

Economic Opportunity Committee Annual Report

July 1

2016

Strategic initiatives, milestones and priorities of the Economic Opportunity Committee, the Economic Development Department and the County of Monterey.

EOC Annual
Report

Acknowledgements

The staff of the Economic Development Department and the divisions of Affordable Housing, Inclusionary Housing and Workforce Development would like to thank the following committee members for their time and dedication to fostering jobs, food and shelter to the families and residents of Monterey County.

ECONOMIC OPPORTUNITY COMMITTEE

Supervisor Dave Potter, Chair

(District 5)

Supervisor John Phillips

(District 2)

Gill Campbell

(Tourism)

Rudy Darken

(Research)

Kurt Gollnick

(Agriculture)

Ken Johnson

(Environment)

Dan Limesand, Vice Chair

(Healthcare)

Eduardo Ochoa

(Higher Education)

Carlos Ramos

(Micro Business)

Ken Scherpinski

(Labor)

Warren Wayland

(Finance)

Introduction

The annual report is divided into eight sections for ease of reporting. The first section outlines the Strategic Initiative adopted by the Board of Supervisors and to be implemented by the Economic Development Department with oversight provided by the Economic Opportunity Committee. The second section outlines the priorities developed by the Economic Opportunity Committee in conjunction with the consulting firm of SRI International. The remaining sections include:

Section Three: Development Set Aside (DSA) Agencies funded by the 9% Set-Aside from the Transient Occupancy Tax established by the Board of Supervisors,

Section Four: The Housing Division under the Department of Economic Development,

Section Five: Department of Economic Development General Fund allocation,

Section Six: The Workforce Development Board and the Office of Employment & Training,

Section Seven: A re-cap of the past year's performance, and

Section Eight: A snap shot of economic indicators to track the health of Monterey County economy.

Section One: Strategic Initiatives

The Board of Supervisors (BOS) adopted five Strategic Initiatives in 2014 and the Economic Development Initiative is listed along with the key objective and milestones that outline a direction for the Economic Opportunity Committee and the Economic Development Department.

Policy area:

"Enhance the well-being and prosperity of Monterey County Residents"

Countywide Key Objective:

Create better paying jobs, reduce poverty and increase the revenue base through business expansion while adding to the economic vitality of the County.

"Through collaboration, strengthen economic development to ensure a diversified and healthy economy"

Milestones:

1. Develop a Countywide economic development strategy including specific action items for Monterey County to support and facilitate opportunity in the following economic pillars: Agriculture; Tourism; Research, Education and Technology; and Small Business.
2. Continue to support the workforce strategy that creates paths of economic opportunity for residents.

3. Align with strategic partners, public and private, in order to strengthen economic development efforts.
4. Evaluate return on investment of County funds expended on economic development efforts.
5. Enter into a Memorandum of Understanding (MOU) between the County and Cities to partner with each City to allow the County to lead business retention, expansion and attraction.
6. Develop in collaboration with Information Technology Department and Resource Management Agency Public Works, a Broadband Policy to expand conduit and fiber resources in the County.
7. Develop and promote Monterey County as a destination for eco-recreation and wellness.
8. Develop an implementation plan for a multi-department countywide economic development strategy.
9. Participate in the City of Salinas/Civic Center Downtown Revitalization Plan to monitor the City's activity and review opportunities for collaboration on providing parking and street improvements around the County Campus.
10. Provide support to a diversified collective impact model for the CSUMB adopted "cradle to career model" and work to integrate the model into a countywide development strategy.
11. Support the Central Coast Broadband Consortium for broadband service throughout Monterey County in order to support business expansion and attraction.
12. Track progress towards agricultural research about the presence (or absence) and transmission of organisms affecting food safety and crop production, encourage growers to comply with all regulatory laws, and prevent large-scale losses to production through disease, insects, pests, and other causes.
13. Encourage and increase revenue generating events at County Parks.

