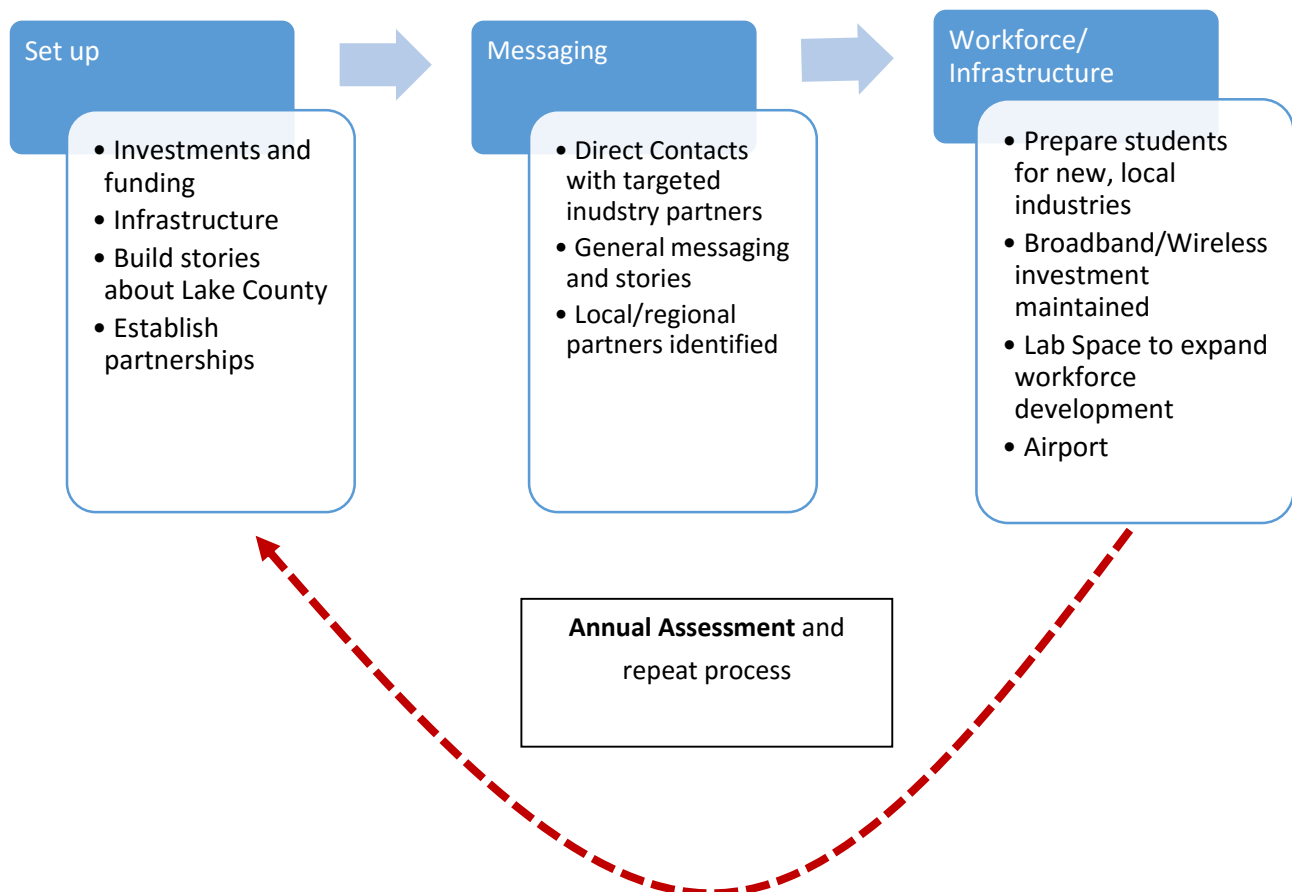




For Workforce Alliance of the North Bay,
County of Lake, and Lake County EDC

LAKE COUNTY ECONOMIC DEVELOPMENT STRATEGY

ECONOMIC DEVELOPMENT STRATEGY: THE PATH



The Strategy

One of the key outcomes of this exercise was understanding what Lake County is and is likely not in terms of a place to do business.

Targeted Industries

- **University and research institution biological and fire/disaster science**
 - Lake County builds to being globally recognized for specific science
- **Agricultural supply chain**
 - Focus on linkages to local and regional agriculture and provide solutions
- **Advanced entrepreneurs seeking a place to work and live, where their markets are outside Lake County, examples include:**
 - Engineering;
 - Aerospace; and
 - Graphic Design/Arts.
- **Tourism**
 - Natural assets in Lake County;
 - Artist communities and events;
 - Consider new properties as corporate partners and provide incentives;
 - Focus on wineries, astronomy, health care, and ecotourism; and
 - Health care connected (outpatient package stays while recovering, e.g.).

Infrastructure Needs: Short and Long Term

- Short-Term
 - Broadband or wireless expansion: public and corporate partnerships needed.
 - Identify commercial space and parcels to market for targeted industries
 - Water and sewer projects as planned (see Lake County document)
- Long-term
 - Airport: provides more flexibility to tourism and business needs
 - Roadways: Consider specific arteries to expand or to allow for larger vehicles as needed

Characteristics that make Lake County Different: Stories to Tell

- Quality of life: community tight, at elevation, small-town feel everywhere, no traffic
- Low-cost alternative: housing, commercial RE relatively inexpensive regionally
- Natural: Clear Lake, the hills, the proximity to the mountains and oceans, wine country

Reality and the Stories

- Plan needs to be seen as long-term, no quick solutions and must be countywide;
- Lake County has both real and perception challenges in terms of public relations;
- Marketing and outreach must be positive and realistic, building on good stories;
- Regional environment competitive: focus on how Lake County is different and why it should be the first choice for visitors and new businesses based on targeted list above.

The First Two Years: Economic Development Tactics

Below are suggested steps over the first two years. These may change based on shifting priorities and other concerns. The key is to get different business opportunities to Lake County, students placed in these businesses, new and current residents with professional businesses that have global audiences, and more visitors. Each year has **set-up, messaging, and workforce and infrastructure development**.

Year 1: Tasks to be Completed

- Education grants specific to laboratory space and expanding wireless/broadband access;
- Consider ways to pursue hospitality programs at community colleges to train workers;
- Hire a grant writer/searcher to facilitate Lake County Economic Development Corporation's pursuit of resilience funding and economic development funding;
- Identify 25 commercial sites that are ready to occupy **with targeted industry tenants**, starting with the City of Clearlake and its opportunity zone, where Colusa County may be a partner;
- Establish local funding sources for Lake County Economic Development Corporation (Lake EDC) for a minimum of three years as Lake EDC pursues external funding; and
- Establish marketing messages and compile business stories across targeted industries and Lake County's communities;
 - Focus on two to three social media platforms and control messaging about doing business and living in Lake County as events allow.

Year 2: Tasks to be Completed

- Contact and market Lake County to "new clients" in consistent and connected ways
 - Stories for potential new residents that come with a business or a gig
 - This is where lifestyle is sold
 - Stories for potential new businesses why Lake County is different
 - This is where potential ROI is sold
 - Stories to attract and retain a workforce
 - From public safety to farm workers, local labor reduces the cost of doing business and creates community, but positive stories need to be told.
- Establish metrics for social media and report out progress on positive versus negative messaging and the number of subscribers as part of TID;
- Track new visitors and where they originate as data for marketing efforts through TID;
- Contacting "research-1" universities with limnology programs;
 - UCSB has one of the top programs;
 - One professor and a research grant or sabbatical in Lake County becomes messaging that science can happen in Lake County;
- Preparing for growth
 - Use connections between City of Clearlake and Colusa to use I-5 for logistics;
 - Commercial sites in Clearlake beyond retail and office identified for this purpose;
 - TID funding focuses on Lakeport, Middletown, Kelseyville and wine-country related Lake County initially, where City of Clearlake focused on opportunity zone possibilities.

Years 3, 4 and 5 enhances are based on assessments of what happened in years 1 and 2 and may be repeated as needed to update strategies or to consider

Messaging

Infrastructure investment can also be advertising, communicating how they are investing in the community. The location is unique, but needs to be positioned with the region (Napa-Sonoma-Mendocino). Leverage Lake County as “unexpected”, around families for differentiation (where family resonate with quality of life and businesses) against the “adult Disneyland” of northern Sonoma County and Napa County. Establishing social media presence with the approach below is a major step forward, especially for the newly-established TID.

- Ecofriendly and nature first: preservation of quality of life;
- About family vacations – day trips for adults;
- Close enough to Bay for joyful weekends away;
- See the stars; and
- Experience difference – outdoor, need more of the air stream, hiking, biking, camping.

Messaging approach

Lake County must focus on three audiences: New businesses with global markets (education, research here), visitors and the local population. Messaging likely different for each:

New Businesses

Value proposition, small manufacturing, suppliers-go for solopreneurs (under 5 employees):

- Use Unexpected as a theme to show closeness but value differences;
- Close enough to serve the Bay Area in 2 hours;
- Costs differential – 30-40% less;
- Family – housing where there is space and outdoors;
- Experience more time with family;
- Promote key area for location.

Visitors

Focus on unique experiences such as glamping, biking, small retreats (particularly for kids): **what is not being offered to families in Napa, Sonoma & Mendocino.**

- Use the fact they are within a day’s trip (they don’t lose time traveling for a weekend).
- Push the unexpected – where they highlight what is unique
- What if there were great classes/courses – week long camps

Local Population

This messaging comes from internal sources and becomes external through stories used as part of the above. Local businesses can also tell stories to locals and generate positive mindsets.

Themes/taglines/hashtags: Pithy statements that become positive Lake County descriptions:

- | | |
|------------------------------------|-------------------------------------|
| • Unexpected | • Bay Area’s last frontier |
| • Just north | • Dare to be different |
| • Star dazed | • Resilience personified |
| • Unique by nature | • Lake – Just a little north |
| • Where families enjoy life | • Open skies |

Strategic Considerations

Rationale for Targeted Industry Choices

Data for Lake County suggest that health care, construction, agriculture, and tourism are the key industries for economic development. There are four major reasons why this is true:

- Export focus;
- Increasing economic mobility for workers;
- Utilizing assets Lake County has now as a foundation;
- What makes Lake County differentiable regionally?

Asset Development and Financial Tools

Lake County is concerned about resilience, as some county assets have been lost and shifted in quality. Targeted industries that can take Lake County new heights have become more competitive. Five assets need work to help sustain economic development into the next decade.

- Broadband and Wireless Access using major access points as a beginning (municipal centers, schools and colleges);
- Regional Partnerships (use of opportunity zone that connects Colusa and Lake counties);
- Utilizing the Lake as a place for science, residential (coastline) and commercial pursuits;
- Laboratory space to help workforce development and assist with new industries;
- Housing stock: need to shift the mix to attract new residents at all points around the Lake.

The local workforce is also an asset to be developed, with a recognition that Lake County expanding is likely going to utilize local and regional workers.

Workforce Development

Workforce development in Lake County faces a reality of local students looking at regional and global opportunities, as well as being trained for local hiring. Assuming Lake County attracts more businesses and commercial activity, workforce development is recommended to expand its curricula and training in three, key ways to match to the targeted industries above:

- Consistently speak with industries in targeted areas primarily, and stay close to local employers
- Agricultural Supply Chain
 - Manufacturing jobs here if anywhere
 - Manufacturing and processing depends on choice of ag expansion
 - Logistics the next big issue: NE Lake County
- Tourism Supply Chain
 - Customer service focus to management: Lake County as a living lab
 - Event coordination: event planning and community development
- Science and Professional Business Supply Chain
 - Coding in Python and R, AutoCad and design, Adobe Creative Cloud suite
 - Lab workers: exportable jobs here also
 - Expansion of science curriculum at community college campuses

Summary Data as of 2018

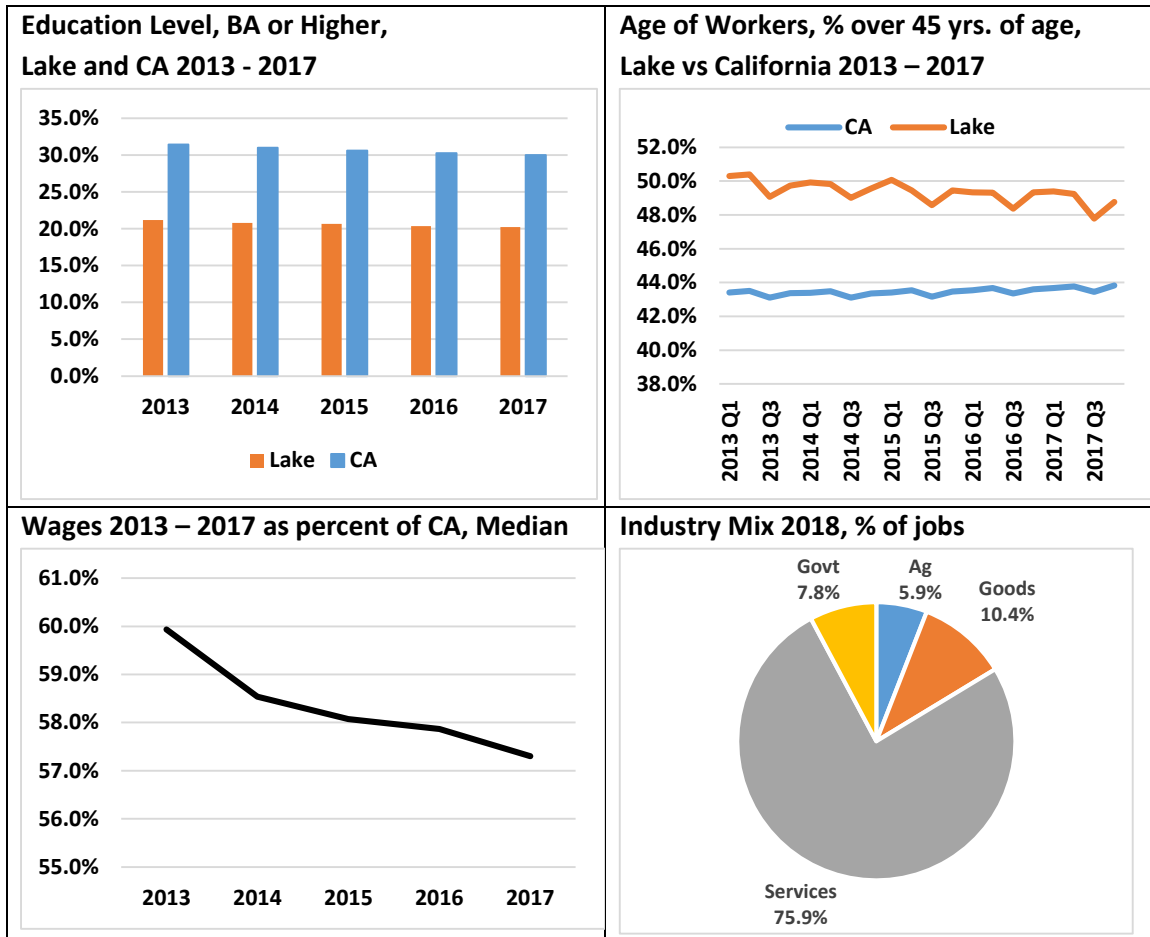
Since 2010, Lake County has recovered from the Great Recession, but has also suffered from four years of fires and their effects on housing and jobs. Key findings include:

- Lake County employment is forecasted to grow by 3,131 people before 2024;
- Including self-employed, there are 3,610 more workers forecasted across all occupations in Lake County by 2024;
- Lake County is forecasted to have 77,000 people by 2060 as residents;
- There are 1,300 more students forecasted in K-12 by 2025 for Lake County;

Additional details include:

- Lake County jobs growth is 25.2 percent since 2010 to 17,540 payroll workers in Sept 2018;
 - 580 new jobs in construction and manufacturing;
 - 440 in agriculture;
 - 2,520 in services and government jobs, dominated by social services, education and health care.
- Median Household Income and Personal Income has grown since 2010
 - In 2018 Q1, average weekly pay was \$748 in Lake County (up from \$601 in 2010 Q1), compared to \$1,020 in Sonoma County and \$1,029 in Napa County, and \$704 in Mendocino County.
 - Median household income was estimated at \$40,818 in 2016, up almost \$5,000 since 2010 (latest data as of October 2018);
 - Personal income less government transfers is up over \$6,800 per person since 2010.
 - Napa County is up \$18,000 and Sonoma County is up \$12,000 per resident
 - Lake County loses residents to jobs elsewhere than it brings in for jobs, suggesting the local labor force has better opportunities outside the county; but
 - This is an opportunity, as a skilled workforce is leaving daily but living in Lake County.

The graphics below are workforce metrics to consider monitoring over time. The industry mix is important as agriculture and goods markets (utilities, construction and manufacturing) may focus more on markets outside of Lake County, where services mainly provide for local markets.



Metrics to Follow

What Lake County has to offer new and existing businesses is limited versus other places in both the North Bay region and rural, northern California. A consistent data stream is only as good as it is used. The following “dashboard” is recommended, as well as comparative data for California and the surrounding counties and what question these data may answer for economic development:

- TOT growth: are tourism strategies becoming overnight stays?
- Sales tax growth: is retail spending rising, specifically in visitor-based categories?
- Education level of the workforce: are growing industries generating more educated workers?
- Growth of workforce in targeted sectors: is the strategy creating more jobs specifically in affected industries?
- Proportion of jobs with export focus: are these jobs growing?
- Commercial RE vacancy: is space filling and should all spaces continue to be counted?
- Comparative Quality of Life metric: air quality, traffic, home prices, crime, government payments, broadband, etc.
 - This metric can tell stories when rising, might be a struggle when falling;
 - Would need to consider what variables make this a comparative index.

Community Forums and What the People Said

This project held five community gatherings where the following questions were considered in a World Café format. The key was to provide a voice to concerns and changes coming.

<p>What about Lake County draws businesses to come, stay and grow in Lake County?</p> <ul style="list-style-type: none"> • Development potential • Cost of Doing Business • Quality of Life • Lack of Competition/Ease of Market Entry • ROI as a general theme, both monetary and non-pecuniary 	<p>What concerns do you have if more tourists come to Lake County?</p> <ul style="list-style-type: none"> • Infrastructure <ul style="list-style-type: none"> ○ Where will they stay, shop and eat? ○ Transportation • Residential Impact: Quality of Life <ul style="list-style-type: none"> ○ Traffic, adequate roads, law enforcement, housing • Will they come back? <ul style="list-style-type: none"> ○ Did they get what they wanted while in Lake County? ○ Were they pampered? ○ Impact on general resources: workforce and natural resources
<p>What is missing in Lake County that can help businesses stay and grow?</p> <ul style="list-style-type: none"> • Communications Technology • Infrastructure • Quality Workforce • Transportation 	<p>Why do people come to live and stay in Lake County?</p> <ul style="list-style-type: none"> • Affordability • Outdoor Recreation/Natural Environment • Lifestyle/Sense of Community
<p>What types of businesses can thrive in Lake County long-term?</p> <ul style="list-style-type: none"> • Services (incl construction) • Tourism • Agriculture/Nat Resources • Technology/Distance Work 	<p>What are your top three concerns about Lake County long-term?</p> <ul style="list-style-type: none"> • Won't get a handle on fire season: more fires • Won't band together to change image, utilize all assets • Won't proactively address lack of infrastructure (need a lot and need to start, but where?) • Safety: losing officers every day (crime high)

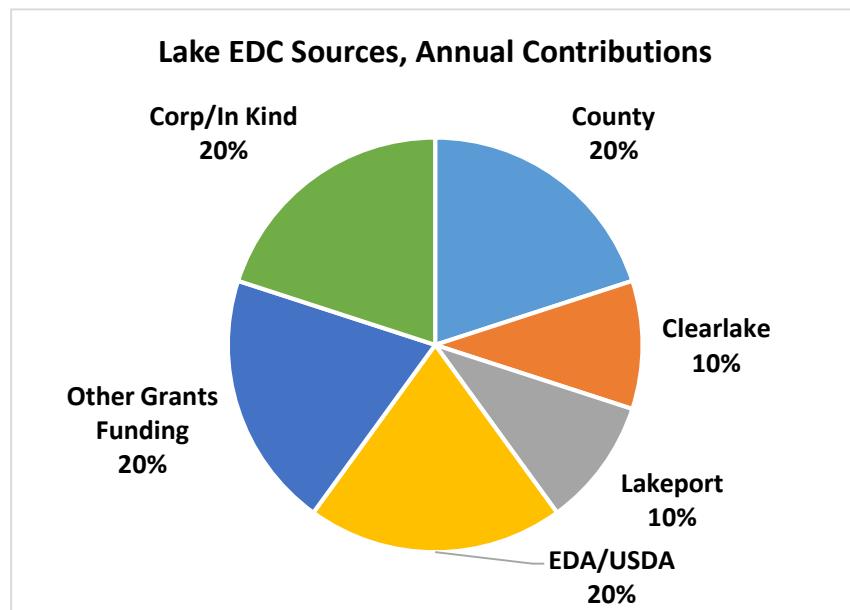
Three meta-themes stood out from these forums:

- Infrastructure to support businesses and residents a major concern;
- Concerns over fires and repeating annually becoming real in resident's minds; and
- As the economy changes, residents concerned over quality of life changing negatively.

Leadership, Budget and Messaging through 2025

If Lake County Economic Development Corporation (Lake EDC) is going to lead this effort, baseline budget needs to focus on general messaging and direct outreach efforts. How Lake EDC delivers on this strategy is a matter of planning and execution, but without budget and a shared vision in Lake County, nothing is going to happen short of indirect outcomes. The figure below shows a possible share of budget sources for Lake EDC, this strategy is a way to consider uses.

