

San Benito County



2017 - 2022 Comprehensive Economic Development Strategy (CEDS)

Adopted by the San Benito County Board of Supervisors
December 12, 2017

Conforms to the US Economic Development
Administration CEDS Content Guidelines of March 9, 2016

SAN BENITO COUNTY COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY (CEDS) -- EXECUTIVE SUMMARY

How do we build on our strengths and maximize our opportunities? How do we reach out to others who have faced similar obstacles to learn from their experiences? How do we inspire our residents to come together to build our community that will be better for all? What is the recipe for economic vitality and creating a high quality of life for all residents?

This document explores these questions and others in order to create a comprehensive and collaborative roadmap for region-wide transformation of our economy in order to increase the prosperity and wellbeing for all residents. We have largely based our strategic recommendations on data, as found in Chapter 2 that identifies the demographics and other relevant statistics of our economic landscape.

In addition, the Economic Development Corporation of San Benito County (EDCSBC) and its Comprehensive Economic Development Strategy (CEDS) Committee have spent the last 24 months conducting visioning, workshops, and collaborative meetings (Chapter 1) in order to arrive at the priorities and action plan in this strategy document. Chapters 3-6 incorporate the visioning and prioritization process outcomes. Chapter 3 covers our regional vision and resiliency strategy. Chapter 4 contains a compilation of the County's economic strengths, weaknesses, opportunities and threats (SWOT). Chapters 5 and 6 include 5-year and 12-month priorities respectively, also listed below. Chapter 7 identifies how progress will be measured and priorities updated.

Data and Visioning

Again and again, the data shows the effects of the out-commuting phenomenon. At least half of the county's employed residents commute to jobs outside the county – primarily Santa Clara and Monterey counties. Income levels, housing prices, poverty levels, retail sales, traffic congestion, the Jobs Housing Balance, and other data confirm that Hollister, San Juan Bautista and the unincorporated areas are “bedroom communities” that would greatly benefit by more local job opportunities.

Projected growth in population, housing, employment, education, industrial output and farm output is expected to be between 1% and 1.6 % per year for the foreseeable future. With the continued Silicon Valley influence, incomes and taxable sales may rise with inflation to as much as 2.5% per year. However, unless proactively addressed, the existing economic circumstances will not change.

The clear solution is to create more in-county jobs by taking advantage of ample shovel-ready industrial land, and by actively recruiting in the traded and local clusters of food processing, manufacturing, bio and ag technologies, retail, healthcare, and visitor serving industries. Active recruitment will shift the economy toward stronger employment and away from the forces favoring housing development and out-commuting. Tax revenues would likewise diversify. The three local jurisdictions and partner entities can affect the desired shift only if they invest together on staffing, promotion, broadband development, streamlined permitting, workforce skill development, and expanded visitor capacity.

Travel spending and employment are lower than expected for a county with so many exciting attractions, indicating a clear area of opportunity – for enhanced downtown, cultural heritage and Mission San Juan Bautista-related, wine trail, State Park and other recreational visitation.

Economic Development Priorities

The data and lengthy visioning processes have culminated in the following eight economic development objectives for the next five years and to the five Action items for the next 12 months.

The specific goals of this CEDS document are quite similar to and support implementation of the Economic Development Element of the 2035 San Benito County General Plan, which was adopted in 2015.

The Eight Prioritized 5-Year Objectives:

1. Act Collaboratively – between the three local jurisdictions and the many economic development entities within the county, recognizing the important role of each in a thriving local economy;
2. Invest in Job Creation, Local business development and attraction – a promotion program to be led by new staff of the EDC of San Benito County, and supported by other member and service providers;
3. Invest in talent Development, retention and education – expanded collaborative engagement and program alignment by business, the Workforce Development Board, and local schools, universities and colleges;
4. Improve the business climate and competitiveness – work on efficient and timely customer service;
5. Invest in infrastructure maintenance and growth – including transportation, broadband, housing opportunities, cold storage, energy, water conservation, and wastewater treatment;
6. Support an entrepreneurial culture – including supporting innovation and targeted small business services;
7. Ensure community safety and health – a high quality of life requires adequate health services, crime prevention, safe structures, and emergency preparedness,
8. Create economic resiliency – plan for and create the capacity to quickly recover from future economic downturns, and from natural and environmental disasters;

The Five Action Items for the Next 12 Months:

These action items are focused on implementing Objectives 1 and 2 above, with significant and measurable progress by the end of calendar year 2018:

1. Expanded funding for economic development staff, housed at the EDCSBC and funded by a number of entities. Options may include grants, memberships, municipal general fund support and possibly an increased TOT tax;
2. Joint business retention, expansion, and attraction, including target industry recruitment, active listening to the needs of existing businesses, broadband and studying the feasibility of a workshare/telecommuting facility;
3. Collaboration, resource and data sharing including sharing best practices and filling information gaps useful to job creation and an improved business climate;
4. Teaming on improved pre-application and permitting processes and infrastructure issues including ensuring speedy approvals, good advance processing and cost information for business, and forming ‘red teams’ to problem solve with applicants and business that may be considering leaving;
5. Develop and implement a more robust tourism marketing and promotion plan, including the wine trail, considering a hospitality district, possibly increasing the TOT tax rate, joint promotion with local attractions, and metrics to evaluate effectiveness;

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CHAPTER 1 -- OVERVIEW

INTRODUCTION

The Comprehensive Economic Development Strategy (CEDS) is a region's playbook or roadmap for engaging in a collaborative, region-wide transformation of the economy in order to raise productivity, create wealth, and increase prosperity for residents. From a public perspective, local economic development involves the allocation of limited resources – land, labor, capital and entrepreneurship in a way that has positive effect on the level of business activity, employment, income distribution patterns and fiscal solvency.

As the heart and soul of a region's CEDS, the strategic direction and corresponding action plan should answer the broad questions of "Where do we want the region to go?" and "How are we going to get there?" It is incredibly important to formulate the strategic direction and action plan from the conclusions obtained through the Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis, risk assessment, and the relevant data provided in the summary background.

Currently, the Economic Development Corporation of San Benito County (EDCSBC) is embarking on implementing its CEDS 5-Year Strategy for the years 2017-2022. On May 31, 2017, EDCSBC reconvened its Economic Development Strategy Committee under the new EDA guidelines. EDCSBC has been meeting with its Strategy Committee to understand and assess the current and potential state of the economy for our region that includes the cities of Hollister, San Juan Bautista and the County of San Benito and to develop the 5-Year Strategy.

Now that the region is slowly recovering from the recession of the last 10 years, it is becoming increasingly apparent that regional economic prosperity is linked to an area's ability to prevent, withstand, and quickly recover from major disruptions to its economic base. EDCSBC with its Strategy Committee will attempt to address potential risks that could disrupt the stability and flow of its economy by incorporating resiliency strategies moving into the future. At the regional or community level, EDCSBC's role as economic development practitioners is instrumental in building the capacity for economic resilience. Economic development professionals and organizations often become the focal point for post-incident coordination, information dissemination, responding to external inquiries, and the lead grant administrator for federally-funded recovery initiatives.

Both government and businesses play a role in economic development and both have profit as a motive. The public profit motive is to maintain, create and diversify the tax base, to increase revenues faster than increases in the cost of public services, to bring economic vitality for commercial and industrial areas, to maximize property through the highest and best use and to create jobs as well as per capita income. The private business motive is to create marketable goods and services by mobilizing capital.

The public sector can influence business investment and location decisions with taxes, spending, investment, regulations, incentives, marketing, quality service and adding value to community assets. The public bottom line is providing an exceptional quality of life- more tax dollars and jobs raise the economic tide for the community, which generally increases the overall standard of living of residents.

The EDCSBC will continue to strive to identify opportunities where the communities within San Benito County can connect and work together to move the economy forward to create and retain jobs, sustain established businesses and attract new ones. It will be imperative to identify systems, processes and policies that can be shared among multiple jurisdictions and partners to increase communication, efficiency, and productivity via:

- Expanding the job base
- Supporting the revitalization of downtown areas
- Encouraging a diversity of entertainment and recreational amenities
- Fostering an environment of collaboration
- Leveraging scarce resources
- Committing resources and expanding capacity to implement economic development initiatives

OUR PROCESS

Economic Development efforts in the communities of San Benito County have historically occurred individually among each community without a concerted, coordinated effort. Currently the Strategy Committee is working to identify and combine goals and objectives that will benefit the county and region as a whole, while also recognizing the needs and challenges that must be addressed in order for the economy to move forward.

The Strategy Committee has committed to creating an effective process to accomplish its goals and has adopted the following principles:

- Process—based on proven, modern best practices for regional community economic development and open, transparent collaboration.
- Regional focus—coordinating and leveraging assets at the regional level in order to compete successfully in the global economy.
- Asset-based—focus on indigenous assets and home-grown competitive advantage rather than defining strategies around what the region lacks.
- Diversified—regional resiliency requires diversification in order to weather downturns and navigate economic change successfully.
- Measureable strategy—informed by trends, relevant to the true priorities of the region, and focused on tangible progress.
- Disciplined and consistent—open collaboration requires a commitment to broad participation but recognition that all ideas are not equal and priorities matter in order to be successful.

The Strategy Committee also strives to tackle initiatives and projects meet the SMART criteria:

Specific - performance measures need to be as specific as possible

Measurable - a performance measurement is only useful if we can actually measure it

Achievable – we will not set goals that are impossible to achieve

Relevant - performance measurements need to be relevant to our mission and the program's strategic objectives

Time Based - ensuring that performance measures are achieved within a specific period

CEDS STRATEGY COMMITTEE

During 2015-17, the EDCSBC developed an informal Strategy Committee to include 60 contributing members from various industries and jurisdictions. The EDCSBC has used this Committee to develop its own workplan, to tap outside experts, and to move economic development efforts forward. The EDCSBC has now tapped key members and formalized this committee into its CEDS Committee, which has helped prepare and evaluate this 5-Year Economic and Resiliency Strategy for the region under the new EDA CEDS regulations. The EDCSBC has worked with the Strategy Committee to set a meeting schedule, establish goals, determine collection of regional information from jurisdictional partners and create strategy plan for the county.

Since 2015 the EDCSBC has held and/or facilitated over a dozen meetings, one on one and small group work sessions with Strategy Committee members, local and regional stakeholders. The CEDS synthesizes prior SWOT, assessment, visitation, and other strategic work from the past four years including work conducted in 2016 including retaining the services of the California Association for Local Economic Development for the execution of a Local Economic Assessment Program (LEAP) and Local Elected Officials (LEO) training as well as with the San Benito County Workforce Development Board to conduct a countywide business survey as a component of their Rapid Response and Layoff Aversion program.

The efforts, goals and objectives outlined in the CEDS 5-Year Strategy will primarily focus on the following sectors: collaboration, workforce, infrastructure, business support, cultivation & entrepreneurship.

EDCSBC Strategy Committee 2017

- Federal- Carina Chavez, Deputy District Director for CA-20 Representative Jimmy Panetta
- State- Reed Sanders, District Representative CA 12th District Senator Anthony Cannella
- San Benito County
 - o San Benito County Supervisor Mark Medina
 - o Workforce Development HHS Deputy Director Enrique Arreola, Workforce development board Chairman Alex Arias- Manpower
 - o Interim Resource Management Agency Director, James Walgren
- City of Hollister- Mayor Pro-Tem Karson Klauer, City Manager Bill Avera, Development Services Director Bryan Swanson, Development Services Coordinator Mary Paxton
- City of San Juan Bautista- Mayor Chris Martorana, Community Development Director Matt Orbach
- EDCSBC Board Members
 - o Aaron Johnston, Chairman - Graniterock
 - o Gillian Enz, Vice Chairman – Steel Solutions
 - o Brenda Weatherly, Secretary – Hollister Downtown Association
 - o Andrew Shelton – Shelton Insurance
- Monterey County Business Council- Teri Williams, Monterey Bay Procurement Technical Assistance Center
- Hollister Airport- Mike Chambless, Deputy City Manager/Airport Manager
- Hospitality, Winery, Events - Scott Fuller (San Juan Oaks), Bruce Lewis (Ridgemark), Chuck Frowein (Grillin' & Chillin' Roadhouse, Grillin' & Chillin' Alehouse), Cory Waller (Eden Rift Winery)
- Housing- Alfred Diaz Infante, Gabriel Torres (CHISPA), Shawn Milligan (Residential developer), Matt Huerta (Monterey Bay Economic Partnership)
- Monterey Bay Economic Partnership- Kate Roberts

- San Benito County Chamber of Commerce- President/CEO Juli Vieira
- Silicon Valley Organization- Victor Gomez (Pinnacle Strategy)
- Agriculture- Richard Bianchi (San Benito County Farm Bureau/Sabor Farms), Scott Grabau-Tanimura & Antle, Kay Filice- Filice Farms, Vince Brigantino (True Leaf Farms), San Benito County Agricultural Commissioner Karen Overstreet
- Latino business owner- Fernando Gonzalez (Past Chairman of the Community Foundation, Owner of True Value Hardware)
- Association of Monterey Bay Area Governments – Heather Adamson, Director of Planning
- Small Business Development Center- Cindy Merzon, Associate Director
- Education- San Benito County Superintendent of Schools Krystal Lomanto, Gavilan College- President Kathleen Rose, Vice President Administrative Services Fred Harris, Dean of Career Technical Education Sherrean Carr, Associate Dean Community Development Randy Brown
- California State University, Monterey Bay- College of Business Dean Dr. Shyam Kamath, Executive Director, The Institute for Innovation and Economic Development (iiED), Associate Professor, Economics and Entrepreneurship, College of Business, Brad Barbeau, Program Manager, Institute for Innovation & Economic Development, MaryJo Zenk
- Environment & Land Use- David Huboi (Huboi Architects), Kristin Cushman (Monterey Bay Climate Action Compact, Ecology Action), Ron Ross (San Benito County Ag Land Trust), Rob Oneto (Ruggeri, Jensen & Azar), Brennan Jensen (Emerging Ecologies)
- Biotech, Manufacturing- Richard Goozh (Teknova)
- Business Council- Bob Tiffany (Tiffany Ford), Graham Mackie (Retired, Dassel's Petroleum), Jim Gillio (Central Ag Supply)
- Health Care- Dr. Ariel Hurtado (Hazel Hawkins Hospital)
- Finance- Will Sutton (Heritage Bank), Phil Fortino (Rabobank)
- Silicon Valley Leadership Group - VP Technology & Innovation, Peter Leroy-Muñoz
- Utility- Sapna Dixit, Community Energy Manager and Rob Morse, Senior Manager Central Coast Division Pacific Gas & Electric Company
- Transportation- Mary Gilbert, Executive Director San Benito County Council of Governments

REGIONAL ECONOMY OVERVIEW

The region includes San Benito County and its cities and towns located within. Historically, the predominance of agriculture and government employment in the economic profile has resulted in severe economic deterioration in the region, including unemployment rates that have exceeded the US average unemployment rate over an extended period of time. Dependence on single industries has resulted in lack of diversification limiting the region's ability to be resilient in times of business closure and/or relocation.

Economic growth and sustainability are critical to protecting existing businesses and jobs, encouraging new investment, and preserving the quality of life so many county residents value. While the county's proximity to the San Francisco Bay Area creates opportunities for economic development, it also represents a major competitive challenge. Since the early 1970s job growth has far outpaced housing growth in the Silicon Valley – the global center of technological innovation over the past half century. As a result, home prices have dramatically increased in the Silicon Valley. The relatively inexpensive land in San Benito County has increased the pressure for the county to serve as a bedroom community for workers in the Silicon Valley. At the same time, attracting high-tech, high-wage jobs to San Benito County is also a

challenge, considering the strong competition from surrounding counties and the limited local housing supply.

The primary focus of the San Benito County General Plan Economic Development Element, which was adopted July 21, 2015 by the County as part of its 2035 General Plan Update, is to achieve economic sustainability in the county. Economic sustainability recognizes the need for economic prosperity and resilience to maintain the health of the county for current and future generations. The concept encourages self-reliance, entrepreneurial activity, and the generation of wealth in a manner that does not degrade or burden future generations' ability to meet social, economic, and environmental needs. In San Benito County, this means building on the base of successful existing economic sectors, diversifying the local economy, nurturing local entrepreneurs, improving infrastructure and public facilities, and encouraging innovative and green business that leverage and enhance the natural assets of the county.

The Element includes plans to allocate staff resources to economic development (Goal ED-1.10), start a business attraction marketing program while retaining existing businesses and helping them expand (Goal ED-2), promote tourism, wine and hospitality (Goals ED-3, ED-4 & ED-5), implement the wayfinding signage program, retain existing businesses, and coordinate economic development activities with the two cities and other stakeholders (Goal ED-7). See Chapter 6 for more detail on implementation.

