

TCEDA
TUOLUMNE COUNTY
Economic Development Authority

September 21, 2018

FILED

SEP 21 2018

Superior Court of California
County of Tuolumne

By: Diana Neely Clerk

JPS 10/18/18 rec'd & read

Judge of Superior Court
Honorable Kate Powell Segerstrom
Tuolumne County Superior Court
60 North Washington Street
Sonora, CA 95370

Re: Response to Grand Jury Report – **Tuolumne County Economic Development Authority**

Dear Judge Powell-Segerstrom:

The following is offered in response to the 2017-18 Grand Jury Report as it pertains to the Tuolumne County Economic Development Authority.

Grand Jury Findings

F1. Businesses have an inconsistent awareness of the existence of TCEDA and the services it offers.

Response: Agree. The TCEDA is currently staffed with one professional position (TCEDA Director) and one clerical/support staff position. While the services of the TCEDA are available to all existing businesses, the TCEDA Director alone does not have the capacity to establish personal contact and relationships with every business in Tuolumne County as well as conduct business attraction activities. Given this capacity challenge, the TCEDA Board periodically reviews and provides direction to the TCEDA Director on: 1) how much time to spend on business retention and expansion versus attraction activities; 2) the business types to focus on (e.g. larger industrial and retail businesses versus smaller businesses); and 3) how much time to spend on regional partnerships (e.g. Central Sierra Economic Development District). In an attempt to still provide services as broadly as possible, the TCEDA: 1) maintains a website that offers helpful information and links to a variety of services available through the TCEDA and other partner agencies. The TCEDA Board will ask the Director to review the website to determine if any modifications need to be made in order to make it more useful and available to local businesses 2) recently contracted out for services to provide one-on-one consulting and business outreach to business owners in downtowns of both incorporated and unincorporated communities throughout Tuolumne County (see Attachment A). This agreement allowed for an initial term of 7 months with the option to extend same for 3 additional 1-year periods. The cost of these services was \$10,000 for the initial term and each full year thereafter for a total potential cost of \$40,000; and 3) the TCEDA Board and its Director make presentations at local Chamber of Commerce events, private business development group events, service and organization gatherings and many other community and group events. During these events and gatherings, the Board and/or Director networks with the attendees and makes presentations on what the TCEDA can do to help businesses.

F2. TCEDA's refusal to disclose the specific nature of its activities or the identities of business clients does not allow for independent oversight or auditing and may impact Brown Act compliance.

Response: Disagree. The Brown Act, Government Code section 54950 et seq., governs meetings conducted by local legislative bodies, including the TCEDA Board. The purpose of the Brown Act is to ensure that all of the deliberative processes of the TCEDA Board, including discussion, debate and the acquisition of information, is open and available for public scrutiny. A "meeting" is defined as "any congregation of a majority of the members of a legislative body at the same time and location to hear, discuss, deliberate or take action on any item that is within the subject matter jurisdiction of the legislative body." (Government Code Section 54952.2(a).) The Brown Act does not apply to the TCEDA Executive Director or other staff.

TCEDA staff can meet individually with the TCEDA Board members in order to answer questions or provide information regarding any matter that is within the subject matter jurisdiction of the TCEDA, as long as the staff member does not communicate to any Board member the comments or position of any other Board member. (Government Code Section 54952.2(b)(2).) The TCEDA Executive Director takes great care to ensure his interactions with individual TCEDA Board members does not inadvertently facilitate a meeting in violation of the Brown Act and the Grand Jury's report does not appear to suggest any such violation.

Through the approval of the 5-Year Work Plan and other directives adopted during agenda meetings, the TCEDA Board has delegated authority to the TCEDA Executive Director to implement the programs of the TCEDA. The Brown Act does not require the TCEDA Board to approve every action of the TCEDA Executive Director taken under that delegated authority. Neither does the Brown Act require the discussion of the TCEDA's day-to-day operations at a TCEDA Board meeting. The TCEDA Executive Director provides a verbal report of his activities at each TCEDA Board meeting during the Executive Director Report. Should the TCEDA Board desire to have the Executive Director Report in written format, the Board can so direct.

Additionally, the portion of this finding regarding disclosure of the specific nature of the TCEDA activities or the identities of business clients relates to issues involved in the Perkins v. Cope/TCEDA lawsuit. Given the lawsuit is pending, it would be inappropriate to comment in any detail regarding this finding other than to disagree with it. However, as it relates to disclosure of activities and business identities, the TCEDA has done its best to balance the need to protect sensitive client data along with the public's right under the Public Records Act to have access to certain related records. The TCEDA has always sought to comply with the law as it understood the law and once the lawsuit is resolved, the TCEDA will be free to respond in more detail to this finding.

F3. TCEDA does not follow best practices for public agencies with regard to transparency in the use of public funds.

Response: Partially agree. Through communication with Deputy County Counsel Carlyn Drivdahl, the 2018/19 Grand Jury was not able to provide further clarification regarding this finding. Therefore, the TCEDA will respond based on its assumptions regarding the basis for this finding. We assume this finding was based on the Grand Jury's concern related to expense documentation and audits. Page 164 of the Grand Jury report sets forth concerns related to the TCEDA's policies that are unique and differ from the County and the City policies on travel, expense reports, use of funds for entertainment of clients, etc.

The TCEDA agrees the policies need revision. The TCEDA Board will instruct the Director to work with Counsel, Human Resources, the Auditor and others to bring suggestions to the TCEDA Board regarding modifications to the policies. For instance, the Director should consider drafting a policy for Board approval that would require quarterly reporting on all marketing activities (which includes meals) to the Board. Additionally, the Director should propose alternative policies that address when and if the Director is allowed to make an exception to the policy. The TCEDA Board will require the Director to work on policy revisions

during this fiscal year and to bring back draft policies to the Board in an open session so the Board and public can have an open dialogue about best practices for an Economic Development entity. Additionally, the TCEDA Board is investigating a separate financial audit.

F4. TCEDA Board fails to provide effective operational oversight and does not verify or monitor the accuracy of information presented to the public.

Response: Partially disagrees. Through communication with Deputy County Counsel Carlyn Drivdahl, the 2018/19 Grand Jury was not able to provide further clarification regarding this finding. Therefore, the TCEDA will respond based on its assumptions regarding the basis for this finding. We assume the language regarding failing “to provide effective operational oversight” is related to the concerns raised regarding the Director’s working vacation while in Europe, as well as to the expenditure of funds on entertainment of clients and others. The response regarding entertainment of clients and others will be addressed in F5 and F6 below.

The TCEDA agrees with the finding regarding failing “to provide effective operational oversight” in that it did not have a formal policy regarding remote working or demanding the Director not work while on vacation. The Board acknowledges this lack of oversight created a situation wherein there were no definitive expectations of how the daily tasks of the Director would be accomplished while on vacation. Given the fact the entity has one to two employees at any given time, the Director is charged with continuing to operate the entity even while on vacation. However, the TCEDA Board understands vacations are important for its employees and will ensure in the future it provides clear direction as to whether or not any work is allowed to be completed when the Director is on vacation. To that end, the TCEDA Board will instruct the Director to work with Counsel, Human Resources and others to draft policies that align with the County’s vacation policies. Specifically, the Director will be required to take 80 hours of vacation prior to cashing out vacation accruals and he will not be authorized to take a lengthy vacation wherein he works remotely unless a policy is established addressing remote working. Additionally, the Director shall bring to the Board a draft policy regarding vacation and remote working that balance the need for the Director to take vacation with the need for the entity to continue to operate while the Director is on vacation. Consideration of policy changes will occur at a future TCEDA Board meeting during open session to allow for public discussion before a policy is adopted.

The TCEDA Board disagrees with the portion of the finding that it “does not verify or monitor the accuracy of information presented to the public.” In addition to the public meetings wherein the Board was presented with an overview of the projects the Director was working as well as data the Director presented to the public, individual Board members met regularly with the Director to discuss his work. The Board members were fully apprised of his work and the information he provided to the public.

The Board, as the policy making body, set priorities for and provided direction to the Director as to the types of activities for which he was to devote his time. The Board members heard from various business representatives that were overwhelmingly pleased with the Director’s performance, as is this Board. When it comes to the underlying economic development work completed by the Director, this Board has high praise for the Director as he has complied with the Board’s direction.

Additionally, the Director meets individually with TCEDA Board members to keep them apprised of specific projects in a confidential manner. In 2016, the Director created spreadsheets to track projects for which the TCEDA was providing assistance. These spreadsheets were not static documents, but instead were constantly being updated as new projects were proposed and ongoing projects were either completed, revised or abandoned. The TCEDA spreadsheets were used to create aggregated pie charts and public statements so the public could get a better understanding of the economic activity in the City and County that the TCEDA has been involved in. The Director has incorporated these spreadsheets into his individual

TCEDA Board member briefings. Via email on December 28, 2017, the Director provided the 17/18 Grand Jury with an unredacted version of the attached spreadsheet (see Attachment B). From the Grand Jury report, it appears there may have been a miscommunication regarding the availability of this information to the Grand Jury. The TCEDA is more than happy to provide these documents unredacted to the 18/19 Grand Jury.

F5. TCEDA lacks both internal and public transparency regarding the appropriateness of budget expenditures.

Response: Agree. Through communication with Deputy County Counsel Carlyn Drivdahl, the 2018/19 Grand Jury was not able to provide further clarification regarding this finding. Therefore, the TCEDA will respond based on its assumptions regarding the basis for this finding. We assume the basis for this finding is related to entertainment expenses, as well as the travel policy that allows the Director to override the policy. The TCEDA Board agrees with the finding in that its policies are loose and need to be revised to more provide definitions, checks and balances and to ensure there is internal and public transparency regarding budget expenditures. The Board also had a misunderstanding of the role of the Auditor in reviewing expenses. The Board mistakenly believed the County infrastructure had more of a role in the operational oversight, including as to budget expenditures. Now that this mistaken belief has been clarified, the Board will make efforts to cure the deficiencies. The Board believes with more exacting policies the necessary checks and balances will be achieved. The Board will mandate its Director to draft policies for Board approval as discussed above that shall include a process for more robust oversight by the Board, as well as to address the findings in F3 and F4. Policy revisions will be discussed publicly during a future TCEDA Board meeting.

F6. TCEDA policy on entertaining "Clients" is loosely interpreted beyond the original intent of the Executive Director contract.

Response: Agree. The TCEDA Board fully agrees it can and should better define the terms it uses such as partners, prospects and clients so it is clear to all when establishing goals and reporting on same. It should be clarified, however, that these terms are not mentioned in the Executive Director's contract but rather the term "client" is referenced in a TCEDA Travel and Business Expense Policy.

A policy revision will occur so as to define these terms, as well as to set forth which categories of individuals/entities may be entertained (i.e. meals paid for) by the entity. The TCEDA Board will make it a policy that its own Board members, County and City staff and officials will not be considered clients. Further, the TCEDA Board will prescribe a process by which the Director will denote if a Partner (i.e. official representing an entity that has jurisdiction over the particular project such as a county, city, federal official or employee) was at a meeting to ensure it is clear the Partner did not receive a meal paid for by the entity. As mentioned above, all policy discussions will occur at a future TCEDA meeting wherein the public and Board can discuss the policy revisions.

F7. TCEDA lacks sufficient metrics and procedures to evaluate its effectiveness.

Response: Partially agree. The TCEDA currently adopts 5-Year Work Plans with measurable outcomes for the first year of each plan, receives progress reports from the TCEDA Director during each regular TCEDA meeting and receives and approves an Annual Report that summarizes the results from the year's activities. Attachment C is a copy of the 2017-2022 TCEDA 5-Year Work Plan and Attachment D is a copy of the March 2018 Annual Report. This general process was cited as a "model practice" for other economic development organizations by the California Association of Local Economic Development (CALED) in the April 2011

CALED publication entitled "Growing Thriving Rural Economic Development Corporations". Having said that, the TCEDA Board acknowledges that was 7 years ago when the organization was in its infancy, the TCEDA has evolved since then and improvements could be made in this process (goals and measures).

F8. TCEDA Board and Staff serve on multiple boards and appear to be in conflict of interest.

Response: Partially disagree. The TCEDA Board agrees that TCEDA Board members and staff serve on multiple boards. Given this fact, some may believe conflict of interests exist. However, the Government Code specifically exempts some conflicts of interest for Board members who are appointed to a Joint Powers Authority (JPA) Board because they are on the Board of one of the governmental bodies that is a party to the JPA. Thus, for the Board of Supervisor members and the City Council members, there is no conflict of interest under the law and they are authorized to serve in both capacities. As to the at-large Board members of the JPA and staff, the TCEDA Board will work with County Counsel to review all potential conflicts of interest. Should a true conflict of interest be identified, it will immediately be rectified. The TCEDA Board finds it important to note that individuals serving on these boards do so in a volunteer capacity. Unfortunately, there are not enough volunteers to serve on all the boards identified in the Grand Jury report and as a result a few committed individuals serve on numerous boards. The TCEDA Board recommends one simply look at the vacancies on the numerous County boards, commissions, committees, etc. which demonstrates the fact more volunteers are needed to serve in these volunteer capacities.

F9. The Executive Director's vacation policy allows for both abnormally low use of vacation time and abnormally high cashing out of vacation time.

Response: Partially agree. The TCEDA Board shares the concern as set forth by the Grand Jury. The TCEDA Board did not insist on the Director taking a vacation wherein he did not work. The low use of vacation time was in part a result of the Board not insisting the Director cease working while on vacation, because of the need for the entity to continue to operate. However, as discussed in response to F4, changes will be made to ensure policy changes reflect the balance between taking vacation and continuing to operate during time away from the office.

The Executive Director's vacation policy is set forth in the County of Tuolumne Executive & Confidential Compensation Plan and pursuant to the Employment Agreement between the TCEDA and the Executive Director ("Director"). The Employment Agreement provides the Director has the right to cash out up to four (4) weeks or 160 hours (whichever is greater) or the maximum allowed in the Executive & Confidential Compensation Plan. The Employment Agreement also states the Director can cash out anytime during the fiscal year as long as there is sufficient accrued vacation to cash out (See Attachment E). Further, the Executive & Confidential Compensation Plan addresses vacation accrual amounts for the employees in this Unit, which applies to the Director. Therefore, the amount of vacation accrual received is consistent with that received by County employees.

The Executive & Confidential Compensation Plan is a County Compensation Plan that governs County officials and employees assigned to the Unit. It is referenced in the Director's Employment Agreement to fill in the gaps that are not specifically set forth in the Employment Agreement. Pursuant to the Executive & Confidential Compensation Plan, the leave accrual cash out policy allows members to cash out up to 200 hours of leave per fiscal year so long as the member has at least 80 hours remaining in leave accruals. For County officials/employees, they may cash out only if they have used 80 hours of leave, however the Employment Agreement with the Director differs from this County regulation. The Employment Agreements allows the Director to cash out anytime during the fiscal year as long as there is sufficient accrued vacation to cash out. Further the Executive & Confidential Compensation Plan allows leave to be cashed out in excess of 200 hours in extraordinary circumstances and with prior approval of the CAO. Extraordinary circumstances include

things such as medical expense issues and housing related issues. Because the TCEDA is not governed by the County, the CAO has no authority to approve or deny a cash out request of the Director. Rather, the TCEDA Board has the ability to approve or deny a cash out in excess of 200 hours as the Board is the appointing authority over the Director. The TCEDA Board and the Executive Director complied with the vacation policy regarding cashing out leave accruals as prior approval for the cash out in excess of 200 hours was sought and given by the Board at TCEDA Board meetings. The minutes showing Board action approving the cash out in excess of 200 hours related to medical expenses are attached as Attachment F.

Additionally, the Executive Director is considered an exempt employee under Fair Labor Standards Act. Therefore, the Executive Director is paid a salary and does not receive overtime for any work performed over 40 hours in a week. Exempt employees are expected to work as long necessary to complete a task, which often includes working evenings and weekends, sometimes even holidays and while on vacation to complete a task or respond to work-related matters. Given the TCEDA has at the most 2 employees at a time, the Executive Director frequently works significantly more than 40 hours per week. The TCEDA Board and the Executive Director understand confusion was created when the Grand Jury reviewed the Executive Director's calendar noting that when he was out of the office from September 11, 2017, through October 9, 2017, he listed 4 vacation days and the remaining days as comp time or remote working. The TCEDA and the Executive Director acknowledge listing comp time on the Executive Director calendar was an error, which will not occur in the future. The TCEDA Board verifies the Executive Director worked during his time out of office as members often received communications from the Executive Director during that time, and the Executive Director completed the additional tasks:

- On a daily basis corresponded via email with: "prospect" clients (including homebuilders and extreme sports companies), current "business retention and expansion" clients and staff to provide guidance as requested or necessary (i.e. InnovationLab issues and resolutions, etc.).
- Worked with local commercial real estate agent to find prospects for their retail and office locations. Developed and provided a list of possible prospects.
- Corresponded with individuals connected with "Made by the Bay" Manufacturing Innovators and California Workforce Association that he met at conferences recently attended.
- Corresponded with County CAO's office on meeting follow-up tasks.
- Developed, approved and paid for a Bay Area Marketing Campaign to recruit businesses and Sonora Chamber of Commerce ad campaign to capture business owners who are vacationing to Tuolumne County.
- Corresponded with prospect interested in the former mine site owned by the county, as well as communicated with county staff to supply information.
- Developed and submitted a "Letter of Support" for a Sierra Railroad DOT grant application. Worked with other partners to submit letters of support from their organizations.
- Finalized a 3-D Printer donation to Groveland/Don Pedro.
- Assisted Workability Program Director with testimonial for future funding.
- Corresponded with Workplace Sonora organizers on ways to partner with TCEDA and InnovationLab.
- Created October 2017 Board Agenda, reviewed September 2017 Minutes and generated electronic board meeting packets for both TCEDA and EPCTC meetings.
- Drafted Downtown Outreach Consulting Services RFP and sought final county counsel approval.
- Worked with subcontractor to update TCEDA Main Booklet and Incentives guide.
- Set the upcoming 2018 TCEDA and EPCTC meeting schedules.
- Booked appointments to regional economic development meetings.
- Submitted county vouchers via staff.
- Submitted credit card statements and reports.
- Resolved an Internet connectivity issue on October 2nd at the TCEDA offices that had the office shut down.

