



COUNTY OF MONTEREY
COUNTYWIDE COMPREHENSIVE ECONOMIC
DEVELOPMENT STRATEGY: **YEAR 2 UPDATE**

JUNE 11, 2024

PROJECT LEAD: Grow America

RESEARCH, ANALYSIS & PRODUCTION: CVL Economics



PURPOSE

WHAT IS A CEDS?

A Comprehensive Economic Development Strategy (CEDS) is a strategy-driven plan for regional economic development. It 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 development in the region.

WHY PRODUCE A CEDS?

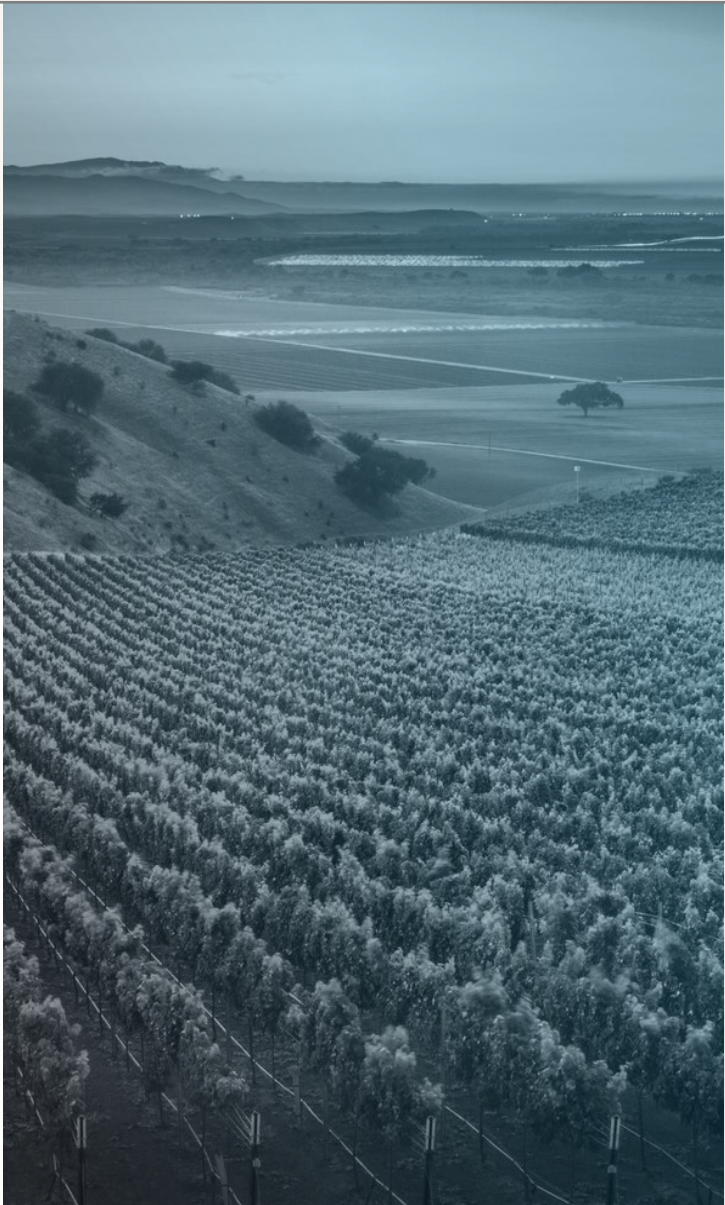
Regions must prepare a new CEDS at least every five years for communities and organizations within the region to qualify for U.S. Economic Development Administration (EDA) funding. In addition, other federal funding agencies give local jurisdictions extra scoring points if a proposed project is part of a coordinated regional planning process or document like the CEDS.

WHO CONDUCTS THE CEDS?

Planning for the Monterey County CEDS is under the purview of the Board of Supervisors, and the County's Economic Development Department is responsible for conducting the research, staffing the Economic Development Committee, and overseeing ongoing implementation and reporting. Project consultants for this engagement are Grow America and CVL Economics.

WHAT IS THE YEAR 2 UPDATE?

The Year 2 Update is the second annual update to the *County of Monterey's Countywide CEDS: 2021-2026*. The Year 1 Update focused on Monterey County's recovery from the Covid-19 pandemic with respect to numerous economic, demographic, and housing metrics and an emphasis on the Agriculture, Tourism & Hospitality, and Health Care sectors. This year's report provides a brief overview of key indicators across the three target sectors but delves deeper into the County's tech and innovation ecosystem.



