

MINUTES
EDC-VC BOARD OF DIRECTORS MEETING
June 20, 2019

- Location:** 4001 Mission Oaks Boulevard, Camarillo 93012
- Attendance:** Will Berg – City of Port Hueneme
Dee Dee Cavanaugh – City of Simi Valley
Gary Cushing – Chambers of Commerce Alliance
Kristin Decas – Port of Hueneme/Oxnard Harbor District
Nan Drake, *Vice Chair* – E.J. Harrison Industries
Henry Dubroff – Pacific Coast Business Times
Bob Engler – City of Thousand Oaks
Greg Gillespie – Ventura County Community College District
Cheryl Heitmann – City of Ventura
Carlos Juarez – City of Santa Paula
Kelly Long – County of Ventura
Chris Meissner – Meissner Filtration Products
Roseann Mikos – City of Moorpark
Shawn Mulchay – City of Camarillo
Michele Newell – VCEDA
Carmen Ramirez, *Chair* – City of Oxnard
Cari Shore – Rabobank
Sim Tang Paradis – City National Bank
William Weirick – City of Ojai
- Absent:** Haider Alawami – City of Thousand Oaks, Liaison, ED Managers Roundtable
Gerhard Apfelthaler – California Lutheran University
Eric Bergh – Calleguas Municipal Water District (Liaison)
Vance Brahosky – NSWC Port Hueneme Division
Victor Dollar – Ventura County West
Harold Edwards – Limoneira Company
Amy Fonzo – California Resources Corporation
Bob Huber – County of Ventura
Manuel Minjares – City of Fillmore
Jim Scanlon – Arthur J. Gallagher and Co
Alex Schneider – The Trade Desk
Laurel Shockley – Southern California Edison
Tony Skinner – IBEW Local #952
Trace Stevenson – AeroVironment, Inc.
Ysabel Trinidad – California State University Channel Islands
Peter Zierhut, *Secretary/Treasurer* – Haas Automation
- Legal Counsel:** Nancy Kierstyn Schreiner, Law Offices of Nancy Kierstyn Schreiner
- Staff:** Marvin Boateng, Loan Officer
Ray Bowman, SBDC Director
Kelly Noble, Office Manager
Bruce Stenslie, President/CEO
- Guests:** Dr. Rachel M Linares, County Executive Office

Mike Pettit, County Executive Office
Cam Spencer, Port of Hueneme/Oxnard Harbor District
Phylene Wiggins, VCCF
Alexandria Wright, VCCCD

Call to Order: Chair Carmen Ramirez called the meeting to order at 3:42 p.m. Ramirez thanked everyone for being here today.

Amendment to the Agenda: None

Public Comment: None

Minutes: **Approval of Meeting Minutes, May 16, 2019**
Chair Ramirez asked if there were any comments on the May 16, 2019 minutes. With none, Ramirez asked for a motion to approve the minutes from May 16, 2019. Sim Tang-Paradis motioned to approve the minutes from May 16, 2019. Nan Drake seconded the motion. All Board members listed in attendance in favor, motion carried.

Financial Report: **May 2019 Financials**
Bruce Stenslie stated that he would be doing the financials in Shalene's absence. Stenslie briefly reviewed the May 2019 financials.

Ramirez asked for follow up clarification on the expense side on the Profit and Loss for the Revolving Loan Fund. Stenslie indicated we should have more clarity on the balance of income and expense by September and will follow up.

With no other questions, Ramirez requested a motion to approve and file the May 2019 Financials. Kelly Long motioned to approve and file May 2019. Dee Dee Cavanaugh seconded the motion. All Board members listed in attendance in favor, motion carried.

Report by the VC Census Complete Count Committee Stenslie introduced Assistant County Executive Officer, Mike Pettit and Phylene Wiggins, VCCF. Pettit advised the Board that 04/01/2020 starts the Census. Per our U.S. Constitution and the guidance of federal statute, the United States Census Bureau seeks to count every U.S. resident every ten years. The preparations for the 2020 are in full swing, with enormous consequences for the states and local areas.

Census data is used for a large and wide variety of purposes, including the apportionment of Congressional seats and to inform the distribution formula for some \$675 billion in federal funds to states and local governments, for such purposes as transportation, health and social services, public safety and education.

The Census Bureau—a division of the U.S. Department of Commerce—also collects, analyzes and publishes data on business and economics, providing essential information for informing business decision-making.