Each of the municipal governments needs to play a role in this funding, and each should have a voice, but none should dictate direction of activities. Focusing on generating leads for the targeted industries, messaging for both local residents and for those considering moving to



Lake County as business owners and residents, and helping to drive policy. Grant funding is likely to be pursued as part of the CEDS process and other needs. Grant funding may come from an array of sources, including EDA, FEMA, USDA, and other governmental agencies. There may also be some sharing of resources, in-kind contributions, where local businesses and residents volunteered or provided goods to help Lake EDC's efforts.

Challenges

Every county in California faces some industry, workforce and public finance challenges. The following is what we see as the major challenges facing Lake County:

- One year without fires;
- Marketing messages that can be consistent and speaking as one voice in the community about what Lake County is a great place;
- Loss of local budgets lead to challenges financing economic and workforce development within Lake County, thus reliance on grants and external funding becomes an additional expense;
- Different parts of Lake County face different challenges (City of Clearlake versus Middletown as the largest contrast);
- Regional competitive and Lake County starting a bit from behind.

Acknowledgements

EFA would like to thank those that volunteered to be on a guiding task force as part of this project's guidance and planning. We would also like to thank all that participated in the community forums. We thank Workforce Alliance of the North Bay, the County of Lake and Lake County EDC for their funding and specific guidance and help throughout this project.

Support Documents

There are various support documents for this project. The following are two lists, first the primary support documents associated with the strategy and various other reports and documents that may help efforts going forward.

Primary Documents

1. Planning Process and Community Forums
2. Targeted Industries
3. Workforce Development
4. Metrics to Watch
5. Peer and Aspirant Communities
6. Economic Development Planning Efforts and CEDS in Progress

Appendix: Supplemental Documents

1. Presentations and Notes, Task Force Meetings, as PDF files
2. Minutes from Task Force Meetings, as PDF files
3. City of Clearlake, Strategic Plan 2017
4. County of Lake CEDS Report, 2016
5. City of Lakeport Hotel Study (HVS)
6. City of Lakeport Strategic Plan, 2017-2022
7. Lake EDC Funding Study, 2018 (Infrastructure and Resilience Funding)
8. Community Forum Presentations as PDF files
9. Community Forum Notes (every comment made) as Excel files (XLSX)



LAKE COUNTY ECONOMIC DEVELOPMENT STRATEGY

1. PLANNING PROCESS AND COMMUNITY FORUMS

Overview

EFA approached this project by trying to answer four questions for Lake County:

- What businesses (or sectors) will come to, stay and grow in Lake County?
- Who will these businesses employ?
- How will government help these evolutions?
- What infrastructure investments are needed to help Lake County remain a sustainable (earth and people = place) community?

The process included data analysis, community forums, considerations of peer and aspirant communities, workforce development opportunities and challenges, infrastructure needs and foci versus projects already underway, government (at all levels) as a partner in any strategy going forward.

In June 2018 and October 2018, five community forums were held in Lake County. There was one for each supervisorial district. The forums focused on gathering community voices on specific questions in a World Café style: all participants were able to provide feedback on all questions asked. Final feedback became themes from each forum; those themes are reported below with raw notes and all feedback available as an appendix the overall strategy.

Recommendations

- Hold annual community forums as a way to update residents by supervisorial district;
- Consider stories that come from residents that are positive voices; and
- Consider quarterly updates on the strategy's movement to be send to all in Lake County.

Process

Phase I: Assets and Realities

The initial data-gathering phase of this project was two parts. The first was quantitative data gathering, including a recent WANB report, the recent CEDS report done by the County of Lake, strategic plans done by the cities of Lakeport and Clearlake, and many other data points from EMSI and the Caltrans/Economic Forecast Project joint venture.

It is important that this plan not be only about past data. This plan must be about how those data, and some forecasts that exist about both Lake County's communities and its employment levels, provide signposts along the path to a better Lake County. Historic data are just that: the past. Forecasts are only as good as their assumptions. But the data tell stories that others can see quickly, and may substantiate or dispel generally-accepted perceptions about Lake County, thus helping to shape this plan's final recommendations and key performance metrics.

Phase II: Planning and Reporting

The report is meant to identify what Lake County can and cannot be from the data, but also identify what metrics are the most significant to both measure progress but also forecast concerns and reasons to change direction.

Workforce development/training programs alignment is very important. Jobs growth is unlikely to change quickly in Lake County in any strategy, due to housing and transportation constraints. Much like other assets, simple questions need to be considered with workforce development:

- How important is labor in some industries in 10 years?
- Does Lake County rely on outside education and training programs to prepare workers?
- Can Lake County prepare workers that stay local even after trained?

The planning phase was assisted by community forum meetings to gain broad community feedback and hear residential and local business voices. Planning for public relations and outreach is just as important as planning for jobs growth. Five (5) town-hall meetings allowed for public engagement:

- Meetings were held in a World Café style to engage all who came; and
- These meetings help with community buy-in and positive momentum.

Phase III: Finalize and Execute the Plan

The final has initiatives and realism about what Lake County can actually do. There is a two-year window to start, as anything more than that is unrealistic given all the effects the county faces on a daily basis. A strategy and path to complete tasks is provided in the "Strategy" document of this project. This is an economic development and workforce development integrative strategy, with specific tactics and a schedule for the community to monitor. The "path" is guidance in a step-by-step way to get the effort started and linked to investments, community support, and ultimately telling more stories about Lake County as a place to live and work.

Project Guidance: Task Force

A task force of community leaders guided this process, met regularly, provided communications links and insight for each community in Lake County, and also provided their own feedback and expertise as Lake County residents. All task force members (see the Appendix) are either Lake County residents or lead businesses and organizations in Lake County. In meetings throughout this process, opportunities and challenges were identified and used in finalizing the strategy and plan.

Task Force Members

First	Last	Affiliation
Kaj	Ahlmann	Six Sigma Ranch
Stephanie	Ashworth	Bank of the West
Robin	Bartolow	North Coast Builders Exchange
Stacey	Caico	Workforce Alliance of the North Bay
Brock	Falkenberg	Lake County Office of Education
Alan	Flora	City of Clearlake
Greg	Folsom	City of Clearlake
Melissa	Fulton	Lake County Chamber of Commerce
Carol	Huchingson	County of Lake
Kevin	Ingram	City of Lakeport
Judith	Kanavle	Mendocino College
Annette	Lee	Yuba-Woodland Community College
Andy	Lucas	Lake County EDC
Jeff	Lucas	Lake County EDC
Ernesto	Padilla	County of Lake, Tribal Health
Monica	Rosenthal	Lake County EDC
Michelle	Scully	County of Lake
Wilda	Shock	Lake County EDC
Margaret	Silveira	City of Lakeport
Moke	Simon	Lake County Supervisor
Brenna	Sullivan	Lake County Farm Bureau
Bruce	Wilson	Workforce Alliance of the North Bay
Keith	Woods	North Coast Builders Exchange

One of the initial, key challenges of this group was to consider how important Clear Lake itself is as a tourist attraction in drawing residents and businesses. Perhaps surprisingly, the task force felt initially it was not that important. We see in the strategy document Clear Lake is a major asset, but has a specific set of purposes beyond an identifying, **differentiable** asset for Lake County.

This task force helped to shape the community forums held in the early stages to provide broader community feedback and guidance for this strategy.

Community Forums

The five (5) community forums were set up as “World Café” gatherings as described above, where four questions were asked at the three forums held in three different place in Lake County:

- What would draw a business to Lake County?
- What would draw a resident to Lake County?
- What challenges does Lake County face?
- What is the most important improvement Lake County can make for businesses?
- What types of businesses can thrive in Lake County long-term?
- What are your top three concerns about Lake County long-term?

These data from the community forum helped this plan do three things:

- Provided qualitative data on perceptions, knowledge, behaviors and attitudes of local residents and business owners;
- Acted like a survey instrument, but did so by gathering together people that are wanting to see Lake County improve; and
- Provided a way to talk about this plan and what it can and cannot do, and the philosophy behind the plan.

Conclusions and themes from the forums are as follows:

June 21 Community Forum in Middletown/Twin Pine Casino

<p>What about Lake County draws businesses to come, stay and grow in Lake County?</p> <ul style="list-style-type: none">• Development potential• Cost of Doing Business• Quality of Life• Lack of Competition/Ease of Market Entry• ROI as a general theme, both monetary and non-pecuniary	<p>What concerns do you have if more tourists come to Lake County?</p> <ul style="list-style-type: none">• Infrastructure<ul style="list-style-type: none">• Where will they stay, shop and eat?• Transportation• Residential Impact: Quality of Life<ul style="list-style-type: none">• Traffic, adequate roads, law enforcement, housing• Will they come back?<ul style="list-style-type: none">• Did they get what they wanted while in Lake County?• Were they pampered?• Impact on general resources: workforce and natural resources
<p>What is missing in Lake County that can help businesses stay and grow?</p> <ul style="list-style-type: none">• Communications Technology• Infrastructure• Quality Workforce• Transportation	<p>Why do people come to live and stay in Lake County?</p> <ul style="list-style-type: none">• Quality Environmental Aspects• Quality/Family/Small Town/Safe/Affordable• Centrally located to large urban areas by not impacted• Agricultural attributes

June 26 Community Forum in Lakeport

<p>What about Lake County draws businesses to come, stay and grow in Lake County?</p> <ul style="list-style-type: none"> • Affordability (land and labor) • Demographics that fit their business model • Lifestyle • Room for growth 	<p>What concerns do you have if more tourists come to Lake County?</p> <ul style="list-style-type: none"> • We're not ready to serve or accommodate more tourists • Impacts on traffic, parking and housing availability • Stress on public services and infrastructure • Negative impacts on the lake
<p>What is missing in Lake County that can help businesses stay and grow?</p> <ul style="list-style-type: none"> • Infrastructure <ul style="list-style-type: none"> • Broadband • Roads • Housing • Airport • Code Enforcement • Workforce <ul style="list-style-type: none"> • Recruit/Retain • Training, Skills, Education • Vibrant, artistic community <ul style="list-style-type: none"> • Education system with arts programs • Marketing • Venues • Major Conference Center 	<p>Why do people come to live and stay in Lake County?</p> <ul style="list-style-type: none"> • Affordability • Outdoor Recreation/Natural Environment • Lifestyle/Sense of Community

June 27 Community Forum in Clear Lake

<p>What about Lake County draws businesses to come, stay and grow in Lake County?</p> <ul style="list-style-type: none"> • Affordability • Natural beauty and resources • Lifestyle: Small town and community • Growth potential 	<p>What concerns do you have if more tourists come to Lake County?</p> <ul style="list-style-type: none"> • Balance and steady: the choices available • Local, local involvement • Communicate to locals and residents: re Tourism
<p>What is missing in Lake County that can help businesses stay and grow?</p> <ul style="list-style-type: none"> • Technology: Broadband and WI-FI • Business infrastructure: Clean-up community • Employee and Business/Employer Development: Customer service • Policies: Business friendly, clear and consistent, environment advantages 	<p>Why do people come to live and stay in Lake County?</p> <ul style="list-style-type: none"> • Environment: Lake, Night Sky, Nature and Wildlife, Weather, Location • Economic Benefit: Low-cost housing, Veteran's Support, Affordable, Big Fish in Little Pond • Agriculture: Land, wine, cannabis, GMO-Free and Organic potential • Community: Friendliness, education, pride, small size, history

October 24 Community Forum in Upper Lake

<p>What types of businesses can thrive in Lake County long-term?</p> <ul style="list-style-type: none"> • Agriculture and food system • Wine, pears, development of grocery co-ops, etc. • Tourism • Outdoor activities, arts • Call Center/Telecom Support • Data and tech otherwise (not city dependent)/science • Urgent care • Light manufacturing 	<p>What concerns do you have if more tourists come to Lake County?</p> <ul style="list-style-type: none"> • Housing • Safety • Things to do for visitors not here • Branding for the “right” kind of visitor • Limited labor force
<p>What is missing in Lake County that can help businesses stay and grow?</p> <ul style="list-style-type: none"> • Infrastructure • Water/sewer, airport, access to capital, housing • Educated labor force • Medical and health care services availability • Place making and value-added products • Tourists: general 	<p>What are your top three concerns about Lake County long-term?</p> <ul style="list-style-type: none"> • Won’t get a handle on fire season: more fires • Won’t band together to change image, utilize all assets • Won’t proactively address lack of infrastructure (need a lot and need to start, but where?) • Safety: losing officers every day (crime high)

October 25 Community Forum in Kelseyville

<p>What types of businesses can thrive in Lake County long-term?</p> <ul style="list-style-type: none"> • Services (incl construction) • Tourism • Agriculture/Nat Resources • Technology/Distance Work 	<p>What concerns do you have if more tourists come to Lake County?</p> <ul style="list-style-type: none"> • Transportation • Public Safety • Support services • Maintain the ecology • Marketing: positive messaging pre and positive feelings post
<p>What is missing in Lake County that can help businesses stay and grow?</p> <ul style="list-style-type: none"> • Nurture to increase skill set of workers to meet the demand of businesses • Marketing (county and businesses develop a partnership to market together or separate, with a common vision) • Utilities: broadband, transportation (public), facilitation to work through the process (licensing, permitting, etc.) • More engagement faster • Quicker processing (utilize technology in process) 	<p>What are your top three concerns about Lake County long-term?</p> <ul style="list-style-type: none"> • Infrastructure • Roads, parks, etc. • Business Dev • Growth, deal with downturns, seasons, etc. • Environmental • Preservation of ecology, Lake, air quality, global warming mitigation, etc. • Defining what Lake County is or can be?

Three meta-themes stood out from the forums:

- Infrastructure to support businesses and residents a major concern;
- Concerns over fires and repeating annually becoming real in resident's minds; and
- As the economy changes, residents concerned over quality of life changing negatively.

Summary

The planning process, the community forums and the final strategy were all meant to be collaborative processes with inclusion of many voices. Many of the task force members participated in the community forums; the forums had over 120 in attendance in sum. Going forward, it is critical that all in Lake County participate in making their voices heard, speaking positively about Lake County where possible, and recognize that everyone needs to be involved in economic development to succeed.



LAKE COUNTY ECONOMIC DEVELOPMENT STRATEGY

2. TARGETED INDUSTRIES

The following industries are recommended as targets of economic development efforts due to each providing these benefits using these ideas as primary filters:

- Export focus, leading to large multiplier or ripple effects in the local economy;
- Increasing economic mobility for workers;
- Utilizing assets Lake County has now as a foundation; and
- Lake County is made differentiable regionally.

The larger the revenue multiplier, the more the local business utilizes local supply chain links and also looks at markets outside Lake County for revenues.

Targeted Industries

- Agricultural Supply Chain
 - Manufacturing, distribution beyond the field or vineyard
 - May include cannabis: think beyond the pipe
 - Play to strengths and consider niche: regional processing for regional farmers
- Tourism: Ag to Health Care
 - Expanding why people come to Lake County
 - Coordination of events, includes transportation
- University-based science: drawing in science using Lake County's assets
 - Build partnerships with three or four major universities
 - Tied to tourism, but more like business development
- Home-based professional businesses with outside markets
 - Need reliable broadband, residents that have businesses will demand this
 - Ties to workforce development here also

Targeted Industries: The Foci of Economic Development Efforts

After many discussions and considerations of what industries would both best fit Lake County and also have some resilience in Lake County's economy, the following choices continued to come up:

- Tourism, with an emphasis on Konocti re-opening strongly;
- Agriculture, with some links to tourism;
- Manufacturing (in many forms, but most likely food and beverage); and
- Health care.

The idea of targeting industries in economic development is not new. In the early 2000s, a nascent movement became manifest generally toward "triple-bottom line" development brought green building, environmental sustainability, and other practices with a focus on the planet/natural environment into vogue. We found that many companies were heading that way and the word "sustainability" became a household word in strategic planning. For Lake County, these concepts may have more specific meaning: can Lake County become a place where businesses that use the county's natural assets, beauty and environment

The metrics to make decisions and evolve these choices are also debated and shift from time to time. The idea of a "location quotient" (LQ), where relative employment in the local area to a broader marketplace may point toward opportunity gave way to "shift share" concepts. Shift share uses the LQ and expands to include macroeconomic trends and regional data more completely. Shift share is a standard regional analysis method that attempts to determine how much of regional job growth can be attributed to national trends and how much is due to unique regional factors. Shift share helps answer why employment is growing or declining in a regional industry, cluster, or occupation.

Economic Modeling ([EMSI](#)) is a service used by the Workforce alliance of the North Bay that estimates "shift share" by splitting regional job growth into three components: (1) industrial mix effect, (2) national growth effect, and (3) regional competitive effect. In addition, a time frame (start year and end year) is required to perform shift share analysis, since shift share deals with job growth over time. The list below shows Lake County's top-ten industries for shift share:

- Services for the Elderly and Persons with Disabilities;
- Local Government, Excluding Education and Hospitals;
- General Medical and Surgical Hospitals;
- Farm Labor Contractors and Crew Leaders;
- All Other Outpatient Care Centers;
- Elementary and Secondary Schools (Local Government);
- Soil Preparation, Planting, and Cultivating;
- Geothermal Electric Power Generation;
- Full-Service Restaurants; and
- Supermarkets and Other Grocery (except Convenience) Stores.

The ten industries with the smallest shift share, according to EMSI, are:

- Site Preparation Contractors;
- Commercial Banking;
- Newspaper Publishers;
- Offices of Physicians;
- Child Day Care Services;
- Offices of Real Estate Agents and Brokers;
- Religious Organizations;
- Hotels and Motels;
- Private Household Employment (full-time personal assistants);
- Crop Production.

For the top-ten industries, the predicted jobs growth between 2018 and 2023 for Lake County is 1,913 more jobs, where the bottom ten is 441 fewer jobs in those industries. Shift share is computed in the following ways, the sum of the effect “scores”:

- Industry mix effect = the number of jobs affected by how the specific industry is performing at the national level (i.e., what the percentage growth or decline in hospitals is predicted to be nationally like a location quotient);
- National mix effect = the number of jobs affected by how the national economy is predicted to perform, i.e. is the industry growing with or against the economic cycle and by what “multiplier”; and
- Regional Competitiveness effect = the number of jobs that are based on how well an industry performs regionally, as different from the national trends, much like a dynamic location quotient.

In each case, you take the current employment level, multiply it by the estimated percentage growth or decline in the industry, national economy, and then regional economy, and add up the numbers as a way to calculate the “share” of the local economy’s “shift” to higher or lower employment.

So What on Shift Share

Like any other statistic, this should be measured and discussed in a relative way. Relatively large shift share data is going to be driven by national trends under the assumption that the local economy ultimately follows the national and state economies, with some portion of regional effects helping guide the data. Qualitatively, economic development strategies and support ultimately dictate how the local economy is able to harness national trends that affect either current businesses or potential new businesses that find a local market.

Industry Multipliers and “Bang for Buck”

The multiplier effect is how the expansion of one industry can expand others. In some cases, this does not involve employment initially; a commercial space may be built that houses a cannery using a machine and very few workers. However, those workers live locally and spend their wages. The business uses local vendors and service providers when needed, and purchases supplies locally, which employs more people and provides more local profits. In turn, these additional economic flows also provide more government revenue across all municipalities.

However, there are leakages from the system. Supply chain links can be broken locally and lead to resources flowing away from the local area. In rural settings, agriculture may have strong supply chains locally; wineries are self-contained with local vineyards and bottling operations, vineyard management, fencing, trellis systems businesses, plumbing, and other maintenance is all local. Trucking may come from outside the county, as might glass, barrels, labeling, marketing expertise, social media consulting, distribution, and broader retail. Some of these leakages are the fate of rural California; leakages exist in major metropolitan, urban areas also. Part of economic development is to reduce those leakages, as the multiplier effects and amount of dollars circulating and jobs supported rise as a result.

For Lake County, below is a sample of top “revenue” multiplier businesses in the private sector (thus excluding local and state government because those revenues originate from the local economy or in Sacramento or both), where in Table 1 an additional dollar in revenue provides more than \$1 to Lake County. This includes new taxes, wages and profits.

- Distilleries
- Wireless Telecommunications Carriers (except Satellite);
- Breweries;
- Coffee and Tea Manufacturing;
- Logging;
- Timber Tract Operations;
- Meat Processed from Carcasses;
- Animal (except Poultry) Slaughtering;
- Casinos;
- Wired Telecommunications Carriers;
- Truck, Utility Trailer, and RV (Recreational Vehicle) Rental and Leasing;

Table 1 is sorted by the revenue multiplier, where the targeted industries can be seen throughout the lists toward the top.