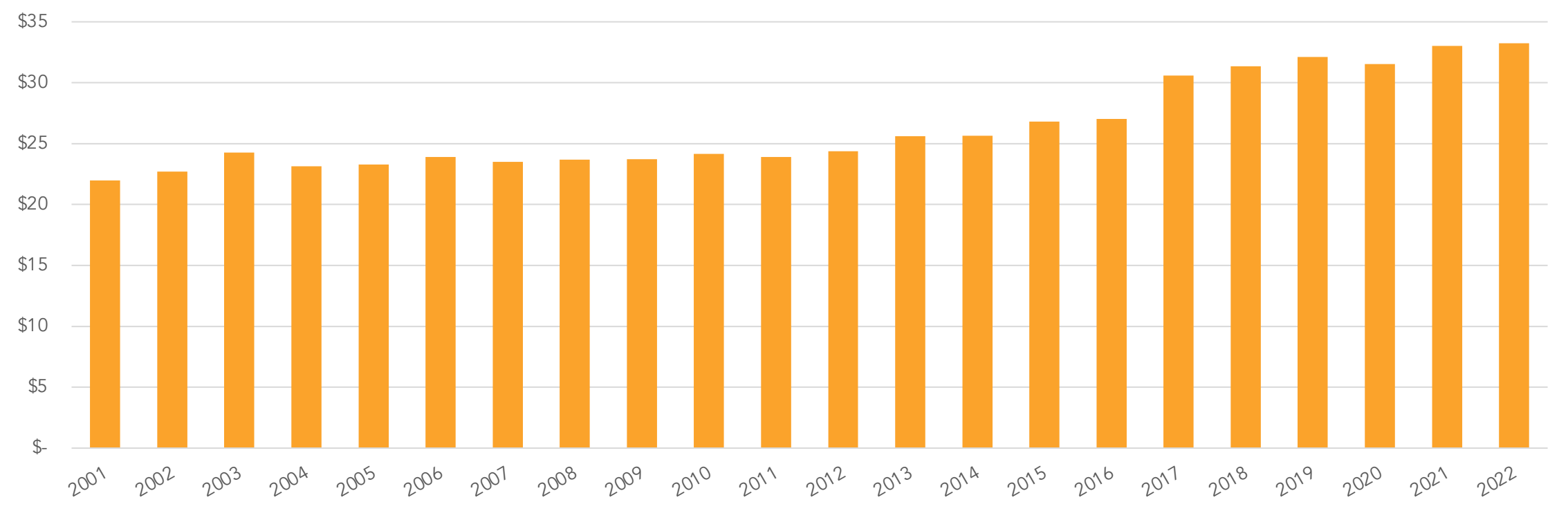
ECONOMIC CONDITIONS

ECONOMIC OUTPUT



Real Gross Regional Product for Monterey County | 2001 to 2022

In Billions of 2022 USD



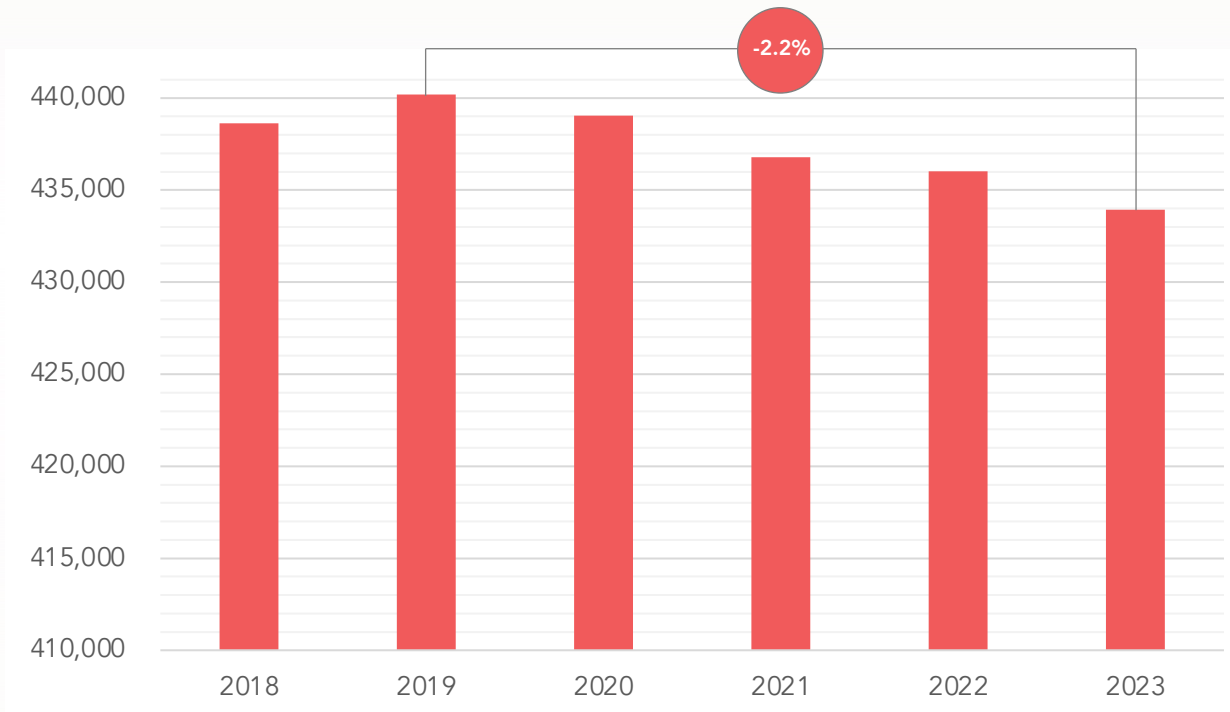
Source: U.S. Bureau of Economic Analysis.

POPULATION CHANGE



Change in Resident Population | 2018 to 2023

(a) Monterey County



(b) Select Cities

	TOTAL CHANGE	% CHANGE
Salinas	1,024	0.6%
Seaside	-3,580	-10.6%
Monterey	-1,023	-3.6%
Soledad	782	3.0%
Marina	-73	-0.3%
King City	-379	-2.6%

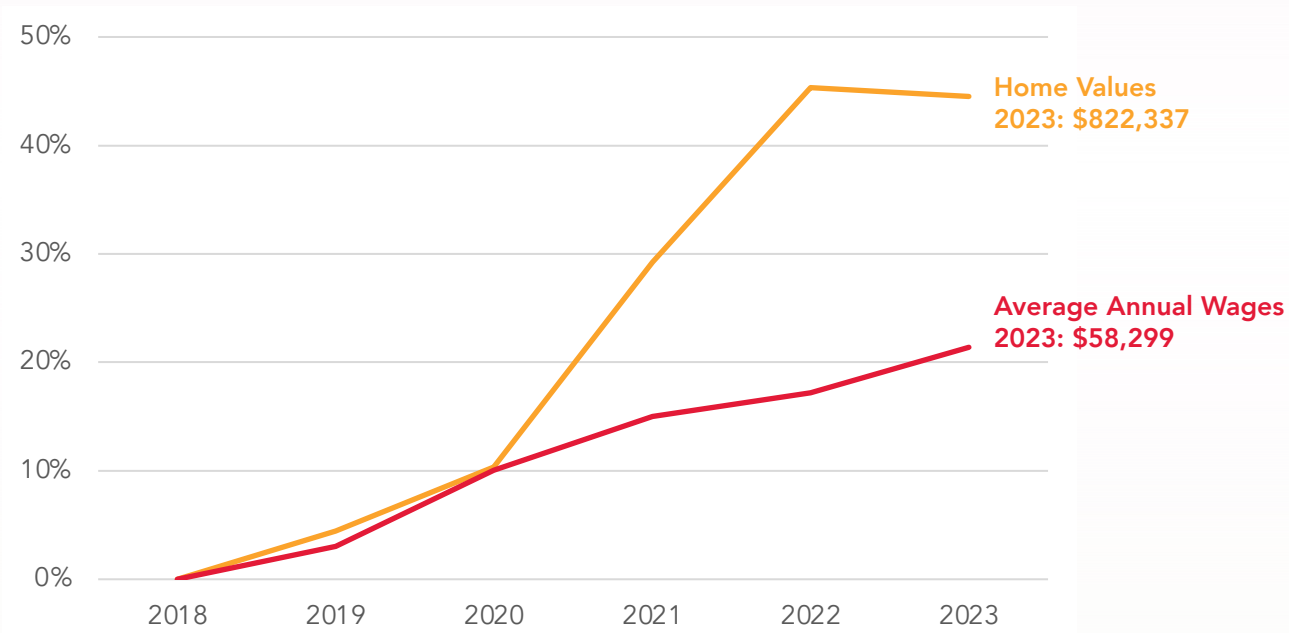
Source: California Department of Finance.

