

**COUNTY OF SAN DIEGO, CALIFORNIA**  
**BOARD OF SUPERVISORS POLICY**

**Subject**

Economic Incentives

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**Purpose**

It is the purpose of this policy to establish criteria and procedures to be used by the County to encourage business to locate, expand or remain in the region.

**Background**

The Board of Supervisors is guided by Board Policy A-71, San Diego County Economic Development Policy. Board Policy A-71 defines the County's role in facilitating and maintaining activities and programs that improve the economic health of the region and the quality of life of its residents.

A sound incentive program tailors a plan to meet the specific needs of a business, while at the same time ensuring a positive benefit to the overall economic health of the community.

This business incentive policy, which is in support of the County's overall Economic Development Policy, provides guidance that will ensure that the intended economic results are achieved: jobs for the region's workforce and expansion of the County's tax base.

**Policy**

It is the policy of the Board of Supervisors that an incentive program will be administered by the Chief Administrative Officer. The purpose of the program is to attract and retain job-producing, revenue-generating businesses, and to assist with the expansion and retention of existing businesses. Since each business is unique and offers different benefits to the community, each request will be evaluated individually, and incentives may or may not be offered based on criteria established in this policy.

**I. Criteria for County Business Incentives**

Criteria that are based upon both economic factors and location will be used to determine whether incentives will be offered and, if so, the type of incentive that is appropriate to encourage a business to locate or expand in this region.

**A. Economic Factors**

1. The business will create or retain jobs in the region.

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2. The incentive(s) is determined to be cost effective (i.e., it will generate more fiscal benefit to the County over time than it will cost).
3. Incentives will be proportionate to the wage and skill levels of jobs created.
4. The business will introduce new technology to the region.

**B. Location**

1. For projects within an incorporated city, there must be approval and support from the City Council that the City will contribute incentives greater than or equal in value to the County's.
2. Special consideration will be given to projects located within a redevelopment area or a Neighborhood Revitalization Area.

**II. Types of Incentives**

Incentives offered by the County will be either financial or non-financial. Prior to offering financial incentives, every effort will be made to use non-financial incentives.

**A. Nonfinancial Incentives**

The County will consider the following examples of non-financial incentives: expedited permit processing (Fast Tracking); letters of support for grant applications, as appropriate; legislative support; and provision of customized training programs through non-profit organization and state agencies.

**B. Financial Incentives**

The Board of Supervisors will consider the following examples of financial incentives: personal property tax exemptions, reductions and moratoria (as authorized by California's Revenue and Taxation Code); leases of County-owned land at below market prices as permitted by State law; industrial development bonds; and assistance in securing financial backing by acting as a liaison.

All financial incentives must be in accordance with State, Federal and local laws.

**III. Procedures**

Nonfinancial and Financial Incentives

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The Chief Administrative Officer will obtain the following information from candidates: number of jobs to be created/retained; skill, technology and wage levels of jobs to be created; level of capital investment; location of proposed project; and requested assistance.

**Financial Incentives**

The Board of Supervisors will grant financial incentives only in cases where a cost/benefit analysis demonstrates a net positive return to the County by the third year.

When the Board approves the granting of financial incentives, a contractual agreement between the business/agency and the County will be developed. The contract will specify a description of incentives granted; performance goals for the business/agency (i.e., number of employees hired); reciprocal obligations, including payback to the County if performance goals are not met; and timelines and County monitoring mechanisms.

The contract will be monitored by the Chief Administrative Office to ensure the terms are being met. Announced on-site inspections, as well as an audit, may be required. Business records will be reviewed. Examples of such records include, but are not limited to financial statements; tax returns; and copies of employee W-2 forms. In those cases where a business is out of compliance, the County will pursue revocation of the contract.

**Sunset Review**

This policy will be reviewed by 12-31-20.

**Board Action**

- 11-14-95 (2)
- 11-01-00 (7)
- 06-22-05 (21)
- 12-09-08 (33)
- 12-04-13 (13)

**CAO Reference**

1. Department of Land Use and Environmental Group Executive