

Ponce Region of Puerto Rico

Contemplated Steps Toward Developing an
Economic Development District (EDD)

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Section 16.1 of the EDA 2020 Grants Manual
Designation of Economic Development Districts

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13 CFR; Part 303 Planning Investments and Comprehensive Economic
Development Strategies

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16.1 Designation of Economic Development Districts

EDA's Partnership Planning program (Planning program) supports EDA-designated Economic Development Districts (EDDs) (as defined in 13 C.F.R. § 300.3) to develop, replace, or implement CEDS to stimulate and guide regional economic development efforts.

EDDs are typically recognized by the state as multi-jurisdictional councils of government, regional commissions, or planning and development centers.

Due to the focus and importance of regional collaboration in this program, EDDs are designed to be multi-jurisdictional entities.

16.1.1 Requirements for Designations of New Economic Development Districts

To request designation as an EDD, an applicant must have a current EDA-approved CEDS and include at least one geographical area within the designated service boundaries that meets EDA's regional distress criteria as set out in 13 C.F.R. § 301.3(a). EDDs are designed to represent multi-county areas so entities that request designation should be able to serve and represent the entire geographic area of the region. To avoid delays in processing EDD designation requests, Regional Office staff should work closely with applicants seeking designation to ensure that the requirements set out in 13 C.F.R. parts 303 and 304 are met and that all necessary documentation outlined below is complete before the package is routed to HQ for review and approval.

Regional Office staff are required to develop a designation package that includes all items listed below in one package and must submit the package to the EDA Planning Coordinator in PRNTAD for HQ review.

The Project Officer must submit the EDD Designation Package to HQ in hard copy via UPS 2-day ground delivery. The EDD designation package must include a:

- *ED-31 Routing Document* as the cover page;
- *ED-506 Decision Memorandum* directed to the Assistant Secretary which outlines key information about the requested designation as outlined in this section, and
- All required documentation (see below).

Packages that do not contain all required components will not be processed.

For the HQ Planning Program Coordinator to route the designation package through HQ for the appropriate reviews and signatures, the Project Officer must ensure it is prepared such that the *Form ED-31 Routing Document* includes the following individuals in sequential order:

- Regional Program Officer
- Area Director
- Regional Counsel

- Regional Director
- EDA Planning Program Coordinator in PRNTAD
- Director of Performance, Research, and National Technical Assistance
- Legislative and Intergovernmental Affairs Director
- Office of Chief Counsel, if required due to unusual circumstances
- Deputy Assistant Secretary for Regional Affairs
- Assistant Secretary

Once reviewed, the Assistant Secretary's Office should then circulate the package to the EDA Planning Coordinator who will notify the Regional Office about the package's status and will update the EDD database. The EDA Planning Coordinator will then pass the package to Legislative and Intergovernmental Affairs, who will distribute notifications to key stakeholders about the designation (if approved) as described in section 16.2.2. Legislative and Intergovernmental Affairs will then send the hard copy package (which includes copies of notifications to the key stakeholders) back to the Regional Office's Project Officer.

The Project Officer must prepare a summary of the requested designation, including the name of the organization requesting the designation, and rationale for the Regional Office's recommendation and include this in the EDD designation package.

The Chief Counsel will rely on the Regional Counsel's review and clearance to ensure that the proposed District satisfies applicable statutory and regulatory requirements.

The *ED-506 Decision Memorandum* must be completed based on a thorough review of the designation request, and should include and/or reference the following information:

- **Background.** The Project Officer must describe the economic conditions of the area, paying particular attention to document the economic distress of the region using information drawn from (or informed by) the CEDS. The background section must include the composition and location of the proposed EDD, as well as information on the geographic areas that would comprise the new EDD, if designated. The Project Officer must include a general discussion of the area(s) proposed for designation, total population, and a description of the physical and socio-economic characteristics, including unemployment, per capita income (PCI), identification and description of the EDA eligible area(s), and other relevant data. Population, PCI, and unemployment data may be included in a table format.
- **Economic Justification of Proposed Designation.** The Project Officer must include a brief explanation of the economic justification for the proposed designation or boundary modification and how this action will advance EDA's mission in the region. This information should be drawn

from (or informed by) the CEDS document on file in the Regional Office. Reference to the information being “contained in or consistent with the CEDS” is insufficient. District designation request submissions must include a written analysis that supports the proposed region being designated as an EDD. For example, the Region may:

