

REPORT TO THE CITY COUNCIL

Date: March 3, 2021

To: Honorable Mayor and City Councilmembers

From: Bobby Kahn, Executive Director
Madera County Economic Development Commission

Subject: Madera County Economic Development Commission
2021/22 Annual Basic Service Level Budget

SUBJECT:

City contribution towards the Madera County Economic Development Commission (EDC) for Fiscal Year (FY) 2021/2022 in the amount of \$181,749.80

RECOMMENDATION:

The EDC recommends the City Council (Council) adopt a minute order approving the 2021/22 Basic Service Level Budget as submitted.

SUMMARY:

This report is intended to augment the report provided to the Council on February 3, 2021 and February 17, 2021.

The City, along with the County of Madera and the City of Chowchilla, established a Joint Powers Authority (JPA) to create an agency with the expressed purpose of attracting and establishing industry in the region. The EDC is seeking funding to continue with its core mission for the upcoming fiscal year. Included with your packet is a Basic Service Level 2021/22 Budget and a breakdown of all salary and benefits by individual employee.

DISCUSSION:

During the February 17, 2021 meeting, Council inquired about quantifying the fiscal impact the EDC had on the City of Madera. A report is attached that uses minimum numbers that indicates the annual fiscal impact. Please note the most of these impacts will be reoccurring year after year. Only six projects were included in this report.

Fiscal Impact

This request will have an impact to the General Fund in the amount of \$181,749.80

Attachments

Report to the Council dated February 3, 2021.
Report to the Council dated February 17, 2021.
Fiscal Impact Report.

* City Attorney Memo to Council February 24, 2021

REPORT TO THE MADERA CITY COUNCIL

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DISCUSSION:

History & Board Composition

The EDC was created by the County of Madera and the cities of Madera and Chowchilla through a JPA in 1968. On an annual basis, the EDC approaches each respective agency and outlines budget needs and contribution amounts. In an effort to identify needs, EDC staff works collaboratively with its Board of Commissioners, comprised of 13 members from county chambers, industry and public utility to plan the upcoming year's strategy and efforts. Budget needs are more narrowly defined by the EDC Executive Committee, which is comprised of 5 of the 13 aforementioned Board of Commissioners.

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Role of the EDC

The EDC, in partnership with the City, works tirelessly on:

1. Attracting new business, particularly job creation.
2. Assisting existing business expand, including identifying and providing loans.
3. Retention of existing business that are seeking and relocating outside of the region.
4. Serving as a liaison between the City and businesses.

As part of these efforts, the EDC:

- Attends trade shows
- Communicates with corporate site selectors to identify needs
- Identifies key personnel at public utility companies (e.g. PG&E, AT&T, Comcast)
- Generates data

While not all efforts result in new businesses, it is worth noting that the EDC played an instrumental role in recently attracting:

Table 1: New Businesses in the City (1)	
Auto parts company (manufacture)	Vallarata Supermarket-Open Sept.
Agricultural Chemical Co.	North Fork Mono Resort
Plastic molding company-Open April	Love's Travel Center-Open March
<i>Projects in Ave. 17/Hwy 99 area</i>	

****Company names may not be provided due to confidentiality****

California Central Valley EDC

While the EDC represents the JPA agencies, it also part of an eight county wide economic consortium, the California Central Valley Economic Development Corporation (CCVEDC). The CCVEDC is nationally recognized and assists the EDC with connecting key decision makers, generating proprietary research and data, and in organizing site tours with corporate site selectors. Being a member of the EDC grants access to CCVEDC's prospects and leads.

Regional EDC

Worth noting is that EDC also acts as the lead agency on a county-wide basis for several agencies, organizations and programs, including:

- A. The Eastern Madera County Chamber Alliance
- B. The Greater Madera County Industrial Association
- C. Recycling Market Development Zone (Zone administrator working with CalRecycle and Madera County businesses that use recycled materials to prevent adding to the landfill)
- D. The Madera County and City of Madera Revolving Loan Fund programs and others.

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The EDC is also a leader in promoting Madera with ongoing press releases, social media, daily blogs and serves as the Madera County representative on the Channel 30 ABC News community advisory committee.

