

To: Mayors and First Selectmen of HVCEO

From: Newtown Director of Economic Development Elizabeth Stocker  
New Milford Economic Development Supervisor Vincent Nolan  
Danbury Chief of Staff Wayne Shepperd

Date: November 18, 2010

Re: Request for authorization to prepare a regional  
Comprehensive Economic Development Strategy

### **INTRODUCTION**

During 2010 we have been participating in an informal regional economic development coordinating group. As a regional focus for state economic development infrastructure assistance is now mandated by Public Act 10-168, "An Act Concerning Regional Economic Development", we are evaluating how best to proceed in the Greater Danbury Area.

Meetings are held monthly in the office of the Greater Danbury Chamber of Commerce. In addition to ourselves attendance has included representatives of the Greater Danbury Chamber, Bethel, Brookfield, Redding, Ridgefield, WCSU and HVCEO staff.

As you will recall at the June 17, 2010 HVCEO meeting we provided a progress report on group activities. At that meeting we were requested to prepare recommendations for HVCEO as to how area municipalities may best qualify for economic development funding, now that the CT Department of Economic and Community Development is requiring regional economic development coordination and planning as a prerequisite for DECD grants and bonding support. This memo serves as our recommendation.

### **PROCEED WITH PREPARING A COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY (CEDS)**

"CEDS" is a long standing federally defined regional economic development planning format. To its credit, CT DECD is to make use of this federal model rather than invent its own parallel process.

A CEDS provides a review of the strengths and weakness of the area economy, evaluates and ranks capital projects most needed, creates a common data base and marketing strategy for use by all parties, and provides interaction between public and private sectors for new linkages and synergy in support of economic development. Any federally defined CEDS prepared after 7/1/2010 must also meet certain state requirements set by Public Act 10-168.

Note that as of late 2010, only 28 of Connecticut's 169 municipalities are not participating in a regional CEDS process (see attached map). Nine of the 28 are within the ten town HVCEO Region; only Newtown

participates, its membership within the adjacent Naugatuck Valley Regional CEDS.

Most of these municipalities are in a CEDS to qualify for federal EDA funding. But the City of Danbury and the nine other towns within the Housatonic Valley Planning Region have never qualified for EDA assistance. This is due to the fact that all ten have relatively low unemployment, the key EDA grant criteria (except that a job loss due to major employer dislocation or pockets of poverty within Danbury could theoretically qualify).

The two basic reasons why HVCEO municipalities should now cooperate in the preparation of a CEDS for the HVCEO area are:

**Reason 1: To qualify for CT DECD grants and bonding support.** Traditionally a CEDS document has been a prerequisite for receipt of federal, not state funding. This is changing as state agencies are now being encouraged to take a more regional approach.

As noted above CT DECD is to wisely piggyback its regional requirements on the CEDS process, even for areas that cannot meet EDA unemployment criteria such as ours. As with CT DEMHS in recent years and CT DOT for decades now, CT DECD has regionalized its funding policy to favor projects with regional endorsements.

In her 7/19/2010 letter to the state's 15 regional planning organizations, DECD Commissioner Joan McDonald stated that municipalities are requested "to honor the CEDS process and the priorities established by the region and not circumvent the process by approaching DECD on projects without a regional endorsement."

Section 5 of PA 10-168 states that "projects identified in comprehensive economic development strategies approved by the Commissioner of DECD.... shall be eligible for funding from any bond funds available to the Commissioner."

And in her 5/17/2010 letter to municipal chief executives explaining the Act, Commissioner McDonald stated that "municipalities and municipal economic development agencies seeking state financial support for real estate development or infrastructure development will now need to be enrolled and participate in one of the state's regional CEDS organizations...."

True, with the election DECD may soon be under new leadership. But the recent Act Concerning Regional Economic Development includes numerous references to continued state agency use of the federal CEDS process. That Connecticut statutes now apply the CEDS requirement is sufficient justification for Greater Danbury to prepare a CEDS as soon as possible.

**Reason 2: To assist chambers and municipal economic development commissions.** Even without the prize of qualifying for state funding, a CEDS can stand alone as a valuable shared tool for local economic development groups, providing a common data set, marketing and economic development strategy. The not-for-profit sector will also benefit from this overview. For obvious reasons it is wise to fortify our economic development efforts now.

**COOPERATIVELY SHARING  
CEDS PREPARATION COSTS**

Based upon our research of CEDS plans, we estimate the cost at between \$80,000 and \$100,000. Potential sources of funding to finance a minimal CEDS could be:

50% Seek US EDA Grant	\$40,000
20% Area Business Donation	\$16,000
20% HVCEO Donation	\$16,000
<u>10% Seek CT DECD Grant</u>	<u>\$8,000+</u>
100% Total	\$80,000+

**ADMINISTRATION OF CEDS PREPARATION**

As for administrative support, HVCEO staff indicate they could prepare the EPA funding application, serve as fiduciary, provide grant administration and consultant management, and maintain staff membership on the oversight group.

Participants other than HVCEO will then administer the needed CEDS study oversight committee, likely to be a continuation of the current informal economic development coordinating group.

**MEMBERSHIP IN AN ECONOMIC DEVELOPMENT DISTRICT**

Note that in the EDA grant world the next level of involvement up calls for the establishment of an economic development district. Proceeding to this next level enhances the availability of further federal EDA funding.

The CT Act Concerning Regional Economic Development allows for up to eight such districts to be created by CT DECD, each to have a completed CEDS. According to the Act if there are multiple pre-existing CEDS documents within any newly created EDD, the separate CEDS documents are in time to be combined.

But since the HVCEO area does not now qualify for EDA infrastructure funding the benefits of joining an EDD district are not yet clear. We should request that for now, CT DECD label the HVCEO area on the state map of Economic Development Districts as a "CEDS region only."

We should also leave the door open on the question of joining an EDD. In any case, completing our own CEDS is a necessary precursor if we do join an EDD larger than the HVCEO area where CEDS documents are then combined.