

TRI-AGENCY ECONOMIC DEVELOPMENT AUTHORITY



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Memorandum

AGENDA DATE: June 14, 2022
TO: Del Norte County Board of Supervisors
FROM: Tri-Agency Economic Development Authority
SUBJECT: Del Norte County's Contribution to Tri-Agency's Budget

REQUEST FOR BOARD ACTION:

- 1. Adopt A Resolution of the Del Norte County Board of Supervisors Committing to Fund a Share of the Tri-Agency Economic Development Authority Debt to USDA;**
- 2. Direct Staff to include \$35,000 in the proposed budget as a contribution to Tri-Agency**

The Tri-Agency Economic Development Authority ("Tri-Agency") is a joint powers agency organized under the Joint Exercise of Powers Act, Government Code Section 6500 *et seq.* Tri-Agency is governed by a board made up of two members from each of the three member agencies, the Harbor, the City and the County.

As discussed in greater detail in a prior memorandum from January 25, 2022, in 1997, Tri-Agency borrowed \$400,000 from USDA Rural Development under an "Intermediary Relending Program." The interest on the loan was one percent per annum and the term was 30 years. Tri-Agency defaulted on the loan in 2011; USDA accelerated the loan in 2012. Currently the unpaid principal is \$263,613.32, and the unpaid interest is \$25,277.99.

The USDA has rejected every attempt Tri-Agency has made to settle the debt for a reduced amount. Tri-Agency now proposes to enter into an agreement with USDA to pay the debt in full over five years, with interest not accruing during that time. USDA has informally indicated that this compromise would likely be acceptable, but USDA has said Tri-Agency will need dedicated funding sources from which it will make its payments. Tri-Agency proposes that

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each member agency fund the debt service in the proportions they used to fund Tri-Agency. The proposed Resolution expresses a commitment to continue funding the debt until it is paid. In order to pay the debt within five years, each agency must contribute each year:

Del Norte County: \$35,000.

Crescent City: \$18,000.

Crescent City Harbor: \$5,000.

**BOARD OF SUPERVISORS
COUNTY OF DEL NORTE, STATE OF CALIFORNIA,
RESOLUTION NO. 2022-**

**A Resolution of the Del Norte County Board of Supervisors Committing to Fund a Share of
the Tri-Agency Economic Development Authority Debt to USDA**

WHEREAS, the County of Del Norte is one of three member agencies of the Tri-Agency Economic Development Authority (“Tri-Agency”), a joint powers agency organized under Government Code Section 6500 *et seq.*, along with the Crescent City Harbor and the City of Crescent City; and

WHEREAS, Tri-Agency borrowed \$400,000 from USDA in 1997 to operate an intermediary relending program. In 2011 it defaulted on the loan. The debt currently stands at \$288,891.31;

WHEREAS, Tri-Agency has tried numerous times to come to a settlement with USDA to pay less than the full amount owed and has been rejected each time; and

WHEREAS, in order to secure a repayment compromise with USDA that would stop the accrual of interest and allow repayment in full over five years, Tri-Agency must show USDA a dedicated revenue source from which it will make payments; and

WHEREAS, Tri-Agency has not had a regular source of program income since 2011, when the member agencies stopped funding Tri-Agency;

WHEREAS, when the member agencies were making contributions, each agency contributed shares in the following proportions:

Del Norte County: 62 percent

Crescent City: 30 percent

Crescent City Harbor: 8 percent

WHEREAS, the member agencies desire to provide funding to Tri-Agency in the same proportions as they did in the past in order to allow repayment of the debt within 5 years; and

WHEREAS, In order to pay the debt within five years, each agency must contribute each year:

Del Norte County: \$35,000.

Crescent City: \$18,000.

Crescent City Harbor: \$5,000.

NOW, THEREFORE, BE IT RESOLVED that the Del Norte County Board of Supervisors expresses its commitment to contribute \$35,000 each year for five years to Tri-Agency to be used exclusively to repay its debt to USDA.

APPROVED AND ADOPTED this 14th day of June, 2022.

AYES:

NOES:

ABSENT:

Gerry Hemmingsen, Chair
Board of Supervisors
Del Norte County, California

Kylie Goughnour, Clerk of the Board