



City of Oceanside

300 North Coast Highway,
Oceanside, California 92054

Staff Report

File #: 26-1475

Agenda Date: 6/17/2026

Agenda #: 32.

DATE: June 17, 2026

TO: Honorable Mayor and City Councilmembers

FROM: City Manager's Office

TITLE: ADOPTION OF RESOLUTIONS ACCEPTING THE FIVE-YEAR ECONOMIC DEVELOPMENT SUBSIDY REPORTS FOR THE OCEANSIDE PIER RESORT HOTELS AND CARMAX

RECOMMENDATION

Staff recommends that the City Council conduct a public hearing and adopt Resolutions accepting the Five-Year Economic Development Subsidy Report for the Oceanside Pier Resort Hotels (Seabird Resort and Mission Pacific Beach Resort) and the Five-Year Economic Development Subsidy Report for Carmax in accordance with Government Code Section 53083.

BACKGROUND AND ANALYSIS

Oceanside Pier Resort Hotels (Seabird Resort and Mission Pacific Beach Resort)

On July 22, 2014, the Oceanside City Council, the Oversight Board of the Successor Agency, approved a Disposition Agreement and Escrow Instructions with S.D. Malkin Properties, Inc. for the development of a "coastal resort project in downtown Oceanside." The project was envisioned as a catalytic, visitor-serving destination aligned with the City's nine block master plan and broader economic development objectives. The Successor Agency approved an economic subsidy for the project and published a related economic subsidy report pursuant to Government Code Section 53083.

The original economic subsidy agreement with the developer included a package of incentives totaling approximately \$13.7 million, consisting primarily of transient occupancy tax (TOT) sharing calculated as the net present value at the time of the original subsidy report, with smaller percentages included as development impact fee credits and off-site mitigation contributions.

The developer, S.D. Malkin, ultimately delivered two boutique hotels: the Seabird Resort and the Mission Pacific Beach Resort, totaling 387 rooms with shared amenities including restaurants, retail, meeting space and a spa. The hotels opened to the public in May 2021.

Pursuant to Government Code Section 53083, the City is required to provide periodic reporting on economic development subsidies, including a five-year update evaluating performance relative to

projections.

The project has performed strongly relative to initial expectations and has delivered on key economic development objectives. Since opening, the project has generated approximately \$12.7 million in TOT revenue over its first five fiscal years. Annual TOT generation has steadily increased as the hotels have stabilized operations, demonstrating strong market demand and positioning Oceanside as a competitive coastal destination.

The project has exceeded original job projections, generating a total of 445 jobs compared to the initial estimate of 280 jobs, including:

- 334 full-time jobs (+109 above projection)
- 59 part-time jobs (+4 above projection)
- 52 temporary jobs

The project has advanced multiple City objectives, including:

- Increasing tourism market share and overnight visitation
- Activating the downtown beachfront with high-quality development
- Supporting new restaurants, retail, and visitor amenities
- Enhancing pedestrian connectivity and public realm improvements
- Generating ongoing tax revenue to support City services

The economic development subsidy is primarily structured as a TOT-sharing agreement with defined caps and time limits. Payments to the developer are contingent on actual hotel performance and are offset by the significant net new tax revenues generated by the project.

Other subsidy components, including development impact fee credits and off-site mitigation contributions, were applied at earlier stages of project development. The five-year update report (Attachment 1) confirms that the project continues to generate net positive fiscal impacts to the City.

Carmax

On November 28, 2018, the Oceanside City Council approved an economic development subsidy agreement with Carmax Superstore California Properties, Inc. to locate a dealership on a vacant, 10.5 acre site which came to be addressed as 3853 Plaza Drive.

The City agreed to pay Carmax an incentive not to exceed \$5,000,000 as a rebate of the City's share of retail sales tax paid by Carmax at the Oceanside location, excluding Measure X revenues. As part of the agreement, a minimum of \$10,000,000 per fiscal year of minimum new taxable gross retail sales is required to receive an incentive for that fiscal year.

Per the agreement, the City shall continue to provide the subsidy in excess of a base amount of \$100,000 until Carmax has received an aggregate total of \$5,000,000 or the 10- year term of the subsidy has concluded, whichever comes first.

Since opening in 2022, Carmax Oceanside has performed well relative to initial revenue expectations. The dealership has generated over \$1.8 million in sales tax revenue over its first three

fiscal years of operation. Sales tax revenue has steadily increased year over year, and the brand's position as a reputable, pre-owned vehicle dealer for a variety of makes and models establishes it as a competitive dealership in the North County region.

Implementation of the economic subsidy was expected to assist the City in achieving its economic development goals and objectives, including:

- Creating jobs to improve the jobs-to-housing ratio.
- Increasing sales and property tax revenue per capita.
- Recruiting and assisting new prospective businesses to the City.

The original job projections for the dealership, developed in 2018, reflected industry conditions at that time. Since then, advances in technology, increased use of digital sales platforms and operational efficiencies have reduced on-site staffing needs. Job counts are included below:

Job type	Original projection	Actual	Difference
Full-time jobs	55-65	44	Approx.. -16
Part-time jobs	10-20	8	Approx.. -7
Total jobs	65-85	52	Approx. -23

The five-year update report (Attachment 2) details that, while fewer jobs were created than initially forecast, the project continues to meet its overall economic objectives.

