

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

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

2004 OCT 28 PM 5:53

**To:** Office of the City Administrator  
**Attn:** Deborah Edgerly, City Administrator  
**From:** Community and Economic Development Agency  
**Date:** November 9, 2004

**Subject: An Ordinance amending Ordinance Number 12611 C.M.S. (Master Fee Schedule), to increase the \$30 Enterprise Zone processing fee by \$10 to \$40 pursuant to Senate Bill 1097 authorizing an administrative charge of \$10 for the State Enterprise Zone Program.**

---

**Summary**

The attached ordinance amends Ordinance Number 12611 C.M.S. (the Master Fee Schedule, or "MFS"), to increase the \$30 Enterprise Zone (EZ) tax credit voucher processing fee by \$10 to \$40 per voucher, assessed by the Community and Economic Development Agency. This fee on each application is being assessed by the State and must be remitted as a condition of continued designation as an Enterprise Zone. Detailed explanations/justifications for fee changes are provided in the "Discussion" section below and in Attachment A.

**Fiscal Impact**

As this is a pass through to the State, there is no fiscal impact. The State Department of Housing and Community Development (HCD) is directing all California EZ's to collect and remit a \$10 administrative fee. Vervidian, the Workforce Investment Board's Business Services Vendor, currently serves as the billing and collection agent for all business customers of the City's Enterprise Zone vouchering system. Effective upon City Council approval, Vervidian will collect the State's \$10 fee and remit payment directly to the State.

**Discussion**

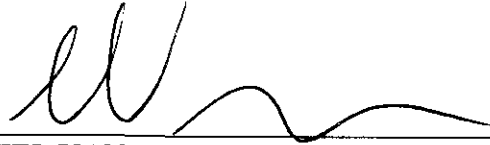
The State EZ Program was legislatively transferred to the State Department of HCD as of January 1, 2004. At that time, the Department was provided only the services of a single employee from another Department and no administrative funding to operate the EZ program. Senate Bill 1097 was signed into law by the Governor on August 16, 2004 authorizing administrative funding for the State EZ program and may sunset July 1, 2006. This funding, in the form of a charge to EZ's of \$10 per voucher, will allow HCD to begin staffing the State EZ program and administer the program effectively (Attachment A).

**Recommendation**

Staff recommends that the City Council accept this report and adopt a proposed ordinance amending the Master Fee Schedule. The amended fees will become effective upon City Council approval.

**Item:** \_\_\_\_\_  
**Finance Committee**  
**November 9, 2004**

Respectfully Submitted,

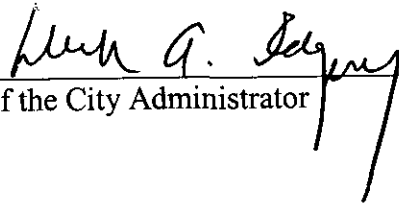


---

DANIEL VANDERPRIEM,  
Director of Redevelopment, Economic  
Development, Housing and Community  
Development

Prepared by:  
Susana Villarreal, Enterprise Zone Coordinator  
Workforce Development, CEDA

APPROVED AND FORWARDED TO THE  
FINANCE AND MANAGEMENT COMMITTEE:



---

Office of the City Administrator

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**  
**DIVISION OF COMMUNITY AFFAIRS**  
**State Enterprise Zone Program**

2710 Gateway Oaks Drive  
Suite 190, North Building  
Sacramento, CA 95833  
(916) 263-0485  
FAX (916) 263-0489



2004-04

September 17, 2004

Susana Villarreal  
City of Oakland  
CEDA Workforce Development  
250 Frank Ogawa Plaza, Suite 3315  
Oakland, CA 94612

Re: Enterprise Zone Hiring Tax Credit Application Fee - **START DATE CHANGE**

Dear Ms. Villarreal:

In our prior correspondence to you, dated August 19, 2004, we informed you that the requirement to implement the Enterprise Zone (EZ) hiring tax credit application fee would go into effect on October 1, 2004. In response to feedback from several Enterprise Zones that may not be able to meet the October 1<sup>st</sup> date, **the Department of Housing and Community Development has revised the start date to November 1, 2004 for implementation of the hiring credit application fee.**

As also stated in that prior correspondence, the Department is currently processing emergency regulations regarding the application fee and will make them available to all EZ Managers/Coordinators upon their completion.

