City-Wide Economic Incentives Program

Adopted by the City Council July 27, 2009
Amended by the City Council February 8, 2010

The City of Livermore's City-Wide Economic Incentive Program has been designed to increase the viability of businesses already located in Livermore and to attract and encourage new businesses to establish their operations within the City. This program is in addition to the previously adopted Downtown Economic Incentive Program that serves the businesses located within the Redevelopment Area.

The City-wide Economic Incentive Program is divided into two components: Business and Development Incentive Programs and Business Promotion Programs. The Business and Development Incentive Program is designed to encourage businesses and developers in the construction of new structures and the modification of existing structures. The Business Promotion Program is designed to promote businesses in Livermore and encourage residents to shop local.

The programs listed below are available for all new businesses and developments that meet the minimum requirements set forth in each of the programs. A business may participate in more than one program. All applications to participate in the programs shall be submitted to the Economic Development Department located at 1052 South Livermore Avenue, Livermore, CA 94550. Questions about the program or requests for an application may be sent via email to econdev@cityoflivermore.net or by calling 925-960-4140. Businesses located in the Downtown Area that are interested in the Downtown Economic Incentives Programs may call 925-960-4590 for more information about current Downtown Economic Incentive Programs.

Business and Development Incentive Programs

Sales Tax Reimbursement Program

General Information

This program is designed to provide an incentive to businesses to either establish their operations within the City of Livermore or, if they are already located within the City, to expand their operations. The program assists those businesses that generate sales tax dollars to the City of Livermore. The sales tax dollars above the adopted limits are then reimbursed back to the business to assist with costs associated with either establishing the business or expanding the business. The costs that qualify for the reimbursement dollars are:

- Public Infrastructure Improvements associated with the improvements for the business or development as approved by the City Engineer or his or her designee.
- Approved Entitlement and Development Impact Fees associated with the City of Livermore.

The total amount of sales tax that can be reimbursed back to the business shall not exceed the combined total costs to the developer of the infrastructure improvements and development impact fees. The Sales Tax dollars will be reimbursed to the business on an annual basis after the city has received the funds from the State of California. Costs reimbursed under other programs are not eligible for reimbursement through the Sales Tax Reimbursement Program.

New Businesses

A new business is defined as a business that does not have current operations in the City of Livermore.

To participate in one of the following Sales Tax Reimbursement Programs, the new business must meet the requirements and thresholds of the following programs. A new business may participate in only one of the Sales Tax Reimbursement Programs listed below.

Existing Businesses

An existing business is defined as currently having operations established within the City of Livermore.

The Sales Tax Reimbursement Programs may be used by an existing business to offset the costs associated with new public infrastructure upgrades and development fees associated with relocation of the business within the City or expansion of operations at the current facility that occurs after August 1, 2009. To participate in one of the following Sales Tax Reimbursement Programs, the existing business must meet the requirements and thresholds of the following programs. A new business may participate in only one of the Sales Tax Reimbursement Programs listed below.

At the time of application, the sales tax dollar amount previously generated by the business' taxable sales over the past twelve quarters will be averaged and used as a base annual sales tax dollar amount. The business will then be eligible to receive a sales tax reimbursement for any new sales tax generated above the base amount.

Program 1 - Estimated sales between $3,000,000 and $50,000,000

To participate in the Sales Tax Reimbursement Program 1, the new business must generate a minimum of $30,000 and a maximum of $500,000 in annual sales tax ($3,000,000 - $50,000,000 in sales) to the City of Livermore beginning within the first year of operation of the business. The first year of operation begins when the business license is issued by the City and is complete when four quarters of sales tax generation has been reported by the State.

After the first year of operation, the City of Livermore will reimburse back to the business a portion of the sales tax generated by the business for a total of five years. The percentage of the amount that is reimbursed each year is as follows:

Year in Program	Percentage of Sales Tax Dollars Reimbursed
1	50%
2	50%
3	30%
4	30%
5	15%

The total dollars reimbursed back to the business / development shall not exceed the total costs of the public infrastructure improvements and approved development impact fees associated with the development. The value of the public infrastructure improvements will be determined through an engineer's report and approved by the City Engineer.

