



Nevada County Economic Development **Action Plan**

Preliminary Findings & Recommendations

Board of Supervisors Briefing
January 9, 2024



ICS Consulting

Topics we will cover

Project description and scope

Key informants / contributors

Action Plan framework

Core findings (assets, constraints, and opportunities)

Recommended action areas

Questions, input, direction

Seven-month scope:

- Consistent with 2023 Board priorities, County contracted with ICS this summer to formulate a new two-year Economic Development Action Plan to be enacted starting in April 2024.
- **Two, linked goals:**
 - 1) Deliver a set of realistic and actionable strategies and tactics that will **guide the actions and investments of the County**; and
 - 2) Increase **alignment in the actions between the County and its various economic development partners** to improve economic efficiency and impact.
- Because the ED office is new, this two-year Action Plan is intended to provide interim guidance. A more comprehensive, long-term plan is envisioned in the years ahead, based on the learnings and outcomes from this Action Plan.

Project Goals:



- Increased economic activity
- Increased tax revenues
- Improved business retention and expansion
- Improved County competitiveness and win rate for federal and state investments and grants
- Improved branding and awareness inside and outside the County about Nevada County assets and advantages
- Stepped up communication and knowledge-sharing between the County and local businesses
- More support for entrepreneurs and local small business
- Increased alignment between the County and economic development stakeholders on a shared set of measurable priorities

Lean development process:

Phase 1: Discovery	Phase 2: Synthesis & Validation	Phase 3: Production & Presentation
<ul style="list-style-type: none"> ▪ Building awareness ▪ Internal interviews ▪ External interviews 	<ul style="list-style-type: none"> ▪ More Information gathering ▪ Key theme identification ▪ Workshopping results ▪ Action plan framework emerges 	<ul style="list-style-type: none"> ▪ Testing framework ▪ Drafting and presenting action plan ▪ Outlining next steps
August through October	October through December	December through January

Key informant interviews:

- County leadership
- All five Supervisors
- Sierra Business Council
- Economic Resource Council
- Sierra Commons
- Truckee Chamber
- Greater Grass Valley Chamber
- Nevada City Chamber
- Penn Valley Chamber
- County Cannabis Alliance
- Contractors Assn (County)
- Contractors Assn (Truckee-Tahoe)
- Nevada Co. Realtors Assn
- Rural County Representatives of California
- County Arts Council
- Both health systems
- Sierra College
- Alliance for Workforce Development
- County Sup of Schools
- Grass Valley City Manager
- Nevada City City Manager
- Truckee Town Manager

Two-Hour Workshop

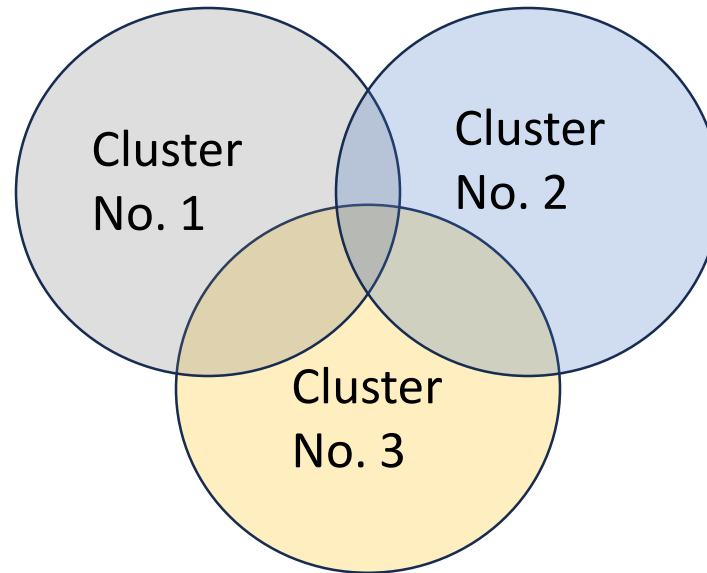
November 17, 2023

- ✓ Confirm key findings from interviews and research
- ✓ Input from practitioners on where the pain points are
- ✓ Interest in continued joint planning and action

INPUTS:

- Pipeline of founders and entrepreneurs
- Unique market solutions
- Available risk and/or investment capital
- Predictable government rules and regulations
- Technical support
- Prepared workforce
- Resilient supply chain
- Place-based business infrastructure
- Can-do mindset

Sustainable Economic Strategy



- Workforce Housing
- Education / WF development
- Infrastructure Investments
- Best Place to Do Business

OUTPUTS:

- Increased economic activity
- Living wage jobs
- Range of career options
- Workforce pipeline
- Business retention & expansion
- Rising tax revenues
- Responsible industries
- Resilient, low carbon supply chain
- Positive brand awareness

