Western Nevada County Economic Development Strategy

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Executive Summary & Economic Development Plan Recommendations

County of Nevada

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Executive Summary

Western Nevada County is in transition from a natural resource extraction and manufacturing economy into a service economy that relies on a skilled workforce, innovation and the creative energies of entrepreneurs. This report recommends actions and implementation steps that can help Western Nevada County take advantage of the changing regional economy. In this context, the economic development strategy is intended to achieve the following objectives:

- Expand job opportunities for current and future residents through economic development
 initiatives intended to sustain long-term job growth and achieve a better balance between jobs
 and housing. Job creation can help reduce the need for residents to commute to work outside
 of Nevada County.
- Expand workforce prosperity by attracting target industries and business clusters that pay higher wages and significantly contribute to the County's economy.
- Increase equity among Nevada County households by attracting companies that offer more career ladder opportunities for local residents, which will encourage skilled people to live and work in the area.

Economic Development Action Plan

The report proposes five economic development actions that are intended to achieve these objectives:

- Expand the capacity of Nevada County to engage in business attraction.
- Attract, expand and retain business targets.
- Create a business attraction marketing and branding effort.
- Improve linkages between employer skill needs and workforce training.
- Proactively market business and industrial park sites with infrastructure services in place.

The recommended actions and the rationale for each recommendation are described below.

Recommended Action #1: Expand the Capacity of Nevada County to Engage in Business Attraction

Nevada County's current economic development efforts are currently led by the ERC, which has a business retention and expansion focus. The report advises Nevada County to initiate a business attraction effort, which will complement the existing retention and expansion efforts. However, Nevada County cannot effectively engage in business attraction without adequate resources. Thus, the report recommends that the County's local governments expand the amount committed to economic development funding from its current level of \$95,000 to approximately \$300,000.

The additional funding would increase local capacity and provide the resources needed to engage in business attraction initiatives.¹

In order to provide needed funding for the business attraction effort, the County and its local partners could increase funding from their local resources or alternatively, redirect a portion of existing funding toward business attraction rather than tourism promotion. The recommended funding level would provide sufficient funding to support at least one full time staff person as well as implement a branding effort that includes the design and production of promotional materials.

Western Nevada County's local governments allocated \$204,000 for tourism promotion this past year. If additional resources are unavailable, local governments should consider shifting the tourism promotion funds to the business attraction initiative. Further, the County should consider alternatives for the most effective delivery of economic development activities and expand the current funding and governance model to include an enhanced level of partnership between the public and private sectors.

Documentation and Rationale to Support Action #1

Chapter 6 of the report describes the limited staff capacity and resources currently available to engage in business attraction. Western Nevada County's local governments do not have economic development staff, which limits their ability to be proactive, and the ERC lacks adequate resources to deliver certain essential economic development services such as business attraction. It is simply not possible to engage in effective business attraction without adequate resources.

Recommended Action #2: Attract, Expand and Retain Business Targets

In order to be most effective, Western Nevada County should actively engage in a more comprehensive economic development program and target its business retention, expansion and attraction efforts. Focusing the County's economic development efforts will maximize the returns on limited staff time and funding resources. The County's efforts should focus on industry and business cluster targets that have a strong presence in the region, have expanded faster than the general economy, utilize the skills of knowledge workers, and pay higher than average wages. The target industries and business clusters listed below were selected using the analytical techniques described in the body of the report:

- Construction
- Finance and insurance
- Professional services
- Health care services
- Information services

¹ Nevada County contributes \$75,000, Grass Valley contributes \$17,000 and Nevada City contributes \$3,000 to the ERC.

Western Nevada County's local governments should designate an economic development agency to be the initial contact point for business attraction, expansion and/or retention targets. This agency should refer business prospects to a single local government coordinator in each community who would likely be the Nevada County Housing and Economic Development Coordinator, the Grass Valley Community Development Director, and the Nevada City Manager. The local government coordinators would work with each business prospect to comply with their specific land use planning and urban design guidelines.

Documentation and Rationale to Support Action #2

Currently, the agencies in Nevada County that conduct economic development activities lack the resources to engage in effective and targeted business attraction. Additional resources will be needed to create and undertake an effective business attraction program. In order to be successful, the designated economic development agency must have broad support from the private sector and local government leaders.

