



Opportunity Analysis: Findings and Recommendations

*For the Economic Development Corporation
of San Benito County*



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Table of Contents

- Our Thanks** 4
- Opportunity Analysis Rationale**..... 4
- BACKGROUND and METHODOLOGY** 5
 - Background..... 5
 - Methodology 8
- INTERVIEW SUMMARIES** 10
 - Impact of the National Economy..... 10
 - San Benito County’s Economy 13
 - Economic Growth 15
 - Need for Organization Focused On Economic Growth 18
 - Familiarity with the EDC of San Benito County..... 19
 - Effectiveness of EDC of San Benito County 20
 - Business Support Provided by the EDC of San Benito County 23
 - Accomplishments of the EDC of San Benito County 26
 - Benefits from Efforts of the EDC of San Benito County 26
 - Rating the Proposed Program Components 28
 - Business Retention & Expansion**..... 29
 - Business Attraction & Recruitment**..... 32
 - Marketing & Public Relations** 34
 - Special Project: Small Business & Entrepreneurship Opportunities** 37
 - Opportunity Fund**..... 39
 - Five-Year Goals..... 41
 - Target Firms and Jobs..... 43
 - Suggested Modifications to the Plans..... 44
 - Funding..... 45
 - Top Potential Investors 48
 - Summary Financial Indications..... 49
 - Potential Obstacles to Funding..... 49
 - Potential Leadership..... 50
 - Willingness to Participate 52
 - Competing Campaigns..... 52
 - Other Factors 52



CONVERGENT ANALYSIS	54
Key Observations	54
Challenges to Overcome	54
Favorable Factors	55
CONVERGENT RECOMMENDATIONS.....	56
Feasible Goal.....	56
Timing of Campaign Commencement	57
Campaign Implementation Recommendations	57
CONCLUSION.....	59
ABOUT CONVERGENT	61
APPENDICES.....	63
APPENDIX A: DRAFT Five-Year Strategic Work Plan.....	64
APPENDIX B: Pre-Interview Letter.....	68
APPENDIX C: List of Interviewees	70
APPENDIX D: Investment Range Table.....	72



OUR THANKS

The Convergent Nonprofit Solutions (Convergent) team appreciates the opportunity to conduct your Feasibility Study. We extend our thanks to everyone at the Economic Development Corporation of San Benito County who helped us with this important assignment.

We extend special thanks to CEO Nancy Martin for her support during this feasibility study. We also want to call attention Sergio Gomez for his persistence in setting and scheduling interviews. Nancy and Sergio's efforts enabled Chris Marshall and Mark Bergethon to interview 75 people over a period of three weeks. That's an outstanding result! And, we are most grateful for this support.

The candid comments of Board members and those interviewed were essential to our process. Their participation allowed us to complete an accurate assessment of the proposed five-year economic growth plan. We thank them.

Sincerely,

s/Chris Marshall

Chris Marshall
Consultant

s/Mark Bergethon

Mark Bergethon
Principal

s/Bob Johnson

Bob Johnson
Principal

Convergent Nonprofit Solutions, LLC

OPPORTUNITY ANALYSIS RATIONALE

An opportunity analysis is undertaken to objectively determine the strengths and weaknesses of the sponsoring organization and its proposed project or programs.

An opportunity analysis also helps to accomplish the following:

- Uncover the opportunities and obstacles available or dictated by current and expected conditions (financial and otherwise);
- Identify the resources required, and tentatively available, to carry the proposed project or programs through to successful completion;
- Ask past investors or supporters about the perceived benefits and value of their investment; and
- Determine the overall prospects and potential volunteer leaders and supporters required for campaign success.



BACKGROUND AND METHODOLOGY

Background

San Benito County is a county located in the Coast Range Mountains of the U.S. in the state of California, south of San Jose. As of 2010 the population was 55,269. The county seat is Hollister, which includes nearly two-thirds of the county's population. El Camino Real, the historic 600-mile *California Mission Trail* stretching from San Diego to San Francisco, passes through the county and includes one mission in San Juan Bautista.

San Benito is included in the U.S. government's 11-county designation of the San Francisco Bay Area Combined Statistical Area.



History

San Benito County was formed from parts of Monterey County in 1874.

The county is named after the San Benito Valley. Father Juan Crespí, in his expedition in 1772, named a small river in honor of San Benedicto (Saint Benedict), the patron saint of the married, and it is from the contraction of this name that the county took its name.



Geography

According to the 2000 census, the county has a total area of 1,390.73 square miles of which 1,389.06 square miles (99.88%) is land and 1.68 square miles (0.12%) is water.

Sharing a border with Santa Clara County, San Benito County lies adjacent to the San Francisco Bay Area and is sometimes considered a part of that region. Frequently, the county is also associated with the Monterey Bay Area through governmental organizations such as the Association of Monterey Bay Area Governments as well as by the Pajaro River, which flows from northern San Benito County into the Monterey Bay. However, the United States Census Bureau includes the county in the San Jose-Sunnyvale-Santa Clara MSA and the San Jose-San



Francisco-Oakland CSA, which the Census uses as a statistical definition of the San Francisco Bay Area.

The county is also the location of the Mount Harlan and San Benito American Viticultural Areas, a designated wine grape-growing region distinguishable by geographic features. The San Benito American Viticultural Area contains the Cienega Valley, Lime Kiln Valley, and Paicines AVAs.

Incorporated cities

- Hollister
- San Juan Bautista

Unincorporated towns

- Aromas
- Paicines
- Tres Pinos
- New Idria (abandoned)

Adjacent counties

- Santa Clara County — north/northwest
- Merced County — northeast
- Fresno County — east/southeast
- Monterey County — southwest/west
- Santa Cruz County — northwest

Transportation infrastructure

Major highways

-  U.S. Route 101
-  State Route 25
-  State Route 129
-  State Route 146
-  State Route 156

Hollister Municipal Airport is a general aviation airport located just north of Hollister.

Southern Pacific Railway also services the area both north and south through Salinas.

National protected area

- Pinnacles National Monument

Fauna and flora

There are a number of plant communities that occur in San Benito County including grasslands and chaparral; however, one of the more unusual is the Sargent cypress forest. Benitoite, the official gem of the State of California, was discovered in San Benito County. The county is also home to the San Benito evening primrose and a millipede having more legs than any other millipede species, discovered in the county in 1926. The plant genus Benitoa was named for San Benito County.

¹ http://en.wikipedia.org/wiki/San_Benito_County,_California



San Benito County offers an enjoyable combination of natural beauty, temperate weather, historic, cultural and generational family traditions arising from a history of cattle ranching and agriculture, all in a casual rural setting. Nestled conveniently between the fast-paced Silicon Valley and the arts oriented Monterey Bay, San Benito offers business owners and entrepreneurs available and competitive land, business parks and a labor force along with air, rail and road transportation, all essential ingredients for business success.

Agriculture is the mainstay of the fertile San Benito River valley which supports some of the most productive farmland in the state. Throughout the county fields of peppers, lettuce, garlic, onions, tomatoes, broccoli, celery and cauliflower abound. The beautiful colors of the leaf lettuce provide a visual feast for the eye. Much of the county's farmland has been certified organic. These row crops and orchards speak volumes about understanding the responsibility of the water quality, concern for the environment and future generations. Agriculture continues to be the county's major producing industry with a year 2000 gross value of \$208,899,000 of which livestock accounts for about 15%. The most significant changes were Bell Peppers moved to the #1 crop in the County bringing in nearly \$20 million, and the category of Fruit and Nut Crops increased by 24%. San Benito County's agricultural income shows the important contribution of farming and ranching to the economic base and the quality of life of its residents. In 2012 the Ag businesses continue robust growth and profitability.

Manufacturing In the year 2000 forecasters called for a slight increase in the manufacturing labor base. Firms showing above average growth were Milgard, Corbin, Pacific Scientific, *LifeSpark* and McCormick Selph Inc. These firms all occupy special niches and some are recognized as "World Class" companies and together they created 275 new jobs during the previous year. The recession of 2008 and the bursting of the housing bubble have brought the loss of *LifeSpark* and all but 40 service/installation Milgard employees. In 2012, the business community is coming off a six year state mandated building moratorium followed by three years of economic recession. However, many of the mid-sized manufacturers, assemblers, and bio-tech companies are experiencing good growth and are planning expansions. Several thousand acres are ready for industrial development near the airport.

Education begins early with the accredited preschools of Sacred Heart, Presbyterian Preschools and Growth & Opportunity. The area's elementary schools have strong math and reading programs, modern facilities and up to date equipment. They have been recognized throughout California for the development and use of outstanding computer assisted learning programs and software.

The Gavilan Community College main campus is in Gilroy, 14 miles away. The Hollister annex campus has two locations offering A.A degrees that can be transferred to a four year college: one downtown in the Briggs Building and the other located at the Airport offering an A.A. in airplane mechanics.



Medical Care San Benito County's medical community offers state-of-the-art health care services to its residents. The area is served by two main hospitals, health clinics, and an urgent care facility. There are also a number of dentists, optometrists, chiropractors, podiatrist, massage therapists and physical therapists that practice in the County. Hazel Hawkins Memorial Hospital has 49 acute care beds and a 52 bed skilled nursing facility. In addition to a 24/7 physician staffed emergency room, a fully equipped intensive care unit and a birthing center are where more than 45 medical doctors practice. The hospital is currently completing a new Women's Center wing. The owners also operate two nursing homes in the county serving the aging segment of the population. .

San Benito County, often referred to as a Silicon Valley bedroom community, offers a charming blend of a rural down home atmosphere with uptown housing and amenities like world class golf courses, a wine trail and a few fine eateries. An estimated 20% of the working population commutes 60 to 90 minutes to Silicon Valley. This provides any local high-tech related employer with a trained and available workforce. A recent commuter study showed these commuters would take an equivalent job here for less pay.

Retirees have also added to the bedroom community perception as many retirees have settled in the area due to its rural beauty and access to the San Francisco Bay and Monterey Bay areas and amenities. Housing is considerably more affordable for retirees in San Benito. Whether you are talking about a retirement village, rural lifestyles or established neighborhoods, you will find what you are looking for in San Benito, at prices that are competitive. New affordable housing is needed and developments have been approved and are in final stages of providing new housing as the economy rallies over the next few years.

Tourism is a unique component to the San Benito economy including "Ag Tourism" of farms, a wine trail, Hollister Hills State Vehicular Recreation Area, Pinnacles National Monument, the Hollister Biker Rally, on and off since the 1950's, and many other Federal, State and County parks and recreational areas. Tourism is perceived as ripe for further development.

Methodology

Ready to make San Benito County a better place to live, work, and play, the Economic Development Corporation of San Benito County engaged Convergent Nonprofit Solutions to conduct a feasibility assessment for a proposed five-year (2012-2016) economic growth initiative.

Convergent Principal Mark Bergethon, Convergent Director of Field Operations Bob Johnson, and Convergent Project Director Chris Marshall began working with the Economic Development Corporation of San Benito County (EDC) President Nancy Martin



in February 2012 to develop an aggressive, comprehensive, five-year community and economic development DRAFT program. This work helped form the basis for a DRAFT five-year strategic plan (Appendix A).

Nancy developed a list of nearly 100 influential community and business leaders. This list would be used to gather critical information regarding the initiative and the community. Those chosen represented a broad cross-section of the business community, EDC investors and non-investors, EDC Board members and non-members and many on the San Benito Business Council and the Chamber Board.

Each prospective interviewee received a letter requesting a face-to-face interview (Appendix B). The following EDC Board members signed the letter:

Tom Squeri
Vice President
GRANITEROCK

Mary Hubbell
Partner
BIANCHI, KASAVAN & POPE

Jose Rios
Major Accounts Manager
PACIFIC GAS & ELECTRIC

Brenda Weatherly
Executive Director
HOLLISTER DOWNTOWN ASSOCIATION

Anthony Botelho
BOARD OF SUPERVISORS
2nd DISTRICT

Clint Quilter
City Manager
CITY OF HOLLISTER

Sergio Gomez
Manager
NELSON STAFFING, INC.

Vedana Freitas
VEDANA & COMPANY
RE/MAX SYNERGY

Sergio Gomez of *NELSON STAFFING, INC.* helped schedule appointments with prospective interviewees over three weeks, from March 18 to April 5, 2012.

Convergent's Chris Marshall and Mark Bergethon conducted 68 confidential interviews. Four of the interviews had two attendees, so a total of 75 individuals participated in the interview process. All but a handful of the interviews were conducted face-to-face throughout San Benito County.

A complete list of interviewees is included in the addendum to this report (Appendix C).

All conversations focused on the information outlined in the draft five-year action plan. To facilitate the interview process and quantify the information obtained, Convergent developed a detailed Interview Questionnaire. Most interviews lasted between 45 and 70 minutes. To encourage candid responses, we assured all interviewees that their opinions and comments would remain confidential.

While Chris and Mark were not seeking financial commitments, they reviewed an Investment Range Table (Appendix D) illustrating the levels of financial support typically



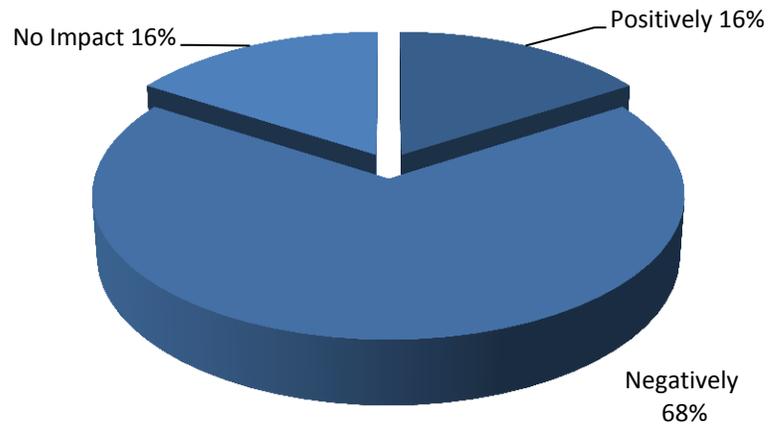
required to successfully raise \$1.5 million in the community, the amount needed to fully implement the preliminary five-year plan of work. In addition, they asked for a financial range of support interviewees might consider providing should a campaign be launched. As a result, the 75 interviewees provided meaningful insight into the financial strength and willingness of San Benito County's private and public sectors to fund the final five-year plan.

