



**Prosperity! 2012**

**Comprehensive Economic  
Development Strategy  
2013-2018**

**Humboldt County  
California**

Final Public Review Draft

## Components of the CEDS

Each component of Humboldt County's Comprehensive Economic Development Strategy (CEDS) is provided individually so that the user can easily print, read, digest and use them. Together, they comprise the complete CEDS.

### COMPONENTS OF PROSPERITY 2012

- Part I: Narrative Introduction
  - Context for Updating and Demographics
  - Using the Action Plan
  - Evaluation Methodology
- Part II: Overall Goals & Strategy
- Part III: Action Plan for implementing the Strategy and accomplishing the Goals
- Part IV: Prioritized List of Infrastructure Projects
- Part V: Targets of Opportunity Report 2012: The eight industries offering the greatest opportunity for Redwood Coast residents

### ADDENDA TO PROSPERITY 2012

- A. Infrastructure Project Descriptions
- B. Citizen Action Team recommendations
- C. Citizen feedback
- D. Overview of Prosperity 2012 process
- E. Participants in the process
- F. Northern California Tribal Economic Development Network (TEDNet) Strategic Plan
- G. Humboldt 100 interviews report

**Prosperity (*n*):** The state of having everything one needs to consider themselves fortunate or successful.

This update of Humboldt County’s Comprehensive Economic Development Strategy (CEDS)—Prosperity 2012—comes amidst the nation’s Great Recession. It identifies the industry clusters that demonstrate the greatest opportunity for Humboldt County’s residents, despite economic boom and bust cycles, and lays out the goals, strategies and actions to make the most of Humboldt County’s assets, challenges and opportunities. The Prosperity 2012 process has been business led through Target industry leaders building the work plans for their industries and through their guidance on the Industry Leader Council. Over 450 people have participated in the formation of the Prosperity 2012 CEDS update: business owners in each Target industry, elected officials, tribes, community leaders and citizens.

Located on the northern coast of California, Humboldt County is an extremely rural county of approximately 135,000 residents, including 11 recognized Native American tribes and 7 incorporated cities. Covering 3,568 square miles, the county includes a productive bay and harbor on the Pacific Ocean and stretches east into rugged, sparsely populated coastal mountains. The transportation distances and restrictions isolate Humboldt, resulting in an island-like economy. At the geographic center of the five-county Redwood Coast region—including neighboring counties Del Norte, Mendocino, Trinity and Siskiyou— Humboldt has the largest population and workforce and generates the most new jobs and firms in the region.

## **PROSPERITY! THE NORTH COAST STRATEGY**

In 1999, the Humboldt County Board of Supervisors adopted *Prosperity! The North Coast Strategy* as the county’s Comprehensive Economic Development Strategy (CEDS). An industry cluster-based strategy, *Prosperity!* established the foundation guidance that has guided economic development investments and regional collaboration effectively for over a decade. Prosperity 2012 builds on this foundation.

- I. Strategic thinking about how to use limited resources for economic development—focus on these nine base industries, which export products and services to customers outside the region, and thereby, drive faster growth in jobs, wages and firms.
  - Lumber & Wood Products
  - Education & Research
  - Tourism
  - Fisheries, Processing & Aquaculture
  - Dairy & Dairy Processing
  - Manufacturing
  - Arts & Culture
  - Information & Technology
  - Specialty Agriculture & Horticulture

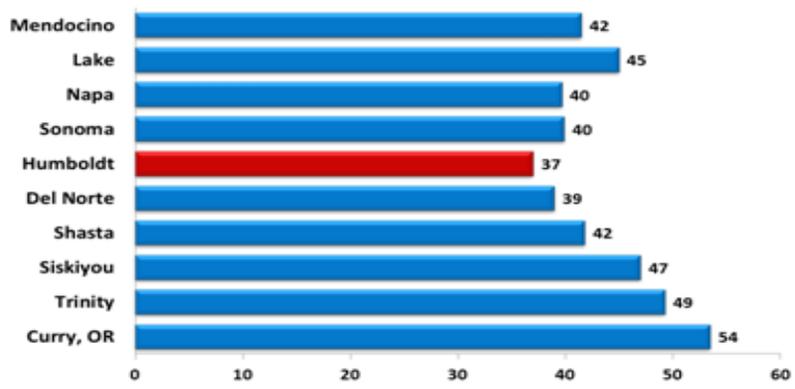
- II. Listen to the needs and opportunities of base industries, as articulated by business owners and executives in the industries, and shape projects and programs to address their priorities.
- III. Entrepreneurship is growing new businesses and jobs, so help those businesses to get established and scale up.
- IV. Collaboration is an effective process for economic development agencies and jurisdictions to address barriers to business.
- V. Small town, rural quality of life and access to natural amenities, such as the bay, rivers, forests and beaches, is a key economic asset anchoring talented entrepreneurs in the region.

### DEMOGRAPHICS

Since 1999, Humboldt County has changed. Total population increased from 126,518 residents in 2000 to 134,623 in 2010 for 6.4% growth between the decennials. And the county is still growing in 2011—amid Census estimates that show population contraction among a number of surrounding counties.

The County is aging—albeit slowly with the median age increasing from 36.3 in 2000 to 37.1 in 2010. Humboldt has the lowest median age in the region.

## Regional Median Age Comparison

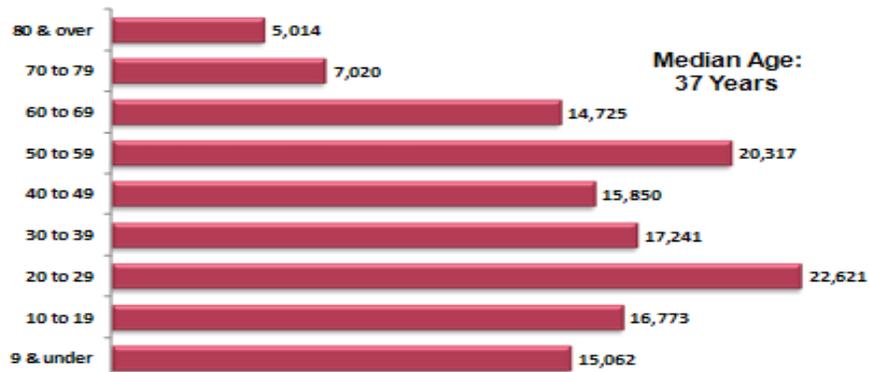


Source: US Census 2010 DP-1



In spite of the region’s lowest median age, Humboldt’s total Baby Boomer population is significant—and starting to age out of the work force. Born between 1946 and 1964, Boomers started turning 65 in 2011, they represent about 28 percent of the county’s total population. Fortunate for Humboldt, there are relatively large population cohorts following the Boomers, especially in the 20-29 age group. As expected much of this age group is comprised of students at the university and college. They hold many part-time and seasonal jobs in the community and many remain beyond their student years to fill jobs left vacant by retiring workers.