- Website partial rebuild and software updates for website.
- Update CBIG Incentives website with current information.
- Responded (discussion and research) to City Council Members questions from a member of the public.

The TCEDA Board understands the Grand Jury's concern with this issue and shares the concern. Going forward, the Director's vacation and cash out policies will adhere to the County policies.

Grand Jury Recommendations

R1. TCEDA develop a Business Support Guide (similar to the Incentives and Grants guides) that indicates business support services offered by TCEDA and other local, state, and federal resources. (F1)

Response: Implemented. The TCEDA already developed and published a Business Support Guide. The first Business Guide was produced in 2012 with funding support from the Sonora Area Foundation. It was last revised in 2016 (see Attachment G) in partnership with SCORE. The Business Guide lists several local, state and federal resources with links to their related websites. In acknowledgment of the Grand Jury's comments, the TCEDA will endeavor to include brief summaries of the various services available through each organization in addition to that inferred in the formatting of the Guide and provision of website links.

R3. TCEDA Board consider and implement recommendations that result from the Management Audit. (F2, F3, F4, F5, F7)

Response: It has not yet been implemented due to the fact a Management Audit has not yet been commissioned and completed. Once the issues raised have been studied and specific recommendations made, the TCEDA will discuss each and take action within specific timelines as deemed appropriate.

R4. TCEDA to obtain Certification by the California Joint Powers Association. (F3)

Response: It will not be implemented because it is not warranted. The City of Sonora and County of Tuolumne are members of several JPAs which do not seek or maintain this certification. Obtaining such a certification requires a fee (approximately \$2,000). This seems to be an unnecessary and partially duplicative process that would require additional staff time and money during a time of scarce resources. Audits have been discussed above.

R5. County Counsel review possible conflicts of interest for TCEDA Board members serving in various capacities on multiple boards. (F8)

Response: It has not been implemented but is in process with some meetings already scheduled. The TCEDA Board will work with County Counsel to review any potential conflicts of interest and should any exist, such conflicts will be immediately addressed and rectified. This process will be completed by the end of December 2018.

R6. TCEDA Board develop, describe and approve a formal policy specifically defining "Clients" and acceptable entertainment of Clients, as well as defining a policy of acceptable entertaining of Board members and other officials of the City and County. (F6)

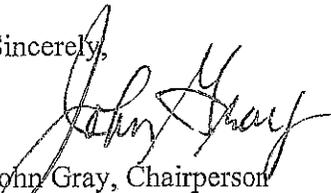
Response: It has not yet been implemented but will be by the end of December 2018. The Director has been instructed that going forward and pending adoption of a formal policy regarding this topic, meals are for clients only.

R7. TCEDA Board establish a maximum amount of accrual of vacation time for the Executive Director per fiscal year. (F9)

Response: It has been implemented in that accrual caps are already established in Section 13, Subsection B of the County of Tuolumne Executive & Confidential Compensation Plan and pursuant to the Employment Agreement between the TCEDA and the Executive Director. However, to the extent there are disparities between the Employment Agreement and the Executive & Confidential Compensation Plan, the Board will make the necessary revisions to ensure the County policies are complied with when it comes to vacation accrual and cash outs.

Thank you for the opportunity to respond to the above findings and recommendations. Please feel free to contact me should you have any questions regarding same.

Sincerely,

A handwritten signature in black ink, appearing to read "John Gray", written over a horizontal line.

John Gray, Chairperson

Tuolumne County Economic Development Authority

ATTACHMENT A – AGREEMENT FOR ONE-ON-ONE CONSULTING AND
BUSINESS OUTREACH



AGREEMENT FOR ONE-ON-ONE CONSULTING AND BUSINESS OUTREACH

THIS AGREEMENT ("Agreement") is made and entered into this 1st day of December 2017, by and between Tuolumne County Economic Development Authority ("TCEDA") and the Stanislaus Business Alliance, Inc., a California nonprofit corporation dba Valley Sierra Small Business Development Corporation, ("Contractor"), pursuant to the following terms and conditions.

WITNESSETH:

1. TERM

The term of this Agreement shall commence on December 1, 2017 and terminate on June 30, 2018 unless extended as provided by this Agreement. This Agreement may be extended for up to three (3) one-year periods by written amendment signed by both parties.

2. SERVICES

Contractor shall perform one-on-one professional business consulting and outreach services for a minimum of 150 hours as described in the "Scope of Work" and the Contractor's proposal dated October 26, 2017, both of which are attached hereto as Exhibit A and incorporated herein by reference. Contractor shall provide all staffing and materials necessary to perform the Scope of Work.

3. COMPENSATION

Contractor shall be compensated for services performed based on Option #2 as detailed in Exhibit A in an amount not to exceed \$10,000. TCEDA shall pay Contractor within thirty (30) days of receipt of an approved invoice.

4. INSURANCE

- A. The Contractor shall provide at its own expense and maintain at all times the following insurance with insurance companies licensed in the State of California and shall provide evidence of such insurance to the TCEDA as may be required by the Risk Manager of the TCEDA. The Contractor's insurance policy(ies) shall be placed with insurer(s) with acceptable Best's rating of A:VII or with approval of the Risk Manager. The Contractor shall provide notice to the Risk Manager of the TCEDA by registered mail, return receipt requested, thirty (30) days prior to cancellation or material change for all of the following stated insurance policies:
- i. Workers' Compensation Coverage – Workers' Compensation Insurance and Employer's Liability Insurance for employees in accordance with the laws of the State of California (including requiring any authorized subcontractor to obtain such insurance for its employees).
 - ii. General Liability Coverage - Commercial general liability insurance with a minimum liability limit per occurrence of one million dollars (\$1,000,000) for

bodily injury and one hundred thousand dollars (\$100,000) for property damage. If a commercial general liability insurance form or other form with general aggregate limit is used, either the general aggregate limit shall apply separately to the work to be performed under this Agreement or the general aggregate limit shall be at least twice the required occurrence limit. Coverage shall be included for premises, operations and broad form contractual.

- iii. Automobile Liability insurance with a minimum limit of liability per occurrence of \$1,000,000 for bodily injury and \$100,000 for property damage. This insurance shall cover for bodily injury and property damage, owned, hired and non-owned vehicles.
- B. Policy Endorsements: Each general liability and automobile liability insurance policy shall be endorsed with the following specific provisions:
- i. The TCEDA, its elected or appointed officers, officials, employees, agents and volunteers are to be covered as additional insureds ("TCEDA additional insureds").
 - ii. This policy shall be considered, and include a provision it is, primary as respects the TCEDA additional insureds, and shall not include any special limitations to coverage provided to the TCEDA additional insureds. Any insurance maintained by the TCEDA, including any self-insured retention the TCEDA may have, shall be considered excess insurance only and shall not contribute with it.
 - iii. This insurance shall act for each insured and additional insured as though a separate policy had been written for each, except with respect to the limits of liability of the insuring company.
 - iv. The insurer waives all rights of subrogation against the TCEDA additional insureds.
 - v. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the TCEDA additional insureds.
- C. Deductibles and Self-Insured Retentions: Any deductibles or self-insured retentions must be declared to and approved by the Risk Manager. At the TCEDA's option, Contractor shall demonstrate financial capability for payment of such deductibles or self-insured retentions.
- D. Unsatisfactory Policies: If at any time any of the policies or endorsements be unsatisfactory as to form or substance, or if an issuing company shall be unsatisfactory, to the Risk Manager, a new policy or endorsement shall be promptly obtained and evidence submitted to the Risk Manager for approval.
- E. Failure to Comply: Upon failure to comply with any of these insurance requirements, this Agreement may be forthwith declared suspended or terminated. Failure to obtain and/or maintain any required insurance shall not relieve any liability under this

Agreement, nor shall the insurance requirements be construed to conflict with or otherwise limit the indemnification obligations.

5. HOLD HARMLESS/INDEMNIFICATION

Contractor shall indemnify, defend, save, protect and hold harmless TCEDA, its elected and appointed officials, officers, employees, agents and volunteers (collectively, "TCEDA") from any and all demands, losses, claims, costs, suits, liabilities and expenses for any damage, injury or death (collectively, "Liability") arising directly or indirectly from or connected with the services provided hereunder which is caused, or claimed or alleged to be caused, in whole or in part, by the negligence or willful misconduct of Contractor, its officers, employees, agents, contractors, consultants, or any person under its direction or control and shall make good to and reimburse TCEDA for any expenditures, including reasonable attorney's fees, the TCEDA may make by reason of such matters and, if requested by TCEDA, shall defend any such suits at the sole cost and expense of Contractor. Contractor's obligations under this section shall exist regardless of concurrent negligence or willful misconduct on the part of the TCEDA or any other person; provided, however, that Contractor shall not be required to indemnify TCEDA for the proportion of Liability a court determines is attributable to the negligence or willful misconduct of the TCEDA.

If such indemnification becomes necessary, the TCEDA Counsel shall have the absolute right and discretion to approve or disapprove of any and all counsel employed to defend the TCEDA. This indemnification clause shall survive the termination or expiration of this Agreement.

6. INDEPENDENT CONTRACTOR

It is understood that Contractor, in the performance of the services agreed to be performed, shall act as and be an independent contractor and shall not act as an agent or employee of the TCEDA. Contractor shall obtain no rights to retirement benefits or other benefits which accrue to TCEDA's employees, and Contractor hereby expressly waives any claim it may have to any such rights. All employees, agents, contractors, subcontractors hired or retained by the Contractor are performing in that capacity for and on behalf of the Contractor and not the TCEDA. The TCEDA shall not be obligated in any way to pay any wage claims or other claims made against the Contractor by any such employee, agent, contractor or subcontractor, or any other person resulting from the performance of this Agreement.

7. ASSIGNMENT

This Agreement is for the professional services of the Contractor and it shall not assign, subcontract or sublet any part of this Agreement without the express prior written consent of TCEDA. Any assignment without the express prior written consent of the TCEDA is VOID.

8. NOTICE

Any and all notices, reports or other communications to be given to TCEDA or Contractor shall be given to the persons representing the respective parties at the following addresses:

CONTRACTOR:

Kurtis Clark, Director
Valley Sierra SBDC
1020 10th Street, Suite 102
Modesto, CA 95354
Phone: (209) 422-6416
FAX: (209) 567-4955

TCEDA:

Larry Cope
TCEDA
99 N Washington Street
Sonora, CA 95370
Phone: (209) 989-4058
FAX: (209) 213-5508

9. COMPLIANCE

Contractor shall comply with all federal, state and local laws, codes, ordinance and regulations applicable to Contractor's performance under this Agreement, including, but not limited to, laws related to prevailing wages. Specifically, Contractor shall not engage in unlawful employment discrimination, including, but not limited to, discrimination based upon a person's race, religion, color, national origin, ancestry, physical handicap, medical condition, marital status, gender, citizenship or sexual orientation, as prohibited by state or federal law.

10. PUBLIC RECORDS ACT

Contractor is aware that this Agreement and any documents provided to the TCEDA may be subject to the California Public Records Act and may be disclosed to members of the public upon request. It is the responsibility of the Contractor to clearly identify information in those documents that it considers to be confidential under the California Public Records Act. To the extent that the TCEDA agrees with that designation, such information will be held in confidence whenever possible. All other information will be considered public.

11. ENTIRE AGREEMENT AND MODIFICATION

This Agreement contains the entire agreement of the parties relating to the subject matter of this Agreement and supersedes all prior agreements and representations with respect to the subject matter hereof. This Agreement may only be modified by a written amendment hereto, executed by both parties; however, matters concerning the scope of services which do not affect the agreed price may be modified by mutual written consent of the Contractor and the CEO of TCEDA. If there are exhibits attached hereto, and a conflict exists between the terms of this Agreement and any exhibit, the terms of this Agreement shall control.

12. ENFORCEABILITY AND SEVERABILITY

The invalidity or enforceability of any term or provisions of this Agreement shall not, unless otherwise specified, affect the validity or enforceability of any other term or provision, which shall remain in full force and effect.

13. TERMINATION AND RIGHTS UPON TERMINATION

A. This Agreement may be terminated upon mutual written consent of the parties, or as a remedy available at law or in equity. In the event of the termination of this Agreement, Contractor shall immediately be paid all fees earned as of the effective date of termination.

B. Either party may terminate this Agreement for convenience upon fifteen (15) calendar days' written notice to the other party. Upon termination for convenience, Contractor shall be entitled to compensation for services performed acceptably up to the effective date of termination, as set forth in Exhibit A.

C. Should Contractor default in the performance of this Agreement or materially breach any of its provisions, TCEDA, at its option, may terminate this Agreement by giving written notification to Contractor. The termination date shall be the effective date of the notice. For the purposes of this subsection, default or material breach of this Agreement shall include, but not be limited to, any of the following: failure to perform required services in a timely manner, willful destruction of TCEDA property, dishonesty, or theft.

14. NO WAIVER

The failure to exercise any right to enforce any remedy contained in this Agreement shall not operate as to be construed to be a waiver or relinquishment of the exercise of such right or remedy, or of any other right or remedy herein contained.

15. DISPUTES

Should it become necessary for a party to this Agreement to enforce any of the provisions hereof, the prevailing party in any claim or action shall be entitled to reimbursement for all expenses so incurred, including reasonable attorney's fees.

It is agreed by the parties hereto that unless otherwise expressly waived by them, any action brought to enforce any of the provisions hereof or for declaratory relief hereunder shall be filed and remain in a court of competent jurisdiction in the County of Tuolumne, State of California.

16. CAPTIONS

The captions of this Agreement are for convenience in reference only and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Agreement.

17. NUMBER AND GENDER

In this Agreement, the neutral gender includes the feminine and masculine, the singular includes the plural, and the word "person" includes corporations, partnerships, firms or associations, wherever the context so requires.

18. MANDATORY AND PERMISSIVE

“Shall” is mandatory. “May” is permissive.

19. SUCCESSORS AND ASSIGNS

All representations, covenants and warranties specifically set forth in this Agreement, by or on behalf of, or for the benefit of any or all of the parties hereto, shall be binding upon and inure to the benefit of such party, its successors and assigns.

20. COUNTERPARTS

This Agreement may be executed simultaneously and in several counterparts, each of which shall be deemed an original, but which together shall constitute one and the same instrument.

21. OTHER DOCUMENTS

The parties agree that they shall cooperate in good faith to accomplish the object of this Agreement and, to that end, agree to execute and deliver such other and further instruments and documents as may be necessary and convenient to the fulfillment of these purposes.

22. CONTROLLING LAW

The validity, interpretation and performance of this Agreement shall be controlled by and construed under the laws of the State of California.

23. AUTHORITY

Each party and each party’s signatory warrant and represent that each has full authority and capacity to enter into this Agreement in accordance with all requirements of law. The parties also warrant that any signed amendment or modification to the agreement shall comply with all requirements of law, including capacity and authority to amend or modify the Agreement.

24. NEGOTIATED AGREEMENT

This Agreement has been arrived at through negotiation between the parties. Neither party is to be deemed the party which prepared this Agreement within the meaning of California Civil Code section 1654. Each party represents and warrants that in executing this Agreement it does so with full knowledge of the rights and duties it may have with respect to the other party. Each party also warrants and represents that it has received independent legal advice from its attorney with respect to the matters set forth in this Agreement and the rights and duties arising out of this Agreement, or that such party willingly foregoes any such consultation.

25. NO RELIANCE ON REPRESENTATIONS

Each party warrants and represents that it is not relying and has not relied upon any representation or statement made by the other party with respect to the facts involved or its rights or duties. Each party understands and agrees that the facts relevant, or believed to be relevant to

this Agreement, have been independently verified. Each party further understands that it is responsible for verifying the representations of law or fact provided by the other party.

26. WARRANTY

TCEDA has relied upon the professional ability and training of Contractor as a material inducement to enter into this Agreement. Contractor hereby warrants that all work shall be performed in accordance with generally accepted professional practices and standards as well as the requirements of applicable federal, state and local laws, it being understood that acceptance of Contractor's work by TCEDA shall not operate as a waiver or release.

27. FUNDING AVAILABILITY

It is mutually agreed that if the TCEDA budget of the current fiscal year and/or any subsequent fiscal years covered under this Agreement does not appropriate sufficient funds for this Agreement, this Agreement shall be of no further force and effect. In this event, the TCEDA shall have no liability to pay any funds whatsoever to Contractor or to furnish any other considerations under this Agreement and Contractor shall not be obligated to perform any provisions of this Agreement. Contractor's assumption of risk of possible non-appropriation is part of the consideration for this Agreement. TCEDA budget decisions are subject to the discretion of its board.

If funding for any fiscal year is reduced or deleted by the TCEDA budget for purposes of this Agreement, the TCEDA shall have the option to either cancel this Agreement with no liability occurring to the TCEDA, or offer an Agreement amendment to Contractor to reflect the reduced amount.

[signatures follow on next page]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first written above.