HOUSING MARKET



Change in Home Values | 2018 to 2023

(a) Monterey County



(b) Select Cities

	2018	2023	% CHANGE
Salinas	\$482,826	\$704,511	45.9%
Seaside	\$535,255	\$770,313	43.9%
Monterey	\$878,067	\$1,237,056	40.9%
Soledad	\$384,872	\$585,676	52.2%
Marina	\$607,511	\$864,020	42.2%
King City	\$310,584	\$484,424	56.0%

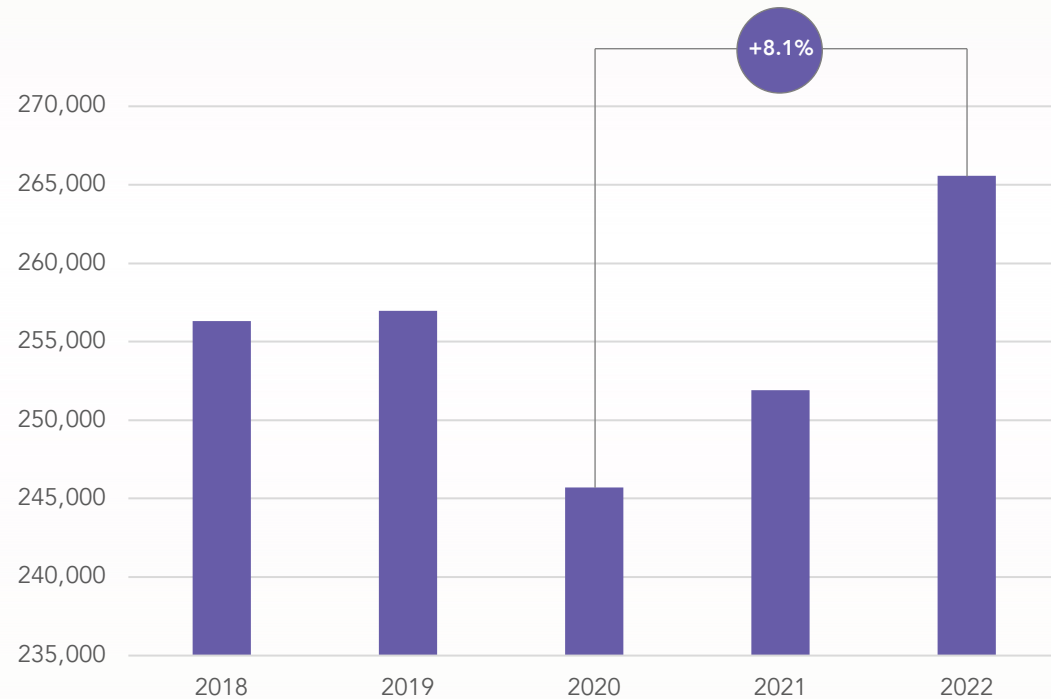
Source: U.S. Bureau of Labor Statistics, U.S. Census, Zillow, CVL Economics.

JOB GROWTH



Change in Employment | 2018 to 2022

(a) Total Number of Jobs



(b) Top Sectors for Employment Growth

	NUMBER OF JOBS	5-YEAR % CHANGE
Agriculture	3,429	5.8%
Real Estate and Rental & Leasing	2,204	22.3%
Finance & Insurance	1,281	20.2%
Admin & Support Services	1,036	9.7%
Transportation & Warehousing	920	14.3%
Health Care & Social Assistance	844	4.1%

Source: U.S. Bureau of Labor Statistics, U.S. Census. Lightcast, CVL Economics.