Given the significance of the census count, it is absolutely critical that our local area is accurately and totally counted.

More to the point, Ventura County has been identified as one of the nation's most at-risk communities for an under-count. Any such under-count would severely reduce our fair share of federal program funds.

Mike and Phylene noted that leading the effort to assure an accurate local count is the Ventura County Complete Count Committee, with more than 100 participating affiliate

organizations.

The Ventura County Community Foundation (VCCF) and County of Ventura are the lead players for securing resources for promoting awareness of the census's significance and for assuring that all residents get counted.

VCCF is the lead and grant recipient for state funds dedicated to supporting the outreach and organizing effort for the six county area that is Ventura, Santa Barbara, San Luis Obispo, Monterey, Santa Cruz and San Benito Counties (defined as Region 5).

Report by the Port of Hueneme : Economic Impact Update

Stenslie introduced CEO and Port Director Kristin Decas. Decas stated that the Port has just recently completed an updated economic impact analysis that we are excited to share with the Board.

The study deploys a widely used and long tested methodology for estimating the economic impacts of seaport activity. In addition to economic data, the study is informed by interviews with some 51 firms that provide services at the Port.

Impacts are measured for 2018 and are estimated in terms of jobs, personal earnings, business revenue, state and local taxes.

The results of the study show significant growth at the Port since the prior analysis in 2015. Decas provide an overview of the report and its findings.

Administration

Adoption of Final 2019 Ventura County Comprehensive Economic Development Strategy (CEDS)

Stenslie noted that the development of a CEDS is in many ways a compliance issue, a prerequisite or requirement for the region's receipt of grant funds distributed by the U.S. Department of Commerce, Economic Development Administration (or EDA). The component elements of a CEDS are defined by EDA, and include goals and objectives, a SWOT analysis and data profile.

Stenslie introduced our lead on the project, Alexandria Wright, Director of Workforce and Economic Development for the Ventura County Community College District. Alexandria noted that over the last several months we presented the draft to several forums, with our Economic Developers Roundtable, two charrettes in Fillmore and Santa Paula and other contributors. The draft document was also open for public comment for a 30 day period. The EDC Board has reviewed the draft at several stages. Today's action is to approve the final CEDS.

Chair Ramirez requested a motion that the Board approve and adopt the 2019 Ventura County Comprehensive Economic Development Strategy (CEDS). With Kelly Long and Gary Cushing absent for this motion, Chris Meissner motioned to approve and adopt the 2019 Ventura County Comprehensive Economic Development Strategy (CEDS). Henry Dubroff seconded the motion. All remaining Board Members in attendance in favor, motion carried.

Consideration to Delegate Authority to the President/CEO for approval of a Contract for \$180,000 with the County of Ventura Workforce Development Board, for Business Retention and Layoff Aversion Services, for the Period July 1, 2019 – June 30, 2020. Recommendation to Approve.

Stenslie noted that EDC has continuously and successfully provide business retention and layoff aversion services for the local workforce development system since 2002. The core funding for this activity comes through the Workforce Development Board's annual allocation of federal Workforce Innovation and Opportunity Act (WIOA) funds, specifically the category of funding

called “Rapid Response.”

Rapid Response funds are used primarily by the local workforce and Jobs Center systems to assist in the re-employment of workers who have been laid off.

A parallel priority and goal—with the service provided by EDC-VC—is referred to as “layoff aversion,” that is, to work with businesses at-risk of decline, to help stabilize them and to keep their workers employed.

As this program is supported with federal funds, the Workforce Development Board and County develop a solicitation for new contractors for this project every three or four years. Accordingly, the County published a Request for Proposals in August 2017. Based on a panel’s scoring of our proposal, our past performance, and given that we were the only applicant, the Workforce Board and County Board of Supervisors approved our continuing service for 2018-19. As we exceeded performance metrics for that period, the Workforce Board has approved our continuing service for 2019-20.

The primary contractual activity for 2019-20 is for the retention of jobs at-risk of layoff. The contract goal is unchanged from 2018-19, to provide layoff aversion services to not less than 24 firms, resulting in 120 jobs retained. This activity is to be supported by \$90,000 in WIOA Rapid Response funding. In support of the overall activity, we pledge \$22,000 of in-kind support, through our Small Business Development Center, using SBDC funds to conduct the initial assessment of all businesses we serve, to determine whether a layoff aversion service is in order.

