

# **Regional Comprehensive Economic Development Strategy (CEDS) for Cities and County of Merced**

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## Regional Comprehensive Economic Development Strategy (CEDS) for Cities and County of Merced

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## **ABSTRACT**

Merced County is one of the youngest, poorest and least educated counties in California. Unemployment and poverty rates are high and household incomes are low. The economic base is dependent upon agriculture and subjected to vast fluctuations. Approximately one third of the workforce commutes to employment outside of the county.

A collaborative regional economic development approach is crucial to guide new investment and induce employment. The strategy will build on innovation to improve competitiveness, encourage entrepreneurship, and expand wealth generating enterprises.

The multi-jurisdictional Comprehensive Economic Development Strategy (CEDS) for Merced County reflects the vision of the California Partnership for the San Joaquin Valley and incorporates local issues and initiatives. The cities and county of Merced have collaborated to formulate the CEDS and help secure additional resources for specific projects related to the Enterprise Zone, Downtown Revitalization, Entrepreneurship, Infrastructure, and Manufacturing.

The CEDS identifies and capitalizes upon assets such as UC Merced, a central location, affordable facilities and proximity to markets. Collaborative innovation will set the stage to facilitate technology oriented business parks, revitalized urban centers, new manufacturing investment in target industry clusters and lucrative employment opportunities. The primary goal is to position Merced County to compete for investment and new jobs.



## **EXECUTIVE SUMMARY**

### **Project Description**

The CEDS will marshal local and regional economic development activities and leverage resources to alleviate constraints and capitalize on emerging assets. Merced County has long been overlooked or unable to compete for new private investment due to inadequate infrastructure and facilities and a skill deficiency of the talent pool.

Collaborative economic development in Merced County enables the County and its cities to participate in a comprehensive regional effort at minimal cost, extending the reach and impact of local programs. The CEDS enhances the region's capacity for wealth generating investment and assists the county, cities, unincorporated communities and local businesses to respond to new opportunities.

### **Regional Overview**

Merced County is located two hours from San Francisco in the San Joaquin Valley near the geographic center of California and spans from the Coastal Ranges to the foothills of Yosemite National Park. The region encompasses 1.2 million acres and includes six incorporated cities, vast wetlands and fertile agricultural lands.

The Merced City area is the emerging financial, industrial, trade and commercial capital for the Central Valley of California, an area developing a reputation as a lucrative and distinct region. The greater Merced region is the only seismically stable region in the state with no faults within 60 miles. This factor alone helps to assure uninterrupted operations regardless of events occurring in other areas of the state or region.

Merced County is one of California's fastest growing regions. The area is projected to continue to increase at a rate of over 2% per annum, twice the state average. There are over two million people within a one-hour drive of Merced.

The economic base of Merced County is driven by agriculture activity exceeding \$2 billion per year. Three of the world's largest food processing facilities – Foster Farms, Hilmar Cheese, Morningstar Packing and one of the largest wineries (E & J Gallo) are located in the region.

Non-agricultural industries such as Quebecor (printing), Arvin Sango (auto parts), Malibu Boats and Label Technology help diversify business and employment options in the area. The newest University of California opened in Merced in 2005, hinting of a dynamic new asset as education, research, and innovation are anticipated to play a greater role in the local economy. Merced College opened a new campus in Los Banos in 2007, which is offering vocational education and nurse training.



## **Economic Challenges**

The region is burdened with chronic, high unemployment. Merced County's unemployment rate consistently ranks at or near the bottom of the fifty-eight (58) counties in the State. The county's poverty rate regularly exceeds 20% and averages twice the state or nation rate. High unemployment in tandem with high poverty results in a "double burdened" region.

Despite the double burden, the region is one of the fastest growing counties in the state and nation. New families are primarily commuting to employment in other cities. The distorted jobs/housing balance adversely impacts transportation, contributes to air pollution, and encourages income leakages depriving residents of many essential goods and services, which impede the quality of life.

Commuter driven residential development has resulted in higher home prices. Combined with lower income in the region, Merced County communities have been reported as amongst the least affordable in the nation by the Wall Street Journal. Negative media coverage deters new corporate investment and as noted above subsequently limits the area's ability to generate employment and new income opportunities.

Much of the region's growth in recent years was attributed to the unprecedented residential development by commuters seeking affordable housing relative to the Bay Area, Silicon Valley, and Los Angeles. Unfortunately residential development rarely equates to economic prosperity. The stark reality is that the valley has too many people traveling longer distances to work at lower paying jobs and fewer people working in their home communities undermining the quality of life for residents.

Compounding the situation, during the "boom" housing prices continued to rise and fewer residents could afford to own a home. The recent housing "melt down" led to high foreclosure rates, declining property values and stagnant home sales. The resulting impact on local retailers further mars the area's economy as sales plummeted.

Residential growth overshadowed the core issue of establishing a secure foundation for community prosperity through small business formation, target industry recruitment, and enhanced training and capacity building to identify and capture new investment and lucrative employment.

The Merced County populace has an above average ethnic concentration. The area has accommodated Hmong refugees and reports a Hispanic population above the State average. Employers report that a large segment of the workforce lacks traditional, expected "life skills" and therefore are either hired predominantly for only service positions or frequently overlooked for many positions, perpetuating the cycle of poverty.

The region's dependence on agricultural production and processing which is historically low paying and seasonal, contributes to reduced income and seasonal unemployment. The agricultural sector is faced with challenges of higher labor costs, importation of raw material (garlic from China, citrus and tomatoes from Mexico) and increasing capital investment to maintain competitiveness, which may result in employment dislocation. Some food processors are faced with legislation (surface



application of treated wastewater) that thwarts operations, such as the 2006 closure of Merced's Unilever/Ragu facility impacting five hundred (500) jobs.

The Central Valley and particularly Merced County does not receive proportionate financial support from the State or Federal governments. A Congressional Research Bureau (CRB) report commissioned by the San Joaquin Valley Congressional Delegation in 2006 reported per capita federal spending in the Valley at less than two third's the national rate. A similar per capita rate was noted for State spending in the Valley. The reality of the situation is that remarkably, Merced County, one of the poorest counties in the State is subsidizing more affluent areas.

Recent studies by the California Partnership for the San Joaquin Valley identified a significant lack of small business and entrepreneur infrastructure and services. Prospective new business start ups therefore face higher hurdles to achieve success and the region is constrained from facilitating economic diversification.

The cities and county of Merced are also constrained by inadequate infrastructure, utilities capacity, and technology. Treatment upgrades and basic capacity issues cannot be addressed due to lack of available resources and limited senior government level funding. Subsequently, new business cannot be accommodated and are deterred by the high cost of compliance.

Merced County lacks amenities and services to recruit and accommodate new technology and business sectors (life sciences) eroding the ability to capitalize on new assets such as UC Merced. Merced County residents are sourcing healthcare services outside of the region, leaking millions of dollars in payment that could support local physicians and healthcare services.

The rain and floods of early 2006 impacted agriculture, and the rockslide in Yosemite deprived the area of tourism revenue. Further, Merced County still suffers from the closure of Castle Airport over a decade ago. Compounding the situation, the volatility of agricultural businesses and seasonal nature of farming and processing operations contributes to unemployment "spikes".

### **Opportunities**

Merced County is well positioned to address its economic challenges. In recent years the region has witnessed positive activity and may achieve significant gains with a modicum of assistance.

An important factor is the team approach to regional economic development. The cities and county of Merced have embraced a regional perspective, and support the valley wide initiatives of the California Partnership. Our common message and leveraged resources will be influential in securing new investment.

Specific to Merced County new assets such as UC Merced and a new medical school, expanding Merced College, new hospitals in Merced and Los Banos will improve education and healthcare amenities. New business opportunities in response to or encouraged by this activity will lead to economic base diversification, higher incomes and reduced disparity.



The economic foundation of Merced County is well positioned to compete. The central location, established affordable facilities and improving transportation infrastructure of the valley bode well for local food processors serving the dynamic California population, as well as, global markets.

Non-agricultural clusters in Merced County are also positioned to expand operations. In addition to unique clusters such as boat building, innovative new sectors including alternative energy, logistics, life science, and biotech offer optimism.

Emerging ideas and commercializing innovation are also beacons for the new Merced County economy. California's Central Valley is suggested to be the next frontier for the state, and Merced County is central to the Valley.

### **Issues and Priorities**

A broad collaboration of the economic development organizations within the cities and county of Merced combined with stakeholders from education, workforce, business organizations and community groups identified issues and regional priorities.

Many of these entities participate with Merced County's "One Voice" initiative which presents a consistent message of the region's top issues and priorities. The group is further enhanced through input from the Federal Interagency Task Force, the California Partnership for the San Joaquin Valley, the Central California Economic Development Corporation (CCEDC), Team California, and the California Association for Local Economic Development (CALED).

The projects included within the CEDS are consistent with the vision and stated objectives of the aforementioned groups, and fall under a few broad headings:

- a) Enterprise Zone – Awareness building and encouraging business to capture tax credits in response to their investment and hiring activity. Merced County employers may be eligible for up to \$23 million annually in tax credits.
- b) Downtown Revitalization – The urban centers of the cities in Merced County reflect the slow demise of suburban business migration. The cities propose to leverage redevelopment resources and focus new investment in the heart of the community to revitalize the traditional core.
- c) Small Business and Entrepreneurs – Enhancing services that facilitates new small enterprises to increase the type and number of goods and services available is vital. New business formation will target reducing the number of commuters, and seek to capture a larger share of retail expenditures to reduce income leakage.
- d) Infrastructure and Facilities –The CEDS will formulate tactics to encourage owners and builders to construct speculative buildings for prospective businesses, and will identify mechanisms to trigger new business parks. Investment in equipment upgrades and innovative processes for regional utilities systems will achieve economies of scale and improve treatment technology and capacity.



- e) Manufacturing and Ancillary Businesses – Build on the traditional economic base of the County but strive to diversify to lessen dependence on agriculture. Expanding services and amenities for manufacturing operations generates higher value added employment and leading to increased incomes and a stronger local economy.

### **Summary of Goals and Anticipated Investment**

The final product will be a CEDS that incorporates specific projects and targets opportunities for each participating community. The CEDS will guide the cities and county’s efforts to facilitate investment and job creation, and to identify resources to leverage federal programs.

The CEDS offers a long-term, coordinated approach. The cities and county have committed to work together through MCEDCO. Further extending the process, MCEDCO is a partner with the Central California Valley Economic Development Corporation which reflects the eight counties in the larger region, who have also agreed to work together to maximize resources and advance a common message. The CCEDC has partnered with the California Partnership for the San Joaquin Valley adding education, government, workforce, healthcare and other sectors to the economic development team.

The underlying theme is to support innovation and technology development to help the region compete for investment and jobs. Fostering research and commercializing new products and enabling techniques are key to diversification and heightened prosperity. The new UC Merced and expanding campuses of Merced College are foundations for innovation and partners in the CEDS.

A top priority of the CEDS is encouraging entrepreneurship. The first planning grant issued evolving from the CEDS will result in a business plan to establish the “Innovation Place Network” of small business incubators in Los Banos and Merced. A viable target of the CEDS is to influence one percent of the estimated 30,000 daily commuters in Merced County to consider establishing a new business where they live. The potential of 300 new business starts is anticipated to have an equal or greater impact that recruiting elusive new major industries in a highly competitive environment. The garden approach to growing from within is more stable and sustainable.

The projects and activities identified within the CEDS are projected to realize over \$1 billion in new investment and impact 5,000 new or indirect jobs. The resulting goal is to achieve an unemployment rate equal to the state average and increase incomes to within 75% of the state average.