### Humboldt County Population Distribution by Age

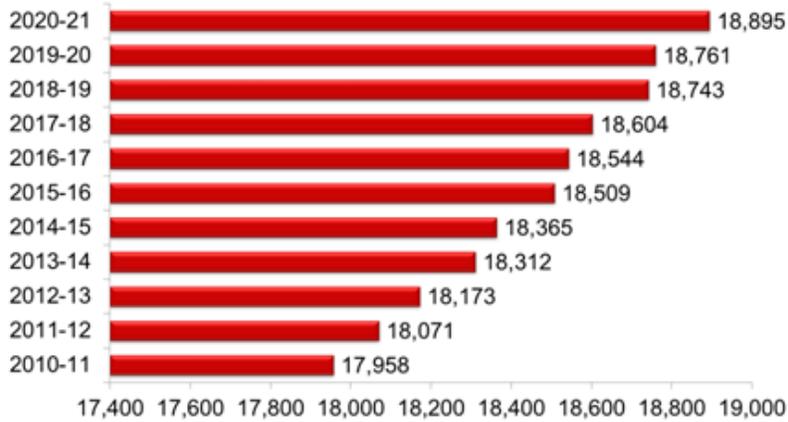


Source: US Census DP-1, 1-Year 2010, California Median Age: 35



Again, unlike many rural and older counties in the region, Humboldt is projected to reverse a decade long trend of declining school enrollment. Area schools are forecast to add a net 937 K-12 students through the 2021 term. While many of these students commence post-secondary school or training, many enter directly into Humboldt’s work force.

**Humboldt Total K-12 Enrollment Projections 2010 - 2021**

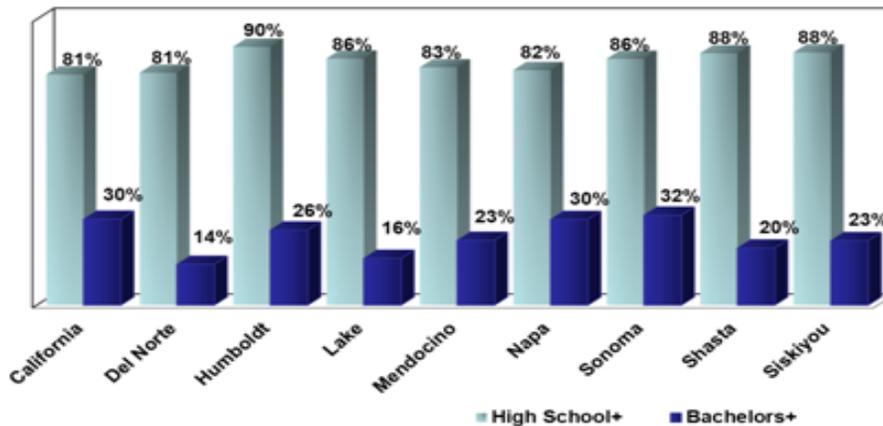


Source: California Department of Finance, Demographic Research Unit, Oct 2011



Humboldt residents have reached higher levels of educational attainment than surrounding counties. About 90% of the county’s age 25 and older population have high school diplomas or GEDs and 26% have Bachelor’s Degrees or higher.

**Educational Attainment Comparison Age 25 and Older Population**



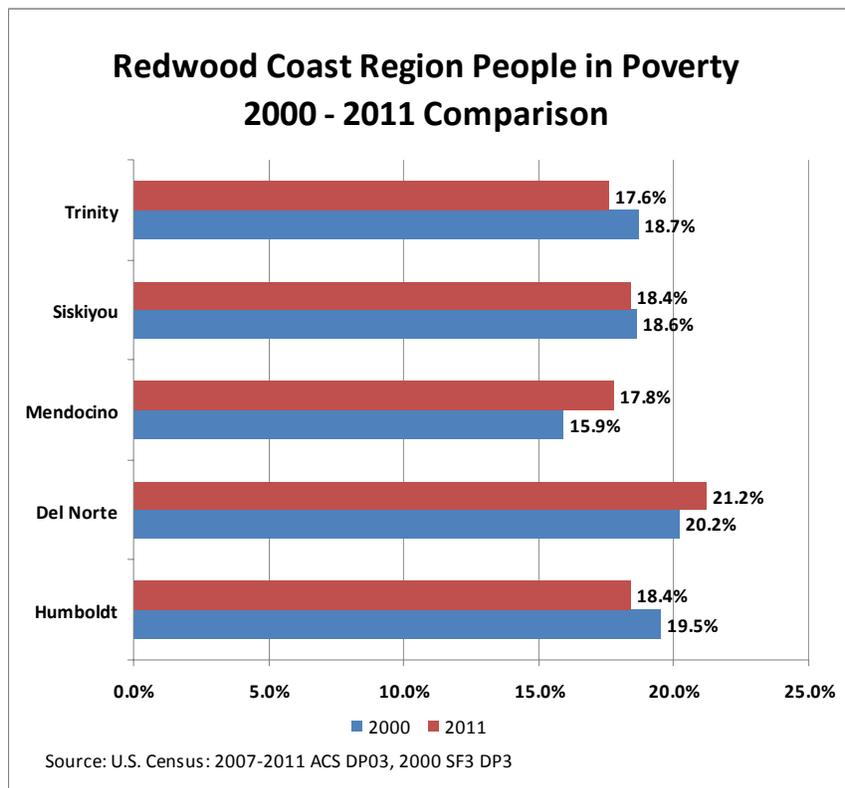
Source: US Census State and County QuickFacts ACS 2006-2010



Part I: Narrative Introduction  
*Context for Updating*

In terms of race, Humboldt is becoming more diversified. The White share of total population shifted from 85% in 2000 to 82% in 2010. The White population grew by 2.6%, adding 2,741 residents. The other-than-white population, as a group, grew by 27.2% adding 3,741 residents. In terms of ethnicity, the Hispanic or Latino (of any race) population added 5,001 residents, a 61% increase between 2000 and 2010.

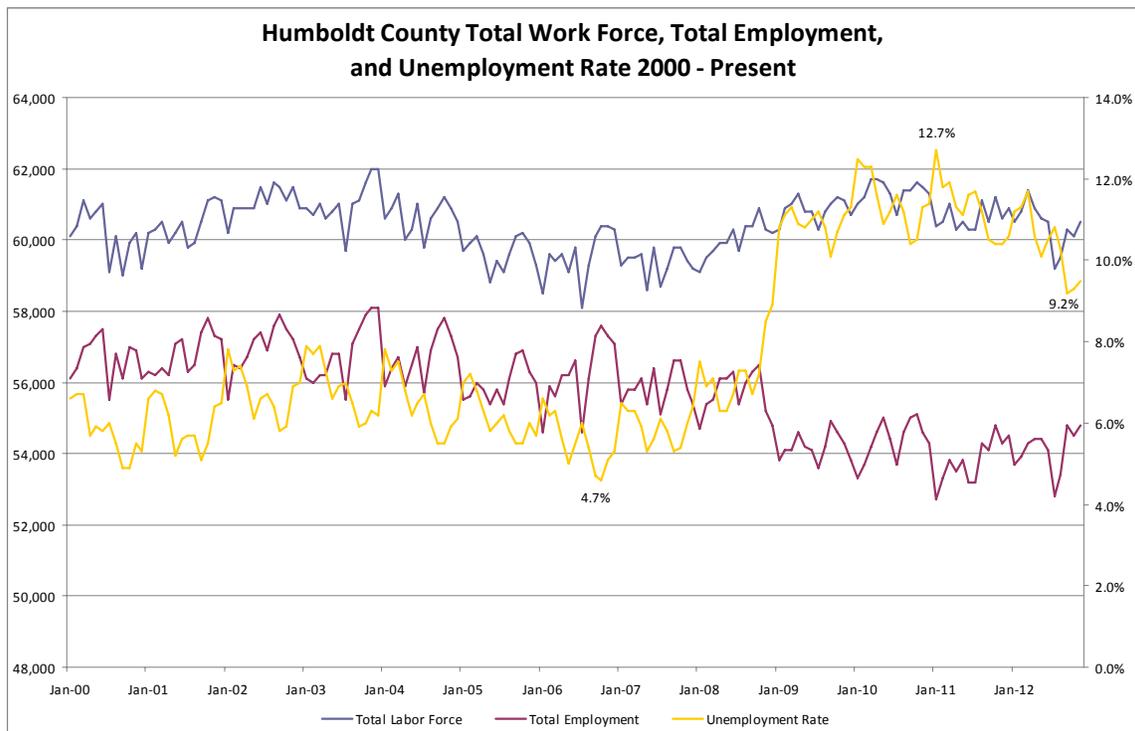
Nationally, rural county poverty rates have been consistently higher than urban counties since the 1960s when the data first became available. The Redwood Coast region is not an exception to the national pattern. The 5-county average is 18.7%, over four percentage points higher than the state as a whole. At 18.4%, Humboldt County's poverty rate is down from a longtime average of 19.5%, but still the incidence of poverty in Humboldt is high. There is much that we do not know about regional poverty; however, we do know that lower average wages greatly impact the economic well-being of our residents. Many families in poverty hold down several jobs. One purpose of economic development is to increase economic opportunities for residents, identify higher wage industries with demand occupations, and provide tools such as training and education that prepares low-wage earners to succeed in new jobs with higher wages, so that they can move out of poverty.



