



The County of El Dorado

Chief Administrative Office – Economic Development Division

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November 14, 2014

TO: Board of Supervisors

FROM: Jim Claybaugh, Economic & Business Relations Manager

SUBJECT: Comprehensive Economic Development Program Update

1) OVERVIEW

Staff is presenting an update to the Board of Supervisors on the Economic Development Division's various projects and programs, as well as seeking direction for future strategies. This update will include; a brief discussion of economic development, including collaboration with relevant economic development stakeholders; the County's current programs, including Promotions and other contracts; an economic update from the Center for Strategic Economic Research; and finally a discussion of intended programs and request for direction from the Board for 2015 economic development action.

Current Economic Development Issues

The practice of Economic Development has developed and refined for nearly a century. Beginning in the 1920's and continuing through the Great Depression, states in the Southeast U.S. began to lure manufacturing plants and textile mills from the Northeast, a region now known as the "Rust Belt." The practice gradually became widespread, and by the 1970's a majority of counties in California had an economic development corporation (EDC) attempting to recruit businesses to their jurisdiction.

By the 1980's and 90's, economists began commenting on the practice, and some initial research began to support the approach of assisting local businesses through a variety of means, which led to job creation without the expense of marketing or incentives. About this time, entrepreneurship development and business incubation became popular as well, with the understanding that while many new businesses fail, there is still a positive return-on-investment (ROI) and job creation result.

Objectives

It is appropriate that goals and objectives should be discussed early in this process, as that will guide the Economic Development Division's work plan for the near- and mid-term. There is a broad range of objectives, many of which are complementary to one another, but may not always be achieved in unison. Increased local tax revenues, increased jobs and wages, increased quality of life, and/or decreased

unemployment and poverty, are all examples of Economic Development objectives, but this is certainly not an exhaustive list.

Definition

As has been reported by staff in previous presentations, as a basis for the current program staff utilizes the following definition of Economic Development: “the enhancement of the factors of productive capacity for community well-being.” Classical economics refers often to the “factors of production,” – land, labor, and capital – which may, in contemporary terms, be considered “infrastructure.”

The definition is based on the premise that a strong business climate is conducive to business growth and job creation, and works with market forces by developing economic drivers and mitigating business barriers as much as feasible. Therefore, staff advocates that County investment in the economy should focus on building the infrastructure that will assist new and existing businesses to grow and thrive.

Competition

Currently in the U.S., there are more than 15,000 programs, both public sector and non-profit seeking to attract businesses to their respective locality; however this number does not necessarily reflect the many business incubator or “accelerator” programs that have emerged in the last 20 years. As noted earlier, the practice of economic development has become widespread in the U.S., to the degree nearly every governmental jurisdiction in the nation conducts economic development activities of one form or another.

As a result of that competition, the process of site selection for expanding or relocating businesses has become a sophisticated niche industry, and the professionals involved in site selection understand that many jurisdictions will invest significant public funds in marketing and incentives in order to “land a deal.”

Staff subscribes to the approach that, in economic terms, “markets” equal “choices.” Consumers have a variety of choices where to purchase any particular product or service, as do businesses. Those consumers generally decide on a product or services based on a variety of factors: perceived quality, cost, status, etc. In short, consumers seek value.

For businesses that choice includes where to locate their operation or expansion. This value is expressed in expected profit; businesses tend to locate where revenue will most exceed cost. One of the few concepts economists can agree on is that investment generally goes where the highest return can be had, with the least amount of risk. Unfortunately some jurisdictions, primarily in the Southeast U.S., have skewed that organic system by offering exorbitant incentives to attract certain firms, and those firms have learned to extract those incentives from jurisdictions.

Staff advocates a different approach; make strategic investment in needed infrastructure (including workforce and broadband development, where possible), support the entrepreneurial culture that currently exists in El Dorado County, and enhance “ease-of-entry” for businesses, including a review of permitting and impact fees. If El Dorado County seeks to develop certain business sectors, it needs to invest in the infrastructure that serves that sector. Additionally, staff supports the completion and approval the Targeted General Plan Amendment and Zoning Ordinance Update (TGPA-ZOU) as a step towards improving the business climate.

A professional publication, Area Development Magazine, conducts a bi-annual survey of CEO’s to identify current trends in site selection, and specifically the factors considered when choosing a new location. The results of the most recent survey, taken earlier this year, are below, in order of importance.

