CITY OF OAKLAND
AGENDA REPORT

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2009 SEP 17 PM 7:13

TO: Office of the City Administrator
ATTN: Dan Lindheim
FROM: Community and Economic Development Agency
DATE: September 29, 2009

RE: Resolution Authorizing a Business Tax Incentive Program and Sales Tax Incentive Program to Facilitate the City's Business Attraction Activities

SUMMARY

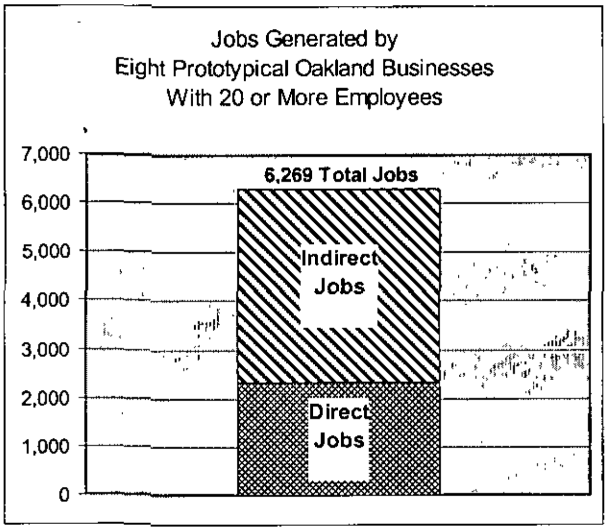
On July 14, 2009, staff presented an informational report to the Community and Economic Development Committee requesting direction for implementing business attraction incentives in the City of Oakland. The Committee directed staff to move forward with the Business Tax Incentive Program (BTIP) and Sales Tax Incentive Program (STIP), and requested that staff consider caps on the length of the incentive periods as well as the percentage amounts of the incentives (i.e., 50 percent cap on retail sales tax reimbursements). The Committee also requested additional fiscal analysis of the Sales Tax Incentive Program and consideration of a provision that the incentive program be evaluated subsequent to implementation.

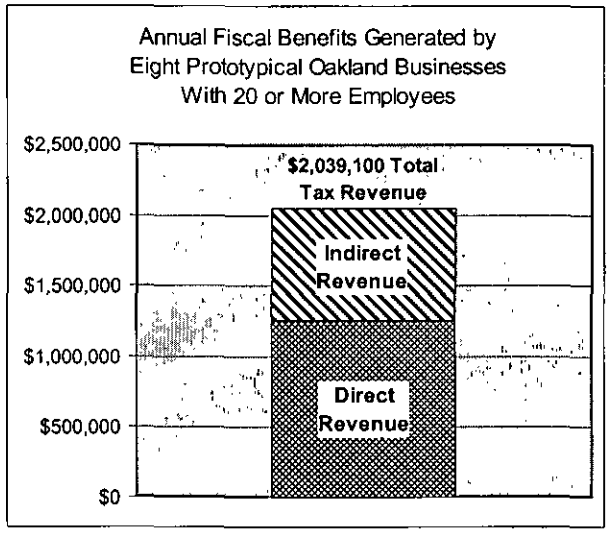
The BTIP would apply to businesses with 20 or more employees that relocate from outside Oakland into Oakland City limits. Qualifying businesses would receive a full or partial waiver for up to three years on their business tax. The STIP would reimburse retailers with 20 or more employees up to 50 percent of the City portion of their sales tax for a maximum of three years.

The City Administrator could authorize Business or Sales Tax Incentives up to a maximum of two years, not to exceed $250,000 in a single year of any agreement, up to a maximum of $500,000 per agreement. Any Business or Sales Tax Incentive for a period between two and three years, as well as any Incentive Agreements that exceed $250,000 in a single year or $500,000 total, would require City Council approval.

