

Comprehensive Economic Development Strategy

Annual Update

2009-10

County of Kern

County of Kern
Community and Economic Development Department
2700 "M" Street, Suite 250
Bakersfield, California

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COMMUNITY AND ECONOMIC DEVELOPMENT DEPARTMENT

Barry Jung, Director
Public Services Building
2700 M Street, Suite 250
Bakersfield, CA 93301-2370
Telephone (661) 862-5050
FAX (661) 862-5052
TTY Relay (800) 735-2929



October 5, 2009

RESOURCE MANAGEMENT AGENCY

Ted James, AICP, Interim RMA Director
Animal Control Department
Community & Economic Development Department
Engineering & Survey Services Department
Environmental Health Services Department
Planning Department
Roads Department

Mr. Leonard Smith
U.S. Department of Commerce
Economic Development Administration
Jackson Federal Building, Room 1890
915 Second Avenue
Seattle, Washington 98174-1001
Attn.: Bettye J. Atkinson, Area Director

Comprehensive Economic Development Strategy, Annual Update, 2009-10, County of Kern

Dear Ms. Atkinson:

Included herewith are one original and two copies of the subject which has been adopted and endorsed by the County of Kern Comprehensive Economic Development Strategy (CEDS) Committee and County of Kern Board of Supervisors.

The County's CEDS Committee is inclusive and reflective of the population of the area served.

I kindly request your approval of the subject for Kern County.

Please call Paul Sippel or myself should you have any questions, 661-862-5050.

Sincerely,

Barry Jung
for Barry Jung
Director

Letter of Transmittal

xc: County Administrative Office
Resource Management Agency
U.S. Department of Commerce EDA, Wil Marshall
Kern Council of Governments, Ron Brummett

RESOLUTION NO. 09-01

COUNTY OF KERN COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY
(CEDS)
COMMITTEE

WHEREAS, the County of Kern, its incorporated cities, special districts, and nonprofit organizations are eligible to competitively apply for and receive grant assistance from the U.S. Department of Commerce Economic Development Administration (EDA) to promote economic development under provisions of the Public Works and Economic Development Act of 1965, as amended, (Pub. L. 89-136, 42 U.S.C. 3121), and the Economic Development Administration Reform Act of 1998 (Pub. L. 105-393); and

WHEREAS, The County of Kern and its communities continue to suffer the effects of high unemployment, low per capita income, underemployment, out-migration, military base realignment, defense procurement reductions, and other economic distress; and

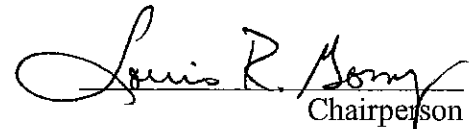
WHEREAS, the Committee is organized in accordance with guidelines developed by EDA; and

WHEREAS, the Committee has prepared an update of the CEDS as a guide for economic development activities.

NOW, THEREFORE, BE IT RESOLVED by the County of Kern CEDS Committee as follows:

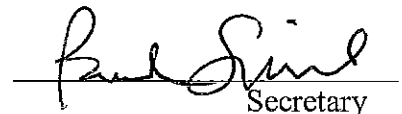
1. The Committee hereby adopts in substantial form the draft "Comprehensive Economic Development Strategy, Annual Update 2009-10, County of Kern" including, the prioritized order of newly proposed projects, status of active or completed projects, and comments, if any.
2. The Committee authorizes the Secretary to complete the CEDS and submit it to the Kern County Board of Supervisors and EDA for approvals.
3. The Committee authorizes the Secretary to include in the CEDS any and all changes as may be required by the Kern County Board of Supervisors and/or EDA.

PASSED, APPROVED, AND ADOPTED this 2nd day of SEPTEMBER, 2009.


Chairperson

ATTEST:

I hereby certify that the foregoing Resolution was duly and regularly adopted by the County of Kern CEDS Committee on SEPTEMBER 2, 2009.


Secretary

THE BOARD OF SUPERVISORS
COUNTY OF KERN, STATE OF CALIFORNIA

In the matter of:

Resolution No. 2009-378

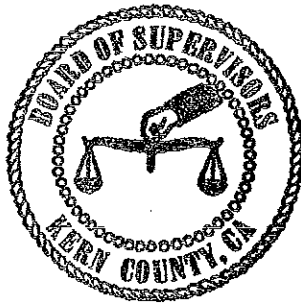
ENDORSEMENT OF ECONOMIC DEVELOPMENT
ADMINISTRATION COMPREHENSIVE ECONOMIC
DEVELOPMENT STRATEGY ANNUAL UPDATE FOR
KERN COUNTY

I, KATHLEEN KRAUSE, Clerk of the Board of Supervisors of the County of Kern, State of California, hereby certify that the following resolution, on motion of Supervisor Watson, seconded by Supervisor Rubio, was duly and regularly adopted by the Board of Supervisors of the County of Kern at an official meeting thereof on the 29th day of September, 2009, by the following vote and that a copy of the resolution has been delivered to the Chairman of the Board of Supervisors.

AYES: McQuiston, Maben, Maggard, Watson, Rubio

NOES: None

ABSENT: None



KATHLEEN KRAUSE
Clerk of the Board of Supervisors
County of Kern, State of California

Karen L Winn
Deputy Clerk

RESOLUTION

Section 1. WHEREAS:

(a) The County of Kern, its incorporated cities, special districts, and nonprofit organizations are eligible to competitively apply for and receive grant assistance from the U.S. Department of Commerce Economic Development Administration (EDA) to promote economic development under the provisions of the Public Works and Economic Development Act of 1965, as amended (Pub. L. 89-136, 42 U.S.C. 3121 et seq.), and the Economic Development Administration Reform Act of 1998 (Pub. L. 105-393); and

Resolution No. 2009-378

(b) The Economic Development Administration Reform Act of 1998 requires that the County maintain a Comprehensive Economic Development Strategy (CEDS) or its Annual Update, to remain eligible for project grants; and

(c) The County of Kern and its communities continue to suffer high unemployment, low per capita income, underemployment, out-migration, military base realignment, defense procurement reductions, and other economic distress; and

(d) The CEDS Committee is responsible for prioritizing project proposals, reporting status of active, non-active, or completed projects, and commenting as appropriate on each, and evaluating and adopting the proposed CEDS or its Annual Update prior to submitting it to the Board of Supervisors; and

(e) On September 2, 2009, the CEDS Committee completed its required tasks including adoption of the proposed "Comprehensive Economic Development Strategy, Annual Update, 2009-10, County of Kern"; and

(f) One of the requirements for approval of the CEDS by the EDA is submission to the EDA of evidence of endorsement of the final CEDS or its Annual Update by the Board of Supervisors;