- | | |
|-------------------------------------|------------------------------------|
| 1. Availability of Skilled Labor | 6. Affordable Turnkey Facilities |
| 2. Transportation/Access to Market | 7. Overall Tax Obligations |
| 3. Labor Costs | 8. Local Tax Exemptions/Incentives |
| 4. Occupancy vs. Construction Costs | 9. Union Profile/Activity |
| 5. High-Speed Communications | 10. Energy Costs/Availability |

Consulting firm Conway Data, Inc. has also created a well-known list of the types of infrastructure that businesses assess when looking for a location.

- | | |
|-----------------------------------|--|
| 1. Market/Demographic Growth | 6. Government Programs/Incentives |
| 2. Workforce, Wages, Productivity | 7. Access to Water/Wastewater Capacity |
| 3. Transportation Infrastructure | 8. Environment/Ecology |
| 4. Energy/Utilities | 9. Quality of Life |
| 5. Access to Materials/Supplies | 10. Available Sites/Facilities |

The similarity in the two lists is apparent. Though in different orders, they both identify very similar issues, particularly the importance of a skilled and affordable available workforce.

Economic Development Partners

Economic development does not happen in a vacuum, and there are a wide variety of organizations seeking to implement business development in one form or another. Therefore it is important to maintain ongoing collaboration with relevant partner agencies. To varying degrees, that collaboration may range from occasional updates on activities, to in-depth dialogue on strategic convergence, such as with the County's Workforce Investment Act Program, currently housed in the Health and Human Services Agency.

Staff has initiated ongoing communication with numerous regional entities, including the following:

- | | |
|---|--|
| • Commercial Real Estate Brokers | • Sacramento Area Regional Technology Alliance |
| • El Dorado County Chamber of Commerce | • Sierra Economic Development Corporation |
| • El Dorado Hills Chamber | • Sierra Business Council |
| • South Tahoe Chamber | • Sacramento Metro Area Chamber |
| • Divide Chamber | • Golden Sierra Workforce Investment Board |
| • Coloma-Lotus Chamber | • El Dorado County Farm Bureau |
| • Cameron Park-Shingle Springs Chamber | • El Dorado Winery Association |
| • Pollock Pines-Camino Chamber of Commerce | • Apple Hill Growers Association |
| • Sacramento Area Commerce and Trade Organization | • Economic Development Corporation of El Dorado County |

There are several purposes for this collaboration, beginning with reduction of overlap of services. For example, SEDCorp manages a small business loan program, while the Economic Development Division also has funding available for small business loans. The County's program is intended for very-small companies known as "Micro-enterprises," while SEDCorp has greater resources and is able to finance larger loans to larger businesses. Therefore, this collaboration can complement each entities programs and objectives. Likewise, staff works often with the County Health and Human Services Agency Connections program, which focuses on workforce development and services for the unemployed. The importance of a strong partnership between workforce and economic development programs is becoming

well-understood across the state and nation, and Division staff seeks to build that partnership in El Dorado County, as well.