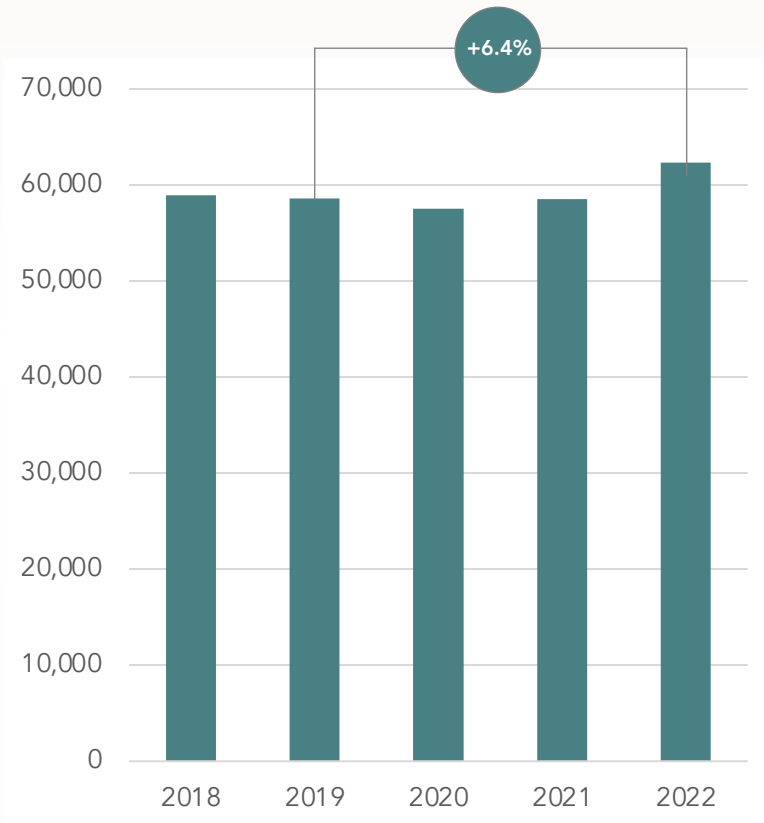


TARGET SECTORS

AGRICULTURE



(a) Job Growth



(b) Average Annual Wages



(c) Direct Economic Impact
2023

61,872
Employment

\$4.09B
Labor Income

\$6.64B
Value Added

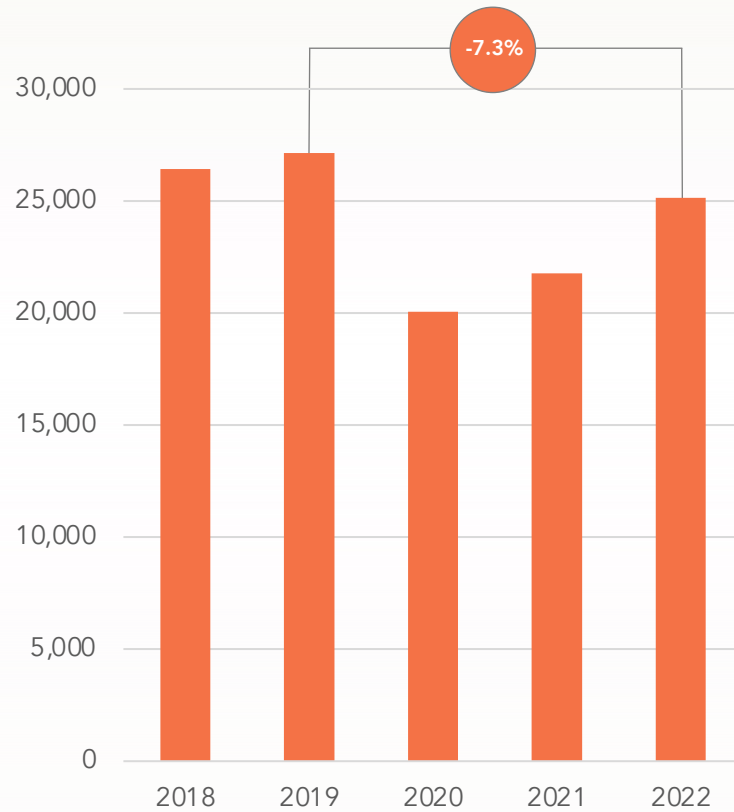
\$1.42B
Tax Revenue

Source: U.S. Bureau of Labor Statistics, U.S. Census. Lightcast, CVL Economics.

TOURISM & HOSPITALITY



(a) Job Growth



(b) Average Annual Wages



(c) Direct Economic Impact
2023

22,546
Employment

\$1.27B
Labor Income

\$1.80B
Value Added

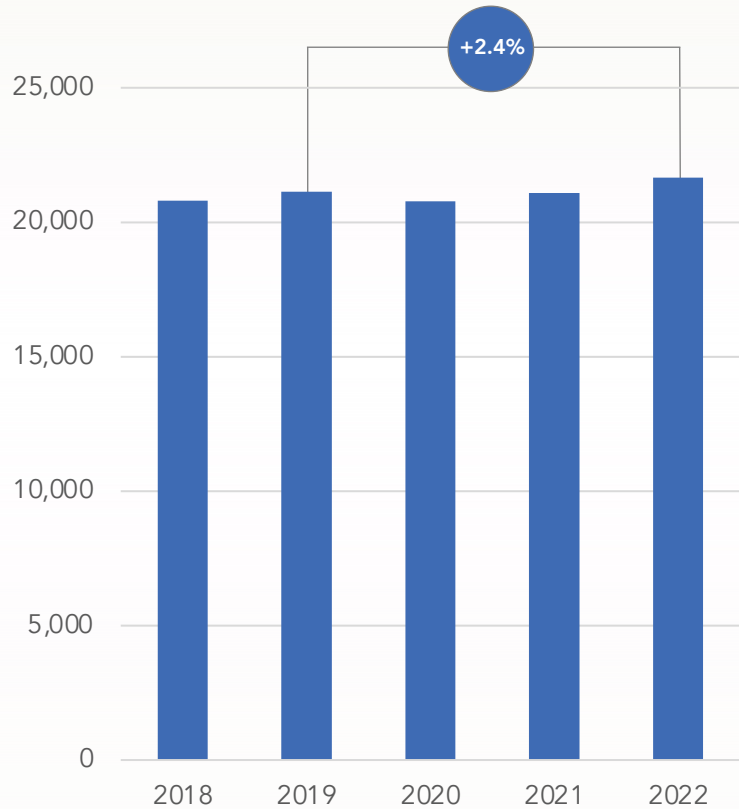
\$499.7M
Tax Revenue

Source: U.S. Bureau of Labor Statistics, U.S. Census. Lightcast, CVL Economics.

HEALTH CARE & SOCIAL ASSISTANCE



(a) Job Growth



(b) Average Annual Wages



(c) Direct Economic Impact
2023

20,974
Employment

\$1.57B
Labor Income

\$1.76B
Value Added

\$446.3M
Tax Revenue

Source: U.S. Bureau of Labor Statistics, U.S. Census. Lightcast, CVL Economics.