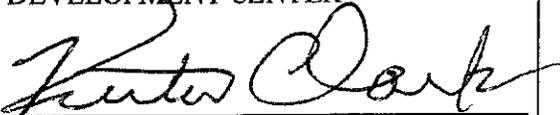
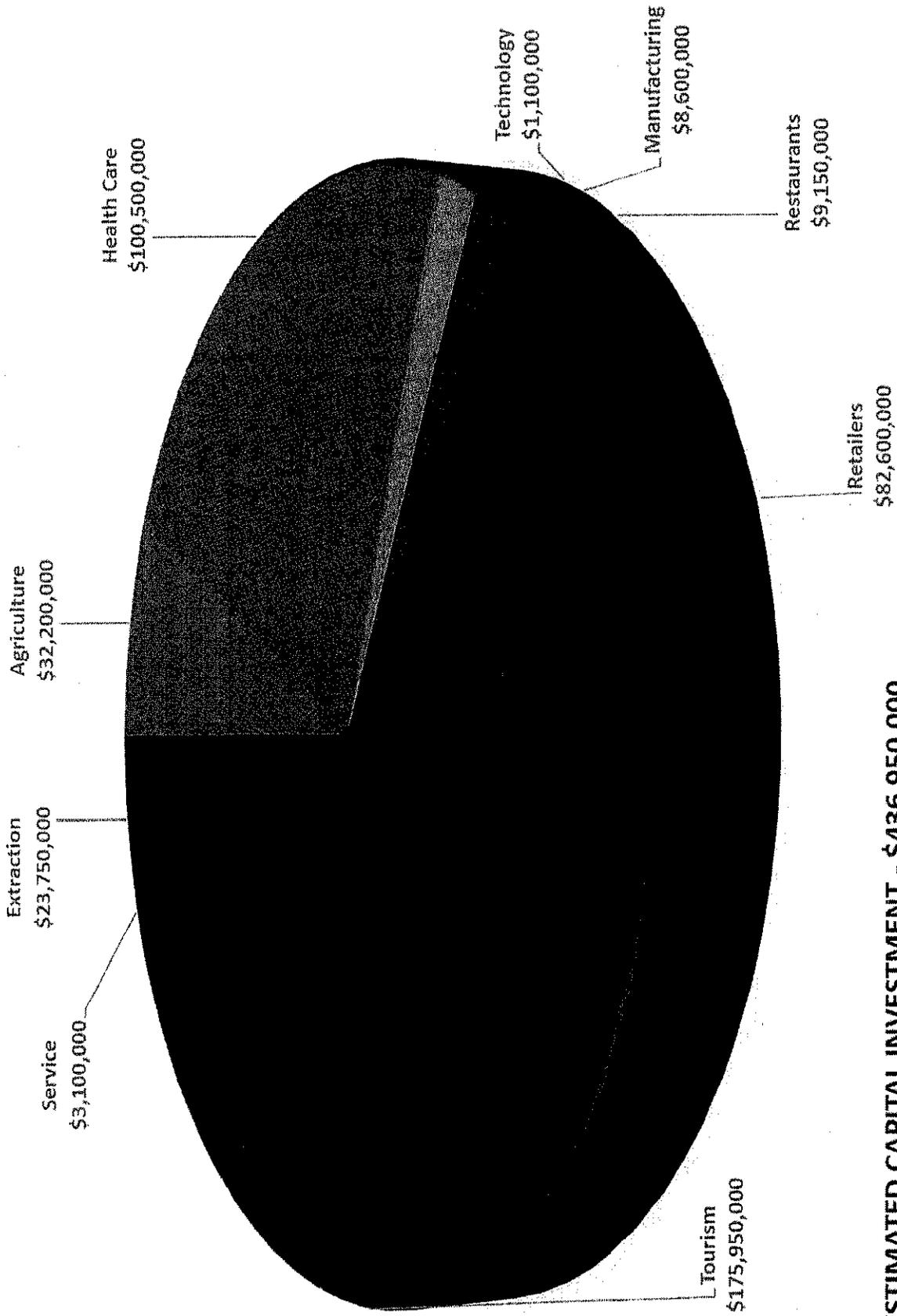
TCEDA 	VALLEY SIERRA SMALL BUSINESS DEVELOPMENT CENTER 
By: Larry Cope Chief Executive Officer	By: Kurtis Clark, Director 12-15-17
APPROVED AS TO LEGAL FORM: 	
By: Carlyn M. Drivdahl Deputy County Counsel	

Exhibit A
SCOPE OF WORK

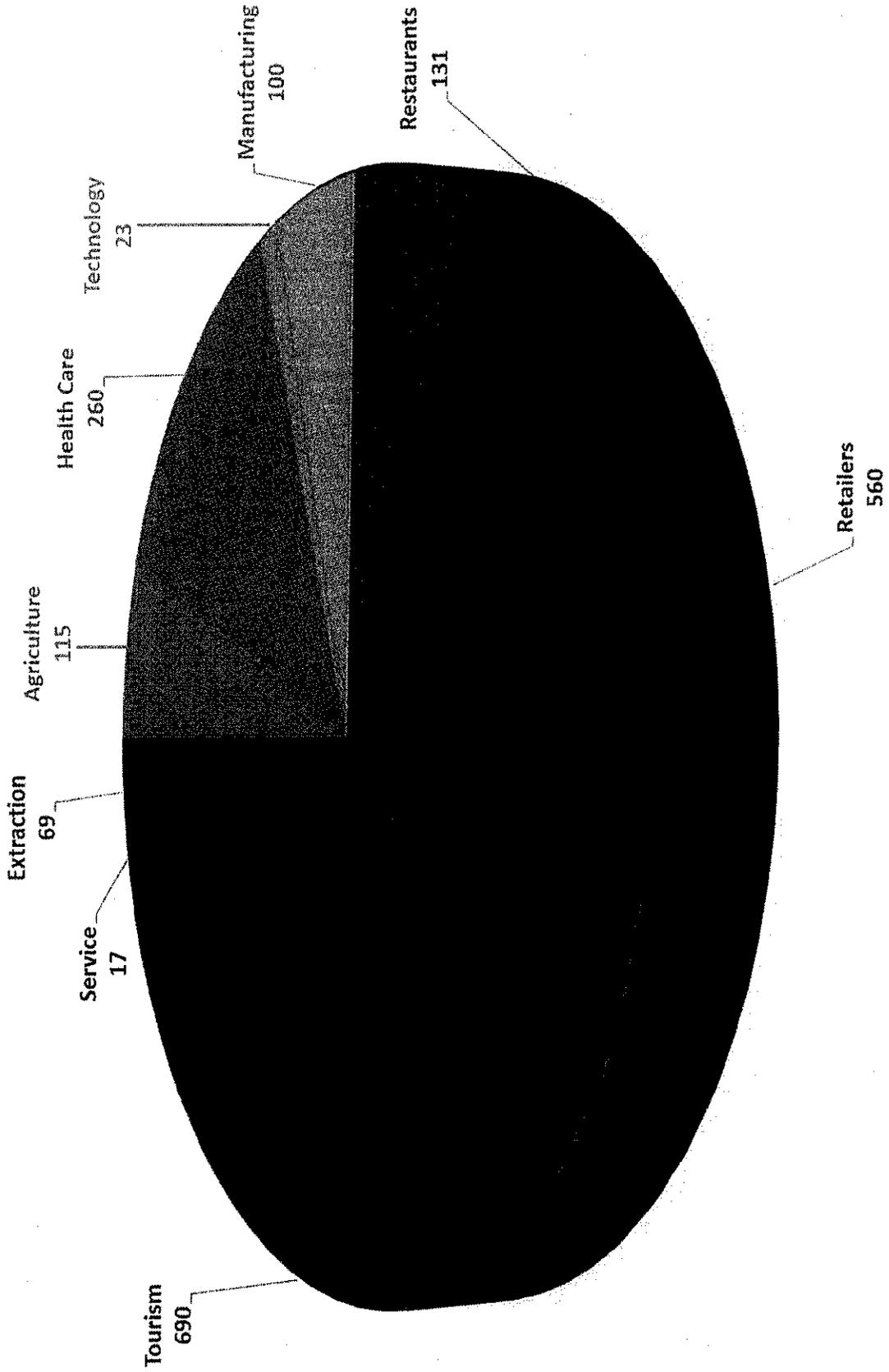
- Contractor will be responsible for ongoing interaction with business owners located in downtowns of both incorporated and unincorporated communities throughout Tuolumne County.
- Contractor will be responsible for providing small business advice to business owners located in downtowns of both incorporated and unincorporated communities throughout Tuolumne County.
- Contractor will refer small business owners to the appropriate business assistance programs in Tuolumne County. These include but are not limited to: Valley-Sierra SBDC, Tuolumne County SCORE, TCEDA, County of Tuolumne and/or City of Sonora.
- Contractor will be responsible for meeting with TCEDA's staff monthly to provide updates and insight on business conditions in all downtowns, number of businesses visited, assistance provided, referrals given and provide a business tracking report (considering business confidentiality).
- Contractor will be responsible for notifying TCEDA staff of businesses that need additional assistance above and beyond the needs outlined in this Agreement. Contractor will also keep the TCEDA's staff informed of any businesses going through difficulty (such as, but not limited to, immediate closure and/or layoffs) immediately upon their knowledge, so that the TCEDA staff can assess the situation and provide further assistance if needed or warranted.
- Contractor will be responsible for reviewing and providing recommendations for updates/changes to existing business guides.
 - *Review of TCEDA/SCORE's Business Assistance Guide*
 - *Review of TCEDA's Business Incentive and Business Grant Guide.*

ATTACHMENT B – REDACTED VERSION OF CEO PROJECT TRACKING

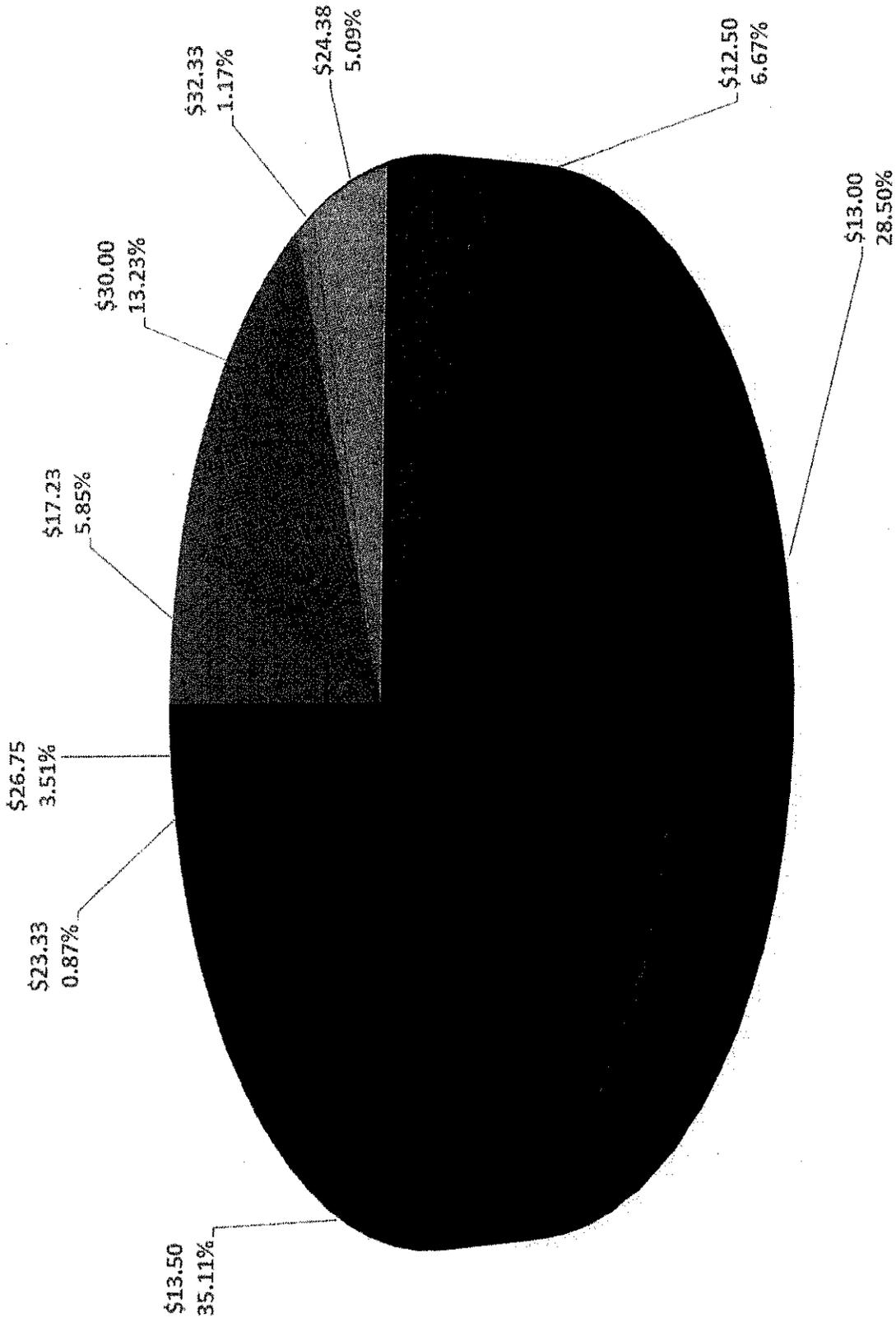




ESTIMATED CAPITAL INVESTMENT - \$436,950,000



PROJECTED NEW JOBS - 1,965



PERCENTAGE OF JOBS BY WAGE - AVERAGE WAGE OF ALL JOBS - \$20.45

Industry Type	Project Name	Est. Capital Investment	Projected New Jobs	Projected Wage Scale
Agriculture		\$30,000,000	100	\$17.23
		\$2,000,000	15	\$17.23
		\$32,200,000	115	\$17.23
Health Care		\$36,000,000	80	\$30.00
		\$30,000,000	115	\$30.00
		\$25,000,000	25	\$30.00
		\$8,000,000	25	\$30.00
		\$1,500,000	15	\$30.00
		\$100,500,000	280	\$30.00
Technology		\$300,000	0	\$40.00
		\$50,000	3	\$22.00
		\$750,000	20	\$35.00
		\$1,100,000	23	\$32.33
Manufacturing		\$2,650,000	40	\$28.90
		\$4,500,000	45	\$30.00
		\$500,000	5	\$22.00
		\$900,000	8	\$21.00
		\$50,000	2	\$20.00
		\$8,600,000	100	\$24.38
Restaurants		\$2,300,000	30	\$12.50
		\$1,500,000	2	\$12.50
		\$450,000	8	\$12.50
		\$1,500,000	12	\$12.50
		\$1,500,000	18	\$12.50
		\$500,000	10	\$12.50
		\$500,000	0	\$12.50
		\$250,000	10	\$12.50
		\$50,000	5	\$12.50
		\$50,000	4	\$12.50
		\$150,000	12	\$12.50
		\$150,000	8	\$12.50
		\$250,000	12	\$12.50
		\$9,150,000	131	\$12.50
Retailers		\$50,000,000	250	\$13.00
		\$15,000,000	100	\$13.00
		\$6,000,000	69	\$13.00
		\$4,000,000	12	\$13.00
		\$2,000,000	10	\$13.00
		\$500,000	4	\$13.00
		\$250,000	25	\$13.00
		\$1,800,000	40	\$13.00
		\$750,000	0	\$13.00
		\$1,000,000	15	\$13.00
		\$1,000,000	15	\$13.00
		\$150,000	5	\$13.00
		\$150,000	15	\$13.00
\$82,600,000	560	\$13.00		
Tourism		\$120,000,000	350	\$13.50
		\$30,000,000	150	\$13.50
		\$25,000,000	150	\$13.50
		\$750,000	20	\$13.50
		\$100,000	10	\$13.50
		\$100,000	10	\$13.50
\$175,950,000	690	\$13.50		
Service		\$2,000,000	17	\$20.00
		\$1,000,000	0	\$25.00
Service		\$100,000	0	\$25.00
		\$3,100,000	17	\$23.33
Extraction		\$7,000,000	20	\$25.50
		\$5,000,000	10	\$30.00
		\$1,500,000	10	\$30.00
		\$10,000,000	25	\$30.00
		\$100,000	0	\$20.00
		\$150,000	4	\$25.00
\$23,750,000	69	\$26.75		
	Total	\$436,950,000	1965	\$21.45
	County	\$330,050,000	1610	
	City	\$106,900,000	355	

Industry Type	Project Name	Est. Capital Investment	Projected New Jobs
Agriculture		\$20,000	4
		\$215,000	0
		\$235,000	4
Health Care		\$100,000	4
		\$2,450,000	0
		\$250,000	10
		\$3,250,000	85
		\$95,000	50
	\$6,145,000	149	
Technology		\$900,000	76
		\$750,000	2
		\$500,000	0
		\$450,000	3
		\$300,000	4
		\$550,000	5
		\$75,000	5
		\$10,000	1
	\$3,535,000	96	
Manufacturing		\$350,000	3
		\$1,200,000	10
		\$200,000	0
		\$350,000	2
		\$50,000	0
		\$250,000	3
		\$80,000	1
		\$500,000	4
		\$25,000	0
		\$2,805,000	23
Restaurants		\$2,000,000	0
		\$1,200,000	15
		\$500,000	10
		\$275,000	13
		\$225,000	6
		\$200,000	18
		\$150,000	10
		\$125,000	5
		\$100,000	0
		\$75,000	12
		\$75,000	0
		\$50,000	4
		\$50,000	0
		\$50,000	4
		\$50,000	4
		\$25,000	5
		\$25,000	6
		\$25,000	3
		\$30,000	3
		\$15,000	3
	\$5,245,000	121	
Retailers/Services		\$4,500,000	120
		\$1,900,000	130
		\$3,250,000	20
		\$1,300,000	16
		\$1,300,000	16
		\$1,300,000	25
		\$1,000,000	16
		\$750,000	20
		\$750,000	20
		\$750,000	10
		\$750,000	20
		\$500,000	8
		\$500,000	15
		\$500,000	5
		\$100,000	8
		\$75,000	0
		\$75,000	8
		\$50,000	4
		\$15,000	0
		\$25,000	3
	\$25,000	6	
	\$19,415,000	470	
Tourism		\$48,500,000	112
		\$21,000,000	30
		\$3,000,000	0
		\$1,500,000	0
	\$74,000,000	142	
Extraction		\$12,000,000	252
		\$10,000,000	0
		\$1,000,000	150
		\$1,000,000	25
		\$3,000,000	15
		\$1,000,000	0
		\$550,000	2
		\$600,000	5
		\$900,000	2
	\$30,050,000	451	
	\$141,430,000	1,456	
City	\$21,230,000	463	
County	\$120,200,000	993	

ATTACHMENT C – 2017-2022 TCEDA 5-YEAR WORK PLAN





Five Year Work Plan

TCEDA | 2017 - 2022

Mission Statement

Promote a diverse and growing economy by pursuing business retention, expansion and attraction that enhances quality of life in Tuolumne County.