Available economic development funding and staff time resources should focus on attracting the target businesses identified in Chapter 3 of the Report. (Chapter 3 also identifies the industries that should not be targeted.) The methodology described in the Appendices includes a description of the methodology used to analyze the industries and detailed data tables that form the foundation of the recommended industry and business cluster targets.

Recommended Action #3: Create a Business Attraction Marketing and Branding Effort

An economic development leadership committee should be organized to review and discuss the goals for a marketing and branding effort to convey a unified message about the attractiveness of Western Nevada County as a business location. The branding message should consider incorporating the area's economic development assets, which are listed below:

- Proximity to the Sacramento Metropolitan Area
- Presence of a skilled high technology workforce
- Presence of companies that are leaders in technology and innovations
- Presence of a General Aviation airport
- Presence of historic downtowns, open space, recreation, and other quality of life assets that can help attract capital investment and entrepreneurial skills

A private consultant could be commissioned to lead the branding effort at a cost of between \$40,000 and \$80,000.

Documentation and Rationale to Support Action #3

Western Nevada County has not been actively promoted and branded as an attractive business location. (See Chapter 2 of the report.) The ERC has not developed a marketing or branding campaign because business attraction is not part of the organizational mission. The Chambers of Commerce have branding campaigns that are focused on visitor attraction, not business attraction.

Recommended Action #4: Improve Linkages Between Employer Skill Needs and Workforce Training

The economic development leadership committee should identify ways to improve the effectiveness of the County's workforce training programs. Sierra College and the WIB need to improve linkages between training offerings and the workforce skills required by Western Nevada County's current and future employers. Regular meetings should be conducted, and the workforce training programs should be retooled to better match employers' needs for knowledge intensive workers.

Documentation and Rationale to Support Action #4

The necessity to recruit skilled workers from outside Nevada County is an indicator that greater efforts are needed to link employers' skill needs with local workforce training programs. (See Chapter 5 for more detailed information about workforce training and employers' skill requirements.) Elsewhere in the United States, universities and colleges are retooling their programs to better link with regional economic development needs. This has not yet happened in Western Nevada County.

Recommended Action #5: Proactively Market Business and Industrial Park Sites with Infrastructure Services in Place

The ERC, in partnership with Nevada County, Grass Valley, Nevada City and local property owners, should market and promote potential business and industrial park sites with adequate infrastructure. The sites listed below have access to sewer, water and other services. Therefore, these sites are ready to be developed and can be proactively marketed to attract new business and industry:

- Nevada City Tech Center
- Grass Valley Infill Sites
- Nevada County Airport Area²
- Loma Rica Industrial Park
- Former Grass Valley Campus at Bitney Springs

² Five parcels exist under the control of the County and the Airport that could be developed for business uses.

Eight additional sites or areas are not yet ready to be marketed or promoted to business prospects because they lack adequate infrastructure systems to support new business development, and they should not be marketed in advance of infrastructure improvements:

- Southhill Village SDA
- Northstar SDA
- Loma Rica SDA
- Loma Rica (North of the Airport Runway)
- Higgins (Highway 49 Frontage)
- Loma Rica/Brunswick Road
- Higgins (Combie Road and Industrial Place)
- Penn Valley³
- North San Juan

More information about the sites and their development conditions and limitations can be found in Chapter 4 of this report.

Documentation and Rationale to Support Action #5

Chapter 4 of the report provides information about the potential business and industrial park sites throughout Western Nevada County. It identifies the economic development opportunity areas or sites that are ready to be developed, and the sites that are constrained by the limitations of funding and financing infrastructure improvements. Chapter 4 also explains that the higher rents and values earned from commercial and residential properties make it more feasible for owners to finance infrastructure improvements for commercial and residential development, rather than for business park or light industrial uses.

Organization and Summary of Report Contents

The detailed action plan and recommendations are described in the final section of the report. The other key components of the report are summarized below.

Business Attraction Strengths and Constraints

An effective business attraction effort will require a marketing effort that capitalizes upon Western Nevada County's strengths and overcomes its constraints as a business location. The area's business attraction strengths and constraints are listed below.

³ In addition, there is a developed site on Highway 20 in Penn Valley that contains existing leased space for business uses.

