



# CITY OF COMMERCE AGENDA REPORT

TO: Honorable City Council

FROM: City Manager

SUBJECT: Resolution approving the City of Commerce's Economic Opportunity Zones (C.E.O.z) program

MEETING DATE: April 14, 2026

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## **RECOMMENDATION**

It is recommended that the City Council:

1. Adopt a resolution to:
  - Authorize the City Manager to approve the list of incentives from Commerce's Economic Opportunity Zones (C.E.O.z) based on the merits of their application and the potential impact on the City and its residents.
  - Authorize the City Manager to communicate the incentive list to interested parties, including but not limited to approved real estate developers, corporations, and tenants.
2. Take any additional related action as deemed necessary.

## **ANALYSIS**

California continues to experience net outmigration of business activity to lower-cost states, driven by a combination of regulatory burden, operating cost differentials, and increasingly aggressive recruitment strategies employed by competing jurisdictions. States such as Texas and Tennessee have emerged as primary competitors, offering tax abatements, workforce development grants, and expedited permitting structures specifically designed to attract employers across a broad range of industry sectors.

In response, the City of Commerce has undertaken a structured analysis of the regional economic development landscape and identified an opportunity to advance a proactive, coalition-wide incentive framework. The resulting incentive offering is designed to position the City of Commerce as a compelling and competitive destination for approved projects of scale, presented by enterprises of established financial and operational credibility. Staff recommends that the City Council adopt a resolution to approve the incentive list presented and authorize its implementation for qualifying economic development proposals in the form of a development agreement.

The following outlines additional details about the City of Commerce's Incentive Program:

<b>COMMERCE ECONOMIC OPPORTUNITY ZONES (C.E.O.z)</b>		
<b>CATEGORY</b>	<b>INCENTIVE</b>	<b>DESC.</b>
Financial	Sales Tax Rebate (Abatement and Credits)	Multi-year sales tax rebate (by way of abatement and credits) for point of sale operations in manufacturing, retail, and other uses.
Financial	Low Interest Loans	Low-interest loans provided by the City to allow for scaled operational buildouts, capital expenditures, and other. Contingent on credit worthiness, job creation, and length of proposed lease or occupancy.
Financial	Project and construction lending resources with pre-vetted local, regional and national lending partners	Pre-vetted lists of lenders open to various projects and familiar with the City.
Financial	Corporate relocation resources	Project management resources for corporate relocation support including logistics, transportation and other.
Financial	EIFD: Enhance Infrastructure Finance District	Available tax increment financing for use on facility-related projects, such as water and sewer, wastewater, and environmental and sustainability projects.
Financial	Fee waivers and a reduction in development, permit, and impact fees	Reduction in the overall cost of development, permit, and impact fees proportionate to the amount of investment
Financial	Marketing Support (via City Communication, Ribbon Cuttings, or Economic Development Materials)	Promotional assistance to increase business visibility through City communication events and outreach materials.
Development	Expedite Entitlement Review/ Process	Fast-tracked entitlement review and processing timelines of 50%+ from traditional timelines. Subject to the point of sale.
Development	Fast-Track Review Plans	Fast-tracked plan review timelines of 50%+ from traditional timelines. May be subject to point of sale.
Development	Streamlined Tentative Improvement (TI) Process	Fast-tracked plan review timelines of 50%+ from traditional timelines. May be subject to the point of sale.
Development	Comprehensive Zoning Code Update (In Progress)	Streamlined zoning code updates based on use.

Development	Site Selection Assistance	Dedicated site selection technical assistance in vetting technical, operational, and municipal-centric attributes of sites, City-wide.
Development	Pre-Application Meetings	Pre-application meetings are coordinated to address timing, possible hurdles, and other components.
Development	Public - Private Partnerships (PPPs)	Collaborative opportunities between the City and the private sector to advance development projects and community initiatives.
Development	Dedicated Concierge Service & Direct Contact	End-to-end dedicated point of contact for the entire project process.
Development	Availability of pre-vetted architectural and design resources	List of vetted A&E firms
Development	Availability of pre-vetted contractor resources	List of vetted construction firms
Development	Workforce Development Support	Programs and partnerships to connect businesses with trained workers and provide resources for employee skill development.
Infrastructure	Planned Fiber Optic WiFi Node at City Hall	Installation of high-speed fiber optic infrastructure at City Hall to improve connectivity and support future business and community needs.
Infrastructure	Utility rebates, reimbursements, or abatements	City-controlled utilities to provide discounted rates, abated rates, and/or reimbursements.
Infrastructure	Utility Capacity Support and City Water and Sewer Infrastructure Maps are available to developers	City staff dedicated to provide as built for existing water and sewer lines and assist with necessary studies and/or outreach to determine utility capacities.

