

STAFF REPORT
City of Lancaster

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JC

Date: January 8, 2019

To: Mayor Parris and City Council Members

From: Jason Caudle, City Manager
Allison Burns, City Attorney

Subject: **Economic Development Agreement with Golden State Procurement Company, Inc.**

Recommendation:

Adopt Resolution No. 19-02, approving an Economic Development Agreement with Golden State Procurement Company, Inc.; and authorize the City Manager, or his designee, to execute all related documents.

Fiscal Impact:

The agreement's purpose is to spur increased sales tax revenues, with the amount contingent upon the success of the firm's operations in Lancaster.

Background:

The City of Lancaster has a long-standing agreement with Cardlock Fuels, the most recent of which is an Amended and Restated Sublease dated November 2010. Under this agreement, Cardlock located an office in Lancaster and generated a significant amount of sales tax revenue to the City. In return, the City rebated a portion of this new sales tax revenue to the company, with varying percentages based on the total amount generated.

Cardlock recently assigned its rights under the existing agreement to Golden State Procurement Company, Inc. The proposed Economic Development Agreement would provide for a sales tax rebate of up to 15% from the City of Lancaster for any new sales tax revenue generated under the agreement. This rebate aims to attract increased sales tax revenue to the City of Lancaster. Additional details regarding the terms of the Agreement are included in the attached Economic Impact Report.

JC:AB:cd

Attachments:

Resolution No. 19-02
Economic Development Agreement
Assignment Agreement
Economic Impact Report

RESOLUTION NO. 19-02

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LANCASTER, CALIFORNIA, APPROVING AN ECONOMIC DEVELOPMENT AGREEMENT BY AND AMONG THE CITY OF LANCASTER AND GOLDEN STATE PROCUREMENT COMPANY, INC.

WHEREAS, the City of Lancaster (“City”) is a municipal corporation and charter city organized and operating under its city charter and the laws of the State of California; and

WHEREAS, Golden State Procurement Company, a California Corporation (“GSPC”), has proposed to the City an agreement entitled “Economic Development Agreement” substantially in the form submitted herewith (the “Agreement”); and

WHEREAS, a copy of the Agreement, together with a report describing the proposed transaction, has been on file with the City Clerk as a public record; and

WHEREAS, notice of a public hearing to consider the Agreement, and which specifically referenced Government Code Section 53083, was published in a newspaper of general circulation serving the City and its inhabitants; and

WHEREAS, under the Agreement, the City would be obligated to make certain payments to GSPC based upon a percentage not to exceed fifteen percent (15%) of sales tax received by the City from operations undertaken by GSPC, provided that such payments would only become due in the event that GSPC generates sales tax revenues in the City of Lancaster; and

WHEREAS, the generation of such sales tax by GSPC would not occur but for the Agreement; and

WHEREAS, particularly in light of the elimination of redevelopment agencies as effected by enactments of the California Legislature in 2011 and 2012, including the former Lancaster Redevelopment Agency, the generation of tax revenues available to the City is important in preserving the ability of the City to provide an acceptable level of core municipal services to its inhabitants; and

WHEREAS, the financial participation by the City under the Agreement is in consideration of the activities that will be undertaken by GSPC under the Agreement; and

WHEREAS, the Agreement may constitute an economic subsidy agreement within the meaning of Section 53083 of the California Government Code, and

WHEREAS, notice was published in accordance with Section 53083 of the California Government Code and a public meeting of the City Council on the proposed Agreement was duly noticed; and

WHEREAS, the proposed Agreement, and a staff report have been available for public inspection prior to the public meeting; and

WHEREAS, all actions required by all applicable law with respect to the proposed Agreement have been taken in an appropriate and timely manner; and

WHEREAS, the City Council has duly considered all of the terms and conditions of the proposed Agreement and believes that the Agreement is important to make available to the City for the benefit of its inhabitants an additional source of sales tax revenues and is in the best interests of the City and the health, safety, and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local laws and requirements.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LANCASTER AS FOLLOWS:

Section 1. The City Council hereby finds and determines that, by generating additional revenues to the City, the Agreement will benefit the City and its inhabitants.

