



MENDOCINO COUNTY BOARD OF SUPERVISORS
SUMMARY/ACTION WORKSHOP MINUTES – NOVEMBER 5, 2003

BEFORE THE BOARD OF SUPERVISORS
COUNTY OF MENDOCINO • STATE OF CALIFORNIA

The Mendocino County Board of Supervisors met for a Board Workshop at 501 Low Gap Road, Room 1090, Ukiah, California on Wednesday, November 5, 2003, at 9:06 a.m., with the following members present: Michael Delbar, Richard Shoemaker, Hal Wagenet, Patricia Campbell, and J. David Colfax. Chairman Shoemaker presiding.

Staff Present: Janelle Rau, Deputy Clerk of the Board; Jim Andersen, County Administrative Officer; H. Peter Klein, County Counsel; and Mr. Tony Shaw, Economic Development Coordinator.

Others Present Throughout the Meeting: Ms. Terri Ullrich; Ms. Sheilah Rogers; Ms. Jeri Harris; Mr. Marty Lombardi; Mr. Brant Peterson; Mr. Jeff Lucas; Mr. Gary Pedroni (present for the Redevelopment discussion only).

AGENDA ITEM NO. 1 – PRESENTATION, DISCUSSION, AND POSSIBLE ACTION ON ECONOMIC DEVELOPMENT PROJECTS, ACTIVITIES, AND STATUS REPORTS

- **COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (CDBG) THREATS AND OPPORTUNITIES :**
 - **MICROENTERPRISE (SMALL BUSINESS ASSISTANCE) PROGRAM**

Presenter/s: Mr. Tony Shaw, Economic Development Coordinator.

Mr. Shaw provided an overview of the topic, noting that procedural changes at the State CDBG program are jeopardizing the County's ability to offer services to the County's Microenterprise (small business) and potential Business Assistance (loan) clients.

Mr. Shaw noted that the State program is attempting to recover from an adverse audit performed by the State Bureau of Audits. Additionally, as CDBG funds are federal funds provided to the State for local government purposes, the federal government has also become critical of the operational procedures of the State CDBG program. Mr. Shaw noted that the State is conducting various audits on numerous local Microenterprise programs, including City and County related programs.

Mr. Shaw commented on and reviewed the following:

- To recover from those audits, the State has instituted new procedures and interpretations, which will result in more controlling authority to State program representatives.
- Those changes have stopped the flow of Microenterprise Assistance funding to the County.
- The Business Assistance (loan) Program is also undergoing revised interpretation of performance and underwriting standards.

In response to Board inquiry, Mr. Shaw and Ms. Rogers provided additional information and clarification regarding the timelines associated with the audits, the basis for the State's need to conduct the audits, various constraints and impacts resulting from the newly instituted procedures, interpretations and auditing processes, and related matters.

A question and answer period ensued regarding the various options presented to the Board in an attempt to address solutions to keep the small business (microenterprise) programs available to CDBG clients in the short and long term.

Board members cautioned staff about the amount of time and resources to be expended in addressing the issues presented, considering the risk factors associated; further, commented upon the various options available for consideration, including the potential to collaborate with Lake County on the Small Business Development Center option.

Board Directive: GENERAL CONSENSUS OF THE BOARD to support the following recommendations presented by staff:

- As a short-term solution, continue to a degree that is appropriate to tailor the County's microenterprise program to achieve State authorization to expend funding and resume services. If the State does not approve the County's microenterprise program, then disencumber (return) the pending grant to the State.
- As a potential long-term solution, use the County's Legislative Program to seek funding to support the opening of a Small Business Development Center (SBDC) or other appropriate solution, exclusive to Mendocino County.
- As a continuous process and long-term objective, use the County's Legislative Program, compile a package and transmit to all interested parties, requesting participation in discussions to develop a statewide strategy for CDBG funding for microenterprise services. Interested parties consisting of the California Association for Local Economic Development (CALED), the Economic Strategy Panel of the California State Association of Counties (CSAC), the California Association for Microenterprise Opportunity (CAMEO), National Association of Counties (NACO), etc.; further, local parties be included in the transmission of information and potential discussions, such as elected officials, mayors and managers.

□ **COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (CDBG) THREATS AND OPPORTUNITIES :**
 • **BUSINESS ASSISTANCE (LOAN) PROGRAM**

Presenter/s: Mr. Tony Shaw, Economic Development Coordinator.

Mr. Shaw provided an overview of the topic, noting that the Business Assistance Program is a revolving loan fund (RLF) program, noting that funding to operate the RLF program are derived through an annual grant process from the State, and from the County's Program Income Account that accumulates loan repayments to fund the RLF program.

Mr. Shaw and Mr. Lucas proceeded to review the following :

- The Federal Department of Housing and Urban Development (HUD) and the State Department of Housing and Community Development (HCD) have developed various standards for determining CDBG participation in economic development projects, both microenterprise and business assistance.
- The State CDBG program has amplified its procedural and underwriting criteria as a corrective measure to the statewide audit. Those changes now subject the local process to a

new level of administrative and underwriting burdens that question the marketability of the County program. Additionally, the favorable state of interest rates also questions whether a public source loan program, with a lengthy and cumbersome new process and job creation requirements, is necessary.

