



**REGIONAL
APPROACHES TO
ECONOMIC
DEVELOPMENT
STRATEGIC
PLANNING**







REGIONAL
APPROACHES
TO
ECONOMIC
DEVELOPMENT

downtown monterey

'12



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Chapter
One

Profiles & Strategy

introduction

Economic issues are frequently at the forefront of community development and are often the deciding factor in planning efforts. If there are no funds, planning may take a backseat to more pressing economic issues. Strategies targeted at the particular concerns and needs of a community are necessary for effective local decision-making related to economic development. With increasing frequency, city planners are engaged in the creation of economic development strategic plans to develop a clear statement of local economic goals. Economic development strategic plans are action-oriented in their approach as they build strategies to map an explicit path between present economic conditions and a vision for the future. These plans are becoming increasingly important as planners adapt to today's complex and fluctuating economic conditions. Economic development strategic plans help planners facilitate economic health by prioritizing urgent economic issues and developing actions to allocate needed, and often limited, resources. From driving economics to developing community involvement, strategic planning is a dynamic tool for implementation of policies and the development of actions.

In the development of any urban planning objective, policy, or strategy it is always crucial to understand the context in which you are planning. Understanding the complexities of any planning region will allow for more succinct and coherent decisions to be made. This idea holds true for economic planning. For example, to attract developers, business owners, and new residents to a city, planners must fully understand both downtown and regional markets and economic dynamics.

While most economic strategic plans are developed for cities, successful economic strategies often require regional coordination. Effective economic development requires a keen understanding of the city's, county's, and region's current and future socioeconomic conditions. Therefore, analyzing existing conditions and profiling the socioeconomic conditions of a region—preparation of a regional profile—are frequently necessary for effective local decision-making and planning.

In most cases, the data collection and analysis required for an economic development strategic plan are beyond the resources of individual cities. Gathering regional data can be very time-consuming, and the thorough analysis of the data necessary for economic development can be even more so (Walker, 2009). In addition, because effective strategies for economic development may require a regional approach, and these approaches may require the collaboration of several cities, cities are not necessarily the appropriate agencies to lead such efforts. Regional associations of government, then, can play an important role in providing the regional context and approach to economic development that many small communities need. The Association of Monterey Bay Area Governments (AMBAG) is one such regional association. Currently, AMBAG does not have an economic development strategic plan.

The purpose of this project was to recommend an approach to economic development strategic planning for the Association of Monterey Bay Area Governments (AMBAG). To do this, three steps were completed:

- 1. A review of the literature on strategic planning, and, more specifically, economic development strategic planning** *(the remainder of this chapter, Chapter 1). The economic strategic planning process review looks at economic strategic planning in a regional context and emphasizes the need for more collaborative regional economic planning efforts.;*
- 2. A review of the existing conditions in the region—a Regional Profile** *(Chapter 2 and, for the full version, Appendix A). Through the development of a Regional Profile for the Association of Monterey Bay Area Governments (Appendix A), key economic issues were identified for the Monterey Bay Area. To aid in identifying these issues, a brief analysis of the region's economic opportunities and challenges were developed.;*
- 3. A case study analysis of three economic development strategic plans** *(Chapter 3). The three strategic plans/processes reviewed were: Portland Economic Development Strategy, 2009; City of San Ramon: Economic Development Strategic Plan, 2011; The City of San Luis Obispo: Economic Development Strategic Plan, 2012. While these were not regional economic plans, they provided several useful approaches to an economic development strategic planning process that can be used at a regional level. This is discussed more in Chapter 3.*

The document concludes with recommendations for effective approaches to regional economic strategic planning and specific economic recommendations for the AMBAG region.

Regional Profiling for Economic Development

Regional profiles provide current and historical demographic, socio-economic, housing, transportation and education data, gathered from a variety of sources. These profiles have great value to municipalities and the larger region they represent. The information they provide helps identify current trends, which assist local governments with community planning and outreach efforts. Demographic profiles are a valuable in many aspects of local government development:

- *Community planning and outreach*
- *Visioning initiatives*
- *Grant applications*
- *Marketing and promoting a community*
- *Assessing and guiding economic conditions*

One key aspect of using regional profiles is their potential to aid in economic development. Companies looking for new areas to expand or relocate can use regional information to guide decisions to relocate to take advantage of available markets. More importantly, these profiles identify local economic opportunities and challenges, ultimately leading to strategies to meet these challenges. Regional profiles set the stage for creating focused planning objectives and actions that strengthen local economic development.

What is a Strategic Plan?

According to the California Department of Finance, “A strategic plan is a practical action-oriented guide, based on an examination of internal and external factors, which directs goal-setting and resource allocation to achieve meaningful results over time” (Department of Finance, 1998). Strategic plans develop a clear statement of an agency’s mission and vision, identify a set of goals and objectives, and formulate key strategies that address those factors that are essential to the agency’s success. Strategic planning helps an entity ask four basic questions:

- *Where are we now?*
- *Where do we want to be?*
- *How do we get there?*
- *How do we measure our progress?*

Following a potential wide-range of application, strategic plans have great value in proactive city and regional planning. Strategic plans can cover a number of local government concerns including, but not limited to, the following:

- *A healthy environment*
- *Culture, arts & recreation development*
- *Educational success*
- *Public safety*
- *Government efficiency*
- *Economic development*

Strategic planning is a continuous process that requires constant feedback about how the current strategies are working (Dusenbury, 2000). An important aspect of strategic planning to take note of is its function as a living document. Too often, public-sector strategic planning is an event—or worse, just a document sitting on a shelf. To be successful, these plans need constant feedback on how current strategies are working, and what can be done to improve them. In a report completed by the Urban Institute in the Fall of 2000, strategic planning’s effectiveness was examined in conjunction with systems of performance measurement. The report looked at a variety of strategic plans ranging from watershed and pollution strategies to transportation and maintenance strategies. The findings of this report illustrate the potential effectiveness of strategic plans when coupled with solid methods of performance measurement.

Through case study investigation the Urban Institute report deduced that “the model of integrated strategic planning and performance measurement not only improves management. Once in place, it is also the foundation for implementing results-based budgeting, contracting, and human resource management. For [an entity] determined to get results, integrating strategic planning and performance measurement is step one” (Dusenbury, 2000). Strategic planning is an effective tool when correctly implemented with a plan for measuring its proposed actions’ performance.

Strategic Planning for Economic Development

Economic fluctuations have a profound impact on our cities, communities, and regions. The global economy is currently experience prolonged problems and recovery across the United States has been uneven and constrained by tight financial markets. When banks do not lend to small and medium sized businesses, these businesses cannot make needed capital investments, launch building projects, or expand production. Without access to capital, the economy cannot recover. While the recession officially lasted from December 2007 to June 2009, economic conditions in the U.S. and California have yet to significantly improve (Next 10, 2012). In California, these difficulties compound the economic stress placed upon cities with the passage of Proposition 13 in the 1970s and the subsequent loss of significant property tax recessions. For local governments, resources continue to be stretched thin as funding is increasingly scarce. Public officials’ abilities to adapt to this new environment directly influence the lives of residents. Adapting to these changes is not without cost, but

postponing response to the real impacts of economic has proven to have substantial negative impacts in terms of the basic services cities provide and the health of local economies. It is all too often that government officials’ become rooted in responding to change after the fact, rather than seeking to plan ahead. These traditional planning practices of managing change reactively have often shown themselves to be ineffective and obsolete (Fulton & Shigley, 2005).

Strategic planning, at its best, encourages the local community to think strategically about itself, its assets and liabilities, where it wants to go, and what steps it must take to get there. Strategic planning has been widely accepted in the business community as a dynamic management tool. Private entities have used strategic planning to streamline incremental business success and cultivate an active approach to companies’ futures. Strategic planning’s application in the more public context of local government is becoming increasingly common (Kaufman & Jacobs, 1987). Resource scarcity and service demands place public organizations under great pressure to apply better planning techniques. The history of public planning is full of stories of over-expectation, underestimation of costs, and disillusionment; simple, inexpensive solutions to highly complex problems have claimed its share of victims. Strategic Planning helps temper the intricacies of decision-making and has proven to be an invaluable tool for urban planning.

Aspects like employment statistics, retail sales data, and economic growth projections, in effect, are the foundation for guiding strategies to address local economic challenges. This initial analysis can come in the form of “needs assessment” or opportunities and challenges analysis. This initial analysis helps identify key issues and narrows and focus the goals and objectives of the plan. Working with the plan sponsors and other stakeholders to help identify the important issues is essential. The type of information developed through initial socioeconomic analysis should be linked directly to the specific issues that will be addressed in the economic plan and supplemented by analysis and identification of key issues. Of course, data gathering and analysis can be a resource-intensive process. Because of this, it is important at the beginning of any planning project to determine the information that is critical to the plan.

The Process of Economic Strategic Planning

Strategic planning is not different from well-developed and effective community planning; it is different in emphasis, but not different in kind (Kaufman & Jacobs, 1987). Recognizing that variations are possible in the sequencing of, time spent in, and analytic depth devoted to each phase of the strategic planning process, the following are essentially the basic steps in strategic planning at the community level:

1. *Scan the environment.*
2. *Select key issues.*
3. *Set mission statements or broad goals.*
4. *Undertake external and internal analyses.*
5. *Develop goals, objectives, and strategies with respect to each issue.*
6. *Develop an implementation plan to carry out strategic actions.*
7. *Monitor, update, and scan.*

These steps in strategic planning are straightforward and can be effective in many different applications. (Indeed, these steps mirror good planning processes. The first step—scanning the environment—is much like the first step in comprehensive planning—preparation of the community profile. In a time of widespread fiscal constraint, economic strategic planning offers significant opportunities for public planners. Planners are already well exposed to its concepts and techniques, and it makes use of their skills in facilitation, communication, analysis of secondary data, and forecasting. Bearing this in mind, effective economic strategies can involve complex economic assessment with which planners have varying experience. Involving economic specialists early on can help identify appropriate strategies for a respective population.



Modern planning requires strategy that is at the same time more flexible and responsive to the environment surrounding it (Eadie, 1983). While comprehensive planning is an important and required activity for California cities, strategic planning can have a much narrower focus, serving both to provide vision and as implementation plan to achieve specific targets or objectives within a community. It is through this narrower approach that near-term payoffs from strategic planning are possible. In addition, the immediate benefits of strategic planning may be an important way of building strong support for such a planning effort. Narrower project-like applications are also more manageable, helping a public organization take “chewable bites of a highly complex and demanding process” (Eadie, 1983).

commerce organizations, economic development corporations, and regional planning associations could help give the plan collective community support leading to a more successful planning effort.

Participation

A distinction between corporate strategic planning and community strategic planning is that community strategic planning broadens the basis of participation. Shifting away from traditional planning practice, advocate and progressive planners stress the need to bring people into the planning process who, by design or practice, have not participated (Kaufman & Jacobs, 1987). By seeking to include all community stakeholders in the planning process, more insightful and responsive planning will help communities thrive.

Greater participation of selected segments of the community can be emphasized by the proponents of community-based economic development strategic planning. Involvement from various local groups such as the private business community, non-profits, labor organizations,

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Chapter
Two

Regional Context

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regional economics

Regional Roles in Economic Development

The impacts of regional policy on economic development are inherently dynamic. Numerous studies, many prompted by the consideration of city and county governments merging to create metropolitan governments, have concluded that a strong and direct link exists between downtowns and their regional economies (Walker, 2009). In the past half century, regional planning organizations, such as Council of Governments (COGs) and Metropolitan Planning Organizations (MPOs), have directly impacted local decision-making. From air quality to waste management, COGs and MPOs have implemented strategies that strengthen their region's unique environment, economy, and culture. Regional policies set the stage for effective local planning.

Planning problems do not begin and end at city lines. In an international context, crisis in Europe has affected the U.S. economy by acting as a drag on our exports, weighing on business and consumer confidence, and pressuring U.S. financial markets and institutions. Almost all planning problems extend beyond city or county boundaries. Beyond economics, the intricacies in planning for issues like air pollution or traffic congestion are

ones that cannot be resolved on a city-by-city basis (Fulton & Shigley, 2005). Planning problems are regional in nature, and regional planning agencies oversee and influence the larger context of planning solutions, which influence the context in which

local governments work within. Economic development concerns (e.g. unemployment, workforce skills, industry development) are no exception to this, and can be more effectively resolved by collective regional planning efforts. The following regional planning agencies have developed regional economic policies and can serve as great examples of these types of regional economic planning efforts:

San Diego Association of Governments

An example of a regional agency with noteworthy influence on its jurisdiction is the San Diego Association of Governments (SANDAG). SANDAG is the region's MPO and serves as a forum for regional decision-making and looks to build consensus, make strategic plans, obtains and allocates resources, and provides information on a broad range of topics pertinent to the region's quality of life. SANDAG also evaluates, monitors, and reports on issues affecting the fiscal stability and economic prosperity of San Diego region. In 2008, SANDAG developed the "San Diego Regional Economic Prosperity Strategy." This strategic plan provides a framework for evaluating the region's economic health by benchmarking their own region against 24 others, as well as broader statewide and national trends. Using information from a regional demographic profile, the process gave the region a way of measuring economic progress and trends to solve recognized challenges. This document is a compelling example of the purpose and advantages behind regional economic planning.

San Luis Obispo Council of Governments

The San Luis Obispo Council of Governments (SLOCOG) also makes use of regional economic data in guiding local economic strategy. SLOCOG is an association of local governments in the San Luis Obispo County Region. The central purpose of SLOCOG is to examine common regional problems and suggest solutions. SLOCOG is also the region's designated Regional Transportation Planning Agency, Metropolitan Planning Organization, Regional Census Data Affiliate, and Service Authority for Freeways and Expressways. In their "2035 Long Range Socio-Economic Projections," SLOCOG projected the future economic growth of the region. Not only did it give the region a means of quantifying the challenges the region faces, it gave local governments a means of adapting or avoiding future economic adversity.

Economic Vitality Corporation

The Economic Vitality Corporation (EVC) is a regional non-profit, economic development organization in San Luis Obispo County. Like other economic development corporations, the EVC's mission is to stimulate the economic vitality of the region, generate jobs, and increase investment in the community. In 2010, the EVC developed a regional economic strategy that was the first-ever public/private partnership to provide an in-depth assessment of, and strategies for, San Luis Obispo county's economy. The project will develop a strategy to create more long-term prosperity for our local economy. Driven by the business community, companies from key business sectors were gathered for their input. This document serves as a prime example of an inclusive and useful regional economic development strategy.

Regional Economics & Association of Monterey Bay Area Governments

Economic prosperity is one of the major challenges for both public and private sector leaders anywhere. Economic development, such as air quality or traffic congestion, has a regional context. Regional agencies play a big role in evaluating, monitoring, and reporting on the issues affecting the fiscal stability and economic prosperity of a region. Using these analyses to explore the economic impacts of a regional community on a local community sets the stage for a more economically stable region. Economic problems are often regional in nature, but planning solutions have seemingly been tied to the parochial boundaries of local government jurisdictions (Fulton, 2005). Regional agencies, through regional analyses and inclusive policy guidance, can support astute planning approaches in local economies.

The Association of Monterey Bay Area Governments, or AMBAG, is a regional planning organization that consists of representation from a large number of public agencies within Monterey County, Santa Cruz County and San Benito County, California. AMBAG serves as both a federally designated Metropolitan Planning Organization and Council of Governments. AMBAG has a broad charter of research and governmental oversight for a variety of functions, including elements of land planning, natural resource conservation, energy, transportation and economic development.

Among its many duties, AMBAG manages the region's transportation demand model and prepares regional housing, population and employment forecast that are utilized in a variety of regional plans. AMBAG greatly influences the planning efforts of local governments.

Regional Analysis & Planning Services, Inc. (RAPS), a non-profit corporation chartered by the Association of Monterey Bay Area Governments in 1991, prepares an annual report titled "State of the Region," which plays a role in the analysis of the region's economic strengths and weaknesses. The 2010-2011 RAPS "State of the Region" report (Appendix A) looks to identify and analyze the region's most pressing challenges. As local governments' resources are stretched thin, the impacts of regional reports on local planning efforts will become increasingly evident as their guidance will help develop economic policy action. The 2011 "State of the Region" document was developed in conjunction with this report to serve as a foundational basis for the aforementioned initial step in strategic planning of "scanning the environment." This report uses the "State of the Region" document to identify key issues, as well as challenges and opportunities, as an illustration of the basic steps in strategic planning at the community level. The initial steps in any strategic planning effort include scanning the environment and selecting key issues, respectively.

The "State of the Region" report covers a variety of topics and looks at an assortment of data that makes up a concise yet thorough regional profile.

The report comprises the following:

- *Regional Profile (Summary)*
- *Economics*
- *Education*
- *Broadband Access*
- *Health & Public Safety*
- *Transportation*
- *Environment*

Because of this report's economic focus, the "State of the Region" report's economic analysis is summarized in the following section. The complete report can be found in Appendix A.

Monterey Bay Area Economics

The impact of the extended economic recession is reflected in many aspects of the AMBAG region's business climate. Per capita income declined along with employment in most sectors, while the cost of living and doing business remained high. Nonetheless, the tri-county AMBAG region remains an economically diverse destination.

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The “State of the Region” report’s economic findings are as follows:

Employment Changes by Industry

The top four industries in the AMBAG region consist of the following sectors: agriculture, accommodation/food services, retail trade, and health care.

Agricultural employment accounts for nearly double the jobs as the second leading industry, accommodation and food services.

From 2001-2011, the most regional employment growth was seen in the Professional, Scientific, and Technical Services job sector, which saw an overall increase of 400 jobs. Other leading industries for job sector growth included retail trade, manufacturing, and service jobs.

Agricultural Employment

Agriculture is a major industry in the AMBAG region, accounting for approximately 61,000 jobs in 2010. With nearly 47,000 employees, Monterey County lead the tri-county area in agriculture industry employees, follow by Santa Cruz and San Benito Counties with 10,000 and 4,000 agriculture jobs respectively.

Gross Regional Product

The gross regional product (GRP) measures the market value of all goods and services produced within a specific area. This is a common indicator of the size of an area’s economy.

Of the counties within the AMBAG region, Santa Cruz County had the largest GRP, totaling approximately \$26.1 billion. Santa Cruz County also led all Counties in both earnings and exports, distinguishing it as a chief economy within the AMBAG region.

Tourism-Related Jobs & Spending

Tourism-related spending considers spending on accommodations, food, recreation, retail products, and travel arrangements, as well as tax revenue generated within the tri-county region by visitor spending.

Visitors traveling to the area for recreation and business generate revenue and jobs for the local economy. Tourism is one of the leading industries in the region, accounting for 15 percent of the county’s employment. Hotels, shops, restaurants, and entertainment venues rely on the tourism market for a significant percentage of their business.

Between 2008 and 2009 tourism-related spending dropped in all counties.

Monterey County, the largest tourism-related economy in the region, saw a decrease in tourism-related spending of approximately \$100 million, going from a total of \$2.1 to \$2.0 billion. Santa Cruz County saw a similar drop of nearly seven percent in spending from \$649.6 million to \$605.8 million.

Monterey County has the largest number of tourism-related employees in the tri-county region, employing approximately 21,500 people in 2009. Tourism-related employment in the region has generally decreased since 2006, losing approximately 1,600 employees through 2009.

The drop in tourism-related spending can be seen in the dollars taken in by Counties through the Transient Occupancy Tax (TOT). The TOT is charged in California when occupying rooms or other living spaces in a hotel or other lodging.

From 2009 and 2010, Monterey County saw a drop of approximately \$1.8 million in TOT receipts, going from a total of \$41.4 million to \$39.6 million.

The trend of declining TOT dollars can be seen in all counties within the AMBAG region.

Retail Sales & Employment

The AMBAG region had roughly \$8.6 billion in retail sales in 2007. Monterey County had the highest percentage of the total, accounting for over \$4.5 billion in retail sales in 2007. Santa Cruz County had just over \$3.7 billion in sales while San Benito County sold approximately \$353 million in 2007.

Total retail sales reflect the total retail related employment in the counties where Monterey County had approximately 15,367 jobs in 2010, followed by Santa Cruz and San Benito County with 11,767 and 1,662 employees respectively.

Forecasted Employment Opportunities

Based on employment projections from the California Employment Development Department the tri-county region is expected to gain approximately 30,000 jobs between 2008 and 2018.

The largest change is expected in Monterey County with an estimated employment increase of approximately 16,100 jobs, followed by Santa Cruz County with an expected increase of 10,300 jobs.

Farm employment, which makes up about 23 percent of Monterey County's total employment in 2008, is expected to grow by 13.2 percent. Approximately 11 percent of California's total farm employment is in Monterey County.

Per Capita Income

Of the three counties in the AMBAG region, Santa Cruz County residents have the highest average monthly income of approximately \$3,700, followed by Monterey and San Benito Counties with incomes of \$3,500 and \$3,400 respectively.

A high per capita income for tri-county residents is crucial in the context of the county's high housing costs. In addition, a higher relative per capita income signals greater discretionary income for the purchase of goods and services.

Cost of Living

The cost of living index is based on a US average of 100. Subsequently, a cost of living index above 100 indicates that the area is generally more expensive to live in than other areas of the country. Of the three counties in the Monterey Bay Area, Santa Cruz County has the most expensive cost of living with an index score of approximately 171, while Monterey County is the least expensive with a score of approximately 148. The Monterey Bay Area is a relatively expensive place to live.

Housing Affordability Index

The California Association of Realtors® Traditional Housing Affordability Index (HAI) measures the percentage of households that can afford to purchase the median priced home within their respective counties. The HAI is considered a primary measure of housing well-being for buyers in the state. In 2011, approximately 34 percent of households in Santa Cruz County and 57 percent of households in Monterey County could afford to purchase a median priced home within their County. Both Monterey and Santa Cruz Counties saw an increase in housing affordability between 2010 and 2011, where affordability rose approximately seven percent in Santa Cruz County and one percent in Monterey County. HAI data on San Benito County is not available for this time period.

H+T Affordability Index

The housing and transportation affordability index (H+T®) can be considered a more complete measure of affordability beyond the standard method of assessing only housing costs.

By taking into account both the cost of housing as well as the cost of transportation associated with the location of the home, H+T provides a more complete understanding of affordability. Housing alone is traditionally deemed affordable when consuming no more than 30 percent of income. The affordable range for H+T is no more than 45 percent of a household's income.

Monterey County has the highest percentage of income per household going towards housing and transportation, at 57.5 percent. Based on housing and transportation expenses per household, San Benito County

is the most affordable area in the tri-county region with an average of 47.5 percent of household incomes going towards H+T. By the definition of affordable being 45 percent or less of a household's income going towards H+T costs, the Monterey Bay Area average of approximately 53.4 percent can characterize the region as difficult to afford.

Median Monthly Rental Prices

Of the counties within the AMBAG region, Santa Cruz has the highest median monthly rental prices at \$1,280. Monterey and San Benito Counties do not differ significantly since their median monthly rental costs are \$1,126 and \$1,183 respectively. The only area within the tri-county region with a median monthly rent price below the California average of \$1,163 is San Benito County.

Bearing in mind that no more than 30 percent of household income should be spent on housing, hourly wages necessary to afford median monthly rental prices within the tri-county area were calculated using a conventional 160-hour work month.

San Benito County had an affordable hourly wage below the California average. San Benito County residents also have the lowest average monthly income within the AMBAG region. Santa Cruz County, on average, has the most expensive housing within the region.



Figure 1: Opportunities and Challenges Criteria Examples, Adapted from: City of San Luis Obispo, "SWOT Analysis Template," 2011.

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Home Value, Sales and Foreclosures

Between 2007 and 2009, counties within the AMBAG region saw a dramatic increase in home foreclosures. This followed a national trend of foreclosure increase, which was

Regional Economic Opportunities & Challenges

The AMBAG region faces a situation where the opportunities exceed the available resources to invest, so a thoughtful and proactive strategy is even more critical than ever.

An analysis of economic development opportunities and challenges includes key findings about the aspects of the area which make it attractive and favorable for various industries and employers, as well as identifiable problems and shortcomings. For a region such as the Monterey Bay Area, identifying these strengths and weaknesses can help in crafting a new economic development strategy.

An opportunities and challenges analysis should do the following (Alexander, Yeung, Ozawa, & Tennant, 2011):

- *Reinforce and leverage existing strengths*
- *Compensate or overcome existing weaknesses*
- *Identify and exploit future opportunities*
- *Foresee and mitigate future challenges*

To inform the recommendations for economic development in the AMBAG region, an opportunities and challenges analysis was developed. This analysis was based on the 2011 AMBAG “State of the Region Report” (Appendix A), and supplemental opportunities and challenges reports from local jurisdictions.

The Monterey Bay Area has a number of strengths, and many opportunities enabled by those strengths. Clearly, the physical environment and scenery play a role in the region’s historic advantages in agriculture and tourism. There is also a strong intellectual infrastructure around its universities and research institutes, which can be better integrated with the local economy (Alexander, Yeung, Ozawa, & Tennant, 2011). Along with these strengths or opportunities are a set of constraints on economic growth that should be addressed.

In San Benito County, proximity to Silicon Valley creates opportunities for economic development, but it also represents a major challenge. Since 1992 Silicon Valley has created 250,000 jobs, but only 50,000 housing units, according to the Silicon Valley Leadership Group, resulting in high real estate prices in the Silicon Valley. The relatively inexpensive land in San Benito County has created pressures for the County to serve as a bedroom community for workers on the Silicon Valley. At the same time, attracting high-tech and high-wage jobs to San Benito County is a challenge with the competition from surrounding counties in the Monterey Bay Area and beyond. The County can develop policies and incentives to encourage companies with high paying jobs to locate within the County.

The Monterey Bay Area has many assets and opportunities that could be important sources of future economic competitive advantage. These advantages will help the region attract businesses to the area, as well as sustain the health of existing firms and promote the creation of innovative new start-up firms (Alexander, Yeung, Ozawa, & Tennant, 2011).

Historically, San Benito County has the highest unemployment rates in the region because of its limited economic diversification. Unemployment strains individuals, county government, and the regions which are responsible for providing unemployment and welfare services and support. Unemployment can also lead to mortgage defaults, bankruptcy, job skill loss, and homelessness. The current national economic downturn has contributed greatly to unemployment in both San Benito County and the region, and it will take years to completely recover.

Key Opportunities:

Commercial Sites and Corridors

Developing key commercial sites and corridors provides an important opportunity for economic growth in the region. The region has the benefit of being located along a few major regional thoroughfares: US 101, 1 running north/south and SRs 152, 156 running east/west. Caltrans is currently (2010) planning to construct a new freeway interchange along US 101 in San Benito County, very close to the Monterey County border. The completion of this interchange will facilitate commercial development in San Benito County (AECOM, 2010) on the relatively flat portion of the land between US 101 and the hills to the east. While San Benito County has not traditionally seen growth in regional commercial (i.e., freeway oriented) development, this could be an opportunity to capture a larger share of this market. The County has the opportunity to look at appropriate commercial sites and analyze their potential for economic development to strengthen the overall region.

Wine Industry

The region has a long history in the wine industry, especially in Monterey and San Benito Counties. The continued expansion of the wine tourism industry will generate job growth and sales/hotel tax revenue for the County from wineries selling directly to consumers and new tourist accommodations.

Various wine related events continue to attract visitors to the Monterey Bay Area's wine regions.

Tourism

The AMBAG region has a strong tourism-based economy, particularly in Monterey and Santa Cruz Counties. San Benito County does not receive nearly as much tourism-related traffic as these others. Strengthening San Benito County's tourism can be beneficial to the region as a whole. San Benito County has a number of tourism-related opportunities. Because it is adjacent to Monterey County and near the six million plus Bay Area residents, San Benito County has opportunities to expand its tourism sector. San Benito County could benefit from creating destination type tourist attractions. The county's tourism assets include a beautiful natural setting, the historic town of San Juan Bautista, a growing wine industry and organic farming industry, scenic drives, and several State parks. The agricultural industry is also one of the county's distinctive features, providing the opportunity to develop and expand agritourism, such as the wine trail.

Challenges:

The current national and global economic environment presents difficult challenges in pursuing a new region-wide economic strategy, especially in finding resources to make critical long-term investments. This economic crisis also provides a strong rationale for why the region needs a well-crafted, data-driven economic strategy— to guide the allocation of scarce resources to opportunities with the greatest potential benefits.



In an “Asset and Opportunity Identification” report done for Monterey County in 2010, it was noted that one of the most significant problems is the lack of collaboration and cooperation among stakeholder groups. The report states that “there are very few incentives present for people to look beyond their parochial concerns”—referring to local communities, their industry, or their interests—and take a broader, county/region-wide view. The current economic situation, with lingering recession and long-term unemployment, should be seen as a motivation. The region faces a situation where the opportunities exceed the available resources to invest, so a thoughtful and proactive strategy is even more critical than ever.

The most promising and significant opportunities are those that involve multiple economic sectors and stakeholders working together to create unique capabilities and offerings. The region has been lacking cooperation across multiple jurisdictions, interest groups, and sectors. A region-wide strategy can bring prosperity and opportunity to the broader population. Figure 1 lists key opportunities and challenges to economic development in each of the AMBAG counties. Using insight developed from the “State of the Region” report and supplemental county analysis, the chart outlines aspects to be considered during the development of a regional economic strategy.

Many of these weaknesses will require long-term investments, such as improving road capacity and improving the skill level of the workforce. Progress in certain areas will be slowed by the struggles of the larger economic environment. Cutbacks at the state and federal levels of government emphasize the need for investment from local jurisdictions in improving the region.

While the region’s agricultural and tourism sectors continue to generate significant revenues, there are danger signs that their health and advantages may be eroding. If the region waits too long to address some of these long-term concerns, it could end up acting too late to make a difference. As identified and explored in the RAPS “State of the Region Report” (Appendix A), Monterey County is the Economic foundation of the AMBAG region.

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	Monterey County	San Benito County	Santa Cruz County
Opportunities	<ul style="list-style-type: none"> • Agricultural & tourism industry base • Post-secondary education cluster (CSUMB, MIIS, NPS) • Marine resources & research • Social interest in nature & environment • Need for more sustainable practices in industry and economy • Attracting research funding from the federal government 	<ul style="list-style-type: none"> • Agricultural industry base • Location near multiple freeways and highways • Wine industry • Commercial sites and corridors • Wine industry • Tourism • New Hotels and or Convention Center 	<ul style="list-style-type: none"> • Highest education levels in the region • Highest average income in the region • University of California Santa Cruz • Green energy & construction • Available workforce • Supporting the many small businesses in the area may help develop new jobs • Attracting research funding from the federal government
Challenges	<ul style="list-style-type: none"> • Poor transportation infrastructure • Low education attainment • Relatively unskilled workforce • Shortage of career opportunities for mid-skilled workers • Lack of cheap, finished office space for start-ups • Lack of small business loan programs • Changing demographics relative to County's focus • Expensive to do business in the County • Competition from other regions in core industries • Skilled managerial level workers living in the County tend to work elsewhere • Difficulty of navigating • County regulations and permitting processes 	<ul style="list-style-type: none"> • Jobs/housing balance • Unemployment • Relatively unskilled workforce • Shortage of career opportunities for mid-skilled workers • Competition from other regions in core industries • High unemployment 	<ul style="list-style-type: none"> • Aging workforce • Poor transportation infrastructure • Slow job growth • shortage of career opportunities for mid-skilled workers • Lack of cheap, finished office space for start-ups • Lack of Countywide economic strategy • High unemployment, especially in the South County • Difficulty of navigating County regulations and permitting processes • Expensive to do business in the County

Figure 3: AMBAG Region Economic Opportunities & Challenges Analysis/Examples

Sources: San Benito County General Plan Update Opportunities & Challenges Report, 2010; Economic Opportunities in Monterey County: Asset Inventory and Opportunity Identification, 2011; Santa Cruz County Comprehensive Economic Development Strategy, 2011.

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Portland



OREGON

San Ramon



NEVADA

CALIFORNIA

San Luis Obispo

Chapter
Three

Case & Studies

3



Introduction

Regional efforts can utilize examples from more localized economic strategic planning efforts. To serve as illustrations of economic development strategic planning, case studies were conducted. There were three economic development strategic plans selected for concise case study; two currently being implemented and one in the process of being developed. The cases were chosen based on the date of their adoption (2009-Currently in progress) and the size of their respective cities, ranging from small (45,000 residents) to large (575,000 residents). Informal interviews were conducted to gather insight into the challenges, successes, and selling points involved in developing and implementing an economic development strategic plan.

Case study plans and interviewees:

1. City of Portland, Economic Development Strategy Portland, OR Adopted 2009

- Randy Evans, Senior Business Development Manager, Portland Development Commission

2. City of San Ramon, Economic Development Strategic Plan San Ramon, CA Adopted 2011

- Marc Fontes, Economic Development Director, City of San Ramon

3. City of San Luis Obispo, Economic Development Strategic Plan San Luis Obispo, CA In Progress

- Claire Clark, Economic Development Manager, City of San Luis Obispo

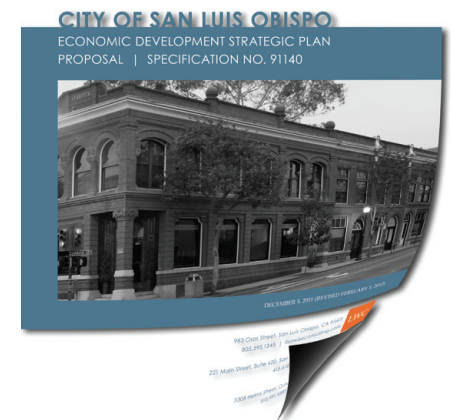
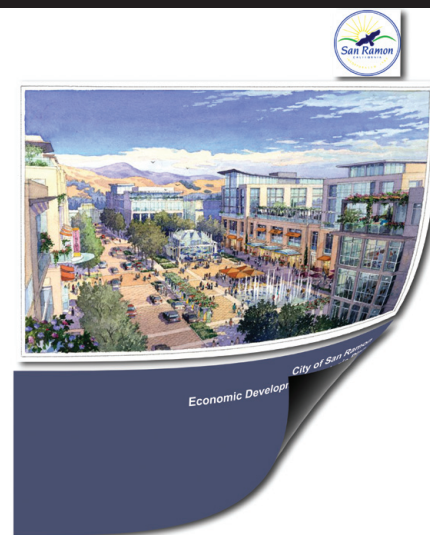
Interviewees were directly involved in the development and oversight of their respective plans. They were asked questions that would draw out their perspective on the strengths, weaknesses, constraints, and opportunities involved

in developing these economic strategies. (see Appendix B for full list of questions and responses). The following pages include a summary of findings, the table of contents from each of the three plans, and a synopsis of the three communities' economic conditions.

Based on strategic planning's use in the public sector and its potential application in the Monterey Bay Area, case studies sought to answer the following fundamental questions:

- What value do strategic plans have in local government and their regional context?
- What is the significance of community participation to these plans?
- What roles regional entities have in the development of these plans?
- How long do economic strategic plans in local government typically take to develop?
- What are typical challenges in developing economic strategic plans?

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Major findings from this case study can be summarized as follows:

Purpose & Approach

- *The economic downturn played a significant role in creating a need or desire for a more focused approach to economic planning.*
- *The termination of redevelopment funds will reshape the approach cities take to economic development.*
- *A fundamental step in the development of a strategic plan is to gather basic background information on the local market and other economic development factors.*
- *These plans provide and analyze demographic, economic, and retail statistics to guide planning efforts in addressing the retail market.*
- *Understanding the local economic conditions and using that information is one of the greatest values to creating these strategies.*
- *Municipal plans can focus the attention of regional entities so they can refine their approaches to economic development.*
- *One of the greatest values of economic strategic plans is to focus the distribution of available economic resources.*
- *When economic strategies are “lean” and focused, resources go much further.*
- *The strategic plan should remain alive and open for amendment after flaws or new opportunities arise.*

Leadership

- *Planning departments should participate in economic development strategic planning because planning since many of their policies guide economic development.*
- *Developing support from, and closely involving, the local business community is crucial to any plan’s success.*
- *One of the benefits of an economic strategic plan is its ability to establish priorities for use of staff time and other resources for economic development objectives.*

- *You cannot force property owners to make changes to their property, just incentivize the changes. Issues arise when municipalities or regional entities do not have the funding to implement these incentives.*
- *An advisory committee who oversees the implementation and funding of strategies should be developed as part of the strategic planning process.*

Timeframe & Reporting

- *It is important to develop metrics for reporting the progress of the strategic plan and the success individual strategies and implementation programs.*
- *It is important to clearly articulate the purpose of a strategic plan and allocate enough time to develop sound community involvement. It takes time to build that involvement.*
- *An adequate timeframe for developing an economic development strategic plan is 1-2 years.*
- *An advisory or oversight committee should be put in place to report on the progress of the strategy.*
- *Government official support in local government is crucial to creating an effective economic strategy.*
- *A few of the benefits of reporting the progress of these plans in public progress reports (e.g. Portland) are:*
 - *Keeps it in the public eye, and within the reach of the stakeholders of the plan*
 - *Maintains support for the efforts of the plan by showing its successes and the progress of implementation.*
 - *Generates further political funding and support and draws in new partners.*

Outreach

- *Community involvement is greatly important.*
- *A retail market “panel” can be useful in identifying retail vendors that can be targeted with your proposed strategies.*

Regional Perspective

- *Regional strategies can, and should, guide local economic strategies.*
- *Regional planning entities play an important role in developing support and success.*

CASE STUDIES

The City of Portland

The City of Portland, Oregon has a population of approximately 585,000, making it the 29th most populous city in the United States. It is Oregon's most populous city, and the third most populous city in the Pacific Northwest region. Portland is part of a regional economy that grew employment by 12% between 1997 and 2007, the structure of Portland's economy causes it to be more vulnerable to declines in consumer spending, business investment and international trade than the nation as whole. Employment in the regional economy peaked in May 2008, and over the past 12 months, the regional economy has lost 44,000 jobs—a decline of 4.3%.