Program 2 - Estimated sales between $30,000,000 and $100,000,000

To participate in the Sales Tax Reimbursement Program 2, the new business must generate a minimum of $300,000 and a maximum of $1,000,000 in annual sales tax ($30,000,000 - $100,000,000 in sales) to the City of Livermore beginning within the first year of operation of the business. The first year of operation begins when the business license is issued by the City and is complete when four quarters of sales tax generation has been reported by the State.

After the first year of operation, the City of Livermore will reimburse back to the business a portion of the sales tax generated by the business for a total of fifteen years. The percentage of the amount that is reimbursed each year is twenty-five percent (25%).

The total dollars reimbursed back to the business / development shall not exceed the total costs of the public infrastructure improvements and approved development impact fees associated with the development. The value of the public infrastructure improvements will be determined through an engineer's report and approved by the City Engineer.

Program 3 - Estimated sales over $100,000,000

To participate in the Sales Tax Reimbursement Program 3, the new business must generate a minimum of $1,000,000 in annual sales tax ($100,000,000 in sales) to the City of Livermore beginning within the third year of operation of the business. The first year of operation begins when the business license is issued by the City and is complete when four quarters of sales tax generation has been reported by the State.

Once the business has reached the base sales tax amount of $1,000,000, the City of Livermore will rebate all sales tax above the base amount to a maximum of $500,000. Any additional sales tax dollars that are generated over the initial $500,000 are shared between the business/developer and the City of Livermore at a negotiated percentage.

The total dollars reimbursed back to the business / development shall not exceed the total costs of the public infrastructure improvements and approved development impact fees associated with the development. The value of the public infrastructure improvements will be determined through an engineer's report and approved by the City Engineer.

Expedited Entitlement Review Period

For businesses and development that qualify for the Sales Tax Reimbursement Program, the City of Livermore will ensure all efforts are made to provide a shortened entitlement review period of 60 days for complete applications. The standard entitlement review period is a 90-100 day period from the time a complete application is received. In order to allow businesses and development to receive expedited review of their applications which will assist them in establishing their operations within the City of Livermore, Livermore will make all efforts to provide determinations in an expedited manner.

The 60-day entitlement period applies to projects that meet the following criteria:

- The proposed project is consistent with the General Plan
- The proposed project is consistent with the Zoning Code
- The proposed project does not require any significant environmental studies or review above a Negative Declaration
- The applicant agrees to standard conditions of approval

In an effort to help applicants provide a complete application, the City of Livermore offers the following services:

- Advanced Team Meeting
- Application Completeness Handout
- Internal Project Review Meetings
- Early assignment of City Staff to project from Pre-Application review to Final Entitlement
- One Stop Permit Center
- Approximate Fee Calculations at Conceptual Stage

Development Impact Fee Deferral Program

In response to unprecedented economic conditions associated with the global financial market crisis, the City of Livermore has adopted the following fee deferral program aimed at incentivizing development.

<u>Development requiring a new meter</u>

For developments requiring a new utility meter, fees are due and payable by date of final inspection for the first utility meter release or 12 months after issuance of the building permit for residential, or 18 months after issuance of building permit if non-residential, whichever comes first.

Security for the fees shall be in the form of a Deferred Payment Agreement. The Deferred Payment Agreement requires that all costs associated with the fee payment be borne by the Developer.

Construction not requiring a new meter

For construction not requiring a new meter, such as tenant improvement, fees are due 12 months after issuance of the building permit for residential, 18 months after issuance of building permit for non-residential, or by issuance of certificate of occupancy, whichever occurs first.

Security for the fees shall be in the form of a RECORDED Deferred Payment Agreement.

High Wage Incentive Program

The High Wage Incentive Program is designed to recruit new businesses to Livermore that pay high wages to their employees and encourage existing businesses to hire additional employees. A new business is defined as a business that does not have current operations in the City of Livermore. The intention of the program is that the high wages paid to employees would encourage employees to live locally and purchase local goods and services.

