

September 22, 2005

Economic Development Administration
Office of Chief Counsel
1401 Constitution Avenue, NW, Room 7005
Washington, DC 20230
Via Fax: 202.482.5671 or Via Email edaregs@eda.doc.gov

Re: Comments on the Interim Final Rule

Dear EDA Chief Counsel:

The Board of the Lane Council of Governments is writing to express strong opposition to the interim final rules proposed by the Economic Development Administration (EDA) on August 11, 2005. We are specifically opposed to changing the governance and operational requirements for Economic Development Districts, increasing local costs for EDA planning and project development activities, and minimizing local government participation in local planning and development activities.

We are concerned that the interim final rules break the traditional partnership among federal, state and local officials in advancing the economic interests of our local communities. The new rules are potentially punitive and without any appeals processes, especially with regard to the designation and future funding for Economic Development Districts (EDD). Most of the requirements for grantee performance measurements are very vague and open to varying agency interpretations among the different regional offices. In addition, the interim final rule appears to severely restrict the operational flexibility, future funding, governance structure and professional services of our EDD.

We are specifically opposed to the new requirements that shift the governing bodies of Economic Development Districts from the majority control of local government officials to private sector representatives. Our current EDD has strong participation from private partners. It is very unlikely that mandating a change in structure would increase the contribution currently being made by private partners. A change such as proposed, however, would be likely to adversely affect local government participation, which could threaten the future of the EDD. Local governments pay the 50 percent local matching share required by EDA, are responsible for building and sustaining our public infrastructure, and have responsibility for land use and zoning issues. Changing their role on the EDD while they have these other duties is not likely to encourage their support of the EDD.

We are very concerned about changes in EDA matching rates for all agency investments, including planning grants, public works investments and economic adjustment assistance. This policy change has potentially significant cost implications for local communities. Currently,

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each EDD must provide a 50 percent local match for their planning grant, with a potential waiver to a 75-25 percent rate. Our local officials provide the matching funds because they recognize the benefits of working regionally to solve local problems and the community dividends that are achieved by participating in the Economic Development District. We fear the increased costs to our local communities for both EDA planning awards and infrastructure projects will put our future economic progress in jeopardy.

In sum, we are overwhelmingly opposed to efforts throughout the interim final rules that severely reduce the involvement and control of local government officials in strategic planning and development activities. This includes turning over the CEDS process in our region to private sector interests, removing local government control of the EDDs, restricting the operational flexibility and capabilities of our EDD, and increasing the local cost burden for EDA projects. Thank you for the opportunity to express our concerns on this important matter.

Sincerely,

Gary Williams, Chair
Board of Directors