Portland remains a dynamic center of commerce in Oregon and looks to strengthen and guide its economy in the coming years utilizing a their five-year (2009-2013) economic development strategic.

Key Findings:

- *When economic strategies are “lean” and focused, resources go much further. Clearly articulating goals, objectives, and strategies can help make economic development strategic effective as resources are stretched thin.*
- *The strategic plan should remain alive and open for amendment after flaws or new opportunities arise.*
- *Government official support in local government is crucial to creating an effective economic strategy.*

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Labor Force:
327,415 workers

Median Income:
\$48,831

Top Sector:
Ed/Healthcare

Implemented:
2009

Table of Contents

The Opportunity

The Challenge

Lagging Growth
Inadequate Investment

The Goal

"To build the most sustainable economy in the world"

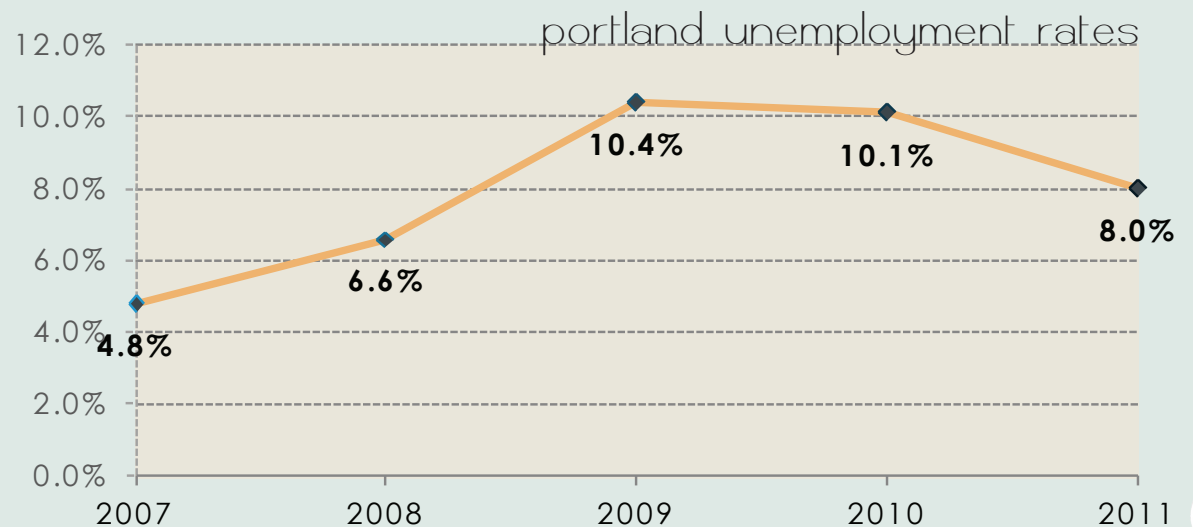
The Strategy

Competitiveness- Objectives, Strategies, Actions
Urban Innovation- Objectives, Strategies, Actions
Neighborhood Business Vitality- Objectives, Strategies, Actions

Implementation

Funding Plan

"A city of Portland's size and attributes must be selective in how it competes for new business growth; limited economic development resources must be deployed in a manner that builds on the city's undeniable strengths."- p.3



CASE STUDIES

The City of San Ramon

San Ramon is a city in Contra Costa County, California, United States. It is a suburban city of the San Francisco Bay Area, and lies in the San Ramon Valley. San Ramon's population has an estimated population of 74,378, making it 4th largest city in Contra Costa County. San Ramon is headquarters of Chevron Corporation and 24-Hour Fitness, the West Coast headquarters of AT&T, as well as home to San Ramon Medical Center. The city of San Ramon is planning a new 40-acre downtown that will include a public plaza, hotel, independent cinema and a mix of residential units plus a new city hall, library, transit center and office space. Due to the economic decline, the start of construction of the new city center has been postponed. San Ramon, like many others, has felt the impacts of the slumping economy and looks to take a more pro-active approach with the development of the Economic Plan.

Key Findings:

- *The information gathered from the creation of an economic development strategic plan can lead to a greater understanding of local economics to help guide land use planning.*
- *It is very important to involve property owners and the business community from the inception of the project.*

SAN RAMON, CALIFORNIA ECONOMIC DEVELOPMENT STRATEGIC PLAN



Labor Force:

36,893 workers

Median Income:

\$120,326

Top Sector:

Pro/Management

Implemented:

2011

Table of Contents

Introduction

Purpose of the Economic Development Strategic Plan

EDSP Overview

Goal A: Maintain and Expand Existing Firms and Attract New Employers To San Ramon

Strategies

Implementation Actions

Goal B: Maintain and Strengthen San Ramon's Fiscal Vitality

Strategies

Implementation Actions

Goal C: Maintain and Enhance San Ramon's High Quality Of Life

Strategies

Implementation Actions

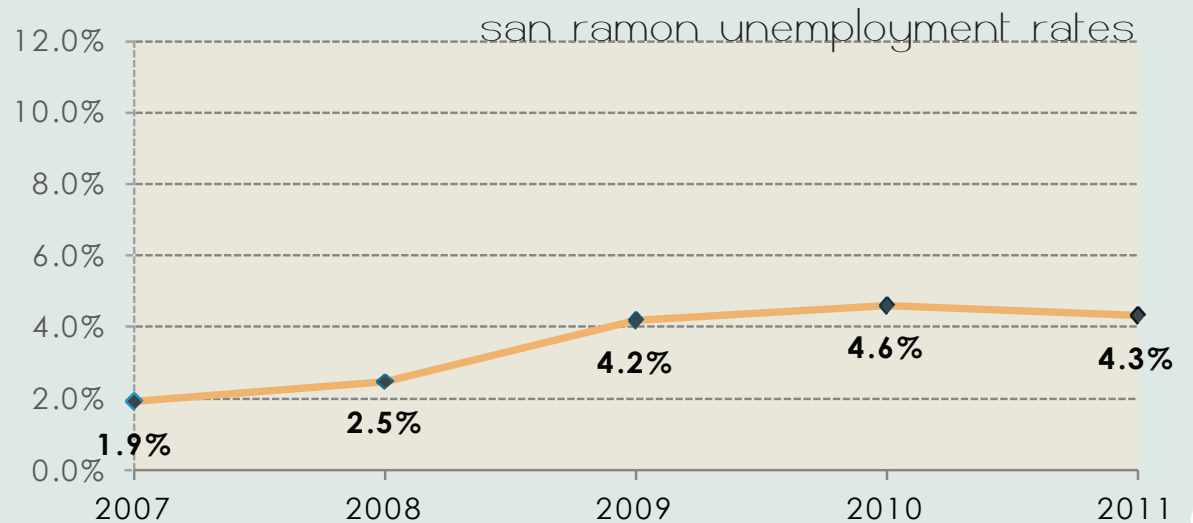
Goal D: Implement Key Planning and Development Projects

Strategies

Implementation Actions

Implementation Plan

"The Plan identifies goals, strategies, and implementation actions for the City to pursue as it enacts business retention, expansion, and attraction efforts, supports a fiscally healthy government, realizes key development projects across the City, and makes San Ramon a better place to live and work. In addition, the EDSP is the primary tool for the implementation of the Economic Development Element of the City's General Plan, and is referenced therein." - p.1



CASE STUDIES

The City of San Luis Obispo

The City of San Luis Obispo is located on the Central Coast of California, equidistant between Los Angeles and San Francisco. The City serves as the official County seat, as well as home to California Polytechnic State University (Cal Poly), one of the top-ranked universities in the U.S. San Luis Obispo is the jobs center of the county with a diverse economy representing a variety of industries. Government jobs – including those at Cal Poly – make up a significant portion of local employment as do professional services, health care, and information industries.

The city has also has several important clusters of employment in key industry sectors including software developers, green energy companies and specialty manufacturers.

In the creation of the City's economic development strategic plan, an emphasis was placed on building community support through collaborative outreach efforts.

Key Findings:

- *Community involvement is the most important part of developing an economic development strategic plan.*
- *A year and a half is a good timeframe for developing one of these plans with an appropriate amount of community involvement.*
- *Regional planning entities, such as county economic development corporations, play an important role in developing support and success.*

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SAN LUIS OBISPO, CALIFORNIA ECONOMIC DEVELOPMENT STRATEGIC PLAN



Labor Force:

24,790 workers

Median Income:

\$74,239

Top Sector:

Ed/Healthcare

Implementation:

2012, In Progress

Community Workshops

Thursday, March 29

Topic: The Future of Jobs in SLO

Thursday, April 19

Topic: A Strong SLO Economy: Green, Innovative, and Resilient

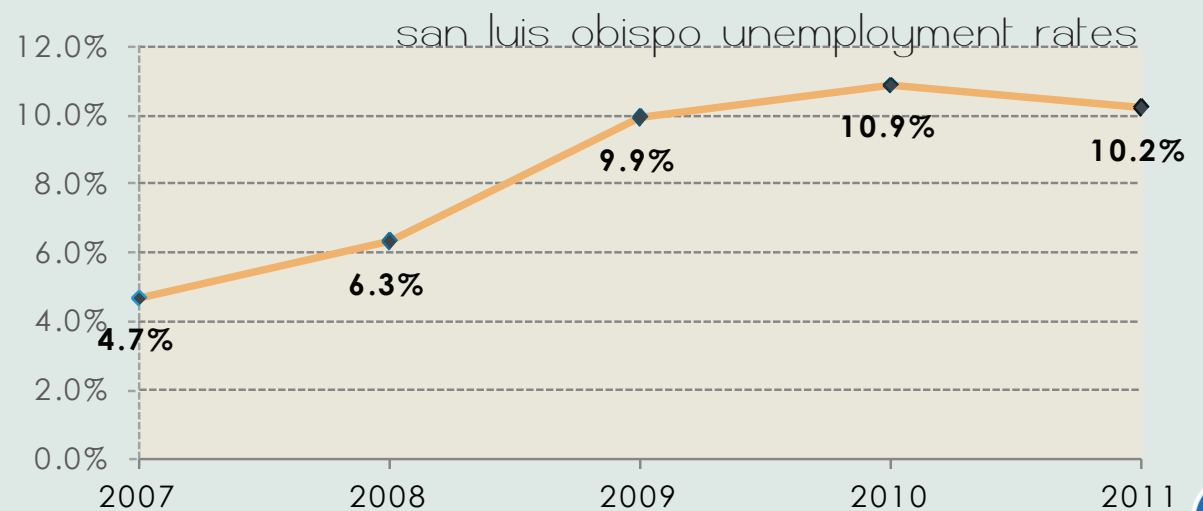
Thursday, April 26

Topic: The Economics of Place

Thursday, June 21

Topic: Review the draft Strategic Plan

"Information from stakeholders, residents, and the general public is essential in creating a plan that reflects the needs and expectations of the community. Substantive interaction with stakeholders ensures that the plan is thorough, and that recommendations are supported by community leaders, stakeholders, and the general public."



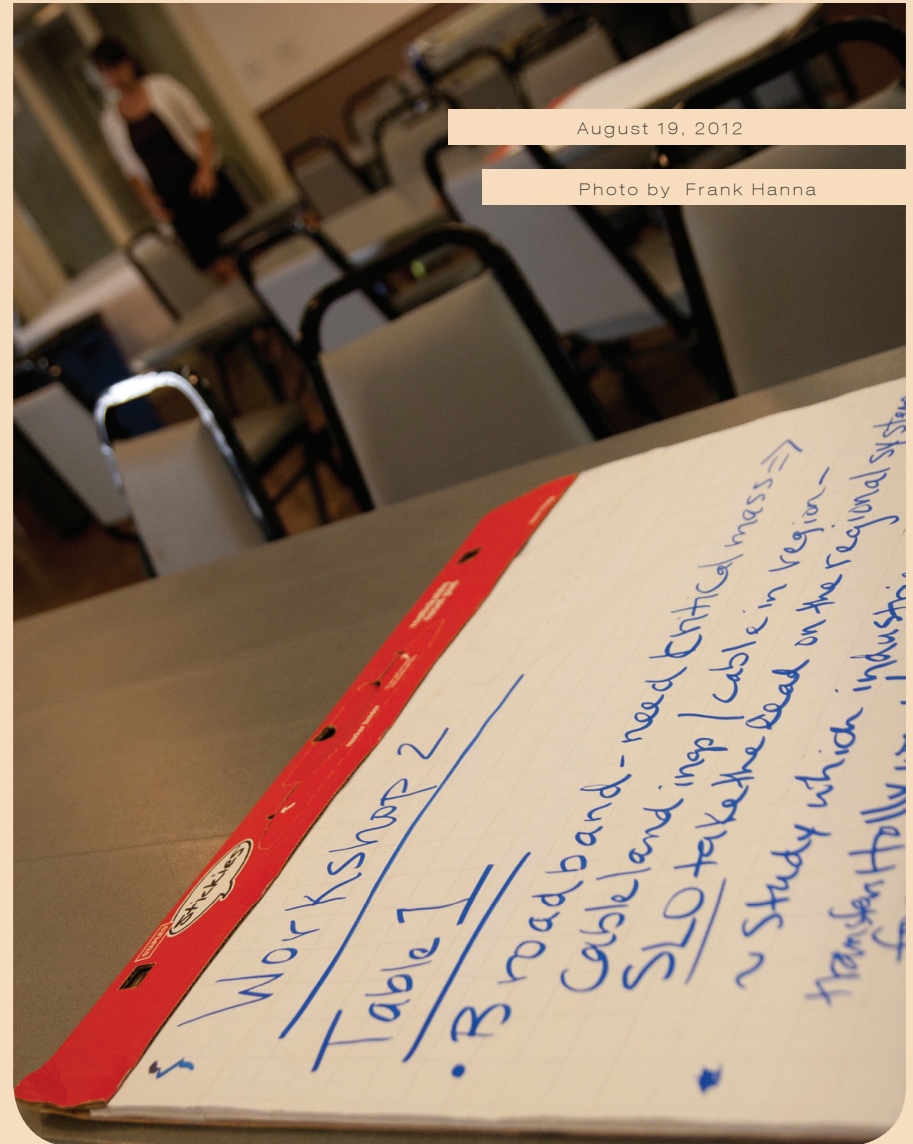
involvement

San Luis Obispo's process in developing their economic development strategic plan had a strong focus on involving the community. Four public workshops were held covering a variety of topics in economic development, ranging from "broadband access" to "cultural industries" the outreach events sought to inform residents of the economic possibilities for the City. These outreach events gathred input from members of the community, which included, but was not limited to, the following: residents, business owners, city staff, representatives of regional organizations, labor force organization representatives, representatives of the Chamber of Commerce, consultants, professors, and students. This plan's emphasis on community involvement will help underwrite support for the plan's proposed actions and objectives.

The proposed five-year economic development strategic plan will recommend strategies to address the City goal of creating more "head-of-household" jobs. As noted by the project consultant, Lisa Wise Consultants (LWC), the development of the plan will include an existing conditions analysis—demographics, resources and partnerships in the community—and examining opportunities and challenges.

The Plan will prioritize strategies that are implementable within the five-year timeframe and include metrics for measuring the success of each strategy. LWC is working closely with City Staff to reach key members of

the community and incorporate data and findings from previous local economic development work.



Top Left "A Strong SLO Economy: Green, Innovative, and Resilient," August 19, 2012, Photo by Frank Hanna

Top Center "A Strong SLO Economy: Green, Innovative, and Resilient," August 19, 2012, Photo by Frank Hanna

Far Right "The Economics of Place," August 26, 2012, Photo by Frank Hanna

Bottom Left "The Economics of Place," August 26, 2012, Photo by Frank Hanna



san benito county



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Chapter
Four

Recommendations

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findings

For regional Economic Strategic Planning:

Based on findings from case studies, Association of Monterey Bay Area Governments (AMBAG) regional demographic profile, and analysis of the Monterey Bay area's economic strengths and weaknesses, a regional approach to economic development with direct AMBAG oversight is recommended. As posited in this discussion, economic development strategic plans are an excellent tool for effective regional economic development. AMBAG should an economic development strategic plan to formulate and implement regional policy that more effectively addresses economic development in the region.

Based on case studies and input from interviews, when creating a regional economic development strategic plan MPO's, such as AMBAG, should consider the following:

Build support for the plan

Upon initiating the development of a plan, AMBAG should clearly articulate rationale for the plan's creation to ensure support for the project.

Describe common and unique needs for member cities

AMBAG has many potential areas to address in the development of an economic strategy. The region's three counties have similar & dissimilar characteristics. Further analysis of economic areas with regional importance can help guide the development of subjects, areas, and topics.

Identify opportunities and challenges

Having a detailed grasp on the region's opportunities and challenges through further in-depth analysis will provide a basis for clear goals and objectives.

Identify strengths and weaknesses and create goals

Further regional strengths and weaknesses analysis can help inform the best goals for the region to pursue. AMBAG has a number of economic opportunities and challenges that can be utilized in developing the foundational objectives of the plan. Identifying the most effective goals for achieving economic stability in the region is crucial for the overall effectiveness of the plan.

Schedule adequate timeframe

Findings from case studies indicate that economic development strategic plans take one to two years to complete and should plan for a period of five years.

Identifying AMBAG's needs in regards to the timing of the project is an important step, as clearly developing a reasonable timeframe can help build political support for the project. A 5-year Economic Development Strategic Plan is a



reasonable timeframe for the plan to cover and should be adequate to launch a regional approach to establishing and maintaining a healthy and sustained regional economy.

Seek additional funding (grants, general fund)

AMBAG, along with most other MPOs or COGs, has a limited budget for funding the creation and implementation of a regional economic strategic plan. Seeking available grants for the plan and implementation projects, as well as building support from local business councils should increase the plan's efficacy.

Partner with other agencies and groups (downtown associations, EDC's, MPO's, community groups, etc.)

An expansive list of project partners will be key towards developing a successfully implement plan. As this is a regional effort, wide-ranging support from as many groups and organizations will prove vital to the success of this plan.

Conduct outreach (workshops, panels, advisory groups)

Outreach efforts are vital to building support for the plan. As a regional effort, it is recommended that advisory groups or local business panels from each of the three Monterey Bay counties be selected, appointed, or elected.

Build community support

As AMBAG develops this plan, building community support will be crucial. As findings from case studies suggest, the only means of ensuring the success of the document is by the support from the local business communities, residents, and politics. Effective community outreach will help garner community support for the plan's goals and strategies. Election of a regional economic oversight

committee to advise the implementation of the economic strategy should be part of the outreach effort.

Take the leadership role

As regional planning entity, AMBAG should have the responsibility of overseeing the creation of the strategy. Other local entities, such as county governments or economic development corp.s, can have specific oversight over select strategies. Identifying these groups early in the process is vital to the project's success.

Describe in more detail implementation strategies that are clear and concise

Developing a clear and concise implementation strategy for the economic strategic plan will not only be key in the strategies overall success, but will allow for strengths and weaknesses identification and oversight.

Establish reporting metrics and identify responsible parties

Establishing frequent and systematic metrics for reporting strategy progress will be decisive to the plan's successful implementation. Also identifying the groups, individuals, and organizations responsible for ensuring the smooth implementation of strategies will drive the plan's fundamental goals.

Budget funds for plan and implementation amendments

As a budget is developed for the plan's implementation, it is important to consider the potential for plan amendments or changes. New objectives or strategies may be identified as externalities, such as new partnership opportunities, arise. Treating the plan as a living document and budgeting for changes or amendments could contribute to the plan's overall success.

r e c o m m e n d a t i o n s

Recommendations:

Based on the regional analysis provided, some initial economic development strategies can be recommended. These strategies arise from the opportunities and challenges analysis discussed earlier in the document:

- *Work with existing county-based programs for outreach & assistance to small minority-owned businesses, and establish regional targets for recruiting participation in such programs.*
- *Create a region-wide marketing & promotion for community-based businesses (tourism, markets, restaurants, retail).*
- *Work with the education sector & small business to identify specific programs that can help business owners.*
- *Set targets for winning new funding from federal programs to promote green jobs training and green construction export opportunities.*
- *Develop PR effort to highlight local green firms in local and state media.*
- *Create a joint task force combining research, education and tourism representatives to develop an integrated business plan with a needs assessment.*
- *Establish partnerships with national organizations that promote executive education and international policy studies.*
- *Create an initial agriculture industry task force to look at strategic challenges facing the regional industry/*
- *Conduct a study of potential infrastructure and approaches to sharing costs & benefits between counties in the region.*
- *Develop a business plan for creating a permanent consortium to both fund and conduct applied research on innovative agricultural practices and processes.*
- *Work with existing innovation engines (UC Santa Cruz, Naval Postgraduate School) and others to create a strategic plan that will guide the establishment and promotion of innovation parks or business incubators.*

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santa cruz boardwalk

40

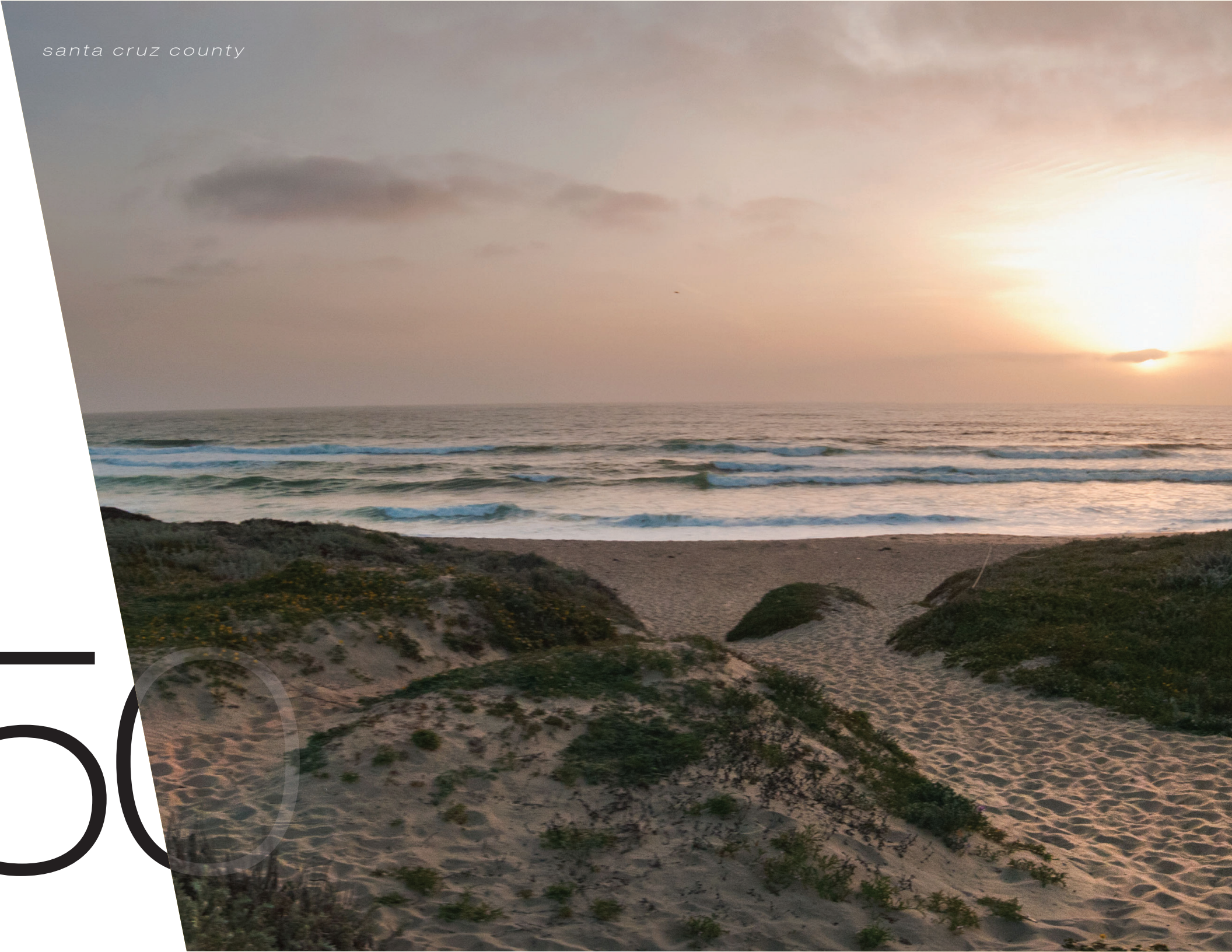


Chapter
Five

Appendix 49



santa cruz county



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Appendix 5



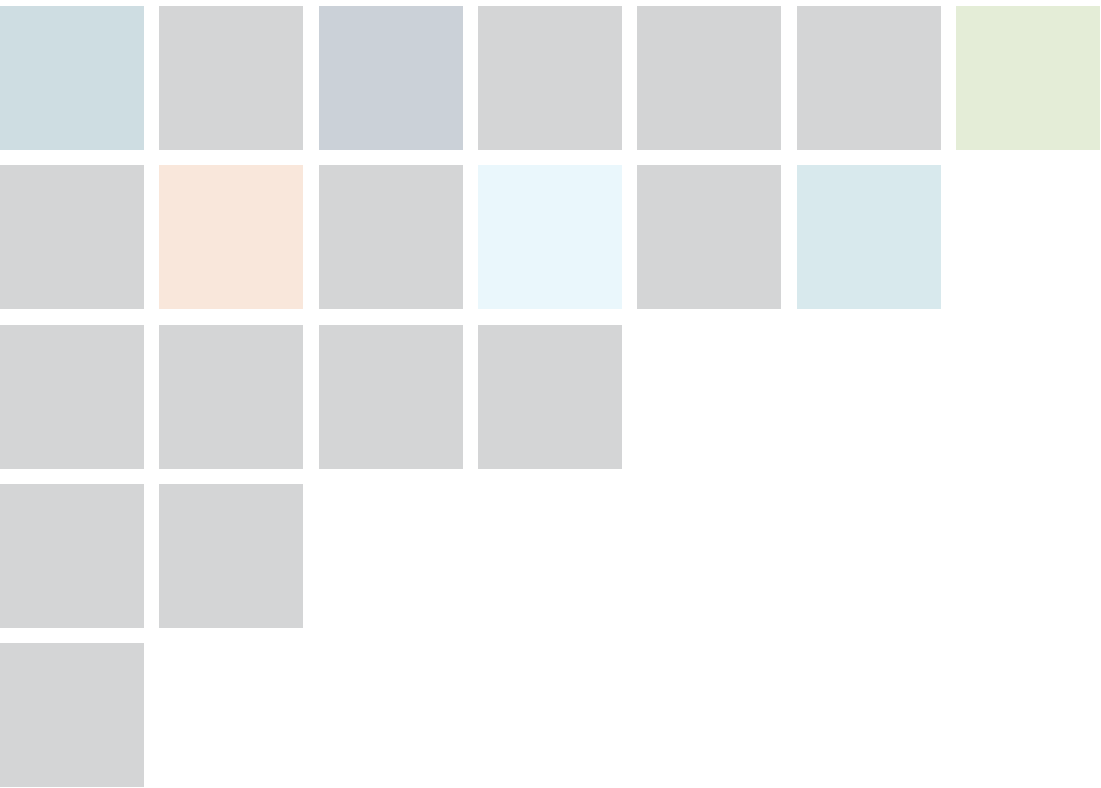
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Regional Analysis & Planning Services

RAPS

STATE OF THE REGION



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Special Thanks To

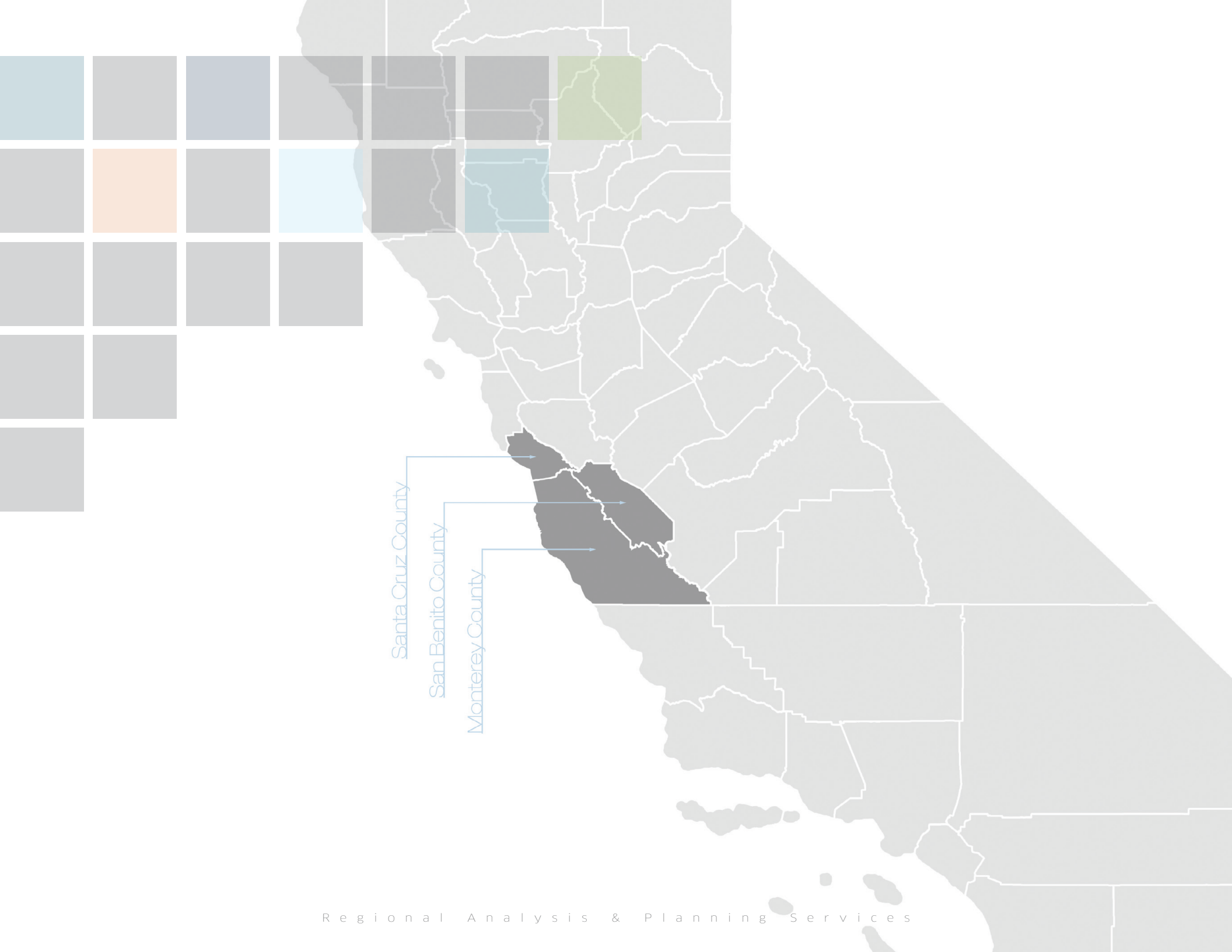
Pacific Gas and Electric Company

for making this report possible through their continued support of community education



MONTEREY
COUNTY
BUSINESS
COUNCIL





Santa Cruz County

San Benito County

Monterey County

Contents



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Economics



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**Broadband
Access**



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**Health &
Public Safety**



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Transportation



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Regional Profile

Introduction

The Association of Monterey Bay Area Governments is located on the Central Coast of California, with Santa Clara and San Mateo Counties to the north, San Luis Obispo County to the south, and Merced and Fresno counties to the east. The region includes three counties: Monterey, San Benito, and Santa Cruz. There are currently 18 cities within the region and several unincorporated areas.

Growth & Characteristics

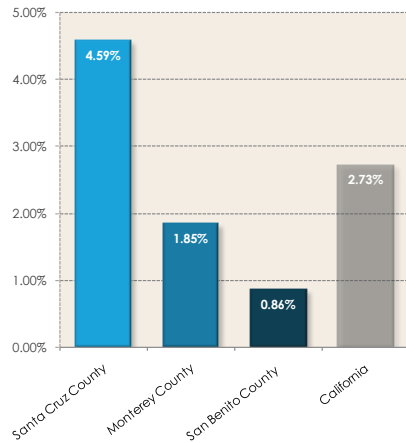
With a population of 732,708 in 2010, the tri-county AMBAG region has seen steady population increase in the past decade. Between 2000 and 2010, the regional population has increased by just over three percent.

Of the three counties in the AMBAG region, Monterey County has the most residents accounting for approximately 57 percent of the tri-county population in 2010. Santa Cruz County represented 36 percent, while San Benito County residents accounted for approximately seven percent of the of the tri-county regional population.

Components of Change

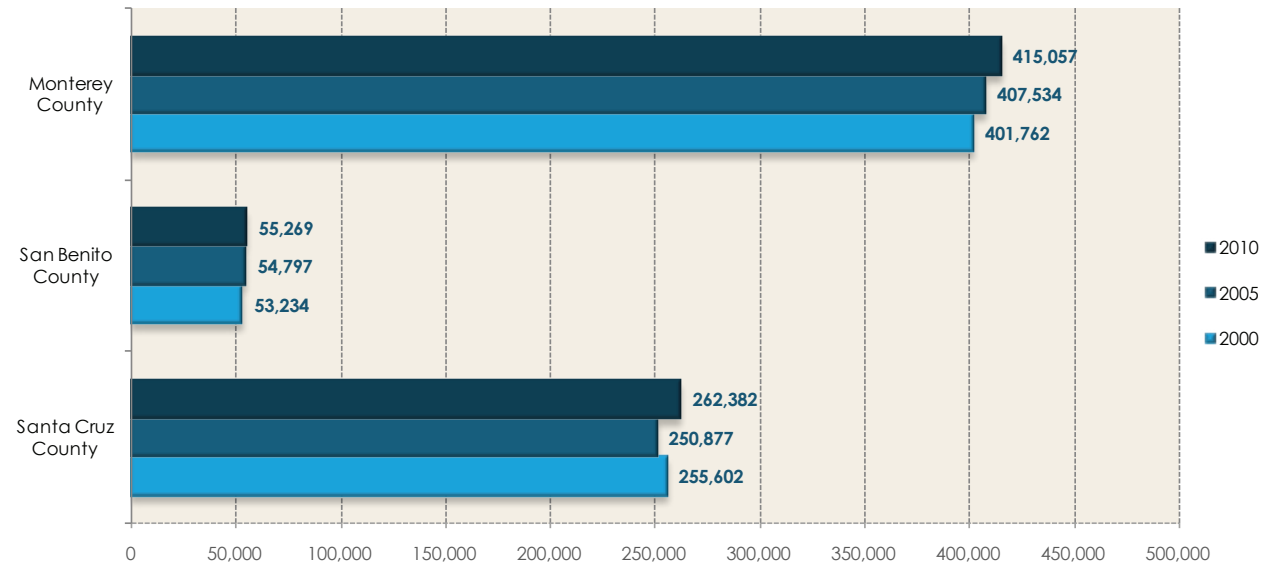
Between 2005 and 2010, the tri-county population increase by 19,500 residents. Santa Cruz County experienced the highest percentage population increase in this time period where the population changed by approximately five percent or 11,500 residents.

Population Change 2005 - 2010



"Monterey County has the largest population of all counties and has seen steady growth in the past decade"

Total Population



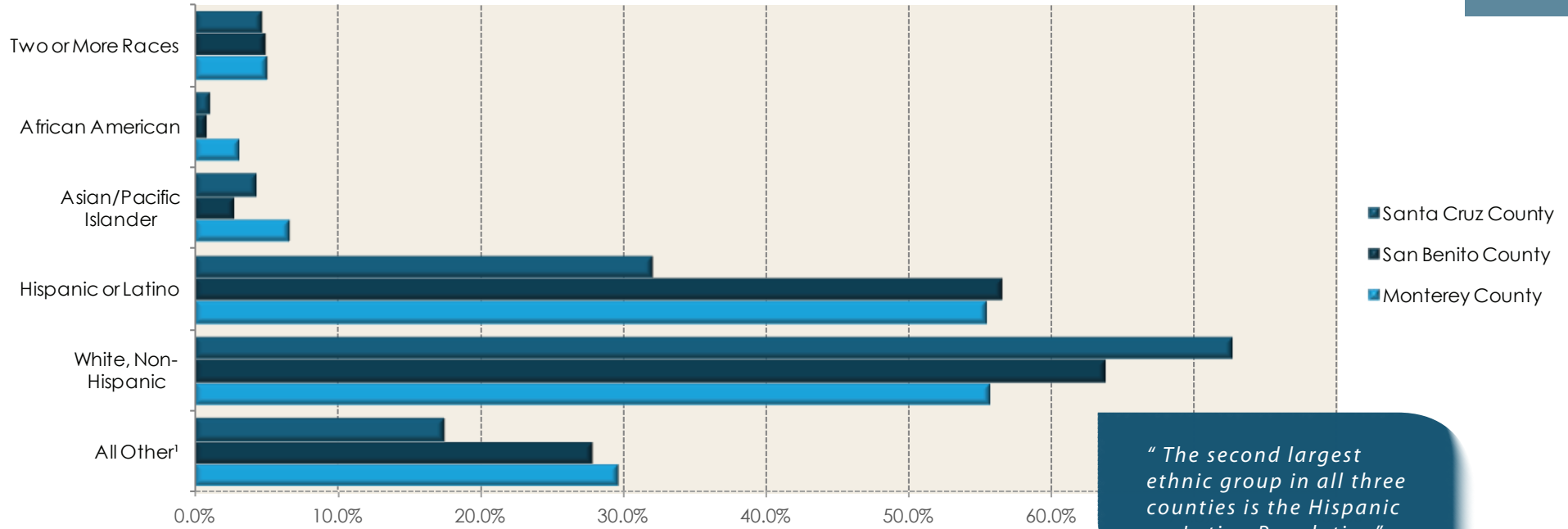
Source: US Census Bureau, American Community Survey

Age

The tri-county population is bisected. In 2010, the average median age for the tri-county area is approximately 34.7 years of age, where a large percentage of the population is represented by children under 18 years of age, and a nearly equal percentage between 25 to 44 years, but few in the 18 to 24 year-old range. This 18 to 24 year age group tends to be "first-jobbers" (service jobs and new professionals) and those looking for first time home ownership. The older age groups 25 to over 65 years, of which most of our population is composed, tend to be already established in job and home.