Purpose Statement

The TCEDA is vested with the power to effectively implement, coordinate and administer general economic development programs within the County of Tuolumne, State of California, including the City of Sonora, in accordance with local, state and federal laws. General economic development programs shall include, but are not limited to: 1) business retention and expansion; 2) business attraction; 3) business assistance programs; 4) identification of appropriate locations for and creation of "shovel ready" commercial and industrial properties including but not limited to adaptive reuse; 5) support the creation, expansion and rehabilitation of public infrastructure needed to support and sustain local business and industry (e.g. roads, water, power, sewer, telecommunications, etc.); 6) assist with educational and training opportunities tailored to equip and support the community's workforce; and 7) pursuit of funding sources to facilitate all of the above. In carrying out its general mission of economic development, the goals, policies and implementation programs of the TCEDA shall be generally consistent with those contained in the Economic Development Element of the Tuolumne County General Plan and Economics Element of the City of Sonora General Plan.

Action Item - A

- Manage a business retention and expansion program focused on companies with the growth potential of five or more jobs.

Facilitate job creation by working with existing businesses to expand or relocate their facilities within our county. Help by assisting them in accessing capital, training personnel and expanding their markets. Focus will be on companies that pay a family wage.

Measureable Outcome: Ongoing visits are made with existing businesses and assistance is provided. A minimum of two hundred and fifty client visits will be conducted.

Action Item - B

- Manage a comprehensive business attraction and recruitment program.

Use new and existing techniques to recruit businesses for Tuolumne County. Attend industry meetings, networking events, trade shows and conduct in-person company visits focusing on companies that can benefit from our three main attractions (natural surroundings, available natural resources, growing healthcare needs). Dedicating a majority of the time on companies that hire at least twenty employees and that pay a family wage.

Measureable Outcome: Minimum of five hundred "out of county" businesses are contacted, marketed to and/or visited.

Action Item - C

- Provide start up assistance to local businesses.

Facilitate job creation by working with start up businesses within our county. Help by assisting them in developing their business skills, accessing capital, training personnel and expanding their markets. Focus will be on companies that pay a family wage.

Measurable Outcome: New businesses are encouraged to start up in Tuolumne County. Visits will be conducted with any know new start ups.

Action Item - D

- Encourage workforce development and workforce housing.

Work closely with workforce partners to form innovative partnerships to assist our businesses in hiring and/or training employees and providing a pathway for local youth to establish careers in the community. Additionally work diligently on training of residents for future career fields that are expected to expand. Help local planners, builders, real estate firms, non-profits and other interested partners expand the availability of workforce housing.

Measurable Outcome: An established and ongoing relationship is maintained with housing and workforce partners.

Action Item - E

- Long term research and planning is conducted to find additional growth opportunities for Tuolumne County.

Research and/or hire researchers to review possible avenues of growth for Tuolumne County.

- Health Care, with a focus on senior care and research and development
- Forestry bio-mass to "product" research and development
- Water conservation and associated research and development
- Changes in retail from "brick and mortar" to online and delivery services
- Changing downtowns and what can be done to keep them vital.

Measureable Outcome: Areas of focus are researched, prioritized and studied; at least two studies are conducted and discussed by TCEDA Board. With future action plans implemented.

Board of Directors

John Gray, TCEDA Chairman
Tuolumne County Board of Supervisor, District #4

George Segarini, TCEDA Vice-Chair
City Council Member, City of Sonora

Sherri Brennan, TCEDA Public Board Member
Tuolumne County Board of Supervisor, District #1

Connie Williams, TCEDA Public Board Member
Mayor, City of Sonora

Jim Gianelli, TCEDA At-Large Board Member
Gianelli & Polley Professional Law Corporation, Attorney

Barry Hillman, TCEDA At-Large Board Member
President, HealthLitNow

Dave Thoeny, TCEDA At-Large Board Member
Executive Director, Motherlode Job Training Centers

TCEDA

99 North Washington Street
Sonora, California 95370

209-989-4058

ATTACHMENT D – MARCH 2018 ANNUAL REPORT



Tuolumne County Economic Development Authority

Annual Report

March 2018



Promoting a diverse and growing economy by pursuing business retention, expansion, and attraction that enhances quality of life in Tuolumne County.



Connecting with Our Businesses

Action Item A: Manage a business retention and expansion program focused on companies with the growth potential of five or more jobs.

Facilitate job creation by working with existing businesses to expand or relocate their facilities within our county. Help by assisting them in accessing capital, training personnel and expanding their markets. Focus will be on companies that pay a family wage.

Measurable Outcome: Ongoing visits are made with existing businesses and assistance is provided. A minimum of 250 client visits will be conducted.

Results: Over 120 businesses were contacted and/or visited over the past year. Over 1,758 interactions and client visits were recorded with existing companies.

Examples of the types of companies are as follows: Sierra Pacific Industries, Sandvik, MMI Sonora, Kinematic Automation, MicroTronics, American Wood Fibers, Reverb, Evergreen Lodge/Rush Creek, Black Oak Casino Resort, banks, media, real estate and internet companies.



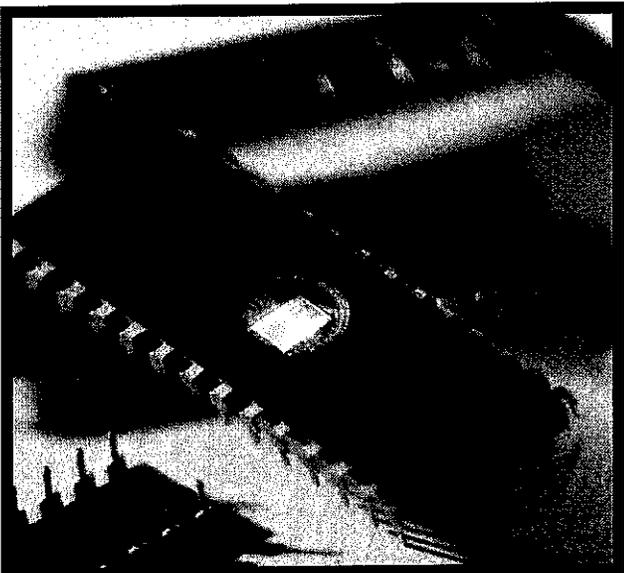
Attracting New Businesses

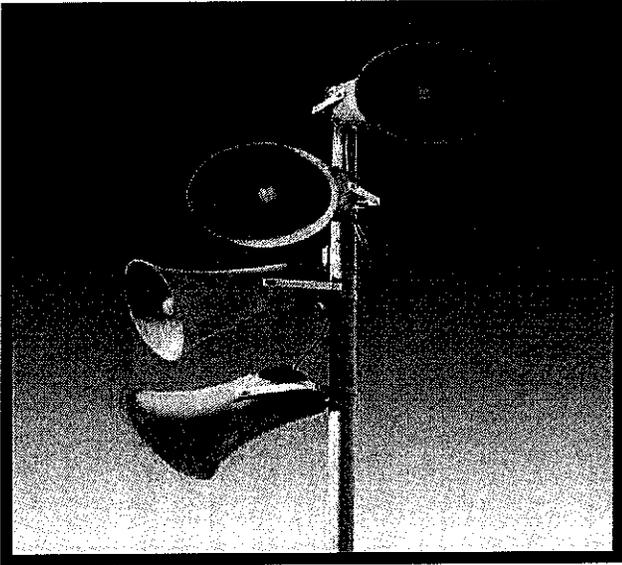
Action Item B: Manage a comprehensive business attraction and recruitment program.

Use new and existing techniques to recruit businesses for Tuolumne County.

Attend industry meetings, networking events, trade shows and conduct in-person company visits focusing on companies that can benefit from our three main attractions (natural surroundings, available natural resources, growing healthcare needs).

Dedicate a majority of the time on companies that hire at least 20 employees and that pay a family wage.





Measurable Outcome: Minimum of 500 “out of county” businesses are contacted, marketed to and/or visited.

Results: Over 3,100 “out of county” businesses were contacted, marketed to and/or visited.

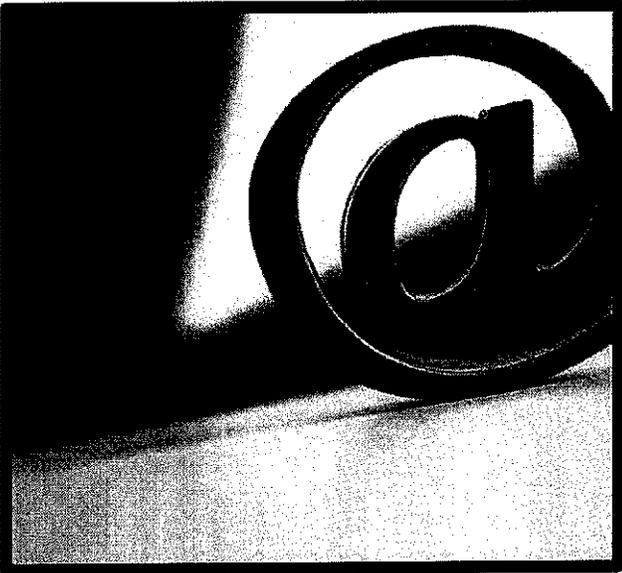
TCEDA staff attended, prospected and/or participated in the following events:

- BIOMEDevice - MDM
- RECon - Global Retail Real Estate Convention
- Made in the Bay Area: Manufacturing Innovators Event
- Society3 Pitch Events (10-12 events per year)
- PitchForce - San Francisco Pitch Event

Networked with hundreds of companies at various venues such as:

- Galvanize
- The Vault
- RocketSpace
- Parisoma
- TechCode - Mountain View
- Google Launchpad

Researched, prospected and then visited several dozen Bay Area companies to recruit to Tuolumne County.

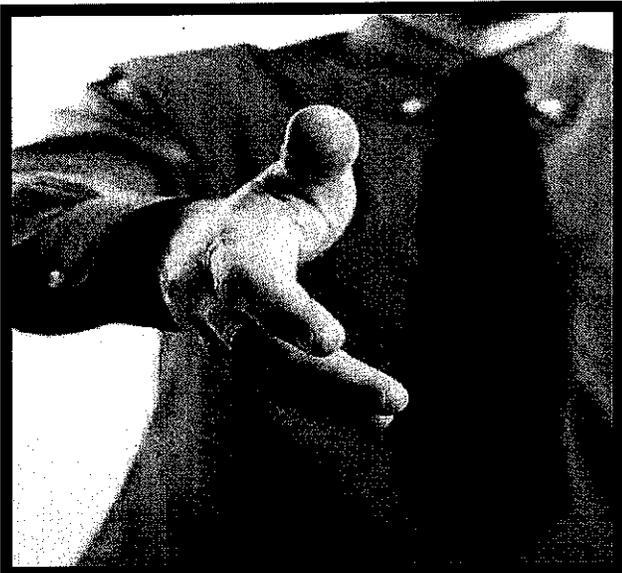


Business Assistance

Action Item C: Provide start up assistance to local businesses.

Facilitate job creation by working with startup businesses within our county. Help by assisting them in developing their business skills, accessing capital, training personnel and expanding their markets. Focus will be on companies that pay a family wage.

Measurable Outcome: New businesses are encouraged to start up in Tuolumne County. Visits will be conducted with any known new startups.





Results: Through partners and TCEDA staff over 38 small startups were assisted in accessing capital, developing their business skills, training their employees and expanding their markets.

The TCEDA also partnered with the Valley Sierra Small Business Development Center, Tuolumne County SCORE chapter, City of Sonora, Rural County Representatives of California, USDA Rural Development and Central Sierra Economic Development District to bring training and small business counseling to our local small businesses.

Workforce Housing and Training

Action Item D: Encourage workforce development and workforce housing.

Work closely with workforce partners to form innovative partnerships to assist our businesses in hiring and/or training employees and providing a pathway for local youth to establish careers in the community.

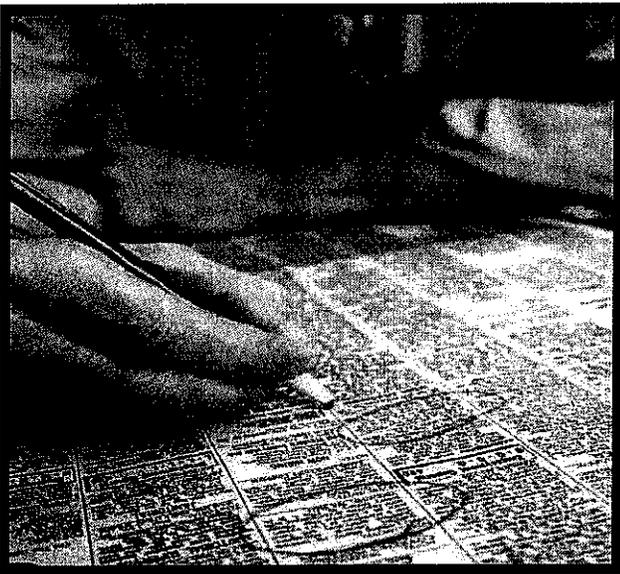
Additionally, work diligently on training of residents for future career fields that are expected to expand.

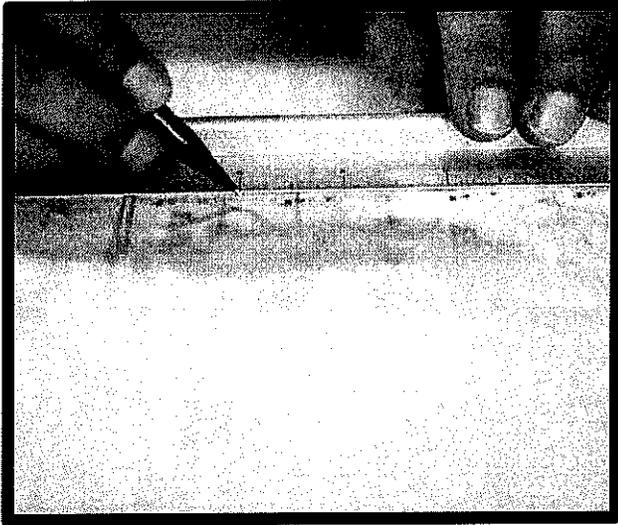
Help local planners, builders, real estate firms, non-profits and other interested partners expand the availability of workforce housing.

Measurable Outcome: An established and ongoing relationship is maintained with housing and workforce partners.

Results: The TCEDA continues to work closely with workforce partners such as Mother Lode Job Training (MLJT), Columbia College and the Employment Training Panel.

Together with Tuolumne County's Community Resource Agency, Tuolumne County Board of Realtors, Tuolumne County Business Council and other partners the TCEDA is working to find opportunities to build affordable and workforce housing in Tuolumne County. In 2018 the TCEDA will hold a "housing conference" to bring interested parties together and spur interest in bringing housing to Tuolumne County.





Long Term Strategies

Action Item E: Long term research and planning is conducted to find additional growth opportunities for Tuolumne County.

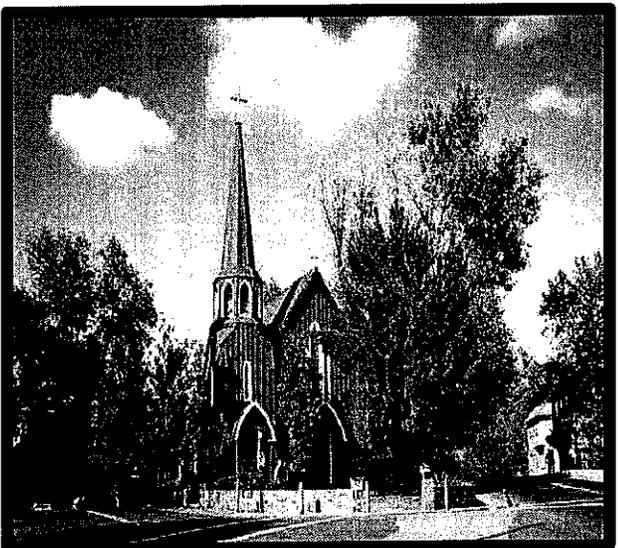
- Research and/or hire researchers to review possible avenues of growth for Tuolumne County.
- Health Care, with a focus on senior care and research and development.
- Forestry bio-mass to “product” research and development.
- Water conservation and associated research and development.
- Changes in retail from “brick and mortar” to online and delivery services.
- Changing downtowns and what can be done to keep them vital.



Measurable Outcome: Areas of focus are researched, prioritized and studied; at least two studies are conducted and discussed by TCEDA Board, with future action plans implemented.

Results: The TCEDA is entering into its fourth year of partnership with UC Merced and their Capstone program. The last three years of Capstone programs have focused on alternative uses for woody biomass that overly abundant in our local forests.

Multiple solutions have been provided and away commercialization possibilities.



The TCEDA staff continues to study how downtowns are changing and what can be done to keep them vital. In addition to research and attending conferences like the California Main Street Conference the TCEDA has partnered with the Valley Sierra Small Business Development Center to conduct outreach to all small businesses in every downtown in Tuolumne County. This program was approved and started in 2017 and the first results of the outreach should appear late in 2018.

ATTACHMENT E – EXECUTIVE DIRECTOR EMPLOYMENT AGREEMENT



**2nd AMENDED AND RESTATED EMPLOYMENT AGREEMENT
Economic Development Director**

THIS 2nd AMENDED AND RESTATED EMPLOYMENT AGREEMENT

("Agreement") is made this 23rd day of May, 2016, by and between LARRY COPE ("COPE") and the TUOLUMNE COUNTY ECONOMIC DEVELOPMENT AUTHORITY ("TCEDA"), an entity formed pursuant to a joint powers agreement dated September 15, 2008 ("JPA") between the County of Tuolumne, a political subdivision of the State of California ("COUNTY") and the City of Sonora, California, a municipal corporation. COPE and the TCEDA shall be collectively referred to as the "Parties". This Agreement amends and restates that certain Executive Director Employment Agreement by and between COPE and the TCEDA dated March 11, 2009, as amended on June 11, 2010 and May 11, 2012 ("Original Agreement"), and the Amended and Restated Employment Agreement dated March 14, 2014 as amended on March 13, 2015 ("First Amended Agreement"). This Agreement supersedes the Original and First Amended Agreement in its entirety.

