ECONOMIC DEVELOPMENT ADVISORY COMMITTEE City of Merced

MINUTES

MERCED CIVIC CENTER

3RD FLOOR CONFERENCE ROOM

678 W 18TH STREET

MERCED, CALIFORNIA

TUESDAY APRIL 30, 2013

A. <u>CALL TO ORDER</u>

The meeting was called to order by Committee Chair Paul Lundberg at 7:00 A.M.

B. ROLL CALL

Members Present: Mary Camper

Doug Fluetsch
Christie Hendricks
Vanessa Lara
Paul Lundberg
Jeff Pennington
Joe Ramirez
Steve Roussos

Members Absent: Forrest Hansen (Excused)

Ashley Leffard (Excused)
Janet Young (Excused)

Others Present: Larry Harris, Member of the Public

David Heyer, Merced County Enterprise Zone Manager

Staff Present: John Bramble, City Manager

Frank Quintero, Director of Economic Development

Karen Baker, Development Associate Maria Mendoza, Development Associate

C. <u>ADDITIONS/DELETIONS TO THE AGENDA</u>

Director of Economic Development Frank QUINTERO stated that the EDAC agenda of April 30, 2013 had been amended and Item G.5, the cancellation of the EDAC meeting of May 28, 2013, had been added.

D. ORAL COMMUNICATIONS

None

E. CONSENT CALENDAR

E.1 Minutes of January 29, 2013

E.2 Minutes of March 26, 2013

M/S PENNINGTON/FLUETSCH to approve the EDAC minutes of January 29, 2013 and March 26, 2013 with changes.

The motion passed by unanimous voice vote of the members present.

F. <u>DIRECTOR'S REPORT</u>

F.1 Economic Development

Director of Economic Development Frank QUINTERO stated that during the month of April, staff conducted roughly two site tours per week and met with two retail brokers. Staff was in attendance at an ICSC Next Generation event held in Walnut Creek as well as another one in Oakland which focused on Hispanic Markets. Many contacts were made with retailers and developers at both events.

Mr. QUINTERO shared that the former Pepsi building has generated interest from another potential user. He also noted that the 19 acre site at the corner of Yosemite Avenue and G Street is now being actively marketed. The subject site is co-listed by Rick Amerine of Commercial West Associates and Gonella Realty. Although the focus of the project is to attract a pharmacy, retail, restaurants and office service providers will also be solicited.

Economic Development staff toured the Scholle Corporation plant with the Director of the Governor's Office of Business and Economic Development, Kish RAJAN and Senior Business Development Specialist, Patrick MCGUIRE. Scholle Corp. is transitioning to leaner forms of manufacturing and a 45,000 sq. ft. expansion is in the works for the Merced plant. New machinery would be included in the proposed expansion. When asked by Mr. RAJAN if there were any issues or complaints with the City of Merced, Scholle Corp. spoke very highly about the ease of working with City of Merced staff and Merced Irrigation District. As a result, the State's communications crew was going to visit Merced at a later date and film Scholle Corp.'s testimonial to place on the State's website.

Mr. QUINTERO also stated that Merced was a contender for a communication center project along with three other California communities and one in Texas. The communication center client toured five available sites in Merced with the former Albertson's building being the most suitable one for the project.

The City has been in contact with Wal-Mart regarding the Distribution Center and is awaiting Wal-Mart's response on contacts for the new team assigned to the project.

G. <u>ACTION/INFORMATION ITEMS</u>

G.1 Annual Attendance Report for April 1, 2012

M/S CAMPER/HENDRICKS to approve the Annual Attendance report for April 1, 2012.

The motion passed by unanimous voice vote of the members present.

