

**CITY OF TEMECULA
AGENDA REPORT**

TO: City Manager/City Council

FROM: Betsy Lowery, Assistant to the City Manager

DATE: November 18, 2025

SUBJECT: Conduct a Public Hearing and Approve Fee Reimbursement Agreement with Oremor of Temecula, LLC, dba Temecula Valley Toyota, for the Expansion of its Motor Vehicle Service Facility

PREPARED BY: Christine Damko, Economic Development Manager
Tanis Earle, Senior Management Analyst

RECOMMENDATION: That the City Council approve a fee reimbursement agreement between the City of Temecula and Oremor of Temecula, LLC, dba Temecula Valley Toyota, for the expansion of its motor vehicle service facility, located at 26631 Ynez Road and 41902 and 41922 Motor Car Parkway.

BACKGROUND: Oremor of Temecula, LLC, dba Temecula Valley Toyota (“Developer”), currently operates a successful automotive dealership and service operation within the City of Temecula. Toyota is a top 25 sales tax producer for the City, which helps fund public infrastructure and public safety. The Developer is undertaking a substantial private investment to expand the motor vehicle service facility on its property, known as the Toyota Parcel, located at 26631 Ynez Road and 41902 and 41922 Motor Car Parkway.

The Service Facility Project includes an estimated investment of \$3.1 million and an estimated annual sales tax increase of \$56,511.81 for 2025 alone. It is anticipated to create approximately 60 jobs within five years. The project will consist of a customer service center, a canopy for queuing cars, and a detached canopy area for waiting customers. Specifically, the expansion includes approximately 4,182 square feet of new building space, a new 287-square-foot detached canopy, and an additional 7,918-square-foot canopy to support high production output and sales. The Developer is not a relocating business, and the project is not expected to result in any loss of tax revenue to other local agencies. The improvements will enhance the City’s economic base, create new employment opportunities, and increase property and sales tax revenues.

The City of Temecula offers an Auto Dealer Incentive for dealerships looking to establish a new location or expand within the City. This incentive provides reimbursement of development impact fees and/or user fees associated with construction. If approved, reimbursement is limited to the lesser of: (1) 75 percent of verified annual sales tax revenue (net of adjustments and excluding any Temecula transactions and use tax) for the first four full quarters of operation; (2) 2 percent of the

actual construction cost of the facility (the maximum amount deemed de minimis by the Department of Industrial Relations); or (3) \$250,000.

To support the Developer's investment and affirm the City's commitment to retaining and growing local businesses, the City proposes to enter into a Fee Reimbursement Agreement. Under the terms of the Agreement, the Developer will be reimbursed up to \$42,383.86 for City development fees related to the Service Facility Project based on seventy five percent (75%) of the verified annual sales tax revenue, net adjustments (excluding any Temecula Transactions and Use Tax) for the Service Facility for the first four full quarters of operation. The reimbursement is contingent upon the following four conditions being met:

1. Full execution of the Agreement by all parties,
2. Issuance of a final Certificate of Occupancy by the City,
3. Opening of the Service Facility Project to the public for motor vehicle service, and
4. End of the first four full quarters of operation of the Service Facility.

The reimbursement is limited to fees actually paid to the City and must occur before June 30, 2027, unless extended in writing by the City Manager. The amount reimbursed is less than two percent of the total project cost and, as such, is not subject to prevailing wage requirements under California Labor Code Sections 1720 et seq. The Developer has waived its rights to claim otherwise.

FISCAL IMPACT: The maximum fiscal impact to the City under this agreement is \$42,383.86. This is a one-time economic development reimbursement and will be funded from the General City Fund. The reimbursement will only be triggered upon the satisfaction of all project completion milestones as detailed in the Agreement.

ATTACHMENTS:

1. Fee Reimbursement Agreement
2. Exhibit A - Toyota Legal Description of Toyota Parcel
3. Exhibit B - Service Facility Fees to be Reimbursed
4. Notice of Public Hearing