WHEREAS, the Economic Development Director is appointed by the TCEDA governing board according to the terms of the JPA; and,

WHEREAS, the TCEDA governing board appointed COPE as TCEDA Economic Development Director as of April 6, 2009; and,

WHEREAS, the TCEDA governing board desires to retain COPE as Economic Development Director of the TCEDA; and,

WHEREAS, COPE desires to continue to serve as Economic Development Director of the TCEDA and to serve at the pleasure of the TCEDA governing board; and,

WHEREAS, the Parties wish to memorialize the terms and conditions of employment.

NOW, THEREFORE, BE IT AGREED by and between the Parties as follows:

1. **Appointment.** The TCEDA governing board appointed COPE to the position of Economic Development Director effective April 6, 2009 to serve at the pleasure of the TCEDA governing board and subject to the termination provisions contained herein. This Agreement extends COPE's appointment for an additional two (2) years through April 6, 2021. Renewal of this appointment shall be considered no later than March 12, 2021.

2. **Professional Performance.** COPE shall perform the duties of Economic Development Director as may be prescribed by the TCEDA governing board in a professional manner and to the satisfaction of the TCEDA governing board. Duties will include, but not be limited to, those specified in the classification specification for Economic Development Director and those necessary to help the TCEDA governing board achieve its "Purpose" as outlined in Article II of the JPA.

3. **Other Terms and Conditions of Employment.** The TCEDA governing board shall fix any other terms and conditions of employment, as it may determine from time to time, relating to the performance of COPE, provided such terms and conditions are not inconsistent with provisions of this Agreement.

4. **Tenure.**

(a) COPE shall serve solely at the will and pleasure of the TCEDA governing board and COPE expressly waives and disclaims any right to any pre-termination or post-termination notice and hearing, except as expressly provided in this Agreement. Tenure in this position of Economic Development Director shall not accrue as a result of this Agreement.

(b) COPE acknowledges, understands, and warrants that COPE shall have no further right or claim to employment after termination of the employment relationship between the TCEDA and COPE; and that no other document, handbook, policy, resolution or oral or written representation, of any nature whatsoever, shall be effective or construed to be effective to extend the Agreement or otherwise grant COPE any right or claim to continued employment with the TCEDA. This warranty has been relied upon by the

TCEDA as a material inducement to enter into this Agreement and, in the absence thereof, the TCEDA would not have entered into this Agreement.

5. **Resignation and Termination.**

COPE or the TCEDA governing board may terminate this Agreement at any time by delivering written notice to the other party. The party terminating this Agreement agrees to give the other party at least ninety (90) days' written notice prior to the effective date of termination. Such termination shall be irrevocable unless the parties mutually agree to allow the termination to be revoked. In the event COPE is terminated prior to the completion of the term of employment specified herein, COPE shall be entitled to one month severance pay for each year worked as the TCEDA Executive Director to a maximum of six months' accrued severance pay.

6. **Salary and Benefits.**

(a) The annual base salary of COPE effective April 3, 2016 shall be \$143,724.98, or \$ 11,977.08 monthly (Range 607, Step A).

(b) COPE shall also receive the same benefits and salary adjustments granted to employees of the Tuolumne County Executive/Confidential Compensation Plan of the COUNTY. The eighty (80) hours of management leave granted to COPE pursuant to Section 12(l) of the Executive/Confidential Compensation Plan is converted to eighty (80) hours of management pay each fiscal year in the form of a four percent (4%) pay differential equivalent to eight (8) pay ranges. Any concessions within the Executive/Confidential Compensation Plan shall not apply to COPE.

(c) COPE and his spouse's insurance (Employee +1) shall be covered 100% by the TCEDA and will adjust annually up or down depending on the total cost of the insurance during COPE's employment with TCEDA.

(d) As compensation for use of his personal vehicle for the benefit of the TCEDA, Cope shall receive a monthly automobile allowance, for in-county travel, of Five

Hundred Dollars (\$500.00). The monthly automobile allowance provided for in this subsection shall be added to COPE's base salary. Out of County mileage shall be reimbursed at the current IRS rate at the time of travel.

(e) As compensation for use of his personal broadband and cellular phone for the benefit of the TCEDA, COPE shall receive a monthly technology allowance of Two Hundred Dollars (\$200.00). The monthly technology allowance provided for in this subsection shall be added to COPE's base salary.

(f) COPE shall have the right to "Cash Out" up to 4 weeks (160 Hours) or the maximum allowed in the Executive/Confidential Compensation Plan of the COUNTY (whichever is greater) of accrued vacation per fiscal year. This "Cash Out" can be taken anytime during the fiscal year as long as there is sufficient accrued vacation to "Cash Out."

7. **Performance Evaluation.** In March of every contract year, or as soon thereafter as can be reasonably scheduled, the TCEDA governing board shall conduct a performance evaluation of COPE as Executive Director. In the event the TCEDA governing board determines COPE's performance to be satisfactory, COPE shall be entitled to one annual 1-step increase in his base salary as set forth in Section 6(a) effective April 1st.

8. **Relationship of Parties.** The relationship between the parties to this Agreement shall be one of employer/"at will" employee and shall be governed by the terms of this Agreement, and the terms of the Executive/Confidential Compensation Plan, which is incorporated herein by this reference. In the event of conflict between the terms of this Agreement and the Executive/Confidential Compensation Plan, the terms of this Agreement shall prevail.

9. **Nonassignability and Nondelegability.** COPE shall not, during the term of this Agreement, make any assignment or delegation of any of its provisions.

10. **Compliance with Law.**

(a) COPE shall, during his employment hereunder, comply with all laws and regulations applicable to such employment. Any act or omission of COPE constituting a

public offense involving moral turpitude or a withholding of services under this Agreement shall constitute a material breach of this Agreement relieving the TCEDA of any and all obligations hereunder.

(b) COPE shall not engage in any activity which is or may become a conflict of interest, prohibited contract, or which may create an incompatibility of office as defined under California law. COPE shall remain in the exclusive employment of the TCEDA during the term of this Agreement. Prior to performing any services under this Agreement and annually thereafter, COPE shall complete all disclosure forms required by law. Nothing contained in this Section shall prohibit COPE from participating in other outside employment, whether paid or volunteer, provided that such outside employment is approved in writing by the TCEDA governing board.

11. **Merger.** This writing is intended both as the final expression of the Agreement between the Parties with respect to the included terms and as a complete and exclusive statement of the terms of the employment agreement between the TCEDA and COPE. No modification of this Agreement shall be effective unless and until such modification is evidenced by a writing signed by both parties. This Agreement shall supersede and take precedence over any and all prior agreements, whether written or oral.

12. **Notices.** Any notices required by this Agreement shall be in writing and either given in person or by first class mail with the postage prepaid and addressed as follows:

TO TCEDA: Chairman of the Board
Tuolumne County Economic Development Authority
99 North Washington Street
Sonora, CA 95370

TO COPE: Larry Cope
231 Lyons Street
Sonora, CA 95370

13. **Implementation of Agreement.** The TCEDA governing board shall take all actions as required by law in order to implement the terms and conditions set forth in this Agreement.

[Signatures follow on next page]

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first written above.

"TCEDA"

BY: 
John Gray, Chairman

"COPE"

BY: 
LARRY COPE

APPROVED AS TO LEGAL FORM:
Tuolumne County Counsel

BY:  12-22-16
CARLYN DRIVDAHL, Deputy Date

ATTEST:

BY:  12/21/16
TCEDA SECRETARY Date

ATTACHMENT F – TCEDA BOARD MINUTES APPROVING CASH OUT IN
EXCESS OF 200 HOURS



**MINUTES OF THE REGULAR MEETING OF THE GOVERNING BOARD
TUOLUMNE COUNTY ECONOMIC DEVELOPMENT AUTHORITY**

LOCATION

TCEDA Offices
99 N. Washington Street
Sonora, CA 95370

Friday, February 10, 2017
9:00 am

1. Call Meeting to Order:

Chairman John Gray brought the regular meeting of the Tuolumne County Economic Development Authority (TCEDA) to order at 9:00 a.m.

2. Roll Call:

The following Board Members were present: Chairman John Gray, Member Jim Gianelli, Member George Segarini, Member Sherri Brennan, Member Barry Hillman, Member Connie Williams (left at 10:15 am) and Member Dave Thoeny (left at 10:00 am).

Also present were Economic Development Authority CEO Larry Cope, Secretary Malorie Sperry, County Administrator Craig Pedro and City Administrator Tim Miller.

3. Flag Salute: John Gray led the Flag salute.

4. Oral Communication: None

5. Consent Agenda:

- a. Approval of the November 18, 2016 TCEDA Governing Board's regular meeting minutes.

John Gray asked for any public comments and there were none.

Motion: Jim Gianelli moved to approve the minutes of the November 18, 2016 TCEDA Board Meeting. George Segarini seconded the motion. The Board approved by a 6-0-1 vote with Sherri Brennan abstaining.

6. Old Business: None

7. New Business:

a. Welcome New and Reappointed Board Members

The new board member and reappointed board members were welcomed to the board.

John Gray asked for any public comments and there were none.

b. Choose TCEDA Chairperson, Vice-Chairperson and Secretary for 2017 (Discussion and Action)

Motion: George Segarini moved to elect John Gray as TCEDA Chairperson. Barry Hillman seconded the motion. The Board approved by a 7-0-0 vote.

Motion: Jim Gianelli moved to elect George Segarini as TCEDA Vice-Chairperson. Barry Hillman seconded the motion. The Board approved by a 7-0-0 vote.

Motion: Sherri Brennan moved to elect TCEDA Staff as Secretary. Connie Williams seconded the motion. The Board approved by a 7-0-0 vote.

c. Board direction on current TCEDA contract with CSEDD and the board's interest in terminating current contract and/or responding to upcoming RFP. (Discussion and/or Possible Action)

Larry Cope informed the group that the CSEDD contract is coming to an end this year and the board needs to make some decisions on whether they want to apply for the RFP or end the contract with CSEDD. Larry illustrated to the group, by means of a chart, the amount of time he has spent on CSEDD related items. In the past year he spent around 60% of his time on projects, paperwork and meetings related to CSEDD. Last year the Economic Development Association (EDA) made some significant changes including a new point of contact and the elimination of matching the directors' time with donated time, all of which has created more paperwork, increased costs and resulted in an extensive revision of the CEDS.

There was a group discussion on the pros and cons of running CSEDD. Although everyone feels that there are benefits of being involved in CSEDD, the concern the

group has is the amount of time spent running the organization and the new costs that will be required to run it.

Questions were raised regarding TCEDA's involvement if they decide not to run CSEDD and what the future of the organization may look like. Tim Miller clarified that CSEDD does not dissolve if TCEDA no longer runs it. It just means that running the organization will go out to RFP. Larry Cope added that TCEDA would still have some involvement in CSEDD regardless of who runs it.

Larry Cope informed the group that another significant change is that the EDA focuses more on the planning aspect of the grant rather than implementation. This makes it difficult for rural regions to achieve their goals because they are typically the ones doing the actual work, not contracting out or having volunteers do the work.

There was some discussion on whether the County and City would be able to fill in the gap that will be left in the TCEDA budget if they do not run the CSEDD. After discussing the effects of the decreased budget, the Board Members from the City of Sonora and Tuolumne County agreed that they would presumably be able to find the money in their respective budgets.

John Gray asked for any public comments and there were none.

Motion: Jim Gianelli made a motion to terminate the contract with CSEDD and not respond to the upcoming RFP. Connie Williams seconded the motion. The Board approved by a 7-0-0 vote.

Motion: Jim Gianelli moved to allow TCEDA to finish out the 2016-17 contract with CSEDD ending on June 30, 2017. Barry Hillman seconded the motion. The Board approved by a 7-0-0 vote.

d. Approval of 2017-2022 TCEDA Work Plan (Discussion and Possible Action)

Larry Cope directed the boards attention to the proposed Work Plan included in their board packets. He pointed out a change he has made to "Action Item-D" which is not reflected in their copy. It will now say "Encourage workforce development and housing".

Larry Cope also pointed out some new additions to the 2017-2022 Work Plan, including long term research and planning as well as tracking measurable outcomes.

Jim Gianelli was really happy to see that there will be a focus on family wage jobs. The group agreed and decided to use the term family wage jobs rather than identifying a specific amount per hour in the work plan. Sherri Brennan added that she is happy to see workforce housing included and said it's one of the biggest factors that the BOS is currently focused on.

Dave Thoeny added that as Director of Mother Lode Job Training, one thing he is working on is helping local businesses with incumbent worker training. His organization is aiming to help those individuals who already have jobs but could benefit from more training to better their current positions.

Motion: Sherri Brennan moved to approve the 2017-2022 TCEDA Work Plan with the corrections discussed. Barry Hillman seconded the motion. The Board approved by a 6-o-o vote.

e. TCEDA FY18 Budget Recommendation to County of Tuolumne and City of Sonora (Discussion and Possible Action)

Larry Cope presented the proposed budget for TCEDA FY18. After approved by the board, the proposed budget will be presented to the City of Sonora and Tuolumne County. If any adjustments are necessary they can be completed before the public hearing in May.

Larry Cope explained in detail the changes in the budget from last year. He brought up the possibility of offering referral fees to aid in recruitment as well as a partnership with Valley Sierra SBDC to visit downtown Sonora businesses to assist in retention.

Craig Pedro informed the board that they will need to have a discussion regarding the CEO's compensation. Since the board voted last year to include Larry Cope in any increases or enhanced benefits of the Executive Confidential group, changes made to the MOU will result in an increase of compensation unless his contract is modified. John Gray brought up the option of placing a cap on the compensation and suggested the topic be included in the March agenda.

Motion: Jim Gianelli moved to approve TCEDA Staff submitting the proposed TCEDA FY18 Budget to Tuolumne County and the City of Sonora. Barry Hillman seconded the motion. The Board approved by a 6-0-0 vote.

f. CEO's Additional Cash-Out of Vacation (Discussion and Possible Action)

Larry Cope requested an additional vacation cash-out of 200 hours. Per his contract he is allowed one vacation cash-out of 200 hours per year. He is asking for an additional cash-out to help with some medical fees he's incurred.

Motion: Sherri Brennan moved to approve the request from Larry Cope to get an additional 200 hours of vacation cash-out. George Segarini seconded the motion. The Board approved by a 5-0-0 vote.

8. Director's Report:

Larry Cope gave a report on the active projects and prospects he is currently working on. He briefly updated the group on the capstone projects and the available retail properties in Sonora.

9. Board Report(s):

- Barry Hillman updated the group on HealthLitNow. He spoke about being a finalist in the California Health and Human Services Let's Get Healthy 2.0 contest. He also discussed the grant he received from California Community College.
- Sherri Brennan informed the group that the Board of Supervisors had their annual retreat and one of the top priorities they will be focusing on has to do with land use. She encourages people in the community to be a part of the process and get involved in the discussions.
- Tim Miller informed the group that the City of Sonora has their retreat next week. They will also have a workshop regarding the current laws and information regarding the legalization of marijuana use in California.

- John Gray informed the group that the Tesla Charging station in Groveland is fully operational and has been very popular. The 120 corridor is also considering a general charging station that can be used by other electric cars as well.

10. Adjourn

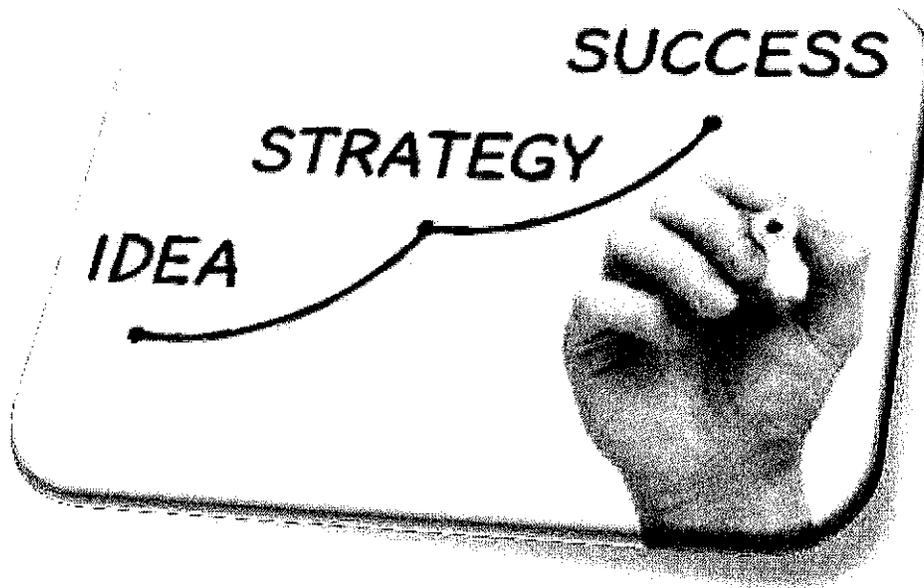
Chairman John Gray adjourned the meeting at 10:46 am.

