

SPRING 2010 MONTEREY COUNTY ECONOMIC REPORT

Presented by the Monterey County Business Council

Development is underway in Monterey County



Carmel High School



Laguna Grande Plaza, Seaside



Monterey County Ag Building, Salinas



Cypress Groves, Bayonet Blackhorse

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.

This has been a very exciting six months of change and progress for the county, the region and the MCBC. MCBC convened working groups on solar, wind turbine, grey water and water catchments systems, completing and presenting a draft ordinance on solar regulations in November of 2009, with adoption in July 2010. There is now a brochure for homeowners on water catchments and a pilot program for installations on grey water. Co-sponsored grant with the Monterey Peninsula Airport District, allowing us to aggressively pursue Seattle/Monterey air service. MONTEREYBAY365.com is up and running! A regional calendar for year round use, on a national network (ARTSOPOLIS). Check it out and become a member. This was a major partnership with the Arts Council for Monterey County and one that can assist local marketing and events, while driving national traffic to our region. We continue to work with our focus groups for CSUMB/MCBC Institute for Innovation and Economic Development. The next phase will be submitted early next year. Our partnership with the MC Workforce Investment Board has garnered a grant for Business retention and the hope we can avert layoffs and business closings. Six clusters meet monthly, with several new initiatives blooming, Friday Facts is read by hundreds weekly and a tools for business that has many facts needed for business expansion and startup is on our website.

MCBC is taking StepUp2Green to a new level, with new sponsors, partnering with NARI for training of our contractors/inspectors. Check out the Web site and see how you can freshen your home and improve your finances and environment.

Last, we are about to embark on an Infrastructure Report Card with public works and engineering professionals. Up to 12 areas will be evaluated and graded, informing the public and policy makers about the condition of the area's infrastructure, how to properly plan for the future and develop timely and adequate funding opportunities.

Co-hosting the Regional Economic Forum with AMBAG, begins a new regional public/private partnership that is long overdue, as well as our partnership with MBITA for educational forums.

Please join us through our websites, at meetings, as a member, and at community forums.

MONTEREY COUNTY IS OPEN FOR BUSINESS!

By Mary Ann Leffel, President

Pictures on Cover

Carmel High School Performing Arts Center

Construction has begun on the new Carmel High School Performing Arts Center. DMC is the general contractor and Kasavan Architects designed the facility, both local companies. The 20,000 square foot facility will seat 353 in a state of the art acoustic environment. The 450-day project is slated for completion in November of 2010.

Agricultural Service Building Expansion

The County of Monterey is renovating the Ag facility located on Abbott Street in Salinas. Project includes a complete renovation of 7,900 SF existing office space along with a 3,740 SF building addition. The project also includes a 2,900 SF pre-engineered steel warehouse building, expanded parking lot with secure parking area and site improvements. Total cost is estimated at \$1,674,000. The Agricultural Service Building houses the Agricultural Commissioner and staff for the County of Monterey. The commissioner and staff oversee all agricultural inspections and testing and Weights and Measure testing for Monterey County.

Laguna Grande Plaza

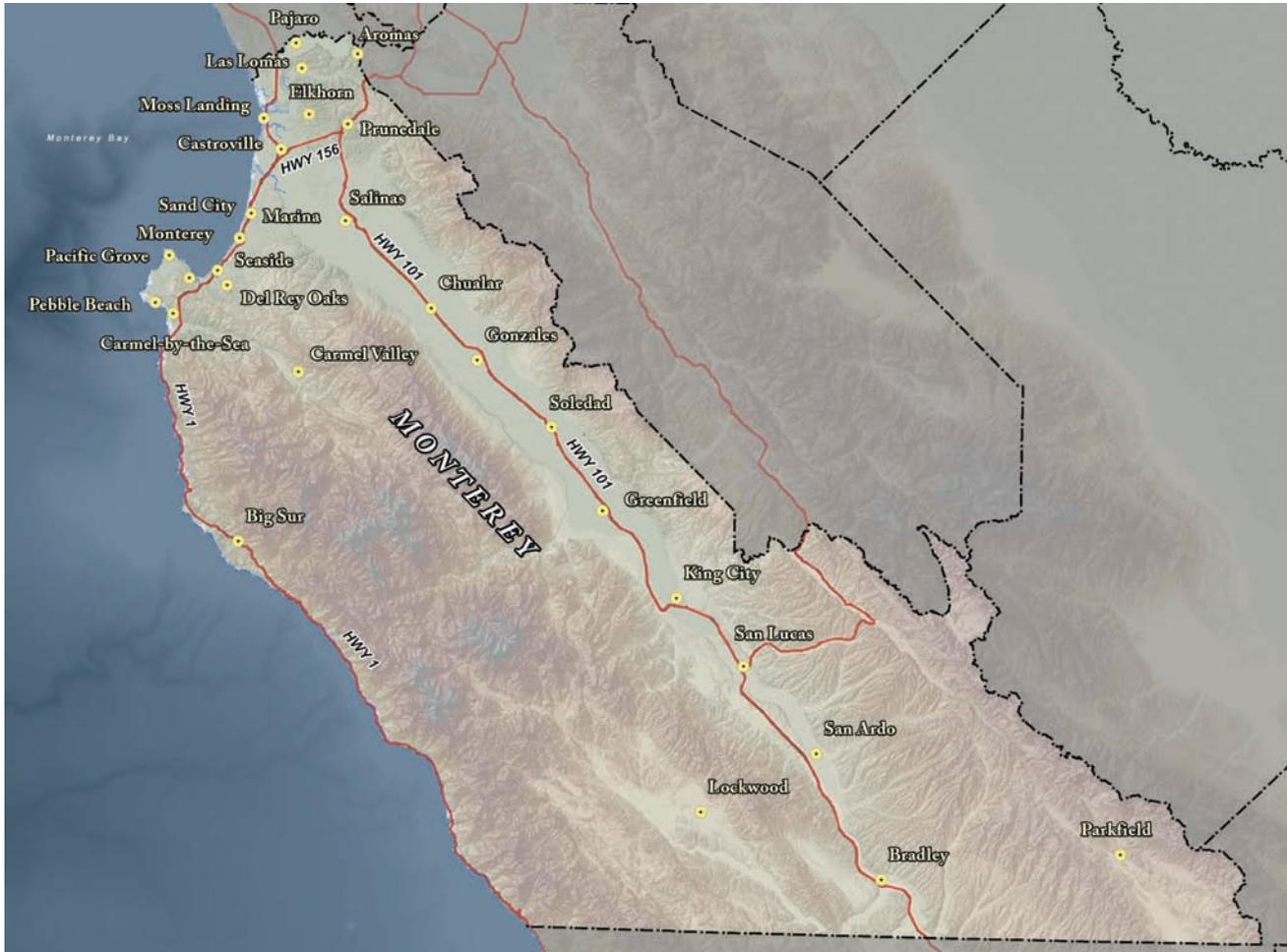
The Plaza is located across the street from Embassy Suites in Seaside, a 4,000-square foot development that will house various businesses to include a potential coffee shop.

