



CITY OF HUGHSON
ECONOMIC DEVELOPMENT COMMITTEE MEETING
CITY HALL COUNCIL CHAMBERS
7018 Pine Street, Hughson, CA

AGENDA
MONDAY, AUGUST 26, 2013 - 5:30 P.M.

CALL TO ORDER:

ROLL CALL:

Mayor Matt Beekman
Councilmember George Carr
Councilmember Jeramy Young
Business Member Marie Assali
Business Member Jim Duarte

Staff to be Present: Raul L. Mendez, City Manager

1. PUBLIC BUSINESS FROM THE FLOOR (No Action Can Be Taken):

Members of the audience may address the City Council on any item of interest to the public pertaining to the City and may step to the podium, state their name and city of residence for the record (requirement of name and city of residence is optional) and make their presentation. Please limit presentations to five minutes. Since the City Council cannot take action on matters not on the agenda, unless the action is authorized by Section 54954.2 of the Government Code, items of concern, which are not urgent in nature can be resolved more expeditiously by completing and submitting to the City Clerk a "Citizen Request Form" which may be obtained from the City Clerk.

2. PRESENTATIONS: None.

3. NEW BUSINESS:

- 3.1:** Approval of the Minutes of July 22, 2013 EDC Meeting.
- 3.2:** Discuss Pilot Business Assistance Program.
- 3.3:** Mobile Tour of Downtown Hughson (5:45pm – 6:30pm).

3. EDC COMMENTS:

ADJOURNMENT:

WAIVER WARNING

If you challenge a decision/direction of the City Council in court, you may be limited to raising only those issues you or someone else raised at a public hearing(s) described in this Agenda, or in written correspondence delivered to the City of Hughson at or prior to, the public hearing(s).

UPCOMING EVENTS:

August 26	▪ City Council Meeting, City Hall Chamber Room, 7:00p.m.
September 5	▪ Congressman Denham’s Mobile Office, City Hall Chamber Room, 11-12 P.M.
September 9	▪ 2+2 City/School District Meeting, City Hall Chamber Room, 5:30p.m.
September 9	▪ City Council Meeting, City Hall Chamber Room, 7:00p.m.
September 17	▪ Planning Commission Meeting, City Hall Chamber Room, 6:00p.m.
September 21-22	▪ Hughson Harvest Festival – www.hughsonharvestfestival.com
September 23	▪ City Council Meeting, City Hall Chamber Room, 7:00p.m.

RULES FOR ADDRESSING CITY COUNCIL

Members of the audience who wish to address the Economic Development Committee are requested to complete one of the forms located on the table at the entrance of the Council Chambers and submit it to the Committee. **Filling out the card is voluntary.**

**AMERICANS WITH DISABILITIES ACT/CALIFORNIA BROWN ACT
NOTIFICATION FOR THE CITY OF HUGHSON**

This Agenda shall be made available upon request in alternative formats to persons with a disability; as required by the Americans with Disabilities Act of 1990 (42 U.S.C. Section 12132) and the Ralph M. Brown Act (California Government Code Section 54954.2).

Disabled or Special needs Accommodation: In compliance with the Americans with Disabilities Act, persons requesting a disability related modification or accommodation in order to participate in the meeting and/or if you need assistance to attend or participate in a City Council meeting, please contact the City Clerk’s office at (209) 883-4054. Notification at least 48-hours prior to the meeting will assist the City Clerk in assuring that reasonable accommodations are made to provide accessibility to the meeting.

AFFIDAVIT OF POSTING

DATE: August 23, 2013 **TIME:** 4:00pm
NAME: Sandy Cortes **TITLE:** Office Assistant II

Notice Regarding Non-English Speakers:

Pursuant to California Constitution Article III, Section IV, establishing English as the official language for the State of California, and in accordance with California Code of Civil Procedures Section 185, which requires proceedings before any State Court to be in English, notice is hereby given that all proceedings before the City of Hughson City Council shall be in English and anyone wishing to address the Council is required to have a translator present who will take an oath to make an accurate translation from any language not English into the English language.

