

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
ACTION AGENDA SUMMARY

DEPT: CHIEF EXECUTIVE OFFICE

BOARD AGENDA # B-6

Urgent _____ Routine _____

AGENDA DATE February 13, 2001

CEO Concurs with Recommendation YES NO _____
(Information Attached)

4/5 Vote Required YES _____ NO _____

SUBJECT: APPROVAL TO FORM A COMMUNITY ECONOMIC DEVELOPMENT BANK AND AUTHORIZE THE CHIEF EXECUTIVE OFFICER TO INITIATE DISCUSSIONS WITH CITY MANAGERS, WORKFORCE INVESTMENT BOARD AND OTHERS TO BRING THE BANK TO FRUITION

STAFF
RECOMMEN-
DATIONS:

1. AUTHORIZE AN ECONOMIC DEVELOPMENT BANK AND BOARD OF DIRECTORS CONSISTING OF A REPRESENTATIVE FROM EACH CITY, THE CITY MANAGERS, AND THE COUNTY CEO.
2. AUTHORIZE THE CHIEF EXECUTIVE OFFICER TO MEET WITH THE CITY MANAGERS OF THE COUNTY'S NINE CITIES TO DEVELOP AN APPROPRIATE STRUCTURE FOR AN ECONOMIC DEVELOPMENT BOARD, CONSIDERATION OF OTHER ORGANIZATIONS FOR BANK BOARD PARTICIPANTS, THE CONSIDERATION OF A JOINT POWERS AUTHORITY OR NON-PROFIT ENTITY, AND TO ESTABLISH CRITERIA TO BE USED AS A PART OF THE OPERATIONS AND POLICIES UNDER WHICH THE BANK WOULD CONDUCT BUSINESS.

(Continued on Page 2)

FISCAL
IMPACT:

The direct fiscal impact to the County will be \$1.5 million, annually, in general fund discretionary revenue over a five-year period for a total not to exceed \$7.5 million. However, the indirect financial benefit to the cities, the county and the community as a result of this investment to create increased job opportunities could be considerable. If the funds are used as leverage to match state, federal and private dollars, millions more should be available to construct much-needed infrastructure and programs for countywide economic development.

BOARD ACTION

No. 2001-107

On motion of Supervisor Simon, Seconded by Supervisor Caruso, and approved by the following vote,

Ayes: Supervisors: Mayfield, Blom, Simon, Caruso and Chair Paul

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) Approved as recommended

2) _____ Denied

3) _____ Approved as amended

Motion:

Christine Ferraro

File No.

STAFF
RECOMMEN-
DATIONS
CONT':

3. AUTHORIZE AN ANNUAL CONTRIBUTION OF \$1.5 MILLION IN THE ANNUAL BUDGET, FOR A PERIOD OF FIVE YEARS COMMENCING IN 2001, TO BE ALLOCATED BY THE BOARD OF SUPERVISORS AS PART OF THE ANNUAL BUDGET.
4. AUTHORIZE THE STAFF TO INCLUDE \$1.5 MILLION AS PART OF THE COUNTY PROPOSED AND FINAL BUDGET FOR 2001/2002 AND FOR THE COUNTY AUDITOR AND CEO TO ESTABLISH THE NECESSARY BUDGETS AND TRUST ACCOUNTS.

DISCUSSION:

On January 30, 2001, Supervisor Ray Simon proposed to the other members of the Board of Supervisors that the County take a leadership role in the establishment of an economic development bank to be available to the County and its nine cities. Staff was directed by the Board to develop guidelines and a general description of how the County could implement the concept proposed by Supervisor Simon.

Background:

In the spring of 1999, the nine cities and the county began meeting to discuss the idea of a countywide sales tax sharing agreement. At that time they referred to themselves as the Sales Tax Sharing Committee. Subsequently, the group changed their name to The Revenue Sharing Committee. After considerable discussion the group concluded that a countywide tax sharing agreement without an economic development purpose could not be achieved. The group began to discuss major infrastructure projects that, if constructed, would have a regional impact on creating greater job opportunities in the community. The idea of pooling resources from the county and the cities to leverage other funds for the purpose of achieving an outcome that would benefit the entire county received a clear consensus by the group. The group recognized that construction of major infrastructure projects in the county would require collaboration and a level of resources beyond one jurisdiction's ability to provide. The group also reasoned that each jurisdiction would more likely contribute funds to a major infrastructure project if their respective jurisdiction would realize some direct benefit from their contribution, i.e. sharing in future revenue from the project.

