

FALL 2009 MONTEREY COUNTY ECONOMIC REPORT

Presented by the Monterey County Business Council

Monterey County is Open for Business

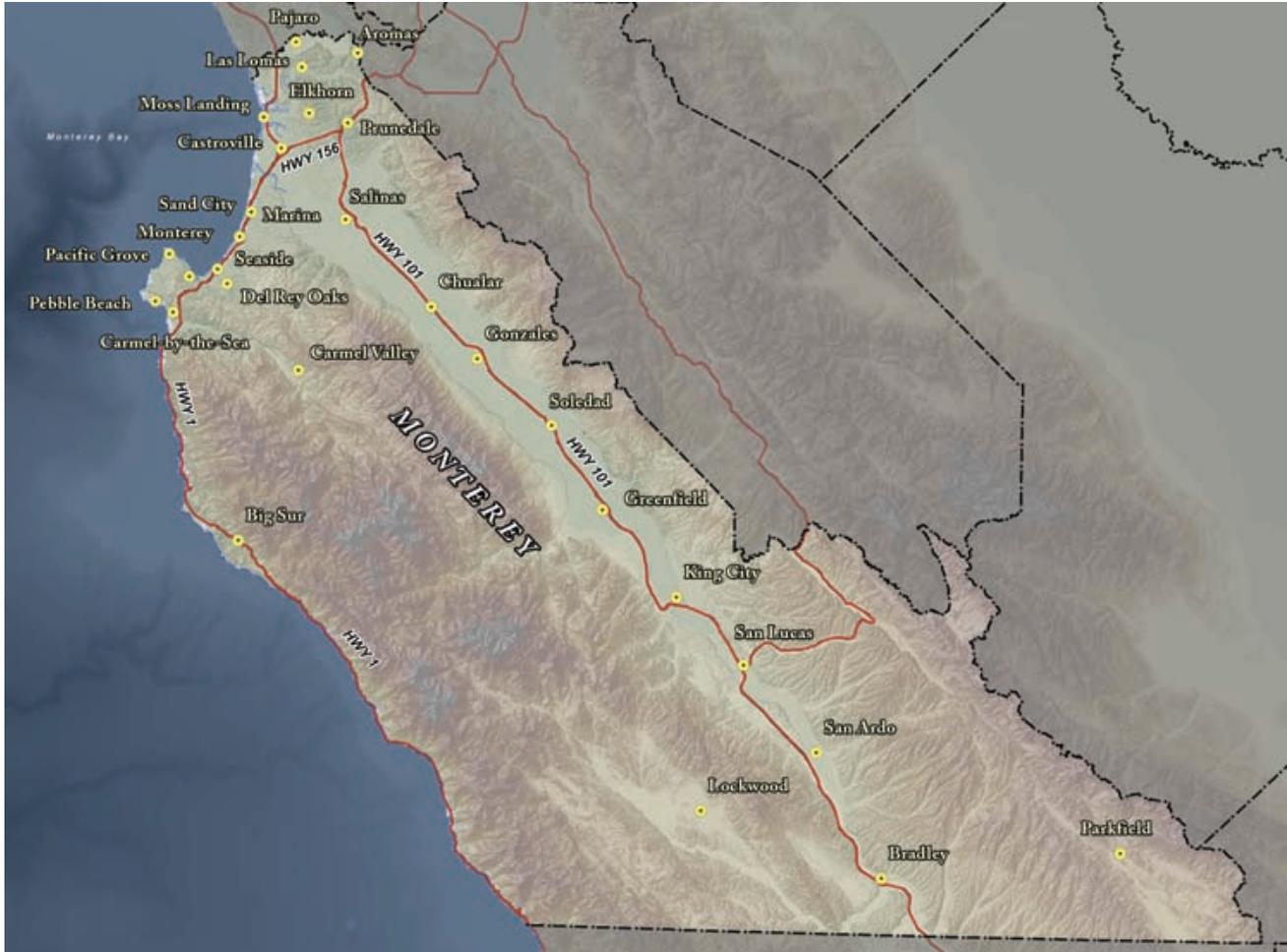


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Mission Statement

To serve business and local government by providing collaborative leadership, promoting sustainability and global competitiveness of existing and emerging businesses, while reflecting our organization's strong commitment to economic viability, the environment and quality of life.

Map of Monterey County



Monterey County is located on the Pacific Coast of the State of California, approximately 125 miles south of San Francisco and 350 miles north of Los Angeles. It is bordered on the inland sides by Santa Cruz County to the north, San Benito, Fresno and Kings Counties to the east, and San Luis Obispo County to the south. Monterey County, with a total area of 3,771 square miles, 3,324 square miles of which is land and 447 square miles of water, is comprised of two distinct regions; the Monterey Peninsula, including 100 miles of California coastline, and the inland area known as the Salinas Valley. There are twelve incorporated cities and 16 unincorporated areas.

Monterey County Profile

Key Industries - Agriculture is the No. 1 industry at \$3.8 billion and hospitality is No. 2 at approximately \$2.0 billion. Monterey County is comprised of mostly small businesses, employing 50 employees or less. The top five employers are Azcona Harvesting, Bud of California, Community Hospital of the Monterey Peninsula, Con Agra Foods, Inc. and D'Arrigo Brothers. A more complete list can be found on Page 4.