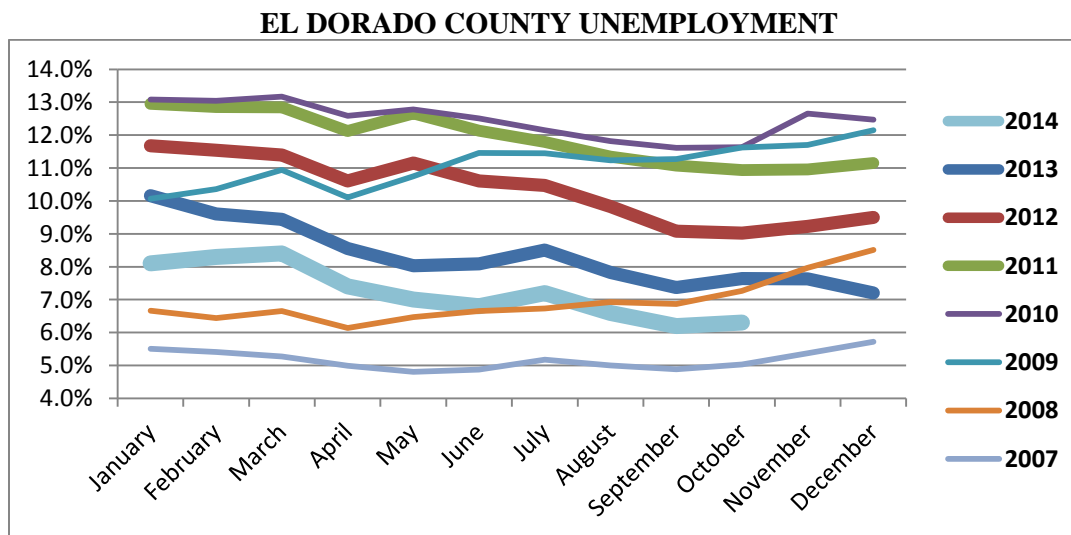
2) BRIEF ECONOMIC UPDATE

Statewide and nationally, job creation has just about returned to pre-recession levels; however, El Dorado County is currently 7.4% below 2007 peak levels. Neighboring counties have varied employment trends during this time frame. Sacramento County's job growth is 3.6% below its 2007 peak, while Amador County's is 14.5% below. Placer County is actually 1% above 2007 levels, as the chart below indicates.

REGION	2007 Jobs	2014 Jobs	% Change
El Dorado County	63,627	58,932	-7.4%
Placer County, CA	159,253	161,056	1.1%
Sacramento County, CA	711,217	685,459	-3.6%
Amador County, CA	15,144	12,948	-14.5%
California	17,896,341	17,940,728	0.2%

Source: Economic Modeling Specialists, International

Unemployment is maintaining a consistent downward trend since the depth of the recent recession, and staff estimates that trend will continue for the short-term. The most recent figures released by the State show the County's unemployment rate of 6.3%. This is well below the County's highest unemployment rate of 13.2% in March, 2010. At the peak of the economy in 2007, County unemployment averaged 5.2%. The chart below summarizes the County's unemployment trend over the last few years.



Earlier this year, the Economic Development Division contracted with the Center for Strategic Economic Research to provide an update to a 2010 economic assessment conducted on behalf of El Dorado County. That update has been completed, and is attached to this agenda item.

3) PROGRAM UPDATE

a) Existing Programs

HCED

Currently, the Housing, Community, and Economic Development Program (HCED) administers the Community Development Block Grant (CDBG) program for the County. There is one open grant, 13-CDBG-8935, for a total of \$1,060,000. This grant recently cleared State conditions, and marketing of the programs will begin January, 2015(although a waiting list is already forming). The grant funds four distinct uses: First-Time Homebuyer, Housing Rehabilitation, Business Loans, and Micro-Enterprise Assistance. A micro-enterprise is defined by the State of California as a business of 5 or fewer employees, in which the owner is also an employee.

Recent State regulation changes require that Program Income – grant money loaned out for housing or economic development uses that has been repaid to the County – must be used first. On October 14, 2014, the Board approved Agenda Item 13-0105, amending the CDBG grant to add Housing Rehabilitation as a supplemental activity, in order to better utilize the Program Income currently available.

Business Data Services

The Economic Development Division maintains a subscription with Buxton, a consumer analytics data service. Through this subscription, staff is able to generate reports in a variety of economic subjects, including sales leakage, consumer demographics, and similar data, and can be broken down into sub-County regions. This data service can provide detailed demographic, health care, and retail information around a specific location, and is particularly useful for retail businesses.

Likewise, through County HHSA staff, industry and occupation data is available through Economic Modeling Specialists International (EMSI). This service provides a wide array of historical and forecasted data, including occupational, industry, demographic, and educational information. It can also provide limited economic impact analysis data on projects and programs.

Division staff collaborates with area Chambers of Commerce (Chambers) to conduct outreach, however this valuable resource is currently underutilized, and staff will begin marketing this service extensively in 2015.

