

UPDATE:
SANTA BARBARA COUNTY
COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY
by
ESSERGY Consulting
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EXECUTIVE SUMMARY

Methodology. This Comprehensive Economic Development Strategy (CEDS) update summarizes changes in the economic and social characteristics affecting economic development for Santa Barbara County since its last full CEDS in January 2004. In focusing only on the changes, this update does not re-address elements of the original CEDS that have remained largely unchanged. This update rests on:

- An analysis of the current County statistics based on trusted public sources,
- A survey of the leaders conducted by email; and
- A facilitated meeting with leaders throughout Santa Barbara County

Results. There have been few major changes in the demographics of the region as a whole, with the following exceptions.

- The vision of the County leaders has sharpened to focus more on the utilization of current resources and retention of business than on business attraction per-se. The exception involves the possibilities inherent in the presence of the Chumash industries and the potential associated with the California Space Authority's plan to develop a 66 acre portion of Vandenberg Air Force Base.
- The changed goals and projects of the County reflect the streamlined vision, plus an emphasis on sustainable business for living wage job growth and the encouragement of entrepreneurship through better use of existing educational, tourist, incubation, and other resources.
- The areas of economic strength remain largely the same, with a sharpening division between the relatively healthy south Santa Barbara County and the relatively less healthy north County. The chief underserved communities according to EDA definitions now are:
 - Guadalupe
 - Isla Vista CDP
 - Lompoc
 - Los Alamos
 - Santa Maria
 - Vandenberg Air Force Base (CDP)

- The development of the Chumash Casino has had direct, indirect, and induced impacts on the County's economy, and has stimulated the sense of the region in general as a tourist destination. The casino has created over 1500 jobs. Many of the jobs qualify as livable wage employment, but many do not. Despite its indirect boost to tax revenues through spending and employment, the casino does not generate taxes directly.
- The development of Hancock College has had a less dramatic impact, but perhaps a more subtle one. It has developed its technology and direct job training offerings, and participated directly in many of the economic development activities in the north County area.
- The CEDS committee will now be hosted by the City of Lompoc due to departmental changes at the County of Santa Barbara.

Organization of Report. Following the executive summary, the remainder of the report addresses the main issues of change from the original CEDS, and then uses APPENDICES to highlight several primary sources of data and official published graphics. This CEDS Update repeats issues raised in the original CEDS only insofar as they are important in illuminating the changes since 2004.

VISION AND GOALS

This section updates the original CEDS goals, economic development issues, and strategies identified in the 2004 CEDS. It is based on answers to questionnaires and group discussion with County leaders June 4, 2008. It also should be noted that several of the changes affect more than one of the original categories. They are analyzed the first time they are shown, but simply listed after that.

Vision (new)

"Through the unique contributions of each of its jurisdictions, Santa Barbara County will develop an environmentally sustainable economy that builds on its high technology, manufacturing, wine industry, agricultural, and tourism clusters. The economy will create job opportunities for all residents, a high quality of life, and the retention of local talent and industries."

Goal I: Sustainable Development; Objective 1: Improve the resident's quality of life by increasing the quantity and quality of housing throughout the Region that reduces the every -increasing jobs-housing imbalance.

Issues:

- **Jobs-Housing imbalance.** While the general imbalance remains, some areas, notably Lompoc, has ample housing stock.
- **Transportation.** County needs to address long commutes more specifically.

Strategies:

- **Transportation.** Emphasize benefits of telecommuting; create technology centers for improving public access to telecommunications support technologies; build on SMOOTH to create public transportation emphasis, including trains and bus services.

Goal I: Sustainable Development; Objective 2: Ensure sustainable economic foundation and global competitiveness by retaining, attracting, and developing business/industry clusters using state-of-the-art technology, infrastructure, and human capital.

Issues:

- **Focus on retention.** The retention of high value jobs and productive (and green) industries should take precedence over attraction, without ruling out the latter.
- **Build on developing resources.** Recognize, encourage, and publicize: the wine industry and the Chumash Casino as tourist attractions, and the agricultural sector is a major stimulus to the economy.
- **Expand capacity using new resources.** Wireless technology is a method that encourages telecommuting, expands local capacity, and attracts business. Lompoc's wireless mesh can serve as an example

Strategies:

- **Remain inclusive.** For wine industry reasons and in general, make certain Santa Ynez, and in fact each jurisdiction, is included in countywide strategies.