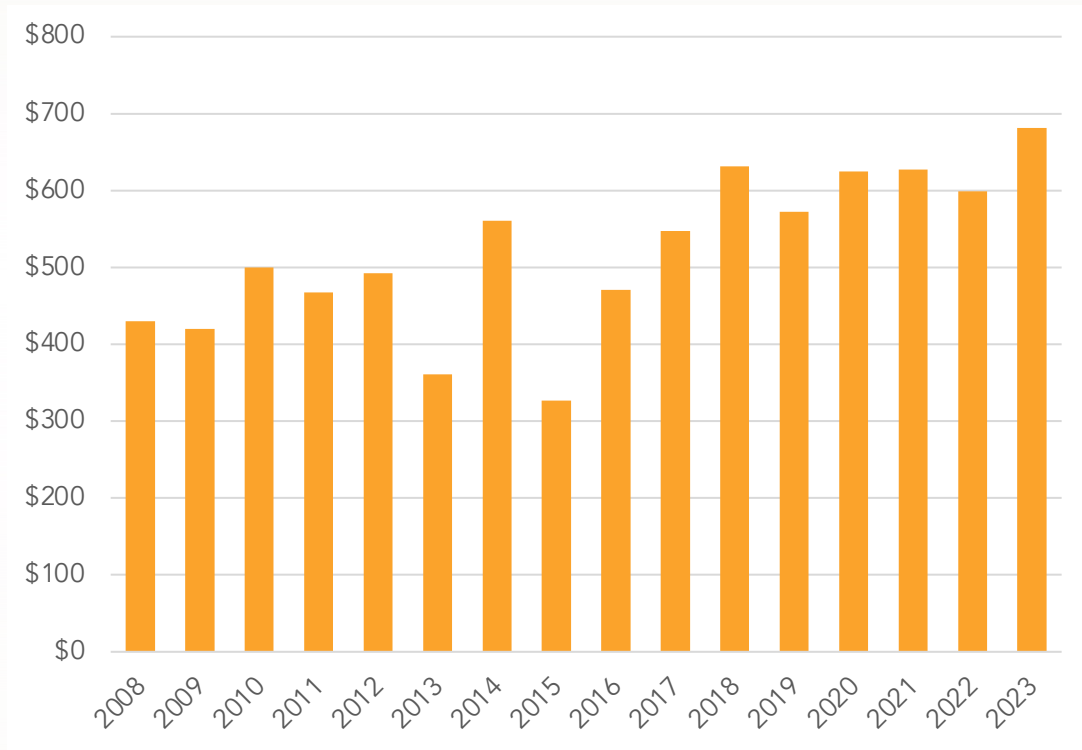


THE DEFENSE SECTOR

DEPARTMENT OF DEFENSE SPENDING

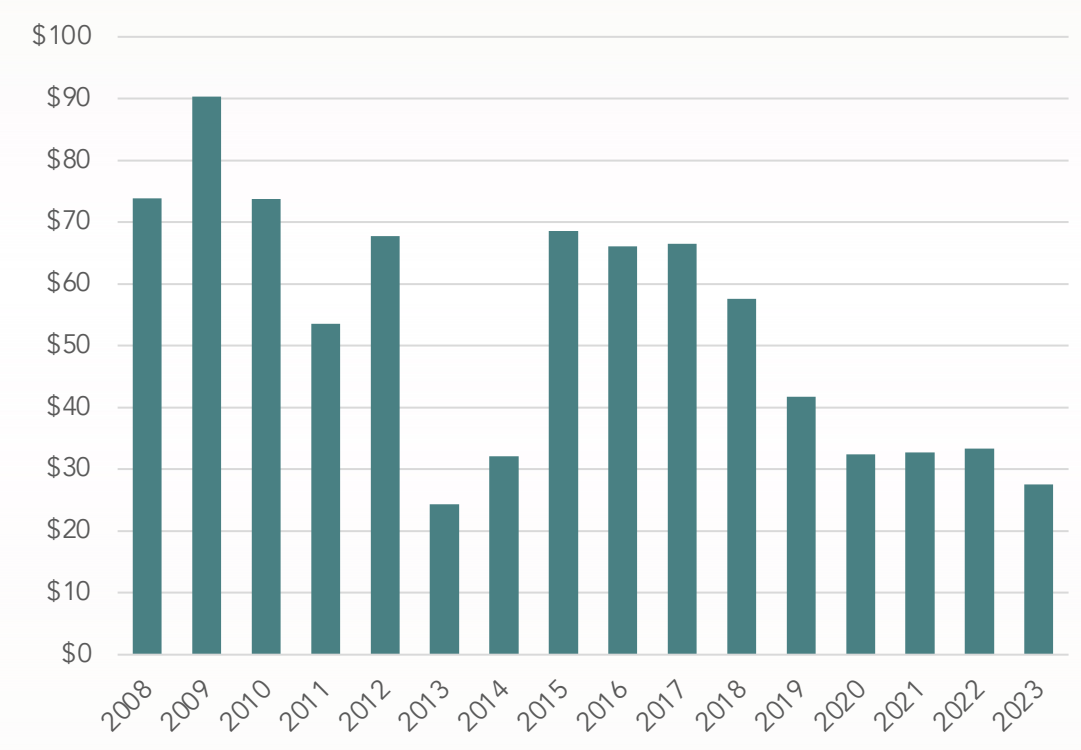


Total Spending in Monterey County | 2008 to 2023
 FY 2007-08 to FY 2022-23 | In Millions of USD



Source: USASpending.gov, CVL Economics.

Spending Received by Local Entities | 2008 to 2023