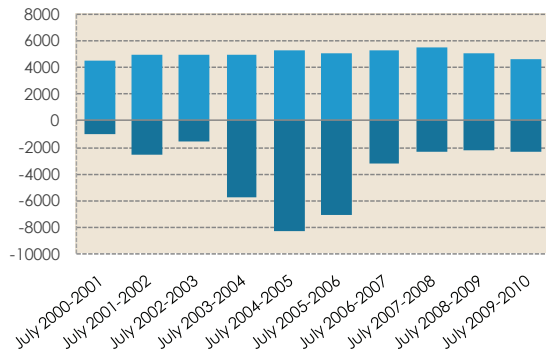
Between 2009 and 2010, natural population increase outpaced net migration. Natural population increase added approximately 6,500 residents where net migration accounted for a loss of approximately 2,800 residents. At the same time, Monterey County added approximately 2,230 residents, representing the largest addition of residents to the tri-county region for this time period.

Population by Ethnicity

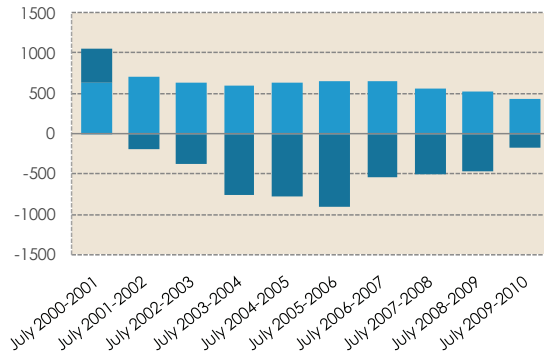


Source: US Census Bureau, American Community Survey

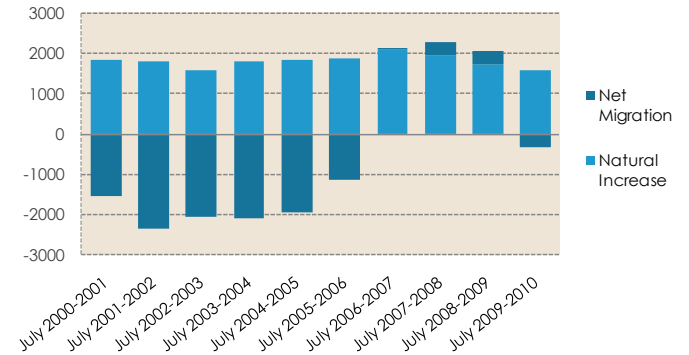
Monterey County



San Benito County



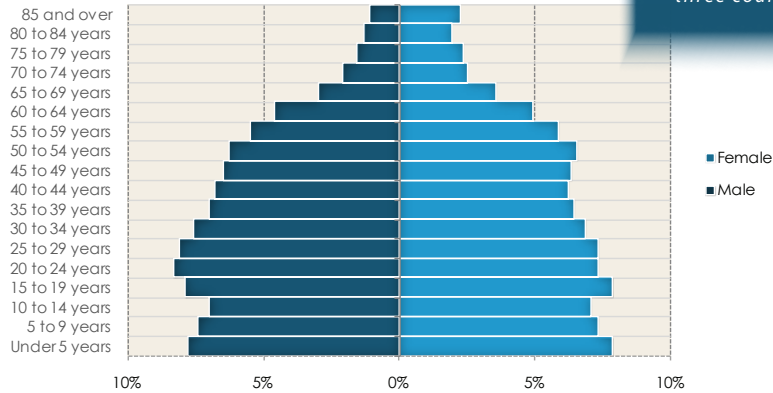
Santa Cruz County



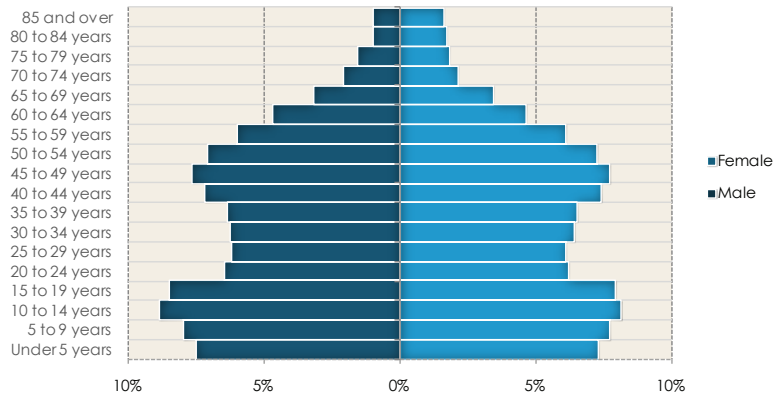
Source: Demographic Research Unit at California Department of Finance, Tables E-2 and E-6

"Large percentage of people in the 50 and over age cohort in all three counties"

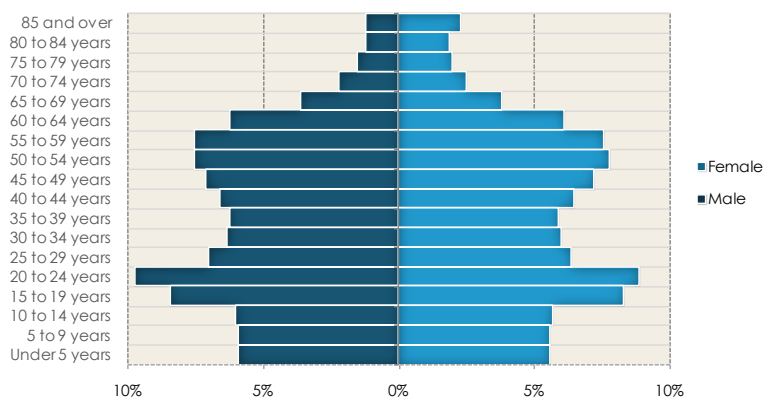
Monterey County Age Groups



San Benito County Age Groups



Santa Cruz County Age Groups



Ethnicity

The Monterey Bay Area is a racially and ethnically diverse region. 56 percent of Monterey County residents, 64 percent of San Benito County residents, and 72 percent of Santa Cruz County residents self-identified as non-Hispanic White. In the tri-county region, this group was followed by those who self-identified as Hispanic or Latino where approximately 56 percent of San Benito County, 55 percent of Monterey County, and 32 percent of Santa Cruz County self-identified as Hispanic or Latino.

Monterey County has the largest population of all the counties and has seen steady growth over the past decade. Of the County's residents, three percent of its residents self-identify as African American, and seven percent of residents self-identify as Asian or Pacific Islander. Approximately 30 percent self-identify as an ethnicity other than non-Hispanic White, Hispanic, Latino, Asian, Pacific Islander, African American, or Two or More Races in Monterey County.

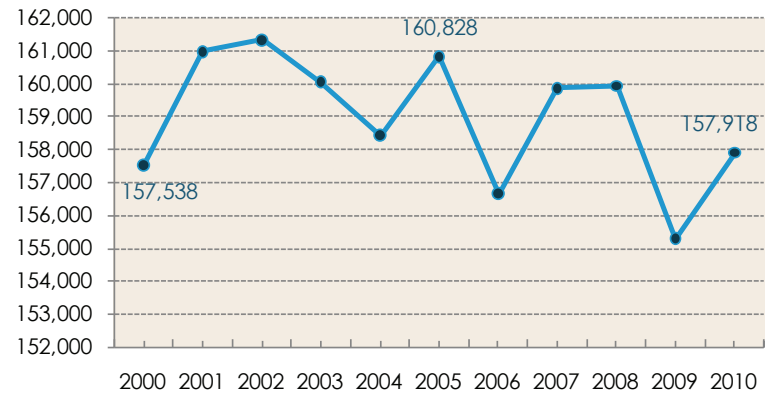
Total Employment

Monterey County has historically had the highest total civilian labor force in the AMBAG region accounting for 157,918 of the 265,421 (60 percent) jobs. Another 93,953 (35 percent) jobs were in Santa Cruz County, whereas only 13,550 (five percent) jobs were in San Benito County.

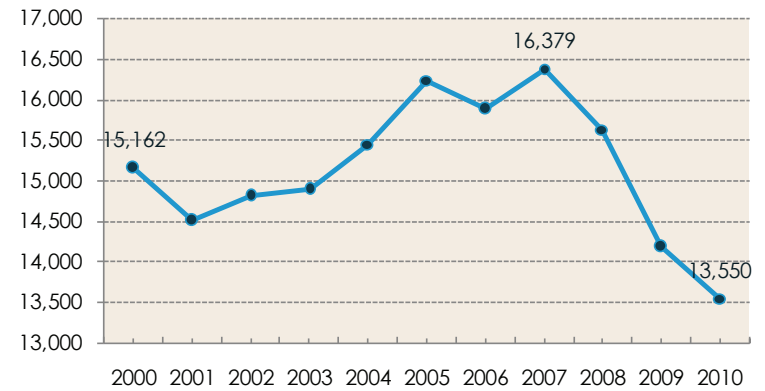
Jobs by Industry

The Educational Service sector jobs comprised 10.1 percent to 16.2 percent of the region's local economy, but the AMBAG region is chiefly driven by tourism and agriculture. Monterey County, the largest labor force in the AMBAG region, employed most of its workers in the Agriculture/Forestry/Fishing/Hunting sector, which accounted for approximately 20 percent of the County's jobs.

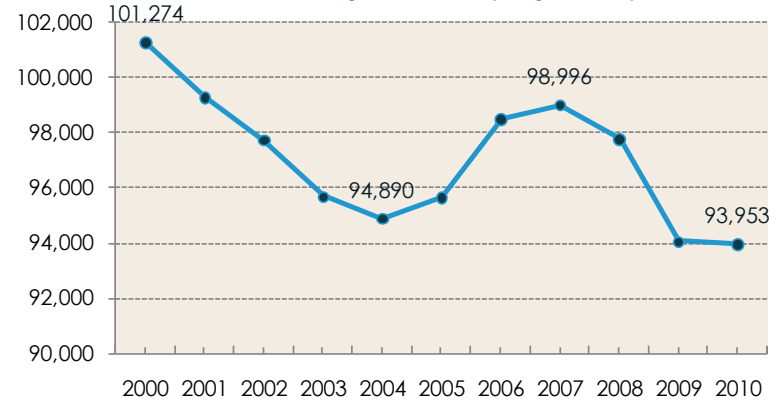
Monterey County Total Employed Population



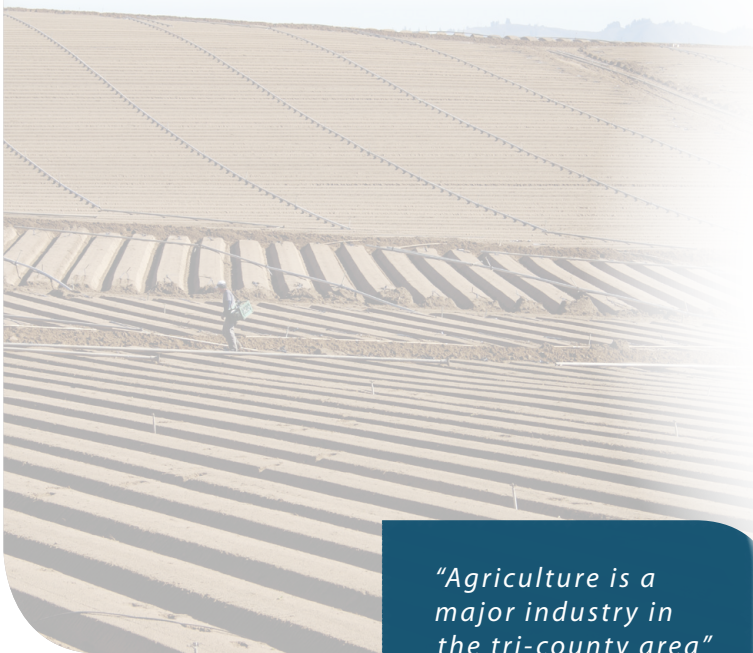
San Benito County Total Employed Population



Santa Cruz County Total Employed Population

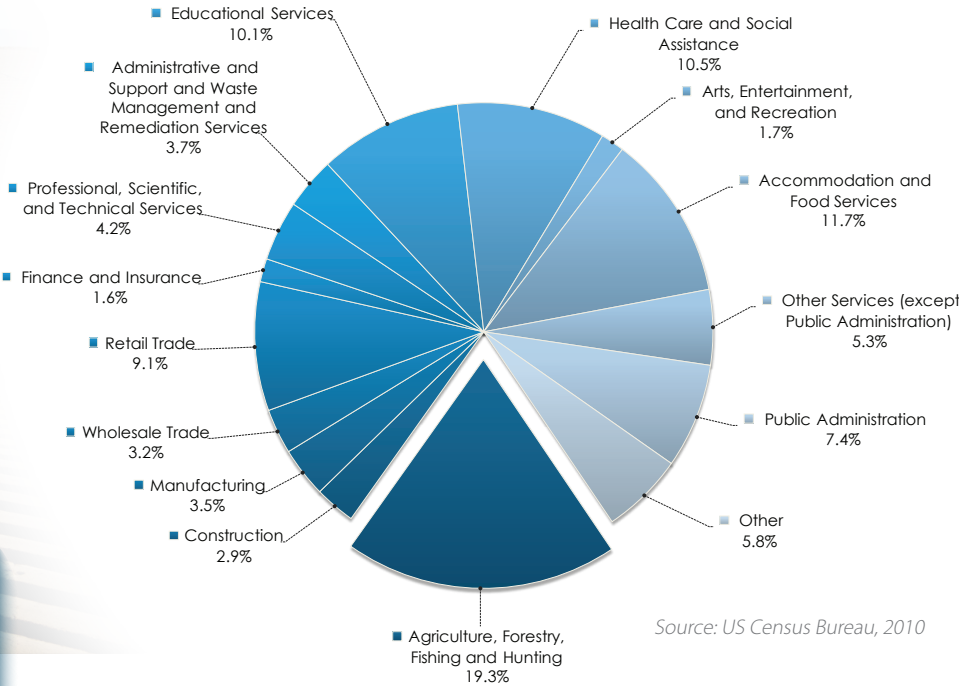


Source: Quarterly Workforce Indicators (QWI), 2000-2010



“Agriculture is a major industry in the tri-county area”

Employment by Industry - Monterey County



Source: US Census Bureau, 2010

Unemployment

Between 2010 and 2011, the unemployment rates for counties in the AMBAG region fell in all except Monterey County but remain above state averages. Unemployment rates have been historically quite high for the AMBAG region, remaining above state averages for the preceding 5 years. With an unemployment rate of approximately 16 percent, San Benito County had the highest unemployment rate in 2011 of the three AMBAG counties.

San Benito County was followed by Monterey County with 14.9 percent unemployment and Santa Cruz County at 12.2 percent.

Housing

Between 2008 and 2010, the statewide percentage of renter occupied housing units was 44.1 percent, while the statewide percentage of owner occupied housing units was 55.9 percent.

Monterey County had the highest percentage of renters at 49.1 percent.

San Benito County had the highest percentage of owners at 65 percent and the lowest percentage of renters at 35 percent. The percentage of multi-family dwellings in California from 2009 to 2010 was 41 percent, and the percentage of single-family dwellings was 59 percent.

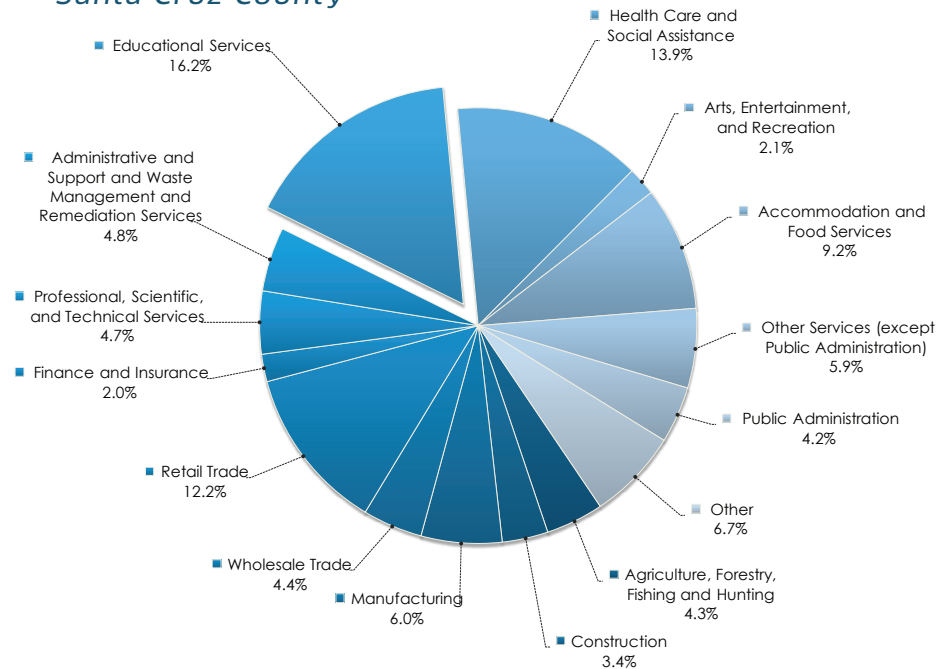
Of the three counties, Monterey County had the highest percentage of multi-family dwellings at 38 percent; however, it does not exceed the statewide average of 41 percent. San Benito County had the largest divide between the percentage of multi-family dwellings and single-family dwellings—23 percent and 78 percent, respectively.

Average Household Size

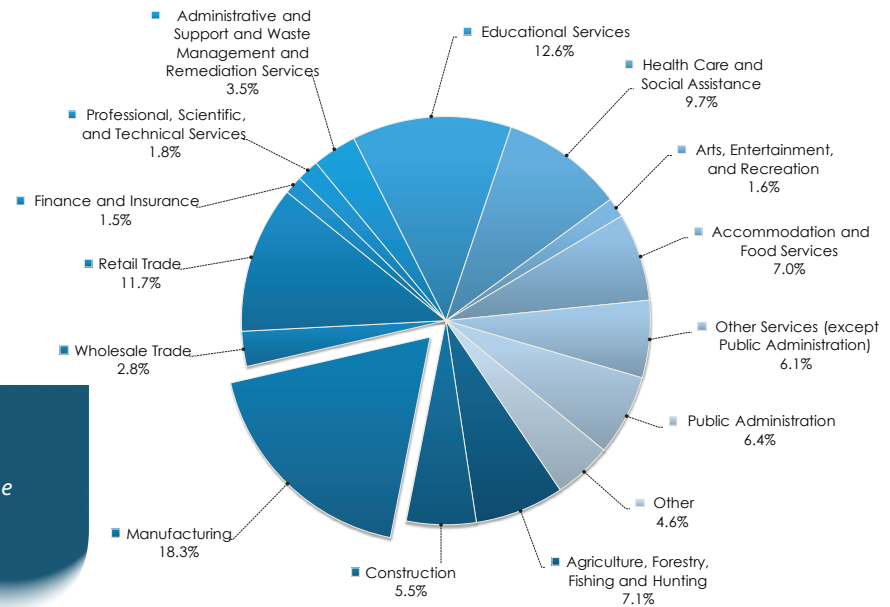
In 2010, the California average household size of owner occupied homes was 2.95, and 2.83 for renter occupied homes.

“Educational services, Accommodation & Food Services, and Agriculture are big industries in all three counties”

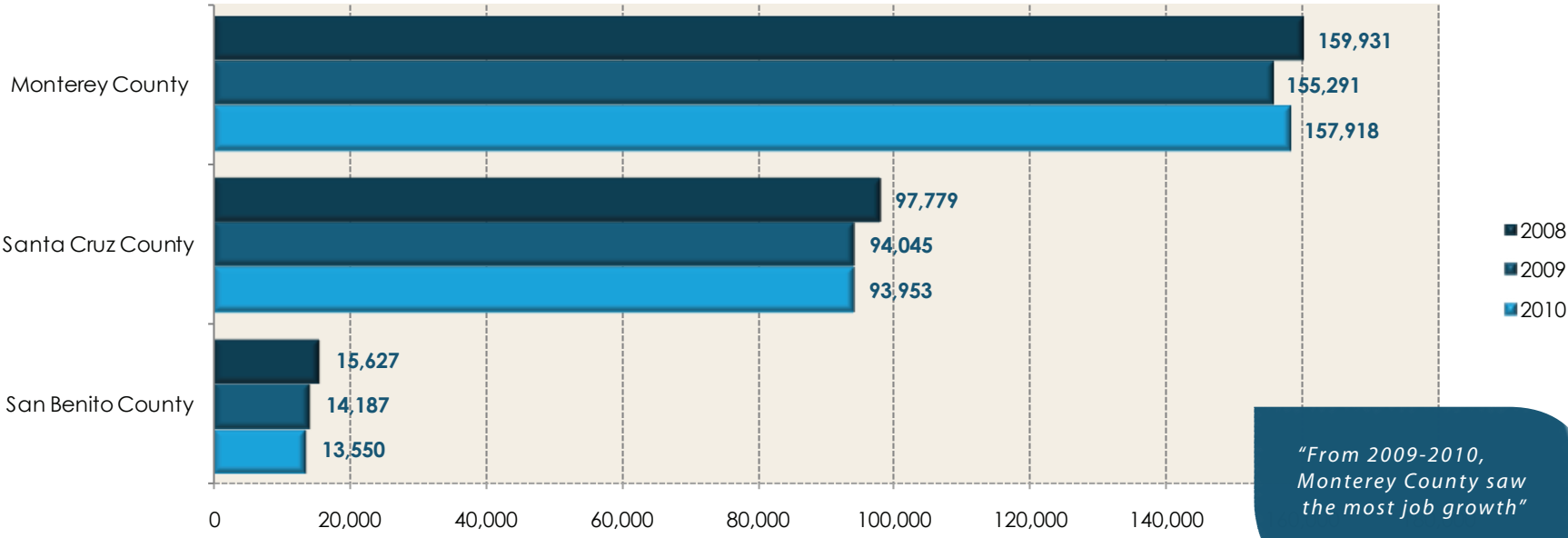
Santa Cruz County



San Benito County



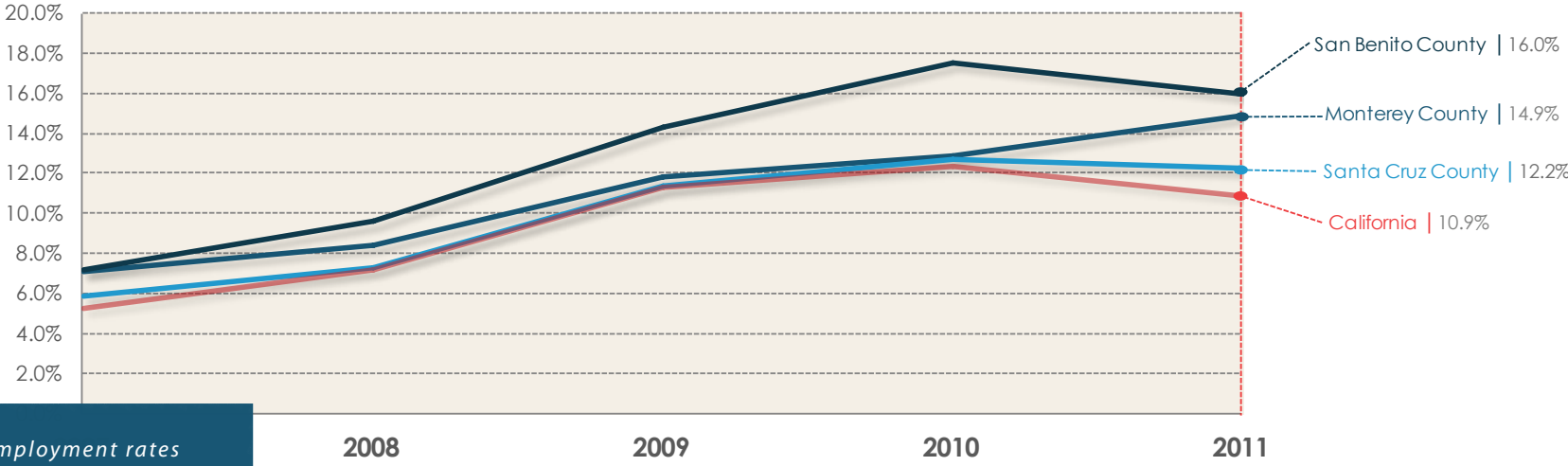
Employed Population



"From 2009-2010, Monterey County saw the most job growth"

Source: Quarterly Workforce Indicators (QWI), 2008-2010

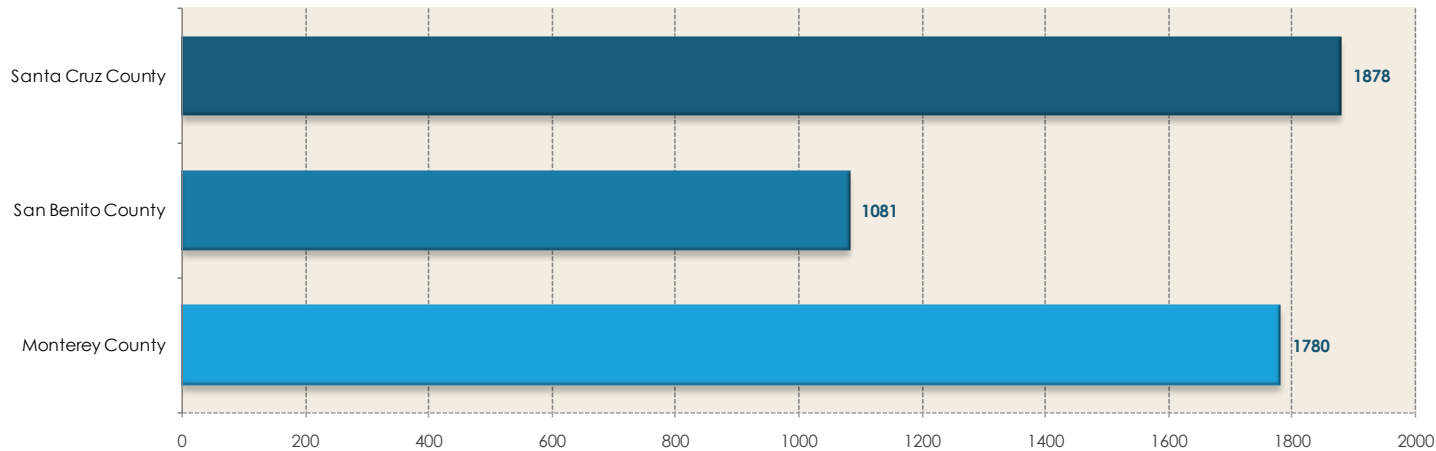
Unemployment



"Unemployment rates are down from 2010 in all counties, except Monterey"

Source: California Employment Development Department

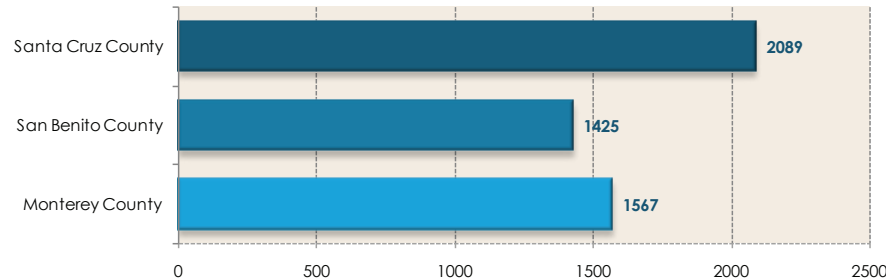
Jobs per Urbanized Square Mile



Source: US Census Bureau, Table GCT-PH1, 2010, QWI Quarterly Reports

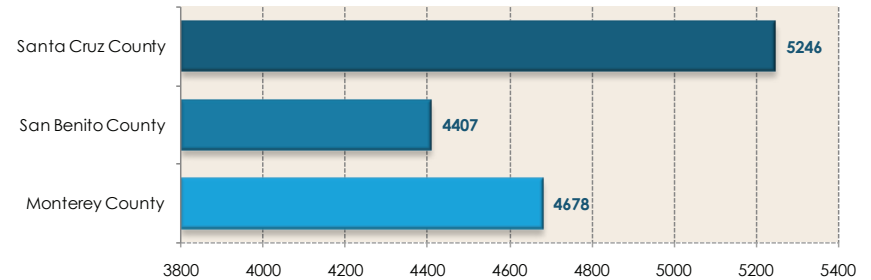
"Santa Cruz County has the highest job density"

Housing Units Per Urbanized Square Mile



Source: US Census Bureau, Table- GCT-PH1, 2010

Persons Per Urbanized Square Mile



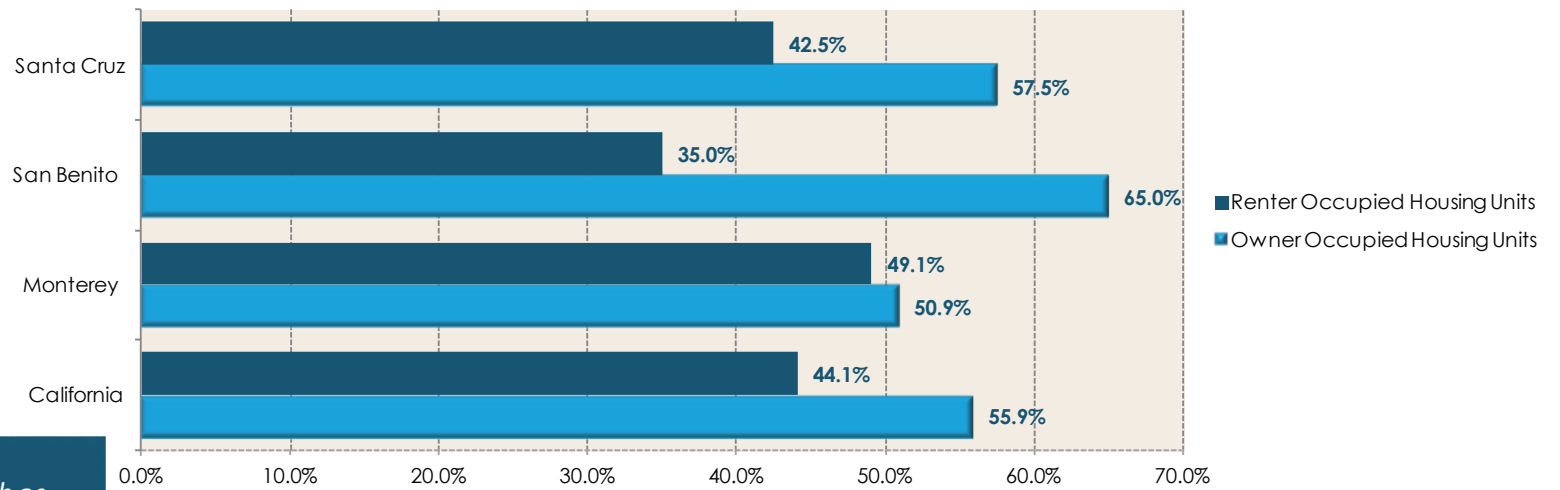
Source: US Census Bureau, Table- GCT-PH1, 2010

Of owner occupied and renter occupied households, San Benito County has the highest average household size at 3.16 and 3.47, respectively. Santa Cruz County has the lowest owner household sizes for occupied and renter occupied households with 2.65 and 2.95, respectively.

New Permits

In 2011, Monterey County received the most construction permits—27 for new multi-family residential units, 128 for new single-family residential units, and 89 with single-family units within unincorporated areas.

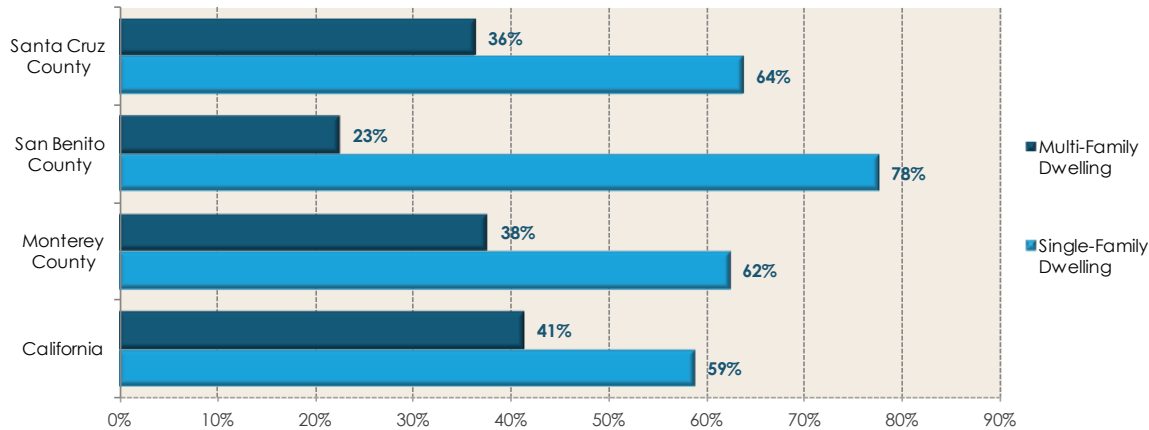
Owner vs. Renter Occupied



"Monterey County has the highest percentage of renters"

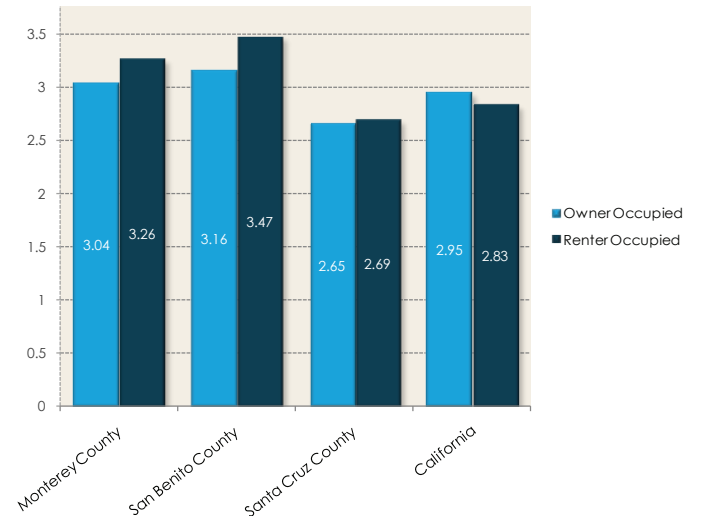
Source: 2008-2010 American Community Survey 3-Year Estimates

Single-Family vs. Multi-Family Dwellings



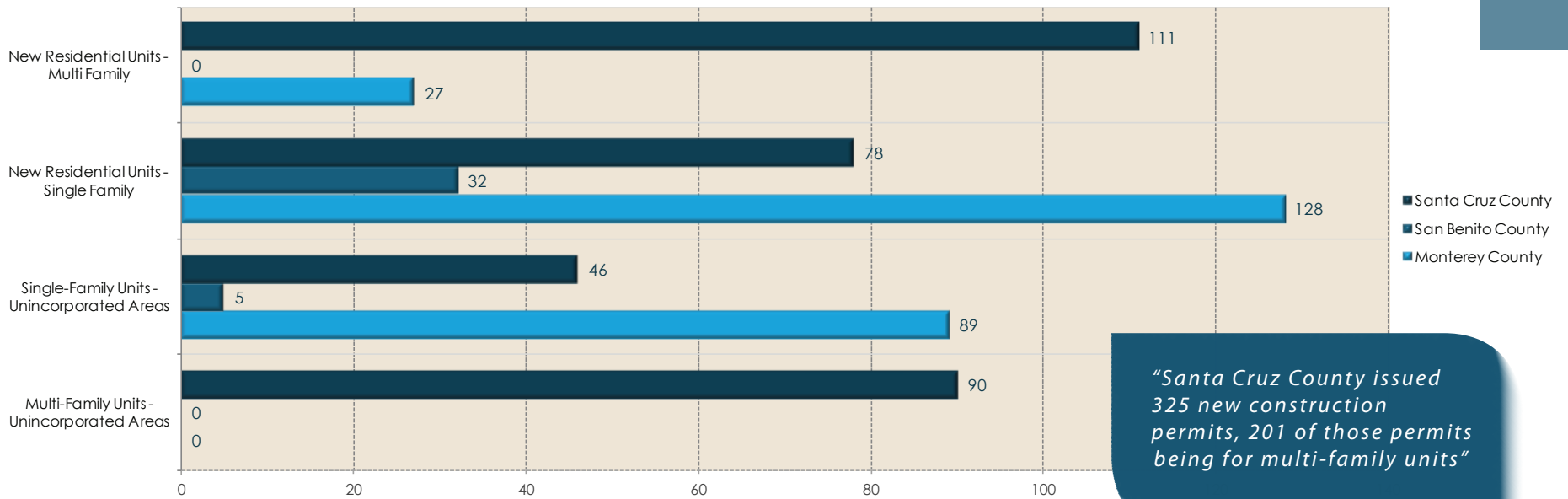
Source: 2008-2010 American Community Survey 3-Year Estimates

Average Household Size



Source: US Census Bureau, 2010 Census

Housing Growth - New Construction Permits 2011



“Santa Cruz County issued 325 new construction permits, 201 of those permits being for multi-family units”

Source: Construction Industry Resource Board (CIRB), 2011

San Benito County had the lowest number of new construction permits with 32 for new single-family residential units and only five for single-family units within unincorporated areas.