Section 2. The City Council hereby approves the Agreement in substantially the form presented to the City Council, subject to such non-substantive revisions as may be made by the City Manager or his designee with the concurrence of the City Attorney. The City Manager is hereby authorized to execute the Agreement (including without limitation all attachments thereto) on behalf of the City. A copy of the Agreement when executed by the City shall be placed on file in the office of the City Clerk.

Section 3. The City Manager is hereby authorized, on behalf of the City and with the concurrence of the City Attorney, to (i) make revisions to the Agreement which do not increase any amounts to be paid by the City or materially or substantially increase the City's obligations thereunder, (ii) to sign all documents, make all approvals and take all actions necessary or appropriate to carry out and implement the Agreement, (iii) to approve or disapprove such Affiliates as Golden State Procurement Company may present to the City for consideration and/or approval and set the percentage of sales tax revenues (not to exceed fifteen percent [15%]) to be paid to Golden State Procurement Company therefor, and (iv) to administer the City's obligations, responsibilities and duties to be performed under the Agreement and related documents.

PASSED, APPROVED and ADOPTED this 8th day of January, 2019, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

APPROVED:

BRITT AVRIT, MMC
City Clerk
City of Lancaster

R. REX PARRIS
Mayor
City of Lancaster

STATE OF CALIFORNIA }
COUNTY OF LOS ANGELES }ss
CITY OF LANCASTER }

CERTIFICATION OF RESOLUTION
CITY OF LANCASTER

I, _____, _____ City of Lancaster, CA, do hereby certify that this is a true and correct copy of the original Resolution No. 19-02, for which the original is on file in my office.

WITNESS MY HAND AND THE SEAL OF THE CITY OF LANCASTER, on this _____ day of _____, _____.

(seal)

ECONOMIC DEVELOPMENT AGREEMENT

This **ECONOMIC DEVELOPMENT AGREEMENT** (this “Agreement”) is made and entered into as of December 11, 2018 (the “Effective Date”), by and between the **CITY OF LANCASTER**, a California municipal corporation and charter city (the City”), and **GOLDEN STATE PROCUREMENT COMPANY, INC.**, a California corporation (“GSPC”). The City and GSPC are sometimes individually referred to as a “Party” and collectively as the “Parties.”

RECITALS

A. GSPC has signed and accepted the attached Assignment Agreement (Exhibit A), contingent upon approval of this Agreement by the Lancaster City Council.

B. Pursuant to the terms of the Assignment Agreement, GSPC will conduct itself as a retail seller of equipment and other products, located in Lancaster, and receive the benefits of the Assignment Agreement in order to attract customers and sustain a profit. The operation of GSPC will generate significant sales and use tax revenue for the City.

C. Also pursuant to the terms of the Assignment Agreement, GSPC and the City will seek to incentivize Affiliates (defined below) ^{to} move into Lancaster by passing the benefits of the Assignment Agreement from GSPC to the Affiliates.

D. GSPC will be physically located and conduct its business operations within the City’s jurisdictional boundaries. To facilitate GSPC’s business operations and to incentivize GSPC’s selection of the City as the location of its business operations, GSPC has requested that the City provide an economic development incentive.

E. The City anticipates GSPC’s business operations will generate a variety of economic benefits for and within the City, such as the creation of new jobs and an increase in Sales and Use Tax Revenues (as defined below). Therefore, subject to the terms and conditions set forth herein, the City has determined that it is in its best interest and it desires to grant GSPC the economic development incentive provided in this Agreement

NOW, THEREFORE, based upon the foregoing, and for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereby agree as follows:

1. Economic Development Incentive – Resale Customers.

Pursuant to the terms of the Assignment Agreement, GSPC will act as a retail seller of equipment and other products, with the point of sale for such transactions located within Lancaster’s jurisdictional boundaries. GSPC shall not be entitled to any economic incentive of any kind with regard to its retail sales activities, except as set forth in the Assignment Agreement.

2. Economic Development Incentive – Affiliates.

(a) Subject to the terms and conditions of this Agreement, as well as all applicable law, the City hereby grants to GSPC an economic development incentive (the "Incentive") consisting of the payments (individually, a "Payment" and collectively, the "Payments") described in this Section 2, for each Affiliate it causes to locate in Lancaster.

