

COUNTY OF MONTEREY
COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY

Summary: Year 1 Update



PROJECT LEAD: National Development Council (NDC)
RESEARCH, ANALYSIS & PRODUCTION: CVL Economics

Prepared for the County of Monterey Board of Supervisors





Overview

OVERVIEW

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 regional planning process or document like the CEDS.

WHO CONDUCTS THE CEDS?

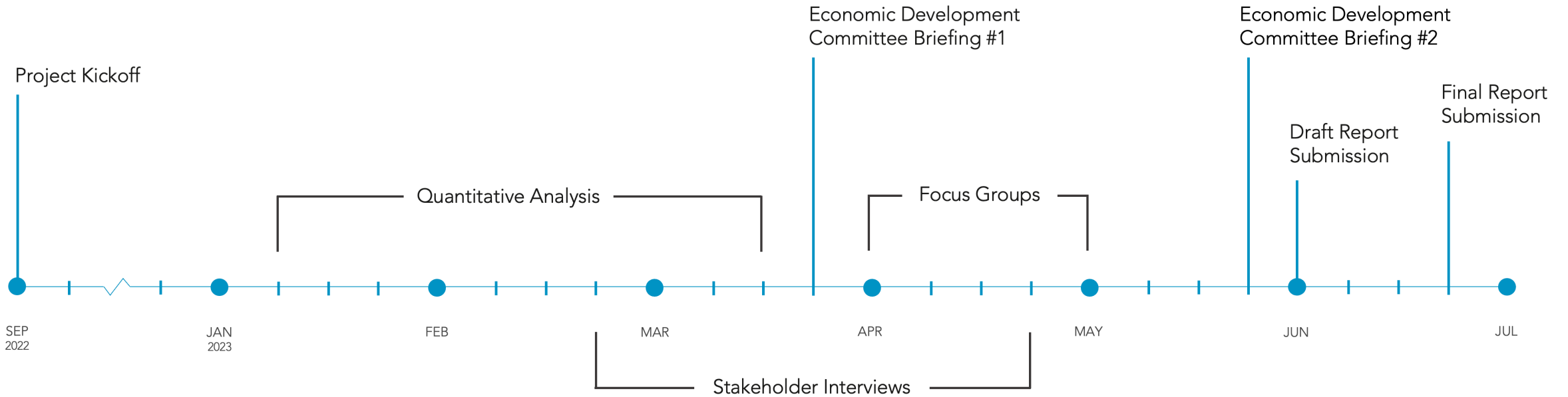
Planning for the Monterey County CEDS is under the purview of the Board of Supervisors, and the County's Economic Development Department is responsible for conducting the research, staffing the Economic Development Committee, and overseeing ongoing implementation and reporting. Project consultants for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

WHAT IS THE YEAR 1 UPDATE?

The Year 1 Update is the first annual update to the economic analysis contained in *County of Monterey's Countywide CEDS: 2021-2026*. This report presents new data analysis to inform economic development planning. In addition, representatives from the public sector, industry, research centers, and academia have the opportunity to highlight current challenges, needs, and priorities that may have emerged since the release of the CEDS.

OVERVIEW

YEAR 1 UPDATE DEVELOPMENT PROCESS



STAKEHOLDER INTERVIEWS: Board of Supervisors, City Managers, and Representatives from: Small Business, Research and Development, Agriculture, Arts and Culture Organizations, Academic Institutions, Health Care

FOCUS GROUPS: Technology and Innovation, Agriculture, Workforce Development, Tourism & Hospitality

OVERVIEW

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- Net Migration
- Age Distribution

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- Home Prices
- Housing Characteristics

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- Employment and Wages
- Economic Impact
- Needs Assessment
- Priorities

Tourism & Hospitality

- Employment and Wages
- Economic Impact
- Needs Assessment
- Priorities

Health Care & Social Services

- Employment and Wages
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Technology & Innovation

- Needs Assessment
- Priorities

Workforce Development

- Needs Assessment
- Priorities

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- Roster of Project Participants
- List of City Projects

