



County Administrator's Office

Craig L. Pedro
County Administrator

Tuolumne County Administration Center
2 South Green Street
Sonora, CA 95370
Phone (209) 533-5511
Fax (209) 533-5510
www.tuolumnecounty.ca.gov

October 10, 2011

The Honorable Eric L. DuTemple
Presiding Judge of the Superior Court
41 W. Yaney Street
Sonora, CA 95370

FILED
OCT 11 2011
Superior Court of California
County of Tuolumne
BY *[Signature]*
Clerk

Re: Response to 2010-11 Grand Jury Findings & Recommendations –
Economic Development and Strategic Goals

Dear Judge DuTemple:

The following is the response related to the Tuolumne County Economic Development and Strategic Goals section of the 2010-11 Grand Jury Report as requested and required pursuant to Penal Code Sections 933 and 933.05. Below you will find listed each Grand Jury finding or recommendation followed by my response to each.

Grand Jury Findings

F3. Economic Strategic Goal and TCEDA

The County's management team has clearly recognized, due in part to decrease property tax revenue, the need to improve the tax base. The Board's number one strategic goal in 2011 is to update and implement a revision to the 1996 EDE. An integral part of this goal is the support of the TCEDA. The Board and TCEDA are commended for their vision and commitment.

During the year both the CAO's office and the TCEDA submit quarterly and/or annual reports to the Board summarizing activities for the period(s).

The CAO summary report to the board provides "notable activities" for each quarter such as: "...voters approved the TOT (Transient Occupancy Tax) increase which will in part provide more funding for promoting Tuolumne County through the Visitor's Bureau; approved designation of roads as the John Muir Highway to enhance marketing; ... established Youth Commission which can provide input into economic development issues".

The TCEDA's annual report summarizes the activities in all areas of involvement in Business Retention and Expansion; Business Attraction; Infrastructure; Administration; Partnerships. In Business Attraction accomplishments the annual report included: Reopening of Sierra Pacific Industries; Sandvik, Inc. expansion; Avalon Health Care expansion.

While the CAO's and TCEDA's involvement in and facilitating of these economic development activities are measurable accomplishments, neither report addresses the quantitative measurement of real or estimated value of these successful activities in the increase dollar value to the County's tax base and thus its potential increase in need revenue.

***Response:** Agree. The periodic reports prepared by Mr. Cope and myself reflect progress on specific goals established by our respective boards. It is the hope of both the Board of Supervisors and Tuolumne County Economic Development Authority (TCEDA) that our collective efforts will help create a positive environment within which economic development can occur and specific projects can be encouraged and helped along the way. This can in turn assist in the retention, expansion and creation of private businesses which is helpful for the community at large in terms of job creation, general economic activity, availability of private goods and services and improved tax base to help fund local government and the services that it provides (e.g. education, fire protection, police protection, library, recreation, etc...).*

Grand Jury Recommendation

R3. Economic Development and Strategic Goals

As mentioned, the Jury commends the Board the CAO's Office and the staff of TCEDA for defining strategies and development of a Work Plan that have as the objective, as stated in the EDE, to improve the County's tax base, which results in increase tax revenue to support the County's programs and improve the quality of life in the County.

The significant phrase is "results in". The CAO's and TCEDA's period reports list several activities and accomplishments in which each has been involved in that reporting period, but does not specify what the activities resulted in creating expected or achieved increase tax revenue.

The Jury recommends that the Board consider specific "resulting in" goals. Initially, since in management interviews there were concerns, these goals could be numerical objectives such as reducing a specific number of unoccupied commercial buildings and identifying and contacting a specified number of businesses in the category of attraction and expansion of business. Then move to more quantitative measurements of stating results in tax revenue.

Response: *This recommendation will not be implemented because it is not warranted or reasonable. The following is a summary of the reasons previously provided to the Grand Jury as to why this recommendation was not warranted or reasonable:*

- 1. One of the downfalls of the Tuolumne Economic Development Corporation (the predecessor of the TCEDA) was the focus on such statistical reporting. So much time was spent on generating reports to justify the organization's funding, that it significantly impacted the time spent in actually doing the work needed. When establishing the TCEDA, neither the Board of Supervisors nor TCEDA wanted to fall back into that trap;*
- 2. The recommendation assumes that the efforts of the County and TCEDA are singularly capable and responsible for the condition of the local economy. While Board policy and staff efforts are very important and projects positively impacted by same are highlighted in current reporting, there are numerous forces at play that are beyond the control and influence of the County and TCEDA (e.g. willing and capable entrepreneurs, availability of capital through the severely damaged financial markets, falling property values due to business failures and defaults on home mortgages, the state and national economies, etc...); and*
- 3. Use of carefully selected statistical measures in a trend analysis to gauge the overall economic health of our community over time would be more appropriate. This approach could prove helpful in identifying strengths and weaknesses as part of a community-wide, economic development strategic planning effort. Some of this type of data is already being captured through the Sonora Area Foundation's ongoing Tuolumne County Profile - Community Indicators Project.*

I trust that the responses provided above are found to be fully responsive to the findings and recommendations contained in the FY 2010-11 Grand Jury Report.

Yours truly,



CRAIG L. PEDRO
County Administrator

Cc: Board of Supervisors
Gregory Oliver, County Counsel
TCEDA Board
Larry Cope, TCEDA Executive Director