



## **ANNUAL REPORT**

# **SUPERIOR CALIFORNIA ECONOMIC DEVELOPMENT DISTRICT**

**December 2016**

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### **ORGANIZATION AND ADMINISTRATION**

The four-county "Superior California Economic Development District (SCEDD)" was formed in 1979 through a Joint Powers Agreement between the Counties of Modoc, Shasta, Siskiyou and Trinity.

Designation as an "Economic Development District" by the U.S. Department of Commerce-Economic Development Administration (EDA), was received in 1980 with funding assistance from EDA and the member counties supporting the District Economic Planning Program. The District has been successful in securing numerous grants and contracts for ongoing and special projects which assist the public and private sector in member counties with community economic planning and technical assistance, new business development, business retention/expansion, and ultimately, job creation.

The District encompasses an area of 17,731 square miles, a larger area than nine New England states, with an estimated population of 230,028 and a labor force of approximately 101,680.

The District is currently governed by a seventeen (17) member Board of Directors composed of representatives from each participating county and city (see page 1).

Superior California Economic Development, Inc. is a not-for-profit corporation under section 501,c,3 of the Internal Revenue Service regulation for non-profit corporations. All business activities of the District are conducted under the auspices of the corporation. The board of directors for the corporation mirrors that of the District. In addition, the corporation is able to accept tax qualified donations from private entities for the purpose of funding economic and business development programs, projects and services.

#### **Mission Statement**

The Superior California Economic Development District (SCEDD) provides assistance in economic development planning, coordination and implementation and provides small business training, counseling and financing assistance with the goal of creating stable, long-term employment opportunities in the private economic sector.

## OVERVIEW

Relevant to the activities of SCEDD are the physical and economic characteristics of the four Counties of Modoc, Shasta, Siskiyou and Trinity, located in the northeastern most part of California. The four county jurisdictions and the cities within Shasta County make up the Economic Development District membership. The boundaries of all four counties within the district are contiguous and the landscape is predominantly mountainous with small valleys interspersed within. The District consists of one primary population and business/service center (the US-EDA designated "Regional Growth Center"), Redding in Shasta County, with a primary transportation route (Interstate 5 freeway system) running north/south through Redding, Shasta County and Mount Shasta, Weed, and Yreka in Siskiyou County. Due to the predominately mountainous terrain, feasible commercial transportation is generally limited for the rural/remote areas beyond the immediate Interstate 5 freeway sphere of influence, although access to nearly all remote communities is good. The major industries are generally natural resource oriented: forest products, recreation/tourism, and agriculture. The Redding area of Shasta County has a more diversified industrial and service industry base with highly developed regional medical services, retail sales, and an emerging tech sector. There is a limited amount of mining activity throughout the District.

**SUPERIOR CALIFORNIA ECONOMIC DEVELOPMENT DISTRICT  
BOARD OF DIRECTORS  
December 2016**

| <u>NAME</u>                    | <u>OCCUPATION</u>                | <u>APPOINTMENT</u>       | <u>REPRESENTING</u>   |
|--------------------------------|----------------------------------|--------------------------|-----------------------|
| <b><u>MODOC COUNTY</u></b>     |                                  |                          |                       |
| Patricia (Pat) Cullins         | County Supervisor                | Board of Supervisors     | Board of Supervisors  |
| Jim Irvin                      | USFS Retired, City Council       | Alturas City Council     | Alturas City Council  |
| Jim Cavasso                    | Businessman                      | Board of Supervisors     | General Public        |
| <b><u>SHASTA COUNTY</u></b>    |                                  |                          |                       |
| Pam Giacomini                  | County Supervisor, Rancher       | Board of Supervisors     | Board of Supervisors  |
| Greg Clark                     | Deputy City Manager              | Redding City Council     | Redding City Council  |
| Jeff Kiser                     | City Manager                     | Anderson City Council    | Anderson City Cncl    |
| Larry Brandon                  | PG&E (retired)                   | Board of Supervisors     | General Public        |
| <b><u>SISKIYOU COUNTY</u></b>  |                                  |                          |                       |
| Brandon Criss                  | County Supervisor, Rancher       | Board of Supervisors     | Board of Supervisors  |
| Kelly McKinnis                 | Finance Director - City of Weed  | Siskiyou Local Agencies  | Siskiyou Lcl Agencies |
| Steve Drageset                 | CPA, partner                     | Board of Supervisors     | General Public        |
| <b><u>TRINITY COUNTY</u></b>   |                                  |                          |                       |
| Bill Burton                    | County Supervisor                | Board of Supervisors     | Board of Supervisors  |
| Vacant                         |                                  | Board of Supervisors     | General Public        |
| Vacant                         |                                  | Board of Supervisors     | General Public        |
| <b><u>MEMBERS AT LARGE</u></b> |                                  |                          |                       |
| William Hinman (Trinity)       | Retired Bank Manager             | SCEDD Board of Directors | General Public        |
| Jessaca Lugo (Shasta)          | Project Director, City of S Lake | SCEDD Board of Directors | SL City Council       |
| Berna Cummings                 | Banker, Commercial Lender        | SCEDD Board of Directors | Scott Valley Bank     |
| Vacant                         |                                  | SCEDD Board of Directors |                       |