Discussion ensued regarding the impacts associated with the procedural and underwriting criteria, the value to continuing with the Business Assistance Loan Program, and potential solutions to continue to operate a County Business Assistance Program.

Board Directive: GENERAL CONSENSUS OF THE BOARD to support the following recommendations presented by staff:

- Continue to implement the active grant to the best of the County's ability to satisfy CDBG requirements, including reducing interest rates to 2-3% for marketability.
- Continue with making RLF loans or grants from the Program Income Account. Given the status of the commercial loan market and low interest rates, and that the Economic Development & Financing Corporation has access to \$750,000 in loan financing, staff anticipates a reduced demand for the County program in the unincorporated area. Consider a workable solution by tailoring the Program Income Account to cater to Redevelopment Area clientele and other eligible activities that include less cumbersome CDBG procedures.
- Investigate the use and feasibility of over the counter loans or grants from CDBG for larger projects, including public infrastructure.
- Use the County's Legislative Program to advocate for reasonable adjustments to the existing application of CDBG funding for business loans, including participation with CALED and CSAC.

RECESS: 11:14 – 11:23 A.M.

BRAINSTORMING SESSION RELATIVE TO THE OPERATIONS OF THE REDEVELOPMENT AGENCY AND REDEVELOPMENT PLAN IN PREPARATION FOR THE 2004/2005 BUDGET

Presenter/s: Mr. Tony Shaw, Economic Development Coordinator.

Mr. Shaw provided an overview of the issue, stating that the discussion is intended as an initial step in planning for the Fiscal year 2004/2005 budget relative to the Redevelopment Project implementation.

Mr. Shaw noted that the Plan divides potential projects and actions into two (2) general categories of housing and non-housing. Potential projects and actions were developed with the help of the Redevelopment Citizen's Advisory Committee, as well as the Planning Commission, the Board of Supervisors, and the Redevelopment Project planning team.

Mr. Shaw reviewed with the Board the information presented including five year redevelopment implementation plan projects, which includes housing related and non-housing related projects and proposed options available as part of the Redevelopment planning process.

Board Directive: GENERAL CONSENSUS OF THE BOARD to support the following recommendations presented by staff:

- Utilizing existing resources (housing related committees, groups, agencies, County departments, etc.), rather than establishing a separate Redevelopment project housing committee, also to consider the option of bond issuance as necessary.
- In order to facilitate Plan implementation, the Board supports establishing a technical advisory committee as needed, to utilize Memorandum of Understandings with County departments for budgeting purposes (time & costs), and to explore master plan effort for certain parcels.

Board Directive: GENERAL CONSENSUS OF THE BOARD to support the following Redevelopment Project Area Development Criteria recommendations presented by staff:

- Establishing development criteria with respect to landscaping, circulation/road standards, signage, and design criteria (building color, textures), etc.; and to apply standards tied to building permits, encroachment permits, business licenses, change of occupancy, etc.
- Adding 'certainty' to the development process, and focus upon gaining an increased level of consistency near the City/County jurisdiction lines.
- Coordinating the development of criteria with the City of Ukiah.

Board Directive: GENERAL CONSENSUS OF THE BOARD to support the economic development recommendations presented by staff to survey existing businesses within the project area in order to ascertain the desires/needs of business owners.

2. OTHER BUSINESS:

ADDITIONAL DISCUSSION TOPICS AS IDENTIFIED BY BOARD MEMBERS

None presented.

DISCUSSION AND DIRECTION REGARDING BOARD WORKSHOP SCHEDULING:

PRELIMINARY DISCUSSION REGARDING THE DECEMBER 17, 2003, BOARD WORKSHOP

None presented.

ADDITIONAL DISCUSSION TOPICS AS IDENTIFIED BY STAFF

None presented.

THERE BEING NOTHING FURTHER TO COME BEFORE THE BOARD, THE MENDOCINO COUNTY BOARD OF SUPERVISORS WORKSHOP ADJOURNED AT 12:01 P.M.

RICHARD SHOEMAKER, Chairman

HAL WAGENET, Vice-Chairman

Attest: KRISTI FURMAN
Clerk of the Board

Attest: JANELLE RAU
Deputy Clerk of the Board

NOTICE: PUBLISHED MINUTES OF THE MENDOCINO COUNTY BOARD OF SUPERVISORS MEETINGS

- Effective January 2003, the Mendocino County Clerk of the Board will publish summary/action minutes of Board of Supervisors meetings
- These published summaries are considered draft until adopted/approved by the Board of Supervisors
- The Board of Supervisors' summary/action minutes are also posted on the County of Mendocino website at: www.co.mendocino.ca.us/bos
- To request an official record of a meeting of the Mendocino County Board of Supervisors, please contact the Clerk of the Board at (707) 463-4221.

CLERK OF THE BOARD – PUBLIC OFFICE HOURS

(Monday- Thursday, 8:00 a.m. – 5:00 p.m.)

- Effective April 2003, public office hours have been modified as follows: Monday-Thursday, 8:00 a.m. – 5:00 p.m. As an alternative service provision, please reference the departmental website to obtain additional resource information for the Board of Supervisors and Clerk of the Board: www.co.mendocino.ca.us/bos

Thank you for your interest in the proceedings of the Mendocino County Board of Supervisors