



June 13, 2023

Mrs. Lisa L. Kim  
City of Garden Grove  
11222 Acacia Parkway  
Garden Grove, CA 92840

Subject: Request to amend sales tax revenue agreement

Dear Lisa,

As a follow-up to our prior meetings, California Fuels and Lubricants (CFL) wishes to formally request an amendment be made to the existing sales tax revenue agreement with the City of Garden Grove. As discussed, CFL has lined out a long-term strategy focused on a high growth trajectory. The primary targets of this growth will be commercial customers predominantly in Southern California. The two primary marketers that CFL will compete against on a daily basis, will be SC Fuels in Orange and Amber Resources in Long Beach. Both entities are strong local suppliers and have existing sales tax revenue programs with their host municipalities. In implementing this growth strategy, CFL will be investing heavily in new assets, personnel and back-office infrastructure.

This new investment will be a strong follow-up to that which has already been made since 2015 (\$12.7mil). CFL is looking for support from the City to assist in this aggressive investment program, through an increase to an 85% share of any and all business over the last three-year average (2020-2022). This guarantees Garden Grove that the status quo continues and CFL is supported on the hard-fought business that is to come. In essence, the existing agreement only needs to have an amendment added, identifying this new tier. The three-year average becomes the par 70% CFL share and above that is subject to 85%. Please see the proposed thresholds below:

**Schedule to Replace "Exhibit B"  
on Operating Covenant Agreement**

Dated January 26, 2016

Portion of Quarterly Sales Tax Revenues		Percentage		
First \$50,000	X	0%	=	A
Next \$300,000 ***	X	70%	=	B
Above \$350,001	X	85%	=	C

\*\*\* Based on three-year average 2020 - 2022

CFL values the relationship it has with the City and this would further galvanize the business partnership that already exists. The City of Garden Grove is CFL's primary candidate municipality to work together with. Hopefully, this request is well received and there is no need to entertain other options.

Please feel free to contact me if you have any questions. We look forward to our next meeting on June 15<sup>th</sup>.

Sincerely,

*Charles McDaniel*

Charles McDaniel

President, California Fuels and Lubricants