Malorie Sperry

03/10/17

ATTACHMENT G – TCEDA BUSINESS GUIDE





The Business Guide

A GUIDE TO STARTING AND OPERATING
A SUCCESSFUL SMALL BUSINESS

This guide is made possible through the partnership of

TCEDA
TUOLUMNE COUNTY
Economic Development Authority

99 North Washington
Sonora, CA 95370
(209) 989-4058
larry.cope@tceda.net
www.tceda.net

Tuolumne County
SCORE ™

FOR THE LIFE OF YOUR BUSINESS

222 South Shepherd Street
Sonora, CA 95370
(209) 532-4316
score@mlode.com
www.tuolumnecounty.score.org

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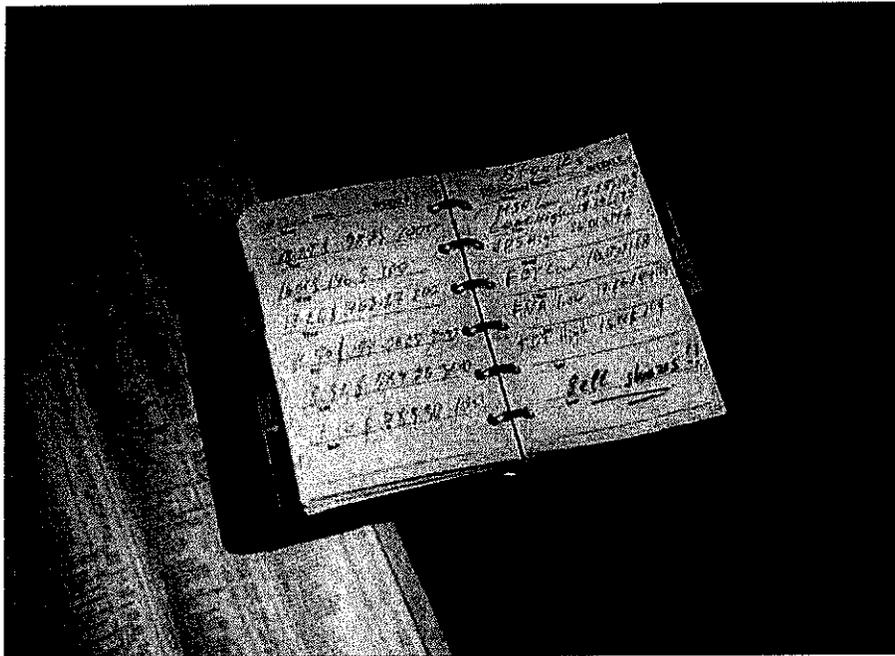
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APPENDICES

Appendix A: Small Business Self-Assessment

Appendix B: Tuolumne County’s Home Business Summary of Planning Regulations



Introduction

STARTING and OPERATING a SUCCESSFUL SMALL BUSINESS

Many people, at one time or another, have had visions of owning or operating a small business. Entrepreneurs often long for the independence of being their own boss and making a success in the market place by utilizing their special skills. Yet, it is well documented that upwards of 50% of all new businesses discontinue operations within the first two years and only 20% survive beyond five years. If you are considering launching a new business and this statistic does not cause you concern then consider how you would respond in the following scenario.

A friend comes up to you and asks to borrow \$25,000. He says he promises to pay you \$50,000 in two years, but there is a 50% chance he will never pay you anything. Would you lend him the money?

Now consider that you are asking yourself for the loan in order to go into business...would you give yourself the money if there was a 50% chance that the business would fail and you will never get any of your money back?

This guidebook is aimed at educating prospective business owners and budding entrepreneurs with the intention of increasing their chances for success. However, many factors ultimately determine the success or failure of any business venture. This guidebook or any material, regardless of the source, cannot guarantee business success. It is offered as information only and as such does not constitute any actual or implied assurance of business success.

1. GETTING STARTED: Licenses, Permits and Regulations

Overview – This guidebook is directed specifically at persons operating or planning to operate a business within Tuolumne County in the State of California. Most of the information is general in nature and applicable to most types of businesses within California and even the U.S.

Most cities and counties have planning and business licensing departments. If you are in an unincorporated area, the county controls most of your business requirements. Typically, the county continues to control health and food permits, hazardous waste regulations and pollution control issues. Check for details on requirements that apply whether you are remodeling an existing location or starting up a new business. If your business is located inside the city limits you need to check with your city's business and community development departments before you begin operating your business. Respective contacts are below:

City of Sonora - Community Development Office
94 North Washington Street
Sonora, CA 95370
(209) 532-3508
www.sonoraca.com

County of Tuolumne - Community Resources Agency
Mailing Address: *Physical Address:*
2 South Green Street A.N. Francisco Bldg, Fl 3 & 4
Sonora, CA 95370 48 W. Yaney Ave., Sonora, CA 95370

(209) 533-5633
www.tuolumnecounty.ca.gov



Business Licenses and Permits - All regular business permits are controlled at the county or city levels. Remember, if your business is located within the city limits, contact the business permit and licensing section of the City of Sonora. If you are locating your business in an unincorporated area of a county, check with Tuolumne County's Community Resources Agency. **In Tuolumne County, only businesses located within the City limits of Sonora require a business license at this time.**

Many professional occupations, such as accountants, cosmeticians, optometrists, realtors, contractors, and businesses such as automotive sales and repair, beer, wine, and liquor sales, pest control, real estate appraisers, to name a few, require additional state licensing. Contact the State of California Department of Consumer Affairs or the Contractor's State Licensing Board (www.cslb.ca.gov) to find out what licensing board governs your profession. For California businesses most of this information is now available at the state's web-site www.ca.gov. A great location to help guide you through the permitting and licensing process is www.calgold.ca.gov

Fictitious Name Statement - If you operate a business under any name other than your own, you must file a fictitious name statement. This is also referred to as a DBA (doing business as...). This statement must be filed with the Tuolumne County Clerk's office. There is a small application fee, and it must be paid when the statement is filed.

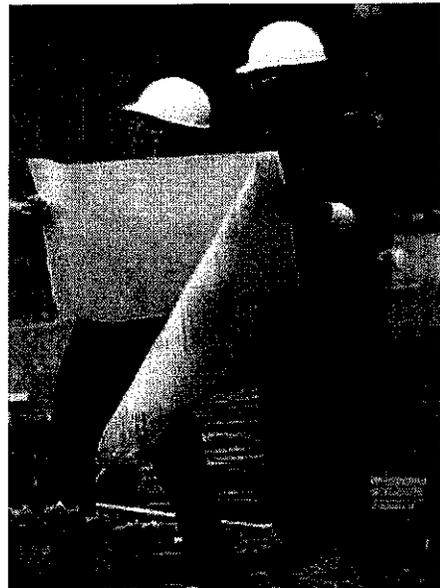
Within 30 days of filing for the fictitious business name, you must run a "Fictitious Business Name Statement" in a local newspaper with a general circulation in your market area. The statement must run "weekly" for 4 consecutive weeks. At the end of the 4 weeks, the newspaper will issue a "Proof of Publication" certificate that must be returned to the Tuolumne County Clerk within 30 days.

Seller's Permits - All businesses involved in the sale or rental of tangible personal property must register with the California State Board of Equalization for a seller's permit, resale license or "wholesalers" license. A security deposit may be required and can be done by; 1) Non-interest bearing cash deposit, 2) Bond, or 3) Bank or savings and loan certificate of deposit. This permit will provide you with a registered resale number that you are required to use when conducting business. Permits must be posted where they are clearly visible. To obtain more information on the seller's permit, resale license or wholesale license, contact the California State Board of Equalization or visit their web-site www.boe.ca.gov where you can register for a permit/license on line. To date there is no cost for these permits.

Other Permits - The City and County are responsible for public safety, and some permits may be required for your new business. Before you begin to remodel a building or even rearrange attached signs, etc., be sure to contact the Building Department and find out what permits are needed and the cost and proper procedures for the work. Check with appropriate local government agencies to learn about other permit requirements. *(See Section 1. Getting Started: Licenses, Permits and Regulations)*

Health and Food Permit - If you sell or handle food, a permit from Environmental Health Services (aka your local Health Department) is necessary. These regulations are extensive and precise. Make sure you talk to all agencies regarding your requirements. Ask a health inspector to do a "walk through" with you and advise you of potential code violations in the facility. California health and safety laws prohibit you from selling ANY food prepared in your home.

Construction Zoning - Your business must meet local zoning requirements and any construction must conform to local building codes. Building permits are required for new construction as well as structural building improvements. If you are seeking a location for your business, thoroughly investigate zoning ordinances to be sure your choice is zoned for your business activity. Don't just rely on the landlord or a Realtor; also contact the City or County Planning Department for advice.



Zoning and Home Business Requirements - Before signing a lease or beginning business you should verify that the location complies with all zoning regulations. Building and Planning Departments monitor compliance. Request a copy of the restrictions and allowances for that location. You may have to apply for a zoning permit known as a "conditional use" permit to allow for special uses. Ask the Planning Department what information they need; approximate costs, estimate time and the likelihood your special use will be approved. Ask if you are required to attend City Council/Board of Supervisors or Planning Committee meetings. You may need an occupancy permit before opening your business location to the public.

Sign Ordinance – Most cities and counties have two concerns with signs: general appearance and public safety. Most government entities require sign permits and building permits whenever you install, move or remove signs. In most case, you must pay a sign permit and a building permit fee. Business signs must be approved by the Building or Planning Departments. Number and size of each sign often depend on your store frontage and the particular location of your business. Find out the requirements before you spend any money to purchase a sign. Home-based businesses are usually not allowed to have any business signage.

Basic information the Planning Department needs:

Number of signs Size of each sign Placement of signs Design and color choices

Get a copy of the sign permit application so you know what documentation to provide. Applications require the building owner's approval, plans & specifications, color and material description. This is needed before you make the sign and submit the application. When the permit is approved, ask the Building or Permits Department if you must have a building permit to install the sign.

Federal Identification Number - All businesses with employees are required to obtain a Federal Identification Number from the IRS. Usually, a sole proprietorship without employees can use a social security number as identification until employees are hired. Partnerships must also obtain an identification number. If the partnership has no employees, it should be indicated on the form that the number is for identification purposes only, not to meet quarterly and yearly payroll reporting requirements. If you receive a Federal Employee Identification Number, the IRS may send you quarterly and year-end tax forms. These must be filled out and returned, even if you have no employees. In accordance with IRS regulations you are liable for federal withholding taxes, F.U.T.A (Federal Unemployment Tax Act), and F.I.C.A (Federal Insurance Contribution Act) if you have any employees. The IRS will provide kits for small businesses, information on how to estimate tax payments and complete tax forms, in addition to the Federal Identification Number form (#55-4). *IRS Hotline 1.800.829.1040*



State Employer Tax Identification Number - If you have employees, or plan to have employees, contact the Employment Development Department and file an application for a state employer tax ID number. This number will identify your business in all future tax dealings related to employees. Contact your local office of the Employment Development Department for more information. The EDD has an excellent "New Employers Startup Guide" available from its website, www.edd.ca.gov

Self-Employment Tax - This federal tax is designed to provide you with social security coverage if you are self-employed. Self-Employment Tax is substituted for the social security tax and is approximately twice the amount that is normally withheld from an employee's pay check. For more information contact your personal tax preparer or the IRS.

Regulations - There are numerous local, state and federal regulations governing business activities. Many businesses have regulatory requirements other businesses do not have. It is important you know the local city, county, and state regulatory requirements for your business

Health and Safety Requirements - You must operate your business in compliance with OSHA (Occupational Safety & Health Act) job safety regulations. All businesses with employees must develop and maintain a safety manual. Contact Cal-OSHA Consulting Services for information on compliance with OSHA safety requirements for employers.

Worker's Compensation Insurance - Workers' compensation provides benefits to employees who are injured or become ill during the course of or due to employment. In California, every employer is required to carry insurance to cover the cost of occupational injuries and illnesses. This insurance requirement is mandatory even if you have only one part-time employee. Companies based out-of-state with employees hired in California must also have California approved workers' compensation insurance. Worker's compensation insurance can be obtained through any number of national underwriters doing business in California or through State Compensation Insurance Fund. "State Fund" is a self-supporting, non-profit enterprise that provides workers' compensation insurance to many California employers. Contact a local insurance broker specializing in Worker's Comp policies to determine the most appropriate options for your business.



Wage, Hour and Child Labor Laws - If you hire employees, you will mostly likely have to meet the requirements of Federal Fair Labor Standards Act and the CA Fair Employment and Housing Act otherwise known as the "Labor Codes". Contact the California Department of Industrial Relations for information about compliance to laws prohibiting discrimination in employment based on sex, age, color, national origin, religion or physical and mental disabilities. When you have even one employee you must display in a prominent place all mandated employment postings/notices required under both Federal and State law.

Insurance - There are numerous types of insurance coverage your business may need depending on the nature of your business. A few types of insurance are:

- | | |
|-----------------------|--------------------------------------------------|
| Liability | Basic Fire insurance |
| Extended Coverage | Vandalism & Malicious Mischief Coverage |
| Theft Coverage | Automotive Insurance |
| Product Liability | Business Interruption Insurance |
| Worker's Compensation | Professional Liability or "Errors and Omissions" |

Contact a local insurance broker who is knowledgeable about business insurance to determine your specific needs.

Summary of Agencies - You may need approval from:

- City/County Building or Permit Department for building, electrical and plumbing modifications
- Local Sanitary Sewer District, especially if your food operation will discard large amounts of grease and other materials
- Police/Sheriff Department
- County Fire Marshall or City Fire Department
- Health Department
- Regional Air Quality Board
- State Regulatory Department(s) (when appropriate)

One excellent source listing potential regulatory agencies for your specific type of business is the Calgold web-site @ www.calgold.ca.gov



Checklist for New Business:

Using a checklist helps to assure that each facet of your business start-up is completed. The order of completion for each checklist item varies by business. Follow the order that is required by law or works best for you. Do not spend money on any item until you need too.

- _____ Determine the business activity most suitable for your skills and location.
- _____ Develop a Business Plan. (*See Section 2*)
- _____ Check local zoning laws and land use ordinances that might apply to your business.
- _____ Choose the legal structure your business will take. (*See Section 3*)
- _____ Determine whether your business requires a state or federal permit or license to operate.
- _____ Contact your local insurance broker to discuss and obtain the type of commercial insurance you will need.
- _____ Locate the services of an accountant, banker, insurance broker and lawyer (as appropriate).
- _____ Apply for a Federal Identification Number.
- _____ Employers: make sure that you have Worker's Comp coverage and complete all employer requirements before employees perform any work.
- _____ Obtain a local business license.
- _____ File and publish a fictitious business name statement with the County Clerk and local newspaper.
- _____ Opening a business checking account separate from your personal account.
- _____ Apply for a sales and use sellers permit if you plan to sell or rent tangible personal property.
- _____ Apply for a State Employer Tax I.D. Number (if you plan to have employees). (*See section 4*)
- _____ Obtain forms from the IRS and California State Franchise Tax Board for income tax reporting.



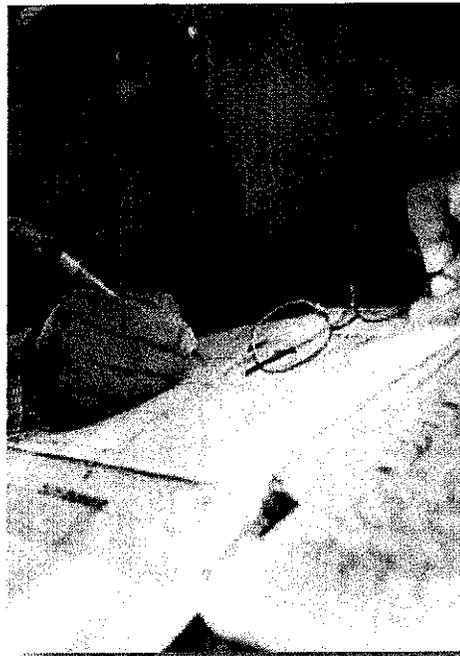
2. Writing Your Business Plan

"The Merchant who fails to plan...plans to fail" -- Benjamin Franklin --

The first step you should take once you decided to go forward with your business idea is to write a business plan. Your plan should outline who you are, who your customers are or will be, your product/service line, marketing strategy, resources needed to start and operate the business, and financial outcome projections.

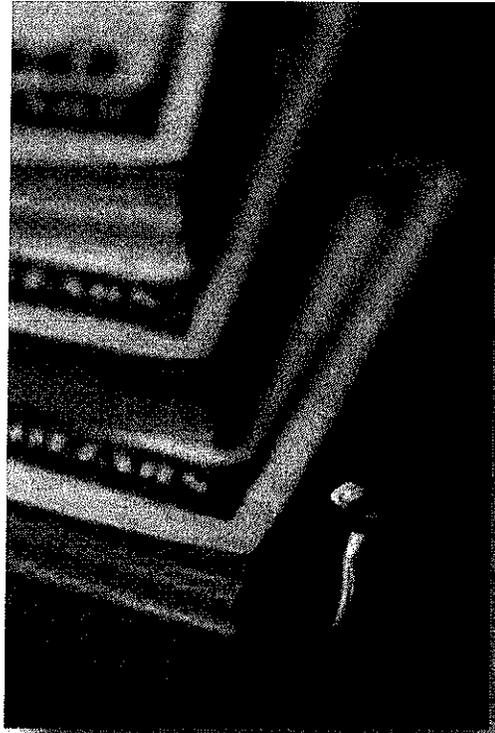
This business plan is a necessary tool when communicating your concepts to financial institutions if you are requesting to borrow money. It supplies the lender with a brief business history, insight into your business practices and goals, as well as a look at your strategy for the future financial success of your business. Perhaps most importantly, it should explain the business skills and management experience of the owners. Banks today are very reluctant to lend to persons without business management experience.

Preparing Your Business Plan - Developing a business plan is the most important thing you do before going into business. For a startup, the business plan is an assessment tool. As you work your way through all the points of the plan, you will have to continually reaffirm the viability of your business idea. As you grow, it will help you keep track of details you can no longer keep in your head.

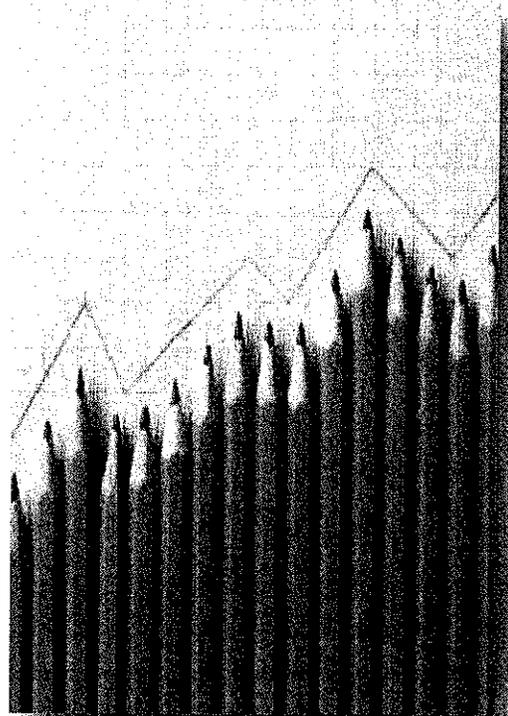


- **Blueprint or Road Map** - A thoroughly researched and well thought-out business plan will clarify your goals, focus your energy and resources, give direction to your work and gauge your progress.
- **Tool for Raising Capital** - A good business plan is essential if you plan to seek financing. To get a loan or attract investors, you will need to present a cohesive picture of your business, the management team, why the business will succeed and how you intend to repay the bank or other investors.
- **Format** - There is no magic formula for a business plan. It's important to understand the concept of business planning; writing an outline may help you avoid overlooking important points. Free advice is available from your local SBDC (www.alliancesbdc.com) or SCORE (www.tuolumnecounty.score.org) to assist you writing your plan.
- **Market** - Nothing is more important than knowing your market. The most innovative product or idea in the world won't make money if its inventor can't find customers for it. The biggest part of your planning efforts should go into a market study: Whom are you going to sell to, who is your competition, and how will your business be unique?

