

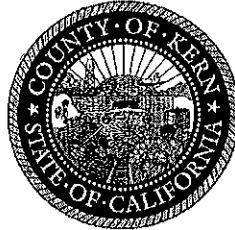
RESOURCE MANAGEMENT AGENCY

DAVID PRICE III, DIRECTOR

Community and Economic Development Department • Engineering & Survey Services Department • Environmental Health Services Department • Planning Department • Roads Department

Phones: (661) 862-8800
(800) 552-5376, Menu Option 5
Fax: (661) 862-8801
TTY Relay: (800) 735-2929

2700 "M" STREET, SUITE 350
BAKERSFIELD, CA 93301-2370
E-mail: rma@co.kern.ca.us
Web Page: <http://www.co.kern.ca.us/rma/>



October 31, 2006

Board of Supervisors
Kern County Administrative Center
1115 Truxtun Avenue
Bakersfield, CA 93301

KERN COUNTY ECONOMIC DEVELOPMENT STRATEGY IMPLEMENTATION PROGRESS REPORT (ALL S.D.'S) Fiscal Impact: None

In April 2005, your Board of Supervisors (Board) approved a new Countywide Economic Development Strategy (Strategy). By doing so, your Board directed that a new organizational structure be created, consistent with Strategy recommendations, to implement the Strategy. It assigned the responsibility for coordination of that new structure to the Economic and Community Development Department (CEDD).

The organizational structure consists of the Stewardship Group, composed of permanent and rotating members, and five Flagship Initiatives, each to be organized and overseen by a specific entity. The Strategy recommended that the Stewardship Group make regular reports to your Board concerning the progress of Strategy Implementation. The third Stewardship Group status report is attached and details the considerable work that has been done to date. But even more could be accomplished.

Because of fiscal limitations and historical County budget decisions, inadequate resources are currently dedicated to the implementation of the Strategy. Due to staff reductions in key departments, these participants have been unable to commit the staff that is required to accomplish the Strategy's objectives. The Stewardship Group has been chaired by former CEDD Director, Guy Greenlee, since his retirement from County service earlier this year. However, it is the opinion of the Stewardship Group, including Mr. Greenlee, that the Stewardship Group now deserves the time commitment and attention that only a full time paid coordinator would afford.

Also, as envisioned by your Board at the time of Strategy adoption, a key objective was to gradually incorporate more members of the private sector business community as members of the Stewardship Group. As the business cluster groups were formed, those leading the cluster groups would gradually assume the leadership role on the Stewardship Group.

The primary entity responsible for cluster group development is the Kern Economic Development Corporation (KEDC). KEDC is highly committed to the Strategy and its success. It structures its activities in such a way as to be consistent with and complementary to the broader effort and has taken steps to hire staff and form the first three cluster groups: Transportation, Logistics and Warehousing; Energy and Chemicals (with a focus on Renewable Energy; and Value-Added Agriculture.

At the Stewardship Group of October 11, 2006, the Group discussed given our current progress, how activities should be coordinated into the future. Those comments included:

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- There needs to be a paid facilitator of Stewardship Group activities. The job deserves a full time effort to coordinate the efforts of all implementing entities.
- A paid coordinator is only a partial solution. The entities responsible for flagship initiatives must also have the resources to accomplish the work suggested for them in the strategy.
- The Planning Department is concerned that it doesn't have staff necessary to appropriately address the Department's core functions much less take-on the work required to implement the Land Use/Infrastructure flagship initiative. Strategy based expectations of the Planning Department may, therefore, be unrealistic -- not because the Department doesn't have the resources on paper, there just aren't people qualified and willing to take the funded positions available in the Department.
- There is a need to further prioritize the Strategy related functions of all implementing entities. These entities could then address responsibilities in priority order as limited resources allow.
- Each implementing entity should identify specific types of information needed from industry cluster groups that would allow implementing entities to be most helpful to businesses within each cluster.
- It was suggested that maybe Stewardship Group functions should be assumed by another existing group to limit possible duplication of meetings by many of the same people represented on the Stewardship Group. This may also solve the issue of having a paid staff person designated to coordinate related functions. KEDC was suggested as a possible organization to assume this role. Pending discussions with the new President and Chief Executive officer, Mr. Richard Chapman, will allow further consideration of this option.
- No matter which options are given further consideration, discussions regarding what these may cost and where the funds would come from must still occur.

