

FRAMEWORK FOR A COMPREHENSIVE AND PROACTIVE IMPLEMENTATION PLAN FOR SUSTAINABLE ECONOMIC DEVELOPMENT IN EL DORADO COUNTY

or

**JOBS: JUMP-START OPPORTUNITIES FOR BBUSINESS STRATEGY
12/31/14**

Introduction

The goal of nearly every community is to have a vibrant, sustainable economy; one that provides good paying jobs for its citizens and their children. Such an economy is one that produces sufficient revenue to support varied and diverse local businesses, proper infrastructure, and necessary human services without incurring unnecessary debt, and damaging the environment.

Economic development is crucial to the long-term sustainability of El Dorado County (EDC). A limited commercial and industrial base as currently realized is vulnerable to segmental economic downturns. A reliance on sectors that produce transient, low-paying jobs is not an effective long-term economic engine leading to a sustainable economy.

To be effective, an economic base must include multiple industrial sectors with the emphasis on long-term, permanent jobs of high quality¹ and, as much as possible, from high-tech “smokeless” or non-polluting industries that will both promote job growth while protecting the environment. Under the umbrella of high-tech industry sectors are specific sub-sectors that include, but are not limited to, Clean-Tech, Ag-Tech and Med-Tech.

There are other important industry clusters that support a balanced and comprehensive approach to economic development. Agriculture, tourism, creative, and extractive (removal of raw materials) industries are prime examples. EDC already has a viable base in these sectors that deserve stimulus and encouragement. However, the county is lagging significantly in the area of permanent, high-paying² job growth.

It is also important within our economic discussion to focus on retaining and expanding businesses already established in EDC. Efforts will focus on understanding local business needs and concerns, and respond with opportunities for businesses to stay, grow, and become more committed to the community

¹ High-quality: “High-quality jobs” in economic development terms means jobs that reward higher skill or education level with higher salary opportunities, job security and career progression.

² High-paying: “High-paying” or high wage jobs pay wages of \$25.60 and above per hour to achieve the County’s median household income threshold.

Prior efforts to promote economic development have been marginally successful because they were applied in a piecemeal and reactive manner. In 2004, an Economic Development Element (EDE) of the General Plan was adopted to establish policy and objectives for El Dorado County to provide opportunities for positive economic growth. The Element was comprehensive in that it touched on almost every conceivable aspect of economic development. The EDE was intended to form a conceptual basis, or blueprint, for future implementation.

An 11-member Economic Development Advisory Committee, now called the Community and Economic Development Advisory Committee (CEDAC), was created by the Board of Supervisors in 2006 to advise the Board on Business and Economic Development matters and work with County staff to implement the EDE. These actions provided the authority to create a comprehensive coordinated framework for an Economic Development Plan for El Dorado County.

This implementation plan is intended to provide the structure and approach necessary to achieve the Economic Development blueprint envisioned. As such it will detail the approach, with specific tasks and activities, leading to the establishment of a proactive, comprehensive Economic Development Plan for El Dorado County. References to the 2004 EDE are provided to illustrate the compatibility of the conceptual blueprint with this program.

Overview

The introductory paragraph of the EDC General Plan states that ...*"It provides for growth in an environmentally balanced manner, maintains the rural character and quality of the living environment, providing adequate infrastructure while conserving agricultural lands, forest and woodlands, and other natural resources."*

The focus of EDC economic development will be on developing primary business sectors that can bring sustainable, skilled and highly-skilled³, high-wage jobs to the county such as in the scientific, managerial, and technical sectors. Employees in these sectors support demand for better, more varied and higher quality local goods and services.

³ Skilled and highly-skilled: Skilled labor refers to jobs that require workers who have specialized training or a learned skill-set to perform the work. These workers can be either blue-collar or white-collar workers, with varied levels of training or education. Highly skilled labor may require higher education and experience.

Manufacturing will continue to be a sector targeted for development in EDC because of its overall positive economic impact and the ladder of employment opportunities available to residents of all skill levels.

Fueled by the growth of substantially higher local payrolls, corporate tax, and spending, the County would be able to reduce its reliance on residential construction as the primary source of revenue and be able to vastly improve infrastructure and services. Economists substantially agree that the infusion of new spending would have a significant multiplier effect on the local economy, resulting in far more revenue than the initial investment.

