



2009 JUL 9 AM 6:21
COURT REPORTERS PLAZA • 2ND FLOOR • OAKLAND, CALIFORNIA 94612

Vice Mayor Ignacio De La Fuente
City Council Member, District 5
idelifuente@oaklandnet.com
www.idelifuente.com

(510) 238-7005
FAX:(510) 238-6129
TTY/TDD:(510) 839-6451

To: Members of the Community & Economic Development
From: Vice President De La Fuente
Date: June 23, 2009
Re: Jobs and Tax Base Expansion Initiative

I support staff's proposal to implement strategic business incentives. The following suggestions should hopefully help guide staff in their next steps:

1. Bring back further analysis on Retail and Business Retention and Expansion Incentive Programs. While the analysis supports implementing a Business Tax Incentive Program immediately, more thought needs to be given to the other proposed programs. Specifically, I'd like to see a cost-benefit analysis of why these programs will be more effective for the named sectors than the Business Tax Incentive Program. I'd also like to see clearer criteria for retail attraction that includes exceptional sales tax revenue potential, creation of a significant number of new living wage jobs, and resident-serving retail that improves resident quality-of-life and addresses sale tax "leakage." I'd also support staff being more selective in the Business Retention and Expansion Incentive Programs recommended for implementation. I am unlikely to support a Master Retail Tenant Program or Car Dealership Gift Card Incentive Program. I hope that this additional analysis will also address the two recommendations I have for the Business Tax Incentive Program below.

2. Bring back proposal to implement Business Tax Incentive Program as soon as feasible. I'd like for this proposal to include a

a. Sunset Clause after approximately 2 ½ years that will require staff to assess success of offering the incentive (e.g., how many companies took advantage of the program, did companies rate the incentive as a decisive factor in their decision to locate in Oakland, did the number of new businesses locating in Oakland increase from the base level of approximately 22 per year, etc.) The Sunset Clause is intended to create an incentive to businesses to take advantage of the program sooner rather than later, as well as to force staff to do the analysis needed to recommend ending, modifying or extending the program. Agreements entered into prior to the sunset could offer abatements past the sunset period.

b. Extend the Incentive Program to our existing businesses that make significant expansions. For example, the program could be offered to existing businesses that grow by 20 or 10% more employees, which ever is greater.