Population - As of 1/1/09, the population was 431,892, compared to 426,670 as of 1/1/08, with a projected population of 476,642 by 2010. Monterey County's population is bisected with a large percentage of children under 18 years of age and a nearly equal percentage between 25 to 44 years, but few in the 18-24 year old range. Families comprise 62 to 80 percent of the households and the average household size is 2.9 persons. The ethnic breakdown is 51 percent Hispanic; 36 percent white; 6 percent American Indian/Alaska Native; 3% African American and the remaining 4% other races.

Labor Force - The civilian labor force at August 2009 was 223,200, with 200,400 employed, 22,800 unemployed for an unemployment rate of 10.2 percent. For the same period, industry employment was 177,900, a reduction of 1,400 from July 2009 and a reduction of 3,300 from August 2008.

Unemployment Rate - The August unemployment rate was 10.2 percent, compared to the state at 12.1 percent and the nation at 9.6 percent.

Median Income/Households - The 2009 area median income is \$67,300, compared to San Benito of \$80,400 and Santa Cruz at \$83,800.

Real Estate - The median price for a single-family home in July 2009 was \$230,000, down 28 percent from July 2008 and the average price was \$351,335, down 20.9 percent from a year ago. In 2008, a total of 161 multi-family permits and 233 single-family permits were issued totaling \$85,436,842, compared to 19 in San Benito County and 250 in Santa Cruz County.

Education - In 2008-09 there were 70,523 pupils enrolled in K-12, the four-year adjusted dropout rate was 11.6 percent. Of the total student enrollment, approximately 70 percent are Hispanic. Education contributes approximately \$2.0B to the economy through operating budgets, research budgets and payroll.



Monterey County Facts



Monterey County is comprised primarily of small businesses. Below is a list of the major private and public sector employers.

<u>Employer</u>	<u>Industry</u>
Azcona Harvesting	Harvesting-Contract
Bud of California	Fruits & Vegetables-Growers & Shippers
Community Hospital of the Monterey Peninsula	Hospitals
Con Agra Foods Inc.	Dried/Dehydrated Fruits Vegetables
D'Arrigo Brothers Co	Fruits & Vegetables-Growers & Shippers
Dole Salad Plant	Food products & Manufacturers
Fresh Express	Food products (WHL)
Hilltown Packing Co.	Harvesting-Contract
HSBC card SVC Inc	Credit Card & other Credit Plans
Inn at Spanish Bay	Resorts
Mann Company	Fruits & Vegetables-Growers & Shippers
McGraw-Hill Co	Publishers-Book (MFRS)
Misionero Vegetables	Fruits & Vegetables-Growers & Shippers
Monterey County	County Government
Naval Postgraduate School	Military Bases
Residences at Spanish Bay	Resorts
Salinas Valley Memorial Hospital	Hospitals
Taylor farms California Inc	Fruits & Vegetables-Growers & Shippers
US Defense Dept.	Federal Government-National Security
US Defense Manpower Data Ctr	Government Offices-US

According to the California Facts dated July 2009, in 2007 Monterey County had 296,141 persons 18 yrs. and over and 40,794 persons 65 yrs and over.

<u>Demographics</u>	<u>2000</u>	<u>2007</u>
Total Population	401,762	407,637
Under 5 Years	31,248	34,861
18 Yrs. & Over	287,712	296,141
65 Yrs. & Over	40,299	40,794

(Source: US Census American Community Survey)

Of all the firms in Monterey County, 76.3 percent employ ten or fewer employees, only 18.4 percent employ ten or more, but fewer than 50.

<u>Business & Industry</u>	<u>2001</u>	<u>2007</u>
Number of business establishments -all industries	10,300	11,566
Businesses that employ fewer than 10	75%	76.3%
Businesses employ 10 or more & fewer than 50	19%	18.4%
Total employment (Private + Government)	167,500	172,211
Total employment for all private industries	137,100	140,711
Total employment for all non-farm industries	132,900	129,973

California Overview

The number of people in California's labor force fell by 67,000 in August 2009 to 18,391,000. This was the State's fourth consecutive labor force decrease, with losses over the period totaling 239,000 persons. Prior to May, the California labor force had grown in 18 out of the 19 months. As a result of the losses of the last four months, the California labor force showed a year-over decrease of 44,000 persons (0.2 percent) in August 2009. This was the State's first year-over labor force decrease since July 1995 and its largest since May 1995.

There is a growing consensus among economists that the current recession appears to be winding down in California and may have even ended nationally, but the economy remains in a fragile state. Most economists predict that it could take several months for the economy to gather sufficient strength to drive down unemployment rates. California nonfarm payrolls fell by 12,300 jobs in August 2009 to 14,234,100 jobs. Although this was the State's 16th consecutive job loss, it was its smallest since April 2008. The State has lost an average of 38,700 jobs per month over the length of the current recession. In the early stages of the recession, the State experienced moderate job losses. During the months of August 2007 through April 2008, the losses averaged 9,400 jobs per month. Average monthly job losses grew to 38,600 during the months of May 2008 through October 2008, and ballooned to 87,500 jobs lost per month during the months of November 2008 through February 2009. Average job losses diminished to 58,100 per month during the months of March 2009 through July 2009. The 12,300-job loss in August 2009 was about one-fifth of the average job loss during the March-July 2009 period, and one-seventh of the average monthly job loss during the November 2008-February 2009 period.