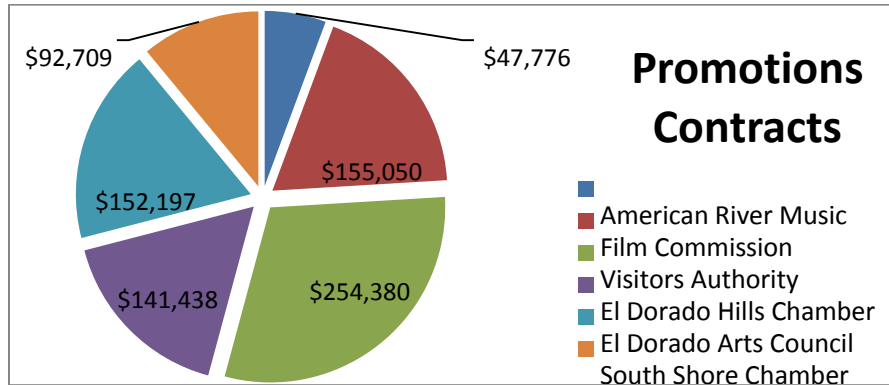
Business Retention Activities

Staff has met with numerous businesses to assess current business conditions, through various Business Walks conducted by various Chambers, and one-on-one visits. Additionally, staff has begun to reach out to certain existing businesses to ascertain interest in participating on industry sector advisory committees to gain input on current economic conditions for those businesses. These sector committees provide useful “focus group” data on business conditions, and the approach is considered a best practice, according to Economic Development industry experts.

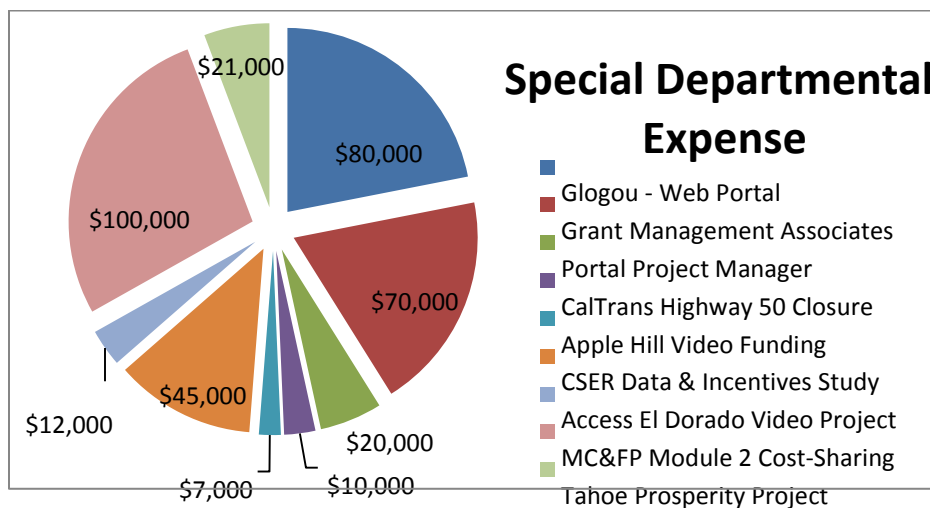
b) Current Budget

For the Fiscal Year 2014-15 budget addenda approved by the Board of Supervisors on September 30, 2014, staff submitted the following projects in detail to be funded in the current budget. Below are summary charts defining the numerous projects detailed in the approved budget.

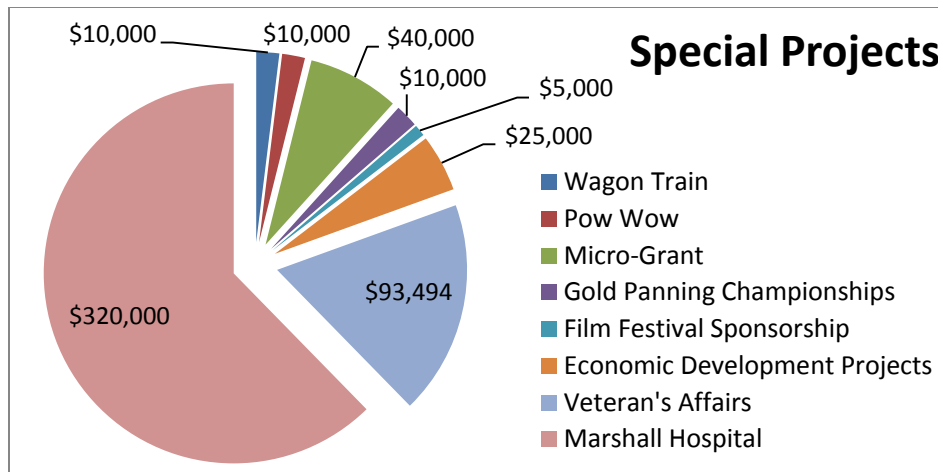
Funding for the County's Promotions contracts totaled approximately \$843,550, and are allocated under Expense Category *Professional and Specialized Services*. This line item was budgeted in the 2014-15 Adopted Budget for \$1,347,142, with the balance being dedicated to the County's CDBG grant, described in detail below.