Economic Foundations

Commonly repeated themes:

“In general, the County’s public and private sector leadership held **a positive view of the County**, citing the natural beauty, historic downtowns, great schools, world-class recreational opportunities, and overall high quality of life. This view was offset by recent high profile business departures (e.g., Telestream, etc.) and systemic challenges, which several respondents characterized as a **“wake up call”** requiring a new way of thinking and acting to improve the economic ecosystem in the County.” – ICS



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Commonly repeated themes:

- Lack of **affordable workforce housing**
 - Diminishes pool of applicants for any position
 - Creates economic hardship and housing insecurity for all residents
 - Aggravates efforts to build up the workforce population in the County
- **Finding qualified employees**, especially those with sufficient “soft skills,” remains extremely difficult in the County, forcing some employers to scale back operations or operate at reduced hours
- **Broadband access** and reliability remains problematic
- **More funding** for local groups needed
- Nevada County is at least **two very distinct areas**, West and East

Assets:

- County viewed as high functioning and responsive
- Historic downtowns with unique event offerings
- Proportionately large **creative class*** and two cultural arts districts
- Outstanding downhill and cross-country skiing, river sports, mountain biking, road cycling, and hiking
- Mild weather, great soils, and clean water make local farming and ranching highly productive. Vast forestlands too
- High number of retirees both a pull on resources but also represent a largely untapped future workforce (flexible, knowledgeable, strong work ethic)
- Increased numbers of remote workers post pandemic
- A large number of nonprofits and the thousands they employ



Creative Class:

*People in design, arts, music, entertainment, and education whose economic function is to create new ideas, new technology and/or creative content.



Assets (conti):

- Existence and close-knit collaboration between Sierra Business Council, it's Small Business Development Center, Sierra Commons, the Nevada City Chamber, and the ERC to support startups, micro businesses and entrepreneurs with technical assistance and training
- Two locally anchored health systems (e.g., substantial tax base, employment base, community support, business leadership)
- Level of collaboration amongst and across high schools, Sierra College, business and workforce groups focused on Career Technical Education (CTE)
- Existence of education-workforce-business collaboration efforts to support County youth (i.e., ERC Talent Team)
- Relative to California, Nevada County has a small population (103,487 in 2021, according to the U.S. Census) whose leadership can assemble more easily and attempt new initiatives quickly which serves as a competitive advantage

Constraints:

- With a few exceptions, the lack of alignment between locally operating economic development groups around a central set of priorities, though respondents admitted that things are improving
- Evidence of a polarized community that lacks widespread agreement on the type of growth and re-investment it wants (if any), and where, adding to discord. This is amplified by successful NIMBYism actions (examples cited: Dorsey Marketplace, Loma Rica, American Hill, etc.)
- Availability of workforce housing
- Broadband access and reliability with sufficient upload and download speeds for employers and remote workers in both developed areas and remote locations
- Difficulty or exorbitant cost of obtaining and keeping business or residential insurance
- Lack of current inventory of businesses outside of Grass Valley or Nevada City which impedes the County's ability to know employers or to offer support and retention services to firms



Constraints (conti):

- 24-miles off the main interstate
- No Community Development Financial Institution (CDFI) presently in the County to support business startups and scaling
- Existence of world-class recreational assets but a lack of suitable or sufficient infrastructure to take advantage of them
- Lack of adequate tourist overnight accommodations (hotels, motels) and concern that short-term rentals may be impacting the availability of workforce housing
- Insufficient senior housing
- **NOTE:** A few respondents mentioned the difficulty of doing business in California due to high taxes and burdensome regulations



Opportunity Areas:

County-specific:

- Clarify the County's role in the economic development space in relation to other groups
- Take steps to improve coordination amongst and across County departments and various planning processes (e.g., general plan, recreation masterplan, economic development, climate change, etc.)
- Double-down on efforts to capture federal funding for infrastructure and clean, low-carbon industries for which the County has natural advantages
- Signal through County planning and infrastructure investment where business relocation and growth will be encouraged, with particular emphasis on properties surrounding the Nevada County Airport
- Determine a cost-effective way to maintain a current inventory of businesses located in the County to enable two-way communication
- Create a “How to do business in Nevada County” guide and ensure it is widely available
- Launch an incentive fund to help induce business expansion or relocation commitments with specific and measurable obligations on the recipient



Opportunity Areas:

The County and its Partners:

- Prioritize economic development actions that focus on a **“grow from within” strategy** with a sharp focus on investing in entrepreneurship, small business formation and support, and the County’s creative economy strengths
- Launch a formalized **business retention and expansion (BRE)** program to support employer needs and serve as an “early warning system”
- Launch a County-wide **live-work-play marketing campaign** informed by stakeholders and carried out by an outside firm to drive increased TOT revenues, retail and restaurant activity, and boost positive awareness for employers, employees and residents
- Leverage Visit California’s **Regional Tourism Strategic Planning** process and the County’s own recreation master planning process
- **Clarify the County’s competitive advantages** in advanced manufacturing, food and agriculture, and industries focused on delivering a low carbon future