General Information: The Economic Development Committee meets in the Council Chambers on the fourth Monday of each month at 5:30 p.m., unless otherwise noticed.

EDC Agendas: The Economic Development Committee agenda is now available for public review at the City's website at www.hughson.org and City Clerk's Office, 7018 Pine Street, Hughson, California on the Friday, prior to the scheduled meeting. Copies and/or subscriptions can be purchased for a nominal fee through the City Clerk's Office.

Questions: Contact the City Clerk at (209) 883-4054



CITY OF HUGHSON
ECONOMIC DEVELOPMENT COMMITTEE MEETING
 CITY HALL COUNCIL CHAMBERS
 7018 Pine Street, Hughson, CA

MINUTES
MONDAY, JULY 22, 2013 – 5:30 P.M.

CALL TO ORDER: 5:34pm

ROLL CALL: Mayor Matt Beekman
 Councilmember George Carr
 Councilmember Jeramy Young
 Business Member Jim Duarte

 Business Member Marie Assali – Excused Absence

Staff Present: Raul L. Mendez, City Manager

1. PUBLIC BUSINESS FROM THE FLOOR (No Action Can Be Taken): None.

2. PRESENTATIONS: None.

3. NEW BUSINESS:

3.1: Approval of the Minutes of June 24, 2013 EDC Meeting.

Motion by Councilmember Young, Second by Mayor Beekman (4-0).

3.2: Discuss Local Business Incentive Programs.

City Manager Mendez provided information regarding the business incentive programs in place in the Cities of Modesto, Turlock and Waterford. The Economic Development Committee focused on the Turlock Partnership Incentives Program that includes two components for businesses opening or expanding into vacant store fronts and creating new jobs: (1) a one-time \$1,000

incentive for general use and (2) a reimbursement of up to \$5,000 for associated start-up business fees. The Committee inquired about the City of Hughson's fee structure. It was ascertained that the \$5,000 maximum was probably too high and a more appropriate level would undoubtedly be lower for a local program. The City Manager indicated that he would research the last several established businesses to determine the suitable maximum threshold. Mayor Beekman indicated that a small business loan program was already available through Community Development Block Grant funds and application process was already in place. Additionally, that along with the City Façade Improvement Program, it needed to be better marketed to the business community. The Committee was amenable to creating new business incentive programs and directed City staff to bring back some general parameters for further discussion and consideration.

3.3: Recap of Stanislaus County Economic Development Bank.

City Manager Mendez provided some history and background on the Stanislaus County Economic Development Bank program and utilization by the County and partner cities for economic development projects. He reported that although the program was suspended by the Board of Supervisors in 2012 that the designated fund was likely growing with loan repayments and associated interest. He further stated that the City of Hughson was the only incorporated city in the county that had not accessed this source of funds and that it should encourage the County to reinstate the program at some level for continued use to provide leveraged funding for local economic development projects.

3.4: Discuss Recruitment Strategies for Hughson Business Incubator Program.

As part of the discussion of business incentive programs, the Economic Development Committee indicated that the City of Hughson needed to better market its business incubator program. It was reported that the business incubator facility now housed both the Hughson Chamber of Commerce and Hughson Chronicle and there was an opportunity to attract other businesses with these two resources now in place. City Manager Mendez indicated that the Hughson Business Incubator Program should be packaged along with the City's entire business assistance portfolio. Councilmember Young indicated that the City should utilize the Stanislaus Economic Development and Workforce Alliance for such business outreach. He indicated that the Alliance attended several tradeshow, conferences and events and they should have the City of Hughson's packaged material available for distribution.

3.5: Update on Status of Enterprise Zone Programs in the State of California.

City Manager Mendez provided a general overview of the current enterprise zone program and Zone 40 that covers the Stanislaus County area. He shared some information regarding last year's request for expansion of the zone in the Stanislaus County area (Dave Wilson Nursery, Hughson Nut/Cal Almond and

Burchell Nursery). He also made mentioned of a recent request to include businesses in the Waterford, Salida and Modesto areas. Business Member Duarte shared that his business had successfully been incorporated into Zone 40 and benefitted greatly from the local program. He further indicated that businesses in the Hughson area, not already in the zone, should consider the benefits. City Manager Mendez shared legislation and information provided by the Governor's office that would make substantial changes to the current programs. He indicated that he would continue to work with the Alliance, the local Enterprise Zone 40 program administrator, to make sure that the City was aware of the changes as they were developed by the State of California.

