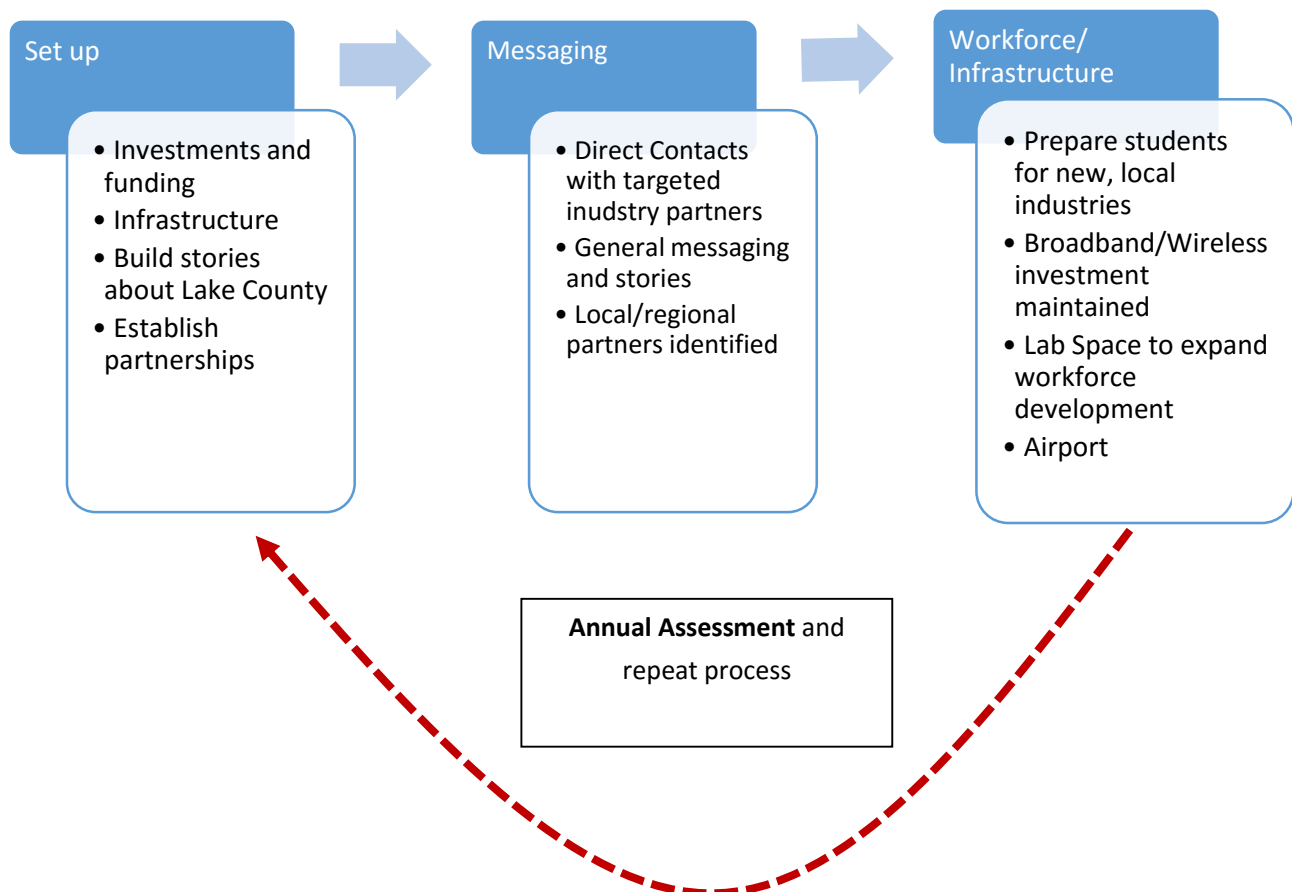




For Workforce Alliance of the North Bay,
County of Lake, and Lake County EDC

LAKE COUNTY ECONOMIC DEVELOPMENT STRATEGY

ECONOMIC DEVELOPMENT STRATEGY: THE PATH



The Strategy

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

Targeted Industries

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

Infrastructure Needs: Short and Long Term

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

Characteristics that make Lake County Different: Stories to Tell

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

Reality and the Stories

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

The First Two Years: Economic Development Tactics

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

Year 1: Tasks to be Completed

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

Year 2: Tasks to be Completed

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

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

Messaging

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

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

Messaging approach

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

New Businesses

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

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

Visitors

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

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

Local Population

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

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

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

Strategic Considerations

Rationale for Targeted Industry Choices

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

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

Asset Development and Financial Tools