INTERVIEW SUMMARIES

The following is a summary of the responses provided by those interviewed by Convergent. All individual responses were noted. The 75 interviewees represent a good cross section of the public and private sectors in Hollister and San Benito County and provide an excellent snapshot of the various viewpoints that exist among business and community leaders.

Impact of the National Economy

How is the current national economy impacting your business?



A large majority of respondents (68%) indicated that the current economy has had a negative impact on their organization. Sixteen percent of interviewees indicated that the recession had no impact on their business, and another 16% indicated that they were actually doing better during the current economy. In summary, close to a third of the respondents indicated they were doing well in these tough times.

Despite the majority of people indicating that the current national economy has had a negative impact on their business, many were optimistic that a turnaround was imminent and indicated that they are already seeing the positive effects of new growth in Silicon Valley. Some who are in global businesses have felt a positive impact. Current results appeared to depend on the market they served.

In Their Words:

“Due to the national economy people have a negative view of the future and are not investing.”

“The effects of the national and state economies added to the local building moratorium have resulted in zero housing starts and public revenues are down.”

“Being related to the housing market, we have dropped from \$18 million in revenues to \$5 million and from 150 employees to 28.”

“Our revenues are down. People are asking for rent reductions so we are cutting costs.”

“We have huge accounts receivable now, as clients aren’t able to pay.”

“Our business is down worldwide due to the world economic slowdown in demand for our products.”

“It has had a huge impact on jobs lost, unemployment, bad debt, and foreclosures, all of which negatively affect our revenues.”

“50% of loans are now not approved. Our credit balances and bank balance sheets are down.”

“The moratorium created a struggle to grow; as a result our deposits are down 22%.”

“We have been actively recruiting to four business parks. Even so, some companies have left and we can’t attract new ones. My business is devastated.”

“Our revenues are down 50%. The area is trending down and public and private leadership seem to be stagnant.”

“There has been less demand for our products for five years.”

“Comparable Sales have flat lined over the past three years.”

“There are many foreclosures and the Lowes project is on hold along with a 1,000 unit home plan as well.”

“We have a multi-million dollar hole in our budget. We laid off 18% in 2011 and 25% in 2012 and are down from 420 employees to 221.”

“We have been down since 1999. Similar businesses elsewhere are picking up but not here. Lately it varies, we had a good February but a bad January and March.”

“There has been no impact on our commodity business but the national economy has been a negative influence on the development side of our business.”

“Most of our work is out of the County, some projects are starting but banks are holding back on financing.”

“This year is up due to good weather, the last few years were down 10% due to the national and local economies.”

“The last two years our business has been down since overall employment was down, we're now turning the corner.”

“Our business is up this year and we're expanding into other counties and other related business sectors.”

“We have never had a down year due to the Bay area demographics, the #1 visited city in the world, and the older population are eating out.”

“We serve the aging and the healthcare industry and both are growing.”

“Our company has never had a bad year but the new healthcare law changes hurt.”

“Business has picked up in the last several months. The Bay area is strong and is helping us.”

“Silicon Valley is a bright light driving growth even here in San Benito. The new local planning director is positive. However, politics and the Department of Interior (salamanders and red legged frogs) and Center for Biodiversity create difficulty for us.”

“Our local business is down 5% but we are up in the other 14 areas, so the picture is mixed.”

“We have had a downturn over the last few years but sales are more normal recently.”

“We downsized in 2008 by 30%. We are now picking up and expect a 10 to 15% increase in 2012.”

“We grew 160% last year. It was all international.”

“We have some segments down but overall revenues are up.”

“Business was down but our attitude in pursuit of new business has improved our business.”

“Tax revenues are down and our multi-million dollar deficit doesn't go away.”

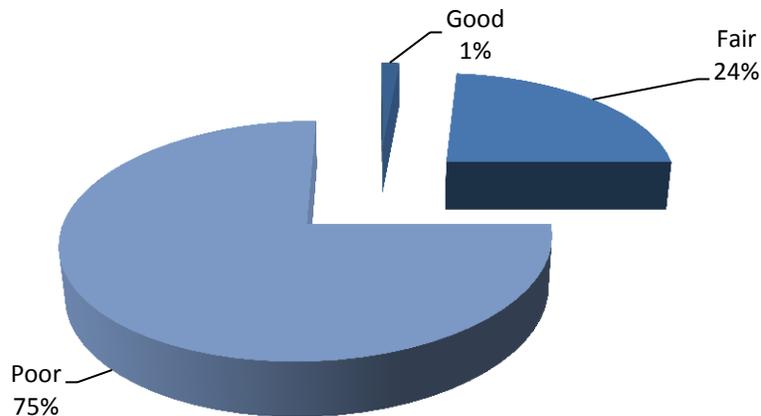
“Our business dipped on 2008 but it has picked up currently and we have gotten smarter.”

“Our market is East Coast premium grains and hay. Both are doing well but we are concerned about competition from Mexico.”

“All of our sales are outside the county and due to the demand for our product, we are doing well and planning an expansion.”

San Benito County's Economy

How would you characterize the economy of San Benito County?



Almost all of the respondents indicated that the local economy was either “Fair” (24%) or “Poor” (75%). No one described it as “Excellent.” One respondent indicated “Good.”

Many local businesses are experiencing financial stress due to the last ten years of no growth. A few mentioned the mixed blessing of the building moratorium. There was less overbuilding and therefore fewer foreclosures.

The agricultural base here provides a major and steady positive economic influence although primarily linked to the growing season with a seasonal workforce. There are quite a number of small and mid-sized companies located here doing well in their niche markets where demand is high outside the county and even outside the country.

As with the national economy, much cautious optimism exists about the local economy. Many interviewees felt that the national economy is recovering along with the Bay Area economy but many also mentioned the continuing high local unemployment (14.5%) and were not convinced the recession was over.

However, comments like *“The San Benito County economy seems to be getting better”* were fairly common. A good number indicated that they were now doing better this year than over the last three years. Business was improving in some local businesses, some niche businesses and a number serving overseas markets.

Some respondents mentioned that this downturn has forced them to cut to “bare bones” operations where they have laid off many of their employees just to stay in business. Others are increasing business in some segments as other segments fall. A few mentioned that the recession has forced them into being more creative and smarter in their businesses and as a result they are thriving. Some mentioned that San Benito County typically lags



the rest of the nation and the Bay Area. A few mentioned a silver lining of the recession: fewer competitors.

In Their Words:

“Businesses on Main Street are closing their doors.”

“Sales tax revenues down 35%.”

“Our business is non-existent in San Benito County. We have had an eight year moratorium and a 1% growth cap or 50 residential units per year. Then we had a zoning initiative where you were prevented from building on less than 40 acres. We had only three new septic systems installed in 2011.”

“Unemployment is 14.5%, foreclosures are everywhere, schools are at a four-day week and we're having a hard time finding people with minimum qualifications.”

“Our business is 40% local and 60% statewide, so we're doing OK.”

“We have too many commuters not attached to the community and the big box stores hurt the small businesses.”

“The ag economy is helping the county.”

“Ag is good, real estate is poor.”

“We have no jobs here.”

“We don't have businesses that create new jobs here.”

“The bedrooms for Silicon Valley are the only sign of prosperity. The moratorium and housing collapse are about over.”

“San Jose is the economic engine for Morgan Hill, Gilroy and San Benito County. We are fortunate to have Route 101 as it provides opportunity and potential for the county to be a retreat destination for our wine, the wine trail, Pinnacles, skydiving and Hollister Hills. We need to add horseback riding.”

“Business appears to be improving.”

“The San Benito County economy seems to be getting better.”

“San Benito County is starting to show signs of a recovery. More jobs are being created from Silicon Valley.”

“The concern with our city is how to manage funds rather than how to generate revenues. Permits are an asset and should be expedited.”

“This is the worst economy I have experienced.”

“Foreclosures are still increasing and it has hurt all three segments of my business.”

“The local economy is very poor right now; it's stagnant.”

“We didn't go overboard with building but foreclosures are still challenging us on balancing the budget. We have to do a better job of attracting businesses.”

“In San Benito County we can't agree what we want to be.”

“The economy is very poor and we have lost a few companies.”



“Our business bottomed two years ago and is coming back slowly.”

“The local economy is very poor and companies are leaving, not coming.”

“Milgard and LifeSpark have left; yet there are pockets that are up.”

“It is hard finding folks who can pass the drug screen here. We get employees from Salinas.”

“14.5% unemployment says it all.”

“It seems solid, but we don't do much business here.”

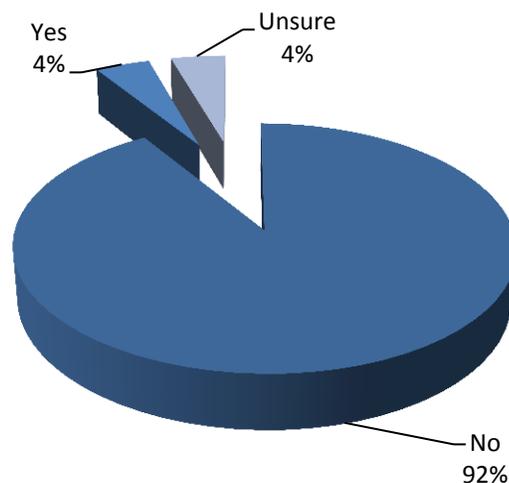
“The middle class business has disappeared and now we're more of a special occasion business.”

“We have high unemployment, continuing foreclosures and some businesses have closed.”

“Ag businesses and executives are doing pretty good.”

Economic Growth

Do you feel that sufficient economic growth is now occurring to maintain or improve the current economy and quality of life in future years?



The overwhelming majority (92%) of respondents felt there was not sufficient growth currently occurring to maintain or improve the quality of life in the future. Most respondents were pretty discouraged and see little or very slow growth ahead.

Many reasons were cited for this negative view – a six year moratorium on building, a four year recession, road transportation infrastructure restrictions, city, county, state and federal government regulations, and resistance to change by the bedroom community retirees and “no growers” who want to keep the community as it is.

However, many respondents stated things were turning and that their businesses were seeing improvement. Some referenced a number of major projects that have regulatory approval and are poised to begin soon.

San Benito County's "Coast Range Mountains" location, and its quality infrastructure of available land, water, transportation and business parks were mentioned as assets for growth. The proximity to Silicon Valley was cited by many as an engine of growth for the county. The thousands of daily commuters to San Jose were seen as an available workforce on wheels. The access to a transportation corridor containing four state highways, 30 minutes from interstate I-5, plus rail service and an airport all contributed to San Benito County being perceived as a county with great potential for growth.

San Benito County's location as a unique rural and beautiful place to live, work and play makes it ripe for growth and a good place to recruit employers and employees. Excellent dependable weather, downtown retail boutique shopping, accessible big box shopping, excellent local golf courses, a wine trail, a national monument, an off road recreational vehicle area, sky diving, Ag tours, biker rallies and access to the unique Pacific Coast Monterey Bay area to the west and the metropolitan San Francisco Bay area to the north all make San Benito County a potential economic growth engine.

Gavilan College was mentioned several times as an important asset for growth in the county. Gavilan's potential role to help transition an available workforce to a skilled workforce is being recognized by a few companies. The EDC's potential to assist local educational institutions with developing cooperative skills training programs were mentioned as important to preparing the current and future workforce. Workforce Development was suggested as an additional component to the economic development plan.

In Their Words:

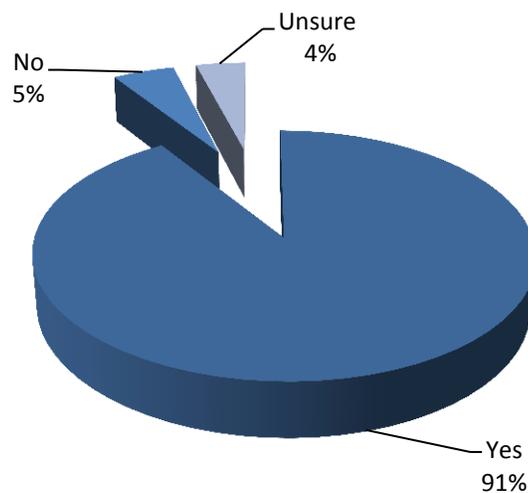
- *"Lack of growth started with the moratorium in the 90's, then the economic downturn in 2008 and the negative regulatory mindset all lead to no growth."*
- *"There has been no growth here for the past 10 years and currently there is not enough growth to raise the standard of living."*
- *"There is no new housing, no new permits, and banks aren't lending for major subdivisions."*
- *"There are 3,600 counties in the nation and we're 5th from the bottom in growth. Political leadership is an issue. We can't get top notch people with business backgrounds to run for office."*
- *"Our company has had 36 lots finished for 10 years, first the moratorium, then the recession. We are a long lead time business so we are working on the building codes."*

- *“We have an 1,100 home development that was not planned on current demographics. Now 70% of the renters are renting single family homes.”*
- *“Everything changed in 2008; the toys are gone and we are still shrinking.”*
- *“There’s no growth here now. Our revenues are off 60%. We lost Milgard, Leatherback, the cycle rally and neighbors are fighting neighbors.”*
- *“There is an ‘old’ mindset here, one that says ‘keep it as is’, they want the tax dollars from business but don’t want to provide incentives to bring or keep them here.”*
- *“The perception is that folks downtown want to keep out larger chain stores and restaurants. Smaller companies can come but nobody knows they are here and several are empty now.”*
- *“Milgard and other big companies are leaving; the city is not good to them.”*
- *“Business is getting slightly better with an uptick in discretionary spending. We draw from Silicon Valley.”*
- *“There is not enough growth at this moment although some projects are starting.”*
- *“There are lots of approved projects, 2000 homes are approved.”*
- *“We have no customers here, just our workforce.”*
- *“We need more happening here to grow. It has been this way for a long time.”*
- *“There have been some real ‘no growers’ on the planning board.”*
- *“One inherent problem is the highway ingress and egress is limited.”*
- *“We need to do a better job of attracting new businesses, such as adjusting the Urban Growth Boundaries.”*
- *“San Benito County is a bedroom community serving Silicon Valley and needs infrastructure, specifically roads, a four lane highway.”*
- *“As San Jose rebounds, we will too although it will be delayed.”*
- *“We’re still a bedroom community with some growth.”*

- *“Attitudes are changing, a new leader in the planning department has cut permitting time by 50%. 15,000 cars drive north to work daily and we need to attract them.”*
- *“There is another wave of foreclosures about to begin.”*
- *“Walgreens is coming but otherwise growth is very limited.”*
- *“Twelve years of no growth has developers pretty negative but we are building a new courthouse and a mixed use zone across from it; that is an opportunity.”*

Need for Organization Focused On Economic Growth

Do you believe that San Benito County needs an organization to help attract new jobs or facilities and further diversify the local economy?



