

ECONOMIC DEVELOPMENT ELEMENT

INTRODUCTION

This element provides the policy context for Merced County to achieve its vision for future economic development and prosperity. Agriculture is the foundation of Merced County's economy, and the County consistently ranks as one of California's top five producers of milk and cream, chickens, almonds, alfalfa, cattle and calves, silage, and tomatoes. Merced County is home to four agricultural processing facilities that are among the largest of their kind in the world: Ernest and Julio Gallo winery, Hilmar Cheese production facility, Ingomar Packing Company tomato processing plant, and Foster Farms poultry processing facility.

Because of sustained growth in Merced County's food processing and manufacturing over the past 20 years, the County's economy no longer relies exclusively on farm crop production. Despite the County attracting greater concentrations of food manufacturing among fruit and vegetable processors, dairies, and slaughterhouses, few new concentrations in other manufacturing industries or significant new employers outside agriculture have appeared. The major focus of this element identifies ways Merced County can diversify its economy and attract new industries while expanding the agricultural industry. Goals and policies in this element are organized under the following headings:

- General Economic Development
- Economic Base Diversification
- Existing Business Expansion and Retention
- New Business Attraction and Recruitment
- Partnerships
- Workforce Training and Education
- Tourism

GENERAL ECONOMIC DEVELOPMENT

Economic sustainability recognizes the need for both local and regional economic prosperity and resilience to maintain the health of the community for current and future generations. It encourages self-reliance, entrepreneurial activity, and the generation of wealth in a manner that does not degrade or burden the ability of future generation to meet social, economic, and environmental needs. In order to encourage economic growth, the County's economic base will need to diversify and increase employment in sectors outside of agriculture. The policies in this section address the infrastructure, land, and resources needed for general economic development.

Goal ED-1

Support and promote growth and diversification of the County's economy. *[Source: New Goal, GPU Consultants]*

Policy ED-1.1: Economic Development Strategy (FB)

Maintain, monitor, and periodically update an Economic Development Strategy, which shall be used as an operational guide to implement the economic development goals, policies, and programs of the General Plan, as well as fulfilling Federal Economic Development Administration (EDA) requirements for a Comprehensive Economic Development Strategy (CEDS) to receive grant funding. *[Source: New Policy, GPU Consultants]*

Policy ED-1.2: Staff Resources (FB/IGC)

Continue to allocate appropriate County staff resources to economic development attraction and retention planning activities and coordinate with cities and regional organizations in related economic development and planning efforts. *[Source: New Policy, GPU Consultants]*

Policy ED-1.3: Business Incubator Establishment (IGC)

Partner with UC Merced and Merced Colleges, to establish business incubators that nurture and expand existing businesses, including small agricultural businesses and food processing enterprises. *[Source: MCGPU Policy Alternatives Report, Policy Option ED-1.c]*

Policy ED-1.4: Developing Enterprise Support (JP)

Support developing enterprises that directly market agricultural products which have the potential to create new companies and jobs in the distribution system. *[Source: New Policy, Economic Development Focus Group]*

Policy ED-1.5: Infrastructure Investment (MPSP/FB)

Direct infrastructure investments to infill areas and other areas with the greatest potential for economic growth in an effort to obtain the greatest pay-off in terms of economic development. This will include taking advantage of existing infrastructure such as Interstate 5, State Route 99, UC Merced, Castle Commerce Center and Airport, as well as planned infrastructure such as the California High-Speed Rail. Encourage the grouping of related and complementary activities and discourage isolated facilities, except when necessary based upon their locational or operational characteristics, in order to minimize vehicle miles traveled (VMT), especially for diesel trucks *[Sources: MCGPU Policy Alternatives Report, Policy Option ED-2.c; Board/Commission, revised by County Staff]*

Policy ED-1.6: Telecommunication Infrastructure Upgrades (JP)