FISCAL IMPACT

Economic Development staff worked with independent consultant Keyser Marston Associates (KMA) to model the potential economic and fiscal benefits that the City of Oakland could expect to receive if economic incentives induced companies to relocate to Oakland. According to the KMA study, 6,269 jobs would be created for Oakland residents and $2,039,100 would be added annually to the City's General Fund and Redevelopment Agency through sales, property, business and utility tax revenue if eight medium to large companies across four sectors(Professional Office, Administrative HQ, Manufacturing and Retail) relocate to Oakland (see ***Attachment A***).[1]





Keyser Marston Associates: Economic Impact Analysis of Range of Businesses Relocating to Oakland (2008)

Based on the KMA modeling, staff anticipates the fiscal impacts of the BTIP and STIP to be positive. A precise estimate of the fiscal benefits is not possible because it cannot be predicted in advance what percentage of the businesses that will use the incentives would have chosen to locate in a different city had the incentive not been offered. However, there is a strong likelihood that the incentives would expand the City's tax base because the fiscal benefits derived from successful medium to large business attraction exceeds the amount of business or sales tax revenue that would be abated or reimbursed for eligible businesses under the program, as indicated by the graphs on pages 2 and 5 of this report.

BACKGROUND

Following a business-led strategic process, the City's primary development efforts focused on strategies and action initiatives to grow Oakland's economy and improve the City's business climate. One initiative identified as having great potential was a business incentive program to enhance the City's ability to attract investment and new jobs.

[1] Keyser Marston Associates: Economic Impact Analysis of Range of Businesses Relocating to Oakland (2008)

KEY ISSUES AND IMPACTS

Business Tax (12%) and Sales Tax (10%) are the third and fourth major revenue sources for the City's General Fund, behind Property Tax (32%) and Utility Consumption Tax (13%). City efforts to attract revenue to Oakland requires an approach that effectively uses marketing (communicating the business value of locating in Oakland) and business incentives (lowering the cost of doing business in Oakland).

While Oakland has a high number of small businesses when compared to twelve (12) comparable American cities in large metropolitan areas with similar populations, Oakland has a relatively low number of medium and large sized businesses. The following three tables compare these cities, adjusting for population.

Small Businesses (0-19 employees)

1	Seattle	27,717
2	Portland	23,743
3	Atlanta	22,718
4	**Oakland**	**20,370**
5	Boston	20,193
6	Minneapolis	18,832
7	Sacramento	16,914
8	Baltimore	14,857
9	Cleveland	14,838
10	St Louis	14,726
11	Long Beach	14,347
12	Milwaukee	12,274

Medium Businesses (20-99 employees)

1	Seattle	2,048
2	Portland	2,038
3	Boston	1,979
4	Atlanta	1,970
5	Minneapolis	1,922
6	St Louis	1,742
7	Cleveland	1,567
8	Sacramento	1,470
9	Baltimore	1,392
10	Milwaukee	1,154
11	**Oakland**	**1,143**
12	Long Beach	967

Large Businesses (100+ employees)

1	Boston	530
2	Minneapolis	522
3	Atlanta	478
4	Seattle	429
5	St Louis	429
6	Portland	401
7	Sacramento	375
8	Cleveland	373
9	Baltimore	300
10	Milwaukee	284
11	**Oakland**	**249**
12	Long Beach	185

Source: Dun & Bradstreet (Third Quarter, 2008)

Oakland has several assets that make it a desirable place for businesses to locate, including its central Bay Area location, ethic and cultural diversity, skilled workforce, and the recent growth in entertainment and nightlife activities. However, there are also several reasons why Oakland has difficulty attracting medium and large sized businesses, as evidenced by the tables above. These reasons include the lack of large sites with modern facilities and infrastructure, high land costs, high cost of doing businesses, and the perception and reality of high crime in some areas of the City. All of these challenges require long-term solutions. In the short-term, one way to offset these obstacles to business attraction is to offer business tax and sales tax sharing incentives to new businesses.