4. EDC COMMENTS:

City staff was directed to explore reaching out to local businesses to educate them on the Enterprise Zone Program and how they could take advantage of the incentives it offered. Mayor Beekman also discussed involving the real estate community and others in the Economic Development Committee to work towards occupying vacant buildings in the downtown core and commercial/industrial locations in general. The Economic Development Committee discussed the City's current water and sewer rates that were revisited in the past to determine if they were competitive with other jurisdictions as a business attraction strategy.

ADJOURNMENT: 6:52pm



Business Assistance Programs

Fiscal Year 2013-2014 Proposed Pilot (In Concept)

Downtown Incentive Program

Purpose: (1) attract business to downtown Hughson, (2) occupy vacant commercial/industrial property in downtown core, (3) foster sustainability through business plan development.

Incentive: \$1,000 for General Business Use.

Recommended Funding Source: \$10,000 from General Fund.

Criteria: (1) locate to vacant commercial/industrial building, (2) develop a business plan, (3) participation in pre-development meeting, (4) enter into lease agreement and provide minor recordkeeping.

New Business Fee Assistance Program

Purpose: (1) attract business to Hughson, (2) occupy vacant commercial/industrial property, (3) promote sustainable business through plan development.

Incentive: Up to \$2,000 of reimbursement for fees associated with establishment of business such as capital facility fees, zoning certificates, building inspection, grading and encroachment permits. Does not cover cost of tenant improvements, under new construction, county, fire or school impact fees or any entitlement fees required.

Recommended Funding Source: \$20,000 from General Fund.

Criteria: (1) locate to vacant commercial/industrial building, (2) develop a business plan, (3) participation in pre-development meeting, (4) enter into lease agreement and provide minor recordkeeping.

Entrepreneurs/Business Resource Center

Purpose: (1) enhance local business accessibility to SBDC and Alliance resources, (2) provide technical support and training to Hughson Business Assistance Programs, (3) develop marketing plan for the Hughson Business Assistance Programs (current and new).

Services: Technical assistance from Alliance SBDC for existing and new Hughson businesses.

Location: Use of Hughson Business Incubator location for satellite office (while vacant).

Recommended Funding Source: Max of \$1,200 for Annual Contribution to Alliance SBDC from General Fund. Amendment to existing agreement with the Stanislaus Economic Development and Workforce Alliance will formalize arrangement.



Business Assistance Programs

Existing

Small Business Incubator Center - designed to accelerate the successful development of entrepreneurial companies through an array of business support resources and services, developed and orchestrated by incubator management and offered both in the incubator and through its network of contacts. Services include printer/fax, phone service, computer station, internet/Wi-Fi, web page and access to City Hall. Current tenants: Hughson Chamber of Commerce and Hughson Chronicle. Current # of vacant offices: four (4).

Facade Improvement Loan Program – established to stimulate investment in downtown defined as boundaries coterminous with the Hughson Avenue Commercial Improvement Zone. The intent is to produce visible changes on the facades of commercial building in downtown Hughson. Loan amount is the lesser of \$10,000 per project or 50% of total project (4% interest). Design approval required. Application includes project drawings, budget, and bid proposals.

CDBG Economic Development Revolving Loan Program – purpose is to create jobs and serve as gap financing for development projects. Funds may be used to finance working capital/lines of credit, inventory purchase, equipment acquisition, real property acquisition, construction and rehabilitation and furniture/fixtures. Standards: (1) 1 job for \$35,000 of CDBG funds; (2) must demonstrate financial gap hindrance; (3) appropriate terms and conditions; (4) greater than 51% of jobs in Targeted Income Group; (5) meets local business and credit needs and CDBG underwriting criteria.

