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Original sponsor: Special Committee on
Local and Regional
Economic Opportunity

BY THE LABOR AND
COMMERCE COMMITTEE

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 480 (L&C)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Alaska regional economic
7 assistance program; and providing for an effective
8 date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. PURPOSE. It is the purpose of the legislature in estab-
11 lishing the Alaska regional economic assistance program to

12 (1) encourage the formation of regional development organiza-
13 tions that address the economic problems of specific regions in the state;

14 (2) coordinate private and public resources to support economic
15 development on a regional basis;

16 (3) provide the state with information on regional economic
17 issues and opportunities for international trade; and

18 (4) provide assistance in local economic diversification and
19 development efforts during the current recession to encourage regions of
20 the state to become economically self-sufficient.

21 * Sec. 2. AS 44.33 is amended by adding a new section to read:

22 Sec. 44.33.026. ALASKA REGIONAL ECONOMIC ASSISTANCE PROGRAM.

23 (a) The department shall

24 (1) encourage the formation of regional development orga-
25 nizations by providing assistance in forming organizations to inter-
26 ested individuals, including information on how to qualify and apply
27 for regional development grants and federal funding under 42 U.S.C.
28 3121 - 3246 (Public Works and Economic Development Act of 1965), as
29 amended;

1 (2) assist an interested individual in establishing bound-
2 aries for a proposed organization to ensure that the region

3 (A) is of sufficient geographic size and contains a
4 large enough population to form an economically viable unit with
5 shared interests, resources, traditions, and goals;

6 (B) contains at least one municipality that serves as
7 a regional center; and

8 (C) contains the entire area of each municipality
9 included in the region;

10 (3) gather information about regional economic issues,
11 international trade, and tourism from organizations;

12 (4) serve as liaison between organizations and other state
13 agencies and encourage other agencies to make resources available to
14 help accomplish goals of the organizations;

15 (5) assist each organization to

16 (A) provide services designed to encourage economic
17 development to local communities and businesses;

18 (B) collect and distribute economic information rele-
19 vant to the region;

20 (C) participate in state marketing campaigns and join
21 state trade missions that are relevant to the region; and

22 (D) develop and implement strategies to attract new
23 industry, expand international trade opportunities, and encourage
24 tourism within the region.

25 (b) Subject to (c) of this section, the department may make
26 regional development grants to organizations for projects the depart-
27 ment determines will be of value in encouraging economic development.
28 During a fiscal year the department may make no more than 15 grants
29 and may only make grants to one organization from a particular region.

1 An organization that is designated an economic development district
2 under 42 U.S.C. 3171 qualifies for grants under this subsection. The
3 department shall by regulation adopt procedures for applying for
4 regional development grants, including application deadlines. The
5 department may by regulation establish additional grant eligibility
6 requirements.

7 (c) To qualify for a grant, a regional development organization
8 must match the grant by providing an amount of money from nonstate
9 sources for the project that equals the amount of grant money to be
10 used for the project. The total amount of grant money provided to an
11 organization during a fiscal year may not exceed \$50,000.

12 (d) There is established in the department the regional develop-
13 ment fund consisting of appropriations to the fund. Money from the
14 fund may be used only for regional development grants. An appro-
15 priation to the regional development fund lapses to the fund from
16 which it was appropriated July 1, 1993, unless otherwise provided in
17 the appropriation act.

18 (e) In this section

19 (1) "department" means the Department of Commerce and
20 Economic Development;

21 (2) "regional development organization" or "organization"
22 means a nonprofit corporation formed to encourage economic development
23 within a particular region of the state that includes the entire area
24 of each municipality within that region and that has a board of
25 directors that represents the region's economic, political, civic and
26 social interests.

27 * Sec. 3. AS 44.33.026 is repealed July 1, 1993.

28 * Sec. 4. This Act takes effect immediately under AS 01.10.070(c).

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28 an economic development district under 42 U.S.C. 3171 qualifies for
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8 organization during a fiscal year may not exceed \$50,000.

9 (d) There is established in the department the regional develop-
10 ment fund consisting of appropriations to the fund. Money from the
11 fund may be used to carry out the purposes of this section, and for
12 costs of administering the Alaska regional economic assistance pro-
13 gram. An appropriation to the regional development fund lapses to the
14 fund from which it was appropriated July 1, 1993, unless otherwise
15 provided in the appropriation act.

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STATE OF ALASKA

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

DIVISION OF BUSINESS DEVELOPMENT

STEVE COWPER, GOVERNOR

P.O. BOX EE
JUNEAU, ALASKA 99811-0800
PHONE: (907) 465-2017

March 10, 1988

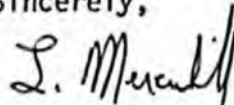
Honorable Tim Kelly
Alaska State Senate
P.O. Box V
Juneau, AK 99811

Dear Senator Kelly:

Pursuant to your request, I am enclosing a first rough draft of guidelines intended for use in the ARDOR program. As you will note, these guidelines will require modification to conform with SB 480; however, the document demonstrates the general conceptual framework which will apply to the proposed legislation. As an additional caveat, it should be noted that the guidelines must be promulgated in regulation as required by SB 480. The promulgation process requires an open public input process before the regulations become final. Obviously, legislation coupled with regulation will make the program less subject to political pressures which may result in allowing grants to regional units that do not make economic and political sense.

The ultimate goal of the department is to develop regulations which do make economic and political sense for as much of the state as possible and which have sufficient substance to ensure that meaningful results are achieved.

Sincerely,



Larry Mercurieff
Director

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Enclosure

D R A F T

ALASKA REGIONAL DEVELOPMENT ORGANIZATIONS PROGRAM GUIDELINES

January 15, 1988

The following guidelines are proposed for the Alaska Regional Development Organizations (ARDOR) Program:

1. ARDOR Organization Process:

- a. DBD will assist regions in boundary delineation and organization selection. No ARDOR funds will be allocated until a region has selected its ARDOR.
- b. An organizing committee selected by the region, with assistance by DBU will develop regional boundaries, select/create the region's ARDOR including board representation and bylaws.
- c. Formal consensus supporting the boundaries, the ARDOR and its bylaws, and an agreement to participate from a majority of communities within the region with a majority of the population will be required by ordinance, or in the case of an unincorporated community, a resolution from the traditional governing body.
- d. Communities not interested in participating will be excluded from the program and will not be able to use the services provided by the ARDOR office, once established.

2. Region Size Requirements:

The ARDOR boundaries must include a regional center with at least 2,500 people and have either a geographic area of at least 12,000 square miles or a total population of at least 80,000. (The rationale for the 80,000 is to provide for the inclusion of outlying villages in the Fairbanks region and to recognize Anchorage as a truly regional economic hub.)

3. Legal ARDOR Entities:

a. Nonprofit corporation

Options include: Municipal government association (e.g., Southwest Municipal Conference), Public/private association of municipal governments/chambers of commerce (e.g., Southeast Conference), regional Native nonprofit, association of local chambers of commerce, association of OEOPs or local economic development councils, EDA economic development district, or private development corporation.

b. **Organized Municipality**

Unified home rule municipalities, organized boroughs (except third class), home rule cities, first class cities.

4. **Board Makeup:**

- a. The number of representatives on the board should be limited to a manageable number (e.g., 15).
- b. It is the intent of the ARDOR program to have ARDOR boards with private sector economic development orientation and representation by locally elected public officials.

5. **Staffing/Office Requirements:**

- a. A minimum of one full-time professional staff with economic development experience will provide staff support to the ARDOR. The ARDOR board may contract out for services as long as the office is staffed with the equivalent of one full-time professional.
- b. Offices can be headquartered out of the region as long as regular contact is maintained with member communities and constituents. ARDORs can share office space.

6. **ARDOR Work Program:**

- a. **Annual Report:** Each ARDOR will prepare an annual report based on its activities over the grant year.
- b. **Regional Development Strategy:** Will follow standard guidelines issued by DBD (we can use the ones we developed last spring for the regional grant program); should be completed within 18 months then updated biennially in June so budget priorities can be addressed; DBD will assist the ARDORs in implementing the strategies through coordination with state programs and agencies.

c. **Collection and Dissemination of Economic Information**

Regional Profiles: Standards will be developed; will be coordinated with DCRA.

Information requests: When specific regional info is requested which DBD doesn't have, the ARDOR will research it (within reason) and provide it.

d. **Participation in DBD Programs**

Marketing Program: ARDORs will provide fulfillment materials for regional information (regional profiles plus additional); ARDORs will perform regional hosting efforts and contacts for

potential clients and will coordinate visitation logistics with local chambers of commerce or economic development organizations; ARDORs will participate in state sponsored trade shows and missions, as appropriate.

Capital Matching Grant Program: ARDORs will provide strong advisory recommendations on project proposals; ARDORs can recommend projects.

Small Business Assistance Program: ARDORs will monitor business trends and needs within regions; ARDORs will serve as small business technical assistance referral agencies serving as the first point of contact and an extension of DBD efforts; ARDORs will sponsor business workshops conducted by SBAC/DCs.

Made-in-Alaska Program: ARDORs will serve as a certifying agent for the region.

Governor's Conference on Small Business: ARDORs will assist logistics for regional meetings.

7. Funding Policies and Match Requirements:

- a. It is the intent of the program that the ARDORs must match the state funds with at least a portion of local (nonstate or federal) funds to demonstrate commitment to the program. Twenty percent of the total grant amount or \$20,000, which ever is less, will be required from local sources as match, the balance of the match can be other grant nonstate sources.
- b. ARDOR match must be in cash. However, under special circumstances the Division of Business Development will review individual requests regarding a waiver to substitute up to half of the local share cash requirement (see 7a) with an in-kind contribution.
- c. Each ARDOR is subject to the following match ratio requirement: grant years one through three, 1:1; grant years four and five, 3:1 state.
- d. There are no reduced matching requirements for ARDORs in the unorganized borough. DBD staff will provide an increased level of service to assist ARDOR programs in these areas.
- e. The ARDOR program is to establish a comprehensive state network of development organizations and assist the Division of Business Development carry out its mission. Therefore, all ARDORs meeting the program guidelines will be eligible to receive funding, regardless of financial need.

- f. ARDORs will be eligible to receive a maximum of \$50,000 state matching funds in any grant year. However, the balance of unallocated funds for a specific ARDOR will not be "earmarked" for the ARDOR in subsequent years. (For example, if an ARDOR receives only \$35,000 state match the first year, its ceiling for the second year is still \$50,000, not \$65,000--\$50,000 plus \$15,000, the unused allocation.)

