

**CARMAX
OCEANSIDE, CALIFORNIA**

ECONOMIC DEVELOPMENT SUBSIDY REPORT 5-YEAR UPDATE

**California Government Code
Section 53083**

**PURSUANT TO THE ECONOMIC INCENTIVE AGREEMENT
BETWEEN
CARMAX SUPERSTORE CALIFORNIA, INC.
AND
THE CITY OF OCEANSIDE**

City of Oceanside, California

June 2026

Purpose of Report

This Economic Development Subsidy Report 5-Year Update was prepared in accordance with Section 53083 of the California Government Code to inform the City Council of the City of Oceanside and the public of the five-year results of the economic subsidy provided by the City to Carmax Superstore California, Inc. as described in the Economic Subsidy Report approved by the Oceanside City Council on November 28, 2018.

Subsidy Details as Required by California Government Code

1. Name and address of the business entity that is the beneficiary of the Economic Development Subsidy:

CarMax Auto Superstores California, LLC
12800 Tuckahoe Creek Parkway
Richmond, VA 23238-1115

2. The subsidy and the estimated total amount of the expenditure of public funds as result of the subsidy:

In order to attract a Carmax dealership on a vacant, 10.5-acre site in Oceanside, which came to be addressed as 3853 Plaza Drive, the City agreed to pay Carmax the following: 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. 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.

In September 2022, Carmax opened a 11,447 square foot dealership on the site, which includes sales and administrative offices and vehicle service facilities.

3. Start and end dates of the subsidy:

The City paid Carmax its first subsidy payment in fiscal year 2022-2023 and shall continue to provide the subsidy, in excess of the 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.

4. Public purpose of the subsidy:

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.

5. Projected tax revenue to the City as a result of the 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

6. Actual net tax revenue generated by Carmax:

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

7. Payments to Carmax:

FY End 6/30/2023	FY End 6/30/2024	FY End 6/30/2025	Total
\$485,076	\$526,393	\$536,760	\$1,548,229

8. Number of jobs created by the subsidy:

The original job projections were developed in 2018 and 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. As a result, fewer jobs were created than initially forecast, while the project continues to meet its economic objectives.

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

Conclusion

Based on the first five years of activity under the Economic Development Subsidy Agreement, the CarMax Oceanside Superstore has generated consistent sales tax and Measure X revenues, contributed to the City's economic base and activated a previously vacant commercial site. City staff will continue to monitor the remaining years of the subsidy to ensure the subsidy delivers on its intended economic outcomes and provides ongoing value to the community.

**OCEANSIDE PIER RESORT HOTEL
OCEANSIDE, CALIFORNIA**

ECONOMIC DEVELOPMENT SUBSIDY REPORT 5-YEAR UPDATE*

**California Government Code
Section 53083**

**PURSUANT TO ECONOMIC INCENTIVE AGREEMENT
BETWEEN
S.D. MALKIN PROPERTIES, INC.
AND
THE CITY OF OCEANSIDE**

City of Oceanside, California

June 2026

*Pending City Council approval and acceptance on June 17, 2026

Purpose of Report

This Economic Development Subsidy Report 5-Year Update was prepared in accordance with Section 53083 of the California Government Code to inform the City Council of the City of Oceanside and the public of the five-year results of the economic subsidy provided by the City to S.D. Malkin Properties Inc. as described in the Disposition Agreement and Escrow Instructions approved by the Oversight Board of the City of Oceanside Successor Agency on July 22, 2014.

Subsidy Details as Required by California Government Code

1. Name and address of the business entity that is the beneficiary of the Economic Development Subsidy:

Oceanside Beach Resort Owner, LLC
835 Fifth Ave, Ste 305
San Diego, CA 92101

2. The subsidy and the estimated total amount of the expenditure of public funds as result of the subsidy:

To attract the development of a four-star beach resort to Downtown Oceanside, the following subsidy was approved:

Transient Occupancy Tax (TOT) Paid to Developer	\$11,335,250 ⁱ
Off-site Mitigation	\$609,750
Development Impact Fee (DIF) Credit	\$1,743,267
Total Economic Development Subsidy	\$13,688,267

S.D. Malkin Properties Inc. constructed and developed the Seabird Resort and Mission Pacific Beach Resort, located at 101 Mission Avenue and 201 North Myers Street respectively, which together form a single coastal resort while standing as two distinct boutique hotels on adjacent properties. The hotels provide a total of 387 rooms and are connected by shared amenities including retail shops, restaurants, a spa, salon and fitness center, in addition to meeting and special event space totaling approximately 355,000 square feet and operated by Hyatt Hotels. The hotels opened to the public in May 2021.

