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Sunset Beach annexation to Huntington Beach approved

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Story Highlights

Officials of the unincorporated community object to news that residents will have to pay Huntington Beach utility users tax. County agency has the final decision on annexation.

HUNTINGTON BEACH- Details of the Sunset Beach annexation have been ironed out and city officials will now apply to officially absorb the 85-acre unincorporated area.

Sunset Beach will keep much of its characteristics but will also see some changes including an added tax for the city's newest residents – which drew objections from community officials – and some tweaks to the types of businesses allowed in the community.

City Council members on Monday night approved three agreements to annex Sunset Beach – an agreement with the Sunset Beach Community Association to lay out the terms of the annexation, a tax exchange agreement and a pre-annexation agreement with the county.

The agreement with the SBCA will allow Sunset Beach to keep some things in place, including its name, mailing addresses, parking rules and its green belt, a popular location for community events and gatherings.

Beach hours will also stay the same and the city is proposing to keep its beach programs, such as Junior Lifeguards, off Sunset Beach's coastline.

One of the biggest changes to the community would hit businesses; more specifically, those related to marijuana and alcohol.

City staff is proposing to prohibit the future establishment of marijuana dispensaries, methadone-related businesses and drug and alcohol rehabilitation-related businesses. The community's current dispensaries that are legal and approved by the county can stay.

"If that particular business is a legal business then, yes, it will be grandfathered in," said City Attorney Jennifer McGrath. "If it is currently illegal it will not be made legal because we actually prohibit those businesses."

[Sunset Beach seemed a hot spot for these types of businesses](#), which are banned in so many of Orange County's cities, including Huntington Beach. The city's police department and code enforcement department will be checking in to make sure the dispensaries and other similar businesses operating in Sunset Beach were legally approved by the city.

Sunset Beach residents will also see a new tax when they become part of Surf City – the Utility Users Tax, which Huntington Beach residents already pay.

The tax is a 5 percent charge on utilities including electricity, gas and telephone. The tax, which has been in Huntington Beach since 1980, brings in about \$6 million a year to help fund police services, after-school programs and city street sweeping services.

Greg Griffin, president of the Sunset Beach Community Association, said he felt residents were misled about the tax.

"I was willing to go along with (the annexation) until this afternoon (when) I got a letter from the City Attorney that says we're going to tax you right from the get go," he said. "In this case we're

talking about the Huntington Beach Utility Tax, which in Sunset we don't pay. If there are additional taxes the people in Sunset Beach are entitled to a vote."

Councilman Keith Bohr said the city was misinformed about imposing the tax when annexation was initially being considered.

"I think we were all very much in good faith when we started pursuing the annexation process," he said. "We thought the law was you couldn't collect the UUT and that there was no switch and bait on purpose... but as it played out, here we are."

McGrath said the city was threatened with litigation from both sides – those in Sunset Beach opposing the tax and those in Huntington Beach who contend it's unfair to keep Sunset Beach residents exempt from the tax.

"We are simply expanding our borders," she said. "We're not imposing any new taxes."

In addition to laying the groundwork for annexation with Sunset Beach, the council also approved a property tax exchange agreement with the county that was approved by the Board of Supervisors last week.

The city is also expected to receive Sunset Beach's structural fire and library funds after annexation.

A pre-annexation agreement, the final piece approved, says the county will provide lifeguard services for two years before transferring services to the city, among other stipulations.

Some analysts predict the absorption of Huntington Beach will bring about \$820,000 into city coffers, which is expected to drop in two years when Huntington Beach picks up the lifeguard services.

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