TOTAL BOARD POSITIONS -17  
POSITIONS VACANT - 3

**OFFICERS FOR FISCAL YEAR 2016**

Greg Clark, President  
Pam Giacomini, Vice President  
Bill Hinman, Treasurer  
Robert Nash, Secretary/Executive Officer

The Superior California Economic Development District Board of Directors is served by a staff with offices located in Redding, Shasta County.

**DISTRICT ADMINISTRATION AND PROGRAM STAFF**

Administration

Robert Nash, Executive Officer  
Cheryl McKannay, Administrative Assistant  
Sue Tofflemire, CMA, Fiscal Manager

General Economic Planning and Assistance

Robert Nash, Executive Officer  
Loree Byzick, Economic Planner / Special Projects Manager

Business Development Loan Program

Ryan Richardson, Loan Program Manager  
Valerie Lee, SBA 504 Business Developer  
Tanah Cavasos, Loan Program Assistant

Microenterprise Development Program (Modoc, Shasta and Trinity Counties)

Loree Byzick, Microenterprise Program Manager-Trainer

## **ECONOMIC DEVELOPMENT PLANNING AND COORDINATION**

SCEDD economic development planning continues to address issues on a regional basis, as well as specific local issues and opportunities, including support and coordination of regional and local economic planning and development projects.

### **A. Comprehensive Economic Development Strategy (CEDs)**

The SCEDD Board serves as the Comprehensive Economic Development Strategy (CEDs) Committee and helps provide a linkage with staff and the community for the CEDs planning process. The CEDs is a collaborative regional planning process conducted in each of the four counties of the District and comprehensively updated every five years or so with community stakeholder collaboration. SCEDD will be conducting the next collaborative review and update in 2017. The last complete review and update was completed in 2013 and it has been reviewed and updated as needed annually. A copy of the 2013 CEDs can be obtained by calling the SCEDD office at 530-225-2760.

### **B. Local and Regional Economic Development**

SCEDD provides ongoing support assistance and cooperation with local economic development agencies and related groups. SCEDD attends board meetings and special meetings of the Economic Development Corporation of Shasta County and Siskiyou County Economic Development Council. The Modoc Economic Development Corporation, Trinity County Development Corporation, and the Intermountain Development Corporation (Burney in Shasta County) have not been active for sometime.

As a part of the Economic Development District designation, SCEDD serves as the liaison and project advocate with US Department of Commerce - Economic Development Administration (EDA) for prospective and active EDA funded projects in the District.

Projects and initiatives worked on the past year are as follows:

#### **Liaison for US Department of Commerce-Economic Development Administration**

- EDA funding for Mount Shasta wastewater system related to the new Crystal Geyser flavored water plant. This EDA funding was approved in 2014, however, due to circumstances, the EDA project was unable to get started and EDA had to withdraw the funding commitment. SCEDD worked closely with Mount Shasta, Siskiyou EDC and EDA in an effort to save the funding.
- EDA funding proposal in progress for City of Weed for South Weed infrastructure improvements. SCEDD is working directly with EDA to coordinate the application being prepared by City of Weed with assistance from Siskiyou EDC and SCEDD.
- SCEDD hosted an EDA round table meeting with Cities of Yreka, Fort Jones and Montague plus Siskiyou County to re-introduce the EDA economic development specialist for northern California and explore possible future projects for EDA funding.
- Reviewed prospective City of Anderson EDA project for waste-water trunk line extension to serve new industrial area with EDA-ED rep.
- Toured most recent City of Redding EDA project at Stillwater Business Park and met city staff with EDA-ED rep.