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

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

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

Workforce Development

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

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

Summary Data as of 2018

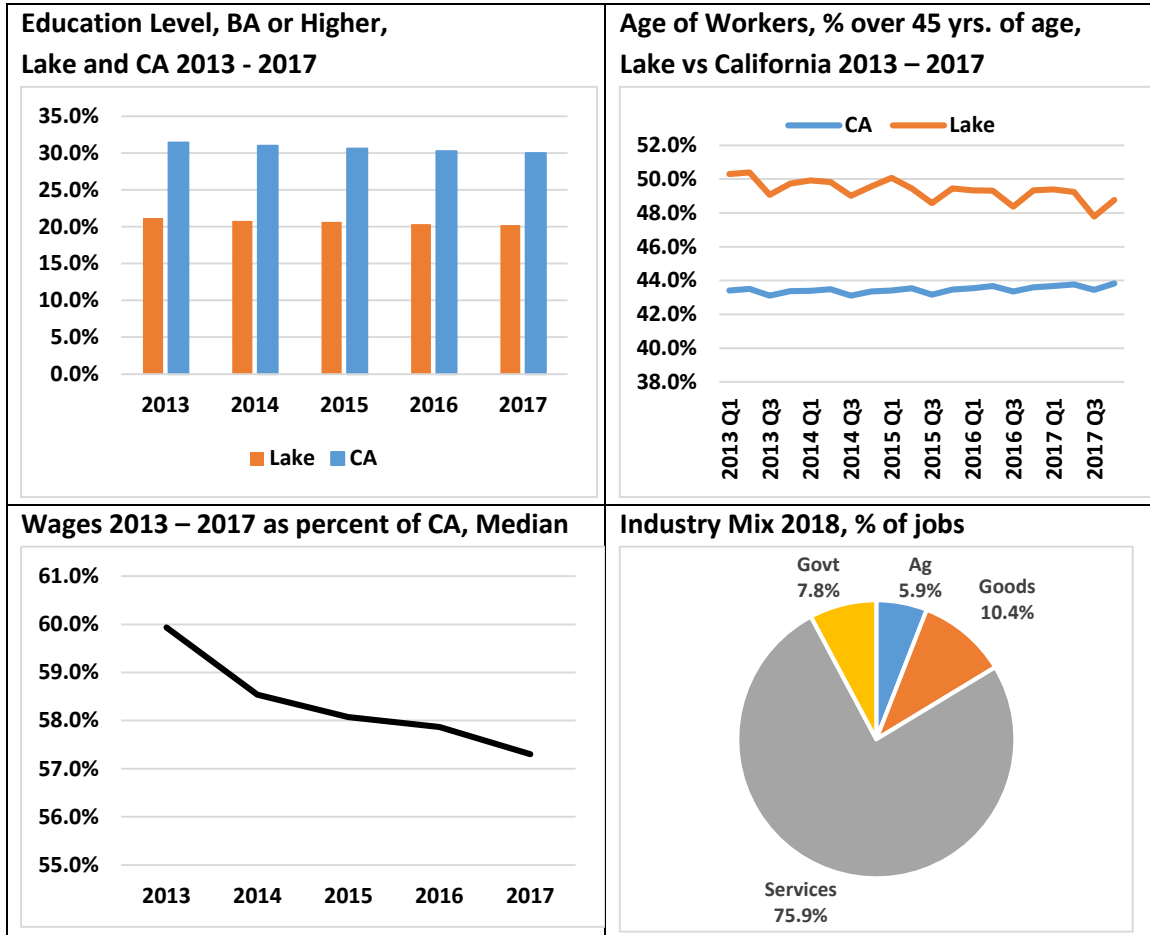
Since 2010, Lake County has recovered from the Great Recession, but has also suffered from four years of fires and their effects on housing and jobs. Key findings include:

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

Additional details include:

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

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



Metrics to Follow

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

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

Community Forums and What the People Said

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

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

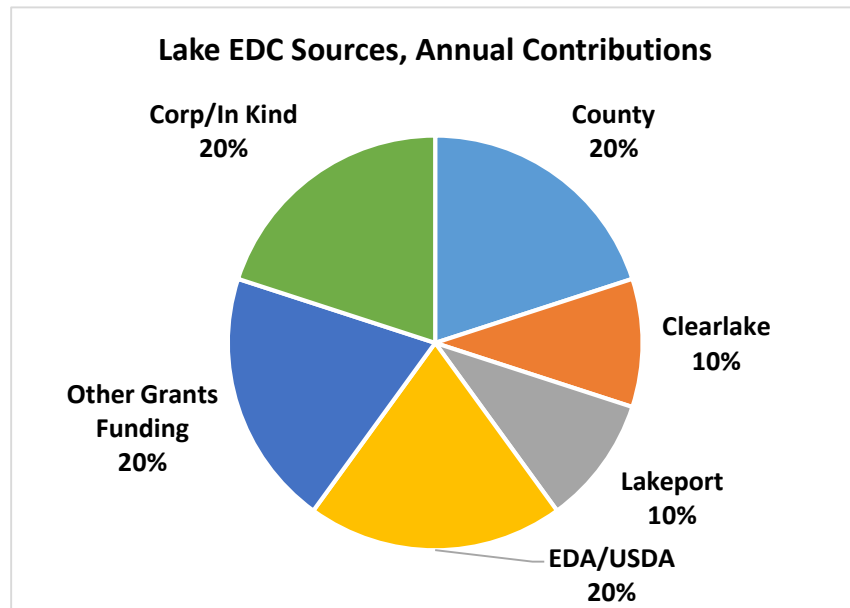
Three meta-themes stood out from these forums:

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

Leadership, Budget and Messaging through 2025

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

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



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

Challenges

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

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

Acknowledgements

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Support Documents

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

Primary Documents

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

Appendix: Supplemental Documents

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