



Dear CALED Members and Friends,

I hope your New Year is off to a great start. As you will read in D-B Heusser's letter, our Legislative Action Committee is already working on our 2014 legislative priorities. However, not all legislative issues translate into taking positions on bills. I have been working with the CALED Board of Directors and members on other issues impacting economic development such as:

CDBG FOR NON-ENTITLEMENT COMMUNITIES

Several CALED members in non-entitlement communities have asked for assistance in improving the effectiveness of this program by advocating to create a clear, objective, user-friendly program that can be used to further local economic development objectives as well as meet national objectives for the program.

As part of our efforts we developed an issue brief that outlines concerns and potential solutions based on member feedback. Please contact me if you would like a copy of this brief or update on our progress.

CALIFORNIA COMPETES TAX CREDIT RECOMMENDATIONS

Like many CALED members, we also gave feedback on the new California Competes Tax Credit. We reviewed the regulations from the perspective of how communities of all sizes could work with businesses to compete for this credit, as well as what would create the most economic development impact for California. With these goals in mind, here are a few key recommendations we felt were important for our members.

- **Recommendation:** Ask the applicant how much investment they are making into the surrounding infrastructure, benefiting the community, such as streets, lights, water, sewer, etc.
 - **Rationale:** While this may get captured in the question regarding local impact, we feel this type of investment needs to be called out specifically. Projects that allow communities to benefit from infrastructure improvements they could otherwise not afford should receive consideration for this investment.
- **Recommendation:** Clearly define “the area” for which unemployment and poverty will be taken into account as more than just the census tract where the project will be located. GO-Biz should consider the residential census tracks that could be directly impacted by the project.
 - **Rationale:** If the project is in a census track that is primarily commercial or industrial, the unemployment and poverty numbers may not be an accurate reflection of those in the residential areas that the project impacts.
- **Recommendation One:** Shall pay an average annual wage above the average annual wage of the county where the proposed project is located.
 - **Rationale:** The type of job matters; we want to incentivize the creation of high-value, family supporting high-wage jobs with built-in career ladders. Furthermore, not all counties have an average wage higher than the State average, so the benchmark should be based on the county average – not the State.
- **Recommendation Three:** Shall enable cities, counties and economic development corporations to package deals for California Competes Tax Credit Committee approval.
 - **Rationale:** It's important to incentivize and leverage locally-driven attraction/retention efforts that are driven by individual cities, counties and economic development.

Please visit the Legislative Watch tab of CALED's web site to view the entire list of recommendations, and as always, feel free to contact me regarding these issues and others impacting economic development in California.

Thank you and best wishes for a prosperous 2014!

Gurbax Sahota
President/CEO