The U. S. consumer is still the engine of U.S. growth, and contributes to over 70% of aggregate demand. While saving rates are headed for the high single digits and high oil prices, together with long-term rates, keep putting a dent in personal consumption, the over-leveraged consumer is finding some support in the tax breaks of the fiscal stimulus package. The over-indebted U.S. consumer will likely continue to put the brakes on consumption, while the savings rate continues to creep up. This will encourage a rebalancing in the U.S. and global economy, in the medium-term but it isn't likely to support a strong U.S. and global growth.

Housing starts appear to have stabilized and will likely move sideways for quite some time. However, housing demand is not yet improving at a pace that can guarantee that the lingering inventory overhang will dissipate. This implies that home prices will continue to fall. It is expected that home prices will continue to fall through mid-2010.

The outlook for the national economy is for negative growth in 2009, weak growth in 2010, and good growth in 2011. Real GDP is projected to fall 1.1 percent in 2009, and grow 1.7 percent in 2010 and 2.9 percent in 2011, as compared to the 1.3-percent growth in 2008. Nonfarm payroll employment is forecast to fall by 1.5 percent in 2009, and grow 0.1 percent in 2010 and 1.3 percent in 2011, as compared to a decline of 0.1 percent in 2008.

The outlook for the California economy is also for negative growth in 2009, followed by weak growth in 2010, and better growth in 2011. Personal income is projected to grow 2 percent in 2009, 2.1 percent in 2010, and 4.6 percent in 2011, as compared to 3.7 percent in 2008. Nonfarm payroll employment is forecast to fall by 1.6 percent in 2009 and 0.5 percent in 2010, and grow 1.4 percent in 2011, as compared to a 0.6-percent decline in 2008.

Demographics & Population

The chart below shows the population of the twelve cities and the unincorporated areas of Monterey County for January 1, 2008 and January 1, 2009.

Population by Jurisdiction			
Jurisdiction	1/1/08	1/1/09	Percent Change
Monterey County	426,670	431,892	1.2
Carmel-By-The-Sea	4,031	4,037	0.1
Del Rey Oaks	1,619	1,632	0.8
Gonzales	8,762	9,025	3.0
Greenfield	17,235	17,547	1.8
King City	11,799	12,024	1.9
Marina	19,083	19,265	1.0
Monterey	29,198	29,244	0.2
Pacific Grove	15,401	15,536	0.9
Salinas	150,215	152,597	1.6
Sand City	298	312	4.7
Seaside	34,048	34,240	0.6
Soledad	27,826	28,050	0.8
Unincorporated	107,155	108,383	1.1
California	37,883,992	38,292,687	1.1

(Source: California Dept. of Finance)

Population by Jurisdiction

According to the chart, Monterey County's population increased from 426,670 to 431,892, or a 1.2% increase from January 1, 2008 to January 1, 2009.

The City of Sand City had the largest percent increase at 4.7 percent, which is only 14 persons. Gonzales actually had the largest increase in numbers at 263, equating to a 3 percent increase. The lowest percentage increase is reflected by Carmel By The Sea at 0.1 percent. As in prior years, the South County cities, Gonzales, Greenfield, King City and Soledad, reflected the greatest growth with the Monterey Peninsula cities showing 1.0 percent or less growth.

State

California's population grew to 38,292,687 in January 2009, compared to 37,883,992 in January 2008, reflecting an increase of 1.1 percent. The growth of 1.1 percent follows the pattern of slower growth rates each year since the 2.0 percent growth in 2000.

California added 409,000 new residents in 2008. The City of San Jose exceeded 1 million in population in 2008, making it the tenth city in the United States to exceed 1 million persons. The City of Riverside became the 12th California City to exceed 300,000. Fresno replaced Long Beach as the state's fifth largest city. Los Angeles, California's largest city, has reached a population of 4,065,585. San Diego is the second largest at 1,353,993. Sand City was the state's fastest growing city on a percentage basis, increasing by 4.7 percent, followed by Albany at 4.5 percent, Calipatria at 4.5 percent, Tehachapi at 4.4 percent and Woodlake at 4.1 percent.

There are 480 cities in California, of which 453 had gains in population. Two new incorporations occurred in Riverside County in 2008, Wildomar and Menifee. There are 69 cities in California with a population exceeding 100,000. Below is the State population from January 1, 2002 to January 1, 2009. (Source: Dept. of Finance)

1/1/2002	1/1/2003	1/1/2004	1/1/2005	1/1/2006	1/1/2007	1/1/2008	1/1/2009
35,063,959	35,652,700	36,199,342	36,676,931	37,086,191	37,472,074	37,883,992	38,292,687

Labor Force & Unemployment

The unemployment rate for Monterey County was 10.2 percent in August 2009, up from a revised 10.1 percent in July 2009, and above the year ago estimate of 6.6 percent. This compares with an unadjusted unemployment rate of 12.1 percent for California and 9.6 percent for the nation during the same period.

