



CITY *of* BRISBANE

Economic Development Subcommittee Agenda

Wednesday December 4th, 2024 at 1:30PM • Hybrid Meeting
Brisbane City Hall Annex, Annex Conference Room, 25 Park Place, Brisbane, CA

The public may observe/participate in the Subcommittee meetings by using remote public comment options or attending in person. Subcommittee members shall attend in person unless remote participation is permitted by law. The Subcommittee may take action on any item listed in the agenda.

JOIN IN PERSON

Location: 25 Park Place, Brisbane, CA 94005 - [Annex Conference Room](#)

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TO ADDRESS THE SUBCOMMITTEE

IN PERSON PARTICIPATION

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Email: aibarra@brisbaneca.org

SPECIAL ASSISTANCE

If you need special assistance to participate in this meeting, please contact Angel Ibarra at (415) 508-2109. Notification in advance of the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

SUBCOMMITTEE MEMBERS:

Mayor Pro-tem Cunningham, Councilmember Lentz

ROLL CALL

- A. Consider any request of a City Councilmember to attend the meeting remotely under the “Emergency Circumstances” of AB 2449

PRESENTATIONS AND DISCUSSION ITEMS

- B. Overview of Business License Fee Study
- C. Economic Development Update

PUBLIC COMMENT**ADJOURNMENT**

File Attachments for Item:

B. Overview of Business License Fee Study



ECONOMIC DEVELOPMENT SUBCOMMITTEE AGENDA REPORT

Meeting Date: December 4, 2024

From: Carolina Yuen, Finance Director

Subject: Overview of Business License Fee Study

Community Goal/Result

Fiscally Prudent, Economic Development

Purpose

To provide an update on the progress of the review of the Business License Tax program.

Recommendation

No recommendation at this time. This report is just an update on progress.

Background

During the review of the Budget for Fiscal Year 2024-25, Council directed staff to review the existing Business License Tax program to determine if we're optimizing the methods available to assess fees upon the various businesses within Brisbane. With operating expenses currently exceeding our existing revenues, we wanted to review our revenue streams to determine if there are additional opportunities for growth or restructuring.

Discussion

Staff met with our business license program administrator, HdL, in October to discuss our current business license portfolio and a possible business license tax study to include the existing business license fee structure and methodologies, best practices and potential methods given the current and future business types allowed in Brisbane. Depending on the business type, business license fees are calculated either by gross receipts, headcount, square footage, or other specialized methodologies. Businesses pay on one type of calculation method. Because the business license fees are considered a tax, any changes in the business license fee structure must be brought before the public for a vote during a general election. The next general election available to present an initiative for a vote will be in 2026. Therefore, staff will reconvene with HdL in early 2025 to proceed with discussions to conduct the study and review possible changes in the current business license fee structure and calculation methodologies.

In the meantime, staff has requested additional custom reports to be generated on a regular and ad hoc basis to further analyze the business license portfolio. Year over year comparisons have been somewhat challenging between 2023 and 2024 since we switched program administrators from Avenu to HdL. However, since we are entering our second year with HdL, we are preparing the additional reports we can use for staff analysis and to provide additional statistics and trends to our Economic Development Director.

In addition to data obtained through HdL, staff has been reviewing methodologies used by other cities within San Mateo County and in the East Bay. We have to consider surrounding areas as incoming businesses review business license tax options as one criterion of many when choosing their locations. There were a handful of ballot measures in November 2024 in neighboring cities related to business license taxes. We will continue to review their outcomes and reactions from the business community.

Fiscal Impact

Unknown at this time.



Carolina Yuen, Finance Director



Jeremy Dennis, City Manager

File Attachments for Item:

C. Economic Development Update

October/November 2024

This report focuses on the activities at City Hall that support Economic Development and Vitality for the City of Brisbane.

Survey, Review and Evaluation of Business License Methodologies – I have been working with Finance Director Carolina Yuen to examine the methodologies that we use to assess and collect Business License Tax revenue. I conducted a survey of every peninsula city and the methodologies which they use, as well as Tracy, Fremont and Hayward (for their preponderance of warehouses and logistics hubs).

The results of the survey showed that while most cities use a basic formula based on Gross Receipts (GR), many of the cities use a base number plus an additional charge per headcount to simplify the taxation calculation. Other methods include charges based on headcount and square footage or a percentage applied to total cost of operations.

While there is no “correct” answer, companies are always looking for ways to reduce their tax burdens. We have tasked our 3rd party contractor, HdI Companies, with compiling a report showing the different business classifications that we have in Brisbane and how the business license tax monies are billed and applied for each. Once we know what we have, via classification, it will make it easier to look at alternatives that may better monetize the types of real estate and business models that we have in town (or will have in the future).

It is our expectation that the analysis will be completed in the first quarter of 2025. If it is decided that the city wants to change our methodologies and processes, it will probably have to go to a ballot measure and the soonest we can do that is 2026. Several of our neighboring cities on the Peninsula have used the ballot measure to amend their tax collection formulas, and in most cases the measures pass easily. Like TOT fees, residents usually do not turn down a tax on businesses or temporary hotel guests. The process of determining a Business License Tax methodology will require much research, analysis and conversations with both internal staff and some trusted business leaders to plot the best course of action, one that benefits the city but does not alienate our business partners.

To date we have 38 new business licenses that have been applied for in 2024.

Emergency Preparedness Processes and Protocol Discussions- we are working with other city departments and city agencies to evaluate Brisbane’s Emergency Preparedness processes and protocols. In conjunction with the Brisbane Police Department, the North County Fire Authority, Brisbane Public Works and other City Hall departments the team is trying to evaluate the processes in place to see what gaps in coverage exist, and to see what local businesses may be able to assist the city during an emergency or disaster (earthquake, fire, or another emergency).