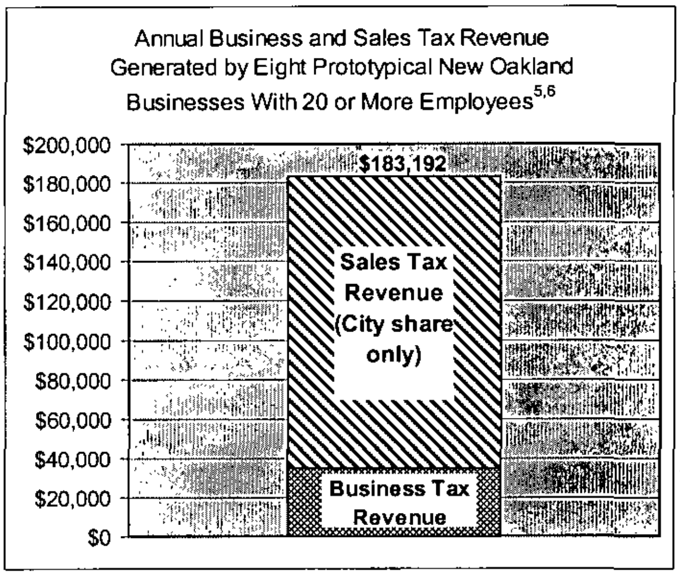
Targeting larger businesses through economic incentives is critical to strengthening Oakland's economy. Medium and large businesses far outpace small businesses as a source of new jobs and revenue generation. Even though small businesses (fewer than 20 employees) account for 89% of all companies in California, their employees account for only 23% of all California workers.[2] In addition, 96% of small businesses ultimately go out of business or stay small. Only 4% of small businesses grow into businesses of more than 20 employees.[3]

Despite the statistics above, small business assistance and the City's priority to grow existing businesses should be and is part of Oakland's overall economic development strategy. Oakland's employment landscape is diversified and strengthened by the presence of small and growing businesses. Small businesses contribute greatly to the character and identity of Oakland. For these reasons, the Business Assistance Center (BAC) was launched in July to provide support and guidance aimed at helping small businesses be successful in the City of Oakland. The preservation of existing incentives and services for small businesses, as well as new incentives to attract larger companies, will foster a more vibrant Oakland economy.

One reason local governments aggressively pursue medium and large businesses (20 or more employees) is because of the enormous benefits that accrue when direct (as well as indirect) impacts are added together. Direct benefits from a new company include the workers employed by the company as well as the taxes paid by the company. Indirect benefits result from the company's purchase of supplies, raw materials and services. For example, when a business relocates to Oakland, it will drive up the demand for whatever goods and services it purchases. Jobs will be created to meet this increased demand, and sales and business taxes will be generated from the new business transactions.

Approximately 100 businesses with 20 or more employees relocated to Oakland between 2003 and 2007.[4] These companies paid an average of $4,350 annually in businesses taxes and $18,549 in sales tax revenue to the City of Oakland[5]. Therefore, while the City could expect, at most, to forego $183,192 annually in revenue if it offered the incentive to eight businesses (graph below), the potential benefit of attracting eight new medium to large businesses would exceed $2 million.

[2] California Employment Development Department, Third Quarter 2006
[3] IEDC Economic Development Journal, 2009 (Calculated from 2004 The Statistical Abstract of the U.S. data)
[4] Estimate based on available business and employment data from the City of Oakland Finance Department and the California Employment Development
[5] City of Oakland Finance Department and The HdL Companies (2008)



PROGRAM DESCRIPTION

Two types of new incentives – the Business Tax Incentive Program and the Sales Tax Incentive Program – make up the Jobs and Tax Base Expansion Initiative (JTBEI) outlined in this agenda report.

The strategy behind any business incentive program is to be proactive and have a policy in place to entice businesses that are deciding among multiple locations in two or more cities. Incentives provide a valuable tool for Economic Development staff to "close the deal" with such companies. At the same time, incentive programs need to be crafted to avoid bidding wars between neighboring jurisdictions, i.e. promoting "a race to the bottom," in which all jurisdictions compete to out-incentive each other. For this reason, Economic Development staff work closely with neighboring jurisdictions through the East Bay Economic Development Alliance to prevent companies from "incentive shopping."