The farmland acres and urbanized land acres of Santa Cruz County fell relatively within a close range of 32,000 agricultural acres to 22,000 urbanized acres.

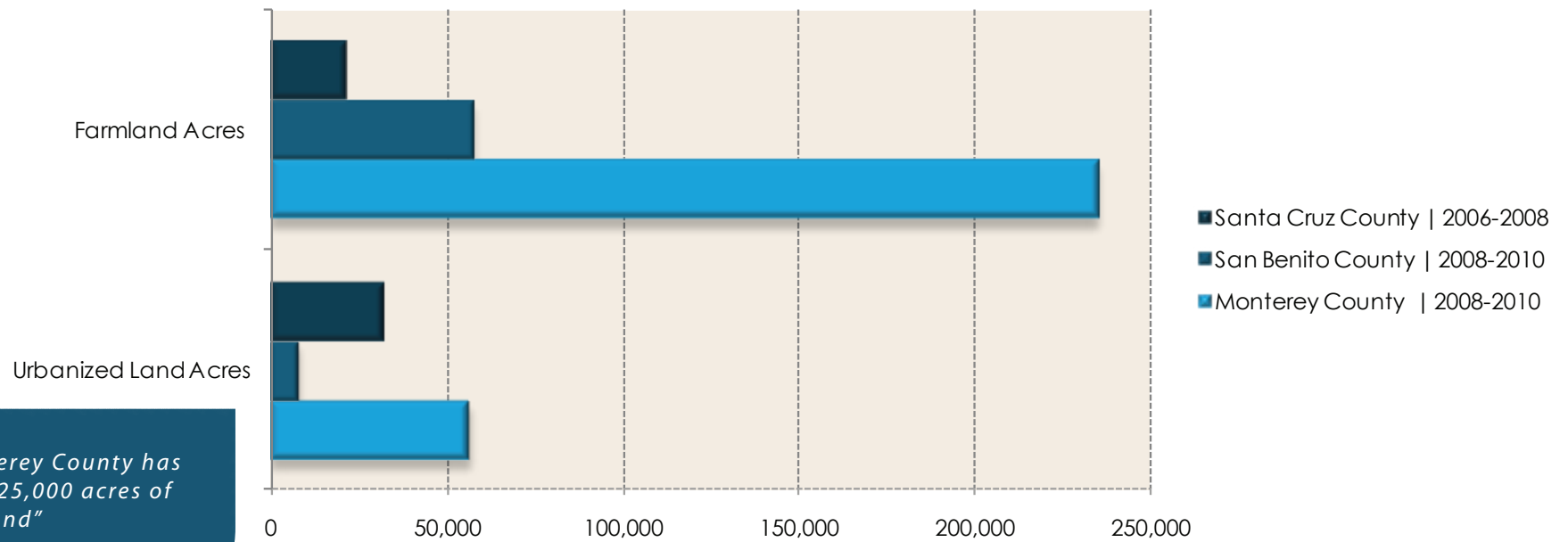
Land Use by Category

In 2010, Monterey County had, by far, the highest amount of farmland acres and urbanized land acres. In fact, Monterey County had approximately 235,000 acres of farmland and over 55,000 acres of urbanized farm land. San Benito County had the least amount of urbanized land acres.

Loss of Farmland

Between 2006 and 2008, Santa Cruz County lost 930 acres of farmland. San Benito County lost nearly 3,500 acres of farmland between 2008 and 2010, which is the most significant loss of the three counties. Monterey County did not show any loss of farmland.

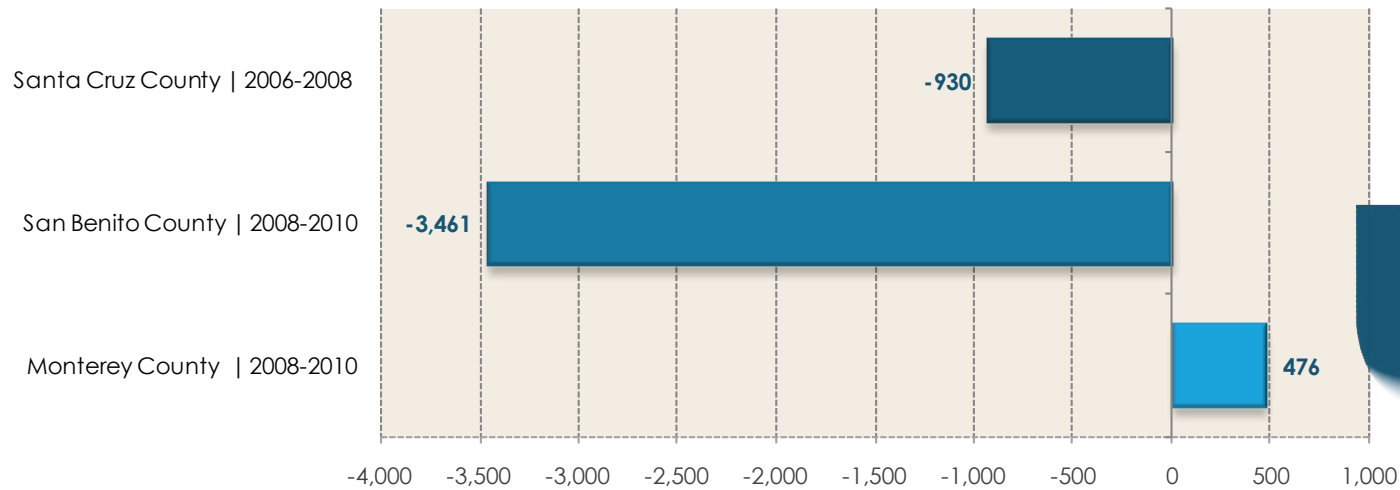
Farmland vs. Urban Land



"Monterey County has over 225,000 acres of farmland"

Source: California Department of Conservation, 2008-2010 Land Conversion, 2006-2008 (Santa Cruz)

Loss of Farmland



"San Benito County lost nearly 3,500 acres of farmland between 2008 and 2010"

Source: California Department of Conservation, 2008-2010 FMMP, 2006-2008 (Santa Cruz)



Economics

Introduction

The impact of the extended economic recession is reflected in many aspects of the AMBAG region's business climate. Per capita income declined along with employment in most sectors, while the cost of living and doing business remained high. Nonetheless, the tri-county AMBAG region remains an economically diverse destination.

Employment Changes by Industry

The top 4 industries in the AMBAG region consist of the following sectors: agriculture, accommodation/food services, retail trade, and health care. Agricultural employment accounts for nearly double the jobs as the

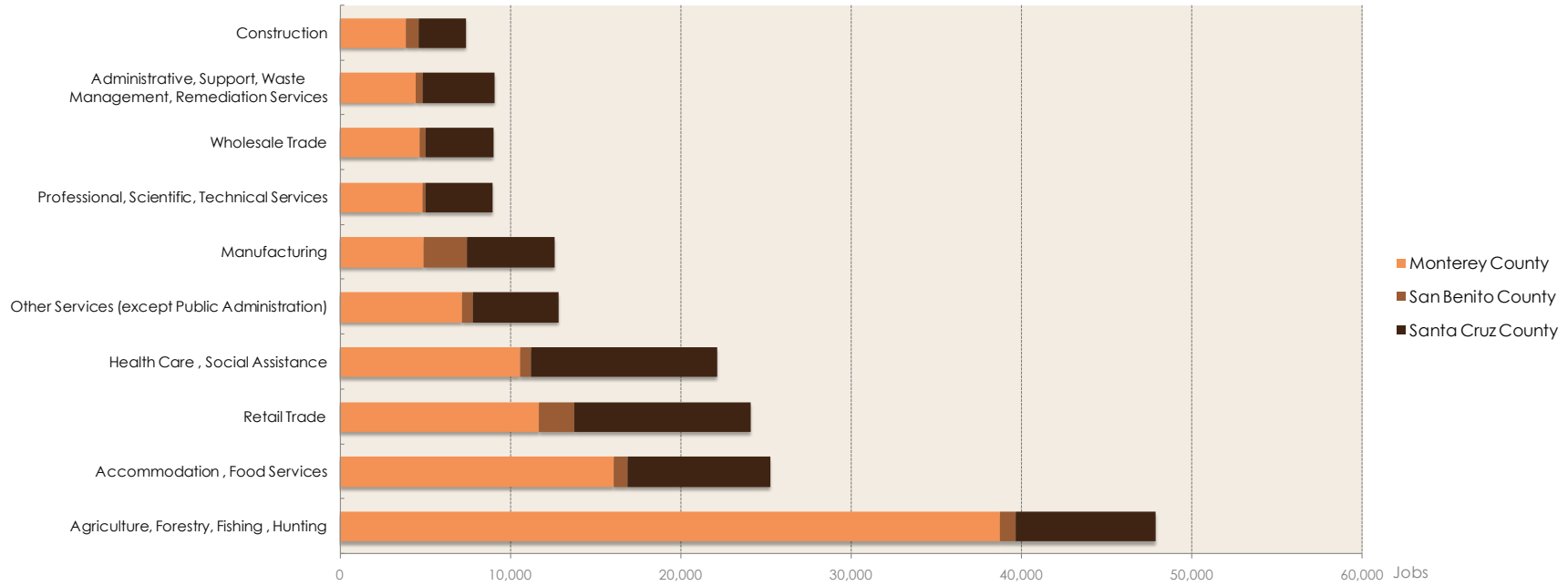
second leading industry, accommodation and food services.

From 2001-2011, the most regional employment growth was seen in the Professional, Scientific, and Technical Services job sector, which saw an overall increase of 400 jobs. Other leading industries for job sector growth included retail trade, manufacturing, and service jobs.

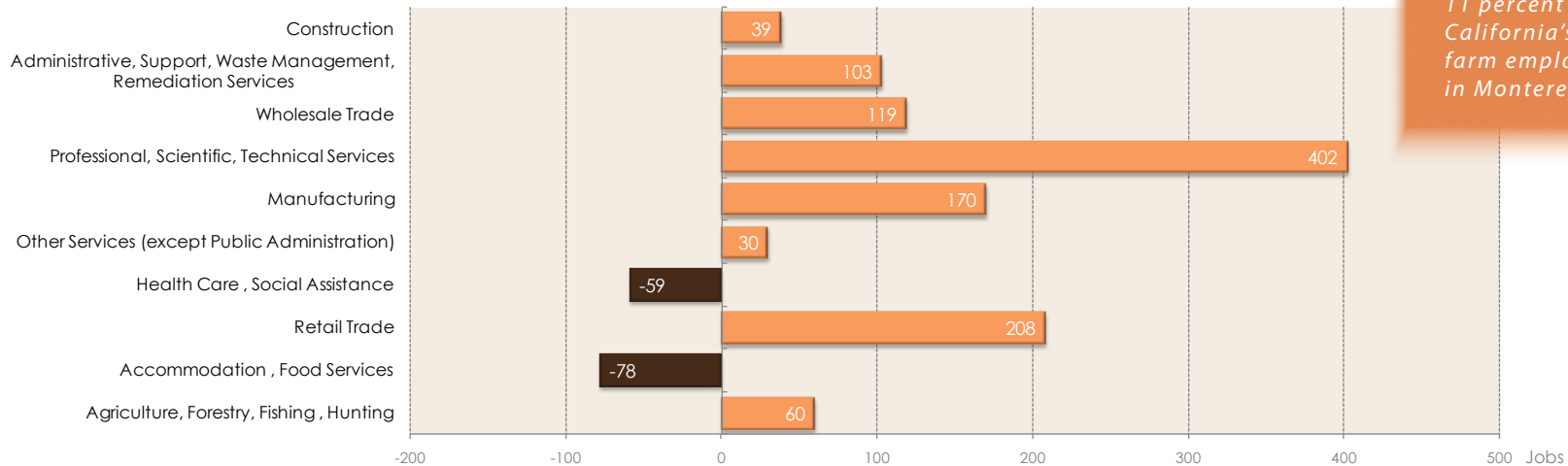
Agricultural Employment

Agriculture is a major industry in the AMBAG region, accounting for approximately 61,000 jobs in 2010. With nearly 47,000 employees, Monterey County lead the tri-county area in agriculture industry employees, follow by Santa Cruz and San Benito Counties with 10,000 and 4,000 agriculture jobs respectively.

Top Regional Industry Average Quarterly Employment 2010



Regional Industry Employment Growth 2001-2011



Source: Economic Modeling Specialists, Inc. (EMSI)

“Approximately 11 percent of California’s total farm employment is in Monterey County”

Gross Regional Product

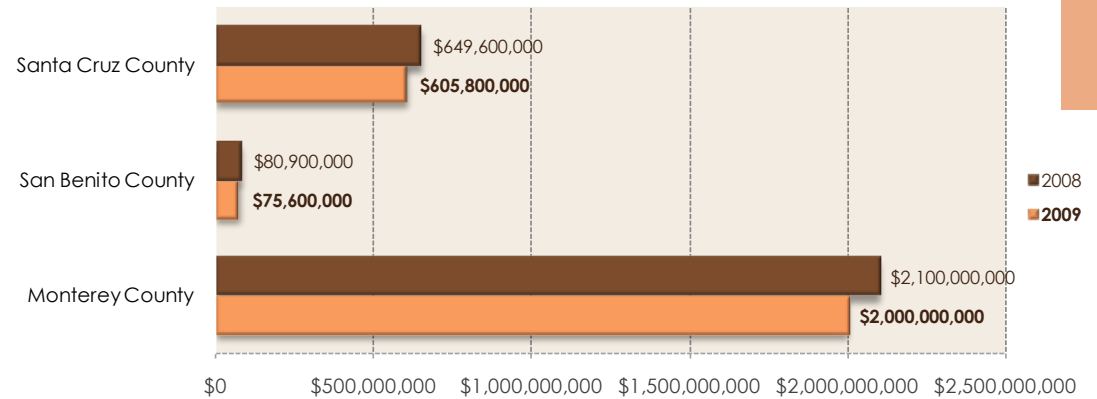
The gross regional product (GRP) measures the market value of all goods and services produced within a specific area. This is a common indicator of the size of an area's economy.

Of the counties within the AMBAG region, Santa Cruz County had the largest product, totaling approximately \$26.1 billion. Santa Cruz County also led all Counties in both earnings and exports, distinguishing it as a chief economy within the AMBAG region.

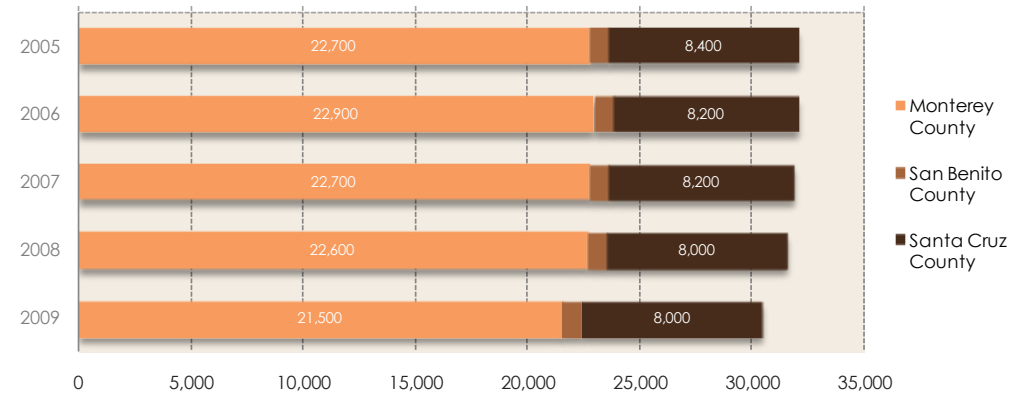
Tourism Related Jobs & Spending

Tourism related spending considers spending on accommodations, food, recreation, retail products, and travel arrangements, as well as tax revenue generated within the tri-county region by visitor spending.

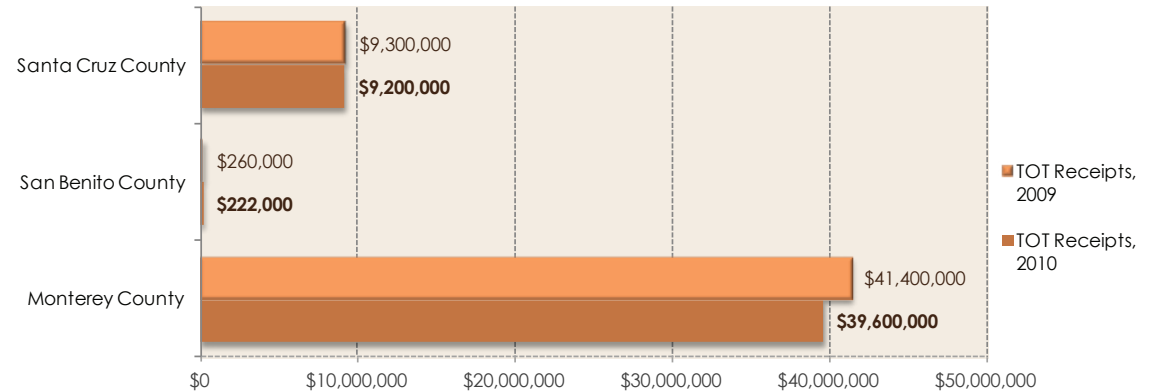
Tourism Related Spending 2008-2009



Tourism Related Employment

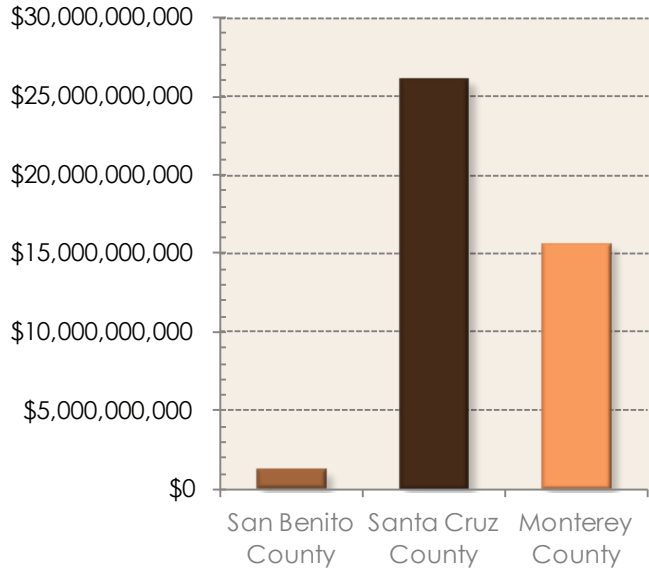


Transient Occupancy Tax (TOT) Receipts

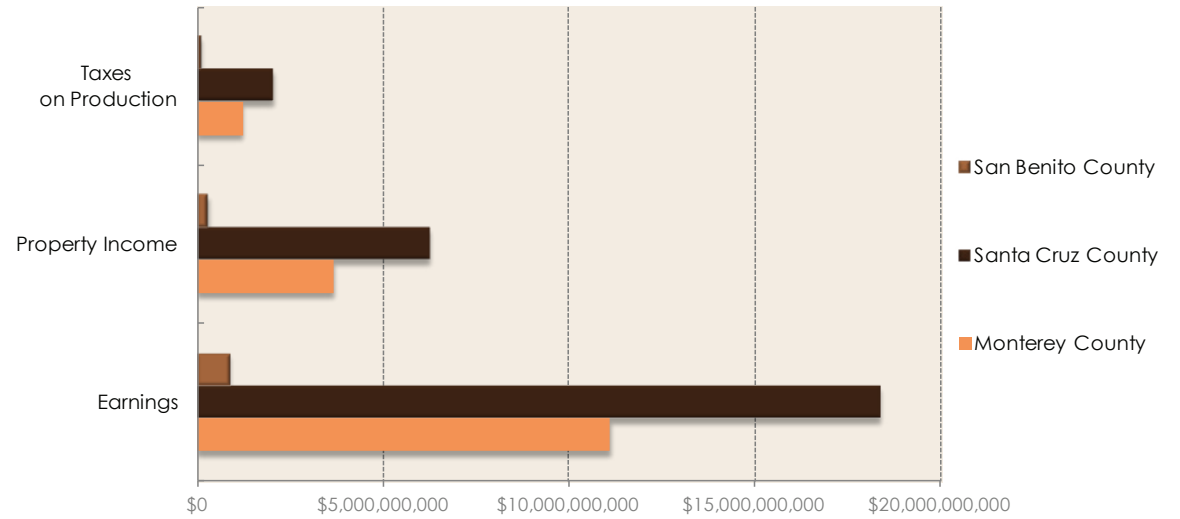


Source: Dean Runyan Associates, Economic Modeling Specialists, Inc. (EMSI)

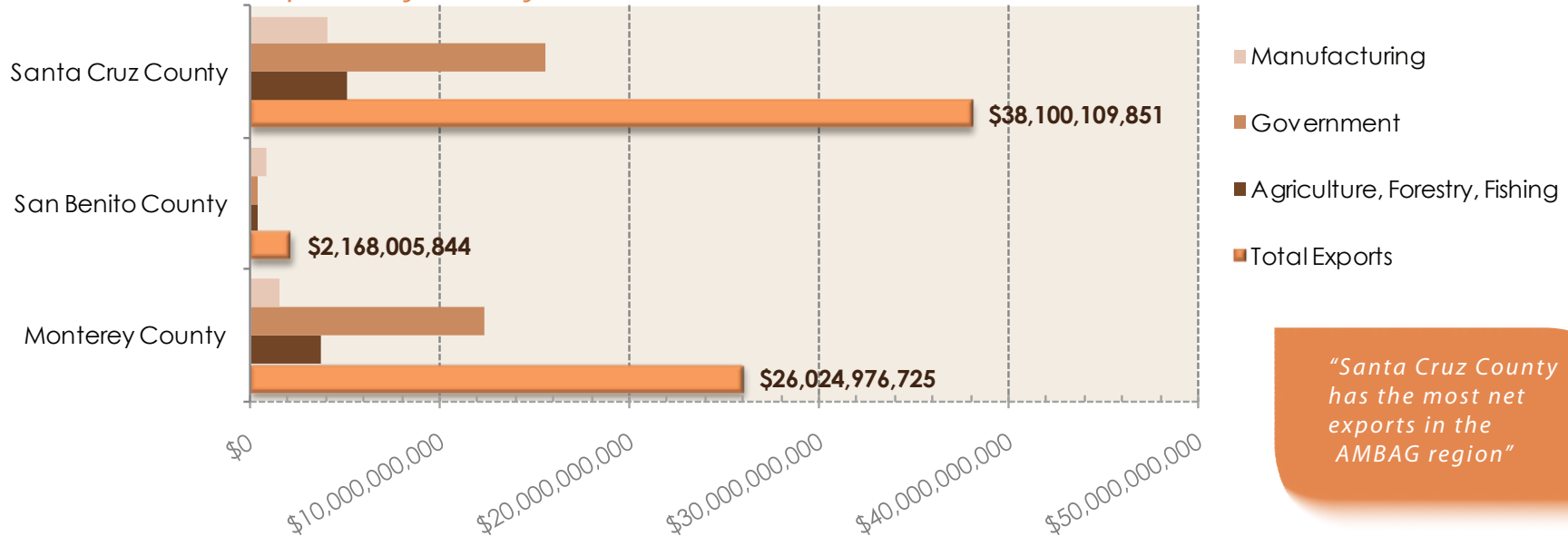
Gross Regional Product



Regional Product Components



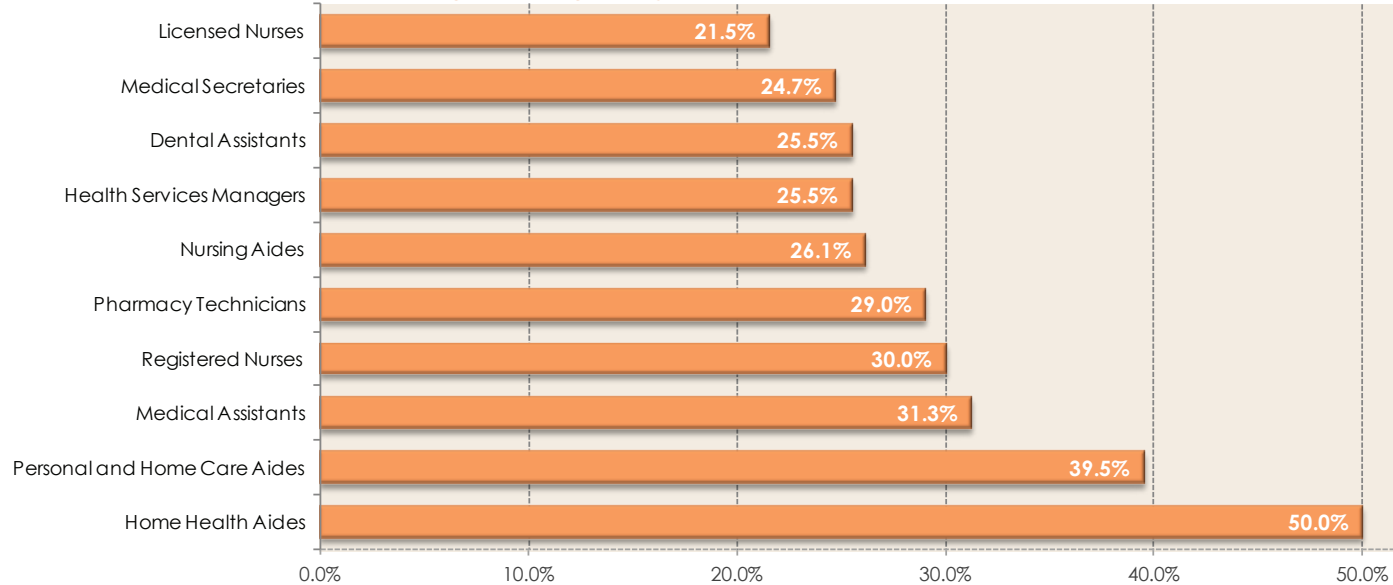
Exports By County



"Santa Cruz County has the most net exports in the AMBAG region"

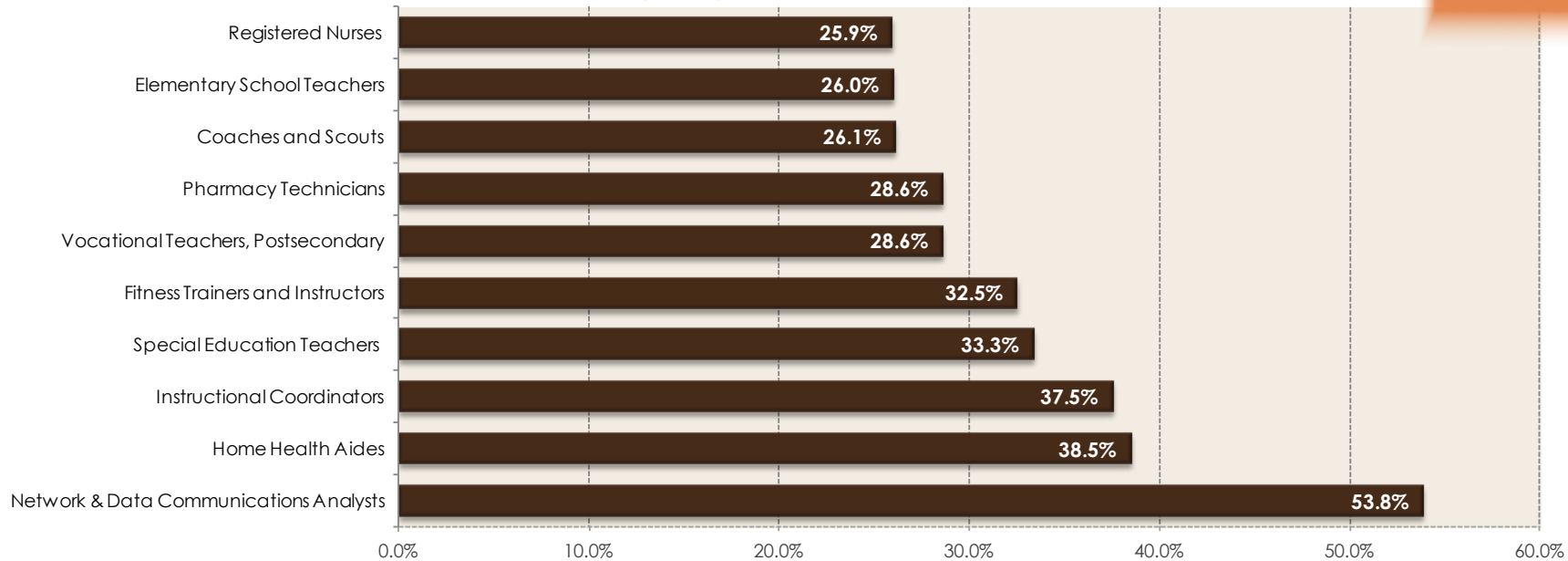
Source: Economic Modeling Specialists, Inc. (EMSI)

Monterey County Projected Occupational Growth 2008-2018



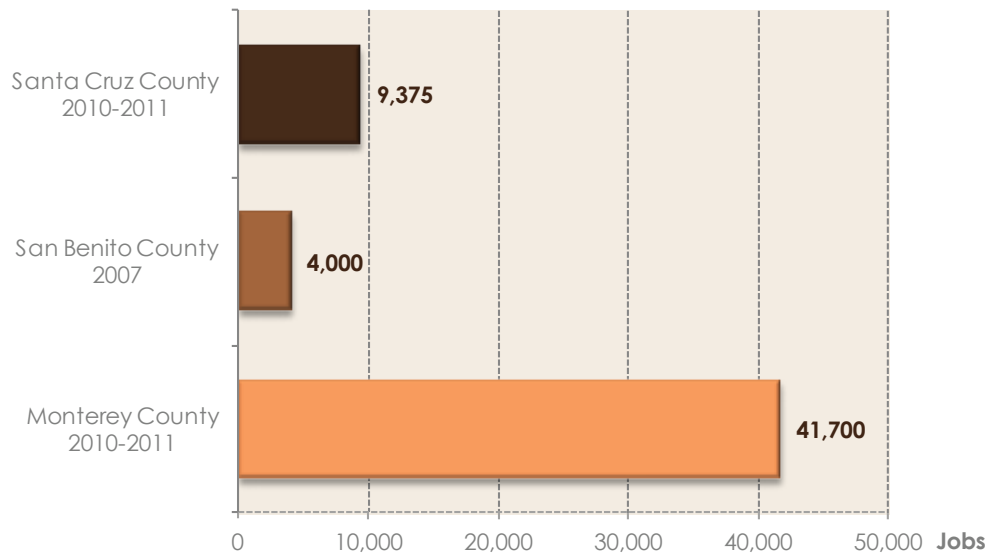
"The most job growth in the region can be seen in Home Health Aides"

Santa Cruz County Projected Occupational Growth 2008-2018



Source: California Employment Development Department, Projections of Employment

Agricultural Employment



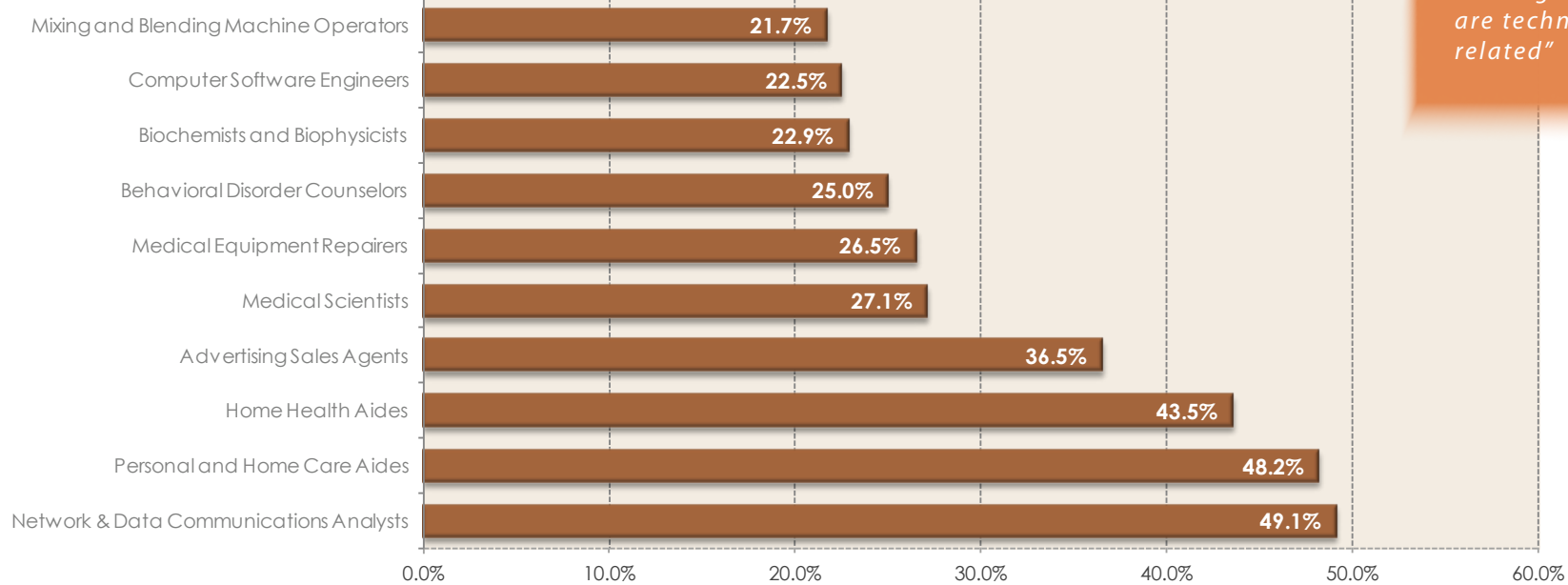
Source: Economic Modeling Specialists, Inc. (EMSI)

Visitors traveling to the area for recreation and business generate revenue and jobs for the local economy.

Tourism is one of the leading industries in the region, accounting for 15 percent of the county’s employment. Hotels, shops, restaurants, and entertainment venues rely on the tourism market for a significant percentage of their business.

Between 2008 and 2009 tourism related spending dropped in all counties.