- Share economic and community development challenges and opportunities with the existing area covered by the District;
 - Share employment patterns, workforce characteristics, or a workforce development strategy with the existing area covered by the District;
 - Share transportation access issues and/or transportation networks with the existing area covered by the District;
 - Have industry or business clusters in common with, or tied to, clusters located within the District’s existing boundaries;
 - Share natural resource planning (*e.g.*, watershed planning) with the areas located within the District’s existing boundaries; and
 - Share resources that affect economic development, such as high-speed telecommunications access (see 13 C.F.R. § 303.7(b)).
- **Maps.** The Project Officer must work with the applicant to obtain maps of the proposed EDD. The maps must indicate the location of the proposed District within the states, counties, urban centers, eligible areas, important transportation nodes and networks, and significant geographic features that impact economic development, such as wetlands, floodplains, and identified brownfields. When possible, this map should illustrate the spatial economic linkages between the counties included in the new District. A new designation package that includes a town, city, or other entity already represented by another EDD will be declined unless an extremely strong case can be made for the modification and documentation from the other impacted EDD that it agrees to the modification of its boundaries as well.
 - **Findings and Recommendation to Assistant Secretary.** The Project Officer must include an explanation of the statutory, regulatory, and economic basis supporting the Regional Office’s recommendation. The Project Officer also must provide a recommendation in the *ED-506 Decision Memorandum* that explicitly indicates the Regional Office’s request for the Assistant Secretary to approve or disapprove the designation request.
 - **Action Request Letters.** The Project Officer must include letters that EDA receives in support of a designation including:
 - Letter from the Chair of the District Organization requesting the action. This letter must be written on District Organization letterhead and must address the reasons why the organization is requesting this action;
 - Letter(s) of concurrence from the state(s). These letter(s) must be written on state letterhead, clearly demonstrate support from the state regarding the proposed action and include a list of counties in

the proposed EDD. The letter must also clearly affirm state approval of the District Organization's CEDS; and

- County resolutions or letters of support from at least a majority of the counties within the area to be served by the proposed EDD.
- **Applicant District Organization Composition and Information.** The Project Officer must work with the District Organization to obtain the following information to be included in the designation package:
 - Current copies of the entity's Articles of Incorporation, By-Laws, Intergovernmental Agreement, and/or Enabling Legislation for the applicant District Organization;
 - List of participating jurisdictions and rationale for excluding non-participants contained within the geographic boundary;
 - A roster of the District Organization's Governing Board and Executive Committee membership that includes each member's educational background, professional experience, and any other experience and skills which demonstrate connections to the principal economic interests of the region (to document compliance with 13 C.F.R. § 304.2(c)(2), discussed below); and
 - A roster of the District Organization's staff that includes each staff member's educational background and professional experience.

NOTE: Following the initial designation, subsequent applications for planning awards must include documentation of the District Organization's composition and related information, including documentation of board members' connections to the region's principal economic interests.

A District Organization must fulfill the requirements at 13 C.F.R. § 304.2. In particular, a District Organization must demonstrate that its governing body is broadly representative of the principal economic interests of the region (13 C.F.R. § 304.2(c)(2)). Determining whether a District Organization meets this requirement is a fact-specific inquiry that depends on the circumstances of both the District Organization and the region.

“Broadly representative” is a flexible standard. It means that the District Organization's governing body includes individuals who understand and can advocate for the principal economic interests of the region. Not every economic interest of the region must be represented, but in general each of the major economic interests of a region should be represented. One individual may represent multiple economic interests. An individual's ability to represent an economic interest depends on their experience, background, and skill set. An elected official can represent an economic interest based on these qualities; however, being an elected official does not in itself qualify an individual to represent an economic interest. An individual has to have some connection to the economic interest in question in order to represent that economic interest.

A region's "principal economic interests" depend on the specific economic conditions of the region, including its key industries and drivers of economic development. Some regions may have only a small number of principal economic interests while other regions may have a large number. A list of examples of economic interests is included at 13 C.F.R. § 304.2(c)(2), *e.g.*, the private sector, representatives of workforce development boards, minority and labor groups. The list is not intended to be comprehensive or limiting. The principal economic interests of a region might include only some of the economic interests in the list and might also include others that do not appear in the list.