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## SECTION ONE

### *CURRENT STATE OF THE REGIONAL ECONOMY*

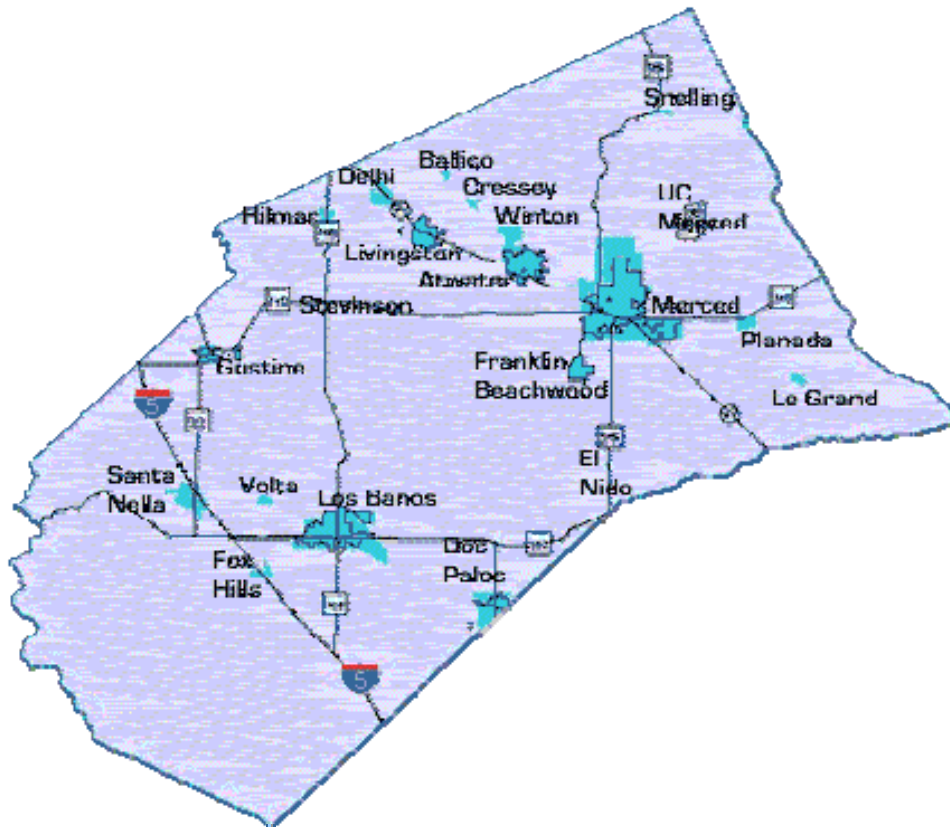
#### **A) BACKGROUND INFORMATION**

##### **1) General Description of the Area**

Merced County is located in the heart of the San Joaquin Valley, the world's most productive agricultural area, and spans from the coastal mountain ranges to the foothills of the Sierra's. Merced County is known as the "Gateway to Yosemite National Park". The county is named after the Merced River.



*Source: Merced County Association of Governments (MCAG)*



Source: Employment Development Department – Labor Market Info

The county is situated in the region identified as the Central Valley in the U.S. state of California, north of Fresno and southeast of San Jose. Two major highways (I-5 in the west and #99 in the east) cross Merced County north/south linking the area to Los Angeles and San Francisco/Sacramento while Highway #152 provides direct access to the south Bay area and Central Coast and Monterey Bay peninsula.

The City of Merced is the County seat and offers a small community atmosphere, residential neighborhoods characterized by wide, tree-lined streets, and homes in a wide economic range with the average three-bedroom home available for less than \$300,000. Residents enjoy summer temperatures averaging 95° F and winters averaging 55° F.

Merced County residents can readily access various urban cultural opportunities as well as outdoor and natural recreation pursuits. The central location coupled with good highways, train, buses, and air service in Merced and at Castle Airport. The San Francisco Bay Area or the picturesque seaside resorts of Monterey and Carmel are about two hours away. Lake Tahoe and Reno are within a four-hour drive. The higher education system (Merced College and the new University of California, Merced) also provides cultural and social influence throughout the county.



## 2) Demographics, Socio-Economic Data, and Labor Force

### People

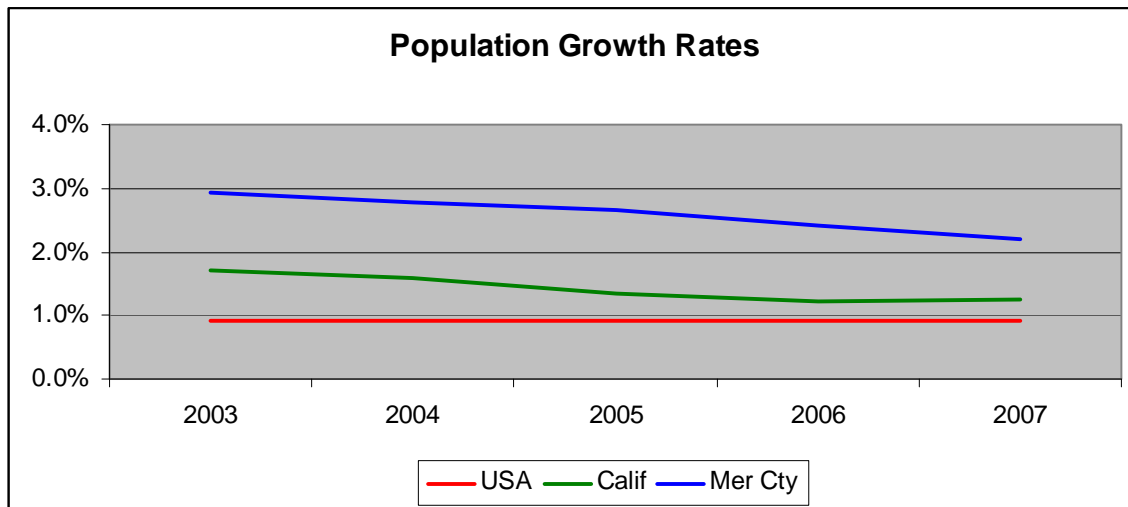
Merced County's population reached 251,510 in 2007. The county comprises about 0.7 percent of the population of California. The population of Merced County is concentrated in a few compact areas, primarily the cities of Merced, Los Banos, and Atwater.

### Comparative Population

	2003	2004	2005	2006	2007
U.S.	290,342,554	293,027,571	295,734,134	298,444,215	301,139,947
California	35,691,534	36,252,878	36,743,186	37,195,240	37,662,518
Merced County	227,728	234,084	240,303	246,114	251,510

Source: Employment Development Department – Labor Market Info

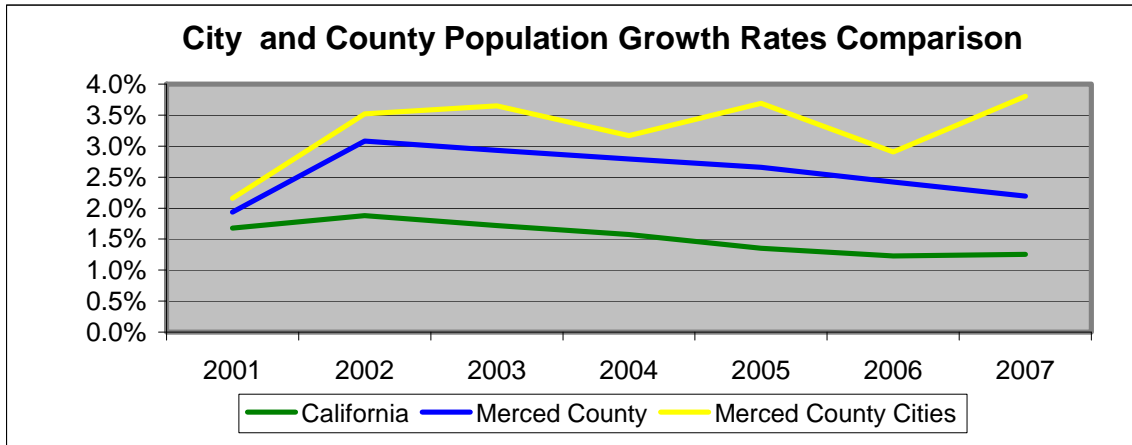
From 2003 to 2007 Merced County's population grew by 23,782 people, an average of almost 6,000 residents per year. The annual rate of increase peaked at 2.9% in 2003 and has slightly declined in recent years but averages over 2% per annum.



Source: Employment Development Department – Labor Market Info

Merced County's population growth rate is consistently higher and nearly twice the rate of California and the USA. By 2040, Merced County's population is projected to exceed 530,000.

The incorporated areas of Merced County accounted for 87% of the entire growth in the county from 2003-2007. This figure is significantly higher than the previous fifteen years when incorporated communities accounted for 76% of net population increase (68,500 between 1990 to 2005). This trend suggests increasing urbanization and less rural development.

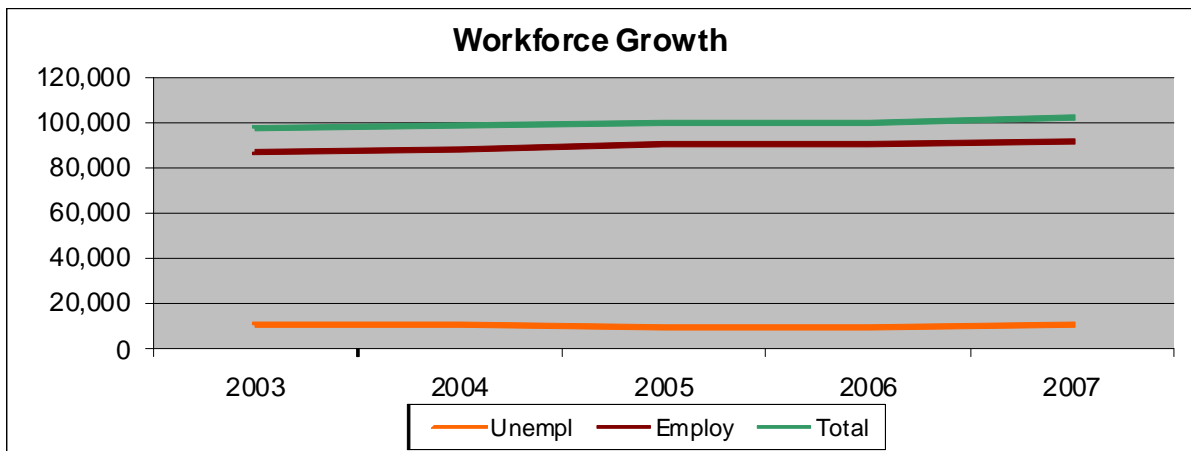


Source: Employment Development Department – Labor Market Info

The largest city is Merced (2007 Population of 79,715) followed by Los Banos (35,211, Atwater (27,618), Livingston (13,287), Gustine (5,152) and Dos Palos (4,899). The remaining 85,628 county residents live in unincorporated areas. Nearly half (45%) of recent population growth was from natural increase (births minus deaths). Foreign immigration accounted for 28% and domestic migration for 27% of growth through 2004 according to California Department of Finance estimates.

#### Workforce

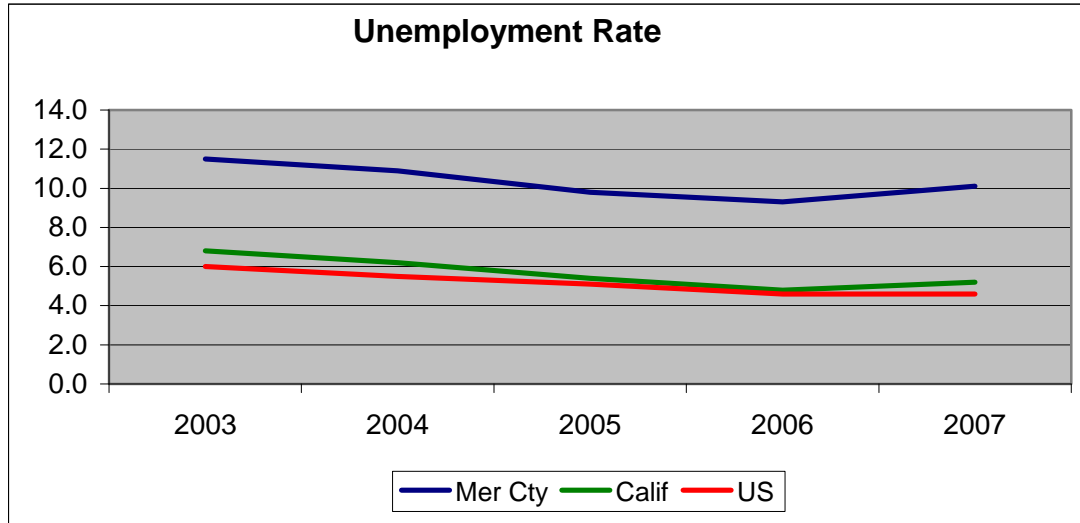
Merced County’s total workforce topped 100,000 in 2006 and was reported as 102,500 in 2007. Although moderate employment gains have been realized, the workforce growth rate trails population growth and the region remains plagued by unemployment at near twice the state and national rates. The number of employed in Merced County has increased by 5,800 and the number of unemployed has dropped slightly (600) from 2003 – 2007. However recent gains are projected to be eroded by the loss of jobs in construction, real estate and financial services which have had a particular harsh decline in Merced County.



