



## Legislation Text

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**File #:** 17-0458, **Version:** 1

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Chief Administrative Office, Economic Development division, recommending the Board:

1) Adopt and authorize the Chair to sign Resolution **092-2017** to withdraw from the Joint Exercise of Powers Agreement that created a Multi-County Joint Powers Agency to Foster Economic Development in the Counties of Nevada, Placer, El Dorado, and Sierra, dated July 11, 1969, 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; and  
2) Approve and authorize the Chair to sign a letter to the US Economic Development Administration (EDA) in support for the transfer from the Sierra Economic Development Corporation (SEDCorp) the EDA grant award that supports economic development services and programs to the Nevada, Placer, El Dorado and Sierra County to the Sierra Business Council (SBC), as part of the dissolution of SEDCorp and transfer of remaining operations to SBC.

### **DEPARTMENT RECOMMENDATION**

Chief Administrative Office, Economic Development division, recommending the Board:

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(2) approve and authorize the Chair to sign a letter to the US Economic Development Administration (EDA) in support for the transfer from the Sierra Economic Development Corporation (SEDCorp) the EDA grant award that supports economic development services and programs to the Nevada, Placer, El Dorado and Sierra County to the Sierra Business Council (SBC), as part of the dissolution of SEDCorp and transfer of remaining operations to SBC.

### **DISCUSSION / BACKGROUND**

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 for and administer Federal grants under the review and approval of SPO. At some point in time, SEDD amended its corporate name to The Sierra Economic Development Corporation (SEDCorp).

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, documentation to support this fiscal shift and legal change has 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.

SEDCorp has traditionally served three primary functions. First, SEDCorp has supported local jurisdictions in their economic development efforts, providing expertise often lacking in small local governments. Second, SEDCorp has supported local businesses with a variety of training events ranging from single-subject sessions on such topics as bookkeeping and local business resources, to intensive three-day business "boot camps" to teach the fundamentals of sound business planning from inception to retirement. Last, SEDCorp has served as a small business lender providing a number of loan products sourced from the U.S. Small Business Administration (<http://www.sba.gov/>) and the Department of Agriculture (<http://www.cdffa.ca.gov/>) to a service area that extends across all the counties touching the border with Nevada from Sacramento to Oregon.

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 withdrawal 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, it its recommended 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.

In March, the Board took related action, finding that there exists a public benefit to the County's membership in the Sierra Planning Organization/SEDCorp JPA, that there is a public benefit to the production the Comprehensive Economic Development Strategy (CEDS) plan, which is necessary to the County's continued membership in the Economic Development District as defined and recognized by the federal Economic Development Agency, and authorized the County to submit payment of El Dorado County's FY 2016-17 annual contribution to the Sierra Planning Organization/SEDCorp in recognition of the County's membership in the organization and for the production of the annual CEDS in FY 2016-17.

#### **ALTERNATIVES**

The Board could choose to not approve the letter of support. However, El Dorado County is a member of the economic development district recognized by the EDA for the purposes of grant funding and the production of the Comprehensive Economic Development Strategy and not supporting the assignment of the grant and obligation to complete the CEDS could compromise the ability of the district's member agencies to remain eligible for grant funding through EDA.

#### **OTHER DEPARTMENT / AGENCY INVOLVEMENT**

N/A

#### **CAO RECOMMENDATION**

It is recommended that the Board approve this item.

#### **FINANCIAL IMPACT**

There is no direct financial impact to the County as a result of approving this item. The County will no longer provide direct funding for the JPA; however, funds will continue to be allocated for economic development purposes and as County contributions to the Sierra Business Council for economic development activity work related to the EDA and production of the annual CEDS. Additionally, future attempts at grant funding could be compromised if the EDA grant rights and obligations are not transferred to SBC.

#### **CLERK OF THE BOARD FOLLOW UP ACTIONS**

Return signed letter to CAO's office for follow-up.

#### **STRATEGIC PLAN COMPONENT**

Economic Development

**CONTACT**

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