



City of San Diego

# **Economic Growth Services Enterprise Zone Fee**

April 1, 2009



# Economic Growth Services – Enterprise Zone Fee

Introduction to department fees:

- Total department revenues:  
\$369,000 (FY 08)
- Revenue generated from user fees: \$175,000 (FY 08)
- Total number of user fees in department: 2
  - Enterprise Zone Fee
  - Foreign Trade Zone Annual Fee (contract based fee)
- Fee has not been revised since implementation in 2005
- Number of user fees proposed to increase: 1
- Potential increase in revenue if proposed user fees are approved: \$275,000



## **Economic Growth Services – Enterprise Zone Fee (cont.)**

- An additional \$194,000/annually is anticipated to be received from the San Diego Regional Enterprise Zone partners to offset the costs associated with the administration of the EZ Program.



# Economic Growth Services – Enterprise Zone Fee

Fee Description	Current Fee	Proposed Fee	Current Revenue	Proposed Revenue	Change (\$)	Change (%)	Current Cost Recovery	Proposed Cost Recovery
<b>Category I</b>								
Enterprise Zone Fee*	\$50	\$100	\$175,000	\$450,000	\$275,000	157%	56%	97%
*Footnote: Cost recovery level for program revenue in equation includes SDREZ Partners MOU revenue of \$194,000								
<b>Category II</b>								
N/A								
<b>Category III</b>								
N/A								



## Economic Growth Services – Enterprise Zone Fee

- In FY 05, State mandated implementation of the \$10 per EZ hiring credit application
- An additional local EZ program fee is allowed at the discretion of the local jurisdiction
- Other CA EZ jurisdictions are evaluating EZ fees which currently range from \$12 to \$102



## Economic Growth Services – Enterprise Zone Fee (cont.)

- FY10 PE and NPE expenses & revenue:
  - \$661,361 (expenses)
  - \$175,000 (revenue based on current EZ fee)
  - \$194,000 (SDREZ MOU revenue)
  - \$292,361 (44% gap)



## Economic Growth Services – Enterprise Zone Fee (cont.)

- Current EZ fee: \$50/application
  - \$10 State mandated fee/application
  - \$50 Local EZ program fee/application
- Proposed EZ fee: \$100/application
  - \$10 State mandated fee/application
  - \$90 Local EZ program fee/application



## Economic Growth Services – Enterprise Zone Fee (cont.)

- Projected EZ applications for FY10: 4,500
- FY10 PE and NPE expenses & revenue:
  - \$661,361 (expenses)
  - \$450,000 (revenue based on \$100 EZ fee)
  - \$194,000 (SDREZ MOU revenue)
  - \$ 17,361 (3% gap)



## **Economic Growth Services – Enterprise Zone Fee (cont.)**

- Program costs include direct and indirect costs (load and overhead)
- Implement new fee on July 1, 2009
- Projected increase in revenue is \$275,000
- No anticipated issues or impacts to EZ benefits due to the fee increase
- Notice will be mailed to EZ stakeholders prior to City Council meeting



# Stakeholder Meetings

- Staff presented information at Mayor's stakeholders meeting on March 17, 2009



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Questions?