Encourage telecommunications providers to upgrade high speed internet and wireless internet capabilities throughout the County to provide state of the art capabilities. *[Sources: Merced County Alternatives Report/Policy Options Summary Report, revised Policy Option ED-2.d; and Merced County Economic Development Focus Group].*

Policy ED-1.7: Improving Merced County's Quality of Life (SO/PI)

Economic development efforts shall include consideration of improving air quality, developing an educated workforce, promoting safe/crime-free communities, protecting water quality, and increasing recreational opportunities as a means to improve the

quality of life for residents and workers and to attract new industries to the County. [Source: *New Policy, Merced County Economic Development Focus Group*]

Policy ED-1.8: Jobs/Housing Balance (RDR)

Encourage all communities, and require new or expanded Community Plans, to include sufficient employment-based land uses to maintain a 1:1 jobs/housing balance. [Source: *MCGPU Policy Alternatives Report, Policy Option ED-2.e*]

Policy ED-1.9: Facilities and Services Adequacy (SO/JP)

Encourage new industries to locate within communities that have or can provide adequate infrastructure capacity to meet the needs of new development. [Source: *New Policy, GPU Consultants*]

Policy ED-1.10: Green Technology Business Promotion (SO/IGC)

Promote, in partnership with UC Merced and other organizations, the development of green technology businesses and telecommuting, and shall encourage businesses to use energy efficient and clean technologies. (Source: *MCGPU Alternatives Report, Policy Options CC-1.r, CC-1.s, and CC-1.u*)

Alternative Policy Language Suggestion

Policy ED-1.5: Infrastructure Investment (MPSP/FB)

Direct infrastructure investments to infill areas and other areas with the greatest potential for economic growth in an effort to obtain the greatest pay-off in terms of economic development. This will include taking advantage of existing infrastructure such as Interstate 5, State Route 99, UC Merced, Castle Commerce Center and Airport, as well as planned infrastructure such as the California High-Speed Rail. Balance this effort with the need to minimize vehicle miles traveled (VMT), especially for diesel trucks. [Sources: *MCGPU Policy Alternatives Report, Policy Option ED-2.c; Economic Development Focus Group*]

ECONOMIC BASE DIVERSIFICATION

Merced County is largely dependent on agriculture and is vulnerable to economic factors specific to this industry. By diversifying the local economy, the County will be able to expand employment opportunities by attracting investment and new businesses. The policies in this section address diversification of the economic base through sustainable development and new industrial opportunities.

Goal ED-2

Support the existing agricultural economy while expanding infrastructure and existing/new industries in order to increase employment opportunities and attract new investment. [Source: *New Goal, GPU Consultants*]

Policy ED-2.1: General Economic Base Diversification (SO/JP)

Encourage the development of a diversified economic base by continuing to promote agriculture, tourism, and commerce, and by expanding efforts to encourage industrial development, including the development of energy resources. *[Source: New Policy, GPU Consultants]*

Policy ED-2.2: Agricultural Base Diversification (IGC/JP)

Diversify the existing agricultural base by:

- a) Encouraging strong relationships between traditional agricultural industries and emerging agricultural-related industries, particularly with UC Merced, Castle Commerce Center and Airport; and
- b) Emphasizing the expansion of value-added agricultural products. *[Source: MCGPU Policy Alternatives Report, Policy Option ED-1.b]*

Policy ED-2.3: Sustainable Business Development (JP)

Encourage the development of environmentally-sustainable businesses that capitalize on industry sector strengths, particularly new emerging green technologies such as solar energy. *[Source: Merced County Alternatives Report/Policy Options Summary Report, Policy Option ED-2.b]*

Policy ED-2.4: Agricultural Industry Growth (MPSP)

Target industry sectors based on the County's growing agricultural economic base, particularly food manufacturing and potential office-based services such as information and professional services. *[Source: Merced County Alternatives Report/Policy Options Summary Report, Policy Option ED-2.b]*