- **Cash** - It's important to realize that only cash is cash. There are two other keys points to remember. First, its only "cash" when it's in the bank and second, you can only spend a dollar once! Profits, accounts receivable, retained earnings and other entries on financial statements may look like cash, but they won't pay the bills. Good cash flow may not clearly show profits. But, a business that has insufficient cash to pay its expenses, could be showing profits and be in bankruptcy. Many businesses, especially those growing quickly, make the mistake of not controlling their cash position. According to the SBA the #1 reason that a young business fails is it simply runs out of cash and cannot get more. At that point "failure" is not a choice it becomes inevitable. Too often people spend earnings before they're received and when the money comes in they fail to realize it's already been spent. This is why funding your business with credit cards can be so disastrous if they're not used prudently and properly.



- **Financial Documents** - Regularly, well-prepared balance sheets and profit and loss statements are important management tools for any business owner. A good working knowledge of your financial statements will make it easier to work with your banker and accountant. Take the time to get a grasp of these important documents.
- **Break-even Point** - The break-even point is the level of revenue that covers the fixed and variable costs of providing your product or service. You must know the actual costs of doing business. Your fixed costs (rent, utilities, insurance, etc.) remain constant regardless of your sales. Your variable costs (cost of goods, sales commissions) fluctuate with sales. It's important that you be able to accurately identify your costs, know the sales level needed to break even and be able to meet or exceed that figure.



Business Plan Outline (*Example*)

I. The Business

- A. Executive Summary
 - 1. Business Name
 - 2. Location and Plant Description
 - 3. Product and Management Expertise
 - 4. Market Opportunity and Competition
 - 5. Financial/Business Goals
- B. The Business Description
 - 1. The Company
 - 2. The Industry
- C. Products and Service Features
 - 1. Description of Product Line
 - 2. Proprietary Position: Patents, Copyrights, Legal and Technical Considerations
- D. Management Concept
 - 1. Organization
 - a. Key Management Personnel/Staffing Plans
 - b. Management Compensations and Ownership
 - c. Supporting Professional Services
 - 2. Operations Plan/Overall Schedule
 - a. Key events/Milestones
 - b. Critical Risks and Assumptions
 - c. Community Benefits

II. The Market

- A. Customers
- B. Target markets and Trends
- C. Competition
- D. Estimated Market Share and Sales
 - 1. Ongoing Market Evaluation
- E. Marketing Plan
 - 1. Overall Strategy
 - 2. Pricing Policy
 - 3. Methods of Selling, Distribution and Servicing Products
 - a. Service and Warranty Policy
 - b. Advertising and Promotion

III. The Financials

- A. Financial Projection (3 Years)
 - 1. Profit and Loss Forecast
 - 2. Pro-Forma Cash Flow Analysis
 - 3. Pro-Forma Balance Sheet
 - 4. Capital Expenditures/break-even Chart
 - 5. Historic Financial Data
- B. Proposed Financing/Cash Needs

3. Legal Structures for Your Business

You must consider a type of legal structure for your business. There are many subtleties involved in deciding the legal structure that best meets the present and future needs of your business and owners. The advice of a CPA and an attorney could be helpful in your decision. By default your business will automatically be a sole proprietorship if it is owned and operated by an individual, (in California a husband and wife can be a Sole Proprietorship), or a partnership, if two or more individuals own the business.

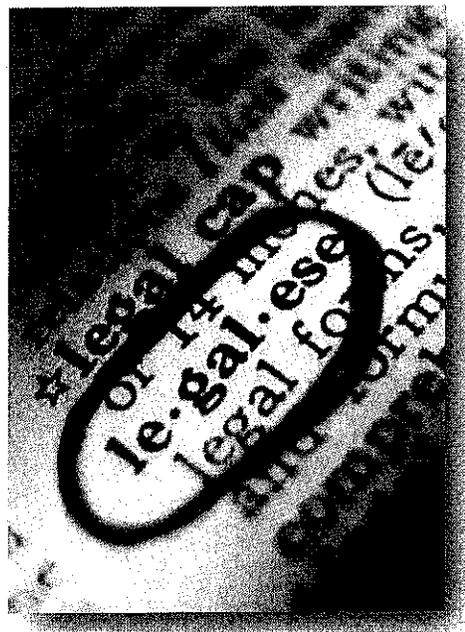
Sole Proprietorship - The simplest form of organization is the "sole proprietorship". One person owns the business and is responsible for all business decision-making. There are few legal restrictions, the owner receives all the profits from the business and that "business income" is taxed on his/her personal income return. The owner is also personally liable for all claims against the business (this includes business debt and legal claims and judgments). The sole-proprietorship automatically ends with the death of the owner.

- Taxed as Personal Income – Federal Tax Forms
 - ✓ Schedule C (Form 1040)
 - ✓ Estimated Tax (Form 1040)
 - ✓ Self-Employment Contribution (Schedule SE of form 1040)

General Partnership - A general partnership is the combining of resources and skills by two or more people acting as co-owners and managers of a business. It is easy to establish and requires no specific written agreement between the parties, however, an adequate written agreement is recommended to minimize or hopefully eliminate any future disputes. This partnership ends with the death or withdrawal of one of the partners or addition of a new partner. There should always be a written addendum to any original agreements when changes occur. Each partner is personally liable for **ANY** and **ALL** business debts and assets. Any business profit is taxed as personal income at the same proportion that it is distributed to each partner. Partnerships must file all state and federal tax returns.

- Partnerships – Federal Tax Forms
 - ✓ Income Tax as Personal Income of each Partner (Form K-1 1065)
 - ✓ Information Return (Schedule K. Form 1065)
 - ✓ Estimated Tax Payment (Form 1040)
 - ✓ SECA (Form SE)

Limited Partnership - No limit on the number of partners, but there must be at least one general partner. Limited Partnerships are required by law to register with the State Secretary's Office in Sacramento (there is a fee). A limited partnership allows an investor to become a partner without assuming unlimited liability. These investors usually risk only the amount of their initial investment and must avoid any operational control over the business. Income is reported as personal income. The IRS has special income tax rules for limited partnerships.



Corporation - A corporation is the most complex form of organization. It is an artificial legal entity that exists separately from its owners. It can enter into contracts, pay taxes and be held liable for claims against it. Since it is a separate legal entity, the death of a stockholder or sale of stock will not affect the corporation's ability to conduct business. Investors are not liable for any claims against the corporation's ability to conduct business or beyond the amount of their investment. Capital may be raised for the corporation by sale of stocks, bonds, debentures or going public.

The tax structure for corporations is more complicated. Articles of Incorporation must be filed with the Secretary of State. Corporations must prepay their annual minimum franchise tax to the State for the "right" of doing business in CA. A statement of Domestic Incorporation must be filed with the Secretary of State each year updating officers and addresses, if the business is incorporated in California.



- **Corporations**
 - ✓ Taxed as a separate entity (Use Form 1120). They also must make estimated tax payments. Form 1120W provides instructions on making estimated payments.
- **Subchapter "S" Corporations**
 - ✓ Taxed as a partnership (Use Form 1120S for information) Subchapter "S" Corporations must also make estimated tax payments.
 - ✓ Contact the IRS for a free copy of publication #589, "Tax Information on 'S' Corporation."

Limited Liability Company ("LLC") - An LLC is a relatively new form of business entity that allows for the liability protection of a corporation, but operates like a partnership. It can be owned by one person ("member") or multiple people, and it can either be managed by all of the members, or if only one person is going to be running the business, that person can be designated as the "manager" of the LLC. Either way, all of the members will have limited liability for the debts incurred by the LLC. However members, in most cases, are still fully liable for debts or liabilities they "personally" take-on or cause.

4. Outside Services and Important Contacts

Here are a number of outside professionals with whom a new business person should establish a relationship.



Small Business Development Centers (SBDC) & SCORE – Both offer free guidance, research and counseling. SBDC's also offer a variety of business management workshops throughout the year at their location and in conjunction with colleges, chambers of commerce and local cities. For the location of your local SBDC or SCORE chapter visit the U.S. SBA web-site www.sba.gov and scroll over "Local Resources" on the home page.

Accountant - An accountant should be consulted to set up a good bookkeeping system for your business. Inadequate record keeping is a leading contributor to the failure of small businesses.

Attorney - An attorney's services are not only essential in the planning stages of your business, but throughout the life of your business. They can assist in choosing your legal structure, reviewing lease agreements, drawing up partnership agreements or incorporation papers, structuring contracts, as well as providing information on your legal rights and obligations.

Banker - Capital requirements of a small business make it essential that a good working relationship be established with a local banker. They are a good source of financial information and for obtaining financing.

Insurance Agent/Broker - An insurance agent/broker can advise you about the type of coverage necessary for your business. They may be able to tailor a package to meet your specific needs.

5. **Additional Business Resources:**
County of Tuolumne & City of Sonora

Professional Business Counseling Services

Tuolumne County Economic Development Authority (TCEDA)

Larry Cope, Director of Economic Development
(209) 989-4058
larry.cope@tceda.net
www.tceda.net

Tuolumne County SCORE Mother Lode Chapter 596

Chapter Chair
(209) 532-4316
score@mlode.com
www.tuolumnecounty.score.org

Small Business Development Center (Alliance SBDC)

Center Director
(209) 567-4910
www.alliancesbdc.com

Tuolumne County Chamber of Commerce

Executive Director
(209) 532-4212
info@tcchamber.com
www.tcchamber.com

The City of Sonora has established a Microenterprise Assistance Program. The Program is targeted for small businesses and is designed to stimulate growth and create new private enterprise jobs that will improve the economic conditions of residents in the community. The Program provides technical assistance and Micro Loans to eligible persons starting a business or expanding an existing business within the City of Sonora.

Microenterprise Program – City of Sonora

Community Development Director
(209) 532-3508
www.sonoramicroenterprise.com

Business Training and Entrepreneur Programs

Innovation Lab & Maker Space

Valerie Davidson
(209) 965-7924
myinnovationlab@outlook.com
www.myinnovationlab.org

Columbia College Entrepreneur Program

Ida Ponder, Director
(209) 588-5304
ponderi@yosemite.edu
www.gocolumbia.edu

Columbia College – Career Technical Education & Economic Development

Klaus Tenbergen, Dean
(209) 588-5142
tenbergenk@yosemite.edu
www.gocolumbia.edu

Office of Education – Computer Skills Classes

Educational Services, County Superintendent of Schools Office
(209) 536-2031
dadamiak@tcsos.us
www.tcsos.us

Financing: Small Business Loans

Revolving Loan Fund/Microenterprise Loans – County of Tuolumne

Maureen Frank, Deputy County Administrator
(209) 533-5511
mfrank@co.tuolumne.ca.us
www.tuolumnecounty.ca.gov

Microenterprise Program – City of Sonora

Kim Campbell, Community Development Department
(209) 532-3508
kcampbell@sonoraca.com
www.sonoramicroenterprise.com

Bank of America

(209) 533-6100
www.bankofamerica.com

Bank of Stockton

(209) 532-3631
www.bankofstockton.com

BBVA Compass Bank

(209) 536-1080

www.bbvacompass.com

Clearinghouse CDFI

(530) 923-4148

(530) 635-4423

www.clearinghousecdfi.com

Fresno CDFI

(559) 263-1277

www.fresnoeoc.org

Oak Valley Community Bank

(209) 532-7100

Small business loans (loans under \$250K)

(209) 396-1581

Commercial Loan Officer (loans over \$250,000)

(209) 396-7723

www.ovcb.com

Rabobank

(209) 436-1800

www.rabobankamerica.com

Success Capital EDC (Small Business Administration Loans)

(209) 521-9372

www.successcapitalsba.com

Umpqua Bank

(209) 588-8800

(209) 588-2649

www.umpquabank.com

Wells Fargo Bank

(209) 532-3106

(209) 533-2103

www.wellsfargo.com

Westamerica

(209) 536-1000

www.westamerica.com

Valley Small Business Development Corporation

(559) 476-3970

(559) 438-9680

www.vsbdc.com

Chambers of Commerce and Visitor's Bureau

Tuolumne County Chamber of Commerce

(209) 532-4212
info@tcchamber.com
www.tcchamber.com

Columbia Chamber of Commerce

(209) 536-1672
info@columbiacalifornia.com
www.visitcolumbiacalifornia.com

Sonora Chamber of Commerce

(209) 964-4405
info@sonorachamber.org
www.sonorachamber.org

Twain Harte Chamber of Commerce

(209) 586-4482
info@twainhartecc.com
www.twainhartecc.com

Yosemite Chamber of Commerce

(209) 962-0429
info@groveland.org
www.groveland.org

Promotion Club of Jamestown

(209) 984-3370
www.jamestownca.org

Tuolumne County Visitor's Bureau

(209) 533-4420, (800) 466-1333
tcvbinfo@mlode.com
www.tcvb.com

County of Tuolumne

Fictitious Business Name and Zoning Affidavit

County Clerk
County of Tuolumne Administration Offices
2 South Green Street, Sonora, CA 95370
(209) 533-5573
clerk@tuolumnecounty.ca.gov
www.tuolumnecounty.ca.gov

Unless your own name appears in the name of your business, you will need to file a Fictitious Business Name Statement at the County. If checks will be made out under your business name, you will want to open a business checking account to be able to cash checks. Appear in person to fill out forms, including an Information Questionnaire and a Zoning Affidavit, and then walk this paperwork over to the Community Resources Agency's Planning Department located at 48 West Yaney Avenue, Sonora. There is a small application fee, and it must be paid when the statement is filed.

Business License

The County of Tuolumne does not require business license if your business is or will be located in an unincorporated area of the County; however, if you are conducting business within the Sonora city limits, a business license is required regardless of your business location and can be obtained at City Hall (*see City of Sonora*).

Building/Planning/Zoning/Code Compliance

Community Resources Agency
48 West Yaney Ave. (Francisco Building)
(209) 533-5633
www.tuolumnecounty.ca.gov

If your business will be or is located in the unincorporated area of the County, it is prudent to be certain that your type of business qualifies as a permitted use and complies with current County zoning before purchasing property or signing a lease. Apply for the required permits before you "open for business."

Home Occupation Permit – *See Appendix B*

City of Sonora

Business License

City Hall, City of Sonora Administration at (209) 532-4541
94 North Washington Street, Sonora, CA 95370
Community Development (209) 532-3508
www.sonoraca.com

A business license is required by the City of Sonora if your business is either located within the City Limits or you are conducting business within City limits whether working as a contractor, performing cleaning or yard services, a taxi cab, or other professional services. Start with City Hall, and ask for a business license packet, which includes a Business License application and fee structure, an Occupancy Permit Application, Occupancy Permit Requirements checklist, and an Emergency Response Information form for fire and police safety. Zoning Affidavit is also required with each business license which is available from the Community Development Department located upstairs at City Hall. There is a business license fee which varies in cost according to your location, and a separate fee for the inspections. Once approved, your business license will be mailed to you or you can pick it up at City Hall.

Occupancy Permit

For all new businesses located within the city limits, the City of Sonora requires an approved Occupancy Permit Application and inspection to assure that basic minimum building and fire safety standards are met. Contact the Community Development Department for more information on Occupancy Permit Requirements.

Home Occupation Permit

Some businesses which have few or no impacts may be allowed to be operated out of an existing residence. Such businesses must obtain a Home Occupation Permit. Contact the Community Development Department for more information regarding Home Occupation.

Sign Permit

Sign Permits and Design Review are required for most signs within the City Limits.

Sign Information – City of Sonora

Sign Guidelines – City of Sonora

Sign Application – City of Sonora

Planning and Zoning/New Construction/Use Permit

Before selecting a particular location, zoning requirements should be reviewed for the proposed business type. If there will be new construction or additions/renovations to an existing building, a Construction Permit Application is required, and plans will have to be reviewed and required permits obtained. Some commercial businesses must also obtain a Use Permit to operate in the City of Sonora.

Health Permit

Tuolumne County Environmental Health Division (*see County of Tuolumne*)

(Division of Tuolumne County Community Resources Agency)

(209) 533-5633

www.tuolumnecounty.ca.gov

If the business will involve the handling of foods, you must consult the County of Tuolumne's Environmental Health Office and obtain a permit.

Fictitious Business Name Statement

Tuolumne County Clerk (*see County of Tuolumne*)

2 South Green Street

Sonora, CA 95370

(209) 533-5573

www.tuolumnecounty.ca.gov

Every person who regularly transacts business in the State of California for profit under a fictitious business name must file a Fictitious Business Name Statement. The form is filed with the County Clerk of the County of the principal place of business.

City of Sonora Police Department

Chief of Police

100 S. Green Street, Sonora, CA 95370

(209) 532-8143

www.sonorapd.com

Sonora Fire Department

Fire Chief

201 S. Shepherd Street, Sonora, CA 95370

(209) 532-7432

www.sonorafire.com

State of California Tax & Employer Information

California Seller's Permit

California State Board of Equalization
(800) 400-7115
www.boe.ca.gov/sutax/faqresale.htm

A *seller's permit* allows an individual or a business to buy products at wholesale prices and sell at retail prices, which favors profitability. You must obtain a seller's permit if you are engaged in business in California and intend to sell or lease tangible personal property that would ordinarily be subject to sales tax if sold at retail. Both wholesalers and retailers must apply for a permit, and the requirement applies to individuals, corporations, partnerships and limited liability companies. A *seller's permit* allows you to collect sales tax from customers and report those amounts to the State of California on a regular reporting period (either monthly, quarterly, or annually).