Cypress Grove

Cypress Grove, the first phase of a 400-acre planned, residential golf resort at Seaside's Bayonet and Black Horse Golf Courses. The gated enclave offers homebuyers 29 custom home sites, ranging in size from 12,000 to 20,000 square feet and featuring ocean or golf course views.

Photos by DMT Imaging

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 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 at a Glance

Population

As of July 1, 2009, the population was 433,887, 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. 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 labor force at January 2010 was 206,600, with employment at 172,200.

Unemployment Rate

The February 2010 unemployment rate was 17.7 percent, compared to the state at 12.8 percent and the nation at 10.4 percent.

Median Household Income

The 2009 area median income is \$67,300, compared to San Benito of \$80,400 and Santa Cruz at \$83,800. Families comprise 62 to 80 percent of the households and the average household size is 2.9 persons.

Agriculture

Agriculture is the No. 1 industry at \$3.8 billion in 2008. As of 2010, there were 25,600 farm jobs. Vegetable crops are the largest category with a value of \$2,530,876,000. Wine grapes reflected a value of \$238,366,000. The average industry wage is \$18,000.

Hostpality

Hospitality is No. 2 industry at approximately \$2.0 billion in 2008. At January 2010, there were 19,200 hospitality jobs. The average industry wage is \$18,500

Real Estate

The average price for a single-family home in February 2010 was \$408,148, up from \$348,713 in February 2009. The average price for condos was \$279,164 and the median price was \$272,500.

Higher Education

Monterey Bay region is home to more than twenty higher education and research institutions, including three community colleges, two state universities, an international institute, a college of law, two specialized military institutions and several research organizations. Education contributes approximately \$2.0B to the economy through operating and research budgets.

Education

In 2008-09 there were 70,523 pupils enrolled in K-12. Of the total student enrollment, approximately 70 percent were Hispanic.

County Government

Fiscal Year 2009-10 budget is \$966M and over 4,800 employees

County Budget Overview

Monterey County's 2009-10 budget is \$966M. After several years of surplus, an operating shortfall emerged in 2007-08. The gap between revenues and expenditures grows to \$14.9 million in 2009-10, increases to \$36.2 million in 2010-11, and, without corrective action, reaches \$47.9 million by 2012-13. The County is pursuing cost savings both one-time and on-going. Re-evaluating priorities to reflect the services and products most important to Monterey County residents, exploring new, innovative ways to raise revenue and, where feasible, working towards self-sufficiency. Streamlining decision-making and service delivery processes, cutting out non-essential expenditures, reorganizing resources to focus on highest-value activities, and looking for opportunities to achieve economies of scale.

General Fund Revenues

After climbing \$97.3 million over the past six years, due in large part to growth in local tax and intergovernmental revenues General Fund revenues are projected to fall \$6.7 million (1.2%) in 2009-10 and another \$13.7 million (2.5%) in 2010-11 before recovering \$3.5 million (0.7%) in 2011-12.

Discretionary Revenues

After posting years of solid growth, county discretionary funding began to decline in 2008-09 by \$3.2 million below 2007-08. Further decline is forecasted reaching bottom in 2010-11 at \$164.7 million, representing a three-year decline of \$21.3 million. The major areas of decline are: property tax revenues, sales tax, transient occupancy tax and vehicle license fees.