This program is somewhat at a crossroads. While good progress has been made to date, a more involved effort is required to fully realize the benefits that will come from full implementation of the plan. The Stewardship Group felt that input from your Board would be invaluable as a means to gauge the amount of support for efforts supporting enhanced implementation of the Strategy. The Stewardship Group asked that this item be a non-consent item so that some of these issues could be publicly reviewed and discussed while staff received direction from your Board concerning future steps.

Therefore, IT IS RECOMMENDED that your Board receive and file the report and refer to CAO and RMA to review and recommend options for enhancement of the economic development program.

Sincerely,



David Price III

Director

Attachment

cc: County Administrative Officer
RMA Department Heads
Kern County Economic Development Strategy Stewardship Group

Kern County Economic Development Strategy IMPLEMENTATION PROGRESS REPORT

10/08/06

INTRODUCTION

The Board of Supervisors approved the Economic Development Strategy on April 5, 2005. The goals of the Strategy are directed to retention, expansion, and attraction of businesses, primarily within seven industry clusters:

- Aerospace and Defense
- Business and Professional Services
- Energy and Chemicals
- Health Services and Medical Technologies
- Tourism, Recreation, and Entertainment
- Transportation, Logistics, and Warehousing
- Value-Added Agriculture

The entire Strategy and an Executive Summary are available for review at: www.co.kern.ca.us/econdev.

Responsibility for implementation of the Strategy is placed with a "Stewardship Committee" made up of leaders from industry, education, public institutions, and other community representatives. The County's Economic and Community and Economic Development Department is charged with coordination of Strategy Implementation, including Stewardship Committee meetings, at least until industry cluster leaders are fully engaged in the functions of the Committee.

Some of the members of the Committee were also assigned responsibility for pursuing "Flagship Initiatives" – crosscutting initiatives to address competitive challenges shared by all targeted industry clusters. This report is organized according to those Flagship Initiatives, with reports by the entities responsible for pursuing related recommendations from the Strategy.

Those responsible for Strategy implementation are focused on work directed to that end. The Strategy also includes specific recommendations regarding **measuring the impact of Strategy implementation**. The Stewardship Committee has identified specific performance indicators to measure that impact, and entered into an agreement with Dr. Abbas Grammy of California State University Bakersfield to track the indicators over time and produce an annual report on progress. The first of these reports will be completed very soon. It will be available for review on the County Community and Economic Development Department and KEDC websites after presentation to the Board of Supervisors.

HUMAN RESOURCES – Update based on information provided by the County Employers Training Resource (ETR) Department

Primary goals for the Human Resources Flagship include alignment of workforce development, training, and education to respond to needs of the industry clusters and to

support the growth of a higher-skilled workforce by developing a collaborative approach to the analysis of supply and demand by all stakeholders in the County.

The Strategy noted three sub-strategies for the flagship: Providing Workforce Investment Board (WIB) funding for cluster training; establishing new training to support key skill needs; and ensuring that K-12 education programs provide a strong basis for future workers.

Proposed Actions/Timeline

The WIB approved the Strategy at its meeting of March 31, 2005, and has continued to address the implementation of the Strategy recommendations.

Strategy #1 - WIB Funding:

With significant budget cuts of about 20% since the approval of the ED Strategy it will be more difficult to fund new training programs under the Workforce Investment Act (WIA). ETR will look at redirecting use of funds if possible. ETR has received two Rapid Response grants that focus on Industry Clusters. One grant is for Lay-Off Aversion and the other is for a Cluster Based Rapid Response Initiative. As part of these grants ETR has conducted an extensive Labor Market Survey contacting 200 employers by phone. This survey covered both large and small employers and looked at skills laid off worker(s) lacked, recruiting strategies, how employers train, how they promote, strategies employers use to retain employees, and what training programs would be helpful. The results of this survey are currently being tabulated.

A major labor market study (ERISS) has also been completed. This survey funded by the Workforce Investment Board (WIB) will result in a comprehensive labor market report that included businesses in the Industry Clusters. Survey highlights covered Current Openings, Growth, Turnover, Demand, Difficulty in Hiring, Services to Assist Industry Growth, Barriers to Retaining Employees, and Most Common Deficiencies Among Recent Job Applicants/Recently Hired.