91% of the businesses located in our region employ less than 20 people¹. Over the past few years, access to training, access to credit and access to industry experts has become more difficult for small- and medium-sized businesses. This limited access to resources has created even more challenges for those trying to grow or expand their business, particularly those that are monolingual Spanish speakers and/or categorized as low- to moderately-low income.

Providing programs and services to better educate our businesses on knowing where money comes from, where it goes as well having an understanding of how money works and knowing how decisions directly affect profitability.

This knowledge helps to build a solid foundation for growth, expansion and financial credibility.

Providing small businesses with financial literacy and readiness training and mentoring will support their growth, ability to hire and their potential to become creditworthy banking clients. Businesses that are ready to hire would be connected with our partnering agencies including the San Benito County America's Jobs Center, San Benito County Workforce Development Board, California State University Small Business Development Center and more to assist with recruitment, HR and training.

The region has identified the need to engage the private sector in a more meaningful way regarding the overall growth and development of its workforce, academic and vocational training programs, access to capital, mentoring and overall decision-making processes.

The CEDS provides a vehicle for individuals, organizations, local governments, institutes of learning, and private industry to engage in a meaningful conversation and debate about what capacity building efforts would best serve economic development in the region. The CEDS should take into account and, where appropriate, integrate or leverage other regional planning efforts, including the use of other available federal funds, private sector resources, and state support which can advance a region's CEDS goals and objectives

¹ Source: Reference USA <http://www.referenceusa.com>

Chapter 2

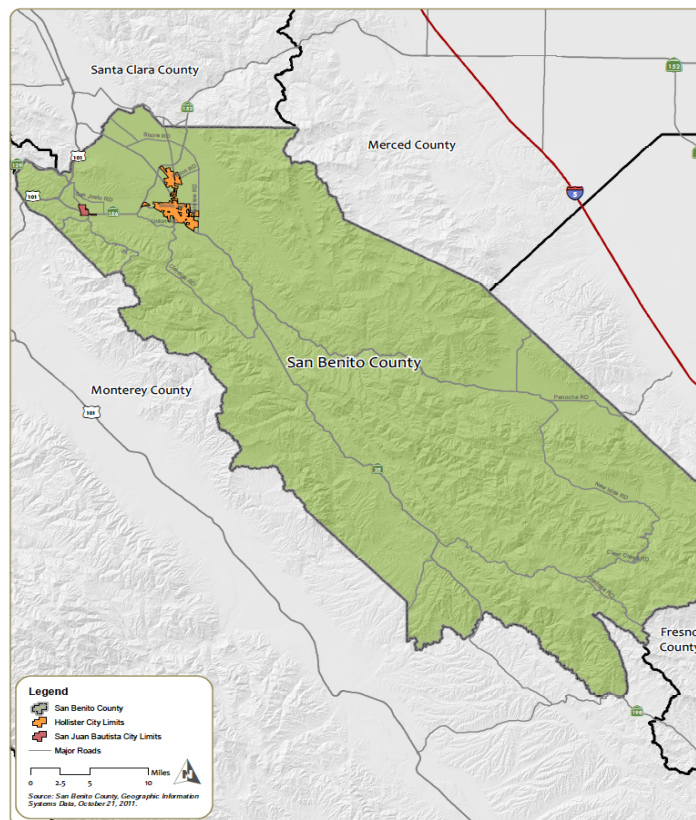
POPULATION, DEMOGRAPHICS AND EMPLOYMENT

This Chapter includes demographic, employment and other information about the County's economic past, present and future. Data is included to the extent it helps understand the County better, and to the extent it helps inform the economic development goals, priorities and action items for those who will implement this document².

Location and Geography

San Benito County is located in the Coast Range Mountains, south of San Jose and west of the Central Valley (Figure 1). The county is surrounded by Santa Cruz and Monterey Counties to the west, Santa Clara County to the north, and Merced and Fresno Counties to the east and south. The county encompasses over 890,000 acres (about 1,391 square miles). San Benito County is largely rural, with over 90 percent of land use for farming, ranching, forestry or other public uses.

Figure 1 Regional Map



² Much of the data in this Chapter was mined from the Monterey Bay Economic Partnership. Anyone seeking a deeper dive into the data can visit <http://www.mbep.biz/Facts-Figures/Economic-Data.aspx>

While San Benito County is defined as a part of the Monterey Bay Area, it is also heavily influenced by both the San Francisco Bay Area- Silicon Valley and the Central Valley. There are two incorporated cities in the county: Hollister, which is the county seat, and San Juan Bautista, which is home to the historic Mission San Juan Bautista, founded in 1797. There are several historic unincorporated communities in the county including Aromas, Paicines, Panoche, Tres Pinos and the ghost town of New Idria.

Figure 2
County Map showing unincorporated communities



Population and Demographics

Population Overview

Table 1 shows that In 2015, the population in San Benito County was 59,039³. Between 2010 and 2015, the County's population grew by 3,492 residents, an annual growth rate of 1.25%.

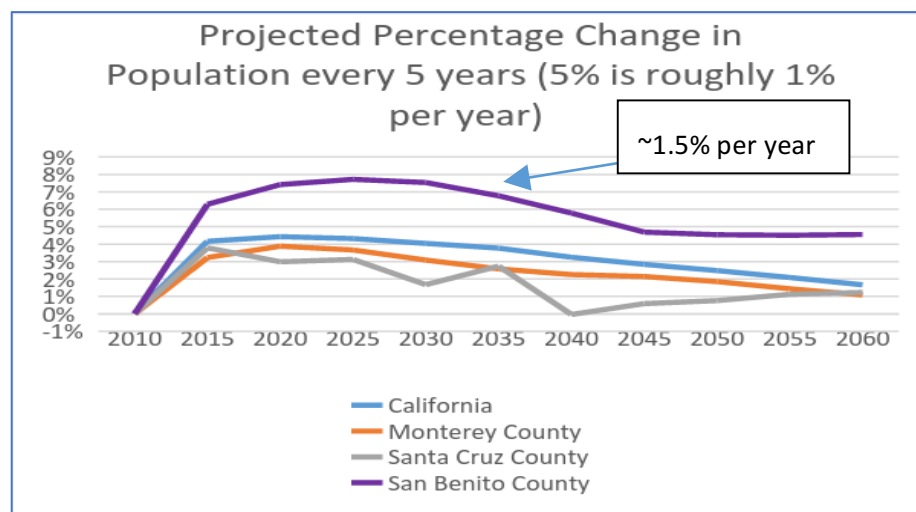
Table 1
Total Population Projections for California and Counties in 5-year Increments

	2010	2015	2020	2025	2030
California	37,341,978	38,896,969	40,619,346	42,373,301	44,085,600
Monterey County	416,141	429,584	446,258	462,608	476,874
Santa Cruz County	263,709	273,695	281,870	290,674	295,538
San Benito County	55,547	59,039	63,418	68,312	73,459
Hollister		36,529			
San Juan Bautista		2,250			

Source: State of California, Department of Finance, Report P-1 (Total Population): State and County Population Projections, 2010-2060. Sacramento, California, December 2014.

San Benito's total population is projected to reach 73,459 in 2030, an increase of 24 percent over 2015, faster than the region and California (Figure 3).

Figure 3



Source: State of California, Department of Finance, Report P-1 (Race): State and County Population Projections by Race/Ethnicity, 2010-2060. Sacramento, California, December 2014. Source: <http://www.dof.ca.gov/Forecasting/Demographics/>

³ Readers of this document will note that the 2015 population and other data is slightly different depending on the source. The meaning of the data is the primary consideration, rather than the actual number. In all cases the source of the data is shown.

Age and Gender

Table 2 shows that San Benito's age and gender breakdown is similar to California and the Region.

Table 2

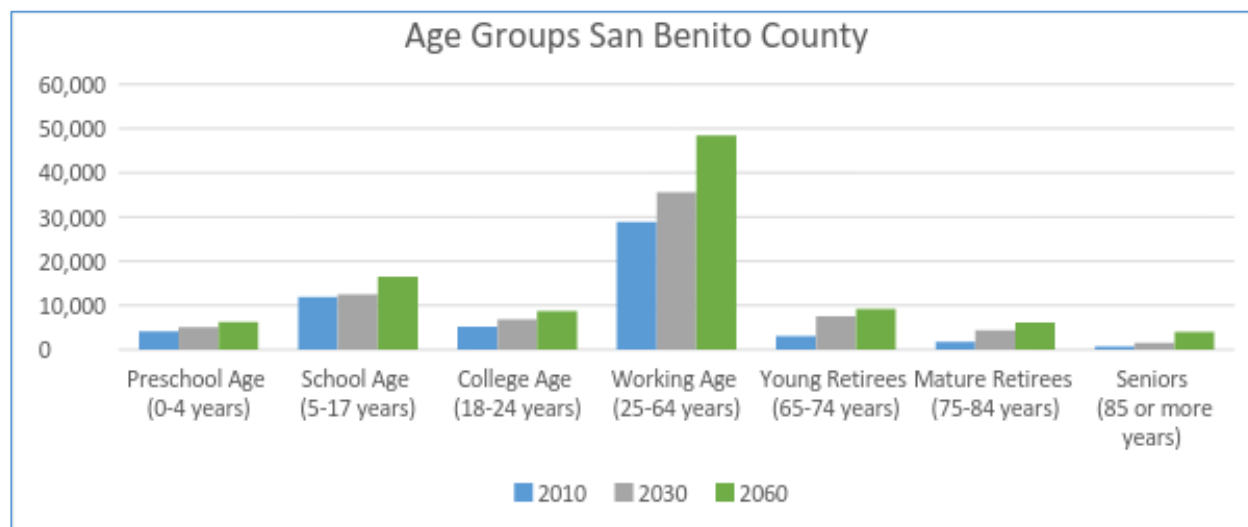
Selected Population and Demographics	2011-2015 Estimates					
	California	Monterey County	Santa Cruz County	San Benito County	Hollister	San Juan Bautista
Total Population	38,421,464	428,441	269,278	57,557	36,529	2,250
Male	49.7%	51.2%	49.7%	50.0%	50%	56%
Female	50.3%	48.8%	50.3%	50.0%	50%	44%
School Age Population (~19 & under)	20%	22%	20%	23%	26%	21%
24-64 Population (~working age)	53%	51%	52%	52%	52%	54%
Voting Age Population	63%	53%	69%	61%	55%	70%

Source: State of California, Department of Finance, Report P-1 (Race): State and County Population Projections by Race/Ethnicity, 2010-2060. Sacramento, California, December 2014.

Source: <http://www.dof.ca.gov/Forecasting/Demographics/>

Figure 4 provides a detailed age breakdown for San Benito County, projecting a significant increase of working age population by 2030, extending to 2060.

Figure 4



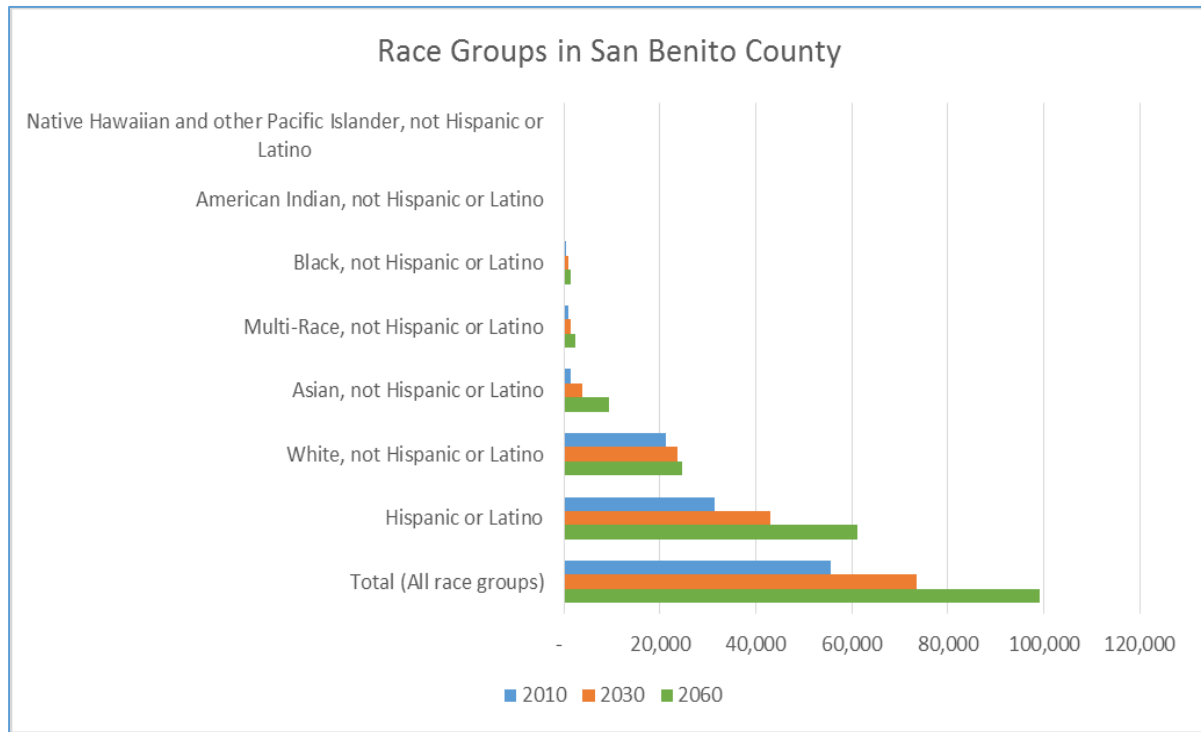
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Source: <http://www.dof.ca.gov/Forecasting/Demographics/>

Place of Birth and Race

Of the County's 57,577 residents, 78% were born in the United States. Of the 11,702 born outside the U.S., 39% are naturalized citizens. 61% speak English only at home, with 35% speaking primarily Spanish⁴. Figure 5 indicates that this is a majority Latino County. The Latino population will grow from 31,330 in 2010 to 43,137 in 2030, an increase of 11,800. Ninety-four percent of Latinos have a Mexican heritage.

Figure 5



Source: State of California, Department of Finance, Report P-1 (Race): State and County Population Projections by Race/Ethnicity, 2010-2060. Sacramento, California, December 2014.

Source: <http://www.dof.ca.gov/Forecasting/Demographics/>

Income and Poverty

Because of the influx of new homebuyers from Silicon Valley, San Benito County has seen its median household income increase from \$65,771 to \$71,077 during the period of 2006-2015. Median household income is anticipated to rise to \$96,808 by 2020.

The income effect of many residents working in Silicon Valley can be seen in Figure 6, which compares income groups in California, San Benito County, and Monterey and Santa Cruz counties. San Benito compares favorably in the \$50,000 to \$150,000 income groups, and has a lower percentage of residents below the poverty level (Figure 7).

⁴ U.S. Census Bureau, 2009-2013 5-Year American Community Survey

The living wage in San Benito County is \$47,372. This is an issue because our housing prices are inflated by incomes from the Silicon Valley. We have two economies. People that live and work here may not be able to afford to live here, based on the SBC median wage. It seems that this is a challenge that should be at least acknowledged in this document. Also – the Department of Finance releases income limits used for affordable housing and other assistance programs. Based on their data – our median income is \$81,100 for a family of four.

