

**FIVE-YEAR ECONOMIC DEVELOPMENT SUBSIDY REPORT  
PURSUANT TO GOVERNMENT CODE SECTION 53083  
FOR A SALES TAX SHARING AGREEMENT  
BY AND BETWEEN  
THE CITY OF HUNTINGTON BEACH  
AND  
SURF CITY AUTO GROUP II, INC.**

The following Five Year Report has been prepared pursuant to California Government Code Section 53083. Section 53083 requires that for economic development subsidy agreements approved on or after January 1, 2014, the City must hold a public hearing within five years to provide an update on the project. As required, this report reiterates details of the sales tax sharing agreement (Agreement) between the City of Huntington Beach and Surf City Auto Group II, Inc. and provides information on subsidy payments to date.

- 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.**

Surf City Auto Group II, Inc. (Surf City Auto)  
Pete Shaver, President  
16555 and 16701 Beach Blvd.  
Huntington Beach, CA 92647

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

The agreement was executed on July 17, 2017, but reimbursement did not commence until December 2018, shortly after the completion of the stand-alone Jeep dealership. The subsidy is for 20 years and terminates on November 30, 2038, or it can be terminated any time after ten years upon written notice by Surf City Auto.

- 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 is equal to fifty percent (50%) of the sales tax revenue received by the City from Surf City Auto in excess of \$1,681,797 (base amount) for the first year, increasing by 1% each subsequent year. To date, the full amount paid by the City to Surf City Auto as part of the economic development subsidy is \$784,694 over the past 4.25 years.

- 4. The net tax revenue accruing to the local agency as a result of the economic development subsidy.**

The Agreement has resulted in substantial sales tax revenue for the City. Annual taxable sales for Surf City Auto since 2017 is \$722,134,018. Thus far, Surf City Auto has generated \$7,221,340

in sales tax revenue. As shown below, the City has retained \$6,436,646 of the total sales tax revenue.

<b>Fiscal Year*</b>	<b>Sales Tax Revenue</b>	<b>Sales Tax Rebate</b>	<b>City Revenue**</b>
FY 2018-2019	\$1,645,215	\$0	\$1,645,215
FY 2019-2020	\$2,392,231	\$338,315	\$2,053,916
FY 2020-2021	\$2,625,515	\$446,379	\$2,179,136
FY 2021-2022***	\$558,379	TBD	\$558,379
<b>TOTAL</b>	<b>\$7,221,340</b>	<b>\$784,694</b>	<b>\$6,436,646</b>

\* Q1 (Oct-Dec), Q2 (Jan-Mar), Q3 (Apr-Jun), Q4 (Jul-Sep)

\*\* Includes annual base of \$1,681,797 (increases 1% annually)

\*\*\* Payments for Q2, Q3, and Q4 not yet reported

Additionally, the property value has increased due to site improvements, with an assessed value greater than \$8.1 million. The City's share of property taxes received by the County of Orange increased from \$9,762 (FY 2017-18) to \$12,221 (FY 2021-22), a difference of \$2,459.

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

Surf City Auto has hired 25 full-time workers since completing the stand-alone Jeep dealership and approximately 75 workers were hired during construction.