Section 2. NOW, THEREFORE, IT IS HEREBY RESOLVED by the Board of Supervisors of the County of Kern, State of California, as follows:

1. This Board finds the foregoing facts are true and correct.
2. This Board has reviewed the list of proposed projects and approves this list for inclusion within the final CEDS.
3. This Board has considered the CEDS Committee's recommended prioritization of project proposals and has approved their final prioritization.
4. This Board has reviewed and hereby endorses and adopts the final "Comprehensive Economic Development Strategy, Annual Update, 2009-10, County of Kern" and authorizes the Community and Economic Development Department (CEDD) Director to submit it in final form to EDA.
5. This Board authorizes the CEDD Director to make any changes to the CEDS as directed by EDA.
6. The Clerk of the Board of Supervisors is directed to provide copies of this Resolution to the following County officers:

(a) County Administrative Officer

(b) Director of Community and Economic Development Department

(c) County Counsel

COPIES FURNISHED:
See above
10/11/09 <i>RLW</i>

Introduction

The U.S. Department of Commerce Economic Development Administration (EDA) annually makes grant awards to eligible recipients through its Public Works (Title I) and Economic Adjustment (Title IX) programs among others to help support eligible economic development initiatives of an area. To compete for these funds, an approved Comprehensive Economic Development Strategy (CEDS) must be prepared and maintained. The purpose of this document is to satisfy this requirement and, therefore, maintain the eligibility of the County of Kern, its incorporated cities, special districts, and nonprofit organizations to apply for and receive EDA grant assistance.

The CEDS document describes the problems, needs, potentials, and resources of an area; presents the communities' vision and goals; sets the strategic direction for an action plan; establishes priority programs and projects for implementation; and outlines the standards for the annual evaluation and update of the process.

EDA may accept as a CEDS any locally prepared plan provided that its preparation and contents are consistent with EDA guidelines. This has been accomplished through the *County of Kern Economic Development Strategy, Final Report*, April 2005, and Amendment No. 1 adopted on October 2, 2007. Additionally, within sub-areas of the County, the following plans have also been developed:

- *City of Arvin Marketing & Economic Study* (1998)
- *Lamont Weedpatch Revitalization Blueprint* (1998)
- *Shafter Vision* (1996)
- *Ridgecrest Economic Development Strategic Plan* (1999)
- *Kern River Valley Strategic Plan* (2001)
- *Comprehensive Economic Development Strategy (CEDS) South Valley Region of Kern County* (2003)
- *Bakersfield Old Town Kern-Pioneer Redevelopment Project Area Plan* (1999)
- *Baker Street Comprehensive Economic Development Strategy* (2004)
- *Greater Bakersfield Vision 2020*
- *Taft's Vision 2022 Plan*
- *Shafter Area Comprehensive Economic Development Strategy* (2009)
- Other unnamed plans

Each of these plans, including those unnamed, may be amended or updated from time to time. They were created to help plan and implement economic development initiatives within their respective areas. By reference, these plans are incorporated herein as part of the CEDS.

The executive summary of the *County of Kern Economic Development Strategy, Final Report*, April 2005, is reproduced in this document (the complete *Final Report* of 211 pages is available through other means as discussed on page 10). The *Final Report* contains four elements required of a CEDS: analysis, vision, action plan, and evaluation.

The CEDS Committee

The Comprehensive Economic Development Strategy (CEDS) Committee comprises County residents of diverse interests and representation. Additional committee attributes are as follows:

- The number of CEDS Committee members is ten.
- Categories of representation include local government, business, industry, finance, agriculture, the professions, organized labor, utilities, education, community organizations, public health agencies, the aged, disabled, the unemployed, underemployed, racial or ethnic minorities, and women; however, not every category must be represented.
- Minority representation is to be inclusive and reflective of the population of the County (U.S. Census 2000 shows Kern County's population to be 50.5 percent ethnic minority).
- Each member of the Board of Supervisors will nominate two to the committee, one an ethnic minority and another who satisfies one or more of the other "categories of representation" such that no more than two CEDS Committee members shall represent the same vocation.

The committee is comprised of the following individuals:

Harris A. Brokke--Male/Non-Minority/The Professions. Memberships and interests include: IWV 2000; United Way of Indian Wells Valley; Rotary Club of China Lake. Employment includes: Western Electric; Allegheny International; John Brown Engineers and Constructors; IMC Chemicals, self employed, Axial Industries, TOSS, Service Master.

(Vacancy)

Louis R. Gomez--Male/Minority/Community Organization. Memberships and interests include: United Way of Kern County; Chevron Valley Credit Union; Central Valley Business Development Council; Planning Commissioner, City of Shafter. Employment includes: Pacific Bell; Weill Institute Small Business Development Center; Fiber Optics Company; Kern County Hispanic Chamber of Commerce.

Bob J. Hampton--Male/Non-Minority/Business. Memberships and interests include: Kern High School District Trustee; County Assessment Appeals Board; Taft College Foundation; Bakersfield Vision 2020; Taft Vision 2022. Employment includes: secondary school teacher; self employed.

Raju Singh Jassar—Male/Minority/Industry. Memberships and interests include: Bakersfield Association of Realtors (BAOR) and BAOR Multiple Listing Service Committee. Employment includes: Real Estate Professionals of Bakersfield; Punjabi Partners, Inc.

Bernita M. Jenkins--Female/Minority/Education. Memberships and interests include: Greenfield Union School District Trustee; Kern County Human Relations Commission; Kern County Democratic Central Committee. Employment includes: Sears Roebuck and Co; Frito-Lay; Kern High School District.

Ralph E. Martinez—Male/Minority/Industry. Memberships and interests include: Joshua Tree Council (Girl Scouts), Greater Bakersfield Chamber of Commerce, Kern County Hispanic Chamber of Commerce. Employment includes: U.S. Department of Commerce, Laguna Food Systems, Inc., CMA, Bakersfield Minority Business Development Center, self-employment, Community Action Partnership of Kern.

Lee Morales--Male/Minority/The Professions. Memberships and interests include: American Society of Professional Engineers; Board of Trade; Buck Owens Charities; Kern County Comprehensive Economic Development Strategy Committee. Employment includes: United States Army; City of Merced Fire Department; City of Los Angeles; California Department of Water Resources; Kern County Public Works; Central Valley Surveying, Inc.; Lee Morales Engineering, Inc.

Blodgie M. Rodriguez--Female/Minority/Community Organization. Memberships and interests include: Board Member, Mariachi Foundation; American Cancer Society. Employment includes: *The Bakersfield Californian*; Kern County Mariachi Foundation.