Strategy #2 - Establish New Training: This strategy requires working with the industry cluster networks, educational providers, and business to confirm needs, evaluate supply/demand, and develop new courses. Specific timelines have not been set, as it is dependent upon the existence of cluster networks.

The Career Service Center (CSC)/ETR Cluster Coordinator is participating in the Educational Task Force chaired by KEDC. This task force is made up of business, community services, and educators. The mission is to develop training to better prepare today's and tomorrow's work force. Meetings are held monthly. Areas being worked on are the development of a web-site that will focus on Workforce and Biz/Connect (a program designed to take industry cluster business representatives into the classroom).

Employers' Training Resource has been assisting Xtech, a local oil tool making company. ETR has provided On-The-Job Training contracts for new hires and has recently begun writing upgrade OJT's. Xtech has started an internal training program for machinists, and is promoting current staff into this training. Xtech is in the Energy/Chemicals Cluster.

The CSC has Cluster Representatives in 5 Industry Clusters. These are Energy/Chemicals, Business and Professional Services, Warehouse/Logistics/Transportation, Value Added Ag, and Health Services and Medical Technologies.

KEDC's Workforce Coordinator and the CSC/ETR Cluster Coordinator developed a PowerPoint presentation on Cluster Coordination activities, goals, and roles. This PowerPoint training has been presented to CSC staff located at the Stockdale and Southeast CSC. Training with CSC staff was held in May and June 2006.

The CSC/ETR Cluster Coordinator, in conjunction with KEDC, has participated in six presentations to employers considering Kern County for their business. Clusters represented by these presentations include Manufacturing, Business & Professional Services and Logistics.

From January 1 through June 30, 2006, the CSC staff has developed 2,063 job orders, resulting in 9,835 job openings of which 5,399 are full-time, 1,672 part-time, and 2,764 temporary in the seven industry clusters.

In addition, ETR has actively marketed and written 114 On-the-Job Training Contracts with 14 employers in the industry clusters during the period from July 2005 to June 2006.

Clusters	# OJTs Issued	# of Employers
Aerospace/Defense	0	0
Business & Professional Services	7	3
Energy & Chemicals	7	2
Health Services & Medical Technologies	26	3
Tourism, Recreation & Entertainment	3	1
Transportation, Logistics & Warehousing	71	5
Value-Added Ag	0	0
Subtotal	114	14

Also of note: ETR has applied for grants related to the industry clusters including the following proposals in the past two months.

Kern County collaborated with the other seven counties in the San Joaquin Valley to leverage existing efforts to help our region in our "Manufacturing a Career" proposal and address the shortage of workers in the manufacturing industry. The partnership is comprised of Regional Occupational Programs/Centers, Local Workforce Investment Areas of the San Joaquin Valley, seven community colleges, and employers represented by the Manufacturers Council of the Central Valley. All partners contributed for a total of \$2 million match in funding to strengthen the viability of the project to train more workers in the various sectors of manufacturing and enhance local economies. The proposal builds an industry driven workforce pipeline that will: provide access to a new modular distance learning system provided through the community colleges; expand workforce development programs at the community colleges to include new training programs in manufacturing; offer industry specific training to upgrade incumbent

workers' skills; and create an interest in manufacturing careers by holding competitions utilizing students from high schools and ROPs.

The Community-Based Job Training Grant is designed to support workforce training in high-growth, high-demand industries utilizing the community college system. Kern's proposed application focused on the manufacturing and logistic sectors. Logistics is a growing sector and manufacturing is a high-growth, high demand industry. ETR's approach emphasizes a collaborative partnership with Kings and Tulare Counties, Kern Community College District, the College of Sequoias, Tulare's School to Career program, and various employers in all counties. The goal of the application is to increase the capacity at the community colleges to better serve the needs of the logistics industry, and in turn assist the workforce to better compete in a global economy.

Strategy #3 - Ensure that the K-12 System Meets Cluster Needs:

This is a long-term strategy that is also dependent upon the implementation of cluster networks.