Over the past year, Economic Development staff has been conducting outreach to real estate brokers, developers, property owners and business owners to determine what types of local incentives and services would help attract businesses. This outreach, as well as research of other cities' incentive programs, indicates that both a business tax and a sales tax incentive option will be required to have a large impact on Oakland's ability to attract businesses. Depending on the type of company and how it is taxed, one of the two incentives is likely to be more effective than the other at attracting the business to Oakland. For example, a "Business to Business" (B2B) retailer will generate a much higher level of sales tax revenue than the business tax it generates, and would therefore prefer a retail tax incentive. On the other hand, many administrative office tenants generate significant payroll business tax revenue but no sales tax, and would therefore prefer a business tax incentive.

The JTBEI has been designed to maximize the capture of future revenue without foregoing existing revenue. The following elements of the JTBEI will ensure that the program achieves the appropriate purpose of bringing new businesses to Oakland without creating a decline in short-term tax revenue:

1. Comprehensive parameters have been established to inform the decisions about which companies will not receive an incentive. The Requirements and Considerations Table (***Attachment B***) will be used to ensure that the benefits to Oakland residents exceed the costs of each incentive offered to specific companies.

2. Business tax reductions and sales tax reimbursements will not exceed three years. Sales tax reimbursements will be capped at 50 percent of the City's portion of sales tax generated by a retailer. Shorter term incentive periods (one or two years) will be the norm, while longer incentive periods (three years) will be reserved for companies that would provide benefits to the City's tax base and to Oakland residents that would substantially exceed the amount of the incentive and/or can show evidence of substantial relocation costs.

3. Each incentive agreement will include strict penalties for non-compliance to ensure businesses do not relocate outside of Oakland during the business incentive period or shortly after the incentive period ends. If this scenario does occur, the City would be protected through a clawback clause that requires the company receiving the incentive to return a portion of the business tax abatement or sales tax reimbursement.

4. Whenever possible, the business tax reductions and sales tax reimbursement schedules will be back-loaded because the current value of a dollar is higher than the future value of a dollar. For example, a $100,000 abatement spread out over three years is a much better deal for the City than a $50,000 abatement is Year 1 and a $50,000 abatement in Year 2.

5. After three years of program implementation, an Evaluation Clause will require an assessment of the merits of the JTBEI, which will include an assessment of the fiscal and economic costs and benefits of the program and its success at attracting new companies to Oakland. Adjustments could then be made to ensure that the goals of the program continue to be achieved.

Staff will track and evaluate the success of the program by using data from calendar years 2003 to 2007 to establish a baseline of business attractions for the City of Oakland. After three years, staff should know whether the BTIP and STIP have been successful at increasing the number of medium and large businesses relocating to Oakland each year. The BTIP and STIP evaluations will take into account differences in economic conditions between 2003-2007 and the three years subsequent to program implementation.

Annual number of new business in the City of Oakland between 2003 and 2007[6]

20-49 employees	13.2 businesses
50-149 employees	4.6 businesses
150+ employees	2.2 businesses