The Board, along with elected officials from the cities, were briefed on the progress of the group and the concepts being discussed.

Economic Development Bank Concept:

The concept of an economic development bank is consistent with the Revenue Sharing Committee's desire to collaborate on certain economic projects and it demonstrates the leadership that is necessary for the region to work together on economic development.

Consistent with the concept, it is recommended that an Economic Development Bank Board be established. The Bank Board could be in the form of a joint powers authority, a 501 (c) (3) non-profit corporation or some other legal form. It is proposed at this time that the City Manager from each city and the County Chief Executive Officer explore the most suitable structure. A second responsibility would be to develop a list made up of major infrastructure and other economic development projects needed in the county to increase good paying job opportunities. The Bank Board should establish criteria, priorities and guidelines in consultation with the Workforce Investment Board and the Stanislaus County Economic Development Corporation for the selection of projects to receive assistance from the Bank.

At a minimum, a project should be consistent with the General Plan of the jurisdiction in which it is located and should facilitate effective and efficient job creation development. The project should be of the type to attract state, federal and private resources. All projects would require approval by the Board of Supervisors after appropriate review as noted above.

Initially, the Board of Supervisors would authorize all or a portion of their \$1.5 million annual contribution to a county controlled account for economic development to a project or projects that most meet their criteria of financial leverage and job creation. Other jurisdictions and agencies could also contribute to the funding of projects prioritized by the bank board based on their criteria and perceived benefit.

Prior to the Board of Supervisors receiving a recommendation on a project to be funded, the bank board must submit recommendations to the Workforce Investment Board to ensure consistency with the County's overall economic development strategy, countywide vision and Board of Supervisor's goals.

Once the Bank Board has decided on their full membership, by-laws and structure they would create their multi-year infrastructure project list. They would then seek funding from a number of different sources including: the county, cities, private activity bonds, federal government, the Governor, the legislative process, state trade and commerce other sources. For example, the following list illustrates just a few of the opportunities.

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Page 4

1. Five County Inter-Regional Partnering Funding: Job/ Housing Balance (AB2864)
2. State Infrastructure and Economic Development Bank
3. California Trade and Commerce-Rural Development E-Commerce Program.
4. Interregional Calif. Transportation Commission Funding
5. Regional Transportation Plan
6. Private Funding, i.e. Community Assessment Districts
7. Federal Economic Development Act Funding
8. San Joaquin Valley Empowerment Initiative
9. USDA Rural Development
 - Business and Industry Loan Guarantee Program
 - Rural Economic Development Loan/Grant Program
10. Community Development Block Grant
11. Infrastructure Financing District (FID)
12. Private Foundations
13. Ford Foundation: Economic development in the lives of the disadvantaged
14. Commercial Banks Community Reinvestment Act Obligations
15. Recently Enacted Community Revenue Tax Relief Act that increases the amount of private activity, tax-exempt bonds local governments can issue.

An Economic Development Bank and Board is an important vehicle for encouraging countywide collaboration on major infrastructure projects that will benefit the entire community. The Board of Supervisor's commitment of a \$1.5 million annual contribution to infrastructure projects selected by an Economic Development Board demonstrates their confidence in the community's ability to work together in creating greater job opportunities. This commitment is in addition to currently planned

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Page 5

collaborative projects, parks projects (including a youth sports park) and projects that will come out of the Renaissance Project.

POLICY

ISSUE:

The Board of Supervisor's should decide the concept of the establishment of an economic development bank will promote their priority of economic development and provide the community leadership required for multi-jurisdiction cooperation in the area of job creation.

STAFFING

IMPACT:

Short term: No additional staffing impact. Existing staff, including County Counsel, will work with community leaders to establish the appropriate structure and coordinate activities of the economic development bank. Once established, the bank may need some support staff that would be paid out of bank activities.