

# **JOINT INITIATIVE**

## **PUBLIC POLICY PROJECT**

### **INCENTIVES FOR JOB CREATION & ECONOMIC DEVELOPMENT**

**Form a Task Force on Economic Development/Business Retention & Expansion.**

**Replicate Sacramento Metro Pulse Regional Business Retention Program.**

**Hold regular Business Summits to identify business challenges.**

**Identify permitting backlogs and streamline the City's permitting process.**

**Conduct Performance Audit to find ways to make SJ more responsive to economic development needs.**

**Offer one-time business and start-up loans.**

**Offer targeted incentive packages for businesses.**

***(CONT.)***

**INCENTIVES FOR JOB CREATION & ECONOMIC DEVELOPMENT (CONT.)**

**Create a Business Assistance Center.**

**Implement a Tax Holiday or Tax Exemption Day**

**Implement a Tax Amnesty Program.**

**Apply for more State and Federal grants.**

**Undertake New and Innovative Redevelopment Projects.**

**Conduct a review of City land for private sector purchase.**

**Publicize citywide Energy Efficiency Financing District.**

## **POLICY RECOMMENDATIONS**

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San Jose's unemployment rate is higher than the average in California at over 13 percent. Although, city leaders have taken steps to spur growth and make San Jose's business climate more favorable for business, there are additional steps that the city should take.

### **Form a Task Force on Economic Development/Business Retention and Expansion:**

Before imposing city-wide strategies the city of San Jose should establish a task force on economic development. This task force should be composed of small, medium, and large business owners, members of the economic development department staff, and staff from the Mayor's office and Councilmembers. This task force should meet regularly and be charged with making recommendations to city council. This task force will be able to identify barriers for business in the City of San Jose. For example, the Los Angeles County Economic Development Corporation was selected as a winner by the International Economic Development Council for its business retention and expansion team. The team worked to prevent an advertising agency from relocating from Long Beach because of a parking permit issue.

### **Update City Economic Development Strategy to Encourage Job Creation and Retention:**

In 2003, the City of San Jose developed an economic development strategy that has helped guide city policy, investments, and partnerships. The city is currently in the process of updating the city's economic strategy. A draft of the updated 2010 strategy was released in mid-December 2009. Visit: [http://www.sjeconomy.com/publications/pressreleases/2010.draft.ed.release\\_12\\_15\\_09.pdf](http://www.sjeconomy.com/publications/pressreleases/2010.draft.ed.release_12_15_09.pdf).

### **Conduct Business Walks and Replicate Sacramento Metro Pulse Regional Business Retention Program:**

San Jose could conduct business walks, in partnership with local industry groups, similar to what the City of Sacramento does to assess the potential for economic development strategies and gain input from city businesses about barriers to job creation. In Sacramento, several local city and county entities undertook the Metro Pulse Regional Business Retention Program in 2004-05, which is a coordinated effort to more effectively leverage the professional capacity of the region to promote the success and growth of our business community. The program is modeled after several highly successful efforts throughout North America. For 2007-08, the effort resulted in 716 business visits, 384 additional business contacts through business walks, streamlined communication and information tracking. The city could adopt its own version of this program to help attract and retain businesses.

**Hold Regular Business Summits:** The City should also consider duplicating other cities' Business Summits. As mentioned previously, the City of Fresno hosts a small business development day that has met with great success and interest from the business community. Currently, Mayor Reed hosts Gang Prevent and Clean Technology Summits but does not hold regular business summits with business owners. The cities of San Diego and Oakland also host business summits. These business summits give business owners an opportunity to meet other business owners, showcase their products and services, and to develop a relationship with city leaders. These workshops are also an opportunity for business owners to learn about the city's permitting process, fees, and resources available to business owners and to also make recommendations on how the city can make the business climate more favorable.

**Identify Permitting Backlogs and Streamline Permitting Process:** The Governor's Performance review indicated that business permits are often backlogged due to multiple agencies processing fees, the fee process, and lack of staff. It is time consuming and difficult for business owners to deal with multiple agencies. Streamlining the permit process would make the city more business friendly. The city could conduct an internal or external review of the permitting process to determine the extent of the problem and potential for streamlining the process. Other cities have been highly successful in streamlining their processes.

**Implement a Performance Audit of City Government:** A performance audit released in May 2008 of the Sacramento County Planning and Community Development Department and Department of Environmental Review and Assessment (DERA) returned several stunning revelations about how backward, inefficient, and bureaucratic county government is. Many of the problems have not been corrected and continue to hinder economic growth and development. A similar audit could be pursued in the City of San Jose.

**Findings of the Sacramento County DERA audit:**

- There is a resistance to cultural change and poor customer service
- "Silos" exist between the Planning and Community Development, DERA, and other departments involved in the permitting review process. "These silos fragment and frustrate communication with the county's applicant customers and other community stakeholders."
- The audit recommended improved transparency and increased citizen advisory input
- Applicants move through the process "by the slowest common denominator", communication between DERA and applicants is "woefully inadequate and out-of-step with contemporary profession-wide standards"
- The county's environmental review process "has been and remains a black hole." "This black hole phenomenon is a remnant from an out-of-date organizational culture that no longer serves the department, its employees, or the public." "Much of the basic environmental review process established back in the 1970s remains intact today." These findings were shown through stakeholder interviews and surveys.
- "It was universally agreed over and over again that applications [from customers] disappeared once they entered the environmental review phase of the development permitting review. In accord with the organizational and cultural norm, DERA staff provides very little in the form of early assistance and guidance...staff rarely takes the initiative to warn or work with the applicant in a way that could avoid problems later in the review process or when the project is built. More often than not, the applicant hears about problems for the first time when the document is made public for circulation and comment. This being the case, the applicant is forced to go through a cumbersome project modification process that is very time-consuming and oftentimes expensive."
- In a 2007 survey by the Sacramento Business Journal ranking the planning agencies of Sacramento County and its 15 cities, Sacramento County was ranked 14<sup>th</sup> out of the 16 jurisdictions. The survey ranked the cities and county using a four-point scale ranging from "very satisfied" to "very dissatisfied." It noted "unreturned phone calls" and "staff was not available" at the County.

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**POLICY RECOMMENDATIONS**

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**Eliminate, Reduce or Defer Business Fees:** Business fees are a barrier to business growth. Our research indicates that the City of San Jose proposed more than 100 fee increases for the 2009-10 budget, impacting every city department. Fee increases ranged from 10% to 500%. Broad-based fee reductions and deferrals should be explored by the City of San Jose. The City of San Jose already defers some city fees but more could be done. For example, many cities use fee deferrals as an incentive for businesses to relocate to their cities.