Business Attraction Strengths

- Proximity to the Sacramento metropolitan area
- Skilled high technology workforce cluster
- Presence of companies with leading technologies and innovations
- Presence of a regional General Aviation airport
- Presence of historic downtowns, open space, recreation and other quality of life assets

Business Attraction Constraints

- No business attraction experience
- Inadequate public funding for business attraction
- No branding or marketing effort
- Poor linkages between employer workforce needs and available training opportunities
- · Lack of sites ready for development
- Housing affordability

Industry and Business Cluster Targets

The body of the report identifies the industry and business cluster targets that should be recruited to Western Nevada County (as described in recommended Action #2). The business attraction efforts should first be focused on firms currently located in the Sacramento metropolitan area that have been growing rapidly and may need to expand. These businesses need to be informed that Western Nevada County has available business sites, a trained workforce and a friendly business climate.

Efforts should be made to retain Western Nevada County's manufacturing base because these firms pay good wages and add value to the economy. However, manufacturing is in decline throughout California, and Western Nevada County's manufacturers are under stress from low cost competitors that are located closer to the markets. As manufacturing establishments continue to experience tremendous competitive globalization pressures, Western Nevada County is unlikely to attract new manufacturing companies given its location.

The selection of industry targets also identifies industries and business clusters that should not receive any special public sector funding or staff time investments. Tourism, retail trade and personal service industries are not targets because they primarily generate low wage jobs with few career-building opportunities. Wholesale and warehouse businesses are not targets because Western Nevada County is not in a good geographic position to capture new growth, and these industries have been stagnating, which would not be a good use of Western Nevada County's time and funding resources.

Economic Development Opportunity Areas and Sites

Economic development efforts in Western Nevada County will fail without sites that can be developed for new space. At this time, the Nevada City Tech Center has entitlements to build 250,000 square feet of new business park space without any infrastructure constraints to new development. The Tech Center is the region's only business park with available land, adequate infrastructure services and access to the investment capital needed to finance new business space on the site. The Tech Center and four other opportunity sites were described in the body of the report and included in recommended Action #3 as Western Nevada County's most marketable sites for light industry or business park uses.

Other sites with business park or light industrial zoning are not ready to market and promote because of infrastructure constraints. The constraints may be addressed by receiving Federal and State grants to fund the infrastructure services that will be needed to attract business. However, Federal and State funding for infrastructure is limited. Moreover, many funding sources (CDBG Over the Counter and EDA) require a business commitment to a specific site in advance of the infrastructure grant. Securing this type of commitment is very difficult for businesses that need to make fast decisions and have alternative sites with infrastructure located away from Nevada County.

Accordingly, the use of public/private partnerships is a recommended approach to new light industrial and business park site development. This technique, which is often used in other jurisdictions, encourages private investment by incorporating some level of public financing and/or funding for infrastructure. This would require the County to review and possibly amend its existing land use and debt financing policies to encourage new development with the goal of establishing public infrastructure financing mechanisms with a high degree of financial integrity to protect the interests of the taxpayers.

Given market and site constraints, the extension of infrastructure systems by the private sector alone may take many years, as described in Chapter 4. Due to the relatively low market rents that can be earned from manufacturing and business park tenants, it is not currently feasible for most property owners and developers to privately finance the required infrastructure improvements for industrial sites. This also creates a financial incentive for property owners to convert land use designations to commercial retail or residential space, which improve the feasibility of privately financing the required infrastructure improvements.

Workforce Training and Employment Linkages

Western Nevada County's residents have completed relatively high levels of formal education. However, a significant gap exists between the occupational skills of the current workforce and the occupational skills required by the industry targets. The successful attraction of the business cluster targets will shift the demand for skilled workers away from personal services, sales, production, and transportation occupations, which can be learned on the job.

The targeted business cluster firms will need more skilled people with at least some post secondary education and higher levels of formal, technical training. New employers will expand the demand for occupations engaged in professional and technical services, construction, business administration, management, and financial services.

Western Nevada County needs to be better prepared for this coming transition. Neither the WIB nor Sierra College offers a sufficient number and variety of local training programs to meet the requirements for a larger percentage of knowledge intensive workers. More complete information about workforce training and employment linkages can be found in Chapter 5.