Program Revenues

After posting years of solid growth, program revenue is estimated to decline in 2009-10 by \$2.7 million below 2008-09. Further decline is forecasted reaching bottom in 2010-11 at \$359.1 representing a two-year decline of \$10.9 million. The major areas of decline are: Intergovernmental and Charges for Service.

Three Year Forecast: 2009-10 Through 2012-13

General Fund expenditures rose 4.5% from FY 2007-08 to FY 2008-09 and are estimated to only increase by 0.2% in FY 2009-10. salaries & benefits, the largest component of General Fund expenditures are estimated to grow a mere 0.8% in FY 2009-10. The second largest component of expenditures - services & supplies are estimated to grow 2.1% in FY 2009-10 over FY 2008-2009. These rates of growth are significantly lower than prior years, confirming that actions taken by the Board in adopting the FY 2009-10 budget are paying dividends. Although this is a remarkable achievement in cost containment, a continued structural gap and further deteriorating revenues will require further cost reductions. (Source: CAO - Budget Division)

Economic Outlook

The consensus is that 2010 will be another year of high unemployment. The question is: how high? Even the best-case scenarios recognize that the economy is unlikely to grow fast enough to make a serious dent in the 10 percent jobless rate.

The Federal Reserve is forecasting an average GDP growth rate for 2010 of 2.5 to 3.5 percent. But forecasters are divided on how quickly and forcefully the recovery will take hold. Employers are expected to start hiring early in 2010, bringing an end to two straight years of job losses. But the economy needs to create at least 150,000 jobs a month just to absorb new entrants in the labor market, and most economists don't expect to see that pace of hiring until at least the second half of the year.

According to the UCLA Anderson forecast, overall, the outlook for the balance of the year is for little to no growth. The economy will begin to pick up slightly in the beginning of 2011 and by the middle of 2011, begin to grow at more normal levels. Californians looking for work may still be searching throughout this year as total employment in the state will shrink by 0.7 percent before recovering next year and growing faster than the labor force at a rate of 2.3 percent. It's still going to feel like we have not climbed up from the bottom that we hit in the recession. California's jobless rate has peaked at 12.5 percent and will decline slowly and average 11.8 percent this year, the rate will not fall below double digits until 2012.

California is not producing sufficient jobs for new entrants to the labor force which means elevated unemployment levels will persist once job layoffs cease. Job growth in California, which would rank among the world's biggest economies, were the state a country, will be marked by "fits and starts" until later this year. It will be led by health, professional and business services, export, construction and technology related manufacturing sectors. Home-builders will not be adding to payroll gains in California, one of the states hardest hit by mortgage turmoil and foreclosures. Commercial construction and public works projects will also be of little help given difficulty in financing new projects. Slack demand from a slow recovery in employment will hold back any resumption of new office building. Much industrial space is dedicated to logistics and distribution of imported goods and occupancy rates are too low to demand new construction until consumer demand picks up. Meanwhile, stimulus-funded infrastructure will break ground slowly. Nonresidential building is unlikely to be a factor in 2010 and early 2011 job growth.

Public-sector employers will not be hiring as the state government and local governments face lean budgets amid weak revenue. California's much vaunted efforts to create environmentally friendly "green" jobs will not propel the state's economy as some predict. Green business, and information and biotechnology will be growth areas in California over the next decade but objective data does not suggest Green will push growth rates above the U.S. growth rate. Whether green technology turns into the kind of jobs machine aerospace and the Internet were in their heyday for California remains to be seen.

Demographics / Population

The chart below shows the population of Monterey County at July 1, 2009 at 433,887, compared to a year ago at the same time of 429,198, representing a slight increase of 1.09 percent. Natural increase is the primary source of growth at 4,943.

Population Trends 7/1/00 Thru 7/1/09

Year	Population	Percent Change	Numeric Change	Birth	Death	Natural Increase	Net Migration	Foreign Immigration	Net Domestic Migration
2000	403,887	2.34	9,234	6,817	2,314	4,503	4,731	4,008	723
2001	409,613	1.42	5,726	6,957	2,467	4,490	1,236	3,566	(2,330)
2002	414,398	1.17	4,785	7,251	2,330	4,921	(136)	2,617	(2,753)
2003	419,748	1.29	5,350	7,310	2,403	4,907	443	1,863	(1,420)
2004	421,157	0.34	1,409	7,383	2,446	4,937	(3,528)	2,473	(6,001)
2005	420,832	-0.08	(325)	7,486	2,285	5,201	(5,526)	1,959	(7,485)
2006	420,503	-0.08	(329)	7,412	2,374	5,038	(5,367)	2,229	(7,596)
2007	424,092	0.85	3,589	7,550	2,301	5,249	(1,660)	2,448	(4,108)
2008	429,198	1.20	5,106	7,641	2,286	5,355	(249)	3,493	(3,742)
2009	433,887	1.09	4,689	7,214	2,271	4,943	(254)	2,475	(2,729)
	Sum*		39,234	73,021	23,477	49,544	(10,310)	27,131	(37,441)

State

California's population grew less than one percent between July 1, 2008 and July 1, 2009. This represents 353,000 new residents and continues the modest growth rates over the past few years. The only years of lower growth rates since 1990 were in the years 1994 and 1996. Natural increase remains the primary source of the state's growth since 2002. The natural increase of 316,000 in the past year is composed of 547,000 births minus 231,000 deaths. This accounted for almost 90 percent of the 2008-09 fiscal year growth. Net migration contributed over 37,000 new residents, around 10 percent of the growth. During the fiscal year, the state gained over 179,000 new foreign immigrants and, similar to the prior years, experienced a modest loss of 142,000 persons to other states.