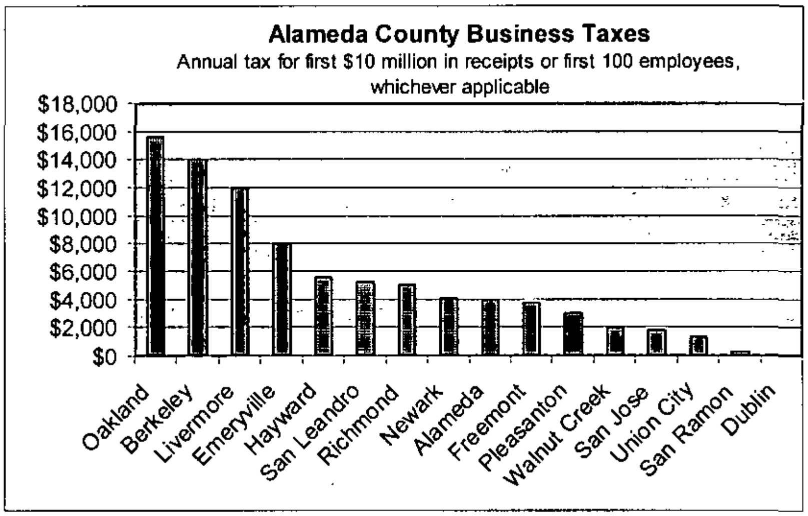
BUSINESS ATTRACTION INCENTIVES

Economic Development staff's outreach and analysis over the past year indicates that the following two incentives would significantly increase the number of medium to large companies relocating to Oakland and have a positive economic impact on the City's revenue stream:

1. Business Tax Incentive Program

In negotiating with prospective businesses, Economic Development staff often encounter a familiar perception: Oakland's high business tax rates. Research supports the contention that Oakland's business tax rates are some of the highest in the Bay Area. According to the Kosmont-Rose Institute "Cost of Doing Business Survey", Oakland's overall business tax rates are higher than all other 13 cities in Alameda County, and higher than Walnut Creek, San Jose and San Ramon.

[6] Estimate based on available business and employment data from the City of Oakland Finance Department and the California Employment Development



List includes all Alameda County cities (excluding Piedmont; data unavailable) plus San Jose, San Ramon, Walnut Creek. Amounts shown in chart are averages of six different business tax classifications[7]

The obstacle of high business tax rates to business attraction is compounded because no policy exists that allows staff to offer companies a business tax incentive package. Often, such an incentive would mean the difference between attracting a desirable company to Oakland or losing it to a nearby city. In a survey of Oakland real estate brokers late last year, respondents indicated that businesses tax breaks were the most desired local economic incentive:

How important are the following incentives in determining your clients' business location decisions in the Bay Area?

	Responses (ranked from most important to least important):
1	Business tax breaks
2	Reduction of impact fees
3	Permit streamlining (fast tracking)
4	Enterprise Zone tax credits
5	Property tax abatement
6	Financial assistance (Industrial Development Bonds, Brownfield loan funds, etc.)
7	Sales tax reimbursement
8	Other*
9	Workforce and training assistance

Responses of 32 Oakland Real Estate Brokers, October 2008

[7] 2008 Kosmont-Rose Institute Cost of Doing Business Survey

Economic Development staff have crafted a Business Tax Incentive Program (BTIP) for businesses with 20 or more employees relocating from outside Oakland into Oakland City limits. Qualifying businesses would be eligible to receive full or partial waiver for up to three years on their business tax. Based on the experiences of other cities that have implemented business tax incentive programs, business tax abatements of less than 100 percent for less than three years are usually too insignificant to influence business location decisions.

New businesses with 20 or more employees will not automatically be granted the incentive. To determine eligibility, start-up businesses and businesses that relocate to Oakland will be assessed based on the parameters outlined in the Requirements and Considerations Table for Business Attraction Incentives (see ***Attachment B***).

2. Sales Tax Incentive Program

As recommended in the Oakland Retail Enhancement Strategy, the City should consider a variety of retailer incentives for targeted infill retail opportunities or the attraction of large retailers, national/credit retailers or retail developments, with significant sales tax potential and job creation opportunities.

The Sales Tax Incentive Program (STIP) will target larger retailers with high job creation and/or retail sales tax potential, as well as desirable smaller retailers. This program would authorize staff to develop Sales Tax Incentive Agreements with targeted retailers (as defined in the City's Retail Enhancement Strategy) for grants that equal a percentage of the local sales tax generated by the retailer.

Staff anticipates that this program could bring a significant number of desirable retail companies to Oakland – such as One Workplace (City Council, June 16, 2009, Legistar No. 09-0407) – which would boost Oakland's tax base and provide quality job opportunities for Oakland residents. Smaller retailers might create fewer jobs and less tax revenue but fill key retail needs in Oakland retail nodes, as outlined in the Oakland Retail Enhancement Strategy.