Success Indicators adopted by the Economic Opportunity Committee:

- | | |
|--|------------------|
| 1. Gross Agricultural Production Value | = \$4.84 Billion |
| 2. Median Household Income | = \$42,000 |
| 3. Transient Occupancy Tax collected (TOT) | = \$22.8 million |
| 4. Total of Monterey County Agriculture Sector Employment Effected | = 54,100 |
| 5. Private sector jobs | = 187,400 |
| 6. Unemployment | = 6.2% |

Section Two: Economic Opportunity Committee (EOC) Priorities

Economic Opportunity Committee Strategic Priorities

The committee worked with SRI International to narrow the “opportunity” areas to four major pillars of our economy and learned through the process how interconnected each pillar is to one another.

Agriculture: Ag-technology: Leveraging the capabilities of universities and research institutes to expand and enhance the global competitiveness of the Monterey County agricultural sector.

Education: Higher Educational and Training Opportunities: Address the critical knowledge worker and skill gap shortage by providing exemplary educational and training opportunities which expand existing, emerging and future regional economic opportunities.

Military & Research: “Blue Economy” research & development: Applying the knowledge and expertise of the marine research community to inform local industry activities, generate new technologies for commercialization, and enable Monterey County to become a test-bed for innovative new policies and practices in marine environmental management. Support our military training and education centers through partnerships with higher education already located in Monterey County.

Tourism: Eco-recreation and wellness: Emphasizing both the natural beauty and major agricultural capabilities (vegetables and wine) of the County in developing new offerings in tourism and recreation for County visitors.

Committee Recommendations:

1. Establish a budget directed by the Economic Opportunity Committee,
2. Establish a Task Force or sub-committee for each of the four Opportunity areas,
3. Establish an annual budget to support the Development Set-Aside projects,
4. Link our strategic partners to each of the four Opportunity areas to “create leverage”,
5. Provide membership funds to join and collaborate with strategic partners on implementation,
6. Provide funding for research, marketing, printing and travel for each of the four sectors,
7. Provide funding for grant preparation, management and implementation,
8. Provide staffing and oversight for the Comprehensive Economic Development Strategy (CEDS),
9. Integrate the SRI Strategic Plan into the EDA - CEDS plan and projects over the next five years.

Section Three: Development Set-Aside Agencies

The Development Set-Aside (DSA) Unit provides funding to support and promote economic development through tourism promotion, filmmaking, and cultural arts programs that strengthen and broaden the County's economic base, increase revenue, and the creation and retention of jobs. These efforts are undertaken in collaboration with the Monterey County Economic Opportunity Committee's designated five economic pillars: 1) Agriculture, 2) Tourism, 3) Research, 4) Education, and 5) Military Support.

Monterey County Board of Supervisors' receives recommendations made by the appointed advisory committee named, Economic Opportunity Committee (EOC), on how to direct investment of the Transient Occupancy Tax (TOT) dollars received each year from tourism spending in the unincorporated area of Monterey County. The Development Set Aside partners represent the largest expenditure allocation for economic development and yields over \$21 million in TOT dollars collected and 23,000 jobs in Monterey County with an economic benefit or annual Return on Investment (ROI).

Partner Organization	Direct Investment	Leverage	ROI Ratio
Monterey County CVB contribution*	\$1,192,924.00	\$21,000,000.00	1:17
Monterey County Arts Council	\$393,648.90	\$500,000.00	1:2
Monterey County Film Commission	\$188,871.95	\$1,000,000.00	1:6
Monterey County Business Council/PTAC	\$87,210.00	\$4,000,000.00	1:45
Monterey County Vintners & Growers Association	\$100,000.00	\$100,000.00	1:1
Monterey Bay Economic Partnership	\$10,000.00	\$150,000.00	1:15
Monterey County Small Business Development Center	\$5,000.00	\$200,000.00	1:4
Total	1,977,654	26,950,000	1:13

(*) Footnote: The Monterey County Convention & Visitors Bureau receives approximately \$1.2 million of County TOT funding that is combined with another \$4.5 million for a total CVB budget of \$6.5 million dollars that is then used generate \$73,000,000 in sales and economic impact.

