

**SUMMARY REPORT PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 53083
ON A
ECONOMIC DEVELOPMENT INCENTIVE AGREEMENT BY AND BETWEEN
THE CITY OF ROSEVILLE AND
COSTCO WHOLESALE CORPORATION**

The following Summary Report has been prepared pursuant to California Government Code Section 53083. The report sets forth certain details of the proposed Economic Development Incentive Agreement (“Agreement”) between the following parties:

1. The City of Roseville, a municipal corporation (“City”);
2. Costco Wholesale Corporation, a Washington corporation (“Developer”).

The Agreement calls for the City to provide a development incentive, directly related to the required public infrastructure costs, to the Developer, for the purpose of developing, opening, and operating a wholesale and retail general merchandise facility, with a potential gas station, owned and operated by Developer (“Costco Store”). The project will consist of building the Costco Store, as well as required infrastructure improvements and additional retail properties that will be offered for rent or sale to other tenants or retailers (collectively “Project”). The Project is located on an approximately 29-acre parcel, located north of Baseline Road in the Sierra Vista Specific Plan, known as a portion of Phase II of the Baseline Marketplace project (“Site”).

This summary report considers the proposed Agreement. The purpose of this Agreement is to promote the general welfare of the City and its residents by creating new jobs; expanding the range and diversity of its commercial retail sector, especially in west Roseville; to reduce traffic and vehicle miles traveled from residents in west Roseville to the existing Costco facility in northeast Roseville; to broaden the City's property tax and sales tax base; and to generate ongoing City revenues.

This report and the Agreement are to be made available for public inspection prior to the approval of the Agreement.

I. IDENTITY OF DEVELOPER

Information on the Developer is provided below:

Costco Wholesale Corporation, a Washington Corporation;

Principal Executive Office: 999 Lake Drive, Issaquah, WA 98027.

II. SALIENT POINTS OF THE AGREEMENT

A. Project Description

The Site is currently undeveloped land that is zoned General Commercial with a land use designation of Community Commercial. The Project will consist of building a wholesale and retail general merchandise facility, with a potential gas station, as well as required infrastructure improvements and additional retail properties that will be offered for rent or sale to other tenants or retailers.

B. The Start and End Dates and Schedule for the Economic Development Subsidy

No economic development subsidy is due under the Agreement until the certificate of occupancy is issued by City for the Costco Store opening (“Store Opening”), which must occur no later than December 31, 2026. Construction of the Project is anticipated to begin in 2023. City will reimburse Developer for up to no more than six (6) million dollars in required public infrastructure costs at the time of Store Opening. Per the Agreement, if the Store Opening does not occur by December 31, 2026, then no payment is due by the City.

Additionally, if the Store Opening occurs and Costco is not otherwise reimbursed for other eligible public infrastructure costs from the City County Traffic Mitigation Fee (“City/County Fee”) and/or the City Traffic Mitigation Fee-Sierra Vista Specific Plan Set-Aside (“TMF Set-Aside”) within seven (7) years from the date of Store Opening, then City shall also reimburse Developer for the value of the eligible reimbursable City/County Fee or TMF Set-Aside infrastructure costs. If City makes such payment, then Developer shall assign to City its right to reimbursement from the City/County Fee or TMF Set-Aside funds for these amounts. City shall not be obligated to make such payment until at least seven (7) years from the Store Opening.

C. Developer Responsibilities

The Agreement requires the Developer to accept the following responsibilities:

1. Develop, open, and operate a wholesale and retail general merchandise facility, with a potential gas station, as well as required public infrastructure improvements, at the Site;
2. Follow all applicable Federal, State, and local laws and agreements that apply to the Site and the Project, including but not limited to the Agreement, compliance with all prevailing wage laws, and applicable Development Agreement for the Site;
3. If City reimburses Developer for the value of the eligible reimbursable City/County Fee or TMF Set-Aside public infrastructure costs, then Developer shall assign its right to such payment to City.

D. City Responsibilities

The Agreement imposes the following responsibilities on the City:

1. The City shall make the lump sum incentive payment to the Developer, in an amount not to exceed six (6) million dollars, but based on actual required public infrastructure costs. Such payment is due at Store Opening, but in no event later than December 31, 2026, in accordance with the Agreement. The payment is only due if the Costco Store is actually constructed and issued a certificate of occupancy by City.
2. Reimburse Developer up to approximately \$1.8 million dollars in eligible City/County Fee and/or TMF Set-Aside reimbursement amounts if Developer has not already received such reimbursement directly from the City/County Fee or TMF Set-Aside funds within seven (7) years of Store Opening. In such case, City will be assigned Developer’s right to reimbursement under the City/County Fee and/or TMF Set-Aside funds;
3. The City shall have timely performed all of the obligations required by the terms of the Agreement.

III. ECONOMIC INCENTIVES PROVIDED AND COST OF THE AGREEMENT

The City is making a single lump sum payment, in an amount not to exceed six (6) million dollars, but based on the actual required construction, alteration, demolition, installation, or repair work for the public work of improvement required by City for development of the Project. This single lump sum payment is only payable

after issuance of a certificate of occupancy by City for the Costco Store. The payment is capped at six (6) million dollars. Additionally, City shall reimburse Costco up to approximately \$1.8 million dollars as the sum of any unpaid City/County Fee and/or TMF Set-Aside fees after seven (7) years from Store Opening. The funding is budgeted to come from the Strategic Improvement Fund.

IV. THE NET TAX REVENUE ACCRUING TO ROSEVILLE AS A RESULT OF THE SUBSIDY

The City expects to receive a significant increase in sales tax and property tax from the development of the Project. The revenues are summarized below:

1. Sales Tax – The City receives 1.5% of taxable sales generated by the Project. The Costco Store is anticipated to be similar size to the existing store in Roseville (which is remaining open), including gas station. The anticipated annual sales tax revenue is initially estimated to be \$2.5 million, which is based on projections from Developer, existing sales tax revenue generated at the existing Roseville location, and the City's tax-sharing agreement with Placer County.
2. Property Tax – For the Site, the City receives approximately 19.6% of the general 1% ad valorem property tax and shares a portion of this property tax revenue with Placer County through a tax-sharing agreement. The assessed value of the Project is estimated at \$57.3 million. At this level of value, the Project will generate \$91,726 in net annual property tax to the City, after tax-sharing.

V. CREATION OF ECONOMIC OPPORTUNITY AND PUBLIC PURPOSE

The City finds the unique public purpose of this economic development incentive is to promote the general welfare of the City and its residents by creating new jobs; expanding the range and diversity of its commercial retail sector, especially in west Roseville; to reduce traffic and vehicle miles traveled from residents in west Roseville to the existing Costco facility in northeast Roseville; to broaden the City's property tax and sales tax base; and to generate ongoing City revenues. The Project is a uniquely significant sales tax generating retail opportunity for the City that would be a catalyst for future economic development in west Roseville, where there is currently undeveloped commercial properties and lack of requisite infrastructure, with no anticipated immediate development. But for the economic development incentive, the Project might not be developed at all in west Roseville. This economic development incentive is consistent with and in furtherance of the City's Economic Development Strategy.

Other important goals and objectives that are satisfied by the Project are:

1. Construction of the Project is expected to generate a substantial number of construction jobs;
2. Potential increase in private investment as a result of the public investment in this Project;
3. Increased number of visitors to the City, which will spend money on dining, retail and entertainment activities in the City.

VI. JOB CREATION

It is estimated that 200 temporary construction jobs will be created during the construction period. After opening, the Developer indicates the Project will create 420 total jobs. These jobs will include 210 full-time and 210 part-time positions.