A coordinated economic development plan must emphasize the identification of interrelated companies and entities that can form synergistic relationships, classified as “business clusters.” For example, agriculture is currently clustered with certain manufacturing and tourism sectors. This example also holds true for the winery sector in EDC. The expansion of the winery industry creates an opportunity to attract box and bottle manufacturing operations to the region. Additionally, advanced agriculture can further be coupled with the hospitality and education sectors, creating culinary programs and furthering the farm-to-table business movement. *[EDE: Policy 10.1.5.4 and 10.1.6.1]*

In order to ensure these firms have a trained, skilled, educated workforce to fill these jobs, an ongoing partnership with K-14 education and local workforce development programs will be established and maintained. *[EDE: OBJECTIVE 10.1.8]*

This plan seeks to attract and expand businesses that create employment opportunities that are commensurate with local housing costs. As of February 2014, the area median family income for a four-person family in El Dorado County is \$76,100. With the average cost of a three-bedroom house at approximately \$339,000 (November 2014 as reported by the El Dorado County Association of Realtors), a family of four would need to earn a household income of more than \$83,710 to afford the average price home in El Dorado County. *[EDE: OBJECTIVE 10.1.9]*

While there have been isolated successes in the past with economic development efforts, there is a need for a different approach if our County is to be more than a place to sleep, play, and commute to work elsewhere.

Objectives

The overarching objective of the program is to develop a Strategic Plan for Economic Development that is comprehensive and proactive, and includes

specific metrics with which to monitor and measure the implementation progress.

More specifically the objectives of the program are to:

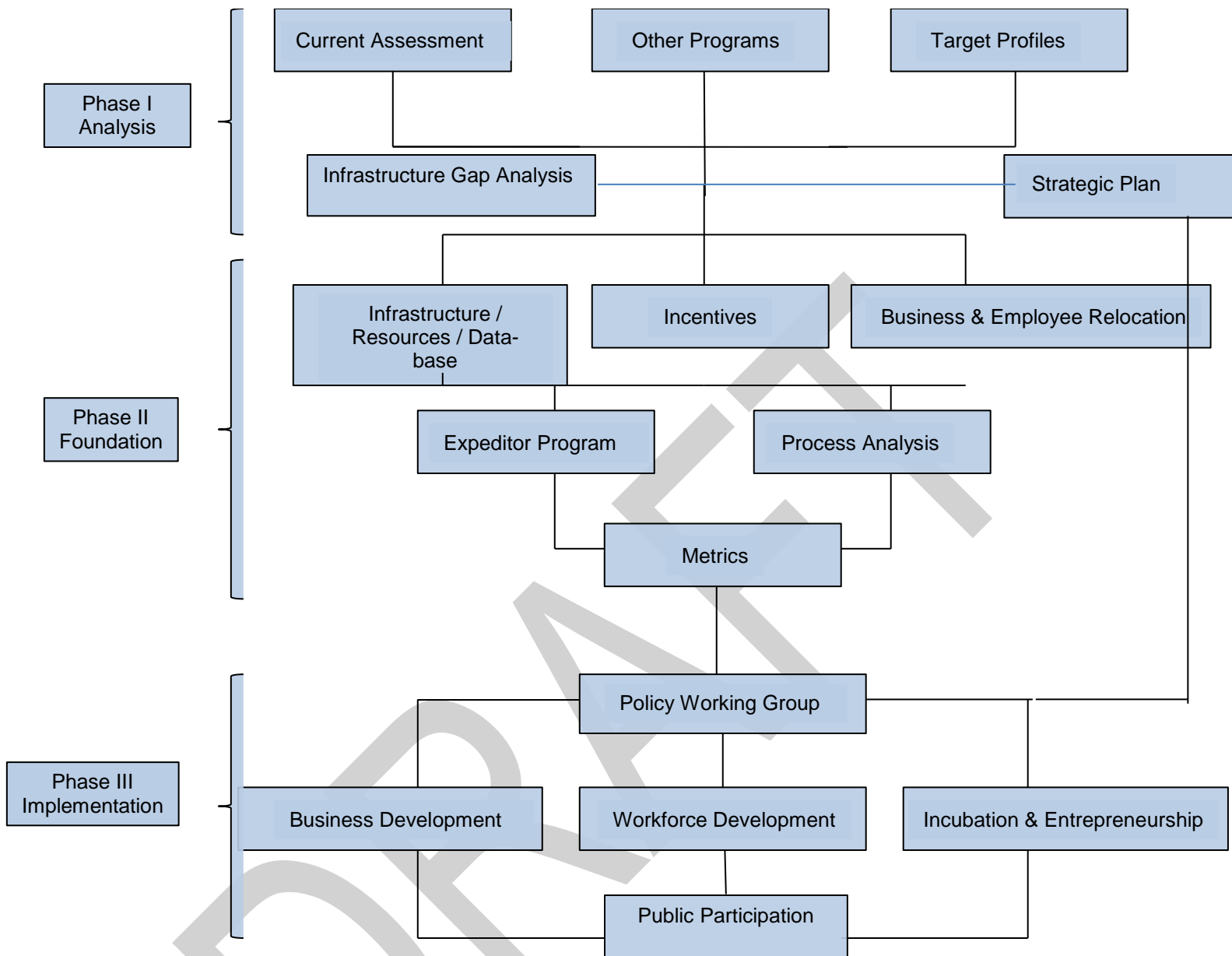
- Establish an approach that will fairly balance the social, economic, cultural, and environmental interests of stakeholders.
- Provide an approach that is scaled to the size and resources of the County and is consistent with the vision of the General Plan.
- Obtain, to the greatest extent possible throughout the implementation process, approval from all interested parties to the Strategic Plan, including conclusions and actionable recommendations of the program. *[EDE: Policy 10.1.4.1]*