Since the last national census on April 1, 2000, the state has grown by 4.6M persons for an overall growth rate of 13.6 percent. Natural increase during the period was over 2.9M accounting for 62 percent of the growth. Net migration contributed 1.7M persons. County population totals range from 1,180 persons in Alpine, the least populated county, to over 10.4M persons in Los Angeles, the state's most populous county. Net migration was the primary source of growth in 15 counties while 25 counties experienced net out migration. Twenty one counties had a higher growth rate than the state's growth rate of 0.93 percent for 2009 and 26 had a lower rate. Monterey County was in the higher category at 1.09 percent. Eleven counties posted population losses.

7/1/2000	7/1/2001	7/1/2002	7/1/2003	7/1/2004	7/1/2005	7/1/2006	7/1/2007	7/1/2008	7/1/2009
34,095,209	34,766,730	35,361,187	35,944,213	36,454,471	36,899,392	37,274,618	37,674,415	38,134,496	38,487,889

(Source: Dept. of Finance)

Labor Force & Unemployment

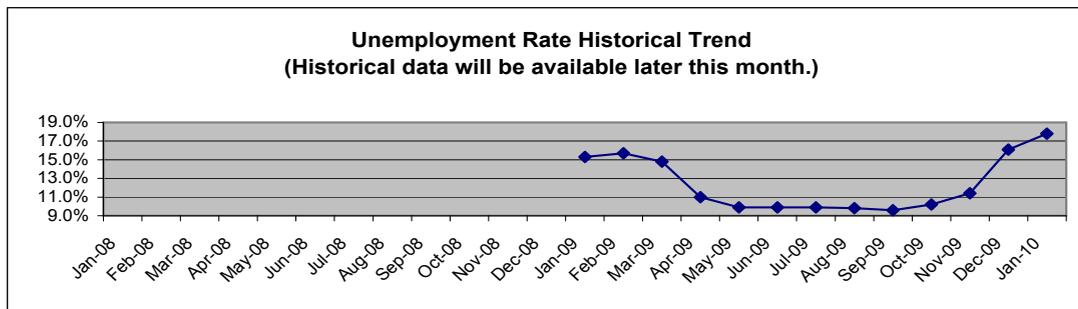
The unemployment rate for Monterey County was 17.7 percent in February 2010, down from a revised 17.8 percent in January 2010, and above the year ago estimate of 15.7 percent. This compares with an unadjusted unemployment rate of 12.8 percent for California and 10.4 percent for the nation during the same period.

State / County Unemployment Rates 2004 – 2009

	2004	2005	2006	2007	2008	2009
Monterey County	8.4%	7.3%	7.0%	11.3%	8.5%	12.0%
California	6.2%	5.4%	4.9%	5.9%	7.2%	11.4%
Nation						9.3%

(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.



In January 2010 the total jobs for Monterey County was 144,900, a decrease of 5,000 jobs from the December 2009 total of 149,900. Farm jobs show a decrease of 3,500 from 29,100 in December 2009 to 25,600 in January 2010, while Non-Farm jobs decreased by 1,500 from 120,800 to 119,300. Construction jobs dropped from 4,500 to 4,300 for the same period; Trade, Transportation & Utilities dropped from 23,300 to 22,700 for a decrease of 600; Professional Business Services dropped from 10,700 to 10,600, a decrease of 100; Leisure & Hospitality dropped by 400 from 19,600 to 19,200 and Government jobs remained stable at 32,200.

Jobs by Industry

Industry	Dec-09	Jan-10	Change	Jan-09	Jan-10	Change
Total, All Industries	149,900	144,900	-5,000	146,700	144,900	-1,800
Farm Jobs	29,100	25,600	-3,500	24,300	25,600	1,300
Non farm Jobs	120,800	119,300	-1,500	122,400	119,300	-3,100
Mining & Logging	200	200	0	200	200	0
Construction	4,500	4,300	-200	5,100	4,300	-800
Manufacturing	5,700	5,800	100	5,800	5,800	0
Trade, Transportation & Utilities	23,300	22,700	-600	23,600	22,700	-900
Information	1,700	1,600	-100	1,800	1,600	-200
Financial Activities	4,600	4,500	-100	4,800	4,500	-300
Professional & Business Services	10,700	10,600	-100	11,300	10,600	-700
Education & Health Services	13,800	13,800	0	13,400	13,800	400
Leisure and Hospitality	19,600	19,200	-400	19,800	19,200	-600
Other Services	4,500	4,400	-100	4,400	4,400	0
Government	32,200	32,200	0	32,200	32,200	0