Part I: Narrative Introduction  
*Context for Updating*

Humboldt’s population growth, educated workforce, and increasing diversity are all positive indicators that the county is countering the national “brain-drain” trend of talented rural work force moving to urban centers, and has the potential to address some economic causes of poverty.

Through the 1980’s Humboldt County’s unemployment rate spiked up into double-digits, tracking closely with drastic downsizing in the timber industry, and above the state of California’s unemployment rate. With the national recession that started in 2007, Humboldt County demonstrates a more stable and diversified economy with an unemployment rate that has tracked closely at or below the state of California.



## **ASSETS**

Humboldt County faces persistent challenges—like geographic isolation, high poverty, and contracting historic industries—but also has bountiful opportunities. Humboldt County is a spectacularly beautiful place with talented, creative people who innovate and bootstrap both business and social solutions for the region and the world. Several assets cut across and define the upside of Humboldt County economically:

- A culture of entrepreneurship...people start businesses just to live here.
- Small town, rural quality of life anchors talented entrepreneurs in the region.
- Humboldt Bay provides a productive environment for aquaculture with expansion potential, the harbor a deep water port and essential facilities for the forest products industry, and together an asset for local and tourist recreation.
- Art is integral to Humboldt County's identity. Several times Eureka has been named one of the 100 Best Small Art Towns in America and said to be the place with the highest number of artists per capita in the United States. Not only do the visual and performing arts enhance the quality of life for residents, but they contribute to innovative businesses and vibrant communities. Arts, culture and design increase the competitiveness of emerging and mature industries, deliver a better prepared workforce, and catalyze community revitalization.
- An exceptionally beautiful, natural environment where the Redwood forests grow to the edge of the Pacific Ocean.
- Highly productive agriculture land with a long growing season and many micro-climates. Stan Parsons of Harare, Zimbabwe, developer of the Ranching For Profit Schools in the US, Australia, Canada, South Africa and Zimbabwe called Humboldt County "one of the most productive ranching countries I have ever been involved in. It's also perhaps the most picturesque and the most beautiful." Humboldt County is one of the few places in the world where beef cattle can be finished on grass. Excellent quality wine grapes, flowers and many other products are produced here.
- Water. Lots of water, and the pipes to move it. Humboldt County has a unique and valuable asset in its abundance of water and an infrastructure to deliver that water for industrial use.
- Humboldt State University (HSU) and College of the Redwoods (CR) are both large employers (HSU the second largest) in the county, and both sell education to people who generally live outside the county, infusing the county with over \$300 million annually. Additionally, the students that HSU and CR train talented

people, many of whom become valued employees of local businesses, or start their own businesses.

- Highly productive forests for harvest and renewal. Humboldt County is one of the few places in the world that redwood grows well. Redwood is a premiere, niche wood product. Timberland owners are restoring the working forests and making investments that will keep merchantable trees growing for many years to come.

## **CHALLENGES**

Isolation and lack of an efficient system for transporting goods and people limits the Humboldt County economy. The nearest major metropolitan area, San Francisco (SF), is approximately 6 hours drive to the south, and the Interstate 5 (I-5) corridor is 3-hours drive to the east. California State Highways 101 and 299 form the primary transportation infrastructure (connecting to the SF Bay Area and I-5), with approximately 2,200 trucks moving in and out of the county daily (estimate from the Caltrans data). At this time, these highways do not accommodate common-size trucks for moving goods (as established by the Surface Transportation Assistance Act-STAA).

Humboldt Bay is a deep water port and supports some barging and shipping of logs in and out of Humboldt Bay. Aging docks, loading equipment currently increase costs and limit the potential of bulk shipping as well as cruise ships. Railroad access was eliminated in the late 1980s due to storm damage, also limiting the Harbor's ability to participate in the national transportation system. Maintenance of the deep water channel requires dredging.

The regional airport consistently supports one commercial airline flying full flights through San Francisco (SFO). Forcing all flights through SFO increases costs, delays and travel time. There is tremendous demand for a diversity of routes and airlines to support business, student, tourist and personal travellers.

As a result, moving products and people in and out of Humboldt County remains extremely expensive. Our businesses cannot effectively compete in commodity markets, and must produce light, high-value, niche products that can easily be shipped on trucks.

## **INDUSTRIES EVOLVE**

Despite these limitations, businesses in Humboldt County have developed innovative, high value products in markets across the world. In 2007, the Humboldt County Workforce Investment Board published new data on six fast-growing industries driving

Part I: Narrative Introduction  
*Context for Updating*

the Redwood Coast regional economy. The region includes the four rural counties surrounding Humboldt, and combined four criteria to set a high standard for industries offering the greatest opportunity:

1. Expanding Opportunity in job and/or firm growth;
2. Growing Quality in higher than average or increasing wages;
3. Improving Competitiveness in CA; and
4. Career Potential.

*Targets of Opportunity* identified six industries that grew jobs at 36% (versus the region at 8%), firms at 23% (versus the region at 1.5%) and wages at 20% (versus the region at 6%):

- Diversified Health Care
- Building and Systems Construction
- Specialty Food, Flowers & Beverages
- Investment Support Services
- Management & Innovation Services
- Niche Manufacturing

The 2007 *Targets of Opportunity* report both reinforced the focus on the base industries identified in *Prosperity!* and indicated the need to update to reflect new industries, challenges and opportunities. A 2012 *Targets of Opportunity* report provides the foundation industry data for the update of Humboldt County’s CEDS. The updated 2012 *Targets of Opportunity* report shows that these industries have weathered the storms of three major national recessions. Additionally, the Forest Products and Tourism industries provide a substantial portion of our base economy and exports.

The *Targets* industries of *Prosperity 2012* are somewhat different than the base industries of *Prosperity 1999*. Many of the sectors that made up the base industries are re-combined and included within the *Target* industries, as demonstrated in the table below.

