

Written Statement for the Record

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Merced County Economic Development Corporation

Before the House Transportation and Infrastructure  
Subcommittee on Economic Development, Public Buildings,  
and Emergency Management

"The Economic Development Administration: How to  
Improve Effectiveness through Reforms and Consolidation"

Washington, DC  
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Chairman Denham, Ranking Member Holmes Norton and members of the Subcommittee, thank you for the opportunity to be here today.

I am David Spaur, President and CEO of the Economic Development Corporation for Merced County located in the heart of the California Central Valley. Previously, I served as the Chairman of the eight County Central Valley Economic Development Corporation, and have also served on the Board of Directors for the International Economic Development Council (IEDC).

I have 25 years of economic development experience working for local chambers of commerce, and city, county and non-profit corporations in the states of Arizona and California, with the last twenty years working with EDA districts and projects in both rural and urban communities. I have served on the Sierra Economic Development District, a four county organization, and I am currently in the process of completing the formation of an eight County Economic Development District (EDD) for the California Central Valley.

First, I would like to state how important this Subcommittee is in helping workers, businesses, homeowners and communities across the country. In this time of severe economic hardship we have to be reactive to address these immediate needs and proactive to plan for longer term economic development strategies. Chairman Denham, we appreciate all the work you and the Subcommittee have done to address these current economic challenges with rapid response efforts and strategies for long term, sustainable and competitive economic growth.

My comments today are focused on the strength and value of EDA programs and projects to

strengthen economies and create jobs. I have highlighted some projects from the Central Valley to provide some context for my remarks and as a reference for those of you who may be less familiar with rural California.

Many of our counties and communities have unemployment rates ranging from 17% to 28%, and these stifling numbers have persisted for the past three decades. By measures like unemployment, California's Central Valley is faring even worse than the rest of the economy – whose grim numbers you may already be familiar with. Merced County was ranked number one in foreclosures and today we are ranked fourth and at the current rate, or lack of growth, it could take decades before we experience a full recovery. The state of Nevada has the highest unemployment at a level of 12.4 percent, followed by Chairman Denham's home state of California at 11.8 percent and the Counties of Merced, Madera and Fresno share an unemployment rate of 17-22%. Many small communities have a higher rate of joblessness. People, companies, and communities are suffering. We need to focus our attention on job creation, investment into infrastructure, sustainability and innovation

I'm here to testify that what has helped us the most to create jobs and improve local economies have been programs offered by the Economic Development Administration.

Here's why we need EDA.

**Other countries have national strategies for economic development. We have EDA.** If we're going to get out of this economic downturn, we need to have strategic direction. EDA is the only federal agency focused solely on private sector job growth and economic sustainability.

Working with partners in both local governments and the private sector, EDA helps distressed communities generate jobs, retain existing jobs, and stimulate industrial and commercial growth. EDA's mission is, and I quote, "to lead the federal economic development agenda by promoting innovation and competitiveness, preparing American regions for growth and success in the worldwide economy." While some other agencies including the Federal Emergency Management Agency, The Department of Housing and Urban Development, The Rural Development Administration at the Department of Agriculture, the Small Business Administration and the Economic Adjustment program at the Department of Defense all have programs to help economic dislocation and revitalization, only EDA is purposed solely for economic development and only EDA has the institutional knowledge, dating back to its creation in 1965, and expertise to lead this important task. FEMA, for example is limited by statute and mission to disaster recovery; they do not do economic recovery. We all know how important it is for a region to rebuild its economy in the aftermath of a natural disaster. EDA has a proven track record of helping communities rebuild.

**Let's review the cost-effectiveness of EDA, something we all are mindful and appreciative of in these fiscally challenged times.** EDA is the most stringent and conservative of the Department of Commerce programs and that quality makes it the most productive. Its requirements demand performance. Communities are required to provide matching dollars on every project and to demonstrate that jobs have been created or retained or they have to pay the money back and sometimes with as much as a 20 year deed restriction. The projects I am sharing with you today are investments and should not be looked at as incentives. The EDA is an investment-based program that creates jobs and delivers improved infrastructure with a specific goal to improve local and regional economies.