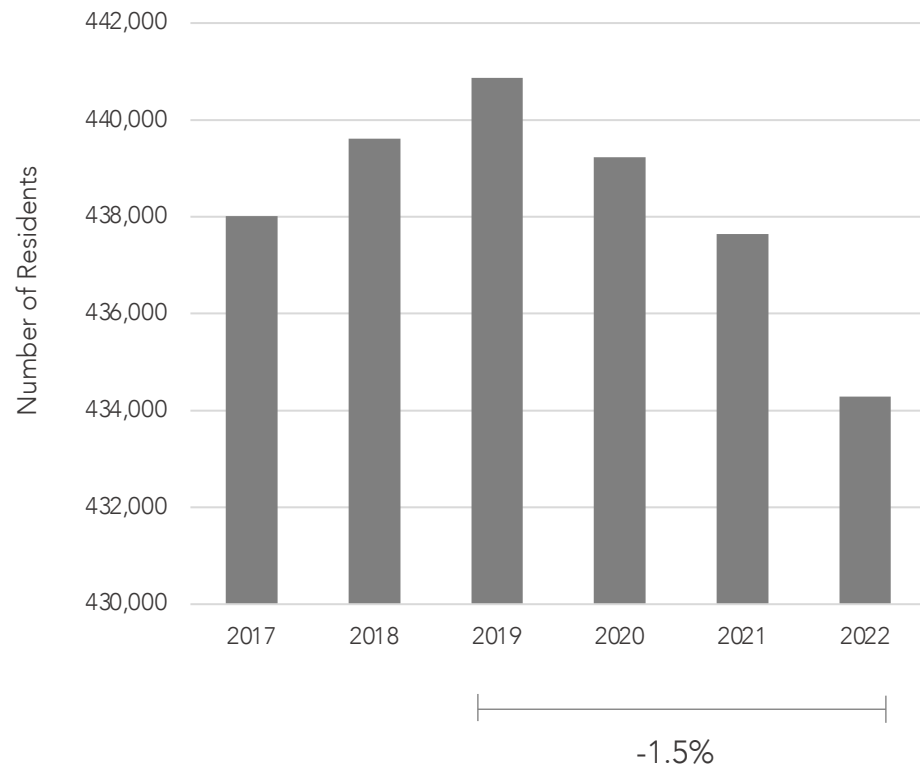


Summary of Economic Conditions

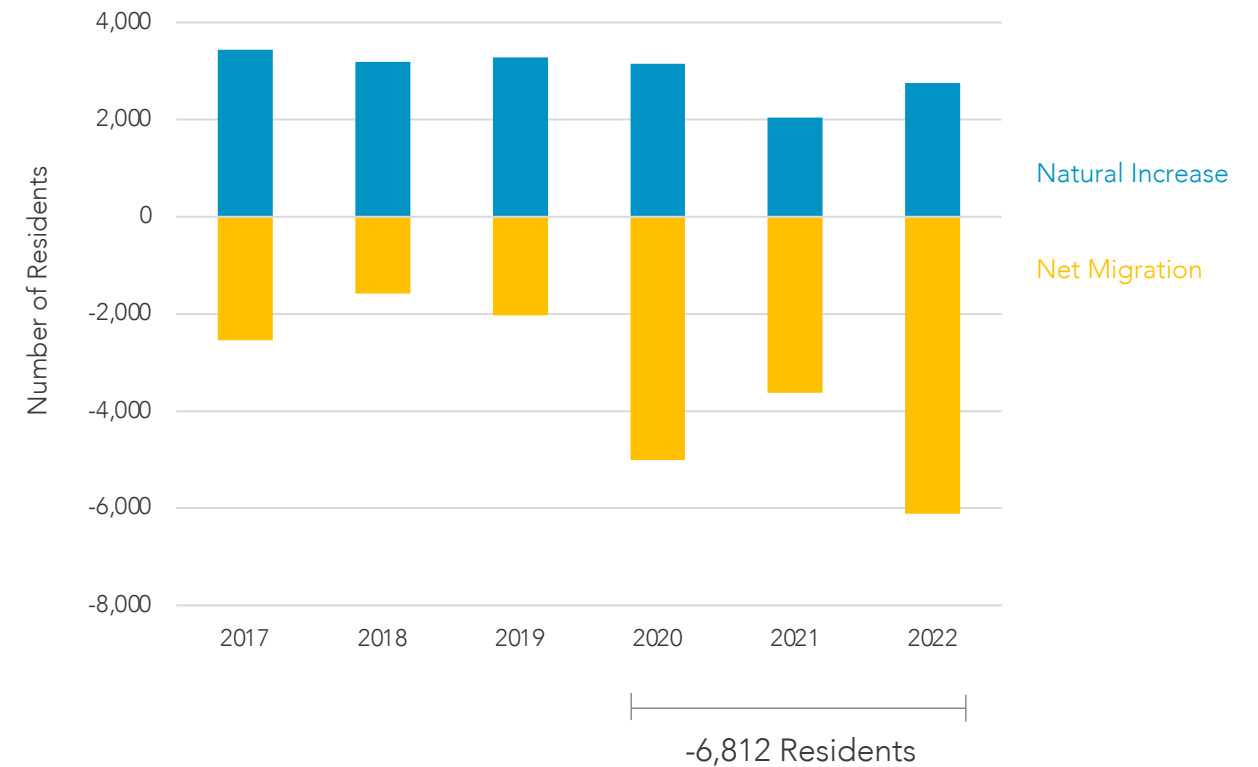
SUMMARY OF ECONOMIC CONDITIONS

POPULATION CONTRACTION

Population in Monterey County | 2017-2022



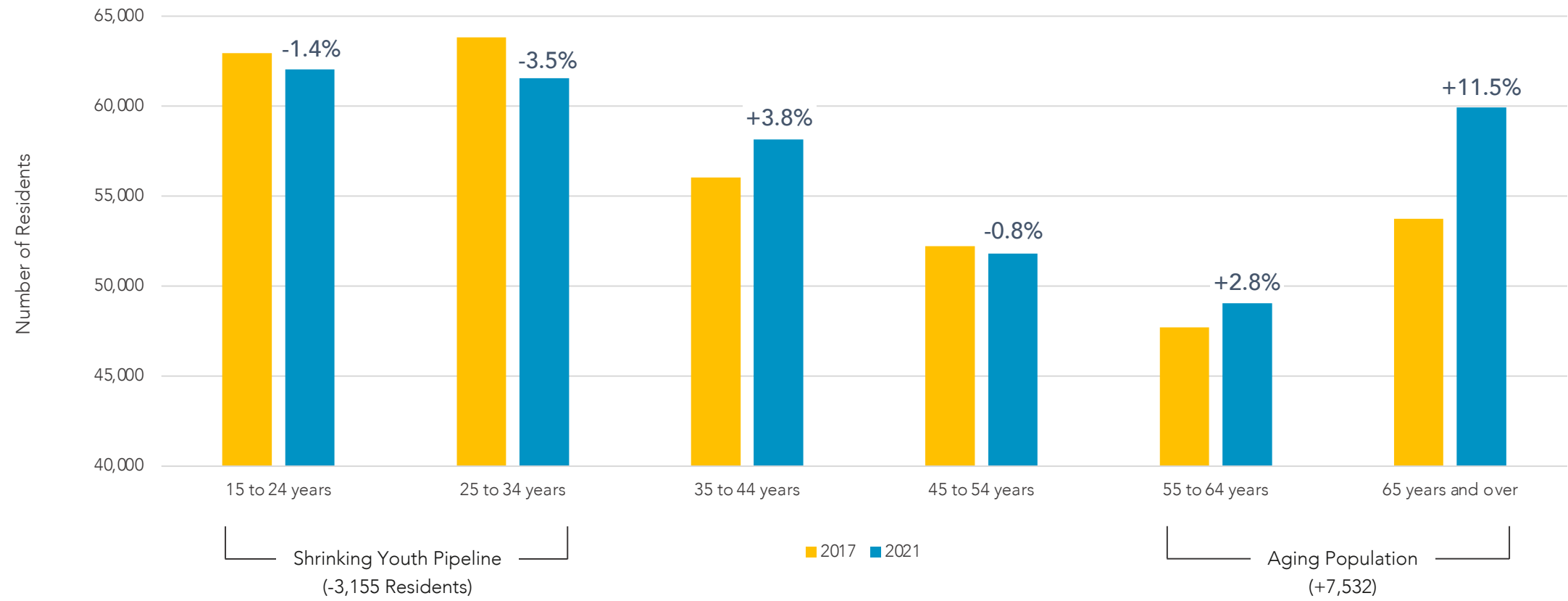
Components of Population Change | 2017-2022



SUMMARY OF ECONOMIC CONDITIONS

DEMOGRAPHIC SHIFT

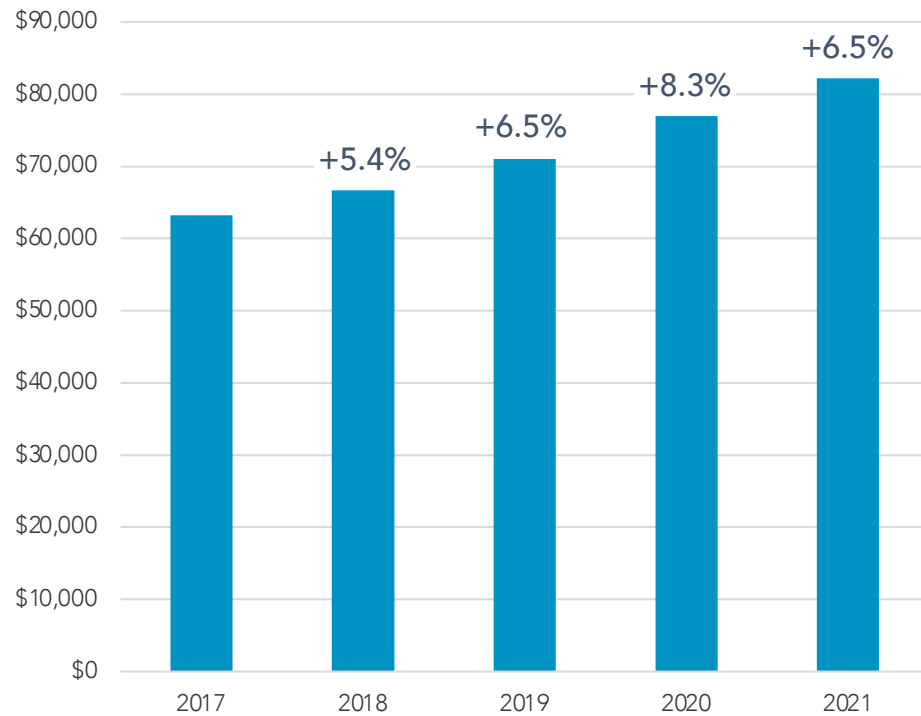
Population Change in Monterey County | 2017-2021