- **Emphasize local production, industry, and purchasing** as spurs to reduce carbon footprint and advance retention activities; bring in Business Alliance for Local Living Economies (BALLE) or an equivalent organization to advance this process.
- **Enhance technology development methods/networks.** Incubation shows some promise as one among several economic development strategies that include communication with higher learning resources in the county, especially UCSB, promulgate a clean technology funding forum.
- **Support California Space Center,** as a potential producer of local businesses and high value jobs, as well as increased visitors to the area.
- **Draw upon new job creation/green technology resources,** especially the Community College District Centers of Excellence, the workforce training offered by Lompoc's public safety complex and other municipal projects.

Goal II: Entrepreneurial Development; Objective 1: Encourage development of small and medium size businesses that are the backbone of the County's economy.

Issues:

- **Local/small business contracting.** Encourage Vandenberg AFB to more aggressively pursue local contractors and/or small business contractors and subcontractors for economic development, quality of life, and carbon footprint reasons.
- **Future industries.** Utilize Community College studies on job growth; explore possibilities in the wine industry, agricultural sector, and wine industry for scalable businesses and livable wage opportunities; and investigate possibilities within game computing that encourage small business growth.

Strategies:

- **Vandenberg.** Request the establishment of a small business office, or if there is one, a more active outreach program, using such incentives as are appropriate and legal.
- **Jurisdictions.** Pursue a similar purchasing strategy as above.
- **Financing support.** Recognize and support the extension of CDFI and microloan funding as a stimulus to small business growth.
- **Support entrepreneurial training entities in place** in Santa Barbara, Santa Maria, Lompoc, and elsewhere.

Goal III: Infrastructure Development; Objective 1: To revitalize, expand and upgrade physical infrastructure to attract new industry, encourage business, diversify local economies, and generate or retain long term private sector jobs and investment.

Issues:

- **No new issues identified.** Little done to enhance infrastructure since last CEDS.

Strategies:

- **Recognize and support expanded connections to Highway 101.**
- **Encourage telecommuting,** as above.
- **Encourage development of more hospitals and/or "healing centers."**

- **Encourage the use of new technologies**, especially the development of smart buildings to facilitate communication and high capacity computing to drive the buildings; expand the WiFi network or the next generation of wireless to all communities as an element of infrastructure equal to transportation in attracting and retaining business and adding to quality of life.

Goal IV: Use of Information Technology and Telecommunications; *Objective 1: Develop technology infrastructure that supports entrepreneurship and the ability to attract, nurture, and expand high-technology based industry clusters including and not limited to multimedia, advanced transportation, environmental and bio-technologies.*

Issues:

- **No new issues identified.** See above for statements on importance of wireless and other communications.

Strategies:

- **No new strategies identified.** See above for statements on importance of wireless and other communications and computing strategies.
- **Note.** Called for feasibility studies not done.

Goal V: Tourism; *Objective 1: Celebrate and market natural beauty and historical and cultural heritage that makes Santa Barbara Community Unique.*

Issues:

- **Focus on new tourist attractions.** Wineries and Chumash Casino have become major attractors since last CEDS, as have the region's golf courses; California Space Center will generate substantial additional tourists.
- **Develop and publicize current tourist attractions**, such as missions, golf courses, Santa Barbara film festival, performance and cultural arts, plus culinary specialties.

Strategies:

- **Develop transportation links** between the new and established tourist attractions to encourage more and longer stays in the county.
- **Develop greater accommodations capacity**, to serve current future attractions, such as new "green" hotels; and stand-alone venues that attract visitors, such as creating a conference or convention center.
- **Emphasize high value jobs** in tourist industry, which tends to attract lower wage employment; and create educational and training support for them.

Goal VI: Marketing; *Objective 1: To market community's uniqueness and assets that lead to visibility increased market share and renewed investment.*

Issues:

- **Direct focus to positive business and quality of life features of each community**, as a way of attracting business and improving its workforce.