To determine eligibility, new retailers will be assessed based on the parameters outlined in the Requirements and Considerations Table for Business Attraction Incentives (see ***Attachment B***).

3. Flexible Incentives

Targeted Growth Sectors
Based on the research and recommendations found in *Taking Stock of Oakland's Economy*[8] and *A Collaborative Economic Development Strategy for Oakland*[9], the following industry clusters were identified as having the greatest economic growth potential for Oakland:

- International Trade and Logistics
- Healthcare and Life Sciences
- Green Technology
- Creative Arts and Digital Media
- Specialty Food Manufacturing

The City has long assumed that investments in quality of life – transit, infrastructure, housing and social service – would grow the economy. While quality of life investments do pay economic dividends, prosperity for Oakland residents is also achieved through targeted investment in high growth industries that are positioned to create well-paying jobs and significant tax revenue.

Attracting companies in these five sectors should be a high priority for the City because these industries tend to provide higher paying jobs with attractive benefits. In addition, these companies generate significant "multiplier" effects by attracting suppliers and secondary businesses that cluster around these emerging growth companies, thus boosting the City's revenue streams. In order to accelerate the attraction of growth industries, in appropriate instances the City Council could consider offering tax incentives that exceed the three year cap for these businesses. In addition, companies in these sectors that employ less than 20 FTE's may also be considered for one of the two business attraction incentives.

To support this targeted economic strategy, the City's Economic Development Unit is being realigned to focus its efforts on building a sustainable growth economy through the five targeted sectors identified above. Elements of the strategy include policies to improve public infrastructure and facilities at key sites, enhance and the City's workforce, coordinate City support services, and create financial incentives to seed catalytic investments.

The Business and Sales Tax Incentive Programs, with specific flexibility for the targeted growth industries, will strengthen Oakland's competitive position in building a supportive business environment. These incentive programs are the first of several initiatives to be identified for each targeted industry cluster within the next 12 months, as part of a comprehensive economic development strategy for Oakland.

[8] Oakland Metropolitan Chamber of Commerce, April 2007
[9] The Oakland Partnership, May 2008

Large Format Retailers
Long term incentives will also help implement the Retail Enhancement Strategy adopted by the City Council in 2007. One of the key recommendations of the Strategy was the need for the City to develop mechanisms to encourage large-scale retail development to recapture the $1 billion in retail sales leakage. However, because Oakland has few sites that meet the usual criteria for these businesses, City Council flexibility to offer sales tax sharing agreements for longer than three years in exchange for an urban store format or the additional costs that may occur as a result of infrastructure requirements, will be key. The percentage of the sales tax rebated to an eligible large format retailer would be negotiated and based on the City receiving the majority of generated sales tax. The sales performance of these businesses would be verified by a business evaluation, including a review of three-year sales performance analysis.

MASTER TENANT LEASE PROGRAM *(for Future Consideration)*

Though not included for action in the resolution which accompanies this report, the Sales Tax Incentive Program could be augmented by master tenant leases to help the City implement the Oakland Retail Enhancement Strategy. The purpose of a master lease is to assist the developer or owner of multiple commercial spaces obtain a guaranteed stream of revenue by leasing all their space to one entity. The master lease holder then finds tenants to sublease the spaces. Positioning the City to become a master lease holder can be a powerful economic development tool in creating desired environment whereby Oakland can restrict, and in some cases subsidize, the type of retail it desires in a particular area. The City can best make a determination because it has a longer term view on the return on investment and/or other goals.

The City could conceivably master lease as few as one or two retail spaces, or more than a whole block. The opportunity to do a large scale master lease program would enable Oakland to execute a specific retail vision; however, with that comes additional risk. Conversely while master leasing a handful of individual spaces offers less control, it is less risky, though can still potentially have a useful impact, depending on how "catalytic" the recruited tenants are. For example, a busy grocery or café (daily or weekly use generator) could serve to boost foot traffic and ultimately draw additional tenants.