Base Industry Prosperity 1999	Target Industry 2012
Fisheries, Processing & Aquaculture	Specialty Food, Flowers & Beverages
Dairy & Dairy Processing	
Specialty Agriculture & Horticulture (beef, flowers, crop farming)	
Arts & Culture	The arts are an asset in our economy, see p. 7
Information & Technology	Information Technology & Communications (ITC) cuts across all industries
Education & Research	Management & Innovation Services HSU & CR are assets in our economy, see p. 7

Manufacturing	Niche Manufacturing
Lumber & Wood Products	Forest Products
Tourism	Tourism
	Diversified Health Care
	Investment Support Services
	Building & Systems Construction

In addition to the Targets of Opportunity Report in 2007, this change in industries stems from lessons learned by economic development practitioners in the first twelve years of implementing Prosperity 1999. Two industries—Education & Research and Arts & Culture—are still included in the strategy, but viewed as *assets* in the Humboldt economy. These two industries do not operate like industries, but are clearly economic and community assets, even drivers in the county’s economy. For instance, a small increase in student population at HSU or CR means greater dollars being spent in the local economy. Information & Technology cuts across all industries as a driving force in innovation, competitiveness and workforce demands. Viewing these industries as assets and cross-cutting the entire economy helps to focus attention and define better how to work with them.

**THE ELEPHANT IN THE ECONOMY**

US Bureau of Labor Statistics (BLS) data is used to track the economy and characterize the Target industries. BLS is considered the gold standard of economic data, and comes from information reported by employers. There is no similar, reliable source of data for an underground industry, like marijuana cultivation. Still, it is widely known that the cultivation and sale of marijuana for medicinal and recreational purposes infuses a substantial amount of cash into Humboldt County’s economy.

According to estimates from a 2010 study for a master’s thesis, Humboldt County has approximately \$416 million in unaccounted for spending, relative to other similar size counties in CA. That could be amounting to 26% of our taxable income. The same study estimates that about \$1 billion of marijuana is grown in Humboldt County (wholesale value).

From a simplistic view of the economy, cash is good, the more the better. Certainly, personal incomes have been improved, and people are spending money with local businesses, supporting local jobs. Marijuana cultivation has also stimulated some innovation and entrepreneurship, particularly in soil amendment mixers and retail

growing equipment suppliers, data for which can be seen in the Building & Systems Construction industry.

There are also economic downsides to having an underground economy, including, but not limited to the following:

- Attracting youth and adults away from higher education and entry-level jobs from which a career could be built;
- Removing people from the workforce, who are needed and would otherwise aid in the growth of companies within the main stream economy;
- Increasing fire dangers in neighborhoods where houses are re-wired for indoor cultivation;
- Decreasing the availability of housing for people;
- Diversion of water from streams and rivers, which decrease fish habitat;
- Illegal grading of hillsides leading to runoff and destruction of habitat;
- Unregulated use of or dumping of fertilizers and pesticides;
- Damage to public and private property;
- Increased criminal activity, violence and gang activity;
- Increased need for law enforcement, courts and jails;
- A perception of Humboldt County as being all about pot and nothing else.

The question of how to address marijuana cultivation in economic development was taken up by one Citizen Action Team (CAT), which included a wide diversity of opinion. The facts that most funding for economic development comes from federal sources and marijuana cultivation and sale is illegal under federal law severely limits what economic development entities could do to help or hinder this “industry.” The Industry Leader Council for Prosperity 2012 recommended that economic development keep its focus on the vast majority of the economy in the eight Targets industries. Building on the CAT recommendations, the ILC also recommended that the full scope of impacts from marijuana cultivation be analyzed, so that policy makers could have solid information, from which to affect law and policy (Action Plan Strategy A3-a).

## **PROSPERITY 2012 PROCESS & RESULTS**

Over 450 people participated in Prosperity 2012, a public engagement and planning process designed to engage industry leaders, jurisdictions, non-profit leaders and the public on multiple levels, so that people are well informed about the industry clusters driving our economy and able to be strategic in their deliberations, recommendations and actions to grow the economy. A detailed description of the process can be found in

Attachment D: Overview of the Prosperity 2012 Process, and is summarized in these three phases:

**Phase I (2010-2012):** Gathering data and industry leader direction, in which economic data on the Target industries was updated and re-analyzed, and leaders in each Target industry met and developed strategic work plan for their industry. The work plans are contained in the 2012 Targets of Opportunity report. Native American Tribes also contributed through the Tribal Economic Development Network (TEDnet) strategy (Addendum F). This phase resulted in:

- Updated economic, industry and occupational trend data
- 8 strategic work plans for the Target industries

**Phase II (January-December 2012):** Public engagement process, in which the citizens, business and civic leaders and economic development professionals learned, discussed and proposed actions to advance the economy. Eighteen Citizen Action Teams (CATs) provided over 60 recommendations for action. The Industry Leader Council of approximately 12 business leaders from each of the Target industries evaluated and determined what actions will best help business grow in Humboldt. Cities, community service districts and the county prepared public works infrastructure projects. This phase resulted in drafts of the following four Prosperity 2012 CEDS documents:

1. Overall goals, strategies, challenges and assets;
2. An action plan that implements the strategies;
3. A prioritized list of infrastructure projects; and
4. A three-part evaluation methodology.

**Phase III (January-March 2013):** Three sponsoring, community-based boards—Headwaters Fund Board, Redwood Region Economic Development Commission & the Humboldt County Workforce Investment Board—will consider recommending the resulting CEDS for adoption by the Humboldt County Board of Supervisors, including:

- 2012 Targets of Opportunity Report;
- Prosperity 2012 CEDS documents (listed above); and
- Addendums to the CEDS: overview of Prosperity 2012 process; CAT recommendations; Northern California Tribal Economic Development Network (TEDNet) Strategic Plan; participants in the process; citizen feedback; Humboldt 100 interviews.

## **PUBLIC ENGAGEMENT PROCESS**

Three public boards of community leaders from government, business and non-profit sectors—Redwood Region Economic Development Commission (RREDC), the

Headwaters Fund Board (HWFB) and the Workforce Investment Board (WIB)—sponsored Prosperity 2012.

- RREDC’s board is a joint-powers authority and the board of directors includes elected officials from the county, each city, community service districts, special districts (like the Redwoods Community College District and the Humboldt Bay Harbor Recreation & Conservation Commission), and the Hoopa Tribe.
- The Headwaters Fund Board is a 7-member commission of the Humboldt County Board of Supervisors (BOS), appointed to recommend uses for the \$18 Million Headwaters Fund, which is dedicated to implement the County’s CEDS.
- The WIB is 30-member commission of the BOS, appointed to oversee the workforce investment system and funding.

For Prosperity 2012, these three boards provided the key staff and hosted five joint-public meetings for deliberations throughout the process. These boards reviewed and recommended the CEDS for adoption by Board of Supervisors, and are integrating the strategy into their policies and resource allocation decisions. The WIB served as the official CEDS Strategy Committee. (See the process overview, timeline and map in Addendum D.)