Source: Employment Development Department – Labor Market Info



Growth in services and education has contributed to improving unemployment rates. A decade ago Merced County experienced unemployment rates of 16 -17%. Over the past five years the average annual rate has slowly shrunk from 12% to 10%. However, Merced County's rate remains near twice the average rates of the state and US figures.



Source: Employment Development Department – Labor Market Info

Merced County's workforce has enjoyed relative stability in manufacturing despite significant statewide job losses in this sector. Professional services, wholesale and retail trades have also been stable although 2008 figures may reflect the economic challenges previously noted.

Merced County's workforce has been criticized for lacking life skills and education. Employment training and enhanced outreach for displaced workers, combined with improving education amenities and awareness are countering past perceptions.

#### Education

Merced County residents are less educated compared to state and national averages. According to the 2000 Census, only 63.8% of Merced County residents age 25 years and over are high school graduates or higher, significantly below California (76.8%) and the United States (80.4%) The Census 2000 reported that 11% of Merced County residents age 25 and over have a bachelor's degree or higher, far below California (26.6%) and the United States (24.4%).

The school districts in Merced County lack the resources to construct new facilities to accommodate the growing population. Assessment districts, developer contributions and bonds are not generating sufficient resources to provide the basic level of education. Elementary and high school test scores are slowly improving and creative groups such as the "P – 16" (preschool through university) and "BEAM" (Business Education Alliance of Merced) are focusing resources to help the districts better educate students.



Merced College offers leadership and educational services that reflect the cultural, economic, and social life of the community. Recognizing that learning is a life-long process, the College provides preparation for a complex and changing society while maintaining high academic standards. The College also fosters individual learning and critical thinking to enhance awareness of the inter-relationship and inter-dependence of all persons. Merced College has two campuses, located in Merced and as of 2007, a new campus in Los Banos.

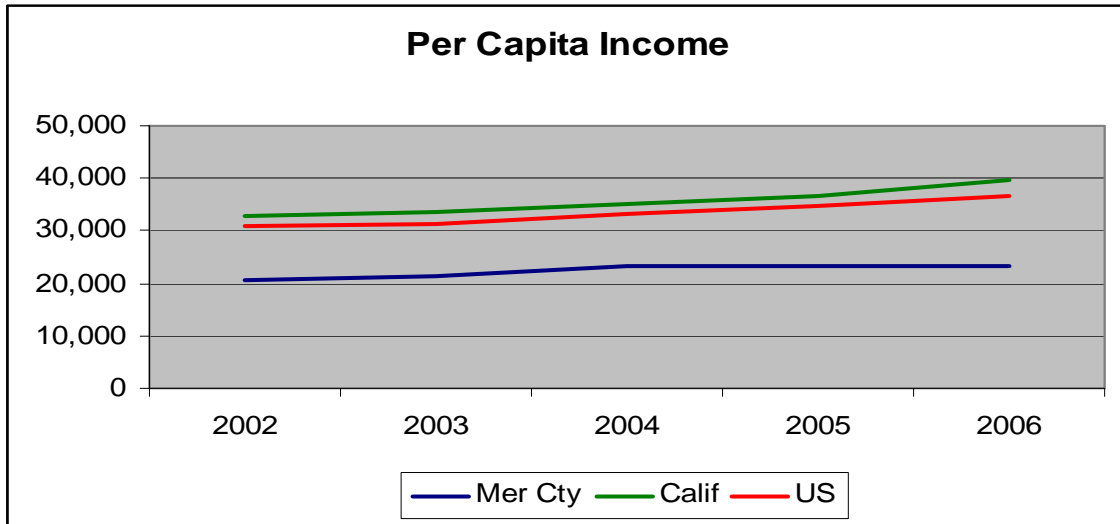
The new Los Banos Campus will provide expanded learning opportunities for the students and staff of Merced College and the Los Banos Community. The 50,000 square foot facility will replace the former old campus.

The newest University of California opened in Merced in 2005 and has a student body that numbers more than 1,800 (as of September 2007). The 10th campus in the prestigious University of California system, UC Merced is diverse, growing and committed to those ideals that serve the state, nation and world through education, research and public service.

Currently, there are three schools within UC Merced: School of Engineering, School of Natural Sciences, and the School of Social Sciences, Humanities and Arts. UC Merced is planning a new School of Management and a School of Medicine.

#### *Income*

Merced County consistently ranks as one of the poorest in the State. The per capita income averages 33% below state and national figures.



Source: U.S. Department of Commerce - Bureau of Economic Analysis

Lower income is attributed to the influence of agricultural activity which is seasonal and traditionally offers lower wages. Compounding the issue, a large portion of the workforce is employed in retail, which like agricultural work traditionally pays low wages.



Over half (26 of 47) of the census tracts in Merced County had poverty rates in excess of 20% according to the 2000 census. Only 7 tracts had poverty rates below 10%. In 2006 Merced County submitted an application for the State Enterprise Zone designation that identified 44 of 47 census tracts as experiencing economic and income distress to qualify for the program. In 2007, the Target Employment Area application as part of the enterprise zone reported 43 census tracts as having household income below the moderate to low State income designation.

### *Ethnicity*

The population is young and culturally diverse with Hispanic (45%), Anglo (35%), and Asian (15%) accounting for major segments. The Hispanic population is expected to increase to 60% by 2050.

Merced County closely mirrors California's population for place of birth. Merced County has a larger percentage (59.4 percent) of native-born residents than California (51.9 percent), while California has a larger percentage (19.8 percent) of residents born out-of-state than Merced County (13.7 percent).

Both California and Merced County have a large number of foreign-born residents, 27.2 (9,611,356) and 26.0 percent (61,629) respectively. Foreign-born residents comprise 24.8 percent of Merced County's population, compared to 26.2 percent for California and 11.1 percent for the U.S. (2000 Census).

Of the population of Merced County age 5 years and over, 45.2 percent speak a language other than English at home, in comparison to 39.5 percent for California and 17.9 percent for the U.S.

### *Age*

Comparatively, Merced County has a younger population than the rest of the state. Minors account for over two-thirds (36.5 percent) of the population while seniors account for 8.6 percent of the population. There are proportionally more seniors (65 and older) and 19-64 year olds in California, 10.5 and 59.6 percent respectively, than in Merced County.

The fastest growing age sector in the county and the state from 1990-2005 are 5-18 year olds, who grew at an average annual rate of 4.7 percent and 4.0 percent respectively. The share of persons aged 19 and below is expected to drop from 38 percent in 2000 to 33 percent by 2030.

With a median age of 29.0, Merced County is younger than California, which has a median age of 33.3 (2000 Census). Correspondingly, Merced's percentage of population under age 18 is higher than that of California (34.5 percent vs. 27.3 percent, respectively).

### *Gender*

Males make up 119,173 (50.2 percent) of the population, while females comprise roughly 237,278 (49.8 percent). The statewide gender makeup is the opposite of Merced County with 49.6 percent (17,497,507) male and 50.4 percent (17,781,261) female.



### **3) Geographic Profile**

Merced County has a land area of 1,970 square miles (1,261,417 acres). Records indicate 1,929 square miles is land and 43 square miles is water. The soils are agriculturally-rich alluvial plain produced by the Chowchilla, San Joaquin, and Merced Rivers. As of the 2006 1,159,443 acres was used for agricultural purposes, half of that for grazing

Merced County is firmly in the center of California's Great Central Valley. Due to the varied terrain of the County, climatic conditions are diverse. However, dry, rainless summers and cool rainy days with foggy mornings from November to March characterize much of the area. Average annual rainfall is 10 inches, but in the eastern portion of the County with the higher elevations, precipitation may exceed 34 inches a year.

### **4) Environmental Issues**

The cities and County of Merced are each and jointly concerned with maintaining a balance between economic development and the environment. Many communities are in the process of a general plan update which includes environmental impact studies. In several cases, large scale investment projects have triggered EIR's that have identified issues and concerns. Predominant concerns have frequently raised address air quality, water, agricultural land conversion, and endangered species.

A major issue is that the Central Valley is considered to have poor air quality and is significantly lower than state and federal standards recommend. Therefore, companies locating in the area must conform to established air quality containment standards, as well as restrictions made by the regional air quality district.

The paradox of the air quality concern relates to the fact that much of the air quality and emission problems arise from sources outside of the valley or from vehicles commuting to the Bay area to work. Reducing commuter trips and encouraging more employment creation in the valley may improve air quality.

Another environmental concern relates to water and impacts the County as well as with the entire Central Valley and State. The most crucial of these concerns are water availability for both agricultural and public use. These concerns are conflicting with general market pressures for new residential and commercial/industrial development in portions of the County.

The magnitude of agricultural land conversion is debatable. While urban sprawl is not encouraged, the volume of agricultural land converted to urban use in recent years is less than 1% of the total land area. Population growth is concentrating in the urban areas and smart growth policies of the incorporated cities are striving to limit consumption of productive agricultural lands.

Notwithstanding, new investment leveraged by the CEDS and subsequent economic development actions will comply with CEQA and other federal required regulations to abate detrimental environmental impacts.



## 5) Political Geography

Merced County is a General Law County of the State of California. The Cities of Atwater, Dos Palos, Gustine, Los Banos, Livingston, and Merced are incorporated cities within the County and are General Law Cities, except for the City of Merced which is a Charter municipality.

There are a total of 11 unincorporated communities within the county including: Ballico, Cressey, Delhi, Hilmar, Le Grand, Planada, Santa Nella, Snelling, South Dos Palos, Stevinson, and Winton. These unincorporated communities are represented by the County Board of Supervisors for the provision of municipal services.

There are approximately one hundred special districts and one irrigation district, all organized under the appropriate laws of the State of California, for the purpose of providing municipal functions such as water, sewer treatment, parks, police and fire protection. Other units of local government include eleven school districts, comprised of eight elementary school districts, two high school districts and one unified school district. Additionally, the county is part of the State Center Community College District, which has developed a facility in Oakhurst and on Avenue 12 in Madera County.

### *Federal 18th Congressional District*

Since taking office in 2003, Congressman Dennis Cardoza a Democrat from Merced has established himself as a strong leader who delivers results for the Central Valley and California's 18th Congressional District. A fiscal conservative, Cardoza serves as Co-Chair of the Blue Dog Coalition, a prominent group of 37 moderate to conservative Democrats who are committed to balancing the federal budget and paying down the national debt.

Now in his second term, Cardoza has established a reputation as a highly effective legislator who reaches across party lines to achieve needed reforms. He has taken bold steps to modernize and strengthen the Endangered Species Act, support valley farmers, and to provide tax relief for middle class families.

Cardoza has delivered significant federal investment in Central Valley infrastructure. In the 2005 Transportation bill, Cardoza secured over \$25 million in federal funding for vital highway projects throughout the 18th Congressional District. Cardoza played a leading role in the establishment of UC Merced, a world-class research university that opened its doors in the fall of 2005. He was uncontested in the 2008 election.

### *State Senate 12<sup>th</sup> District*

Jeffrey "Jeff" Denham, Republican is serving his second term in the California State Senate 12th District, which includes Madera, Merced, Monterey, San Benito and Stanislaus counties. Denham has focused his efforts on education, agriculture and job creation. He has also been a leading voice in the effort to reduce government waste in Sacramento, better utilize state surplus assets and crack down on sexual predators.



### *State Assembly 17<sup>th</sup> District*

Cathleen Galgiani, Democrat, has represented California's 17th Assembly District since December of 2006 and previously served as the chief of staff to her predecessor, Barbara Matthews. Assemblywoman Galgiani served as the consultant to the Legislative Committee on the Development of UC Merced. She helped secure funding and support for UC Merced to ensure that the university continues to grow as the 10th campus in the UC system.

### *Board of Supervisors*

The Merced County Board of Supervisors Office maintains over 75 Boards, Commissions, and Committees that report to the Board of Supervisors in an advisory capacity. The Board members have the capacity to appoint individuals to various boards and commissions. Some of these appointees have specific terms, some serve at-will, and some must meet specific criteria.