Table 1: Revenue, Jobs and Wages Multipliers, 2017 Data, EMSI, Total Impacts of \$1 more

Industry	Revenues	Jobs	Wages
Real Estate	1.43	1.49	1.51
Performing Arts and Spectator Sports	1.42	1.25	1.46
Oil and Gas Extraction	1.38	1.23	1.33
Direct to Consumer Retailers	1.38	1.22	1.34
Crop Production	1.37	1.51	1.58
Electronic Markets and Agents/Brokers	1.37	1.38	1.32
Rail Transportation	1.37	1.94	1.34
Electronics and Appliance Stores	1.36	1.37	1.32
Health and Personal Care Stores	1.36	1.27	1.32
Gasoline Stations	1.36	1.31	1.32
Miscellaneous Store Retailers	1.36	1.22	1.32
Fishing, Hunting and Trapping	1.35	1.11	1.23
ISPs, Search Portals, & Data Processing	1.34	1.23	1.29
Forestry and Logging	1.33	0.97	1.16
Accommodation/Hotels	1.33	1.12	1.17
Motor Vehicle and Parts Dealers	1.32	1.15	1.11
Animal Production and Aquaculture	1.31	1.35	1.45
Postal Service	1.31	1.22	1.18
Sporting Goods/Hobby/Book/Music Stores	1.30	0.99	1.11
Couriers and Messengers	1.30	1.21	1.23
Merchant Wholesalers, Nondurable Goods	1.29	1.00	1.02
Telecommunications	1.29	2.11	1.26
Educational Services	1.29	0.96	1.06
Personal and Laundry Services	1.29	0.97	1.07
Specialty Trade Contractors	1.28	1.19	1.19
Clothing and Clothing Accessories Stores	1.28	0.90	1.02
Utilities	1.27	1.26	0.94
Construction of Buildings	1.27	1.16	1.18
Heavy and Civil Engineering Construction	1.27	1.13	1.18
Furniture and Home Furnishings Stores	1.27	0.98	0.99
Truck Transportation	1.27	1.39	1.25
Insurance Carriers & Related Activities	1.27	0.88	0.77
Professional and Technical Services	1.27	1.09	1.10
Administrative and Support Services	1.27	1.06	1.11
Nursing and Residential Care Facilities	1.27	1.00	0.99
Scenic and Sightseeing Transportation	1.26	0.79	0.89
Rental and Leasing Services	1.26	1.11	0.93
Ambulatory Health Care Services	1.26	1.20	1.07
Social Assistance	1.25	1.05	1.05
Building Material & Garden Supply Stores	1.24	0.90	0.88
Warehousing and Storage	1.24	0.89	0.89
Food Services and Drinking Places	1.24	0.97	1.04
Food and Beverage Stores	1.23	0.77	0.83
General Merchandise Stores	1.23	0.82	0.86
Publishing Industries	1.23	0.84	0.91
Repair and Maintenance	1.23	1.11	1.11
Credit Intermediation & Related Activity	1.22	0.91	0.82

Table 1: Revenue, Jobs and Wages Multipliers, 2017 Data, EMSI, Total Impacts of \$1 more (cont.)

Industry	Revenues	Jobs	Wages
Motion Picture & Sound Recording	1.21	0.68	0.71
Agriculture & Forestry Support Activity	1.20	0.96	0.96
Museums, Parks and Historical Sites	1.20	0.62	0.65
Amusement, Gambling & Recreation Ind	1.20	0.65	0.70
Membership Organizations & Associations	1.19	0.71	0.75
Private Households	1.19	1.04	1.07
Federal Govt	1.19	1.48	1.33
Local Govt	1.19	0.89	0.85
Printing and Related Support Activities	1.18	0.89	0.89
Merchant Wholesalers, Durable Goods	1.17	0.58	0.60
Beverage & Tobacco Product Manufacturing (Mfg)	1.16	1.27	0.94
Waste Management and Remediation Service	1.16	0.73	0.60
Transit and Ground Passenger Transport	1.13	0.40	0.45
Financial Investment & Related Activity	1.13	0.66	0.73
Textile Product Mills	1.12	0.71	0.73
Pipeline Transportation	1.11	0.71	0.37
State Govt	1.11	0.83	0.64
Management Consulting	1.09	0.47	0.40
Hospitals	1.09	0.51	0.40
Miscellaneous Manufacturing	1.08	0.49	0.51
Support Activities for Transportation	1.08	0.31	0.30
Broadcasting (except Internet)	1.08	0.37	0.35
Other Information Services	1.08	0.31	0.31
Mining (except Oil and Gas)	1.07	0.28	0.26
Wood Product Manufacturing	1.07	0.41	0.38
Chemical Manufacturing	1.07	0.41	0.33
Nonmetallic Mineral Product Mfg	1.07	0.33	0.35
Furniture and Related Product Mfg	1.07	0.49	0.49
Water Transportation	1.07	0.37	0.31
Support Activities for Mining	1.06	0.26	0.23
Food Manufacturing	1.06	0.70	0.38
Apparel Manufacturing	1.06	0.36	0.38
Petroleum & Coal Products Manufacturing	1.05	0.30	0.26
Fabricated Metal Product Manufacturing	1.05	0.27	0.27
Machinery Manufacturing	1.05	0.36	0.33
Computer and Electronic Product Mfg	1.05	0.23	0.19
Textile Mills	1.03	0.16	0.18
Funds, Trusts & Other Financial Vehicles	1.03	0.24	0.21
Plastics & Rubber Products Manufacturing	1.01	0.09	0.08
Transportation Equipment Manufacturing	1.01	0.05	0.04
Leather and Allied Product Manufacturing	1.00	0.00	0.00
Paper Manufacturing	1.00	0.00	0.00
Primary Metal Manufacturing	1.00	0.00	0.00
Electrical Equipment and Appliances	1.00	0.00	0.00
Air Transportation	1.00	0.00	0.00



LAKE COUNTY ECONOMIC DEVELOPMENT STRATEGY

WORKFORCE DEVELOPMENT

Overview

Lake County's labor market has many links to its neighboring counties. Such links create challenges and opportunities for any economic development strategy. For Lake County, major employers are government, health care, retail, and personal services businesses. Some of these businesses support tourism also, where there is a mix local support and visitor support happening in season. Agriculture is another large employer, where there is also a focus on "export" products; manufacturing is part of this in the labor market information due mainly to the wine industry. Construction employment is like an export industry based on regional demand for construction work.

Recommendations

- Speak with industries in targeted areas primarily, and stay close to local employers
- Agricultural Supply Chain
 - Manufacturing jobs here if anywhere
 - Manufacturing and processing depends on choice of ag expansion
 - Logistics the next big issue: NE Lake County
- Tourism Supply Chain
 - Customer service focus to management: Lake County as a living lab
 - Event coordination: event planning and community development
 - May include some ride-sharing self-proprietors
- Science and Professional Business Supply Chain
 - Coding in Python and R, AutoCad and design, Adobe Creative Cloud suite
 - Lab workers: exportable jobs here also
 - Expansion of science curriculum at community college campuses

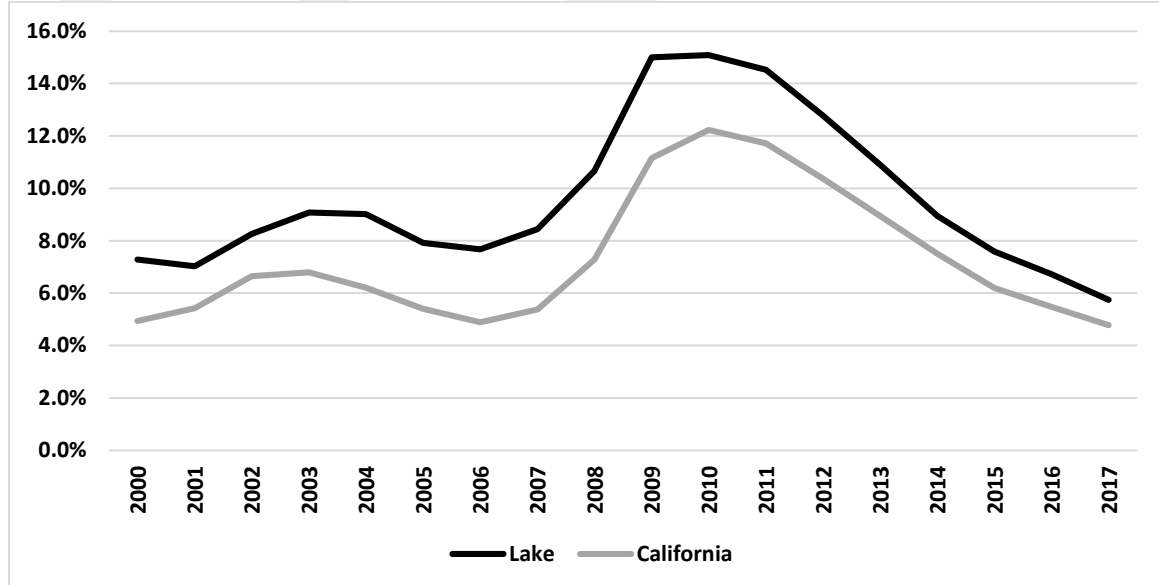
Workforce Development and Labor Markets

Lake County has challenges as a rural county close to a growing suburban area in California. Training programs for local workers need to be adaptive to changing economics and demographics and stay connected to **both** local and regional employers. We see in the data that wages are relatively low versus the region. The county's labor force is also less-educated and older than the regional or state average.

Using data from EMSI (see <http://www.economicmodeling.com> for more), the figures below compare and contrast Lake County's labor market information with other counties and California overall. Wage data provides a way to look at both employer groupings and occupations and what pay is provided. These data show the evolution of real wages, or after-inflation wages levels. Real wages are a reflection of purchasing power and shows what employers and occupations make above the median level for Lake County.

Figure 1 shows that Lake County, at least since 2000, has followed the state trend at losing jobs and also regaining jobs per the unemployment rate. The gap has narrowed since 2015, narrowing may be due to many factors.

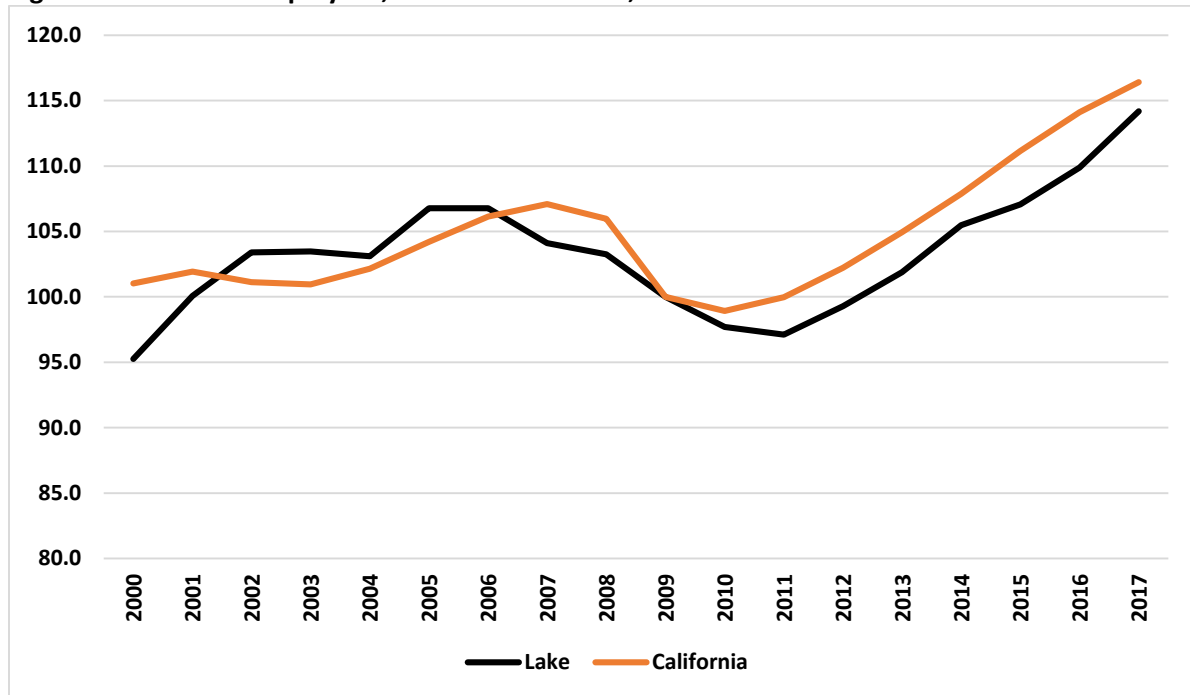
Figure 1: Unemployment Rate, 2000-2017, Lake County and California, Percentage of Labor Force



Source: California EDD (<http://www.labormarketinfo.edd.ca.gov/Content.asp?pageid=1005>) and Author's Calculations

Figure 2 shows Lake County increasing the number of workers annually, speeding up after 2015. Figure 2 is non-farm employment, and a measure of how local employers are employing people, not how residents are finding or not finding work (which is reflected partially in the unemployment rate). Figure 2's data do not reflect self-employment.

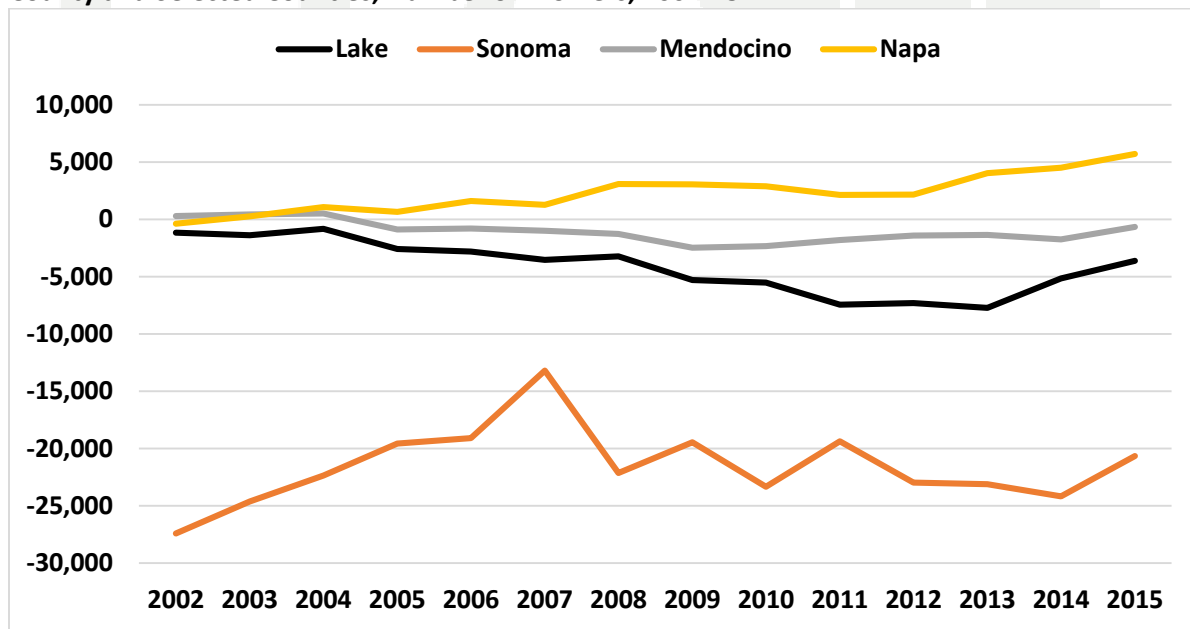
Figure 2: Non-Farm Employees, Lake and California, 2000-2017



Source: California EDD (<http://www.labormarketinfo.edd.ca.gov/Content.asp?pageid=1005>) and Author's Calculations

Figure 3 is the movement of workers, in net, inside the indicated area and outside. Lake County saw more outflow of residents to work from 2004 to 2013, and that trend reversed a bit in 2014. Notice Sonoma County has a net outflow of workers, as there are more working residents in Sonoma County than work available given regional competition in labor markets.

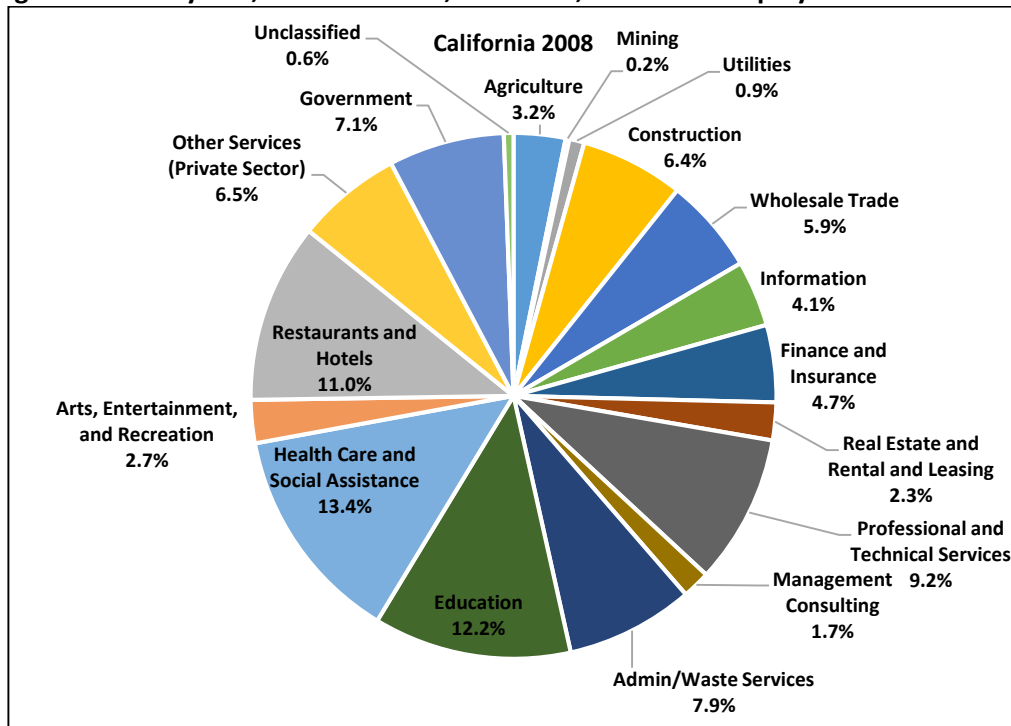
Figure 3: Net Inflow (+) or Outflow (-) workers as percentage of total employment, Lake County and Selected Counties, Number of Workers, 2002-15



Source: Census Bureau (<https://onthemap.ces.census.gov/>) and Author's Calculations

Figure 4 shows the evolution of California's economy in terms of jobs mix. The first panel is 2008 (just before the Great Recession and then 2017 (the latest annual data). Figure 5 shows the same for Lake County.

Figure 4 Industry Mix, 2008 and 2017, California, % of Total Employment



Source: EMSI (www.economicmodeling.com) and Author's Calculations

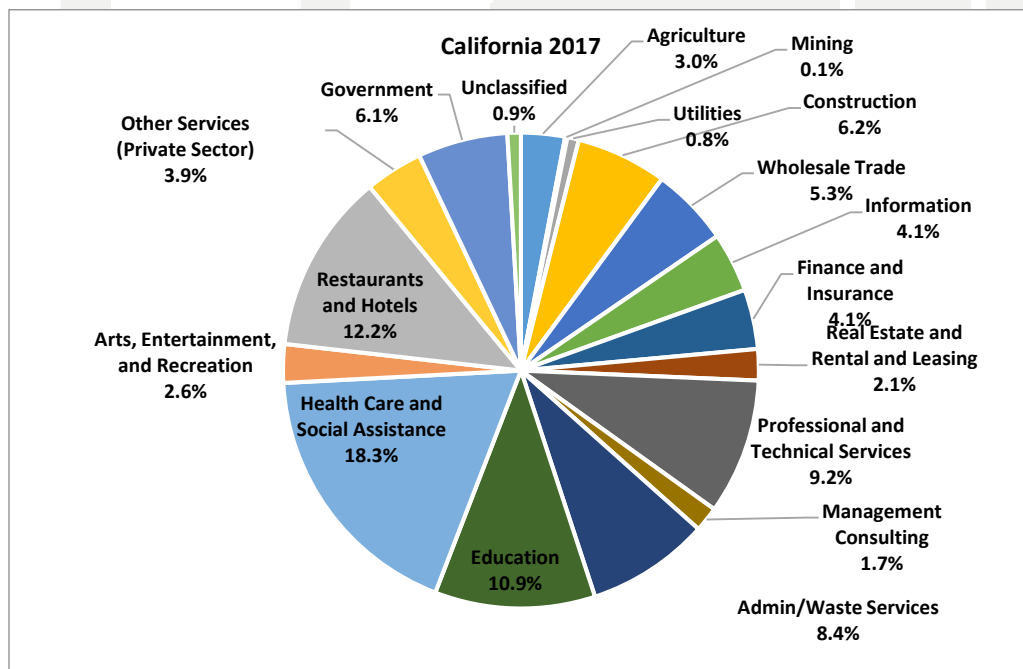
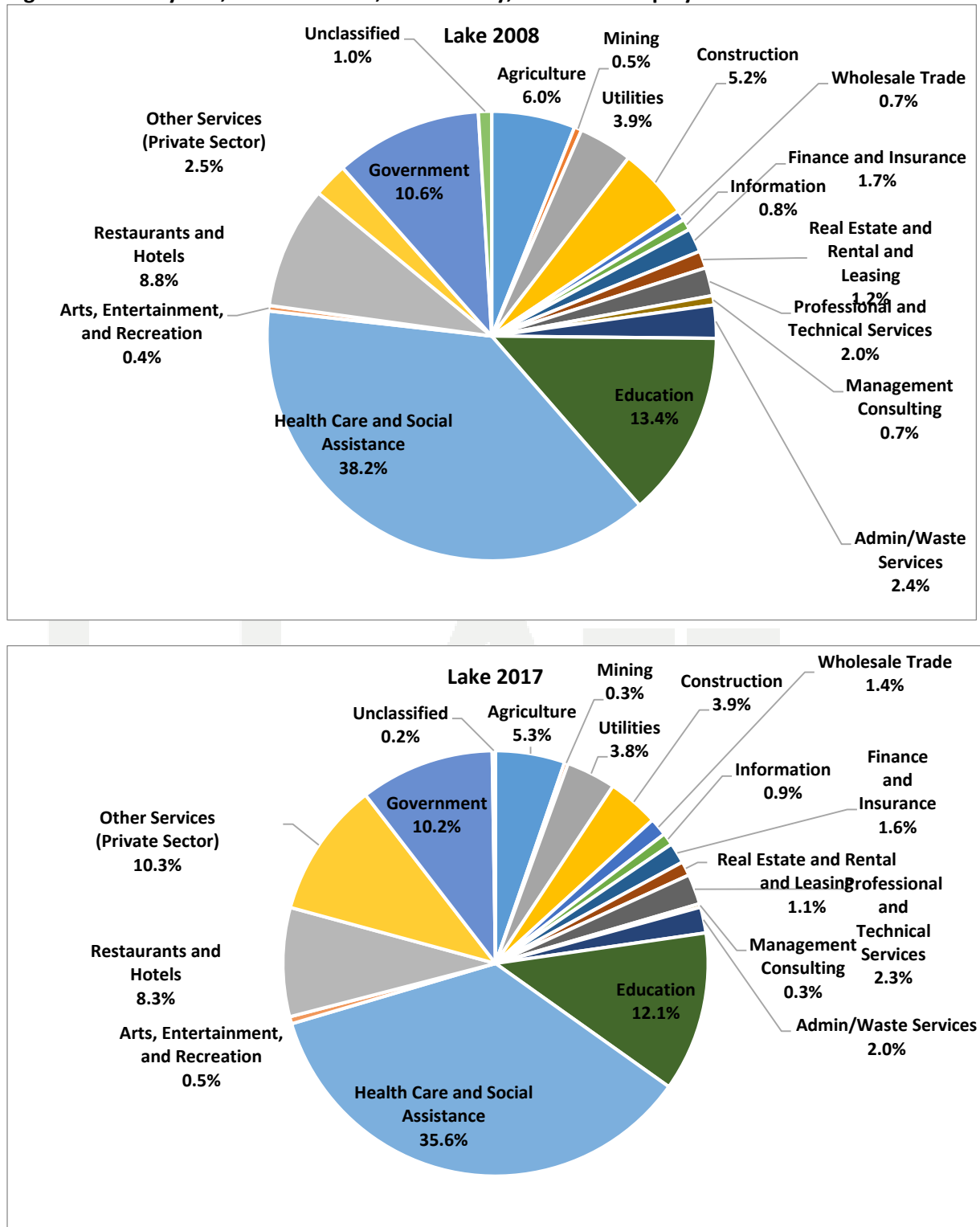


Figure 5: Industry Mix, 2008 and 2017, Lake County, % of Total Employment



Source: EMSI (www.economicmodeling.com) and Author's Calculations

Figure 6 and 7 compare wages in 2010 and 2018 Quarter 1. Due to minimum wage laws and California's economy growing more quickly than Lake County's after the recession, Lake County wages lag the state in many occupations. This is an opportunity to showcase a currently, less-

expensive workforce as economic development, and median wages should be monitored as employment grows.

