



MARIN COUNTY COMMUNITY DEVELOPMENT AGENCY

ALEX HINDS, DIRECTOR

February 7, 2006

Board of Supervisors
County of Marin
Civic Center
San Rafael, CA 94903

SUBJECT: Discussion of the Targeted Industries Study Economic Impact Supplement

Dear Board Members:

RECOMMENDATION: Accept the Report.

SUMMARY: In 2004, the Marin Economic Commission completed a *Targeted Industries Report*. The analysis identified the underlying drivers of the region's economy. This was done by reviewing economic trends and conducting interviews and focus groups with community leaders, business owners, and executives. The result was a list of target enterprises that are consistent with economic, social, and environmental criteria. A *Targeted Industries Study Economic Impact Supplement*, prepared by Robert Eyler, Director of the Center for Regional Economic Analysis at Sonoma State University, has been completed. The purpose of the supplemental study was to further cluster businesses in Marin County and to make recommendations for specific industries to target.

DISCUSSION: The *Targeted Industries Study (TIS)* identified nine core existing clusters that exhibit high employment concentrations and have strong linkages. These are:

1. Real Estate and Construction
2. Multimedia and Digital Arts
3. Business Services
4. Finance and Insurance
5. Tourism
6. Life, Health Services, and Biotechnology
7. Agriculture
8. Community Building (non profits, philanthropy)
9. Arts and Crafts

The Commission decided to merge Agriculture and Tourism into one category and that the non-profit sector (Community Building) should be seen as overarching and influencing all clusters, rather than listed separately.

Table 1 summarizes the interplay between existing clusters and target industries and show five clusters the Commission focused on in the Targeted Industries Impact Supplement.

Table 1
Target Industries for Marin

Existing Clusters	Target Industries (examples)
Real Estate and Construction	<ul style="list-style-type: none"> • Green Building • Renewable Energy • Building Material Reuse
Multimedia and Digital Arts	<ul style="list-style-type: none"> • Boutique Consulting • Environmental Technology • Digital Imaging (Motion Pictures) • Interactive Media and Game Development • Engineering and Design Software
Finance and Insurance	<ul style="list-style-type: none"> • Boutique Financing • Integrated Wealth Management Services • On-line Financial Services • Personal Financial Advising • Legal and Accounting Services
Agriculture and Tourism	<ul style="list-style-type: none"> • Agri-tourism • Outdoor Recreation and Equipment • Wildland Preserves • Environmental Quality Assessment • Local Food Output Organic Value-Added (Niche) Agricultural Products • Food Product Manufacturing
Life and Health Services	<ul style="list-style-type: none"> • Biotechnology • Alternative Healing and Meditation • Alternative Medicine • Emergent Care

The first goal of the Economy Section of the County’s draft Countywide Plan is to “establish and maintain a diverse and sustainable local economy.” To achieve this goal, the Plan proposes a policy of “supporting businesses that contribute to a robust, viable and sustainable economy.”

The supplemental study recommends targeting clusters that export their goods (traded industries), because they result in large economic impacts and drive locally serving industries.

Table 2 shows that the Finance and Insurance, Digital Arts, and Professional Services industries create the greatest economic impacts on Marin County in terms of revenue and jobs created and are therefore recommended to be targeted.

Table 2
Existing Cluster Summaries and Comparisons

Cluster Estimates	Digital Arts	Life/Health & Biotech	Construction	Finance/Ins	Agriculture	Professional Services	Tourism
Number Employed in Cluster, 2005	3,239	4,739	6,181	3,437	913	4,556	1,575
Number of Firms	390	465	907	421	92	1,038	145
Average Salary of Cluster Workers	\$96,290	\$49,526	\$44,985	\$135,500	\$33,472	\$71,406	\$26,906
Total Jobs Created by Cluster	5,395	6,617	9,434	6,547	1,215	7,410	2,113
Total Wages Created by Cluster	\$421,182,660	\$363,727,152	\$460,437,212	\$443,475,670	\$47,613,983	\$486,196,027	\$89,109,223
Total Revenue Created by Cluster	\$673,620,335	\$671,742,652	\$1,219,966,923	\$1,164,981,687	\$124,103,550	\$910,867,796	\$238,711,368
Cluster Jobs % of Marin Total, 2005	2.4%	3.5%	4.6%	2.5%	0.7%	3.4%	1.2%
Jobs Created by One Cluster Job	1.67	1.40	1.53	1.90	1.33	1.63	1.34
Wages Created by One Cluster Job	\$130,034	\$76,751	\$74,492	\$129,029	\$52,151	\$106,715	\$56,577
Revenue Created by One Cluster Job	\$207,971	\$141,747	\$197,373	\$338,953	\$135,929	\$199,927	\$143,512

The supplemental study concludes the following:

- Indirect and induced economic impacts are likely to be most realized in the restaurant, real estate, residential construction, and legal and banking service industries.
- The following emergent clusters should also be considered for targeting: Core Technology (multimedia and biotechnology firms), Agri-Tourism, Alternative and Residential Care, and Financial and Consulting Services.
- Locally serving industries, such as Green Building and Health Services, also have economic impacts and should be considered strategic partners.
- Partnerships with educational, non-profit, and private sector institutions will be critical to enhance the local labor force to meet the impending demand. The private sector jobs, wages, and revenues provide tax revenues to the public sector and philanthropic contributions to non-profits. An example is an education partner who uses tax dollars to train the local workforce.

The consultant will be available to describe in more detail the study and the recommendations. The Marin Economic Commission recommends that the Board of Supervisors consider the addition of a one-year, full-time contract Economic Development staff position. This staff person would coordinate service providers and county and city government members with Chambers of Commerce, along with key industry leaders to identify mutual needs and solutions. Currently, the Community Development Agency has approximately a 0.5 staff person assigned to conduct the Marin Economic Commission monthly meetings, the annual business luncheon, and the bi-annual Marin Profile.

The Commission also has identified the following tasks to be completed during the 2006-2007 fiscal year:

1. Coordinate meetings with various business and workforce development partners to clarify roles, increase efficiencies, establish positive working relationships, and identify areas of future collaboration.
2. Conduct meetings with key business leaders from the three targeted clusters (Finance and Insurance, Digital Arts, and Professional Services) and complete the following:
 - a. Prepare a report describing suggested courses of action and potential work program items to achieve desired outcomes.
 - b. Draft a proposal to initiate a Business Roundtable.
 - c. Identify and evaluate the economic and redevelopment activities being conducted by various agencies, schools, non-profits, etc., in the county and identify gaps in activities.
 - d. Coordinate with the Bay Area Marketing Partnership.
 - e. Prepare a report that analyzes and recommends an organizational structure and function for a Marin County economic vitality entity.
 - f. Research the pros, cons, and feasibility of initiating a business incubator program for Marin County, focused on the targeted industries.
 - g. Identify additional funding sources for this position and associated programs in future years, such as public/private partnerships, private financial support, grants, etc.

Members of the Marin Economic Commission will be present to answer questions.

FISCAL/STAFFING IMPACT: This study was conducted within the existing budget, although hiring a full-time contract employee pursuant to the recommendations of the Marin Economic Committee will require approximately \$75,000 to \$85,000 in additional funding. The recommendation should be considered in the context of the current CDA organizational assessment and the FY 2006-07 budget process.

REVIEWED BY:

☐ Auditor Controller
☐ County Counsel
☐ Human Resources

☒ N/A
☒ N/A
☒ N/A

Respectfully submitted,

Michele Rodriguez, AICP
 Principal Planner

Reviewed and Approved by:
 Alex Hinds, Director