Overview of Key Industries

Agriculture

Federal officials concerned about how much control a few corporations have over the nation's food supply have pledged to begin a new era of antitrust enforcement, seeking to balance agricultural power between companies, farmers and consumers. For farmers, it is a long overdue effort to constrain corporations like Monsanto Co., Archer Daniels Midland Co. and Tyson Foods, Inc. Farmers have complained that the lack of competition among biotech seed makers has led to a jump in seed prices as crop prices stagnate. Industry groups are concerned that new laws or big antitrust lawsuits could punish companies in the midst of a recession and stifle innovation and investment. They are looking at developing broad policies that would ensure big companies don't have too much sway over the prices they pay to farmers or charge to consumers. (Source: Monterey Herald, March 13, 2010)



Locally, agriculture is the No. 1 industry at \$3.8B and generates 25,000 jobs.

The Monterey County Vintners & Growers Association received a \$199,000 U. S. Department of Agriculture grant to help pay for revamping the Association's website and production of wines highlighting particular regions in the county. The grant will cover research into the county's nine American Viticulture Areas, identifying points of differentiation. The information will be included in a printed vineyard map and a new video. Over 40,000 acres of wine grapes are grown in Monterey County, generating a production value of \$238,366,000.

Hospitality

In January, 2010 U.S. hotels had a record low 45.1 percent occupancy rate, the lowest January rate since industry statistician Smith Travel Research began tracking data in 1987 and last year's rate of 54.8 percent was the lowest ever recorded by the company. About 400,000 U.S. hotel employees were laid off during the past two years. New hotel construction has declined significantly reducing hotel companies' opportunities to grow their brands and increase revenue. Construction began on seventy-eight new hotels in last year's fourth quarter, compared with 158 during the same months in 2007.

The total property value of U.S. hotels has fallen by up to 50% from its peak in 2007, according to Fitch Ratings. Such a drop has limited the ability of owners to sell hotels and improve their credit profiles. A record 15.7% of securitized hotel mortgage loans were delinquent at the end of last month. In California alone, 330 of the state's 10,000 hotels have defaulted on mortgage payments since the start of 2009. Seventy-six hotels in California and about 500 nationally have been taken over by lenders in foreclosure since the beginning of 2008. Upscale hotels have been hit the hardest and some have closed. Meeting business decreased at many luxury hotels after Congress scolded corporations for their excessive spending on meetings and retreats.

To cut costs, hotel employees now perform a variety of tasks. Renovation and upgrades are being delayed. Hotels have become more vigilant about reducing utility costs and in some cases closing wings or floors due to low occupancy. In January, the average daily room rate in U.S. hotels was \$93.93, a drop from \$106.54 in January 2008 and the lowest for the month since 2005. (Source: USA Today – March 19, 2010)

In Monterey County, hospitality is the No. 2 industry generating approximately \$2.0B, and approximately 19,000 jobs. Occupancy rates for Monterey County are listed below:

<u>Year to Date Rate</u>	<u>Avg. Daily Rate</u>	<u>Running 12 Month</u>	<u>Avg. Daily Rate</u>
2008 Feb - 49.5%	\$ 150.31	2008 Feb - 64.1%	\$ 167.21
2009 Feb - 44.3%	139.11	2009 Feb - 61.2%	166.91
2010 Feb - 41.9%	134.87	2010 Feb - 56.3%	150.02

Overview of Key Industries (continued)

Higher Education

The Monterey Bay region houses more than twenty higher education and research institutions, including three community colleges, two state universities, an international institute, a college of law, two specialized military institutions and several research organizations. Combined the institutions generate over \$1.5B in operating and research budgets.

On July 1, 2010, the Monterey Institute of International Studies will transition to full integration with Middlebury College. New joint efforts include the introduction of the “4+1” BA/MA degree tracks such as environmental studies/international environmental policy track. The Institute will build on ongoing collaborative initiatives such as faculty exchanges and the Monterey-Middlebury lecture series. Together, the proposed initiatives will bring to life the shared Monterey-Middlebury vision of a combined institution with a global reach and impact, a truly global network of programs whose students are poised to be the solution to the world’s most pressing problems.

The Institute hosted the TEDx Monterey on April 16, 2010, a program of local, independently organized events that bring people together to share a TED-like experience. TED, an organization devoted to Ideas Worth Spreading started out in 1984 and focused on three areas, Technology, Entertainment and Design. The conference was held in Monterey until it moved to Long Beach, California several years ago. TEDx Monterey is a welcome addition to the many conferences and events already known world-wide.

Construction

The Construction industry is still struggling due to the downturn in the economy. In January 2010, construction was at 4,300 jobs, a decrease of 800 from 5,300 in January 2009. Below is a review of permit valuations for the first two months of 2010, first two months of 2009, calendar year 2009, 2008 and 2007.

