



# Memorandum

**TO:** MAYOR REED

**FROM:** Councilmember Rose Herrera  
Councilmember Sam Liccardo  
Councilmember Nancy Pyle

**SUBJECT:** BUDGET DOCUMENT

**DATE:** May 20, 2010

Approved Rose Herrera Date 5/20/2010

Sam Liccardo, Nancy Pyle

**RECOMMENDATION**

Repurpose the Catalyst Fund (Economic Development Enhancement Fund 439) to be used solely for the recruitment of corporate headquarters to San Jose.

**BACKGROUND**

**City-Council Initiated Essential Services Preservation Fund/Other Budget Proposals**

Program/Project Title: Catalyst Fund \_\_\_\_\_

Amount of City Funding Required: No change \_\_\_\_\_

Fund Type (i.e. General Fund, C&C funds, etc.) Fund 439

Anticipated Outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below: (Use as much space as required.)

This proposal would be an economic development fund used to encourage the creation, retention or relocation of national corporate headquarters. It is primarily concerned with national headquarters, not division headquarters or auxiliary administrative units. Secondary administrative establishments, while relatively desirable as economic development targets, are less desirable than national headquarters, and also tend to have different needs.

The Office of Economic Development should bring forward their recommended criteria to the Community & Economic Development Committee for review and discussion.

**Funding Source**

Program/Project Title: Fund 439 \_\_\_\_\_

Amount of City Funding Change: No Change \_\_\_\_\_

Fund Type (i.e. General Fund, C&C funds, etc.) Fund 439

Anticipated Outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below: (Use as much space as required.)

National headquarters provide high average wages, are non-polluting, they expand the "export base"—i.e., bring in their revenues from outside without taking business from local firms, they can attract spin-offs or related businesses, and may also attract their own operational units.

National headquarters of major firms are relatively rare and hard to capture. San Jose, with our limited economic development resources, should have at least one resource to draw from, in attracting national headquarters.

Department or Organization: Office of Economic Development \_\_\_\_\_

Department or Organization Contact (Please list contact information for the individual that certified cost estimates contained within your recommendation.)

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This change is:

One-time       Ongoing

The City Service Area to which the change best relates:

- Community and Economic Development Services
- Environmental and Utility Services
- Neighborhood Services
- Public Safety
- Strategic Support
- Transportation and Aviation Services