Strategies:

- **Emphasize Web and Web 2.0 presence of communities** as has been done in Lompoc and Santa Maria Hills, and of attractions, as has been done by the La Purisma Mission and Santa Ynez wine industry.
- **Emphasize issues of safety and service within each jurisdiction.**

Goal VII: Cooperation and Collaboration; Objective 1: Cooperation and collaboration among local jurisdictions, community development corporations, private sector, and the County is paramount to advancing the objectives of economic development.

Issues:

- **Overcome the lack of formal economic development authority within County,** note and create positive economic strategies that respond to the “north-south” County demographic/industry/tourism splits.

Strategies:

- **Emphasize sub-regional benefits, become more inclusionary.** Build on successful examples, such as “Sideways” map, Santa Barbara Visitors' Bureau campaign to create hard copy and electronic campaigns that emphasize County attractions and benefits as well as specific sub-regional features.

PROJECTS

This section indicates changes in the status of projects established by the vision, goals, and strategies of the original 2004 CEDS, and taking place in regions identified as underdeveloped.

- **Transportation/communication infrastructure development**
 - Regional bus routes extended to Solvang in support of tourism, workers
 - Airport improvements in Lompoc include 1,000 foot runway extension, acquisition of jet fuel capability; other improvements, such as gutters, new hangars, part of Measure D
 - Widening of Highways 101, 246 unfunded to date, but part of Measure E
 - Sidewalk widening/retrofit in Lompoc
- **Communications infrastructure development**
 - WIFI mesh installed in Lompoc under DOL grant, free to residents
- **Utilities infrastructure development**
 - Septic station for American Ethanol
 - Wastewater upgrade to be completed in 2009 in Lompoc
 - Consolidation of all water operations and projects under one authority in Lompoc
 - Electric Public Benefit Plan initiated in Lompoc in 2006
- **Education/Social Services infrastructure improvements**
 - Retrofits at Cottage and Santa Barbara Hospitals in Lompoc, Marion Hospital in Santa Ynez
 - Two new childcare centers in Lompoc
 - Childcare center upgrade for University of California Childcare
 - New adult education, nursing, pharmacy technology programs in vocational at Hancock College in Lompoc, plus agreements with four universities to get BAs.
 - Tax credits granted for self employment training, façade improvement program in Lompoc, but no added minority business programs in County
- **Housing infrastructure development**
 - Farm Worker housing, small amount built
- **Technology infrastructure development**
 - NBIA study for technology incubator in Lompoc n 2005. No progress since
 - Significant technology teaching/research upgrades to Hancock College campus, under Measure I, beginning in 2006
- **Land development**
 - Veterans Cemetery in Vandenberg looking for land

- **Marketing and business attraction**

- New wineries marketing programs in Santa Ynez and elsewhere, including 6 fold increase in Lompoc area
- New magazines, Websites, other collateral materials for public and travel industry access throughout the County.

- **Economic Development Projects not specifically anticipated in the 2004 CEDS**

- California Space Authority is developing 66 acres on Vandenberg space, of which 22 will be business park for businesses associated with the Air Force, and the remaining 44 acres devoted to "edutainment" activities related to space and peaceful rocketry activities and supporting infrastructure. An Economic Impact Report by California Polytechnic University at St. Luis Obispo projects that well over 2,000 jobs, most falling within EDA definitions of living wage, plus over \$3 billion in total direct and indirect revenues, will develop over the next decade.
- The Chumash Indian Casino was the fastest growing employer in the County by 2006, generating nearly 900 new jobs (out of 1,587 total) and \$350 million in direct and indirect dollar sales. The average salary for Casino-related activities exceeds the living wage requirements. The Casino has a high multiplier, generating an additional \$4 for each \$10 in sales, 704 indirect and induced jobs, and \$35 million taxes to employees and shoppers. The Chumash will have space for an interpretative museum in the California Space Authority Vandenberg project.
- Investments in Hancock College cited above are creating another source for economic development, especially in north Santa Barbara County.

DEMOGRAPHIC CHANGES

There were no shifts in the geographic areas of need throughout the County. Per capita and household income remained about as in 2004, as did the distribution of industries and jobs. Employment and unemployment also remained about as before.