Approach

The proposed program is projected to be performed in three phases with sixteen discrete sub-projects as illustrated below. While it is difficult to project a cost and time frame to implement the program until Phase One is completed, maximum emphasis should be applied to ensure continuity with the objectives of this framework and to address the urgency of our county's economic needs.

As specific projects require different skill sets, consulting firms may be retained as needed to provide necessary expertise and resources to augment EDC staff. Thus there will be a need for a coordinating staff member to act as dedicated project manager to oversee the totality of the effort and ensure the correlation of the individual results into an integrated whole. This role is analogous to a general contractor in the construction industry or a system integrator in large-scale software development efforts. *[EDE: Policy 10.1.1.4]*

The Approach



Phase One – Assessment

Phase One can be viewed as the analysis portion of the program in that it determines the present state of the efforts and programs within EDC. It also analyzes the programs of a representative sample of other governmental entities, and evaluates their successes and failures. The five sub-projects in Phase One are as follows:

- Assess Current State of Economic Development in EDC

The first step is a thorough and accurate review of the state of past and current EDC efforts towards economic development and the resources currently devoted to it. As there have been numerous specific efforts towards the overall objective in the recent past, it is

prudent to include an identification, content and assessment of the usability of these past efforts. [EDE Policy 10.1.1.1; and Program 10.1.1.1.1]

- Other (Outside) Programs

Many other governmental entities, from states to cities, are pursuing economic development via the attraction of job-producing companies. Much can be learned about what has and has not been successful and the resources, costs and time frames associated with such efforts. This research will focus on best practices in order to implement a program that is efficient, effective, and provides an acceptable return-on-investment (ROI).

- Target Profiles

A detailed assessment will be conducted of desirable industrial sectors that have the highest feasibility for growth. The assessment will include both the cultivation of existing businesses along with specific target companies within these sectors that by their performance, past and potential, present a high probability to consider EDC as a business location. Profiles of target companies, including their internal assessment process for business location, will be detailed. Simultaneously, existing business sectors that show potential for sustainable expansion will be tracked and assessed to identify business climate issues that are affecting their growth. [EDE Policy 10.1.3.1]

- Infrastructure Gap Analysis

When identifying a future economic position different from what exists today, there must be a plan to bridge the gap; from what is, to what should be (descriptive to normative, or the ideal). This infrastructure analysis will identify gaps in both "hard" infrastructure (e.g. transportation, communication), and "soft" infrastructure (e.g. workforce, processes, capital). Upon quantification of the gap, research for funding resources to fill that gap will be researched and pursued. [EDE OBJECTIVE 10.2.1, and 10.2.3]

- Strategic Plan

The development of a strategic plan is a process that both identifies the ultimate goal, or strategic vision, and proceeds through the steps necessary to bring this vision into reality. Discontinuities in policy, which must then be revised or modified, are identified in Phase Three. The strategic plan will provide a framework or detailed "rendering" of the program and the appropriate mobilization of County organizational structure and resources required to assure success of the program (including the necessary organizational changes identified in the

Process Analysis step of Phase Two). It will also provide a schedule to ensure that there is sustained action over the passage of time and continued prioritization against the pressures of the day-to-day County business. *[EDE Introduction; Policy 10.1.1.1]*