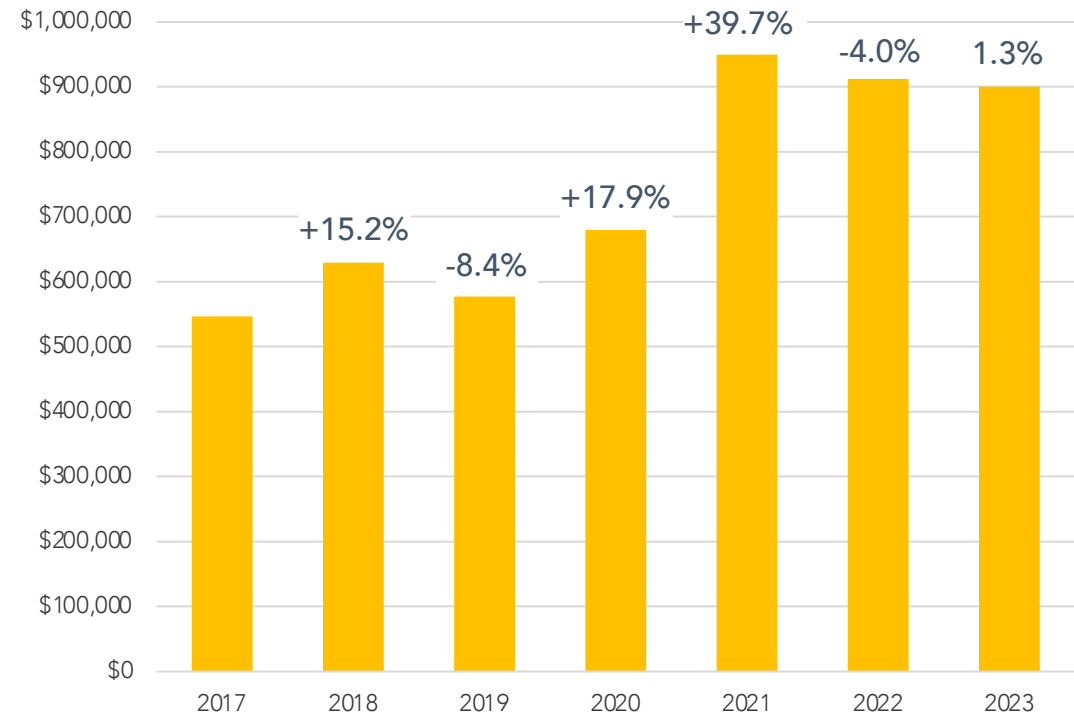
SUMMARY OF ECONOMIC CONDITIONS

HOUSING AFFORDABILITY

Median Household Income | 2017-2021



Median Home Price | March 2017 - March 2023



SUMMARY OF ECONOMIC CONDITIONS

HOUSING CHARACTERISTICS

Housing Characteristics by City | 2022

	SINGLE FAMILY UNITS	MULTIFAMILY UNITS	VACANCY RATE
Carmel-By-The-Sea	2,664	399	45.1%
Del Rey Oaks	610	134	6.9%
Gonzales	1,669	396	3.1%
Greenfield	3,512	1,059	3.9%
King City	2,391	893	6.0%
Marina	4,728	3,221	6.0%
Monterey	6,763	6,994	10.0%
Pacific Grove	5,214	2,831	17.2%
Salinas	27,277	16,091	3.3%
Sand City	88	104	13.9%
Seaside	7,993	2,248	5.8%
Soledad	3,660	700	4.0%
Monterey County Total	100,485	38,834	8.7%
California Total	9,352,428	4,669,343	6.7%

Multifamily Units Share of Housing Stock

27.9%

Monterey County

33.3%

California

Share of Residents Paying Over 30% of Annual Income on Housing

30.6%

Monterey Homeowners

31.0%

California Homeowners

57.7%

Monterey Renters

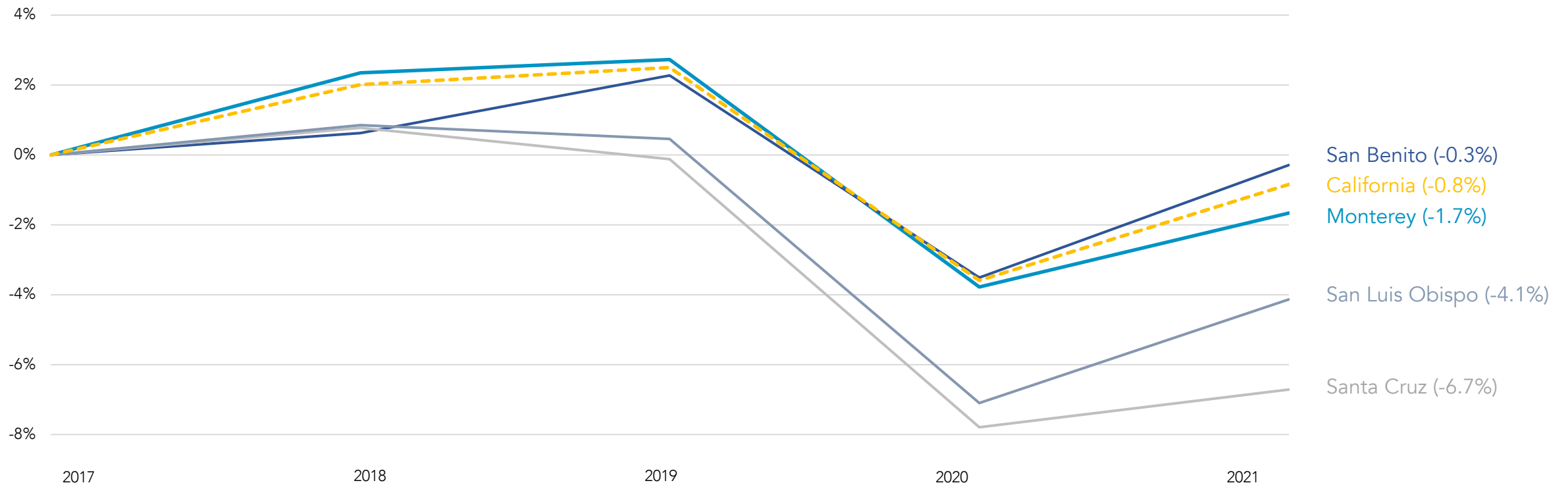
55.8%

California Renters

SUMMARY OF ECONOMIC CONDITIONS

EMPLOYMENT GROWTH RATE BY COUNTY

Monterey County and Select Neighboring Counties | 2017-2022



Source: US Bureau of Labor Statistics Quarterly Census of Employment and Wages; US Census Bureau American Community Survey 5-Year Estimates

SUMMARY OF ECONOMIC CONDITIONS

PANDEMIC IMPACT ON INDUSTRY EMPLOYMENT

HARDEST HIT SECTORS

	2019	2021	JOB LOSSES	CHANGE
Accommodation and Food Services	24,533	19,845	(4,688)	-19.1%
Other Services (except Public Administration)	13,223	12,275	(949)	-7.2%
Government	40,058	39,344	(714)	-1.8%
Arts, Entertainment, and Recreation	5,088	4,417	(672)	-13.2%
Professional, Scientific, and Technical Services	10,354	9,861	(493)	-4.8%