**First, let's start out by saying what EDA is not. EDA projects are not earmarks.** In a world without EDA, there would be more earmarks in the political process. We all know earmarks have funded many an infrastructure project, for example. Instead of earmarks paying for pet projects in Congressional districts, EDA's programs allocate resources according to a competitive bid process. From our experience, the bid process is also very streamlined and compares favorably to other federal agencies. We submit the paperwork and according to a system of criteria based on level of need and return on investment, crucial resources are granted.

**EDA is cost-effective and has proven results.** In Fiscal year 2010, EDA awarded over \$285 million in investments, of which \$191.5 million was for construction and infrastructure investments that are expected to create about 48,500 jobs at an average investment of \$3,950 per job. We've seen this translate to jobs for workers of various skill levels – from machinists and technicians in advanced manufacturing to high tech R&D workers.

**EDA is an Agency that pays for itself – and more.** On average, every dollar the agency invests attracts about \$6.90 in private/public capital investment. Since 2005, EDA has awarded 1.2 billion in grants that are expected to generate more than 314,000 jobs.

**EDA funds are matched.** This makes local taxpayers, and those of us who work to grow the economy on their behalf, invested and accountable. Local communities are required to match all disbursements of EDA grant money at a level of between 20% and 50% dependent on the degree of economic distress in the community. We are investment partners with the EDA and the

private sector to create and retain the jobs, businesses, industries and technologies that are competitive in the worldwide economy.

**EDA has a portfolio of investments that will produce strong future returns.** EDA investments leverage jobs in the private sector that will be competitive in the global marketplace. In addition to stalwart Public Works and Economic Assistance, Economic Adjustment Economic Development Planning programs – it has sorely needed programs in Trade Adjustment Assistance and the Global Climate Mitigation Incentive Fund that reflect national priorities of helping communities to become more globally competitive and gain a foothold in the growing clean energy sector.

The funding for infrastructure is of particular importance for me. Over half, or \$133 million in EDA's appropriations, goes to Public Works and Economic Development Assistance. This helps communities make the transition from being distressed to being competitive in the global economy. For rural economic developers like myself and a chorus of economic developers in IEDC and around the U.S., infrastructure is a key ingredient to stimulating industrial and commercial growth. Funding in this category can mean many things - from traditional infrastructure projects like water and sewer system improvements and Brownfield redevelopment to the development of technology-based facilities and business and industrial parks with fiber optic cable. Without EDA investments, many of the infrastructure projects that could catalyze a whole region are out of reach for resource-poor rural communities or distressed communities.

The fact is local and State governments don't always have the infrastructure dollars to start or finish a project and the private sector is best known for its ability to build new buildings once the infrastructure is in the ground - what we term or call legacy based infrastructure. The government is expected to provide the basic services including water, sewer and roads. However, EDA has developed a solid methodology for investing public dollars in basic services and leveraging private investment. It's a formula that has a track record of leading to job creation and economic development. I will now provide some examples of projects that are achieving that goal. The examples also illustrate cross-cutting partnerships – from industry and entrepreneurs to universities and worker job training programs.

**First, examples from my region.**

**1. Merced County, California**

Merced, like many communities who suffered base closures in the 90's, was faced with the issue of not only replacing jobs but also retooling an economic base that was shaped largely around a military installation. EDA pitched in and outlined ways we could introduce innovations into our economy. The first program was an upgrade of critical infrastructure for the old Air Force Base that attracted and developed a partnership with the University of California Merced (UC Merced.) In March 2001, EDA invested \$4,680,983 to develop a high-tech commercial/industrial center by providing telecommunication infrastructure (fiber optic lines, upgraded telephone system, wireless internet system and a video/teleconferencing center). As a result, UC Merced has located and established the Solar Institute as part of their Merced Research Center. In addition, this infrastructure provided the necessary capacity for the opening

of a technical call center for AT&T. Since then, 176 jobs have been created, 56 have been retained and the project has attracted \$3.2 million in private investment.

## **2. Fresno County, California**

Fresno County, Water and Energy Technology (WET) Incubator on the campus of Cal State Fresno has spun off new partnerships between Fresno State, the Central Valley Business Incubator, Alliance Small Business Development Center and UC Merced. Together, we are partners in the commercialization of new solar efficient projects and the start-up of a new company.