The "governing body" of an entity is the group of individuals with general governance authority. It is most often the board of directors. State and local laws in some instances dictate the structure of a District Organization or the makeup of its governing body; in such cases, EDA staff should work to accommodate state and local law.

13 CFR PART 303—PLANNING INVESTMENTS AND COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGIES (Accessed on 1-15-2020 via <https://www.govinfo.gov/content/pkg/CFR-2019-title13-voll1/xml/CFR-2019-title13-voll1.xml>)

Subpart A—

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Authority:42 U.S.C. 3143; 42 U.S.C. 3162; 42 U.S.C. 3174; 42 U.S.C. 3211; Department of Commerce Organization Order 10-4.

Source:71 FR 56675, Sept. 27, 2006, unless otherwise noted.

Subpart A—General§ 303.1Overview of EDA's Planning Program.The purpose of EDA Planning Investments is to provide support to Planning Organizations for the development, implementation, revision, or replacement of Comprehensive Economic Development Strategies, and for related State plans and short-term Planning Investments designed to create and retain new and better jobs, particularly for the unemployed and underemployed in the nation's most economically distressed Regions. EDA's Planning Investments support partnerships with District Organizations, Indian Tribes, community development corporations, non-profit Regional planning organizations, and other Eligible Recipients. Planning activities supported by these Investments must be part of a continuous process involving the active participation of the private sector, public officials, non-profit organizations, educational institutions, and private citizens, and include:(a) Analyzing local economies;(b) Defining economic development goals;(c) Determining Project opportunities; and(d) Formulating and implementing an economic development program that includes systematic efforts to reduce unemployment and increase incomes.

§ 303.2 Definitions. In addition to the defined terms set forth in § 300.3 of this chapter, the following terms used in this part shall have the following meanings: *Planning Investment* means the award of EDA Investment Assistance under section 203 of PWEDA and this part. *Planning Organization* means a Recipient whose purpose is to develop and implement a CEDS for a specific EDA-approved Region under section 203 of PWEDA. *Strategy Committee* means the committee or other entity identified by the Planning Organization as responsible for the development, implementation, revision or replacement of the CEDS for the Planning Organization. § 303.3Application requirements and evaluation criteria.(a) For Planning Investment awards, EDA uses the general application evaluation criteria set forth in § 301.8 of

this chapter. In addition, applications for Planning Investments must include information about the following:(1) The proposed scope of work for the development, implementation, revision or replacement of the CEDS, or the relation of the CEDS to the proposed short-term planning activities or the State plan;(2) Qualifications of the Eligible Applicant to implement the goals and objectives resulting from the CEDS, short-term planning activities or the State plan;(3) The involvement of the Region's business leadership at each stage of the preparation of the CEDS, short-term planning activities or State plan;(4) Extent of broad-based representation and involvement of the Region's civic, business, labor, minority and other interests in the Eligible Applicant's economic development activities; and(5) Feasibility of the proposed scope of work to create and retain new and better jobs through implementation of the CEDS.(b) In addition to the criteria set forth in paragraph (a) of this section, funded Recipients are evaluated on the basis of the extent of continuing economic distress within the Region, their past performance, and the overall effectiveness of their CEDS.(c) For Planning Investment awards to a State, the Assistant Secretary also shall consider the extent to which the State will integrate and coordinate its CEDS with local and Economic Development District plans.(d) The Investment Rates for Planning Investments will be determined in accordance with § 301.4 of this chapter.

§ 303.4 Award requirements.(a) Planning Investments shall be coordinated with and effectively leverage any other available Federal, State, or local planning assistance and private sector investments.(b) Except in compelling circumstances as determined by the Assistant Secretary, EDA will not provide Planning Investments for multiple CEDS that address the needs of an identical or substantially similar Region.(c) EDA will provide a Planning Investment for the period of time required to develop, revise or replace, and implement a CEDS, generally in 36-month renewable Investment project periods.

303.5 Eligible administrative expenses. In accordance with applicable Federal cost principles, Planning Investments may be used to pay the direct and indirect costs incurred by a Planning Organization in the development, implementation, revision or replacement of a CEDS and for related short-term planning activities.