(Vacancy)

County Community and Economic Development Department staff provides support to the Committee. Staff initiates the CEDS update process including solicitation, review, and presentation of application materials to Committee members. The Committee prioritizes and, where appropriate, comments on the project proposals for the proposed CEDS update. The County Board of Supervisors approves the final CEDS. Also, staff coordinates CEDS Committee functions with other organizations involved directly or indirectly in the County's economic development programs.

County of Kern Economic Development Strategy

On April 5, 2005, the County of Kern Board of Supervisors approved the *Final Report*, and on October 2, 2007, Amendment No. 1 was adopted. “The Path to Sustainable Prosperity: Kern County’s Economic Development Strategy,” is a summary of the *Final Report* and is included below.

Pursuant to U.S. Department of Commerce Economic Development Administration guidelines: “The CEDS analyzes local conditions, identifies problems and opportunities, defines the vision and goals of the community, designs the strategies to accomplish these goals, coordinates activities to implement these strategies, and evaluates and updates the process.” The *Final Report* satisfies EDA’s requirements for a CEDS; therefore, the *Final Report* is the core of the County’s CEDS.

The complete *Final Report* is available at www.co.kern.ca.us/cd , County of Kern libraries, and the County’s Community and Economic Development Department, 2700 “M” Street, Suite 250, Bakersfield, CA 93301.

A summary of the *Final Report* follows:

The Path to Sustainable Prosperity: Kern County’s Economic Development Strategy

Kern County is at an important juncture where decisions made today will shape the County’s ability to adequately provide for its residents in the coming decades. Many of Kern County’s industries are strong and the economy is becoming more diversified. However, rapid population growth, urbanization and loss of farmland, ongoing air quality concerns, home price appreciation, persistent low wages and educational outcomes all present challenges which must be addressed. At the same time, the changing business environment in several of Kern’s leading industries – from energy to agriculture to aerospace – require creativity and innovation to ensure that Kern’s employers remain competitive.

The purpose of the Kern County Economic Development Strategy is to guide economic development activities in Kern County over the next five years while preparing the County for the major issues that will affect the County for decades. Because the challenges are great and resources are limited, coordination is required. This strategy thus necessitates and enables the County’s economic actors – business owners, government agencies, educational providers, labor unions, chambers, interest groups, employees and individual citizens – to collaborate in promoting economic development.

The Kern County Economic Development Strategy was initiated by the County of Kern’s Community and Economic Development Department, Employer’s Training Resource, Department of Human Services and Kern Economic Development Corporation. ICF Consulting has provided the framework, analysis and technical support for the strategy development process.

The ICF Approach: Competitiveness Via Quality, Not Costs

Kern County has for several years been using a “cluster-based economic development” approach in its economic strategy. This approach is grounded in decades of experience and is currently being implemented in hundreds of communities throughout the world. The cluster-based approach recognizes that economic development builds from a community’s strengths and that successful economies focus on improving the quality of what they produce and the inputs needed for that, not just on reducing their costs relative to competitors. The ICF Consulting strategy process has maintained and refined the existing cluster-based approach. The ICF approach has identified several rules for the success of a strategy. These rules have informed the analysis and recommendations in this document. These rules are:

- **Recognize economic growth at a regional level - focus on the entire County:** Businesses are no longer as concerned about which city or jurisdiction they are in. Instead they care about a general environment where they locate and what advantages they can draw from local inputs—from skills to innovation to transportation to quality of life. Moreover, everything we do within our individual communities has an impact on the broader region and County in which we live. Challenges such as air and water quality, congestion and farmland preservation reach across jurisdictional boundaries and require broad-based solutions.
- **Grow the County’s industry clusters – the drivers of our economy:** Our economic performance is driven by our “portfolio” of industry clusters. Clusters are groups of related businesses who export products and services from the County (bringing in new dollars), their suppliers as well as the public and private providers of economic inputs, such as trained workers, innovation, financing, transportation as well as business climate. Clusters grow and change over time. Competitive clusters generate high value-added jobs whose multipliers (salaries and expenditures within the County) create other jobs. A healthy economy has a diverse portfolio of competitive and newly emerging clusters. Cluster needs and actions exert an important impact on the surrounding region’s performance—prosperity, disparity and sustainability. These clusters are what our County “does for a living” and bring net new revenue into our communities by exporting goods and services beyond our communities’ boundaries. Identifying our clusters is based on understanding our economic niche and how our economy links with larger regional economies (such as Southern California and the entire San Joaquin Valley).
- **Build the local advantages that support clusters:** Clusters only take shape and grow in regions where they can find advantages for their operations—the more responsive to their needs, the better. This is why technology-driven clusters tend to be located close to sources of skilled workers and innovation—as well as close to each other—so they can take advantage of similar workforce and infrastructure. An economy that is able to create advantages in workforce preparation, in supplying finance, transportation, energy and water, efficient regulation and administration and provide a high quality of life will form, expand and attract more companies around specific clusters. Building and adapting local advantages for clusters is the core of a sustainable and prosperous economy.
- **Collaborate to achieve ongoing economic growth:** Economic strategy requires thinking beyond traditional industry and community boundaries. Learning how to work collaboratively across community and jurisdictional boundaries will be necessary to

solve shared competitiveness challenges. High performing economies around the world have achieved their status because their communities, businesses and institutions have built a collaborative culture. A collaborative culture is an environment in which all stakeholders are open to change and are willing to negotiate trade-offs and constructive agreements with one another—they get things done, often in creative ways. A collaborative economic culture enables businesses, governments and organizations to work together, to commit to new ways of doing business and to make investments that will have a mutually beneficial pay off. Learning and applying collaborative practices is the key to building the advantages that will help form and grow clusters and achieve a sustainable and prosperous economy.

The Kern County strategy applies these rules in its goals and initiatives.

General Diagnosis of the County

Kern County is a dynamic and rapidly changing County. Population growth presents an opportunity to continually expand the labor force but it also puts increasing strains on the County's underlying infrastructure, from roads to schools, and is threatening some of the County's prime farmland and industrial activities as residential development is placed in areas where it is competing directly with economic activities. In recent years the County has made significant improvements in key economic and social areas such as the growth in average weekly wages, but has not performed as strongly as some neighboring counties in other measures such as the unemployment rate.