Figure 6: Wages in Lake County, Occupational Categories, 2018 Quarter 1, Current Dollars, % of Median

2018 Quarter 1 Wages, Lake County	25th Percentile	Median 50th Percentile	75th Percentile	Median Wages California	Lake County % of CA
Overall Average	\$12.17	\$17.33	\$27.03	\$28.12	61.6%
Management	\$26.43	\$36.50	\$52.45	\$64.88	56.3%
Business and Financial Operations	\$20.76	\$26.78	\$34.36	\$40.97	65.4%
Computer and Mathematical	\$22.73	\$29.80	\$38.75	\$51.44	57.9%
Architecture and Engineering	\$27.40	\$37.88	\$51.15	\$48.61	77.9%
Life, Physical, and Social Science	\$17.87	\$28.12	\$40.13	\$40.28	69.8%
Community and Social Services	\$15.59	\$21.24	\$28.11	\$26.85	79.1%
Legal	\$27.88	\$35.02	\$45.45	\$63.05	55.5%
Education, Training, and Library	\$16.59	\$26.86	\$38.20	\$31.06	86.5%
Arts, Design, Entertainment, Sports, and Media	\$14.52	\$19.34	\$27.00	\$35.42	54.6%
Healthcare Practitioners and Technical	\$24.99	\$37.11	\$54.60	\$46.93	79.1%
Healthcare Support	\$12.95	\$15.77	\$19.39	\$18.34	86.0%
Protective Service	\$18.31	\$29.39	\$42.16	\$29.11	101.0%
Food Preparation and Serving-Related	\$11.13	\$12.00	\$14.06	\$13.98	85.8%
Building and Grounds Cleaning and Maintenance	\$11.24	\$12.57	\$16.59	\$16.31	77.1%
Personal Care and Service	\$11.08	\$11.81	\$13.14	\$14.25	82.9%
Sales and Related	\$11.22	\$12.70	\$17.80	\$21.60	58.8%
Office and Administrative Support	\$13.15	\$17.17	\$21.68	\$20.58	83.4%
Farming, Fishing, and Forestry	\$11.39	\$13.51	\$18.42	\$12.84	105.2%
Construction and Extraction	\$18.11	\$23.87	\$29.55	\$28.39	84.1%
Installation, Maintenance, and Repair	\$15.18	\$19.50	\$26.62	\$25.72	75.8%
Production	\$12.68	\$16.39	\$21.63	\$18.92	86.6%
Transportation and Material Moving	\$12.42	\$16.77	\$22.18	\$18.86	88.9%

Source: EMSI (www.economicmodeling.com) and Author's Calculations

Figure 7: Wages in Lake County, Occupational Categories, 2010 Quarter 1, Current Dollars, % of Median

2010 Quarter 1 Wages, Lake County	25th Percentile	Median 50th Percentile	75th Percentile	Median Wages California	Lake County % of CA
Overall Average	\$10.38	\$15.19	\$23.32	\$18.12	83.8%
Management	\$21.77	\$32.65	\$45.71	\$50.17	65.1%
Business and Financial Operations	\$18.35	\$23.33	\$30.14	\$31.47	74.1%
Computer and Mathematical	\$17.71	\$24.52	\$32.89	\$40.45	60.6%
Architecture and Engineering	\$24.44	\$32.49	\$44.85	\$39.74	81.8%
Life, Physical, and Social Science	\$16.97	\$24.17	\$32.88	\$32.64	74.1%
Community and Social Services	\$13.92	\$18.43	\$25.03	\$22.55	81.7%
Legal	\$19.30	\$29.28	\$36.09	\$46.61	62.8%
Education, Training, and Library	\$13.48	\$21.93	\$30.25	\$25.19	87.1%
Arts, Design, Entertainment, Sports, and Media	\$12.04	\$16.19	\$23.33	\$24.72	65.5%
Healthcare Practitioners and Technical	\$22.44	\$31.62	\$44.71	\$35.61	88.8%
Healthcare Support	\$10.14	\$12.74	\$15.52	\$13.39	95.1%
Protective Service	\$14.98	\$23.79	\$35.66	\$22.26	106.9%
Food Preparation and Serving-Related	\$8.71	\$9.29	\$10.37	\$9.43	98.5%
Building and Grounds Cleaning and Maintenance	\$9.79	\$12.61	\$15.72	\$11.72	107.6%
Personal Care and Service	\$9.11	\$10.40	\$12.92	\$10.95	95.0%
Sales and Related	\$9.11	\$11.09	\$15.52	\$12.84	86.4%
Office and Administrative Support	\$11.29	\$14.64	\$18.80	\$16.47	88.9%
Farming, Fishing, and Forestry	\$9.19	\$11.44	\$16.05	\$9.08	126.0%
Construction and Extraction	\$15.76	\$20.63	\$26.20	\$23.17	89.0%
Installation, Maintenance, and Repair	\$13.33	\$17.86	\$24.01	\$21.64	82.5%
Production	\$10.68	\$14.47	\$20.07	\$13.64	106.1%
Transportation and Material Moving	\$10.88	\$14.74	\$18.77	\$13.75	107.2%

Source: EMSI (www.economicmodeling.com) and Author's Calculations

For Lake County, labor force forecasts like Figure 8's data suggest that the total jobs to come by 2022 in Lake County is 1,579 additional jobs. Most of those jobs will be in personal services, healthcare, office and administrative support, and community and social services under the current assumptions. While these are one of many possible fates for Lake County employment by occupation, economic development efforts can help shape these outcomes.

Figure 8: Jobs by Occupation in Lake County, Occupational Categories, 2010, 2017, 2022, Full-Time Equivalent workers

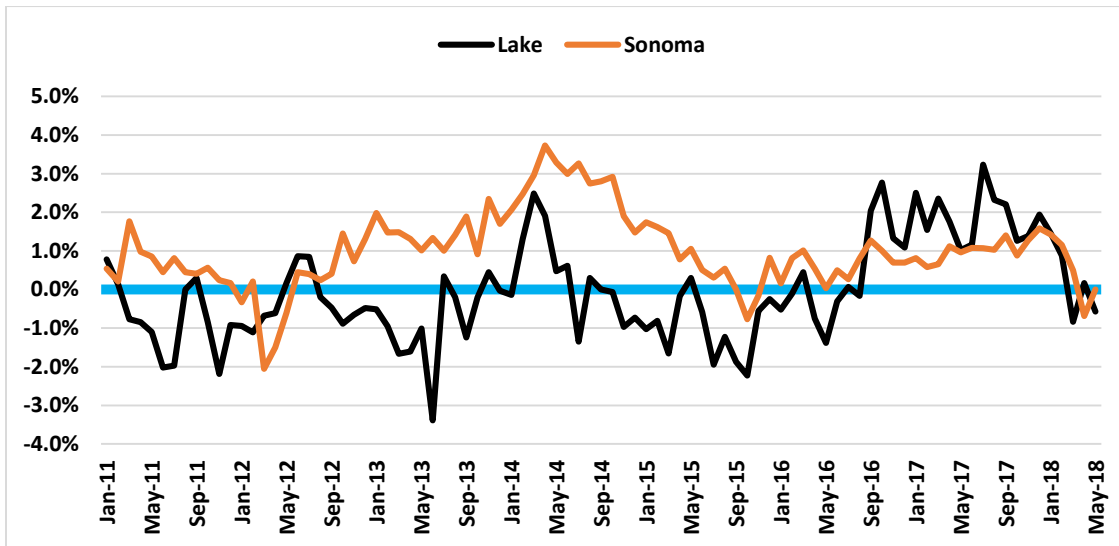
Occupations	2010	2017	2022	Change 2010-17	Change 2017-22
Total Jobs	15,948	17,897	19,476	1,949	1,579
Management	878	1,059	1,130	181	71
Business and Financial Operations	396	441	462	45	21
Computer and Mathematical	111	110	120	-1	10
Architecture and Engineering	40	51	56	11	5
Life, Physical, and Social Science	113	119	125	6	6
Community and Social Services	303	717	828	414	111
Legal	82	75	71	-7	-4
Education, Training, and Library	1,345	1,450	1,534	105	84
Arts, Design, Entertainment, Sports, and Media	155	156	177	1	21
Healthcare Practitioners and Technical	685	1,065	1,230	380	165
Healthcare Support	333	524	636	191	112
Protective Service	464	520	562	56	42
Food Preparation and Serving-Related	1,281	1,441	1,533	160	92
Building and Grounds Cleaning and Maintenance	1,143	901	914	-242	13
Personal Care and Service	1,414	1,018	1,263	-396	245
Sales and Related	1,676	1,824	1,940	148	116
Office and Administrative Support	2,074	2,564	2,717	490	153
Farming, Fishing, and Forestry	796	795	869	-1	74
Construction and Extraction	842	929	975	87	46
Installation, Maintenance, and Repair	703	821	883	118	62
Production	425	507	559	181	71
Transportation and Material Moving	690	810	891	45	21

Source: EMSI (www.economicmodeling.com) and Author's Calculations

Effects of the fires on Jobs

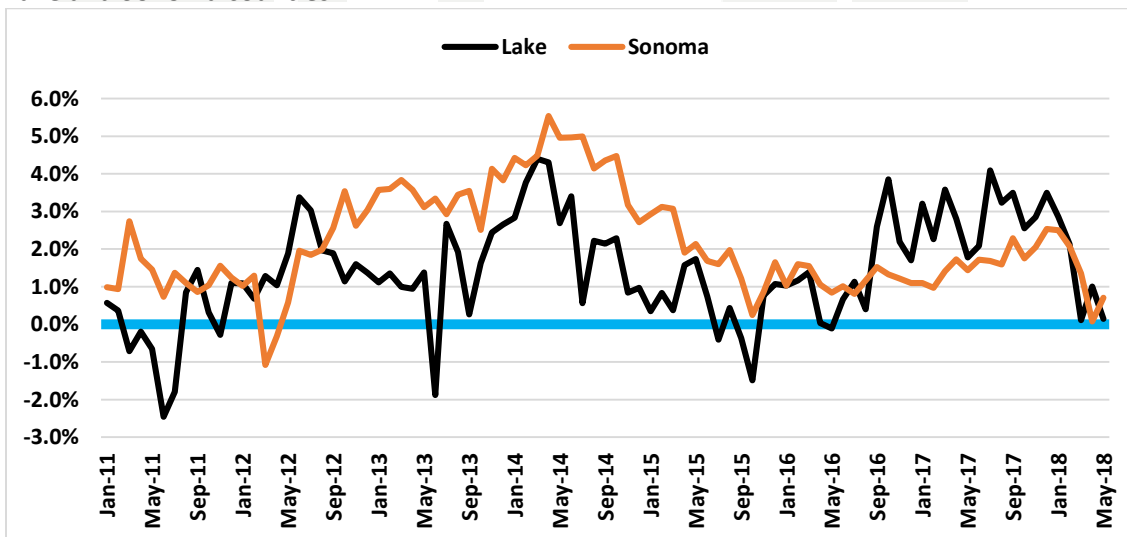
After four years of fires, Lake County jobs growth has continued. However, there were some changes along the way. Figure 9 through 11 shows the evolution of three data series compared to Sonoma County as a way to see how the fires may have affected Lake County different than Sonoma County through the 2017 data. It is labor force retention that has become a question; such changes could be aging population and lower population where potential workers are leaving.

Figure 9: Labor Force, Annual Percentage Change, Monthly Data, 2001 to 2018, Lake and Sonoma counties



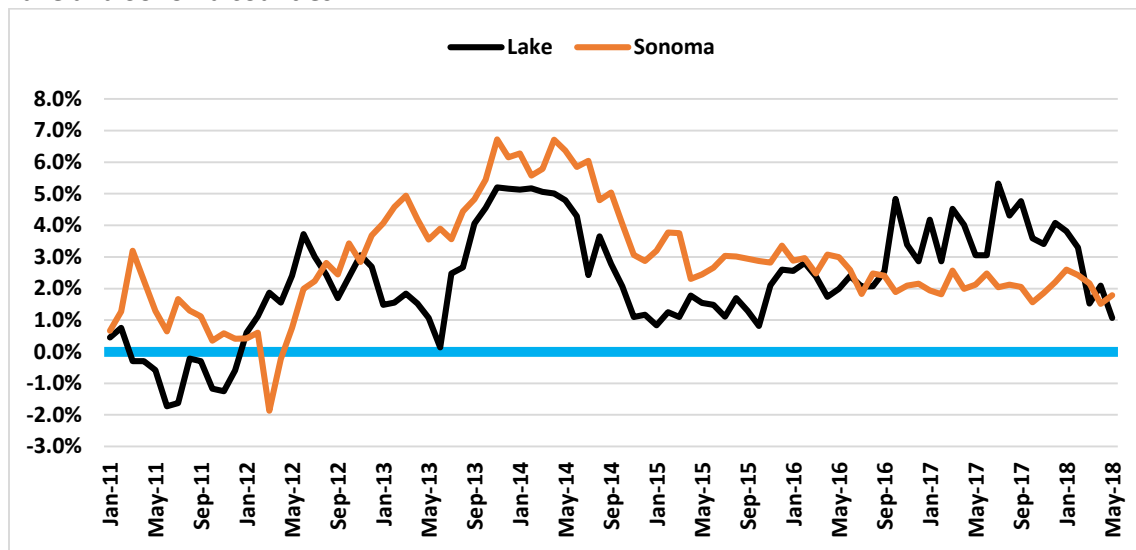
Source: California EDD (<http://www.labormarketinfo.edd.ca.gov/Content.asp?pageid=1005>) and Author's Calculations

Figure 10: Residential Employment, Annual Percentage Change, Monthly Data, 2001 to 2018, Lake and Sonoma counties



Source: California EDD (<http://www.labormarketinfo.edd.ca.gov/Content.asp?pageid=1005>) and Author's Calculations

Figure 11: Non-Farm Employment, Annual Percentage Change, Monthly Data, 2001 to 2018, Lake and Sonoma counties



Source: California EDD (<http://www.labormarketinfo.edd.ca.gov/Content.asp?pageid=1005>) and Author's Calculations

The fires have started to show a short-term effect in labor force and employment of residents, while overall non-farm employment is still growing, albeit less quickly than in 2016 and early 2017. One concern is that these data may also be indicative of a shrinking labor force due to the local economy being close to full employment.

Opportunities

Lake County has opportunities in labor markets tied to targeted industries for training and broader educational programs. An emphasis should be placed on globally-marketable skills and certificates, and specific majors for transfer to potential partnerships. Science, both laboratory and computer-based, must become more emphasized. Such education can be linked to economic development attracting and retaining university-based science coming to Lake County to study specific phenomena that differentiates Lake County from its regional partners and is a story to tell.

- Speak with industries in targeted areas primarily, and stay close to local employers
- Agricultural Supply Chain
 - Manufacturing jobs here if anywhere
 - Manufacturing and processing depends on choice of ag expansion
 - Logistics the next big issue: NE Lake County
- Tourism Supply Chain
 - Customer service focus to management: Lake County as a living lab
 - Event coordination: event planning and community development
 - May include some ride-sharing self-proprietors
- Science and Professional Business Supply Chain
 - Coding in Python and R, AutoCad and design, Adobe Creative Cloud suite
 - Lab workers: exportable jobs here also
 - Expansion of science curriculum at community college campuses



LAKE COUNTY ECONOMIC DEVELOPMENT STRATEGY

METRICS TO WATCH

Overview

Many reports provide a deluge of data and information that may or may not inform strategy and how that strategy is evolving. The task force for this project suggest the following list that may become a dashboard to follow, or a way to understand progress as time moves on. These should be compared to other places, including the peer and aspirant choices as possible, and also obvious places like California on average and surrounding counties.

Monitoring Lake County's economy and comparisons to other places (peer and aspirant) give policy makers and economic development professionals ways to discuss both progress and challenges quantitatively. Some data do not exist easily and may come through deeper partnerships (commercial real estate data, e.g.); the recommended list connects to targeted industry growth. A "So What?" statement is made to provide why the metrics are important.

Recommendations

- TOT growth: are tourism strategies becoming overnight stays?
- Sales tax growth: is retail spending rising, specifically in visitor-based categories?
- Education level of the workforce: are growing industries generating more educated workers?
- Growth of workforce in targeted sectors:
- Proportion of jobs with export focus: are these jobs growing?
- Commercial RE vacancy: is space filling and should all spaces continue to be counted?
- Comparative Quality of Life metric: air quality, traffic, home prices, crime, government payments, broadband, etc.
 - This metric can tell stories when rising, might be a struggle when falling.

Data about Lake County: Metrics and Key Indicators

Economic development plans, such as CEDS reports, tend to be data heavy because there is a lot of data available. In 2017, the Workforce Alliance of the North Bay (WANB) asked Economic Forensics and Analytics (EFA) to generate economic and social indicators to monitor for workforce development purposes. The indicators gathered included the following:

- Employment Demand Forecast;
- Occupations Forecasts;
- Commuting Patterns and Transportation;
- Demographics;
- Incomes;
- Housing;
- Establishments;
- Current Employment and Wages;
- Agriculture;
- Federal/State/Nonprofit Spending; and
- Business Vitality.

The following are highlights from that WANB report:

Lake County's residents are 19.6 percent Hispanic versus 37.6 percent for California overall;

- Lake County employment is forecasted to grow by 3,131 people before 2024;
- Jobs growth was just over 600 workers from May 2016 to May 2017, approximately 4 percent growth;
- Including self-employed, there are 3,610 more workers forecasted across all occupations in Lake County by 2024;
- Lake County is forecasted to have 77,000 people by 2060 as residents;
- There are 1,300 more students forecasted in K-12 by 2025 for Lake County;
- Per capita personal income has grown since 2012 in Lake County to \$38,000 as of 2015, which is \$16,000 less than California on average;
- Poverty rates have fallen in Lake County while the state has seen a slight increase;
- Housing price growth in Lake County was rising before 2015, and have fallen since;
- Agricultural revenues have continued to increase since the Great Recession through 2015, though 2016 is likely to be lower due to the 2015 fires; and
- Non-profit spending is higher per person in Lake County as compared to Napa and Marin counties.

Lake County Economy and Demography: Data

This section provides some data highlights from an array of variables. In 2017, Workforce Alliance of the North Bay (WANB) funded a three-county economic indicators series, including Lake County. This study is available at the [WANB website](#). Given this project is focused on economic development concerns and planning, the data shown here are about five major sector or variables in the local economy:

- Residential income;
- Workforce Data and Labor Market Activity;
- Housing;
- Government Data; and
- Demography.

So What?

These five major areas connect back to the targeted industries and the strategy path recommended by this project.

