

**Economic Development Subsidy Report
Pursuant to Government Code Section 53083
For a City of Santa Ana Resident Vehicle Incentive Program**

Pursuant to Government Code Section 53083, the City Council of the City of Santa Ana must hold a noticed public hearing and, prior to the public hearing, provide all of the following information in written form and available to the public through the City's website regarding a proposed economic development subsidy provided by the City pursuant to a Participation Agreement between the City of Santa Ana and 10 franchised dealers (Agreement), in connection with the Vehicle Incentive Program. Notice was published on the City's website for a public hearing to be held on March 19, 2019.

The purpose of this report is to provide the information required pursuant to Government Code Section 53083 in regards to the Santa Ana Vehicle Incentive Program. This report shall remain available to the public and posted on the City's website until the end date of the economic development subsidy, as further described in number 2 below.

(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, if applicable.

The Agreement is with 10 Santa Ana dealerships listed below. These business entities will be the pass through for the subsidy to the residents and businesses of the city of Santa Ana.

Penske Audi South Coast
1425 Auto Mall Dr.
Santa Ana, CA 92705

Penske Lincoln South Coast
1405 Auto Mall Dr.
Santa Ana, CA 92705

Crevier BMW
1500 Auto Mall Dr.
Santa Ana, CA 92705

Subaru Orange Coast
1350 Auto Mall Drive
Santa Ana, CA 92705

Crevier Mini
1455 Auto Mall Dr.
Santa Ana, CA 92705

Tom's Truck Center
909 N Grand Avenue
Santa Ana, CA 92701

Freeway Honda
1505 Auto Mall Dr.
Santa Ana, CA 92705

Penske Volkswagen South Coast
1450 Auto Mall Dr.
Santa Ana, CA 92705

Guaranty Chevrolet
1505 Auto Mall Dr.
Santa Ana, CA 92705

Volvo of Orange County
1400 S. Dan Gurney Dr.
Santa Ana, CA 92705

(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 April 1, 2019, and end on March 31, 2024.

(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.

The economic development subsidy to Santa Ana residents and businesses is \$500 per vehicle purchased for a maximum subsidy of \$1,700,000 for each of the five year proposed term, with a maximum during the subsidy period of \$8,500,000.

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

With the new sales tax measure recently passed in Santa Ana, local dealerships stated that the citywide sales tax increase could lead to decreases in the number of cars sold to residents. The VIP Program has been developed in order to address the serious leakage of local automotive purchases to outside jurisdictions. This represents a serious shifting of local revenues, as well as the loss of funds needed for vital City services, to outside jurisdictions, resulting in a negative impact on the City's local economy. This affect is further compounded, as is the resulting downward pressure on dealer expansion and job growth, by the loss of revenue that is typically generated by servicing of these vehicles that could have been performed at Santa Ana's local dealerships. To spur residents to continue to purchase from Santa Ana dealerships, the Resident VIP incentive has been proposed.

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

With marketing of the program, staff is expecting that the number of new, leased, and used autos cars sold to local residents, and entitled to the incentive, will increase and could reach up to 3,500 vehicles. This is estimated at 337 new vehicles sold and 227 used vehicles sold. With the average new vehicle purchase price of \$37,557 and used vehicle purchase price of \$17,705, this could generate an additional \$417,000 in sales tax revenue 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 Agreement will assist in retaining approximately 50 jobs at the auto dealers and attract over 10 new positions to meet the increased demand of sales.