

# Tuolumne County Economic Development Authority

## Summary

The Tuolumne County Economic Development Authority (TCEDA) is a small public agency with a wide field of activity. It was created to 1) be an advocate for and to assist businesses with their issues within Tuolumne County and the City of Sonora and 2) to market the City and County as good places to do business to companies outside to the City and County. TCEDA was formed as a Joint Powers Authority of the City and County to facilitate the City and County working together more efficiently and effectively. The Grand Jury's investigative efforts focused on three primary topics including **general assistance to businesses, management oversight** of the agency, and overall **strategy and direction** for the agency.

The Grand Jury's review of business assistance identified a broad set of interactions between TCEDA and other agencies in the areas of job training, housing, loan funding, planning, zoning and permitting, and referral to other Federal/State/Local entities that provide small business training and development resources. Multiple interviews with active businesses identified satisfaction with the assistance provided by TCEDA. This applied to small and large existing businesses attempting to expand as well as start-up businesses. A few departments or agencies see TCEDA as interfering with normal processes.

The Grand Jury's review of management oversight identified a number of problems related to budgetary control, terms for the Chief Executive Officer (CEO) contract, and board personnel evaluation processes. A structural issue of concern relates to balancing the need for public openness with private industry needs for confidentiality. Another concern relates to the structure of the TCEDA as a Joint Powers Agency that has established its own rules of governance

which, in some cases, do not reflect best practices of either the City or County. Finally, our review identified a general lack of objective and concrete performance metrics or performance reporting.

The Grand Jury's review of strategy and direction focused on the recently adopted *5 Year Work Plan* for the agency. The agency is currently refocusing much of its effort towards the attraction of external businesses to the City and County. There are weaknesses in the range of support mechanisms available to attract new businesses to the City and County such as the lack of business ready properties and recent reduction of State and Federal funding of revolving loan funds.

## **Glossary**

<b>Biomass</b>	Organic matter used as a fuel, especially in a power station for the generation of electricity
<b>Bricks &amp; Mortar</b>	A traditional business that operates in a building, when compared to one that operates over the internet
<b>Business Plan</b>	A document setting out an organization's future objectives and strategies for achieving them
<b>CEO</b>	Chief Executive Officer
<b>EPCTC</b>	Economic Prosperity Council of Tuolumne County
<b>Family Wage</b>	A family wage is a wage that is sufficient to raise a family
<b>IT</b>	Information Technology, including hardware, software, communications, data storage, and security
<b>JPA</b>	Joint Powers Authority
<b>Living Wage</b>	A wage that is high enough to maintain a minimum standard of living for a single individual
<b>Management Audit</b>	An independent examination and appraisal of the efficiency and effectiveness of management and organization
<b>Marketing Plan</b>	A document outlining an organization's

<b>Metrics</b>	marketing strategy and tactics Quantifiable measures organizations use to track, monitor and assess the success or failure of various processes
<b>Pro Bono</b>	Providing professional advice without compensation
<b>TCEDA</b>	Tuolumne County Economic Development Authority
<b>The Brown Act</b>	The Brown Act (California Government Code, section 54950, et seq.) guarantees the public's right to attend and participate in meetings of local legislative bodies. The Brown Act was enacted in response to mounting public concerns over informal, undisclosed meetings held by local elected officials. The Act has been interpreted to apply to email communication as well.

## **Background**

In the fall of 2017, the Grand Jury became aware of citizen concerns regarding the transparency and efficacy of the Tuolumne County Economic Development Authority. Concerns focused on TCEDA's budget, management transparency, and return on investment.

The Grand Jury chose to investigate TCEDA based on several persistent and important local issues: Tuolumne County's ongoing budgetary challenges, lack of tax revenue, and limited family wage opportunities. In addition, TCEDA had not been evaluated by a Grand Jury since its creation as a City/County Joint Powers Authority in 2009.

Following an initial inquiry, which included both a preliminary review of public documents, and observation of public TCEDA board meetings, the Grand Jury voted to proceed with a full investigation.

## Methodology

### Documents

The Grand Jury reviewed the following documents:

- TCEDA Joint Powers Contract and Agreement Summary Sheet
- TCEDA Website (TCEDA.net)
- Governments Working Together - A Citizens Guide to Joint Powers Agreements  
(<http://sgf.senate.ca.gov/sites/sgf.senate.ca.gov/files/GWTFinalversion2.pdf>)
- TCEDA JPA Contract and Agreement Summary Sheet)
- TCEDA Financial Policy
- TCEDA Travel and Business Expense Policy
- Structure of Tuolumne County Small Business Revolving Loan Committee
- TCEDA CEO Reports to the Board for 2017
- TCEDA Guide to Business Grants
- TCEDA Guide to Business Incentives
- TCEDA Executive Director (CEO) Job Description
- Monthly TCEDA Board of Director meetings, minutes, and agendas
- TCEDA's 5-Year Work Plan
- The City of Sonora, and Tuolumne County General Plans
  - City of Sonora General Plan, Chapter 10 Economics
  - Tuolumne County General Plan, Economic Development Section
- 2017 CEO Expense Reports
- 2017 CEO Calendar
- 2017 CEO Timecards (sampling)
- TCEDA Board Agenda and Minutes for 2017/18

- TCEDA Request for Proposals Downtown Outreach Consulting Services
- TCEDA Approved Financial Policies
- 2015 Guidelines for Business Assistance Program funded by Tuolumne County with Community Development Block Grants
- 2013 Tuolumne County Revolving Loan Fund Loan Advisory Board Meeting Agenda
- 2012 Tuolumne County Small Business Loan Fund Summary
- TCEDA Statement of Net Position for Fiscal Years Ended 2015, 2016, and 2017
- Tuolumne County Living Wage Calculation (<http://livingwage.mit.edu/counties/06109>)
- Sampling of 2018 Union Democrat Fictitious Business Licenses
- IRS Form 990 Tax Return of Organization Exempt from Income Tax
- TCEDA CEO Slides on Projected New Jobs, Percentage of Jobs by Wage, and Estimated Capital Investment
- June 20, 2017 Union Democrat article, County budget turmoil: state mandates, federal cuts, rising debt
- July 17, 2017 Union Democrat, Letters to the editor, Innovation Lab

### **Site Tours**

The Grand Jury visited businesses and attended TCEDA board meetings.