EDC REQUEST

The contribution amounts are proportionally based on population. For the upcoming year, EDC staff, along with the Board of Directors determined the following contribution amounts:

Table 2: Contribution Amounts				
	County of Madera	City of Madera	City of Chowchilla	Total
Contribution	223,320.36	181,749.80	34,363.75	439,433.91
Population %	50.82%	41.36%	7.82%	100%

The 2021/22 Basic Service Level Budget has a .57% increase over the 2020/21 budget, due to minor anticipated operational costs. The JPA states that each jurisdiction shall pay a pro-rated share of the EDC Basic Service Level Budget based on population. EDC conducts an annual review of the State of California Department of Finance (DOF) most recent population numbers for the County of Madera, City of Madera and the City of Chowchilla. The DOF figures show that the City of Madera population represents 41.36 % of the County. This equates to \$181,749.80 for the 2021/2022 fiscal year. This is an increase of \$1,029.63 over the 2020/2021 Basic Service Level budget.

LOOKING FORWARD

Similar to all organizations, the EDC takes its role seriously and is continuously looking at improving to better serve the City. Looking forward to FY 21/22, the EDC will:

- EDC will provide a quarterly update to the council on projects and activities.
- All council members will be emailed the agenda for the EDC’s Board of Commissioners Quarterly meetings.
- EDC staff will invite council members for individual monthly briefing.

FISCAL IMPACT

This request will have an impact to the General fund in the amount of \$181,749.80.



REPORT TO THE CITY COUNCIL

Date: February 17, 2021

To: Honorable Mayor and City Councilmembers

From: Bobby Kahn, Executive Director
Madera County Economic Development Commission

Subject: Madera County Economic Development Commission
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DISCUSSION:

During the February 3, 2021 meeting, Council has several inquiries about the EDC. More specifically:

- The Composition of the Board
- Enhancing communication between EDC staff and the City
- More regular updates
- Budget history
- Quantifying the benefits of the EDC

The following is an attempt to provide said information:



EDC Board

The following are the current members of the full Board and the respective category in which they serve:

1. Mayor Santos Garcia, Madera City Council
2. Chairperson, Robert Poythress, Madera Chamber of Commerce
3. Supervisor Brett Frazier, Madera County Board of Supervisors
4. Councilmember Waseem Ahmed, Chowchilla City Council
5. Brad Ditton, Bass Lake Chamber of Commerce
6. Mary Diebert, Public Utility
7. Ron Flores, Industry at-large
8. Paige Hill, Chowchilla Chamber of Commerce
9. Wade Wheeler, North Fork Chamber of Commerce
10. Tracie Scott-Contreras, Madera County Workforce Development
11. Darin Soukup, Oakhurst Chamber of Commerce
12. Ollia Ridge, Golden Valley Chamber of Commerce
13. Aran Johal, Coarsegold Chamber of Commerce

The EDC Board is comprised of 9 members from the private sector and 4 are from the public sector. Per EDC By-laws, the Chair of the Commission “shall not be a representative of a funding agency.” It is noted that EDC Chairperson Robert Poythress also serves as the Chair of the Madera County Board of Supervisors; however, he represents the Madera Chamber of Commerce at the EDC and not the Board of Supervisors. When initially elected to the City Council, the EDC obtained a legal opinion concerning his status on the Board. The opinion stated that although he is an elected official, that does not prevent the Madera Chamber of Commerce appointing him to represent them as a local business person serving on his own time.

EDC Executive Committee

The Executive Committee is comprised of the Chair, past Chair, a representative from the Board of Supervisors, a representative from the Madera Council and a representative from the Chowchilla Council. They are as follows:

1. Mayor Santos Garcia, Madera City Council
2. Chairperson, Robert Poythress, Madera Chamber of Commerce
3. Past Chairperson, Brad Ditton, Bass Lake Chamber of Commerce
4. Supervisor Brett Frazier, Madera County Board of Supervisors
5. Waseem Ahmed, Chowchilla City Council

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Looking Forward

Similar to all organizations, The EDC takes its role seriously and is continuously recalibrating its service delivery model to ensure that is meeting its client's expectations. Looking forward the EDC is committed to:

- Monthly meetings with the City Manager. This will allow the EDC an opportunity to align its goals with the City.
- Quarterly updates: City Manager and Executive Director of the EDC will continue to meet regarding the formal format of the quarterly report which the City Manager will share with the Council.
- Council updates: At the City Manager's discretion, he can request the Executive Director to provide workshop updates to the Council.
- Councilmember meetings: EDC staff is available to meet with Councilmembers at their discretion.
- Budget information: Once adopted by the EDC Executive Committee, the Executive Director will share salary ranges with the City Manager. In the future the Executive Director will provide any salary range amendments to the City Manager as they are adopted by the Executive Committee.

