

**CITY OF OAKLAND**  
**AGENDA REPORT**

2009 JUN 11 PM 4: 16

TO: Office of the City Administrator  
ATTN: Dan Lindheim  
FROM: Community and Economic Development Agency  
DATE: June 16, 2009

RE: **A Supplemental Report Regarding a Business Incentive Agreement with One Workplace L. Ferrari, LLC ("OWP").**

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### **SUMMARY**

At its meeting of June 9, 2009, the Finance Committee was asked to consider a Resolution authorizing the execution of a Business Incentive Agreement between the City and One Workplace Ferrari, LLC, dba One Work Place ("OWP") to attract OWP and its substantial retail sales activities and sales jobs to Oakland. The Committee approved a motion to forward this item to the City Council meeting of June 16, 2009.

Staff noted at that meeting that the staff report contained errors in the table on page 2, in the Fiscal Impact section, and underestimated the projected sales and business tax benefits to the City anticipated to occur in fiscal years 2010-11 through 2012-13 of this Agreement. This supplemental report presents the corrected information.

### **FISCAL IMPACT**

The Agreement will require the City to remit to OWP amounts equal to the actual Sales and Use Tax received by the City for three consecutive years as follows:

- FY 2010-11: 50% of the Sales and Use Tax received.
- FY 2011-12: 45% of the Sales and Use Tax received.
- FY 2012-13: 40% of the Sales and Use Tax received.

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Net revenue to the General Purpose Fund anticipated from the Agreement lies within the following ranges, not including anticipated revenue growth:

|  | 2009-2010                     | 2010-11                       | 2011-12                       | 2012-13                       | 2013-14                       | Total                             |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-----------------------------------|
| Net Sales and Use Tax (Single Sales Office)                | \$332,500                     | \$332,500                     | \$332,500                     | \$332,500                     | \$332,500                     | \$1,662,500                       |
| Net Sales and Use Tax (Potential for Merged Sales Offices) | \$475,000                     | \$475,000                     | \$475,000                     | \$475,000                     | \$475,000                     | \$2,375,000                       |
| Business License Tax - High                                | \$60,000                      | \$60,000                      | \$60,000                      | \$60,000                      | \$60,000                      | \$300,000                         |
| Business License Tax - Low                                 | \$30,000                      | \$30,000                      | \$30,000                      | \$30,000                      | \$30,000                      | \$150,000                         |
| <b>Net Taxes Retained by City (Range)</b>                  | <b>\$362,500 to \$535,000</b> | <b>\$196,250 to \$297,500</b> | <b>\$212,875 to \$321,250</b> | <b>\$229,500 to \$345,000</b> | <b>\$362,500 to \$535,000</b> | <b>\$1,363,625 to \$2,033,750</b> |
| <b>Payments to OWP (Range)</b>                             | <b>\$0</b>                    | <b>\$166,250 to \$237,500</b> | <b>\$149,625 to \$213,750</b> | <b>\$133,000 to \$190,000</b> | <b>\$0</b>                    | <b>\$448,875 to \$641,250</b>     |

Annual net revenue to the General Purpose Fund anticipated from the agreement will range from a low of \$196,250 of combined Sales and Business License Tax to a high of \$535,000 after an annual business incentive payment to OWP ranging from a low of \$133,000 to a high of \$237,500 in years 2010-11 through 2012-13. Actual Gross and Net Sales Tax will fluctuate based on actual sales revenues experienced by OWP.

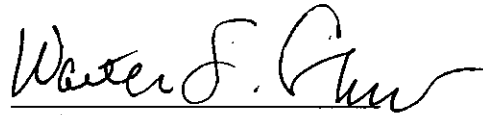
The sales tax revenue received from OWP will be monitored with a special project number for tracking purposes. Within 60 days of reconciliation of revenue received by the City and a written invoice from OWP, business incentive payments will be disbursed to OWP according to the terms of the Agreement annually at the end of each fiscal year and recorded under the same special project number. The Budget Office is evaluating General Purpose Fund revenue performance on an ongoing basis and will incorporate anticipated revenue from OWP into the final FY 2009-10 revenue budget.

The only overhead costs for implementation will occur in the Revenue Division of the Financial Services Agency where sales tax monitoring and reimbursement will take place.

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff recommends that the City Council approve the resolution authorizing a Business Incentive Agreement with One Workplace L. Ferrari, LLC, dba One Work Place, to attract OWP to expand and maintain its activities in the City of Oakland for a five-year term beginning in June 2009.

Respectfully submitted,

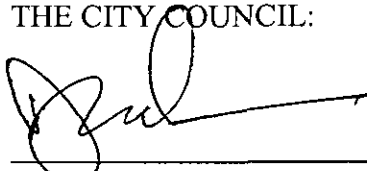


Walter S. Cohen, Director  
Community and Economic Development Agency

Reviewed by:  
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Prepared by:  
Deborah V. Acosta, Urban Economic Analyst IV  
Economic Development

APPROVED AND FORWARDED TO  
THE CITY COUNCIL:



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