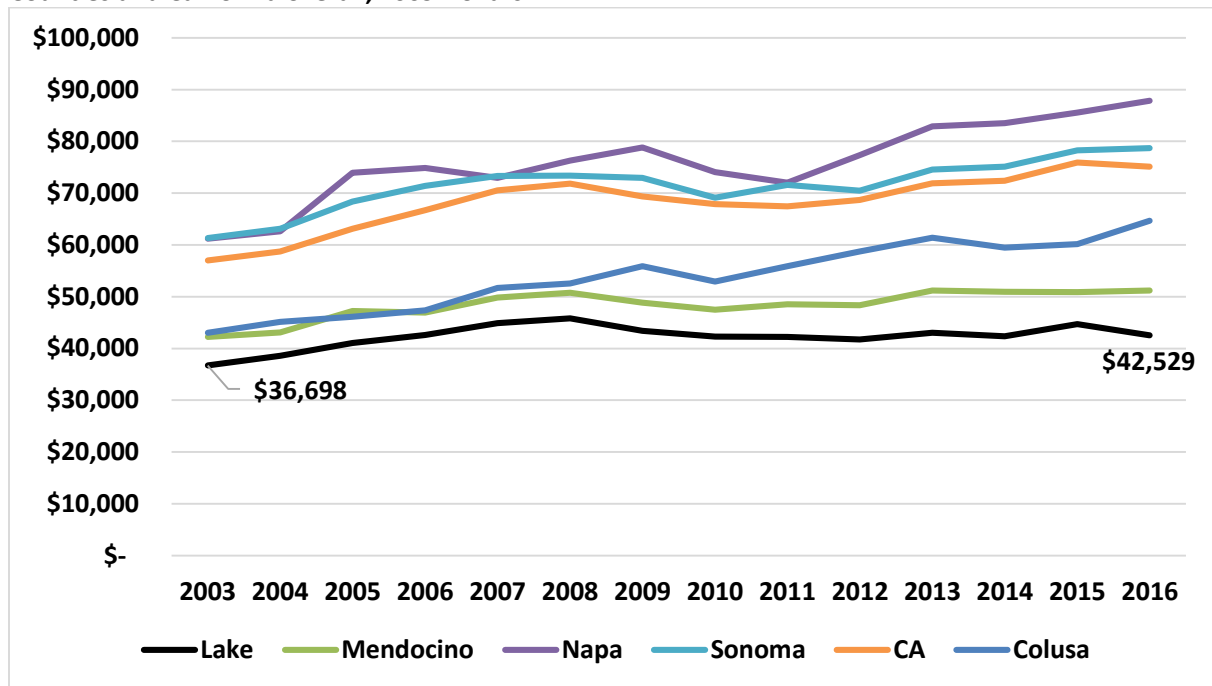
Residential Income

Data on Lake County incomes are provided in Figures 1 – 5. Median household income (MHI) is a measure of the middle of the household income distribution; the income distribution for households in Lake County are shown in Figure 2. Personal income, or what individuals retain of gross product at to spend, save and pay taxes. Measuring this level of income per person provides a way to consider the spending capacity of each person that is a local resident; there is also a measure of the proportion of personal income is from a government source.

Farm incomes are also shown, as Lake County considers itself a place with agriculture and some agriculture possibilities. These are also shown per person to compare across other counties and the state economy overall. Finally, we include poverty rates to consider progress in lifting up the lower income residents and how these households are performing against the federal poverty line definition.

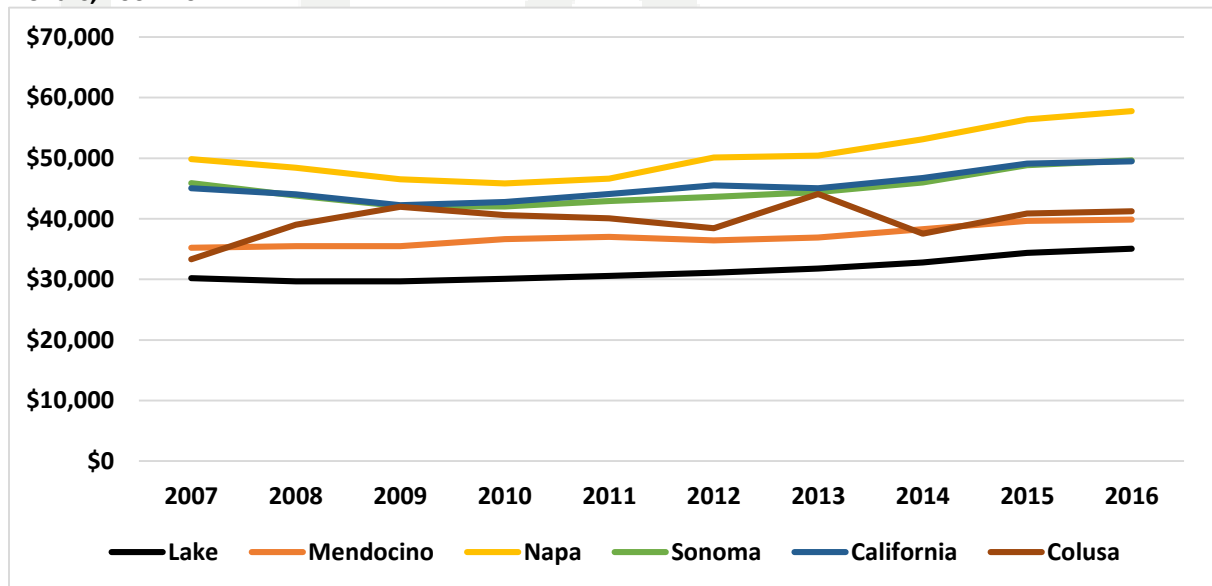
Figure 6 shows poverty rates according to the Census Bureau's American Community Survey. These data can be considered at the census block level also and are estimates. Poverty rates can be deceiving in that they are based on income and not wealth; someone who has aged in place may now live on a small pension or Social Security payments, but have a home fully paid off and have relatively large net worth. However, for policy making, rising poverty rates can be troublesome but can also allow for more federal grant money to come in for training, infrastructure and other needs to provide more local and regional resources for lifting people out of poverty with job opportunities.

Figure 1: Median Household Income 2003 to 2016, Lake, Mendocino, Sonoma, Colusa, Napa Counties and California overall, 2009 Dollars



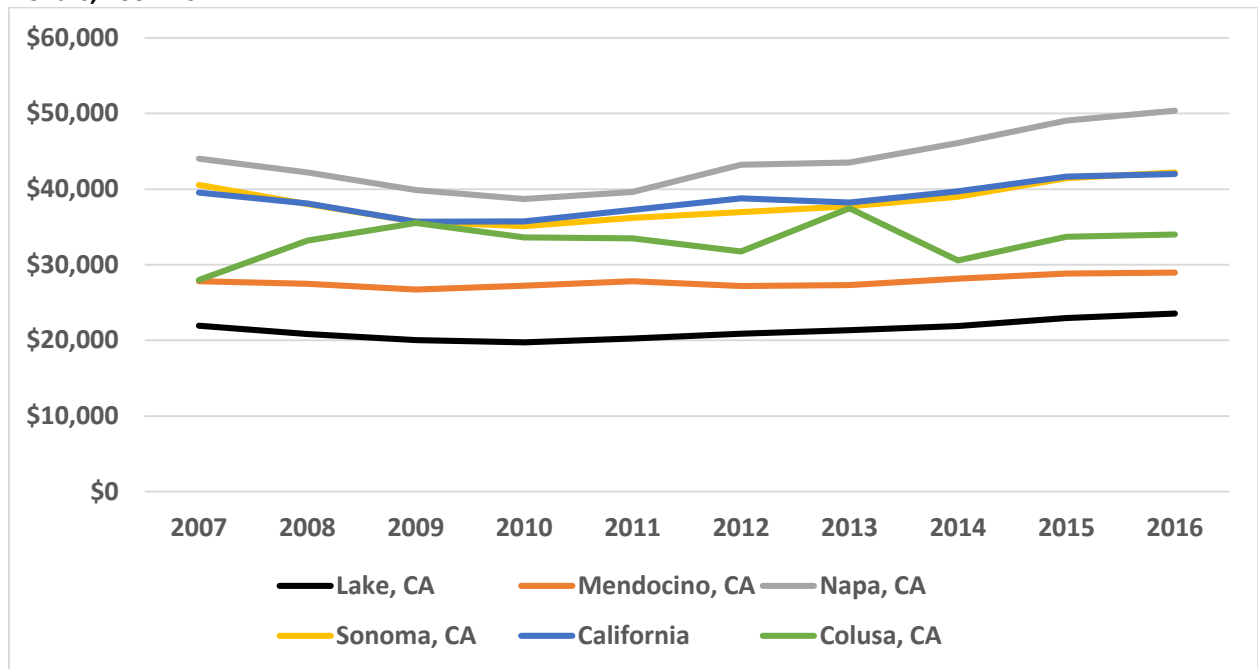
Source: American Community Survey (<http://factfinder.census.gov>), California Department of Finance (<http://www.dof.ca.gov/Forecasting/Economics/Indicators/Inflation/>) and Author's Calculations.

Figure 2: Personal Income per Person, Lake County and Selected counties in California, 2009 Dollars, 2007-16



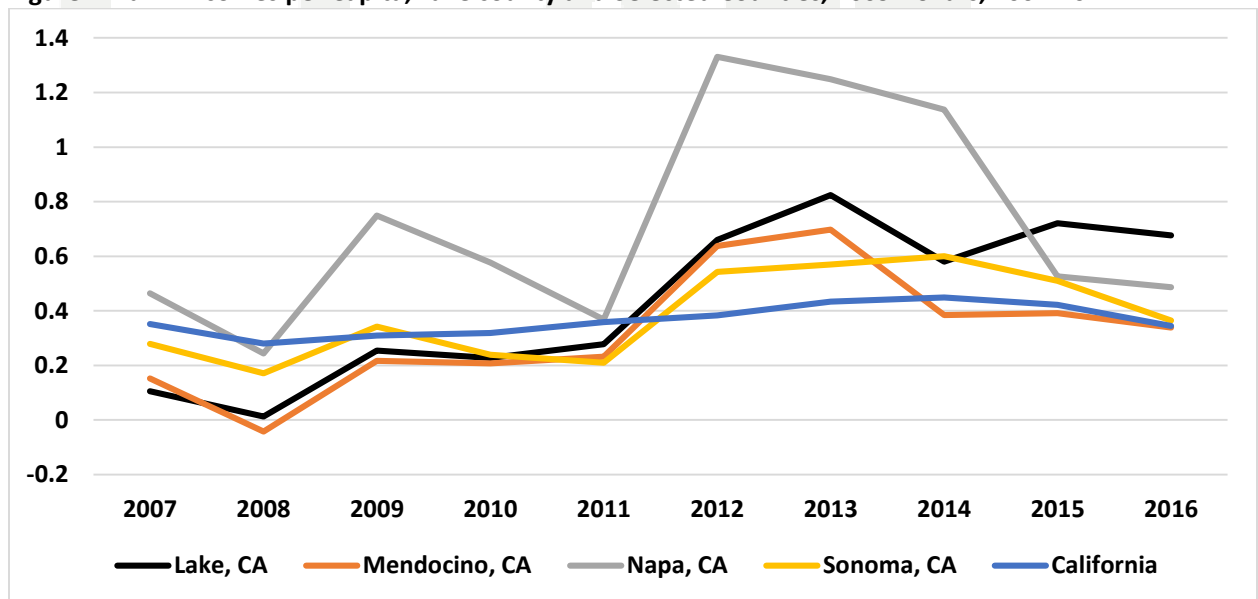
Source: Bureau of Economic Analysis (<https://www.bea.gov/regional/index.htm>), California Department of Finance (<http://www.dof.ca.gov/Forecasting/Economics/Indicators/Inflation/>) and Author's Calculations.

Figure 3: Personal Income after Transfer Payments, Lake County and Selected Counties, 2009 Dollars, 2007-16



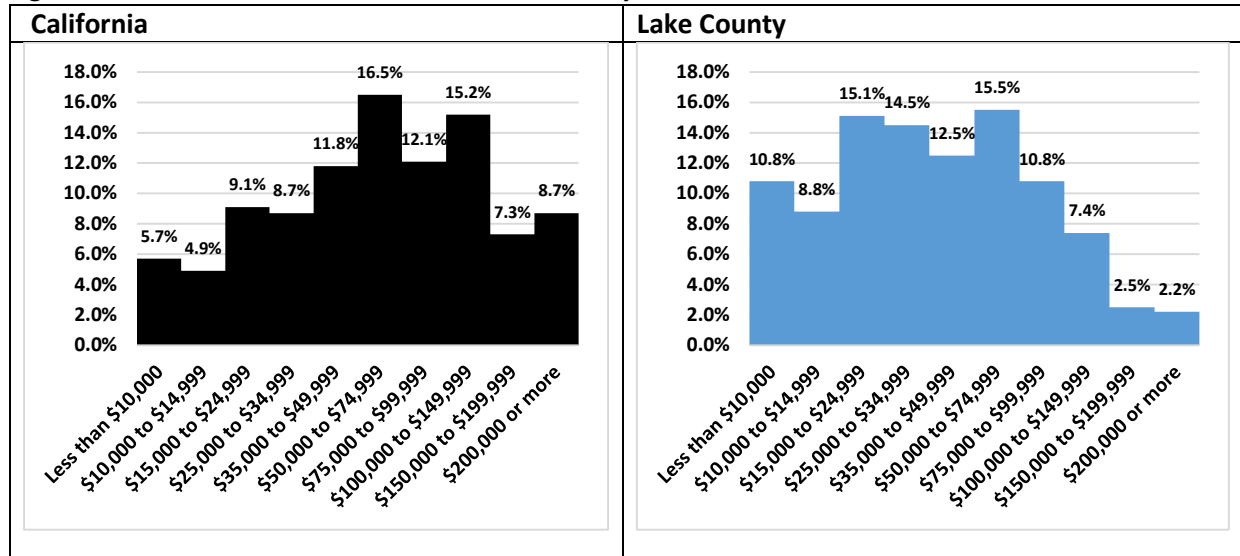
Source: Bureau of Economic Analysis (<https://www.bea.gov/regional/index.htm>), California Department of Finance (<http://www.dof.ca.gov/Forecasting/Economics/Indicators/Inflation/>) and Author's Calculations.

Figure 4: Farm Incomes per Capita, Lake county and Selected Counties, 2009 Dollars, 2007-16



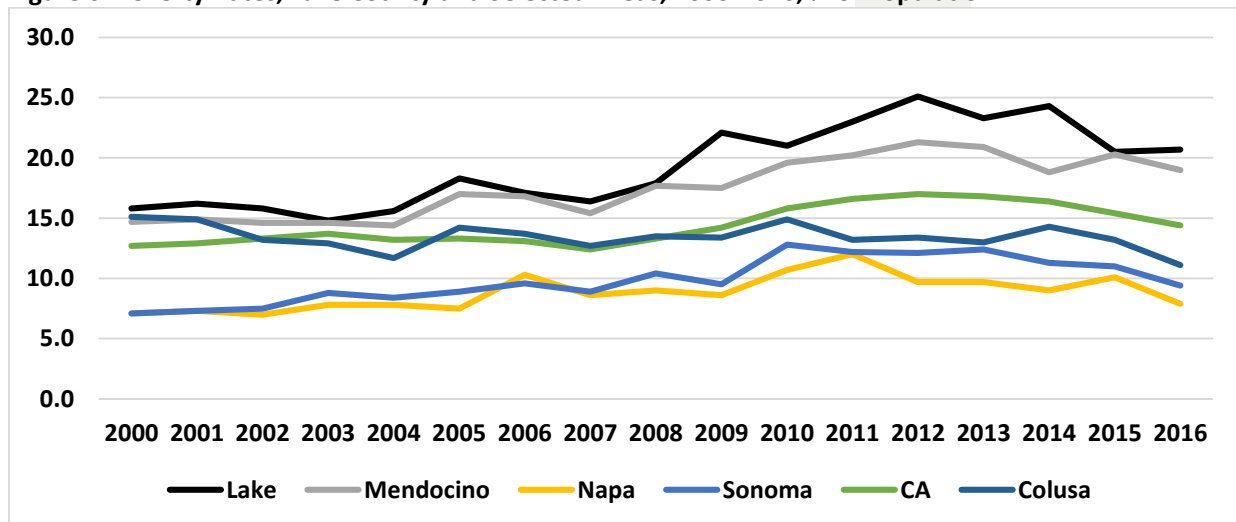
Source: Bureau of Economic Analysis (<https://www.bea.gov/regional/index.htm>), California Department of Finance (<http://www.dof.ca.gov/Forecasting/Economics/Indicators/Inflation/>) and Author's Calculations.

Figure 5: Household Income Distribution, Lake County and California, 2016, % of Households



Source: American Community Survey (<http://factfinder.census.gov>) and Author's Calculations.

Figure 6: Poverty Rates, Lake County and Selected Areas, 2000-2016, % of Population



Source: American Community Survey (<http://factfinder.census.gov>), California Department of Finance (<http://www.dof.ca.gov/Forecasting/Economics/Indicators/Inflation/>) and Author's Calculations.

So What?

These income measures suggest Lake County has some catching up to do and regionally there is an opportunity to attract employers as a low-cost alternative. That alternative must ultimately be marketed as high-quality workers and place to have a business also.

Housing

These data on housing show pricing, supply, mix and building permits. There is also a look at the loss from the 2015 to 2017 fires as a way of showing the ground to be made up by new building because the number of units in Lake County remain below their 2015 level. Figure 7 and 8 show that vacancy rates are relatively high (Sonoma and Napa counties are below 5 percent in most categories) and that mobile homes are a dominant housing type in both the city of Clearlake and the unincorporated county.

Figure 7: Housing Units Data, 2018 Summary

	HOUSING UNITS								
Lake County	Total	Single Detached	Single Attached	Two to Four	Five Plus	Mobile Homes	Occupied	Vacancy Rate	Persons per Household
Clearlake	7,914	4,131	163	410	752	2,458	5,748	27.4%	2.69
Lakeport	2,442	1,487	109	183	240	423	1,998	18.2%	2.50
Balance Of County	24,204	17,784	186	554	615	5,065	16,848	30.4%	2.58
Incorporated	10,356	5,618	272	593	992	2,881	7,746	25.2%	2.64
County Total	34,560	23,402	458	1,147	1,607	7,946	24,594	28.8%	2.60

Sources: California Department of Finance (<http://www.dof.ca.gov/Forecasting/Demographics/Estimates/>) and Author's Calculations.

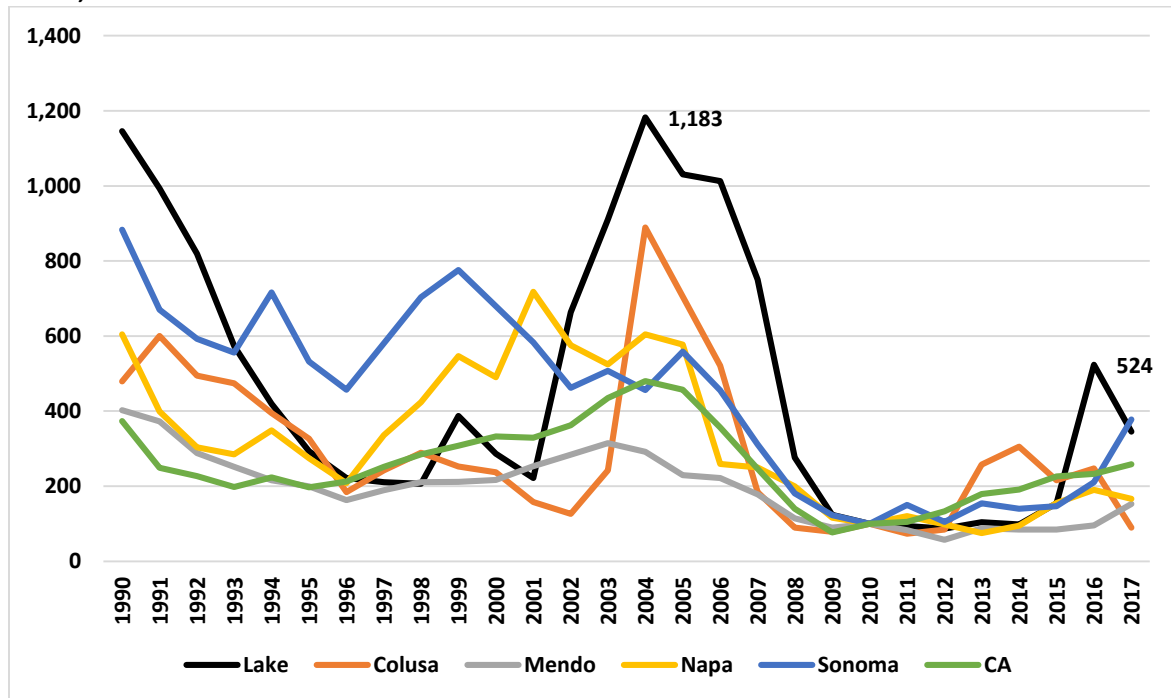
Figure 8: Change in Housing Units Data, 2010 – 2018

	HOUSING UNITS								
Lake County	Total	Single Detached	Single Attached	Two to Four	Five Plus	Mobile Homes	Occupied	Vacancy Rate	Persons per Household
Clearlake	-121	-59	1	0	0	-63	-222	1.70%	0.21
Lakeport	47	-1	1	0	48	-1	-4	1.80%	0.19
Balance Of County	-858	-710	-174	-20	0	46	-1,728	4.50%	0.20
Incorporated	-74	-60	2	0	48	-64	-226	1.60%	0.21
County Total	-932	-770	-172	-20	48	-18	-1,954	3.60%	0.21

Sources: California Department of Finance (<http://www.dof.ca.gov/Forecasting/Demographics/Estimates/>) and Author's Calculations.