The Department looks forward to working with you to make the Enterprise Zone Program a success. If you have any questions, please feel free to contact the State EZ program at (916) 263-0485.

Sincerely,

Lisa Vergolini  
Section Chief

Item: \_\_\_\_\_  
Finance Committee  
November 9, 2004

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**  
**DIVISION OF COMMUNITY AFFAIRS**  
**State Enterprise Zone Program**

2710 Gateway Oaks Drive  
Suite 190, North Building  
Sacramento, CA 95833  
(916) 263-0485  
FAX (916) 263-0489



August 19, 2004

Susana Villarreal  
City of Oakland  
CEDA Workforce Development  
250 Frank Ogawa Plaza, Suite 3315  
Oakland, CA 94612

Re: Enterprise Zone Hiring Tax Credit Application Fee

Dear Ms. Villarreal,

As you know, the State Enterprise Zone (EZ) Program was legislatively transferred to the State Department of Housing and Community Development (HCD) as of January 1, 2004. At that time, the Department was provided only the services of a single employee from another Department and no administrative funding to operate the EZ Program. The lack of staffing resulted in moratoria being placed on most EZ activities that required HCD action. In spite of this, the Department issued a Request for Proposals and Preliminary Application Handbook; kept zone address listings current, and provided technical assistance to zone administrators and taxpayers.

However, much work needs to be done to operate the EZ Program efficiently and effectively. Immediate work items include promulgating program regulations; entertaining zone expansion requests; providing the Legislature with a statutorily-mandated program report; new zone designations, zone address corrections and updates, and conferring with stakeholders to identify any appropriate program improvements. Each of these tasks will be undertaken in addition to the more routine administrative functions associated with maintaining program systems, providing technical assistance, monitoring local performance, and entertaining zone time extensions. The Department shares your commitment to the success of the State Enterprise Zone Program.

Senate Bill 1097 was signed into law by the Governor on August 16, 2004 authorizing administrative funding once again for the State EZ Program. This funding will allow HCD to begin staffing the State EZ Program and administer the program effectively. Pursuant to SB 1097, on October 1, 2004 all Enterprise Zones will be assessed a fee of ten dollars (\$10) for each application it accepts for issuance of an Enterprise Zone Hiring Tax Credit. The local zone administrator may collect this fee at the time it accepts an application for issuance of a voucher. This fee would be in addition to a local zone application fee, if any. The \$10 application fees collected for each month must

Item: \_\_\_\_\_  
Finance Committee  
November 9, 2004

Ms. Villarreal

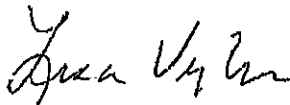
Page 2

be remitted to the State Department of Housing and Community Development via a single check from the EZ and will be accompanied by a remittance form supplied by HCD (attached). The initial remittance of October's fees will be due to the Department in late-November. Remittance of the fees to the State will be a condition of continued designation as an Enterprise Zone.

The Department is currently developing emergency regulations regarding the application fee and will make them available to all EZ administrators upon their completion. The Department will provide more detailed guidance and training on the fee once the regulations are in place. In the meantime, Enterprise Zone administrators should immediately develop processes to collect and remit the fees now in order to comply with the implementation dates above.

The Department looks forward to working with you to make the Enterprise Zone Program a success and a model of a smart State partnership with the local Economic Development community. If you have any questions, please feel free to contact the State EZ program at (916) 263-0485.

Sincerely,



Lisa Vergolini  
Section Chief

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**  
**DIVISION OF COMMUNITY AFFAIRS**  
 State Enterprise Zone Program  
 2710 Gateway Oaks Drive  
 Suite 190, North Building  
 Sacramento, CA 95833  
 (916) 263-0485  
 FAX (916) 263-0489



**STATE ENTERPRISE ZONE  
 MONTHLY REMITTANCE FORM**

This form is used for the collection of application fees for Enterprise Zone hiring credit vouchers. It is due by the 25<sup>th</sup> each month for the prior month receipts. Please contact the State Enterprise Zone Program at (916) 263-0485 if you have any questions.

