

Economic Development Subsidy Report

(Government Code § 53083)

On October 14, 2019 the City Council of the City of Seal Beach will hold a public hearing to consider whether to extend the term of an existing agreement between the City and Energy Tubulars, Inc., (“ETI”), whereby the City provides a contingent economic development subsidy to ETI in exchange for ETI remaining in the City and the City receiving sales and use taxes from ETI’s operations within the City.

The following information is provided pursuant to Section 53083(a) of the Government Code.

- (1) ETI is in the business of selling and distributing tubular goods in the petroleum, natural gas, and geothermal industries. ETI has become a significant generator of sales and use tax revenue for the City. ETI currently maintains its corporate headquarters at 3010 Old Ranch Parkway, Suite 400, Seal Beach, California 90740.
- (2) The City and ETI entered into the existing agreement on July 23, 2007. The extension to be considered by the City Council, if approved, would extend the term until October 31, 2024.
- (3) If the agreement is extended, the City would continue to provide an economic development subsidy to ETI in an amount equal to 20% of those sales and use taxes actually received by the City that are derived from ETI’s business operations in the City. The economic development subsidy is entirely contingent on ETI actually generating sales and use tax revenue for the City. It is estimated that economic development subsidy provided by the City would vary each year and could be as much as \$284,000 per year based upon past years’ data. The average economic development subsidy provided by the City to ETI has been approximately \$127,000 annually since program inception.
- (4) The public purposes of the agreement are to retain ETI’s presence in the City, which will contribute to the ongoing economic vitality of the City, maintain and/or provide additional jobs, maintain and expand the City’s diverse tax base, and otherwise improve economic and physical conditions in the City. The agreement will thereby promote the public health, safety, and welfare of the citizens of the City and will be of substantial economic benefit to the City.
- (5) It is expected that the City sales and use tax revenue generated by ETI would vary each year and could be as high as approximately \$1,420,000 per year based upon past years’ data.
- (6) Retaining ETI’s business operations in the City, has created sixteen (16) full-time and one (1) part-time or temporary job.

Questions regarding the agreement or the public hearing should be directed to Victoria L. Beatley, Director of Finance/City Treasurer, at City of Seal Beach, 211 8th Street, Seal Beach, California 90740; or (562) 431-2527, Ext. 1311.