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Recommended Investment Areas

Investment Areas:



Two-Year Operating Context:

- Strong evidence that local firms remain are under stress
- Highly likely that local employers will face strong headwinds in 2024-26 due to continued economic uncertainty, ongoing geopolitical conflicts, high cost of capital, weak access to qualified workforce and difficulty housing workers locally, ramifications of closing a multi-billion-dollar State budget deficit, political discord entering the 2024 election cycle, risks of further economic shocks and disruptions, and more
- Availability of high levels of federal and select state (California Jobs First) investment and grants related to economic capacity building and growth for which having an agreed-upon plan is advantageous
- Competition for investment, talent, and economic activity remains unrelenting

Investment Areas:

TIER 1 Funding (Most Important)



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AREA	Description	Rationale
(1) Augment ED Department	Increase staffing by 1.1 FTE (economic development specialist)	<ul style="list-style-type: none"> ▪ Increase staffing capacity ▪ Improve ability to provide geographic and issue coverage
	Add budget to contract for flexible, on-demand capacity to the Department as well as unique expertise, access, and connections	<ul style="list-style-type: none"> ▪ Pursuit of grant funding to support economic growth activities ▪ Design, integration and implementation of various Action Plan elements (e.g., BRE program activation; marketing plan activation; quarterly economic partners meetings, etc.)
(2) Launch BRE Program	Organize an inter-disciplinary team to methodically engage with firms to understand resolve business issues	<ul style="list-style-type: none"> ▪ Keep firms open, resilient, and growing to maintain jobs and tax base ▪ Serves as early warning system ▪ Improves problem awareness for resolution

Investment Areas:

TIER 1 Funding (conti.)



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AREA	Description	Rationale
(3) Launch a County-wide live-work-play marketing campaign	Development of a multi-year live-work-play marketing and promotion strategy with associated marketing tools and assets and local partner buy-in in alignment with existing County tourism and recreational efforts and the Visit California regional effort.	<ul style="list-style-type: none">▪ Working with partners forge a distinct and compelling set of marketing and promotional messages that suit the County and individual communities▪ Increase TOT receipts▪ Increase tax revenues▪ Increase employee retention and recruitment▪ Improve business retention and expansion▪ Boost local resident pride and awareness as ambassadors

Investment Areas:

TIER 2 Funding



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AREA	Description	Rationale
(4) Create a County incentive fund	A set of incentives (e.g., tax breaks, grants, subsidized loans, or improvements in infrastructure) used to induce business expansion or relocation commitments with specific and measurable obligations on the recipient.	<ul style="list-style-type: none">▪ Spur economic growth and job creation; broaden the tax base; increase the County's competitive advantages; and economic diversification▪ In high-cost environments providing flexible incentives can the difference in business retention and expansion decisions▪ Demonstrating the County's commitment to firm(s) and firm activities
(5) Augment County funding to support local business and trade groups	Increase funding over baseline for impactful and measurable activities that induce economic growth that is aligned with the newly adopted Action Plan	<ul style="list-style-type: none">▪ Funding availability for business and trade groups is often "counter-cyclical" meaning dollars from traditional sources drop just as demands for service and support rise▪ Encourage collaboration and alignment

Investment Areas:

TIER 2 Funding (conti.)



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AREA	Description	Rationale
(6) Conduct a comprehensive economic development planning process	Conduct quantitative and qualitative economic, fiscal, and community impact research, with stepped-up partner and community engagement activities and industry cluster and supply chain analysis for targeting action.	<ul style="list-style-type: none">Will equip both the County, area firms, and its economic development partners with market knowledge, insights, and tools to make strategic decisions, discern nuanced competitive advantages, plan for long-term economic diversification and resilience, and attract valuable investment and partnerships

Key Consideration:



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Investment in activities that encourage economic growth and business resilience protect the local tax base and provide an offsetting ***Return on Investment (ROI)*** in tax revenues retained or grown, plus avoidance of other public expenditures due to increased physical and mental health issues and social service costs due to business closures, increased joblessness, and economic dislocation.

Next Steps:

- Receive feedback and direction from the Board on ICS's preliminary findings and recommendations
- Make Action Plan adjustments based on Board feedback and return to the Supervisors with a fully detailed Action Plan with activation schedule and performance measures to gauge progress in February, seeking final adoption
- Take concrete steps to socialize the Action Plan once approved
- Convene regular meetings with the County's economic partners around the Action Plan goals for joint planning and action

Thank You!

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