8. Regional Development Strategy

As part of the ARDOR Program, regional development strategies (RDS) which describe the area's economic goals and objectives, the overall work program, and a local plan of action for implementation will be required.

a. Scope

Although each area's RDS will be different, at a minimum, strategies developed under this program must contain the following basic elements:

- 1). Fact gathering to assure that the area understands the current development situation as a base upon which to make decisions.
- 2). Identification of potentials (such as resources or location) that can be the bases of economic development.
- 3). Establishment of goals and objectives to point out the direction of economic development activities.
- 4). Devising a strategy for local economic development - a logical plan for reaching the area's goals and objectives.
- 5). Provision of a detailed work program that proposes the methods for implementing the development strategy and projects.

b. Outline of RDS Document

The following outline is given to assist the applicant in preparing the RDS document as simply and directly as possible. The document should have the following principal sections:

- 1). The ARDOR Board. This section describes the area's development organization established to work on the RDS and be responsible for developing and continuing the action program. A list of names and affiliations; reference to fields of interest, such as business, industry, etc., and addresses of officers must be provided.

- 2). Fact Gathering and Historical Assessment of Past Development Efforts. For areas with no previous history of organized economic development, this section should include a brief statement of the history of the area's economy, in as much detail as possible. For those areas with ongoing economic development programs, it will be necessary to update the existing plans to date.

The assessment should include such vital factors as migration, jobs lost or created, infrastructure improvements made, obstacles still preventing development, obstacles overcome, and major problems overcome.

- 3). The Area and Its Economy. This section is concerned with the gathering and analysis of information and data on the area and its economy. Efforts should be concentrated on those factors that have brought the area to where it is today and on those that appear to be most significant for future economic development activities. The following is a minimum list of basic factors that need to be addressed:

- a). General Description of the Area. Describe the area in terms of location, size, distance from major cities (economic distribution centers?), population characteristics, geographic features, transportation lineages, services available, utilities, etc., and including such maps and charts as may be necessary.
- b). Population and Labor Force. Provide the population of the area (according to the best available census or other data source) and tell how it has changed over the the past 10 to 20 years. Describe population characteristics - age, sex and racial composition, education level, family income, etc., that are necessary to economic development activities.

Provide information on the labor force in the area. At a minimum this should include the size of the area labor force and the participation rate; the unemployment rate (any information available on characteristics - variations by age, sex, minority, skill, education, etc.); and the number out of work for more than a year.

Also describe the principal labor needs of the area, and if there are seasonal variations. Are there changes in the demand for certain types of skills? Where are the jobs located? Include other labor statistics, facts and information that may be necessary.

- c). **The Economy.** Describe the principal economic activities of the area and identify major employers. Analyze recent trends in the area's economic activity - have any new firms come into the area, have any left and why, and if there has been a recent loss in jobs, also why.

Describe the area's economic ties to surrounding regions and the state.

Describe the area's capabilities to support economic development - community facilities and services, industrial parks, utilities, housing, medical services, financial resources, banks, etc. Is the lack or inadequacy of any of these an impediment to development?

- 4). **Potentials for Growth.** From the work done in the above section, the ARDOR board should be able to evaluate and judge the area's potential for economic development. In this section, some difficult choices must be made about what can be done, how it is to be done, and when. This will include, but not be limited to, consideration of the following:

- a). **Analysis of Potentials.** Potential may be viewed as the opportunities offered by an area for development purposes. Examples of such opportunities are undeveloped or underutilized natural resources (availability of minerals, energy sources, forests, etc.); or location or transportation advantages (close to a developing area, on a deep water port site, etc.).

Each potential should be analyzed as to how it could be developed, its impact on area employment and new jobs, supporting services, and problems to be overcome. It is important that only those potentials that have a realistic chance of happening be considered.

- b). **Problems and Opportunities.** An important part of the analysis of a development potential is the consideration of the deficiencies and constraints that must be overcome. For example: There may be special environmental conditions that would limit development, or an inadequate water supply. Provide such an analysis for each of the development potentials identified.

- 5). **Development Strategy.** This is the "link" between the analysis of the area's economy and the programs, activities and projects that come from the planning efforts. The development strategy contains both a set of goals and objectives, a multiyear action program of projects and activities, and a one-year implementation program.

- 6). Plan for Implementation. Develop a plan of action that:
1) describes the major work elements to be accomplished in the coming year; 2) a schedule of each work element showing who is responsible, the action to be taken, and in what time frame; and 3) the resources available for each work element and if they are not sufficient, how they will be secured.

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STATE OF ALASKA

OFFICE OF THE GOVERNOR

OFFICE OF INTERNATIONAL TRADE

STEVE COWPER, GOVERNOR

7TH FLOOR FRONTIER BUILDING
3001 C STREET, SUITE 700
ANCHORAGE, ALASKA 99503-6034
PHONE: (907) 661-5585

March 9, 1988

The Honorable Senator Tim Kelly, Chair
Senate Labor and Commerce Committee
Pouch V
Juneau, AK 99811

Dear Senator Kelly:

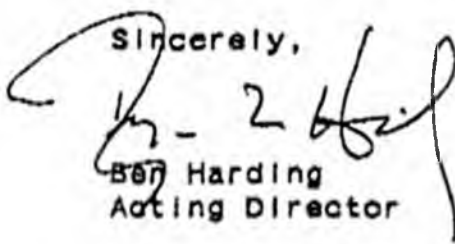
The Governor's Office of International Trade fully supports SB 480, an act establishing the Alaska regional economic assistance program.

A critical component to economic diversification in Alaska--whether on a local, regional or state level--is the ability to pursue international markets. The Office of International Trade's mission is to foster economic diversification through promotion of trade with other nations. To that end, OIT has a range of programs including international marketing, trade lead assistance, targeted trade shows and trade missions.

The Office of International Trade stands ready to assist the Department of Commerce and Economic Development's regional economic assistance program. Cooperation between OIT and DCED is essential to the successful execution of any international component envisioned in SB 480.

Again, I urge you and the members of your committee to support the Alaska regional economic assistance program. If I can be of any assistance to you and your committee, please do not hesitate to call upon me or my staff.

Sincerely,


Ben Harding
Acting Director



Official Business

Alaska State Legislature

P.O. BOX V
State Capitol
Juneau, Alaska 99811

PRESS RELEASE

February 22, 1988

By: SENATOR ARLISS STURGULEWSKI, CHAIRMAN
Senate Special Committee on Local & Regional Economic Opportunity

Contact: Frank Homan - 465-3818

Senator Arliss Sturgulewski announced today the introduction of legislation designed to promote regional economic development. Senate Bill 480 will establish the Alaska regional economic assistance program and apply throughout the state. The legislation is sponsored by the Senate Special Committee on Local and Regional Economic Opportunity of which Senator Sturgulewski is chairman. Other members of the committee include Senator Lloyd Jones of Ketchikan and Senator Fred Zharoff of Kodiak.

"I am particularly pleased with this legislation," said Senator Sturgulewski. "We have been working on this bill for the past year and have had many meetings with numerous groups who are trying to bring about economic development in their areas. There is an excitement and a momentum out there that we want to encourage and assist. For example," she continued, "there are people coming together on a regional basis to help each other such as the Southwest Municipal Conference, the Southeast Conference, the Kenai Peninsula, the Mat-Su, the Lower Yukon Kuskokwim River area, Interior Alaska and the Northwest Arctic to mention only a few. They are now in various stages of formation and I hope this legislation

will aid in bringing them together for mutual benefit of the region."

The legislation will compliment the regional program being developed within the Department of Commerce and Economic Development (DCED) by giving it a formal structure. SB 480 provides for grants of up to \$50,000 per year to each region that qualifies.

"We have tried to keep the requirements of each region to a minimum," she said, "because we don't want the state to dictate to the regions. We would rather encourage the regions to form on their own initiative. If there is no support for the program from the regions, then the state will not force it on them. Each area has its own set of interests, resources, traditions, and goals," the Senator said, "and we want that to be the catalyst for development, not a canned program put out by the state."

The DCED will be responsible for the program. Information will flow both ways; the state would provide assistance to regions that request it and the regions would be responsible to provide information back to the state that would assist in state economic development promotion. "For example," Sturgulewski said, "if a region has a particular product or resource they want to develop for export, the information would be made available to the state and the state Office of International Trade would incorporate it into their overseas promotion program."

The regional assistance program . . . designed to be a partnership. There

must be cooperation among communities in the region to work together; there must be private and public representatives in the organization; and there must be cooperation between the state and the region. One requirement is that the DCED serve as a liaison between regional organizations and other state agencies to make resources available to help the regions accomplish their goals. "Too many times we have competition among agencies of the state when we should have cooperation. We're all in this together," said Sturgulewski.

The legislation defines regional development organization to mean a non-profit corporation formed to encourage economic development within a particular region of the state. It has a board of directors that represents the region's economic, political, civic, and social interests and that includes at least one municipal official, one person from the local private business sector, and one person who represents the local Native community.

"I see this legislation as a positive step in creating economic development initiatives at the local level," said Sturgulewski. "There are a lot of people out there that have good ideas for economic growth. This legislation will say to them that the state wants to help support their efforts."

The bill was assigned to the Labor and Commerce and Finance Committees in the Senate.



U.S. DEPARTMENT OF COMMERCE
Economic Development Administration
701 "C" Street, Box 10
Anchorage, Alaska 99513
907-271-5857

March 6, 1988

Honorable Tim Kelly, Chairman
Senate Committee on Labor and Commerce
Alaska State Legislature
The Capitol
Juneau, Alaska 99811

Dear Senator Kelly:

This letter concerns Senate Bill No. 480, which your Committee is to consider March 9th. As it will not be possible for me to appear in person to testify, I wished to write to you in regard to the proposed Alaska regional economic assistance program.

Throughout most of the United States, regional economic development has grown significantly. It has proved effective, both in terms of cost and program delivery.

I am very pleased to see both the Legislature and the Administration working to encourage meaningful local, regional economic development. For a variety of unique and developmental reasons, Alaska has not previously fostered regional economic development. Senate Bill 480 should provide a very strong encouragement for local development of regional economic development organizations.