MOST RESILIENT SECTORS

	2019	2021	JOB GAINS	CHANGE
Real Estate and Rental and Leasing	9,252	10,361	1,108	12.0%
Finance and Insurance	5,966	6,685	719	12.1%
Administrative and Support and Waste Management and Remediation Services	10,434	10,968	533	5.1%
Transportation and Warehousing	6,648	7,027	379	5.7%
Construction	9,385	9,635	250	2.7%

Source: US Bureau of Labor Statistics Quarterly Census of Employment and Wages; US Census Bureau American Community Survey 5-Year Estimates

SUMMARY OF ECONOMIC CONDITIONS

PANDEMIC IMPACT ON OCCUPATIONAL EMPLOYMENT

HARDEST HIT OCCUPATIONS

	2020 Q1	2022 Q2	JOB LOSSES	CHANGE
Food Preparation and Serving-Related Occupations	18,980	14,010	-4,970	-26.2%
Office and Administrative Support Occupations	18,280	15,380	-2,900	-15.9%
Farming, Fishing, and Forestry Occupations	33,570	31,460	-2,110	-6.3%
Sales and Related Occupations	15,110	13,080	-2,030	-13.4%
Education, Training, and Library Occupations	13,910	11,950	-1,960	-14.1%

MOST RESILIENT OCCUPATIONS

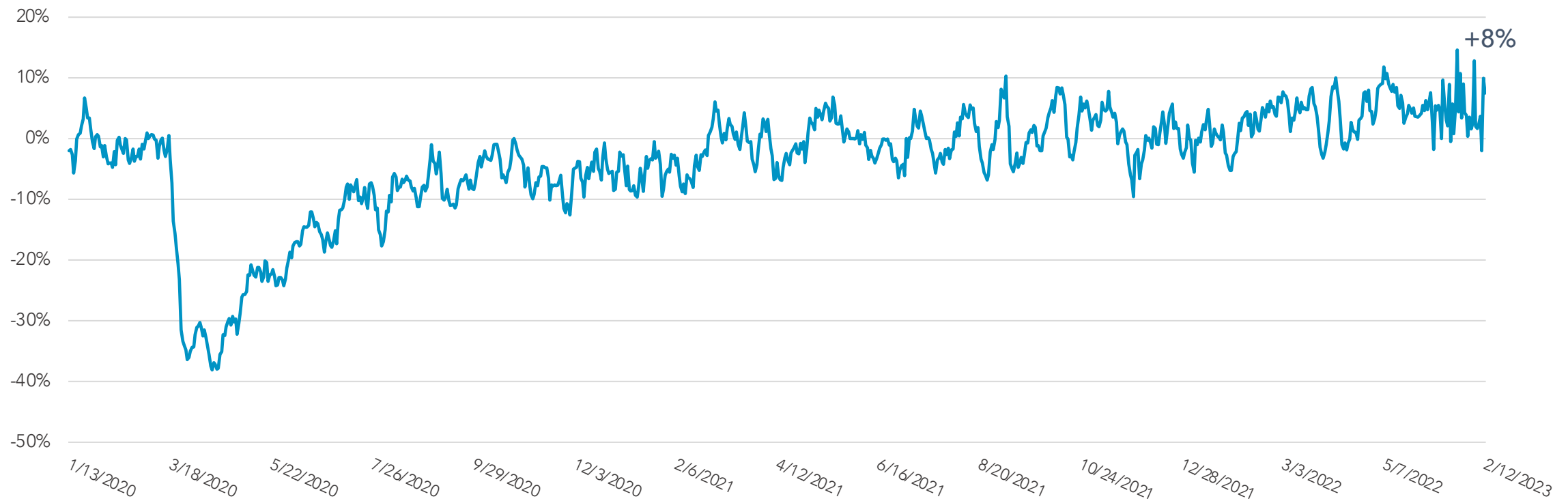
	2019	2021	JOB GAINS	CHANGE
Healthcare Support Occupations	7,520	8,860	1,340	17.8%
Healthcare Practitioners and Technical Occupations	7,530	8,330	800	10.6%
Business and Financial Operations Occupations	5,250	5,960	710	13.5%
Legal Occupations	580	810	230	39.7%
Construction and Extraction Occupations	5,180	5,390	210	4.1%

Source: California Employment Development Department

SUMMARY OF ECONOMIC CONDITIONS

RESURGENT CONSUMER SPENDING

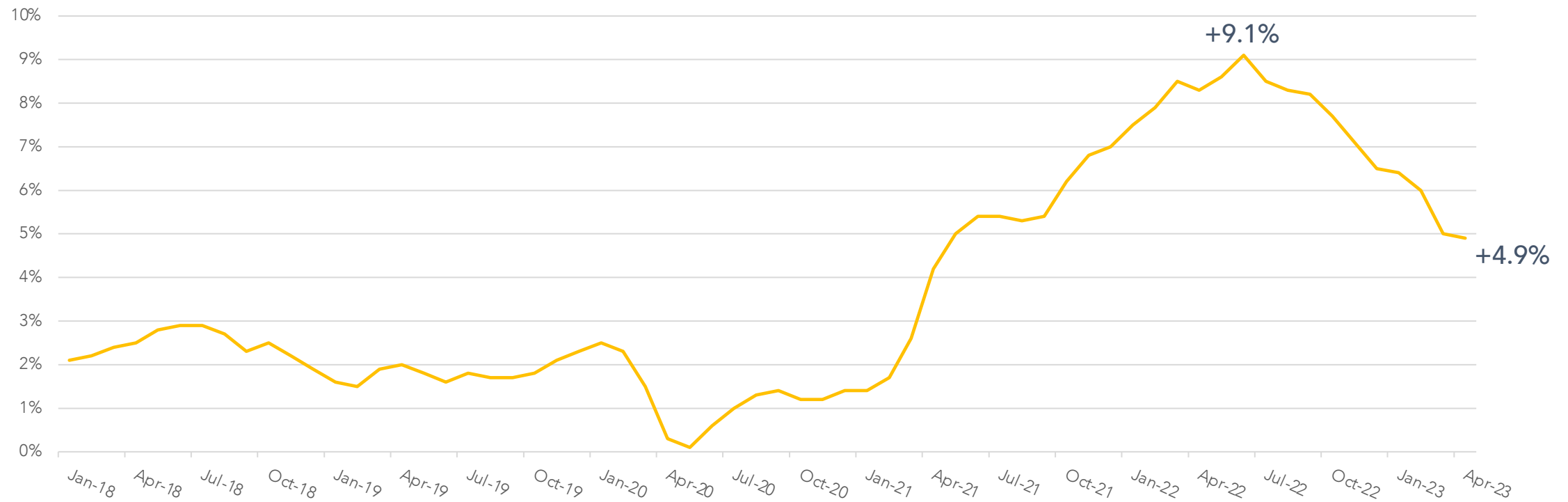
Percentage Change in Consumer Spending in Monterey County
January 2020 to February 2023



