

Agenda Item: ID#18-0501 (4-A)

Date: 4/19/18

FRESNO CITY COUNCIL



Supplemental Information Packet

Agenda Related Item(s) – ID#18-0501 (4-A)

Contents of Supplement: Staff Report

Item(s)

*****RESOLUTION – Instituting a pilot program to incentivize job creation along the Ventura/Kings Canyon corridor east of First Street. – Councilmember Chavez and Mayor Brand**

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REPORT TO THE CITY COUNCIL

April 19, 2018

FROM: LUIS CHAVEZ, Councilmember
LEE BRAND, Mayor

SUBJECT

*****RESOLUTION –** Instituting a pilot program to incentivize job creation along the Ventura/Kings Canyon corridor east of First Street.

RECOMMENDATIONS

It is recommended Council approve a pilot program allowing economic incentives for businesses meeting certain criteria along Ventura/Kings Canyon east of First Street.

EXECUTIVE SUMMARY

The attached resolution would allow the City Manager to reduce and/or eliminate citywide impact fees (except water and sewer connection charges), and enter into an agreement for up to ten years to rebate 50% of the City's share of local sales and use tax, and 50% of the incremental property tax attributable to the investment made or caused by the business. Incentives shall not exceed \$15,000 per full time equivalent employee, not to exceed a total of \$375,000. To qualify for these incentives, the development must be a commercial or mixed-use development on vacant property along the Ventura/Kings Canyon corridor, east of First Street; be owner-occupied or subject to a lease of at least three years; create at least a net five new full-time equivalent jobs; create an increase in assessed valuation and therefore property tax receipts due to the City; and the business must not be simply relocating from another location within the City.

BACKGROUND

POLICY CONSIDERATIONS/STATISTICS

The Ventura/Kings Canyon corridor serves as the main business corridor for residents in the 93702 zip code. Approximately 48.7% of the area's residents live below the poverty line. Many census tracts along/ near the corridor are home to more than 60% of residents living below the poverty line (2012-2016 Census Study on Poverty). Child poverty levels in the area are also high, with 70% of schools serving neighborhoods with an extreme concentration of poverty of around 40%, and about 90% of the schools

throughout District 5 along the Ventura/Kings Canyon Corridor are serving neighborhoods with high concentrations of poverty (ENP Study Jan. 2016).

The Support Small Business Act is designed to address the high concentration of poverty and high unemployment rate of residents in the surrounding neighborhoods, by incentivizing businesses to open new establishments or expand existing ones along the corridor to create jobs.

The incentive program will apply to businesses that meet the following criteria:

- The development is a commercial or mixed-use development on vacant property along the Ventura/Kings Canyon Corridor, east of First Street. For the purpose of this resolution, "vacant" shall mean any parcel or storefront, developed or undeveloped, that has been without an occupant or tenant for a period of one month or more;
- The development is owner-occupied or subject to lease of three years or more;
- Necessary public infrastructure is already in place;
- The development will create at least a net five new full-time equivalent jobs that are a good match for the available workforce in the four-county Fresno commute shed; the applicant shall have a continuing annual obligation to document the jobs created, and the applicant's records shall be subject to City audit to verify the necessary information;
- The development will create an increase in assessed valuation, and therefore property tax receipts due to the City, which combined with potential sales tax revenue and other revenue streams resulting from the job creation and economic activity of the development, help offset the reduced fees and other incentives in the long term;
- The business is not simply relocating from another location within the City of Fresno; and
- The business is current on its business license tax.

Incentives available under this pilot program include:

- Reduction or elimination of citywide impact fees (except water and sewer connection fees), consistent with the goals of the Economic Expansion Act.
- Rebate of 50% of the City's share of local sales and use taxes as of the date of this Resolution (but no rebate of any special tax).
- Rebate 50% of the incremental City property tax attributable to the investment made or caused by the business.

Businesses are eligible for incentives after having sustained new jobs for one year. Terms of the tax rebates shall be memorialized in a separate agreement between the City and the applicant. Over the life of the agreement, the total value of incentives shall not exceed \$15,000 per full time equivalent employee, not to exceed \$375,000 total. A proportional share of any one-time incentive (such as a fee waiver) shall be rebated to the City if the applicant does not remain in compliance with the criteria set forth in the Resolution for ten years.

This pilot program shall expire 18 months from its adoption, unless renewed by Council. The Administration shall provide Council an annual report detailing the amount and type of development impact fees reduced or waived, as well as information about jobs created as a result of this program.

ENVIRONMENTAL FINDINGS

By definition provided in the California Environmental Quality Act Guidelines Section 15378 this resolution does not qualify as a "project" and is therefore exempt from the California Environmental Quality Act requirements.

LOCAL PREFERENCE

Local preference does not apply because this resolution does not include a bid or award a construction or services contract.

FISCAL IMPACT

The fiscal impact of the proposed ordinance is not able to be determined as it is dependent on factors that are unknown at this time, such as the number of businesses that apply for the incentives, the amount of new sales that those businesses generate, and the increase in assessed value that will occur as the result of improvements made to the properties. However, it must be pointed out that the proposed ordinance shares any additional property and sales tax above what is currently being received by the City. Likewise, any development impact fees rebated through this program will not be a rebate of monies already received by the City, but will instead be revenue not collected by the City. Thus, it is anticipated that the fiscal effect of this proposal will be minimal to the General Fund.

Attachments: Resolution