In addition to direct local benefit from working together, the State (and my agency, as well) should benefit from stronger, more targeted and better thought-out projects which have broader local commitment.

In those regions which can meet Economic Development District criteria, I feel that even more benefits will accrue. Where you have the local public and private sector representatives sitting around a table, as equals, making decisions or recommendations which together they have a better opportunity of making happen, success in economic development should breed further success. The "movers and shakers" of both sectors can be the driving force to increase local jobs and improve local economies.

Best regards,

Bernhard Richert
Bernhard Richert
Economic Development
Representative

ECONOMIC DEVELOPMENT DISTRICTS

Economic Development Districts (or EDD's or Districts) are locally-formed organizations with representation of both the Public and Private sectors. The primary objective of a District is to promote sound economic development for the communities it serves. An Economic Development District:

- o can serve a variety of purposes or functions (which are determined locally)
- o will work together for common economic development purposes
- o has as its membership multiple geo-political entities
- o is funded from a variety of sources (State, Federal, Borough, City, etc.)
- o has a staff responsible to the local board of directors.

There are well over 300 EDD's nationally, many States being covered with the organizations. A District can provide technical assistance in selected program areas, or it can run programs or deliver a wide range of services, depending upon the local EDD's wishes.

Financial advantages include sharing the cost of the organization among various funding sources. (The Economic Development Administration can make Planning or "administrative" grants-in-aid to help EDD's with their Overall Economic Development Programs.) Public Works projects which are funded by the Economic Development Administration are eligible for an additional ten percent (10%) bonus from the Federal Government. There also should be an economy of scale by communities working more closely together. By agreeing on what to work together on, it should be possible to avoid duplication.

An EDD is independent, yet responsible and responsive to local public and private interests because both are meaningfully involved as board members, and local governments contribute to the financial operation of the District.

A new District would likely have a staff of about three, working directly under a Board of Directors of a size workable for the local area.

Possible activities could include any of the following, and many others:

- o areawide tourism promotion
- o transportation planning
- o working to establish a Customs office
- o run a revolving loan program or establish a business "incubator"
- o export promotion, industrial development, energy conservation, financial management for villages or cities, resource development

This program ties in nicely with the State's Trade Alaska Program.

Getting started: establish an appropriate organization (State non-profit) and request the Governor to endorse the geographic area as an Economic Development District to the Economic Development Administration.

[38 FR 2266, Jan. 23, 1973, as amended at 39 FR 44960, Dec. 30, 1974; 44 FR 40863, July 13, 1979]

§ 302.51 Lists of redevelopment areas and centers designated under the Act.

The Economic Development Administration will maintain current lists of areas and centers designated under the Act. The lists shall be kept available for public inspection during the regular business hours of the Department of Commerce. Inquiries for such lists shall be made to the Director, Office of Management and Administration, Economic Development Administration, U.S. Department of Commerce, 14th and Constitution Avenue, NW., Room 7816, Washington, D.C. 20230.

[OCC NOTE: Revised 48 FR 5711, Jan. 8, 1983]

Subpart F—Information

§ 302.60 Information.

Upon the request of the Assistant Secretary the heads of such governmental agencies as may be appropriate are authorized to conduct such special studies, obtain such information, and compile and furnish to the Assistant Secretary such data as the Assistant Secretary may deem necessary or proper to enable him to make the determinations provided for in this part. The Assistant Secretary shall reimburse when appropriate, out of any funds appropriated to carry out the purposes of the Act, the foregoing officers for any expenditures incurred by them under this section.

(Sec. 701, Pub. L. 89-136, 79 Stat. 570, as amended (42 U.S.C. 3211); Pub. L. 94-487, 90 Stat. 2331; Dept. of Commerce Organization Order 10-4 (Sept. 30, 1975), as amended (40 FR 56702 as amended at 41 FR 58878 and 41 FR 35548))

PART 303—ECONOMIC DEVELOPMENT DISTRICTS

Subpart A—Standards for Designation, Modification and Termination of Economic Development Districts

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AUTHORITY: Sec. 701, Pub. L. 89-136 (August 26, 1965); 42 U.S.C. 3211; 79 Stat. 570 and Dept. of Commerce Organization Order 10-4 (Apr. 1, 1970), unless otherwise noted.

SOURCE: 38 FR 2269, Jan. 23, 1973, unless otherwise noted.

Subpart A—Standards for Designation, Modification and Termination of Economic Development Districts

§ 303.1 Authorization of economic development districts.

(a) The Assistant Secretary may authorize, at the request of the Governor(s) of the State or States, the delineation of economic development district (hereinafter district) boundaries as a prerequisite to designation of an economic development district and as a prerequisite to the provision of planning grants, Subpart B of Part 307 of this chapter.

(b) Authorization of delineation may be made:

(1) Where the State or States after analyzing economic and social relationships among the various redevelopment area counties proposed to EDA a district boundary delineation.

(2) Where the district proposed for authorization meets the general standards for designation set forth in § 303.2.

(3) Where a consideration of the following factors has been made:

(i) The percentage of the population living in redevelopment areas.

(ii) District per capita income.

(iii) The percentage of families with annual income below the poverty threshold.

(iv) Unemployment rates and labor force participation rates of the proposed district.

(v) Economic characteristics of economic growth centers.

(vi) The proposed district's readiness to hire a professional staff and begin work.

(4) Where the district proposed for authorization of delineation of bound-

aries conforms to an officially delineated sub-State district, if such exists, or where the Governor has provided the Assistant Secretary with an explanation and support from any variation of the officially delineated sub-State district.

[38 FR 2269, Jan. 23, 1973, as amended at 39 FR 44960, Dec. 30, 1974]

§ 303.2 Designation of economic development districts.

The Assistant Secretary is authorized to designate economic development districts with the concurrence of the States in which the districts will be wholly or partially located.

(a) Where the proposed district is of sufficient size or population, and contains sufficient resources, to foster economic development on a scale involving more than a single redevelopment area.

(b) Where the proposed district contains at least one redevelopment area.

(c) Where the proposed district contains one or more redevelopment areas or economic development centers identified in an approved district overall economic development program (hereinafter OEDP) as having sufficient size and potential to foster the economic growth activities necessary to alleviate the distress of the redevelopment areas within the district.

(d) Where the proposed district has a district OEDP which identifies one or more proposed economic growth centers, includes adequate land use and transportation planning, contains a specific program for district cooperation, self-help, and public investment and is approved by the State or States affected and by the Secretary.

(e) Where at least three-fourths of the counties within the proposed district boundaries have submitted documentation of their commitment to support the economic development activities of the district.

(f) Where a district organization has been established which meets the requirements of § 303.4-1.

(g) Where the proposed district organization requests such designation.

[38 FR 2269, Jan. 23, 1973, as amended at 39 FR 44960, Dec. 30, 1974; 45 FR 55701, Aug. 21, 1980]

§ 303.3 Designation of nonfunded districts.

Designation is not limited to districts receiving EDA planning grants. However, any nonfunded district receiving authorization and designation is subject to the same criteria and organization requirements applicable to funded districts.

§ 303.4-1 District organizations.

(a) *Organization prerequisite to designation and funding.* The district organization is a prerequisite to initial and continued designation of an economic development district ("EDD"). In addition, it is prerequisite to the

provision of planning grants.

(b) *Legal status.* Districts shall organize in one of the following ways:

(1) As nonprofit organizations incorporated under the laws of the States in which they are located;

(2) As public organizations through intergovernmental agreements for the joint exercise of local government powers; or

(3) As public organizations established under State enabling legislation for the creation of multijurisdictional areawide planning organizations.

(c) *Basic organizational requirements.* Each district organization must meet EDA requirements concerning its membership composition as set forth in § 303.4-1(d), its authorities and responsibilities for carrying out economic development functions as set forth in § 303.4-3, and the maintenance of adequate staff support to perform its economic development functions as set forth in § 303.4-1(e) in one of the two ways cited below:

(1) In general, the foregoing requirements must be met by the board of directors (or other governing body of the organization) as a whole.

(2) However, a waiver may be granted under provisions of § 303.4-2 to permit a district organization to use one of a variety of organizational options (hereafter, the "EDA component") set forth in § 303.4-2(c) to meet the basic organizational requirements.

(d) *Representation requirements.* The district organization shall demonstrate that either the district organization as a whole or its EDA component meets all of the following requirements:

(1) It is broadly representative of the following interests:

(i) The principal economic interests of the district, including business, industry, finance, transportation, utilities, the professions, labor, agriculture, and education. In meeting this requirement, the representatives of the principal economic interests may be private citizens, part-time elected officials, or minority representatives also selected under paragraph (d)(1)(ii) of this section.

(ii) Minority groups. Minority representatives shall be selected in accordance with *Civil Rights Guidelines* issued pursuant to 13 CFR Part 311, and may be private citizens, elected officials, or government employees.

(iii) Representatives of the unemployed and underemployed.

(2) There is at least a simple majority of its membership who are elected officials of, or employees of, a general purpose unit of local government and who have been appointed to represent such government.

(i) Where appointment of local government members is not otherwise provided for by the district organization charter or by-laws, each county

and major city which joins the district shall name an elected official or an employee to represent it.

(ii) Where appropriate to their non-governmental occupations, part-time elected officials may also represent the principal economic interests.

(3) There is at least one-fifth of its membership who are private citizens who are neither elected officials of a general purpose unit of local government nor employees of such a government who have been appointed to represent that government. All districts which have been authorized or designated before June 8, 1979, must comply with this provision no later than August 21, 1981.

(i) The district organization shall demonstrate that persons fulfilling this requirement represent the interests of groups listed in paragraph (d)(1)(i) or (iii) of this section. Minority representatives who meet these criteria may be counted toward the fulfillment of the private citizen requirement.

(ii) Except where these private citizens are also selected as minority representatives under paragraph (d)(1)(ii) of this section, these representatives shall be appointed by the governing bodies of the counties actively participating in the district organization or as otherwise provided in the district organizational charter and by-laws.

(e) *Staff support.* (1) The district organization or its EDA component established according to § 303.4-2 shall be assisted by a professional staff drawn from qualified persons in planning, economics, business administration, engineering and related disciplines.

(2) EDA may provide planning grants to economic development districts to employ professional staff in accordance with Subpart B of Part 307 of this chapter.