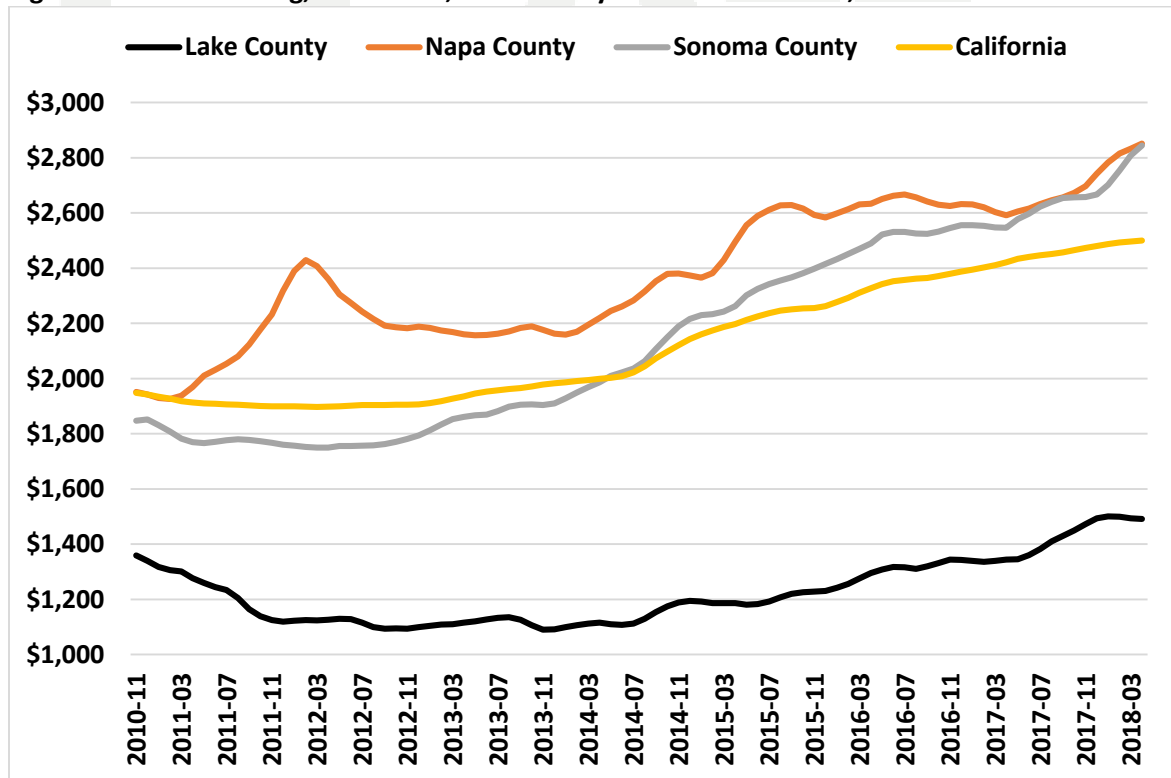
Figures 9 through 11 show the slow progress of new housing units since 2010, and how rental and home purchase prices have reacted. Lake County has relatively low rents and prices to purchase, but the housing mix (as seen above) may not be attractive to new residents with business interests.

Figure 9: Number of New Housing Units Permitted, 1990-2017, Lake County and Selected Areas, Index 2010 = 100



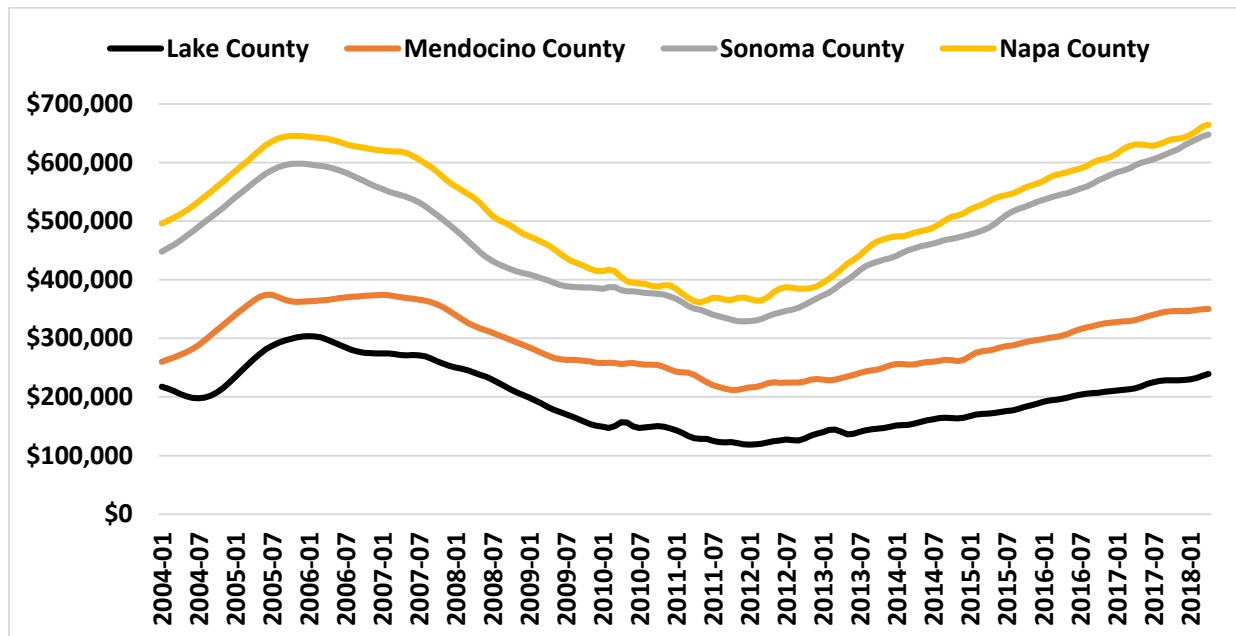
Sources: Economagic (www.economagic.com) and Author's Calculations.

Figure 10: Rental Pricing, 2010-2018, Lake County and Selected Areas, Current Dollars



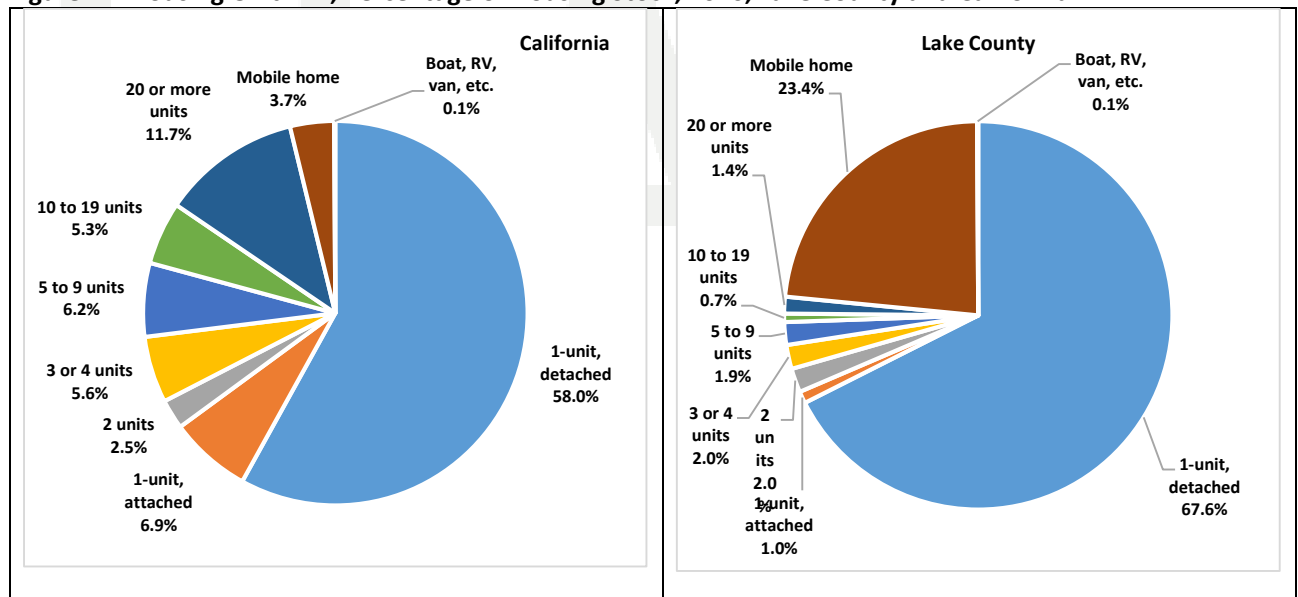
Sources: Zillow Research (<https://www.zillow.com/research/data/>) and Author's Calculations.

Figure 11: Median Home Prices, All Homes, 2004 – 2018, Lake County and Selected Areas, Current Dollars



Sources: Zillow Research (<https://www.zillow.com/research/data/>) and Author's Calculations.

Figure 12: Housing Unit Mix, Percentage of Housing Stock, 2016, Lake County and California



Source: American Community Survey (<http://factfinder.census.gov>) and Author's Calculations.

So What?

Housing in Lake County is a concern due to its mix and losses in four successive years of fires. There are opportunities to use housing vacancy as a short-term attraction for residents and businesses; as that vacancy fades, new housing should be outside mobile homes and toward single-family.

Government Revenue Data

These data suggest that retail sales in Lake County have come primarily from a wide array of small retailers and not any single group of retailers. Food services are a relatively large category of countywide taxable retail sales. While the number of permits have increased, the classic categories tracked by the state Board of Equalization have seen losses since 2010; such losses are indicative of a shift away from larger retailers in Lake County to smaller ones, which is good for local business owners. A challenge is that such businesses are generally smaller employers than larger stores and restaurants. Figure 13 shows taxable sales data.

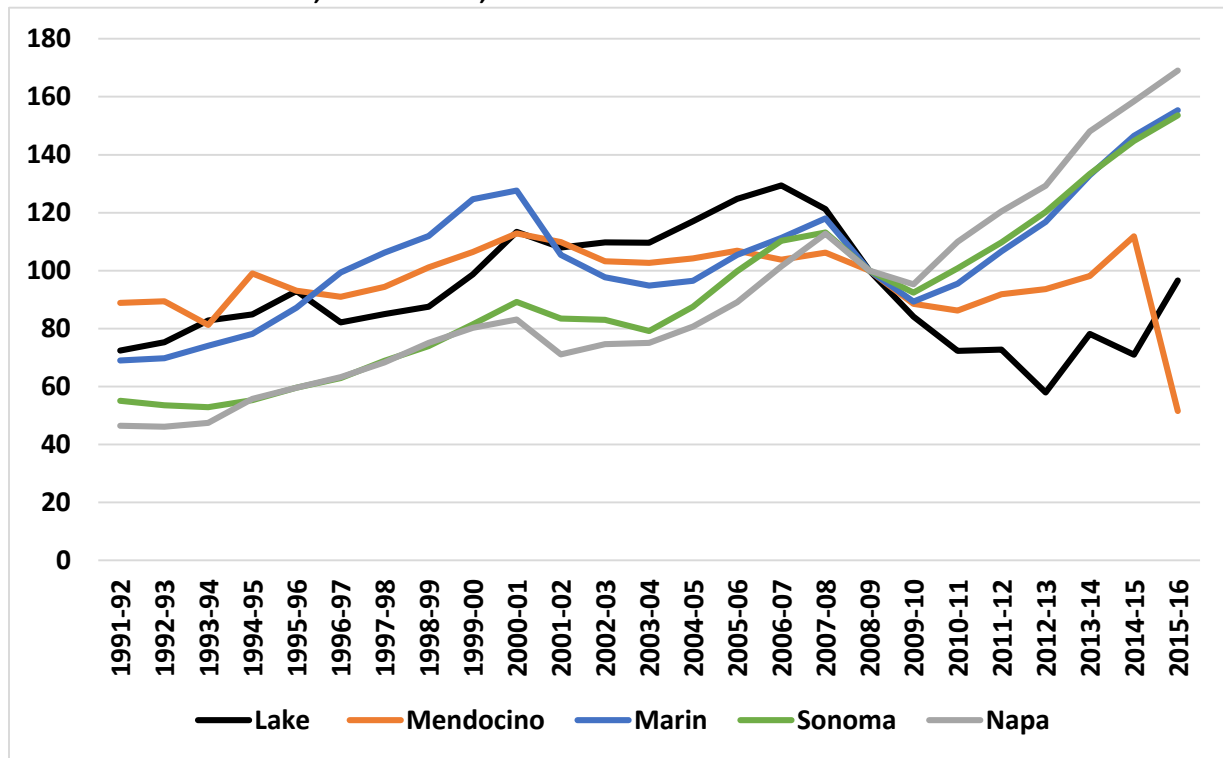
Figure 13: Taxable Sales Data, 2014, 2015 and 2016, Lake County, Current Dollars

Category	2014		2015		2016	
	Permits	Taxable Sales	Permits	Taxable Sales	Permits	Taxable Sales
Motor Vehicle and Parts Dealers	54	\$39,252,000	54	\$42,449,001	55	\$46,761,186
Home Furnishings and Appliance Stores	43	\$11,830,000	59	\$14,869,158	61	\$16,974,874
Bldg. Materials and Garden Equip.	38	\$45,819,000	47	\$49,306,989	52	\$58,141,452
Food and Beverage Stores	55	\$61,376,000	66	\$62,031,979	65	\$64,843,132
Gasoline Stations	23	\$63,227,000	28	\$58,551,104	28	\$73,495,468
Clothing and Clothing Accessories Stores	41	\$4,061,000	103	\$4,590,993	98	\$5,094,190
General Merchandise Stores	14	\$66,624,000	26	\$70,727,092	27	\$72,163,300
Food Services and Drinking Places	152	\$46,707,000	163	\$52,479,537	162	\$54,730,359
Other Retail Group	821	\$43,431,000	616	\$46,213,357	646	\$52,308,105
Total Retail and Food Services	1,241	\$382,325,000	1,162	\$401,219,210	1,194	\$444,512,066
All Other Outlets	538	\$155,680,000	733	\$173,224,713	735	\$148,215,124
Totals	1,779	\$538,006,000	1,895	\$574,443,923	1,929	\$592,727,190

Sources: California Board of Equalization (<https://www.boe.ca.gov/news/tsalescont.htm>) and Author's Calculations.

Lake County has seen an increase in transient occupancy tax (TOT) revenues since the 2012-13 fiscal year. This change in overnight stays for Lake County was after Mendocino, Napa and Sonoma counties saw recovery from the recession in 2008-10. While room sales and TOT revenues are up, their level is just recently (as of the 2015-16 fiscal year) getting back to fiscal year 2008-09 in inflation-adjusted dollars. Such a downturn is indicative of a long-term recession in local tourism that is just now turning around. Also, the fires of 2015-17 may be somewhat distortionary in terms of the true revenues from visitors and not those staying in county hotel spaces combatting fires.

Figure 14: Transient Occupancy Tax (TOT) Revenues, Lake County and Selected Counties, Index Fiscal Year 2008-09 = 100, 2009 Dollars, Fiscal Years 1991-92 to 2015-16



Sources: Dean Runyan Associates (www.deanrunyanassociates.com) and Author's Calculations

So What?

While growth of government revenue from economic flows has increased, property taxes have been affected downward by both the fires reducing housing stock and the shift of stock toward naturally lower-value homes (mobile homes). These trends generate public safety and funding challenges.

Demography Overview from Census Data

There is a large amount of data about Lake County estimated by the Census Bureau in its American Community Survey. It is important to recognize these are estimates and not actual "Census" data in the classic sense done every 10 years. However, some of the data below provide some additional details for this plan's consideration and also the current state of the Lake County population and demographics. Figure 15 through 17 show education levels, current age demographics and recent projections from CalTrans and the California Economy Project (linked to the California Economic Summit) for Lake County through 2050. Because there is a lot of emphasis on internet connectivity in the strategic path and the overall project as infrastructure, Figure 18 shows some comparative data on households and their investment in computers and internet connectivity as of 2016 from the American Community Survey.

Figure 15: Educational Attainment of Population Over 25 years old, Lake County and California, 2010 and 2016, Percent of Population

Category	2010	2010	2016	2016	Change	Change
	California	Lake County	California	Lake County	2010-16	2010-16
Total Population	36,637,290	64,371	38,654,206	64,076	2,016,916	-295
Over 25 years	64.1%	70.6%	66.1%	72.1%	2.00%	1.50%
Less than 9th grade	10.4%	4.9%	9.9%	6.1%	-0.50%	1.20%
9th to 12th grade, no diploma	8.9%	8.8%	8.0%	10.1%	-0.90%	1.30%
High school graduate (includes equivalency)	21.5%	32.9%	20.6%	27.8%	-0.90%	-5.10%
Some college, no degree	21.5%	28.9%	21.7%	27.4%	0.20%	-1.50%
Associate's degree	7.7%	8.1%	7.8%	12.3%	0.10%	4.20%
Bachelor's degree	19.2%	11.7%	20.1%	10.4%	0.90%	-1.30%
Graduate or professional degree	10.8%	4.7%	11.9%	5.7%	1.10%	1.00%

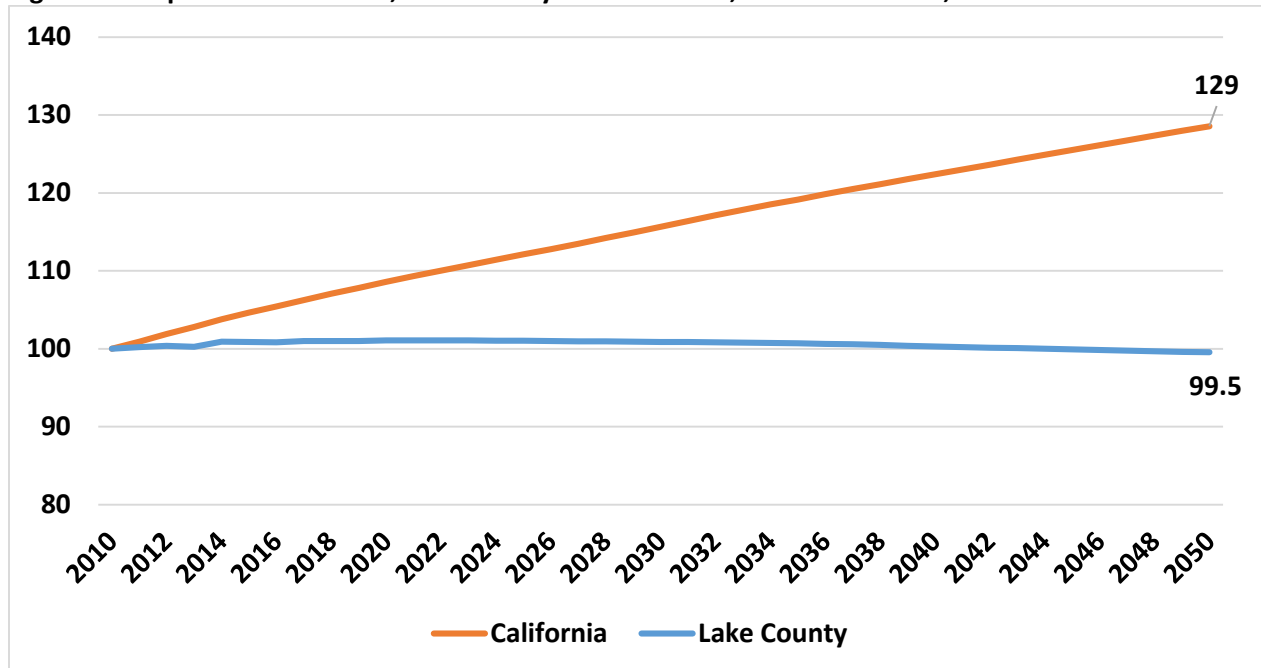
Source: American Community Survey (<http://factfinder.census.gov>) and Author's Calculations.

Figure 16: Population Age Ranges, 2010 and 2016, Number of People and Percent of Population, Lake County and California.

Age Range	2010		2016		Change	Change
	California	Lake	California	Lake	2010-16	2010-16
Under 5 years	6.9%	5.5%	6.5%	5.6%	-45,504	71
5 to 9 years	6.8%	6.1%	6.6%	5.5%	55,429	-422
10 to 14 years	7.1%	5.9%	6.6%	5.6%	-72,133	-227
15 to 19 years	7.7%	6.8%	6.8%	5.9%	-169,874	-623
20 to 24 years	7.4%	5.0%	7.5%	5.3%	192,531	162
25 to 34 years	14.3%	9.8%	14.7%	10.9%	464,258	640
35 to 44 years	14.4%	11.8%	13.3%	10.1%	-129,109	-1,149
45 to 54 years	14.0%	16.2%	13.5%	13.6%	67,744	-1,685
55 to 59 years	5.7%	7.6%	6.3%	8.8%	325,214	726
60 to 64 years	4.6%	8.1%	5.4%	8.3%	411,974	114
65 to 74 years	5.8%	9.7%	7.3%	12.4%	686,859	1,685
75 to 84 years	3.7%	4.9%	3.8%	5.9%	108,876	581
85 years and over	1.5%	2.5%	1.8%	2.2%	120,651	-168

Source: American Community Survey (<http://factfinder.census.gov>) and Author's Calculations.

Figure 17: Population Forecasts, Lake County and California, Index 2010 =100, 2010-2050



Sources: Caltrans/CA Economy Project (http://www.dot.ca.gov/hq/tpp/offices/eab/socio_economic.html) and Author's Calculations

Figure 18: Households with a Computer or Internet Connection or Both, 2013 and 2016, Lake County and California

Category	2013	2013	2016	2016	Change	Change
	California	Lake County	California	Lake County	2013-16	2013-16
Has a computer:	89.8%	81.4%	94.9%	90.4%	8%	11%
With dial-up Internet subscription alone	0.8%	1.2%	0.2%	0.2%	-71%	-86%
With a broadband subscription	80.2%	71.3%	88.1%	81.2%	13%	14%
With a fixed broadband Internet subscription	74.9%	61.9%	77.7%	67.8%	6%	10%
With a cellular data plan	33.8%	16.9%	67.2%	51.3%	104%	204%
Without a cellular data plan	41.1%	44.9%	10.5%	16.5%	-74%	-63%
Cellular data plan alone or with dial-up	5.3%	9.5%	10.4%	13.5%	102%	42%
Without Internet subscription	8.9%	8.9%	6.5%	9.0%	-24%	1%
No Computer	10.2%	18.6%	5.1%	9.6%	-49%	-48%

Source: American Community Survey (<http://factfinder.census.gov>) and Author's Calculations.

So What?

Population demography may be among Lake County's largest challenges. With an aging workforce, a slow to no-growth forecast for population, and lagging internet and computer investment, Lake County must guard against becoming more rural over time.



LAKE COUNTY ECONOMIC DEVELOPMENT STRATEGY

PEER AND ASPIRANT COMMUNITIES

Overview

Peer and aspirant communities provide local economic development professionals with places to track and monitor as local plans move forward. Any number of combinations among the 3,200 counties and similar municipalities in the United States could be considered and may change as Lake County's economy evolves; the initial recommendations are meant to provide a baseline to consider and thinking outside the box. For any of the choices, the key is to find places that can be monitored and make good comparisons now (peer) or visions for the future (aspirant).