- Median property values have followed a similar cycle to the economy as a whole:

Year	Mean Property Value
2004	385,000
2005	495,000
2006	485,000
2007	580,000
2008	362,500

- Annual sales revenues for the County have grown more consistently than housing values, but are only available through 2005:

Year	Annual Sales Volume
2003	\$5,240,200,000
2004	\$5,541,537,000
2005	\$5,806,935,000

- The national average unemployment in April, 2008 was 5%. Santa Barbara was 5.3%. However that figure includes many areas well below the national average.
- Historically, the County has developed as follows since the 2004 CEDS

Year	Labor Force	Employed	Unemployed
2004	212,700	202,600	10,100
2005	215,500	206,100	9,400
2006	214,300	205,600	8,700
2007	217,400	207,900	9,500

- Unemployment was significantly higher, meeting the EDA criterion of 1% above national average in the following communities, according to the April, 2008 EDD figures:

Community	Percent Unemployed
Guadalupe City	6.8%
Isla Vista CDP	12.8%
Lompoc City	9.5%
Los Alamos CDP	6.1%
Montecito CDP*	13.8%
Santa Maria City	8.4%
Vandenberg AFB CDP	6.4%

- The distribution of jobs by industry remained essentially the same, with the largest increases coming in construction, leisure and hospitality, and professional and business services according to EDD figures for 2006. Specifically:

Industry	Percent Employment
Government	19.1%
Trade, Transportation and Utilities	15.0%
Leisure and Hospitality	12.2%
Professional and Business Services	11.7%
Educational and Health Services	10.3%
Agriculture	8.2%
Manufacturing	7.3%
Natural Resources, Mining, and Construction	6.2%
All other activities combined	11.0%

- Projected employment for Santa Barbara County shows strong growth in construction, professional and business services, leisure and hospitality, manufacturing, and retail trade. Government will continue to be the largest employer.
 - The 50 fastest growing occupations should grow at a 1.8%/year pace. Some occupations, such as those in computer related endeavors are not separated out for analysis, but are integrated throughout other occupational categories.
 - Job openings will require at least three times 30 day on-the-job training as year-long on-the-job training, and college degrees will continue to grow in importance. It should be noted, however, that these projections do not include the Chumash and California Space Authority projects cited above.

APPENDICES

- 1. Santa Barbara County Snapshot.** Summarizes current economic characteristics of County. Presented by EDD, with statistics applicable 2006 and after.
- 2. Santa Barbara Employment Changes,** adapted from EDD statistics and graphics.
- 3. Santa Barbara County Projection Highlights,** 2004-2014, presented by EDD.

See pages following

APPENDIX 1: SANTA BARBARA COUNTY SNAPSHOT



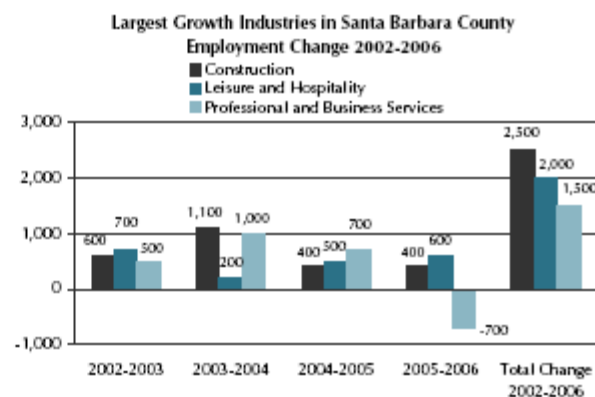
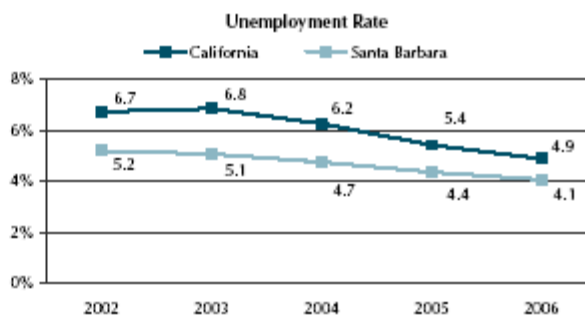
Santa Barbara County is located along California's coastline about 300 miles south of San Francisco and 100 miles north of Los Angeles. The county occupies 2,745 square miles of land and enjoys a mild and sunny climate. According to 2007 estimates, Santa Barbara is home to 424,400 residents, an increase of 1.1 percent from the previous year. By the year 2020, the county's population is projected to reach 459,500.¹

Labor Force

After peaking at 5.2 percent in 2002, Santa Barbara's unemployment rate has declined steadily, down to 4.1 percent in 2006, while the labor force has increased to 214,200, a gain of 3.9 percent since 2002.² As shown in the chart on the right, Santa Barbara County has posted consistently lower unemployment rates than California.

