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# California Association for Local Economic Development

December 5, 2022

To: Honorable Dee Dee Myers, Senior Advisor and Director  
Governor's Office of Business and Economic Development (GO-Biz)

Honorable Samuel Assefa, Director  
Governor's Office of Planning and Research (OPR)

Honorable Natalie Palugyai, Secretary  
California Labor and Workforce Development Agency (LWDA)

RE: Economic Diversification Pilot Project Framework  
Comments submitted to: [WSBCERF@edd.ca.gov](mailto:WSBCERF@edd.ca.gov)

The California Association for Local Economic Development (CALED), an organization representing more than 800 public and private local economic development professionals, appreciates the potential offered by the California Economic Resilience Fund Program (CERF) to assist with local and regional economic development strategies and implementation.

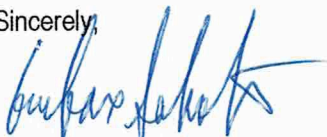
CALED respectfully submits the following comments in response to the draft CERF Economic Diversification Pilot Project Framework, which was released for public comment on November 7, 2022, to facilitate the implementation of this important program:

- **Ensure Regional and Geographic Equity in Funding Allocation:** Under the draft framework, the document states that "up to" 13 projects would be funded. This implies that some of the 13 regions would receive no funding at all for pilot projects. Excluding some regions from access to this initial funding round runs counter to the CERF program goals of geographic equity, and could dampen interest of stakeholders within non-awarded regions from further participation in the program. CALED recommends:
  - Ensure each of the 13 regions is eligible for a minimum baseline amount of funding.
  - Provide each region flexibility to be awarded more than one project. This concept is reflected in CERF program objectives #3 (listed on page 2 of framework) which contemplates funding "one or more specific priority projects within a region."
  - Clarify the weight of factors that will be considered for allocation of larger award amounts of up to \$10 million. Potential applicants should be provided clarity on the state's priorities and areas of emphasis when considering all awards, including large awards.
- **Clarify Grant Scoring Emphasis:** Page 2 of the framework states that the grants "shall meet" all seven objectives. Given that these pilot projects are based upon pre-existing local plans adopted prior to the enactment of SB 162 (2021), such an expectation is overly stringent. Many projects, based upon existing plans, will likely support several, but not all, of these objectives. CALED recommends:
  - Clarify that a grant applicant should highlight how their proposed pilot project advances one or more of the seven objectives.
  - Include a transparent scoring matrix with the application information.

- Clarify Variety of Local Plans and Emphasis on “Shovel-Ready” Projects: In the draft framework, the document states under “Additional Information” on page 4, that “a Pilot Project proposal must be presented as part of a plan approved or adopted by a local or regional entity within the past five years.” An OPR presenter in the November 16, Northern California listening session told participants that projects should also be “shovel-ready,” or part of an existing project that needed additional funding to accelerate completion. CALED recommends:
  - Stipulate that the wide variety of local plans used to support an application may include, but is not limited to: a local general plan or element within a local general plan, an adopted economic or community development strategy or policy, an infrastructure financing or community revitalization plan, a Comprehensive Economic Development Strategy (CEDS) as defined by the US Economic Development Administration, a US Housing and Urban Development consolidated plan, regional growth plan, and any other plan, strategy or policy adopted by a local or regional body.
  - Provide additional clarity on timelines and expectations associated with pilot project readiness and completion.
  - Establish and communicate a transparent process for how projects will be reviewed and selected for funding to avoid concerns of potential bias or influence.
  
- Remove Premature Requirement for HRTC Letter for Enhanced Point Scoring: Many CERF High Road Training Collaboratives (HRTC) are not yet up and running, and those that are have not had time to establish inclusive planning discussions and priorities based upon regional data. Asking for their support when they haven’t heard input from a stakeholder process seems subjective, and there could be a perception of preferential treatment for those that get letters from HRTCs given that facilitators are supposed to be neutral in the convening and planning process. In this initial round, it is inequitable and unrealistic to require applicants to attempt to get sign-off from an HRTC to secure extra points on an application. However, once the planning process is further along and future funding rounds are available, weighted scoring makes more sense. CALED recommends:
  - Provide equal weight to letters of local support.
  
- Anticipate Potential of Economic Recession: With the state facing a \$25 billion deficit, and layoffs and job cuts beginning to occur in major companies, a potential economic recession is on the horizon. The CERF program should anticipate that economic activity within regions may soon shift towards more immediate needs of preserving jobs. CALED recommends:
  - Build some resiliency into this program to allow to for funding projects that can assist communities that are preparing for or facing a recession in their efforts to retain vital businesses and jobs.

Thank you for your consideration of CALED’s comments. We value what you are trying to accomplish with the CERF program and stand ready to help you with expertise and support to build an effective, compliant economic development program that makes a difference for our state. Please contact me at 916-448-8252, with any questions or if we can assist.

Sincerely,



Gurbax Sahota, ACE  
President & CEO