**Fee and Tax Reimbursements:** The cities of San Francisco and Los Angeles offer reimbursements of tax and fee revenues for qualified businesses. The City of San Jose should explore reimbursements as a possible way of attracting new businesses, sporting events, or cultural events to the City of San Jose.

**Offer One-Time Business Loans:** The City should explore issuing loans to businesses to help attract businesses, sporting, and cultural events to the area. The City of Los Angeles was able to successfully allocate a loan to upgrade the Kodak Theatre to allow Cirque De Soleil to perform there in the future.

**Offer Specialized Incentive Packages for Businesses:** San Jose lured Harmonic, a video delivery systems company, and 450 jobs by deferring \$50,000 in fees. The City of Victorville also used this strategy successfully. Many other cities use this strategy to attract big box retailers. The City of San Jose should make attracting business through specialized incentive packages and specialized one-on-one consulting with potential businesses a top priority.

**Create a Business Assistance Center:** As mentioned previously, the City of Oakland created a business assistance center and has received a great response. Created From July to September the center has already helped 578 business representatives or business owners “jump through the hoops at city hall,” according to the Oakland Tribune. The idea came from talks in 2006 between economic development officials and the Oakland Metropolitan Chamber of Commerce. The idea also resurfaced in a list of recommendations from Mayor Ron Dellum’s Small Business Task Force.

**Implement a Tax Holiday or Tax Exemption Day:** Anaheim exempted new business owners from taxes in 2005. The City of San Jose should consider having a tax holiday to increase the number of businesses in the city of San Jose and encourage job creation.

**Implement a Tax Amnesty Program:** The cities of Oakland and Anaheim have had success encouraging scofflaws to come forward, on a penalty free basis, to pay business license taxes. This brings business onto the tax rolls and as well encouraging a business-friendly environment.

**Apply for more State and Federal Grants:** The State of California provides a list of over state and federal grant programs available to cities and counties through their Business and Economic Development Department. Some information is available here: <http://www.ca.gov/Grants.html>. The City of Sacramento received a \$600,000 grant from the federal government for the cleanup of brownfields which could be marked down for business development.

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**Expand State & Federal Tax Incentive Zones/Create City Economic Development**

**Zone:** San Jose expanded their Enterprise Zone in 2009. The city could create a new economic development zone but must determine funding source for tax and fee reductions or deferrals.

**Expand Workforce and Vocational Education Programs at Community Colleges and the County Office of Education to Provide Trained Workers:**

There are a lot of federal stimulus funds available to provide money for training. This would help ensure that skills and training are in line with new future jobs expected to be created in San Jose (i.e. green technology, high-tech, info-tech etc.). The County Office of Education could also expand programs.

**Undertake New and Innovative Redevelopment Projects:**

The city could expand or create redevelopment zones to gather additional incremental property tax dollars for the creation of job-zones. The California Redevelopment Association has identified several projects that are seen as model redevelopment projects for their energy efficiency or building innovation. The city could make it a policy to give priority to green projects through these newly created zones. In 2006, the city of Santa Barbara completed its first permanent homeless housing project that provides 61 units to homeless persons. The infill project embraces “smart growth” and was made possible by much support in the community made possible by the “Adopt-a-room” program where dozens of local businesses and individuals contributed funds to furnish units and more than 60 individuals volunteered to furnish and decorate the units.

**Conduct a Review of City Land that Could Be Set Aside for Private Sector Purchase:**

This was listed as an economic development strategy by the Public Policy Institute.

**Set Up a Program Where the County Would Acquire Smaller Parcels of Land for Clearance and Resale as Large Parcels or as Infill Development:**

This was listed as an economic development strategy by the Public Policy Institute.

**Publicize Citywide Energy Efficiency Financing District:**

City officials have been drawing up plans for San Jose to become one of the first major cities to take advantage of the new California First statewide assessment district, according to SolveClimate.com. Such a district will help increase energy efficiency by helping homeowners fund energy efficiency improvements. Specifically, the district will sell energy bonds to fund loans to residential and commercial property owners, not only for solar installations but also for energy efficiency improvements such as new insulation or replacing water-hungry fixtures with low-flow models.

Such a district is an example of a successful solar financing strategy — property tax financing, which allows property owners to pay for their solar panels over 20 years via a line-item addition on their property tax bills. If the owner sells the house, the solar tax assessment shifts to the new owner, eliminating two stumbling blocks at once: the upfront cost of a \$10,000-plus solar installation and concerns about the investment paying off.

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## POLICY RECOMMENDATIONS

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The statewide assessment district was developed by CA Statewide Communities Development Authority ([CSCDA](#)) and allows cities and counties to access statewide bond financing. CSCDA sells bonds on behalf of [CaliforniaFIRST](#) participants, easing financial burdens on cities and allowing them to tap economies of scale provided by a statewide taxable bond sale.

This type of financing is beginning to take off across California. Berkeley became the first to attempt it in 2009, and its [Berkeley First](#) pilot program, which financed 35 solar roof installations, has become the blueprint for others. The application process for that program is now closed, however, and the city is evaluating whether to continue it.

Though credited with starting the property tax financing trend, Berkeley did so before state legislation on the issue (AB 811) passed and thus had to fund the program itself. Now that there are other options available, the city may opt to join either CaliforniaFIRST or a regional assessment district that the Association of Bay Area Governments ([ABAG](#)) is putting together.

In the meantime, larger cities are talking about following in Berkeley's footsteps. San Diego is set to launch a similar program next month. San Francisco also plans launch a version this year; it currently offers [GoSolar](#) incentives of \$4,000 to residential property owners and \$10,000 to commercial property owners for solar installations.

While municipalities outside California have tried municipal solar financing — Boulder, CO, offered financing in April — the majority has been in the Golden State, thanks to passage last year of [AB 811](#). The bill allowed the creation of loan assessment districts authorized to sell bonds in order to secure loans for renewable energy installations and energy efficiency upgrades.

With both statewide assessment districts like CaliforniaFIRST and more localized assessment districts that operate either in single cities or in larger counties or regions (the Association of Bay Area Governments plans to have a district comprised of the nine Bay Area counties it represents by later this year), California residents will eventually be able to take their pick of programs. If there are differences between them, residents are free to go with whichever loan suits them best.

In May 2009, Sonoma County became the first county in the state to form an energy efficiency-financing district under a new state program authorized by AB 811 (Levine, 2008). AB 811 funds clean energy loans to businesses and residential property owners by allowing cities and counties to create assessment districts, that are land-secured finance districts that provide the upfront cost of solar installations and other energy efficient improvements through the sale of clean energy bonds. The bonds are repaid by property tax owners (who have the optional right to opt in to the program) over 20 years through a new line item on their property tax bills.