Funding for current projects such as the Web Portal, Grant Consultant, an economic assessment and incentives study performed by the Center for Strategic Economic Research (CSER) in Sacramento, and other, smaller projects are programmed under Expense Category *Special Departmental Expense*, in the 2014-15 Adopted Budget, which totaled \$460,685. The total for programmed Economic Development projects, detailed in the chart below, was \$365,000. The difference is allocated to HCED-related expenses, with a small amount unallocated.



Finally, the remaining chart details Expense Category *Special Projects*. The amount detailed in the chart below totals \$513,494, equal to the amount allocated in the 2014-15 Adopted Budget.



c) Current Contracts and Projects

Center for Strategic Economic Research (CSER)

Staff contracted with CSER to update a 2010 economic assessment that the firm conducted for the County. Among many other issues the current study addresses the various industry clusters that have potential for growth in the region. Additionally, upon completion of the assessment, CSER will also conduct a survey of incentive programs offered by nearby jurisdictions. This incentive study may help inform the the review of the County current incentive policy, J-7.

A draft of the assessment is attached to this agenda item, and staff welcomes input on the study.

Micro-Grants

During Fiscal Year 13-14, a budget amount of \$80,000 was approved for the Cultural and Community Development Grant program, also referred to as the Micro-Grant program. A total of 26 applications were received, of which 19 were approved for funding. A chart is attached at the end of this memo detailing the different projects and funding amounts.

For FY 14-15, an amount of \$40,000 was budgeted to continue the program for the current fiscal year. A total of 19 applications were received, and applications were reviewed pursuant to the Board of Supervisors approval of Agenda Item 14-1250. Applications have been reviewed by a subcommittee of the Board of Supervisors pursuant to the Agenda Item, with a list of funding recommendations returning to the Board soon.

Grant Consultant

The Board approved contracts to fund a CEDAC-recommended Grant Consultant project on July 29, 2014, (Agenda Item 13-1385) although there had been some delay in getting final execution of the projects. The contract has now been executed, and staff is working with the Consultant to implement the program as approved by the Board.

The project is designed to assist both County departments and community non-profits in identifying and pursuing grant funding for their objectives, and staff is confident the amount of grant funding awarded to the County will far outweigh the amount of the contract. Staff acknowledges, however, this project is

outside the normal scope of public entities, which may have contributed to some of the delay in getting the contract fully executed.

Web Portal

The CEDAC-recommended Web Portal project is intended to create a virtual, single point of contact for residents and online visitors seeking information about various aspects of the County. The final product will incorporate the numerous communities in the County, as well as four “nodes” -- Live, Work, Play, and Learn.

To date, the consultant is nearly complete with the framework of the portal, equivalent to 50% of the overall project. The remaining tasks will require outreach to the various communities and stakeholder groups in the County to ensure that content that is built upon the framework will be satisfactory for all users and stakeholders. This portion of the project will require extensive research and community input, and Economic Development Division staff is looking to collaborate with other department staff to assist with project management. Staff forecasts a beta version to be ready for review by September, 2015.

Strategic Architecture (Framework)

In January, 2014, community volunteers approached CEDAC with a proposal to develop an innovative strategic plan for economic development in El Dorado County. Members of CEDAC, as well as staff, began working with the volunteers, and in June, 2014, a formal ad hoc subcommittee of CEDAC was formed to complete an “architecture” for a strategic plan.

This document is not intended to be a final draft strategic plan, with detailed actions and measurements of impacts, but more of an outline of the approaches.

A public workshop was scheduled for December 15, 2014, in response to request from the public as CEDAC November meeting. Input was received and noted changes to the document were made, including renaming the document to “Framework.” CEDAC had a second review of the document at its December 18, 2014 meeting, and at that meeting, approved scheduling a second public workshop on January 5, 2015. Staff intends to bring a final draft of the Framework to the Board for review and direction at its regularly scheduled meeting on January 27, 2015.

Promotions Contracts

Staff had been crafting a policy document for the Board to review, however, after numerous discussions with contracting entities and various County departments, staff recommends conducting a new RFP in lieu of developing a policy document. This approach allows the County to consider additional entities and marketing opportunities, while requiring additional reporting detail from new contracts.

Effective marketing has residual benefits, meaning that results are not always immediate. Reducing that investment may have significant negative results, two examples being the City of San Diego, and the State of Colorado. In both cases, their tourism marketing budget was eliminated due to deficits, and both jurisdictions experienced a severe drop in tourism and its resulting tax revenue. Upon resuming that investment, there was a delay in tourism attaining its previous level of activity for both jurisdictions.