An overwhelming ninety-one percent (91%) said “Yes.” The near unanimous response to this question was considered a “no brainer” due to the challenging economic times, even in the face of little success over the last few years by the EDC.

The general consensus was that attracting new jobs or facilities was not going to happen on its own; there needs to be a proactive plan in place for growth to occur. The timing seemed to be right as well. The sentiment on timing was that there is no better time to boost the economy than when coming out of a recession.

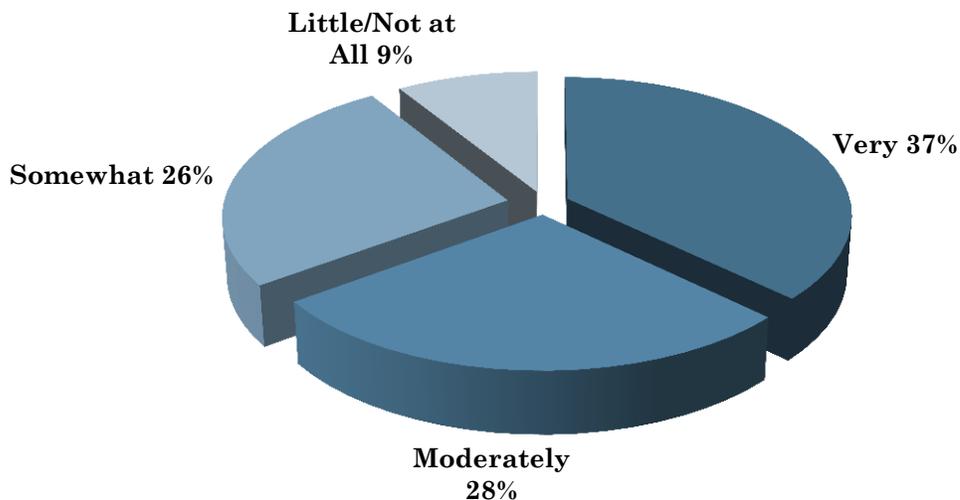
In Their Words:

- *“We need an active EDC; it seems it has been inactive lately.”*
- *“We need vibrant people in the EDC to sell San Benito County. We always get the overflow from Santa Clara and we should capitalize on that.”*
- *“We definitely need the EDC; it is a big help.”*

- *“Yes, and they need to attract the right kind of jobs.”*
- *“If the EDC isn't recruiting, who is? We need a spokesperson for economic growth.”*
- *“The County needs an EDC organization that works with a planning department that does not have an ‘in your face’ anti-growth and anti-business approach.”*
- *“Without question we need an EDC, if it is done right.”*
- *“The county supervisors can't do economic development on their own.”*
- *“We go to where there is fertile ground and San Benito County needs to relax their restrictions. The EDC's efforts in this regard are ineffective.”*
- *“The EDC has lost companies, Milgard and more. They're not getting the job done.”*
- *“Yes, due to the regulatory climate, we need EDC's advocacy.”*

Familiarity with the EDC of San Benito County

How familiar are you with the Economic Development Corporation of San Benito County?



Obviously, lack of familiarity with the organization and its work can be an issue for an EDC trying to secure support for economic growth. Currently, the general perception is that the EDC operates with relative anonymity due to the requirements of prospects for secrecy and the fact that it is run by one person referred to as a “one man band.” On the other hand, this clearly presents an opportunity to publicize the accomplishments and success stories of the organization more widely and significantly increase awareness of the EDC’s activities and accomplishments.

Effectiveness of EDC of San Benito County

How would you rank the effectiveness of the EDC of San Benito County?

	Not	Moderately	Very	Unsure
EDC as a whole	36%	30%	7%	27%
EDC Board of Directors	28%	15%	11%	46%
EDC Staff	30%	22%	17%	31%

EDC As A Whole

The EDC as a whole underperformed with only 37% of interviewees rating it moderately to very effective while another 36% rated it not effective and 27% were unsure of a rating. Overall, these respondents felt that the EDC was likely doing all it could with the resources at its disposal given the building moratorium and major recession.

Many said that they could see signs of the EDC’s positive effectiveness, although many saw the organization itself as invisible and “below the radar.” Many felt the organization needed to be more proactive and visible. Others recognize the hard work and effort being put forth.

The Board of Directors

Almost half (46%) of the people interviewed during the study could not rate the Board of Directors, but those who were familiar enough to gauge their effectiveness gave the Board split marks: 26% said “very” or “moderately effective” and 28% said “not effective.” The low visibility of the board and loss of jobs and companies during the recession are the likely reasons for the ratings. Many interviewees were not aware of the board structure nor who comprised this group until they read the pre-interview letter sent that included the Board members’ signatures. Some view the Board as a ‘secret society’ as “*nobody knows who they are or what they do.*”

The Staff

There was an overriding feeling that the EDC CEO was doing as well as one could given the limited resources available. Of the interviewees, 39% rated the staff (the so-called “one



man band”) “very” or “moderately effective.” Another 30% rated the CEO as “not effective.” Many felt the EDC CEO lacked accountability and therefore lacked credibility. Worth noting is that nearly one-third (31%) were unsure how to rate the staff. However, this rating is somewhat understandable since the staff often operates “below the radar” and mostly in secrecy due to prospect desires.

Those that have been helped by the EDC staff think the success stories they helped to create need to be told. Many recognize the “growth vs. no growth” struggle in the community as a hindrance to performance. Others think pay for performance will drive results, while some others think proactive government leadership is needed to get results. Still others see environmental regulations and the recession as stumbling blocks. Some who know about the seeds that have been planted are expecting a harvest soon.

In Their Words:

“A one person operation is a mistake. Folks in the community don't see results and there is no apparent accountability. The CEO is a salesperson and needs a manager to do the detail work.”

“It's hard to measure effectiveness. The last four years were lost due to the economy. Regional connections have been enhanced and we have better demographic information. We need to explore creative ways to get the EDC administrative help, possibly through the Chamber or HDA.”

“The board seems apathetic and I'm not sure what the CEO does.”

“They are trying.”

“The EDC is completely underfunded and under-staffed. The board is a good group but I would like to see the Marich brothers on it.”

“The EDC has a better presence than in the past. The CEO needs to imagine, copy best practices, and drive them as an advocate for ED here.”

“The EDC is ineffective mostly because the county and city planners don't embrace new businesses.”

“The EDC CEO has the vision, drive and mindset to get it done.”

“Businesses don't know what the EDC does. Regarding the CEO, one person can't do the job effectively.”

“There are no small businesses on the EDC board. Also, I haven't seen EDC's numbers or accomplishments so it is hard to rate them.”



“The CEO doesn't have the support she needs to succeed. I'm not sure who she reports to, and there seems to be a lack of accountability. Plus, the community is polarized ‘growth vs. no growth.’ The best example is the Measure G - growth cap initiative.”

“I can't evaluate the current CEO. I know the prior CEO was ‘Mr. ED’ but his hands were always tied.”

“There is no accountability with the CEO. Realtors should have quarterly updates. We might do better to have someone from this area on the EDC staff.”

“I go to Nancy for help. We need a ‘General’ (elected Mayor) for the city and for the county (Chair) to lead their administrators.”

“The current CEO has lots of plans but little follow up.”

“The EDC is now in a better position to be effective than in the last five years.”

“The EDC's CEO has helped us and has lots of good ideas. They need to advertise their accomplishments more.”

“If you go by results, the EDC is ineffective and I am not sure why.”

“I don't see any success but much of their activity is not published. The only accomplishment I have seen is the SBC brochure.”

“The economy has worked against the EDC and we haven't seen any results.”

“The EDC is on its way to becoming more effective.”

“It seems like they are not effective but the current economy is very tough. They come to our meetings and are involved.”

“We haven't seen or heard from the EDC.”

“EDC results are not publicized enough. For example if it weren't for the EDC we wouldn't be here.”

“The EDC CEO is very bright but has nothing to sell. They are currently paralyzed.”

“A few of the same people are doing all the work. The EDC has the skills but the economy and decisions in DC are stopping results.”

“The EDC is definitely underfunded for what the community is expecting. They have been really instrumental in our project.”

“The EDC needs to add someone on their staff with connections to Silicon Valley.”

“The board has the abilities but the staff and organization haven't gotten results.”



“The EDC has made a presence and is working very hard.”

“The EDC has no horsepower.”

“The EDC is unable to provide statistics when needed, their responses are reactive and focus on attraction, not on retention.”

“The EDC CEO is tops with effort but is spread very thin.”

“The EDC CEO is very positive and energetic. The EDC is an economic engine.”

“I can't point to one thing that ‘but for’ the EDC it wouldn't have happened.”

“The EDC did well on the Ag Research Biz Park. There needs to be reporting on projects and better accountability.”

“EDC is doing the right things in a wrong economy.”

“The County beats you up so bad the EDC doesn't matter. I'm opening a new \$3 million operation in another county as a result.”

“EDC is underfunded. This is a tough economic environment.”

“I have heard many great things about the new CEO but haven't seen anything.”

“I feel bad for the EDC. The last three years nothing has popped.”

“The EDC CEO is very professional, polite and good at public speaking.”

“The CEO is a big fish in a mud puddle here. The city and county have held back growth.”

“I know the EDC is trying to be effective.”

“The EDC is as good as it can be. It's task is nearly impossible, with the current regulatory burden for planning, zoning, water, environmental, being a recipe for failure ... except for the biggest, they will survive.”

Business Support Provided by the EDC of San Benito County

How would you rate the business support provided by the EDC?

Poor Fair Good Excellent Don't Know

22%	15%	21%	7%	35%
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Some 28% provided excellent to good marks for the support that is being provided by the EDC. Several mentioned what a tremendous resource that Nancy Martin was for the area, the strength of her contacts with the State and Federal governments and even expressed gratefulness for all her efforts to help their companies.

Over a third (37%) felt the EDC's support was poor or fair and many stated they had received no support. These comments came from existing businesses who expected proactive reaching out by the EDC but had no real specific stated need for support. The CEO's predecessor had made it a point to visit existing businesses, while currently the focus has been on recruiting new businesses.

Some of the negative comments stemmed from perceived lack of accountability by the EDC.

The fairly high number (35%) stating "Don't Know" was due to lack of awareness of what the EDC is doing to help businesses. Some respondents admitted being so focused on internal issues that they hadn't paid attention to what was going on outside their operations.

In Their Words:

"The CEO was very helpful with our new building and coordinated all the public officials - permitting, public health, fire marshall, county supervisors all at the same time."

"The EDC needs a business plan, product to sell, and an authentic advocate. Let's model other EDC's, their By-laws, Board Terms, CEO appraisal schedule--all of these are unknown here."

"We now have good contacts with the State and Federal governments and good leadership follow-up."

"The EDC has been helpful on the SBC Agriculture Board."

"They spoke to the Business Council and supported our project."

"The new CEO came here when the market crashed and nothing has been done to support our businesses."

"It is a two way street and we haven't supported the EDC but they have included us in their activities."

"EDC is there if we ask for help but ideally they should be more proactive and reaching out to us, especially with the City planning agenda."

"We have never had or needed any interaction with EDC."



“The EDC is non-existent to us.”

“We tried to work with EDC, city and county and got nothing but flack. We did everything on our own.”

“We have never had any support from the EDC that I know of.”

“We aren't depending on the EDC; they haven't helped us.”

“EDC hasn't done anything for us. I don't know what they are doing.”

“I have never had any personal dealings with the EDC but those I know who have rate them good.”

“Every now and then we have people at the airport and that supports us.”

“A ‘one man band’ can't do the job. Support staff are needed.”

“Hollister will step back 25 years if they lose the EDC.”

“Accountability is an issue. The EDC needs to report on efforts.”

“The EDC is too much of an advocate for developers and were the last to endorse our project which is now in litigation with environmental groups.”

“We haven't needed or asked for any support.”

“Land owners need to push the EDC for support.”

“EDC’s CEO came by and visited and because of that visit, a need was discovered and our people were enrolled in an employee literacy program.”

“It would be nice if the EDC could promote our business park.”

“A few years ago the CEO helped me.”

“In the past when we needed help the EDC was there.”

“They haven't come here and I fault them for losing LifeSpark.”

“We don't generally need their help.”

“The EDC is resource-bound and hamstrung by the federal, state, county and city regulators.”

Accomplishments of the EDC of San Benito County

What specific accomplishments or programs of the EDC of San Benito County stand out in your mind?

Although many respondents had little knowledge of the EDC's activities or personal knowledge of the board members, a majority could point to at least one accomplishment they attributed to the EDC's efforts as listed below:

- Corbin
- Enza Zaden
- Teslar Motors
- The AG Biz Park
- Airport - "through the fence" FAA approval and zoned commercial
- The auto test center
- Tri-County Relations
- Foundation Work
- Start-ups assistance
- Spotlight on Business hosting
- Video, "Living in San Benito"
- Brochure, "San Benito County"
- Fiber optics push
- Vital statistics
- Assistance with deals
- Golf Tournament
- Solar project
- Job Fairs

Benefits from Efforts of the EDC of San Benito County

Has your business or industry benefited from efforts by the EDC? If so, in what specific ways?

