

SECOND RESTATED
MEMORANDUM OF UNDERSTANDING FOR MULTIAGENCY COOPERATION IN THE
IMPLEMENTATION, MANAGEMENT AND MARKETING OF
THE SALINAS VALLEY ENTERPRISE ZONE

This SECOND RESTATED MEMORANDUM OF UNDERSTANDING (hereinafter “MOU”) is made and executed this ___th day of _____, 2013 (the “Effective date”) by and among the cities of Salinas, Gonzales, Soledad, Greenfield and King City, municipal corporations of the State of California (hereinafter referred to individually as “CITY” or collectively as “CITIES”), and the County of Monterey, a political subdivision of the State of California (hereinafter referred to as “COUNTY”).

RECITALS

WHEREAS, the CITIES and COUNTY were parties to an application for designation of an Enterprise Zone that was approved by the California Enterprise Zone Program on January 30, 2009; and

WHEREAS, the implementation, management and marketing of an Enterprise Zone upon designation is a long-term (15-year) partnership between local governments, business organizations and businesses; and

WHEREAS, the successful implementation of an Enterprise Zone Program requires a strong commitment and cooperation by the all of the program participants in support of job development, job creation and economic development; and

WHEREAS, the purpose of the California State Enterprise Zone Program is to stimulate business and industrial growth in depressed areas of the State of California, help attract business to the State, help retain and expand business and industry, and create increased job opportunities for all Californians; and

WHEREAS, the parties of this MOU have acknowledged that the Enterprise Zone Program is needed within the territories of the five participating cities and in the unincorporated area of Monterey County within the Salinas Valley to improve economic conditions and overall quality of life; and

WHEREAS, to administer the Enterprise Zone Program, the CITIES and COUNTY entered into a Memorandum of Understanding on October 16, 2007 to set forth the specific responsibilities and contributions of each jurisdiction; and

WHEREAS, the CITIES and COUNTY entered into a First Restated Memorandum of Understanding on June 28, 2011 to provide for more clearly defined jurisdictional responsibilities and provide for stable operations of the Enterprise Zone;

WHEREAS, the CITIES AND COUNTY agree that revisions to the funding allocation formula among the jurisdictions are appropriate to create a stronger relationship between the benefit a jurisdiction receives from the Enterprise Zone and the amount of contribution a jurisdiction makes to the Zone each year.

NOW, THEREFORE, CITIES and COUNTY agree as follows:

ARTICLE I

DEFINITIONS

- A. “Business Shares” are the number of vouchers issued to businesses located within a particular jurisdiction.
- B. “Comprehensive Marketing Strategy” is a component of the Marketing Strategy and Plan section of the Economic Development Plan as such plan may be amended from time to time.
- C. “Department” is the California Department of Housing and Community Development.

- D. “Economic Development Corporation” or “EDC” is the Salinas Valley Economic Development Corporation.
- E. “Economic Development Plan” is a part of the Enterprise Zone application consisting of eight sections, including the “Marketing Strategy and Plan” and the “Job Development, Vouchering Plan and Vouchering Fee Remittance Plan,” as such plan may be amended from time to time.
- F. “Enterprise Zone Advisory Board” or “Advisory Board” is a body comprised of the Zone Coordinators of the five participating CITIES, the Zone Coordinator of the COUNTY, , and the President/CEO of the EDC (once established). The Advisory Board provides direction to the Zone Manager, reviews ongoing Zone program activities, including regular self-evaluation, and makes policy recommendations to the Zone Manager and to all Zone jurisdictions.
- G. “Group Quarters” are locations which meet the US Census Bureau definition of group quarters.
- H. “Job Development Plan” is the component of the Economic Development Plan that details the Zone’s targeted employee screening, training and job-linkage services.
- I. “Jurisdictional Contribution” represents a portion of each participating jurisdiction’s annual funding commitment. It is calculated by multiplying the jurisdiction’s population (based on the most recently available 5-Year Estimates from the American Community Survey, excluding the population of any residents in Group Quarters, for any given year) by \$0.50.
- J. “Participating Jurisdiction” refers to the jurisdictions which have signed as parties to this MOU.
- K. “Percentage of Total Shares” represents the sum of the business shares and resident shares for each jurisdiction divided by the total shares.