Kern's economy is based on the diverse assets of agriculture, oil, aerospace and transportation and warehousing services. Despite this seeming economic diversification, the overall performance of the County has been mixed in recent years when compared to the State and other counties, although noticeable progress has been made overall. This is due in part to the cyclical and uncertain nature of oil and aerospace which are often affected by factors beyond the County. Further, the agricultural sector consists largely of low paying and often seasonal employment which limits the positive multipliers within the economy. Moreover, key industries in the County, like value-added agriculture, are regional and national leaders, and new ones, such as transportation, logistics & warehousing, are emerging and growing. The County also has distinctive assets related to renewable energy and aerospace, two areas with significant potential to expand and develop. Wind and biomass geothermal are established forms of locally-generated renewable energy while solar remains largely untapped potential. Aerospace potential is driven by the emergence of private sector space-travel activities as well as other private sector aerospace activities and government contracts related to the County's two military bases. Lower business costs, the availability of land, and relatively lower costs of living also add to Kern's attractiveness and competitive advantage. On the other hand, lackluster new business growth, lower educational attainment and skills gaps, out migration of young people, a high incidence of low-to-moderate income residents, and air quality issues are significant disadvantages in the County that need to be addressed.

Kern's Cluster Portfolio: What Drives Performance

The key to building Kern County's economic prosperity over time is to strengthen each of our industry clusters. Industry clusters are the engines of Kern County's economy. Clusters are led by export-oriented lead industries, supplied by local supplier companies, and supported by an array of public and private institutions. These clusters have high

economic multipliers and are wealth generators for the County because their economic activity utilizes many supplier and service inputs that represent high-quality jobs. In addition, clusters, as the name implies, continually attract capital, skilled and less-skilled labor to the County making the economy both deeper and broader. Clusters drive our economy because they produce goods and services that are sold outside the County and thus bring new economic wealth to Kern County.

The clusters compete in markets outside the County—across California, the United States, and the world—and their competitiveness in these markets largely determines the prosperity of the entire County. The exporting industries in these clusters are also linked to related supply industries and to economic input institutions. These ‘value-chain’ linkages are an integral feature of industry clusters: The better the value-chain linkages the stronger the cluster. With strong linkages, information can move more rapidly between customers, producers and suppliers; skilled labor can be attracted and shared; firms can react more quickly to market changes; and new technologies can be more rapidly incorporated. In turn, the clusters will be able to grow more rapidly and perform more competitively in the global economy.

Therefore, making a cluster deeper means adding more value locally—retaining wealth while reducing dependency on others. Broader clusters means that as clusters develop, they add new export market-serving segments, so that the economy is more robust or resilient in the face of global economic cycles, since one cluster segment may be doing well when another is not. Building and maintaining a strong cluster portfolio means that our County must enable each of these interdependent groups to maximize their innovation and efficiency so that they cause more enterprise to form, enable existing companies to expand, and attract new businesses into the County.

The research behind this report identified seven significant industry clusters in Kern County. These are:

- **Value-Added Agriculture** is the leading cluster Countywide with the bulk of its employment concentrated throughout the Valley. The cluster builds on Kern’s historic role as a leading center for crop production. The cluster also benefits from the recent growth of food processing work, particularly carrot and tomato processing.
- **Transportation, Logistics & Warehousing** is a fast growing and increasingly concentrated cluster with tremendous potential within Kern. This is a leading cluster and supports the competitiveness of the Energy and Chemicals and Value-added Agriculture clusters through the use of warehousing and distribution services. Given Kern’s location to the immediate north of Los Angeles County with California’s two major north south interstates running through the County as well as the only year-round pass over the Sierras in the San Joaquin Valley, it is a natural place for growth in Transportation, Logistics & Warehousing. In recent years, Kern has become the location for major distribution centers such as IKEA, Target, and Sears.
- **Energy and Chemicals** is a historic driver of economic growth throughout many parts of the County. Employment in traditional oil extraction has been declining in recent years. The new focus must be on moving into downstream activities such as additional chemicals and plastics manufacturing as well as developing seed activities in renewable energies (wind, solar, biomass, and geothermal).
- **Aerospace and Defense** remains as a leading industry cluster for the County and particularly for the Eastern Kern where the economy of most communities is dependent on the strength of the aerospace and defense industries. The County has among the best natural assets in the West for continued expansion in aerospace and

defense though faces some challenges and uncertainties through the 2005 Base Realignment and Closure (BRAC) process. The potential for space tourism offers a new hope for the industry though is not yet a sure bet for major employment gains to the cluster.

- **Business and Professional Services** is an emerging cluster which builds from the location of key insurance and financial services back offices and becomes poised to serve the growing population in the San Joaquin Valley. Some of these new firms are relocating from Southern California while others are emerging locally. The broad focus on business and professional services enables the cluster to meet the changing demands of local businesses. An example of the role which Kern plays is represented by the fact that State Farm has located one of their two California Regional Offices in Kern.
- **Tourism, Recreation & Entertainment** is also an emerging cluster Countywide which plays a dominant role in certain communities throughout Kern. ICF is encouraging a new focus which changes the prior emphasis on tourism, retirement and film. ICF has worked with many regions on tourism strategies and believes that it is most important to focus one's efforts on distinct market niches. Both retirement and film must be understood as tourism niches from the standpoint of attraction (i.e. attracting retired people to Kern because of amenities or attracting film crews to Kern because of locations). However, this strategy proposes that film remain a distinct part of the tourism marketing and attraction while retirement ceases to be a key component to the strategy. There will not be a distinct focus on retirement in the cluster, except as a market segment.

Strategy Goals

The Kern County strategy is meant to be a guiding document for both public and private policy decisions affecting economic development in the County. As such, there are three overarching objectives or goals of the strategy. These goals should be applied as a "lens" with which to help evaluate economic development decisions.

Goal 1: Expand Jobs and Overall Prosperity

While job growth and increased prosperity are indisputable as goals of the strategy, the specific goal is to accomplish this by strengthening industries and segments with export potential. In other words, the way to increase jobs and arrive at greater prosperity is to focus on the County's economic drivers – its industry clusters – to help grow the overall economy. This will also require forging greater linkages between Kern's educational institutions (particularly higher education) and clusters to help promote the development of local innovations. The first goal is focused on moving the County towards higher-value-adding activities by strengthening the competitive environment for its industry clusters and in so doing reduce unemployment while increasing average wages.