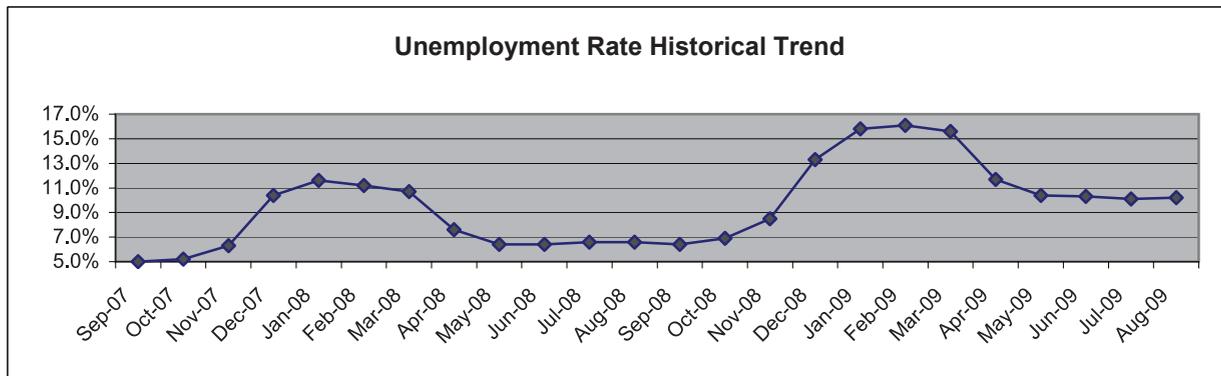
State / County Unemployment Rates 2004 – August 2009

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>August 2009</u>
Monterey County	8.4%	7.3%	7.0%	11.3%	8.5%	10.2%
California	6.2%	5.4%	4.9%	5.9%	7.2%	12.1%
Nation						9.6%

(Source : EDD)

As shown in the chart below, Monterey County's unemployment rate rises significantly in the winter months. This fluctuation is due to the seasonality of the agriculture and tourism industry.

September 2007 – August 2009



In August 2009 the total jobs for Monterey County was 177,900, a decrease of 3,300 jobs from the August 2008 total of 181,200. Farm jobs show an increase of 1,200 from 51,900 in August 2008 to 53,100 in August 2009, while Non-Farm jobs decreased by 4,500 from 129,300 in August 2008 to 124,800 in August 2009. Construction jobs dropped from 6,000 to 4,800 for the same period; Trade, Transportation & Utilities dropped from 25,700 to 23,900 for a decrease of 1,800; Professional Business Services dropped from 11,700 to 11,100, a 600 decrease; Leisure & Hospitality dropped 1,400 from 22,600 to 21,200 and Government jobs increased by 600, from 32,100 to 32,700.

In a report from the Executive Office of the President – Council of Economic Advisors, healthcare is forecasted to remain a large source of job growth in the labor market, the decline in the share of workers that are employed in manufacturing is expected to be moderate and the construction industry is projected to eventually recover and add jobs.

Labor Force & Unemployment (continued)

Industry	Jul-09	Aug-09	Change	Aug-08	Aug-09	Change
Total, All Industries	179,300	177,900	(-1,400)	181,200	177,900	(-3,300)
Farm Jobs	55,300	53,100	(-2,200)	51,900	53,100	1,200
Non farm Jobs	124,000	124,800	800	129,300	124,800	(-4500)
Mining & Logging	200	200	0	200	200	0
Construction	5,000	4,800	(-200)	6,000	4,800	(-1200)
Manufacturing	5,700	5,800	100	5,900	5,800	(-100)
Trade, Transportation & Utilities	23,900	23,900	0	25,700	23,900	(-1800)
Information	2,000	2,000	0	2,100	2,000	(-100)
Financial Activities	5,200	5,200	0	5,400	5,200	(-200)
Professional & Business Services	11,200	11,100	(-100)	11,700	11,100	(-600)
Education & Health Services	13,100	13,200	100	13,000	13,200	200
Leisure and Hospitality	21,000	21,200	200	22,600	21,200	(-1400)
Other Services	4,600	4,600	0	4,600	4,600	0
Government	32,100	32,700	600	32,100	32,700	600

The health industry has the greatest potential for growth, particularly in the homecare field.

Top Ten Growing Occupations

1. Home Health Aides
2. Personal & Home Care Aides
3. Computer & Information Systems Managers
4. Pharmacy Technicians
5. Medical Assistants
6. Carpenters
7. Paralegals & Legal Assistants
8. Construction Managers
9. Cement Masons & Concrete Finishers
10. Registered Nurses

<u>Demographic Breakdown</u>	<u>2000</u>	<u>2007</u>
Number of Population that is employed and 16yrs & older	184,789	182,549
Number of Population that is self employed	14,747	16,380
Population living in poverty	13.5%	11.6%
Per capita income	\$20,165	\$25,158
Median household income	\$48,305	\$57,056
Total annual wages	\$3.8 billion	\$5.0 billion
Average commute time/ # of commuters	23.2 min/ 164,517	22.2 min/ 173,180

Agriculture

In 2008, Monterey County had a production value of over \$3.8 billion, an increase of one-tenth of a percent over 2007. Leaf lettuce was up 6% and head lettuce was down 9%. The strawberry crop retained its #2 ranking and widened its margin over head lettuce by making a 2% gain. Other crops showing increases were broccoli (6%), miscellaneous vegetables (5%), spinach (2%), peas (19%), green onions (27%), and citrus (35%). Crops showing decreases were nursery (-5%), grapes (-5%), spring mix (-2%), salad products (-8%), cauliflower (-2%), and artichokes (-10%). Dairy was also down, with one of the three remaining dairies going out of business.