 FY 2007-08 to FY 2022-23 | In Millions of USD



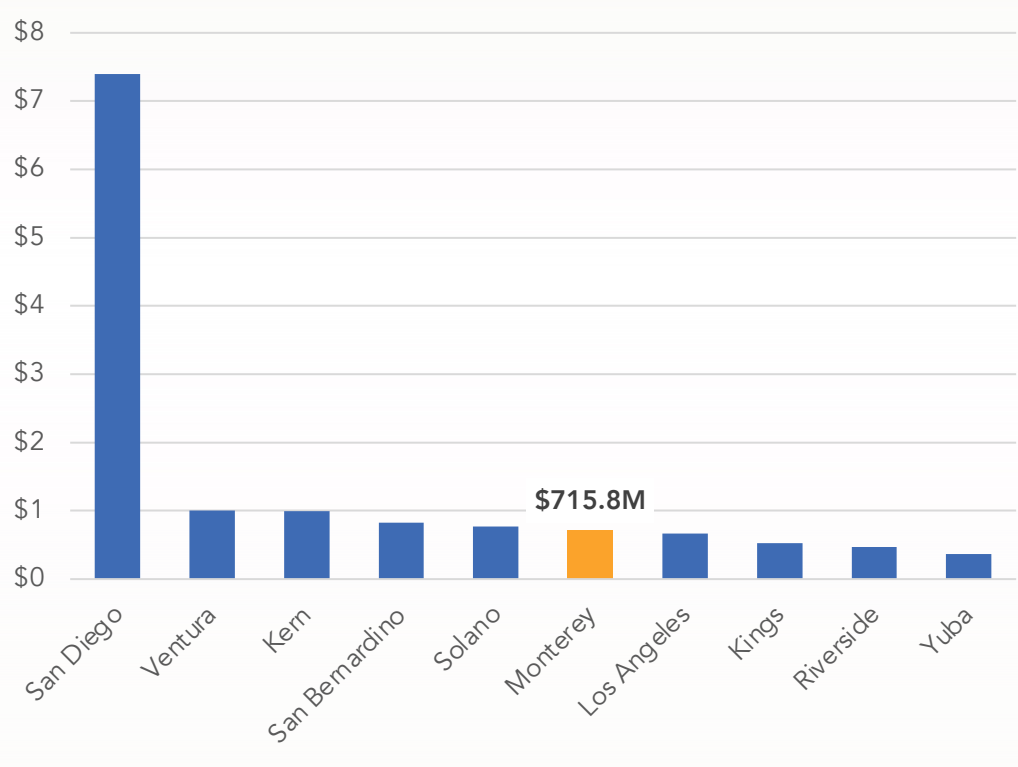
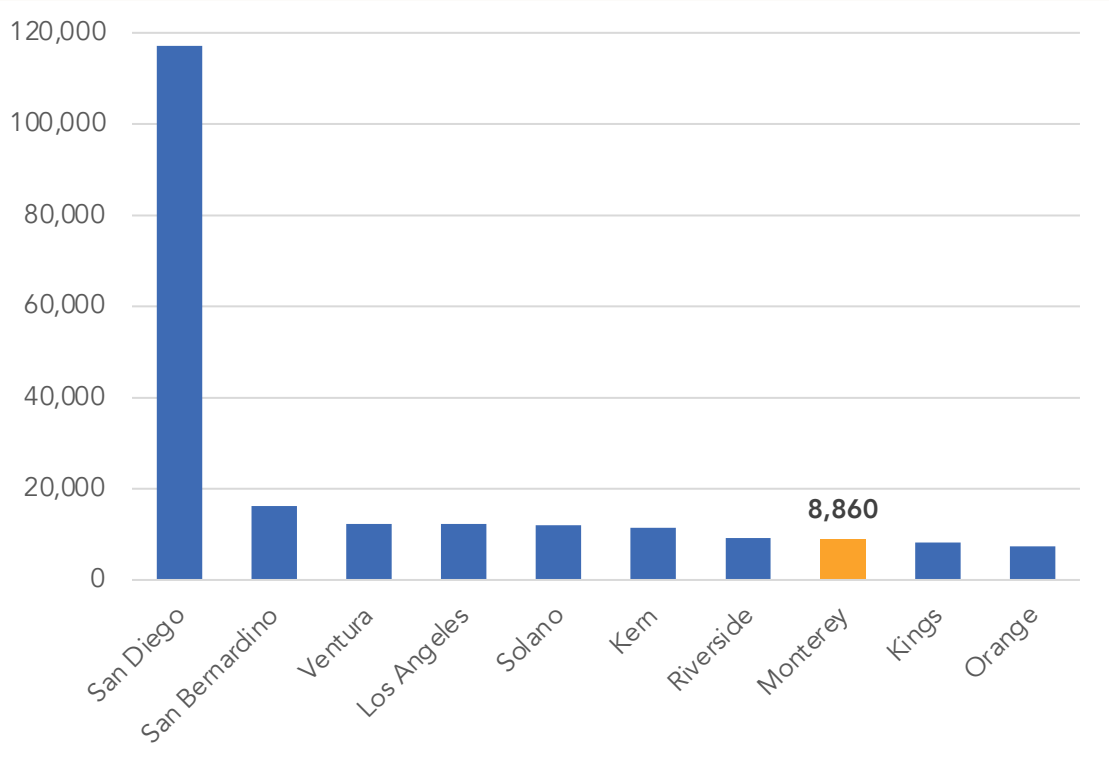
Note: Entities may be jurisdictions, contractors, or other organizations that have received Department of Defense contracts, awards, grants, direct payments, loans, or other financial assistance.