There is no charge for a seller's permit, but security deposits are sometimes required. If you have purchased an existing business, you must provide the previous permit information. If you plan to make sales for less than 90 days (e.g., Christmas tree stands or craft fairs), you may apply for a temporary seller's permit. You can apply online using electronic registration (eReg) or you may apply at a nearby BOE office.

Your permit is valid only as long as you are actively engaged in business as a seller. If you are no longer conducting business, you should return your permit to the BOE for cancellation. For more information please see Buying, Selling, or Discontinuing a Business. Likewise, the BOE may cancel your permit if it finds that you are no longer engaged in business as a seller.

<http://www.boe.ca.gov/sutax/faqseller.htm#1>

http://www.taxes.ca.gov/Sales_and_Use_Tax/SellersPermit.shtml

California Resale Certificate

A "resale certificate" is required by the State of California as proof that you have a seller's permit to purchase a product from a wholesaler distributor or supplier in order to *resell* it at a retail price. Your supplier will ask you to provide a resale certificate as proof that the product was purchased for resale. The certificate may be as simple as a note, letter or memorandum; however the certificate must contain specific information. For a sample resale certificate, here is a link: <http://www.boe.ca.gov/pdf/boe230.pdf>.

State Taxes – Withholding

Employers must register with the State Employment Development Department.
www.edd.ca.gov

Fair Employment

Employers are required to provide information to employees regarding employment rights and to display certain posters where employees may readily see them.
www.dfeh.ca.gov

Workers Compensation

Under California Law Worker's Compensation Insurance is mandatory for all employers. Contact the State Compensation Fund regarding the requirements of Workers Compensation Insurance.
www.statefundca.com

Alcoholic Beverage Control

If the business will sell alcoholic beverages, you must contact the State Department of Alcoholic Beverage Control.

www.abc.ca.gov

Contractor's State License Board

If the business is in the construction industry, contact the State Contractor's License Board to determine what special permits/licenses may be required.

www.cslb.ca.gov

State Licenses

The State of California imposes license requirements and fees on more than 100 businesses and professions. The Department of Consumer Affairs grants most licenses.

www.dca.ca.gov

Business Filing

If forming a corporation, a limited liability company, or a partnership, you must file with the California Secretary of State.

www.ss.ca.gov

CAL-OSHA

If the business will have employees, there are laws that govern safety standards designed to prevent injuries arising out of unsafe or unhealthy working conditions.

www.dir.ca.gov

Small Business Administration (Sacramento District) - (916) 735-1700

www.sba.gov/offices/district/ca/citrus-heights

California Business Portal

www.business.ca.gov

California Business Guide

www.business.ca.gov/StartaBusiness.aspx

California Chamber of Commerce

www.calchamber.com

Franchise Tax Board

www.ftb.ca.gov

Information relating to employer withholding and tax payment requirements

State Board of Equalization

www.boe.ca.gov

Information relating to sales or use tax liability, special taxes and fees, property tax administration, and franchise and income tax appeals.

Employment Development Department

www.edd.ca.gov

Information relating to unemployment insurance, disability insurance and employment tax

Department of Consumer Affairs

www.dca.ca.gov

Information relating to licensing requirements at the state level for specific business entities

Department of Insurance

www.insurance.ca.gov

Information relating to requirements for insurance companies, agents and brokers

State Bar of California Office of Certification

www.calbar.ca.gov

Information relating to registration of law corporations and limited liability partnerships

Department of Industrial Relations

www.dir.ca.gov

Information relating to worker's compensation requirements

Tax Information Center

www.taxes.ca.gov

Information relating to income, payroll, sales and use tax for California businesses

CalGOLD

www.calgold.ca.gov

Excellent website that provides detailed information on the business permit, license and registration requirements from all levels of government.

Small Business Fairs

www.boe.ca.gov/sutax/tpsched.htm

Free seminars for small business owners sponsored by several California tax agencies to assist with the tax aspects of a business.

Division of Corporations – (866) 275-2677

www.dbo.ca.gov/About_DBO/organization/doc.asp

Responsible for the regulation of securities, franchises, off-exchange commodities, investment and financial services, independent escrows, consumer and commercial finance lending, and residential mortgage lending.

Department of Financial Institutions

www.dbo.ca.gov/About_DBO/organization/dfi.asp

Information relating to credit unions, industrial loan companies, banks, savings and loan.

Federal Tax & Employer Information

Internal Revenue Service (IRS) - www.irs.gov

Businesses will be required to file various tax forms (income, self-employment, property, sales and use, payroll, excise, etc...) using a tax identification number, social security number for sole proprietors or an Employer Identification Number for businesses with employees. The IRS offers workshops to assist businesses in the completion of federal forms and requirements for businesses and employers. For more information call the IRS hotline 1 (800) 829-1040.

- Investment tax credit for purchase of certain types of equipment: up to 10% of qualified investments for new items and 10% of first \$125,000 for used equipment.
- Collection and/or payment of:
 - ✓ F.U.T.A.-Federal Unemployment Tax Form 940
 - ✓ FICA-Social Security (Employee and Employer)
 - ✓ Form 941-Employees should get Circular & Employers Tax Guide, IRS publication 15.
- Federal Income Tax Withholding:
 - ✓ W-4 Employee Withholding Certificate
 - ✓ W-2 Employee Wage and Tax Statement
 - ✓ W-3 Transmittal of Income and Tax Statements to Social Security Administration.

Federal Tax ID Number/Employer Identification Number (EIN)

- *Apply online:* [https://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Apply-for-an-Employer-Identification-Number-\(EIN\)-Online](https://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Apply-for-an-Employer-Identification-Number-(EIN)-Online)
- *Apply by phone:* Business & Specialty Tax Line at (800) 829-4933 to obtain EIN immediately. An assistor takes the information, assigns the EIN; provides the number to an authorized individual.
- *Apply by fax:* Complete Form SS-4. See "Where to File – Business Forms and Filing Addresses." The EIN will be faxed back within 4 business days from receipt
- *Apply by mail:* Processing time is 4 weeks

U. S. Business Advisor

www.business.usa.gov

Information and services provided by the government for the business community

Small Business Administration

www.sba.gov

Information regarding starting and managing small businesses

U.S. Customs

www.cbp.gov

Information regarding importing and exporting issues related to the U.S. Customs Service

U. S. Department of Commerce

www.commerce.gov

Promotes American businesses, keeps a vast array of economic statistics, conducts the census, issues patents and trademarks, sets industrial standards

U.S. Department of Labor

www.dol.gov

Resources for Federal Labor Laws and regulations associations or savings banks.

6. Additional Tips to Success

Planning

- ❖ Have a realistic Business Plan and *follow it!*
- ❖ See a Bookkeeper/Tax Consultant for payroll and other financial systems before opening your doors for business.
- ❖ Prepare realistic cash flow budgets prior to starting the business. Evaluate what a break-even revenue point is and whether or not you can reach it before your funds expire.
- ❖ Don't increase overhead prematurely. Don't grow faster than your finances and time will allow.
- ❖ Establish documented internal controls. Make sure employees understand how to implement them. Then, establish follow-up procedures. Separate cash handling and bill paying duties. Have adequate checks and balances.
- ❖ Be sure you are adequately financed to stay the course.
- ❖ Use the Self-assessment (Appendix A) included in this guide as a checklist.

General

- ❖ Take advice from experts, not friends!
- ❖ Cover all the bases. You may know your field, BUT, don't assume-get the facts, especially on major decisions!
- ❖ **Good** professional help is worth every penny you pay for it.

Employer Rules and Health Care

- ❖ If you have, or plan to have, over 20 employees, State and Federal laws are much more extensive. Also, for 20+ employers, providing health insurance is very complex. Spend time considering what health insurance benefits you can afford and wish to offer your employees. Get professional advice!
- ❖ Make yourself aware of the Wage & Hour laws, state & federal Discrimination Laws and the concept of "At Will" employment.
- ❖ Don't forget to provide for your own health insurance and medical expenses.
- ❖ Take time off when you can, this is VERY important to prevent personal illness and emotional stress.

And Finally.....

Ownership of a business is a challenge and requires a lot of hard work. However, when done properly, it can give you the financial and personal independence you want and great satisfaction. We wish you much success and hope the information presented in this document will assist you and provide guidance along the way in starting and operating your own profitable business in California.

APPENDIX A
Small Business
Self-Assessment

APPENDIX A

SMALL BUSINESS SELF ASSESSMENT

Date: _____

Name: _____ Email: _____

Business Name: _____

Developing a Business & Marketing Plan

Check the boxes that apply: item completed, check "YES" or check "NO" if you need to do it.

YES NO

- Executive Summary** (write this last – 2 pages or less)

General Company Description

- Describe your business/service in general terms
- Mission Statement
- Company Goals and Objectives
- Business Philosophy: what is important to you in business?
- Target Market: To whom will you market your products? Niche: in a short paragraph, define your niche or unique corner of the market
- Describe your industry. What changes do you foresee in short and long-term? How will your company be poised to take advantage of them?
- Describe your most important company strengths and core competencies. What factors will make the company succeed? What background experience, skills and strengths do you personally bring?
- Legal form of ownership: sole proprietor, partnership, corporation, Limited Liability Corporation? Why?

APPENDIX A

Operational Plan

YES NO

Production: how and where are your products produced? Explain your methods

- Production techniques and costs
- Quality control
- Customer Service
- Inventory Control
- Product Development

Location: describe what you need

- Physical requirements: amount of space, type of building, zoning, power/utilities
- Access: parking, dock, easy walk-in access, convenient to suppliers or transportation
- Cost: rent, maintenance, utilities, insurance, initial remodeling
- Business Hours?

Legal Environment: do you know what you need or are required to have?

- Licensing and bonding requirements
- Permits
- Health, workplace, or environmental regulations
- Special regulations covering your industry or profession
- Zoning or building code requirements
- Insurance coverage
- Trademarks, copyrights, or patents (pending, existing or purchased)

Personnel and Human Resources

- Number of employees: full-time; part-time, contract?
- Type of labor (skilled, unskilled and professional)
- Where and how will you find the right employees?
- What is the quality of existing staff?
- Do you have a pay structure?
- Training methods and requirements
- Who does what tasks?

APPENDIX A

Operational Plan (cont.)

YES NO

- Do you have schedules and written procedures prepared?
- Job Descriptions?
- Employee Manual?

Inventory

- What kind of inventory will you keep: raw materials, supplies, finished goods)
- Average value of stock (what is your inventory investment?)
- Rate of turnover of inventory?
- Seasonal buildups?
- Lead time for ordering?

Suppliers: Identify key suppliers

- List of suppliers: names and contact information
- Type of inventory and amount from each supplier
- Credit, payment and delivery policies
- History and reliability

Credit Policies

- Will you extend credit to your clientele? Is it customary in your industry?
- If so, what policies will you have about who gets credit and how much?
- How will you check creditworthiness of new applicants?
- What terms will you offer: how much credit and when is payment due?
- Will you offer prompt payment discounts? Do this only if it is customary.
- What will it cost you to extend credit? Is this cost built into your prices?
- Accounts Receivable/Payable: policy for slow paying customers?

APPENDIX A

Management and Organization

YES NO

- Who will manage the business day-to-day?** What experience does this person have? Is there a plan for continuation of the business if this person is lost or incapacitated?
- More than 5 employees:** create an organizational chart showing management hierarchy. Who is responsible for key functions? Include position descriptions.
- Professional and Advisory Support:** who is your support system?
- Board of Directors, Management Advisory Board
- Attorney
- Accountant
- Insurance Agent
- Banker
- Consultant(s)
- Mentors and key advisors

Financial Plan

- Do you have a personal financial statement?** Show assets and liabilities held outside the business and personal net worth.
- Startup Expenses and Capitalization**
- Do you have an itemized budget for startup expenses?
- Twelve month Profit and Loss Projection**
- Sales projections** (sales forecast, cost of goods sold, expenses)
- Profit projections** (month-by-month profit for one year)
- Narrative explaining the major assumptions used to estimate income and expenses
- Three year Profit and Loss Projection**
- Cash-flow Projection** (preliminary expenses, operating expenses, reserves)
- Projected Balance Sheet** (liabilities or debts subtracted from assets = equity)
- Break-even Calculation:** predicts sales volume at a given price required to recover total costs

APPENDIX A

Marketing Plan

YES NO

Primary Market Research: gathering your own data (e.g. traffic study, identify competition)

Secondary Market Research: use published information (e.g. industry studies, demographics, trade journals)

Economics: How much do you know about your industry?

Total market size?

Your percentage of market share?

Is there a consumer demand in your target market? What are the trends?

What barriers do you face? (e.g. high capital costs, production costs, marketing costs, training, skills, shipping costs, patents)

Product Features and Benefits: from your customer's point of view

List all your major products or services in detail

Describe the most important features: what is special or unique?

Describe the benefits: what will the product do for the customer?

What after-sales services will you give? (e.g. delivery, warranty, service contract, refunds)

Pricing: What are the pricing, fee or leasing structures of your products or services?

Explain method of setting your prices without diminishing your profit margin. Are your prices higher, lower or the same as than your competition?

Location: what do you need and how will it affect your customers? Is location important? Is it convenient? Parking? Image?

Distribution Channels: how do you sell your products or services (e.g. retail, direct, wholesale, your own sales force, agents, independent reps, contract bids)

Sales Forecast: use a sales forecast spreadsheet to prepare a month-by-month projection

Customers: identify your customers' characteristics, psychographics, demographics (e.g. age, gender, location, income, social class, occupation, education)

Competition: what products/companies compete with you? How will your products or services compare with the competition? List your major competitors (direct/ indirect)

APPENDIX A

Advertising and Promotions

YES NO

- What is your promotional budget? Before startup and ongoing expenses.
- Advertising: what media, how often and why? Why this mix?
- What low-cost methods can you identify in your advertising and promotions budget?
- Other methods: trade shows, catalogs, dealer incentives, social networks, website, referrals
- What image do you want to project? How do you want your customers to see you?
- Logo, business cards, letterhead, brochures, signage, interior design of place of business
- How will you identify repeat customers and contact them?

Business Materials

Check the items you need or would like to have

- Logo
- Signage
- Business Cards
- Brochures
- Website
- Facebook Page for Business
- Twitter account
- Other advertising materials _____
- Industry studies
- Blueprints and plans
- Maps and photos of location
- Detailed list of equipment owned or to be purchased

APPENDIX A

Business Materials (Cont.)

- Copies of leases and contracts
 - Letters of support or testimonials from customers
 - Market Research Studies
 - List of assets available as collateral
 - Financial Documents
 - Other _____
-

Small Business/Entrepreneur Self Planning

Today's date: _____

1. _____

2. _____

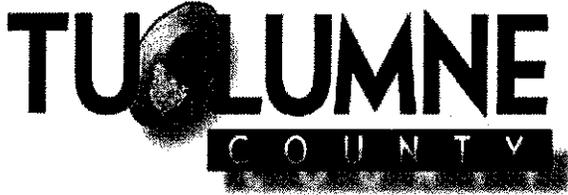
3. _____

4. _____

5. _____

6. _____

APPENDIX B
T. C. Home Business
Summary of Planning
Regulations



Community Development Department
48 W. Yaney Avenue, Sonora
Mailing: 2 S. Green Street
Sonora, CA 95370
209 533-5633
(209) 533-5616 (fax)
www.tuolumnecounty.ca.gov

Home Business Summary of Planning Regulations

Home businesses are defined by Section 17.04.430 of the County zoning ordinance and the authority to regulate them is provided by Chapter 10: Implementation Program 10.E.c of the General Plan. First check with the Community Development Department on whether your business fits the following description of a HOME OCCUPATION:

1. The business or occupation is conducted entirely within the dwelling or private garage. Storage of business materials or equipment outdoors is prohibited.
2. The business or occupation is conducted exclusively by the inhabitants of the residence and is entirely incidental to the residential use of the parcel.
3. Only one name sign (two square feet or less in area, showing the owner's or occupant's name, address or home occupation) is permitted.
4. There are adequate (as determined by the Community Development Director) off-street parking spaces in addition to the two required for a single-family residence.
5. The business shall not change the residential character of the dwelling or private garage. (Noise, visual, odor and traffic)

The purpose of these rules is to preserve the quality of residential neighborhoods from uses which are noisy, unattractive, and generate traffic. Examples which meet the guidelines above include: door to door sales, clerical service, home accounting, drafting service and telemarketing. Examples of home businesses which met the rules at the onset, but expanded to the point of violating these rules are: auto or truck repair, logging truck storage, landscaping service, electronics sales, mail-order business, contracting service and storage, TV repair, and portable toilet rentals. Each business will be evaluated against the standards listed above.

If your business will not fit the "home occupation" criteria, then you must ensure that you have the correct zoning district for the proposed use. To find out the zoning district on a property, contact the Community Development Department and give them the Assessor's Parcel Number or the owner's name. You can apply to change the zoning, or even the General Plan designation if necessary. The application must be finally approved by the Board of Supervisors. Instructions on zone change, use permit and other applications are available at the Community Development Department. You can also obtain more detailed handouts on Family Day Care Homes, Bed and Breakfasts, Kennels and Signs.

HOME OCCUPATION RECORD

DATE: _____ ASSESSOR'S PARCEL NO.: _____

PROPERTY OWNER: _____

BUSINESS OWNER: _____

MAILING ADDRESS: _____

PHONE NUMBER: _____

SITE'S ADDRESS: _____

ZONING: _____

PROPOSED USE: _____

OTHER INFORMATION: _____

I have read and understand the regulations for Home Occupations as reproduced on the reverse side of this form and hereby state that my home occupation will conform to said regulations.

Signature: _____

Date: _____

The "Home Business Summary of Planning Regulations" was provided to the property/business owner.

Planner

Date: _____