(f) *Public participation.* District organizations shall provide access for persons who are not members of the district organization or its "EDA component" to make their views known concerning ongoing and proposed district activities in accord with the following requirements:

(1) At a minimum, the district organization shall conduct meetings open to the public once a year. It shall also publish the date and the agenda of the meeting at least four weeks in advance to allow members of the public a reasonable time to prepare to participate effectively in the meetings.

(2) The district organization shall adopt a system of parliamentary procedures to assure that board members and other interested persons and groups have access to and an effective opportunity to participate in the affairs of the district.

(3) Where an "EDA component" is used, the district organization is required to hold appropriate public meetings and hearings when it consid-

ers significant economic development matters involving authorities, responsibilities, activities, or products of the EDA component.

(4) Information should be provided sufficiently in advance of public decisions to give citizens an adequate opportunity to review and react to proposals. District organizations should seek to relate technical data and other professional material to the affected citizens so that they may understand the impact of public programs, available options and alternative decisions.

(Department of Commerce Organization Order 10-4, as amended (40 FR 56702, as amended))

(45 FR 55701, Aug. 21, 1980, as amended at 46 FR 9026, Jan. 28, 1981)

§ 303.4-2 Waiver of district organization basic representation requirements and organizational options thereunder.

(a) *Conditions for waivers to basic representational requirements.* Under the following circumstances only, EDA will grant waivers to § 303.4-1(c)(1) to permit district organizations to use an "EDA component" to meet EDA basic organizational requirements: (1) Where the subject organization is not the governing body of a designated economic development district or is not receiving a planning assistance grant under 13 CFR Part 307, Subpart B, and

(i) Where the proposed district organization is not able to meet some part of the representational requirements of § 303.4-1(d) because of mandatory requirements of an interstate compact, a State law or constitutional provision, a State governor's executive order issued pursuant to a constitutional provision or state law or a home rule charter of a participating city or county, or

(ii) Where the proposed district organization demonstrates that it would undergo special hardship if it is required to reorganize in order to comply with the requirements of § 303.4-1(c)(1); or

(2) Where the proposed district organization is an existing designated or funded economic development district which demonstrates to the satisfaction of the Assistant Secretary: (i) That it would undergo a special hardship if it is required to maintain its district status through continued compliance with § 303.4-1(c)(1), and

(ii) That it has obtained concurrence in its proposal to reconstitute the district organization under § 303.4-1(c)(2) from the principal economic interests, minority interests, and local governments involved in the district.

(b) *Consideration of requests for waivers.* EDA will consider the following points (without excluding other possibilities) in determining whether to grant a waiver under the foregoing section.

(1) Where the waiver request is based on a legal constraint under § 303.4-2(a)(1)(i), the following kinds of situations would be the basis for a

waiver: (i) Where the membership composition or the membership appointment procedures of the organization are legally specified such that it cannot meet EDA board membership requirements, or

(ii) Where only local government elected officials are legally allowed to participate in the joint exercise of local government powers.

(2) Where the waiver request is based on the demonstration of special hardship under § 303.4-2(a)(1)(ii) or § 303.4-2(a)(2), the following factors would be considered: (i) The record of the organization in delivering projects related to economic development to assist distressed populations of the area.

(ii) The mechanisms proposed to provide for the involvement of the private sector and of distressed populations, including minority groups and local jurisdictions with high rates of distress, in the economic development planning process.

(iii) The age and complexity of any interlocal agreement for the joint exercise of powers.

(iv) The array of public policy issues assigned to the organization and the appropriateness for the various categories of representation required by EDA to participate in voting on the issues, and

(v) The risk of any breach of contract obligations if the organization were required to restructure its governing board in order to comply with EDA regulations.

(c) *Organizational options available under waiver provisions.* Organizations which are granted a waiver of § 303.4-1(c)(1) may employ one of the following types of organizational structure as their "EDA component" in accordance with § 303.4-1(c)(2), to meet EDA's basic organizational requirements:

(1) An augmented governing board whose membership meets EDA requirements;

(2) A subcommittee of the governing board where the subcommittee membership meets EDA's requirements;

(3) A policy advisory committee to the governing board where the committee membership meets EDA requirements;

(4) A bicameral decisionmaking organization in which dual policy bodies are created (consistent with § 309.17(b)), one of which meets EDA's requirements; and

(5) Other types of arrangements which are found by the Assistant Secretary to meet EDA's requirements.

145 FR 55702, Aug. 21, 1980

§ 303.4-3 District organization functions and responsibilities.

(a) *Basic requirement.* Economic development districts (EDDs) must arrange to carry out two classes of functions and responsibilities: Those which every EDD must carry out (paragraph (b) of this section), and those which EDDs receiving grants must carry out

(paragraph (c)). Where the district organization uses an EDA component to meet EDA requirements, as provided for in § 303.4-2, the EDA component of the district organization shall be given authority to carry out certain parts of these two classes of functions and responsibilities described in paragraph (d) of this section.

(b) *Functions and responsibilities common to all EDDs.* Subject to the requirements of § 303.4-1, EDDs are responsible for seeing that the following functions are provided for on a continuing basis.

(1) *Organizational actions, including:* (i) Arranging the legal form of organization which will be used;

(ii) Arranging for the membership of the board of directors to meet § 303.4-1 requirements;

(iii) Recruiting staff to carry out the economic development functions;

(iv) Establishing a management system;

(v) Contracting for services to carry out district functions; and

(vi) Establishing and directing activities of economic development subcommittees.

(2) *Civil rights responsibilities of 13 CFR Part 311 including:* (i) Arranging for the EDD board of directors and its executive committee to comply with EDA requirements for minority representation;

(ii) Submitting reports to EDA on the EDD's compliance with civil rights requirements (e.g., nondiscrimination on the basis of race, color, national origin, sex, or handicap); and

(iii) Preparing, taking action on and reporting on an affirmative action plan for the district.

(3) *Actions to develop and maintain the required district overall economic development program (OEDP), and any subsequent supplements or revisions, including:* (i) Preparing the analytic, strategic and implementation components of the OEDP;

(ii) Identifying economic development centers and redevelopment centers and any later boundary modifications;

(iii) Adopting the OEDP by formal action of the EDD governing board;

(iv) Submitting the OEDP and any supplements or revisions for reviews by appropriate governmental bodies and interested organized groups, and attaching dissenting opinions and comments received; and

(v) Obtaining EDA approval of the OEDP.

(4) *Preparation of proposals that EDA take actions which:* (i) Establish or change the designation status of the district or its growth centers; or

(ii) Affect economic development projects available to the EDD.

(5) *Coordination and implementation of economic development activities in the district, including:*

(i) [Reserved]

(ii) Assisting other eligible units within the district to apply for grant

assistance for economic development purposes;

(iii) Carrying out economic development related research, planning, implementation and advisory functions as are necessary and helpful to the coordination with other local, State, Federal, and private organizations, and as are necessary and helpful to the development and implementation of the overall economic development program;

(iv) Coordinating the development and implementation of the OEDP with other local, State, Federal and private organizations (including minority organizations); and

(v) Carrying out the annual OEDP plan for implementation.

(c) *Grants management activities.* Economic development district organizations which seek and receive EDA grant assistance must carry out grants management activities, including:

(1) Preparing application materials and accepting EDA grant offers;

(2) Arranging for the contribution of the required non-Federal matching share of the grant project costs;

(3) Receiving and managing the proceeds of the grant from EDA and of the matching share contributions;

(4) Complying with grant terms and conditions, including those pertaining to financial management and to work program requirements;

(5) Incurring expenses in carrying out the purposes of the EDA grant and charging these projects costs against grant project accounts; and

(6) Keeping records, and preparing and submitting reports on the grant project.

(d) *EDA component functions and responsibilities.* Where the EDD uses an EDA component to meet EDA requirements under § 303.4-1, the following functions and responsibilities (with the exception of paragraph (d)(4)(iii), which need not be exclusive to the EDA component) shall be lodged solely in the EDA component:

(1) *Organizational actions.* The EDA component shall: (i) Adopt by-laws for the conduct of the functions and responsibilities assigned to the EDA component;

(ii) Establish and direct activities of economic development subcommittees.

(iii) Advise the district board of directors or the staff director, as appropriate, concerning the activities of the economic development staff which is established according to § 303.4-1(e)(1).

(2) *Civil Rights responsibilities.* The EDA component shall: (i) Assure that the required minority representatives participate in the functions and responsibilities of the EDA component; and

(ii) Work to resolve matters of civil rights compliance review and assist in implementing the district organization's ongoing affirmative action plan required under § 311.4(b) of 13 CFR.

(3) *Overall economic development*

program (OEDP) activities. The EDA component shall have responsibility for: (i) Preparing and recommending adoption of the district OEDP, and of any subsequent supplements or revisions required by EDA, including the recommendation therein of project implementation priorities;

(ii) Making comments to the district organization board of directors concerning any board-initiated revisions of such OEDP documents;

(iii) Informing EDA when such revisions by the district organization board of directors constitute major departures from the recommendations of the EDA component and efforts to reinstate the substance of the recommended OEDP documents have not been successful;

(iv) Submitting the OEDP and any supplements or revisions for review by appropriate governmental bodies and significant organized interest groups, and the attaching thereto of dissenting opinions and comments received; and

(v) Determining when, on the initiative of the district, to revise and resubmit the OEDP.

(4) *Coordination and implementation activities.* The EDA components unit shall: (i) [Reserved]

(ii) Take actions required by EDA concerning grant or loan applications from other eligible applicants within the district which affect the district; and

(iii) Carry out economic development related research, planning, implementation and advisory functions as are necessary and helpful to the coordination with other local, State, Federal, and private organizations and to the development and implementation of the overall economic development program.

(5) *Application for and use of EDA grants.* The EDA component shall: (i) Advise the district organization board of directors concerning the scope of work section of grant applications; and

(ii) Comply with EDA terms and conditions relating to work program requirements.

[45 FR 55792, Aug. 21, 1980]

[OCC NOTE: Amended 48 FR 29136, Jan. 24, 1983]

§ 303.5 Coordination with State and local organizations.

The Assistant Secretary will cooperate with State and local organizations in activities leading to designation of economic development districts including participation in the district program, formulation of the OEDP, and identification and analyses of potential economic growth centers.

§ 303.6 Modification of district boundaries.

The Assistant Secretary, with concurrence of the State or States affected, may modify the boundaries of a district consistent with standards for authorizing new districts set forth in § 303.1 if the Assistant Secretary determines that such modification will

contribute to a more effective program for economic development.