Yes	No	Unsure
39%	48%	13%

Over a third (39%) responded affirmatively while another (13%) were not sure. A long list of comments below verifies that many benefits were perceived ranging from good advice to new business revenues. Almost half (48%) said no, although many said "not to my knowledge."

The EDC is viewed as working hard against the tide of the recession to bring in new business and to assist existing businesses with expansion plans. However, there was a need

expressed by many to see a record of past results or the return on investment for the dollars invested. Regular investor updates, along with publicizing results and success stories will help overcome a common experience of not knowing the value of monies invested, especially tax incentive dollars used to recruit or retain industry.

In Their Words:

“Relationships and connections at state and federal levels are beneficial to all. It is important that the EDC is at the table.”

“We now have developers who own land around the airport with the ability to make deals.”

“EDC included us in strategic planning, community events and even chose our facility for an event.”

“The Spotlight on Business event was a benefit to us.”

“The Lean Manufacturing Seminar was beneficial.”

“I have had no direct referrals that I am aware of.”

“Permitting our new building was facilitated by EDC and the results exceeded our expectations.”

“EDC helped with approval of our new community project.”

“EDC enabled us to trade a building in near LA for land in Hollister.”

“Previously they brought in West Marine and Metacraft. Unfortunately they are gone now.”

“The EDC has been an advocate for development which helps us.”

“The EDC has assisted with our business and with various agencies.”

“Just their presence as an advocate helps.”

“The EDC has provided vital statistics, prospect meetings and tours, all with one and a half hands tied behind the back.”

“Work has begun on a few projects that the EDC approached us about.”

“The EDC is continually pushing the airport development and that’s good for us.”

“No touchdowns yet, no fruit but lots of cultivation.”

“The EDC has provided good advice to us.”

“Many new companies were brought in before the recession.”

“They gave me great support for two of my projects.”

“Just bringing other businesses to town strengthens infrastructure and helps all.”

“When we moved here EDC helped a lot.”

“The EDC recognized the potential of the airport.”

“The city has gained tax revenue from the airport.”

“We have partnered at job fairs and laid the foundation, no results yet but the table is set.”

“We have received increased tax revenues.”

Rating the Proposed Program Components

We next sought opinion and input about the proposed plan’s individual initiatives. It was explained to each interviewee that this plan was a draft and that their ideas for improvement were welcomed and would be considered in developing a final plan. All interviewees were asked to rate each component based on the following scale:

Absolutely Needed – the description provided in the five-year draft is perfect as-is; I wouldn’t change.

Largely on Target / Needs Refinement – the description is pretty close to what’s needed, but I would suggest the following changes...

Low Priority – I don’t view this as being as valuable as other components in the Project Summary.

Not Needed – this isn’t a critical item and could be dropped from the plan.

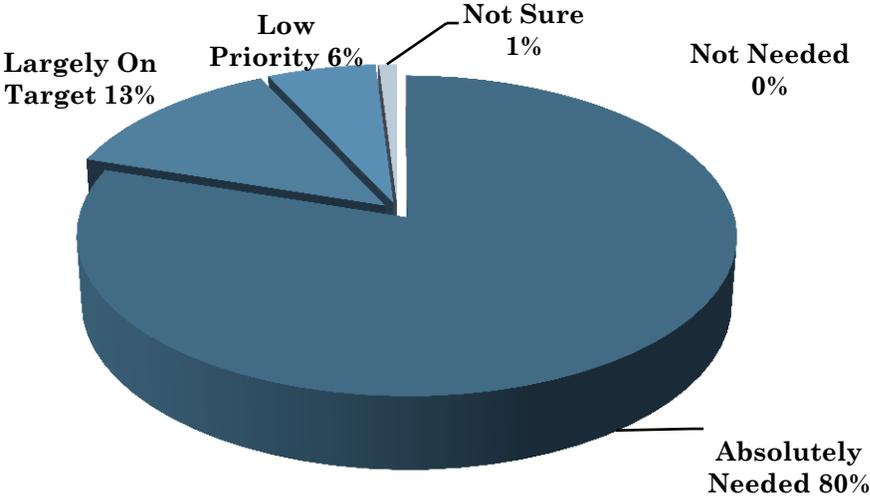
Not Sure – I don’t know enough about this component or how badly it’s needed in the final plan.

Each component will be discussed individually, but here in summary:

	Absolutely Needed	Largely on Target - Needs Refinement	Low Priority	Not Needed	Not Sure
Business Retention & Expansion	80%	13%	6%	0%	1%
Business Attraction & Recruitment	88%	7%	5%	0%	0%
Marketing & Public Relations	75%	18%	6%	0%	1%
Special Project: Small Business & Entrepreneurship Opportunities	49%	31%	13%	6%	1%
Opportunity Fund	63%	23%	7%	6%	1%

Business Retention & Expansion

What is your overall assessment of the business retention and expansion plan proposed by the EDC?



The business retention and expansion (BRE) initiative received very high support with 80% saying it was absolutely needed and another 13% indicating it was largely on target and some refinement might be in order. This adds up to 93% in support of the BRE plan with no one stating it was not needed.

The simple logic of keeping what you have was obvious to most. Treating existing businesses with equal priority to recruiting new businesses also seemed a fairness issue with most, especially when understanding that this is where most of new jobs come from.

The recent loss of Milgard and *LifeSpark* highlighted the significance of this work. It was also recognized that expansions aren't "a given" and that expansions are critical to the county's future economic prosperity. Some had specific ideas for refining the effort and making it a more robust initiative.

In Their Words:

"Working with existing businesses is especially needed to develop tourism in the county."

"First and foremost, we need to hang on to what we have."

"I would like to know what was done and what could have been done to keep Milgard."

"This is part of the reason for EDC ineffectiveness. This should be done by a part-time person, not the CEO."

"It is much harder to find a new company than it is to keep what you have."

"If EDC had gone to more planning presentations they could have advocated for improved efforts."

"Business Circle networks and Leadership San Benito are important to retaining our businesses."

"We need to keep what is here first. A current client of ours went elsewhere to build due to waiting and restrictions."

"We did a property owner initiative via HDA and there was no support from the EDC. Now we have some good things happening, Walgreens is coming and the Hospital is expanding."

"Existing businesses will keep you grounded about who you are and are your best base for suggestions."

"The EDC needs to reach out to existing businesses and be a spokesman for expansion, lobby for, help navigate government bureaucracy and be concerned."

"Focusing on retaining existing businesses hits the nail on the head. We need a regular outreach program for existing businesses."

"I don't think this will have any affect. 70% of losses are due to the economy."

"It's always easier to keep what you have."

“I would like to see downtown come back through this initiative.”

“I don't see how the EDC can prevent companies from leaving.”

“The EDC needs to visit local businesses. The city and county officials have to be on board. Most people don't show up at workshops. One-on-one visits are needed.”

“This plan is very general, it needs to list specific deliverables. Bikers are an opportunity for our existing tourism business.”

“As a franchisee, we really don't need this.”

“This can be very important when needed. There needs to be a point person as an advocate for business to navigate the political hurdles.”

“I am not sure how much bang we would get for the buck. We need to add project tracking, reporting and outreach.”

“Business retention and expansion is paramount now, it's like bailing a leaking boat.”

“This is hard to do with just one person.”

“We have property to expand but need help with the permitting process, the last time it took eight months.”

“It is most important to keep what you have and help them expand, the real wealth here is in mining, timber, farming and tourism.”

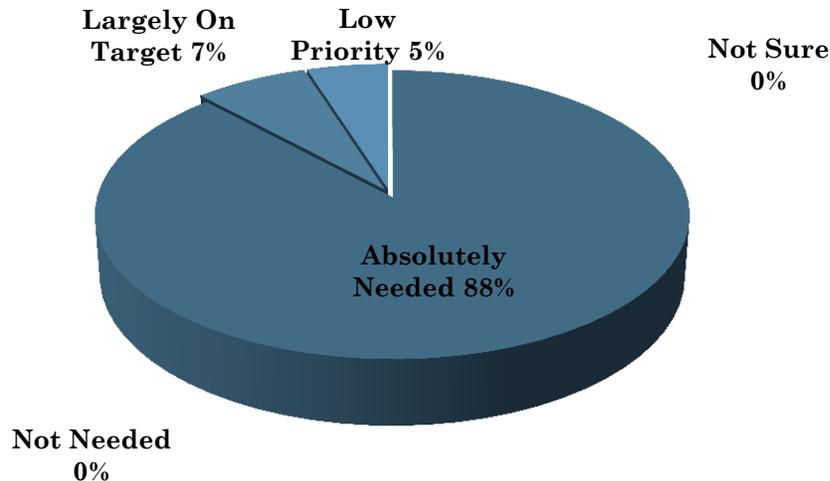
“We need no more layoffs or empty buildings.”

“The EDC can't support current businesses without a skilled employee pool first. We have gone so far as trying Craig's List to find people and are now looking at using radio ads.”

“The networks are already there, the primary work is to collaborate with them to keep what we have and attract new businesses.”

Business Attraction & Recruitment

What is your overall assessment of the business attraction and recruitment plan proposed by the EDC?



An overwhelming 95% of interviewees rated this part of the plan absolutely needed or largely on target. This component was the highest rated “absolutely needed” component of the plan and was seen as the priority activity of the EDC.

Many respondents were excited by the possibilities in recruiting and naturally linked the assets of the county with recommended recruiting strategies.

Some suggested the EDC must know what “product” it has to sell and implied that this was not the case.

One respondent echoed many others’ view that the EDC needs to first address government planning organizations by stating *“We can grow anything in San Benito County; we just can't grow businesses because of government.”*

In Their Words:

“Our tech area and the airport are underutilized and a great place for new businesses. It is a mistake to base recruiting on ‘Green’ tech, and government funding here is going away. We need to bring in Intel, UPS, etc.”

“We are at 14.5% unemployment, new businesses are needed and the workforce is available.”

“First we need a vision and strategy, for example - how to leverage the airport to attract distribution centers.”

“We need to create an infrastructure for this and we need the skilled workforce and internships.”



“We need to identify the employment demographic driving to San Jose daily.”

“George Lucas is looking at building a movie studio. Let’s recruit him here.”

“This is a good focus, especially for recruiting biotech companies.”

“This is all good stuff and someone needs to do this.”

“We must attract new businesses.”

“The auto test center was a good effort and a trade school design and development is important.”

“Relationships with Santa Clara are key, have someone checking on a daily basis for job posts and businesses that are growing and need a place to grow.”

“EDC should focus where 70% of the new jobs come from: existing businesses.”

“We need a large effort here to bring in anything and everything, but first we need to identify product to sell.”

“The budget for attracting and recruiting new business is too low.”

“EDC needs to hire two people and spend all the money on this. They must be tapped in to Silicon Valley. We need fresh blood.”

“Silicon Valley is a window of opportunity, open the door and invite them down.”

“This is a top priority, but what do we have to offer?”

“The EDC needs to target its research, invite targeted site selectors and provide barbeques for visitors and site selectors. A regional collaboration is critical.”

“EDC needs to streamline permitting, attend site selector conferences, showcase the community as very competitive - a large labor pool and affordable housing.”

“We have 18 employees and it really helps with stability when both parents have jobs too.”

“We must understand what we have to offer.”

“The EDC needs to go after the big boxes that will create more economic stability.”

“First fix the county planning organization including the Board of Supervisors. We can grow anything in San Benito County, we just can't grow businesses because of government.”

“We need to bring in new businesses to grow.”

“We must have better labor rates here to attract new companies.”

“This is needed but there are limited resources.”

“We need some added services here; for example, we had to go outside for HVAC service.”

“In my opinion, this is the top priority.”

“We definitely need to be business friendly. Right now San Benito County is known for saying no and much of the population doesn't want any growth, but they want a job.”

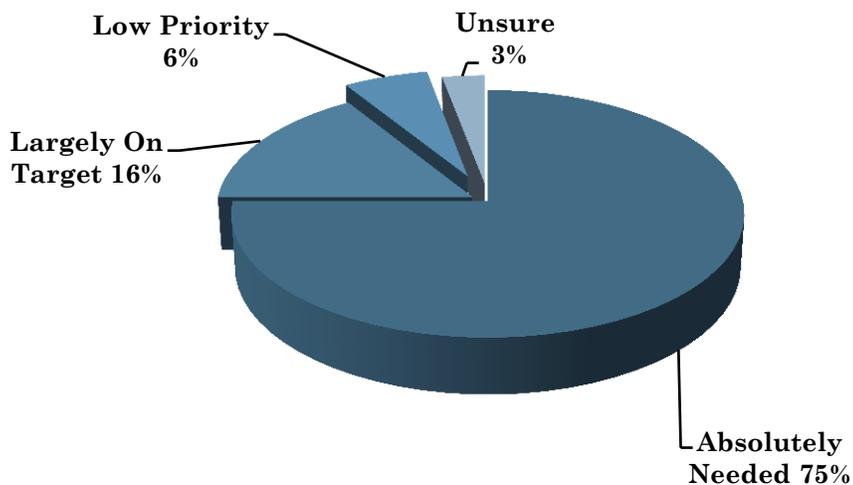
“We need hotels here if we want to grow tourism.”

“We have lots to offer, reasonably priced land, good schools and transportation access by air, rail and roads.”

“This is the key to getting professionals here, they must be attracted and recruited.”

Marketing & Public Relations

What is your overall assessment of the marketing and public relations plan proposed by the EDC?



An overwhelming 91% of respondents felt this marketing initiative was absolutely needed or largely on target. It was seen as a core function of the EDC that needed to be fully funded and enabled as “state of the art” in all aspects. Not one person said it was “not needed.”



Some questioned the budgeted amount compared to the other initiatives that took a higher priority in their opinion while others stated it should be budgeted higher.