The same may be said for film production support. A feature film on location may spend up to \$30,000 per day on local services, which may also include a “per diem” cast members are paid while on location. The Board will receive an annual report from the Film Commission in January, which will detail the film, TV, and commercial production that has occurred in El Dorado County in the last year.

Overall Program Evaluation

The current Economic & Business Relations Manager was hired in January, 2014. At that time, there were numerous contracts to implement and projects to be initiated based on prior direction. Since that time, those contracts and projects have been propelled to varying levels of completion.

Staff has committed a significant amount of time in the last 11 months to implementing two major projects, the Web Portal and the Grant Consultant project, estimated to be approximately 30-40% of staff time during the year. To date, these projects may not have achieved the level of completion as initially expected, but staff has developed a work plan that intends to drive these projects, while providing capacity to implement the types of Economic Development activities discussed in the next section of this report.

A good deal of staff time has been dedicated towards meetings with the wide variety of stakeholders in the County. During the first half of the year, considerably more time was devoted to these meetings, which included meetings with individual CEDAC members, with other stakeholders and individuals interested in the County's Economic Development activities, with regional counterparts and colleagues, and with individual businesses to receive their input on business and economic conditions. This accounts for 30-40% of total staff work over 2014, and is easily verified by a review of staff's Google Calendar. Staff continues to schedule meetings with local and regional stakeholders to continue to gain further insight into economic conditions and project feasibility.

Another significant portion of the staff time was dedicated to other CEDAC-directed projects, including the Micro-grant program, and development of a strategic plan outline (Framework). This also included conducting at times extensive research on various economic issues and policies, as directed by CEDAC. Overall, staff estimates these types of activities accounted for 20-30% of staff time over the past year.

Another block of time was allocated to responding to direct requests for assistance from businesses. These requests ranged a variety of topics, including economic data, seeking financial assistance, questions regarding permitting or other regulatory issues, and available state and federal tax credits. Staff estimates time apportioned to this type of activity was approximately 10-20%.

In one case, staff was contacted by a commercial real estate broker to inquire into any available local incentives, as the business he represented was currently being recruited by a nearby city. The company is a health care-related firm located in El Dorado Hills. Staff responded immediately, scheduled a meeting, and was able to refer the company to a local tax credit consultant for assistance. The company remained within the County, and at no direct financial expense other than staff time. This type of success is referred to as a Business Retention victory.

There are many small tasks that, taken collectively, consumed staff time, as well. The remaining time has been dedicated to County administrative duties, such as staff management, familiarization with County policies and practices, Board agenda item administration, budget planning, and staffing of CEDAC.

4) STRATEGIC DIRECTION

There are numerous economic development strategies, approaches, and activities the Economic Development Division could implement as the architecture is being implemented and a final Strategic Plan is developed. Staff is seeking Board direction regarding their preferences for Economic Development Division funded activities. This is also an appropriate time for the Board to discuss their objectives for the program, which will inform the discussion on strategy.

Below is a short listing of major economic development approaches for the Board to consider.

- Business Retention and Expansion
- Entrepreneurship Development
- Business Recruitment and Attraction
- Workforce Development and Training
- Regulatory and Permitting Reform
- Neighborhood Revitalization
- Infrastructure Development

Recommended Projects

-Strategic Architecture

Staff intends to bring the Strategic Architecture for Economic Development to the Board in February, 2015, and emphasizes this document is not a final draft strategic plan; instead an outline or “framework” for implementing strategic economic development activities. While the plan is further developed, staff requests approval to initiate certain economic development activities, including certain business recruitment and retention/expansion actions.

-Recruitment of Retail

Given existing sales tax leakage and current fiscal forecasts for the County the importance of building capacity for more sales tax revenue cannot be understated. Therefore in partnership with local developers and commercial real estate brokers, staff intends to institute an ongoing marketing effort to attract additional retail operations to unincorporated areas of the County.

-Hotel Development

Similarly, Transient Occupancy Tax (TOT) is the primary source of funding for the County economic development programs. Therefore, it is appropriate to consider and pursue new hotel projects in the unincorporated area of the County, including projects that may increase conference and events capacity. With more conference capacity, the opportunity arises to attract small conferences and corporate retreats, as well as increasing capacity for other County tourism destinations, such as Apple Hill.