§ 303.7 Termination and suspension of district designation.

(a) The Assistant Secretary will, upon 30 days' prior notice, terminate or suspend the designated status of an economic development district:

(1) Where the district no longer meets the standards for designation: (i) As set forth in § 303.2(a), (b), (c), (d), (f), or (g), or

(ii) As set forth in § 303.2(e), except that district designation status may be continued if those counties which would maintain their commitment to support economic development activities are determined by EDA to meet the other standards of § 303.2 and the standards of § 303.1.

(2) Where a district has not maintained a currently approved district OEDP in accordance with Part 304 of this chapter.

(3) Where a district has requested termination with the approval of the State or States affected.

(4) Where a funded district fails to comply with terms and conditions of an EDA planning grant agreement.

(b) Terminations and suspensions resulting from failure to comply with Title VI of the Civil Rights Act of 1964 will be processed in accordance with the provisions of that Act.

[38 FR 2269, Jan. 23, 1973, as amended at 45 FR 55703, Aug. 21, 1980]

§ 303.8 Benefits.

(a) Designation of an economic development district is a prerequisite to EDA providing financial assistance to economic development centers.

(b) Projects in redevelopment areas which are located within designated economic development districts and which actively participate in the economic development district's OEDP planning process are eligible for 10-percent Lonus grants, §§ 303.23 and 305.6 of this chapter if the project is consistent with a currently approved district OEDP.

§ 303.9 [Reserved] [39 FR 44960, Dec. 30, 1974]

[OCC NOTE: Removed 48 FR 6525, Feb. 14, 1983]

Subpart B—Standards for Designation, Modification, and Termination of Economic Development Centers

§ 303.10 General standards for designation of economic development centers.

The Assistant Secretary may designate an economic development center if such proposed center:

(a) Has been identified and included in an approved district OEDP.

(b) Is recommended by the State or States affected. Written concurrence from the State must be received by EDA.

(c) Is geographically and economically so related to the economic development district that the economic devel-

opment center's economic growth may be expected to contribute significantly to the alleviation of distress in the redevelopment areas of the district.

(d) Does not have a population in excess of 250,000 according to the last preceding Federal census.

(e) May reasonably be expected to accelerate or maintain existing rates of growth in terms of population, employment, and income.

(f) Has the prospect of developing a diversified economy providing a wide range of health, educational, recreational, and cultural facilities; a relatively large local market; a relatively large well-trained labor force; and other similar qualities which encourage the continuing growth of economic activities.

(g) Is an active participant in the district economic development program.

[32 FR 2269, Jan. 23, 1973, as amended at 40 FR 6640, Feb. 13, 1975]

§ 303.11 Number of economic development centers per district.

The Assistant Secretary will designate the single leading growth point in an economic development district as the economic development center. However, additional centers may be designated where unusual conditions exist in the district.

(a) Where the district contains a relatively large number of redevelopment area residents who do not have reasonable community access to any one economic development center.

(b) Where the district contains several smaller growth points rather than one leading economic development center.

§ 303.12 Boundaries of economic development centers and boundary modifications.

(a) An economic development center is administratively defined as a city or grouping of contiguous incorporated places. However, where justified, boundaries may be extended to include adjoining minor civil divisions or corridors of growth between centers.

(b) The Assistant Secretary may modify either the boundaries of an economic development center or the number of economic development centers in a district after giving notice and opportunity for comment to the State or States affected, if such modification will contribute to a more effective program.

§ 303.13 Termination and suspension of economic development centers.

The Assistant Secretary may, upon 30 days prior notice to the interested State and local agencies, terminate the designated status of an economic development center when—

(a) The economic development center is no longer identified or recommended for designation in an approved district OEDP.

(b) The economic development

center no longer meets the standards for designation, § 303.10.

(c) The economic development center fails to actively pursue its role as an economic development center in a manner that makes a significant impact on the performance of the economic development district within which it is located.

§ 303.14 Redevelopment centers.

The Assistant Secretary may recognize a redevelopment center which meets the criteria for economic development centers, but which falls in designated redevelopment area. There is no limit on the size of the population of a redevelopment center.

Subpart C—Financial and Other Assistance to Economic Development Centers and Districts

§ 303.20 Financial assistance to economic development centers.

The Assistant Secretary may provide financial assistance (including public works and development facility loans and grants and commercial and industrial loans and working capital guarantees) in accordance with the criteria contained in Parts 305 and 306 of this chapter for projects in economic development centers when—

(a) The project will further enhance the objectives of the overall economic development program of the district in which the economic development center is located.

(b) The project will enhance the relationship between the economic development center and the economic development district, particularly the redevelopment areas.

(c) The project will achieve one or more of the following:

- (1) Encourage economic growth.
- (2) Discourage out-migration from the district.
- (3) Have a beneficial impact on the district's redevelopment areas.

§ 303.21 Economic development center project characteristics.

Projects in economic development centers shall have one or more of the following characteristics:

- (a) High job producing capability.
- (b) Remove barriers of access to jobs for the target population.
- (c) Ability to trigger further project activity.
- (d) Ability to trigger further economic impact.
- (e) Provision of facilities and services deemed essential to stimulate further growth, at a level above that normally required for simple maintenance of a substantial community.

138 FR 2269, Jan. 23, 1973, as amended at 39 FR 44960, Dec. 30, 1974)

§ 303.22 Grant rate for economic development center projects.

The grant rate for projects in economic development centers shall not exceed 50 percent of the project costs.

§ 303.23 Supplementary grants to district redevelopment areas.

Subject to the limitation that the maximum Federal share for any project may not exceed 80 percent of the aggregate cost (except as provided in §§ 305.5 and 305.6 of this chapter), the Assistant Secretary may increase the amount of grant assistance for public works and development facilities projects within redevelopment areas by an amount not to exceed 10 percent of the aggregate cost of any such project, if:

(a) The redevelopment area is situated within a designated economic development district and is actively participating in the economic development activities of the district and

(b) The project is consistent with the currently approved district OEDP.

§ 303.24 Financial assistance to redevelopment centers.

The eligibility of redevelopment centers for EDA financial assistance, including the 10 percent bonus as provided for in §§ 303.23 and 305.6 of this chapter, is the same as for any designated redevelopment area within the district. The grant rate for the redevelopment center shall be determined by the rate applicable to the redevelopment area within which it is located.

§ 303.25 Assistance to economic development districts.

Pursuant to Title III of the Act, the Assistant Secretary may provide other assistance to the district including:

- (a) Technical assistance.
- (b) Planning grants. Subpart B of Part 307 of this chapter, to assist the district organization in engaging a professional staff and carrying its planning activities.
- (c) Research assistance.

PART 304—OVERALL ECONOMIC DEVELOPMENT PROGRAM

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AUTHORITY: Sec. 701, Pub. L. 89-136 (42 U.S.C. 3211); 79 Stat. 370 and Dept. of Commerce Organization Order 10-4 (Apr. 1, 1970), unless otherwise noted.

SOURCE: 38 FR 2271, Jan. 23, 1973, unless otherwise noted.

§ 304.1 OEDP requirements.

(a) Approval of an overall economic development program, hereinafter referred to as OEDP, is a prerequisite for designation of a redevelopment area or economic development district except those areas designated under §§ 302.5 and 302.7 of this chapter.

(b) A redevelopment area or economic development district, where appropriate, is required to maintain a currently approved OEDP to retain its previous designation for eligibility to receive EDA funds.

(38 FR 2271, Jan. 23, 1973, as amended at 39 FR 7779, Feb. 28, 1974; 39 FR 44960, Dec. 30, 1974)

§ 304.2 Redevelopment areas may use district OEDP's.

Those qualified areas within existing economic development districts may use the district's accepted OEDP in lieu of drawing up a separate area OEDP:

(a) Where the area has actively participated in and supported the district OEDP planning process, and

(b) Where the area has submitted a letter to EDA signed by the Area's chief elected official or governing body and, where appropriate, a letter from the local OEDP committee wherein the area's decision to use the district OEDP is stated.

§ 304.3 Redevelopment Area OEDP Committee.

(a) The preparation of the Area OEDP and of the ongoing development program which it charts is the primary responsibility of the Area OEDP committee.

(1) Area OEDP Committees are required only in those areas not located in districts. (District organization requirements are set forth at § 303.4-1, § 303.4-2 and § 303.4-3 of this chapter.)

(2) However, because of the crucial role of the OEDP committee, EDA recommends that all areas establish such an organization even though located within a district and using the district OEDP (as allowed under § 304.2).

(b) The Area OEDP committee shall be representative of the community so that all viewpoints are considered in discussion and decisionmaking and all available local skills are engaged in program formulation. Representation on the committee shall include representatives of local government (county, city, and town), business, industry, finance, agriculture, the professions, organized labor, utilities, education, minorities, and the unemployed or underemployed. 13 CFR Part 311 of this chapter, as implemented by the Civil Rights Guidelines, contains the requirements for the specific representation of minority groups.

(c) If an existing development group meets the criteria as set forth in paragraph (b) of this section, that group may function as the Area OEDP committee.

(Sec. 701, Pub. L. 89-138, 79 Stat. 570 (42 U.S.C. 3211); Dept. of Commerce Organization Order 10-4 (Sept. 30, 1975), as amended (40 FR 58702, as amended))

(45 FR 55703, Aug. 21, 1980)

§ 304.4 Initial OEDP.

(a) The initial OEDP is the beginning of a planning program required by qualified redevelopment areas, title I areas, and economic development districts before the designation process can be completed.

(b) The initial OEDP will provide a concise and accurate background of the area or district in order to assist the local leaders and EDA to understand the current development situation. Such background may include a discussion of the district or area's geography, population, labor force, natural and manmade resources, economic and social activities.

(c) The initial OEDP will examine economic development and community improvement opportunities and problems. This includes an identification of major current activities of other organizations in connection with economic development and community improvement opportunities and problems.

(d) The initial OEDP will provide a realistic development program and work program that will be developed and implemented in an effort to:

(1) Promote the district or area's economic progress.

(2) Improve community facilities and services.

(3) Serve as a basis for a continuing planning and development program.

(e) The initial OEDP will be developed with a specific regard for energy conservation concerns and principles, and shall reflect this regard in any developed or proposed plans, programs, or projects.