### **Interviews**

During this investigation, the Grand Jury interviewed 23 people including TCEDA Board members and staff, senior City, County and Federal agency managers, and established as well as new local businesses in the City and County.

## **Discussion**

### **TCEDA Background**

In September, 2009, the County of Tuolumne and the City of Sonora signed a Joint Powers Agreement (JPA) to create the Tuolumne County Economic Development Authority. According to Title I, Division 7, Chapter 5 (commencing with Section 6500) of the Government Code of the State of California, “a Joint Powers Agreement may be made between multiple government agencies in order to combine their powers and resources to work on common problems and more efficiently and effectively deliver services.”

The TCEDA JPA was specifically created to address mutual economic concerns facing the City of Sonora and the County of Tuolumne as a whole. Specific concerns mentioned in the original contract include:

1. Business and employment opportunities for its residents
2. The income needed to create, expand, and sustain essential services provided by both private business and local government

Additional values included creating a healthy economy “that respects and that acknowledges the value of and utilizes the community's history, heritage and natural resources.”

The original JPA agreement mandated that TCEDA address seven areas:

1. Business retention and expansion
2. Business attraction
3. Business assistance programs
4. Identification of appropriate locations for and creation of shovel ready commercial and industrial properties including but not limited to adaptive reuse

5. Support the creation, expansion and rehabilitation of public infrastructure needed to support and sustain local business and industry (e.g. road, water, power, sewer, telecommunications, etc.)
6. Assist with educational and training opportunities tailored to equip and support the community's workforce
7. Pursuit of funding sources to facilitate all of the above.

Further, the original contract specifies that the goals, policies and implementation programs of TCEDA "shall be generally consistent with those contained in the Economic Development Element of the Tuolumne County General Plan and Economics Element of the City of Sonora General Plan."

### **TCEDA Governing Board and Functioning**

The Governing Board of TCEDA consists of seven members:

- 2 Tuolumne County Supervisors selected by the Board of Supervisors.
- 2 City of Sonora Council members selected by the Sonora City Council.
- 3 At-Large members appointed by the City and County members of the Governing Board. At-large board members include representation from Mother Lode Job Training, a community nonprofit, and a local attorney.

The Chambers of Commerce, Columbia College, and community safety-net service providers are not currently represented on the Board.

City and County appointed Board members must vacate their board seats upon ceasing to hold their public office. The Grand Jury was not able to find or verify any further guidelines regarding length of service or term limits for TCEDA Governing Board members. Other

than reimbursement for travel and incidental expenses, Board members serve in a voluntary capacity.

As a JPA, TCEDA is required to hold monthly meetings and is bound by the Ralph M. Brown Act (beginning with Section 54950 of the Government Code of the State of California). The board is required to have an appointed Chairman, Vice-Chairman, and Secretary.

Tuolumne County officials serve in mandated financial and legal positions. The County Treasurer-Tax Collector is designated as the Treasurer for the TCEDA board. Likewise, the Clerk/Auditor is the County Auditor-Controller, accountable for all funds and reporting of all receipts and disbursements. County Counsel serves as Legal Advisor.

### **TCEDA Budget and Funding**

The County and City share the funding for TCEDA. The County covered 77% and the City of Sonora was responsible for 23% (per agreed formula). During this investigation the TCEDA reviewed and adopted the budget for the 2018/19 fiscal year in the amount of \$460,732. (see Appendix A for budget details.)

TCEDA is also expected to pursue additional funding sources. Funds are to be used for "ordinary administrative and operating expenses", "payment of fees and costs incurred ... for any economic development services, programs or projects implemented."

TCEDA is required to keep accurate and detailed financial accounts for all budget categories. Account books are open for public inspection at all times. The Auditor-Controller audits these books annually.

#### **TCEDA Budget Categories (2018-2019)**

Employee Costs	\$330,729
Operation Costs	\$116,584
Contingency (Board direction)	\$ 13,419



## **CEO Compensation**

The TCEDA CEO has been working under contract for the TCEDA JPA since its inception with an initial contract dated March 11, 2009. The CEO is currently compensated under the terms of Tuolumne County's Executive/Confidential Compensation Plan. Current compensation as of June 24, 2018 includes:

- \$163,634 base annual salary
- Other Employment Benefits per the Compensation Plan ([https://www.tuolumnecounty.ca.gov/DocumentCenter/View/519/Executive\\_Confidential\\_MOU\\_](https://www.tuolumnecounty.ca.gov/DocumentCenter/View/519/Executive_Confidential_MOU_))
- \$500 per month car allowance
- \$200 per month Information Technology (Phone+) allowance
- A severance pay provision (1 month salary per each year worked, up to a maximum of 6 months, if terminated by the Board prior to completion of the contract period)
- **Vacation Time** - During the last three years (2015, 2016, 2017), the TCEDA's CEO used a cumulative total of 120 hours of vacation time and cashed out a total of 720 hours of vacation time. In addition, beginning on September 11, 2017 through October 9, 2017, the CEO's calendar shows him to be in England, which he lists as comp time and remote working. Of that time, four days are listed as vacation.