Outreach to local businesses – we are scheduling visits to major tax revenue producing and large and small employers within the city. Recently met with Recology and toured their facilities. Working to schedule Golden State (Lumber), Bi-Rite Foodservice, P&F Distributors, IRG Resources, DoubleTree Hotel, Homewood Suites, Freenome, Ample, Heirloom, Cutera, Care DX and others in the near future.

Updated Economic Development 10-year Recap – I have completed the final draft of the report on the Economic vitality and current benchmark within Brisbane for the period since the last large report (2013). I presented the report to the full City Council and am finalizing some comments and date corrections prior to releasing the finished report by year end.

B of A site #1- We are exploring a possible (temporary) use for the former B of A building. We have had several meetings with the executive management of Monterra Credit Union regarding the establishment of a Brisbane branch, but outreach is still very preliminary and a formalized plan has not been formalized.

B of A site #2 – we are also working with a local Brisbane community member on a possible use for a portion of the parking lot. As with the item above, the planning and proposal is very preliminary.

Brisbane “Video” – we are working on an updated version of the “Welcome to Brisbane” video for the Economic Development area of the city website. Script writing and initial filming has been completed. Final voiceover and editing work are the next steps.

Cannabis Centric – the expansion of the Cannabis industry has virtually dried up as the industry has been going through a large contraction. Caliva was purchased and subsequently closed, as the industry has seen a major consolidation. Operator Grassdoor abruptly closed their entire national operation and left creditors hanging. This trend has been seen consistently throughout the U.S. as factors such as tax burdens, lack of capital investment, and the continuance of the non-licensed (illegal) producers have caused a very large contraction in the number of companies, compared to 2016. It has been reported that NorCal Cannabis has also ceased operations. If confirmed this would end the licensed cannabis operations in Brisbane.

Brisbane Village Shopping Center – we are continuing to reach out to establish dialogue with the owners (representatives) of the shopping center.

25 Park Lane: The City Hall staff have completed their move into 25 Park Lane, and the North County Fire unit has also started to place their personnel there as well.

Business District Overviews:

Crocker Industrial Park – After reaching 100% occupancy in January of 2023, the economy has softened and there are several buildings for lease in the park. The former Williams-Sonoma buildings, the former TROVE clothing buildings, the GRASSDOOR cannabis operation, and HARRIS (formerly FW Spencer) buildings are open for leasing. Harris closed their operation here after completing the acquisition of FWS, TROVE eliminated their HQ and Brisbane operation, splitting it into five (locally-based) locations throughout the US. It has also been reported that cannabis business NorCal Cannabis has closed.

Additionally, the Pacific Gourmet business has been purchased by BiRite, who is conducting operations at the site.

The park is still approximately 96% leased with the addition of Ample Battery, Fanatics, Encore Expositions, Allen Brothers Meats and Seafood and Twist Bioscience. In addition, three companies, Wismattec Asian Foods, Unipart (British Auto Parts) and Greenleaf produce have renewed their leases. (Greenleaf for a 10-year period). This is a more normalized percentage traditionally and as interest rate reductions help to spur the capital markets I expect to see additional activity.

According to Jason Cranston (JLL Real Estate), as of November 20, there are four large pending transactions being negotiated within Crocker Park. Open spaces at 99 South Hill, 427 Valley, 435 Valley and 240 Valley are in negotiations. This would take a very large portion of the Crocker Park vacancies off the table. As more information is available it will be presented.

Bayshore Boulevard- the property at 3745 Bayshore Blvd. has been leased for 10 years to Amazon for a fulfillment warehouse. They have started operations at the site and are ramping up the buildout of the facility.

Sierra Point Properties:

Phase 3 – (Genesis Marina)- Their parcel in the NW corner (listed on their website as “Genesis – Marina”) has been completed and the first tenant, Freenome Therapeutics, has occupied approximately 35% of the total space. The project (560,000 SF) was built to the LEED Gold standard and has been pre-certified as the world’s first TRUE construction site. This certification by the Green Business Certification Inc. (GBCI), certifies that over 90% of the construction “waste” from the construction of the building and site is used for other uses and not diverted to landfills and incineration.

Phase 3 has also completely renovated the 1000 Marina Blvd. property (black building) and are marketing it to life science tenants.

Healthpeak (formerly HCPI) – the group has completed their work on the “The Shores at Sierra Point”, and are continuing to work to fill the office and lab space. They have recently added Specialty Bakery and Café as a retail tenant on Sierra Point Parkway. Healthpeak have also made presentations regarding the next phase of their Sierra Point holdings, focusing on adding additional buildings on the parking lots adjacent to 2000 Sierra Point. (Formerly the Hitachi building site). The Sierra Point subcommittee has reviewed the newest proposal and given feedback to Healthpeak.

Life science companies Janssen Therapeutics and BristolMyersSquibb (BMS) have reduced their operations at Sierra Point. Janssen closing their entire operation and BMS reducing theirs by 50+ percent.

A recent study by Fierce Science Analysis shows that layoffs in the Life Science sectors have increased steadily from 2022 to the present time. In 2022, 119 Life-Science companies posted layoffs. The figure rose to 187 in 2023 (a 57% increase) and is currently at 170 through November 20, 2024, with the expectation that the 2024 will be slightly higher than 2023.

Brisbane Quarry – (Orchard Properties) – The draft EIR has been released and is currently in the review and comment process.

Sangamo Therapeutics – After the extensive renovation of the Brisbane site, Sangamo has announced a major restructuring with a planned closure of the Sierra Point operation. Layoffs are also planned for their Richmond, CA site. The downsizing has started and is expected to go through January of 2025.