The high wage minimum salary is reviewed annually and adjusted to the salary necessary to afford the then current median home price in Livermore at the beginning of each fiscal year. For the 2009/2010 fiscal year, the qualifying high wage salary is $58,928.00. Upon entering into an agreement to participate in the High Wage Incentive Program, the high wage salary at that time will become the qualifying salary that must be met in order for the business to receive payments, The qualifying high wage salary will be adjusted on an annual basis to current CPI, but at no time will the qualifying salary adjust lower than the initial salary amount.

The payments are made 12 months after the business has been accepted into the program and can provide documentation of the salaries paid and that the employees have been employed for the entire 12 month period. Existing businesses applying to participate in the program must provide documentation confirming that the new jobs are not replacement jobs for layoffs that have occurred in the previous twelve months.

Non-Sales Tax Generating Businesses

For Businesses that are either in the Bio-medical field or in high-tech field, and do not generate sales tax, they may participate in a five year High Wage Incentive program. This program will pay to the business annually $1000.00 per employee that is paid at least the adopted high wage salary or more. The payments are made to the business for a period not to exceed five years. Existing Businesses must be adding a minimum of 25% of their current workforce as new jobs to participate in the program. New Businesses must have at least 50% of their workforce at the High Wage Salary amount to participate.

Sales Tax Generating Businesses

Any business that generates at least $30,000.00 in sales tax to the City of Livermore ($3,000,000 in sales) may participate in a ten year High Wage Incentive Program. This program will pay to the business annually $1000.00 per employee that is paid at least the adopted high wage salary or more. The payments are made to the business for a period not to exceed ten years. At no time may the annual payments to the business exceed more than 50% of the sales tax generated by the business each year. Existing Businesses must be adding a minimum of ten (10) new jobs at the High Wage Salary to participate in the program. New Businesses must have a minimum of ten (10) jobs at the High Wage Salary to participate in the program.

Business Promotion Programs

The Business Promotion Program supports and promotes businesses within the City of Livermore. Both of the programs are designed to get information about businesses in Livermore to residents in the City and surrounding area. Both of these programs are free for businesses to participate in and for residents to find information about.

Small Local Emerging Business (SLEB) Directory

The Small, Local and Emerging Business (SLEB) program is a race and gender neutral program designed to enhance contracting and procurement opportunities for small, local and emerging businesses within Alameda County. The SLEB program was developed to promote and foster inclusiveness, diversity and economic development; as well as on-going evaluation to ensure all businesses including SLEBs are provided equal opportunities in County contracting and procurement activities. The SLEB program is currently administered by Alameda County through the Office of Contract Compliance (OCC). This program is open to all businesses meeting the following requirements:

- Local Business – A business having a fixed office with a street address in Alameda County for a minimum period of 6 months and valid business license issued by the County or a City within Alameda County.
- Small Business – A business which has been certified by the County as local and meets one half the U.S. Business Administration (SBA) size standards for its classification.
- Emerging Business – A business which has been certified by the County as local and meets one half of the U.S. SBA size standards for its classification and has been in business less than 5 years.

Not only does this program allow for businesses to register and be eligible for county contracts, but also allows residents to search for businesses to provide a particular service they may be in need of. The City of Livermore will provide a direct link on the City of Livermore website to the SLEB website (www.co.alameda.ca.us/auditor/sleb) to allow businesses to register for the program and for residents to search for businesses.

The benefits of this program provide a method of inclusion for the small and emerging businesses, an opportunity for growth, capacity building, and participation in Alameda County contracting and procurement activities. Certified small and emerging businesses are eligible to receive a 5% bid evaluation preference. The maximum preference per contract is 10%: 5% for local business

plus 5% for either certified small or emerging business status. Certified businesses receive maximum exposure to the public procurement process and are ensured to be included in all training, networking and development opportunities. By including all businesses in the contracting processes and activities and allowing residents to find services to shop local, it leads to a healthy business environment, which promotes a healthy economy, lower regional unemployment and a higher standard of living.

New Business List on City Website

Under this program, a new section on the City website list new businesses that have opened for operation in the City of Livermore. This area will be updated on a monthly or bi-monthly basis and will provide information about the new business, including such things as location, type of business or services provided, hours of operation and other pertinent information.