Some suggested economies of scale could be achieved by partnering with the regional partnerships. Many felt Marketing & Public Relations went hand in hand with Business Attraction & Recruiting - tell people about it, attract them and then recruit them.

In Their Words:

“Capitalize on new media, social networking, and Board – EDC needs to understand talking points.”

“Very high in the short term.”

“This is the EDC's main job, team with the City & County, know limitations and potential.”

“There's not enough money to cast a wide net. We'll be better off to go for specific targets. This is #1.”

“Marketing dollars are wasted until the city and county get on board.”

“We need beds here and low interest small business loans.”

“San Benito County must have something to sell. Transit is a problem and the airport is still a Naval base. ‘Through the fence’ should change this.”

“This goes along with attracting new businesses.”

“EDC has to remind people that the business community has to work together.”

“Marketing dollars need to very specific and efficient.”

“Use other agencies to do this.”

“We need to identify what we have here to sell and communicate it internally first and then externally.”

“All is right on. We need a job board on the highway and we need a real website, not an on-line brochure ... rather a functional tool, one up and running with vital stats with a site selector link, available properties, residential & commercial & members.”

“Advertise the area and the wine trail weekly.”

“Market to Silicon Valley.”

“There needs to be a collaborative marketing with downtown.”

“This is a shortfall. We have a lack of media, and need to use social media and have a regional focus.”

“EDC needs to highlight their track record, with contacts in ads and brochures. We have to get out there and showcase the community.”

“It is important to promote the county.”

“My priority is execution on projects and getting them done. We must understand our talent pool, educational levels and properties. Our political leaders are not willing to be competitive.”

“This goes hand and hand with recruiting.”

“More money is needed here.”

“Where is the EDC website? One was offered for free and the EDC declined.”

“We prefer a low profile. We’re not sure that this initiative is right for us.”

“Tours have a real positive impact; we get chefs in from Santa Clara.”

“The slick PR stuff is helpful but do you have product or not? It is very important to study the stats, know what you have, research and compare with similar communities.”

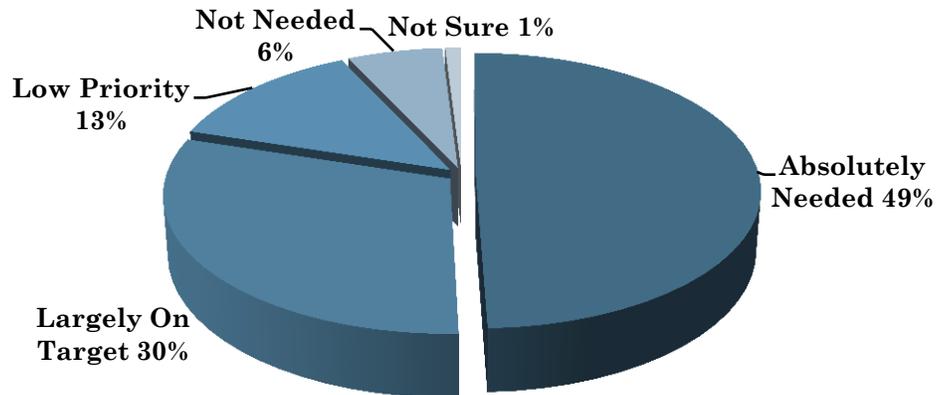
“We need to focus our marketing on retail.”

“The county needs to sell itself.”

“We can't attract businesses without marketing and PR.”

“We need to use these dollars in a rifle approach to new businesses.”

Special Project: Small Business & Entrepreneurship Opportunities
What is your overall assessment of the small business and entrepreneurship plan proposed by the EDC?



Forty-nine percent of interviewees felt this initiative was absolutely needed while another 30% felt it was largely on target, together showing (79%) support for encouraging small business and entrepreneurship.

Many mentioned the airport “through the fence” work accomplished by the EDC as critical to small business growth and they mentioned the importance of completing the effort. Others thought this entire initiative could be incorporated into the attraction and recruiting component. Another reminded that big businesses are needed to provide opportunities for the small business entrepreneurs so a mix of attraction, business retention and small business growth initiatives are required.

A few had ideas for refining the effort and making it a stronger initiative and some of those were willing to work on a refinement team.

In Their Words:

“Most jobs come from small businesses that grow to mid-size, they are the economic engine.”

“The EDC has done a good job here and it should continue. Grass roots start here.”

“A small business development checklist is needed - business use tax, zoning, permitting.”

“UPS and Fed Ex cut off here at 2:30, this is a huge issue. The airport is the answer.”

“The city is holding back the airport by wanting too much for rentals and rentals will cover the cost of land, taxiway and runways.”

“The airport gives Hollister a niche advantage if we can get the taxiway through the fence to properties adjacent to the runways.”

“Some components of this plan are important, like the airport, others not so much.”

“Small business needs to be visible. Help with financing is important and the EDC needs to get with the SBA to assist.”

“Through the fence is critically needed to link small businesses with the SBA.”

“The plan needs less verbiage and more action items here.”

“Focus on recruiting larger businesses and they will provide stability and then the small businesses will expand or be attracted and will survive.”

“This is a tiny sliver of the market. We would do better to make the airport more commercially viable with taxiways.”

“The focus needs to be on big box stores. Our rental costs are uncompetitive.”

“These small businesses are the real fabric of the economy.”

“We need to focus on the larger companies.”

“We need a component in the plan that deals with city and county regulations.”

“We need to clone the San Jose Incubator.”

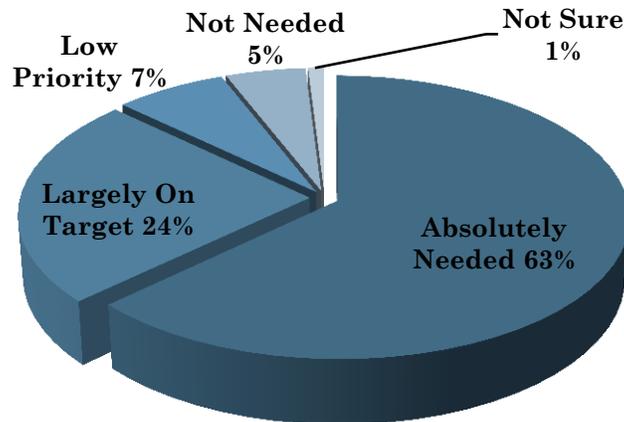
“This isn't EDC's role, maybe a college.”

“This is wasteful government spending.”

“This belongs with the attraction component; it's like an ant farm, we need all in the mix.”

Opportunity Fund

What is your overall assessment of the Opportunity Fund plan proposed by the EDC?



Eighty-seven percent of respondents felt this fund was “absolutely needed” or “largely on target.” It was universally understood that a fund like this serves a critical purpose to “seal a deal” for an expansion or for new businesses to locate to the area.

Some felt the timing was right for this fund but many mentioned the importance of the EDC and local governments collaborating on incentive packages, streamlining the permitting processes and creating a business friendly climate. Some felt the monies allocated were insufficient while others questioned the ability of government to provide any monies for this fund.

In Their Words:

“Now is the time to do incentive packages. The city, county and the EDC must work together to ‘set the hook.’ EDC needs to simplify locating here. Business owners want a simple process--what takes five months here takes five days in Florida.”

“We must have this and the EDC, city and county people must be savvy and work as a team.”

“The EDC needs to work with the city and county for tax incentives, impact fee waivers or deferrals.”

“Our community has not been ‘Business Friendly.’ This is a ‘no growth’ community and government officials want to keep it as is or placate those who are vocal at public meetings.”

“Sometimes this is the tie breaker and part of the equation for a final factor that tips the balance in our favor. This will allow us to win the beauty pageant.”



“This fund is a very high priority. We are told our impact fees are high compared to other communities.”

“Incentives from the city and county are more important and save money in the long run.”

“This is key to entice companies to come here.”

“This will give us a competitive edge.”

“I suggest we put more money here than in marketing.”

“This is good to have as part of your weaponry, especially if it is the deciding factor.”

“Incentives used to be important but with the RDA gone, streamlining permitting is more important.”

“This goes to having good product and with County buy-in, lots can be done.”

“This is imperative for retention of some current businesses.”

“Get the land owners on board and they will make an opportunity fund happen.”

“This is necessary only because of the government attitudes.”

“We need to get retirees and ‘No Growthers’ on board.”

“This is always part of the deal.”

“The dollars allocated are not big enough--the tip of the spear. The EDC needs to raise added dollars for specific projects as they arise.”

“The city and county should be doing this.”

“There needs to be more money allocated to this.”

“The city has a department that offers loans at prime plus 2%.”

“Let's target currently developed properties for incentives.”

“We need a team of local experts to do this.”

“The permitting process needs to be streamlined like in Austin, TX.”

“I would put this money into marketing and attraction and incentivize EDC staff for results.”

“This is a high priority because the city and county will be bankrupt in one to two years.”



“San Jose is calling us and asking us to come back.”

“This fund is ok with me if it is all private sector money.”

“The fund looks like pie in the sky to me.”

“A company recently wanted to locate here and they were not given much encouragement to come.”

“I don't think this will work with the public sector going broke.”

“We'll never get the money for this and not enough to attract too many businesses.”

Five-Year Goals

“Do you feel the preliminary five-year program goals are on target? If not, what is more appropriate?”

Preliminary goals were set forth in the Prospectus as follows:

Jobs	1,000 new jobs
Wage Rate	\$38,750 annual pay - \$18.63 per hour
Capital Expenditures	\$200 Million

	Appropriate	Too Aggressive	Not Aggressive Enough	Unsure
Jobs	47%	34%	15%	4%
Wage Rate	68%	21%	9%	2%
Capital Investment	41%	40%	3%	16%

Regarding the jobs goal, nearly half (47%) believed the jobs goal was appropriate while another third (34%) thought it was too aggressive and 15% thought it not aggressive enough.

Many indicated that, although the goals were aggressive, they could be achieved if the EDC targeted specific industries needed in the area, such as recruiting the suppliers of Silicon Valley to San Benito County.

Those who believed the jobs goal was too aggressive felt a range of 200-500 would be more doable. Some recommended targeting smaller companies to come to San Benito County



rather than hunting for the larger ones, while others thought targeting larger companies would provide more opportunities for smaller support companies. Those who thought the jobs goal was not high enough believed that sights should be set high as a stretch goal, indicating one must aim high in order to achieve great things.

A high 68% felt that the average salary of \$38,750 or \$18.63 per hour was appropriate, especially when targeting specific industries. However, some 21% felt that this was too aggressive based on the many current agriculture jobs and more that are likely to come. Some indicated they have a skilled workforce and are not currently paying that high of a wage and thought this might put the pressure on for higher wage rates to the detriment of existing businesses. Others felt a bigger, more qualified labor pool and growing economy was a benefit to all.

The capital expenditure goal had the most disagreement regarding the target's appropriateness. While 41% thought the \$200 million in capital investment was appropriate, another almost equal number (40%) thought it too aggressive. Only 3% thought it not aggressive enough with another 16% unsure.

Many of respondents considered the capital expenditure goal as high and even unattainable due to a number of reasons - the recent history of depressed capital investment, the difficulty getting bank loans, perceived government foot dragging and the "no growth" influence in the area.

However, many respondents referenced their own capital investment experience and recent history of economic development projects to make an informed opinion. One came up with three reasons the capital goal was high and then two reasons that made it possible. Some gave, what was in their opinion, alternative realistic capital goals ranging from \$50 million to \$150 million with \$100 million being mentioned most often.

One respondent mentioned that the capital goal could be met and exceeded with one data center located in the county and added that the climate was perfect for data centers and added that data centers add considerably to the tax base and demand little in public services.

In Their Words:

"The goals are high but good to shoot for."

"All of the goals are conservative and attainable."

"The timing is good for this effort to attract new jobs."

"\$200 million in capital is a robust goal but a good one to shoot for."

"\$200 million is high but a good goal. I had one project worth \$70 million."

“\$150 million is more on target.”

“100 million is more appropriate - that equates to 1-2 businesses per year at 20-50,000 square feet.”

“\$50 million is more like it based on recent history.”

“Genentech went to Vacaville. One hit like that could meet this goal.”

“One data center could meet the entire capital expenditure goal.”

“The goals are unrealistic; our government coffers are low, Measure T is sun-setting, schools are overcrowded, although we do have affordable housing and a great climate.”

“Lately we have new companies planning to come and then something happens with the county supervisors and the companies don't come. Approvals are too slow.”

“Regulations make it tough to get anything done until 2013.”

“Don't count on getting residential developments.”

“First, we must be able to get loans.”

“The EDC needs to validate the goals with existing businesses with over 50 employees.”

“We are dreaming; environmentalists stopped a solar project that would have brought \$1 million a year to the county.”

Target Firms and Jobs

What type of firms or jobs do you feel should be targeted?

Manufacturing	Ag Related	High Tech	White Collar	Healthcare	Motor Related	Biotech/ Pharma	Education	Tourism	Other
50	48	45	19	19	28	37	33	47	
74%	71%	66%	28%	28%	41%	54%	49%	69%	

Those interviewed were asked to list the sectors that they felt should be targeted for recruitment.



Suggested Modifications to the Plans

Are there any changes or modifications you would like to see in the plans?

Fifty-three percent said yes, with many offering suggestions noted herein.

Forty-seven percent said they like the plan “as is.”

Recommended changes from interviewees fell in five general areas – government relations, workforce development, existing businesses, attracting and recruiting and improving the EDC organization.

The categories of government relations and workforce development were recommended as new full components of the plan or as major components of the other initiatives.

The suggestions for existing business and attracting & recruiting can be used to refine those current components of the plan.

There are a number of suggestions regarding refining the plan document which should be taken up by a refinement committee early in the campaign process, if one should go forward.

The recommendations regarding improvements to the EDC organization may be utilized and considered by the EDC board for improving the EDC’s effectiveness.

In Their Words:

“This plan looks modest, but it is a solid start.”

