

## NOTICE OF PUBLIC HEARING

Pursuant to Section 53083(a)(6)(b) of the California Government Code (AB 562), the City of Huntington Beach shall provide public notice and a hearing prior to granting of proposed economic development subsidy.

NOTICE IS HEREBY GIVEN that the City of Huntington Beach will hold a public hearing in the Council Chambers of the Huntington Beach Civic Center, 2000 Main Street on Tuesday, March 15, 2022 at 6:00 p.m., unless otherwise changed by the City Manager, to consider the following item:

Applicant: Huntington Beach Auto Dealers Association: Peter Shaver, President  
Location: Various locations citywide (Please refer to question #1)

### Agreement:

The City of Huntington Beach desires to increase its sales tax revenue and create and retain jobs within the City. The City has the ability to implement the provisions of AB 562, a statewide economic development tool passed by Governor Brown in late 2013 for the purpose of allowing local jurisdictions to induce economic development for the purpose of stimulating the local economy, including increasing local sales tax. The City of Huntington Beach and the Huntington Beach Auto Dealers Association (Association) are proposing to enter into an agreement that provides car purchasers and lessees with a free annual beach parking pass with the goal of encouraging car purchases and leases in the City, and having visitors support downtown businesses. The City is proposing to provide financial assistance in the form of vouchers to the Association as described in the Memorandum of Understanding. Pursuant to Section 53083 of the California Government Code (AB 562) the following information will be posted on the City's Web Site.

### **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.**

Norm Reeves Honda Superstore  
19131 Beach Blvd.  
Huntington Beach, CA 92648

Toyota of Huntington Beach  
18881 Beach Blvd.  
Huntington Beach, CA 92648

Car Pros KIA Huntington Beach  
18835 Beach Blvd.  
Huntington Beach, CA 92648

McKenna Subaru  
18801 Beach Blvd.  
Huntington Beach, CA 92648

Huntington Beach Ford  
18255 Beach Blvd.  
Huntington Beach, CA 92648

DeLillo Chevrolet  
18211 Beach Blvd.  
Huntington Beach, CA 92648

Surf City Nissan  
17331 Beach Blvd.  
Huntington Beach, CA 92647

Huntington Beach Mazda  
16800 Beach Blvd.  
Huntington Beach, CA 92647

Huntington Beach Hyundai

Huntington Beach Chrysler, Dodge, Ram

16751 Beach Blvd.  
Huntington Beach, CA 92647

16701 Beach Blvd.  
Huntington Beach, CA 92647

McKenna Volkswagen  
18711 Beach Blvd.  
Huntington Beach, CA 92648

Huntington Beach Jeep  
16701 Beach Blvd.  
Huntington Beach, CA 92647

**2. The start and end dates and schedule, if applicable, for the economic development subsidy.**

Upon City Council approval, the proposed agreement is expected to commence on March 15, 2022 and end on March 14, 2027.

**3. A description of the economic development subsidy, including the estimated total amount of the expenditures of public funds by, or of revenue lost to, the local agency as a result of the economic development subsidy.**

The economic development subsidy will provide an incentive to car buyers, lessees, and participating members of the Huntington Beach Auto Dealers Association by providing a voucher to obtain a free annual beach parking pass (\$150 per vehicle) with the purchase of new, used (\$20,000 or more), or leased vehicles. Data from the on-going program suggests that the City redeems about 2,750 vouchers each year. Therefore, the City estimates that a subsidy of approximately \$412,500 will be provided annually which equates to the cost of the beach parking passes provided, with a total expenditure of approximately \$2,062,500 throughout the 5-year duration of the program. Additionally, 250 hours of City staff will be devoted to oversee the program.

**4. A statement of the public purposes for the economic development subsidy.**

Car dealerships are the largest sales tax generators in Huntington Beach with annual sales tax revenue estimated to be between \$8-9 million. Maintaining sales tax revenue from the City's auto dealerships is needed to fund vital City services. The program helps to spur sales tax revenue growth, encourages local residents and regional visitors to purchase and lease vehicles in the City of Huntington Beach, and prevents leakage of automotive purchases and leases to outside jurisdictions.

**5. Projected tax revenue to the local agency as a result of the economic subsidy.**

The average number of vehicles sold (new and used) and leased by the Huntington Beach Auto Dealers Association between 2018 and 2020 was roughly 24,600 annually. Approximately, 2,750 vouchers were redeemed each year between 2018 and 2021, which equates to an 11% voucher redemption rate. The projected total gross sales for vehicles within the City is roughly \$800-900 million of which the City will retain 1% in sales tax totaling \$8-9 million. Using the 11% voucher redemption rate as a way to determine the impact of extending the subsidy and keeping the program active, the City will retain almost \$1 million in sales tax annually and \$5 million throughout the 5-year duration of the program. Increased marketing of the economic subsidy will allow the City to receive additional sales tax from purchases or leases made under the program, which also provide increased sales tax generation on parts and service.

Promotion of this program will allow the City's auto dealers to stay competitive with other dealerships throughout the region. The program also encourages car buyers and lessees to frequent the City's beach, downtown shops, and restaurants when utilizing the beach parking pass, expanding support to other local businesses and increasing overall sales tax to the City.

**6. Estimated number of jobs created by the economic development subsidy, broken down by full-time, part-time, and temporary positions.**

The proposed subsidy will assist in retaining approximately 1,100 auto dealer jobs.

All interested persons are invited to attend this hearing and express opinions upon the items listed above. The Memorandum of Understanding is available for review at Huntington Beach City Hall from March 1, 2022 through March 15, 2022. Any written materials to be submitted to the City Clerk at least twenty-four (24) hours prior to the hearing City of Huntington Beach, 2000 Main Street, Huntington Beach, CA 92648.

Further information on these items may be obtained at the City of Huntington Beach, Attn: Kriss Casanova, Economic Development Manager, 2000 Main Street, Huntington Beach, CA 92648 or by telephone: (714) 374-1519.

POSTED AT CITY HALL AND ON CITY WEB SITE:

March 1, 2022