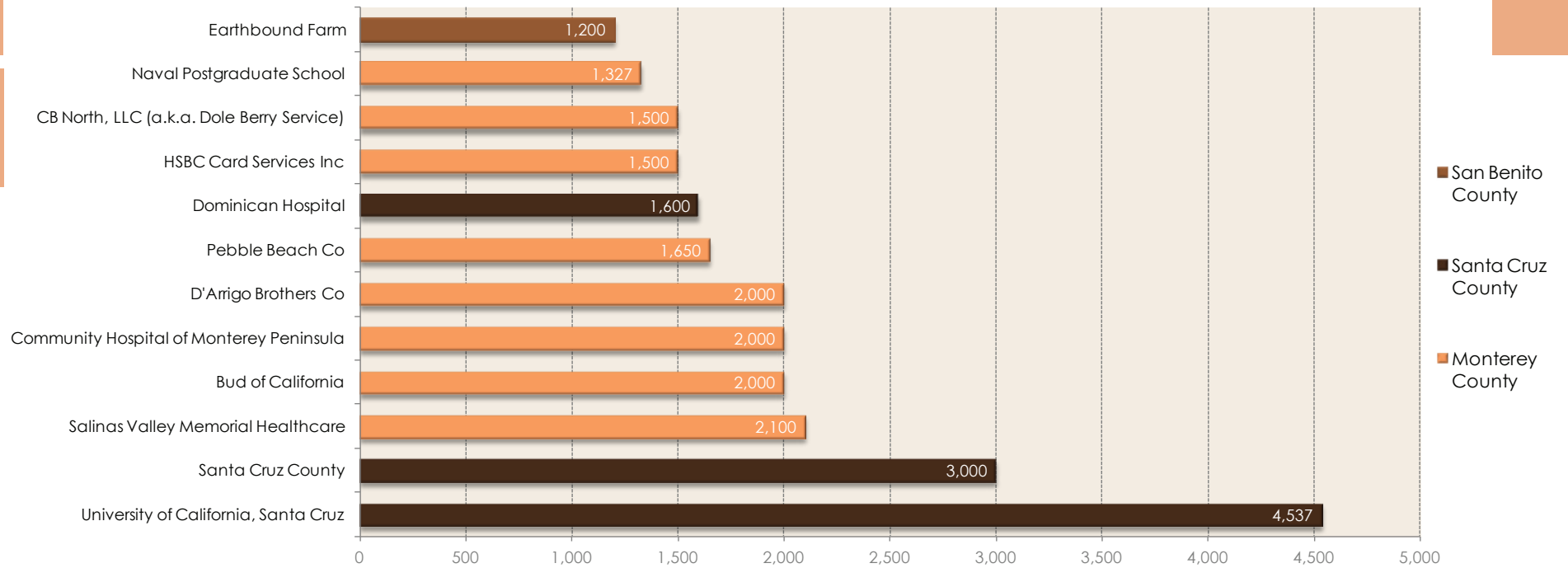
San Benito County Projected Occupational Growth¹ 2008-2018



“Most growth sectors are technology related”

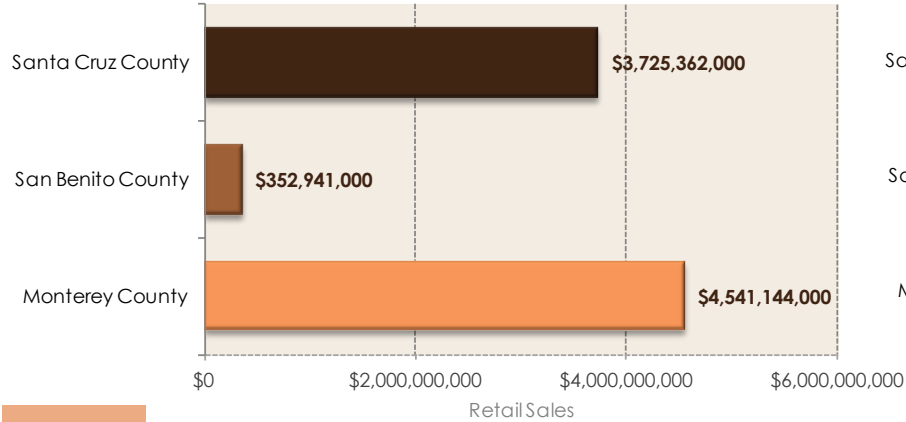
¹ San Benito County’s projections are compiled projections for both San Benito & Santa Clara counties. Source: California Employment Development Department, Projections of Employment

Top Regional Businesses 2011

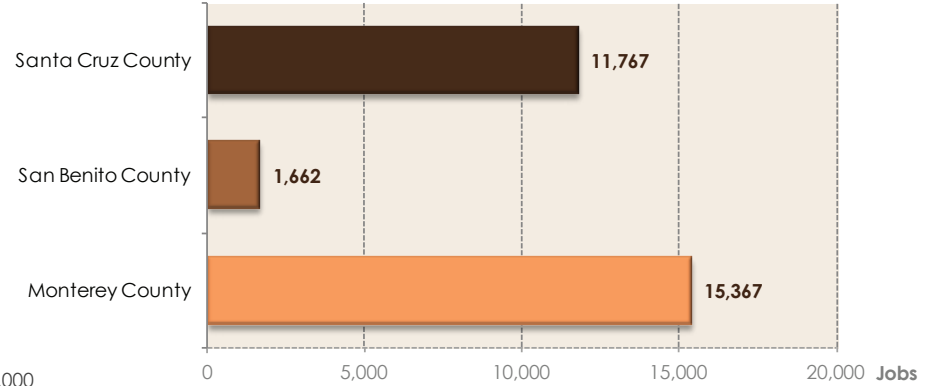


Source: California Employment Development Department, 2011; Economic Modeling Specialists, Inc. (EMSI), 2011

Retail Sales 2007

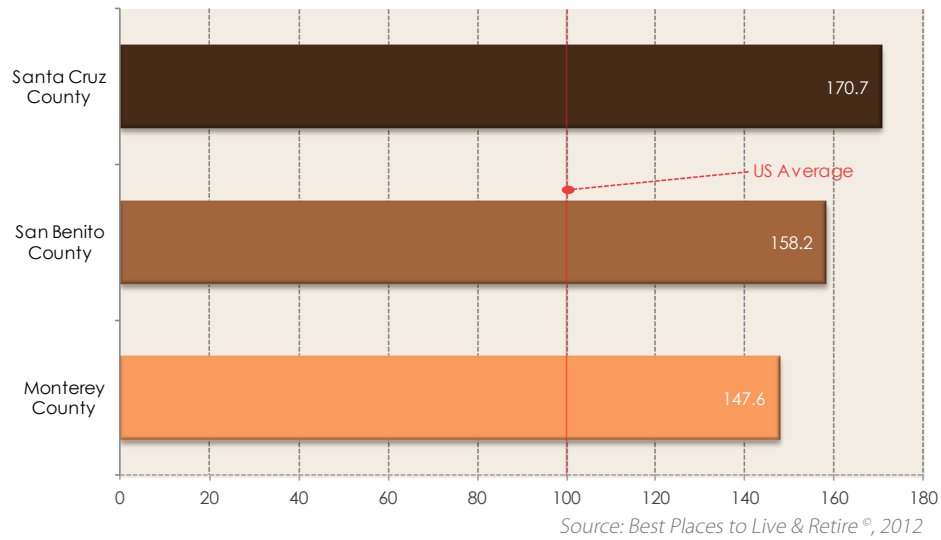


Average Retail Employment



Source: Economic Modeling Specialists, Inc. (EMSI), 2007, Quarterly Workforce Indicators (QWI), 2000-2010

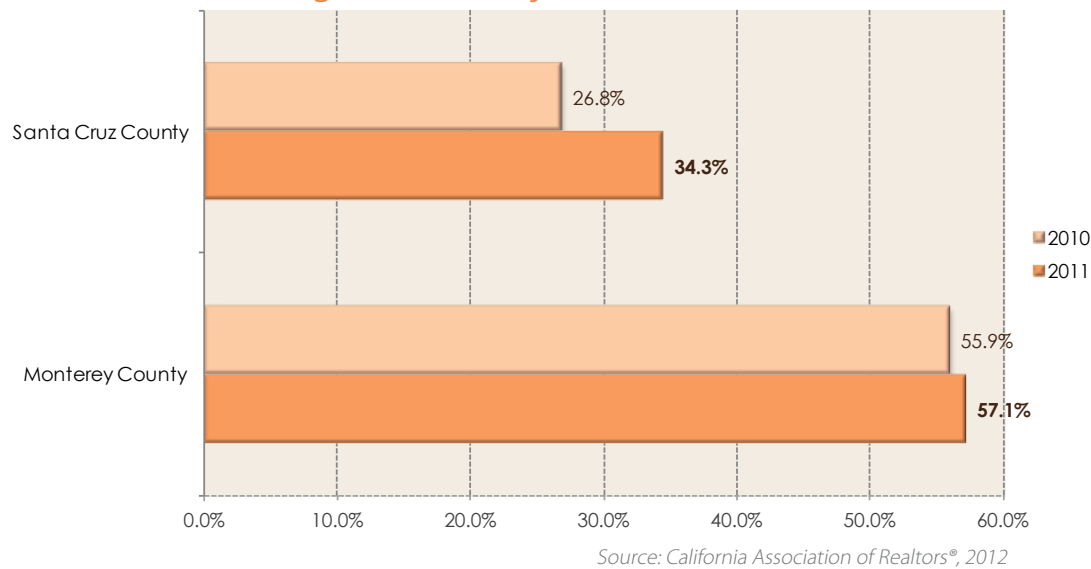
Cost of Living Index By County



Monterey County, the largest tourism related economy in the region, saw a decrease in tourism related spending of approximately \$100 million, going from a total of \$2.1 billion in tourism related spending to \$2.0 billion. Santa Cruz County saw a similar drop of nearly seven percent in spending from \$649.6 million to \$605.8 million.

Monterey County has the largest number of tourism related employees in the tri-county region, employing approximately 21,500 people in 2009. Tourism related employment in the region has generally decreased since 2006, losing approximately 1,600 employees through 2009.

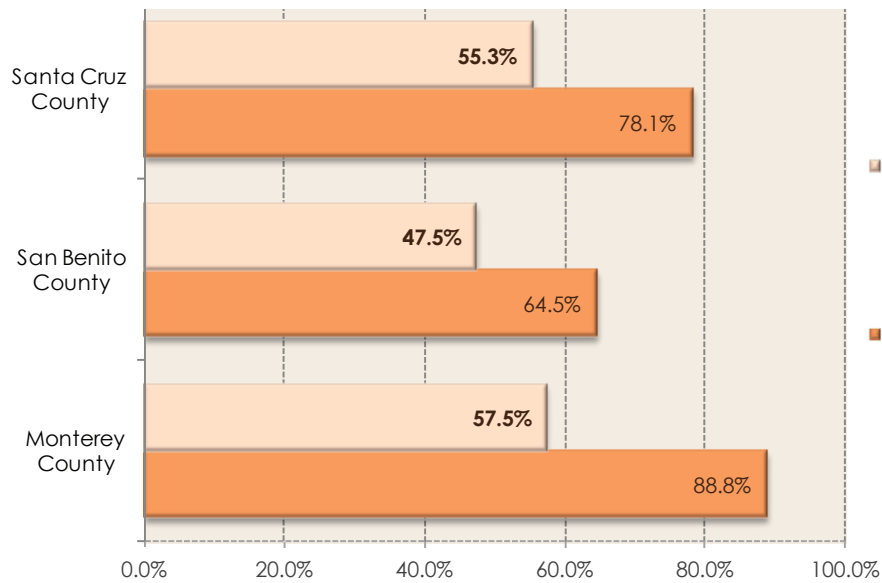
Housing Affordability Index



The drop in tourism related spending can be seen in the dollars taken in by Counties through the Transient Occupancy Tax (TOT). The TOT is charged in California when occupying rooms or other living spaces in a hotel or other lodging.

From 2009 and 2010, Monterey County saw a drop of approximately \$1.8 million in TOT receipts, going from a total of \$41.4 million to \$39.6 million.

Household Housing & Transportation Expenses



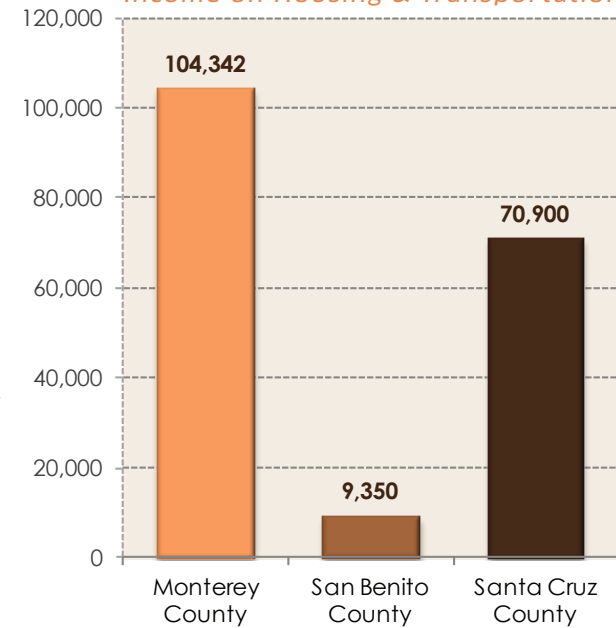
Source: Center for Neighborhood Technology, 2011

The trend of declining TOT dollars can be seen in all counties within the AMBAG region.

Retail Sales & Employment

The AMBAG region had roughly \$8.6 billion in retail sales in 2007. Monterey County had the highest percentage of the total, accounting for over \$4.5 billion in retail sales in 2007. Santa Cruz County had just over \$3.7 billion in sales while San Benito County sold approximately \$353 million in 2007.

Households Spending over 45% of Income on Housing & Transportation



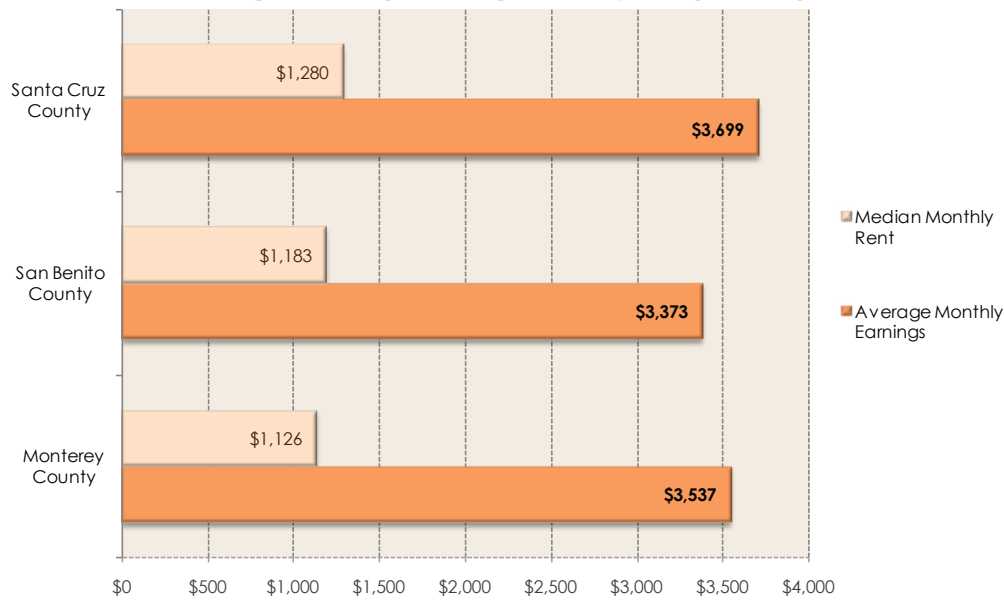
Source: Center for Neighborhood Technology, 2011

Total retail sales reflect the total retail related employment in the counties where Monterey County had approximately 15,367 jobs in 2010, followed by Santa Cruz and San Benito County with 11,767 and 1,662 employees respectively.

Forecasted Employment Opportunities

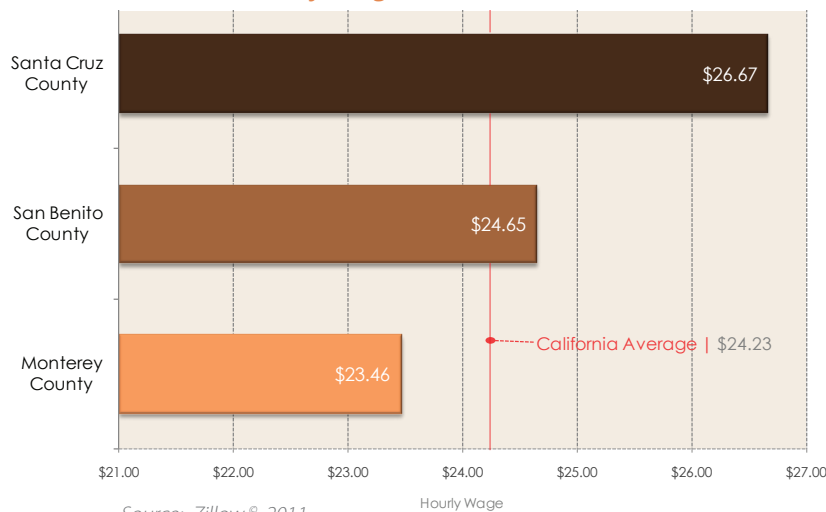
Based on employment projections from the California Employment Development Department the tri-county region is expected to gain approximately 30,000 jobs between 2008 and 2018.

Average Monthly Earnings Per Capita By County



Source: Quarterly Workforce Indicators (QWI), 2010, American Community Survey, 3-Year Estimates, 2008-2010

Hourly Wage Needed to Afford Median Rent



Source: Zillow®, 2011

The largest change is expected in Monterey County with an estimated employment increase of approximately 16,100 jobs, followed by Santa Cruz County with an expected increase of 10,300 jobs.

Farm employment, which makes up about 23 percent of Monterey County’s total employment in 2008, is expected to grow by 13.2 percent.

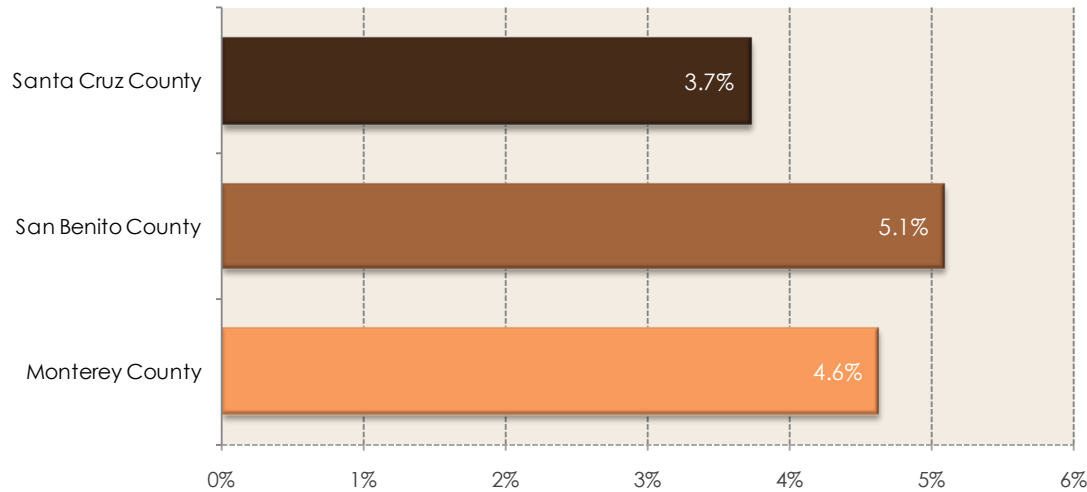
Approximately 11 percent of California’s total farm employment is in Monterey County.

Per Capita Income

Of the three counties in the AMBAG region, Santa Cruz County residents have the highest average monthly income of approximately \$3,700, followed by Monterey and San Benito Counties with incomes of \$3,500 and \$3,400 respectively.

A high per capita income for tri-county residents is crucial in the context of the county’s high housing costs. In addition, a higher relative per capita income signals greater discretionary income for the purchase of goods and services.

Percentage of Forclosures March 2012

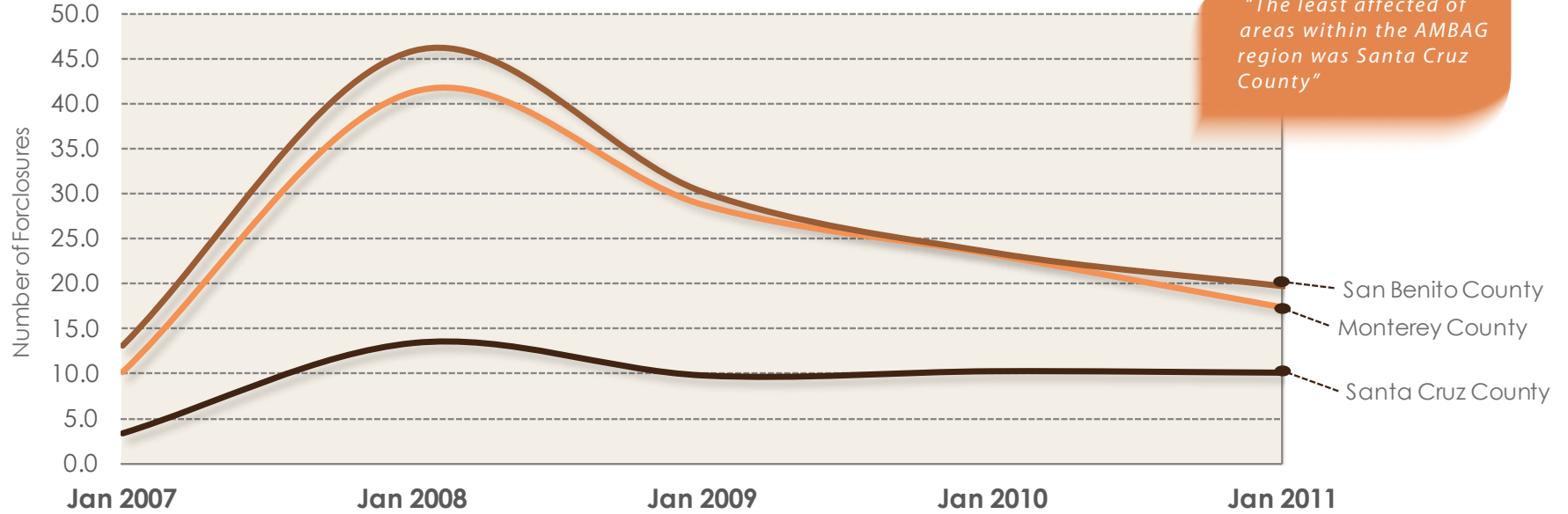


Source: Realtytrac®, 2012

Cost of Living

The cost of living index is based on a US average of 100. Subsequently, a cost of living index above 100 indicates that the area is generally more expensive to live in than other areas of the country. Of the three counties in the Monterey Bay Area, Santa Cruz County has the most expensive cost of living while San Benito County is the least expensive.

Homes Forclosed Per Month by County 2007-2011



"The least affected of areas within the AMBAG region was Santa Cruz County"

Source: Zillow®, 2011

Housing Affordability Index

The California Association of Realtors® Traditional Housing Affordability Index (HAI) measures the percentage of households that can afford to purchase the median priced home within their respective counties. The HAI is considered a primary measure of housing well-being for buyers in the state. In 2011, approximately 34 percent of households in Santa Cruz County and 57 percent of households in Monterey County could afford to purchase a median priced home within their County. Both Monterey and Santa Cruz Counties saw an increase in housing affordability between 2010 and 2011, where affordability rose approximately seven percent in Santa Cruz County and one percent in Monterey County. HAI data on San Benito County is not available for this time period.

H+T Affordability Index

The housing and transportation affordability index (H+T®) can be considered a more complete measure of affordability beyond the standard method of assessing only housing costs.

By taking into account both the cost of housing as well as the cost of transportation associated with the location of the home, H+T provides a more complete understanding of affordability. While housing alone is traditionally deemed affordable when consuming no more than 30 percent of income, the affordable range for H+T is the combined costs of housing and transportation consuming no more than 45 percent of a household's income.



"Affordability rose approximately seven percent in Santa Cruz County and one percent in Monterey County"

Monterey County has the highest percentage of income per household going towards housing and transportation, at 57.5 percent. Based on housing and transportation expenses per household, San Benito County is the most affordable area in the tri-county region with an average of 47.5 percent of household incomes going towards H+T. By the definition of affordable being 45 percent or less of a household's income going towards H+T costs, the Monterey Bay Area average of approximately 53.4 percent can characterize the region as difficult to afford.

Median Monthly Rental Prices

Of the counties within the AMBAG region, Santa Cruz has the highest median monthly rental prices at \$1,280. Monterey and San Benito Counties do not differ significantly since their median monthly rental costs are \$1,126 and \$1,183 respectively. The only area within the tri-county region with a median monthly rent price below the California average of \$1,163 is San Benito County.

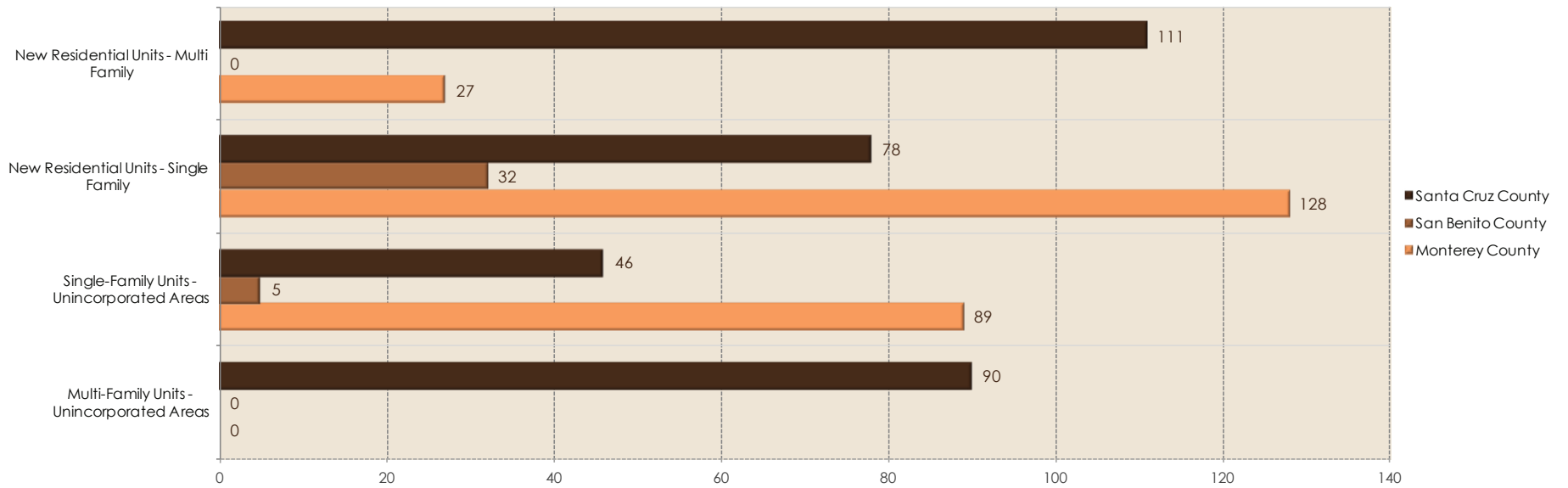
Housing is traditionally deemed affordable when consuming no more than 30 percent of household income or earnings. Bearing this in mind, hourly wages necessary to afford median monthly rental prices within the tri-county area were calculated using a conventional 160-hour work month.

San Benito County, had an affordable hourly wage below the California average. San Benito County residents also have the lowest average monthly income within the AMBAG region. Santa Cruz County, on average, has the most expensive housing within the region.

Home Value, Sales and Foreclosures

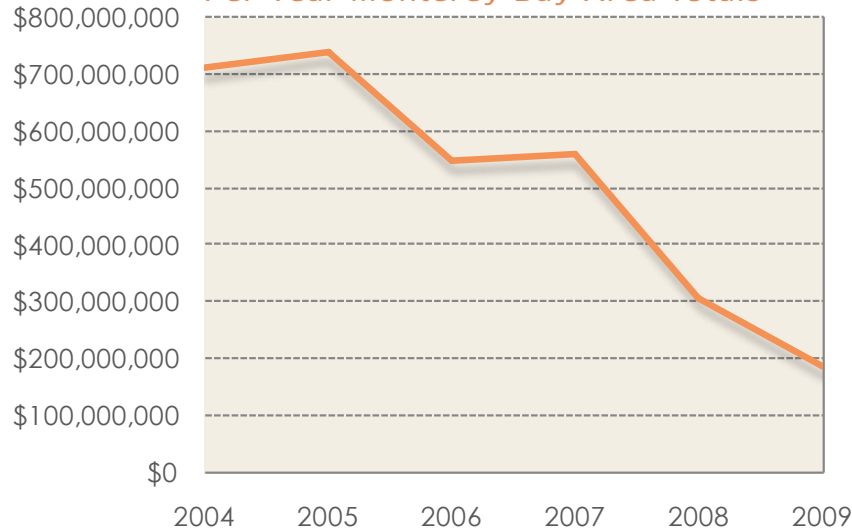
Between 2007 and 2009, counties within the AMBAG region saw a dramatic increase in home foreclosures. This followed a national trend of foreclosure increase, which was evident across the country, affecting most areas. The least affected of areas within the AMBAG region was Santa Cruz County. Santa Cruz County saw an increase to nearly 14 foreclosures per month in 2008 from about 3 per month the year before. This increase is much less than the monthly foreclosures increases seen in Monterey and San Benito Counties. Each saw an increase to over 40 foreclosures per month in 2008, with San Benito County reaching an average of 46 foreclosures for the year. The region has seen a steady decrease since 2008, and in 2011 Monterey and San Benito Counties had declined to averages of 17.5 and 19.8 foreclosures per month, respectively.

New Construction Permits 2011



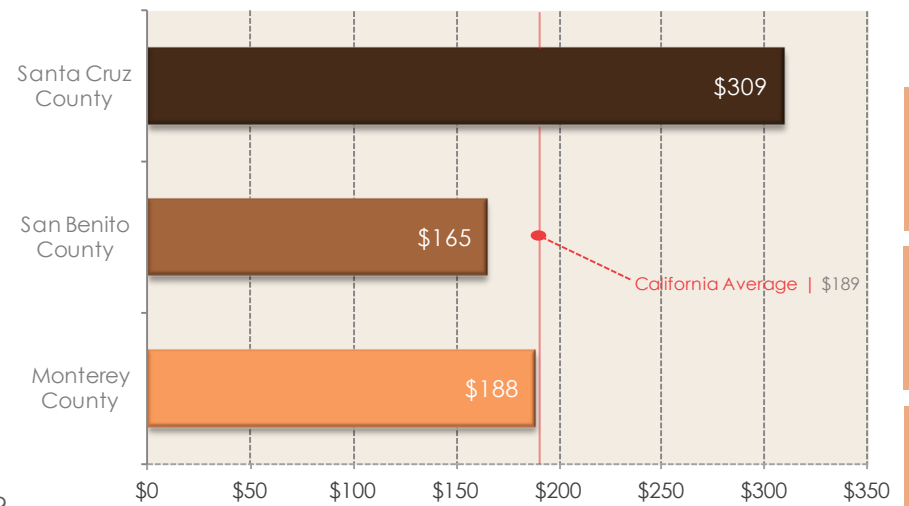
Source: Construction Industry Resource Board (CIRB), 2011

Residential Construction Valuations Per Year Monterey Bay Area Totals



Source: Construction Industry Resource Board (CIRB), 2011

Median Home Value Per Square Foot 2011



Source: Zillow®, 2011



Education

Introduction

The education level of residents is evidence of the quality and diversity of our labor pool – an important factor for businesses looking to locate or expand in the region. An educated and skilled workforce is important for a strong economy. With two state-system universities within its boundaries, CSU Monterey Bay and UC Santa Cruz, the Monterey Bay Area has unique potential to excel.

K-12 Enrollment

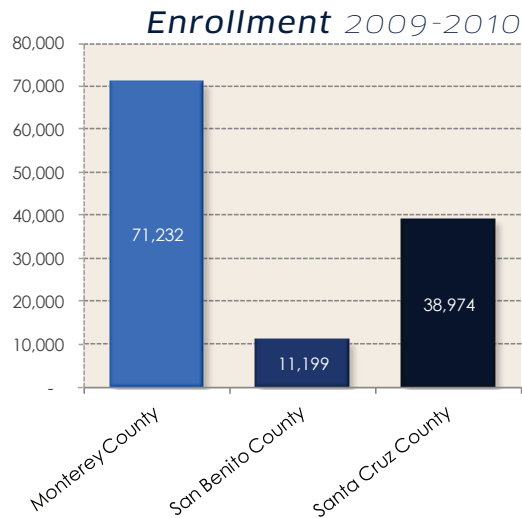
Monterey County has the highest number of K-12 enrollment with over 71,000 students. San Benito County has the lowest number with a little over 11,000 K-12 students.

Degree Attainment

Between 2008 and 2010, the statewide percentage of high school degrees earned is 28.1 percent, while the percentage of Bachelor's degrees earned is eight percent. San Benito County has the highest percentage of high school graduates with 33.7 percent and lowest percentage of Bachelor's degrees earned with four percent. Santa Cruz County has the highest percentage of Bachelor's degrees earned with eight percent.

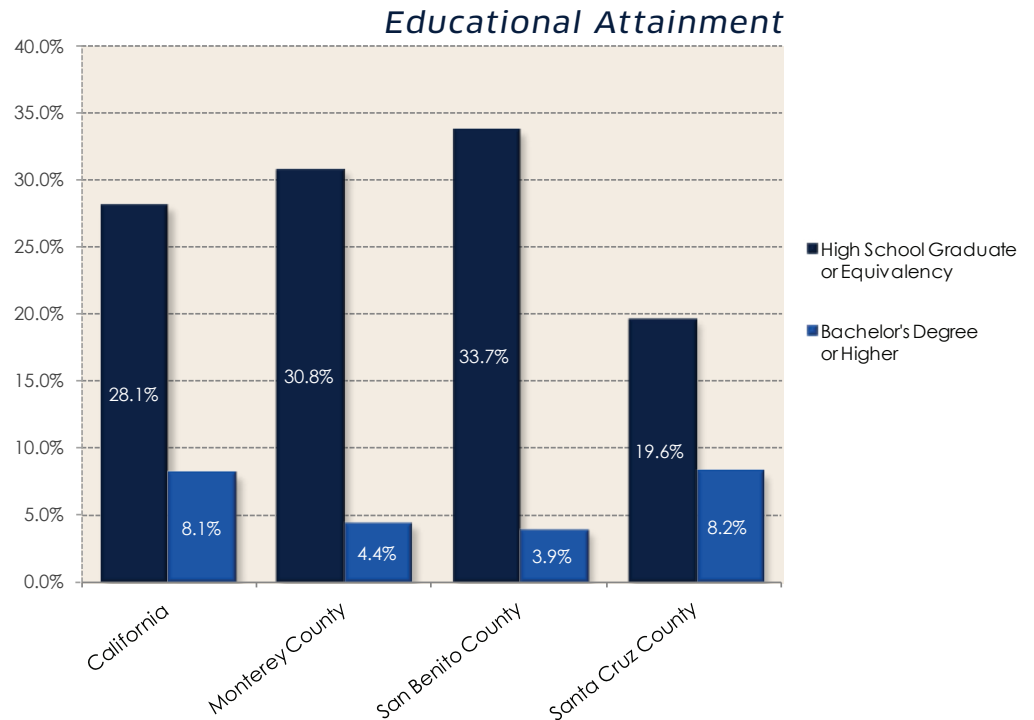
Dropout Rate by Ethnicity

In California, African Americans have the highest dropout rate (approximately six percent), and Asians have the lowest dropout rate (approximately one percent).



Source: California Department of Education

“Santa Cruz County has the highest percentage of bachelors degree earners”



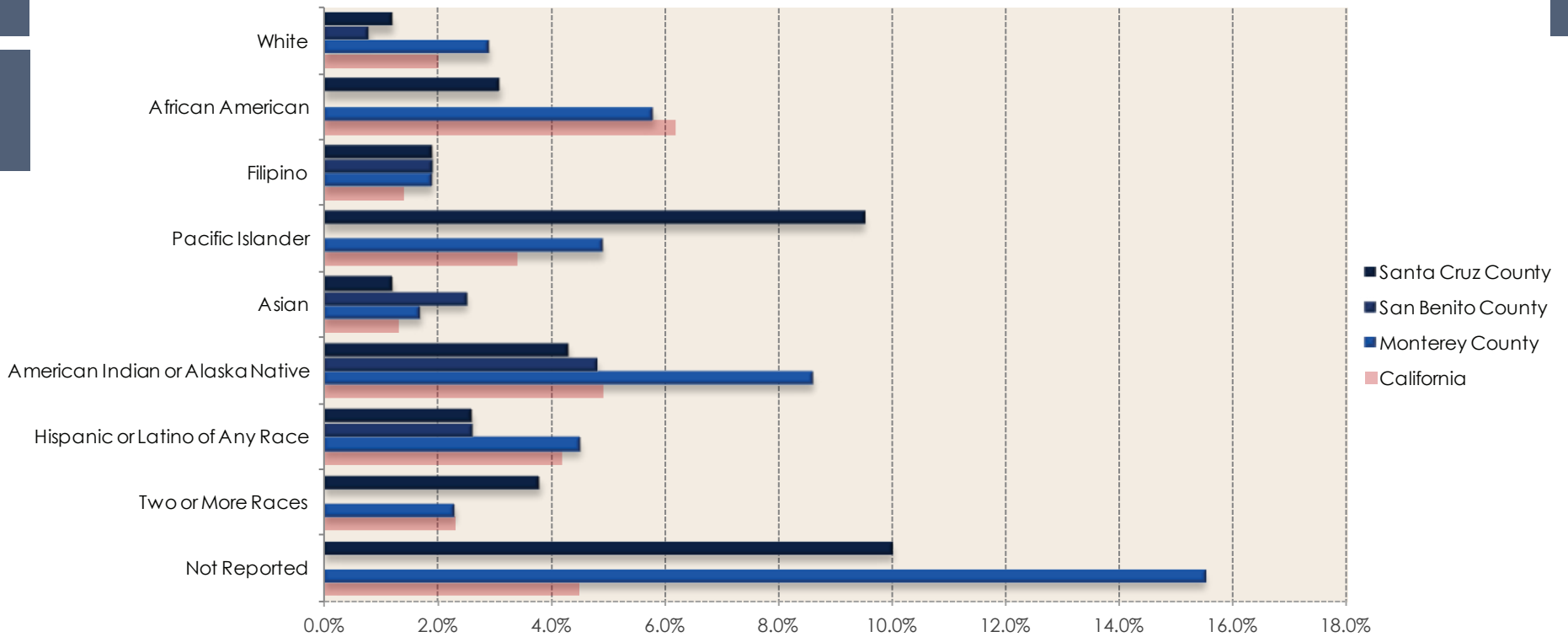
Source: 2008-2010 American Community Survey 3-Year Estimates

Santa Cruz County has the highest dropout rate among Pacific Islanders at nearly ten percent. San Benito County has the lowest dropout rate of less than one percent among those who are White. Monterey County has a notably higher dropout rate of almost 16 percent among respondents who did not report an ethnicity.

English Learners as a Percent of Enrollment

Of the students enrolled in 2010 to 2011, 37.3 percent of Monterey County’s students are English learners. Santa Cruz County has the second highest percent at 28.5 percent, and San Benito has the lowest percentage of English learners with 23.2 percent.