DEPARTMENT OF DEFENSE EMPLOYMENT



U.S. Military and Civilian Employment in California
FY 2022

Defense Personnel Spending in California
FY 2022 | In Billions of USD



Source: Office of Local Defense Community Cooperation.

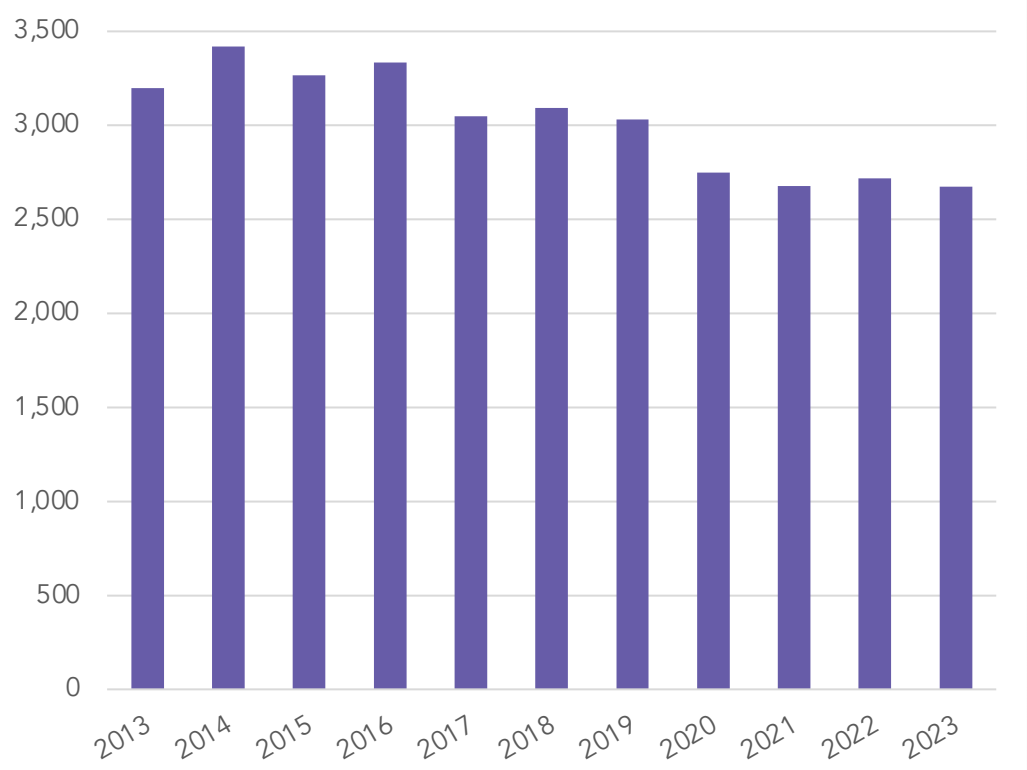


TECHNOLOGY & INNOVATION

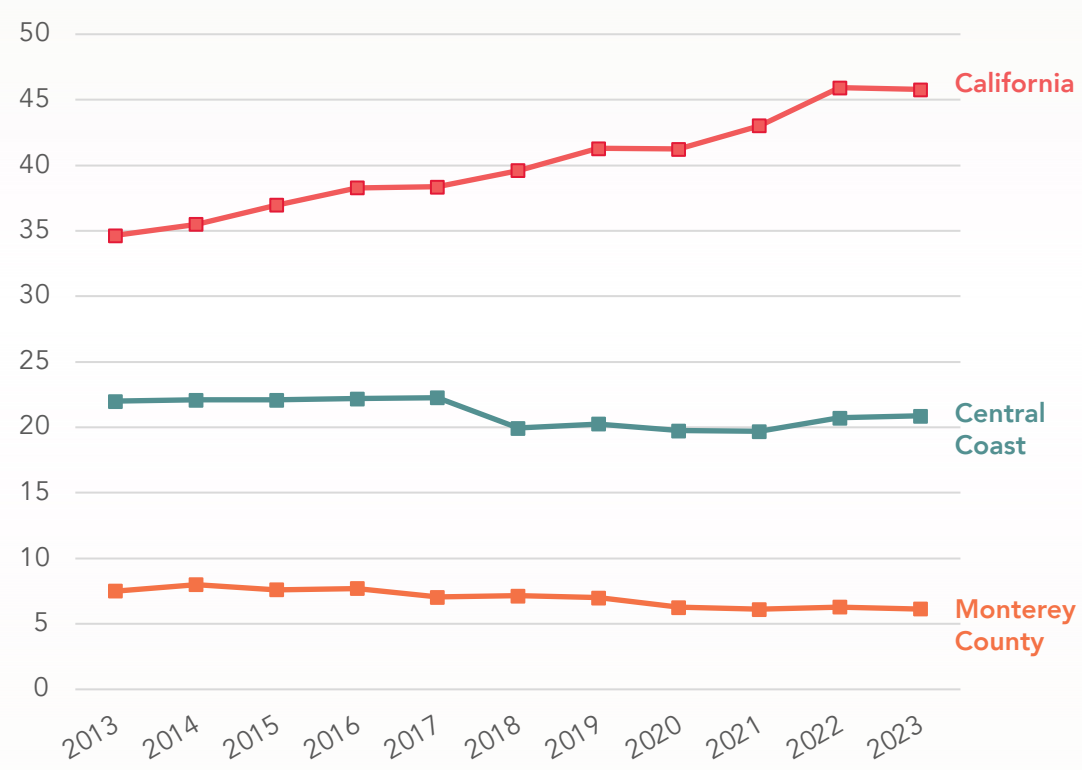
MONTEREY TECH SECTOR



Civilian Tech Sector Employment | 2013 to 2023



Tech Jobs Per 1,000 Residents | 2013 to 2023



Source: U.S. Bureau of Labor Statistics, U.S. Census., CVL Economics.

EXISTING ASSETS AND KEY PLAYERS



Marine Research & Development

Monterey Bay Aquarium Research Institute (MBARI)

San José State University Moss Landing Marine Lab

Stanford University Hopkins Marine Station

Middlebury Institute Center for the Blue Economy



Advanced Air Mobility

Monterey Bay Tech Hub

Monterey Drone, Automation, and Robotics Technology (DART)

UCSC Monterey Bay Education, Science and Technology Center (MBEST)

Monterey Bay Economic Partnership



AgTech

Western Growers Association

University of California Agriculture and Natural Resources

USDA Agricultural Research Service Crop Improvement and Protection Research Laboratory

Monterey Drone, Automation, and Robotics Technology (DART)



Workforce Development

Hartnell College

University of California, Santa Cruz

California State University, Monterey Bay

Monterey Peninsula College



Department of Defense

Naval Postgraduate School (NPS) and associated research labs

Naval Innovation Center at NPS

Naval X / Central Coast Tech Bridge at NPS

Fleet Numerical Meteorology and Oceanography Center at Monterey

Defense Manpower Data Center

Naval Research Lab at Monterey

CHALLENGES



- **Leadership Vacuum**

A lack of formal direction, structured coordination, and a shared vision has thus far prevented Monterey County from developing a fully-fledged tech ecosystem.

- **Lack of Entrepreneurial Infrastructure**

Startup formation is stifled due to limited investment in entrepreneurship development and the dearth of accelerators that can absorb college graduates, experienced professionals, and retiring military personnel.

- **Narrow Talent Pipeline**

Without a strong existing talent pool, companies may struggle to find and retain qualified workers. This challenge is compounded by competition from other regions with more established tech ecosystems.

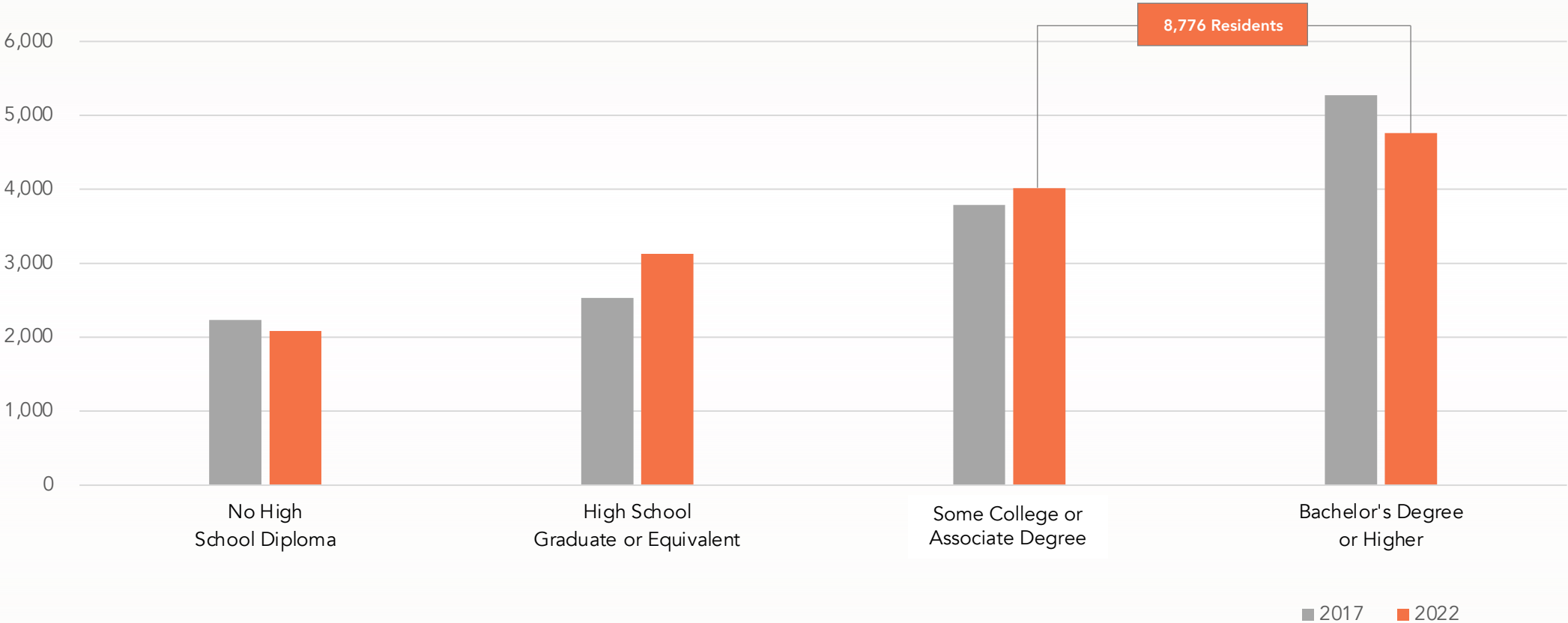
- **Brain Drain**

The rise in outmigration in recent years has had a disproportionate impact on high-skilled workers. Residents with higher earning potential are choosing to leave the region.

