



# AGENDA REPORT

Department

<b>DATE:</b>	April 22, 2025
<b>TO:</b>	Mayor Martinez and Members of the City Council
<b>FROM:</b>	Shasa Curl, City Manager's Office
<b>Subject:</b>	Approve by Legislative Action City Subpoena of Financial Records held by Chevron
<b>FINANCIAL IMPACT:</b>	No known financial impact to the City.
<b>PREVIOUS COUNCIL ACTION:</b>	N/A
<b>STATEMENT OF THE ISSUE:</b>	Adopt Resolution approving a Legislative Subpoena
<b>RECOMMENDED ACTION:</b>	ADOPT a resolution approving a Legislative Subpoena to compel Chevron U.S.A. Inc. to provide financial information to the City sufficient for it to conduct an audit and examination of Chevron's books and records as related to their 2025 Business License Tax payment to the City - City Manager's Office (Shasa Curl 510-620-6512).

## DISCUSSION:

Chevron conducts various types of business activities within the City of Richmond and

is therefore required to pay business license taxes in accordance with Measure U, which requires business taxpayers to provide to the City upon its request with certain financial records relating to the tax payment. The City has made multiple requests to Chevron for information regarding their 2025 business license tax payment, which was delivered to the City on December 19, 2024, with a second true-up payment delivered April 1, 2025. While Chevron has provided limited access to some information necessary to audit business license tax payments for prior years, Chevron has failed to meaningfully respond to multiple requests from the City to audit and examine Chevron's books and records as needed to determine and assess the correct business license tax due under the City's Measure U ordinance, as codified in Richmond Municipal Code chapter 7.04. Accordingly, the City Manager and Special Counsel recommends the City Council issue a legislative subpoena to compel Chevron to comply with the City's municipal code and deliver the requested records needed to perform the audit.

Government Code section 37104 recognizes the City's authority to issue a legislative subpoena: "The legislative body may issue subpoenas requiring attendance of witnesses or production of books or other documents for evidence or testimony in any action or proceeding pending before it." A legislative subpoena is proper if "(1) it is authorized by ordinance or similar enactment, (2) it serves a valid legislative purpose, and (3) the witnesses or material subpoenaed are pertinent to the subject matter of the investigation." (*Connecticut Indem. Co. v. Superior Court* (2000) 23 Cal.4th 807, 813.)

Section 7.04.430 of the Richmond Municipal Code authorizes administrative subpoenas to compel the production of relevant books, papers and records and the attendance of all persons as parties or witnesses to facilitate an audit of Business License Tax compliance, specifically stating that "[i]n order to ascertain the business tax or registration fees due under this chapter, the City Manager may compel, by administrative subpoena, the production of relevant books, papers and records and the attendance of all persons as parties or witnesses." City subpoenas may be served by the City Attorney's Office and the disobedience of its subpoena is deemed a violation of the City's municipal code, which further authorizes the City to enforce its subpoenas pursuant to applicable state law, including but not limited to an action in court to compel compliance.

The City additionally has a valid legislative purpose in ensuring it collects the entire business license tax owed by Chevron in accordance with a voter approved tax ordinance. Subpoenas may be "issued in furtherance of City's lawfully authorized concern of carrying out the audit of an uncooperative taxpayer to determine compliance with City's taxing ordinance." (*City of Santa Cruz v. Patel* (2007) 155 Cal.App.4th 234, 251.) In *City of Vacaville v. Pitamber* (2004) 124 Cal.App.4th 739, 748, that city successfully subpoenaed a hotel operator to produce records after the hotel operator refused to comply with the city's bed tax ordinance.

The City also requires the subpoenaed information as it is necessary and pertinent to gauge the existence and extent of Chevron's possible underpayment of business license

tax. Therefore, the City Manager and outside Special Counsel recommend the City Council exercise its authority under the Government Code and Richmond Municipal Code to adopt the attached resolution approving and authorizing the City to issue a legislative subpoena to compel Chevron to provide the information described therein.

**DOCUMENTS ATTACHED:**

Attachment 1 – Resolution Approving a Legislative Subpoena Directed to Chevron U.S.A., Inc.

Attachment 2 – Legislative Subpoena in the Matter of Factual Inquiry Related to Chevron U.S.A., Inc.