Policy ED-2.5: Research and Development Attraction (IGC/JP)

Attract research and development companies and information/ knowledge-based companies by providing financial incentives and facilitating relationships between local companies and UC Merced. *[Source: Merced County Alternatives Report/Policy Options Summary Report, Policy Option ED-2.b]*

Policy ED-2.6: Office Development (RDR)

Support office development adjacent to key residential growth areas to provide a balance of employment and housing. *[Source: Merced County Alternatives Report/Policy Options Summary Report, Policy Option ED-2.b]*

EXISTING BUSINESS EXPANSION AND RETENTION

The policies in this section address the need to focus on retention and expansion of existing businesses in Merced County. Existing businesses provide the County's job base and constitute the most effective starting point from which to grow the County's economic base. Keeping existing jobs, particularly higher wage jobs, in the County is an important goal, and the policies in this section seek to encourage and support local businesses.

Goal ED-3

Support and promote the retention and expansion of existing businesses. *[Source: New Goal, GPU Consultants]*

Policy ED-3.1: Business Retention (SO)

Support local and regional business retention and expansion programs to ensure that County services are applicable and accessible to local businesses. *[Source: New Policy, GPU Consultants]*

Policy ED-3.2: Small Business Promotion (JP)

Promote entrepreneurial development and small business expansion and recognize the job creation potential of locally-owned small businesses. *[Source: New Policy, GPU Consultants]*

Policy ED-3.3: Local Graduate Retention (IGC/JP)

Actively support efforts to keep local high school and university graduates in the local workforce. *[Source: New Policy, GPU Consultants]*

Policy ED-3.4: Community Center Revitalization (SO/JP)

Strengthen, through public and private collaboration, the core areas of communities that serve as centers for public, financial, entertainment, and commercial activities. *[Source: New Policy, GPU Consultants]*

Policy ED-3.5: Existing Commercial Center Protection (RDR/MPSP/JP)

Protect the viability of productive community retail centers by promoting a business mix that responds to changing economic conditions and provides needed services to surrounding neighborhoods. Also, identify underperforming existing commercial centers and consider reuse alternatives in future Community Plan updates. *[Source: New Policy, GPU Consultants]*

Policy ED-3.6: Small Business Promotion (IGC/JP)

Promote and expand existing small business development programs by:

- a) Expanding existing programs through a range of public/private partnerships, technical assistance, and economic and financial incentives;
- b) Identifying partnerships between industry and educational organizations, and identifying potential mentoring, job training, networking, and professional development opportunities between these organizations;
- c) Supporting and promoting efforts of the Small Business Administration to provide technical assistance to small business owners and employees through classes and assistance in the areas of business management, marketing, and legal assistance;
- d) Providing low-interest loans for small business development and expansion; and

- e) Strengthening business reinvestment through partnerships and outreach.
[Source: Merced County Alternatives Report/Policy Options Summary Report, revised Policy Option ED-2.a]

NEW BUSINESS ATTRACTION AND RECRUITMENT

New industry and business attraction to Merced County, including the promotion of agritourism industry, is essential to the future of business in Merced County. The policies in this section address the need to focus on attracting and recruiting new businesses to Merced County.

Goal ED-4

Support and promote new business development and employment growth, including local-serving, high-technology, and sustainable businesses. *[Source: New Goal, GPU Consultants]*

Policy ED-4.1: New Industries (IGC/JP)

Encourage new industries to locate within cities, existing Urban Communities, and other unincorporated County areas where appropriate. The County, in cooperation with cities and local communities, will identify appropriate locations for industrial uses consistent with cities' economic development strategies, taking into account opportunities offered by variations in local environmental conditions. *[Source: New Policy, GPU Consultants]*

Policy ED-4.2: New Job Quality (JP)

Focus business expansion and industry attraction efforts on companies and institutions that bring quality jobs to the County that provide benefits and self-sufficiency wages for County residents. *[Source: New Policy, GPU Consultants]*