A second goal—also funded by \$90,000, though for this activity through a Regional Planning Implementation grant from the CA Workforce Development Board—is to work with regional workforce partners to establish cross-organizational training and processes and tools for information sharing on business client needs and partner service offerings, coordination of leads and priorities, outcomes and follow-up needs. The purpose is to help establish a more integrated set of business engagement services for the region. This activity was launched in 2018-19 and is being continued into 2019-20.

An additional goal is to assist firms and workers with securing specific skills training for their incumbent workforce, in such instance that the training is part of a strategy to help the workers and businesses improve their competitive position and the continued employment of the at-risk workers. For this activity we pledge \$70,000 in matching funds contributed toward such incumbent worker training, through non-WIOA funding, such as California Employment Training Panel under our direct management, or through connection to other training funds, such as California Community College resources.

The budget is \$180,000, though may be subject to change based on final allocations of federal funds to the state and county. If the dollar amount changes, there will be a corresponding adjustment to the outcome goals.

It should be noted that this funding was anticipated in our budget adoption for fiscal/calendar year 2019, based on contract performance and on-going discussions about service concentrations. Going forward, we project that approximately 50% of the contract will be drawn down and expensed under this agreement prior to the end of December, with the balance carried forward to our 2020 fiscal year.

Chair Ramirez requested a motion to delegate authority to the President/CEO to sign the contract, though subject to full Board approval at its meeting on June 20. With Kelly Long recused and out of the room and Gary Cushing absent for this motion, Nan Drake motioned to

delegate authority to the President/CEO to sign the contract. Roseann Mikos seconded the motion. All remaining Board Members in attendance in favor, motion carried.

Consideration to Delegate Authority to the President/CEO and Chair for Approval of Anticipated Contracts with the City of Ventura, \$175,000 Community Development Block Grant Microlending Program, and \$25,000 for Servicing a Code Compliance and Commercial Rehabilitation Loan Program, for the Period July 1, 2019 – June 30, 2020. Recommendation to Approve.

Stenslie commented that the EDC-VC has managed these loan programs for the City of Ventura since the year 2000. We have made 102 loans over this period, for a total of \$4.2 million, creating 342 sustained jobs, for an average cost per job created of about \$13,000. The recommended actions are to continue this service for another one year period, commencing July 1, 2019.

The programs' purposes are to advance the city's strategy for investing in business growth in its downtown and other commercial neighborhoods, to spur economic growth by assisting business owners to overcome some of the hurdles to successful entrepreneurship, and to add to the city's employment pool.

The two contracts serve different lending goals for the City and augment our countywide lending resources.

- The Microloan contract is funded by Community Development Block Grant funds, is directed to small business entrepreneurs, and is intended to support job creation for low and moderate income workers. This year's contract establishes our access to \$150,000 in loan capital, for an estimated two loans, not to exceed \$50,000 each.
- The Rehabilitation and Code Compliance Loan contract is funded by city general funds, and is intended to support the creation of businesses and jobs by lending to firms that are rehabilitating properties or addressing property code compliance issues. The total pool of funds available for lending includes an estimated \$500,000 for commercial rehabilitation and \$150,000 for code compliance. Commercial rehabilitation loans may range from \$10,000 to \$50,000; code compliance loans may range from \$10,000 to \$25,000. Exceptions on the lower end of the ranges may be considered by the City.

In both contracts our services are to:

- provide technical assistance to loan applicants,
- develop and fund new loans in the number prescribed, and
- service the existing portfolio.

The over-riding consideration in all activities is to support job creation and retention.

The city takes the lead in identifying eligible loan recipients through its economic development program. The EDC-VC partners with the City in this outreach through our Small Business Development Center and provides all loan underwriting, servicing and general loan administration.

Maximum loan terms are seven years. Loans are currently being made at 5.50%, facilitating affordable capital through this program to the city's small business owners and entrepreneurs. Additional detail on allowable uses of funds is outlined in the attachment to this memorandum.

The goal of the lending programs is to create at least one job for each \$25,000 loaned. As noted above, the cumulative performance is one job created per every \$13,000 loaned, far exceeding our baseline goals. Along with the job creation, the lending has also contributed to the retention of more than 100 additional jobs.

The loan program has also performed well in managing risk, with less than 5% of the loan fund charged off by the loan board. Considering all loans both charged-off and at-risk of non-payment, the rate increases to 5.75%. The contracts specify that underwriting standards must be tightened if more than 25% of the loans are in collection or liquidation, with such a high ceiling reflecting the loan pool's purpose to facilitate access to capital for the purpose of job creation and for businesses unable to secure commercial credit.