Governor recently vetoed a bill in the State Legislature (SB 279, Hancock, 2009) that would have provided another special tax option through an amendment to the Mello-Roos Act that provides for special tax districts to funding energy efficiency improvements. In his veto message, the Governor stated that he opposed the bill because it would represent a fundamental shift in the purpose of Mello-Roos taxes which are intended to finance core infrastructure needs such as roadways, sewers, and street lighting.

# JOINT INITIATIVE

## PUBLIC POLICY PROJECT

### **Incentives Jobs & Economic Development Talking Points**

**The Problem:** The economy is stalled and needs a jump-start to bring back jobs.

**Facts & Statistics:**

- San Jose's unemployment has doubled – rising from 6.7% to 13.2% since 2009.
- E-Bay recently announced it would be expanding in Utah rather than San Jose – citing incentives as the primary reason for the decision to put 200 new jobs there.
- San Jose residents cite the economy and creating jobs as the most important issue facing the city today more than 5:1 over any other issue.
- 84% of residents believe the quality of life in San Jose is stalled or getting worse.
- 69% believe the economy is “poor” to “not so good.”
- 62% believe creating jobs or helping businesses should be the City's top priority.
- Only 17% strongly believe the City Council is doing a good job.
- 53% believe unions are hurting efforts to move San Jose's economy forward.
- 76% of voters support giving businesses incentives to create jobs.
- 74% support a moratorium on fees to businesses.
- A majority believe SJ needs major reforms to bring back businesses and protect the city's quality of life.

**The Solution:** The city needs to examine successful programs other cities are using to jump start economic activity; tap into existing programs & funding currently available; thoroughly examine and streamline existing policies to make it easier to start, run or expand business.

**Recommended Proposals:**

1. Form a Task Force on Economic Development/Business Retention and Expansion.
2. Replicate Sacramento Metro Pulse Regional Business Retention Program.
3. Hold regular Business Summits to identify business challenges.
4. Identify permitting backlogs and streamline the City's permitting process.
5. Conduct Performance Audit to find ways to make SJ more responsive to economic development needs.
6. Offer one-time business and start-up loans.
7. Offer targeted incentive packages for businesses.
8. Create a Business Assistance Center.
9. Implement a Tax Holiday or Tax Exemption Day
10. Implement a Tax Amnesty Program.
11. Apply for more State and Federal grants.
12. Undertake New and Innovative Redevelopment Projects.
13. Conduct a review of City land for private sector purchase.
14. Publicize citywide Energy Efficiency Financing District.

January 2010

# Attracting and Retaining Jobs in San Jose

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## Executive Summary

The City of San Jose's unemployment rate has doubled in just one year – rising from 6.7% in 2008 to 13.2% in October 2009, according to Mayor Chuck Reed's Office. Attracting and retaining jobs in the City of San Jose should be the city's top priority.

Mayor Chuck Reed and other city leaders have proposed a number of initiatives to help spur job growth and development in San Jose including expanding the city's enterprise zone, building a new baseball stadium, streamlining the permitting process for card rooms, and city subsidies to new businesses to defray relocation costs.

But given the current economic climate and recent spike in the city's unemployment rate, the city needs to continue to look at creative ways to attract new jobs and retain current jobs. This white paper seeks to review what the State of California and other California cities have done to create and retain jobs, review what the City of San Jose is currently doing, and propose a series of policy options that the City of San Jose should consider to create and retain jobs.

## Policy recommendations:

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- Form a Task Force on Economic Development/Business Retention and Expansion
- Replicate Sacramento Metro Pulse Regional Business Retention Program
- Hold Regular Business Summits
- Identify Permitting Backlogs and Streamline the City's Permitting Process
- Conduct Performance Audit to make City more responsive to economic development needs
- Eliminate, Reduce or Defer Business Fees
- Offer One-Time Business Loans
- Offer Specialized Incentive Packages for Businesses
- Create a Business Assistance Center
- Implement a Tax Holiday or Tax Exemption Day
- Implement a Tax Amnesty Program
- Apply for More State and Federal Grants
- Undertake New and Innovative Redevelopment Projects
- Conduct a Review of City Land for Private Sector Purchase
- Help Publicize Citywide Energy Efficiency Financing District

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## JOBS CREATION BACKGROUND STUDY

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Given the severe economic downturn and continuing job losses in the state, job creation and retention as emerged as a top priority in the California State Legislature with the Governor and many Legislators arguing that the state needs to do more to create and retain jobs in the State of California.

In his January State of the State address, Governor Schwarzenegger declared that creating jobs and getting California's economy back on track is the state's number one priority. The Governor proposed a *California Jobs Initiative* to be introduced to the State Legislature which includes proposals that seek to foster a business-friendly economy by creating 100,000 new jobs, streamlining regulation, extending home buyer tax credits, eliminating the state sales tax on green tech manufacturing equipment, and eliminating frivolous lawsuits that hurt small businesses.

According to a report released by the University of the Pacific, California has lost 800,000 jobs in the recent economic downturn, and is expected to lose another 200,000 before the recession is projected to subside in 2011. State employment rates are not projected to recover until 2013.

Double-digit unemployment rates are projected to continue into 2011. California's unemployment rate is 12.3% as of November 2009, higher than the national average of 10% according to the Employment Development Department. Three years ago California's unemployment rate was 4.8%, while the national unemployment rate was 4.5%.

## **Summary of Governor Schwarzenegger's California Jobs Initiative**

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“The first priority for the coming year, obviously, is to get the economy and to get jobs back. Jobs, jobs, jobs. . . . [w]e face a \$19.9 billion deficit -- \$6.6 billion for the rest of this budget year and \$13.3 billion for the upcoming budget year,” he said in the 2010 State of the State Address.

**Proposal Designed to Create 100,000 New Jobs:** Under the Governor’s proposal, the Employment Training Panel (ETP) would work with community colleges and other workforce development organizations to deliver training in key industries. Employers will be eligible to \$3,000 per employee once they have completed EPT training and have been employed for nine months. The funding source for this program is the Unemployment Compensation Disability Fund, which currently has a surplus.

**Streamlining Construction Permitting Projects:** The Governor’s proposal seeks to streamline and expedite the construction of state business, transportation and housing projects that that have completed environmental impact reviews (EIRs). Proposals would not be exempt from the California Environmental Quality Act (CEQA), according to the Governor’s Office.