Policy ED-4.3: New and Existing Business Support (SO)

Develop and identify financial incentives to attract new investment and support existing local businesses, particularly small locally-owned businesses, by:

- a) Continuing to pursue funding for entrepreneurial entities, including private and venture capital funding; and
- b) Encouraging and supporting investment within Enterprise Zones.
[Source: Merced County Alternatives Report/Policy Options Summary Report, revised Policy Option ED-3.b, Board/Commission recommendation]

Policy ED-4.4: Physical and Social Infrastructure Development (SO/JP)

Develop physical and social infrastructure as a means of attracting new businesses by:

- a) Focusing on strengthening quality of life features (e.g., education, improved urban amenities, adequate public safety);

- b) Providing for a diversity of housing choices, ranging from workforce to executive housing; and
- c) Working with providers to expand telecommunication services (i.e., fiber optics, DSL, Cable, wireless service). *[Source: Merced County Alternatives Report/Policy Options Summary Report, Policy Option ED-3.d, Board/Commission recommendation]*

Policy ED-4.5: Childcare Facility Encouragement (RDR)

Encourage the development of childcare facilities that support working parents by:

- a) Providing incentives to develop childcare facilities in new employment centers;
- b) Ensuring adequate land is available, with appropriate zoning, to encourage childcare centers in residential neighborhoods; and
- c) Establishing relationships with private businesses, schools, and other public and private entities to create more childcare facilities. *[Source: Merced County Alternatives Report/Policy Options Summary Report, revised Policy Option ED-3.e]*

Alternative Policy Language Suggestions**Policy ED-4.3: New and Existing Business Support (SO)**

Develop and identify financial incentives to attract new investment and support existing local businesses, particularly small locally-owned businesses. *[Source: Merced County Alternatives Report/Policy Options Summary Report, revised Policy Option ED-3.b, Economic Development Focus Group recommendation]*

Policy ED-4.4: Physical and Social Infrastructure Development (SO/JP)

Develop physical and social infrastructure as a means of attracting new businesses by:

- a) Focusing on strengthening quality of life features (e.g., education, improved urban amenities, adequate public safety, public health, good air quality, walkable/bikeable communities, accessible local government);
- b) Providing for a diversity of housing choices, ranging from workforce to executive housing;
- c) Working with providers to expand telecommunication services (e.g., fiber optics, DSL, Cable, wireless service); and
- d) Developing effective and efficient transportation corridors. *[Source: Merced County Alternatives Report/Policy Options Summary Report, revised Policy Option ED-3.d, Economic Development Focus Group recommendation]*

PARTNERSHIPS

Merced County has many opportunities to invest in cooperative efforts between various commercial, public, and private partnerships. UC Merced, Castle Commerce Center and Airport, and various local businesses are all part of the local economy and through partnerships have the ability to encourage development of public facilities and infrastructure that will benefit local communities. The policies in this section address the cooperative efforts needed to develop partnerships that will result in improvement of the economic base and benefit the community.

Goal ED-5

Increase the effectiveness of countywide economic development activities through public and private partnerships. *[Source: New Goal, GPU Consultants]*

Policy ED-5.1: Local and Regional Coordination (IGC)

Work with the cities and regional agencies to develop a resource allocation program that efficiently and equitably distributes the cost and benefits of economic development to local government jurisdictions in the County. The program should include a County-wide capital improvement plan and equitable tax sharing agreement(s) between the County and cities. *[Source: New Policy, GPU Consultants]*

Policy ED-5.2: Regional Cooperation (IGC)

Cooperate with regional economic development organizations and agencies to expand and improve the economic base of the County. *[Source: New Policy, GPU Consultants]*

Policy ED-5.3: Economic Leadership (SO)

Provide County-wide and regional economic development leadership by coordinating public and private economic development resources. *[Source: New Policy, GPU Consultants]*