Goal 2: Foster Inclusion and Increased Equity

The second goal requires that there should be a focus on job opportunities which benefit low and moderate income people and communities. Firms which receive assistance should be providing career ladder opportunities and family wages so that employees can be strong participants in the local economy. A related goal is to ensure high adoption of technology as a way to increase the skill sets of residents and help foster the creation of

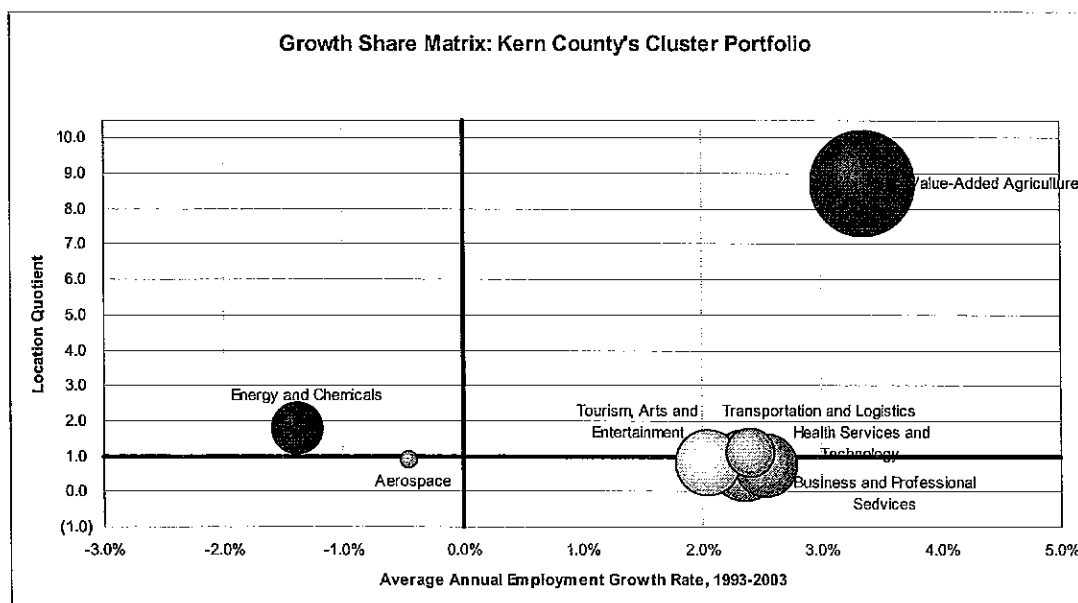
high quality jobs. In all activities, the County should strive to have its efforts increase participation and reduce social and economic disparities.

Goal 3: Promote Sustainability and High Quality of Life

The third goal recognizes the relationship between maintaining a clean environment with strengthening the County's quality of life. The County should thus encourage industries and firms to incorporate sustainable practices and result in reduced air/water pollution and overall environmental impact. Further, the County should recognize that growth is putting a strain on existing resources and is resulting in growing conflicts over the compatibility of land uses. Visit any Board of Supervisors or local planning commission meeting to see the rising levels of frustration over encroachment, densities, compatibility, etc. The goal is for the County to manage growth in a way that limits conflict between housing and jobs, preserves farmland, maintains open space and improves quality of life throughout the County.

A Growth-Share Matrix shown below is a useful way to summarize the competitive performance of Kern County's industry clusters. It shows three things simultaneously: the County's level of specialization in each cluster, indicated by the height on the vertical axis (the location quotient); a 10-year growth rate, indicated by the horizontal axis (the location quotient); and the total employment, shown by the size of the bubble.

Figure: Kern County's Cluster Portfolio



Strategic Initiatives

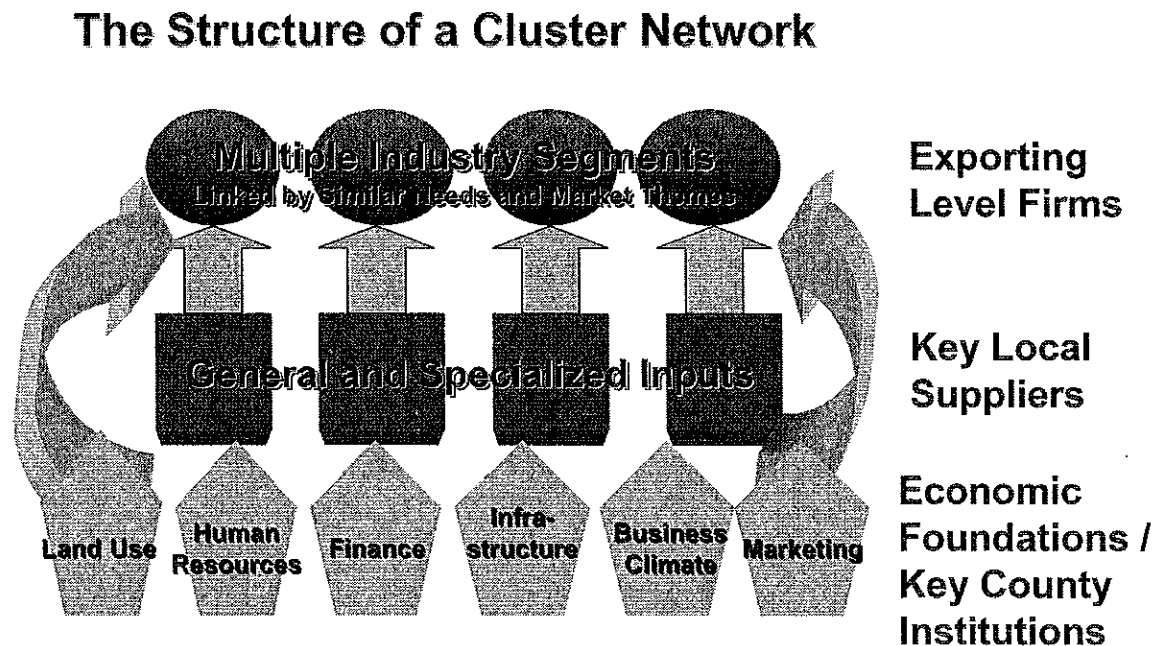
The Kern County Economic Development Strategy is built around the idea that the public and private sector must collaborate in a bottom-up, market-focused process to grow and sustain Kern's diversified economy.

To implement the Kern County strategy, there are five strategic initiatives:

Flagship 1: Cluster Network Development Strategies

Clusters have some momentum now—but it must be sustained. For this reason KernEDC will provide support for an organizational infrastructure or secretariat for six out of the seven industry clusters and their members, assisting them in convening and expanding their membership and in development collaborative initiatives—working with existing associations as appropriate. These cluster working groups will foster collaboration among the private and public sectors and result in improved partnering and problem-solving of competitiveness challenges. The flagship also proposes that KEDC reorient its business attraction, retention and expansion program to respond to the needs of each industry cluster network.