Recommendations

Peer:

- Yuba County, California;
- Tehama County, California; and
- Yamhill County, Oregon.

Aspirant:

- Mono County, California;
- Deschutes County, Oregon (Bend); and
- Kootenai County, Idaho (Coeur d'Alene).

Peer Communities

What makes a peer community for Lake County?

Peer communities are those that have similar demographic, geographic and socioeconomic situations as Lake County. Notice the choices here are in California and also in Oregon; these communities are a sample of what could be chosen from the 3,200+ counties and townships in the United States, and can change. The key is considering some set (this study recommends three places) as a way to compare and contrast progress.

Community Choices

Tehama County

Tehama County is in northern California and has a long-standing agricultural history. Most of Tehama's population lives close to Interstate 5, a potential advantage in terms of logistics and attracting businesses in the agricultural and manufacturing supply chains. Tehama has an economic development organization (please see <http://www.tehama4business.org/tced> for more), which is part of the County of Tehama.



The organization is called "Tehama4Business", and has two staff members. Their website is to help attract businesses outside of Tehama County that want to locate their new or expanding business. Tehama County's Economic Development program is active on social media. There are videos to market Tehama County; featuring education and healthy living, economic development, parks and recreation. There are no stated targeted industries or an obvious economic development plan for the county overall. Tehama County has three incorporated cities: Corning, Red Bluff and Tehama. Tehama has less than 1,000 people; Corning and Red Bluff are like Clearlake and Lakeport respectively, and there are many smaller communities. The city of Corning claims to have the following "incentives" for businesses that come to Corning:

- Exceptionally Affordable Housing Prices (avg. \$162,000);
- Low Property Taxes;
- Low Development Impact Fees; Low Rent Per Square Foot;
- Accessible City Council and Staff to help develop creative approaches to development;
- No Cost Pre-Application Meetings with City Staff;
- Abundant Outdoor Recreational Opportunities; and

- Average Daily Traffic of over 26,000 vehicles.

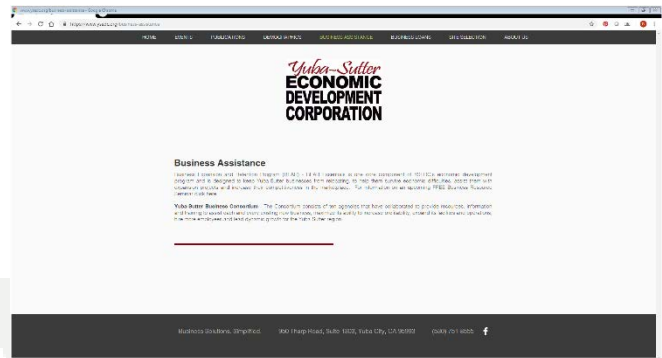
Some summary data for Tehama County include:

<ul style="list-style-type: none"> • 63,276 people as of 2016; • \$40,687 median household income in 2016; • 23,573 occupied housing units; • 23,094 employed residents in 2016; • 14,000 people employed in Tehama County in Quarter 1 2018; 	<ul style="list-style-type: none"> • 1,760 payroll employers in Quarter 1 2018; • Average weekly wages of \$760 in Quarter 1 2018; and • \$208,500 median home price, August 2018
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Yuba County

Yuba County, like Tehama County, is close to the confluence of two major transportation arteries for California: Interstate 5 and Interstate 70. Yuba County (in partnership with Sutter County) does have a CEDS report on file updated in April 2018 (attached in the Appendix), where Yuba and Sutter counties are like sister counties in many respects.

There is also a Yuba-Sutter Economic Development Corporation, a joint partnership between the county governments. They have a website that is their economic development portal: <http://www.chooseyubasutter.com>.



Sutter County is slightly larger than Yuba, in terms of population, economy and jobs; an easy comparison is Mendocino and Lake County. Yuba County has an air force base (Beale) in the county as one of its major employers (approximate 10.6 percent of total employment).

Agriculture is the key industry cluster in Yuba County. Health Care is also forecasted to see employment demand rise. The stated, targeted industries are medical research, agri-tourism and military base support; a large part of this strategy depends on the base and its remaining the same size or growing.

Yuba County also utilizes its proximity to Sacramento, SAC airport, Sacramento State University, UC Davis, other colleges and city assets. Yuba County Airport upgrades for flights, and also a coming business park there, is one strategy in place; Yuba County airport may have potential as a regional distribution hub.

The military base is seen as an asset by which there can be an expansion of cell tower and wireless service. Tourism in general is seen as part of a broader economic development plan; like Lake County, focus on farm to fork or healthy food and links to tourism are evolving strategies. A large number of wastewater and water projects are also considered as fundamental to a broader strategy; roadway and transportation expansion in breadth and quality are also stated projects. Disaster recovery and resilience is also a large focus of Yuba County.

Some summary data for Yuba County include:

<ul style="list-style-type: none">• 75,275 people as of 2016;• \$48,793 median household income in 2016;• 25,655 occupied housing units;• 26,389 people employed;• 10,903 people employed in Yuba County in Quarter 1 2018;	<ul style="list-style-type: none">• 1,533 payroll employers in Quarter 1 2018;• Average weekly wages of \$864 in Quarter 1 2018; and• \$269,000 median home price, August 2018
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Yamhill County

Yamhill County, Oregon is surrounded by a diverse and urban setting, with Portland, Oregon nearby. This proximity means that surrounding areas like Yamhill support Portland's metropolitan area. Yamhill County is agriculturally based, with the Willamette Valley centered there; Marion County is three times the population but has the state capitol inside it (Salem). Yamhill is where Oregon's wine country meets urban Oregon, and where those that come to Portland to experience Oregon's wine country can get their first stop after landing. Tourism is basically a given as a targeted industry in Yamhill County, but support needs remain.

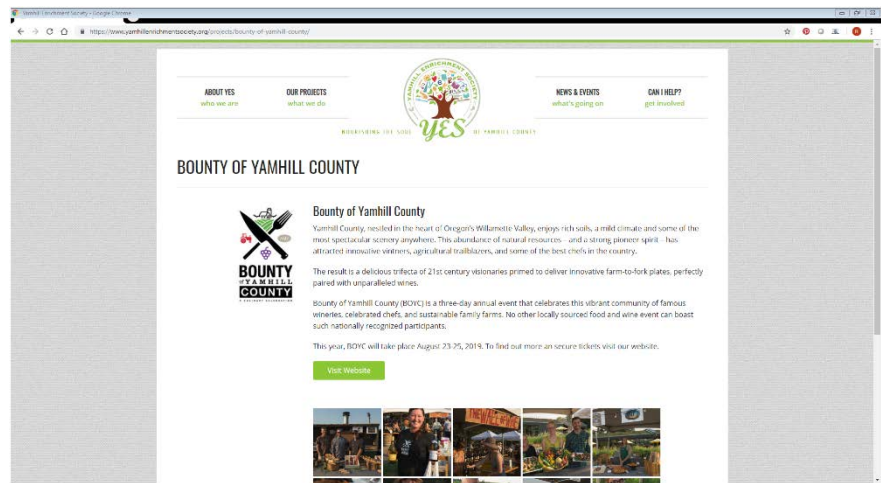
Yamhill, Polk and Marion counties produced a recent CEDS report (April 2018) to describe their regional strategy. Yamhill County has fewer bachelor degree holders than its regional partners or Oregon on average. Its home values are slightly higher than the region due to its proximity to Portland and commuters. Yamhill's median household income is approximately \$55,000 in 2016; unemployment is below 4.5 percent.

Stated industry clusters include manufacturing and health care. Because the wine industry is a part of Yamhill County, the labor data are going to show manufacturing doing well there; healthcare, like Lake County, has rising demand potential as the population is projected to age. Transportation and warehousing, as well as food manufacturing and agricultural supply chain businesses are also being considered as targets for economic development activities. In a SWOT analysis, the region has the following weaknesses, all of which have a familiar ring:

- Sell ourselves short ("step-child" to Portland), need to be proud of and market region better;
- Reliance on personal vehicles and limited public transit availability;
- Shifts in local government policy (e.g. no growth policies make it difficult to plan for regional impacts of growth);
- Lack of adequate infrastructure (power, water/sewer) in rural areas/Provision of broadband to rural areas;
- Industrial land availability/readiness region-wide (limitations on expansion to meet current and future land demand); and
- Urban-rural differences and need to support both (also an opportunity).

In 2017, Yamhill County with partners developed the YES (Yamhill Enrichment Society) Collaborative, a program focused on two measurable outcomes:

1. Building an effective and sustainable economic development collaborative; and
2. Implementing key actions identified in each of five priority community development areas: **Transportation, Workforce and Talent Development, Housing, Infrastructure, and Land Availability/Use.**



Their regional CEDS report suggested that this collaborative allows “the County to take advantage of economic opportunities associated with the County’s rich agricultural and tourism related assets.”

<ul style="list-style-type: none"> • 106,555 people as of 2016; • \$55,000 median household income in 2016; • 25,655 occupied housing units; • 26,389 people employed; • 10,903 people employed in Yamhill County in Quarter 1 2018; 	<ul style="list-style-type: none"> • 1,533 payroll employers in Quarter 1 2018; • Average weekly wages of \$864 in Quarter 1 2018; and • \$269,000 median home price, August 2018
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Aspirant Communities

What Makes for an Aspirant Community for Lake County?

An aspirant community is one that is a vision of Lake County, where economic development is balanced among many industries in a setting that is also tourism driven. Some characteristics may be similar to Lake County: income per capita, wages, proximity to a larger urban or suburban center. What these place have done is draw from a larger, super-regional audience and utilized their assets to draw in a wide array of businesses. While Mono County may seem like an outlier versus Kootenai County in Idaho (where Coeur d'Alene is) and Deschutes County in Oregon (where Bend is), it is a small California County that has tried to reset its image and how it draws in tourism. The other two choices are more robust economic areas where their isolation (Deschutes County) and their proximity to a larger area (Kootenai County) can act as additional assets.



Mono County

Mono County is in the southern Sierra Mountains and close to Los Angeles in southern California. There is a county department that is the economic development organization with a staff of two; see <http://www.monocountyeconomicdevelopment.com/> for more. This organization is tied primarily to tourism and film commissioner. Their main message is similar to Lake County: clean air, get away from the “rat race”, but also stay connected. There is an airport that has daily flights to Los Angeles and seasonal flights to San Diego, San Francisco and Denver. Alaska Airlines operates these flights. Mono County has gigabit broadband and is advertising this capability. US highway 395 is the main artery, much like CA Highways 29 and 53 and 20 are for Lake County. Their slogan is “Wild by Nature”.

Mono County is one of the smallest counties in California, with 13,981 people in 2016 and only 4,950 households. Median household income was estimated in 2016 at \$58,937. Agriculture also plays a role in Mono County, mainly livestock. The important concept here is that a small, rural area in California has an ability to support tourism with both an airport and gigabit broadband and is using a similar strategy to the suggested one here to attract and retain businesses.

Notice this picture on the Mono County website for economic development. She is working on a laptop, untethered and with a coffee. Escape but stay connected. In many ways, this is the essence of what Lake County wants to be for both tourists and new businesses coming to have a better lifestyle but continue their global lives.

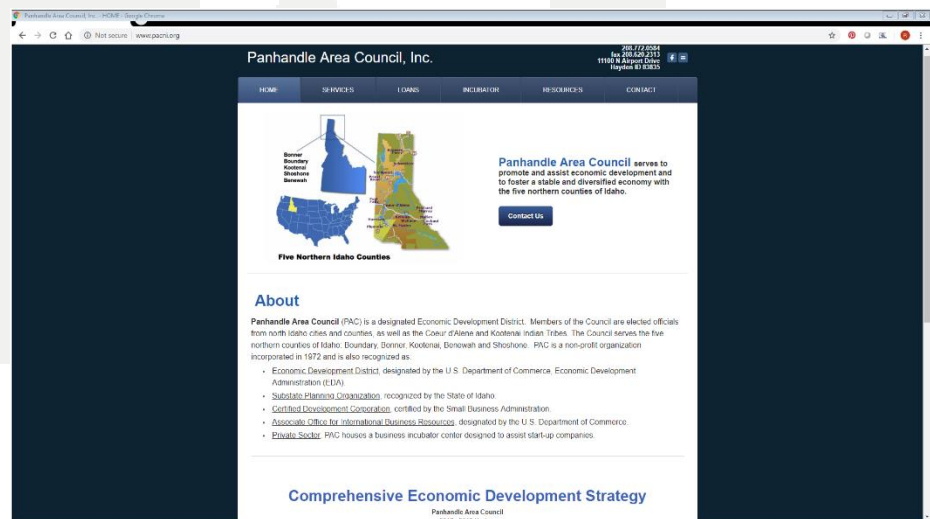


Kootenai County, Idaho

Coeur d'Alene is a major tourism area in the "panhandle" of Idaho and a lakefront community. Its proximity to Spokane, Washington and its assets (airport, universities, etc.) all help to provide infrastructure and access to this county; Spokane is as regional hub also provides a population of people from which to draw an external market. Kootenai County is part of a regional partnership called Panhandle Area Council. There are five counties, where Kootenai County is the centerpiece. Its focal industries are: tourism; wood products/manufacturing; mining; health care; and aerospace. The presence of a military base (Fairchild) and Boeing's operations in Spokane gave some foundation to aerospace in terms of manufacturing. There is not much talk of design or a connection to senior engineering using Kootenai County as a living and working area yet.

These counties have a CEDS report, where focal industries are stated: tourism; health care; wood products; and aerospace. Similarities exist to Lake County; part of a regional, rural set of communities where movement to the north and east is more rural. Educational achievement is a concern in terms of workforce. US Interstate 90 is the main transportation route, which connects Kootenai to Seattle in the west and ultimately Chicago to the east. This route provides many possibilities for economic development. US Highway 95 is the north-south route and these come together in Coeur d'Alene. The Panhandle CEDS speaks of the local airport, but Spokane's airport provides international access.

Disaster resiliency is also a factor in Kootenai County regional planning with its partners. One of the aspirant characteristics is a partnership among less populated areas to recognize similar concerns. Lake Coeur



d'Alene is their major tourism draw. What Kootenai County has done is become that region's hub among many rural counties.

Lake County could find itself a hub of rural, northern California activity by becoming an access point for its northern and eastern county partners: Colusa; Glenn; and Tehama counties to start.

Deschutes County, Oregon

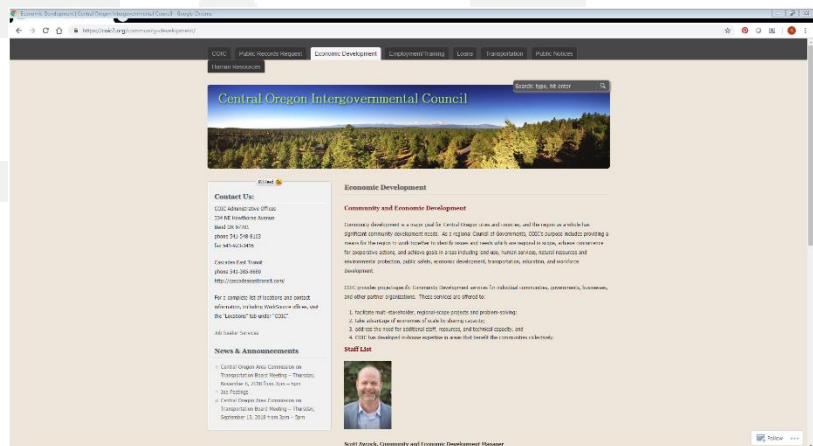
This county in Oregon is part of a multi-county partnership called the “Central Oregon Intergovernmental Council” or COIC. This group concluded a CEDS report as of August 2017. COIC identified major and minor goals of its strategy for this region:

- Housing Affordability and Availability;
- Emerging Workforce;
- Regional Transportation: Access to Work and School;
- Minor Goals:
 - Economic Development-Related Public Infrastructure
 - Move-In Ready Commercial and Industrial Buildings; Incubator and Shared Work Space
 - Freight Mobility
 - Broadband Capacity
 - Rural Community Amenities
 - Natural Resources: Environmental Assets and Resource Utilization
 - Regional Coordination and Cooperation

Deschutes County is heavily forested in its western half with Bend, Oregon as its hub. Bend is just over 30,000 people in population; the county as a whole has over 176,000 people spread over its eastern valley. Bend is a major tourism stop for Oregonians and people traveling to and around the western United States, with

over 4.5 million visitors annually.¹ Bioscience, aerospace, technology businesses, and some call centers are in Bend. Lifestyle and connections to Oregon State University and a new, satellite campus in Bend, help economic and workforce development strategies. Diversification of the local economy continues from generally agricultural roots.

Hospitality, construction, health care, and professional and business services are seen as the largest job growth industries into the 2020s. One of the strengths in the community is its regional airport, providing business and tourism access to the area. Lifestyle and collaborative communities are also given as strengths. Isolation, lack of an educated workforce, broadband capability, are all seen as weaknesses. Regional collaboration is seen as a must.



¹ Bend has as robust visitor support organization, see <http://www.visitbend.com/About-Us/Press/Media-Articles/> for more



LAKE COUNTY ECONOMIC DEVELOPMENT STRATEGY

ECONOMIC DEVELOPMENT PLANNING EFFORTS AND CEDS IN PROGRESS

Overview

This part of the report focused on what strategic plans are in place, how the recent fires have changed some of these plans, why these plans are good for medium- to long-term planning, and why broadband/wireless and airport infrastructure can help augment the comprehensive economic development strategy (CEDS). The mix of these plans, a recent presentation by Lake County Economic Development Corporation (Lake EDC) about funding sources can focus priorities, as well as take advantage of partnerships (such as the opportunity zone with Colusa County).

Recommendations

- Consider broadband and wireless internet strategies and funding as additional infrastructure investment;
- Partner as possible, both inside and outside Lake County;
- Consider airport renovation and preparation for more and larger flights as another priority; and
- Add projects from Lake EDC's recent report into the mix of projects from the recent CEDS report for Lake County.

Background and Review of Efforts Underway, 2018

The County of Lake has a comprehensive economic development strategy (CEDS) report on file with the federal government's Economic Development Administration (EDA, see <http://www.eda.gov> for more). These CEDS reports provide information to help the federal government differentiate among 3,200 counties that may be applying for similar funding and why funds for infrastructure enhancement or construction should go to one place over another. However, in rare cases are these documents become strategic plans for economic development.

The cities of Clearlake and Lakeport each have economic and community development plans that are relatively recent. The City of Lakeport has an "Economic Development Strategic Plan" that is meant to cover the years 2017 to 2022. The City of Lakeport also recently received a hotel feasibility study for a piece of land in downtown Lakeport. The City of Clearlake has a "Strategic Plan" in 2017 that is a mix of economic and community development, and also an internal look at the city and its services. Resilience is a major theme, and successive years of natural disasters will push that focus to front of mind. However, Lake County must have this as a parallel theme, or use resilience as a tool for economic development not just economic recovery.

These recent reports provide a large amount of background as to the current thinking and considerations of economic development and devising a viable strategy from our study. We start the review of recent plans here because this CEDS covers the entire county and should be used as the key document for any and all infrastructure grant or funding applications to the federal government.

Lake County CEDS

The CEDS report done in 2016 provides a large amount of background information, including economic and demographic data about Lake County. The economic development opportunities from that report are:

- The wildfires of 2015 have provided a stage from which local government can marshal resources not normally available to assist in revitalizing the economies of the affected areas. This includes opportunities for assistance to rebuild damaged infrastructure and expand economic development capacity.
- The establishment of a four-year college in Lucerne has just started to impact the workforce and the economy. Continued expansion of educational opportunities will help supply a needed higher educated work force and skilled entrepreneurs.
- The wine grape industry offers opportunities for additional growth in acreage and the number of wineries. This includes the expansion of secondary agricultural food processing opportunities.
- The hospitality industry is starting to come out of the recession and opportunities exist for new, high-end travel lodging facilities that can also reinforce the town centers of several communities.

- The wildfires of 2015 provide an opportunity for better coordination of economic development efforts of local governments and non-profit organizations that will provide a resilient sustainable base for future efforts.

Notice that most of these opportunities are focused on fire recovery, hospitality and agriculture. This CEDS was done before Proposition 64 passed in California; now that the recreational use of cannabis is legal, there may more agricultural opportunities. Unfortunately, the four-year college in Lucerne is no longer there, but there may be other programs to come with regional partners (Sonoma State University as one example).

Of the many initiatives in this document, the following are the most germane to an economic development strategy:

- Prepare funding applications to USDA or other funding sources to install the necessary technology to establish reliable broadband capacity throughout Lake County;
- Establish a local Lake County Community Development Financing Institution;
- Assist with rebuilding of any commercial business damaged, destroyed, or otherwise adversely impacted by the fires;
- Provide direct business expansion, operations, and management services to self-employed entrepreneurs; and
- Prepare a funding application for improvements of Lampson Field, to increase commercial and passenger activity, increase employment opportunities, and achieve economic self-sufficiency for Lampson Field.

Other initiatives have importance, but may naturally come from the initiatives above or from specific cities or communities. We see later how each of these has a role to play in this strategy.

Hotel Feasibility Study, Lakeport (910 North Main Street)

This study commissioned by the City of Lakeport compares hotel trends in Lake and Mendocino counties. There is not a comparison to Sonoma and Napa counties. Travel trends are not only about average daily rate, but the number of visitors that may come to a region if marketed to efficiently. Airport access begins with Sacramento in this study, and then Oakland and San Francisco.

Lake County may need to pivot some of its focus away from the Bay Area and toward the Sacramento Valley area. However, in the study, the 50 miles of “trade area” examined is not a radius but a road travel mileage. Towns such as Healdsburg, Calistoga, and Saint Helena are not in the sample. This report defaults to looking at Mendocino County alone as the trade area. Further the occupancy rates are between 60 and 64 percent, which are relatively low for regional competition and also feasibility of the property.