(b) Incentive Payment Frequency and Amount. Incentive Payments shall be payable by the City to GSPC in quarterly installments, within thirty (30) days of the City's determination of the actual Sales and Use Tax Revenues received by the City from the California Department of Tax and Fee Administration (CDTFA) on account of retail sales and use tax generated by the GSPC Affiliates. Each quarterly Incentive Payment made by the City to GSPC shall be in an amount agreed by the Parties and not to exceed an amount that is equal to fifteen percent (15%) of the actual Sales and Use Tax Revenues received by the City from the CDTFA on account of retail sales and use tax generated by the GSPC Affiliates. To the extent that the amount of sales and use tax received by the City is reduced or increased by any adjustments made by the CDTFA to GSPC's account, the next Incentive Payment to be paid to GSPC shall be reduced or increased by the amount of such adjustment.

As used herein, the term "Sales and Use Tax Revenues" shall mean those certain unrestricted sales and use tax revenues which the City is entitled to receive and does, in fact, receive and which are attributable to and derived from taxable sales and use made by the GSPC Affiliates, including other funds received by the City pursuant to local or state law, such as but not limited to, Revenue and Taxation Code Section 97.68 enacted expressly as a substitute for sales tax revenues in order to reimburse the City for sales tax revenue losses resulting in the 1% rate of sales tax, or otherwise. As used herein, "taxable sales made by GSPC Affiliates" shall be deemed to include taxable sales which occur elsewhere, in the event that said taxable sales are initiated from within the City's boundaries and in the event that the point of sale is within the City. The term "Annual Taxable Sales" means the taxable sales made by the GSPC Affiliate which produces Sales and Use Tax Revenues during any calendar year.

(c) City's Access to Records. When requested, within thirty (30) calendar days after filing, GSPC shall provide the City with copies of each and every sales and use tax return that it or its Affiliates files during the term of this Agreement. Upon written request by the City to GSPC, GSPC shall promptly take any and all reasonable actions which are deemed necessary by the City to assist the City in obtaining access to any and all records of the CDTFA which may be pertinent to the Sales and Use Tax Revenues in order to enable the City to verify the information contained in said sales and use tax returns and said Sales and Use Tax Revenues. In the event that the City requires the receipt of additional information in order to verify the information contained in said sales and use tax returns and said Sales and Use Tax Revenues, the City shall notify GSPC in writing that said information is required. GSPC shall promptly obtain and furnish to the City any and all information necessary for the City to verify the information contained in said sales and use tax returns and said Sales and Use Tax Revenues. Any such information provided by GSPC to the City shall be deemed confidential proprietary information and shall not be publicly disclosed by the City unless required by law, ordered by a final nonappealable judgment of a court of competent jurisdiction or as otherwise agreed to by GSPC.

3. Term. The term of this Agreement shall be ten (10) years (the "Term"), commencing upon the Effective Date of this Agreement; provided, however, the Term shall be

automatically extended for successive one (1) year periods unless sooner terminated during an extension period by either Party giving not less than six (6) months notice in writing to the other Party of such termination. The termination rights during an extension period set forth in the preceding sentence shall be in addition to the Parties' respective termination rights set forth in Section 7(b).

4. GSPC Affiliates; City Approval Right. As used in this Agreement, the term "Affiliate" means any individual, corporation, limited liability company, general partnership, limited partnership, joint venture or any other entity in which GSPC has an equity interest. GSPC shall obtain from the City, written approval for each Affiliate, before said Affiliate qualifies as an Affiliate for purposes of this Agreement.

5. Force Majeure. Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, inability to obtain labor or materials or reasonable substitutes therefor, governmental restrictions, governmental regulations, governmental controls, judicial orders, enemy or hostile governmental action, civil commotion, fire or other casualty and other causes (except financial) beyond the reasonable control of the party obligated to perform, shall excuse the performance by that party for a period equal to the prevention, delay or stoppage, provided the party prevented, delayed or stopped shall have given the other party written notice thereof within thirty (30) days of the event causing the prevention, delay or stoppage.

6. Obligations of City. Nothing herein provided shall be construed to impose any obligation on the City to perform any act hereunder except for the payment by City of the Incentive Payments, and to assume full liability and responsibility for Sections B.3 and 10, of the attached Assignment Agreement.