## **Current TCEDA Location, Staffing, and Operations**

During the course of this investigation, the TCEDA physical location was located at 99 North Washington Street, Sonora, California. TCEDA maintains a digital presence through its website: <http://www.tceda.net/>.

The TCEDA Governing Board did not change during the course of our investigation. TCEDA employees included a salaried Chief Executive Officer (CEO) and an hourly Administrative Assistant. The

CEO works under contract to the JPA (not an employee of either the City or County). Mid-way into our investigation, the following two staff changes were made:

- The TCEDA Administrative Assistant resigned and was not replaced (pending approval of the new budget).
- TCEDA also contracted with a part-time, project-specific consultant.

### **Business Assistance Performance**

The Grand Jury surveyed public leaders and private business owners on what they thought the primary role of TCEDA to be. Responses were:

- Assure a business friendly environment in the City and County
- Be an advocate for business needs
- Help businesses solve problems with government departments
- Help businesses distinguish between and connect with available support resources

The Grand Jury interviewed a number of large and small businesses as to the issues most important to conduct, maintain, or expand their business operations in Tuolumne County. Frequently mentioned issues were:

- Zoning and Permitting Processes
- Lack of Affordable housing
- Training Programs for Employee Skills
- Financial Assistance Programs for Business
- Availability of Business-Ready Properties
- Business Assistance

Local businesses describe TCEDA as having accomplished the following:

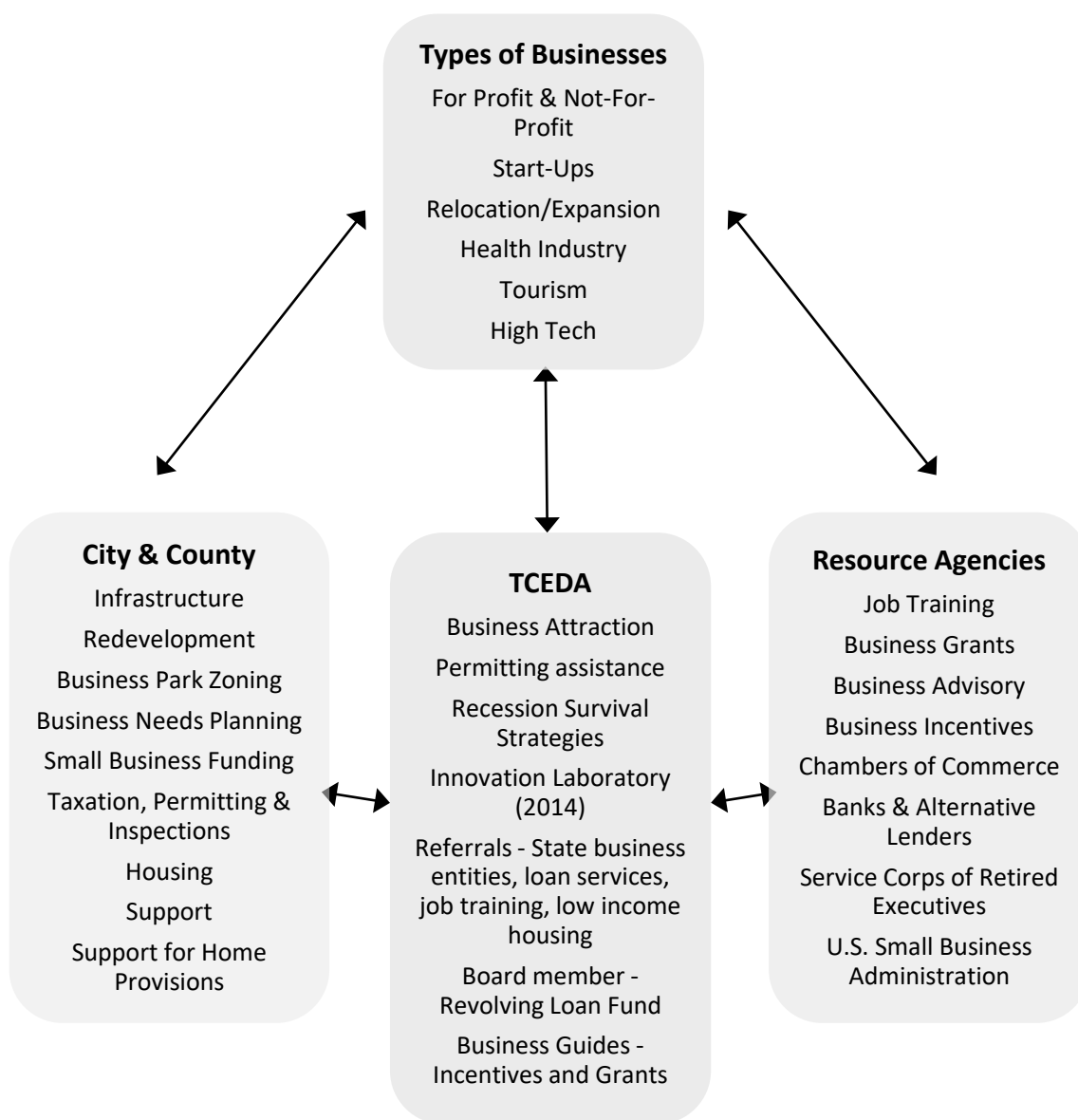
- Built and maintained relationships with multiple state and local resource agencies
- Built and maintained lines of communication with relevant City and County departments
- Maintained strong support from the TCEDA Board
- Maintained strong support between TCEDA Board and City and County hierarchies

### **City, County and TCEDA Roles**

Economic development is a very broad field with many interconnected entities and roles. As the Grand Jury collected information and conducted interviews, it was evident that, while the TCEDA, as a JPA, plays an important role, it does not control all aspects of economic development. See Figure 1 below.