### **Support and Coordinate Business Assistance Programs and Funding**

- Supporting Siskiyou EDC proposal for Small Business Development Center contract to provide services in Siskiyou County.
- Supported Tech Hub development and startup. Sponsored EDC Game Changers event.
- Coordinate and develop funding through private corporate sources for small business assistance and consultation in preparation for financing, whether for new business start up capitalization or commercial real estate acquisition.

### **Capital Expansion of Business Development Loan Program**

- SCED staff prepared an EDA grant application in the amount of \$500,000 to additionally capitalized the EDA Loan Fund. SCED corporation will provide \$500,000 cash match for a total EDA fund capitalization of \$1,000,000.
- SCED has collaborated with four other regional (multi-county) economic organizations (3CORE Tri-County ED District, Yuba-Sutter ED District, Sierra ED District and Arcata EDC) to form the California Financing Consortium, a 501(c)(3) corporation, for the purpose of acquiring capital and debt to capitalize a 22 county “super region” loan fund. Loan funds of the Consortium will be used exclusively for enhancing individual loans available from the five individual partners in their respective business development loan programs serving their respective service areas. The Consortium now has \$500,000 in funding committee via several sources and expects to begin the first demonstration phase of “participation” loans in January 2017.

### **Sustainable Food Initiative**

Purpose is to:

- Increase the capacity of regional “ag of the middle” farmers – a disappearing sector of mid-scale farms and related agrifood enterprises that are unable to successfully market bulk agricultural commodities or sell food directly to consumers – with a focus on specialty crop production.
- Increase the supply and utilization of fresh, healthy foods.
- Collaborate with Growing Local on grant proposals, with SCED providing the 501 (c)(3) umbrella.

### **Northern Sacramento Valley Agriculture Industry Clustering & Consolidated Goods**

#### **Movement Plan (Caltrans transportation planning grant to SRTA)**

- Study delivery distance and operational scale as factors of economic competitiveness in food production in the project area.
- Complete a “snowball” survey of two promising specialty food clusters.
- Model a transportation network and assess existing infrastructure and desired infrastructure improvements.
- Develop an organizational and operational plan for consolidated aggregation and delivery of food products

### **Geothermal Energy Exploration, Feasibility, Market Analysis and Distribution Demonstration (California Energy Commission grant to County of Modoc)**

Purpose is to gather scientific and economic data to determine if geothermal energy development in Modoc County is feasible. Goal is to jump start commercial geothermal electrical generation

in Modoc County. SCED is providing administrative support to CAO including coordination of subcontractor invoicing, reporting and compliance with contract requirements

## **BUSINESS DEVELOPMENT ASSISTANCE**

### **A. Business Training and Assistance**

Small business development is recognized as one of the most important economic development activities of SCEDD and it continues as a major emphasis of SCED throughout the four-county district. Beyond the usual informal business retention and expansion intervention activity, SCEDD actually implements business development and expansion assistance through partnering with Small Business Development Center, conducting the Microenterprise Development Program and direct Business Development Financing. These direct business assistance and development activities are funded and implemented through the SCED corporation.

- **Microenterprise Development Program** - Training and individual assistance to low income families starting or expanding a “micro” business. Funded through Community Development Block Grants via local jurisdictions. Only City of Redding in 2016.
- **Collaborative Partnership with Small Business Development Centers** - SCED sponsors certain business training events and provides various training presentations in Business Financing.
- **Business Loan Readiness Assistance** - Through special corporate (bank) contributions, SCED has been able to assist selected individual businesses with preparation for financing, including assistance with revenue and cash flow projections, determination of loan repayment ability, etc.

### **B. Business Development Financing**

SCED continues in a leading role in planning and developing public and private resources for small business development financing assistance, referral and coordination throughout the District. SCED actively assists in the development and solicitation of SBA, USDA-Rural Development, Community Development Block Grant and other public and private commercial financing for small businesses. SCED also assists in the solicitation of other nonprofit loan sources such as local revolving loan funds through the Modoc Economic Development Corporation, City of Anderson, city CDBG Funds in Siskiyou County, and regional funds such as Northern California Community Loan Fund, California Statewide Certified Development Company Rural Loan Program and participations with 3CORE ED District in Chico and Arcata EDC in Eureka.

