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CITY OF PALMDALE

NEWS RELEASE

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Appeal to Stop Lancaster's Illegal Monetary Assistance to AV Chevy Denied

PALMDALE – The Court of Appeals of the State of California Second Appellate District denied an appeal by the City of Palmdale to stop the City of Lancaster from providing financial incentives to Lou Gonzales to move his auto dealership from Palmdale to Lancaster, despite the fact that it was in violation of State law.

Both the trial court and court of appeals ruled that the City of Lancaster violated 2003's SB 114 law that prevents cities from using municipal funds to entice auto dealers to relocate. Government Code section 53084, subdivision (a) mandates that a city such as Lancaster "shall not provide any form of financial assistance to a vehicle dealer . . . that is relocating from the territorial jurisdiction of one local agency to the territorial jurisdiction of another local agency . . . within the same market area."

"We were confident that the Court of Appeals would agree with the City of Palmdale and the trial court that Lancaster violated state law, and they did," said Palmdale City Attorney Matthew Ditzhazy. "We are disappointed that the Court of Appeals 'found' that a two year limitation was sufficient to prevent, in the words of the court, poaching of auto dealerships."

"We believe this sends a mixed message that may have implications throughout the entire state," said Palmdale Mayor Jim Ledford. "This ruling, in essence, says it's illegal to give money to move an auto dealer or big box store from a neighboring city, if you wait two years, then it's ok. That makes no sense at all."

“No decisions have been made at this time in regards to the various options that the City has in response to the ruling,” said Palmdale City Manager Dave Childs. “The Palmdale City Council will consider its options in this matter and provide direction.”

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