Subpart B—Partnership Planning Assistance§ 303.6Partnership Planning and the EDA-funded CEDS process.(a) *Partnership Planning Overview*. Partnership Planning Investments support a nationwide network of Planning Organizations to provide comprehensive economic development planning services to distressed Regions. EDA makes Partnership Planning Investments to enable Planning Organizations to manage and coordinate the development and implementation of CEDS to address the unique needs of their respective Regions.(b) *CEDS Process*. If EDA awards Investment Assistance to a Planning Organization to develop, revise, or replace a CEDS, the Planning Organization must follow the procedures set forth in this section:(1) *CEDS Strategy Committee*. The Planning Organization must appoint a Strategy Committee. The Strategy Committee must represent the main economic interests of the Region, which may include Indian tribes, the private sector, State and other public officials, community leaders, private individuals, representatives of workforce development boards, institutions of higher education, minority and labor groups, and others who can contribute to and benefit from improved economic development in the relevant Region. In addition, the Strategy Committee must demonstrate the capacity to undertake a collaborative and effective planning process.(2) *Public notice and*

comment. The Planning Organization must develop and submit to EDA a CEDS that complies with the requirements of

§ 303.7. Before submission to EDA, the Planning Organization must provide the public and appropriate governments and interest groups in the relevant Region with adequate notice of and opportunity to comment on the CEDS. The comment period shall be at least 30 days and the Planning Organization shall make the CEDS readily available through appropriate means of distribution, electronically and otherwise, throughout the comment period. The Planning Organization also shall make the CEDS available in hardcopy upon request. EDA may require the Planning Organization to provide any comments received and demonstrate how the comments were resolved.(3) *Reports and updates.* (i) After obtaining EDA approval of the CEDS, the Planning Organization must submit annually an updated CEDS performance report to EDA.(ii) The Planning Organization must submit a new or revised CEDS to EDA at least every five years, unless EDA or the Planning Organization determines that a new or revised CEDS is required earlier due to changed circumstances. In connection with the submission of a new or revised CEDS, the Planning Organization shall use its best efforts to obtain renewed commitments from participating counties or other areas within the District to support the economic development activities of the District. Provided the Planning Organization can document a good faith effort to obtain renewed commitments, the inability to secure renewed commitments shall not disqualify a CEDS update.(iii) Any updated CEDS performance report that results in a change of the requirements set forth in

§ 303.7(b)(1)(iii) of the EDA-accepted CEDS or any new or revised CEDS, must be available for review and comment by the public in accordance with paragraph (b)(2) of this section.(4) *Inadequate CEDS.* If EDA determines that implementation of the CEDS is inadequate, it will notify the Planning Organization in writing and the Planning Organization shall submit to EDA a new or revised CEDS.(5) *Regional Commission notification.* If any part of a Region is covered by one or more of the Regional Commissions as set forth in section 404 of PWEDA, the Planning Organization shall ensure that a copy of the CEDS is provided to the Regional Commission(s).

§ 303.7 Requirements for Comprehensive Economic Development Strategies.(a) *General.* CEDS are designed to bring together the public and private sectors in the creation of an economic roadmap to diversify and strengthen Regional economies. The CEDS should analyze the Regional economy and serve as a guide for establishing Regional goals and objectives, developing and implementing a Regional plan of action, and identifying investment priorities and funding sources. Public and private sector partnerships are critical to the implementation of the integral elements of a CEDS set forth in paragraph (b) of this section. As a performance-based plan, the CEDS will serve a critical role in a Region's efforts to defend against economic dislocations due to global trade, competition and other events resulting in the loss of jobs and private investment.(b) *Strategy requirements.* (1) A CEDS must be the result of a continuing economic development planning process, developed with broad-based and diverse public and private sector participation. Consistent with section 302 of PWEDA, each CEDS must promote Regional resiliency and be unique and responsive to the relevant Region. Each CEDS must include:(i) A summary of economic development conditions of the Region;(ii) An in-depth analysis of economic and community development strengths, weaknesses, opportunities, and