Policy ED-5.4: Partnership Capitalization (IGC)

Capitalize on partnerships between UC Merced, Merced College, and the private sector by continuing to:

- a) Strengthen relationships between UC Extension programs, Merced College training programs, County organizations and programs, and the local business community to encourage ongoing professional development opportunities for local businesses;
- b) Partner with UC Merced and Castle Commerce Center to develop flexible research and development incubator space, including opportunities for technology transfer; and
- c) Evaluate funding mechanisms that can facilitate infrastructure development and land assembly. *[Source: MCGPU Alternatives Report, Policy Option ED-4.b, GPU Consultants]*

Policy ED-5.5: Castle Commerce Center (SO/JP)

Continue to promote economic opportunities at the Castle Commerce Center and Airport by:

- a) Protecting Castle Airport from encroachment by incompatible land uses by limiting development near both ends of the Castle Airport runway and within the Airport Area of Influence boundary established by the Airport Land Use Commission;
- b) Enhancing the role of Castle Commerce Center and Airport as a regional multi-modal transportation hub with passenger air service, freight transportation by air and rail, and aircraft and train maintenance; and
- c) Continuing to encourage related industries to locate and take advantage of Castle Commerce Center and Airport through the use of flexible development standards and streamlined permit processing. *[Source: MCGPU Alternatives Report, Policy Option ED-4.c]*

Policy ED-5.6: Catalyst Project Opportunities (SO)

Identify and foster unique economic benefits generated from catalyst projects by creating programs to retain UC Merced graduates within Merced County, not only related to employment opportunities, but also related to community amenities such as civic and cultural opportunities, education, and affordable housing. *[Source: MCGPU Alternatives Report, Policy Option ED-4.d]*

Policy ED-5.7: Infrastructure Construction (MPSP)

Partner with other agencies to identify, coordinate, and facilitate the construction of key infrastructure needs for the County's economic viability. *[Source: MCGPU Alternatives Report, Policy Option ED-4.a]*

WORKFORCE TRAINING AND EDUCATION

Many business and professional service providers, such as doctors, attorneys, and investment advisors, continue to grow in terms of payroll and employees in the County's larger cities and unincorporated communities. Unskilled agricultural employment remains largely concentrated in the County's fast-growing immigrant community, but education and training opens new opportunities for subsequent generations of these immigrants. The presence of UC Merced helps enhance the entire education system which will lead to a more educated labor force. The policies in this section focus on improving the current labor force as well as investing in education required by the industries targeted for future County growth.

Goal ED-6

Improve the skills of the current workforce in order to attract new investment and ensure economic growth. *[Source: New Goal, GPU Consultants]*

Policy ED-6.1: Workforce Training (SO/IGC)

Identify workforce training opportunities and needs by expanding vocational job training programs, encouraging private vocational training opportunities, and working with UC Extension and Merced College to identify agricultural technologies, skills, and training needed to support emerging technologies, including value-added food processing and logistics. *[Source: Merced County Alternatives Report/Policy Options Summary Report, revised Policy Option ED-3.c]*

Policy ED-6.2: Workforce Skills Development (IGC)

Coordinate with other agencies and organizations to develop programs that improve the skills of the County's workforce in order to meet the needs of new and expanding businesses. *[Source: New Policy, GPU Consultants]*

Policy ED-6.3: Workforce Education (SO)

Encourage school districts to adopt the School-to-Work program as a model for K-12 education and focus on the requirements of those industries targeted for future growth. *[Source: New Policy, GPU Consultants]*

Policy ED-6.4: Local Agricultural Relationship Encouragement (SO/IGC/JP)

Establish and encourage relationships between existing agricultural-related companies, UC Merced, Merced College, high school agricultural programs, and venture capital organizations. *[Source: Merced County Alternatives Report/Policy Options Summary Report, Policy Option ED-2.b]*