ROI is the amount invested for each dollar in funding provided to a program operator how many dollars will the program typically return back to the County of Monterey in the form of sales tax, payroll dollars or Transient Occupancy Tax dollars. The overall ROI is for \$1 dollar invested is \$13 in return, or a ratio of 1:13.

Section Four: Housing Division

The Housing Division includes four major program areas;

1) The Inclusionary Housing Program mandated by County Ordinance; 2) The HOME, First Time Home Buyer (FTHB) and Down Payment Assistance (DPA) Program; 3) Community Development Block Grant or CDBG Urban County funds; and 4) Housing Successor Agency of the former redevelopment agency (note, we still have redevelopment districts that don't expire until 2023). Total outstanding funds are currently \$13,209,000 for a total of 150 loans in the following four areas:

1. Inclusionary Housing Program

The Inclusionary Housing Program was established through an Ordinance adopted by the Board of Supervisors in FY 1979-80. The Ordinance has been amended several times, most recently in 2011. The purpose of the Inclusionary Housing Fund is to facilitate development of housing for low and moderate income residents of Monterey County. The Fund is capitalized through payment of in-lieu fees by developers of subdivision projects and repayment of project loans made from inclusionary funds. Monies from the funds are distributed to eligible for-profit and non-profit developers to assist with the cost of providing affordable housing to households earning less than 120% of the County median income.

- 227 owner occupied Inclusionary Housing units with 7 current HOME loans.
- 405 inclusionary rental units.
- Prevented the loss of four (4) inclusionary homes from default, or a bankruptcy sale, in the last three years.
- Purchased one (1) home to prevent loss from bankruptcy and resold the home within in 120 days of purchase.
- Redevelopment debt or Successor Agency loans representing \$5.4 million in debt to service.

2. HOME Loan Program

The Home Grant Loan Program includes funds from the following agencies – HOME/CDBG/NSP

- \$13,209,000 in Principle Balance with a total of 150 loans.
- \$5,238,000 with South County Housing (Eden Management Company assumed 5 loans),
- Interim Housing – one loan for \$530,000,
- Housing Authority - \$1,457,000 for four (4) loans,
- \$978,000 Principal Balance for 29 Sweat Equity Loans.

3. Community Development Block Grant (CDBG) Urban County

Administered annually with 14 to 117 activities funded annually serving low/moderate income population and community facilities.

4. Housing Successor Agency

- \$6,962,000 Principal Balance for 12 loans,
 - o CHISPA - \$2,300,000 – 1 loans,
 - o Mid-Peninsula Housing - \$2,509,000 – 2 loans,
 - o South County Housing (Eden Management Company) - \$1,852,000 – 4 loans.

Two Redevelopment Areas still have projects until 2023.

- Boronda Redevelopment Area has \$521,000 and Castroville/Pajaro has \$6,400,000.

Section Five: Economic Development Department Budget

Summary of Recommendation

The Fiscal Year (FY) 2015-16 Recommended Budget for Economic Development Department (EDD) was \$22,005,176. Anticipated Revenue of \$17,561,356, equal to a reduction of \$186,420 from the previous FY 2014-15 Adopted Budget.

The General Fund Contribution increased by \$421,919, which included \$172,865 for the Development Set-Aside program, \$227,139 for the Housing and Economic Development Administration and a \$21,915 change in the Cluster Loan program.

Of the total \$22,005,176 budgeted funds, \$20,782,723 were restricted funds to be utilized for specific grants programs, leaving approximately \$1,222,543 for administration supplied by the General Fund for staff.

Economic Development, Housing and Administration are allocated \$1,222,543 to fund 3 housing staff, 2 economic development staff and 3 administrative staff for a total of 8 staff. Salaries were \$1.1 million and the balance is temp staff, professional service etc. The Economic Opportunity Committee made a special request for funding last year of \$200,000 the General Fund Budget for a one time allocation.