	Jan/Feb. 2010	Jan/Feb 2009	2009	2008	2007
Residential	\$34.9M	\$12.9M	\$116M	\$213M	\$369M
Non-Residential	46.5M	31.9M	213M	352M	\$585M

Real Estate / Housing

Home sales were down significantly in January, falling 39% from December. Prices were up 9.8% year over year. This is the nineteenth month in a row home sales have been higher than the year before. The decline in sales is not a result of reduced demand, rather it was produced by a lack of desirable inventory. Monterey County’s real estate market reflects the collapse of the \$1,000,000+ market. In 2007, the average home price was \$1,009,170. In 2009, the average price was \$335,594 and in February 2010, the average price was \$408,248. Sales are expected to regain momentum through the spring because of the extended tax credit and because spring is historically the prime time for home sales.

Real Estate / Housing

Properly priced homes in the most desired neighborhoods and school districts are selling with multiple offers. Pending sales, a solid indicator of future sales, was up 19% year over year in January 2010 for the twenty-first month in a row.

Trends at a Glance (Single Family homes - Jan. 2010 vs Jan 2009)

	Feb. 2010	Feb. 2009	Jan. 2010	Dec. 2009	Jan. 2009
Median Price	\$255,000	\$217,000	\$248,000	\$250,000	\$225,000
Average price	\$408,148	\$348,713	\$381,223	\$361,990	\$302,043
Units Sold	203	326	205	324	311
Inventory	1,775	2,733	1,656	1,554	2,793
Days on Market	68	73	54	58	74

(Source: Real Estate Report by The Aronson Team)

The Pending Home Sales Index, a forward looking indicator based on contracts signed in December, increased 1.0 percent to 96.6 from 95.6 in November, and remained 10.9 percent above December 2008 when it was 87.1 percent. In November, the monthly index had fallen by 16.4 percent from surging activity in preceding months.

Single Family Homes Trends - January 2004 - January 2010

	Jan. 04	Jan.05	Jan. 06	Jan. 07	Jan. 08	Jan. 2009	Jan. 2010
Median Price	\$499,000	\$620,000	\$685,000	\$664,000	\$464,900	\$225,000	248,000
Average Price	\$657,979	\$907,408	\$988,407	\$1,119,968	\$1,139,519	\$302,043	381,223
Units Sold	175	234	142	125	93	311	205
Inventory	872	852	1705	1987	2480	2,793	1,656

(Source: Monterey County Realtors Association)

The latest Senior Loan Officer survey of lending institutions are still tightening, but the 13.2 percent of respondents reporting tougher terms was the smallest such increase since the third quarter of 2007. Since underwriting conditions need to stop getting tighter before they can be loosened, this is a good sign that the not too distant future more potential homebuyers will be able to rejoin the marketplace. With plenty of unsold inventory available and lots more expected to hit the market in 2010 in the form of short sales and foreclosures, the market will need every potential borrower it can get to produce stability in housing markets. Notices of Defaults are listed below. As shown 2010 numbers are lower than 2009.

Notices of Defaults

Year	June	July	August	Sept.	Oct	Nov	Dec	Jan	Feb
2008	633	533	687	227	211	234	541	450	528
2009	474	575	366	416	415	326	292	392	531
2010	N/A	N/A	N/A	N/A	N/A	N/A	N/A	256	320
Change	159	42	-321	189	204	92	-249	-136	-211

(Source: County of Monterey Assessors Office)

Retail

The California Retail Survey provides a detailed report on each of California's 58 counties and 272 of the largest cities in California. Retail sales data are broken down in detail for 45 separate retail store categories and is believed to be the most comprehensive coverage of the California retail marketplace available anywhere. The four key market measurements, Performance Rank, Growth Persistence Index, Relative Strength and Star Rating, is used to quickly understand the relative trends in each geographical market and to accurately compare past performance and future prospects for growth.

For Monterey County the Performance Rank of 3, measuring sales growth in the most recent year, is average. Over the past 10 years, the Growth Persistence Index of 44.4% has been average, while the 5 year Relative Strength Ratio of 0.38 is below the state norm of 1.0 in total sales. In addition, the County's Sales Rank is 21, while the Per Capital Sales Rank is 29, Population Growth has averaged 0.53% over the past 5 years, compared to a statewide norm of 1.13%. Per Outlet Sales Rank is 23, representing average sales per outlet of \$743,978. Net increase in the number of new outlets has shown average growth in the most recent year at 34. The top 20% of markets, ranked by sales growth, receive the five star rating, the next 20% earn four stars, above average, followed by three stars, average, and two stars, below average. Monterey County received one Star, the lowest in increments of 20% based on the five year sales growth ranking.

Below is a chart comparing Monterey County rankings with neighboring counties and annual retail sales.

Sales Report & Rankings					Annual Retail Sales	
	Monterey County	Santa Cruz	San Benito	San Luis Obispo	Year	Total
Performance	3	3	4	3	1999	\$2,967,983
Growth Persistence	44.40%	41.70%	2.80%	69.40%	2000	3,346,515
Relative Strength	0.38	0.30	-0.22	0.94	2001	3,464,204
Star	*	*	*	***	2002	3,457,449
Sales	21	25	45	24	2003	3,562,395
Per Capita Rank	29	35	52	9	2004	3,766,499
State Sales %	1.04%	0.62%	0.08%	0.79%	2005	3,907,608
Per Capita Income	17	9	24	20	2006	4,001,619
Population Growth	0.53%	0.73%	0.45%	0.88%	2007	4,021,150
New Outlets	34	38	29	16	2008	3,714,682
					2009	3,638,262