-Incentive Policy Update

An incentive policy was approved by the Board in February, 2014, that had a one-year sunset. It is staff's recommendation that this policy be reviewed and updated to incorporate the potential use of TOT funding to partially offset Traffic Impact Mitigation (TIM) fees, in particular to support the potential Retail and Hotel projects mentioned above. This option has been proposed by select County elected officials, and staff fully supports this recommendation.

-Placerville MOU

Earlier in the year, County staff was approached by the staff from the City of Placerville to request assistance in managing their CDBG grant. An MOU has been drafted, and received approval of County Counsel and the State CDBG program, as well as the City of Placerville. We are requesting the Board consider this MOU at a future meeting. This MOU will provide needed assistance to the City, and will also help offset General Fund contributions to personnel costs, as directed in the 2014-2015 El Dorado County Budget. Currently there is sufficient staff capacity to implement this project, if approved.

-Tax Credits and Incentives

Currently there is a myriad of State and Federal tax credits that exist to assist local businesses. At the State level, a sales tax rebate is available for businesses that invest in new qualifying machinery for Manufacturing or Research & Development operations. There is also the California Competes credit, administered by the Governor's Office of Economic Development (Go-BIZ). This credit is offered on a competitive basis twice yearly, and based on investment in expansion and job creation. When these credits were announced earlier this year, staff conducted outreach through various means to spread the word.

There are also State and Federal Research and Development tax credits available, and staff is currently communicating with a local tax credit consultant, based in El Dorado Hills, to provide workshops for businesses, including farms and wineries.

-Sector Committees

Staff has recently begun developing sector committees to advise Division staff on business conditions in their specific industry. Beginning with a Manufacturing Committee, staff has received the consent of representatives of several manufacturing firms in the County. These advisory groups are very helpful at addressing business barriers that, when mitigated, improve the overall business climate that helps local businesses grow, while making the region more attractive to outside businesses. As mentioned earlier, this is considered a best practice in Economic Development.

-UC-Davis Recruitment

The County Treasurer-Tax Collector has discussed with the Board the importance and potential of attracting several UC-Davis programs to El Dorado County. Programs include a possible satellite campus, the proposed World Food Center, and some of the "spin-offs" resulting from research and development activities occurring on the Davis, CA, campus. Economic Development Division staff is in full agreement, has offered full support to this effort, and is currently assembling an economic and demographic data package to assist in this effort.

-Entrepreneurship Development

There are a wide number of means of supporting entrepreneurship, including identifying different types of technical and financial assistance to new enterprises. While a more specific approach will be identified in the upcoming Framework document, staff seeks approval to begin working with local stakeholders to create effective approaches to attracting venture funding for new enterprises, as well as consideration of different potential incubation approaches.

5) RECOMMENDATION

Staff is recommending conceptual approval of the specific Projects discussed above, as well as direction from the Board on objectives and the various economic development approaches discussed earlier, in a combination that the Board concludes is the best use of the Economic Development Division budget.