7. No Third Party Beneficiary. This Agreement represents an agreement between GSPC and the City only, and no other individual or entity, including a GSPC Affiliate, shall have any rights or claims, as a third party beneficiary or otherwise, hereunder, unless such GSPC Affiliate is approved in writing by the City.

8. Default and Termination.

(a) Events of Default. The word "default," as used in this Section 7, shall mean and include the failure of the City or GSPC to perform any term, condition, covenant or agreement set forth herein, and the continuation of such failure for a period of thirty (30) days after written notice specifying the same, or in the case of a situation in which the default cannot reasonably be cured within thirty (30) days, if the City or GSPC shall not promptly, within thirty (30) days after receipt of such notice, commence to remedy the situation by a means that can reasonably be expected to remedy the situation within a reasonable period of time and diligently pursue the same to completion within sixty (60) days after the date of giving such notice. The prevailing party in any lawsuits to enforce the terms of this Agreement shall be entitled to recover from the non-prevailing party its litigation costs including its expert witness fees, reasonable attorney's fees, and court costs in addition to whatever other relief the court awards. Any right of termination under this section is in addition to the right of the parties to terminate this Agreement pursuant to Section 2.

(b) Termination by City or GSPC. This Agreement may be terminated by either Party in the following circumstances:

(i) If the State of California, prior to the expiration of the Term of this Agreement, terminates, modifies, or amends the method of apportioning Sales and Use Tax Revenues to municipalities such as that Sales and Use Tax Revenues received by the City is reduced from the amount existing on the Effective Date of this Agreement, either Party may terminate this Agreement without liability. In such event the Parties agree to execute such other and further documents as may be necessary to terminate this Agreement; or

(ii) If this Agreement is declared void or invalid by any governmental authority or by a final judicial determination or similar proceeding, either Party may terminate this Agreement without liability. In such event the Parties agree to execute such other and further documents as may be necessary to terminate this Agreement.

9. Notices. Any notice, request, demand, consent, approval or other communication required or permitted hereunder or by law shall be validly given or made only if in writing and delivered in person to an officer or duly authorized representative of the other Party, or deposited in the United States mail, duly certified or registered (return receipt requested), postage prepaid, or delivered through another commercially reasonable method, including facsimile transmission and addressed to the party for whom intended, as follows:

If to City: City of Lancaster
 44933 Fern Avenue
 Lancaster, California 93534
 Attn: City Manager

If to GSPC: GSPC, Inc.
 1725 N. Juliet Court
 Brea, CA 92821
 Attn: Robert E. Cendejas, President

Any Party may from time to time, by written notice to the other, designate a different address which shall be substituted for that specified above. If any notice or other document is sent by mail as aforesaid, the same shall be deemed fully delivered and received forty-eight (48) hours after mailing as provided above. If any notice or document is sent by facsimile transmission, the same shall be deemed fully delivered and received upon the transmission to the sender of a facsimile confirmation sheet.

10. Assignment of Agreement. No Party may assign its obligations hereunder to any assignee without the prior written consent of the other Party.

11. General Provisions.

(a) Except as otherwise provided herein, the terms, conditions, covenants, and agreements set forth herein shall apply to and bind the heirs, executors, administrators, assigns, and successors of the Parties hereto.

(b) The Parties to this Agreement do not rely upon any warranty or representation not contained in this Agreement.

(c) This Agreement shall be governed by and interpreted with respect to the laws of the State of California.

(d) Any failure or delay by any party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any rights or remedies provided for herein.

(e) This Agreement may be amended at any time by the mutual consent of the Parties by an instrument in writing signed by the Parties.

12. Officers and Employees. No officer or employee of the City or GSPC shall be personally liable to any Party in the event of any default or breach or for any amount which may become due for breach of any obligation of the terms of this Agreement.

13. Severability. In the event that any provision or provisions of this Agreement are held unenforceable, all provisions not so held shall remain in full force and effect.

14. Authority of Signatories. The persons executing this Agreement on behalf of the Parties hereto warrant that they are duly authorized to execute this Agreement on behalf of said Parties and that by so executing this Agreement the parties are formally bound to the provisions of this Agreement.

15. Effect of Non-Approval. In the event the City Council of the City of Lancaster fails to approve this Agreement, this Agreement shall be void *ab initio* and of no force or effect whatsoever.