Both redevelopment and Loan Funding have been greatly reduced due to past legal actions on redevelopment and reduced funding from state and federal programs. The Grand Jury did not observe progress on the development of a commercial zoning district or pursuit of a business/industrial park either by City or County.

**Figure 1: Economic Roles in Tuolumne County**



## **Business Assistance Procedures**

The Grand Jury interviewed several businesses with regard to the support provided by TCEDA. Most responses were specific to their individual business situations. While some businesses favorably mentioned services such as assistance with regulations and red tape, other businesses were unaware of TCEDA or of what help they could receive.

The Grand Jury learned that there were other services provided directly by TCEDA (such as expediting planning, permitting, and inspection processes) as well as a range of services available either directly to businesses or by referral from TCEDA staff and Board. A comprehensive guide (or matrix of services) available directly from TCEDA or by local or State/Federal funded agencies (such as the Incentives and Grants Guide) does not exist.

TCEDA has been in operation for over eight years. The Grand Jury experienced a very informal agency with few standard operating processes or best practice procedures. There is no database of businesses served, issues addressed, or reflections on lessons learned. During the course of this investigation, the Grand Jury was informed that a new database software system was being implemented in the Fall of 2017. TCEDA was not able to provide the Grand Jury with a comprehensive list of all past or current businesses served, nor a list of all businesses in the pipeline of development and/or assistance.

## **Authority, Operation, and Oversight**

The efficiency and transparency of the TCEDA were of particular interest to the Grand Jury. As such, we investigated several key areas of TCEDA management processes and procedures. Specifically, we looked at expense reporting and financial auditing, the nature of and degree to which the managing board provided oversight, and applicable organizational goals and metrics.

## **Expense Documentation & Audits**

As specified by the original JPA agreement, the Tuolumne County Auditor is tasked with conducting a yearly financial audit as well as reviewing monthly operational, travel, and TCEDA client related expenses. The latter category includes employee travel costs, meal and alcohol allowances, hotel, and incidental costs related to the stated purposes of TCEDA.

Our investigation found that TCEDA, as a JPA, has created a unique set of policies in its reporting practices, as compared to its founding partners, Tuolumne County and the City of Sonora. In contrast to the best practices, check and balance processes utilized in City, County, State and Federal travel and expense reporting policies, we discovered several noteworthy differences in TCEDA travel and expense reporting procedures:

- The CEO authorizes his own travel without Board input.
- The CEO is not required to submit expense reports to the Board for approval. The CEO approves his own expense reports.
- The CEO is allowed to approve exceptions to TCEDA travel and entertainment expense policy, including his own.
- The CEO is allowed to expense alcohol for entertainment purposes, which is unique as compared to other government agencies.
- The CEO does not identify to anyone the specific persons (or number of persons participating) or organizations being entertained (primarily meals), nor the purpose of the meeting.
- The CEO's 2017 expense report identified persons being entertained with TCEDA funds, only as *Clients, Prospects*, or

*Partners*. These labels were used inconsistently. The CEO's contract states that all entertaining is to be with *Clients*. The Grand Jury interpreted this term to mean current or prospective business owners.

- A conservative comparison of calendared appointments with expense reports indicates that 53% (86 of 162) of entertainment meal expenses were spent on TCEDA Board members (excluding the City Mayor), County Supervisors, and Managers.
- An interviewee indicated that he paid for his own meals. This could apply to others but there is no documentation of this nor any procedure to track whether or not this was actually deducted from the bill. Furthermore, review of the bill seems to indicate more than one person being entertained.

### **Public/Private Information Balance and the Brown Act**

The TCEDA is a public agency utilizing public funding and must be compliant with the Brown Act and conduct of public business in the spirit of public openness. However, many of the TCEDA external interactions are with private businesses who consider their business dealings to be a private and confidential matter. Based on a review of the minutes, there appears to be a conflict between the business that is being conducted by TCEDA and the Brown Act. This may be a Brown Act violation because interactions with and assistance provided to businesses are not being discussed at public TCEDA meetings.

When asked by the Grand Jury for a comprehensive list of businesses and information on assistance provided by TCEDA, the Grand Jury was told by TCEDA that no such information exists. During interviews with Board members, the Grand Jury was told that such

information *does* exist. However, nobody ever produced the requested information to the Grand Jury.

The Grand Jury found no process that allows independent audit by oversight entities such as the TCEDA Board, City and County attorneys, Courts (including The Grand Jury), and other appointed auditors.

The CEO keeps TCEDA records on a computer purchased and supported with TCEDA funds. Only the CEO has complete access to all files.

### **Board Relationships**

Many TCEDA Board members and the TCEDA CEO serve on overlapping non-profit and JPA boards. The following Board relationships and entities were noted:

#### **Economic Prosperity Council of Tuolumne County (EPCTC)**

The TCEDA Board and CEO also sit as the respective Board of Directors and Director for the EPCTC, a tax-exempt corporation which receives private donations and grants primarily used for training. A TCEDA at-large board member provides pro bono legal services for the EPCTC.

#### **Health Lit Now**

TCEDA at-large board members currently serve as President and Legal Counsel for the organization. The TCEDA CEO is the Treasurer. Health Lit Now has received funding from the EPCTC. Health Lit Now is a tax-exempt corporation providing education on healthcare industry careers in the school systems of Tuolumne and Calaveras Counties.

#### **Tuolumne County Revolving Loan Fund**

The TCEDA CEO is a board member for the Tuolumne County Small Business Revolving Loan Fund. The Revolving Loan



Fund uses federal and state funding to assist start-up or expanding small businesses.

