

**ECONOMIC DEVELOPMENT ADVISORY COMMITTEE
City of Merced**

MINUTES

MERCED CIVIC CENTER
3RD FLOOR CONFERENCE ROOM
678 W 18TH STREET
MERCED, CALIFORNIA

TUESDAY
July 26, 2011

A. CALL TO ORDER

The meeting was called to order by Committee Vice Chair Kathy Andrade at 7:00 A.M.

B. ROLL CALL

Members Present: Kathy Andrade
Forrest Hansen
Ron Lawrence
Paul Lundberg
Jeff Pennington
Steve Roussos
Chris Winek

Members Absent: Richard Kirby
Janet Young

Others Present: Dave Heyer, Manager, Merced County Department of
Workforce Investment

Staff Present: John Bramble, City Manager
Frank Quintero, Director of Economic Development
Daniel Ainslie, Development Manager
Karen Baker, Development Associate
Maria Mendoza, Development Associate
Mark Hamilton, Planner

C. ADDITIONS/DELETIONS TO THE AGENDA

None

D. ORAL COMMUNICATIONS
None

E. CONSENT CALENDAR

M/S LUNDBERG/ LAWRENCE to approve the EDAC minutes of June 1, 2011.

The motion passed by unanimous voice vote of the members present with the exception of Committee member Chris Winek who abstained from the motion due to his absence at the June 1, 2011 meeting.

F. DIRECTOR'S REPORT

F.1 Activity Update

Director of Economic Development Frank QUINTERO moved the item to G3.

G. ACTION/INFORMATION ITEMS

G.1 California's FY 11-12 Budget and Impact on Redevelopment Agencies

Director of Economic Development Frank QUINTERO stated that the budget for FY 11-12 was heavily impacted by uncertainty at the State level. Redevelopment Agencies as well as Enterprise Zones surfaced on the Governor's chopping block in January 2011. For the time being, Enterprise Zones are in the clear until next Fiscal Year but Redevelopment Agencies are still under siege.

Development Manager Daniel AINSLIE provided an overview of the Governor's efforts to dissolve Redevelopment Agencies. Mr. AINSLIE stated that the ongoing tradition in Sacramento has been to turn to taking local funds during difficult budgetary times.

Proposition 1A was created to stop the state from taking local funds and Proposition 22 was placed on the ballot to stop the State from taking Redevelopment funds. Despite the passing of both Propositions, Governor Brown proposed to abolish Redevelopment Agencies in order to take the funds without violating Propositions 1A and 22.

The City of Merced Redevelopment Agency entered into cooperative agreements and created a Public Financing and Economic Development Authority to protect Redevelopment funds from being taken from the Agency.

The State gave Redevelopment Agencies the option of paying a, "voluntary contribution" to them by October 1, 2011 in order to keep functioning as an Agency. Agencies electing not to pay will cease to exist on November 1, 2011. The City of Merced Redevelopment Agency will make the \$3.3 million payment.

Due to the vast reduction in Redevelopment funds, the Agency will change the way it operates. Projects that have already been started or budgeted for will be completed but future plans, projects and small business loans cannot happen for quite some time.

Mr. AINSLIE shared that a lawsuit was filed against the State by the League of California Cities and the California Redevelopment Association. Should the Court rule in favor of Redevelopment Agencies, the City hopes to regain the \$3.3 million that was unwillingly sent to the State.

No action was needed since the item was for information only.

G.2 Enterprise Zone Program Survives Governor's FY 11-12 Budget

Merced County Department of Workforce Investment Manager, Dave HEYER stated that the Enterprise Zone (EZ) program was saved in the State's FY 11-12 budget process. Mr. HEYER shared that historically, EZ's have always been threatened with elimination at the State level. Opponents argue that EZ's are a form of corporate welfare without looking at the community benefit. EZ's were saved this year because businesses benefitting from them stepped up and spoke about the benefits.

Mr. HEYER stated that despite any misconception, companies do not move or relocate solely because of EZ designation. Location, demographics and infrastructure also play a huge role in the location process.

EZ's usually encapsulate targeted employment areas that are set up around poverty levels where people usually need assistance in finding employment.

The Committee shared concerns that despite the EZ being a highly beneficial program; not too much advertising has been done to make businesses aware of it. Mr. HEYER stated that the State has been inadvertently advertising EZ's and marketing will continue. Often times businesses discover the EZ program through their Certified Public Accountant.

Committee members further discussed the benefits of the EZ.

G.3 Project Updates

G.3.a Economic Development

Director of Economic Development, Frank QUINTERO stated that the City is seeing more confidence in the economy from retail and industrial users. Black Bear Diner was quick to secure the former Marie Calendar's location two weeks after Marie Calendar's announced their closure. The Hibachi Grill is up and running at the former Cool Hand Luke's location and all of the Merced Mall shops are full for the first time in 9 years. Downtown also has a handful of new shops that include a bakery, a sports grill and a linen store.

From the industrial standpoint, the previous Arvin Sango building has been purchased by a developer representing a food processing client. The City continues to be on the short list for a couple more industrial projects.

Mr. QUINTERO reported that Development Associate Maria MENDOZA attended the InterSolar show in early July 2011 with Team California. Merced was able to establish itself as a player in the solar arena due to the abundant resources available in the area including UC Merced's solar program.

Mr. QUINTERO attended a meeting with the Team California Board of Directors and the Lieutenant Governor Gavin Newsome. Lt. Governor Newsome is a business owner and understands business. Mr. QUINTERO is confident that Lt. Governor Newsom's new plan for business in California will be successful.

The Office of Economic Development will be getting back to the basics and conducting more business visits. Mr. QUINTERO stated that the EDAC members might be called on to assist in the visits in case the business would rather speak with someone other than City staff.

G.3.b General Plan

Planner, Mark HAMILTON gave the Committee an overview of some of the projects in Merced. The North Merced office complex located at Mercy Avenue and Mansionette Drive will be re-considered by the Planning Commission before going to the City Council. The City plans to work with the surrounding neighborhood to identify traffic calming measures.

The General Plan's final Environmental Impact Report was released in July 2011. The EIR identified encouraging healthy, more walkable communities and included comments from the Bicycle Advisory Committee. Strip commercial will be avoided while mid block commercial continues to be encouraged. Certain roadways will be increased from 2 to 4 lanes and residential & commercial mixed use developments are targeted. Major growth areas identified are in NE Merced and the Mission Avenue Corridor.

G.3.c Major Street Improvement Projects

Director of Economic Development Frank QUINTERO stated that the written report prepared by City Engineer Daryl JORDAN on Major Street Improvement Projects would be included in the next EDAC Agenda.

H. OTHER BUSINESS

Director of Economic Development Frank QUINTERO advised the Committee that on August 1, 2011, new Civic Center hours were 10:00 a.m. – 5:00 p.m. Staff would still begin work at 8:00 a.m. and would use the hours between 8:00 a.m. – 10:00 a.m. to complete work before being accessible to the public.

I. ADJOURNMENT

There being no further business, the meeting was adjourned at 8:40 a.m. to the EDAC meeting on August 30 at 7:00 a.m., Third Floor Conference Room, Merced Civic Center, 678 W. 18th Street, Merced, CA 95340.

Prepared by:



Maria Mendoza
Recording Secretary

Approved by:



Kathy Andrade
Vice Chair