HdL Consulting medical marijuana (returned to GF)	\$64,000
Master Card Car Week Analysis expenditures for FY 2015	\$20,000
Web Site upgrade + marketing materials (pop ups)	\$15,000
Dover Kohl Grant Award to Marina (returned to GF)	\$10,000
IMPLAN - economic impact analysis	\$10,000
Monterey Bay Economic Partnership	\$10,000
Costar - real estate data base	\$ 7,200
Central Coast Marketing Team (CCMT)	\$ 2,500
California Local Economic Development (CALED)	\$ 7,200
International Economic Development Council (IEDC)	\$ 6,500
Professional Service (contract staff housing)	<u>\$48,000</u>
	\$220,400

The Economic Opportunity Committee made a special request for funding this year of \$100,000 from the Transient Occupancy Tax portion of the General Fund Budget and received a one year allocation of \$100,000 of which \$25,000 is allocated to City of Salinas to complete a Farm Worker Housing Study in the Salinas Valley and portions of Santa Cruz County. Of the \$75,000 remaining the bulk of the funds will be used to continue what was started the previous year to implement the SRI Strategic Plan for Monterey County.

Professional Consulting - (Farm Worker Housing Study, City of Salinas)	\$25,000
IMPLAN - economic impact analysis	\$10,000
Monterey Bay Economic partnership	\$10,000
Costar - real estate data base	\$ 7,200
Central Coast Marketing Team (CCMT)	\$ 2,500
California Local Economic Development (CALED)	\$ 7,200
International Economic Development Council (IEDC)	<u>\$ 6,500</u>
	\$68,400

Section Six: Workforce Development Board

A division of the Monterey County Economic Development Department, the Monterey County Workforce Development Board (WDB) was established through the Workforce Investment Act (WIA) in 1998, which was superseded by the Workforce Innovation and Opportunity Act (WIOA) on July 22, 2014. The Monterey County WDB is responsible for providing strategic planning, both at the local level and for the region, workforce research and regional labor market analysis, analysis of the economic conditions in the region, and assisting the Governor in developing the statewide workforce and labor market information system.

WIOA is a federally funded program designed to help job seekers access employment, education, training, and support services to succeed in the labor market and to match employers with the skilled workers they need to compete in the global economy.

Total federal source of funds for the year was approximately \$7,505,644 with \$6,466,953 received as an intergovernmental transfer to the Workforce Development Board and the balance of funds received by grant application for special programs.

The WDB oversees all WIOA Adult, Dislocated Worker, Youth, Business Services and Rapid Response Programs that operate under the WDB system in collaboration with other community partners, to include the primary WIOA service provider, Office for Employment Training, a division of the Monterey County Economic Development Department.

Funding is received to support businesses as well as job seekers. The Business Services Team works with Business to understand their needs so job seekers can be trained to meet those business needs.

The Workforce Development Board Business Services Team business provides outreach and services to the business community through Rapid Response activities; On-the-Job training activities; and Recruitment events.

Below is a summary of the number of businesses supported and the services provided for the Program Year July 1, 2015 through June 30, 2016:

- A total of **1,355** employers were served.
- A total of **570** applicants (average of **47** per month) were pre-screened prior to referral to local employers for placement.
- Of the total employers served, **232** job openings were posted online in the Cal JOBS system.
- A total of **568** participants were referred to area employers hiring with **78** job seekers hired.
- A total of **108** job fairs and custom recruiting events have been hosted by the Business Services Team.
- A total of **78** candidates were reported hired from the **108** job fairs and recruitment event hosted.
- A total of **8** Rapid Response and Layoff Aversion orientations were offered.
- **Thirteen (13)** candidates were enrolled in On-the-Job Training.

ADULT & DISLOCATED WORKER Programs

The Monterey County Workforce Innovation and Opportunity Act (WIOA) Adult and Dislocated Worker programs are designed to increase the employment, retention, earnings and occupational skill attainment of participants. Individuals may receive assistance through job referrals and labor market information or specialized employment services such as career assessment and job search assistance. Job training opportunities are also available for selected individuals who are in need of occupational training to gain the skills necessary to obtain productive, self-sustaining employment.