### **Mother Lode Workforce Development Board**

A TCEDA at-large Board member is Executive Director of the Mother Lode Workforce Development Board, a public board receiving federal, state, and private funding for workforce development in Amador, Calaveras, Mariposa, and Tuolumne Counties.

## **TCEDA Mission and Strategy**

TCEDA strategies are based on their original JPA Agreement and their current *Five Year Work Plan* (“Plan”) (See Appendix B). The Grand Jury evaluated the Plan and found concerns related to the following Action Items:

### **Action Item A Measurable Outcome:**

*“Ongoing visits are made with existing businesses and assistance is provided. A minimum of 250 client visits will be conducted.”*

1. The TCEDA has hired a consultant for an initial six-month period to visit 20 existing businesses to identify companies with the capability to expand, meet living wage criteria, and willing to participate. Consultant cost for the six months is \$26,962.00.

Based on the figures provided in the TCEDA Plan, the Grand Jury interprets that the five-year business expansion effort requires continued utilization of the recently retained consultant beyond the initial six-month contract. If so, over the course of five years, this is an expenditure of approximately \$270,000.

2. Action Item A of the Plan stresses attracting companies that can provide Living Wage jobs. The Family Wage in Tuolumne County, as defined by the Living Wage Calculator ([livingwage.mit.edu/counties/06109](http://livingwage.mit.edu/counties/06109)), varies from \$25 to \$40

per hour, depending on family size and number of full and part time wage earners.

The calculator also identifies the current wages earned by a range of jobs in the County. It indicates that most of the people earning a Family Wage are either highly educated, professional, or highly trained.

The Grand Jury found that TCEDA's presentation slide on wages for anticipated new jobs is incorrect, showing an average of \$20.85/hour. (See Appendix C) A calculation check shows TCEDA's average living wage forecast to actually be \$16.39/hour. This is substantially less than the lower end of a living/family wage for Tuolumne County, as defined by the Living Wage Calculator (See point 2 above). This is not in-line with the nationally recognized MIT Living Wage calculations for Tuolumne County.

3. The Plan fails to identify any measurable Family Wage salary criteria expected of companies receiving TCEDA assistance. (See Appendix C)

**Action Item B Measurable Outcome:**

*“A minimum of 500 “out of county” businesses are contacted, market to and/or visited.”*

1. This goal is not supported by analysis of target businesses or needed TCEDA resources. There is no plan to work with businesses that are directly interested in working in Tuolumne county. This Measureable Outcome does not specify how this will be documented or evaluated.
2. The expected cost of this effort over 5 years, the expected return (increased tax revenue) over time to the County, and the

breakeven payback period for this TCEDA investment are not specified or defined.

3. Recent presentations by TCEDA have forecast \$356 million in capital investment and 1836 new jobs. Despite two requests, TCEDA provided the Grand Jury with no time frame or backup. When asked for clarification of these numbers, TCEDA was not able to cite independent industry sources. (See Appendix C)

**Action Item C Measurable Outcome:**

*“New businesses are encouraged to start up in Tuolumne (County). Visits will be conducted with any known new start-ups.”*

1. “Encourage” is not a measurable outcome. There are no data demonstrating recent successful efforts.

**Action Item D Measurable Outcome:**

*“An established and ongoing relationship is maintained with housing and workforce partners.”*

1. The Measurable Outcome is vague and not measurable.

**Action Item E Measurable Outcome:**

*“Areas of focus are researched, prioritized and studied. At least two studies are conducted and discussed by TCEDA Board. With future action plans implemented.”*

1. The Grand Jury repeatedly inquired about the content or focus of the proposed two studies. Despite areas of focus identified in the Plan (Appendix B), multiple interviewees indicated no clear areas of intended focus for the studies other than a possible survey of business owners. No standard research strategies or best industry practices were found for determining the most effective research design and topic.

## **Business and Marketing Plans**

TCEDA is a City and County investment to promote business and job growth together or separately in each jurisdiction. TCEDA is intended to operate on business principles creating a return on investment for the City and County.

Current planning documents do not reflect best practices for a standard business or marketing plan. If standard business and marketing plan topics were applied to TCEDA, documents would include the following (**current deficiencies are bolded**):

### **Business Plan:**

- Definition of TCEDA Mission and Business Goals
- Internal Market Analysis (**not formalized**)
- Organization and Management Processes
- **Support/Controls (Checks and Balances)**
- **Definition of Services to be and not to be provided**
- Funding Requirements
- **Financial Goals**
- **Projections**
- Reporting

### **Marketing Plan:**

- Objectives
- **External Market Analysis and Definition**
- **Analysis of Strengths, Weaknesses, Opportunities, and Threats**
- **Setting of Specific Short and Long Term Prospect Goals with Resource and Financial Requirements**
- **Interim (Quarterly) Reporting on Action and Programs**
- **Annual Reevaluation**

## **Findings**

- F1. Businesses have an inconsistent awareness of the existence of TCEDA and the services it offers.
- F2. TCEDA’s refusal to disclose the specific nature of its activities or the identities of business clients does not allow for independent oversight or auditing and may impact Brown Act compliance.
- F3. TCEDA does not follow best practices for public agencies with regard to transparency in the use of public funds.
- F4. TCEDA Board fails to provide effective operational oversight and does not verify or monitor the accuracy of information presented to the public.
- F5. TCEDA lacks both internal and public transparency regarding the appropriateness of budget expenditures.
- F6. TCEDA policy on entertaining “Clients” is loosely interpreted beyond the original intent of the CEO contract.
- F7. TCEDA lacks sufficient metrics and procedures to evaluate its effectiveness.
- F8. TCEDA Board and Staff serve on multiple boards and appear to be in conflict of interest.
- F9. The CEO’s vacation policy allows for both abnormally low use of vacation time and abnormally high cashing out of vacation time.

