

RESOURCE MANAGEMENT AGENCY

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November 11, 2008

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

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

The purpose of this Board letter is to present the Kern County Economic Development Strategy (Strategy) annual report regarding implementation of the Strategy. As your Board is aware, guidance and oversight for the Strategy is provided by the Kern County Economic Development Strategy Stewardship Group (Stewardship Group), which is comprised of local private sector volunteers from the business community and staff charged with implementing the Strategy. This presentation includes the Stewardship Group's implementation progress report for the year ended June 30, 2008 and the third annual monitoring report for the period of fiscal year 2006-07. Kern Economic Development Corporation (KEDC) President and CEO Richard Chapman serves as Chairman of the Stewardship Group and he will join me in making the presentation.

The Stewardship Group status report details considerable work achieved by Stewardship Group members. Accomplishments during the past period are reported by the lead agencies for each of the Strategy Flagships. This report also includes the work of KEDC towards organizing and engaging the private sector in each of the Strategy industry clusters and is Attachment "A".

Also attached is the third annual Strategy monitoring report as prepared by economist Dr. Abbas Grammy of California State University, Bakersfield. This report was managed by KEDC and funded by local partners. Using local economic indicators, it tracks performance of the County's economy in several dimensions – economic performance, cluster competitiveness, and economic foundations – and is consistent with the economic development and cluster group model as contained in the adopted Strategy. In general, each of the seven clusters is reporting positive growth for the period; however, unemployment is higher when compared to the prior year.

The reports, however, demonstrate considerable effort and accomplishment over the past year. This includes steps taken to solidify and improve upon economic development activities, while adjusting to emerging conditions and opportunities in an environment of limited resources.

BOARD OF SUPERVISORS

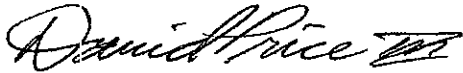
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The Stewardship Group remains committed to efforts resulting in the creation of good paying jobs for local residents as we support existing and new business enterprises throughout Kern County. The Resource Management Agency and Community and Economic Development Department both thank all of our partners for their commitment to this important program.

Therefore, IT IS RECOMMENDED that your Board hear the presentation and receive and file the reports.

Sincerely,



David Price III
Director

Attachments

cc: County Administrative Officer
Kern County Stewardship Group Members—electronic copies
RMA Department Heads

ATTACHMENT "A"

COUNTY OF KERN ECONOMIC DEVELOPMENT STRATEGY IMPLEMENTATION PROGRESS REPORT

FOR THE PERIOD JULY 1, 2007 THROUGH JUNE 30, 2008

CLUSTER NETWORK DEVELOPMENT STRATEGIES

Strategy 1: Build and Maintain Countywide Cluster Networks

Communications/Staffing/Establish Networks

Kern EDC accomplished the following for each of six industry clusters:

- **Aerospace & Defense**
 - Attended a two-day tour and discussion on land lease enhancements for Edwards Air Force Base.
 - Joined the Edwards Air Force Base Civ-Mil Support Group.
 - Renewed membership in the California Space Authority.
 - Completed the WIRED (Workforce in Regional Economic Development) grant project which was sponsored by the California Space Corridor and California Space Authority.
 - Attended a one-day tour and orientation for BRAC changes at China Lake Naval Air Weapons Station.
 - Attended organization and implementation meetings for the Intermediate Space Challenge sponsored by the Mojave Airport and Spaceport.
 - Visited 6 companies for the Business & Retention program.

- **Business & Professional Services**
 - Built website content.
 - Created marketing brochure.
 - Visited 36 companies for the Business Retention & Expansion program; assistance was provided to 15 companies with workforce, financial resources, etc.
 - Met with several commercial developers and brokers to establish an ongoing meeting to discuss opportunities.
 - Established ongoing meetings with bank and financial professions.

- **Energy & Chemicals**
 - Worked with PG&E and SCE on sponsorship of the second annual Renewable Energy Summit. The event is scheduled for Wednesday, November 19th at the Four Points by Sheraton. Chevron USA, Klein DeNatale Goldner, and Sharpe Solar Systems are also sponsors of this event. Organized and planned event schedule with a planning committee comprised of representatives from our sponsoring agencies.
 - Joined the Energy Committee at the Greater Bakersfield Chamber of Commerce.
 - Attended the Green Momentum Conference in Sacramento. The event is sponsored by the Great Valley Center.
 - Attended a planning meeting for the California Economic Strategy Panel. The panel discussion was centered on Clean Technology and the Green Economy.
 - Participated on the planning committee for the Cerro Coso Community College Employer Summit. The summit was created for the purpose of providing new curriculum for renewable energy courses.

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- Created a template for Business Retention & Expansion Surveys.
- Visited 6 companies for the Business Retention & Expansion Program.