- L. “Regional Contribution” is a portion of each jurisdiction’s funding commitment based upon the percentage of vouchers that were issued to businesses or hired employees located in the specific jurisdictions. It is calculated as described in Article III of this document.
- M. “Resident Shares” are the total number of residents of a particular jurisdiction for which a voucher was issued.
- N. “Total Contribution” is the total contribution due annually from each participating jurisdiction, and is equal to the jurisdictional contribution plus the regional contribution for each respective participating jurisdiction.
- O. “Total Jurisdictional Contribution” is the total of the jurisdictional contributions for all of the participating jurisdictions during any given year.
- P. “Total Regional Contribution” is the total of the regional contributions for all of the participating jurisdictions during any given year. It is always equal to the total jurisdictional contribution.
- Q. “Total Shares” is the sum of all business shares and resident shares for all participating jurisdictions.
- R. “Vouchering Fee Remittance Plan” is the component of the Economic Development Plan that details how voucher application fees are to be processed, managed and reported.
- S. “Vouchering Plan” is the component of the Economic Development Plan that identifies the process for verifying and determining the validity of claims, storage of documents and tracking of categories of eligibility for vouchers.
- T. “Zone” means the Salinas Valley Enterprise Zone as defined by the California Department of Housing and Community Development.
- U. “Zone Manager” refers to the individual employed to manage the Enterprise Zone.

ARTICLE II

ZONE MANGEMENT AND ROLES OF PARTICIPATING AGENCIES

A. PARTICIPATING CITIES IN THE COUNTY OF MONTEREY

1. Each participating CITY shall annually make a financial contribution to the Enterprise Zone in accordance with Article III, below.

2. Each participating CITY shall appoint a Zone Coordinator who shall be the primary local marketing agent for the Zone in each CITY. The City Manager of each CITY either shall serve as the Zone Coordinator for each CITY or shall designate a CITY staff member responsible for overseeing the economic development efforts of that jurisdiction as the Zone Coordinator. The City Zone Coordinator shall be the main source of all relevant information relating to the Zone in that CITY.

3. Each CITY may develop its own local marketing programs designed to promote economic development and job creation opportunities in each CITY.

4. Each CITY Zone Coordinator shall provide a quarterly progress report of Zone-related activities to the overall Zone Manager. This Report shall include progress made towards the activities specified in the Memorandum of Understanding between the California Enterprise Zone Program and the Salinas Valley Enterprise Zone dated January 30, 2009, as may be amended from time to time, and shall also include a list of all activities related to economic development undertaken or completed during that time period.

5. Each CITY Zone Coordinator shall submit to the overall Zone Manager a self-evaluation of performance of its Zone activities at least once per year for inclusion with the Zone annual report.

B. CITY OF SALINAS

1. The City of Salinas shall have all of the duties of a participating CITY plus the following additional duties:

a) Implementation of the administrative and regional marketing functions of the Zone, including the employment of the Zone Manager, until such time as the Salinas Valley Economic Development Corporation (EDC) is formed and assumes these duties. Subject to oversight by the Enterprise Zone Advisory Board, the City of Salinas shall lead implementation of the Marketing Strategy and Plan, with supporting implementation by the COUNTY, all participating CITIES, and all economic development partners until the EDC is formed and assumes these duties.

b) Implementation of the Vouchering Plan and the Voucher Fee Remittance Plan until such time as the Salinas Valley Economic Development Corporation (EDC) is formed and assumes these duties. The COUNTY and CITIES agree that the Zone Manager shall be the Vouchering Agent in charge of managing the acceptance of voucher applications and issuance of vouchers to Enterprise Zone program participants.

c) The Zone Manager shall process and remit directly to the Department by the 25th day of each month all of the applicable voucher application fees collected on behalf of the Department during the preceding month, until the EDC is formed and assumes this duty.