Budget History

In accordance with the JPA, the budget is submitted for approval to each jurisdiction prior to March 31st of each year. The total amount of the budget is divided proportionally based on the percentage of the overall population of the County. Although the City has experienced an approximate growth rate of one percent over the last five years, the percentage of contribution has declined due to faster growth in the County. The rates are as follows:

- FY 16/17 – 43%
- FY 17/18 – 42.15%
- FY 18/19 – 42.23%
- FY 19/20 – 41.68%
- FY 20/21 – 41.63%

At the February 3, 2021 meeting there was also a comment and question with regard to involving more private sector investment in the EDC similar to the Fresno EDC. This was briefly discussed at the February 10, 2021 Executive Committee meeting and at the suggestion of the Chairperson will be put on the March agenda for further discussion moving forward.

Quantifying the Impact of the EDC

During the February 3, 2021 meeting, part of the discussion centered on the benefits of the EDC. Quantifying benefits is challenging and can partially be attributed to confidential information, such as revenue for private business. Regardless, The EDC will begin to collect data on employment data that can

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be shared. Moreover, it is worth noting the EDC is an active member of the California Central Valley EDC (CCVEDC) that provides the ability to leverage marketing dollars and provides opportunities for additional exposure through CCVEDC sponsored events such as trade shows, marketing missions and other supported events.

Fiscal Impact

This request will have an impact to the General Fund in the amount of \$181,749.80

Attachments

Report to the Council dated February 3, 2021.

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Madera County Economic Development Commission

Madera City Council
March 3, 2021

Fiscal Impact Report

Summary

Project	Property Tax	Estimated City Portion Property Tax	Sales Tax to City	New Jobs
Love's	\$122,153	\$17,101.43	Estimated \$200,000	90
TranPak	\$43,819	\$6,134.66	Manufacture	35
DeerPoint	\$61,786	\$8,650.11	Manufacture	Started 70 Now 102*
Span Spec	Estimated \$40,000	\$5,600.00	Manufacture	15
Baykur Madera	\$37,707	\$5,279.00	Estimated \$15,000	200
Full Throttle	Estimated \$60,000	\$8,400.00	Manufacture	50
TOTAL	\$365,465	\$51,165.20	\$215,165.20	422 * used only 32 jobs for DPG

New Jobs	Minimum Salary Projections	Annual	Impact on Community
422	\$1,600 per month	\$675,200	\$2,025,600

Estimate based on

- 422 jobs
- \$10.00 per hour
- 20 working days per month
- Salary turn over 3 times (most economist say 5-7 times)

Small Business Loan

- Last 12 months - \$100,000 – 3 new jobs

Small Business Pandemic Grant Program

- City of Madera - 113 business \$1,091,000

Estimated Impact to General Fund	\$215,165
Salary Impact	\$2,025,600
Small Business Loan	\$100,000
Grant Program	<u>\$1,091,000</u>
	\$3,431,765

Other Monetary Impacts

Schools

- Direct monetary benefits from property tax income
- Benefit of business/education partnerships

County

- Libraries
- County parks
- Other services



QUESTIONS

MEMORANDUM FROM CITY ATTORNEY

TO: Mayor and City Council
CC: Arnaldo Rodriguez, City Manager
DATE: February 24, 2021
RE: Economic Development Commission

At the February 18, 2021, the City Council had an agenda item regarding the budget for the Economic Development Commission (“Commission” or “EDC”). The Council requested a summary of the joint powers agreement which created the EDC.

The following is a summary of the joint powers agreement as requested and includes a brief discussion on the annual budget process.

A. BACKGROUND ON THE JOINT POWERS AGREEMENT

On March 23, 2004, the County of Madera, City of Madera, and the City of Chowchilla (“Parties”) entered a Joint Powers Agreement under Government Code Section 6500 et seq to create the EDC which is referenced in the Agreement as “Commission.” The Agreement is called “Amended Joint Powers Agreement for the Madera County Economic Development Commission.” It is referenced in this memo as “Agreement.”

Section 4 of the Agreement describes its purpose as follows:

[T]o attract and establish industry and foster economic growth and development within Madera County. An essential means of achieving this goal is the disbursement of all forms of information pertaining to the industrial resources of Madera County. COMMISSION, therefore, will seek to attract industrial and commercial relations, and to recommend and encourage the development of improvements needed by such industries and businesses.