FISCAL IMPACT

Tax Revenue and Subsidy Payments - Projected and Actual

Seabird Resort and Mission Pacific Beach Resort

Projected tax revenue as a result of the economic development subsidy:

	"South Block (Phase 1)"	"North Block (Phase 2)"	Total
Gross TOT	\$30,630,000	\$16,155,000	\$46,785,000
(Less) TOT Payments to Developer	(\$20,304,000)	(\$5,324,000)	(\$25,628,000)
Net TOT to City	\$10,326,000	\$10,831,000	\$21,157,000
Property Tax	\$4,626,000	\$2,091,000	\$6,717,000
Sales Tax	\$1,753,000	\$1,112,000	\$2,865,000
Total, Future Dollars	\$16,705,000	\$14,034,000	\$30,739,000

Actual TOT revenue and payments to developer:

		TOTAL: Mission Pacific + Seabird			
Year	Period Ending	TOT Revenue	Developer Share	Present Value**	City Share
1	4/30/2022	\$ 1,773,034	\$ 1,773,034	\$ 1,224,189	\$ -
2	4/30/2023	2,775,597	2,775,597	1,711,078	-
3	4/30/2024	3,385,018	3,385,018	1,862,607	-
4	4/30/2025	3,836,270	3,057,704	1,502,235	778,566
		\$ 11,769,919	\$ 10,991,353	\$ 6,300,108	\$ 778,566

Carmax

Projected tax revenue to the City as a result of the economic development subsidy:

Year	Gross Sales Tax Revenues to City	Projected Subsidy to CarMax	Net Sales Tax Revenues to City	Measure X Revenues to City	Property Tax Revenues to City	Total Net Tax Revenues to City
1	\$577,684	(\$477,684)	\$100,000	\$72,211	\$27,000	\$199,211
2	\$612,543	(\$509,543)	\$103,000	\$76,568	\$27,500	\$207,068
3	\$638,465	(\$532,375)	\$106,090	\$79,808	\$28,100	\$213,998
4	\$666,595	(\$557,323)	\$109,273	\$83,324	\$28,700	\$221,297
5	\$693,000	(\$580,449)	\$112,551	\$21,656	\$29,300	\$163,507
6	\$720,720	(\$604,793)	\$115,927	\$0	\$29,900	\$145,827
7	\$749,549	(\$630,144)	\$119,405	\$0	\$30,500	\$149,905
8	\$779,531	(\$656,543)	\$122,987	\$0	\$31,100	\$154,087
9	\$810,712	(\$451,146)	\$359,566	\$0	\$31,700	\$391,266
10	\$843,142	\$0	\$843,142	\$0	\$32,300	\$875,442
11	\$868,435	\$0	\$868,435	\$0	\$32,900	\$901,335
12	\$894,488	\$0	\$894,488	\$0	\$33,600	\$928,088
13	\$921,322	\$0	\$921,322	\$0	\$34,300	\$955,622
14	\$948,962	\$0	\$948,962	\$0	\$35,000	\$983,962
15	\$977,431	\$0	\$977,431	\$0	\$35,700	\$1,013,131
Grand Total (Years 1-15)	\$11,702,579	(\$5,000,000)	\$6,702,579	\$333,567	\$467,600	\$7,503,746

Actual tax revenue to the City as of FY End June 2025:

Year	Net Sales Tax Revenue to City	Measure X Revenue to the City
FY22-23 (YEAR 1)	\$72,329	\$121,133
FY23-24 (YEAR 2)	\$103,000	\$111,982
FY24-25 (YEAR 3)	\$106,090	\$116,099
TOTAL	\$281,419	\$349,214

Based on the first five years of activity under the Economic Development Subsidy Agreements, both the Oceanside Pier Hotel project (Seabird and Mission Pacific Resort Hotels) and the CarMax Oceanside Superstore have generated consistent tax revenues, contributed to the City's economic base and are achieving the goals the original agreements set. City staff will continue to monitor the remaining years of the subsidies to ensure they deliver on their intended economic outcomes and provide ongoing value to the community. The original economic subsidy reports for are available on the City's website for reference at <https://www.osidebiz.com/about-us/subsidy-reports>.

COMMISSION OR COMMITTEE REPORT

The 5-year update reports were presented as an informational item at the June 9, 2026 Economic Development Commission meeting.

CITY ATTORNEY'S ANALYSIS

Government Code section 53083(d) and (e) require the City to publish a five-year update report for each economic subsidy, to publish the report to the City's website, and to hold a public hearing to receive oral and written comments on the subsidy report. This information will remain on the City's website for the duration of the economic subsidy. The City Attorney's Office has reviewed and approved the referenced documents as to form.

Prepared by: Michelle Geller, Economic Development Manager
 Reviewed by: Michael Gossman, Assistant City Manager
 Submitted by: Jonathan Borrego, City Manager

ATTACHMENTS:

1. Five-year subsidy reports CarMax and Beach Resort Hotels
2. Resolutions (2)