



OFFICE OF THE CITY MANAGER

**DATE: SEPTEMBER 13, 1999**

**TO: CITY COUNCIL**

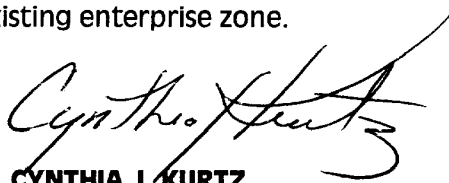
**FROM: CYNTHIA J. KURTZ, CITY MANAGER**

**SUBJECT: FURTHER EXPANSION OF THE PASADENA ENTERPRISE ZONE**

This is to inform you of a modification to the agenda report submitted to the Business Enterprise Committee (BEC) on June 16, 1999. The modification resulted from a Northwest Commission request to expand the boundaries to the maximum allowable area. As a result, an additional four to five blocks were added to the expansion area in the East Pasadena area. The expanded area is illustrated on Exhibit A of the attached resolution (which has been slightly modified from the resolution attached to the June 16, 1999 agenda report to the Business Enterprise Committee.)

Staff returned to the Northwest Commission after the BEC endorsement, when staff realized the first Northwest Commission action did not constitute a true majority vote. Given the importance of the Northwest Commission's support, staff returned at their request to formalize their support. The second meeting resulted in a majority vote with the condition that the expansions be increased the full 20% that is allowed by the State.

The additional area will capture commercial and manufacturing areas along Foothill Boulevard, Walnut Street, and the easterly portions of Colorado Boulevard. The expansion will only result in the provision of the State tax incentives and not the City's benefits that are part of the existing enterprise zone.

  
**CYNTHIA J. KURTZ**  
City Manager

9/13/99  
Item 5.A.1.

**A RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF PASADENA  
REGARDING THE EXPANSION OF THE PASADENA ENTERPRISE ZONE**

**WHEREAS**, on January 1, 1999, the Office of Administrative Law has approved the California State Administrative Code Section 5618, 5619, and 5620 which allows each existing Enterprise Zone to expand twenty percent (20%) over the remaining life of their zone; and

**WHEREAS**, the City Council desires to expand the Pasadena Enterprise Zone in order to increase the number of job opportunities for residents of the Northwest area of Pasadena.

**NOW THEREFORE, BE IT RESOLVED** by the City Council of the City of Pasadena that:

1. The City of Pasadena approves the expansion of the Pasadena Enterprise Zone as shown in the map attached hereto as Exhibit "A" and incorporated hereto by this request.
2. The City of Pasadena certifies that:
  - a) The expansion area is no more than twenty percent (20%) of the existing Pasadena Enterprise Zone;
  - b) The zoning of the expansion area is at least fifty-one percent (51%) commercial and industrial;
  - c) The expansion area is continuous and contiguous with the existing Pasadena Enterprise Zone.
  - d) The expansion will not cause any detrimental environmental impacts on the proposed area of expansion.
3. The Director of the Housing and Development Department be directed to submit the Request for Expansion of the City of Pasadena Enterprise Zone to the California Trade and Commerce Agency for final acceptance and approval.
4. This resolution will take effect immediately upon its adoption.

Adopted at the regular meeting of the City Council on the \_\_\_\_\_ day of \_\_\_\_\_, 1999, by the following votes:

AYES:

NOES:

ABSENT:

ABSTAIN:

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JANE L. RODRIGUEZ  
City Clerk

