



Contra
Costa
County

To:

From: Jim Kennedy, County Redevelopment Director

Date: February 3, 2009

Subject: ADOPT Resolution for the joint Application of an Enterprise Zone by Contra Costa County, Contra Costa Redevelopment Agency with the City of Pittsburg

RECOMMENDATION(S):

ADOPT Resolution Supporting and Authorizing the submittal of an Application to the California Department of Housing & Community Development Department for an Enterprise Zone for the Bay Point area, jointly with the City of Pittsburg; and AUTHORIZE the Deputy Director – Redevelopment to execute the required documents.

FISCAL IMPACT:

NONE to the County. The cost associated with the Application and Administration of the program is budgeted in the 2008/09 Bay Point Redevelopment Agency budget.

BACKGROUND:

PURPOSE OF RESOLUTION

Contra Costa County and the City of Pittsburg are engaged in the task of completing a joint Application to designate portions of the City of Pittsburg and the unincorporated community of Bay Point as a State Enterprise Zone. The application is due to the California Housing

☐ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR ☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **02/03/2009** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, District I Supervisor
Gayle B. Uilkema, District II Supervisor
Mary N. Piepho, District III Supervisor
Susan A. Bonilla, District IV Supervisor
Federal D. Glover, District V Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: February 3, 2009

David Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

Contact: Maureen Toms (925)
335-7230

and Community Development (HCD) Department by March 27, 2009. HCD has a Request for Proposals (RFP) for new applications by local governments to be designated as Enterprise Zones (EZs). They have done so because four EZs expire in 2009.

BACKGROUND ON EZ PROGRAM

The EZ Program is intended to provide state and local incentives for businesses to invest and locate in economically distressed areas of California. State law currently authorizes forty-two enterprise zones in California. In addition, the law allows existing zones to expand up to 15% in geographic size.

The legislative purpose of the EZ Program is to "stimulate business and industrial growth in the depressed areas of the State." The other purposes are to establish a program "to help attract business and industry to the state, to help retain and expand existing state business and industry, and to create increased job opportunities for all Californians."

Essentially, EZs are competitively designated based upon distress criteria (primarily poverty and unemployment levels) and the local government's capacity to carry out an economic development program. They must provide additional local incentives, and the EZs are

designated for 15 years.

BENEFITS OF THE EZ PROGRAM

A primary benefit of being in an EZ is potential eligibility for individual or corporate state tax incentives. Businesses can also receive local incentives, including local regulatory relief. EZ state tax benefits include the following:

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BACKGROUND: (CONT'D)

Credit for hiring certain disadvantaged individuals. Qualified hires must fall within one of 14 categories, including economically disadvantaged, dislocated workers, veterans, or individuals receiving public assistance. Credits are 50% for the first year of wages, 40% of second year wages, 30% of third year wages, 20% of fourth year wages, and 10% of fifth year wages. The maximum credit is about \$35,000 per qualified hire over a 5-year period.

- Net operating losses - 100% of losses can be carried over for 15 years.
- Credit for sales/use tax paid on the first \$1 million in purchases (for individuals) or first \$20 million (for corporations).
- Business expense deduction - 40% of property costs (personal property, equipment, furnishings) can qualify as a business expense, rather than as a capital expense subject to depreciation.
- Net interest deduction for lenders, based upon the net interest received from loans made to EZ businesses.

DISCUSSION

The City of Pittsburg is taking the lead in the preparation of the application. The City is working with Jack Faucett Associates to prepare the Application for an EZ Designation. The proposed geographic boundaries include area in the City and in the unincorporated community of Bay Point.

The resolution is a requirement of the Application. It makes specified findings concerning the application area, essentially that this area is economically depressed area and designation as an EZ is needed in order to attract private sector investment to the application area. In addition, we must demonstrate our commitment to and support for economic development in the area and provide adequate staffing.

CONSEQUENCE OF NEGATIVE ACTION:

The Bay Point Community will not be included in the application for Enterprise Zone designation.

ATTACHMENTS

Resolution No. 2009/54