SCED provides direct loans for as little as \$10,000, up to \$250,000, for business start-up, retention or expansion. Loans are tied to job creation or retention and must fill a financing “gap” that local commercial banks are unable or unwilling to fund. Larger loans can be arranged through SCED participation with other authorized business development agencies such as the Arcata Economic Development Corporation, 3CORE ED District or Northern California Community Loan Fund and the Statewide Certified Development Corporation or companion loans with commercial banks.

**- SCED Business Development Loan Funds**

- \$1.0 million loan fund capitalized through various federal sources (EDA, USDA)
- \$2.6 million loan fund debt funded through USDA-RD for rural loans.
- \$1.5 million loan fund unrestricted fully capitalized (formerly USFS)
- \$0.4 million loan fund debt funded unrestricted through private placement, Rabo Bank.

The above chart reflects the loan funds at SCED, approximately \$5.5 million. At present, all funds are outstanding in loans with no funds available for new loans. About \$25,000 per month is received in loan payments to rebuild available funds for new loans.

Total loans made during the life of the SCED loan program, since 1990, is 299 loans for \$21.4 million.

Loan history per county:

| <b>SUMMARY</b>   |                 | <b>SCED Loans by County</b> |                               |             | as of 12-2016         |  |
|------------------|-----------------|-----------------------------|-------------------------------|-------------|-----------------------|--|
| County           | Number of Loans | Loan Amount                 | Private - Commercial Leverage | Total Jobs  | RLF \$ loaned per job |  |
| Butte County     | 1               | 31,200                      | 34,474                        | 8           | 3,900                 |  |
| Humboldt County  | 1               | 193,500                     | 213,805                       | 5           | 38,700                |  |
| Lassen County    | 1               | 140,000                     | 0                             | 8           | 17,500                |  |
| Mendocino County | 2               | 400,000                     | 441,974                       | 20          | 20,000                |  |
| Modoc County     | 18              | 991,748                     | 1,095,816                     | 94          | 10,551                |  |
| Shasta County    | 145             | 11,908,224                  | 19,366,288                    | 1,705       | 6,984                 |  |
| Siskiyou County  | 83              | 5,193,713                   | 5,942,229                     | 603         | 8,613                 |  |
| Tehama County    | 4               | 660,900                     | 1,344,606                     | 21          | 31,471                |  |
| Trinity County   | 44              | 1,894,098                   | 2,476,338                     | 241         | 7,859                 |  |
| <b>TOTALS</b>    | <b>299</b>      | <b>\$ 21,413,383</b>        | <b>\$ 30,915,530</b>          | <b>2705</b> | <b>\$ 7,916</b>       |  |
|                  |                 |                             | <b>\$52,328,913</b>           |             |                       |  |

Note: Shaded counties are not within the Economic Development District.

**- California Finance Consortium**

SCED partnered with four other Economic Development Districts and another regional Economic Developer in 2014 to create a vehicle for larger funding placements for the purpose of creating additional capital available in larger funding blocks for business loans throughout northern California (north of Sacramento). The consortium is now formalized in a new non-profit corporation. Funding commitments are in place and are ready to fund with the first offering for business loan enhancements at the local level expected early 2017.

- **Certified Development Company**

SCED is certified by US Small Business Administration to package SBA-504 loans state-wide in California. While this activity does contribute to the SCED mission within the District, the program services are offered state-wide and generates unrestricted retained earnings (profits) which are then dedicated to the SCED mission within the District, specifically to fund loan loss reserves and to build a new loan fund leverage for additional local private capitalization of loan funds for the District. The majority of the SCED SBA loan activity is in Shasta County with a few deals in Butte County and a few others scatter about the state.