(38 FR 2271, Jan. 23, 1973, as amended at 45 FR 57862, Aug. 29, 1980)

§ 304.5 Initial OEDP for districts.

The requirements for the initial OEDP for districts are those contained in § 304.4 and the following:

(a) The identification and proposal for designation or recognition of at least one economic growth center.

(b) An economic growth center program describing the role to be played by the proposed center in the implementation of the district wide development program, particularly as it relates to the redevelopment areas.

§ 304.6 Submission of initial OEDP.

When the initial OEDP is completed, the following steps shall be taken to obtain EDA approval:

(a) The initial OEDP of the area or district to be designated is to be reviewed by appropriate governmental bodies and all organized interested groups, especially the appropriate State agency, those organizations with OMB Circular A-95 review authority, and the EDA Regional Office.

(b) Dissenting opinions or comments from the above entities shall be submitted to EDA as attachments. If no comments are received, there shall be a note from the submitting party indicating to whom and when the OEDP was sent to the various organizations for comments.

(c) The OEDP committee shall reproduce the initial OEDP in sufficient quantity for the use of all groups taking part in the program. The local organization shall submit seven copies to its EDA Economic Development Representative including one copy for his use and six copies for the EDA Regional Office. Two copies shall also be sent to the State agency designated by the Governor to handle EDA activities and to the appropriate Regional Commission, if any.

(d) The EDA Regional Office Planning Division staff will review the OEDP for its adequacy. If the OEDP can be approved, the staff will notify the Economic Development Administration in Washington of its approval. If, however, the staff finds the initial OEDP inadequate, it will contact the chairman of the OEDP committee by letter and outline the required revisions or request a supplement.

§ 304.7 The continuing program.

After setting up and organizing the committee and submitting the initial OEDP, the area or district shall implement the development program, and periodically update the development program with annual progress reports, § 304.8, or with a revised OEDP, § 304.9.

§ 304.8 Progress report.

(a) The OEDP annual progress report for the annual designation and eligibility review for redevelopment areas shall be submitted after January 1, but not later than March 31 of each year, covering the preceding calendar year.

(b) If located within an economic development district, a redevelopment area, may, at its discretion, notify EDA annually, on or before March 31, that the district annual OEDP progress report satisfactorily covers the area's own planning and programming.

(c) The annual progress report for districts shall be submitted annually 30 days after the anniversary date of the EDA planning grant, Part 307, Subpart B, and shall cover the period of the planning grant. Those districts which do not receive EDA planning grants, shall submit the report annually within 30 days of either their district designation date or their fiscal year.

(d) Extensions for submitting the area and district progress reports will be granted only under exceptional circumstances.

(e) Areas and districts submitting initial or revised OEDP during the last quarter of the calendar year will not be required to submit an annual prog-

ress report by the following March 31. The report will be due the following year covering a period of 1 year to 15 months.

(f) If the area progress report has not been submitted by March 31, or cannot be approved, the Regional Director:

(1) Will inform the area or district chairman of the nonreceipt or disapproval of the progress report.

(2) Will direct a member of the EDA regional office staff to visit and consult with the area or district chairman on the most expeditious way of submitting the progress report.

(3) May allow a reasonable extension of time (not to exceed 60 days) to prepare the report or supplemental data. Under very exceptional circumstances the Regional Director may allow a further extension. However, the report must be received not later than June 15.

(4) Will recommend that the Assistant Secretary notify the State and the affected area or district officials that the eligibility status of the area or district is suspended pending receipt of an acceptable progress report if the progress report has not been received within the required time period. This means no applications for projects for financial assistance from the affected area or district will be approved.

(g) If an unacceptable progress report was submitted, a supplement covering the deficiencies shall be prepared by the OEDP committee.

(38 FR 2271, Jan. 23, 1973, as amended at 39 FR 44960, Dec. 30, 1974)

§ 304.9 Revised OEDP.

(a) A revised OEDP will be required if EDA determines that the initial OEDP of the area or district is inadequate.

(b) A revised OEDP will be required if EDA determines that the initial OEDP is outdated.

(c) An area or district shall also revise its initial OEDP if the OEDP committee determines that a complete reassessment of the local situation or a complete reassessment of the economic development program is desirable.

(d) A revised OEDP may be submitted in lieu of the annual OEDP progress report. Failure of an area or district to submit a revised OEDP in acceptable form within the time specified, and extensions thereof, may result in the suspension or termination of such area's or district's designation after 30 days written notice by EDA.

(e) Before any revised OEDP for a district is approved by EDA, it shall be reviewed by appropriate governmental bodies and all organized interested groups, especially the appropriate State agency, those organizations with OMB Circular A-95 review authority, and the EDA Regional Office.

(38 FR 2271, Jan. 23, 1973, as amended at 40 FR 2796, Jan. 16, 1975)

City of Sand Point

P.O. Box 249
Sand Point, Alaska 99661
(907) 383-2696

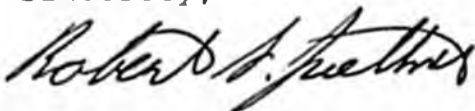
March 2, 1988

Honorable Arliss Sturgelewski
P.O. Box V
Juneau, Alaska 99811

Dear Senator Sturgelewski:

The City of Sand Point supports your efforts through SB 480 to promote regional economic development planning. Meaningful economic development results from the involvement of local people through a pooling of their interests, concerns and resources. When communities which are individually working on economic development associate with other communities in their region, they develop sound regional economic plans. We in our region are fortunate to belong to the Southwest Alaska Municipal Conference (SWAMC). For the past two years SWAMC has effectively bridged the gap between Bristol Bay people and Aleutian people. As such, the City of Sand Point will support the effort of SWAMC to be a recipient of funds made available by SB 480.

Sincerely,




Robert S. Juettner
City Administrator

Alaska MUNICIPAL League

TELEPHONE
(907) 586-1325

105 MUNICIPAL WAY, SUITE 301
JUNEAU, ALASKA 99801

TO: Senator Tim Kelly, Chair
Members of the Senate Labor and Commerce Committee

FROM: Scott A. Burgess, Executive Director 

DATE: March 9, 1988

SUBJECT: SB 480 - Regional economic assistance program

The Alaska Municipal League strongly supports the concept of SB 480, setting up a regional economic assistance program. The AML membership passed Resolution No. 88-4 (attached) at the AML annual meeting in November 1987 in support of the concept as originally outlined by the Department of Commerce and Economic Development as the Alaska Regional Development Organizations Program or ARDOR. The AML Board of Directors has listed the establishment of the program as a top legislative priority for 1988.

SB 480 would establish by statute a regional economic assistance program envisioned by the Department of Commerce and Economic Development and by the AML membership in adopting Resolution No. 88-4. Economic development, for the most part, happens in or the impact occurs in communities. The legislation would help communities help themselves by joining forces to promote economic development on a regional basis. While many municipalities have individual economic development plans and programs, many opportunities and problems need to be addressed on a regional level for economic, political or other reasons. This program would provide for appropriate regional approaches and a real mechanism to assist communities discover, promote and assist regional economic development efforts. The legislation calls for state seed money, local match, and public-private and state-local partnerships which will also provide incentive and programs which are accountable and rational.

In supporting the legislation, I have a few questions and concerns for discussion or clarification. In Section 2(d) of the bill, it says the fund established can be used for grants ("purposes") and "costs of administering" the program. Without the advantage of the fiscal note, I would suggest that the legislative intent be that state department administrative costs not be taken off the top of any grant to a region. The Legislature must recognize that there will be some minimum administrative cost for this program this year and next and that should be funded in the Department's budget not from the individual grant.

As written, much of the implementation of this program is left to the Department under Section 2(a)(1), and, I would not suggest to narrow the program unnecessarily; however, there are several economic development

Senate Labor and Commerce Committee re SB 480

March 9, 1988

Page 2

efforts currently under way which may not meet the definition of "a particular region of the state" under subsequent Department regulations without a clear expression of legislative intent. For example, Anchorage has a economic development corporation; Kenai Peninsula Borough has recently set up an economic development corporation; the Mat-Su Borough has or is considering doing the same; the City and Borough of Juneau has its own economic development council and participates in the Southeast Conference with other Southeast communities and private groups. Most of these have been assumed to qualify in Department briefing papers.

A concern is that regional organizations supported by this legislation remain closely associated with affected municipalities; however, the reality of the situation is that these organizations will have to rely on the municipalities for support, guidance and cooperation to be successful.

Again, the AML strongly supports SB 480. Thank you.

Attachment

RESOLUTION OF THE ALASKA MUNICIPAL LEAGUE

RESOLUTION NO. 88-4

A RESOLUTION SUPPORTING THE ALASKA
DEVELOPMENT ORGANIZATIONS PROGRAM.

WHEREAS, the League supports legislation and funding policies which would promote the creation and implementation of economic development organizations by Alaska municipalities, and

WHEREAS, the State of Alaska has experienced a profound long-term economic change resulting from the decline in oil revenues, and

WHEREAS, Alaska communities are facing a myriad of complex local, regional, state, and international economic issues which are, at best, difficult to address, and

WHEREAS, there has been a natural evolution of regional economic development entities from individual communities to pool resources, providing communities with a cooperative and organized means to meet these economic challenges, and

WHEREAS, because of the economic downturn, the demand from regional organizations and communities for state economic development technical and financial assistance has increased dramatically while revenues for state, federal, and local economic development assistance have been reduced, and

WHEREAS, the Division of Business Development, Alaska Department of Commerce and Economic Development has proposed a new program, the Alaska Regional Development Organizations Program (ARDOR), to promote and provide financial assistance to regional development organizations, and

WHEREAS, the purpose of the ARDOR program is to facilitate economic development at the regional and local level through establishment of a network of regional economic development organizations and the provision of financial and technical assistance, based on the evolution of economic regions and organizations from the local level, and

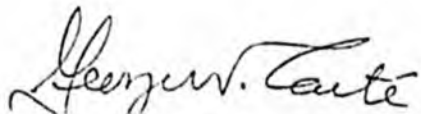
WHEREAS, representative economic development organizations of these regions will work with the communities and the State to develop and implement an action-oriented regional economic development strategy accommodating local economic development action plans, provide economic development and business technical assistance to region member communities and businesses, collect and distribute economic information on the region, participate in state

marketing campaigns, and serve as a liaison for coordination with local governments and the State regarding regional economic activities and issues, and

WHEREAS, the ARDOR program and regional development strategies will provide the foundation for the development of a credible, strong, and pragmatic state development strategy;

NOW, THEREFORE, BE IT RESOLVED that the Alaska Municipal League urges that the Governor and the Legislature support the Division of Business Development, Alaska Department of Commerce and Economic Development, and fund the Alaska Regional Development Organizations Program (ARDOR).