Industry Employment

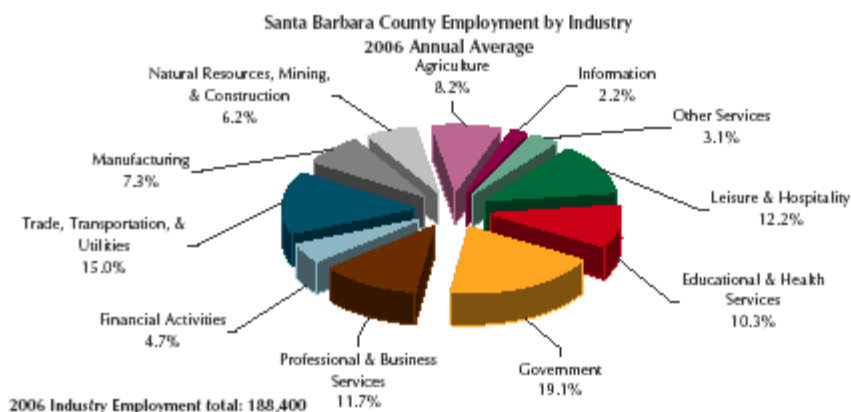
Since 2002, Santa Barbara's industry employment has increased by 8,800 jobs, growth of 4.9 percent. Leading industry gains, construction added 2,500 jobs, growth of 31.2 percent. Employment in leisure and hospitality was up 2,000 jobs; the food services and drinking places sector accounted for most of the growth. Professional and business services gained 1,500 jobs during the profiled years, a majority (1,000) in the professional, scientific and technical services component. Agriculture, making up 8.2 percent of the county's employment, gained 1,300 jobs. Leading commodities include: strawberries, wine grapes, broccoli, lettuce, and cauliflower.³ With the exception of other services (-200 jobs) and information (no cumulative change), all other industries experienced job growth over the years 2002-2006: trade, transportation, and utilities (400); manufacturing (300); natural resources and mining (200); government (200); financial activities (200); and educational and health services (100).



¹California Department of Finance, Demographic Statistics, 2007.

²Employment Development Department. All labor statistics reflect Benchmark 2006 data.

³California Department of Food & Agriculture, Agricultural Statistics, 2005.



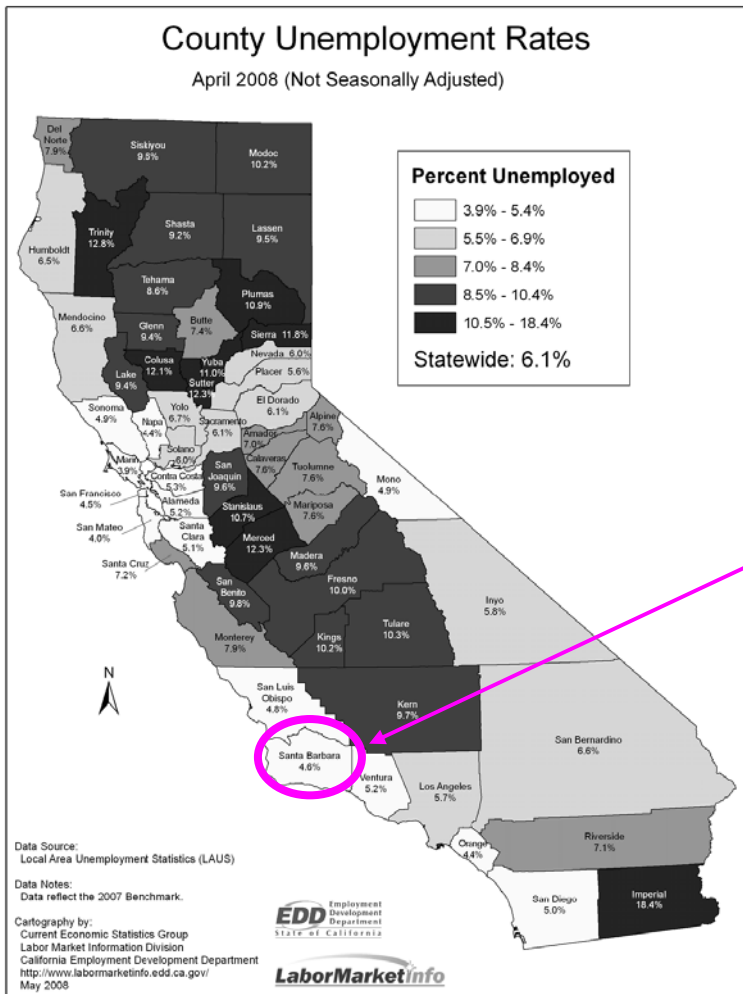
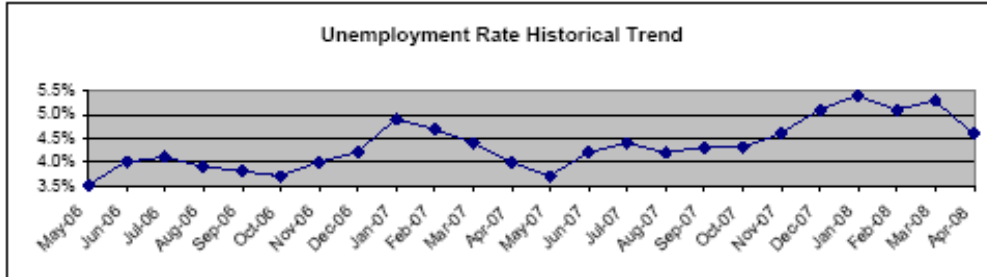
For more information, go to: www.labormarketinfo.edd.ca.gov