C. COUNTY OF MONTEREY

1. The COUNTY shall annually make a financial contribution to the Enterprise Zone in accordance with Article III, below..

2. The COUNTY shall appoint a Zone Coordinator who shall be the primary local marketing agent for the Zone in the unincorporated area of the Salinas Valley. The County Administrative Officer either shall serve as the Zone Coordinator for the COUNTY or shall

designate a COUNTY staff member responsible for overseeing economic development efforts and tasked with the administration of the Monterey County OneStop Career Center as the Zone Coordinator. The COUNTY Zone Coordinator shall be the main source of all relevant information relating to the Zone in that area.

3. The COUNTY may develop its own local marketing programs designed to promote economic development and job creation opportunities, focusing particularly on the unincorporated area of the County within the Salinas Valley.

4. The COUNTY shall be the lead agency for development and implementation of the Job Development Plan. The County Economic Development Department shall verify the eligibility of clients of the Monterey County OneStop Career Center for vouchers in connection with the Vouchering Plan.

5. The COUNTY shall provide a quarterly progress report of Zone-related activities to the Zone Manager. This Report shall include progress made towards the activities specified in the Memorandum of Understanding between the California Enterprise Zone Program and the Salinas Valley Enterprise Zone dated January 30, 2009, as may be amended from time to time, and shall also include a list of all activities related to economic development undertaken or completed during that time period.

6. The COUNTY shall submit to the Zone Manager a self-evaluation of performance of its Zone activities at least once per year for inclusion with the Zone annual report.

D. ECONOMIC DEVELOPMENT CORPORATION

1. An Economic Development Corporation (EDC) for the Salinas Valley, designated as the Salinas Valley Economic Development Corporation, is in the process of formation. All participating CITIES and the COUNTY support the formation and the eventual management of the Enterprise Zone by the EDC.

2. The City of Salinas shall continue to handle all of the administrative and regional marketing functions of the Zone, including the employment of the Zone Manager, as defined by Article II. B. of this MOU until the EDC is formed and assumes these duties. Once formed, the EDC's duties and responsibilities shall be identical to those assigned to the City of Salinas in Article II. B. of this MOU.

3. The COUNTY and CITIES agree that the Zone Manager shall continue to be the Vouchering Agent in charge of managing the issuance of vouchers after the EDC assumes its duties and responsibilities under this MOU.

4. The EDC shall provide a quarterly progress report on its Zone activities to the Advisory Board. This Report shall include progress made towards the activities specified in the Memorandum of Understanding between the California Enterprise Zone Program and the Salinas Valley Enterprise Zone dated January 30, 2009, as may be amended from time to time, and shall also include a list of all activities related to economic development undertaken or completed during that time period.

5. The EDC shall submit to the Zone Manager a self-evaluation of performance of its Zone activities at least once per year for inclusion with the Zone annual report. The Economic Development Plan details how the EDC will self-evaluate its performance. Subject to oversight by the Enterprise Zone Advisory Board, the EDC shall revise the Comprehensive Marketing Strategy, Annual Marketing Plan and other marketing components of the Economic Development Plan in accordance with the findings of the self-evaluation.

E. ZONE MANAGER

1. The Zone Manager shall be responsible for day-to-day management of the Enterprise Zone, including, but not necessarily limited to, the following:

- a) Serve as the Executive Officer of the Enterprise Zone Advisory Board, provide periodic reports and updates of Zone activities to the Advisory Board, and carry out the instructions and directions of the Board; and
- b) Work with the members of the Advisory Board and other economic development partners to ensure the successful implementation of all of the components of the Enterprise Zone Economic Development Plan, periodically review the achievement of the goals of the Enterprise Zone, and verify compliance with the reporting requirements to the State and all the members of the Enterprise Zone.
- c) Serve as the Vouchering Agent for the Enterprise Zone and ensure that all Hiring Credit Voucher Applications received are processed in a timely manner and that payments and records of all application and vouchers are processed and preserved in accordance with Department standards; and
- d) Ensure that all Reports required by the Department are submitted in a timely manner; and
- e) Manage the preparation for all applications for expansions or modifications of the boundaries of the Enterprise Zone or Targeted Employment Area; and
- f) Undertake marketing efforts to increase awareness of the Enterprise Zone to businesses located within the Salinas Valley and those considering locating within the Salinas Valley; and
- g) Monitor legislative activity regarding the Enterprise Zone Program and, when necessary, take action in support or opposition of potential changes to the program; and
- h) Maintain copies of all documentation necessary to the operation of the Enterprise Zone, including copies of voucher certificates, reports, applications, and strategic documents, such as the Comprehensive Marketing Strategy, Job Development Plan, and Economic Development Plan.