ETR created a publication entitled *The Edge* which was distributed to high schools throughout Kern County. In August 2006, a DVD was created to be used in addition to the publication. Industry clusters on the DVD include Logistics, Warehousing & Transportation; Medical Technology, Business Health & Professional Services; Energy & Chemicals, Value Added Agriculture; Aerospace & Defense; and Tourism, Recreation & Entertainment. The clips can be downloaded from www.CareerServicesCenter.com. The DVDs were distributed to Kern County high schools and participating youth service providers this month. A focus group met on September 20, 2006, to assess how the DVD was accepted and how to best implement it in the high schools.

INFRASTRUCTURE AND LAND USE - Update provided by the County Planning Department

To provide staff support to pursue Strategy recommendations for the Infrastructure and Land Use Flagship, the Planning Department must fill currently approved but vacant planner positions. A Supervising Planning position to manage this initiative has been filled but the Planning Department has not been able to fill a Planner 1 position to assist in flagship implementation efforts. The Department has completed a brief report which identifies vacant industrial land throughout unincorporated Kern County. A copy of that report is attached hereto.

MARKETING/BRANDING – Information provided by the County Board of Trade

Flagship Strategy Recommendations

Strategy recommendations for Marketing/Branding are organized into two categories:

- Establish Countywide Tourism Marketing and Development Entity
- Develop a County Brand

A. Establish Countywide Tourism Marketing and Development Entity

- 1. Consolidate Board of Trade/Conduct Tourism Strategy Coordination**

Efforts continue to develop working relationships with tourism partners. The department has expanded its program of regional mixers and meetings. Most recently, the bi-monthly Board of Directors meeting for September was held in Ridgecrest in cooperation with the Ridgecrest Convention and Visitors Bureau. Civic leaders from Ridgecrest and throughout the Indian Wells Valley were present. Directors and staff followed the meeting with a familiarization tour to educate themselves regarding the tourism attractions of the area. Similar regional meetings have been conducted in Mojave, Frazier Park, and at the Bakersfield Museum of Art. The November's meeting will be held at the Kern County Museum.

The Board of Trade is also in the investigatory phase of a proposed joint project with City of Bakersfield Recreation and Parks Department regarding the development of a regional agriculture-themed celebration, with the intent to stage an event in the fall of 2007.

2. Strengthen Core Assets/ Expand Growing Markets

The department continues to work with East Kern partners to develop a travel and tourism component associated with commercial space travel. Discussions have been held with representatives of the Universal Studios theme park division to identify joint opportunities and determine the proper planning and infrastructure requirements.

The department continues its efforts in cooperation with Bakersfield College and Employers' Training Resource to develop vocational training for the hospitality industry.

3. Establish Tourism Packages

No new information to report.

4. Work with Rural Communities

Following the Board's recent approval of the department's re-organization plan, additional marketing personnel will be assigned to specific regions to develop and strengthen those relationships. It is the department's intent to have a weekly presence in the regional areas. Recruitment of additional staff to meet these needs will begin during the current quarter.

5. Film Activities

Efforts continue to create a workforce and develop a film making industry as opposed to a location industry. The Department has been in discussion with three filmmakers with projects in various stages of development, each with the intent of locating studio/production space within Kern County. Once filled, the newly approved marketing positions will work directly with film locations to increase economic benefits to all regions.

The department continues efforts with Bakersfield College and Cerro Coso Community College to create a vocational education program to develop the necessary skilled workforce needed to further this goal. In January 2007 the department will be actively involved in assisting Cerro Coso College-Kern River

Valley Campus, in recruiting students for a new Digital-Video-Film Arts technical-vocational program designed to develop a local workforce in the video-film industry. Discussions are also underway with Kern Regional Transit to assist in transporting students to and from the campus.

B. Develop County Brands

1. Develop Branding Tool Kit/Launch a Marketing and Branding Initiative

The on-line tool kit continues to provide tourism partners access to a unified set of branding materials including logos, photos, brochures, etc. This tool-kit can be expanded as needed to accommodate new campaigns. A high definition video library of tourism locations and general scenic shots throughout the county is being developed and will be available to industry stakeholders for promotional purposes.