Staff's analysis indicates that master lease programs do have elements of risk for the City. If the City enters into a master lease agreement, it is responsible for regular monthly payments to the property owner even though there is no guarantee that tenants will lease the space. There is also no evidence to prove that government can better tenant a building than the private market. In fact, in two case studies reviewed by staff – Emeryville and Fairfield – those cities entered into master lease agreements and then contracted private firms to find tenants for the property. Due to the inherent risks involved in entering into a master lease agreement, it is best used in already thriving areas where demand exists and where a city may want to refocus the types of business or retail in the area.

Staff is planning to bring forward a more developed Master Tenant Lease Program strategy as part of the Retail Enhancement Strategy annual report to the City Council CED Committee later this year.

SUSTAINABLE OPPORTUNITIES

Economic: This purpose of the JTBEI is to implement new business incentives and programs to create and support a robust economy in Oakland.

Environmental: Enhancing and growing green business in Oakland is one of the key principles of the JTBEI. Creating more jobs and Oakland also means more residents can work closer to home, reducing vehicle miles travelled.

Social Equity: Creating sustainable jobs and business opportunities for Oakland residents is a guiding principle of the JTBEI. In addition, more businesses and jobs in Oakland will generate more revenue for city services.

DISABILITY AND SENIOR CITIZEN ACCESS

All new businesses will be required to meet current ADA standards for all physical improvements to their buildings.

RECOMMENDATION(S) AND RATIONALE

Staff requests that City Council authorize a Business Tax Incentive Program and Sales Tax Incentive Program to facilitate the City's business attraction activities in order to expand the City's short-term and long-term revenue streams, and provide additional living wage job opportunities for Oakland residents.

ACTION REQUESTED OF THE CITY COUNCIL

Authorize a Business Tax Incentive Program and Sales Tax Incentive Program.

Respectfully submitted,

Walter S. Cohen, Director
Community and Economic Development Agency

Reviewed by:
Gregory Hunter, Deputy Director
Economic Development & Redevelopment

Aliza Gallo, Coordinator
Economic Development

Prepared by:
Zach Seal, Urban Economic Analyst
Economic Development

APPROVED AND FORWARDED TO THE
COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE

Office of the City Administrator

Attachment A: Economic and Fiscal Benefits Generated by Eight Prototypical Medium-Large Oakland Businesses (Keyser Marston Associates)
Attachment B: Requirements and Considerations Table for Business Attraction Incentives

Approved as to Form and Legality

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2009 SEP 17 PM 7:13

OAKLAND CITY COUNCIL

DRAFT
City Attorney

RESOLUTION NO.________________C.M.S.

Introduced by Councilmember __________________

RESOLUTION: (1) AUTHORIZING BUSINESS TAX AND SALES TAX INCENTIVE PROGRAMS TO FACILITATE THE CITY'S BUSINESS ATTRACTION ACTIVITIES; AND (2) AUTHORIZING THE CITY ADMINISTRATOR, WITHOUT RETURNING TO COUNCIL, TO NEGOTIATE AND EXECUTE BUSINESS OR SALES TAX INCENTIVE AGREEMENTS: (A) WITH A TERM OF UP TO TWO YEARS; AND (B) PROVIDING FOR TOTAL INCENTIVE PAYMENTS IN ANY SINGLE AGREEMENT NOT TO EXCEED TWO HUNDRED AND FIFTY THOUSAND DOLLARS ($250,000) PER YEAR, FOR A TOTAL MAXIMUM AMOUNT OF FIVE HUNDRED THOUSAND DOLLARS($500,000)

WHEREAS, the City Council desires to improve the business climate and facilitate opportunities for new businesses in the City of Oakland; and

WHEREAS, the City Council desires to increase the revenues available to the City from tax revenues generated by new businesses in the City of Oakland; and

