

ECONOMIC DEVELOPMENT SUBSIDY REPORT PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 53083 FOR AN ECONOMIC DEVELOPMENT INCENTIVE AGREEMENT BY AND BETWEEN THE CITY OF EASTVALE AND RIVIAN LLC

Pursuant to Government Code Section 53083, the City Council of the City of Eastvale must hold a noticed public hearing before approving an agreement to provide an economic development subsidy. Prior to the public hearing, the City must provide the following information to the public in written form and post it to the City's website.

The City proposes to provide an economic development subsidy to Rivian LLC pursuant to an Economic Development Incentive Agreement by and between the City of Eastvale and Rivian LLC ("Agreement"). The project consists of the remodeling of an approximately 77,000 square foot industrial facility at 14940 Limonite Ave., Eastvale, CA 92880 ("Site") to accommodate the sales and servicing of vehicles manufactured off-site and delivered by Rivian LLC to customers from the Site ("Project").

- 1. The name and address of all corporations or any other business entities, except for sole proprietorships, that are the beneficiary of the economic development subsidy (Section 53083(a)(1)).**

Rivian LLC will construct, own, and operate a new Rivian sales and service facility within a leased industrial building located in the City of Eastvale. Rivian will be the beneficiary of payments made by the City from Local Sales Taxes. Local Sales Taxes are defined in the Agreement as the portion of sales taxes actually received by the City from the imposition of the Sales and Use Tax attributable to the sales, leasing, and servicing of vehicles delivered from the Site.

Rivian LLC
13250 N. Haggerty Road
Plymouth, MI 48170

Rivian LLC was incorporated as a Delaware corporation on March 26, 2015, and is engaged in the manufacturing and distribution of electric vehicles and accessories that will reduce dependence upon fossil fuels and improve the environment. The company distributes its vehicles directly to customers in the consumer and commercial markets. Rivian is a public company with its stock trading on the NASDAQ exchange (RIVN). Rivian's Initial Public Offering closed in November 2021. Rivian is a relatively new entrant in the automotive industry with the inherent risks associated with a start-up business.

- 2. The start and end dates and schedule, if applicable, for the economic development subsidy (Section 53083(a)(2)).**

The Term of the Agreement commences on the Commencement Date and ends on the twentieth anniversary date thereof. The term "Commencement Date" means the date

upon which all the following occur (a) the City approves all occupancy permits for the Project, (b) Business Activities commence for all or any portion of the Project, and (c) Local Sales Taxes are being generated from the Facilities but in any event not later than December 31, 2023. Upon request by Rivian, the City Manager may administratively extend the Commencement Date for one (1) additional year to allow Rivian to secure a lease for the Facility and or to complete construction of the Project and commence operations.

This report assumes a Commencement Date of January 1, 2024. The Commencement Date could occur sooner or later in accordance with the procedures outlined in the Agreement. The City's obligation to make incentive payments does not commence until Rivian pays Local Sales Taxes to the California Department of Tax and Fee Administration (CDTFA). The City will make the incentive payments on a quarterly basis.

3. A description of the economic development subsidy, including the estimated total amount of the expenditure of public funds by, or of revenue lost to, the local agency as a result of the economic development subsidy (Section 53083(a)(3)).

The economic development subsidy is equal to sixty-five percent (65%) of the Local Sales Taxes received by the City from the Project for the first five (5) years of the Term. Thereafter, for years 6-20, the economic development subsidy shall equal fifty percent (50%) of the Local Sales Taxes actually received by the City from the Project.

The Project has the potential to generate an estimated \$102 million in Local Sales Taxes, with the City retaining approximately \$49 million over the expected Term of the Agreement (\$2.4 million average per year). Rivian would receive \$53 million (\$2.6 million average per year), representing the revenue lost to the local agency as a result of the economic development subsidy. The actual results may vary dramatically depending upon the actual performance of the Project.

The payment of Local Sales Taxes depends upon many factors beyond the control of Rivian and the City, including general economic conditions, market competition, tax and regulatory policies. The Agreement does not impose a minimum or maximum payment and the actual revenue loss depends upon the performance of the Project. Rivian does not guarantee continued operations for the Term nor the generation of Local Sales Taxes.

The City does not have any up-front or ongoing capital exposure under the Agreement with liability limited to the obligation to make quarterly incentive payments from actual receipts.

4. A statement of the public purpose for the economic development subsidy (Section 53083(a)(4)).

Rivian proposes to locate the Project within an existing vacant industrial building in the City of Eastvale within the Business Park subarea of the Ranch Specific Plan. Similar industrial facilities will normally be occupied by light industrial or warehousing uses, providing few jobs, and limited public revenues. This use offers the potential for significant public revenues along with additional skilled and semi-skilled employment opportunities.

Rivian proposes to construct tenant improvements valued at approximately \$4 million and create approximately 35 full-time skilled jobs. Once operational, the Project will generate new Local Sales Taxes to the City which will support communitywide public services. The Project will also generate secured and unsecured property taxes from the improvements constructed to support the operations.

The economic development subsidy attracts a new business to the City of Eastvale fulfilling the Priority Level 1 Goal established by the City Council. The new general fund revenues will support goals to improve infrastructure and public services to the community.

5. The projected tax revenue to the local agency as a result of the economic development subsidy (53083(a)(5)).

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6. The estimated number of jobs created by the economic development subsidy, broken down by full-time, part-time, and temporary positions (53083(a)(6)).

The City anticipates the construction and operation of the new dealership will yield a minimum of 35 full- and part-time jobs and approximately 50 temporary new jobs during the construction. Rivian reports that hourly wage rates will range from \$25-\$50 per hour, depending upon level of responsibility. Salaried employees will receive compensation ranging from \$98,000-\$180,000 per year, covering facility management. Rivian provides health insurance, bonuses, and a 401(k) matching plan for its qualified employees (see rivianbenefits.com/us).