

MEETING NOTES
SPECIAL MEETING
ECONOMIC DEVELOPMENT COMMITTEE
May 3, 2016 - 4:00 PM - 4th Floor – CR #2

Mayor Jim Katapodis, Chair; Mayor Pro Tem Dave Sullivan, Councilmember Jill Hardy

Staff: Fred Wilson, Ken Domer, Kellee Fritzal, Dave Dominguez, Max Daffron

Public: Peter Shaver, Grant Wilson

1. Public Comments - none

2. Economic/Business Development Report

Proposed Sales Tax Sharing Agreement at 16701 Beach Boulevard: Pete Shaver of Surf City Auto Group II presented a proposal for a Sales Tax sharing agreement with the City to place a franchise Subaru Dealership in Huntington Beach. He estimated that the new dealership will eventually be able to bring in \$50 million in taxable sales. The requested sales tax sharing agreement will help with the development of the new dealership as well as help him purchase Chrysler drive from the City. The total for these investments is an estimated cost of \$12 million. The sales tax sharing agreement is for a 20 year timeline with a 70-30 sharing margin with a \$25 million non-shared sales breakpoint.

Councilmember Jill Hardy asked why there was a preference for a 20 year agreement. Mr. Shaver said that a 20 year agreement helps secure funding for the improvements to the site. Mr. Shaver showed a map of the current site and described what improvements would be put in place along with the future plans for the hopeful purchase and modification of Chrysler Drive. EDC was unanimously in favor of the Sales Tax Sharing Agreement.

Gothard Landfill Site: Ken Domer informed EDC that the County has an upcoming agenda item for the use of the Gothard landfill. The County's proposed use of the site would include a long term lease with an operator for the storage of recreational vehicles on the site. The Current City zoning of the site is for use as open space or recreation.

Mayor Katapodis asked if the City has the ability to say no to the project, City Manager Fred Wilson suggested that the Mayor send a letter to the County in opposition of the project. Mayor Katapodis agreed to send a letter, but also asked if there were any alternative options that the City could propose on the site. Kellee Fritzal stated that the City is currently in the process of setting up meetings with an Outdoor Adventure Park and Top Golf in the hopes of attracting one of them to the site. Ken Domer even added in that the City can offer to conduct the RFP on the site for the County. The Mayor agreed that a recreational activity like Top golf or a ropes course would be a better fit for the city than RV storage.

3. Real Estate

Ruby's: Kellee Fritzal gave an update on the status of Lease negotiations with Ruby's Diner on the pier. She explained that the last recommendation given to EDC, a 1% rent increase, did not work for the operator. Kellee Fritzal stated that Ruby's has not had a rent increase since 2002 while the majority of other city concessionaires have taken rent increases since that time. Ms. Fritzal proposed that the City give ruby's a .5% rent increase in the first year of their extension, and another .5% increase in the third year of their extension. The City will also change their % rent payment to an annual true-up like is paid by Dukes restaurant. Mayor Pro Tem Sullivan expressed his support of increasing the rent for Ruby's, especially since they will be getting a 16 year extension of their lease.

Kellee Fritzal explained that with the new lease agreement, Ruby's will be replacing the lighting on the outside of the building and will place a City logo on the building. They will also have higher maintenance standards on the property. Dave Dominguez stated that the current agreement left the City responsible for much of the building maintenance, but the new agreement will put this responsibility on Ruby's like the other City concessionaires. EDC expressed unanimous support for staff to proceed with the negotiations.

Meeting was adjourned at 4:37 p.m.

Adjournment to May 13, 2016, 3:00 p.m. Civic Center, 4th Floor CR #2