Figure 6

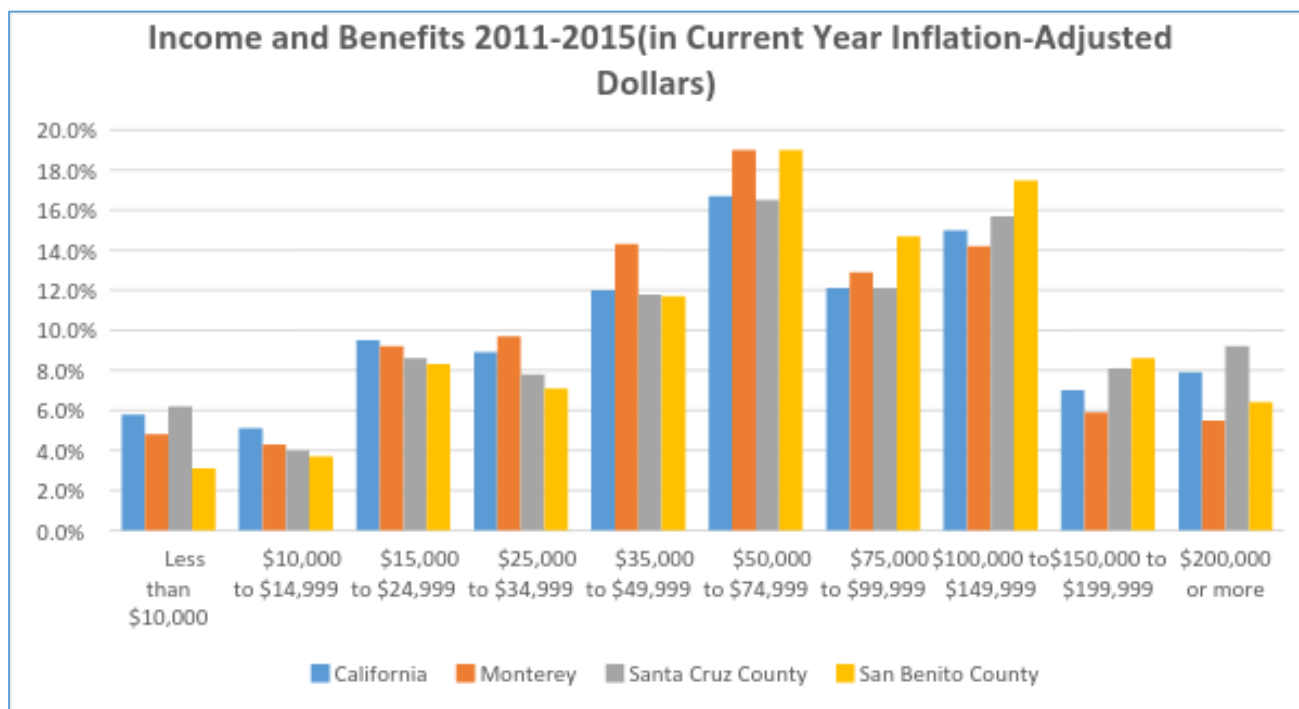
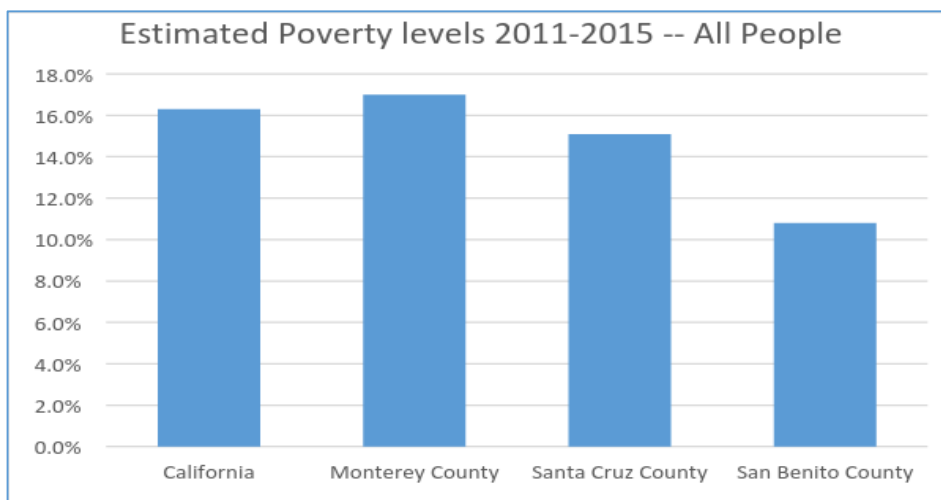


Figure 7



Educational Attainment

San Benito County has higher overall educational attainment levels than Monterey County, and is comparable to California as a whole. Education is a top priority throughout the state and this region, as employers continually seek a better trained workforce.

Table 3

Educational Attainment 2011-2015	California	Monterey County	Santa Cruz County	San Benito County
Population 25 years and over	25,257,858	268,809	173,902	36,178
Less than 9th grade	10.0%	19.3%	9.0%	13.7%
9th to 12th grade, no diploma	8.2%	10.0%	5.4%	8.3%
High school graduate (incl equivalency)	20.7%	20.8%	15.5%	24.4%
Some college, no degree	21.8%	19.0%	22.7%	25.8%
Associate's degree	7.8%	7.8%	9.2%	8.8%
Bachelor's degree	19.8%	14.2%	23.2%	13.4%
Graduate or professional degree	11.6%	8.9%	15.0%	5.6%
Percent high school graduate or higher	81.8%	70.7%	85.6%	78.0%
Percent bachelor's degree or higher	31.4%	23.1%	38.2%	19.0%

The participation rate of San Benito County residents at Gavilan College is higher than surrounding locations.

Table 4
Community College Participation per 1,000 Adults

City	County	Participation Per 1,000 Adults		
		2000	2010	2015
Gilroy	Santa Clara	93.37	113.75	144.57
Hollister	San Benito	107.20	134.37	168.09
Morgan Hill	Santa Clara	59.93	72.18	71.84
San Jose (2 zips)	Santa Clara		4.17	4.66
San Juan Bautista	San Benito	151.30	145.35	163.82
San Martin	Santa Clara	85.70	63.08	75.84
	Total	88.97	88.01	106.00
System-wide		103.38	84.30	73.30

Source: U.S. Census American Fact Finder. Environmental Systems Research Institute (ESRI). California Community Colleges, Chancellor's Office. MIS Referential Files; analysis by Cambridge West Partnership, LLC.

Selected Projections 2015-2030

The projections in Table 5 and much of the data elsewhere in this Chapter indicate that population, housing, education, employment and industrial output are all expected to grow 15-24% between 2015 and 2030, or between 1.0 and 1.6% per year. However, taxable sales and personal income may rise as much as 5-7% per year. If this higher projection is correct, the faster growth in incomes is likely due to continued upward pressure from residents who work in the Silicon Valley. If income growth tracks closer to the Consumer Price Index, growth is more likely to average about 2.5%.

Table 5

Projected Demographic changes in San Benito County 2015-2030						
Year	Population (people)	Net Migration (people)	Registered Vehicles	Households	New Homes Permitted (homes)	Rate (%)
2015	59,039	0	62,000	17,200	272	7.6%
2030	73,459	58	73,000	20,000	208	5.6%
Pct. Change 2015-2030	24%	1.5%	18%	16%	18%	
Actual Change 2015-2030	14,420	837	11,000	2,800	3,043	(2.00)

Year	Total Taxable Sales (millions)	Personal income (millions)	Real Per Capital Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial production (millions)
2015	\$ 610	\$ 2,510	\$ 43,630	2.6%	\$ 338	\$ 535
2030	\$ 1,280	\$ 5,090	\$ 52,267	2.4%	\$ 375	\$ 635
Pct. Change 2015- 2030	110%	103%	20%	41%	11%	19%
Actual Change 2015-2030	\$ 670	\$ 2,580	\$ 8,637	-0.2%	\$ 37	\$ 100

Source: Department of Transportation Long-Term Socioeconomic Forecasts by County: 2016 San Benito County Report: http://www.dot.ca.gov/hq/tpp/offices/eab/index_files/2016/SanBenito2016.pdf

Various data sources: State Board of Equalization, Department of Finance, Economic Research Unit, Employment Development Department, LMID, Department of Commerce, Bureau of Economic Analysis, Department of Motor Vehicles, Department of Health Statistics, Department of Finance, Demographic Research Unit, Construction Industry Research Board, California Association of REALTORS, California Agricultural Commissioner

Employment

Figure 8 shows that of the 16,000 employees who work in San Benito County, 68% work in service industries (including government). The 1,800 farm employees constitute 11% of all employees, an indicator of counties heavily dependent on agriculture -- much higher than the average 2% for California as a whole.

Historically, San Benito is a largely agricultural county with long growing seasons, high quality soils, good access to water with diverse microclimates and a varying landscape of vineyards, crop lands, fruit and nut orchards, and grazing pastures for cattle. Among the county's top crops, miscellaneous vegetable, row crops and salad lettuces (spring mix) lead by production value with spinach, romaine lettuce and peppers following. In 2015, San Benito County had 77 certified registered growers in 2015 growing a wide variety of fruit, nut, vegetable, nursery, feed, and seed crops. Organic farming is in high concentration and an important part of the agricultural economy in San Benito County as consumer demand and grower returns continue to increase. Some of the most popular and highest grossing commodities include salad mix varieties, spinach, and walnuts. Plant and seed research and breeding are also solid and emerging industries.

Figure 8

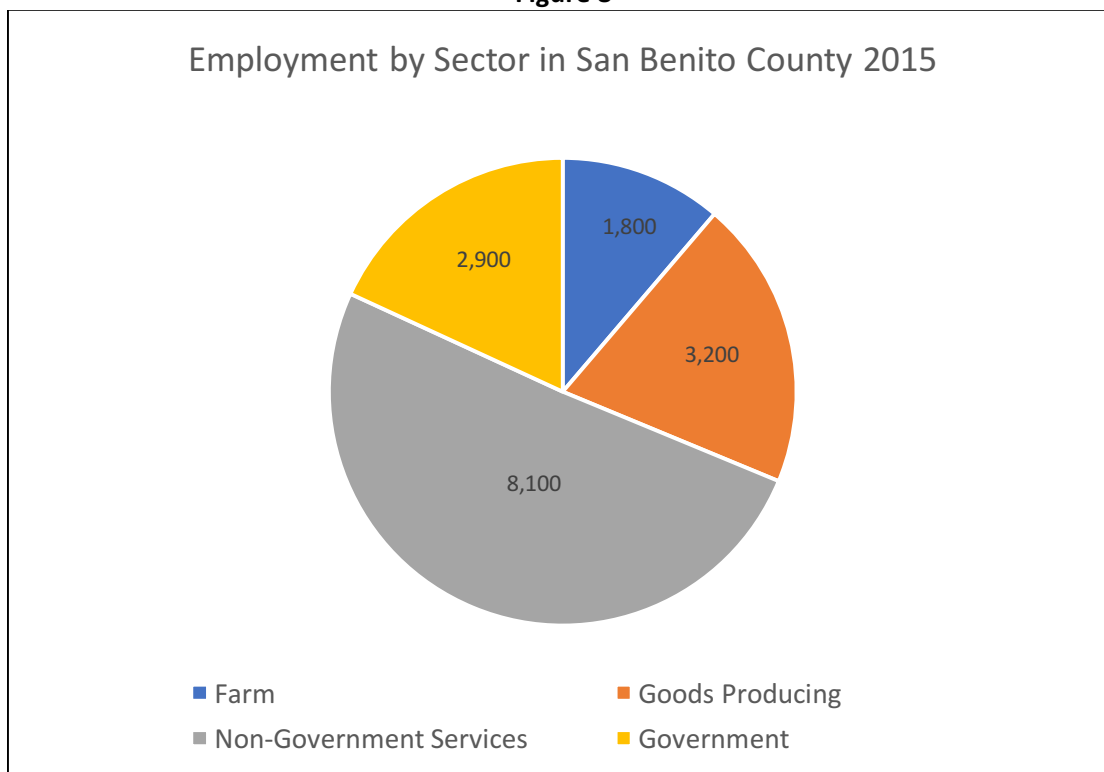


Table 6 identifies specific industries of employment for those 16,000 people working in San Benito County. It also identifies about 11,500 more civilian employees that work outside the county (27,500 minus the 16,000 in San Benito County). More about commuting later in this chapter.

Table 6
Employment in San Benito County

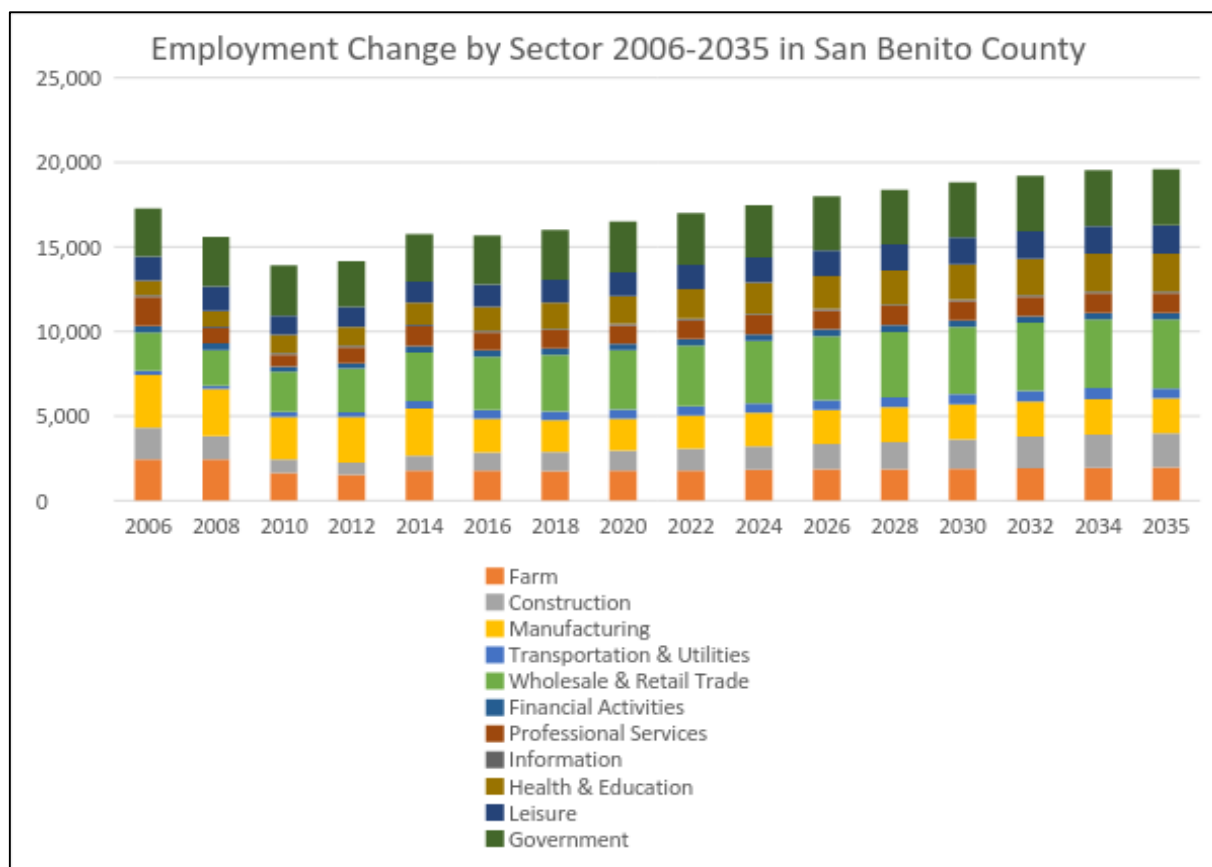
	2000	2005	2010	2015
Civilian Labor Force	27,500	24,500	27,900	29,800
Civilian Employment	25,800	22,500	23,700	27,500
Civilian Unemployment	1,700	2,000	4,200	2,300
Civilian Unemployment Rate	6.0%	8.1%	15.1%	7.60%
Employment By Industry in San Benito County	2000	2005	2010	2015
Total, All Industries	15,000	16,400	14,300	16,000
Total Farm	1,900	2,500	1,600	1,800
Total Nonfarm	13,100	13,900	12,700	14,200
Goods Producing	3,900	4,700	3,300	3,200
Mining and Logging	0	0	0	0
Construction	1,400	1,800	800	1,100
Manufacturing	2,500	2,900	2,500	2,200
Durable Goods	1,800	1,800	1,000	1,100
Nondurable Goods	800	1,100	1,500	1,100
Service Providing	9,200	9,200	9,400	11,000
Trade, Transportation & Utilities	2,900	2,500	2,700	3,500
Wholesale Trade	500	500	400	400
Retail Trade	2,100	1,700	2,000	2,600
Transport, Warehousing & Utilities	300	200	300	500
Information	100	100	100	100
Financial Activities	400	300	300	400
Finance & Insurance	300	200	200	200
Real Estate & Rental & Leasing	100	100	100	200
Professional & Business Services	500	600	700	1,100
Profess, Scientific & Tech Svcs	300	200	200	400
Mgmnt of Co's & Enterprises	0	0	0	0
Admin, Support, Waste Services	200	400	500	700
Educational & Health Services	800	900	1,100	1,400
Educational Services	100	100	100	100
Health Care & Social Assistance	700	800	1,000	1,300
Leisure & Hospitality	1,400	1,400	1,100	1,300
Other Services	300	400	400	400
Government	2,800	3,000	3,000	2,900
Federal Government	100	200	200	100
State Government	200	200	200	200
Local Government	2,400	2,600	2,600	2,600

Source: California Employment Development Department, California Department of Finance, Labor Market Information Division.
Source link: <http://www.labormarketinfo.edd.ca.gov/data/employment-by-industry.html>

Employment Projections

Figure 9 identifies employment change from 2006 and projected growth to 2035. All sectors constricted during the recession. The greatest growth between now and 2030 will be in construction (670 new jobs and 63% growth), Health and Education (660 new jobs and 46% growth), and Wholesale and Retail Trade (810 new jobs and 26% growth).