**\$10,000 Homebuyer Tax Credit:** To stimulate construction and increase homeownership the Governor proposes to allocate \$200 million in additional funding for the existing homebuyer tax credit for the qualified purchases of homes.

**Clean Technology Tax Credit:** The Governor proposes exempting clean-technology manufacturing equipment from the state sales tax. According to the Governor’s office, exempting clean-technology manufacturing equipment would not cost the state additional revenue. Enacting this proposal is projected to increase revenue by expanding clean-technology companies in California, according to the Governor’s Office.

**Reform the Legal Climate to Make California More Business-Friendly:** The Governor will introduce a series of reforms to foster an atmosphere where business can thrive. According to the Governor’s office, there are too many frivolous lawsuits against small business owners. His reforms include a series of regulations governing class action lawsuits and product liability suits.

## **California Companies Continue to Relocate Out of California.**

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In June 2009 EBay, a global leader in E-commerce headquartered in San Jose, announced that it would expand its operations in Draper, Utah. The move will bring 200 jobs to Draper, UT, in exchange for \$30 million in tax incentives from the State of Utah, according to a press release by the Utah Governor's Office.

“A pro-business landscape, quality workforce, and strong communities have led to a steady expansion of our operations in Utah,” said Chad O’Meara, vice president, customer service, eBay Marketplaces. “We appreciate the economic support we have received on the state and local level since entering Utah in 1999 and look forward to continuing success in the years ahead.”

Early this January Northrop Grumman Corp., announced that the aerospace company would be moving its headquarters from Los Angeles to Washington D.C., according to the Los Angeles Times. Northrop Grumman’s relocation follows an increasing trend of Fortune 500 Companies and other major companies relocating from California to other states.

Northrop Grumman will relocate 300 corporate jobs to the Washington area by 2011, according to the Washington Post. Wes Bush, Northrop’s CEO and President said the company was looking for the best tax incentive package in determining where to relocate. Northrop Grumman’s move follows Hilton Hotels’ Corporate move from California to Fairfax, VA.

Other major California companies that have relocated from California include engineering and construction giant Fluor Corp. which left Irvine for Dallas in 2006 and the technology consulting firm Computer Sciences Corp. which moved to Falls Church, Virginia in 2008.

## **California Businesses Fleeing to the Silver State**

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In 2009 the Nevada Development Authority launched a media campaign to attract California businesses to the Silver State citing California’s high cost of doing business including state and local government regulations and fees.

The ad campaign touts the fact that Nevada has no corporate tax, no personal income tax, no inventory tax, and a lower worker’s compensation tax, according to the Los Angeles Times. A light-industrial facility that costs \$405,478 to open in Las Vegas would cost \$625,774 in Los Angeles, according to the Nevada Development Authority. Nevada spent \$1.5 million on its most recent ad campaign targeted at luring California businesses to Nevada.

In April 2009, a group of California State legislators held a four hour business forum in Nevada. “We came to Nevada for a simple reason – we wanted to go to the place where our jobs have relocated,” said California Assemblyman Dan Logue (R-Linda) who chaired the event. “We heard testimony from many businesses that have resettled in Nevada and why they left our state. We are

in a crisis situation and we should begin addressing this crisis immediately. Every month we wait, more businesses leave our state and more Californians are harmed.”

More than 100 business executives and other participants attended the event. Businesses that had recently relocated from California to Nevada cited overregulation and heavy taxation as reasons for leaving the Golden State. Bob Ostendorf, president and chief of Neenah Enterprises Inc., which moved from El Monte, California, testified that California’s burdensome regulations was a key deciding factor in their move.

Ostendorf blamed the Southern California Air Quality Management District for constant harassment, despite the fact that that his company was abiding by California’s regulations.

A report conducted by the Boyd Company, a relocation consulting firm (whose clients include Compaq, Hewlett Packard, and Office Depot) suggests that Southern Nevada has a comparative advantage over other cities with large concentrations of corporate and entrepreneurial high-technology investment and jobs. Of the thirteen cities studied, San Jose ranked 4<sup>th</sup> highest for technology firms’ in terms of operating costs (\$30,392,875 annually). Las Vegas ranked the *lowest* with operating costs of \$27,678,256 annually.

### **California Businesses Forced to Close Due to Unfavorable Regulatory Climate**

CalPortland, California’s oldest cement firm, recently announced it will close its CA operation. James Repman, President & CEO, did not specifically cite overregulation for CalPortland closing, but did say that costs associated with California’s regulatory climate were a key consideration, during testimony before the State Senate Committee on Labor and Industrial Relations.

“The rules under which we will operate in an AB 32 world have not yet been developed, but we are already feeling the costs. The recent fee structure that CARB proposed will cost CalPortland between \$400,000 and \$500,000 per year. Then add to that the likely costs that will be associated with the cap and trade program and it increases our focus on looking at expanding our production in Nevada or Arizona rather than California,” Repman said.

## **Existing Federal and State Job-Creating Incentives**

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There are a number of existing State and Federal economic incentives that seek to create and retain jobs. Businesses, as well as cities and counties, are allowed to apply for many of these State and Federal programs.

### **Enterprise Zones**

Enterprise Zones (EZs) were created in the 1980's by the state to encourage growth in economically depressed areas. The California Commerce, Trade, and Technology Agency administers the program which currently provides a variety of economic incentives in 42 enterprise zones in the state, including a zone in the City of San Jose. Enterprise zone tax incentives for businesses include a hiring tax credit, sales and use tax credit, business expense deduction, and no interest deduction, according to the California Housing and Development Department.

### **Local Agency Military Base Recovery Areas (LAMBRAs)**

The Local Agency Military Base Recovery Areas (LAMBRAs) enjoy similar tax benefits to enterprise zones but are designated on the former sites of military bases. Over the last seven years California has lost 187,000 jobs to base closures. LAMBRAs help breathe new economic life into areas heavily hit by base closures by providing an array of economic development incentives.

### **State Film Tax Credit Designed to Prevent "Runaway" Film Production**

In 2009 Governor Schwarzenegger signed legislation giving qualified filmmakers up to a 25% tax credit for cost related to qualified film production costs in California. The Legislation is intended to encourage film producers to stay in state to film as opposed to fleeing to other states which are offering generous tax credits.

### **Research and Development Tax Credit**

California companies are allowed to claim up to a 24% tax credit for the costs paid to research and develop new and existing products. The generous state tax credit is modeled after a successful federal research and development tax credit.