Small Business Development Center (through Alliance) – The Alliance Small Business Development Center (SBDC) is a member of the UC Merced Regional SBDC Network in cooperation with the U.S. Small Business Administration (SBA). The mission is to assist entrepreneurs and business owners through free business counseling and research and low-cost training.

- Whether a start-up business or an established company, provide planning, counseling and resources in all areas of operating a business.
- Expert help is available through one-on-one sessions, workshops & seminars, extensive website resources, and professional research support.

Stanislaus County Enterprise Zone 40 (through Alliance) – The Enterprise Zone Program offers five State tax credits that assist in reducing the cost of hiring new employees and investing in production/office equipment for businesses that operate within its boundaries. The credits applicable to the program apply during the life of the Stanislaus County Enterprise Zone, from November 16, 2005 to November 15, 2020. While there have been subsequent expansion of the Zone with varied inception dates, all designations will have the November 15, 2020 expiration date. With the passage of Legislative Bill 93, the California Legislature effectively eliminated the Enterprise Zone Program statewide come December 31, 2013. Governor Brown's new incentive program commencing January 1, 2014 redirects current incentives offered through the Enterprise Zone Program although details have yet to emerge. All new hire(s) up to the end date can potentially qualify businesses for Hiring Tax Credits and can be carried forward for a maximum period of 10 years.

**MEMORANDUM OF UNDERSTANDING
BETWEEN
CITY OF HUGHSON
AND
STANISLAUS ECONOMIC DEVELOPMENT AND WORKFORCE ALLIANCE**

The Stanislaus Economic Development and Workforce Alliance (“the Alliance”) and the city of Hughson (“The City”) intend to work together through the implementation of the Alliance’s annual program of work and its five-year strategic plan and the City’s economic and business development goals and objectives as conveyed to the Alliance for the year 2011. This memorandum of understanding serves as a guideline to describe the actions that both parties intend to take in order for these goals to be accomplished.

WHEREAS, the Alliance is the designated economic development and workforce development agency of Stanislaus and all nine cities in the county; and

WHEREAS, in that capacity the Alliance provides uniform and equitable services to the county and each of the nine cities related to marketing, client management, Enterprise Zone administration, business retention services, counseling for businesses and entrepreneurs through the Alliance Small Business Development Center, assistance to citizens in job searches and training needs through the Alliance Worknet; and

WHEREAS, the City and the Alliance are desirous of creating a written memorandum of understanding outlining specific responsibilities, actions and commitments that each will make in the pursuit of improving the economy and well being of the City and the county as a whole,

NOW THEREFORE, IT IS UNDERSTOOD THAT:

The Alliance:

A1 Will provide a comprehensive scope of economic development services in mutual coordination and cooperation with the City and encourage the attraction of new businesses, the retention and expansion of existing businesses, the development of an entrepreneurial process, and the development of new business sites.

A2 Will assist the City to develop a written economic development strategy outlining the goals of the City toward job creation and business development.

A3 Will conduct a proactive marketing strategy that will include assisting the City in the creation of marketing materials for site promotions, participate in specific industry trade shows, conduct calling missions on industry relocation executives, site selection consultants and real estate brokers to promote and market the City and Stanislaus County for consideration of relocations.

- A4 Will provide the City with reports, statistics, retail gap analysis, benchmarking data, and demographic information as requested by the City.
- A5 Will provide quarterly progress reports to the City's council and staff.
- A6 Will assist the city in their pursuit of a grocery store in the community
- A7 Will provide a retail gap analysis from Claritas
- A8 Will assist the city in the creation of an entrepreneurial center/incubator in the city's surplus office building
- A9 Will make referrals to the entrepreneurial center from all locations in the county.
- A 10 Will assist the city to prepare a forty-acre site suitable for an industrial or business park location
- A 11 Will work with city officials and property owners to facilitate retail in-fill projects in the downtown area

The City

- C1 Will designate a single point of contact for access to all City departments to assist the Alliance in obtaining information and assistance for site inquiries. zoning information, building codes and regulations, fees and infrastructure capacities related to business inquiries.
- C2 Will provide current data or information to the Alliance as they relate to changes in land use, infrastructure upgrades or capacity issues, zoning changes, policy changes, development fees, connection charges and other municipal actions that impact the ability to respond to business inquiries or marketing strategies.
- C3 Will encourage local elected officials to engage in the support of job creation opportunities, business park site creation, new business development and to promote marketing efforts to enhance the image and opportunities in the City.
- C4 Will provide clearly stated development goals and objectives and align city policy and procedures to promote identified development goals and objectives.
- C5 Will ensure participation on the Alliance's policy making –board.
- C6 Will provide financial support for the Alliance's development activities in a mutually agreed upon amount.

