Economic Development’s Business Cooperation Program

The Business Cooperation Program Should Increase City Revenues by Targeting Large Construction Projects, and Improve Internal Controls over Payment Processing

What OCA Found

The City of San Diego has recently experienced budget shortfalls resulting in the potential elimination of City jobs, changes in reserve policies, and cuts to arts funding and other popular City programs. The City also has approximately $1.3 billion in unfunded infrastructure needs over the next five years. Therefore, it is crucial that the City seek to maximize the effectiveness of revenue-generating programs where opportunities exist.

Finding 1: The Business Cooperation Program Should Target Large Construction Projects in Order to Maximize City Revenues

We found that the Economic Development Department (EDD) should take advantage of the Business Cooperation Program and target large construction projects to maximize the amount of sales and use tax revenues that are deposited in City coffers. The City is in the midst of a construction boom, with numerous projects of $50 million or more being constructed in recent years. Given this, the City has likely missed out on additional revenues—potentially hundreds of thousands to more than $1 million—from additional tax monies that could have been captured in the last two years alone. Instead, these revenues have been distributed to other taxing jurisdictions. We recommend that the Chief Operating Officer direct EDD, or another appropriate department, to utilize the BCP to systematically target large public and private construction projects in order to maximize City revenues from the program.


We found that because the Business Cooperation Program relies on voluntary company enrollment, the City has provided $3.5 million in tax rebates to companies in order to incentivize participation. However, EDD has not developed internal controls over rebate processing and payments. By consulting with the Comptroller’s Office to design and implement internal controls over rebate processing and establishing appropriate separation of duties, EDD can ensure accurate calculations and quality control over rebate payments made to BCP enrollees.

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