The Board consists of District 1 Supervisor John Pedrozo, District 2 Supervisor Kathleen M. Crookham, District 3 Supervisor Mike Nelson, District 4 Supervisor Deidre F. Kelsey, and District 5 Supervisor Jerry O'Banion.

### *City Councils*

Each of the cities in Merced County has City Councils that have maintained a majority of the same members over the past years. They have shown a sustained commitment to economic development in their communities and throughout Merced County. Each of the communities offers economic development opportunities beneficial to its citizens.

## **6) Infrastructure**

The ability of the County to improve its present economic state will depend, to a large extent, on the development of needed infrastructure (sewer, water, roads, storm drainage, electric and communications distribution systems, etc.) in all parts of the County and its cities. Needed infrastructure is the prerequisite to industrial attraction, economic diversification, and the creation of jobs, especially those targeted to the distressed population in the County.

The single greatest barrier to the economic development of the Merced region and San Joaquin Valley is inadequate infrastructure and minimal inventory of industrial sites. Investors are evaluating the region but are unable to proceed as there is a lack of facilities, roads and utilities are constrained, and existing incentive programs are limited in their effectiveness or may in fact increase project costs.

The communities in Merced County have identified upgrading Highway #99 as the top priority, and while upgrades are finally being realized there remains considerable work to be done. The Merced County One Voice initiative has already met with representatives of the Partnership, state and federal officials and committed support for infrastructure bonds and initiatives to allocate resources to transportation infrastructure.



### *Highways and Thoroughfares*

Investment in roads is paramount to the economic future of Merced County. The major highways of Merced County are Interstate 5, State Route 33, State Route 59, State Route 99, State Route 140, State Route 152, State Route 165. Route 140 is used as the access to Yosemite National Park.

Recent highway investment has focused on new interchanges along Highway #99, specifically at Mission Avenue to provide access both to UC Merced, as well as, a large industrial park. Merced County has very little fully developed commercial and industrial property along the Highway 99 corridor. This is a particular deterrent to Merced County's industrial recruitment efforts as prospective investors are seeking fully developed, accessible sites.

Construction along #99 also has improved the highway through Atwater and north to Livingston. Improvements have reduced grade crossing, widened the road and provide a new interchange south of Livingston.

### *Airports*

Merced Municipal and Castle Airport offer commercial flights. General aviation airports in the county include Gustine Airport and Los Banos Municipal Airport. Merced County is redeveloping Castle Airport with a private investment partner to compete for cargo, couriers and charter air services in addition to maintenance and repair/service industries. Merced Airport continues to position itself for general aviation, corporate craft and charter flights.

### *Rail*

The communities of Merced County are served by Union Pacific and BNSF for freight. AMTRAK provides passenger service on a daily basis north and south through the Central Valley.

### *Public Transportation*

Merced County Transit or "The Bus" provides local service in Merced as well as connecting service between most cities in Merced County. The University of California, Merced operates its own transit system, Cat Tracks. This system connects with Merced County Transit. Yosemite Area Regional Transportation System (YARTS) connects Merced with Yosemite National Park. Greyhound buses provide long distance intercity service.

### *Water and Wastewater Management*

Nearly all communities in the county are evaluating or actively investing in upgrades to their water and wastewater treatment facilities. New business growth may currently be impeded by minimum capacity and required technology upgrades. Expanding and improving facilities is a critical component of the CEDS.



### *Public Safety*

Merced County has several sources for the issue of public safety. The Merced County Fire Department provides a range of programs aimed at protecting the lives and property of the people of Merced County from the adverse effects of fires, sudden medical emergencies, exposure to hazardous materials, or other dangerous conditions. The local fire departments also aim for the same goal of providing integrated, cooperative, and cost-effective fire protection and emergency services to the public; to continue to improve operational efficiency and fiscal accountability; to increase professionalism; and to support the mission, goals, and objectives of the Merced County government.

The County Sheriff's department and Local Police have the mission of providing responsive, professional, and caring law enforcement services to all the people of Merced County. They respond to calls for service promptly, protect lives and property to the very best of their abilities, initiate and maintain crime prevention programs, and apprehend criminal offenders. They maintain correctional facilities and operate correctional programs in the most efficient and effective manner possible.

### *Healthcare*

Currently there are two hospitals in Merced County, located on the eastside in Merced and on the Westside in Los Banos with several ancillary care facilities throughout the county. There is active recruiting of new doctors and nurses consistently. Construction is underway for the new Mercy Medical Center to be located in north Merced. Mercy Medical Center has started construction of a new \$200 million hospital and should be completed in spring of 2010. This new addition will bring about a great change for the better for the medical professionals seeking opportunity and a local healthcare network, as well as, for patients looking to receive improved and increased treatment.

### *Parks and Recreations*

Merced County is considered the Gateway to Yosemite and enjoys direct, easy access to several state and national parks. Local parks in the area are Lake Yosemite Park in Merced, Henderson Park in Snelling, Applegate Park and Zoo in Merced, Hagaman Park near Hilmar, and Winton Park in Winton.

Merced is surrounded with great boating and fishing destinations within an hour's drive. Visitors and locals can visit the San Luis Reservoir to the West or Lakes McClure and McSwain to the East, as well as variety of other local destinations.

The Grasslands and Wetlands in the county help preserve the five percent of California's historic four million acres of Central Valley wetlands remaining today. More than one-third of these remaining wetlands are found in Merced County. This unique area has maintained incredible diversity, offering permanent and seasonal wetlands, riparian corridors and native grassland. It is also great for hiking and bird watching. There are also many game preserves and foothills used for recreational uses and hunting.



## *Social Services*

The cities and county of Merced strive to provide for their residents. A variety of programs are offered to encourage affordable housing and social services. Currently, a First Time Home Buyer Assistance Program and a Home Rehabilitation Program are being offered by the County of Merced.

### **7) Services**

The Merced County Economic Development Corporation (MCEDCO) is responsible for coordinating economic development activities and economic growth planning throughout the County. MCEDCO works closely with each of the Governing Bodies of the six jurisdictions, their planning departments, administrative staff and the local chapters of the Chamber of Commerce to orchestrate an economic development strategy which benefits the entire County. To facilitate a limited budget for marketing and advertising, the MCEDCO participates in the California Central Valley Economic Development Council (composed of eight Central Valley Counties), the California Department of Trade and Commerce "Lead Generation" program, the California Association of Enterprise Zones (CAEZ), and the California Integrated Waste Management Board (CIWMB).

Working with each of these organizations the MCEDCO implements a marketing strategy for the attraction of new businesses and industry, provides business retention and expansion service, finance resourcing, formulates economic growth plans, and coordinates a program for small business development. This program collaborates with the Central California Small Business Development Center and the Service Corps of Retired Executives to provide technical assistance to new and existing businesses throughout the County.

## **B) The ECONOMY**

### **1) Major Sectors**

Merced County is one of the top agricultural producing counties in the nation with output of over \$2 billion annually. Farming and food processing are the foundation of the area's economy while retailing, light manufacturing and education are also notable. Three of the world's largest food processing facilities – Foster Farms (poultry), Hilmar Cheese and Morningstar Packing (tomatoes) are located in Merced County. Other notable food and beverage processing operations include Joseph (Gallo) Farms (dairy/cheese), Dole Frozen Foods (fruits), Teasdale Quality Foods (beans), E & J Gallo (vineyards/winery), Safeway/Lucerne (packaged food and beverages), Hilltop Farms (almonds), and Kagome (vegetable juices).

In recent years efforts have been made to broaden and diversify the economic base of Merced County in an effort to stabilize the region from the fluctuations of depending on a single industry. Farm employment shrank by 10.5 percent from 1990 to 2004 and Nonfarm employment grew by 31.5 percent over that period.

The large majority of nongovernment/nonfarm employees are in service-providing rather than goods-producing industries, although an unusually high proportion of Merced County's nongovernment/nonfarm employment is in the goods-producing sector—almost one-third in 2004.



Comparatively, Merced County has a high proportion of workers producing goods rather than services. This valued added sector induces other jobs through the multiplier effect.

A number of manufacturers have moved to Merced or developed locally. Merced City's Quebecor is the largest commercial printer west of the Mississippi River, Arvin Sango (auto parts) and Scholle Corporation (plastic components) moved to Merced from the mid-west.

NCI Building Systems and Westmark Trailers also broaden the economic base. The Merced region also claims distinction as the home of competition watercraft production. This industry cluster, lead by Malibu Boats, Centurion and Fine Line is internationally renowned and has also spawned several small custom production firms.

Most of the employment associated with this industry is seasonal and therefore contributes to continually high unemployment rates. This, combined with several major business relocations and/or closings in the last five years, has created a significant economic hurdle to overcome.

The region is fortunate that the number of manufacturing operations and employment have remained stable in recent years in contrast to the significant loss of manufacturers statewide.

During the residential boom from 2003 – 2007 local business development witnessed large increases in the number of firms and employees in construction and real estate services. These trends have reversed in the past year.

Another growth sector that is diversifying the region is education. Population growth triggered a demand for teachers, and the expanding array of vocation services and demand for enhanced skills increased the number of teachers at both the district level and at Merced College. The opening of UC Merced added an entirely new type of "faculty" to the local workforce. UC Merced continues to grow at about one hundred faculty members each year in response to student demand, and the subsequent support and administrative positions also add a new component to the local economy.

Merced County's primary assets for new economic development are founded in the expansion of existing industries but also induced from commercializing innovation at the new University of California, Merced. Merced's central location and highway connections, augmented by the evolving and redeveloping Castle Airport suggest logistics and air freight as a growth sector. Alternative energy, particularly solar is a focal point of research at UC Merced and may offer significant opportunities.

Proximity to natural resources, the abundance of affordable land, a large available work force, and access to international tourist attractions also bode well for Merced County. Rising costs and operating constraints for many businesses in Southern California and the San Francisco Bay Area help position the Central valley as the last frontier in California with the space and affordability to retain California firms and attract new investment seeking access to the States huge population as a market for products.

Merced County will remain a leader in agricultural production and processing, but the local economy will experience growth in new sectors supporting cluster industries, innovation and entrepreneurs and the resulting higher incomes will encourage more retail sales. Reducing the



number of commuters will also support local retail operations and the subsequent expanded array of goods and services will improve lifestyle pursuits and prosperity for all residents.

## 2) Major Employers

Statistics indicate that Merced County has approximately 5,500 business employers. Government agencies, school districts and educational institutions also employ significant numbers.

The County of Merced is the largest government employer in the county followed by the city governments in relatively descending order of population. The Merced County Office of Education and the elementary and high school districts in Merced County are also significant employers. Merced College and UC Merced are also key employers.

AT&T Wireless Call Center is one of the larger service sector business employers in the area, and financial services operations such as County Bank, based in Merced, also employ significant numbers. Utility providers PG&E and Merced Irrigation District also account for many jobs.

Mercy Medical Center/CHM and Golden Valley Health Center are the top healthcare employers. Medical practitioners and clinics also account for large numbers of jobs.

Retailers with multiple locations in the county are significant employers and include Wal-Mart, Target, Save Mart, Home Depot, and Lowe's. Retail and service employment as a sector accounts for over half of all businesses and one quarter of private business employment.