### *Industry Led*

Industry leaders provided direction through three mechanisms. First, a cross-section of leaders in each target industry developed **strategic work-plans** to characterize the challenges, opportunities of their industry, and how the industry is addressing them. These work plans identify key issues, quick wins, strategies and actions to address challenges and opportunities for each industry. Common themes among the 8 target industries formed the foundation of the Prosperity 2012 Action Plan, into which Citizen Action Team recommendations were integrated by the Industry Leader Council.

Second, the Headwaters Fund staff conducted one-on-one interviews with over 100 business and community leaders regarding their sense of how the economy is faring and how it can be developed. These **Humboldt 100 interviews** formed the starting list of topics around which 18 Citizen Action Teams formed to study and recommended over 60 actions for inclusion in the CEDS.

Third, an **Industry Leader Council** (ILC) formed to advise the refinement of the economic development strategy, focusing the action plan and defining an evaluation methodology. The ILC includes a dozen business owners from the Target industries and the full economy. The ILC was asked to apply their business acumen and knowledge of economic drivers in the Target industries to focus our strategy on the highest value

actions. Their recommendations are incorporated as the Overall Goals, Strategies, Assets & Challenges; Action Plan; and Evaluation Methodology.

#### *Tribal Input*

In 2009-10, Humboldt County Economic Development Division commissioned the “Northern California Tribal Economic Development Network (TEDNet) Strategic Plan.” A member of County Economic Development staff and TEDNet staff (located in the Office for Community, Economic and Tribal Development at Humboldt State University) interviewed tribal leadership in each Native American Tribe in the county about their projects, programs and plans for economic development. This plan provides essential input into Humboldt County’s CEDS, and actions were integrated into the Prosperity 2012 Action Plan.

#### *Jurisdictional Collaboration*

The elected officials and staff of the county, cities and community service districts participated in four ways: (1) on the Board of RREDC and (2) in the Citizen Action Teams as described above; as well as through (3) the Infrastructure Prioritization Committee led by RREDC; and (4) the Prosperity Network. The **Infrastructure Prioritization Committee** included staff from each jurisdiction and was facilitated by RREDC. The IPC prepared descriptions of economic development infrastructure projects within their jurisdiction. Together, the committee scored and prioritized the projects into a comprehensive list for inclusion in the CEDS.

One of the most valuable products of implementing 1999 *Prosperity! The North Coast Strategy* has been the **Prosperity Network (PN)**, a collaboration of economic development agencies providing services and implementing projects across the county and region. Prosperity Network includes:

- Redwood Region Economic Development Commission (RREDC)
- Arcata Economic Development Corporation (AEDC)
- North Coast Small Business Development Center (NC-SBDC)
- Humboldt Area Foundation
- Redwood Coast Rural Action (RCRA)
- Humboldt State University (HSU)
- College of the Redwoods (CR)
- Humboldt County Office of Education (HCOE)
- City of Eureka
- City of Arcata
- County Economic Development (the Headwaters Fund and the WIB).

The PN met bi-weekly to design and guide the Prosperity 2012 process. Staff of partner agencies participated in and liaised to the Citizen Action Teams. Additionally, PN has worked in the Redwood Coast region (Del Norte, Mendocino, Trinity, Siskiyou and Humboldt counties) to share strategies, data and collaborate on specific region-wide issues.

### *Citizen Engagement*

Over 300 citizens of Humboldt County participated in five large public meetings (45-120 people) for Prosperity 2012 and through Citizen Action Teams and Business Leader Luncheons. As a result, Prosperity 2012 provides the context for business, non-profit organizations, education and governmental agencies to partner and pursue opportunities that benefit the Humboldt and Redwood Coast economy and community. Prosperity 2012 lays the foundation for accomplishing these desired outcomes:

1. The community understands the economy and industries that are driving our economy.
  - The industries and occupations with the greatest opportunity;
  - Economic assets of Humboldt County;
  - The data that best describes our economy; and
  - How everyone can participate in economic development.
2. The sponsoring boards and jurisdictions understand:
  - The community's priorities for economic development;
  - The proposed strategies and how they can implement them;
  - What each group of players—individual citizens, business, government and non-profits—can do to advance the economy; and
  - How the value to the community can be evaluated.
3. The sponsoring boards and jurisdictions will be positioned to integrate the strategy into their policy and programmatic decisions, for instance:
  - The Headwaters Fund Board grant and loan decisions;
  - The RREDC project and loan priorities;
  - City and county land use planning
  - City and county programmatic investments;
  - The Workforce Investment Board's local strategic plan, grant and programmatic focus.
4. Local business and non-profit organizations will be able to apply the strategy in their policy, programmatic and investment decisions.

**ACTION PLAN PURPOSE**

The purpose of the Prosperity 2012 Action Plan is to identify priority areas and involve government, business, non-profit and citizens in coordinated and individual actions that result in a more prosperous economy. People and organizations with capacity to affect the outcome can use the Action Plan as a tool to focus their efforts.

**INPUT SOURCES**

- ❖ Target industry cluster leaders and their work-plans;
- ❖ Tribal Economic Development Network (TEDNet) strategic plan;
- ❖ Citizen Action Teams;
- ❖ Prosperity Network;
- ❖ Industry Leader Council.

**IMPLEMENTATION OPPORTUNISTIC**

Leaders will look for the moments when leadership, funding, and the community are ready. That right timing cannot be predicted. In some cases, the project is clear, in process and funded. In others, we know what we want, but we don't know exactly how to achieve it. The Prosperity 2012 planning process puts the needs and goals in our minds so that when a funding opportunity arises, leadership can take action and determine community readiness to move that ball.

**ALL BUSINESS IS GOOD**

If your business is not in the Target industries, how do you fit in? The focus on the Target industries is strategic and long-term. Fundamentally, as clusters of export-oriented businesses, the Target industries tap global markets and drive growth in the local economy. Increasing the efficiencies and market opportunities of the Target industries means that those businesses will bring more new capital into the region, purchase more goods and services from local vendors, attract talented staff, and employ more people with salaries to spend with businesses that focus on the local economy. Consider that...

- ❖ Improvements in business climate benefit all businesses.
- ❖ Many businesses are a hybrid of export & local sales, spanning multiple clusters.
- ❖ Workforce issues affect all businesses.
- ❖ Childcare is necessary for employees of all businesses.
- ❖ Entrepreneurship services are for all businesses.

**Target Industry Work Plans**

These are the fundamental source of the Action Plan, but do not replace the industry work plans (included in the Targets of Opportunity 2012 Report). Projects could still be formulated to address specific industry needs and opportunities.

## HUMBOLDT IN THE WORLD

The Humboldt economy is significant within the Redwood Region, but tiny in the context of the global, national and state economies. Economies are complex, and larger than all of us in Humboldt County. We are one county of 135,000 people in a region of 5 counties, in a state of 38 million, in a nation of 50 states and 312 million people. The US is the largest economy in the world with \$14.66 trillion of purchasing power. If we could simply divide the purchasing power by the number of people, Humboldt wields a whopping .043% of the nation's purchasing power.

Clearly, we will continue to be affected by regional, state, national and global economic forces. These forces, and state and national laws, drive and constrain the Humboldt economy in ways that we are unlikely to overcome. Our economic development strategy needs to take the best advantage of constraints and opportunities.

## NOT A DIRECT LINE TO DRAW

For evaluation of our efforts, the reality of our size makes it difficult to draw a direct line between our economic development strategy and changes in economic indicators. For instance, no matter what we did, we still would have been affected by the national recession of 2007. So we don't want to mislead ourselves.