The following outlines the WIOA Adult and Dislocated Worker Programs enrollment outcomes for Program Year 2015-16:

- **429** Total Adults enrolled
- **167** Total Dislocated Workers enrolled
- **263** Customers received training
- **\$637,039** Total funds spent on training (not including leveraged resources)
- **204** Total number of individuals who entered employment
- **\$14.14** Avg. wage of Adults who entered employment 61%
- **\$17.66** Avg. wage of Dislocated Workers who entered employment 76%

YOUTH Program

The Monterey County WIOA Youth program has a reputation of excellence, with an objective of increasing the long-term employability of young people between the ages of 14-24 by means of education and training programs. Youth who meet income and program requirements are eligible to participate in the WIOA Youth program. The year-round youth program emphasizes attainment of basic skills competencies, enhances opportunities for academic and occupational training, and provides exposure to the job market and employment.

The following outlines the WIOA Youth Program enrollment outcomes for Program Year 2015-16:

- **217** Total Youth enrolled
- **87** Participated in the Youth Work Experience and Training
- **60** Placed into employment or education
- **26** Attained a degree or industry recognized certificate
- **69%** Out-of-School Youth enrollments

In addition to the WIA Adult, Dislocated Worker and Youth primary programs, the Monterey County WDB has a strong history of raising revenues that help to maintain service levels by applying for competitive and discretionary grants throughout the year. In program year 2015-16, Monterey County WDB received funding totaling \$1,620,642 to support the following special grants and projects:

AB 109 Public Safety Realignment Act

The Monterey County Probation Department, the lead agency for the implementation of the AB 109 Public Safety Realignment Act special project, collaborated with the Department of Social Services and the Office for Employment Training to provide services for up to 65 individuals to include ongoing personal, educational and career counseling, assessment of workforce skills and abilities and to develop service strategies that encompass appropriate training, and placement in subsidized employment opportunities. To support this effort, the WIB received \$389,361 in AB 109 Public Safety Realignment Act funds to serve more than 65 individuals with training, work experience, on-the-job training and supportive services.

Silver Star Program

The Silver Star program is a long-time collaborative effort with the Probation Department and other community-based organizations with a primary purpose to provide prevention services for youth and their families. The program's mission is to utilize a multi-agency collaborative of prevention and early intervention services to prevent and reduce gang association, membership and activities among youth ages 16 to 21 in Monterey County. The Office for Employment Training staff provides job preparation and job placement, work experience, and gang outreach and intervention support under this program. This year, the WDB received \$250,000 to support this collaborative effort.

From July 2015 through June 2016, 102 individuals were referred to the Silver Star Program to receive services and 39 were enrolled and placed into work experience.

Proposition 39 – Pre-Apprenticeship

In 2016, Santa Cruz County WIB received funding for the implementation of the Proposition 39 Pre-Apprenticeship Support, Training and Placement special project. Monterey WDB is partnering with the Santa Cruz and San Benito WDB partners to implement a program to fill critical workforce skills gaps by creating opportunities for job seekers to earn industry-valued credentials and enter into the apprenticeship or direct employment in the energy efficiency or construction sector. Implementation funding for this stage of the grant is \$400,000. The goal of the three counties is to serve 55+ individuals with the MC3 Trades Council curriculum.

DOL Workforce Innovation Grant

The Workforce Innovation Grant through the Department of Labor, titled Youth Ambassadors for Peace, provides opportunities to vulnerable youth, who are hard to serve. This is an intensive, relationship-oriented, hands-on leadership and career preparation experience for young adults in our community. Monterey WDB is partnering with Community Based Organizations or CBO's, non-profits, and Probation to identify those youth who need support the most. Through a multi-disciplinary case management, youth are provided assessments, goal setting, connection to resources, and support in navigating the complex maze of programs and services our community has in support of their success. Implementation funding for this stage of the grant is \$511,281 with the goal of enrolling up to 120 youth in an 18-month experience leading to a strong career path.