Figure 9

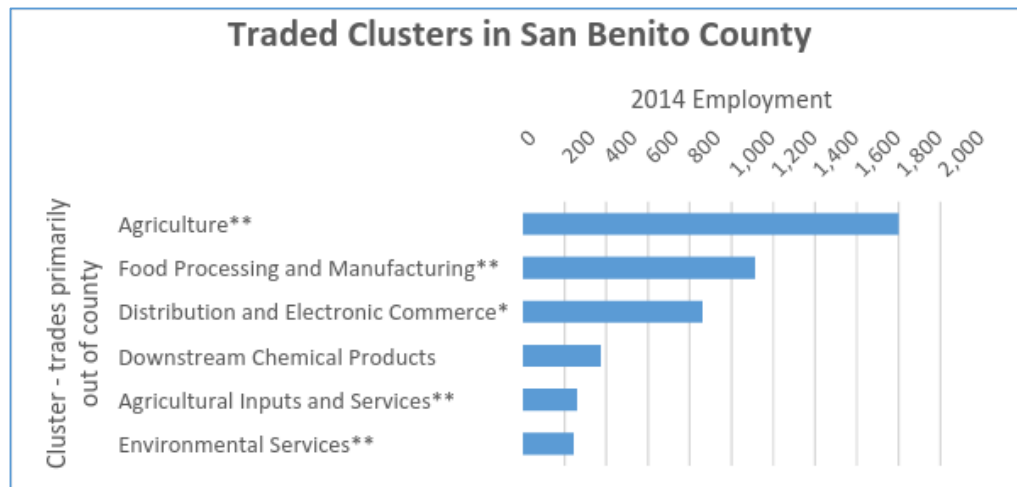


Industry Clusters

A cluster is a geographic concentration of interrelated industries or occupations. Strong clusters are those whose employment concentration is much greater than average. San Benito County has several “Traded” Clusters whose economic activity is primarily focused outside the County, and several “Local” Clusters, who primarily serve the local market. Clusters can be measured by Location Quotient, or by ranking them nationally. Figures 10 and 11 use national rankings from the US Cluster Mapping Project⁵.

⁵ Source: U.S. Cluster Mapping Project (<http://clustermapping.us/>), Institute for Strategy and Competitiveness, Harvard Business School. Data Sources (<http://clustermapping.us/content/data-sources-and-limitations>)

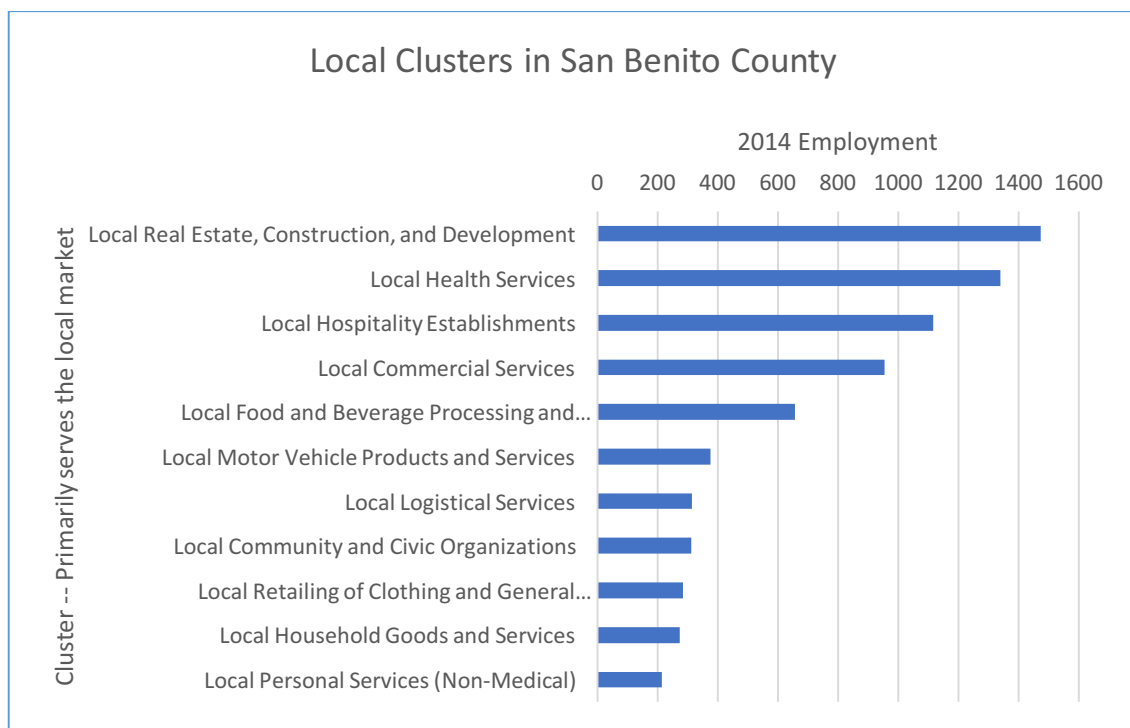
Figure 10
Industries with Over 200 Employees That Provide Goods and Services outside the County



**Indicates a strong cluster above 90th percentile specialization

*Indicate a strong cluster above 75th percentile specialization

Figure 11
Industries with Over 200 Employees That Provide Local Goods and Services



Housing and Housing Needs

Household and housing data shows the historic and projected growth rates for housing in the County. Since the recession, only about 108 homes have been built. Between 2015 and 2030, 4,534 new households are projected to be needed -- a pace of 302 units annually in the County.

Following an 8-year sewer moratorium and a recession, several housing projects approved years ago have just now started construction. Several unincorporated community study areas located throughout the county have been evaluated for future development including a new town of El Rancho San Benito proposed for the north end of the county. A real estate developer will likely soon begin construction on 1,200 active adult housing units to be built adjacent to the San Juan Oaks Golf Club.

Table 7

State and County Projected Households, Household Population, Group Quarters and Persons per Household for the Counties and State of California					
California	2010	2015	2020	2025	2030
Total Population	37,253,956	38,892,299	40,616,702	42,373,655	44,099,585
Household Population	36,412,423	38,042,554	39,750,714	41,460,192	43,136,741
Group Quarters	841,533	849,745	865,988	913,463	962,844
Total Households	12,568,167	13,236,154	13,864,699	14,449,955	15,021,712
Persons Per Household	2.90	2.87	2.87	2.87	2.87
Monterey County	2010	2015	2020	2025	2030
Total Population	415,057	429,560	446,198	462,607	476,771
Household Population	393,814	408,176	424,597	440,064	453,385
Group Quarters	21,243	21,384	21,601	22,543	23,386
Total Households	124,899	130,199	135,652	140,180	144,558
Persons Per Household	3.15	3.14	3.13	3.14	3.14
Santa Cruz County	2010	2015	2020	2025	2030
Total Population	262,382	273,987	282,195	290,870	297,334
Household Population	251,413	262,874	271,065	279,326	285,463
Group Quarters	10,969	11,113	11,130	11,544	11,871
Total Households	94,355	99,795	103,436	106,873	109,436
Persons Per Household	2.66	2.63	2.62	2.61	2.61
San Benito County	2010	2015	2020	2025	2030
Total Population	55,269	59,014	63,406	68,337	73,470
Household Population	54,980	58,714	63,092	67,992	73,089
Group Quarters	289	300	314	345	381
Total Households	16,805	18,004	19,409	20,937	22,538
Persons Per Household	3.27	3.26	3.25	3.25	3.24

Source: State of California, Department of Finance, Report P-4: Projected Households, Household Population, Group Quarters and Persons per Household for the Counties and State of California, March 2015

Source: <http://www.dof.ca.gov/Forecasting/Demographics/>

The current tight housing market is also verified by the low 3% vacancy rate in Hollister (Table 8).

Table 8
Housing Vacancy Rates in Selected Cities (2011-2015)

	Carmel- by-the-sea	Hollister	Monterey	Salinas	San Juan Bautista	Santa Cruz
Total Units	3,532	10,422	13,650	42,875	940	23,499
Occupied Units	48%	97%	86%	95%	91%	92%
Vacant Units	52%	3%	14%	5%	9%	8%

It is commonly known that there is a chronic shortage of housing stock throughout the State. The development of affordable housing increases spending and employment in the surrounding economy and is central to the health and diversity of our community. The U.S. Department of Housing and Urban Development defines the housing burden as families who pay more than 30 percent of their income for housing and may have difficulty affording necessities such as food, clothing, transportation, and medical care.

The percentage of mortgage holders in San Benito County spending 30% or more of their income on housing is 48.9% compared to 49.9% in Hollister, 63.5% in San Juan Bautista, 43% in Monterey County, 42.9% in Santa Cruz County and 45.7% in California⁶.

The percentage of renters in San Benito County spending 30% or more of their income on housing is 57% compared to in 59.3% Hollister, 65.2% in San Juan Bautista, 53.7% in Monterey County, 60.7% in Santa Cruz County and 57.2% in California.

The Regional Housing Needs Allocation (RHNA) outlines the housing stock goals for a 10-year period (2014-2023). By considering the RHNA goals in relationship to housing stock changes since the plan's inception, a understanding of progress towards achieving this goal can be inferred.

Table 9 shows that San Benito County's RHNA goal is 2,194 units with 40% (835 units) allocated to Low and Very Low incomes. Progress has been made to construct 11.7% or 257 units toward that goal (2013-2016). The City of Hollister's RHNA goal is 1,316 units. Progress has been made to construct 16.3% or 214 units toward that goal (2013-2016). The City of San Juan Bautista's RHNA goal is 41 units. Progress has been made to construct 12.2% or 5 units toward that goal (2013-2016).

⁶ **Source:** RHNA data for Monterey and Santa Cruz Counties - Association of Monterey Bay Area Governments (AMBAG). (2014). Regional Housing Needs Allocation Plan, 2014-2023. Retrieved from http://ambag.org/sites/default/files/documents/RHNP%202014-2023_Final_revised.pdf RHNA data for San Benito County - Council of San Benito County Governments. (2014). San Benito County Regional Housing Needs Allocation Plan. Retrieved from <http://www.sanbenitocog.org/pdf/1%20Final%20RHNA%20Plan.pdf>

Table 9
Regional Housing Needs Allocation Plan (RHNA): 2014-2023

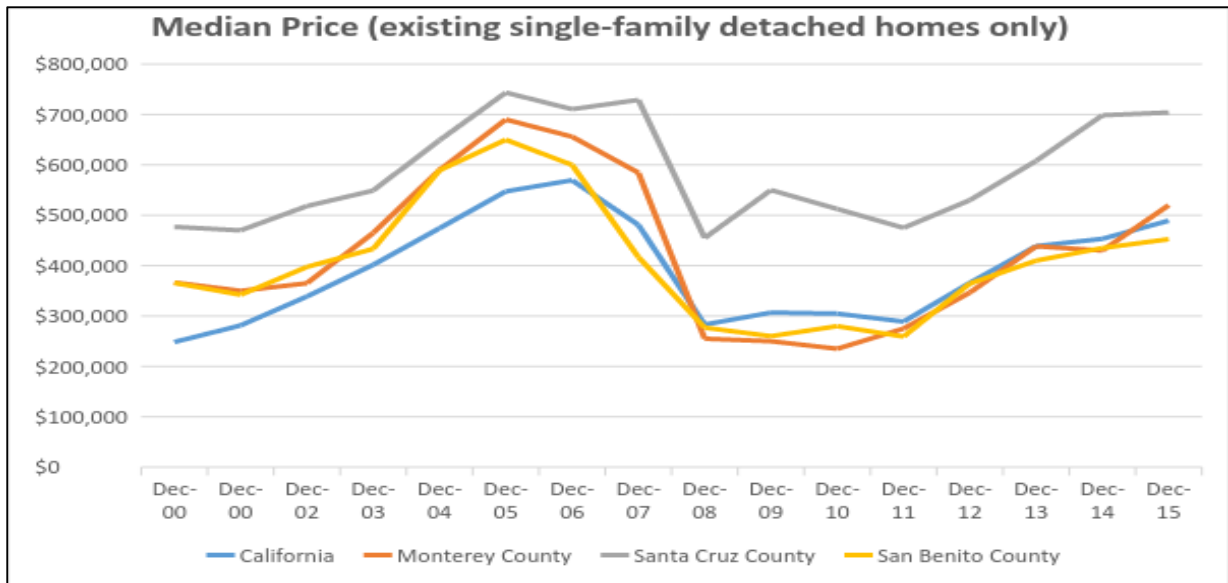
Jurisdiction	Income Category				
	Very Low (24.1%)	Low (15.7%)	Moderate (18.2%)	Above Moderate (42.0%)	Total
Monterey County	1,781	1,160	1,346	3,099	7,386
Santa Cruz County	734	480	554	1,276	3,044
San Benito County	520	315	430	929	2,194
Monterey Bay Region	3,035	1,955	2,330	5,304	12,624

Very Low Income	0-50% of median family income
Low Income	50% -80% of median family income
Moderate Income	80% - 120% of median family income
Above Moderate Income	>120% of median family income

Home Prices

The out-commuting effect can again be seen in the median home price. San Benito is now tracking closely with California and Monterey. Hollister and other parts of the county are an easy commute to the Silicon Valley, so Hollister and its surroundings have for decades seen unrelenting pressure to build new housing to serve South Bay commuters. This pressure eased during the recession, but is again strengthening with Hollister housing prices approaching \$500,000.

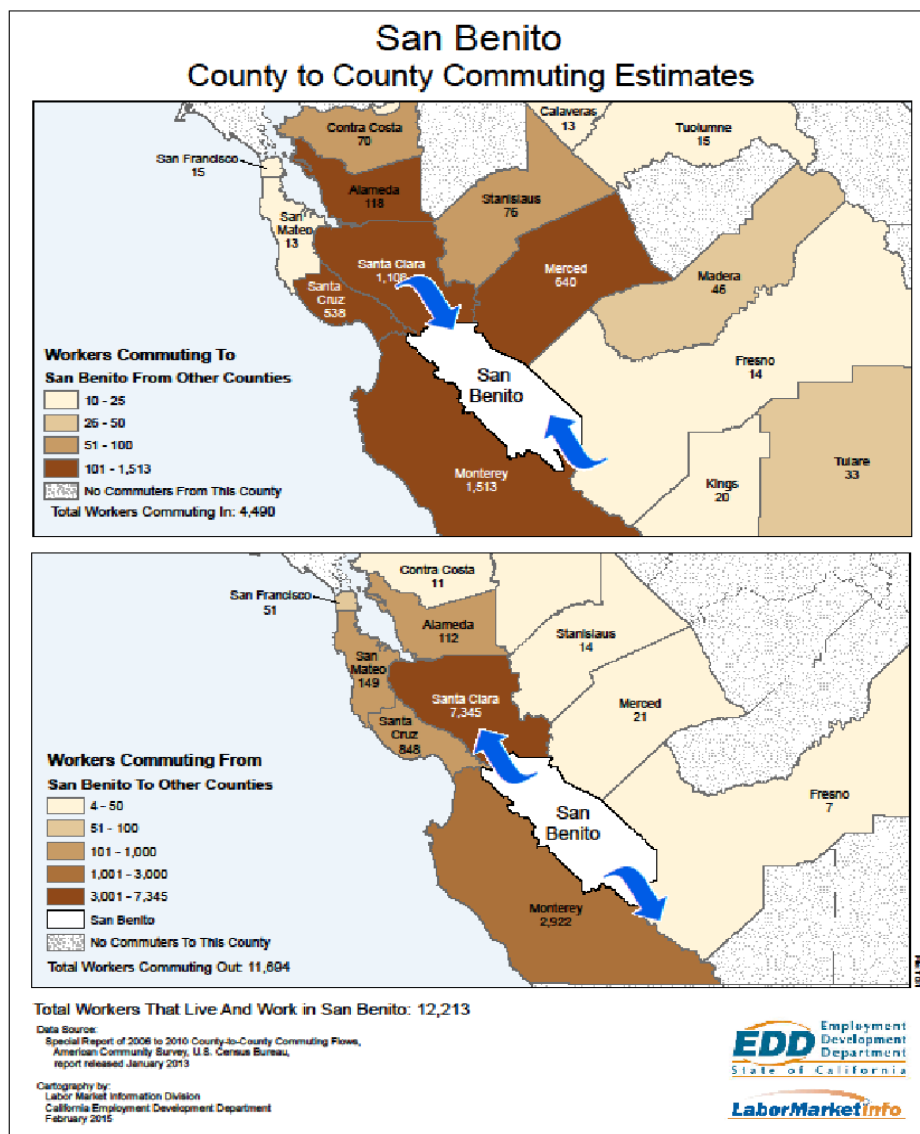
Figure 12



Commute Patterns

At least 11,500, or 48% of San Benito County's employed residents, commute to jobs outside the County, including 7,500 traveling north into Santa Clara County to higher paying Silicon Valley and construction jobs and many travelling south to jobs in production agriculture in the Salinas Valley. San Benito County's residents have good job opportunities to the north, but this brings significant challenges to the region. Congestion must be addressed to improve air quality, the local tax base and generate more local economic activity for restaurants, retailers, healthcare and professional service providers. Out-of-county employment is a significant factor in the local economy, catalyzing residential expansion and development of transportation systems, but these continue to encourage economic development outside the County. A relatable example of a highway ingress/egress improvements leading to economic development is Highway 46 East and West, Paso Robles in northern San Luis Obispo County.