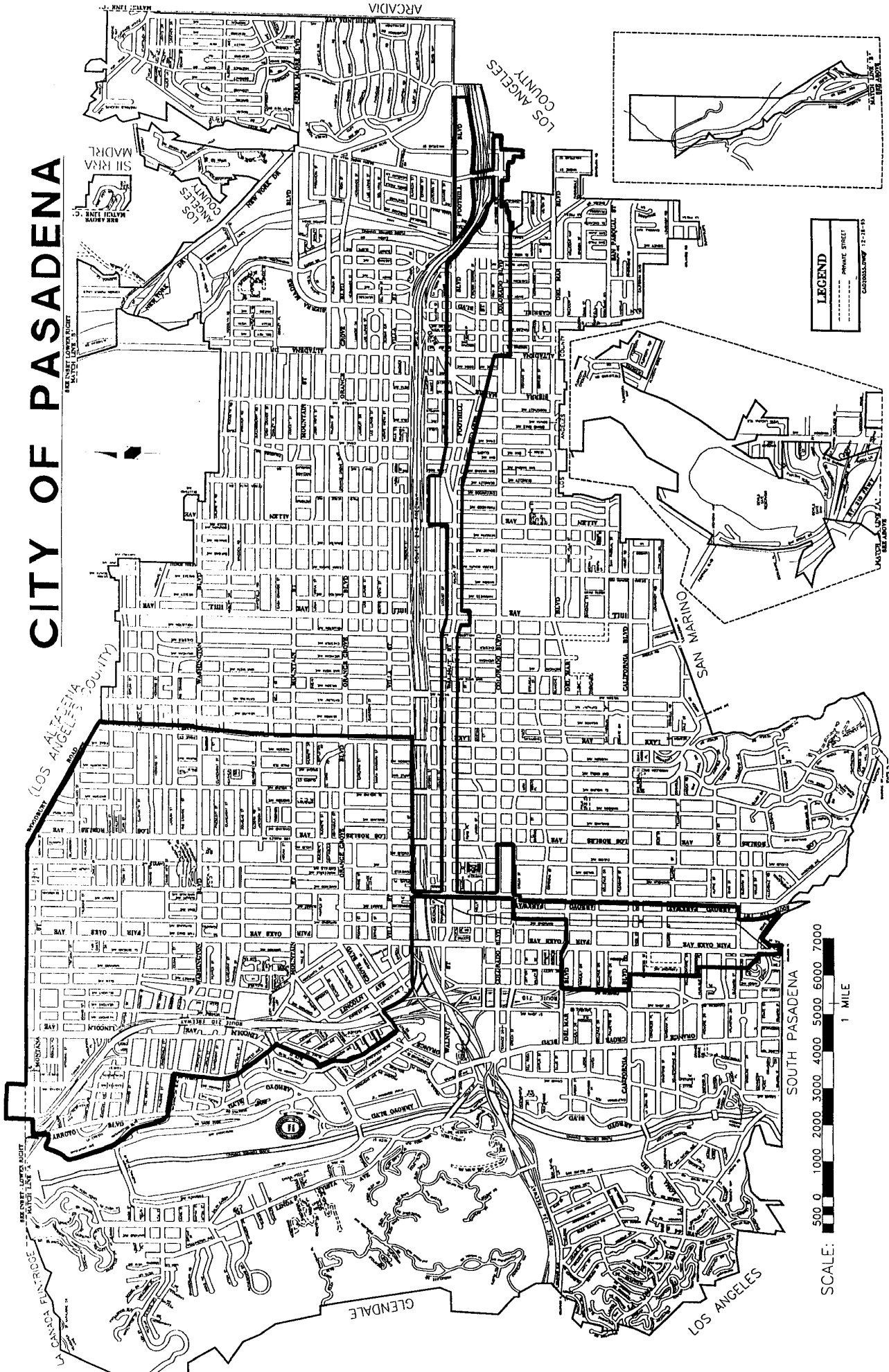
APPROVED AS TO FORM:

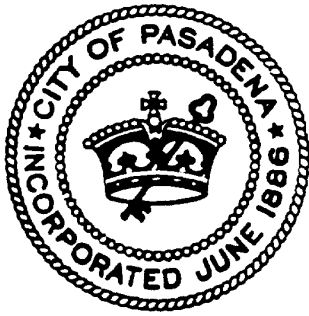


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Mike Estrada  
Assistant City Attorney

# CITY OF PASADENA





# Agenda Report

**THROUGH: BUSINESS ENTERPRISE COMMITTEE**

**DATE: JUNE 16, 1999**

**TO: CITY COUNCIL**

**FROM: CITY MANAGER**

**SUBJECT: EXPANSION OF THE PASADENA ENTERPRISE ZONE**

**RECOMMENDATION:**

It is respectfully requested that the City Council consider approval of the following recommendations:

1. Approve the recommended commercial/ manufacturing areas, as depicted in Attachment No.1, for expansion of the enterprise zone;
2. Authorize staff to prepare all documents required for submittal to the California Trade and Commerce Agency for consideration of expansion of the Pasadena Enterprise Zone; and
3. Adopt a resolution, in the form attached as Attachment No.2, evidencing the intention of the City Council to expand the current boundaries of the Pasadena Enterprise Zone by 20% (556.8 acres);

**EXECUTIVE SUMMARY**

Under the Enterprise Zone legislation (The Enterprise Act - California Government Code 7070-7089), the State allows existing enterprise zones to expand their designated area by 20% in order to accomplish their business and job development objectives. Expansion of the enterprise zone will provide additional opportunities to utilize State tax incentives and create a larger pool of businesses that obtain State benefits for hiring residents of the Northwest area of Pasadena.