This MOU sets forth the current intentions of the Alliance and the City with respect to the 2011 calendar year. Further, it outlines specific activities the Alliance will undertake to help the City realize its development goals. The MOU is not a legally binding contract, but rather a document to serve as a guideline for working together to realize common goals. A critical element of this understanding between the Alliance and the City is the ability for each party to engage in a level of flexibility necessary to ensure full implementation of the development plans.

If this MOU is consistent with the understanding and original intent of the two parties to work together for mutual benefit, and the responsibilities as outlined meet with the approval of both parties to this MOU, the undersigned hereby accept the document as presented.

ACKNOWLEDGED AND AGREED

“The Alliance”

Signature Bill Bassitt

Bill Bassitt, Chief Executive Officer

Date July 25, 2011

“The City”

Signature Bryan Whitemyer

Bryan Whitemyer, City Manager

Date July 26, 2011

COMMUNITY
PARTNERS

Ceres
www.ci.ceres.ca.us

Hughson
www.hughson.org

Modesto
www.ci.modesto.ca.us

Newman
www.cityofnewman.com

Oakdale
www.ci.oakdale.ca.us

Patterson
www.ci.patterson.ca.us

Riverbank
www.riverbank.org

Turlock
www.ci.turlock.ca.us

Waterford
www.cityofwaterford.org

Stanislaus County
www.stancounty.com

The Alliance
1010 10th Street
Suite 1400
Modesto, CA 95354

California Enterprise Zone Program Ending December 31st What Does It All Means For Local Business?

The passage of Legislative Bill 93 by the California Legislature effectively eliminates the Enterprise Zone Program statewide come **December 31, 2013**. Governor Brown's new incentive program commencing January 1, 2014, redirects current incentives offered through the Enterprise Zone Program. With complete details yet to emerge on the new proposed incentive program, the little information that has come about from the State have earmarked the new program as difficult and cumbersome at best.

For businesses that operate within the Stanislaus Enterprise Zone and are taking advantage of zone credits, **All is Not Lost!** Below are some key points to keep in mind that will help your business maximize credits on a go forward basis:

- **Have you hired and qualified new hires under the Hiring Tax Credit incentive?**

The credit accrual will continue for each qualified employee well after the current Enterprise Zone Program sunset date of December 31, 2013. The tax credits accumulated by the qualifying business will be allowed to carry forward for a period of 10 years. At any point in time within the 10 year period, a business at its discretion can choose to exercise the credits accumulated accordingly to offset tax liabilities with the State of California.

- **Have you hired but not yet qualified your new hire under the Hiring Tax Credit incentive?**

Urgency is implored. Based on legislation as it stands today, existing entities that administer Enterprise Zones Programs throughout the state will only be allowed to issue qualifying Hiring Tax Credit Voucher Certificates up until the program sunset date of December 31, 2013. As a friendly reminder, if you are thinking about qualifying a new hire for the Hiring Tax Credit, do it now and don't wait. Qualify the new hire(s) and bank the accumulated credits for future use.

And **one last thing** to keep in mind - With the current Enterprise Zone Program ending on December 31, 2013 all new hire(s) up to that end date can potentially qualify your business for the Hiring Tax Credit incentive. Remember, **credits earned can be carried forward for a maximum period of 10 years.**

If you have any questions or concerns, please feel free to contact our office. The Alliance Enterprise Zone staff are here to help Stanislaus businesses maximize their EZ credits.

Rey Campanur
Enterprise Zone Manager
(209) 567-4940

Kim Whitcomb
Enterprise Zone Coordinator
(209) 567-4980