### **State Tax Credit for New Home Purchases**

To encourage a revival of the home buying and construction industry, the state began offering a tax credit for new home purchases beginning in March 2009. The \$100 million allocated for the program was exhausted by the end of August 2009 after a wave of new homebuyers began claiming the credit. The law allowed qualified new home buyers to claim a tax credit equal to five percent of the purchase price of their new home, or \$10,000, whichever is less. Taxpayers were required to claim the credit in equal amounts over three successive years beginning in 2009. The Governor has proposed allocating additional money for this program in 2010.

## **Governor's 2004 California Performance Review Recommendations to Improve State and Local Business Climate**

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The Governor's 2004 California Performance Review (CPR) proposed a series of recommendations to help improve the business climate in California. The vast majority of the Governor's Performance review did not go anywhere but these recommendations remain as something that state and local governments should consider to improve their business climates.

### **One-Stop Business License Center**

Starting a business in California isn't easy. According to the CPR, a business owner may have to contact nine or state departments and agencies for a single business to register for permits and licenses, report information and taxes, and to register their business. A beauty salon owner in Sacramento would have to contact eight agencies, while a gasoline service owner would have to contact nine agencies.

The report calls for a consolidated business license center similar to the one created in the state of Washington in 1980. According to the report Washington's Master License Service (MLS) registers businesses with the appropriate regulatory agencies. MLS is accessible 24 hours, has reduced paperwork, and increased compliance with business regulations. MLS allows businesses to have a "master license" and allows the state to track information on each business including their permits. MLS also allows customers to pay multiple fees in one place. Over 100 licenses can be obtained in Washington using a master application.

### **Tax Relief for Manufacturing Equipment**

The report calls for a 5% sales tax credit for all sales tax paid on the previous year for manufacturing and telecommunications equipment. The fiscal impact of this tax credit was estimated to create 25,000 jobs over the next ten years, according to the CPR. This proposal would not adversely affect local governments because this would decrease only the state's share of sales tax.

### **Allow Businesses to Self-Certify as Small Businesses**

Many businesses that would qualify as small businesses, and would therefore receive special benefits from the state do not currently qualify because the state's current small business certification process is time consuming and labor intensive, according to the report. Small businesses employ over 50% of California's workforce. Small businesses enjoy a 5% bid preference under the Small Business Procurement and Contract Act. The state's current certification process is paper-based, manual processed, and business owners must include a variety of documents including federal tax returns, supporting statement, and withholding reports.

The report calls for a more simplified application and self-certification process similar to other states including Virginia, Vermont, and Ohio.

## **BACKGROUND**

### **City Initiatives to Improve Business Climate, Attract & Retain Jobs**

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The City of San Jose was voted the best high-tech city by the Milken Institute in 2003 and 2007. Despite these honors, the city's unemployment rate has increased from 6.7 percent in 2008 to 13.2 percent as of October 2009, according to Mayor Chuck Reed's office.

Mayor Reed and other city leaders have proposed a number of initiatives and projects to spur growth and development in San Jose including building a new baseball stadium which is estimated to generate \$5 million in local revenue on an annual basis, according to a report commissioned by the city. City staff state that recent success stories include: bringing Tesla Motors and Harmonic, a leading video delivery solutions company, to San Jose, the Mayor's Green Vision job initiative, and streamlining permitting for card rooms.

The City has utilized a number of strategies to promote, retain, and attract business to San Jose. For example, the San Jose Sports Authority partnered with other non-profit organizations to attract the Amgen Tour of California in 2010 and the U.S. Figure Skating Championships for 2012. The U.S. Figure Skating Championship has brought \$20 to \$25 million of economic impact to other host cities, according to a city press release. San Jose is also working to relocate the Oakland Athletics Major League Baseball team to the City of San Jose.

The San Jose Economic Development Department has actively recruited new businesses to the San Jose region. The Mayor, Council, and economic department reached agreements to bring Tesla Motors Inc., (as part of the Mayor's Green Vision Plan) and Harmonic, a leader in video delivery solutions companies, to San Jose. The city gave Harmonic \$50,000 to defray relocation costs. The companies will bring a combined 1,500 jobs to the region, according to the City of San Jose. City documents did not state what incentives Tesla Motors Inc. was given to relocate to San Jose but did say that it was part of the Mayor's Green Vision Plan.

In 2009, the city's Economic Department worked with state agencies to expand the city's enterprise zone by two miles to help attract new businesses and jobs. "Our company saves about a quarter of a million a year in taxes from being in an Enterprise Zone; that calculates to 80 jobs that are preserved and retained in San Jose and 80 families from suffering from financial hardship," said Jeffrey T. Burke, President and CEO Airtronics Metal Products, Inc.

The city also has a Small Business Development Commission that meets regularly to encourage small businesses to participate in city contracts and find ways to increase economic vitality. The commission makes recommendations to the city council. The City of San Jose also has a local preference policy, which gives more points to local businesses when they bid for city projects.

In 2007 San Jose implemented Green Vision which is a 15-year plan to create 25,000 jobs, install 100,000 solar roofs, and for city facilities to move to 100 percent renewable energy.

In May 2009, the San Jose Police Department created a series of "one-stop" card room application processing sessions to alleviate a backlog of applicants.

## **Current City programs to encourage economic development:**

A draft of the city's updated 2010 economic development strategy was released in mid-December 2009. Visit: [http://www.sjeconomy.com/publications/pressreleases/2010.draft.ed.release\\_12\\_15\\_09.pdf](http://www.sjeconomy.com/publications/pressreleases/2010.draft.ed.release_12_15_09.pdf)

### **Business Cooperation Program**

The city's Business Cooperation Program provides businesses a rebate of up to 30% on the local portion of the State collected Use Tax subsequently remitted to the City as a result of the business entering the State's Use Tax Direct Pay Permit program or allocating Use Tax attributed to acquisition of construction materials in San Jose. For a [flyer](#) on the program or more information and details contact the Office of Economic website: [www.sjeconomy.com](http://www.sjeconomy.com)

### **Work2Future Program**

Meeting the workforce requirements of local businesses and the employment needs of residents are the twin objectives of the city's *Work2future* program. *Work2future's* one-stop system brings under one roof a multitude of free/low-cost resources for job seekers in San Jose and south Santa Clara County. Businesses can receive a variety of services including: free posting of job listings, access to qualified job applicants, pre-employment screening, and assistance with downsizing and employee transitions. [www.work2future.net](http://www.work2future.net)

### **Commercial Solid Waste Recycling Program**

To minimize disposal fees, San Jose businesses can receive technical assistance for in-house waste reduction. For more information visit: [www.sanjoseca.gov/esd/](http://www.sanjoseca.gov/esd/)