## **BACKGROUND**

In 1985, the California State legislature approved legislation that led to the establishment of today's enterprise zones. The purpose behind the legislation was to encourage business investment and the creation of job opportunities in economically challenged areas. On October 10, 1992, the Pasadena Enterprise Zone designation was acquired in a partnership with the Los Angeles County Community Development Commission. The designation is for fifteen years and covers the majority of the Northwest area of the City (Attachment No.1). In 1996, the City and County dissolved their partnership and now independently administer their respective area of the enterprise zone. When the enterprise zone was designated, the City's intent was to provide a business and job development component to the various revitalization efforts (redevelopment project areas, facade improvements, etc.) being implemented in the Northwest area of the City. The idea was to improve the economy of the area, and thereby maintain and create job opportunities. Since the designation of the enterprise zone, a number of businesses have benefitted and continue to benefit from the State tax incentives as well as the local benefits and business assistance services provided by the enterprise zone program. Although many businesses have benefitted, the creation of additional job opportunities has been limited by the lack of adequate commercial property available for business expansion, relocation, or attraction. The majority of commercial properties in the current enterprise zone typically consists of small lots that are shallow, abut residential properties, and, in many cases, not zoned for job generating commercial uses such as light manufacturing. Within the past year, staff has been contacted by various companies who want to locate in an enterprise zone in order to utilize the tax advantages, particularly the hiring credit. Due to the lack of adequate commercial property, the City has been unable to accommodate these companies and in the process has relinquished a respectable number of job opportunities that would be available for many of the City's Northwest residents. To address this issue, staff is proposing that the City take advantage of the expansion provision of the enterprise zone legislation in order to add commercially designated properties to the zone.

Since the adoption of the Enterprise Zone Act, legislation has evolved that allows enterprise zones to consider expanding their current size by 15% in order to further their business development, and job opportunity goals. To date, the City has not taken advantage of that provision of the legislation. Further, as of January 1, 1999, the State legislature amended the California Government Code to allow an existing enterprise zone under 13 square miles to expand its boundaries by 20%. The Pasadena enterprise zone is approximately 4.5 square miles and easily qualifies for consideration of a 20 % expansion.

## **PROPOSED EXPANSION**

The proposed expansion for the Pasadena enterprise zone will provide a series of State tax incentives that businesses can use to improve their profits by reducing the amount of State taxes imposed on their taxable income. The tax incentives are beneficial to start up companies and expanding businesses who hire employees with low to mid-level skills, and purchase expensive equipment and personal property. These benefit are realized through the decrease in business expenses that result from the reduction of costs for hiring employees, and the purchase of equipment and personal property. The cost reduction comes in the form of tax credits and deductions which help to decrease the taxable business income generated annually. Thus, the tax incentives are a very attractive business development tool that can be a vital component for the implementation job development strategies or programs focusing on commercial districts.

Pursuant to the State Enterprise Zone Act, eligible expansion areas must be zoned for commercial and manufacturing use, and be contiguous with an existing enterprise zone. Staff has identified two areas that meet this criteria, and can accommodate businesses that can create a variety of job opportunities. These two areas include Fair Oaks Avenue leading towards the South Fair Oaks Specific Plan area, and Walnut Street leading to the East Pasadena Specific Plan area. The South Fair Oaks area is generally characterized by retail, medical office, and auto repair uses. The enterprise zone state tax incentives can be of significant assistance in transforming the area into a technology center that can be integrated with other businesses in the area. The area of Walnut Street leading to the East Pasadena Specific Plan area is generally characterized by a wide variety of small to medium retail uses, peppered with some manufacturing and auto related.

These two areas provide a wide range of business opportunities that can use the state tax incentives, and provide an extensive range of future job opportunities for the City's Northwest residents. As with its use in the Northwest area, the enterprise zone will compliment the strategies for the commercial areas by providing a business development component to encourage the retention, expansion, and attraction of businesses that create job opportunities.

## **FINANCIAL IMPACT**

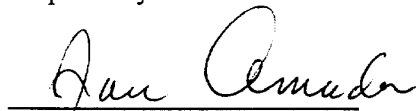
The proposed expansion will not result in any additional cost to the current enterprise zone budget. Staff will work within the existing Housing and Development Department's business development budget to cover the cost of marketing to the businesses in the proposed expansion areas. Marketing will consist of preparing and distributing informational material, and conducting two workshops.

It should be noted that the expansion will not decrease any financial resources from the revitalization efforts taking place in the Northwest area of the City. Additionally, no business license fee waivers, and no permit center fee reductions will be provided in the proposed expansion areas.

Respectfully submitted by:

  
**CYNTHIA KURTZ**  
City Manager


Prepared by:

  
**JOSE AMADOR**  
Enterprise Zone Manager

Reviewed By:

  
**ERIC DUYSHART**  
Business Development Manager

Approved by:

  
**STEPHEN G. HARDING**, Interim Director  
Housing and Development Department