SBA 504 Loans packaged by SCED since 2009.

|                   | <u>Number of<br/>Loans</u> | <u>SBA Loan<br/>Amount</u> | <u>Private<br/>Commercial<br/>Leverage</u> |
|-------------------|----------------------------|----------------------------|--|
| Loans Outstanding | 71                         | \$ 33,270,000              | \$ 47,497,000                              |
| Total Loans       | 185                        | \$ 86,880,000              | \$ 117,405,000                             |

**C. SCED Financial**

Following is the summarized Statements of Financial Activities and Position per the recently completed audit as of June 30, 2016 and comparison with June 30, 2015.

Superior California Economic Development, Inc.  
STATEMENTS OF ACTIVITIES  
 For the Year Ended June 30, 2016  
 (With Comparative Totals for the Year Ended June 30, 2015)

|                                   | 2016 audited        | <u>2015 audited</u> |
|-----------------------------------|---------------------|---------------------|
| Revenues:                         |                     |                     |
| Grants and contracts              | \$ 89,255           | \$ 226,988          |
| Loan interest and fees            | 386,290             | 328,816             |
| SBA packaging fees                | 81,927              | 32,546              |
| SBA servicing fees                | 183,197             | 200,256             |
| Other revenue                     | <u>116,149</u>      | <u>41,485</u>       |
| Total revenues                    | <u>856,828</u>      | <u>830,091</u>      |
| Expenses:                         |                     |                     |
| Program services                  | 707,559             | 919,885             |
| General and administration        | <u>16,177</u>       | <u>16,483</u>       |
| Total expenses                    | <u>723,736</u>      | <u>936,368</u>      |
| Change in net assets              | 133,082             | (106,277)           |
| Adjustment to refundable advances | (82,308)            | 85,126              |
| Net assets, beginning of period   | <u>1,819,017</u>    | <u>1,840,158</u>    |
| Net assets, end of period         | <u>\$ 1,869,781</u> | <u>\$ 1,819,007</u> |

Superior California Economic Development, Inc.  
STATEMENTS OF FINANCIAL POSITION  
As of June 30, 2016  
(With Comparative Totals for June 30, 2015)

|   | <u>2016 audited</u> | <u>2015 audited</u> |
|---|---------------------|---------------------|
| <u>ASSETS</u>                                 |                     |                     |
| Current assets:                               |                     |                     |
| Cash & cash equivalents                       | \$ 857,067          | \$ 1,383,168        |
| Grants receivable                             |                     | 18,579              |
| Accounts receivable                           | 0                   | 87                  |
| Notes receivable (current portion)            | 447,785             | 707,524             |
| Prepaid expenses                              | <u>13,593</u>       | <u>5,329</u>        |
| Total current assets                          | <u>1,321,585</u>    | <u>2,114,687</u>    |
| Non-current assets:                           |                     |                     |
| Fixed assets, net of accumulated depreciation | 17,253              | 16,172              |
| Notes receivable                              | <u>4,420,984</u>    | <u>3,566,114</u>    |
| Total non-current assets                      | <u>4,438,237</u>    | <u>3,582,286</u>    |
| Total assets                                  | <u>\$ 5,759,822</u> | <u>\$ 5,696,973</u> |
| <u>LIABILITIES AND NET ASSETS</u>             |                     |                     |
| Current liabilities:                          |                     |                     |
| Accounts payable                              | \$ 10,509           | \$ 9,177            |
| Accrued expenses                              | 58,979              | 56,088              |
| Deferred revenue                              | 9,682               | 0                   |
| Deposits held in custody for others           | 50,907              | 49,209              |
| Notes payable, current portion                | <u>86,691</u>       | <u>85,833</u>       |
| Total current liabilities                     | <u>216,768</u>      | <u>200,307</u>      |
| Non-current liabilities:                      |                     |                     |
| Refundable advances for loan funds            | 1,416,577           | 1,334,272           |
| Notes payable, net of current portion         | <u>2,256,696</u>    | <u>2,343,387</u>    |
| Total non-current liabilities                 | <u>3,673,273</u>    | <u>3,677,659</u>    |
| Total liabilities                             | <u>3,890,041</u>    | <u>3,877,966</u>    |
| Net assets:                                   |                     |                     |
| Unrestricted                                  | <u>1,869,781</u>    | <u>1,819,007</u>    |
| Total net assets                              | <u>1,869,781</u>    | <u>1,819,007</u>    |
| Total liabilities and net assets              | <u>\$ 5,759,822</u> | <u>\$ 5,696,973</u> |