BRAIN DRAIN



Residents Ages 25+ Who Left Monterey County in Previous Year by Educational Attainment | 2017 vs. 2022



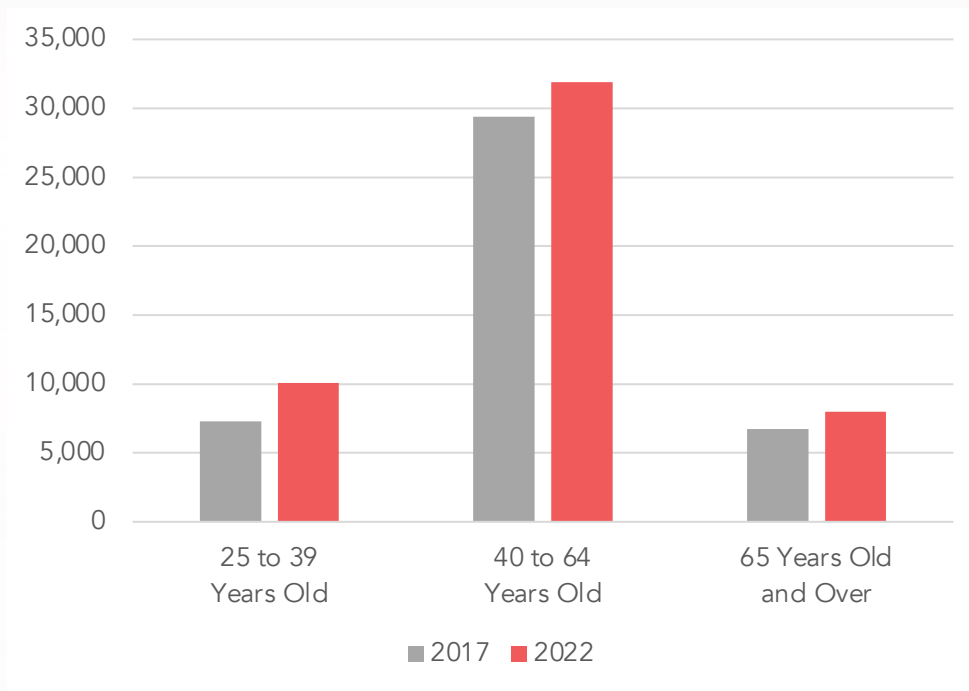
Source: U.S. Census American Community Survey 5-Year Estimates, CVL Economics.

BRAIN DRAIN

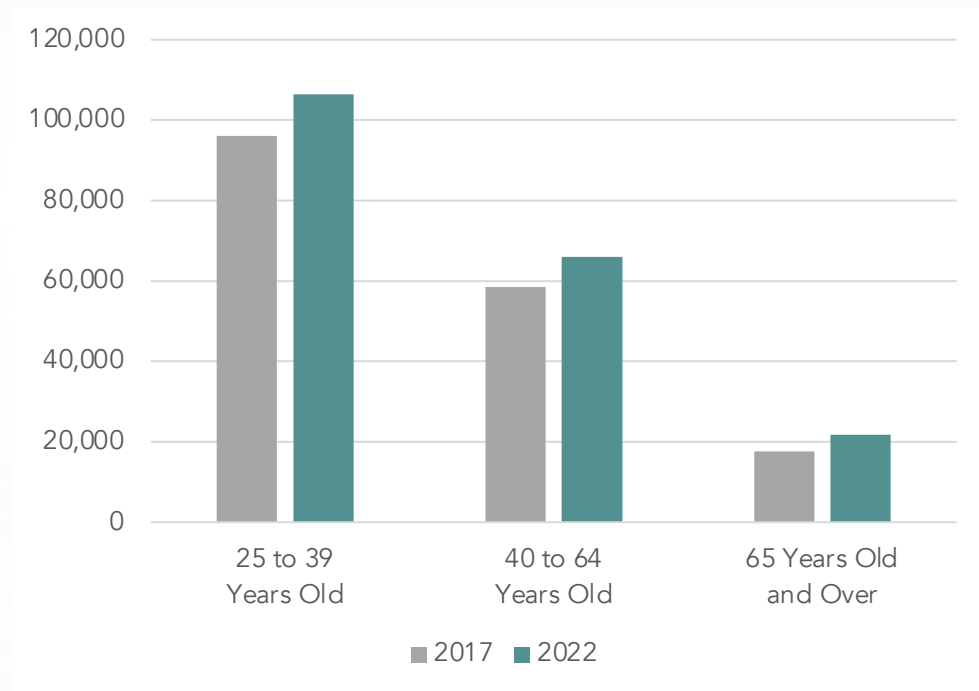


Population Ages 25+ With At Least a Bachelor's Degree in Science or Engineering | 2017 vs. 2022

(a) Monterey County



(b) City and County of San Francisco



Source: U.S. Census American Community Survey 5-Year Estimates, CVL Economics.

OPPORTUNITIES



- **Climate and Sustainability Tech**

Monterey's coastal location, research and development capabilities, and agricultural practices provide the region with a unique laboratory with which to explore emerging climate and sustainability applications.

- **Advanced Air Mobility Infrastructure Development**

The AAM field is still nascent, and agglomeration opportunities on a national scale have been few and far between. Leaning into the development of test site infrastructure will not only attract firms from across the state but also incentivize firms like Joby Aviation to expand regional operations

- **Technology and Innovation Consortium for Educational Institutions**

Formalizing a partnership among regional schools and developing curricula in coordination with each other can reveal gaps, avoid duplication, and ensure that educational programs align with industry needs.

- **Venture Capital**

Although Monterey has not historically attracted sustained venture capital activity, there is fledgling interest in exploring "underleveraged" opportunities and investing in early-stage, local startups.

PRIORITIES



- **Designate a Technology and Innovation Ecosystem Lead**

The tech ecosystem needs an entity that can convene stakeholders, establish targets, and gain consensus around a roadmap for development.

- **Track Ecosystem Development**

As Monterey County's tech ecosystem continues to evolve, a mechanism needs to be put in to benchmark performance, budget contributions, and other relevant metrics against comparable regions statewide.

- **Build Bridges between Defense Sector and Private Industry**

Creating accelerator programs (ideally, one for each of the three fields) will provide new venues for collaborative ideation, technical assistance, investment, and the launch of new ventures.

- **Explore Incentives to Seed, Attract, and Retain Talent and Businesses**

Whether through novel local incentives or via stronger lobby efforts at the state-level, Monterey County needs to do more to nurture entrepreneurship, keep valued firms in place, and stem brain drain.