Economic Development Roles and Responsibilities

Nevada County, Grass Valley and Nevada City have limited staff capacity to engage in business attraction, retention or expansion. Consequently, Western Nevada County's local governments contract with the Nevada County Economic Resource Council (ERC), the Sierra Economic Development Corporation (SEDCorp), five Chambers of Commerce, downtown associations, and the Nevada County Winery Association to deliver Western Nevada County's economic development and tourism promotion services. A more thorough explanation of the economic development roles and responsibilities for Western Nevada County's local governments and non-profit organizations is provided in Chapter 6 of the report.

7. Economic Development Action Plan

The economic development action plan presents a direction on how Nevada County can capitalize upon unrealized opportunities and adjust to globalization, which will shape Western Nevada County's economic future. The recommended actions and implementation steps are summarized in Figure 11, included at the end of this section and described below. The linkages between the recommended actions and the body of the report are also included as a subsection of each recommendation.

7.1 Recommended Action #1: Expand the Capacity of Nevada County to Engage in Business Attraction

Nevada County's current economic development efforts are currently led by non-profit organizations that provide economic development and tourism promotion services. ⁴⁶ Western Nevada County local governments need to complement their existing activities by funding a business attraction effort and expanding the economic development funding from its current level of \$95,000 to approximately \$300,000. The additional resources could help fund additional staff, travel and collateral materials focused on business attraction and expansion efforts.

Implementation of Action #1

A dedicated source of public funding should be committed to the business attraction efforts. If no additional sources of local revenues are available, then Western Nevada County's local governments should consider redirecting a portion of the \$204,000 that is allocated for tourism promotion. Further, the County should consider alternatives for the most effective delivery of economic development activities and expand the current funding and governance model to include an enhanced level of partnership between the public and private sectors.

County's Implementation Role

Nevada County, Grass Valley and Nevada City are economic development partners. Thus, the long-term funding of a business attraction effort has to be addressed by all three local governments. The County should study funding options to be sure that an adequate amount of money can be raised.

⁴⁶ Nevada County contributes \$75,000; Grass Valley contributes \$17,000 and Nevada City contributes \$3,000 to the ERC for business retention and expansion services. Local governments also allocate \$204,000 for tourism promotion services, which are delivered by the Chambers of Commerce, the Downtown Associations and the Nevada County Winery Association.

Documentation and Rationale to Support Action #1

Chapter 6 describes the limited staff capacity and resources available to engage in business attraction. No coordinated business attraction effort currently exists, and additional funding is needed to will support dedicated staff, travel and the collateral materials needed to launch an effective business attraction effort.

7.2 Recommended Action #2: Attract, Expand and Retain Business Targets

Targeting industry and business clusters in the Sacramento Metropolitan area that may need new space will maximize the returns on limited staff time and funding resources. In order to be most effective, Western Nevada County should actively engage in a more comprehensive economic development program and target its business retention, expansion and attraction efforts. Focusing the County's economic development efforts will maximize the returns on limited staff time and funding resources. A targeted economic development effort should focus on industry and business cluster targets that have a strong presence in the region, have expanded faster than the general economy, utilize the skills of knowledge workers, and pay higher than average wages. The target industries and business clusters listed below were selected using the analytical techniques described in Chapter 3 of the report:

- Construction
- Finance and insurance
- Professional services
- Health care services
- Information services

Implementation of Action #2

Western Nevada County's local governments should designate an economic development agency to be the initial contact point for business attraction, expansion and/or retention prospects. This agency should refer business prospects to a single local government coordinator in each community who would likely be the Nevada County Housing and Economic Development Coordinator, the Grass Valley Community Development Director, and the Nevada City Manager. The local government coordinators would work with each business prospect to comply with their specific land use planning and urban design guidelines.

The agencies in Nevada County that conduct economic development activities currently lack the resources to engage in effective and targeted business attraction. Additional funding will be needed to create and undertake an effective business attraction program. In order to be successful, the designated economic development agency must have broad support from the private sector and local government leaders.

County's Implementation Role

Nevada County can play a significant role by expanding the amount of funding available for business retention, expansion and attraction efforts. The implementation actions of the non-profit, economic development service delivery organizations can be influenced by focusing County funds on business attraction efforts and requiring regular performance measures reports to County staff and the Board of Supervisors.