Figure. The Structure of a Cluster Network



Flagship 2: Human Resources and Skills Development

This flagship proposes that the WIB and its staff agency ETR focus a portion of their workforce development efforts on the distinct needs of the County's industry clusters. The flagship also proposes that all education and training providers throughout the County align their efforts with the needs of the industry clusters in order to foster greater expansion of skilled employment in the clusters. Specific activities include:

- Establish cluster-based training responsibility at WIB.
- Convene WIB/ETR with clusters to align training with clusters.
- Establish new training programs at Kern's colleges and schools to support key skill needs among the clusters.
- Ensure that k-12 programs provide strong basis and various options for students

Flagship 3: Land Use and Infrastructure Planning

This flagship proposes that the County's planning department become the lead entity in conducting comprehensive land use, transportation and basic infrastructure planning in a way which responds to the needs of the clusters by establishing an advisory group that is directly involved in the planning process and oversees major investment and land use decisions. This comprehensive approach to planning will take place in coordination with all other planning departments in the County. Specific activities include:

- Identify leadership, establish advisory group on land use planning and transportation issues.
- Review planning documents, develop new planning framework.
- Establish new process for cluster land uses.
- Channel growth, encourage infill development, create buffer zones, review/establish industrial and agricultural zones.
- Plan countywide land use forum, develop land use vision.
- Identify new local funding for infrastructure.
- Encourage energy-efficient home construction, use energy saving technologies

Flagship 4: Tourism Marketing and Branding Kern County

This flagship proposes that the Board of Trade become the leading voice for tourism and tourism marketing by establishing a new Countywide brand and working closely with the various local communities on their tourism and marketing strategies. Specific activities include:

- Establish countywide tourism marketing and development entity to conduct tourism strategy coordination.
- Strengthen core assets, expand growing markets (establish tourism packages).
- Work with rural communities.
- Develop county brand (develop branding tool kit and launch a marketing and branding initiative).

Flagship 5: Financing Entrepreneurship and Innovation

This flagship proposes that CEDD and KEDC develop new programs which respond to the finance needs of Kern County's innovative entrepreneurs. One program will provide micro-enterprise funding for small scale start-ups in the clusters. The second program will develop access to high risk capital to provide support for many of the more technology-based ventures. The second program may be accomplished through expanding the tomatoes on steroids program, establishing a finance advisory/mentorship team, preparing and screening angel and venture deals and producing a Kern County venture forum and angel network.

Implementation

Flagship initiatives require commitment and structure to effectively pursue. Therefore, each Flagship has been assigned to a particular agency or entity willing to take a leadership role in ensuring that the Flagship is pursued. This agency/entity will coordinate the activities of the Flagship and then work to build a supporting team to develop and implement the Flagship. Leadership may include hosting, convening, building collaborative teams and managing strategic decision-making.

The following are descriptions for each of the agencies and their role in the overall strategy management and implementation:

Resource Management Agency (RMA): The RMA provides leadership on two Flagships as well as the overall strategy. The key agencies within the RMA are the County's Planning and Community and Economic Development Departments. The specific RMA role is more of oversight while the agencies within the RMA will be chiefly responsible for the specific initiatives.

Community and Economic Development Department (CEDD): CEDD functions as the main agency which will oversee the entire strategy implementation while only having responsibility for the Finance, Innovation and Entrepreneurship Flagship (with the assistance of KEDC).

Workforce Investment Board (WIB): The WIB is the chief entity responsible for workforce development in the economic strategy. The WIB's staff, Employers' Training Resource, will manage the day-to-day work of the workforce development Flagship at the behest of the WIB board. The WIB and ETR will engage all other major educational providers in the County to participate in the review and redesign of training programs to more appropriately meet the needs of the clusters (such as CSU Bakersfield, community colleges, private universities and public junior high and high schools).

Kern Economic Development Corporation (KEDC): As the County's main economic development arm, KEDC will be responsible for developing and managing the cluster networks and using those relationships to effectively shape its business expansion, attraction and retention programs. This proposal is for an expansion of the current activities of KEDC (which are currently limited to one specific cluster). Further, KEDC will use its "Tomatoes on Steroids" small business program as a vehicle to understand the financing needs of high risk businesses within the County to help inform the Finance Flagship.

County Planning Department: The Planning Department within the RMA will be responsible for the land use and infrastructure Flagship. As the leading planning agency for the entire County (due to the large amount of County land and the joint planning authority with the City of Bakersfield on the Metropolitan Bakersfield plan), the County Planning Department is best suited to manage and guide the cluster-based approach to its land-use, transportation and infrastructure planning. The County Planning department will be responsible for managing the meetings of the advisory group and for reviewing and implementing the recommendations in this strategy report.

Board of Trade: For the purposes of the implementation of the strategy, the Board of Trade's functions should be entirely focused on developing tourism and organizing a countywide branding strategy. The film activities formerly within the Board of Trade could become part of the County RMA and should be focused on permit assistance. The retirement focus should become absorbed within the tourism or marketing activities as a specific market segment for the County to attract. The Board of Trade (or the new entity it becomes) should identify personnel with expertise in tourism, branding and marketing as well as people with strong relationships throughout the County. It is essential for the tourism focus of Kern to align the various activities across the smaller communities with events in the larger cities.

Conclusion

Perhaps the most crucial role for Kern County in helping the County to achieve the sustainable prosperity scenario is to ensure that leadership actively focuses on helping move each of the strategic initiatives forward—leading where necessary, supporting where appropriate—and helping to articulate new flagships over time.

Finally, the strategy will only be effective if local officials continue to apply the strategy principles to decisions they make. For each policy decision affecting economic development, local officials should ask themselves:

- How will this investment support the growth of Kern's economic engines, its industry clusters? (Goal 1: Expand Jobs and Overall Prosperity)
- How will this activity or policy result in increasing the participation of Kern's LMI population? (Goal 2: Foster Inclusion and Increased Equity)
- How are these decisions helping us preserve our agricultural heritage and open spaces while moving us into a sustainable 21st Century? (Goal 3: Promote Sustainability and High Quality of Life)

To accomplish this, Kern County will help the formation of new industries which are innovative and globally competitive, develop a workforce which is highly skilled and adaptable and able to succeed in the existing and emerging knowledge economy, grow the overall number of jobs in order to ensure that the fast-growing population will have sufficient employment to meet its needs and plan for its future through intelligent solutions to land use conflicts which require some sacrifice in order to ensure a prosperous economy in the future.

Cluster-based economic development strategies are not about reports or committees. Successful strategies are about learning how to change again and again. The actions developed to enhance Kern County's clusters and overall economy are practical and necessary. If there is significant progress on implementing the proposed initiatives, each cluster will advance. Through this strategy participants from the public and private sectors have come to learn that successful economies achieve their goals, not because of an external agency, but because the people and their institutions and organizations are capable of seeing the world around them differently and are willing and able to change. These changes are never easy, but each time a change is accomplished that accomplishment reinforces the value of undertaking further actions. With this strategy, Kern County is on its way to developing a more prosperous, equitable, sustainable and innovative economy. Moving forward, we must reinforce County-wide thinking, focus on our clusters and their local inputs and reward collaboration and innovation. This will enable us to stand here 10 years from now and affirm that we have indeed achieved a sustainable and prosperous future.

