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California Association for Local Economic Development

July 20, 2023

To: Honorable Stewart Knox, Secretary
California Labor and Workforce Development Agency (LWDA)

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)

From: Gurbax Sahota, President and CEO,
California Association for Local Economic Development (CALED)

RE: Catalyst Program Framework Public Comments Submitted to:
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 opportunity to provide comments related to the Catalyst Program Framework shared on June 22, 2023. As you are aware, economic development in California is anything *but* traditional — it is a dynamic process that is constantly evolving and adapting to the changing needs of communities as well as the economic and political environments. We are pleased to see the proposed Catalyst Program Framework creates a structure that allows for geographic equity by investing a set amount of funds for each region while allowing regions the flexibility to work on projects that address their local unique goals.

We also appreciate the State's leadership in 1) looking to leverage other funds available to move projects forward in the regions, 2) focusing on how to help regions with pre-development so more projects are prepared for the Implementation Phase, and 3) using a strategic, data-based approach to addressing economic resiliency through effective models such as industry cluster analysis and building workforce pipelines. Given that there is another tranche of funding available for the Implementation Phase, having a Catalyst Phase to identify projects, focus on industries, and build regional capacity while regions are concurrently meeting to complete the planning phase of the Community Economic Resilience Fund (CERF) program will better prepare regions for investment in projects and programs that arise from stakeholder input.

In prior comments, we have shared concerns regarding taking advantage of already existing resources and knowledge, whether that was working with economic developers, local governments, or experienced organizations that can help regions jump start their work — especially if there is a lack of local capacity within the Regional Collaboratives. We are pleased to see efforts to address these issues in the current proposal.

In order to further the Program's reach, we recommend the following for your consideration:

1. In addition to allowing for the establishment of regional tax increment financing districts as an eligible cost, also include the ability to match – up to \$3 million – any local tax increment pledged to the district in order to leverage the local investment and create more impact.
2. Allow flexibility in the structure of the revolving loan fund to 1) include grants where there is not an experienced lender to manage the program and funds or 2) create a loan guarantee program if it unlocks funds for businesses that would not otherwise be eligible for a loan without this support. You may also consider allowing for a forgivable loan program structure.

We believe the proposed Catalyst Program is critical to ensuring the success of the State's historic economic development investment in CERF, and we thank you for your consideration of CALED's comments. We value what you are trying to accomplish with the Program and stand ready to help you with expertise and support to build an effective, impactful 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
President & CEO