Attachment A

Cultural & Community Development Grants FY 2013-2014

Organization	Amount of Funding	Description of Event/Activity	Geographic Location
Art on the Divide Cooperative Gallery	\$3,700	Marketing project to "Keep Art Alive on the Divide"	Georgetown
Cameron Park CSD; Shingle Springs Cameron Park Chamber of Commerce; and Cameron Park Visitors Center	\$5,000	Visit & Enjoy Cameron Park Web Tool	Cameron Park
Clarksville Region Historical Society	\$5,000	Build a wrought iron fence and ornamental gate that will enclose the Old Clarksville Cemetery in El Dorado Hills	El Dorado Hills/Clarksville
Clean Tahoe Program	\$1,075	2014 South Tahoe Cleanup	South Lake Tahoe
Coloma-Lotus Chamber of Commerce	\$3,750	Three gateway signs into the Coloma and Lotus river valley	Coloma-Lotus
Divide Chamber of Commerce	\$5,000	Phase I of a multi-phase North County Community Sign Project	Coloma-Lotus
El Dorado County Farm Trails	\$5,000	Farm Trails Marketing Program	El Dorado County
El Dorado Hills Genealogical Society	\$500	Purchase of materials for the El Dorado County Library	El Dorado Hills
El Dorado Western Railway Foundation	\$5,000	El Dorado Western Railroad - Preservation and maintenance of cabooses.	El Dorado & Shingle Springs
El Dorado Wine Grape Growers	\$5,000	Special Wine Country Insert Section to the SF Chronicle	El Dorado County
El Dorado Winery Association	\$5,000	Wine Country "welcome" signs at 4 prominent highway locations.	El Dorado County
Gold Discovery Park Association	\$5,000	Coloma Gold Rush Days	Coloma
Hangtown's Gold Bug Park Dev Committee	\$4,900	2013-14 Expansion of Educational and Outreach Programs at Gold Bug Park	El Dorado County
Lake Tahoe Bicycle Coalition	\$5,000	Promoting Cycling Tourism: Lake Tahoe Bikeway Map	South Lake Tahoe
Lake Tahoe Historical Society	\$5,000	Restoration of Osgood Toll House and Cabin Preservation	South Lake Tahoe
Placerville Drive Business Association	\$5,000	Hangtown Holiday Ice Rink (on Fairgrounds site)	El Dorado County
Tahoe Tallac Association	\$5,000	Valhalla Art, Music & Theatre Festival	South Lake Tahoe
The UC Regents on behalf of ANR	\$4,145	Public Demonstration Garden	Placerville
Troop 858, Boy Scouts of America	\$1,500	Eagle Scout Service Project	Somerset/Mt Aukum
Total Grant Funds	\$79,570		

ATTACHMENT B

Summary of Economic Development Theories					
Theory	Basic Categories	Definition	Essential Dynamic	Strengths and Weaknesses	Application
<i>Economic Base</i>	Export or basic and non-basic, local or residuary sectors	Increasing rate of growth in output, income or employment	Response to external changes in demand; economic base multiplier effects	Most popular view of ED in the US. Inadequate theory for long-term development	Industrial recruitment and infrastructure development for export expansion, import substitution by strengthening connections between basic and non-basic industries
<i>Staple</i>	Exporting industries	Export-led economic growth	Investment in and successful production, marketing, and export of the staple product.	Historical perspective on ED. Descriptive theory difficult to apply	Build on export specialization. State does everything possible to increase competitive advantage.
<i>Sector</i>	Primary, secondary, and tertiary sectors	Greater sectoral diversity; higher worker productivity	Income elasticity of demand and labor productivity in primary and secondary sectors	Empirical analysis possible. Categories are too general	Promote sectoral shifts. Attract and retain producers of income elastic products
<i>Growth Pole</i>	Industries	Industry growth leads to structural change	Propulsive industries are the poles of growth	General theory of initiation and diffusion of development based on the domination effect	Growth center strategies
<i>Regional Concentration and Diffusion</i>	Commodities and factors or industries	Higher income per capita	Spread & backwash effects (Myrdal) or trickle-down & polarization effects (Hirschman)	Address the dynamics of development	Active government to mitigate backwash effects and reduce inequalities (Myrdal). Location of public investments spurs development (Hirschman)

ATTACHMENT B

Summary of Economic Development Theories					
Theory	Basic Categories	Definition	Essential Dynamic	Strengths and Weaknesses	Application
<i>Neoclassical Growth</i>	Aggregate regional economy	Increasing rate of economic growth per capita	Rate of saving that supports investment and capital formation	Supply-side model; actual success difficult to quantify	Government should promote free trade and economic integration and tolerate social inequality and spatial dualism
<i>Interregional Trade</i>	Prices and quantities of commodities and factors	Economic growth that leads to greater consumer welfare	Price adjustments that result in equilibrium terms of trade; price-quantity-effects	Unique emphasis on consumer welfare and price effects. Ignores the dynamics of development	Government intervention should promote free trade, infrastructure development, efficient local government
<i>Product Cycle</i>	Products: new, maturing, or standardized	Continual creation and diffusion of new products	New product development; innovation. Related to Entrepreneur-ship theory	Popular basis for understanding development among researchers	Development strategies promote product innovation and subsequent diffusion
<i>Entrepreneur-ship</i>	New firm generation	Resilience and diversity	Innovation process; new combinations	Mediated theory	Support industrial milieu or ecology for development
<i>Flexible Specialization</i>	Production regimes, industrial organization	Sustained growth through agile production, innovation, specialization	Changes in demand requiring flexibility among producers	Detailed analysis of firm/industry organization; aggregate outcomes and relationships seldom specified	Encourage flexibility through adoption of advanced technologies, networks among small firms, and industry cluster strategies