Below is a list of the top 25 Sales Tax producers in alphabetical order:

- | | | |
|---------------------------------|---------------------------------|-----------------------------|
| 101 Gas Station | Gonzales 76 | Naft Petroleum |
| Baylaurel | Green Meadows | Nepenthe Phoenix |
| Brintons Carmel Rancho Hardware | Hampton Brown Company | Pebble Beach Resorts |
| C & N Rentals | Highlands Inn | Pringle Tractor |
| Chevron | Kristich Monterey Concrete Pipe | Prunedale Chevron |
| CVS | Mission Ranch | Quiedan |
| Dicks Valero Service | Monterey Peninsula Country Club | Safeway |
| Dune Company | Moreno Petroleum | Sturdy Oil Service Stations |
| | | Valero Corner Store |

Economic Development Activity

City of Sand City

Design Center – The Center is being renovated by the Orosco Development Company and is proposed to be a hub of activity. It is a multi-use project consisting of residential and commercial uses.

Sand City Water Supply Project - The project is a 300 acre-foot per year (AFY) reverse osmosis (RO) desalination facility; or more specifically, a brackish water treatment plant. The system includes 4 brackish water feed wells, a concentrate disposal well and associated pipelines and appurtenances. The project has been in the planning and development since the late 1990's as a method of providing the City with a source of potable water independent from the Monterey Peninsula supply. Sand City's current needs are only 94 AFY, so the remaining 206 AFY will be for future development, redevelopment, and use as specified in the City's General Plan, Redevelopment Plan and Local Coastal Plan. Cost of the project is \$11.3 million and scheduled to go on line in April 2010.

City of Salinas

Wal-Mart – There is currently a store in the Westridge Center on Davis Road and the Harding Ranch store is currently under construction. Upon opening of the Harding Ranch store the Westridge store will be closed for renovations.

Green Vehicles - Last fall, electric car firm Green Vehicles were introduced with much fanfare as the first seedling in what they hope would be an orchard of green energy manufacturers. The firm could move into the Firestone Business Park, and begin manufacturing all-electric vehicles with exotic names, such as Triac, Moose and Buckshot by the end of the year. The firm promises to eventually hire about 70 new workers for the new plant.

Uni-Kool – Will be a 257 acre Business Park for agricultural related industries. There is a pending LATCO application for incorporation of the site to the City of Salinas.

City of Seaside

Laguna Grande Plaza - Located across the street from Embassy Suites, this 4,000-square foot development will have high visibility and house various businesses to include a potential coffee shop.

Mi-Pueblo Market - Mi Pueblo is a chain of supermarkets catering to Latinos, announced plans late last year to move into the former Kragen Auto Parts building on Fremont Boulevard. The city is hoping Mi Pueblo will be a catalyst that will stimulate business development in the area. Potential number of employees is 125 with a scheduled opening date the 1st quarter of 2011.

A new medical clinic serving veterans and active duty military personnel will be built at Fort Ord in the near future. The \$100 million structure will be built near the intersection of Gigling Road and Gen. Jim Moore Boulevard, and leased by the Departments of Defense and Veterans Affairs for about \$6 million per year.

Economic Development Activity (Cont.)

Moss Landing

Green Business Park on the Old National Refractory site, a company called Calera is building a demonstration project for making “green” cement. Also in Moss Landing, there are plans to produce green cinder blocks, to build a desalination plant, and a venture to produce seaweed and farm abalone and salmon.

City of Marina

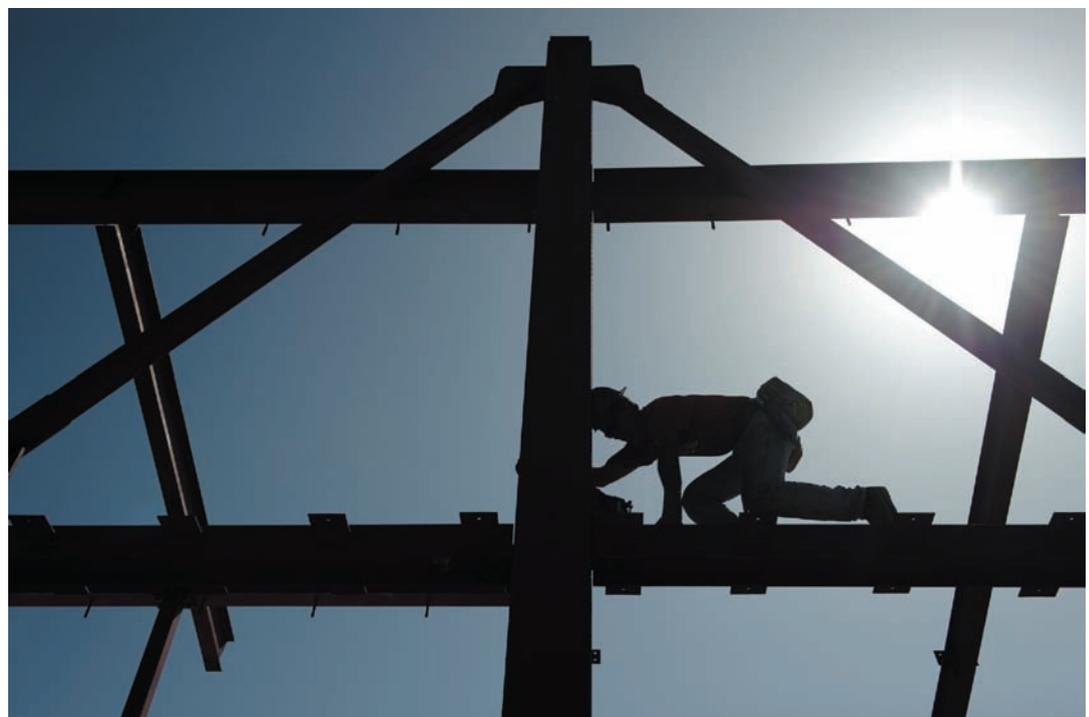
Marina has plans to develop two satellite medical facilities for Community Hospital and Salinas Valley Memorial, a potential VA Clinic, a small office park, Monterey Peninsula College satellite campus, potential solar power production, a canine institute, adaptive reuse of several former military buildings for commercial use, and mixed use development in the downtown. This is in addition to the continuing investment of more than \$150 million in infrastructure, site improvements and commercial development in the last several years in the city’s four entitled master planned communities – the Dunes, Marina Heights, Cypress Knolls, Marina Station – and does not include the additional leasing activity and aviation improvements at the Marina Airport and Business Park.