## **Recommendations**

- R1. TCEDA develop a Business Support Guide (similar to the Incentives and Grants guides) that indicates business support services offered by TCEDA and other local, state, and federal resources. (F1)

R2. The County Auditor retain an independent firm to perform a Management Audit of TCEDA operating policies and practices. The Board of Supervisors and the City Council of Sonora fund the County Auditor in retaining an independent firm. (F2, F3, F4, F5, F7)

The audit will include:

- a. Best practice for comparable agencies with specific recommendations on implementing a check and balance system for pre-approval and post-approval of travel and entertainment.
- b. A set of minimum disclosure requirements that includes the purpose of each meeting/trip/meal, specific entertainment participants and their organizations, who accepted a meal.
- c. Performance metrics and management reporting.
- d. Identification of a process for specific independent review and approval of exceptions to policies.
- e. Policies in regard to TCEDA interactions and disclosures with private businesses.
- f. Policies regarding meals and alcohol.
- g. Identifying whether the CEO is correctly identifying work time on time cards

R3. TCEDA Board consider and implement recommendations that result from the Management Audit. (F2, F3, F4, F5, F7)

R4. TCEDA to obtain Certification by the California Joint Powers Association. (F3)

R5. County Counsel review possible conflicts of interest for TCEDA Board members serving in various capacities on multiple boards. (F8)

R6. TCEDA Board develop, describe and approve a formal policy specifically defining “Clients” and acceptable entertainment of Clients, as well as defining a policy of acceptable entertaining

of Board members and other officials of the City and County.  
(F6)

- R7. TCEDA Board establish a maximum amount of accrual of vacation time for the CEO per fiscal year. (F9)

## Responses

Pursuant to Penal Code §914.1, the following response is *required* within 60 days:

- The Tuolumne County Auditor: **R2**
- The City Council of Sonora: **R2**
- The Tuolumne County Board of Supervisors: **R2**

Pursuant to Penal Code §933c, the following response is *required* within 90 days:

- TCEDA Governing Board: **R1, R3, R4, R5, R6, R7**
- Tuolumne County Counsel: **R5**

Responses are to be submitted to the Presiding Judge of the Tuolumne County Superior Court in accordance with the provisions of Penal Code §933c.

Reports issued by the grand jury do not identify the individuals who have been interviewed. Penal Code section 929 requires that reports of the grand jury not contain the name of any person or facts leading to the identity of any person who provides information to the grand jury
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## Appendix A FY18 and FY19 TCEDA Budget

### FY19 TCEDA Proposed Budget

Revenues		FY18	FY18	FY19
		Appv. Budget	Est. Ending Bal.	Proposed Budget
<b>Acct Code</b>	<b>Local Revenues</b>			
469845	City Of Sonora	\$102,841	\$102,841	\$102,841
469875	County of Tuolumne	\$344,292	\$344,292	\$344,292
	<b>Subtotal of Revenues</b>	<b>\$447,133</b>	<b>\$447,133</b>	<b>\$447,133</b>
461650	Miscellaneous Revenue - State/Federal Grants	\$1,000	\$0	\$0
486115	Miscellaneous Revenue - Other Grants	\$1,000	\$8,000	\$2,000
472311	Miscellaneous Revenue - Reimbursements	\$11,500	\$11,500	\$11,500
441110	Miscellaneous Revenue - Interest Income	\$99	\$99	\$99
	<b>Total Revenues</b>	<b>\$460,732</b>	<b>\$466,732</b>	<b>\$460,732</b>
	<b>Expenditures</b>			
	<b>Employee Costs</b>			
511110	Regular Salaries	\$194,446	\$194,400	\$198,720
512109	PERS Fixed	\$26,096	\$26,000	\$33,479
512110	PERS	\$27,551	\$27,550	\$18,260
512115	Post Retirement Medical	\$600	\$575	\$600
512120	Deferred Compensation	\$12,116	\$12,110	\$12,228
512225	Life Insurance	\$118	\$117	\$117
512125	Disability- Employer Paid	\$580	\$580	\$557
512210	Employees Group Insurance	\$32,113	\$32,113	\$32,705
512230	Cell Phone Stipend	\$2,400	\$2,400	\$2,400
512310	Workers Compensation Insurance	\$2,500	\$2,500	\$2,500
512215	Employee Physicals	\$0	\$0	\$0
512410	F.I.C.A.	\$13,372	\$13,372	\$13,686
512420	Unemployment Insurance	\$950	\$950	\$950
	Vacation Reserves Per Board Direction	\$14,396	\$14,396	\$14,526
	<b>Total Salaries and Benefits</b>	<b>\$327,238</b>	<b>\$327,063</b>	<b>\$330,729</b>
	<b>Operations Costs</b>			
521310	Communications	\$4,500	\$4,250	\$3,750
521425	Food Other	\$1,250	\$1,000	\$1,000
522510	Maintenance - Buildings/Improvements	\$3,500	\$3,250	\$3,250
523210	Dues and Memberships	\$7,000	\$7,000	\$6,500
525110	Office Expense	\$3,000	\$3,000	\$3,000
525150	Office Expense - Postage	\$1,250	\$980	\$1,000
526109	P S & S - Marketing	\$37,500	\$27,245	\$25,000
526110	P S & S - Professional Services	\$12,000	\$11,000	\$12,000
526124	P S & S - Auditor/Controller	\$1,500	\$1,400	\$1,500
526201	P S & S - Insurance	\$2,000	\$2,000	\$2,000
526211	P S & S - Web Site	\$1,000	\$975	\$1,000
527110	Publications and Legal Notices	\$1,000	\$900	\$900
527310	Rents and Leases - Buildings/Improvements	\$27,500	\$27,500	\$27,500
529120	Travel - Training and Seminars	\$8,500	\$15,000	\$14,000
529130	Transportation and Travel - Private Auto	\$0	\$6,000	\$6,000
529210	Utilities	\$4,000	\$4,000	\$4,000
529910	Expendable Equipment	\$1,575	\$1,575	\$1,434
529950	Expendable Equipment - Computer	\$3,000	\$3,000	\$2,750
	<b>Total Service and Supplies</b>	<b>\$120,075</b>	<b>\$120,075</b>	<b>\$116,584</b>
691110	Contingency Per Board Direction (3%)	\$13,419	\$13,414	\$13,419
	Total Other Charges	\$0	\$0	\$0
	<b>Total Expenditures</b>	<b>\$460,732</b>	<b>\$460,552</b>	<b>\$460,732</b>
	<b>Needed from County/City to balance budget:</b>	<b>\$447,133</b>	<b>\$359,100</b>	<b>\$447,133</b>
469845	City of Sonora Funding @ 23%	\$102,841	\$87,261	\$102,841
469875	County of Tuolumne Funding @ 77%	\$344,292	\$271,839	\$344,292
	Other	\$13,599	\$19,599	\$13,599
	<b>Balanced Budget</b>	<b>\$0</b>	<b>\$6,180</b>	<b>\$0</b>