SUMMARY OF ECONOMIC CONDITIONS

ELEVATED INFLATION RATE

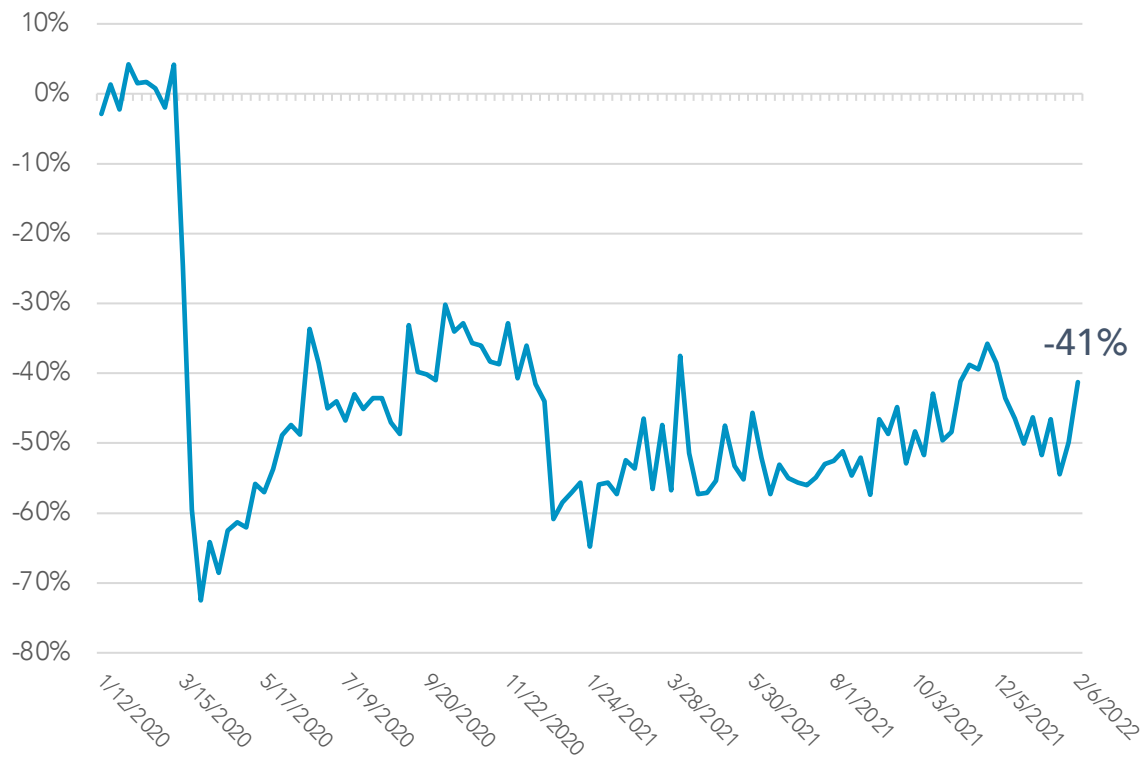
U.S. Consumer Price Index 12-Month Change
January 2018 to April 2023



SUMMARY OF ECONOMIC CONDITIONS

SLOW RECOVERY FOR SMALL BUSINESSES

Small Business Revenue Percentage Change
January 2020 to February 2022



Percentage Change in Number of Small Businesses
January 2020 to February 2022





Target Sector Analysis

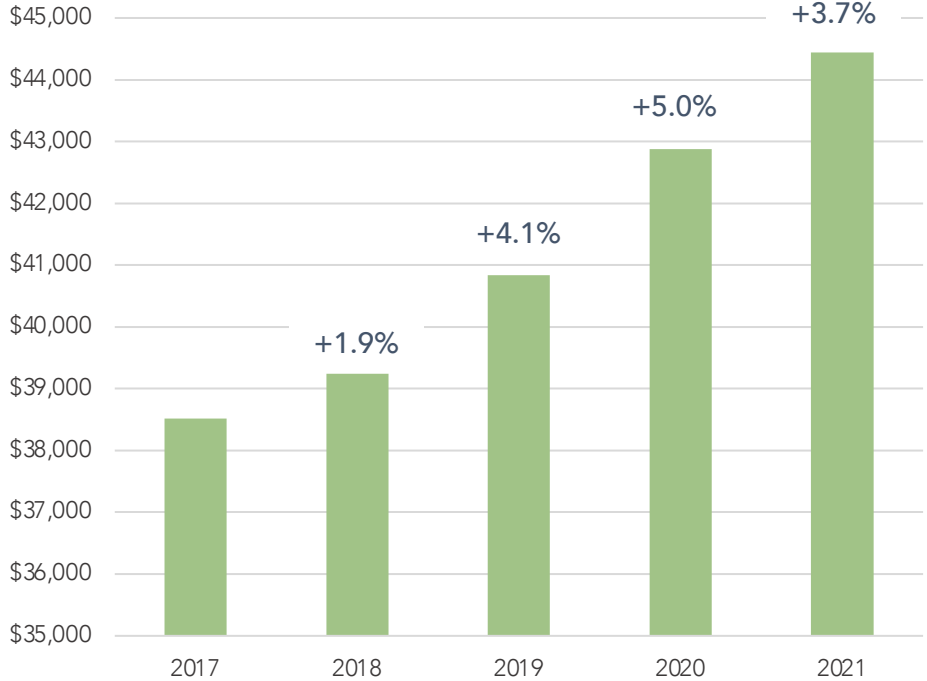
TARGET SECTORS

AGRICULTURE

Agriculture Employment | 2017-2021



Agriculture Average Annual Wages | 2017-2021

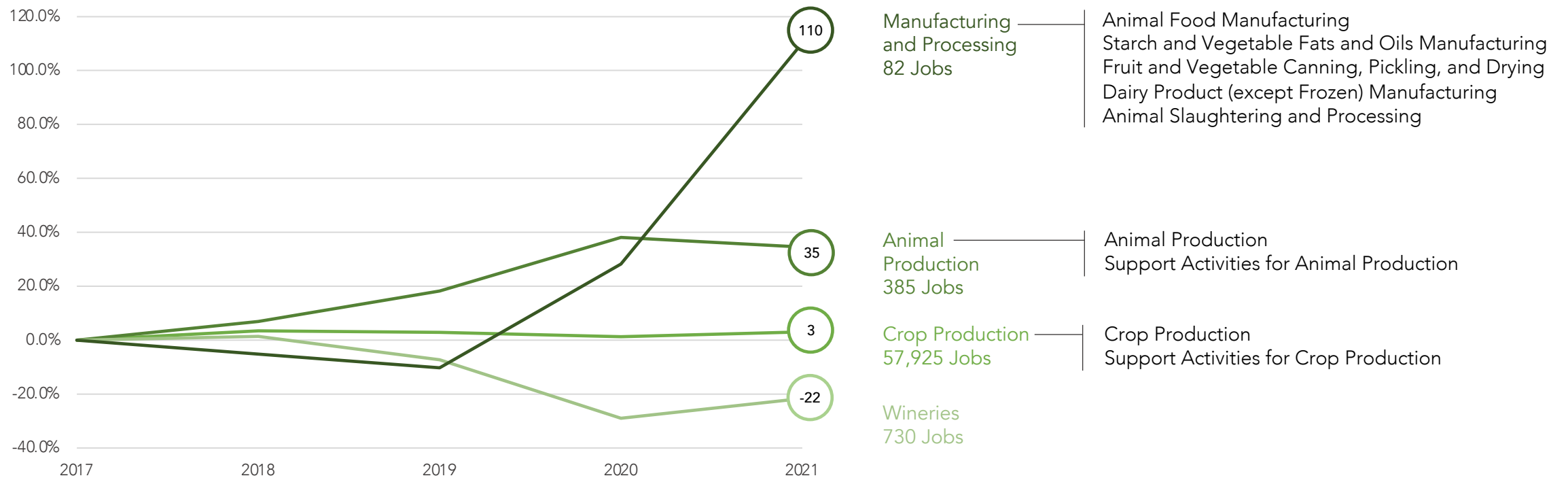


Source: US Bureau of Labor Statistics Quarterly Census of Employment and Wages; US Census Bureau American Community Survey 5-Year Estimates

TARGET SECTORS

AGRICULTURE

Relative Growth of Agriculture Subsectors in Monterey County | 2017-2021



Source: US Bureau of Labor Statistics Quarterly Census of Employment and Wages; US Census Bureau American Community Survey 5-Year Estimates

TARGET SECTORS

AGRICULTURE

Economic Impact of the Agriculture Sector in Monterey County | 2021
In 2023 Dollars

	EMPLOYMENT	LABOR INCOME	VALUE ADDED	TAX REVENUE
Direct	59,122	\$4.51 Billion	\$6.0 Billion	\$1.2 Billion
Indirect	10,191	\$721.5 Million	\$1.0 Billion	\$286.0 Million
Induced	14,662	\$907.1 Million	\$1.5 Billion	\$383.5 Million
Total	83,975	\$6.14 Billion	\$8.6 Billion	\$1.9 Billion

DIRECT IMPACTS: Changes in economic output or employment attributable to activity in a given industry.