16. Effective Date. The Effective Date of this Agreement shall be the date this Agreement is approved by the City's legislative body or the date upon which this Agreement has been fully executed, whichever is later. The Effective Date shall be inserted into the preamble to this Agreement.

[Signatures begin on next page.]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first written above.

CITY:

CITY OF LANCASTER,
a California municipal corporation
and charter city

By: _____
Mark V. Bozigian
City Manager

ATTEST:

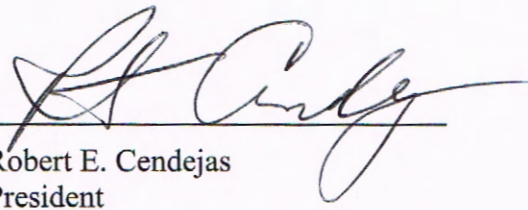
Britt Avrit, CMC
City Clerk

APPROVED AS TO FORM:

Allison E. Burns
Stradling Yocca Carlson & Rauth
City Attorney

GSPC:

**GOLDEN STATE PROCUREMENT
COMPANY, INC.**, a California corporation

By: 

Robert E. Cendejas
President

ASSIGNMENT AGREEMENT
(Cardlock Fuels Sublease)

This Assignment Agreement (the "Assignment"), is made as of this 28 day of November, 2018, (Effective Date) by and between Cardlock Fuels System, Inc., a California corporation ("Cardlock") and Golden State Procurement Company, Inc., a California corporation ("Assignee").

RECITALS

A. Cardlock is a party to that certain Amended and Restated Sublease dated November 9, 2010 ("Sublease") by and between Cardlock and the Lancaster Redevelopment Agency, a public body, corporate and politic ("Lancaster").

B. Cardlock desires to assign its rights and obligations under the Sublease to Assignee and Assignee desires to assume same under the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Recitals True and Correct. The Recitals set forth above are true and correct and are incorporated into this Assignment Agreement by this reference, as though fully set forth in this Assignment Agreement.

2. Assignment. To the extent Cardlock has any rights, title, obligations, duties or interest in or to the Sublease, Cardlock hereby assigns, transfers, conveys, sells, and delivers to Assignee, all of Cardlocks' rights, title, obligations, duties and interest in and to the Sublease, and Assignee accepts same.

3. Assumption of Liabilities. Assignee hereby assumes all of the obligations of Cardlock under the Sublease, including without limitation, all covenants, indemnity obligations, representations and warranties of the Sublease.

4. Implementation. Cardlock further agrees to execute and deliver such further documents and instruments and take such other actions as may be reasonably required or appropriate to evidence or carry out the intent of this Assignment and/or assist in the transfer and conveyance of all rights under the Sublease to Lancaster.

5. Successors and Assigns. Assignee may assign its rights hereunder to any entity without notice of such assignment. This Assignment Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective successors and assigns.

6. Governing Law and Venue. This Assignment Agreement shall be construed and governed by the laws of the State of California. Any litigation or other proceedings between the Parties arising from this Assignment Agreement, shall be brought in the County of Los Angeles, California.

7. Counterparts. This Assignment Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one instrument.

8. Severability. If any term, provision or portion of this Assignment Agreement or the application of this Assignment Agreement to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Assignment Agreement, or the application of such term or provision or portion of this Assignment Agreement to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each such term and provision of this Assignment Agreement shall be valid and enforceable to the fullest extent permitted by law.

9. No Joint Venture. Nothing in this Assignment Agreement shall be construed to constitute the creation of a partnership or joint venture between Cardlock and Assignee or any contractor or other person relating to the Property. Cardlock is not an agent or representative of Lancaster or Assignee or vice versa.


10. Indemnity: Assignee shall indemnify, defend and hold Cardlock and its officials, directors, officers, employees, consultants, attorneys and agents ("Indemnified Parties") free and harmless from and against any and all losses, claims, damages, fees (including, without limitation, attorneys' fees and costs), injuries to persons or property (including wrongful death) arising out of or incident to this Assignment Agreement. In addition to and in no way limiting the indemnity above, Assignee shall indemnify, defend and hold harmless the Indemnified Parties from any and all claims from and liability to the property owner and Lancaster. The indemnification obligations of this Section shall survive the termination of this Assignment or any future assignments allowed pursuant to Section 5.

