of 5 years, or (2) the company relocates its Santa Cruz headquarters prior to 2038.

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

Providing Joby with incentives to establish and expand their employment center in the City would help diversify the City's economy, create jobs for residents, and stimulate additional tax revenues to the City. The City desires to incentivize high-growth industries to establish and grow major employment centers in areas of the City most appropriate for job creation and to create and retain jobs in the City. The proposed Employment Incentive Loan Agreement is consistent with the City's Economic Development Strategy goals of supporting growth in technology companies focused on innovations. The public purpose of this economic development incentive is to promote the general welfare of the City and its residents by creating new full-time jobs, expanding the range of employment opportunities and generating other City revenues, thereby enriching quality of life within the City of Santa Cruz.

(5) Projected tax revenue to the local agency as a result of the economic development subsidy.

Property tax revenue paid locally is anticipated to be in excess of \$200,000 per year based on assessed valuation of property and this number will increase as Joby invests in capital improvements and anticipated expansion to their facility on Encinal Street. While no direct sales tax revenue would be generated as a result of the economic development subsidy, the City will benefit indirectly from consumer spending from the Joby employees who work and reside in Santa Cruz. The average sales tax revenue generated locally per capita in Santa Cruz is over \$4,000 annually. Conservatively, the City should realize sales tax revenue increases resulting from net job growth in the community of over \$100,000/per year once Joby has fully realized their projected employment numbers in Santa Cruz.

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

Under the proposed Agreement, Joby is incentivized to add up to 250 full-time positions within the next five years in Santa Cruz.