INDIRECT IMPACTS: Employment and activity stimulated along an industry's local supply chain due to purchases of inputs of goods and services from suppliers and from the response to demand on suppliers of goods and services.

INDUCED IMPACTS: Economic activity supported by staff and those employed in direct supply chains spending their wages on goods and services in the local economy.

Source: US Bureau of Labor Statistics Quarterly Census of Employment and Wages; US Census Bureau American Community Survey 5-Year Estimates, IMPLAN

TARGET SECTORS

AGRICULTURE

CHALLENGES

- Decline in acreage due rising cost of doing business
Workforce is being priced out of the county, and production is moving to other states and abroad.
- Adverse effects from current regulatory environment
Limits on fertilizer use (Irrigated Lands Regulatory Program) and use of pesticides; Impact on transport (air quality standards); Requirement for 40% of all production to be organic; Implications of immigration policy on labor
- Consolidation
- Water Management

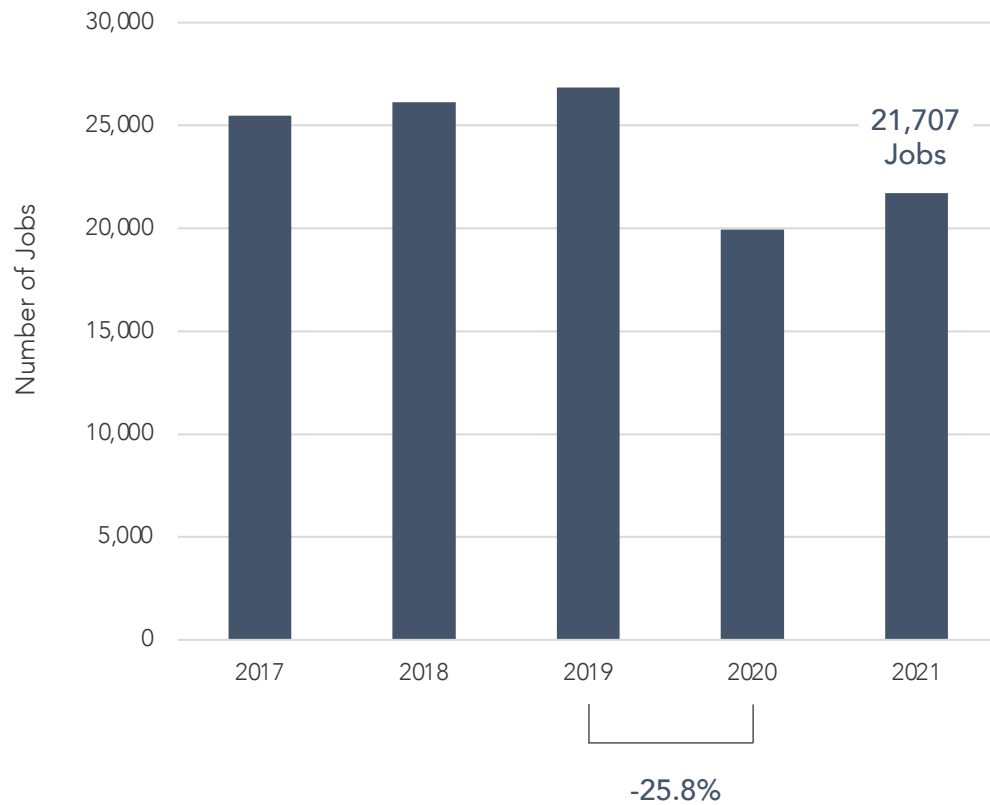
PRIORITIES

- Invest in workforce development
Labor demand in agriculture support industries. Skills gaps exist in food science and tech-oriented farm practices. There is a need to raise awareness and interest among students and young adults as well as to upskill current workforce.
- Create favorable business environment
Allow for zoning flexibility, build workforce housing, and provide incentives for entrepreneurs and to attract businesses from out-of-state.
- Develop tourism infrastructure in the wine region
Region lacks proximity to adequate hotels, restaurants, and other amenities that other wineries in the state enjoy. The opportunity exists to amplify tourist experience and attract more visitors from outside the region.