## THREE-PART EVALUATION METHODOLOGY

**Part I: Track larger economic trends, and how Humboldt is fairing in context.** One main purpose of an evaluation methodology is to stimulate and support useful discussion about our economy. A **dashboard** of the following economic indicators will be useful for each of our Target industries and Humboldt County as a whole:

- ❖ Job production
- ❖ Average annual wages
- ❖ Firm growth
- ❖ Concentration of jobs in each Target industry cluster (versus the CA)
- ❖ Total workforce versus the population
- ❖ Demand occupations and skills

For context, the dashboard should compare Humboldt County to the Redwood Coast region including neighboring Del Norte, Mendocino, Trinity and Siskiyou counties, similar rural counties (such as Butte county in CA and Jackson County in Oregon), the state of California and the nation. Additional information in the dashboard could include population size, average age, unemployment rate, poverty rate.

**Part II: Know more about what the Humboldt business community is thinking.** A quarterly survey of business confidence that could be compared with a state or national survey would be useful.

**Part III: Capture and Track the Implementation Activity and Outcomes.** The Prosperity Network and many organizations and individuals will take actions to implement Prosperity 2012. Capturing this activity and the successes will provide essential feedback and a foundation for continuous improvement. The success indicators and process for capturing the data to report will be developed by the Prosperity Network, and may be integrated into the **dashboard**.

**OVERARCHING GOALS**

- ❖ Diversified, growing industries that export goods and services.
- ❖ A strong local economy that maximizes use of locally produced goods and services.
- ❖ Constant creation of new firms and jobs with wages that support a family.
- ❖ A business climate that welcomes and nurtures entrepreneurship, business expansion and strategic community-based problem-solving.
- ❖ Quality of life that supports enjoyment of nature, small town rural life and connection to community.

**STRATEGIES**

- A. Focus economic development resources on the challenges and opportunities of these 8 Target industry clusters, which utilize our region’s assets and have shown significant opportunity for new jobs, entrepreneurship, increasing wages, export of products and services:
  - Diversified Health Care
  - Specialty Food, Flowers & Beverages
  - Building & Systems Construction
  - Investment Support Services
  - Management & Innovation Services
  - Niche Manufacturing
  - Forest Products
  - Tourism
- B. Build a community culture that understands, welcomes and nurtures business.
- C. Stimulate and nurture entrepreneurship with access to expertise, markets, capital and support.
- D. Decrease regulatory complexity and increase permit certainty.
- E. Build an "Infrastructure of Connectivity" to move people, goods , information into the global marketplace.
- F. Plug leaks where we are now importing materials, products and services.
- G. Improve regional capacity to train, attract and retain quality workforce.

**ASSETS**

- Redwoods meet the Pacific Ocean
- Small town quality of life
- Entrepreneurial culture
- Access to natural resources
- Artists and vibrant cultural communities
- Historic architecture and culturally significant places
- An exceptionally beautiful natural environment
- Humboldt State University & College of the Redwoods
- Abundant water supply and regional distribution system
- A bay and a port
- A regional airport
- A history of collaboration
- Active economic development agencies, capacity, capital & technical assistance
- Highly productive agriculture land, long growing season & micro-climates

**CHALLENGES**

- Limited pool of entry-level and advanced skill workers
- Limited management and executive talent
- High input costs
- Business succession
- Lack of permit certainty
- Land with barriers to commercial and industrial development
- Expensive, inefficient transportation system
- Expensive, inconsistent broadband Internet services
- Airline service limited to SFO
- Integration of professional spouses
- High, persistent poverty
- Ailing/insufficient water and wastewater infrastructure

**OVERARCHING GOALS**

- ▶ Diversified, growing industries that export goods and services, bringing new capital to the regional economy and driving job growth.
- ▶ A strong local economy that maximizes use of locally produced goods and services.
- ▶ Constant creation of new firms and jobs with living wages.
- ▶ A business climate that welcomes and nurtures entrepreneurship, business expansion and strategic community-based problem-solving.
- ▶ Quality of life that supports enjoyment of nature, small-town rural life and connection to community.

<b>Strategy A: Focus resources on the challenges and opportunities of the 8 Target industry clusters.</b>		
	Diversified Health Care Specialty Food, Flowers & Beverages Building & Systems Construction Investment Support Services	Management & Innovation Services Niche Manufacturing Forest Products Tourism
<b>Actions</b>		
A1	Continue convening leaders in Target industries to update work-plans.	
A2	Establish a "voice for business" as advisors to economic development and to the Board of Supervisors and others, utilizing leaders from the Target industries (like Industry Leader Council of Prosperity 2012). Initial focus on actions in this plan such as:	
a	Transportation system real needs: Receive and advise technical experts looking at our transportation system and evaluating for most efficient methods for moving goods and people. (See E1)	
b	Business climate: Feedback to jurisdictions on regulatory and procedure changes; orientations for permitting staff, etc. (See B2)	
c	Promote successes and opportunities of Humboldt entrepreneurs (See B1)	
d	Speak to youth and students about entrepreneurship and business (See B1)	
e	Business-to-business mentoring and assisted networking (See C3)	
A3	Collect, analyze and communicate relevant information on regional economic health	
a	Quantify and describe the total economic impacts of the marijuana economy, recognizing costs to private and public lands, public health and safety costs, and environmental impacts so that policy-makers can be informed and advocate for solutions.	
b	Disseminate and analyze data on Target industries and economic performance (job, firm, wage growth, concentration, and occupational demand).	
c	Gather, analyze and disseminate regional business confidence survey	
<b>Strategy B: Build a community culture that understands, welcomes and nurtures business.</b>		
<b>Actions</b>		
B1	Build community understanding, support for and pride in Humboldt businesses, entrepreneurship and the profit that flows from them.	

a	Regular social media, print, radio, and/or television programs that demonstrate how businesses contribute to the community of Humboldt, successes and opportunities in Humboldt business and industry
b	Program to arrange and support business owners to speak in classrooms consistently over time
c	Encourage media to incorporate positive/constructive messages about business and the Humboldt economy
B2	Encourage jurisdictions to collaborate and develop a supportive climate for business start-up and expansion. Suggested actions include, but not limited to...
a	Adopt a positive business climate policy that lays the foundation for community expectations, staff training, changes in policy/procedure and common measurement
b	Support and direct regulatory staff to participate in one or more symposia on local business and their experience in the permitting process
c	Develop common measures/indicators of a community culture that supports business
d	Collaborate to develop, test and share successful practices, such as clear document maps/check lists for getting permits, aligning sequence of steps to permits so that it is similar from one jurisdiction to the next
e	Send senior permitting staff to business training workshops to learn about new business start-ups, explain process, trouble-shoot
f	Increase cost of filing a protest in order to fairly acknowledge the public and business investment in the project and to encourage early-stage problem solving. (Ranges from \$1,500 to \$25,000 in communities across CA.)
g	Require that people protesting a permit demonstrate significant community support for their protest, such as a percent of the population signing a petition.
h	Communicate and get feedback from Industry Leader Council or other business group regarding changes
i	Develop regional solutions to serve business, such as locating industrial parks where most convenient for business and develop tax-sharing agreements and incentives to support.
B3	Pro-actively engage community (residents and regulators) in a discussion of modern agriculture practices so that siting and expansion opportunities for Specialty Food, Flowers & Beverage businesses are better understood and supported.
B4	Improve "welcoming" experience for visitors and residents of gateway towns, including safe pedestrian and bicycle transit, attractive signage that supports increased market potential. Include immediate business community and the arts in planning. For example, Willow Creek street trees project.

