**ECONOMIC DEVELOPMENT SUBSIDY
FOR A WAREHOUSE DISTRIBUTION CENTER
REPORT PURSUANT TO
GOVERNMENT CODE SECTION 53083.1**

**FOR A BUSINESS DEVELOPMENT AGREEMENT
BY AND BETWEEN
THE CITY OF CHINO HILLS AND
WESTERN WATER WORKS SUPPLY COMPANY**

Pursuant to Government Code Section 53083.1, the City Council of the City of Chino Hills 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 a proposed economic development subsidy for a warehouse distribution center to be provided by the City pursuant to a Business Development Agreement by and between the City of Chino Hills and Western Water Works Supply Company (collectively, "Western") ("Agreement"). Notice was published in the Chino Champion on October 18, 2025, on the City's website for a public meeting to be held on October 28, 2025.

The purpose of this report is to provide the information required pursuant to Government Code Section 53083.1 in regards 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 3 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 Agreement is with Western Water Works Supply Company, who own and operate an existing business that will benefit from the economic development subsidy.

Western Water Works Supply Company
5831 Pine Ave (Suite A-B)
Chino Hills, CA 91709

(2) The name and address of all warehouse distribution centers that are the beneficiary of the economic development subsidy.

The beneficiary warehouse distribution centers consist of the following addresses:

5671 Gates St
Chino, CA 91710

12247 Lakeland Rd
Santa Fe Springs, CA 90670

601 Front St
El Cajon, CA 92020

85998 Jones Ct
Coachella, CA 92236

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

The Business Development Agreement No. 2 will become effective once approved and executed by the City Council of Chino Hills on October 28, 2025. Western shall receive payment from the City commencing on October 1 of each year starting in 2026, and annually thereafter for a period of 20 years. The City shall continue to make such payments until such time as 20 reimbursement payments have been made.

(4) 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.

This economic development subsidy is set forth in a Business Development Agreement related to sales tax sharing between the City and Western. The City's payment will equal the lesser of 50% of the sales tax generated by its headquarters in the prior fiscal year or $359,398, with a 3% increase each year. Payments will only be made while Western continues to operate its headquarters in the City.

The estimated payment, or revenue foregone by the City due to the economic subsidy, is $359,398 for the first year. This amount is projected to increase by 3% annually over the 20-year term of the agreement, for a total estimated amount of $9.7 million.

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

The public purpose of this Agreement is to preserve a long-term revenue stream that supports essential General Fund services, sustains local employment opportunities, and encourages continued economic development within the City. The Agreement further advances the City's commitment to fostering partnerships with key businesses, maintaining a strong and diverse local economy, and ensuring the community's long-term fiscal stability and growth.

(6) The projected tax revenue to the local agency as a result of the economic development subsidy.

Over the course of the 20-year agreement, the City is projected to receive approximately $20 million in sales tax revenue.

(7) The estimated number of jobs created by the subsidy, including wage scale, broken down by full-time, part-time, and temporary positions.

The proposed agreement will assist in retaining a local business while preserving 104 existing employees based in the Southern California region. The breakdown of the position includes: 60 full-time, 40 part-time and 4 temporary workers.

Western's wage scale for operations (i.e., warehouse) positions is as follows: $20 per hour, plus $1 per hour for each operations checklist completed (see corresponding roles 1–3 outlined in answer #10 below), an additional $1 per hour for the Assistant Branch Supervisor position, and a salary of $72,000 for Branch Supervisors.

(8) The estimated number of workers employed through temporary agencies.

Western currently employs 4 temporary workers.

(9) Information on any benefit packages offered, including health, fringe, and defined benefit pension plans.

Western offers all full-time employees a broad menu of medical plans from several insurers (e.g. Aetna, Blue Shield, Kaiser) with 100% company-paid coverage including all dependents based on a benchmark plan, which is a zero-deductible HMO. If a more expensive plan is selected (such as PPOs), employees only pay the difference. The Company also provides long-term disability coverage and $20,000 in life insurance at no cost.

After a one-year tenure, all full-time employees participate in an Employee Stock Ownership Plan (ESOP) with additional access to a 401(k) plan. Through these retirement plans, participants earn up to 8% of additional compensation via employer contributions; 3% guaranteed from Safe-Harbor, and up to an additional 5% match based on the participant's elected 401(k) deferral rate.

(10) Both of the following regarding each warehouse distribution center that is the beneficiary of the economic development subsidy:

a. A description of outreach, training, and hiring plans, including efforts to hire disadvantaged workers.

Western has a rigorous hiring, training, and promotion process referred to as the STEPs Path. The Company employs a full-time talent acquisition specialist who actively seeks candidates for entry-level warehouse & driver roles based on an aptitude for upward mobility, particularly through the ranks of their Operations and Sales departments. The

Company tracks progress through knowledge & skills checklists associated with each role: (1) Driver & Material Handler, (2) Assistant Branch Supervisor, (3) Branch Supervisor, (4) Project Manager, and (5) Director of Sales. Their associates are motivated to develop competence and complete these checklists through wage incentives and priority consideration for promotion opportunities. In Southern California, over 80% of their existing sales roles are filled by associates who started in entry-level warehouse positions. Western's hiring efforts do not specifically target disadvantaged workers. The above information is the same for each warehouse distribution center.

b. A description and total value of any state or federal subsidies applied for or received, by the warehouse distribution center.

Western does not receive any federal or state subsidies. However, the Company is an S-Corporation wholly owned by the Employee Stock Ownership Trust (ESOT). The ESOT is afforded special federal and state income tax treatment based on ERISA laws. The above information is the same for each warehouse distribution center.

(11) A description of any accountability measures, including, but not limited to, clawbacks of subsidies, provided in the contract if the warehouse distribution center does not meet the goal outlined in the contract for subsidies.

The agreement includes an accountability measure, Section 3.2 titled "Business Relocation Reduction", requiring Western to warrant that its corporate headquarters is not a "relocating business" under Government Code Section 53084. If the headquarters is later determined to be a relocating business, or if any other legal basis arises under which the City is required to share sales tax with another jurisdiction, Western must immediately repay all reimbursement payments received, after which the agreement is automatically terminated.