- **Healthcare & Medical Technology**
 - Established industry taskforce committee to discuss and identify industry needs.
 - Built website content.
 - Created marketing brochure.
 - Visited 27 companies from the Healthcare industry to identify needs of assistance; assistance was provided to 6 companies with items such as work force, resources, county/service assistance.
 - Established a Healthcare networking event which brought several healthcare professionals together to discuss opportunities/challenges to Kern County.

- **Logistics, Warehousing & Transportation**
 - Visited 25 industrial companies for the Business Retention & Expansion program and identified needs of the industry.
 - Attended 7 trade shows/conventions.
 - Conducted 7 visits with prospective businesses with 2 successful locates.
 - Continued the California Manufacturing Technology Consulting program in Kern County to increase profitability and productivity of manufacturing companies.
 - Provided information to several industrial property developers encouraging them to consider increasing the inventory of new industrial parks and/or facilities.

- **Value-Added Agriculture**
 - Visited with 8 Kern County value added agriculture companies to begin Business Retention & Expansion program and identify needs of the industry.
 - Attended Agriculture Outlook conference.
 - News feature provided for the Farm Bureau's news letter.
 - Provided assistance to a variety of agriculture companies and/or new prospects inquiring about Kern County.
 - Attended Food Processing Trade Show.
 - Conducted 3 visits with prospective businesses.

Strategy 2: Business Expansion, Attraction and Retention Program

Develop Expansion Program/Develop Retention Program

- Kern EDC business developers visited 108 existing Kern county businesses (detail noted above under the appropriate cluster heading) with a goal of 100 visits during a 12-month period.

HUMAN RESOURCES AND SKILLS DEVELOPMENT

Strategy 1: Provide Specific Funding from WIB to Support Training for Cluster Occupations and Skills

Establish Cluster-based Training Responsibility at WIB

As a result of a grant obtained by the Central California Workforce Collaborative (CCWC), of which ETR is a member, employers in the industry clusters of value-added agriculture; logistics, warehousing & transportation; healthcare & medical technology; and energy & chemicals were surveyed this past year to

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determine demand, required skills, compensation, etc., to use in career guidance. Existing training was also identified. The results of these efforts went live online at www.careersinthevalley.com.

Staff from ETR and KCCD attend San Joaquin Valley Higher Education and Workforce Development meetings, part of the San Joaquin Valley Partnership. This is a good forum for facilitating cooperation among partners in work force preparation, all levels of education, and economic development.

Identify a WIB/ETR Economic Development Coordinator

ETR has identified the Employer Services Coordinator responsible for interfacing between County workforce and economic development activities. Activities have included joint meetings of KEDC and CSC cluster representatives to discuss collaboration, EZ meetings with the City of Shafter, development of a cluster data base that allows for tracking of employers and job orders, and presentations to prospective businesses with Tejon Ranch and KEDC. Three companies of note are Brown Shoe at Tejon Ranch, Little Potato Co. with KEDC and Railex in the City of Delano. The Coordinator is also the EZ vouchering agent for the City of Shafter and the City of Delano.

Convene WIB/ETR with Clusters

ETR continues to use occupational clusters as a factor in evaluating training proposals submitted for funding. Cluster activities and trends are continually evaluated. Although not identified as a cluster, ETR is also identifying concentrations which have shown growth and employment needs. One concentration being covered is the construction industry. This was developed during the housing boom and although there has been a dramatic slowdown, the concentration is still active due to continued commercial development.

Strategy 2: Establish New Training Programs at Kern's Colleges and Schools to Support Key Skill Needs among the Clusters

Convene Training Providers

Bakersfield College through the Dean's Executive Council is convening providers to address current and future needs related to Career and Technical Education (CTE). Employers' Training Resource among other agencies has been invited to participate.

Confirm Skill Demand

The Kern Community College District and Bakersfield College have specifically worked with industry representatives from all of the industry clusters identified in the strategic plan. In direct interviews and group meetings with employers, the college has found that the skill sets required for entry level workers in each cluster, with the exception of Business and Professional Services, and Health Services, are the same skills. The soft skills required of entry level workers are the same across all clusters.

New Curriculum or Course Development

Bakersfield College has been developing and revising its offerings, in consultation with practitioners, to meet the needs of the broadest scope of business and industry. Some of those employers include Bakersfield Chamber of Commerce, all area hospitals, Kern Wind Energy Association, KEDC, Supply Chain Managers, Paramount Farms, Frito Lay, Nestle Purina, Bolthouse Farms, Manufacturers Association, New Car Dealers Association, and Chevron Texaco, to name just a few. In addition to providing these industry skills, the college also provides instruction in job readiness, applied math, and reading and writing.