**Goals:**

- **Sales Tax Generation.** Attract and retain commercial and industrial enterprises that produce meaningful, sustained sales tax revenue in support of the City's fiscal stability and public services.
- **Alignment with the City's Economic Development Vision.** Prioritize projects consistent with the City's adopted economic development goals, land use objectives, and long-term strategic plan for Commerce.
- **Job Creation.** Encourage the establishment and expansion of businesses that generate new employment opportunities for residents of Commerce and the surrounding region.
- **Site and Property Beautification.** Support development proposals that improve the physical condition, aesthetic quality, and long-term viability of commercial and industrial

properties within the City.

- **Quality Employment Opportunities.** Promote the attraction of employers offering above-average wage levels, comprehensive benefits, and career advancement pathways consistent with the City's workforce development priorities.
- **Statewide Investment Competitiveness.** Establish the City of Commerce as a Top-10 destination for business investment in the State of California, as measured by new business attraction, capital deployment, and job creation activity, through the consistent delivery of a responsive, incentive-driven economic development program.

## **PROGRAM GUIDELINES:**

### Program Funding and Incentive Amount:

- Funding Source: General Fund
- Maximum Incentive: Determinations will be made and reviewed on a case-by-case basis within a development agreement and will be subject to City Council approval.
- Program Term: To be determined and subject to review on a case by case basis. Subject to City Council approval.

### Eligibility Requirements:

Applicants must meet at least one (1) of a series requirement, including but not limited to:

#### **Qualifications to Consider:**

1. High sales tax generator
2. In line with City's vision for economic development
3. Job creation
4. Site/property beautification
5. High Employment Opportunities

All incentives are subject to review and approval by the City. Incentive consideration is limited to scalable proposals submitted by well-established enterprises of demonstrated financial and operational credibility. Any incentive offered is contingent upon satisfaction of applicable tax generation and utility generation thresholds, as may be established or modified from time to time by the City.

## **PROGRAM ADMINISTRATION:**

Oversight of the incentive program shall be vested in the City Manager's Office, with day-to-day administration managed by Economic Development staff. Program evaluation and structuring will be informed by input from legal counsel and relevant City departments, as appropriate to the nature and scope of each proposed project. Notwithstanding the foregoing, all incentive approvals are subject to final authorization by the City Council, and no incentive shall be deemed offered, committed, or binding absent such authorization.

## **PROGRAM BUDGET:**

The financial commitment associated with any individual incentive shall be determined on a case-by-case basis, commensurate with the scope, scale, and projected economic benefit of the proposed project. No fixed program budget has been established at this time. Rather, each

incentive package will be individually structured and evaluated by staff in accordance with the program goals set forth herein, with due consideration given to the City's fiscal position, projected tax and utility generation, and long-term return on investment. All proposed incentive expenditures, commitments, or concessions — regardless of form or value — are subject to review and final approval by the City Council in the form of a development agreement prior to authorization. No financial obligation shall be incurred on behalf of the City in connection with any incentive absent such approval.

### **FISCAL IMPACT:**

No immediate fiscal impact on the City has been identified at this time. Any future incentive commitments through a development agreement will be considered on a case-by-case basis and will be subject to City Council approval.

The fiscal impact of each proposed incentive will be evaluated at the time of consideration, including an analysis of costs, anticipated revenues, and long-term return on investment, and will be presented to the City Council prior to any authorization.

### **ALTERNATIVES**

1. Approve recommendation
2. Reject recommendation
3. Provide staff with further direction

Recommended by: Ernie Hernandez, City Manager

Reviewed by: Alvaro Castellon, Director of Finance

Approved as to form: Noel Tapia, City Attorney

Respectfully submitted: Ernie Hernandez, City Manager

### **ATTACHMENTS**

1. Resolution