Summary of Crop Categories	2007 Total Value	2008 Total Value
Vegetable Crops	\$2,516,405,000	\$2,530,876,000
Fruits & Nuts	\$900,595,000	\$906,717,000
Nursery Crops	\$342,125,000	\$326,105,000
Livestock & Poultry	\$42,355,000	\$40,235,000
Field Crops	\$14,442,000	\$14,456,000
Seed Crops	\$7,335,000	\$8,363,000
Apiary	\$30,300	\$38,600
TOTAL	\$3,823,287,300	\$3,826,790,600

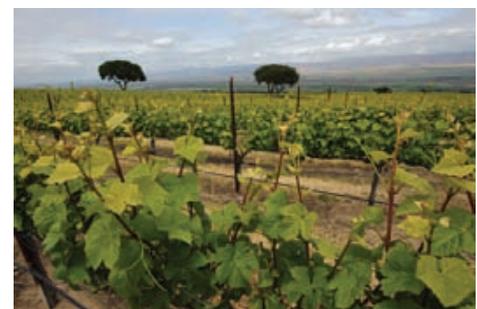
<u>Value of Wine</u> <u>Grapes - 1998 - 2008</u>	
<u>YEAR</u>	<u>VALUE</u>
1998	\$178,610,000
1999	\$157,926,000
2000	\$216,430,000
2001	\$207,945,000
2002	\$147,065,000
2003	\$160,219,000
2004	\$174,380,000
2005	\$254,615,000
2006	\$217,983,000
2007	\$251,604,000
2008	\$238,366,000

In 2008, the total crop value was \$3,826,790,600, only slightly higher than the 2007 total of \$3,823,287,300. Of the seven categories, vegetable crops continue to outpace the six categories, exceeding the second category by \$1,624,159,000. Vegetable crops is approximately 66 percent of the total value.

2008 was a year of high prices for petroleum products, which significantly raised the cost of many necessary inputs such as fuel, fertilizer and packaging, as well as transportation costs. Growers have little control over input costs or market prices. The fact that the gross value of agriculture did not decline reflects positively on the diversity and importance of our agricultural industry.

While some of the other major wine grape producing counties saw steeper decline in production due to weather conditions, growers in Monterey County were less affected. Production was down somewhat and prices were up slightly to result in an overall 5% drop in value from 2007. Still, the total value of wine grapes at \$238,366,000 is within 7% of the record value established in 2005.

Today, wines listing Monterey County on the label as their source are among the world's finest. Monterey County now encompasses eight small AVAs in addition to the overall "Monterey" appellation: Arroyo Seco, Carmel Valley, Chalone, Hames Valley, San Antonio Valley, San Bernabe, San Lucas and Santa Lucia Highlands. Each boasts its own soils, climate and topography, dictating different grape varieties and wine styles. Whether employing organic, biodynamic or sustainable systems, every Monterey County winegrower is farming for the future, as well as the present.



Agriculture (continued)

In 2008, Monterey County had forty-two million dollar crops, with leaf lettuce heading the list at \$651,503,000, strawberries a close second with \$619,267,000 and grapes in sixth place with \$238,366,000. A total of twelve crops exceed \$100M. Below is a complete list of the million dollar crops.

Crops	2005 Value	2006 Value	2007 Value	2008 Value
Leaf Lettuce	\$600,808,000	\$630,370,000	\$613,306,000	\$651,503,000
Head Lettuce	\$311,813,000	\$443,920,000	\$508,599,000	\$460,605,000
Strawberries	\$390,898,000	\$439,796,000	\$604,939,000	\$619,267,000
Nursery	\$276,235,000	\$339,225,000	\$342,125,000	\$326,105,000
Broccoli	\$216,575,000	\$234,400,000	\$260,410,000	\$276,110,000
Grapes	\$254,615,000	\$217,983,000	\$251,604,000	\$238,366,000
Spring Mix	\$164,462,000	\$169,619,000	\$175,275,000	\$172,386,000
Salad Products	\$132,277,000	\$121,734,000	\$114,070,000	\$104,734,000
Misc. Vegetables	\$104,958,000	\$116,410,000	\$117,734,000	\$123,560,000
Spinach	\$188,224,000	\$111,280,000	\$128,528,000	\$131,004,000
Celery	\$104,144,000	\$109,819,000	\$117,276,000	\$121,343,000
Cauliflower	\$93,386,000	\$95,059,000	\$103,433,000	\$101,467,000
Mushrooms	\$65,983,000	\$72,404,000	\$73,224,000	\$71,857,000
Artichokes	\$54,674,000	\$70,554,000	\$74,164,000	\$66,642,000
Beef Cattle	\$30,713,000	\$30,588,000	\$32,209,000	\$30,384,000
Cabbage	\$25,361,000	\$27,640,000	\$34,430,000	\$35,270,000
Peas	\$25,514,000	\$23,516,000	\$25,547,000	\$30,471,000
Raspberries	\$26,612,000	\$22,354,000	\$24,706,000	\$24,124,000
Asparagus	\$23,159,000	\$19,131,000	\$18,340,000	\$20,073,000
Green Onions	\$19,016,000	\$18,065,000	\$21,353,000	\$27,061,000
Rappini	\$15,199,000	\$17,153,000	\$16,861,000	\$18,605,000
Carrots	\$16,574,000	\$16,962,000	\$23,814,000	\$23,916,000
Kale	\$16,936,000	\$16,438,000	\$16,681,000	\$17,147,000
Citrus	\$8,962,000	\$15,405,000	\$16,287,000	\$22,040,000
Radicchio	\$10,067,000	\$13,081,000	\$13,317,000	\$13,518,000
Rangeland	\$10,600,000	\$10,957,000	\$10,656,000	\$10,656,000
Dry Onions	\$11,858,000	\$9,828,000	\$10,225,000	\$10,506,000
Seeds	\$6,049,000	\$9,620,000	\$7,335,000	\$8,363,000
Tomatoes	\$5,636,000	\$8,197,000	\$8,357,000	\$9,408,000
Peppers	\$7,921,000	\$7,138,000	\$6,305,000	\$6,279,000
Dairy	\$7,229,000	\$6,200,000	\$8,652,000	N/A
Napa	\$5,644,000	\$5,747,000	\$4,398,000	\$4,648,000
Cilantro	\$5,412,000	\$5,438,000	\$5,630,000	\$6,147,000
Anise	\$5,013,000	\$5,257,000	\$5,427,000	\$5,403,000
Chard	\$4,593,000	\$5,092,000	\$5,770,000	\$6,003,000
Parsley	\$4,719,000	\$4,945,000	\$5,039,000	\$5,933,000
Beans	\$2,190,000	\$2,667,000	N/A	N/A
Leeks	\$4,126,000	\$2,417,000	\$2,324,000	\$2,822,000
Misc. Fruits	\$3,261,000	\$2,308,000	\$1,685,000	\$1,742,000
Bok Choy	\$1,731,000	\$2,001,000	\$2,154,000	\$2,184,000
Squash	\$2,432,000	\$1,901,000	\$1,969,000	\$1,914,000
Radish	\$1,380,000	\$1,188,000	\$1,205,000	\$1,124,000
Misc. Poultry	\$1,717,000	\$1,030,000	\$1,005,000	\$9,383,000