## **3. Kings County, California**

In Kings County, there was a great demand for serviced industrial land – or legacy-based infrastructure - and little available. In 2003, EDA invested \$2.08 million into a project that extended road, water and sewer services to open up 180 acres of industrial land for use and also provided rail access in the city's designated industrial area. The project made improvements to wastewater treatment plants. As a result, as of April 2009, the area has attracted \$180 million in private investment and Kings County attracted new light and heavy industry, including manufacturing and food processing resulting in 175 new jobs.

## **4. City of Stockton, California**

In 2004, EDA made a \$5.98 million investment in the construction of a water transmission line that opened up over 2,800 zoned industrial acres in the South Stockton industrial area. The project also constructed railway in the first phase of infrastructure of the BNSF Logistic Park. This park is now a powerful economic engine in the region and a major distribution hub in northern California. Within the park, Sears has a 780,000 square foot distribution warehouse

employing several hundred people. ECD Refining purchased a building to serve as a state-of-the-art electronics recycling plant. As of 2010, 2,910 jobs have been created at the Park and 210 have been retained. The project has drawn nearly \$470 million in private investment.

#### **5. Bakersfield, California**

In 2007, EDA provided a \$1 million grant to the Bakersfield Association for Retarded Citizens in Kern County California in 2007 to assist with the construction of a 20,000 square foot Industrial Training Facility at BARC's 22 acre industrial park. Since the project was completed in July 2010, the facility has enrolled more than 600 adults with developmental disabilities and is training them in skills that will allow them to work in the agriculture, transportation, logistics and warehousing sectors. This helps previously unemployed adults become productive members of the economy and reflects EDA's commitment to unleashing the potential in all segments of our economy and workforce.

#### **6. Los Angeles County, California**

EDA gave two grants to the Cal Poly Pomona Foundation located in Los Angeles County in order to help create a 65-acre master planned community of technology-based enterprises called Innovation Village. The Village focuses on biotechnology and life sciences and is located on the California State Polytechnic University, Pomona campus. Two EDA investments in 1998 and 2006, totaling \$3.82M, along with matching funds from the state of California and other partners funded the construction of the Center for Training, Technology, and Incubation in the Village. The funding also supported the development of infrastructure (roads, water and electrical lines, water tank, landscaping and tenant improvements) to two Foundation owned wet labs. This project was a partnership between the private and public sector, industry and the university.

NASA, EDA, the California Technology, Trade and Commerce Agency, the College of the Extended University (CEU), and the Cal Poly Pomona Foundation were all partners in the project which has created 440 jobs, retained 400 jobs and has attracted 75 million in private investment as of January 2011.

### **In Closing**

EDA needs to be a robust agency. It is the only agency dedicated to the nation's economic development. There is no greater imperative than that today as we climb out of the worst downturn since the Great Depression. EDA should be reauthorized at current and/or greater levels.

**Because the economy is a national problem, we need a federal agency dedicated to it.** Local and state governments will always do the majority of the job to grow economic development in communities around the U.S. But many communities in the nation need a jumpstart. EDA has a record of showing a meaningful return on investment. Its grants to local communities are matched by local and state dollars and have been shown to leverage almost 7 dollars of private investment for every taxpayer dollar invested. And many communities do need the assistance before they can go-it-alone – communities, for example, where the manufacturing sector is suffering, where a hurricane has hit or where farmers are struggling to compete in the global market.

EDA has helped communities in distress caused by multiple factors - the closure of defense bases, the loss of manufacturing due to automation and globalization or the effects of natural disasters such as Hurricane Katrina or the Deepwater Horizon oil spill. As a result, EDA has an arsenal of creative strategies and a proven record of helping communities revitalize their economies. We must appreciate the expertise of EDA and fund the agency if we are serious about short-term and long-term recovery from this economic downturn.

Finally, Mr. Chairman, while EDA has done much to benefit Merced County and the State of California, I would like to tell you about a project near and dear to my heart. A project, which I believe, is key to the growth of our region's economy. The Central Valley Economic Development District formed in partnership with the eight counties of the San Joaquin Central Valley. We have worked together over the past five years to formulate the first ever eight county Economic Development District in California. This is critical to our region because we all share high unemployment.