Documentation and Rationale for Action #2

The recommended business targets have significant business expansion potential, utilize the skills of knowledge workers, and in turn, will raise the level of wages paid by Nevada County's private employers. The recommended business retention, expansion and attraction efforts will take advantage of the changing regional economy and expand the number of higher paying jobs, thus helping to reduce the need for workers to commute out of the County. The detailed tables of data that form the foundation of the recommended industry and business cluster targets are presented in Appendix A, and the methodology used to select the industry targets is described in Appendix C.

7.3 Recommended Action #3: Create a Business Attraction Marketing and Branding Effort

A marketing and branding campaign should be initiated to convey a unified message about the attractiveness of Western Nevada County as a business location. The branding message should consider incorporating the area's economic development assets, which are listed below.

- Proximity to the Sacramento Metropolitan Area
- Presence of a skilled high technology workforce
- Presence of companies that are leaders in technology and innovations
- Presence of a General Aviation airport
- Presence of historic downtowns, open space, recreation, and other quality of life assets that can help attract capital investment and entrepreneurial skills

Implementation of Action #3

An economic development leadership committee should be organized to review and discuss this report, and the economic development marketing and branding effort. The leadership committee should include Nevada County's local governments and the non-profit economic development service delivery organizations. A marketing and branding consultant may be needed to facilitate the message conveyed and prepare effective promotional materials. A private consultant could be commissioned to lead the branding effort at a cost of between \$40,000 and \$80,000.

County's Implementation Role

Nevada County can have an important leadership role in implementing an economic development marketing and branding campaign. County leaders can declare their desire to initiate and fund such an effort, encourage other local governments to fund the effort and help form public/private partnership that can lead the implementation.

Documentation and Rationale to Support Action #3

Western Nevada County's has numerous business attraction strengths, which could form the foundation of a marketing and branding campaign. (See Chapter 2.) To date, Western Nevada County's local governments and the non-profit economic development service delivery organizations have not engaged in business attraction, and therefore, the County has not developed a marketing or branding campaign. See the "Training Manual for Economic Development Marketing," which the International Economic Development Council publishes for more information about the components of a marketing and branding effort.

7.4 Recommended Action #4: Improve Linkages Between Employer Skill Needs and Workforce Training

Western Nevada County's economic development leadership committee should identify ways to improve the workforce training programs to better match the needs of existing and future employers. Sierra College and the WIB should be guided to improve linkages between training and the workforce skills required by Western Nevada County's current and future employers.

Implementation of Action #4

The economic development leadership committee formed to implement Action #3 should be continued to implement this recommendation. Sierra College and the WIB should be guided to better serve the economic development needs of Western Nevada County. Regular meetings should be conducted and the workforce training programs should be retooled to better match employer's needs for knowledge intensive workers.

County's Implementation Role

Nevada County can lead the implementation of the need to improve linkages between employer skills needs and workforce training by convening a meeting of economic development and workforce leaders, and engaging in a series of discussions about how to improve the linkages. The implementation of this action step should become a part of Sierra College and the WIB's organizational mission.

Documentation and Rationale to Support Action #4

The poor linkages between employer skill needs and the workforce training programs available to Western Nevada County residents are evidenced by the necessity to recruit skilled workers from outside the County. Elsewhere in the United States, universities and colleges are retooling their programs to better link with regional economic development needs. This has not yet happened in Western Nevada County. For more information about the importance of having a prepared workforce see the "People and the Competitive Advantages of Plan."

7.5 Recommended Action #5: Proactively Market Business and Industrial Park Sites with Infrastructure Services in Place.

The five areas listed below are described in the body of the report as having adequate sewer, water and other infrastructure services to accommodate and support new business development. Therefore, the sites listed below can be proactively marketed to attract new business and industry:

- Nevada City Tech Center (250,000 square feet of potential buildable space)
- Grass Valley Infill Sites (62 buildable acres)
- Nevada County Airport Area (Five parcels)
- Loma Rica Industrial Park (Approximately 10 vacant undeveloped parcels)
- Former Grass Valley Campus at Bitney Springs (Reuse of the existing site)

Implementation of Action #5

Marketing and promoting the five priority economic development sites needs to be integrated with the general branding and business attraction effort. Private owners and developers need to be included in the outreach effort. Specific ways that the business attraction effort can help market the available sites are summarized below.