or contact the local labor market consultant: (818) 897-8097



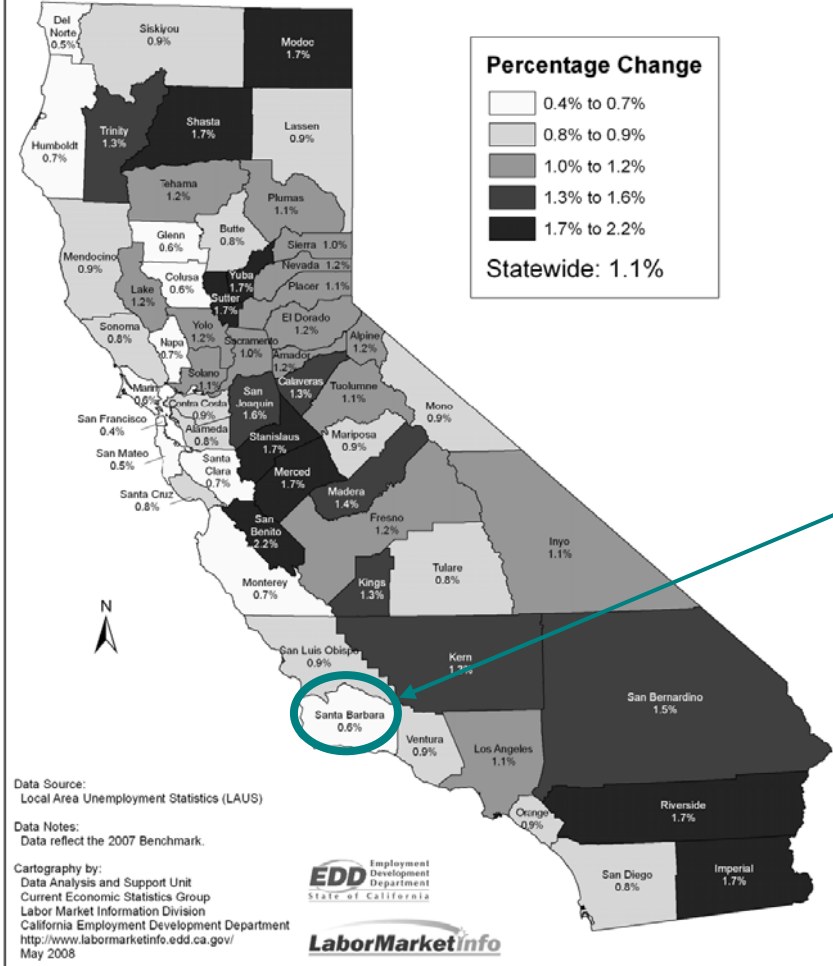
APPENDIX 2: SANTA BARBARA COUNTY EMPLOYMENT

UNEMPLOYMENT CHANGES. The following data have been taken from California Employment Development Statistical tables and maps for the dates given.