Phase Two – Program Development

Phase Two is viewed as the building of the foundational elements of the economic development program identified in Phase One. The six sub-projects in Phase Two are as follows:

- **Resource Database**

An accessible and interactive database of all commercial building sites and land plots that are suitable for, or can be adapted to, commercial use will be developed. A similar file within the database for commercial building vacancy and office space inventory will be included. Lastly, a file including significant hard and soft infrastructure associated with the land and buildings files will be created and should include, but not be limited to, public utilities, roads, and essential ancillary services such as architectural and engineering firms with expertise in commercial development, and commercial building contractors. *[EDE OBJECTIVE 10.1.3; and Program 10.1.5.1.5]*

- **Incentives**

Incentives are an economic tool used to entice businesses to consider locating in EDC and are part of the decision-making process that firms use to select a location. A cost-benefit analysis will be conducted by County staff on a case-by-case basis, in accordance with industry best practices, ensuring at all times that any local financial incentives offered will return sufficient ROI to the County to justify the incentive. *[EDE: OBJECTIVE 10.1.5]*

- **Business and Employee Relocation**

In cases where a company is relocating their operations to EDC, a joint public-private effort will be coordinated to provide appropriate relocation assistance to both employers and employees. If offered, relocation assistance could provide employers a significant edge in the recruitment of individuals skilled in high demand job categories, as well as provide EDC an advantage over competing locations that do not provide relocation assistance. *[EDE Program 10.1.5.1.2]*

- **Expeditor Program**

County Economic Development Division and Community Development Agency staff will serve as an Expeditor or “ombudsman” to local, expanding businesses and firms relocating or expanding to EDC. This

assistance may include for example, identification of relevant sites and assistance with the permitting process. *[EDE Policy 10.1.2.2, and Program 10.1.2.2.3]*

- **Process Analysis**

There are a significant number of processes, permits, and filings that a company must go through when expanding or relocating with a build-out of facilities. This includes, but not limited to, the EDC Development Services, Environmental Health, the Treasurer-Tax Collector, and other departments. A thorough analysis must be performed to identify unnecessary and redundant steps and filings, potential bottle necks, and the implementation of potential fast track or waiver of requirements, to expedite the process. *[EDE: Policy 10.1.2.2, 10.1.5.1, 10.1.5.2, and 10.1.7.1]*

- **Metrics**

It is important to establish goals and an underlying cost-benefit analysis so that the leadership and citizens of EDC can fairly judge the progress and success of the program. In this way, progress can be tracked and goals adjusted to changes in the overall situation. Measures will include output-based (e.g. numbers of businesses contacted) and outcome-based (e.g. number of jobs created) or other approved methodology as required.

Phase Three – Implementation

Phase Three is directed at implementing the results of the prior phases. It is here that the specific programs that would make the EDC Economic Development Program a viable and vibrant reality are readied for implementation. The five sub-projects in Phase Three are as follows:

- **Policy Working Group**

Internal policies can ease or impede the process of completing the relocation of a target company. A policy working group will be established to provide a rigorous policy review, and recommend changes, if necessary, to the General Plan and the EDC Charter, as well as internal guidelines and procedures that bear on the process, including regulatory impediments with no statutory mandate, as identified in Phase Two - Program Development.

[EDE: Policy 10.1.2.1 and 10.1.2.2]

- **Incubation and Entrepreneurship**

Business incubation and entrepreneurship development have long been a method to promote and nurture innovation and new business formation. Providing low cost office space, interaction with other

entrepreneurs, advisors, and consultants with deep and varied business expertise is crucial to the success of incubator efforts. While the most successful incubators and business accelerators today are privately financed and developed, EDC will pursue a public-private partnership as an approach to the establishment of an EDC incubator.

[EDE: Policy 10.1.5.1, 10.1.7.2, 10.1.8.2; and Program 10.1.5.1.2]

An incubator can also serve as a focal point for identifying and courting venture capitalists and private equity firms. These phased investments are necessary to the sought-after start-ups. Other entities (states, cities and universities) have formed venture capital operations and the feasibility of EDC establishing a financing mechanism will be examined in this sub-project.