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Ensure Responsiveness

ETR implemented the WorkKeys Employment System discussed in the last report, on May 1, 2008. WorkKeys is a job skills assessment system measuring real world skills that employers believe are critical to job success. KCCD and ETR are participating in a regionally-recognized, standardized Work Readiness Certificate program which documents job seeker capabilities prior to being hired or further trained. Because the certificate validates that an individual has certain essential skills important across a range of jobs, it can be used by employers, economic developers, and educators as a common language to improve the quality of the workforce.

Strategy Consistency with Flagship Goals

Align Training with Cluster Needs – The progress cited above can be used to better align workforce development, training and education in the county. Private industry is being asked to take a role in determining training needs. Education and workforce development agencies are determining ways to work with private industry to help fill these needs.

Develop Higher-Skilled Workforce – By using WorkKeys to assess new hires, employers are better able to identify applicants whose skills meet the skill sets needed for their industry thus reducing turn-over.

LAND USE AND INFRASTRUCTURE PLANNING

Strategy 1: Conduct Land Use Planning in a Way which is Responsive to the Short and Long Term Needs of the Clusters

Review Planning Documents

Although the Planning Department had previously compiled General Plans of the incorporated cities in the County for purposes of identifying vacant industrial land, most of the cities and the City of Bakersfield and the County for Metropolitan Bakersfield are undergoing updates to their General Plans. Once the General Plan documents are updated, an inventory of planned vacant commercial and industrial land will be tabulated.

Modify Plans

The Planning Department is continuing to work with the City of Bakersfield in updating the Metropolitan Bakersfield General Plan and is continuing to work on completing the Kern River Valley Specific Plan and the Tehachapi Area Specific Plan. The Planning Department is in the process of reviewing consultant bids for preparing an Indian Wells Valley Specific Plan. The Planning Department continues to work on the Valley Floor Habitat Conservation Plan which, when approved, would help to streamline the endangered species habitat mitigation process for development projects. Efforts to recognize the importance of Meadows Field as an important economic generator for the County will be addressed in the update of the Metropolitan Bakersfield General Plan.

Establish New Process for Cluster Land Uses

The Planning Department is working with the Resource Management Agency and member Departments at process improvement related to the land division application approval process. Process improvement measures will be implemented to facilitate approval of industrial and commercial parcel maps and other land division procedures.

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Expand County Planning Staff

The Planning Department's approved 2008-2009 Budget authorized additional planning positions to work on new land use plans and process applicant-initiated projects. The Department is in the process of recruiting planner positions through the Personnel Department hiring process.

Establish Industrial and Agricultural Zones

The Planning Department will be working through the Update of the Metropolitan Bakersfield General Plan to designate industrial land use areas as appropriate airport buffer uses in the vicinity of Meadows Field. The County continues to administer Williamson Act and Farmland Security Zone Programs which provide property tax incentives that encourage continued agricultural use.

Strategy 2: Support Cost-Effective Infrastructure

Encourage Cost-Effective Development

The Planning Department has been involved in Kern COG's Regional Blueprint Program which is intended to provide a "tool box" of measures that will assist communities in planning for infrastructure growth in a cost-effective manner.

Identify New Local Funding For Infrastructure

The Planning Department is coordinating with the Resource Management Agency in the development of a Capital Improvement Program that is intended to provide proposed impact fees to fund needed infrastructure required by new development.

Strategy 3: Ensure County Support and Access to Clean Technologies

Provide Support for New Cluster

The Planning Department is actively involved in processing permits for clean energy technology with the recent approval of the largest wind energy development in California involving PDV (300 megawatts). Three more wind energy projects totaling 1200 megawatts are undergoing environmental review/land use permitting. Multiple solar projects are being reviewed in coordination with the California Energy Commission. An ethanol plant and an oil refinery expansion were also approved that incorporate measures to address air quality/green house gas issues.

The Resource Management Agency is developing a governance structure for future green energy efforts involving new development projects, other private sector partners, public agencies that will create a mechanism for funding alternative energy and conservation projects.

Strategy 4: Target new Transportation Investments Based on Cluster Needs

Support New Funding

The Roads Department has been working with the City of Bakersfield in developing an updated Transportation Impact Fee for the Metropolitan Bakersfield Area to fund needed road improvements to accommodate new growth.

Proposed New Transportation Investments

The Roads Department and the Resource Management Agency have also been working with the City of Bakersfield on the Thomas Regional Improvement Program (TRIP) to improve Metropolitan

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Transportation Infrastructure. The County is also coordinating with the City of Shafter on Seventh Standard Road Interchange and widening improvements.

Analyze Encroachments to Airports

The Planning Department is working in partnership with the Airports Department, County Counsel and the Administrative Office in devising strategies to protect the County's investment in Meadows Field. The Metropolitan Bakersfield General Plan Update will propose measures to address incompatible land use encroachment issues.