threats (commonly known as a “SWOT” analysis);(iii) Strategies and an implementation plan to build upon the Region's strengths and opportunities and resolve the weaknesses and threats facing the Region, which should not be inconsistent with applicable State and local economic development or workforce development strategies; and(iv) Performance measures used to evaluate the Planning Organization's successful development and implementation of the CEDS.(2) EDA will publish and periodically update specific CEDS content guidelines.(c) *Consideration of non-EDA funded CEDS.* (1) In determining the acceptability of a CEDS prepared independently of EDA Investment Assistance or oversight for Projects under parts 305 and 307 of this chapter, EDA may in its discretion determine that the CEDS is acceptable so long as it includes all of the elements listed in paragraph (b) of this section. In certain circumstances, EDA may accept a non-EDA funded CEDS that does not contain all the elements listed in paragraph (b) of this section. In doing so, EDA shall consider the circumstances surrounding the application for Investment Assistance, including emergencies or natural disasters and the fulfillment of the requirements of section 302 of PWEDA.(2) If the CEDS for a Project under parts 305 and 307 of this chapter is developed under another federally-supported program, it must include acceptable performance measures similar to those set forth in paragraph (b) of this section and information on the state of the Regional economy. To the maximum extent practicable, the CEDS shall be consistent and coordinated with any existing economic development plan for the Region.

Subpart C—State and Short-Term Planning Assistance

§ 303.8 Requirements for State plans.(a) As a condition of a State receiving a Planning Investment:(1) The State must have or develop a CEDS that meets the requirements of § 303.7;(2) Any State plan developed with Planning Investment Assistance must, to the maximum extent practicable, be developed cooperatively by the State, political subdivisions of the State, and the Economic Development Districts located wholly or partially in the State; and (3) The State must submit to EDA an annual report on any State plan receiving Planning Investment Assistance.(b) Before awarding a Planning Investment to a State, EDA shall consider the extent to which the State will take into account local and District economic development plans.

§ 303.9 Requirements for short-term Planning Investments. (a) In addition to providing support for CEDS and State plans, EDA also may provide Investment Assistance to support short-term planning activities. EDA may provide such Investment Assistance to:(1) Develop the economic development planning capacity of States, cities and other Eligible Applicants experiencing economic distress;(2) Assist in institutional capacity building; or(3) Undertake innovative approaches to economic development.(b) Eligible activities may include updating a portion of a CEDS, economic analysis, development of economic development policies and procedures, and development of economic development goals.(c) Applicants for short-term Planning Investments must provide performance measures acceptable to EDA that can be used to evaluate the success of the program and provide EDA with progress reports during the term of the Planning Investment, as set forth in the Investment agreement.

PART 304—ECONOMIC DEVELOPMENT DISTRICTS

Sec. [304.1](#) Designation of Economic Development Districts: Regional eligibility. [304.2](#) District Organizations: Formation, organizational requirements and operations. [304.3](#) District modification and termination. [304.4](#) Performance evaluations. Authority: 42 U.S.C. 3122; 42 U.S.C. 3171; 42 U.S.C. 3172; 42 U.S.C. 3196; Department of Commerce Organization Order 10-4. Source: 71 FR 56675, Sept. 27, 2006, unless otherwise noted. § 304.1 Designation of Economic Development Districts: Regional eligibility. Upon the request of a District Organization (as defined in § 304.2), EDA may designate a Region as an Economic Development District if such Region: (a) Contains at least one geographic area that is subject to the economic distress criteria set forth in § 301.3(a)(1) of this chapter and is identified in an approved CEDS; (b) Is of sufficient size or population and contains sufficient resources to foster economic development on a scale involving more than a single geographic area subject to the economic distress criteria set forth in § 301.3(a)(1) of this chapter; (c) Has an EDA-approved CEDS that: (1) Meets the requirements under § 303.7 of this chapter; (2) Contains a specific program for intra-District cooperation, self-help, and public investment; and (3) Is approved by each affected State and by the Assistant Secretary; (d) Obtains commitments from at least a majority of the counties or other areas within the proposed District, as determined by EDA, to support the economic development activities of the District; and (e) Obtains the concurrence with the designation request from the State (or States) in which the proposed District will be wholly or partially located.

§ 304.2 District Organizations: Formation, organizational requirements and operations.