Merced County has approximately 135 manufacturing and processing employers. Food processing and packaging accounts for much of the employment base although other sectors (printing, water craft and building materials) are significant employers. Merced County's manufacturing employment base has been relatively stable, and currently employs 13,200. The single largest employer is Foster Farms with over 3,500 workers. Major manufacturing and processing employers in Merced County include:

- |  |                                     |
|--|-------------------------------------|
| 1) E&J Gallo Wine/Ranch, Livingston    | (ranch, vineyard, wine)             |
| 2) Foster Farms, Livingston            | (poultry)                           |
| 3) Hilmar Cheese, Hilmar               | (cheese/restaurant)                 |
| 4) Dole Frozen Foods, Atwater          | (frozen fruits)                     |
| 5) John B. Sanfilipo and Sons, Gustine | (nuts)                              |
| 6) KODA Farms, South Dos Palos         | (rice products)                     |
| 7) Live Oaks Farms, Le Grand           | (fruit & vegetable grower/ shipper) |
| 8) Malibu Boats, Merced                | (competition boats)                 |
| 9) Morning Star Packing, Volta         | (tomato canning and packing)        |
| 10) NCI Building Systems, Atwater      | (building materials)                |
| 11) Passion Fruit Farms, Merced        | (grocers-wholesale)                 |
| 12) Pusateri Nut Co., Gustine          | (nuts)                              |
| 13) Quebecor, Merced                   | (printing)                          |
| 14) Richwood Meats, Merced             | (meat packing)                      |
| 15) Scholle Corporation, Merced        | (bags and packaging)                |
| 16) Sensient Dehydrating, Livingston   | (dehydrating vegetables)            |



- |                                     |                                    |
|-------------------------------------|------------------------------------|
| 17) Teasdale Quality Foods, Atwater | (canning)                          |
| 18) Safeway/Lucerne, Merced         | (bottling, salsa, jams, packaging) |
| 19) Werner Company, Merced          | (ladders)                          |
| 20) Yosemite Wholesale, Merced      | (wholesale grocers)                |

### **C) EXTERNAL TRENDS AND FORCES**

The state and nation enjoyed strong economic growth over the last decade, driven by financial services, technology and bio-tech sectors. Property and real estate investment was fueled by low interest rates and aggressive lending program which resulted in nation-wide price increases, especially in California. Employment gains were realized and personal incomes and wealth rose dramatically. During this period, the US and state economies were impacted by increasing globalization of commerce, although domestic prosperity tended to overshadow concerns.

During this time, both, the state and nation maintained extremely low unemployment rates of approximately 4%, a rate deemed by economist as “full employment”. This is in sharp contrast to the unemployment rates in Merced County and the Central Valley, which remained in “double digit figures”.

The rise of China as a manufacturing nation and India as a technology service center heightened awareness of off shore and outsourcing trends. Mexico continued to be attractive to US industries seeking a cost advantage. The US economy gradually shifted its role as the world primary “producer” of consumer goods.

California is considered to be a “high costs” state. The regulatory environment and limited state assistance to business often impedes new investment and job growth. Many firms reported chose to locate as close as possible to California (Arizona, Nevada, and Utah) to gain access to the market without facing the perceived burden of operating on the state.

Despite the strong economy, both the USA and California experienced a significant loss of manufacturing enterprise and employment. Mechanization, outsourcing production to Asia and increasingly higher costs associated with manufacturing in California are cited as reasons for the loss of manufacturing businesses and employment. The trend was not experienced in Merced County which witnessed an increase in both the number of manufacturers businesses and employment.

Rising fuel costs may be one of the most significant factors impacting. Goods movement is more expensive and the cost of transporting raw material, particularly agricultural products impacts results in higher consumer prices. On a positive note, record petroleum costs encourages alternative energy related research and development a sector for which the central valley is well positioned.

In summary, major external factors impeding economic prosperity in the Merced County region relate to the erosion of manufacturing, fuel costs, and the lingering aftershock of the residential foreclosure crisis. The perception of California as an expensive location for business deters prospective investors who fail to grasp that the central valley and Merced County are distinctly different than the better known coastal communities of California.



A new force that may benefit the region is the California partnership for the San Joaquin Valley. The Partnership was created by Governor Schwarzenegger in 2006 to respond to the historic challenges of low income, high unemployment and agricultural dependency. The Partnership formulated an encompassing strategy to improve the valley, and has already implemented programs and provided funding to help the entire region compete for prosperity.

### **1) Local Factors Directly Affecting Economic Development**

In central California residential real estate was a major driving force as construction spending and property values rose at unprecedented levels. Appreciation of 1% per month was considered average. In Merced County much of the demand was driven by commuters seeking affordable homes relative to the San Francisco/Silicon Valley areas. The region now experiences one of the highest foreclosure rates in the nation. The loss of value and income reduces tax revenues and therefore limits the abilities of communities to provide services.

Another noticeable trend affecting business and the economy is reportedly the skill gap in the workforce – the gap between the job skills a business needs in the workforce, and the skill set and skill level of the available workforce. The lesser educated work force is challenged as lacking “life skills” and subsequently is overlooked or considered less capable of competing for technology oriented positions.

An impediment to economic development is the lack of property and facilities. In 2003, Merced County’s “People, Places and Prosperity” economic development strategy identified a lack of sites as key objective to overcome. Since that time, Merced County has been unable to compete for over two dozen large scale (\$1 million sq. ft.; 1,000 jobs) investment project that may have considered the region as a location.

Drought conditions and the limited availability of water for consumption and industrial uses hinder development. Air quality is another concern as mitigation costs make the area less attractive.

Sustainable, long- term economic gains in the area will be influenced by UC Merced. UC Merced has already started to change the image of the region and the anticipated innovation and commercialization of technology, combined with the growth of an increasingly better educated population will help local communities develop new economic sectors. Continued growth by Merced College adds skills development and training resources to leverage the impact of UC Merced and strengthen the foundation for economic development.

### **2) Local Factors Indirectly Affecting Economic Development**

Spin off activity associated with real estate influenced financial services, home furniture and improvement stores, and the construction and building materials sectors of the economy. Diminished home sales and economic uncertainty deter spending in other sectors and all sectors are affected.

The high number of commuters indirectly impacts economic development as the quality of life for commuters strained by the thousands of hours and dollars expended annually to work elsewhere in order to afford a home. Family life is marred as parents spend more time in their vehicles than with



children. Retail expenditures are frequently made at the place of work. This “leakage” of income to other areas reduces revenues to localities and potentially impacts public services.

Perception and image indirectly affect community economic development. Prospective investors hire consultants or discreetly visit communities to evaluate opportunities. Comments overheard at grocery stores, restaurants and other public venues may be the basis for decision prior to a community even knowing its being considered. Local media coverage of development applications and the actions of elected officials also may influence business decision makers.

## **D) PARTNERS FOR ECONOMIC DEVELOPMENT**

### **1) Regional Partners**

Economic development effectiveness is enhanced through a broad collaboration between the Cities and County of Merced, as well as stakeholders from education, workforce development, business organizations and community groups. Many of these entities participate with Merced County’s “One Voice” initiative presenting a consistent message of the region’s top issues and priorities. The group is further enhanced through participation with the Federal Interagency Task Force, the California Partnership for the San Joaquin Valley, the Central California Economic Development Corporation (CCEDC), Team California and California Association for Local Economic Development (CALED).

The interdependence of cities and rural neighbors is well documented. Regional planning which recognizes urban centered growth must also acknowledge that urban boundaries must be flexible. The rural areas are the source of much of the raw material processed in the urban areas, and subsequently a direct source of urban prosperity. Urban areas support rural infrastructure and initiatives to maintain environmental resources. The economic development professionals of Merced County work well together in tandem to encourage growth and prosperity in the region.

Merced County’s strategy is built on the foundation of education and workforce development to globally position this area as a competitive business location. The economic development team includes public and private sector representatives in addition to the staff from the cities and county.

The Merced County Economic Development Corporation (MCEDCO) is responsible for coordinating economic development activities and economic growth planning throughout Merced County. MCEDCO works closely with each of the six cities and county administrations to orchestrate an economic development strategy which benefits the entire County. The primary mission of MCEDCO is to talk to more business, more often, in more places to encourage new investment. MCEDCO also provides small business and entrepreneurial assistance to assist with start ups, and works closely with local government economic development staff to address infrastructure and facilities, regional advocacy and special projects such as the enterprise zone

Congressman Dennis Cardoza is a strong and unifying federal partner for economic development in Merced County. In recent years staff of federal agencies including the Department of Agriculture (USDA), Commerce (EDA), Housing and Urban Development (HUD) and Small Business (SBA) have all contributed to projects and initiatives.



Statewide agencies such as the California Commission on Jobs and Economic Development and the California Business Investment Service (CalBIS) department market and encourage investment at the state level. Other state organizations such as the California Association of Local Economic Development (CALED) and Team California also undertake statewide economic development initiatives.

The California Partnership for the San Joaquin Valley was convened by Governor Schwarzenegger in 2006 to address disparity and foster investment and job creation in California's central valley. The Partnership formulated a comprehensive strategy addressing a broad array of issues including economic development. The Partnership provided funding to advance activities to achieve the goals and objectives of the strategy.

The Central California Economic Development Corporation (CCEDC) was charged with the responsibility of implementing the Partnership's economic development agenda. The CCEDC is comprised of the eight valley Economic Development Corporations (EDC's) who have been working together since 1994 to promote business and employment growth in the central valley. The primary focus of the CCEDC is to market the valley as an opportune area for new investment. The CCEDC undertakes business missions to the Los Angeles and Bay area markets to help retain firms in California, and also meets with decision makers in strategic US markets (Atlanta, Chicago, Dallas, Denver, New York, and Phoenix) to recruit new enterprises. All prospects and leads generated from the CCEDC are conveyed to the county EDC's.

Other regional partners include the Great Valley Center and the Small Business Development Corporations, both managed by the University of California, Merced. The Council's of Governments (COG's) also support regional economic development through regional transportation and land use planning.

## **2) Local Partners**

Each of the cities and the county of Merced has prioritized economic development and contribute to a comprehensive sub-regional approach. The cities of Atwater, Los Banos and Merced have economic development departments and staff. The smaller communities (less than 15,000 residents) of Dos Palos, Gustine and Livingston each undertake activities under the direction of the City Managers.

Most of the cities and county have established a redevelopment area (RDA) to assist in alleviating physical, social and economic blight that could impede new investment and job creation. The RDA's effectively allocate resources through bonds and other instruments to leverage private spending that achieves the objectives of the redevelopment plan.

The county of Merced Department of Commerce, Aviation and Economic Development coordinates economic development programs in tandem with the Department of Workforce investment. Both departments participate with the county-wide strategy and assist the cities and MCEDCO to facilitate economic development.



### **3) Local Employer/Employee Resources**

The Merced County Workforce Investment Board, local and county Chambers of Commerce, and community groups such as the Merced Boosters are also partners in local economic development. Educational institutions such as the “P-16 council” and the Business Education Alliance of Merced (BEAM) play supporting roles and the significant contributions of Merced College and UC Merced are redefining the opportunities for new investment in Merced County.

Collaboration in providing small business services includes agencies such as the Alliance Small Business Development Center, the Service Corps of Retired Executives (SCORE), the Lyles Center for Entrepreneurial Development, and the Central Valley Business Incubator, the latter two based in nearby Fresno.

## **E) RESOURCES FOR ECONOMIC DEVELOPMENT**

### **1) Financial Resources, Sources of Capital**

The County of Merced and the City of Los Banos each implement a revolving loan fund (RLF). In addition to the County and City small business loan programs, sources of capital available for economic development include loan guarantees from the U.S. Small Business Administration (SBA) and USDA, State loan programs such as the Recycling Market Development Zone program, the Infrastructure Bank, and small business investment corporations (SBIC’s). Also, several banks located in the County are aggressive SBA lenders. Industrial Development Bonds, available through the State of California, are also available for manufacturers as a low-interest source of financing.

In the past two years, in part attributed to the work of the California Partnership, venture capital is becoming more readily available in the Merced County area. Golden Capital Network and Pacific Community Ventures are but two examples of a growing array of financial resources available in Merced County.

Public grant funding available for economic development may also be derived from sources such as the State Community Development Block Grant Program, the federal Economic Development Administration, and the USDA Rural Development Program. These sources will be utilized in the future for infrastructure and financing.

Businesses in Merced County may capitalize on a county-wide enterprise zone and receive lucrative tax credits for job creation and capital investment. The enterprise zone includes virtually all businesses and commercial/industrial property in the county.

### **2) Non-financial Resources, Site Selection Factors**

Each of the cities and county offer project expediting and a “one stop’ collaborative approach to respond to business inquiries. The teamwork displayed by the localities is supplemented by technical advice from MCEDCO to provide a broad range of information.

Several communities participate in outreach business missions with MCEDCO and the CCEDC to meet with site location consultants and dispel myths and misconceptions about the region. The



missions enable the communities in Merced to identify potential investment projects and address site criteria to compete for new projects. The missions also raise awareness of the Central Valley and Merced County in target geographic markets.

MCEDCO provides small business and entrepreneurial counseling for new business start ups within several cities in Merced County. The business planning and advice extended to prospective entrepreneurs better prepares candidates for RLF's and traditional financial institutions. MCEDCO works in tandem with the Alliance SBDC to leverage resources.

The Lyles Center for Entrepreneurship at California State University, Fresno also provides small business assistance in the valley. The Lyles Center offers training for prospective operators and provides referrals to other agencies.