Annual Report

The following summarizes the status of active, non-active, and completed EDA projects, describes select economic development activities, and provides a comparison of select economic indicators.

Status of Active, Non-Active, and Completed EDA Projects

East Kern Airport District (Mojave). Construction of water mains and reservoir to serve developable commercial/industrial parcels was completed. Two jobs were created during the period, and additional job creation is expected in the future.

Bakersfield Association for Retarded Citizens (east Bakersfield). Construction is underway for an industrial building to serve persons—predominantly those residents of east Bakersfield—with employment and training opportunities and for placement into private sector employment where circumstances allow. Completion of construction is expected in January 2010.

Minter Field Airport District/City of Shafter (Shafter). Proposed is construction of a sewer line (tie-in to regional wastewater facility) and closure/clearance of District's failing wastewater treatment facility (approximately 34 acres, zoned industrial) for site reuse. District and City submitted a joint application to EDA, and subsequent efforts to convince EDA to retain "closure/clearance of the wastewater treatment facility" in the overall project were unsuccessful. EDA proposed ready-to-go, federal stimulus dollars for construction of the sewer line alone, thus obviating the failing wastewater treatment facility; however, applicants were unable to come to terms on a project memorandum of understanding. EDA has declined this project.

Community Redevelopment Agency for the City of Delano (Delano). Proposed is construction of sewer, water, street, curb and gutter, and other utilities for a 130-acre industrial park. This project carries over from the prior-year CEDS. Lacking an EDA-required, prospective tenant, the City of Delano has requested removal of this project from the CEDS in favor of the Paseo Delano Project.

City of Taft Industrial Park (Taft). Proposed is construction of sewer, roads, and sidewalks for 24+ acre industrial park. This project carries over from the prior-year CEDS. Applicant has submitted an application to EDA for investment (grant) assistance.

Kern County Black Chamber of Commerce (east Bakersfield). Proposed is acquisition of land (site to be determined) and construction of a 10,000 SF building for business incubation and training facility. This project carries over from the prior-year CEDS. Lacking an EDA-required, project site and greater project detail, EDA has yet to consider whether it will recommend that an application be prepared for investment (grant) assistance.

Select Economic Development Activities

Kern Economic Development Corporation, on behalf of the Stewardship Group, commissioned "Monitoring Economic Development Strategy: Kern County, California, Fourth Annual Report," an economic indicators report for 2008 (2004 is baseline year). From this report, "Economic Performance Indicators" and "Cluster Competitiveness Conditions" are excerpted and incorporated in the tables on the following pages under the heading Performance Measurement.

The 2005 round of Base Realignment and Closure (BRAC) resulted in the identification of net new missions (jobs) for Edwards Air Force Base/Air Force Flight Test Center and China Lake

Naval Air Weapons Station with implementation to occur over a period of six years. This follows prior BRAC rounds that resulted in the loss of missions (jobs).

Kern Economic Development Corporation, through its newly created Kern Economic Development Foundation, received a \$7,500 grant from Chevron Corporation to fund a pilot program—Alliance of Women in Energy--designed to encourage girls to consider careers in the energy industry. Program will promote innovation-centered education and increase economically disadvantaged female students' achievements in science, technology, engineering, and math courses.

Edwards Community Alliance and East Kern Education Resources Network continues to promote and lobby for a four-year, polytechnic State college biased towards mathematics, science, engineering, and technology (computer science) that is being proposed for an eastern Kern County location in the Greater Antelope Valley (Los Angeles and Kern counties).

Bakersfield/Kern County Energy Watch continues to provide energy audits and, where appropriate, the installation of energy saving equipment--435 businesses benefited during the period of July 1, 2008 through June 30, 2009.

The cities of Delano and Arvin were provisionally approved as California Enterprise Zones, and the cities of Taft and Wasco each applied--along with 13 other applicants--for four zone slots to be available in 2009. Newspaper reports indicate that Taft has received provisional approval.

Municipalities and not-for-profit organizations throughout the county continue to actively recruit new businesses and encourage business expansions; business finance programs remain active and broadly available; and various economic incentives continue to be promoted to support and encourage private capital investment and job creation.

Comparison of Select Economic Indicators

Unemployment is summarized and compared in the following table:

	2008	2007	2006	2005	2004
County	9.8%	8.2%	7.6%	8.3%	9.9%
California	7.2%	5.4%	4.9%	5.4%	6.2%
United States	5.8%	4.6%	4.6%	5.1%	5.5%

Source: U.S. Bureau of Labor Statistics and California Employment Development Department

Poverty and low per capita income remain are problematic especially in many of the County's smaller communities. U.S. Census 2000 reports per capita income and poverty as follows:

	Per Capita Income	Poverty
County	\$15,760	20.6%
California	\$22,711	14.3%
United States	\$21,587	12.4%

Performance Measurement

Kern Economic Development Corporation commissioned "Monitoring Economic Development Strategy: Kern County, California, Fourth Annual Report." Statistics for 2008 were reported and

compared. The following charts and narrative summarize current and prior-year report findings where data is available:

Economic Performance Indicators						
Indicator	2003	2004	2005	2006	2007	2008
Economy:						
Personal Income (billion \$)	14.7	15.0	15.3	15.7	15.9	15.7
Personal Income Growth (%)	2.1	2.0	2.1	2.6	1.3	(1.0)
Personal Income per Capita (\$)	20,700	20,500	20,300	20,560	19,850	19,200
Personal Income per Worker (\$)	46,600	46,900	47,400	47,800	45,600	43,200
Personal Income per Household (\$)	36,200	36,600	37,400	37,500	----	----
Labor Market:						
Population	708,400	732,400	753,100	779,800	801,600	817,500
Labor Force	315,400	319,800	322,600	328,400	351,900	363,700
Employment	282,800	288,500	296,500	303,500	322,800	328,000
Unemployment	32,600	31,300	26,100	24,900	29,100	35,700
Unemployment Rate (%)	10.3	9.8	8.1	7.6	8.3	9.8
Nonfarm Employment	205,100	207,100	210,700	216,400	227,700	----
Farm Employment	41,900	40,000	41,300	41,700	----	----
Informal Employment	33,800	37,800	38,800	34,100	----	----
Private-sector Employment	152,600	156,700	161,700	170,500	----	----
Public-sector Employment	54,500	54,000	54,700	57,200	----	----
Housing Market:						
Median Price (\$)	132,500	167,100	233,500	275,700	----	----
Median Price per square foot (\$)	95	119	161	181	----	----
New Building Permits	5,595	6,641	7,630	6,087	----	----
Affordability Indicator (%)	27.0	21.7	16.1	13.5	----	----
Note: Here, housing affordability is measured as the ratio of mean household income to median housing price.						