Dropout Rate By Ethnicity



Source: California Department of Education Educational Demographics Unit

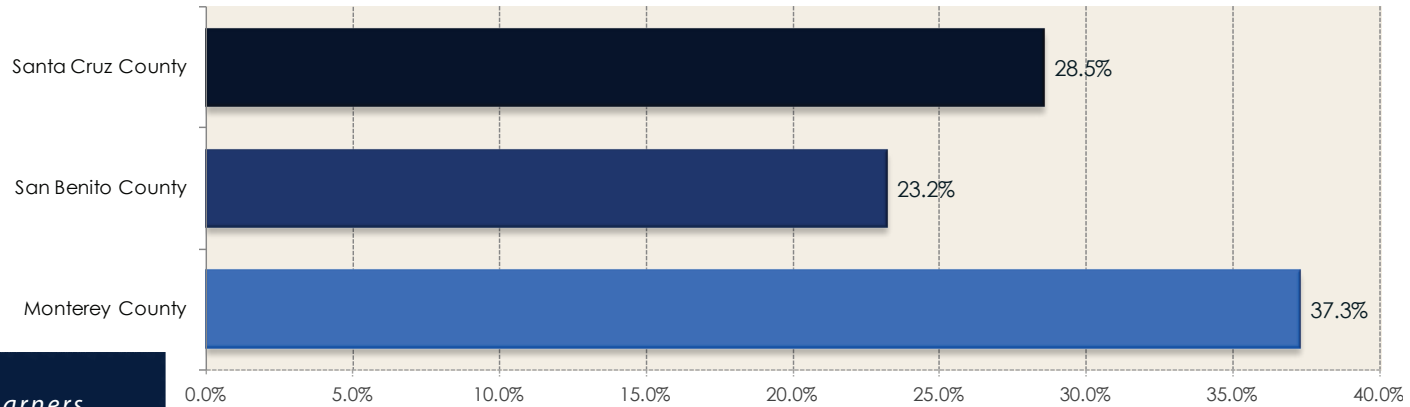
English Learners by Primary Language

Across all three counties, most English learners also speak Spanish. Of the English learners who are not Spanish speakers, the highest percentages of each county are as follows: one percent are Mixteco in Santa Cruz County, 0.5 percent are Filipino in San Benito County, and 0.8 percent are also Filipino in Monterey County.

National Career Readiness Certificates

The National Career Readiness Certificate (NCRC™) is an industry-recognized credential that certifies essential skills needed for workplace success.

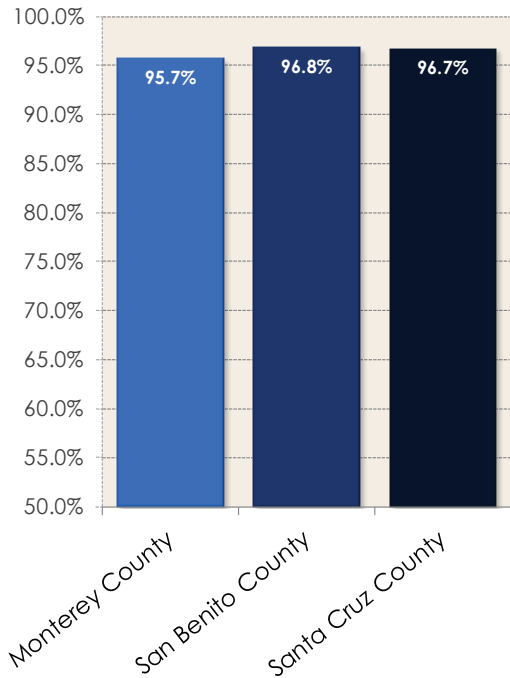
Percent of Students Who Are English Learners



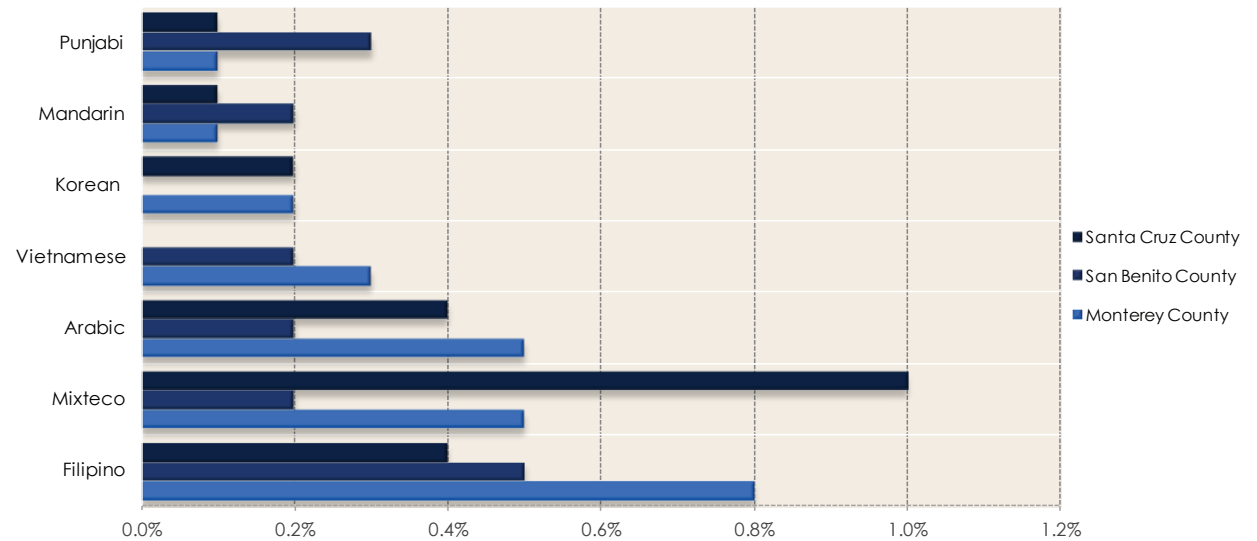
Source: California Department of Education Educational Demographics Office, 2010-2011

"Most English learners speak Spanish in all counties"

Spanish Speaking

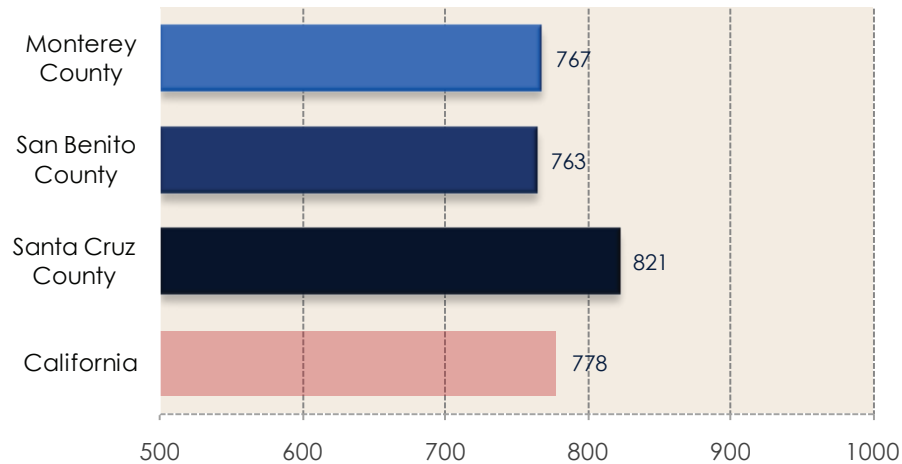


English Learners Who Are Not Spanish Speakers



Source: California Department of Education Educational Demographics Office, 2010-2011

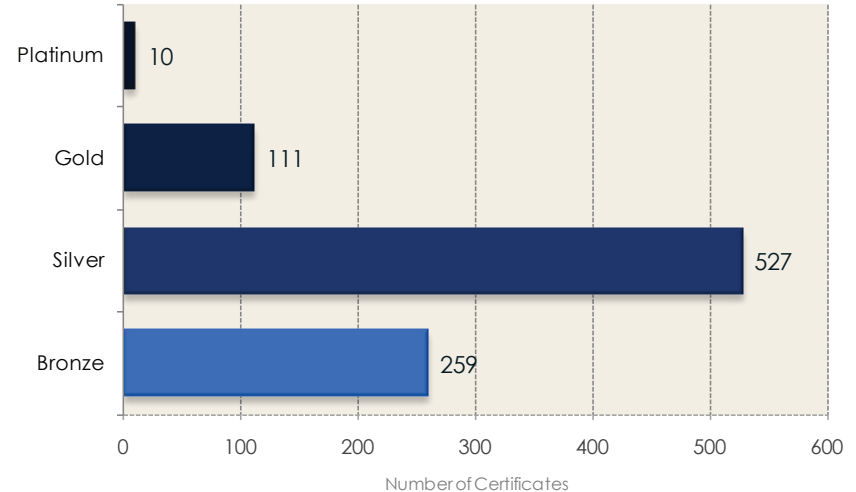
Performance Index Scores 2011



Source: California Department of Education, 2011 Growth API Report

This credential is used across all sectors of the economy and verifies cognitive workplace skills such as problem solving, critical thinking, and using information to solve workplace problems. The credential's assessments measure "real world" skills that are believed to be critical to job success, and test questions are based on situations in the everyday work world. Over 17,000 jobs have been profiled through the program; this pinpoints or estimates skill benchmarks for specific job positions that individuals must meet through testing.

National Career Readiness Certificates 2012



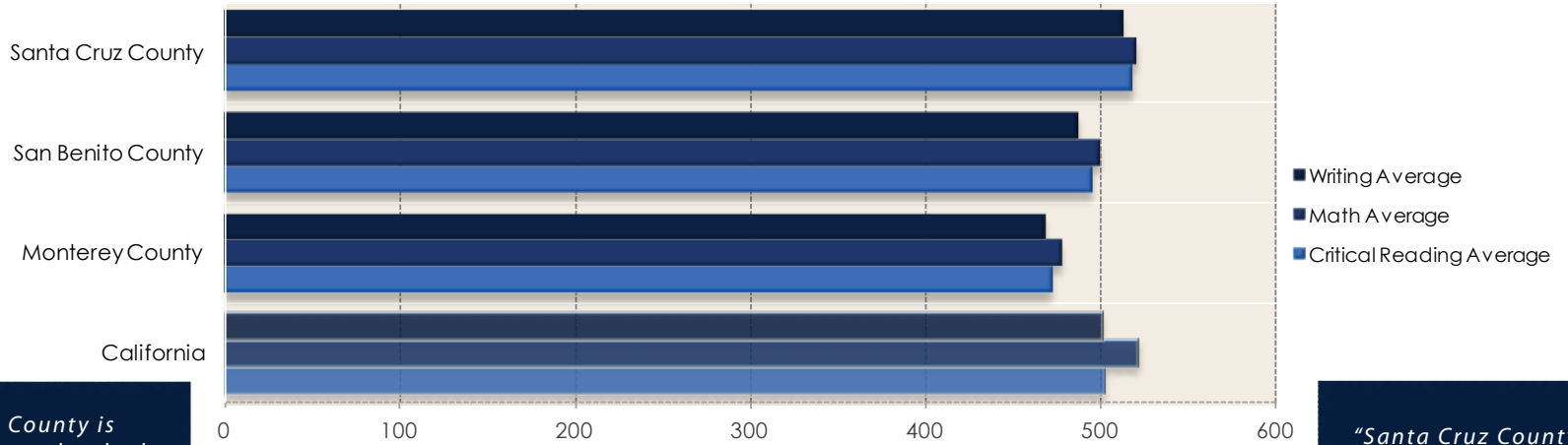
Source: ACT, Inc, 2012

There are four levels of this credential that can be awarded to an individual:

- Bronze – Foundational Skills for 35 percent of Jobs*
- Silver – Foundational Skills for 65 percent of Jobs*
- Gold – Foundational Skills for 90 percent of Jobs*
- Platinum – Foundational Skills for 97 percent of Jobs*

Nearly one thousand Monterey Bay Area residents have been awarded this credential, and over half (527) of these certificates have been NCRC Silver.

Average SAT Scores



"Santa Cruz County is the only county that had higher average scores than the State"

"Santa Cruz County tested the highest percentage of its 12th grade students"

Source: California Department of Education, SAT Reports 2009-2010

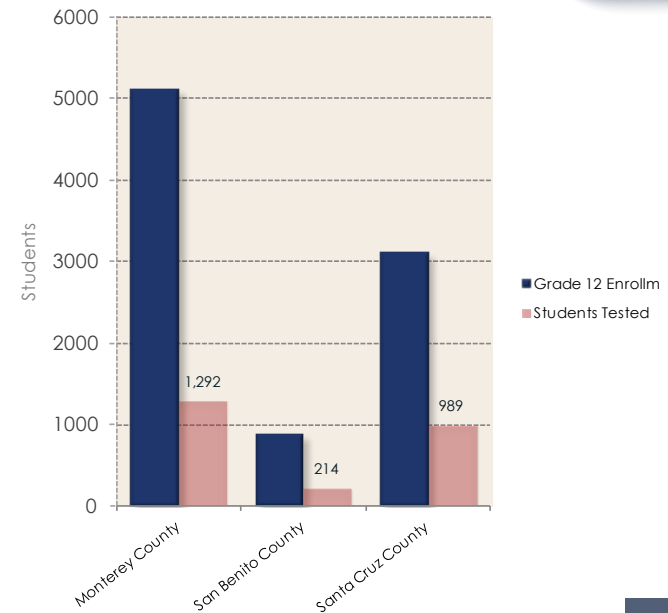
Performance Index Scores

The 2011 performance index score of California is 778. Santa Cruz County exceeded the State score with a score of 821. Monterey County and San Benito County had scores close to that of California with 767 and 763, respectively.

SAT Scores

The California average SAT scores for the writing, math, and critical reading sections were around 500. Santa Cruz County was the only county that had higher average scores than the State whereas Monterey County fell slightly below the State averages.

Number of Students Tested





IV Broadband Access

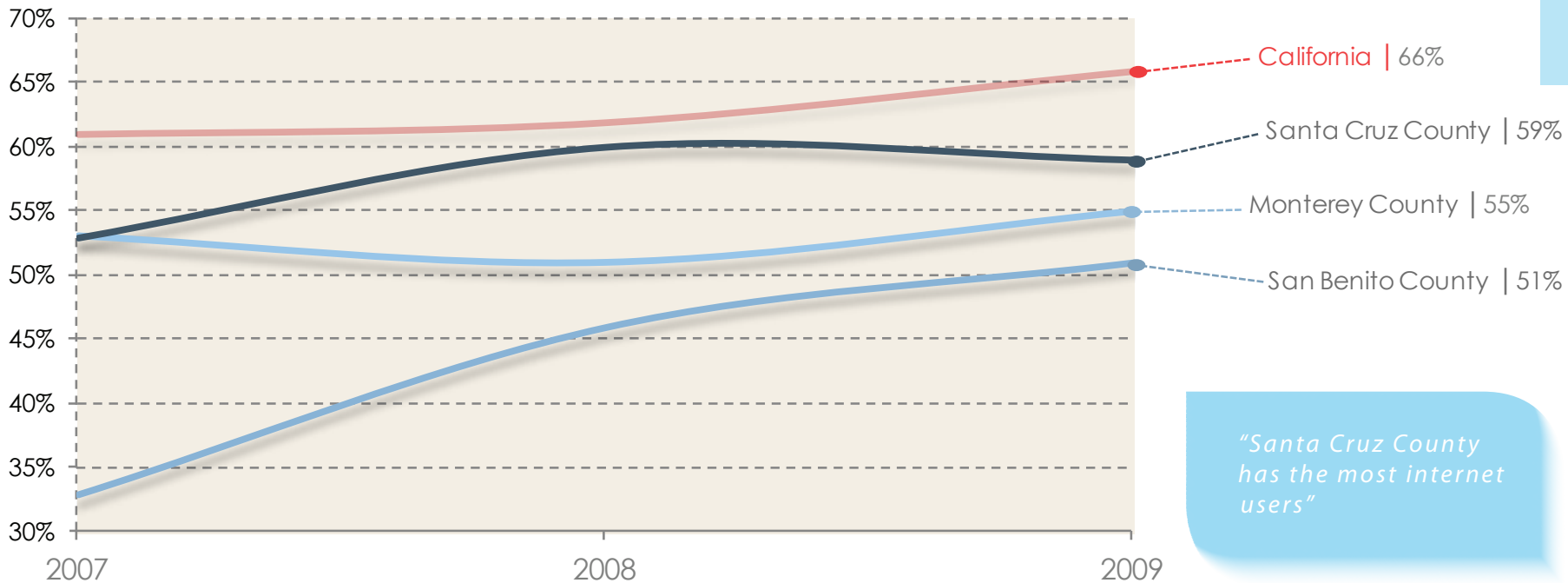
Introduction

The internet has become an essential communications platform for work, education, social interaction, and government-related communication. Access to the internet allows residents to tap into a wealth of information, resources, products, and services. Increased access not only benefits residents, it also significantly expands the marketplace for the sale of goods and services by local businesses. This section measures the percentage of adults who have access to the Internet either at home or work in the tri-county area.

Residential Broadband Penetration Wired & Wireless

From 2007 to 2009, California experienced a slow increase in broadband penetration with 66 percent residential broadband penetration by the end of 2009. San Benito County consistently had the lowest percentage of residential broadband penetration with 51 percent in 2009. Santa Cruz County and Monterey County had penetration of 59 percent and 55 percent, respectively.

Residential Broadband Penetration | Wired & Wireless



Source: California Public Utilities Commission, DIVCA Stats, 2007-2009; Steve Blum - Tellus Venture Associates

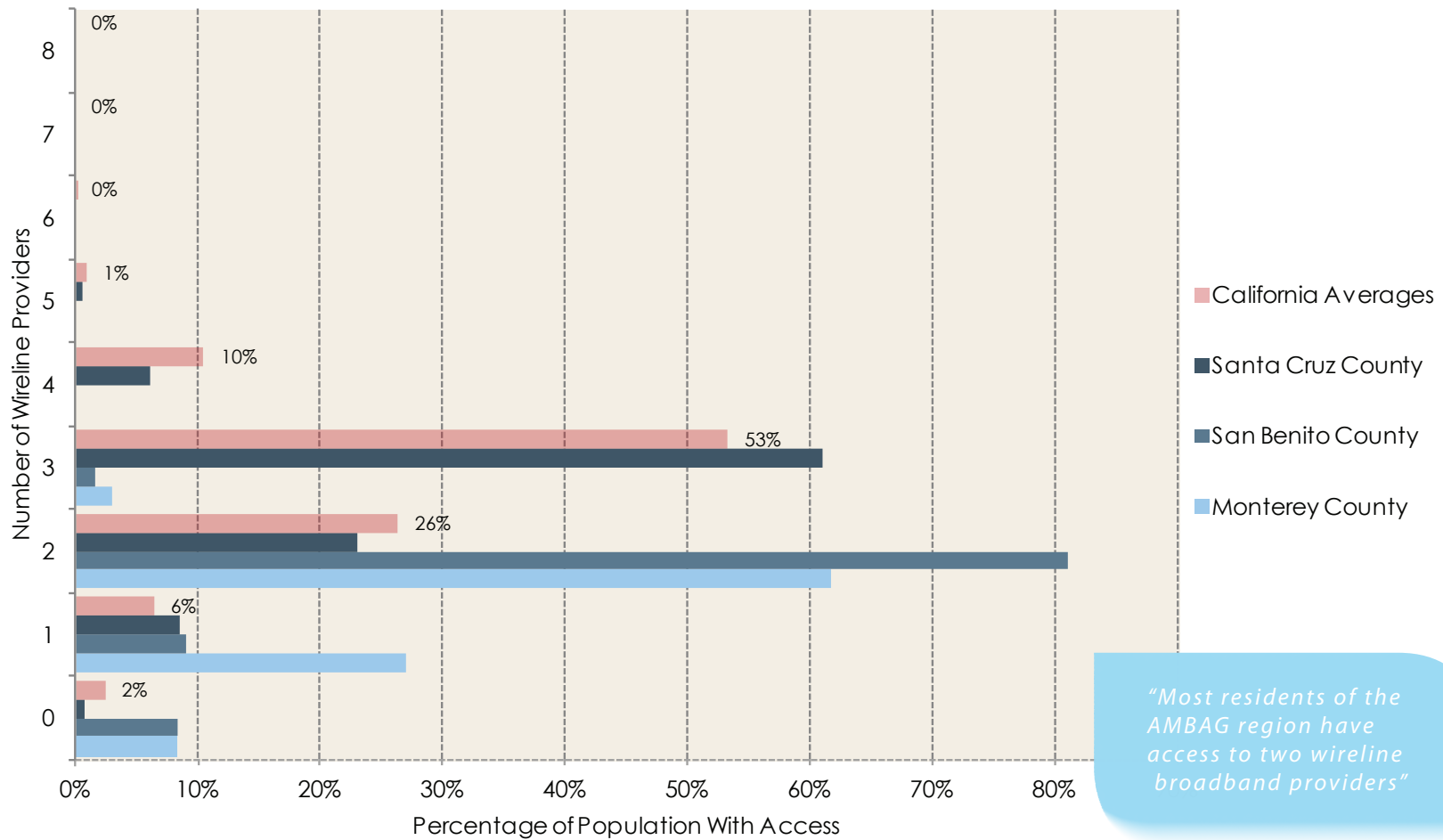
Access to Wireline Providers

Approximately 50 percent of the California population has access to three wireline broadband providers. In Santa Cruz County, over 60 percent of the population has access to three wireline broadband providers. Approximately 80 percent of the San Benito County population has access to two providers. A larger portion of Monterey County also has access to two providers.

Access to Wireless Providers

In California, 36 percent of the population has access to six wireless broadband providers. Nearly 95 percent of Santa Cruz County has access to five providers compared to the 90 percent and 84 percent of San Benito County and Monterey County to four providers.

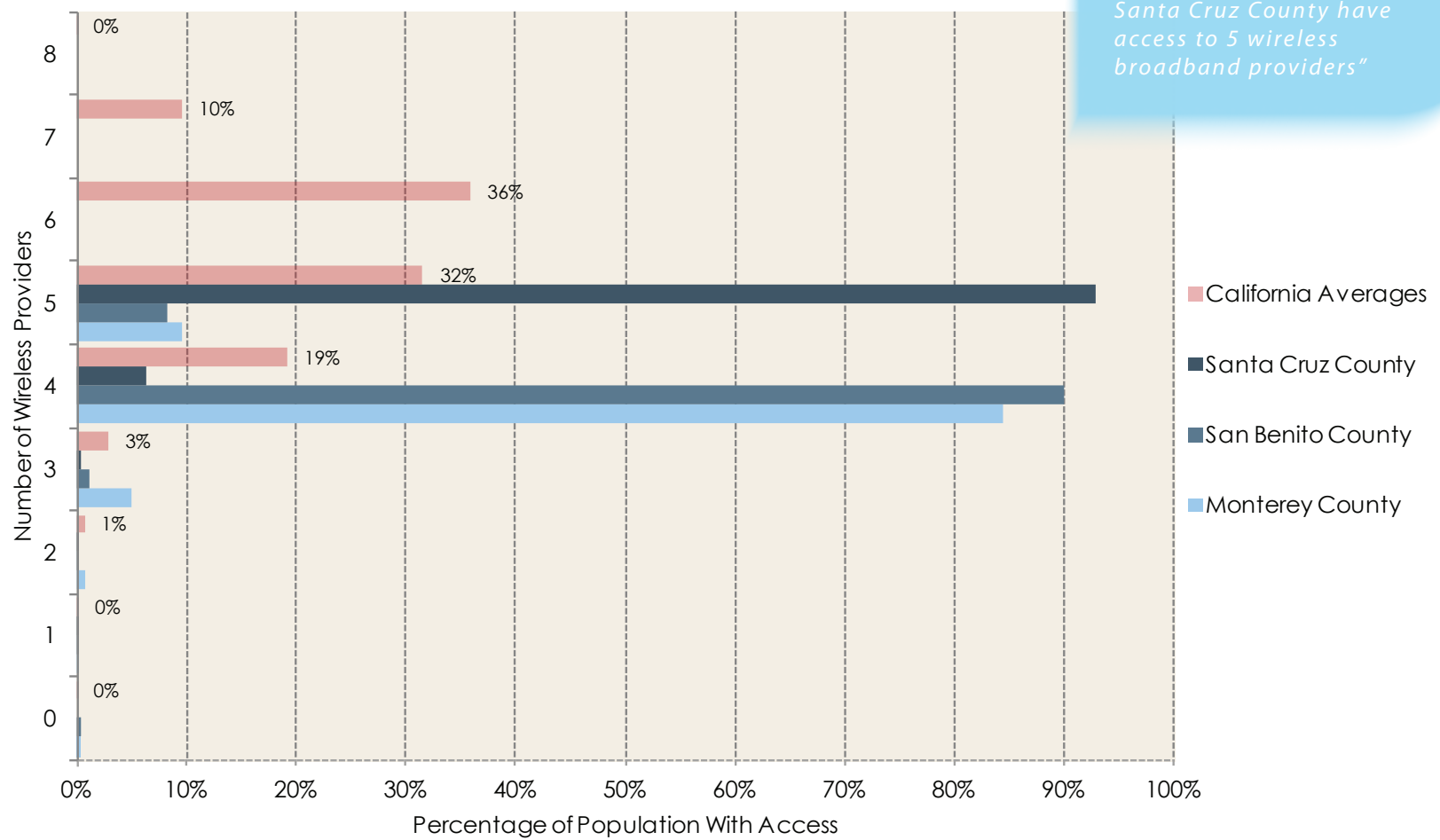
Access to Wireline Broadband Providers



"Most residents of the AMBAG region have access to two wireline broadband providers"

Source: National Broadband Map, 2011; Steve Blum - Tellus Venture Associates

Access to Wireless Broadband Providers



“Most residents of Santa Cruz County have access to 5 wireless broadband providers”

Source: National Broadband Map, 2011; Steve Blum - Tellus Venture Associates



v Health & Public Safety

Introduction

This section looks at crime statistics, public health, and social well-being. These characteristics of the community impact both real and perceived safety and wellbeing in a community. Aspects can also negatively affect investment in a community if a neighborhood is considered unsafe.

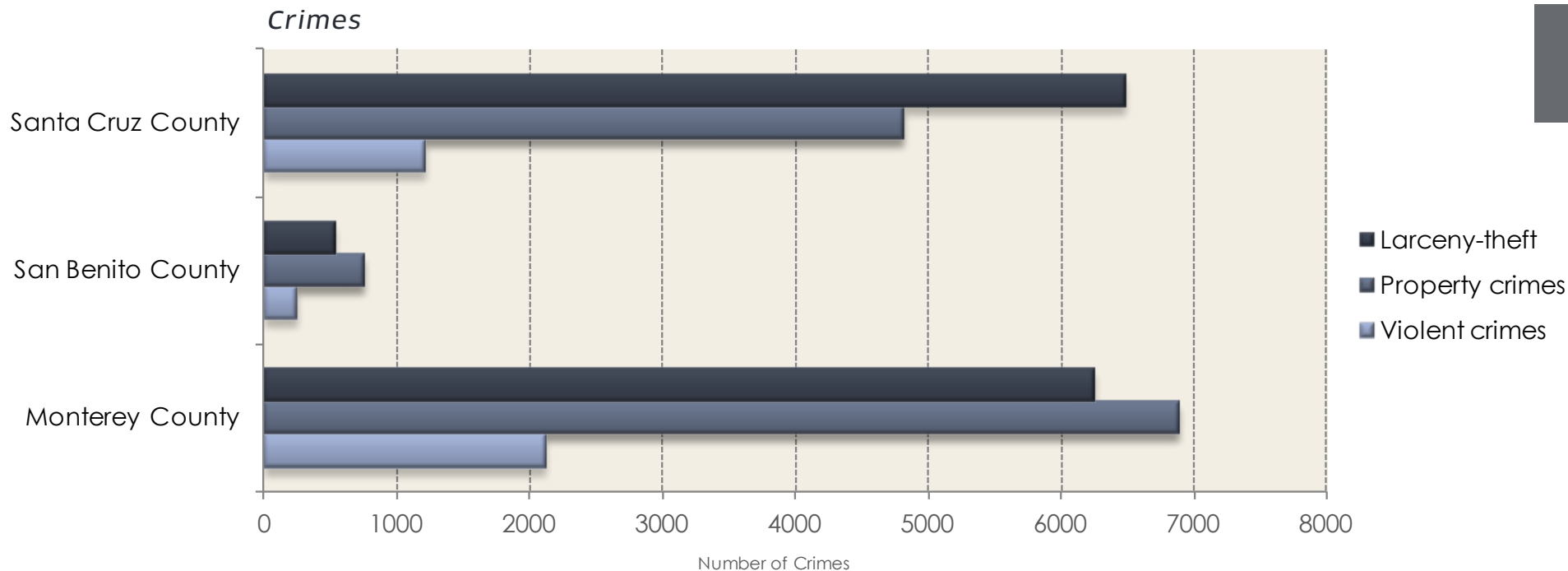
This section could help with the development and prioritization of public health and safety initiatives, while identifying characteristics of the Monterey Bay Area that contribute to its health, safety, and welfare.

Crimes

In 2009, the highest crimes among all three counties were larceny-theft and property crimes. Santa Cruz experienced approximately 6,500 larceny-theft crimes, and Monterey County witnessed nearly 7,000 property crimes. San Benito County encountered the least amount of larceny-theft, property crimes, and violent crimes, all of which were reported to have less than 1,000 incidents.

Childhood Abuse & Welfare

From 2009 to 2010, the highest number of abuse allegations across all the counties was related to general neglect. Of the three, Santa Cruz County was reported to have over 300 accounts of general neglect allegations.



Welfare to Work Program

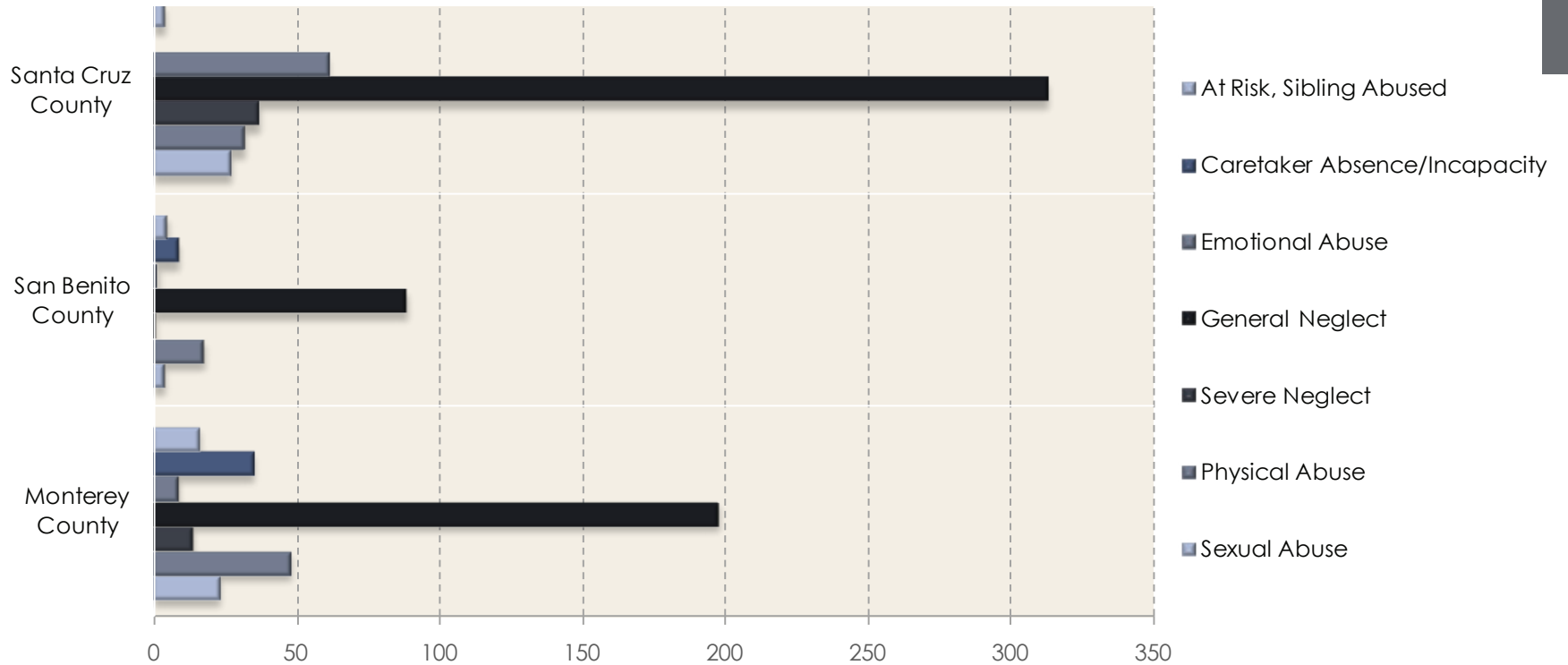
From 2009 to 2010, Monterey County had the highest number of people using the Welfare to Work program—520 from two-parent families and 1,120 from all other families. Santa Cruz County had the lowest number of people among two-parent families (150), and San Benito County had the lowest number of people among all other families (302).

Percent receiving CalFresh

The CalFresh Program, formerly known as Food Stamps and federally known as the Supplemental Nutrition Assistance Program (SNAP), helps to improve the health and well-being of qualified households and individuals by providing them a means to meet their nutritional needs.

In January 2011, ten percent of people in California received CalFresh. San Benito exceeded the State percentage at 11.0 percent while Santa Cruz had the lowest percentage at seven percent.

Abuse Allegations 2009-2010



Source: Center for Social Services Research, University of California at Berkeley, 2010-2011

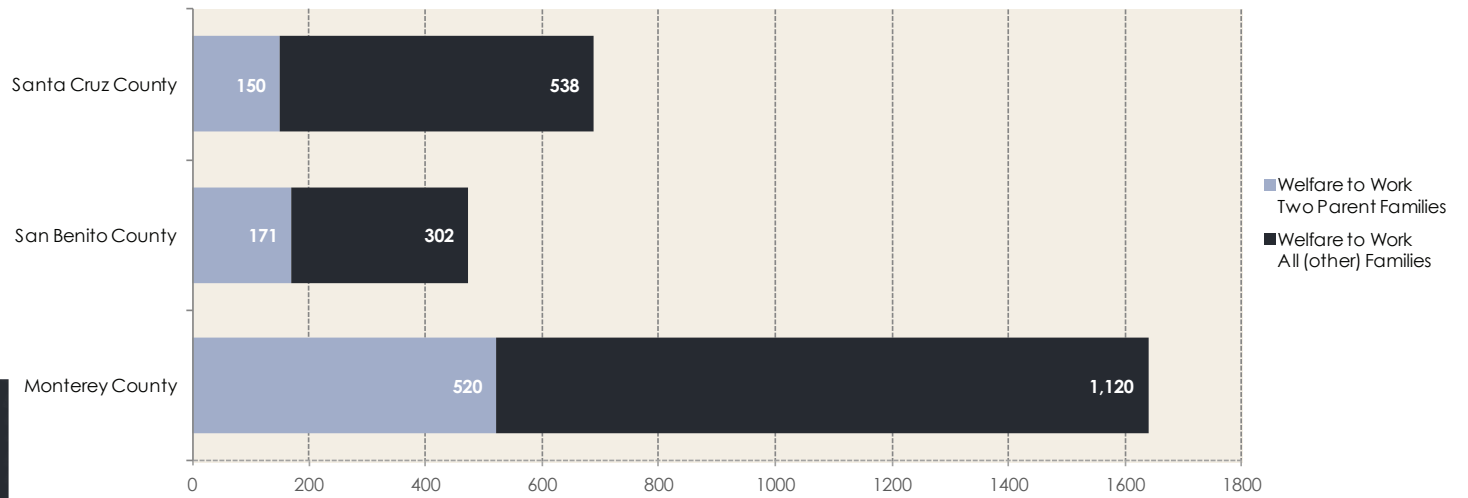
Obesity in Children & Adults

The 2009 State percentages of obese children and obese adults were 16 percent and 28 percent, respectively. San Benito County had the highest percentage of people suffering from obesity: 24 percent obese children and 25 percent obese adults.

Low Income People Living More Than 1 Mile From Grocery Store

The 2006 State percentage of low-income people living more than one mile from a grocery store was 14.6 percent. Of the three counties, San Benito County had the highest with approximately nine percent, while Santa Cruz County and Monterey County both had seven percent.