Tourism

Tourism continues to be the number two industry in Monterey County at slightly over \$2.0B and 21,000 jobs. Monterey County has a market share of 2.2 percent of the State's almost \$100B industry which makes the County 11th out of 58 counties in tourism expenditure. Over 8.5 million visitors come to Monterey County each year, double the number of visitors to Yosemite National Park. A barometer for the industry is the Transient Occupancy Tax (TOT) receipts. As reflected in the chart below, the total for fiscal year 2008-09 is \$41,388,139. The County of Monterey's revenue, about 90 percent of which comes from Pebble Beach, Carmel Valley and Big Sur, declined 11.6 percent to \$14,534,000 for the fiscal year ended June 30, 2009. In the city of Monterey revenue dropped 7 percent. The City of Pacific Grove had a 14 percent drop from \$3,250,015 in 2007-08 to 2,826,039 in 2008-09. The City of Seaside also reflected a decrease from \$2,287,426 to \$2,143,960. The hospitality industry is hoping the 2010 U.S Open that will be held at Pebble Beach will be a boost to the TOT revenue in 2009-10.

TRANSIENT OCCUPANCY TAX							
Area	FY2002 / 2003	FY 2003 / 2004	FY 2004 / 2005	FY 2005 / 2006	FY 2006 / 2007	FY 2007/2008	Fy 2008/09
Monterey County	\$13,182,973	\$13,801,807	\$14,420,192	\$15,569,105	\$16,713,639	\$16,441,176	\$14,533,942
City of Monterey	\$12,530,952	\$12,829,322	\$13,628,147	\$14,180,312	\$15,169,797	\$15,868,881	\$14,756,285
Carmel	\$3,417,862	\$3,490,807	\$3,612,533	\$3,878,762	\$4,204,819	\$4,394,972	\$3,787,083
Gonzales	\$2,712	\$3,300	\$2,433	\$2,959	\$2,843	\$2,375	\$2,325
Greenfield	\$15,342	\$12,868	\$12,107	\$10,638	\$11,545	\$12,827	\$12,852
Marina	\$1,002,997	\$1,141,330	\$1,204,912	\$1,274,431	\$1,382,974	\$1,525,063	\$1,346,200
Pacific Grove	\$2,604,579	\$2,859,803	\$3,275,109	\$3,002,038	\$3,219,361	\$3,250,015	\$2,826,039
Salinas	\$1,402,981	\$1,305,474	\$1,542,067	\$1,595,959	\$1,526,148	\$1,571,785	\$1,584,395
Soledad	\$74,781	\$76,870	\$94,866	\$64,585	\$93,138	\$125,924	\$71,551
Seaside	\$1,801,899	\$1,765,489	\$1,829,696	\$2,074,553	\$2,070,960	\$2,287,426	\$2,143,960
King City	\$384,193	\$248,087	\$238,929	\$258,366	\$299,382	\$312,121	\$323,506
Total	\$36,421,271	\$37,535,157	\$39,860,991	\$41,911,708	\$44,694,606	\$45,792,565	\$41,388,139

Occupancy rates dropped for the last three years, from 64.2 percent in July 2008 to 56.4 in July 2009. The average daily rate also dropped over the last three years, from \$163.68 in July 2008 to \$145.79 in July 2009.

