



The County of El Dorado

Chief Administrative Office

330 Fair Lane
Placerville, CA 95667-4197

Terri Daly
Chief Administrative Officer

Phone (530) 621-5530
Fax (530) 626-5730

DATE: January 23, 2014
TO: Board of Supervisors
FROM: Jim Claybaugh, Economic & Business Relations Manager
RE: Economic Development Incentive Policy

Background

The Economic Development Element of the current General Plan outlines principles such as providing opportunities for positive economic growth, providing land use guidelines that foster a sound economic base, and create employment opportunities commensurate with local housing costs.

Additionally, this Element includes objectives such as improving the County's regulatory process, business retention and expansion, and creating jobs-housing balance. The application of financial and non-financial incentives is specifically stated in the Element in order to achieve these goals.

The use of incentives as an inducement to job creation is a common economic development practice. Because of their extensive use and subsequent impact studies, a number of best practices have been developed to ensure the appropriate use of incentives. According to the Government Finance Officers Association (GFOA), best practices include, but are not limited to, a thorough and clearly defined cost-benefit analysis, specific performance standards, and ongoing compliance monitoring, for each project.

The Chief Administrative Office will develop administrative procedures to implement the proposed policy that will incorporate those best practices.

Reason for Recommendation

At the December 17, 2013 Board of Supervisors meeting, the Board approved and authorized the Chief Administrative Officer to sign an Economic Incentive Agreement with Bloo Solar, a firm located in El Dorado Hills, to provide a property tax rebate as an incentive to support their business expansion within the County (Agreement 357-O1411). That approval was contingent upon Board adoption of an Economic Incentive Policy and final review and approval of the agreement by County Counsel. Staff from the Chief Administrative Office has developed a proposed Economic Incentive Policy for review and approval by the Board.

There are a number of possible incentives identified in the proposed policy. Some of the non-financial incentives identified the policy, particularly as they apply to permitting and the regulatory processes, have already been initiated and utilized by staff when feasible. The proposed policy would formalize current practices and provide for new incentive options.

Once the policy is adopted by the Board, detailed procedures to implement the policy will be developed and issued as a directive by the Chief Administrative Office. These procedures will reflect best practices designed to generate desired business growth, job creation and positive economic results for the County and local businesses.

The proposed policy is recommended as a starting point. Staff recommends engaging Community and Economic Development Advisory Committee (CEDAC), the Economic Development Investment Team and other relevant stakeholders in the continued development and refinement of a comprehensive Economic Incentive Policy for future consideration by the Board.

Next Steps

Upon adoption of the policy, the Chief Administrative Officer will execute Agreement 357-O1411 with Bloo Solar.

Staff from the Chief Administrative Office will develop the Administrative Procedures necessary to implement the policy.

Staff from the Economic Development Division will work with CEDAC, the Economic Development Investment Team, and other relevant stakeholders in the continued development of a comprehensive Economic Incentive Policy.