**Strategy C: Stimulate and nurture entrepreneurship with continuing access to expertise, markets, capital and support.**

<b>Actions</b>	
C1	Seek solutions and strategies to support business succession within the Target industries, so that mature business assets, serial entrepreneurs and workforce remain in Humboldt, and founders are able to retire
C2	Provide training and access to capital for business start-up and expansion, based on sound operating practices, including...
a	Micro-enterprise and home-based business technical assistance and access to capital
b	Higher level training for established businesses
c	High quality, cutting edge expertise in marketing
d	Business incubation programs for Target industries
e	Pre-qualify local companies for bonding (entryway to procurement) and maintain comprehensive list

f	Support mentoring that links seasoned business owners with new, growing business owners and managers
g	Support tribal and extremely rural entrepreneurship with business counseling, train-the-trainer and expanded access to lending, like a Community Development Financial Institutions in tribal/rural communities.
C3	Develop and support business-to-business mentoring, assisted networking to connect entrepreneurs to resources and solutions
C4	Align regional marketing efforts of multiple organizations so that there is a clear and complementary strategy and messages across multiple agencies that promote and leverage the unique natural and cultural assets of Humboldt for local and export customers
a	Support learning symposia and planning on stewardship, eco, volunteer, industry, education, cultural and arts-based tourism to inventory assets and learn what consumers want that is aligned with local values, which could result in a county-wide cultural master plan.
b	Change the name of the airport to better reflect the desired destination, e.g. Redwood or Humboldt Regional Airport

**Strategy D: Decrease regulatory complexity and increase permitting certainty.**

<b>Actions</b>	
D1	Ready land and buildings for high value uses.
a	Update GIS mapping of commercial and industrial sites
b	Complete environmental assessments and clear contamination concerns on Brownfield sites, and provide loans and grants to assist property owners.
c	Review all jurisdictions current zoning and municipal codes and make recommendations for updating rules in each city and county to maximize principally permitted uses on commercial/industrial land; particularly evaluate policies that help/hinder manufacturing companies ability to be successful, competitive and efficient.
d	Make over-the-counter permits available on-line
e	Designate arts and culture districts, and leverage the arts to catalyze community revitalization and provide ingredients for business innovation (such as restaurants, outfitters, specialty food, niche manufacturing, etc.), increase public safety and increase tourist draws
D2	Complete process, infrastructure, permits and financing vehicles for commercial and industrial locations so that businesses with appropriate uses for the space can move into operations quickly. Suggested actions include, but not limited to...
a	Support development of co-work spaces with common office facilities, including artist/creative live-work spaces.
b	Shared facilities, like co-packing, commercial kitchens, woodworking, etc.
c	Develop a public-private wetland mitigation bank
d	Simplify permitting policies to encourage creative re-use of historic and existing structures.
e	Advocate for streamlined permit processing in the Coastal Zone as follows:
	<ul style="list-style-type: none"> <li>♦Change to singular jurisdiction within the Coastal Zone, so that either a city, the county OR the Coastal Commission (CC) processes and issues permits, not both city and CC, county and CC, which is duplicative and results in conflict and substantial cost to the public and the applicant</li> <li>♦Review Coastal Zone boundaries</li> <li>♦Cities and county update their Local Coastal Plans</li> <li>♦CC review early so that projects can be adapted and designed for compliance with the Coastal Act</li> </ul>

D3	Develop infrastructure to support Specialty Agriculture in rural areas, such as...
a	Wastewater and water facilities to allow tribal/rural development and expansion
b	Irrigation to increase specialty agriculture opportunities
D4	Support aquaculture facilities development. Suggested actions include, but not limited to...
a	Complete regulatory review and permitting for a section of the bay so that shellfish farmers can begin cultivation
b	Complete pre-permitting steps for land-based facilities for aquaculture development
D5	Support widespread watershed restoration to increase land and water quality for natural resources productivity
D6	Manage and restore lands, species and roadways for eco-tourism

**Strategy E: Build an "Infrastructure of Connectivity" to move people, goods and information into the global marketplace.**

Actions			
E1	Technically assess the transportation system, needs and opportunities for efficient movement of goods and people in and out of the county, including air (passenger and freight), rail, trucking and shipping. Engage with/report to both business leaders and elected officials through such groups as the Industry Leader Council and/or Humboldt County Association of Governments.		
E2	Include Target industry transportation needs in HCOAG Regional Transportation Plan.		
E3	Advocate for STAA truck access and smoother, faster movement of goods	<b>Status</b>	
		Hwy 299 choke points reduced from 17 to 5 remaining.	
		Hwy 299 Buckhorn Summit project to complete 2017	
		Hwy 101 project at Richardson Grove proposed	
		Hwy 101 Willits bypass in process	
E4	Develop ubiquitous telecommunications connectivity and network redundancy throughout the region	Hwy 199 in Del Norte in process	
		Hwy 197 in Del Norte in process	
E5	Develop policies to support and incentivize local build out of broadband connectivity to the larger fiber optic lines, prioritizing areas with high concentration of Target industry businesses		
E6	Expand and improve cell phone coverage throughout Humboldt County.		
E7	Expand air passenger service capacity and destinations to meet market demand and connectivity to national network		
E8	Support study and development of air freight terminal at ACV		
E9	Develop strategic plans for aviation system to increase general aviation and commercial aviation use		
E10	Modernize dock, harbor and marina facilities to increase revenues, concentrate freight, and expand Target industry opportunities:	a	Logs and chips
		b	Tourist-serving facilities, including cruise ships, water trails, etc.
		c	Break-bulk shipping import and export

d Marine Highway (Short Sea Shipping) as a federal designation/program

**Strategy F: Plug leaks where we are now importing materials, products and services.**

**Actions**

F1 Increase circulation of capital in local economy in the following ways...

- a Local benefit policy for public institutions to increase use of locally-owned general and sub-contractors for construction, and professional services (such as engineering, architecture, etc.)
- b Provide return-on-investment analysis, cost-benefit for economy of local contracting
- c Demonstrate transparent procedures that can be implemented so that local businesses have the opportunity to compete for purchasing contracts
- d Demonstrate purchasing power of local consumers to enhance economy
- e Survey businesses about goods and services they are purchasing out of the area to identify potential business opportunities and present to the community
- f Identify ways that local investment mechanisms can be organized
- g Increase understanding of how to contract effectively with large institutions and governments (local, state, tribal & federal)
- h Increase knowledge of the expertise that lives locally.

F2 Develop and expand USDA-inspected food processing facilities and identify business opportunities, including

- a Specialty meat processing and production
- b Wash/prep/cook facilities for food crops, fish and shellfish

F3 Identify and/or develop alternative energy sources (e.g. wind, small hydroelectric, biomass)

F4 Identify under-utilized and discarded materials and the waste byproducts of local industry (esp. manufacturing, forest products and agriculture/food production). Develop "highest and best use" opportunities for waste reduction and end-use markets with in the local economy such as reuse or as feedstock for local manufacturers.

F5 Support value-added manufacturing.