Year Over Change in County Unemployment Rates

April 2008 (Not Seasonally Adjusted)



APPENDIX 3: SANTA BARBARA COUNTY EMPLOYMENT PROJECTIONS

Santa Barbara County Projection Highlights

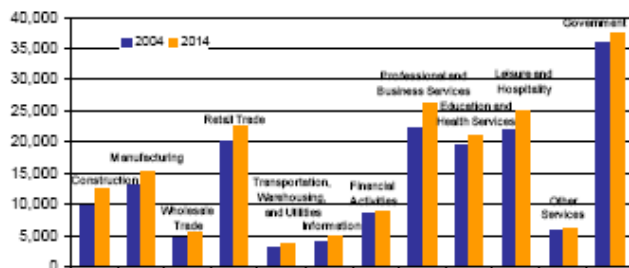
Industry

Total employment, including Self-Employment, Unpaid Family Workers, Farm Employment and Nonfarm Wage and Salary Employment, in Santa Barbara County is expected to grow at about 1.0 percent annually between 2004 and 2014, lower than California's projected annual growth rate of approximately 1.8 percent. The overall growth will add 20,900 new jobs, bringing Santa Barbara County's total employment to 222,600 by 2014.

Nonfarm employment, 84 percent of total employment, is expected to grow by 1.2 percent annually for the next ten years. Approximately 67 percent of all new wage and salary jobs are forecasted to occur in: Professional and Business Services (20 percent), Leisure and Hospitality (15 percent), Construction (13 percent), Retail Trade (11 percent), and Government (8 percent).

Construction is the fastest growing major industry sector, projected to grow at an annual rate of 2.8 percent, followed by Transportation, Warehousing, and Utilities, and Wholesale Trade, projected to grow at annual rates of 2.1 percent and 2.0 percent, respectively. Education and Health Services is projected to grow at 0.7 percent annually with 1,400 additional jobs by 2014. Specific industries forecasted to have significant annual growth are Management of Companies and Enterprises (4.0 percent) and, Clothing and Clothing Accessories Stores (3.2 percent).

Below is a graph of the 2004 and projected 2014 employment for the major industry sectors in Santa Barbara County.



Occupations

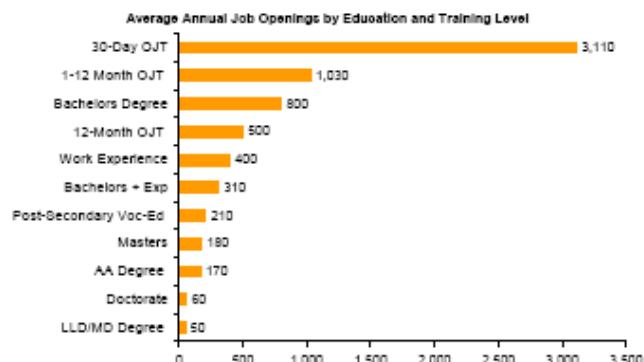
Occupational projections for the period 2004 to 2014 forecast:

- Nearly 21,000 net new jobs from industry growth,
- Almost 49,000 job openings from Net Replacements,
- A combined total of approximately 70,000 job openings.

The top 50 occupations with the most job openings will generate almost 58 percent of all job openings during the 2004-2014 period. These occupations are expected to generate over 39,000 total job openings. Most of the job openings among these top 50 occupations are from lower paying, entry level occupations such as Retail Salespersons, Farmworkers, Laborers, Waiters and Waitresses, and Cashiers. Higher-skilled and higher paying occupations such as Managers, Carpenters, and Computer Software Engineers are also among these top 50 occupations.

The 50 fastest growing occupations are all expected to grow at an annual rate of 1.8 percent or more. Occupations in Computer related fields are scattered throughout this list.

The following chart illustrates average annual job openings due to growth and replacements by education and training levels in Santa Barbara County.



For more information, visit our Web site: www.labormarketinfo.edd.ca.gov or contact the local labor market consultant at: (818) 897-8097