Adopted this 13th day of November 1987.



George W. Carte, President

ATTEST:



Scott A. Burgess, Executive Director

Alaska State Legislature



**SENATOR
ARLISS STURGULEWSKI**

Chairman, Senate Community and Regional Affairs Committee
Vice-Chairman, Senate Judiciary Committee
Member, Senate Resources Committee

2937 SHELDON JACKSON STREET
ANCHORAGE, ALASKA 99508

While in Juneau
P. O. BOX 1 V
JUNEAU, ALASKA 99811
(907) 465-3818

Senate

MEMORANDUM

February 24, 1988

TO: Senator Tim Kelly, Chairman
Senate Labor and Commerce Committee

FROM: Senator Arliss Sturgulewski, Chairman *AS*
Senate Special Committee on Local & Regional Economic Opportunity

RE: SB 480 "An Act establishing the Alaska regional economic assistance program."

The Senate Special Committee of Local & Regional Economic Opportunity of which I am chairman has been developing this program since the last session. We have worked closely with the Department of Commerce and Economic Development (DCED) and numerous interest groups in developing the legislation. There is strong support for this legislation.

I have enclosed a press release that further explains the program. My staff is available to provide backup information. I hope you will be able to schedule SB 480 for an early hearing.

Attachments



Official Business

Alaska State Legislature

P.O. BOX V
State Capitol
Juneau, Alaska 99811

PRESS RELEASE

February 22, 1988

By: SENATOR ARLISS STURGULEWSKI, CHAIRMAN
Senate Special Committee on Local & Regional Economic Opportunity

Contact: Frank Homan - 465-3818

Senator Arliss Sturgulewski announced today the introduction of legislation designed to promote regional economic development. Senate Bill 480 will establish the Alaska regional economic assistance program and apply throughout the state. The legislation is sponsored by the Senate Special Committee on Local and Regional Economic Opportunity of which Senator Sturgulewski is chairman. Other members of the committee include Senator Lloyd Jones of Ketchikan and Senator Fred Zharoff of Kodiak.

"I am particularly pleased with this legislation," said Senator Sturgulewski. "We have been working on this bill for the past year and have had many meetings with numerous groups who are trying to bring about economic development in their areas. There is an excitement and a momentum out there that we want to encourage and assist. For example," she continued, "there are people coming together on a regional basis to help each other such as the Southwest Municipal Conference, the Southeast Conference, the Kenai Peninsula, the Mat-Su, the Lower Yukon Kuskokwim River area, Interior Alaska and the Northwest Arctic to mention only a few. They are now in various stages of formation and I hope this legislation

will aid in bringing them together for mutual benefit of the region."

The legislation will compliment the regional program being developed within the Department of Commerce and Economic Development (DCED) by giving it a formal structure. SB 480 provides for grants of up to \$50,000 per year to each region that qualifies.

"We have tried to keep the requirements of each region to a minimum," she said, "because we don't want the state to dictate to the regions. We would rather encourage the regions to form on their own initiative. If there is no support for the program from the regions, then the state will not force it on them. Each area has its own set of interests, resources, traditions, and goals," the Senator said, "and we want that to be the catalyst for development, not a canned program put out by the state."

The DCED will be responsible for the program. Information will flow both ways; the state would provide assistance to regions that request it and the regions would be responsible to provide information back to the state that would assist in state economic development promotion. "For example," Sturgulewski said, "if a region has a particular product or resource they want to develop for export, the information would be made available to the state and the state Office of International Trade would incorporate it into their overseas promotion program."

The regional assistance program is designed to be a partnership. There

must be cooperation among communities in the region to work together; there must be private and public representatives in the organization; and there must be cooperation between the state and the region. One requirement is that the DCED serve as a liaison between regional organizations and other state agencies to make resources available to help the regions accomplish their goals. "Too many times we have competition among agencies of the state when we should have cooperation. We're all in this together," said Sturgulewski.

The legislation defines regional development organization to mean a non-profit corporation formed to encourage economic development within a particular region of the state. It has a board of directors that represents the region's economic, political, civic, and social interests and that includes at least one municipal official, one person from the local private business sector, and one person who represents the local Native community.

"I see this legislation as a positive step in creating economic development initiatives at the local level," said Sturgulewski. "There are a lot of people out there that have good ideas for economic growth. This legislation will say to them that the state wants to help support their efforts."

The bill was assigned to the Labor and Commerce and Finance Committees in the Senate.

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: SB 480 Revised
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Alaska Regional Economic Assistance Program

Agency Affected: Commerce & Econ. Dev.
BRU: Division of Business Development

Sponsor: Special Committee on Local & Economic Opportunity
Requester: Senator Sturqulewski

EXPENDITURES / REVENUES : (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	300.0	500.0	500.0	500.0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	300.0	500.0	500.0	500.0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of dollars)

GENERAL FUND	0	300.0	500.0	500.0	500.0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	300.0	500.0	500.0	500.0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary.)

See attached

Prepared by: Tom Lawson, Economic Development Planner
Division: Business Development

Phone: 465-2017
Date: February 23, 1988

Approved by Commissioner: J. Anthony Smith
Agency: Department of Commerce and Economic Development

Date: 3/7/88

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

FISCAL NOTE ANALYSIS

SB 480 -- ALASKA REGIONAL ECONOMIC ASSISTANCE PROGRAM

Assumptions/Program Summary: The fiscal note assumes that approximately ten regional development organizations will form and need funding at an average level of \$50.0 on an annual basis.

The program will be administered by the Division of Business Development staff as detailed in the FY 89 Operating Budget.

Economic Impact: While the proposed program will have a modest impact on the state budget, the projected long-term benefit of the program on the state's economy should be significant.

Impact on Local Government: Establishment of regional development organizations is optional. However, to receive state funding for the organization, matching funds are required. Nonstate matching funds would no doubt be solicited from a variety of sources, including local governments within the region. Since the total nonstate match would not have to exceed \$50.0, the fiscal impact on local governments within each region would vary, but on average would be slight. The benefits of the program, local/regional economic development and diversification, should far outweigh the costs.

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 24, 1988

SUBJECT: Alaska regional economic assistance
program (SB 480)

TO: Senator Arliss Sturgulewski

FROM: Tamara Brandt Cook *TBC*
Director
Division of Legal Services

Here is the sectional analysis that you requested for SB 480.

Section 1. This is a statement of the purpose of the legislature in establishing the Alaska regional economic assistance program.

Section 2. The Department of Commerce and Economic Development is required to encourage the formation of regional development organizations, assist individuals in establishing boundaries for proposed organizations, gather information about regional economic issues, serve as liaison between organizations and other state agencies, and assist organizations to provide services designed to encourage economic development, collect economic information, participate in state marketing campaigns and trade missions, and develop strategies to attract new industry, expand trade opportunities, and encourage tourism. The department may make grants to organizations for projects of value in encouraging economic development. The department may only make grants to one organization from a particular region during a fiscal year and an organization designated as an economic development district under federal law qualifies for grants. In addition, to qualify for a grant an organization must match the grant. The total amount of grant money provided to one organization may not exceed \$50,000 during a fiscal year. A regional development fund is established and money in the fund lapses to the fund from which it was appropriated July 1, 1993 unless otherwise provided in the appropriation act. A regional development organization is defined to be a

Senator Arliss Sturgulewski

Page 2

February 24, 1988

nonprofit corporation formed to encourage economic development within a particular region with specific requirements regarding the composition of the board of directors.

Section 3. The Alaska regional economic assistance program is repealed July 1, 1993.

Section 4. The Act has an immediate effective date.

TBC:gc
WKG2:02

Economic Development Planning

REGIONAL DEVELOPMENT ORGANIZATIONS PROGRAM PROPOSED

Alaska communities are facing a myriad of complex local, regional, state, and international economic issues which are at best difficult to address. As a result a series of regional economic development entities have evolved as individual communities have begun to pool their resources, providing communities with a cooperative and organized means to meet these economic challenges. Because of the economic downturn, the demand from regional organizations and communities for state economic development technical and financial assistance has increased dramatically while revenues for state, federal, and local economic development assistance programs have been reduced.

To address this issue, the Division of Business Development has designed the Alaska Regional Development Organizations (ARDOR) Program and is included in Governor Cowper's FY 89 capital budget submission. The purpose of ARDOR program is to facilitate economic development at the regional and local level through establishment of a network of regional economic development organizations and the provision of financial and technical assistance. Governor Cowper recently introduced the program in Anchorage at the 37th Annual Alaska Municipal League (AML) Local Government Conference.

As proposed, the ARDORs will work with the communities and the division to develop and implement regional development strategies; address regional economic issues; collect and distribute regional economic information; provide development assistance within the region; participate in state economic development programs, such as marketing efforts; and coordinate economic development activities with member communities and the state. The ARDORs and regional development strategies will provide the foundation for the development of a credible, strong, and pragmatic state development strategy, under preparation by the division.

The ARDOR program is designed to encourage evolution of economic regions and organizations from the local level and ultimately be self-sustaining. An economic region will likely consist of communities with similar or related economic problems and opportunities. At least one city within the region should be recognized as a regional center of economic activity. It will be up to the region to determine its ARDOR. The organization selected must represent the economic, political, civic and social interests of the region with the confidence of its residents.

The ARDOR Program grants will be administered by the Division of Business Development. One-to-one matching grants of up to \$30,000 will be provided annually to ARDORs to support full-time professional staff in each ARDOR office.

A state/regional electronic mail computer network for coordination of economic development activities and dissemination of economic information and news will be established. In addition, quarterly regional teleconferences will be conducted between appropriate state agencies and regions.

In developing the ARDOR program, the division has been working closely with Senator Arliss Sturgulewski, Chair of the Senate Community and Regional Affairs Committee and Chair of the Senate Special Committee on Local and Regional Economic Opportunity. At the AML Conference a joint session of the Senate and House Community and Regional Affairs Committees was held. The ARDOR program was a focal point of discussion. The AML passed a resolution in support of the ARDOR program.