TOURISM MARKETING AND BRANDING KERN COUNTY

Strategy 1: Establish Countywide Tourism Marketing and Development Entity

Consolidate Board of Trade/Conduct Tourism Strategy Coordination

Efforts to develop and maintain working relationships with tourism partners are ongoing. A tourism stakeholder's survey was recently conducted by an independent agency to evaluate the Board of Trade's performance. The department received a rating of "B" or better from 80% of respondents. This information is valuable in maintaining maximum cooperation in marketing efforts.

Strengthen Core Assets/ Expand Growing Markets

The department continues to work with regional partners to increase tourism activities. The East Kern Marketing and Promotions Associate position serves that region from offices located in Ridgecrest. Satellite offices have been established in Lake Isabella and Rosamond. Efforts to develop East Kern's emerging Space Tourism Industry as a tourism attraction are ongoing.

The department has become actively involved in multi-county regional efforts administered by the California Travel and Tourism Commission. Department staff holds leadership positions in several regional and statewide groups expanding County's exposure and reach.

Establish Tourism Packages

This effort is viewed as an opportunity for private industry and has been moved to a secondary goal. The department continues to support all "tourism packaging" opportunities.

Work with Rural Communities

The Tourism Promotion Grant Program continues to provide numerous opportunities to work closely with rural community organizations. This year, \$200,000 in grants will be awarded countywide to front-line organizations to promote Kern County as a tourism destination. Deployment of the Interactive Visitor Center Kiosks is nearing completion, which also provides a marketing presence in rural areas.

Film Activities

Economic benefits from commercial filming grew at a record pace. January through August 2008 filming revenues reached in excess of \$17.3 million, exceeding all of 2007. This revenue is reflective of location filming only and does not include other revenue streams such as local video, filming and sound recording studios.

Strategy 2: Develop County Brands

Develop Branding Tool Kit/Launch a Marketing and Branding Initiative

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The department's on-line tool kit continues to provide tourism partners access to a unified set of branding materials including logos, photos, brochures, etc. A high-definition video library of tourism locations and general scenic shots throughout the county is available to stakeholders for promotional purposes.

Establish Kern Brand

Establishing a county brand is a work in progress with very little funding. The countywide marketing consensus is to continue focusing on active family experiences with an emphasis on outdoors. The slogan remains "Kern County – Where the Action's So Hot, It's Cool"

Implement Plan

A Visitor Satisfaction Survey has just been completed and results are being analyzed. Surveys were placed with hospitality and attractions partners. Return rate was approximately 15%. This information will be used to fine tune marketing planning.

Coordinate with other Branding Efforts

This is an ongoing effort as migration from an individualized to group approach is a slow process. The process is plagued with "turf" issues and requires careful implementation.

Proposed Actions

- Visitors satisfaction survey and countywide marketing plan - **Completed**
- Expand the Interactive Visitors Kiosk System – **Complete Dec 2008**
- Partnerships with local tourism agencies through specific regionalized efforts - **Ongoing**
- Attract tourism infrastructure development in regional areas - **Ongoing**
- Continue the Southern California Marketing Campaign – **Ongoing**

Economic Analysis

The department's conclusion is that while economic growth in this cluster slowed, an overall increase was still present for year 2007. Early indicators for 2008 indicate further slowing which matches state trends. However, Transient Occupancy Tax revenues for the unincorporated areas of Kern for January through June 2008 compared to the same period in 2007 show a modest 1.3% growth rate.

We conclude that Kern's tourism and recreation numbers are fairing better than others during these economically strained times. Kern's growth in 2006 is ranked as 6th in the state and first in Southern California.

FINANCING ENTREPRENEURSHIP AND INNOVATION

Strategy 1: Provide Microenterprise Funding for Small Scale Start-Ups in the Clusters

Establish Program

Community and Economic Development Department (CEDD) provided technical assistance to 16 businesses through Kern Microenterprise Opportunity Program (KMOP).

Conduct Outreach

CEDD participated in local entrepreneurship training, responded to 9 KMOP inquiries in addition to those stated above, and continued its association/collaboration with Weill Institute Small Business Development Center and Kern County Superintendent of Schools' Local Investment in Child Care.

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Strategy 2: Provide Security for Large Scale Investments

Large Scale IDB Project Financing

CEDD referrals were made to industrial development bond financing sources.

Strategy 3: Develop Access to High Risk Capital

Funds for High Risk Innovators

CEDD referrals were made to Golden Capital Network, a venture capital resource, and New Markets Tax Credit program, a federal resource that encourages private capital investment within economically distressed communities.

Expand Tomatoes on Steroids Program

Targeting businesses of 10 or fewer employers, Kern-EDC-funded Cherry Tomatoes on Steroids, the successor to Tomatoes on Steroids (funded by USDA Rural Development), was suspended given resource constraints. New funding opportunities are expected to be pursued in the future.