ZONE NAME \_\_\_\_\_ DATE \_\_\_\_\_  
 ADDRESS \_\_\_\_\_  
 CITY, STATE, ZIP CODE \_\_\_\_\_  
 CONTACT NAME \_\_\_\_\_ TITLE \_\_\_\_\_  
 TELEPHONE \_\_\_\_\_ EMAIL ADDRESS \_\_\_\_\_

NUMBER OF APPLICATIONS (N) \_\_\_\_\_ TIMES \$10.00 (N x \$10) = TOTAL ENCLOSED \$ \_\_\_\_\_  
 PERIOD FOR APPLICATIONS \_\_\_ / \_\_\_ (month/year)

Please Remit to: Department of Housing and Community Development  
 HCD Accounting Office, Rm. 415  
 CASHIER  
 P. O. Box 952050  
 Sacramento, CA 94252-2050

Accounting Office Only

FUND	FY	DATE	AMOUNT	SOURCE	INDEX	PCA	
0001					8000	87050	

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT  
DIVISION OF COMMUNITY AFFAIRS  
State Enterprise Zone Program**

2710 Gateway Oaks Drive  
Suite 190, North Building  
Sacramento, CA 95833  
(916) 263-0485  
FAX (916) 263-0489



2004-04

September 17, 2004

Susana Villarreal  
City of Oakland  
CEDA Workforce Development  
250 Frank Ogawa Plaza, Suite 3315  
Oakland, CA 94612

Re: Enterprise Zone Hiring Tax Credit Application Fee - **START DATE CHANGE**

Dear Ms. Villarreal:

In our prior correspondence to you, dated August 19, 2004, we informed you that the requirement to implement the Enterprise Zone (EZ) hiring tax credit application fee would go into effect on October 1, 2004. In response to feedback from several Enterprise Zones that may not be able to meet the October 1<sup>st</sup> date, **the Department of Housing and Community Development has revised the start date to November 1, 2004 for implementation of the hiring credit application fee.**

As also stated in that prior correspondence, the Department is currently processing emergency regulations regarding the application fee and will make them available to all EZ Managers/Coordinators upon their completion.

The Department looks forward to working with you to make the Enterprise Zone Program a success. If you have any questions, please feel free to contact the State EZ program at (916) 263-0485.

Sincerely,

Lisa Vergolini  
Section Chief

Item: \_\_\_\_\_  
Finance Committee  
November 9, 2004

Approved as to form and legality:  
Deputy City Attorney  
2004 OCT 28 PM 5:53

# OAKLAND CITY COUNCIL

ORDINANCE NO. \_\_\_\_\_ C.M.S.

**AN ORDINANCE AMENDING ORDINANCE NO. 12611 C.M.S. (MASTER FEE SCHEDULE) TO INCREASE THE \$30 ENTERPRISE ZONE PROCESSING FEE BY \$10 TO \$40**

**WHEREAS**, the City of Oakland periodically updates its Master Fee Schedule to account for general cost of living increases and program changes or other costs; and

**WHEREAS**, the fee modifications and additions proposed herein have been justified by the Community and Economic Development Agency and are identified in the Agenda Report accompanying this Ordinance; and

**WHEREAS**, the City Council finds and determines that the herein-referenced modifications and additions are necessary to reimburse the State of California Housing and Community Development for the costs of administering the State Enterprise Zone Program;

**NOW THEREFORE**, the Council of the City of Oakland does hereby ordain as follows:

**Section 1.** The Master Fee Schedule as set forth in Ordinance No. 12611 C.M.S. is hereby amended to increase the \$30 Enterprise Zone tax credit voucher processing fee assessed by the Community and Economic Development Agency by \$10 to \$40.

**Section 2.** This Ordinance shall be effective immediately upon its passage as provided by Section 216 of the City Charter, if adopted by at least six members of Council, or upon the seventh day after final adoption if adopted by fewer votes.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2004

**PASSED BY THE FOLLOWING VOTE:**

**AYES:** BROOKS, BRUNNER, CHANG, NADEL, QUAN, REID, WAN AND PRESIDENT DE LA FUENTE

**NOES:**

**ABSENT:**

**ABSTENTION:**

**ATTEST:** \_\_\_\_\_  
CEDA FLOYD  
City Clerk and Clerk of the Council  
Of the City of Oakland, California



R

**AN ORDINANCE AMENDING ORDINANCE NO. 12611 C.M.S. (MASTER FEE SCHEDULE) TO INCREASE THE \$30 ENTERPRISE ZONE PROCESSING FEE BY \$10 TO \$40**

## **NOTICE AND DIGEST**

This Ordinance amends the City's Master Fee Schedule to increase the \$30 Enterprise Zone tax credit voucher processing fee assessed by the Community and Economic Development Agency by \$10 to \$40.