### **Water Efficient Technologies (WET) Program**

Water Efficient Technologies (WET) offers rebates of up to \$50,000 per water efficiency project to businesses that discharge wastewater to the San Jose/Santa Clara Water Pollution Control Plant. For more information visit: [www.sanjoseca.gov/esd/](http://www.sanjoseca.gov/esd/)

### **Recycling Market Development Zone**

San Jose manufacturers using recycled feedstock (glass, paper, plastic, used tires, etc.) may be eligible for low-interest state loans up to \$2 million and technical, marketing and location assistance. For more information visit: [www.sanjoseca.gov/esd/](http://www.sanjoseca.gov/esd/)

### **Small Business Opportunity Program (SBOP)**

The City of San Jose is making it easier for businesses to sell products and services to the City. While generally targeted at small businesses, many of the City's improvements will be useful to companies of all sizes. SBOP is increasing business access to City procurement opportunities through increased outreach and better information exchange; lowering barriers to competition through improvements to the City's processes; and identifying effective program elements by tracking City performance. And now, with the expansion of the [City's local/small preference](#), small businesses are competing with large businesses on a more even playing field.

The City holds quarterly outreach events to help businesses better understand City procedures, and supplements ad-hoc stakeholder discussions with a large annual roundtable to explore potential program improvements. Other outreach efforts include a quarterly

newsletter, increasing departmental use of both on-line posting and e-mail notification to inform potential vendors of open bids and contracting opportunities and ongoing efforts to create new avenues of communication to reach businesses that may not be aware of opportunities with the City.

Through this program the City is working to make process improvements to make it easier for companies to participate and eliminate needless bureaucratic delays and oversight. A key partner in this ongoing evaluation is the [Small Business Development Commission](#) which is appointed by Council for this purpose. Some examples of process improvements include: the purchase of umbrella type insurance for specific construction projects to lower costs to small construction companies, lower loan interest rates on City loan programs, and real-time access to vendor information for City buyers of general goods and services.

The City is also developing [new performance measurements](#) to show how many companies, particularly small and local ones, are doing business with the City of San Jose. This will help evaluate overall outreach and program utilization and success.

### **City's Local Preference Policy for Local Businesses**

The City of San Jose's new local preference policy encourages local companies to do business with the City and speeds the growth of jobs for San Jose residents. The policy builds on the City's ongoing work to improve the City's systems for purchasing goods and services, according to the city.

These changes are part of a larger City of San Jose program to make it easier for businesses to sell products and services to the City through increased outreach and process improvements. This effort, called the [Small Business Opportunity Program](#) (SBOP), has also begun tracking the City's performance in achieving higher rates of small business participation in contracts and purchasing agreements. The San Jose City Council adopted the Local Preference Policy on May 18, 2004 and it became effective on June 18, 2004.

### **Small Business Ambassador Program**

The city has a Small Business Ambassador Program that provides for small business assistance and provided for special assistance teams to expedite review upon request. For more information visit: <http://www.sanjoseca.gov/building/PDFHandouts/SBA.pdf>

## **Local Economic Development Success Stories in California**

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California cities and counties have an array of policy options at their disposal to encourage, attract, and expand business opportunities and jobs in their communities. Cities and counties should be mindful of not only attracting new business but of also retaining existing businesses and developing long-term relationships with current business owners in their community.

Cities can offer incentives to businesses including tax credits or tax holidays to businesses. For example, in 2005 the City of Anaheim implemented a tax holiday for all new businesses which exempted all new businesses from paying the city's business taxes.

Cities can also improve their business climate by investing in the necessary infrastructure needed for a business to relocate. For example, the City of Los Angeles recently invested \$30 million into outfitting Kodak Theatre which allowed the world renowned Cirque De Soleil to perform in LA.

Cities also create special tax incentives to compete for big box retailers. This was the case in eBay's expansion to Utah. The evidence shows that cost considerations can play a deciding factor in a businesses' relocation decision. For example the City of La Mirada, California, credits their incentive package as playing a key role in the relocation of Goodyear Tire & Rubber Company, GE Aircraft Systems, and M&M.

Cities can also improve their local economies by increasing government efficiencies and making it easier for businesses to conduct business in the city and comply with city taxes, fees, and regulations. For example, several cities streamline business permitting processes, which in turn makes the process easier for potential businesses to apply for a business permit.

In many cases cities have created business liaisons, who can be contacted by business owners for questions regarding fees, permits, or city ordinances. Some cities also give tax incentives or fee deferrals for specific industries such as homebuilders. Some cities give local businesses special treatment in the award of city contracts.

Some cities have retention programs, others host business summits, while some survey local business owners to gather valuable information when forming future economic development plans. Cities also try to attract tourism, sporting events, and cultural events to their cities.

Many cities invest in public relations campaigns to attract tourists to their cities. These campaigns cost the city revenue initially but city leaders justify this spending based on the long term projection that cities will recoup lost revenue in increased tax revenues from increased economic output. To illustrate, in the City of Los Angeles tourism and the economic impact from tourism are the second largest business sector, according to the City of Los Angeles.

In some cases cities can expand state and federal redevelopment areas, which utilize tax incentives paid for by the state and federal governments. Cities and counties, can also apply for various State and Federal grants, such as the federal stimulus money, which they can invest in the community.

The following is a summary of what some California cities and counties have done and are doing to create and retain jobs.

**Contra Costa County**

Over 98% of California's businesses are small businesses. Contra Costa County allows businesses to self-certify as small businesses, allowing them to take advantage of the County's Small Business Enterprise program. The SBE program allows small businesses to bid on contracts from the County of Contra Costa. The County also offers liaisons for business owners to answer their questions or to help businesses access city services.

**City & County of San Francisco**

The City and County of San Francisco offer tax exemptions and rebates for companies in the biotechnology, clean technology, and film and television industries. These forms are available online. Companies engaged in biotechnology also enjoy a seven-year payroll exemption from the city's 1.5% payroll tax. Companies with more than 10 employees and less than 100 employees that engage in clean technology enjoy a ten-year payroll exemption. Businesses that choose San Francisco as a filming location are exempted from payroll taxes and receive a portion of the hotel and sales tax paid to the city.

In 2009 Mayor Gavin Newsom announced San Francisco's JOBS Now Program, funded by federal stimulus dollars. Businesses that wish to participate are given qualified applicants and reimbursed 100% of the employee's wages over a specified period if certain conditions are met. Businesses are eligible for this program until September 2010. According to the City of San Francisco 700 people have been employed through the program.

