

SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



FROM: Supervisor John J. Benoit

SUBMITTAL DATE: February 20, 2013

SUBJECT: Support of Enterprise Zone Program

RECOMMENDED MOTION: That the Board of Supervisors:

- 1) Adopt Resolution No. 2013-053, in support of the Enterprise Zone program.
- 2) Direct the Clerk of the Board to transmit copies of this resolution to Governor Brown, the California Department of Housing and Community Development, Riverside County's state legislative delegation and appropriate state officials.

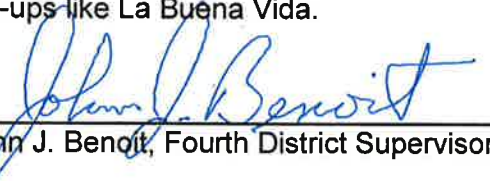
**BACKGROUND:**

Established in 1984, California's Enterprise Zone program offers unique benefits to employers including hiring credits, sales and use tax credits and a few more reasonable incentives, which have put veterans, unemployed residents and impoverished citizens back to work. The 56-square-mile Coachella Valley Enterprise Zone Authority (CVEZA) is Riverside County's only designated Enterprise Zone, spanning the desert cities of Coachella and Indio and communities of Mecca, Thermal and Thousand Palms.

Over the past three years, the CVEZA has issued 6,549 hiring credit vouchers with local businesses reporting 2,247 of those as new positions. Locally, the Enterprise Zone program is a proven economic stimulator, shown through the business cycles of entrepreneurism, reinvestment, attraction and retention. Below are a few examples drawn from my experience on the CVEZA board:

Entrepreneurism: Opened in January 2013, La Buena Vida is a pharmacy in Coachella owned by Simone Yik, a former employee at Rite Aid Pharmacy who never owned a business before. Elimination of the Enterprise Zone program would affect the engine of economic development in the eastern Coachella Valley, including small business start-ups like La Buena Vida.

(Continued)

  
John J. Benoit, Fourth District Supervisor

**BACKGROUND:** (Continued)

**Reinvestment:** Indian immigrant Nachhattar Chandi, president of Mecca-based Chandi Group USA, operates Arco AM/PM gas stations, car washes and fast-food chains. These franchises have brought many jobs, retail and food choices to an under-served population. Enterprise Zone credits have made it possible for Mr. Chandi to expand his enterprises throughout the Enterprise Zone. Recent investments and projects include Northgate, a 90-acre plot of land at the "gateway" to the city of Indio, that will include an Arco AM/PM and car wash, sit-down and fast-food restaurants, a medical facility and a 270-unit apartment complex. Also Mr. Chandi plans to continue developing his 5-acre Arco AM/PM in Coachella.

**Attraction:** The CVEZA helped facilitate the relocation of a home fragrance manufacturing and direct marketing business from Salt Lake City, Utah to Indio. Becky and Paul Anderson and Scott Lunceford own For Every Home, a full-fledged candle manufacturing operation. The owners hope to hire 100 people within the year.

**Retention:** Ernie Ball, Inc. is one of the world's largest manufacturers of guitar strings which are proudly "Made in Coachella." The Enterprise Zone program has helped keep hundreds of workers, approximately 80 percent former seasonal agricultural field workers, employed with better working conditions at this full-scale manufacturing plant. The Enterprise Zone incentives keep large employers like Ernie Ball, Inc. in California. In 2011, Gov. Jerry Brown proposed the elimination of all enterprise zone tax incentives. The elimination plan was abandoned in the Governor's May 2011 budget revision because the two-thirds vote threshold for elimination could not be reached.

Following the November 2012 election which produced supermajorities in both chambers of the state legislature, the Governor then directed the California Department of Housing and Community Development to initiate sweeping regulatory changes to the Enterprise Zone program. If enacted, these changes will dramatically impact local agencies that administer the program and increase costs to businesses struggling to expand or simply keep their doors open.

The start-up and attraction of new businesses and the retention and expansion of existing businesses is crucial to the long-term well-being of Riverside County. Likewise, California needs to be competitive nationally and globally and cannot afford to lose businesses and jobs to states that provide a more business-friendly environment.

Resolution No. 2013-053 supports the Enterprise Zone program and calls for its preservation, as it currently is configured.

Attachment: Resolution No. 2013-053

**RESOLUTION NO. 2013-053**

**RESOLUTION IN SUPPORT OF THE ENTERPRISE ZONE PROGRAM**

**WHEREAS**, the Enterprise Zone program provides an economic development tool for poor and blighted communities by creating incentives for businesses to hire new employees and purchase equipment for their businesses; and

**WHEREAS**, the 56-square-mile Coachella Valley Enterprise Zone Authority (CVEZA) is Riverside County's only designated Enterprise Zone, spanning the desert cities of Coachella and Indio and communities of Mecca, Thermal and Thousand Palms; and

**WHEREAS**, over the past three years, the CVEZA has issued 6,549 hiring credit vouchers with local businesses reporting 2,247 of those as new positions; and

**WHEREAS**, the CVEZA has worked with local organizations and programs, including the Riverside County Economic Development Agency, the Riverside County Workforce Development Center, the Coachella Valley Economic Partnership and city economic development departments to encourage businesses to hire individuals in communities with high rates of poverty and unemployment; and

**WHEREAS**, the tax credits available in the CVEZA complement Riverside County's goal to attract foreign investment; and

**WHEREAS**, the start-up and attraction of new businesses and the retention and expansion of existing businesses is crucial to the long-term well-being of Riverside County;

1 **NOW, THEREFORE, LET IT BE RESOLVED**, that the Riverside County Board of Supervisors supports the  
2 Enterprise Zone program, a crucial business assistance program that, if eliminated, would be a huge setback to  
3 improving California's business climate and would hamper its economic recovery, and that the Clerk of the  
4 Board transmit copies of this resolution to Governor Brown, the California Department of Housing and  
5 Community Development, Riverside County's state legislative delegation and appropriate state officials.

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8 **KEVIN JEFFRIES, Supervisor**  
**Frist District**

8 **JOHN TAVAGLIONE, Supervisor**  
**Second District**

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10 **JEFF STONE, Vice Chairman**  
**Third District**

10 **JOHN J. BENOIT, Chairman**  
**Fourth District**

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12 **MARION ASHLEY, Supervisor**  
**Fifth District**

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