2. Establish Kern Brand

The “Kern County, We’ve Got It All” brand continues to gain acceptance among stakeholders. A second brand, “Kern County: So Hot Its Cool”, is now in development with an intended roll-out in conjunction with Huell Howser’s “Visiting Kern County” series scheduled to air the week of November 12, 2006 on KCET Television. Absent funding specifically for branding development with the assistance of a consultant, the department will continue these efforts in-house.

3. Implement Plan

The Weill Business Institute is assisting the department in the finalization of a business plan, which is scheduled for completion during the upcoming quarter. The department has also contracted with Creative Consultants to develop a marketing questionnaire to determine the needs and attitudes of the local tourism community.

4. Coordinate with other Branding Efforts

The “We’ve Got It All!” brand continues to gain acceptance, and the Department anticipates a similar response to “So Hot, It’s Cool”. When completed, the tourism needs assessment reference above is intended to identify additional cooperative marketing possibilities.

6. Sun-Fun-Stay-Play Travel and Tourism Web Portal

Basic implementation of the web portal took place in August 2006. Additional marketing staff will promote use of the portal by tourism stakeholders.

Proposed Actions

- Develop and implement a countywide marketing plan (Fourth Quarter 2006)
- Create partnerships with local tourism agencies (Ongoing)
- Develop and coordinate Branding Tool Kit (Ongoing)
- Develop infrastructure (Ongoing)
- Develop Southern California Marketing Campaign (Fourth Quarter 2006)

Huell Howser Productions has agreed to develop a pair of Kern County Weeks for the “California’s Gold” television program. Week One will air the week of November 12, 2006 with a second week to air in Spring/Summer 2007. The series will be seen by millions of potential visitors in Southern California and statewide.

Goals and Expectations

The department is in process of launching a countywide series of large-format interactive informational Kiosks, which will greet visitors and share a wealth of information about Kern County. While there will be information common to each kiosk, each unit's main page will be customized to reflect their location. For example, the Thomas Air Terminal unit will display Kern's aviation history. The Frazier Park area unit will display outdoor recreational opportunities in that area. The goal is not only to inform but also to encourage visitor's length-of-stay by displaying opportunities to experience and enjoy Kern County's numerous recreational destinations. Local hotels, motels, eateries and tourism destinations will be able to promote their services when those specific sub-pages area accessed. The Kiosk System, along with the Huell Howser Week promotion, is projected to have a measurable positive impact on travel and tourism spending. Continued efforts to unify marketing by stakeholders will also create positive benefits. The department will continue to work with and listen closely to the needs of all regions as it globally markets Kern County.

FINANCE/INNOVATION/ENTREPRNEURSHIP

This Flagship proposes that CEDD and KEDC develop new programs which respond to the finance needs of Kern County's innovative entrepreneur – whether in microenterprise or research and development based ventures.

Strategy 1 – Provide Microenterprise Funding for Small-Scale Start-ups in Designated Industry Clusters

Since establishment of Kern Microenterprise Opportunity Program (KMOP) in late 2005, program marketing has begun and three applications have been received. One application was withdrawn, and additional information is required prior to processing the other two. The Department has received approximately 60 inquiries regarding the program to date. Program marketing and project development continues.

Strategy 2 – Provide Security for Large Scale Investments

CEDD staff, in support of the County's Debt Advisory Committee, reviewed and recommended, for local public hearing, an Industrial Development Bond (IDB) financing proposal by Langer Juice through the California Communities Joint Powers Authority (Kern County is a member). A Tax Equity and Fiscal Responsibilities Act (TEFRA) hearing resulted in unanimous Board approval on June 6, 2006, thus clearing the way for the company to complete its application for IDB financing. California Communities, in this instance, obviated the need for a County-backed credit facility. Langer's project is consistent with Value-Added Agriculture as targeted in the Economic Development Strategy.

CEDD staff have also reviewed, and recommended for local public hearing, another IDB financing proposal. The Debt Advisory Committee is expected to act on this item at its November 2006 meeting.

CLUSTER NETWORKS – Updated Information Provided by KEDC

KEDC is designated as the County's primary marketing entity for non-tourism-related business. KEDC staff is assigned specific aspects of those marketing and other business development activities. The following reports, by industry cluster, provide a snapshot of activities completed since the last report in January 2006. More complete information can be obtained by contacting KEDC, specifically the Business Developer named hereafter for each industry cluster.