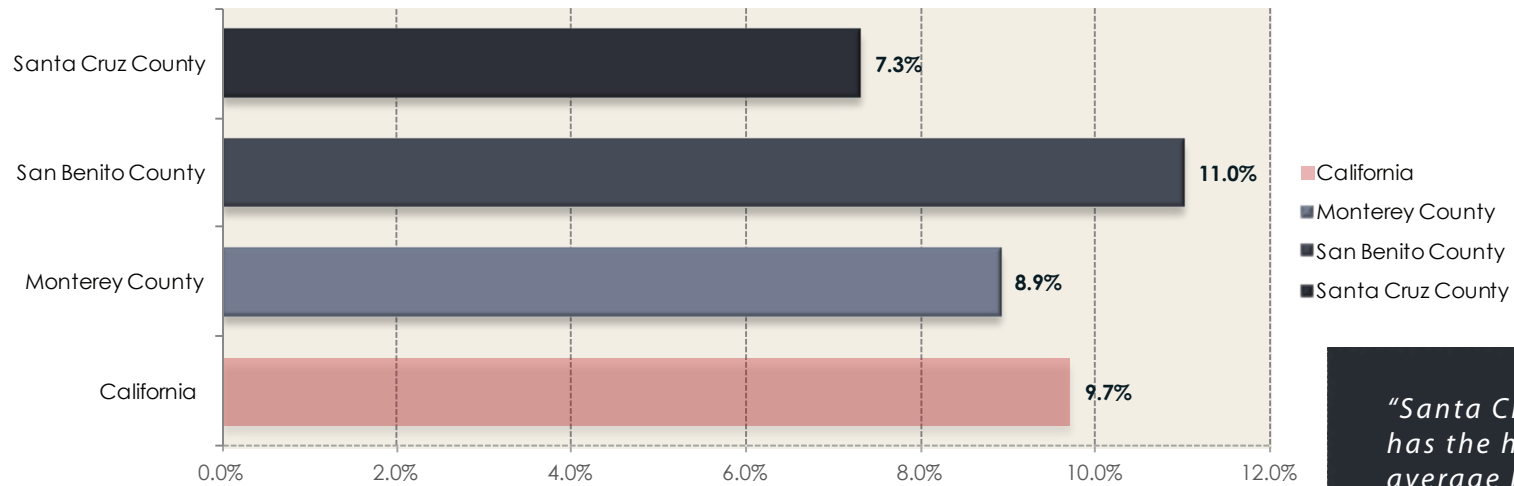
2009-2010 Welfare to Work Program



Source: Center for Social Services Research, University of California at Berkeley, 2010-2011

"Monterey County has the highest percentage of two-parent families in the welfare to work program"

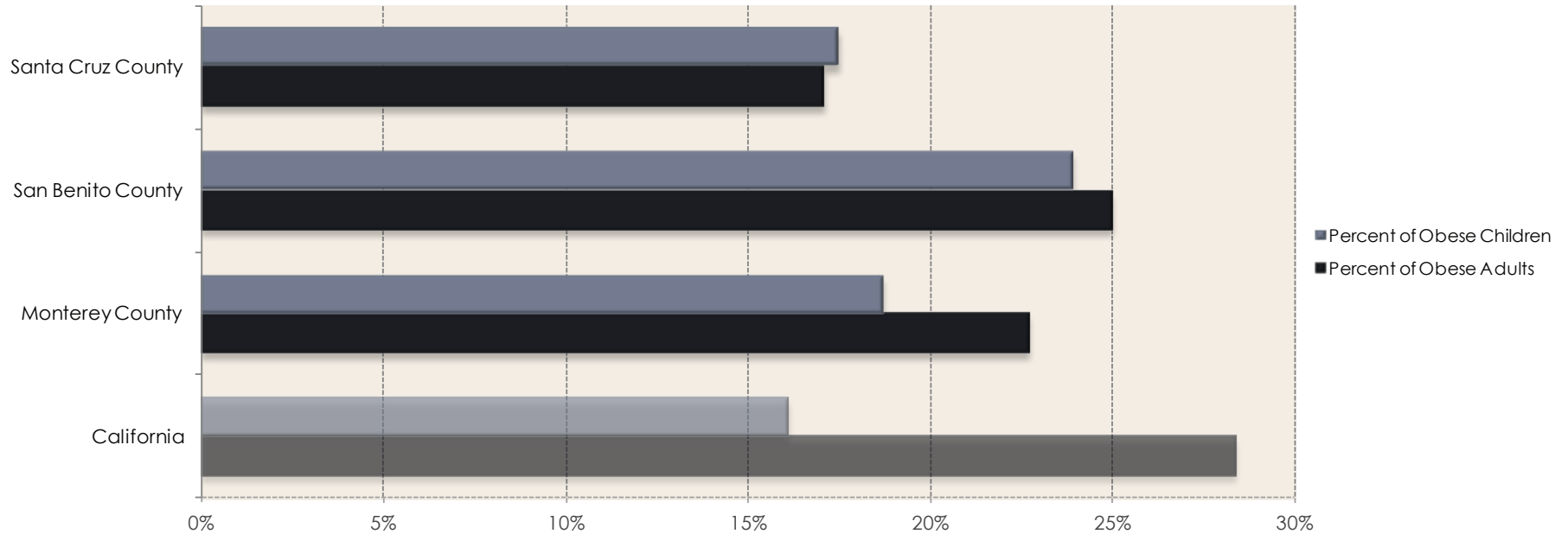
Percent Receiving CalFresh by County January 2011



Source: Department of Social Services, CalFresh - Data Trends

"Santa Cruz County has the highest average household income"

Obesity in Children and Adults 2009



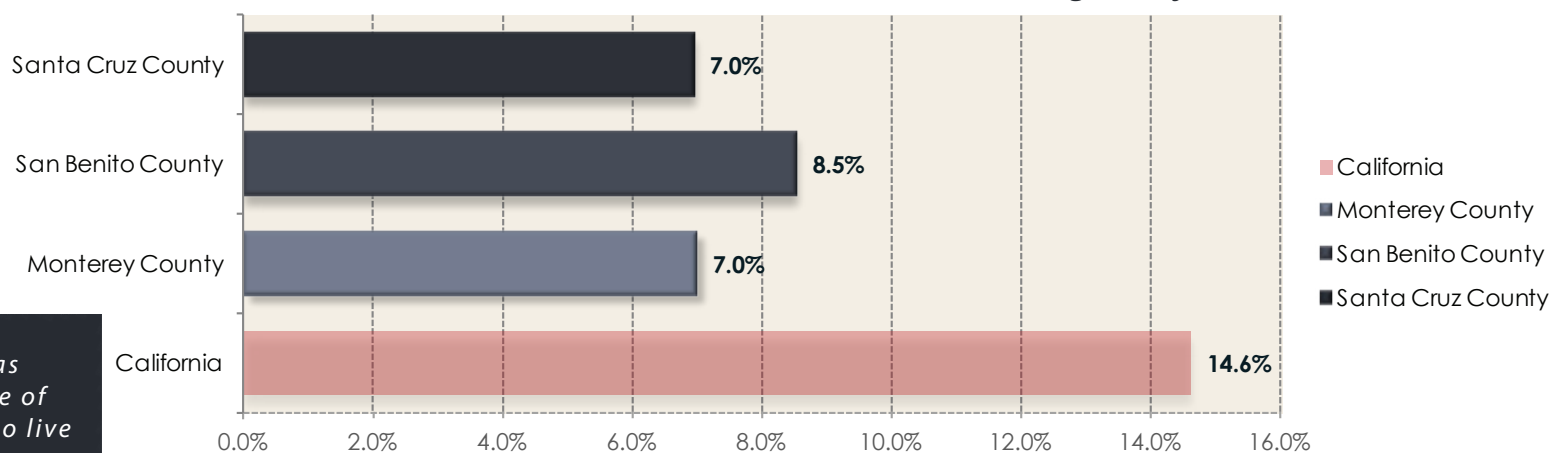
Source: USDA, Food Atlas, 2009

"San Benito County has the highest percentage of people suffering from obesity"

Households With No Car and That Are More Than 1 Mile from Grocery Store

In 2006, the percentage of households with no car and are more than one mile from a grocery store in California was approximately two percent. All counties in the AMBAG region had nearly half the percentage than that of the State, with approximately one percent respectively. The highest percentage was in Monterey County, of 1.3.

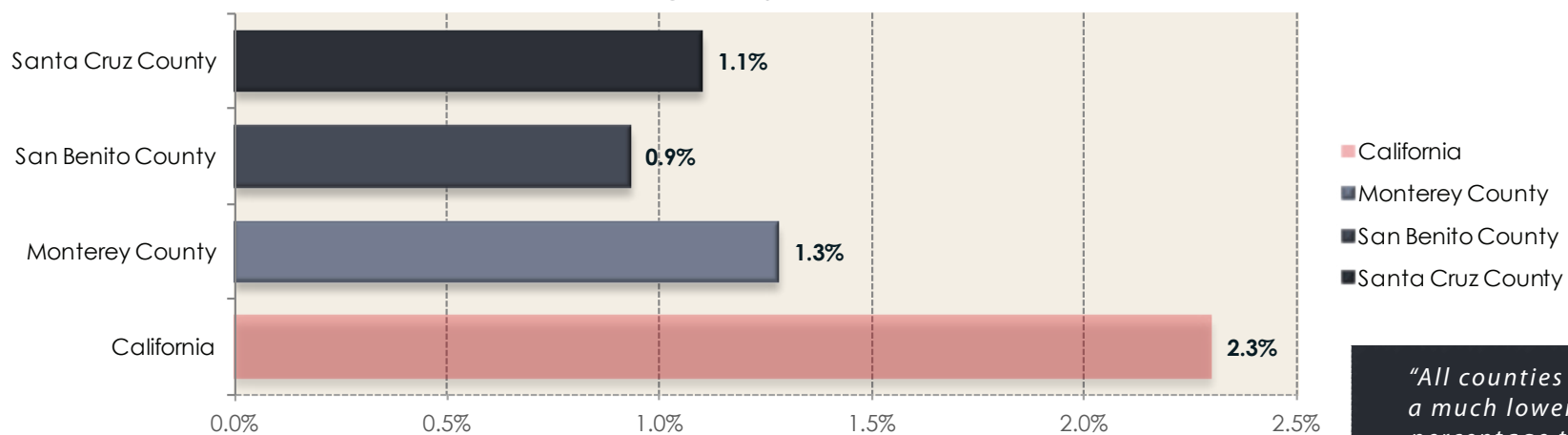
Percentage of low income people living more than 1 mile from grocery store



Source: USDA, Food Atlas, 2006

"San Benito County has the highest percentage of low income people who live more than 1 mile from a grocery store"

Percentage of households with no car and that are more than 1 mile to grocery store



Source: USDA, Food Atlas, 2006

"All counties had a much lower percentage than the state."



VI Transportation

Introduction

How residents and visitors of the AMBAG region travel to and from their destinations has environmental, financial, and social implications. Gasoline-powered motor vehicles are a significant source of air pollution and one of the largest contributors of greenhouse gas emissions. This section looks at the travel patterns and traits of the Monterey Bay Area.

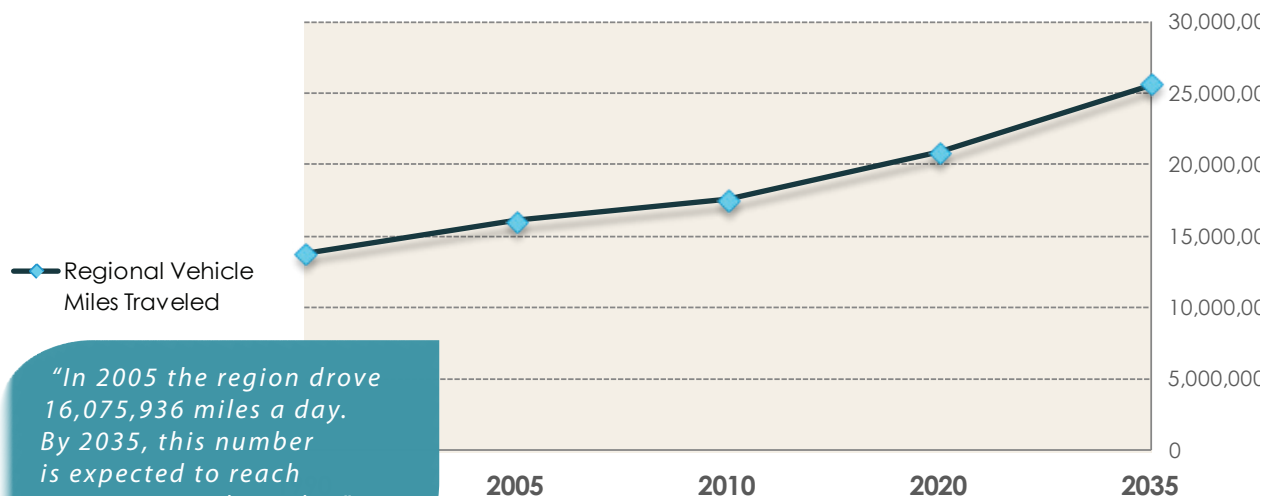
The Association of Monterey Bay Area Governments prepares a Metropolitan Transportation Plan (MTP) every four to five years that directs transportation investment in the tri-county region over the course of 20 or more years.

The MTP balances transportation needs with available funding in order to increase overall mobility, safety and security of people and goods within the region. Additionally, as required by the California Air Resources Board, the next MTP will include strategies to reduce the region's greenhouse gas emissions from the transportation sector by five percent per capita by 2035. The next MTP is planned for adoption in June 2014.

VMT Total & VMT Per Capita

The Monterey Bay area, as a whole, has seen an increase of approximately 3.7 million miles traveled by vehicle between 1990 and 2010, and is projected to increase to over 25 million vehicle miles traveled per year by 2035.

Regional Vehicle Miles Traveled (VMT)

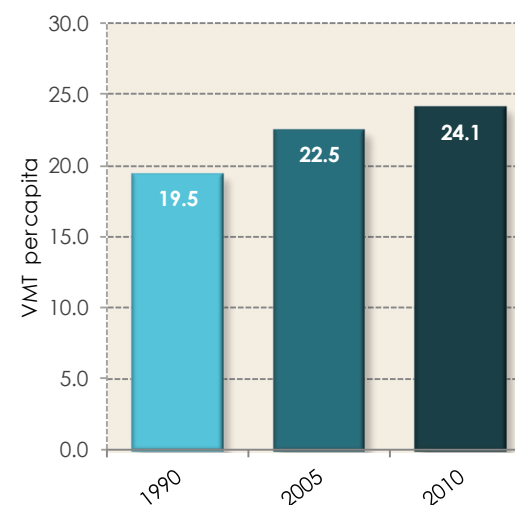


◆ Regional Vehicle Miles Traveled

"In 2005 the region drove 16,075,936 miles a day. By 2035, this number is expected to reach 24,394,889 miles a day"

Source: Monterey Bay Area Mobility 2035, AMBAG, 2010

Regional VMT Per Capita



Source: American Community Survey (ACS), US Census Bureau

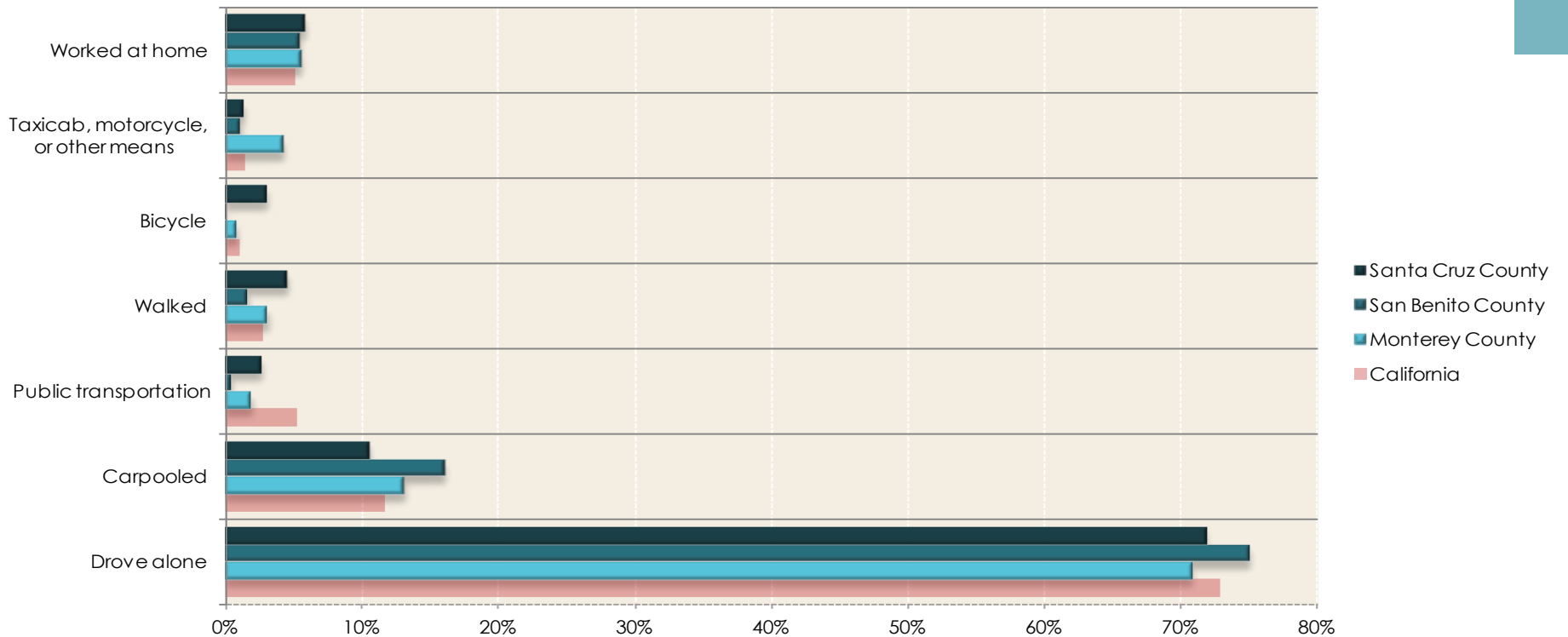
This steady increase in vehicle miles traveled (VMT) can be seen when looking at vehicle miles traveled per capita from 1990 to 2010, where there was an increase from 19.8 to 24.1, respectively.

Mode Choice to Work

Most residents in all three counties within the AMBAG region drove to work alone. The highest percentage of commuters who drove alone for counties within the Monterey Bay Area is 75 percent in San Benito County.

Although Santa Cruz County has the highest number of alternative fuel vehicle (AFV) registrations in the AMBAG region, it also has the second highest percentage of commuters who drove alone and the lowest percentage of commuters who carpooled. Of counties within the AMBAG region, Santa Cruz County has the highest percentage of people who took public transportation to work, but the County's three percent is under the California average of five percent.

Mode Choice to Work



Source: *Commuting Characteristics, 2008-2010 American Community Survey 3-Year Estimates*

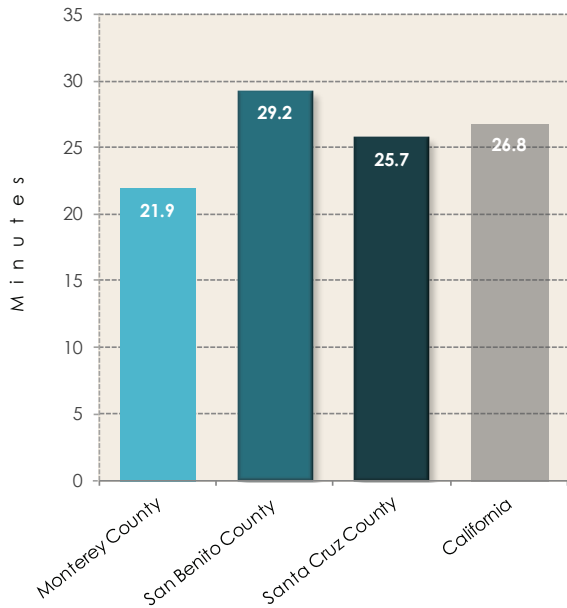
Congestion & Average Commute Times

Average travel times to work vary to some degree between counties within the region. San Benito County has longest average travel time for commuters, at 29.2 minutes. San Benito County was the only area that had a higher average commute time than the California average. Monterey County had the shortest average travel time to work at 21.9 minutes.

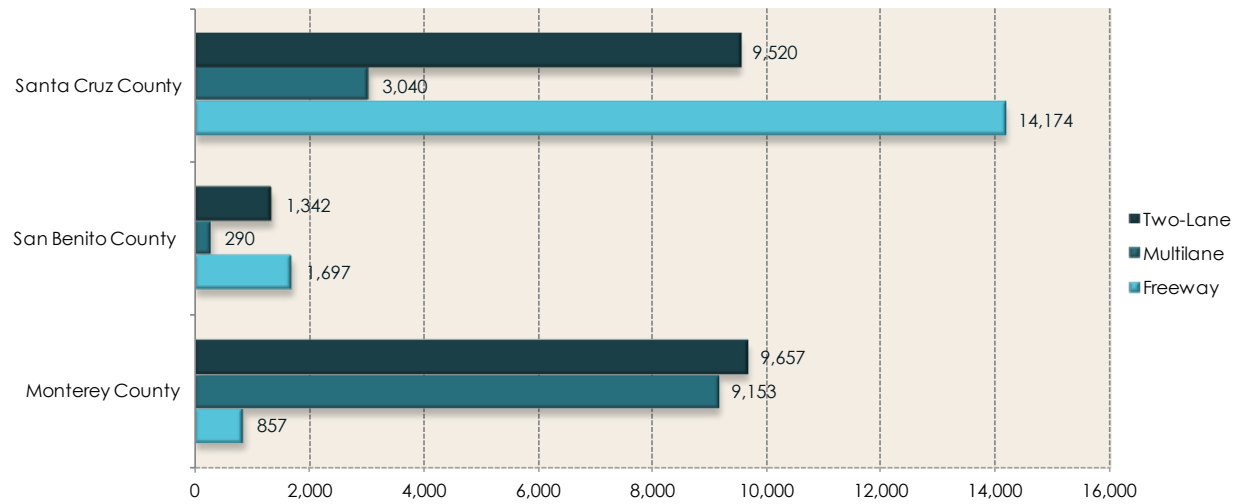
Hours of Delay

Within the Monterey Bay Area, Santa Cruz County has the highest average for hours of travel congestion, averaging an approximate total of 27,000 hours per day. Most hours of delay come from freeway and two-lane road travel. Monterey County, the area with the largest employed population, is generally less congested than Santa Cruz County, which could indicate infrastructure capacity issues in Santa Cruz County.

Average Travel Time to Work

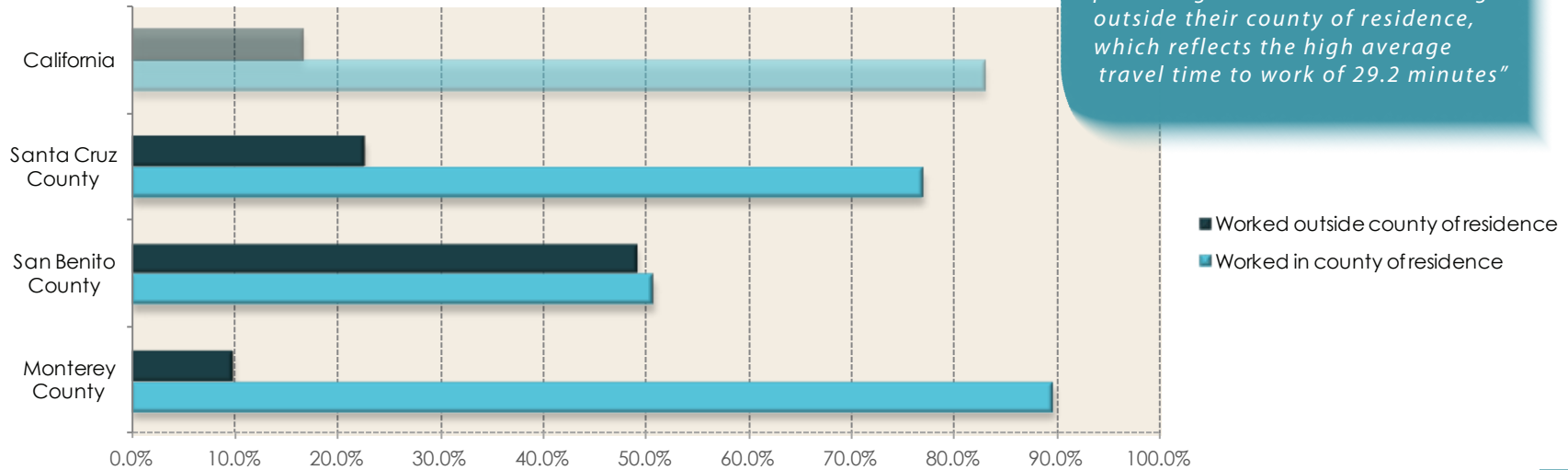


Congestion | Daily Vehicle Hours of Delay



Source: Commuting Characteristics, 2008-2010 American Community Survey 3-Year Estimates

Worker Commutes



"San Benito County has a high percentage of workers commuting outside their county of residence, which reflects the high average travel time to work of 29.2 minutes"



vii Environment

Solar Installations

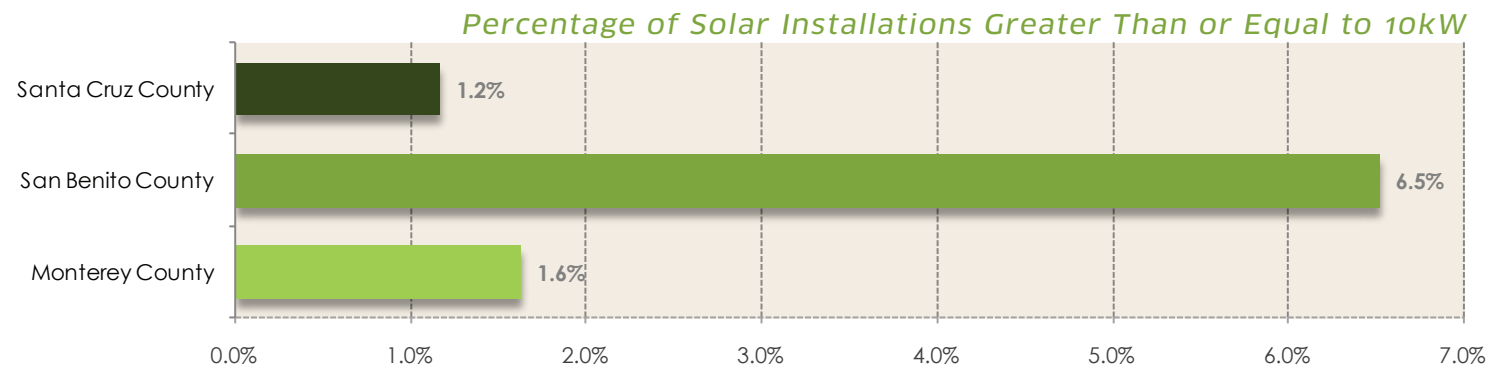
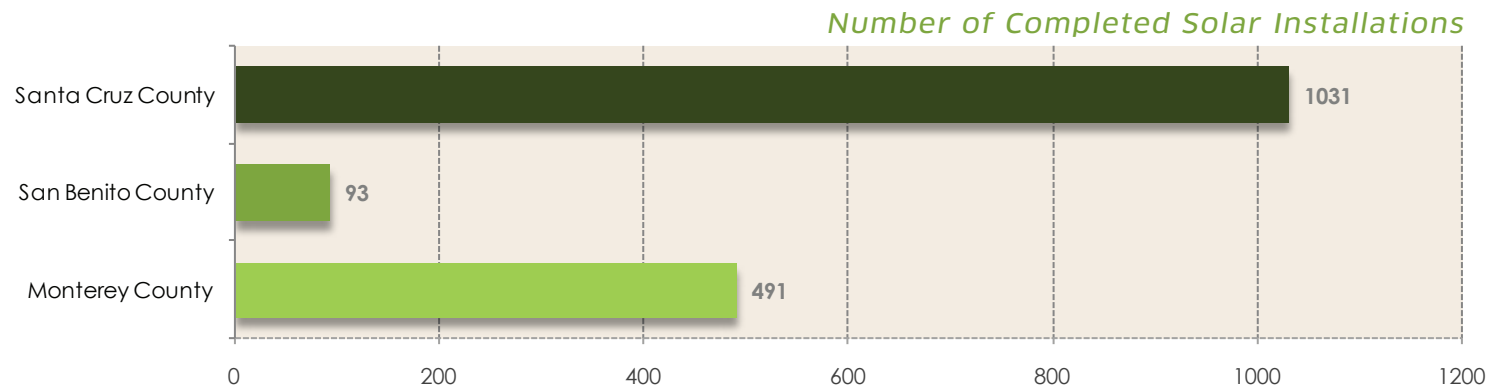
Generating energy from renewable sources reduces a community's impact on the environment. Home and business energy use contributes significantly to greenhouse gas emissions, as well as resource supply challenges when the sources are nonrenewable. An increased proportion of energy generated from resources will help the region meet statewide greenhouse gas reduction goals while contributing to improved air quality.

Santa Cruz County is leading the way in completed solar installations (commercial and non-commercial), with approximately 1,031 installations as of March, 2012. Monterey County has less than half the Santa Cruz total with approximately 500 solar installations. San Benito County, considering its population size and density, has fewer than 100 solar installations.

Although San Benito has the fewest total solar installations, it leads the AMBAG region in percentage of installations that produced over 10 kilowatts while Santa Cruz County had the smallest percentage of larger solar installations. This likely indicates that nearly 99 percent of Santa Cruz County solar energy generation comes from small residential installations.

Alternative Fuel Vehicle Registrations

The Monterey Bay Area saw a steep rise in alternative fuel vehicles (AFVs) from 2004-2008. Leading the tri-county area in AFV registration, Santa Cruz County saw an exponential increase in registrations, growing from just 4 AFVs in 2004 to 980 AFVs in 2010.



Source: California Energy Commission & California Public Utilities Commission, CSI Data, March 1, 2012

“As of 2010, Pacific Gas & Electric Company supplied energy using 17.7 percent from renewable sources”

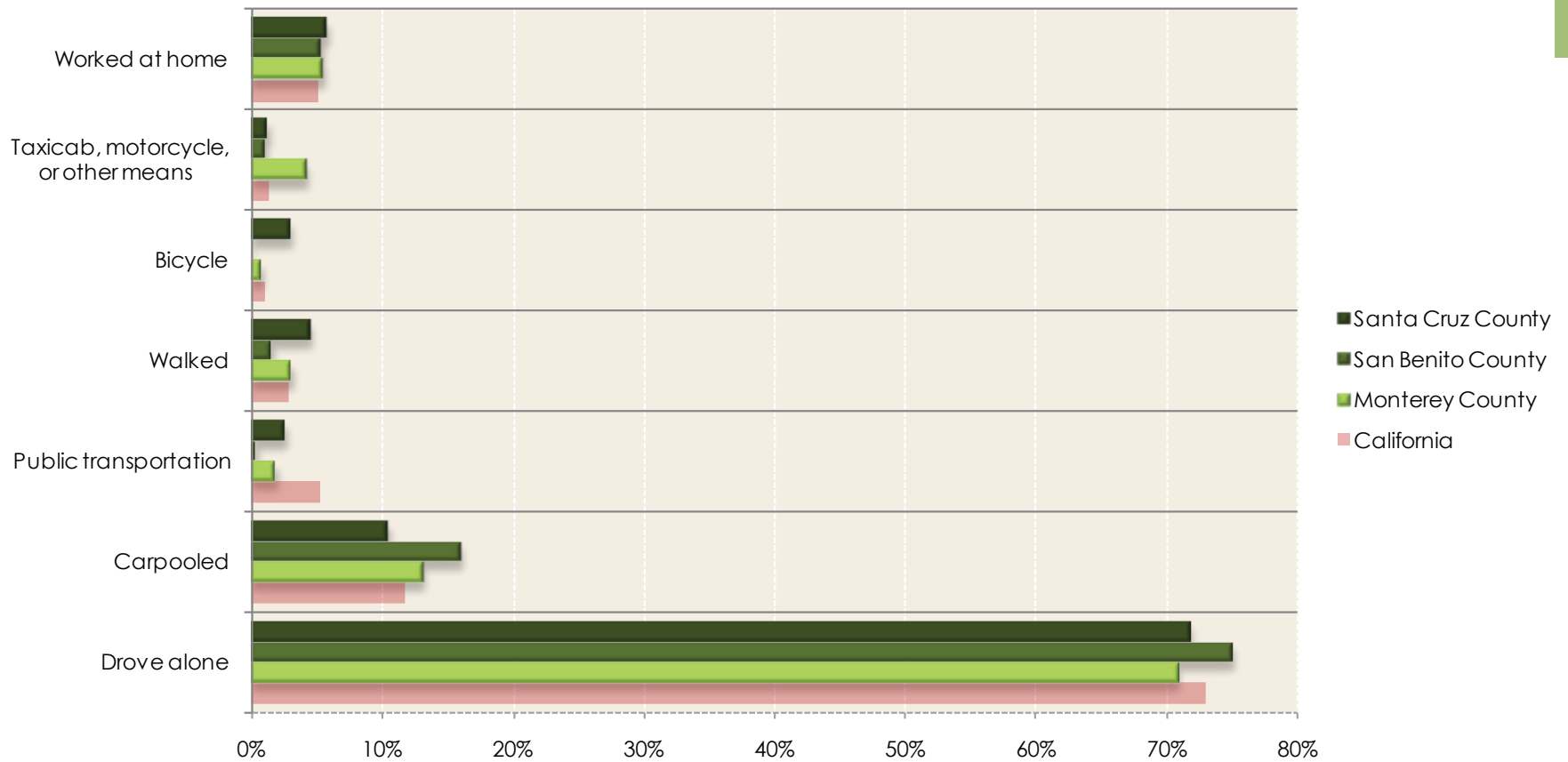
Monterey County, even with a much larger population, had close to half the AFV registrations with 562 in 2010.

Mode Choice

Transportation GHG emissions have been growing steadily in recent decades. From 1990 to 2006 alone, national transportation GHG emissions increased 27 percent, accounting for almost one-half of

the increase in total U.S. GHG emissions for the period. Although the AMBAG region’s impact on global GHG emissions is minimal, the collective impacts of GHG reducing transportation choices in the region can have noticeable impacts on air quality and public health. For discussion of mode choice as it relates to the region’s transportation characteristics, see the transportation chapter.

Travel to Work Mode Choice by County



Source: 2008-2010 American Community Survey, 3-Year Estimates

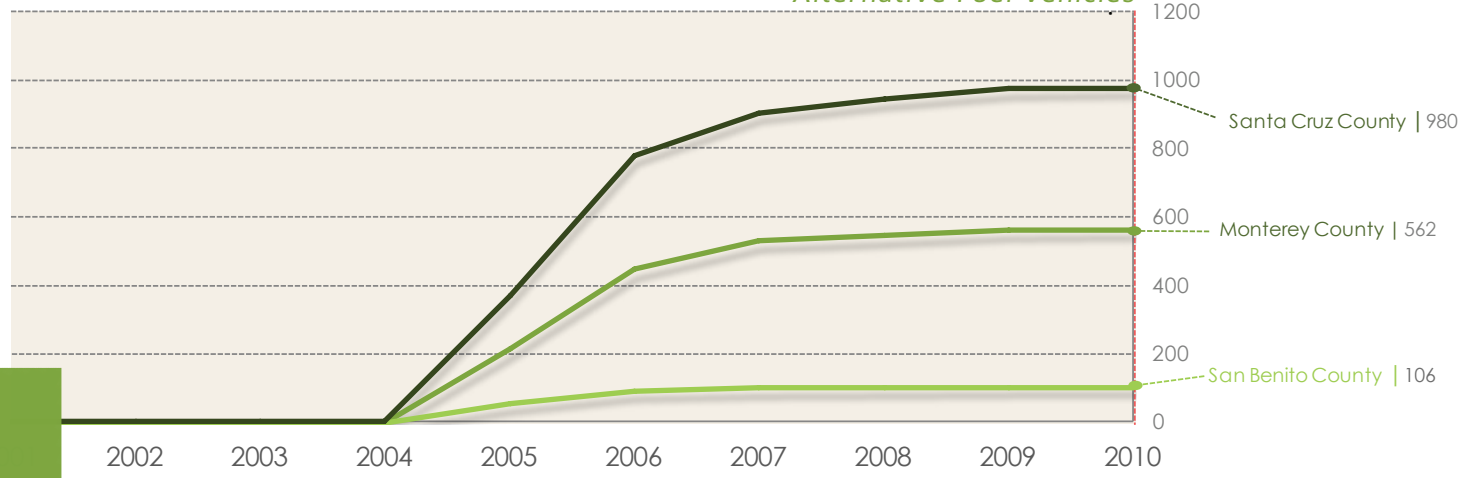
VMT total and VMT per Capita

The Monterey Bay Area, as a whole, has seen an increase of approximately 3.7 million miles traveled by vehicle between 1990 and 2010, and is projected to increase to over 25 million Vehicle miles traveled per year by 2035.

LEED Certified Buildings

LEED, or Leadership in Energy and Environmental Design, provides building owners and operators with a framework for identifying and implementing practical and measurable green building design, construction, operations and maintenance solutions.

