

ATTACHMENT 3

Report Required by Government Code Section 53083.1(a)

Gov. Code Section 53083.1: Economic Development Subsidies

(a)(1) The beneficiary of the economic development subsidy is Stohlman & Rogers Inc., dba Lakeview Petroleum, 427 14th Street, Marysville, CA 95901.

(2) The only warehouse location which is benefited by the economic development subsidy is at 427 14th Street, Marysville, CA 95901.

(3) The start date of the economic development subsidy is August 1, 2018. The end date of the Operating Period of the agreement is June 30, 2038, with a potential 10-year extension until June 30, 2048.

(4) The economic development subsidy is a sharing of a maximum one percent (1%) sales tax relating to new business activities of Lakeview Petroleum.

The current form of new business activities is the acquisition of Energie Fuel Group by Lakeview Petroleum, commencing in August 2018, and other forms of new business activities would also be subject to the agreement. For sales tax generated by the new business activities, Lakeview Petroleum will receive sixty-five percent (65%) of the maximum of 1% tax, and the City of Marysville will receive the remaining thirty-five percent (35%).

Based on initial growth projections for the Energie-related new business activities provided by Lakeview Petroleum, the City estimates that Lakeview Petroleum will receive approximately \$3,550,329.00 of tax revenue during the 20-year operating period, which would otherwise be received by the City in the absence of the agreement. For that same new business, the City is estimated to receive approximately \$1,911,716.00 of tax revenue during the operating period, which it otherwise would not have received, if Lakeview Petroleum had not begun the new business activities within the City.

The tax sharing formula does not apply to existing business of Lakeview Petroleum, for which the City will continue to receive its entire share of all sales tax generated by existing business.

(5) The public purpose of the economic development subsidy is to encourage and facilitate development of new business within the City, to increase the tax revenue received by the City from such new business, which supports the continued financial vitality of City services for all of its residents.

(6) The City estimates that it will receive approximately \$1,991,716.00 in sales tax revenue from the new business activities of Lakeview Petroleum relating to its acquisition of the Energie Fuel Group. Additional tax revenue will be received by the City as Lakeview Petroleum initiates additional new business during the 20-year operating period of the agreement.

(7) Lakeview Petroleum estimates that the new business will lead to the hiring of one additional employee on a full-time basis at estimated gross wages of \$17 per hour.

(8) Lakeview Petroleum will not be hiring any workers employed through temporary agencies.

(9) Lakeview Petroleum will offer a benefits package to all new employees hired as a result of the economic development subsidy, consisting of health care and retirement benefits in the SarSep program.

(10) Lakeview Petroleum utilizes the Yuba County One Stop Program, which provides state and federally required outreach processes for all available workers. Lakeview Petroleum reports that its warehouse in Marysville is not applying for, and will not receive any state or federal subsidies relating to its new business activities, which are subject to the agreement.

(11) The agreement contains provisions requiring Lakeview Petroleum to provide reports and backup data regarding the new business activities subject to the sharing of sales tax revenue, which will allow the City and its auditors the ability to verify and account for the amount of new business activities and related sales tax figures. Additionally, if the City determines in the course of auditing the sales tax generated by the new business that certain material errors may have occurred in the reports and backup data provided by Lakeview Petroleum, then the City has the right to require a separate review by a neutral third party sales tax auditor, and if an overpayment is identified in the audit, then Lakeview Petroleum is required to repay the overage. Finally, if Lakeview Petroleum requests the 10-year extension of the operating period, the agreement contains provisions which allow the City to adjust the tax-sharing formula, so that the monetary difference in the shares of total amount of tax revenue received by Lakeview and the City more closely aligns with original projections at the time the agreement is approved by the Council.

The information provided in this report about the nature and purposes of the economic development subsidy will be updated and posted to the City website annually during the 20-year operating period of the tax sharing agreement, as required by Government Code section 53083.1(d), with such additional information about the actual performance of the tax sharing agreement during its term.

The City will hold an annual public hearing during the operating period of the tax sharing agreement, to consider any written or oral comments on the information contained in the annual updated report about the performance of the parties under the agreement, as required by Government Code section 53083.1(e).