i) Take whatever other action is necessary to meet the requirements of the Memorandum of Understanding between the California Enterprise Zone Program and the Salinas Valley Enterprise Zone.

2. The City of Salinas or the EDC, as applicable, may designate another employee of that organization to serve in a supervisory role over the Enterprise Zone Manager, subject to approval by the Advisory Board. Monies collected pursuant to this MOU for the operation of the Enterprise Zone shall not be used to fund this position unless specifically authorized by the Advisory Board.

ARTICLE III

ENTERPRISE ZONE PROGRAM FINANCING

- A. The State of California does not provide funding for the implementation of the Enterprise Zone program. Funding of the Enterprise Zone program requires the commitment of all local participating jurisdictions for the duration of the enterprise zone designation (15 years).
- B. Total funding for the Enterprise Zone (aside from funding described in III.D.) shall be calculated using the most recently available 5-Year population estimates from the American Community Survey. The population of each CITY shall be determined based on the jurisdiction's total population. The population of the COUNTY shall be determined based upon the total population of census tracts that are totally or partially included in the Enterprise Zone or Targeted Employment Area (TEA), excluding the population of any CITY. Residents living in Group Quarters shall be excluded from the calculations for determining total population. The total funding for the Enterprise Zone, as described above shall be allocated among the participating jurisdictions as follows:

- 1) Each jurisdiction shall contribute a jurisdictional contribution of \$0.50 for each person counted residing within that jurisdiction, as defined in Section III. B., above.
- 2) Each jurisdiction shall also contribute a regional contribution, calculated as follows:
 - a) The total regional contribution shall equal the total jurisdictional contribution.
 - b) Each January, the Zone Manager shall prepare a summary of all vouchers approved during the previous calendar year. The Zone Manager shall review the voucher applications to determine:
 1. The total number of vouchers issued to businesses within each jurisdiction. This amount will be the number of “Business Shares.”
 2. The total number of residents of a jurisdiction for which a voucher was issued. Residents of incorporated cities which are not participating in the Zone and residents of counties other than the County of Monterey shall not be included in this total. This amount will be the number of “Resident Shares.”
 - c) The Zone Manager shall add up the total number of business shares and resident shares for each jurisdiction, and shall then divide the total of each participating jurisdiction by the total shares for all participating jurisdictions. The resultant number represents the percentage of the total shares.

- d) The Zone Manager shall then multiply the percentage of total shares by the total regional contribution to determine each jurisdiction's regional contribution.
- 3) The jurisdictional contribution and regional contribution for each respective jurisdiction shall be added together and rounded to the nearest \$100 to derive the total contribution due from each jurisdiction.
 - 4) A sample calculation of each jurisdiction's total contribution, based upon hypothetical examples, is attached to this Second Restated MOU as Exhibit A, in order to demonstrate the process. Additionally, calculations using this method have been performed using currently available data to derive the numbers for FY 13-14, attached as Exhibit B.
- C. In addition to the staff and financial resources being made available by the participating agencies, an additional funding source will be revenue generated from a surcharge to the fee already required by the State for the issuance of vouchers. The amount of this surcharge is currently \$60.00 per voucher, although this surcharge may be modified in the future by the Advisory Board in accordance with State law.
- D. The Enterprise Zone Advisory Board shall direct the expenditure of all of the above-described funds, and may use them for Zone operations, to refund a portion of contributions previously made by the participating jurisdictions or for eligible expenditures associated with administration of the program, including zone marketing, job development, and vouchering.