3. Start and end dates of the subsidy:

The original subsidy agreement divided the resort properties into two phases, anticipating that one would open approximately one year ahead of the other. The hotels both opened in May 2021, and payments for both commenced that same year.

The original agreement outlines the start and end dates of the subsidy as follows:

The economic subsidy associated with the TOT payments to the developer will commence during Year 1 of operations for the Phase I Hotel and Year 1 of operations for the Phase II Hotel, respectively. TOT revenues from the Phase I Hotel paid to the Developer will end at the earlier

of: (a) the payment of \$9,075,250 (present value)ⁱⁱ; or (b) fifteen (15) years from the opening of the Phase I Hotel. TOT revenues from the Phase II Hotel paid to the Developer will end at the earlier of: (a) the payment of \$2,260,000 (present value)ⁱⁱⁱ; or (b) fourteen (14) years from the opening of the Phase II Hotel. During years 1-3 of operation, the subsidy would be 100% of TOT collected. Starting in year 4 of operation, TOT would be split on an established formula until the total economic subsidy was paid.

The off-site mitigation benefit was applied to the project upon close of escrow, and the development fee impact credit occurred upon issuance of the building permit.

4. Public purpose of the subsidy:

The subsidy was expected to assist the City in achieving its economic development goals and objectives, which remain relevant to date, and include the following:

- Increasing tourism market share principally through new hotels and to market Oceanside as a tourism destination.
- Creating new quality jobs through business retention and expansion of existing businesses.
- Recruiting and assisting new prospective businesses to the City.
- Assisting new prospective retail stores and restaurants.
- Enhancing the aesthetics of the downtown district.
- Providing pedestrian connectivity with the surrounding streets.
- Implementing a development consistent with the City’s Nine Block Pier Area Master Plan and Local Coastal Program.

5. Projected tax revenue from of the 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 ^{iv}	(\$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

*Pending City Council approval and acceptance on June 17, 2026

6. Actual TOT revenue & payments to developer:

Total: Mission Pacific and 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

7. Number of jobs created by the subsidy:

Job type	Original projection	Actual	Difference
Full-time jobs	225	334	+109
Part-time jobs	55	59	+4
Temporary jobs	n/a	52	n/a
Total jobs	280	445	+165

Conclusion

The first four years of operations for the project demonstrates that the economic subsidy has successfully advanced the City’s long-term economic development goals. The Seabird Resort and Mission Pacific Beach Resort have generated substantial transient occupancy tax revenues, stimulated complementary retail and restaurant activity and significantly exceeded original job creation projections. Early returns have exceeded original projections and will likely result in satisfaction of the remaining TOT subsidy before the originally projected timeframe. City staff will continue to monitor subsidy performance throughout the remaining term to ensure the project maintains its positive fiscal and community impacts.

ⁱ Total present value for Phase I and Phase II as calculated at the time of original subsidy report.

ⁱⁱ Present value at 12% discount rate at Close of Escrow for Phase I Hotel, i.e., assumed to be start of fiscal year 2017 at the time of the original subsidy report.

ⁱⁱⁱ Present value at 12% discount rate at Close of Escrow for Phase II Hotel, i.e., assumed to be start of calendar year 2019 at the time of the original subsidy report.

^{iv} Total future dollars over the entire subsidy period for Phase I and Phase II as calculated at the time of the original subsidy report.

**PV Assumptions: Resorts opening date May 2021; 12% discount rate; cash flows discounted to grant deed recording date of 1/23/2019