

## RESOLUTION NO. 2025-086

### **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FONTANA, CALIFORNIA ACCEPTING THE ECONOMIC DEVELOPMENT SUBSIDY REPORT PREPARED PURSUANT TO GOVERNMENT CODE SECTION 53083 REGARDING AN OPERATING COVENANT AGREEMENT BY AND BETWEEN THE CITY OF FONTANA AND SIKA CORPORATION.**

**WHEREAS**, the City of Fontana ("City") and Sika Corporation, a New Jersey Corporation ("Sika") have negotiated an Operating Covenant Agreement ("Agreement") for the retention of a packaging and distribution facility within the City; and

**WHEREAS**, pursuant to that Agreement, Sika is committed to continue operating a packaging and distribution facility in the City a period of up to seventeen (17) years; and

**WHEREAS**, Sika has also covenanted to, among other things, designate the City as the point of sale for certain transactions; and

**WHEREAS**, the City has agreed to purchase those covenants in an amount equal to fifty percent (50%) of the one percent (1%) Bradley-Burns sales tax revenue provided Sika maintains a minimum of \$50 Million in annual sales, subject to the limitations set forth in the Agreement. The agreement excludes all revenue from the Transaction and Use Tax approved by the passage of Measure T in 2024; and

**WHEREAS**, based on information provided by City staff, and other such written and oral evidence, as presented to the City, the City finds and determines that the allocation of funds to Sika pursuant to the Agreement is reasonably related to a legitimate governmental purpose in that the retention of the packaging and distribution facility will provide numerous public benefits including:

- Generating substantial revenue for the City through additional Local Sales Tax Revenue which may be used by the City for the funding of necessary public services and facilities, including but not limited to, public safety services and facilities, public improvements and recreational opportunities that otherwise may not be available to the community for many years; and
- Sika is a highly successful manufacturer and retailer of sealant and adhesive products who will be committed to maintaining the facility in the City of Fontana which will ensure the retention and creation of jobs and provide opportunity for additional job growth throughout the term of this Agreement; and
- Entering into this Agreement and retaining the facility may attract additional businesses and investment in the community due to increased services and economic activity in the area; and
- Retaining this business within the City will create jobs, maintain economic diversity in the community and stimulate the economic recovery of the

Inland Empire by generating new opportunities for economic growth within the region; and

- Retaining Sika's operations within the City will generate substantial revenue for the City, allow for the retention of jobs, and result in community and public improvements that might not otherwise be available to the community for many years; and

**WHEREAS**, all other legal prerequisites to the adoption of this Resolution have occurred.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Fontana, California as follows:

**Section 1.** The above recitals are true and correct and are a substantive part of this Resolution and findings of the City Council of the City of Fontana.

**Section 2.** Findings. The City Council additionally finds and determines that (a) there are identifiable public purposes fulfilled by the Agreement, as set forth in the Recitals, that outweigh the benefit to private persons; and (b) the findings set forth in this Resolution are based upon substantial written and oral evidence presented to the City Council.

**Section 3.** CEQA. The City Council hereby finds that pursuant to the California Environmental Quality Act ("CEQA") (Pub. Res. Code, § 21000 et seq.) and the State CEQA Guidelines (Cal. Code Regs, tit. 14 § 15000 et seq.), approval of the Agreement and acceptance of the Economic Development Subsidy Report is not a "project" for purposes of CEQA and therefore is not subject to CEQA review. The Agreement and acceptance of the Economic Development Subsidy Report is not a project pursuant to State CEQA Guidelines section 15378(b)(4), which states that government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant environmental impact are not subject to CEQA. Further, the Agreement and acceptance of the Economic Development Subsidy Report is not a project under State CEQA Guidelines section 15061(b)(3), which states that CEQA does not apply where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

In addition, the City Council will direct staff to file a categorical exemption with the County of San Bernardino for this location upon adoption of this Resolution.

**Section 4.** Acceptance of Economic Development Subsidy Report. The City Council finds and determines that this Economic Development Subsidy Report is in compliance with applicable law and specifically Government Code Section 53083.

**Section 5.** Severability. If any provision of this Resolution is held invalid, the remainder of this Resolution shall not be affected by such invalidity, and the provisions of this Resolution are severable.

**Section 6.** Effective Date. This Resolution shall become effective immediately upon its adoption.

The City Clerk of the City of Fontana shall certify as to the adoption of this Resolution.

**APPROVED AND ADOPTED** this 22<sup>nd</sup> day of July, 2025.

**READ AND APPROVED AS TO LEGAL FORM:**

\_\_\_\_\_  
City Attorney

I, Germaine Key, City Clerk of the City of Fontana, and Ex-Officio Clerk of the City Council, do hereby certify that the foregoing resolution is the actual resolution duly and regularly adopted by the City Council at a regular meeting on the 22<sup>nd</sup> day of July, 2025, by the following vote to wit:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

\_\_\_\_\_  
City Clerk of the City of Fontana

\_\_\_\_\_  
Mayor of the City of Fontana

**ATTEST:**

\_\_\_\_\_  
City Clerk

EXHIBIT "A"  
ECONOMIC DEVELOPMENT SUBSIDY REPORT  
[Attached behind this cover page]