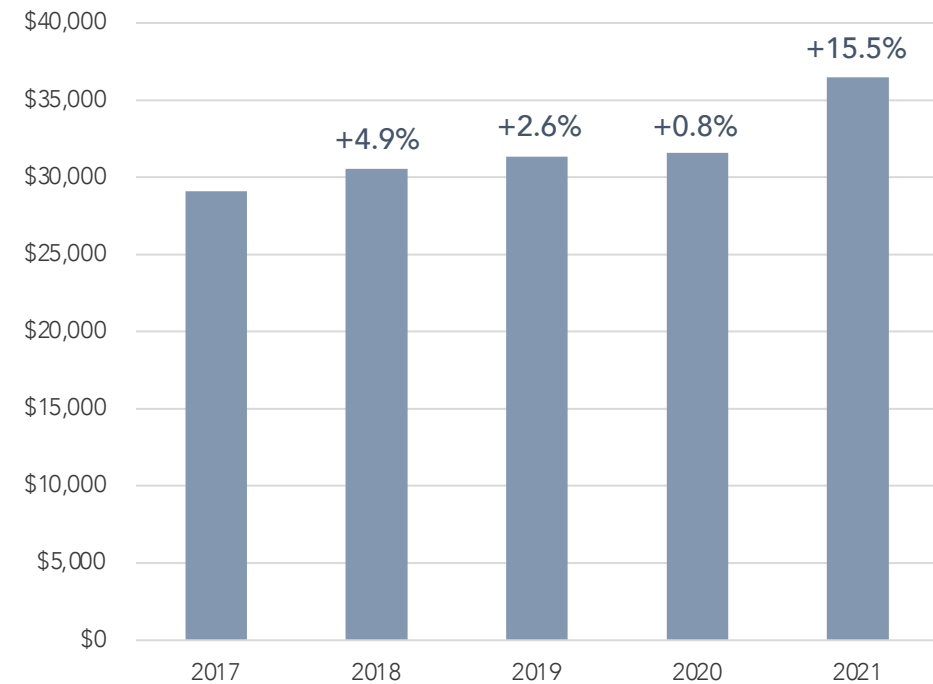
TARGET SECTORS

TOURISM & HOSPITALITY

Tourism & Hospitality Employment | 2017-2021



Tourism & Hospitality Average Annual Wages | 2017-2021

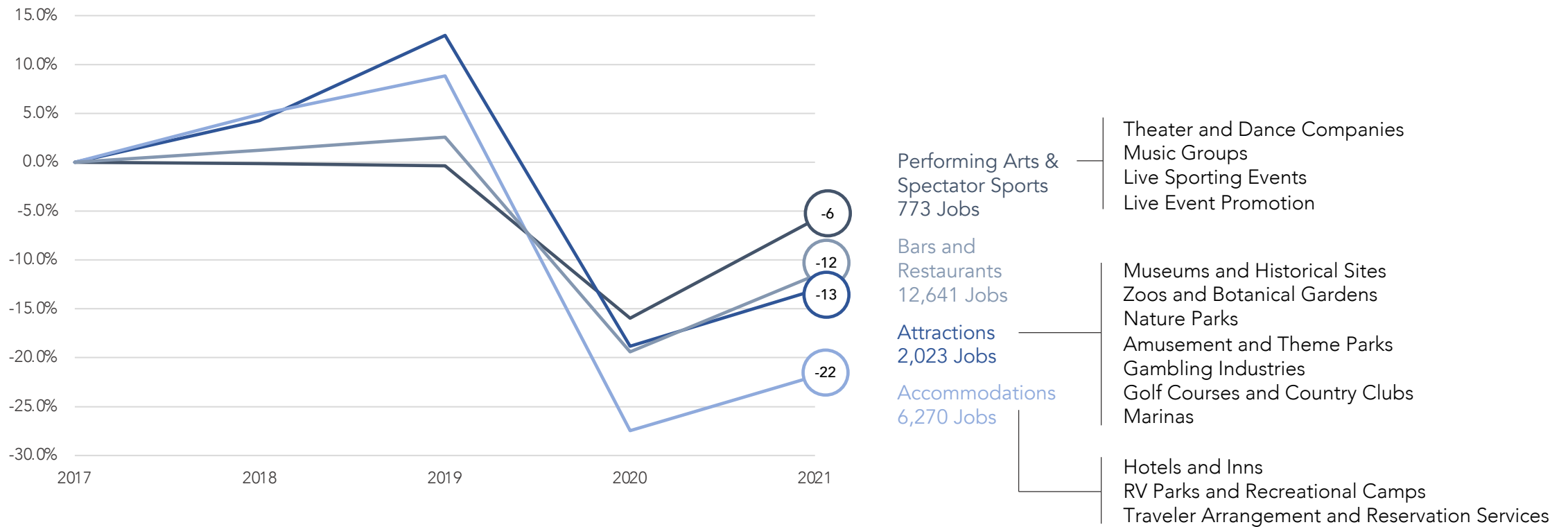


Source: US Bureau of Labor Statistics Quarterly Census of Employment and Wages; US Census Bureau American Community Survey 5-Year Estimates

TARGET SECTORS

TOURISM & HOSPITALITY

Relative Growth of Tourism & Hospitality Subsectors in Monterey County | 2017-2021



Source: US Bureau of Labor Statistics Quarterly Census of Employment and Wages; US Census Bureau American Community Survey 5-Year Estimates

TARGET SECTORS

TOURISM & HOSPITALITY

Economic Impact of the Tourism & Hospitality Sector in Monterey | 2021
In 2023 Dollars

	EMPLOYMENT	LABOR INCOME	VALUE ADDED	TAX REVENUE
Direct	21,707	\$1.1 Billion	\$1.7 Billion	\$319.3 Million
Indirect	3,193	\$221.5 Million	\$305.4 Million	\$73.4 Million
Induced	3,565	\$219.0 Million	\$385.9 Million	\$97.5 Million
Total	28,465	\$1.6 Billion	\$2.4 Billion	\$490.3 Million

DIRECT IMPACTS: Changes in economic output or employment attributable to activity in a given industry.

INDIRECT IMPACTS: Employment and activity stimulated along an industry's local supply chain due to purchases of inputs of goods and services from suppliers and from the response to demand on suppliers of goods and services.

INDUCED IMPACTS: Economic activity supported by staff and those employed in direct supply chains spending their wages on goods and services in the local economy.

Source: US Bureau of Labor Statistics Quarterly Census of Employment and Wages; US Census Bureau American Community Survey 5-Year Estimates, IMPLAN

TARGET SECTORS

TOURISM & HOSPITALITY

CHALLENGES

- Pandemic disproportionately hurt the sector, and recovery has been slow
- Smaller indoor arts and cultural venues (especially nonprofit organizations) are struggling
- Organizations in the performing arts industry lack an adequate number of affordable venues and flexible spaces
- Environmental hazards and disruptions are increasingly impacting tourism economy

PRIORITIES

- Pursue conference organizers and business travelers
Business travelers spend 1.5x more on average compared to leisure travelers. Opportunities exist to leverage local research and tech base to host global summits.
- Provide additional support to South County arts and culture organizations
There is a concentration of activity on the Peninsula, but more needs to be done to encourage programming across the entire county.
- Expand tourism infrastructure across region
In addition to hotels, restaurants, and related amenities, focus should be placed on fostering more outdoor venues.