Figure 13



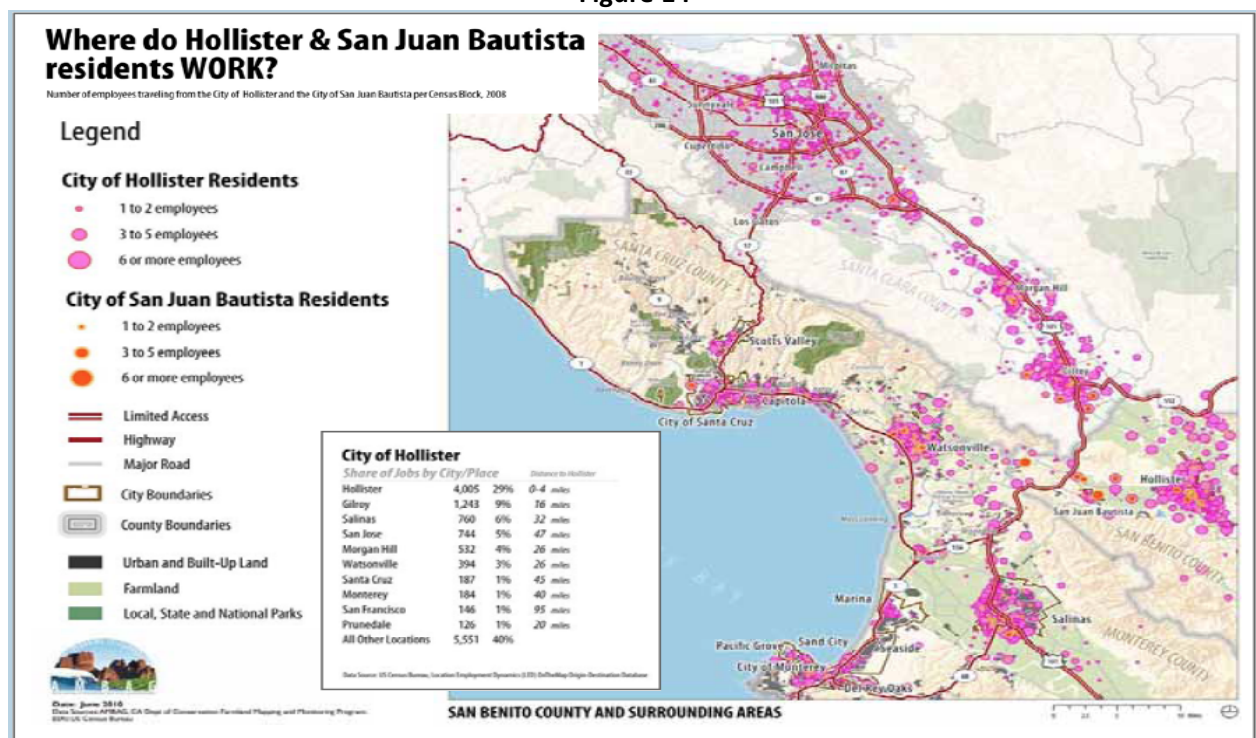
Growth driven from outside is a cause of congestion on Highway 25 (7,345 workers outbound in the morning and inbound in the evening, plus 1,108 reverse commuting daily) to Gilroy and on Highway 156 to Salinas and Monterey (2,922 out and 1,513 in every morning). It strains infrastructure including groundwater quality and roads and leads to tax and services leakage- especially medical services. Air quality is worsened. Retail and commercial development become skewed towards serving commuters rather than local businesses.

In order to address the high commute volume, the County, local economic development partners must help promote new employment opportunities for residents within the county. The County cannot control the strong employment pull to the North, and will only exacerbate citizen frustration if it enacts restrictions such as housing moratoriums and opposes highway expansions. It can only mitigate the problem by bringing new jobs to the County. The focus of this CEDS is to provide guidance for future employment and industrial growth. These uses are vital to the economic health of the community.

Mobility

In 2000 over 91 percent of San Benito residents either carpooled or drove to work compared with 86 percent statewide. Only 1.3 percent of employed residents in the county take transit to work compared with 5 percent statewide. In 2000, a greater proportion of San Benito County's employed residents had either relatively short or very long commutes compared to the state. Approximately 35 percent had commute times less than 14 minutes, compared to 28 percent statewide, and over 30 percent had commute times over 45 minutes, compared to 18 percent statewide.

Figure 14



Tracking Daily Vehicle Miles Traveled (DVMT) per capita helps understanding of community efforts that are seeking reduction in these numbers by implementing smart growth efforts and encouraging alternative forms of transportation. The data in Tables 10 and 11 below reflect DVMT across Monterey, San Benito, and Santa Cruz Counties, as well as the average for the Monterey Bay Region. Data displayed represents DVMT in 2010, 2014, and forecasted levels for 2035 per the Association of Monterey Bay Area Governments (AMBAG). San Benito residents drive farther to their jobs than others in the region.

Table 10

Daily Vehicle Miles Traveled (DVMT)			
Region	2010	2014	2035 Est
San Benito County	27.8	24.2	28.6
Monterey Bay	21.4	22.3	22.2
Monterey County		23.5	23.7
Santa Cruz County	17.6	19.9	18.3

Source: 2010 and 2035 data provided by the Association of Monterey Bay Area Governments (AMBAG), personal correspondence. 2014 Data: California Department of Transportation (CalTrans). California Public Roads Data Publication. Sacramento, CA and United States Census Bureau. Department of Finance (2014).

Note: CalTrans calculates Daily Vehicle Miles Traveled (DVMT) by multiplying the length of each given road segment by its traffic volume in one day. Data reflective of workers 16 and older who do not work at home.

Table 11

Mean Travel Time to Work (minutes)			
	2009- 2013	2010- 2014	2011- 2015
California	27.2	27.6	28.0
Monterey County	22.5	22.4	22.3
Santa Cruz County	25.4	25.8	25.9
San Benito County	30.2	30.7	31.8
Hollister			31.8
San Juan Bautista			28.1

Sources: U.S. Census Bureau 5-Year American Community Surveys, 2011-2015, 2010-2014 & 2009-2013

Jobs Housing Balance

The Jobs Housing Balance is an indicator of balance between employment and housing in a community. A balanced community has a jobs-housing ratio of about 1.6. A ratio under 1.0 indicates a strong bedroom community, over 2.0 indicates a jobs-rich community. **Hollister's jobs housing balance ratio is 1.05. The County's ratio is 0.89** (16,000 jobs / 18,004 households = 0.89), **indicating a bedroom community.** Because residents access many services where they work, bedroom communities tend to have fewer resources to serve their residents. Local governments that have more housing than commercial and industrial businesses have a limited property tax base, and are not as financially strong or diverse as those that have ample industry and employment.

Tourism

San Benito County has a number of visitor attractions such as Mission San Juan Bautista, downtown San Juan Bautista, El Teatro Campesino, Pinnacles National Park, Hollister Hills State Vehicular Recreation Area, Fremont Peak State Park, the Anza Trail, downtown Hollister, the Cienega Valley Wine Trail and others. The County has yet to develop a focused strategy or strong tourism industry, and attracted under \$100 million in spending in 2015, much less than its neighbor coastal counties. There are ongoing efforts with the newly formed Pinnacles Gateway Partnership to collaborate with communities near Pinnacles National Park to leverage resources to brand the area and expand tourism.

The potential is there, and creating a winery and hospitality corridor is among the implementation plans in the County's General Plan Economic Development Element.

Development of a tourism and hospitality strategy with SMART goals, more coordination among stakeholders, attractions, more lodging places and expanded branding and promotion are all tactics that will expand visitor opportunities. Figure 15 shows travel spending in three counties, Figure 16 identifies local travel-generated employment, and Figure 17 identifies commodity areas of potential expansion.

Figure 15

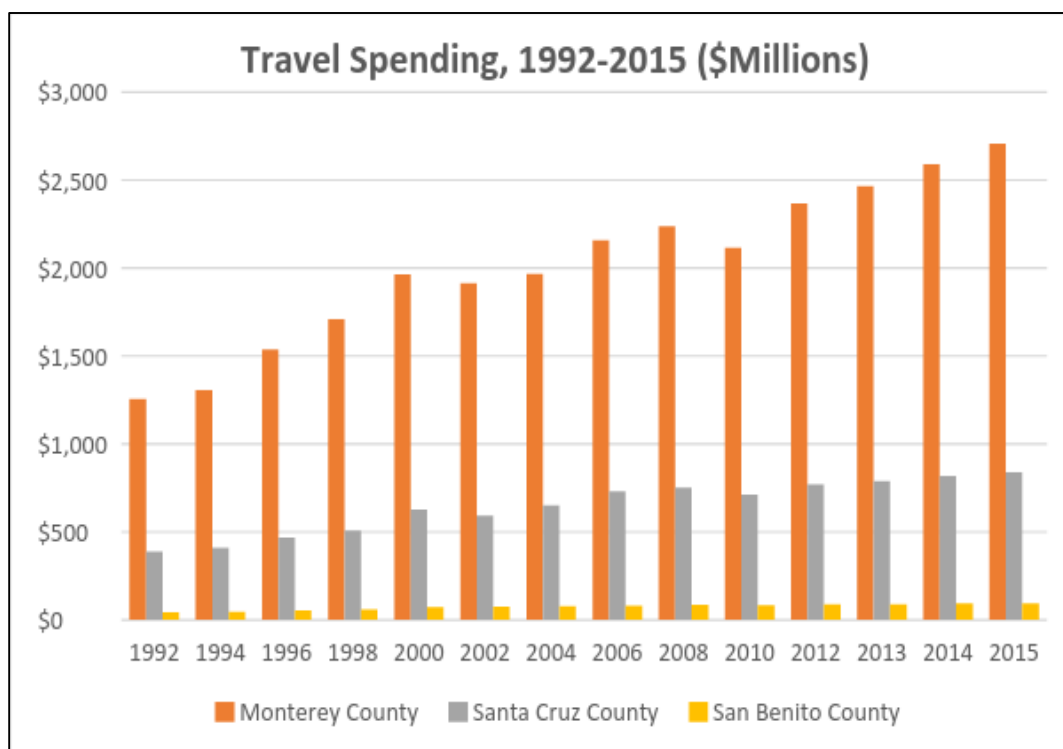


Figure 16

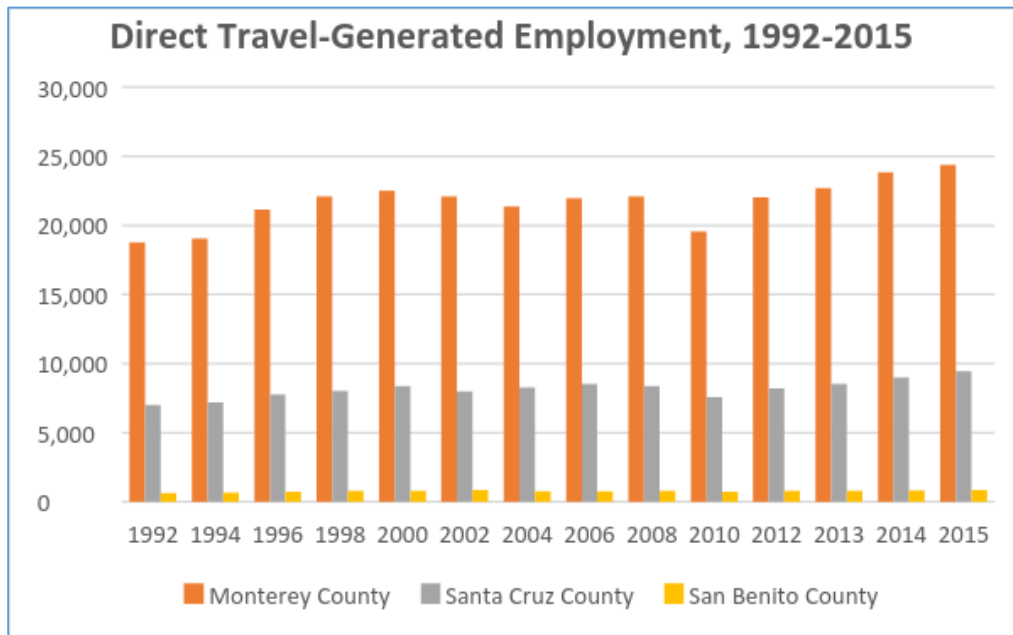
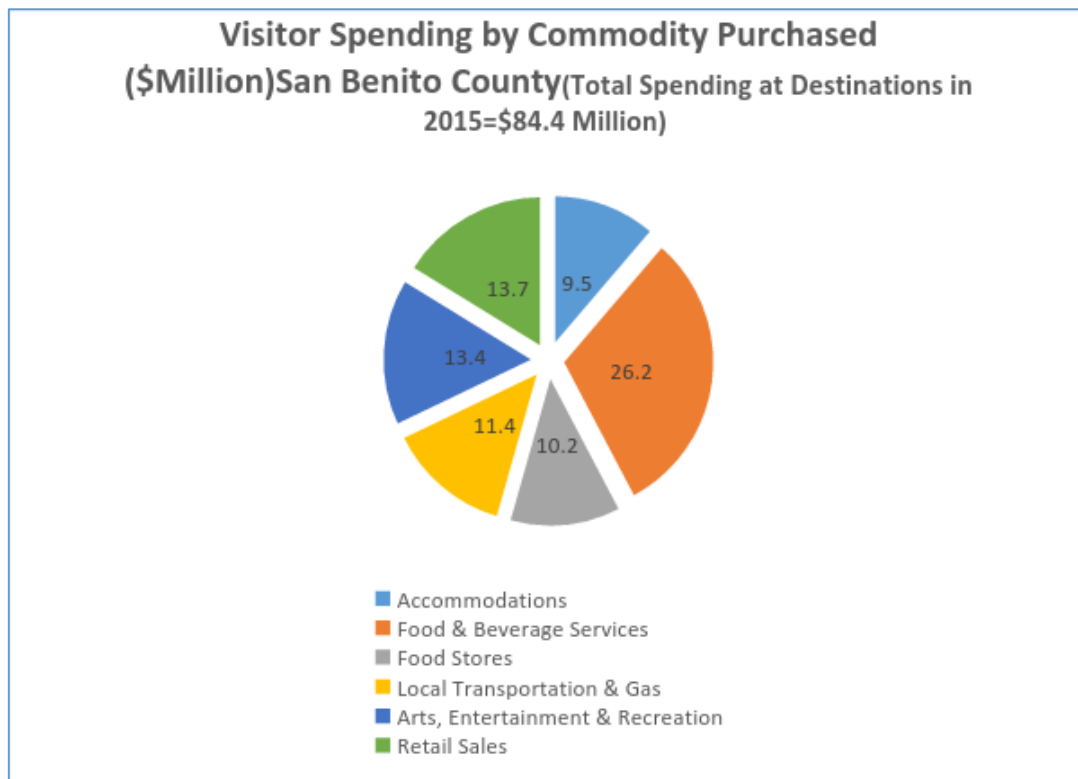


Figure 17



Population and Demographic Conclusion

Again and again, the data shows the effects of the out-commuting phenomenon. The clear solution is to create more in-county jobs taking advantage of current infrastructure in the industrial parks, in the trades and local clusters, in retail, manufacturing, bio and ag technologies, healthcare and in visitor serving industries.

Projected growth in population, housing, employment, education, industrial output and farm output is expected to be between 1% and 1.6% per year for the foreseeable future. With the continued Silicon Valley influence, incomes and taxable sales may rise with inflation to as much as 2.5% per year.

Chapter 3

REGIONAL VISION

The CEDS 5-Year Strategy will address the region's SWOT analyses, economic resiliency plans, strategies, training opportunities and areas in need of strengthening to be most competitive. Coordination and communication are primary objectives of the CEDS to facilitate the development of community programs that will be complementary rather than divisive, and enhance awareness of investment strategies in other communities that may be adapted locally. With this in mind, input is regularly solicited from government leaders, directors of local economic development corporations, specialty project experts, industry experts, and individuals who are "boots on the ground."

Over the course of the next five years, the EDCSBC will assist its partners by cultivating and implementing a strategy to include economic resilience preparedness as it relates to economic development. This includes natural disasters or man-made disaster planning and coordination, addressing planning for climate change affects (particularly drought, flooding, earthquakes and fire), major economic disasters (employer closures or relocation, dependence on single industries, etc., or any other proactive disaster planning and coordination work. These include conducting studies, mapping, identifying and/or monitoring work, etc. In conjunction with the resiliency planning, the EDCSBC will continue to coordinate with all key local, state, federal, private and non-profit organizations to ensure non-duplication of resources and to generate maximum efficiency while leveraging public and private investment. Finally, the EDCSBC and its partners will facilitate technical assistance efforts and programs to cities, counties and businesses in identification and accessing of financing mechanisms for carrying out high priority economic development projects that will diversify the economy and result in the creation of higher-skilled, higher-paying jobs.