Even though the economy may be showing signs of improvement, hoteliers are remaining optimistically cautious that the market will rebound and occupancy rates will begin to return to normal. The Monterey County Convention & Visitor's Bureau, a membership based organization established to market Monterey County as a business and leisure tourist destination, is focusing their marketing efforts on the drive markets, value opportunities and the internet. The fall marketing campaign was launched on August 17 with seventy-five MCCVB members participating. They are focusing on group segments that are active and keeping in touch with those industries which will only return once a recovery is underway. Monterey has been selected as one of the four cities to be featured in a New Year's Eve story in the December/January issue of Every Day with Rachel Ray. The other three cities are New Orleans, Telluride and Tempe. MCCVB's "Your Town", a broadcast live on television and radio, is converted to podcasts and made available on iTunes.

Education

The K-12 enrollment for the 2008-09 school year was 70,523 pupils. In 2008, English learners totaled 27,819, compared to 26,935 for 2007. In 2008-09, there were 20,758 students enrolled in grades 9-12. The derived adjusted four year dropout rate for grades 9-12 is 11.6%. The four year derived dropout rate is an estimate of the percent of students who would drop out in a four year period based on data collected for a single year. The dropout rate is significant to a community because employers demand workers who can think critically and solve problems. Well trained and highly skilled workers will be best positioned to secure high-wage jobs. Occupations requiring higher educational attainment are projected to grow much faster than those with lower education requirements, with the fastest growth among occupations that require an associate's degree or a post-secondary vocational award.

Even with prior gains, Monterey County's students continue to score below the state. The following data will show how Monterey County Star test results compare to the State's results.

Star Test Results										
Grade levels	2	3	4	5	6	7	8	9	10	11
Monterey County	37%	28%	48%	41%	44%	43%	38%	41%	35%	33%
California	53%	44%	61%	54%	52%	54%	48%	50%	44%	40%

Grade Levels	2	3	4	5	6	7
Monterey county	53%	52%	52%	43%	38%	32%
California	63%	64%	66%	57%	49%	43%

Language tends to be a challenge. Seventy percent of the student enrollment in Monterey County for the 2007-08 year was Hispanic. Below is a chart showing the students by ethnicity.

	County Enrollment	Percent of Total	State Percent of Total
American Indian	242	0.3%	0.8%
Asian	1,702	2.4%	8.2%
Pacific Islander	522	0.7%	0.6%
Filipino	1,942	2.8%	2.7%
Hispanic	48,884	70.0%	48.7%
African American	1,957	2.8%	7.4%
White	12,891	18.5%	28.5%
Multiple/No Response	1,688	2.4%	3.0%
Total	69,828	100%	100%

Source: California Department of Education, Educational Demographics Office(CBEDS,sifb0708 10/6/08

Higher Education

Monterey County, and the surrounding counties, is home to over twenty community colleges, universities and research institutions. The institutions specialize in oceanography, policy and technology. Five of the country's premier military education and research institutions that offer specialized degrees, such as Homeland Security, are located in the Monterey Bay region. Combined they create in excess of \$2.0B in operating and research budgets, confirming education as a significant economic engine for the area. The institutions employ approximately 14,000 faculty and staff and has enrollment of over 60,000 students. The higher education and research institutions represent a powerful driver of the future economic vitality of our communities.

Real Estate/Housing

The median price for single-family, resale homes was up 12.2 percent in July 2009, compared to June 2009. Year-over-year, the median price was down 28%. The average price for homes rose 17% compared to June, but was down 20.9 percent year-over-year. Inventory continued to fall, dropping 4.4% compared to June, and down 61 percent year over year. Condo sales were down 52.2 percent from June, but were up 4.8 percent year-over-year. Year to date condo sales are up 100%. Condo inventory was down 60.1 percent year-over-year. In June it took an average of 93 days to sell a condo.

Single Family Homes - July 2009 vs July 2008			
	July 2009	June 2009	July 2008
Median	\$ 230,000	\$205,000	\$ 319,565
Average price	\$ 351,335	\$300,407	\$ 443,905
Units Sold	375	429	292
Inventory	1,049	1,097	2,708

(Source: Real Estate Report by The Aronson Team)

Total housing starts saw a significant increase in June when compared to May, which the California Building Industry Association said was additional evidence that the state's new-homebuyer tax credit enacted earlier this year is helping to generate new-home sales, and in turn, job-generating home construction. Building a home in California generates on average about \$16,000 in tax revenues to the state treasury and creates two to three jobs. According to the Construction Industry Research Board, builders pulled permits for 3,446 total housing units in June, up 17 percent from May. Permits for single-family units totaled 2,772 units, up 20 percent from May and was the largest single-family total since July of last year. Permits for multi-family units totaled 674, up 5 percent from the previous month. The Industry is forecasting permits will be pulled for only 40,000 total units in 2009. In 2008, Monterey County pulled 233 building permits for single-family and 161 for multi-family units.

Single Family Homes Trends - January 2004 - January 2008					
	Jan. 04	Jan.05	Jan. 06	Jan. 07	Jan. 08
Median Price	\$499,000	\$620,000	\$685,000	\$664,000	\$464,900
Average Price	\$657,979	\$907,408	988,407	\$1,119,968	\$1,139,519
Units Sold	175	234	142	125	93
Inventory	872	852	1,705	1,987	2,480

(Source: Monterey County Realtors Association)

There are subtle signs of improvement, but it is too soon to predict if recovery is imminent. Low interest rates and tax credits are starting to foster some new home sales. Notices of Default are listed below. As shown 2009 numbers are lower than 2008.