Perhaps the most important non-financial resource offered within Merced County is a dedicated and committed approach to accommodate business. The cities and county have agreed to collaborate and support regional initiatives knowing that they will all benefit from new investment in the region.

## **F) REGIONAL EXPECTATIONS**

The economic development professionals of the cities and county of Merced formulated an overall goal and five strategic objectives to be included within the CEDS. The CEDS Strategy Planning Committee endorsed the vision and approach. Over the past year the participating City Councils and Board of Supervisors have also reviewed and approved the goals and objectives.

The tactics and specific initiatives associated with each objective are outlined in the CEDS Plan of Action section.

### **1) Merced County CEDS Goal**

Community wealth generation and enhanced prosperity

### **2) Merced County CEDS Objectives**

- a) Retention of all existing enterprises
- b) New business investment
- c) Employment generation
- d) Improved services for residents and visitors
- e) Enhanced quality of life (access to health care, less commuting, higher incomes, home ownership)



## **G) Economic Development Issues and Priorities**

- 1) Regional Utilities Infrastructure (Energy and Wastewater)**
  - North Merced County Wastewater Project
  - City of Merced Wastewater Project
  - Renewable Energy Projects (Solar/Ethanol)
  - Downtown Revitalization
  
- 2) Small Business and Entrepreneurs**
  - Technology and Innovation Business Incubator
  - SBE Business Planning and Counseling Funding
  - SBE Loan Funds and Venture Capital
  - Commercialize Technology
  
- 3) Business Park Infrastructure and Buildings**
  - Atwater/Castle Technology Business Park
  - Los Banos/Merced College Technology Business Park
  - Gustine Business Park
  - Manufacturing and Agri-Business Institute of Technology
  
- 4) Enterprise Zone**
  - Operations
  - Marketing Outreach
  
- 5) Enhanced Marketing and Outreach to Business**
  - Manufacturing Outreach
  - Agile Manufacturing/Innovation
  - CCEDC/TeamCalifornia Program Support
  - Education
  - Healthcare

## **H) Strategic Projects, Programs and Activities**

The following list reflects the priorities projects identified by each community participating in the CEDS process. The criteria for inclusion is as noted:

### **Criteria:**

- Compatible with Goals and Issues Priorities (refer above)
- Five Year Time Frame
- New Sustained Employment Generated from Project
- Non EDA Funding Committed to Project
- Performance Measurement Indicators (ROI in new jobs and businesses, capital investment, community services, etc.)
- Rating - Projects Underway (1); Projects in study phase (2); Projects under consideration (3)



## **City of Atwater**

- 1) Predevelopment study - Atwater Business Park Utilities** - Planning and construction design for phase 1 of an industrial park on property designed in the north - west area within the City's General Plan – adjacent to the Castle Airport Aviation Development Center – former Castle Air Force Base. Currently 95 acres have been annexed into the city however this area is lacking infrastructure to support job growth and investment. An adjacent vacant area within the City's Sphere of Influence of approximately 350 acres which is also designated for business – industrial park uses could be a future phase. The planning project would identify the size and approximate location of utilities that would be needed to support the development of this area. This area is separated from the city by Santa Fe Drive and a main rail line. It is very likely that new deep water well will be needed in this area along with a looped water system for pressure. Waste Water transmission will need critical study given that many lines in surrounding residential areas are already constrained. Other utilities – infrastructure including roads and circulation, storm drainage, electrical and gas utilities will also need to be analyzed. It is estimated that development of the first phase, on 95 acres, would generate 400 jobs. The City of Atwater is looking to pledge \$25,000 within their 2008 – 2009 budgets and anticipates local contributions from developers and land owners of an additional \$25,000. Plans for the industrial park will be developed by the end of 2009. (Rating - 2)
- 2) City Entrance – Atwater Boulevard & Winton Way Roadway and Utility Improvements – City Gateway Enhancement** - Located at the intersection of Atwater Blvd. and Winton Way this area was identified in a recently completed traffic study as an intersection in which considerable delays would be expected and declining levels of service are anticipated. It is the sole crossing within the city limits that spans State Highway 99 connecting the community to a developing retail power center and other business and office park opportunities. This intersection is also a key gateway into Downtown Atwater. This intersection is also impacted by the close proximity to the UP Rail line which currently interferes with the traffic signal operation to allow vehicles to cross the highway and also reach the entrance and exits of the highway. Preliminary surveying has been completed for this area as has preliminary design. The City has pledged approximately \$3.5 million for right of way acquisition, road way work, utility work, and entry or gateway enhancements. The funding sources include Redevelopment Bond Proceeds and Prop 1B funding. Construction is anticipated to be completed in 2010. (Rating – 2)
- 3) Waste Water Treatment Plant water quality project – plant relocation** - To meet more stringent water quality needs the city is currently engineering a new regional waste water treatment plant which will process the waste water at a tertiary level. The project will not add any additional capacity beyond the current 6 million gallons per day but the new plant will be relocated to an area approximately 5.5 miles south of the city – on a city owned parcel. The project will include construction of new head-works, development of a forced main pipeline, and development of a new facility. Total estimated costs are anticipated to exceed \$65 million. This relocation will dramatically improve the odor in the city and provide for the potential development of 30 plus acres for business park and retail land. The city will finance this project through bond proceeds and has raised utility rates to cover



the additional costs. The project design and engineering will be completed in 2008 and construction is anticipated to begin in 2009 project completed in late 2010. (Rating – 2)

- 4) Buhach Road and Utility Improvements** - This roadway is one of the major entrances into the Castle Airport Aviation Development Center and is currently reduced from four to two lanes in each direction and is severely impacted at the Buhach Road and Bellevue intersection. In addition to roadway issues a sewer line is necessary to be constructed to serve a 680 unit former military housing project, Castle Gardens. This area also lacks pedestrian amenities including sidewalks, curb, gutter, storm drains, street lights, and bicycle paths. The project design and engineering will be completed in 2008 and construction is anticipated to begin in 2009 project completed in late 2010. The anticipated cost is \$2 million which is likely to be funded through general fund capital and impact fees. (Rating - 2)
- 5) Applegate Interchange Project Study Report (PSR) & Engineering** - The City has committed in Redevelopment bond proceeds in the amount of \$450,000 for a Project Study Report including preliminary engineering for approximately 2.5 miles of freeway, a new overhead structure, and a new interchange for State Highway 99 and Applegate Road. The existing infrastructure has been unchanged since the mid 1950's. The existing on and off ramps are of the hook style and are becoming impacted with residential, commercial, and industrial development in the area. The existing freeway overhead is two lanes and has failing capacity. To meet the current CATRANS standards the new right of way must be large enough to accommodate eight travel lanes, of which six would be constructed and four would be operational until the entire State 99 freeway system in Merced County can accommodate the lanes. Completion of the PSR will help the city plan for its General Plan Update and also assist in the implementation of the redevelopment plan by guiding where investment projects should or should not be placed to accommodate the new freeway and interchange. The PSR will be completed in 2010. Project funding will include local impact fees, regional impact fees, and most likely state and federal funds from future bond or other sources. Total cost for the improvement project is anticipated to be \$80 million. (Rating – 2)
- 6) Bellevue Road and utility extension to West Side Interchange** - Extension of roadway to connect to new interchange under construction, completed in 30 months. The City is undertaking a General Plan Update to incorporate this area. These roadway improvements open up the area to mixed use development in the project planning area of approximately 600 acres. Bellevue Road is the existing backbone to the commercial district and bisects the City. Currently the planning area does not have any public infrastructure or utilities which will be provided in the road way extension project into the proposed right of way. Anticipated cost is \$15 million which will be paid through local and regional traffic impact fees, developer impact fees, and other sources. Project is anticipated to be completed in 2012. (Rating – 2)
- 7) City Entrance Enhancement for Atwater Boulevard – North Sub Area** - To improve vehicular safety and also add to enhance the aesthetics of the area this project would install a visual welcome sign and bollards, a raised median with landscaping, and new decorative street lights near the Bert Crane Road Business 99 exit into Atwater near Bert Crane Road



continuing to the Freeway overhead crossing. The anticipated cost is \$1 million which is likely to be funded through redevelopment bond proceeds. Anticipated completion time is 2012. (Rating – 3)

- 8) **City Entrance Enhancement for Atwater Boulevard Central and South Areas** - This project would complete remainder of the Atwater Boulevard – City Entrance project continuing the raised landscape median, decorative cross walks, decorative lighting, and other amenities from the core downtown area of Atwater Boulevard through Shaffer Road. This project would also provide for an additional gateway or city entrance enhancement near Shaffer Road. The anticipated cost is \$2 million which is likely to be funded through redevelopment bond proceeds. Anticipated completion time is 2013. (Rating – 3)
- 9) **Implementation of city wide water meters and monitoring devices** - Add water meters city wide to meet state requirements. Anticipated cost is \$7 million which will be paid through water capital funds and new bond issue. Anticipated completion time is 2013. (Rating – 2)
- 10) **Downtown Core Area Revitalization** - This project will replace failing decorative cross walks and other amenities in the Downtown Core area of Atwater including Broadway and the side streets. Project will include new street lights, decorative paver stone roadway crossings, additional landscaping and irrigation system, parking lot maintenance, replacement of streetscape amenities (benches, trash cans, etc.) and replacement of seasonal street decorations. Anticipated cost is the anticipated cost is \$2 million which is likely to be funded through redevelopment bond proceeds. Anticipated completion time is 2014. (Rating – 2)

#### **City of Dos Palos**

See County of Merced District 5 projects numbers 9, 10 and 11

#### **City of Gustine**

- 1) **Gustine Industrial Park Project** – Planning and construction design for phase 1 of an industrial park on property designated in the southeast of the City’s General Plan. The park will accommodate new industrial investment resulting in 120 employees. The City and property owner will provide non-federal funds. Plans for the industrial park will be developed by the end of 2009. Status: Project is study phase. (Rating - 2)
- 2) **Innovation Technology Center** – Loan funding and technical support for City of Gustine to extend assistance to technology oriented business interested in establishing in the City. City has identified ALSB/John Sherohman as an interested business who will grow Aluminum Tinamide Crystals. The project is in the planning phase. (Rating - 3)
- 3) **Alternative Energy Conversion and Fueling Depot** - The City is seeking funds to establish a center for vehicular conversion for biofuels and a fueling station to assist commuting residents lessen dependency on fossil fuels, improve air quality and as a revenue source for the City. The City has identified a business with the technical expertise to establish the first facility in partnership with Gustine. The project is in the study phase. (Rating - 2)



- 4) **Downtown Revitalization** - This project will improve core area infrastructure and improve downtown amenities. Project will include new street lights, decorative roadway crossings, additional landscaping and irrigation system, new parking areas. Anticipated cost is the anticipated cost is \$500,000 to be repaid by developer contributions. (Rating – 3)
- 5) **Infrastructure for Commercial and Industrial Users** – This project will improve water and wastewater systems to facilitate new and continued investment by the City’s business. The improvement will facilitate new business development and employment. The city will collect impact fees to fund non-federal share of construction. Status: Project is in study phase. (Rating – 2)

### City of Los Banos

- 1) **Innovation Place Network Business Plan and Operations Model** - This project will create a business plan to guide a network of small business and entrepreneur services in tandem with Merced College and the cities of Los Banos and Merced. The plan will lead to new incubator facilities and promote small business development. Matching funds have been committed by the public and private partners. The performance measurement is a completed business plan by June 30, 2009. Status: Pre-application for EDA funds submitted. (Rating – 1)
- 2) **Innovation Place Network (Facility)** – This project will establish two new business incubators (Los Banos, Merced) to commercialize technology and innovation and assist small business start ups and create new employment in the region. Funds to establish the incubators will be derived from federal and state resources to leverage private sector capital investment for facilities. The performance measurement will reflect client counseling, small business starts, generated employment, incubator tenancy and new products sales. Status: pending study. (Rating - 3)
- 3) **Ward Street Improvements** – This project will widen and improve 900 feet of Ward Street, south of State Route #152 in the City of Los Banos designed to truck traffic standards. This improvement will facilitate new business and employment in the Los Banos Business Park and provide truck access via future Pioneer Road to Highway’s #165 and I-5. The City will collect impact fees to fund the non-federal share of construction. Status: Project is in the study phase. (Rating - 2)
- 4) **Pioneer Road Connection (Ward Street to #165)** – This project will construct improvements to link the Los Banos Business Park/Ward street to State Highway #165 and improve access/egress and reduce truck traffic on congested Highway #152. The improvement will facilitate new business development and employment. The city will collect impact fees to fund non-federal share of construction. Status: Project is in study phase. (Rating – 2)
- 5) **Los Banos Wastewater Plant Industrial Site** – This project will prepare a site to accommodate the relocation of a major industrial processing employer forced to move due to residential encroachment. The City has identified a site and engaged in preliminary



discussion and planning to accommodate the business and its 100 employees. Funds will be derived from sale proceed and private capital investment to supplement federal funding requested for public infrastructure. The performance measurement shall be the retention of the business and its jobs. (Rating – 2)