The region has a critical need for funding mechanisms to assist with identifying methods to diversify the regional economy, turning the focus away from declining resource-based industries and government and further towards market-based advanced manufacturing and technology-related community investments. The CEDS 5-Year Strategy and its annual update serves to identify and prioritize investment opportunities, which are geared toward contributing to long-term economic diversification leading to the creation of wealth in the region through the creation of higher-skilled, higher wage jobs.

Specific strategies that the EDCSBC will be pursuing over the next year that will contribute to improving the region's long-term economic growth, providing increased employment opportunities for the unemployed, underemployed, dislocated or low-income workers include:

- Identifying gaps in academic and vocational training programs to grow, retain and attract the necessary workforce to support the needs of businesses across all industries.
- Continuing to assist the region in creating inventories of available properties, commercial buildings, talent and potential projects.
- Working in conjunction with local technology and manufacturing groups to build industry sectors businesses and jobs.
- Assisting with the start-up and growth of new technology-based businesses in rural areas of the

region. These businesses tend to produce higher-skilled, higher-wage employment opportunities, which stand to have a more significant impact on the economic base of the area.

- Working with the Monterey Bay Economic Partnership (MEBP), America's Job Center, San Benito County Workforce Development Board focusing on business retention/expansion, and creation efforts toward specific industry clusters identified by each of the communities within San Benito County. Examples of the industry clusters that are being targeted through this collaborative effort include:
 - Agriculture
 - Health Care
 - Construction
 - Mining
 - Water
 - Tourism/Hospitality
 - Advanced Manufacturing
 - Information and Communications
 - Business Retention Activities
 - Business Visits
 - Find out Needs and Wants
 - Connect to Resources
 - Hiring and Working with Employees
 - Access to Capital
- Researching investments to advance green technology utilization in the region's renewable energy, agriculture, manufacturing and IT industry.
 - New technologies are continuing to emerge. Today's stronger intellectual property rights, enhanced labor regulations and rising costs have spurred innovation and private-sector research.
 - As growing world demand encourages U.S. farmers to expand production, constraints on land, water and energy will compel them to rely on science and technology for increases in production and on entrepreneurial skills to manage the technology.
- Recognizing the need for STEAM (science, technology, engineering, arts and mathematics) development within our schools and linking innovation and technology with education and workforce development.
- Inventorying assets, understanding and review documents, resources and plans already created on drought, earthquake, flooding and fire strategies, plans and mitigation efforts.

See Chapters 5 and 6 for details of specific economic development objectives and action items, which support this regional vision.

ECONOMIC RESILIENCY STRATEGY

Like almost every jurisdiction in America, the County has been in self-preservation mode for the last 10 years. As the region's economy begins to recover, it will be critical for the County, its two cities, and each community to work together as a whole, and to work together with regional groups that influence our success, such as the Monterey Bay Economic Partnership, Grower Shipper Association of Central California, Silicon Valley Leadership Group, Joint Venture Silicon Valley, AMBAG, and ABAG.

This CEDS has started the process of identifying issues, characterizing them, and setting goals to address them. The Demographic data highlighted some major areas of persistent economic challenges and needed improvement. The SWOT analyses will identify economic development and infrastructure projects that are imperative to the continued growth and sustainability of our economy. Implementing the goals, strategies, and actions can mitigate the effects of an economic incident, and can support long-term recovery efforts.

This document has started the process of understanding resiliency. The following items should be considered as other activities and projects specific to the Region's resiliency are designed and addressed:

- Identify key persistent economic challenges or deficiencies not already identified in this document. "Weak spots" may include a poorly educated workforce, important transportation access/options, low levels of broadband availability and/or adoption, impediments hindering a firm's ability to gain access to the financial resources required to advance its business, major employers located in vulnerable areas)? Has a "planning horizon" been established (e.g., 10 to 15 years) for assessing economic vulnerabilities?
- Prepare for disruptions by identifying "early-warning" tools: Does the region have an "anticipatory focus" that will help it react quickly when confronted with potential disruptions and challenges? Do community economic development professionals work with their local/regional emergency managers to address the risks identified through hazard mitigation planning? Do community leaders employ mechanisms (e.g., scorecards, state of the region reports, economic dashboards) that offer a regularly updated assessment of the regional economy?
- Build mechanisms that create flexibility: Do the local governments have detailed and tested disaster response and recovery plans? Do the local governments and major employers have access to "surge" capital/credit resources? Does the region have a good handle on its assets to help identify emerging economic sectors that may lead to a diversified economic base? Has the region established mechanisms to realign and retrain its workforce post-disruption?
- Promote a positive vision for the region: Is the messaging about the region's assets and opportunities positive (to encourage investments in both times of tranquility and disruption)? Do stakeholders understand that actions that build resilience are good for the regional economy whether or not an economic shock occurs, and have they reached consensus on a set of actions they can take proactively? Are economic shocks used as an opportunity to "re-vision" (i.e., reassess) the region's economy?

Chapter 4

SWOT ANALYSIS

A SWOT (Strength/Weakness/Opportunities/Threat) analysis of the regional economy should answer the question, “Where are we now?”

The following is an analysis of the strengths, weaknesses, opportunities and threats (SWOT) related to human and economic assets as posted by external and internal forces impacting the regional economy.

The information presented in this analysis was compiled over a 18-month process, including:

- The San Benito County General Plan Economic Development Element, Adopted by the Board of Supervisors on July 21, 2015 (See Chapter 6 for more about General Plan implementation);
- Review and consideration of local, regional economic development initiatives, plans and reports with a focus on work conducted in San Benito County over the past 5 years as well as that conducted in California counties with similar characteristics.
- 3 public presentations, meetings and exercises conducted throughout the County
- Conducting a Local Economic Advisory Program (LEAP) led by the California Association for Local Economic Development (CALED) resulting in a findings and recommendations report
- Hosting a Local Elected Officials (LEO) program for elected officials, staff and economic development stakeholders
- Conducting a countywide, bilingual survey (online and 1:1 interviews) of 100 business owners and managers via the Rapid Response, Layoff Aversion and Business Support program of the San Benito County Workforce Development Board.
- A final CEDS committee meeting held on May 31, 2017 to review this draft document and confirm the prioritized strategy, goals, objectives, and action plan.

Strengths

Strengths are a region’s relative competitive advantages (e.g., industry supply chains and clusters, extensive port, rail, real estate and broadband assets, specialized workforce skills/high education levels, state parks, historical landmark and other regional assets, collaboration among stakeholders) and often are internal in nature;

REAL ESTATE: LOCATION, AVAILABILTY AND COST

- San Benito County’s close proximity to Silicon Valley and the Monterey Bay Area offers lower rent for satellite facilities for technology firms and new construction on land.
- The current supply of land to infill within cities (San Juan Bautista, Hollister) and overall availability of land for new development within the county.
- The proximity of the Hollister Airport to the Silicon Valley, located at the outskirts of the city, and

the availability of surrounding land to support new commercial and industrial investment provide an opportunity to expand the airport and provide corporate jet service. This would not only increase options for air travel, but could also serve as a catalyst for economic development in the county. The airport's recent investment in improvements (6350 ft. Runway 13-31 has the width, depth and length to accommodate aircraft as big as a Boeing 737 and has a Precision Approach Path Indicator (PAPI)); is open 24 hours per day, 7 days per week, and has a full time Fixed-base operator (FBO) the Hollister Jet Center for operations, fueling and maintenance. The County can look at ways to partner with the City of Hollister to facilitate expansion of the airport that aligns with Hollister Airport's existing infrastructure and Master Plan. Current businesses located at and near the Hollister Airport supply manufactured goods all over the world, and there are a growing number of businesses that reside at the airport including: DK Turbines, Zee.Aero and the Hollister Jet Center.

- The airport's surrounding business parks and commercial properties: Ability to attract interest in larger corporations building business parks and facilities in the county because of the proximity to a Hollister Airport for commercial flights, through the fence access. Neighboring commercial properties offer many options- sale, lease (as low as \$.12/sq ft, build to suit).

PUBLIC SAFETY

- SBC is a safe community with very low crime rates (see Crime rate statistics [http://hollister.ca.gov/government/city-departments/police/crime-statistics/ comparison from neighboring cities/counties for more information](http://hollister.ca.gov/government/city-departments/police/crime-statistics/comparison-from-neighboring-cities/counties-for-more-information))

STRONG AG SECTOR

- Steady agricultural businesses that are interested in innovation and development in agricultural technology
- Wineries and wine grape growers
- Leading crops and recent innovations in mechanization, processed and value-added commodities

QUALITY OF LIFE, OPEN SPACE, RECREATION, HISTORY & HERITAGE

- Proximity to the Pinnacles National Park
- Rural open space and opportunities for recreation
- Superior climate for farming and quality of life.
- Strong wine corridor/region
- San Juan Batista Mission and other historical landmarks

TRANSPORTATION

- Rail access for light/heavy industries and agriculture to rail products outside of county.
- Proximity to major highways and freeways: 152, 156, 25, 101, 5, 129
- Planned bicycle facilities for increased connectivity and decreasing the amount of cars on the road and greenhouse gas emissions.

TERTIARY EDUCATION

There is a strong foundation of tertiary education serving San Benito County. Gavilan College has operated an educational site in downtown Hollister and offers Noncredit courses at 11 different locations through the county. The college has purchased property for a full campus at the four corners location south of Hollister. The college offers a variety of transfer and vocational degrees and certificates pathway for San Benito County residents. New leadership at the college is committed to increased partnerships to serve San Benito County.

Gavilan is in the process of developing several new programs to meet community needs. The following are programs in various stages of development with accompanying regional labor market data. The data is based on Bay Region which includes Santa Clara, San Benito, Santa Cruz and Monterey Counties.

Heating, Ventilation, and Air Conditioning (residential) -- Gavilan is currently developing this program and plans to start classes Fall 2018.

Gavilan College Programs	Career Option	Typical Entry Level Education	Job Openings *(Bay Region)		Salary (median hourly)	Return on Investment - Based on units needed for Degree or Certificate
*Bay Region includes: Santa Clara, San Benito, Santa Cruz and Monterey Counties						
HVAC	Electrical and Electronics Engineering Technicians	AA	536	179	\$31.10	\$2,760.00
	Electro-Mechanical Technicians	AA	20	10	\$27.37	\$2,760.00
	Environmental Engineering Technicians	AA	35	12	\$38.79	\$2,760.00
	Industrial Engineering Technicians	AA	66	22	\$29.88	\$2,760.00
	Electricians	HS diploma	704	235	\$35.77	
	Sheet Metal Workers	HS diploma	159	53	\$40.35	
	Electrical Installers and Repairers	Post Secondary Non degree award	6	2	\$37.42	\$1,150.00
	Heating, Air Conditioning, and Refrigeration Mechanics and Installers	Post Secondary Non degree award	289	96	\$36.28	\$1,150.00
	Maintenance and Repair Workers	HS diploma	1,505	502	\$22.39	

Unmanned Aerial Systems (UAS)- The College has developed four initial classes with plans to develop additional ones to further meet regional needs. The first class begins Fall 2017.

Gavilan College Programs	Career Option	Typical Entry Level Education	Job Openings *(Bay Region)		Salary (median hourly)	Return on Investment - Based on units needed for Degree or Certificate
			New/replacement(2015-18)	Annual		
*Bay Region includes Santa Clara, San Benito, Santa Cruz and Monterey Counties						
Aviation /Airframe License / UAS (Drone)						
	Aerospace Engineering technician	AA	32	11	\$34.70	\$2,760.00
	Avionics technician	AA	6	2	\$40.09	\$2,760.00
	Aircraft Mechanic and Service Technician	AA or Post secondary non degree award	31	17	\$28.26	\$2,760.00 / \$3,220.00
	Aircraft Structure & Systems Assemblers	HS Diploma or equivalent	17	6	\$25.36	
	Airfield Operations Specialist	HS Diploma or equivalent	7	2	\$36.20	

Hospitality- Gavilan has developed credit and noncredit classes with plans to develop additional classes to meet industry demands. The first class begin Fall 2017.

Gavilan College Programs	Career Option	Typical Entry Level Education	Job Openings *(Bay Region)		Salary (median hourly)	Return on Investment - Based on units needed for Degree or Certificate
			New/replacement(2015-18)	Annual		
*Bay Region includes Santa Clara, San Benito, Santa Cruz and Monterey Counties						
Hospitality	Hotel, Motel and Resort Desk Clerks	HS diploma	534	178	\$12.76	
	Receptionist and Information Clerks	HS diploma	1,381	460	\$17.45	
	Concierges	HS diploma	26	9	\$16.37	
	Travel Guides	HS diploma	4	1	\$20.35	
	Entertainment Attendants and Related Workers	HS diploma	21	7	\$14.36	
	Food Service Managers	HS diploma	449	150	\$21.47	

Weaknesses

Weaknesses are a region's relative competitive disadvantages (e.g., a risk-averse or change-resistant regional culture), also often internal in nature;

LACK OF RESOURCES

- Lack of strategic, formal business attraction/incentive programs, staff, and resources at the civic level
- Lacking infrastructure, quality roadways (efficient regional ingress/egress) and utilities readily available in areas that could be used for future development.
- Builders not coming down to Hollister from the north (stopping at Gilroy)
- Looming infrastructure improvement costs- approximately \$500M+ in local roadway maintenance deficits in Hollister and San Benito County alone.
- Looming staff costs: pension and healthcare costs outspending projected revenues

LACK OF SKILLED WORKFORCE AND LIVING WAGE JOBS

- Current predominant industries (agriculture, hospitality) have lower paying jobs than the cost of living in the area.
- Low test scores, levels of local educational attainment and school ratings
- Not enough people skilled in trades. Example: UCP Benchmark had to import trades (plumbers, electricians, sheet metal, etc.)
- Need a pipeline stream for career path, workforce
- Historically San Benito County has had the highest unemployment rates in the region because of its limited economic diversification. Unemployment strains both Individuals and County government, which is responsible for providing unemployment and welfare services and support. Unemployment can also lead to mortgage defaults, bankruptcies, job skill loss, and homelessness. The national and global economic downturn has exacerbated unemployment in the county, and it will likely take more several years to recover.

LACK OF QUALITY ESTABLISHMENTS PROVIDING ACCOMMODATIONS, MEALS AND OTHER TOURIST SERVICES

- Lack of hotels and inns in general, and quality of local hotels and inns in Hollister and San Juan Bautista seen as inferior as indicated in market analysis for Hollister hotel proposal. San Benito County currently has a very modest hotel sector, but this sector brings important visitor dollars into the county to support local jobs and it generates much needed lodging tax revenue. Historical buildings need retrofitting or modernization.

LACK OF INFRASTRUCTURE

- Lacking walkability, bike infrastructure, buses and or other forms of transportation to the areas of interest for retail, hospitality, tourism.
- Need more options for high-speed internet: dark fiber, broadband, especially in rural areas⁷. The availability of high Broadband access is critical to attracting new industries and employers to the county.
- Need for new facilities to accommodate the current and future demands for higher education- Currently, Gavilan College Educational site is already at capacity. The college has purchased property south of Hollister at the four corners location.

LACK OF STRONG TAX BASE

- Diminishing tax revenues shrink the tax base for infrastructure and services
 - Sales tax: Residents rely on the internet and retail destinations outside of San Benito County; tendency to shop outside of downtown Hollister and San Benito county for retail needs.
 - Local Sales Tax rates are low in comparison to neighboring communities
 - Property taxes: Commercial & large estate/property transfer exemptions
 - Utility and Gas taxes: Ride sharing, fuel efficient/electric cars; online streaming replacing cable/dish services and other services are outside current utility tax
 - Transient Occupancy Tax (TOT): Low inventory of properties; trend of vacation rental services that are outside TOT tax

LACK OF CIVIC ENGAGEMENT

- Typical bedroom community scenario where commuters are not engaged in local issues.
- Lack of interest by downtown property owners in the formation of Property Based Improvement District.
- Many absentee property owners in downtown Hollister and San Juan Bautista; lack of financial support, programs for tenant, facade improvements as well as expensive, long permitting processes.

⁷ 15.2% of households in San Benito County are without internet connectivity- 18.7% in California, 20.6% in the Monterey Bay Region, 23.4% in Monterey County and 17.7% in Santa Cruz County. Source: United States Census Bureau. American Community Survey. 2015 1-Year Estimates.

LAND USE POLICIES IMPEDING ECONOMIC VITALITY

- Hollister fee structures don't differentiate impact fees for single family from multi-family units resulting in low inventory of affordable, multi-family housing, apartments, townhomes, condos, duplexes. Current incentives drive construction of large single family homes.
- On/off mentality on growth- as soon as started, hitting off button, need more steady stream and willingness to continue to move forward, need a pipeline to let the market decide where to go, pre-zone, etc.
- General Plan land use element does not have a buffer distance requirement between residential and existing conventional agricultural operations to prevent against complaints. (As an example, Sonoma County has a 200' buffer zone.)