Year	January	February	March	April	May	June	July	August
2008	450	528	638	680	634	633	533	687
2009	392	531	586	462	534	474	575	366
Change over last year	-58	3	-52	-218	-100	159	42	-321
Percent Change	-12.89%	0.57%	8.15%	32.06%	15.77%	25.12%	7.88%	46.72%

(Source: County of Monterey Assessors Office)

Economic Development Activity

Fort Ord has been a significant presence in Monterey County since 1917 when it was established to serve primarily as a training and staging facility for infantry. It had maintained a large military population numbering approximately 14,500 military personnel and 17,000 family members of active duty personnel, and employed 3,800 civilian employees. The resident population of Fort Ord totaled 31,270 in 1991. On January 19, 1990, the Secretary of Defense officially announced proposals for defense installation realignment and closures including the down-sizing of Fort Ord. A significant number of acres have been transferred to local jurisdictions: County of Monterey - 12,907; City of Marina - 3,189; City of Seaside - 3,086; City of Del Rey Oaks – 362; City of Monterey – 135. A total of 14,500 acres will be transferred to the Bureau of Land Management.

Fiscal year 2009 marked the Fort Ord Reuse Authority's (FORA's) 15th year. The current economic downturn has caused major challenges for the former Ft. Ord. However, much progress and investments have been made as evidenced in the following chart. A total of \$1,351,000,000 has been invested; \$442,000,000 in private dollars and \$909,300,000 in public dollars. A total of 3,719 jobs have been created.

In the past year, FORA saw; a) full funding and major strides in munitions cleanup, b) more empty buildings were removed, c) all remaining reuse parcels transferred to local control, d) military housing construction continuing strong, and e) CSU Monterey Bay Master Plan approval in May 2009. Also, during FY 2009 FORA experienced substantial progress on the Central Coast Veterans Cemetery at the former Fort Ord, and removing remnant munitions. FORA's remediation team will complete cleanup within the seven year projected schedule.

Estimate of Public and Private Investment on former Fort Ord since 1991 Closure	
Public Investment	
US Army/Department of Defense	\$97,500,000
Environmental Services Cooperative Agreement Remediation Project Grant to FORA	
FORA	\$75,800,000
US Army environmental remediation	\$434,600,000
CSUMB	\$240,800,000
UCMBEST	\$2,500,000
MPC	\$13,000,000
MCWD	\$31,900,000
Chartwell School	\$9,200,000
Other public investment	\$4,000,000
Public subtotal	\$909,300,000
Private Investment	
Clark/Pinnacle, RCI	\$120,000,000
Seaside Highlands	\$150,000,000
Marina Community Partners	\$85,000,000
East Garrison Partners	\$62,000,000
Marina Heights	\$25,000,000
Private subtotal	\$442,000,000
Total	\$1,351,300,000
Jobs created since 1991 closure	3,719



The Monterey County Business Council, a County-wide business leadership organization, is a membership only 501 ©(6) comprised of a diverse group of members representing all industries and geographic areas of Monterey County who are interested in shaping the future of Monterey County and have a vested interest in the economic vitality of our community.

The Council was established in 1995 to serve business and local government by providing collaborative leadership, promoting sustainability and global competitiveness of existing and emerging businesses, while reflecting the organization's strong commitment to economic vitality, the environment and quality of life.

The Council is the County of Monterey's private partner and facilitates the Monterey County Competitive Cluster Project on behalf of the County.

The members of the MCBC are executives and community leaders of the County's public and private organizations. Through financial support and direct participation in the mission, programs and initiatives of the MCBC, the members are committed to playing a significant role in shaping the region's economic future.

The MCBC operates several subsidiary enterprises; Step Up 2Green (SU2G) which was established in 2008 and launched in 2009 to encourage residents to freshen up their residences with green products and techniques; the Monterey Bay Region Career Readiness Certificate Program which assesses the skills level of employees and partners with training providers to upgrade the skills of existing and future employees.

Compiles the Spring and Fall Economic Reports which are distributed throughout Monterey County to businesses, local government agencies, legislators and libraries.

Partnered with CSUMB and secured a \$180,000 federal grant from the Economic Development Administration (EDA) to plan for an Institute for Innovation and Economic Development on the campus.

Agreed to be lead sponsor of California Forward, a State appointed committee, established to encourage public discussion and build agreement on potential reforms to the state budget and convene forums in the region.

Facilitated roundtable discussions on solar permitting and greywater which led to improvement in the permitting process for solar panel installation, and input in the guidelines for use of greywater and water catchment installations.

Partnered with Coastal Luxury Management to develop the 2nd Annual Pebble Beach Food and Wine event.

Annually holds an Economic Development Forum to bring local and state issues forward for discussion and recognizes Public Private Partnerships that have contributed to the economic well being of the community.

Participated in the Monterey County Streamlining Permit Committee that resulted in improvements to the building permit process.

For a more complete list of activities or information on membership, please call 831-883-9443 or e-mail info@mcbc.biz

Executive Committee

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Mary Ann Leffel

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Samantha Johnson
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PEBBLE BEACH
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at&t



MONTEREY
COUNTY
BUSINESS
COUNCIL



Rabobank

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