ARTICLE IV

CITIES AND COUNTY OVERSIGHT

A. An Enterprise Zone Advisory Board comprised of the Zone Coordinators of the CITIES, the Zone Coordinator of the COUNTY, and the President/CEO of the EDC (once established) shall review ongoing program activities and make policy recommendations. The Advisory Board shall oversee self-evaluation of the Zone's Economic Development Plan, among other functions. The Advisory Board shall hold at least one Zone self-evaluation meeting per year in order to assess progress in attaining performance benchmarks and other goals and, as necessary, revise Economic Development Plan strategies.

B. The CITIES, COUNTY, and EDC shall assist the Zone Manager in the preparation of monthly, annual and other reports required by the State of California by providing the Zone Manager with quarterly accountings of Zone-related activities and performance. The Zone Manager shall submit all reports to the Department. Copies of all reports submitted to the Department shall be made available by the Zone Manager to the CITIES, the COUNTY, and the EDC.

C. Each participating CITY has the responsibility to ensure that all aspects of the Enterprise Zone comply with State law for transactions occurring in the respective incorporated jurisdictions of each participating CITY. The COUNTY has the responsibility to ensure that all aspects of the Enterprise Zone comply with State law for transactions occurring in the unincorporated area of the COUNTY.

IN WITNESS WHEREOF, parties hereto have caused this SECOND RESTATED MOU to be executed by their duly authorized representatives as of the date set forth above.

COUNTY OF MONTEREY, a Political
Subdivision of the State of California
("COUNTY")

CITY OF GONZALES, a Municipal
Corporation of the State of California

By: _____
Fernando Armenta, Chairperson of the Board
COUNTY OF MONTEREY

By: _____
Maria Orozco, Mayor
CITY OF GONZALES

APPROVED AS TO LEGAL FORM:

APPROVED AS TO LEGAL FORM:

By: _____
Kathryn Reimann, Sr. Dep. County Counsel
COUNTY OF MONTEREY

By: _____
Michael Rodriguez, City Attorney
CITY OF GONZALES

ATTEST:

ATTEST:

By: _____
Gail Borkowski, Clerk of the Board
COUNTY OF MONTEREY

By: _____
René L. Mendez, City Clerk
CITY OF GONZALES

CITY OF GREENFIELD, a Municipal
Corporation of the State of California

CITY OF KING CITY, a Municipal
Corporation of the State of California

By: _____
John Huerta, Mayor
CITY OF GREENFIELD

By: _____
Robert Cullen, Mayor
CITY OF KING CITY

APPROVED AS TO LEGAL FORM:

APPROVED AS TO LEGAL FORM:

By: _____
John Bakker, City Attorney
CITY OF GREENFIELD

By: _____
Roy Hanley, City Attorney
CITY OF KING CITY

ATTEST:

ATTEST:

By: _____
Ann Rathbun, City Clerk
CITY OF GREENFIELD

By: _____
Erica Sonne, City Clerk
CITY OF KING CITY

CITY OF SALINAS, a Municipal Corporation of the State of California

CITY OF SOLEDAD, a Municipal Corporation of the State of California

By: _____
Joe Gunter, Mayor
CITY OF SALINAS

By: _____
Fred J. Ledesma, Mayor
CITY OF SOLEDAD

APPROVED AS TO LEGAL FORM:

APPROVED AS TO LEGAL FORM:

By: _____
Vanessa Vallarta, City Attorney
CITY OF SALINAS

By: _____
Michael Rodriguez, City Attorney
CITY OF SOLEDAD

ATTEST:

ATTEST:

By: _____
Patricia Barajas, City Clerk
CITY OF SALINAS

By: _____
Adela P. Gonzalez, City Clerk
CITY OF SOLEDAD

On following pages:

Exhibit A: Funding Calculations Using a Hypothetical Example

Exhibit B: FY 13-14 Calculation of Total Contribution