TOURISM

Merced County is renowned for its unique natural resources, including pristine vernal pool grasslands, unique plant and animal species, large managed wetland preserves, and wildlife-based recreational opportunities. Along with its natural resource attractions, the County also has an opportunity to promote heritage tourism and agritourism. Heritage tourism includes experiencing the unique culture, history, or natural resources of a particular destination. Agritourism can include a style of vacation in which hospitality is offered on farms. This may involve the opportunity to assist with farming tasks during the visit. Agritourism is far-reaching and includes any farm open to the public at least part of the year. Tourists can pick fruits and vegetables, ride horses, taste honey, learn about wine, shop in gift shops and farm stands for local and regional produce or hand-crafted gifts, and much more. Each farm generally offers a unique and memorable experience suitable for an entire family. The policies in this section seek to improve and strengthen the agritourism industry in the County.

Goal ED-7

Strengthen the tourism industry through the development of natural resource attractions and investment into the agritourism industry. *[Source: New Goal, GPU Consultants]*

Policy ED-7.1: Tourism Promotion (IGC)

Continue to work with the Merced Visitor Services, Greater Merced Chamber and Visitors Bureau, UC Merced, the Farm Bureau, and interested public and private stakeholders to market Merced County as a premier tourist destination. *[Source: New Policy, GPU Consultants]*

Policy ED-7.2: Heritage Tourism Promotion (JP)

Work with agencies, organizations, property owners, and business interests to develop and promote Heritage Tourism opportunities. *[Source: New Policy, GPU Consultants]*

Policy ED-7.3: Wildlife-Based Tourism Expansion (IGC/JP)

Continue to work with and support the efforts of agencies and organizations that promote wildlife-based tourism in the County, such as the Grasslands Education Center, in order to make Merced County a premier destination for recreational, ecological, and educational tourism. *[Source: New Policy, GPU Consultants]*

Policy ED-7.4: Agritourism Promotion (SO)

Promote existing and new agritourism opportunities, such as the Hilmar Cheese Factory, Grasslands Education Center, Buchanan Hollow Nut store, The Fruit Barn, and Double T Ranch. *[Source: Merced County Alternatives Report/Policy Options Summary Report, Policy Option ED-1.b and ED-2.b]*

IMPLEMENTATION PROGRAMS

Economic Development Element Implementation Programs						
		2011-2013	2014-2018	2019-2030	Annual	Ongoing
ED-A: Economic Development Strategy (MPSP)		✓				✓
Prepare, adopt, and regularly update an Economic Development Strategy, which shall be used as an operational guide to implement the economic development goals and policies of the General Plan, as well as fulfilling Federal Economic Development Administration (EDA) requirements for a Comprehensive Economic Development Strategy (CEDS) to receive grant funding. The strategy should identify industry-specific goals and actions that build on the existing agricultural economy and industries. <i>[Source: New Program, GPU Consultants]</i>						
Implements Which Policies	All Economic Development Element Policies, AG-1.3					
Responsible Department	Commerce, Aviation, and Economic Development					
Supporting Department	Planning and Community Development					
ED-B: Capital Resource Allocation Program (MPSP, JP)		✓				✓
Develop a capital resource allocation program, in cooperation with the six cities and applicable regional agencies, that efficiently and equitably distributes the cost and benefits of economic development to local government jurisdictions in the County. <i>[Source: New Program, GPU Consultants]</i>						
Implements Which Policies	ED-5.1 through ED-5.7					
Responsible Department	Commerce, Aviation, and Economic Development					
Supporting Department	Planning and Community Development					
ED-C: Financial Incentives (MPSP, JP)		✓				
Identify financial incentives that can be used to help attract new investments and retain existing businesses. This should include private and venture capital funding and promoting enterprise and redevelopment zones. <i>[Source: New Program, GPU Consultants]</i>						
Implements Which Policy	ED-4.3					
Responsible Department	Commerce, Aviation, and Economic Development					
Supporting Department	Planning and Community Development					