“There needs to be a government relations component in this plan that includes business advocacy and streamlining government processes. The #1 complaint I hear is the permitting process; it is capricious, long, expensive and there is no surety of approval. EDC needs to get all parties on the same page and promote cooperative relationships and collaborative work on projects to facilitate business growth in the county.”

“The plan needs to address government planning, permitting and impact fees.”

“Transportation is one key to future growth in San Benito County. We have I-5 within 30 minutes from here. The County and cities need to welcome people here by providing a four lane connector to the west and the north.”

“We should have a workforce development component in this plan. Having skilled staffing available in the workforce is critical now.”

“We have never been asked to participate in job fairs and these are important events.”

“Add a workforce development component that encourages math, science and engineering.”

“We need a workforce development component in the plan.”



“We need to add an eight-hour course on business etiquette and interviewing skills to this plan.”

“We have to light the spark with this plan and maybe focus on downtown first.”

“The EDC needs more interaction with local businesses.”

“I recommend the EDC link with SBA and make that focus a part of the small business and entrepreneurship initiative.”

“Public education is needed and the EDC website is important here.”

“The EDC board needs to get with Silicon Valley’s EDC that recruits, has a lecture series and develops policy. Then they should hire some people from that group to work for our EDC.”

“The EDC needs to re-start by developing a vision and mission statement.”

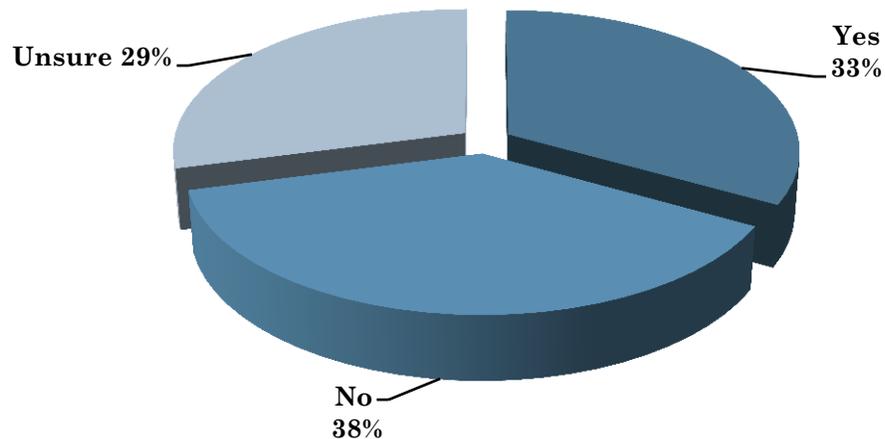
“The EDC needs to overload on reporting on activities in the beginning of this effort to overcome negative perceptions.”

“I suggest we make the EDC performance based.”

“This effort all hinges on the credibility of the EDC’s CEO.”

Funding

The DRAFT plan requires \$1.5 million for full implementation over the next five years. Do you feel that the proposed funding goal of \$1.5 million is a realistic goal at this time and is achievable?



For many, the \$1.5 million goal number seemed high given what is happening in the local and national economies, the pressures on public sector funding, and the fact that the private sector in San Benito County has no track record of major investment in economic development.

Nevertheless, one-third of those interviewed thought the goal was achievable at this time. Slightly more (38%) gave many reasons why it was not possible and suggested alternative funding targets. Another 29% of respondents were unsure, revealing a total of 67% having doubts about achieving a \$1.5 million funding goal.

Alternative funding estimates suggested as realistic were - "\$1 million, \$750,000, \$500,000, \$500,000 public & \$500,000 private, \$300,000 public & \$300,000 private, and \$100,000 - \$500,000.

San Benito County has not previously conducted an aggressive economic growth initiative that relied significantly on the private sector.

Interviewees were not confident that the current public sector support would be available in the future due to a drop in state RDA funding, the pending public sector lay-offs and the continuing weak economy.

On the other hand, many provided very strong opinions that public officials must perceive this plan as positive for the economic future of San Benito County and that government must be supportive of the five-year economic growth initiative, if one is approved and is implemented.

Most of the 30% "unsure" were concerned about the economy and whether it had truly turned for the better or not with conflicting indicators month to month. Those who felt the economy had turned positive felt the goal could be reached. Those who felt a continued recession was likely were unsure of the target.

Many others thought a refined plan and a compelling campaign done with the right - people, execution, energy and return on investment is likely to raise the \$1.5 million.

In Their Words:

"Yes, \$1.5 million is feasible with the right people doing it."

"I think that if the campaign is done right, the \$1.5 million goal is attainable."

"It depends on the ability of a campaign to energize the private sector."

"The money is here, reaching the funding goal depends on buy-in by the public and private sector decision makers."

“If we have a good plan and provide regular progress reports, the goal can be reached. Ag is doing very well.”

“Yes, this funding goal can be reached if you take the ROI approach.”

“If the marketing of the plan is done well, the support is here.”

“We need to shoot for \$1.5 million but \$800,000-900,000 is more realistic or possibly \$500,000 from the public sector and \$500,000 from the private sector.”

“There is lots of old money here but they don't want growth and those that do are down in their business.”

“The county is looking at pulling its money. The private sector should do \$1 million and that will increase over the years with economic development successes.”

“This can be done with a validated plan and detail where the money will be spent. There is way too much budgeted for marketing, it should be a maximum of 10% of the budget. The EDC people need to focus on specific measurable targets.”

“The city has lost State RDA funding (\$75,000/year) that has been used to fund the EDC. In addition, the county is deficit spending now and private sector revenues are down and the private sector may not be able to make up the public sector shortfall.”

“The county is \$5.5 million in the hole where there used to be a \$30 million reserve. The county is now down to its ‘prudent reserve.’ A \$750,000 goal is more realistic.”

“A \$750,000 target is more doable and we'll need to raise much of the money from the private sector. The state RDA funding for the city is gone, both the city and county budgets are cut, therefore the private sector will need to step up. In addition, we don't have large companies here with the economic development vision and community involvement.”

“The government's economic development money is going away and there are huge unfunded liabilities. \$250,000 is a more realistic number.”

“Public funding will be tough to get and private funding is tough too primarily due to few EDC results over the last few years.”

“No, the goal is too high, there is too much leakage here going to other counties. San Benito County is next to last in the state in the percentage of taxes returned.”

“The public sector is broke with revenues down for the last five years. Meanwhile, the private sector is dealing with a tough economy.”

“The people close to the land with the resources to fund this effort are very conservative. Reaching \$1.5 million could be tough.”



Top Potential Investors

After showing interviewees the “Investment Range Table” required for reaching the \$1.5 million funding goal, we asked **“Which firms or institutions do you believe would consider making some of these top level commitments?”** Those most frequently mentioned as potential top level investors include the following:

- *Alpha Technova, Inc.*
- *Anderson Homes*
- *Airpark Business Park*
- *Bank of America*
- *Bianchi, Kasavan, Pope, LLP*
- *Bikel Development*
- *Bonnie Doon Winery*
- *Brigantano Real Estate, Co.*
- *Calera Winery*
- *Casa De Fruta*
- *Charles River Labs*
- *Citation Business Park*
- *City of Hollister*
- *Comerica*
- *Corbin*
- *Dassel’s Petroleum*
- *Denise & Filice Packing*
- *DeRose Winery*
- *Diageo Chateau & Estate Wines*
- *Don Chapin Company*
- *Earthbound Farms*
- *Enz Winery*
- *Enza Zaden*
- *Frazier Lake Equestrian, Cultural & Event center*
- *Gavilan College*
- *Granite Rock*
- *Greenwood Chevrolet*
- *Guerra Development*
- *Guerra Nut Shelling*
- *Hazel Hawkins Hospital*
- *Hollister Downtown Association*
- *Hollister Hills OVA*
- *Hollister Municipal Airport*
- *Hollister Honda*
- *Leal Winery*
- *Marich Confectioners*
- *MC Electronics, Inc.*
- *Mike Nino Development*
- *Monsanto Foundation*
- *Natural Selections*
- *Northpoint Business Park*
- *Pacific Gas & Electric*
- *Pacific Interlock Paving*
- *Pacific Scientific*
- *Packaging Plus*
- *Property Reserve, Inc.*
- *Phil Foster Farms*
- *Picines Ranch*
- *Pietra Santa Winery*
- *Pinnacle Bank*
- *Pride Conveyance Systems*
- *Pride of San Juan*
- *Ridgemark Golf & Country Club*
- *R&R Farms*
- *Royal Circuit, Inc.*
- *Santa Barbara Bank*
- *San Benito County*
- *San Benito Foods*
- *San Benito Medical Association*
- *San Juan Oaks Golf Club*
- *Sierra Pacific*
- *Target*
- *Tiffany Ford*
- *Tonascia Farms*
- *True Leaf Farms, LLC*
- *Union Bank*
- *Wells Fargo*
- *West Marine*
- *Zoom Eyewear*
- *Wine Growers Association*
- *Winery Alliance*
- *Zoom Eyewear*

It should be understood that the above list is comprised of organizations thought to be capable of making top level investments in a \$1.5 million capital campaign.

Summary Financial Indications

We then asked interviewees to provide a confidential indication of what they might consider investing should a campaign go forward. We asked for a range of potential support—a best case/worst case scenario, noting the variables that might impact their decision.

The cumulative low end totaled \$808,000 and the cumulative high end totaled \$1,606,000.

It is important to note that these figures do not represent commitments, but rather indications of potential support.

A well-planned, strategically sound, professionally implemented campaign to fund a strong, measurable, and accountable final plan will be required to realize—and maximize—the potential.

Potential Obstacles to Funding

“Can you offer any insights or possible obstacles to funding this initiative?”

The biggest concern expressed had to do with the economy and with whether companies would be financially healthy enough to invest at a high level.

Encouraging is the fact that almost half of interviewees could not identify specific obstacles to reaching the goal. However, there were three general categories of skepticism by the others – available funds, the credibility of the EDC, and lack of “buy-in” for the plan given the perceived resistance to growth and change by the local governments and many citizens in the county.

In Their Words:

Funding as an obstacle:

“The slow economy and lack of available credit.”

“The economic times are tough, all non-profits are hurting.”

“The economy, but it is getting better.”

“Competition for money is fierce and tax revenues are down. The challenge will be getting to a large number of investors.”

“Finding companies with the financial capability may be difficult.”

“There are not enough big investors here.”

“Private sector support will be essential for continued public sector support.”

“Public funding is leaving, lack of EDC results and the provincial attitudes here.”

“The government funding is disappearing and the private sector has financial problems too which may limit their participation.”

Credibility as an obstacle:

“Leadership and cooperation in the public and private sectors are critical and an EDC that can deliver.”

“Lack of proper education on the plan could be an obstacle.”

“EDC has little credibility yet.”

“Selling this to old money folks will be tough.”

“EDC's lack of visits to existing businesses hurts their credibility.”

“Leadership, there are currently no progress reports, validation or accountability for the EDC.”

“Show me success stories in similar sized communities.”

“We need past results and the ROI to be convinced this is a real possibility.”

Resistance to change as an obstacle:

“Local politicians may be an obstacle as many are not pro-growth.”

“Government officials must buy-in. Until now it has been only feel good stuff like sidewalks and awnings.”

“The county planning department has been an obstacle.”

“We have seen businesses turned down by the county - a casino, Gavilan College. This no growth perspective needs to change.”

“Retirees in the community want to keep things as they are and are very vocal, so the politicians respond.”

Potential Leadership

Strong volunteer leaders are the essential to a successful campaign. Campaigns with credible, committed, active business and community leaders who make exemplary pledges usually excel. Those without these strong leader role models usually struggle.

Convergent asked all interviewees for their ideal Campaign Chair. They were asked **“Who comes to mind as a bold active leader in the community, leads their own company or firm, is able and likely to make a lead investment and is so well respected that if they led the campaign, others would naturally follow with their time, talent and treasure.”**

The individuals whose names were mentioned most often include the following:

- Al Guerra
- Al Casteneiga
- Al Filice
- Alan Clark
- Bob Bianchi
- Bob Enz
- Bob Tiffany
- Brad van Dam
- Dave Brigantino
- Clint Quilter
- David Huboi
- Denise Filice
- Don Asters
- Don Marcus
- Ed Stephenson
- Fernando Gonzalez
- Frank Guerra
- Frank Leal
- Gary Burn
- Gerald McCullough
- Gillian Enz-Bowlus
- Graham Mackie
- Greg Swett,
- Ignacio Vasquez
- Jack Hance
- Jaime de la Cruz
- Jaime Parra
- Jason Noble
- Jerry Muenzer
- Jessica French
- Jim Conklin
- Jim Gibson
- Joe Morris
- Joe Sanger
- Joe Torcato
- Josh Jensen
- Julie Morris
- Kay Filice
- Kelly Ferrera
- Ken Gimelli
- Ken Lindsay
- Ken Underwood
- Larry Barr
- Margie Barrios
- Mark Robinson
- Martin Bress
- Marty Greenwood
- Mary Filice
- Mary McCullough
- Matt Castrano
- Michelle Stephenson
- Mike Nino
- Mike Corbin
- Neal Strothers
- Peter Spurzem
- Phil Esparza
- Phil Fortino
- Ralph Brigantano
- Randy Wolfe
- Rebecca Wolfe
- Rene Kuntz
- Rick Shelton
- Rimaldo Martin
- Robbert Scatini
- Robert Revis
- Ron Domingues
- Sally Callahan
- Scott Fuller
- Stan Pura
- Stan Wolf

- Steve Renotti
- Ted Davis
- Todd Mackie
- Tom Nino

- Tom Squeri
- Tracy Nino
- Troy van Dam
- Will Sutton

Willingness to Participate

Will you personally play a leadership role in a campaign?

Yes	No	Maybe
37%	47%	16%

Over half (53%) said “Yes” or “Maybe” while 47% said “No.” If an interviewee answered “No”, we asked if they would consider playing a minor role, such as a door opener or working on a committee. This resulted in 63% answering “Yes,” a show of strong support.

