



County of Monterey

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Board Report

File #: RES 13-047, **Version:** 1

Adopt a Resolution to support the establishment of a new Targeted Employment Area (TEA) for the Salinas Valley Enterprise Zone (SVEZ) within the Census Tracts specified in the Resolution.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

Adopt a Resolution to support the establishment of a new Targeted Employment Area (TEA) for the Salinas Valley Enterprise Zone (SVEZ) within the Census Tracts specified in the Resolution.

SUMMARY:

On July 7, 2009, the Board of Supervisors approved a resolution to support the establishment of a Targeted Employment Area (TEA) for the Salinas Valley Enterprise Zone. The existing TEA will expire on July 8, 2013, necessitating the designation of a new Targeted Employment Area using the most recent available U.S. Census Data.

The California Government Code 7072 (i) (4)(A) states that within 180 days of updated US Census Data becoming available, each local governmental agency of an enterprise zone shall approve, by resolution or ordinance, boundaries of its TEA reflecting the new census data.

The existing TEAs were created, using 2000 U.S. Census Data. Although the original intent of the statute was that the TEA boundaries would be updated every ten years following the release of new census data, the decision of the U.S. Census Bureau to no longer include income levels in its Decennial Census, has resulted in HCD determining that going forward, the most recent 5-year American Community Survey data will be used for the creation of TEA maps. The American Community Survey releases revised information annually. Consequently, TEAs will need to be updated annually. Attached are the new TEA Maps with identified census tracts.

DISCUSSION:

On January 30, 2009, the Salinas Valley Enterprise Zone (SVEZ) received its final designation from the California Department of Housing and Community Development (HCD). The Enterprise Zone encompasses portions of the Cities of Salinas, Gonzales, Soledad, Greenfield, and King City, as well as portions of Monterey County between those cities along the US 101 corridor. Additionally, in November 2010, the SVEZ was expanded by 312 acres to include the Castroville Industrial Park, per your Board's recommendation.

The Salinas Valley Enterprise Zone offers significant tax credits to businesses located within the boundaries of the Enterprise Zone. Among these credits is a hiring credit for businesses that hire new employees. In order to qualify, these employees must meet one of eighteen specified criteria, such as very low income, dislocated worker, veteran, or residency in a Targeted Employment Area (TEA). Currently 80% of the SVEZ hiring credits for businesses are approved through the TEA.

In order for an area to be designated as a TEA, it must be approved by the California State Department of Housing and Community Development, and have met the following requirements:

1. It must be composed solely of census tracts having at least 51% of its residents of low or moderate income levels based on the most recent Census data; and
2. Each eligible census tract must be located within the territorial jurisdiction of a city or county that has jurisdiction for an Enterprise Zone. It is not necessary that the census tract physically abut the Enterprise Zone itself.

Enterprise Zone staff has identified 34 Census Tracts within the County of Monterey that qualify for inclusion within the new TEA. The 2009 TEA maps included 31 tracts. However, there are numerous changes to the new TEA maps as described in Exhibit A. The areas are determined using a formula that compares the income levels of each tract with median income levels for the County of Monterey.

An approved TEA would allow businesses to claim the Enterprise Zone tax credit for employees residing in the TEA, which do not meet the other criteria for eligibility. In addition, establishing the TEA would create incentives for businesses located within the Salinas Valley Enterprise Zone to hire employees residing within the TEA, which could lead to decreased unemployment within the TEA. Consequently, incentives available through the SVEZ will continue to encourage and stimulate growth, economic development, and investment in the area.

The Salinas Valley Enterprise Zone has requested that the County and Salinas Valley Cities place the Resolution on each of their governing board's agenda to recommend support of a new TEA for their specific jurisdictions. Once the governing bodies have adopted the resolutions, the SVEZ will submit to HCD for final approval.

OTHER AGENCY INVOLVEMENT:

The Salinas Valley Cities of Salinas, King City, Greenfield, Soledad and Gonzales are members of the Salinas Valley Enterprise Zone. County Counsel has approved the resolution as to legal form.

FINANCING:

There are no fiscal impacts to the General Fund with this recommendation.

Prepared by:

Debby Bradshaw, Management Analyst III
Economic Development Department - Ext. 5338

Approved by:

David L. Spaur, Director
Economic Development Department - Ext. 5387

Attachments: Resolution, Exhibit A, and 2013 TEA Maps.