(a) *General.* A “*District Organization*” is an entity that satisfies the formation and organizational requirements under paragraphs (b) and (c) of this section. (b) *Formation.* A District Organization must be organized as one of the following: (1) A public organization formed through an inter-governmental agreement providing for the joint exercise of local government powers; or (2) A public organization established under State-enabling legislation for the creation of multi-jurisdictional area-wide planning organizations; or (3) A non-profit organization incorporated under the applicable non-profit statutes of the State in which it is incorporated. (c) *Organization and governance.* (1) Each District Organization must meet the requirements of this paragraph (c) concerning membership composition, the maintenance of adequate staff support to perform its economic development functions, and its authorities and responsibilities for carrying out economic development functions. The District Organization's board of directors (or other governing body) also must meet these requirements. (2) The District Organization must demonstrate that its governing body is broadly representative of the principal economic interests of the Region, which may include the private sector, public officials, community leaders, representatives of workforce development boards, institutions of higher education, minority and labor groups, and private individuals. In addition, the governing body must demonstrate the capacity to implement the EDA-approved CEDS. (3) The District Organization must be assisted by a professional staff drawn from qualified persons in economic development, planning, business development or related disciplines. (4) The governing bodies of District Organizations must provide access for persons who are not members to make their views known concerning ongoing and proposed District activities in accordance with the following requirements: (i) The District Organization must hold meetings open to the public at least twice a year and also shall publish the date and agenda of such meetings sufficiently in advance to allow the public a reasonable time to prepare in order to participate effectively. (ii) The District Organization shall adopt a system of parliamentary procedures to assure that board members and others have access

to an effective opportunity to participate in the affairs of the District.(iii) The District Organization shall provide information sufficiently in advance of decisions to give the public adequate opportunity to review and react to proposals. District Organizations should communicate technical data and other material to the public so they may understand the impact of public programs, available options and alternative decisions.(iv) The District Organization must make available to the public such audited statements, annual budgets and minutes of public meetings, as may be reasonably requested.(v) The District Organization and its board of directors must comply with all Federal and State financial assistance reporting requirements and the conflicts of interest provisions set forth in § 302.17 of this chapter.(d) *Operations.* (1) The District Organization shall engage in the full range of economic development activities listed in its EDA-approved CEDS. These activities may include:(i) Coordinating and implementing economic development activities in the District;(ii) Carrying out economic development research, planning, implementation and advisory functions identified in the CEDS; and(iii) Coordinating the development and implementation of the CEDS with other local, State, Federal and private organizations.(2) The District Organization may at its option contract for services to accomplish the activities listed in paragraphs (d)(1)(i) through (iii) of this section.

§ 304.3 District modification and termination. (a) *Modification.* Upon the request of a District Organization and with the concurrence of the State or States affected (unless such concurrence is waived by the Assistant Secretary), EDA may modify the geographic boundaries of a District, if it determines that such modification will contribute to a more effective program for economic development.(b) *Termination.* EDA may, upon 60 days prior written notice to the District Organization, member counties, and other areas determined by EDA and each affected State, terminate a Region's designation as an Economic Development District when:(1) A District or District Organization no longer meets the requirements of §§ 304.1 or 304.2; or(2) EDA determines that the District Organization fails to execute its CEDS according to the development, implementation and other performance measures set forth therein; or(3) A District Organization has requested termination.(c) Prior to terminating a District Organization under paragraph (b)(2) of this section, EDA will consult with the District Organization and consider all facts and circumstances regarding the District Organization's operations. EDA will not terminate a District's designation based on circumstances beyond the control of the District Organization (e.g., natural disaster, plant closure, overall economic downturn, sudden and severe economic dislocation, or other situation).(d) EDA may further modify or terminate a Region's designation as a District according to the standards set forth in an FFO.

§ 304.4 Performance evaluations. (a) EDA shall evaluate the management standards, financial accountability and program performance of each District Organization within three years after the initial Investment award and at least once every three years thereafter, so long as the District Organization continues to receive Investment Assistance. EDA's evaluation shall assess:(1) The continuing Regional eligibility of the District, as set forth in § 304.1;(2) The management of the District Organization, as set forth in § 304.2; and(3) The implementation of the CEDS, including the District Organization's performance and contribution towards the retention and creation of employment, as set forth in § 303.7 of this chapter.(b) For peer review, EDA shall ensure the participation of at least one other District Organization in the performance evaluation on a cost-reimbursement basis.