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NEVADA COUNTY BOARD OF SUPERVISORS
Board Agenda Memo

MEETING DATE: October 23, 2018

TO: Board of Supervisors

FROM: Julie Patterson Hunter

SUBJECT: Resolution approving and authorizing execution of a personal services contract between the County of Nevada and the Sierra Business Council pertaining to economic development management services as the EDA Economic Development District Planning Organization for the economic development district five (5) year comprehensive economic development strategy (CEDs) in the maximum contract amount of \$15,302.

RECOMMENDATION: Adopt the attached resolution and authorize the chair to execute the personal services contract between the County of Nevada and the Sierra Business Council.

FUNDING: \$5,000 of General Fund has been budgeted for FY2018/19 in the Non-Departmental Services: Other Financing Sources & Uses SUB 10206; 101102032721000/532200

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 Strategy (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

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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 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. 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 purpose 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

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.

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).

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; SBC Vice President of Business Innovation Kristin York successfully negotiated with the EDA to provide an extension for SBC to complete the required CEDS for the four-county economic development region. On May 23, 2017, the Board adopted Resolution 17-235 officially withdrawing from the JPA Agreement and authorized the Chair to submit a Letter of Support to the EDA for the consideration and approval of the EDA grant award to Sierra Business Council in order for continued support for economic development services and programs in the SEDD region.

As such, over the course of the last year and a half, SBC has worked to develop a draft CEDS for submission and approval by the EDA. The attached contract will formalize the County's contribution as a member of the Sierra Economic Development District in partnership with the other member counties that include Placer County, El Dorado County and Sierra County. To date, the other member counties have not yet entered into agreement with SBC for their work as the Planning Organization and official EDA fiscal agent of the Sierra Economic Development District but are anticipated to do so in the future. The annual amount of the contract is roughly the same contribution that was provided to SPO, and later SEDCorp, for their role as fiscal agent with the EDA. A 2% CPI has been incorporated in the contract's compensation to account for inflation over time for a maximum contract amount of \$15,302 over three years. SBC is required to provide an annual summary update report and presentation to the Board at the end of each fiscal year, along with regular updates throughout the year to the County Executive Office. Once the draft CEDS is finalized, SBC will return to the Board of each SEDD county for approval before its final submission to EDA. Once approved by EDA, SBC will work on implementing the CEDS for the duration of the Contract. Additionally, Ms. Kristin York will provide a summary presentation on the work that has been done on the CEDS to date, including identified next steps and forthcoming activities.

Item Initiated by: Jeffrey Thorsby, Senior Administrative Analyst

Approved by: Julie Patterson Hunter, Clerk of the Board