Nevada City Tech Center.

The Tech Center should be featured on a Western Nevada County business attraction web site. Collateral promotional materials have been prepared by the real estate broker and property owner, which should be distributed by the region's local governments and non-profit economic development service delivery organizations. The property owner and real estate broker should receive assistance in marketing this important site. Nevada City should work with the property owner to finance and fund roadway, signage and design improvements to the site.

⁴⁷ Report was written in 2005 by Shari Garmise, which can be purchased from the International Economic Development Council.

Grass Valley Infill Sites.

The ERC and the City of Grass Valley should collaborate to produce a map of the available infill sites for distribution to potential business prospects, which should be integrated into the ERC web site. The map could be linked to a database that includes the property size, assessor parcel number, property ownership, realtor contacts, topography and other environmental constraints.

Nevada County Airport Area

The Nevada County, Airport Authority and the ERC should collaborate to prepare collateral materials about the available vacant parcels and include the information in the ERC web site. Nevada County can help solve specific site development constraints, and new sites can be made available if the County relocates its Corporation Yard.

Loma Rica Industrial Park.

Nevada County should collaborate with the ERC to document the location and characteristics of vacant spaces, and the few remaining developable sites within the Loma Rica Industrial Park. Placing vacant sites and buildings on the ERC web site could help attract potential prospects to the available properties.

Former Grass Valley Campus at Bitney Springs

Nevada County can help market the Bitney Springs site by collaborating with the owner to place the property on the ERC web site for potential reuse. The Bitney Springs campus could be marketed to Federal and State agencies that may be looking for a built campus in a remote and secure location.

County's Implementation Role

Nevada County has land use jurisdiction over Bitney Springs, the Loma Rica Industrial Park and the Nevada County Airport sites. These areas are ready to be promoted for new business, but the amount of new business space that can be developed in the County is limited. Other sites with business park or light industrial zoning are not ready to market and promote because of infrastructure constraints. Thus, the County should review and possibly amend its existing land use and debt financing policies with the goal of establishing public infrastructure financing mechanisms with a high degree of financial integrity to protect the interests of the taxpayers.

Documentation and Rationale for Action #5

Chapter 4 identifies business sites that with adequate infrastructure and sites that lack adequate infrastructure, which should not be promoted for business attraction. The section also explains that rents and land values earned from commercial and residential properties are an incentive to change the zoning for some business park and light industrial properties because it is more financially feasible to privately finance infrastructure improvements for commercial and residential development.

Figure 11
Summary of Recommended Economic Development Actions in Western Nevada County

| Recommended Actions | Implementation Actions | County's Role | Rationale |
|---|---|--|---|
| Expand the capacity of Nevada County to engage in business attraction | Dedicate up to \$300,000 for business attraction. Identify and recognize a single organization to lead the business attraction effort. | Partner with other Grass Valley and Nevada City to address expanding the business attraction funding and implementation efforts. | Adequate resources are needed to engage in effective business attraction. |
| Attract, expand and retain business targets | Focus economic development efforts on business attraction, expansion and retention targets. Identify a single organization to coordinate these efforts. | Recognize a single organization to lead | The recommended industry targets have a strong presence in the region, expanded faster than the general economy, utilize the skills of knowledge workers, and may raise the level of wages paid by Nevada County's private employers. |
| Create a business attraction marketing and branding effort | Form a leadership committee to initiate a marketing and branding effort. | Initiate and fund a branding effort, in partnership with other local governments and the private sector. | A significant body of literature demonstrates the benefits of a marketing and branding effort. |
| Improve linkages between employer skill needs and workforce training | Form a leadership committee to address employer skill needs and workforce training programs. | Convene a meeting of economic development and workforce leaders to improve linkages. | Communities throughout the United States are making better efforts to link economic development and workforce skills programs. |
| Proactively market business and industrial park sites with infrastructure services in place | 11 7 | Expand the number of sites available for light industrial and business park uses by reviewing and possibly amending existing land use and public funding/financing policies. | Western Nevada County should only market sites with infrastructure services because it would be counter productive to promote sites with no infrastructure funding plan in place. |