In the Central Valley, we have created new partnerships between Universities, non-profits and Federal Agencies. Over the past three years we have completed an eight (8) county Comprehensive Economic Development Strategy or CEDS, as EDA likes to call them, to better focus and concentrate our combined economic development efforts to create jobs and a sustainable regional economy. In the next few months we will seat the first Board of Directors of our new EDA District and become better prepared to provide technical assistance to small rural communities who lack the staff and knowledge to access EDA grants and programs. Our goal is to provide access to EDA funds that will link our programs of innovation up and down the

Valley together to fundamentally restructure our economy of high unemployment into an economy of low unemployment, high productivity in agriculture, and prosperity from innovation and commercialization of ag technology products, energy efficiency products and goods movement-mobility and logistics. This effort will have a profound and positive change on Mr. Denham's district.

On behalf of communities around the country working hard to stay competitive in this challenging global economy, I urge you to continue to provide strong support for the Economic Development Administration so that it can provide aid to multiple projects across the U.S. These are lean times, but EDA has a record of providing a meaningful return on investment in terms of private dollars and jobs. We look forward to EDA continuing to partner with us, and the private sector, in our efforts to generate and retain jobs and stimulate industrial and commercial growth in order to build stronger communities for a stronger America.

Thank you.

## PROFESSIONAL PROFILE

David Spaur (spar) is a result-driven executive with 25 (+) years of experience as a Consultant, Economic Development Director, President/CEO, and COO for public and private sector entities serving more than twenty cities, six counties and two states. Dave is a specialist in managing key business retention, expansion, and relocation projects involving *Hewlett Packard, Nestle, Siemens, AT&T, 3M, AMD, Boeing, Motorola Semiconductor, Bank of America*, and numerous other independent and Fortune 500 corporations. A talented public finance administrator responsible for negotiating, developing, and preparing public finance structures, writing grants, developing feasibility studies, and preparing fiscal and economic reports, general plan updates, and comprehensive economic development strategic plans.

## EXPERIENCE

### **PRESIDENT & CHIEF EXECUTIVE OFFICER**

MERCED COUNTY ECONOMIC DEVELOPMENT CORPORATION, 2010

### **DIRECTOR, ECONOMIC DEVELOPMENT and REDEVELOPMENT**

CITY OF SACRAMENTO, 2007

### **PRESIDENT & CHIEF EXECUTIVE OFFICER**

ECONOMIC DEVELOPMENT CORPORATION *servng* FRESNO COUNTY, 2001

### **PRESIDENT & CHIEF EXECUTIVE OFFICER**

ECONOMIC VITALITY CORPORATION OF SAN LUIS OBISPO COUNTY, INC. 1999

### **DIRECTOR, ECONOMIC DEVELOPMENT**

CITY OF MESA, ARIZONA. 1997

### **PRESIDENT & CHIEF OPERATIONS OFFICER**

THE GREATER FLAGSTAFF ECONOMIC COUNCIL, INC. 1995

### **BUSINESS DEVELOPMENT OFFICER**

THE MONEY STORE INVESTMENT CORPORATION, INC. (SBA 504 LOANS) 1994

### **ECONOMIC DEVELOPMENT DIRECTOR**

COUNTY OF PLACER, CALIFORNIA. 1987,

### **ECONOMIC DEVELOPMENT MANAGER**

MODESTO CHAMBER OF COMMERCE, CALIFORNIA. 1984

### **BUSINESS ANALYST**

ADVANCED MICRO DEVICES (AMD), SUNNYVALE, CALIFORNIA. 1982

### **CITY PLANNER-INTERN**

TOWN OF LOS GATOS, CALIFORNIA 1981

CITY OF GILROY, CALIFORNIA 1980

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## David L. Spaur, EDFP, CEcD

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### EDUCATION

- **CERTIFICATE, THUNDERBIRD GLOBAL LEADERSHIP PROGRAM** - MAY 1998.  
The American Graduate School of International Management, Glendale, Arizona
- **CERTIFIED ECONOMIC DEVELOPER, CEcD** - SEPTEMBER 1993.  
International Economic Development Council, (IEDC)
- **CERTIFIED ECONOMIC DEVELOPMENT FINANCE PROFESSIONAL, E.D.F.P.** - JANUARY 1991.  
National Development Council, NDC
- **ECONOMIC DEVELOPMENT INSTITUTE, EDI GRADUATE** - AUGUST 1989.  
University of Oklahoma, Norman. Masters level program. Thesis in Critical Infrastructure
- **CERTIFIED TRAINER** - JULY 1985.  
Advanced Micro Devices (AMD), Sunnyvale, California
- **BACHELOR OF ARTS** - MAY 1980.  
California State University, Chico.  
Double Major: Geography and Planning & Development of Rural Environments