<http://www.sonoraca.com/wp-content/uploads/2017/03/CC-4-2-18-proposed-budget.pdf>

## **Appendix B**

### TCEDA Five Year Plan 2017-2022

#### **Mission Statement**

Promote a diverse and growing economy by pursuing business retention, expansion and attraction that enhances quality of life in Tuolumne County.

#### **Purpose Statement**

The TCEDA is vested with the power to effectively implement, coordinate and administer general economic development programs within the County of Tuolumne, State of California, including the City of Sonora, in accordance with local, state and federal laws. General economic development programs shall include, but are not limited to: 1) business retention and expansion; 2) business attraction; 3) business assistance programs; 4) identification of appropriate locations for and creation of “shovel ready” commercial and industrial properties including but not limited to adaptive reuse; 5) support the creation, expansion and rehabilitation of public infrastructure needed to support and sustain local business and industry (e.g. roads, water, power, sewer, telecommunications, etc.); 6) assist with educational and training opportunities tailored to equip and support the community’s workforce; and 7) pursuit of funding sources to facilitate all of the above. In carrying out its general mission of economic development, the goals, policies and implementation programs of the TCEDA shall be generally consistent with those contained in the Economic Development Element of the Tuolumne County General Plan and Economics Element of the City of Sonora General Plan.

### **Action Item – A**

- Manage a business retention and expansion program focused on companies with the growth potential of five or more jobs.

Facilitate job creation by working with existing businesses to expand or relocate their facilities within our county. Help by assisting them in accessing capital, training personnel and expanding their markets. Focus will be on companies that pay a family wage.

**Measurable Outcome:** Ongoing visits are made with existing businesses and assistance is provided. A minimum of 250 client visits will be conducted.

### **Action Item – B**

- Manage a comprehensive business attraction and recruitment program.

Use new and existing techniques to recruit businesses for Tuolumne County. Attend industry meetings, networking events, trade shows and conduct in-person company visits focusing on companies that can benefit from our three main attractions (natural surroundings, available natural resources, growing healthcare needs). Dedicate a majority of the time on companies that hire at least 20 employees and that pay a family wage.

**Measurable Outcome:** Minimum of 500 “out of county” businesses are contacted, marketed to and/or visited.

### **Action Item – C**

- Provide start up assistance to local businesses.

Facilitate job creation by working with start-up businesses within our county. Help by assisting them in developing their business skills, accessing capital, training personnel and expanding their markets. Focus will be on companies that pay a family wage.

**Measurable Outcome:** New businesses are encouraged to start up in Tuolumne County. Visits will be conducted with any known new start-ups.

**Action Item – D**

- Encourage workforce development and workforce housing.

Work closely with workforce partners to form innovative partnerships to assist our businesses in hiring and/or training employees and providing a pathway for local youth to establish careers in the community.

Additionally, work diligently on training of residents for future career fields that are expected to expand. Help local planners, builders, real estate firms, non-profits and other interested partners expand the availability of workforce housing.