The fact that half to nearly two-thirds of those interviewed are willing to take on a leadership or assistance role to conduct this effort is very good. Campaign leadership should reflect a good cross-section of business and community leadership. There is clearly a sufficient pool of willing leadership to help make a campaign successful.

Competing Campaigns

The following campaigns were mentioned most often as potentially having an impact upon this effort:

- YMCA (2013)
- Hazel Hawkins Woman’s Center
- The Community Foundation

The perception of many respondents was that the timing for this campaign was optimal due to the lack of many other multi-million dollar campaigns currently in progress that could potentially target many of the same prospects.

However, due to the nature of the EDC’s plan – economic growth – the impact these other campaigns would be limited. The others are philanthropic in nature, whereas a campaign to fund economic growth pays measurable dividends in the form of return on investment and can be seen as a smart investment rather than a charitable contribution.

Other Factors

While Chris and Mark reminded interviewees that everything discussed was completely confidential, they asked participants if there was anything else they wanted to share, especially anything that might impact the outcome of a capital campaign.

Most couldn't think of anything not already discussed. The following are a handful of responses received.

In Their Words:

“There needs to be more specifics in the plan. The final plan must show targets, goals and measurable results—in other words, there must be accountability.”

“The Business Council is the policy group for the county and sees economic development as the solution and they are looking to get it done. This plan could be the answer.”

“The HDA, the Business Council, the Chamber of Commerce, the Ag Council, Vision San Benito and the EDC working together may get more folks on board. These organizations need to join hands.”

“I like the plan. The City, County and EDC need to team up for incentives. The ROI is there. The added cost of permitting needs to be considered. We must have a strong leader or several strong leaders from the community to head this effort.”

“We need to look where there is duplication of effort - EDC, HDA, Business Association and Chamber and see how to coordinate and realize economy of scale.”

“Fifty percent of the population are “no growers” and do anything to stall projects. Seventy percent of the workforce is labor, only 30% have the ability to grow more jobs. If we don't grow, where will our children work?”

“Being business friendly is the key. We need to stop turning down projects like Pulte Homes, a Casino, a DMB micro-community; they were all turned down and the Solar Farm was given a hard time.”

“The County is a major barrier to growth. Their departments don't communicate, power infrastructure is inadequate, we have power outages often and route 156 needs upgrading to four lanes.”

“This is a healthy community with all the infrastructure needed. All we need in order to grow is the workforce, but they are on the way to San Jose. We need a program to attract them.”

“CEQA - the California Environmental Quality Act has already killed a hotel here. They filed a lawsuit and that stopped the project. We need to solve this problem.”



CONVERGENT ANALYSIS

Key Observations

Every major fundraising effort is faced with challenges and favorable factors which influence the ultimate success of the proposed plan. Convergent presents the following key observations based on years of leading economic development capital campaigns.

In deciding how to proceed from this point, it should be useful for the decision-makers of the EDC of San Benito County to review both challenges to overcome and favorable factors that may have an impact on the proposed funding campaign.

Challenges to Overcome

- The national recession and its slow start/stop recovery need to be given consideration regarding the effect upon the local economy. Interviews revealed a cautiously optimistic belief that the worst was behind, yet concern prevails.
- A number of interviewees expressed frustration with lack of knowledge about the EDC of San Benito County's activities and success stories. Regular, ongoing education and publicity detailing the accomplishments, benefits and success stories will be needed to overcome this obstacle. Further, clear future projected ROI (return on investment) results from the EDC's planned activities must be communicated with regular updates towards reaching planned results over the five-year plan implementation period.
- Local print media was mentioned as favoring private sector economic development without using public sector funds. Moreover, some City Councilmen and County Supervisors were cited as negative toward economic development in general and to economic tax incentives in particular. These points of view must be addressed and minimized with appropriate, relevant information or they could act as an anchor to the campaign.
- Many local leaders have limited vision for what can be accomplished through a concerted and well-resourced economic development effort. Positive, relevant examples of successful public-private economic growth initiatives and partnerships must be located, presented, reviewed and publicized as this methodology is generally highly successful across the country.
- There is no track record of substantial private sector investment in economic development in San Benito County. A great deal of education and cultivation will be needed to appropriately raise sights and inspire the levels of commitment necessary by businesses throughout the community.
- Public sector funding is challenged due to the loss of RDA money and budgeting shortfalls.

Favorable Factors

- While the national economy may have a negative effect on some types of investment decisions among businesses, the urgency and importance of job creation and capital investment as economic stimuli points to a compelling need to take action. This could and should provide the impetus to assuring that a campaign is completed successfully. Convergent is certainly seeing this uniformly across the country.
- The timing of this plan is perceived as “just in time” as companies strive to rebound from a building moratorium and a major recession.
- The EDC’s proposed plan addresses critical issues facing businesses of all sizes and types, which should engender buy-in from these companies. Interviewees overwhelmingly saw the need for this plan. They understand what significant job creation can do for their own business, especially if employees live in San Benito County and/or if the company obtains a significant portion of its revenues from the local economy.
- Due to its proximity to Silicon Valley and due to the favorable cost of living in San Benito County, many employees live in San Benito but work in San Jose. At the same time, some corporate executives live outside the county to raise their children but make the “reverse commute” to work in the community. That means, on the one hand, San Benito County misses out on property taxes and, on the other hand, misses discretionary spending dollars. This factor presents both a challenge as well as an opportunity. Potential investors may be willing to buy into this plan if it includes a focus on quality of life issues like improving the educational system, improving downtown, adding affordable new housing, and generally making San Benito County an even more desirable place to live, work and play.
- Business leaders cited the quantity and quality of the existing workforce as a significant issue for them. For tech related employers to buy into this effort and make a sizable investment, addressing the workforce and education issue may be critical. If they believe this plan will yield results, investment dollars will likely follow. A plan to link Gavilan College and local high schools with employers’ needs could be persuasive. This factor like the one above presents both a challenge and an opportunity.
- The willingness of two-thirds of those interviewed to participate in a campaign leadership or assistance role is very positive. Many business and community leaders view this is an important endeavor, and are willing to lend their time and resources to making certain the campaign is successful.
- Eighty percent of those interviewed indicated they would likely provide some level of financial support to the campaign. The cumulative high-end financial indications actually exceed the tested goal amount. This is significant given that many potential investors are not included in those totals either because they chose not to provide a number or because they were not interviewed. Clearly, ample upside potential exists for a highly successful campaign.

CONVERGENT RECOMMENDATIONS

Feasible Goal

The Convergent team conducted an objective analysis of the projected pledge estimates indicated by interviewees during the feasibility study.

In this process, Convergent Principals not only incorporated analysis of the interview results, but also applied historical trend data from years of completed economic and community development campaigns throughout the country.

In addition, Convergent incorporated expert subjective input from Convergent Consultant Chris Marshall to further calibrate the objective analysis and produce a realistically feasible and prudent campaign goal.

Based on this process and our experience with other similar fundraising campaigns, **Convergent recommends adopting a prudently cautious preliminary public/private sector funding range goal of \$1.0 million to \$1.2 million** for support of this effort with a final goal to be announced at the public kickoff event. The final goal determination will be made after key elements of success have been put into place during the Quiet Phase of the campaign process.

The campaign should “go public” with a final goal announcement only after the major lead investments have been secured, given that those pledges will have a disproportionately determinative impact on the campaign totals. That will enable us to announce a goal with great confidence of attainment, ensuring that the effort is ultimately viewed as a success.

If top investments are secured at, near, or beyond the high-end range of their financial indications, the goal may safely be raised prior to going public, engendering even greater excitement than usual. However, it is important to manage expectations at the outset and remain flexible depending on how things play out in the early going.

Therefore, although our analysis at this point indicates realistic potential for fully funding the tested amount of \$1.5 million, we think it is much wiser to set a lower bar initially. There is much uncertainty associated with some of the top potential pledges, many challenges to overcome, and a lot of hard campaign work to do to realize the identified potential.

This recommended range goal contemplates five-year funding in the form of cash, in-kind, pledges, and letters of intent from all sources, including corporations, foundations, government entities, and individuals. While most funding sources will likely make five-year pledges to the campaign, we realize that some may be unable to make multi-year commitments. These investors will typically commit to the first year and complete letters of intent to continue providing support at similar levels in subsequent years.

Timing of Campaign Commencement

To capitalize on heightened awareness, interest, engagement, and momentum, the campaign process should begin immediately. We believe an eight-month timeframe should suffice to fully implement a successful campaign process.

Campaign Implementation Recommendations

Because of the frank and open discussions with 75 interviewees, Convergent gained significant insights about the perceived strengths and weaknesses of the proposed five-year program and ensuing campaign. In light of those insights and based on many years of experience, we offer the following recommendations:

1. **We recommend immediately launching an intense fundraising campaign with a preliminary internal range goal of \$1.0 million to \$1.2 million in pledges over a five-year pledge period to support the proposed economic growth program.** A final goal will be determined after key variables play out in the early part of the campaign process. This campaign process should get underway in May and conclude by year-end.
2. **We recommend refining the proposed economic growth program, with a Program Refinement Task Force to finalize the five-year plan, during the first two months of the quiet phase of the campaign.** The Task Force will be populated by select business and community leaders, some of whom have already volunteered their service. There were a number of good suggestions to refine current components of the plan. Key suggestions included adding Workforce Development & Education plus Government Relations as separate initiatives or as a subset of existing business or attraction and recruitment components. The Refinement Task Force should also finalize and confirm the program metrics, including targeted job growth, wage rate estimates, capital investment projections, etc.
3. **We recommend creating an Investor Oversight Committee whose members are major campaign investors.** This body will, during the duration of the five-year program, have the power to suggest final program metrics, review effectiveness of proposed projects, and recommend any changes in program direction due to external changes in trends. We suggest this group meet at a minimum semi-annually.
4. **We recommend the generation and distribution of a Return on Investment Report as soon as possible.** The campaign office, working through Convergent's corporate office, should prepare an ROI report demonstrating the value of new or expanding jobs underscoring the case for an investment in the campaign. The ROI report will form the basis to judge campaign effectiveness throughout the five-year

pledge period. This will provide solid answers to companies that are asking, “What’s in it for me?” and will be critical to the campaign’s success.

5. **We recommend a professionally conducted evaluation analysis of the top 150 to 200 prospective investors.** Under Convergent’s guidance, campaign leadership, including confidential knowledgeable local volunteers, should categorize prospects into soliciting divisions along with specific request amounts. Once this is accomplished, a campaign plan including leadership cultivation, recruitment, and solicitation will move the project forward.
6. **We recommend the development and initiation of a public relations effort that will provide maximum exposure and visibility for the five-year economic growth effort.** To this end, the campaign office should develop and initiate the public relations effort, possibly with volunteer assistance of local communications, advertising, and/or marketing talent. For the next eight months, this effort should be at the top of everyone’s mind (and it should be routinely continued thereafter). This PR effort, part of every Convergent capital campaign, will also communicate and educate prospective investors about the benefits of this important, multi-year economic growth endeavor and the many positive impacts for San Benito County, its businesses, and its residents.
7. **All stakeholders must be updated regularly on the status of this fundraising effort and the benefits being and to be achieved.** It will be critical to secure their buy-in and financial support for the campaign so as to clearly illustrate that economic development is truly a public-private partnership.

CONCLUSION

There is widespread interest in stimulating San Benito County's economy as evidenced by 75 business and community leaders setting aside an hour of their time to meet with Convergent. Not surprisingly, there was no shortage of opinions, but one thing is clear – a consensus exists that San Benito needs to build for the future and now is the time to do it.

Through marketing, a positive profile of the San Benito County must be raised in state, regional, national and even international venues to showcase all of the San Benito County assets that make it a great place to live, work and play.

Local corporate executives live outside the community. Unemployment is high. Industry cannot presently attract enough skilled workers.

Existing businesses need to assume an equal role with attracting new businesses to take advantage of those with current growth trends and to assist other businesses who have been stymied by the building moratorium and the recession to prepare for future growth as the recession subsides.

Team assistance with planning, zoning permitting and environmental agencies is needed.

Recruiting new companies needs to take on renewed urgency with laser focus on target industries, site selectors and preferred employers.

Significant work with the San Benito County school system needs to occur to meet the future needs of employers. The EDC has a unique opportunity to assist employers and prospective employees by encouraging collaboration among employers, the high schools and Gavilan College to identify skills needs and then encourage skills development programs to meet those needs.

There is no easy solution to each of these issues. Yet, with a concerted effort like the one proposed along with public and private sector funding for implementation solutions will be found. There is no reason why San Benito County business and community leaders cannot replicate what their peers have done across the country.

We at Convergent are excited and pleased to be a part of this plan to provide San Benito County with the tools it needs to take its economy to the next level. The potential for growth is strong. The EDC has the opportunity to be proactive in leading the way out of the current economic slump and into a better and more prosperous future.

A successful community fundraising campaign will demonstrate the private sector's resolve to promote the virtues of San Benito County. It will demonstrate the value of economic development and the economic impact of job growth to local businesses while, at the same time, prove to local media, county and municipal government officials the value of increased sales taxes and a stronger property tax base.



While some of the initiatives tested need to be refined and re-written to reflect the feedback received, Convergent Nonprofit Solutions is confident that the information is direct, timely and provides the basis for establishing a compelling and effective case for supporting the initiatives laid out in the prospectus.

We appreciate the opportunity to undertake this analysis, and extend special thanks to Nancy Martin for her support during this feasibility study. We also want to call attention Sergio Gomez for his persistence in setting and scheduling interviews. Nancy and Sergio's efforts enabled Chris Marshall and Mark Bergethon to interview 75 people over a period of three weeks. That's an outstanding result!

Convergent will be pleased to accept an engagement to facilitate the implementation of the recommendations in this report and conduct the planned campaign. We welcome the opportunity to participate in this important and worthwhile collaborative effort.