Cluster Competitiveness Conditions (2008)					
Cluster	Employment	Growth	Concentration	Competitiveness	Leading Segment
Value-Added Agriculture	Large (54,000)	Negative Moderate (-2.0%)	High Rising (8.8)	Established Mature Competitive Advantage	Support Activities Crop Production Food Manufacturing
Energy & Chemicals	Medium (17,700)	Positive Rapid (7.7%)	High Rising (8.2)	Established Mature Competitive Advantage	Support Activities & Construction Oil & Gas Extraction Oil & Chemicals Manufacturing
Transportation, Logistics & Warehousing	Medium (13,200)	Negative Slow (-0.5%)	High Constant (1.3)	Established Competitive Advantage	Transportation Logistics Support Activities
Business & Professional Services	Large (25,800)	Negative Rapid (-5.4)	Low Falling (0.67)	Emerging Losing Competitive Advantage	Administrative Support & Waste Management & Remediation Professional, Scientific & Technical Services Management Companies & Enterprises

Cluster Competitiveness Conditions (2008)					
Cluster	Employment	Growth	Concentration	Competitiveness	Leading Segment
Tourism, Recreation & Entertainment	Large (21,800)	Positive Moderate (2.2%)	Low Rising (0.65)	Potential for Becoming an Emerging Industry	Accommodation & Food Services Art, Entertainment & Recreation
Health Care Services & Medical Technologies	Medium (20,100)	Positive Rapid (4.3%)	Near One Falling (0.77)	Emerging Gaining Competitiveness	Ambulatory Health Care Services
Aerospace & Defense	Large (23,300)	Positive Moderate (2.4%)	High Rising (3.1)	Established Maintaining Competitiveness	Civilian Workers & Contractors Defense Department Personnel
Note: "Concentration" uses Location Quotient (LQ) which measures employment concentration. LQ is the ratio comparing an area's distribution of employment by industry with a reference area's distribution. The reference area is usually the United States. LQ > 1 indicates an industry with a greater share of the local area employment than the reference area. It suggests that the local economy has a competitive advantage in that industry over its nationwide counterpart.					

Economic Foundation

Language Proficiency: In 2008, 12,613 Kern County students in the fourth grade took the California Standards Test in English Language Arts (CST-ELA). Of these students, 19 percent scored at the *advanced* level and 26 percent at the *proficient* level. The majority of students, 32 percent, placed at the *basic* level; 15 percent scored at the *below basic* level and 8 percent at the *far below basic* level.

Test results improved from those of the previous year in that a greater percentage of students scored at the *advanced* level, whereas a smaller percentage scored at the *below basic* and *far below basic* levels. Likewise, the mean score increased from 339.5 to 342.7.

In 2008, 13,447 Kern County students in the eighth grade took the CST-ELA. Of these students, 12 percent scored at the *advanced* level and 24 percent at the *proficient* level. The majority of students, 32 percent, placed at the *basic* level; 18 percent scored at the *below basic* level and 14 percent at the *far below basic* level. Test results improved from the previous year as a greater percentage of students scored at the *advanced* and *proficient* levels, whereas a smaller percentage scored at the *below basic* and *far below basic* levels. However, the mean score dropped from 336.0 to 328.8.

College Preparation: The percentage of public high school graduates completing the "A-G" requirements for admission to UC and/or CSU universities increased from 24.4 in 2006-07 to 25.1 in 2007-08. In contrast, the state-wide average declined from 36.4 to 33.9. In spite of a noteworthy improvement, Kern County's college preparation rate was 8.8 percent less than that of the state average.

Educational Attainment: The level of educational attainment in Kern County deteriorated as the percentage of population 25 years or older without high school diploma increased at the expense of those with high school diploma and college degree. In 2008, 70.2 percent of population 25 years or older have graduated from high school, while 29.8 percent did not complete high school education. Of those holding high school diplomas, 21.5 percent had some college education with no degrees; 6.3 percent completed associate degrees; 9.2 percent received bachelor degrees; and 4.9 percent held graduate or professional degrees.

Degree Completion: Kern County's institutions of higher education granted 4,257 academic degrees and professional certificates in 2007-08, which were 246 more than the previous year. However, the number of associate degrees awarded decline to 1,695 from 1,752. Likewise, the number of bachelor degrees awarded dropped to 1,291 from 1,352. In contrast, the number of master degrees awarded climbed to 333 from 280. Similarly, the number of pre-baccalaureate certificates (less than 1, 2, and 4 years in length) that local colleges and universities issued jumped to 938 from 627.

The Quality of Life: The quality of life index (2000 = 100) lost 4 points from 106 in 2007 to 102 in 2008. There is room for improvement in all aspects of life. Better quality of life will require greater investment in all aspects of life including high school graduation and college attendance, workforce preparation, job creation and business retention, air quality, transportation infrastructure, and crime prevention, family planning and child development services.

Integration with California's Economic Development Strategy

The California Regional Economies Project identified and studied key industry clusters in each of the state's nine economic regions, looking at both export-oriented and population-driven clusters. These "clusters of opportunity" were selected based on their employment size, annual growth rate, increasing concentration within the region as compared to the national level, and the current and future employment and career opportunities that they offer.

Kern County is located within the San Joaquin Valley region. The following table shows how Kern County's identified and adopted industry clusters compare with those identified by the State.

County of Kern Industry Clusters	State of California Industry Clusters
Value-Added Agriculture	Resource Industries (agriculture, timber and mining)*
Energy & Chemicals	
Transportation, Logistics & Warehousing	Transportation and Logistics
Business & Professional Services	Professional and Business Services
Tourism, Recreation & Entertainment	Tourism, Entertainment
Health Care Services & Technologies	Health Care
Aerospace & Defense	
	Construction
	Information Services
	High Tech Manufacturing (computers, semiconductors and electronics)*
	Diversified Manufacturing (apparel, furniture, metalworking, plastics)*

* These industry sectors have not been growing employment but still contribute to the state's GDP and are heavily concentrated in specific regions.

Prioritized Order of Projects for EDA Funding Consideration

Legal Name	Descriptive Title of Project	Project Description	Proposed EDA Grant Amount	EDA as Percent of Total Project Cost	Matching Funds	Total Project Cost	New jobs to be created within nine years	Ratio of Private Sector funds to EDA funds	Ratio of Local Gov./ Private Invest. (Match to EDA funds)	EDA funds per job	Recommended Priority:
City of Delano	Paseo Delano Project	Construct sewer, drainage, waterline, and street improvements including pavement, curb, gutter, sidewalk, and landscaping for highway commercial development/ re-development.	\$1,220,280	48%	\$1,317,086	\$2,537,366	886	36.1:1	1.1:1	\$1,377	1-high 4 -low