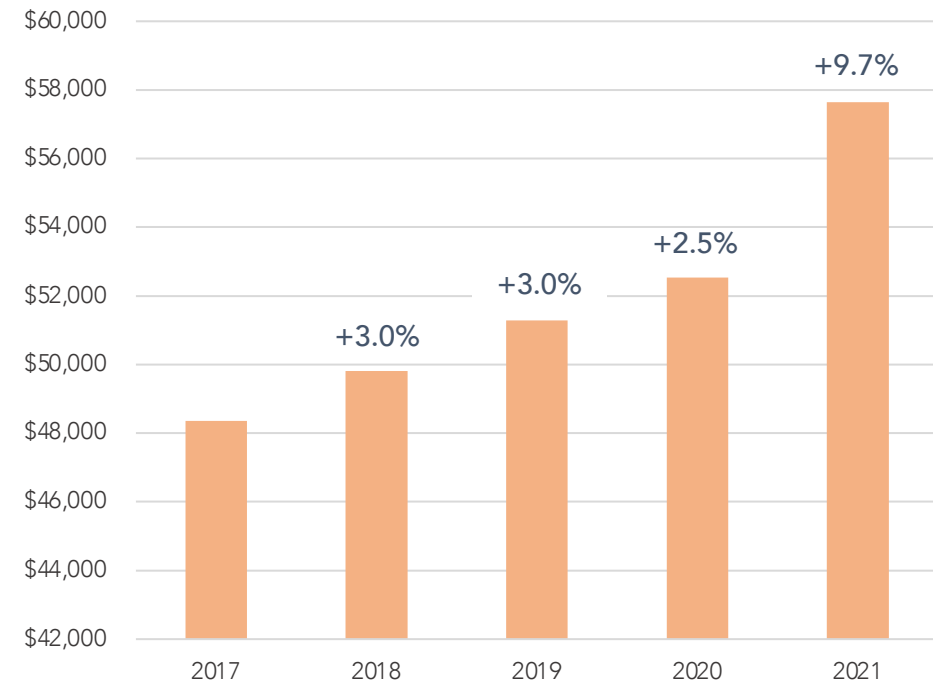
TARGET SECTORS

HEALTH CARE & SOCIAL SERVICES

Health Care & Social Services Employment | 2017-2021



Health Care & Social Services Average Annual Wages | 2017-2021

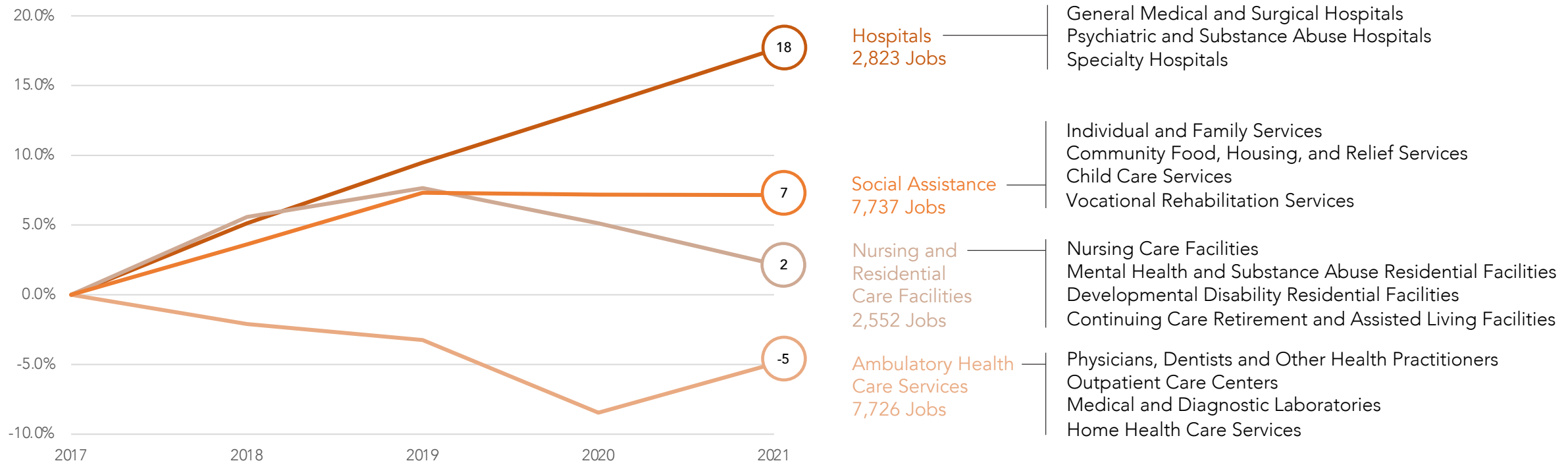


Source: US Bureau of Labor Statistics Quarterly Census of Employment and Wages; US Census Bureau American Community Survey 5-Year Estimates

TARGET SECTORS

HEALTH CARE & SOCIAL SERVICES

Relative Growth of Tourism & Hospitality Subsectors in Monterey County | 2017-2021



Source: US Bureau of Labor Statistics Quarterly Census of Employment and Wages; US Census Bureau American Community Survey 5-Year Estimates

TARGET SECTORS

HEALTH CARE & SOCIAL SERVICES

Economic Impact of the Health & Social Services Sector in Monterey County | 2021
In 2023 Dollars

	EMPLOYMENT	LABOR INCOME	VALUE ADDED	TAX REVENUE
Direct	20,837	\$1.5 Billion	\$1.7 Billion	\$390.5 Million
Indirect	2,368	\$147.9 Million	\$257.2.4 Million	\$62.3 Million
Induced	4,715	\$295.0 Million	\$488.1 Million	\$124.9 Million
Total	27,919	\$2.0 Billion	\$2.5 Billion	\$577.8 Million

DIRECT IMPACTS: Changes in economic output or employment attributable to activity in a given industry.

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TARGET SECTORS

HEALTH CARE & SOCIAL SERVICES

CHALLENGES

- Aging population is driving up demand for services, but finding and retaining talent is difficult
- Smaller providers are disproportionately affected by rising costs
85% of the population is on Medi-Cal, and smaller providers are taking in more patients without a commensurate increase in resources.
- Limited care facilities for women across the County
Women seeking specialized care are forced to take time off from work and/or drive long distances to access facilities

PRIORITIES

- Expand behavioral health care access
The pandemic exacerbated the prevalence and severity of mental health issues. Needs are greatest among youth population and in South County.
- Deepen collaboration between the County and small health care providers
Community organizations do not always have access to same information and resources as larger providers. They would benefit from more robust technical assistance and capacity building.
- Build a sustainable and skilled talent pipeline
There continues to be an acute shortage of doctors, registered nurses, medical assistants, and certified nursing assistants.



Spotlights

SPOTLIGHT TECHNOLOGY AND INNOVATION

CHALLENGES

- Lack of a critical mass of companies, research institutions, and tech entrepreneurs to establish and maintain a sustainable ecosystem
- No mechanism for technology transfer between sectors or avenues for commercialization in the region
- While opportunities to leverage local research and development exist, regional expertise is used for projects in more established entrepreneurial hubs
Example: Funding allocated to MBARI often is passed through to other larger oceanographic centers in the U.S.

PRIORITIES

- Anchor a technology hub at UCSC MBEST
The business park offers the ability to co-locate and foster collaboration. A lead entity is needed to oversee planning and implementation.
- Foster cross-pollination across sectors and geographies
Example: Explore opportunities between tech and tourism (global conferences and exhibitions).
- Cultivate airspace technology sector
In addition to incentivizing Joby to site new manufacturing plants in the region, lay groundwork to establish airspace innovation corridor.

SPOTLIGHT WORKFORCE DEVELOPMENT

CHALLENGES

- High housing costs make it difficult to attract and retain both remote and in-person workers
- Shortage of labor in businesses that support the agriculture industry (human resources, accounting, payroll)
- Skills gap created by misalignment between industry needs and education/training programs as well as instructor shortages
- Lack of awareness among graduating high school students about various career pathway opportunities.

PRIORITIES

- Look to small business growth to revitalize cities
Downtown Salinas and Seaside provide examples of creating a supportive small business environment.
- Conduct high-frequency meetings and networking events among educators, industry representatives, government officials, and others to gauge regional workforce needs and solutions.
- Match educational curricula and training program content with current and projected labor demand in the region

YEAR 1 UPDATE

CONSULTING TEAM

ABOUT NDC

Established in 1969, at the beginning of the community development movement, the National Development Council (NDC) has for over five decades played an integral role in shaping the strategies and methodologies that have set the standards of excellence in the practice of economic development, affordable housing, and community development. NDC's mission is to direct capital to support the development and preservation of affordable housing, create jobs and wealth through small business lending, advance livable communities with social infrastructure investment, and build capacity with hands-on technical assistance to local governments. NDC's experienced staff has worked with every economic development financing tool available, including but not limited to New Markets Tax Credits, Low-income Housing Tax Credits, Historic Rehabilitation Tax Credits, Renewable Energy Tax Credits, tax exempt and taxable bond financing, HUD Section 108, Community Development Block Grant (CDBG), and Economic Development Administration (EDA) funds.

ABOUT CVL ECONOMICS

CVL Economics is a Los Angeles-based economic consulting firm committed to rethinking, reframing, and redefining the future of equitable development. Founded in 2021, CVL (pronounced "civil") partners with communities, municipalities, organizations, and institutions to navigate rapidly shifting economic conditions through bold action. Our work is rooted in the belief that complex challenges are best addressed by a multidisciplinary approach, and we draw on the expertise of a growing team of economists, statisticians, planners, policy analysts, and subject matter specialists who are united in their passion for asking the big questions. By employing advanced data analytics and rigorous qualitative methods, we deliver insights that drive economic and workforce development decision-making. We work with communities to build an inclusive and thriving future by supporting economic development strategies and policies that leverage local assets, support talent, generate innovative industry growth, and improve community wellbeing.