WHEREAS, the City wishes to encourage new businesses to move to Oakland and create living wage jobs opportunities for Oakland residents; and

WHEREAS, the City desires to establish Jobs and Tax Base Expansion Initiatives (JTBEI) that allow for two incentive programs: (1) a Business Tax Incentive Program; and (2) a Sales Tax Incentive Program; and

WHEREAS, businesses obtaining the incentives would be evaluated based on the Requirements and Considerations for Business Attraction Incentives, as set forth in ***Exhibit A*** attached hereto; and

WHEREAS, the Business Tax Incentive Program could offer qualifying businesses with 20 or more Full-time Equivalent employees relocating from outside Oakland into Oakland a full or partial waiver on City business taxes for one to three years; and

WHEREAS, the Sales Tax Incentive Program could offer retailers with 20 or more Full-Time Equivalent employees incentive payments that equal up to 50 percent of the City portion of their sales tax for one to three years; and

WHEREAS, the City has identified the industry sectors of International Trade and Logistics, Healthcare and Life Sciences, Green Technology, Creative Arts and Digital Media, or Specialty Food Manufacturing as targeted growth sectors that are especially positioned to create the greatest economic growth potential for the City; and

WHEREAS, the City may enter into agreements under either the Business Tax Incentive Program or Sales Tax Incentive Program with businesses classified within the industry sectors of International Trade and Logistics, Healthcare and Life Sciences, Green Technology, Creative Arts and Digital Media, or Specialty Food Manufacturing: (1) if they employ less than 20 Full-time Equivalent employees; and (2) for terms exceeding three years; and

WHEREAS, it is necessary for the City to be able to offer additional flexible terms to attract large format retailers because of the scarcity of appropriate retail sites in the City, and the unique urban infrastructure requirements of large format retailers; and

WHEREAS, the City may offer large format retailers Sales Tax Incentives for periods of longer than three years, but only if the agreement provides that the City will receive the majority of the City portion of sales tax generated by the retailer; now, therefore, be it

RESOLVED: That the City Council herby adopts the Jobs and Tax Base Expansion Initiatives (JTBEI) that allow for two incentive programs: (1) a Business Tax Incentive Program; and (2) a Sales Tax Incentive Program, as described in this Resolution; and be it

FURTHER RESOLVED: That the City Administrator is authorized to negotiate, and execute, without returning to the Council for approval, Business or Sales Tax Incentive Agreements consistent with the JTBEI, provided, however, that any single agreement: (1) is limited to a term no longer than two years; and (2) must limit total incentive payments to no more than two hundred and fifty thousand dollars ($250,000) per year, for an amount not to exceed five hundred thousand dollars ($500,000) for a maximum two year agreement; and be it

FURTHER RESOLVED: That Council must approve by adoption of a Resolution any Business Tax or Sales Tax Incentive Agreement not previously authorized to be executed by the City Administrator without returning to the Council, as set forth in the immediately preceding paragraph; and be it

FURTHER RESOLVED: That each incentive agreement will include penalties for non-compliance that require the company receiving the incentive to return all or a portion of the incentive payments if the company relocates outside of Oakland during the term of the incentive agreement; and be it

FUTHER RESOLVED: That after three years the JTBEI programs will be evaluated on their success at attracting new companies to Oakland, and any necessary adjustments can be made at this time to ensure the goals of the program continue to be achieved; and be it

FURTHER RESOLVED: That the City Administrator or his designee is authorized to negotiate, execute, and submit all documents, applications, agreements and amendments which may be necessary or convenient to implement this Resolution; and be it

FURTHER RESOLVED: That the Office of the City Attorney shall approve the agreements and all such other documents, applications, agreements, and amendments, as to form and legality.

IN COUNCIL, OAKLAND, CALIFORNIA, ______________________

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID, AND PRESIDENT BRUNNER

NOES –

ABSENT –

ABSTENTION –

ATTEST:

____
LATONDA SIMMONS
City Clerk and Clerk of the Council of
the City of Oakland, California