- 6) **Rail Corridor, Trail and Community Center Construction** – The project will facilitate downtown revitalization and augment the array of community facilities for residents. The City has identified a site and undertaken preliminary design and planning, including extensive public input. The improvements will encourage downtown business development and potentially create hundreds of new jobs. (Rating – 2)
- 7) **Ortigalita/#152 Intersection Upgrades** – **This project will improve vehicular access/egress through the city and enhance safety.** The improvement will facilitate new business development and employment. The city will collect impact fees to fund non-federal share of construction. Status: Project is in study phase. (Rating – 2)
- 8) **#152/Los Banos International Trade Route Intersection Improvements** - This project will construct improvements to link the Los Banos local road network to the future International Trade route. This will improve access/egress and reduce truck traffic on congested Highway #152. The improvement will facilitate new business development and employment. The city will collect impact fees to fund non-federal share of construction. Status: Project is in study phase. (Rating - 2)
- 9) **Henry Miller Agricultural Industrial Park** - This project will provide infrastructure for local agriculture-based industries facing future relocation due to the city's commercial growth. This will help retain local agricultural businesses that employ more than 100 local residents in an area not likely to be impacted by housing development. (Rating – 2)

#### City of Merced

- 1) **Innovation Place Project** - The development of an entrepreneurship program focusing on small business development, commercialization, and technology transfer. Merced College will serve as the lead agency. Success of the program will ultimately lead to the development of an incubator. (Rating – 1)
- 2) **South Airport Industrial Park (SAIP) Expansion** -The SAIP is near capacity and needs room for expansion. Two parcels are adjacent to the SAIP and are zoned M-1 (Manufacturing 1) by Merced County. Infrastructure could readily be extended to support the expanded SAIP. (Rating – 2)
- 3) **Highway 59 and Cooper Avenue** - The misaligned intersection and congested Highway serve as the gateway to Merced's one of largest employers and major employment centers. The congestion creates severe delays in shipping and receiving and employees arriving to and from work. Hardest hit by this dilemma are "Just in Time" manufacturers such as Arvin Sango. (Rating – 2)



- 4) **Waste Water Treatment Plant (WWTP) Expansion** - The City's WWTP is near capacity, and support the growth of the City and UC Merced, the facility must be expanded. Currently, the facility has a capacity of 10 MGD. It is the City's desire to expand the plant to 20 MGD. (Rating – 2)
- 5) **Technology Corridors** - Campus Parkway and Bellevue Road - The construction of the Campus Parkway is critical the growth and development of UC Merced and economic vitality of the City of Merced. Bellevue Road is seen as a critical thoroughfare linking UC Merced's research and development center to the main campus. Although Bellevue Road exists, improvements are necessary to convert to a true technology thoroughfare. Completion and development of both corridors would support UC Merced efforts to build a world class medical center for the San Joaquin Valley. (Rating – 3)
- 6) **Railroad Grade Separations** - Essential to goods movement, public safety and emergency vehicles, and air quality is the need to build grade separations along the Burlington Northern Santa Fe and Union Pacific Rail Lines. Both main lines are identified as major trade and goods movement corridors. The grade separations would reduce air emissions and promote better vehicular circulation. (Rating – 3)
- 7) **Merced Center Project** - The Merced Center Project calls for the construction of three story parking garage, Merced College Business Center, and LEEDS certified green hotel. The project is seen as catalyst for downtown Merced and would be a tool for revitalization. The project would serve as a training ground for students, employees, and provided a valuable resource to employers. (Rating – 1)
- 8) **Brownfield Remediation** - Downtown Merced is the location of three major Brownfield remediation projects. Once cleaned, the sites would serve as the location for major economic investments. Two sites have developers waiting for the cleanup to be completed. Estimated development value for all sites ranges from \$10 to \$15 million. (Rating – 3)
- 9) **Merced Municipal Airport** - The City has recently adopted a new Master Plan in December 2007. Enplanements have continued to increase at the airport. Business investors and clients of UC Merced have noted that expansion of the Merced Municipal Airport is necessary to facilitate and draw new companies and jobs to the community. (Rating – 2)
- 10) **Downtown Merced** - A new strategy was adopted in December 2007 for Downtown Merced. The project calls for major changes to the downtown environment ranging from traditional redevelopment projects to the construction of new bike paths. Although \$50 million has been invested by public and private entities to downtown, more needs to be done to secure its future. (Rating – 2)

### **County of Merced**

- 1) **DISTRICT 1: State Highway 140 – Planada** - Currently one of the busiest street corners in the County is Hwy 140 and Plainsburg Road. Besides local traffic, Highway 140 is the only all-weather route to Yosemite National Park - a park that sees 3-4 million visitors per year. The



corner in question, located in the community of Planada, is without a traffic light or traffic control system yet an area with a significant amount of residential foot traffic. Thus, the corner is extremely dangerous. The envisioned project would install a handicapped accessible walkway that would safely permit walking traffic to cross Highway 140 and eliminate today's hazards to pedestrians. The project cost is estimated at \$10M.

- 2) **DISTRICT 2: Complete Campus Parkway to UC Community (Childs Avenue north to Yosemite Avenue).** This project is the critical link between State Highway 99 and the new University of California Merced development. The project approved road will service the University and University Community which will approach 35,000 people when fully developed in 20 years. Some project monies are in place but a shortfall of \$48M exists.
- 3) **DISTRICT 3: Atwater – Merced Expressway (Phase I)** – This project involves design, land acquisition, and construction of a highway to connect Route 99 to Santa Fe Road including intersections at Route 99 and Santa Fe. The project is the single most critical project in the development of the closed Castle Air Force Base, as the facility has no viable commercial access to Highway 99. The project cost is estimated at \$180 Million with private investment proposed to cover approximately \$150 Million. The EDA request is for \$30 Million.
- 4) **DISTRICT 3: Replacement of the Runway 31 Approach Lighting System** – This project involves the removal of the Air Force modified ALSF-1 approach light system on the south end of the airport (Runway 31 end) and the installation of a state of the art system known as a MALSR. The existing ALSF-1 is made up of railroad ties some of which are wrapped in steel with massive bulb on them. The sequenced flashing lights have not worked for years as no replacement parts are available for the electro-mechanical vacuum tube flashing system. Although modified to be frangible (able to break away if hit by an airplane) the structures are so large, a light aircraft would be seriously damaged by hitting one of the light supports. The MALSR would consist of all new technology lights, flashing units and light weight support structures. The approach lighting system is critical in attracting airline and cargo customers to Castle Airport. The projected cost of this project is \$1,600,000.
- 5) **DISTRICT 3: Design and Construct new Taxiway “B1”** – This project involves constructing a new design group III (single engine to light twin engine aircraft) taxiway between the existing taxiways B and C. The new taxiway (tentatively known as Taxiway B1) would be 700' X 50' and lighted. This taxiway is an important capacity increasing structure for Castle Airport. Currently, with the high volume of light aircraft traffic, the runway acceptance rate (how many aircraft can land in a given time) is reduced by the fact that aircraft landing have to taxi nearly 3500' to exit the runway. With the construction of Taxiway B1, landing aircraft will only have to taxi @ 1500' greatly increasing safety and the runway capacity. The projected cost of this project is \$970,000.
- 6) **DISTRICT 3: Reconstruct Taxiway D** – This project involves the demolition of the existing Taxiway D and the construction of a new one in its place. Based upon visual, non-destructive testing and core samples taken, the existing Taxiway D has been listed as “Failed.” While still safe for light aircraft operations, the surface is irregular and breaking apart. This taxiway will be very important for airline operations with aircraft of the Boeing 737 size. The projected cost of this project is \$1,500,000.



- 7) **DISTRICT 4: Castle/Winton Regional Wastewater Treatment Plant.** The Castle Airport, Aviation and Development Center and the unincorporated community of Winton currently purchase sewer services from the City of Atwater. Atwater is in the process of trying to relocate their sewage treatment facility to a new location without increasing the plant's capacity. Both Castle and Winton need additional processing capacity. Thus, these two unincorporated community entities are working together to potentially develop additional regional capacity. Project design and construction for the proposed 3 MGD plant is estimated to be \$35M.
- 8) **DISTRICT 4: Hilmar Bypass Bridge over the Merced River.** The current bridge is old, narrow and is extremely hazardous. Located in one of California's busiest farming areas, the road, State Highway 165, services literally thousands of trucks, farm equipment and other farming vehicles each week. The new bridge project has the support of several of the nation's largest farming operations. The project is estimated to cost \$30M.
- 9) **DISTRICT 5: South Dos Palos** – has the oldest sewer line system in the area. Designed by standards no longer allowed, the sewer line pitch and size leaves sewage in the lines longer than permitted by health regulations. Replacing the 50+ year old lines at a cost of \$2.5M is required. The project is needed by the unincorporated communities (including Midway and South Dos Palos) being serviced by the City of Dos Palos.
- 10) **DISTRICT 5: Dos Palos Water Plant** – the plant operating under a Joint Powers Authority involving the City of Dos Palos and several unincorporated communities is at capacity and needs to be expanded. The affected communities have no opportunity to grow without a plant upgrade. Cost of the project is estimated at \$9M.
- 11) **DISTRICT 5: Dos Palos Sewer Plant** – the plant, operating under a Joint Powers Authority involving the City of Dos Palos and several unincorporated communities, is at capacity because it lacks the necessary retention ponds. No growth in the communities can occur without the retention pond upgrade. Cost of the project is \$8M.
- 12) **DISTRICT 5: Santa Nella Project Area** – this area is projected to grow significantly over the next two decades but already has inadequate water, sewer and road capacity. Centered at the confluence of State Highway 33 and Interstate 5, this area requires impact relief now. Project estimate is \$31.5M.

#### Joint City/County

- 1) **UC Merced Medical School** - This project promoted regional improvements to both healthcare and education to provide a better level of services for residents of the cities and county of Merced and the overall San Joaquin Valley. (Rating – 2)



## I) CEDS PLAN OF ACTION AND IMPLEMENTATION

The plan of action implements the goals and objectives of the CEDS in a manner that:

- Promotes economic development and opportunity;
- Fosters effective transportation access;
- Enhances and protects the environment;
- Maximizes effective development and use of the workforce consistent;
- Promotes the use of technology, including access to high-speed telecommunications;
- Balances resources through sound management of physical development; and
- Obtains and utilizes adequate funds and other resources.

The Merced County Economic Development Corporation (MCEDCO) implements a comprehensive regional economic development strategy approved by the cities and county of Merced. MCEDCO formulates an annual marketing plan and budget approved and monitored by its Executive Committee, comprised of participating cities and county officials as well as private sector investors.

MCEDCO undertakes regional lead generation and lead referral activities to supplement and assist the cities and county achieve their economic development objectives. MCEDCO initiates and facilitates projects or programs to advance community economic development within a broad mission of enhancing wealth generation and prosperity.

External marketing was significantly enhanced through increased activity undertaken by the Central California Economic Development Corporation (CCEDC). MCEDCO has been an active participant in the Partnership both as a contributor to the strategy as well as a member of the CCEDC who are contracted to manage activities of the Partnership's economic development work group. In particular MCEDCO champions the entrepreneurship subcommittee. The first entrepreneur forum was held September 24<sup>th</sup> in Fresno in concert with the Lyles Center for Entrepreneurship, a subcontractor to the Partnership.