### LEADERSHIP

- Board of Directors, International Economic Development Council, (IEDC)
- Chairman, of Central Valley Economic Development Corporation, (CVEDC)
- Board of Directors, San Luis Obispo Workforce Investment Board
- Board of Directors, American Economic Development Council, (AEDC)
- Board of Directors, California Association for Local Economic Development, (CALED)
- Board of Directors, Central Coast Development Corporation, (CCDC) SBA 504 non-profit
- Past Chair, Central Coast Marketing Team, Team California
- Instructor, California Polytechnic San Luis Obispo, Community & Regional Planning
- Chairman, Economic Development Directors Team, (EDDT) GPEC
- Business Development Finance Corporation, (BDFC) SBA 504 Loan Committee
- Joint Legislative Task Force - State of Arizona Electric Deregulation 1996
- Greater Arizona Development Authority, Founding Advisory Board, appointed May 1996
- Chairman, Coconino County, Industrial Development Authority Board, appointed April 1996
- Chairman, Rural Committee, Arizona Association for Economic Development, 1995-1996
- Committee Member, Team California-Marketing Committee, 1993
- Committee Member, Governors Task Force on California Competitiveness, 1993
- Chairman, Northern California Industrial Development Executives Association, 1992
- Board of Directors, California Association for Local Economic Development, 1990-1993
- Board of Directors, Greater Sacramento Certified Development Corporation, 1990-1994
- Council Member, Golden Sierra Job Training Partnership, 1990
- Board of Directors, Sierra College Small Business Development Center, 1989

### Awards

- CALED Award of Merit, 2004, Strategic Alliance Agreement, Fresno County
- CALED Award of Merit, 2003, GIS Business Attraction and Site Selection, Fresno County
- CALED Award of Merit, 2001, BR & E Program for San Luis Obispo County
- SEMPRA Energy, 2000 Exceptional Leadership San Luis Obispo County
- AEDC 1999 Award, Accredited Economic Development Organization for MEGACORP
- AEDC 1998 Award of Excellent, *Mesa Industrial Sites Directory* for MEGACORP
- AAED 1997 Award of Merit, *Taking Care of Business* newsletter for MEGACORP
- AAED 1997 Award of Merit, *Mesa Community Profile* for MEGACORP
- AAED 1996 "Member of the Year" Award, Greater Flagstaff Economic Council
- CALED Award 1994, *Foothill Farmers' Market Program*, Placer Co.
- CALED Award 1993, *Cooperative Agreement*, multi-agency agreement, Placer Co.
- CALED Award of Merit, 1992, *Business Retention and Expansion Strategy*, Placer Co.

**COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE**  
*Truth in Testimony Disclosure*

Pursuant to clause 2(a)(5) of House Rule XI, in the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include: (1) a curriculum vitae; and (2) a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by an entity represented by the witness. Such statements, with appropriate redaction to protect the privacy of the witness, shall be made publicly available in electronic form not later than one day after the witness appears.

(1) Name: David Spaur

(2) Other than yourself, name of entity you are representing:  
Merced County Economic Development Corporation (MCEDCO)  
Central Valley Economic Development Corporation (CCEDC)

(3) Are you testifying on behalf of an entity other than a Government (federal, state, local) entity?

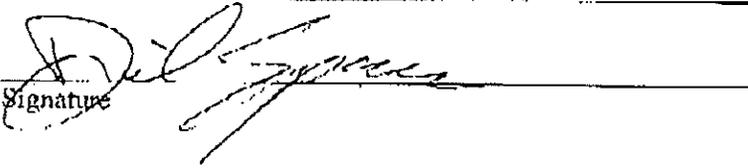
YES

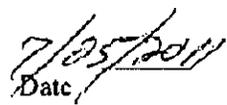
If yes, please provide the information requested below and attach your curriculum vitae.

NO

(4) Please list the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by you or by the entity you are representing:

\$198,000 Rural Business Enterprise Grant (RBEU) from USDA

  
Signature

  
Date