

From the Desk of the CEO



Dear CALED Members & Friends,

I hope that your 2018 is off to a great start and that you have a prosperous and successful year. Here at CALED, we hit the ground running at the start of the year and it seems like so did many of our partners and stakeholders. In January, we held a special California Rural

Economic Development Summit that we facilitated in partnership with the Rural County Representatives of California (RCRC). The purpose of the summit was to engage in a dialogue with attendees on priorities to grow rural economies. This was also an intimate opportunity for participants to meet and hear from Kim Dolbow Vann, newly-appointed California State Director for United States Department of Agriculture Rural Development.

We were excited to host over 55 economic development practitioners and stakeholders from across California ranging from Imperial County to Siskiyou County and Monterey County to Mono County. Participants closed the event by prioritizing the top three areas where they felt intervention could make the most difference.

PRIORITY 1	Challenge	Lack of critical mass, small voice for rural economic development: <ul style="list-style-type: none"> • Negative or lack of relationship with State • Not being heard by legislators
	Solution	<ol style="list-style-type: none"> 1. Build coalition of cities, counties for cohesive voice at state 2. Form urban partnerships through education and two-way exchange between parties
PRIORITY 2	Challenge	Lack of infrastructure: <ul style="list-style-type: none"> • Commercial Speed Broadband • Funding/Resources • Capacity to apply for funding • No one source with resources & technical assistance information
	Solution	<ol style="list-style-type: none"> 1. Achieve economies of scale through regional partnerships and/or "dig once" policies 2. Layered financing tools 3. Provide technical assistance to communities on how to finance these projects
PRIORITY 3	Challenge	Lack of housing: <ul style="list-style-type: none"> • Funding/Resources • Regulations burdensome for small projects • No one source with resources & technical assistance information • Impacts on workforce
	Solution	<ol style="list-style-type: none"> 1. Identify & share ways to reduce costs 2. Identify regulations impeding development of small-unit projects - can we address, get exemptions, assistance? 3. Share model practices of projects financed & built in rural areas

The group also identified that it is necessary to create a place (online or otherwise) where rural economic development resources, tools, technical assistance contacts, and model practices can be housed and updated.

Based on this feedback, CALED is working with members and partners to identify ways to support economic development in California's rural communities.

Additionally, there are several exciting opportunities related to economic development finance that were released in 2018. First, Governor Brown released his budget and it included protecting and expanding funding for economic development in the following areas:

- Cal Competes reauthorized for five years at \$180 million a year
- Additional \$20 million annually for direct assistance to small businesses
- \$50 million for businesses that hire individuals with employment barriers in the workforce

Keep an eye out in the coming months for opportunities to support and share your feedback regarding these items. Also, make sure your local legislator understands the importance of these tools.

At the federal level, the Investing in Opportunity Act was enacted. The Council of Development Finance Agencies shared:

The Investing in Opportunity Act is a new federal program that aims to improve the economic outcomes of distressed communities around the country. To improve outcomes, the program would incentivize investors to deploy their capital gains in Opportunity Zones, which are low-income census tracts that have received official designation from the governors of their respective states or territories. Groups that invest in Opportunity Zones stand to gain a temporary deferral on their capital gains taxes if they hold their investments for at least 5 years, and a permanent exclusion from a tax on capital gains if the investments are held for 10 years.

This is another potential economic development finance resource for California's most underserved communities. Watch for Governor Brown to designate up to 872 census tracts for the Opportunity Zone designation.

As you can see 2018 is off with a bang and we are working to share information with you as we get it, as well as to advocate on behalf of local economic development. In the meantime, please feel free to reach out to any of us or our leadership if you need assistance, have suggestions on how we can serve you, or to identify ways that you can engage.

Thank you for your membership and support,

Gurbax Sahota