**Strategy G: Improve regional capacity to train, attract and retain quality workforce.**

**Actions**

- G1 Seek solutions and methods to grow the pool of leadership talent (e.g. senior management, general managers, chief financial officers and marketing executives) to grow Target industry companies
- G2 Provide career information on demand occupations in the Target industries for all ages
- G3 Align disciplines, vocational opportunities and certifications with local workforce needs and occupations of opportunity.
- G4 Articulate programs from high schools to College of the Redwoods to Humboldt State University
- G5 Enhance and promote on-line distance learning opportunities, acquiring degrees and/or certificates, particularly in rural learning centers to overcome travel distance obstacles
- G6 Stimulate and support new entrepreneurship among youth, students and career adults
- G7 Recognize value of dependent care to a workforce and support initiatives to increase access to affordable, quality dependent care (e.g. child and elder care)

G8	Support apprenticeship training and ways for Humboldt to be an apprenticeship training center
G9	Provide resident quality of life and tourist-serving amenities, such as land and water trails, rehabilitation of historic and culturally significant buildings and sites, streetscape beautification and public art programs.
G10	Encourage art education and academic art programs to emphasize community engagement, heritage awareness and entrepreneurship to increase community benefits.
<b>CAREER ADULTS</b>	
G11	Develop a program for integrating new talent and their spouses into the community and work opportunities
G12	Develop ways to help people who grew up here or graduated HSU to "Boomerang" back, connect to jobs, businesses
G13	Stimulate and support career adult entrepreneurship (from career to business owner), building on Economic Fuel model and Corvallis, OR model
<b>COLLEGE STUDENTS</b>	
G14	Deliver the workforce knowledge/skills needed in the Target industries in HSU and CR curriculum and through class projects, internships and work experience for students
G15	Provide institutional, structured process to support student-business internships (e.g. definition of project and timeframe, supervision, etc.) so that the management burden is reduced and the quality of experience enhanced
<b>YOUTH</b>	
G16	Provide age-appropriate, meaningful opportunities for youth to learn about practical economics (e.g. markets, small business, personal financial management) and potential careers earlier (not waiting till High School Junior or Senior year), such as "Humboldt Live"
G16	Support career technical training in high school and community college (e.g. plumbing, welding, mechanics, truck drivers, electronic technicians, etc.) and applied academic learning meet industry standards and demand for skilled trades

Jurisdiction	Project	Distressed Com'ty Score	Readiness Score	Funding Secured Score	Job Creation or Retention Score	Regional Wealth Generation Score	Target Industry Benefit Score	Total Ranking Score	Ranking Position
Willow Creek	Downtown Wastewater System Project	163.8	400	37.5	3	75	90	769.3	1
Eureka	Fisherman's Terminal Café & Retail Counter	94.1	300	81	100	100	40	715.1	2
Arcata	Happy Valley Business Park	94.9	275	40	100	75	60	644.9	3
Orick	Community Wastewater Treatment System	152.9	400	0	4.5	75	10	642.4	4
HBHR&CD	Water Trails - Improved Access for Boaters	90	325	30	100	75	20	640	5
Arcata	Community Life Wellness Campus	94.9	315	40	100	75	10	634.9	6
Humboldt County	Red Cap Rd Shoulder Improvement	90	400	75	4.5	25	20	615	7
Eureka	Food/Beverage Bottling Line	94.1	300	0	75	100	40	609.1	8
NCRA	South Fork to Samoa Line	90	225	0	100	100	90	605	9
Arcata	Samoa Blvd Business Redevelopment Project	94.9	225	10	100	75	60	564.9	10
HBHR&CD	Samoa Industrial Waterfront Development	115	300	25	0	25	90	555	11
HBMWD	15" Samoa Peninsula Pipeline Replacement	115	200	0	100	100	30	545	12
Eureka	Biosolids-to-Energy Facility	94.1	300	50	37.5	50	10	541.6	13
HBHR&CD	Northern CA Alternative Highway Project	115	200	0	100	100	20	535	14
HBHR&CD	Acquisition of of Freshwater Property	115	125	30	100	75	90	535	15
Eureka	Commercial Street Fuel Facility & Dock Upgrade	94.1	300	30	7.5	50	20	501.6	16
Arcata	Aldergrove Industrial Condominium Project	94.9	300	25	30	25	20	495	17
Eureka	Ice & Cold Storage Facility	94.1	200	0	99	75	20	488.1	18
Fortuna	John Campbell Memorial Parkway	72.7	200	85	7.5	25	90	480	19
Blue Lake	Industrial Pretreatment	99.2	100	0	112.5	75	90	476.7	20
Weott	Well Development	226.7	100	37.5	1.5	100	10	476	21
HBMWD	Ranney Collector 1, 2 & 4 Replacement	115	100	37.5	100	75	20	447.5	22
Eureka	Dock B Reconstruction	94.1	200	0	75	50	20	439	23
Humboldt County	Downtown Garberville Improvements	72	300	0	15	25	20	432	24

Jurisdiction	Project	Distressed Com'ty Score	Readiness Score	Funding Secured Score	Job Creation or Retention Score	Regional Wealth Generation Score	Target Industry Benefit Score	Total Ranking Score	Ranking Position
HBMWD	Chlorine System Upgrade to Hypochlorite	115	200	0	37.5	50	20	423	25
McKinleyville	Upgrade to Wastewater Management Facility	101.6	200	15	4.5	75	10	406.1	26
Weott	Collection System Upgrade	226.7	100	37.5	3	25	10	402.2	27
McKinleyville	Design of Water Management Facility	101.6	100	0	0	100	90	391.6	28
Eureka	Railroad Alternative Route	94.1	0	50	100	100	40	384	29
Humboldt County	Hoopa Corridor Improvement	90	200	37.5	4.5	25	20	377	30
Orick	Gateway Project	77.9	100	150	4.5	25	10	367	31
Fortuna	Mill District	72.7	150	60	22.5	25	10	340.2	32
Orick	Water System Improvements	152.9	100	37.5	0	25	10	325.4	33
HBMWD	Hydro-Electric Plant	90	100	37.5	16.5	50	20	314	34
Humboldt County	Hammond & Annie Mary Trail	90	145	7.5	1.5	25	10	279	35
Humboldt County	Arcata/Eureka Trail	90	145	7.5	1.5	25	10	279	36
HBHR&CD	Fields Landing Marine/Industrial Development	115	100	0	7.5	25	30	277.5	37
McKinleyville	Purchase of New Water Tank Property	126.6	0	0	0	50	90	266.6	38
McKinleyville	Design and Installation of Water Supply Tank	126.6	0	0	0	50	90	267	39
Fortuna	Thelma Street/HWY 36 Connection	72.7	100	25	7.5	25	10	240.2	40
McKinleyville	Teen Center Construction	76.6	100	0	0	50	10	236.6	41
McKinleyville	New District Office/Town Center	76.6	100	0	0	50	10	236.6	42
Humboldt County	McKay Tract to Harris Connector	90	100	0	7.5	25	10	233	43
Humboldt County	Broadband Infrastructure	90	50	0	4.5	50	10	204.5	44
McKinleyville	Acquisition of School Road Park Property	76.6	0	0	0	50	10	137	45
Orick	Telecommunications Project	77.9	0	0	3	25	10	115.9	46
HBHR&CD	Humboldt Bay Harbor Recreation & Conservation District			NCRA	North Coast Railroad Authority				
HBMWD	Humboldt Bay Municipal Water District								