In December Supervisor David Chiu announced that he is working with the Office of Small Business to eliminate fees for small business. Although, these fees generated less than \$22,000 last year, Chiu believes this will make it easier for small businesses, having owned one himself. "It's about making San Francisco and the City a business-friendly environment during the worst economic conditions since the Great Depression," he said, according to the San Francisco Examiner. Scott Hague, president of Small Business California, hopes Chiu goes after additional fee increases including the permit fee for having candles on a restaurant table, according to the San Francisco Examiner.

**City of Fairfield**

In 2008 the City of Fairfield welcomed three national companies FedEx, Kiewit Corporation, and a Texas Roadhouse. "Despite today's tough economic times, Fairfield continues to be successful," said Eve Somjen, Fairfield's director of community development. "Businesses choose to locate in Fairfield because of our excellent location. Companies of all sizes are able to find appropriate space to meet their requirements at competitive prices, and we also have affordably priced housing," according to city documents.

"The city of Fairfield has done a great job of providing a business-friendly environment in which we will be able to succeed," says Travis Doster, spokesperson for Texas Roadhouse.

Fairfield offers streamlined permit processing and allows designated city staff to administrator multiple permits. The City also helps prospective businesses with site selection and offers direct loans and land write-offs. The City also offers deferrals on environmental impacts fees.

### **City of Sunnyvale**

The Sunnyvale Economic Development Department touts being a business friendly city including low taxes, advantage permitting, and excellent utility and municipal services. Sunnyvale has no payroll tax and has a low utility tax 2%, one third of the California average. Sunnyvale also has a one stop, one day permit center where 90% of Sunnyvale building permits are issued in the city on the same day, according to Sunnyvale's Economic Development Department. Building, fire, planning, and zoning permits are handled by a customer service representative assigned to each individual project. These services are also available online through the city's E-permit website.

"Higgins Development Partners, LLC is one of the largest developers in the country. As such, we have done hundreds of projects around the country and dealt with many economic development departments and city staffs. I have to say that Sunnyvale's staff is one of the best we've worked with. One recent Sunnyvale development project entailed building an 800,000-square-foot office campus in roughly 14 months. The City of Sunnyvale and its staff worked diligently with us to streamline the approval process, which in some other municipalities may have taken six to eight months. We received our building entitlements from the Sunnyvale City Council in a little over eight weeks ... a phenomenal accomplishment by any standards. I'm happy to say that we completed the project on time and on budget, and recently turned it over to the tenant. This would not have been accomplished without the heroic effort of the Community Development Staff at the City of Sunnyvale," said Bob Hutchinson, V.P. Development, Higgins Development Partners, LLC.

### **City of Oakland**

On July 1, 2009 Oakland unveiled its new Business Assistance Center. From July to September the center has already helped 578 business representatives or business owners "jump through the hoops at city hall," according to the Oakland Tribune. The idea came from talks in 2006 between economic development officials and the Oakland Metropolitan Chamber of Commerce. The idea also resurfaced in a list of recommendations from Mayor Ron Dellum's Small Business Task Force.

In 2007 the Oakland Partnership, a private-public relationship between the City of Oakland the Oakland Metropolitan Chamber of Commerce was created to help create new jobs and to create a vibrant economy.

In 2009 Mayor Dellums and the Oakland Metropolitan Chamber of Commerce hosted a Economic Summit. Mayor Dellums also held a roundtable to discuss how Oakland would spend federal stimulus funds. Mayor Dellums last year announced a tax penalty amnesty program for local businesses, according to the City of Oakland.

### **City of El Segundo**

The City of El Segundo is home to seven Fortune 500 companies. El Segundo offers a 50% business tax credit based on sales tax generated in one year. This credit may be used to offset the business license tax liability in any given year, according to the City of El Segundo. El Segundo has a utility rate of 3%, while neighboring cities such as Long Beach and Los Angeles have utility tax rates of 10%. El Segundo also has not enacted special bond measures which increase the city's indebtedness and that increase business property taxes above the 1% limited provided under Prop. 13.

### **City of Los Angeles**

In April the Los Angeles City Council approved a \$30 million loan to Cirque du Soleil. In exchange for the loan Cirque du Soleil will host 368 performances annually starting in 2011. The Kodak Theatre owned by the CIM group will be renovated to allow for Cirque de Soleil performances. CIM told the city, the performances will generate 858 jobs in entertainment, retail, and in restaurants, according to the Los Angeles Times.

In 2009 Mayor Antonio Villaraigosa alongside the Los Angeles Convention and Visitors Bureau launched a new marketing campaign “That’s So LA,” to attract tourism dollars. “Tourism is the lifeblood of our economy, and we cannot afford to let the benefits of this industry stop flowing to the heart of our City,” Villaraigosa said. “Tourism is the second largest industry in Los Angeles. For every 4 percent increase in tourism, we get an additional \$12 million for the General Fund,” Councilmember Janice Hahn said. The media campaign will start in San Francisco and Southern California and will eventually expand to other domestic and international markets.

In December, 2009 Mayor Villaraigosa proposed assembling a jobs council, according to the Torrance Daily Breeze. The Mayor has already reached out to former Mayor Richard Riordan. "We have worked together on a number of projects and I go to him for advice on a number of things," Villaraigosa said. The City is facing a 14% unemployment rate. Possible economic development projects include improving LAX and the Port of Los Angeles.

Earlier this January Richard Alarcon, chairman of the City Council’s jobs committee proposed a Los Angeles Film Commission. According to the Los Angeles Times, film production in California has declined in 10 of the last 12 years. Some 40 states now offer tax incentives and financial incentives to filmmakers. Jack Kyser, chief economist with the Los Angeles County Economic Development Corp., says that those declines cost the city 7,000 jobs last year, according to the Los Angeles Times.

In 1995 Mayor Richard Riordan called for a development reform task force and started implementing the panel’s recommendations including streamlining city procedures and assigning case managers to specific areas and projects, according to the Los Angeles Daily News. “When Valley business owners told us they didn't want to drive downtown to get their permits, we listened," he said, according to the Los Angeles Daily News. The City is once again, looking at ways to streamline their permitting process from 12 agencies to 2.

### **City of Roseville**

The Mayor’s Office holds a breakfast where business owners have a chance to meet with the Mayor to discuss issues important to their community and business. The city offers businesses free fee estimates of their projects, construction fee deferral, and business fee financing.

### **City of Benicia**

Benicia offers businesses fast track permitting, fee deferral, and hiring assistance. If projects are complex the city will assign a project manager to expedite permit approvals. The city will also defer development fees for up to five years in some cases. The city will also post any job opening on their website.