This study provides insights and data about the tourism market in Lake County, and should be utilized as a planning document about the feasibility of other, similar hotels. What is needed are considerations of the number of visitors Lake County gets annually, when they come, why

they come, if they stay, why they stay, and how decisions are made to come and stay versus regional competition.

At some point in the economic development process, as tourism becomes a larger factor, internal and external competition both become factors in a strategy's success.

City of Lakeport: Economic Development Strategic Plan

This report provides data on the City of Lakeport, as both part of Lake County, but also comparing change over time. The more intriguing part of this report is the SWOT (strengths, weaknesses, opportunities, and threats) analysis done, a mix of both the report's data and also a "Where are we now?" discussion after the 2015 fires and also in the midst of a national and state economic recovery from the Great Recession.

The goals of the city of Lakeport's strategy can be seen as good, general goals for Lake County:

- Promote and participate in regional economic development initiatives;
- Expand and support business retention and attraction efforts; and
- Strive to enhance the historic downtown and lakefront area.

We see later that these goals are easy to see as strong for the future success of Lake County, not just the city of Lakeport.

Some highlights that are most germane to this report include the below:

Strengths:

- Natural beauty
- Rural lifestyle/Small Town Feel
- Sense of community and awesomeness
- Clean air/Blue sky
- Low cost of living
- Dark skies (for star gazing)
- Access to Clear Lake
- Wine and wine grapes
- Arts/culture
- Proximity to Santa Rosa/ocean/Sacramento
- Fishing
- Recreation
- Responsive City government

Opportunities:

- Relocating retiree Baby Boomers
- Konocti Harbor reopening

Weaknesses:

- Small population
- City Streets
- Mixed public perception
- Algae Blooms
- Poverty/Lack of Employment Diversity
- Blight
- Drug issues/Smoking
- Brain-drain including physicians
- Inconsistent store hours
- Inexperienced workforce
- Bad community and business reviews online
- Retail leakage
- Lack of critical care facilities
- Poverty mindset
- Wage levels
- Lack of diversions & activities for young people
- High commercial vacancy rate
- Broadband needed

Threats:

- (Bad) Press
- Condition of Roadways & Poor Circulation

- Scientific research opportunities
- Multi-use trail development
- Manufacturing jobs
- Available land/buildings
- Art tourism/public spaces
- Active tourism opportunities (recreational)
- Lodging
- Waterfront Area
- State/Federal regulations
- Community apathy
- Poor Health of the Community:
 - Drug Use
 - Obesity Rate
 - Alcoholism
 - Homelessness
 - Mental Health
 - Morbidity Index
- Stagnate tax base
- Poor Access to Transit/Transportation
- Poor Communications Infrastructure (Broadband, Cell Phone, etc.)

City of Clearlake, Strategic Plan 2017

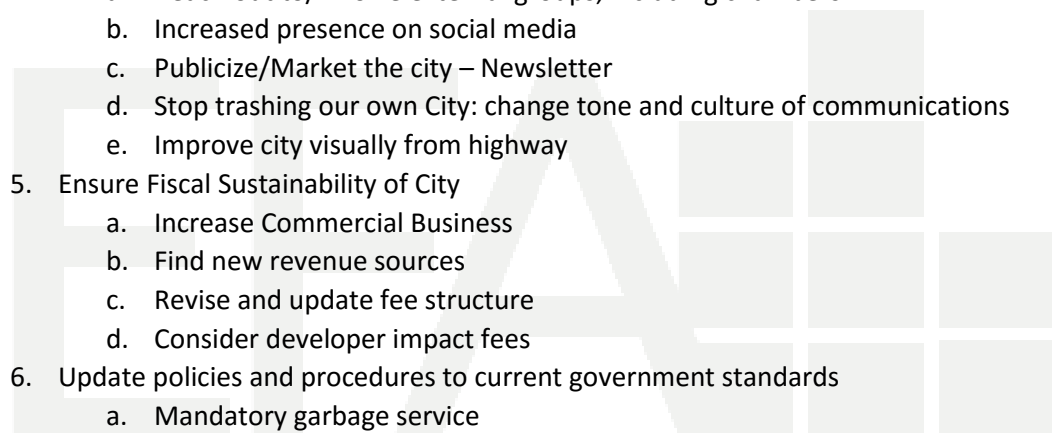
Much like the City of Lakeport, the City of Clearlake considered the city's future recently. Themes were similar to Lakeport in many ways, with a look toward generating more municipal revenue and also making Clearlake a better place to do business. The [opportunity zone](#) with Colusa County should be mentioned as a strength and unique to the City of Clear Lake in lake County: Investments made by individuals through special funds in these zones would be allowed to defer or eliminate federal taxes on capital gains. Such census tracts have either poverty rates of at least 20 percent or median family incomes of no more than 80 percent of statewide or metropolitan area family income.

Strengths and weaknesses were identified and are shown in the table below.

Strengths: <ul style="list-style-type: none"> • Recreation (Lake and other) • Public Support (Volunteers and Donors) • Citizens Caring 4 Clearlake • Bond Funds Available • Effective use of available resources • Thompson Harbor • Low debt • Scenery • Clean Air 	Weaknesses: <ul style="list-style-type: none"> • Limited Resources (money, staff, equip) • Roads • Blight (vehicles, housing, dumping) • High crime • Low standing in image • Job opportunities • Retail opportunities • Public trust • Property values • External communications • Absentee property owners • Youth activities • Deterioration: Lakeshore Drive (Vacancies)
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This plan's goals centered on conversion of the weaknesses above into strengths or going away completely. There are many objectives, many of which seem "shovel-ready":

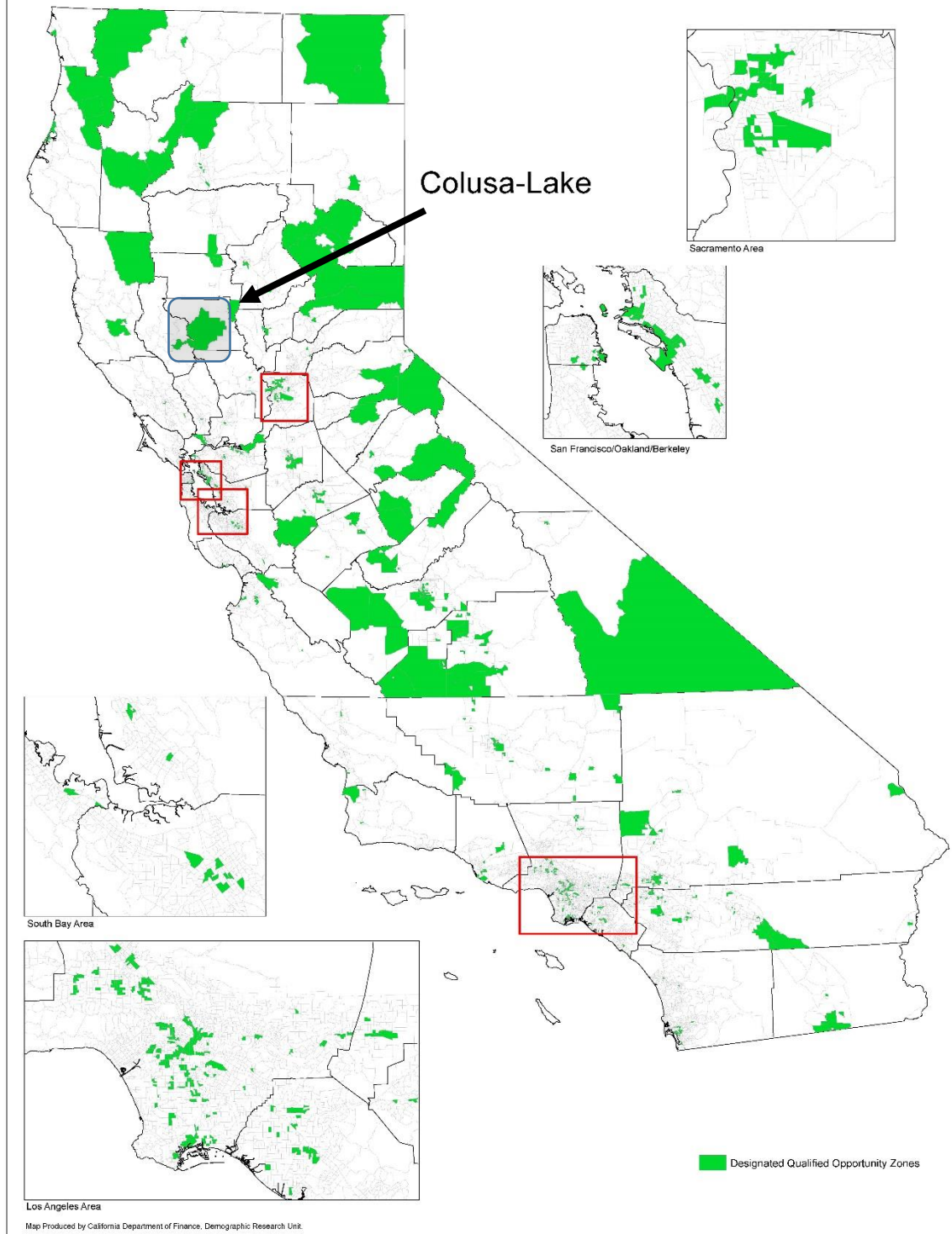
1. Make Clearlake a Visible Cleaner City

- 
- a. Eliminate blighted properties in “Beautification Zones”: Old HWY 53, Lakeshore Drive, and Olympic Drive
 - b. Eliminate blighted automobiles citywide
 - c. Reduce vagrants from streets
 2. Make Clearlake a Statistically Safer City
 - a. Educate the public
 - b. Crime versus Safety: work on reducing crime and increasing safety beyond criminal
 - c. Retain existing efficiency levels in the Police Department
 - d. Enforce red-tagged houses
 - e. Crime Suppression Unit with two officers
 3. Improve the Quality of Life in Clearlake with Improved Public Facilities
 - a. Implement Measure V: improve roads
 - b. Phillips/18th Avenue project: improve and widen
 - c. Animal Control and Corporation Yard: begin development of airport property
 - d. Airport Road/Old Hwy 53 (Airport) improvements: road access to airport
 4. Improve image of Clearlake
 - a. Reach out to/involve external groups, including chambers
 - b. Increased presence on social media
 - c. Publicize/Market the city – Newsletter
 - d. Stop trashing our own City: change tone and culture of communications
 - e. Improve city visually from highway
 5. Ensure Fiscal Sustainability of City
 - a. Increase Commercial Business
 - b. Find new revenue sources
 - c. Revise and update fee structure
 - d. Consider developer impact fees
 6. Update policies and procedures to current government standards
 - a. Mandatory garbage service
 - b. Cannabis policies: update and change as needed
 7. City policies will support economic development
 - a. Code enforcement in business districts
 - b. Preparation to market real estate for development
 - c. Support for Chamber and Lake County EDC

This strategic plan shows that the City of Clearlake wants to partner and expand what Clearlake can do from a countywide perspective. It is imperative that the City of Clear Lake utilize the opportunity zone declared with Colusa County and use funding to pursue targeted industries and projects based on the strategic path provided by EFA (see Strategy document for more).

Designated Opportunity Zones in California (Shaded Area is Colusa-Lake Zone)

Designated Qualified Opportunity Zones



Source: http://dof.ca.gov/Forecasting/Demographics/opportunity_zones/

Comprehensive Recovery Funding Implementation Strategy

Lake County EDC

In a 2018 report, Lake County Economic Development Corporation (Lake EDC) investigated the funding sources and needs for Lake County to begin long-term recovery from the recent disasters and also connect such recovery to economic development where possible.

Strategies

- **Promoting Resilient Rebuilding, Based on Current and Future Risk, Through Innovative Ideas**
 - Giving governments and residents the best available data and information on current and future risks to facilitate good decision making for recovery and planning.
 - Prioritizing the engagement of vulnerable populations on issues of risk and resilience.
- **Ensuring a Regionally Coordinated, Resilient Approach to Infrastructure Investment**
 - Helping communities work together to be better prepared at a lower cost for the risks associated with weather extremes, such as drought and excessive fuel load build up.
 - Making the electrical grid smarter and more flexible and protecting the liquid fuel supply chain to better prepare them for future emergencies and other threats.
 - Helping to develop a resilient power strategy for telephone and internet communication systems and equipment, so the ability to communicate when it's most necessary is less vulnerable to disaster.
 - Providing a forum to coordinate and discuss large-scale, regional infrastructure projects and map the connections and interdependencies between them, saving money and getting better results for all levels of government.
 - Establishing guidelines to ensure those projects are situated and built to withstand the impacts of existing risks and future climate change, in the region, and across the country.
 - Assisting organizations to optimize recovery infrastructure funding and leverage non-federal resources to help build critical infrastructure assets that are resilient to current and future risks.
- **Providing Families Safe, Affordable Housing Options and Protecting Homeowners**
 - Helping disaster victims to be able to stay in their homes by allowing homeowners to quickly make emergency repairs.
 - Making housing units – both individual and multi-family – more sustainable and resilient through smart recovery steps including elevating above flood risk levels, improved wildfire protection, and increased energy efficiency.
- **Supporting Small Businesses and Revitalizing Local Economies**
 - Creating specialized skills training programs to support rebuilding including training opportunities for low income individuals and other vulnerable populations.
 - Developing a one-stop shop online for everything related to small businesses and recovery.

- Improving the process for accessing critical disaster recovery loans and other resources; and increasing SBA's unsecured disaster loan limits and expediting the disbursement of small dollar loans.
- **Addressing Insurance Challenges, Understanding, and Accessibility**
 - Working on the affordability challenges posed the National Flood Insurance Program (NFIP) and fire insurance providers so that responsible homeowners aren't priced out of their homes and rebuilt homes will have adequate insurance against fire and flooding.
 - Encouraging homeowners and other policy-holders to take steps to mitigate future risks, which will not only protect against the next emergency but also make their flood fire insurance premiums more affordable.
 - Streamlining payouts to homeowners and other policy-holders in the wake of a disaster.
- **Building Local Governments' Capacity to Plan for Long-Term Rebuilding and Prepare for Future Disasters**
 - Supporting multi-jurisdictional planning efforts to create and implement locally-created and federally funded strategies for rebuilding and strengthening their communities against future extreme weather.
 - Funding Local Disaster Recovery Manager position in the county and taking additional steps to prepare for future disasters.

Combining this plan with staff funding and a fundraising position can help generate momentum for recovery and resilience and expansion simultaneously. Each bolded strategy above can be seen as a sub-strategy of EFA's work; pursuing resilience should happen while pursuing economic development.

Alternative Funding Models

Overview

Economic development strategies and support need funding. The recent fires, the loss of redevelopment funding, and other shadows of the Great Recession, have pressured Lake County's municipal budgets (county and cities) to be unable to easily support economic development. The establishment of a tourism improvement district (TID) throughout Lake County helps provide funding to market for visitors, but the definition of that marketing target should be expanded to both classic visitors and business visitors, including rotations of scientists to study Clear Lake, astronomy, fire science, and other scientific endeavors.

Funding is likely to be a continuous pursuit of any leadership organization for Lake County's economic development. Lake County Economic Development Corporation (Lake EDC)

Recommendations:

- Plan to use TID funding in broader ways than simply advertising Lake County hotels;
- Each municipality must consider partner funding for economic development efforts;
- A grant writer and search (same person) should be hired or shared among the municipalities and Lake County Economic Development Corporation (Lake EDC) to simply find and apply for state and federal funding;
- The partnership in the enterprise zone shared by Colusa and Lake counties may assist in providing more resources; and
- Corporate partnerships, in-kind and financial, are other ways to expand resources.

After redevelopment ended in 2012, many counties and cities were left to consider what could be done to leverage property tax growth for infrastructure projects. Some of the options available are discussed in this section, along with a sample pro-forma financial statement on how the benefits and costs may take place in Lake County.

- Tax Increment Financing (TIF);
 - Infrastructure Finance District (IFD);
 - Infrastructure and Revitalization Financing Districts (IRFD);
 - Enhanced IFD (EIFD); and
 - Community Revitalization and Investment Area (CRIA).
- Special Assessment Districts;
- Community Facilities Districts;
- Enhanced Transient Occupancy Tax (TOT) revenues and uses; and
- Federal and state level programs (CDBG + CDBG).

Tax Increment Financing Options

There is a reduction in property tax revenue in Lake County from the 2015-18 fires. These tragedies also provide an opportunity for gains from property taxes once rebuilding takes place (resetting property values based on improvements potentially paid for by insurance funding) or replacing old housing stock (mobile homes, e.g.) with newer homes.

TIFs utilize forecasted increased in property tax revenues as a way to pay back use of credit or bonds today. Proposition 218 forces any special assessments to be assigned to property owners in a way that the benefits derived from them are proportional. A special assessment can help and happens if a majority vote takes place. However, the restrictions on public benefits under a special assessment district are lifted when there is a special tax district (Community Facilities Districts or CFDs once in place) a la Mello-Roos. Bonds must be 40 years or less in maturity.

CFDs are eligible to fund planning, design, construction, rehabilitation or acquisition of a broad range of public facilities. Examples of eligible improvements include:

- Streets and public right of way improvements;
- Park, recreation, and open-space facilities;
- School sites and structures;
- Libraries, childcare facilities;
- Water, wastewater and utility infrastructure; and
- Flood infrastructure; and Seismic retrofitting.

A key restriction of special assessment districts is the bonds cannot finance much beyond construction costs for public facilities such as landscaping, lighting, streets, water, wastewater, and storm water infrastructure, parks and public facilities. Most assessment districts also allow funding of maintenance costs associated with public facilities. However, assessment bonds are not authorized to pay for ongoing services.

Infrastructure Finance Districts (IFD, EIFD, IRFD)

Under the auspices of a TIF, IFDs are slightly different ways to use portions of the one percent property tax collected by a municipality for municipal projects. The formation of a “district” means a new entity exists, collects, distributes, and manages funding. The California Department of Finance must receive a finding of completion for redevelopment; if there is overlap with a former redevelopment area, the same rule applies.

If an EIFD is formed, there would be a different governance structure. If the County of Lake formed this new district, the Board of Supervisors would be the governing agency. Thirty years is normally the agency’s life span, though 40 years is possible if an IRFD. The time typically follows the maturity of the bonds issued under the agency.

All new districts require a public vote to issue debt. This is after a public hearing, governing body vote, and resolutions by legislative bodies of the affected municipalities. The vote to institute a new district is a supermajority (2/3 vote) due to taxation. EIFDs include a 55 percent vote to issue debt from voters in the municipalities covered by the potential debt.

Community Revitalization and Investment Authorities (CRIA)

This type of financing has a demonstrated need associated (Assembly Bill 2 established these in 2015). Four conditions outside of former military bases in the potential funding area dictate the ability of the area to engage a CRIA.

- 80 percent of the statewide median income or less in the local area and have at least three of the four following conditions:
 - Unemployment is three percent higher than statewide median unemployment rate;
 - Crime rates are five percent higher than statewide median;
 - “Deteriorated” infrastructure; and
 - “Deteriorated” commercial and residential structures.

There needs to be a finding of completion by the California Department of Finance (DOF) to allow a city or county to pass a CRIA ordinance. Like the examples above, a new entity is created, but this time with three elected members and two members of the public (thus still subject to the Brown Act). The governing body is to prepare a plan for the area’s revitalization and the process to adopt the plan. These plans are not prescriptive but have some high-level requirements:

- Descriptions and timeline for targeted projects;
- A plan to meet affordable housing requirements;
- A fiscal analysis;
- A termination date (at a maximum of 45 years from adoption);
- Three public hearings required, and signed protest by 25 to 50 percent of qualified voters triggers an election to establish the authority versus conforming to the above rules;
- There is annual reporting and bonds can be issued by a majority vote.

The gains of going this direction is that there is a broad range of possibilities of funding, with one restriction that 25 percent of the funding must be for affordable housing, but have the ability to engage eminent domain when needed for infrastructure or housing projects.

- Wastewater / Groundwater;
- Roads / Circulatory Infrastructure;
- Civic Infrastructure;
- Assist Businesses;
- Affordable Housing / Mixed Use; and
- Brownfield Remediation.

Similarities and Differences between EIFD and CRIA

Similarities

Governance	Both are public entities separate and distinct from city or county that established them, governed by 5+ member board consisting of majority of City Council/County Board of Supervisors and 2+ members of the public who live or work in the area.
Eligible uses	Both can finance a wide-range of public and private projects.
Prerequisites to formation	Requires finding of completion (FOC) from DOF and compliance with State Controller's orders
Funding sources	Authority to use property tax increment to finance facilities and housing with contributions from other taxing entities with their consent.

Differences

	EIFD	CRIA
What property can be included?	Any property (no qualification necessary)	80% of the area must meet income and other requirements (e.g. crime, unemployment, deteriorated infrastructure and private structures)
Voter approval for formation and plan adoption	No	No, subject to majority protest at adoption and every 10 years
Voter approval for bond issuance	Yes, 55% by registered voters if 12+ registered voters; otherwise by landowners (1 vote per acre)	No
Low / moderate income housing set-aside requirement	None	25% of taxes allocated to CRIA
Ongoing reporting / audit requirements	No, but if bonds are issued, independent financial audit every 2 years	Yes, annual report and annual independent financial audit
Acquisition by eminent domain	No	Yes, within 12 years of formation
Funding for facilities outside of plan boundaries	Yes, but must have a tangible connection to the work of the district	No

Source: [https://www.kosmont.com/services/eifd-cria/#Statewide EIFD CRIA Evaluation Areas](https://www.kosmont.com/services/eifd-cria/#Statewide_EIFD_CRIA_Evaluation_Areas)