**Measurable Outcome:** An established and ongoing relationship is maintained with housing and workforce partners.

**Action Item – E**

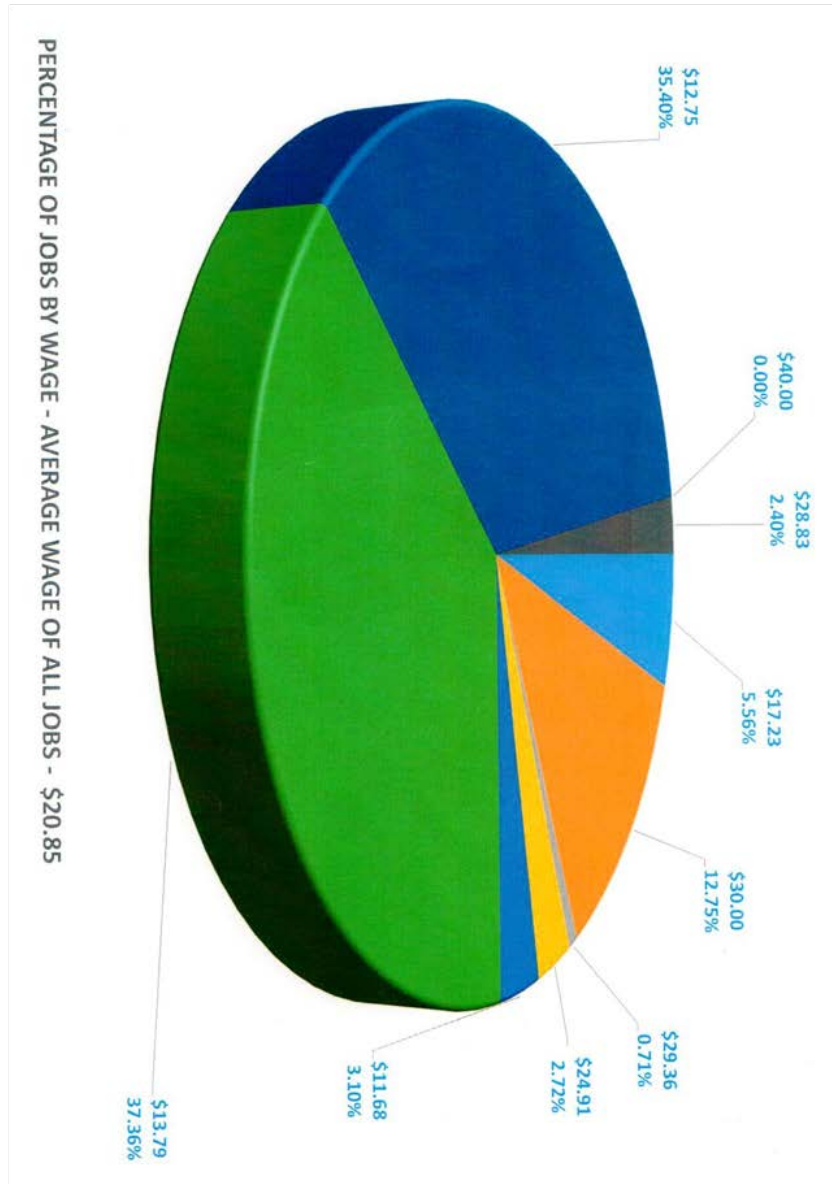
- Long term research and planning is conducted to find additional growth opportunities for Tuolumne County.

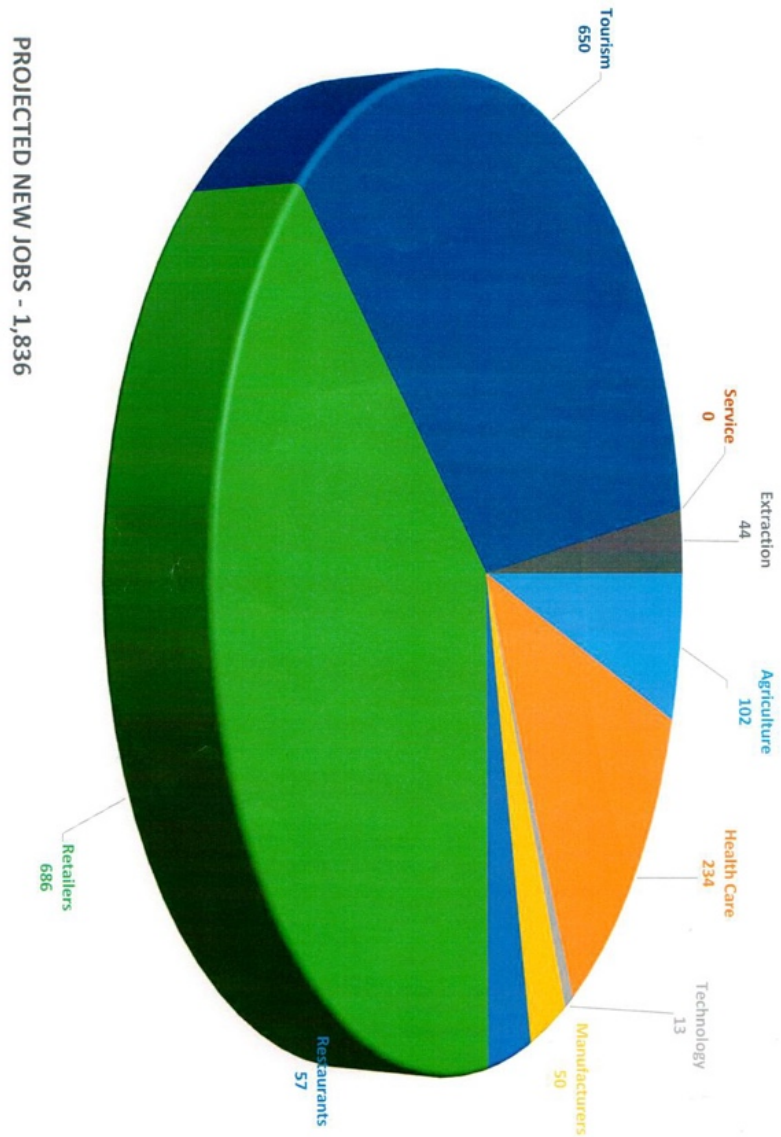
Research and/or hire researchers to review possible avenues of growth for Tuolumne County.

- Health Care, with a focus on senior care and research and development
- Forestry biomass to “product” research and development
- Water conservation and associated research and development
- Changes in retail from “brick and mortar” to online and delivery services
- Changing downtowns and what can be done to keep them vital

**Measureable Outcome:** Areas of focus are researched, prioritized and studied. At least two studies are conducted and discussed by TCEDA Board. With future action plans implemented.

**Appendix C**  
**TCEDA Presentation**  
**Fall 2017**





ESTIMATED CAPITAL INVESTMENT - \$356,100,000