MCEDCO is a board member of CCEDC, which was the recipient of a SEED grant from the California Partnership for the San Joaquin Valley (Partnership) to expand marketing efforts and promote the central valley. MCEDCO was able to expand external outreach and missions, with minimal additional expense. MCEDCO recognizes and welcomes the input and support of the cities of Los Banos and Merced. External marketing activities for MCEDCO are coordinated with the Central California Economic Development Corporation (CCEDC) to leverage resources and extend the reach and impact of initiatives on behalf of the communities in Merced County.

CCEDC's efforts are further enhanced through implementation of the California Partnership's SEED grant. In the past six months direct mail followed by six business missions, two trade shows and two conferences have resulted in over 1,800 direct contacts with business. Eighty two meetings have been conducted with location consultants promoting advantages of the Central Valley. MCEDCO's principle focus is to contact more business, more often, in more places to encourage investment in Merced County. The organization continues to advocate and promote regional collaboration, raise awareness of economic development issues, and foster entrepreneurship. MCEDCO formulated its marketing strategy in consultation with representatives of the participating public sector entities



and incorporated the strategy within the scope of services of each service agreement. MCEDCO subsequently provides regular reports to each community representative and liaises with the economic development staff of the cities and county to monitor implementation activity.

Partners for marketing collaboration include local government jurisdictions, State and Federal agencies such as CalBIS, United States Economic Development Administration, Housing and Community Development, California Association of Local Economic Development, the CCEDC, local employers, and agencies. The public marketing activities strive to complement and augment the economic development programs of each community and avoid duplication.

MCEDCO's proposed program complements and supports the initiatives of the Federal Interagency Task Force created by Presidential Executive Order in 2004. The task force has made modest gains in assisting the valley, but has yet to realize significant change. The program also conforms to the vision and mission scope of work espoused by the California Partnership for the San Joaquin Valley, a task force established by the Governor in 2005 that works in tandem with the Federal initiative.

### **1) Strategic Economic Development Actions**

MCEDCO's actions are guided by a Scope of Services agreement with each participating community to implement the comprehensive regional economic development strategy. All parties acknowledge that MCEDCO formulates the marketing plan and budget subject to review and comment by city or county staff.

MCEDCO undertakes regional lead generation and lead referral activities to supplement and assist the local communities achieve their economic development objectives. MCEDCO may participate, at the request of the city or county with specific projects or programs to advance or respond to a community's economic development initiatives.

MCEDCO shall assist in providing timely and useful information and data to help businesses make informed decisions about expanding, relocating, starting a business and investing in the cities and unincorporated communities within Merced County. The following specific activities are undertaken:

#### **a) Business Contacts**

- i)** Initiate and engage in fifty (50) one-on-one business contacts, throughout Merced County, to monitor business perceptions and identify potential retention and expansion plans and offer assistance where needed.
- ii)** Perform on-site visits to employers in the incorporated and unincorporated areas of the County as requested by individual business and/or the affected jurisdiction.
- iii)** Initiate meetings with appropriate economic development, administrative, financing, permitting, public works, job training and other required officials to facilitate retention and expansion plans.



- iv) Distribute regional business program and services information and marketing material to business contacts where appropriate.
- v) Monitor and maintain follow-up on all contacted businesses regarding service needs, information provided and potential investment and employment development status.
- vi) Liaise with city and county representatives to share information, combine efforts where most effective and eliminate duplication of services and outreach activity.
- vii) Business contact efforts shall be coordinated with the community, and may include representatives.

**b) Business Outreach and Retention**

MCEDCO will implement and coordinate with the localities a retention-expansion outreach program which shall include assisting representatives in determining and resolving barriers that may be restricting the growth of current businesses and resolving issues which may potentially lead to the closing or relocation of businesses outside of the community.

**c) Lead Referral, Lead Generation and Response**

- i) Undertake marketing campaign in accordance with “Marketing Services” and foster referrals to identify prospective investment and employment inquiries.
- ii) MCEDCO shall forward all leads and prospects and shall promptly refer to the participating communities all leads and prospects from said activities, without pre-screening or selection.
- iii) Represent and participate on behalf of the cities and county with the regional economic development marketing partner, Central California Economic Development Corporation (CCEDC) to initiate and respond to investment inquiries.
- iv) MCEDCO shall participate with the CCEDC and/or TeamCalifornia in trade shows and marketing activities and forward leads and trade show attendee lists.
- v) Represent and participate on behalf of the cities and county with State of California and Federal economic development organizations to initiate and respond to investment inquiries.
- vi) May retain and contract with national economic development organizations to promote referrals to identify prospective investment and employment inquiries including but not limited to CoreNet, National Association of Manufacturers, Site Selection Network, etc.



vii) Nothing in this Agreement shall be construed to prevent direct contact between cities and county and local, regional, state, and federal economic development related agencies.

viii) MCEDCO shall submit concise detailed quarterly reports concerning lead generation and lead referral activity and services.

**d) Marketing Services**

i) MCEDCO shall develop a marketing and image promotion program on the advantages and opportunities available in the cities and county of Merced.

ii) MCEDCO shall implement the approved comprehensive regional marketing strategy to promote recruitment, retention and expansion activities to targeted external and local businesses and the community.

iii) MCEDCO shall conduct regular meetings of its Marketing Committee to provide direction and oversight on activities. City and County designees shall be appointed as voting members.

iv) Marketing activities will complement and augment to the best of its ability the community's individual economic development program. Marketing implementation should include, but not be limited to the following:

- Collateral marketing materials
- Website
- General communication and correspondence
- Newsletters
- Forums
- Presentations
- Print media
- Advertising
- Trade shows and conferences
- Business investment missions

v) Partners for marketing collaboration include local government jurisdictions, State and Federal agencies as California Business Investment Services (CalBIS), United States Economic Development Administration, Housing and Community Development, California Association of Local Economic Development, the CCEDC, the California Partnership for the San Joaquin Valley, local employers, agencies and the public.

**e) Technical Assistance Services**

i) Identify and maintain up-to-date information for dissemination and distribution to



Businesses requiring such data for retention and expansion purposes. Such information shall include but will not be limited to:

- Local agency, state and federal economic development related services
- Community information and demographics
- Land and building inventory
- Local government procedures, processes and incentives
- Financing sources and incentives
- Utility and infrastructure information
- Industry trends
- Workforce availability
- Unemployment rates and trends
- Community growth plans and zoning
- Local and surrounding demographics
- Best practices for retention and expansion activities
- Other agency information and marketing materials for combining, sharing and disseminating

ii) Processing and handling of permits including but not limited to building, planning, engineering, fire, air quality, etc. shall be the sole responsibility of the cities and county.

**f) Professional Development**

MCEDCO shall maintain membership and participate with the California Association for Local Economic Development (CALED); Central California Economic Development Corporation (CCEDC); International Economic Development Council (IEDC); the California Partnership for the San Joaquin Valley (Partnership) and other associations and organizations deemed appropriate to advancing economic development activities in Merced County. Through the CCEDC MCEDCO participates with Team California and the Site Selection Network

**g) Information Forums**

Initiate, facilitate and host regional community events, forums or seminars with appropriate presenters and guest speakers to address issues identified as important to local business and community interests pursuant to the program identified in "Marketing Services."

**h) Grants and Philanthropic Funding**

i) MCEDCO may assist in securing and managing public sector grants in collaboration with the Contractor at the request of the Contractor. Compensation and responsibilities shall be defined prior to the submission of applications.



- i) The Contractor may provide MCEDCO with assistance in the application and management of grant applications. Compensation for the Contractor shall be defined prior to the submission of applications.

**i) Financial**

- i) Financial statements and other information pertinent to the activities performed by MCEDCO shall be provided no less than quarterly, and directly to city or county representatives upon request.
- ii) MCEDCO shall contract for a biennial (every two years) audit by an independent auditor, to be performed according to generally accepted auditing standards.

**j) Management and Marketing Merced County Enterprise Zone**

In addition to the basic economic development services conducted by MCEDCO supplemental tasks are undertaken to facilitate specific projects. Notable is the administration of the Merced County Enterprise Zone. All parties acknowledge that MCEDCO will represent the cities and county of Merced and undertake activities to address the responsibilities of the communities in managing and marketing the zone and undertake the following:

- i) **Research/Program Development** – MCEDCO staff shall review information and researching material related to the enterprise zone.
- ii) **Directory/List of Businesses Update** – MCEDCO shall develop a “working” list of manufacturing and ancillary businesses to update basic information. This list may be a precursor to new data bases (i.e. Executive Pulse).
- iii) **Events** – MCEDCO will host two specific manufacturing/enterprise zone functions each year.
- iv) **Seminars/Workshops (Training)** – A series of seminars to educate businesses, employees and impacted officials shall be conducted.
- v) **Media Placement** – MCEDCO shall allocated funds to market the zone and encourage firms to use the program and more importantly to realize the ROI and contribute to the zone.
- vi) **Media Management** – MCEDCO may retain a public relations associate to help ensure editorial coverage and news articles to supplement media placement.
- vii) **Direct Mail** – MCEDCO staff will complete one flight to all businesses in the region on an annual basis. Monthly direct mail activity to target groups will supplement activity.



- viii) **Materials/Brochures/Pamphlets/Maps** – The production of collateral material may be assigned to the media management consultant. Collateral material will assist to secure sponsorship or private contributions to support marketing.
- ix) **Web Site** - Staff shall expand or develop a new web site for management and updates.
- x) **Business Contact** – MCEDCO shall secure “one to one” meetings and develop a positive relationship with the decision makers of the “active EZ participant businesses” representing approximately 10% (520) of the total businesses in Merced County. External marketing contacting business decision makers outside of the Merced County will supplement the Contractors’ activities.
- xi) **Membership/Professional Development** – MCEDCO shall participate in conferences training, conferences, etc.
- xii) **Administration** – MCEDCO staff will represent the cities and county and monitor activities to ensure compliance.



## **J) CEDS PERFORMANCE AND SELF EVALUATION PLAN**

The CEDS is a five year plan to encourage investment and employment creation as a means to improve the wealth and prosperity of the communities in Merced County. Private sector investment resulting in higher paying jobs and new taxable assessment will be induced by improved public sector infrastructure. Building on the collaborative approach of the CEDS the importance of leveraging public and private resources is vital. MCEDCO shall provide an annual report of the CEDS progress as a new addition to its regular reports to the cities and county of Merced. The report will be presented to EDA for review

In gauging the effectiveness of the CEDS performance measurement goes beyond statistical measurements of new businesses, employment and capital expenditures. The proposed evaluation will address “are we doing what we said we’d do”. Quantifiable measures will also be tracked (population, workforce, building permits, income, etc.) as an indicator of effectiveness but is not intended to be the sole determinant of success.

Outreach activities intended to raise the profile of the region and generate awareness focus on the specific objective of a) retaining business; b) recruiting new investment; and c) employment generation all derive from the basic premise of direct contact with more business, more often and in more places. As more businesses invest in the county, more services will be available and the subsequent higher wages and access to amenities will improve the quality of life for all residents. Subsequently, CEDS performance will evaluate the number, type and location of direct contact with businesses and decision makers.

Economic development marketing seeks to identify prospects and leads considering investment in the community. In addition to measuring proactive contacts, the CEDS evaluation will track the number of projects that considered Merced County, and the number of actual completed projects. The magnitude of capital investment, employment and type of business or service will be recorded.

A focus of the CEDS is commercializing innovation and fostering entrepreneurship. Contact with prospects will be measured as noted above in addition to monitoring the array of services available to encourage small business. The role and relationship of UC Merced and Merced College with MCEDCO and the CEDS implementation will be monitored to assess performance.

An important component of the CEDS is the list of infrastructure and service projects by community. Measurable indicators will be defined for the advancement of projects as appropriate to the proposed completion schedule of each. The evaluations will take into account that there are short-term, intermediate and long-term outcomes of "action steps" and projects. The evaluations shall serve as a useful basis for an annual economic report to the public, public officials, industry clusters and all other interested parties.

It should be noted that the CEDS focuses on effective allocation of public resources to trigger private investment and employment. However growth of the economic base is not the only goal. Social and environmental quality of life issues are also valued and will be evaluated in tandem with business interest to monitor the performance of the Merced County CEDS.



## SECTION TWO

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- J) Economic Development Administration (EDA) – [www.eda.gov](http://www.eda.gov)
- K) EDD Labor Market Info - [www.labormarketinfo.edd.ca.gov](http://www.labormarketinfo.edd.ca.gov)
- L) Employment Development Department – [www.edd.ca.gov](http://www.edd.ca.gov)
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