Stenslie added that the City of Ventura approved the Community Development Block Grant allocation of funds at its meeting of May 6, 2019. We received a letter on June 5 confirming the fund award. We do not yet have draft contracts in hand.

Chair Ramirez requested a motion that the Board of Directors approve the President's and Chair's signature approvals of two anticipated contracts with the City of Ventura, for the period July 1, 2019 through June 30, 2020, for the management and administration of the City's:

1. Microloan Program, \$25,000 for business technical assistance and underwriting services to fund a minimum of two loans, with loans not to exceed \$50,000 each, out of a loan pool of \$150,000, and for servicing the existing loan portfolio.
2. Rehabilitation and Code Compliance Loan Program, \$25,000 for underwriting services to fund a minimum of two commercial rehabilitation loans not to exceed \$50,000 each and two code compliance loans not to exceed \$25,000 each, and servicing of the existing loan portfolio.

With Cheryl Heitmann leaving the room and recusing herself, Kelly Long and Gary Cushing absent for this motion, Nan Drake motioned to authorize the President's and Chair's signature approvals of two anticipated contracts with the City of Ventura, for the period July 1, 2019 through June 30, 2020, for the management and administration of the City's:

1. Microloan Program, \$25,000 for business technical assistance and underwriting services to fund a minimum of two loans, with loans not to exceed \$50,000 each, out of a loan pool of \$150,000, and for servicing the existing loan portfolio.
2. Rehabilitation and Code Compliance Loan Program, \$25,000 for underwriting services to fund a minimum of two commercial rehabilitation loans not to exceed \$50,000 each and two code compliance loans not to exceed \$25,000 each, and servicing of the existing loan portfolio.

Sim Tang-Paradis seconded the motion. All remaining Executive Committee Members in attendance in favor, motion carried.

Consideration of a Report on Business Migration Patterns in Ventura, Santa Barbara and San Luis Obispo Counties

Stenslie passed out a report based on the research.

Stenslie stated that one of the most common complaints we hear about the "business climate" of California and Ventura County is that the cost and misery of taxation and regulation overwhelmingly drives business out of the state and our region. With that impression in the air, other states and regions—that is, our competitors for share of business and economic investment—routinely tell the story of business flight as part of a strategy to attract or "steal" business from us.

While that story is prevalent there doesn't appear to be evidence to support it. Given the lack of data on the story, we've thought it prudent to look at and analyze the actual data on business migration.

To do this analysis, we have purchased two completely separate data bases, better to assure we're getting a complete picture:

- Dun & Bradstreet’s National Establishment Time Series (NETS). The data is current only to 2015, though is inclusive back to 1990.
- Data from the Business Dynamics Research Consortium (BDRC), a component of the University of Wisconsin. The BDRC data appears more reliable and is current to 2018.

Both provide enormous annual record sets, including establishment job creation and destruction, sales growth performance, survivability of business startups, mobility patterns, and changes in primary markets.

We have contracted with the research and consulting firm Xopolis LLC to examine the detail on business relocations in Ventura, Santa Barbara and San Luis Obispo Counties.

Stenslie went over what the data sets tell us as well as on the implications for our formation of economic development messaging, priorities and practice presenting both the raw data tables, the Xopolis analysis, and a second draft of an EDC summary, intended for local and broader publication.

we are seeking to answer the following questions, on a year-by-year basis for the period 1998-2018, for each of Ventura, Santa Barbara and San Luis Obispo Counties:

- Do more businesses move into or out of our counties and what is the scale of such movement?
- What is the economic impact of the inflows and outflows, as measured by employment and sales?
- What are the patterns of movement, both in and out, by firm size and industry sector?
- What are the patterns for location source and destination of the movers that arrive and depart?
- What are the implications of all this for shaping our regional economic development strategy?

There was extensive discussion on the topic and general consensus on getting broad distribution of the information.

President’s Report

Stenslie Stated that he has nothing additional to report at this time.

Committee/Liaison Reports:

VCEDA

None

Economic Developers Roundtable

None

Ventura County Lodging Association

None

Calleguas Municipal Water District

None

New or Unfinished Business:

None

Board Member Comments:

None

Adjournment:

Meeting adjourned at 5:07 p.m. Our next meeting is July 18, 2019.