

COUNTY OF NEVADA

STATE OF CALIFORNIA

BOARD OF SUPERVISORS



Ed Scofield

Supervisor, 2nd District

Email: ed.scofield@co.nevada.ca.us

May 9, 2017

County of Nevada
Board of Supervisors
950 Maidu Avenue
Nevada City, CA 95959

DATE OF MEETING: May 23, 2017

SUBJECT: Resolution to withdraw from the Joint Exercise of Powers Agreement for the Purpose of Creating a Multi-County Joint Powers Agency to Foster Economic Development in the Counties of Nevada, Placer, El Dorado, and Sierra, State of California, dated July 11, 1969, and as amended on January 22, 1974 for the Purpose of Creating a Multi-County Joint Powers Agency to coordinate all Areawide programs within the Counties of Nevada, Placer, El Dorado and Sierra, State of California for which Federal/State and other funds may be available; and Letter of Support to the U.S. Economic Development Agency (EDA) for transferring the EDA grant award that supports economic development services and programs to the Nevada, Placer, El Dorado and Sierra County region to the Sierra Business Council (SBC).

RECOMMENDATION: Adopt the attached resolution to withdraw from the Joint Exercise of Powers Agreement for the Purpose of Creating a Multicounty Joint Powers Agency to Coordinate All Areawide Programs within the Counties of Nevada, Placer, El Dorado, and Sierra, referred to as the Sierra Planning Organization (SPO), and authorize the Chair to sign and submit a Letter of Support to the U.S. Economic Development Agency (EDA) for transferring the EDA grant award that supports economic development services and programs to the Nevada, Placer, El Dorado and Sierra County region to the Sierra Business Council (SBC).

FUNDING: The County will no longer provide any funding for the JPA; however, future funds may be allocated for economic development purposes.

BACKGROUND: The U.S. Economic Development Administration (EDA) was created by Congress in 1965 to provide financial assistance to both rural and urban distressed communities. The EDA provides grants as a part of its investment strategy to establish a foundation for sustainable job growth and for the building of durable regional economies throughout the United States. EDA grants are designed to leverage existing regional assets to support the implementation of economic development strategies that advance new ideas and creative approaches to further economic prosperity in distressed communities. EDA grants fund projects through Economic Development Districts and/or projects that are captured in a District's Comprehensive Economic Development Strategies (CEDS). EDA-approved activities include; i) coordinating and implementing economic development activities in the District, ii) carrying out economic development research, planning, implementation and advisory functions identified in the CEDS and iii) coordinating the development and implementation of the CEDS with other local, State, Federal and private organizations.

On July 11, 1969, the counties of Nevada, Placer, El Dorado and Sierra entered into a Joint Exercise of Powers agreement creating a Multi-County Joint Powers Agency (JPA) to foster economic development called the Sierra Planning Organization (SPO). SPO was designated as the Economic Development District and legal organization by EDA to receive federal funds. SPO qualified for this designation because the District a) contained as least one geographic area that was subject to economic distress, b) had a sufficient size, population and contained sufficient resources to foster economic development and c) obtained EDA approval for its CEDS, which is required when applying for federal funds. Additionally, on September 3, 1969, the 501(c)(4) nonprofit domestic corporation Sierra Economic Development District (SEDD) was incorporated. SEDD appears to have been established as a special committee whose overall functions and duties were to perform as the Joint Powers' administrative vehicle to apply and administer Federal grants under the review and approval of SPO.¹ At some point in time in 2007, SEDD amended its corporate name to The Sierra Economic Development Corporation (SEDCorp).²

Almost three decades later in the late 1990s, SEDCorp became the fiscal agent for Federal funds and was designated as the legal entity for the District's activities; SPO subsequently began to operate as an advisory board to SEDCorp. Surprisingly,

¹ The JPA Agreement Amended in January 22, 1974 articulates in Article IV, that the JPA shall fund an Economic Development District Board and outlines nine duties that include acting as the administrative vehicle for SPO.

² On August 27, 2007 SEDCorp released a press release outlining that the SEDD had changed its name to SEDCorp; this can also be traced through the formation date and the Corporate Code for both SEDD and SEDCorp which are C0579090 and 9/3/1969, respectfully.

documentation to support this fiscal shift and legal change cannot be found by the counties or by EDA.

SEDCorp was successful in obtaining additional funding through the California Public Utility Commission (CPUC), Small Business Administration (SBA), and the United States Department of Agriculture (USDA). The corporation eventually expanded and shifted many of its services to include broadband planning and providing micro-loans and business training services. SEDCorp also formed a new 501(c)(3) nonprofit public benefit corporation called Economic Partners In Change (EPIC), to provide other business services. EPIC's primary purposes was to apply for grants under its 501(c)(3) status to be used to contract with SEDCorp for administration.

However, in 2015, concerns were raised that SEDCorp was no longer in compliance with EDA's mission and Federal regulations and that the District's CEDS were out of compliance. As such, Nevada and Sierra counties submitted letters of intent to withdraw from the JPA. Specifically, Federal regulation requires that the District's CEDS are the result of a continuing economic development planning process, developed with broad-based and diverse public and private participation to promote regional resiliency that is unique and relevant to the District. On the contrary, SEDCorp was primarily operating a microloans and business training business funded by grants and loans obtained from both public and private organizations. SEDCorp also contracted out its microloan services to cities within the District. The last project outside of microloans and business training services that SEDCorp administered was the Gold County Broadband Consortium grant issued by CPUC in 2012 to help bring high-speed internet development, access and adoption activities to the District; however, the EDA indicated that this project was not in alignment with CEDS requirements. After consultation amongst the member counties regarding the various concerns over SEDCorp's activities, it was determined to dissolve SEDCorp and the original JPA Agreement (SPO).

In November 2016, SEDCorp's then Executive Director, Randy Wagner submitted his letter of resignation; subsequently, SEDCorp contracted with the Sierra Business Council (SBC) to have Kristin York serve as the Interim Executive Director for the purposes of winding down SEDCorp activities, transferring and resolving its fiscal assets and programs to applicable organizations and dissolving the organization. Subsequently, on March 22, 2017 the SedCorp Board of Directors moved to dissolve the organization and to transfer the remainder of the US Economic Development Authority grant award to SBC. And while the current EDA grant award expired on March 31, 2017; Ms. York successfully negotiated with the EDA to provide an extension for SBC to complete the required CEDS for the four-county economic development region. As such the EDA has

requested a letter of support from each county acknowledging and approving the grant award transfer.

Therefore, I respectfully request that the Board adopt the Resolution to withdraw from the Joint Exercise of Powers Agreement for the Purpose of Creating a Multicounty Joint Powers Agency to Coordinate All Areawide Programs within the Counties of Nevada, Placer, El Dorado, and Sierra, referred to as the Sierra Planning Organization (SPO), and authorize the Chair to sign and submit a Letter of Support to the EDA for transferring the EDA grant award that supports economic development services and programs to the Nevada, Placer, El Dorado and Sierra County region to the Sierra Business Council.

By withdrawing from the JPA and transferring the EDA grant award to the Sierra Business Council, the County will be removing its obligation and untangling itself from the JPA whose activities have become out of alignment with its original purpose and intent. Conversely, by transferring the EDA grant award to SBC, the Nevada, Placer, El Dorado and Sierra County region will be better enabled to develop a CEDS through SBC that are in compliance with EDA's mission and Federal regulations to leverage federal funds for economic development across the region.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Ed C. Scofield".

Ed Scofield
Board of Supervisor, District II