

RESOLUTION NUMBER R- 310895

DATE OF FINAL PASSAGE DEC 22 2016

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO AUTHORIZING THE EXPENDITURE OR REALLOCATION OF CERTAIN FUNDS RECEIVED BY THE CITY FOR THE ADMINISTRATION OF THE FORMER SAN DIEGO REGIONAL ENTERPRISE ZONE PROGRAM.

WHEREAS, enterprise zones, created pursuant to and governed by California Government Code sections 7070-7089 (Enterprise Zone Act), were geographical areas located throughout California designed and authorized for the purpose of stimulating business and industrial growth in economically underinvested areas by relaxing regulatory controls that impede private investment; and

WHEREAS, pursuant to the Enterprise Zone Act, the Enterprise Zone Program (EZ Program) provided state sales and use tax credits, business expense deductions, and employee hiring tax credits (Hiring Tax Credit), as well as local incentives comprised of regulatory, tax, program, and other incentives, to attract private sector investment to each enterprise zone; and

WHEREAS, the California Department of Housing and Community Development (HCD) was authorized to designate new enterprise zones and provide administrative oversight of the EZ Program to existing enterprise zones; and

WHEREAS, on November 3, 2006, HCD awarded designation of the San Diego Regional Enterprise Zone (Former SDREZ), a multi-jurisdictional, regional enterprise zone comprised of geographical areas within the cities of San Diego, Chula Vista, and National City; and

WHEREAS, the cities of San Diego, Chula Vista, and National City (collectively, SDREZ Original Partners) entered into a memorandum of understanding establishing the partnership framework necessary to create the Former SDREZ and establishing the City of San Diego as the zone administrator (Administrator); and

WHEREAS, in order to receive the Hiring Tax Credit under the Enterprise Zone Program, an eligible business applied for the credit by submitting a California Enterprise Zone Hiring Tax Credit Voucher Application (Voucher Application) to its zone administrator and, upon verification of eligibility, the zone administrator issued a Hiring Tax Credit Voucher Certificate (Voucher Certificate) for the business to submit with its income tax filing; and

WHEREAS, as Administrator of the Former SDREZ, the City was required to process all Former SDREZ Voucher Applications and issue Voucher Certificates (Voucher Program); and

WHEREAS, as Administrator of the Former SDREZ, the City charged a fee of \$100 for each Voucher Application processed, as permissible under article XI, section 7 of the California Constitution, to offset state and local administrative costs associated with administering the Voucher Program; and

WHEREAS, the Enterprise Zone Act was repealed as of January 1, 2014, pursuant to California Assembly Bill 93 (2013-2014 Reg. Sess.) (AB 93), resulting in the premature termination of all enterprise zones, but allowing qualifying businesses in former enterprise zones to continue to take advantage of the Hiring Tax Credit if issued a Voucher Certificate by a zone administrator during calendar year 2014; and

WHEREAS, the City elected to continue accepting Voucher Applications from qualifying businesses in the Former SDREZ through October 1, 2014, resulting in additional funds paid to the City; and

WHEREAS, the residual funds associated with the Former SDREZ (SDREZ Funds), generated from administration of the Voucher Program, total \$3,503,533.52 and are considered general funds to the extent they were paid to the City for the purpose of offsetting administrative costs incurred as Administrator of Former SDREZ; and

WHEREAS, the City recognizes that availability of the SDREZ Funds affords a unique opportunity for the SDREZ Original Partners to further invest in the economic vitality of the regional business community, and particularly within the Former SDREZ; and

WHEREAS, the SDREZ Funds can be used to further the City's goal to support the Economic Development Department in its pursuit to develop certain economic and workforce development initiatives, including strategic opportunities with long term economic growth benefit potential, and to complement regional economic development goals of the City's Strategic Framework Plan and Economic Development Strategy; and

WHEREAS, the City wishes to allocate a portion of the SDREZ Funds to certain contracts that support new and existing economic and workforce development opportunities; and

WHEREAS, the City wishes to allocate the remaining portion of the SDREZ Funds to the following programs (collectively, Economic Development Programs) that target new economic and workforce development opportunities: Water and Sewer Capacity Bank, Fee Payment Incentive Program, Placemaking Revolving Loan Fund, Activation Grants Program, Capacity-Building Initiative, and CONNECT2Careers Program; NOW, THEREFORE,

BE IT RESOLVED, by the City Council of the City of San Diego, as follows:

1. The Chief Financial Officer is authorized to appropriate and expend an amount not to exceed \$486,991.16 from Fund No. 200445, payable to the City of Chula Vista, and

representing the amount proportional to the percentage of Voucher Applications processed from qualifying businesses in Chula Vista.

2. The Chief Financial Officer is authorized to appropriate and expend an amount not to exceed \$455,809.71 from Fund No. 200445, payable to National City, and representing the amount proportional to the percentage of Voucher Applications processed from qualifying businesses in National City.

3. The Chief Financial Officer is authorized to appropriate and expend an amount not to exceed \$200,000 from Fund No. 200445 for a contract with Code for America Labs, Inc. to implement the Code for America Project.

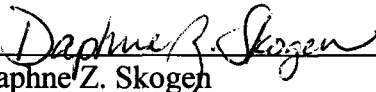
4. The Chief Financial Officer is authorized to appropriate and expend an amount not to exceed \$50,000 from Fund No. 200445 for a contract with San Diego Workforce Partnership toward the CONNECT2Careers Program.