Marina Coast Water District

The District is close to finalizing a regional water project that will produce 13,100 acre-feet per year water supply. Regional project will provide replacement water, but no water for growth. Reduces diversions from Carmel River, reduces pumping from Seaside Basin and meets water needs for approved redevelopment of former Fort Ord.

City of Gonzales

The City of Gonzales has several projects in the works that include a 22,000 sf cooler building which is under construction in their industrial park and a pending 24,000 sf building also located in the industrial park. Coast Oil will be developing a bio-fuel fueling facility. They are expecting Green Valley Farms Supplies to expand. A potential 680 residential subdivision is in the plan as well as a new 10,000sf police station which is scheduled to open by mid-year.





Monterey County Competitive Clusters' Initiatives

Competitive Clusters is a public/private partnership designed to implement near term economic development action initiatives as well as to provide an economic vision and strategy to guide future economic development efforts. The Monterey County Business Council, in partnership with the Monterey County Office of Economic Development, and funding from the Board of Supervisors, initiated the C² Project in March 2003. Six industry clusters are underway: Agriculture, Building/Design, Creative/Technology, Education/Research, Tourism, Wellness & Lifestyle. C² is guided by a Leadership Council consisting of industry and community leaders.

Key accomplishments in 2009/10 are:

- Developed draft model ordinance for the streamlined permitting process for solar pv system installation which is scheduled to be approved by the County of Monterey.
- Developed policies for use of Graywater and Rainwater Catchment to help Monterey County residents and agencies find achievable solutions to the region's water source issues
- Implementation of the Central Coast Career Readiness Certificate Program that assess the skills of employees and identifies needed training
- In conjunction with Arts Council of Monterey County, established a regional community calendar, Artsopolis, a media rich online platform for advertising events and businesses.
- Launched Step Up 2 Green, a program that focuses on greening residential dwellings
- Jointly with CSUMB, secured \$180,000 federal grant to plan for an Institute for Innovation and Economic Development on CSUMB campus
- Held 3rd Annual Higher Education leadership Summit and published the updated Higher Education Brochure
- Launched the Monterey Bay Restaurant Week, a bi-annual regional restaurant promotion initiative
- Jointly with CSUMB, initiated the First Annual 3DAnimation Summer Camp
- Assisted in the launch of the Second Annual CSUMB Film Festival
- Established the Economic Sustainability Program using \$250,000 grant from the Monterey County Workforce Investment Board

Executive Committee

President
Mary Ann Leffel

Vice President
Claude Hoover
Veritas Associates

Treasurer
Wendy Sarsfield
PG & E

Secretary
David Gill
Growers Express

Robert Bianchi
Bianchi, Kasavan & Pope

Linda Coyne
MCBERI

Hakan Erdinc
Rabobank

Myron "Doc" Etienne
Noland, Hamerly Etienne & Hoss

Tom Greer
Monterey Peninsula Airport District

Hunter Harvath
Monterey-Salinas Transit

Richard Rudisill
RCA Enterprises

Bettye Saxon
AT&T

Patrick Ward
Bestor Engineers

Staff:

Mary Claypool
Executive Director

Bob Rice
Director of Education/Communications

Chris Sentieri
Director of Competitive Clusters

Samantha Johnson
Program Manager

Wynette Jones
Administrative Assistant



Above & Beyond BankingSM



PEBBLE BEACH[®]
COMPANY



at&t



MONTEREY
COUNTY
BUSINESS
COUNCIL



Rabobank

Design - Brandi Briscoe
Text - Mary Claypool



Mixed Sources
Product group from well-managed
forests, controlled sources and
recycled wood or fiber
www.fsc.org Cert no. S-COC-005312
© 1996 Forest Stewardship Council