LACK OF CROSS-SECTOR ENGAGEMENT AND ACCOUNTABILITY

- Lack of communication between local government and constituencies, ability of public and stakeholders to hold officials accountable for actions
- Print media/local paper once a week- on life support, no investigative reporting, missing commuters
- Insular and parochial nature of stakeholders

LACK OF STRONG AND COORDINATED MARKETING CAMPAIGN

- Lacking signage to historical areas from major freeways and surrounding roads to direct visitors to historical areas, recreational areas and downtown
- Lack of demonstrative marketing efforts that proclaim we are, "Open for business." Absence of economic development marketing, and consistent messaging has caused a reactive environment.
- Lack of a comprehensive tourism marketing strategy with SMART goals and accountability metrics.

Opportunities

Opportunities are chances or occasions for regional improvement or progress (e.g., expansion of a biosciences research lab in the region), often external in nature;

PURSUE REGIONAL AND CROSS-SECTOR COLLABORATION

- Expansion of economic development, business expansion and workforce development programs by leveraging regional partnerships.
- Utilize public/private partnerships for improving, expanding and siting new parks and recreation facilities. New park facilities require substantial upfront costs, including site acquisition, design, and construction. There are opportunities, however, for the County to partner with private companies to fund the creation of new parks through a reimbursement agreement or have private companies maintain and run County parks. The County can benefit from these partnerships in many ways, including decreased funding for capital projects, easier replacement for aging facilities, and reduced operating costs. However, there are some drawbacks. Many agencies enter into partnerships during economic downturns and find out that both economic and human resources to undergo large projects have been reduced.

- Actively engage The Monterey Bay Economic Partnership (MBEP) to leverage membership investment.

DEFINE NEW REVENUE SOURCES

- Revisions to current low sales, property, utility and tourism occupancy tax rates
- Revisit landing and hanger fees at Hollister Airport (currently no charge for landing fees)
- Revisit the County Business License Fee

MODIFY POLICIES TO ENCOURAGE RELEVANT AND VIABLE PROJECTS

- Infill areas within the cities by offering fast tracked permits and offer a reduction of development fees associated with construction to encourage development of these areas.
- Provide a clear path for development application and permitting- online information, pre-application checklists, meetings with staff, fee schedules, managing expectations and improved customer service.

INVEST IN BROADBAND

- High capacity broadband access is a relatively new type of infrastructure, and the County has the opportunity to encourage private sector investment and leverage public/private partnerships via the Central Coast Broadband Consortium.
- Too many of our residents and businesses have slow, expensive or no internet access. Through MBEP's Tech Ecosystem Initiative, we are encouraging competition among service providers and championing public efforts to foster widespread broadband availability and "dig once" policies for public infrastructure.
- Wireless hotspots downtown Hollister to draw more people downtown.

DEVELOP NEW ACCOMMODATIONS (and TOT tax base)

- There are three potential markets the county could capitalize on to attract future hotels and even a convention center:
 - Business Hotels: Hotels serving a business clientele will continue to locate in and around Hollister near the existing hotels. The demand forecast is 150 to 200 units in three of four properties over the next 25 years based on AMBAG's population and employment forecasts.
 - Regional Traveler Hotels: Hotels located at US 101 interchanges are also likely. These hotels would serve the overflow from the Monterey Peninsula during peak tourist season, provide convenient lodging accommodations for travelers on Highway 101, and serve historic San Juan Bautista. The demand forecast is 80 to 120 rooms at either the Highway 101/State Route 156 interchange or the new Rocks Ranch interchange near the Monterey County line.
 - Boutique Resorts/B&Bs/Ranch Stays: Boutique resorts, ranch stays and bed and breakfast inns associated with the wine & beef cattle industries are another opportunity area for lodging development. The Kenwood Inn and Spa or the Healdsburg Inn in Sonoma County are examples of this type of lodge development that are small in scale but charge very high room rates on weekends. The demand forecast indicates 150 to 160 rooms in multiple properties over 25 years.

DEVELOP WINE CORRIDOR

- Developing the Winery/Hospitality Corridor- Increasing the volume of value-added wine production, the amount of wineries, tasting rooms, hotels and special event venues. Need to develop a plan similar to the Monterey Agricultural and Winery Corridor Plan that designates the amount of wineries, tasting rooms, restaurants, inns, etc. within the designated corridor. Establish allowed and permitted uses of the area and a streamlined permitting process. The county has a long history in the wine industry dating back to 1854. Almaden Vineyards dominated the county's vineyards with 4,500 acres during its peak the 1970s. This industry suffered when Almaden sales declined and its new owner moved the local operation to Madera in the Central Valley. Since then, several smaller wineries are having some success in the four viticulture areas of Paicines, Cienega, Mt. Harlan, and Lime Kiln Valley. The continued expansion of the wine tourism industry will generate job growth and sales/ hotel tax revenue for the County from wineries selling directly to consumers and new tourist accommodations. The San Benito Wine Trail and various wine-related events continue to attract visitors to the county's wine region.
- A partnership with regional hospitality and tourism businesses and Gavilan College has produced a series of classes for the current and future potential workforces. Classes include *Customer Service*, *Regional Tourism and Hospitality Opportunities*, and *Careers in Hospitality and Tourism*.

PROMOTE AND EXPAND AG and AG TECH

- Apply agricultural use as highest priority to areas capable for commercial production of food or livestock.
- Support agricultural easements- Agricultural easements are voluntary contracts that combine landowner compensation with regulation. Landowners voluntarily sell their future development Rights for cash, tax benefits, or a mix of both, keeping all other rights of ownership. Typically, the economic benefit of an easement is the difference between its value in agricultural use and its development potential Market value. Landowners negotiate terms and sell their easements to government agencies or nonprofit Land trusts, which are then responsible for monitoring parcel use to ensure compliance with the easement terms. Legally recorded in property deeds, easements run with the land and are not affected by ownership changes. Easements are an effective option because they tend to be the most enduring and definitive form of avoiding urbanization and keeping land in productive farming. Currently (2010), the San Benito Agricultural Land Trust permanently protects 5,454 acres of working ranches and farms in the county. Options for the County include Encouraging additional agricultural easements and/or directly involved in their purchase, monitoring, and implementation.
- Agricultural diversification- Agricultural diversification is the real location of productive resources, such as land, capital, equipment and labor, into new activities. This can include new crops or livestock products, value adding activities, or non-farming commercial activities such as wine tasting, restaurants, and stores. Agriculture in San Benito County is currently (2010) a \$300 million annual industry. The county has the opportunity to stimulate the agricultural economy by supporting the development of new value-added products, new markets, and new technologies. One particular option for the county is organic farming. In 2005, San Benito County was the 12th largest producer by volume, and 3rd largest by commodity sale, of organic agriculture in the state.

- Ag Tech - technological advances over the years have made farming safer, more efficient and less labor-intensive. As a result, producers can substitute capital for labor, thus producing more with fewer employees
- Provide agricultural permit processing that is rapid and efficient.

INVEST IN / LEVERAGE INVESTMENTS IN WORKFORCE DEVELOPMENT

- Partner with Gavilan College, Cal State University Monterey Bay (CSUMB), UC Santa Cruz to provide education and workforce training that will match new businesses expected in San Benito County. Need new upper-division education center for county. A significant percentage of Gavilan College students and Staff live in San Benito County, and the district has long term plans to build a college campus on district-owned land in Hollister. In order to qualify for state Community College operation funding, the district must expand college services in San Benito County to serve the equivalent of 500 fulltime students. The current location at the Briggs Building is at capacity, serving the equivalent of 230 fulltime students. Therefore, Gavilan College is seeking a location for expansion for current and future students in Hollister that will be available for the next 15-20 years. This future expansion of Gavilan College will provide additional educational and Career opportunities for San Benito County residents.
- The CSUMB Small Business Development Center (SBDC) receives partial funding to provide small business services in San Benito County. It would be very costly to create a new standalone SBDC, but possible to increase the level of San Benito County located services from the CSUMB SBDC with financial support needed for an expanded satellite location at least part-time.
- Promote access to workforce investment opportunities such as vocational training centers. For example, how could we create a welding program at local high schools?

INVEST IN MARKETING AND EVENTS

- Create additional events in San Benito County that draw in people. Add attractiveness of community for local residents, businesses and visitors.
- Establish scenic routes (informal/self-designated and formal) to draw tourism.
- Leverage and coordinate the new Discover San Benito County & San Juan Bautista tourism marketing and branding programs
- Use demographics to tell story- need population growth, participation in public hearings- profiles in courage
- Leverage marketing to increase amount of tourism to historic parts of the county, local parks and vineyards. Market local products produced in San Benito County. Because it is adjacent to Monterey County and near the six million plus Bay Area residents, San Benito County has opportunities to expand its tourism sector. San Benito County could benefit from creating destination-type tourist attractions. The county's tourism assets include a beautiful natural setting and moderate climate, the historic town of San Juan Bautista, a growing wine industry and organic farming industry, scenic drives, several Federal, County & State parks.
- The agricultural industry is also one of the county's distinctive features, providing the opportunity to develop and expand agritourism, such as the wine trail.

- The County could further promote tourism by creating a Tourism Business Improvement District and to create a more robust tourism promotion program including more signage along roadways within the County as well as in adjacent regions.
- Training retailers on how to merchandise, serve tourists and their preferences for specialty products (local, organic, farm to table).

IMPLEMENT DOWNTOWN HOLLISTER PLAN

- Implementation of Hollister Downtown Specific Plan, beautification, traffic calming measures.
- Highway 101 commercial node (4) implementation- branding ops for San Juan Bautista, Downtown Hollister. Developing key commercial sites and corridors provides an important opportunity for economic growth in the county. The county has the benefit of being located along two major regional thoroughfares: US 101 running north/south and SRs 152 and 156 running east/west. Caltrans is currently (2010) planning to construct a new freeway interchange along US 101 in San Benito County, very close to the Monterey County border. The completion of this interchange will facilitate Commercial development on the relatively flat portion of the land between US 101 and the hills to the east. While the county has not traditionally seen growth in regional commercial (i.e., freeway-oriented), this could be an opportunity to capture a larger share of this market. The County has the opportunity to look at appropriate commercial sites and analyze their potential for economic development.

OTHER IDEAS

- Create a small business development center to provide services to start-up businesses (see Santa Cruz Small Business Development Center).
- Create a co-working location similar to Nextspace (or welcome Nextspace) that will provide flexibility, opportunity and community within Hollister. This will help meet the goal of lowering greenhouse gas emissions from commuters, and encourage small business incubators and green tech businesses to locate here.
- Promote employer-sponsored housing by leveraging MBEP's investment in this area.
- Explore additional solid waste recycling, composting facilities -- similar to Z-Best compost production facility, locate near the John Smith Landfill- Resource Recovery Park.
- Rail: High Speed Rail Station to be located in Gilroy, opportunities for connection to CalTrain station. In 2008, California voters approved a \$9 billion bond to plan a high-speed rail line. The California High Speed Rail Authority is now planning and designing a high-speed rail line that will run between southern California and the Bay Area via the Pacheco Pass. There is a station planned for Gilroy. The County has the option to look at ways to connect Hollister with Gilroy through rail, bus or light rail transit. There is an existing rail line that could be used; however, It would need some upgrading to make it safe for transit use and is also located near existing, non-compatible land uses.

Threats

Threats are chances or occasions for negative impacts on the region or regional decline (e.g., several companies in the region considering moving to lower-cost areas of the state), also often are external in nature- viability and durability of the regional economy;

LAND USE POLICIES

- Premature conversion of prime agricultural lands to industry, commercial and residential.
- Lack of enforcement of Williamson Act -- Similar to conservation easements, the Williamson Act Program is a voluntary program that combines compensation for conservation with regulation. In return for reduced property taxes, based on the value of agricultural use rather than open land market prices, farm and ranch owners agree to maintain their land in agricultural production for a minimum contracted period. Unlike conservation easements, Williamson Act contracts last for 10 years and are automatically renewed every year unless deliberately terminated. A major issue with Williamson Act contracts is that they can be terminated. In 2007, the county had 82 properties containing 8,675 acres listed as non-renewals. In addition to non-renewals, the State dramatically reduced Williamson Act subvention payments to local government as a result of the ongoing budget crisis. Options for the County to continue the Williamson Act program include finding funding from sources other than the State, establishing an exclusively County-funded program, and/or encouraging longer timeframes for contracts (e.g., 20 years).

CAPACITY AND COLLABORATION

- Lack of capacity to implement a long term economic development strategy
- Lack of collaboration and tension between City and County issues
- Political pressures and litigation from special interest groups (NIMBY's and others).

WORKFORCE LEAKAGE

- Retail and health services competition and leakage to Gilroy, San Jose and Monterey Bay Area.
- Leakage of food processing, industry and packaging to Gilroy.
- Extremely high commuter population- losing educated workforce to higher wage jobs in the Bay Area and Salinas Valley. (See the detailed commuter analysis in Chapter 2)

MARKETING/BRANDING

- External perceptions that do not associate San Benito County with an area that is attractive for business and technology firms.

WATER

- Water supply assessment. Current assessments for the Hollister area sub basin show that there is currently plenty of water in the basin for current residence and proposed residential developments. Water supply and quality is a critical concern for San Benito County, both for surface water and groundwater. Groundwater is the primary source of water supply. The groundwater basin is recharged through natural surface water as well as water imported by the San Benito County Water District (SBCWD) through the Federal Central Valley Project (CVP). Given the uncertain reliability of CVP water, the likelihood of repeated drought, and the probability of climate change, management of groundwater levels and storage for long-term sustainable supply is a major challenge. Management of groundwater levels also can minimize high groundwater levels that are problematic

for agriculture, maintain basin outflow to minimize salt loading, and support streamflow and associated habitat. The local hydrogeology is a complicating factor. In response, SBCWD is improving its monitoring network, conducting hydrogeological investigations, and planning projects to manage groundwater levels and storage. The condition of the Sacramento Delta is also of major concern, and future regulatory changes will impact water supply in the county.

- Multiple inputs on groundwater sustainability plan (GSP) can cause tension between agencies. Without a designated groundwater sustainability agency, the lead agency will be the DWR. Determine early if the county will be the GSP agency or another group. Note: Multiple groups can form a GSP if they are able to work collaboratively.

Chapter 5

CEDS 5-YEAR STRATEGY GOALS AND OBJECTIVES

As noted at the beginning of Chapter 4, the CEDS committee has determined these eight objectives after a thorough process of identifying and discussing economic development priorities in San Benito County.

Objective 1: Act Collaboratively – *Foster Collaboration, Connectivity and Centralization of Information between Private and Public Sectors in order to Increase Competitive Advantage of Region*

- **Goal 1.1: Implement the regional CEDS Strategic Plan**, recommendations made by the California Academy for Local Economic Development (CALED) Local Economic Development Advisory Program (LEAP) Team, and San Benito County General Plan Economic Development Element through collaboration and cohesiveness with the ultimate plan of connectivity throughout the Bay Area/Silicon Valley and Monterey Bay Area/Central Coast.
- **Goal 1.2: Institutionalize a culture of collaboration across geographic boundaries, sector boundaries and agency boundaries** by partnering with the two cities, planning and non-profit entities, including CALED the MBEP. Identify current working sector groups and provide linkages across city and county lines.
- **Goal 1.3: Encourage business attraction, streamlined regulation and permitting** within and between jurisdictions, districts, and interested stakeholders. Cooperating cities and counties realize that cooperation creates a climate conducive to private investment, and that an investment in one jurisdiction benefits all nearby jurisdictions. They also understand that inflexible regulatory approaches and expensive constraints to development discourage investment, and should be carefully considered prior to implementation.