B. KEY PROVISIONS OF JOINT POWERS AGREEMENT

1. Section 5 Commission Members.

While the EDC was created by the Cities of Madera and Chowchilla and the County of Madera, the Agreement states that there shall be a minimum of twelve (12) members. The members are appointed as follows:

- a. One member of the Madera City Council
- b. One member of the Chowchilla City Council

- c. One member of the Madera County Board of Supervisors
- d. One position held by a representative of the Eastern Madera County Chamber of Commerce
- e. One position held by the Division Administrator of the Madera County Workforce Development Office
- f. One position held by a representative of a public utility company who shall be appointed by the concurrence of and serve at the pleasure of the remaining members of the Commission
- g. One position held by a representative of existing industry and business within Madera County who shall be appointed by the concurrence of and serve at the pleasure of the remaining members of the Commission
- h. One position held by a representative of the Bass Lake Chamber of Commerce, which member shall be appointed by and serve at the pleasure of the Board of Directors of the Bass Lake Chamber of Commerce
- i. One position held by a representative of the Chowchilla Chamber of Commerce,
- j. One position on COMMISSION held by a representative of the Madera District Chamber of Commerce
- k. One position on COMMISSION held by a representative of the North Fork Chamber of Commerce
- l. One position on COMMISSION held by a representative of the Madera Hispanic Chamber of Commerce

2. Section 7 Executive Committee.

This section addresses the Executive Committee which is comprised of “the Chairperson and three (3) committee members, of whom one shall be appointed respectively from the City Councils of Madera and Chowchilla and from the Madera County Board of Supervisors.”

Key powers of the Executive Committee include responsibility for:

- a. Reviewing all proposed actions of the Commission;
- b. Approving the Commission’s annual budget; and
- c. Selection, evaluation, termination, and setting of compensation for the Executive Director of the Commission.

3. Section 12 Effect of Agreement and Termination Provisions.

The Agreement became effective when the three Parties signed the Agreement. Section 12 provides that the Agreement will continue in effect until one of the following occurs:

- a. Two of the three PARTIES hereto may terminate the Agreement at the end of any fiscal year and written notice of such termination to the third party shall be given on or before March 1 of that fiscal year.
- b. One PARTY may withdraw from the Agreement, if written notice of withdrawal is given to the other PARTIES by March 1 of any given year. Notwithstanding any

any other provisions of this Agreement, a PARTY's obligation to provide funding to COMMISSION shall terminate upon its withdrawal from this Agreement.

4. Section 13 Contributions by Parties.

Under this section each party must contribute funds for the basic operation and staffing of the EDC on an annual basis. Section 13 further provides:

Contributions shall be in the form of three-year commitments. The second and third-year shares of each contribution commitment may exceed the first-year share, but may not fall below a minimum of ninety percent (90%) of the committed contribution for Basic Budget for the initial year of each contribution commitment.

COMMISSION shall adopt a budget that divides its basic service level expenses from its other costs. Once the budget is approved by all PARTIES, **the contribution of each party shall be prorated based upon the population of the respective PARTIES.** The expenses for the basic services level shall only include the costs associated with the retention, expansion, and attraction of businesses to Madera County as follows: Agreed upon basic operation and staffing budget. (emphasis added)

5. Section 16 Annual Budget Adopted by Majority of Commission by April 1.

Under this section, the annual budget is required to be adopted by a majority vote of the Commission members and submitted to the Parties on or before April 1. This section has key language that all the Parties must agree on the annual budget before the Commission may authorize expenditures.

6. Section 23 Rules and Regulations.

Under this section the Commission is required to adopt rules and regulations pertaining to its internal business and the conduct of its affairs.

C. THE ANNUAL BUDGET

As described above, per Section 16 of the Agreement, the annual budget is required to be adopted by a majority of the full Commission on or before April 1. Taking the first sentence of Section 16 by itself, a majority of the 12 members of the Commission could adopt the budget without the vote of any or all of the Parties to the Agreement. However, it must be read together with the second sentence which states that **“All Parties must agree on the annual budget before Commission may authorize the expenditure of any money therefrom.”** That means that unless the Cities of Madera and Chowchilla and the County of Madera **all agree** on the annual budget, the Commission may not authorize any expenditures. [emphasis added]

Other provisions of the Agreement address the annual budget. First, Section 7 provides that “the Executive Committee shall be responsible for approving the annual budget.” Thus, the Commission members adopt the annual budget. However, the Executive Committee must approve

the annual budget. Second, Section 13 describes the proration of contributions of the Parties “**once the budget is approved by all Parties.**” [emphasis added]

In summary, it is hoped the foregoing is helpful. Please let me know if you have any questions.

Respectfully submitted,



Hilda Cantú Montoy