### **City of Santa Clarita**

In 2002, Santa Clarita formed a Film and Tourism Office to diversify its revenue sources. In 2009 the Santa Clarita City council passed a Film Incentive Program (FIP) as part of their 21-Point Business Plan for Progress. The program includes incentives for locally based productions, recurring productions, and hotel subsidies for film crews that choose to film in Santa Clarita. According to the City of Santa Clarita film production generated \$20 million into the Santa Clarita economy last year. This more than offsets the cost of offering incentive packages to filmmakers, according to the city.

The City will subsidize or refund most permitting and use fees if productions are primarily shot in Santa Clarita, the production hires 15 percent of the crew locally, and has a production office in the city. They will waive filming permit fees if filmmakers film a production of six months or longer in Santa Clarita. The City will subsidize Transient Occupancy Taxes (TOT) up to 50%.

Other provisions of the 21-Point Business Plan for Progress include streamlining permitting and expediting business permits. The city plans a \$50,000 marketing plan to broaden awareness of its Enterprise Zone. A use tax incentive was also passed that allows qualified business owners to recoup business fees from the city.

In 2008 Santa Clarita was named the Best Economic Development Program by the California Association of Local Economic Developers (CALED), for the city's tourism office. The office is credited with bringing premiere sporting and cultural events to the City, including the Amgen Tour of California, AT&T Champions Classic, Loose Goose Wine Festival, and the Cowboy Festival. According to the City, these events have an economic impact of \$10 million on the community. The events also offer the city media exposure both nationally and internationally.

According to the Santa Clarita, the city also offers two enterprise zones, no business license fees, no utility user fees, no gross receipts tax, and expedited plan review, and permit processing.

### **City of Sacramento**

The Mayor of Sacramento Kevin Johnson announced in December of 2008 that an independent firm would conduct a comprehensive audit of city's finances. The audit is part of Mayor Johnson's plan to identify areas of possible cost savings. In 2009 the Mayor announced the Entertainment and Sports Complex Task Force to review proposals for new entertainment and sports complex in Sacramento. According to a press release from the Mayor's office, the task force's ultimate job is to facilitate development of a premiere sports and entertainment venue in Sacramento that will bring jobs and cultural revitalization.

The City of Sacramento in partnership with Sacramento area chambers of commerce conducted two business walks in 2009. The business walks are conducted by City staff and partnering members to get feedback in how the city can better assist local businesses. According to the City of Sacramento, once all of the survey information is gathered, this information is used to come up with specific plans and strategies to enhance local businesses including a seminar that will include information on resources available to businesses.

Sacramento also has a Brownfield Clean-Up Program and in 2009 won a \$600,000 grant from the federal government for brownfield clean-up, according to the City of Sacramento.

**City of San Diego**

Last year Mayor Jerry Sanders launched a small business website dedicated to helping small businesses win contracts under \$1 million from the City of San Diego, according to Debra Rosen President and CEO of the North San Diego Chamber of Commerce. Last year Mayor Sanders announced the Mayor's Citizen Task Force on the San Diego Convention Center Project. According to the Task Force the Convention Center has reached maximum occupancy and as a result the city loses millions of dollars in revenues and additional jobs. According to the Task Force, since opening in 1989 the center has generated more than \$17 billion in economic impact by hosting over 4,000 events.

In December Councilmember Carl DeMaio hosted a small business workshop to help small businesses better understand dealing with the City of San Diego. According to the City of San Diego, the workshop is way to provide feedback from local business owners and also provide assistance to local business owners.

**City of Elk Grove**

In an effort to encourage new business expansion and development Elk Grove offers a number of incentives to qualified businesses. These incentives include developmental impact fee deferral, project coordination, expedited plan review, economic development grants, and interagency coordination, according to the City of Elk Grove.

**City of Fresno**

Fresno held its First Annual Small Business Development Day last year. Over 200 small businesses attended a variety of workshops, according to the City. Topics for the all day event ranged from "How to do Business with the Government" to "Business Finance/Incentives." Another workshop targeted at helping small businesses, "Helping Fresno's Small Businesses Grow and Succeed in Today's Economy" is planned for 2010.

The City of Fresno also has a "Prime Time for Business" for small business to showcase their goods and services during Fresno City Council Meetings. Qualified businesses are given up to a 10-minute presentation which is aired live on Comcast and is available on the internet, according to the City of Fresno.

**City of Anaheim**

In 2005 Anaheim implemented a tax Holiday and offered amnesty for existing companies doing business without a license in Anaheim. New businesses started between April 15 and July 29 were exempt from the business license fee, application processing fee, and the occupation registration fee for the first year, according to the City of Anaheim. "The New Business Tax Holiday is an investment in our City's future," said Mayor Curt Pringle in proposing the New Business Tax Holiday during his State of the City speech.

**City of Pasadena**

The City of Pasadena offers a Storefront Improvement Program which was created in 2002 for targeted neighborhood areas. This program which offers matching grants from the city was implemented to stimulate efforts by the business owners to improve the street appearance, according to the City of Pasadena.

### **City of Brea**

The City of Brea has a Business Retention and Attractions Program that is committed to helping businesses succeed, according to the City of Brea. The program has implemented a number of recommendations led by citizen advisory boards including streamlining permit processing, elimination of overlapping fees, one-on-one business interviews, and establishing a business liaison from city hall.

### **City of Palmdale**

The City of Palmdale has a business retention liaison dedicated to serving business owners. The liaison is responsible for handling and answering permitting questions, city ordinances, and coordinating on-site visits between the Mayor and business owners.

### **City of Fremont**

The City of Fremont is offering a 10% percent reduction in environmental impact fees citywide until 2010. For projects near BART Fremont is offering new developments a 25% reduction in environmental impact fees. The city also has a 5% local preference on city contracts. The City of Fremont will also advertise businesses on their City website and provide coupons for participating businesses.

### **City of Victorville**

The City of Victorville has expedited permitting and tailored incentive packages for specific projects and credits its tailored incentive packages for playing a key role in the relocation of Goodyear Tire & Rubber Company, GE Aircraft Systems, and M&M, according to the City of Victorville.

### **City of La Mirada**

The City of La Mirada hosts an Annual Business Appreciation Luncheon to honor local businesses. La Mirada also hosted an Industrial Business Social and promoted their La Mirada “Shop! See! Splash!” campaign to promote local businesses. For every \$300 spent in the city, residents receive a \$5 voucher good for La Mirada Theatre Tickets or recreation classes. According to the City of La Mirada the programs was successful as receipts totaled \$222,000 from over 100 businesses.