Objective 2: Invest in Job Creation, Local Business Development and Attraction – *Implement Best Practices, Identify Prospects, Create Opportunities via Promoting the Region for Investment, Facilitate projects to fruition*

- **Goal 2.1: Establish the Economic Development Corporation of San Benito County as the lead agency for economic development in the County.**
- **Goal 2.2: Work with MBEP and the Central Coast Marketing Team** to establish a single-source of data and a collective message utilized by decision-makers, leaders and resource developers throughout the region enhancing competitiveness and creating a unifying brand
- **Goal 2.3: Develop and Execute a comprehensive Economic Development Marketing Program.**

Objective 3: Invest in Talent Development, Retention and Education – *Share Best Practices, Identify Fractured Systems and Create Opportunities for Talent to Develop*

- **Goal 3.1: Institutionalize a culture of collaboration** by partnering with the San Benito County Workforce Development board to identify opportunities and best practices for academic and vocational training workshops, curriculum, events, professionals, and resources; improve workforce across sector lines by implementing the Bay Region Workforce Development Plan 0.1 and the Workforce Innovation and Opportunity Act Local Plan for Program Years 2017 - 2020.
- **Goal 3.2: Encourage the San Benito County Business Council** to invite the private sector to be more engaged with the public sector to support the development and growth of educational, vocational and workforce trainings to strengthen the region's talent and businesses.
- **Goal 3.3: Support the efforts of CSUMB to implement regional innovation strategies to become an EDA University Center**, including a regional commercialization center focused on accessibility for rural and underserved communities- further expanding services and programs offered in San Benito County. These strategies support local business and student innovation and entrepreneurship in the formation of new ventures with significant high growth potential in region.
- **Goal 3.4: Promote Gavilan College Career Technical Education Courses:**
 - Accounting
 - Administration of Justice
 - Allied Health- Certified Medical Assistant, Certified Nursing Assistant, Home Health Aide, Licensed Vocational Nursing, Registered Nursing
 - Aviation Maintenance Technology
 - Business
 - Marketing
 - Management
 - Computer Science and Information Systems
 - Cosmetology and Esthetics
 - Child Development and Educational Studies
 - Digital Media
 - Economics
 - Law Enforcement
 - Fire Technology
 - Water Resource Management
- **Goal 3.4: Align education and workforce development programs** (academic and vocational) to develop and retain talented workers with the skills to meet current and future employer needs in the Bay Area/Silicon Valley and Central Coast.

- **Goal 3.6: Develop an integrated middle school through post-secondary pathway system** focusing on skills aligned with the needs of local employers and entrepreneurship (training on creating, running, managing small businesses).
- **Goal 3.7: Identify steps to retain recent high school graduates not attending a 4-year college path**, including training, internships and matching programs to connect students with employers and trades.
- **Goal 3.8: Take the lead the Central Coast in science, technology, engineering, arts and math (STEAM)** initiatives via connecting and/or creating educational facilities, curriculum and internship opportunities (both academic and vocational).

Objective 4: Improve Business Climate & Competitiveness – *Establish Cross-Jurisdictional Partnerships Built on Trust and Authenticity to Create the Best Working Environments across Industries and to Access Financial and Intellectual Opportunities*

- **Goal 4.1: Ensure regional and local agencies collaborate and provide efficient and timely customer service to businesses, investors and economic development initiatives.**
- **Goal 4.2: Implement best practices for business retention and expansion efforts.**
 - The EDCSBC and partners will develop a visitation monitoring program that tracks visitation and visitor spending.
- **Goal 4.3: Expand opportunities for access to capital and mentoring** to businesses throughout their life cycle.
- **Goal 4.4: Identify technology, work culture and quality of life aspects desired by the Gen-X & Millennial generations** to retain and attract to the region.

Objective 5: Invest in Infrastructure Maintenance & Growth – *Identify and Develop Resources to Improve and Increase Infrastructure Systems to Support Business Growth and Community Needs*

- **Goal 5.1: Repair and enhance roads and transportation infrastructure** to support safe, rapid travel and promote commercial activity across all industries: local roads, regional collectors, highways, railway, air service and freight distribution.
- **Goal 5.2: Improve the development of and access to housing of all types with a focus on affordable, multifamily housing at all levels-** affordable by design, workforce, low-income
- **Goal 5.3: Improve the development of and access to high speed internet for commercial, government, educational, residential, public and visitor-serving uses.**
- **Goal 5.4: Create cold storage and value-added processing alternatives** for the agricultural sector to increase shelf life of products and limit the need for refrigerated distribution.
- **Goal 5.5: Expand and maintain diverse, reliable and cost-effective energy** sources and systems by incorporating technological advances and exploring alternative sources for generating energy.

- **Goal 5.6: Continue regional water conservation** and alternative water supply projects to ensure supply and healthy water quality for the Central Coast.
- **Goal 5.7: Explore the options for management of wastewater treatment districts**, sewer connectivity and septage containment.

Objective 6: Support Entrepreneurial Environment & Culture – *Focus on Supporting the Region’s Next Generation of Businesses by Providing Support Programs Tailor-Made for the Area’s Assets and Creating the Culture and Connections for Entrepreneurs to Thrive.*

- **Goal 6.1: Create an innovation culture & ecosystem** which provides tools and services to enhance the capacity for innovation within existing and new businesses. Strengthen connections, promoted and model the entrepreneurial ecosystem after the CSUMB and other successful incubator programs. Improve and strengthen the planning and permitting infrastructure-proactive communications via web and pre-application meetings with staff and streamlining permitting programs.
- **Goal 6.2: Engage with existing entrepreneurs** to determine the critical services and tools that enhance the likelihood of success for them and new entrepreneurs. Encourage their involvement with mentoring new entrepreneurs to utilize their expertise.
- **Goal 6.3: Tap into existing efforts** by MBEP’s efforts in this area. Assess regional innovation and entrepreneurial climate and its available resources.

Objective 7: Ensure Community Safety & Health – *Build, Enhance and Adapt Existing Efforts while Exploring Opportunities to Make the Region More Effective and Resilient to Both Existing and New Disaster Risks.*

- **Goal 7.1: Identify and present to decision makers best practices** for community safety and health as identified by regional partners, such as those referred in the Community Foundation for San Benito County San Benito County Healthy Community Initiative and Vision San Benito County.
- **Goal 7.2: Encourage the design and implementation of new public safety measures**, including: fire, water, building construction, hazard mitigation plans, traffic and pedestrian safety, disease and business continuity. Improve collaboration, outsourcing and consolidation where possible.
- **Goal 7.3: Inventory Public and Private Sector emergency preparedness** and response
- **Goal 7.4: Ensure that the Region is a local, state and national priority** with a strong institutional basis for funding and implementation.
- **Goal 7.5: Identify, assess and monitor disaster risks** and enhance early warning.
- **Goal 7.6: Use knowledge, innovation and education to build a culture of safety and resilience** at all levels.
- **Goal 7.7: Reduce the underlying risk factors & strengthen disaster preparedness** for effective response at all levels.

Objective 8: Create Economic Resiliency: Conduct a Risk Assessment and Identification to Establish Community- Based Early Warning and Prediction

- **Goal 8.1: Conduct inventory analysis of current capacity to respond** to economic and environmental disasters.
- **Goal 8.2: Assess the ability of how each of our communities and the region can recover** economically should a disaster occur. Update as necessary.
- **Goal 8.3: Network with local agencies and organizations** to determine current plans in effect and how economic resilience integrates with disaster planning.
- **Goal 8.4: Develop preparedness at community and household levels.**

Chapter 6

TWELVE-MONTH ACTION PLAN

Even before the CEDS is approved by the CEDS Committee, each jurisdiction and the EDA, the EDCSBC will begin work immediately to identify resources, current efforts and talent to move the 8 goals forward for the Region. Beginning in September 2017, the EDCSBC will convene monthly. Their first task will be to create subcommittees to implement the action items. Subcommittee composition will be based on areas of interest and expertise to create maximum efficiency and to accomplish the greatest amount of work within the group. The current meeting schedule has been set and will run from September 2017 through December 2018.

As the EDCSBC and its partners make progress on the 8 objectives, they will mark accomplishments and will suggest modifications to the original plan as stated in the CEDS 5-Year Strategy. The EDCSBC will update the CEDS 5-Year Strategy annually through 2022 based on feedback and action of the Committee and its subsequent partners.

The EDCSBC acknowledges that it will take years to tackle the 8 objectives. Therefore, the CEDS Strategy Committee has identified 2 priority objectives that will be the focus for the EDCSBC and the Committee over the next 12 months, beginning September 2017:

Actions to Implement Objectives 1 & 2:

- **Action 1: Expand funding for additional economic development staff** or consulting services, priority projects and provide adequate staff support and coordination to oversee those expenditures.
 - **Execute a Memorandum of Understanding with the County, cities and stakeholders** for economic development to encourage formal collaboration and memorialize cooperation. Prioritize the implementation of Actions 1-5 for cooperative economic development budgeting and funding.
 - Support the development and submission of grant proposals to public and private entities to implement the CEDS.
 - Support campaign to raise the Tourism Occupancy Tax (TOT) to the same level of surrounding jurisdictions to assist in funding economic development programs.
- **Action 2: Joint Business retention/growth and attraction campaign led by the EDCSBC.** Both Hollister and the County have significant affordable ready-to-occupy industrial land and buildings adjacent to the Hollister Airport. There are great potential targets just north in the Silicon Valley and in the local agriculture/food processing industry. With so much commuting north, there is also good potential to set up a telecommuting center. A joint Business Attraction effort should be separate from any revenue sharing or capital improvement planning. Components of the campaign should include:
 - Exploring whether EDA and/or USDA Rural grants would fund part of this effort;
 - Defining targets, then recruit;
 - Publishing ready-to-occupy industrial sites

- Find out employer needs (e.g. business walks, surveys, consistent staff outreach);
 - Study employee skills and match against the local population;
 - Fiber/Broadband is key infrastructure. Ensure its availability and quality throughout the industrial area;
 - Create attractive, content-rich marketing materials;
 - Study the feasibility of a workshare, telecommuting facility
- **Action 3: Nurture collaboration via sharing data, studies, resources, partnerships and relationships among partners.** Identify missing information, gaps, etc. (The committee is working on this now.) We are working to lessen the work that is occurring in silos, to open up lines of communication, and establish places to share information. We do not want to duplicate any efforts that are already in motion, nor do we want to inhibit or derail any efforts/projects that are taking place – this is why this piece is so critical.
 - Data Collection: MBEP is currently unveiling their data collection program for the Monterey Bay Region. MBEP has agreed to house and provide access to this data for the region. The CEDS Committee will continue to work with MBEP to utilize this information as well as continue to identify the gaps that are specific to individual communities but that will benefit the entire region.
 - Data Sharing. Encourage MBEP, San Jose State, California State University Monterey Bay, Community College Systems, local government and paid subscription data services to be incorporated and shared among organizations and municipalities in the region.
 - **Action 4: Using a team approach to work with any business with permitting and infrastructure issues,** that is threatening to leave the County or is seeking to expand- better collaborating with the San Benito County Rapid Response & Layoff Aversion programs and resources to retain existing businesses and encourage them to expand. The Red Team (also called Ad hoc or SWAT Team) approach is easy, inexpensive and results-oriented. Hollister and the County should each form one. It involves compiling a list of designated representatives from all city and county departments who oversee or are gatekeepers of business activity (e.g. Planning, Building, Environmental Health, Public Works, Fire, etc.) and outside service entities such as local utilities, insurers, workforce training, the Hollister Downtown Association, etc. Depending on the company's issues, individuals with the expertise to address them are tapped to participate as needed. Designate an expeditor or ombudsperson in each jurisdiction who will oversee the Red Teams, who can expedite meetings, and who will report directly to the County Administrator and the City Manager.
 - Collaborate to develop and pass a self-help countywide transportation tax.
 - Publish permit requirements on Web to make them transparent and consistent. Make sure staff and applicants have written policies for entitlements, permits and fees.
 - Helping the cities and the County understand the significance of development projects brought before them, institute a regular project Economic Impact analysis. This will identify fiscal and economic effects, including employment, property and sales taxes, and other effects.
 - Implement signage improvements so residents and more travelers are aware of the historic and

scenic services and attractions available in Hollister, San Juan Bautista and the County- Highway 156 at San Felipe Road & Highway 25, and on US 101 at Highways 25 & 156.

- **Action 5: Develop and Implement a Tourism Marketing and Promotion Plan.**
 - Coupled with the capacity development of implementing the San Benito County General Plan Economic Development Element including the wine/hospitality combining district, develop and implement a tourism and hospitality strategy backed by a tourism marketing and promotion plan with SMART goals. Monitor to ensure bottom line impacts.
 - Consider Developing a Tourism Marketing District or Tourism Business Improvement District county-wide. Venues may be interested in leveraging their marketing funds through joint promotion.

Action Plan Fully Supports the County General Plan Economic Development Element

Implementing Actions # 1-5 also fully supports the EDCSBC taking the lead role in supporting San Benito County as the lead agency in the implementation of the recently adopted San Benito County 2035 General Plan Economic Development Element, and in particular the following Implementation Program goals:

- Economic Development Strategy: *The EDCSBC shall prepare and periodically update an Economic Development Strategy, which shall be presented to San Benito County. The strategy shall present the Strategy for adoption by San Benito County, fulfill Federal Economic Development Administration (EDA) requirements for a Comprehensive Economic Development Strategy (CEDS) to receive grant funding. The strategy should identify industry-specific goals and actions that build on the existing agricultural economy and industries, and clearly identify how the EDCSBC will help achieve those goals.*
- Economic Development Staff Resources: *The EDCSBC shall allocate and finance staff resources for economic development, including appointing an Economic Development Coordinator to oversee implementation of the County's economic development strategy.*
- Economic Development Marketing Program: *The EDCBSC shall develop an Economic Development Marketing Program in collaboration with the County and partners including the San Benito County Chamber of Commerce and Visitors Bureau, the San Benito County Business Council, the Hollister Downtown Association, the San Juan Committee, Pinnacles Gateway Partnership and interested public and private stakeholders to prepare and adopt a comprehensive marketing program that will enhance the county's image, support expansion of existing businesses, and encourage relocation of new businesses to the county. The marketing program should target specific economic sectors that need to be expanded, including wineries, tourism, hospitality, organic agriculture, specialty food processing, medical and health services, research and development, manufacturing, renewable energy industries, green industries, and corporate and regional headquarters.*
- Commercial and Industrial Sites Database: *The EDCSBC shall coordinate with local real estate brokers to prepare and maintain a comprehensive database of available*

commercial and industrial sites within the county in order to assist potential investors and employers looking to locate in San Benito County. The database should be maintained by the EDCSBC and available online.

- Wine/Hospitality Combining District: *The EDCSBC shall support San Benito County in the preparation of a Wine/Hospitality Combining District in the Zoning Ordinance to provide a means to facilitate the development of vineyards, wineries, and wine-related tourist uses such as bed and breakfasts, hotels, spas, and other guest accommodations, restaurants, delis, related retail stores, and processing facilities related to the wine industry with the goal of establishing San Benito County as a premier wine destination.*
- Tourist Promotion Program: *The EDCSBC shall collaborate with other public and private organizations to help market and promote local tourism, eco-tourism, cultural heritage, agritourism, wine and culinary tourism, and locally-grown agricultural products.*
- Signage and Wayfinding Program: *The EDCSBC shall coordinate with San Benito County, Caltrans, the Council of San Benito County Governments, the Cities of Hollister and San Juan Bautista, the San Benito County Chamber of Commerce and Visitors Bureau, the San Benito County Business Council, the Hollister Downtown Association, the San Benito County Winegrowers Association, and interested public and private stakeholders to implement countywide signage and wayfinding programs designed to help residents, visitors and tourists easily and efficiently find cultural, historical, recreational, commercial, and winery destinations.*
- New and Existing Business Support: *The EDCSBC and local partners shall identify and develop financial incentives to attract new investment and support existing local businesses, particularly small locally-owned businesses. This should include pursuing funding for entrepreneurial entities, private and venture capital funding, California Business Investment Services (CalBIS) and federal New Market Tax Credit programs.*
- Economic Development and Revenue Agreement: *The EDCSBC shall coordinate with the County and cities of Hollister and San Juan Bautista to prepare, adopt, and maintain a memorandum of understanding (MOU) that establishes an efficient and equitable distribution of the costs of economic development to local government jurisdictions in the county.*
- The EDCSBC shall collaborate with the City of Hollister to Ensure the Airport Master Plan Update Includes Opportunities to Expand New Services. *The Plan will likely be in effect for 15-20 years and should accommodate plenty of potential growth in that time frame and beyond. An economic impact analysis of the existing Airport Master Plan would help establish a baseline for future growth.*

Chapter 7

EVALUATION FRAMEWORK

- The CEDS Strategy Committee and EDCSBC will share goals and objectives with the San Benito County Board of Supervisors, County Workforce Development Board, cities of Hollister and San Juan Bautista, local and regional partners to ensure that regional plans are complementary to create cohesive and seamless economic development and workforce development efforts.
- Since creating new jobs is a key need that will help balance the County's economy, a metric will be developed that counts the traditional data such as job creation and investment in the industrial parks, graduation levels, and housing permits;
- The Strategy Committee will evaluate the number of meetings held between educational, vocational and industrial partners. A point of contact between these entities should be established in the first 6 months (whether that is a single individual or group of people). Results should include formal connectivity between industry and training as well as solutions to internship and curriculum development challenges.
- Industry needs and career pathways should be further refined and shared regionally to move toward further impacting educational and curriculum development.
- The Strategy Committee will evaluate the inventory completed (Actions 4, 5, & 6) and the number of data service providers assessed. By the second quarter of FY 18, a centralized data source should be identified and pilot testing should begin.