G.2 Changes to Target Employment Area Census Tract Qualification

Merced County Enterprise Zone Manager, Dave HEYER reported that the California Department of Housing and Community Development Department has made changes to the Target Employment Area Census Tract qualification. The guidelines have been re-defined on how a Census Tract qualifies to be part of a Targeted Employment Area (TEA). Instead of basing the Census Tract qualifiers on the County Median Income, they are now being based on the State Median Income which is rendering many of the Census Tracts in Merced County ineligible to be in the TEA. The purpose of a TEA is to encourage businesses in an enterprise zone to hire eligible residents of certain geographic areas within a city, county, or city and county.

Mr. HEYER briefed the committee on how TEA's work for companies located in Enterprise Zones. An eligible employee living in a TEA qualifies a company within an Enterprise Zone to receive \$37,440 hiring tax credit over five years.

As a result of the new changes, the qualifying number of Census Tracts to be part of a TEA has been reduced thus removing a substantial area of the Unincorporated County from the TEA. Employers located within an Enterprise Zone will be less inclined to hire eligible residents from the targeted geographic area therefore reducing employment opportunities for Merced County residents and reducing opportunities for businesses to remain competitive by leveraging the Enterprise Zone program.

M/S ROUSSOS/PENNINGTON to direct Staff to prepare a letter to the California Department of Housing and Community Development opposing the changes to the TEA Census Tract qualification.

The motion passed by unanimous voice vote of the members present.

G.3 Proposed Targeted Employment Area Designation

Merced County Enterprise Zone Manager David HEYER shared that by law, the Enterprise Zone must update its Targeted Employment Area (TEA) boundaries as new Census and demographic data become available. A Resolution must then be adopted once the boundaries are identified in order to update the TEA.

Mr. HEYER identified certain areas in Merced and Atwater that would be included in the TEA. Enterprise Zone companies could then hire voucherable employees living within the TEA and be eligible for a State tax credit of \$37,440.00 per employee over five years.

M/S PENNINGTON/HENDRICKS to direct Staff to proceed with the preparation of a Resolution Adopting the New Targeted Employment Area Census Tracts for Council consideration.

The motion passed by unanimous voice vote of the members present.

G.4 Enterprise Zone Expansion Request from Madera County

Merced County Enterprise Zone Manager Dave HEYER stated that The Merced County Enterprise Zone (EZ) received a request from Madera County to include them in Merced's EZ. Madera County's EZ designation expired in 2009 and a number of companies that were part of the former EZ have expressed interest in once again being in the program. It is important to Madera to accommodate the companies because they employ a good portion of Madera's population.

According to Mr. HEYER, a 15% expansion is allowed for Enterprise Zones, which for Merced County, is the equivalent of 6,000 acres. In exchange for the expansion, Madera County would pay for Merced County EZ's membership fees to the California Central Valley Economic Development Corporation (CCVEDC) and provide funding for marketing efforts. The CCVEDC is a network that generates Economic Development Leads. In addition, Madera County will also be paying Merced County's California Enterprise Zone Fees.

The Committee expressed their concern that by expanding the EZ into Madera County, Merced County was equipping them with a tool to compete with us when it came to business attraction.

Director of Economic Development Frank QUINTERO clarified the committees concerns and stated that the proposed EZ expansion would only be in a developed area in Madera that already has existing businesses. Therefore, the EZ benefits could only be applied to the existing businesses and not new development. The proposed EZ expansion would put us at a better regional position, and retain a number of much needed jobs in the San Joaquin Valley.

No action was needed because the purpose was for the Committee to provide initial comments to Staff.

Cancel EDAC Meeting of May 28, 2013 **G.5**

M/S CAMPER/HENDRICKS to cancel the EDAC meeting of May 28, 2013.

The Motion passed by the unanimous vote of the members present.

H. OTHER BUSINESS

None

ADJOURNMENT

There being no further business, the meeting was adjourned at 8:12 a.m. to the EDAC meeting on June 25, 2013 at 7:00 a.m., Third Floor Conference Room, Merced Civic Center, 678 W. 18th Street, Merced, CA 95340.

Prepared by:

Recording Secretary

Approved by:

Paul Lundberg

Chair