Section Six: Performance

Year End Performance

1. Company Locations: FY 2015-2016 ended on a high note with Turatti North America and Doug Scott Winery both locating in Salinas, with assistance provide by Andy Myrick of Salinas and Josh Metz of FORA,
2. Small Business and Micro Loans: One new loan to “Leaf and Water” located on the Monterey Wharf. A total of \$978,400 has been loaned to date with only two loans currently in default leaving a remaining balance of approximately \$497,000 in the Revolving Loan Fund (RLF),
3. Cluster Loan Program: Two cluster loans were repaid for \$25,000 each to close out the program,
4. Development Set Aside Partners were allocated approximately \$2,005,359 in FY 2015-16,
5. The Film Commission produced over \$1 million in net new film activity,
6. The Arts Commission leveraged approximately \$900,000 in Arts programs and grants,
7. The Convention & Visitors Bureau earned \$44 million in media attention and booked Group sales were 291 totaling 72,699 individual room nights as reported for April 30, 2016. The Monterey Visitors Center produced another 30,000 plus rooms nights booked through walk-ins,
8. Workforce: A total of 1,355 employers were served FY 2015-16,
9. Adult Dislocated Workers had 429 individuals enrolled FY 2015-16,
10. Youth had 217 individuals enrolled FY 2015-16,
11. AB 109 Probation Department program had 65 enrolled participants,
12. Silver Star Program had 102 enrolled,
13. Proposition 39 received \$400,000 in funding for Santa Cruz, San Benito and Monterey County,
14. Department of Labor (DOL) grant received \$511,281 with a goal to enroll 120 youth.

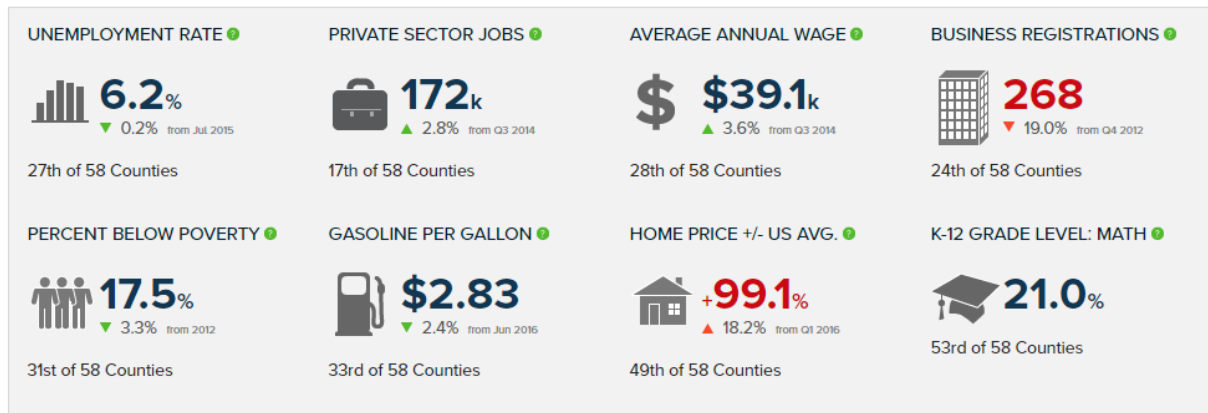
Section Eight: Economic Indicators

Economic Development Department tracks certain Economic Indicators that measure the health of the economy for Monterey County. Typical indicators are the unemployment rate, sales tax, property tax and Transient Occupancy Tax. The dashboard provided below is from the California Center for Jobs and the Economy, a legislative supported committee, designed to help gauge California's current economic health and performance. The Economic Development Department is using a third party provider to track this type of data as reliable source of public data to measure the health of Monterey County's economy and to provide a bench mark for future years to come.

Snap Shot as of June 2016, California Center for Jobs and the Economy

Monterey County VIEW PROFILE

VIEW BY: [STATE](#) [COUNTY](#) [REGION](#) [SENATE](#) [ASSEMBLY](#) [CONGRESS](#)



Economic indicators are available for the state and for regions, counties, and legislative districts. Data is available and may be viewed on the Monterey County website under Economic Development; http://www.co.monterey.ca.us/government/departments-a-h/economic-development#widget_1917_6712_4800