Value Added Agriculture (David Yurosek)

- Met with 25 value-added ag companies in Kern County. Based on these meetings, summarized major development/expansion constraints on the industry cluster.
- Identified 17 participants for a first industry roundtable, held July 13, 2006. Roundtable topics included how to mitigate the identified constraints.
- Attended four trade shows
- Conducted one food processing tour
- Provided technical assistance to 17 different companies
- Continuing work on a project with Bakersfield College to survey and refine specific employee skill set needs in the automated food processing industry
- Worked with KEDC's renewable energy business developer to assist AES Delano Energy in its decision to establish an ethanol plant in Kern County

Logistics, Warehouse and Manufacturing (Melinda Brown)

- Six projects are currently pending announcements
- Conducted ten tours to prospective businesses
- Attended two trade shows
- Education task force meeting (Initial Task Force work should be completed and recommendations made by the end of this quarter)
- Organized a Council of Supply Chain Management Professionals (CSCMP) event (Blitz game hosted by Tejon Ranch)

Renewable Energy (Christina Varner)

- Attended March trade show, resulting in one inquiry and three major contacts used for an Industry Roundtable
- Held successful roundtable meeting with approximately 50 people in attendance. Established planning committee for possible Fall Energy Summit
- Continued work with potential biodiesel/ethanol renewable energy park client (100 million gallon production), by touring potential sites
- Worked with value added ag business developer and AES Delano Energy (second biodiesel/ethanol plant establishing in Kern County) to provide information needed for company to make decision to establish a 50 million gallon production facility in Delano. Will result in nearly 30 jobs
- Currently handling the initial inquiry of a potential biodiesel plant (30-50 million gallon production resulting in 15-30 jobs)

- Initial planning in progress for Spring Energy Summit to include speakers, trade show and technology exhibits

Workforce Coordinator (Mindy Wilmot)

Funded through a Workforce Investment Act grant, Ms Wilmot started her employment with KEDC on February 27, 2006.

- Provided data/assistance to business developers, working in conjunction with ETR counterpart (14 projects)
- Collected data for value-added ag roundtable
- Assisted small business initiative business developer on projects, including on-the-job training contracts and data collection
- Worked with representatives with Kern High School District to introduce industry cluster concept and related programs into the schools
- Initiated discussions with CSUB to begin resume' book
- Assisted with KEDC Education Task Force efforts to identify workforce issues
- Cluster Coordination with Employers' Training Resource
- Worked with value added ag business developer on Scan Reports for construction and logistics industries (Bakersfield College project)
- Produced and conducted value-added agriculture workforce survey
- Correlated data for public requests as needed (four inquiries since March 1)

Small Business Initiative – Tomatoes on Steroids (Bill Jeffries)

- Hosted East Kern Financing Seminar in California City May 16, 2006. Paul Sippel presented the Kern Microenterprise Opportunity Program
- "Tomatoes on Steroids" was awarded CALED's 2005 Economic Development Program Grand Prize Award of Excellence
- Formation of a new microenterprise small business program (with 10 or fewer employees) "Cherry Tomatoes on Steroids" for fall 2006.
- July 1, 2005 - June 30, 2006 Fielded 110 Small Business Inquiries (28 financial resources, 13 workforce resources, 90 information resources)
- Attended Golden Capital Network Venture Capital Investment Summit May 2006, XCOR Aerospace from Mojave (A Tomatoes on Steroids client business) was selected as a finalist for their presentation.
- Tomatoes on Steroids Class of 2005 and 2006, to date have created 84 new jobs with payroll totaling over \$2.5 million.

FINAL NOTE

For full implementation of the Strategy it is imperative that industry cluster groups, made-up principally of private sector leaders from businesses within the clusters, be organized and fully developed to identify and represent the needs of cluster businesses. It is these groups that will identify needed change relative to each flagship initiative. As KEDC continues to develop these groups, they must include representatives from local government and education who can help address the needs and concerns identified by the private sector.

Also, the Stewardship Committee invites representatives from the private sector, especially those from the seven Strategy-identify industry clusters, to attend its meetings. These private sector representatives will eventually become the guiding members of the Committee. If you are interested in being placed on the e-mail list for the group please contact Guy Greenlee at guy@co.kern.ca.us.

Attachment