ALASKA ECONOMIC DEVELOPMENT STRATEGY PROGRESSES

As part of the Alaska Economic Development Strategy, a report entitled, *The Alaska Economy: An Overview*, has been prepared and is in the final editing stages. The report assesses the relative strengths and weaknesses of each sector of the state's economy and will serve as the foundation of the strategy. It is anticipated that the report will be published in early 1988.

Development of a process for coordinating the development of state, regional and local economic development planning and implementation activities is a major objective of the strategy program. The Alaska Regional Development Organizations Program (see related story) was formally proposed in November to meet this objective.

VENTURE CAPITAL IN ALASKA

Elaine Wurster was recently hired to assist the division explore the feasibility of attracting venture capital into the state. Legitimate venture capital groups (with sizable investment capital) will be contacted to explore possible efforts in Alaska.

ANNUAL RDC MEETING

The Resource Development Council's Eighth Annual International Conference on Alaska's Resources, "What Alaska Can Do For America" will be held February 26-27 at the Anchorage Sheraton Hotel. A number of speakers will cover a broad range of topics affecting Alaska's development.

Concurrently, the Fourth Annual All-Alaska Exposition will highlight tourism, transportation, and local economic development projects.

RESOLUTION OF THE ALASKA MUNICIPAL LEAGUE

RESOLUTION NO. 88-4

A RESOLUTION SUPPORTING THE ALASKA
DEVELOPMENT ORGANIZATIONS PROGRAM.

WHEREAS, the League supports legislation and funding policies which would promote the creation and implementation of economic development organizations by Alaska municipalities, and

WHEREAS, the State of Alaska has experienced a profound long-term economic change resulting from the decline in oil revenues, and

WHEREAS, Alaska communities are facing a myriad of complex local, regional, state, and international economic issues which are, at best, difficult to address, and

WHEREAS, there has been a natural evolution of regional economic development entities from individual communities to pool resources, providing communities with a cooperative and organized means to meet these economic challenges, and

WHEREAS, because of the economic downturn, the demand from regional organizations and communities for state economic development technical and financial assistance has increased dramatically while revenues for state, federal, and local economic development assistance have been reduced, and

WHEREAS, the Division of Business Development, Alaska Department of Commerce and Economic Development has proposed a new program, the Alaska Regional Development Organizations Program (ARDOR), to promote and provide financial assistance to regional development organizations, and

WHEREAS, the purpose of the ARDOR program is to facilitate economic development at the regional and local level through establishment of a network of regional economic development organizations and the provision of financial and technical assistance, based on the evolution of economic regions and organizations from the local level, and

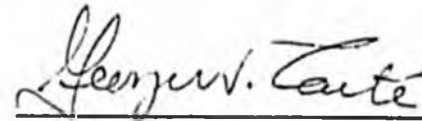
WHEREAS, representative economic development organizations of these regions will work with the communities and the State to develop and implement an action-oriented regional economic development strategy accommodating local economic development action plans, provide economic development and business technical assistance to region member communities and businesses, collect and distribute economic information on the region, participate in state

marketing campaigns, and serve as a liaison for coordination with local governments and the State regarding regional economic activities and issues, and

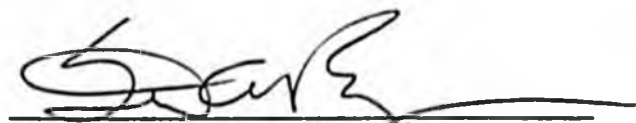
WHEREAS, the ARDOR program and regional development strategies will provide the foundation for the development of a credible, strong, and pragmatic state development strategy;

NOW, THEREFORE, BE IT RESOLVED that the Alaska Municipal League urges that the Governor and the Legislature support the Division of Business Development, Alaska Department of Commerce and Economic Development, and fund the Alaska Regional Development Organizations Program (ARDOR).

Adopted this 13th day of November 1987.


George W. Carte', President

ATTEST:


Scott A. Burgess, Executive Director

Resolution No. 88-4



Southwest Alaska Municipal Conference

Putting Resources to Work For People

1007 West 3rd Avenue, Suite 201 • Anchorage, Alaska 99501 • (907) 274-7555

February 28, 1988

Senator Arliss Sturgulewski, Chairperson
Senate Special Committee on Local and
Regional Economic Opportunity
P.O. Box V
Juneau, Alaska 99811

Re: SB 480

Dear Senator Sturgulewski:

The Southwest Alaska Municipal Conference (S.W.A.M.C.) is pleased to comment on SB 480 which establishes the Alaska regional economic assistance program. S.W.A.M.C. views SB 480 as a positive contribution to locally-initiated economic development in the State.

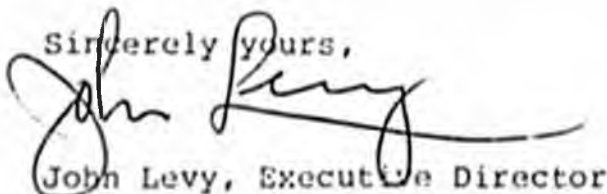
S.W.A.M.C. represents municipalities in Bristol Bay, the Aleutians, the Pribilofs and Kodiak. Our many associate members include banks, shippers, and Native corporations. Our organization currently relies on memberships and donations (\$15,000 annually) to employ one part-time staff person. I have enclosed an example of some of the economic development work S.W.A.M.C. has done. These profiles were researched and written by S.W.A.M.C. and Department of Community and Regional Affairs staff last summer.

Printing costs (\$26,000) were paid for by the eight communities involved in the project. S.W.A.M.C. had a booth at Fish Expo in Seattle where we distributed several hundred. Funding of SB 480 would allow regional organizations such as ourselves to become even more active in identifying the growth and investment needs for the region and bring together business and local government to address those needs.

Our only concern with the current version of the bill is that we request that Section 2 (e) (2) be changed so that everything after "...civic and social interests..." to the end of the paragraph be struck. S.W.A.M.C. represents cities. Although unincorporated communities and firms may be associate members, only cities have voting rights. We fear that the present qualifying language would prevent our participating in this program.

I thank you for this opportunity to offer comments and hope to be available to testify at the March 9 hearing.

Sincerely yours,



John Levy, Executive Director

Representing Bristol Bay, The Pribilofs, Kodiak and the Aleutians.



U.S. DEPARTMENT OF COMMERCE
Economic Development Administration
701 "C" Street, Box 10
Anchorage, Alaska 99513
907-271-5857

March 6, 1988

Honorable Tim Kelly, Chairman
Senate Committee on Labor and Commerce
Alaska State Legislature
The Capitol
Juneau, Alaska 99811

Dear Senator Kelly:

This letter concerns Senate Bill No. 480, which your Committee is to consider March 9th. As it will not be possible for me to appear in person to testify, I wished to write to you in regard to the proposed Alaska regional economic assistance program.

Throughout most of the United States, regional economic development has grown significantly. It has proved effective, both in terms of cost and program delivery.

I am very pleased to see both the Legislature and the Administration working to encourage meaningful local, regional economic development. For a variety of unique and developmental reasons, Alaska has not previously fostered regional economic development. Senate Bill 480 should provide a very strong encouragement for local development of regional economic development organizations.

In addition to direct local benefit from working together, the State (and my agency, as well) should benefit from stronger, more targeted and better thought-out projects which have broader local commitment.

In those regions which can meet Economic Development District criteria, I feel that even more benefits will accrue. Where you have the local public and private sector representatives sitting around a table, as equals, making decisions or recommendations which together they have a better opportunity of making happen, success in economic development should breed further success. The "movers and shakers" of both sectors can be the driving force to increase local jobs and improve local economies.

Best regards,

Bernard Richeart
Bernard Richeart
Economic Development
Representative

ECONOMIC DEVELOPMENT DISTRICTS

Economic Development Districts (or EDD's or Districts) are locally-formed organizations with representation of both the Public and Private sectors. The primary objective of a District is to promote sound economic development for the communities it serves. An Economic Development District:

- o can serve a variety of purposes or functions (which are determined locally)
- o will work together for common economic development purposes
- o has as its membership multiple geo-political entities
- o is funded from a variety of sources (State, Federal, Borough, City, etc.)
- o has a staff responsible to the local board of directors.

There are well over 300 EDD's nationally, many States being covered with the organizations. A District can provide technical assistance in selected program areas, or it can run programs or deliver a wide range of services, depending upon the local EDD's wishes.

Financial advantages include sharing the cost of the organization among various funding sources. (The Economic Development Administration can make Planning or "administrative" grants-in-aid to help EDD's with their Overall Economic Development Programs.) Public Works projects which are funded by the Economic Development Administration are eligible for an additional ten percent (10%) bonus from the Federal Government. There also should be an economy of scale by communities working more closely together. By agreeing on what to work together on, it should be possible to avoid duplication.

An EDD is independent, yet responsible and responsive to local public and private interests because both are meaningfully involved as board members, and local governments contribute to the financial operation of the District.

A new District would likely have a staff of about three, working directly under a Board of Directors of a size workable for the local area.

Possible activities could include any of the following, and many others:

- o areawide tourism promotion
- o transportation planning
- o working to establish a Customs office
- o run a revolving loan program or establish a business "incubator"
- o export promotion, industrial development, energy conservation, financial management for villages or cities, resource development

This program ties in nicely with the State's Trade Alaska Program.

Getting started: establish an appropriate organization (State non-profit) and request the Governor to endorse the geographic area as an Economic Development District to the Economic Development Administration.

PUBLIC OPINION MESSAGE

DEAR: SENATOR STURGULEWSKI

NAME: ROBIN ZERBEL
TITLE:
ADDRESS: 430 W. 7TH, SUITE 115
CITY: ANCHORAGE ZIP: 99501
PHONE: 274-7232
BILL NO: SB 480
SUBJECT: REGIONAL ECONOMIC ASSISTANCE PROGRAM
MESSAGE: I AM IN COMPLETE SUPPORT OF YOUR REGIONAL ASSISTANCE PLAN MOST
ESPECIALLY FOR THE KENAI PENINSULA AND MAT-SU. THE SDDC CONTINUES TO RECEIVE
DAILY REQUESTS FROM BOTH AREAS FOR BASIC BUSINESS ASSISTANCE TO ESTABLISH
AND STABILIZE THEIR BASIC BUSINESS ECONOMY. KEEP UP THE GOOD WORK.

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DATE: 03/07/88
TIME: 15:23:59
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