- **Business Development Program**

Business development in EDC will consist of both internal (retention) and external (attraction) business outreach. *[EDE Policy 10.1.5.1]*

Mounting economic development research indicates that 80 percent or more of new jobs created in a region come from existing businesses. Additionally, more than 80 percent of businesses in El Dorado County have fewer than 10 employees. Further, El Dorado County has more than 15,000 self-employed persons, or what the Census Bureau refers to as "Non-Employers." *[EDE Policy 10.1.7.2 and 10.1.7.4]*

Therefore, a great deal of attention will be paid to the health of local, existing businesses; through the use of targeted sector advisory committees, ongoing outreach to individual firms, and broad-based business forums. Information gathered from these efforts will be compiled into a database that will provide ongoing information regarding the various business barriers and drivers in the local economy. *[EDE: Policy 10.1.5.2; and Program 10.1.1.2.3]*

In addition to participating in regional marketing programs such as the Sacramento Area Commerce and Trade Organization (SACTO), the Governor's Office of Business and Economic Development (GO-Biz), and TeamCalifornia, the County will also take a pro-active approach to external marketing, reaching out directly to the target firms, using templates to identify specific businesses based on sector, size, growth, location, etc. This will be a three-phase effort:

1. Identify the decision makers (Boards of Directors, corporate real estate executives, and or site selection consultants.)

2. Conduct focus groups with target firms to determine and prioritize criteria important to their assessment process for business location.

3. Build and test the presentation. The involvement of EDC elected officials and administrators of county government will ensure credibility of the program. *[EDE: Policy 10.1.5.3; Program 10.1.5.1.6]*

- **Alignment with Workforce Development Programs**

The most innovative economic development programs in the nation collaborate in varying degrees with workforce development programs. This sub-project intends not only to collaborate with existing workforce programs and educational institutions, but to create a more entwined convergence, working in tandem with the County's Connections One Stop office to link workforce clients with businesses as jobs are created, while also identifying and closing education and skills gaps in our existing workforce. *[EDE Policy 10.1.8.1; Policy 10.1.8.3]*

- **Public Participation**

The final task in this phase is to have direct and meaningful discussion with the general public, various interest groups, land developers, and real estate interests. It is envisioned that there would be both public and private presentations and the meetings would review the conclusions and recommendations of the program and the resulting Strategic Plan.

Comments from these various groups will be presented to CEDAC and to the Board of Supervisors in conjunction with the program's conclusions and recommendations. *[EDE Program 10.1.1.2.3 and 10.1.1.2.4]*

Project Management and Reporting

As earlier stated, it is possible that consultants will be involved due to the different skills required by the different sub-projects. A Steering Committee is needed to ensure predecessor and successor activities, as discussed in the Approach section, are properly scheduled, various deliverables are unified in style and form, and that the various pieces properly mesh into a cohesive whole.

It is recommended that this group remain relatively small to minimize internal disagreements as to direction and purpose, and to minimize meeting scheduling conflicts among the members that could potentially attenuate and lengthen the process.

It is recommended that the Steering Committee consist of five members, three from the public sector or from CEDAC, and two from the private sector. Further, it is recommended that the County's Chief Administrative Officer, or designee, serve as Chair of the Committee and that this Committee, in coordination with the Economic & Business Relations Manager, report directly to the Board of Supervisors on a quarterly basis as part of the CEDAC report, at a minimum. [EDE: Policy 10.1.3.1; Program 10.1.3.1.3]

Any and all request for proposals conducted under this program will be in compliance with existing purchasing and contracting policies of the County.

Additionally, the County staff coordinator will establish an overall PERT chart (Program Evaluation Review Technique) for the project and track overall budget-to-actual costs and report status to the Steering Committee on a monthly basis. An agreed upon set of metrics to permit proper monitoring and tracking of the overall project and each sub-project will be approved by the Steering Committee.

For all activities performed, a formal sub-project status report summarizing these activities, including reference to any early indication of problems with delivery of the sub-project product, will be submitted to the County staff coordinator on a bi-weekly basis by each consultant. These status reports will then be summarized, consolidated, and submitted to the Steering Committee on a monthly basis.

Meetings with any consultants will be conducted on an as needed basis, but no less than once a month dependent on the work assignment. Attendance at these meetings is mandatory for each consultant and only the sub-project manager(s) or a specified designee noted in the proposal may participate.

It should be noted that the management of this complex program requires a degree of flexibility, as the actual process will undoubtedly uncover issues that may change the direction and scope of the various sub-projects as the work proceeds. As such, the process must be viewed as adaptive, with the Steering Committee and County staff providing feedback to CEDAC and the Board of Supervisors on a regular basis, on the progress and resulting products and deliverables of each sub-project.