Alternative Fuel Vehicles



Source: California Department of Motor Vehicles, 2010

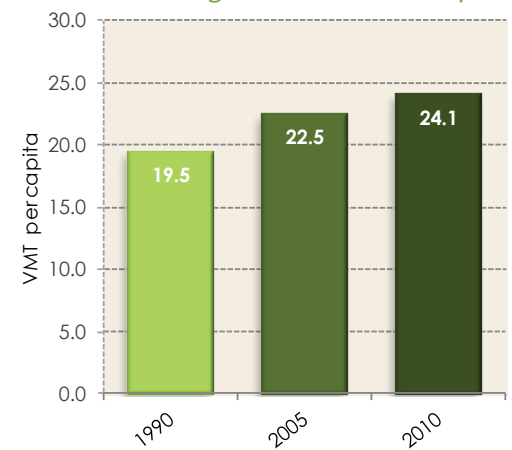
"Santa Cruz County grew from just 4 AFVs in 2004, to 980 AFVs in 2010"

Vehicle Miles Traveled (VMT)



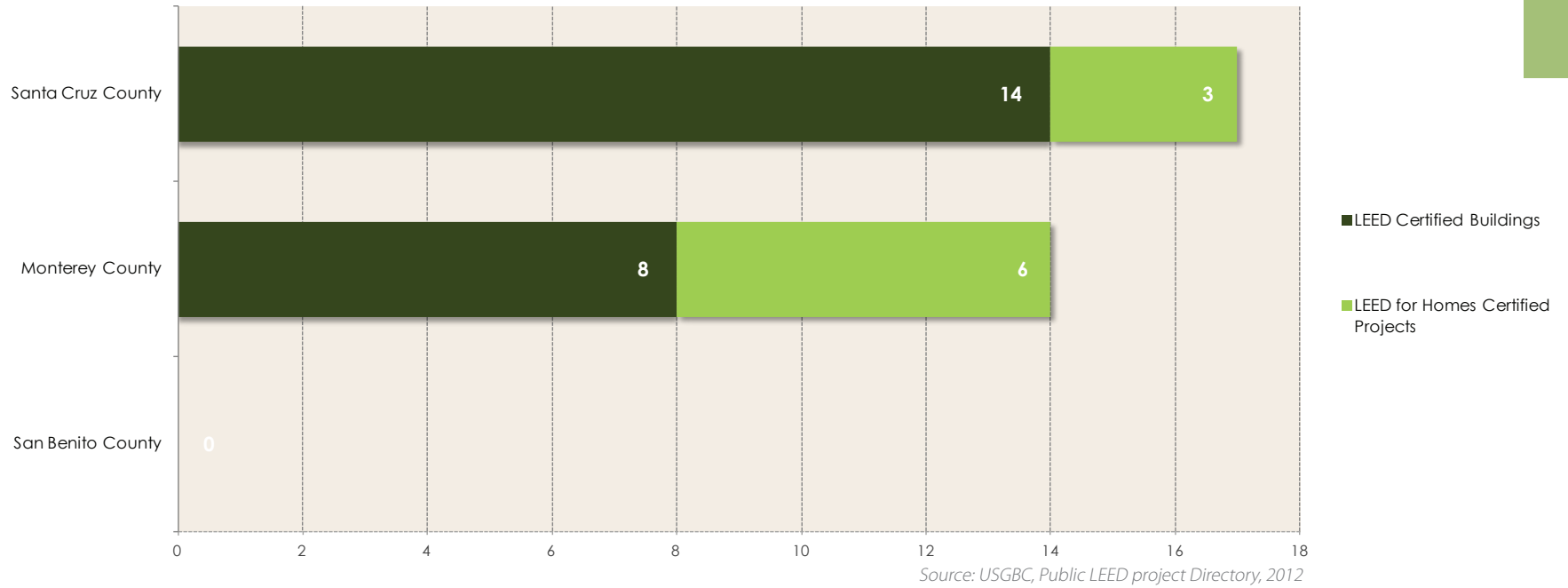
Source: Monterey Bay Area Mobility 2035, AMBAG, 2010

Regional VMT Per Capita



Source: American Community Survey (ACS), US Census Bureau

Number of LEED® certified buildings by County



LEED certification provides independent, third-party verification that a building, home or community was designed and built using strategies aimed at achieving high performance in key areas of human and environmental health: sustainable site development, water savings, energy efficiency, materials selection and indoor environmental quality.

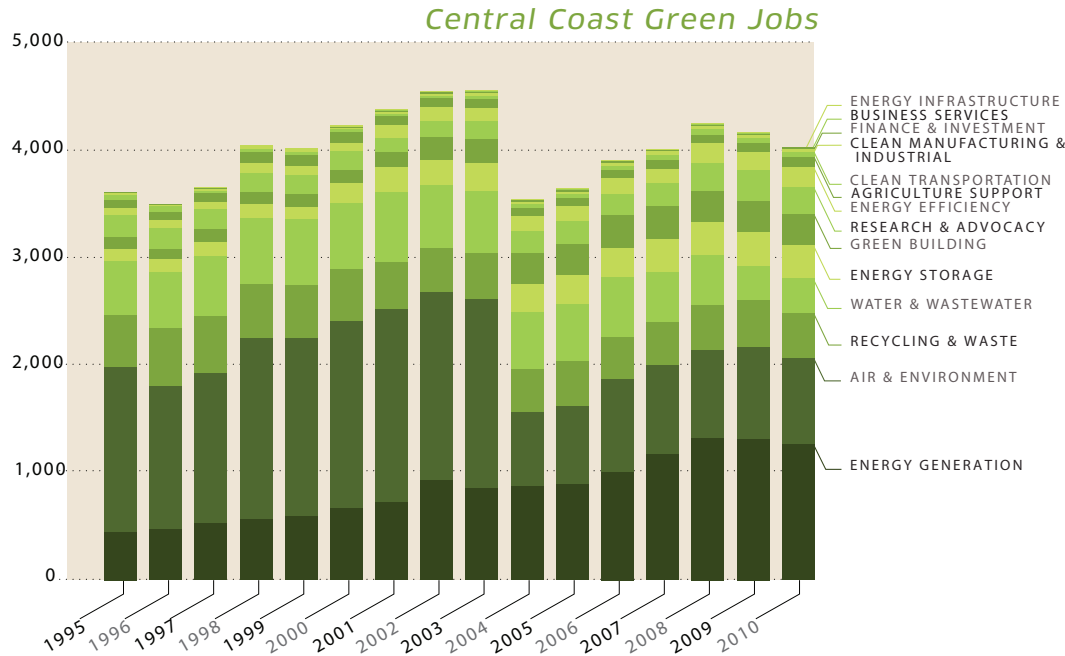
With 17 LEED Certified buildings, Santa Cruz County has the most LEED certifications for counties in the Monterey Bay Area. Monterey County is close behind, with 14 certifications. Nearly half of Monterey County LEED certified buildings are homes, compared to most LEED buildings being non-residential in Santa Cruz County.

Green Jobs

Jobs related to using alternative energy, conserving natural resources, and reducing pollution have increasing economic and environmental value. Growth in green industries supports economic resiliency, environmental health, and national security.

Since the data for Santa Cruz County falls within the Bay Area and Monterey and San Benito County fall within the Central Coast region, the charts for this data set include areas outside the AMBAG region.

Looking at both regions, the largest green segment employment was within the energy generation sector.



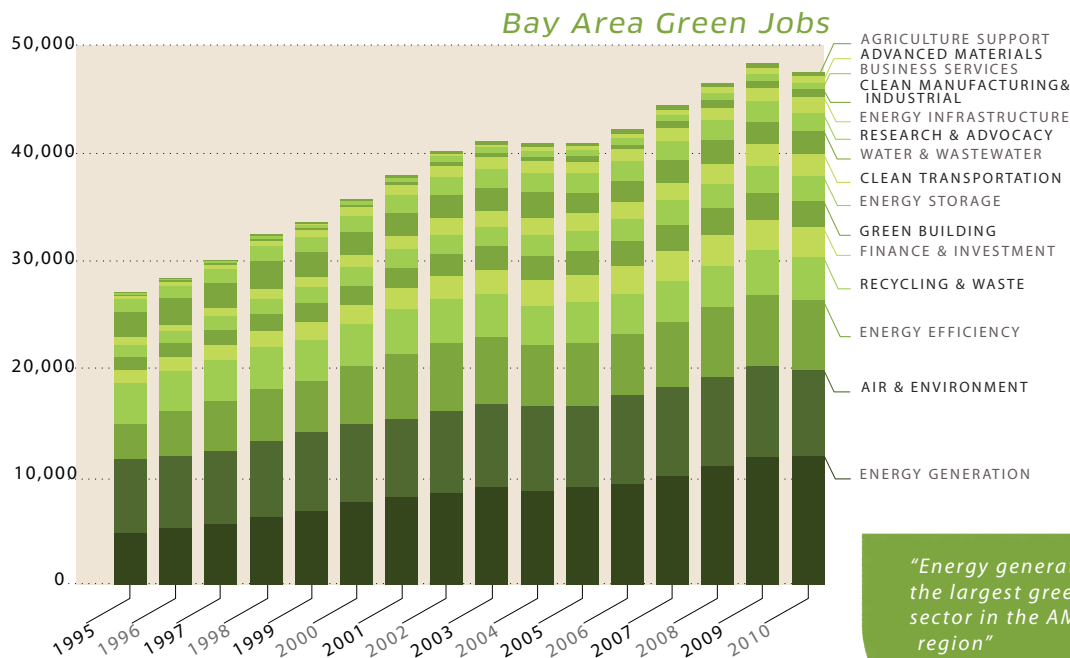
The dramatic drop in employment from 2003 to 2004 in the Central Coast was due to the bankruptcy of a company in the Air & Environment.

Air Quality Index

Air Quality Index (AQI) is an index for reporting daily air quality. It indicates how clean or polluted your air is, and what associated health effects might be a concern. The AQI runs from 0 to 500, the higher the value, the greater the level of air pollution and the greater the health concern. For example, an AQI value of 50 represents good air quality with little potential to affect public health, while an AQI value over 300 represents hazardous air quality.

An AQI value of 100 generally corresponds to the national air quality standard for the pollutant, which is the level EPA has set to protect public health.

"Energy generation is the largest green job sector in the AMBAG region"



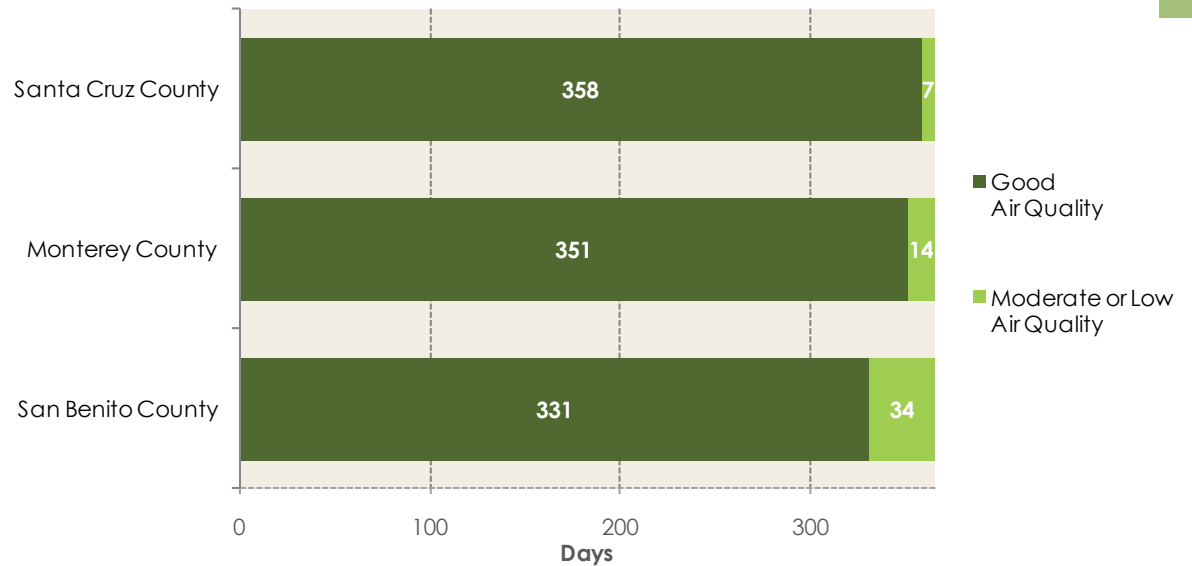
Source: Next 10, Many Shades of Green Report, 2012

AQI values below 100 are generally thought of as satisfactory. Of the areas within the tri-county region, San Benito County has the highest averaged maximum index value of 93 and correspondingly the highest median air quality index value of 36. The County with the lowest median AQI is Santa Cruz County with an index of 31, followed closely by Monterey County with an AQI of 33.

Water Usage

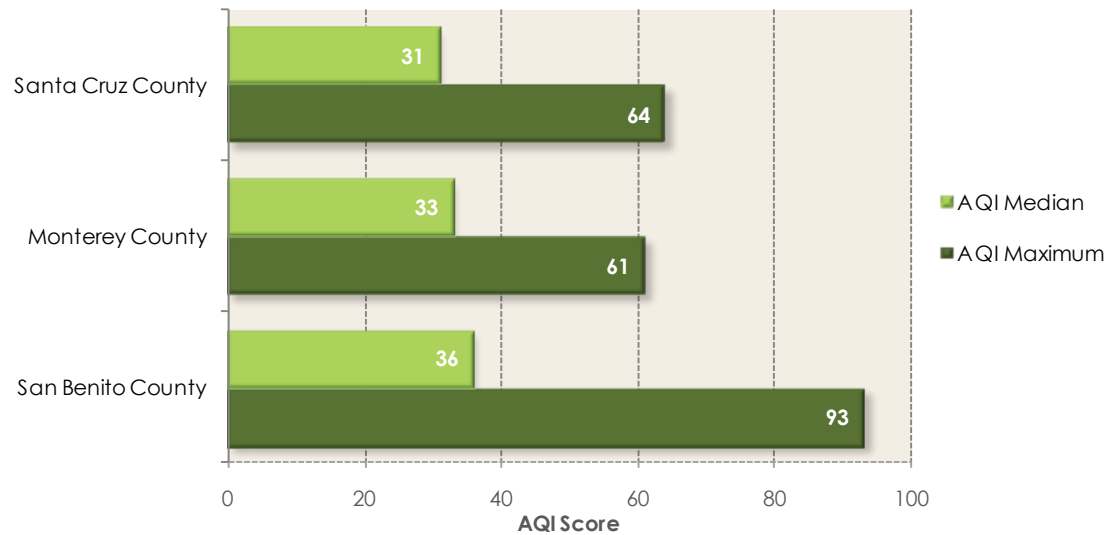
While it has only 112,270 more consumers it serves with a public supply, Monterey County had used approximately 90 percent of the total water withdrawals taken by the AMBAG region in 2005. This could be indicative of the County's large agriculture industry.

Daily Air Quality



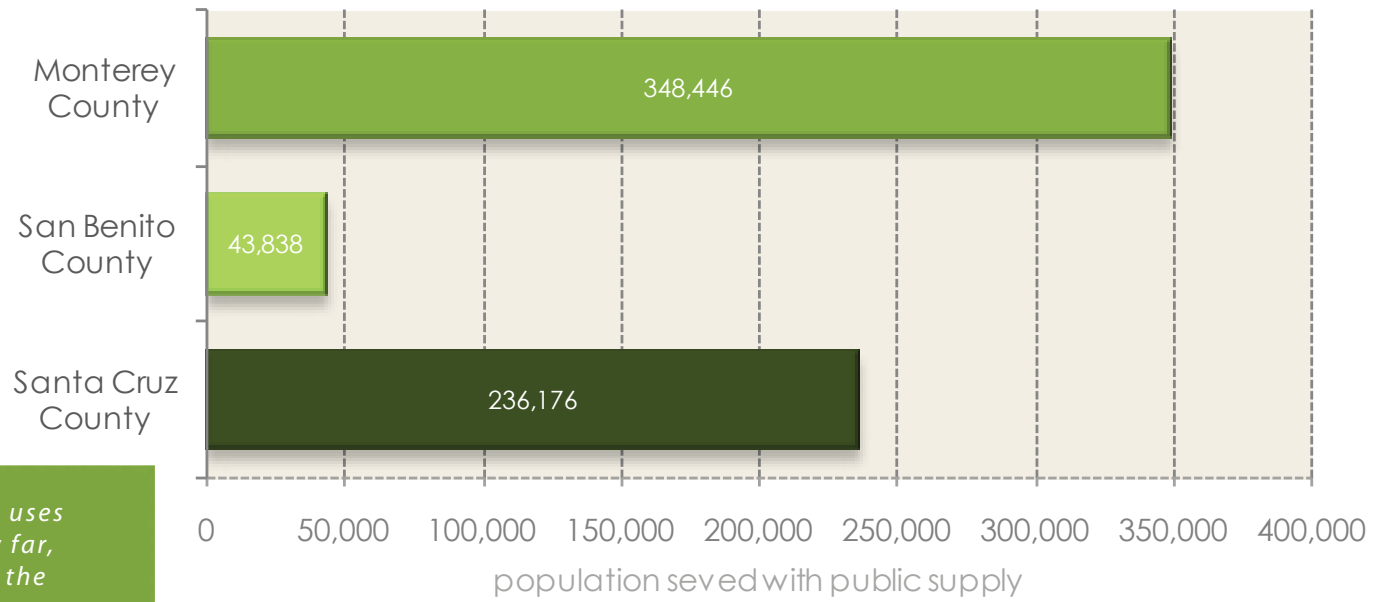
Source: US Environmental Protection Agency, Air Quality Index Report, 2011

Air Quality Index



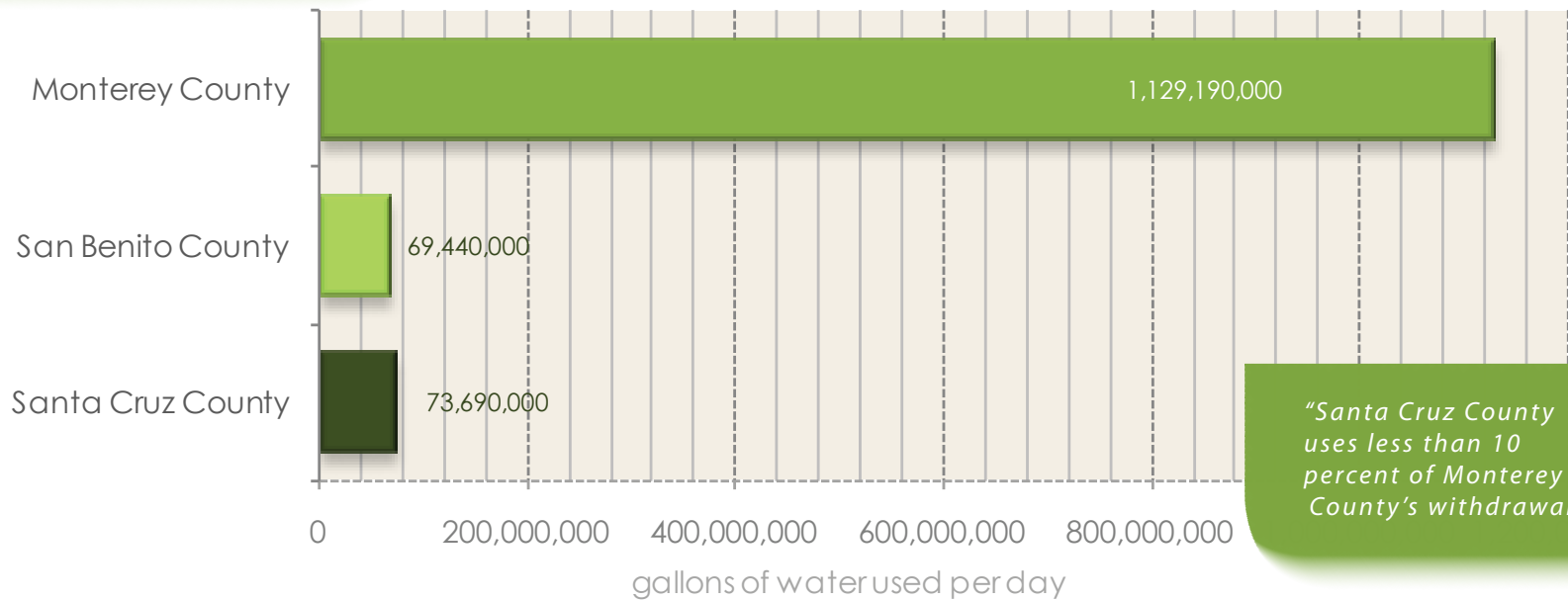
Source: US Environmental Protection Agency, Air Quality Index Report, 2011

Total Population Served With Public Water Supply



"Monterey County uses the most water, by far, of counties within the AMBAG region"

Total Water Withdrawals



"Santa Cruz County uses less than 10 percent of Monterey County's withdrawals"

Source: USGS, Estimated Use of Water in the United States County-Level Data, 2005

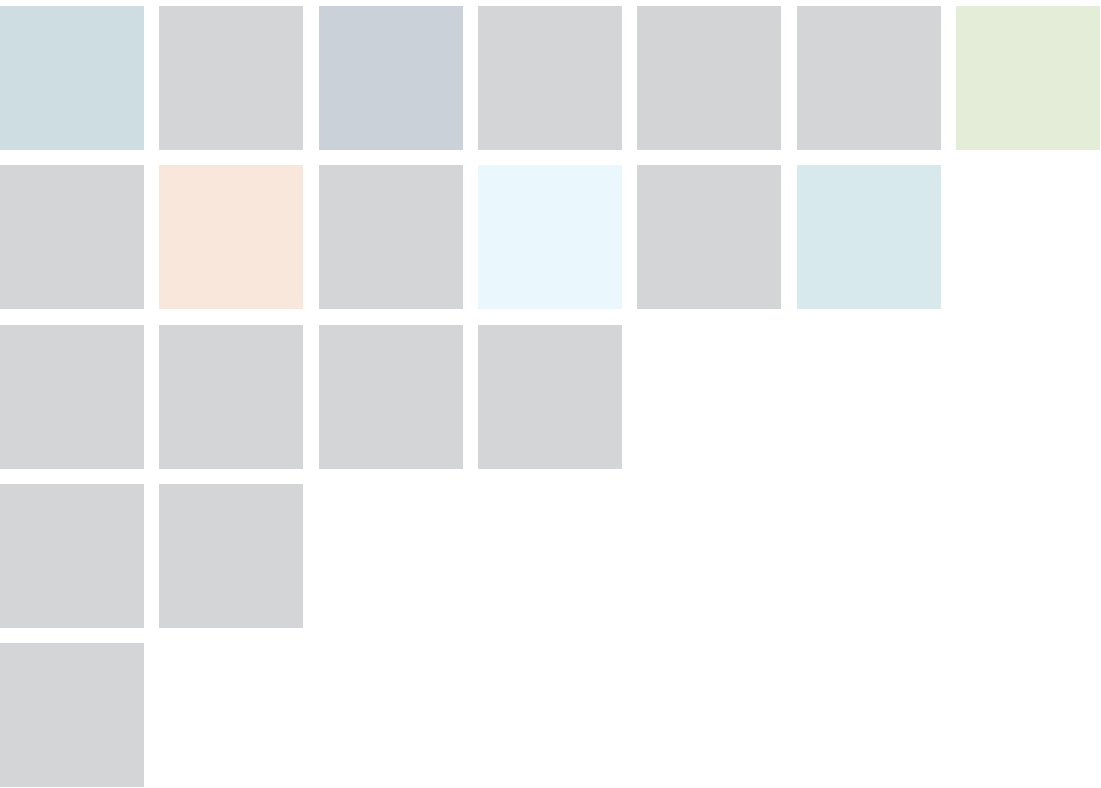


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McIntyre, Brian (Photographer). (2008). Capitola. Retrieved January 29, 2012, from <http://www.flickr.com>. Pg. 29

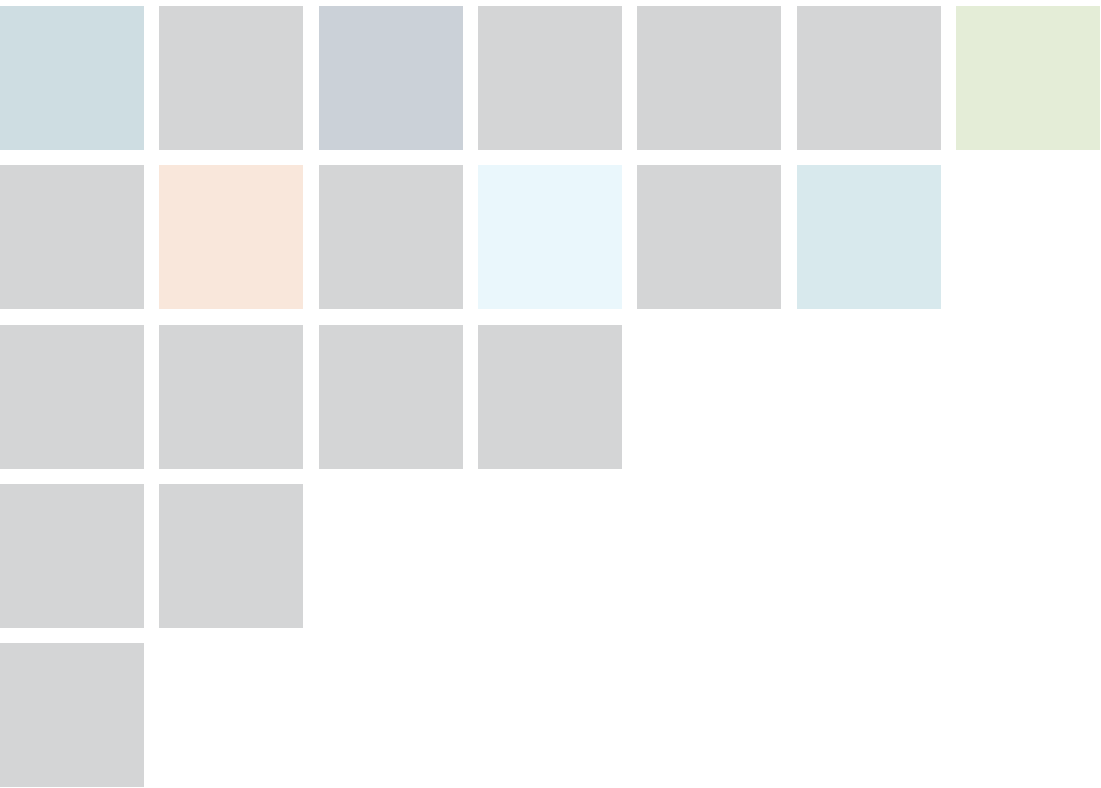
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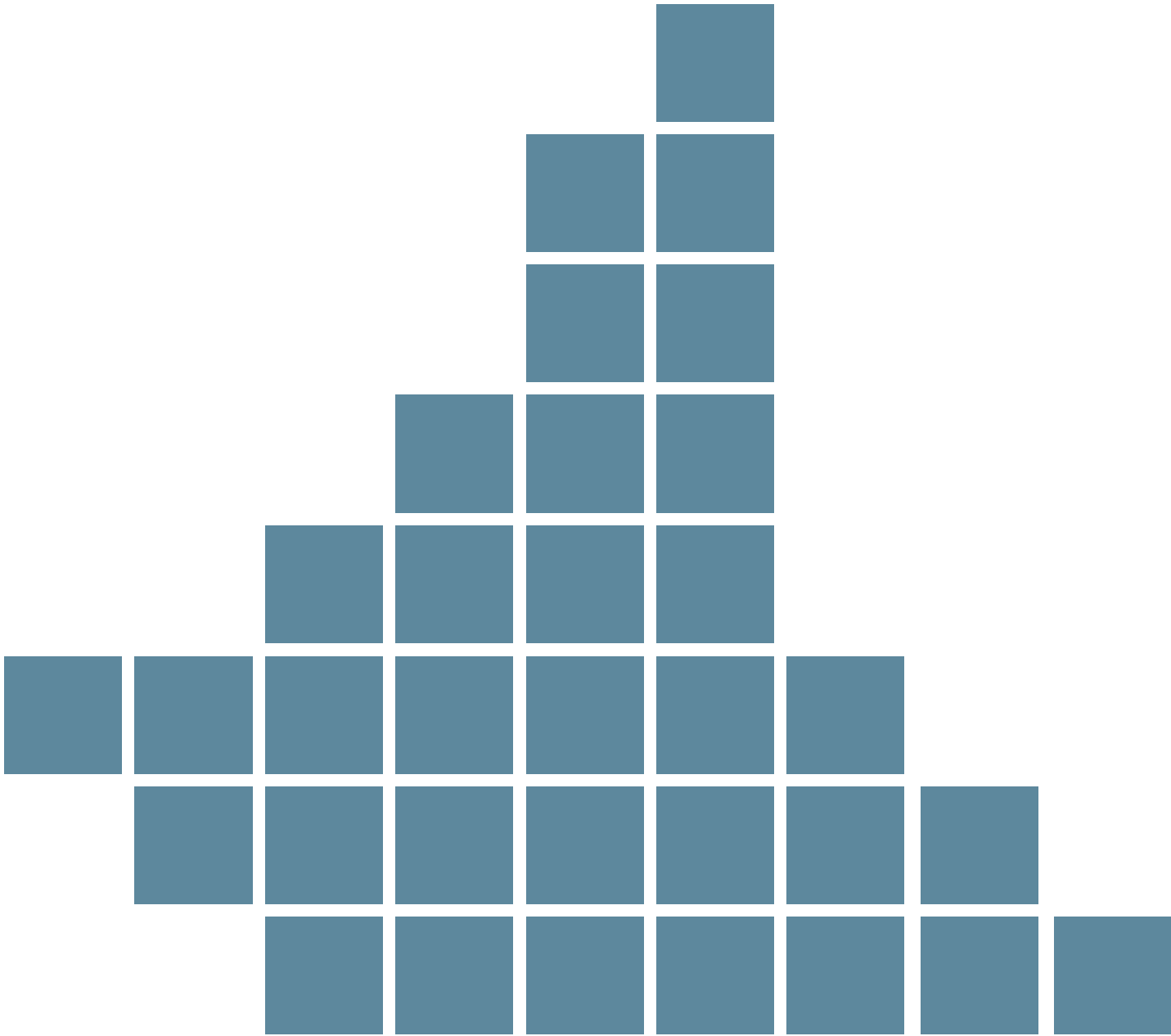
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monterey bay aquarium



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Appendix

Case Study

Portland

Randy Evans, Senior Business Development Manager

Key Point: Importance of Developing a Regional Approach

1. What is PDC's role within the Portland metro-area, and how did the creation of the plan play into this role?

- The PDC is the City's urban renewal agency, similar to a redevelopment agency in California. They serve as the City's main economic development agency.*
- The PDC looks at both localized economic efforts in the City as well as regional efforts.*
- The PDC functions region-wide through focusing on "business clusters" and partnerships with other Portland-area and state agencies.*
- The strategy itself focuses on the City of Portland.*
- A majority of the project's advisory and partners were Portland based.*

2. What specific factors led to the desire to create the plan? What do you think the greatest value of economic strategic planning is for metropolitan regions?

- Not a regional plan, but does have components that touch regionally.*
- Regional approaches are necessary for these types of plans especially in a larger City.*

- The region does have a comprehensive economic development strategy.*

3. What regional groups were involved in the process? And what role did they play?

- Greater Portland Inc. is the regional EDC that incorporates a lot of what the City did, and founding members of this EDC were involved with the development of the original economic plan. (the economic plan came before the EDC).*
- The creation of this regional EDC stemmed, in part, from the development of the EDSP.*
- One recommendation was to support a more robust regional entity to support regional economic efforts.*
- Portland didn't have a modern economic strategy (the previous plan was over 15 years old), and the downturn in the economy directed new efforts to this plan's creation.*
- The greatest value for the plan is to be able to focus where resources go.*
- Before the plan was created, the old strategy was much too comprehensive in its approach and caused resources to be stretched too thin. This new approach is lean and focused and resources are allowed to go much farther.*

4. Who (or what group) advocated or encouraged the idea to create the plan and what were the first couple steps to get the project going?

- The desire of the mayor and its administration pushed the development of this plan.*
- Government support in cities is crucial to creating an effective Economic Strategy.*

5. How was the plan funded? Did the PDC seek any grants to supplement this?

- The City plan was funded through the general fund and it was done in-house.

6. The Development commission released a two-year status report. What value do you see in formally reporting the progress of these types of economic plans?

- Value of reporting the progress of these plans in public progress reports like Portland did:
 1. Keeps it in the public eye, and within the reach of the stakeholders for the plan
 2. Maintains support for the efforts of the plan by showing its successes and the progress of implementation.
 3. Generates further political funding and support, and draws in new partners.

4. What aspects of the plan are you happy with? And what do you wish would or could have been changed?

- In the neighborhood vitality section, all 3 proposed initiatives have come to fruition and have been implemented.
- Greater outreach and identification of potential partners could have contributed further to the project's successes. New partners came forward late in the development of the strategy that PDC could have done a better job of engaging with initially.

5. What challenges have you seen with implementing certain actions or strategies?

- Finding the funding and staff to implement the plan's proposed strategies was the most challenging aspect during the planning implementations stages.
- Additional strategies came to light during the implementation of adjusted strategies, and finding the time and resources to add and implement these strategies also posed a set of problems or issues.
- Alternative funding like TIF has been used by the City to implement and develop the plan. The plan itself has been overly reliant on General Fund monies.
- Started a group who is looking at resource development and coming up with a strategy for that.

San Ramon

Marc Fontes, Economic Development Director

Key Point: Learning from economic demographics and market analysis to guide land use planning.

1. What value do you see in these types of plans for municipalities? How long did it take to develop the plan?

- Primary value is to establish priorities for the use of staff and other resources for economic development objectives.
- Put together some basic background information on the local market and other economic development factors.
- The plan took about 6-9 months to develop. It was an update to a 2005 plan.

2. How was the development of the plan funded? Grant's?

- Funded by the City.

3. What conditions in the City of San Ramon led to the desire to create an economic development strategic plan?

- Primary objective with the first plan was to develop a deeper understanding of the retail components or landscape, and the local market.*
- Worked with Bay Area Economics (BAE) who looked at HH incomes, and derived what spending potential existed within the City.*
- Identified numerous gaps in retail development*
- Used these retail statistics to guide planning efforts in addressing the retail market.*

4. Does the City plan to update the plan regularly or create new economic strategic plans in the future, and how does the City or the Economic Development Department plan on reporting the progress of the plan?

- The City has an economic development advisory committee, and the progress of the economic plan will be reported back to them.*
- Currently working on the top implementation strategies and the plan is expected to be updated every five years.*

5. What aspects of the plan are you happy with? What do you wish would or could have been changed?

- The analysis of the local retail market was very valuable to the City. I was especially happy about that.*
- The analysis was used in the development of a couple specific projects: The San Ramon City Center Project, and the North Camino Ramon Specific Plan.*
- The information was used specifically on planning efforts.*
- Information from the Strategic Plan is used almost on a daily basis with brokers and retailers to get an appropriate mix of retail in the City.*

- Understanding the local economic demographics and using that information where it fits is one of the greatest values to these types of projects.*

6. What challenges have you seen with implementing certain actions or strategies, such as the implementation action of assembling and promoting a city business incentive package?

• Greatest Challenges:

- 1. Redevelopment funds have gone away and that creates big problems because the City lost a very significant economic development tool.*
- 2. Getting property owners and shopping center developers to redevelop or fix-up their properties. You can't make them do this.*

- The initial strategic plan in 2005 had employed many outreach efforts to not only the community, but retail brokers as well. To try to get input from those well-informed on the potential retail suitors for the City.*

- Put together a retail panel and did a market test of the ideas that the economic plan was proposing.*

- Very important to check-in with property owners and the business community.*

3. What kinds of community involvement were involved?

• Community involvement:

- 1. Did four workshops in 2005 with the community.*
- 2. The update in 2010-11 was undertaken by the City's Economic Advisory Committee in meetings with the involvement of the Planning Commission. (very little community involvement in the update)*

San Luis Obispo

Claire Clark, Economic Development Manager:

Key Point: Importance of Community Involvement

1. What specific demographic or cultural factors played into San Luis Obispo's desire to create the plan? What do you think the greatest value of economic strategic planning is for municipalities?

- *Not based on demographics, but the economic downturn played a big role.*
- *The City Council, identified economic development as a primary city goal, with job creation as a main function of that goal.*
- *The City Council allocated resources to that effort and the political backing makes that a priority for all departments within the city government.*
- *The City wanted to create head of household jobs.*
- *The City wanted to create a program that would accomplish economic development goals within a two-year timeframe.*

2. Who (or what group) advocated or encouraged the idea to create the plan and what were the first couple steps to get the project going?

- *Worked with the Chamber of Commerce and the regional Economic Vitality Corporation (EVC) to identify strategies that would be most effective in achieving the goal of creation of head of household jobs.*
- *The Chamber of Commerce was very active as an advocate for a strategic plan, and helped allocate more monies for the preparation of the plan.*

3. How is the plan being funded? Did the city seek any grants to supplement this?

- *The plan was funded through 50,000 dollars of general fund monies and the time and effort of staff.*
- *Applied for a grant through the Davenport Institute for Civic Engagement but was not successful.*
- *Hired a local consultant, Lisa Wise Consultants, to develop the plan.*

4. What departments within the city are closely involved in this process and for what reasons?

- *Economic Development is within the Administration Department. Community Development is closely involved because the policies and activities of community development drive economics.*

5. Does the City plan on updating the Plan regularly or creating new economic strategic plans in the future? How does the City or the Economic Development Department plan on reporting the progress of the plan?

- *In formulating the plan the City looked at metrics of reporting its progress. An annual report to the Council is anticipated, rather than reporting everything at the end of the 5-year plan period.*

6. Is there anything you wish would or could have been changed in the approach to the project?

- *Would have been helpful to schedule more time to develop the plan. One-year was scheduled.*
- *It is very important to look at what the strategic plan is trying to accomplish and allocate enough time to develop sound community involvement. Takes time to build that involvement.*
- *A year and a half would be nice in terms of a timeframe.*
- *Community involvement is the most important part of developing an effective strategic plan.*

- *If you don't develop buy-in with a broad cross-section of the community, you wind up with a plan that can't be instituted by the City Council.*
- *Community involvement is the most important piece in developing economic development strategic plans.*

7. What regional groups are involved in the process? What role do they play?

- *The Economic Vitality Corporation (EVC) was a regional agency closely involved in the development of the project. President/CEO is on the strategy's steering committee. Continued outreach for regional input will occur throughout the development of the plan.*
- *The EVC put out a "Clusters of Opportunity" economic report in which the City of SLO is building upon.*
- *The EVC figured out the clusters of businesses for the area. Effective in implementing groups of businesses that go after very specific things that are needed for business to grow in the area. The City can build upon this regional approach and draw people from those clusters who have businesses within the City limits.*

8. What is the importance of community involvement to these types of plans and this plan in particular?

- *Community involvement is a hallmark of the community.*
- *The economics of economic development has changed drastically with the end of State funding for redevelopment programs.*
- *SLO has never had a redevelopment agency, but many Cities did. The termination of redevelopment funds will reshape how cities will approach economic development.*
- *Economic development, in many cities, has used incentives to get businesses to locate within their jurisdictions. SLO has not done that because the money to provide these incentives has not been available.*
- *The City has looked at a set of preliminary strategies:*
 - *Master planning a business area where the permitting process is streamlined.*
 - *Expansion of broadband access to attract larger employers.*

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