5. The Chief Financial Officer is authorized to appropriate and expend an amount not to exceed \$100,000 from Fund No. 200445 to engage a consultant to analyze, and potentially restructure, the City's existing revolving loan programs.

6. The Chief Financial Officer is authorized to allocate the remaining balance of the SDREZ Funds in Fund No. 200445 and appropriate funds to the Economic Development Programs as follows: \$750,000 to the Water and Sewer Capacity Bank; \$240,000 to the Fee Payment Incentive Program; \$400,000 to the Placemaking Revolving Loan Fund; \$200,000 to the Activation Grants Program; \$367,000 to the Capacity-Building Initiative; and \$250,000 to the CONNECT2Careers Program.

7. The Chief Financial Officer is authorized to reallocate funds from one Economic Development Program to another Economic Development Program, at the request of the Economic Development Department Director, and subject to approval by the Mayor.

APPROVED: MARA W. ELLIOTT, City Attorney

By   
Daphne Z. Skogen  
Deputy City Attorney

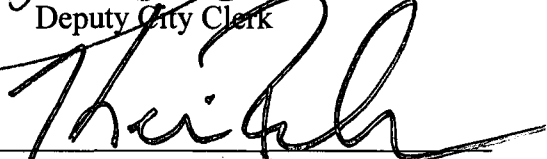
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November 22, 2016  
December 12, 2016 Cor. Copy  
Or.Dept: Econ. Dev. Dept.  
CC No. 9000009289  
Doc. No.: 1396131\_4

I certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of DEC 13 2016.

ELIZABETH S. MALAND  
City Clerk

By   
Deputy City Clerk

Approved: 12/21/16  
(date)

  
KEVIN L. FAULCONER, Mayor

Vetoed: \_\_\_\_\_  
(date)

\_\_\_\_\_  
KEVIN L. FAULCONER, Mayor

The City of San Diego  
**COMPTROLLER'S CERTIFICATE**

**CERTIFICATE OF UNALLOTTED BALANCE**

ORIGINATING CC 9000009289  
 DEPT. NO. \_\_\_\_\_

I HEREBY CERTIFY that the money required for the allotment of funds for the purpose set forth in the foregoing resolution is available in the Treasury, or is anticipated to come into the Treasury, and is otherwise unallotted.

Amount: \_\_\_\_\_

Purpose: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Date: \_\_\_\_\_ By: \_\_\_\_\_  
 COMPTROLLER'S DEPARTMENT

ACCOUNTING DATA									
Doc. Item	Fund	Funded Program	Internal Order	Functional Area	G/L Account	Business Area	Cost Center	WBS	Original Amount
TOTAL AMOUNT									

FUND OVERRIDE

**CERTIFICATION OF UNENCUMBERED BALANCE**

I HEREBY CERTIFY that the indebtedness and obligation to be incurred by the contract or agreement authorized by the hereto attached resolution, can be incurred without the violation of any of the provisions of the Charter of the City of San Diego; and I do hereby further certify, in conformity with the requirements of the Charter of the City of San Diego, that sufficient moneys have been appropriated for the purpose of said contract, that sufficient moneys to meet the obligations of said contract are actually in the Treasury, or are anticipated to come into the Treasury, to the credit of the appropriation from which the same are to be drawn, and that the said money now actually in the Treasury, together with the moneys anticipated to come into the Treasury, to the credit of said appropriation, are otherwise unencumbered.

Not to Exceed: \$3,503,533.52

Vendor: City of San Diego, City of Chula Vista and National City.

Purpose: Disbursement and Reinvestment of Former San Diego Regional Enterprise Zone (SDREZ) Program Funds.

Date: September 16, 2016 By: Grace Aihie  
 Grace Aihie  
 COMPTROLLER'S DEPARTMENT

ACCOUNTING DATA									
Doc. Item	Fund	Funded Program	Internal Order	Functional Area	G/L Account	Business Area	Cost Center	WBS	Original Amount
001	200445		21002993	OTHR-00000000-NS	512066	1316	1316140011		\$486,991.16
002	200445		21002992	OTHR-00000000-NS	512066	1316	1316140011		\$2,560,732.65
003	200445		21002990	OTHR-00000000-NS	512066	1316	1316140011		\$455,809.71
TOTAL AMOUNT									\$3,503,533.52

FUND OVERRIDE

Passed by the Council of The City of San Diego on DEC 13 2016, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Barbara Bry	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lorie Zapf	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chris Ward	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Myrtle Cole	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mark Kersey	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chris Cate	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Scott Sherman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
David Alvarez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Georgette Gomez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage DEC 22 2016

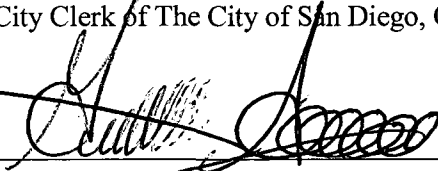
**(Please note: When a resolution is approved by the Mayor, the date of final passage is the date the approved resolution was returned to the Office of the City Clerk.)**

AUTHENTICATED BY:

KEVIN L. FAULCONER  
Mayor of The City of San Diego, California.

ELIZABETH S. MALAND  
City Clerk of The City of San Diego, California.

(Seal)

By  \_\_\_\_\_, Deputy

Office of the City Clerk, San Diego, California  
Resolution Number R- 310895