Best regards,

s/ Chris Marshall

Chris Marshall
Consultant

s/ Mark Bergethon

Mark Bergethon
Principal

s/ Bob Johnson

Bob Johnson
Principal



www.ConvergentNonprofit.com



ABOUT CONVERGENT



Convergent Nonprofit Solutions is a national consulting firm, comprising dozens of the most experience and respected nonprofit fundraising and organizational development experts in the country. Combining proven techniques with innovative tools, the Convergent team offers unique solutions that drive remarkable results.

Convergent provides outcome-driven solutions for a wide range of nonprofits:

- Economic Development Organizations
- Chambers of Commerce
- Libraries
- Community/Technical Colleges
- Hospitals
- Museums
- Schools
- And many more

Our service offerings include the following:

Funding Services

Readiness Assessments
Funding Feasibility Studies
Capital Campaign Management
Campaign Support Tools

Resource Development Services

Grant Writing
Planned Giving
Major Gifts Programs
E-Philanthropy

Outcome Labs Services

Value Proposition Development
Program/Project Impact Analysis
ROI (Return on Investment) Report Cards
Seminars and Workshops

Organizational Development Services

Board Development/Staff Training
Marketing and Communications
Sustainability Planning
Development Audits

Convergent Nonprofit Solutions
2451 Cumberland Parkway, Suite #3679
Atlanta, GA 30339
(800) 886-0280

www.ConvergentNonprofit.com



Convergent's principals include the following:

Rick Kiernan has provided fundraising counsel to dozens of nonprofits across the country. Formerly President of Integrity Fundraising, he has significant experience and expertise in raising money for community development, affordable housing, youth services and education. However, the bulk of Rick's career has been focused on maximizing funding for economic development corporations and chambers of commerce, primarily in small to mid-sized markets.

Andy Coe has worked with chambers of commerce, economic development councils and other nonprofits over the course of his career, Andy clearly understands the roles they play and the value they provide the communities they serve. His for-profit and non-profit experience is marked by demonstrated success in sales and market analysis, strong organizational skills, and attention to detail.

Mark Bergethon has directed and provided oversight for more than 70 feasibility studies and major fundraising campaigns over the course of his career. Formerly CEO of Sage Fundraising Solutions, his specialties include transitioning membership-based nonprofits into investment-based nonprofits, forging public/private partnerships, forming and capitalizing new economic development organizations, and establishing regional economic development and marketing initiatives.

Bob Johnson With over 30 years of experience in economic development, Bob is one of the most experienced and highly credentialed professionals in the industry. Having raised more than \$70,000,000 for chambers of commerce, and other economic and community development organizations, Bob has demonstrated a unique acumen for identifying, developing, communicating, and implementing revenue-enhancing initiatives.

Tom Ralser pioneered the concept of applying return on investment (ROI) principles to nonprofit fundraising. Formerly President of Capital Strategists Group and founder of ROImetrix, Tom now runs Convergent's Outcomes, where he continues to create innovative and cutting edge fundraising tools that can increase funding for all types of nonprofits. He has personally worked with hundreds of nonprofit organizations in 48 states and several foreign countries and is best-selling author of *ROI for Nonprofits: The New Key to Sustainability*.

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NDICES

APPENDICES

APPENDIX A: DRAFT Five-Year Strategic Work Plan

APPENDIX B: Pre-Interview Letter

APPENDIX C: List of Interviewees

APPENDIX D: Investment Range Table

APPENDIX A: DRAFT Five-Year Strategic Work Plan



Five -Year Economic Development Action Plan

The EDC of san Benito County has developed this proposed action plan as a means of communicating and implementing the San Benito County’s marketing and economic development strategy over the course of the next five years.

Business Retention & Expansion (BRE) Initiatives:

Goal: An almost universal law of economic development is that more jobs and economic growth will typically come from existing business expansions than from new business relocations. The BRE program element will bring more focus to, support for, and communication with the local San Benito County private sector base to facilitate retention and expansion of existing businesses.

Identify local companies and experts in each industry sector and open lines of communications via workshops, site visits, one-on-one visitations, roundtables and workforce development surveys to determine specific needs, challenges, and growth plans of local operations while identifying risks and opportunities to the community

- **Build and facilitate a network among business circles and community organizations to identify business expansion opportunities** via workshops, site visits, one-on-one visitations, roundtables and workforce development.
- **Organize, analyze and report company information**, giving community decision-makers invaluable insight into the dynamic of the local economy providing economic intelligence to partners and the community at large in an effort to constantly improve our environment for job growth.
- **Constantly search for opportunities for collaboration and partnership between local companies**, incorporating the established business resources in the region to build new ventures and expand the economy.

Total Five-Year Investment- \$300,000

Business Attraction & Recruitment:

Goal: Implement a targeted business attraction program via summits, conferences, workshops and surveys that identify viable growth sectors and companies. Proactively identify and recruit targeted businesses and provide assistance with site selection, site tours and incentive packages.

- **Develop an emerging industry database** such as the Wine Country Council Overlay and the Regional Clean Energy Center to expand prospect identification and cultivation. This database will be compiled from multiple sources such as business associations, research firms, trade shows, and educational institutions. It will be further enhanced by factoring in company and industry sector growth projections to determine attractive targets.
- **Conduct “Targeting Research” on identified companies** for expanded regular contact. Investigation and research will be conducted to identify immediate and long term opportunities for San Benito County, discovering how specific needs of the company can be met and identifying location preferences of company decision makers.
- **Establish and nurture relationships with site selectors and industrial/commercial brokers** in key markets and conferences (San Francisco, /San Jose, Los Angeles, and San Diego)
- **Organize familiarization tours** that promote the business and quality of life advantages of San Benito County to target industry prospects and site location decision-makers.
- **Manage prospects and respond to Request for Proposals**, providing necessary counsel to secure new corporate locations.
- **Collaborate regionally**, coordinating the external marketing program of the multi-county Monterey Bay and Silicon Valley Area economic regions.

Total Five-Year Investment- \$300,000

Marketing & Public Relations:

Goal: Generate awareness of San Benito County as a prime business location. This will be achieved over time through aggressive and consistent external marketing, via multiple outlets. The marketing program element will lead to higher awareness of San Benito County among site location influencers (i.e. Commerce developers, consultants, brokers, etc.).

- **Develop and execute a five-year media and public relations campaign** that promotes a favorable image of the San Benito area in the business media and within the Bay Area region.
- **Seek placement of news articles and stories** in specific business, specialty, and news media outlets (e.g. trade journals, local, national, and international media).
- **Host familiarization tours for editors and reporters** of targeted media.
- **Develop and distribute media kits** to targeted news media outlets annually.
- **Deliver quarterly progress and ROI reports** to campaign investors.
- **Communicate unique and helpful information to investors** regarding issues and opportunities that will affect the future of the county.
- **Maintain the current Strategy Committee** to ensure proper management, oversight and execution of implemented branding strategies and the 5-year action plan.



- **Host annual investor, stakeholder and VIP only meetings** to provide comprehensive updates on activity and progress.
- **Provide customized, comprehensive information to prospects** delivered at real-time speed, in optimally useable form.
- **Create, upgrade and utilize marketing tools and methods**, such as collateral materials, web sites, social media, graphics and maps to present the San Benito product in a way that matches our branding message as a solid, secure, Bay Area business location and family home.

Total Five-Year Investment- \$500,000

Special Project, Small Business & Entrepreneurship Opportunities

Goal: Facilitate implementation of key economic growth initiatives - airport, foreign trade zones, enterprise zones, and small business development.

- **Market and encourage the completion of the “Through-the-Fence” initiative** funding and completion of the airport.
- **Aggressively obtain approval and enhance marketing** of Incentive oriented zones and programs such as enterprise, foreign trade, and recycling zones.
- **Implement a small business development plan** to ensure the San Benito County continuously improves its competitiveness for start up, attraction of talent and growth.
- **Pursue regional partnerships to enhance and leverage ability to market San Benito County to prospective business, capitalize on regional grant opportunities and provide additional resources to existing companies.**

Total Five-Year Investment- \$200,000

Opportunity Fund

Goal: An Opportunity Fund enables the EDC of San Benito County to capitalize on unforeseen economic development opportunities beyond the specific initiatives listed in this plan to lead/assist with “transformational” projects.

- **As prospective businesses include the San Benito County as a finalist in the competition for their investment, the communities will sometimes require immediately available funds that can be used directly, matched with state or federal funds, or leveraged with other private funds to close a good deal. Sometimes the need is site engineering or a rail spur, or it could be any number of things that could give the county a competitive advantage in the transaction.**

Total Five-Year Investment- \$200,000

Five-Year Budget Summary

1. Business Retention & Expansion (BRE)	\$300,000
2. Business Attraction & Recruitment	\$300,000
3. Marketing & Public Relations	\$500,000
4. Special Project, Small Business & Entrepreneurship Opportunities	\$200,000
5. Success Opportunity Fund	<u>\$200,000</u>
	<u>\$1,500,000</u>

APPENDIX B: Pre-Interview Letter



March 12, 2012

Dear John:

To ensure that we are best prepared to respond to the expected economic growth in *San Benito County* over the next five years, the Economic Development Council has taken a hard look at programs, priorities, and resources. As a result of a lengthy and involved process, we have developed a tightly focused initiative to address the current and future economic development needs of San Benito County.

Our goal is to expand current businesses, attract new businesses, create new jobs and attract millions in capital investment. We plan to reduce or remove site selection uncertainties by offering competitive business locations and resources that anticipate and meet client's needs, thereby not only surviving selection elimination, but also becoming the location of choice in our region. We therefore believe the following five-year goals are realistic

- 1,000 new primary jobs
- \$38,750,500 in new primary salaries
- \$200 million in new capital investment

To move forward successfully, we need to know what you and other regional leaders think of the enclosed draft plan, and to what extent these initiatives can be supported.

To help us gain confidential, candid, and unbiased input about the plan, we recently retained Convergent Nonprofit Solutions to conduct an assessment of the proposed program. As part of their work, Convergent representatives will conduct confidential interviews in the weeks ahead with business and community leaders like yourself. ***Convergent is seeking information – not money.***

You will be contacted soon by an EDC representative to set a convenient time for a 45- to 60-minute interview with a member of the Convergent team. Your opinion is vitally important to us, and to the future economic viability of San Benito County. We hope you will make yourself available for this important interview, and we thank you in advance for your time.

Sincerely,

The Board of Directors

Tom Squeri
Vice President
GRANITEROCK

Jose Rios
Major Accounts Manager
PACIFIC GAS & ELECTRIC

Anthony Botelho
BOARD OF SUPERVISORS
2nd DISTRICT

Sergio Gomez
Manager
NELSON STAFFING, INC.

Mary Hubbell
Partner
BIANCHI, KASAVAN & POPE

Brenda Weatherly
Executive Director
HOLLISTER DOWNTOWN ASSN.

Clint Quilter
City Manager
CITY OF HOLLISTER

Vedana Freitas
VEDANA & COMPANY
RE/MAX SYNERGY



APPENDIX C: List of Interviewees

First	Last
• Vedana	• Freitas
• Tom	• Squeri
• Clint	• Quilter
• Anthony	• Botelho
• Gillian	• Enz-Bowlus
• Scott	• Fuller
• Gary	• Cornick
• Al	• Guerra
• Kurt	• Nicholson
• Barb	• Montag
• Angie	• Trujillo
• Andrew	• Shelton
• Will	• Sutton
• Scott	• Marshall
• John	• Whorley
• Liz	• Smith
• Tom	• Nino
• David	• Brigantino
• Ron	• Welton
• Joe	• Zanger
• Mike	• Anderson
• Graham	• Mackie
• Rene	• Kunz
• Marilyn	• Ferreira
• Mike	• Corbin
• Phil	• Fortino
• Frank	• Guerra
• Milan	• Shah
• Don	• Marcus
• Hugh	• Bikel
• Tony	• Ruiz
• Ken	• Lindsay
• Joe	• Giacolone
• Ted	• Davis
• Bob	• Tiffany
• Marie	• Rossi
• Kevin	• Chambers
• Wendell	• Chambers
• Julie	• Viera
• Brad	• Sullivan
• Jeff	• Giles
• Rich	• Inman
• Roger	• Grimsley

- Victor
- Dan
- Tod
- Alex
- Frank
- Sherri
- Mike
- Mark
- Marty
- Terry
- Tony
- Ken
- Mark
- Gordon
- Mark
- Matt
- Shannon
- Mike
- Larry
- Don
- Mike
- Robert
- Greg
- Jerry
- Mike & Mary
- John
- Margie
- Doug
- Bill
- Sergio
- Mary
- Gomez
- DeVries
- Dubois
- Kehriotis
- Leal
- Taylor
- Toerge
- Prager
- Greenwood
- Carlisle
- Alameda
- Robinson
- Robinson
- Machado
- Sanchez
- Kelly
- Pride
- Nino
- Barr
- Moody
- Litchko
- Clink
- Swett
- Muenzer
- Howard
- Eade
- Barrios
- Emerson
- Lee
- Gomez
- Hubbell

APPENDIX D: Investment Range Table

Economic Development Council of San Benito County

\$1,500,000 Investment Range Table

Five-Year Pledge	Annual Amount	# of Pledges at this Level	Amount at this Level	Cum. # of Pledges	Cum. Total
\$ 200,000	\$ 40,000	1	\$ 200,000	1	\$ 200,000
\$ 150,000	\$ 30,000	1	\$ 150,000	2	\$ 350,000
\$ 100,000	\$ 20,000	2	\$ 200,000	4	\$ 550,000
\$ 75,000	\$ 15,000	2	\$ 150,000	6	\$ 700,000
\$ 50,000	\$ 10,000	4	\$ 200,000	10	\$ 900,000
\$ 25,000	\$ 5,000	10	\$ 250,000	20	\$ 1,150,000
\$ 15,000	\$ 3,000	8	\$ 120,000	28	\$ 1,270,000
\$ 10,000	\$ 2,000	12	\$ 120,000	40	\$ 1,390,000
\$ 5,000	\$ 1,000	15	\$ 75,000	54	\$ 1,465,000
\$ < 5,000	\$ < 1,000	Many	\$ 35,000	Many	\$ 1,500,000