11. Notice of Assignment. Within ten (10) days following the Effective Date, Cardlock shall notify Lancaster of this Assignment.

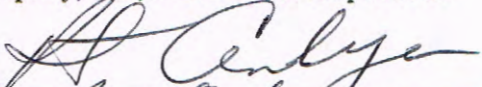
12. Termination. In the event Assignee is unable or unwilling to implement or proceed under the terms of the Sublease, the termination of the Sublease which, barring entry into this Assignment, was effective on November 30, 2019 ("Termination Date") shall take effect and Cardlock shall be relieved of all duties, rights, and obligations under the Sublease as of the Termination Date.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment as of the day first above written.

ASSIGNOR: Cardlock Fuels System, Inc.
a California corporation:

By: 
Its: Corp Sec.

ASSIGNEE: Golden State Procurement
Company, Inc., a California corporation

By: 
Its: President



ECONOMIC IMPACT REPORT

City of Lancaster

Date: January 8, 2019

Subject: **Economic Development Agreement with Golden State Procurement Company, Inc.**

Background:

The City of Lancaster has a long-standing agreement with Cardlock Fuels, the most recent of which is an Amended and Restated Sublease dated November 2010. Under this agreement, Cardlock located an office in Lancaster and generated a significant amount of sales tax revenue to the City. In return, the City rebated a portion of this new sales tax revenue to the company, with varying percentages based on the total amount generated.

Cardlock recently assigned its rights under the existing agreement to Golden State Procurement Company, Inc., 1725 N. Juliet Court, Brea, CA 92821. The proposed Economic Development Agreement would provide for a sales tax rebate of up to 15% from the City of Lancaster for any sales tax revenue generated by an affiliate of Golden State Procurement that locates in Lancaster and is approved by the City pursuant to the terms of the agreement. This rebate aims to attract increased sales tax revenue to the City of Lancaster.

Analysis:

In light of the elimination of redevelopment agencies as effected by enactments of the California Legislature in 2011 and 2012, including the former Lancaster Redevelopment Agency, the generation of tax revenues available to the City is essential to preserving the City's ability to provide an acceptable level of core municipal services to its residents. The foregoing is an important public purpose associated with the proposed agreement.

The City is a charter city; in that capacity, the City would enter into the proposed agreement in consideration of the activities that will be undertaken by Golden State Procurement in the City. Golden State Procurement has executed the agreement which, upon approval by the City Council and execution by the City Manager on behalf of the City, would immediately go into effect for a period of 10 years. The agreement includes the opportunity to renew for subsequent one-year periods unless terminated by either party.

The agreement aims to generate new sales tax revenue for the City of Lancaster. While the specific amounts will vary based on the success of Golden State Procurement's operations in Lancaster, staff projects sales tax revenue of \$1,000,000 annually. Under the agreement, Golden State Procurement would receive a share of this revenue not to exceed 15%, or \$150,000, while the City will receive the remaining 85%, or \$850,000. It is important to note these are new revenues which, but for the attraction of Golden State Procurement to Lancaster via this agreement, would not be generated to the City.

The Agreement is not anticipated to create a significant number of jobs.

The Agreement will commence upon execution by the City Manager and continue for ten (10) years with automatic one (1) year extensions thereafter, subject to termination upon six (6) months notice.

Approval will authorize the City Manager to execute the agreement (including without limitation all attachments thereto) on behalf of the City. The City Manager is also authorized, on behalf of the City, to make revisions to the agreement which do not increase any amounts to be paid by the City or materially or substantially increase the City's obligations thereunder, to sign all documents, to make all approvals and take all actions necessary or appropriate to carry out and implement the agreement and to administer the City's obligations, responsibilities and duties to be performed under the agreement and related documents.

Environmental:

This agreement is not considered a project per section 15378(b)(4) of the California Environmental Quality Act in that the creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

Financial Impact:

The agreement will make available to the City an additional source of sales tax revenues and is in the best interests of the City and the health, safety, and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local laws and requirements. Sales tax revenues generated to the City during the agreement's initial 10-year term are estimated at \$8,500,000, resulting in a total payment to GSPC of up to \$1,275,000.